

CABINET
21 APRIL 2026

Oxford congestion charge investment plan

Report by Director for Environment and Highways

RECOMMENDATION

1. **Cabinet is RECOMMENDED to:**
 - a) approve “part 1” of the congestion charge investment plan, as detailed at Annex 1 and outlined in paragraph 23
 - b) approve “part 2” of the congestion charge investment plan, as detailed at Annex 1 and outlined in paragraph 23
 - c) confirm that allocations to specific projects or schemes in line with the areas of spend identified in Part 2 of the investment plan (including the reserve) can be made under the delegation authorised by resolution (e) of the 10 September 2025 cabinet decision:
 - *delegate approval for future surplus investment to the Director for Environment and Highways, in consultation with the Executive Director of Resources and Section 151 Officer, Cabinet Member for Transport Management and Cabinet Member for Finance, Property and Transformation.*

Executive Summary

2. This report sets out the proposed investment plan for surplus congestion charge income and explains why the Director for Environment and Highways has referred the investment plan to cabinet rather than using delegated powers cabinet authorised in September 2025 when approving the scheme.
3. The reason for referral back to cabinet is a higher-than-expected available surplus along with the scale and range of options now available.
4. Officers’ recommendations for the use of surplus income are set out at Annex 1.

Background

5. Cabinet approved the temporary congestion charge on 10 September 2025 in response to congestion impacts associated with the Botley Road closure. At that time, Cabinet resolved to delegate approval of future surplus investment, subject to consultation with senior officers and relevant Cabinet Members.

6. The charge came into operation on 29 October 2025 and is expected to operate until the reopening of Botley Road, currently anticipated by 31 August 2026.
7. The surplus from the congestion charge was initially estimated at £3.2m over a ten-month period. Updated forecasts based on early operational data now indicate a potential surplus of approximately £4.5m over the same period, although this remains subject to change as further data becomes available. This forecast is derived from income from daily charge payments and penalty charges, minus operating costs.

Corporate Policies and Priorities

8. By law, any surplus generated by a congestion charging scheme may only be spent for the purpose of directly or indirectly facilitating the achievement of the authority's local transport policies.
9. In Oxfordshire, the relevant policies are set out in the Local Transport and Connectivity Plan (LTCP) and the Central Oxfordshire Travel Plan (COTP). All proposed investments must therefore demonstrably support the policy objectives outlined in these documents.

Recommended Investment Plan

10. The total surplus income is currently forecast to be £4.53m. With £1.34m having been spent or committed through previous decision-making, this leaves a forecast surplus of £3.19m currently unallocated.
11. Officers have considered several different potential investment initiatives and different combinations of those investments.
12. This was carried out taking into account:
 - transport benefits, including impacts on city centre visitor numbers
 - the requirement for all expenditure to comply with the Transport Act 2000 requirements
 - ongoing monitoring of the temporary congestion charge
 - the 2025 Citizens' Assembly's transport recommendations
 - the consultation on the temporary congestion charge
 - equality and inclusion impacts
 - climate impacts
 - the balance between immediate and longer-term benefits

officers are recommending a package of investment as outlined at Table 3 and at Annex 1.

13. When considering the investment plan proposal, officers have been very mindful that the free park and ride return bus travel scheme appears to have been well-received by the public and is now operating effectively, is well-understood by

users, and is clear and simple to communicate. It is also considered to be helping to maintain city centre footfall. Whilst the evidence to date suggests the congestion charge itself has had a far greater impact on traffic levels in the city than free park and ride, the free park and ride offer has undoubtedly contributed. Officers consider that no other use of the congestion charge income would result in equivalent or greater traffic reduction benefits.

14. It is appreciated that whilst park and ride trips help reduce traffic in Oxford, a car trip is still involved, making park and ride a less sustainable option than using a local bus service or active travel for the whole journey. However, a key advantage of park and ride is that it is available to virtually all drivers coming into Oxford from outside the city, regardless of where they start their journey. This maximises the potential for behaviour change.
15. Although it is not generally used by Oxford residents, park and ride has been seen as beneficial to Oxford for over 50 years by Oxford City Council and Oxfordshire County Council. The city council itself built 3500 park and ride spaces during that time, including the £5m expansion of Seacourt in 2021, a project which aimed to “reduce traffic and congestion in Botley Road and the city centre”.
16. Even with the free park and ride bus offer, there has been good patronage growth on local bus services. There has been an 8 per cent growth since the introduction of the congestion charge. A third of this increase is on park and ride services with the remaining two-thirds on non-park and ride services, with significant growth on routes serving the city from other areas like Didcot, Abingdon and Wallingford. There is no evidence to suggest “extraction” from local bus services to park and ride.
17. The park and ride offer has also helped create favourable network and commercial conditions which allow bus operators to expand their network to include more marginal routes without financial support from the council. Routes 20 and 3A, linking Rose Hill to the John Radcliffe hospital and Oxford station respectively, are good examples of this. Oxford Bus Company’s statement from their perspective, regarding the impact of the removal of the free park and ride offer and potential commercial decisions regarding bus services they would make in response, is at Annex 2.
18. Officers have also been conscious regarding the need to consider the transition from the temporary congestion charge scheme to the traffic filter trial in respect of any initiatives ending or starting.
19. In this report, all costs quoted for the free park and ride scheme are the **difference** between the cost of the previous discounted combined park and ride ticket scheme which ran from October 2022 until October 2025, and the cost of offering free park and ride. The annual cost of the previous scheme to the county council was £865,000 (£72,000 per month). Oxford City Council also contributed to the previous scheme and has agreed to continue to do so; its contribution is £1 per free ticket issued at three park and ride sites it operates, which is forecast to average around £50,000 per month.

20. Table 1 shows the actual and forecast income and expenditure to **31 May 2026**. This is the investment that has been agreed by the Director for Environment and Highways in consultation with responsible cabinet members using the powers delegated by cabinet at its September 2025 meeting.

Table 1 – congestion charge income, operating costs and confirmed free park and ride allocation to 31 May 2026 (£'000)

Period	Gross income	Operating costs	Surplus	Free P&R offer*	Residual surplus
Nov 25 – Feb 26 (actual)	2583	-910	1674	-733	940
Mar – May 26 (forecast)	2178	-491	1687	-609	1077
Total	4761	-1400	3360	-1343	2017

*excess cost vs previous park and ride offer, see paragraph 19

21. Table 2 shows the forecast income, operating costs and surplus from 1 June to 31 August 2026.

Table 2 – forecast congestion charge income and operating costs from 1 June to 31 August 2026, and total forecast surplus to 31 August 2026 (£'000)

Period	Gross income	Operating costs	Surplus
Residual surplus carried forward from Nov-May	-	-	2017
1 June – 31 August	1607	-434	1173
Total			3190

22. The total forecast unallocated surplus is therefore **£3.19m**. This is a forecast; the actual surplus will depend on the actual charge payments, penalty charges and operating costs in the coming months, including variances in penalty charge cancellation rates.
23. Table 3 shows the officer recommended allocations for Parts 1 and 2 of the investment plan. Scheme details the supporting rationale are at Annex 1.

Table 3 – recommended investment plan (1 June – 31 December 2026)

Item	Duration	Allocation (£'000)
Part 1		
Free P&R return bus offer*	7 months from 1 June 2026	1290
Part 1 total		1290
Part 2		
Free weekday P&R parking for NHS and school staff based in Oxford (for commuting/business travel only)	9 months from 1 June 2026	120
Free weekday bus travel for NHS and school staff based in Oxford (for commuting/business travel only)	9 months from 1 June 2026	670

Item	Duration	Allocation (£'000)
Hospital express P&R services	12 months from 1 October 2026	1000
Active travel infrastructure	Not applicable	500
Free bus travel for "Connect to Work" programme participants 2026/7	Six months per participant, 2026/7	100
Reserve	Not applicable	500
Part 2 total		2890
Grand total, Parts 1 & 2		4180

*excess cost vs previous park and ride offer, see paragraph 19

24. The allocations (£4.180m) exceed the forecast congestion charge surplus (£3.190m) by £0.990m.
25. Forecasts indicate sufficient funding will be available to cover this shortfall from surpluses generated by the zero-emission zone pilot in place since February 2022 and the traffic filter trial due to start in September 2026.

Comments checked by:
Filipp Skiffins, Finance Business Partner

Other options considered but not recommended

26. Significant universal city or countywide fare reductions are not feasible due to the very high costs. For example:
 - Countywide £2 fare cap - £9m/year
 - Countywide £2.50 fare cap - £5.75m/year
 - £1 single fare cap within Oxford SmartZone - £15.5m/year
27. Much smaller universal fare discounts could be offered within the available budget, but are considered unlikely to significantly increase bus use.

Other options considered

28. Officers recommend allocating the available funding to Parts 1 and 2 of the investment plan as shown in above paragraphs, with the free park and ride return bus offer in place until 31 December 2026.
29. An alternative to Part 1 would be to end the free park and ride return bus offer sooner and revert to a combined ticket offer from 1 June 2026.
30. Annex 3 shows the "savings" (compared to the recommended plan) that would result from different combined park and ride ticket offers, along with recommendations for how those savings could be allocated. For all combined

ticket offers, a “parking only” option would remain available. This is currently priced at £2.50/day but may change in future as part of the city and county councils’ annual fees and charges reviews.

Legal Implications

31. Schedule 12 of the Transport Act 2000 requires that any surplus generated by a road user charging scheme may only be spent for the purpose of directly or indirectly facilitating the achievement of the authority’s local transport policies. All spending proposals in this report comply with this requirement. Officers will continue to apply this test to all spending as specific projects are developed.
32. It was believed some of the elements of the investment plan may have been considered subsidies for the purpose of the Subsidy Control Act 2022. Having taken advice it has been concluded these will not be deemed subsidies with the exception of the active travel infrastructure scheme which could potentially be deemed a subsidy. However, if this is deemed a subsidy this could be given under the minimal financial assistance exemption.

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Staff Implications

33. Implementation of the schemes in the investment plan can be accommodated within existing staffing levels.

Equality & Inclusion Implications

34. The congestion charge (and the traffic filters scheme on which the congestion charge is based) has been designed over a number of years to be equitable and inclusive, and the same is true of the recommended investment plan.
35. An equality impact assessment is at Annex 4, which confirms slight positive or neutral impacts for the recommended investment plan across all protected characteristics.

Sustainability Implications

36. As required by legislation, the investment plan supports the achievement of the council’s transport policies, primarily the Local Transport and Connectivity Plan and Central Oxfordshire Travel Plan. These policies have sustainability objectives at their core.
37. A climate impact assessment is at Annex 5 which confirms positive impacts in across all themes except buildings (neutral impact).

Risk Management

38. At the programme level, the key risk is that insufficient funds are available to deliver the investment plan. This would mean removing or re-scoping schemes, either in terms of the benefits offered or (where applicable) duration. Officers have mitigated this risk as follows:
- Income forecasts have been cautiously prepared with realistic allowances for operating costs and a reducing income over time in line with reducing penalty charge notice numbers, based on other similar schemes
 - A reserve of £0.5m has been set aside to allow for lower-than-expected income or higher-than-expected costs
 - Contributions from NHS trusts to the schemes benefiting NHS staff are unconfirmed and have been excluded entirely, meaning those costs represent a 'worst case'
39. Risks will be managed at the scheme level for each scheme in the investment plan, in line with the council's standard practice for transport schemes.

Consultations

40. The recommended investment plan has been informed by:
- The Citizens' Panel on Transport (2025)
 - Consultation on the temporary congestion charge (2025)
 - Discussions with affected stakeholders (ongoing)
41. Consultation with relevant stakeholders will continue during the design and implementation phase. Statutory consultations will be required for some elements of the plan.

Paul Fermer
Director for Environment and Highways

Annex:	Annex 1 – investment plan details and rationale Annex 2 – Go Ahead statement on free park and ride Annex 3 – alternatives to Part 1 of the investment plan Annex 4 – equality impact assessment Annex 5 – climate impact assessment
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Background papers:	Nil
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