

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fourth Delegated Legislation Committee

DRAFT CONTRACTING OUT (FUNCTIONS
RELATING TO THE ROYAL PARKS) ORDER 2016

Wednesday 19 October 2016

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The Committee consisted of the following Members:

Chair: PHILIP DAVIES

† Allin-Khan, Dr Rosena (*Tooting*) (Lab)
 † Crouch, Tracey (*Parliamentary Under-Secretary of State for Culture, Media and Sport*)
 Efford, Clive (*Eltham*) (Lab)
 Fovargue, Yvonne (*Makerfield*) (Lab)
 † Jayawardena, Mr Ranil (*North East Hampshire*) (Con)
 † Knight, Sir Greg (*East Yorkshire*) (Con)
 † Lopresti, Jack (*Filton and Bradley Stoke*) (Con)
 † Mackintosh, David (*Northampton South*) (Con)
 † Metcalfe, Stephen (*South Basildon and East Thurrock*) (Con)

† Penrose, John (*Weston-super-Mare*) (Con)
 Reeves, Rachel (*Leeds West*) (Lab)
 † Smith, Jeff (*Manchester, Withington*) (Lab)
 † Stuart, Graham (*Beverley and Holderness*) (Con)
 Umunna, Mr Chuka (*Streatham*) (Lab)
 † Whittaker, Craig (*Calder Valley*) (Con)
 † Wood, Mike (*Dudley South*) (Con)

Clementine Brown, *Committee Clerk*

† **attended the Committee**

Fourth Delegated Legislation Committee

Wednesday 19 October 2016

[PHILIP DAVIES *in the Chair*]

Draft Contracting Out (Functions relating to the Royal Parks) Order 2016

2.30 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): I beg to move,

That the Committee has considered the draft Contracting Out (Functions relating to the Royal Parks) Order 2016.

As always, it is a pleasure to serve under your chairmanship, Mr Davies. I welcome the hon. Member for Tooting to her position.

The order will use the powers in the Deregulation and Contracting Out Act 1994 to contract out the direct management of the Royal Parks estate. Its management functions are currently performed by an executive agency of the Department for Culture, Media and Sport that reports directly to the Secretary of State. To be clear, when I speak of the Royal Parks estate, I refer to the eight Royal Parks in London owned by the sovereign in right of the Crown. In addition to those, Brompton cemetery, Victoria Tower gardens and other areas of land are managed on behalf of the Secretary of State by the Royal Parks Agency, as set out in the order. For clarity, the parks are as follows: St James's Park, Hyde Park, Kensington Gardens, Green Park, Regent's Park and Primrose Hill, Greenwich Park, Richmond Park and Bushy Park.

I am sure I am not the only Member who has enjoyed the pleasure of strolling through one of the Royal Parks. In fact, more than 77 million people visit the Royal Parks estate each year; it enjoys a satisfaction rating of 98%. The Royal Parks are the heart and soul of London and it is difficult to imagine the city without them. They are an integral part of the identity and life of the capital and the country, whether as a focus for national ceremonial activities or hosting international events such as the Olympics.

Sir Greg Knight (East Yorkshire) (Con): I understand why the Government wish to contract these functions out, but will the Minister give the Committee an unequivocal assurance that this company limited by guarantee, if and when it is formed, will not have *carte blanche* to do as it pleases, for example by imposing admission charges to the parks and forcing the public to pay for something that is now free?

Tracey Crouch: The rest of my speech will assure my right hon. Friend that that is exactly the case. This is an opportunity for a charity organisation to go ahead and do things without coming back through Parliament in certain respects. If he will allow me to continue, I am sure the rest of my speech will reassure him.

The Government are keen to ensure that the parks are in a position to thrive and prosper long into the future. This proposal is a positive step towards that

long-term goal. Our purpose is to ensure that the parks remain very much as they are—outstanding free spaces for all—but the governance and management arrangements need to be revised to enable the parks to operate more effectively and plan better for that future. A similar transfer in 1998 has enabled Historic Royal Palaces, another DCMS public body, to thrive and prosper as an independent charity for more than 18 years.

The Government's primary objective in contracting out the management of the Royal Parks is to ensure their long-term protection through more effective use of park assets and resources within a governance framework that delivers proper accountability to the public. However, it is important to stress that the ownership of the estate will not change, and the Secretary of State will still be accountable to Parliament for its management. What was appropriate when the agency was set up more than 20 years ago is simply no longer a suitable model for today's financial realities.

Back in 1993, when the agency was established, almost all its funding came from the Exchequer. That has changed over the years, and taxpayer funding now amounts to around 30% of the cost of running the parks; the rest is self-generated. Applying Government accounting rules to an organisation that generates the vast majority of its own income makes financial planning very difficult: for example, parks are not able to build up a reserve, carry over income from one year to the next or fully benefit from the opportunities offered by commercial income.

Under the proposed arrangements, the new organisation will be able to plan for the longer term rather than on a year-by-year basis, and operate more efficiently for the benefit of the parks and their visitors. A single charitable body, governed independently of the Government, will be able to make a more compelling case to support corporate sponsors, private donors and charitable trusts, as well as attracting new volunteers. An existing charity, the Royal Parks Foundation, fundraises for the parks; merging that existing charity with the new organisation will bring an alignment of objectives and operational efficiencies. The foundation's board supports the move.

At this point I would like to record my thanks to both the boards—the foundation's board and the agency advisory board—for their sterling contribution, and that of their staff, over the years.

Under the new model there will be a contract between the Secretary of State and the charitable company that will set out what the Royal Parks must do in return for the funding provided, and which will also enable it to use the assets of the estate to raise money for the reinvestment into the parks.

The draft contract sets out key performance indicators. For example, the Royal Parks must maintain its green spaces, buildings and structures to high standards and the contract will include targets against which achievement can be measured. The Government will continue to monitor its performance against those targets and undertake contract reviews every five years.

I can also assure hon. Members that the Royal Parks will continue to support state ceremonials and national events as they do now. Can I also absolutely make it clear that the Royal Parks will remain free to visit and the Government will continue to provide funding.

The point of the new arrangement is to allow the parks to use their income and assets more effectively for the benefit of the estate and park visitors. The organisation will continue to be subject to planning and licensing control by local authorities. There will not be all-year-round rock concerts or any net loss of green space to new developments.

The agency currently balances the commercial activities with protecting the intrinsic qualities of the parks very well, and that will continue. For example, Winter Wonderland is immensely popular, attracting more than 3 million people each year. It is a firm favourite in London's Christmas calendar and attracts visitors from around the world, bringing income to London and money for reinvestment in the parks. Entry is free and it takes place at a time when Hyde Park is traditionally rather empty of visitors.

There are also low-impact commercial activities that deliver valuable income, such as renovating redundant buildings within the estate. Another recent example is a decaying unused building in Kensington Gardens that has been converted into a beautiful café overlooking the Italian gardens. Not only has that improved the public realm and added a much-welcomed facility for visitors but it also generates income.

The Government expect the new charity to continue to identify ways in which assets can be used in positive, creative and appropriate ways, but it is not a proposal that will deliver unacceptable commercialisation of the parks.

The parks already benefit from the generosity and hard work of many volunteers who support the estate in a variety of ways. It is our expectation that a new charitable organisation is likely to be able to attract even more new volunteers.

The agency has been closely engaged with representative groups and the proposal has been discussed at regular meetings over the past 12 months, to which friends' groups, concessionaries, partner organisations, key agencies, local residents' groups, local businesses, MPs and local councillors have been invited. Meet the Park Team events have been held in each park and, as a consequence of that engagement, there has been almost wholly positive response to the proposal.

The Mayor of London's Office is represented on the project board and local authority leaders are represented on the Royal Parks advisory board, which supports the transition. Most recognise that the proposal is seeking to bring long-term financial stability to the Royal Parks estate.

I am also pleased to inform colleagues that the Secretary of State is in the process of appointing trustees to the board of the new organisation, following an open recruitment campaign, and I am delighted that Loyd Grossman has been appointed as its first chair. He has a long association with the heritage sector in particular and will be an enormous asset.

Other appointments will be made by the Mayor of London and will include local authority leaders. The Royal Household will have ex officio representation. Under the new arrangements the parks will continue to be policed by the Metropolitan police and changes to park regulations will continue to require the approval of Parliament.

The only area of land that is managed by the agency but is not in the ownership of either monarch or Government, is Grosvenor Square garden, which is owned by the Grosvenor Estate. This order would allow the Government to contract out the direct management of that square to Grosvenor. The Government will consider doing that if it can be demonstrated that there are operational savings and investment opportunities that will deliver significant improvements to the gardens, but only on condition that it remains a free public amenity for the benefit of all.

Most park activities are already contracted out and what the public see from the parks will not change dramatically, if at all. The Government are seeking to build a sustainable financial future for the parks and this measure will help deliver that. Subject to Parliament's agreement, it is envisaged that the new arrangements will take effect on 1 March 2017.

To conclude, what is proposed is evolution rather than revolution, and enables the parks' operating model to reflect the realities and opportunities of today. I commend the draft order to the Committee.

2.39 pm

Dr Rosena Allin-Khan (Tooting) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mr Davies. I hope it is the first of many.

The Royal Parks are fundamental to so many who live in the surrounding areas, as well as to millions of visitors each year, many of whom may not otherwise have access to safe outdoor spaces to enjoy. It therefore makes sense to ensure that they are under management that proves most beneficial for their success, that allows them to flourish, and that maximises their potential for all who enjoy them. The Opposition will not be calling for a Division, but we have some questions about the draft order and I would like to hear some reassurances from the Minister.

First, although I welcome the prospect of the parks not being over-commercialised, commercialisation will be inevitable unless there is some element of Government financial support, through both Government and capital grants. The Royal Parks would need to host at least double the current number of events of significant magnitude to raise the same amount of income as is currently provided by Government grants each year. Furthermore, without capital grants, the Royal Parks will be unable to carry out important regeneration works that would lead to future income generation. Can the Minister assure me that Government financial support will be continued?

Secondly, although it is not openly stated in the draft order, I welcome the promise that all current staff at the Royal Parks Agency will transfer over to the new organisation; that there will be no redundancies; and that staff will still receive a civil service pension. As none of that is openly stated in the draft order, will the Minister confirm for the record that that is the case?

When new staff are recruited in future, will their pensions and pay scale differ from those transferred from the civil service at the outset? What precise plans do the Government have for Grosvenor Square garden with respect to contracting out? Will the new contract explicitly state which concessions, stalls and new commercial avenues would be acceptable so as to ensure that they

[Dr Rosena Allin-Khan]

are in keeping with the Royal Parks' heritage? Importantly, will there be a commitment to promote access to the park spaces for schools and community groups from socioeconomically disadvantaged areas?

2.42 pm

Tracey Crouch: I am delighted to hear that the Government have support for the overall principle of what we are trying to achieve through the draft order.

The hon. Lady asked about the long-term funding for the agency. We do not currently have any plans for the parks to become fully self-financing, so the Government will continue to provide funding. Obviously, these precise figures will depend on certain spending review decisions in the future. There are no plans at the moment to stop that financial support, and £10 million of capital has been put forward for next year.

In response to the hon. Lady's question about civil servants and employees, the answer is yes; they will remain on the civil service scheme. With regard to her specific question about commercialisation, as I pointed

out in my opening remarks, we do not expect this to be a means of providing unacceptable measures of commercialisation. Indeed, the point of the new arrangement is to allow the parks to use their income and assets more effectively for those who are using the estate. As I said in my opening remarks, the new organisation will continue to be subject to planning and licensing controls.

The hon. Lady asked about Grosvenor Square garden. The contractor is required to inject significant capital investment into the square and take on all the maintenance obligations at no cost to the public purse. The Government are complying with procurement regulations on that, but we are still negotiating the specifics.

Finally, the hon. Lady asked about schools. Of course we want everybody to be able to enjoy the parks. We would expect schools to be as welcome in future as they are now, if not more so, and the Royal Parks will continue to run its education programmes throughout the estate.

Question put and agreed to.

2.44 pm

Committee rose.