

Summary: Intervention & Options

Department /Agency: Department for Transport	Title: Impact Assessment of Draft Workplace Parking Levy Regulations	
Stage: Consultation	Version: 1	Date: 10 November 2008
Related Publications:		

Available to view or download at:

<http://www.dft.gov.uk/consultations>

Contact for enquiries: Kitty Vernon

Telephone: 02079443855

What is the problem under consideration? Why is government intervention necessary?

Workplace parking levy (WPL) schemes have been identified as measures which could contribute to local strategies to reduce the substantial costs of congestion in urban areas, and therefore to help the local economy and quality of life. The TA2000 did not set out all the detailed provisions that would be necessary to provide the full legal framework for a WPL scheme. These regulations are designed to complete the statutory framework to enable local authorities to implement Workplace Parking Levy (WPL) schemes.

What are the policy objectives and the intended effects?

The objective is to enable appropriate workplace parking levy schemes to be implemented that facilitate the achievement of policies in local authorities transport plans (consistent with the wording in s179(2) of the Transport Act 2000), in order to deliver packages of interventions which can improve transport and reduce congestion levels and environmental impacts.

What policy options have been considered? Please justify any preferred option.

The main policy choices were

- (i) whether to make regulations on wider issues, such as the form of Scheme Orders and the consultation process for WPL schemes. We have decided to propose regulations only where they are essential to the operation of a scheme
- (ii) which approach to adopt in respect of definition of offences, penalties, enforcement and appeals. We have opted to keep the approach as simple as possible. Further details are provided in the 'Evidence Base' section.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? After a local WPL scheme has been implemented and operated for a couple of years (not expected before 2012).

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

.....Date:

Summary: Analysis & Evidence

Policy Option: 1

Description: Implement Workplace Parking Levy regulations to enable the introduction of such schemes by local authorities

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' It is not possible to attribute costs and benefits to the regulations in isolation. Individual schemes will entail costs which would be quantifiable on an individual basis. Regulations are intended to be light touch and will enable WPL schemes to be enforced more cost-effectively than with other approaches.
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£		Total Cost (PV) £
<p>Other key non-monetised costs by 'main affected groups' Local authorities will incur costs where they choose to implement such schemes, but will be compensated through levy revenues. Local businesses and employees will incur costs in paying levies, employees may face increased transport costs, such costs will vary from scheme to scheme.</p>			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' It is not possible to attribute benefits to these regulations in isolation. The merits of WPL schemes would be quantifiable on an individual basis.
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
<p>Other key non-monetised benefits by 'main affected groups' Discouragement of workplace parking may reduce congestion and pollution caused by commuter trips, to the benefit of other transport users and people in the urban area. The schemes are designed to reinvest revenues in a package of wider transport improvements, to the benefit of employees and others in the area.</p>			

Key Assumptions/Sensitivities/Risks The benefits of reduced congestion and environmental improvements rely on the assumption that firms do not relocate to areas which are not covered by the levy, to the detriment of transport elsewhere. The benefits are likely to be greatest where the scheme forms part of an effective package of interventions.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
--------------------	----------------------	-------------------------------------	---

What is the geographic coverage of the policy/option?		England (not London)	
On what date will the policy be implemented?			
Which organisation(s) will enforce the policy?		Local authorities	
What is the total annual cost of enforcement for these organisations?		£	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		N/A	
What is the value of the proposed offsetting measure per year?		£	
What is the value of changes in greenhouse gas emissions?		£	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium
	Large		
Are any of these organisations exempt?	Yes/No	Yes/No	N/A
			N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of £	Decrease of £	Net Impact	£

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Context

The Eddington Transport Study (published in 2006) confirmed that delays and unreliability increased business costs, affected productivity and inhibited innovation. It is estimated that 89 per cent of current delay caused by road congestion is in our urban areas.

Local authorities are best placed to tackle their local congestion problems and they have the ability to create innovative packages that bring together initiatives to manage demand, manage traffic flow and invest (for example in public transport, walking and cycling) to give people real choices on how they travel. It is within this context that Nottingham City Council have brought forward their proposals for a workplace parking levy as part of a package to tackle congestion and put the funds raised back into the improvement of their local transport network.

The background to the workplace parking levy is set out in the main part of the consultation document.

Options Considered

The provisions for WPL schemes in the Transport Act cannot meaningfully be brought into force without regulations giving local authorities appropriate enforcement powers. Without an enforcement capability for a workplace parking levy an authority would have no powers to ensure compliance with the scheme.

The main policy choices were therefore -

- (i) whether to make regulations where this was not essential. Details are given below but we have decided to propose regulations only where they are essential
- (ii) which approach to adopt in respect of definition of offences, penalties, enforcement and appeals.

On the first of these points, the Government does not intend to make regulations -

- specifying the form of Scheme Orders, how proposed Orders should be published, and objections considered, and how the final Order itself should be published, on the grounds that this is a matter for the local authority. The Order will need to be approved by the Secretary of State who also has powers to consult other people or require the authority to consult other people before he confirms the scheme order.
- specifying charging levels, exemptions and discounts. The draft regulations do not exercise this regulation making power, but the consultation document is seeking views on whether they should.

On the second of these policy choices options are limited but we have tried to keep the approach as simple as possible. The main choice was whether disputes and appeals should be heard by the County Court rather than a body such as the parking adjudicator. We have provided for a two stage approach -

- businesses are able to make representations about alleged contraventions and penalty charge notices and have them considered by the local authority;
- if the dispute is not resolved by that process, businesses will be able to appeal to the County Court.

We decided against a specially created adjudication system or relying on the parking adjudicator service because of the nature and low number of appeals expected. It is not currently expected that there will be very many disputes and appeals. Unlike parking or road user charging, where enforcement would be against individuals, under WPL schemes the employer is liable so the number of potential offenders is much smaller. However, if there are disputes or appeals the issues could be complex and involve large businesses (and we would assume relatively large amounts of money). For these reasons, we believe that a County Court would be the appropriate body to hear appeals.

Costs and benefits

The key policy objective of these regulations is to enable any local authority who wishes to implement a workplace parking levy to be able to do so by giving them the necessary powers to enforce a scheme. The regulations themselves set out the overall framework for a workplace parking levy and so it is not possible to assign costs and benefits of each individual proposal.

It will be possible to assess the costs and benefits when a particular scheme is designed and we would expect local authorities to do so when considering a scheme for their area. Overall the types of benefits we would expect a scheme to achieve include tackling congestion, environmental improvements, public transport improvements delivered through use of levy revenues and health and safety improvements.

In terms of costs, employers who provide parking spaces for their employees are the ones liable to pay the levy. Again, each scheme will be different and as such costs can not be quantified at this stage. The workplace parking levy is as yet untested as a policy, and the costs and benefits will depend on the design of schemes. Local authorities proposing schemes will be expected to have assessed the costs and benefits of their proposed schemes.

Tackling Congestion and improving journeys

The Eddington Transport Study suggested that, if left unchecked, by 2025 there will be a 30 per cent increase in congestion, losing an extra £22 billion worth of time in England alone. It also highlighted that currently 55 per cent of commuter journeys are to large urban areas and 89 per cent of delay caused by congestion is in urban areas.

The aim of a workplace parking levy is to provide local authorities with a tool to tackle congestion. The levy provides an incentive to employers to reduce car commuting and use alternative modes of transport (including car-sharing). The revenue from such a scheme has to be spent on achieving the local authority's transport policies, for example by investing in improvements to public transport.

Tackling congestion can bring benefits to a wide range of people. For instance freight and delivery companies operating in the area should experience benefits if journey times are reduced. Similarly, businesses and tradespeople providing services to customers in their homes should benefit from reduced travel time and hence have a greater proportion of their working day available to meet customers' needs. Individuals using transport networks for leisure and education trips also stand to benefit.

There is some uncertainty attached to these decongestion benefits. The reaction of businesses and their employees will be important in determining the overall effect on traffic levels. Should employers fail to encourage public transport use among employees, there is a risk that they will continue to drive, but use public car parks as an alternative. To the extent that this happens, it would compromise efforts to reduce urban congestion. Another unintended consequence could involve the relocation of businesses to other urban centres. Such risks should be considered in analysing the effectiveness of individual schemes.

The money from any workplace parking levy scheme has to be reinvested in a local authority's transport policies. Local authorities wishing to implement a workplace parking levy could therefore ensure that a viable alternative for car users was available. Therefore, employees could be offered a better choice of how to get work, which could offset the costs which may be imposed on them through the scheme (see below). For example, Nottingham City Council has indicated that they intend to spend the revenues from a workplace parking levy mainly on the extension to their tram.

Health and Safety

Depending on the design of the scheme, it could have benefits for health and safety. Through effective workplace travelling planning more people may be encouraged to walk or cycle to work. Employers could help by introducing or enhancing facilities for their employees to cycle to work. Both of these activities can have positive health benefits, as evidence suggests that regular exercise of this sort can improve health outcomes¹.

There may also be an impact on accident risks. Depending on local circumstances, and the number of vehicles involved, transferring car trips to cycling can reduce the number of traffic accidents. However, in some cases an increase in cyclists can increase the number of road users at risk from serious injury. The net impact will depend upon local traffic conditions and cycling provision, which could be influenced by other measures forming part of an integrated package of improvements.

Environmental Benefits

A reduction in congestion would be associated with decreases in the environmental costs of car use, including noise pollution, air quality impacts and greenhouse gas emissions. It would only be possible to quantify this effect on scheme by scheme basis.

Costs

Administrative Costs

Local authorities will need to consider a workplace parking levy in the context of their overall package of transport measures, but the establishment of a scheme would incur administrative costs in the employment of extra staff to manage and enforce the scheme.

The immediate cost for businesses would involve paying the levy itself, though this cost would depend on the price set by the local authority. There will also be administrative burdens where firms have to demonstrate compliance and make payments in respect of the levy. The cost of

¹ See http://www.webtag.org.uk/webdocuments/3_Expert/3_Environment_Objective/3.3.12.htm for evidence on health impacts

complying with a scheme can be minimised if schemes are structured transparently and with careful consideration of this burden.

Effects of levy charges and penalties

Firms will incur costs where they are required to make payments in respect of car parking for their employees. A key principle underpinning the workplace parking levy is that it should encourage the employer to provide incentives for their employees to choose different ways of travelling to work. The more effective employers are at doing this, the more their levy costs will reduce.

It is important for local authorities to consider the impact on particular sectors and businesses, including small businesses, as part of their overall assessment of the costs and benefits of implementing a pricing scheme in their areas. We encourage local authorities to work with businesses and to discuss these issues during the development of the proposals and consultation on a levy.

The individual employee is not liable to pay the charge. It will be for the employer to decide whether costs should be passed on to employees, but they may be constrained in their ability to do so. If the levy is set high enough, parking spaces may be reduced or firms may relocate to areas free from the levy. In the former case, if employees are not provided with suitable alternatives for transport, either through other interventions in a transport package or through the actions of their employers, they may incur additional transport costs through having to use more expensive or time consuming modes of transport, or parking further away from their place of work. This may then place pressure on future wage demands.

The employer may also attempt to pass on costs to consumers. The extent to which a firm can do this will depend upon the level of competition in their product markets, and in particular whether their competitors are based locally and therefore subject to the same costs.

The costs of non-compliance will vary depending on the scheme but we have clearly set out that an authority is able to set and enforce penalties that reflect the seriousness of the contravention. For example, if the business provides workplace parking places without a licence they could be liable for a higher penalty charge than if they already had a licence but provided more workplace parking places than the maximum covered by the licence.

The net impact on employers and workers will depend upon the level of charges, local circumstances, and the package of transport improvements designed to complement the levy.

Beyond the immediate transport and levy costs that firms and employees may experience, there might also be wider economic costs. A restriction in parking spaces may reduce the available pool of labour for firms to those living in close proximity or with good access to public transport, preventing the labour market from effectively matching jobs to workers' skills. If a restriction in parking restricts the ability of employees to meet with clients and other firms, there may also be a reduction in economic interaction and knowledge exchange. These impacts would have an impact on productivity, beyond the costs immediately associated with transport and levy charges. It also brings a risk of cutting off those living in more isolated areas from employment opportunities, with associated social impacts.

Specific Interest Tests

(a) Small firms

The extent to which smaller businesses are affected by workplace parking levy would depend on the composition of the scheme. It will be important for local authorities to consult with small businesses in their areas and to assess the potential impacts a scheme might have on those businesses.

As an example of the way in which these issues can be dealt with, Nottingham City Council have decided in their scheme that organisations providing 10 or fewer liable workplace parking places in the City would need to be licensed but would receive a 100% discount.

(b) Sustainable development

A workplace parking levy is consistent with the Government's principles of sustainable development. In particular enabling local authorities to use this tool to tackle congestion and invest in local transport can help to promote greater choice for the road user and could result in the use of more environmentally sustainable forms of transport. As already stated, congestion affects the economic performance of the country and tackling this problem should help to sustain future economic growth.

(c) Carbon assessment and other environmental impacts

A workplace parking levy has the potential to deliver carbon savings. The amounts of savings will depend on how local authorities make use of the enabling powers set out in the Transport Act 2000 and the regulations set out here. Encouraging modal shift and tackling congestion can produce carbon savings. The carbon impact would therefore depend on the complementary transport measures which local authorities choose to fund with the revenue and how far employers provide incentives for their employees to use alternative, lower carbon, modes of transport.

Similarly, reducing congestion and improving public transport could have significant impacts on local air quality and to a lesser extent noise pollution. The exact benefits would be dependent on the scheme design.

(d) Health

A workplace parking levy could have a positive impact on physical activity. There are well known health benefits arising from increased activity such as walking and cycling. The extent of such benefits will depend on how and where an authority invests the revenue from the levy and the extent to which employers encourage their staff to change the way they travel to work. There may also be an impact on accident rates, although this would be heavily influenced by local factors.

If there is investment in public transport from the revenues of a scheme, it would help improve access to health and social care facilities, particularly for more vulnerable members of society.

(e) Equality and accessibility

Transport improvements funded from WPL could help support government objectives for race, disability and gender equality. Ethnic minority groups, disabled people, women and low-income households tend, on average, to have lower rates of car ownership and to use public transport more than other social groups. Revenue from local schemes could be invested in local transport, promoting better access to essential goods and services, education and employment for such groups.

(f) Rural Proofing

The opportunity to set up a workplace parking levy exists across the country. The one authority that has developed detailed proposals for such a scheme is focussing on tackling congestion and investing in public transport in its urban area. However, the legal powers in the Act and those contained in these draft regulations are not restricted to urban local areas.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	Yes/No
Small Firms Impact Test	Yes	Yes/No
Legal Aid	No	Yes/No
Sustainable Development	Yes	Yes/No
Carbon Assessment	Yes	Yes/No
Other Environment	Yes	Yes/No
Health Impact Assessment	Yes	Yes/No
Race Equality	Yes	Yes/No
Disability Equality	Yes	Yes/No
Gender Equality	Yes	Yes/No
Human Rights	No	Yes/No
Rural Proofing	Yes	Yes/No

Annexes

< Click once and paste, or double click to paste in this style.>