

## A WORKPLACE PARKING LEVY FOR LONDON

Helping people travel in active and non-polluting ways is good for London's economy, wellbeing and public health. We need more action and funding to help people travel in ways that are healthier for them and for London as a whole.

A recent study carried out for Transport for London found that if the potential for converting short car trips to walking and cycling was delivered, there would be a net gain for Londoners of around 61,500 years of healthy life and economic benefits of £2 billion.<sup>1</sup>

Our transport policies are focused on promoting walking, cycling and public transport, and helping people live without needing to own a car. As part of our integrated plans for transport, a levy on workplace parking spaces - introduced by 2018 - will be an effective way to reduce daily car travel by providing an incentive for employers to remove workplace parking and encourage their employees to travel in more efficient ways.

The proceeds are ring-fenced for transport investment, and the policy is part of our programme to shift a small proportion of London's transport budget from fare-payers onto people driving cars, and to help reduce traffic.

From the very initial estimates presented in this report, we believe this could raise at least £500 million per year in revenue. This would be shared with London's boroughs and used to help fund fare cuts for outer London and to maintain and increase investment in walking, cycling and public transport improvements.

The scheme would need wide consultation and extensive work with the boroughs. The powers exist in current legislation for the Mayor to introduce a levy. Nottingham has had one since 2012, which has proved successful and has helped to fund a new tram extension and other public transport improvements.

---

<sup>1</sup> Transport and Health in London, Transport for London, 2014  
[https://www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/Transport%20and%20health%20in%20London\\_Marc%202014.pdf](https://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/Transport%20and%20health%20in%20London_Marc%202014.pdf)

# BACKGROUND

The main features of a workplace parking levy defined in current legislation are:

- An annual levy is charged on a range of non-exempt workplace parking spaces used by commuters
- The purpose is to reduce daily car travel by encouraging the removal of workplace parking spaces and promoting travel to work by other means than the car
- The proceeds of the levy must be allocated to transport improvements and investment
- The introduction of a levy requires comprehensive consultation with residents and businesses and an audit of workplace parking spaces (including those provided by businesses for their employees in commercial car parks)
- The levy is charged on businesses not on their employees
- Parking spaces for customers, fleet and delivery vehicles and occasional business visitors may be exempt from the levy. NHS premises, emergency services and Blue Badge holders are entitled to discounts of up to 100%
- Controlled parking measures may be required to prevent displacement of off-street to on-street parking
- When in place the system is simple and can be cheaply managed by a small team.

## THE LEGISLATION

The London Mayor and the boroughs were each given the power to introduce a congestion charge and a workplace parking levy by the Greater London Authority Act of 1999.<sup>2</sup> Local authorities elsewhere acquired the same power in the Transport Act 2000.

Like the Congestion Charge, the proceeds of a workplace parking levy have to be re-invested in transport.

The congestion charge covering central London was introduced in 2003 but the power to introduce a workplace parking levy in London has not yet been exercised.

---

<sup>2</sup> Greater London Authority Act, 1999 <http://www.legislation.gov.uk/ukpga/1999/29/contents>

## Success of the Workplace Parking Levy in Nottingham

A levy on parking at workplaces with 11 or more parking spaces was introduced in 2012 in Nottingham, a city with a population of 312,000 and therefore of similar size to one of London's larger boroughs. In 2012/13 the levy was £288 per space and now, in the fourth year of operation, is £375.



Approximately 60,000 people travel to work in Nottingham each day by car or van.<sup>3</sup> The charge is levied on approximately 25,000 spaces. The proceeds of £8.5 million have so far helped to fund extensions to Nottingham's new tram network and to support the Link Bus Network and the redevelopment of Nottingham Railway Station.

Spaces exempt from licensing in Nottingham include those for:

- Occasional business visitors (a person parked for work purposes, such as a salesperson or delivery driver, who is not at their regular place of work)
- Customer vehicles
- Motorbikes
- Display vehicles
- Fleet Vehicles (vehicles parked at an employer's premises and not used to travel to and from work)
- Vehicles used to deliver or collect goods
- Vehicles belonging to employees who live at their place of work

There are also a number of discounts at 100% for licensed spaces registered to:

- Disabled Blue Badge holders
- Front line Emergency Services such as Ambulance, Police, Fire
- Qualifying NHS premises

## PREVIOUS STUDIES

In 1999, in preparation for the new Mayor and London Assembly taking over their new powers, the report Road Charging Options for London (ROCOL), by a panel of independent experts, looked at the potential impact of a central London Workplace Parking Levy of £3,000 per parking space (roughly ten times higher than that in Nottingham).

The report concluded that such a scheme was feasible in London, would raise around £100 million per year in revenue and could command support if the money raised was used to improve transport options.

<sup>3</sup> 59,811, Nomis data from 2011 Census  
Nottingham tram image by Cowrin on Flickr

# DATA ON DRIVING TO WORK IN LONDON

More than 26 million journeys are made in London on an average day, and journeys to work are 16% of the total.<sup>4,5</sup>

According to the 2011 Census, 1,050,000 people commute to work in London by car, 320,000 of them travelling by car.

The destinations for the highest numbers of commuter car journeys are in central London and locations around Heathrow Airport. For central London commuter destinations, public transport predominates but large numbers still commute to central and inner London by car.

## Travelling to work in London, by mode of transport to work:<sup>6</sup>

Thousands of commuters	Within borough	Cross borough within London	Originating outside London	Total
<b>All commuters</b>	<b>826</b>	<b>2100</b>	<b>790</b>	<b>3716</b>
Underground	48	701	43	792
Train	28	395	357	780
Bus	170	301	23	494
Taxi	3	6	1	10
Motorcycle	5	31	9	45
Driving a car	290	448	318	1056
Passenger in a car	22	26	16	64
Bicycle	35	106	7	148
On foot	224	80	14	318
Other	3	5	2	10

Census data on daily trips by car commuters to London boroughs are shown in the table and schematic map below. They are very unevenly distributed, with 9% of the total number of car commuter journeys made to workplace destinations in Hillingdon alone, and another 5% travelling by car into Hounslow and into Westminster and the City of London.

<sup>4</sup> Travel in London, Report 7, Transport for London 2014, page 27 <http://content.tfl.gov.uk/travel-in-london-report-7.pdf>

<sup>5</sup> London Travel Demand Survey, Transport for London 2014, page 11  
<https://tfl.gov.uk/corporate/publications-and-reports/london-travel-demand-survey>

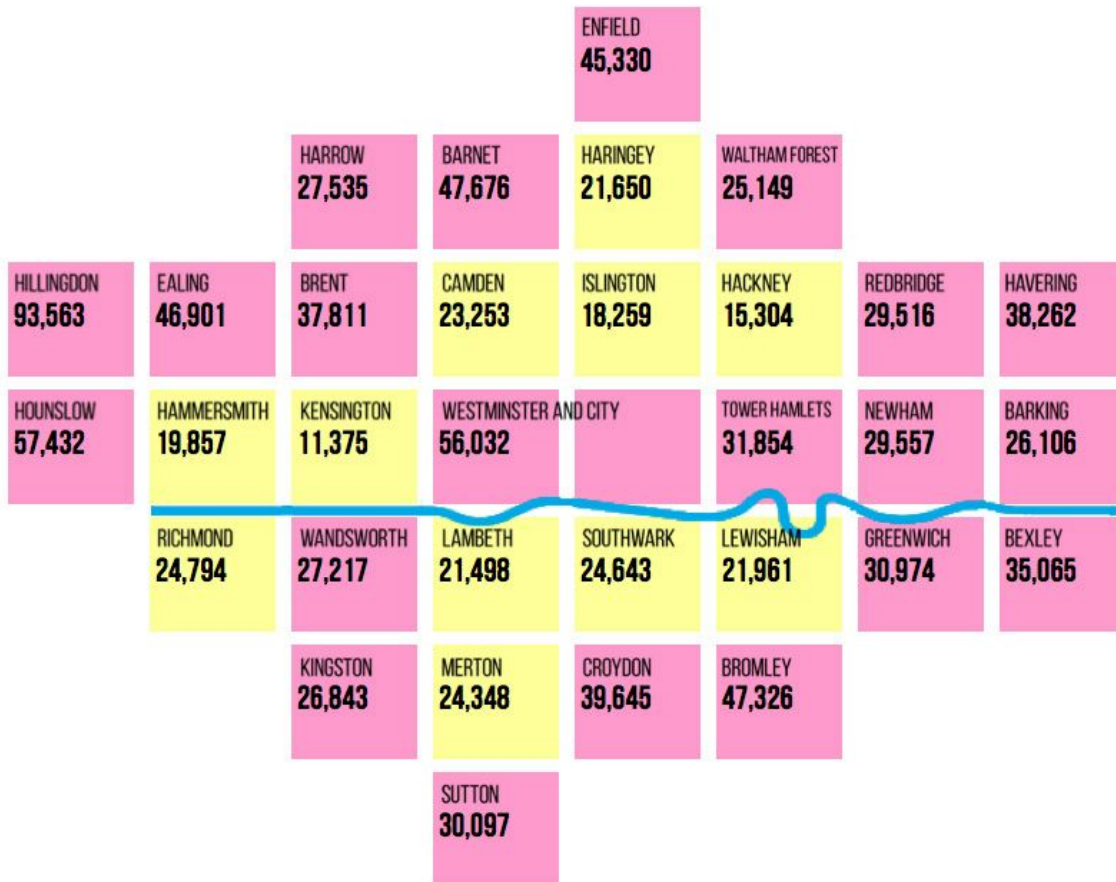
<sup>6</sup> Commuting in London, GLA Intelligence, July 2014  
<https://londondatastore-upload.s3.amazonaws.com/Zho%3Dttw-flows.pdf>

## Travelling to work in each borough:<sup>7</sup>

Borough	Number travelling to work in the borough - all methods	Number driving in to work in the borough	Percent driving
Barking and Dagenham	43,647	26,106	60%
Barnet	89,244	47,676	53%
Bexley	54,602	35,065	64%
Brent	81,732	37,811	46%
Bromley	81,922	47,326	58%
Camden	250,615	23,253	9%
Croydon	88,324	39,645	45%
Ealing	97,801	46,901	48%
Enfield	78,599	45,330	58%
Greenwich	63,391	30,974	49%
Hackney	79,498	15,304	19%
Hammersmith and Fulham	106,523	19,857	19%
Haringey	52,461	21,650	41%
Harrow	50,193	27,535	55%
Havering	63,709	38,262	60%
Hillingdon	143,012	93,563	65%
Hounslow	105,269	57,432	55%
Islington	149,075	18,259	12%
Kensington and Chelsea	97,921	11,375	12%
Kingston Upon Thames	56,946	26,843	47%
Lambeth	107,906	21,498	20%
Lewisham	53,500	21,961	41%
Merton	55,011	24,348	44%
Newham	74,050	29,557	40%
Redbridge	54,141	29,516	55%
Richmond Upon Thames	57,322	24,794	43%
Southwark	157,768	24,643	16%
Sutton	53,852	30,097	56%
Tower Hamlets	216,232	31,854	15%
Waltham Forest	52,000	25,149	48%
Wandsworth	87,897	27,217	31%
Westminster and City of London	917,068	56,032	6%
<b>TOTAL</b>	<b>3,721,231</b>	<b>1,056,833</b>	<b>28%</b>

<sup>7</sup> Data from 2011 Census, Table WU03UK [https://www.nomisweb.co.uk/census/2011/origin\\_destination](https://www.nomisweb.co.uk/census/2011/origin_destination)

# TOTAL DRIVING TO WORKPLACES IN EACH BOROUGH



(In this and other maps, figures above 25,000 are coloured pink, from 10,000 to 25,000 yellow and below 10,000 green)

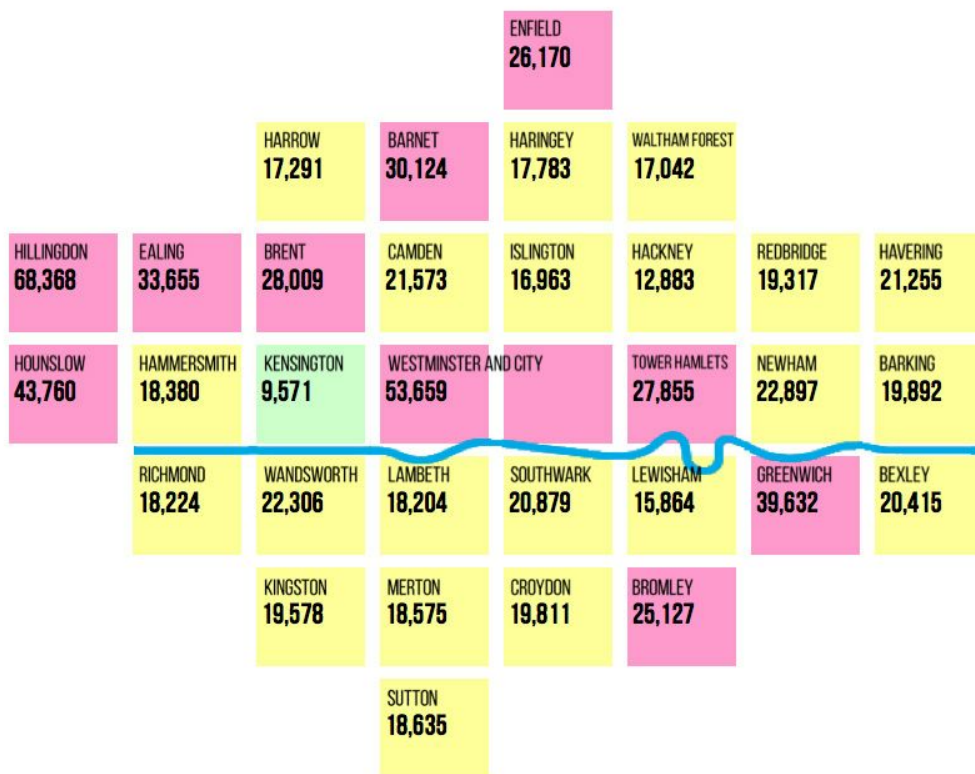
## Where do the commuters come from?

The schematic maps below show the differences between boroughs in terms of commuting in, commuting out, commuting within the borough, and total commuters from inside and outside London reaching each borough by car.

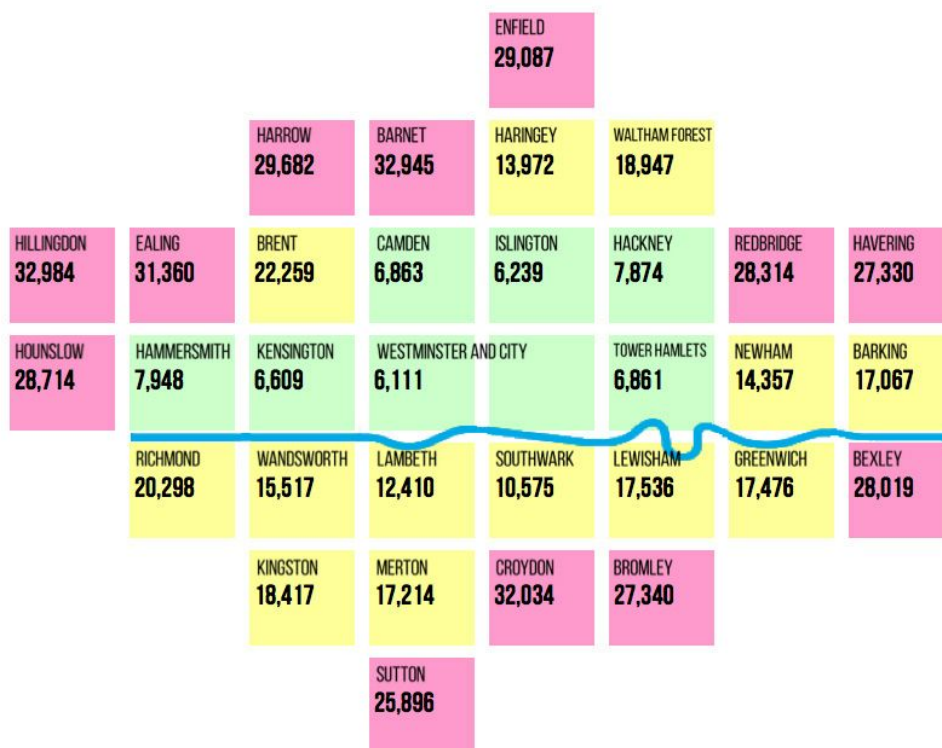
For the central London boroughs of Westminster, City of London, Hammersmith and Fulham, Camden, Islington, Hackney and Tower Hamlets, very few people drive out of or within their boroughs to work, and are heavily outnumbered by people driving into their boroughs. Westminster and City of London are the most 'driven upon' boroughs.

Lewisham and Greenwich are the most car-dependent of the inner London boroughs. In Lewisham, the number of commuters driving out exceeds the numbers driving in. For outer London, commuter driving is much higher.

## DRIVING INTO EACH BOROUGH TO WORK

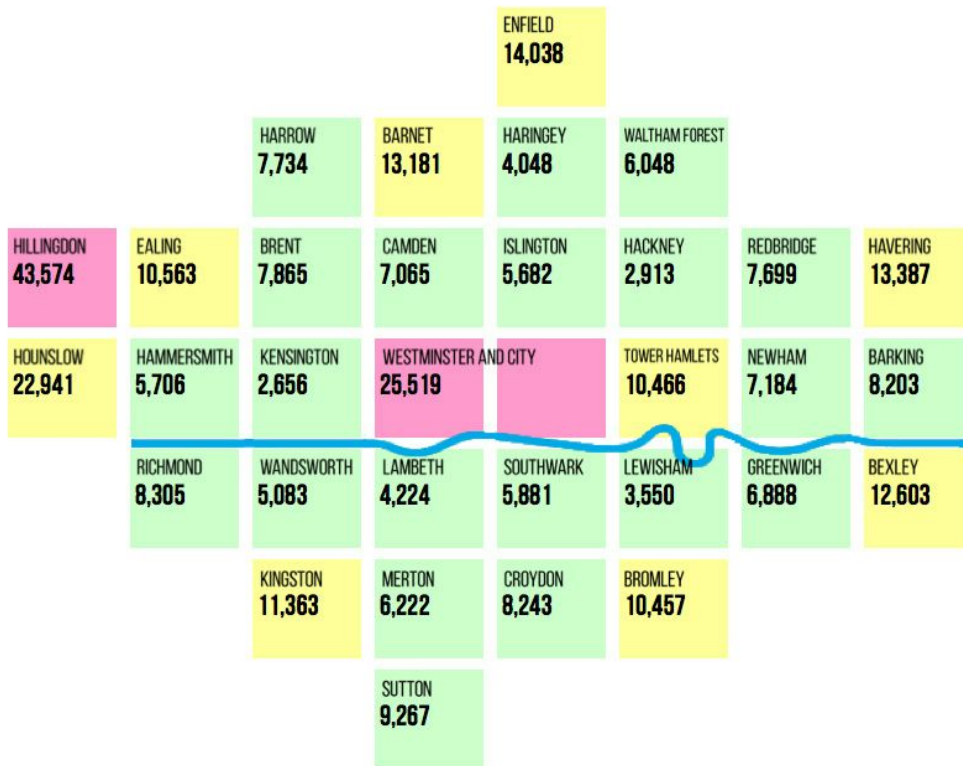


## DRIVING OUT OF EACH BOROUGH TO WORK



Promoted by John Street for Sian Berry and London Green Party, all at Development House, 56-64 Leonard Street, London, EC2A 4LT.

# DRIVING INTO EACH BOROUGH FROM OUTSIDE GREATER LONDON

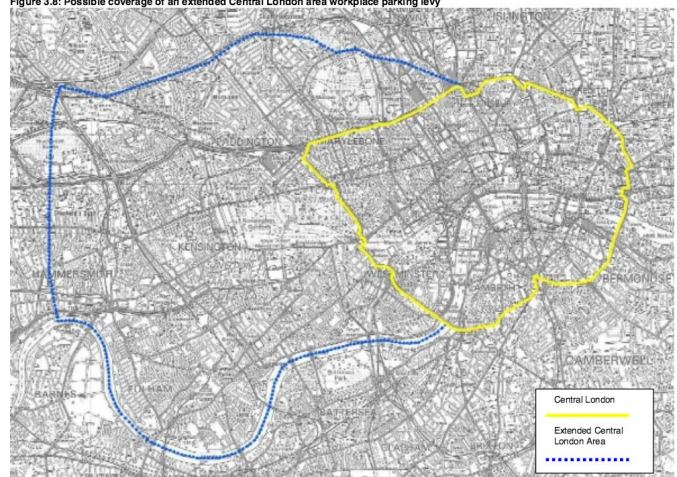


## Where do they park?

The number of those who commute by car or van to workplaces in London and the number of workplace parking spaces are not the same. Many car commuters park on the street, for example because they work in places, normally in outer London, where there are no controls on on-street parking.

The ROCOL study in 1999 estimated that there were up to 50,000 workplace parking spaces in 2,000 – 3,000 car parks in an extended central area shown in the map.

Figure 3.8: Possible coverage of an extended Central London area workplace parking levy





The 2005 London Parking Supply study carried out by TfL,<sup>8</sup> estimated a total of 671,000 private parking spaces for employees across London, the majority of these in outer London.

This study compared its findings to those of a similar survey in 2000 and found that in central London there had been a reduction of 45 per cent in the number of parking spaces for employees at workplaces in central London, and a 10 per cent reduction in parking spaces in private car parks for the general public. This was attributed to the effects of the congestion charge as a similar reduction was not found for private parking spaces in inner or outer London - in fact there had been an increase.

## ESTIMATES FOR A POTENTIAL LEVY

From the currently available data there are two main ways we could estimate the potential number of chargeable spaces from a London workplace parking levy.

**Estimate A)** We could base our estimate on Nottingham's scheme, and look at the proportion of chargeable spaces compared with the number of people driving into workplaces in the city.

The number driving to workplaces in London is 1,050,000. If we assume the same proportion in London between the number using chargeable workplace parking and the total number travelling by car or van as in Nottingham (25,000 and 60,000 ie 5/12), then the estimate is of 437,500 chargeable spaces.

**Estimate B)** Second, we could use the numbers from the London Parking Supply Study of 2005, which estimated 671,000 employee parking spaces across London.

Assuming the same limit as Nottingham of 11 spaces and over for the levy to be applied, only around 50% of these spaces would be chargeable. This means around 335,500 chargeable spaces.

### What threshold?

The estimates above are based on a threshold for the levy of 11 spaces per workplace.

For London, there is a case for a lower threshold. To protect small businesses, there should be a number of exemptions per firm, but with good public transport links in much of the city, we believe a threshold of 4 spaces is fair and proportionate.

---

<sup>8</sup> [https://www.whatdotheyknow.com/request/update\\_of\\_london\\_parking\\_supply\\_2](https://www.whatdotheyknow.com/request/update_of_london_parking_supply_2)

This would provide 3 free spaces per firm, and therefore a low effective cost per space for the first few parking spaces above the limit. This would allow small firms to manage the cost while providing a smaller but significant incentive to use measures such as travel planning to reduce employee commuting by car.

With a limit of 4 spaces, we can (very roughly) estimate that 80 per cent of employee parking spaces becoming chargeable and amend our estimate:

**Estimate C)**  $671,000 \times 80\% = 536,000$  chargeable spaces

## What level of charge?

The original ROCOL study used a measure of the 'value' of private parking spaces based on parking charges to estimate a suitable rate for a workplace parking levy. This gave an annual charge (in 1999) of £3,000, which was used in modelling the effects and benefits of the charge.

In contrast Nottingham decided to charge a much lower rate, starting at less than £300 per year and approaching £400 in its third year.

In London we now also have the congestion charge to use as a model for the level of an effective incentive to reduce driving. The daily cost of entering the central London charging area is currently £11.50, reduced to £10.50 with automatic payment.

Assuming that drivers regularly commuting into the central London area would activate autopay, and that they would drive on average 200 out of 250 working days per year, the total cost of the congestion charge per year is £2,100.

**An average of these two rates is £1,250, providing a possible average charge with the potential for being effective for London.**

**We would plan for a lower rate for workplaces in outer London where people are more car dependent and less able to change modes until a wider range of alternatives are made available, and a higher rate for inner and central London.**

**Our initial estimate for annual income based on 536,000 chargeable spaces is therefore:**

**Estimate D) £670 million**

Clearly, all these estimates are based on assumptions and data that will need to be checked and further analysed before any scheme is proposed in detail, and the timetable for this is shown below, but it appears from this work that **at least £500 million in annual income is to be expected from an effective scheme.**

## **Sharing the income with London boroughs**

Legislation allows for either the Mayor of London or individual boroughs to implement a workplace parking levy, and therefore we believe that an important principle of any London-wide scheme must be that the proceeds are shared with the boroughs to support their local transport initiatives.

With boroughs also facing cuts from national government, we would consult with them on the best way to share these funds and the uses they are put to, bearing in mind that the legislation requires that the proceeds of a workplace parking levy are allocated to transport improvements.

## **IMPLEMENTATION**

It is vital that the introduction of a workplace parking levy involves an extensive period of consultation with residents and businesses, and with the London boroughs.

An important part of the consultation would be deciding on suitable boundaries for the area covered by the levy.

### **Coverage of controlled parking zones**

A workplace parking levy works best when there are controlled parking zones (CPZs), in order to avoid commuters simply parking away from work on nearby streets.

Many London boroughs still do not yet have comprehensive resident parking controls in place, and introducing a new levy on workplace parking could result in on-street parking congestion if many workplace spaces were retired and commuters chose instead to park in uncontrolled areas.

Boroughs may wish to extend their parking controls or have the boundaries of the levy area exclude areas where they do not have controls in place.

### **Creating a register and administration system**

A comprehensive audit of workplace parking spaces within London is also required, which was estimated to take six months by the ROCOL study.

Once a register and licensing system is in place, the administration of the levy is relatively simple. In Nottingham a very small team now manages the whole scheme.

## **Consultation and timetable**

The timetable to implementation would therefore be approximately:

- Consultation on the principle - 3 months
- Audit of workplace parking spaces - 6 months (started alongside consultation)
- Preparation of proposals - 3 months
- Consultation on final scheme proposals - 3 months
- Implementation, borough amendments to parking controls, and start of scheme - 6 months

**Total time to implementation: 18 months**