This note describes the Workplace Parking Levy (WPL), a policy introduced by the Labour Government that enables local authorities to charge businesses for every employee who parks in the area. It outlines the policy of successive governments and provides information on the only scheme currently in place, in Nottingham.

Under the Transport Act 2000 local traffic authorities in England and Wales, outside London, may introduce a WPL to help tackle congestion in towns and cities. This far, Nottingham is the only local authority area to have sought and obtained approval for a scheme, which will begin on 1 April 2012. That may change as local authorities seek new streams of revenue to compensate for reductions in central government grants.

Information on other aspects of transport policy – including parking and road charges – can be found on the Roads Topical Page of the Parliament website.

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1 Enabling legislation

Sections 178-200 of the *Transport Act 2000*, as amended, provide the enabling legislation for local authorities outside London to introduce a charge on workplace parking. The Act defines a workplace parking scheme as a scheme “for imposing charges in respect of the provision of workplace parking places at premises in the area covered by the scheme”.1 It is for local authorities to decide whether or not to bring forward a scheme. They can be introduced by a local traffic authority outside London, either singly or jointly with another local traffic authority or with a London traffic authority. A scheme may only be made if it facilitates the policies set out in the Local Transport Plan (LTP).

The WPL is collected by way of a licensing scheme. An owner of premises applies to their local authority for a licence to park up to a maximum number of vehicles (‘licensed units’), and pays the appropriate sum based on the charge per unit. Local authorities are obliged to issue the licence for the number of units requested: *they may not use this mechanism as a means of directly controlling the number of parking places provided.*

A licensing scheme could allow for variations in the charges according to different days or times of day, different parts of the licensing area, different classes of motor vehicles or different numbers of licensed units, depending on local circumstances. For example, an authority would be able to choose to apply the levy to parking during normal office hours on weekdays, to charge different rates for two-wheeled vehicles, or to set a sliding scale so that the charge per vehicle increases or decreases above certain thresholds. The Secretary of State may, by regulation:

- Provide for exemptions, reduced rates or limits on charges;
- Specify that the occupier of premises (or, in specified circumstances, other persons) is liable to pay the parking levy; and
- Give a right of entry to premises by an authorised official to check that workplace parking is covered by a licence.

The financial provisions for WPL schemes are contained in section 191 and Schedule 12 of the 2000 Act.2 They aim to create maximum flexibility as to how and where the money raised is spent. Clear accountability for any revenue raised is essential, and it must be identified in a separate and transparent account. Paragraph 7 of the schedule sets out how net proceeds may be spent by local traffic authorities during the ‘initial’ period of a scheme (i.e. ten years from commencement), essentially in support of the authority's LTP. After the initial ten-year period local authorities must spend the net proceeds in accordance with regulations made by the Secretary of State.

2 Policy of the Coalition Government, 2010-

The Conservative-Liberal Democrat Coalition Government that took power in May 2010 made no mention of the Workplace Parking Levy (WPL) in their Coalition Agreement.3 Similarly, there was no mention of the issue in either the Conservative or Liberal Democrat

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1 a more complete definition is given in section 182
2 further provisions on the calculation of ‘net proceeds’ under the scheme are given in the Road User Charging and Workplace Parking Levy (Net Proceeds) (England) Regulations 2003 (HSI 2003/110H)
manifestos for the 2010 election. The government’s policy towards WPL was given in the January 2011 local transport White Paper:

The Government has made clear that local authorities may put forward schemes, but they must demonstrate that they have properly and effectively consulted local businesses and addressed any proper concerns raised by local businesses during those consultations.

Further, throughout 2011 the government consulted, as part of the Red Tape Challenge, on cutting unnecessary, burdensome and overcomplicated regulation for road transport users. The results were published in December 2011. On the three sets of regulations relating to the WPL the paper stated:

These regulations set out some of the arrangements for road user charging and workplace parking levy schemes. They make sure that accounts are properly kept and vehicles are treated consistently, and we have decided to retain these regulations.

Although we do not propose to amend the Workplace Parking Levy legislation itself, we will require any future schemes to demonstrate that they have properly and effectively consulted local businesses, have addressed any proper concerns raised and secured support from the local business community. This will make sure that future schemes will not impose a burden on business.

This is in line with Conservative policy before the general election. The then Shadow Transport Secretary, Theresa Villiers, said in an interview that the party would not repeal the legislation on the WPL, leaving the matter to individual local authorities. However, Ms Villiers did criticise the Labour Government’s decision to approve Nottingham’s WPL scheme, she was quoted as saying: “Labour are going to hit businesses in Nottingham with a new tax when jobs are already under threat because of the economic downturn”.

Since Nottingham announced its scheme, there has been press speculation that other local authorities are looking at WPL schemes. However, nothing has come of this thus far. With local authorities facing reductions in income from central government, it would not perhaps be surprising that they might seek to look at alternative ways of raising revenue to invest in things like transport. That said, with the economy still weak there is the added consideration of encouraging local businesses and supporting the high street. In her December 2011 review on the future of the high street, Mary Portas discussed the importance of cheap and free parking to the future vitality of town centres. Though she was talking primarily about parking for consumers, the point could equally be made as regards an incentive to businesses to set up in one location or another.

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4 Conservative Party, Invitation to join the Government of Britain: the Conservative manifesto 2010, April 2010; and: Liberal Democrats, Liberal Democrat Manifesto 2010, April 2010
5 DfT, Creating Growth, Cutting Carbon: Making Sustainable Local Transport Happen, Cm 7996, January 2011, p72
6 DfT, Red Tape Challenge – Road Transportation, December 2011, p25
7 “Villiers sets sights on making transport changes big and small”, Local Transport Today, 5 March 2010, LTT 540
8 “Tories could have final say on Nottingham’s parking levy and tram”, Local Transport Today, 14 August 2009 (LTT 526)
9 e.g. “Motorists face £250-a-year tax to park at work”, The Daily Telegraph, 22 August 2010
10 Mary Portas, The Portas Review: An independent review into the future of our high streets, December 2011
3 Policy of the Labour Government, 1997-2010

3.1 Background

Parking provision and enforcement is an important tool available to local authorities to control traffic congestion in towns, since the availability of parking spaces and the cost of parking to the motorist can have a significant influence on the level of traffic entering a town. Where there is little private, non-residential parking and through-traffic can be controlled, existing parking controls can be effective in reducing car use. This in turn can reduce congestion, environmental impact and accidents. Performance will depend very much, however, on the way in which controls are applied. Simply reducing space may merely increase the amount of time spent searching for parking space, which may have adverse impacts on congestion. Controls are generally inexpensive to implement, but usually require continuing expenditure on enforcement if they are to be effective.

The availability of convenient, guaranteed, free or cheap parking is a major factor influencing people's decision to drive to work, but controls cannot be imposed on private, non-residential parking (e.g. parking by employees, shoppers in private spaces) which typically accounts for 40 to 60 per cent of all town centre parking spaces. It was estimated in 1996 that there were three million parking spaces at commercial premises in the UK.\(^\text{11}\) A study of parking control strategies, based on Bristol, found that a package of measures based on a reduction of 12.5 per cent in private non-residential parking could reduce morning peak hour traffic by between seven per cent and 12 per cent.\(^\text{12}\)

In 1997 the House of Commons Environment Select Committee proposed that a car park tax should be levied on out-of-town shopping centres, either as a fixed sum per square foot of parking space, or as an addition to the Uniform Business Rate.\(^\text{13}\) Its argument was that a tax would make out-of-town shopping relatively more expensive and thus make town centre shopping more attractive. However, such a tax would be absorbed entirely by the retailer in which case it would be ineffective, or it could be passed on to the consumer in higher prices, which would be unfair to those without cars, often the poorer members of society. Further, if the tax was passed on to the motorist, through car park charges for example, it might not make much difference to behaviour, either because customers would park outside the car park or because a car is considered necessary for carrying the goods.

In July 1998 the Labour Government published its first transport White Paper which examined the possibility of implementing controls over existing private non-residential parking. While making the case generally for and stating that it would go ahead with a WPL, the White Paper also highlighted the potential problems that would have to be overcome, including where, when and how much to charge and how to administer and enforce such a scheme.\(^\text{14}\) More detail was given in a consultation paper issued in December 1998. It described the likely scope of the levy as follows:

The aim of the levy is to reduce the amount of free workplace car parking available as a means of reducing car journeys and promoting greater use of alternative modes. The parking in question would be for all who are at their workplace, whether or not they are direct employees of the building's occupier. Examples include consultants and

\(^{11}\) IPPR, *Green Tax Reform*, January 1996, p85
\(^{13}\) Environment Committee, *Shopping Centres* (fourth report of session 1996-97), HC 210, March 1997, para 39
\(^{14}\) op cit., *A new deal for transport: better for everyone*, pp117-118
contractors, students at educational establishments, Councillors and, at the Palace of Westminster, Members of both Houses of Parliament.

The Government proposes that the levy should apply to:

- all parking at categories of property where parking provision is predominantly for use by those at their workplace (as described above) such as parking at offices, factories, warehouses and educational establishments;
- parking for workers at buildings where workplace parking is a minority of total on-site parking – such as parking at retail outlets, leisure centres, hospitals and so on.  

The response to the consultation published in February 2000 stated that the government intended to give local authorities the power to implement a WPL and/or local road charging as “part of an integrated package of measures”. As indicated above, this was legislated for under the Transport Act 2000.

3.2 Implementing the Transport Act 2000

Very little happened in this area after the passage of the initial legislation until the Nottingham scheme reached a point where it required the Secretary of State’s approval. A 2004 White Paper made only one brief mention of WPL as part of a range of options that local authorities might want to take up. A report published by the Department for Transport in June 2005 on the so-called ‘smarter choices’ agenda suggested that a workplace travel plan and a WPL could be beneficial to each other. The government’s focus appeared, therefore, to have moved from WPL to workplace travel plans. In a June 2006 report the Transport Select Committee expressed its disappointment at the gap in implementation of workplace parking levies by local authorities. The government responded that it might, in exceptional circumstances, consider a WPL scheme as part of a Transport Innovation Fund bid.

However, in December 2008, following developments in Nottingham (see below), the Department for Transport published a consultation paper on the planned WPL regulations which would complete the ‘regulatory framework’ set out in the 2000 Act and would permit a scheme, such as Nottingham’s, to finally be implemented. Responses to the consultation were published in July 2009 and in August the government gave Nottingham the go ahead for their WPL scheme (see below). The Workplace Parking Levy (England) Regulations 2009 (SI 2009/2085) came into force on 1 October 2009. They make provision about general issues concerning WPL schemes and charges and for the recovery of charges imposed under licensing schemes. In particular they provide for:

- exemptions from the requirement to have a scheme order confirmed;
• liability to pay licence charges;
• the setting of penalty charge rates;
• notification of penalty charges to the person liable;
• the adjudication of appeals.

However, it is up to individual schemes to set, for example, the exact level of the charges they wish to apply.

4 Business views on the WPL

When the WPL proposals were first put forward in 1998 the CBI and the Institute of Directors stated that they were against parking charges on the grounds that it would be a tax on business that would do little to change travel patterns. During the consultation period, the British Chambers of Commerce said the introduction of a workplace parking charge would force businessmen to act as "unpaid tax collectors" and would cause friction between employers and staff.

Two surveys were undertaken before legislation was brought forward on WPL to try to gauge business reactions. The Transport Research Laboratory surveyed 112 Scottish businesses for the Chartered Institute of Transport and the Royal Town Planning Institute in 1999. Two of the questions concerned who should bear the cost of the levy and how it would affect their business:

‘Who they considered should bear the extra costs of such a levy?’

15% felt that the company should pay the levy.

8% felt that the employees should pay.

11% thought that the cost should be split amongst company, employee and customer.

64% of the replies would not say or chose not to answer.

One firm felt that the customer should bear the cost of the levy.

‘How they perceived a levy would affect their current situation?’

30% of responses indicated that an introduction of a levy on workplace parking would result in an alteration to the number of parking spaces.

35% of the survey responses indicated that there would be no change to the number of parking spaces.

65% of the replies indicated that their company would not relocate if a levy on workplace parking were introduced.

23 "Motoring funds raised from road tolls and workplace parking to be spent on transport for 10 years", Financial Times, 9 December 1998
24 "Drive to accelerate congestion charging", The Times, 18 November 1999
The Labour Government commissioned a study from MVA Ltd prior to the publication of what became the 2000 Act. The study looked at businesses in Nottingham and Westminster; the summary of the report on the Department for Transport’s website states:

The findings indicate that a levy on workplace parking would reduce the stock of workplace parking and could lead to a significant reduction in the number of vehicles using workplace parking spaces. It would also generate a revenue stream to fund transport improvements. The study also suggested that a minority of businesses would pass on some of the cost of the levy to customers and that some form of compensation would be offered to a majority of staff whose workplace parking spaces might be surrendered. A number of businesses in Nottingham claimed that they would relocate if a workplace parking levy was applied in Nottingham, but not elsewhere in the region.26

In February 2009 the British Chambers of Commerce stated that the WPL could cost businesses across England £3.4 billion (the amount was extrapolated from the proposed levels of the Nottingham levy) and launched a petition against the WPL. A press notice stated:

The British Chambers of Commerce (BCC) has calculated that if every eligible council covered by the consultation adopted the WPL, then businesses will be left with huge costs amounting to £3.4 billion [...] With the economy now in recession and firms struggling with cash-flow, the tax will be detrimental for companies, towns and local economies.

Commenting on the WPL, Director General of the British Chambers of Commerce, David Frost, said: "If councils go ahead with this oppressive tax, companies and employees will be hit hard at a time when they least need it. There is a real risk that towns and cities will see firms refusing to invest and in a worst case scenario relocating elsewhere. This isn’t a risk worth taking for a scheme which will not help reduce congestion." 27

The British Retail Consortium is strongly opposed to WPL, on the basis that “it will do little to tackle the real problems of congestion”.28

For business views on the WPL proposals in Nottingham, see below.

5 The WPL in practice: Nottingham

5.1 Policy

Under the Labour Government local authorities were required to produce Local Transport Plans (LTPs) every five years. In drawing up their first set of plans, to cover the period 2001-06, authorities were directed to indicate whether they intended to use the new powers to introduce road user charging or a workplace parking levy.29

In July 2007 Nottingham City Council launched a 12-week consultation about the introduction of a WPL in the city.30 As part of the consultation, there was a five day Public Examination of

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26 MVA Ltd for the DfT, HOptions for influencing PNR usageH (UG145), April 2000
27 BCC press notice, “HTax on parking could cost business £3.4 billionH”, 6 February 2009
28 BRC, HGuidance on Full Local Transport PlansH [accessed 1 March 2012]
29 DETR, HGuidance on Full Local Transport PlansH, March 2000, para 162
30 Nottingham City Council, Workplace parking levy draft business case for public consultation, July 2007
the WPL proposals by an independent chairman which took place in October 2007. The Council also published its response to the consultation.  

In August 2009 the Department for Transport gave Nottingham the go ahead for its WPL scheme. In September 2009 the council voted to proceed with the WPL with charging beginning on 1 April 2012.

The scheme is outlined in the 2011-2026 Local Transport Plan strategy as follows:

The City Council is fully committed to introducing a Workplace Parking Levy (WPL) within its administrative boundary having developed a robust business case for the scheme. This demand management tool will influence the travel behaviour of commuters by introducing a levy for employers within the city of Nottingham's administrative boundary that provide 11 or more liable parking places.

The WPL is a charge made for each parking place provided by an employer and used by employees, certain types of business visitors, and pupils and students. The decision remains with the employer as to whether they decide to pass the charge on to their employees. Employers will be required to obtain an annual licence for the maximum number of liable places they provide.

As commuters are the main cause of congestion in Nottingham, the City Council believes that it is only fair that employers accept their responsibility and proactively manage the traffic going to and from their employment sites and contribute to investment in public transport alternatives to the car.

Ultimately employers will benefit from less congestion than otherwise would occur and employees will gain better public transport options.

The WPL will also:

- Further encourage the uptake of travel plans and responsible parking management policies
- Encourage employers to give stronger consideration to the development potential/costs of land used as parking in the city
- Represent a financially efficient, high value for money proposal, with relatively low development costs and shorter implementation timescales than alternative charging mechanisms

The WPL will contribute to the necessary local funding contribution required for Nottingham’s extension to the tram system, (NET Phase Two), safeguard the long-term future of supported Linkbus services and contribute to the redevelopment of Nottingham’s Station Hub. It is estimated that the WPL will raise in the order of £14 million a year. This revenue will be ring fenced for investment in improving public transport in Nottingham.

The City Council considers that the introduction of an extensive package of improvements as a result of the availability of WPL income will create a modern transport system, which will have a major impact on lessening congestion pressures and provide the necessary network capacity for future anticipated growth.

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31 all these documents available in the HNottingham WPL document archive, 2007-08
32 DfT, HDecision letter on Nottingham workplace parking levyH, 12 August 2009
Extensive modelling has been used to assess both direct and indirect transport impacts of the WPL:

- **Direct transport impacts** are where employee travel behaviour is altered directly by the imposition of the levy charge. As a tool in itself, it is considered that the WPL would have a positive but modest impact on modal shift. This is because not all employers will pass the levy onto their staff and where they do, due to the low costs involved, the number of affected employees who decide to transfer to public transport rather than use their car is likely to be relatively modest.

- **Additional and larger direct positive impacts on modal shift** would accrue from the wider demand management impacts of the WPL, complementary employer action to actively promote alternatives to the car and by positively managing staff parking provision.

- **Indirect transport impacts** will arise as a result of changes in travel behaviour due to the introduction of public transport infrastructure, integration actions and services funded wholly or in part by the WPL income, including NET Phase Two, Nottingham Station Hub improvements, and maintaining and enhancing bus services (e.g. Linkbus network development).

Nottingham's major employers support the future growth and prosperity of the city. The aggregate transport economic benefits of improved travel conditions, both on the public transport network arising from additional NET and bus services, and on the highway network through increased modal shift and congestion relief, will outweigh the levy cost to businesses. The additional public transport provision and congestion relief will benefit employees travelling on company business and for service and delivery vehicles. Improved accessibility will also benefit employers through access to a larger potential workforce and in retail and leisure businesses to a larger potential market. In economic terms the package of transport measures introduced by the WPL will deliver benefits to business that outweigh the cost of the levy charges themselves.

The WPL scheme underwent a public consultation process, including a public examination, during autumn 2007. Following Full Council approval in May 2008, an updated business case and WPL Order were submitted to the Secretary of State for Transport. The WPL legal Order was confirmed by the Secretary of State on the 31st July 2009 giving the City Council the powers to introduce a WPL scheme in Nottingham on the 1st October 2011 and to introduce a charge for liable places from the 1st April 2012.

Full details of the scheme are available on the [Nottingham WPL website](#).

### 5.2 Responses

Reports in the local press have shown mixed reactions to the proposals. Following the Council's decision to proceed with the levy in May 2008, the *Financial Times* reported:

Jon Collins, the council's leader, said the toll on commuters was the price needed to pay for essential public transport in the city. "We need to do something if we want this city to thrive and grow," he said. "Leadership is about saying, 'There are difficult decisions to be made in the interests of this city.'" […]

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Conservative council members have described the toll as "born out of desperation" and "about money and money only". It would make people pay for the "audacity" of going to work, said Brendan Clarke-Smith, a Tory councillor.

The Derbyshire and Nottinghamshire Chamber of Commerce and Industry suggests that more than 90 per cent of employers in the city oppose the proposals. Many companies could leave the area as a result of the charge, the chamber has warned. Alliance Boots, the biggest private-sector employer in the city, is likely to pay more than £500,000 a year - although that could be passed on to staff.34

The Daily Telegraph reported in September 2008:

Paul Southby, the CBI East Midlands director, said: "As far as we are concerned, it will not help congestion, will not pay for the schemes the council thinks it will and places businesses hit by the levy at an unfair disadvantage, locally, nationally and internationally.

"If there is to be a road charging scheme, it should be a joined up national scheme. Councils should not be allowed to introduce their own projects, and in doing so put their own businesses at a disadvantage. Some of the larger businesses in Nottingham have complained it will hit their bottom line by £1 million, which is a huge amount given the economic climate."

[...] Jon Collins, the council leader, said: "Forecasts tell us that car use is set to increase, congestion levels will get much worse and, ultimately, over the next 20 years, oil production is going to peak. Any city that does not plan to meet these challenges is not planning ahead for sustainable growth. Future generations will thank us."

George Cowcher, the local chamber of commerce's chief executive, said: "Let's make it clear - Nottingham's so-called blueprint for future transport income generation will cost jobs and it will force businesses to rethink their situations. Cutting through the rhetoric, it's a tax on jobs and competitiveness, which is unpopular both with businesses and workers alike, and comes at a time when we are seeing the worst trading conditions in decades."

The AA said the scheme was "another motoring tax that could deter companies from locating in the city".35

In March 2010 the Federation of Small Businesses published a policy note on the Nottingham WPL which stated that it is "opposed to the WPL for several reasons", they being that it is: a tax on jobs; will dissuade businesses from locating their premises in Nottingham; there is a direct impact on small businesses that contract with WPL payers; it will have a negative impact on the Nottingham economy; and the benefits of an improved tram network will not be felt by small businesses. The FSB also took the view that the then Labour Government had unrealistic expectations of the extent to which the WPL would cut congestion.36

6 Devolved areas

In London, Section 296 and Schedule 24 of the Greater London Authority Act 1999, as amended, provides the legal basis for charging for workplace parking in London. Under it, the Mayor of London, acting for the GLA and individual Boroughs, has the ability to:

34 “Nottingham to levy employers for car parking”, Financial Times, 15 May 2008
35 “Drivers face £350 tax for parking at work”, The Daily Telegraph, 26 September 2008
36 FSB, Workplace Parking Levy, March 2010
• bring forward proposals for parking levies in their areas;
• approve a Borough scheme with or without modification, or to reject it; and
• arrange for the boroughs to operate a GLA WPL scheme on the Mayor’s behalf.

It is not possible for a mayor’s scheme and a Borough scheme for a WPL to operate simultaneously in the same area although the proceeds from a single scheme could be distributed between them by agreement.

The then Mayor of London, Ken Livingstone, opted for a congestion charge rather than a WPL scheme. In July 2003 Mayor Livingstone issued a press notice ruling out a WPL in London on the grounds that it would present an enforcement problem, the level of charge would have to be unreasonably high, and it would see only a small reduction in congestion.37 The current mayor, Boris Johnson, makes no mention of WPL in his transport strategy.38

In Scotland, on 16 June 1999 the then First Minister, Donald Dewar, announced that the Scottish Parliament’s first legislative programme would include a Transport Bill, which would “establish a framework to enable, where sensible, road-user charging and to allow, where appropriate, to introduce a levy on workplace parking”.39 The Scottish Executive published a consultation paper the following month,40 and in August the then Scottish Transport Minister, Sarah Boyack, announced that a sub-group would be set up within the National Transport Forum for Scotland to look specifically at replies to the consultation document.41 The provision to introduce parking levies was removed from the Transport Bill in Committee. According to reports, this was a result of lobbying on the Scottish Executive from business.42 There is, therefore, no legislative basis for a WPL in Scotland.

In Wales, the 1998 transport White Paper for Wales, published by the Welsh Assembly Government, stated: “We will ensure that local authorities are able to use a substantial proportion of funds raised from road user charging or workplace parking levies to further improve public transport”.43 The enabling legislation is included in the Transport Act 2000.

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37 Mayor of London press notice, “HMayor says no to workplace parking levyH”, 16 July 2003
38 Mayor of London, HMayor’s Transport StrategyH, May 2010
39 HSP OR, 16 June 1999, c407
40 Scottish Executive, Tackling Congestion, 13 July 1999
41 Scottish Executive press notice, “HBoyack announces new group to examine responses to tackling congestionH”, 10 August 1999
42 “Lib Dem MSPs in parking u-turn protest”, The Scotsman, 9 November 2000
43 Welsh Office, HTransporting Wales into the FutureH, July 1998