

CITY COUNCIL 12 MAY 2008

REPORT OF THE PORTFOLIO HOLDER FOR TRANSPORT, ECONOMIC DEVELOPMENT AND SKILLS

PROPOSED CITY OF NOTTINGHAM WORKPLACE PARKING LEVY (WPL) SCHEME

1 SUMMARY

1.1 At its meeting on 18 December 2007 the Council's Executive Board resolved that agreement in principle be given to a WPL scheme and that, following the necessary further preparatory work, the Order required to introduce the scheme be submitted to full Council for approval. Appendices 1, 2 and 3, referred to in the report, have been circulated under separate cover.

2 RECOMMENDATIONS

IT IS RECOMMENDED:

- i) that Council agrees that the WPL scheme is desirable for the purpose of directly or indirectly facilitating the achievement of policies in the Local Transport Plan (LTP) and endorses the key principles set out in section 2.1 of the WPL Business Case;
- ii) that the details of the WPL scheme be approved;
- iii) that the WPL Order be made;
- iv) that an application for confirmation of the WPL Order be made to the Secretary of State for Transport; and
- v) that the Corporate Director of Environment and Regeneration be authorised to approve minor changes to the WPL Order in consultation with the Portfolio Holder, both before it is made and should any such changes be proposed by the Secretary of State during the Order confirmation process.

3 BACKGROUND

Background to the "WPL package"

3.1 Nottingham is growing; more than £1 billion of public and private funds are being invested, which in turn is leading to increased traffic volumes and spreading of the peak traffic periods thus creating longer periods of congestion. The East Midlands Development

Agency report 'Economic Costs of Congestion in the East Midlands' put the cost of congestion to the Nottingham economy at around £160 million per annum.

- 3.2 Nottingham City Council has already put in place some very effective public transport improvements. NET Line One has been a huge success, carrying over 10 million passengers yearly. There has been a 20% increase in peak period public transport usage in the north-west corridor into the city centre. In addition the Link bus network has been introduced to serve areas not covered by the commercial network. WorkLink, SkyLink, MediLink, UniLink and LocalLink services have been highly successful, now carrying over 3 million passengers a year. In the last 5 years public transport usage has increased by 8% - the highest rate of any of the core cities.
- 3.3 However, to maintain and further enhance the economic vitality of the City, Nottingham needs to increase the capacity of its transport networks. Due to Nottingham's geography and historical constraints, the opportunities to develop new roads or alter existing ones are limited and would not be sustainable. Fundamental to the development of the LTP, therefore, is delivery of enhanced and integrated public transport infrastructure supported by a need to reduce car dependency.
- 3.4 As detailed in the second LTP, 2006/7 to 2010/11 (LTP2), the transport strategy for Greater Nottingham is well established, with the main thrust on improving access to the City Centre and surrounding district centres through providing greater transport choice, in particular by public transport supported by demand management techniques, to contain traffic growth.
- 3.5 The LTP2 contains further policies and measures to tackle congestion, improve accessibility, enhance safety, air quality and the environment, assist regeneration and improve the quality of life. Key initiatives include NET Phase Two, further development of the Link bus network and the Station Masterplan (the 'Hub') proposals; all requiring additional funding sources over and above those currently available.
- 3.6 The LTP2 also identifies the continuing requirement for a comprehensive parking strategy including a WPL scheme within the City boundary. It is considered that the decision to drive to work is

influenced by the availability of free or relatively cheap workplace parking. The Council has progressively increased parking charges for both on street and off street parking in the city centre to discourage all day commuter parking, thereby encouraging behavioural change and impacting positively on congestion.

- 3.7 The introduction of a WPL scheme is a logical extension to this parking policy. The aim of a WPL is to place a modest charge upon the use of workplace parking spaces, to encourage employers to manage and potentially reduce the amount of free workplace parking spaces, to promote the use of alternative modes of transport and to influence employee behaviour through the adoption of company travel plans. It also provides the local authority with a source of revenue for funding a step change in the provision of public transport infrastructure and service provision.

Legal framework for introducing WPL – Transport Act 2000

- 3.8 To introduce a WPL scheme, the City Council must make a WPL Order which contains the legal framework within which the scheme operates and from which the detailed operational aspects can be developed. The draft City of Nottingham WPL Order has been circulated under separate cover as Appendix 1. The Council may make a WPL Order if a WPL scheme appears desirable for the purpose of directly or indirectly facilitating the achievement of the Council's transport policies. The Council has the discretion to consult with other persons prior to making a WPL Order. The WPL scheme cannot come into force until the WPL Order has been confirmed by the Secretary of State, on application by the Council.
- 3.9 The WPL scheme must include general and detailed statements of the application of the net proceeds of a WPL scheme. The net proceeds may only be used for the purpose of directly or indirectly facilitating the achievement of the Council's local transport policies.
- 3.10 To complete the legislative framework for WPL schemes, the Department for Transport (DfT) will need to make WPL regulations. It is expected that these will be made in autumn 2008. The absence of WPL regulations does not prevent the Council from making its WPL Order now but, in confirming the WPL Order, the Secretary of State may include modifications to the Order so that it conforms to and complies with the regulations.

Development of WPL proposals

- 3.11 The City Council agreed in principle to consider a WPL scheme in July 2000. Since that time, in the absence of a UK example of a working scheme, or any formal guidance detailing the requirements for a scheme, officers have sought to develop a suitable arrangement in consultation with businesses, the DfT and other key stakeholders. This development work has included an options appraisal of alternatives to WPL including comparisons with Road User Charging (RUC) schemes for Nottingham, detailed feasibility work to ascertain the scheme's potential impact on businesses, social inclusion and the economy. Detailed transport modelling has been undertaken to identify the scheme's potential impact on congestion, and a detailed financial model has been developed to forecast potential operating costs, and projected income and expenditure profiles. This work has been used to inform the development of the initial Draft Business Case (July 2007), which underwent formal public and business consultation (see below) and the subsequent updated Business Case (April 2008, circulated under separate cover as Appendix 2), which, although restructured and refined following consultation, contains no significant changes to the scheme since the initial draft.
- 3.12 The announcement in October 2006 of provisional funding approval by Government for the NET Phase Two project, together with continuing concern regarding the impact of congestion on the local economy (e.g. EMDA report 'Economic Costs of Congestion in the East Midlands'), gave additional impetus to the WPL proposals and approval was given in July 2007 (Portfolio Holder Decision 386) to undertake a formal consultation on the proposals. Details of the consultation, which included a Public Examination chaired by an independent Examiner, are provided in the report to the Executive Board on 18 December 2007 and summarised in the Business Case.
- 3.13 The public and business consultation engendered a wide and substantial participation and, although the majority of representations received from within the City Council area were supportive of the scheme, there remained some sustained opposition from within the business community who, while generally supporting the proposed public transport investments, opposed WPL as a means of raising revenue. An analysis of the

representations was summarised in Appendix B to the 18 December Executive Board report.

- 3.14 All concerns and questions raised during the consultation have been fully considered, together with the recommendations made by the Examiner. Work will continue to address these issues as part of ongoing operational development of the WPL scheme. Full details of the answers given to the public consultation have been placed on the WPL website and all those who participated will be responded to. Information for business and the public has been revisited and refreshed on the website.
- 3.15 On 18 December 2007 the Executive Board resolved that, in light of the public consultation, agreement in principle be given to a WPL scheme, proposed to come into force in April 2010, with its proceeds being used for NET Phase Two, Link buses and the 'Hub' proposals.

4 PROPOSALS

- 4.1 As indicated in paragraphs 3.1 to 3.7 above and detailed in section 3 of the Business Case, the WPL is designed to facilitate the achievement of policies in the Local Transport Plan. It will have a small direct impact on traffic congestion by encouraging employers and employees to reconsider their parking needs and journey to work choices, thereby acting to reduce the number of journeys made by car. It will have a larger indirect impact through supporting investment in the provision of attractive alternative transport modes, particularly NET Phase Two, the Link bus network and the 'Hub'. Its introduction is included in the LTP as an important component to meet the targets of the transport strategy and the Business Case details how this can be achieved.
- 4.2 The scheme would operate on a City-wide basis. Within that area, organisations would be required to obtain an annual licence for providing workplace parking and would pay a charge for each workplace parking place provided. This is subject to the following:
- no licence would be required (and thus no charge would be payable) for: spaces used by suppliers and contractors who attend on an infrequent basis; spaces used by powered two

wheel vehicles; spaces used by vehicles that are loading or unloading; and spaces used by customers;

- a licence would be required, but no charge would be payable, for: emergency and NHS frontline services premises; spaces used by disabled persons; and organisations providing 10 or less liable parking spaces in the charging area.

The 100% charging discount for organisations providing 10 or less liable parking spaces within the City would mean that over 3,000 small employers would not pay any charge. Around 500 larger employers would have to pay the charge. Schools and other educational establishments with more than 10 liable spaces would also be charged.

4.3 It is proposed that the WPL scheme would commence in April 2010, although (assuming the scheme is confirmed by the Secretary of State) precisely when the scheme would commence would be decided at a later date by resolution of the Council. To meet the proposed public transport investment programme a charge of a little over £300 (at April 2008 prices, which, allowing for predicted inflation, equates, for example, to a cash value of £364 in 2015) per workplace parking space per annum is considered appropriate. However, to reflect the incremental introduction of these improvements, it is proposed that an initial charge of £185¹ be made in 2010, increasing by increments plus inflation to 2015, after which, in further years, increases would be restricted to annual inflation only. The initial charge of £185 would be increased in line with inflation if the commencement date is delayed. The proposed annual increases during the early years would reflect the phased introduction of improved public transport provision facilitated by the WPL.

4.4 Enforcement of the scheme is documented at section 5.4 of the Business Case. Enforcement will be undertaken by on-street officers who have powers to enter premises to determine whether unlicensed workplace parking is being provided. To assist this process, it is expected that vehicles will be required to display a

¹ The draft Order (Appendix 1) refers to a starting figure of £176. This is at April 2008 prices and, allowing for predicted inflation, equates to a cash value of around £185 in 2010. The Order describes the early years' increments and the mechanism by which the figure is escalated by reference to the retail prices index.

WPL permit where their parking requires the space in which they are parked to be licensed. The enforcement procedure where unlicensed workplace parking is being provided is expected to be set out in the forthcoming WPL regulations. It is expected that a penalty charge will be payable, with a right of appeal initially to the Council and then to an independent body.

- 4.5 Prior to implementation of the WPL scheme there will be continuing dialogue with employers to discuss and develop the detailed operational aspects. An employer assistance package will be developed that will include providing guidance and information to help employers introduce travel planning and parking management policies and to administer the scheme and pursue tax issues, including 'salary sacrifice' possibilities. Advice has been sought on the application of VAT on the Levy and it is understood that the WPL charge on employers will not be subject to VAT but that VAT will be charged if employers pass the WPL charge Levy on to employees, unless a salary sacrifice arrangement is applied. However, the VAT position if employers pass the WPL charge Levy on to employees is still subject to confirmation by HM Revenue and Customs.
- 4.6 Work has also commenced to develop a programme for developing traffic management measures, such as residents' parking schemes, should any problems occur in residential areas if employees decide to avoid the WPL charge by parking on street. More detail on these matters is provided at section 7.3 of the Business Case.
- 4.7 It is estimated that the income from the Levy will be £5.6m in 2010, rising to £10.8 in 2014. Statements of the application of the net proceeds of a WPL scheme are set out at annexes 1 and 2 of the WPL Order and within section 7 of the Business Case.

The timeframe for implementation of the WPL scheme is attached at Appendix 3. In June 2008 the Council's Executive Board will be asked to make provision for resourcing the work needed through to scheme commencement, should the Council decide that the Order be made. It is anticipated that approximately £1.9m will be required to implement the scheme; this will also resource the development of the employer assistance package. The annual operating costs, which will be met by the revenue generated, will be in the region of

£0.6m. Further details on the implementation and operational costs of the WPL scheme can be found in section 7 in the Business Case.

4.8 It is the project's aim to submit the Order for confirmation by the Secretary of State for Transport in July 2008. This is to coincide with the expected date that the NET Phase Two inspector plans to submit his inquiry report to the Secretary of State. If the Council makes the Order, a notice will be published advising that the Council has made the Order, intends to submit it for confirmation by the Secretary of State for Transport and that anyone wishing to comment on the Order should do so over a 6 week period. All comments will then be forwarded to the Secretary of State with the Order confirmation submission.

4.9 As part of the development of the WPL proposals:

- an Options Appraisal was undertaken to look at options to the WPL scheme (see section 10 of the Business Case). These included RUC, business rate retention, supplementary business rates, increasing council taxes and the sale of Council assets. These were all assessed against the scheme's success criteria (as set out in the Business Case) and none of these was able to meet the criteria. These options have been considered again in the light of consultation responses, the detailed investigation that this topic received at the Public Examination, and subsequent policy development. It remains the conclusion that there is no suitable alternative to WPL that will meet the Council's objectives in the timescales involved;
- an assessment of the costs and benefits of a WPL scheme was undertaken. The WPL scheme and the package of measures it will support is placed in the "high value for money" bracket based upon DfT guidance (see section 8.4 of the Business Case); and
- a study was undertaken to investigate the impact of the WPL scheme on businesses. This found that for 95% of businesses the cost of the WPL would account for less than 0.5% of turnover (see section 8.5 of the Business Case).

- 4.10 Further to the Options Appraisal mentioned above, the financing options for the funding of NET Phase Two and other public transport options have been examined. Whilst limited sums may be available from the variety of sources detailed in Section 10 of the WPL business case, at present they do not represent a realistic alternative to WPL, which will generate a reliable annual income stream. This income stream will enable the appropriate phasing of developments in the early years of the scheme, as well as providing support for the City Council's share of the costs of NET Phase Two.
- 4.11 The Council has been working with the Councils of Derby, Leicester, Nottinghamshire, Derbyshire and Leicestershire on a congestion management study under the Government's Transport Innovation Fund (TIF). The study looked at longer term packages of measures to combat congestion (some of which include road user charging) in the principal urban areas of Derby, Nottingham and Leicester and on the key roads and areas between them. If, after full investigation, the best package of measures for the area in the medium to long term is found to be one that includes road user charging, this could be introduced at a later stage if there is sufficient public and political support. At that point, the future of the WPL scheme may need to be considered to ensure that businesses do not pay twice towards local congestion reduction measures.

5 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

None.

6 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

Economic Costs of Congestion in the East Midlands, Atkins for East Midlands Development Agency, June 2007
Workplace Parking Levy, Report and Appendices to Executive Board, 18 December 2007
Portfolio Holder Decision 386 form and accompanying briefing note

Project documents, including documents submitted to and the transcript of the Public Examination and responses to consultation – www.nottinghamwpl.com

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