

CABINET – 22 NOVEMBER 2016

OXFORD WORKPLACE PARKING LEVY

Report by Acting Director for Environment & Economy

Introduction

1. This paper outlines the benefits of introducing a workplace parking levy (WPL) in Oxford, along with a timetable and costs for the work required to develop and implement a WPL.
2. Cabinet is recommended to approve the overall approach proposed, including the programme at Annex 1, as the basis for further work and to allocate £100,000 from reserves to the development of an outline business case by October 2017.

Background

3. The Oxfordshire Local Transport Plan (adopted July 2016) includes, as part of the Oxford Transport Strategy (OTS), proposals to manage car traffic levels in Oxford. This will complement improvements to public transport, walking and cycling required to support housing and jobs growth in Oxfordshire and improve the city's overall accessibility. Managing traffic growth and a step-change in sustainable travel will also be essential in helping to reduce transport-related noise and air pollution within the city.
4. The OTS proposes a number of traffic management proposals including a WPL, traffic access restrictions, and parking controls.
5. Road-user charging, including a congestion charge scheme, is not ruled out by the OTS. However the work carried out for the OTS raised a number of questions about the suitability of congestion charging for Oxford. Further evidence is therefore required to fully understand whether a congestion charging scheme is appropriate and how this could work in conjunction with, or independently of, a WPL. This work is to be undertaken during the remainder of this financial year resourced from existing Environment & Economy budgets and as part of a study that will also look in more detail at traffic access restrictions.

Workplace Parking Levy

6. A WPL would discourage car commuting and also provide additional revenue for transport improvements to manage growth pressures in the city and beyond.

7. In February 2016 the county council agreed, at a meeting of the full council, to “*a full review relating to a workplace parking levy looking at implications and with a view to implementation as early as feasible*”.
8. The only UK local authority to have implemented a WPL so far is Nottingham City Council. The Nottingham scheme came into effect in April 2012.
9. The powers to introduce a WPL are contained in the Transport Act 2000. Although a WPL scheme is developed, consulted on and implemented by the local transport authority, it must be approved by the Secretary of State for Transport. A WPL must be promoted, and income collected, by the Local Transport Authority (in Oxfordshire, the county council). A WPL is a charge imposed by the local transport authority on employers (not employees, although the employer can pass the charge on) for each liable commuter parking space within their site.
10. The last government (2010-2015) stated in December 2011 that it “*will require any future [WPL] 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 policy is, according to the WPL briefing note in the House of Commons Library, in alignment with the Conservative Party’s policy before the 2010 General Election.
11. Officers have asked the Department for Transport (DfT) for the current government’s position on future WPL schemes. Ministers have not recently been asked for a view on this. DfT have suggested that Oxfordshire work up a specific proposal which can then form the basis of discussion with DfT and consultation with ministers alongside the Cambridge WPL proposal, which is also currently being developed.
12. By law, net proceeds from a WPL are only available for the purpose of directly or indirectly facilitating achievement of local transport policies, as set out in the Local Transport Plan.

Benefits of a Workplace Parking Levy

13. The proposal for a WPL is central to the OTS and LTP and would support the delivery of LTP policies by:
 - Incentivising employers to reduce their car parking supply and/or incentivising employees not to drive to their place of work which would help to manage congestion especially at peak times.
 - Providing a substantial, predictable, locally controlled source of transport funding (which also levers in further private sector and government funding) to develop and deliver the major transport infrastructure and initiatives which are required to ensure Oxford and Oxfordshire’s economy, communities and environment grow and thrive.

14. In the absence of a WPL or similar funding stream (such as congestion charging), the ambitions of the OTS will not be deliverable in the timescales envisaged.
15. In Nottingham, WPL income (which currently amounts to around £9 million per year) has been focused on those elements of the transport strategy most strongly supported by the business community, and also able to be delivered locally:
 - Extending the existing tram network (NET Phase Two);
 - The redevelopment of Nottingham's railway station into a 21st century transport and business hub; and
 - Maintaining and improving the city's bus services including provision of sixty 100% electric buses intended to 'fill the gaps' not to be filled by trams or commercial bus services.
16. The benefits of these improvements and more can be linked directly back to the WPL, as they would not have been delivered without WPL income and the additional external funding it has levered in. Nottingham estimate that for every £1 raised by WPL, £3 of external funding has been levered in. This combined investment has in total delivered £10 of economic benefit to the city per £1 raised by WPL. Running costs are covered by the charge but are minimal at less than 5% of the revenue raised.
17. Preliminary evaluation results of the Nottingham WPL are now showing a positive improvement in congestion with no deleterious effect on the local economy.
18. To realise the full potential of a WPL, Oxfordshire will need to deliver a similarly ambitious and visionary package of transport improvements with local and regional benefits. The council has already adopted a highly ambitious OTS, including:
 - Rapid transit lines connecting all major employment areas in the city to P&R sites and the county towns
 - Five New outer P&R sites, and extensions to two existing sites, doubling the city's P&R capacity
 - A comprehensive redevelopment of Oxford station including additional platforms, track, new building and interchange facilities.
 - Reintroduction of passenger services on the Cowley branch line
 - A zero emission zone to dramatically reduce pollutant emissions in the city
 - Super cycle routes, premium cycle routes, and public realm improvements in the city centre and district centres
 - Smart City transport initiatives, including fully integrated ticketing systems

19. The council has already stated its willingness to keep the OTS under review as Local Plans across the county emerge. In addition, there will be a need for further consultation with employers to better understand their expectations, needs and priorities from WPL-funded measures. There will also be a need to consider changes to planning policies (in particular parking requirements for new planning applications) to complement the levy, and the county council will need to work with the city council on this as part of the preparations for Oxford's new Local Plan.
20. Employers liable to pay for the WPL will need to be engaged in the development of the details of the scheme and will also need support in understanding the implications for each individual employer and employee. Using opportunities to better manage workplace parking and implement travel plans will also be important.
21. The income from an Oxford WPL scheme could vary substantially depending on the charge level, the size of the charging area, and any exemptions. Until a specific proposal is put forward, it is therefore very difficult to say how much an Oxford WPL would generate.
22. For example, In Nottingham, employers with 10 spaces or fewer are exempt and do not pay WPL charges. Similar exemptions may well be appropriate for Oxford, and this will need to be considered in the outline business case.
23. The main options for the size of the charging area are:
 - i. Oxford city centre only (the "transport central area" in the Oxford Local Plan)
 - ii. Oxford's administrative boundary
 - iii. Oxford's administrative boundary plus immediately adjacent urban areas – principally Botley and the northern part of Kennington

These options will also need to be considered as part of the outline business case.

WPL: Transformation not top-up

24. There may be a temptation to see WPL as a general fund for "topping up" the council's budgets to fund existing public services. It is vital that this is strongly resisted. WPL is a transport demand management tool and a mechanism for funding transformational transport projects that would otherwise be impossible to deliver. The economic case, and the benefits to Oxfordshire employers, residents and visitors come from the enhanced levels of accessibility and quality of life that this transport infrastructure provides.
25. If WPL funds are spent – and seen to be spent – on "the basics" (such as road maintenance) it will rapidly be viewed as a stealth tax designed to top up the council's finances, and will be doomed to rejection by employers, the public and the government. The lesson from Nottingham is that WPL must enable a

strong, transformational, well-supported vision for the city, not fund 'business as usual'.

Timetable

26. The proposed programme, including a funding profile, is at Annex 1. The Nottingham scheme took over ten years to develop and implement. Nottingham's advice is that it could be possible to deliver a WPL within a significantly shorter period, with the benefit of their experience.
27. The council's desire to develop and implement a WPL and/or congestion charging as quickly as possible is understood, given the transport pressures and infrastructure funding challenges Oxfordshire faces. However, it is vital that the programme allows time to develop a scheme that is right for Oxford, and – more importantly – allows time for the council to talk to the city's employers to shape and build support for the scheme before proceeding.
28. The proposed programme is phased to allow time for in-depth discussions with employers at each stage, and to allow the Cabinet to consider the results of each stage before deciding whether or not to proceed further with the scheme. The three main phases of work are:
 - Outline business case development (April 2017 – October 2017)
 - Full business case development (October 2017 – March 2019)
 - Public consultation, preparation of final proposal & submission to Department for Transport (April 2019 – March 2020)
29. In addition to reports to Cabinet at the end of each stage, regular briefings will be provided to the Cabinet Member for Environment, and other members as appropriate, throughout the process.
30. This timetable assumes a WPL for the whole city is implemented at once. Phasing the implementation is an option which will need to be considered as part of the business cases.
31. If the council is satisfied that the case has been made and sufficient support from employers has been secured, an application to the Secretary of State for Transport (who must approve the scheme) is expected to be made around spring 2020. Given the likelihood of a general election in May 2020, a Secretary of State decision is not likely before the end of 2020, so licensing and charging would not commence until 2021.

Financial Implications

32. Revenue costs to prepare and submit a WPL scheme to the DfT are outlined in the programme at Annex 1. These are currently estimated to amount to:

- £5,000 in 2016/17
 - £100,000 in 2017/18
 - £300,000 in 2018/19
 - £100,000 in 2019/20
33. Cabinet is being asked to endorse the spending in 2016/17 and 2017/18. This will fund development of the Outline Business Case, with costs specifically associated with:
- Project Management
 - Data collection and research
 - Legal advice
 - Infrastructure package development
 - Charging regime option development
 - Initial consultation
34. Costs in 2016/17 will be funded from existing Environment & Economy budgets. Costs in 2017/18 and beyond will be funded from reserves, and will be repaid once the scheme is operational.
35. Cabinet is **not** however being asked to endorse the spending in 2018/19 and 2019/20 at this stage, as these are subject to the outline business case to be reported to Cabinet in October 2017.
36. Some of the costs incurred developing the infrastructure package to be funded by the levy may be capitalised if they progress to construction.
37. The assessment and mitigation of any risks and opportunities will be undertaken as part of the Outline Business Case.

Stakeholder Engagement and Communications

38. Effective communication will be critical to securing support for the scheme, and members will have a vital role to play in advocating the proposal if the council agrees to proceed with it at the end of each of the three main phases of work.
39. Some consultation has already taken place including through development of the LTP and ongoing engagement with stakeholders. Engagement with the community will be in three phases, aligned with the phases set out in paragraph 28. The purpose of this engagement will be to shape the charging scheme and the priorities for spending of the levy and secure support from as many employers as possible for the scheme. Based on Nottingham's experience, an employers' forum is likely to be required to provide a focus for these discussions.
40. Residents in the city may be affected by employees attempting to park in residential areas to avoid paying a workplace parking charge. Controlled parking zones surround many of the city's main employment sites already, but

would need to be expanded to ensure residential streets are protected from commuter parking.

41. Oxford City Council supports a WPL in principle and will be a key partner in designing the scheme and engaging local employers. The infrastructure funded through the WPL would play a major part in supporting the growth of the city and the county council will be working closely with city council colleagues to ensure the infrastructure package to be funded through the levy and set out in the OTS supports the emerging Oxford Local Plan, which will guide development in the city to 2036.
42. The LEP and other Oxfordshire district councils will also need to be involved, particularly if the boundary of the scheme extends beyond Oxford City Council's administrative area.
43. As mentioned above, there may also be opportunities to work jointly with Cambridgeshire County Council as they develop their own WPL proposal.
44. It is recognised that some employers in Oxford already charge their employees to park at work and so the impact of developing WPL will need to understand those currently charging will be affected.

Equalities Implications

45. A Service & Community Impact Assessment (SCIA) was completed for the Local Transport Plan, which included the policy to develop a workplace parking levy for Oxford. This concluded that "*LTP4 policies have been assessed as mainly positive in terms of their impacts on protected characteristics.*"
46. The precise impacts of a WPL will depend on the details of the final charging scheme and the infrastructure package that it funds, both of which may look significantly different from Nottingham's.
47. However, largely positive outcomes are expected because WPL funds will enable a range of major transport projects, which will greatly improve the city's accessibility, particularly by public transport, walking and cycling. This will increase the number and quality of travel options available to the public, particularly for those without access to a car. WPL income may also be used to operate certain services (for example, Park & Ride car parks) free of charge, thereby reducing costs for those using them.
48. A WPL and the transport projects it is able to fund will also have positive benefits for air quality and pollution by helping to reduce congestion and by encouraging more people to travel by public transport, walking and cycling.
49. The main negative outcome might be the additional costs imposed on individuals where employers decide to pass costs on to their employees,

which would have a particular impact on those car commuters with lower incomes.

50. Service & Community Impact Assessments will be carried out as part of the outline and full business cases and reported to Cabinet.

RECOMMENDATION

51. **The Cabinet is RECOMMENDED to approve the overall approach proposed, including the programme at Annex 1, as the basis for further work and to allocate £100,000 from reserves to the development of an outline business case by October 2017.**

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