



Department for
Transport

Consultation Document

**Workplace Parking Levy – Completing the Legal
Framework**

Response from:

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Response to Workplace Parking Levy

Executive Summary

The BVRLA welcomes the opportunity to comment on the Department for Transport's (DfT) paper on the legal framework for workplace parking levy (WPL).

The BVRLA believes that WPL is just another tax on business and that there is little or no evidence to demonstrate that the imposition of this tax will actually help to improve traffic congestion. It is in fact nothing other than a money raising initiative aimed at businesses.

It is worthwhile pointing out that employers have been increasingly looking at ways to promote and implement the most sustainable mode of transport for their employees commuting to work as well as business travel. It must be stressed that the car is, in the main, used out of necessity where there is no alternative cost effective or reliable mode of transport available.

We note that a recent report published by UK passenger watchdog highlighted that rail passengers in the UK were paying twice as much as in any other European country to travel the same distance. They stated that in order to encourage commuters out of their cars and onto public transport the government would seriously have to reconsider its long term policy of increasing train fares above inflation for the next five years.

If the WPL was introduced then the government must have in place a reliable and cost effective public transport system. Many employees who work shifts or live in areas without adequate public transport have to drive. WPL will therefore place an unfair burden on people just trying to go about their daily lives.

With a number of local authorities being unsuccessful in persuading the public to support their congestion charging schemes, we remain concerned that once the WPL regulation is approved an increasing number of councils may find it opportune to force through WPL schemes in a bid to boost their revenues without any formal consultation.

We note that some estimates put the cost of WPL on business to be in the region of £3.4 billion a year. We however believe that the financial and economic impact of WPL will be far greater than this figure. The introduction of this scheme is particularly ill timed and ill conceived and is strongly opposed by our members and their customers especially, who regard WPL as another form of 'business tax'. The net effect of this tax will undoubtedly be amplified during these difficult economic times as businesses look to survive and save jobs. The last thing that employees, and indeed employers, want is a tax on work in the current financial and economic climate.



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There is also a real risk that towns and cities will see companies refusing to invest in areas where WPL is introduced and ultimately looking at relocating the business premises outside the catchment area where WPL is applicable. We remain concerned with the impact this scheme will have financially on local and small businesses which could in the extreme be catastrophic for the local economy. It is vitally important that the government has the right infrastructure in place to encourage employees out of their cars and onto public transport. This isn't a risk worth taking for a scheme which has no proven track record of reducing traffic congestion.

We have expressed our concerns over the lack of information and clarity in the consultation paper concerning the costs and administrative burden for businesses and the inflexibility of this scheme. Also it is vitally important that any revenue incurred from these schemes that do go ahead will be used to continuously improve public transport.

Specific Comments

We understand that the key aim of workplace parking levy (WPL) is to cut traffic congestion in urban areas associated with peak commuting and encourage employees to use alternative means of transport. We note that it is envisaged that the introduction of such a scheme attempts to offer an incentive to employees to commute to work by means of transport. We note that this is based on the premise that by charging companies for parking spaces would encourage employees more travel choices through car-sharing schemes, public transport-use and working from home.

We remain concerned that the WPL will only be effective in raising revenues and not reducing traffic congestion. Such schemes have not been proven to work anywhere else in the world and we remain concerned that local councils could force such schemes to be introduced with no or little accountability on the long term impact they would have on employers, employees, and the local economy. While we support the government's drive to cut CO₂ emissions and congestion we do not believe that WPL is the most effective means of achieving such objectives.

The negative view of the WPL amongst our members is primarily based on the view that WPL will simply increase business costs and increase administrative burden, with little or no assurance that public transport and the other wider benefits would be delivered.

It has been estimated that a tax on commuters' parking spaces could cost firms £3.4 billion if it is rolled out nationwide. We are also concerned that this fee would rise to £350 by 2014 and continue to rise in line with inflation. It is estimated that WPL will generate around £12m each year for public transport investment.



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It has been reported that for every £1 the Levy collects from businesses it is reported that Nottingham City Council, for example, will get over £3 from Government funding and this investment will bring over £10m of economic benefit. However, there is a lack of information concerning exactly how this money will be used, will all of the money generated be used to improve public transport or will a proportion of this money be used to improve the local economy through other means. This needs to be more transparent.

We are also concerned that the key objective of WPL is to encourage the use of public transport however, for this scheme to work there has to be a good public transport system in place to encourage employees to take alternative modes of transport.

We welcome the government's proposal for the money being generated from these schemes to be invested back into public transport. However, this infrastructure must be in place in the first instance for this scheme to work effectively. If there are not effective and efficient alternative modes of transport in place, employees may incur additional transport costs through having to use expensive or time consuming mode of transport or parking further away from work. There also appears to be a lack of reference to employees who may live out of the city and commute long distances to work, these individuals may feel cut off as a result.

There are also wider economic costs to take into consideration. A restriction on parking places may hinder the abilities of employees to meet with their clients and other firms which could reduce economic interaction. This of course may impact the local economy and in extreme cases may result in businesses moving elsewhere and the possibility of property prices declining in value

We are concerned that the introduction of this scheme could cause an additional administrative burden to our Members businesses as a result of having to demonstrate compliance with the scheme and make payments in respect of the levy. Any additional cost concerning administration should be kept to a minimum. Local authorities could assist local businesses by providing a transparent and structured process for compliance which would not cause too much disruption to businesses. At the current time there is little appreciation on how the impact of this administrative burden will have on businesses.

If introduced the WPL would not work for those employers who adopt flexible working practices. For those employees who do operate flexible working practices it may be difficult for them to totally rely on public transport.



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With regards to the specifics laid out in the consultation paper, we remain concerned that the paper still lacks clarity in certain areas, such as the cost implications for businesses. Whilst we appreciate that WPL is an untried and untested area further research and consultation is needed to provide local businesses with detailed information on the cost implications.

There is much concern over the impact a WPL scheme will have on small businesses. It is important local authorities consider the impact on particular sectors and businesses as part of their overall assessment of costs and benefits of a WPL scheme. It is important for local authorities to engage with small businesses when developing or thinking of introducing a WPL scheme. We believe that local authorities should consult with smaller businesses to assess the potential risks a scheme might have on that business.

The legislation has yet to identify whether or not to impose discounts or exemptions under the WPL, and it has been left for local authorities to decide whether to set exemptions, discounts or limits locally. We believe that businesses with fewer than 10 parking spaces should be exempt from WPL which in turn could exclude small businesses.

In a bid to encourage and support the wider environmental objectives, we believe there is a compelling case to offer a discount for those employees that drive low CO₂ vehicles as this may help contribute towards the objective of cutting carbon emissions and will fit in with the government's long term sustainable transport solution. By offering incentives such as a discount for WPL, for driving a low CO₂ vehicle, the government can encourage employees to give up their older and higher polluting vehicle for a newer vehicle which would in turn help to reduce pollution.

At the current time the average grey fleet¹ vehicle is 6.3 years old and emits an estimated 400,000 tons of CO₂ per year, with the average distance of travelling to work at 9.68 miles². It is clear that there could significant environmental benefits available from moving grey fleet owners into newer cleaner cars. This would only work if the government introduces fiscal incentives to do so.

¹ 'Grey Fleet' refers to business miles driven by employees in their own vehicles, and claimed back at a fixed mileage rate.

² Travel for Work Annual Survey 2007



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It is vitally important that the government has in place an appeals process for businesses who wish to appeal against a fine, any dispute should be referred to an independent adjudicator. Regardless of the low number of schemes expected to be implemented the government should have in place an appeal's process that is both independent and fair. We believe that the County Court would be the appropriate body to hear appeals and would urge the government to ensure that there is a system in place for appeals to be heard by an independent adjudicator.

In the light of the government's endorsement of the WPL scheme to cut greenhouse gases and reduce congestion, the BVRLA and its Members may have a key role to play in assisting the government's long term target in reducing CO₂ emissions and congestion. Through the use of the various solutions provided by our Members, such as vehicle rental, car clubs and leased vehicles, our Members can encourage employees to use the greenest vehicles as an alternative to their own vehicles which would in turn reduce CO₂ emissions. However, in order to achieve this objective, we believe the government must introduce exemptions or discounts for greener vehicles.

Closing Comments

Whilst we oppose the introduction of WPL we do hope that our comments will help shape the WPL scheme without causing an onerous administration burden on all parties involved. If you would like to discuss any aspect of our paper further please do not hesitate to contact us.

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Bona-fides BVRLA, the Industry and its Members



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- The BVRLA is the trade body for companies engaged in the leasing and rental of cars and commercial vehicles. Its Members provide short-term self-drive rental, leasing and fleet management services to corporate users and consumers. They operate a combined fleet of 2.6 million cars, vans and trucks, buying 44% of all new vehicles sold in the UK.
- Through its Members and their customers, the BVRLA represents the interests of more than two million business car drivers and the 10 million people who use a rental vehicle each year. As well as informing the Government and policy makers on key issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct.