



Leicester Workplace Parking Levy

Business Case Summary

December 2021

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Foreword

It is clear that if the council is to meet challenging decarbonisation, air quality and health ambitions, implement COVID-19 recovery plans, and deliver on people's travel needs in a rapidly growing city, substantial additional funding will be needed to deliver our ambitious transport plans.

A workplace parking levy for Leicester would provide transformational investment, with total funding of some £450m, to help deliver our ambitions for a well connected, environmentally friendly, and affordable citywide bus, cycling and walking network. A levy would support delivery of a 10-year annual investment programme, whilst reducing reliance on uncertain Government grants.

Building on the success of major investments through our Connecting Leicester and Transforming Cities Fund transport initiatives, a workplace parking levy would further support delivery of:

- A transformational 8-year 'Bus Service Improvement Plan' through the new 'Leicester Buses Partnership'. Over 400 high quality electric tram-like buses will be the norm by 2030 operating on 25 'Mainlines' services across city neighbourhoods and five express 'Greenline' commuter services including three cross city links to six Park & Ride sites and two new orbital services.
- A first-class travel experience for the bus user with bus priority on key routes delivering reliable services at a good frequency, integrated timetables and multi-operator digital ticketing across services and quality waiting facilities with real time displays.
- Affordable bus fares with discounts for elderly, disabled, young and unemployed people and the ability for all travellers to get the 'best fare' on all journeys across the city.
- A world-class citywide network of cycleways, for long and short trips, that will link current routes in the city centre directly with, and between, local neighbourhoods.





These ambitious plans — included in the Leicester Transport Plan (draft) — would deliver early sustainable transport benefits to both residents and businesses across the whole of the city rather than investing in large and expensive fixed transport systems with long delivery timeframes such as a tram.

As part of the development of our case for a workplace parking levy the council has worked closely with Nottingham City Council. Their successful workplace parking levy scheme has operated for nearly 10 years and has seen major transport benefits for local people without any significant impact noted on the economy or businesses.

Detailed studies have been carried out by De Montfort University into the need for a workplace parking levy and its economic impact, and environmental, transport and health impacts have also been assessed. Extensive

consultation has already been carried out involving hundreds of local people and businesses. We have refined our thinking and propose what we believe to be a fair and equitable scheme with additional safeguards such as exempting blue badge holders and measures to deal with any parking displacement.

We now want to hear from you on our detailed business case for a workplace parking levy, which will have an extensive 12-weeks consultation. The scheme would require Government approval. Close working with local businesses during 2022 would be carried out to prepare for its introduction in 2023.

The workplace parking levy has the potential to help Leicester lead the way on global environmental challenges and transform the city into an outstanding place to live and work where high quality, user-friendly and affordable options for people to travel by bus, bike and foot are available across a growing city. The benefits of investing in sustainable transport to bring about a reduction in traffic are easy to visualise as we see it during school holidays where a 10% reduction in peak morning traffic on some roads can make it much easier and healthier to get about in the city.

Sir Peter Soulsby
City Mayor

Councillor Adam Clarke
Deputy City Mayor
Environment and Transportation



1. Introduction

This document is a summary version of the Leicester Workplace Parking Levy Business Case. Detailed information is available in the full business case and supporting documents.

It is important to read the Leicester Transport Plan (draft) 2021–2036 alongside the Workplace Parking Levy Business Case. It contains relevant information on context, challenges, wider policies and vision and strategy for the future. Section 179 (2) of the Transport Act 2000 (as amended by the Local Transport Act 2008) states that a workplace parking levy must ‘facilitate the achievement of local transport policies’, which are included in the Leicester Transport Plan (draft) 2021–2036 and expected to be approved by the council in Spring 2022.



What is a workplace parking levy?

A workplace parking levy is a licensing scheme that enables local transport authorities to charge a levy on Workplace Parking Places, as defined in s182 of the Transport Act, 2000. The levy is charged to the occupier of the premises, normally the employer, who may then pass all or part of the charge to employees using the parking places.

Currently there is only one workplace parking levy in the country, in Nottingham, although several other authorities are interested in implementing a similar scheme.

The legislation allows for exemptions and discounts. Authorities must specify scheme details that are particular to their own areas in a Scheme Order, which for Leicester can be found here.

In England and Wales outside London, detailed justification for each proposed workplace parking levy scheme must be submitted to and approved by the Secretary of State for Transport before it can be implemented. The Workplace Parking Levy Business Case is not however intended for the purpose of applying for Government funding but to present information and analysis of the workplace parking levy proposals to be introduced in a local area.

The following categories of parking are outside of the scope of the workplace parking levy as defined in the legislation:

- Parking for ordinary retail, hospitality, entertainment, and leisure customers/users
- Residential parking
- Single person microbusinesses where the employer lives and works at the same address
- Parking for fleet vehicles (unless they are also used for commuting purposes)
- Vehicles displayed for sale

Preparation work for the business case has been disrupted by COVID-19, including a survey needed to confirm the likely numbers of chargeable Workplace Parking Places. Leicester City Council, working with Nottingham City Council, has found robust ways of estimating parking numbers and other required information.



Consultation

As part of the Leicester Transport Plan (draft) 2021–2036 stakeholder engagement and consultation, the workplace parking levy was included to allow these to be considered together. Responses from this consultation have been carefully considered and, where appropriate, included in the workplace parking levy proposals.

consultation.leicester.gov.uk

2. Why are we proposing a workplace parking levy?

The Leicester Transport Plan

The Leicester Transport Plan (draft) 2021–2036 brings together the wider objectives that relate to transport

such as the growth of the city, the climate emergency and the need to improve health and transport options for residents and sets out specific transport objectives and policies. The Leicester Transport Plan states:

Leicester City Council will investigate the potential for a workplace parking levy alongside other local funding sources.

A workplace parking levy contributes to the Leicester Transport Plan’s transport objectives including

reducing the need to travel by car; making public transport — Park & Ride, cycling or personal e-mobility — the first choice for longer journeys for most people; making active transport the first choice for shorter journeys for most people; ensuring neighbourhoods are better connected throughout the city; and managing the road network and to tackle congestion, air quality and road safety across the urban area.

The Leicester Transport Plan sets out an ambitious vision for transport in Leicester. A workplace parking levy is required to bring forward priority projects and to help achieve the Leicester Transport Plan’s objectives within the 2021–2036 time period. The council’s Transforming Cities Fund projects and the improvement of St Margaret’s Bus Station are already delivering the implementation plan, and the recent successful Levelling Up bid for Phase 1 of the Rail Station Transformation will continue this.

One of Leicester’s biggest challenges will be funding delivery of the Leicester Transport Plan’s ambitious vision and it will be necessary to make the most of all opportunities as they arise. This challenge has been heightened by the recent publication of Decarbonising Transport which includes the Government’s very ambitious targets for increasing bus patronage, walking and cycling as well as a large-scale transformation to alternative fuels. These targets are likely to be incorporated into Leicester’s forthcoming ‘Roadmap to Net Zero’. The workplace parking levy would play a key part of the funding package to address these challenges.

Local charging options

Two local charging options have been considered — Road User Charging (RUC) and the workplace parking levy. The principal difference between the two is that RUC is a direct charge on the use of a scarce resource (drivers using roads) and a workplace parking levy is an indirect charge on a facility used by vehicles (employers charged for workplace parking). The rationale for choosing a workplace parking levy for Leicester is it contributes well to the Leicester Transport Plan’s objectives and provides funding for priority projects in the first 10 years of operation. It can be implemented to follow on seamlessly from the Transforming Cities projects that are underway and demonstrates to employers and residents the benefits of a long-term programme of similar initiatives.



Benefits of a workplace parking levy

A workplace parking levy has two main purposes — to encourage car commuters to consider alternative forms of transport, and to provide funds for transport projects, all meeting the objectives of the Leicester Transport Plan.

It has the following benefits:



Supports urban regeneration and improves the city by helping to fund quality public transport and active travel



Delivers better public transport and active travel, provides health and air quality benefits, as well as contributing to the council's carbon reduction plans



The scheme contributes to managing congestion both by encouraging people to try other more sustainable options and by funding improvements to those transport options



A workplace parking levy can free up parking areas for development as employers reassess their workplace parking provision, and can free up road space for reallocation to support public transport and active travel

Leicester City Council has adopted the following principles to maximise the benefits of a workplace parking levy:

- The levy scheme, and the associated package of public and active transport investment, will be designed to meet Leicester Transport Plan's objectives by contributing to reduction of carbon emissions, managing congestion, and improving health, air quality, connectivity, transport choices, and accessibility
- The workplace parking levy will support the Leicester economy, including measures to address the impacts from the COVID-19 pandemic
- It will be flexible in the treatment of different circumstances, financially efficient, and meet the Leicester Transport Plan's timescales
- The scheme will be designed to be simple, easily understood, and enforceable
- Leicester City Council will ensure the scheme is compliant with the Transport Act 2000 as well as with legal requirement in general
- Employer support and assistance will be provided to minimise the burden of complying with the scheme as well as administration and the charge itself
- Actions will be taken to address any displaced parking problems, whether in the city or county areas, that may be caused by the scheme
- The impacts of the scheme will be monitored with results made available locally and to central government

Business support and advice programme

A business support and advice programme is considered vital to ensure the smooth operation of a workplace parking levy, and this has been confirmed by the Nottingham experience. The programme will consist of advice to employers liable for paying the the levy, including how to assess chargeable parking places, as well as how to manage workplace car parking more effectively.

Advice and guidance will also be provided to employers and their staff on options to travel to work conveniently by bus, cycle, and walking to take advantage of existing and new transport facilities provided using the workplace parking levy funds.

A Displaced Parking Task Force working jointly with Leicestershire County Council is considering potential impacts from employees choosing to park on congested streets to avoid a workplace parking levy. Parking hotspots will be identified whether inside or outside the the city's boundaries, and action taken to control parking, for example through resident's parking schemes.



3. Workplace parking levy proposed scheme details



Summary

Scheme detail	Proposed Leicester workplace parking levy scheme
Scheme boundary	Leicester City Council administrative boundary
Proposed charge	£550 pa per chargeable Workplace Parking Place (as defined in the Transport Act 2000)
Proposed exemptions (no licence needed)	<ul style="list-style-type: none"> ● Motorbikes ● Delivery vehicles ● Occasional business visitors not attending their regular place of work ● Business customers (as defined in the Transport Act 2000) ● Unpaid volunteers
Proposed 100% discounts (licence needed but not charged)	<ul style="list-style-type: none"> ● Workplaces with ten or fewer Workplace Parking Places ● Emergency services ● Registered Blue Badge holders
Proposed 50% discount for 3 years	Qualifying NHS premises, including University Hospitals of Leicester
Time of operation	24 hours a day, all year
Variation of charges across area	Same charge across whole area
Duration of scheme	Indefinite

Proposed boundary

The Leicester City Council boundary is proposed as the boundary for the workplace parking levy scheme, as employers are distributed across the city, all of which contribute to city transport issues and challenges. The need for more transport options has been raised when discussing the workplace parking levy proposals with employers, particularly those based outside the city centre. A comprehensive citywide transport plan is proposed to help ensure that all workplaces have sustainable transport options as far as is practicable.

Workplace parking levy charge level

A decision on the level of a workplace parking levy charge is a **judgement** based on the following factors:

- Total receipts to help fund the transport improvements required
- Impact on traffic (using evidence from the traffic model)
- Impact on employers and employees (using evidence from the Economic Impact Study)

The final proposal is for a workplace parking levy charge of **£550 pa** which is considered reasonable and justifiable for both employers and employees. It would provide sufficient income for the transport investment programme and have an appreciable effect on congestion, air quality and carbon, particularly in reducing demand for cars and increasing use of sustainable modes of travel.

Exemptions and discounts

The workplace parking levy legislation allows for **exemptions and discounts**, which may be based on:

- Type of employer (such as emergency services)
- Type of vehicle (such as motorbikes)
- Type of user (such as Blue Badge holders)



Exemptions relate to Workplace Parking Places for which a workplace parking levy licence is not required. Premises with Workplace Parking Places given 100% discounts need to obtain a workplace parking levy licence but are not charged. Discounts may also be given at reduced rates, not necessarily at 100%.



100%

It is proposed to give a 100% discount to workplaces with 10 or fewer Workplace Parking Places (as defined in the Transport Act 2000) following the Nottingham example. Although this means accepting a considerably lower level of revenue as up to 90% of employers would not have to pay, the value lies in supporting small businesses, especially those in the sectors with high competition, and the reduction of complexity of operation and enforcement.



50%

It is proposed to give qualifying NHS premises a 50% discount for three years only, and then charging the full fee thereafter. This allows time for NHS operations to recover from Covid-19 pressures, UHL to complete the planning and progress implementation of its premises reorganisation proposals and also work with Leicester City Council on improving sustainable travel options for employees.

Other proposed exemptions and discounts

Item	Exemption or discount	Justification
Operationally necessary vehicles including: <ul style="list-style-type: none"> • Delivery vehicles • Vehicles used by occasional business visitors • Fleet vehicles (unless also used for commuting) • Vehicles used by business customers 	Exemption	To support businesses and to make administration of the workplace parking levy easier. It is difficult for businesses to estimate numbers of parking places needed by this group as movements can be unpredictable.
Motorbikes	Exemption	Following Nottingham example and extending it to include modern forms of micro-mobility which may otherwise be classified as vehicles liable for a workplace parking levy
Emergency Services (Fire, Police, Ambulance) premises	100% discount	Additional need for parking places close to the workplace
Workplace Parking Places used by Blue Badge holders	100% discount	Additional need for parking places close to the workplace
Unpaid volunteers	100% discount	To encourage volunteering

4. Assessments and first stage consultation results

A variety of methods to assess the introduction and impact of a workplace parking levy were used. Studies were commissioned to help inform the options and assessments, and Leicester City Council is working alongside Nottingham City Council to develop the proposals based on their extensive knowledge and experience. **Key studies and assessments are as follows and issues raised are dealt with in the full business case.**

Workplace Parking Levy: An evidence-based review of policy and prospects for Leicester (De Montfort University) This provided the technical and background information on which decisions were made regarding the suitability of a workplace parking levy for Leicester.

Key results

The report concludes that there are good practical reasons why a workplace parking levy should be considered for Leicester as it is generally more acceptable than Road User Charging, but that businesses should be properly consulted and consideration needs to be given to possible 'side effects' like displaced parking.

Transport modelling (AECOM and Edwards and Edwards Consultancy Ltd)

This provided a high-level evaluation of the possible traffic impacts of a workplace parking levy based on the likely charge level, number of chargeable Workplace Parking Places and proposed investment programme.

Key results

Results show that the workplace parking levy by itself is predicted to have a minimal impact on the highway network but a workplace parking levy plus the impacts of the investment programme (transformed bus services, citywide cycling network, Connected Healthy Neighbourhoods and future phases of the rail station masterplan) predicts peak time morning traffic falling by about 10%, similar to what currently happens in parts of the city during school holidays.





Economic Impact Study (De Montfort University Business School) This study looked at both the impact on the city as a whole and the impact on individual businesses and employees. The information was used to inform all stages of the assessment work, particularly the levy charge and possible exemptions and discounts. The Economic Impact Study took the form of a desktop analysis of whole-city economic issues, based on a broadly representative sample of 66 large businesses, and a qualitative, in-depth representative survey of 18 employers, all larger private sector employers, and organisations such as universities and hospitals.

Key results

18 recommendations were made on the themes of costs and benefits, use of revenue, equity and transparency, communication and leadership, the impact of COVID-19 and evaluation. Issues highlighted included low pay, high levels of competition in certain sectors, need for improved public transport especially outside the city centre and shift times/part time working and the need for support packages for businesses to assist with the introduction of the workplace parking levy.

Accessibility Assessment (ITP) The workplace parking levy was included in this assessment as a key proposal in the Leicester Transport Plan (draft) 2021–2036.

Key results

Workplace parking levy funds from the scheme will be used to deliver new citywide active travel infrastructure and public transport network improvements which will have significant positive accessibility impact for all residents, commuters, and visitors to the city. By giving 100% discount to Blue Badge Holders we will help to ensure that disabled people are not disproportionately impacted. Low income households also stand to benefit significantly from the investment of workplace parking levy funds in sustainable transport, as they are less likely to have access to a car - but could experience more negative impacts if the charge is passed onto employees. Mitigation measures to help address this are needed.

Strategic Environmental Assessment (Royal Haskoning DHV) A workplace parking levy was included in this assessment as a key proposal in the Leicester Transport Plan (draft) 2021–2036.

Key results

Overall, it is considered that the Leicester Transport Plan (draft) 2021–2036 strategies will result in significant positive social effects in terms of protecting and promoting people’s safety and their physical and mental wellbeing, and in terms of improving air quality.

Equality assessment — this document is continually updated throughout the process and is available on request from Leicester City Council.



5. Workplace parking levy investment programme

An ambitious vision

Leicester's workplace parking levy will be part of an ambitious programme of transport improvements to be delivered over the next ten years, intended to help meet the city's decarbonisation, air quality, health ambitions, COVID-19 recovery plans, and deliver on people's travel needs sustainably in a rapidly growing city. A workplace parking levy will contribute directly to delivering the three key themes in the Leicester Transport Plan (draft) 2021–2036: 'Connected Corridors and Hubs'; 'Healthy Streets and Neighbourhoods'; and 'Managing Demand for Car Use'.

The workplace parking levy contribution secured will be part of an overall funding package which envisages contributions from the Government and bus operators for example. A workplace parking levy will help to stimulate a total package of funding of some £450m over ten years, which would not be available without a workplace parking levy to provide match funding.

What is the funding gap that a workplace parking levy can fill?

Capital funding is key to transport transformation and the draft Leicester Transport Plan covers the period to 2036 to match the timescale of the draft Leicester Local Plan. Many of the capital projects and programmes that are due to be delivered in the next three years are already funded from the Transforming Cities Fund and other Government grants. The gap in capital funding starts in 2024 when the Transforming Cities Fund programme is completed.

Revenue funding for projects such as active travel initiatives and supporting bus services is a challenge to secure with little local or Government funding currently available. Leicester City Council is in competition for funding streams so cannot rely on them to sustain even existing projects and needs an ongoing income stream from the workplace parking levy to be able to sustain and deliver proposed improved services.

Leicester is already making use of opportunities for additional Government funds using prospective workplace parking levy receipts as match funding - this is continuing to be developed, for example the successful ZEBRA electric bus scheme. It is likely that there will be other significant opportunities in the coming years, including those generated from the national Transport Decarbonisation Plan and the Leicester Bus Services Improvement Plan (BSIP).

Proposed priority projects for the workplace parking levy funding (first 10-year plan)

Spending in the early years will be focused on delivering greatly enhanced bus networks and services with more affordable fares, creating a citywide cycle network, and developing Connected Healthy Neighbourhoods. Following the successful funding bid for Phase 1 of the Leicester rail station, the workplace parking levy spending will, in later years, include future phases of the Rail Station Masterplan.



Bus Service Improvement Plan



A Bus Services Improvement Plan developed by the new 'Leicester Buses Partnership' to transform city bus services will bring cleaner, greener, and zero-emission travel to Leicester with over 400 high quality electric tram-like buses by 2030 operating on 25 'Mainlines' services across city neighbourhoods and five express 'Greenline' commuter services including three cross city links to six Park & Ride sites and two new orbital services.



A first phase of 11 electric buses, powered by 100% renewable energy, replaced diesel vehicles on Leicester's three Park & Ride routes in May 2021. Government funding has been secured for a further 96 electric buses to be in service by 2024. This and subsequent phases will support commuters and local journeys across neighbourhoods, serving areas of the city with large employment clusters, hospitals, universities and major shopping and leisure destinations.



A first class travel experience for bus users will be provided by building bus priority measures on key routes in the city to deliver reliable services at a good frequency, developing integrated timetables and multi-operator digital ticketing across services and delivering quality waiting facilities with real time displays. The plan proposes affordable bus fares with discounts for elderly, disabled, young and unemployed people and the ability for all travellers to get the 'best fare' on all journey across the city from all of the main bus operators.





World class citywide cycle network



The **expansion of infrastructure** to deliver a citywide network of safe and attractive routes to meet the growing demand for schemes across Leicester, including building links between neighbourhoods and the city centre. This will build on the successful delivery of Connecting Leicester projects that have transformed the city centre and adjacent areas with improved cycling and walking zones and launch of Santander Cycles Leicester with 500 electric bikes available for hire at 50 locations across the city centre.

The workplace parking levy will fund infrastructure to increase safe and attractive cycling and walking options, creating new cycle lanes, safer junctions, and incentives to encourage people to make use of these new facilities.

We are aiming for 50% of all journeys in the city to be by walking or cycling by 2030, which is the Government's aim in Decarbonising Transport.

Connected Healthy Neighbourhoods



This will build on the successful delivery of Connecting Leicester projects that have transformed the city centre and will deliver new links helping to develop the concept of **'15 minute neighbourhoods'** where local services and facilities are within safe and easy reach for pedestrians and cyclists. Works will include environmental improvements to streets, charging points for electric vehicles, and improved local bus services. Lower levels of traffic will mean better air quality and reduced carbon emissions. Grants will be available for sustainable transport projects and incentives will be created for active travel. Schemes will be developed with residents and local stakeholders including schools and businesses.

Rail Station Transformation



Phase 1 of the **Rail Station transformation** programme to create a high quality 21st century station and interchange is now largely funded from the Government's Levelling Up programme, which will see £22m invested in creating an attractive new entrance and plaza facing the city centre, improved booking hall and improvements to the porte cochère for hospitality and commercial purposes. Future phases, which will need workplace parking levy funds, will focus on improving the passenger experience, as well as enabling regeneration of sites around the station. The aim is to provide a transformed travel experience and gateway into the city for current travellers and the expected **33% increase in rail passengers by 2036.**

Calculating the first 10-year investment programme

A 10-year investment programme has been developed to indicate how workplace parking levy receipts would be spent, with an indication of how much additional money could be brought in. To take account of various risks such as the yet unknown impact of COVID-19 on future parking numbers, cautious assumptions were made, and scenarios based on these assumptions were tested.

Likely receipts from a workplace parking levy will be approximately £95m over the first 10 years. This could attract match funding making a total investment pot of up to £450m.

The flexibility of the programme is an important characteristic of the workplace parking levy. Leicester will be able to respond to changed circumstances by actively managing the programme.



Managing the workplace parking levy investment programme



The Workplace Parking Levy Board will be responsible for managing the investment plan, including deciding on what projects should be included, at what level, and when funds should be provided, as well as day-to-day policies for operating the workplace parking levy. The Board will ensure that projects are justified and value for money. This will make the workplace parking levy and investment programme much more resilient in times of difficulty, as well as allowing the council to provide match funding for grants as and when opportunities arise.



An Employer Transport Forum will input into the Workplace Parking Levy Board's decision making.



Annual reports will be published. At the end of the first 10-year programme, there will be a thorough review and a new set of priority projects will be developed.

6. What happens next

Next steps

- During the 12-week consultation exercise we are inviting comments on the workplace parking levy business case in an online survey. Meetings will also be set up to allow further questions and comments to be received
- When this consultation exercise is complete, responses will be collated and included in a consultation report with council responses, which will be published and added to the business case package
- Leicester City Council will consider all the relevant business case information at a Full Council meeting in Spring 2022
- If approved, the package of business case documents will be submitted to the Secretary of State for transport for approval
- A workplace parking levy employer and parking survey with an associated information and engagement programme is proposed for spring/summer 2022
- A shadow period for workplace parking levy (without charging) is being considered for later in 2022 to put in place the necessary procedures to operate the workplace parking levy
- If approved by the Secretary of State, workplace parking levy charging is planned to start early in 2023

Consultation

The full Workplace Parking Levy Business Case and supporting documents are available on consultations.leicester.gov.uk

