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LEICESTER CITY COUNCIL

ECONOMIC IMPACT STUDY OF THE PROPOSED WPL IN LEICESTER

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Economic Impact Study of the proposed WPL in Leicester

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Introduction

The 2000 Transport Act gave local authorities the power to introduce a Workplace Parking Levy (WPL), a mandatory charge on specific types of Workplace Parking Places, across the whole of (or part of) their area. The aim of the levy was to reduce the level of parking available to decrease car journeys and encourage the use of more sustainable transport while providing funding to improve them. The employer of the workplace premises pays the Levy according to the number of licensed Workplace Parking Places their employees use. To date, only Nottingham has an operational WPL scheme although other local authorities are considering introducing one.

Scope of the Report

Leicester City Council is exploring the introduction of a Workplace Parking Levy which would impose a charge on eligible workplace car parking spaces within the city of Leicester. De Montfort University was commissioned by the City Council to undertake an Economic Impact Study to:

- assess the potential impact of a WPL on employers, their employees and the economy generally in Leicester by means of a desktop survey of key economic data;
- ascertain, via a series of in-depth semi-structured interviews, the views of a representative selected sample of Leicester employers who would be affected by the introduction of a WPL.

Key findings from the desktop survey

Leicester is characterised by a high number of micro and small businesses that may not be liable for the WPL but may benefit from improved public transport in the City. The number of medium and large businesses in Leicester, as well as employment, is similar to that in Nottingham suggesting that, for a similarly sized levy, the revenue from the WPL in Leicester will be similar to that in Nottingham.

Leicester has a relatively high proportion of businesses in the production sector, and particularly the textile industry. The implications of the WPL for the production sector should, therefore, be carefully considered. Wages in Leicester are below the UK average

and the city has significant areas of deprivation. The impact of the WPL on wages also, therefore, needs to be carefully considered, particularly in highly competitive, low skilled sectors.

We estimate the impact of the WPL on a sample of organisations in Leicester who would be liable for the Levy. The estimated cost of the WPL would be less than 0.5% of annual turnover for 90% of those organisations sampled, and less than 0.1% of annual turnover for around 50%. The impact of the WPL, relative to turnover, may be higher for businesses in the production sector and on the periphery of Leicester but the evidence is inconclusive. For around a half of the organisations in our sample the estimated cost of the WPL would be less than 10% of 2019 profits. While profit rates are typically lower in the production sector we find no evidence that the impact of the WPL, relative to profit, would have a disproportional effect on the production sector.

Key findings from the interviews

The 18 interviews found that public transport is currently considered to be less attractive than driving in Leicester. Public transport provision was considered to be city-centre focused with satellite County towns and villages marginalised from the network. The perceived high cost of public transport in Leicester and the (in)efficiency and (un)availability of services were recurrent concerns. The COVID pandemic resulted in a shift away from public transport use and an increase in single-occupancy car journeys. Park and ride and car sharing were not popular options.

The majority of interviewees identified traffic congestion and emissions as being an issue in the city. However, levels of traffic congestion in Leicester were not perceived to affect the delivery of supplies to, or the distribution of products from, business premises. In terms of travel to work, firms generally had a poor understanding of employee travel to work behaviour. Travel plans were not commonplace or well understood by Leicester businesses. A wide range of car parking management policies are practiced across the city and these have evolved in response to specific business needs and locational characteristics. Most business have sufficient car parking spaces for their needs. Active demand management is only practiced at a couple of supply-constrained sites. When asked about the WPL, the majority of businesses were aware of the concept of a workplace parking levy. Interviewees said it was important to explain how any WPL revenue would be spent and wanted the Council to invest in a “significant” infrastructure project. Although a range of potential

benefits from a WPL were identified, scepticism about the ability of a WPL to incentivise mode shift and deliver improved air quality was expressed.

The cost of the WPL on business was largely unwelcome and concern was expressed about its impact on staff relations, recruitment and retention. There was no consensus as to the level the WPL should be set at or whether firms would absorb any WPL charge or pass it on to their employees. Businesses were not able to speculate as to the impact a WPL might have on the city. There was consensus that any WPL revenue had to be invested to benefit local people. There was a view that the WPL would benefit the city centre at the expense of the periphery and some businesses who would be liable for the levy would see no direct benefit from it. It was considered that improvements to public transport provision resulting from WPL revenue may lead to a reduction in car parking spaces at some sites over time.

Recommendations

Based on these findings a number of recommendations have been proposed:

- Raise awareness of the economic impacts of congestion and delays for businesses and individuals in Leicester.
- Raise awareness of the cost and health impacts of vehicle emissions for the City of Leicester and promote an alternative future.
- Provide practical support to Leicester businesses to encourage/incentivise uptake of travel plans and undertake annual staff travel surveys as part of the WPL package.
- Work with businesses in the city to make them aware of the benefits emanating from a WPL. A clear strategy that explains how the benefits from a WPL will be distributed across the City is required.
- Work to ensure that the transport improvements arising from the WPL become visible quickly to counter potential scepticism.
- Develop a clear and focused message as to how the revenue is to be used. A simple way this can be achieved is by identifying initiatives the WPL has funded, for example by branding schemes 'funded by the WPL'.
- To address concerns that a WPL is merely a revenue raising 'tax' mechanism, offer tangible ways in which business will benefit from the scheme.
- The potential for improving public transport links across the city region and not just to and from the city centre should be explored.

- Leicester City Council need to explore the impact of the WPL on on-street parking and the possible need for complementary measures. This is required so as to assess the economic impact of a WPL on congestion, traffic-emissions, parking search and safety with respect to adjacent streets.
- There is a need to be transparent about the charge (and future increases linked to established metrics such as RPI or CPI), in terms of the use, of permitted exemptions, how the revenue will be used and the impact of the measure on different groups (including women, people with disabilities, and individual ethnic and religious groups within the city).
- Leicester City Council need to explore the potential impact of the WPL on wages and employment opportunities, particularly in competitive, lower wage, lower skilled sectors of the economy. Measures could be considered to lessen the impact of the WPL on lower wage workers including advice and support to employers and cross city public transport provision.
- Establish a dedicated WPL business engagement and advisory forum to help shape the scheme's design and foster buy-in from the business community.
- Establish a dedicated communication and implementation team who are responsible for public consultation, scheme design, and eventual implementation. A named policy champion could support this approach.
- Raise awareness of the ability of the WPL to leverage other funding that will enhance life for everyone who lives and works in the city.
- Explore potential for enhanced car sharing and/or provision of works buses post COVID.
- Conduct ongoing empirical research into the impact of COVID on the city and the businesses operating within it and develop an agile and flexible WPL package that is sufficiently future proof so that it can be adapted at minimum cost to ensure the WPL not only delivers maximum benefit for the city but contributes to its recovery.
- Devise and agree a set of metrics by which the impact of the WPL will be assessed. Conduct intervention analysis to identify the range of impacts and take steps to address any unanticipated consequences and ensure the WPL meets its stated objectives.

- Undertake a sustained programme of research to examine the medium to longer term impacts on inward investment, business location decisions and new development with respect to enhanced public and active travel provision in the city.

1 Background to the Study

Introduction

In 1998 a White Paper on the Future of Transport entitled 'A New Deal for Transport: Better for Everyone' was published by the UK Government (DETR, 1998)¹. The White Paper stated that legislation would be introduced so as to enable local authorities to introduce a levy, what was seen as a new charge, on workplace parking. The proposal was that owners or occupiers of workplaces including business premises would apply for a licence and eligible spaces would be charged on a business site. The aim of the Levy was to reduce the level of parking available with the intention of reducing the number of commuter car journeys thus encouraging the use of public transport and active travel, namely walking and cycling, and to provide funding for improving those options. The White Paper stated that a vital element in the effectiveness of the Levy would be the use of the proceeds to enhance local transport choice.

As a result of this, enabling legislation gave Local Transport Authorities the ability to implement a Workplace Parking Levy with the proviso that the resulting revenue be hypothecated for local transport improvements. The Act² gave local authorities the power to levy a mandatory charge on specific types of Workplace Parking Places across the whole of (or part of) their jurisdiction.

A Workplace Parking Place is provided at any premises at any time if a parking place provided at the premises is at the time occupied by a motor vehicle (other than an exempt vehicle) used:

- by a relevant person,
- by an employee, agent, supplier, business customer or business visitor of a relevant person,

¹ DETR (Department for Environment, Transport and the Regions). (1998) A New Deal for Transport: Better for Everyone. The Government's White Paper on the Future of Transport. London: DETR.

² *Transport Act 2000, (c.38 Part III Chapter II)*. London: HMSO.
<http://www.legislation.gov.uk/ukpga/2000/38/part/III/chapter/II>

- by a pupil or student attending a course of education or training provided by a relevant person, or
- where a body whose affairs are controlled by its members is a relevant person, by a member of the body engaged in the carrying on of any business of the body,

for attending a place at which the relevant person carries on business at or in the vicinity of the premises. (Transport Act, 2000)

The occupier of workplace premises, essentially the employer, pays the Levy in accordance with their licensed Workplace Parking Places. The maximum number of Workplace Parking Places that can be utilised at any one time is stated by the licence.

Scope of the Project

Leicester City Council is exploring the introduction of a Workplace Parking Levy which would impose a charge on eligible workplace car parking spaces within the city of Leicester.

In this regard the aim of this Report is to:

- assess the potential impact of a WPL on businesses, employees and the economy generally in Leicester;
- ascertain, via in-depth semi-structured interviews, the views of a carefully selected sample of the business community in the city of Leicester who would be directly financially affected by the WPL proposal.

Structure of the Report

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2 Methodology

Introduction

In order to ascertain the Economic Impact of the WPL on the Leicester Business community the following two discrete but interrelated pieces of research were undertaken:

- Desktop modelling of the Economic Impact of a WPL on employers who would be liable for the charge;
- In-depth semi-structured interviews with a carefully selected sample of the business community in the City who would be directly affected financially by the WPL proposal.

Desk top modelling of the economic impact of a WPL on businesses in Leicester

We identified 66 organisations in Leicester that would be liable for the WPL. These organisations were identified from the East Midlands 500 list and a list of organisations supplied by Leicester City Council. The list of organisations studied is not intended to be comprehensive but to provide a broadly representative sample of businesses and organisations in Leicester that would be liable for the WPL. We performed a desktop evaluation of the impact the WPL could have on these businesses.

Business indicators considered

For each organisation we obtained data on: number of employees, turnover, average salary, industry classification, location within Leicester and (as we discuss in detail in Section 4) an estimate of the number of liable workplace spaces. This data allows us to estimate the likely impact of the WPL on the business and, in particular, to measure the predicted size of the WPL payment relative to turnover and profit.

Details of sample

The sample has broad coverage of key sectors as summarised in Table 1. It has broad geographic dispersion with 27 organisations in postcode LE1, 12 in LE2, 10 in LE3, 15 in LE4 and LE5. It covers 6 small organisations (defined by ONS as having less than 50 employees), 24 medium organisations (50-249 employees) and 36 large organisations (250+ employees). Data is based on 2019 pre-Covid-19 data. This means some caution is needed extrapolating to the future impact of the WPL. Throughout we exclude the NHS but still account for private organisations working in the Health sector.

Table 1: Number of organisations in business impact study by industrial classification and proportion of enterprises in Leicester in each classification.

Industry classification	Number in sample	Enterprises in Leicester
05-39: Production	18	10.1%
41-43: Construction	3	6.2%
45: Motor trades	6	3.6%
46: Wholesale	4	5.2%
47: Retail	8	10.6%
49-53: Transport & Storage	0	7.7%
55-56: Accommodation & food	1	6.1%
58-63: Information & communication	0	6.0%
64-66: Finance & insurance	6	9.2%
68: Property	1	5.0%
69-75: Prof., scientific & technical	3	10.7%
77-82: Business adm. & support	9	8.2%
85: Education	3	1.4%
86-88: Health	1	5.3%
90-99: Arts, entertainment & other	3	4.8%

Assumptions made

In order to assess the potential impact of a WPL on businesses in Leicester the following assumptions were made:

- *The WPL charge:* the current rate in the City of Nottingham is £428 (2021/22) annum per liable workplace parking place. Within this study, we have used a rounded figure of £500 per liable workplace parking place as a reasonable basis for assessment of the impact of the WPL in Leicester.
- *Area of the charge:* City Council boundary.
- *Exemptions and discounts:* Nottingham City Council gives a 100% discount to employers with 10 or fewer liable parking places. We assume that a similar approach will be taken in Leicester.

In-depth interviews with selected employers in the City of Leicester

The second key objective of the research was to ascertain the views of a representative sample of business leaders in Leicester who may be liable for a future WPL in the City.

Given the current COVID-19 pandemic and related economic implications it was proposed that semi-structured interviews be arranged with carefully selected businesses within the City of Leicester both in the private and public sector, small, medium and large.

They were interviewed with respect to:

- The current cost and provision of public transport in the City;
- Their opinion of current levels of traffic congestion and related air pollution in the city;
- Options they believe Leicester City Council should consider with respect to future transport investment;
- Their knowledge of, and views towards, the possible introduction of a WPL in the City;
- The possible implications and economic impact of a WPL both for their business and for the wider City.

Semi-structured interview schedule

Based on the findings of the Report: Workplace Parking Levy: An evidence-based review of policy and prospects for Leicester (2021) into the socio and economic costs and benefits of a WPL and the economic impact assessment of Leicester presented in Section 3 of this Report, a semi structured interview schedule consisting of three substantive sections and 35 questions was created.

The schedule sought to capture business specific details as well as understand:

- Employer perceptions of the cost and provision of public transport in the City, current travel to work behaviour of employees and existing forms of car park management at the workplace, and business perceptions of (and potential strategic reactions to) the introduction of a WPL in Leicester. See Appendix 1 for the interview schedule.
- Business perceptions of current levels of transport provision, cost, and congestion in Leicester, what should be done to address transport issues and the city and how staff currently travel to work. The second section addressed the WPL specifically. It introduced the scheme in Nottingham and asked respondents for their views of a WPL as well as the potential impacts of a Leicester WPL to their businesses and their likely strategic response if a scheme was introduced. The final section consisted of factual business-specific questions relating to the number of employees and number of car parking spaces at the workplace.

Participant selection and recruitment

A shortlist of potential companies who would potentially be liable for a WPL in Leicester was drawn up by DMU researchers on the basis of the economic assessment conducted in Phase One of this impact study. Criteria for inclusion were: a significant business presence in the city, geographical location within Leicester (so as to capture the views of both city-centre based business and those on the periphery) and a good spread in terms of business sectors and economic profile of Leicester to ensure the voices from a range of different business activities were captured. A quota was applied to try and ensure a target number of interviews in each business sector and postcode area was met. In addition to identifying businesses who may be liable for a WPL in the City, a 'control' group, who were unlikely to

be liable for the levy, but who had a good understanding of the business community in the city, were also included. Given the potential for non-response and the desire to conduct in-depth interviews with 18 companies, 28 companies (ranging from SMEs to large multinational corporations) from different economic sectors were identified.

This purposeful sample was shared with, and agreed by, Leicester City Council and initial email contact with each company was made by the City Council's Transport Development Officer. This email contained information about the WPL and the DMU research and asked companies who were willing to participate in an interview to nominate a member of the senior management or senior leadership team (or equivalent) who could speak on behalf of the company. In some cases, this resulted in interviews being held with both the Managing Director (or equivalent) of the premises in Leicester and a senior representative from the company's head office.

Ethical considerations, consent and anonymity

Following the initial email contact, nominated individuals were sent a link to complete an online consent form, approved by DMU's Ethics Committee, which detailed the nature of the research and granted permission for DMU researchers to contact them. On receipt of the completed consent form, responsibility for the conduct of the interviews passed to DMU and interviewees were contacted via email to set up a convenient time for the interview. Companies who did not respond to the initial email were sent a further two invitations to participate.

Online interviews

Owing to the COVID-19 pandemic and national lockdown, interviews were conducted remotely via MS Teams. MS Teams was preferred over telephone interviews because it permits multiple participants to engage face-to-face in a virtual meeting (which helps to develop rapport). In addition, they can be conducted at a time convenient to interviewees, permit questioning by experienced researchers who can prompt and probe to provide a rich empirical dataset, is free at point of use and permits recordings to be made easily.

Verbal consent was requested at the start of each interview to permit a recording to be made. Recordings were held securely and in conjunction with DMU's Data Protection Impact Assessment (DPIA) protocol and UK data protection safeguards. Anonymity was assured as a condition of participation. Consequently, no company or individual is identified in this Report.

Timing of the interviews

Interviews were conducted by DMU researchers in the period January-March 2021. Interviews typically lasted for 50 minutes. The longest took one hour and 17 minutes while the shortest was completed in 43 minutes. All but 3 of the interviews were held with a single representative of the company. In total, 22 people and 18 companies were interviewed as part of the research. Interviews were transcribed by the researchers and thematic coding and content analysis was used to identify common responses.

Interview respondents

In total, 18 companies were interviewed. A further three companies who were approached felt unable to participate owing to the effects of the COVID lockdown, remote working and uncertainty surrounding future levels of employment and the effects of home working. A further 7 companies either did not respond or did not provide contact details within the time frame of the research.

Table 2 provides an overview of the location and business sector of the companies who participated in the interviews. 9 companies had their principal site of operation in LE1 (the city centre) while 8 were based in postcodes LE2-LE5 outside the core city centre area. 1 business operated in the core and also periphery. 6 of the businesses operated from multiple sites within the city. Half the businesses had assets nationwide with additional sites located beyond the city boundary. For reasons of anonymity, the total number of employees (both own and agency staff) working in Leicester and the number of car parking spaces within the city boundary (as declared by the interviewees) have been aggregated.

Table 2: Table of interview respondents

Interview	Core/ Periphery	Multiple sites?	Number of staff (including agency staff, where applicable)	Number of car parking spaces within city boundary
1	Periphery	Yes	101-200	51-100
2	Core	Yes	301-400	101-150
3	Periphery	Yes	Under 100	11-50
4	Periphery	No	201-300	151-200
5	Periphery	No	Not stated	501-750
6	Core	Yes	1001-1500	11-50
7	Periphery	Yes	201-300	Not known
8	Core	Yes	1501-2000	201-300
9	Core	No	Over 2500	751-1000
10	Core	No	101-200	Unlimited
11	Periphery	Yes	1501-2000	751-1000
12	Periphery	No	Under 100	10 or fewer
13	Core	No	201-300	None
14	Core	No	201-300	11-50
15	Core	Yes	Over 2500	501-750 (estimated)
16	Periphery	No	Under 100	10 or fewer
17	Core	No	Under 100	101-150
18	Core and periphery	Yes	1001-1501	Not known

3 Economic Landscape of Leicester

In this Section we give a brief overview of the economic and business landscape in Leicester. This will prove useful in putting some context to the results and findings of the desktop study and in-depth interview. In doing so we also compare the economic landscape of Leicester with that of Nottingham. A WPL was introduced in Nottingham in 2011 and so has been operating for approximately 10 years. The experience of Nottingham provides a very useful example on which to predict and model the likely impact of a WPL in Leicester. We know that the WPL has been broadly positive for the economy of Nottingham. In particular, the negative consequences of the levy on liable businesses have been manageable with no evidence of a large detrimental effect on employment, investment or firm location; meanwhile, the money raised from the levy has had a positive effect on public transport within the city. The net economic effect of the WPL has, thus, been positive.

Given the similarities between Leicester and Nottingham in terms of their position as comparably-sized large cities in the East Midlands it is natural to conjecture that ‘what works’ in Nottingham will work in Leicester. This reasoning, however, needs to be carefully unpicked across three broad levels: (a) Are there differences between the economic and business context in the two cities that suggest the negative consequences of the WPL, particularly for those businesses liable for the charge, will be more severe? (b) Are their differences between the two cities that suggest the positive impact from spending on transport infrastructure will be more or less beneficial? (c) To what extent does the Covid-19 pandemic and Brexit mean we need to re-evaluate how the inception of a WPL in Leicester may differ from that of Nottingham?

In the following we use city-wide economic data to compare across the two cities and give insight on the three questions posed above. We will see that while the cities are similar on many important dimensions there are also significant differences that need to be considered. Some of these differences suggest a potentially more positive impact of the WPL in Leicester, and some a more negative economic impact. We ultimately, therefore, need to weigh the likely trade-offs. We highlight that the WPL would be paid by a relatively small subset of organisations within Leicester and our analysis of aggregate city-wide data

needs to be seen in that light. The desktop impact study and in-depth interviews focus in detail on individual organisations in Leicester likely to incur the levy.

Business Size

We begin by looking at the number and size of businesses operating in the city. It is useful to distinguish and account for both *local units*, which are geographically distinct individual sites, e.g. a factory or shop, and for *enterprises*, which may spread across multiple units. In Table 3 we detail the number of local units by number of employees in Leicester and Nottingham, and for comparison Derby and Leicestershire (excluding Leicester). In Table 4 we provide the corresponding numbers for independent enterprises.³ We clarify that this business count data picks up businesses that are registered for VAT and/or PAYE. It, therefore, does not include ‘unregistered’ businesses that do not employ anyone.⁴ It is estimated that around a half of businesses are unregistered, but such businesses would not be liable for the WPL and so are not a consideration here.

There are two key findings that are readily apparent from the data in Tables 3 and 4:

Key finding: Leicester is characterised by a high number of micro businesses (0-9 employees). To put some context on this in Figure 1 we plot the number of micro units as a proportion of the total number of units for large cities outside of London. You can see that Leicester is in the set of cities where micro units make up around 83-84% of the total. Given that the data in Tables 3 and 4 and Figure 1 is from March 2020, and so predates the first Covid-19 lockdown, it is interesting to note that a recent report puts Leicester fourth (out of 346 UK local authorities) in terms of entrepreneurship during the pandemic.⁵ Leicester is, therefore, a city characterised by a large and vibrant micro and small business sector.

Key finding: The number of medium (50-249 employees) and large (250+ employee) units and enterprises in Leicester is very similar to that in Nottingham. The WPL in Nottingham predominantly falls on medium and large organisations, and we would expect the same to

³ An enterprise may have multiple units across different locations.

⁴ For full details see:

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/methodologies/ukbusinessactivitysizeandlocationqmi>

⁵ <https://www.capitalontap.com/en/blog/posts/lockdown-ltd-where-are-entrepreneurs-taking-the-leap-despite-uncertain-times/>

hold in Leicester. This, therefore, is our first piece of evidence that the impact of the Workplace Parking Levy in Leicester will likely be comparable to that of Nottingham in terms of the number of organisations directly affected and revenue raised. To reinforce the point, in Table 5 we detail the number of enterprises by turnover. The WPL predominantly falls on organisations with a turnover in excess of £1 million and you can see that the numbers for Leicester and Nottingham are very similar. Leicester has slightly more registered enterprises with a turnover of over £1 million than Nottingham, 1,240 in Leicester compared to 1,080 in Nottingham. This also holds for enterprises with a turnover of more than £2million, 700 compared to 630.

Table 3: Number of VAT and/or PAYE based local units in March 2020 by number of employees comparing Leicester, Nottingham and Leicestershire (excluding Leicester).

Employees	Leicester	Nottingham	Derby	Leicestershire
0 to 4	10,640	7,630	6,245	24,500
5 to 9	2,060	1,710	1,305	4,230
10 to 19	1,235	1,175	865	2,455
20 to 49	765	840	640	1,595
50 to 99	315	345	240	555
100 to 249	135	190	115	345
250+	85	80	65	130
Total	15,235	11,970	9,475	33,810

Source ONS

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Table 4: Number of VAT and/or PAYE enterprises in March 2020 by number of employees comparing Leicester, Nottingham and Leicestershire (excluding Leicester).

Employees	Leicester	Nottingham	Derby	Leicestershire
0 to 4	10,015	6,890	5,645	23,415
5 to 9	1,590	1,115	840	3,490
10 to 19	875	635	460	1,715
20 to 49	475	375	280	910
50 to 99	150	140	115	300
100 to 249	60	75	50	200
250+	50	75	40	120
Total	13,215	9,050	7,430	30,150

Source ONS

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

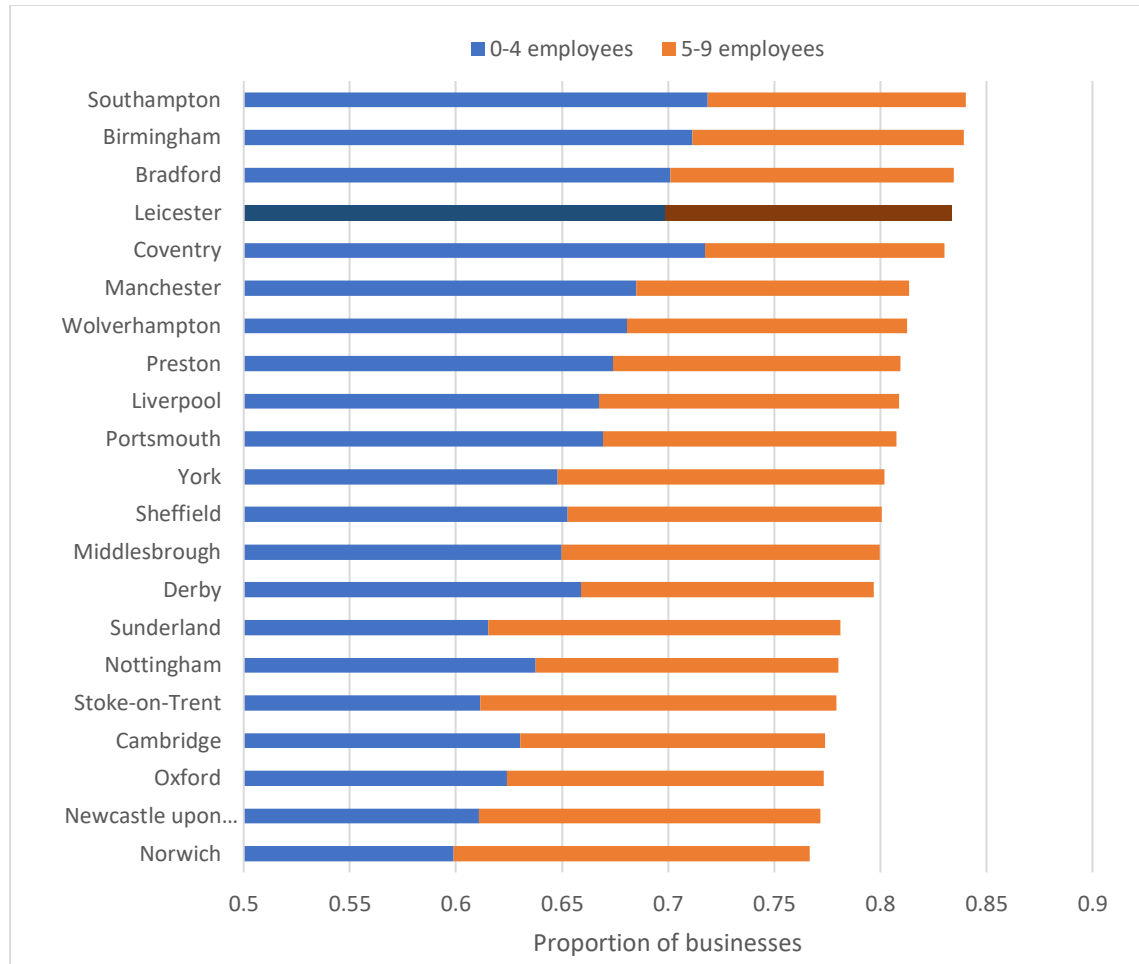
Table 5: Number of enterprises in 2020 by turnover.

Turnover (£000)	Leicester	Nottingham	Derby	Leicestershire
0-49	2,595	1,565	985	4,700
50-99	2,635	1,845	1,950	6,760
100-249	4,150	2,805	2,290	9,555
250-499	1,600	1,270	970	3,805
500-999	995	740	500	2,325
1,000-1,999	540	450	295	1,290
2,000-4,999	450	355	255	925
5,000-9,999	125	115	85	370
10,000-49,999	95	115	75	315
50,000+	30	45	25	100
Total	13,215	9,305	7,430	30,145

Source ONS

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Figure 1: Proportion of VAT and/or PAYE based local units that are micro in size for selected cities in England.



Source: Own calculation based on ONS data

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Industry Sector

In Table 6 we detail the proportion of local units by broad industrial group. These numbers include all local units, including micro businesses. In Table 7 we provide the corresponding data for enterprises.

Key finding: Leicester, compared to Nottingham and Derby, has a relatively high proportion of local units in production, transport and storage, and finance and insurance. It has a corresponding lower proportion of local units in construction, accommodation and food

services, and professional, scientific and technical. Leicester is particularly noteworthy in terms of the number of businesses in production and finance and insurance. To demonstrate this point in Figures 2 and 3 we plot the proportion of local units that are in production and finance and insurance in large cities outside of London. Leicester is 'top' in both these sectors and so the business composition of Leicester clearly has unique characteristics.

Table 6: Proportion of local units by industrial classification.

Industry Group	Leicester	Nottingham	Derby	Leicestershire
01-03: Agriculture, forestry & fishing	0.1	0.1	0.3	5.5
05-39: Production	9.4	5.8	6.1	7.5
41-43: Construction	5.6	8.4	10.2	11.9
45: Motor trades	3.5	3.3	3.8	3.3
46: Wholesale	5.3	4.1	3.5	4.7
47: Retail	12.0	11.5	11.1	8.2
49-53: Transport & Storage	7.1	4.5	6.0	5.3
55-56: Accommodation & food	6.4	8.1	7.6	5.4
58-63: Information & communication	5.4	5.8	6.2	5.2
64-66: Finance & insurance	8.5	5.3	2.4	3.3
68: Property	4.6	4.3	3.3	3.6
69-75: Prof., scientific & technical	9.9	13.2	14.5	14.2
77-82: Business adm. & support	8.2	8.2	8.0	8.7
84: Public administration & defence	0.5	0.8	0.6	0.8
85: Education	2.0	2.8	3.1	2.4
86-88: Health	6.4	7.4	7.0	4.4
90-99: Arts, entertainment & other	5.1	6.5	6.4	5.8

Source ONS

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

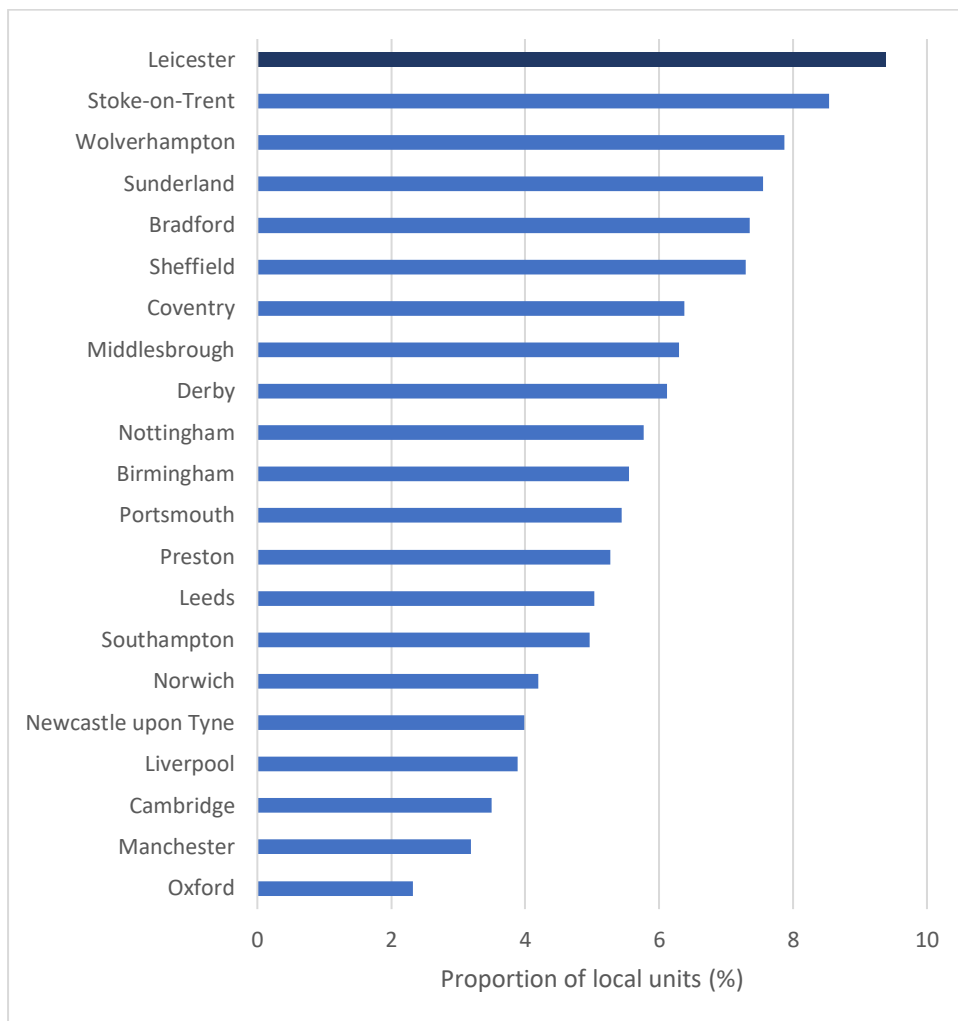
Table 7: Proportion of enterprises by industrial classification.

Industry Group	Leicester	Nottingham	Derby	Leicestershire
01-03: Agriculture, forestry & fishing	0.1	0.1	0.3	5.9
05-39: Production	10.1	6.6	6.9	7.6
41-43: Construction	6.2	10.2	12.2	13.0
45: Motor trades	3.6	3.4	4.0	3.3
46: Wholesale	5.2	3.8	3.4	4.7
47: Retail	10.6	8.9	8.3	6.6
49-53: Transport & Storage	7.7	5.1	6.8	5.3
55-56: Accommodation & food	6.1	7.1	6.8	5.0
58-63: Information & communication	6.0	6.7	7.2	5.6
64-66: Finance & insurance	9.2	5.7	2.4	3.2
68: Property	5.0	4.7	3.4	3.8
69-75: Prof., scientific & technical	10.7	15.3	16.5	15.3
77-82: Business adm. & support	8.2	8.2	7.9	8.8
84: Public administration & defence	0.0	0.1	0.2	0.5
85: Education	1.4	2.0	2.0	1.9
86-88: Health	5.3	5.6	5.3	3.5
90-99: Arts, entertainment & other	4.8	6.4	6.5	5.8

Source ONS

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

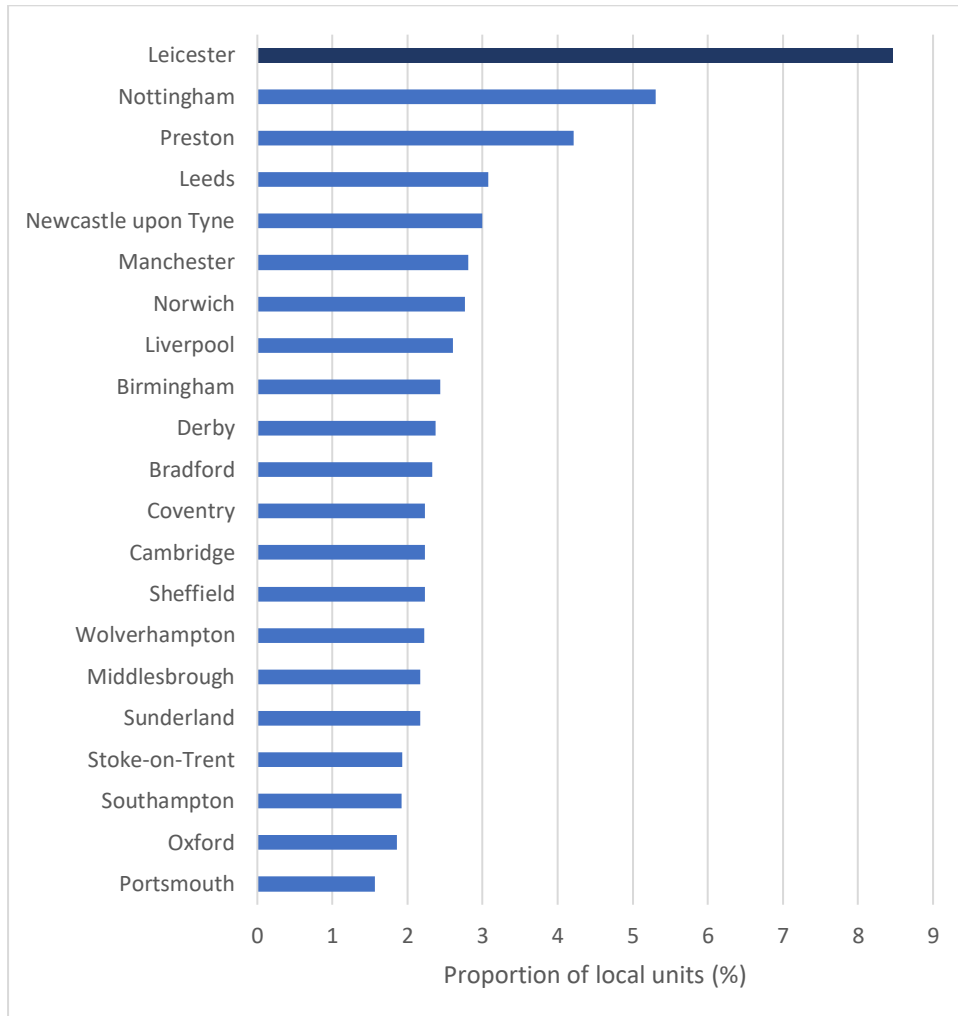
Figure 2: Proportion of VAT and/or PAYE based local units that are in production (05-39).



Source: Own calculation based on ONS data

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Figure 3: Proportion of VAT and/or PAYE based local units that are in finance and insurance (64-66).



Source: Own calculation based on ONS data

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Key finding: The textile industry makes up around a half of the production sector. To illustrate, Table 8 breaks down the production sector by more detailed industry classification and employee size, picking out the 9 biggest sectors by number of enterprises. The industry is characterised by a large number of micro and small enterprises that would not be subject to the WPL. There are though some medium enterprises that may be directly impacted. Table 9 gives a similar breakdown for the finance and insurance sector. (SIC66 contains activities such as investment and mortgage advice.) You can see that this sector is

also dominated by micro and small businesses that are unlikely to be directly impacted by the WPL.

Table 8: Breakdown of the production sector in Leicester. Number of enterprises by industry classification and number of employees.

Industry Classification	Total	0-4	5-9	10-19	20-49	50+
14: Manufacture of wearing apparel	455	170	95	90	80	20
13: Manufacture of textiles	185	70	45	40	30	5
25: Manufacture of fabricated metal products, except machinery and equipment	140	75	25	15	15	5
18: Printing and reproduction of recorded media	95	60	15	10	10	5
10: Manufacture of food products	75	30	15	10	10	5
32: Other manufacturing	50	35	10	5	0	0
33: Repair and installation of machinery and equipment	45	40	0	5	0	0
22: Manufacture of rubber and plastic products	40	15	5	5	5	5
31: Manufacture of furniture	40	25	10	0	5	5
05-39 Total production	1,335	640	250	190	170	55

Source Own calculations based on UK Business Count data obtained from Nomis on January 20th 2021

Table 9: Breakdown of the finance and insurance sector in Leicester. Number of enterprises by industry classification and number of employees.

Industry	Total	0-4	5-9	10-19	20-49	50+
64: Financial service activities, except insurance and pension funding	75	70	5	0	0	0
65: Insurance, reinsurance and pension funding, except compulsory social security	430	425	0	0	0	0
66: Activities auxiliary to financial services and insurance activities	710	675	10	10	5	10
Total	1,215	1,170	15	10	5	10

Source Own calculations based on UK Business Count data obtained from Nomis on January 20th 2021

In evaluating the direct impact of incurring the WPL it is particularly important to consider medium and large businesses. In Table 11 we pick out the top industry classifications in Leicester in terms of the number of enterprises with 20 or more employees which are likely to be charged the WPL. The textile industry again shows up very clearly in Leicester. Given that the counts of large enterprises at industrial classification level are only approximate in Table 11 we provide details of the number of medium and large organisations by broad industry group. The presence of manufacturing again shows up clearly in Leicester.

Key finding: The sectoral make up of Leicester, at both the micro and large organisation level, is different to that of Nottingham with Leicester having a bigger manufacturing and production sector.

Table 10: Number of enterprises by industry classification with 20 or more employees.

	Leicester	Nottingham	Derby
14: Manufacture of wearing apparel	100	0	0
56: Food and beverage service activities	60	70	30
46: Wholesale trade, except of motor vehicles	50	35	25
47: Retail trade, except of motor vehicles	40	35	25
13: Manufacture of textiles	35	0	0
85: Education	35	35	30
87: Residential care activities	35	25	20
88: Social work activities without accommodation	35	35	25
78: Employment activities	30	30	15
25: Manufacture of fabricated metal products	20	15	10
43: Specialised construction activities	20	15	10
86: Human health activities	20	35	35
10: Manufacture of food products	15	0	5
18: Printing and reproduction of recorded media	15	10	5
62: Computer programming, consultancy	15	35	15
66: Activities auxiliary to financial & insurance	15	10	0
69: Legal and accounting activities	15	30	20
82: Office adm., support and other business support	15	10	0
94: Activities of membership organisations	15	10	10

Source Own calculations based on UK Business Count data obtained from Nomis on January 20th 2021

Table 11: Number of medium and large organisations by broad industrial group.

	Leicester	Nottingham	Derby
Agriculture, forestry & fishing (A)	0	0	0
Mining, quarrying & utilities (B, D and E)	0	5	0
Manufacturing (C)	65	30	30
Construction (F)	5	10	5
Motor trades (Part G)	5	0	0
Wholesale (Part G)	15	15	5
Retail (Part G)	20	15	5
Transport & storage (inc. postal) (H)	5	5	0
Accommodation & food services (I)	15	20	20
Information & communication (J)	5	15	5
Financial & insurance (K)	10	10	0
Property (L)	0	5	5
Professional, scientific & technical (M)	15	30	20
Business administration & support services (N)	25	40	25
Public administration & defence (O)	0	5	0
Education (P)	20	25	25
Health (Q)	30	35	30
Arts, entertainment, recreation & other services (R, S, T and U)	15	20	10
Total	265	285	200

Source Own calculations based on UK Business Count data obtained from Nomis on January 20th 2021

Wages and employment

In Table 12 we detail employment by industrial classification in Leicester and Nottingham. Note that these numbers are total employment including the public sector. Employment provides a natural proxy for the number of workplace parking spaces and so is a key variable in predicting revenue raised. You can see that total employment in Leicester (171,000) is below that in Nottingham (197,000) although comparable in size.

Key finding: The importance of production to Leicester is again apparent in the numbers with twice as many employed in the sector compared to Nottingham. Just under half of the production employment in Leicester is in the textile sector. We can see that Leicester has less employment than Nottingham in retail, information and communication, and professional, scientific and technical.

Table 12: Employment within Leicester and Nottingham in 2019 by industrial classification.

	Leicester		Nottingham	
	Count	Part-time (%)	Count	Part-time (%)
01-03: Agriculture, forestry & fishing	50	20	20	25
05-39: Production	26,595	18	13,455	10
41-43: Construction	4,300	12	5,200	14
45: Motor trades	2,500	14	2,500	9
46: Wholesale	8,000	16	8,000	13
47: Retail	14,000	57	23,000	61
49-53: Transport & Storage	4,655	24	6,750	24
55-56: Accommodation & food	8,700	63	12,000	60
58-63: Information & communication	4,525	13	9,750	11
64-66: Finance & insurance	4,875	23	5,000	16
68: Property	2,000	30	4,000	25
69-75: Prof., scientific & technical	8,775	30	14,400	28
77-82: Business adm. & support	14,650	34	19,200	43
84: Public administration & defence	9,000	28	12,000	21
85: Education	23,000	48	24,000	38
86-88: Health	28,500	35	30,500	41
90-99: Arts, entertainment & other	7,200	51	7,750	49
Total	171,000	35	197,000	35

Source: Own calculations based on Business Register and Employment Survey 2019 accessed on Nomis

In Tables 13 and 14 we detail median gross weekly pay in Leicester and for comparison Nottingham, Derby and Leicestershire. Table 13 covers place of work (i.e. employed in Leicester) and Table 14 place of residence (i.e. live in Leicester).

Key finding: Wages in Leicester are below the UK average. This can be partly accounted for by the large manufacturing and textile sector. To put some context on this in Figure 4 we plot average weekly wage (across the UK) in different sectors. You can see that the textile industry sits towards the bottom of the table. The flip side of the relatively low wages is that unemployment is relatively low in Leicester (4.1% in March 2020) compared to Nottingham (6.6%).

Table 13: Median gross week pay (£) by place of work in March 2020.

	Leicester	Nottingham	Derby	Leicestershire
Male Full Time Workers	569	582	851	577
Male Part Time Workers	178	224	234	181
Female Full Time Workers	504	518	627	479
Female Part Time Workers	196	276	200	202
Male	524	527	807	549
Female	369	422	454	353
Total	439	476	647	452

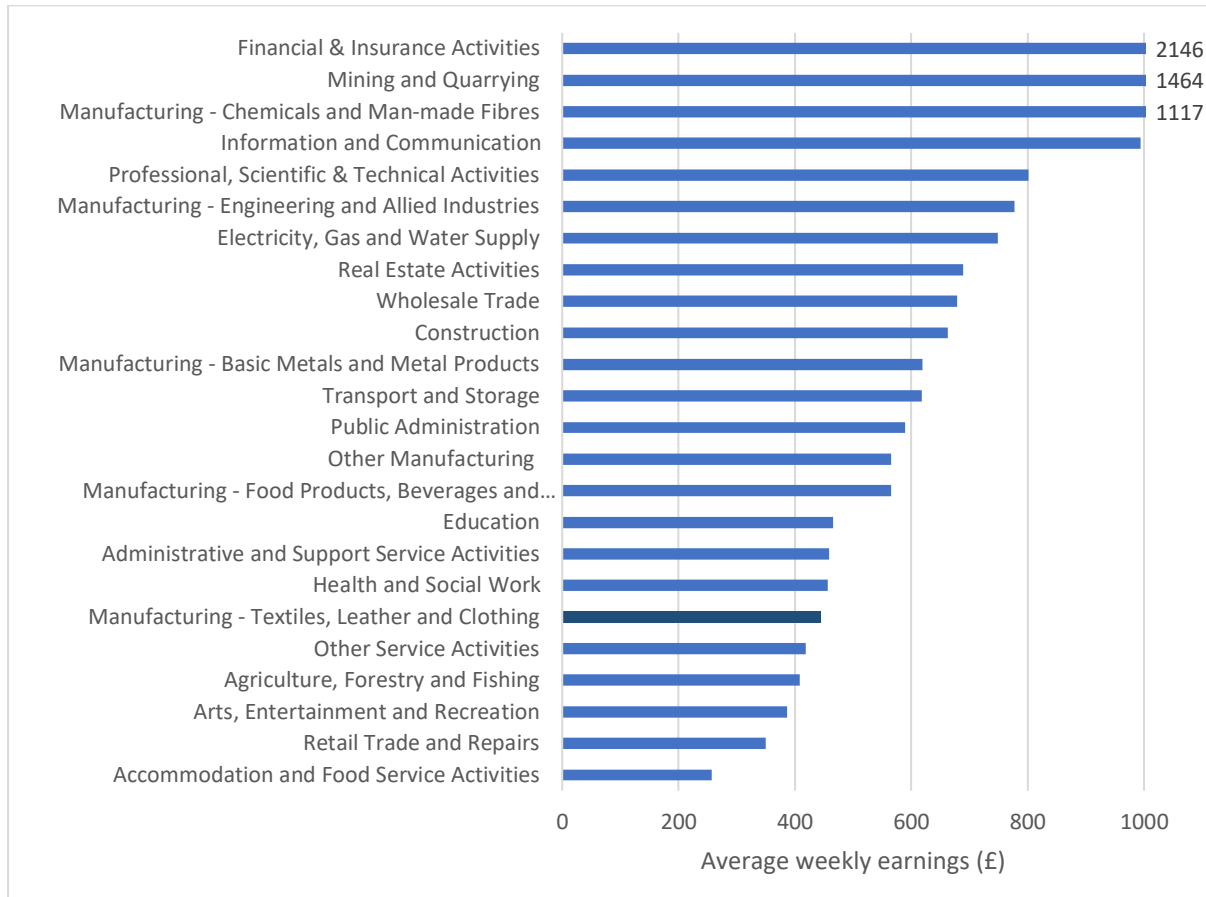
Source: Earning and hours worked by place of work (ASHE) for 2020 obtained from Nomis.

Table 14: Median gross week pay (£) by place of residence in March 2020.

	Leicester	Nottingham	Derby	Leicestershire
Male Full Time Workers	504	531	624	624
Male Part Time Workers	170	189	-	188
Female Full Time Workers	434	482	545	518
Female Part Time Workers	196	196	190	215
Male	447	469	575	582
Female	335	379	387	380
Total	381	414	482	484

Source: Earning and hours worked by place of work (ASHE) for 2020 obtained from Nomis

Figure 4: Average weekly wages by industry sector (across the UK).



Source: ONS EARN03: Average weekly earnings by industry

Poverty and deprivation

Low wages are one factor that contributes to economic poverty. To put some context to this we can look at the 2019 English Indices of Deprivation which measures deprivation across 39 different domains in every Lower-layer Super Output Area (LSOA) in England. The Index measures relative deprivation allowing us to rank different areas. In Table 15 we detail the relative rank of Leicester compared to the other local authority districts in Leicestershire and also to Nottingham and Derby. Note there are 317 local authority districts in total. On the aggregate index (IMD) Leicester is ranked as the 32nd most deprived local authority area in the UK indicating high levels of deprivation. Cities and large towns in the Midlands and North dominate the top of the deprivation index and Leicester sits within that company, as does Nottingham.

Particularly relevant for us in evaluating the WPL is to look at different factors within the overall rank. The income domain measures the proportion of the population experiencing deprivation due to low income. Income affecting children looks at the proportion of children aged 0 to 15 living in income deprived families. Employment measures the proportion of the population involuntarily unemployed. Finally, living environment measures the quality of indoor and outdoor environment including housing, air quality and traffic. We see that Leicester, like Nottingham, has a particularly low rank in terms of income deprivation and income deprivation affecting children.

Table 15: Ranking of Leicester and selected local authority areas in the English indices of deprivation 2019.

	IMD	Income	Employment	Income affecting children	Living environment
Leicester	32	18	67	26	108
Nottingham	11	17	44	6	49
Derby	67	59	73	59	129
Blaby	282	268	263	272	275
Charnwood	236	222	232	208	201
Harborough	309	305	303	304	285
Oadby & Wigston	242	216	214	212	298

Summary

We have seen in this section that the economy of Leicester has a number of unique characteristics that should be considered when assessing the impact of the WPL. In particular:

- Leicester has a relatively large production sector, including medium and large businesses that would be liable for the WPL. Around a half of the production sector in Leicester is the textile industry. The implications of the WPL for the production sector need, therefore, to be considered. This includes, recognizing that the production sector is less likely to be based in the city centre and so consideration should be given to alternative transport provisions.
- Leicester has a relatively large number of micro and small firms that would not incur the WPL but will stand to benefit from improved transport infrastructure, particularly where these are developed across the whole of the city.
- Leicester is a relatively lower wage economy and so the effects of the WPL on wages need to be carefully considered.
- In terms of the number of large and medium businesses, and employment in those medium and large businesses, Leicester is very similar to Nottingham. The revenue raised from a WPL in Leicester would, thus, be comparable to that in Nottingham if the WPL charge in Leicester was set similar to the in Nottingham.

4 Desktop Economic Study

In this section we report the results of a desktop study to estimate the potential financial impact of the Workplace Parking Levy for individual Leicester businesses. To measure the potential impact, we studied a sample of organisations in the City that would likely be liable for the WPL. These organisations were identified using the Leicestershire Top 200 and East Midlands Top 500 reports together with a selection of other organisations that fall out of the scope of those reports (e.g. education sector). We sampled 66 organisations that vary in terms of sector, local geography within Leicester, and the number of employees. We believe that in studying the potential impact on these businesses we gain a broad understanding of how the WPL will impact businesses in the City.

A key variable of interest is the number of parking spaces that will be liable under the WPL. In the absence of an off-street parking audit (OSPA), together with uncertainty over the potential impact of increased home working, we necessarily must rely on informed estimates and projections of likely car use. In order to model the potential downsides to businesses of the WPL we took a cautious approach in which we explore a range of different measures with a focus on estimating the maximum potential impact on businesses.

We compare four methods of modelling parking spaces:

Method A: For 50 businesses in the sample we were able to obtain, what we believe is, a reasonably accurate estimate of the current number of staff parking spaces. These estimates were obtained from a combination of sources: (i) data provided by Leicester City Council, (ii) data provided by the businesses (either from their website or interviews), and (iii) calculations using Google Maps. In the case where we had multiple sources of information there was good consistency across the data. While this method provides a reasonably accurate estimate of the number of spaces it is expected that not all of these spaces would be liable for the WPL. We obtain, therefore, a relatively cautious upper bound on impact to the business.

As a robustness check and to capture the full 66 organisations in our sample we consider an alternative approach (to Method A) of assuming that a fixed proportion of employees will

drive to and park at the workplace. This gives three alternative methods of estimating the number of parking spaces:

Method B: We assume that 20% of employees will park at the workplace.

Method C: We assume that 40% of employees will park at the workplace.

Method D: We assume that 60% of employees will park at the workplace.

In justifying these methods, we first draw on data from the 2011 Census. As we summarise in Table 16, the 2011 Census indicated that on average 56% of employees in Leicester drive to work. In the largest sectors (by employment) the proportions are 61% for health, 60% for manufacturing, 57% for education and 45% for retail. Clearly, not everyone driving to work will park at the workplace. Indeed, large numbers of Leicester car commuters use public car parks or street parking. It seems reasonable to assume, however, that employees will park at their workplace if there is sufficient car parking for them to do so. For some organisations in our sample we believe, given the estimated size of car park in Method A, that this is likely to be the case. Such organisations may, therefore, see car use near the 60% level justifying Method D.

Other organisations clearly do not have sufficient car parking space for anything like 60% of their employees to use. This leads to the use of public car parks and off-street car parking. By comparison, in Nottingham (pre-COVID) there were an estimated 197,000 jobs and 42,000 Workplace Parking Places. This equates to 21% of workers parking at the workplace. The 20% figure used in Method B will, therefore, likely capture an appropriate upper bound for many organisations in Leicester. Method C provides a middle ground between Methods B and D. In interpretation, we reiterate that Method A is our preferred method and directly encapsulates the expectation that some organisations will see car use closer to 60% and some closer to 20%. Methods B, C and D provide a robustness check that our results are not overly sensitive to our sample or our estimates of car park space.

Table 16: Method of travel to work by industry (%) in Leicester 2011. Count indicates number of employees in each sector.

Industry sector	Car, van	Home working	Train, bus, care share	Bicycle, foot	Count
C Manufacturing	60	5	16	18	22,547
D Electricity, gas, steam	65	9	14	10	1,392
E Water supply, sewerage, waste management	68	4	13	13	775
F Construction	68	10	14	6	8,827
45,46,48 Wholesale trade; motor vehicles	70	6	12	10	8,937
47, Retail trade	45	5	30	20	18,238
H Transport and storage	61	8	14	10	5,894
56, Food and beverage service activities	33	7	26	33	7,213
J Information and communication	49	18	19	13	3,266
K Financial and insurance activities	55	5	28	12	5,153
L Real estate activities	64	7	18	10	2,026
M Professional, scientific, technical	57	11	19	12	7,096
N Administrative and support service activities	46	7	30	16	7,811
O Public administration and defence	54	2	28	14	9,239
P Education	57	4	16	23	20,282
Q Human health and social work activities	61	3	21	14	27,456
R Arts, entertainment and recreation	46	7	25	21	3,170
S Other Service Activities	44	12	22	20	3,491
Average:	56	6	21	17	162,813

Source: Own calculations based on ONS data

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/methodsoftraveltowork>

For each of the businesses we obtained, where available, data on turnover, number of employees, profit and average salary. In order to avoid ‘noise in the data’ as a result of the coronavirus pandemic we used data from 2019. Clearly this approach has limitations in that some businesses and sectors will be negatively or positively affected by the pandemic in a lasting way. We discuss the potential implications of the pandemic elsewhere in the report.

Impact of WPL and turnover

Key Finding: Our analysis suggests that the size of levy, if each place is £500, would be a relatively small proportion of turnover for most of those organisations in the survey. Table 16 summarizes the aggregate findings for Methods A-D. You can see that with all methods the WPL would be less than 0.5% of turnover for more than 90% of businesses and less than 0.1% of turnover for more than 40% of businesses. The results are relatively consistent across the four methods. While Method D picks up a higher potential impact, as one would expect given the likely over-estimation of liable spaces, the predicted cost of the WPL is still a relatively small proportion of turnover for most organisations.

Table 16: Estimated impact of WPL as a proportion (%) of turnover.

	Method A		Method B		Method C		Method D	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Greater than 1%	0	0	1	2	1	2	2	3
0.5 to 0.99%	1	2	0	0	2	3	2	3
0.1 to 0.49%	16	32	13	20	27	41	34	51
0.05 to 0.099%	5	10	16	24	20	30	19	29
0.01 to 0.049%	21	42	30	45	12	18	6	9
Less than 0.01%	7	14	6	9	4	6	3	5
Total	50	100	66	100	66	100	66	100

Source: Own calculations

In Tables 17 we break down the results by sector for Method A. We see some tentative evidence that the impact of the WPL may be higher in the production section. Or put differently, there may be a sizable number of businesses in the production sector in Leicester for whom the WPL would be up above 0.1% of turnover. To give some context on this, the 6 businesses identified in Table 17 in the production sector for whom the upper

bound impact on turnover would be above 0.1% of turnover, all have well over 100 employees. They will, therefore, inevitably be impacted by the WPL.

Table 17: Estimated impact of WPL as a proportion of turnover by sector, using Method A
Count of businesses.

Sector	Less than 0.01	0.01 to 0.049	0.05 to 0.099	0.1 to 0.49	0.5 to 0.99	Total
05-39: Production	2	6	1	6	0	15
41-43: Construction	0	2	0	0	0	2
45: Motor trades	1	3	2	0	0	6
46: Wholesale	0	3	0	0	0	3
47: Retail	1	1	1	2	0	5
55-56: Accommodation & food	0	1	0	0	0	1
64-66: Finance & insurance	0	1	0	1	0	2
68: Property	0	1	0	0	0	1
69-75: Prof., scientific & technical	0	1	0	0	0	1
77-82: Business adm. & support	2	1	0	4	0	7
85: Education	0	0	0	2	1	3
86-88: Health	0	1	0	0	0	1
90-99: Arts, entertainment	1	0	1	1	0	3
	7	21	4	17	1	50

Source: Own calculation

On a related theme, in Table 18 we break down the estimates of impact by City Centre (LE1 postcode) versus periphery. There is some tentative evidence that businesses in the periphery will be more effected by the WPL than those in the centre. These two findings are related given that the production sector (and particularly the medium and large firms in the production sector) are predominately located in the periphery and firms in the periphery naturally have more car parking. Specifically, 67% of production businesses in our sample are located in the periphery compared to 56% of other businesses in the sample. As one would expect Method B (compared to Method A) appears to underestimate the impact on

businesses in the periphery by under-estimating liable spaces while Method D appears to over-estimate the impact on businesses in the city.

Table 18: Estimated WPL as a proportion of turnover for business in the city centre and periphery. Proportion (%) of businesses.

	Method A		Method B		Method C		Method D	
	Centre	Peri.	Centre	Peri.	Centre	Peri.	Centre	Peri.
Greater than 1%	0	0	4	0	4	0	7	0
0.5 to 0.99%	0	3	0	0	4	3	4	3
0.1 to 0.49%	25	37	30	13	44	38	44	56
0.05 to 0.099%	10	10	19	28	22	36	26	31
0.01 to 0.049%	40	43	41	49	19	18	15	5
Less than 0.01%	25	7	7	10	7	5	4	5
Count	20	30	27	39	27	39	27	39

Key Finding: There is some evidence that the production sector and businesses in the periphery of Leicester may be more impacted by the WPL. This is not unexpected given that employees in these businesses could be reliant on car use given the more limited public transport options in the periphery. The impact of the WPL on the production sector should, therefore, be considered carefully given the importance of the sector to the Leicester economy. The potential for improving public transport links across the city region and not just to and from the city centre should be explored.

Impact of WPL and costs

The analysis, presented above, with respect to turnover carries over to costs with similar conclusions. To illustrate, in Table 19 we detail the estimated impact of the WPL as a proportion of operating costs. These numbers can be compared with those in Table 16. You can see that the estimated impact of the WPL is predicted to be less than 0.5% of costs for almost all businesses in the sample and less than 0.1% for most businesses.

Table 19: Estimated impact of WPL as a proportion (%) of operating costs.

	Method A		Method B		Method C		Method D	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Greater than 1%	0	0	1	2	1	2	3	5
0.5 to 0.99%	1	2	0	0	2	3	1	2
0.1 to 0.49%	16	32	13	20	28	42	36	55
0.05 to 0.099%	6	12	17	26	20	30	16	24
0.01 to 0.049%	21	42	28	42	10	15	6	9
Less than 0.01%	6	12	6	9	4	6	3	5
Don't know	0	0	1	2	1	2	1	2
Total	50	100	66	100	66	100	66	100

Source: Own calculations

Impact of WPL and profits

In Table 20 we detail the estimated cost of the WPL for each business as a proportion of after tax profits for 2019. Here we see a clear split in the sample. For around 60% of businesses the estimated cost of the WPL would be less than 10% of profits. There are two basic reasons why a business would fit in this category – they have strong profits with a healthy net rate of return and/or have few predicted car parking places. This is not to say that such businesses can easily accommodate the levy because profits are an important return from investment that may fuel further investment and growth etc. Even so, it suggests the levy could be affordable. There are, though, also a sizable number of businesses in our sample that reported a loss in 2019. For these businesses any extra cost incurred could be undesirable. To put some context on this we looked at reported profits in 2018 and 2017. There were 12 businesses in 2018 and 13 in 2017 who made a loss, and so 2019 appears representative. Of the 14 businesses in our sample who report a loss in 2019, we find that 7 also reported a loss in 2018 and 5 reported losses in 2017, 2018 and 2019.

Such losses could reflect a strategic plan to grow the business against reserves and so need not signal financial difficulty. They should, though be considered as a potential risk factor.

Table 20: Estimated cost of WPL as a proportion of after tax profits.

	Method A		Method B		Method C		Method D	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
0-1% profit	19	38.0	25	37.9	15	22.7	12	18.2
1-10% profit	14	28.0	19	28.8	24	36.4	25	37.9
10-25% profit	1	2.0	2	3.0	5	7.6	8	12.1
25-50% profit	2	4.0	2	3.0	2	3.0	1	1.5
50-100% profit	0	0.0	1	1.5	2	3.0	2	3.0
100-200% profit	1	2.0	1	1.5	1	1.5	1	1.5
200% + profit	0	0.0	0	0.0	1	1.5	1	1.5
No profit	13	26.0	14	21.2	14	21.2	14	21.2
Don't know	0	0.0	2	3.0	2	3.0	2	3.0
Total	50	100	66	100	66	100	66	100

Source: Own calculations

Generally speaking, the production sector has a lower rate of net return than the service sector. For instance, in late 2019 the UK average net return in manufacturing was 9.4% and that in services 14.9%.⁶ This suggests the manufacturing sector operates on lower margins and may be less able to accommodate the WPL, or may have more incentive to pass on the charge. In Table 21 we breakdown our sample into the production sector and those in the periphery of the city.⁷ There is no telling evidence that businesses in these categories are any more likely to be making zero profit. This goes somewhat to counter the evidence that the levy may be a larger proportion of turnover for such businesses. Even so, there are a non-negligible number of businesses in the production sector and periphery of Leicester

⁶ See

<https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/bulletins/profitabilityofukcompanies/octobertodecember2019>

⁷ Given that Methods B, C and D do not detect differences in terms of businesses make zero profit we only present the results for Method C.

that are not making a profit and may consequently find it more difficult to finance the WPL, and whose employees may have limited alternatives to using a car. The capability of such firms to afford the WPL is unclear. This leads to the question, we now consider, of whether such businesses can pass on the levy to employees and customers.

Table 21: Estimated cost of WPL as a proportion of after tax profits for the production sector and businesses in the periphery.

Estimate	Production vs other sectors		Periphery vs core	
	Method A	Method C	Method A	Method C
0-1% profit	9 vs 10	6 vs 9	13 vs 6	10 vs 5
1-10% profit	2 vs 12	8 vs 16	8 vs 6	16 vs 8
10-25% profit	0 vs 1	0 vs 5	1 vs 0	2 vs 3
25-50% profit	0 vs 2	0 vs 2	0 vs 2	0 vs 2
50-100% profit	0 vs 0	0 vs 2	0 vs 0	1 vs 1
100-200% profit	0 vs 1	0 vs 1	1 vs 0	1 vs 0
200% + profit	0 vs 0	0 vs 1	0 vs 0	0 vs 1
Zero profit	4 vs 9	4 vs 10	7 vs 6	9 vs 5
Don't know	0 vs 0	0 vs 2	0 vs 0	0 vs 2

Source: Own calculations

The pass through of the WPL onto employees and customers

Not all employees drive to work (as Table 16 demonstrates). An equity argument can, thus, be made that those employees who drive to work should share some burden of the cost of the WPL. Indeed, if an objective of the WPL is to change behaviour and reduce car use then passing the cost on to employees is one way to bring that about. Some organisations in the city, e.g. De Montfort University and the University of Leicester, already have schemes in place to charge employees for car park use. Such schemes provide a model of how the cost of the WPL could be shared with employees. A high pass through to employees does, though, raise several issues which we now discuss.

First it is unclear whether a pass through to employees will bring about the desired behaviour change of reduced car use. Demand for car commuting is price inelastic, meaning

that a change in 'price' (i.e. WPL pass on) is likely to have little impact on car use.⁸

Moreover, the more businesses do to dampen the impact of any charge, e.g. deducting from monthly salary, the less focal it becomes to the employee and the smaller is likely to be the behaviour change. This is particularly likely if the WPL is passed on as a fixed cost with zero marginal cost from driving to work on any one day. Key, therefore, is the extent to which the revenue raised from the WPL can improve public transport options.

A second, related, consideration is alternatives to car use. If public transport costs more than the combined cost of the WPL and other costs of commuting by car then an employee would have less incentive to switch from car use even if the levy was fully passed on.

Consideration should, thus, be given to how workers can be offered alternative lower-cost forms of transport. While the focus naturally falls on public transport, there are options for medium to large businesses to offer their own transport solutions for employees, such as shuttle buses, subsidised park and ride, or initiatives to encourage walking and cycling (including electric bikes). Such initiatives are more likely to be run if the business will incur the larger share of the WPL and, thus, can see a tangible benefit from reducing car use and liable spaces.

A third, crucial, consideration is that Leicester is a relatively low wage economy and any extra financial burden on low paid workers may be socially and economically undesirable. In Table 22 we detail the mean annual salary of employees in our sample by industrial sector. We highlight that salary data is inevitably complex to analyse given the wide disparities that can exist within organisations. For instance, Leicester is home to sports teams that pay a high salary to some of their employees (and hence the high values in the arts and entertainment sector). This can distort upwards the average salary in the organisation, as can the pay of senior executives. Some sectors are also characterized by part-time employment which distorts down the average salary (e.g. retail). We can, though, see in Table 22 some notable differences across sectors. These are consistent with nationally observed sector differences (see Figure 4). We also highlight differences within sector. This is particularly apparent in the production section (again see Figure 4) where skilled

⁸ See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/395119/road-traffic-demand-elasticities.pdf

employment can earn relatively high wages compared to low skilled labour. In our sample the lowest average salary in the production sector is in a textile business.

Table 22: Mean salary of employees in businesses sampled by sector. We provide two averages – average per business and average per employee in sector. We omit sectors with less than 2 businesses in the sample. Numbers rounded to nearest £500 to reduce identifiability of businesses in the sample.

Sector	Count	Average per business	Average per employee	Lowest average
05-39: Production	18	£35,000	£34,500	£19,500
41-43: Construction	3	£45,000	£38,000	£37,500
45: Motor trades	6	£28,000	£28,000	£26,000
46: Wholesale	4	£33,000	£29,500	£23,000
47: Retail	8	£20,000	£16,500	£10,500
64-66: Finance & insurance	6	£42,000	£40,500	£32,500
69-75: Prof., scientific & technical	2	£29,500	£39,000	£19,500
77-82: Business adm. & support	9	£29,500	£21,000	£17,500
85: Education	2	£40,500	£40,500	£40,000
90-99: Arts, entertainment	3	£156,000	£185,000	£17,500

If a £500 levy was fully passed on to an employee earning £20,000 a year this would be equivalent to a 2.5% reduction. That is clearly undesirable for the individual. It may also have knock on effects for the employer in terms of recruitment and retaining staff. It is to be expected that lower wage workers are less likely to drive to work, dampening the effect on lower wage work. In Table 23 we detail travel to work by residents of Leicester based on National Statistics Socio-Economic Classification in the 2011 Census. While the rate of car use is highest for the 'top grade' of senior managers (68%) the rate of car use is still high (45%) for those in 'lower grades'. This, again, brings to the fore the need to provide viable alternatives to car use.

We highlight that business can use a progressive menu of parking charges in which those on higher salaries pay a high charge, thus passing on the WPL in a more equitable way that is

less disadvantageous to low paid employees. This is, for instance, the case at both the Universities. Advice could be given to affected employers on how to do this. The downside of a progressive charging system is that it will be unlikely to lead to behaviour change. In short, high paid employees are likely to incur the charge and still drive to work, as captured by the inelastic nature of demand for commuting. Congestion charges (such as that in central London) have proved effective but offer very different incentives to that of a WPL because they are a per-use charge for commuting rather than a fixed fee for parking at the workplace.⁹

There are various factors that will influence the ease with which businesses can pass on the WPL to employees, such as staff loyalty. From a city-wide perspective, key will be the state of the labour market. If there is excess demand for labour in Leicestershire then employees may be able to switch to jobs (outside of Leicester) where the £500 levy is not incurred. Market forces would, thus, limit the extent to which a business can pass on the WPL to employees. Conversely, if there is excess supply of labour then businesses might be able to pass on the levy to employees because there are limited alternative employment opportunities.

The extent to which the levy can be passed on to customers is unclear. In the production sector, particularly the highly competitive textile industry, there are likely to be limited possibilities to pass on the levy to customers given the price sensitive nature of the market. Similarly, in the education and health sectors there are limited means to pass on the levy to 'customers' given the nature of the product. For many of the businesses that would be impacted by the WPL the cost of the levy will, therefore, have to borne by the business and/or employees.

⁹ For economic analysis of the London congestion charge see Leape, J. (2006). The London congestion charge. *Journal of Economic Perspectives*, 20(4), 157-176 and Green, C. P., Heywood, J. S., & Navarro, M. (2016). Traffic accidents and the London congestion charge. *Journal of Public Economics*, 133, 11-22.

Table 23: Method of travel to work by National Statistics Socio-Economic Classification (%) by residents of Leicester 2011. Count indicates number of employees in each classification.

Industry sector	Car, van	Home working	Train, bus, car share	Bicycle, foot	Count
1. Higher managerial, administrative and professional occupations	59	8	14	18	13,067
1.1 Large employers and higher managerial and administrative occupations	68	8	12	11	2,179
1.2 Higher professional occupations	58	8	14	19	10,888
2. Lower managerial, administrative and professional occupations	58	7	18	16	25,852
3. Intermediate occupations	49	4	26	20	19,413
4. Small employers and own account workers	51	31	8	7	11,324
5. Lower supervisory and technical occupations	56	4	20	19	10,318
6. Semi-routine occupations	45	3	29	21	25,799
7. Routine occupations	45	3	27	23	22,853
Total:	49	7	22	20	137,987

Source: Own calculations based on ONS data

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/methodoftraveltowork>

Key finding: There is the potential for significant negative consequences of the WPL for certain businesses in the lower wage and lower skill sectors. Tight margins, a competitive market and an excess supply of labour create a setting in which either the WPL is passed on to relatively lower wage employees or car use is displaced in a way that the business can lower the WPL charge (but car use still occurs). Neither of these outcomes is desirable. This scenario is only likely to hold for a fraction of businesses in Leicester. Indeed, as we have seen the WPL will be a relatively small proportion of turnover and profits for most businesses. Careful consideration should, however, be given to the impact on lower wage earners and how these effects can be mitigated.

Impact of a higher WPL levy

The analysis in this section is based on a levy of £500. We briefly consider the impact of a levy of £1000. In Table 24 we provide the estimated impact of the WPL as a proportion of turnover at this higher levy. While it is still the case that the estimated cost of the WPL would be less than 0.1% for many businesses (using our preferred Method A) the impact of the WPL is clearly higher at this level of WPL. For instance, with Methods C and D we estimate a large proportion of businesses would see a significant impact and with all methods we see businesses for whom the impact would be more than 1% of turnover. A levy at this level would, therefore, risk a more significant negative impact on a number of businesses within the city.

Table 24: Estimated impact of WPL as a proportion (%) of turnover if levy is £1000.

	Method A		Method B		Method C		Method D	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Greater than 1%	1	2	1	2	3	5	4	6
0.5 to 0.99%	2	4	2	3	3	5	14	21
0.1 to 0.49%	19	38	27	41	44	67	39	59
0.05 to 0.099%	10	20	20	30	10	15	2	3
0.01 to 0.049%	14	28	12	18	4	6	5	8
Less than 0.01%	4	8	4	6	2	3	2	3
Total	50	100	66	100	66	100	66	100

Source: Own calculations

Measuring the benefits of the WPL

The direct impact of the WPL on effected businesses is factually negative because an extra cost must be borne. It is vital to question, therefore, whether the indirect benefits that will result from the WPL would outweigh this negative impact. That depends critically on the benefits that would flow from spending on transport infrastructure. The remainder of the report will consider this issue in detail. Here we note some broad principles.

We can distinguish two broad ways in which spending could positively impact the Leicester economy. First, as we have seen, the Leicester economy is characterised by relatively low wages. The Leicester economy could, therefore, benefit from inward investment that helps support 'high quality jobs' in the city. The longer run positive effects of this investment for Leicester could outweigh the negative consequences of any short-term displacement to businesses or jobs because of the direct impact of the WPL. Improved transport infrastructure can help attract such investment. Transport infrastructure would, however, be only one part of the picture and would need to be supported by a much wider economic strategy that attracts businesses to Leicester.

A second way in which spending on transport could positively impact on Leicester is to reduce congestion, commuting times and pollution. Given that Leicester has a large number of micro businesses that would not be impacted by the WPL, and also relatively high levels of employment, there is scope for large gains. Consideration, however, should be given to the needs of these micro businesses and also workers in Leicester. That calls for an approach based on assessing where people live, where they work (or could work), where supply chains flow, and how to 'join up the dots'. This would likely mean improved infrastructure across the city and not just on radial routes. Indeed, businesses on the periphery of Leicester potentially have most to lose and least to gain from the WPL if the spending is focussed on radial routes or the City Centre.

Summary

The desktop impact study has modelled the impact of the WPL on a sample of organisations likely to be liable in Leicester. We took a cautious approach which almost surely over-

estimates the number of liable spaces. Our approach is based on pre-Covid economic data. Our key results can be summarised.

- The estimated cost of the WPL for over 90% of the businesses we sampled would be less than 0.5% of annual turnover. For around half of businesses the cost would be less than 0.1% of annual turnover.
- There is some evidence that the impact of the WPL, relative to turnover, may be higher for businesses in the production sector and on the periphery of Leicester. This is consistent with workers at such businesses having fewer alternatives to commuting by car.
- For around a half of the organisations in our sample the estimated cost of the WPL would be less than 10% of 2019 profits. While profit rates are typically lower in the production sector we find no evidence that the impact of the WPL, relative to profit, would have a disproportional effect on the production sector.
- In a lower wage economy like Leicester it could be a concern that the cost of the WPL may be passed on to workers. We believe that this is a particular concern in highly competitive, low skilled sectors such as textiles. Careful consideration should be given as to how the effects of the WPL will impact on workers and wages.
- If a WPL is to reduce car use then it is essential that workers at affected businesses, many of them not in the City Centre, have alternative forms of transport. Otherwise, there is a risk that businesses operating on low margins will reduce liable places to the disadvantage of workers who have no alternative but to commute by car. This could displace parking or disadvantage workers not on public transport routes.
- There is a potential for the improved transport infrastructure, as set out in the Leicester Transport Plan, by supporting existing micro and small businesses and attracting inward investment, potentially supporting higher paid jobs. This will be most effective if integrated with other measures as part of an overall economic strategy.

5 The Nature of Transport-Related Issues in Leicester

This section of the Report details the findings from the semi-structured interviews with respect to the nature of transport related issues within the city of Leicester. This includes subsections relating to the provision and cost of public transport in the city as well as issues concerning traffic congestion and local air quality.

The provision and cost of public transport in Leicester

Opinions concerning the provision of public transport within the City were divided. A third of the respondents did not feel sufficiently well informed to comment as they never used public transport and were not familiar with it. In the words of one respondent, *“Me and my staff all drive, we don’t use public transport”* while another commented it was far easier to *“hop in a car and get into town”* than use public transport. Only two people of the 22 who were interviewed used public transport to commute to work in preference to driving as (pre-pandemic), traffic congestion made it *“far too stressful to drive into town and out again at peak times”* while the second stated that *“I would rather stand on a crammed train than drive in”*. All other respondents, while reporting that they did not use public transport themselves, nevertheless felt able to comment on it as a result of having heard anecdotal reports from colleagues and/or as a consequence of having used it in the past and abandoned it in favour of driving.

In terms of existing levels of public transport provision (which included both the spatial extent of public transport networks across the city and the frequency of services), three of the 18 businesses stated that public transport was well used, regular and adequate for their (and their employees’) needs. However, two respondents, speaking on behalf of businesses located on the edge of the city, opined that public transport to more peripheral out of town trading and industrial estates was inadequate, both in terms of the scale of the network and the (non) availability of services. In the words of one respondent, *“public transport goes into the city centre and out again”* and, in their experience, the focus on radial routes resulted in rural and peripheral locations being connected only via two (or more) bus routes which lengthens total journey times and makes public transport an unattractive option for both

commuting and non-work-related journeys. One business commented that the existing network configuration only facilitated journeys directly into and out of the city centre which made cross-city trips by public transport *“not that easy”* as it often required multiple services and *“doubling back on yourself”* to reach your destination. Another expressed regret about the decline of rural bus services in the surrounding County which they directly attributed to cuts in local transport budgets. The general view was that bus services in Leicestershire, and links between the City and the County, were inadequate and people living in the County *“haven’t got access to decent public transport”* to access Leicester.

Where services do exist, businesses expressed frustration at the relative lack (or total lack) of early morning and late evening services, reporting that either buses do not start early enough in the day to permit staff to arrive in time for a 3am shift or do not run late enough into the evening to enable staff to travel home after a late (after 10pm) finish. This view was held by all the businesses who employ shift workers. In the view of one such business, *“Public transport... is not around when you need it”*. Another respondent also raised the utility of public transport and highlighted the issue that while *“everything else in your life is demand responsive... Public transport is somewhat archaic”* in that it runs to a timetable and dictates to users when services will (theoretically) run. As such, it was suggested that supply-led provision does not meet the needs of users who have come to expect things on demand.

Concern was also expressed about staff wellbeing with respect to using public transport, particularly at anti-social hours and peripheral locations. Several businesses recognised that the reduced frequency of off-peak services (one bus every 30 minutes or more) would require staff to *“hang around”* bus stops waiting for a bus. One business, based in the city centre, also commented on the fact that existing public transport timetables did not adequately serve the city’s night time economy as services finished too early in the evening. This, they said, was impacting both on their staff and on the attractiveness of the city centre as an evening and night time destination. Similar comments were also received in respect of reduced weekend and Sunday services. The lack of 24/7 public transport provision was deemed to be effectively *“driving people to drive”* as private vehicles offered the only safe and reliable means of getting to work as, for one respondent, *“the provision [of public transport] is terrible”*. The issue of caring responsibilities and the school run were also

frequently cited as reasons why staff 'had' to drive. In the words of one business leader *"I couldn't organise my day with public transport. If the bus was late... I can't be late to pick my child up. That is just not an option"*.

In terms of the cost of public transport in Leicester, only a small number of respondents believed that current ticket prices were satisfactory and offered value for money and the view that Leicester's public transport *"is quite reasonably priced"* was in the minority. Businesses spoke in general terms about the high perceived cost of public transport. One reported that *"It [the cost] is horrendous. It would cost me a huge amount of money [to commute to work by public transport]"*. Other businesses expressed the view that *"Public transport... is so much more expensive and less convenient than using the car"* and *"Generally, public transport [in Leicester] is expensive"*.

One respondent stated, the *"bus is expensive, even for a short trip"* while others described the *"astronomical"* cost of bus fares within the city limits, something another respondent described as *"eyewatering"*. In terms of rail tickets, one suggested that *"rail travel is quite pricey"* while another opined that *"although they [the trains] are great, they are expensive"*.

Issues of ticketing were also raised with respect to operator acceptance. One business commented on the lack of integrated ticketing both between the different private operators of public transport and between different modes of public transport in the city and suggested that an integrated ticketing system would make public transport easier, more convenient and more attractive to potential users. The fact that Leicester's public transport providers are all private sector operators was identified by one respondent as posing a particular challenge to improving provision as *"there is no public stake in public transport... it is all for profit"* and recognised that private firms will not operate routes that are not commercially viable without public subsidy. Other respondents suggested that enhancing the reliability of services and on time performance would improve both the image of public transport but also the levels of patronage. However, another respondent queried the extent to which further fleet improvements were possible as, in her view, Leicester's buses are already *"relatively luxurious"* thanks to enhanced leg room, USB charging points and free Wi-Fi and speculated that other people's views of buses as cramped and dirty may be based on outdated information. With respect to COVID, two businesses commented that repurposing bus lanes as pop-up COVID cycle lanes was forcing buses to use the main

carriageway and this was not only dangerous for cyclists but also extended journey times for both bus passengers and other road users.

Several interviewees spontaneously compared Leicester's transport infrastructure unfavourably with that of Nottingham's, particularly with respect to Leicester's lack of a tram. This issue will be addressed in more detail in a later section.

Summary Over a third of businesses reported that they and their colleagues never use public transport as it is considered less attractive than driving and there is a commonly-held view that public transport is not reliable and accessible when you need it, or able to adequately meet diverse journey requirements. Public transport provision in Leicester was considered to be city-centre focused with satellite County towns and villages marginalised from the network. Issues were raised both in respect of the perceived high cost of public transport in Leicester and the (in)efficiency and (un)availability of services. Opportunities for improvement to the spatial coverage of the network, to service frequency, and to integrated ticketing exist. With respect to the economic impact of a WPL, if the aim is to bring about a mode shift then the provision and cost of public transport is all important. In this regard then the hypothecated revenue from a WPL could be used to facilitate enhanced services, as set out in the Leicester Transport Plan.

Existing levels of congestion and air pollution in Leicester

With respect to levels of road traffic congestion and associated air pollution in Leicester, respondents were asked to think back to the situation in Leicester before the national and local lockdowns were introduced. Business views on pre-COVID levels of traffic congestion and traffic-related emissions in the city were divided into three groups: businesses who did not consider congestion and emissions to be a problem, those who deemed it to be an issue in peak periods only, and those who viewed it to be a constant problem.

Only two businesses (one located in the city centre and the other on the periphery) stated that there was no problem with traffic congestion or air pollution in the city. Of the remaining 16, 12 said congestion was a problem particularly in the peak periods, one stating it was reasonably congested and three, perhaps surprisingly, had no opinion.

Of those who said traffic congestion was an issue in the peak periods, the common view was that traffic is *“pretty bad in the peak”* while another said that *“rush hour in Leicester is to be avoided at all costs”* and one described a main radial route into the city as being *“gridlocked”* most mornings. Another said that they thought the duration of the morning and evening peaks had extended in the run up to the pandemic and that an additional 15 minutes journey time, to account for delays and slow-moving traffic, should be allowed for travel in rush hour. This view of peak time congestion was expressed by businesses located both in the core and the periphery of the city which indicates that peak time congestion is not solely a city centre phenomenon.

Overall, congestion and pollution were seen to be a constant problem, stating that the city was *“busy”* from a congestion point of view almost all day with one respondent stating that *“I do think traffic in Leicester is a problem. There is a lot of it”*. Main and radial routes, including the A46, A47, A6, M1, A453, Narborough Road and Soar Valley Way were identified as being particular hotspots for traffic and pollution. The inner ring road near Southgates underpass and again at Vaughan Way were also identified as being especially congested and polluted with one respondent expressing concern that stationary queues of vehicles and slow-moving traffic impacted not only on local air quality (with one respondent stating that *“I tend not to wind the window down when I am in heavy traffic”*) but also delayed emergency ambulances travelling to/from Leicester Royal Infirmary.

Whilst the majority of respondents identified traffic congestion as being a problem, far less expressed concerns about the impact of traffic on local air quality. One suggested that as air pollution was *“hidden”* it was difficult for people to comment on its severity. Another business expressed concern at the human health impacts of poor air quality and stated the city’s air never feels *“particularly healthy”* while another commented on the fact poor air quality was *“noticeable”* when walking past the Haymarket Bus Station and Charles Street. It was suggested poor air quality was only really an issue in the city on hot summer’s days when higher temperatures and light winds trap pollution in the city.

One business suggested that the single biggest point source of pollution in the city was not road traffic but the railway station on account of it being served by *“old and dirty”* diesel locomotives. Only one respondent directly linked the operation of their business and staff

commuting to work as contributing to poor air quality: *“We know Leicester is bad... It’s bad on our travel corridors and we [our business and colleagues] are contributing to it”*.

The majority of respondents remarked on the reduction in traffic, congestion and pollution following the Leicester lockdown with one respondent stating they had *“noticed a marked reduction in traffic around the city”* as a result of the pandemic. Respondents did suggest that the situation post-pandemic and post-lockdown will be interesting, with four professional service businesses stating that it was possible more people would work from home and this would result in a reduction in traffic and reduce peak time congestion.

Summary Although a small number of businesses did not perceive congestion or air pollution in Leicester to be any different from other cities of comparable size with which they were familiar the majority of businesses identified traffic congestion and emissions as being an issue. Some businesses suggested that increases in home and flexible working arrangement post-COVID may reduce pressures on road space during the morning and evening peaks and lead to a natural reduction in traffic and emissions which would not require any intervention by the City Council to achieve. In terms of economic impact, it was recognised that congestion directly impacts on a business’s costs, whilst delays and the related inconvenience create a poor impression of the City.

Impact of traffic on the delivery of supplies/products

Irrespective of whether they were located in the city centre or periphery, no business reported that the supply or distribution of goods or services to their sites was adversely impacted by congestion in Leicester either pre or during COVID. However, one business did say that they deliberately schedule deliveries to arrive and depart from their site outside the peak morning and evening periods (before 8am and after 10am and before 4pm and after 6pm respectively) to ensure the regularity of supply and minimise the potential for delays and disruption to their production while a second said that it wasn’t really an issue for them *“apart from the usual gripes about traffic”* from some delivery drivers.

Summary Businesses reported that traffic congestion in Leicester does not adversely affect the delivery of supplies to, or the distribution of products from, their premises.

What options do you think Leicester City Council could/should consider in seeking to address the issue of traffic congestion, traffic-related air pollution and carbon emissions in Leicester?

Opinions as to the options Leicester City Council could or should pursue to address the issues of traffic congestion and air pollution in the city were divided and no common view was articulated. Five businesses didn't know what could/should be done with one saying *"I don't know what they [Leicester City Council] could do. Everybody drives to work"*. Two businesses in the city centre suggested there was nothing that could be done as congestion was a result of historical road layouts that were not designed to handle contemporary levels of traffic: *"It's the age-old problem of two lanes converging into one"*. However, they also recognised that their businesses benefitted from a central location and the convergence of transport networks. Two businesses stated that they leased the premises they currently occupy because of the building's proximity to the railway station and the public transport connectivity it provides (both in terms of trains and adjacent bus stops). Interestingly, one business did not feel the issue could be tackled locally as it was something that was affecting the whole country and so therefore they suggested that national targets in terms of e-vehicle adoption should be accelerated.

Two businesses located on the outer edge of the city wanted additional investment to be made to local roads to improve traffic flow and increase capacity: *"I can see the benefits of improving the [transport] infrastructure"*. This view, was, however, in the minority with most businesses recognising the need to invest in alternatives to the private car. One respondent advocated a total ban on diesel vehicles of all types (including buses, lorries and private cars) entering the city centre as a way to improve air quality and three businesses advocated the installation of city-wide charging points for electric vehicles to encourage a shift away from petrol and diesel engines, *"Decent charging points in the city... would be a huge advantage for us"* and *"there is a groundswell of people wanting electric vehicles"*. Another respondent asked whether the Council could work with the private bus operators to help or encourage them to replace their current diesel-powered vehicles with hybrid or electric ones.

Two businesses suggested that the Council could make further investment in public transport and the provision of additional bus lanes so that *"public transport could flow"* more easily and journey times be made more reliable. There was also a view that public

transport needed to be ready, available, reasonably priced and enjoyable to use as this would be the only way you could incentive mode shift away from private vehicles. However, there was a need to provide a *“decent alternative, which I don’t think we [Leicester] have got”* as the city’s existing transport infrastructure *“feels broken”*. Certainly, there was a common view that the *“solution has to be better than the problem”*. With respect to public transport one respondent suggested Demand Responsive Transport as an option worthy of consideration.

In terms of the Park and Ride (P&R) facilities in the city, uptake was reported to be low or non-existent. Only three businesses reported any staff demand for P&R. Businesses on the periphery suggested that existing sites and services were not optimised for their location as buses only serve the city centre. Several respondents remarked that there is no P&R facility to the east of the city and perhaps the Council could investigate provision. Other businesses suggested that, rather than low patronage being an issue of location, the uptake of P&R was low because *“nobody likes the bus bit”*. Having a dedicated bus corridor into the city centre would, it was suggested, deliver faster and more reliable journey times which were not disrupted by buses having to re-join the main (and often congested) carriageways where the segregated bus lanes disappear. The A6 Birstall site was offered as an example of where buses start off with their own lane but quickly have to re-join the main carriageway to travel into the city.

Three businesses advocated investment in pavements and pedestrian areas to *“join up”* walking routes and make the city centre more pedestrian friendly by improving the urban realm and the *“feel”* of the place. The issue of personal safety and security for pedestrians was raised by three female respondents who commented on the number of *“quite dodgy areas”* around the city centre that *“feel dangerous”* for them to use as they considered them to be poorly lit and rarely policed and reportedly attract *“less than desirable”* people – factors which collectively disincentivise active travel for some women and promote the use of the private car. The issue of gendered experiences of public space with respect to car parking and mode choice is addressed in a later section of this Report.

In terms of cycling infrastructure, every respondent referred to the new COVID pop up cycle lanes. However, opinions towards them were divided. Some respondents stated that they were rarely used and were removing valuable road space. One respondent in particular

claimed the Council had an “*obsession*” with bike lanes and criticised the “*ridiculous bollards*” that had appeared on certain main roads to segregate the carriageway and reduce space for cars. Issues with inclement weather and personal safety were also identified as being potential barriers to cycling, with one respondent suggesting that “*pop up lanes pose safety issues and don’t work that well*”.

In contrast, other interviewees (based both in the city and periphery) suggested that the new bike lanes had been a positive intervention and as such “*The COVID bike lanes need to stay*” and advocated further investment in active travel. One respondent suggested that “*More provisions for very local travel would be a good thing*” and stated that their business was “*delighted to support*” existing cycle to work schemes. Another two businesses opined that a city-wide e-bike scheme would be a beneficial development as would expanded cycling infrastructure at Leicester railway station. A further respondent, while supportive of expanded active travel in the city cautioned that its utility for commuting was always going to be limited and suggested that “*cycle lanes and active travel are nice to have for the weekend but they are not going to help you get to work*”.

One interviewee also suggested that Leicester City Council might consider investing in educational packages for local businesses and school children to increase awareness of the health and environmental impacts of car use and promote alternatives to driving. The importance of local transport culture was raised by another respondent who suggested that while it was easy to get people to cycle in the Netherlands, where it is seen as an integral and normal part of everyday life, it would not be easy to provide a “*quick fix*” for Leicester as it would take time for people’s opinions and perceptions of cycling to change. Monitoring mode shift over time was something another respondent remarked on when discussing the options the Council could pursue and suggested that whatever interventions are made there needs to be robust independent academic evaluation of their impact to ensure that the interventions funded by a WPL were delivering not only the desired outcomes but not imposing unanticipated consequences for people or the built environment in terms of displaced parking onto residential streets.

An interesting response was that the Council should simply choose one option, “*pick a mode and go for it*”. It was stated that Cambridge focus on the bicycle, Nottingham on the tram, but “*Leicester has never decided what their <sic> transport strategy is*”.

Summary A range of potential options the City Council could explore were proposed but no single or common view was articulated. A number of businesses did not offer an opinion on account of the complexity of the challenges. The lack of a common viewpoint provides an opportunity for Leicester City Council to propose an innovative package of measures and interventions to reduce congestion and improve air quality in the city.

6. Travel to work

This section reports on current travel to work behaviour including the use of travel plans, and travel to work mode choice.

Travel plans

Of all the businesses interviewed as part of this economic impact assessment, 11 had no formal travel plan, six (four in the city centre and two on the periphery) did, and one was not sure although the respondent wondered if existing provisions formed part of their travel to work offer:

“I’m not sure [if] we have a Travel Plan but we do have EV charging points, green schemes, car share parking, lockable cycle parking sheds, and a cycle to work scheme”

Two businesses said that their travel plans and mode targets were audited annually by the City Council and one had been required as part of a Section 106 Phase 4 planning agreement for a major development of their premises. Another business had voluntarily created a travel plan *“as it made good business sense”* and demonstrated their commitment to sustainability and their CSR (corporate social responsibility) agenda. All six of the businesses which reported having a travel plan were large businesses. However, size was not necessarily a predictor of the presence of a formal travel plan. A representative of one large business had *“not seen a travel plan referenced anywhere”* while another recalled having had a conversation with the City Council about developing one but said the initial dialogue did not lead to anything. There was a view among some respondents that travel plans were something only large out of town businesses required as *“people have to look after themselves”* when it comes to travelling to/from work.

In general, awareness of the purpose and content of travel plans was poor but the six businesses who have a travel plan were able to describe the content in detail and explain how they encourage employees not to use their car to travel to work. The demographic of their employee base was highlighted as being significant with several businesses stating that they had a loyal and localised workforce, the majority of whom either lived within a 15-20 minute journey time or within a mile’s radius of the business. This made it easier to promote

active travel as people were already walking or cycling to work out of choice or necessity owing either to the expense of owning and operating a car or the need to be onsite for early/late shifts, or both. As later sections of this Report document, shift work and anti-social hours directly impact on employee travel to work decisions.

A number of businesses, both in the professional services and manufacturing sectors reported that the longest commutes were undertaken by higher paid and more senior staff with managerial roles, many of whom either lived in Leicestershire or further afield in adjacent counties (and in some cases as far away as London, the South East, the Eastern Counties, the West Midlands and the North West).

In contrast, lower-wage manual blue-collar roles, including cleaners, carers, warehouse staff and manufacturing/production line workers in the catering or clothing trades, were usually filled by city-based workers. One business had plotted the home post codes of their staff and used the fact they had a loyal local workforce as a key selling point to customers on the basis that their low turnover of staff helped to ensure the continued quality of their products. Although this business considered employee welfare to extend to commuting, and had built dedicated changing areas, lockers and secure bike sheds in their factory buildings and extended the opening times of their staff restaurant to enable people to prepare themselves before work, this position was not universal.

One of the businesses that did not have a formalised travel plan said that *“people get to work however they need to”* and indicated that travel to work wasn’t an area of people’s lives that they either felt they needed or wanted to get involved with. However, other businesses indicated that the social distancing measures introduced in response to the COVID pandemic had suddenly forced them to take an interest in employee travel to work. A number of businesses said that they had suspended all previous car sharing incentives and were encouraging staff, where possible, not to share vehicles to travel to/from work. In response to COVID, one business said that although they had previously invested in active travel they were forced to take out a lease for additional car parking spaces while another increased the number of car parking spaces by 25% to facilitate more single-occupant vehicle journeys.

Summary: Travel plans were not commonplace or well understood by Leicester businesses. The COVID pandemic had necessitated a shift away from public transport and an increase in

single-occupancy car journeys to reduce the potential for transmitting the virus and having to take time off work to self-isolate or recover from being infected. As with the Nottingham WPL scheme, travel plans are likely to form an important part of a transport strategy that includes a WPL.

Current travel to work trends

This section details the proportion of respondents' staff who walk, cycle, drive or use public transport to get to and from work. Most of the businesses had some understanding of the mode split although only seven had undertaken dedicated research into employee travel. Of those that had not undertaken surveys into employee travel, the general view expressed was that how employees travelled to work was neither their responsibility or, indeed, obligation. In the words of one respondent, "*we have never been that intrusive about who travels how <sic>*" while another admitted they "*hadn't a clue*" how people travelled to/from work.

12 businesses said 50-75% of staff drive to work while two said the proportion was closer to 90-95%. However, these figures were given with the caveat that they were "*best estimates*" based on intuition and anecdotal evidence as the majority of businesses did not have any empirical data to support their claims. Four businesses were not sure.

When asked why staff drive to work, the follow explanations were offered:

Convenience	11
Distance from home to work	7
Lack of alternatives to the car	7
Shift work	3
Flexibility	2
Requirement of site visits	1
Cheaper than the bus	1
COVID	1
School run	1
Availability of car park	1
Company car	1

- Convenience or "*ease*" as being a key factor in people's decision to drive to work as you can leave when you wish and are not tied to timetables or delayed by late

running services. A car also provides the option of taking an alternative route in the case of delays or roadworks;

- Distance to work was a key reason why people drive. In all cases it was stated that managers and higher-grade staff typically live further away from the business premises than lower wage staff. It was commonplace for senior staff to drive to work in Leicester from their homes in Market Harborough, Melton Mowbray and Loughborough or even further afield. The longest commutes originate in London, the South East, East Anglia, the West Midlands and North West. The longest journeys (and hence highest total per-journey emissions) are generated by higher paid staff who live further away from their place of employment;
- A lack of suitable alternatives. Seven businesses said that staff would not be able to get to work if they did not drive as either they needed to be on site before buses start operating and/or personal safety and security concerns prevented the use of public transport. Long distances, combined with shift working and fatigue, meant walking and cycling for some commuters is considered impossible as *“we are not working standard hours”*;
- Four businesses identified flexibility of private vehicles as being a key attribute as a car enables staff to undertake multiple trips during the course of a working day for both professional and personal reasons such as picking up children from school (particularly if they are ill). A car was often considered essential for senior staff owing to the *“nature of the work”* they perform and the fact they may be on call, out of hours when public transport does not operate and the business demands a rapid response;
- Perceived lack of time efficient alternatives, particularly for staff living outside the city boundary and for business located on Leicester’s periphery. In the words of one respondent, *“existing public transport is not good enough”* for our business or our employees while another opined that the progressive loss of rural bus services *“has forced people to get back in cars”*;
- Public transport was perceived to be less efficient in terms of time than driving and journey times were less predictable and reliable than commuting by private car. In

some cases, respondents said public transport would require them to go into the city and back out again, more than doubling their total journey time and cost;

- A car provides protection from the elements and a level of privacy and personal security which cannot be achieved on public transport. In the words of one respondent, people like to drive as a car enables you “*to come and go as you please in your own space*”;
- One business identified “old fashioned attitudes” towards driving and the provision of company vehicles as creating a cultural legacy that is hard to shift: “*The company’s given me a car. I should be using it to drive to work*”.
- COVID and the availability of a car park were also mentioned as the reason why employees drive to work.

With three exceptions, all of the staff who drive to work park at the workplace on business premises. Two businesses which do not have on site workplace parking provision have entered into commercial arrangements with local privately-operated car parks while a third said that some staff are driven to work and dropped off, either by friends or relatives or by private hire companies, including Uber. This latter situation was, however, the exception and the majority of vehicles which drive into the city in the morning peak remain there for the whole working day.

With four exceptions, which had access to multi-storey facilities (whether owned or contracted), all of the workplace car parks were surface level facilities with varying degrees of entry control and surveillance. The different forms of car park management that are practiced across the city are discussed in Section 7. The majority of businesses reported that they had sufficient parking for their needs and only three indicated that they have insufficient parking space on site. In these cases, staff who are unable to park on site have to find space on adjacent residential streets or use proximate private car parks.

It was recognised that a lack of onsite parking is not ideal from a time or personal safety perspective for while business premises were often considered to be secure (and in some cases patrolled or remotely surveyed by security personnel or CCTV) the same could not be said of off-site locations. One business remarked on a “*cheap and dangerous looking*” car park near their premises that was considered to be semi-derelect and not welcoming while

another commented that some female employees reported that they only felt safe walking back to vehicles which were parked in public car parks in the presence of male colleagues. In terms of average commute time by car there was no clear pattern and data on journey durations was largely anecdotal. Ten businesses were not able to provide any comment on the average commuting time. Of those that did, four said it was in the region 10-20 minutes, two estimated it as being 30 minutes, one 40 minutes and another was thought to be in the region of an hour or more. A clear distinction was made between longer commutes, which are undertaken by higher paid managerial and senior leadership team staff, and more localised journeys which are made by the majority of lower wage employees. Longer commutes were made by car and this was explained as a rational choice based on value of time, convenience, privacy and lack of viable alternatives. Some respondents suggested that there was a lack of integration between the city and the county's transport networks and indicated that there was scope for improvement.

In terms of public transport use, several businesses could not comment owing to a lack of data while another two said that no staff ordinarily travel to work by public transport. Seven indicated that 'some' or 'few' staff used buses or (in the case of two city centre businesses) trains to get to work, three said 10% or fewer of staff used public transport. Only one business believed that the majority of staff travelled to work by public transport and this was considered to be a function of location of the premises which was deliberately chosen on account of its proximity to the railway station and local bus provision.

Despite differences in the levels of public transport use, the reasons given for the relatively low patronage were similar. Businesses employing shift workers on early and late shifts (which start as early as 3am and end after 10pm seven days a week) said existing public transport provision could not meet the needs of their staff, because:

- The services are unavailable (buses typically start operating just before 6am on weekdays, don't operate at all on some public holidays including Christmas Day and New Year's Day, and do not frequently serve many of the outlying towns and villages in the County);
- Services are infrequent (with service intervals greater than 30 minutes at evenings, weekends and public holidays) and there is no facility to 'turn up and go'. *"From an*

economic and health point of view using public transport would be good but from a timing and convenience perspective it would be a nuisance". Two businesses commented on the possibility of on demand provision and referred to the Arriva Click service;

- Public transport is perceived to be unreliable (with unpredictable arrival and journey times);
- Public transport is perceived to be inconvenient (there is no integrated ticketing, public transport companies only accept certain payment methods, and services don't permit staff to make 'messy' journeys cost effectively – for example school pickups or off-site meetings - during the course of a working day); and/or
- Waiting for buses, often in peripheral industrial estates at anti-social hours, is perceived to be unpleasant (in the case of inclement winter weather) or unsafe from a personal security and wellbeing perspective.

In addition to commuting by car or public transport, varying numbers of staff also walk and cycle to work. As with public transport use, a lack of data meant that ten businesses were not able to say with any degree of certainty how many staff (or what proportion of their staff) walked or cycled to work. However, eight businesses did have a good understanding of walking and cycling uptake among their staff. One business estimated that 15% of their staff walk or cycle to work every day. A further three estimated the figure to be around 25%. Another indicated that 40% of staff use active travel modes to get to/from work while another said as many as 50% of their staff walk or cycle to work.

Reasons for the higher uptake of walking and cycling among some businesses was explained as being a function both of their proximity to their workforce, which made active travel modes viable, but also because the businesses had invested in additional infrastructure which facilitated their use, including changing rooms, lockers and secure bike sheds. One business had also extended the opening hours of its on-site staff restaurant so that staff who had walked or cycled to work could have a shower, breakfast and "*warm up*" before starting their shift. As a result, the firm's cycle sheds, which can accommodate in excess of 450 bikes, were "*reasonably full*" most days.

This experience suggests that higher levels of active travel can be achieved if the right infrastructure is put in place initially to encourage uptake and if the corporate culture of the

business positively promotes and supports active travel through tangible investment. This was a point that was made by a couple of businesses with relatively high levels of active travel. They explained that their businesses were committed to employee health and wellbeing and consequently they were pleased to support active travel initiatives which aligned with their core corporate values. For other businesses, whose staff have a greater reliance on private cars, there is scope for a sizeable change in travel behaviour. However, as later sections of this Report detail, these businesses also expressed greater resistance to the potential introduction of a WPL.

As well as ascertaining the approximate mode split of current commuting behaviour, another finding was that very few businesses have conducted any research into staff travel and those that did had done so as a result of having to have a travel plan as part of a Section 106 planning agreement.

Summary Empirical data on staff travel to work is rarely captured. Where it is, reasons of convenience and travel distance result in staff driving to work. Active travel is only possible and attractive when the infrastructure is already in place and for individuals who live within easy walking or cycling distance of their place of work. The potential to encourage mode shift among higher-paid managerial staff who typically live the furthest away from their place of work would appear to be limited.

Residential location relative to place of employment

In order to better understand the nature of commuting into and around Leicester, the Report sought to ascertain what proportion of Leicester-based staff live outside the City boundary. Two businesses did not know, but the rest said that typically the management and higher-grade staff lived outside the city whereas lower wage staff tended to live within the city boundary. In one case it was estimated that 70% of the factory floor staff lived within one mile of their place of work while at another it was believed that 100% of their cleaning and call centre staff lived within the city limits and so could walk to work (though whether this was through personal choice or financial or practical necessity was not stated). In contrast, a professional services business reported that over 20% of their staff live over

20 miles away from the office while another stated that owing to the nature of their work, the majority of staff actively chose to live outside the local area [i.e. beyond Leicestershire].

Use of Park and Ride

Respondents were asked whether staff use the city's three Park and Ride sites and, if they did, how efficient they find them. Three businesses reported that their staff use the Park and Ride sites but even then, it was only a limited number of staff and one of the businesses in question subsidised the travel. The general view was that *"the Park and Ride sites do not work"* as they were not optimally located and as buses only ran into the city centre they were not suitable for businesses operating from industrial estates on the city's boundary. In one case, the business said staff would have a 50-minute walk from the P&R car park to the factory. One business said that although they encouraged staff to use P&R in reality it was *"just as easy to drive"* there is no incentive to break a journey and spend additional time parking and catching a bus. This point was made by another respondent who claimed that P&R was *"inherently inconvenient"* as it requires you to go out of your way to park and take time changing modes. The only way people could be encouraged to use P&R was, this respondent claimed, by making it substantially easier, faster and cheaper than driving.

A number of respondents also remarked on the fact that the provision of existing P&R is uneven as there is no facility to the east or south of the city centre. There was also the issue of timing with one business saying staff wouldn't use the Park and Ride provision as the regular services finished too early (around 6pm) to be of any use.

Summary Although P&R is not considered an attractive option for commuting at present, potential opportunities for improvement exist if the P&R offer is enhanced.

7 Car Parking Management

17 of the businesses interviewed as part of this research had at least one car park on their premises which was used by staff. In the majority of cases, this was a surface level car park, whereas a few had workplace parking spaces in a shared-use multi-storey facility. Several businesses voluntarily stated that the supply and availability of staff car parking “*was a contentious issue*” as their existing level of provision was insufficient to meet employee demand. Dissatisfaction with car parking provision was something which was often expressed in staff surveys as staff felt obliged to arrive early (often before 8am) to secure a space. Only two businesses indicated that they had more spaces than they needed, with one claiming there were “*more than enough*” spaces on site and that supply exceeded demand. The business locations and operating practices of the businesses interviewed as part of this research placed particular demands on car parking at the workplace which, in turn, necessitated the use of a range of management interventions to control access and use.

Management of car parking provision

The majority of businesses were directly responsible for the maintenance and management of their car parks. One business contracted access and security out to a third-party car park management provider who have the ability to fine the owners of vehicles who are inappropriately parked. Businesses lease spaces from other providers or have spaces provided by a property management company as part of their lease. A minority of businesses currently charge staff to use their car park, the rest provide it free of charge. This is an interesting point with respect to a WPL since if the Levy is passed on to the employee it will most likely meet with resistance, given the fact that this will be the first time they will have been charged for parking.

Subsidised parking permits are provided by some businesses so as to enable staff to park in proximate public car parks at a reduced cost. In one case, a lack of car parking spaces means only higher-grade staff are permitted to apply for a permit and, at another, spaces which are not required for senior managers are “*raffled off*”, at cost, to lower grades. Only one

business recognised that providing subsidised or free parking was essentially supporting car drivers and no equivalent support was provided to users of public transport.

Eight businesses have no form of car park control, the sites are open and can be accessed at all times, while most businesses employ some form of parking management. The form of management varied considerably depending on:

- The location of the car park relative to the business premises. Many businesses had 'line of sight' control over the vehicles that were parked on site;
- The proximity of the car park relative to other traffic generating businesses as this impacted on the likelihood of unauthorised vehicles parking inappropriately on private property and the need for control measures;
- The number of spaces that are available relative to demand;
- The nature of the work undertaken at the site (particularly shift-work which places additional demands on space at shift change over times);
- Whether any special requirements exist governing access to third party vehicles for special events or the use of car park spaces by residents at long-term residential and medical care facilities;
- Where no workplace car park was provided, a small number of businesses offered subsidised permits for proximate public car parks.

The interviews revealed that a wide range of practical and administrative car park management interventions are practiced across the city. None of the businesses allocate individual spaces to individual employees and most operate a "*first come, first served*" regime. In one case, when all spaces are occupied, drivers are obliged through necessity to park on adjacent streets while another reserves a group of spaces at the front of the building for those working late shifts for security reasons.

Another business explained that there are "*generally just enough spaces*" to accommodate demand while another operates a windscreen permit system at a non-barrier-controlled site for the purposes of vehicle identification. There is provision for them to clamp and release, for a fee, unmarked vehicles. Another operates a barrier-controlled entry system which is

activated and monitored by a security gatepost. Another accesses the car park through a rolling shutter door which is unlocked and then secured every day by a member of the senior management team working on site. Another business does not employ any form of physical intervention but operated an online shared bookable calendar to demand manage the limited number of spaces they have available and imposed a “fair use” policy on staff to prevent block bookings.

In terms of the supply of available spaces, four businesses indicated that there was insufficient supply of spaces to meet the demand from drivers commuting to work. In one case, a lack of spaces prompts commuters to arrive before 8am to secure a space while another operates a bookable calendar to manage demand. Two other businesses indicated that while they generally have enough spaces, shift change over times can result in congestion in the car park and colleagues being unable to park easily. In terms of management issues, no business experienced any regular problems and the overall model of parking provision among the Leicester businesses interviewed is one of predict and provide rather than active demand management. Several businesses did suggest that, post-pandemic, more staff would be able to work flexibly from home and so this would alleviate some of the previous pressure on parking spaces.

Visitor parking

Although all the businesses received visitors, the number of daily or weekly visitors depended on the type of activity and ranged from 1-2 a day to several thousand a week. Some of the demand for visitor spaces was year-round while at other businesses, demand for visitor parking peaked at particular times in the year and coincided with timetabled major events.

Summary: A wide range of car parking management policies are practiced across the city and these have evolved in response to specific business needs and locational characteristics. Most business have sufficient space for their needs. Active demand management is only practiced at a couple of supply-constrained sites.

Car sharing

This section focuses on incentives for car sharing. 16 of the 18 businesses interviewed offered no formal incentives for staff to car share. One manufacturing business had suspended its previously popular car sharing scheme (which afforded priority parking closer to the factory and a dedicated swipe card access entry point for registered users which was used to monitor and enforce employee compliance), owing to COVID and had asked colleagues not to car share for the duration of the pandemic so as to reduce the risk of viral transmission among the workforce. Pre-pandemic, the car share spaces were *“always full”* but the prohibition on car sharing had meant more staff were driving to work in sole occupancy vehicles resulting in *“the car park being busier than usual”*. Only one other business had a formal car share scheme and also provided taxis home in the case of emergency as well as a reserved area of the car park which was monitored for compliance (as well as security) by security staff.

Although the majority of businesses did not operate a formal car share scheme, some of the manufacturing businesses which employ shift workers said that informal car sharing did occur pre-pandemic so that lower-paid and agency staff, in particular, could share transport costs. One business suggested that those who car share did so solely for cost (as opposed to social or environmental) reasons. However, other businesses with shift-working suggested that car sharing was not popular as the changing nature of shift patterns meant it was difficult to establish a long-term car share partner while another said issues of data sharing meant that *“one issue we have always had is car sharing”* Another business reported on the response of staff to the potential introduction of car sharing and said that the response was *“I can’t car share because I smoke, drive badly, and listen to music with profanities”*. The conclusion of this business was that *“Your car is your world, the commute is your world”* and it would be almost impossible to change this.

Summary Generally car sharing is not a popular option and COVID has caused a sudden increase in single occupancy vehicle journeys.

8 The Workplace Parking Levy

With respect to the possible introduction of a WPL in Leicester, respondents were asked whether they had heard of the term before inquiring as to their view of the Nottingham scheme and asking how the introduction of a similar scheme in Leicester might impact their business economically and the city more generally.

Familiarity with the term Workplace Parking Levy

12 businesses had heard of the term Workplace Parking Levy prior to receiving the interview request from Leicester City Council. Some had been to a roundtable event the Council had arranged, others had first-hand experience of the scheme in Nottingham and one had read an article about it in the local Leicester Mercury newspaper. Five had not heard of the term before (and had gone online to educate themselves about the Nottingham scheme prior to the interview) and one was not sure whether they had or not. Overall, while there was a general awareness of the term, understandings of it varied. One respondent described the policy as “insane” while others were cautiously supportive (or “broadly supportive”) though questions surrounding the proposed timescales, charge, possible exemptions and evaluation methods the Council was proposing were raised. Overall, issues of practice rather than principle were articulated. These issues will be addressed in subsequent sub-sections.

Summary The majority of businesses who were interviewed were aware of the term WPL and those that were not had been able to access information on the Nottingham scheme online prior to the interview. There is an opportunity to further raise awareness of the scheme among Leicester businesses.

Leicester business perceptions of the Nottingham WPL scheme

The respondents were provided with a brief written and aural description of the Nottingham WPL scheme (see Appendix 1) and asked for their comments. Seven businesses did not feel able to comment. Four said that they thought the Nottingham WPL worked well

while another said they understood the reasons for introducing it. A number of respondents made a clear link between the WPL revenue and the provision of the tram network saying *“Nottingham had made it clear where the money’s going”*. The fact Nottingham had a clear vision for the revenue at the outset was important with one respondent saying their employees *“would welcome it [a WPL] far more if they could see where the money is going”*. Overall impressions of the Nottingham tram were universally positive with respondents commenting that *“it [the tram] is one of the best I have used”* with another saying that the Nottingham trams *“are fabulous. Who wouldn’t want a tram system that works like that?”*

Another business also expressed the view that they understood the WPL revenue was used to extend the existing tram network and people could see how the revenue was being spent. In the words of this respondent *“You [the car parking commuter] are paying for this but we [the local Council] are delivering that”*. There was also a view that Nottingham’s tram put Leicester at a disadvantage compared to its neighbour with Nottingham being perceived as being *“ahead of the game”* when it came to public transport provision. However, for one respondent, no form of public transport is sufficiently responsive or convenient enough to adequately address *“childcare issues”* for working parents.

Other respondents suggested that public transport infrastructure had to be in place before any charge was introduced in Leicester as otherwise there would be a lag between the WPL charge being introduced and any improvements to transport networks being experienced by commuters. Two respondents had direct first-hand experience of introducing the Nottingham WPL when they worked for previous employers. These individuals identified issues surrounding the cost of administering the scheme and the complaints from staff who were liable for the charge as key issues to be considered by Leicester City Council. Some businesses, while aware of the policy in general terms, did not know about the exemptions in Nottingham.

Summary The tram system in Nottingham was considered to be a suitable and visible recipient of WPL revenue which gave Nottingham a competitive advantage over other cities, including Leicester. Respondents felt it important to explain at the outset how any WPL revenue would be spent and for the Council to invest in a *“significant”* infrastructure project to show similar ambition for Leicester.

Are you aware that Leicester City Council are considering the implementation of a WPL?

The majority of businesses were aware Leicester City Council was considering introducing a WPL in the city prior to receiving communication from the Council about this research, although four were not. One of the businesses that was aware of the proposal said *“I understand the reason behind it – reduce congestion, address climate change and clean air”* while another also recognised the *“desire to reduce congestion”* as a reason for considering a WPL. Another stated that they *“hear positives and negatives about it”* from colleagues in Nottingham while another remarked that *“The cost [of the WPL] has to be less than the benefit”*. The issue of cost and impact of a WPL will be addressed in a later Section. A different respondent stated there needed to be a full consultation process and expressed concern that the Leicester WPL scheme was already a *“done deal”*.

Summary Although there is a level of awareness of the term, there is scope for more work and consultation with businesses.

Potential benefits of a Workplace Parking Levy

Six businesses did not offer an opinion and two were not sure. All the other businesses identified a range of potential benefits, although some were sceptical as to whether they would be delivered. Four thought a WPL would incentivise mode shift and reduce car use and associated levels of congestion by discouraging people from driving to work. One business believed that the WPL offered very clear advantages in terms of the health of people, emissions and environmental impact and the *“goodness”* it would do for the city if the revenue was invested in projects which benefited the local community. Another concurred, stating that *“less congestion and improved air quality have got to be a good thing”*. The potential health benefits of cleaner air resulting from less traffic in the city centre was also something that was identified as a potential benefit of a WPL, *“if the money is ring-fenced...and spent on the transport network that’s good as you get cleaner air”*.

Two businesses suggested that the revenue generated from the scheme could be used to improve infrastructure in the city or be used to invest in a landmark project such as Nottingham’s tram. The *“advantage [of the WPL] will be what it pays for and its ability to leverage other funding that will make life easier for everyone who lives and works in the*

city". Another business strongly advocated that the WPL revenue *"should be used to invest in infrastructure and provide better amenities for public transport users"*.

One business suggested that while there might be some environmental benefits, the potential for increased home working and associated reduction in commuting after the pandemic might reduce the revenue raising potential of the WPL. In terms of economic benefit, one respondent said that the WPL would have a positive impact on the business because it would potentially lead to less traffic, more reliable journey times and an increased ability to hit KPIs [key performance indicators] for on time performance and reliability. Another business in the city centre agreed that a WPL could have a positive impact on the business by making journeys into Leicester *"more comfortable"* for customers although there was a recognition that their business would also be liable for the charge.

Other businesses were not convinced that a WPL would reduce traffic significantly as a lack of suitable alternatives mean *"we would still need to drive"* and thus while it might raise revenue it will not necessarily change habitual travel behaviour. For another business, they suggested that *"if it [the WPL] is well thought through and does impact on travel that is beneficial but it is all down to the execution"*. There was a general view that if the WPL reduced the use of cars by other people and cut congestion it would benefit people, like themselves, who firmly believed that they 'had' to drive, irrespective of the provision of potential alternatives.

Summary: Although a range of potential benefits were identified, scepticism about the ability of a WPL to incentivise mode shift and deliver improved air quality was evident.

Potential issues with a Workplace Parking Levy

The majority of businesses identified the potential extra cost to businesses as being the main issue with a WPL. Although it was recognised that *"A good amount of money"* could be generated from a Leicester WPL scheme there was concern that the COVID pandemic was changing the nature of work and commuting and businesses were struggling to survive on thin margins and were having to cut costs rather than add to their cost base.

Several businesses described a WPL as *"unpalatable"* and a *"stealth tax"* that would impose *"a big cost"* on business and effectively penalise businesses for employing staff and

providing adequate parking space for their workforce. One business said that as they were located on a peripheral industrial estate that was not at all well served by public transport networks, they had to provide car parking spaces as there was no other way for staff to get to work. The businesses on the periphery did not see why they should have to pay to solve an issue (congestion) that does not affect them and from which they would consequently see no direct benefit. The charge *“will not benefit the business, it will only benefit the city centre”*. The view of this business was that the *“wealthier”* city centre will benefit at the expense of the poorer lower-wage periphery as the *“Cost of the WPL would be the biggest impact, especially on the lower paid”*. The notion of a WPL potentially redistributing income from lower paid workers to fund transport investment that would (in their view) benefit the better off was articulated by a number of firms and the Report returns to this issue of equity in the Discussion Section.

The point was also made that for businesses who were located on industrial estates which were intentionally planned to be away from residential areas meant that driving was the only way to access the site. Another business situated closer to the city centre said that *“Being able to drive to work and park is a blessing”* and having a car park on site helps with staff retention. Three business alluded to the psychological ‘draw’ of the car and its normalisation in national culture. Disrupting the dominant narrative of the private car in everyday life will require significant investment in alternatives and is unlikely to be achieved quickly.

The timing of the proposed WPL scheme was also questioned with businesses stating that margins are very challenged at present owing to the pandemic and business models and working practices are changing dramatically in terms of costs and prices. Concern was also expressed as to how the impact or ‘success’ of a WPL would be measured and evaluated.

Summary: The potential issues with a WPL included:

- An unwelcome extra financial cost and administrative burden on businesses;
- A WPL won’t necessarily deter people from driving;
- There are issues of equity and ‘fairness’ in a WPL which will need careful consideration;
- It is an additional tax on business that won’t deliver tangible benefits to the whole city;

- If the charge is passed on (in whole or in part) it potentially penalises lower wage employees and shift workers who work at out-of-town industrial estates with relatively poor or non-existent 24/7 public transport links;
- No way to scrutinise the level of the charge or evaluate its impact.

9 Impact of a WPL on businesses in Leicester

The majority of businesses identified the cost of the scheme as having the biggest economic impact on their business. Taking the current Nottingham WPL charge as a basis, the Leicester businesses estimated that the annual on-costs of the WPL charge on their business would be in the region of £45,000 to over £370,000 and, even at the lower end, the charge was described as *“quite a significant cost”* which would impose an unwelcome *“financial burden”* on businesses. We note that these estimated costs are consistent with those found in the desktop economic study and so respondents seemed relatively aware of the likely impact.

Several businesses suggested that any charge, particularly if passed on to staff, would potentially negatively impact staff relations and result in not only additional administrative burdens but also other costs associated with dealing with staff complaints and resentment. Another business was concerned that the introduction of a WPL may be used as *“an excuse [for staff] to work from home”* and potentially be less productive. One respondent suggested that if current pandemic levels of home working continued in the long term then the WPL would only have a *“minor impact”* on the business. The potential for post-COVID reduction in commuting and decline in city centre office working was also something that concerned a city centre retail business as fewer office staff would translate into lower footfall and lower sales.

Relocation of business

Only one business indicated that the introduction of a WPL would make them consider their long-term future in the city and whether to extend their lease. In the words of this business, a *“potential liability of £40,000-£50,000... would probably move us out of the city boundaries”*. A second business said that although it might make economic sense to relocate outside of the city if a charge was introduced they wouldn't move because of the impact it would have on their loyal staff base and so they would have to accept the charge.

Employee recruitment and retention

The issue of staff recruitment and retention following the introduction of a WPL in the city was also discussed. However, opinions varied between those businesses who felt it would have no impact on staff recruitment or retention and those that believed it would. There was a view among some businesses that free workplace parking “*helps retention [of staff]*”. If businesses passed the charge on to their employees then two businesses believe there would be an impact. In the case of low-wage staff a “*50p difference in hourly rates*” can be the difference between a staff member staying and leaving to work for a rival business as there is a lot of competition for particular staff and turnover in the lower wage economy of the city. One business said that a WPL might cause the labour market to change as staff who have to drive to work on account of distance, leave and work elsewhere and their roles are filled by more local staff who can access the site by other means. The residential location of staff relative to their place of employment was an issue that was also raised by three other businesses.

Other businesses did not envisage any impact on staff recruitment or retention as employees were local and had no need to drive to work. Others said any impact on staff would be determined in part by whether their competitors passed on the charge or not.

Others said that senior staff would still drive to work irrespective of the charge being introduced. As one respondent said, referring to the Nottingham scheme “*the cost, although £424 a year, is only £8.15 a week*” which is “*cheaper than a packet of cigarettes*” and less than the cost of a weekly transport ticket. Another business also said that while the additional cost would be unwelcome, it would not change their operations or travel behaviour in any way as the car parking spaces were needed. The issue of the cost of the levy and the charge is addressed in Section 11.

Summary: The cost of the WPL on business was largely unwelcome and concern was expressed about its impact on staff relations, recruitment and retention.

10 Impact of a WPL on the city of Leicester

In addition to being asked about the likely impact of a WPL on their business, respondents were also asked about what impact they would expect the introduction of a WPL to have on the city of Leicester. This question prompted a variety of responses.

Four businesses did not know, arguing the impact “*is difficult to predict*” and one said that it would simply displace parking onto local streets. Four suggested it might reduce congestion but were not sure, one said it might lead to improvements in air quality and three businesses suggested that the scheme could (if effectively managed and evaluated) have a positive impact on the city by leveraging money for public transport schemes and further improvements to the urban realm.

Displacement of parking and the boundary effect

One business suggested that they might seek to avoid any WPL charge by reducing the spaces available in their on-site car park and encouraging staff to park on local streets. There was, however, recognition that this might “*annoy*” local residents but this was seen as preferable to imposing an additional cost on the business. As mentioned in the previous section, one business indicated that the decision on a WPL would impact on their decision to extend their lease or relocate beyond the WPL boundary to avoid the charge. For one business, with premises just outside the city limits as well as within them speculated that commuters might park on the edge of the city to avoid the charge.

Impact on congestion

Businesses suggested that a WPL in Leicester could help to reduce congestion as “*people would get out of cars*” and be more inclined to use public transport and a charge “*could drive down car use and thus reduce congestion*” if the Levy was passed on to employees. The issue of the charge being passed on or not is addressed in Section 11. However, this was a minority view as most respondents had “*no idea*” or “*didn’t know*” what the impact on

congestion would be as the city would still be left with the same basic road network and traffic pinch points. Several businesses referred to congestion caused by parents driving (often long distances across the city) to take their children to school and pick them up again and they noted that actually the WPL would not impact on these double daily return trips which disproportionately impact congestion and local air quality.

Impact of traffic emissions on local air quality

Two businesses suggested that a reduction in car commuting might lead to environmental improvements and *“very clear advantages in terms of health of people, emissions and environmental impact”*. However, one business expressed concern that some of the diesel-powered buses were *“far more polluting”* on a mile-for-mile basis than private cars and considerably worse than modern hybrid and electric private vehicles. Consequently, most businesses did not see any direct link between the WPL and improvements in local air quality. Given the nature of their business one business said the environmental impact of their operation dwarfed any emissions from colleagues driving to work. Another said that they had invested millions of pounds creating a circular manufacturing facility and if they had to pay the WPL this would potentially impact on their ability to make further investments in the environmental efficiency of their production sites.

Public transport improvements

Nine businesses said that the hypothecated revenue from a WPL scheme could be used to invest in public transport (see Section 10). However, when pressed as to what form these improvements could take, respondents were not really sure. There was, however, a view among these businesses that *“you will only get people out of their car if there is a viable alternative”*. One city centre business said that the concept of a WPL *“appeals to me on a theoretical level”* but the detail of the scheme would be all important and the Council must have a clear proposal for how public transport would be improved as, in the words of one respondent, *“They [Leicester City Council] haven’t got a good track record of applying funds to transport.”*

There was a sense that although some out of town industrial estates were poorly served by bus routes, the issue was more about the lack of 24/7 (or a least early morning/late night) services and the gaps between services. Improving the frequency and availability of early morning/late evening services was thus considered more important than increasing the spatial coverage of them. In the words of one business, *"We need public transport to fit in with the requirements of our staff... we don't want people standing at bus stops for 30 minutes after a long shift"*. However, one business felt that money should be invested in integrating city transport with that of the wider County and surrounding districts as if this is easier *"people will use them"*.

There was a view that if a WPL was to be introduced then the resulting revenue *"needs to be invested well"* and the Council needs to promote alternatives which could result in fewer people driving to work. Potential recipients for WPL revenue are discussed in the next section.

Summary: Businesses were not really able to speculate as to the impact a WPL would have on the city. There was, however, consensus that any WPL revenue had to be invested for the benefit of local people.

11 Use of a Workplace Parking Levy Revenue

This section details how respondents thought Leicester City Council should utilise revenue from a WPL in the city. A number of businesses wanted the revenue to be spent on improving public transport, *“If you have a top drawer, efficient, cheap, efficient and flexible public transport system then lots of people will take it up”* and investing in transport innovations, including smart city-wide integrated ticketing between operators, charging points for electric vehicles and e-bikes. WPL *“absolutely has to be used to run some kind of better transport system than we have now”* if the Council wants to encourage mode shift. Currently, *“there’s a lot of people who wouldn’t want to get on a bus”* owing to inconvenience, delays, personal safety considerations, infrequency of services, lack of suitable routes and a negative perception of buses generally. There was a sense that businesses did not want all of the money invested in a single scheme, rather a range of options that would deliver benefits to different groups of people in the city.

Several businesses in this group were enthusiastic advocates of a tram system for the city, an *“electric tram network would be amazing”*. The potential for a tram was also suggested by a business on the city’s periphery who suggested two routes circling the city along alignment of outer and inner ring going clockwise and anticlockwise with radial routes going into the city.

Of the remaining businesses, one thought the money ought to be spent on parks and outdoor recreation facilities for city residents including *“Parks for children, leisure facilities, something everyone can benefit from”*. Another specified the funds should be used to provide for the local community as we *“would like to see local community benefit”*. A third said whatever it was spent on the Council needed to make it clear how the funds were being used and how value for money was being assured as it would be a concern if the money was being spent on the *“wrong”* initiatives. Another business suggested that the Council should establish a Green Infrastructure Fund that business could bid for which would release funds open to large employers in the city impacted the most by the levy. A fifth said they thought a WPL was a solution to yesterday’s problem while the sixth was so opposed at the proposal

they didn't offer any suggestion as they didn't want the proposals to progress. Finally, one stated they didn't mind so long as one option was chosen, this being a focal point of the Councils transport strategy. They mentioned that Nottingham had the tram, Cambridge had their cycle routes, whereas there was no focus currently in the city of Leicester.

Active travel investment was considered to be *"ok for the weekend but not for coming to work"* owing to the distances staff travel. Inclement (or *"rubbish"*) weather was also cited as a reason for low uptake irrespective of levels of investment. Pop up bike lanes were also considered to be a hinderance to public transport as they reduce the width of the road and, during COVID, have reduced available road space and increased (in the view of some respondents) the risk of road traffic accidents and collision.

Business perceptions of the Council's three potential projects

Respondents were asked for their views on the three projects the Council had identified as potential recipients for the WPL revenue – the Railway Station transformation, investment in a new electric tram-like bus network scheme and enhanced active travel. Four respondents said the schemes would not help their business in any way and they would see no benefit from them with one saying they were short term ideas and not sure how the money would be used after the schemes had been completed. In the words of one business *"making the city look pretty doesn't get people to work"*. One respondent was underwhelmed, opining that *"None of them on their own are impressive enough to get strong buy in"* and wondered to what extent the planned investments would happen anyway, even without a WPL.

One business in the city centre was supportive of the railway station transformation but also wanted to see improvements to rail services. One was of the opinion that the railway station had already been improved. Another liked the idea of cycle lanes as part of active travel. Only four businesses supported all three of the projects with one saying *"I completely agree on all three priorities"* though another respondent cautioned that while they were *"All very noble aims"* the proposals were *"very bitty [with] lots of interesting bits but hard to sell"*. This point was also made by another business who said the focus on the inner city is *"not helpful"* and would serve to exacerbate the city centre/periphery divide.

Summary: Opinions varied as to how revenue should be spent, with some advocating a landmark project and others suggesting investment be made in multiple schemes. Irrespective, there was a view that the WPL would benefit the city centre at the expense of the periphery and many businesses who would be liable for the levy would see no direct benefit from it.

12 The Levy

If a WPL were to be introduced what would you consider to be an acceptable levy per space?

Businesses were asked about their willingness to pay a WPL charge. Four businesses said it was not possible to answer that question while another said they would want to know what the money was being spent on before they could answer. Another said you need to know how the city centre is being used post COVID before deciding on the WPL otherwise you are proposing a *“Solution for yesterday’s problem in tomorrow’s world”*. COVID was also mentioned by other businesses who were not able to say what the charge should be and argued it is *“impossible to overstate”* how much business models are being looked at to further reduce costs and overheads in light of the challenges presented by COVID.

Three businesses said a charge of £0, *“would be nice”*, particularly as during a pandemic any additional charge would be *“very unwelcome”*. Another said as low as possible and one jokingly suggested £5 a year as *“it costs me enough per day already just because of where I live”*. One business said £100 would be acceptable. *“£100 a space per year would be an easier sell especially if you pass it on to staff. £100 would make you think ‘do you need to drive?’ but not too little that you don’t care”*.

Five said the charge should be equivalent to the Nottingham Levy (although even one admitted that the Board *“would be shocked at that level”*). Another business indicated that they would expect Leicester to mirror Nottingham’s charge as it was good for Leicester to be the same as, and also competitive with, its neighbouring City. Interestingly, one business who had experience of the Nottingham scheme said it was not so much the initial charge but the inflation rate year on year that was concerning and there was a need for transparency about this. Anything over £500 per space *“would be damaging”* while a figure of £1000 per space was considered *“completely unacceptable”* and a figure that *“no right-minded person”* would support.

One business suggested that the cost of a levy all depends on what the Council wants to achieve and *“if it is to reduce congestion then it needs to be high”*. Another business suggested that the levy you pay could be based on where you are located, with the Council

applying a tiered rate based on location so that the core paid more as they were more likely to benefit from the resulting transport improvements than the periphery which did not think there was a particular problem with either congestion or air pollution. This was a point that was also made by another business who said the Council were expecting them to pay for something that they don't suffer from as they are located on a peripheral trading estate. Business also said the introduction of a Levy would offer no incentive for businesses to move into the WPL area, and as such would impact on future inward investment.

If a Levy of £500 per space per year were introduced would you be likely to pass the Levy on to your employees who use your car park?

Respondents were presented with a hypothetical charge of £500 per annum per liable space and asked to comment on whether the business would pass on the charge to their staff. 13 businesses said they would not pass on the charge, three said they would, and two were not sure.

Of those that said they would not, equity, fairness and not wanting to penalise (and potentially lose) low paid staff were presented as the reason *"If we pass on the charge, staff are going to be penalised. We are being penalised for employing staff"*. Another business added that they would not expect their business to pass on the charge as they value their employees and *"labour is scarce"* and people might leave the business if they were faced with paying the WPL. This was of particular concern for businesses employing staff on lower pay as for people on the minimum wage, *"£500 would be a week's wages"* and would be interpreted by staff as an additional tax.

The point about the charge impacting on staff recruitment and retention if passed on was also raised by businesses who explained that they operated in a very competitive lower wage labour market. Although working in a different sector of the economy, one business reported that firms are increasingly *"poaching"* staff from one another and attracting colleagues to move jobs with the prospect of 2-3 days home working per week. This business saw labour competition as a long-term trend that was going to be heightened in the future. The issue of equity and fairness to staff was also raised by another business who said that the business would *"probably"* absorb the cost internally as the owners *"would*

want to do what is right rather than what is best for their pockets". Two of the businesses who said they would not pass on the charge also have business premises in Nottingham which are liable for the charge and as the charge is not passed on there they wouldn't anticipate it would be in Leicester either.

Only two businesses said that they were likely to pass the whole charge on, although there was discussion around whether this would affect all grades of staff or just higher paid employees and one of the businesses said their decision would be influenced by what their competitors did as this would impact on staff retention.

Only two businesses said they don't know whether the charge would be passed on to employees as it will depend on how well the revenue is used and whether they can absorb the cost. They stated that if they did absorb the cost internally it would come at the expense of other investments that are environmentally beneficial. One business said that they *"wouldn't like"* absorbing the charge and there would likely be consequences elsewhere in the business.

13 Short, medium and long-term responses to the introduction of a WPL

This section covers how respondents thought their business might respond in the short term (within a year) and medium to longer term to the introduction of a WPL in Leicester.

Short term responses

Eight businesses said they would do nothing within the first year and wait and see how things developed. One of the businesses said that unless the public transport infrastructure was already in place then there is still the *“problem of getting people to work”* and it would be unhelpful to remove car parking spaces before an adequate public transport alternative is in place.

Two expressed concern at the scheme and again described it as an *“unwelcome cost”*. The strongest view expressed on the scheme was *“I don’t agree with the WPL, full stop”* and would not comment on potential responses to its introduction.

One business said they would respond by cutting back on the amount they spent on training, bonuses and promotions while a further two said they would have to carefully look at the impact of the charge on social equity and staff welfare. One business said they might explore introducing a permit system for their car park. Only four businesses said they would *“probably reduce the number of spaces”* or *“would aim to get the number of spaces down”*. However, there was a recognition that this *“would make the management of visitors a little more difficult”*. One business said that artificially reducing the number of spaces would be a *“fudge”* to get around the charge and would not change commuting behaviour as people would park on street instead. Another business said *“Paying or not paying the levy wouldn’t change my operations – the car parking spaces I need are the ones I need. I wouldn’t change my behaviour”*.

Other businesses suggested that there was *“almost certainly”* going to be a reduction in demand for car parking as more staff work from home after COVID and rarely need to come

into the office. Consequently, a medium to longer term reduction in spaces would be encouraged as part of that process as the cost savings would be important. One stated that they would look to see if they could commercialise the unused spaces in some way.

Medium to longer-term responses

In respect to medium-longer term responses, four businesses did not anticipate any changes would be made following the introduction of a WPL in the city. One said that it is *“Difficult to know what we will do until we know what the scheme looks like”*.

Four businesses said that they may look to reduce spaces once additional public transport comes on stream. One business said they would *“have to”* reduce the number of spaces if a WPL was brought in but they would find it difficult to reduce them by any significant measure owing to staff demand. Another business also said they *“may look at reducing number of spaces”*. However, thoughts as to alternative uses to repurpose the spaces were not well developed with some saying they might landscape them or employ them for alternative use such as storage or parking of other vehicles. One business queried the practicalities of *“removing 50 spaces”* and dealing with the resulting complaints from staff who were unable to park. Another also said they would be really *“hard pushed”* to reduce the number of spaces and public transport infrastructure has to be there before any changes would be made to the parking provision.

The issue of future car park administration and management under any future WPL scenario was also raised by one business who anticipated it would be controversial and problematic with the business getting *“blamed”* for a Council initiative. Two businesses said they would look at the feasibility of reducing car parking spaces and promoting car sharing, assuming social distancing requirements are lifted. One business also discussed the potential for greater car sharing but concluded that shift patterns are not conducive to its introduction. Supporting colleagues to find viable alternative travel to work modes was also something one business raised. They believed they would have to implement some sort of permit system and encourage alternative forms of transport. They mentioned that the business used to be a member of a cycle to work scheme but it got very little take up from staff. This

contrasted with the view of another business who said that while they would promote alternatives they would not seek to introduce a permit system.

Although sixteen businesses said they “*wouldn’t look to move*”, two businesses indicated that if a WPL was introduced they would consider relocating outside the city boundary. In the case of one business, their lease would be up for renewal in this time period while the second volunteered that a “*WPL would make us look at relocation*”. Despite not indicating they would consider relocating, three other businesses raised concerns about labour competition and the impact of a charge on not only staff retention but also on job creation and investment decisions in Leicester.

The complexity of the issue with respect to a WPL in the city was summed up by one respondent who said:

“Need to weigh up what are you trying to achieve with the WPL. Are you trying to achieve an income to pay for things or are you trying to disincentivise the employers from providing parking in the first place. In which case you would have to ensure that you have alternative transport available for the people who no longer have a parking space or enough public parking spaces available to them but without the income to support providing those because everyone has abandoned their parking. So it’s a difficult balance to get right.”

14 Discussion of the Findings

This discussion of the interview findings is split into discrete yet interrelated sub sections which are presented in the following order: the nature of transport-related issues in Leicester, provision and cost of public transport in Leicester, options for addressing congestion and traffic-related emissions, current travel to work trends, car parking management at the workplace, the WPL, use of the WPL revenue, the potential implications of COVID-19, and communication, consultation and engagement. Appendix 2 lists a number of questions and points of clarification relating to practical implementation issues of a Leicester WPL which were raised by the interviewees. These are provided to help inform the City Council's future policy development in this area.

The consideration of a WPL scheme in Leicester provides an opportunity to develop a strategy capable of generating a step change with respect to transport, sustainable mobility, and economic growth post COVID-19 in the City. For this to occur, issues concerning the possible introduction of a WPL and its potential economic impact require careful consideration. In the sections that follow, these issues are presented and discussed.

Nature of Transport-Related Issues in Leicester – congestion

If a WPL is to be accepted by the business community in Leicester there needs to be a clear understanding of, and consensus concerning, the problem or issues a WPL is seeking to address. Based on the findings of this study, congestion was considered to be an issue in the City before the pandemic occurred, and it continues to be an issue at certain times of the day, principally peak periods and school drop off times.

The evidence indicates that traffic congestion is not a problem which is simply confined to the City Centre. However, respondents' experiences of congestion were limited to their own localised experiences of commuting and there appeared to be relatively little awareness of the issue of congestion across the city. Concerns about congestion were articulated solely in personal terms in respect to delays to journeys, stress, inconvenience, and annoyance at being stuck in traffic. No respondent discussed the economic impact of traffic congestion

and no business reported that the delivery or distribution of goods or services at their sites was adversely affected by it. There appeared to be a general acceptance that traffic congestion was an inevitable consequence of societal organisation and that Leicester was no better or worse than other cities of comparable size.

Nature of Transport-Related Issues in Leicester – air pollution

Although there is a general appreciation that traffic-related emissions and poor local air quality are an issue in the City, there is little awareness of the nature or seriousness of the issue. Only a few respondents named individual types of air pollution and only CO₂ and NO_x were identified. Although some respondents linked poor air quality to a range of adverse respiratory health outcomes – principally asthma and ‘breathing difficulties’, again the experiences were personal and related to family members or colleagues who were affected by poor air quality. No mention was made of the wider human health costs of air pollution and mention of the link between local emissions and global climate change was sporadic. Only one respondent stated that they knew they and their employer were ‘part of the problem’.

Electric vehicles were generally viewed as a panacea to address air quality issues and there was no awareness in the interviews that e-vehicles generate their own air quality and environmental impacts. There was, however, a sense that air pollution could be ‘solved’ by incentivising greater uptake of e-vehicles in the city and if this was the issue the Council wanted to address then there were ways of doing this which did not involve the introduction of a WPL.

Overall, unlike congestion, traffic emissions are less apparent and less immediate in terms of their personal impact. Although concerns about local air quality did cause some people to close their car windows when in heavy traffic it did not cause them to alter the route or timing of their journeys, unlike congestion which caused people to start their journeys earlier to take alternative routes.

Provision and cost of public transport in Leicester

The overall perception was that current public transport provision in Leicester and Leicestershire is generally expensive, inconvenient and inadequate. P&R is underutilised and unattractive given the location of the sites and the lack of facilities to the east and south of the city. Enhancing public transport and raising the profile of active travel could form an integral part of a WPL strategy.

The following suggestions were raised by the interviewees:

- Incentivise private public transport operators to provide integrated ticketing;
- Work with bus operators to phase out the most polluting diesel vehicles;
- Increase the frequency of existing bus services, particularly at off peak times;
- Expand the spatial coverage of bus services to include out of town industrial estates;
- Address the focus on radial services to provide more convenient cross-city bus links.

Options for addressing traffic congestion and traffic-related air pollution in the City

Overall, this was not something the respondents had given much thought to and there was no common view as to the option/s that the City Council should employ to deal with traffic congestion and emissions in Leicester. In saying this, three groups of thought were apparent:

- Those who did not know what could be done and posited it was not their responsibility to devise solutions to issues they did not cause or have ownership over;
- Those who thought the Council should choose a single significant landmark transport investment project (such as a tram) and stick to it;
- Those who thought that a package of different options should be considered that would benefit the whole urban area and not just focus on the City Centre which they perceived had disproportionately benefited from past initiatives. Suggestions included enhanced public transport, Demand Responsive Transport, active travel, EV charging points, and enhanced Park & Ride.

Current travel to work trends

Overall, it was apparent that many of the Leicester businesses interviewed generally have little understanding of, and, in some cases, interest in, where their employees live or how they get to work. Only a minority of business in the city had a Travel Plan and captured data on employee travel to work behaviour. Those business which do have Travel Plans appear to liaise with and enter partnership with a specialist transport consultancy as opposed to the City Council. The pandemic caused some businesses which previously undertook staff travel surveys to suspend them so contemporaneous data is lacking.

There is a split between businesses who may be able (and want) to adapt to post-COVID methods involving greater levels of hybrid and home working and businesses (predominately in the manufacturing and production sectors) which require physical staff presence on site. In every case, higher paid and more senior staff live further away from the city than factory floor staff. These staff are also the least likely to use public or active transport to commute to work and those who are likely to be the most resistant to changing habitual modes of travel behaviour as there is a long-held belief among some that they not only have a 'right' to drive but 'have' to drive for work purposes. In contrast, many lower wage 'factory floor' staff and shift workers live in closer proximity to their workplace and already commute to work by public and active means of transport. The potential for further mode shift among such groups would appear, therefore, to require significant investment. Companies that employ large numbers of agency staff said it would be challenging to get data on travel to work trends and speculated that many workers car shared pre-COVID to minimise transport costs and maximise their spatial mobility and hence availability for work.

Car Parking Management at the workplace

A wide variety of workplace car parking provision, policy and management was evident across the city. Every business adopted a different approach and different ways of managing demand. The majority of car parking is provided free to employees as a 'perk' of their job and where it is not, businesses often provide subsidised parking permits for staff to park in private car parks. Most businesses had sufficient spaces for their needs although a number expressed the fact that car parking was a contentious issue among their employees. Only

one business recognised that providing parking was essentially offering a company benefit to private car drivers that was not available to employees who use public transport. As such, there is an issue of equity to consider.

In some cases, only higher-grade staff were permitted to park on site and at others, a wide range of demand management techniques were employed to ensure that staff with a compelling business need could access a space. There was a recognition that every car parking space has a commercial value against it and also that access to car parking is an important element of staff recruitment and retention. The growth of private vehicle journeys in response to COVID-19 has placed new pressure on spaces, particularly at shift change over times.

The WPL

Although some businesses had heard of the term, understanding of it varied. A few businesses were very well informed as the respondents had first-hand experience of the Nottingham scheme. Others had little idea what it was or what it entailed.

Opinions towards a WPL in Leicester varied from the vehemently opposed to the cautiously supportive. In most cases, businesses considered it to be an unwelcome additional tax yet raised questions of practice rather than principle. Large businesses felt that they would be disproportionately affected by a WPL despite the economic and employment benefits they brought to the city. Business located outside of the City Centre were generally less supportive of the scheme than those based in LE1.

In terms of willingness to pay, businesses were generally reluctant to offer a figure as to what the annual charge should be. Those that did, felt a charge equal to Nottingham's would be appropriate. No business supported a charge higher than Nottingham's. One business wanted to know how future charges would be calculated and whether they would be linked to a standard measure such as CPI or RPI while others were concerned about the additional costs of administering the scheme and how they would deal with staff dissatisfaction and complaints.

Economic impact of the WPL

Businesses perceived the economic impact of a WPL in terms of what it meant for their business and the cost base. Many questioned whether it would really address issues of traffic congestion and air quality or whether it was just a convenient way to raise additional taxes for a cash-challenged local authority at a time of global pandemic through the lens of environmental concern. A number of businesses questioned the long-term impact and suggested that the WPL might only delay traffic growth by 2-3 years at best. Although few businesses suggested they would look to relocate outside of the WPL charge area they suggested that Leicester may become less attractive to outside investment because of it. Consequently, the economic benefits of the scheme for businesses must be clearly articulated.

In the discussion of the WPL, the implicit assumption was that the current status quo is equitable and that the assessment of equitable outcomes is made on the basis of changes from the status quo and not from any absolute standard. Consequently, business appeared to be more sensitive to the equity of changes in conditions than they are to the equity of the current situation and were more likely to identify undesirable new costs than potential benefits, the future delivery and success of which was greeted with some scepticism.

Most businesses said the WPL would be a cost that they would absorb rather than pass on to staff. However, the cost of covering the levy would have to come from somewhere, and staff training budgets, bonuses and promotions might be cut as a consequence. Given that the majority of businesses said they would absorb the cost, there was a discussion around the equity of this as to why car drivers would be subsidised but public transport users not and also a question of if the charge was absorbed by a business whether there would be any incentive for individual drivers to change their behaviour if they themselves were not directly paying the levy. Moreover, even though a WPL might change a proportion of people's commuting habits it was felt that a good number, particularly higher paid staff with longer commutes and shift workers employed outside normal working hours, would still need to drive owing to distance to work, lack of alternatives, personal preference and personal safety/security concerns.

Use of the WPL Revenue

The key issue for business was what the WPL revenue would be spent on. Almost all respondents mentioned the tram in Nottingham and said there was a need for a similar landmark scheme in Leicester so that people could see where the money was being spent. The suggestion was also made that any recipient of WPL revenue was badged as 'Being funded by the WPL' so that people could see where the money was going. There was also a strong view that if people were to be incentivised to travel by means other than the private car then alternative modes had to be in place first before the WPL was introduced and that the City Council have to provide a viable alternative to the car that is useful to people. This includes recognising that a lot of people who work in the city do not work in city centre. There was, however, also a recognition that the funds for such interventions would need to be found from somewhere.

In terms of the Council's three proposed areas – further redevelopment of the railway station, the tram like e bus network and active travel, the view of some businesses was that the station had already been improved and would only benefit city centre businesses near the station in any case. The e bus network generated some interest but the view remained that an electric vehicle didn't offer any tangible improvements over a regular bus other than a reduction in tailpipe emissions. In terms of active travel, the view of some respondents was that although it is a nice thing to have and improvements to the urban realm would be welcome, walking and cycling can never be made attractive enough to get large numbers of habitual car drivers out of their private vehicles. Female respondents also spontaneously discussed how they do not currently feel safe in parts of the city centre and would never consider public or active transport owing to fear for their personal safety.

When respondents were asked how they thought the WPL money should be spent there was no clear view and not much thought had been given to it. Some people mentioned e bikes and charging points for electric vehicles and referred to schemes that they were aware of in other cities that Leicester might seek to emulate. Interestingly, even companies who will not be subject to the WPL do not see the benefits in terms of improved public transport and active travel. As such the benefits of the scheme need to be actively promoted and clear messages presented on how the revenue will be spent.

Impact of COVID

As well as discussion around the potential for businesses to relocate, there was also discussion about the changing nature of work after COVID and the likely continuation of new forms of home and hybrid working. As such, it was mentioned that the geographies of work are changing and companies as far away as Bristol are now 'poaching' office and professional services staff who can productively work remotely and never need to travel to the office. In contrast, the manufacturing sector will continue to require staff to be on site and these employees are generally lower paid and live locally to the factory. In addition, it was thought that if more staff work from home, fewer car parking spaces will be required and the Council will not raise as much revenue as they anticipate which will directly impact on the scale and ambition of the interventions they can fund through the scheme. The overruling and recurring message from the interviews was that a pandemic was not a good time to be considering introducing additional costs to businesses who were struggling with the economic impact of local and national lockdowns.

Communication, consultation and engagement

There is a desire on the part of respondents for Leicester City Council to clearly communicate the purpose and practicalities of the proposed WPL scheme. This includes the objectives that the scheme is seeking to achieve, the detailed design for the scheme – including how the resulting WPL revenue will be utilised, and how the post-implementation impact of the WPL will be evaluated. Communication will involve identifying areas of existing good practice, promoting the benefits of the scheme and demonstrating the tangible improvements it will deliver, and consulting with and actively engaging businesses across the city.

Respondents expressed willingness to engage with the Council as the proposals develop and they welcomed the consultation the semi-structured interviews afforded. They see engagement as being important as part of an honest and transparent dialogue in relation to the WPL and the wider transport strategy for the city of Leicester. There is evidence of considerable expertise within the business community in the city as well as first-hand

experience of the Nottingham scheme which could prove invaluable to the City Council as the scheme develops.

Summary

Overall, businesses in Leicester were wary of the potential economic impact of a WPL, particularly given the COVID pandemic, and sceptical about the potential benefits that would arise from it. Although there was a recognition that issues of traffic congestion and air quality did need to be tackled, there was no clear consensus as to how this could be achieved. Consequently, with the right vision and ambition, a WPL could provide an opportunity for a step change in how transport is organised and delivered within the city. The next section of the Report proposes a number of recommendations for Leicester City Council.

15 Recommendations

Based on the Findings of the Desktop Economic Impact Study and the interviews, this section of the Report makes a number of recommendations for Leicester City Council. The recommendations are divided into 6 key areas:

- Cost and Benefits;
- Use of the Revenue;
- Equity and Transparency;
- Communication and Leadership;
- The Impact of COVID; and
- Evaluation.

Cost and Benefits

A WPL will impose certain costs on business but, as yet, the benefits arising from it are not known. There is a need to sell the benefits of the scheme and demonstrate how the revenue will be utilised.

Recommendation 1: Raise awareness of the economic impacts of congestion and delays for businesses and individuals in Leicester.

Recommendation 2: Raise awareness of the cost and health impacts of vehicle emissions for the City of Leicester and promote an alternative future.

Recommendation 3: Provide practical support to Leicester businesses to encourage/incentivise uptake of travel plans and undertake annual staff travel surveys as part of the WPL package.

Recommendation 4: Work with businesses in the city to make them aware of the benefits emanating from a WPL. A clear strategy that explains how the benefits from a WPL will be distributed across the City is required.

Recommendation 5: Work to ensure that the transport improvements arising from the WPL become visible quickly to counter potential scepticism.

Use of the revenue

As opinions were divided both on the potential projects funded through a WPL and the level of the charge, Leicester City Council need to:

Recommendation 6: Develop a clear and focused message as to how the revenue is to be used. A simple way this can be achieved is by identifying initiatives the WPL has funded, for example by branding schemes 'funded by the WPL'.

Recommendation 7: To address concerns that a WPL is merely a revenue raising 'tax' mechanism, offer tangible ways in which business will benefit from the scheme.

Recommendation 8: The potential for improving public transport links across the city region and not just to and from the city centre should be explored.

Equity and Transparency

Issues of the boundary effect and displacement of parking to neighbouring streets was articulated. In addition, businesses located at the periphery of the city perceive congestion and traffic-emissions to be a city centre issue and that they will receive little direct benefit from a WPL. Moreover, concern was expressed at the impact of a WPL on lower wage and shift workers. Consequently, it is recommended that:

Recommendation 9: Leicester City Council need to explore the impact of the WPL on on-street parking and the possible need for complementary measures. This is required so as to assess the economic impact of a WPL on congestion, traffic-emissions, parking search and safety with respect to adjacent streets.

Recommendation 10: There is a need to be transparent about the charge (and future increases linked to established metrics such as RPI or CPI), in terms of the use, of permitted exemptions, how the revenue will be used and the impact of the measure on different groups.

Recommendation 11: Leicester City Council need to explore the potential impact of the WPL on wages and employment opportunities, particularly in competitive, lower wage, lower skilled sectors of the economy. Measures could be considered to lessen the impact of the WPL on lower wage workers including advice and support to employers and cross city public transport provision.

Communication and Leadership

There is a need for clear communication and leadership at all stages of the WPL policy cycle. There was appetite among some respondents to engage in further work on the WPL with the Council. The ability for the WPL to leverage other funding streams could be promoted through the appointment of a single policy champion who acts as the public face of the WPL proposal.

Recommendation 12: Establish a dedicated WPL business engagement and advisory forum to help shape the scheme's design and foster buy-in from the business community.

Recommendation 13: Establish a dedicated communication and implementation team who are responsible for public consultation, scheme design, and eventual implementation. A named policy champion could support this approach.

Recommendation 14: Raise awareness of the ability of the WPL to leverage other funding that will enhance life for everyone who lives and works in the city.

Recommendation 15: Explore potential for enhanced car sharing and/or provision of works buses post COVID.

The impact of COVID

Given the inherent uncertainties surrounding the short- and longer-term economic impact of COVID on Leicester on patterns of hybrid/home working and investment, there is a need to:

Recommendation 16: Conduct ongoing empirical research into the impact of COVID on the city and the businesses operating within it and develop an agile and flexible WPL package that is sufficiently future proof so that it can be adapted at minimum cost to ensure the WPL not only delivers maximum benefit for the city but contributes to its recovery.

Evaluation

The final two recommendations concern evaluation of the WPL. There is a need to detail how the impact of the WPL will be evaluated and the metrics by which its impact will be measured.

Recommendation 17: Devise and agree a set of metrics by which the impact of the WPL will be assessed. Conduct intervention analysis to identify the range of impacts and take steps to address any unanticipated consequences and ensure the WPL meets its stated objectives.

Recommendation 18: Undertake a sustained programme of research to examine the medium to longer term impacts on inward investment, business location decisions and new development with respect to enhanced public and active travel provision in the city.

Appendix 1: Semi-Structured Interview Questions

Nature of Transport-Related Issues in the City of Leicester

- What is your opinion on the provision and cost of transport in the City of Leicester?
- How serious do you consider the current levels of traffic congestion, traffic-related air pollution and carbon emissions to be in the City of Leicester?
- Does the traffic situation in the City of Leicester pose a problem to the delivery of supplies/products?
- What options do you think the City Council could/should consider in seeking to address the issue of traffic congestion, traffic-related air pollution and carbon emissions in the City of Leicester?

Travel to work

- Does your company have a travel plan that is required as part of your building or as part of the company's corporate social responsibility policy? If so, has the travel plan been developed in collaboration with the City Council?
- What are the key measures as part of the travel plan?
- Do you know what proportion of your staff, walk, cycle, drive or use public transport to get to work?
- Has your company undertaken research into employee travel to work? Are you aware how long it takes your average employee to commute to work?
- What proportion of your employees' park their car at the workplace?
- Are you aware of the reasons why your employees travel to work by private car?
- Approximately what proportion of your employees live outside the City of Leicester boundary?
- Are you aware as to whether employees use the Park and Ride sites and how efficient they find them?

Car Parking Management

- How do you manage your car parking provision?
- If you currently operate a parking permit system for employees how is it administered?
- Is your car parking provision located next to your premises or is some of the provision located remotely?
- Do you offer any incentives for car sharing? E.g. reserved/priority spaces, taxi home in emergencies
- Do you have car park management issues?

Workplace Parking Levy

A WPL is a charge to an employer for parking spaces they provide for their staff (commuters). The funds raised are ring-fenced for transport improvements in order to manage congestion, improve transport infrastructure and offer advice and incentives for alternative means of transport. The employer supplies information on parking provision annually which is then audited by the Local Authority.

The Nottingham WPL applies to the City Council administrative area and represents a Levy of £424 per space per annum. There are a number of exemptions and discounts including: the NHS frontline and blue light services and those premises with fewer than 11 car parking spaces.

The Nottingham WPL has aided in funding the Tram extension, Rail Station improvements and the LinkBus network.

- Have you encountered the term Workplace Parking Levy?
- What is your view of the Nottingham WPL as detailed?
- Are you aware that Leicester City Council are considering the implementation of a WPL?
- What do you view to be the potential advantages and disadvantages of a Workplace Parking Levy?
- Could you provide us with a main point of contact re: the WPL someone who could be fully briefed by the City Council with respect to the WPL.

Impact of a WPL

- If a WPL were to be introduced what impact do you think it would have on your business?
- What impact would you expect the introduction of a WPL to have on the:
 - City Council's management of congestion?
 - local air quality and carbon emissions?
 - choice of transport options available for employees?
 - travel behaviour change namely car use as a means of contributing to carbon reduction targets?
 - active management of your car parking provision?
 - management of employee travel to work?
 - health and wellbeing of employees?
 - recruitment and retention of staff?

Use of the WPL Revenue

- If a WPL was introduced how do you think the resulting revenue should be utilised?
- If a WPL were to be introduced in the City of Leicester, what is your view of the revenue being allocated to the Rail Station Transformation, investment in a new electric tram-like bus network scheme and enhanced active travel throughout the whole urban area?

Business Specific Questions

- How many staff do you employ at your City of Leicester location Full time/Part time?
- How many visitors/customers do you have on a daily/weekly basis?
- How many city-based sites do you operate?
- How many parking spaces (if known) do you have at your site/each of your sites?
- If a WPL were to be introduced what would you consider to be an acceptable levy per space?
- Say a Levy of £500 per space per year were introduced would you be likely to pass the Levy on to your employees who use your car park?

- If not then why not?
- If a WPL were to be introduced how are you likely to respond in the short term and long term:
 - Short term:
 - Reduce the number of car parking spaces provided (if the levy were £500 per space then what percentage of your spaces would you envisage removing)
 - Reduce the number of leased car parking spaces
 - Medium/Long term
 - Implement a permit system (if there is not one in place already)
 - Seek to put in place measures that would encourage alternative forms of transport when commuting to the workplace
 - Reallocate the disused car parking spaces to alternative uses

Appendix 2: Practical Issues with a WPL

A number of issues were raised throughout the course of the interviews, issues relating to the scheme design, geographical spread, scope and exemptions. In essence questions relating to the practicality of implementing a WPL. Whilst the City Council is at the very early stages with respect to exploring the implementation of a WPL it is important to pay attention to practicalities, matters of interest, and indeed concern to the business community and thus worthy of consideration at this early stage.

While there was a level of awareness and understanding of the WPL based on the scheme implemented in the City of Nottingham this, with a few exceptions, was only cursory. Clearly, a number of the points raised below can be addressed by reference to the Nottingham scheme although the Leicester scheme may, or may not, replicate the Nottingham WPL scheme in its entirety. As such, each point will require consideration in a Leicester specific context.

The following provides itemised/selected scheme specific questions identified by the business respondents that the city Council may consider:

- What is the proposed radius of the levy?
- Will electric charging spaces be subject to the Levy?
- Will car share spaces be subject to the Levy?
- Will the Levy presumably be for non-residential spaces within the Levy radius?
- What would be the situation if a business were to purchase land for car parking outside the Levy area and ferried staff in via bus?
- What of visitor spaces?
- Exemptions (as stated the Nottingham scheme has the following):
 - Emergency Services;
 - Frontline NHS services;

- Employers < 11 spaces;
 - Customers;
 - Disabled spaces;
 - Loading bays.
- Would/could there be an exemption (or a reduced Levy) for EV spaces?
 - What are the logistics with respect to offices that share spaces?
 - Is it intended that the WPL will be temporary or permanent?
 - What of the Park & Ride? Will the council levy their own facilities?
 - What of the disabled? They were excluded at Nottingham (as in disabled spaces). What impact will this have on our assessed needs permit holders who also use these spaces?
 - How will the increase in the WPL be calculated year on year? Will it be calculated by using the CPI?
 - Since it is assumed the WPL will only apply to Leicester City Council, there may well be an issue for those businesses that operate inside and outside the Levy area when developing a transparent, practical, equitable business strategy.
 - Would initial support be offered to organisations wishing to reduce the number of parking spaces on their site prior to the implementation of a WPL?