

Transport and Environment Committee

10.00am, Thursday, 2 March 2023

Strategic Business Case for an Edinburgh Workplace Parking Levy

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 The Transport and Environment Committee is asked to note the findings from the Strategic Business Case, including:
 - 1.1.1 Revised average yearly receipts from a Workplace Parking Levy (WPL) of between £5m to £14.9m that could be raised in Edinburgh, taking into account a range of impacts and changes to future workplace parking supply, design choices on the level of charge and the extent of local exemptions;
 - 1.1.2 The proposed draft objectives to develop a WPL revenue plan, which is required in order to fully assess the economic, social and environmental impact of any Edinburgh WPL proposal; and
 - 1.1.3 The detailed indicative timescales for the delivery of an Edinburgh WPL.

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Strategic Business Case for an Edinburgh Workplace Parking Levy

2. Executive Summary

- 2.1 This report responds to a motion agreed by Committee on the [3 November 2022](#), which instructed officers to complete a Strategic Business Case on an Edinburgh Workplace Parking Levy.

3. Background

- 3.1 The Council has committed to investigate a Workplace Parking Levy (WPL) for Edinburgh and to ensure the development of such a scheme, through engagement with stakeholders and the public, is a workable option for the city should the Council decide to implement it.
- 3.2 The Council has ambitious targets to be net carbon zero by 2030 and to reduce car kilometres by 30% by 2030. All measures which support the achievement of these targets need to be considered.
- 3.3 The power to introduce a Workplace Parking Licensing scheme was granted to Local Authorities in Scotland by the Transport (Scotland) Act 2019. Regulations to support the Workplace Parking Licenses scheme came into force on [4 March 2022](#) and further Guidance was published by Transport Scotland on [30 June 2022](#).
- 3.4 Edinburgh's [City Mobility Plan](#) (February 2021) states that once legislation is passed by the Scottish Government to enable WPLs to be delivered, studies of workplace parking provision in Edinburgh will be undertaken and consultation will be carried out to inform proposals. Proposals will then be designed and presented to Committee for consideration. The [2030 Climate Strategy](#) also states that the Council will “engage with citizens and businesses on the potential benefits of introducing a WPL as part of a range of measures to deliver the City Mobility Plan.”
- 3.5 The results of a city-wide parking survey were provided in a update in the Committee Business Bulletin on the [12 November 2020](#).
- 3.6 In August 2021, the Council submitted a response to inform Transport Scotland in the preparation of the Regulations and Guidance reports for the [Workplace parking licensing consultation on regulations and guidance](#).

- 3.7 A report was considered by Committee on 3 November 2022, noting that there are further stages of work which would need to be undertaken to enable the Council to make an informed decision on the strategic business case for WPL.

4. Main report

Approach to this Report

- 4.1 The purpose of the report is to provide more detailed revenue estimates; describe the objectives of the scheme; and outline next steps and timescales for delivery. A Strategic Business Case structure was used to conduct this research, which led to the development of three main sections of the report: Revenue; Objectives and Impact; and Delivery. The report is attached as Appendix 1.
- 4.2 The detailed revenue estimates for an Edinburgh WPL incorporate a range of assumptions of a one-off decline in the workplace parking supply from 2020 and an annual decline thereafter. The description of the objectives explains the potential economic and social impacts and operational risks of the scheme and the final section outlines the next steps to progress an Edinburgh WPL, including the likely costs for delivery.
- 4.3 The report was informed by initial engagement with stakeholders including officials in the City of Edinburgh Council, and officers with experience of planning for a WPL in Leicester City Council, Nottingham City Council and Glasgow City Council.
- 4.4 Evidence from the Edinburgh workplace parking survey completed in early 2020 has informed much of the analysis in the report. While much may have changed in the permanent travel to work patterns in Edinburgh since that time, this data is considered a reliable baseline on which a series of conservative assumptions can be taken.

Main Findings

- 4.5 WPL could offer a stable and secure local funding stream that could underpin, supplement and leverage more competitive funding sources, and be used to underwrite additional borrowings. Revenue raised from a WPL scheme could be invested in the delivery of sustainable travel interventions as outlined in the City Mobility Plan.
- 4.6 The potential yearly receipts from a charge of £550 per parking place per year (a rate closest to the prevailing WPL charge applied in Nottingham) could generate income of up to £11m per year. The full spectrum of income opportunity ranges between £5m and £14.9m as depicted in Appendix 1, Figure 3.
- 4.7 The geographical scope, size of levy and extent of local exemptions of any WPL scheme will be the main driver of revenue, with the key trade-offs to be considered in relation to the balance of ambition, impact and acceptability. Many choices about the detail of the WPL scheme are devolved to Councils.
- 4.8 To fully assess the impact of an Edinburgh WPL scheme on the city's employers, employees, residents and the environment, further work is required to identify specific projects that a WPL revenue could support.

- 4.9 Revenue raised from a WPL could deliver objectives related to the themes of Quality, Affordability and Innovation as well as being targeted at workforce travel behaviour. These suggested themes could be used as a basis to develop a draft WPL revenue plan (see Appendix 1, Figure 6).
- 4.10 An Edinburgh WPL could act as a demand management tool to influence modal shift to more sustainable ways of travel. It could also contribute towards a reduction in car kilometres, help to reduce congestion and contribute to cleaner air through the reduction of transport-related emissions, and encourage more efficient land use in the city.
- 4.11 Further impact assessment could include a structured look at the equality, economic, social and environmental impacts of WPL. This could include the additional cost for employers, any unintended consequences on minority groups, as well as the benefits from the additional public investment in key transport projects.
- 4.12 The perceived risks from a WPL could be mitigated by using the additional funding from a WPL on new services, such as displaced parking taskforce or enhanced travel planning activities and employee discount for public transport.

5. Next Steps

- 5.1 The next steps for the Council to consider involve the completion of a range of tasks including:
 - 5.1.1 An integrated impact assessment of the Edinburgh WPL.
 - 5.1.2 Completion of a draft revenue plan for the WPL to be used ahead of any future engagement and consultation on the WPL scheme.
 - 5.1.3 An engagement plan for a future public consultation on the Edinburgh WPL design, governance, and spend priorities; and
 - 5.1.4 Completion of further impact studies, as required, on the environment and persons affected by the proposal of such a scheme.

6. Financial impact

- 6.1 All recommendations included in this report can be carried out within existing agreed workplans and budgets.

7. Stakeholder/Community Impact

- 7.1 The next steps noted in section 5 would include completion of an integrated impact assessment and detailed planning for public consultation.

8. Background reading/external references

- 8.1 Leicester City Council [Business Case Summary of Workplace Parking Levy](#)

9. Appendices

9.1 Appendix 1 – WPL Business Case

Appendix 1: Edinburgh WPL Strategic Business Case

Introduction

The Transport (Scotland) Act 2019 gives local authorities in Scotland the power to introduce a WPL scheme within their area. As defined in legislation, a WPL scheme would see employers pay an annual fee to the council for every parking place they provide that is used by employees, with the revenue raised to be used in support of the local transport strategy.

WPL could reduce the demand for car commuting and to provide finance for supporting other public or active transport projects. Both elements are intended to result in a mode shift to non-car mode and incentivise and enhance the experience of alternative modes of transport especially if the revenue raised from a scheme is invested in those areas.

The Council has discretion to set the value of the levy to be charged per liable parking place; the boundary the levy would apply; and add any further local exemption it deems appropriate. The Council can also decide how the revenue raised from such a scheme is to be spent or allocated. This means that establishing a single starting point of information specific to the Edinburgh WPL, which is what this Strategic Business Case attempts to achieve.

Baseline Evidence the Edinburgh Workplace Parking Survey

The Workplace Parking survey involved the identification of 1,085 businesses and 2,766 workplace locations/sites. These included all sites eligible under the legislation.

To complete the estimate for WPL liability in Edinburgh a sample approach was used to ensure the maximum amount of parking places could be validated and that the size of WPL liability could be estimated with few as necessary physical visits or direct contact with workplaces.

Throughout February and March 2020, parking surveys were undertaken at almost 800 business places within the City of Edinburgh Council boundary. The sample size was 762 workplaces or 28% of total workplaces and assessment of 59,000 parking spaces or 80% of total parking spaces identified.

These physical visits counted parking capacity, utilised spaces, assessed count on WPL liability places, EV parking spaces, disabled parking spaces, and noted comments on location like access to alternative parking. This created a comprehensive dataset of parking activity in Edinburgh and a baseline for assessing the estimated liability of workplace parking under a WPL. Headline findings include:

- A total of 74,887 workplace parking places were identified within the City of Edinburgh Council boundary. [Figure 1](#) shows the distribution of workplace parking capacity in Edinburgh.
- The maximum forecast of parking places liable for a charge was estimated at around 35,000.

The expected liability of workplace parking places in future is likely to be lower given changes to work patterns and behaviour change of employees, as well as from employers looking to change the number of parking places they provide to reduce their immediate liability should a WPL be introduced. This data still allows for a rich analysis for different WPL proposals, including the

impact of setting local exemptions, the potential size of parking displacement, impact on the environment and economy and provides a degree of accuracy in WPL revenue forecasts.

Figure 1: Map of Workplace Parking Capacity in Edinburgh survey conducted in early 2020

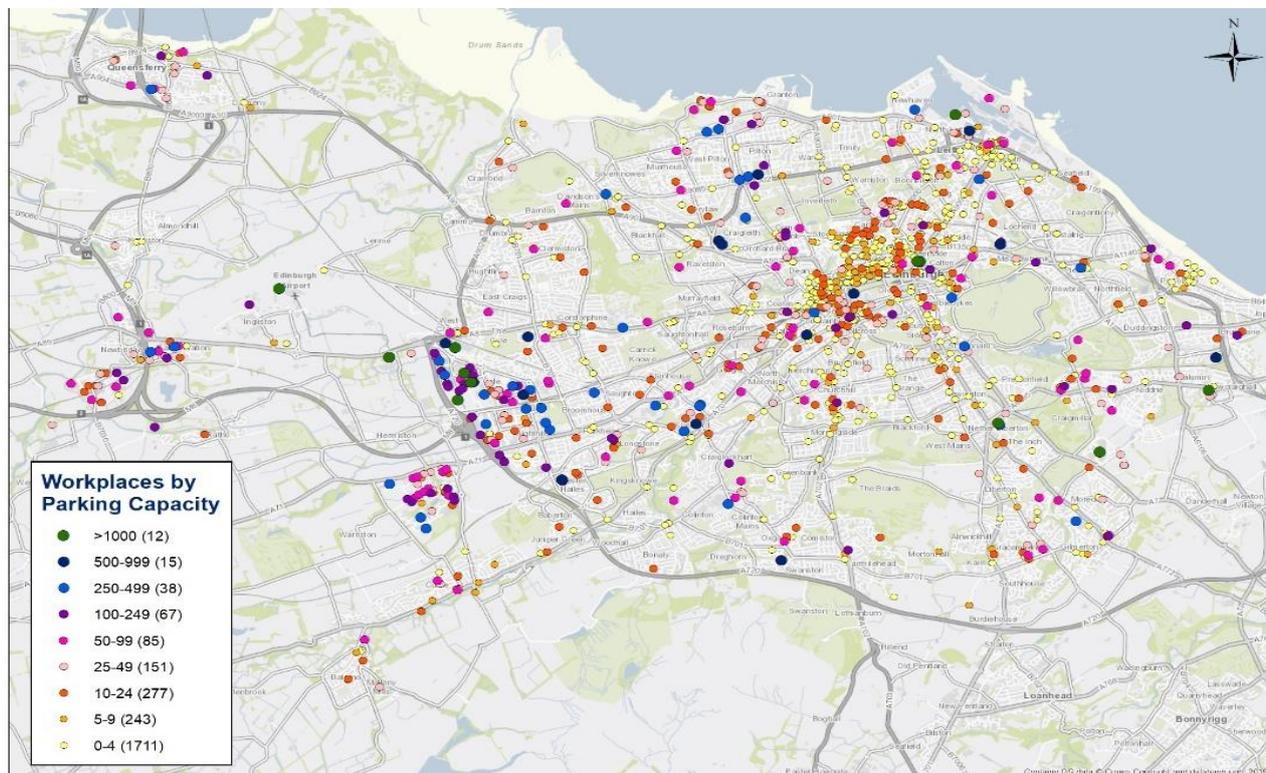


Figure 2: Detailed information from Parking sites and WPL liability by different land use in Edinburgh (Source: Edinburgh Workplace Parking Survey)

Land Use	Total Estimated Parking Capacity	Total Estimated WPL Liable Parking	Average % WPL liable parking places out of parking capacity
Large Office, >100 space capacity	14,389	12,953	90%
School / University/ Nursery, Colleges	8,509	7,743	91%
Median Office, >10 space capacity	6,719	5,691	85%
Shopping Centre / Retail	24,350	1,883	8%
Medical / Health	1,932	1,694	88%
Small Office, <10 space capacity	2,154	1,619	75%
Industrial	1,538	1,330	86%
Other	6,817	858	13%
Transport Depot	592	579	98%
Police Service	702	403	57%
Hotels	5,000	250	5%
Land Use unknown / not verified	2,175	-	0%
Total	74,887	35,003	47%

If implemented, WPL places a charge on the employer for occupied liable parking spaces. This is a smaller number than all workplace parking spaces that the employer holds. A WPL is applied on utilised parking places and not the number of parking spaces contained in the workplace. The WPL will not apply to all parking places in the city, below is a list of the major areas that would be out of scope and excluded from a WPL:

- Customer parking;
- Visitor parking;
- Residential Parking and on-street parking;
- Parking places at home where home is the place of work;
- Parking at the workplace occupied by fleet vehicles;
- Parking for vehicles not used by employees for their journey to and from place of work at Garages and Car Lots;
- Parking places provided by an employer that are not occupied; and
- Parking places provided outside of the City of Edinburgh Council boundary, (these would only be included should the City of Edinburgh Council decide to partner with another local authority).

There are further exclusion from a fee that were outlined in the Transport (Scotland) Act 2019:

- Parking places provided by an employer occupied by a blue badge holder; and
- Parking places provided by an employer occupied by NHS workers at qualified NHS premises and parking places at hospices.

Figure 2 shows the breakdown of estimated WPL liable parking by land use type, and the largest liability in Edinburgh around 20,000 comes from office parking (the majority of this total is made up from large office with over 100 parking space capacity with almost 13,000 liable parking places). The Education sector consisting of Schools, nursery, University and colleges also makes up almost 8,000 liable spaces in the city.

In conclusion the workplace parking survey identified some 32,500 parking places across the city as chargeable within the terms of the legislation as part of a WPL scheme. This takes account of the national exemptions on medical properties and places allocated for disabled parking.

Revenue

This section develops a more robust forecast for potential WPL revenue over a longer term horizon of 10 years, giving a stable estimate of WPL revenue receipts. It outlines the main drivers and decisions available to the council and the impact this will have on any future revenue generation.

Main Findings

- 1. WPL is similar to other revenue-generating initiatives (such as Road User Charging) and would offer a stable and secure local funding stream that could underpin, supplement and lever more competitive funding sources, and be used to underwrite additional borrowings.*
- 2. The geographical scope, size of levy and extent of local exemptions of any WPL scheme will be the main driver of revenue, with the key trade-offs to be considered including ambition, impacts and acceptability. Many choices on the WPL scheme detail are devolved locally for Councils to make, which could be informed by future engagement activities.*
- 3. Within a 10-year horizon, the scheme will deliver the average yearly receipts of between £5.5 million to £11 million per year assuming a £550 charge per space over a 10 year period. This is a more robust forecast than provided previously and accounts for different, one off changes in the parking supply since 2020 caused by COVID-related travel to work behaviour, removal of parking spaces each year by employers and a range of different local exemptions being added to the scheme on top of the national exemptions of NHS premises and disabled parking spaces in Edinburgh.*

Design Options available to Edinburgh Council will influence the revenue potential

The geographical scope, size of levy and extent of local exemptions of any WPL scheme will be the main driver of revenue, with the key trade-offs to be considered in relation to the balance of ambition, impacts and acceptability.

Setting the value of any Edinburgh workplace parking levy charge is at the discretion of the City of Edinburgh Council Authority. There is no cap to the amount that could be set. Guidance advises that the authority can consider a range of factors such as: the precedent set by others with a similar scheme; the impact of the charge on businesses; the prevailing transport fares and parking charges in the local area and what level of charge would incentivise behaviour change.

For the purpose of this report and demonstrating the impact, a range of different annual charges for a WPL has been based on available information including the precedent a public acceptability of the Nottingham scheme and public transport costs. A typical bus fare for an adult varies from £600 per year to £672 if paid by year or month. The price if paid per day (two single tickets £3.60 over average working days of 220 per year) would be equivalent to £792 as at February 2023.¹ This is only one approach to estimating a reasonable charge level range for a WPL in Edinburgh in which data is available to inform that decision. Alternative measures include using the prevailing WPL charge applied in Nottingham which is set at £522 per year per parking place as at 2023/24.²

¹ Lothian [Fares and Tickets](#) 2023

² Nottingham City Council, [Guide to the Workplace Parking Levy](#), 2023

[Figure 3](#) shows the range in levy charge per parking place of £500, £550, £600, £650, £700 and £750.

The modelled scenarios in this report have also taken account of a range of assumptions including that the introduction of the WPL will immediately lead employers to reduce the number of parking places they provide in order to reduce their liability to pay the levy. In Nottingham the impact observed was a reduction on 25% in the parking supply, whereas in Perth, Australia, parking supply contracted by 10% before slowly rebounding.³

Taking into account the additional impact of COVID and the ongoing uncertainty over the future of large office workplaces, it would be reasonable to use the upper floor of at least 25% as the best or high case scenario and build this up in 5% and 10%-point increments for the middle and low case scenarios. The low case scenario, therefore, assumes a high and permanent COVID related impact on the travel to work by car in Edinburgh with an immediate 40% reduction the parking at work levels estimated in 2020.

Changes in the parking supply in future years are likely as employers respond gradually over time to reduce their liability. For the high case a 1% per annum decline in the volume of liable parking places is assumed, with a 2% and 3% assumed for the middle and low case.

[Figure 4](#) shows the impact of applying local exemptions to the estimated WPL liable parking numbers, with a small business exemption removing 10% from the local authority area total. Setting a local exemption for medium businesses would remove almost 30% (or 27.2%) from the local authority boundary total. Other exemptions examples have been included for illustration purposes only.

For the purpose of the three scenarios, the high case assumes a reduction for local exemptions be set at 10%, with 20% for the middle scenario and 30% for the low case. These are subject to local decisions by the Council. The Council may for example decide to add no local exemptions.

In summary the three modelled cases are represented in [Figure 3](#) and described below:

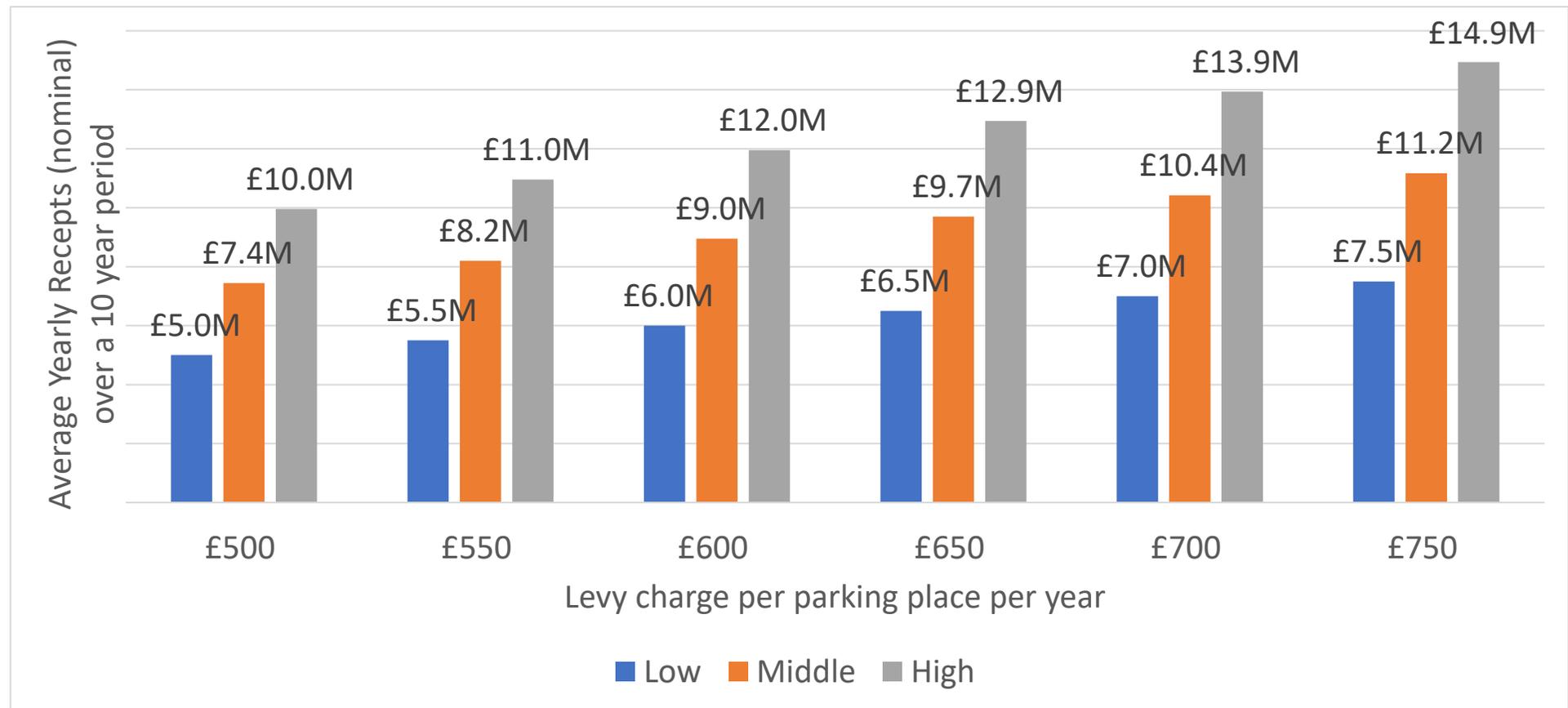
- *High case: 10% of parking places exempt from the charge, which would be equivalent to local exemption 1 or the small business exemption in [Figure 4](#); a one off decline of 25% on the parking supply and an annual decline in parking supply of 1% per year*
- *Middle case: 20% of parking places exempt from the charge, which would be equivalent to local exemption 1 and 2 together in [Figure 4](#); a one off decline of 30% on the parking supply and an annual decline in parking supply of 2% per year*
- *Low case: a 30% of parking places exempt from a charge, which would be equivalent to local exemption 3 or the medium business exemption in [Figure 4](#); a one off decline of 40% on the parking supply and an annual decline in parking supply of 3% per year.*

In all scenarios above we assume that the charge per parking place increases with an average inflation of 2% per year. The WPL charge in Nottingham recently increased by 14% in line with inflation between 2022/23 and 2023/24.⁴ The assumption of 2% inflation per year is more conservative and reflects the long term inflation target for the UK.

³ Transport for London, [WPL Advice note](#), 2019

⁴ Nottingham City Council, [Guide to the Workplace Parking Levy](#), 2023

Figure 3: High, Medium and Low modelled Scenarios for the Average Yearly Receipts from an Edinburgh WPL over 10 years by charge level values per parking place per year.



Source: Edinburgh Workplace Parking Survey using A Workplace Parking Levy Income Calculation template

Figure 4: impact of further local exemption decisions on liable parking places estimated in Edinburgh

Design Option (illustration only)	Change to overall total maximum Liable parking in Edinburgh
Edinburgh local authority boundary	Baseline
Area exemption: Only the City Centre (City centre ward)	90% reduction
Area exemption: only the extended City Centre (City Centre, Leith Walk, Inverleith wards)	83% reduction
Local exemption 1: to small businesses (less than 10 spaces in workplace)	9.5% reduction
Local exemption 2: to all schools and blue light service premises	12% reduction
Local exemption 3: to medium businesses (less than 50 spaces in workplace)	27.2% reduction

Source: Edinburgh Workplace Parking Survey

Note: the number of liable places have already excluded spaces included in the national exemption: places reserved for Blue Badge holders; places for NHS workers at qualified NHS premises; and places at hospices.

The assessment of the different design options of the Workplace Parking was informed by the precedent set in Nottingham and on adherence to taking a simple solution, and therefore reducing complexities in design option. This is covered in detail in [Figure 5](#), In summary, a proposed Edinburgh scheme could therefore exhibit the following design features, subject to final approval by the City of Edinburgh Council :

- The proposed levy would apply 24/7 ;
- The levy would apply indefinitely to maximise the potential to leverage of funding greater long term funding;
- The levy would include exempting ‘operationally necessary’ places (business visitors, business customers, suppliers) because this is difficult for employers manage estimates of liable numbers; and
- The levy Scheme will ask for a licence for NHS premises and disabled parking for data gathering and enforcement reasons (no charge will be charged to these parking places).

[Figure 5](#) also identifies a list of design option variables that could benefit from additional research and further engagement. These are primarily focussed around deciding the correct charge level, the area of operation, and the possibility of including additional local exemptions.

The levy charge of £550 per parking place could be used as a reasonable estimation until further work is done or a decision is made. This rate remains closest to the Nottingham scheme value for April 2025, although setting the right charge level that works for Edinburgh could be different. For example, the Median full time annual wage for workers in Edinburgh is 19% higher than in Nottingham.⁵ It is likely that the majority of people who drive to work and park in dedicated workplace car parks will be from middle and higher income households.⁶

Including a small business exemption in principle to the levy charge would improve general public acceptability of the scheme, appear fairer to small business owners and the scheme could be simpler to administer from the reduced number of businesses being liable to pay. Other exemptions raised in [Figure 5](#) that could be considered in any future impact work could include motorcycles, certain types of employers or employees, students and or teachers driving to school, university or college, blue light services and a temporary specific exemption for Electric Vehicles drivers to encourage workers to transition quicker to net zero.

⁵ Nottingham workers full time annual wage in 2022 was £29,155 compared to Edinburgh workers of £34,782. - [Annual Survey of Hours and Earnings – workplace Analysis – Nomis](#)

⁶ Scottish Parliament Research Centre, [The proposed Workplace Parking Levy](#), 2019.

Figure 5: Review of design option decisions guided by precedent set in Nottingham

	Provision	Transport Scotland Act ref	Nottingham provision	Comment	Recommendation
Flexibilities within the legislation					
1	Levy charge level	58K (3)	£522 per chargeable space pa (2023/24)	Most other authorities have used Nottingham figure as an acceptable comparator until further work is done	Consider use of a Nottingham charge as a reasonable estimation until further work carried out.
2	Area of operation		Council wide	Simple solution	Council wide unless impact studies show otherwise
3	Days and times of operation	58K	24/7	Simple solution	24/7 unless impact studies show otherwise
4	Different charges in different areas	58K	Same across whole area	Simple solution unless specific circumstances apply	Same across whole area (but see 10 below)
5	Duration of scheme		Indefinite	Default is indefinite unless you want to tie WPL to a specific time limited scheme	Indefinite, will also maximise opportunities to leverage long term capital funding.
6	Require licence for NHS premises	58J	Qualifying NHS premises given 100% discount (premises licenced)	Annual licensing provides valuable information for both employers and Council	Require annual licence
7	Require NHS licence to differentiate between parking places for those who meet definition	58J	Not included	This puts the onus on distinguishing who is a health worker and who is not on to the NHS premises	Require licence to differentiate as stated
8	Require licences to include places for people with disabilities	58J	100% discount (places licenced)	Provides valuable information and helps with enforcement	Require licence to include places
Exemptions					
9	Small business exemption from charging	58I	Premises with 10 or fewer chargeable places are given 100% discount	Principle should be followed but number for threshold depends on parking info and impact studies	Provide for small business exemption in principle, wait for further research before determining threshold
10	No small business exemption from charging for defined city centre area	58I	No	Provision would be specific to Edinburgh circumstances	Provide for this if evidence allows

	Provision	Transport Scotland Act ref	Nottingham provision	Comment	Recommendation
11	Exempt 'operationally necessary' places (business visitors, business customers, suppliers)	58I	Yes	Strongly recommended as difficult for employers to manage estimates of liable numbers	Exempt operationally necessary parking places from licensing
12	Exempt motorcycle parking spaces	58I	Yes – strong lobby from motorcyclists	Not recommended unless political decision made	Depends on further study.
13	Other possible exemptions e.g., schools, social services, volunteers	58I	No although strong objections from these groups	Not recommended unless political decision made	Depends on further study.
14	Time limited electric or low emission vehicle exemption from charging	58I	No – air quality was less of an issue then	If air quality is a main issue for Edinburgh, then this may be advised.	Depends on further study.
Nottingham provisions worth considering (but not in 2019 Act)					
15	Escalator – levy charge starts off low to reflect delivery time for transport improvements	No	In Nottingham Scheme Order	Depends on final decision on how to spend WPL receipts	Tentatively recommend inclusion of escalator depending on spending proposals
16	Increase charge annually by inflation	No	In Nottingham Scheme Order	Depends on impact works and fit with other low emission travel goals, although would still add to congestion and only early adopters of EV would benefit.	Depends on further study.

Source: City of Edinburgh Council analysis

Objectives and Impacts

This section examines the WPL objectives and provides an overview of the impacts of the scheme and the possible mitigating actions and options available.

Main Findings

1. *An Edinburgh WPL is compatible with the wider policy and strategy frameworks of the Council.*
2. *Identifying what the WPL receipts could fund is critical to the messaging, evaluation and impact of the scheme overall.*
3. *WPL could act as a demand management tool to influence modal shift to more sustainable ways of travel, reduce car miles during peak journey times, alleviate congestion caused by private cars, promote more sustainable use of space, and lead to cleaner air within Edinburgh. The perceived risks from a WPL could be mitigated by using the additional WPL revenue on new services, such as creating a displaced parking taskforce.*

The WPL is one of a suite of measures that could form an important transport intervention, supporting the delivery of key policy objectives under the City Mobility Plan and the Net Zero 2030 Climate Strategy, as well as delivering nation travel objectives to reduce the number of vehicle miles travelled on roads by private car.

Draft objectives for WPL revenue Plan

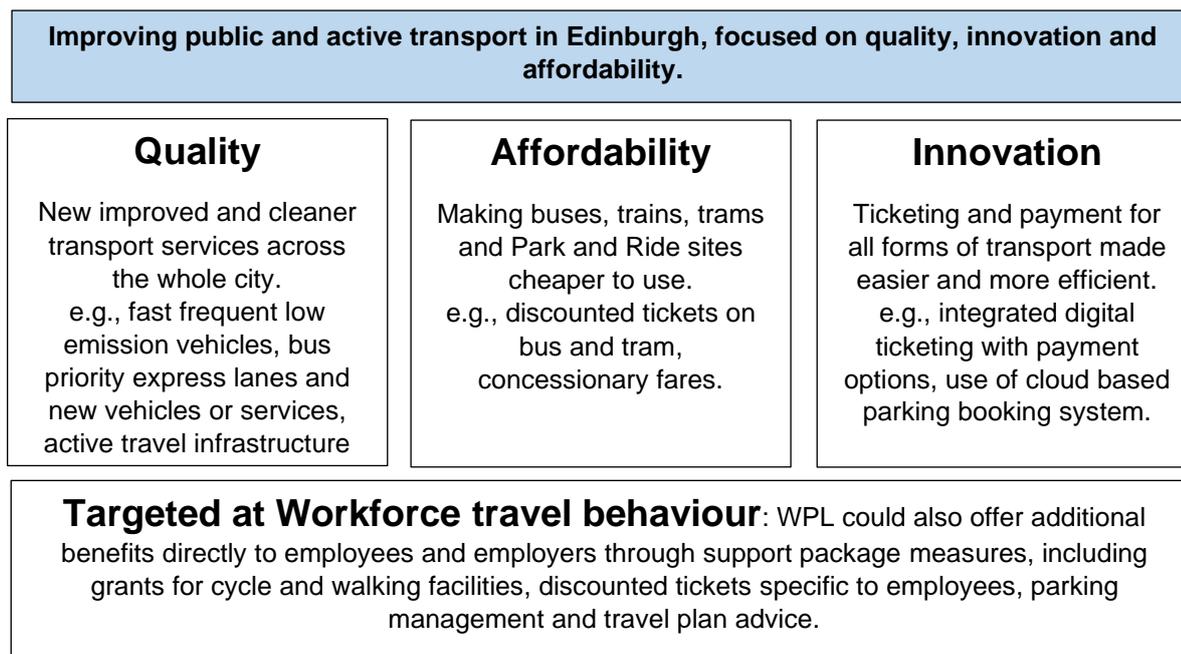
The Council already has an established programme of activities to invest in and improve active travel and public transport across the city to incentivise all transport users to shift to sustainable means of travel. Revenue from an Edinburgh WPL could fund the expansion of many current initiatives that would further encourage modal shift away from the car by, for example:

- Building on investment already made by the Council in the Business for Good programme, which delivers practical support and training for city businesses to transition to net zero;
- Giving workers inside and outside of the city better access to direct public transport links to work and for park and ride sites; and
- Giving workers, who can use alternative means of travelling to work, the encouragement to do so by better investment in active travel and public transport systems.

Edinburgh's City Mobility Plan sets out the potential framework that the revenue from a WPL scheme could support. A key benefit of a WPL scheme would be to accelerate the delivery of public transport, low carbon transport options, active travel improvements, with a focus on delivering quality, innovation and affordability.

Figure 6 shows the draft objectives and themes for an Edinburgh WPL revenue plan. Future local engagement activity will further inform and refine these draft objectives and identify specific proposals that an Edinburgh WPL could support.

Figure 6: Proposed draft objectives for an Edinburgh WPL revenue plan



Equality, Economic, Environment and Social Impact of a WPL

Free parking at work is likely to be entrenched in commuters’ minds and policies to remove these are likely to encounter opposition from employees. Not all employees are provided free car parking at their place of work and that subsidy (in the form of an available or allocated parking space) is only given to commuters who drive to work rather than all commuters. Commuters who do not drive to work have over time experienced higher price increases than the cost of motoring.⁷

The environmental consequences of parking are defined by both the loss of open space and biodiversity caused by the construction of the parking space, and in emissions of greenhouse gases and air pollutants occurring while cars are cruising for parking. Car parks are often areas of impermeable, grey space lacking in green infrastructure creating potential flood risks and the lack of connectivity for biodiversity.

Allocated car parking spaces at places of work is also found to encourage solo driving, contributing to congestion, increased greenhouse gas emissions and poorer air quality. Poor local air quality from the widespread and sustained use of private petrol and diesel powered vehicles significantly affects environmental and health-related wellbeing.⁸

Economic consequences are reflected in the time costs incurred while cruising for parking, and in time losses from traffic congestion caused by the volume of cars on the road. These costs come on top of construction and maintenance costs of parking spaces, as well as the opportunity costs of alternative land uses.⁹

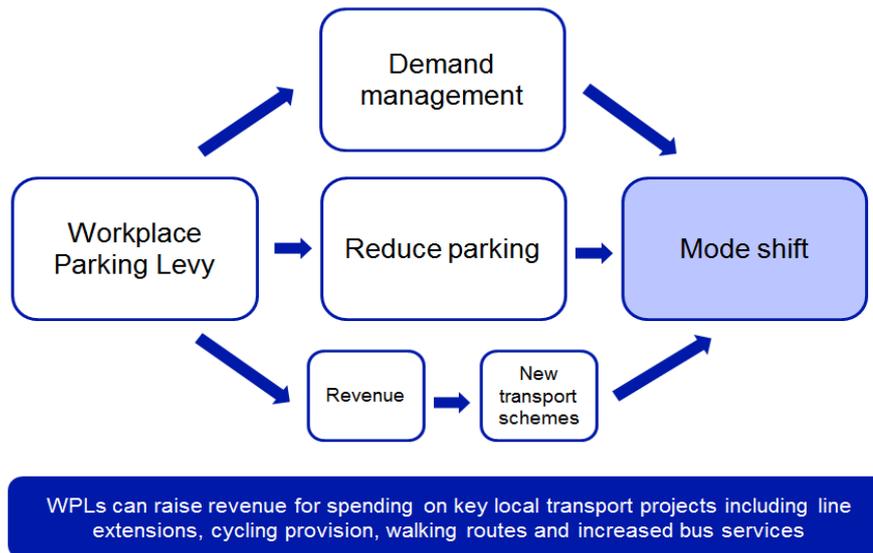
⁷ From May 1999, relative to the Retail Prices Index (RPI) measure of inflation the cost of motoring has fallen by 19%, GB-wide rail fares have increased by 31%, and bus and coach fares have increased by 102% - Scottish Parliament Research Centre, [is there a war on the motorist](#), 2022

⁸ Simon Dale, Matthew Frost, Stephen Ison, Lucy Budd, [The Impact of the Nottingham Workplace Parking Levy on Travel to Work Mode Share](#), 2019

⁹ OECD, [The Environmental and Welfare Implications of Parking Policy – Environment Working Paper No. 145](#), 2019

The potential benefits from a WPL scheme include reducing the demand for car commuting and providing finance for supporting other public or active transport projects. [Figure 7](#) shows the different impacts arising from the introduction of a WPL that are intended to result in a mode shift to non-car modes.

Figure 7: Benefits from a WPL is to encourage mode shift



Source: [Transport for London 2020](#)

A WPL is likely to result in the greater demand management from employers, combined with a reduction in parking supply at workplaces over time, and the additional investment on new transport scheme that will collectively encourage solo driver to other options such as public transport, car-pooling, and also cycling or walking when commuting distances are short. This could lead to a reduction of vehicle-kilometres travelled and to environmental benefits in terms of reduced emissions of greenhouse gases and air pollutants.

Although at first sight it may appear that WPL is merely a 'tax' on business, with a closer look it has other benefits, which should be included in the assessment. These include:

- The reduction or an increase in the ability to manage congestion problems, with greater choice of transport options for employees;
- Acting as a complementary measure to air quality improvement plans such as the proposed Low Emission Zone (LEZ);
- A contribution to Edinburgh's Climate Action Plan and the Emissions Reduction Plan;
- A way of encouraging employers to actively manage their car parking and employee travel, with benefits for recruitment, retention and efficient site usage; and
- Improvement in the health and stress levels of employees who currently struggle to find suitable parking.

This section provides a summary of the impacts expected from a WPL scheme in general. Further impact assessments using local data where possible, in the form of an integrated impact assessment, could be valuable. This could, for example, include an assessment on the additional cost for employers, any unintended consequences on groups, as well as consideration of the impact from the additional public investment in key transport proposals.

Impact on Employers

High levels of congestion threaten business competitiveness in terms of inhibiting access to markets, restricting the supply of labour and interrupting logistics and supply chains. In light of ever increasing travel demand, with forecasts predicting future significant growth, tackling congestion and providing alternative options to the car are crucial for continued economic prosperity.

The alleviation or reduction of congestion carries a positive labour market impact specifically on recruitment and retention of staff and may through a reduction or control in the increase of journey times, potentially extending the catchment size for employment of staff. The benefit of reduced journey times to work will benefit in particular those travelling the furthest and from outside of the council boundary who need to travel into Edinburgh for work.

In some cases, employers may rely on providing free parking for staff to drive to work as there are no reasonable alternatives for their staff. The offer of free parking to employees may also benefit the employer in increasing the catchment area for employment and lead to better staff recruitment and staff retention outcomes. The public transport improvements paid for by the levy may create better alternatives to the car and engaging with employers to understand where specific and local improvements could help improve the outcome or mitigate impact for the employer overall.

Leicester City Council identified a range of mitigating projects and local based decision on a WPL design that could positively impact on employers.¹⁰ Some of the examples on spend decision include:

- Provision of more frequent and better radial and orbital bus services serving suburban employment sites and Park and Ride sites and also demand responsive buses, so more employees will have direct bus links to work. These improved services will in some cases also serve areas outside the City Council boundary;
- Including employer travel plan advice and support as a key part of the WPL proposals; and
- Proposing affordable bus fares or reduced public transport discounts for employees where possible.

Some examples of WPL decision making that would help mitigate the impact on employers include:

- Giving a 100% discount to small businesses;
- Proposing a WPL charge level through consultation and engagement with businesses taking into account of the specific needs of businesses; and
- Following the Nottingham example in making the WPL as easy as possible for employers to administer e.g., exempting operationally necessary parking such a business visitors and customers that is difficult to estimate in advance.

¹⁰ Leicester City Council, [Workplace Parking Levy Business Case](#), 2022

Impact on Employees

A WPL is a charge on a complementary product, workplace parking places, impacting on the cost of spaces available at the destination point of a journey. If the charge is passed on by the organisation to the employee, then it is more likely to have an impact on travel behaviour, because it provides a financial disincentive to drive to work where previously this was provided free of charge. Similarly, if the employer aims to reduce or change their provision of parking places at the workplace this will also influence the employees options to travel to work by car.

The range of responses from employers should they have access to parking and the employer passing on the charge directly to the employee include:

1. Employee would pay for parking at work.
2. Employee would choose an alternative form of transport to avoid paying.
3. Employee would park somewhere else to avoid paying.
4. Employee would not be willing to pay for the parking at work and instead work at home, if possible.
5. Employer already charges the employee a permit for parking at their place of working. The addition of the new levy would be an addition fee, replace fully or part replace the current arrangement, with potential impact (1-4) above applying.

Leicester City Council made a list of proposals specific to mitigating the impact of a WPL on low income workers.¹¹ These include proposing:

- A 100% small business discount, which will capture a large proportion of the identified low-wage sectors in the area.
- A business support initiative focusing primarily on the larger liable businesses. The initiative could provide advice on the practical and fair ways of passing on the levy to car commuters, if that is what the employer wants to do.
- Mirror the several examples in Nottingham of employers charging higher paid employees more and lower paid employees less than the levy charge.
- Provision of affordable bus fares with discounts for lower paid and unemployed people.
- Provision of improved cycle routes offering convenient and safe low-cost travel options.

Suppressed demand for parking

For some workplaces where parking is provided, there may also be a suppressed demand for using a private car to travel to work. While the introduction of levy or charge on the use of the parking place, may introduce a new cost that was otherwise absent, drivers might still be willing to pay for the space because this would guarantee parking for their private vehicle and offers greater certainty of being allocated a parking place at or near work.

This could lead to an upward pressure on the change in the current supply of parking spaces at workplaces from the introduction of a workplace parking levy. During the Edinburgh Workplace Parking Survey in 2020, it was observed that on a few occasions cars were parked outside of the allocated parking bay, so the utilised parking places used exceeded the allocated parking spaces at the workplace.

¹¹ Leicester City Council, [Workplace Parking Levy Business Case](#), 2022

Displaced parking

The identification of the most likely locations for displaced parking is essential so that an assured level of resources for implementing any necessary parking control measures can be allocated in future. The WPL scheme could cause disruption in residential areas from displaced parking if the charge is passed on by employers and some employees then choose to park on the public highway adjacent to residential properties. Initial mapping of workplace parking locations, on a ward by ward basis is shown in [Figure 8](#).

Figure 8: Edinburgh ward distribution of the estimated liable parking places for an Edinburgh WPL, survey conducted in early 2020

Edinburgh Ward	% Share of total liable occupied workplace parking places	Estimated Liable occupied workplace parking places
Almond	10%	2,800
City Centre	12%	3,400
Colinton	1%	400
Costorphine	2%	500
Craigtinny	1%	300
Drum Brae	26%	7,400
Forth	5%	1,500
Fountainbridge	2%	500
Inverleith	5%	1,400
Leith	5%	1,300
Leith Walk	3%	800
Liberton	4%	1,000
Morningside	2%	500
Pentland Hills	10%	2,800
Portobello	4%	1,000
Sighthill	9%	2,600
Southside	2%	700

Source: Edinburgh Workplace Parking Survey

Note total spaces above are those where physical survey was completed to estimated potential liability in early 2020 survey.

The evidence from the Edinburgh workplace parking survey shown above could be used identify potential hot spots of displaced parking. Revenue raised from the WPL could also fund a Displacement Parking Taskforce team so that the Council is fully prepared to monitor and respond to any issues arising once the scheme is implemented. A Displacement Parking Taskforce team was included in Leicester City Council's Business Case proposal at an annual cost of £450,000 per annum during the first three years of operation decreasing to £100,000 per annum by year 7.¹²

¹² Leicester City Council, [Workplace Parking Levy Business Case](#), 2022

Delivery

This section looks at the potential costs, risks, delivery timescales and next steps for an Edinburgh Workplace Parking Levy.

Main Findings

- 1. The scheme could take at least 2 years to set up as a minimum.*
- 2. The cost of running the Edinburgh WPL scheme is low relative to the potential revenue it could generate. Operating costs are estimated at £500,000 per year. This means that the net proceeds over 10 years from a WPL could provide yearly net receipts of between £4.5 million and £10.5 million if a charge per parking place was made of £550.*
- 3. The next step to continue the consideration of an Edinburgh WPL involves a detailed Engagement and Consultation Plan, a draft investment proposal plan and an integrated impact assessment.*

Assumptions

Estimates in this section are derived from the Council calculations of the implementation costs on its own successful management of Council Tax and business rate collection and have also drawn from the learning and example of Nottingham City Council's application and Leicester City Council proposals for a WPL.

While other UK authorities have a different legal base, the implementation of these powers is comparable to the other UK cities in many ways because they both include delivering an efficient, simple, and transparently governed devolved levy through a licensing scheme. There are similar systems and procedures to put in place around registration, legal support, completing impact assessments or public consultation and enhanced communications to stakeholders.

The size of the costs estimated in this report are subject to many uncertainties. Specifically, costs are likely to further change subject to the following factors:

- Length of implementation stage.
- Investment in new technologies to help support delivery, audit and enforcement duties.
- Exemptions and the associated additional costs to Council's ability to administer.
- Legal advice required to create contracts/agreement.
- Use of collaborative delivery models where resources can be pulled together.
- Ability to absorb WPL activities within existing functions within the City of Edinburgh Council.

Set up costs for an Edinburgh WPL (before implementation)

To develop a WPL in Edinburgh, many phases of activity are required that could inform decisions for the Council on different design options for a WPL as well as the preferred governance and revenue plans. If the Council was to out-source this work it is estimated it could cost £190,000, which would cover outsourcing further impact assessment work and supporting the management of the engagement and consultation activities.

The estimate of set cost of £190,000 does not include any additional procurement or legal support costs. The development of the WPL is likely to create an additional ask on the existing staff complement within the Council. It is estimated that a flexible expertise budget for both ICT and Legal be set aside to the value of £100,000. The total set up costs could be secured as part of discussions on the Council budget or from approval of a potential 'spend to save' proposal.

Operating Costs for an Edinburgh WPL

The total running costs incurred for a WPL could be funded from the net proceeds of the WPL revenue, as stated in the [Transport \(Scotland\) Act 2019 and associated regulations and guidance](#).

It was estimated and reported to the Transport and Environment Committee that the cost to operate an Edinburgh WPL scheme could be £300,000 per year for the appointment of an operational team to manage the scheme, as well as a recurring ICT maintenance costs of £50,000 per year. Therefore, taking the total up to £350,000 per year.

However, further to that estimate, once the WPL scheme is up and running a range of activities related to the programme management and business communication of the WPL should be maintained, which will place an additional ask on council resources and will include:

- Overseeing engagement with businesses and operations preparation.
- Providing advice on vision and marketing communication for an Edinburgh WPL, developing and maintaining a communications plan.
- Disseminating knowledge to senior managers and updating the relevant Council Governance Board on progress.
- Arrange the purchase and specification of new IT systems and the commission of impact study work, if required, to support delivery and review of the Edinburgh WPL.
- Engagement with employers and affected businesses offering ongoing support and advice on WPL.
- Additional support to parking team for any unintended consequence of the WPL scheme on resident parking, such as an additional parking enforcement.

The costs of meeting these additional activities could be from the proceeds collected in the scheme and are provisionally estimated to cost a further £150,000. This would cover a further project management, communications and a parking enforcement officer role required during the running of the WPL scheme.

This takes the total operating cost of an Edinburgh WPL per year to around £500,000. Like for like comparisons with other Council's estimated costs for administering a WPL are difficult to make. Each local authority may have different structures, or include additional proposals with higher levels of business advice, behaviour change activities, or parking enforcement. For information purposes only a list of three other cities reported operating costs are provided:

- Nottingham City Council £475,000 per year.
- Leicester City Council scheme proposed a full operating and associated costs of £1.5 per year for the first three years falling to 950,000 in the seventh year.
- Glasgow City Council feasibility study estimated that the operating costs of the WPL would range between £300,000 and £800,000 per year in the earlier years of the scheme.

Financial liability to the Council

The City of Edinburgh Council could also be included in the WPL scheme and may have a financial liability for any eligible parking places they provide their employees who drive their vehicle to work. The Council may choose to draft the scheme with an exemption for Council premises and exempt itself from the WPL scheme to avoid this liability. However, such an exemption may not be acceptable and may compromise the integrity and messaging of the scheme and could be problematical in terms of public relations.

The Council could choose to pass on some or all of the charge to its own employees, and ensure the levy is paid fairly to staff based on salary level rather than impose a flat fee. The Council may also consider reviewing policies on the existing allocation of workplace parking and wider parking management policies, as well as enhancing staff travel planning measures, and reviewing any relevant Human Resources travel to work policies to mitigate the extent of the financial liability.

The parking provision at schools is likely to represent a majority of the liable parking places for the City of Edinburgh Council under a WPL scheme. Schools and teachers are likely to be vocal opponents to a workplace parking levy and are more likely to pass the full cost onto staff rather than absorb it.¹³ There should be efforts in any proposed WPL revenue plan to provide specific travel advice and or additional travel options for this group of workers, where possible.

Risk Register

The headline risks associated with this project have been reported in the risk register prepared in [Figure 9](#). These risks have been grouped by category into Strategic, Legal, Financial Operational, Economic, Social and Political.

One of the main risks to a WPL in Edinburgh relates to an operational risk. This risk is defined as the avoidance and evasion rates are higher than predicted leading to more enforcement and penalty notices, increasing costs and reducing revenue receipts. There could also be delays and inefficiencies in operation and failure to produce high standards of consultation and process that end up in examination proceedings being initiated by Scottish Ministers after the workplace parking scheme is finalised and published.

This risk could be mitigated by ensuring adequate time for consultation, demonstrating pre-engagement activities and placing relevant and timely evidence in the public domain, as well as ensuring that plans for enforcement or compliance procedures are reliable and robust, this may include for example, establishing a pre-registration for workplace parking licensing before implementation and the collection of the levy.

A second headline impact is the around financial risks associated with the WPL, whereby the revenue estimates do not materialise in the way expected. For example, projections on expected revenue are inaccurate and therefore results in insufficient finance for already committed projects or contribute to the failure to support any large capital projects on which borrowing commitments are to be made.

¹³ LGIU, [Implementing a Workplace Parking Levy: Insights and Reflections on Nottingham's experience](#), 2020

This risk could be mitigated by completing a robust parking survey and adopting a conservative approach into the assumptions of a financial model including taking an average annual rate over a defined period of 10 years. Further careful and prudent financial management techniques such as creating reserves could be used. The Legislation in relation to the workplace parking levy allows for the gross proceeds to carry forward to future years enabling this to be a workable option.

The third key impact relates to a social risk. This is defined as displaced parking from workers seeking to avoid paying the charge moving to other areas nearby or close to public transport terminals affecting neighbouring residential areas. In addition, low-income workers who have no current alternative to car to travel to work have the charge passed on to them by their employer and suffer disproportionately.

This could be mitigated by an on-street parking control programme funded by WPL, as well as some consideration of adjusting the WPL details to lessen burden on certain groups, as well as providing assurance in a revenue plan that alternative transport options are provided and targeted in areas where these are required the most. As adopted by Nottingham City Council funds from the WPL revenue could also support the continuous engagement with employers promoting good and fair practice for the occasions where employers pass the charge on to their employees.

Figure 9: Outline Risk Register Summary of an Edinburgh WPL

Category	Risk	Possible mitigation
1. Strategic	Key stakeholders not on board	Proper engagement and partnership building throughout prep and operation
	WPL objectives not in line with wider transport and City Council objectives	New Mobility Plan incorporates WPL into objectives and actions
2. Legal	Any element of prep process or operation challenged in a Judicial Review or during 'Examination' Period	Obtain legal advice when necessary
	Vital requirements to operate the WPL successfully are omitted from the law or from Edinburgh's own scheme	Continue to discuss proposals with Scottish Govt throughout prep and operation Obtain legal advice when necessary
	Inadequate engagement and consultation carried out	Adhere to and exceed minimum standards on length, ensure effective communications.
3. Financial	Projections are wrong and insufficient finance is available for committed projects (worse if a large capital project on which borrowing commitments have been made)	Do robust parking survey or accommodation audit. Adopt a conservative approach and assumptions built into modelling work.
	Successful legal challenge means WPL revenue already collected must be paid back	Get specialist legal advice as required
	WPL liable Business reacts by severely cutting back on parking therefore reducing receipts	Get charge right, engage with business, deliver alternatives. If necessary, assume reduction in parking over time.
4. Operational	Avoidance and evasion rates are higher than predicted leading to more	Make sure enforcement procedures are reliable and robust

Category	Risk	Possible mitigation
	enforcement and penalty notices, increasing costs and reducing receipts	
	Delays and inefficiencies in operation	Preparation, allow enough time for shadow period pre-charging.
5. Economic	Unacceptable impact on local economy e.g., on level of inward investment, employment	Carry out economic impact assessment. Engage with businesses and reps
	Key businesses move out rather than pay levy	Allocate some WPL receipts for business engagement post-implementation. Allow for grant scheme.
	Unacceptable level of complaints/objections from employers	Engage as much as possible
	High level of Trade Union objection and organised activity	Engage as much as possible
6. Social	Displaced parking seriously affects neighbouring residential areas.	On street parking control programme funded by WPL.
	Low income workers struggle to pay levy, alternatives not available.	Consider 'tweaking' WPL details to lessen burden. Ensure alternatives available. Reduce proposed WPL charge level.
	Burden of paying levy falls unfairly on vulnerable groups (e.g., part-timers, low income).	Engage with employers. Consider 'tweaks' available in legislation.
	Travel behaviour of worker or employer's parking supply affected by COVID-19 and rise of home working.	Conduct robust parking survey to establish a strong baseline estimate. Adopt a conservative approach into the assumptions of a new WPL financial model, include new scenarios. Consider a city wide Business Survey on travel to work planning, target largest workplaces to ensure measured impact is proportionate and of scale.
7. Political	Promised transport improvements/alternatives are not delivered as promised	Ensure delivery arrangements in place before starting WPL operation
	WPL in operation causes unacceptable level of complaints and objections from employers and/or employees	Build in review after 3 years?
	Politicians unable to defend levy on basis of benefits obtained	Make sure impact studies are robust
	Political control of CEC changes and support for WPL reduces or disappears	

Source: City of Edinburgh Council Analysis

Next steps for an Edinburgh WPL development

The next steps to develop an Edinburgh WPL involve the completion of a range of tasks including:

1. An integrated impact assessment of the Edinburgh WPL.
2. Completion of a draft revenue plan for the WPL to be used ahead of any future engagement and consultation on the WPL scheme.
3. An engagement plan for a future public consultation on the Edinburgh WPL design, governance, and spend priorities; and
4. Completion of further impact studies, as required, on the environment and persons affected by the proposal of such a scheme.

To remain on course for a potential start date of April 2025 (Q1 2025) as set out in Figure 10, the findings from a public consultation on an Edinburgh Workplace Parking Levy would be required by the end of 2023. The continued policy development and research and the statutory impact assessment work and the management of a public consultation on the Edinburgh WPL could be delivered externally with independent support from combined budget of around £190,000.

Once political consideration of the consultation findings has been reported, the Council would then have to agree the detail of the scheme, such as the charge level, area of operation, extent of local exemptions and proposals that the receipts from the levy would support, potentially in the form of a WPL revenue plan.

The formal implementation phase of the WPL begins once the Committee has an agreed proposal for the Edinburgh WPL, in figure 10 this is estimated to be at the very end of March 2024. The implementation stage is defined by a formal consultation period on the specified scheme followed by the publication of the WPL proposal and the 8 week standstill period as outlined in more detail in [Transport Scotland Guidance on a WPL Scheme](#).

The standstill period is intended to allow the local authority and Ministers to consider whether it would be appropriate for either party to initiate an examination, as set out under the section "Examination." If no examination is initiated, then local authorities may proceed with making the scheme following the 8-week period.

In preparation for the start of the Edinburgh WPL, the City of Edinburgh Council will likely need to recruit additional staff and upgrade or buy-in a new IT records, registration and billing system for the WPL to operate on. The time allocated to conclude this is one quarter period or 3 months. Some early preparation and pilot work before this time could be required.

As previously reported earlier in the report, the appointment of an WPL operations team staff to help run the scheme and offer ongoing support and provide ongoing advice to businesses and residents could cost up to £500,000 per year. The establishment of a Displacement Parking Taskforce team or additional legal costs to challenge any examination decision have not been included in the £500,000 annual estimate.

