UK parking cash out experience, and lessons from California

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C
ontrolling parking – either by re-
stricting the number of spaces
available, or by charging users to
park – has long been acknowledged as
one of the more effective elements in
any strategy to reduce car use. But it is
this very effectiveness that also often
makes such punitive measures ex-
tremely unpopular, and therefore diffi-
cult to introduce. A more acceptable
measure is the idea of paying to per-
suade drivers not to use their cars for
certain trips – i.e. effectively bribe mo-
torists to use an alternative mode. One
application of this principal – the park-
ing cash out – is becoming increasingly
common in the UK. This article looks
at the performance of current UK park-
ing cash out examples and compares
this experience to California where
parking cash out has become a main-
stream policy measure.

EXAMPLES OF PARKING
CASH OUT IN THE UK

Buying back car parking spaces for
good: Derriford General Hospital and
BAA
The parking cash out scheme at Derri-
ford General Hospital in Plymouth only
applies to regular car users who com-
mute by car 3-4 days a week. Applicants
are monitored over a four-week period
to see if they qualify. If they do, they are
then given a one off payment of £250,
plus an extra amount to cover VAT. In
return, staff members forego their right
to park by handing over their parking
permit and having their ID code erased
from the parking monitoring system.

This scheme was introduced in April
2000 to try to encourage more staff to
change their mode of travel to work
from the car, although in reality the
scheme began operating in July/August
of that year. To date only seven people
of the 3500 (0.002%) who qualify for a
parking permit have successfully taken
up the benefit, although 25-30 people
have applied.

This seems to be because people value their permit more than the £250 on offer, and as a result there is a debate as to whether to raise the figure. Negoti-
ations are ongoing to try and raise this
to £500. Revenue raised from staff car
parking, which is earmarked to fund
transport alternatives to the hospital is
used to fund the cash out system.

In 1997 airport operator BAA offered
employees £200 each to forego their
parking spaces at Heathrow. In the
event, 33 (around 1%) took up the one-
time offer. However, the current UK tax
rules (see later) dissuaded the company
from repeating the exercise until the
summer of 2001 when BAA employees
at Stansted were offered the £110 cash
equivalent of their annual car park pass
for relinquishing their right to park. In
this case too, only a handful of people
took up the offer. BAA continues to
lobby the Inland Revenue for a change
in the tax rules.

Annual schemes: Southampton
General Hospital and Orange, Bristol
Southampton General Hospital intro-
duced a parking cash out scheme in
1995 to reduce the level of traffic on the
site. Rather than a one off cash out, per-
mit holders are given a £150 initial pay-
ment and subsequent annual payments
of £96. This is paid from the Travelwise
Budget of the hospital. Here, the effec-
tiveness of the scheme has been limited
due to hospital working practices
(shifts). Take up is larger than at Derri-
ford or BAA. As of autumn 2001, 551
out of 5911 permit holders (9%) had
taken up the scheme.

A slightly different scheme is in place
at telecom firm Orange’s new Bristol of-
fice, where a condition of planning per-
mission was that the company only
provides 105 spaces for 700 staff . To
deal with this, Orange offers staff that
worked at the previous office a four year
package to employees willing to give up
parking at work. The scheme was de-
signed to provide a big ‘up front’ pay-
ment with £1,200 in the first year, £900
in the second, £600 in the third and
£300 in the fourth. Overall the com-
pany budgeted around £0.5m in the
first year for the measure.
A Monthly example: Vodafone, Newbury

One example of a monthly pass is at the Vodafone offices in Newbury, Berkshire. Introduced two years ago, the scheme allows any member of staff to opt out of having a parking space and is paid an extra £85 in his/her monthly pay packet. This was introduced at the old headquarters due to insufficient parking spaces at the site and will continue at the company's new site due to limits placed on parking provision as a condition of planning permission.

So far, the incentive has attracted around 1500 (a third) of the 4500 staff based in the town, and has largely been seen as a very positive way of addressing the transport problems at the site. The major deterrent to more people taking up the offer though, is that demand for parking is still very close to the supply. This means that if an employee gives up his/her parking space, it may be a while before he/she can get it back again.

A daily reward system: Pfizer at Sandwich, Kent and Reigate, Surrey

From the cases so far, it appears that there is a pattern of take up related not only to the amount of money offered, but also to the degree of commitment required. It is one matter to say that you will not be able to drive to work for a month and then review the situation, but quite another to say you will never drive to work again! Furthermore, employees that might feel happy not to drive one, two or three days a week are unable to benefit because they need to use the car on the other days.

To address this problem, the pharmaceutical giant Pfizer began operating a parking cash out scheme that rewards non-car commuters on a daily basis among staff at its research and production facilities at Sandwich in Kent in June 2001 and at Walton Oaks near Reigate in Surrey in December 2001. This works by using staff personalised security pass ‘proximity card’ technology. An employee's card is credited with enough points to ‘pay’ for one month’s parking.

The card opens the parking barriers and records how many points are used. If not used for parking, staff then cash in these parking points at the end of each month which are paid through the payroll. Staff at the Sandwich site receive £2 per day for leaving their car at home, while at Walton Oaks the incentive is £5 a day – a reflection of the far tighter parking standards set by the local planning authority at the Reigate site. The cash out software cost between £75-100,000 and was developed by Core of Cork in Ireland, while the Worcester-based Belgian company Automatic System supplied barriers. The cards and readers, made by Swiss-based Dutch company Kababenzing, were already in place as part of the site’s security arrangements.

Overall, it is estimated that the value of cash outs given to staff will amount to around £0.5m a year, and currently around a third of staff travel to work by modes other than the car. The cash out forms a key element of Pfizer’s Travel Plan, which was drawn up in response to planning requirements laid down by the local council, to increase efficiency of movement of staff and goods about the site, and improve the company’s local and corporate image.

The cash out is not the only measure, but is complemented with actions to enhance travel alternatives including a network of works minibuses and subsidised bus routes, improved cycle facilities – secure parking sheds, showers and...
PARKING CASH OUT

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LESSONS FROM EXISTING UK PRACTICE

While parking cash out schemes are not a panacea to solving the high level of traffic on the roads, they are particularly well suited to providing a key element in company travel plans where parking provision at a site is a problem.

Typically, organisations that have introduced parking cash outs are looking to expand their office space on a constrained site or have been forced to limit parking provision as a condition of getting planning permission. They are also often very concerned about retaining staff, and would therefore far rather pay out more money to ‘solve’ the transport problem than upset employees by charging them for parking or by removing their ability to park.

There are problems however. Firstly, the mechanism is expensive but may not be as expensive as providing parking. At an annual cost for surface spaces of £1000 and multi-storey spaces at £6000, an annual cash out payment of £500 is certainly a cost effective alternative to car park construction. However, the current UK tax regime raises costs. Indeed, tax is seen as the major barrier facing companies in the UK wishing to introduce a cash out system, as the incentive is currently treated as a benefit-in-kind by the Inland Revenue.

As with most other transport measures aimed at reducing car use, the parking cash out is only effective when implemented in parallel with complementary measures, such as car sharing schemes or improved public transport services. Possibly the most important of these, is the need to introduce controlled parking zones around the site, as this not only prevents staff from abusing the system (by taking the cash reward and then parking nearby) but also helps with maintaining good community relations.

Nevertheless, providing fiscal incentives to drivers (and existing ‘green’ commuters) certainly generates far less staff opposition than introducing charges or removing spaces.

In terms of effectiveness in delivering a reduction in car use, the plans that offer the most flexibility are preferable for a number of reasons. The major one is to do with take up. As the so-called ‘travel blending’ approach has recognised, it is far easier to persuade people to switch from using the car for one or two days a week than for four or five days a week or, for ever! Therefore the plans that allow people to regain their right to park if they have a baby or move house, or ideally to park when the weather is bad and cycle when it is hot and sunny are likely to be more appealing.

On the other hand, the more flexible schemes require more administration and are more expensive and complicated to introduce and operate. There is also a problem to do with parking capacity. For example, Vodafone was unable to consider introducing a daily reward system because if everybody decided to drive to work then there would not be enough parking spaces.

The most effective parking cash out schemes are those that are flexible; offer a cash out sum at least equal to the cost of alternative travel; and is combined with enhancements to travel alternatives.

Overall, while parking cash out is potentially a potent and significant measure in the battle to reduce single occupancy car trips, it seems likely to be limited to only a few situations unless there is more Government and local authority support. To see how this could be applied, it is instructive to look towards the United States, and California in particular.

PARKING CASH OUT: THE CALIFORNIA EXPERIENCE

The use of parking cash out finally took off in California with the 1992 parking cash out law, which aimed to reduce traffic congestion and air pollution from the road transport sector. Essentially, this required employers who subsidised parking to give commuters the option of receiving the cash value of that subsidy instead. Specifically, the law applied only to parking spaces rented from a third party and not spaces they provided themselves. Therefore, if an employee elected to take the cash, the money previously devoted to leasing the parking spaces would instead form the commuter’s cash allowance.

An example of how this mandatory Parking Cash Out programme was applied in practice is in Santa Monica, California. This applies to firms employing 50 or more people that have at least one work site located in the South Coast Air Basin that:

• do not own their own parking (normally this means parking is leased),
• subsidise employee parking (i.e., pay all or part of the cost of parking for any employee),
• can calculate the out-of-pocket amount paid for subsidised employee parking (e.g., parking costs are unbundled, or separated in the lease agreement), and
• can reduce the number of parking spaces leased without penalty (e.g., without having to break the lease or pay for unused spaces).

Such employers are required to offer all eligible employees the option – in lieu of subsidised parking – of a cash al-
Alistair Turk, head of parking services in Wandsworth described to the BPA’s Spring seminar how a London borough had doubled its controlled areas in two years. His presentation highlighted the role consultation played in this successful expansion.

Alistair Turk explained that the 1998 elections had put parking firmly at the top of the political agenda. Councillors canvassing found it was the single issue most residents wanted to talk about on the doorstep and the post-bag on parking related issues showed it was a widespread problem. What followed was a two-year borough-wide consultation which resulted, during 2000 alone, in 50 completed two-stage consultations, 74 parking committee reports, 37 zones implemented or extended and an increase in the number of P&O machines on the street from 374 to 1,100.

Wandsworth, which in 2000 received a Charter Mark for every aspect of its parking service, undertook at the outset only to introduce and retain controls where there was support for them. This required a mammoth and on-going consultation exercise to ensure that residents had the opportunity to approve plans and to comment on how they actually worked in practice. One of the more interesting aspects of this consultation process was the Parking Roadshow. This was advertised on leaflets and on laminated signs fixed to lamp columns in the consultation area and housed in a converted library van. This had the advantage that it could be located at a convenient location for the consultation area and, explained Alastair Turk, ensured that visitors could discuss issues and concerns on a more or less one-to-one basis.

Display material in the van explained how a CPZ zone works and why this area in particular was being consulted. Staff were briefed not to ‘sell’ the parking proposals but to provide unbiased information, he explained. Feedback was positive with comments such as ‘the council doesn’t care if you have controls but it does care that you have the chance to express your views.’ Overall, he said, the council had opted for a minimum response rate of 25% in order for a scheme to progress. In one area where consultation response percentages were in the low to mid teens, MORI were commissioned to carry independent surveys to assess the validity of the response rates. MORI’s findings found the surveys were accurate to within one or two percentage points of the views of the overall community.

In one area, which was repeatedly extended as a result of displacement parking at the boundaries, the original zone was extended no less than ten times with the views of the overall community. The increasing use of parking cash outs and other fiscal incentives in the USA reflects a new recognition that direct financial incentives or subsidies are a key element of successful programmes to reduce single car occupancy travel to work. As a consequence, the take up of ‘greener commuting options’ has increased significantly.

This was demonstrated in a survey of 1694 employees from eight firms in California that applied the parking cash out regulations by professor Donald Shoup of the Urban Planning Department at the University of California at Los Angeles (UCLA). This found that the number of single occupancy vehicles fell by 17%, while vehicle miles travelled and vehicle emissions from commuting fell by 12%. In Britain, many of the fiscal barriers that formerly supported car use in the form of personal and company car tax rules have been removed in recent Budgets (most notably in 1999). But, there is still a long way to go before commuting by alternatives to the car is more tax efficient than driving to work. If parking cash out is to have the same widespread impact as in California, then travel plan support measures, including the tax treatment of benefits, needs to be much stronger. Until this is the case, changes in behaviour on more than a marginal scale are unlikely.

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A major CPZ expansion