Workplace Parking
A Management Briefing from Alphabet

Parking is becoming more of a challenge for businesses and their employees. Costs, space and tougher planning rules create headaches for employers and employees alike. Recognising that these issues are not going away, businesses are looking for smarter solutions. Our Management Briefing looks at the latest trends and how businesses can include parking in their mobility strategies.

Workplace parking is an important element of the Business Mobility mix. For one thing, it affects the majority of employees since most people still commute by car. Problems with workplace parking can affect productivity and morale throughout an organisation.

Census data shows that more than 60% of commuting journeys in the UK are made by car\(^1\), with employers providing up to four million parking spaces for employees, customers and visitors at their premises\(^2\). Putting a value on this provision is a complex issue but in purely monetary terms it is equivalent to buying between £5bn and £7bn worth of public parking per year.

Legally, there is no obligation on employers to provide parking (free or otherwise) for employees. Nor do employees have a legal right to free parking just because their employer always provided it in the past (unless it was specifically included in their contract of employment)\(^3\). Of course, the availability of hassle-free parking may be a major factor in someone's decision to take or stay on in a job.

On the other hand, a continued ‘morning mêlée’ for too-few parking spaces is bad for employee morale and timekeeping. As working hours and shift patterns extend beyond the traditional ‘nine-to-five’, especially in service industries, an approach of limited parking spaces allocated solely on a first-come, first-served basis becomes increasingly a problem for both employees and the organisation.

It’s one of the reasons why more and more businesses are adopting Workplace Parking Strategies to alleviate parking problems and improve employee satisfaction. These often dovetail demand-reduction measures, such as incentives to car-share or use public transport, with flexible working strategies.

Workplace Parking Strategy
For most businesses, a Workplace Parking Strategy is all about weighing up the parking needs of the organisation and workforce against the availability, suitability and cost of the parking spaces at its disposal. Most businesses see fleet vehicles as valuable assets but forward-thinking employers are also looking at their parking provision as an asset that can be maximised in its own right.

Freeing up valuable spaces by reducing wasteful occupancy is usually a key goal. Vehicles such as pool cars and spare fleet vehicles often occupy spaces for long periods. One answer to the problem would be a high efficiency mobility solution such as corporate carsharing (e.g. AlphaCity), where one multi-user car takes the place of several conventional cars. The business benefits of freeing up spaces include easier access for customers and suppliers plus less time lost for mobile workers.

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1. Source: Office for National Statistics 2011
2. Sources: House of Commons Library and RAC
3. My Employer Introduced Parking Charges: A Case Study
If the business rents car parking spaces, reducing their number could significantly reduce its overheads. For example, renting a city centre parking space can cost up to £4,000 a year in London and £1,000 outside.

Room to grow. If the business owns its car park, freeing-up room for new accommodation may be more cost-effective than expanding on to a separate location. Bear in mind, too, that planning authorities nowadays typically restrict new business developments to one parking space per 4-6 employees.

Monetising unused capacity. Businesses lucky enough to have surplus spaces can turn them into a revenue stream by renting them out via a ‘sharing’ app service like JustPark (www.justpark.com). Business parking ‘downtime’ during evenings and weekends could also be monetised the same way.

Encouraging the use of sustainable transport by employees and promoting smarter travel choices minimises environmental impacts. Choosing to ride-share, for instance, has clear social and cultural benefits for employees (through talking and sharing the journey) as well as saving money by sharing the cost of motoring. It typically saves £900 per year per commuter according to Birmingham University.

Creating a strategy
This briefing is not intended to offer detailed guidance on developing a management strategy. However, the basic elements involved are the same as for any change management project.

Step 1: Review the strengths, weaknesses and opportunities presented by your current parking provision. If you already have an environmental strategy and/or a travel plan, does it include parking? Review policies on flexible or agile working/working from home in tandem with parking: having employees work off-site even some of the time can make a real difference to the level of parking.

Step 2: Identify parking management options. These could include incentivising ride sharing with cost-free benefits such as preferential parking for sharers; issuing permits; setting quotas; monetising ‘downtime’ periods and considering parking charges for employees.

Step 3: Review the needs and expectations of each type of ‘mobility user’ working in the business – including employees who travel by company car or public transport, as well as walking or cycling. Attitudes are changing, particularly among the new generation of employees who have grown up with mobile connectivity and are relatively comfortable with flexible, shared approaches.

Steps 4, 5 and 6: Consult and communicate within the business, document the strategy and implement it.

Nottingham City Council has produced a useful guide for employers considering introducing a Workplace Car Park Management Strategy. Go to www.nottinghaminsight.org.uk/d/93891 for more information.

Charging for employee parking (Workplace Charging Schemes)
An individual Workplace Parking Charging Scheme (not to be confused with a Workplace Parking Levy imposed by a local authority) may cover parking on-site and off, in privately-run and public car parks.

Workplace Parking Charging Schemes are often implemented in conjunction with a Workplace Parking Strategy. Typically, employees pay a monthly amount via salary deduction for the right to park at the employer’s premises or for a discounted season ticket at an off-site car park.

Employers currently operating such schemes include hospital trusts and universities. Their goal is usually to manage increasing demand on existing parking spaces and/or to raise funds for additional spaces, installation of EV charging points or non-parking-related investment.

Example: Devon County Council
More than 2,000 people work at County Hall in Exeter. By 2010, staff parking was stretched to the limit, with employees waiting for up to an hour for a space to become available. To alleviate overcrowding and encourage sustainable travel, the council introduced a Car Park Management System at the site. Employees are limited to three days’ parking per week and parking is chargeable, with charges related to pay grade. The software behind the system handles both access to parking and deduction of payments by connecting the car park barriers, employees’ electronic identity cards and the council’s payroll process. Revenue from the scheme is ring-fenced to fund a park and ride scheme and bus ticket subsidies for employees.

Outlook for company charging schemes: Rising land values and urban redevelopment are increasing the value of parking land, making employers aware of the opportunity cost of expanding or retaining their employee parking provision. Workplace Parking Schemes offer employers a framework for distributing spaces among employees according to demand. A number of third party providers already offer schemes for employers to implement on a stand-alone basis or as part of a flexible benefits menu. For these and other reasons, Workplace Charging Schemes seem likely to become more common in future.
Update on the Workplace Parking Levy

To date the Workplace Parking Levy (WPL) introduced by Nottingham City Council in 2012 is the only WPL scheme in the UK. Under the scheme, all employers inside the city boundary with 11 or more employee car parking spaces must pay an annual levy to the council (£375 per space in 2015-16). Before enforcing the scheme, the council opened the first phase of a new tram system and extra bus routes in the city. Revenues from the WPL revenues are earmarked for investment in further public transport improvements.

Outlook: Several other cities, including Bristol, Cambridge and Oxford, have publicly raised the idea of a WPL but they have all shelved or ruled out the idea. With the enabling legislation in place and public spending budgets shrinking, it is likely that councils will keep the WPL option under review. However, until much more is known about the economic, behavioural and political impacts of the Nottingham scheme it is doubtful that other cities will follow Nottingham’s lead in the foreseeable future.

Other local parking initiatives

While most city planners still look to reduce parking provision in order to tackle congestion and air quality problems, at least two UK cities want to use free parking as a carrot to encourage people to drive ultra-low emission vehicles (ULEVS).

Milton Keynes proposes to open up all 20,000 parking bays in the city for free to EVs. The government has given Bristol £7 million towards a package offering free city-wide residential parking for ULEVS as well as access to three carpool lanes, over 80 rapid and fast chargers and a ‘taster’ scheme encouraging people to lease a plug-in car for up to four weeks.

Workplace parking and tax

Workplace parking is not classed as a taxable benefit, including when the employer meets the cost parking in a public or private space.

HMRC advises: "Any payment or reimbursement of expenses in connection with the provision for, or use by, an employee of a car parking space at or near the employee’s workplace is not chargeable to tax." The meaning of ‘at or near’ is not rigidly defined. It means within a reasonable distance from the workplace having regard to the nature of the locality – even if another, nearer, car park might be available.

Workplace parking was among the benefits affected by the salary sacrifice rule changes announced in November 2016. Employees could previously buy parking from or through their employer via a salary sacrifice arrangement, saving the employee up to 42% in tax and NI, and the employer 13.8% in NI, on the amount of salary exchanged.

No new parking salary sacrifice scheme will be accepted by HMRC in the 2017-18 tax year.

4. See www.nottinghamcity.gov.uk/wpllicensingcostsandpayments for details
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Our Business Mobility solutions begin with a complete 360° analysis of mobility needs and travel costs, including commuting and parking. We use the findings to plan and implement a fully tailored solution for each customer suiting the individual needs of the organisation and its multiple mobility users.

If you have any questions please contact us on 0370 50 50 100

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