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COMMONS DEED

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UK parking cash out experience, and lessons from California

Marcus Enoch looks at the performance of current UK parking cash out projects and compares their progress to the experience in California where parking cash out has become a mainstream policy measure.

Controlling parking – either by restricting 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 extremely unpopular, and therefore difficult to introduce. A more acceptable measure is the idea of paying to persuade drivers not to use their cars for certain trips – i.e. effectively bribe motorists to use an alternative mode. One application of this principal – the parking cash out – is becoming increasingly common in the UK. This article looks at the performance of current UK parking cash out examples and compares this experience to California where

parking cash out has become a mainstream 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 Derriford General Hospital in Plymouth only applies to regular car users who commute 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.

The 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. Negotiations 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 introduced a parking cash out scheme in 1995 to reduce the level of traffic on the site. Rather than a one off cash out, permit holders are given a £150 initial payment and subsequent annual payments of £96. This is paid from the Travelwise Budget of the hospital. Here, the effectiveness of the scheme has been limited due to hospital working practices (shifts). Take up is larger than at Derriford 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 office, where a condition of planning permission 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 designed to provide a big 'up front' payment with £1,200 in the first year, £900 in the second, £600 in the third and £300 in the fourth. Overall the company 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

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It is not just employers who may offer bribes for motorists to give up their cars for commuting. Public transport operators sometimes run a car cash out promotion. For example, during Green Transport Week in June 1999, the First Glasgow 'Swap a banger for a bus' scheme led to more than 500 residents of Glasgow swapping their car for an annual bus pass worth £560. In the USA too, a car cash out project is being tested by the State of Washington and public transport operator King County Metro in Seattle, through funding from the Federal Highway Administration value pricing programme.

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-

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lowance equivalent to the parking subsidy. Eligible employees are those to whom a subsidised parking space is available, even if it is not used. The parking subsidy is equal to the out-of-pocket amount paid by the employer for employee parking minus any contribution by the employee and minus any commute-related subsidies otherwise given to the employee (e.g., for mass transit or ridesharing). Employees have the choice of foregoing the cash offer and continuing to receive subsidised parking or accepting the offer and either paying for parking themselves or finding an alternative way to commute to work. Santa Monica recognises Parking Cash Out for its contribution to overall trip reduction and to the emissions reduction requirements of the areas Clean Air laws.

As in Britain the tax barrier remained as an obstacle to companies offering, or people opting to take the benefit. This barrier was removed by the 1998 Transportation Equity Act, which altered the tax code and made parking cash out schemes tax deductible to the employer and tax free to the employee. This Act extended measures first enacted in the 1992 National Energy Policy Act, which had allowed employers

to provide each employee who commuted on public transport a benefit up to an initial limit of \$60 per month (\$720 per year). The 1998 Act also increased the non-taxable parking cash out, public transport and vanpool benefit ceiling to \$100 a month from January 1st 2002, with the resumption of increases indexed to inflation.

BRIBING MOTORISTS OUT OF THEIR CARS

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

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 that 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&D 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 Alistair 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 and each time the full consultation process had been carried out. Consultation fatigue had set in.