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## BRIEFING PAPER

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The House of Commons Transport Committee inquiry into taxes and charges on road users.

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### Executive Summary

- The Central London Freight Quality Partnership (CLFQP) is a partnership of public and private sector organisations whose aim is to improve freight transport and servicing in central London. Our membership includes seven central London Boroughs, Transport for London, London businesses and freight operators serving central London. The partnership is responding to this enquiry solely on the issue of penalty charge notices (PCNs) issued for on-street loading and unloading in London.
- Regrettably it is not possible to provide an accurate figure for the cost of loading / unloading in London for the reasons set out in the response below.
- However, national research by the Freight Transport Association (FTA) estimates this substantial cost to be in the region of £500m per annum in the United Kingdom (UK) (<http://www.fta.co.uk/news/item/parking-fines-to-deliver-to-london---600-million-per-year>). Within this headline figure, they have identified four operators that pay more than £1m in fines each year in London. They have also identified a further £100m cost borne by the UK freight industry for processing and appealing PCNs.
- Research by the CLFQP indicates that these are costs that have increased following the introduction of differential parking under the Traffic Management Act 2004.

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- This submission highlights why it is not possible to provide accurate information on the cost to the freight and servicing industries of loading / unloading, and suggests possible actions that may be taken to achieve this. It sets out the view that loading / unloading costs should reflect the provision of loading / unloading facilities, with other taxes and charges being used to fund other freight related transport costs.

### 1. **What taxes and charges are currently paid to government by road users, how much revenue do they raise and how does this compare with national and local government expenditure on the roads network and ancillary services?**

- 1.1 There are three sources of publically available information regarding PCN issue in London. These are the London Councils annual parking statistics, which have been published since the 2004 / 2005 financial year, and can be found at <http://www.londoncouncils.gov.uk/transport/transportservices/parkinginformation.htm?showpage=1>; data provided by the London Boroughs on request; and the annual statement of accounts produced by each individual London Borough which contains limited information regarding their parking account as required by section 55 of the Road Traffic Regulation Act 1984, subsequently amended by the Road Traffic Act 1991. These can be found on the web sites of the relevant authority.
- 1.2 The London Councils statistics only make reference to the number of PCNs issued under the generic heading of 'Parking PCNs' as this headline figure is the only information provided to them by the individual boroughs. They are unable to break down the global figure, either by vehicle type to identify commercial vehicle activity, or offence code to identify loading and unloading activity. In addition, it is not possible to estimate the cost of Loading / unloading PCNs from this data as no information is provided regarding the number of tickets cancelled at the informal or formal stages of appeal in the representation process.

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- 1.3 All central London boroughs are able to analyse their parking data by offence code. However, currently only three of the seven central London boroughs have the capability to identify commercial vehicle activity. Out of these, only two were able to provide information on loading / unloading PCN issue following a request by the CLFQP when compiling this response to the select committee. Of these, one could only provide data relating to Civil Enforcement officer issued PCNs, and not for PCNs issued by CCTV which amount to 27.3% of their total.
- 1.4 The data provided by the annual statement of accounts for each borough is provided for accounting purposes. It is therefore not in a format suitable for calculating the costs of loading / unloading in London. In any case, that data would be subject to the caveats identified in the above paragraph.
- 1.5 The CLFQP, with funding from Transport for London, is working with the central London boroughs to facilitate the use of a commercial vehicle marker in their PCN issuing software to enable the provision of accurate data on loading / unloading costs in central London. It is suggested that the department for Transport recommends this approach for all existing Civil Parking Enforcement schemes and makes it mandatory for all new requests to implement Civil Parking Enforcement. Also, the cost to business for non-compliance with loading / unloading restrictions should be included in the annual parking reports produced by enforcement authorities under the Traffic Management Act 2004.
- 1.6 It is interesting to compare the £500m estimated cost to industry of loading / unloading in the UK provided by the FTA, with the £500K of monies spent by the Transport for London Freight Unit on Local Implementation Plan funded freight projects in the nations capital city. Whilst there are other public sector monies spent on freight transport in London, e.g. the Boroughs and other sources of funding from Transport for London, these figures clearly show the difference in scale between loading / unloading costs bourn by industry and public sector expenditure on freight infrastructure.

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### 2. **What is the impact of the current charging regime on individuals, businesses and the economy?**

2.1 The cost of loading / unloading in central London is considered a tax by the freight transport industry as there is no alternative method of making deliveries to the businesses that comprise London's economy. No research has been undertaken as to where the cost of PCNs resides. It is either met by the delivery company or passed onto the business that they are serving. This may or may not be a contractual arrangement. That business may then decide to absorb the cost or pass it on to their customer. Either way, the economy loses either through reduced corporation tax or increased prices leading to inflationary pressures.

2.2 There are also the costs to business of managing PCNs to be considered. The FTA has estimated the cost to UK business of this activity as £100m per annum to process and appeal PCNs. More and more businesses are finding it cost effective to employ staff solely to administrate PCNs. It is of note that in 2007 / 8 the Parking and Traffic Appeals Service (PATAS) awarded costs to business amounting to £7,187.70. Again, this shows a difference in scale between the costs to business and any recompense received.

### 3. **Do the taxes and charges paid by motorists capture the external costs of congestion, local air and noise pollution, accidents, and CO2 emissions? Would it be desirable for them to do so and, if so, how could this be achieved?**

3.1 The CLFQP is unable to comment on the first part of this question.

3.2 It would be desirable for the industry to meet all its own external costs. The CLFQP notes the debate as to if this is already the case, or not.

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4. **Should the primary purpose of taxes and charges on motorists be to raise revenue to cover the costs of the road network, to reduce traffic and congestion, to minimise the negative social and environmental impact of transport, or some combination of these?**
- 4.1 Charging for loading / unloading should reflect the cost of provision of loading / unloading facilities only.
- 4.2 The freight industry serving London already pays business taxes to cover road provision and the congestion charge to cover congestion costs. Vehicles either meet the Low Emission Zone criteria or pay a charge to cover polluting vehicles.
5. **Does the current system have different impacts on different categories of road user? If so, is this fair?**
- 5.1 The CLFQP requested data from its private sector members to provide clarity regarding the effect of the changes in loading and unloading in central London following the introduction of the Traffic Management Act 2004. Responses were received from seven operators working in the food, drink, supermarket, convenience, retail (2) and office supplies sectors.
- 5.2 Four of the seven operators reduced the number of PCNs they received between May 2007 and May 2008. This appears to be in line with the decrease in PCNs issued that is reported by London Councils, although it should be noted that the reduction for commercial vehicle operators is of a smaller percentage (3.4%) than the overall total reported by London Councils (6.1%).
- 5.3 However, the picture changes if the cost of PCNs is compared between the years. Whilst three operators experienced an increase in the number of PCNs received, five operators experienced an increase in the cost of those PCNs. This amounted to a cost increase of 14.1% across all operators in the survey.

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5.4 If the overall number of PCNs issued is falling, but loading / unloading costs have increased following the introduction of differential charging, it seems to indicate that the freight industry is bearing a greater proportion of 'parking' charges than private car owners.

### 6. **What alternative methods of charging for road use are available, such as road pricing in town and city centres and on the national road network, lorry road-user charging schemes, switching charges between fixed charges (such as Vehicle Excise Duty) and variable charges (such as fuel duty)?**

6.1 The CLFQP notes the developments in technology that are improving the parking process and experience. These should be developed for loading / unloading activity.

6.2 Pay by phone parking has proved very successful in the Westminster and other central London boroughs. The Cooperative Vehicle Infrastructure Systems (CVIS) loading bay project will show how kerbside loading / unloading can be managed in real time.

### 7. **Should foreign-registered vehicles pay for access to the UK's roads and if so, how? How closely enforced are the rules governing re-registration of foreign-registered vehicles which are brought permanently to the UK and the consequent liability for VED?**

7.1 Foreign registered vehicles should be equally liable for loading / unloading PCNs as domestic vehicles. The CLFQP welcomes and supports the work of the Eurosparks project that is trying to achieve this.

7.2 The CLFQP is unable to comment on the second part of the question.