
Profiting from Parking



London boroughs are now making enormous profits from on-street parking charges and fines for parking infringements. They also make large profits from Permit Parking Schemes and are using these charges as a general fund raising technique despite the fact that a previous court case judged that to be illegal. In addition they use other “decriminalised offences” such as bus lane infringements, yellow box junction infringements, illegal turns and other “moving traffic offences” to generate large amounts of income.

These profits are used to subsidise concessionary fares (such as the Freedom Pass for older residents), and to subsidise other public transport programmes, with only a minor amount usually spent on road improvements and parking facilities.

An Incentive to Issue Fines

The profits made are so large, that councils now have a major incentive to issue fines to more and more people, so that minor infringements can mean you getting a £120 fine for an accidental oversight such as staying a few minutes past the allotted time. In addition they issue penalty notices for offences that have not taken place – for example for alleged parking when the vehicle was being used for loading or unloading goods – this is not an offence but you then have to go through the appeal process and dispute it. Permit parking and other parking schemes are introduced, not because people want them or there is a need to “regulate” parking, but because they generate profits.

No Democratic Control

For the same reason, cameras are being installed in more and more locations to pick up alleged infringements of moving traffic offences. Local councils see this simply as a revenue source to fund their operations particularly now that budgets are being squeezed and pressure is on to control rises in council taxes. In reality they actually set the level of fines via the forum of London Councils and there is very little democratic input to this process. There is a review currently taking place in which they are probably going to suggest they go up even further (see: www.londoncouncils.gov.uk/Transport/Transportpolicy/APCConsultation.htm).

The levels of fines are now so high (they can easily be the equivalent of a day’s wage for the average worker), and the excuses for issuing them now so trivial, that it is becoming a gross injustice to have these fines outside the normal legal system, where your rights to appeal are so severely restricted.

No Consistency

There is no consistency in London on how parking regulations are operated, with some boroughs generating large profits and generally taking a stance that prejudices car users, while other boroughs are more reasonable, or even make losses in some cases. There seems to be little guidance on “best practice” for them to follow with the result that drivers often do not understand how different boroughs operate, with some boroughs seeming to take particularly delight in oppressive enforcement regimes.

A Sample of Boroughs

The figures on parking charges and costs (and decriminalised traffic offences) from a few representative London boroughs were requested in summer 2010 and most chose to treat them as Freedom of Information Act requests. These requests were submitted to the following London councils: Bromley, Camden, Greenwich, Hammersmith & Fulham, Kensington & Chelsea, Richmond and Westminster. Most responded with figures for the financial year 2009/2010 with reasonably complete information, although Camden refused to disclose the costs of enforcement which is now subject to an appeal – nobody else refused of course, so this is the kind of typical obstruction one sees from councils when they simply do not wish to co-operate or wish to hide what they are doing.

A summary of the data for each class of revenue/cost is as follows - the detail figures for each council are present on this web page: www.freedomfordrivers.org/Borough_Parking_Profits.htm

On-Street Parking & Permit Parking Schemes



This covers on-street parking meter charges, bay suspension charges and permit parking schemes. The revenues and associated costs for each council are as follows:

Council	Income (£m)	Costs (£m)	Profit (£m)
Bromley	2.8	1.0	1.8
Camden	21.1	15.3	5.8
Greenwich	1.4	0.8	0.6
Kensington & Chelsea	23.8	5.3	18.5
Hammersmith & Fulham	16.3	7.2	9.1
Richmond	4.5	1.1	3.4
Westminster	46.8	5.8	41.0

Notes: Richmond figures are for 2008/2009. All others are for 2009/2010. Kensington & Chelsea also made a profit of £3.3 million from permit parking, but generated £15.2 million from on-street parking. Westminster generated a profit of £4.8 million from permit parking schemes, but an enormous £37 million from on-street parking charges. This compares with a profit from on-street parking of £2.4m for Camden (Camden also covers much of central London and is a much larger borough geographically). Greenwich is an estimated figure as they did not separate out parking costs from enforcement costs.

There are in fact 32 London boroughs, so if the above charges are representative of other boroughs then the total profits of all boroughs from on-street parking fees alone could exceed £300 million.

On-Street Parking Enforcement

In addition to profiting from on-street parking charges, councils also generally make a profit from “enforcement” of the parking regulations by the issue of PCNs. These are the figures:

Council	Income (£m)	Costs (£m)	Profit (£m)
Bromley	2.2	1.7	0.5
Camden	12.7	6.5	6.2
Greenwich	1.1	0.9	0.2
Kensington & Chelsea	12.2	9.5	2.7
Hammersmith & Fulham	6.9	3.6	3.3
Richmond	3.2	2.9	0.3
Westminster	19.6	21.8	-2.2

Notes: Richmond figures are for 2008/2009. All others are for 2009/2010. Greenwich is an estimated figure as they did not separate out parking costs from enforcement costs. Westminster is odd in that they managed to lose money on “enforcement”, although they generated a very large profit on revenue from on-street parking as can be seen from the previous table so they still made an enormous profit overall. Hammersmith & Fulham’s figure apparently includes the costs of enforcement of bus lanes and other decriminalised offences as they claim they cannot separate those out.

Off-Street Parking

The following figures apply to off-street car parks owned or managed by the local council (these figures are only the operating revenues/costs and do not include the capital costs or amortisation of those costs for provision of the facilities).

Council	Income (£m)	Costs (£m)	Profit (£m)
Bromley	3.6	2.2	1.4
Camden	1.6	1.1	0.5
Greenwich	1.1	1.2	-0.1
Kensington & Chelsea	1.2	0.9	0.3
Hammersmith & Fulham	0	0	0
Richmond	3.5	1.3	2.2
Westminster	14.0	9.4	4.6

Notes: Richmond figures are for 2008/2009. All others are for 2009/2010. Greenwich is an estimated figure as they did not separate out parking costs from enforcement costs.

London boroughs vary widely in the provision of off-street car parks, with Hammersmith & Fulham not having any at all. Outer London boroughs tend to have more provision, probably because land is cheaper, but Westminster is an exception.

Off-Street Parking Enforcement

The following figures give the enforcement costs and revenues for off-street parking (enforcement is not necessary if there are only barrier entry/exit car parks, so Kensington & Chelsea have minimal figures, while Hammersmith & Fulham and Westminster have none at all).

Council	Income (£m)	Costs (£m)	Profit (£m)
Bromley	0.5	0.4	0.1
Camden	0.2	0.3	-0.1
Greenwich	0.1	0.3	-0.2
Kensington & Chelsea	0	0	0
Hammersmith & Fulham	0	0	0
Richmond	0.5	0.4	0.1
Westminster	0	0	0

Notes: Richmond figures are for 2008/2009. All others are for 2009/2010. Greenwich is an estimated figure as they did not separate out parking costs from enforcement costs.

Parking Profit Totals

The following table gives the overall profit from parking charges and parking enforcement for each of the boroughs.

Council	Profit (£m)
Bromley	3.8
Camden	12.4
Greenwich	-0.1
Kensington & Chelsea	21.5
Hammersmith & Fulham	12.4
Richmond	6.0
Westminster	43.4

Only Greenwich fails to make substantial overall profits from parking. Some of the variation between the others is down to the different characteristics of the boroughs, their efficiency in imposing and collecting charges, their level of charges (permit parking charges vary for example), and their general attitude to car usage.

Permit Parking

Some boroughs make a small profit on permit parking schemes, while others make very large ones (and probably illegal amounts in that they consistently budget for a large surplus and hence are using it as a general revenue raising opportunity). For example Camden made a profit of £3.5m on operating such schemes alone (that's almost as much as their costs), and that's ignoring the profit on "enforcement" of such schemes. Kensington & Chelsea made a profit of £3.2m which was more than 100% of their costs. Hammersmith & Fulham made a profit of £3.6m which is 7 times their costs.

Bus Lane Enforcement



The following table gives the income and costs from bus lane infringements (some boroughs do not enforce such lanes, or the enforcement is done by TfL, and hence the figures are zero in the table).

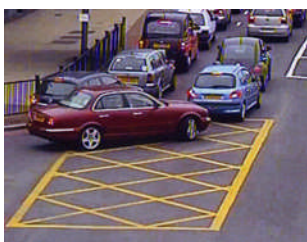
Photo left is of the Cray Avenue bus lane in Orpington (LB Bromley – camera indicated by the arrow) which generates large profits from photo enforcement from people turning left through the bus lane.

Council	Income (£m)	Costs (£m)	Profit (£m)
Bromley	0.35	0.20	0.15
Camden	1.09	See below	See below
Greenwich	0	0	0
Kensington & Chelsea	0	0	0
Hammersmith & Fulham	0.24	See below	See below
Richmond	0.22	0.15	0.07
Westminster	0	0	0

Notes: Richmond figures are for 2008/2009. All others are for 2009/2010. Camden does not separate bus lane enforcement costs from other moving traffic offence costs (the total was £1.7m). Hammersmith & Fulham's costs are included in Parking Enforcement costs.

These figures are reasonably in balance, although it's worth pointing out that the profits that result often come from enforcement on only one or two bus lanes in each borough.

Other Moving Traffic Offences



The following tables gives the income and costs from other moving traffic infringements such as yellow box junction infringements, illegal turns, etc (some boroughs do not enforce these, or the enforcement is done by TfL, and hence the figures are zero).

Photo left is of an alleged infringement in Loampit Vale, Lewisham (appeal subsequently allowed by the PATAS Adjudicator).

Council	Income (£m)	Costs (£m)	Profit (£m)
Bromley	0	0	0
Camden	3.22	See below	See below
Greenwich	0	0	0
Kensington & Chelsea	0	0	0
Hammersmith & Fulham	1.34	See below	See below
Richmond	0	0	0
Westminster	0.85	1.52	-0.67

Notes: Richmond figures are for 2008/2009. All others are for 2009/2010. Camden does not separate bus lane enforcement costs from other moving traffic offence costs (the total was £1.7m). Hammersmith & Fulham's costs are included in Parking Enforcement costs.

Westminster managed to lose money on enforcement of these offences, which is surprising. Camden managed to make a substantial surplus on the combined figures for bus lane and moving traffic infringements of £2.6m.

A good example of the revenue raised from box junction cameras is that of Battersea Bridge Rd. It was reported recently by the Daily Telegraph that up to 2,000 drivers per month were being fined. TfL issued fines worth £520,000 in the first six months of 2010. In this case it seems that sometimes drivers enter the junction when the exit is clear but then get blocked by pedestrians.

Where the Money is Spent

Boroughs generally apply the surplus from parking and decriminalised traffic offences to other “transport” programmes. That often includes minor road works and road safety schemes to some extent but it also includes “modal shift” initiatives, and other public transport programmes. Money can also be applied to the development of new “permit parking” schemes so that even more profits are generated in future. But very large amounts are usually applied to subsidise “concessionary fares” which includes the Freedom Pass for older and disabled residents, and the Taxicard scheme.

These are some of the figures for individual boroughs (mainly 2009/2010 figures):

Bromley: £308,000 of on-street profits were spent on “Car Park Maintenance” (which should probably be treated as expenditure), £100,000 was spent on “Traffic Management Schemes” and £201,000, on “Improvement Schemes”, but a large amount was applied to “Concessionary Fares” which took £1,773,000.

Camden: Camden had a surplus of £10.3 million from on-street parking alone. About £5m of this was applied to the “capital account”, and £5.2 million to Concessionary Fares.

Greenwich: A surplus of £0.6 million from on-street parking was applied to Concessionary Fares.

Kensington & Chelsea: The surplus was spent on £4.2 of Concessionary Fares, £3.8m on the Taxicard scheme, Welfare Transport, School Permits, Special Needs/Youth Transport and some on street improvements, road engineering, traffic management and road safety schemes.

Hammersmith & Fulham: This borough claims that it does not hold information on where the surplus is applied, although they did report spending £4.5m on Concessionary Fares.

Richmond: In 2008/2009 there was a contribution of £1.7 million to Concessionary Fares and £0.9 million to “Highways Improvements”, plus over £0.5 million was invested in new CPZ schemes.

Westminster: Awaiting information on 2009/2010, but in 2008/2009 their accounts show a surplus of £34.4m from “on-street parking facilities”, and £7.6m of that was spent on “Concessionary Fares & the Taxicard scheme”, £1.5m on “Home to School Transport”, £7.4m on Highways Improvements, £3.5m on Street Lighting, £1.1m on Street Cleaning and £1.8m on “Resident’s subsidy at Managed Car Parks” and other Off-Street Parking costs (as they already made a profit on off-street parking, it is not clear why there was a need for such a transfer of costs).

Obtaining Other Boroughs Figures

A template letter that you can use to obtain the financial data on parking and decriminalised moving traffic offences for other London boroughs is available here as a pdf document (click on to download): www.freedomfordrivers.org/Parking_Letter_Information_Template.pdf

Transport for London (TfL) Figures

The figures for income received by TfL from enforcement of parking and of other traffic offences are as follows:

TfL Traffic Enforcement Gross Income 2009 / 10 (£'000s)	
Bus Lane	1,392
CCTV (parking/loading)	14,210
Moving Penalties	5,944
Dispensations (red routes)	554
Traffic Warden PCNs	7,495
Total Income	29,595

The associated costs were £12.6m which means they made a profit of £17m.

Leapfrogging and Empire Building

When charges are reviewed, there is a natural tendency for local boroughs to justify such charges on the basis that other boroughs are charging more, irrespective of the costs, or profits that are being made. For example this is a table of residents permit parking charges in a recent document from Ealing council which attempts to justify increases of up to 66% in the charges, even though they are making substantial profits already from permit parking schemes:

Resident permits (£ per annum)	1st	2nd	3rd	4th	>4
Harrow	46	56	77	122	122
Brent	50	75	100	100	100
Hillingdon	Free	40	40	40	40
Hounslow	60	80	130	130	130
Hammersmith & Fulham	99	482	482	482	482
Average 1	64	145	164	173	173
Average excluding H & F	52	63	87	98	98
Ealing's weighted average price (Ealing charges £25 or £45 depending on the operational hours – part days or all day).	37	37	37	37	37

Similarly Hammersmith & Fulham are proposing to increase pay & display parking charges to be “in line with those of other inner London boroughs”. The standard price of an hours parking will increase to £2.20 with it going up to £2.80 in town centres. The justification is that Camden charges up to £4.90 and Lambeth charges up to £4.20 for one hour.

Council parking managers know that their jobs, and how much they get paid, very much depends on the size of the empire that they can build. So there is a natural tendency to recommend to councillors that charges go up, that permit parking schemes are extended and that new parking schemes are introduced where there were none before. Profits are what drive this bureaucracy.

Enforcement Driven by Profits, Not Compliance

When considering enforcement operations, these are driven by profits also. No councils seem to actually collect information on compliance – in other words how many people are infringing parking regulations and whether the rates are getting better or worse. They simply measure how much revenue and profit is generated and the sub-contract parking enforcement operators are set targets on that basis.

When considering decriminalised traffic offences, cameras are often introduced not because of congestion (e.g. blocked yellow junctions), or road safety issues but because profits will arise. The level of infringement, and whether enforcement will improve matters, is rarely considered and the justification is always that the law must be enforced, without the profit motive being declared.

The rising cost of the Freedom Pass, and other concessionary fares, has also given councils a powerful incentive to raise income to subsidise these costs which they can do from parking profits. The Freedom Pass costs are charged to local London boroughs (no they don't get paid from general taxation or out of TfL funds) so every time TfL puts up tube or bus fares (and they have been rising at a great rate to pay for improvements and for such developments as Crossrail), the local boroughs get a bigger bill. They have to source that from local council taxes or from parking profits. So to keep the headline rate of council tax low, boroughs resort to this sleight of hand to conceal how Londoners are paying for this hand-out to pensioners.

Summary

I hope this article has shown how London councils are profiting from motorists as a result of public ignorance and lack of democratic control of these charges. Boroughs where local democracy is weak, or the council does not inform their residents of how charges are collected and applied, are a particular problem – Labour controlled boroughs such as Camden are an example. It is rarely the case that parking charges come to the fore as a political issue because of the complexity of the subject and the lack of public information, although the Liberal/Democrats managed to lose control of Richmond on just such an issue recently.

Democratic control needs to be reintroduced by:

1. Requiring all London councils to publish figures on the revenue and costs of these charges and in a standardised format, and issuing the figures to residents.

2. Taking the setting of penalty charges out of the control of London Councils but to an elected body such as the GLA (or to local councils).

3. Establishing a body that reports to the Mayor of London to advise on harmonisation of regulations and parking charges across London.

4. Reinforcing the law that permit scheme charges should only cover administration costs and not be used to raise revenue.

5. A complete rethink of the decriminalised offence regime so that there is a proper legal process and no motivation to extract profits from accidental or trivial technical infringements.

The long-suffering motorist is being used as a cash cow to subsidise other people and services on a quite unjustifiable basis.

R.W.Lawson

Association of British Drivers, www.freedomfortransport.org
16/10/2010 (Revised 26/01/2011)