

# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

## Note 38: Discounts & Exemptions



Salford City Council



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## **COVID-19 Pandemic Statement**

This work has not considered the impact of the COVID-19 pandemic. Whilst we are continuing, where possible, to develop the Greater Manchester Clean Air Plan, we do anticipate that the pandemic will have an impact on our ability to keep to the timescales previously indicated.

We are also mindful of the significant changes that could result from these exceptional times. We know that the transport sector has already been impacted by the pandemic, and government policies to stem its spread. The sector's ability to recover from revenue loss, whilst also being expected to respond to pre-pandemic clean air policy priorities by upgrading to a cleaner fleet, will clearly require further thought and consideration.

The groups most affected by our Clean Air Plan may require different levels of financial assistance than we had anticipated at the time writing / our previous submission to Government.

More broadly, we anticipate that there may be wider economic impacts that could significantly change the assumptions that sit behind our plans. We have begun to consider the impacts and have committed to updating the government as the picture becomes clearer over time.

We remain committed to cleaning up Greater Manchester's air. However, given the extraordinary circumstances that will remain for some time, this piece of work remains unfinished until the impact of the COVID-19 pandemic has been fully considered by the Greater Manchester Authorities.

This document does not take account of the recent decision to delay the GM Clean Air Zone start date from 2021 to 2022.

# 1 Introduction

## Overview

- 1.1 In July 2017 the Secretary of State issued a Direction under the Environment Act 1995 requiring a number of Greater Manchester local authorities to produce a feasibility study to identify the option which will deliver compliance with the requirement to meet legal limits for nitrogen dioxide in the shortest possible time.
- 1.2 The 10 Greater Manchester local authorities have been developing the study collectively together with the GMCA, coordinated by TfGM in line with Government direction and guidance. An Outline Business Case (OBC) was duly submitted in March 2019.
- 1.3 Ministerial feedback was received in July 2019 along with a further direction under the Environment Act 1995 which requires all ten of the Greater Manchester local authorities to:

*“take steps to implement the local plan for NO<sub>2</sub> compliance” (which was defined as a Class C CAZ with additional measures) and “ensure that the local plan for NO<sub>2</sub> compliance is implemented so that–*

*(a) compliance with the legal limit value for nitrogen dioxide is achieved in the shortest possible time, and by 2024 at the latest; and*

*(b) exposure to levels above the legal limit for nitrogen dioxide are reduced as quickly as possible.”*
- 1.4 The 10 Greater Manchester local authorities are now subject to a Ministerial direction dated 16 March 2020 requiring the submission of an Interim Full Business Case (FBC) (along with confirmation that all public consultation activity has been completed) as soon as possible and by no later than 30 October 2020.
- 1.5 Technical note 31: GM CAP: Charge Level Sensitivity Testing describes modelling that has been carried out to test the impact of different charge levels on behavioural responses (i.e.: whether drivers choose to upgrade or stay and pay) and NO<sub>x</sub> emissions.
- 1.6 This Technical Note 38 sets out the evidence underpinning the rationale for the local discounts and exemptions proposed in the GM CAP Policy for Consultation. It also sets out the results of analysis undertaken to assess the possible impact of the proposed national and local discounts and exemptions on achieving compliance in the shortest possible time.
- 1.7 It should be noted that all analysis contained within this note represents the position as it stood before the coronavirus (COVID-19) pandemic. Separate analysis is being conducted to better understand the potential impact of COVID-19 on the GM CAP, which could affect the evidence presented in this note.

## 2 Background

### National Guidance

- 2.1 The UK government's 'Clean Air Zone Framework: Principles for setting up Clean Air Zones in England'<sup>1</sup>, sets out the approach that is expected to be taken by local authorities when implementing and operating a Clean Air Zone in England. Section 3.9 of the guidance states the following in relation to discounts and exemptions:

*“There is a general presumption that the requirements for charging Clean Air Zones will apply to all vehicles according to the relevant zone class.*

*There will be certain circumstances where exemptions and discounts from a charge will be appropriate. This may be because of a person's particular circumstances; the type of vehicle concerned may be difficult or uneconomic to adapt to comply with a zone's requirements; or the operation a vehicle is engaged in is particularly unique or novel.*

*Discounts and exemptions should, in general, be based on the principle that;*

- *specialist vehicles that can never be compliant should qualify for an exemption from a charge;*
- *a sunset period should be allowed for specialist or more novel vehicles that can become compliant in a suitable time to allow for them to be changed.*

*While exemptions should be kept to the minimum necessary in order to maximise the benefits of a zone, local authorities may also consider additional exemptions or discounts based on particular local circumstances. Local authorities may consider ways in which the cost of any charge to enter areas could be reduced for groups they identify as facing particular challenges, so long as this is achieved in a way which does not slow down the achievement of the outcomes of the zone. This might, for example, take into account the location of a charging zone in relation to key local businesses or services.*

*Local Authorities will also need to think about enforcement relating to exemptions and discounts in designing a zone. This section sets out where national exemptions should apply, and the circumstances in which local exemptions or discounts may be appropriate. Additional exemptions should not be applied where doing so would negate the overall benefits of the zone.”*

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<sup>1</sup> Department for Environment, Food & Rural Affairs and Department for Transport. 2020. Clean Air Zone Framework. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/863730/clean-air-zone-framework-feb2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/863730/clean-air-zone-framework-feb2020.pdf)

### 3 Greater Manchester's principles for discounts and exemptions

3.1 Whilst there is a general presumption that the requirements for charging Clean Air Zone (CAZ) will apply to all vehicles according to the relevant zone class, there will be certain circumstances where discounts or exemptions from a charge will be appropriate.

3.2 Taking the Government guidance into account, the following principles for discounts and exemptions in GM will apply:

- Guidance on national exemptions will be adhered to, meaning certain categories of vehicles which cannot reasonably comply with the required emissions standards (e.g. historic or non-road going vehicles) will not be required to pay a charge; and
- Any local discounts or exemptions, when considered in addition to the national exemptions, will not negate the overall benefits of the zone.

3.3 The proposed discounts and exemptions for the GM CAZ, both permanent and temporary, are described in turn below, alongside the JAQU guidance, rationale and evidence. It should be noted that the majority of these discounts and exemptions are consistent with the published approaches taken by other cities proposing a CAZ e.g. Leeds and Birmingham.

3.4 These discounts and exemptions fall into four categories:

- Permanent national exemptions;
- Permanent local exemptions;
- Temporary local exemptions<sup>2</sup>; and
- Permanent local discounts.

3.5 Note that there are no temporary national exemptions or national discounts stipulated within the Government's Clean Air Zone Framework.

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<sup>2</sup> A temporary local exemption is time limited exemption, applied for a fixed period. Within this temporary local exemption period, eligible vehicles would not pay a charge. Following the expiry of a temporary local exemption, non-compliant vehicles will be charged. Note there may be a requirement to apply for discounts and exemptions

## 4 Permanent exemptions

### Permanent national exemptions

- 4.1 The Government's Clean Air Zone Framework sets out permanent national exemptions i.e. those which will be exempt from charges for all CAZs within England, including the GM CAZ. These are in place due to some types of vehicle being particularly difficult or uneconomic to adapt to comply with the framework's requirements. They also cover vehicles that are engaged in particularly unique or novel operations. National, permanent exemptions that apply to all CAZs are set out in **Table 4-1**, alongside the rationale for inclusion and an assessment of the possible impact on achieving compliance in the shortest possible time.
- 4.2 **Table 4-1** shows that applying the permanent national exemptions is not likely to negate the overall benefits of the GM CAZ or undermine the ability to meet air quality compliance within the shortest possible time.
- 4.3 All permanent national exemptions are assessed as having a negligible impact on compliance due to the very small proportion of vehicles in scope.

### Permanent local exemptions

- 4.4 In addition to stipulating national exemptions, the Government's Clean Air Zone Framework makes provision for local authorities to consider allowing additional exemptions or discounts based on particular local circumstances. GM has proposed a series of permanent local exemptions in the Policy for Consultation. These are set out in **Table 4-2**, alongside the rationale for inclusion and an assessment of the possible impact on achieving compliance in the shortest possible time. This analysis considers the possible impact in terms of the proportion of the total vehicle fleet within the scope of the GM CAZ.
- 4.5 It is also worth noting that, where it is not possible or practical to upgrade vehicles, applying an exemption would remove the cost burden of the charge. It would not however be expected to affect the choice to upgrade or not. In other words, this group would not be expected to upgrade with or without the exemption.
- 4.6 **Table 4-2** shows that applying the permanent local exemptions is not likely to negate the overall benefits of the GM CAZ or undermine the ability to meet air quality compliance within the shortest possible time.
- 4.7 All proposed permanent local exemptions are assessed as having a negligible impact on compliance due to the very small proportion of vehicles in scope.

**Table 4-1 Permanent national exemptions to CAZ charges, set by the Government**

Permanent national exemptions	Description	Rationale	Impact on compliance
Historic vehicles	Vehicles with a 'historic' vehicle tax class (vehicles built or first registered more than 40 years ago)	Exempt due to age and unsuitability for compliant retrofitting	Negligible. Based upon ANPR sample data <sup>3</sup> and analysis of recorded vehicles which are within the historic vehicle tax class, the quantity of eligible vehicles has been estimated at less than 0.5% of total vehicles serving GM.
Military vehicles	Vehicles in use by UK Armed Forces	Exempt from charges by virtue of Section 349 of the Armed Forces Act 2006	Negligible. Military vehicles could not be identified from the ANPR dataset. The volume of military vehicles is assumed to be low as there are no military bases in GM and only a small number of Army Reserve Centres.
Disabled Passenger Vehicle (DPV)	Vehicles within the DVLA Disabled Passenger Vehicle tax class, used by organisations providing transport for disabled people.	This group of vehicles may include a range of specialist and/or novel or adapted vehicles, where it may generally not be practical to upgrade to a vehicle compliant with the emission standards of the GM CAZ.	Negligible. Based upon ANPR sample data and analysis of recorded vehicles which are within the DPV tax class, the quantity of eligible vehicles has been estimated at less than 0.5% of total vehicles serving GM based on the ANPR sample.
Specialist Emergency Service Vehicles	Specialist vehicles in use by emergency services, such as aerial ladders and major incident command vehicles.	This group of vehicles may include a range of specialist and/or novel or adapted vehicles where it may generally not be practical to upgrade to a vehicle compliant with the emission standards of the GM CAZ.	Negligible. Emergency services vehicles (including specialist emergency service vehicles and other vehicles used by emergency services) were identified in the ANPR data as accounting for less than 0.5% of total vehicles recorded. Emergency services in GM have a 4 – 10 year replacement cycle and therefore much of the fleet will be compliant upon the operation of the GM CAZ.

<sup>3</sup> For details of GM's ANPR survey, see Technical Note 5: ANPR Survey - Summary of Initial Findings

**Table 4-2 Permanent local exemptions to GM CAZ charges proposed by Greater Manchester**

Permanent local exemptions	Description	Rationale	Impact on compliance
Specialist Heavy Goods Vehicles	Certain types of heavily specialised HGVs, such as certain vehicles used in construction or vehicle recovery.	This group of vehicles includes certain novel or adapted road going HGVs of a particularly specialised nature, meaning it may not be practical to upgrade to a vehicle compliant with the emission standards of the GM CAZ.	Negligible. Based on data obtained from the DfT the quantity of specialist HGVs has been estimated at less than 0.5% of total vehicles serving GM <sup>4</sup> . Specialist HGVs represent c.6% of the HGV fleet and are assumed to make up a lower proportion of total HGV mileage, as they spend most of the time stationary.
Non-road-going vehicles	Certain types of non-road going vehicles which are allowed to drive on the highway such as agricultural machines; digging machines; and mobile cranes	This group of vehicles includes a range of specialist and/or novel or adapted vehicles, where it may generally not be practical to upgrade to a vehicle compliant with the emission standards of the GM CAZ.	Negligible. Based upon ANPR sample data and that obtained from the DVLA, as above, the quantity of non-road going vehicles has been estimated at less than 0.5% of total vehicles serving GM.
Vehicles used by emergency services	Certain types of vehicles used by emergency services front line emergency and certain non-emergency vehicles	This group of vehicles includes a range of vehicles, associated with front line emergency response, and where it may generally not be practical to upgrade to a vehicle compliant with the emission standards of the GM CAZ, which are not captured by the national exemption.	Negligible. Emergency services vehicles (including specialist emergency service vehicles and other vehicles used by emergency services) were identified in the ANPR data as accounting for less than 0.5% of total vehicles recorded. Emergency services in GM have a 4 – 10 year replacement cycle and therefore much of the fleet will be compliant.

<sup>4</sup> 29,500 non-road going and specialist vehicles have been identified by the DfT, around 6% of the total number of HGVs registered in the UK, see <https://www.theconstructionindex.co.uk/news/view/all-terrain-cranes-to-remain-exempt-from-mandatory-checks>



Permanent local exemptions	Description	Rationale	Impact on compliance
Community Minibuses	Those operating under a permit under section 19 or section 22 of the Transport Act (1985), issued by a body designated by the Secretary of State	These vehicles provide important access to employment, education and training for people who may otherwise be isolated, including those with mobility issues and located in areas with poor public transport accessibility. They also facilitate inclusion in social and community activities.	Negligible. Based on ANPR sample data, minibuses are estimated to make up less than 1% of vehicles serving GM and it is estimated that around 30% of this fleet is eligible for section 19 and section 22 permits.
Showmen's Guild vehicles	Fairground/funfair vehicles which are registered with the Showmen's Guild	This group of vehicles includes a range of specialist and/or novel or adapted vehicles, where it may generally not be practical to upgrade to a vehicle compliant with the standards of the GM CAZ.	Negligible. Showmen's Guild vehicles could not be identified from the ANPR dataset. The volume of such vehicles is assumed to be low given their specialised use for intermittent events.
Driving within the zone because of a road diversion	<p>Vehicles driving within the zone because of a road diversion who would otherwise not have entered the GM CAZ.</p> <p>Applies only while the diversion is active and subject to non-compliant vehicles being on the designated diversion route.</p>	<p>This exemption is aimed at protecting road safety and recognises that vehicles may enter the GM CAZ for reasons outside of the driver's control.</p> <p>The exemption will apply to vehicles which enter the GM CAZ as a direct result of a road diversion only.</p>	It is not possible to quantify the impact of this exemption but it is likely to be negligible as the incidences would be of short duration and involve a very small proportion of the total vehicles travelling within the GM CAZ, where eligible vehicles are not already visiting GM as part of their overall journey in any case.
Disabled Tax Class vehicles	Vehicles used by, or for the purposes of a disabled person which are exempt from vehicle tax.	This exemption is complementary to the vehicle tax exemption for Disabled Tax Class vehicles.	Negligible. Based upon ANPR sample data and analysis of recorded vehicles which are within the Disabled tax class, the quantity of eligible vehicles has been estimated at less than 0.5% of total vehicles serving GM based.

Permanent local exemptions	Description	Rationale	Impact on compliance
		<p>An exemption certificate will have been secured for vehicles within this group, following a successful application to the Driver and Vehicle Licensing Authority (DVLA) for exemption from vehicle tax. The vehicle must be used solely for the purposes of the disabled person.</p>	

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## 5 Temporary exemptions

### Temporary national exemptions

- 5.1 No temporary national exemptions are proposed.

### Temporary local exemptions

- 5.2 GM has proposed a series of temporary local exemptions in the Policy for Consultation. These are set out in **Table 5-1**, alongside the rationale for inclusion and an assessment of the possible impact on achieving compliance in the shortest possible time. This analysis considers the possible impact in terms of the proportion of the total vehicle fleet in scope.
- 5.3 All temporary local exemptions proposed by GM are proposed to expire by 31<sup>st</sup> December 2022, with the exception of the temporary local exemption for Limited supply (awaiting delivery of a compliant vehicle) of no more than 12 weeks offered to those awaiting delivery of a compliant vehicle. Further to the submission of evidence and justification to JAQU regarding the proposed temporary exemptions to 31<sup>st</sup> December 2022, the government minister has accepted these proposals - see ministerial letter dated 16 March 2020.
- 5.4 Compliance with the Direction requires that GM brings NO<sub>2</sub> concentrations below legal limits in the shortest possible time. The OBC optioneering process demonstrated that the preferred option delivered compliance in 2024. The temporary local exemptions set out in **Table 5-1** below will no longer be in place by 2024. As the temporary local exemption will expire on 31<sup>st</sup> December 2022, sufficient time is available in advance of 1<sup>st</sup> January 2024 for affected vehicles owners/registered keepers of these vehicles to upgrade to a compliant vehicle.
- 5.5 The modelling process has included these temporary local exemptions where the relevant vehicle type and behavioural response is represented within the modelling architecture. The cost modelling approach applied calculates the various proportions of responses (upgrade, stay and pay, cancel trip) to the charging CAZ measures alongside the associated financial assistance where applicable in each of the modelled years of 2021, 2023 and 2025. Therefore, as long as the temporary local exemptions have been removed early enough that drivers will have had time to be influenced by the forthcoming CAZ charge, make their choices and obtain a new vehicle before 1st January 2024, then the temporary local exemptions would not affect the predicted legal compliance date.
- 5.6 **Table 5-1** shows that applying the proposed temporary local exemptions is not likely to negate the overall benefits of the GM CAZ or undermine the ability to meet air quality compliance within the shortest possible time.

- 5.7 The proposed temporary local exemptions are assessed as having a low risk of negating the overall benefits of the zone where the vehicle populations in scope (and their associated emissions) are meaningful, but where the risk of the proposed temporary local exemption affecting behaviour change by 2024 and therefore negating the overall benefits of the zone is considered low.
- 5.8 The proposed temporary local exemptions are assessed as having a negligible impact on compliance where only a very small proportion of vehicles are in scope.

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**Table 5-1 Temporary local exemptions to CAZ charges proposed by Greater Manchester**

Temporary local exemptions	Description	Rationale	Impact on compliance
<p>LGVs and minibuses (which are not a licensed taxi or PHV or used to provide a registered bus service)</p>	<p>Light Goods Vehicles (LGVs) and minibuses which are not used as a licensed taxi, PHV or on a registered bus service, will be eligible for a temporary exemption until 31st December 2022. After 31st December 2022, non-compliant vehicles will be charged.</p>	<p>GM evidence indicates that the cost and availability of new, second and third hand compliant LGVs will not provide a viable or an affordable option for many operators (especially for the smallest businesses and sole traders) to upgrade to a compliant vehicle in 2022, given the scale of the GM CAZ<sup>5</sup>. Introducing a charge in 2022 risks many operators having to switch from using an LGV to a pre-Euro 6 diesel car or stop trading. Given the number of LGVs operating in GM, there is also a high risk of there being insufficient time in advance of 2022 to administer the funding required to support affected parties to upgrade to compliant LGVs.</p>	<p>Low. As set out above, modelling demonstrates that as long as the temporary exemptions have been removed early enough that drivers will have had time to be influenced by the forthcoming CAZ charge, make their choices and obtain a new vehicle before 1st January 2024 (the year of compliance), then the temporary exemptions would not affect the predicted legal compliance date. As the temporary exemption will expire on 31st December 2022, sufficient time is available in advance of 1st January 2024 for affected vehicles owners/registered keepers of these vehicles to upgrade to a compliant vehicle. A key rationale for the proposed exemption is that it is not considered likely that this large non-compliant fleet can upgrade by the point at which the CAZ is introduced. The provision of funds to support upgrade from 2021 is however intended to encourage early upgrade.</p>

<sup>5</sup> See Technical Note 12 - Evidence of the impact of 2021 CAZ C

Temporary local exemptions	Description	Rationale	Impact on compliance
GM licensed Wheelchair Accessible Taxi & PHVs	<p>Wheelchair Accessible Taxi and Private Hire Vehicles (PHVs), which are licensed to one of the 10 GM Authorities, as of the [date of the close of the consultation] will be eligible for a temporary exemption until 31st December 2022.</p> <p>After 31st December 2022, non-compliant vehicles will be charged.</p>	<p>Wheelchair accessible Taxis and Private Hire Vehicles offer a vital service for disabled people and are often the only mode of travel available to them.</p> <p>26% of taxi users report that they have a health problem or disability that limits their day-to-day activities, and 26% of taxi users over 65s say that they cannot use buses due to a disability.</p> <p>The cost of upgrade to a wheelchair accessible vehicle (WAV) is high and availability of second-hand vehicles is poor (especially for London-style Taxis).</p> <p>The application of GM CAZ charges in 2022 could therefore affect disabled people's access to taxi/PHV services, by reducing the number of wheelchair accessible vehicles operating in the region.</p>	<p>Low. As set out above, modelling demonstrates that as long as the temporary exemptions have been removed early enough that drivers will have had time to be influenced by the forthcoming CAZ charge, make their choices and obtain a new vehicle before 1st January 2024, then the temporary exemptions would not affect the predicted legal compliance date. As the temporary exemption will expire on 31st December 2022, sufficient time is available in advance of 1st January 2024 (the year of compliance) for affected vehicles owners/registered keepers of these vehicles to upgrade to a compliant vehicle.</p> <p>A key rationale for the proposed exemption is that it is not considered likely that this specialist non-compliant fleet can upgrade by the point at which the CAZ is introduced; this risks a loss of accessible transport options for disabled people. The provision of funds to support upgrade from 2021 will is however intended to encourage early upgrade. Proposed MLS standards will also encourage upgrade by 2024, subject to consultation.</p>

Temporary local exemptions	Description	Rationale	Impact on compliance
<p>Coaches and buses registered to a business address within GM and not used on a registered bus service within GM.</p>	<p>Coaches and buses registered to a business address within GM and not used on a registered bus service within GM will be eligible for a temporary exemption until 31st December 2022.</p> <p>After 31st December 2022, non-compliant vehicles will be charged.</p>	<p>Although compliant Euro VI coaches have been available since 2013, the majority (67%) of the fleet operating within GM is not compliant with the GM CAZ emission standards.</p> <p>This is because coaches have a long running life and upgrade to a compliant vehicle is very expensive.</p> <p>69% of coach operators are small businesses and have very small fleets of 1-5 vehicles.</p> <p>There is a risk that even with funding support - coach operators cannot reasonably comply with the GM CAZ emission standards by 2022 and that this creates a risk of reduced coach operations.</p> <p>In comparison to buses, retrofit solutions are also relatively immature, affecting availability.</p> <p>This in turn risks affecting accessibility and the provision of services for vulnerable groups, particularly children, elderly people and those on low incomes.</p> <p>We also recognise that there are buses used within GM for private enterprise, such as wedding transport, which if non-compliant may be subject to a GM CAZ charge.</p>	<p>Low. As set out above, modelling demonstrates that as long as the temporary exemptions have been removed early enough that drivers will have had time to be influenced by the forthcoming CAZ charge, make their choices and obtain a new vehicle before 1st January 2024 (the year of compliance), then the temporary exemptions would not affect the predicted legal compliance date. As the temporary exemption will expire on 31st December 2022, sufficient time is available in advance of 1st January 2024 for affected vehicles owners/registered keepers of these vehicles to upgrade to a compliant vehicle.</p> <p>A key rationale for the proposed exemption is that it is not considered likely that this largely non-compliant fleet can upgrade by the point at which the CAZ is introduced, given the high cost of upgrade<sup>6</sup>. The provision of funds to support retrofit and upgrade from 2021 will encourage early upgrade.</p>

Temporary local exemptions	Description	Rationale	Impact on compliance
<p>Outstanding finance or lease on non-compliant vehicles</p>	<p>Non-compliant vehicles subject to finance or lease agreements entered into before [date of the close of the consultation] which will remain outstanding at the time at which the GM CAZ becomes operational, will be eligible for a temporary exemption until the agreement ends or until 31st December 2022, whichever is sooner.</p> <p>After 31st December 2022, non-compliant vehicles will be charged.</p>	<p>A move to a compliant vehicle is not considered feasible due to outstanding finance, which was entered into before information on the GM CAZ had been made publicly available.</p>	<p>Low. Vehicle leasing is commonly offered for new vehicles, which would be compliant with the scheme, and therefore the impact of the exemption for leased vehicles is assumed to be negligible.</p> <p>It is estimated that around 30% of vehicles are purchased with vehicle finance; this is available for both new and second-hand vehicles. New vehicles would be compliant with the scheme but some vehicle owners may have outstanding finance agreements on non-compliant second-hand vehicles. GM is not able to quantify the number of vehicles this could apply to.</p> <p>Given that these vehicle owners are in a binding finance agreement, they may not be in a position to upgrade with or without the temporary exemption. Applying a charge would raise revenues but would not be expected to deliver additional upgrades. The temporary exemption is therefore unlikely to affect whether compliance is achieved but would provide a period for those in finance agreements to seek a route to compliance.</p>

<sup>6</sup> See Technical Note 4: Coach Market Analysis



Temporary local exemptions	Description	Rationale	Impact on compliance
<p>Limited supply (awaiting delivery of a compliant vehicle)</p>	<p>Owners or registered keepers of non-compliant vehicles that can demonstrate they have placed an order for a compliant replacement vehicle or retrofit solution, will be eligible for a temporary exemption until such a time as they are in receipt of the compliant replacement vehicle or retrofit solution, or for 12 weeks, whichever is sooner.</p>	<p>Upgrade to a compliant vehicle is not immediately possible due to an issue with the supply of a compliant vehicle or retrofit solution on order, which is considered outside of the control of the applicant.</p>	<p>Negligible. Given that vehicle owners are awaiting delivery of a compliant vehicle, they are not in a position to upgrade earlier without the temporary exemption. The temporary exemption is therefore unlikely to affect whether compliance is achieved.</p>

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## 6 Permanent discounts

### Permanent national discounts

6.1 No permanent national discounts are proposed.

### Permanent local discounts

6.2 GM has proposed two permanent local discounts in the Policy for Consultation. These are set out in **Table 6-1**, alongside the rationale for inclusion and an assessment of the possible impact on achieving compliance in the shortest possible time. This analysis considers the possible impact in terms of the proportion of the total vehicle fleet in scope.

6.3 The proposed permanent local discounts within **Table 6-1** have been informed by feedback received during the previous GM CAP consultation (the conversation). This feedback highlighted the high proportion of PHVs within GM that are also used as a private car when not in service, also noting that private cars will not be subject to charges under the GM CAZ. Therefore further modelling has been undertaken to consider the impacts of applying a discount based upon the proportion of the week that PHVs could reasonably be expected to be in service, and the proportion of the week they may be used as a private car (which would not otherwise be subject to a charge). This modelling has demonstrated that compliance can be achieved in 2024 with the discount.

6.4 As summarised in **Table 6-1**, applying the permanent local discounts is not likely to negate the overall benefits of the GM CAZ or undermine the ability to meet air quality compliance within the shortest possible time.

**Table 6-1 Permanent local discounts to CAZ charges proposed by Greater Manchester**

Permanent local discounts	Description	Rationale	Impact on compliance
<p>PHVs (owned or exclusively contracted by 1 person) licensed to one of the 10 GM Local Authorities and also used as a private car</p>	<p>Owners or registered keepers of non-compliant PHVs which are also used as a private car will be eligible to apply for a discounted charge of 5/7 of the weekly total (proposed to be £37.50 per week) from 2022.</p>	<p>This responds to previous consultation feedback which highlighted the large proportion of PHVs that are also used as a private car when not in service, and private cars <i>will not be subject to charges under the GM CAZ</i>.</p> <p>The discounted charge is based upon the proportion of the week that vehicles could reasonably be expected to be in service.</p>	<p>Low. It is estimated that owner drivers and lease holders of PHVs licensed to one of the 10 GM Local Authorities could represent around 2% of total vehicles serving GM and in scope for the CAZ. Modelling carried out to test the impact of offering the discount suggested that it increased the proportion choosing to stay and pay by less than 1%. Note that this was carried out using an earlier version of the modelling tools and some refinements have been made since then.</p>
<p>Leisure vehicles in private ownership (&gt;3.5t)</p>	<p>Owners or registered keepers of leisure vehicles (&gt;3.5t) in private ownership (e.g. motor caravan (&gt;3.5t), motorised horse box (&gt;3.5t)), and registered to an address in GM for not less than twelve (12) full <i>consecutive calendar months prior to the date of application, will be eligible to apply for a discounted charge</i>.</p> <p>The vehicle would be eligible for consideration for a charge equivalent to the LGV daily charge (proposed to be £10 a day), rather than the HGV daily charge (proposed to be £60 a day).</p> <p>The discount will be subject to providing evidence that the vehicle is not used for commercial purposes.</p>	<p>A small proportion of HGVs will be in private ownership, largely used for leisure purposes, e.g. motor caravans (&gt;3.5t) and motorised horseboxes (&gt;3.5t). This group of vehicles includes a range of specialist and/or adapted vehicles, which are often bought second or third hand where it may generally not be feasible to upgrade to a vehicle compliant with the emission standards of the GM CAZ.</p> <p>This approach recognises feedback received during the “Clean Air Conversation”.</p>	<p>Negligible. Based upon ANPR sample data and analysis of recorded vehicles within the relevant tax class, the quantity of eligible vehicles has been estimated at less than 0.5% of total vehicles serving GM.</p>

## 7 Conclusion

### Rational for exemptions and discounts

7.1 This report sets out the rationale for the proposed temporary and permanent local exemptions and permanent local discounts. More evidence supporting this rationale can be found in the following Technical Notes:

- Technical Note 3: Freight market analysis
- Technical Note 4: Coach market analysis
- Technical Note 12: Evidence of the impact of a 2021 CAZ C
- Technical Note 18: Minibus fleet research
- Technical Note 19: Taxi and PHV fleet research

### Impact on achieving compliance in the shortest possible time

7.2 In total, the vehicles in scope for a permanent local exemption or discount from the CAZ represent a very small proportion of the total number of vehicles serving GM (where this could be quantified) and in scope for the CAZ. Furthermore, many of the vehicles in scope would not in practice be able or likely to upgrade with a charge. The risk that applying the proposed permanent national and local exemptions and discounts undermines the ability to meet air quality compliance within the shortest possible time is therefore considered to be negligible.

7.3 A more substantial proportion of the vehicle fleet is proposed to be in scope for a temporary local exemption to 31<sup>st</sup> December 2022. Compliance with the Direction requires that GM brings NO<sub>2</sub> concentrations below legal limits in the shortest possible time. The OBC optioneering process demonstrated that the preferred option delivered compliance in 2024. The GM CAP proposes a range of temporary local exemptions, set out in Section 4, which will expire on 31<sup>st</sup> December 2022 and so no longer be in place by 2024. The modelling process has included these temporary local exemptions where the relevant vehicle type and behavioural response is represented within the modelling architecture. The cost modelling approach applied calculates the various proportions of responses (upgrade, stay and pay, cancel trip) to the charging CAZ measures alongside the associated financial assistance where applicable in the modelled years of 2021, 2023 and 2025. Therefore, as long as the temporary local exemptions have been removed early enough that drivers will have had sufficient time to be influenced by the forthcoming CAZ charge, make their choices and obtain a new vehicle before 1st January 2024, then the temporary local exemptions would not affect the predicted legal compliance date.

- 7.4 GM is proposing a permanent local discount for PHVs licensed to one of GM's local authorities and used as a private car. Initial estimates suggest that around 2% of the total vehicles in scope for the CAZ could qualify for this discount. However, sensitivity testing suggested that the discount had a negligible impact on behaviour change and therefore on achieving compliance in the shortest possible time.
- 7.5 In summary, it is not considered likely that the proposed exemptions and discounts undermine the ability to meet air quality compliance within the shortest possible time, based on the evidence available.

APPROVED