

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

## Appendix 6E: Note 38: Discounts & Exemptions – updated with final GM CAP Policy



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# 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 summarised as involving a Class C Charging 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 ten authorities were also required to submit further options appraisal and information which they subsequently did resulting in a number of changes to the local plan, albeit that it still provided for a Class C Charging CAZ.
- 1.5 The 10 Greater Manchester local authorities are now subject to a Ministerial direction dated 16 March 2020 requiring them to implement the local plan for NO<sub>2</sub> compliance considered by the Secretary of State on March 16 2020 (which includes a Class C Charging CAZ in Greater Manchester) as soon as possible and at least in time to bring forward compliance to 2024.
- 1.6 The ten GM authorities conducted an eight-week consultation from 8 October to 3 December 2020. The purpose of the consultation was to seek views from residents, visitors, stakeholders and businesses on the local plan to achieve legally compliant NO<sub>2</sub> levels in Greater Manchester.
- 1.7 GM has considered the feedback from the consultation has made a number of changes to the proposals, set out in the GM CAP Policy, following consultation.

1.8 This Technical Note 38 sets out the evidence underpinning the rationale for the local discounts and exemptions proposed in the GM CAP Policy following 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.

## 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*

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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)

*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.”*

2.2 There are no temporary national exemptions or national discounts stipulated within the Government’s Clean Air Zone Framework.

### **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
- As per the Government’s guidance in Section 145 of the CAZ Framework, any local discounts or exemptions, when considered in addition to the national exemptions, will not negate the overall benefits of the zone.

3.3 GM have treated the policy in respect of local discounts and exemptions (namely, to ensure that any local discounts or exemptions will not negate the overall benefits of the zone) as requiring (i) that they will not postpone the date on which legal compliance in Greater Manchester is achieved, and (ii) that the benefits of not charging users outweigh the disadvantages of doing so.

3.4 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.

3.5 These discounts and exemptions fall into four categories:

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

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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 that there may be a requirement to apply for discounts and exemptions

3.6 The proposed discounts and exemptions were subject to consultation in autumn 2020 and the proposals considered here reflect the position set out in the GM CAP Policy following consultation.

#### 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 undermine the ability to meet air quality compliance in Greater Manchester in the shortest possible time. The permanent national exemptions are set out in the CAZ Framework and GM considers that the benefits of not charging users in such cases outweigh the disadvantages of doing so.

4.3 All permanent national exemptions are assessed as having a negligible impact 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 following 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 Three new permanent local exemptions have been proposed following consultation. These are for LGVs and minibuses that have been adapted for use by a disabled user (but do not qualify for the Disabled Tax Class exemption, which depends upon eligibility for certain benefits); driver training buses; and heritage buses not used for hire or reward.

- 4.7 **Table 4-2** shows that applying the permanent local exemptions is not likely to undermine the ability to meet air quality compliance in Greater Manchester in the shortest possible time. GM considers that the benefits of not charging users in such cases outweigh the disadvantages of doing so.
- 4.8 All proposed permanent local exemptions are assessed as having a negligible impact due to the very small proportion of vehicles in scope.

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**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	<p>Certain types of heavily specialised HGVs, such as certain vehicles used in construction or vehicle recovery.</p> <p>The following are eligible to apply for exemption:</p> <ul style="list-style-type: none"> <li>• Vehicles in the DVLA Special Types Tax Class <sup>4</sup> and specified in an Order under Section 44 of the Road Traffic Act 1994;</li> <li>• Vehicles in the DVLA Special Vehicles Tax Class and meeting the definition of a “special vehicle” under Part IV of Schedule 1 of the Vehicle Excise and Registration Act 1994 (VERA);</li> <li>• Vehicles in the DVLA Recovery Vehicle Tax Class and meeting the definitions and criteria in</li> </ul>	<p>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.</p>	<p>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>5</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.</p>

<sup>4</sup> Information on tax classes for vehicles is available at: <https://www.gov.uk/government/publications/v3551-notes-about-tax-classes>

<sup>5</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
	<p>Part V of Schedule 1 of the VERA;</p> <ul style="list-style-type: none"> <li>• Vehicles in the DVLA Special Concessionary Tax Class and meeting the definitions and criteria in paragraphs 20B, 20C, 20D, 20E, 20F, 20H or 20J of Schedule 2 of the VERA);</li> <li>• Vehicles in the DVLA Limited Use Tax Class and meeting the definition and criteria in paragraph 20A of Schedule 2 of the VERA.</li> </ul>		
Non-road-going vehicles	<p>Certain types of non-road going vehicles which are allowed to drive on the highway such as agricultural machines; digging machines; and mobile cranes</p>	<p>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.</p>	<p>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.</p>
Vehicles used by emergency services	<p>Certain types of vehicles used by emergency services front line emergency and certain non-emergency vehicles</p>	<p>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.</p>	<p>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.</p>

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 vehicles	Fairground/funfair vehicles which are registered with the Showmen's Guild, in the tax classification of Showman's HGV or Showman's Haulage under the DVLA Special Vehicles Tax Class and meet the definition of a 'showman's vehicle' or a 'showman's goods vehicle' within the meaning of section 62 of the VERA.	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.

Permanent local exemptions	Description	Rationale	Impact on compliance
Disabled Tax Class vehicles	Vehicles used by, or for the purposes of a disabled person which are exempt from vehicle tax, i.e. those in the DVLA Disabled Tax Class and meeting the definitions and criteria in paragraphs 18 and 19 of Schedule 2 of the VERA are eligible to apply for exemption.	<p>This exemption is complementary to the exemption for Disabled Passenger vehicles.</p> <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>	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.
LGVs and minibuses adapted for a disabled user	LGVs and Minibuses specifically adapted for use by a disabled user and not used for hire or reward. These vehicles will have a substantial and permanent adaptation to the vehicle, specific to suit a disabled wheelchair user's particular needs to enable them to travel in the vehicle, or enter and drive it <sup>6</sup> .	This exemption recognises privately owned LGVs and Minibuses specially adapted for use by a disabled user, which are not covered by the Disabled Tax Class exemption. The exemption is subject to restrictions on its use through eligibility criteria to ensure it is used primarily for the transport of a disabled person and is not used for hire or reward.	Negligible. It is likely that most specially adapted LGVs and minibuses will be eligible under the Disabled Tax Class exemption and that only this exemption will apply to a very small number of additional vehicles.

<sup>6</sup> The definition of substantial and permanent adaptation draws on guidance from HMRC that: The adaptation to the vehicle must be both necessary and specific to suit the disabled wheelchair user's particular needs to enable them to travel in the vehicle, or enter and drive it. The adaptation should alter the vehicle in a meaningful way, enabling the wheelchair user to use the vehicle which they could not use before it was adapted. For a vehicle to be considered as substantially and permanently adapted it is expected that significant change to the vehicle has been made with the adaptations being bolted or welded to the body or chassis of the vehicle. Adaptations that are wired into the electrics of the vehicle could also qualify as substantially and permanently adapted. For adaptations to be considered permanent it's expected that they should be fitted to the vehicle for the shorter of either a minimum of 3 years or the lifetime of the vehicle. If the adaptation is removed before this time, then the adaptation may not be considered to be permanent and therefore the vehicle should not have been eligible for exemption. A disabled person who usually uses a wheelchair needs to be able to take it with them in the vehicle. Vehicles often need to be substantially adapted to allow a fixed frame or motorised wheelchair designed for permanent use to be transferred into the vehicle, using a ramp and a winch or a hoist, and for it to be held safely and securely in place throughout the journey. Where a wheelchair can be folded and stowed in the boot of a vehicle, the vehicle does not need to be substantially and permanently adapted to carry it. Whilst some minor adaptations may be required, it's not sufficient to meet the 'substantially and permanently adapted' qualifying condition and the vehicle will not qualify for exemption. The following are not considered as substantial and permanent adaptations because they are widely available accessories or upgrade options the: fitting of a roof rack or standard roof box; attachment of a trailer to the back of a vehicle; fitting of automatic transmission; fitting of parking or reversing sensors. This list is not exhaustive. Further information available at: <https://www.gov.uk/guidance/vat-relief-on-adapted-motor-vehicles-for-disabled-people-and-charities-notice-1002#sec3>

Permanent local exemptions	Description	Rationale	Impact on compliance
Driver training buses	Buses adapted for use for, and dedicated to, driver training purposes and owned by the Applicant prior to 3 <sup>rd</sup> December 2020.	This exemption recognises specially adapted buses for dedicated use as driver training vehicles, which are 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. Driver training buses account for a very small proportion of total bus mileage. Any buses coming into operation from 2021 onwards will be required to be compliant or pay the charge.
Heritage buses not used for hire or reward	Heritage buses which are over 20 years old and which are not used for hire or reward.	This exemption recognises privately owned heritage buses over 20 years old that do not fall within the Historic Vehicle Tax Class, which are 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. The exemption is subject to restrictions on its use through eligibility criteria to ensure the vehicle is not used for hire or reward.	Negligible. Very few vehicles, likely to be operating at low mileage, are likely to be in scope for this exemption.

## 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 following 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 Greater Manchester 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 Following consultation, all temporary local exemptions proposed by GM, set out in **Table 5-1**, are proposed to expire on 31<sup>st</sup> May 2023.

5.4 The modelling process applies these temporary local exemptions in the relevant years and 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<sup>7</sup>, 2023 and 2025, with interpolation applied to estimate outcomes in interim years.

5.5 Within the modelling process, the CAZ is assumed to be fully in place (in other words, with no remaining temporary exemptions) in 2023. Modelling of the post-Consultation policy demonstrates that even with the scheme fully in place, compliance is not achieved in 2023. A further year of natural fleet renewal is required in order for compliance to be achieved in 2024. Therefore, the temporary local exemptions are not forecast to delay compliance from 2023 to 2024.

5.6 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.

5.7 **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.

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<sup>7</sup> Note that modelling is being carried out for 2021 only to allow GM to interpolate results for 2022. 2021 will no longer be a reported year given that it is proposed that the CAZ opens in 2022.

- 5.8 Where the vehicle populations in scope (and their associated emissions) are meaningful, the proposed temporary local exemptions are assessed as having a low risk of undermining the ability to meet air quality compliance in Greater Manchester in the shortest possible time. GM considers that the benefits of not charging users outweigh the disadvantages of doing so.
- 5.9 Where only a very small proportion of vehicles are in scope, the proposed temporary local exemptions are assessed as having a negligible risk of undermining the ability to meet air quality compliance in Greater Manchester in the shortest possible time. GM considers that the benefits of not charging users outweigh the disadvantages of doing so.

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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 hackney or PHV or used to provide a registered bus service within GM)</p>	<p>Light Goods Vehicles (LGVs) and minibuses which are not used as a licensed hackney, PHV or on a registered bus service within GM, are eligible for a temporary exemption until 31st May 2023. After 31st May 2023, 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>8</sup>.</p> <p>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.</p> <p>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 May 2023, 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 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>8</sup> See Technical Note 12 - Evidence of the impact of 2021 CAZC



Temporary local exemptions	Description	Rationale	Impact on compliance
GM licensed Hackneys and PHVs	<p>Hackneys and Private Hire Vehicles (PHVs), which are licensed to one of the 10 GM Authorities as of the 3<sup>rd</sup> December 2020 are eligible for a temporary exemption until 31<sup>st</sup> May 2023.</p> <p>After 31<sup>st</sup> May 2023, non-compliant vehicles will be charged.</p>	<p>The evidence from the COVID-19 impacts analysis shows major impacts on the GM taxi trade. This exemption recognises that GM licenced hackneys and private hire vehicles require time to recover from the financial effects of COVID-19 and the ability to invest in upgrades to compliant alternatives before a charge is applied.</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 May 2023, 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 fleet can upgrade by the point at which the CAZ is introduced in 2022 due to the major impacts of COVID-19 on the trade. The provision of funds to support upgrade from 2021 is however intended to encourage early upgrade.</p>

Temporary local exemptions	Description	Rationale	Impact on compliance
<p>Coaches and buses not used on a registered bus service.</p>	<p>Coaches and buses not used on a registered bus service are eligible for a temporary exemption until 31<sup>st</sup> May 2023.</p> <p>After 31<sup>st</sup> May 2023, non-compliant vehicles will be charged.</p>	<p>The evidence from the Covid impacts analysis, shows major impacts on coach operators. This exemption recognises the high upgrade cost of coaches and that they require time to recover from the financial effects of COVID-19. 69% of coach operators are small businesses, with many providing services for vulnerable groups, particularly children, elderly people and those on low incomes.</p> <p>A temporary exemption provides further time for non-compliant vehicles to be upgraded to meet the standards required by a GM CAZ and protects vital services.</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 May 2023, 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 and the impacts of COVID-19 on the coach industry<sup>9</sup>. The provision of funds to support retrofit and upgrade from 2021 will encourage early upgrade.</p>

<sup>9</sup> See Technical Note 4: Coach Market Analysis

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 3<sup>rd</sup> December 2020 which will remain outstanding at the time at which the GM CAZ becomes operational, are eligible for a temporary exemption until the agreement ends or until 31<sup>st</sup> May 2023, whichever is sooner.</p> <p>After 31<sup>st</sup> May 2023, 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>

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, are 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, or until 31<sup>st</sup> May 2023, whichever is sooner.</p> <p>After 31<sup>st</sup> May 2023, non-compliant vehicles will be charged.</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>
<p>Buses operating on school bus contracts entered into before 31<sup>st</sup> March 2019 and which expire in July 2022.</p>	<p>Buses used on a GM school bus service where the contract ends in July 2022 and where the contract was tendered prior to 31<sup>st</sup> March 2019 (submission of the GM CAP OBC<sup>10</sup>) are eligible for a temporary exemption to 31<sup>st</sup> July 2022. These buses must have been identified on the GM bus fleet register for at least 6 months. These vehicles will not be considered for funding under the GM CAP scheme. The vehicles must not be used for registered bus services within GM beyond 31<sup>st</sup> July 2022.</p>	<p>101 school bus contracts were entered into before 31<sup>st</sup> March 2019 and are due to expire in July 2022. 39 buses operating on those contracts, are reaching end of life and cannot be retrofitted.</p>	<p>No. The exemption applies to a small number of buses and to end July 2022 only. Any buses remaining in service beyond July 2022 will be subject to the CAZ.</p>

<sup>10</sup> GM submitted an Outline Business Case (OBC) setting out the GM CAP proposals to the Government at the end of March 2019.

## 6 **Permanent discounts**

### Permanent national discounts

6.1 No permanent national discounts are proposed.

### Permanent local discounts

6.2 GM proposed two permanent local discounts in the Policy for Consultation. Following consultation, the proposed local discount for PHVs also used as a private car has been removed, and some changes have been made to the proposed local discount for leisure vehicles in private ownership.

6.3 The revised local discount as proposed in the Policy following consultation is set out in **Table 6-1**, alongside the rationale for inclusion and an assessment of the possible impact on achieving compliance in Greater Manchester in the shortest possible time. This analysis considers the possible impact in terms of the proportion of the total vehicle fleet in scope.

6.4 As summarised in **Table 6-1**, applying the permanent local discount is not likely to undermine the ability to meet air quality compliance in Greater Manchester in the shortest possible time. GM considers that the benefits of not charging users in such cases outweigh the disadvantages of doing so.

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

Permanent local discounts	Description	Rationale	Impact on compliance
Private HGV Tax Class vehicles	<p>Owners or registered keepers of vehicles in the DVLA Private HGV Tax Class<sup>11</sup> and meeting the definition of a “special vehicle” in paragraph 4(2)(bb) of Schedule 2 to the VERA are eligible for a discounted charge.</p> <p>The vehicle would be subject to a charge equivalent to the LGV daily charge (£10 a day), rather than the HGV daily charge (£60 a day).</p>	<p>HGVs in the DVLA Private HGV Tax Class are used unladen, privately or for driver training purposes.</p>	<p>Negligible. It has not been possible to quantify the number of vehicles in the Private HGV Tax Class but it is considered likely that they account for less than 0.5% of total vehicles serving GM.</p>

<sup>11</sup> Information on tax classes for vehicles is available at: <https://www.gov.uk/government/publications/v3551-notes-about-tax-classes>

## 7 Conclusion

### Rationale 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 and reports<sup>12</sup>:

- 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 of Covid-19 on the GM CAP Report<sup>13</sup>

7.2 Feedback from the consultation is set out in the AECOM Consultation Report<sup>14</sup>.

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

7.3 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 discount undermines the ability to meet air quality compliance in Greater Manchester in the shortest possible time is therefore considered to be negligible.

7.4 A more substantial proportion of the vehicle fleet is proposed to be eligible for a temporary local exemption to 31<sup>st</sup> May 2023. The GM CAP proposes a range of temporary local exemptions, set out in Section 4, which will expire on 31<sup>st</sup> May 2023 and so no longer be in place by 2024. 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.

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<sup>12</sup> All available at [Technical Documents | Clean Air Greater Manchester \(cleanairgm.com\)](#)

<sup>13</sup> Supplied as Appendix 5 of the June 2021 GMCA Report 'Greater Manchester Clean Air Plan'

<sup>14</sup> Supplied as Appendix 3 of the June 2021 GMCA Report 'Greater Manchester Clean Air Plan'

- 7.5 In summary, it is not considered likely that the proposed exemptions and discount undermine the ability to meet air quality compliance in Greater Manchester in the shortest possible time and by 2024 at the latest based on the evidence available.

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