Response ID ANON-ZNEF-649U-B

Submitted to **Air Quality: Additional measures to support individuals and businesses affected by local NO2 plans**
Submitted on **2018-01-05 11:26:09**

Introduction

What is your name?

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What is your organisation?

Organisation:
British Vehicle Rental and Leasing Association

Would you like your response to be confidential?

Please choose an answer:
No

If you answered Yes to this question please give your reason.

Please respond in the text box:

Summary of potential additional measures

Question 1: Are there other policy options not set out in the list (see consultation) that should be considered in order to minimise the impact of local air quality interventions on individuals or businesses?

Please respond in the text box:
The BVRLA believes that the Government should consider alternative greener travel options to provide choice and flexibility to individuals and businesses who require a car or other forms of transport. Please see the BVRLA's response to Q6, in which we set out in detail our proposal around a proposed mobility credits scheme.

Measures to support individuals and businesses to upgrade to low emission alternatives

Question 2: Please provide evidence on what else can be done to support people to upgrade or retrofit their vehicles in line with the assessment criteria set out in the consultation. If there are specific sectors that need support, please set out evidence to support this.

Please respond in the text box:
The BVRLA believes that greater support must be available, particularly to SMEs wishing to upgrade vehicles and/or fleets. Specifically, this support should include a sunset clause for businesses based within a Clean Air Zone to provide additional time to prepare, adapt and comply with the new required emissions standard.

In addition, the BVRLA also recommends a mobility credits scheme, to incentivise drivers to give up older, dirtier diesel vehicles – please see the BVRLA's response to Q6, in which this proposal is set out in greater detail.

Question 3: We welcome views from stakeholders on what else government and industry can do to support local authorities to encourage the uptake of ultra low emission vehicles.

Please respond in the text box:
In addition to the introduction of Clean Air Zones, the BVRLA believes that the Government must do more to stimulate both the first- and second-hand markets in ultra-low emission vehicles. While fiscal incentives, such as the plug-in car and van grants, via the Office of Low Emission Vehicles, have helped stimulate take-up of Electric Vehicles, the BVRLA believes that other incentives – not necessarily financial – are required to encourage this market.

The BVRLA believes that incentives should not be limited to the first person owning a low emission vehicle but be supported as an incentive throughout the lifespan of a low emission vehicle, provided the vehicle still conforms to the required standard. We propose initiatives such as green lanes in areas of high congestion and/or low air quality, in which only vehicles conforming to the highest emissions standard would be permitted to drive; and/or subsidised or free parking for low or ultra-low emission vehicles.

While the BVRLA understands that the above proposals would require discussions with regional government, we believe that these would prove a strong incentive for drivers considering purchasing a low emission vehicle.

We would also like to see increased investment in and access to charging points for electric vehicles, and for more support in raising and promoting the benefits of ultra-low emission vehicles. In terms of taxation, this could include allowing businesses to claim enhanced Capital Allowances when they choose a Euro VI commercial vehicle, whether they lease or purchase outright. We would also like to see reduced business rates for firms operating fleets made up primarily or entirely of ultra-low emission vehicles.

Measures to support individuals to switch to other forms of transport

Question 4: Please provide evidence on how the measures to support individuals to switch to other forms of transport set out in the consultation could be designed to meet the assessment criteria. In particular, responses could include suggestions on:

Please respond in the text box:

Measures to reduce the cost of a charging Clean Air Zone on certain individuals

Question 5: We welcome views from stakeholders on how local authorities could use exemptions to support individuals and businesses affected by a charging Clean Air Zone taking into account the assessment criteria set out in this consultation and working within the terms of the Clean Air Zone Framework.

Please respond in the text box:
The BVRLA recommends implementing a sunset clause for businesses, particularly SMEs, operating commercial vehicles (CVs) based within city Clean Air Zones, provided they can demonstrate a clear plan toward compliance. The BVRLA believes that implementing Clean Air Zones without a sufficient lead-in time could potentially disrupt businesses operating CVs, for which diesel is still the only feasible option. This is particularly true for small and medium-sized enterprises requiring the use of a light commercial vehicle as part of their work, for whom the purchase of a new vehicle conforming to the new Euro 6 standard remains expensive.

To provide an example, Transport for London has estimated that 55% of light commercial vehicles (plus 29% of HGVs) in the capital will still be non-compliant with the required Euro VI standard by 2019. According to the Department for Transport database, there were over 220,000 LCVs being operated in London. Therefore, around 121,000 LCVs will be impacted by the early introduction of London's Ultra-Low Emission Zone (ULEZ), many of which will be operated by SMEs.

Implementing a CAZ will therefore have a major effect on all businesses, particularly SMEs. For these reasons, the BVRLA recommends the allocation of a sunset clause for such operators – provided they can demonstrate a clear plan to either upgrading existing vehicles (through retrofit or other technologies), or toward purchasing or leasing a new vehicle which is compliant with the required emissions standard. We would also like to see a full exemption for all Euro 5 trucks and vans until 2020, to allow for a smooth transition, and for all low intensity trucks and emergency vehicles to be given a full exemption to all Zones.

Targeted scrappage

Question 6: Please provide evidence on whether a targeted scrappage scheme could be designed to meet the assessment criteria. In particular, responses could include evidence on:

Please respond in the text box:
In considering options in which users may be offered greater choice in their modes of transport, the BVRLA has recently commissioned a study through the environmental analyst company Ecuity, of a system of "mobility credits" (this study can be accessed here: https://www.bvrla.co.uk/sites/default/files/u3471/ecuity_study_-_air_quality_mobility_credits_analysis.pdf).

Such a system would be a modification of a diesel scrappage scheme, which has been discussed by local and national government commentators over the past eighteen months. Under a diesel scrappage scheme, drivers of older, more polluting diesel vehicles may be incentivised vehicles to dispose of these in return for payments toward newer vehicles which conform to the latest Euro 6 (cars) and VI (commercial vehicles) standards. However, predicted returns for a diesel scrappage scheme have been mixed, with even the most optimistic analysis forecasting modest reductions in older vehicles on UK roads. The BVRLA believes that a prospective scheme must both be targeted at drivers whose vehicles are causing the greatest amount of toxic emissions (particularly Nitrous Dioxides, or NOx), and flexible to encourage the maximum number to move out of dirtier, more polluting vehicles. Drivers should be given greater choice to tailor a solution to their individual transport needs, which will increase the likelihood of genuine, long-term behavioural change by drivers of older vehicles, particularly those based in towns and cities, where NOx and particulate emissions have become a major problem.

Under the proposed scheme, drivers scrapping such older vehicles would receive mobility credits which could be used toward journeys on public transport, or to purchase either a fixed number of rental car journeys, or hours using a car club vehicle. This would not only continue the current drive toward the removal of older, more polluting cars from UK roads and reducing emissions, but would also both encourage vehicle use over vehicle ownership, further reducing congestion. In cases of commercial vehicles, of which over 98% are diesel-fuelled, consideration should also be made for companies tied in to existing lease contracts for older commercial vehicles. In such cases, the scrappage payment could take the form of a resolution in the early termination fee on the lease of the vehicle (which should also be redeemable by the lease company), and toward the cost of a further leased vehicle, which conforms to the Euro VI Standard. As the leasing sector is a key enabler to assist small businesses, further exploratory work should be carried out to assist companies to carry out this migration from older diesel vehicles to newer ones as part of any scrappage scheme.

Assessing the potential impact of this proposal, the BVRLA/Ecuity paper provides a set of projections from a two-year mobility credit scheme being implemented between 2019 and 2020 for owners of Euro 1-5 diesel cars. This analysis assumes that 40,000 diesel car owners will scrap their vehicles in return for mobility credits over a 2-year programme, given a pool of 6 million Euro 1-5 diesel cars. These mobility credits (£2,500 worth) could be used to pay for various forms of shared transport, in this analysis for simplicity just referring to shared car club use, and public transport (bus and rail) services.

Under this analysis, it is assumed that the scheme drives 20,000 diesel car owners per annum to scrap their vehicles in return for the mobility credit incentive, with ex-diesel car owners reducing their mileage when they join a car club to 4,190 miles a year (source: 2016 CarPlus report, at: https://www.carplusbikeplus.org.uk/wp-content/uploads/2017/03/Carplus-Annual-Survey-of-Car-Clubs-2015-16-England-and-Wales.pdf), with remaining mileage being serviced by public transport. The counterfactual assumption is that the user would drive 7,800 miles which is the UK's average. This behavioural change results in the following benefits:

Impact on NOx – a reduction of 67 tonnes in NOx emissions in the first year of the scheme (2019), and by 1,272 tonnes over the 10-year policy appraisal period. This is equivalent to taking 180,000 Euro 5 compliant light commercial vehicles off the road for a year (assuming average mileage of 30,000 miles). Monetising these reductions based on the Government's damage cost methodology, this creates health benefits worth a discounted £73.5 million (2017 prices) over the 10-year policy appraisal period.
Social welfare benefit – according to the methodology and assumptions made in the Technical Report, this policy delivers £242.7 million worth of social benefit (in 2017 prices).
GHG emissions – over the 10-year policy appraisal period, this cumulatively brings £19.7 million worth of benefit in present value terms.
Cost to Government – the cost to Government from providing mobility credits to 40,000 diesel car owners is £91.8 million (2017 prices).
Public cost and economic growth – according to the average residual value figure from the technical report (£2,000 per car), the policy would result in an overall accumulation value of £73.4 million over the 10-year period. Revenue growth opportunities from new transport services are also likely to develop, and this policy would undoubtedly support such industries. Indeed, McKinsey project that shared mobility, connectivity services and new business models could increase automotive revenues by $1.5 trillion by 2030.

The BVRLA suggests that the provision of mobility credits can complement the Government's actions on mitigating dangerous air pollution, would provide greater impact than would a scrappage scheme at a lower cost to the public purse, and would continue to expand transport choice for consumers, as part of a development of mobility as a service in the UK.