



<b>Title of meeting:</b>	Cabinet
<b>Date of meeting:</b>	Tuesday 1 <sup>st</sup> December
<b>Subject:</b>	Clean Air Zone - Exemptions, Sunset Periods & Hours of Operation
<b>Report by:</b>	Tristan Samuels, Director of Regeneration
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## **1. Purpose of report**

- 1.1 Central Government has imposed a Ministerial Direction on the City Council to deliver a Class B charging CAZ (and other measures) to reduce levels of nitrogen dioxide to comply with at least the legal limit value in the shortest possible time.
- 1.2 This report provides an overview of the results of the recent on the operation of the charging Clean Air Zone (CAZ) in Portsmouth. This report discusses the results relating to sunset and exemption periods for non-compliant vehicles driving in the zone.

## **2. Recommendations**

It is recommended that Cabinet:

- 2.1 Approve a sunset period for 6 months for non-compliant wheelchair accessible vehicle (WAV) Hackney carriages and private hire vehicles. The owner/operator of this vehicle will be required to apply for the sunset period.
- 2.2 Approve a sunset period of two years for non-compliant vehicles providing community transport and school transport. The owner/operator of this vehicle will be required to apply for the sunset period, and provide proof of providing these types of services, such as a contract.
- 2.3 Approve an exemption for the lifetime of the Clean Air Zone for emergency service vehicles. The owner/operator of this vehicle will be required to apply for the exemption.
- 2.4 Approve an exemption for the lifetime of the Clean Air Zone for specialist heavy vehicles, on a case-by-case basis. Operators/owners will need to apply for this



exemption. Operators/owners will need to provide proof that their vehicle is unsuitable for retrofitting or details regarding their circumstances for purchasing a replacement vehicle.

- 2.5 Approve an exemption for ten days of the calendar year for non-commercial vintage buses for the lifetime of the Clean Air Zone. These vehicles would be required to apply for the exemption.
- 2.6 Confirm that the hours of operation will remain at 24 hours a day.
- 2.7 Delegate Authority to the Cabinet Members for Environment & Climate Change and Traffic & Transport, in conjunction with the Section 151 Officer, to approve submission of the Local Air Quality Full Business Case to central government.

### **3. Background**

- 3.1 Air pollution is known to have a significant effect on public health, and poor air quality is the largest environmental risk to public health in the UK. Epidemiological studies have shown that long-term exposure to air pollution reduces life expectancy and exasperates pre-existing conditions such as respiratory and cardiovascular diseases.
- 3.2 The annual mortality burden of human-made air pollution in the UK is roughly equivalent to between 28,000 and 36,000 deaths. Short-term exposure to elevated levels of air pollution can also cause a range of effects including exacerbation of asthma, effects on lung function, increases in respiratory and cardiovascular hospital admissions and mortality.
- 3.3 The main pollutant of concern in Portsmouth is Nitrogen Dioxide (NO<sub>2</sub>). Public Health England advise that it is well established that NO<sub>2</sub>, particularly at high concentrations, is a respiratory irritant that can cause inflammation of the airways. There is currently no clear evidence of a threshold concentration of NO<sub>2</sub> in ambient air below which there are no harmful effects for human health.
- 3.4 In 2010 Air Quality Standards Regulations were introduced into English Law and set legal binding limits for concentrations of major air pollutants that affect human health, including nitrogen dioxide and particulates. Regulation 26 of this legislation requires the Secretary of State to develop and implement a national Air Quality Plan demonstrating how the limit values for air pollution will be achieved in the shortest possible time. Since 2010, the UK has been in breach of legal limits for nitrogen dioxide in many major urban areas.
- 3.5 Environmental campaign organisation ClientEarth have challenged the government's Air Quality plans in the High and Supreme Courts for failing to include the actions necessary to achieve the legal limit value for nitrogen dioxide in the shortest possible time. Each of the successful legal challenges brought by



ClientEarth has results in an increased number of local authorities across the country being directed to take legal action to improve air quality in their area:

- 2015, Wave 1: Birmingham, Leeds, Nottingham, Derby and Southampton
- 2017, Wave 2: 23 additional local authorities: North Tyneside; Newcastle-upon-Tyne; Gateshead; Middlesbrough; Bury; Bolton; Salford; Trafford; Manchester; Stockport; Tameside; Sheffield; Rotherham; Coventry; Basildon, Rochford; Surrey Heath; Guildford; Rushmoor; Bristol; Bath & North East Somerset; Fareham; New Forest.
- 2018, Wave 3: 33 additional local authorities including Portsmouth. South Tyneside; Sunderland; Bradford; Calderdale; Burnley; Wakefield; Kirklees; Oldham; Sefton; Liverpool; Stoke-on-Trent; Newcastle-under-Lyne; Bolsover; Ashfield; Peterborough; Leicester; Blaby; Walsall; Wolverhampton; Sandwell; Dudley; Solihull; Cheltenham; Oxford; South Gloucestershire; Broxbourne; Southend-on-sea; Reading; Basingstoke & Deane; Bournemouth; Poole; Plymouth; Portsmouth.

#### Charging Clean Air Zone

- 3.6 The Government suggests that Charging Clean Air Zones (CAZ) are an effective way to deliver compliance with legal limits for nitrogen dioxide in the shortest possible time. Charging CAZs define areas that vehicle owners are required to pay a charge if they drive through or within. The charge only applies to older, more polluting vehicles, specifically diesel vehicles that are older than Euro 6 and petrol vehicles that are older than Euro 4.
- 3.7 The Clean Air Zone Framework sets out four different classes of charging CAZ, detailing the types of vehicles subject to a charge under each class:
- Class A: Buses, coaches, taxis and private hire vehicles
  - Class B: Buses, coaches, taxis, private hire vehicles and heavy goods vehicles
  - Class C: Buses, coaches, taxis, private hire vehicles, heavy goods vehicles and light goods vehicles
  - Class D: Buses, coaches, taxis, private hire vehicles, heavy goods vehicles, light goods vehicles and cars

#### Ministerial Directions Issued to Portsmouth City Council

- 3.8 Portsmouth City Council has been issued with four Ministerial Directions. These place a legally binding duty on the Council to undertake a number of steps to improve air quality in the city:
- Ministerial Direction 1 (March 2018): Required the Council to develop a Targeted Feasibility Study (TFS) by 31 July 2018 for two specified road links in the city: A3 Mile End Road and A3 Alfred Road. These two roads



were selected as they were projected to have nitrogen dioxide (NO<sub>2</sub>) exceedances in Defra's national PCM model.

- Ministerial Direction 2 (October 2018): Following the results of the TFS, PCC were issued with a further Ministerial Direction in October 2018, this time to undertake a bus retrofit programme. The Ministerial Direction stipulated that the programme should be undertaken as quickly as possible with the purpose of bringing forward compliance with legal levels of NO<sub>2</sub> on A3 Mile End Road and A3 Alfred Road.
- Ministerial Direction 3 (October 2018): The third Ministerial Direction required PCC to produce an Air Quality Local Plan to set out the case for delivering compliance with legal limits for NO<sub>2</sub> in the shortest possible time. The Outline Business Case for this Plan was submitted in October 2019.
- Ministerial Direction (March 2020): The fourth Ministerial Direction required PCC to implement a Class B charging Clean Air Zone, and supporting measures, in Portsmouth as soon as possible and in time to bring forward compliance with legal limits for nitrogen dioxide to 2022.

#### **4. Development of the Portsmouth Air Quality Local Plan**

4.1 In October 2019 a report was presented to this Cabinet detailing the contents of Portsmouth's Local Air Quality Plan that was produced in fulfilment of the ministerial directions detailed in paragraph 3.8 of this report. Following Cabinet approval the plan was submitted to central Government on 31st October 2019. After a thorough review the plan was formally approved by Ministers in March 2020. At this point PCC was issued with its forth Ministerial Direction to deliver the Class B CAZ.

4.2 Following receipt of Ministerial approval PCC have undertaken to appoint a supplier to design the CAZ in Portsmouth. After a rigorous procurement process Siemens has been selected to carry out this work. Their experience of designing and installing the CAZ's in Leeds and Birmingham will be highly beneficial to the project.

#### **5. Clean Air Zone Consultation**

5.1 On 16th July 2020 PCC launched a public consultation to seek views on the operation of the CAZ in Portsmouth. As noted in the consultation materials the purpose of the consultation was not to seek views on whether the public want to have a CAZ (this is not a choice; central Government are legally requiring that PCC deliver one) but on the specifics regarding how the CAZ should operate and to seeks views on the support that PCC can provide to help businesses and



individuals to prepare in advance of the CAZ coming into operation. Scope of the consultation

- 5.2 PCC has been issued with a Ministerial Direction to implement a Class B CAZ to bring forward compliance with legal limits for nitrogen dioxide to 2022. Therefore, any changes to the CAZ proposed through the consultation cannot be taken forward if they are demonstrated to affect the year of compliance. The impact of any changes to the CAZ design and their impact on compliance will be assessed through transport and air quality modelling.

#### Class of CAZ consulted on

- 5.3 PCC are now legally required to implement a Class B CAZ in the city and therefore the consultation primarily sought views on this basis. However, due to the uncertainty associated with the coronavirus pandemic Joint Air Quality Unit (JAQU) advised PCC that it would be prudent to also seek views from driver of vehicles that would be charged under a Class C CAZ, as pending the review of the coronavirus sensitivity tests, a Class C CAZ could not be ruled out entirely.

#### Engagement with the consultation

- 5.4 The consultation was open for response for a little over six weeks, having been extended beyond the initial six week period to allow more time for responses over the August Bank Holiday weekend. The primary method for taking part in the consultation was via an online questionnaire, with responses also welcomed over the phone and in writing.
- 5.5 The consultation was widely promoted on a number of social media channels, in Flagship, PCC emails and through physical leaflets that were distributed to over 90,000 addresses in the city. Due to the coronavirus pandemic it was not possible to hold face to face consultation events as was originally planned, however mitigation was sought through officers making use of virtual events and networks to promote and cascade information about the consultation to those in the city and further afield.
- 5.6 The consultation was set up with two separate questionnaires; one for residents and visitors to the city and the other for businesses enabling them to provide details of their entire fleets rather than just individual vehicles as in the main questionnaire. A total of 2,172 individual responses were received, along with 140 responses from businesses.

## **6. Sunset periods and Exemptions**

- 6.1 A sunset period is a set time in which a specific group of non-compliant vehicles would not be required to pay the CAZ charge. It is expected that any non-compliant vehicles are replaced or upgraded to compliant types before the end of



the sunset period, after which any remaining non-compliant vehicles are subject to the daily charge when entering the CAZ.

- 6.2 Similarly to a sunset period, an exemption allows a specific group of non-compliant vehicles to enter the CAZ without being charged. Where an exemption differs from a sunset period is that it is not time limited, but instead lasts for the life of the CAZ.
- 6.3 Under the Clean Air Zone Framework local authorities may set local exemptions and discounts.<sup>1</sup> In general local exemptions can be granted for vehicles that are unsuitable for retrofit or prohibitively expensive to replace, and sunset periods may be granted for specialist or more novel vehicles that can become compliant in a suitable time. Exemptions and discounts can also be provided to groups identified as facing particular challenges.
- 6.4 For any local exemption or sunset period, the operator/owner of the vehicle will be required to apply for registration on the local whitelist, alongside information such as the VRM. In some instances it will be required that proof is provided; this could include a section 19 permit or lease agreement.
- 6.5 In addition to local exemptions and discounts, the Clean Air Zone Framework sets out some vehicle types which are exempt nationally from CAZ charges:
- Euro 6+ diesel vehicles
  - Euro 4+ petrol vehicles
  - Ultra Low Emission vehicles
  - Vehicles with a 'historic' vehicle tax class
  - Disabled passenger vehicles in the Disabled Passenger Tax Class
  - Military vehicles, by virtue of Section 349 of the Armed Forces Act 2006
  - Retrofitted vehicles which meet the requirements of the CAZ
  - Certain types of non-road going vehicles which are allowed to drive on the highway. This includes agricultural machines, digging machines, and mobile cranes
- 6.6 It is noted that a CAZ charge can have unintended impacts and therefore views were sought on local sunset periods or exemptions that may be granted to mitigate these impacts. The consultation asked what types of vehicles, if any, should be granted a sunset period or exemption. Additionally, it asked how long the sunset period should be granted for.
- 6.7 When considering all responses across the two different questionnaires, 'Emergency Service Vehicles' had the clear majority of support for both the sunset and exemption questions. Other responses that were highly supported were 'School transport', 'Wheelchair Accessible Vehicles', and 'Community Transport'.

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<sup>1</sup> <https://www.gov.uk/government/publications/air-quality-clean-air-zone-framework-for-england>



### Sunset Length

- 6.8 The consultation asked for views on the length of the sunset periods that could be granted. The options for this question were: 6 months, 1 year, 18 months, 2 years, and Other.
- 6.9 Across all response groups the most popular response was '2 years from launch of the CAZ', which was supported by approximately 57% of respondents. This was followed by 'Other' at 43% and '1 year...' at 37%. Qualitative analysis of the open-ended response 'Other' indicated themes including 3, 4, and 5 years, as well as exemptions for the lifetime of the CAZ.
- 6.10 The primary objective of the Ministerial Direction placed on PCC is to achieve compliance with legal limits of nitrogen dioxide in the shortest possible time and certainly before 2022. Due to this sunset periods should be kept to a minimum time period in order to not reduce the benefits of the CAZ in improving air quality as quick as possible.

### Emergency service vehicles

- 6.11 The results from the consultation are conclusive in indicating a strong opinion across each individual response group that 'Emergency Service Vehicles' should be granted a sunset period or exemption. Of the 1674 responses for the sunset period, 86% indicated Emergency Service Vehicles, and of the 1671 responses for exemptions this was indicated by 74% of respondents.
- 6.12 Under the DEFRA framework, specialist and/or novel or adapted vehicles are exempt from a charge, which includes emergency service vehicles such as aerial ladders. However, some vehicles such as heavier ambulances may be charged under the class B CAZ if they are not compliant with the Euro standard.
- 6.14 Due to the unpredictable nature of the work undertaken by the emergency services, it is not anticipated to have a noticeable impact on CAZ compliance.
- 6.15 It is suggested that emergency service vehicles are granted an exemption from charges for the lifetime of the CAZ.

### Community transport and School transport

- 6.16 Approximately 52% of respondents of the sunset period question suggested that vehicles that provide community transport services should be temporarily exempt. Around 31% of respondents indicated that non-compliant 'Community transport vehicles' should be exempt from the CAZ charge.
- 6.17 Around 51% of respondents indicated that 'School Transport' vehicles should receive a sunset period, this being 809 responses out of the sample of 1674. All response groups, except for non-WAV taxi, had between 45% and 50% support



for this vehicle type. The number of respondents who suggested 'School Transport' should receive an exemption was 33%.

- 6.18 Community transport and school transport groups supply important services for community benefit, and fulfil social purposes. Often these groups are run by charities or not-for-profits, and provide their services with wheelchair accessible minibuses. A class B charging zone does not apply to non-compliant minibuses unless they are also licenced as a taxi or private hire.
- 6.19 This exemption is not anticipated to impact the date of compliance, given the small number of non-compliant vehicles that provide community or school transport in Portsmouth and that will also be charged in a class B CAZ.
- 6.20 Operators/owners of vehicles providing community transport or school transport would have to apply to be registered onto the local whitelist, and be required to provide evidence such as a contract of the service provided. This sunset period will be provided on a case-by-case basis, where a strong case is provided as to why it should be granted, such as the use of a section 19 or section 22 permit.

#### Wheelchair Accessible Vehicles used as taxis

- 6.21 39% of respondents indicated that 'Wheelchair Accessible Vehicles' should receive a sunset period, whilst 31% responded that they should be granted an exemption. When the taxi responses are sorted between WAV and non-WAV, 73% of drivers of a WAV taxi supported their vehicle being included in the sunset period or being granted an exemption.
- 6.22 Wheelchair accessible vehicles provide an important mobility solution to those that cannot easily get around. The Integrated Learning Disability team highlight that wheelchair accessible taxis are an essential part of the support network. These vehicles help to prevent isolation, and promote inclusion in a range of ways including enabling access to the community, attend day services and work venues, and attend appointments.
- 6.23 Within the Portsmouth taxi fleet as of October 2020, there are 99 WAVs which make up just under 10% of the total fleet size. Of these 99 WAVs, 56 are non-compliant and would be charged for entering the CAZ. Recognising the higher costs involved in replacing or retrofitting a WAV, and the smaller size of the market, it is recommended that a 6 month sunset period be granted to provide these owners with a longer period to replace their vehicles.
- 6.24 Funding through the Clean Air Fund (CAF) may be available to non-compliant WAV drivers to help reach compliance during spring 2021. The CAF is available to support those businesses most affected by the introduction of the CAZ. A consequence of offering a longer sunset period to wheelchair accessible taxis is that it may lead to WAVs no longer being classed in the most affected group, and therefore funding not being available to them to help replace their vehicles.



### Specialist Heavy Vehicles

- 6.25 Approximately 38% of respondents suggested that specialist heavy vehicles, such as recovery vehicles in the N2 or N3 body type, be granted a sunset period, whilst around 21% of respondents selected granting this vehicle type an exemption.
- 6.26 Under the Clean Air Zone Framework, discounts and exemptions can be provided to specialist vehicles which could never be compliant, or which may be difficult or uneconomic to adapt to comply with a CAZ. Specialist heavy vehicles includes those with a vehicle category of either N2 or N3. This type of vehicle, such as those used in crane assisted haulage or recovery trucks, are very costly to replace and can often have a long lifespan.
- 6.27 This report recommends that an exemption is approved, for the lifetime of the CAZ, for specialist heavy goods vehicles which are unsuitable for retrofitting and uneconomic to adapt to comply with the CAZ. The operator/owner will need to apply for this exemption in-order to be registered onto the local whitelist.
- 6.28 As part of the application for this exemption, the operator/owner will need to provide proof that their vehicle is unsuitable for retrofitting or details regarding their circumstances for purchasing a replacement vehicle. Exemptions will then be granted on a case-by-case basis.
- 6.29 This exemption is not anticipated to have a noticeable impact on CAZ compliance, given the limited number of vehicles involved and random nature of movements.

### Non-commercial vintage buses

- 6.29 Around 33% of the 1674 respondents to the sunset period question selected non-commercial vintage buses, which dropped to 25% for granting this vehicle type an exemption. This selection was highest within the business responses.
- 6.30 Non-commercial vintage buses are currently nationally exempt if they are in the tax class 'Historic Vehicles', which is based off a rolling 40 year bracket.
- 6.31 Currently non-compliant non-commercial vintage buses between 20 and 39 years old would be charged for entering the zone. These types of vehicle are difficult or uneconomic to adapt to compliance, or may not be possible if the retrofit technology is not available yet
- 6.32 Non-commercial vintage buses which are between 20 and 39 years old provide educational and heritage purposes, and enter the CAZ infrequently for events such as at Portsmouth City Museum and on the Isle of Wight.



6.33 It is suggested that non-commercial vintage buses are granted an exemption on 10 days in the calendar year. This would allow for their travel through the CAZ for festivals, such as the Isle of Wight Classic weekend, whilst minimising any effect on the year of compliance for nitrogen emissions. These vehicles would need to apply for the exemption before entering the zone in order to be registered onto the local whitelist.

6.34 This exemption is not anticipated to have a noticeable impact on CAZ compliance, given the limited number of vehicles and trips involved.

## 7. Other areas addressed in the consultation

7.1 The consultation also asked participants their opinion on a range of potential hours of operation. The respondents were asked to rank three schemes that reduced the hours of operation on a five point scale from strongly agree to strongly disagree. The respondents were also asked an open ended question on alternative hours they would like.

7.2 Suggested hours of operation were:

- Only being in force between the hours of 7am and 10pm
- Not being in force on a Sunday
- Not being in force between the hours of 10am - 12 noon and 2pm - 4pm

7.3 The most popular of the three schemes was 'Not being in force on a Sunday' which received an overall agree vote of 47%, and overall disagree of 43%. The least popular scheme was 'Not being in force between the hours of 10am - 12 noon and 2pm - 4pm' which received an overall disagree vote of 49%, and overall agree vote of 36%.

7.3 The open ended question received various responses, including the charging zone not being in place at all, through to the hours of operation being 24/7.

7.3 Modelling indicates that the charging zone needs to be operational 24 hours a day to reach the level of compliance in the shortest possible time.

## 8. Next Steps

8.1 The decisions made on issuing of exemptions and sunset periods at this meeting will be included within the Local Air Quality Plan Full Business Case which must be submitted to Central Government by 21<sup>st</sup> December 2020. The Full Business Case builds on the Outline Business Case that was approved by this Cabinet for submission to central government on 31<sup>st</sup> October 2019 by providing the latest evidence and information gathered since the earlier submission.

8.2 The deadline for submitting the Full Business Case to central government is a legal requirement set out in the ministerial direction issued to PCC in March 2020. Given the reporting cycle of this decision meeting and the submission



deadline of the FBC it is recommended that delegated authority is granted to the Cabinet Members for Environment & Climate Change and Traffic & Transport, in conjunction with the Section 151 Officer, to approve submission of the Local Air Quality Full Business Case to central government. If this delegated authority is not granted the legal deadline for submission will be missed.

8.3 Once the Full Business Case is submitted it will be reviewed by Government's Independent Review Panel before, all being well, being approved by Ministers in early 2021. Grants to assist businesses and individuals to upgrade or replace their non-compliant vehicles will be open to applications in Spring 2021 and the charging Clean Air Zone will become operational in Autumn 2021.

## 9. Reasons for recommendations

It is recommended that Cabinet:

9.1 **Approve a sunset period of 6 months for non-compliant wheelchair accessible vehicle (WAV) Hackney carriages and private hire vehicles**, given that these vehicles are expensive to replace or adapt and provide an important mobility service, but that funding will be made available in 2021 to aid this.

9.2 **Approve a sunset period of two year for non-compliant vehicles providing community transport and school transport. The owner/operator of this vehicle will be required to apply for the sunset period, and provide proof of providing these types of services, such as a contract.** This vehicle group supply important services to the city and local area. A two year sunset period provides relief from the CAZ charge allowing time to replace non-compliant vehicles or amend contracts.

9.3 **Approve an exemption for the lifetime of the Clean Air Zone for emergency service vehicles.** This recognises the unpredictable but also essential work undertaken by the emergency services, whilst also reducing any impact on projected nitrogen dioxide concentrations.

9.4 **Approve an exemption for the lifetime of the Clean Air Zone for specialist heavy goods vehicles, on a case-by-case basis**, as these vehicles are difficult or uneconomic to adapt or may be engaged in particularly unique or novel operations.

9.5 **Approve an exemption for 10 days of the calendar year for non-commercial vintage buses, for the lifetime of the Clean Air Zone** to allow them access to educational and charity events within Portsmouth and on the Isle of Wight, whilst recognising that these vehicles cannot be easily modified or adapted to reach compliance.

9.6 **Confirm that the hours of operation will remain at 24 hours a day**, as otherwise this will have a negative effect upon reaching the date of compliance.



- 9.7 **Delegate Authority to the Cabinet Members for Environment & Climate Change and Traffic & Transport, in conjunction with the Section 151 Officer, to approve submission of the Local Air Quality Full Business Case to central government.** If this delegated authority is not granted the legal deadline for submission will be missed.
- 10. Integrated impact assessment**
- 10.1 A full integrated impact assessment has been completed which shows that this proposal will lead to improvements in air quality and health, and have positive economic effects. Any indirect negative impacts resulting from this proposal will be addressed in the distributional analysis of the full business case.
- 11. Legal implications**
- 11.1 As mentioned in the main body of this report, Portsmouth City Council has been issued with four Ministerial Directions under section 85(5) of the Environment Act 1995 and the Council is under a statutory duty by way of section 85(7) of the said Act to comply with such Ministerial Directions. A failure to comply with the Ministerial Direction may result in Judicial Review proceedings being brought against the Council.
- 11.2 The Ministerial Direction dated 25 March 2020 ("the Fourth Ministerial Direction") requires the Council to implement the local plan for NO<sub>2</sub> compliance to ensure compliance with the legal limit value for NO<sub>2</sub> is achieved within the Council's area in the shortest possible time, and by 2022 the latest. Under section 85(7) of the Environment Act 1995, it is the duty of the Council to comply with any direction given to it.
- 11.3 The Fourth Ministerial Direction also requires the Council to prepare and submit the Full Business Case to the Secretary of State by 27 November 2020 at the latest. However, it is understood that the submission deadline has now been renegotiated to 21 December 2020. Once the Full Business Case is submitted, the Council's duty under section 85(7) of the Environment Act 1995 will be discharged in part.
- 11.4 As part of the submission of the Full Business Case to the Secretary of State, the Council is required to prepare and submit a draft Clean Air Zone Charging Order which needs to meet the requirements set out in the Transport Act 2000. The decisions which the Cabinet is being asked to make in this report will subsequently be reflected in the said draft Order.
- 11.5 The decision to grant sunset periods, exemptions as well as other supporting measures remain subject to EU State Aid rules. However, as the UK's transition period after Brexit comes to an end on 31 December 2020, it is currently unclear what, if any, rules will apply to public subsidies and State Aid from the end of the transition period. The Government, so far, has not made any formal announcements in this respect. In the absence of any new or replacement rules,

The World Trade Organisation ("WTO") anti-subsidy and countervailing measures will be the only rules applicable to the public subsidies until the new rules (if any) are introduced. It is important to note that WTO's subsidy control measures are significantly less restrictive as compared to the EU State Aid rules. Nevertheless, any measures as set out in this report may need to be revisited once the new rules regarding public subsidies are introduced.

**12. Director of Finance's comments**

12.1 It must be noted that no allowance for exemptions/sunset periods were made in the original Finance Business Case. The introduction of exemptions/sunset periods will reduce the income from non-compliant vehicle charges, which we rely on to cover the costs of operating the scheme. In most instances the impact will not be material. Wheelchair Accessible Vehicles for example make up only a small proportion of the taxi population and the period of exemption is small (6 months). I would like to understand the expected number of "Community transport" vehicles and get some reassurance that we can clearly define such vehicles (I assume for example that all busses cannot fall into the category). An appropriate reduction in income can then be built into the Finance Business Case.

12.2 I would also like to understand if there is any cost to administering exemptions that should be accounted for in the financials. Will the local whitelist interface with the system that administers PCNs for example and will it cost anything to do so? None of these observations constitute a disagreement with the report and its recommendations, however where it is possible to provide clarification, it will improve our understanding of any deficit and consequently aid our discussions with JAQU when we submit the Final Business Case next month.

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Signed by:

**Appendices:**

Appendix A - CAZ Exemptions & Sunset report

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location



The recommendation(s) set out above were approved/ approved as amended/ deferred/  
rejected by ..... on .....

.....  
Signed by: