

GCP MAKING CONNECTIONS – DISCOUNTS EXEMPTIONS AND REIMBURSEMENTS TECHNICAL NOTE

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Context

This document provides a summary of the discounts, exemptions and reimbursements (DER) applicable to the GCP Making Connections Sustainable Travel Zone (STZ) and is an update to the Technical Note published on 26th August 2022, which accompanied the Strategic Outline Case for the Making Connections proposal.

The initial suite of DERs was compiled by undertaking a benchmarking exercise of other UK charging schemes to determine a useful starting point based on existing precedent and the responses to the 2021 Making Connections consultation and engagement with key groups were taken into account. This suite of DERs was then assessed against five principles (including scheme objectives, journey 'indispensability' and enforceability). The draft Equalities Impact Assessment that accompanied the Strategic Outline Case was also a key consideration in the assessment. The draft suite of DERs was a key part of the proposal put out for public consultation in autumn 2022.

This suite has now been further refined and modified in response to feedback received and further work on the Equality Impact Assessment (EqIA). This note provides an overview of that work and sets out potential next steps.

Overview

DERs are intended to mitigate potential adverse impacts of the STZ charge on individuals, groups and organisations and are defined as follows:

- **Discount** – Users would be able to apply for a discount of up to 100% of the charge amount if they or their vehicle meet certain criteria.
- **Exemption** – Certain vehicles would be exempt from the proposed charge, for example emergency vehicles. These exemptions will be defined within the STZ charging scheme order.
- **Reimbursement** – Some users would be eligible for a reimbursement of a charge they have already paid if they meet certain criteria.

The 2022 consultation proposals comprised:

Group	Discount	Exemption	Reimbursement
Emergency Vehicles		✓	
Military Vehicles		✓	
Disabled tax class vehicles		✓	
Breakdown services		✓	
Dial-a-ride services		✓	
Certain local authority operational vehicles		✓	
Blue badge holders	✓ (Up to two vehicles get 100% discount)		
People on low incomes	✓ (Tapered discount 25-100%)		
Car club vehicles	✓ (100% discount)		
NHS patients clinically assessed as too ill, weak or disabled to travel to an appointment on public transport, including those who: o Have a compromised immune system; o Require regular therapy or assessments; and o Need regular surgical intervention.			✓
NHS staff using a vehicle to carry certain items (such as equipment, controlled drugs, patient notes or clinical specimens), or responding to an emergency when on call;			✓
NHS and other emergency services staff responding to an emergency			✓
Other essential emergency service trips made in business vehicles that are not specifically listed above for exemptions, e.g. fire safety inspections;			✓
Minibuses and LGVs used by charities and not-for-profit groups.			✓
Registered local authority, charity, domiciliary care, community health workers and Care Quality Commission registered care home workers			✓

Findings of the 2022 Consultation

The consultation - comprising over 22,000 survey responses and dozens of stakeholder meetings - provided a rich source of information against which to modify and refine the suite of DERs. The relevant analysis of the consultation is found in Section 7.4 of the Consultation Report¹. A general question asked “Do you have any comments on the proposal to introduce a STZ” which received 16,126 responses and common themes are shown in Figure 7-22:

- That residents should be exempt or partially exempt (number of responses (n)=1650)
- The STZ discriminates against low-income groups (n=1301)
- Concern the charge would limit access to (Addenbrooke’s) hospital (n=643)

¹ [MC22-consultation-report \(greatercambridge.org.uk\)](https://www.greatercambridge.org.uk/mc22-consultation-report)

- STZ shouldn't apply to people who leave the zone (n=490)

Questions 16 and 17 asked specifically for comments on the proposed DERs and offered a free text response box. Responses (n=10,771) were similar to those presented in 7-22, with the addition of:

- public sector employees should be exempt (n=1446)
- discounts shouldn't be offered and STZ charge should apply to all (n=1212)
- DER administration process needs to be straightforward (n=683)
- support for the suite of DERs (n=825)

Modifications following the 2022 consultation

A number of significant potential changes have been proposed to respond to the findings of the consultation. They comprise:

1. Change to operating hours i.e. AM and PM peaks, or AM peak only (7-10am / 3-6pm)

This mitigates a number of negative impacts identified through the Business Impact Assessment, Equalities Impact Assessment, Social and Distributional Impact Assessment and concerns raised through the consultation.

Changing the scheme operating hours restricts charging to the times of day when traffic is heaviest (therefore maintaining maximum impact in terms of creating road space and reducing congestion when it is most needed), and it allows greater freedom for people to move around, and deliveries to be received, in the middle of the day. This is expected to be of particular benefit to stay at home parents/carers, or older people who don't qualify for a blue badge or disabled tax class exemption. Both these groups are flagged as more likely to be reliant on car and at greater risk of social isolation. Peak time only charging also allows greater flexibility for free access to healthcare appointments outside of charging hours.

This has a significant impact on revenue generation and is not as effective at reducing traffic as an all-day scenario.

2. Addition of free days

The proposal is to give individual account holders the opportunity of a fixed number of days to travel without paying a charge. This substantially mitigates concerns expressed through the consultation about access to hospital and other medical appointments but also mitigates a wide range of more 'ad hoc' and varied concerns that were expressed e.g. doing the weekly 'big shop', carrying bulky sports equipment or attending worship or a social club.

The impact on revenue and traffic is more uncertain and dependent on a number of assumptions about account take up and the proportion of eligible free days that are used in practice, so further work is recommended.

3. DERs for hospitals

It was apparent from consultation feedback that the DER proposals did not go far enough for those accessing hospitals (staff, patients and visitors). Particular concerns included impacts on low-income staff and volunteers and staff retention; shift patterns or medical needs not being conducive to trips by public transport; geographic spread of patients and staff; and further burdening the NHS with additional administration.

There are a variety of ways that these issues could be addressed including:

- a) removing the main Cambridge University Hospital site (Addenbrookes/Papworth/Rosie) from the STZ altogether

The revenue impact of this exemption has been estimated to be significant and seriously impinges on the ability of the scheme to achieve its objective of generating revenue to invest in buses and STMs., particularly if it is done in addition to peak hours and the offer of free days. Further, traffic reduction is limited by the fact that the CUH site is congruent with the wider biomedical campus, which is a major traffic generator and is forecast to grow.

- b) Extend current hospital-administered system for offering discounted or free parking

Discussions with CUH indicate that it may be possible to extend the current system and mirror directly into the STZ system the discounts and parking allocations they already make. This would have the advantage of being based on the NHS clinical judgement rather than attempting to define clinical need through the STZ rules. The practical way forward needs further work, but as a point of principle, no additional administrative costs should be incurred for the NHS.

- c) Not charging for any visit to a hospital site

Similar to a) above, the impact of this is estimated to significantly erode the scheme's objectives and is not recommended.

- d) Offering free days, which can be used at the holder's discretion

See 2 above for more information. This option has the advantage that it can be used for other healthcare purposes e.g. dentists and isn't confined to hospitals.

The recommended way forward is to look at a blend of b) and d) in more detail to examine how they would work in practice and the impact on traffic and revenue.

4. A business discount for small, medium-sized enterprises (SME)

An SME is defined by Government² as any organisation that has fewer than 250 employees and a turnover of less than €50 million or a balance sheet total less than €43 million. It is proposed that SME businesses and sole traders would be eligible to apply for a discount of 50% of the charge amount for LGV and HGV

² [Small and medium-sized enterprises action plan 2020 to 2022 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/86222/small-and-medium-sized-enterprises-action-plan-2020-to-2022.pdf)

registered to them. The geographic extent to which this applies will be determined in consultation with stakeholders in the next phase of work.

The geographic extent of this will determine the impact on revenue and traffic reduction.

5. Low income discount to include those on carer's allowance

The consultation left open the question of how the 'low income' discount would work in practice as it was important there were no pre-conceived solutions or ideas. Following the consultation, stakeholder engagement and further work, the recommendation is for people who are registered for an STZ account and in receipt of certain state benefits should receive a discount of 50% on STZ car charges. If income were to increase to the point that they are no longer eligible for benefits then for two years this would reduce to 25%; this is to avoid a 'benefit cliff' and also fluctuations in eligibility arising from a short period of higher earnings which is not sustained. A working assumption is that this would be available to account holders in receipt of Universal Credit (including those who are in work but on low incomes), Pension Credit (low income older people) and Carers Allowance (low income unpaid carers).

This adjustment has a relatively minor impact on revenue generation.

6. Expansion of how "disability" is defined

The proposed eligibility criterion for disability was those in receipt of a Blue Badge, however consultation respondents and stakeholder engagement highlighted limitations in the way the Blue Badge process is administered and that this was too narrow a way of defining eligibility. As a result, it is proposed that eligibility be extended to those in receipt of the mobility component of the Personal Independence Payment (PIP), which applies to people who have a long-term physical or mental health condition or disability or difficulty doing certain everyday tasks or getting around³.

This adjustment has a relatively minor impact on revenue generation.

7. Not charging for motorbikes/mopeds

The original proposal contemplated a £5 charge for motorbikes/mopeds. Following consultation that they make a relatively minimal contribution to congestion compared with cars and larger vehicles, it is recommended that there is a 100% discount for motorbikes.

This adjustment has a relatively minor impact on revenue generation.

8. Exemption for out-commuters living near to the STZ boundary

Further consideration has been given to this issue, which although was not a theme heard strongly in response to the public survey, it was raised in subsequent to the consultation. Some felt it unfair that if they live towards the edge of the proposed zone and work outside, they would be liable to be charged for driving a relatively short distance out of the zone in the opposite direction to peak hour traffic.

³ [Personal Independence Payment \(PIP\): What PIP is for - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

An exemption or discount for out-commuters is not recommended for further consideration for a number of reasons including: the fact that all vehicles on the road contribute to traffic, noise and air quality and take up capacity irrespective of direction. Furthermore, it would also be challenging to define an exemption or discount for out-commuters that is fair and enforceable without being administratively costly and complex.

9. 6pm finish

Whilst this cannot strictly be defined as a DER, the proposal to finish charging at 6pm rather than 7pm is included here as an important response to consultation concerns. An earlier finish time allows greater freedom for people to use their car for evening social, leisure, volunteering and caring activities without restriction.

This adjustment has a relatively minor impact on revenue generation.

Testing the Impacts

In order to test the impact of these proposals, they have been assembled into a range of ‘Scenarios’ which are assessed in the Outline Business Case (OBC). A summary is given below:

	Charge	Time	Additional Exemptions (to those consulted on)
Consultation Scheme	£5 for cars £10 LGV £50 HGV	7am-7pm weekdays	
Scenario 1	£5 for cars £10 LGV £50 HGV	AM/ PM weekdays	Hospitals (patients and visitors) Small vans as cars
Scenario 1A	£5 for cars £10 LGV £50 HGV	AM/ PM weekdays	SME business discount 50 free days indefinitely
Scenario 2	£5 for cars £10 LGV £50 HGV	7am-7pm weekdays	180 Free days 2026, 2027 100 Free days 2028 50 Free days 2029
Scenario 3	£3 for cars £10 LGV £50 HGV	AM / PM weekdays	Hospitals (patients and visitors) 100 Free days 2027 100 free days 2028
Do minimum	Ref Case		

To note, the 6pm finish was tested as a ‘standalone’ option as this could be applied to any Scenario.

Additional DERs, where not explicitly stated above, have been costed into every Scenario.

The OBC, and the suite of technical work underpinning it, assesses the Scenarios against a range of considerations including revenue implications, traffic reduction and impact on business and on equalities. Ultimately, the scope and scale of DERs is a balancing act between the extent to which Scenarios address the overall objectives, the ability to generate revenue (to fund transport improvements) and the need to mitigate actual and perceived impacts of the STZ charge.

The analysis in the OBC concludes that Scenario 1A and Scenario 2 are capable of striking an appropriate balance and should be taken forward for further work.

Next steps

At this stage, there are a number of working assumptions associated with the proposed DERs which would need to be refined. For example, the process for applying for and administering DERs and the eligibility of the user or vehicle. In time, as scheme design progresses, these assumptions would develop to form the detailed rules, terms, and conditions for the STZ (including details such as how individuals and groups could apply for a discount and how often accounts would need to be renewed).

Some individuals and vehicles could be eligible for more than one DER and so the interplay and potential overlap between them would also be part of the next stage of work.

The current proposals are not exhaustive, and work is ongoing to consider how these and other DERs might best be implemented to address the impacts of the STZ charge whilst meeting the objectives of the project. Of note, the EqIA (Appendix G of the OBC) specifically acknowledges the potential adverse impact of the STZ charge *“concerns that people in the protected characteristic groups could be the ones who miss out more on the potential benefits ... the Romany Gypsy and Travellers of Irish Descent Communities, situated adjacent to the STZ boundary”* so further consideration of how to mitigate this is underway.