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# FSB Wales response to the Welsh Government

## A Clean Air Framework for Wales

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## About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

## Introduction

- 1.1. FSB Wales welcomes the opportunity to comment on the Welsh Government's proposed Clean Air Zone Framework for Wales. FSB has written extensively on these issues in both England (in relation to Clean Air Zones) and Scotland (in relation to their Low Emission Zones). As such, we hope to draw on experiences from elsewhere in our submission to inform the Welsh Government's approach.
- 1.2. There is no doubt that poor air quality is harmful to our health and in many urban areas, including those identified by Welsh Government such as Cardiff and Port Talbot, improvements to air quality will lead to better living standards. It is also important to recognise that the economy in its current configuration is a driver of poor air quality.
- 1.3. Making improvements to air quality in Wales will be a complex issue and will require local authorities, Welsh Government and business to work closely together to encourage positive behaviour, in a fair and transparent way. We believe small businesses are ready to play their part in tackling air pollution but it will require the local authorities and Welsh Government to set out pathways towards this that are affordable, achievable and proportionate.

## Clean Air Zones: General Principles

- 2.1. In relation to the implementation of clean air zones across Wales, FSB Wales has the following observations and suggestions drawn from experience elsewhere in the UK:
- 2.2. **A phased approach** – Many businesses invested in diesel cars previously as a result of assurances by government that this was the environmentally friendly approach. Whilst policy-makers have increasingly become aware that this is not the case, small businesses should not be punished for following the advice of government. Furthermore, many smaller firms either outright own older vehicles, or use vehicles purchased on a lease or hire-purchase basis which means they will have little opportunity to respond by having a greener fleet in the short term. As such, and in line with other European zones, we would suggest that local authorities should have phased approaches to introduction with clear timeframes to help inform decisions around vehicle fleets among small firms.
- 2.3. **A National Framework and Charging Scheme** – It is crucial that any proposed local Clean Air Zone is properly situated in a national framework. We are pleased that this consultation on air quality begins to address the issue of a national framework for zones, however it is vital that any framework provides consistency of approach and application if they are to mitigate negative impacts. For instance, there are 10 local authority areas within the Cardiff Capital Region with businesses crossing authority boundaries every day.



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If all authorities independently operated a zone and charging process then the cost of compliance would be prohibitive. We therefore believe local authorities should work with Welsh Government to create a National Charging Scheme for Wales that would allow policy flexibility but within a national framework.

- 2.4. **Economic Impact** – Before introducing a clean air zone, every local authority should carry out a thorough economic impact assessment. This would need to properly assess the impact on residents and businesses affected by the zone and would highlight any potential areas of concern for reflection in the policy development.
- 2.5. **Exemptions** – local authorities should make short-term hardship exemptions available for certain firms where it can be demonstrated that the cost of upgrading vehicles is prohibitive or would lead to the business closing.
- 2.6. **Communication** – it is vital that in implementing any zone, local authorities communicate effectively with those likely to be impacted. This should include clear timescales at every phase of implementation as well as sign-posting to relevant support and advice such as Business Wales. At present, many statutory consultation processes (such as those around non-domestic rates) are often tick box exercises with little meaningful engagement with local businesses.

### Clean Air Zones: Specific Questions

**Question 1** - Do you agree that CAZs would provide an effective way of addressing air quality challenges in Wales?

- 3.1. FSB Wales believes that Clean Air Zones would provide a means of addressing air quality challenges in Wales. We believe that small firms are ready and willing to play their part in improving air quality, however that this presents numerous challenges to them that must be overcome with support from local authorities and government.

**Question 2** - Should Welsh Government direct local authorities to introduce a Clean Air Zone, and, if so, under what circumstances should it do so?

- 3.2. The current situation whereby Welsh Government uses powers to direct local authorities only where there are significant air quality issues (as is the case in Cardiff and Caerphilly) is appropriate. We would not support a blanket direction to local authorities at this point in time.

**Question 3** - Do you consider the options/advice at section 5 to be suitable and effective elements of a CAZ?

- 3.3. Section 5 of the framework sets out a number of actions that can be taken to improve air quality, many of which would be more supportive to smaller firms than proceeding directly to a charging zone. As such, we would like to see local authorities give serious consideration to all options and their potential impact in a thorough impact assessment in implementing a clean air zone. We note that Cardiff Council's Transport and Clean Air



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Green Paper contains many of the policies suggested under section 5 and would urge other local authorities to consider a similar approach to consultation.

**Question 4** - Do you agree that the minimum emissions standards outlined in Annex 2 of the CAZ Framework should be applied to determine road vehicle access in Welsh CAZs, and that these standards should be tightened over time in order to apply more rigorous real-world emissions data?

3.4. The use of Euro Emission Standards is to be welcomed, as is the consistency with Scotland and England in terms of setting out expectations in this area. However, we believe any clean air zone must move cautiously in extending the standards to, with a clear understanding of the fleet of commercial vehicles across the local business community, in order to allow time for companies to invest in more efficient vehicles. As stated previously, many firms bought diesel cars based on previous government advice and many are locked in to lease cycles meaning opportunities to improve vehicle efficiency happen over a medium/long-term timeframe.

**Question 5** - Do you agree that Local Authorities should have flexibility to target only those vehicles that may be presenting the biggest air pollution problems locally, or should access restrictions apply to all categories of vehicle, wherever CAZs may be introduced in Wales?

3.5. FSB Wales believe local authorities should have the flexibility to target only those vehicles that may be presenting the biggest air pollution problems. However, we would call for clarity and consistency in how this is presented to ensure no confusion where local authorities' may differ in terms of the vehicles they charge.

**Question 6** - Should local authorities have the flexibility to vary the times that CAZ restrictions should operate, or would full-time operation provide the most desirable solution in terms of meeting air quality challenges?

3.6. FSB Wales agrees that local authorities should have the flexibility to vary times that a clean air zone will apply, in order to respond to local needs.

**Question 7** - Should Welsh Government consider options for mandating either a charging or a non-charging CAZ structure in Wales, or should this be left to local authority determination depending on evidence of which of the two may be the most effective means of reducing airborne pollution locally?

3.7. As can be seen from our contribution above, FSB Wales believes that any move towards clean air zones should include a phased approach. For this reason, we would like to see Welsh Government and local authorities focus on charging schemes in the first instance, before examining the evidence around their impact. At this point, total bans could be considered in light of the available evidence.

**Question 8** - Would a part-charging model bring any benefits over the alternatives of a total ban on non-compliant vehicles, or a charging system with full coverage within the CAZ?



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3.8. Whilst we are comfortable with the idea of part-charging within a zone (so targeting areas for charges i.e. congested roads into urban areas) we do not feel that there are benefits from creating two regimes in a single zone – i.e. mixing charges and bans. This will serve only to confuse the picture for motorists whilst displacing certain types of activity away from certain areas. For instance, while a business may be able to accept the additional cost of charges in the short term a total ban would essentially preclude them from doing business in certain areas. The policy should be about behaviour change, not precluding activities in certain areas of an authority. It is worth noting here that those with the most polluting vehicles are also those most likely not to have the capital available to immediately upgrade their vehicles.

**Question 9** - Should local authorities have full flexibility to determine the level of any access charges they may apply, or should Welsh Government establish national criteria for local authorities to refer to?

3.9. Local authorities should have the flexibility to determine the level of any access charges however this should be subject to a national criteria. So for instance, the national criteria would stipulate that any charging scheme could not operate as a revenue raising mechanism for the local authority (as is the case with parking) and that any surplus generated should be hypothecated to certain activities (such as grants to firms to retrofit or buy more efficient vehicles). We would also expect national criteria to set out what's reasonable in terms of a charge with upper limits for each category of vehicle.

**Question 10** - Do you agree with the proposed vehicles and categories of drivers that should be exempt from meeting published access requirements within a CAZ?

3.10. FSB Wales is content with the list provided around exemptions. We would like to see local authorities have an additional power of hardship relief. This would enable the authority to give relief to a company that is undergoing significant hardship and would be at threat of closure in the short term if it had to pay the charge. Such a relief would be time-limited. There could also be exemptions based around stock deliveries (assuming zones aren't time specific).

**Question 11** - Do you think sufficient consideration has been given to non-road sources of air pollution in the Framework?

3.11. Section 5 of the framework presents a number of options before consideration of a charging zone. In order to be effective, we believe the framework should make it obligatory that local authorities consider all the available options through an impact assessment before embarking on a charging zone. This would ensure the correct policy instrument is being used to tackle air pollution.

**Question 12** - How best should information about a CAZ be made publicly available in order to ensure the clearest and widest possible notice of what access restrictions will mean to those travelling within the area?

3.12. FSB Wales believes a charging and payment platform should be created by Welsh Government for all local authorities in Wales. This would ensure a single way of paying as firms cross local authority boundaries. This would need to be accompanied by a significant



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awareness raising campaign in order to properly prepare motorists for any charges. Likewise, signage should be clear, unambiguous and should direct drivers towards the easiest means of paying.

**Question 13** - Do you have any views on how the impact/success of a CAZ should be measured, and how this information should be used to develop a local CAZ over time to ensure the widest ongoing possible benefits for air quality?

3.13. As should be the case with any new regulatory regime, we would encourage Welsh Government and local authorities to undertake post-hoc impact assessments of any interventions to understand if they have met their desired goals or whether there has been any unforeseen consequences of the intervention.

**Question 14** - Could the advice in the draft Framework have any positive or adverse effects on the Welsh language, and how could the document increase the former/mitigate the latter?

3.14. We are not aware of any specific linguistic impacts relating to this framework.

## Conclusion

FSB Wales welcomes the Welsh Government's creation of a national framework for clean air zones in Wales. We believe that SMEs are ready to play their part in tackling air pollution but that governments should ensure any zones are proportionate, transparent and fair, allowing firms the appropriate amount of time to improve the efficiency of their vehicles and respond to any charge. We have made several suggestions that could strengthen the framework, including by creating a national charging platform to make paying any charges as simple as possible for businesses. We would welcome further communication on this matter with Welsh Government as the framework develops further.