Changes to the London Congestion Charge scheme
Integrated Impact Assessment
July 2018

Transport for London
Transport for London

Changes to the London Congestion Charge scheme

Integrated Impact Assessment

July 2018
Issue and Revision Record

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<th>Checker</th>
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<td>HF</td>
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Executive summary

Introduction
As a part of the Greater London Authority (GLA), and through its role in running and improving London’s transport services, Transport for London (TfL) has a statutory responsibility for delivering the Mayor’s Transport Strategy (MTS)1. As such, it is also responsible for helping to bring about a healthier London as envisioned in both the MTS and the Mayor’s Environment Strategy2.

The central London Congestion Charge scheme is an integral part of the MTS. The scheme aims to reduce congestion within a specified area in central London, known as the Congestion Charge zone (CCZ). It is designed to encourage car users to walk, cycle or use public transport for journeys. Congestion charging makes a valuable contribution to London’s transport network. As well as reducing congestion when initially introduced, the scheme has reduced traffic levels, improved air quality and created safer roads. Proceeds from the scheme have been used to provide better transport services. However, over the past two decades, there has been a gradual return to slower average traffic speeds and increased congestion in central London3.

It is the Mayor’s ambition to reduce congestion from its current levels, ensuring that the Congestion Charge continues to act as a deterrent to driving within the CCZ, and promote a shift to active and sustainable forms of transportation4. Proposal 20 of the MTS commits to a continued review of existing and planned road user charging schemes, and sets out that the Congestion Charge scheme should continue to reflect the vision for London as laid out by the Mayor and the GLA.

Responding to this ambition, TfL is considering two main proposals to make changes to the discounts and exemptions to the Congestion Charge scheme. In particular, TfL are exploring:

1. Removal of the private hire vehicle (PHV) exemption to the Congestion Charge.
2. Replacing the Ultra Low Emission Discount (ULED) with a new, phased, Cleaner Vehicle Discount (CVD).

TfL has commissioned Mott MacDonald to undertake an Integrated Impact Assessment (IIA) to help understand the potential impact of these proposals.

About the IIA

Scope
The IIA considers the potential health, equality, environmental, and economic and business impacts that may arise as a result of the proposals.

An overview of the focus for the assessment areas is provided below:

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Table 1: Assessment areas

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health impact assessment</td>
<td>Identifies and assesses health, well-being and safety impacts on a range of affected groups in relation to the proposed changes.</td>
</tr>
<tr>
<td>Equality impact assessment</td>
<td>Identifies and assesses impacts on a range of affected groups with characteristics protected under the Equality Act 2010(^5), namely: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; sex; and sexual orientation. Deprivation, although not a protected characteristic, has also been included as an equalities impact. This equality impact assessment will help TfL and the Mayor to demonstrate its compliance with legislative requirements under the Act.</td>
</tr>
<tr>
<td>Environmental impact assessment</td>
<td>Identifies and assesses the impacts across a range of environmental issues in relation to the proposed changes; for this assessment the principal focus has been emissions and air quality.</td>
</tr>
<tr>
<td>Economic impact assessment</td>
<td>Identifies and assesses impacts on businesses (in this case PHV operators and companies operating within the CCZ), PHV passengers, PHV drivers, general drivers and others as a result of the proposed changes.</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald

Impacts were considered for the following groups:

- PHV drivers;
- PHV operators;
- PHV passengers;
- other (non PHV) drivers;
- pedestrians and other road users; and
- other (for example, local residents and businesses).

Summary of potential impacts

Overview

When considering the impacts of the two proposals, particularly those related to the removal of the Congestion Charge exemption for PHVs, it has been assumed that that the additional costs arising from being subject to the Congestion Charge will not fall exclusively on PHV operators, PHV drivers or customers and is therefore likely be spread across affected groups in a variety of ways. Rather than recording a single major impact for any one group, this report has, therefore, assumed a number of smaller impacts across a variety of affected groups.

- Potential positive impacts: Looking across the proposals and the evidence reviewed, it is anticipated that the proposals may result in reduced congestion and improvements to air quality and health for all individuals going into and working or living within the CCZ. This includes local residents, pedestrians, PHV passengers, PHV drivers and other drivers. It is expected that fewer vehicles (including PHVs) will enter the CCZ as an increasing number of drivers are required to pay the Congestion Charge. Due to the staged tightening of the criteria for the new CVD across 2019-2025, the impacts of these proposals will likely vary

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\(^6\) This assessment considers environmental issues in the context of an IIA and is not a Strategic Environmental Assessment for the purposes of the European Directive 2001/42/EC and the Environmental Assessment of Plans and Programmes Regulations 2004 nor is it an Environmental Impact Assessment undertaken in accordance with the Town and Country Planning (Environmental Impact Assessment) Regulations 2011.
across the short to long term. The positive impacts of these proposals are more likely to be realised in the longer term.

- **Potential negative impacts:** There are, however, some areas where negative impacts are anticipated, although mitigation action may minimise the effect of these. Evidence feeding into the proposals indicates that, as drivers lose their discounts and exemptions to the Congestion Charge, financial loss may be experienced by drivers, PHV drivers, and PHV operators as a result of the increased costs associated with paying the charge.

How acutely the removal of the PHV exemption to the Congestion Charge is felt will depend on several factors, and primarily on operators’ and PHV drivers’ ability to specialise and spread the cost across passenger journeys. Yet, where the costs are passed on to PHV drivers there are certain social and demographic groups (people with ‘protected characteristics’ as described in Chapter 1, namely black, Asian and minority ethnic (BAME) and female PHV drivers, who are likely to experience a disproportionate impact from the proposals because of both their representation within the profession and their ability (or lack thereof) to incur additional costs. Where drivers pass on the costs to passengers, frequent users are likely to be impacted. Depending on whether part or all of the cost is passed on to passengers, users may experience a rise in fares, at least in the long run, following the introduction of these proposals. Any increase in costs, or reduction in availability of PHVs, may act as a barrier to accessing services essential for these passengers’ health and wellbeing.

**Wider impacts**

It is important to consider the wider impacts of the proposals.

**Focusing on the private hire industry:**

- The proposals may act as a barrier or deterrent to those looking to join the private hire profession, particularly with the additional cost of purchasing a CVD compliant vehicle. This may have the inadvertent effect of limiting the growth of the private hire industry.

- The proposals should be considered in conjunction with the other recent changes to private hire regulations in London. In the past few years, TfL has introduced a number of regulatory changes for the private hire industry including the introduction of an English language requirement for all private hire driver licence applicants and a requirement for operators to provide a booking confirmation to passengers before a journey. TfL have recently consulted on potential regulatory changes to improve safety which includes, among other things, the potential introduction of an advanced driving test for all PHV drivers. Furthermore, since January 2018, all PHVs licensed for the first time must have a Euro 6 petrol or diesel engine, or a Euro 4 petrol-hybrid engine in order to meet new emission requirements. It is important that TfL consider the potential impact of these changes in relation to the proposals outlined within this report.

Consideration should also be given to how these proposals will interact with the changing landscape in terms of regulation aimed at encouraging the use of low or zero emissions vehicles in London. For example, the cumulative cost for some drivers should be considered:

- In April 2019, the Ultra Low Emissions Zone (ULEZ) will be introduced in central London, replacing the existing T-Charge. The ULEZ will introduce a charge for certain vehicles driving within the zone, which has the same boundary as the CCZ. The ULEZ will operate 24 hours a day, seven days a week. The ULEZ daily charge will be in addition to the Congestion Charge and will apply to, amongst others, those petrol cars and vans that do not meet Euro
4 emission standards and diesel cars and vans that do not meet Euro 6 emission standards. In October 2021, the ULEZ will be expanded to inner London.
1 Introduction

Transport for London (TfL), amongst other things, regulates taxi and private hire services, operates the Congestion Charge and Low Emission Zone schemes, manages the city’s 580km Red Bus network, operates all of the Capital’s 6,300 traffic signals and works to ensure a safe environment for all road users. Subject to confirmation by the Mayor, TfL has the statutory power to set new, and amend existing, rules which apply to the Congestion Charge scheme. Due to concerns around congestion in central London, TfL are considering two proposals to make changes to the Congestion Charge scheme. Mott MacDonald was commissioned by TfL to undertake an Integrated Impact Assessment (IIA) on these proposals.

1.1 Background to the Congestion Charge

As part of the Greater London Authority (GLA), and through its role in running and improving London’s transport services, Transport for London (TfL) is responsible for delivering the Mayor’s Transport Strategy (MTS) and helping to bring about a healthier London as envisioned within this strategy and the Mayor’s Environment Strategy.

The Congestion Charge scheme was introduced in 2003. The Congestion Charge was designed to reduce congestion in central London through encouraging car users to use other modes of transport by charging them to drive within the zone. As it currently stands, the Congestion Charge is an £11.50 daily charge (£10.50 if paid via Auto Pay) for driving a vehicle within the Congestion Charging zone (CCZ) during charging hours, between 7am and 6pm, Monday to Friday. However, not all vehicles are currently required to pay the Congestion Charge as there are a number of exemptions and discounts to the charge available to certain categories of vehicles and people.

Within the first year of its inception, a 30 per cent reduction in congestion and a 15 per cent reduction in circulating traffic was seen in the CCZ. There was also a 37 per cent increase in the number of passengers entering the CCZ by bus. Since its inception, within central London, there has been a year-on-year trend towards a reduction in motorised traffic volumes, which are now 22.4 per cent lower than in 2007/2008. Nonetheless, over the past two decades trends have shown a move towards slower average traffic speeds and increased congestion in London as a whole.

Increasing congestion and slowing road speeds impacts on the environment, and the health of Londoners. Road traffic currently accounts for 28 per cent of London’s total emissions of carbon dioxide (CO₂), 50 per cent of London’s total emissions of nitrogen oxides (NOₓ), and 50 per cent of London’s particulate matter (PM₁₀) emission. While emissions of CO₂ have been decreasing as vehicles become more fuel-efficient, in 2016 levels of road traffic have been offsetting this.

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on-going reduction. Emissions of NO\textsubscript{x} and concentrations of nitrogen Dioxide (NO\textsubscript{2}) continue to exceed European Union limit values across much of central and inner London while PM\textsubscript{10} emissions (having reduced significantly over recent years) are increasing slightly in Inner London\textsuperscript{13}.

In addition, changes within the private hire industry and the number of people using PHVs have resulted in a significant increase in the number of PHV drivers, and there are now over 100,000 licensed PHV drivers in London\textsuperscript{14}. Whilst the volume of motorised traffic has fallen, particularly in terms of private cars (subject to the Congestion Charge), there has been a notable increase in licensed PHVs within the CCZ\textsuperscript{15}. Around 18,200 different PHVs now enter the CCZ each day in charging hours and around 57,000 PHVs have been detected at least once in the zone per month\textsuperscript{16}.

**Figure 1: CCZ boundary**

![Figure 1: CCZ boundary](source: TfL)

Within this context, it is the Mayor’s ambition to continue to reduce congestion and promote active and sustainable transportation in London\textsuperscript{17}. Key to achieving this vision is proposal 20 of the MTS, which commits to a continued review of existing and planned road user charging schemes, and ensuring the implementation of the CCZ continues to reflect the vision for London as set out by the Mayor.


\textsuperscript{14} TfL (June 2018) ‘Licensing information’. Available at: [https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/licensing-information](https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/licensing-information)


\textsuperscript{16} TfL in house data (unpublished)

1.2 Proposed changes to Congestion Charging

As a consequence of London’s ongoing congestion, two of the discounts/exemptions to the Congestion Charge are being reviewed:

1. The PHV exemption – Recognising the growing number of PHVs within the CCZ, TfL is considering the proposal to remove the PHV exemption from 8 April 2019 onwards. PHVs which are designated as wheelchair accessible will continue to be exempt from the charge.

2. The Ultra Low Emission Discount (ULED) – an emissions discount has always been offered as part of the Congestion Charge but its definition has changed over time. The current version of the discount, ULED, was introduced in July 2013 and provides a 100 per cent discount from the Congestion Charge for cars and vans with CO₂ emissions of 75g/km or less that meet the Euro 5 emission standard. TfL is considering the proposal to replace ULED with a new, phased Cleaner Vehicle Discount (CVD):
   - April 2019 – TfL proposes to tighten eligibility so that only cars and vans that emit no more than 75 grams per kilometre of CO₂, meet Euro 6 emissions standards and have a zero emission capable range of 20 miles or more would be eligible for the discount.
   - October 2021 – TfL would further tighten the criteria so that only zero emission vehicles would be eligible for the discount. As such, only electric vehicles (i.e. no hybrids) would qualify.
   - 2025 – The discount would end. There would be no emissions discount for ultra low emissions vehicles.

1.3 Purpose and scope of the IIA

An IIA is a method for decision makers to assess the possible impacts, both positive and negative, that proposed changes may have on the population and area in which the proposal or intervention is planned. The aim of an IIA is to, firstly, help identify potential positive and negative impacts and, secondly, where possible, make recommendations to minimise negative impacts of proposals and identify enhancement opportunities for positive impacts.

TfL has commissioned an IIA which considers the potential health, equality, environmental and economic and business impacts that may arise as a result of the proposed changes to the Congestion Charge scheme. These impacts are to be considered separately and cumulatively, and are to be presented together in one single document. An overview of the focus for the four assessments is provided in table 2.

Table 2: Assessment areas

<table>
<thead>
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</tbody>
</table>

### Assessment

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<tr>
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<tbody>
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<td>Environmental impact assessment</td>
<td>Identifies and assesses the impacts across a range of environmental issues in relation to the proposed changes; for this assessment the principal focus has been emissions and air quality.</td>
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<tr>
<td>Economic impact assessment</td>
<td>Identifies and assesses impacts on businesses (in this case PHV operators and companies operating within the CCZ), PHV passengers, PHV drivers, general drivers and others as a result of the proposed changes.</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald

### 1.4  Report structure

The remainder of this report is structured as follows:

- **Chapter 2** outlines the methodology and timescales for the IIA.
- **Chapter 3** outlines main impacts associated with the proposed changes and specific impacts that may arise per proposal in relation to the four assessment areas.
- **Chapter 4** provides a summary for each of the four assessment areas and presents some overall conclusions and recommendations.
- **Appendices** cover further information about the scoping and rating of the proposals, stakeholders interviewed, the assessment framework, equalities analysis and topic-specific methodologies.

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12 This assessment considers environmental issues in the context of an IIA and is not a Strategic Environmental Assessment for the purposes of the European Directive 2001/42/EC and the Environmental Assessment of Plans and Programmes Regulations 2004 nor is it an Environmental Impact Assessment undertaken in accordance with the Town and Country Planning (Environmental Impact Assessment) Regulations 2011.
2 Our approach

This chapter outlines the methodology used for this IIA and each of the constituent topics. It also sets out the assumptions and limitations associated with the work.

2.1 IIA methodology

2.1.1 Scoping

The first task involved an initial scoping exercise to understand whether the proposals were relevant to each assessment topic (health, equality, environment, business and economic). This was informed by a desktop review of the available evidence to ensure a thorough understanding of the assessment areas under consideration. It used research from a range of secondary sources including academic journals and articles, monitoring data on the CCZ collected by TfL, research undertaken by TfL and the Department for Transport (DfT), and research produced by Cambridge Economic Policy Associates (CEPA) on behalf of TfL, amongst other organisations.

Based on the evidence review, proposals were ‘scoped in’ or ‘scoped out’ using a scoping matrix. This set out the content and extent of matters that should be covered within the individual impact assessments, together with a justification for inclusion or exclusion. Both proposals were scoped in for all assessment areas. However, no evidence was found in either existing data sources or through discussion with stakeholders indicating any equality issues with proposal 2 (the introduction of the new CVD).

The findings from this initial scoping exercise are set out in Appendix A. It should be noted that the decision to scope in or out proposals was revisited after engagement with stakeholders (see 2.1.3).

2.1.2 Establishing the assessment framework

As is IIA good practice, to guide the assessment of the proposals, a framework was developed to ensure consistency in the way the impacts were assessed.

This framework, shown below, was used to systematically assess each proposal by the specialist areas. Impacts were considered for each of the following affected groups:

- PHV drivers;
- PHV operators
- PHV passengers;
- other (non-PHV) drivers;
- pedestrians and road users; and
- others (for example, local residents and businesses).

Please note that PHV operators have been categorised as follows:
Table 3: Categorisation of PHV operators

<table>
<thead>
<tr>
<th>Operator segment</th>
<th>Number of vehicles</th>
<th>Number of operators currently in the market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra-large</td>
<td>10,001+</td>
<td>1</td>
</tr>
<tr>
<td>Large</td>
<td>1,001 – 10,000</td>
<td>1 (plus ‘umbrella’)</td>
</tr>
<tr>
<td>Medium</td>
<td>501 - 1,000</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>101 - 500</td>
<td>43</td>
</tr>
<tr>
<td>Small</td>
<td>51 – 100</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>21 – 50</td>
<td>281</td>
</tr>
<tr>
<td></td>
<td>11 – 20</td>
<td>284</td>
</tr>
<tr>
<td></td>
<td>0 – 10</td>
<td>1,328</td>
</tr>
<tr>
<td>Chauffeur</td>
<td>Various</td>
<td>300</td>
</tr>
</tbody>
</table>


The three key criteria used to assess the impacts are:

- **Temporal scale / duration of impact**: this considers whether an impact is expected to be long-term (e.g. where an impact brings about permanent change which will continue to affect groups in some way for the foreseeable future), medium-term (e.g. affected groups will be able to adapt to the change over time); or short-term (where an impact is experienced only at the point of implementation and is overcome by the affected group relatively quickly). For the purpose of this IIA, short-term impacts have been defined as those which have an effect between 2019 and 2021 (before the second tightening of the CVD is introduced); medium-term impacts have been defined as those which have an effect between 2021 and 2025 (following the second tightening of the CVD); and long-term impacts have been defined as those which have an effect after 2025 (when the CVD has been removed).

- **Distribution / scale of impact**: this considers how many groups might be affected by a proposal or impact. Where it is available, quantified information is used; where this is not available a judgement has to be made based on the available evidence. This criterion also considers the ‘magnitude’ or ‘severity’ of the impact (i.e. to what extent will the affected group be impacted relative to the current situation).

- **Sensitivity of affected groups**: this considers how easily the affected group will be able to absorb or adapt to the impact. For example, if the impact is unavoidable; if it leaves an affected group without alternatives or disrupts the ability to function (or trade) as normal, the affected group would be considered as highly sensitive to the change. Where there are alternatives or where the affected group continues to function as normal, sensitivity would be low.

Table 4: Assessment framework

<table>
<thead>
<tr>
<th>Proposal category</th>
<th>Proposal number</th>
<th>Scoped in or out</th>
<th>Review of proposal</th>
<th>Identification of affected group</th>
<th>Description of the impact</th>
<th>Positive or negative impact</th>
<th>Temporal / duration</th>
<th>Distribution / scale of impact</th>
<th>Sensitivity of impact</th>
<th>Impact rating</th>
<th>Mitigation measures</th>
</tr>
</thead>
</table>

Based on the definition of operators as outlined in the CEPA report
Using the duration, scale and sensitivity criteria an impact classification was then assigned according to a seven-point scale as illustrated in Table 5 below. More detail is provided in Appendix B.

Table 5: Seven-point impact scale

<table>
<thead>
<tr>
<th>Impact rating</th>
<th>Typical characteristics of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX</td>
<td>Major adverse: Long term or permanent. Experienced by whole population/all affected groups. Groups affected are sensitive or vulnerable to change. Would require considerable intervention to return to the baseline.</td>
</tr>
<tr>
<td>XX</td>
<td>Moderate adverse: Medium term. Affects many groups across a wide geographical area. Some groups affected are sensitive or vulnerable to change. May require some intervention to return to baseline conditions.</td>
</tr>
<tr>
<td>X</td>
<td>Minor adverse: Short term impact. Affects a small number of groups/impacts are spatially contained. Few groups affected are sensitive or vulnerable to change. Return to baseline conditions requires natural or minimal intervention.</td>
</tr>
<tr>
<td>0</td>
<td>Neutral: Unlikely to result in a detectable impact. Baseline remains consistent.</td>
</tr>
<tr>
<td>✔</td>
<td>Minor beneficial: Short term impact. Affects a small number of groups/impacts are spatially contained. Few groups affected are sensitive or vulnerable to change. Return to baseline conditions may occur naturally without future intervention.</td>
</tr>
<tr>
<td>✔✔</td>
<td>Moderate beneficial: Medium term. Affects many groups across a wide geographical area. Some groups affected are sensitive or vulnerable to change. May require continued intervention to return to baseline conditions.</td>
</tr>
<tr>
<td>✔✔✔</td>
<td>Major beneficial: Long term or permanent. Experienced by whole population/all affected groups. Groups affected are sensitive or vulnerable to change. Would require considerable intervention for positive impacts to cease and baseline conditions to resume.</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald

The impact ratings are specific to the impact and should not be compared against other impacts without considering the evidence in terms of both scale and sensitivity.

In order to understand the range of impacts expected to be realised should all proposals be implemented, as well as impacts at an individual proposal level, the study team has taken a two-tier approach to assessing impacts:

- Firstly, based on the evidence available, the impacts on principal affected groups (PHV operators, PHV drivers, other (non PHV) drivers, PHV passengers, pedestrians, other road users, and others such as businesses and local residents) at an individual proposal level have been explored. This has been set out in Chapter 3.
- Secondly, the potential headline issues resulting from these impacts as a whole have been identified. These have been set out in Chapter 4. Consideration has been given here to wider impacts.\(^{21}\)

\(^{21}\) Cumulative impacts are when impacts of these proposals may be increased or reduced as a result of all proposals being implemented together and/or other policy interventions or developments that are going on in London at the same time.
2.1.3 Engagement

Following the initial evidence review, engagement with stakeholders was undertaken to ensure that stakeholder experience, judgement and expertise was integrated into the findings of the assessment. This IIA has drawn on three broad groups of stakeholders, namely:

- PHV operators – extra-large (10,001 plus vehicles in fleet), large (1,001-10,000 vehicles in fleet), medium (101-1,000 vehicles in fleet) and small (0-100 vehicles in fleet) scale operators, some of whom had a wide coverage of London and others who were more localised.
- Trade and driver representatives – trade union and driver representative stakeholders (only those who specialise in the PHV industry).
- Equality, health, environment and passenger groups – organisations specialising in the rights and experiences of specific protected characteristic groups and those with a focus on environment issues in London.

The stakeholder list was developed with guidance and input from TfL. A total of 18 interviews were completed. A list of organisations who took part in the IIA can be found in Appendix C.

2.1.4 Topic specific methodologies

Each assessment area has taken an individual approach, informed by best practice, in order to complete the overall assessment framework (as described above) for each proposal. These methodologies are detailed in Appendix F.

2.2 Assumptions and limitations

2.2.1 Methodological assumptions and limitations

The following methodological assumptions and limitations should be considered whilst reading this IIA.

- Engagement findings are not attributed to individual stakeholders by name in this report; comments received about impacts have been aggregated and used to inform the wider evidence on which the assessment has been based. Anonymity of responses is considered best practice as it enables participants to give honest answers and leads to a higher response rate. Answers given by stakeholders during the interviews were cross referenced against public statements; there was no inconsistency between stakeholder engagement interviews and public statements.
- The business and economic impact assessment has relied on engagement with PHV operators to provide more detail and assurance for this assessment around the key impacts that could be experienced by different parts of the sector.
- No quantitative modelling of health, traffic or environmental impact has been undertaken as part of this IIA. However, an outline assessment of potential impacts has been provided based on how the proposals will be implemented.
- It is noted that the registered keeper of a vehicle entering the CCZ will be responsible for paying the Congestion Charge. There will be instances when PHV operators or PHV drivers

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22 Please note that some organisations asked to remain anonymous as such they have not been presented in the Appendix C.

rent their vehicle(s) through a third party (PHV owner). It has been assumed that in these instances the PHV owner would pass the cost, and any additional administration costs, directly on to those renting the vehicles. This group has therefore been scoped out of the IIA as it assumed that the impact for this group will be passed on to the operator or driver.

- Section 17(1) of the Crime and Disorder Act 1998 creates a duty on TfL to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, the following matters in its area: crime and disorder; drug, alcohol and substance abuse; and re-offending. TfL’s ‘area’ in this instance is Greater London but the scope of TfL’s influence in that area relevant to the proposals being considered is limited to the regulation of PHVs and the discharge of road user charging powers. As part of this IIA, the impact of the proposals in relation to TfL’s duties under the Crime and Disorder Act have been considered and it has been assessed that these are unlikely to have an impact on any of the areas outlined above.

2.2.2 Data and assumptions drawn on to support review of the proposals

A number of data sources and assumptions have been drawn on in order to support consideration of the potential impacts that may occur if the proposed changes are made to the Congestion Charge. These have been outlined below:

Proposal 1: Removal of the PHV exemption

- There are currently c.113,000 PHV drivers licensed by TfL. However, not all PHV drivers will be working regularly, unpublished data produced by TfL outlines that:
  - Of licensed PHV drivers, around 72,000 were actively registered with an operator and available to fulfil bookings in January 2018.
  - Of licensed PHV vehicles, around 75,000 were actively registered with an operator and able to fulfil bookings in January 2018.
- The removal of the PHV exemption to the Congestion Charge will apply to the majority of PHVs. However, PHVs which are designated as wheelchair accessible will continue to be exempt from the charge. There are currently c.550 designated wheelchair accessible PHVs, as such only a small proportion of licensed PHVs in London (around 0.6 per cent) will continue to be exempt from the Congestion Charge.
- The registered owner of the vehicle will be required to pay the Congestion Charge.
- Data produced by TfL (unpublished) indicates that on any given day between 15,000 and 20,000 unique PHVs (i.e. the number of different PHVs entering the zone on a given day) will enter the CCZ during chargeable hours. In 2017, on average, each day, 18,248 unique PHVs were seen in the CCZ in charging hours.
- The taxi and private hire driver diary survey undertaken by Steer Davies Gleave in 2017 indicates 33 per cent of the sampled PHV drivers made journeys into the CCZ in charging hours, while 23 per cent of trips involved travel to, from or within the CCZ.
- As such, while all PHVs entering the CCZ during chargeable hours will be expected to pay the Congestion Charge, this data would suggest that there is a fairly large number of PHVs which do not regularly enter the CCZ and so would not see a substantial increase in operating costs through paying the Charge.

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25 Figures for ‘active’ drivers are not available prior to 2015.
26 Figures for ‘active’ vehicles are not available prior to 2015.
● The Congestion Charge is currently £11.50 or £10.50 if paid via Auto Pay28. Those PHV drivers who are the heaviest users (defined as going into the CCZ every day during charging hours) could expect to pay around £230 a month (assuming a 22-working day month and use of Auto Pay).

● Approximately three quarters of PHV operators state that their PHV drivers must supply their own vehicle29 and as such, as the registered owners of these vehicles, these drivers would be responsible for paying the Congestion Charge.

● While many operators are not obliged to pay the Congestion Charge, an IIA undertaken by Jacobs around the introduction of the Ultra Low Emission Zone scheme (ULEZ)30 outlined that 31 per cent of PHV operators report owning and providing at least some vehicles to drivers. A similar proportion (29 per cent) of operators were found to provide vehicles as part of the Taxi and Private Hire Licensee Customer Satisfaction Survey 2017/201831. Consequently, some operators would be required to pay the Congestion Charge as the registered keeper of the PHV.

● Unpublished TfL data from November 2017, suggests that unique PHV entries within the CCZ during chargeable hours are largely made up of PHVs working for one extra-large operator (57 per cent of all unique PHV entries work solely for an extra-large operator). Around seven per cent of PHVs work solely for a large operator and 20 per cent work solely for a range of smaller operators.

● The CEPA report forecasts just over a 15 per cent increase in price per trip for small operators which it suggests could lead to a fall in customer demand.

● CEPA analysis of the likely impacts of the removal of the Congestion Charge exemption for PHVs, suggests that there could be a reduction of 45 per cent in the number of unique PHVs entering the CCZ in charging hours (i.e. the number of different PHVs entering the zone on a given day). This is based on the assumption that larger PHV operators will be able to ‘specialise’ by allocating trips to reduce the number of vehicles taking fares in the CCZ, with the vehicles remaining in the zone doing more trips within it. This means that the overall reduction in PHV traffic in the zone in charging hours will be lower, at around six per cent.

● CEPA have suggested that those operators who are able to specialise their fleet will be able to minimise the costs associated with the removal of the exemption. It is assumed by CEPA that only larger operators with over 500 PHVs will be able to do this.

● CEPA analysis also assumes that the cost of the charge will be spread between PHV passengers (across multiple passenger trips), PHV drivers and PHV operators. How the cost is spread will depend on the size of the operator, with large operators able to spread the cost over a greater number of journeys. Due to this cost spreading, it is not expected that the small increase in cost to passengers will result in a significant reduction in demand for trips by PHVs.

● The assumed specialisation of trips by PHV operators and small reduction in passenger demand for trips by PHVs, is anticipated to reduce overall vehicle traffic in the CCZ in charging hours by one per cent.

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28 Auto Pay is a service that automatically schedules and deducts the Congestion Charge payment from the registered vehicle owner’s bank account. Owners must register for this service. Being registered for Auto Pay gives owners access to a reduced charge. Businesses with six or more vehicles may apply for Fleet Auto Pay which direct debits any journey charges within the Congestion Charging zone. When registering for Auto Pay a £10 annual registration charge for each vehicle is required to be paid.


A number of alternative discounts to the Congestion Charge may be applicable for PHV drivers and operators\textsuperscript{32}. These include: the proposed new CVD, Blue Badge discount and residents discount. It should be noted that a small proportion of PHVs are expected to be eligible for the residents’ discount; just over one per cent of PHV drivers live in the CCZ and residents discount zone and would therefore qualify for the residents’ discount. As passengers who hold a Blue Badge are able to nominate two vehicles for the discount which includes PHVs, it is not possible to estimate the proportion of PHVs which may receive the Blue Badge discount when entering the CCZ.

The Congestion Charge may be tax deductible as a business cost associated with an income earning activity depending on the employment and vehicle ownership status of the PHV driver and operator. This will mean that PHV drivers and operators may be able to recoup some of the cost of the Congestion Charge. PHV drivers and operators would have to seek official tax advice from a relevant source to establish whether they may claim a tax deduction for the Congestion Charge.

The new CVD offers a 100 per cent discount to the Congestion Charge to those whose vehicles meet the eligibility criteria (Euro 6 emission standards, emit less than 75g/km of CO\textsubscript{2} and have a 20-mile zero emission capable range in 2019, and pure electric vehicles in 2021). PHVs which meet the CVD criteria will therefore be able to avoid paying the Congestion Charge until at least 2025.

TfL licence statistics\textsuperscript{33} indicate that there are currently around 55,000 Euro 5 and below licensed PHVs (constituting c.63 per cent of all licensed PHVs) operating in London. These vehicles, as they are below the Euro 6 emission standards, would not meet the new CVD eligibility criteria. There are a further 31,000 Euro 6 licensed PHVs (c.37 per cent) operating in London\textsuperscript{34}, some of these vehicles while meeting the Euro 6 requirements, will still not qualify for the new CVD as they do not emit less than 75g/km of CO\textsubscript{2} and have a 20-mile zero emissions capable range. Using TfL license statistics, it is therefore assumed that less than 12.5 per cent of PHVs will qualify for the first phase of the CVD in 2019. As such, in the short term, the majority of PHVs (c.87.5 per cent) will not qualify for the discount and will be required to pay the Congestion Charge when entering the CCZ during chargeable hours. To qualify for the discount these PHVs will need to upgrade their vehicle.

TfL licence statistics (unpublished) indicate that 46 per cent of PHVs are below Euro 6 standard and are aged 5 years or older. There is a maximum age limit of 10 years for most licensed PHVs. It can then be expected that a number of PHVs will be renewed within the next phases of the CVD. However, it should be noted that some vehicle owners (including those who own vehicles which have adaptions to make them more accessible) can apply for their vehicle to be licensed for up to an extra five years.

Indeed, some PHV operators and drivers will have started to renew their fleets and replace their vehicles so that they meet the emission standards of the new ULEZ being introduced in central London in April 2019. Although the standards required of the ULEZ are lower than the CVD, some operators and drivers may have, or may be planning to purchase, vehicles which would qualify for the CVD in 2019.

From 1\textsuperscript{st} January 2018, all PHVs licensed for the first time must have a Euro 6 petrol or diesel engine, or a Euro 4 petrol-hybrid engine. While the new CVD criteria is tighter than this, it can also be expected that some new vehicles coming into the profession will be eligible for the CVD in 2019.

\textsuperscript{32} https://tfl.gov.uk/modes/driving/congestion-charge/discounts-and-exemptions
\textsuperscript{33} TfL, (June 2017) ‘Licensing information’. Available at: https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/licensing-information
\textsuperscript{34} The total figure of licensed PHVs within the July 2017 data was 85,966.
Proposal 2 The Cleaner Vehicle Discount (CVD)

- The current ULED discount is available to vehicles that meet Euro 5 emissions standards and emit less than 75g/km of CO₂. From April 2019, the new CVD discount will be available to vehicles that meet Euro 6 emission standards, emit less than 75g/km of CO₂ and have a 20-mile zero emission capable range. In 2021, this will be further tightened to only electric vehicles (i.e. not hybrids). In 2025, the discount will end.
- Data produced by TfL (unpublished) indicates that there are currently 19,817 registered vehicles for the ULED.
- Following the introduction of the new CVD criteria in 2019, TfL data (unpublished) indicates that c.2,000 ULED eligible vehicles will become ineligible for the new CVD discount and owners will, therefore, be subject to the Congestion Charge. This leaves c.18,000 eligible vehicles. Following the further tightening of the CVD criteria in 2021, TfL data indicates that c.7,000 current ULED eligible vehicles would continue to qualify for the new CVD discount.
- As of March 2018, data produced by TfL (unpublished) indicates that eight per cent of vehicles registered for the ULED discount were seen in the zone per charging day. This is based on a 1,537 daily average of ULED vehicles detected in the zone as a proportion of 19,817 ULED registered vehicles.
3 Assessment outcomes

This chapter sets out the assessment of each proposal, considering (where relevant) whether impacts will be experienced by PHV operators, PHV drivers, other drivers, PHV passengers, other road users, and/or any other groups. An assessment summary table is presented for each proposal. Where there are no discernible differences of impacts compared to the baseline situation (as based on the assessment methodology) the boxes in the summary table are left blank.

Detailed findings of this assessment are provided in a technical assessment framework outlined in Appendix D. This chapter provides a summary of that evidence.

3.1 Proposal 1: Removal of the PHV exemption

TfL have proposed to remove the exemption to the Congestion Charge for PHVs from 8 April 2019 onwards.

3.1.1 Summary

The below table provides a summary of the impact rating given for each assessment area for each affected group. Based on the desk research and interviews with stakeholders, where no disproportionate impact has been found for an affected group within the assessment area, the corresponding cell in the table has been greyed out.

Table 6: Summary of Proposal 1

<table>
<thead>
<tr>
<th>Topic</th>
<th>PHV operators</th>
<th>All drivers (PHV drivers and other (non PHV) drivers)</th>
<th>PHV passengers</th>
<th>Pedestrians and road users</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Minor adverse</td>
<td>Minor adverse (PHV drivers)</td>
<td>Minor adverse (older and disabled passengers)</td>
<td>Moderate beneficial</td>
<td>Moderate beneficial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minor beneficial (PHV drivers)</td>
<td>Moderate beneficial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equality</td>
<td></td>
<td>Minor adverse (PHV drivers)</td>
<td>Minor adverse</td>
<td>Minor adverse</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Minor beneficial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td>Moderate beneficial</td>
<td>Moderate beneficial</td>
<td>Moderate beneficial</td>
<td>Moderate beneficial (local residents)</td>
</tr>
<tr>
<td>Economic and business</td>
<td>Moderate adverse (small to medium operators)</td>
<td>Moderate adverse (PHV drivers)</td>
<td>Minor adverse</td>
<td>Minor beneficial (businesses)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Minor adverse (large to extra-large operators)</td>
<td></td>
<td></td>
<td>Minor adverse (public sector organisations)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Mott MacDonald
3.1.2 Health

3.1.2.1 PHV operator impacts

This proposal could lead to poor health outcomes for some PHV operators. Small operators (those with less than 100 vehicles) are forecasted by the CEPA\textsuperscript{35} report to see a significant rise in price per trip and it is suggested that some may see a reduction in demand for their services and as a result could stop trading. Given this forecast, this proposal may lead to poor health and well-being outcomes. The Organisation for Economic Co-operation and Development (OECD), has highlighted that income and wealth play a strong role in the health and well-being of individuals\textsuperscript{36}. The OECD has argued that income and wealth enhance individuals’ freedom to choose the lives that they want to live. It also suggested that increases in income are associated with improvements in life expectancy and educational attainment. As such, any pressure on earnings for PHV operators could reduce overall wellbeing by potentially reducing their access to income. Further, concerns around ensuring an adequate income in the face of this proposal may result in more direct health issues, such as increased stress and mental health issues, for those who experience difficulties remaining in the market.

How sensitive small operators are to this impact will depend on a number of scenarios including, but not limited to:

- Whether they are required as the registered vehicle owner to pay the Congestion Charge or whether their drivers are responsible for the cost;
- if their drivers are eligible for alternative discounts and exemptions (for example, the new CVD, the Blue Badge discount, residents’ discount, and / or local authority school transport related exemptions);
- whether their drivers frequently enter the CCZ during chargeable hours; and
- their ability to spread this cost over a number of trips.

For extra-large and large operators, the CEPA report has forecast that the price per trip would only rise slightly as these operators will be able to spread the charge across a large number of trips. They may also be able to absorb some of the costs from profit margins. Further, CEPA has suggested that larger operators are more likely to require drivers to pay a share of the additional cost through: not allowing drivers to claim it as an expense; deducting the cost from salary; or preventing the rise of passenger fares to cover the cost. As such, negative health impacts are expected to reduce as the size of the operator increases.

For the above reasons, the impact of this proposal on operators, particularly smaller operators, has been given a minor adverse impact rating.

Specific health mitigation measures or opportunities for enhancement of benefits for this proposal:

- TfL should be clear with PHV drivers where they may qualify for alternative discounts or exemptions from the charge.

3.1.2.2 PHV driver impacts

This proposal may result in both positive and negative health impacts for PHV drivers.


Stakeholder engagement undertaken as part of this research, and evidence produced by CEPA, highlights that some operators, particularly extra-large and large operators, may expect drivers to cover the cost of the Congestion Charge and so will not look to change fare prices. Some of the most frequent entrants to the CCZ could have to pay around £230 per month. These drivers, as with some of the operators described above, may experience associated health and stress related effects as a result of a potential reduction to earnings and increased competition within the CCZ, particularly if PHVs, having entered the zone, look to stay within it to recover the cost of the charge.

Stakeholder interviews have suggested that some PHV drivers may resort to working longer hours in order to maintain their current income. Evidence suggests that PHV drivers already work more hours than the national average, with minicab and chauffeur/executive drivers working on average 8.35 hours a day and around 41.4 hours a week (the national average sits around 37 hours per week). Certain physical health issues may result from longer hours of work, for example, evidence has indicated that musculoskeletal disorders and other health conditions such as cardiovascular disorder are related to long working hours for drivers. There is also evidence that working long hours can lead to stress or mental ill health and higher risk of accidents.

In addition, to further counteract any loss in earnings, some PHV drivers may also alter their working hours to spend more time working when the Congestion Charge does not apply. A potential move away from Monday-Friday daytime hours could lead to increased competition for PHV drivers working during “out-of-hours” periods. In turn, this could impact on a driver’s health and wellbeing and increase the proportion of drivers working long unsociable hours. How sensitive PHV drivers are to this impact will depend on:

- whether they meet the criteria for alternative discounts and exemptions (in particular, the CVD will be a key discount which will allow PHV drivers to access a 100 per cent discount to the Congestion Charge if driving a low emissions vehicle which meets the CVD criteria);
- if they are able to pass the cost on to passengers;
- whether they are able to adapt their behaviour to work outside of charging hours or outside of the CCZ; and
- whether they will be eligible for a tax deduction as a result of paying the charge.

Further, overall, the scale of this impact may only affect a relatively small proportion of PHV drivers. The findings of the Taxi and Private Hire Driver Diary Survey indicated that around 33 per cent of the PHV drivers sampled made journeys into the CCZ in charging hours. It can therefore be expected that a high proportion of PHV drivers will continue to avoid travel within the CCZ during chargeable hours.

Given that the scale and sensitivity of this impact is likely to vary with a number of options which may help PHV drivers avoid or cover the Congestion Charge, this impact has been rated as minor adverse.

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38 ONS (July 2018) ‘Average actual weekly hours of work for full-time workers (seasonally adjusted)’. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/ybuy/lms
While the proposal may result in negative health and wellbeing outcomes for some PHV drivers, it may also realise some positive health impacts. As highlighted in the assumptions in Chapter 2, the removal of the exemption is expected to bring about a small reduction in traffic within the CCZ and thus improvements in air quality. As such, PHV drivers regularly driving within the CCZ may experience health benefits as a result of improved air quality. Further, as certain low emissions vehicles will qualify for the 100 per cent discount to the CCZ through meeting the CVD criteria, it can be expected that a reasonable proportion of PHV drivers may likely move to such vehicles to continue to not pay the Congestion Charge. Driving a zero or low emissions vehicle may further reduce drivers’ exposure to harmful air pollutants.

However, only PHV drivers who switch to low emission vehicles or who regularly enter the CCZ are likely to benefit from this impact. This proposal is also expected to have only minor improvements on air quality. The impact of this proposal on drivers is therefore rated as minor beneficial.

Specific health mitigation measures or opportunities for enhancement for this proposal:

- TfL should be clear with PHV drivers where they may qualify for alternative discounts or exemptions from the charge. They should consider a communications campaign clearly setting out the timeframe and costs involved in the removal of the PHV exemption to the Congestion Charge, as well as giving information about the new CVD.

3.1.2.3 PHV passengers: older and disabled passengers

CEPA have forecast that the removal of the PHV exemption is expected to reduce unique PHV entries into the CCZ during charging hours by c.45 per cent and reduce the overall level of PHV traffic in the zone in charging hours by six per cent. Older and disabled passengers may be particularly affected by a reduction in available PHVs going into the CCZ during chargeable hours. This may increase waiting times and/or prevent them from being able to order a PHV when they need one when entering the CCZ from outside, exiting the CCZ from inside and/or making trips within it. Data collected by TfL indicates that, on average, people with mobility difficulties use PHVs more frequently than people without mobility difficulties (eight per cent of disabled people living in London use PHVs at least once a week compared with six per cent of non-disabled Londoners). Any reduction in the availability of PHVs may compromise access to social infrastructure and decrease quality of life; resulting in impact on their health and wellbeing.

While this is likely to be a long-term impact, the proportion of passengers likely to be affected by this proposal is expected to be relatively low. The 2011 census data indicates that 14 per cent of Londoners consider themselves to have a long-term health problem or disability that limits their day-to-day activities ‘a little’ or ‘a lot’, which has lasted, or is expected to last, at least 12 months. Amongst those who identify themselves as having a long-term condition, it can be expected that a relatively small proportion use PHVs regularly. Furthermore, even when PHVs are being used they will not always be travelling within the CCZ during chargeable hours. In addition, it should be noted that designated wheelchair accessible PHVs will continue to be exempt from the Congestion Charge. Passenger sensitivity to this impact is therefore expected to be low as the reduction in the availability of PHVs within the CCZ is forecast to be minimal and alternative modes of transport will remain available to these passengers. Some passengers may also be entitled to the Blue Badge discount, which they can use to support PHVs in

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34 https://tfl.gov.uk/modes/driving/congestion-charge/discounts-and-exemptions
transporting them into the CCZ. Therefore, this proposal is rated as having a **minor adverse** impact on older and disabled passengers.

### 3.1.2.4 PHV passengers, pedestrians, road users and other

Air pollution has been highlighted by the Department for Environment, Food and Rural Affairs (DEFRA) and Public Health England as the largest environmental risk to the public’s health. It is suggested that air pollution contributes to cardiovascular disease, lung cancer and respiratory diseases, having a disproportionate impact on the young and old, the sick and the poor. Evidence has found that the long-term effect from poor air quality can lead to premature loss of life equivalent to a reduction in life expectancy from birth of approximately six months. It has also been linked to low birth weights in infants and neurological health issues. CEPA have forecast that this proposal may reduce overall vehicle traffic levels within the CCZ and as such may bring about improvements in air quality. Consequently, this proposal could provide health benefits to all those who go into and who work/live within the CCZ. While the reduction in traffic is predicted to be relatively small, even a slight improvement in air quality could be expected to impact on a large proportion of people within London, including PHV passengers, pedestrians, cyclists and residents.

In the medium to long term it is expected that this proposal may also encourage a move towards zero emission PHV vehicles. Currently, road traffic accounts for 28 per cent of London’s total emissions of carbon dioxide (CO₂), 50 per cent of London’s total emissions of nitrogen oxides (NOₓ), and 50 per cent of London’s particulate matter (PM₁₀) emissions. As outlined in the assumptions in Chapter 2, while few PHVs will currently qualify for the new CVD from 2019, it is expected that the 100 per cent discount it provides to the Congestion Charge may encourage PHV drivers and operators, in the medium to long term, to upgrade their vehicle to zero emission, or zero emission capable. This may have the potential to further improve health benefits as any subsequent increase in ‘clean vehicles’ will likely improve air quality within the CCZ.

This proposal is assumed to bring about both short, and medium to long term, improvements to air quality. However, the expected scale of, and sensitivity to, the impact is expected to be consistent across PHV passengers, pedestrians, road users and others (e.g. those working and those who have residences within the CCZ), regardless of duration. As such, a single overall rating of **moderate beneficial** has been assigned to this impact.

### 3.1.3 Equality

#### 3.1.3.1 PHV driver impacts

Evidence suggests that a number of PHV operators would expect their drivers to cover the additional cost of paying the Congestion Charge if the PHV exemption is removed. The CEPA report suggested that extra-large and very-large operators may be more likely to pass the costs on to drivers than other operators. Consequently, some PHV drivers who frequently operate within the CCZ in charging hours may likely find that their professional costs increase.

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Amongst PHV drivers, it can be expected that some groups may be disproportionately impacted:

- **BAME drivers** - Evidence indicates a high level of ethnic and racial diversity within the PHV trade. Data provided by TfL on the ethnic profile of PHV drivers highlights that 94 per cent of PHV drivers are from a BAME background[5]. Given that BAME drivers make up a high proportion of PHV drivers, it can be expected that they would be disproportionately impacted by any increases in their professional costs.

- **Part-time female drivers** - Evidence shows that a higher proportion of women across all industries tend to work part-time (42 per cent of women compared with 13 per cent of men)[51]. The additional cost of paying the Congestion Charge may cause a barrier to entry, and staying within, the profession for those who work part-time and are less able to spread the cost of the charge across a number of journeys. Women can be assumed to be more likely to work as part-time drivers and so will be disproportionately impacted by this proposal. However, this impact is likely to be very low as women make up less than 2 per cent of PHV drivers in London[52], of which not all will work part-time.

The removal of the PHV exemption is expected to be permanent, as such, the impact of rising costs on the PHV drivers outlined above is categorised as a long-term impact. However, the distribution and scale of the impact is considered to be low as not all drivers will regularly enter the CCZ in charging hours and some operators, as suggested in the CEPA report, may take on the costs themselves or choose to pass the cost on to passengers. Further, PHV drivers' sensitivity to this impact is also considered to be low as:

- the overall financial costs of the Congestion Charge may be reduced if it is tax deductible;
- the driver may be entitled to a further discount or exemption to the Congestion Charge, for example, they may qualify for the CVD or upgrade their vehicle to qualify, Blue Badge discount, residents’ discount or local authority school transport related exemption; and
- they may be able to spread the cost over a number of trips.

Given the points outlined above the impact of this proposal on drivers has been rated as minor adverse.

Specific equality mitigations measures or opportunities for enhancement for this proposal:

- TfL should clearly set out for PHV drivers where they may be eligible for alternative exemptions or discounts from the Congestion Charge.
- TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.

### 3.1.3.2 PHV passenger impacts: Females, unemployed, older and disabled passengers

The CEPA report noted that a likely outcome of the removal of the exemption was that PHV drivers and operators will pass at least some of the cost on to passengers. This was also identified by stakeholders engaged for this assessment. Some noted that if the cost of the charge is passed through to the customer, some vulnerable passenger groups may be disproportionately affected. This is particularly the case for those who cannot use, or do not have available to them, other forms of transport, especially those who live outside of central

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London who may have less frequent access to taxis. Evidence suggests that the following passenger groups have a higher usage of taxis and PHVs and as such may be impacted by increased fares:

- **Passengers with low income** – Taxis and PHVs across the UK tend to be more heavily used by passengers from low income groups due to a lack of alternative transport options. Within London, similar levels of usage of PHVs are seen amongst those defined as ‘low income’ as compared to overall. However, those who earn less than £5,000 a year have a slightly higher usage of PHVs compared to overall (eight per cent who earn less than £5,000 use PHVs at least once a week compared with six per cent overall)

- **Female passengers** – Overall there tends to be little difference in the proportion of male and female Londoners using PHVs at least once a week. However, more vulnerable women tend to be higher users. For example, younger women are more likely to use PHVs (nine per cent of females under 25 years old use PHVs once a week compared to seven per cent of men of the same age), as are older women (six per cent of women over 65 years compared with five per cent of men of the same age).

- **Disabled passengers** – TfL statistics indicate that, on average, people with mobility difficulties use PHVs more frequently than people without mobility difficulties (eight per cent of disabled people living in London use PHVs at least once a week compared with six per cent of non-disabled Londoners). Further, the Extra Costs Commission (a year-long independent inquiry which explored the extra costs faced by disabled people and their families in England and Wales) have reported that disabled people use taxi and PHVs approximately 67 per cent more frequently than non-disabled people. This could be for a number of reasons, including situations where public transport is inaccessible or in short supply, or cases where someone’s impairment may cause them to become agitated in public environments, such as epilepsy or autism.

The overall rating of the impact on passengers of rising fares is *minor adverse*. This is likely to only impact those looking to travel within the CCZ during chargeable hours. While some PHV drivers may pass the cost of the Congestion Charge on to passengers it is likely that this cost would be spread over a number of journeys and as such the additional cost to passengers would be minimal. Where other discounts and exemptions apply (such as the Blue Badge discount, the new CVD and the residents’ discount) or where PHV drivers and operators do not pass the cost on to passengers, no changes to fares are expected. Alternative modes of transport may also be drawn on by passengers reducing their sensitivity to the impact, especially in light of recent initiatives to improve the accessibility of public transport in London. Further, it should be noted that PHVs which are designated wheelchair accessible will continue to be exempt from the Congestion Charge and as such this will reduce the likely impact of this proposal on some disabled passengers.

On the other hand, positive impacts for the same passengers may also be realised. The removal of the exemption is likely to result in a reduction of the number of PHVs operating within

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56 Please note that there is currently no available data on use by time of day, as such use may vary depending on whether passengers are travelling in the morning, afternoon or evening.


the CCZ, bringing improvements to air quality. As such, this proposal may also have a \textbf{minor beneficial} impact on the health of these passenger groups.

**Specific equality mitigations measures or opportunities for enhancement for this proposal:**

- TfL should be clear with PHV drivers where they may be eligible for alternative exemptions or discounts from the Congestion Charge.
- TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.

3.1.3.3 Other – deprived communities

The stakeholder engagement interviews indicated that the PHV trade offers employment to drivers in areas of high deprivation and unemployment, which might not otherwise exist. Licensing data provided by TfL confirms a correlation between PHV drivers’ home addresses and areas of high deprivation in London. Within London, 71 per cent of PHV drivers live in areas which are within the most deprived and second most deprived quintiles, as defined by the index of multiple deprivation (IMD). Further, the most densely populated areas for PHV drivers largely map to the areas of London with the highest levels of deprivation (see Appendix G for further statistics and maps on deprivation). As mentioned in section 3.1.3.1, in the cases where PHV drivers are required to pay the Congestion Charge, there is a risk that this, linked to the reduction in income, may be prohibitive in terms of some PHV drivers staying within the profession or entering it. Given that this trade offers an employment stream for communities in deprived areas, it can be expected that the increased costs as a result of paying the Congestion Charge may impact disproportionately on communities in London where there are areas of high deprivation.

The removal of the PHV exemption is expected to be permanent, as such, the impact of rising costs on the PHV drivers outlined in section 3.1.3.1 is expected to be a long-term impact. However, the distribution and scale of the impact is felt to be low, as not all of these drivers will regularly enter the CCZ in charging hours and some operators may take on the costs or pass the cost on to passengers. Further, PHV drivers’ sensitivity to this impact is also felt to be low as:

- the overall financial costs of the Congestion Charge may be reduced if it is tax deductible;
- the driver may be entitled to a further discount or exemption to the Congestion Charge, for example, they may qualify for the CVD, Blue Badge discount, residents discount or local authority school transport related exemption; and
- they may be able to spread the cost over a number of trips.

Given the points outlined above and the fact that drivers can adapt by avoiding the CCZ in charging hours or by increasing fares, it is likely that a high proportion of PHV drivers would continue within the profession. For these reasons, the impact of this proposal on deprived communities has been rated as \textbf{minor adverse}. 
3.1.4 Environment

3.1.4.1 PHV drivers, other drivers, PHV passengers, road users and others

Data produced by CEPA\textsuperscript{59} indicates that this proposal may reduce traffic within the CCZ. It may therefore result in improvements in air quality as a result of the reduction of PHVs and the associated emissions they produce.

However, the reduction of traffic is predicted to be relatively small. CEPA estimate that PHV traffic will fall by approximately six per cent in the CCZ during charging hours, equating to a one per cent decrease in overall traffic. Over the medium to long term, as there is a move towards zero emission PHV vehicles, the impact of this proposal on improving air quality may increase. Currently road traffic accounts for 28 per cent of London’s total emissions of carbon dioxide (CO\textsubscript{2}), 50 per cent of London’s total emissions of nitrogen oxides (NO\textsubscript{x}), and 50 per cent of London’s particulate matter (PM\textsubscript{10}) emission\textsuperscript{60}. As outlined in the assumptions in Chapter 2, while few PHVs will initially qualify for the new CVD when introduced in 2019, it is expected that the 100 per cent discount it provides to the Congestion Charge may encourage PHV drivers and operators in the medium to long term to upgrade their vehicle to zero emission or zero emission capable. In promoting a long-term shift amongst PHVs to zero emission or zero emission capable vehicles, the combination of the removal of the exemption and introduction of the new CVD, may result in reduced emissions of nitrogen oxides NO\textsubscript{x} and particulate matter (PM\textsubscript{10}).

PHVs make up around 13 per cent of motorised traffic and 38 per cent of car flow. While their overall contribution to emissions within the CCZ will be less than other vehicles, it can be expected that a reduction of PHVs within the zone during chargeable hours will result in a slight reduction of emissions. This reduction will likely impact on a large number and range of people within London, including PHV drivers, PHV passengers, pedestrians, cyclists, and residents.

This proposal may result in both short and medium to long term impacts. However, the expected scale of, and sensitivity to, the impact is expected to be consistent regardless of duration. As such, a single overall rating of moderate beneficial has been assigned to this impact.

Specific environment mitigation measures or opportunities for enhancement for this proposal:
- TfL should promote the development of infrastructure within London which supports electric vehicles to further encourage drivers and operators to shift to low emission vehicles.

3.1.5 Economics and business

3.1.5.1 PHV operator impacts

The impact on PHV operators is expected to differ depending on whether they are large or small and on whether they are required to pay the Congestion Charge (where they own the vehicle), decide to absorb the cost of the Congestion Charge on behalf of PHV drivers or pass it on to passengers. The ability to absorb the cost will depend on operator preference, employment model and business model, and is likely to be influenced by the size of the business, cashflow, core service area, and location.

The 2015 CSS TPH Licensees Report suggests that 31 per cent of PHV operators own and provide at least some of their vehicles to drivers. As the registered keeper of the vehicle(s), they...
may therefore have to pay the Congestion Charge for at least some of their fleet, instead of the drivers\(^1\). However, they may still choose to pass this cost on to drivers.

The difference in impact between small to medium and large to extra-large operators is set out below:

**Small to medium operators**

The CEPA report\(^2\) found that some small to medium operators (those with less than 1,000 vehicles) are less able to absorb the cost of the Congestion Charge and may lose market share to large and extra-large operators. Those that choose not to absorb the Congestion Charge on behalf of drivers could risk reducing their labour supply, as drivers may switch to operators with more competitive terms of employment. Further, small to medium operators are forecast by CEPA to see a significant rise in price per trip. Prices are expected to rise for these operators as it is assumed that they will be less able to spread the cost of the Congestion Charge to passengers across many trips or absorb the cost themselves. As such, CEPA forecast that small to medium operators will likely see a reduction in demand for their services and some operators may cease trading. Smaller operators may therefore be more sensitive to this proposal, viewing the impacts as anti-competitive.

The CEPA report indicates that the majority of operators will not cover the cost of the Congestion Charge; where they are the registered owner, they would pass the cost to drivers and/or passengers. However, operators may still be indirectly impacted by the proposal as it may affect driver behaviour. Should drivers stop accepting journeys that travel into the CCZ, due to a perceived risk to their bottom line earnings, operator revenues could be at risk. This has been highlighted as a particular issue for smaller operators or those with cashflow issues.

The CEPA report found that the proposal may compound an increasingly uncompetitive market as less technology-enabled firms are unable to build effective trip allocation algorithms and will fall further behind market leaders. However, CEPA also note that some small to medium operators are already starting to work together using app-based platforms to boost trade.

The proposal is therefore expected to have a **moderate adverse** impact on small operators.

**Large to extra-large operators**

CEPA forecast that while the price per trip for large to extra-large operators (those with 1,000 plus vehicles) is not expected to rise to the same extent as small operators, they will still increase.

CEPA suggest that larger operators may be able to specialise their fleets based on the technology currently available to them. Here, larger operators would be able to reduce the number of vehicles they use to undertake trips into the CCZ. For example, they may designate only certain vehicles to work inside the CCZ or allocate trips based on those who have already been within the CCZ on a given day. This means that each vehicle paying the Congestion Charge would undertake more trips in the CCZ. As such, the largest operators would undertake more trips in the CCZ per charge paid, and so each single charge could be spread more thinly, i.e. across a greater number of trips/fares. Specialisation, therefore, minimises the cost of paying the Congestion Charge for larger operators and means that they in turn can minimise the increase in price passed on to the passenger. However, the extent to which large to extra-large operators would be able or willing to do this is unclear. Larger operators, interviewed as part of

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this research, suggested that they are uncertain if this is something they could undertake because of questions around technological capability and administrative costs involved in specialising their fleets. Some of the stakeholders interviewed as part of this research also suggested a reluctance to specialise because of the potential impact on passenger satisfaction. It was suggested that they currently rely on having a large number of vehicles available for bookings, if they specialise their fleet this would reduce available vehicles for passengers and increase waiting times. This was considered likely to impact on customer satisfaction and take-up of their services.

Regardless of whether larger operators are able to specialise their fleets, it can be expected that these operators will be better able to spread the charge across all London trips (having a wider base of trips) and absorb some of the costs either from their profit margins or by requiring drivers to bear a portion. Further, if some smaller operators reduce their market share, it can be assumed that larger operators would be able to pick up this increase in demand, benefiting their overall profitability.

However, overall, the removal of the exemption to the Congestion Charge will introduce a long-term additional cost for operators which all will have to bear. While specialisation, spreading of cost and picking up market share of business will all help to manage this cost, paying the Congestion Charge will result in some financial outlay for these operators, for example, administrative costs involved in changing their operating models. Given this, the impact of this proposal on larger operators has therefore been rated minor adverse.

Specific economic and business mitigation measures or opportunities for enhancement for this proposal:

- TfL should clearly set out for PHV drivers and passengers where there may be alternative discounts and exemptions to the Congestion Charge for which the driver can apply, to avoid paying the Charge.
- TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.

3.1.5.2 PHV Drivers

The removal of the Congestion Charge exemption will apply to all PHVs except those that are designated as wheelchair accessible, however it will most likely only impact on a subset of PHV drivers. CEPA suggested that 33 per cent of PHV drivers make journeys into the CCZ in charging hours. This proposal may therefore place a downward pressure on the earnings of PHV drivers who regularly enter the CCZ and are required to pay the Congestion Charge. However, for some drivers this impact may vary over the short and medium to long term.

It is possible, given the high level of market competition, that many operators will choose to not cover the cost of the Congestion Charge or increase passenger fares and instead will pass this on to PHV drivers, or expect them to pay. Covering the cost of the Congestion Charge for those who go into the CCZ during charging hours will likely reduce PHV driver average earnings. Moreover, for drivers operating in the suburbs and towns on the periphery of London the proposal presents a risk to the revenue stream (i.e. potentially inducing modal shift) of longer, central London-bound fares. These PHV drivers may have to pass the charge directly on to passenger fares when journeys enter the CCZ, as they may be less able to justify spreading the
cost of entering the CCZ among all customers, as this would make them uncompetitive in their local market.\(^3\)

The scale of this impact relies on whether PHV drivers are required to cover the cost and the way in which they operate once the PHV exemption is removed. Some drivers are expected to specialise, (i.e. focusing on journeys within the CCZ and so spreading the cost over more journeys) which would reduce the potential impact of the costs regardless of whether they choose to pass on the cost or absorb it. The sensitivity of drivers to this proposal will also depend on:

- The time they go into the CCZ and their ability to spread this cost over a number of trips;
- If they have a vehicle that meets CVD requirements (only a short- to medium-term mitigating factor) or other discount criteria; and
- Whether the Congestion Charge will be tax deductible for the driver.

While the impact is likely to be variable across PHV drivers, for some it could be prohibitive to continue to operate or may require significant change in the way in which they operate. As such, this proposal has been rated as having a moderate adverse impact on PHV drivers.

Specific economic and business mitigation measures or opportunities for enhancement for this proposal:

- TfL should set out clearly for PHV drivers and passengers where they may be eligible for a discount or exemption to the Congestion Charge, which the driver can use to avoid paying the charge.
- TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.

3.1.5.3 PHV Passengers

The proposed removal of the Congestion Charge exemption for PHVs could have a number of impacts for passengers in terms of their ability to draw on the services of PHVs. Specifically, it could potentially reduce the supply of PHVs (i.e. availability) and negatively impacting on consumer choice (i.e. the number of operators offering competing services) as such reducing competition and opening up the market to allow PHV drivers and operators to increase fares. Indeed, the majority of operators consulted as part of this impact assessment and the CEPA study, suggested that PHV operators would most likely seek to pass on the Congestion Charge in full to customers through increasing fares. It can be expected, therefore, that passengers will experience an increase in fares. However, the fare increase may not be significant for many passengers, as drivers and operators (in order to remain competitive) are likely to spread the cost of the Congestion Charge across numerous trips.

The proposal is therefore expected to have a minor adverse impact on passengers.

Specific economic and business mitigation measures or opportunities for enhancement for this proposal:

- TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.

\(^3\) London Assembly Transport Committee, 2016, ‘London Assembly Investigation into Traffic Congestion in London’. Available at: https://www.london.gov.uk/sites/default/files/organisational_submissions_to_congestion_investigation.pdf
3.1.5.4  Other – businesses

The CEPA report estimates that the proposed removal of the CCZ exemption for PHVs would reduce PHV traffic in the zone by six per cent which would amount to a total one per cent decrease in traffic within the zone.

A reduction in traffic and therefore congestion, is likely to improve travel times within the CCZ. Evidence suggests that when congestion reaches a certain level, any worsening of this congestion can result in a drag on employment growth and productivity growth per worker\(^6\). In addition, research conducted by INRIX (a provider of real-time traffic information and transport analytics) has suggested that between 2013 and 2030 the total expected cumulative costs of congestion to the UK economy is estimated to be £307 billion\(^6\). A reduction in traffic and congestion may therefore help to strengthen economic performance. For example, it may strengthen some business through reducing travel times for businesses and their employees travelling or transporting goods within the zone.

As the proposal is only expected to result in small decreases in overall traffic within the zone, it has been assigned a **minor beneficial** impact on businesses.

3.1.5.5  Others – public sector organisations

All revenue generated by the Congestion Charge must be, by law, re-invested into London’s transport network. The revenue gained by TfL would be an indirect transfer between public bodies. This transfer of funds was highlighted by stakeholders interviewed as a part of this research. Consequently, this proposal could potentially affect the budgets of other public sector bodies through potentially passing the cost of the Congestion Charge through to these organisations.

The scale of any potential inter-public body revenue redistribution cannot be determined as the number of PHV journeys taken under public sector contracts that enter the CCZ is unknown. It is unlikely however, that any other public sector organisation’s budget would be materially affected by the Congestion Charge. In the short-term, contract values with PHV operators will be fixed and as such, it will not be possible for these operators to increase their fees. Operators would have to wait until contracts are re-let in order to review prices. However, in the long term, prices may not rise significantly, as when PHV operators re-tender for these contracts (competing mainly on price), they will most likely spread their costs across all fares to remain competitive in the tendering process.

The proposal is therefore expected to have a **minor adverse** impact on those public sector organisations with PHV contracts.

**Specific economic and business mitigation measures or opportunities for enhancement for this proposal:**

- Vehicles which are used to provide certain public services (e.g. school transport) by the eight local authorities whose area of responsibility falls within the CCZ are exempt from the Congestion Charge. TfL should ensure that those PHV operators who have entered into public sector contracts with the eight local authority areas who provide relevant services are made aware that this exemption may apply.

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TfL should be clear with PHV drivers and passengers where there may be discounts and exemptions to the Congestion Charge for which the driver can apply, to avoid paying the Charge.
3.2 Proposal 2: Replacing the Ultra Low Emissions Discount (ULED) with a new, phased Cleaner Vehicle Discount (CVD)

TfL is considering the proposal to replace the ULED with a new, phased CVD. Initially, in April 2019, TfL proposes that the CVD will only be eligible to zero emission capable vehicles. This would be followed by a further tightening to only zero emission vehicles meeting the eligibility criteria for the discount in 2021. The discount would cease altogether in December 2025.

3.2.1 Summary

The below table provides a summary of the impact rating given for each assessment area for each affected group. Based on the desk research and interviews with stakeholders, where no disproportionate impact has been found for an affected group within the assessment area, the corresponding cell in the table has been greyed out.

Table 7: Summary of proposal 2

<table>
<thead>
<tr>
<th>Topic</th>
<th>PHV Operators</th>
<th>All drivers (PHV drivers and other (non PHV) drivers)</th>
<th>PHV passengers</th>
<th>Pedestrians and road users</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Health − short term</td>
<td></td>
<td></td>
<td>Minor beneficial (local residents)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Health − long term</td>
<td></td>
<td></td>
<td>Moderate beneficial (local residents)</td>
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<tr>
<td></td>
<td></td>
<td>Equality</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Environment − short term</td>
<td></td>
<td></td>
<td>Minor beneficial (local residents)</td>
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<tr>
<td></td>
<td></td>
<td>Environment − long term</td>
<td></td>
<td></td>
<td>Moderate beneficial (local residents)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Economic and business</td>
<td></td>
<td></td>
<td>Minor adverse</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald

3.2.2 Health

3.2.2.1 PHV drivers, other (non PHV) drivers, PHV passengers, road users and others

This proposal may encourage a greater take up of zero emission or zero emission capable vehicles within the CCZ. It may therefore result in health benefits for those who regularly enter the CCZ through reducing harmful emissions by encouraging a higher use of cleaner vehicles (for example, it may help to reduce premature mortality, see section 3.1.2 for more detail). The introduction of previous discounts for low emissions vehicles has indicated that discounts can be an effective mechanism in encouraging a movement towards greater use of ultra low emission vehicles. The Greener Vehicle Discount (GVD), later replaced by ULED, when first introduced was linked to around a 30 per cent increase in the proportion of cars with lower emissions.

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66 This covers vehicles which emit no more than 75 grams per kilometre of CO2, which meet the Euro 6 emission standards, and have a zero emissions capable range of at least 20 miles.

67 Here only pure electric vehicles (i.e. with no alternative fuel source) will qualify.
emissions using the zone, thereby helping to reduce air pollution and CO₂ emissions\(^6\).
Introducing and promoting the new CVD could therefore be expected to encourage a greater take up of zero emission or zero emission capable vehicles. However, the progressive tightening of the CVD criteria may result in both short and medium to long term impacts. The expected sensitivity to these impacts is assumed to vary in the short and long term. Separate overall impact ratings have therefore been applied based on assumed temporality.

Section 3.1.2 outlines the link between improved air quality and health. In the short term, the health impact of this proposal is expected to be relatively minor. It has been assumed that around 2,000 of current ULED holders will lose their discount when the new CVD is introduced. As such, only minor improvements to air quality, and subsequently health, are expected as it is anticipated that this proposal would initially result in only a minor reduction in vehicles driving within the zone. However, some PHV drivers, operators and other drivers may switch to vehicles which meet the CVD criteria in order to continue to not pay the Congestion Charge. This may further cause an improvement in emissions and subsequently, health. Consequently, the impact of this proposal has been rated \textbf{minor beneficial in the short term}.

In the longer term, the further tightening in 2021 of CVD may result in a larger number of vehicles losing their eligibility (potentially reducing traffic within the Congestion Charging Zone during charging hours) or switching to cleaner vehicles. As such, this proposal is expected to result in more significant improvements in air quality as the CVD matures. Electric vehicles do not produce exhaust emissions (NOx and PM) and consequently cause less pollution than other vehicles\(^6\). In encouraging more people to switch to electric vehicles it can be expected that some decrease in air pollution would be seen, bringing with it the health benefits outlined earlier.

As well as having a positive effect on air quality, a move towards electric vehicles in the long run could also have a positive effect on noise pollution. The British Medical Association (BMA) have highlighted that after air quality, noise pollution is considered to be the second largest environmental cause of health problems, and road traffic is a major cause of noise pollution in London\(^7\). At low speeds, such as in cities, electric vehicles have a much quieter engine than conventional vehicles although it should be noted that at higher speeds (such as 50km/h and above) the difference is negligible\(^7\). As such, through encouraging a move towards electric vehicles, this proposal could also bring about positive change in terms of noise pollution.

While the CVD will end in 2025 and so remove an incentive for switching to cleaner vehicles, it can be expected that the uptake of low emissions vehicles it encourages in previous phases will be felt in the long-term. The removal of the discount in 2025 can also be expected to result in a reduction in traffic as some previous discount holders stop driving within the CCZ during chargeable hours to avoid having to pay the Congestion Charge. Consequently, a reduction in traffic and a move towards electric and low emissions vehicles in the long run may therefore have a positive effect on the health of those entering and living/working within the CCZ, through improvements in both air quality and noise pollution. It can be expected that this positive health

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\(^8\) British Medical Association (2012): ‘Healthy transport = Healthy lives’. Available at: file:///C:/Users/FOWh458/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/healthylivespdf

impact will reach a large number of groups. This impact has therefore been rated as *moderate beneficial over the long term*.

**Specific environment mitigation measures or opportunities for enhancement for this proposal:**

- TfL should promote the development of infrastructure within London which supports electric vehicles.

### 3.2.3 Environment

#### 3.2.3.1 PHV drivers, other drivers, PHV passengers, road users and others

The replacement of the ULED with the new, phased CVD, like health, is expected to have both short and medium to long term impacts. As such, the expected sensitivity to these impacts is assumed to vary depending on temporality.

As outlined in the previous discussion (section 3.2.2), the introduction of the CVD may encourage a greater use of ultra low emission vehicles. Pure electric and hybrid vehicles produce no, or a reduced level of, harmful emissions. As mentioned, electric vehicles do not produce exhaust emissions (NOx and PM) and consequently cause less pollution than other vehicles. Further, transport accounts for around a quarter of the UK’s carbon emissions, which is a key contributor to climate change. Go Low have highlighted that pure electric vehicles do not produce any greenhouse gas exhaust emissions whilst being driven and those from plug-in hybrids are significantly lower than from a traditional petrol or diesel car. As such, a move towards such vehicles can be expected to bring positive environmental benefits in terms of improving air quality.

However, as previously discussed, following the introduction of the CVD only a small proportion of current ULED holders are expected to lose their discount (c.2,000 vehicles). As a relatively high proportion of vehicles will be unaffected in the short term from the introduction of this proposal, its short-term impact on the environment is expected to be minimal. It has therefore been rated as having *minor beneficial impact in the short term*. However, some PHV drivers and operators may switch to vehicles which meet the CVD criteria in order to continue to not pay the Congestion Charge. This may further encourage reduction in emissions and subsequent improvement in the environment.

Following further tightening of the CVD in 2021 and the end of the discount in 2025, a larger proportion of vehicles is expected to lose their discount or move to vehicles which meet the tightened criteria in order to receive the 100 per cent discount to the Congestion Charge. In the long term, therefore, the potential reduction in traffic and increase in cleaner vehicles within the CCZ from the previous tightening may likely have a more sustained beneficial impact on the environment. As highlighted above, the positive benefits on environment may be realised through a reduction in tail pipe emissions and CO2 production, as well a reduction in noise pollution. It can be expected that these environmental improvements will reach a large number of groups. This impact has therefore been rated as *moderate beneficial over the medium to long term*.

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Specific environment mitigation measures or opportunities for enhancement for this proposal:
● TfL should promote the development of infrastructure within London which supports electric vehicles.

3.2.4 Economics and business

3.2.4.1 Drivers (PHV and other (non PHV) drivers)
Those drivers who do not qualify for the CVD will not be eligible for the 100 per cent discount it provides to the Congestion Charge and as such will have to pay the charge when travelling within the CCZ. The most frequent travellers within the CCZ (such as daily commuters and those who travel within the CCZ for business) could face a cost of up to £230 each month.

As discussed in previous sections, the initial introduction of the CVD is expected to result in a relatively small proportion of discount holders (c.2,000 of 20,000) losing their eligibility to the discount. However, as the CVD tightens in 2021 and then ceases in 2025, it can be expected that an increasing proportion of current discount holders will lose their discount. Therefore, a greater proportion of drivers entering the CCZ may be obliged to pay the Congestion Charge increasing the financial impact on a wider range of drivers.74

However, how sensitive drivers will be to this proposal will vary. A proportion of those which lose their eligibility for the discount will be travelling within the CCZ for non-essential journeys. Indeed, unpublished data produced by TfL indicates that only around eight per cent of ULED registered vehicles travel into the zone in charging hours on any given day. These drivers may be capable of changing their behaviour in order to avoid driving within the CCZ during chargeable hours. Further, drivers who do lose their discount may also be able to access alternative discounts. For example, those whose residence is within the CCZ will qualify for the 90 per cent residents’ discount.

While the financial implications of this proposal are likely to affect a wider proportion of drivers following further tightening and eventual removal of the CVD, it is felt that in the short and long term, the impact of this proposal is likely to be minor adverse. As outlined above, many drivers will be able to avoid driving within the CCZ during charging hours with alternative public transport also being an option for some. Further, the additional tightening to the CVD, which is likely to affect the greater proportion of drivers, is not expected to be launched until 2021. As such, businesses and commuters may have time to plan alternative means to avoid paying the Congestion Charge.

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74 TfL analysis 2018
4 Conclusions

The final chapter sets out a high-level summary of the impacts of the proposals and draws out some of the wider observations that have been gathered as part of this IIA which are relevant to the assessment scope and TfL’s further decision-making and implementation process.

4.1 Summary of proposal impacts

From the initial desk-based assessment of the two proposals currently being considered by TfL, along with stakeholder engagement conducted by Mott MacDonald, it is evident that both beneficial and adverse impacts could be realised, as summarised below. When considering the impacts of the two proposals, particularly those related to the removal of the Congestion Charge exemption for PHVs, it has been assumed that that the additional costs arising from being subject to the Congestion Charge will not fall exclusively on PHV operators, PHV drivers or customers and is therefore likely be spread across affected groups in a variety of ways. Rather than recording a single major impact for any one group, this report has, therefore, assumed a number of smaller impacts across a variety of groups.

- **Potential positive impacts:** Looking across the proposals and the evidence reviewed, it is anticipated that the proposals may result in reduced congestion and improvements to air quality and health for all individuals going into and working or living within the CCZ. This includes local residents, pedestrians, PHV passengers, PHV drivers, and other drivers. It is expected that fewer vehicles (including PHVs) will enter the CCZ as an increasing number of drivers are required to pay the Congestion Charge. Due to the staged tightening of the criteria for the new CVD across 2019-2025, the impacts of these proposals are felt to vary across the short to long term, with the positive impacts of these proposals being more likely to be realised in the longer term.

- **Potential negative impacts:** There are, however, some areas where negative impacts are anticipated, although mitigation action may minimise the effect of these. Evidence feeding into the proposals indicates that, as some drivers lose their discounts and exemptions to the Congestion Charge, financial loss may be experienced by drivers, PHV drivers, and PHV operators as a result of the increased costs associated with paying the charge. How acutely the removal of the PHV exemption to the Congestion Charge is felt will depend on several factors, but primarily on PHV operators’ and PHV drivers’ ability to specialise and spread the cost across passenger journeys. Yet, where the costs are passed on to PHV drivers there are certain social and demographic groups (people with ‘protected characteristics’ as described in Chapter 1, namely BAME and female PHV drivers) who are likely to experience a disproportionate impact from the proposals because of both their representation within the profession and their ability (or lack thereof) to shoulder additional costs. Where drivers pass on the costs to passengers, frequent users are likely to be impacted. Depending on whether part or all of the cost is passed on to passengers, users may experience a rise in fares, at least in the long run, following the introduction of these proposals. Any increase in costs, or reduction in availability of PHVs, may act as a barrier to accessing services essential for these passengers’ health and wellbeing.
The following outlines the headline issues by topic have been identified:

**Health and environment impacts**

Based on the assessment of the proposals, the headline findings in terms of health and environment are as follows:

- **Health and environment benefits** will likely result from the removal of the PHV exemption and the introduction of the new CVD, bringing about a small reduction in traffic, and increased proportion of low-emission vehicles within the CCZ. A reduction in traffic is likely to bring about improvements in air and noise quality, bringing health and environmental benefits to those driving into or within the CCZ. Over the medium to long term, as the two proposals come together to encourage an increasing number of drivers to move towards emission free vehicles, the impact of the proposals may increase. In promoting a long-term shift amongst PHVs to ultra low emission vehicles, the combination of the removal of the PHV exemption and introduction of the new CVD may result in reduced emissions of nitrogen oxides (NO\textsubscript{x}) and particulate matter (PM\textsubscript{10}). The slight improvements this change may have in reducing emissions is expected to have a large-scale impact on people in London, including PHV drivers, other drivers, pedestrians, cyclists and residents.

- **Negative health impacts** are expected where the removal of the PHV exemption to the Congestion Charge may likely increase costs for PHV drivers, PHV operators and PHV passengers. While the proportion who are likely to be affected by rising costs will largely be limited to those who regularly go into the CCZ during charging hours, it is expected that any additional costs resulting from the Congestion Charge may be difficult for some of these groups to cover. As such, the removal of the PHV exemption, in particular, may lead to mental health and stress related issues for operators and PHV drivers as well as deterioration of physical health due to longer working hours. It may also limit older and disabled passengers access to essential services linked to health and wellbeing.

**Equality impacts**

Based on the assessment of the proposals, the headline findings in terms of equality are as follows:

- **Equality benefits** are likely to be felt by protected characteristic groups within London who have a higher usage of PHVs compared to the general population, including women, unemployed, older and disabled passengers. The proposals are assumed to bring about some reduction in traffic within the CCZ during chargeable hours, and as such, may reduce harmful emissions within the CCZ. The proposals may therefore bring about disproportionate positive health benefits for these groups.

- **Negative equality impacts** are likely to affect PHV drivers, especially those who frequently operate within the CCZ in charging hours who may find that their professional costs increase and income reduces if expected to cover the Congestion Charge. This would likely disproportionately impact upon BAME drivers (as they make up a higher proportion of PHV drivers), part-time female drivers and drivers from deprived areas.

- **Negative equality impacts** are likely to affect passengers, particularly those on low income, female and disabled passengers who are more frequent users of PHVs and would

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\[ ^{25} \text{Please note that there is currently no available data on use by time of day, as such use may vary depending on whether passengers are travelling in the morning, afternoon or evening.} \]
therefore be disproportionately impacted if fares increase or the availability of PHVs is reduced.
Economic and business impacts

Based on the assessment of the proposals, the headline findings in terms economics and business are as follows:

- **Economic and business benefits** are likely for PHV operators and PHV drivers who may benefit in the medium term from the CVD as a means of ensuring against paying the Congestion Charge if the PHV exemption is removed. Economic and business benefits are likely for businesses and road users who may benefit from the expected reduction in road traffic within the zone during chargeable hours.

- **Negative** economic and business impacts are also likely for:
  - PHV operators who take on the additional cost of paying the Congestion Charge or see a reduction in PHV drivers as result of drivers paying the charge. It is expected, however, that the strength of this impact will differ depending on whether the operator is an extra-large to large operator or a medium to small operator. Smaller operators may experience a disproportionate impact from the removal of the exemption to Congestion Charge, as they will be less able to specialise their fleet and spread the cost over a number of trips.
  - PHV drivers may experience a downward pressure on earnings from increased costs from the Congestion Charge or a reduced demand caused by increased fares. While the CVD will offer a mitigation to paying the Congestion Charge for PHV drivers in the short to medium term, following the ending of the CVD discount in 2025, the majority of PHV drivers will be obliged to pay the charge.
  - Other drivers more widely may also be impacted from the stepped tightening of the criteria with around 20,000 current drivers expected in the long run to lose their current 100 per cent discount to paying the Congestion Charge with the end of the CVD.
  - PHV passengers, may also be impacted by the proposals. The Congestion Charge is likely to be passed on either partly or in full through increasing fare for passengers. A reduction of available PHVs within the CCZ during charging hours if PHV drivers are required to cover the cost of the Congestion Charge and the loss of eligibility to the CVD may also reduce the availability of PHVs for passengers. It is therefore assumed that passengers will be impacted by either a small reduction in PHVs in the CCZ or a (probable) slight increase in fares.

4.2 Wider impacts

It is important to consider the wider impacts of the proposals.

Focusing on the private hire industry:

- The proposals may act as a barrier or deterrent to those looking to join the private hire profession, particularly with the additional cost of purchasing a CVD compliant vehicle. This may have the inadvertent effect of limiting the growth of the private hire industry.

- The proposals should be considered in conjunction with the other recent changes to private hire regulations in London. In the past few years, TfL have introduced a number of regulatory changes for the private hire industry including the introduction of an English language requirement for all private hire driver licence applicants and a requirement for operators to provide a booking confirmation to passengers before a journey. TfL have recently consulted on potential regulatory changes to improve safety which include, among other things, the potential introduction of an advanced driving test for all PHV drivers. Furthermore, since January 2018, all PHVs licensed for the first time must have a Euro 6 petrol or diesel engine, or a Euro 4 petrol-hybrid engine in order to meet new emission requirements. It is important
that TfL consider the potential impact of these changes in relation to the proposals outlined within this report.

For all affected groups outlined in this report consideration should also be given to how these proposals will interact with the changing landscape in terms of regulation aimed and encouraging the use of low or zero emissions vehicles in London:

- In April 2019, the Ultra Low Emissions Zone (ULEZ) will be introduced in central London, replacing the existing T-Charge. The ULEZ will introduce a charge for certain vehicles driving within the zone, which has the same boundary as the CCZ. The ULEZ will operate 24 hours a day, seven days a week. The ULEZ daily charge will be in addition to the Congestion Charge and will apply to, amongst others, those petrol cars and vans that do not meet Euro 4 emission standards and diesel cars and vans that do not meet Euro 6 emission standards. In October 2021, the ULEZ will be expanded to inner London.
Appendices
A. Summary of scoping matrix

Table 8: Scoping matrix

<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Proposal</th>
<th>Health</th>
<th>Equality</th>
<th>Business &amp; Economy</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Remove the Private Hire Vehicle (PHV) exemption</td>
<td>Scoped in</td>
<td>Scoped in</td>
<td>Scoped in</td>
<td>Scoped in</td>
</tr>
<tr>
<td>2</td>
<td>Replacing the Ultra Low Emissions Discount (ULED) with a new, phased Cleaner Vehicle Discount (CVD)</td>
<td>Scoped in</td>
<td>Scoped in</td>
<td>Scoped in</td>
<td>Scoped in</td>
</tr>
</tbody>
</table>
B. Assigning an impact rating

In order to ensure that the impact ratings are as robust as possible, a best practice approach of assigning impacts on a seven-point scale has been adopted for this project. The seven categories are set out as follows:

Table 9: Seven-point scale

<table>
<thead>
<tr>
<th>Impact rating</th>
<th>Typical characteristics of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔✔✔ Major adverse</td>
<td>Long term or permanent &lt;br&gt; Experienced by whole population/all affected groups &lt;br&gt; Groups affected are sensitive or vulnerable to change &lt;br&gt; Would require considerable intervention to return to the baseline</td>
</tr>
<tr>
<td>✔✔ Moderate adverse</td>
<td>Medium term (experienced over a number of years) &lt;br&gt; Affects many groups across a wide geographical area &lt;br&gt; Some groups affected are sensitive or vulnerable to change &lt;br&gt; May require some intervention to return to baseline conditions</td>
</tr>
<tr>
<td>✔ Minor adverse</td>
<td>Short term impact/would be experience occasionally &lt;br&gt; Affects a small number of groups/impacts are spatially contained &lt;br&gt; Few groups affected are sensitive or vulnerable to change &lt;br&gt; Return to baseline conditions requires natural or minimal intervention</td>
</tr>
<tr>
<td>0 Neutral</td>
<td>Unlikely to result in a detectable impact &lt;br&gt; Baseline remains consistent</td>
</tr>
<tr>
<td>✔ ✔ Minor beneficial</td>
<td>Short term impact/would be experience occasionally &lt;br&gt; Affects a small number of groups/impacts are spatially contained &lt;br&gt; Few groups affected are sensitive or vulnerable to change &lt;br&gt; Return to baseline conditions may occur naturally without future intervention</td>
</tr>
<tr>
<td>✔ ✔ Moderate beneficial</td>
<td>Medium term (experienced over a number of years) &lt;br&gt; Affects many groups across a wide geographical area &lt;br&gt; Some groups affected are sensitive or vulnerable to change &lt;br&gt; May require continued intervention to return to baseline conditions</td>
</tr>
<tr>
<td>✔ ✔ ✔ Major beneficial</td>
<td>Long terms or permanent &lt;br&gt; Experienced by whole population/all groups &lt;br&gt; Groups affected are sensitive or vulnerable to change &lt;br&gt; Would require considerable intervention for positive impacts to cease and baseline conditions to resume</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald

The duration, distribution/ scale and sensitivity criteria are used in the assessment framework to assess the impact classification for each scoped in proposal. The following criterion was applied to these three criteria in order to ensure that outcomes of the analysis were robust across the board:
### Table 10: Severity of impact criteria

<table>
<thead>
<tr>
<th>Duration of impact</th>
<th>Distribution/scale of impact</th>
<th>Sensitivity of impact</th>
<th>Severity of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term</td>
<td>High</td>
<td>High</td>
<td>Major</td>
</tr>
<tr>
<td>Long term</td>
<td>High</td>
<td>Medium</td>
<td>Major</td>
</tr>
<tr>
<td>Long term</td>
<td>High</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td>Long term</td>
<td>Medium</td>
<td>Medium</td>
<td>Moderate</td>
</tr>
<tr>
<td>Long term</td>
<td>Medium</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td>Long term</td>
<td>Low</td>
<td>Low</td>
<td>Minor</td>
</tr>
<tr>
<td>Medium term</td>
<td>Medium</td>
<td>Medium</td>
<td>Moderate</td>
</tr>
<tr>
<td>Medium term</td>
<td>Medium</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td>Short term</td>
<td>Low</td>
<td>Low</td>
<td>Minor</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald
C. Stakeholder engagement log

The following tables details the stakeholders who were engaged with as part of the IIA process. Please refer to section 1.2 for further information on engagement. A total of 18 interviews were completed and one written submission was provided.

Table 11: Stakeholders interviewed

<table>
<thead>
<tr>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large to extra-large operators</strong></td>
</tr>
<tr>
<td>Addison Lee</td>
</tr>
<tr>
<td>Carey International</td>
</tr>
<tr>
<td>Carlton Cars</td>
</tr>
<tr>
<td>Green Tomato</td>
</tr>
<tr>
<td>Uber London</td>
</tr>
<tr>
<td><strong>Smaller operators</strong></td>
</tr>
<tr>
<td>Global Chauffeur</td>
</tr>
<tr>
<td>Greater London Hire (GLH)</td>
</tr>
<tr>
<td>Luxury Chauffeurs</td>
</tr>
<tr>
<td>Oakwood Car Service</td>
</tr>
<tr>
<td><strong>Trade union and driver representatives</strong></td>
</tr>
<tr>
<td>Drivers Guides Association</td>
</tr>
<tr>
<td>GMB</td>
</tr>
<tr>
<td>Private Hire Board</td>
</tr>
<tr>
<td>Unite the Union</td>
</tr>
<tr>
<td><strong>Equality, environment, health and other stakeholders</strong></td>
</tr>
<tr>
<td>Chartered Institute of Environmental Health - London Region - Pollution study group</td>
</tr>
<tr>
<td>CleanAir in London</td>
</tr>
<tr>
<td>London Travel Watch (LTW)</td>
</tr>
<tr>
<td>Metropolitan Police - Cabs Unit</td>
</tr>
<tr>
<td>Plan Insurance</td>
</tr>
<tr>
<td>Transport for all</td>
</tr>
</tbody>
</table>

Source: Mott MacDonalld
## D. Technical assessment framework

For a full summary of the proposals, please refer to Appendix A.

### D.1 Health

Table 8: Health Assessment Framework

<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Scope in or out</th>
<th>Identification of affected group</th>
<th>Description of affected group</th>
<th>Positive or negative</th>
<th>Temporal/duration</th>
<th>Distribution/scale of impact</th>
<th>Sensitivity of impact</th>
<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
</table>
| 1              | In             | PHV operators                     | The number of licensed PHV operators is falling. The CEPA report forecasts that small operators will see a significant rise in price per trip. Prices are expected to rise for these operators as it is assumed that they will be less able to spread the Congestion Charge across a large number of trips or absorb the cost. As such, CEPA forecast that small operators will likely see a reduction in demand for their services and some operators as a result would stop trading. The OECD suggests that income and wealth are an essential part of health and well-being for an individual. Given the potential loss of earnings and reduction of passengers which this proposal could result in for operators, it may potentially lead financial hardships for smaller PH operators and/or result in them going out of business which is likely to lead to health and well-being effects for the owners and drivers. | Negative: May result in reductions in quality of life for some small PH operators who experience difficulties in covering the additional cost. | Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the CCZ for the foreseeable future. | Low: CEPA forecasts that this will largely impact on small operators of which it suggests there are around 1,902. However, some of these operators may not regularly operate within the CCZ and those which do may expect their drivers or passengers to cover the cost. | Low: The cost of going into the congestion CCZ is £10.50-11.50 per day. How sensitive operators are to this will depend on a number of points:  
● whether they expect drivers to absorb the cost;  
● if their drivers are eligible for alternative discounts and exemptions (for example, the new CVD, the Blue Badge discount, residents discount, and / or local authority school transport related exemptions);  
● whether their drivers frequently enter the CCZ during chargeable hours; and  
● their ability to spread this cost over a number of trips. | Minor adverse | TFL should be clear with PHV drivers where they may qualify for alternative discounts or exemptions from the charge. |
<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Scope in or out</th>
<th>Identification of affected group</th>
<th>Description of affected group</th>
<th>Positive or negative</th>
<th>Temporal/duration</th>
<th>Distribution/scale of impact</th>
<th>Sensitivity of impact</th>
<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>PHV drivers</td>
<td>Stakeholder engagement undertaken as part of this research, and evidence produced by CEPA, highlights that some operators, particularly extra-large and large operators, may expect drivers to cover the cost of the Congestion Charge and so will not look to change fare prices. Some of the heaviest entrants to the CCZ could have to pay around £230 per month. These drivers, as with some of the operators described above, may experience associated health and stress related effects as a result of a potential reduction to earnings and increased competition within the CCZ particularly if PHVs, having entered the zone, look to stay within it to recover the cost of the charge.</td>
<td>Negative: This proposal may put downward pressure on PHV driver earnings post-2025. This will have negative effects on health and wellbeing of drivers who may see their incomes squeezed.</td>
<td>Short term: If introduced, most PHV drivers will likely be required to pay the Congestion Charge in the short term as they are unlikely to initially qualify for major exemptions to the charge such as the CVD.</td>
<td>Medium term: As drivers upgrade their cars in the medium term they may start to meet the CVD criteria to be eligible for the 100 per cent discount to the charge.</td>
<td>Long term: The end of the new CVD (2025) will mean the payment of the Congestion Charge for all PHVs.</td>
<td>Low: The cost of going into the CCZ is £10.50-11.50 per day. However, the sensitivity of drivers to this impact will be reduced if:</td>
<td>TFL should be clear with PHV drivers where they may qualify for alternative discounts or exemptions from the charge. They should consider a communications campaign clearly setting out the timeframe and costs involved in the removal of the PHV exemption to the Congestion Charge, as well as giving information about the new CVD.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
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<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>PHV drivers</td>
<td>Removing the PHV exemption could potentially reduce congestion which could benefit air quality and the health of PHV drivers who are exposed to pollution in their vehicles. However, stakeholders in the CEPA study thought it would be unlikely that congestion will be reduced and that drivers would probably remain in the zone if they have paid. This proposal may result in a long-term shift towards electric or low emission vehicles as drivers look to continue their exemption by meeting the CVD criteria. This could also potentially have a positive effect on air quality and therefore health in the long-term.</td>
<td><strong>Positive:</strong> Reduced congestion and polluting vehicles may have health benefits for PHV drivers who are exposed to pollution while in their vehicles. <strong>Long term:</strong> As drivers are discouraged from entering the CCZ (especially post 2025 following the end of the CVD) or drivers upgrade to zero emissions vehicles, the pollution drivers are exposed to should decrease.</td>
<td><strong>Low:</strong> The scale of pollution decrease is likely to be small given the removal of the exemption is forecast to reduce traffic in the CCZ by 1%. Further, only those drivers who live or work regularly within the CCZ are likely to experience these benefits.</td>
<td><strong>Low:</strong> The impact on air pollution is expected to be minimal and as such only minimal health improvements can be expected for drivers. Those drivers with respiratory difficulties may benefit more than others.</td>
<td>Minor beneficial</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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77 ONS (July 2016) ‘Average actual weekly hours of work for full-time workers (seasonally adjusted)’. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/ybuy/lms


<table>
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<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>Passengers: older and/or disabled</td>
<td>Statistics reported on by the TfL indicate that, on average, people with mobility difficulties use PHVs more frequently than people without mobility difficulties (eight per cent of disabled people living in London use PHVs at least once a week compared with six per cent of non-disabled Londoners)⁸⁰. CEPA forecast that the removal of the Congestion Charge exemption is expected to reduce unique PHV entries into the CCZ during charging hours by 45% meaning the supply of PHVs and adapted PHVs for older and disabled passengers travelling within the CCZ in charging hours could be reduced. For vulnerable PHV users, this could reduce their accessibility to social infrastructure and decrease their quality of life whilst also having effects on their health and wellbeing. However, it should be noted that evidence outlined in the CEPA report forecasts a relatively low reduction in the number of PHVs operating within the CCZ.</td>
<td>Negative: A reduction of PHVs may limit the availability of PHVs to older and disabled passengers who rely on them to get around.</td>
<td>Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the zone for the foreseeable future.</td>
<td>Low: The 2011 census data indicates that 14 per cent of Londoners consider themselves to have a long-term health problem or disability that limits their data-to-day activities ‘a little’ or ‘a lot’, which has lasted, or is expected to last at least 12 months⁸¹. Amongst those who identify themselves as having a long-term condition it can be expected that a relatively small proportion use PHVs regularly. Furthermore, even when PHVs are being used they will not always be travelling within the CCZ during chargeable hours.</td>
<td>Low: Evidence suggests that many people with a disability or long-term condition have a reliance on PHVs. If they are not able to access this transport service due to a reduction of available PHVs this could restrict both their access to social infrastructure and their mobility. However, wheelchair accessible PHVs will continue to be exempt from the Congestion Charge. Further, some passengers may also be entitled to discounts such as the Blue Badge discount. It should also be noted that while PHV services may be limited, other transport services will still be available to passengers.</td>
<td>Minor adverse</td>
<td></td>
</tr>
<tr>
<td>Proposal number</td>
<td>Scope in or out</td>
<td>Identification of affected group</td>
<td>Description of affected group</td>
<td>Positive or negative</td>
<td>Temporal/duration</td>
<td>Distribution/scale of impact</td>
<td>Sensitivity of impact</td>
<td>Impact rating</td>
<td>Mitigation measures/opportunities for enhancement</td>
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<td>-----------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>In</td>
<td>Others: pedestrians, road users and other</td>
<td>Air pollution has been highlighted by the Department for Environment, Food and Rural Affairs (DEFRA) and Public Health England as the largest environmental risk to the public’s health[^2].. Removing the PHV exemption could potentially reduce congestion which could have subsequent benefits for air quality and health of pedestrians, cyclists, others (road users and local residents) who are exposed to pollution while in the CCZ. However, it has been forecasted by CEPA that the introduction of this proposal will not significantly decrease overall traffic within the zone. CEPA note in their report that the stakeholders interviewed as part of the research suggested that drivers will potentially remain in the CCZ if they have paid preventing a reduction in congestion. Therefore, benefits for air quality and health may likely be minimal. Despite this, in the long run this proposal may result in a long-term shift towards electric or low emission vehicles as drivers look to ensure a 100 per cent discount by meeting the new CVD. This could potentially have a positive effect on air quality and therefore health in the long-term.</td>
<td>Positive: A reduction in congestion and a move towards low emission vehicles may lead to air quality and therefore health improvements. Long term: As drivers are discouraged from entering the CCZ (especially post 2025 following the end of the CVD) or drivers upgrade to zero emissions vehicles, the pollution drivers are exposed to should decrease. Medium: While improvements to air quality are only expected to be minimal, they will likely impact on a wide range of groups in London including: pedestrians, cyclists, residents. Low: The impact on air pollution is expected to be minimal and as such only minimal health improvements can be expected. However, those with respiratory problems, the young and elderly will be more sensitive to this benefit.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Scope in or out</th>
<th>Identification of affected group</th>
<th>Description of affected group</th>
<th>Positive or Negative</th>
<th>Temporal/duration</th>
<th>Distribution/scale of impact</th>
<th>Sensitivity of impact</th>
<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>In</td>
<td>Drivers, others: pedestrians, cyclists, other road users and local residents</td>
<td>The CVD may encourage a greater use of ultra low emissions vehicles. The introduction of previous discounts for low emissions vehicles has indicated that discounts can be an effective mechanism in encouraging a movement towards greater use of ultra low emission vehicles. This proposal may therefore result in health benefits for those who regularly enter the CCZ through reducing harmful emissions within the CCZ by encouraging a higher use of cleaner vehicles. In the short term, the health impact of this proposal is expected to be relatively minor. It has been assumed that around 2,000 of current ULED holders will lose their discount when the new CVD is introduced. As such, only minor improvements to air quality, and subsequently health, are expected as it is anticipated that this proposal would initially result in only a minor reduction in vehicle operating within the zone.</td>
<td>Positive: A small proportion of vehicles may be deterred from entering the zone resulting in minimal health benefits.</td>
<td>Short term: In the short-term a higher proportion of drivers will be eligible for the new CVD.</td>
<td>Medium: There may only be a small improvement in air quality but this will likely affect a large proportion of people in London including pedestrians, cyclists, residents. Those with respiratory problems, the young and elderly will be more sensitive to this benefit.</td>
<td>Low: Potential improvements in air quality and local environment. Estimated to be low in the short term as few people will be affected by the change.</td>
<td>Minor beneficial</td>
<td>TfL should promote the development of infrastructure within London which supports electric vehicles.</td>
</tr>
<tr>
<td>Proposal number</td>
<td>Scope in or out</td>
<td>Identification of affected group</td>
<td>Description of affected group</td>
<td>Positive or negative</td>
<td>Temporal/duration</td>
<td>Distribution/scale of impact</td>
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<td>Impact rating</td>
<td>Mitigation measures/opportunities for enhancement</td>
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<tr>
<td>2</td>
<td>In</td>
<td>Drivers, others: pedestrians, other road users and local residents</td>
<td>The further tightening in 2021 of the CVD may result in a larger number of vehicles losing their eligibility (potentially reducing traffic within the Congestion Charging Zone during charging hours) or switching to cleaner vehicles. As such, this proposal is expected to result in more significant improvements in air quality as the CVD matures. Electric vehicles, produce up to 40 per cent less CO₂ than an equivalent petrol or diesel vehicle⁸³, taking account of the current mix of fuels. In encouraging more people to switch to electric vehicles it can be expected that some decrease in air pollution would be seen, bringing with it the health benefits outlined earlier. As well as having a positive effect on air quality, a move towards electric vehicles in the long run could also have a positive effect on noise pollution. The British Medical Association (BMA) have highlighted that after air quality, noise pollution is considered to be the second largest environmental cause of health problems, and road traffic is a major cause of noise pollution in London.⁸⁴ As such, through encouraging a move towards electric vehicles this proposal could also bring about positive change in terms of noise pollution.</td>
<td>Positive: A reduction in congestion and potential move to electric vehicles may lead to better air quality and therefore health improvements.</td>
<td>Long term: The discount will apply to &quot;zero emission capable&quot; up to 2021 and thereafter be tightened to the stricter &quot;zero emission&quot;.</td>
<td>Medium: There may only be a small improvement in air quality but this will likely affect a large proportion of people in London including pedestrians, cyclists, residents. Those with respiratory problems, the young and elderly will be more sensitive to this benefit.</td>
<td>Low: It is expected that the potential improvements in air quality and local environment will be low. This is anticipated to increase slightly as the discount moves into 2021 and more people will face cost implications if they do not switch to a zero emission vehicle. However, the full extent of this impact is unknown.</td>
<td>Moderate beneficial</td>
<td>TRL should promote the development of infrastructure within London which supports electric vehicles.</td>
</tr>
</tbody>
</table>


⁸⁴ British Medical Association (2012): ‘Healthy transport = Healthy lives’. Available at: [file:///C:/Users/FOW84558/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/healthytransporthealthylives.pdf](file:///C:/Users/FOW84558/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/healthytransporthealthylives.pdf)
### D.2 Equality

#### Table 9: Equality Assessment Framework

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<tr>
<th>Proposal number</th>
<th>Scope in or out</th>
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| 1               | In              | PHV drivers: BAME               | CEPA’s report outlines that drivers, particularly those that work for extra-large and very-large operators, will likely be required to pay the Congestion Charge. Costs not passed onto passengers would remain with the drivers. BAME drivers make up a high proportion of PHV drivers, data produced by TfL suggests that around 94% of all PHV drivers who gave information about their ethnic background, are from a non-white British background. Given this, if this proposal was implemented, BAME drivers have the potential to be disproportionately impacted by any rise in costs. While the methodologies are different and thus limits the ability to make valid comparison, the Taxi/PHV Diary Survey 2009 and 2017 suggests that the profile of PHV drivers has changed over time. In 2009, 48% of minicab drivers and 74% of chauffeur/executive drivers were British/Irish/Other White. In 2017, 24% of minicab drivers were White and 54% of Chauffeur/Executive drivers were White. | Negative: It may result in reductions in quality of life for those drivers who experience difficulties in covering the additional cost. | Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the zone for the foreseeable future. | Low: If all PHV drivers were to cover the cost of paying the charge then the scale of this impact is likely to be high as BAME drivers make up more than 90% of drivers. However, some drivers may choose to pass on the cost to passengers while for others the cost may be covered by their operator(s). Further, the cost will only apply to those travelling in the CCZ during charging times. | Low: The cost of going into the CCZ is £10.50-11.50 per day. However, the sensitivity of drivers to this impact will be reduced if:  
  ● If the operator covers the cost or the driver;  
  ● If the driver can spread the cost over a number of journeys;  
  ● If they can avoid going into the CCZ; or  
  ● If they have a vehicle that meets the CVD criteria or other exemption criteria.  
  ● The degree to which the Congestion Charge will be tax deductible. | Minor adverse | TfL should clearly set out for PHV drivers where they may be eligible for alternative exemptions or discounts from the Congestion Charge. TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits. |
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<tr>
<th>Proposal number</th>
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<th>Mitigation measures/opportunities for enhancement</th>
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<tr>
<td>1</td>
<td>In</td>
<td>PHV drivers: Female</td>
<td>CEPA’s report outlines that drivers, particularly those that work for extra-large and very-large operators, will likely be required to pay the Congestion Charge. Costs not passed onto passengers would remain with the drivers. Evidence shows that a higher proportion of women across all industries tend to work part-time (42 per cent of women compared with 13 per cent of men)(^{85}). The additional cost of paying the Congestion Charge may cause a barrier to entry, and staying within, the profession for those who work part-time and are less able to spread the cost of the charge across a number of journeys. Women can be assumed to be more likely to work as part-time drivers and so be disproportionately impacted by this proposal. However, this impact is likely to be very low as women make up less than 2 per cent of PHV drivers in London (^{86}), of which not all will work part-time.</td>
<td>Negative: It may result in reductions in quality of life for those drivers who experience difficulties in covering the additional cost.</td>
<td>Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the CCZ for the foreseeable future.</td>
<td>Low: Some drivers may choose to pass on the cost to passengers while for others the cost may be covered by their operator(s). Further, it should be noted that this cost will only apply to those travelling in the zone during charging times. It should also be noted that women drivers make up a low proportion of overall PHV drivers (c.2.2%)</td>
<td>Low: The cost of going into the CCZ is £10.50-11.50 per day. However, the sensitivity of drivers to this impact will be reduced if:</td>
<td>Minor adverse</td>
<td>- If the operator covers the cost or the driver; - If the driver can spread the cost over a number of journeys; - If they can avoid going into the CCZ; or - If they have a vehicle that meets the CVD criteria or other exemption/discount criteria. - The degree to which the Congestion Charge will be tax deductible.</td>
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### Operators who took part in the CEPA research noted that a rise in cost for drivers could potentially result in costs being passed on to customers. If the cost of the charge was passed through to the customers (passengers), some vulnerable passenger groups may possibly be disproportionately affected if they have no other option but to use PHV transport. Evidence has shown that there are a number of equality groups who may have a higher usage of taxis and PHVs who may therefore be disproportionately impacted should PHV fares increase:

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<tr>
<th>Group</th>
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<tr>
<td>Disabled / older</td>
<td>TFL statistics indicate that, on average, people with mobility difficulties use PHVs more frequently than people without mobility difficulties (eight per cent of disabled people living in London use PHVs at least once a week compared with six per cent of non-disabled Londoners)</td>
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<tr>
<td>Passengers from low income areas</td>
<td>Taxis and PHVs across the UK tend to be more heavily used by passengers from low income groups due to a lack of alternative transport options. Within London, similar levels of usage of PHVs are seen amongst those defined as ‘low income’ as compared to overall. However, those who earn less than £5,000 a year have a slightly higher usage of PHVs compared to overall (eight per cent who earn less than £5,000 use PHVs at least once a week compared with six per cent overall).</td>
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<tr>
<td>Females</td>
<td>Overall there tends to be little difference in the proportion of male and female Londoners using PHVs at least once a week. However, more vulnerable women tend to be higher users. For example, younger women are more likely to use PHVs (nine per cent of females under 25 years old use PHVs once a week compared to seven per cent of men of the same age), as are older women (six per cent of women over 65 years compared with five per cent of men of the same age).</td>
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### Negative: A reduction of PHVs may limit these passengers’ ability to access adequate transportation

### Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the CCZ for the foreseeable future.

### Low: While some drivers may choose to pass the cost on to passengers, it is likely that this cost will be spread over a number of journeys and as such the additional cost to passengers is expected to be low. In addition, where other discounts and exemptions apply or where drivers and operators do not pass the cost on to passengers no changes to fares are expected.

### Low: The cost of going into the CCZ is £10-11.50 per day. How sensitive passengers are to this will depend on a number of points:

- If they will be covering the cost;
- If the cost is spread over multiple journeys;
- If they are eligible for an exemption/discount – for if they are entitled to other discounts such as blue badge and residents discounts.

### Positive: A reduction in congestion and a move towards low emission vehicles may lead to air quality and therefore health improvements.

### Long term: As drivers are discouraged from entering the CCZ (especially post 2025 following the end of the CVD) or drivers upgrade to zero emissions

### Medium: While improvements to air quality are only expected to be minimal, they will likely impact on a wide range of groups in London including: pedestrians, cyclists, residents.

### Low: The impact on air pollution is expected to be minimal and as such only minimal health improvements can be expected, however, those with respiratory problems, the young and elderly will be more adversely affected.

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<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
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</table>
| least once a week compared with six per cent of non-disabled Londoners\(^{91}\).  
\* Passengers from low income areas: Taxis and PHVs across the UK tend to be more heavily used by passengers from low income groups due to a lack of alternative transport options\(^{92}\). Within London, similar levels of usage of PHVs are seen amongst those defined as 'low income' as compared to overall. However, those who earn less than £5,000 a year have a slightly higher usage of PHVs compared to overall (eight per cent who earn less than £5,000 use PHVs at least once a week compared with six per cent overall)\(^{93}\).  
\* Females: Overall there tends to be little difference in the proportion of male and female Londoners using PHVs at least once a week. However, more vulnerable women tend to be higher users. For example, younger women are more likely to use PHVs (nine per cent of females under 25 years old use PHVs once a week compared to seven per cent of men of the same age), as are older women (six per cent of women over 65 years compared with five per cent of men of the same age).\(^{94}\)| vehicles, the pollution drivers are exposed to should decrease. | more sensitive to this benefit. |

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</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>Other: deprived communities in London</td>
<td>The stakeholder engagement interviews indicated that the PHV trade offers employment to drivers in areas of high deprivation and unemployment, which might not otherwise exist. Licensing data provided by TfL confirms a correlation between PHV drivers’ home addresses and areas of high deprivation in London. Within London, 71 per cent of PHV drivers live in areas which are within the most deprived and second most deprived quintiles, as defined by the index of multiple deprivation (IMD). Further, the most densely populated areas for PHV drivers largely map to the areas of London with the highest levels of deprivation. In the cases where PHV drivers are required to pay the Congestion Charge, there is a risk that this, linked to the reduction in income, may be prohibitive in terms of some PHV drivers staying within the profession or entering it. Given that this trade offers an employment stream for communities in deprived areas, it can be expected that the increased costs as a result of paying the Congestion Charge may impact disproportionately on communities in London living in areas of high deprivation.</td>
<td>Negative: It may result in few drivers entering the profession and therefore impact on deprived communities in which the trade offers a key source of employment.</td>
<td>Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the zone for the foreseeable future.</td>
<td>Low: If all PHV drivers were to cover the cost of paying the charge then the scale of this impact is likely to be high. However, some drivers may choose to pass on the cost to passengers while for others the cost may be covered by their operator(s). Further, the cost will only apply to those travelling in the CCZ during charging times.</td>
<td>Low: The cost of going into the CCZ is £10.50-11.50 per day. However, the sensitivity of drivers to this impact will be reduced if: ● If the driver can spread the cost over a number of journeys; or ● If they have a vehicle that meets the CVD criteria or other exemption/discount criteria. ● The degree to which the Congestion Charge will be tax deductible.</td>
<td>Minor adverse</td>
<td></td>
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<tr>
<td>2</td>
<td>In</td>
<td>No secondary or stakeholder evidence has been found to support a disproportionate impact on equality groups as a result of this proposal.</td>
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## D.3 Environment

### Table 10: Environment Assessment Framework

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<th>Scope in or out</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>PHV drivers, passengers, other road users and local residents</td>
<td>There is potential for air quality effects from a reduction in congestion and the associated emissions from reduced numbers of PHVs entering the CCZ. The CEPA report estimates PHV traffic would fall by 6% equating to a 1% decrease alongside other traffic. The reduction of congestion is, therefore, predicted to be relatively small. Over the medium to long term as there is a move towards zero emission PHV vehicles, the impact of this proposal may increase. Currently road traffic accounts for 28 per cent of London’s total emissions of carbon dioxide (CO(_2)), 50 per cent of London’s total emissions of nitrogen oxides (NO(<em>x)), and 50 per cent of London’s particulate matter (PM(</em>{10})). Further, a move towards low emissions vehicles could also lead to positive environmental benefits.</td>
<td>Positive: A reduction in PHV traffic will help reduce congestion and emissions, particularly NO(<em>x), and PM(</em>{10}). Further, a move towards low emissions vehicles could also lead to positive environmental benefits.</td>
<td>Medium term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the CCZ for the foreseeable future.</td>
<td>Medium: There may only be a small improvement in air quality but this expected to affect a large proportion of people in London including pedestrians, cyclists, residents.</td>
<td>Low: Given the relatively small predicted decrease in PHVs in the CCZ, effect of air quality improvement on affected groups is likely to be small.</td>
<td>Moderate beneficial</td>
<td>TFL should promote the development of infrastructure within London which supports electric vehicles to further encourage drivers and operators to shift to low emission vehicles.</td>
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<table>
<thead>
<tr>
<th>Proposal number</th>
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<tbody>
<tr>
<td>2</td>
<td>In</td>
<td>PHV drivers, Others: pedestrians, other road users and local residents</td>
<td>The introduction of the CVD may encourage a greater use of ultra low emissions vehicles. Pure electric and hybrid vehicles produce no, or a reduced level of, harmful emissions. As mentioned, previously, electric vehicles produce up to 40 per cent less CO₂ than an equivalent petrol or diesel vehicle. Further, transport accounts for around a quarter of the UK’s carbon emissions, which is a key contributor to climate change. Go Low have suggested that pure electric vehicles do not produce any greenhouse gas exhaust emissions whilst being driven and those from plug-in hybrids are significantly lower than from a traditional petrol or diesel car. As such, a move towards such vehicles can be expected to bring positive environmental benefits in terms of both improving air quality and reducing CO₂ emissions. However, in the short term, following the introduction of the new CVD in 2019 it is estimated that 2,000 vehicles (of around 20,000) will become ineligible for the discount. As a relatively high proportion of vehicles will be unaffected in the short term from the introduction of this proposal, its short-term impact on the environment is expected to be minimal.</td>
<td>Positive: A small proportion of vehicles may be deterred from entering the CCZ resulting in minimal environmental benefits.</td>
<td>Short term: In the short-term a high proportion of drivers will continue to be eligible for the new CVD.</td>
<td>Medium: There may only be a small improvement in air quality but this expected to affect a large proportion of people in London including pedestrians, cyclists, residents.</td>
<td>Low: Potential improvements in air quality and local environment are estimated to be low in the short term.</td>
<td>Minor beneficial</td>
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<tbody>
<tr>
<td>2</td>
<td>In PHV drivers, pedestrians, other road users and local residents</td>
<td>Following further tightening of the CVD in 2021, a larger proportion of vehicles are expected to lose their discount or move to vehicles which meet the tightened criteria in order to receive the 100 per cent discount to the Congestion Charge. In the long term, therefore, the potential reduction in traffic and increase in cleaner vehicles within the CCZ may likely have a more sustained beneficial impact on the environment. As highlighted above, the positive benefits on environment may be realised through a reduction in tail pipe emissions and CO₂ production, as well a reduction in noise pollution.</td>
<td>Positive: A reduction in congestion and potential move to electric vehicles may lead to air quality improvements.</td>
<td>Medium term: The change to Congestion Charge is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the CCZ for the foreseeable future.</td>
<td>Medium: There may only be a small improvement in air quality but this expected to affect a large proportion of people in London including pedestrians, cyclists, residents.</td>
<td>Low: Given the relatively small predicted decrease in PHVs in the CCZ, effect of air quality improvements on affected groups in likely to be small. The proportion of PHVs likely to move to low emissions vehicles is unknown.</td>
<td>Moderate beneficial</td>
<td>TfL should promote the development of infrastructure within London which supports electric vehicles.</td>
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### D.4 Business and Economics

#### Table 11: Business and Economics Assessment Framework

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<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>Operators: small (less than 100 vehicles)</td>
<td>The impact on operators is likely to be mixed depending on size and whether they absorb the cost of the CCZ charge on behalf of drivers. The ability to absorb the cost will depend on operator preference, employment model and business model and will likely be influenced by the size of the business, cashflow, core service area and location. The CEPA report found that some small operators are less able to absorb the Congestion Charge on behalf of drivers could risk reducing their labour supply with drivers switching to operators with more competitive offers. Small operators are also forecast to see a significant rise in price per trip because it is assumed they will be less able to spread the Congestion Charge to passengers across many trips or absorb the cost themselves. Evidence from the CEPA report indicates that most operators will not take on the CCZ charge. Despite this they may still be indirectly impacted by the effects of the proposal on driver behaviour. Should drivers stop taking fares that travel into the CCZ - due to a perceived risk to their bottom line earnings - operator revenues could be impacted. This has been highlighted as a particular issue for smaller operators or those with cashflow issues. It should be noted that the CCZ will bring driver/operator obligations into line with all other London businesses making trips in the CCZ in charging hours pay the charge (unless they quality for an exemption like CVD) - an assessment carried out by the Greater London Authority regarding the Congestion Charge and its impacts concluded that the CCZ had a broadly neutral impact on business performance.</td>
<td>Negative: Small operators will be impacted indirectly by the charge's effect on PHV driver behaviour/earnings. They will be directly impacted where they choose to cover the cost on behalf of drivers or own the PHV and be liable to pay.</td>
<td>Long term: The change to Congestion Charge exemption is expected to be permanent and as such it will be a charge that all PHV drivers will have to pay when entering the zone for the foreseeable future.</td>
<td>Medium: The impact is likely to vary by the type of work: for instance, chauffeur/ executive PHVs are most likely owned by the operator due to the substantial ownership cost. The distribution of the impact may also disproportionately affect operators with fixed service contracts (e.g. LA school PHV provision) or those that operate on the periphery of the CZZ, with fewer daily journeys to spread the CCZ charge cost amongst. It is expected that those able to specialise (i.e. focusing on journeys within CCZ) will be less affected regardless of whether they choose to absorb the cost on behalf of drivers or not.</td>
<td>Medium: The indirect impact is likely to impact the majority of smaller operators. Although the majority of small operators are not expected to cover Congestion Charge (£10.50-11.50 per day), the sensitivity of operators that do will depend on a number of points:</td>
<td>TFL should clearly set out for PHV drivers and passengers where there may be alternative discounts and exemptions to the Congestion Charge which the driver can apply to avoid paying the Charge. TFL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can understood be in light of the broader aims and benefits.</td>
<td>Moderate adverse</td>
</tr>
<tr>
<td>Proposal number</td>
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<tr>
<td>1</td>
<td>In</td>
<td>Operators: large to extra-large operators (500 plus vehicles in fleet)</td>
<td>CEPA forecast that while the price per trip for large to extra-large operators is not expected to rise to the same extent as small operators, they will still increase. CEPA suggest that larger operators may be able to specialise their fleets based on the technology currently available to them. This means that some larger operators will be able to undertake the same number of trips per entry but spread the cost over a large number of trips which will allow them to minimise the increase in price as a result of paying the Congestion Charge. However, the extent to which large to extra-large operators would be able or willing to do this is unclear. Larger operators, interviewed as part of this research, suggested that they are uncertain if this is something they could undertake because of questions around technological capability and administrative costs involved in specialising their fleets. Some of the stakeholders interviewed as part of this research also suggested a reluctance to specialise because of the potential impact on passenger satisfaction. Regardless of whether larger operators are able to specialise their fleets, it can be expected that these operators will be better able to spread the charge across all London trips (having a wider base of trips) and absorb some of the costs either from their profit margins or by requiring drivers to bear a portion. Further, if some smaller operators reduce their market share it can be assumed that larger operators would be able to pick up this increase in demand benefiting their overall profitability.</td>
<td>Negative: Large operators may be affected by the increased cost of paying the Congestion Charge. Long term: The change to Congestion Charging is expected to be permanent and as such it will impact operators for the foreseeable future. Low: Most large operators will be impacted by the proposal. However, the scale of this impact is expected to be smaller than that felt by smaller operators. The distribution of the impact may also disproportionately affect operators with fixed service contracts (e.g. LA school PHV provision) or those that operate on the periphery of the CZZ, with fewer daily journeys to spread the charge cost amongst. It</td>
<td>Low</td>
<td>Minor adverse</td>
<td>TfL should clearly set out for PHV drivers and passengers where there may be alternative discounts and exemptions to the Congestion Charge which the driver can apply to avoid paying the Charge. TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can understood be in light of the broader aims and benefits.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The removal of the CCZ charge exemption will apply to all PHVs, however it will most likely only impact on a subset of PHV drivers. CEPA suggested that 33 per cent of PHV drivers make journeys into the CCZ in charging hours. This proposal may therefore place a downward pressure on the earnings of PHV drivers who regularly enter the CCZ and are required to pay the Congestion Charge. However, for some drivers this impact may vary depending on temporality.

It is possible, given the high-level of market competition, that many operators will choose to not cover the cost of the Congestion Charge or increase passenger fares and instead will pass this on to, or expect PHV drivers to pay. Covering the cost of the Congestion Charge for those who go into the CCZ will likely reduce PHV driver average earnings. Moreover, for drivers operating in the suburbs and towns on the periphery of London the proposal presents a risk to the revenue stream (i.e. potentially inducing modal shift) of longer, central London-bound fares. These PHV drivers may have to pass the charge directly to passenger fares when entering the zone for the foreseeable future.

Medium: The scale of this impact also hinges on whether PHV drivers are required to pick up the cost and how they adapt their business models once the PHV exemption is removed. Should competition dictate that drivers must absorb the cost of the charge or face losing business, the distribution of the impact may disproportionately affect those drivers that are frequently required to enter the CCZ for short periods of time, particularly those that operate on the periphery of the CCZ, with fewer daily journeys among which to spread the cost. Yet some drivers are expected to specialise (i.e. focusing on journeys within the CCZ) reducing the potential impact of the costs regardless of whether they choose to pass on the cost or absorb it.

Medium: The cost of going into the congestion charging zone is £10.50-11.50 per day. Therefore, the sensitivity of drivers will depend on a number of points:
- The time they go into the CCZ and their ability to spread this cost over a number of trips
- If they have a vehicle that meets CVD requirements (only a short-to-medium-term mitigating factor) or other discount criteria
- Whether the Congestion Charge will be tax deductible for the driver.

TfL should set out clearly for PHV drivers and passengers where they may be eligible for a discount or exemption to the Congestion Charge which the driver can utilise to avoid paying the charge. TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.

---

**Note:**
<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Scope in or out</th>
<th>Identification of affected group</th>
<th>Description of affected group</th>
<th>Positive or negative</th>
<th>Temporal/duration</th>
<th>Distribution/scale of impact</th>
<th>Sensitivity of impact</th>
<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>PHV Passengers</td>
<td>There could be a number of impacts for passengers in terms of their ability to draw on the services of PHVs. CEPA suggest it could reduce the availability of PHVs by 6% within the CCZ during chargeable hours, as well as reduce the number of unique PHV entries into the zone meaning longer waiting times for passengers. This could reduce consumer choice if there are less operators offering competing services resulting from increased costs to smaller operators who may not be able to continue operating in the CCZ. It could also increase the cost of fares. The majority of operators consulted as part of the research and the CEPA study suggested that PHV operators would most likely seek to pass on (where the vehicle is owned by the operator) or encourage drivers to pass on the Congestion Charge in full to customers. It can be expected, therefore, that passengers will experience an increase in fare prices. However, the price increase may not be significant for many passengers as drivers and operators are likely to spread the cost of the Congestion Charge across numerous trips.</td>
<td>Negative: Increased fares and reduced availability of PHVs.</td>
<td>Long term: The change to Congestion Charging is expected to be permanent and as such it will impact operators for the foreseeable future.</td>
<td>Low: The PHV Congestion Charge will potentially reduce PHV traffic in the CCZ by 6%, and CEPA also estimates the number of unique entries will reduce by 45%. This indicates that there may be a reduction in available PHVs all consumers when journeying through, within or out of the CCZ. Although it was also suggested that most operators would pass on the entire cost of the CCZ charge to passengers, this increase will likely be small as PHV drivers will likely spread the cost across numerous trips.</td>
<td>Low: It is unlikely passengers will be significantly impacted either by the moderate reduction of available PHVs in the CCZ, nor the (probable) slight increase in fares.</td>
<td>Minor adverse</td>
<td>TfL should consider a public information campaign clearly setting out the strategic objectives of the Congestion Charge (e.g. reduction in congestion) so that any cost increase can be understood in light of the broader aims and benefits.</td>
</tr>
</tbody>
</table>
### Proposal number

<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Description of affected group</th>
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<th>Temporal/duration</th>
<th>Distribution/scale of impact</th>
<th>Sensitivity of impact</th>
<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Others: businesses</td>
<td>Positive: Less congestion and reduced travel time.</td>
<td>Long term: The change to Congestion Charging is expected to be permanent.</td>
<td>Low: The CEPA report suggests the Congestion Charge could reduce congestion in the CCZ during chargeable hours by 1% which could have an (albeit marginal) impact on businesses in the CCZ that rely on a well-functioning road network.</td>
<td>Low: The impact of this is expected to be minimal.</td>
<td>Minor beneficial</td>
<td>Mitigation measures/opportunities for enhancement</td>
</tr>
</tbody>
</table>

The CEPA report estimates that the proposed removal of the CCZ exemption for PHVs would reduce PHV traffic in the zone by six per cent which would amount to a total one per cent decrease in traffic within the zone.

A reduction in traffic and therefore congestion, is likely to improve travel times within the CCZ. Evidence suggests that at a certain level of congestion, worsening congestion can slow job growth. Indeed, research conducted by INRIX (a provider of real-time traffic information and transport analytics) has suggested that between 2013 and 2030 the total expected cumulative costs of congestion to the UK economy is estimated to be £307 billion. A reduction in traffic and congestions may therefore help to strengthen economic performance. For example, it may strengthen some business through reducing travel times for businesses and their commuters traveling or transporting goods within the zone.

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100 INRIX, (2014) ‘Traffic Congestion to cost the UK economy more than £300 billion over the next 16 years’. Available at: http://inrix.com/press-releases/traffic-congestion-to-cost-the-uk-economy-more-than-300-billion-over-the-next-16-years/
### Proposal number

**Scope in or out**

**Identification of affected group**

**Description of affected group**

**Positive or negative**

**Temporal/duration**

**Distribution/scale of impact**

**Sensitivity of impact**

**Impact rating**

**Mitigation measures/opportunities for enhancement**

<table>
<thead>
<tr>
<th>Proposal number</th>
<th>Scope in or out</th>
<th>Identification of affected group</th>
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<th>Impact rating</th>
<th>Mitigation measures/opportunities for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In</td>
<td>Others: public sector organisations</td>
<td>All revenue generated by the CCZ must be, by law, re-invested into London’s transport network. However, in cases where PHV operators provide contract work inside the CCZ for the public sector, this proposal would in essence have a redistributive effect of government funding. The revenue raised for TfL would be an indirect transfer between public bodies. This transfer of funds was highlighted by stakeholders interviewed as a part of this research. Consequently, this proposal could potentially affect the budgets of other government departments through potentially passing the cost of the Congestion Charge through to these departments.</td>
<td>Negative: Redistribution of public sector resource to TfL. Long term: The change to Congestion Charging is expected to be permanent and as such it will impact operators for the foreseeable future. Low: The proposal could have an impact on public sector bodies, particularly those that heavily rely on PHV transport within the CCZ. This could include local authorities, the NHS and government departments. It is unlikely, that there will be dramatic changes in price given that PHV operators tender for transport provision contracts, competing mainly on price. Low: The cost to the public sector of PHV services is unlikely to drastically change.</td>
<td>Low</td>
<td>Minor adverse</td>
<td>Vehicles which are used to provide certain public services (e.g. school transport) by the eight local authorities whose area of responsibility falls within the CCZ are exempt from the Congestion Charge. TfL should ensure that those PHV operators who have entered into public sector contracts with the eight local authority areas to provide relevant services are made aware that this exemption may apply. TfL should be clear with PHV drivers and passengers where there may be discounts and exemptions to the Congestion Charge which the driver can apply to avoid paying the Charge.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Those drivers who do not qualify for the CVD will not be eligible to the 100 per cent discount it provides to the Congestion Charge and as such will have to pay the charge when travelling within the CCZ. The most frequent travelers within the CCZ (such as daily commuters and those who travel within the CCZ for business) could face a cost of up to £230 each month.

The initial introduction of the CVD is expected to result in a relatively small proportion of discount holders (2,000 of 20,000) losing their eligibility to the discount. However, as the CVD tightens in 2021 and then ceases in 2025, it can be expected that an increasing proportion of current discount holders will lose their discount. Therefore, a greater proportion of drivers entering the CCZ may be obliged to pay the Congestion Charge increasing the financial impact on a wider range of drivers.

| Other drivers: current, non-PHV holders of CVD | Negative: Increased cost for vehicles currently eligible for CVD. | Short term: The discount will apply to zero emission capable' up to 2021. | Low: Approximately a tenth of vehicles currently eligible for CVD will be affected by the tightened criteria in the short-term with a greater proportion affected in the longer term. | Low: The cost of going into the CCZ is £10.50-11.50 per day. Initially, the change is only expected to impact a relatively small number of drivers. The sensitivity of these drivers will therefore depend on a number of points: ● A proportion of those which lose their eligibility for the discount will be travelling within the CCZ for non-essential journeys unrelated to business activities. Indeed, unpublished data produced by TfL indicates that only around eight per cent of ULED vehicles travel into the zone in charging hours on any given day. These drivers may be capable of changing their behaviour in order to avoid driving within the CCZ during chargeable hours: ● If they will be upgrading their vehicle to qualify for the new CVD discount. ● Depending on the time they go into the zone and their ability to use alternative transport. ● If the driver qualifies for their payment to be tax deductible. Whether the driver qualifies for the 90% resident discount. | TfL should be clear with drivers and passengers where they may be exempted from the charge. They should consider a communications campaign clearly setting out, the time frame, costs in addition to information about CVD. |

| 2 | In | Minor adverse |
E. Equalities analysis

The tables below provide further information on the protected characteristics and the rationale for being scoped in or out. The fourth column provides evidence for the impact rating in the report and relates this to section 149 of the Equality Act. Namely that a public authority must, in the exercise of its functions, have due regard to the need to—

a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Table 12: Equalities analysis summary reasoning

<table>
<thead>
<tr>
<th>Protected characteristic group</th>
<th>Proposal</th>
<th>Positive, negative or no impact</th>
<th>Affected group</th>
<th>Evidence justifying impact rating according to Section 149 of the Equality Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Proposal 1</td>
<td>Negative</td>
<td>Passenger</td>
<td>a) The CEPA report noted that a likely outcome of the removal of the exemption is that drivers and operators will pass the cost on to passengers(^{101}). This was also noted in the stakeholder interviews undertaken as part of this research. It has been argued by stakeholders that if the cost of the charge is passed through to the customers (i.e. passengers), some vulnerable passenger groups may be disproportionately affected. One of these groups includes older passengers who are more prone to have difficulties with mobility. Older women in particular are more likely to use PHVs in London (six per cent of women over 65 years compared with five per cent of men of the same age)(^{102}).</td>
</tr>
<tr>
<td></td>
<td>Proposal 1</td>
<td>Positive</td>
<td>Passenger</td>
<td>b) No evidence that relates to this requirement has been identified.</td>
</tr>
<tr>
<td></td>
<td>Proposal 1</td>
<td>Positive</td>
<td>Passenger</td>
<td>c) No evidence that relates to this requirement has been identified.</td>
</tr>
<tr>
<td></td>
<td>Proposal 1</td>
<td>Positive</td>
<td>Passenger</td>
<td>a) No evidence that relates to this requirement has been identified.</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Protected characteristic group</th>
<th>Proposal</th>
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<th>Affected group</th>
<th>Evidence justifying impact rating according to Section 149 of the Equality Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deprivation</td>
<td>Proposal 1</td>
<td>Negative</td>
<td>Deprived communities</td>
<td>a) No evidence that relates to this requirement has been identified.</td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td></td>
<td>The stakeholder engagement interviews indicated that the PHV trade offers employment to drivers in areas of high deprivation and unemployment, which might not otherwise exist. Licensing data provided by TfL confirms a correlation between PHV drivers' home address and the areas of highest deprivation in London; 71% of PHV live in areas of London which make up the two quintiles of highest deprivation, as defined by the index of multiple deprivation (IMD). It was also found that the most populated areas for PHV drivers largely map to the areas of London with the highest levels of deprivation. As such, it can be expected that the increased costs as a result of paying the Congestion Charge may impact disproportionately communities where there are areas of high deprivation.</td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td></td>
<td>b) No evidence that relates to this requirement has been identified.</td>
</tr>
</tbody>
</table>

| Disability                     | Proposal 1 | Negative                        | Passenger       | a) No evidence that relates to this requirement has been identified. |
|                               | Proposal 1 | Positive                        | Passenger       | b) Removing the PHV exemption could potentially reduce congestion which could have subsequent benefits for air quality and health of pedestrians, cyclists, others: road users and local residents |
|                               | Proposal 2 | No impact                        |                 | No evidence that relates to this requirement has been identified. |

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<table>
<thead>
<tr>
<th>Protected characteristic group</th>
<th>Proposal</th>
<th>Positive, negative or no impact</th>
<th>Affected group</th>
<th>Evidence justifying impact rating according to Section 149 of the Equality Act</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>who are exposed to pollution while in the CCZ. This may mean positive health benefits for disabled people.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) No evidence that relates to this requirement has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td>Gender reassignment</td>
<td>Proposal 1</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td>Marriage or civil partnership</td>
<td>Proposal 1</td>
<td>No Impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td>Pregnancy and maternity</td>
<td>Proposal 1</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
<tr>
<td>Race</td>
<td>Proposal 1</td>
<td>Negative Driver</td>
<td>Evidence suggests a number of operators would expect drivers to cover the additional cost of paying the Congestion Charge if the PHV exemption is removed causing some drivers, who frequently operate within the CCZ during charging hours, to find their professional costs increase. Data provided by TfL on the ethnic profile of PHV drivers highlights that c.94 per cent of PHV drivers are from a black, Asian and minority ethnic (BAME) background. Given that BAME drivers make up a high proportion of PHV drivers, it can be expected that they would be disproportionately impacted by any increases in their professional costs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td>No evidence that relates to this requirement has been identified.</td>
<td></td>
</tr>
<tr>
<td>Religion or belief</td>
<td>Proposal 1</td>
<td>No impact</td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
<td></td>
</tr>
</tbody>
</table>

## Integrated Impact Assessment

<table>
<thead>
<tr>
<th>Protected characteristic group</th>
<th>Proposal</th>
<th>Positive, negative or no impact</th>
<th>Affected group</th>
<th>Evidence justifying impact rating according to Section 149 of the Equality Act</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td></td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Negative Driver</td>
<td>a) No evidence that relates to this requirement has been identified.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>b) Evidence shows that a higher proportion of women across all industries tend to work part-time (42 per cent of women compared with 13 per cent of men)(^{106}). The additional cost of paying the Congestion Charge may cause a barrier to entry, and staying within, the profession for those who work part-time and are less able to spread the cost of the charge across a number of journeys. Women can be assumed to be more likely to work as part-time drivers and so be disproportionately impacted by this proposal. However, this impact is likely to be very low as women make up less than 2 per cent of PHV drivers in London(^{107}), of which not all will work part-time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>c) No evidence that relates to this requirement has been identified.</td>
</tr>
<tr>
<td></td>
<td>Proposal 1</td>
<td>No impact</td>
<td>Negative Passenger</td>
<td>The CEPA report noted that a likely outcome of the removal of the exemption is that drivers and operators will pass the cost on to passengers(^{108}). This was also noted in the stakeholder interviews undertaken as part of this research. It has been argued by stakeholders that if the cost of the charge is passed through to the customers (i.e. passengers), some vulnerable passenger groups may be disproportionately affected. One of these groups includes female passengers. Overall there tends to be little difference in the proportion of male and female Londoners using PHVs at least once a week. However, more vulnerable women tend to be higher users. For example, younger women are more likely to use PHVs (nine per cent of females under 25 years old use PHVs once a week compared to seven per cent of men of the same age), as are older women (six per cent of women over 65 years compared with five per cent of men of the same age).(^{109})</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>a) No evidence that relates to this requirement has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) No evidence that relates to this requirement has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) No evidence that relates to this requirement has been identified.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Positive Passenger</td>
<td></td>
<td>a) No evidence that relates to this requirement has been identified.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Removing the PHV exemption could potentially reduce congestion which could have subsequent benefits for air quality and health of pedestrians, cyclists, others: road users and local residents who are exposed to pollution while in the CCZ. This may mean positive health benefits for female passengers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) No evidence that relates to this requirement has been identified.</td>
<td></td>
</tr>
</tbody>
</table>


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<tr>
<th>Protected characteristic group</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td></td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
</tr>
<tr>
<td>Sexual orientation</td>
<td>Proposal 1</td>
<td>No impact</td>
<td></td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
</tr>
<tr>
<td></td>
<td>Proposal 2</td>
<td>No impact</td>
<td></td>
<td>On the basis of the desk review and our stakeholder engagement, no disproportionate impact in relation to Section 149 of the Equality Act has been identified.</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald
F. Topic specific methodologies

Each technical disciple has taken an individual approach, informed by best practice, in order to complete the assessment framework for each proposal. These methodologies are outlined below:

F.1 Health impact assessment

The health impacts of the proposals have been considered by looking at five areas that are identified in TfL’s ‘Improving the health of Londoners: Transport action plan’\textsuperscript{110}. These are:

- Physical activity
- Air quality
- Road traffic collisions
- Noise
- Access and severance

The application of the assessment framework identified the priority health issues – informed by scale, severity and duration and their rating. The assessment was qualitative, with the magnitude of the impact being informed by the strength of relationship to health identified through the research. Preliminary enablers or opportunities to support positive impact and mitigate negatives have also been considered.

A short-term engagement exercise was undertaken to discuss the impacts of these proposals with key stakeholders; stakeholders were targeted with regards to health impacts of these proposals, whilst wider stakeholders familiar with the PHV sector were also given the opportunity to comment on this category of impacts. The findings from this engagement were fed into the assessment of impacts.

F.2 Equality impact assessment

The Equality Act 2010 provides a single legislative framework to effectively tackle disadvantage and discrimination toward people with certain ‘protected characteristics’. The protected characteristics and social groups who share them are set out in the table below.

<table>
<thead>
<tr>
<th>Protected characteristic</th>
<th>Equality and Human Rights Commission (EHRC) definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>A person belonging to a particular age (for example 32-year olds) or range of ages (for example 18 to 30 year olds).</td>
</tr>
<tr>
<td>Disability</td>
<td>A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person’s ability to carry out normal day-to-day activities.</td>
</tr>
<tr>
<td>Gender reassignment</td>
<td>The process of transitioning from one gender to another.</td>
</tr>
<tr>
<td>Marriage and civil partnership</td>
<td>Marriage is a union between a man and a woman or between a same-sex couple.</td>
</tr>
<tr>
<td></td>
<td>Same-sex couples can also have their relationships legally recognised as ‘civil partnerships’. Civil partners must not be treated less favourably than married couples (except where permitted by the Equality Act).</td>
</tr>
</tbody>
</table>

### Protected characteristic | Equality and Human Rights Commission (EHRC) definition
---|---
Pregnancy and maternity | Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.
Race | Refers to the protected characteristic of race. It refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.
Religion and belief | Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (such as Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition
Sex | A man, woman or non-binary person
Sexual orientation | Whether a person’s sexual attraction is towards their own sex or both sexes.

Source: EHRC

The equality impact assessment (EqIA), in accordance with the Equality Act has considered the needs and challenges of the above ‘protected characteristics’.

In order to identify how different protected characteristics are likely to be affected by the proposals, the following steps were taken:

- Review of existing policy, strategy, research, and other published literature, with the aim of identifying:
  - The sensitivity of different equality groups to changes being proposed.
  - Possible disproportionate positive and negative impacts that could arise as a result of the proposals.
  - Enablers or opportunities that may support enhanced positive impact and reduced negative impacts on people from these groups.
  - Experience from elsewhere in maximising benefits and mitigating any negative impacts on these groups.
- Analysis of findings using the impact matrix. Each impact was assessed according to the assessment framework including consideration of the below factors:
  - the equality/community group and sub-group likely to experience the impact;
  - whether the impact is positive or negative;
  - the sensitivity of the group to the impact;
  - the duration and distribution of the impact;
  - mitigation measures for any negative impacts; and
  - any opportunities to further promote equality.
- Findings of the assessment clearly set out which of the protected characteristics are likely to experience disproportionate positive and negative impacts of each proposal and identify if and where further analysis and engagement is recommended.
- A short-term engagement exercise was undertaken to discuss the impacts of these proposals with key stakeholders; representative groups were targeted with regards to equality impacts of these proposals, whilst wider stakeholders familiar with the PHV sector were also given the opportunity to comment on this category of impacts. The findings from this engagement were fed into the assessment of impacts.
The discussion in Chapter 3 is limited to the groups who have been identified as experiencing a disproportionate need. Appendix E provides further information about the assessment in Chapter 3.

When referring to groups who may experience a disproportionate need we talk about subgroups of a protected characteristic. For example, we refer to impacts on Black, Asian and minority ethnic (BAME) PHV drivers. An impact is not felt on ‘race and ethnicity’ because everyone has a race and an ethnicity. In these cases, we have specified the sub-groups to be clearer about what section of a protected characteristic group is experiencing an effect.

F.3 Environment

Air quality in the UK is regulated through standards for pollutants in ambient air (including nitrogen dioxide (NO$_2$) and particulate matter (PM$_{10}$)) and through standards for pollutants at the source of emissions, including vehicles. There are no legally binding requirements relating to CO$_2$ concentrations in ambient air, however there are emission standards applied to vehicle emissions.

Ambient air quality is affected by many sources such as regional pollution sources, power production, industry and transport and therefore this assessment has quantified impacts on air quality and CO$_2$ through potential effects on vehicle emissions only.

A short-term engagement exercise was undertaken to discuss the impacts of these proposals with key stakeholders; wider stakeholders familiar with the PHV sector were also given the opportunity to comment on this category of impacts. The findings from this engagement were fed into the assessment of impacts.

F.4 Economics and business

The economic and business aspect of the IIA provides an indication of the likely impacts on London’s economy and where possible, with a focus on small businesses.

The data reviewed for this exercise came from a range of sources including market-wide statistics about the PHV sector, TfL held data on vehicles entering the CCZ, previous research looking at the impact of the ULEZ and emissions discount to the Congestion Charge, and survey research exploring PHV behaviour.

A rapid engagement exercise was undertaken with key stakeholders to better understand the impacts of each proposal; stakeholders most directly affected were targeted and were given the opportunity to outline the implications each proposal would have on their business. Additionally, wider stakeholders familiar with the PHV sector were also given the opportunity to comment. The findings from this engagement were fed into the assessment of impacts.

Based on the evidence gathered through the literature review and engagement exercise, the prospective impacts of each proposal were mapped and assessed in terms of duration, distribution, scale, and sensitivity (i.e. the strength of stakeholders’ reaction to the actual or perceived negatives of each proposal) and assigned an impact rating based on the seven-point scale.
G. PHV deprivation data

Table 14: Deprivation and PHV home address

<table>
<thead>
<tr>
<th>Deprivation quintile</th>
<th>% of PHV drivers living in area</th>
<th>% of London population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most deprived</td>
<td>34%</td>
<td>23%</td>
</tr>
<tr>
<td>Second most deprived</td>
<td>37%</td>
<td>31%</td>
</tr>
<tr>
<td>Third most deprived</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>Fourth most deprived</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>Least deprived</td>
<td>3%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Mott MacDonald
Figure 1: Deprivation in London

Figure 1: Driver home addresses in London