

News Flash: London's Ultra Low Emission Zone

Daimler Fleet Management

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With the abundance of news coverage surrounding diesel cars of late, what do the T-Charge and ULEZ changes actually mean to you?

The Mayor of London announced on 6 November that the proposed Ultra Low Emission Zone (ULEZ) will operate from 8 April 2019 in central London, almost a year and a half earlier than expected. The ULEZ will replace the T-Charge (introduced October 2017) and will operate in the same areas, in addition to the existing congestion charge.

Read our guide to what the T-Charge and ULEZ will mean for you and your drivers when travelling in and around London.

How does the ULEZ differ from the T-Charge?

	T-Charge (Toxicity Charge)	ULEZ (Ultra Low Emissions Zone)
Start date	23 October 2017	8 April 2019
Area	Central London Congestion Charge Zone (CCZ)	Initially central London CCZ, and then in future years expanding to inner London for <u>all vehicles</u> and London-wide for buses, coaches and lorries (subject to consultation)
Emission standards	Minimum Euro 4 for both petrol and diesel (vehicles roughly more than 10 years old)	Minimum for Euro 6 diesel vehicles (roughly more than four years old in 2019); Euro 4 for petrol (roughly more than 12 years old in 2019)
Hours of operation	Monday to Friday, 7am-6pm (excludes Bank Holidays and the period between Christmas Day and New Year's Day inclusive)	24 hours a day, 7 days a week, 365 days a year
Charges	£10 a day for any non-compliant vehicles	£12.50 a day for non-compliant cars, vans and motorbikes and £100 a day for non-compliant buses, coaches and lorries
Discounts and exemptions	90 per cent discount for residents; 100 per cent discount for blue badge holders; and exemptions for emergency service vehicles, NHS vehicles and motorbikes	There will be a 'sunset period' for residents of the CCZ and all vehicles adapted for disability needs before the emission standards come into effect.

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Which vehicles are affected and what emission standards do they have to meet?

Vehicle type – includes hybrid vehicles	Minimum emission standards	Charge if vehicle does not meet the ULEZ standards. This is payable in addition to any applicable LEZ and CCZ charges	Penalty charge if vehicles does not meet ULEZ standards and daily charge not paid. This is in addition to any LEZ and CC penalty charges
Motorcycles, mopeds, motorised tricycles and quadricycles (L category)	Euro 3	£12.50	£130 (reduced to £65 if paid within 14 days)
Cars, and small vans Larger vans, 4x4 light utility vehicles, motorised horseboxes, pickups Ambulances and motor caravans Minibuses	Euro 4 (petrol) Euro 6 (diesel)	£12.50	£130 (reduced to £65 if paid within 14 days)
Lorries, motorised horse boxes, breakdown and recovery vehicles, snow ploughs, gritters, refuse collection vehicles, road sweepers, concrete mixers, fire engines, tippers, removals lorries Buses and coaches	Euro 6	£100	£1,000 (reduced to £500 if paid within 14 days)

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Government policy impacts on diesel vehicles

Over the last few months there has been an increased debate on the role diesel cars play in adversely affecting the clean air quality agenda of government. Various initiatives have been put forward which are causing discussion amongst fleet managers on the possible impacts for diesel vehicles on fleet policy.

It's important to note that in the main initiatives will impact older dirtier diesels with Theresa May commenting the concerns of hard-working Brits who bought diesel motors in good faith a decade ago had to be "taken into account".

This summary below outlines the initiatives and the impacts they could have, if any, on fleet policy:

Measure	Confirmed	Effective date	Area impacted	Vehicles impacted	Detail
Westminster diesel parking charge	Yes - now in effect	3/4/17	London - Marylebone	Diesel cars	- 50% surcharge on parking (equals £2.45 per hour) - Excludes residents
T-Charge (Toxicity Charge)	Yes - now in effect	23/10/17	London (congestion zone)	All vehicles not meeting Euro 4 (typically pre-2005)	- £10 per vehicle surcharge on top of current £11.50 congestion charge
Ultra-Low Emission Zone (ULEZ) brought forward from 2020	Yes	8/4/19	London (congestion zone)	All petrol vehicles not meeting Euro 4 (over 13 years old) diesel cars not meeting Euro 6 (over 4 years old)	- Replaces T-Charge - £12.50 per vehicle surcharge on top of current £11.50 congestion charge - £100 for HGV, coaches and busses - Consultation to expand the ULEZ to North and South circular from 2021
Tax treatment of diesel vehicles	Yes	Autumn Budget to provide company car tax rates from 2021	UK company car drivers	New diesel vehicles	- Review of diesel supplement that is due to be removed from 2021 - No major changes expected pre 2021 due to commitment to give a notice period for company vehicle drivers

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Clean Air Zones (CAZ) other cities in UK outside of London	No	2019 (5 cities) 2020 other UK cities	By 2019: Birmingham, Derby, Leeds, Nottingham, and Southampton.	TBC	Local authorities (LA) are required to implement measures to achieve a statutory NO ₂ limit as soon as possible. The methods used are at the LA's discretion (e.g. changing road layouts, encouraging public and private uptake of ULEVs, encouraging the use of public transport), however the government have emphasised that charging zones similar to the London ULEZ should be considered as a last resort The government has announced that LAs must set out their initial plans by March 2018
Ban on sale of fossil fuel vehicles	Yes	2040	UK	All petrol and diesel vehicles	Sale of petrol and diesel vehicles will be banned, however hybrid vehicles will still be permitted
Diesel scrappage scheme	No	TBC	UK	Older diesel cars over 10 years old	The government currently considers scrappage schemes poor taxpayer value and open to fraud and have not announced any plans to introduce one.

Summary

- Newer diesel fleet vehicles not greatly impacted by new punitive initiatives as they are mainly exempt
- Likelihood that clean air agenda will expand outside London focused on impacting older vehicles care of local government
- Any incentives for drivers to replace older diesels will increase the market for salary sacrifice and retail cars as drivers consider all the options available to them to replace their older car
- Recent government publications show that scrappage schemes are unlikely to be reintroduced
- Company car tax changes expected for diesel cars with possibly reversal of the removal of diesel supplements likely to be introduced long term, supporting the governments promise to not introduce further taxation changes that affect existing company car drivers
- Diesel vehicles are recognised by fleets as playing an important role for high mileage usage. There has been a slight shift to petrol but this will be gradual and only where cost-effective
- ULEVs are not cost-effective for fleets on a large scale and cannot currently replace combustion engine equivalents, but as ULEV drivers will pay reduced company car tax rates from 2020 and battery life improves the range on pure electric for plug-in vehicle it is expected their adoption on fleet policies will increase.
- Over 30 ULEV models are due for release in 2017 which will improve choice but a lot of models are high specification which adds to the higher rental.