



**TRANSPORT  
SCOTLAND**  
CÒMHDHAIL ALBA

# **Partial Island Communities Impact Assessment**

## **The Vehicle Emissions Trading Schemes Order 2023**

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## Introduction

Section 7 of the [Islands \(Scotland\) Act 2018](#) (the 2018 Act), places a specific duty on relevant authorities, including the Scottish Ministers and other public bodies, to have regard to island communities in carrying out their functions.

This includes the need to consult with island communities and prepare an Island Communities Impact Assessment (ICIA) to determine and respond to any changes arising from legislation which, in their opinion, is likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities) in Scotland.

This assessment should:

- describe the likely significantly different effect of the legislation;
- assess the extent to which the Scottish Ministers consider that the legislation can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from the legislation; and
- set out the financial implications of steps taken under this subsection to mitigate, for island communities, the outcomes resulting from the legislation.

The [Island Communities Impact Assessments: Guidance And Toolkit \(2020\)](#) (the Guidance) sets out an approach for undertaking an ICIA. This includes an initial screening stage ('Section 7 assessment'), followed by an additional impact assessment stage ('Section 8 assessment') if required following screening. The final stage is the publication of relevant documents.

This document constitutes the partial ICIA undertaken in respect of The Vehicle Emissions Trading Schemes Order 2023. Whilst our overall assessment is that these standards will be beneficial to Island communities and that the impact will not be negligibly different from what we expect the impact to be on the rest of Scotland, we have decided to undertake and publish a light-touch ICIA to reassure those communities of our reasoning behind not implementing a different policy in the Islands.

## Background

The Scottish Government declared a Global Climate Emergency in April 2019 and announced that Scotland will be carbon neutral by 2040 and will emit net-zero emissions by 2045. [The Scottish Government's Climate Change Plan update \(CCPu\)](#), published in December 2020, set out the pathway to meet Scotland's statutory greenhouse gas emission reduction targets by 2032.

With the transport sector being the largest emitter of greenhouse gases in Scotland, accounting for 29% of all emissions in 2019, and road transport making up the majority of those emissions at 66% ([Scottish Greenhouse Gas Statistics](#)), we have committed to decarbonising transport in Scotland. Scotland's ambitious climate change legislation sets a target date for net zero emissions of all greenhouse gases by 2045, with interim targets of 75% by 2030 and 90% by 2040. In line with this, the [National Transport Strategy 2](#) sets out the strategic vision for Scotland's transport system and the national Mission Zero for transport aims to ensure people and places benefit fairly from the shift to sustainable, zero emission mobility. This underlines our ambition to deliver a healthier, cleaner and greener Scotland for current and future generations.

The Scottish Government commitment is to phase out the need for new petrol and diesel cars and vans by 2030, with an increasing uptake of zero emission vehicles in the period up to 2030 essential to help us meet that goal.

Therefore, the Scottish Government, alongside the UK Government, Welsh Government, and Department for Infrastructure (Northern Ireland), are implementing a Zero Emissions Vehicle (ZEV) mandate and non-ZEV CO<sub>2</sub> emissions regulations that are a crucial first step to meet our commitment.

The ZEV mandate will apply to Scotland, Wales and England from January 2024. The intent of the Department for Infrastructure (NI) remains that Northern Ireland will join the mandate when the Assembly is able to pass the required legislation. In the interim, Northern Ireland will retain an appropriately scaled version of the existing CO<sub>2</sub> emissions regulation for new cars and vans.

A full [Cost Benefit Analysis](#) undertaken by UK Government, Scottish Government, Welsh Government, and Department for Infrastructure (Northern Ireland), that includes more detailed analysis alongside environmental, regulatory, equality and policy analysis, can be accessed.

## Objectives

The Scottish Government is committed to the decarbonisation of transport and with demand for Electric Vehicles (EVs) expected to grow rapidly, enabling people to switch to zero emission vehicles will require ready access to convenient and reliable EV charging infrastructure.

The objective of these proposals is to introduce yearly mandated sales targets for new zero emission cars and vans for vehicle manufacturers to meet, ramping up to 80% of new cars, and 70% of new vans, by 2030, and introduce non-ZEV CO2 emissions regulations for all new non-ZEV cars and vans sold.

## Consultation

### Within Government

Consultation has taken place with colleagues across Transport Scotland and the Scottish Government.

Colleagues in Legal Services are involved in the process throughout, working with UK Government lawyers, who were the lead drafters of the legislation, on ensuring that the correct path towards the implementation of the legislation is taken in Scotland.

### Public Consultation

During the consultation, there was an extensive stakeholder engagement programme to understand better the views and opinions on the various design features, which included roundtables, official-led workshops and bilateral meetings.

The final consultation received 146 responses in total, 46 from private individuals and the remainder from a variety of organisations.

#### List of respondents

- Allianz
- Allied Vehicles Group
- ANFIA
- Ariel Motor Company
- Aston Martin
- BAC
- Bentley Motors

- BMW Group
- BorgWarner
- Briggs Automotive Company Ltd
- BVRLA
- Campaign for Better Transport
- Caravan and Motorhome Club
- Caterham Cars
- ChargePoint
- ChargeUK
- ChargeWorks
- Chartered Institution of Highways and Transportation
- ClientEarth
- Co Wheels
- Community Transport Association
- CoMoUK
- Connected Kerb
- Consumer Council Northern Ireland
- DecarboniseNow
- DPD UK
- Dr Ben Spencer MP
- E.ON Energy
- EDF Energy
- Energy Saving Trust
- Energy UK
- Enterprise Holdings
- EO Charging
- EVA England
- EVA Northern Ireland
- Ferrari
- Fife Council
- Ford
- Green Alliance
- Greenergy
- Greenpeace
- Growing Mid Wales
- Harris Maxus UK
- Honda
- Hour Car
- ICCT
- INEOS
- Infyos
- Isuzu TruckIM Group
- Jaguar Land Rover
- JAMA
- JLR
- KIA UK
- LEVC

- Lloyds Banking Group
- Logistics UK
- McLaren
- MG Motor UK Ltd
- Millwheels Ltd
- Motability
- Myenergi
- New Automotive
- NFDA
- NIE Networks
- Nissan
- Octopus Electric Vehicles
- OVO Energy
- Petrol Retailers Association
- Podpoint
- Portsmouth City Council
- Private individuals
- RAC
- REA
- Renault
- Renault Trucks
- Road Haulage Association
- Roadchef
- Royal Mail
- RTFA
- SAP UK
- Scottish Power
- SMMT
- Stellantis
- Subaru
- Sunderland City Council
- Tactran
- Tesla
- TfL
- The NCC
- The Thalidomide Trust
- Toyota
- Transport and Environment
- Uber
- UK Electric Fleet Coalition
- UK Petroleum Industry Association
- UKLA
- Valero Energy Ltd
- Volkswagen Group UK
- WAVCA
- Wells Motor Cars Ltd
- Zemo Partnership

- Zeta Group

## Consultation and Research

As part of the consultation, stakeholders were asked:

*What are your views on the potential impact of the two proposed schemes on communities in the more rural and remote parts of the UK and to those businesses involved in the sale of vehicles in those areas?*

Respondents offered a variety of views on the potential impact on rural and remote communities. The overwhelming sentiment recognised that rural communities do face challenges specific to them in the transition to zero emission vehicles and that they will require bespoke support to meet the needs of communities. The primary concern is charging infrastructure, with nearly two thirds of respondents including NGOs, vehicle manufacturers and trade associations highlighting this as a specific concern. Around a quarter called for more financial support outside of infrastructure, for example, subsidising ZEV purchases. Some respondents also used this opportunity to emphasise the importance of a UK-wide scheme in ensuring rural areas are not left behind.

[View the full consultation response.](#)

## Assessment

Our island communities face unique circumstances which may affect households' and businesses' ability to comply with regulations. In addition, these unique circumstances may alter the relative impact of these regulations, compared to other mainland communities.

## Transport

Many of those living in rural communities (such as Scotland's island communities) have a greater reliance on car availability for transport to access key services. Evidence from the National Travel Survey shows that in 2020, only 8% of households in rural towns have no car or van; significantly lower than in suburban and urban areas, as shown in Figure 1. Figure 1 shows a proportion of households by residency area with no car or van, from Urban Conurbation (at just over 30%) to Rural, Village, Hamlet and Isolated Dwelling (at just over 5%).



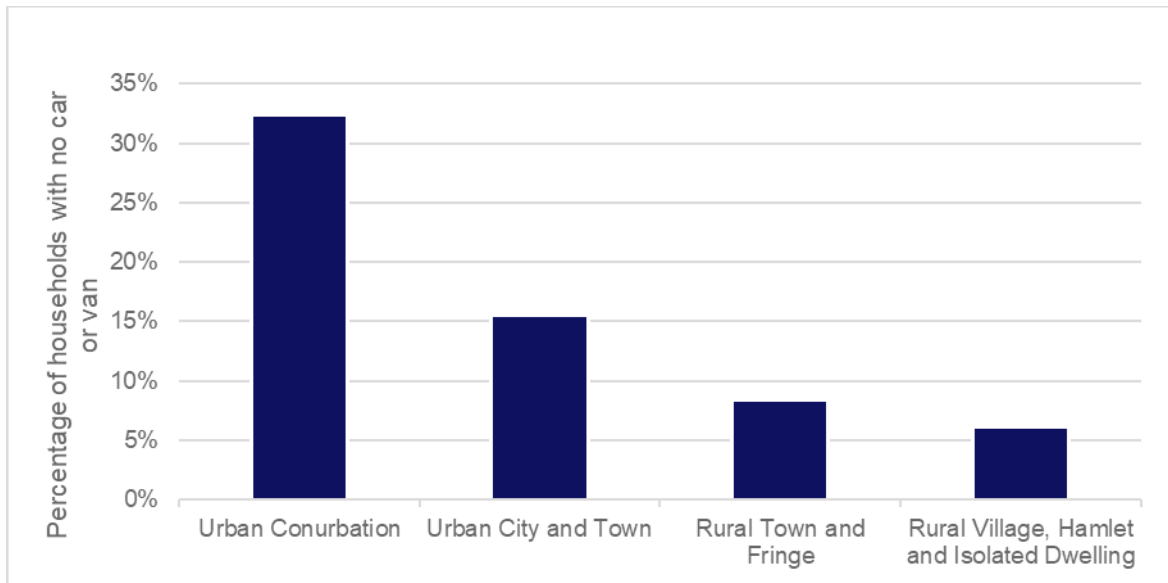


Figure 1: Proportion of households by residency area with no car or van, as described in the text above

Additionally, many island and rural communities require or have preference for larger vehicles, with greater mileage to service rural trips. As a consequence, these communities may face a higher upfront cost of vehicle purchase. However, those undertaking more mileage will also generate running cost savings at a faster rate.

## Charging Infrastructure

The availability of vehicle charging points may also be a concern for some island and rural communities. The lower population density in those areas can lead to a lower provision of public chargepoints. However, [research on chargepoint](#) availability suggests that some of Scotland’s island communities are arguably among the best-prepared for increasing ZEV uptake. Local authority-level data collection identifies the Orkney Islands, Shetland Islands, Na h-Eileanan Siar, Argyll and Bute and Highland and Islands as all falling within the top 7 best-prepared communities, with Orkney holding roughly 5 times as many chargepoints per person than Glasgow and Edinburgh. Nevertheless, this trend may not be the case for all island communities.

Additionally, those in island and rural areas are more likely to have access to off street parking, which will mean they can undertake the vast majority of their charging at home. There will still be a need for sufficient charging infrastructure to support long journeys and households without access to off street parking.

## Cost

As stated, there may be unique challenges faced by island communities in taking up ZEVs. For instance, median incomes across some of our island communities are

lower than the Scottish national average (Analysis from the 2021 Earnings and hours worked, place of residence by local authority dataset - [Earnings and hours worked, place of residence by local authority: ASHE Table 8 - Office for National Statistics \(ons.gov.uk\)](#)), and therefore up-front costs of ZEVs may be more prohibitive. That said, it should be noted that consumer uptake of ZEVs is not compulsory; for the period of these direct regulations, ICE vehicles (ICEVs) will be permitted to be sold. Furthermore, the second-hand market for ICEVs will continue to operate, and ZEVs will increasingly become available at lower cost on the second-hand market over time. Finally, and most critically, ZEV costs are expected to decline over time which we expect to further reduce the barriers to participation and support a just transition to ZEVs across all of Scotland's communities.

Island drivers may also face higher operating costs than their mainland counterparts, pertinent to both ICEVs and ZEVs. Rural areas, such as the Scottish islands, pay on average 1p-2p per litre more for road fuel, due to lower competition and higher supply costs ([Road fuel review - GOV.UK \(www.gov.uk\)](#)). The availability of rural fuel duty discounts in areas such as the Inner and Outer Hebrides is an indicator of the higher market costs these communities face. Equally, their unit cost of electricity may be greater. However, ZEVs are expected to offer running cost savings of nearly 50% per kilometre compared to their ICEV counterparts, with this saving expected to increase as battery efficiency gains are realised. Therefore, island electricity costs would need to be more the twice the average p/kWh paid for island ZEV drivers to face the same price per km as running an ICEV. [Evidence from 2015](#) suggests that electricity unit costs may only be approximately 25 – 30% higher for island communities relative to the national average. However, the recent trend of a rise in consumer and business investment in microgeneration may have since decreased this difference.

Finally, drivers on several Scottish islands are exempt from requiring an MOT on their vehicles, subject to certain conditions ([The Motor Vehicles \(Driving Licences\) Regulations 1999 \(legislation.gov.uk\)](#)). As a result, the car and van fleets on these islands are expected to be on average older, less efficient, and have greater adverse air quality impacts than their mainland counterparts. The marginal benefit of replacing island vehicles with ZEVs is therefore expected to be greater, thereby potentially offering greater net social benefits to island communities.

## Conclusion

Given our ambition to decarbonise transport across the whole of Scotland through a just transition, it is clear that for rural and remote communities these proposals must work in tandem with an increase in electric vehicle charging infrastructure, access to vehicles and a recognition of rural and remote communities' transportation needs.

The Electric Vehicle Infrastructure Fund signals a new approach to growing Scotland's public charging network and recognises this need. It anticipates that half of the £60 million investment will come from the private sector and aims to double the size of the network over the next 4 years and ensure the right level of investment across all of Scotland, including in rural and island settings where there is less opportunity for commercial investment.

On the balance of this evidence, island communities are not expected to be disproportionately adversely affected by these regulations. In fact, a combination of generally greater chargepoint availability, coupled with unique regulatory environments, means that many island communities may disproportionately benefit from these regulations. As ZEV costs decline, both through innovation for first-hand vehicles and greater availability of second-hand ZEVs, remaining barriers to participation are expected to be reduced.



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