

GM CAP Policy Development Engagement Session

Engagement session with Hackney Trade – 8th
September 2022

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Welcome

The purpose of this session is to:

- Recap on Greater Manchester's current position regarding the Clean Air Plan, including why a new plan
- Recap on what was offered under the previous plan
- Seek views on the elements of GM's proposal for an investment-led non-charging Clean Air Plan

Summary

- As a result of legal action, the UK Government directed GM Authorities to take action to address roadside Nitrogen Dioxide (NO₂) concentrations in order to achieve compliance with the legal limit value in the “shortest possible time”.
- Summer 2021 GM authorities following a Government direction agreed a plan to implement a charging Category C Clean Air Zone to non-compliant Buses, Coaches, HGVs, Taxis, Vans/LGV and Minibuses to achieve compliance with legal limits for nitrogen dioxide on local roads in the shortest possible time and by 2024 at the latest.
- January 2022 GM submitted evidence that the cost and availability of vehicles, particularly vans meant that the plan was unworkable.
- February 2022 Government revoked the direction to implement a Clean Air Zone and gave a new direction to the GM authorities to review plan and achieve compliance in the shortest possible time and by no later than 2026.

Summary

- Summer 2022 GM sets out that Challenging economic conditions, ongoing pandemic impacts and rising vehicle prices means the original plan of a city-region charging Clean Air Zone is no longer the right solution to achieve compliance and is proposing an investment led non-charging Clean Air Plan.
- Draft *Case for a New Clean Air Plan* submitted to Secretary of State for Environment, Food and Rural Affairs on 1st July 2022. The sets out GM is to:
 - Invest in electric buses across the network and targeted at the last points of exceedance
 - Review funding to support upgrade to cleaner vehicles (targeting Category B vehicles).
 - Category B vehicles are buses, coaches, taxi/PHV and HGV's.
 - Note LGVs and minibuses are Category C vehicles
 - Work in partnership with stakeholders and with other transport bodies to deliver the best solutions

Latest position with Government

Greater Manchester is awaiting a response on the submission.

In line with the Air Quality Administration Committee recommendations noted at the 1st of July meeting, GM is continuing to progress the policy development for the new GM CAP in support of a non-charging, investment-led approach.

GM's authorities have chosen to work together to deliver the best outcome for the region

Why have the GM Authorities collaborated on a plan for clean air?

- The ten GM local authorities have taken a GM-wide approach to produce a Clean Air Plan because it is recognised that air pollution is not limited by local authority boundaries.
- Working together enables a consistent and coordinated approach to maximise air quality benefits for all people living and working in Greater Manchester; whilst minimising the risk of unintended consequences, such as displacing pollution to other locations within Greater Manchester.
- GM's authorities have a strong history of working together to secure a sustainable transport system and improving air quality. The Clean Air Plan will sit alongside a number of existing strategies, commitments and investments to achieve sustainable transport, contributing to better air quality, such as:
 - Five-Year Transport Delivery Plan (2021-26) – sets out the practical actions planned to deliver the 2040 Transport Strategy over this five-year period.
 - City Centre Transport Strategy
 - 5-Year Environment Plan
 - EV Charging Strategy

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A new Clean Air Plan will meet the following objectives

Core objectives of the Clean Air Plan:

- To reduce NO2 concentrations to below the legal limits in the shortest possible time and by 2026 by the latest;
- Achieve compliance in a way that is fair to businesses and residents, and not cause financial hardship to people in Greater Manchester; and
- Ensure the reduction of harmful emissions is at the centre of GM's wider objective- delivery of the Bee Network.

The new CAP will target investment at vehicle upgrades rather than imposing daily charges, targeted at places where NO2 concentrations are highest.

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What has changed since the previous Plan was produced in summer 2021 affecting air quality?



- The number of new cars being purchased is much lower than expected.
- Therefore the car fleet is older and emissions are higher.



- ZEBRA funding will provide electric buses in Stockport.
- Results in lower emissions on bus routes in Stockport, Manchester and Trafford.

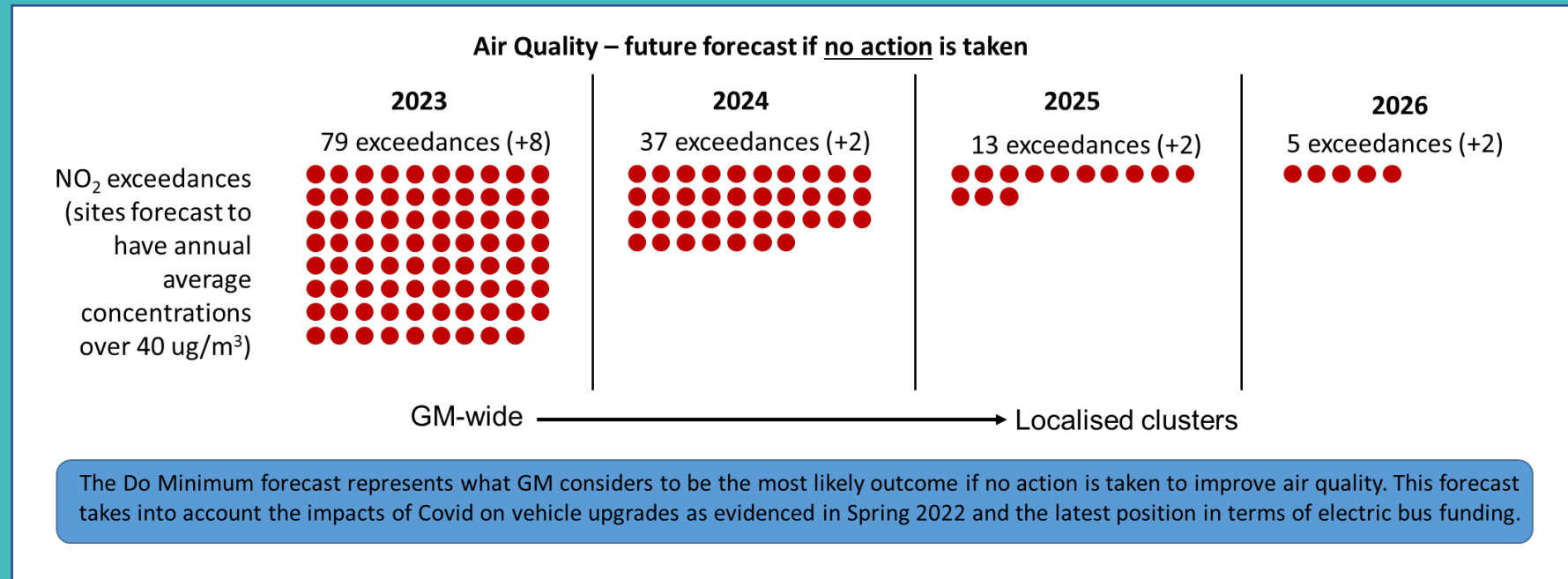
These changes have been reflected in a revised forecast of future air quality if no action was taken to improve air quality (i.e: without a GM Clean Air Plan), but if other schemes that are planned, funded and committed were implemented. This is the 'Do Minimum' forecast.

The air quality challenge changes from being GM-wide in 2023 to locally focussed by 2026

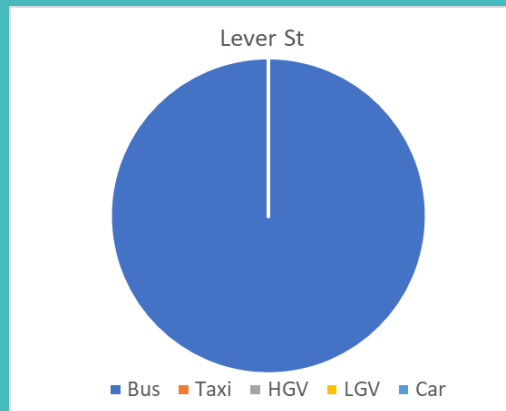
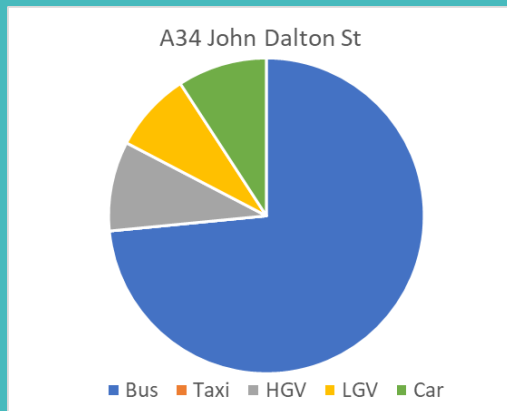
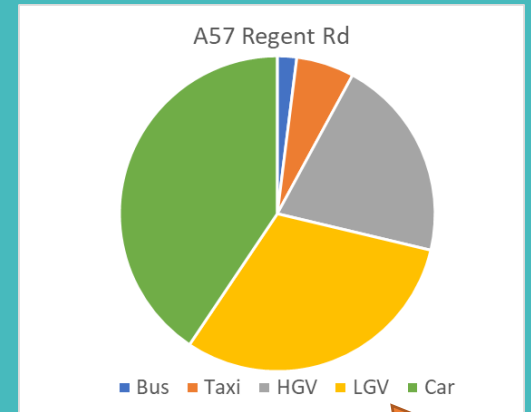
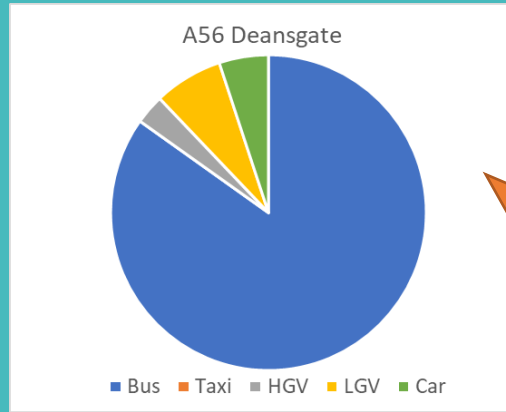
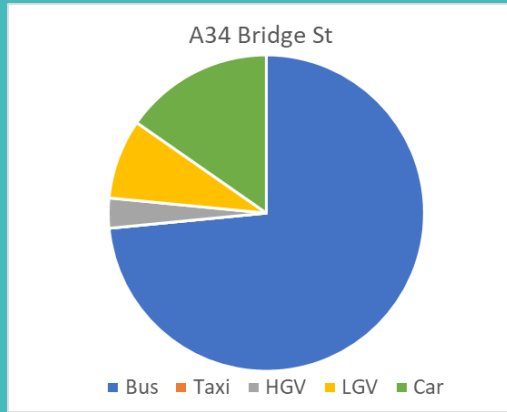
- GM has forecast NO₂ exceedances in each future year to 2027, if no further action is taken (the 'Do Minimum' forecast).
- The forecasts show that the number of sites in exceedance reduces over time, moving from a GM-wide problem in 2023 to a localised problem in 2026 focussed around the regional centre.
- The GM CAP needs to be targeted at reducing NO₂ concentrations at the last remaining locations of non-compliance.

Note: Analysis submitted to Government in Jan 2022 demonstrated that no deliverable scheme could achieve full compliance in 2024, due to slowing of new car purchases as a result of Covid-19 and increases to used van prices.

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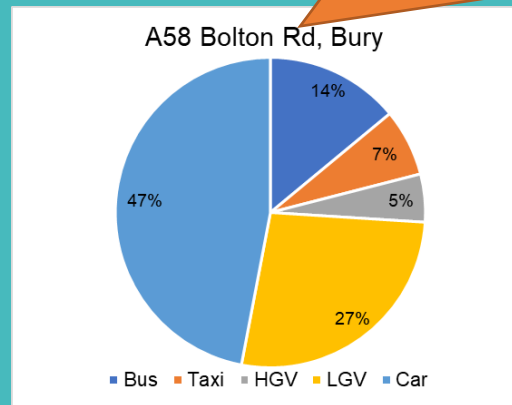
In the city centre, buses are the greatest source of emissions vs commercial vehicles at Regent Road



At the four city centre sites that are forecast to remain non-compliant in 2025, bus accounts for over 70% of emissions, so electric buses could be very effective in improving air quality.*

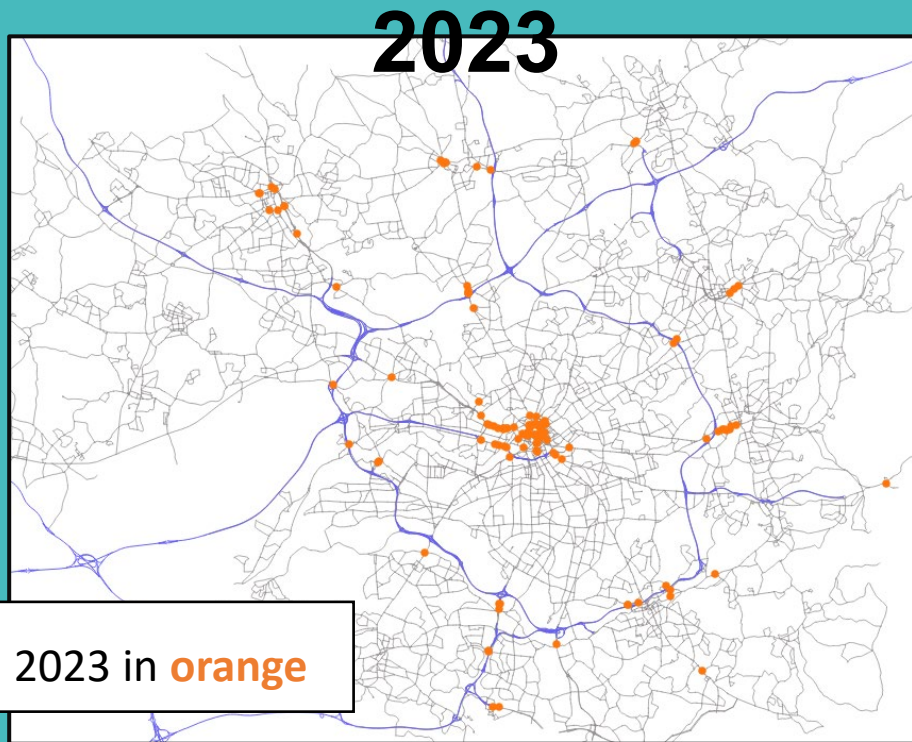
At Bolton Road, Bury, bus accounts for around 14% of emissions; switching to electric likely to be sufficient to achieve compliance.

In contrast, Regent Road has very few buses running on it and acts as a major strategic route for commercial vehicles – with high volumes of HGVs – and cars heading to the city centre and inner ring road.



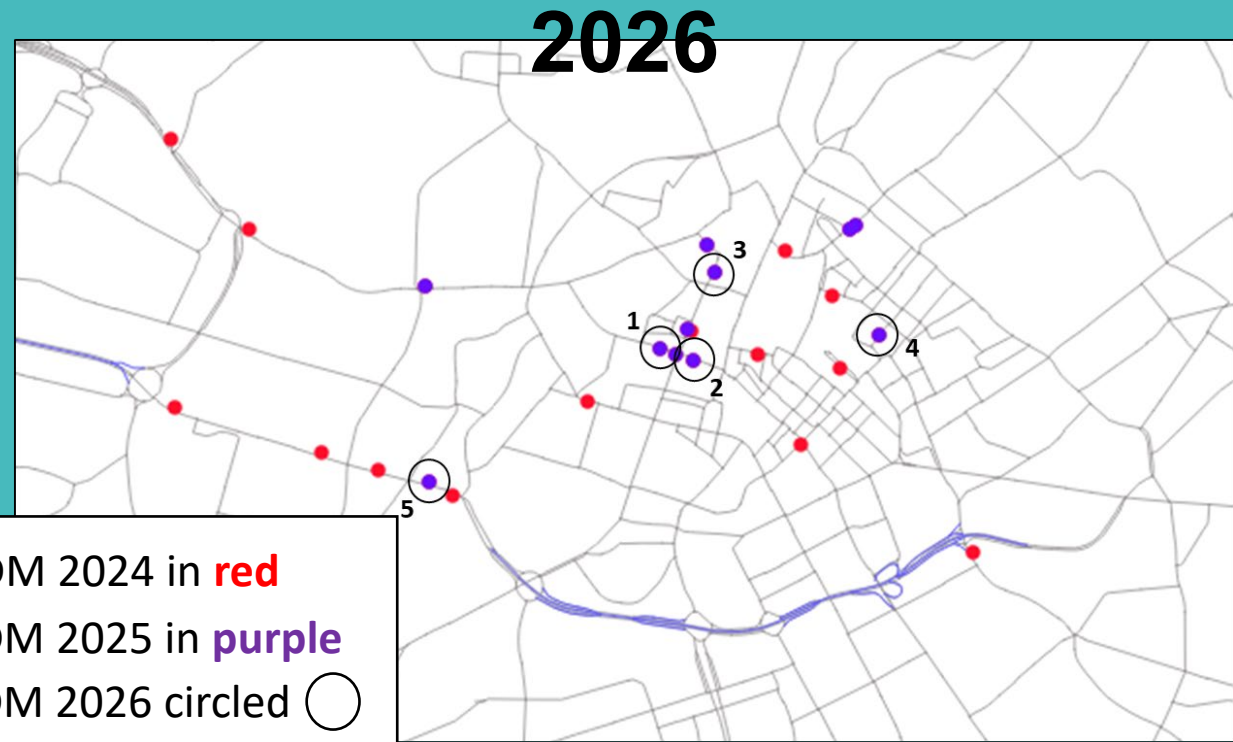
*NOTE: The relative taxi contributions are under-estimated, and car emissions over-estimated inside the Regional Centre Inner Relief Route. Further detailed analysis can be undertaken if a substantial city-centre Electric Taxi policy is considered

Air quality challenge in 2023 - 26



In 2023, GM forecasts suggest 79 locations will be in exceedance across GM.

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By 2025, exceedances are found only in Salford and Manchester and at Bury Bridge.

By 2026, five locations are expected to remain in exceedance – four in the city centre (1-4) and one on A57 Regent Road (5) approaching the centre.

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The Clean Air Plan has already provided funding to support the upgrade of buses and HGVs



£15.1m awarded for the retrofit of 973 buses, 609 retrofits completed to date



£1.08m awarded for the replacement of 68 buses, 58 compliant buses purchased to date



Around 270 HGVs awarded funding to upgrade, 97 compliant HGVs purchased to date



44 additional vehicles awarded funding where purchases had been made in anticipation of the Funds opening in early 2022

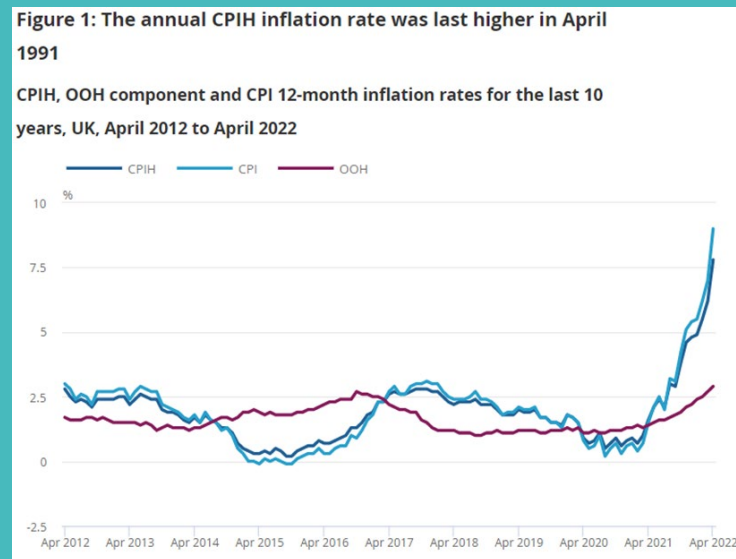
There are new opportunities to tackle air quality that were not available in summer 2021

- Confirmation of bus franchising - From September 2023 at least 50 new zero emission buses will be brought into service with the launch of the regulated bus system in Wigan and Bolton.
- ZEBRA funding awarded – 170 zero emission buses – equal to 10% of the whole bus fleet in the city-region – running from Stockport by 2024.
- City Region Sustainable Transport Settlement (CRSTS) funding, which provides significant benefits from delivering zero emission buses, £115m earmarked for a third of the bus fleet in GM to be zero emission by 2027.

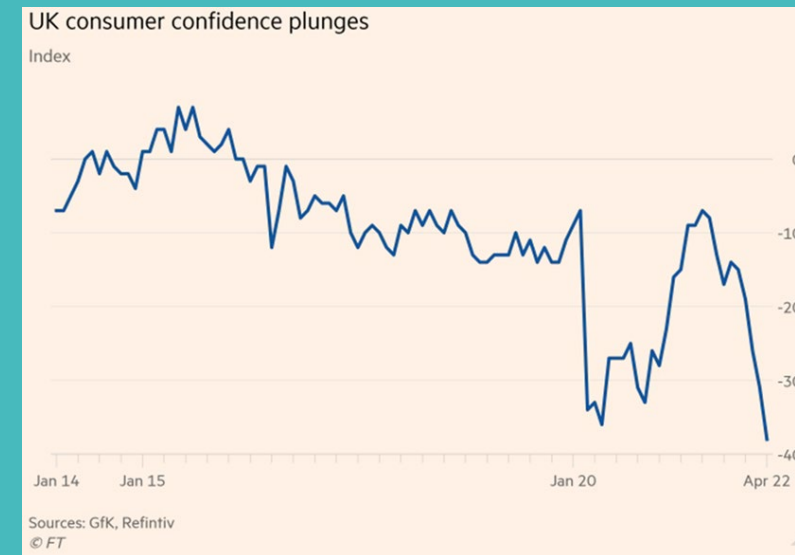
This means that it is now possible to drive a reduction in emissions via investment in electric buses on a scale previously not possible.

But current economic conditions present new challenges making fundamental changes to the Plan necessary

UK inflation reached a 40-year high of 9% during April 2022, rose again to 10.1% in July 2022 and is expected to continue rising



Consumer confidence has plummeted and demand is falling.



GM's businesses and population are particularly vulnerable to high inflation because of the high proportion of small businesses and low income households.

Costs are rising – and this may particularly affect vehicle-owning businesses

The war in Ukraine meant that diesel prices were a third higher in March 2022 than July 2021

UK pump and wholesale fuel prices over time

Latest start-of-month prices in pence per litre for **unleaded petrol** and diesel



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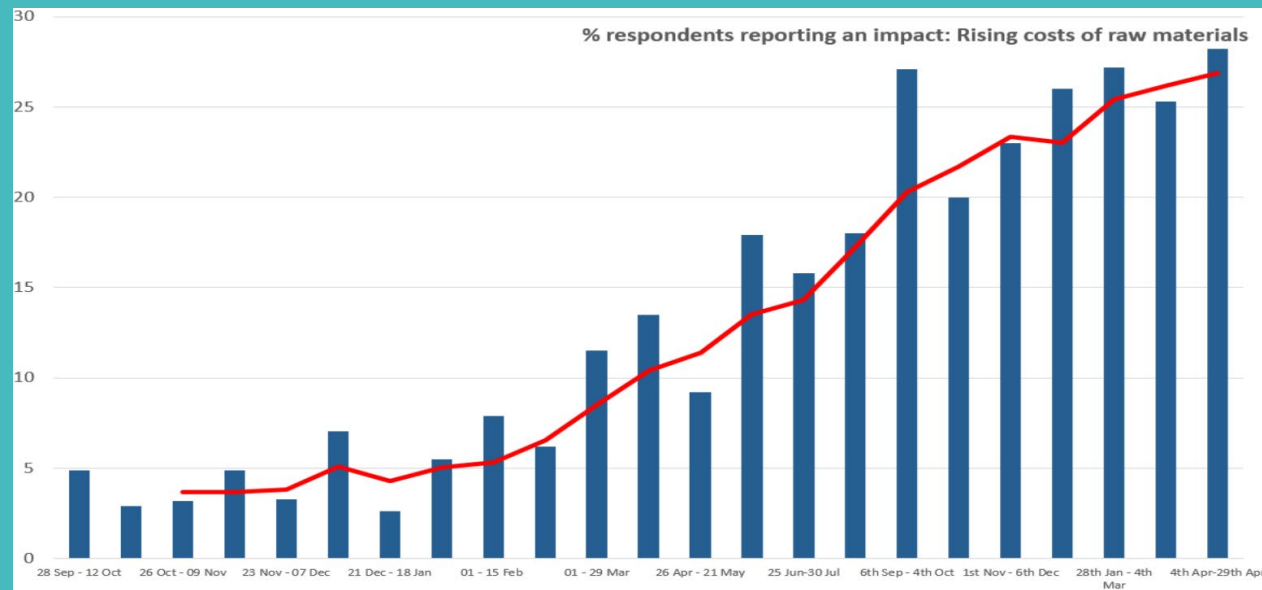
Cost to fuel a lorry is up £20,000 a year, says haulage boss

By Jennifer Meierhans
BBC News

© 23 hours ago | Comments



GM's businesses are increasingly reporting that they are affected by the rising cost of materials.



Source: Growth Company Business Survey

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The price of new and used commercial vehicles is rising, making upgrade less affordable



70,900
vehicles
serving GM
81% compliant
in 2023

- Having remained stable for many years, record-breaking price rises are being reported of around 40% for Euro 6 vehicles, with the price gap between Euro 6 vs 5 vehicles increasing.
- Dealers are reporting constraints on availability of new vehicles – due to shortages of materials including semi-conductors – and that this means people are extending leases (so fewer vehicles enter the second-hand market) or trying to buy second-hand, leading to shortages in that market.
- Price rises reflect these shortages as well as increases in the cost of materials (for new vehicles).



277,400
vehicles
serving GM
52% compliant
in 2023

- There is substantial evidence of significant price increases in the second-hand van market – the scale of those rises has a high degree of variability depending on the particular vehicle. The extent of the reported rise varies between 13% and almost 60%.
- Overall, the evidence suggests that demand for new and second-hand vans remains strong, and therefore that the loss of supply caused by lockdowns in 2020 and more recently by the semi-conductor shortage is leading to price rises in the new and second-hand markets, and to long lead times for new vehicle orders.
- A high proportion of non-compliant vans are owned by sole traders and very small businesses which are vulnerable to the impacts of inflation and the cost of living crisis.

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Some sectors potentially in scope for the Clean Air Plan have still not recovered from the impacts of the pandemic



12,400 PHVs
licensed in GM
68% compliant
in 2023



2,100 Hackneys
licensed in GM
35% compliant
in 2023

- Hackneys and PHVs lost a substantial proportion of their trade during the pandemic, as travel for business, leisure and tourism purposes ceased.
- The number of vehicles licensed has reduced and drivers report that demand has not returned to pre-pandemic levels.
- The number of new vehicles entering the Hackney and PHV licensed fleets was much lower than normal in 2020 and 2021, so that the age of the fleet has increased.
- This is assumed to result from market conditions and conditions in the wider economy, as well as continued uncertainty about licensing and clean air requirements for the fleet.
- Furthermore, there is anecdotal evidence that the value of Euro 5 and older Hackney cabs is falling, as more cities bring in tighter licensing standards and/or Clean Air Zones.



1,700 vehicles
serving GM
59% compliant
in 2023

- The coach sector was badly affected by the pandemic, with lockdown restrictions meaning that many were forced to stop operating for long periods.
- Demand from tourism and major events remained constrained during 2021, and recovery is expected to be slow.
- The SMMT states that demand for new buses and coaches dropped further in 2021 and was the weakest year since records began in 1996.

Challenging economic conditions, ongoing pandemic impacts and rising vehicle prices necessitate a rethink

- The **cost of living crisis** means that businesses are less able to afford to invest in vehicle upgrade, whilst households are less able to absorb any costs that may be passed on to them.
- This is exacerbated by **rising vehicle prices** and – for some vehicle types – lower residual values of non-compliant vehicles. There is also evidence that demand for new and compliant second-hand vehicles is exceeding supply, leading to long wait times and rising prices.
- A charging Clean Air Zone could therefore cause **unacceptable financial hardship** and contribute to business failures.
- Furthermore, **new opportunities have arisen** – via the approval of bus franchising and new funding for electric buses – that mean that GM has the opportunity to tackle emissions in a different way.
- Because exceedances become more localised in 2025 and 2026, **action can be targeted** at those locations suffering the worst air quality.
- In summary, any intervention, such as a charging clean air zone, that could see businesses forced to pay additional charges and potentially pass on costs to the consumer, could have severe consequences for those groups who are already struggling to cope with the cost of living crisis.

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GM's preferred approach is an investment-led Clean Air Plan with action targeted at the most polluted places



Electric Bus

Investment in electric buses across the network and targeted at the last points of exceedance:

- 50 electric buses in the first phase of franchising, including at Bury Bridge.
- Electric buses on services travelling through the city centre at key places



Funding to support upgrades

Funding to support upgrade to cleaner vehicles:

- Continuation of existing Bus Fund
- Review of Funding offer for HGV, coach, Hackney Cab and PHV.
- Targeted proposals to support upgrade to the cleanest vehicles in key locations, particularly Hackneys.



Partnership working

Working in partnership with stakeholders and with other transport bodies to deliver the best solutions:

- Working with National Highways to tackle poor air quality on Regent Road and on the A628/A57 at Mottram.
- Working with stakeholders to ensure the Plan delivers change and meets their needs.

An investment-led Clean Air Plan is part of GM's plan to deliver a more sustainable transport network

Through the Bee Network Vision, GM has set out a core ambition for a **London-style integrated transport network** that:

- Provides a **consistent and high quality user-experience** across all travel in all parts of GM;
- Promotes a **clear pathway to GM's Net Zero Carbon Vision** by providing real public transport and active travel choices for all; promoting sustainable travel behavioural change through integrated city region planning; and supporting the electrification of vehicles and public transport fleets; and
- Promotes **levelling up through the provision of sustainable transport connectivity** to key growth locations and the provision of affordable public transport options for all of our communities.

This integrated transport network approach was set out by GM to Government through GM's CRSTS and BSIP submissions.

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New Government Ask

- One specific 'ask' of Government to support the new GM Clean Air Plan would be to remove out-of-area operation by private hire drivers/vehicles.
- GM Authorities are keen to work with DfT to consider an appropriate regulatory device that would require that all private hire journeys within GM must be undertaken by a driver and vehicle which are both licensed by one of the ten GM local authorities.
- As it stands, out-of-area operation enables the evasion of fair, safe and democratically-determined local licensing standards, which undermines public safety as well as local measures to progressively improve up driver and vehicle standards.
- In context of the GM Clean Air Plan, this measure would provide local authorities with stronger regulatory tools to improve the emission standards of all private hire fleets operating in GM.

Developing the new CAP Policy

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Developing a new GM CAP Policy

The Summer 2021 policy set out the criteria to obtain funding to support upgrades. Some of this is still valid for the investment-led, non-charging Clean Air Plan because the development and operation of the Clean Vehicle Funds Service has been based on the existing policy. Reusing this work allows GM to:

- Leverage the investments made to date on the development of systems and processes to allow for the shortest time between agreement of the new CAP and our ability to commence distributing grants to eligible vehicle owners.
- Balance fraud avoidance with the ability to provide funding at the optimal point in the trade in cycle to ensure that applicants have funding to allow them to move to a compliant vehicle.

The following slide sets out the principles of the policy.

GM Funds: The principles

- supporting small and micro businesses, sole traders, the self-employed, charities, social enterprises and individuals
- providing for the replacement of a non-compliant vehicle with a compliant vehicle on a 'like-for-like' basis
- issued directly to accredited suppliers of retrofit and replacement vehicle upgrade options, to ensure maintenance of a comprehensive audit trail, accountability for public funding and to reduce the risk of fraudulent activity and misappropriation of funds

The options for funding:

- a lump sum grant, which contributes to the cost of retrofit, replacement or running costs – the Applicant funds the remaining costs with their own capital or financing arrangements; or,
- Vehicle Finance, which contributes to the cost of financing a replacement vehicle through the GM scheme – the Applicant pays monthly for an agreed finance period at a preferential rate.

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Funding to support upgrades – the Summer 2021 offer

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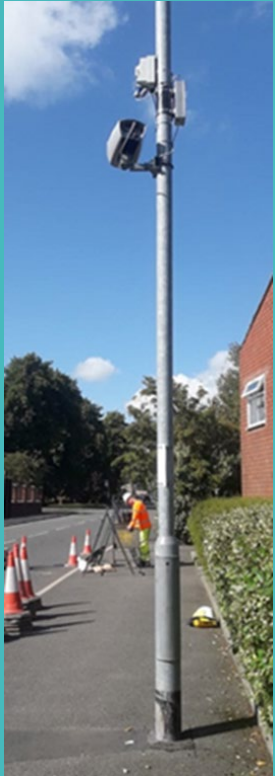
2021 Funding Offer: Hackney

Measure	Hackney
Replacement grant	£5k – compliant WAV Up to £10k – new ZEC WAV (running costs) £10k – second-hand ZEC WAV £3k – compliant non-WAV £6k – new ZEC non-WAV (running costs) £6k – second-hand ZEC non-WAV £5k – minibus
Retrofit grant	Up to £5k
Vehicle Finance	Up to £5k – compliant WAV Up to £10k – new or second-hand ZEC WAV Up to £3k – compliant non-WAV Up to £6k – new or second-hand ZEC non-WAV
Eligibility & Vehicle cap	GM-licensed, 5 vehicles (Tranche 1: limited to 1 vehicle)

What is under review now?

Vehicle type		Clean Air Funding
	Bus	Continue existing Bus Fund and revisit funding amounts with evidence of inflationary costs
	HGV	Review existing Clean Commercial Vehicle Fund and revisit funding amounts with evidence of inflationary costs, explore focussing eligibility to areas of exceedances, rather than GM residency.
	Coach	
	LGV	Not in scope for funding, unless a minibus is licensed as a PHV.
	Minibus	
	GM Hackney Cab	Review existing Taxi Fund and revisit funding amounts with evidence of inflationary costs, explore focussing eligibility to areas of exceedances.
	GM PHV	

Automatic Number Plate Recognition Cameras (ANPR)



- Under the previous Clean Air Plan, ANPR cameras were installed with the intention of detecting non-compliant vehicles travelling within Greater Manchester who were liable to charge.
- The ANPR cameras are purpose built and mounted on lamp posts or dedicated poles. They are designed to achieve a specific field of view and are fixed to 'look' at the highway and record the Registration Number of passing vehicles so that the DVLA can advise us of the specific type of vehicle and the emission standards of its engine.
- ANPR cameras could help determine eligibility for Clean Air funding by identifying those non-compliant vehicles travelling most regularly through areas of nitrogen dioxide exceedance.
- GM authorities are keen to understand views on taking this approach.

What is Participatory Policy Development?

The participatory approach to developing the new Plan will ensure that GM's proposals are well-grounded in evidence in terms of the circumstances of affected groups and possible impacts of the Plan on them, and therefore the deliverability and effectiveness of that Plan.

Why are we here today?

- Seek views on the elements of GM's proposal for an investment-led non-charging Clean Air Plan
- Raise awareness and help to ensure clarity on Greater Manchester's position and the steps to develop the new GM CAP
- Seek feedback and suggestions for the Clean Air Fund under the new GM CAP approach
- Gather feedback on how best to target vehicle upgrades to address persistent exceedances

Taxis: Initial feedback from vehicle groups so far

Prior to the draft *Case for a New Clean Air Plan* being submitted to Government on 1st July, a series of sessions took place with representatives from the taxi trade (Hackney and PHV) to present them with the current approach and ask for initial comments. Some of the feedback from the various groups is as follows:

All members want clean air but we want to be able to afford it, funding is key and needs to be in place as soon as possible.

The investment-led non charging Plan is welcomed as it listens to the concerns of the trade. We want to engage further to help develop it.

Vehicle availability is of concern.

Welcome the suggestion to address out-of-area licensing, but there are issues with local licensing authorities.

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Our questions to you

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Clean Taxi Fund

- What is your view on the proposed new GM Clean Air Plan?

Clean Taxi Fund

- What is your feedback on the idea to retrofit or upgrade vehicles under a non-charging Clean Air Plan?
- Would you take up the offer of funding yourself?
- Do you have any recommendations on the amount of funding offered per vehicle?

Funding Principles

- What are your views on keeping the funding principles from the previous Clean Air Plan?

Use of ANPR cameras

- Please tell us your thoughts about the use of ANPR cameras to identify non-compliant vehicles and determine eligibility of funding?

Electric Vehicle Charging Infrastructure

- Should GM target CAP funding to increase roll out of dedicated taxi and other general electric vehicle charging infrastructure points, to ensure fleet upgrade to electric vehicles is viable and taxi industry is supported.

Other measures

- Are there other measures that could help encourage the Hackney trade to upgrade to cleaner vehicles?

Further input – survey

A survey has been developed to allow those who own or operate any of the vehicle types in scope for the GM CAP to complete to tell us more about their thoughts and experiences.

Details will be shared with you following the session.

Please share the survey to relevant people in your networks so GM can gather as much information as it can to develop the policy.