

Developing a new GM Clean Air Plan

Salford City Council
Growth and Prosperity Scrutiny Panel
26 September 2022

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The right Clean Air Plan for Greater Manchester

Why is clean air important?

Poor air quality poses a significant environmental risk to public health. Long-term exposure to NO₂ may contribute to the development of cardiovascular or respiratory disease and may reduce life expectancy. It is estimated that poor air quality contributes to 1,200 deaths a year in GM alone.

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. There are a number of exceedances of the legal limit across the conurbation.

The right plan

It is not just our legal obligation; it will make GM a healthier place. The new plan must function to both reduce NO₂ exceedances and take into account the challenging new economic context (the financial impact of the Coronavirus pandemic on businesses, and the emerging cost of living crisis) since the previous plan was agreed in Summer 2021.

Working together enables a consistent and coordinated approach to maximise air quality benefits for all people living and working in 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.

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GM's authorities have a legal responsibility to produce a Clean Air Plan



As a result of legal action, the UK Government has delegated responsibility to individual Local Authorities



GM Authorities **MUST** address roadside NO₂ compliance by reducing NO₂ concentrations to within legal limit values in the “shortest possible time”.



Government has set out the process, timescale and provided the funding.

In February 2022, Government supplied GM with a revised Direction, requiring GM to achieve compliance by 2026 and in the shortest possible time. This was in recognition of evidence GM had supplied showing that it was no longer possible to achieve compliance in 2024.

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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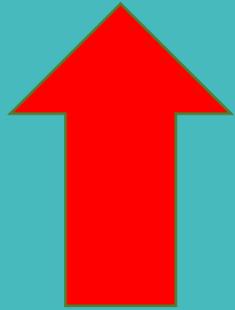
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Core objectives of the Clean Air Plan:

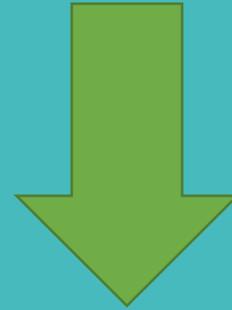
- To reduce NO2 concentrations to below the legal limits in the shortest possible time and by 2026 by the latest;
- Achieve compliance in a way that is fair to businesses and residents, and not cause financial hardship to people in Greater Manchester; and
- Ensure the reduction of harmful emissions is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

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.

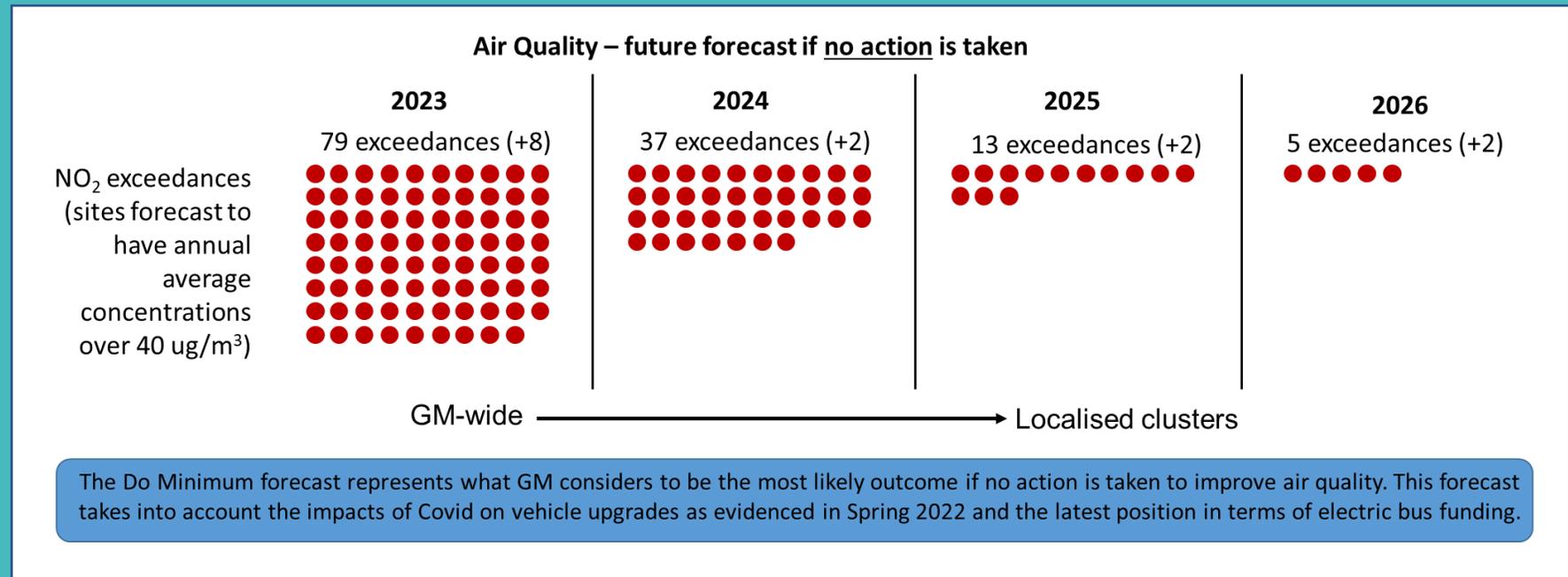
These changes have been reflected in a revised forecast of future air quality if no action was taken to improve air quality (ie: without a GM Clean Air Plan), but if other schemes that are planned, funded and committed were implemented. This is the 'Do Minimum' forecast.

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

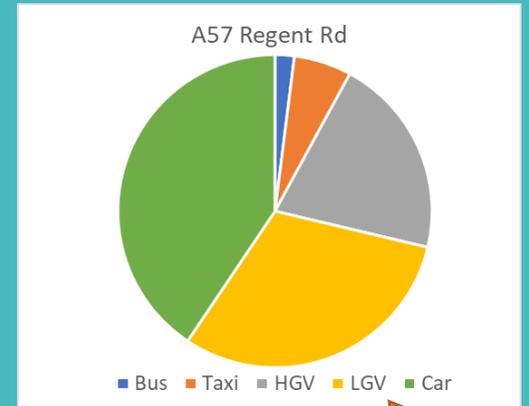
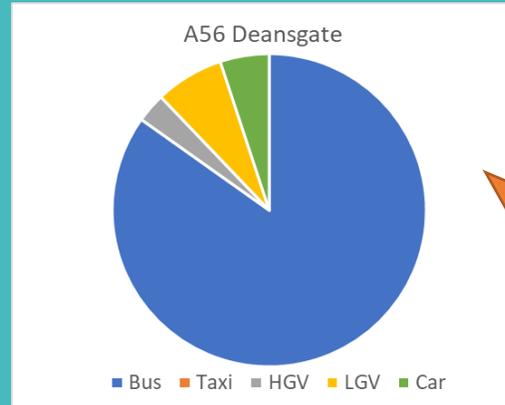
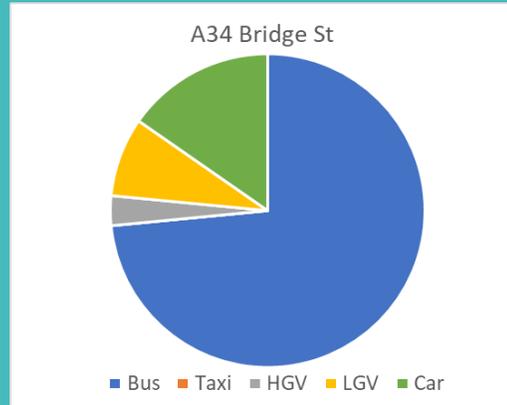
- GM has forecast NO₂ exceedances in each future year to 2027, if no further action is taken (the 'Do Minimum' forecast).
- The forecasts show that the number of sites in exceedance reduces over time, moving from a GM-wide problem in 2023 to a localised problem in 2026 focussed around the regional centre.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

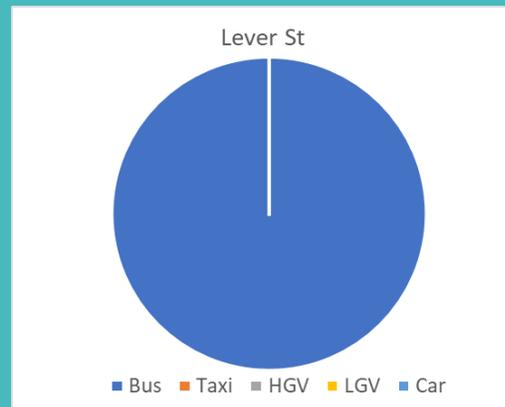
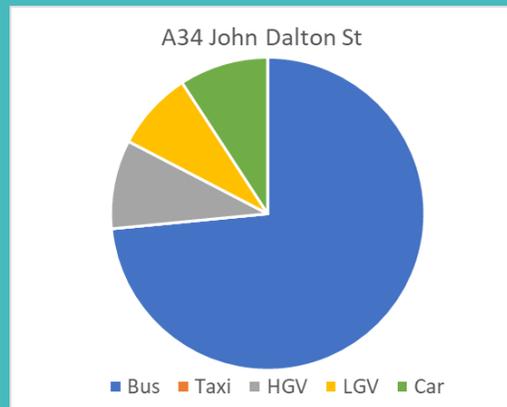
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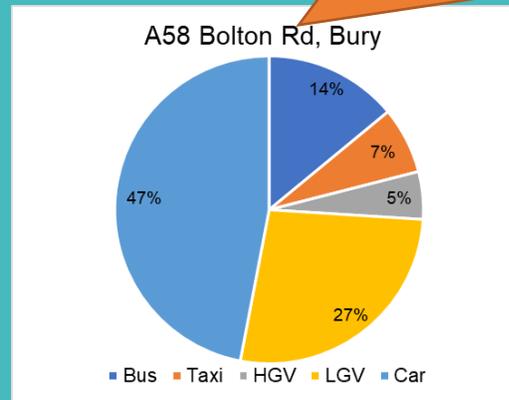
In the city centre, buses are the greatest source of emissions vs commercial vehicles at Regent Road



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

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 66 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



138 dealerships accredited across the UK and 6 finance partners signed agreements to join the Financial Support Scheme

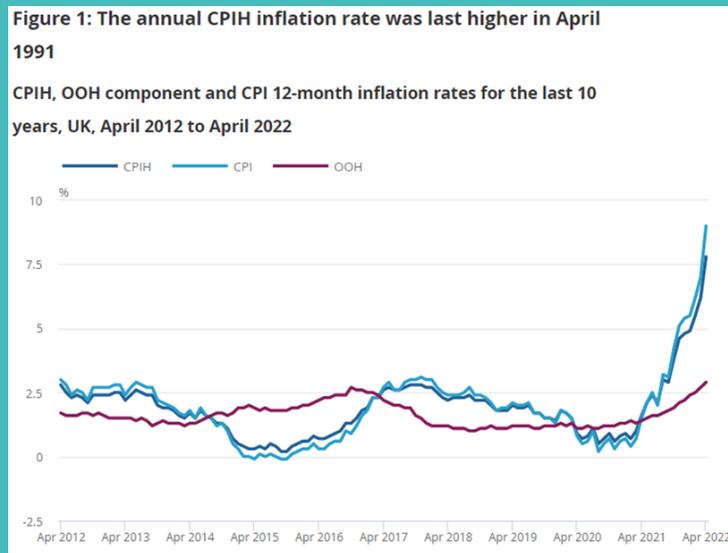
There are new opportunities to tackle air quality that were not available in summer 2021

- GM-led investment in the Bee Network now to 2027 and sustainable clean vehicles including ZEB
- 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, up from 2% in July 2021 and is expected to keep rising



Consumer confidence has plummeted and demand is falling.

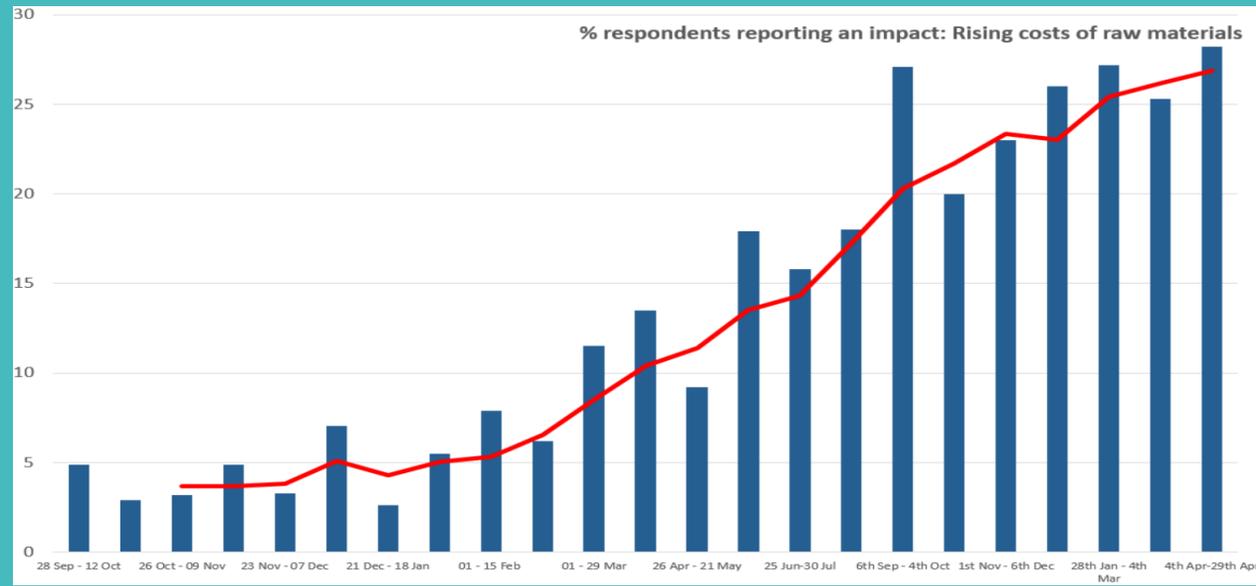


GM's businesses and population are particularly vulnerable to high inflation because of the high proportion of small businesses and low income households.

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

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

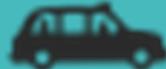
- There is substantial evidence of significant price increases in the second-hand van market – the scale of those rises has a high degree of variability depending on the particular vehicle. The extent of the reported rise varies between 13% and almost 60%.
- Overall, the evidence suggests that demand 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.

What is being proposed around funding?

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

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.

Latest position with Government

'The Case for a New Greater Manchester Clean Air Plan' has been submitted, to the Secretary of State for the Department of Environment, Food and Rural Affairs. Greater Manchester is awaiting a response on the submission.

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

What is the Participatory Policy Development approach?

GM leaders have committed to a participatory approach to the development of the new Plan to 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 overall deliverability and effectiveness of the Plan.

The purpose of the PPD activity is to:

- Seek views on the elements of GM's proposals addressing economic conditions as well as evidence submissions on vehicle types
- Support an early understanding around impacts and any unintended consequences
- Inform the ongoing plan for engagement, including consideration of future consultation requirements

This will be carried out via two streams of work:

- Stakeholder engagement sessions
- Research – online survey and in-depth focus groups

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Survey for coaches, taxi/PHV and HGV's vehicle owners is live until Monday 10th October. Seeks information about:

- vehicle and business.
- usage in and around Greater Manchester.

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Next steps: developing and consulting on a package of measures

- By applying a Participatory Policy Development process, GM will develop, assess and agree a package of measures forming a proposed new GM CAP.
- This package of measures will be consulted upon in early 2023.
- GM will review the responses to the consultation and make any adaptations to the proposals as necessary. It is anticipated that a decision could be made to proceed with the new GM CAP in Summer 2023.

