

# GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2661

**Title: London Cleaner Vehicle Support and Scrappage Delegation and Direction**

## Executive Summary:

The Ultra Low Emission Zone (ULEZ), introduced in central London on 8 April 2019, aims to improve air quality by encouraging a change to less polluting vehicles through imposing charges on all vehicles (other than taxis) not meeting strict emission standards and will be expanded in October 2021 to Inner London. Since February 2019, two scrappage schemes were introduced via Mayoral delegations to Transport for London (TfL) of the GLA's general and subsidiary powers; one for vans and minibuses (for third sector organisations and businesses) and one for motorcycles and cars (for people on low incomes and in receipt of disability benefits). These were implemented to help replace older polluting vehicles with newer less polluting ones, to support vehicles meeting the ULEZ emission standards. This form seeks the Mayor's approval to a new, over-arching and more flexible delegation to TfL to supersede and incorporate the two existing delegations under which TfL operates its two current scrappage schemes. Both were supported by a Mayoral Direction to prepare, finance and implement them. The GLA also provided TfL with £48 million funding for the two schemes.

The proposed new delegation will enable TfL to design its schemes to optimise the categories of vehicles and range of beneficiaries. This includes expanding them to include eligible heavy vehicles, to retrofit vehicles, and to support the switch to zero-emission vehicles in the future. TfL will be directed to prepare, finance and implement schemes developed and operated under the new Direction and Delegation (including a new one for heavy vehicles) and will be able to utilise a £48 million GLA funding pot for all aspects covered by the new direction and delegation.

## Decision:

The Mayor approves a new Mayoral Delegation and Direction to TfL set out in the London Cleaner Vehicle Support and Scrappage Delegation and Direction (at Appendix 1) under sections 30, 34, 38 and 155 of the GLA Act 1999 (as amended). The Mayor notes that the two existing vehicle scrappage schemes (scrappage for vans and minibuses and ULEZ scrappage for cars and motorcycles) will be taken forward by TfL under the auspices of the new Direction and Delegation, which supersedes and replaces the previous delegation and directions approved under MDs 2417, 2563 and 2489, which are revoked.

## Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

10/2/20

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Ultra Low Emissions Zone (ULEZ) came into effect on 8 April 2019 in the central London area of the Congestion Charging Zone (CCZ) and will be expanded in October 2021 to Inner London. It sets minimum emission standards for all vehicle types except taxis. In addition, the London Low Emission Zone (LEZ) sets minimum emission standards for heavy vehicles across Greater London, and its emission standards are due to be strengthened to a minimum of Euro VI.
- 1.2. To support the achievement of the ULEZ's and LEZ's objectives, a Mayoral Decision (MD2417) in February 2019 delegated to TfL the necessary legal powers to deliver a pilot London Vehicle Scrappage Scheme (marketed as "the scrappage scheme for vans & minibuses"). This delegation was structured to provide financial assistance with the replacement of polluting vans and minibuses with ULEZ compliant ones to third sector organisations and microbusinesses based in London or those extensively operating in central London. The GLA provided TfL with £23 million funding support. The scrappage scheme for vans and minibuses was launched in February 2019. The range of eligible businesses was subsequently broadened in January 2020 to include small businesses (MD2563 refers). At the end of August 2020, over 1,879 vehicles had been scrapped since the commencement of the scrappage scheme for vans and minibuses supported by £11 million expenditure.
- 1.3. In July 2019 a further Mayoral Decision (MD2489) authorised TfL to deliver a support scheme for those on low incomes and in receipt of disability benefits to scrap and purchase ULEZ compliant motorcycles (including mopeds and licenced scooters) and cars (marketed as "the ULEZ car and motorcycle scrappage scheme"). The GLA provided TfL with £25 million support for that scheme. At the end of August 2020, the ULEZ car and motorcycle scrappage scheme has led to over 2,200 vehicles being scrapped with TfL expenditure of £4.4 million.
- 1.4. To permit TfL to develop and administer both Schemes, the Mayor had to approve delegations to TfL of the GLA's general powers (furthering the promotion of: economic development and wealth creation, social development and environmental improvement) under section 30 of the GLA Act 1999 and its subsidiary powers under section 34. This enabled TfL to design and operate the schemes, including determining their eligibility and payment criteria. The delegations were combined with a direction to TfL under section 155 of the GLA Act to TfL to prepare finance and implement each Scheme.
- 1.5. Both scrappage schemes have had strong and sustained uptake but the higher payment amounts of £7,000 for the ULEZ van and minibus scrappage scheme, which are considerably above the payments of £1,000 for motorcycles and £2,000 for cars, has resulted in the van and minibus scheme using its £23 million funding pot at a much faster rate.
- 1.6. As schemes have matured there is an opportunity to further expand the project scope to fully support the groups that are impacted by the ULEZ and the strengthening of LEZ standards. TfL intends to increase the scope of the current scrappage scheme for vans and minibuses to include heavy vehicles (which includes lorries, coaches and buses). Heavy vehicles which meet the scheme's eligibility criteria will be able to access funding towards their scrappage and replacement, or retrofitting. The broadening of the scheme will support eligible heavy vehicles to meet the tougher LEZ standards. To broaden the demographic that qualify for the heavy element of the scheme, TfL intends that the boundary for frequent journeys will be expanded from the area of CCZ to the Greater London boundary. Users will still be required to provide proof of 26 journeys into Greater London. Heavy vehicle applicants will be able to evidence that they frequently operate in London by providing active London service permits (for buses and coaches) and operating licences (for large vans and HGVs) where the operating centre is within the Greater London area.

- 1.7. It is also likely that as well as aiming to upgrade and retrofit to ULEZ and LEZ compliant vehicles at minimum the emphasis of the schemes will move to supporting the switch to ultra low and zero-emission vehicles (including electric vehicles).
- 1.8. Rather than make further ad hoc changes to the two existing Mayoral delegations and directions it is proposed that there is a new over-arching Mayoral Delegation & Direction that will provide TfL with the flexibility to operate the two schemes and make future changes as necessary, following consultation with the GLA. This will combine the two existing delegations into one new Delegation & Direction, superseding the two previous ones. The new delegation will:
  - cover the same range of beneficiaries, including any business considered to be eligible;
  - permit retrofit as well as scrappage and replacement;
  - include support for ultra low and zero-emission vehicles, including electric ones; and
  - allow the entire GLA funding pot to be available across the two schemes.
- 1.9. Within the scope of the new delegation TfL will be able to design the scheme to optimise the category of vehicles covered and range of beneficiaries, including the changes mentioned at paragraph 1.8 above. TfL will be directed to prepare, finance and implement the schemes, including the new one covering heavy vehicles, developed and operated under the new Direction & Delegation. The approval of the new Delegation & Direction will not affect TfL's current targeting and marketing of the two existing schemes, including with the changes outlined above.

## 2. Objectives and expected outcomes

- 2.1. The objective of the existing schemes, and their proposed development, is to help remove non-ULEZ and non-LEZ (including as strengthened) compliant vehicles operating in London. They mitigate the impacts of the ULEZ (including its expansion) on certain groups and support the overall emissions reductions of the ULEZ and LEZ in improving London's air quality, protecting public health and providing greater confidence that legal limit values for nitrogen dioxide will be achieved by or before 2025 in line with the UK Air Quality Plan (2017).

## 3. Equality comments

- 3.1. The Mayor, GLA and TfL are subject to the "public sector equality duty" contained in section 149 of the Equality Act 2010. This duty requires each body to have due regard to three outcomes when exercising their functions: (1) the need to eliminate unlawful discrimination, harassment and victimisation<sup>1</sup> and those who do not; and (3) to foster good relations between such people.
- 3.2. As was described in MD2417 when the scrappage scheme for vans & minibuses was established and is still applicable:

*There is currently significant exposure of the London population to air pollution. Although this exposure is predicted to have declined significantly by 2020, current modelling results show that in 2020 there will still be more than 300,000 people living in locations with average NO<sub>2</sub> levels above the EU legal limit value. In contrast, average concentrations of particles (PM<sub>10</sub> and PM<sub>2.5</sub>) were, by 2010, already within EU Limit Values for the annual average concentrations.*

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<sup>1</sup> The protected characteristics covered by section 149 are: age; disability; gender reassignment; pregnancy and maternity; race; sex; religion or belief; and sexual orientation, and in certain circumstances civil partnership or marriage. Compliance with the PSED may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people and encouraging them to participate in public life or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding.

*Populations living in the most deprived areas are on average currently more exposed to poor air quality than those in less deprived areas. An independent report by Aether published by the GLA showed that those people living in the most deprived areas were on average exposed to 24% more nitrogen dioxide air pollution than those living in the least deprived areas.*

*The Scheme was considered likely to be beneficial for groups with protected characteristics as it will contribute towards improving air quality by successfully delivering the ULEZ and reducing health inequality. The Aether report showed that while everyone will benefit from improved air quality, those living in the most deprived areas would benefit the most on average. The pollution exposure 'gap' between the least and most deprived areas is expected to fall by around 70% by 2030 as a result of the ULEZ and other Mayoral air quality policies.*

- 3.3. The ULEZ car and motorcycle scrappage scheme was aimed at those on low incomes and in receipt of disability benefits. It was considered likely to be beneficial for groups with certain protected characteristics as it will contribute towards improving air quality by successfully delivering the ULEZ across Greater London, reducing health and social inequality, reducing the financial impact of ULEZ, and reducing the impact on their ability to travel across Greater London. The scheme will also ensure that some of those with protected characteristics specifically impacted by the scheme are helped to comply with the ULEZ.
- 3.4. The scrappage scheme for vans and minibuses has directly removed polluting vehicles from London's roads. The ULEZ car and motorcycle scrappage scheme has directly helped those on low incomes and in receipt of disability benefits to switch their vehicle or switch to cleaner modes of transport or public transport. The proposed new delegation will allow the current schemes to be developed to remove more polluting vehicles, switch to cleaner vehicles and thus mitigate the on-going financial impacts of the ULEZ charge which is likely to benefit groups with protected characteristics.

#### **4. Other considerations**

##### *a) Risks and issues*

- 4.1. The two current schemes were the first of their kind and they have highlighted that there were uncertainties in how eligible stakeholders of the schemes may respond. This proposed expansion of the schemes aims to take account of these risks. However, with continued uncertainties that impact how stakeholders may respond to the scheme such as the impacts of the COVID-19 pandemic on the economy, road transport usage and vehicle supply, there inevitably remain uncertainties as to how businesses, third sector organisations, those on low incomes and disabled people may respond to the expanded schemes. To mitigate these risks, the Mayor, GLA officials and TfL engaged with London boroughs and community groups and other stakeholders to take their input into consideration when designing and determining the scope of the schemes, and the same will apply for the new delegation.
- 4.2. The scrappage and support schemes have enabled the ULEZ to substantially achieve its objectives. The further adjustments to the schemes as set out in this decision are to further support the successful implementation of the ULEZ.
- 4.3. If the schemes are not continued there is a risk that the strengthening of the LEZ planned for March 2021, and the expansion of the ULEZ to inner London planned for October 2021 will not be successful and will not result in the reduction in emissions from vehicles required to achieve legal air quality limits.

##### *b) Links to Mayoral Strategies and priorities*

##### London Environment Strategy

- 4.4. The Mayor's London Environment Strategy was published in May 2018 and prioritises reaching legal air pollutant levels as soon as possible by the most effective route.

4.5. Proposal 4.2.4.b states:

*“The Mayor will work with the government to achieve full legal compliance with UK and EU legal limits as soon as possible. Comprehensive and coordinated action is needed at a national level to achieve legal limits as quickly and effectively as possible. A national vehicle scrappage fund is essential if compliance costs to people and businesses of such action is to be minimised. It is only right that the government provides this help, given that national fiscal policy has encouraged dieselisation over many years, meaning many people bought polluting vehicles in good faith.”*

4.6. Proposal 4.2.1.d states:

*“The Mayor aims to reduce emissions from private and commercial vehicles by phasing out and restricting the use of fossil fuels, prioritising action on diesel.”*

4.7. Proposal 4.2.1.e states:

*“The Mayor aims to reduce emissions from freight through encouraging a switch to lower emission vehicles, adopting smarter practices and reducing freight movements through better use of consolidated trips.”*

Mayor’s Transport Strategy

4.8. The Mayor’s Transport Strategy published in March 2018 refers to taking action to reduce emissions from vehicles on London’s streets. Policy 6 states:

*“The Mayor, through TfL and the boroughs, and working with stakeholders, will take action to reduce emissions – in particular diesel emissions – from vehicles on London’s streets to improve air quality and support London reaching compliance with UK and EU legal limits as soon as possible. Measures may include promoting electrification and responsible procurement.”*

4.9. Proposal 28 states:

*“The Mayor proposes that Government amends fiscal incentives, including vehicle excise duty, so that only the cleanest vehicles are incentivised for purchase; and implements a national diesel vehicle scrappage fund to enable cities to take the most polluting vehicles off their streets.”*

Mayor’s Equality, Diversity and Inclusion Strategy

4.10. The Mayor’s Equality, Diversity and Inclusion Strategy sets out how he will work to create a fairer, more equal, integrated city where all people feel welcome and able to fulfil their potential.

Strategic Objective 9 states:

*“To work with boroughs, communities, transport providers and businesses to help regenerate the most deprived parts of London in a way that supports good growth and opens up opportunities for the most disadvantaged groups.”*

Strategic Objective 11 states:

*“To work with all relevant partners to ensure actions to improve levels of air quality and mitigate the effects of air pollution are informed by an understanding of the groups most likely to experience poor air quality.”*

*c) Impact assessments and consultations*

4.11. Broadening the scheme to heavy vehicles is based on previous impact assessments for ULEZ, the expansion of the ULEZ, and LEZ, which have identified non-TfL buses and coaches as experiencing negative impacts from the scheme. These reports have identified a number of specific groups that are particularly impacted, including young people, the elderly and faith groups who may be more

dependent on these vehicles for accessing community and voluntary sector activities, and children from low-income families as they may no longer be able to afford to go on school trips if the ULEZ/LEZ cost is passed on to them. Broadening the scheme to heavy vehicles is also based on the result of the Mayor's, GLA officials' and TfL's ongoing engagement to obtain input from London boroughs, community groups and other stakeholders in designing and determining the scope of the scheme.

- 4.12. As such, it is not considered necessary to conduct an impact assessment of, or consultation on, the proposed new Delegation and Direction. An impact assessment will however be carried out by TfL in due course as part of the design and approval process for the proposed extension of the vans and minibuses scheme to heavy vehicles.

*d) Conflicts of interest*

- 4.13. There are no known conflicts of interests to declare regarding those involved in the drafting or clearance of this form.

## **5. Financial comments**

- 5.1. This decision proposes a new Mayoral Delegation and Direction to TfL set out in Appendix 1 under sections 30, 34, 38 and 155 of the GLA Act 1999 (as amended) that notes that the two existing vehicle scrappage schemes (scrappage for vans and minibuses and ULEZ scrappage for cars and motorcycles) will be taken forward by TfL under the auspices of the new Direction and Delegation. Under section 155 of the GLA Act, TfL will be responsible for preparing, financing and implementing the schemes developed and operated under the new Mayoral delegation.
- 5.2. As such, there are no direct financial implications to the GLA resulting from this proposal as all costs relating to this direction (as detailed within this report and associated appendix) will be borne entirely by TfL. It should be noted that the Authority had previously provided funding of £48m for the two schemes which TfL can continue to utilise until depletion.

## **6. Legal comments**

- 6.1. Under section 38(1) of the GLA Act 1999 the Mayor may delegate functions of the GLA exercisable by him to TfL, and under subsection (7) they become TfL's functions. This power covers the delegation of the GLA's powers to do anything that furthers the promotion of London's economic development and wealth creation, social development and environmental improvement, which are exercisable by the Mayor, and the GLA's subsidiary powers under section 34 to do anything that facilitates, is conducive or incidental to discharging those functions. Under section 155(1) the Mayor may direct TfL as to the performance of any of TfL's functions.
- 6.2. Under MDs 2417 (as amended by MD2563) and 2489 the Mayor delegated his powers under section 30 of the GLA Act 1999 to TfL to develop and administer a vehicle scrappage and replacement scheme covering respectively vans and minibuses for businesses (originally only microbusinesses) and third sector organisations, and motorbikes and cars for those on low incomes or in receipt of disability benefits. This was on the basis that doing so would further the achievement of the objectives of promoting wealth creation and economic development in Greater London as well as its social and environmental improvement and lead to improvements in air quality and public health and compliance with air quality requirements. The Mayor also delegated the GLA's subsidiary powers under section 34. The two delegations also included a direction to TfL under section 55 of the Act to prepare, implement and finance each scheme.
- 6.3. The proposal for a new Delegation & Direction to supersede the two existing ones will continue to further the objectives of promoting wealth creation and economic development in Greater London as well as its social and environmental improvement and lead to improvements in air quality and public

health and compliance with air quality requirements. In addition, it will give TfL the flexibility to alter and adapt the schemes within the broad scope of the new Delegation & Direction without having to seek an amendment to that document each time it wishes to expand the scheme to a new vehicle category or beneficiary group. TfL will be directed to prepare, finance and implement the schemes and develop them to include heavy vehicles. The GLA will continue to be consulted on all major aspects.

6.4. TfL will continue to ensure it complies with any applicable state aid restrictions.

## **7. Planned delivery approach and next steps**

7.1. If approved, TfL intends to expand the current van and minibuses scheme in September 2020 to include eligible heavy vehicles, vehicle retrofitting and an amendment to the frequent journey boundary for heavy vehicles and will determine the eligibility and payments criteria for both under the terms of the new proposed Delegation & Direction at Appendix 1.

7.2. The impact of the amended schemes will be monitored through its implementation and a review will take place every six months to determine whether it is on track to deliver the expected outcomes. The Scheme is expected to end once the funding has been exhausted.

## **Appendices and supporting papers**

Appendix 1: London Cleaner Vehicle Support and Scrappage Delegation & Direction

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 - Deferral****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason/ until what date: To enable the Mayor / TfL to announce potential changes to the scheme resulting from this MD after which the MD may be published - End of September 2020.

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO****ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Roulin Khondoker has drafted this report in accordance with GLA procedures and confirms the following: ✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities. ✓

**Mayoral Advisers:**

Shirley Rodrigues and Heidi Alexander have been consulted about the proposal and agree the recommendations. ✓

**Advice:**

The Finance and Legal teams have commented on this proposal. ✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 7 September 2020.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature****Date**


7 September 2020

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**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature****Date**


7 September 2020