

GM Air Quality Administration Committee

Date: 21 January 2022

Subject: GM Clean Air Plan – Financial Support Scheme Jan 22 Update

Report of: Councillor Andrew Western, Portfolio Lead for Clean Air

Purpose of Report

This report sets out an updated commentary on the arrangements to distribute Clean Air funds to support Private Hire Vehicles, Hackney Carriages, HGVs, coaches, minibuses and Light Goods Vehicles; and presents the findings of an initial review of conditions within the supply chain of Light Good Vehicles in particular which is impacting the availability of compliant vehicles. The report recommends a targeted review of aspects of the policy in the light of these findings.

Recommendations:

The Air Quality Administration Committee is requested to:

1. Write to the Secretary of State requesting that he agrees to pause opening of the next phase of Clean Air Funds at the end of this month to enable an urgent and fundamental joint policy review with Government to identify how a revised policy can be agreed to deal with the supply issues and local businesses' ability to comply with the GM CAP.
2. Note that the implementation of all other aspects of the agreed GM Clean Air Plan will continue to the schedule previously agreed.

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BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

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Equalities Impact, Carbon and Sustainability Assessment:

The GM CAP is a place-based solution to tackle roadside NO₂ which will have a positive impact on carbon.

Risk Management

Initial risk register set out in Clean Air Plan OBC (March 2019).

Legal Considerations

Set out in section 4.

Financial Consequences – Revenue

Initial Financial Case set out in Clean Air Plan OBC (March 2019), with all development and delivery costs to be covered by central Government.

Financial Consequences – Capital

Initial Financial Case set out in Clean Air Plan OBC (March 2019), with all development and delivery costs to be covered by central Government.

Number of attachments to the report: 1 (one)

Comments/recommendations from Overview & Scrutiny Committee

Not applicable.

Background Papers

- 18 November 2021, report to the AQAC: GM Clean Air Plan – GM Clean Air Funds assessment mechanism
- 18 November 2021, report to the CACC: GM Clean Air Plan – GM Clean Air Plan Policy updates
- 13 October 2021, report to AQAC: GM Clean Air Plan – Operational Agreement for the Central Clean Air Service
- 13 October 2021, report to CACC: GM Clean Air Plan – Showmen's Vehicle Exemption
- 13 October 2021, report to CACC: GM Clean Air Plan – Clean Air Zone daily charge refund policy
- 13 October 2021, report to CACC: GM Clean Air Plan – A628/A57, Tameside – Trunk Road Charging Scheme

- 21 September, report to AQAC: GM Clean Air Plan – Clean Air Zone: Camera and Sign Installation
- 21 September, report to AQAC: GM Clean Air Plan – Bus Replacement Funds
- 25 June 2021, report to GMCA: GM Clean Air Final Plan
- 31 January 2021, report to GMCA: GM Clean Air Plan: Consultation
- 31 July 2020, report to GMCA: Clean Air Plan Update
- 29 May 2020, report to GMCA: Clean Air Plan Update
- 31 January 2020, report to GMCA: Clean Air Plan Update
- 26 Jul 2019, report to GMCA: Clean Air Plan Update
- 1 March 2019, report to GMCA: Greater Manchester’s Clean Air Plan – Tackling Nitrogen Dioxide Exceedances at the Roadside - Outline Business Case
- 11 January 2019, report to GMCA/AGMA: Clean Air Update
- 14 December 2018, report to GMCA: Clean Air Update
- 30 November 2018, report to GMCA: Clean Air Plan Update
- 15 November 2018, report to HPEOS Committee: Clean Air Update
- 26 October 2018, report to GMCA: GM Clean Air Plan Update on Local Air Quality Monitoring
- 16 August 2018, report to HPEOS Committee: GM Clean Air Plan Update
- UK plan for tackling roadside nitrogen dioxide concentrations, Defra and DfT, July 2017

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? No

GM Transport Committee – Not applicable

Overview and Scrutiny Committee – Not applicable

1. Introduction

- 1.1 The Government has instructed many local authorities across the UK to take quick action to reduce harmful Nitrogen Dioxide (NO₂) levels following the Secretary of State issuing a direction under the Environment Act 1995. In Greater Manchester, the 10 local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) are working together to develop a Clean Air Plan to tackle NO₂ Exceedances at the Roadside, herein known as Greater Manchester Clean Air Plan (GM CAP).

- 1.2 The GM CAP is a package of measures to deliver NO₂ reductions to within legal limits within the shortest possible time. The GMCA – Clean Air Final Plan report on 25 June 2021¹ endorsed the GM Final Clean Air Plan and policy following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work. The plan has been agreed by the ten GM Local authorities. This includes the GM Clean Air Plan Policy, that outlines the boundary, discounts, exemptions, daily charges of the Clean Air Zone (CAZ) as well as the financial support packages offered towards upgrading to a compliant vehicle, including the eligibility criteria to be applied. The aim of the funding is to support an upgrade to a compliant vehicle and to mitigate the negative socio-economic effects of the GM CAZ.
- 1.3 The GMCA Clean Air Update report of 29 May 2020² detailed that in March 2020 the government provided initial funding of £41m for clean vehicle funds to award grants or loans to eligible businesses: £15.4m for bus retrofit, £10.7m for Private Hire Vehicles, £8m for HGVs, £4.6m for coaches and £2.1m for minibuses. Note: These figures include JAQU estimated delivery costs at 5%.
- 1.4 The GMCA – Clean Air Final Plan detailed that GM had been awarded £14.11m for Hackney Carriages and £73.5m for Light Goods Vehicles. The Hackney Carriage award comprises £10.61m to support grants and loans to upgrade vehicles. Note: These figures include JAQU estimated delivery costs at 5%.
- 1.5 The 25 June 2021 GMCA report, as agreed by the Greater Manchester authorities (GM) set out that the Air Quality Administration Committee has the authority to establish and distribute the funds set out in the agreed GM Clean Air Plan policy.
- 1.6 On 21 September the Air Quality Administration Committee approved the establishment and distribution of the bus replacement funds.
- 1.7 On 13 October the Air Quality Administration Committee agreed the distribution Clean Air funds set out in the agreed GM Clean Air Plan policy as follows:
 - From 30th November 2021 applications for funding will open for HGVs.
 - From the end of January 2022 applications for funding will open for Private Hire Vehicles, Hackney Carriages, coaches, minibuses and Light Goods Vehicles.
- 1.8 On 18 November 2021 the Air Quality Administration Committee agreed the assessment mechanism to allow for Clean Air Funds to be adapted, if necessary (including a process for considering whether additional funding is required), if the impacts of the Clean Air Zone prove to be more severe than forecast.
- 1.9 This report sets out an update on the arrangements to distribute funds to support Private Hire Vehicles, Hackney Carriages, HGVs, coaches, minibuses and Light Goods Vehicles as set out in the agreed GM Clean Air Plan policy.

2. Background – National Air Quality Action Plan

- 2.1 Since 2015, UK government has overseen a policy development process around the management of excessive levels of NO₂, as defined by World Health Organisation standards, which the Government placed into UK law in 2010.

¹ Also considered by the GM authorities through their own constitutional decision-making arrangements.

- 2.2 The approach taken by government followed legal action taken by Client Earth, which found that the UK had been in breach of the legal limits of levels of NO₂ since 2010, and by 2015, compliance with the legal limits of NO₂ had still not been achieved. In a legal action in 2015, the UK government was held to be in breach of its legal obligations by the UK Supreme Court and was required to take action.
- 2.3 Two years later, in July 2017, the UK government published its Air Quality Plan to respond to the ruling about the ongoing breach of legal limits of NO₂.
- 2.4 The Plan required those local authorities with persistent NO₂ exceedances to undertake local action to consider the best option to meet the legal NO₂ Limit Value in the shortest possible time, and set out a specific approach and guidance for those local authorities to adopt.
- 2.5 At that time, the Secretary of State also issued a Direction, under the Environment Act 1995, requiring seven Greater Manchester local authorities to produce a feasibility study to identify the option that would deliver compliance with the requirement to meet legal limits of NO₂ in the shortest possible.
- 2.6 The Direction required the authorities to follow a prescribed process, set out in the Air Quality Action Plan², which included:
- A national policy presumption towards introducing charging Clean Air Zones as the measure “which will achieve statutory NO₂ limit values in towns and cities in the shortest possible time”;
 - Definitions of vehicles to be considered across Category A, B, C and D Charging Clean Air Zones; and
 - Definitions of vehicle standards for compliance (Euro 6 diesel, Euro 3/4 petrol).
- 2.7 Government’s Plan also set out the assessment criteria for feasibility studies, which required local authorities to prioritise the reduction of NO₂ emissions above any wider social or economic outcomes.
- 2.8 In due course, this Direction was extended to all ten GM local authorities to prepare a Plan for approval by the Secretary of State.³ The current Direction requires the 10 GM authorities jointly to implement a GM-wide CAZ C, with additional measures, as soon as possible and at least in time to bring forward compliance to 2024.

² 2017 [UK plan for tackling roadside nitrogen dioxide concentrations: Detailed plan \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

³Oldham Metropolitan Borough Council (MBC) was not directed along with the other Greater Manchester local authorities (alongside Rochdale MBC and Wigan MBC) in 2017, however following a court ruling in 2018²⁴ the UK Government was ordered to produce supplements to the UK 2017 Air Quality Plan. Consequently, Oldham MBC was directed to conduct a feasibility study and provide the Secretary of State with a document setting out the measure(s) that would achieve compliance with the Legal Limits in the shortest possible time. In October 2018 the UK Government produced a supplemental plan, which acknowledged that, as Oldham MBC is part of the Greater Manchester Plan, the Oldham exceedances were being considered as part of the GM CAP. Local modelling in the Target Determination exercise also identified exceedances in Rochdale and Wigan.

Greater Manchester's response to Government policy

- 2.9 The Greater Manchester authorities (GM) share the view of Government that poor air quality is a severe risk to the public's health, affecting all parts of the population in different, harmful ways. The 1,200 early deaths in Greater Manchester each year that are associated with poor air, the significant impact on those with lung and heart conditions or the estimated £5.3 billion additional health and social care costs that air pollution could bring, means there is a compelling case to act.
- 2.10 GM also recognises that, whilst generally, air quality has been improving over time, particular pollutants remain a serious concern particularly in urban areas where local concentrations can build up to dangerous levels. These are oxides of nitrogen (NO_x) and its harmful form NO₂, and particulate matter (PM).
- 2.11 With road transport responsible for approximately 80% of NO₂ concentrations at the roadside, and with so many parts of the conurbation having been identified by the Government Plan, the Greater Manchester local authorities recognised that solutions within local authority boundaries would result in a confused and uncoordinated approach to managing improvements in air quality
- 2.12 As a result, GM has adopted a conurbation-wide approach to producing a Clean Air Plan, informed by local modelling that identified that concentrations of NO₂ on road links across all Greater Manchester authorities were forecast to exceed the legal Limit Value (40 µg/m³) beyond 2020. This has enabled one coherent set of effective measures, and associated mitigations and funds to be developed for the benefits of residents and businesses across the whole city-region; and it minimises the risk of unintended consequences, such as displacing existing, elevated NO₂ concentrations to other locations within Greater Manchester.
- 2.13 However, in developing GM's approach and in meeting the legal duty that Government has placed upon us, the Greater Manchester authorities have also been clear from the outset of the need to understand and address the economic consequences of the changes that the National Plan will bring for places and the businesses that operate within them.
- 2.14 GM has continued throughout to aim to develop a Clean Air Plan to maximise air quality benefits for all people living and working in Greater Manchester, and minimise the negative impacts. The prescribed nature of the approach that GM must follow – the implementation of Clean Air Zones (CAZ) with specific categories determined nationally, shaped by legal action and national policy, mean that GM has had to push Government and its policy framework at each stage of the Plan's development. GM's approach enables one coherent set of effective measures, and associated mitigations and funds to be developed for the benefits of residents and businesses across the whole city-region; and it minimises the risk of unintended consequences, such as displacing existing, elevated NO₂ concentrations to other locations within Greater Manchester.
- 2.15 As the rest of this report sets out, this work has become increasingly important as the Plan has developed through a period of unprecedented change and disruption. GM have aimed to ensure a full appreciation within Government of the effects of any Clean Air Plan measures within and upon a dynamic and volatile local economy, particularly in the context of the effects of the Covid pandemic and associated public health measures.

2018: Early Development of a Clean Air Plan for Greater Manchester (2018)

- 2.16 GM authorities, supported by TfGM, have worked together to develop one, coherent and unified Clean Air Plan for Greater Manchester to tackle the problem of NO₂ exceedances, working within Government guidance and the Ministerial Directions.
- 2.17 A number of options to reduce NO₂ were explored, and their effects assessed. For example, options around a city centre zone for all diesel vehicles; a zone to the M60 boundary for all non-complaint vehicles; and town centre zones for commercially classified vehicles were considered.
- 2.18 The assessment – reported publicly in 2018 – found that this more complex array of zones would not have reduced the number of non-compliant sites sufficiently to address the extent of the problem. And further, it was recognised that multiple zones would not be straightforward for vehicle owners to navigate and comply with. In reaching this conclusion, GM was also clear that a significant and unique mechanism would be required to ensure effective funding to support and mitigate the effects of the Government-mandated Clean Air Zone.
- 2.19 Therefore, in 2018, the Mayor wrote on behalf of the GM authorities to the Secretary of State for the Environment highlighting specific actions needed to support any GM Clean Air Plan. These included:
- Clear arrangements and funding to develop workable, local vehicle scrappage / upgrade measures;
 - Short term effective interventions in vehicle and technology manufacturing and distribution, led by national Government;
 - Replacement of non-compliant buses; and
 - A clear instruction to Highways England⁴ to implement measures which deliver compliance with legal limits for NO₂ on the strategic road network, for which they are responsible, in the shortest possible time.⁵

2019: Preparing an Initial GM Clean Air Plan

- 2.20 In March 2019, building on the findings and analysis of options in 2018, the Greater Manchester local authorities collaboratively submitted an Outline Business Case (OBC) for the GM CAP to the UK government's Joint Air Quality Unit (JAQU) outlining a package of measures to deliver compliance with the Limit Value for NO₂ emissions, based upon a Category C Clean Air Zone and vehicle funding programme.
- 2.21 GM authorities again highlighted how important it was to support local businesses, residents and operators to upgrade their vehicles, reflecting the older-than-average LGV fleet here and an economy dominated by small businesses. GM was clear that, without these supporting measures, there was a risk that the Clean Air Plan and the Clean Air Zone required by Government guidance would be ineffective if businesses could not afford to upgrade, and the effect of the scheme could cause severe economic damage.

⁴ On 19 August 2021 it was announced that Highways England changed its name to 'National Highways' reflecting the new focus the company has on delivering the government's £27bn strategic roads investment programme, while also continuing to set highways standards for the whole UK.

⁵ from (https://democracy.greatermanchester-ca.gov.uk/Data/GMCA%20-%20Greater%20Manchester%20Combined%20Authority/20181026/Agenda/10_clean_air_plan.pdf)

- 2.22 These points were made in correspondence to Ministers. It was made clear, from early on in the process of discussions with officials and Ministers on the GM Clean Air Plan that the Clean Vehicle Funds – for locally registered hackney and private hire vehicles; light and heavy goods vehicles; and local buses – were an essential measure to achieve compliance, and that Government would need to adequately fund this measure.
- 2.23 In addition, in submitting the GM CAP OBC, GM set out its concerns about the ability of manufacturers and the second-hand vehicle market to respond to meet likely demand for compliant vehicles at an affordable price.
- 2.24 At that point, GM was able to demonstrate to Government that GM would require, as a minimum, a further one-year exemption from CAZ charges for LGVs, reflecting the volume of replacement needed and the fact that compliant vans had only come on the market in 2016 (compliant HGVs having been available since 2013).
- 2.25 Post-OBC (May 2019 – March 2020), further research was undertaken into the LGV market, that included a public conversation on the OBC proposals, with two key outcomes. GM:
- secured evidence to validate a proposal for a for temporary exemption, demonstrating that there would not be sufficient vans available (and at affordable prices) if charging was introduced for vans in 2021 – based on the market at that time (pre-Brexit and pandemic).
 - identified the ‘third-hand vans’ issue, i.e. that there is a group of van owners who typically buy vans that are 8+ years old and therefore outside of compliance within the timings of GM’s scheme, with a particular issue for self-employed sole traders in the construction sector. This resulted in the development of the grant offer which provides for a higher proportion of upgrade costs than the offer for other vehicle types – based on prices at that time.
- 2.26 GM also established its expectation at that point that Government would lead on short term effective interventions in vehicle and technology manufacturing and distribution, so as to ensure that high turnover businesses could access sufficient low emission vehicles to cascade Euro 6 stock into the market.

2020: Public Consultation and Initial Covid Review of the Plan

- 2.27 In March 2020, the progression of the Clean Air Plan was impacted by the COVID-19 pandemic. In May, the GM local authorities set out a forward plan for public consultation on the Plan, whilst stating the need to balance this against the impacts of COVID-19.
- 2.28 A Public consultation on the GM Clean Air Plan proposals, (including the CAZ, proposed boundary, times of operation, the charges and discounts and exemptions as well as the detail of proposals of the funds and vehicle finance) commenced in October 2020.
- 2.29 The consultation also sought feedback on the impact of COVID-19 on potentially affected individuals and businesses, alongside an additional research commission into economic data on Covid impact on GM, 76% of local businesses and 79% of taxi operators stated they had been financially impacted by COVID-19. This included increased levels of debt, reduced savings and lower turnover. Many stated any savings had been used and felt their credit rating had decreased.

- 2.30 GM's wider research backed this up⁶. GM found that business finances and investment patterns had been disrupted/damaged by the pandemic and therefore more time and financial support would be required. Sectors such as entertainment/events/catering suffered longer periods of shut-down, but did typically start with a newer fleet. Sectors such as construction were able to operate for longer but still reported impacts on turnover and profits, and had started in the worst position in terms of their fleet.
- 2.31 GM also found that Covid support funding was also more difficult to access for some self-employed people; and a case was made for a Hardship Fund, which Ministers rejected.
- 2.32 However, the consultation and Covid research findings were sufficient to make the case for both changes to the scale of funding to be offered to businesses and the timing of charges.
- 2.33 At that time, in particular, the research had found that there had been a major impact on the taxi and private hire sector, resulting in policy changes to direct more funds into minimum (Euro 6) vehicle change support and to extend a further year for GM-registered taxis/PHVs to prepare for the scheme.
- 2.34 Changes were also made to the scheme for LGVs. The temporary exemption extended by 5 months – from 31st December 2022 to 31st May 2023 - the latest possible time that charging can be introduced without affecting the year of compliance. The grant offer was increased by £1k to £4,500 for larger vans, which are more expensive and make up the majority of the fleet.
- 2.35 GM's work identified some irregularities in the vehicle market, with Spring 2020 being a particularly depressed period for vehicle supply, but industry advisors had expected a rapid market response in late 2020 and into 2021 at that time.

2021: Current GM Clean Air Plan

- 2.36 In March 2021, Ministers reconfirmed that, despite the continuing pandemic, their Direction to the GM authorities remained to jointly introduce a GM wide Category C Charging Clean Air Zone, as part of the GM Clean Air Plan, at the earliest opportunity and to ensure that all NO₂ exceedances would be addressed by 2024 at the latest.
- 2.37 Therefore, arrangements were made to progress the current Plan by the ten authorities, so as to enable them to meet their statutory duty. In preparation for this, GM set out in correspondence to Ministers, the authorities ongoing concerns around the economic and business conditions brought about by the pandemic.
- 2.38 GM requested and secured the establishment of a monitoring and adaptive planning mechanism, allowing GM to review the progress of the Plan, NO₂ levels and the performance and uptake of the funds and adapt accordingly. In particular this process was aimed at ensuring that the availability of funds (which had been set by Government at £120 million) would not constrain the ability of all sectors to make the change in fleet quality that GM were seeking.
- 2.39 As part of this process it is proposed that GM will publish the following information:
- **GM CAP Tracker Report** – published monthly to the GM Air Quality Administration Committee providing key operational performance and output data (this will be published a month in arrears e.g. April's report will be published in May).

⁶ [GM CAP Impacts of COVID-19 Report](#)

- **Benefits Realisation Review** – published quarterly to the GM Air Quality Administration Committee providing data and qualitative information on the performance of the scheme, will outline any potential / actual issues and recommendations for mitigation (this will be published a quarter in arrears from September 2022^[1]). Where relevant, supporting evidence from the latest research, monitoring, analysis or modelling will be appended to that report.
- **The GM Clean Air Plan Annual Report** – published annually to the GM Air Quality Administration Committee providing information on all aspects of the Plan, from air quality data to finances. This will be published in July each year.
- The **Review of the GM Clean Air Plan Equality Impact Assessment** will be reported annually as part of the annual Monitoring Report.

2.40 This will be set out in the GM CAP Performance Management Plan to be considered by the committee at a future meeting.

2.41 Since July, TfGM has coordinated its early delivery in partnership with the GM authorities, including:

- The roll out of local signage and ANPR cameras to ensure effective enforcement of the scheme;
- Integration of cameras into a technology platform, that will also be connected to the payment and vehicle checking services which are being established by central government;
- The roll out of funds to the bus sector to support vehicle retrofit and renewal;
- The roll out of funds to, and notification of, the HGV sector to support vehicle retrofit and renewal;
- Establishment of business advice support through the GM Growth Company;
- Preparation for the extension of funds to LGV, taxi/PHV and other sectors from early in 2022; and
- Preparation for registered keeper applications for the Clean Air Plan discount or exemptions where there is no national database of these vehicles (see separate report on the agenda).

2021/22: Review of LGV Supply Chain in GM

2.42 Through the autumn and into the winter months, it has being reported that there are significant challenges within the supply chain as a result of global shortages arising from the pandemic, which is impacting the availability of compliant vehicles. This emerging evidence supports a greater understanding of the impacts on GM business in sourcing compliant second-hand vehicles particularly vans, reflecting the scale of that sector within the vehicles impacted in Greater Manchester's CAZ.

2.43 As the historic summary above has shown, GM has been from the outset concerned about the scale and diversity of the van fleet/van owning business sectors and the fact that compliant diesel vans had only become available in 2016 (whereas compliant heavy goods vehicles were introduced in 2013). The GM economy is one that is particularly dependent on diverse and active SMEs, many of whom rely on small commercial vehicles on a daily basis; and the age profile of vans in GM is significantly more challenging than the national average and, in 2019, only 20% of vans based here met the standards set by Government for Clean Air Zones.

^[1] The quarterly nature of this report may mean that in some cases the information would be due to be published in the pre-election period which would not be possible. In these cases, the report would be published as soon as reasonably practicable after the election.

- 2.44 This is why GM had been clear with Government from the outset in the Outline Business Case for the GM Clean Air Plan (2019) that Government must maintain a clear oversight of the supply chain conditions, within which the GM CAP will have to operate, recognising the structural nature of markets that are beyond the influence of any one local authority or area.
- 2.45 At the time the current GM Clean Air Plan was agreed, there was only evidence of a temporary disruption due to the pandemic in 2020, which was assumed to be addressed by the market, with the Society of Motor Manufacturers and Traders (SMMT) predicting some level of 'catch up'. Since then, evidence has grown on the continued impact that the pandemic, and related trade issues, has had vehicle supply chains.
- 2.46 A full report on GM's initial findings has been prepared by ARUP/AECOM attached as Appendix One. The summary outlines the current conditions in the van market are:
- *Pre-pandemic, there was significant growth in van mileage and van stock over a number of years and the expectation was that both growth trends would continue.*
 - *However, whilst the early phases of the pandemic and subsequent lockdowns and constraints in 2020 constrained demand, it appears that this effect was temporary and has been offset by growth in demand from some van-owning sectors.*
 - *The pandemic had a major impact on the number of new vans sold in the UK, initially due to the halting of production lines and local lockdowns around the world.*
 - *Whilst new van sales recovered to some extent, they are still not back to 2019 levels and so there is a substantial 'lost supply' that has not been recovered equating to 80,000 vehicles on a conservative assumption that 2019 levels had been maintained.*
 - *The global semiconductor shortage has also impacted the automotive industry and its effects are ongoing.*
 - *Britain leaving the EU may also have had an impact but it is not possible to separately identify that.*
 - *The industry is reporting significant supply issues with extended lead times for new orders.*
 - *It is anticipated that the introduction of clean air zones at particular locations in the UK will introduce some regional disparity in terms of the availability of certain vehicles and place additional demand pressure on the market in general.*
 - *Reliable data on the variation in the price of new vans as a consequence of the supply side issues discussed in Chapter 4 is not available.*
 - *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.*

3. Conclusion

- 3.1 The analysis provided by ARUP/AECOM was specifically commissioned to focus on the market conditions within the LGV sector, reflecting the scale of that sector within the vehicles impacted in Greater Manchester's CAZ. However, it is being reported that the factors reported in the van market are also being experienced by the other vehicle types that only reached EURO 6 compliance in 2016. Therefore on the basis of these findings and the reported issues for other vehicle types, GM are calling on Government to now step forward to jointly address these apparent and significant market issues; and to support the Greater Manchester authorities in reviewing the GM CAP policy in the light of their identification.
- 3.2 Greater Manchester authorities remain committed to tackling the public health issue of poor air quality, complying with their legal duties and working with Government and to the shared statutory duty to secure clean air across the UK. However, there is a fundamental concern that these global and national factors outside of their control or influence could impact their ability to secure compliance with NO₂ levels with the Plan as it stands, given the significant changes to both the supply of compliant vehicles, their price and the ability of local businesses and individuals to be able to secure compliant vehicles with the funds available.

4. Legal Considerations

- 4.1 The Direction provides that the GM authorities must—
“ensure that the local plan for NO₂ compliance is implemented so that—
(a) compliance with the legal limit value for nitrogen dioxide is achieved in the shortest possible time, and by 2024 at the latest;
(b) exposure to levels above the legal limit for nitrogen dioxide are reduced as quickly as possible.”
- 4.2 The local plan for NO₂ compliance is defined as that a *“Charging Clean Air Zone Class C with additional measures to be implemented as soon as possible and at least in time to bring forward compliance to 2024,”* in accordance with earlier submitted proposals.
- 4.1 The Direction also provides that the GM authorities *“must not vary, revoke or suspend their implementation of the local plan for NO₂ compliance ... without the prior written consent of the Secretary of State.”*
- 4.2 The GM CAZ is due to become operational on 30 May 2022. Engagement by government is therefore urgently required enable the required joint policy review, addressing the issues set out above, to be undertaken as quickly as possible.

5. Recommendations

- 5.1 In light of this new evidence, the Greater Manchester Air Quality Administration Committee are recommended to request that the Secretary of State agrees to pause opening of the next phase of Clean Air Funds at the end of this month to enable an urgent and fundamental joint policy review with Government to identify how a revised policy can be agreed to deal with the supply issues and local businesses' ability to comply with the GM CAP.