

GM Air Quality Administration Committee

Date: 20th December 2023
Subject: GM Clean Air Plan – Expenditure Update
Report of: Eamonn Boylan – Chief Executive, GMCA and TfGM

Purpose of Report

This report provides an update on the funding received from Government, the expenditure made and the funding requirements that have emerged as the new Greater Manchester Clean Air Plan is developed to the end of November 2023.

Recommendations:

The Air Quality Administration Committee is requested to:

1. Note this paper provides further details on the aggregate spend following on from the “GM Clean Air Plan – Expenditure Update” dated 26 October 2022 which provided spend to the end of September 2022;
2. Note the funding received from Government, the expenditure made and the funding requirements that have emerged as the Greater Manchester Clean Air Plan has been developed;
3. Note an additional £8.2 million of forecast expenditure, for the FY 2023/24, requires funding from JAQU and is subject of an additional funding request to cover the ongoing case development work as well as the operational costs for the Clean Air Zone and Financial Support Scheme;
4. Note that TfGM and JAQU reached an agreement in Q4 2022/23 over the funding required to fund the continued development of the GM Clean Air Plan to fill the gap that would have been covered by the CAZ revenues and £12.2 million was provided to fund that shortfall and covered the period up to 31st March 2023; and
5. Note that TfGM is unable to materially change or terminate the contracts that have been put in place for the delivery of a charging Clean Air Zone or the delivery of the Financial Support Scheme, until a formal decision is received from the government.

Contact Officers

Eamonn Boylan – Chief Executive, GMCA and TfGM –

eamonn.boylan@greatermanchester-ca.gov.uk

Megan Black – Head of Logistics & Environment, TfGM – megan.black@tfgm.com

Frank Tudor – Deputy Director and GM Clean Air Plan Co-Sponsor (Delivery) –

frank.tudor@tfgm.com

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

On 8th February 2022 *The Environment Act 1995 (Greater Manchester) Air Quality Direction 2022*¹ (the Direction) was issued. The Direction requires that the GM local authorities:

- review the measures specified in the existing Plan; and
- determine whether to propose any changes to the detailed design of those measures, or any additional measures.

The GM authorities must ensure that the Plan with any proposed changes will secure that:

- compliance with the legal limit value for NO₂ is achieved in the shortest possible time and by no later than 2026; and
- exposure to levels above the legal limit for NO₂ is reduced as quickly as possible.

This Direction revoked the Direction dated March 2020 which required the ten Greater Manchester Local Authorities to implement a Category C Clean Air Zone to achieve compliance with the legal limit value for NO₂ in the shortest possible time and by 2024 at the latest.

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: None

¹ [The Environment Act 1995 \(Greater Manchester\) Air Quality Direction 2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064222/the-environment-act-1995-greater-manchester-air-quality-direction-2022.pdf)

Comments/recommendations from Overview & Scrutiny Committee

Not applicable.

Background Papers

- 13 July 2023, Report to AQAC: GM Clean Air Plan – July 2023 Update
- 27 February 2023, Report to AQAC: GM Clean Air Plan – February 2023 Update
- 26 October 2022, Report to AQAC: GM Clean Air Plan – Expenditure Update
- 26 October 2022, Report to AQAC: GM Clean Air Plan – October 2022 Update
- 17 August 2022, Report to AQAC: GM Clean Air Plan – August 2022 Update
- 1 July 2022, Report to AQAC: GM Clean Air Plan – July 22 Update
- 23 March 2022, Report to AQAC: GM Clean Air Plan – March 22 Update
- 28 February 2022, Report to AQAC: GM Clean Air Plan – February 22 Update
- 2 February 2022, report to CACC: GM Clean Air Plan – update to the temporary exemption qualification date for GM-licensed hackney carriages and private hire vehicles
- 20 January 2022, report to AQAC: GM Clean Air Plan – A628/A57, Tameside – Trunk Road Charging Scheme update
- 20 January 2022, report to AQAC: GM Clean Air Plan – Financial Support Scheme Jan 22 Update
- 20 January 2022, report to AQAC: GM Clean Air Plan – Clean Air Zone Discount & Exemptions Applications
- 18 November 2021, report to AQAC: GM Clean Air Plan – GM Clean Air Funds assessment mechanism
- 18 November 2021, report to 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 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

GM Clean Air Scrutiny Committee – To be considered at meeting on 18 December 2023, verbal update to be given.

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 (SoS) 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 development of the GM CAP is funded by Government and is overseen by Joint Air Quality Unit (JAQU), the joint DEFRA and DfT unit established to deliver national plans to improve air quality and meet legal limits. The costs related to the business case, implementation and operation of the GM CAP are either directly funded or underwritten by Government acting through JAQU and any net deficit over the life of the GM CAP will be covered by the New Burdens Doctrine, subject to a reasonableness test².
- 1.3. The report “GM Clean Air Plan – December 2023 Update”, is also being considered at the meeting, it provides further background and update on the Case for a new Greater Manchester Clean Air Plan and confirms that an appraisal of GM’s proposed Investment-led Plan has been undertaken against a benchmark charging Clean Air Zone (CAZ) in the centre of Manchester and Salford.
- 1.4. The purpose of this report is to provide an update on the funding received from Government, the expenditure made and the funding requirements that have emerged as the Greater Manchester Clean Air Plan has been further developed.

² The new burdens doctrine is part of a suite of measures to ensure Council Tax payers do not face excessive increases. [New burdens doctrine: guidance for government departments - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/new-burdens-doctrine)

2. Background

- 2.1. GM has been awarded a total of £202.7 million in respect of the Clean Air Plan which is an increase of c£12.2 million since the October 2022 report due to an additional grant award being made in April 2023. The Government grants have been awarded to fund the following areas:

Grant	£m
Clean Air Plan Development Phase	31.7
Early Measures – EV Charging Infrastructure	3.0
Clean Air Zone Implementation	26.0
Clean Air Zone Operation	7.6
Vehicle Funds (including Bus)	122.3
Vehicle Funds Administration	6.1
Vehicle Funds Operation	2.5
Taxi Electric Vehicle Charging Infrastructure	3.5
Total	202.7

- 2.2. The expenditure to November 2023 and forecast to March 2024 (including committed grant awards) against the £202.7 million grants awarded by Government is summarised in the table below:

Area of Expenditure	Spend to date £m
Development Phase	32.7
Clean Air Zone (implement and operate)	32.7
Financial Support Scheme (Vehicle Grants, Implementation and Operation)	26.2
Taxi Electric Vehicle (EV) Charging Infrastructure (inc promotion)	5.3
Forecast for Dec 23-Mar 24	3.1
Grand Total	100
Grant Remaining	102.7
Grant Remaining Excluding EV	101.5

- 2.3. This report outlines the funding received and the expenditure made to the end of November 2023 unless otherwise stated. It should be noted that during the programme the grants and their expenditure are closely monitored by JAQU.

3. Scheme Design, Development, Evidence, Programme Management and Public Engagement Funding & Expenditure

- 3.1. GMCA has received a total of £31.7 million since October 2017 to undertake the broad activity of scheme design and development which included an allocation of funding from the grant awarded in April 2023.
- 3.2. To the end of November 2023, these funds have been spent against the following high-level work packages:

Workstream	Pre 2023/24 £m	2023/24 £m	Total £m
Programme Management	4.4	0.0	4.4
Business Case & Measures development	15.5	0.0	15.5
Communications	2.3	0.0	2.3
Customer Experience	0.6	0.0	0.6
Data, Evidence & Modelling	4.7	0.0	4.7
Legal/Policy/ Governance	2.1	0.0	2.1
Review of CAP	2.0	1.2	3.2
Total	31.5	1.2	32.7

- 3.3. This level of historic expenditure has been necessary to deliver a feasibility study and plan that meets JAQU’s technical and assurance requirements. Also, due to the complexity of the subject being tackled, the feasibility study and plan has required a deep level of expertise in specialist areas such as Air Quality science and modelling which was not available within TfGM or the Local Authorities. The breakdown for the expenditure up to the end of September 2022 can be found in the Air Quality Administration Committee Report dated 26 October 2022.
- 3.4. Since September 2022, the TfGM-led team has continued to develop an investment led non-charging Clean Air Plan. The anticipated cost of £1.7 million for 2023/24 covers the aggregate internal TfGM together with specialist advisors covering Air Quality Science, Legal, Modelling, and Policy areas.

4. Clean Air Zone Funding & Expenditure

- 4.1. JAQU provided a single funding award of £26 million for the implementation of a category C charging Clean Air Zone in November 2019, following Government approval of the Outline Business Case that was submitted in March 2019.
- 4.2. The award allowed GMCA (acting by its officer, TfGM) acting via a delegation from each of the 10 GM Authorities to procure the necessary contracts required to deliver the Clean Air Zone. There are three main contracts underpinning the Clean Air Zone all of which were competitively tendered with the GM Authorities approving the award of contracts in accordance with TfGM’s Constitutional arrangements.
- 4.3. The table below reflects all the implementation costs spent against the grant award of £26 million:

	£m
CAZ Grant Award (Nov-19)	26.0
Spend to end November 23	21.6
Grant Remaining	4.4

4.4. **Clean Air Zone Service Contract – Egis Projects SA**

4.5. This is a contract for the delivery of three inter-related services to allow for the installation and operation of the ANPR camera network, scheme administration including customer management and the management of penalty enforcement.

4.6. This contract was awarded to Egis Projects SA in July 2021 at a total value of £48.1 million and covers the implementation, operation and decommissioning of the GM CAZ Service. The contract at the time of award was envisaged to be in place for 5.5 years, with three optional one-year extensions. The contract additionally allows for decommissioning once the recommended levels of NO₂ have been achieved.

4.7. **Clean Air Zone Signage Contract – J McCann & Co Limited**

4.8. A contract for the manufacture, installation, maintenance and decommissioning of circa 2,200 signs required for the GM Clean Air Zone across 18 local Authorities. These included the ten GM Authorities and 8 the neighbouring Authorities of Calderdale, Kirklees, Derbyshire, Cheshire East, Warrington, St Helens, Lancashire and Blackburn with Darwen. This contract was awarded to J McCann & Co Limited for the total value of £3.04 million and was utilised for the installation of the signage and for the delivery of the production and application of the 'Under Review' Stickers as previously advised to the committee.

4.9. **Clean Air Zone Debt Recovery Contract**

4.10. The final CAZ contracts were for three Debt recovery companies to recover any debts and fees resulting from unpaid Penalty Charge Notices (PCNs) through a Warrant of Control which would be issued by the Courts. These contracts were scheduled to be awarded in February 2022, however due to the review of the Clean Air Plan, no contracts have been signed. These contracts are effectively zero value as the fees for the debt recovery companies are set by legislation and paid by the debtor.

4.11. **CAZ Implementation and Operational Expenditure to end of November 2023**

4.12. The following table summarises the expenditure for the implementation of the Clean Air Zone to November 2023:

Cost Type	£m	Funding Source
Signage (covers all aspects not just McCann contract)	3.0	£26m JAQU Grant
CAZ Service Contract	14.4	£26m JAQU Grant
Staff/Advisor/Districts	4.3	£26m JAQU Grant
Total	21.6	
CAZ Operational Costs	11.0	£7.6m JAQU grant/ £3.4m currently unfunded
Grand Total	32.7	

4.13. As part of the commercial negotiations following the pause on the CAZ works, the cameras that were scheduled for installation were fully paid for by TfGM and were being held in storage. Following a request by the camera manufacturer, Yunex, 200 of these cameras were sold back to Yunex in April 2023 at the full price paid by TfGM so that they could fulfil requirements for another customer. The current status of ANPR Camera installations is:

	Total Installed	On hold	Grand Total
Bolton	69	19	88
Bury	42	21	63
Manchester	120	43	163
Oldham	7	70	77
Rochdale	4	62	66
Salford	18	68	86
Stockport	76	33	109
Tameside	17	58	75
Trafford	44	25	69
Wigan	65	9	74
Grand Total	462	408	870

4.14. Therefore, whilst there is a remaining contractual responsibility for Egis to supply 408 cameras, if required, the reality is that only 208 remain in storage, reducing any future potential termination liabilities.

4.15. Egis are also holding a number of additional assets including 5 Mobile camera units and 3 re-locatable cameras which are being investigated for potential disposal or repurposing in order to maximise the return to the public purse. Unless GM are directed by Government to implement a GM wide Charging Clean Air zone, these assets will not be required for the Investment-led Plan.

4.16. Additional Payments will be made to the CAZ suppliers for a small number of activities including the storage and insurance of the non-installed cameras and signage and payments due for the completion of some implementation milestones which remain outstanding.

4.17. In line with JAQU Guidance, the Operational Costs of the Clean Air Zone, including the contractual and staff costs, were to be covered by CAZ Revenues. Due to contractual obligations, several of the CAZ Services have been fully commissioned and are operational, even though the CAZ has not been activated for the anticipated public use. These include the discounts and exemptions system which was used for a short period at the end of January and the 462 deployed ANPR Cameras. Based on current numbers of deployed ANPR Cameras there is continuing monthly liability of c£375,000.

4.18. TfGM remain in active discussions with JAQU over the funding required to fill the gap that would have been covered by the CAZ revenues for items such as the CAZ Operational Costs outlined above and the operation of the Financial Support Scheme summarised below.

5. GM CAP Financial Support Scheme (FSS)

- 5.1. JAQU has awarded funding towards the upgrade of non-compliant vehicles. The breakdown of the awards is shown in the table below:

Grant Awarded	Purpose	£m
20-Mar-2020	HGV ³	8.00
	PHV (includes admin)	10.74
	Coach and Minibus Admin Costs	0.32
25-Mar-2020	Bus Retrofit ⁴	15.44
	Coaches	4.45
	Minibus	2.00
26-Mar-2021	LGV Administration Costs	3.50
	Hackney Administration Costs	0.51
26-Mar-2021	LGV	70.00
	Hackney	10.10
15-Oct-2021	Bus Replacement	3.25
	Bus Replacement Admin Costs	0.16
	Total	128.47

- 5.2. JAQU had agreed that the Administration Costs Grants would cover the implementation costs of the scheme and the operational costs would be recovered through by the anticipated CAZ Revenues. Given that the CAZ did not 'go live' as originally planned and did not, therefore, generate any revenues, JAQU provided the additional grant of c£12.2 million to cover the operational costs (and business case development work) in 2022/23 and a further grant will be required for the 2023/24 financial year.

5.3. Distribution of Grants at End of November 2023

- 5.4. To date the Air Quality Administration Committee has approved the establishment and distribution of the bus retrofit, bus replacement and HGV funds. Grants have been made using the scheme eligibility criteria as set out in the current GM Clean Air Plan Policy⁵ to impacted vehicle owners. Grants have also been made to a very small number of Hackney, PHV, LGV and Motorhome vehicle owners who had already placed orders pending funding opening at the end of January 2022 to ensure they are not detrimentally impacted by the decision to pause the opening of the funds, this is referred to as the Early Financial Support Scheme.
- 5.5. The following table sets out the value of grants available and committed, and the number of vehicles upgraded, for each vehicle type.

³ The initial HGV and PHV funding awards also included 5% for the administration of the funds which was separated out in subsequent awards

⁴ The Bus Retrofit Grant included a 5% element to cover administration costs

⁵ [GM Clean Air Plan Policy following Consultation](#)

Purpose	Value of Grant (net of Admin costs) £m	Value Committed⁶ £m	Vehicles Upgraded
Heavy Goods Vehicles	7.60	2.52	205
Private Hire Vehicles	10.23	0.02	6
Coaches	4.45	0.00	0
Minibus	2.00	0.01	1
Light Goods Vehicles	70.00	0.07	14
Hackney	10.10	0.12	20
Bus Retrofit	15.44	15.12	956
Bus Replacement	3.25	1.18	69
Total	123.07	19.04	1,271

5.6. Financial Support Scheme Implementation and Operational Costs

5.7. GM received grants totalling £4.5 million for the “administration” of the Financial Support Scheme with all current and future operational costs being funded via JAQU in the absence of any CAZ Revenues. Whilst classified by Government as “administration” these funds were provided for the establishment of the scheme including the acquisition of the necessary technology. It was agreed with Government that the operational costs of the Financial Support Scheme would have been covered by the Clean Air Zone revenues had it gone live.

Financial Support Scheme implementation and operation Summary	£m
Implementation Costs	4.1
Operational Costs	3.1
Total	7.2

5.8. There are a number of technology contracts which were put in place to enable TfGM to effectively distribute grants to eligible applicants and the most significant of these is the Clean Vehicle Financial System (CVFS) which was contracted to Quotevine Limited after a competitive tender.

5.9. The contract value of £3,457,750 includes £467,750 for implementation and £2,990,000 for maintenance/licenses and operational support. From the total contracted figure £1,723,924 has been paid to Quotevine as at November 2023. The current contracted liability with Quotevine Limited is £49,750 per month.

⁶ Value Committed is the value of the total number of applicants who have applied and have been awarded a grant. At the end of November 2023, 180 Applicants have been awarded funding but are yet to upgrade.

6. EV Charging Infrastructure

- 6.1. The transition to low and zero emission vehicles is a key priority of Greater Manchester’s Transport Strategy and ambition to become carbon neutral by 2038, as well as a key component of the GM Clean Air Plan.
- 6.2. JAQU have made 3 funding awards for the purpose of increasing the number of publicly accessible of EV Charging Points and following feedback from the public consultation, Local Authorities approved the reallocation of funding from the Try Before You Buy scheme to the Taxi EV Charging scheme to provide additional electric vehicle charging points dedicated for use by taxis.
- 6.3. The funding awards received for EV Charging and the expenditure against them are summarised below:

Date	Purpose	Grant Value £m	Expenditure to November 2023 £m	Number of Chargers Planned / Installed
22 March 2018	Early Measures – EV Awareness and Infrastructure	3.0	2.7	25/23
26 March 2021	Dedicated Taxi Electric Vehicle Charging Infrastructure	3.0	2.5	30/30
26 March 2021	Hackney Try Before You Buy (Repurposed to taxi EV Chargers)	0.5		

7. Conclusion

- 7.1. As discussed in this paper and previously with the Committee at its October 2022 meeting, until the Secretary of State has provided feedback on the ‘Investment Led, Non-charging Clean Air Plan’, TfGM is unable to materially change or terminate the contracts that have been put in place for the delivery of a charging Clean Air Zone.
- 7.2. Whilst much of the activities on the implementation of the CAZ and Financial Support Scheme have been paused, any requirement to remobilise will result in increased costs as the contracts were established on the basis of a fixed price with the suppliers taking the financial risk associated with implementation. The cost for the delivery of the proposed Investment-led Plan is contained in the Report and the supporting papers to the Committee meeting of 20th December 2023 entitled “GM Clean Air Plan – December 2023 Update”
- 7.3. Negotiations with the suppliers, have been ongoing since February 2022 in order to minimise the financial exposure until GM has agreement with Government on the final plan and an ability to either fully or partly terminate the contracts as required. Negotiations to either terminate or revise the contracts for the approved scheme will commence once Government makes a decision on the future GM Clean Air Plan.

- 7.4. The GM Authorities have made it clear to JAQU that they will not be willing to fund any aspect of the Clean Air Plan including the costs associated with the review of the Plan, the pause in implementation and any termination costs that become liable and evidence to date in the form of awarded grants and communications with senior government officials.
- 7.5. Currently TfGM estimates that based upon known requirements and a status quo position to the end of the current financial year, i.e. no decision is communicated by Government on the proposed Investment-led Plan, the current forecast expenditure is £9.2 million for operational costs and business case development, for which there will be a funding requirement from JAQU for 2023/2024 as per the table below:

	Grant Received £m	Actual and Anticipated Expenditure. £m
Total Grants Received (Business Case and Operations)	41.8	
Business Exp. to Nov 23		(32.7)
Operational Exp. to Nov 23		(14.2)
Fcast Business Case Exp. Dec 23-Mar 24		(0.6)
Fcast Operational Exp. Dec 23-Mar 24		(2.5)
JAQU Funding Required	8.2	
Total	50.0	(50.0)

- 7.6. The next steps on the GM CAP are dependent on feedback from the government, however should JAQU require additional work, post the December 2023 submission, then this figure will likely increase.

8. Recommendations

- 8.1. The recommendations are set out at the front of this report.