

# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

## Evidence Submission for a new Greater Manchester Clean Air Plan Appraisal Report Appendix 2: Clean Taxi Fund - Eligibility Criteria & Funding Administration



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# 1 Introduction

- 1.1.1 The government has instructed many local authorities across the UK to take quick action to reduce harmful roadside levels of Nitrogen Dioxide (NO<sub>2</sub>) with the Secretary of State (SoS) for Environment, Food and Rural Affairs issuing Directions under the Environment Act 1995 in 2017 requiring them to undertake feasibility studies to identify measures for reducing NO<sub>2</sub> concentrations to within legal limit values in the “shortest possible time”. In Greater Manchester, the 10 GM Authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) are working together to develop a Clean Air Plan to tackle NO<sub>2</sub> exceedances at the roadside, herein known as Greater Manchester Clean Air Plan (GM CAP).
- 1.1.2 In March 2021, government directed the GM Authorities to implement a Class C Clean Air Zone (CAZ) with additional measures. The GMCA – Clean Air Final Plan report on 25<sup>th</sup> June 2021 endorsed Greater Manchester’s Final CAP and policy in compliance with this direction, following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work. Throughout the development of the previous Plan, the Joint Air Quality Unit (JAQU) reviewed and approved all technical and delivery submissions. The Plan was agreed by the 10 GM Authorities. Within this document, this is referred to as the Previous GM CAP.
- 1.1.3 On 8<sup>th</sup> February 2022, a new direction (the Direction) was issued by the SoS which confirmed that the March 2020 Direction had been revoked and required that by 1st July 2022 the GM Authorities should:
- Review the measures specified in the local plan for NO<sub>2</sub> compliance and associated mitigation measures; and
  - Determine whether to propose any changes to the detailed design of those measures, or any additional measures.
- 1.1.4 The Direction also states that the local plan for NO<sub>2</sub> compliance, with any proposed changes, must ensure the achievement of NO<sub>2</sub> compliance in the shortest possible time and by 2026 at the latest. It should also ensure that human exposure to concentrations of NO<sub>2</sub> above the legal limit is reduced as quickly as possible.
- 1.1.5 In July 2022, the 'Case for a new Greater Manchester Clean Air Plan' was submitted to the SoS. It set out that challenging economic conditions, rising vehicle prices and ongoing pandemic impacts meant that the Previous GM CAP was no longer the right solution to achieve compliance, instead proposing an investment-led, non-charging GM CAP.

- 1.1.6 The primary focus of the ‘Case for a new Greater Manchester Clean Air Plan’ was to identify a plan to achieve compliance with the legal limit value for NO<sub>2</sub> in a way that considered the cost-of-living crisis and associated economic challenge faced by businesses and residents. This would be achieved through an investment-led approach combined with all the wider measures that GM is implementing with the aim of reducing NO<sub>2</sub> emissions to within legal limits in the shortest possible time, and at the latest by 2026.
- 1.1.7 The ‘Case for a new Greater Manchester Clean Air Plan’ proposed using the remaining funding that the government had awarded to the GM Authorities for the Previous GM CAP to deliver an investment-led approach to invest in vehicle upgrades, rather than imposing daily charges, and deliver new Zero Emission Buses (ZEBs) as part of the Bee Network (a London-style integrated transport network for Greater Manchester). The new plan would ensure that the reduction of harmful emissions would be at the centre of GM’s wider objectives. Within this document, this plan is referred to as the ‘Investment-led Plan’.
- 1.1.8 Having submitted the Case for a New Clean Air Plan in July 2022 GM was asked by government in January 2023 to:
- Provide modelling results for a CAZ Benchmark to address the persistent exceedances identified in central Manchester and Salford, in order for these to be compared against your proposals.
  - Identify a suitable approach to address persistent exceedances identified in your data on the A58 Bolton Road in Bury in 2025, and to propose a suitable benchmark.
  - Set out how the measures you have proposed will be modelled and evidenced overall, and to ensure that they are modelled without any unnecessary delay.
- 1.1.9 GM Authorities have been undertaking the work required to supply this further evidence and on 8<sup>th</sup> March 2023 submitted the first element, ‘Approach to Address Persistent Exceedances Identified on the A58 Bolton Road, Bury’.
- 1.1.10 In April 2023, government advised TfGM that it was to pause any new spending on bus retrofit as it had evidence that retrofitted buses have poor and highly variable performance in real-world conditions.
- 1.1.11 In light of the government’s new evidence, JAQU issued revised general guidance to authorities producing CAPs nationwide requiring that air quality modelling should no longer assume any air quality benefits from a retrofitted bus. The government also advised that it anticipated a six-month study to quickly investigate the causes of poor bus retrofit performance and how it could be improved which would be reported in Autumn 2023.

1.1.12 To date the outputs of this study have not been made available to GM. In the absence of the government's bus retrofit study, GM has incorporated the revised guidance, as agreed with JAQU, into the modelling which underpins the development of its CAP to produce a report that appraises the ability of the Investment-led Plan and a CAZ Benchmark to deliver compliance with the legal limit value in the shortest possible time and by no later than 2026.

## **1.2 Purpose of Document**

1.2.1 This document outlines GM's proposed Clean Taxi Fund (CTF) eligibility criteria and administration of funding under the Investment-led Plan scenario. This document forms an appendix to the Appraisal Report, providing further information on the eligibility criteria for both funding routes to the CTF, covering the Core Taxi Fund and the Electric Hackney Fund.

1.2.2 The eligibility criteria and funding administration is based on the Previous GM CAP policy<sup>1</sup> with some variation following engagement and research undertaken in 2022 and a review of other CAP cities' funding administration.

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<sup>1</sup> [https://assets.ctfassets.net/tlpgbvy1k6h2/2VNncClzejAvGh3CrVn0oo/d45528de22e593c9be285ddf5b26373b/Appendix\\_1\\_-\\_GM\\_Clean\\_Air\\_Plan\\_Policy\\_following\\_Consultation.pdf](https://assets.ctfassets.net/tlpgbvy1k6h2/2VNncClzejAvGh3CrVn0oo/d45528de22e593c9be285ddf5b26373b/Appendix_1_-_GM_Clean_Air_Plan_Policy_following_Consultation.pdf)

## 2 Clean Taxi Fund – Eligibility Criteria

2.1.1 This section sets out the eligibility criteria for the CTF including the Core Taxi Fund and the Electric Hackney Fund. The proposed eligibility criteria form part of the GM Authorities' submission to support the Investment-led Plan scenario and remain subject to government approval of a CTF in the Investment-led Plan and any subsequent consultation.

### 2.2 Core Taxi Fund

2.2.1 Eligible applicants for the Core Taxi Fund will be offered the option of:

- A running cost grant towards the running costs of a new ZEC<sup>2</sup> vehicle when the compliant replacement vehicle being funded is also receiving a government plug-in grant<sup>3</sup>; or
- A contribution towards the costs of a replacement vehicle. This may be as:
  - A lump sum grant – the applicant funds the remaining cost with their own capital or financing arrangements; or
  - Access to Vehicle Finance – the applicant pays monthly for an agreed finance product from a panel of third-party finance providers.

2.2.2 Applicants to the Core Taxi Fund will be expected to meet eligibility criteria. This requires demonstration that:

- Applicants are the owner or registered keeper of the non-compliant<sup>4</sup> vehicle.
- The non-compliant vehicle is licensed for the purposes of Hackney Carriage or PHV service with one of the 10 GM Authorities and was licensed with one of them on 20<sup>th</sup> December 2023.
- The non-compliant vehicle is replaced by a compliant vehicle to meet GM CAP emissions standards.
- The non-compliant vehicle has current road tax and business insurance at the date of application.
- Applicants declare that they will remain licensed with one of the 10 GM Authorities for the purposes of performing Hackney or Private Hire duties within GM for two years following the receipt of funding.

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<sup>2</sup> ZEC Vehicle is defined as having CO2 emissions of less than 50g/km and a zero-emission range of at least 70 miles, as defined by government, available at: <https://www.gov.uk/plug-in-car-van-grants/eligibility>

<sup>3</sup> Information on low-emission vehicles eligible for a plug-in grant is available at: <https://www.gov.uk/plug-in-car-van-grants>

<sup>4</sup> Compliant status is defined by the CAZ Framework on minimum emission standards as a minimum of either Euro 6 diesel or Euro 4 petrol.

- Applicants have not received and do not expect to receive more than £315,000 (or equivalent) of domestic or international funding/subsidy from any government/public sources over a period of three fiscal years. This figure is inclusive of any financial benefit from discounts, exemptions, grants or vehicle finance secured through the GM CAP or any other applicable public funding source.

2.2.3 The GM Authorities reserve the right to request the return of funding from the applicant if there is evidence that applicants have not fulfilled their declaration in remaining licensed with one of the 10 GM Authorities for the purposes of performance Hackney or Private Hire duties within GM for two years following the receipt of funding.

## **2.3 Electric Hackney Fund**

2.3.1 The Electric Hackney Fund would be offered to upgrade GM-licensed Hackney Carriages which are Internal Combustion Engine (ICE) and to a Hackney Carriage which is classed as compliant to Zero Emissions Capable (ZEC). Applicants for this funding option will be required to demonstrate the same criteria as the Core Taxi Fund, except that their vehicle must have been licensed for the purposes of Hackney Carriage services with one of the 10 GM Authorities on 10<sup>th</sup> December 2023, and that the vehicle must be replaced by a ZEC vehicle.

2.3.2 Applicants for this funding option will need to demonstrate that:

- They are the owner/registered keeper of the vehicle;
- The Hackney Carriage vehicle is licensed for the purposes of Hackney Carriage services with one of the 10 GM Authorities on 10<sup>th</sup> December 2023;
- The vehicle is replaced by a Zero Emissions Capable (ZEC) vehicle;
- The vehicle has current road tax and business insurance at the date of application;
- They declare that they will remain licensed with one of the 10 GM Authorities for the purpose of performing Hackney Carriage or private hire duties within GM for two years following the receipt of funding; and
- They have not received and do not expect to receive more than £315,000 (or equivalent) of domestic or international funding/subsidy from any government/public sources over a period of three fiscal years. This figure is inclusive of any financial benefit from discounts, exemptions, grants or Vehicle Finance secured through the GM CAP or any other applicable public funding source.

2.3.3 The GM Authorities reserve the right to request the return of funding from the applicant if there is evidence that applicants have not fulfilled their declaration in remaining licensed with one of the 10 GM Authorities for the purposes of performance Hackney or Private Hire duties within GM for two years following the receipt of funding.

## **2.4 Vehicle Finance**

- 2.4.1 The Vehicle Finance measure will provide access to finance for eligible applicants who need assistance in funding the cost of upgrading their vehicle. It has been designed to address some of the potential reasons that finance might typically be refused, including affordability of finance repayments or a thin credit file. There is no guarantee that applicants will be eligible for Vehicle Finance as the arrangement will be between the applicant and a third-party finance provider.
- 2.4.2 Access to Vehicle Finance is offered as an option alongside replacement and running cost grants (where applicable) and applicants will be able to choose the option which best suits their individual circumstances. Applicants will also be able to arrange their own vehicle finance without referral to the GM Finance Panel.
- 2.4.3 In addition to meeting the CTF eligibility criteria, applicants for vehicle finance will also need to satisfy the requirements of the finance provider (e.g. holding a UK bank account in the name of the applicant/business, consenting to the finance provider carrying out credit reference searches, deposit contribution).
- 2.4.4 Vehicle Finance lending decisions rest with the finance provider and are subject to individual circumstances. Where an applicant is unsuccessful in securing a vehicle finance agreement, the replacement grant option will remain available to the applicant.

### 3 Clean Taxi Fund (CTF) Administration

- 3.1.1 A review of the administration for how financial support to Hackney Carriages and PHV could be provided has been undertaken. This has been reviewed in the context that the Investment-led Plan provision of funding for vehicle upgrades focusses on buses and taxis as opposed to all vehicles applicable to a Class C CAZ (buses, taxis, HGV, LGV, coach, minibus).
- 3.1.2 Therefore, a different approach to administering funding to vehicle owners is proposed given the different scale of eligible vehicles involved.
- 3.1.3 Under the Previous GM CAP proposed in 2021, the Financial Support Scheme was agreed to be “*issued directly to accredited suppliers of replacement vehicle upgrade options*” i.e. grants were paid to vehicle dealerships<sup>5</sup>.
- 3.1.4 This meant that successful applicants of the Financial Support Scheme would have to source the compliant vehicle with a dealership accredited by the GM CAP and trade-in the non-compliant vehicle at the same dealership. The purpose of this approach was to ensure the maintenance of a comprehensive audit trail, accountability for public funding and to reduce the risk of fraudulent activity and misappropriation of funds. The only exceptions to this were the Clean Bus Fund (CBF) and the running cost grant under the CTF, where financial support was to be paid to the applicant.
- 3.1.5 Feedback from engagement and research conducted in 2022 and consideration has been given for how funds have been administered from other CAP cities. This is detailed within the *Hackney Carriage and Private Hire Vehicle Evidence Note*.
- 3.1.6 During engagement and research, the GM Authorities received feedback on the proposed administration of funds:
- There are a limited number of dealerships to upgrade vehicles;
  - The funding must be given to individual drivers; and
  - The second-hand market is limited, but there is potential to purchase a vehicle through another owner.
- 3.1.7 Feedback was also received from cities who have implemented CAZs with supporting mitigation funds, referred to as ‘CAP cities’, CAP cities reflected that outsourcing the administration of funds was beneficial in terms of providing assurance on the appropriate use of funds. Cities which administer grants directly to the applicant also expressed that this approach, combined with allowing private sales and purchase of vehicles, gives flexibility to the local taxi trade while maintaining the appropriate checks and balances.

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<sup>5</sup> [Clean Air Plan Policy following consultation \(2021\)](#)

3.1.8 The risk of fraudulent activity under the fund from Hackney and PHV vehicle owners is significantly reduced due to the requirement of non-compliant taxis to be de-licensed and the replacement taxi will need to be licensed before the grant would become payable.

### 3.2 Proposed approach

3.2.1 In considering the evidence gathered through engagement and research as well as the practices of other CAP cities, the GM Authorities are proposing the following approach:

	Previous GM CAP Policy	Investment-led Plan Proposed Approach
Funding options	The funding options are: 1. A lump sum grant, which contributes to the cost of replacement or running costs – the Applicant funds the remaining costs with their own capital or financing arrangements; or 2. Vehicle Finance, which contributes to the cost of financing a replacement vehicle through the GM scheme – the Applicant pays monthly for an agreed finance period.	No change
Like-for-like replacement	Provided for the replacement of a non-compliant vehicle with a compliant vehicle on a 'like-for-like' basis with limited exceptions.	Like-for-like policy to apply for both non-compliant and compliant vehicles traded in under both Core Taxi Fund and Electric Hackney Fund.
Grants payable to	Issued directly to accredited suppliers of retrofit and replacement vehicle upgrade options, to ensure maintenance of a comprehensive audit trail, accountability for public funding and to reduce the risk of fraudulent activity and misappropriation of funds.	Grants to be issued directly to the applicant, subject to passing checks. Lump sum grants to be paid by BACs after the replacement vehicle is licensed.
Trade-in of the existing vehicle	Subject to the non-compliant vehicle being 'traded-in' against the replacement vehicle funded through the GM CAP and at the dealership where the	Vehicle owner would source new compliant vehicle, delicense their existing vehicle and license new vehicle. Value of the sale of the existing vehicle

	<b>Previous GM CAP Policy</b>	<b>Investment-led Plan Proposed Approach</b>
	compliant vehicle is being sourced.	may be used to purchase the compliant vehicle.

3.2.2 The proposed approach to provide funding directly to applicants, as opposed to the use of a list of accredited dealerships, would remove additional vehicle supply constraints imposed by the fund administration to an industry which, according to the feedback received in engagement and research undertaken in 2022, is facing existing constraints to upgrade their vehicle..

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## 4 Summary

- 4.1.1 This document sets out further detail to support the CTF measure as part of the Investment-led Plan scenario. The eligibility criteria are based on the Previous GM CAP and the proposed criteria apply to both funding routes, taking account of non-compliant Hackney Carriages and PHVs and ICE compliant Hackney Carriages.
- 4.1.2 The Investment-led Plan's CTF proposes a change of funding administration to provide grants directly to applicants as opposed to facilitated via accredited dealerships. This change responds to the lower number of eligible vehicles, compared to the Previous GM CAP (across all eligible vehicle types) and takes account of feedback provided by the taxi trade. This change will also bring the GM Authorities' funding administration in-line with other CAP cities.

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