

LGA response to Clean Air Fund

5 January 2018



About the Local Government Association (LGA)

The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

Summary

The Clean Air Fund is welcome and we hope that the Government makes the money as easy as possible for local authorities to access. Complicated national criteria for competitive funds will waste resource and slow down the UK reaching compliance. The LGA also believes that there is more scope for the Government to take national steps to hasten the transition to low emission vehicles.

General Comments

The LGA believes the creation of the Clean Air Fund and the changes to tax treatment for new diesel vehicles are a step in the right direction. However, we feel that the Government could go further using its fiscal levers to hasten the transition to low emission vehicles as well as giving councils more funding certainty and powers to manage traffic.

We continue to be concerned about the reliance of government funding on competitive bidding. This adds costs, time and uncertainty onto any project that it funds and we hope that the process for allocating the air quality fund will be as simple as possible.

Question 1: Are there other policy options not set out in the list above that should be considered in order to minimise the impact of local air quality interventions on individuals or businesses? This could include measures such as guidance or communications material. Please provide evidence to support your proposal. Any proposals should take into account the assessment criteria set out in the next section.

The LGA believes that the long term solution to improving our air quality must include initiatives to increase the proportion of journeys taken by public transport and active travel. We believe that the Government could help by devolving Bus Services Operators Grant (BSOG) payments to councils in order to prioritise subsidies where they would best support a comprehensive network. Pilot areas

where BSOG has been devolved have shown benefits with greater bus patronage. For example devolution in Merseyside has resulted in significant increases in patronage through partnership. This modal shift will have a beneficial effect on air quality. This approach requires no additional central government funding only smarter use of existing subsidy. The Government should also fully fund concessionary fares to ensure that local government can afford to deliver concessionary passes without reducing other bus related expenditure.

Another step would be consistent national public health messaging about the dangers of air pollution, the practical steps people can take to improve it and how they can protect themselves. Whilst there is a growing awareness of the damage poor air quality can cause there are not widespread simple to understand messages about the positive steps people can take. A national campaign creating better understanding would dovetail with local council messages on days with high pollution.

The LGA would welcome further measures to tackle congestion. Congestion increases the amount of time cars are producing harmful emissions and the stop-start nature of congested roads is the most inefficient way of running an engine. In a traffic jam vehicle emissions are four times the level they are in free flowing traffic. The LGA has called for the full implementation of Part 6 of the 2004 Traffic Management Act, access to lane rental powers, and support for authorities that wish to introduce a work place parking levy through a ministerial statement making it clear that applications for the powers would be considered by the secretary of state. These three powers have already been introduced in some parts of the country and have proved effective in managing traffic flows whilst being self-funding. Working to reduce congestion and smooth traffic flows should form a key part of the clean air strategy and these powers would be simple for the Government to introduce.

If the Government could match its desire for measures like junction redesign and removing speed calming measures with giving all councils powers to enforce moving traffic offences the local impact on congestion and air quality could be significant. Councils must be given a full set of powers to regulate traffic flow in order to reduce emissions rather than the current Government focus on continually trying to build our way out of the problem.

Question 2: Please provide evidence on what else could be done to support people to upgrade or retrofit their vehicles in line with the assessment criteria set out above. If there are specific sectors that need support, please set out evidence to support this. Please provide evidence on potential limitations to uptake (e.g. industry capacity, refuelling infrastructure, consumer acceptance, examples of where retrofit has not worked as expected) and evidence of environmental impacts and the costs of potential technology for different vehicle types.

One of the clear barriers for adoption of uptake is the lack of a commercial return on investment for fleet upgrades. Whilst there can be benefits to technologies that help fuel economy there is little commercial benefit for technologies that improve emissions. As we have previously stated it would be wise to target retrofitting activities towards sectors where there are few alternatives to diesel engines. In particular specialist vehicles like refuse vehicles which would require funding from government outside of the normal process of fleet renewal.

Question 3: We welcome views from stakeholders on what else government and industry can do to support local authorities to

encourage the uptake of ultra low emission vehicles.

The LGA welcomes the Government's announcement of an additional £400m for electric vehicle infrastructure. However the Government needs to clarify how the infrastructure required to support electric vehicles will be put in place, and who will maintain it. Councils are keen to assist the Government in building a greener economy, but the provision of infrastructure will require a partnership of central government, local government and the private sector. Local government does not currently provide the infrastructure to fuel cars and whilst we are happy to assist by clearing practical barriers to help the market mature we need to be sure that there is a sustainable business model for how this technology will operate.

Whilst it is welcome that the Government has re-announced its pre-existing commitment to end the sale of conventionally fuelled new cars by 2040 it is not clear what this commitment means. How will this prohibition be enforced? Currently around 1% of new registrations meet the ULEV definition a year. To get from the current position to all vehicles within 22 years will involve a dramatic step change in the take up of these vehicles. It would be good for local authorities, consumers and businesses if the Government could provide more detail of what levers it intends to use to make this transition happen.

The LGA has long called for changes to the tax treatment of diesel vehicles and the announcement made in the budget regarding new vehicles is a step in the right direction. However, this change will have no incentives on owners of existing diesel vehicles. It is also important that the Government sends clear signals about the future tax treatment of conventionally fuelled vehicles as we transition to a low emission vehicles.

It is worth noting that the most polluting diesel vehicles will be those that are already on the road. National action on VED for all diesel vehicles alongside a diesel scrappage scheme would send a strong signal to consumers as well as accelerating the transition towards low emission vehicles.

Question 4: Please provide evidence on how the measures to support individuals to switch to other forms of transport set out above could be designed to meet the assessment criteria. In particular, responses could include suggestions on:

- How the ideas above could be designed to support those most in need such as low income households or small businesses**
- How the options could be geographically targeted at people most affected by local air quality interventions**
- What else local authorities or industry could do to encourage people to change their mode of transport, including measures such as communication campaigns.**

Raising awareness and encouraging different modes of travel from an early age can have benefits for individuals and society as a whole. For example bikeability is a good example of a scheme that is effective but it's impact is limited by constrained central government funding.

The LGA is aware of areas that have oversubscribed bikeability schemes for school aged children. The current allocation for bikeability works as a pot that authorities can bid into to. Once it is exhausted then authorities need to make alternative arrangements for funding or wait for the next year's allocation to run more courses. The scheme builds children's confidence to cycle and helps to improve their safety when doing so. It is a vital component of an overall strategy to encourage modal shift by embedding cycling at an early age. Longer term

funding certainty for councils would help them secure schemes like this. Flexible use of the clean air fund could help in the shorter term.

Local authorities will continue to work alongside technology providers to develop mobility as a service applications. By presenting consumers with live information they can better incorporate public and active travel choices into a longer trip. Small scale trials have already started in the West Midlands but funding for this kind of technology driven approach to modal shift could allow more authorities to trial these innovations and hasten their rollout across the country in a way that supports our air quality aims.

As stated in the answer to the previous question local authorities need the full cost the concessionary fares obligation reflected in the local government settlement. The money local government has to operate services is running out fast and councils face an overall £5.8 billion funding gap in just two years. Without the required funding there is a risk that funding for supported bus services could continue to be withdrawn giving passengers fewer public transport choices. Local authorities also need greater powers over traffic regulation as smoothing traffic flow is key to reducing transport emissions.

Question 5: We welcome views from stakeholders on how local authorities could use exemptions to support individuals and businesses affected by a charging Clean Air Zone (CAZ) taking into account the assessment criteria set out in this document and working within the terms of the Clean Air Zone Framework.

If the number of exemptions from clean air zones is to be significant this could result in changes to the financial modelling to pay for them. The intention of the zones is to be self-financing but this will mean an increased burden on those not exempted. If the model for funding the exemptions to bid for compensatory funding from the Clean Air Fund this would introduce an additional risk into financial models.

It will be difficult to show how exempting groups of people will not impair compliance. Exempting large numbers of people will naturally slow down compliance as the scheme will change the behaviour of fewer vehicles. There is a strong case to say SMEs could find it difficult to upgrade their vehicles as this could amount to a significant capital expense for a small business. It is not clear for affected councils how exemptions for small business could fit within the criteria of avoiding additional time for compliance.

It is also still unclear how charging Private Hire Vehicles (PHVs) will operate in practice given the ability of those licensed outside of a zone to work in it without the knowledge of the licensing authority. This will act as a dis-incentive for PHVs to license in those areas that introduce a chargeable CAZ.

Question 6: Please provide evidence on whether a targeted scrappage scheme could be designed to meet the assessment criteria. In particular, responses could include evidence on:

- How to target vehicles affected by local air quality measures geographically so as to:**
 - o Minimise the extent to which there are arbitrary winners and losers**
 - o Minimise overly complex implementation requirements**
- How to direct support to low income households or small businesses most in need of support**
- The impact a scheme could have on the car and van market**
- Suggestions on how to maximise value for money for the taxpayer**

□ **Suggestions on how a scheme could be delivered to minimise fraud, including how a scheme could be designed working with the second hand market**

There is a strong case for a scrappage scheme as an issue of fairness to consumers. However, by setting very narrow criteria for a targeted scrappage scheme the Government has made it difficult or near impossible for any scrappage scheme to be feasible. A national scheme would help solve what is a national problem.

The Government has spent many years encouraging diesel purchasing as a means of reducing CO2 emissions. This has been a factor in the growth of diesel vehicles. Consumers have made good faith decisions to purchase diesel vehicles and they should be offered the opportunity to replace them. Also given that exceedance is a national problem covering areas outside of those that have been directed to produce clean air plans there is no doubt there would be wider benefits to a more comprehensive scheme for air quality across the country.

Recent Government announcements and changes to tax treatment of diesels have resulted in a reduction of new diesels being registered. However, the benefits of this trend to air quality is very limited as it has no effect on existing older diesel cars and vehicles. Older vehicles are more likely to be owned by households with lower income levels. Therefore any scrappage scheme should design in age limits as this will see the greatest impact in both emissions and targeting at households who need the greatest help.

Another approach could be scrappage schemes targeted at the bus industry in addition to or instead of retrofitting. The routes of buses are well known and registered with traffic commissioners. It should therefore be relatively simple to target funding for this effectively. Investment in cleaner vehicles by itself does not gain bus operators a commercial return. It does not increase the number of passengers so makes little sense as a business proposition outside the usual cycle of fleet renewals. A targeted approach for scrappage of the oldest buses could hasten the transition towards a cleaner bus fleet as well as holding down fares to passengers which could encourage more usage.