

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

Evidence Submission for a new GM Clean Air Plan

Clean Taxi Fund - Eligibility Criteria & Funding Administration



Salford City Council



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1 Purpose of this Document

- 1.1.1 This document outlines GM's proposed Clean Taxi Fund (CTF) eligibility criteria and administration of funding under the Investment-led Plan scenario. This document provides further information on the eligibility criteria for both funding routes to the CTF, covering the Core Taxi Fund and the Electric Hackney Fund.
- 1.1.2 The eligibility criteria and funding administration is based on the Previous GM CAP policy¹ with some variation following engagement and research undertaken in 2022 and a review of other CAP cities' funding administration.

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¹ https://assets.ctfassets.net/tlpgbvy1k6h2/2VNncClzejAvGh3CrVn0oo/d45528de22e593c9be285ddf5b26373b/Appendix_1_-_GM_Clean_Air_Plan_Policy_following_Consultation.pdf

2 Greater Manchester Clean Air Plan Overview

2.1 Background to the Clean Air Plan

- 2.1.1 In 2017 the Secretary of State (SoS) for Environment, Food and Rural Affairs issued directions under the Environment Act 1995 requiring many local authorities, to produce feasibility studies to identify the option which will deliver compliance with the requirement to meet legal limits for nitrogen dioxide (NO₂) in the shortest possible time. The legal limit being defined as the long-term annual mean legal limit of 40 µg/m³.
- 2.1.2 In Greater Manchester (GM), the ten 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).
- 2.1.3 The development of the GM CAP is funded by government and is overseen by the Joint Air Quality Unit (JAQU), the joint Department for Environment, Food and Rural Affairs (DEFRA) and Department for Transport (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.
- 2.1.4 In March 2019, the ten GM Local Authorities collectively submitted an Outline Business Case (OBC)³ for the GM CAP to JAQU outlining a package of measures to deliver regional compliance with legal limits for NO₂ emissions in the shortest possible time.
- 2.1.5 In July 2019, the Environment Act 1995 (Greater Manchester) Air Quality Direction 2019 was made, which required all ten of the GM local authorities to implement a charging Clean Air Zone Class C⁴ with additional measures. There was also an obligation to provide further scenarios appraisal information to demonstrate the applicable Class of Charging CAZ and other matters to provide assurance that the local plan would deliver compliance in the shortest possible time and by 2024 at the latest.

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/consultations/new-burdens-doctrine-guidance-for-government-departments)

³ <https://cleanairgm.com/technical-documents/#outline-business-case>

⁴ <https://www.gov.uk/government/publications/air-quality-clean-air-zone-framework-for-england/annex-a-clean-air-zone-minimum-classes-and-standards>

- 2.1.6 In March 2020, the Environment Act 1995 (Greater Manchester) Air Quality Direction 2020 was made, which required the submission of an Interim FBC (along with confirmation that all public consultation activity has completed) as soon as possible and by no later than 30 October 2020. The 2020 direction confirmed that legal duty remains to ensure the GM CAP (Charging Clean Air Zone Class C with additional measures) is implemented so that NO₂ compliance is achieved in the shortest possible time and by 2024 at the latest and that human exposure is reduced as quickly as possible. The Ministerial letter accompanying the March 2020 direction confirmed that the minister was satisfied that the main evidence queries from the July 2019 direction had been addressed.
- 2.1.7 A statutory consultation on the proposals took place in Autumn 2020.
- 2.1.8 The GMCA - Clean Air Final Plan report⁵ on 25th June 2021⁶ endorsed GM'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 JAQU reviewed and approved all technical and delivery submissions. Within this document, this is referred to as the Previous GM CAP.

2.2 The Previous GM CAP and the impacts of Covid-19

- 2.2.1 Under the Previous GM CAP, GM was awarded £123 million by government for funds aimed at encouraging vehicle upgrades to secure compliance and mitigating the impacts of the GM-wide CAZ. The funds included £15.4 million for bus retrofit, £3.2 million for bus replacement, £10.2 million for Private Hire Vehicles (PHVs), £10.1 million for Hackney Carriages, £7.6 million for Heavy Goods Vehicles (HGVs), £4.4 million for coaches, £2.0 million for minibuses and £70.0 million for Light Goods Vehicles (LGVs).
- 2.2.2 The June 2021 Clean Air Final Plan report set out that the Air Quality Administration Committee (AQAC) had the authority to establish and distribute the funds set out in the agreed GM Clean Air Plan policy. On 21 September 2021 the AQAC approved the establishment and distribution of the agreed bus replacement funds.
- 2.2.3 On 13 October 2021 the AQAC agreed the distribution of Clean Air funds set out in the agreed GM Clean Air Plan policy as follows:
- From 30 November 2021 applications for funding would open for HGVs.
 - From the end of January 2022 applications for funding would open for PHVs, Hackney Carriages, coaches, minibuses and LGVs.

⁵ <https://democracy.greatermanchester-ca.gov.uk/documents/s15281/GMCA%20210621%20Report%20Clean%20Air%20Plan%20-%20FINAL%20FINAL.pdf>

⁶ Also considered by the GM authorities through their own constitutional decision-making arrangements.

2.2.4 On 20th January 2022, the AQAC considered the findings of an initial review of conditions within the supply chain of LGVs in particular following Covid-19 related impacts, which were impacting the availability of compliant vehicles and supply-side constraints resulting in price increases, particularly in the second-hand market⁷. The AQAC agreed that a request should be made to the SoS to pause the opening of the next phase of Clean Air Funds. This was to allow an urgent and fundamental joint policy review with government, to identify how a revised policy could be agreed to deal with the supply issues and local businesses' ability to comply with the GM CAP.

2.2.5 On 8th February 2022, the AQAC noted the submission of a report "Issues Leading to Delayed Compliance Based on the Approved GM CAP Assumptions". The report concluded that on balance, the latest emerging evidence suggested that with the approved plan in place, it was no longer likely that compliance would be achieved in 2024. Members also requested that arrangements were put in place for those vehicles owners who had already placed orders pending funding opening at the end of January to ensure they are not detrimentally impacted by the decision to pause the opening of the funds. Government subsequently issued The Environment Act 1995 (Greater Manchester) Air Quality Direction 2022⁸ 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 NO₂ compliance and associated mitigation measures; and
- Determine whether to propose any changes to the detailed design of those measures, or any additional measures.

2.2.6 This Direction ('the Direction') also stated that the local plan for NO₂ compliance, with any proposed changes, must ensure the achievement of NO₂ compliance in the shortest possible time and by 2026 at the latest. It should also ensure that human exposure to concentrations of NO₂ above the legal limit is reduced as quickly as possible.

2.3 The Case for a new GM CAP

2.3.1 On 1st July 2022, the AQAC noted that the 'Case for a new Greater Manchester Clean Air Plan'⁹ document and associated appendices would be submitted to the SoS as a draft document subject to any comments of GM Authorities.

2.3.2 On 17th August 2022, the AQAC agreed to submit the 'Case for a new Greater Manchester Clean Air Plan' to the SoS as a final version and approved the Case for a New Plan - Air Quality Modelling Report for submission to JAQU.

⁷ <https://democracy.greatermanchester-ca.gov.uk/documents/s18685/ARUP%20Technical%20Note.pdf>

⁸ [The Environment Act 1995 \(Greater Manchester\) Air Quality Direction 2022 \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108481/Environment_Act_1995_Greater_Manchester_Air_Quality_Direction_2022.pdf)

⁹ https://assets.cfmassets.net/tlpgbv1k6h2/7jtkDc5AODypDQlw0cYwsl/67091a85f26e7c503a19ec7aeb2e8137/Appendix_1_-_Case_for_a_new_Greater_Manchester_Clean_Air_Plan.pdf

- 2.3.3 The 'Case for a new Greater Manchester Clean Air Plan' set out that challenging economic conditions, rising vehicle prices and ongoing pandemic impacts meant that the original plan of a GM-wide charging CAZ was no longer the right solution to achieve compliance, instead proposing an investment-led, non-charging GM CAP.
- 2.3.4 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 NO₂ in a way that considered the cost-of-living crisis and associated economic challenges faced by businesses and residents. This would be achieved through an investment-led approach combined with wider measures that the GM Authorities are implementing and aimed to reduce NO₂ emissions to within legal limits, in the shortest possible time and at the latest by 2026.
- 2.3.5 The 'Case for a new Greater Manchester Clean Air Plan' proposed using the remaining funding that the government has awarded to GM 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 Network¹⁰ (a London-style integrated transport network for GM). 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'.
- 2.3.6 The GM Authorities committed to a participatory approach to the development of the new plan to ensure that the GM Authorities' proposals would be well-grounded in evidence in terms of the circumstances of affected groups and possible impacts of the new plan on them, and therefore the deliverability and effectiveness of that plan.
- 2.3.7 Between August and November 2022, the GM Authorities carried out engagement and research with key stakeholders - vehicle-owning groups and representatives of other impacted individuals, such as community, business, environment and equality-based groups. This activity included targeted engagement sessions with all groups, and an online survey and supporting qualitative research activity with vehicle-owning groups.
- 2.3.8 Input from those engaged informed the ongoing policy development process as the GM Authorities developed the package of measures forming the Investment-led Plan.

¹⁰ The Bee Network is Greater Manchester integrated transport system joining together bus, Metrolink, rail and active travel
<https://tfgm.com/corporate/business-plan/case-studies/bee-network>

2.4 The Investment-led Plan and the impact of bus retrofit issues

2.4.1 Having submitted the 'Case for a new Greater Manchester Clean Air Plan'¹¹ in July 2022, the GM Authorities were asked by government in January¹² 2023 to:

- *Provide modelling results for a benchmark CAZ 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.*

2.4.2 The GM Authorities undertook the work required to supply this further evidence and on 8th March 2023 submitted the report 'Approach to Address Persistent Exceedances Identified on the A58 Bolton Road, Bury'¹³. GM Authorities also worked to address the remaining two requests from government by June 2023 on the basis of providing further information to support its Investment-led Plan and testing the proposal against a suitable benchmark CAZ, herein referred to as the 'CAZ Benchmark'.

2.4.3 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 conditions¹⁴. This new evidence followed a JAQU-funded study to quantify nitrogen oxide (NO_x) and NO₂ emissions from buses under real-world driving conditions in three cities across the UK, including Manchester (monitoring took place in Manchester City Centre between 21st November and 12th December 2022). The monitoring indicated that retrofitted buses were not reducing emissions as expected, with significant variation in performance between bus models with retrofit technologies. Furthermore, emissions of primary-NO₂ (as opposed to NO_x) were highly variable, potentially worsening roadside NO₂ concentrations despite an overall reduction in NO_x emissions.

2.4.4 Government therefore commenced a six-month focused research programme to quickly investigate the causes of this poor performance and scope how it could be improved, which was anticipated to be reported in Autumn 2023.

¹¹ https://assets.ctfassets.net/tlpgbv1k6h2/7jtkDc5AODypDQlw0cYwsl/67091a85f26e7c503a19ec7aeb2e8137/Appendix_1_-_Case_for_a_new_Greater_Manchester_Clean_Air_Plan.pdf

¹² <https://democracy.greatermanchester-ca.gov.uk/documents/s24937/Appendix%201.%20Ministerial%20Letter%20to%20GM%20with%20attachment.pdf>

¹³ <https://democracy.greatermanchester-ca.gov.uk/documents/s24939/Appendix%203.%20GM%20CAP%20A58%20Bury%20Measure%20Report%20DRAFT%20for%20AQAC%20Approval%20Feb%202023.pdf>

¹⁴ <https://democracy.greatermanchester-ca.gov.uk/documents/s27699/Appendix%201.%20Letter%20from%20DfT%20to%20Greater%20Manchester%20regarding%20Bus%20Retrofit%20Update.pdf>

- 2.4.5 In the light of government's new evidence, JAQU issued revised general guidance¹⁵ to authorities producing CAPs nationwide. In summary, this required that air quality modelling should no longer assume any air quality benefits from a retrofitted bus.
- 2.4.6 GM 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 the CAZ Benchmark to deliver compliance with the legal limit value in the shortest possible time and by no later than 2026. The key findings from government's six-month focused research programme were not available at the time this work was undertaken.
- 2.4.7 The first version of the *Appraisal Report* and supporting documentation was submitted to government in December 2023. The *Appraisal Report* concluded that GM's Investment-led Plan can deliver compliance in 2025 and performs better than a CAZ Benchmark.

2.5 Key developments since December 2023 submission

- 2.5.1 Since the submission of evidence to JAQU in December 2023 there have been a number of key developments, resulting in a need to update the modelling, the *Appraisal Report* and supporting documentation.
- 2.5.2 Further modelling was undertaken in Summer 2024 to consider and address the following key developments:
- Delay to Stockport all-electric bus depot;
 - Changes to bus fleets (operational and planned); and
 - Correction to Euro V retrofit bus modelling emission values.
- 2.5.3 Drafts of the *Appraisal Report* and supporting documentation were updated to take account of the key developments and the Summer 2024 modelling, in preparation for submission to government. These updates did not change GM's conclusion that the Investment-led, non-charging plan can deliver compliance in 2025 and performs better than a CAZ Benchmark.

2.6 Developments following Summer 2024 modelling

- 2.6.1 Following the substantial drafting to update the *Appraisal Report* and supporting material (to address the key developments since the December 2023 submission), two additional issues have arisen.
- 2.6.2 Firstly, a risk identified in the December 2023 submission "Delays to bus depot electrification" has materialised and there is now a delivery delay to the electrification of Queens Road depot. This was due to take place by January 2025, which was the assumed delivery date in the modelling of the Investment-led Plan.

¹⁵ Bus Retrofit Update - Technical Guidance for Local Authorities, JAQU Guidance, May 2023

- 2.6.3 This poses a significant challenge to achieving compliance in 2025, as 73 ZEBs are to be operated out of Queens Road depot. The issue affects 12 bus services, which run through 17 forecast 'Do Minimum' exceedance sites in 2025.
- 2.6.4 Secondly, in July 2024 National Highways also advised TfGM that the temporary speed limit on the M602 is to be removed, and the 70mph speed limit reinstated. The M602 temporary speed limit is assumed to be in place in the Investment-led Plan modelling assumptions.
- 2.6.5 The implications of these two issues are addressed in the *Supplementary Appraisal Report*, included as part of this evidence submission documentation. Therefore, the *Appraisal Report* and associated documentation, including this report, should be read in conjunction with the *Supplementary Appraisal Report*.
- 2.6.6 In addition, since the drafting of the *Appraisal Report* and supporting material, government published the 'Bus Retrofit Performance Report'¹⁶ on the 12th September 2024. The key findings of this report include that the retrofit technology fitted onto retrofitted buses is not reducing NOX emissions to the levels expected and retrofit performance is highly variable. These findings are consistent with the guidance issued in May 2023. Therefore, the publication of the study findings has no impact on the Investment-led Plan, the *Appraisal Report* and supporting material.

¹⁶ <https://assets.publishing.service.gov.uk/media/66e1ab11951c1776394a003c/bus-retrofit-performance-24.pdf>

3 Clean Taxi Fund – Eligibility Criteria

3.1.1 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.

3.1.2 Eligible applicants for either the Core Taxi Fund or the Electric Hackney Fund will be offered the option of:

- A running cost grant towards the running costs of a new Zero Emissions Capable (ZEC)¹⁷ vehicle when the compliant replacement vehicle being funded is also receiving a government plug-in grant¹⁸. This grant will be paid in two staggered payments¹⁹; or
- A contribution towards the costs of a replacement vehicle. This will be paid via a lump sum grant – the applicant funds the remaining cost with their own capital or financing arrangements.

3.2 Core Taxi Fund

3.2.1 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-compliant²⁰ 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 1st October 2024.
- 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 carriage or PHV duties within GM for two years following the receipt of funding.

¹⁷ 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>

¹⁸ Information on low-emission vehicles eligible for a plug-in grant is available at: <https://www.gov.uk/plug-in-car-van-grants>

¹⁹ As set out in the [Appendix 1 - GM Clean Air Plan Policy following Consultation \(ctfassets.net\)](#). The first payment is made upon confirmation that the vehicle is licensed as a Hackney or Private Hire Vehicle with one of the 10 Greater Manchester Authorities. The second payment will be made two (2) years after the date of the first payment and upon confirmation that the vehicle has been licensed during this period and remains licensed as a Hackney or Private Hire Vehicle with one of the 10 Greater Manchester Authorities.

²⁰ 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.
- 3.2.2 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 carriage or PHV duties within GM for two years following the receipt of funding.
- 3.2.3 Eligible Applicants for the Core Taxi Fund will be offered:
- 3.2.4 Wheelchair accessible vehicles – funding for upgrading a non-compliant taxi to a purpose-built WAV²¹:
- Up to £12,560 towards the running costs of a new purpose-built WAV ZEC²² replacement vehicle. This option is available when the compliant replacement vehicle acquired with GM CAP funds is also receiving a Government plug-in grant; or,
 - Up to £12,560 towards a second-hand purpose-built WAV ZEC replacement vehicle; or,
 - Up to £6,280 towards a compliant purpose-built WAV replacement vehicle (Euro 4 petrol or Euro 6 diesel or better).
- 3.2.5 Non-Wheelchair accessible vehicles – funding for upgrading a non-compliant taxi to a non-WAV:
- Up to £7,530 towards the running costs of a new ZEC replacement vehicle²³. This option is available when the compliant replacement vehicle acquired with GM CAP funds is also receiving a Government plug-in grant; or,
 - Up to £7,530 towards a second-hand ZEC replacement vehicle; or,
 - Up to £3,770 towards a compliant replacement vehicle (Euro 4 petrol or Euro 6 diesel or better); or,
 - Up to £6,280 towards a compliant replacement 6+ seater vehicle (Euro 4 petrol or Euro 6 diesel or better).

²¹ Purpose-built WAV must satisfy the license requirements of the relevant GM Licensing Authority.

²² A 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>

²³ A 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>

3.3 Electric Hackney Fund

3.3.1 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 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 1st October 2024, and that the vehicle must be replaced by a ZEC vehicle.

3.3.2 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 1st October 2024;
- The vehicle is replaced by a 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 PHV 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.

3.3.3 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 performing hackney carriage or PHV duties within GM for two years following the receipt of funding.

3.3.4 Eligible Applicants for the Electric Hackney Fund will be offered:

3.3.5 Wheelchair accessible vehicles – funding for upgrading a non-compliant taxi to a purpose-built WAV²⁴:

- Up to £12,560 towards the running costs of a new purpose-built WAV ZEC²⁵ replacement vehicle. This option is available when the compliant replacement vehicle acquired with GM CAP funds is also receiving a Government plug-in grant; or,
- Up to £12,560 towards a second-hand purpose-built WAV ZEC replacement vehicle.

²⁴ Purpose-built WAV must satisfy the license requirements of the relevant GM Licensing Authority.

²⁵ A 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>

3.3.6 Non-Wheelchair accessible vehicles – funding for upgrading a non-compliant taxi to a non-WAV:

- Up to £7,530 towards the running costs of a new ZEC replacement vehicle²⁶. This option is available when the compliant replacement vehicle acquired with GM CAP funds is also receiving a Government plug-in grant; or,
- Up to £7,530 towards a second-hand ZEC replacement vehicle.

3.4 Vehicle Finance

3.4.1 Access to Vehicle Finance is offered as an option to eligible applicants that wish to use their lump sum grant as a deposit payment towards a compliant vehicle. Applicants will also be able to arrange their own vehicle finance without referral to the GM Finance Panel.

3.4.2 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).

3.4.3 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.

²⁶ A 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>

4 Clean Taxi Fund (CTF) Administration

- 4.1.1 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).
- 4.1.2 Therefore, as set out in our December 2023 submission to government, a different approach to administering funding to vehicle owners is proposed given the different scale of eligible vehicles involved.
- 4.1.3 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 dealerships²⁷.
- 4.1.4 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.
- 4.1.5 In addition to the administration of the grants, the provision of vehicle finance was required to be facilitated through a GM appointed panel of lenders²⁸. Whilst this approach sought to provide access to affordable finance options, it restricted the flexibility to applicants to source their own vehicle finance through third party providers.
- 4.1.6 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*.
- 4.1.7 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.

²⁷ Clean Air Plan Policy following consultation (2021)

²⁸ Six finance partners were appointed to the GM Panel as part of the GM Financial Support Scheme.

- 4.1.8 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.
- 4.1.9 The risk of fraudulent activity under the fund from hackney carriage 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.

4.2 Proposed approach

- 4.2.1 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.	Vehicle Finance is no longer considered a separate payment option. However, access to vehicle finance for vehicle upgrades can still be sought by an applicant through third-party vehicle finance providers without referral to the GM Finance Panel.
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. A running cost

	Previous GM CAP Policy	Investment-led Plan Proposed Approach
		grant will be paid in two staggered payments ²⁹ .
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 compliant vehicle is being sourced.	Vehicle owner would source new compliant vehicle, delicense their existing vehicle and license new vehicle. Value of the sale of the existing vehicle may be used to purchase the compliant vehicle.

- 4.2.2 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.

²⁹ As set out in the [Appendix 1 - GM Clean Air Plan Policy following Consultation \(cfassets.net\)](#) The first payment is made upon confirmation that the vehicle is licensed as a Hackney or Private Hire Vehicle with one of the 10 Greater Manchester Authorities. The second payment will be made two (2) years after the date of the first payment and upon confirmation that the vehicle has been licensed during this period and remains licensed as a Hackney or Private Hire Vehicle with one of the 10 Greater Manchester Authorities.

5 Summary

- 5.1.1 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.
- 5.1.2 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.

APPROVED