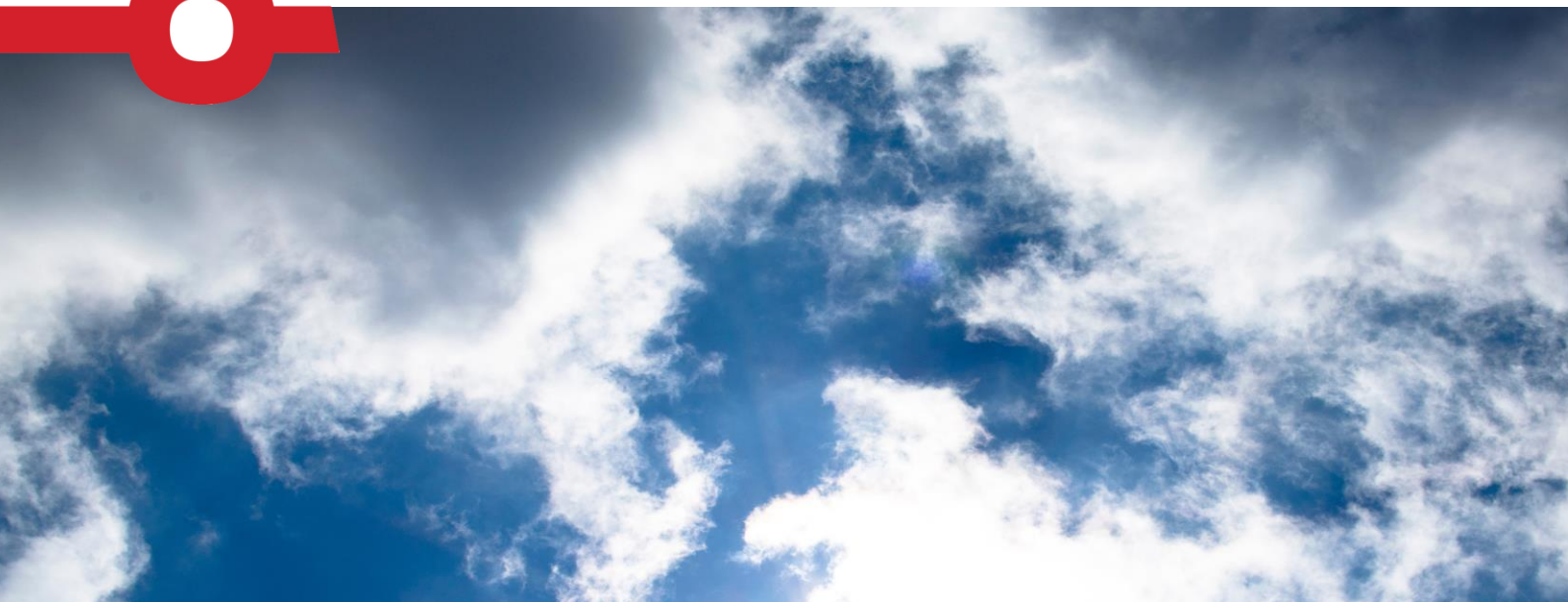


GREATER MANCHESTER CLEAN AIR PLAN: CONSULTATION ACTIVITY

**DELIBERATIVE RESEARCH WITH TAXI AND PHV
DRIVERS/OPERATORS**



SYSTRA

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DELIBERATIVE RESEARCH WITH TAXI AND PHV DRIVERS/OPERATORS

IDENTIFICATION TABLE

Client/Project owner	Transport for Greater Manchester
Project	Greater Manchester Clean Air Plan: Consultation Activity
Study	Deliberative Research with Taxi and PHV Drivers/Operators
Type of document	Final Report
Date	12/11/2019
File name	20191112_TfGM CAP Deliberative_Taxi Report_Final.docx
Reference number	109038/12
Number of pages	55

APPROVAL

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EXECUTIVE SUMMARY

Background and Approach

Transport for Greater Manchester (TfGM) commissioned SYSTRA to undertake a research study to understand the perceptions and impacts of the measures appearing in the revised draft Clean Air Plan, on taxi and private hire vehicle (PHV) operators and drivers, registered in Greater Manchester. Using indicative figures and scenarios, attitudes, anticipated behavioural responses and the decision making process was explored, for use in further development of the proposals.

Two deliberative workshops were undertaken with taxi and PHV drivers and operators who owned or leased vehicles that would be non-compliant under the proposed Clean Air Zone, and would therefore be subject to the daily charge. All participants were licensed in Greater Manchester, and those licensed in each of the ten boroughs were represented.

Response to the Clean Air Zone

Taxi and PHV drivers and operators reported that the Clean Air Zone would have significant impacts on their livelihoods, and thus knock-on effects for both themselves and their customers. Prior to being presented with information on financial support measures, they were more likely to anticipate paying the charge, to the detriment of their living standards, or leaving the trade entirely, as it was perceived to be unsustainable to continue in the business.

A wide range of barriers to upgrading to a compliant vehicle were raised, beyond the requirements for financial support, including ability to sell existing vehicles, associated costs with changing vehicle and anticipated changes to licensing standards. Upgrading was therefore considered a response to the CAZ mainly by those already anticipating changing their vehicle in the near future.

The indicative financial support measures subsequently presented, removed or reduced the financial barriers to upgrade for some who felt, subject to favourable terms, they would use the support available to change their vehicle. However, this was not the case for all; others indicated their likely response would be to pay the charge, change the way they use their vehicle, or leave the profession. There were also some who felt unable to provide an indication of their anticipated behaviour without more precise information on the finance measures that would be available.

Response to the Incentives to Upgrade

Whilst the loan finance scheme and vehicle renewal scheme were considered separately, it is important to note that drivers and operators subsequently viewed them together, as a single package, where the grant, in many cases, would be used as a deposit to secure the loan finance.

On the assumption that the finance terms would be favourable (i.e. a grant and for some, that their current vehicle would not need to be scrapped), and the two schemes could be used together, there was interest in using the combined financial support package to upgrade to a compliant vehicle.

However, many struggled to make firm assertions on their intended actions without the exact terms of the financial support available, and were heavily influenced by external factors influencing the trade (e.g. decline in trade caused by cross-bordering) and the uncertainty over other developments in the near future (e.g. changes to minimum licensing standards).

Conclusions on Incentivising Upgrade to Compliant Vehicles

It is clear that taxi and PHV drivers and operators in Greater Manchester accept that working in the trade comes with regulations and requirements to keep vehicles to a certain standard, including for emissions. What participants objected to is the feeling of being ‘ripped off’ by the inadequate provision of assistance to help them upgrade. Whilst the requirement to upgrade earlier than planned was perceived as unfair by many, others indicated a willingness to engage with the scheme, on the basis that the financial incentives offered were fair and not leaving them out of pocket, and that they would not be penalised by subsequent regulations.

This research suggests financial incentives are essential to encourage upgrades to compliant vehicles and without financial support drivers will ‘pay to pollute’ or leave the business. However, with the right financial support in place, drivers and operators will be incentivised to upgrade to cleaner (and potentially to the cleanest) vehicles. To maximise uptake, the financial incentive package on offer should:

- Be flexible, recognising that taxi and PHV drivers and operators have different requirements and that individual situations also vary. Allowing drivers and operators to choose the terms of the finance scheme, or elements of it, would increase the chance of the ‘numbers being right’ to incentivise uptake of the finance to upgrade their vehicle. Linking the finance scheme to emissions by providing more financial support the cleaner the vehicle, gives drivers and operators choice whilst also encouraging uptake of the cleanest vehicles;
- Provide both a loan and a deposit contribution in return for scrapping the vehicle for those who cannot extract value by selling their vehicle privately, whilst also allowing private vehicle sales if this proves financially more profitable; and
- Come with guarantees that the CAZ compliancy requirements will not change for a specified amount of time, and that minimum license standards will not require further changes to the vehicle.

Additionally, it appears that finding a way of addressing cross-bordering would go a long way in winning over the hearts and minds of drivers and operators in Greater Manchester, and could result in better acceptability of the scheme, as well as greater encouragement to upgrade. It would also mean that ‘non-clean’ vehicles will not be taking business from cleaner Greater Manchester taxis and PHVs.

Taxi and private hire drivers and operators noted the attractiveness of electric vehicles, but would not consider upgrading to an EV, even with the suggested investment in infrastructure of an additional 300 charging points. To be persuaded to upgrade to an EV, it is likely participants would need to be confident that use of the vehicles is demonstrably feasible.

1. INTRODUCTION

1.1 Study Context

1.1.1 In 2017, the UK Government published a revised plan to improve the UK’s air quality at local, regional and national levels, requiring local and regional areas still exceeding statutory limits for nitrogen dioxide (NO₂) to comply with legal limits (annual average of 40 µg/m³) in ‘the shortest time possible’. The statutory responsibility for the reduction is placed on local authorities, guided by the Department for Transport and Department for Environment, Food and Rural Affairs (Defra) Joint Air Quality Unit (JAQU).

1.1.2 The UK Government has directed Greater Manchester authorities to produce a regional Greater Manchester Clean Air Plan, in order to reduce displacement effects across the ten districts and ensure that other Greater Manchester strategies can be complemented. This joint approach will benefit nearly three million people¹.

1.1.3 Working in collaboration, Transport for Greater Manchester (TfGM), the Greater Manchester Combined Authority (GMCA) and the 10 Greater Manchester local authorities produced an Outline Business Case for the Clean Air Plan which provided information on the best performing measures to reduce NO₂ levels, including the introduction of a Clean Air Zone. This Outline Business Case went through local governance approvals in early 2019 and was subject to a non-statutory public conversation² and a series of deliberative workshops, undertaken by SYSTRA, to understand perceptions and impacts of potential Clean Air Plan measures on businesses potentially affected by them. A revised draft Clean Air Plan was subsequently produced.

1.1.4 Alongside statutory consultation on the revised Clean Air Plan, TfGM wish to undertake a parallel in-depth deliberative study to understand, in more detail, perceptions and impacts of the shortlisted measures appearing in the revised Clean Air Plan, on groups potentially affected by them. Identified audiences include businesses and the taxi and Private Hire Vehicle (PHV) trades.

1.2 Research Objectives

1.2.1 Transport for Greater Manchester (TfGM) commissioned SYSTRA to undertake an in-depth deliberative study to understand the perceptions and impacts of revised draft Clean Air Plan measures on taxi and PHV operators and drivers, registered in Greater Manchester. The specific research objectives for this piece of research are to understand:

- Current buying behaviour for taxis and PHVs, including how vehicles are purchased, where they are purchased and by which method they are purchased (i.e. owned, leased, financed);
- Reactions (attitudinal and behavioural) towards a Clean Air Zone and associated payment terms; and
- Reactions (including behavioural change) to different funding and loan scenarios, including at what level, and under what conditions, they may alter their response to the Clean Air Zone.

¹ GMCA (2019) Greater Manchester Clean Air Plan update https://www.gmcameetings.co.uk/download/meetings/id/4049/10_clean_air_plan_update

² Clean Air Plan conversation - <https://cleanairgm.com/news/conversation-launch>

1.3 Report Structure

1.3.1 This report is structured as follows:

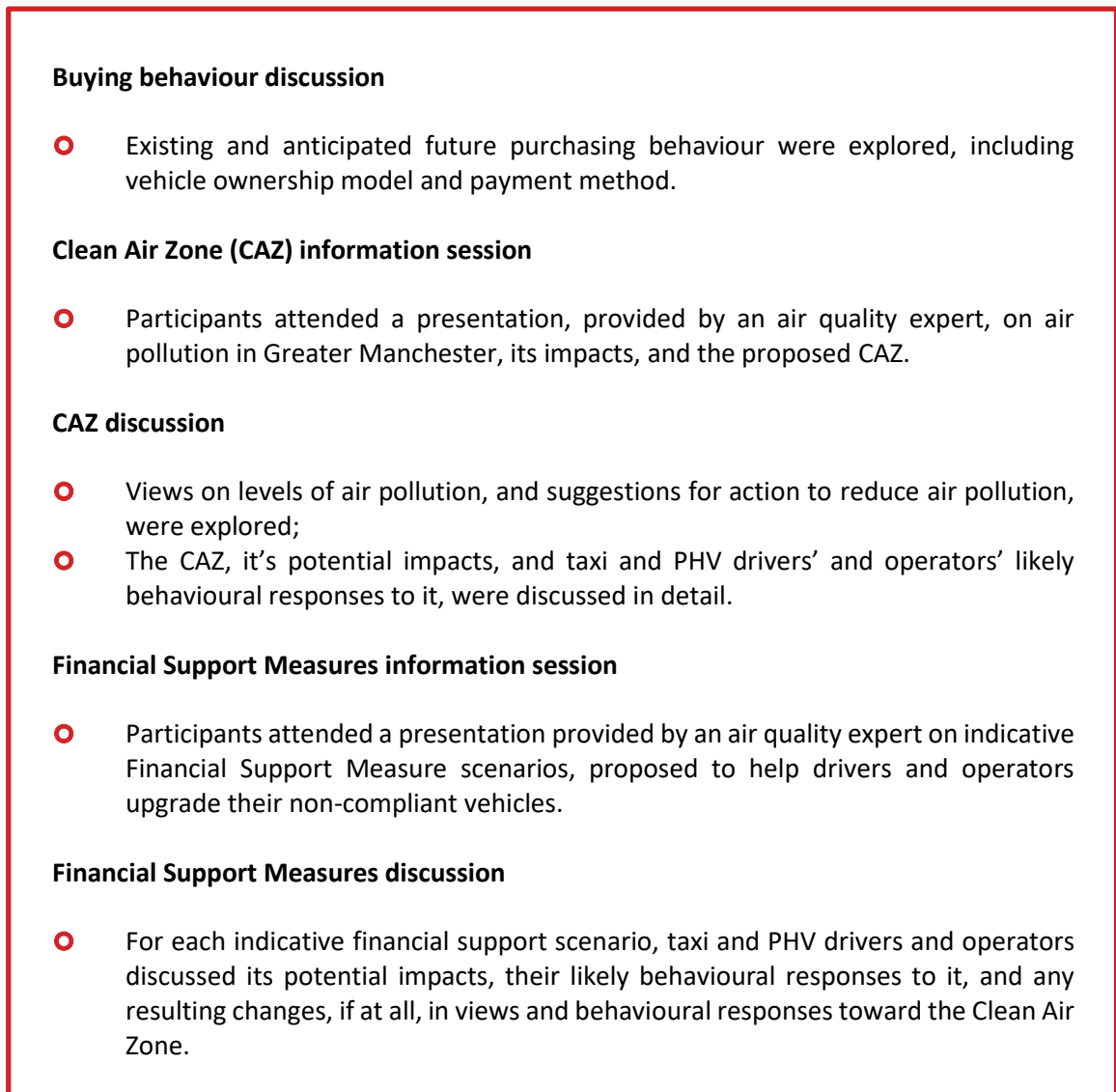
- Chapter 2 provides our methodological approach;
- Chapter 3 outlines perceived impacts of the Clean Air Zone;
- Chapter 4 describes taxi and PHV's likely response to the Clean Air Zone;
- Chapter 5 describes taxi and PHV's likely response to the proposed financial incentives; and
- Chapter 6 presents the research conclusions.

2. METHODOLOGY

2.1 Deliberative Research Approach

2.1.1 Two deliberative workshops were undertaken in October 2019, one with taxi drivers and operators and one with Private Hire Vehicle (PHV) drivers and operators, all of whom have a Clean Air Zone non-compliant vehicle licensed in Greater Manchester. Each workshop lasted two and a half hours and followed the same structure, as outlined below. The full topic guide can be found in Appendix A.

Figure 1. Workshop Structure



2.1.2 All presentations were delivered by an expert on air quality and all discussions took place in breakout groups, containing a mixture of drivers and operators, vehicle owners and vehicle leasers, and participants from a spread of Greater Manchester districts. Participants were also asked to complete responses to written questions at structured times throughout the workshops.

2.1.3 A deliberative research approach was undertaken to allow for full articulation of discussion topics before and after information was provided. This information enables

participants to fully immerse themselves in the CAZ and draft financial support measures, allowing them to envisage potential impacts within the wider context. Participants also had access to the opinions of other participants and information from experts, allowing them to develop an informed position.

2.2 Expert Information Provided

2.2.1 The slides used in the presentation can be found in Appendix B. The information provided on air quality, the CAZ, and two indicative financial support scenarios, is summarised below.

Poor air quality:

- Road transport is responsible for 80% of nitrogen dioxide (NO₂) concentrations at roadside, of which diesel vehicles are the largest source;
- Poor air quality is the largest environmental risk to public health, and can have long-term health impacts on everyone. It is estimated that air pollution contributes to the early deaths of around 1,200 people in Greater Manchester every year;
- Over 150 stretches of road across Greater Manchester will still be in breach of legal limits for harmful concentrations of NO₂ in 2021 unless action is taken.

The Greater Manchester approach:

- Improving air quality and reducing emissions harmful to health is a key policy for Greater Manchester, and the ten local authorities are working together to develop a Clean Air Plan to tackle illegal levels of harmful NO₂ concentrations;
- As the 10 local authorities are awaiting feedback from the government on some elements of the Clean Air Plan, and there is a lack of clarity around the Government's intention to legislate for national minimum licensing standards, taxi and licensing minimum standards reform is on hold.

Clean Air Zone (CAZ):

- A CAZ covers an area of a city or region, operating 24 hours a day, 365 days a year, where vehicles travelling into, within and through that area must comply with emissions standards or pay a daily charge;
- The goal is to encourage people to upgrade to a cleaner vehicle – the more people that comply and do not have to pay, the better;
- In Greater Manchester, older heavy and light goods vehicles, buses, coaches, taxis and private hire vehicles would be charged from the summer of 2021. Vehicles travelling on the motorways would not be included;
- Private cars are exempt from a charge because they tend to be used at a lower frequency and therefore the benefit of replacing each vehicle is far smaller;
- An indicative daily charge of £7.50 is proposed for taxis and private hire vehicles, with an additional £120 daily charge notice should the daily charge go unpaid;
- The full costs of the CAZ will be met by central government and any surplus from the daily charge would be re-invested in the Greater Manchester transport network;
- The CAZ will also be supported by investment in the Electric Vehicle Charging Network – trebling the size to 1,000 charging points.

Vehicle finance scenario:

- Drivers and operators of non-compliant taxis and PHVs licensed in Greater Manchester for at least 12 months, could apply for finance to cover the full costs, or lease of, cleaner replacement vehicles;
- Finance contracts will likely be over a term of 4 years, with monthly re-payments;
- Finance will be subject to evidence of a suitable deposit and credit checks and will have an interest rate below market rate. Deposits can come from the sale/scrappage of a non-compliant vehicle, from grant funding or from personal funds;
- Vehicles must have a valid MOT and road tax at the date of application and funding must be used to replace the vehicle with a compliant new or second-hand vehicle.

Vehicle Renewal Scheme scenario:

- Drivers and operators of non-compliant taxis and PHVs licensed in Greater Manchester for at least 12 months, could apply for financial support to upgrade to cleaner vehicles;
- Subject to government approval, this could include a grant of £3,000 per eligible hackney Carriage or £1,500 per eligible PHV;
- Vehicles must have a valid MOT and road tax at the date of application, and funding must be used to: replace the vehicle with a compliant new or second-hand vehicle; or retrofit with an approved retrofit solution (for taxi only).

2.3 Sample

2.3.1 One workshop was attended by taxi drivers and operators and the other by PHV drivers and operators. All participants either owned or leased a Greater Manchester licensed vehicle, likely to still be non-compliant after the introduction of the Clean Air Zone in 2021. This is defined in the Outline Business Case as either:

- A diesel vehicle registered before 2015 (Euro 1-5); or
- A petrol vehicle registered before 2005 (Euro 1-3).

2.3.2 The sample engaged with within the workshops was therefore not representative of the whole taxi/PHV trade, and instead, reflects the views of a subset of the trade who may require additional support.

2.3.3 In the Clean Air Plan conversation³, one in five thought they would own a compliant vehicle by 2021 and just under half thought they would be non-compliant, with the remaining taxi/PHV stakeholders unsure.

2.3.4 Participants were recruited using quotas to ensure a wide ranging sample was achieved, including:

- A mixture of operators and self-employed drivers;
- A mixture of vehicle owners and leasers (with contracts expiring after 2021; although it became apparent in the discussions that some of the sample would have upgraded their vehicles prior to 2021); and

³ Clean Air Plan conversation - <https://cleanairgm.com/news/conversation-launch>

- Drivers and operators spread across the 10 Greater Manchester boroughs.

2.3.5 Table 1 outlines the sample of participants who attended the workshops by participant type (i.e. operator or driver) and district of license. A full breakdown of the participant sample and their purchasing and leasing decisions can be found in Appendix C.

Table 1. Participant sample

WORKSHOP	BUSINESS DETAILS	NUMBER OF PARTICIPANTS	TOTAL WORKSHOP NUMBER
Taxi	Operator	3	32
	Self-employed Driver	28	
	Bolton	2	32
	Bury	6	
	Manchester City	6	
	Oldham	2	
	Rochdale	3	
	Salford	5	
	Stockport	3	
	Tameside	2	
	Trafford	2	
	Wigan	1	
	PHV	Operator	5
Self-employed Driver		29	
Bolton		3	34
Bury		3	
Manchester City		5	
Oldham		6	
Rochdale		5	
Salford		2	
Stockport		2	
Tameside		4	
Trafford		2	
Wigan		2	
Total			

2.4 Analysis and Reporting

2.4.1 With consent from all participants, discussions were voice recorded. Verbatim quotes have been provided throughout this report, alongside identifiers on whether the participant is a Taxi or PHV driver or operator and the Greater Manchester district they are licensed to.

2.4.2 As with all qualitative research, it should be noted that:

- The sample selected for this study is not statistically representative, rather the views of participants from a wide range of taxi/PHV operators and drivers are represented in the research;
- Whilst numeric values have not been applied to the findings, descriptors such as 'few', 'some', 'many' and 'most' have occasionally been used to provide an understanding of the prevalence of the opinion, where appropriate;
- Where the views of different participant types are compared, the small sample sizes in the different groups should be taken into consideration when interpreting findings; and
- The views and opinions reported are based on statements made by participants, and are not necessarily factually correct.

2.4.3 If differences between different participant types are not highlighted, it can be assumed that the views expressed did not vary by these characteristics.

3. IMPACT OF THE CLEAN AIR ZONE

3.1 Introduction

3.1.1 This chapter describes taxi and PHV drivers' and operators' views on anticipated impacts resulting from the introduction of a Clean Air Zone in Greater Manchester, including both impacts on themselves and the profession, and wider impacts on the car industry and environment.

3.2 Impacts on self and the profession

3.2.1 Comments on the personal impacts of the Clean Air Zone (CAZ) generally related to the negative financial implications the CAZ would have on individuals' livelihoods, with potential to put drivers and operators out of business or force them into early retirement; and encouraging cross-bordering or unlicensed drivers. Reasons provided for this perspective are detailed below and summarised in Figure 2.

"I'm finished. That will put me out of work." (Taxi, Manchester City)

"Do you not think it would make more people drive unlicensed?" (PHV, Bolton)

3.2.2 For most, both paying a charge (£52.50 a week) or upgrading to a compliant vehicle were considered financially unviable, with significant impacts on drivers' and operators' cost of operating and resulting living standards. This was especially thought to be the case for:

- Those who undertake journeys from Greater Manchester to other areas with CAZ charges (e.g. Leeds);
- Those who have recently purchased a new non-compliant vehicle, either by outright purchase or a finance contract; and
- Taxi drivers who have other costs associated with the upgrade of vehicles, such as changing Hackney Carriage plate registrations.

"This clean air thing is going to affect owners more than renters, because renters don't care, they can move on [to another lease], but we have to change our vehicles and some of us might have spent £20,000 on a car, to be told, you've now got to change it for something that's possibly nowhere near as good what we've already got... it's rather upsetting for people." (PHV, Manchester City)

"Ours will cost 60 grand, (PHV drivers) can pick one up for 12,000." (Taxi, Salford)

3.2.3 Compounding this, the timescales for the introduction of the CAZ made the personal financial implications of upgrading to a compliant vehicle even more demanding for drivers and operators. It was considered that the CAZ introduction in 2021, or even 2023, provides inadequate time for drivers or operators to be able to upgrade their vehicle. There was also concern that criteria for compliance may change again a few years post 2021, especially considering the introduction of Euro 7, and potential changes to local authority licensing standards.

“How long will it be until they change the goal again from a Euro 6 to a Euro 7.” (PHV, Oldham)

“Why have they left this to so last minute anyway? It’s what, less than 2 years until it’s supposed to be implemented. If you started warning people about this 2 years ago, we could have all been planning... most people keep their vehicles for more than 2 years.” (Taxi, Bury)

“There’s not enough second-hand vehicles for us on the road, so why are we being punished in 2021?” (Taxi, Salford)

3.2.4 As well as having personal financial implications, drivers and operators felt that a CAZ charge may have detrimental impacts on their profession and therefore their customers. This concern arose from an anticipation that taxi fares would increase to cover the charge, and that surplus from the charge would not be reinvested in the taxi and PHV market, but would be invested in public transport. Alongside an increase in taxi and PHV fares, there would therefore be improvements in public transport, resulting in modal shift from taxis and PHVs to public transport, consequently reducing demand for the trade. Drivers felt this impact would particularly affect wheelchair users, who are often reliant on low fares and the accessibility of taxis and PHVs.

“Essentially, we could be investing in something that could be killing our industry.” (Taxi, Manchester City)

“They’re talking about the revenues, nowhere in that talk has it mentioned that money will be coming back to the trade – it mentions park and ride and it mentions cycle lanes, it doesn’t mention our money, we’re putting in, coming back to us.” (Taxi, Salford)

“What they’re going to do is raise the fares but if they raise the fares, we’ll get less customers, we’re going to be out of pocket.” (Taxi, Manchester City)

“Fares will end up going up for the public and a lot of those people don’t have a choice you know, they can’t use public transport and they can’t drive.” (PHV, Oldham)

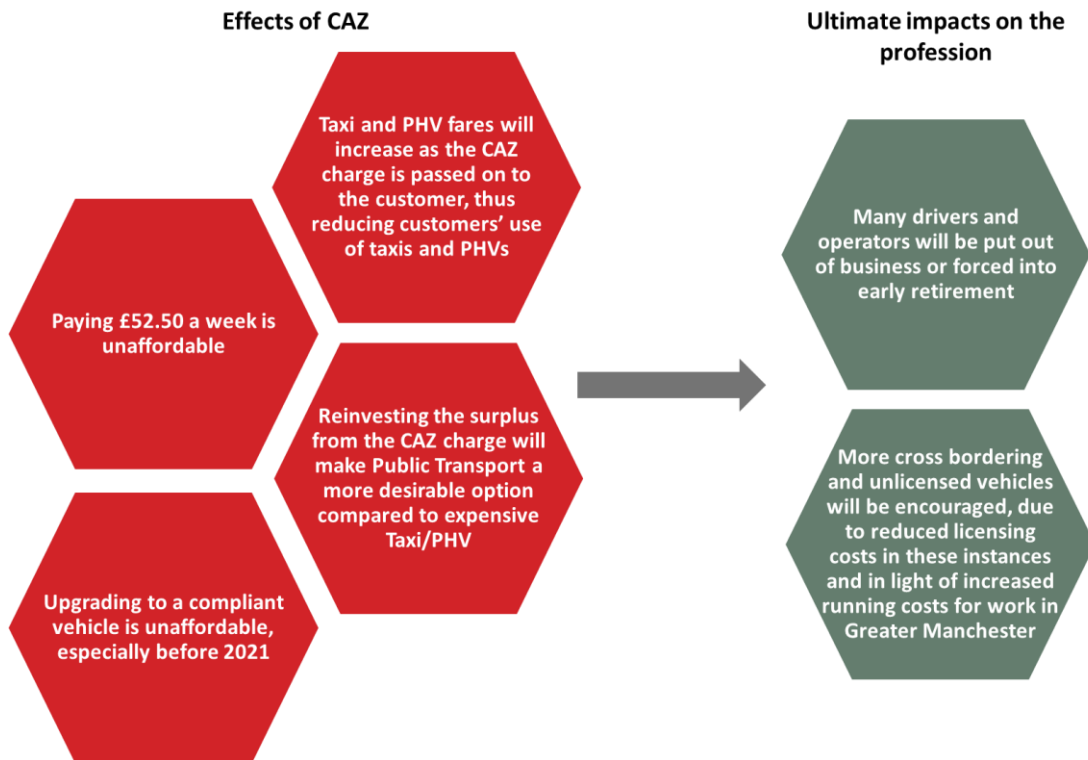
3.2.5 Other perceived negative financial implications resulting from the introduction of a CAZ and impacting drivers, operators and the overall profession, included:

- The price of petrol increasing as diesel vehicles, and therefore diesel fuel, are slowly phased out;
- A reduction in value for currently owned vehicles – including the price of Hackney Carriage plates which have already significantly reduced in value (participants suggested, for example, from £60k to £18k in Manchester City, and £30-40k to £0 in Salford, since deregulation); and
- An increase in market value for CAZ compliant vehicles – making upgrade unachievable.

“Our plates are worth nothing now. Now the tables have changed and the vehicles are worth more than the plate. Why are we gonna invest £60,000 (for a new vehicle) when the trade isn’t there.” (Taxi, Manchester City)

“At the end of the day, if all these cabs and stuff are gonna be non-compliant, who’s gonna wanna buy it, and what’s it worth? We don’t really know. We have to see if we’re gonna be able to exchange it.” (Taxi, Bury)

Figure 2. Effects and Impacts of the CAZ on individual drivers and operators and the overall profession



3.2.6 Suggestions made by drivers and operators, in order to reduce the financial implications of the introduction of a CAZ on themselves and their profession, included:

- Aligning CAZ compliance criteria and local authority licensing standards to ensure that drivers and operators are not asked to make two financial outlays in a short time period;
- Reviewing the need for a CAZ altogether, prioritising alternative measures to reduce pollution instead. Suggestions included: removing road calming measures and reducing road works, both of which cause inefficient use of fuel; and reducing the number of cross border PHVs operating in Greater Manchester;
- With acknowledgement that many taxis and PHVs are upgraded every 5-7 years, making all currently licensed taxi and PHV drivers and operators exempt from the charge and allowing them to upgrade to a compliant vehicle, and even an electric vehicle (EV), in line with their usual upgrade timeline, therefore allowing them to also consider any change to local authority licensing standards too. Furthermore, new licenses (i.e. those assigned between now and 2021) should only be issued if drivers and operators are using a CAZ compliant vehicle; and
- CAZ charge exemptions for those who have just signed a finance contract for a non-compliant vehicle as they could not have known their vehicle would be non-compliant when signing their contract, or, alternatively, allowing those who finance a non-compliant vehicle to leave their contract and upgrade their vehicle without penalty.

“Do you know how you could reduce a third of [air pollution] just like that? Take the speed bumps out because everyone accelerates, decelerates.” (PHV, Tameside)

“How many drivers are there from Sefton, Wolverhampton... you take all them out of the centre of Manchester and your problem would be sorted.” (Taxi, Salford)

“Everyone in this room is going to buy a new vehicle in the next 5 years correct? Yeah correct, so why don’t they just say, you buy a new vehicle it’s got to be this.” (PHV, Bolton)

“What should happen, is when you renew your next vehicle, it’s got to be electric... they can’t force us to do it in 2 years’ time – it’ll kill our livelihoods... but the next time you’ve got to renew your vehicle, you’ll know it’s got to be electric to be a taxi.” (Taxi, Bury)

3.3 Wider impacts

3.3.1 As well as impacts on themselves and their profession, drivers and operators of taxis and PHVs envisaged a number of wider impacts from the introduction of the CAZ.

3.3.2 It was perceived that the introduction of a CAZ will impact on the car industry at both a local and national level, particularly since:

- Those manufacturing non-compliant or diesel vehicles may need to change business priorities or face closure (e.g. Ford factory closure); and
- Garages who are unable to provide services for newer vehicles may close or be forced to close due to lack of maintenance required for EVs.

3.3.3 Similarly, road infrastructure was thought to be insufficient in order to support the introduction of a CAZ, with drivers and operators noting that a large number of EV charging points would be required in order to support an influx of high usage EVs on the road network.

3.3.4 In terms of air quality outcomes, there was some consideration given that the CAZ would lead to improved air quality and therefore health, particularly of future generations. However, this was not universally agreed upon with some suggesting that the CAZ would have very little impact on air quality in Greater Manchester, due to the extent of the strategic road network in the region, particularly the M60, which is outside of the scope of the proposals.

“How many car factories will close because of this?” (Taxi, Salford)

“Manufacturing garages will close down as well because they won’t have the work or the fitters to work on electric vehicles.” (Taxi, Bury)

“I had an electric cab – I was driving it ‘cause my vehicle was in an accident and there was only five [electric taxis] in Manchester and one in Stockport...the cab is absolutely amazing, but the infrastructure around the cab is awful.” (Taxi, Manchester City)

“I’m all for it, because you have to look at the future... in 20 years’ time when our kids are dying, why didn’t we look before? We have to do something now.” (Taxi, Bury)

“You’ve got the motorway all the way around so not matter which way the winds blowing, all those fumes are gonna go to the centre.” (PHV, Oldham)

“It’s a problem but I don’t think this [CAZ] is gonna’ solve it cos’ we’re surrounded by the M60 which is pumping pollution out, which [TfGM] can’t touch.” (Taxi, Bury)

4. RESPONSE TO THE CLEAN AIR ZONE

4.1 Introduction

4.1.1 This chapter provides details of taxi and PHV drivers' and operators' anticipated responses to the introduction of a Clean Air Zone (CAZ) in Greater Manchester, including discussions on:

- Paying the charge;
- Leaving the profession;
- Changing to a compliant vehicle;
- Changing license type; and
- Working in a different area.

4.1.2 At both the beginning and end of the discussion on anticipated behavioural responses to the CAZ, many taxi and PHV drivers and operators predominantly expressed they would pay the CAZ charge or leave the profession. In addition to these anticipated responses, some taxi and PHV drivers and operators, at the end of the discussion, showed a greater consideration for upgrading to a compliant vehicle, if local authority minimum licensing standards are addressed in parallel, and if financial support could be offered. Changing licence type and working in different areas were considerations that also came up during the discussions.

4.1.3 Table 2 provides a summary of anticipated behavioural responses at the beginning of the workshop session, and anticipated resolved responses following in-depth discussions. These are discussed in greater detail throughout the chapter.

Table 2. Behavioural Responses to the CAZ at the Beginning and End of Discussions

INITIAL RESPONSE TO THE CAZ	KEY DISCUSSION POINTS	RESOLVED RESPONSE TO THE CAZ
<p>The CAZ would put drivers and operators out of business (leave the profession)</p>	<p>The cost of upgrading to a compliant vehicle is unaffordable and so is paying the charge – so would only be able to pay the charge if they could:</p> <ul style="list-style-type: none"> ● Pass the costs on to the customer; and/or ● Work longer hours to cover the charge payment 	<p>Pay the charge if they could work longer hours to cover the additional cost or if it could be passed on to the customer. However, the latter raised concerns over future demand for taxis and PHVs, as discussed in Chapter 3</p>
<p>Changing to a compliant vehicle</p>	<p>Any vehicle upgrade would be unaffordable and would require financial support</p> <p>Uncertainty over local authority minimum licensing standards which may have different requirements than the minimum requirements for the Clean Air Zone – these need to be addressed in parallel</p> <p>Additional uncertainty over the value of current vehicles, with the CAZ making them non-compliant</p> <p>Likely that an electric vehicle will eventually be required to be compliant with both licensing standards and the CAZ, but concern that this requires extensive infrastructure support</p>	<p>Want to see investment and financial support measures to support any vehicle purchase</p> <p>Reducing the number of cross-border services would also support a vehicle upgrade as drivers and operators would be able to increase their own profits</p>
<p>Changing license type</p>	<p>Taxi drivers may license themselves as cross-bordering PHVs, therefore allowing them to save money to buy a compliant vehicle</p> <p>Others felt any change in license type would be pointless as they would still have to pay the CAZ charge</p>	<p>Changing license type may allow some to save money to upgrade a vehicle, others would retain their current license and pay the CAZ charge</p>
<p>Working in a different area</p>	<p>When prompted, working in a different area was not a likely behavioural response to the CAZ</p>	<p>Upgrading to a compliant vehicle, with the support identified, or paying the CAZ charge</p>

4.1.4 Whilst the anticipated responses outlined above were provided, taxi and PHV drivers and operators felt a level of uncertainty over how they would respond to the CAZ, indicating

that they required more information on the CAZ in order to be more certain about how they would respond to its implementation. Drivers and operators felt this information should be clear and lay person friendly.

“I think we all need more information. I don’t think anybody can actually turn around and say this is what we’re gonna do, when this [CAZ] comes in because everybody is still so much in the dark with it, nobody knows.” (Taxi, Rochdale)

“Here’s the difficulty – I’d change tomorrow if you could show me a better system. But a few years ago people like yourselves were telling us the better system was diesel and look what happened to that. You’re asking us when we’re likely to change [vehicle] – we’ll change when we’ve got peace of mind, when we feel safe.” (Taxi, Oldham)

4.2 Pay the charge

4.2.1 Despite some recognition that paying the CAZ charge would not address the air quality issue in Greater Manchester, some taxi and PHV drivers and operators suggested that they would pay the charge for the foreseeable future as the cost of upgrading to a compliant vehicle is unaffordable. This was especially the case for drivers who have finance on their current vehicle, as they would be unable to exit their finance contract in the short term and therefore would not be able to save money for a new vehicle prior to the introduction of the CAZ. Other taxi and PHV drivers and operators suggested they would pay the CAZ charge until they could eventually purchase a compliant vehicle.



4.2.2 Suggestions for how the cost of paying the charge could be covered, included: the charge being passed on to taxi and PHV customers; and drivers working longer hours to cover the cost of the charge.

4.2.3 Passing the CAZ charge on to the customer, through increased taxi and PHV fares, was thought likely⁴, and likened to the approach drivers and operators take to the new Manchester airport drop-off and pick-up charges, and generally perceived positively. Some drivers and operators suggested that they may even be able to make an increased profit as a result of passing the CAZ charge on to their customers. Despite this positive assessment of the CAZ charge, taxi and PHV drivers and operators noted that passing the charge on to the customer would have to be considered carefully to ensure that fares were still affordable and competitive for their customers, especially in comparison to public transport. If this was not achieved, many drivers and operators feared that taxis and PHVs would become less desirable forms of transport for the general public, therefore reducing demand and work for the trade.

4.2.4 Additionally, although able to aid drivers and operators in their payment of the CAZ charge, working longer hours to cover the cost of the charge was recognised as a self-defeating response to the CAZ as vehicles would be undertaking more or longer journeys, presumably instead of journeys made by cleaner vehicles, and therefore adding to the air pollution problem.

⁴ Fares for Hackney Carriages are set by the local authority in which the vehicle is registered and so approval for passing the charge on would have to be given by the local authority. Conversely, fares for PHVs are set independently and would not require local authority approval.

“I’ve just done a quick calculation, if I was to incur £7.50 a day for 12 months, that would be a total cost, a penalty of £2,700 to buy a new car would cost between 10, 20, 30 thousand pounds. Who on earth if you’re just doing it on financial calculation would not just incur the fine? So that’s not going to improve air quality whatsoever.” (PHV, Oldham)

“The problem you’ve got there is lots of people within the Manchester City trade took their vehicles off to make a Euro 5, that Euro 5 is still under finance. No one is going to chuck that finance in the bin, because they’ve been told that Euro 5 is acceptable.” (Salford, Taxi)

“You’re going to have to pay the fee in the interim period until you can afford it.” (PHV, Oldham)

“All we will do is charge the £7.50 to the public, we don’t care... all you have to do, instead of charging £2 a mile, is charge £3 a mile so you’ll actually be in profit...you’ll give [your customers] the best excuse possible... we will pass it on... it’s not gonna solve the problem, is it?” (PHV, Manchester City)

4.3 Leaving the profession

- 4.3.1 As discussed in Chapter 3, drivers and operators anticipated that they would have to leave the trade, as it would become financially unviable for them to continue if they had to pay the CAZ charge or upgrade their vehicles, and they may see a reduction in demand for taxis and PHVs as a result of more expensive fares. Leaving the profession meant being out of work due to redundancy, early retirement, taking the opportunity to spend more time with families, or taking up a new job.



“I’d be out of the taxi trade, many will.” (Taxi, Salford)

“I might find another job or something you know what I mean, if I can’t afford to buy a car you know these electric cars new they’re like 20 grand plus aren’t they.” (PHV, Tameside)

“I think I’ll sell up and find a new job, 9 to 5, working Costa Coffee or something.” (Taxi, Manchester City)

“A few years’ down the line, there’ll be drivers leaving the trade, going on the dole because there’s no way... I used to go out and make 150 quid a day, I know taxi drivers out there are struggling to do 50 quid a day.” (PHV, Stockport)

4.4 Change to a compliant vehicle

Compliant purchase

- 4.4.1 Initially, both taxi and PHV drivers and operators felt they were unlikely to purchase a vehicle, especially a brand new vehicle or electric vehicle (EV), both of which were thought to be unaffordable. Additional barriers to changing to a compliant vehicle included:



- Uncertainty over local authority minimum licensing standards creating difficulty during purchase decisions, especially as drivers and operators wish to avoid having to upgrade their vehicle(s) twice in a short timescale;
- Potential for market value of CAZ compliant vehicles to increase, just by virtue of being compliant and therefore making an upgrade even less affordable;
- Additional fees associated with the purchase of a new vehicle also making an upgrade less affordable, including fees related to the change of a vehicle on an existing vehicle license, which can be up to £500 for taxi drivers and operators; and
- Concern over the ability to sell their current vehicle in order to aid the purchase of another. This was especially relevant for taxi drivers who may be unable to sell their Hackney Carriages locally due to CAZ implementation in other local regions (i.e. Leeds, Birmingham). Conversely, PHV drivers suggested that they would sell their vehicle to a member of the public, with recognition that this would have impacts on local air pollution.

4.4.2 After consideration of all potential responses to the CAZ following a more in-depth discussion, some drivers and operators, especially those who would have naturally upgraded their vehicle before the implementation of the CAZ, suggested that they would purchase a compliant vehicle, believing that they would eventually have to. Each of diesel vehicles (due to their perceived reliability and durability), petrol vehicles (due to their lower cost), and electric vehicles (as it was thought they would have to eventually use this type of vehicle anyway), were discussed as likely upgrades.

4.4.3 However, the above barriers were still likely to impact purchase decisions, with drivers and operators noting that financial and infrastructure support (i.e. EV charging points) would also be required to enable the purchase of a compliant vehicle. Others suggested that they would increase their fares in order to help pay for a new vehicle and again highlighted how this may have knock-on effects on wheelchair users.

“If you don’t buy an electric and you buy a diesel, how many years down the line are they going to move the lamppost.” (Taxi, Bury)

“One way or another you’re going to be pushed into electric.” (Taxi, Bury)

“If someone turned around and said, ‘alright, we’re not gonna’ change [the compliance standard] for X amount of years, say 5 years’, you might get more people changing their vehicle.” (PHV, Wigan)

“A lot of (vehicles) are Euro 6 – what are they gonna do with them? They’re either gonna sell them to other boroughs and they’re not gonna want ‘em because this may be introduced in Birmingham.” (PHV, Manchester City)

“I’ll have to get a compliant vehicle and put my fares up to pay for the new vehicle, and I do a lot of wheelchair access as well disabled people, obviously that will be passed on to them which is a bit unfair really because a lot of them are struggling but they’ll take it or leave it, and they’ll pay it because I don’t have much competition in Oldham there’s not many that do it.” (PHV, Oldham)

Compliant retrofit (taxi only)

4.4.4 For taxis, retrofitting would only be considered if the change could be funded. Other considerations raised in relation to retrofitting were whether there was space in Hackney

Carriages for the approved retrofit, and whether vehicles would run the same after being retrofitted.

"If [a retrofit] was all funded, I would do it but when you replace an engine, the car never really runs the same after that." (Taxi, Manchester City)

Desired support to upgrade (unprompted)

- 4.4.5 Both taxi and PHV drivers and operators assumed there would be some form of financial support available for vehicle upgrades. For example: a vehicle trade-in/scrappage scheme in which market value was received for non-compliant vehicles; an interest free or low interest finance or loan option (likened to a student loan); a heavily subsidised EV or grant toward a replacement vehicle; and the ability to lease compliant vehicles from the local council.
- 4.4.6 Other forms of support included stopping cross-bordering, so there are only Greater Manchester registered taxis and PHVs in Greater Manchester and therefore a reduction in the number of available taxi services and a larger share of work and higher incomes for Greater Manchester licensed vehicles. Higher incomes would allow drivers and operators to be able to save money toward the upgrade of a CAZ compliant vehicle.

"I feel like everything has been taken and nothing is being given back...something financial...give an incentive back, it's people's jobs...we're not being unrealistic!" (PHV, Wigan)

"A loan is better. Because a grant is only a gesture towards something, a loan literally puts you in the driver's seat of something you actually want. We're not looking for charity, we're looking for a way of doing this economically." (Taxi, Oldham)

"Maybe they could do it on the same grounds as a student loan, like all these kids are getting – they get £9,000 just to go to university and it's spread out over so many years...if someone said to me, 'pick your car, it's £9,000 it's five years, if it's £18,000 it's ten years and we'll take it out at X amount'." (PHV, Manchester City)

"A subsidy off the government if we invest in new vehicles." (PHV, Rochdale)

"If they turned round to us and said, 'alright, it must be licensed, private hire and a diesel, and we will give you £5,000 scrappage off the price of a compliant vehicle', you've got more of a chance [to upgrade]. We would class that as giving back and a bit of a carrot...but I know a lot of people whose cars are still worth more than £5,000, even though they're not compliant...what they should do is trade vehicles in at market value and give you an incentive £5,000 as a government incentive." (PHV, Manchester City)

4.5 Change license from taxi to PHV (or vice versa)

4.5.1 Some taxi and PHV drivers and operators discussed potential for changing license type. Views divided into two main groups:

- Some taxi drivers suggested that they could change license to PHV and license themselves outside Greater Manchester, so running costs and licensing fees are cheaper. This would allow them to save money to buy a compliant vehicle. Other taxi drivers felt this process would be too expensive, create a less flexible work pattern, and be pointless as they would still have to pay the charge;
- Some PHV drivers thought they would register as an Uber driver instead – believing this would make them exempt from the charge⁵. Registering as a Hackney Carriage was thought to be unaffordable and also pointless as drivers would still be required to pay the charge.



“I’ll get a Wolverhampton plate and I’ll have enough for an electric car.” (Taxi, Manchester City)

“I’ll tell you what will happen is that all these private hire drivers will join Uber, so you won’t get your clean air.” (PHV, Oldham)

“There’s no difference, is there? It would affect both the same way.” (PHV, Manchester City)

4.6 Work in a different area

4.6.1 When prompted, working in a different area was not thought to be a likely behavioural response to the CAZ as drivers and operators recognised that they would still be charged when leaving their homes, and local city regions, where they would likely look to work, also have CAZ charges in place (e.g. Leeds, Nottingham).



“You can’t [work in a different area], can ya? As soon as you drive off your driveway to go to another area to work, you’re gonna’ pay.” (PHV, Manchester City)

⁵ Uber drivers are not exempt from the charge, and would be charged as PHVs.

5. RESPONSE TO INCENTIVES TO UPGRADE

5.1 Introduction

5.1.1 This chapter provides taxi and PHV drivers and operators' response to two draft financial support measures – a finance scheme and a vehicle renewal scheme, and describes other incentives that may encourage them to upgrade their vehicles. It concludes with a summary of the likely impact of financial support measures on response to CAZ.

5.2 Finance scheme

Initial reaction to scheme

5.2.1 Participants were presented with the following information on the finance scheme:

Drivers and operators of non-compliant taxis and PHVs licensed in Greater Manchester for at least 12 months, could apply for finance to cover the full costs or lease of replacement cleaner vehicles. Finance contracts will likely be over a term of 4 years, with monthly re-payments.

Finance will be subject to evidence of a suitable deposit and credit checks and will have an interest rate below market rate. Deposits can come from the sale/scrappage of a non-compliant vehicle, from grant funding or from personal funds.

Vehicles must have a valid MOT and road tax at the date of application and funding must be used to replace the vehicle with a compliant new or second-hand vehicle.

5.2.2 Initial reactions to the scheme can be grouped as follows:

- The thought of getting into (further) debt was not a desirable prospect;
- In principle, the finance scheme appears more favourable than a dealer finance scheme – particularly by those who had indicated they would need to use finance to upgrade their vehicle; and
- More information is required to enable comment on the scheme, particularly on whether they would anticipate taking up the finance scheme.

“Nearly every taxi driver in this room and the others are in debt.” (Taxi, Manchester City)

“It’s [the finance scheme] exactly what we’d do for ourselves except it seems to be slightly cheaper.” (Taxi, Bury)

Enablers and barriers to scheme uptake

5.2.3 Taxi and PHV drivers and operators raised a number of points when discussing the scheme that would make them more or less likely to use the finance to upgrade their vehicle. These are summarised in Table 2 as enablers and barriers to the scheme, and are described under four key elements of the finance offering – deposit, interest rates, eligibility criteria and repayment terms.

Table 3. Enablers and Barriers to the Finance Scheme

ASPECT OF SCHEME	ENABLERS	BARRIERS
Deposit	<p>A 5% deposit was considered acceptable by many, and a 10% could be manageable for some.</p> <p>Having the deposit entirely covered by a grant would incentivise uptake.</p>	<p>A 20% deposit was consistently considered too high and an unrealistic requirement.</p> <p>Manufacturers sometimes offer a 0% deposit, which may be more attractive, even with a higher interest rate due to lack of savings.</p> <p>Being required to scrap the vehicle was not acceptable to many, as owners need a way of extracting value from their existing vehicle to fund the deposit.</p>
<p><i>“Who’s got 20% these days?... Who’s got £12-£13 grand sat in a bank account these days.” (Taxi, Rochdale)</i></p>		
Interest rate	<p>Whilst a 0% interest rate was requested by some, others indicated rates varying between 1% and 5%.</p> <p>There was a strong preference for the rates to be fixed, not linked with market rates.</p>	<p>Interest rates that fluctuate were disliked and there was lack of awareness over what those rates could be. The idea the rates could quickly increase if not fixed was unappealing.</p> <p>Some manufacturers offer 0% interest rates, which might be more attractive for some, even if a large deposit is required.</p>
<p><i>“Rather than a percentage under commercial rates, how about a flat percentage.” (PHV, Tameside)</i></p> <p><i>“If anything changes the interest rates could go sky-high anyway!” (PHV, Salford)</i></p> <p><i>“It’s no good having an interest rate that the garage or a banker, like 3.6%, it has to be a lot lower, 1% - we’re helping them to help the environment, they have to help us!” (Taxi, Bury)</i></p>		
Eligibility criteria	<p>Eligibility should be more favourable than from other finance providers and include those with a low credit score and those above the age of 60.</p>	<p>Strict eligibility criteria would form a key barrier to uptake of the finance measure.</p>

ASPECT OF SCHEME	ENABLERS	BARRIERS
	Some felt there should be no credit check as it was not their choice to upgrade.	There were concerns that those with poorer credit scores may be offered less favourable interest terms or repayment lengths.
	<p><i>“My problem when I come to get credit for anything is, we’re a cash business, everything is done in cash, I don’t even use my bank card, I haven’t touched my bank card for about 4 years, so I can’t get nothing on finance.” (PHV, Rochdale)</i></p> <p><i>“If they’re forcing us to get new cars then I think that should be a guaranteed loan. No credit checks.” (PHV, Tameside)</i></p>	
Repayment terms	<p>Preferable repayment terms ranged from between 3 to 6 years.</p> <p>Some suggested 5 years as the maximum repayment term, as EV batteries need replacing at that point and would need to be re-financed.</p> <p>Taxi drivers/operators expressed a preference for longer repayment periods, whilst PHV drivers/operators expressed a preference to choose a repayment period aligned to the length of the vehicle warranty (which, when expires is when they change vehicle).</p>	Short (less than 3 years) repayment terms was considered a key barrier to uptake.
	<p><i>“It all depends how much the rate is and long the time period is.” (PHV, Tameside)</i></p>	

5.2.4 The feedback from participants reflects that individuals require a finance scheme and repayment terms that will best suit their individual needs. Allowing drivers and operators to choose the terms of the finance scheme, or elements of it, would increase the chance of the ‘numbers being right’ to incentivise uptake of the finance to upgrade their vehicle.

“I don’t think this fixed approach works. I think we need variables.” (PHV, Oldham)

Questions and concerns over scheme

5.2.5 Key concerns and comments relating to the finance scheme include:

- Drivers should be exempt from paying the daily charge as soon as they have applied for finance, particularly if the application period is long and/or onerous;
- The finance scheme should work in the same way as a hire-purchase agreement i.e. if repayments cannot be met the vehicle is taken away;
- There is a preference for private firms not to administer the finance scheme, and reassurance that the administrator would not be making a profit from the scheme;
- There is a presumption by some that there would be a cap on loan value and a desire to know what that would be.

5.2.6 Key questions raised over the finance scheme include:

- How would eligibility be assessed for those with informal leasing/renting arrangements with family members?
- Would the loan cover other associated costs with the vehicle e.g. insurance, road tax?
- How would the scheme work for people who have existing and ongoing financial contracts?

“It would have to be the government [that you applied to]. It has to be an authority that’s not making a profit.” (PHV, Oldham)

Anticipated behavioural response

5.2.7 After a detailed discussion on the scheme, and in light of the requests for firm details on the scheme, some expressed interest in taking up the finance scheme to upgrade their vehicle, whilst others did not.

5.2.8 Those that anticipated using the finance scheme:

- Provided caveats that the terms of the finance would have to work for them, whether that included prioritising low interest rates or long repayment periods;
- Commented that the scheme would likely be an improvement on the finance offered by car dealers and therefore would be preferable; and
- Anticipated being able to pass on repayment costs to those that rent their vehicles.

5.2.9 Those that felt it was unlikely they would take up the finance scheme:

- Expressed concern over getting into debt; and
- Considered the daily charge cheaper to pay than loan repayments.

“As long as the rate’s okay then I think people would be interested.” (PHV, Stockport)

“Who on earth if you’re just doing it on financial calculation would not just incur the fine?” (PHV, Manchester City)

“You’re forcing the trade into debt when there’s no work out there to cover it – that’s the biggest problem... at my age, I do not want to take out a loan... you’re earning less than minimum wage.” (Taxi, Salford)

5.3 Vehicle renewal scheme

Initial response to scheme

5.3.1 Participants were presented with the following information on the finance scheme:

Drivers and operators of non-compliant Taxis and PHVs licensed in Greater Manchester for at least 12 months, could apply for financial support to upgrade to cleaner vehicles.

Subject to government approval, we expect the following to be available in 2020:

£3,000 per eligible Hackney Carriage

£1,500 per eligible PHV

Vehicles must have a valid MOT and road tax at the date of application, and funding must be used to:

(a) replace the vehicle with a compliant new or second-hand vehicle

(b) retrofit with an approved retrofit solution

5.3.2 Initial response to the scheme was that the amount of money on offer was not high enough to be of use, or to motivate uptake of the grant. It was also thought un-useful to consider the renewal scheme as a stand-alone financial incentive, as most would need to use the grant in conjunction with the finance scheme to be able to fund a replacement vehicle. Subsequent feedback on the renewal scheme was provided on the assumption it would be used as (part of) the deposit for the finance scheme.

“It’s a drop in the ocean.” (Taxi, Stockport)

“What’s the grant going to do for someone who can’t pass the credit check?” (PHV, Oldham)

Enablers and barriers to scheme uptake

5.3.3 Factors that would encourage uptake of the scheme include:

- An increased grant value. The minimum value found to be acceptable by some was £5,000 (particularly for PHV drivers/operators), but others suggested a much higher value would be necessary (particularly for taxi driver/operators).
- The grant to work as a percentage of the cost of the upgraded vehicle. This was considered to offer much more flexibility and choice on the total value of the vehicle they wanted, which was perceived as a ‘fairer’ approach.
- A grant linked to the emissions of a vehicle. A higher grant to be provided the lower the emissions of the vehicle, which would encourage purchase of a lower emissions vehicle, whilst giving the choice of purchasing a cheaper vehicle and lower finance.

5.3.4 Factors that would act as a barrier to uptake include:

- A requirement to scrap the non-compliant vehicle (see note on scrappage below).

- The value of the grant being too low. The gap between the grant and the remaining value of the vehicle was considered too large, even with the option of a finance scheme.
- Not passing the finance scheme credit check. The grant was considered suitable as a deposit (contribution) to the finance scheme, but if they were not eligible for finance there would be little point obtaining the grant, as they would not be able to upgrade their vehicle without a loan.
- Manufacturers offering better grants/scrappage schemes. Particularly for PHV drivers/operators, manufacturers can run schemes offering more money for vehicle exchange.

“You could agree an amount for the eligible vehicles and say you have the choice of two and a half grand or 5 or 10%, whichever is the greater. And you’d go for the greater one. And then it’s not forcing people to buy really expensive cars to benefit from the higher rate deposit being paid.” (PHV, Wigan)

“This grant of £1,500 isn’t really giving us anything because I can go to Ford in Rochdale or whatever and take an old car and they will give me £1,000, some of them £2,000...it should be on a scale of what you’re purchasing, something like 10% of whatever you’re buying.” (PHV, Manchester City)

A note on scrappage

For some taxi driver/operators the grant was seen as effectively a scrappage scheme, and therefore was considered a positive way of extracting value out of a vehicle that would otherwise be worth almost nothing; therefore it was not a barrier to uptake should they need to scrap their current vehicle to qualify for the scheme.

In contrast, for some PHV drivers and operators, and some taxi drivers and operators, the requirement to scrap the vehicle would prevent them from taking up the scheme entirely as, by selling their vehicle privately, they would be able to extract much more value from it.

Whilst it was recognised by some that the purpose of the Clean Air Zone and financial support measures is to remove the most polluting vehicles from the road, and thus selling privately rather than scrapping would not meet this goal, being able to sell privately was still considered essential for many. A suggested way of overcoming this was to allow for private sales, on the condition that the vehicle was delicensed as a taxi/PHV, as it would then do less miles in total.

Questions and concerns over scheme

- 5.3.5 A number of questions and concerns were raised over the vehicle renewal scheme.
- 5.3.6 The key concern is that manufacturers will inflate vehicle prices to the same value as the grant, and therefore drivers/operators will not benefit from it. Participants would therefore like to see the cost of vehicles fixed or capped before a grant is announced.
- 5.3.7 Questions over the renewal scheme include:

- Would vehicles have to be purchased from certain suppliers?
- Is the grant provided per owner or per vehicle?
- Could the grant be obtained for multiple vehicles and then used to fund the cost of one compliant vehicle?
- Can multiple people apply for a grant if they share a vehicle?
- Would the grant be taxable?

Anticipated behavioural response

- 5.3.8 On the assumption of a higher grant, some anticipated that they would take up the grant to fund the deposit for the finance scheme. However, others did not anticipate using the grant because the gap between the grant and the cost of the vehicle would be too high for them to consider upgrading.
- 5.3.9 Some taxi and PHV drivers/operators considered the option of using the grant to retrofit the engine of their existing vehicle as an attractive option. However, others rejected this idea due to council regulation on age of vehicle.

“Now the problem with your LPG is your age, the age of that vehicle, so if you put an LPG in a EURO 5 vehicle and it’s already 9 year old, it’s not... you’ve gotta have a bigger lifespan.” (Taxi, Salford)

- 5.3.10 When presented with the option of an increased grant (e.g. £9,000), but only for purchasing an electric vehicle, some participants expressed interest in this option, however the use of EVs in the trade was not considered feasible currently (see Section 5.4 for more detail).

Response to financial incentive package incorporating finance and renewal schemes

- 5.3.11 Whilst the finance scheme and vehicle renewal scheme have been considered separately, it is important to note that participants subsequently viewed them together as a single package, where the grant, in many cases, would be used as a deposit to secure the finance.
- 5.3.12 On the assumption that the finance terms would be favourable, the grant at least £5,000 and, for some, that their current vehicle would not need to be scrapped, there was interest in using the combined financial support package to upgrade to a compliant vehicle.
- 5.3.13 However, participants struggled to make firm assertions on their intended actions without the exact terms of the financial support available, and were heavily influenced by external factors influencing the trade (e.g. decline in trade caused by cross-bordering) and the uncertainty over other developments in the near future (e.g. changes to minimum licensing standards).

5.4 Other incentives to upgrade

Other financial incentives

- 5.4.1 During discussions on the two financial schemes to incentivise vehicle upgrade, participants raised suggestions for other financial incentives which could be introduced to help minimise the negative financial impact on drivers/operators, and encourage them to upgrade their vehicles. These include:

- Government intervention for discounts on compliant vehicles. This could be either working with specific manufacturers to offer a discount (an example provided was between Uber and Nissan), or for government to mass order compliant vehicles from manufacturers and pass on the savings to drivers/operators.
- Government to purchase vehicles and drivers to lease them directly from government. This was potentially attractive to some, but dependent on the cost of leasing.
- Council to buy back plates from taxi drivers/operators for a fixed sum, e.g. £10,000, and for drivers to choose to re-join the trade with a compliant vehicle if they want to continue.

Electric vehicles

- 5.4.2 Whilst participants understood that it would not be a requirement to have an electric vehicle to be compliant under the Clean Air Zone, many were distrustful that this would not change in the (near) future. To future-proof their business against this, some considered an investment in an EV would, in theory, be required. Additionally there were positive perceptions and experiences of electric vehicles, particularly electric TX taxis, that would motivate purchase.
- 5.4.3 Frustration was expressed over the lack of charging infrastructure around Greater Manchester and participants reported this would make running an electric taxi or PHV unfeasible. Information provided that an additional 300 charging points would be provided was met with derision by participants as this number was perceived as vastly inadequate. The number of garages that service electric TX taxis are also minimal, which means vehicles can be off the road/require temporary replacements for much longer periods than non-electric taxis. It was suggested that in this scenario temporary replacement vehicles should be exempt from the daily charge.
- 5.4.4 Participants would also like to see government putting pressure on manufacturers to make more EVs, giving drivers/operators more choice and to help lower the cost.

“You can’t justify going to LTR and spending 65 grand on something where you might be working and you’re running out of juice and there’s nowhere to plug in, if there’s no power points for those vehicles to be charged, in Salford we’ve not got one charger, so I’m not gonna go out, justify paying 65 thousand pounds.” (Taxi, Salford)

“If it was £20-£25,000 for an electric vehicle, I’d buy it, but you’re talking £65,000.” (Taxi, Manchester City)

Minimum licensing standards

- 5.4.5 Taxi and PHV driver/operators found it extremely difficult and, for some, impossible, to state their anticipated response to the Clean Air Zone without any certainty on minimum licensing standards that will apply across the Greater Manchester authorities. There was widespread dismay that drivers and operators were being encouraged to upgrade to a vehicle compliant with the Clean Air Zone, which then may not be compliant with the minimum licensing standards. There were significant concerns that this could prove to be very costly and was a key barrier to making any major changes to vehicles to comply with the CAZ, until minimum licencing standards are clear.

“If all the councils got together, like they said they were going to do and level the playing field across [the boroughs] then they could come to us with some kind of deal and we could say, ok that sounds good, or it doesn’t. But whilst you’ve got the situation where every council has a different rule... there’s no way we can say this is good or this is bad, because you just don’t know.” (PHV, Tameside)

Cross-bordering

- 5.4.6 Concerns over cross-bordering, whereby private hire vehicles are licensed elsewhere to the area they predominantly work, at a reduced cost and/or with lower vehicle standard requirements, was considered to be intrinsically linked to the Clean Air Zone by both taxi and PHV drivers and operators.
- 5.4.7 Participants viewed the Clean Air Zone as a request to upgrade their vehicle, primarily at their own cost, whilst being offered no protection on their investment in return. The detrimental financial impact cross-bordering has on both the taxi and private hire trade also feeds into a lack of trust between the trade and council. Participants suggested that cross-bordering could be prevented by placing requirements on the minimum amount of time that must be worked in the area the vehicle is licensed to; and by having higher CAZ daily charge rates for PHVs licensed outside of Greater Manchester. It was felt this might reduce cross-bordering, thus making some drivers more confident about their income and thus more likely to invest in upgrading their vehicles

“Not even our council is backing us up, they’re allowing other boroughs to come in and undercut us.” (Taxi, Salford)

5.5 Impact of financial support measures on response to CAZ

- 5.5.1 As discussed in Chapter 4, prior to receiving information about the finance scheme and vehicle renewal scheme, taxi and PHV drivers and operators suggested that their likely response to the introduction of a CAZ would either be to pay the charge, change profession or upgrade to a compliant vehicle. The latter was dependent on local authority minimum licensing standards being addressed in parallel and the availability of financial support.
- 5.5.2 After discussing the two indicative financial support scenarios, taxi and PHV drivers’ and operators’ likely behavioural response to the CAZ fell into four categories:
 - Some would upgrade their vehicle, using the financial support available, but with the caveat that the terms of the support should be in line with their preferences (as outlined in this chapter), some of whom would change the way they use their vehicle, for example:
 - Changing from leasing to owning, subject to favourable financial support measures; and
 - Changing license from PHV to taxi in order to obtain the higher vehicle renewal scheme grant, with the money used toward a better PHV (if possible).
 - A smaller number than before the discussion on financial support maintained that they would pay the charge, some of whom would change the way they use their

vehicle, including starting to share a vehicle with another driver, in order to share the running costs (including the CAZ charge);

- Some maintained that they would change or leave the profession; and
- Some were still uncertain and required more information in order to make a decision.

6. CONCLUSIONS

6.1 Response to the Clean Air Zone

- 6.1.1 Taxi and PHV drivers and operators reported that the Clean Air Zone would have significant impacts on their lives, knock-on effects for customers, and, without information on financial support measures, were more likely to anticipate paying the charge, to the detriment of their living standards, or leaving the trade entirely, as it would not be sustainable to continue in the business.
- 6.1.2 A wide range of barriers to upgrading to a compliant vehicle were raised, beyond the requirements for financial support (including ability to sell existing vehicles, associated costs with changing vehicle and anticipated changes to licensing standards), and upgrading was considered a response to the CAZ mainly by those already anticipating changing their vehicle in the near future.
- 6.1.3 The indicative financial support measures removed or reduced the barrier to upgrade for some who subsequently felt, subject to favourable terms, they would use the support available to change their vehicle. However, this was not the case for all; others indicated their likely response would be to pay the charge, change the way they use their vehicle, or leave the profession. There were also some who felt unable to provide an indication of their anticipated behaviour without more precise information on the finance measures that would be available.

6.2 Incentivising upgrade

- 6.2.1 It is clear that taxi and PHV drivers and operators in Greater Manchester accept that working in the trade comes with regulations and requirements to keep vehicles to a certain standard, including for emissions; what participants objected to is the feeling of being ‘ripped off’ by inadequate assistance to help them upgrade. Whilst the requirement to upgrade earlier than planned was perceived as unfair by many, others indicated a willingness to engage with the scheme, on the basis that the financial incentives offered were fair and not leaving them out of pocket, and that they would not be penalised by subsequent regulations.
- 6.2.2 This research suggests financial incentives are essential to encourage upgrades to compliant vehicles and without financial support drivers will ‘pay to pollute’ or leave the business. However, with the right financial support in place, drivers and operators will be incentivised to upgrade to cleaner (and potentially to the cleanest) vehicles. To maximise uptake, the financial incentive package on offer should:
- Be flexible, recognising that taxi and PHV drivers and operators have different requirements and that individual situations also vary. Allowing drivers and operators to choose the terms of the finance scheme, or elements of it, would increase the chance of the ‘numbers being right’ to incentivise uptake of the finance to upgrade their vehicle. Linking the finance scheme to emissions by providing more financial support the cleaner the vehicle, gives drivers and operators choice whilst also encouraging uptake of the cleanest vehicles.
 - Provide both a loan and a deposit contribution in return for scrapping the vehicle for those who cannot extract value by selling their vehicle privately, whilst also allowing private vehicle sales if this proves financially more profitable.

- Come with guarantees that the CAZ compliancy requirements will not change for a specified amount of time, and that minimum license standards will not require further changes to the vehicle.

6.2.3 Additionally, it appears that finding a way of addressing cross-bordering would go a long way in winning over the hearts and minds of drivers and operators in Greater Manchester, and could result in better acceptability of the scheme, as well as greater encouragement to upgrade. It would also mean that ‘non-clean’ vehicles will not be taking business from cleaner Manchester taxis and PHVs.

6.2.4 Taxi and private hire drivers and operators noted the attractiveness of electric vehicles, but would not consider upgrading to an EV, even with the suggested investment in infrastructure of an additional 300 charging points. To be persuaded to upgrade to an EV, it is likely participants would need to be confident use of the vehicles is demonstrably feasible.

6.3 Thoughts on next steps

6.3.1 Whilst this research presents anticipated behavioural responses to the Clean Air Zone and factors that would encourage and deter vehicle upgrading, it was difficult for taxi and PHV drivers and operators to fully think through their intended behaviour with the lack of precision in the information available.

6.3.2 It is clear that the response to the Clean Air Zone will be made on business principles and will be dependent on getting the financials to add up. Once firmer details on the incentive measures have been developed, TfGM may benefit from undertaking a series of one-to-one in-depth interviews with further taxi and PHV owners of non-compliant vehicles. Firmer details, and a calculator, will allow participants to trade off the costs of paying the daily charge with the costs of upgrading a vehicle, with and without financial support measures in place. With this more precise information on the financial support measures available, participants will be able to more accurately attempt to predict their behaviour.

6.3.3 In-depth interviews by informed researchers will allow for a detailed understanding of the cognitive process individuals go through when considering their response to the financial incentives. Findings from this process could be used to inform the information and question ordering within the public consultation. This will result in more accurate responses to the public consultation, minimising the risk of flawed assumptions influencing responses.

6.3.4 Reactions to the use of electric vehicles raised barriers beyond charging infrastructure, such as locations of suitable service garages. This indicates potential value in research with early taxi adopters of EVs on their requirements; this could include what motivated EV adoption, what barriers were overcome and how, and any limitations subsequently recognised. Due to the low numbers of taxi and PHV drivers and operators with EVs, this may initially need to be undertaken in a wider area than just Greater Manchester, with learnings transferred.

Transport for Greater Manchester
Reference number: 109038

04/10/2019

GREATER MANCHESTER CLEAN AIR PLAN -
DELIBERATIVE RESEARCH PART 2 WITH TAXI AND PHV
TOPIC GUIDE



Workshop Structure

- Participant arrival – hand coloured sticker and ask to complete Consent Form and purchasing behaviour questionnaire in Reflections Booklets
- Opening plenary session: welcome 6.30pm-6.40pm
- Move to breakout rooms 6.40pm -6.45pm
- Breakout group – Current Buying Behaviour 6.45pm-7.00pm
- Information presentation on Clean Air Zone 7.00pm-7.10pm
- Move to breakout rooms 7.10pm -7.15pm
- Breakout group – Clean Air Zone reactions 7.15pm-7:45pm
- Break for refreshments 7.45pm-8.00pm
- Information presentation on Financial Support Measures 8.00pm-8.10pm
- Move to breakout rooms 8.10pm -8.15pm
- Breakout group – Financial Support Measures reactions 8.15pm-8.55pm
- Closing of the groups 8.55pm-9.00pm

Opening plenary session [5 mins]

Slide 1 (front cover)

- Welcome – fire exits - toilets
- Introduce team:
 - Yourself and SYSTRA (independent research organisation, specialising in transport);
 - Colleagues from SYSTRA;
 - Colleagues from TfGM.

Slide 2 and 3 (Clean Air Plan overview)

- Introduce Clean Air Plan:
 - The 10 Greater Manchester local authorities are working with the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) to produce a single approach to improving air quality in Manchester.
 - The Clean Air Plan will comprise of a package measures to comply with government guidance and legal rulings to reduce NO₂ concentrations to legal levels in the 'shortest possible time'.
 - The approach aims to:
 - Avoid displacing NO₂ pollution to other areas;
 - Ensure the plan works alongside existing Greater Manchester-wide strategies;
 - Reduce emissions in the most effective way across the whole of the city.
 - The need for a Clean Air Plan has been enshrined in UK law but legal levels for NO₂ haven't been achieved in the Greater Manchester area. It is the responsibility of local authorities who exceed limits to deliver compliance in the shortest time possible.

Slide 4 (Why are you here)

- Introduce research
 - SYSTRA has been commissioned to consult with local organisations likely to be impacted by the draft measures currently being considered for the Clean Air Plan, and that is why we are all here this evening.
 - In particular the workshops are to discuss your thoughts on a Clean Air Zone, including its impacts your organisation, and your thoughts on any ways these impacts can be reduced. We will also be discussing a couple of scenarios aimed at supporting organisations like yourself through the implementation of a Clean Air Zone. We must stress that these measures are not set in stone and subject to development through further engagement and consultation.
 - We are holding 2 workshops like this and will be speaking to taxi and PHV drivers and operators from within the GM boundary;
 - Everyone invited today is from:
 - (workshop 1) Taxi operators in GM;
 - (workshop 2) PHV operators in GM.

Slide 5 (Overview of the evening)

- Format of the evening
 - Small discussion groups for the next 15-20 minutes – to discuss your current vehicle purchasing behaviours;
 - Back here for a 10 min presentation on air quality, Clean Air Zones;
 - 15 minute break, there will be refreshments;
 - Back here for an explanation on Financial Support Measures;
 - Back into small discussion groups for an hour to discuss potential measures.

- Participation is completely voluntary and you can withdraw at any time.

- We recognise how important your time is and to thank you for your time and input we will provide you with £100 at the end of today's session.

- If you have a:
 - red sticker, please follow Paul
 - green sticker, follow Eve
 - blue sticker, please follow Emma

- Any questions?

Breakout group 1 – current buying behaviour [15 mins]

Introduction [5 mins]

- Moderator to introduce themselves
- Everything you say will be treated in confidence and analysed anonymously. The research complies with the MRS Code of Conduct, Data Protection Act and GDPR.
- Reminder that that this session is being recorded.
- Phones off / silent during our discussion, but you can use them during the refreshment break.
- No right or wrong answers, discussion not Q&A, but please don't talk over each other/have side conversations – everyone will get a chance to talk.
- Any questions?

- Before we start, please ensure you have completed Part 1 of your 'Reflection Booklet'

- Members of the group introduce themselves....Please can you tell us:
 - First name and whether you are a driver / operator
 - If you are representing a company, how many drivers work for your company?
 - If you are a driver, how long have you been a self-employed driver?
 - In which part of Manchester are you licensed?

Current Buying Behaviour [10 mins]

- Existing vehicle purchase/lease:
 - Do you own the vehicle, lease it or something else? Why?
 - How did you make the purchase? Why?
 - Where did you buy it from? Why?
 - What did you do with your previous vehicle? Why?
 - If owned, do you own it outright or on credit/loan? How much longer on your loan? If leased, how long is the lease? What are terms for exiting the lease?

- Anticipated next vehicle purchase/lease:
 - When are you likely to replace your current vehicle? Why?
 - What will you replace it with? Why?
 - How will you finance this? Why?
 - Where will you purchase the new vehicle from? Why?
 - What will you do with your current vehicle? Why?

Information presentation 7pm – CLEAN AIR ZONE [10 mins]

BREAKOUT GROUP 2 – CLEAN AIR ZONE REACTIONS [35 MINS]

- **Reminder:**

- Before we start, please complete Part 2 of your Reflection Booklet
- Hand out slide packs

Informed views on air pollution in Greater Manchester [5 mins or less]

- To what extent do you think air pollution is a problem in Greater Manchester?
(for each prompt: why do you think this?)
 - How much of a problem do you consider it to be?
 - Why is it a problem? What are the impacts?
 - Does it vary by area? How? Why?
- Do you think it necessary that some form of measures are put in place to reduce air pollution?

Views on CAZ [30 mins]

Use show cards to provide reminder of the key aspects of the CAZ, particularly compliance criteria

- What do you think about this proposal? Why?
- What impacts will a CAZ have:
 - On you/your organisation? Why?
 - More widely, i.e. beyond you/your organisation? Why?
- [Unprompted] In 2021, how are you/your organisation likely to respond to the implementation of a CAZ?

- [Prompted - using show cards for participants to move around/rate/rank] Will you...

Behavioural Response	Prompt
Pay the charge	Why will you do this? How long for? How will you finance the charge? Will you change anything else?
Change to a compliant vehicle	Why will you do this? When would you look to do this? Would you start by paying the charge? Why? What type of vehicle – petrol/diesel/EV? Why? Would you have bought a compliant vehicle before 2021 anyway? Would the CAZ mean buying a vehicle sooner than you otherwise planned? How would you finance the vehicle? Why? How much will it cost you? What will you do with your current vehicle?
Change license from taxi to PHV (or vice versa)	Why do you think you will do this? What other implications could this have for you?
Work in a different area (beyond Manchester)	Why do you think you will do this? What impact would this have on you?
Change profession	Why do you think you will do this? What other implications could this have for you?

- What kind of support would you want to help you upgrade to a compliant vehicle? Why?

Break for refreshments at 7.45pm [15 mins]

FINANCIAL SUPPORT MEASURES PRESENTATION AT 8PM [10 mins]

BREAKOUT GROUP 3 – FINANCIAL SUPPORT MEASURES REACTIONS [40 MINS] 8.15-8.55PM

Before we start, please complete Part 3 of your Reflection Booklet

Vehicle Finance [15-20 mins]

- Use show cards to provide a reminder on the vehicle finance measure. What do you think about the Vehicle Finance measure? Why?
 - Who would you want to apply to for the finance? Why?
- How are you/your organisation likely to respond to the availability of vehicle finance? [Prompt only if required] Will you...
 - Take up this option and change to a compliant vehicle?
 - Why would you do this?
 - What would you use as the deposit? Trade in or residual value? Savings? A private loan? Other?
 - What kind of compliant vehicle (e.g. EV)?
 - Not take up this option? Why? Prompt, if necessary:
 - Do you have funds available to upgrade anyway?
 - Prefer to own outright?
 - Can't afford it/the deposit?
 - Put off by application process?
 - Don't believe are eligible?
 - Other reasons?
 - Not sure? Why?
 - Anything else? Why?
- What are the main factors that would encourage you to take up the vehicle finance? Why?
- What are the main factors that would prevent you from taking up the vehicle finance? Why?
- Have your views on the CAZ changed from our previous discussion?
 - Why have your views changed?
 - How have your views changed?
 - What specific information has changed your views?
- If the conditions of the vehicle finance varied (e.g. different time spans, lower deposits) would this impact your decision to take up/not take up the option?

Using showcards for participants to move around:

- Finance for 4 years at 5% below market rates with
 - 20% deposit
 - 10% deposit
 - 5% deposit
- Different repayment periods - 2, 6, 10 years.
- Interest rates?
- If the 5% deposit was paid for you, how would that impact your decision to take up/not take up the option? What about 10%?
- What are your preferred conditions? For each aspect: why? What makes this more preferable than the other conditions?

Views on Vehicle Renewal Scheme [15-20 mins]

Use show cards and read out information on the financial support measure – ask about £3,000 (taxi) / £1,500 (PHV) grant ONLY dependent on group

- What do you think about the Vehicle Renewal Scheme? Why?
 - Who would you want to apply to for the financial support? Why?
- How are you/your organisation likely to respond to the availability of the renewal scheme? [Prompt only if necessary] Will you...
 - Take up this option and change to a compliant vehicle? Why? What kind of compliant vehicle (e.g. EV)? What will you do with your existing vehicle(s)?
 - (Taxi ONLY) Take up this grant option if and use it to retrofit your vehicle? Why?
 - Take up to use as the deposit for the lease/finance support measure? Why?
 - Not take up this scheme? Why? Prompt, if necessary:
 - Don't want to scrap my existing vehicle/would lose money by scrapping my vehicle?
 - Put off by application process? Why?
 - Don't believe are eligible?
 - Not enough money?
 - Other reasons?
 - What would be required to encourage you to upgrade your vehicle?
 - Not sure? Why?
 - Anything else? Why?
- What are the main factors that would encourage you to take up the vehicle renewal scheme? Why?
- What are the main factors that would prevent you from taking up the vehicle renewal scheme? Why?
- If you had to scrap your vehicle in order to get the fund would this change whether you would take the grant?
- Have your views on the CAZ changed from our previous discussion?
 - Why have your views changed?
 - How have your views changed?
 - What specific information has changed your views?
- If the grant was lower, £1,500 (taxi) or £750 (PHV) would this change your views? How?
- If the grant was higher, £6,000 (taxi) or £3,000 (PHV):
 - Would this change any of your views?
 - Would you consider buying an electric vehicle?
- If the grant was higher, £9,000, but specifically to purchase an electric vehicle, would you consider buying an EV? Why/why not?

Reflection and Priorities [5 mins]

I would now like to consider the measures we discussed in detail together

Please complete Part 4 of your Reflection Booklet

- Of the financial support measures we have discussed, which would be most / least useful to you? Why?
- Now we have discussed everything in detail, for the vehicle finance scheme, how would you summarise:
 - Level of support;
 - Likely behavioural change; and
 - Impact of funding options on views toward CAZ.
- Similarly, for the vehicle renewal scheme, how would you summarise:
 - Level of support;
 - Likely behavioural change; and
 - Impact of funding options on views toward CAZ.
- Considering both the vehicle finance scheme and the renewal scheme together, what do you think your likely response would be to the introduction of a Clean Air Zone? Why/what would it depend on?
- Are there any final comments you would like to make on anything we have discussed?
- Thank you for your contributions
 - which are really valuable;
 - which will help TfGM Greater Manchester Combined Authority and local authorities understand the impacts of measures to reduce pollution in Greater Manchester, and how these can be minimised; and
 - which will be extremely important in helping with the development of the Clean Air Plan.

Write the colour of your group on your Reflection Booklet and leave it here before you leave. Please also leave your slide packs.

Distribute incentives.



Clean Air Plan

Workshop

SYSTRA



Clean Air Plan Overview

- **Transport for Greater Manchester**, the Greater Manchester **Combined Authority** and **10 local authorities** are working together to create a **single Clean Air Plan**.
- The plan will propose a **package of measures** to reduce NO₂ emissions from road traffic.
- The approach aims to:
 - Avoid **displacing** NO₂ pollution to other areas;
 - Ensure the plan **works alongside** existing Greater Manchester-wide strategies; and
 - Reduce emissions in the **most effective way** across the whole of the city-region.



Why are we producing a Clean Air Plan?

- Legal limits for concentrations of NO₂ were **enshrined in UK law in 2010**.
- Compliance with these legal limits has **not been achieved**.
- The UK Government has been directed to take action after a successful **legal challenge** by Client Earth.
- The Government has directed local authorities to produce a Clean Air Plan to deliver **compliance with legal limits in the shortest possible time**.

Why are you here?

- The Clean Air Plan will comprise a **series of measures** to deliver compliance with legal limits in the **shortest possible time**.
- You **may potentially be impacted** by the measures so we want to hear your thoughts.
- The workshop will you give an **opportunity** to discuss and give your views toward one measure in particular: a **Clean Air Zone**.
- We want to understand **the impact of the proposed Clean Air Zone** and **investigate mitigations** that may lessen the impact.



Overview of the Evening

- **6:30pm:** Opening plenary
- **6:35pm:** Current buying behaviour discussion
- **7:00pm:** Information presentation - CAZ
- **7:10pm:** CAZ discussion
- **7:45pm:** Break and refreshments
- **8:00pm:** Information presentation – Financial Support Measures
- **8:10pm:** Financial Support Measures discussion
- **8:55pm:** Closing thoughts





Current Buying Behaviour Discussion





Understanding the Need for a Clean Air Plan



Poor Air Quality: What is the Problem?

- Air Pollution can be split into **two main categories**:
 - Oxides of nitrogen
 - Particulate matter
- Road transport is responsible for **80% of nitrogen dioxide (NO₂)** concentrations at roadside, of which **diesel** vehicles are the largest source
- Poor air quality is the **largest environmental risk** to the public's health, and particular pollutants remain a serious concern in urban areas, including across Greater Manchester



Poor Air Quality: Your Health

- Poor air quality can have **long-term health impacts** on everyone.
- Immediate health impacts on those most vulnerable in society, including:
 - The **youngest** and the **oldest**;
 - Those living in areas of **deprivation** and **near busy roads**;
 - Professional **drivers**, or those who spend many hours in a vehicle;
 - Those with **existing respiratory** or **cardiovascular disease**.
- It is estimated that poor air pollution contributes to the **early deaths of around 1,200 people** in Greater Manchester every year and plays a part in **breathing illnesses, heart disease, stroke**, and even some **cancers**.

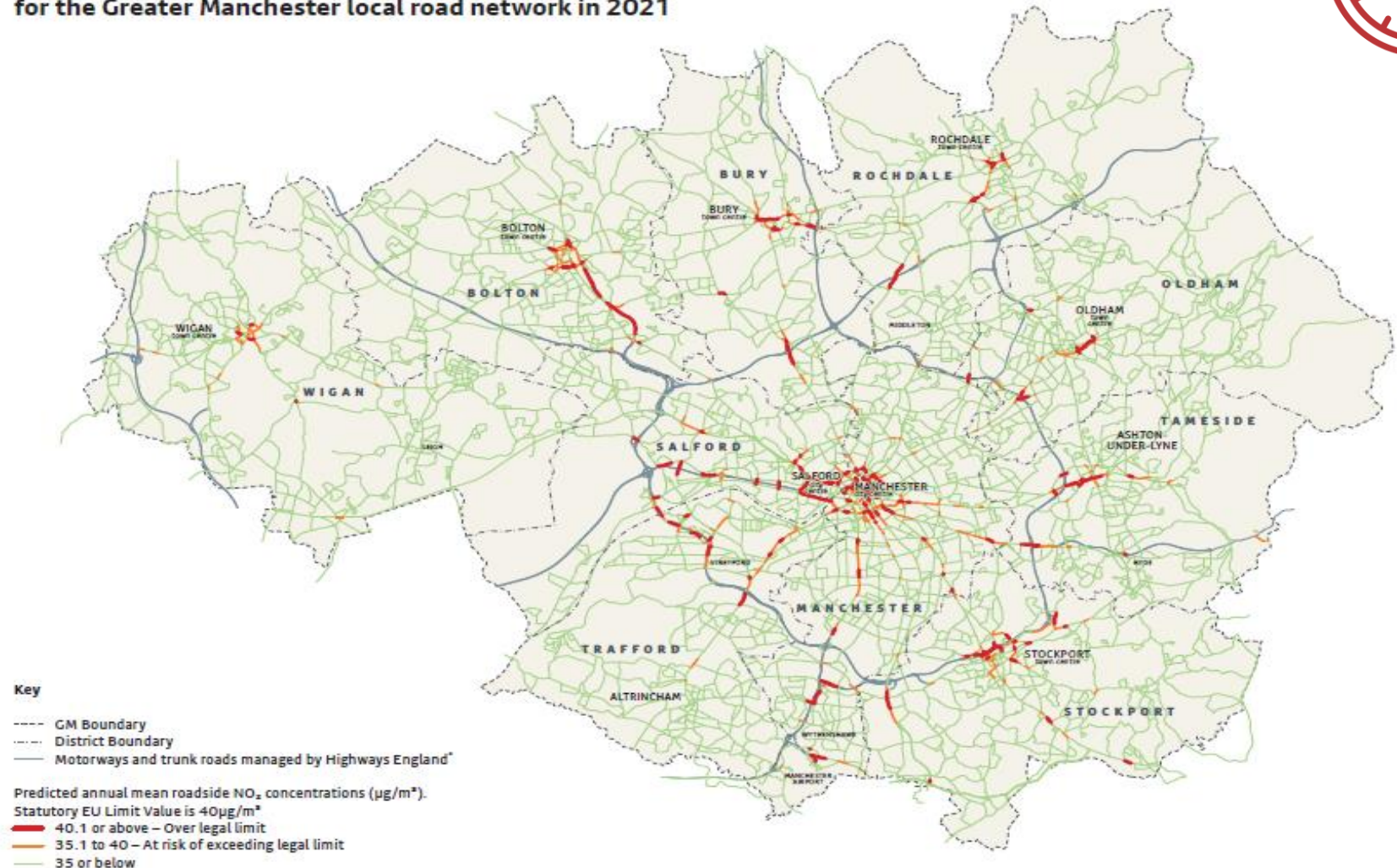


What will happen by 2021 if we take no action?



Predicted annual mean nitrogen dioxide (NO₂) concentrations for the Greater Manchester local road network in 2021

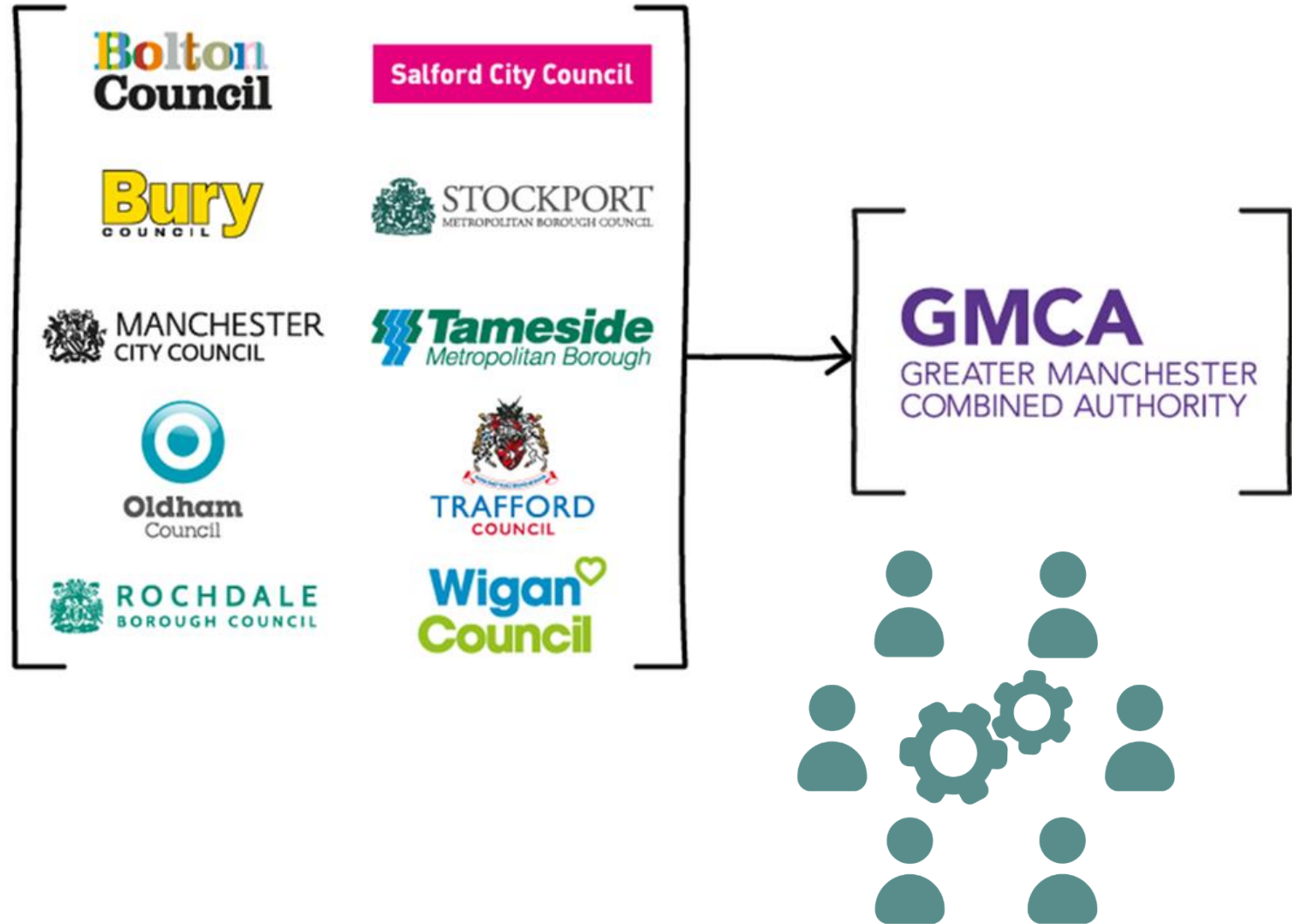
- Over **150 stretches of road** across GM will still be in breach of legal limits for harmful concentrations of NO₂ in two years unless action is taken.
- The red sections are over the legal limit, the orange sections are those that are at risk of breaching the limit



* Concentrations not included as out of scope for the GM Clean Air Plan

What is Greater Manchester doing about Poor Air Quality?

- Improving air quality and reducing emissions harmful to health is a **key policy** for Greater Manchester.
- Greater Manchester's ten districts are working together to develop a **package of measures to tackle illegal levels of harmful concentrations of NO₂**.



How do the proposals align with taxi and licensing reform plans for GM?

- The 10 GM local authorities have been working together to develop, finalise and implement a common set of **minimum standards for Taxi and Private Hire services licensed in Greater Manchester**. Greater Manchester Leaders have consistently stated that these standards must **align** with the Greater Manchester Clean Air Plan.
- As the 10 local authorities are **awaiting feedback** from government on some elements of the Clean Air Plan, and there is a lack of clarity around the Government's **intention to legislate** for national minimum licensing standards, there will be **no consultation** on the taxi and licensing minimum standards reform during this workshop.





Clean Air Zone



What is a Clean Air Zone?



- A Clean Air Zone covers an **area of a city or region**.
- It means that vehicles travelling into, within and through that area must **comply with emissions standards** or **pay a penalty charge**.
- Clean Air Zones operate **24 hours a day, 365 days a year**.
- The goal of a Clean Air Zone is to **encourage people to upgrade** to a cleaner vehicle – the more people that comply and do not have to pay, the better.

Clean Air Zones are not the same as Congestion Charging Zones

Congestion Charging Zones	Clean Air Zones (CAZ)
Charges apply to all vehicles (with some discounts and exemptions applied)	Penalty only applies to non-compliant vehicles , compliant vehicles are unaffected
Goal is that some people switch to other modes of transport , but most stay and pay – so drivers pay the cost they impose on others	Goal is for a reduced number of the most polluting vehicles entering a designated area
Schemes are highly profitable , providing resources to invest in public transport, active travel and other measures	Over time, the revenue provided by a CAZ will reduce as fewer vehicles are required to pay the penalty



What is proposed in Greater Manchester?

The Government framework sets out **different categories** of Clean Air Zone, based on how polluting different vehicles are in an urban environment. Greater Manchester is proposing a **Category C Clean Air Zone across all local roads in GM** from 2021.

Categories: Government has specified four categories of Clean Air Zones where drivers of non-compliant vehicles would pay a penalty to travel within a designated area.

CLASS A –   

CLASS B –    

CLASS C –     

CLASS D –       

Age of compliant vehicles:

Car/Taxi

Diesel Euro 6 (2015)

Petrol Euro 4 (2005)

Van

Euro 6 (2016)

Bus/HGV

Euro 6 (2013)

Motorcycle/Moped

Euro 3 (2007)

Ultra-low emission vehicles with a significant zero-emission range are exempt.



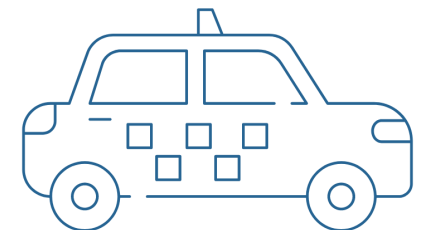
This will also be supported by investment in the Electric Vehicle Charging Network – trebling the size to 1,000 charging points.

Greater Manchester Clean Air Zone



What does this mean for Taxis/PHVs?

Subject to a charge	Not subject to a charge
Non-compliant from 2021	Compliant
Petrol taxis and private hire vehicles (inc. hybrids) which have Euro 3 or earlier engines (typically registered before 2005)	Petrol taxis and private hire vehicles which have Euro 4 engines or later
Diesel taxis and private hire vehicles (inc. hybrids) which have Euro 5 or earlier engines (typically registered before 2016)	Diesel taxis and private hire vehicles which have Euro 6 engines
	Ultra low emission vehicles



Why are private cars exempt?

- **Commercial and passenger** transport vehicles are used much more **intensively** than private cars, and are often operating in town and city centres with **greater frequency**, so the benefit of cleaning them up is far greater.
- Modelling shows that **penalties for commercial and passenger** transport vehicles would achieve the **required reduction** in nitrogen dioxide levels in the **shortest possible time** and in the most **cost effective** way, while minimising the wider impacts on Greater Manchester's people and economy.





Indicative daily penalty payments

- The goal of daily charges is to **reduce the number of polluting vehicles** on GM roads.
- The following charges have been **estimated** and are subject to **further development, consultation and engagement**.

Vehicle type	Daily penalty	PCN charge (additional to daily penalty)
Taxis / private hire vehicles	£7.50	£120
Vans, minibuses, motorhomes and motorised horseboxes	£7.50	£120
HGVs	£100	£120
Buses / coaches	£100	£120
Cars, motorbikes and mopeds	N/A	N/A

- Vehicles subjected to the penalty who do not pay would be issued with a **Penalty Charge Notice (PCN)** and would be required to pay the original charge and the penalty charge.

How will the Clean Air Zone be funded?

- The financials are **indicative** at this stage as a number of assumptions have been made in developing proposals, since there is no comparable Clean Air Zone currently in operation in the UK.
- The full costs of the Clean Air Zone measures will be **met by central government**.
- Any surplus (after costs are deducted) from the penalty charge would be **reinvested in the Greater Manchester transport network**. This could include improvements to public transport, including P&Rs, and cycling and walking schemes.





Clean Air Zone Discussion



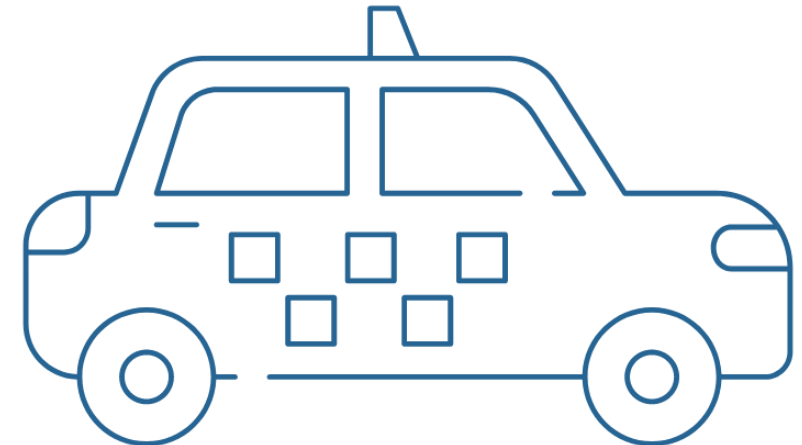


Financial Support Measures



What help will you receive to upgrade to cleaner vehicles?

- Two indicative scenarios have been proposed to help pay for the **scrappage** or **upgrade** of the most polluting Taxi and PHVs. These are:
 - **Vehicle Finance**
 - **Vehicle Renewal Scheme**



Vehicle Finance



- Drivers and operators of **non-compliant** taxis and PHVs **licensed** in Greater Manchester for at least **12 months**, could apply for a **finance** to cover the full costs or lease of replacement cleaner vehicles. Finance contracts will likely be over a term of 4 years, with monthly re-payments.
- Finance will be subject to evidence of a **suitable deposit** and **credit checks** and will have an **interest rate** below market rate. **Deposits** can come from the sale/scrappage of a non-compliant vehicle, from grant funding or from personal funds.
- Vehicles must have a **valid MOT** and **road tax** at the date of application and funding must be used to:
 - **replace** the vehicle with a compliant **new** or **second-hand** vehicle



Vehicle Renewal Scheme

- Drivers and operators of **non-compliant** Taxis and PHVs **licensed** in Greater Manchester for at least **12 months**, could apply for financial support to upgrade to cleaner vehicles.
- Subject to government approval, we expect the following to be **available in 2020**:

£3,000 per eligible Hackney Carriage
£1,500 per eligible PHV

- Vehicles must have a **valid MOT** and **road tax** at the date of application, and funding must be used to:
 - **(a) replace** the vehicle with a compliant **new** or **second-hand** vehicle
 - **(b) retrofit** with an approved retrofit solution



Financial Support Measures Discussion



Thank you

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Appendix C – Purchasing and leasing decisions

Part 1 – Uninformed Views

Table 1. (Q1) Are you a...

Are you a...	Taxi	PHV	Total
Self-employed driver owning or leasing a vehicle	29	31	60
Vehicle operator only	1	2	3
Base	30	33	63

Table 2. (Q2) How many Taxi / PHV vehicles do you own?

How many Taxi / PHV vehicles do you own?	Taxi	PHV	Total
0	3	5	8
1	23	27	50
2-5	3	1	4
6-10	0	0	0
11+	1	0	1
Base	30	33	63

Table 3. (Q3) Please could you provide some more information on the vehicle you use in your Taxi / PHV work?

Please could you provide some more information on the vehicle you use in your Taxi / PHV work?				
Make	Model	Taxi	PHV	Total
Citroen	Picasso	0	1	1
Ford	Focus	1	1	2
	Mondeo	1	0	1
	Tourneo	0	2	2
	Transit	0	1	1
Hyundai	i800	0	1	1
LTI	Tx2	1	0	1
	Tx4	8	0	8
Mercedes Benz	C Class	0	1	1
	C200d	1	0	1
	E Class	0	1	1
	Sprinter	1	1	2
	V Class	0	1	1
	Vito	8	1	9
Peugeot	508	0	1	1
	E7	2	0	2
	E7 Expert	4	0	4
Renault		1	0	1
Skoda	Octavia	1	12	13
Toyota	Auris	0	1	1
	Avensis	0	2	2
VW	Passat	0	2	2
	Tiguan	0	1	1
Base		29	30	59

Table 4. (Q3) Please could you provide some more information on the vehicle you use in your Taxi / PHV work?

Please could you provide some more information on the vehicle you use in your Taxi / PHV work?	Taxi	PHV	Total
Diesel	29	29	58
Base	29	29	58

Table 5. (Q4) Which area is this vehicle licensed to?

Which area is this vehicle licensed to?	Taxi	PHV	Total
Bolton	0	3	3
Bury	8	3	11
Manchester City Centre	10	2	12
Oldham	3	13	16
Rochdale	2	5	7
Salford	4	2	6
Stockport	1	0	1
Tameside	0	2	2
Trafford	1	1	2
Wigan	0	1	1
Base	29	32	61

Table 6. (Q5a) What year did you purchase your vehicle?

What year did you purchase your vehicle?	Taxi	PHV	Total
2019 – 2015	7	15	22
2014 – 2010	0	13	13
2009 – 2005	1	3	4
2004 – 2001	1	0	1
2000 and prior	0	0	0
Base	9	31	40

Table 7. (Q5b) How much did you pay for your vehicle when you purchased it?

How much did you pay for your vehicle when you purchased it?	Taxi	PHV	Total
Over £60,000	1	0	1
£59,999 – £40,000	0	0	0
£39,999 – £20,000	15	6	21
£19,000 – £9,000	8	14	22
Less than £8,999	1	11	12
Base	25	31	56

Table 8. (Q5c) When you purchased your vehicle was it new or second hand?

When you purchased your vehicle was it new or second hand?	Taxi	PHV	Total
New	12	7	19
Second hand	15	23	38
Base	27	30	57

Table 9. (Q5d) How old was your vehicle when you purchased it?

How old was your vehicle when you purchased it?	Taxi	PHV	Total
2019 – 2015 (Euro 6)	2	4	6
2014 – 2011 (Euro 5)	16	23	39
2010 – 2006 (Euro 4)	6	3	9
2005 – 2001 (Euro 3)	2	0	2
2000 and prior (Euro 1 and 2)	1	0	1
Base	27	30	57

Table 10. (Q5e) Is your vehicle...

Is your vehicle...	Taxi	PHV	Total
Owned – outright	20	22	42
Owned – through a loan/credit	3	6	9
Leased	2	4	6
Base	25	32	57

Table 11. (Q5f) How did you pay for your vehicle?

How did you pay for your vehicle?	Taxi	PHV	Total
Cash	5	17	22
Finance	18	12	30
Loan	1	1	2
Cash and Finance	3	1	4
Cash and Loan	0	0	0
Finance and Loan	0	0	0
All 3	0	0	0
Base	27	31	58

Table 12. (Q5g) Where did you purchase your vehicle?

Where did you purchase your vehicle?	Taxi	PHV	Total
Car manufacturer/dealer	17	19	36
Auction	0	1	1
Private sale	9	8	17
Base	26	28	54

Table 13. (Q5h) What did you do with your previous vehicle when you purchased your current one (if applicable)?

(Q5h) What did you do with your previous vehicle when you purchased your current one (if applicable)?	Taxi	PHV	Total
Sold it	9	14	23
Scrapped it	4	2	6
Traded it through a manufacturer/dealer	11	6	17
Base	24	22	46

Table 14. (Q5i) When are you likely to replace your vehicle?

When are you likely to replace your vehicle?	Taxi	PHV	Total
Within the next 2 years	12	15	27
In about 2-5 years' time	8	12	20
In about 6-10 years' time	4	3	7
Over 10 years' time	1	0	1
I will not be replacing my vehicle	2	1	3
Base	27	31	58

Table 15. (Q5j) What type of engine will your replacement vehicle have?

What type of engine will your replacement vehicle have?	Taxi	PHV	Total
Electric	3	3	6
Diesel	7	8	15
Petrol	1	2	3
Hybrid	1	5	6
Not sure	10	11	21
Base	22	29	51

Table 16. (Q5k) How are you likely to finance the replacement of your vehicle?

How are you likely to finance the replacement of your vehicle?	Taxi	PHV	Total
Cash	1	4	5
Finance	17	14	31
Loan	1	1	2
Not sure	6	11	17
Cash and Finance	1	1	2
Cash and Loan	0	0	0
Finance and Loan	0	0	0
All 3	0	0	0
Base	26	31	57

Table 17. (Q5l) Where are you likely to purchase the replacement vehicle from?

Where are you likely to purchase the replacement vehicle from?	Taxi	PHV	Total
Car manufacturer/dealer	20	13	33
Auction	0	2	2
Private sale	0	6	6
Base	20	21	41

Table 18. (Q5M) What are you likely to do with your vehicle when you replace it?

What are you likely to do with your vehicle when you replace it?	Taxi	PHV	Total
Sell it	7	14	21
Scrap it	2	2	4
Trade it through a manufacturer/dealer	9	5	14
Not sure	5	6	11

Base	23	27	50
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Part 2 – Informed Response prior to group discussion

Table 19. (Q6) How concerned are you about air pollution in Greater Manchester?

How concerned are you about air pollution in Greater Manchester?	Taxi	PHV	Total
0	0	2	2
1	2	0	2
2	0	0	0
3	2	5	7
4	0	1	1
5	1	2	3
6	1	1	2
7	6	12	18
8	3	3	6
9	1	2	3
10	5	0	5
Average	6.9	5.8	6.2
Base	21	28	49

Table 20. (Q7) How do you think you might respond to the introduction of the Clean Air Zone? (Open)

How do you think you might respond to the introduction of the Clean Air Zone? (Open)	Taxi	PHV	Total
Will change to a compliant vehicle	5	6	11
Unsure/does not have enough information to decide	3	4	7
Will change career	4	1	5
Will be unhappy about it/does not find it fair	1	3	4
Retire	1	2	3
Will be forced out of job	1	1	2
Think it is a good idea	0	2	2
Pass charges on to customer	0	2	2
Other	1	1	2
Base	16	22	38

Table 21. (Q8a) How are you/your organisation likely to respond to the availability of vehicle finance?

How are you/your organisation likely to respond to the availability of vehicle finance?	Taxi	PHV	Total
Take up the option	7	13	20
Not take up the option	6	4	10
No idea	8	6	14
Base	21	23	44

Table 22. (Q8b) How are you/your organisation likely to respond to the availability of the vehicle renewal scheme?

How are you/your organisation likely to respond to the availability of the vehicle renewal scheme?	Taxi	PHV	Total
Take up the option	4	9	13
Not take up the option	5	5	10
No idea	8	7	15
Base	17	21	38

Part 3 of booklets – Informed Response after group discussion

Table 23. (Q9a) How are you/your organisation likely to respond to the availability of vehicle finance?

How are you/your organisation likely to respond to the availability of vehicle finance?	Taxi	PHV	Total
Take up the option	12	10	22
Not take up the option	1	3	4
No idea	7	7	14
Base	20	20	40

Table 24. (Q9b) How are you/your organisation likely to respond to the availability of the vehicle renewal scheme?

How are you/your organisation likely to respond to the availability of the vehicle renewal scheme?	Taxi	PHV	Total
Take up the option	11	14	25
Not take up the option	2	3	5
No idea	6	7	13
Base	19	24	43

SYSTRA provides research and advice on transport to central, regional and local government, agencies, developers, operators and financiers.

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The SYSTRA logo is rendered in a bold, red, sans-serif typeface. The letters are thick and closely spaced, with a distinctive design where the 'S' and 'Y' have a slightly irregular, hand-drawn quality. The 'A' at the end is also bold and red, matching the rest of the brand name.