



## Response of the Road Haulage Association to Transport Scotland

### Scotland's Low Emission Zones – Consultation on Regulations and Guidance

24 February 2020

#### Summary

1. We would like to thank Transport Scotland for its consultation on regulations and guidance regarding low emission zones (LEZ). The RHA has been actively engaged in the LEZ consultation process since LEZs were first conceived, and worked closely on the detail of specific local LEZ proposals.
2. As a UK-wide association, the RHA supports the policy aim to improve local air quality across the United Kingdom. However, it is vital that the right policy frameworks are in place to achieve it. We welcome that, in our discussions on detailed LEZ proposals in Glasgow, Edinburgh, Aberdeen, and Dundee to date, the **timing** of the introduction of charges on HGVs will be **phased in** to account for the anticipated future supply of compliant Euro VI vehicles to replace older models. **This is vital.**
3. Our response to this consultation is therefore based on an understanding that the current proposal to phase in the introduction of LEZ charges will continue. Should that understanding change, the RHA's overall position on LEZs will change accordingly.

#### UK-wide assessment of air quality policy initiatives

4. As a trade association representing members from across the UK, the policy aim of improving air quality and its impact on the haulage sector must be seen from a UK-wide perspective. We welcome the constructive dialogue between the RHA and Scottish authorities on the design of LEZ to date. Within Wales, the RHA is engaged with Welsh Government's currently consultation on its Clean Air plan. However, the RHA disagrees strongly with the equivalent Clean Air Zone (CAZ) approach taken in England to date. We particularly regret the subsequent and negative UK-wide commercial impact this has had for haulage.
5. The focus in England has been to create a CAZ model that emphasises high charges for pre-Euro VI lorries without regard to any form of phased implementation. Compounding this is an approach that discriminates by vehicle type (e.g. HGVs vs cars).



# The Road Haulage Association

6. Based on feedback from our members, the English CAZ model has caused the re-sale values of non-Euro VI lorries to fall. We are particularly concerned about the effect CAZ has had on the Euro V fleet, that accounts for 120,000 lorries or 24% of the current UK HGV fleet. Compounding this effect is a market shortage in second-hand Euro VI lorries that has caused the price of that product to rise.
7. Aggravating the problem is a failure by Westminster policy makers to recognise the perfectly-competitive nature of the haulage sector and the price benefit this derives for consumers in low transport costs. Unless specialist exemptions apply, adding costs impact the viability of SME businesses who are forced to pay uneconomic prices to upgrade vehicles.
8. The RHA and others have consistently highlighted to Westminster the problems the English approach is causing to the haulage sector. CAZ is expensive, inflexible and not as effective as it should be. The RHA is calling for DEFRA/DfT to conduct an urgent review into its approach and to introduce “intelligent phasing” to stabilise the market. We therefore welcome the announcement on 21 February 2020 by Coventry City Council who, together with Southampton and Nottingham, have dropped proposals to introduce a charging CAZ. We particularly welcome how local leadership has determined alternative ways forward to achieve improved air quality.
9. Our comments to this consultation should be seen within this UK-wide introductory context.

## **Background about the RHA**

10. The RHA is the leading trade association representing 7,200 road haulage and distribution companies across the UK. Our members operate around 250,000 HGVs (i.e. half of the UK fleet), ranging from a single-truck company to those with thousands of vehicles.
11. We proactively encourage a spirit of entrepreneurialism, compliance, profitability, safety and social responsibility. We do so through a range of services, such as advice, representation, and training.
12. We work alongside policymakers and haulage companies to identify ways to move freight more efficiently at a lower cost based on our widespread knowledge and expertise in the area.
13. Our comments are set against a context where:
  - a. 85% of HGV operators are SME businesses, and typically work on a 1% or 2% profit margin. Any additional cost incurred cannot be absorbed, and will either be passed on to the consumer or cause the HGV operator to go out-of-business.
  - b. the purchase cost of an HGV starts from £80,000 and its life span is typically 12 years. In the case of low mileage, specialist-built vehicles, the lifespan can be much longer and cost considerably more to purchase.

- c. 98% of all goods consumed in the UK are moved by road, with 2.54m people employed in the haulage and logistics sector, and more than 524,000 HGV's over 3.5 tonnes operating on UK roads. Not only does the haulage industry not only make a significant contribution to the UK economy (£124bn GVA), it also plays a fundamental role in facilitating the operation of other sectors, such as construction, housing, food, and retail.

## **RHA response to the consultation questions**

### **1a Do you agree with the proposed present-day emission standards for Scottish LEZs? If not, why not?**

14. The RHA notes that the Scottish Government is proposing that LEZ compliance for HGVs is based on the Euro VI emission standard. However, there is no accompanying rationale or justification given as to why the Euro VI has been chosen. This should be clarified.

### **1b What are your views on Scotland making a transformative shift to zero or ultra-low emission city centres by 2030? Please be as specific as possible in your reasoning.**

15. The RHA supports the need for improved air quality and a sustainable environment; however, it is vital that the right policy frameworks are put in place to achieve this. Currently, zero emission technology does not exist for HGVs, and it is imperative that policy-makers and haulage industry representatives continue working together to ensure that realistic policies are implemented.
16. This should be with the two core aims. First, policy-makers should incentivise the development of zero emission technology through appropriate investment initiatives. Secondly, hauliers should have positive incentives through, for example, tax-breaks so that they have confidence-to-invest in the clean technology we all desire.
17. The RHA notes that the Scottish Government recognises that the legacy of a previous investment in emissions technology "could" be accommodated in future policy frameworks. This recognition is **crucial** and must be central to future policy development.

### **2a Which of the proposed national LEZ exemptions do you agree with? Please be as specific as possible in your reasoning.**

18. Specialist HGV vehicles must be included in any exemptions. Such vehicles include, for example, mobile cranes with a starting cost of £200,000 and expected lifespan of more than 20 years. Further detailed work will be needed to define and scope the list of specialist vehicles, and the RHA stands ready to work with the Scottish Government on this.

**2b Are there any other LEZ exemptions you would propose? If so, what should these exemptions be and why?**

19. Not applicable.

**3a Do you agree with the proposed base level and subsequent tiers of penalty charges for each vehicle type as outlined in Table 5? Please explain your answer.**

20. The RHA is concerned that both the proposed base-level penalty of £500 and subsequent penalty regime structure is excessive and disproportionate for circumstances where “honest mistakes” are made – for example, accidentally entering a LEZ. We recommend that a much lower base-level penalty is levied in the first instance.

21. The RHA also wishes to make clear that, should the introduction of charges on HGVs NOT be phased in (as we articulate in our Summary), then the RHA will vociferously oppose this model. This is for two reasons:

- a. when hauliers typically operate between a 1% - 2% annual margin, starting base tier charges of £500 can not be absorbed and would be excessive and disproportionate.
- b. currently, just under half the UK HGV fleet will not comply with Scottish LEZ regulations as presently designed, and will accordingly be deterred from entering a Scottish LEZ. We would then question how the subsequent freight and other services supplied by non-compliant HGVs could be delivered into a Scottish LEZ.

**3b Which surcharge ‘curve’ in Figure 1 represents the best approach to designing a surcharge?**

22. Based on our current understanding outlined in question 3a, the RHA recognises graph 1 as portrayed in Figure 1.

**3c How should the surcharge approach be applied in order to discourage non-compliant vehicles from driving within a LEZ?**

23. We offer no comment, as we understand the Scottish Government’s preferred approach is graph 2. Further proposals on how graph 1 would work need to be defined before the RHA can comment further.

**3d How many days should lapse before a registered keeper of a vehicle returns to the base tier of the penalty charge?**

24. See our reply in para 22.

**4 Do you agree with the general principles of the LEZ enforcement regime? If not, why not?**

25. See our reply in paras 19 and 20.



**5 What are your views on the proposed list of ‘other persons’ that local authorities must consult with on their LEZ plans?**

26. The haulage sector through the Road Haulage Association (RHA) must be included in any consultation by local authorities. This is so that RHA representatives can be consulted on and explain to public authorities the consequences to haulage, logistics and the supply chain of any policy proposed by a public authority.

**6 If a LEZ scheme review was undertaken, what elements would you expect the review to investigate and how would the review ensure transparency and accountability?**

27. Any review should assess in depth whether the policy model as designed is fit-for-purpose. This would include whether the charges are appropriate, and having the both intended deterrent and emissions reduction effect without causing wider economic damage to business within a LEZ.

**7 What secondary objectives should be created for LEZ schemes? Please be as specific as possible in your reasoning.**

28. Given the Scottish Government’s stated desire “to make a transformative shift to zero or ultra-low emission city centres by 2030”, then all revenue collected from the LEZ should be redirected into the investment needed to develop the zero and ultra-low emission HGVs desired.

**8 Do you agree with the steps outlined in Figure 2 for enabling a LEZ scheme to come into effect? If not, why not?**

29. We offer no specific comment on Figure 2. We ask that both national and local authorities within Scotland involve the RHA at all times in the development of LEZ policy.

**9 How can local authorities maximise the technological opportunities available from the deployment of approved devices?**

30. Not applicable.

**10 What positive or negative impacts do you think the LEZ proposals outlined within this consultation may have on: (a) particular groups of people, with particular reference to ‘protected characteristics’ listed above (b) the very young and old (c) people facing socioeconomic disadvantages**

31. Not applicable

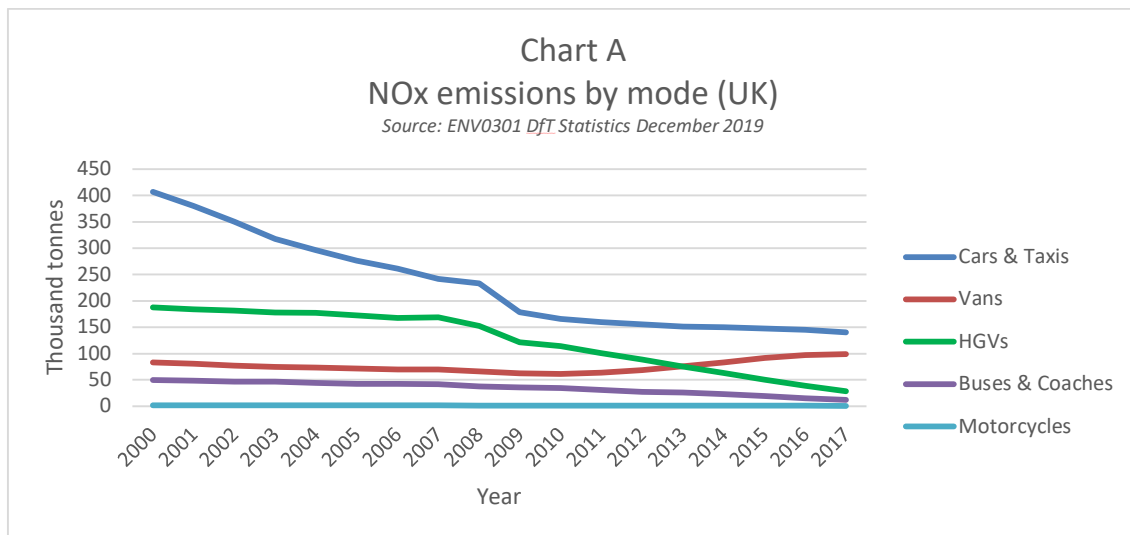
**11 Do you think the LEZ proposals outlined within this consultation are likely to increase, reduce or maintain the costs and burdens placed on business sectors? Please be as specific as possible in your reasoning.**

32. As outlined in our summary, Scotland’s LEZ proposals need to be seen within a UK-wide context. Given the different CAZ requirements emerging within England and the consequential bureaucratic burden and additional cost this creates for business, we urge that the bureaucracy in administering LEZ compliance is kept to an absolute minimum. We particularly call that, unlike in England, an “autopay” system is designed and implemented.

**12 What impacts do you think the LEZ proposals outlined within this consultation may have on the personal data and privacy of individuals?**

33. We offer no specific comment, as we assume that LEZ policy will be wholly compliant with GDPR and other relevant regulations.

**13 Do you think the LEZ proposals outlined within this consultation are likely to have an impact on the environment? If so, which ones and how? Please be as specific as possible in your reasoning.**



34. We ask the Scottish Government to recognise the great strides the haulage sector has already made in reducing harmful NOx emissions. Hauliers have invested £2.3bn in the latest cleanest lorries, which the RHA estimates has contributed to NOx emissions from HGVs falling by around 60% since 2013.<sup>1</sup> Data published separately by DfT which covers the entire UK – see chart A – confirms this downward trend.

35. We therefore see the Scottish LEZ initiative complementing the work and investment already under way by the haulage sector to invest in the improved air quality and sustainable environment we all desire. As articulated in paras 16 and 19 above, we would welcome any state-led investment and positive incentives that support and empower the haulage sector to upgrade to the clean technology desired.

<sup>1</sup> See: RHA NO<sub>x</sub> Emission Assessment – April 2019 (available from: [www.rha.uk.net](http://www.rha.uk.net))

**14 Do you have any other comments that you would like to add on the Scottish Government's LEZ proposals outlined within this consultation?**

36. We strongly recommend that Scottish authorities examine all non-charging options to reduce NOx emissions before proceeding with LEZ implementation . This includes:
- a. provide training courses on eco-driving;
  - b. enforcing anti-idling measures;
  - c. optimising traffic flow;
  - d. designing effective smart car-sharing schemes and other behavioural change that encourages and incentivises modal shift;
  - e. investing in public transport.
37. The RHA believes that air quality policies should work with the normal vehicle replacement cycles (typically, 12 years in the haulage sector) and should not undermine business investment in vehicles. Policy should also provide consistent and appropriate incentives for owners of the oldest, most-polluting vehicles to upgrade to newer cleaner vehicles. Failure to do this will result in an excessive and unnecessary cost to businesses and consumers.
38. We urge that the Scottish Government takes note and avoids two further policy errors with the English CAZ model, as follows:
- a. retrofitting to ensure LEZ compliance is not a viable option for most HGV operators;
  - b. a loophole exists in the English model as enforcement of non-compliance against non-UK registered lorries is not possible. The Scottish Government must avoid recreating this loophole.

## Final Comments

39. The RHA recognises that poor air quality is a serious environmental risk to public health, and our membership is committed to investing in the technology needed to achieve improved air quality. However, the regulatory framework underpinning clean air must support the investment lifecycle (typically, 12 years) that hauliers make.
40. On the clear understanding outlined in our Summary that the timing of the introduction of charges on HGVs will be phased in to account for the anticipated future supply of compliant Euro VI vehicles, the RHA remains committed to working with the authorities in Scotland to design a sustainable LEZ framework that works for everyone.

24 February 2020  
Martin Reid: Policy Director - Scotland  
Chris Ashley: Head of Policy – Environment & Regulation  
Road Haulage Association  
[c.ashley@rha.uk.net](mailto:c.ashley@rha.uk.net)