



Response of the Road Haulage Association to Leeds City Council

Air Quality Public Consultation August 2018

10 August 2018

Summary

1. Leeds City Council is asking businesses, both regionally and nationally, commuters and those living in the wider Leeds region to let them know their thoughts on the proposals for a Clean Air Zone in the city.
2. Leeds City Council believes that if it is to meet air quality standards, it may need to introduce a charging Clean Air Zone scheme. According to government frameworks, this has to happen as soon as possible, with the end of 2019 being the absolute deadline. The proposed Clean Air Zone would charge buses, HGVs, taxis and private hire vehicles that fail to meet the latest emissions standards for entering the city. The proposed standard for the heavy vehicle sector has been set at Euro VI – all lorries not meeting that standard will be charged a proposed £50 per day.

Background about the RHA

3. The RHA is the leading trade association representing road haulage and distribution companies, which operate HGVs as profit centres. Our 7,000 members, operating near to 250,000 HGVs, range from single-truck firms to those with thousands of vehicles. These companies provide essential services on which the people and businesses of the UK depend.
4. We proactively encourage a spirit of entrepreneurship, compliance, profitability, safety and social responsibility. We do so through a range of advice, representation and services, including training.
5. We would like to thank Leeds City Council for the consultation and the opportunity to comment on the issues raised.
6. The current second consultation online survey limits the ability to provide information that reflects our members views in full, or the impacts upon them. We have therefore replied in two ways, through the online survey and in this written response.

RHA view

7. The RHA supports clean air but has concerns over the timing of this proposal and other Clean Air Zone proposals being developed around the country; Euro VI technology is superb but there is insufficient numbers of Euro VI lorries to keep pace with the unrealistic time frames set by this consultation. Compliance with the changes will be impossible for many businesses due to the lack of Euro VI Lorries, the absence of a lorry retrofit option, and the limited opportunity for redeployment of Euro IV and V vehicles outside Leeds. Implementing a tax in this way on the sector will destroy some businesses and will make no material difference to air quality.
8. The current proposal will be a catastrophe for many, mostly smaller, road haulage businesses. We have members who have told us and Leeds Council representatives at recent public meetings that they will need to cease trading if the Clean Air Zone is introduced as currently proposed for lorries.
9. This view highlights that the proposal fails one of Leeds own “critical success factors”¹, that is to “Minimise the economic impact with **no one group overly affected more than any other by the CAZ plans.**”
10. We believe that Leeds City Council have underestimated the negative impacts of the proposals on the haulage sector in several key areas and had made a number of errors in its assessments.
11. A key assumption (based on JAQU guidance) regarding the switch to Euro VI compliance by road haulage operators before the start of the CAZ is not credible. The guidance used claims that in period between the decisions when it is finally taken, and the start of 2020 that 83% of the journeys that would be non-Euro VI without the CAZ will shift to Euro VI with a CAZ. This is not credible. We believe this being this behavioural change guidance is out of date, based on London only introducing a CAZ and based on longer lead times for changes to be made.
12. At the beginning of 2020 just over 50% of lorries will be Euro VI (see table 1 below), around 25% will be Euro V. We do not believe that the increase in the Euro VI share of lorry journeys stated by the Leeds consultation – from 66% in the “do nothing” to 94% in the CAZ option is achievable. The lorry fleet cannot support the 94% share claimed.
13. Another assumption used² is that there will be zero shift from lorries to large vans. This is simply wrong, as the large vans are excluded from daily charging there will be some operations that will shift away from lorries. As vans carry less, more vans will be used to deliver a given amount of goods – adding to congestion and emissions.
14. The impact on vehicle values (increased depreciation on non-Euro VI and inflated values for second hand Euro VI lorries) is totally overlooked. This is of critical

¹ Page 4, Leeds City Council Outline Business Case, v2.2 dated 17 July 2018

² Paragraph 5.3.3, page 42, Emission and Nitrogen Dioxide Concentration, Modelling Methodology Report.

importance for businesses who wish to upgrade their fleets, something that is impeding some businesses already from being able to upgrade.

15. The assessment looking at the affordability of the scheme is derisory and for SME's is totally absent³. This is on top of a total lack of quantified financial assessment that is explainable throughout all the information provided to support the CAZ proposal. There is no credible number given for the cost to business.
16. Leeds is still promoting the myth that retrofit for lorries is available. We have solid evidence that retrofitting in our sector is not available, there is no CVRAS approval for any lorries, nor is any likely before 2020. We see the offer to consider funding for this by Leeds as lacking credibility (lack of any approvals, the impact on competition, the affordability of any scheme that could make a meaningful impact).
17. Euro VI vehicles are in very high demand and there is insufficient in the market place to meet current demand. The HGV second hand market for Euro VI HGV's is highly inflated due to the insistence of Euro VI being the only acceptable lorry allowed within all CAZ proposals without charge. This impact has been acknowledged in the Outline Business Case (page 44), but it is then dismissed and ignored as an effect because of myth of retrofit. This dismissal of the lack of Euro VI lorries is a fundamental flaw the approach being taken by Leeds City Council.
18. It is very disappointing that Leeds has disregarded phasing the introduction of the CAZ so that modern high value vehicles, many just half way through their economic life, could continue in use for longer – thus minimising that significant financial penalties for many smaller businesses.
19. The RHA would like to make some important general points about air quality and the road haulage sector.
20. Over recent decades UK air quality has improved significantly thanks to concerted action at all levels. Total UK emissions of nitrogen oxides (NOx) fell by almost 70% between 1970 and 2015 and by over 19% between 2010 and 2015. Poor air quality is a serious environmental risk to public health in the UK and investing in cleaner air and doing even more to tackle air pollution are priorities for the RHA membership.
21. Road haulage is not discretionary, goods have to move for the wellbeing of people and businesses. Every home built requires tonnes of furniture, bricks, concrete and wood. All Leeds residents need feeding and resupplying and their waste dealing with on a daily basis, and this has to be done by road vehicles.
22. Our view, and feedback from members, is that many of the smaller operators cannot afford to upgrade to Euro VI. The RHA position has been that any Clean Air Zones need to be phased in a way that supports clean air objectives without major disruption to small businesses and their customers. In particular that we need to accommodate newer Euro V lorries for longer than is currently planned (either

³ Appendix 2 "Affordability for business" Leeds City Council Outline Business Case, v2.2 dated 17 July 2018

exempting Euro V from charges initially or having a much lower or no charge, to the end of 2024).

23. There are 143 road haulage operators based within the proposal zone, with the majority of these having less than 5 vehicles. It is well known to us that these operators will have vehicles that are non-compliant at Euro VI and will therefore will have to pay on a daily basis irrespective of whether delivering into the city. We do not have the ANPR data to review the amount of HGV's entering the zone, however the bulk will again be small operators and thus unable to avoid any charge through redeployment of vehicles.
24. It will not be a viable option for many of these small operators to pay the charge as the cost cannot be passed on; there are slim profit margins in the Road Haulage Sector many small businesses operating HGV's will have no alternative to but to cease to trade.
25. The RHA believe that congestion around the 4 non-complaint locations is the main cause of air pollution, and imposing a charge on trucks and busses which are essential movers of people and freight is the wrong direction for the authority to take.
26. Cars and vans make significant contributions to congestion; the data provided by Leeds confirms this, it shows that 69% of transport Nox emissions come from these sources. Tackling congestion during rush hours and school start and end times will have a major impact, free school transport and even more radical a free public transport zone would mitigate car use and may have the required impact on Air Quality.
27. We do not believe a charging CAZ for lorries will have the desired impact on air quality. Uptake of Euro VI will be less than predicted and congestion is being overlooked. It can be seen from the London example that implementing a charge is not having the desired effect on air quality when congestion is not tackled.
28. We do not believe that Leeds have taken into account business impact on operators of HGV's that move through numerous cities on a daily basis and in fact could be charged three or more times a day.
29. Due to the fact that a lorry in most cases will have an economic life span of over 10 years⁴ (longer for specialist vehicles), it is important to understand how the vehicle fleet has changed and will continue to change. The RHA assessment of the changes in the lorry fleet, by emission standard over time – given stable rates of change – is shown in table 1.

⁴ Department for Transport vehicle statistics – VEH0511 confirm this

Table 1. Changes in the lorry fleet, by emission standard over time

	2013	2015	2017	2019*	2021*	2023*	2025*
Euro VI	0	83,236	177,327	244,853	308,349	360,632	398,438
Euro V	180,000	168,162	142,497	136,367	104,378	73,064	48,731
Euro IV	108,600	91,598	70,641	43,169	28,437	18,453	13,020
Euro III	104,100	79,566	59,406	32,046	22,232	16,301	11,820
Pre Euro III	65,600	49,497	38,406	33,565	26,604	21,550	17,992

Data to 2017 extracted from DfT Statistics - VEH0511, published April 2018.

* RHA Data generated from long-term fleet profile information derived from VEH0511 - April 2018.

30. As can be seen in the above data, the fleet of modern Euro V vehicles remains substantial until after well after 2020. Undertaking limitation on the movement of Euro IV and V in the near term will be highly disruptive for operators.
31. At the beginning of 2020 approximately 50% of lorries will fall in scope of Clean Air Zone charging if a Euro VI only approach is adopted. As non-Euro VI lorries will have to be used in substantial numbers the Clean Air Zone charges will in effect be a tax on many freight movements, a tax that will impact most severely on smaller and medium sized businesses.

Recommendations of the RHA

32. In the context of just 4 sites of modest non-compliance is 2020⁵, the disproportionate and significant costs that will be imposed by the CAZ on many haulage businesses, the absence of any viable retrofit, the high daily charge and the cliff-edge nature of the Euro VI only approach we strongly oppose the proposal.
33. The RHA has recommend, **if any CAZ is introduced**, that an Intelligent Phasing of the charges is applied. One example would be charging older more polluting Euro III vehicles a full charge, Euro IV half of the Euro III charge and Euro V no charge until the end of 2022 then half charge until 2024. Alternatively, simply use the year of first registration as a proxy for the Euro standard and phase on that basis. (e.g. 14 year old vehicles full charge, 11 - 14 year old vehicles half charge, 10 year or less no charge).

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⁵ Paragraph 5.2.1, page 35, Emission and Nitrogen Dioxide Concentration, Modelling Methodology Report