



Response of the Road Haulage Association to Bath & North East Somerset Council

The Council's proposal to introduce a Class C, Charging Clean Air Zone (CAZ) in central Bath by the end of 2020.

18 October 2019

Summary

- 1) The RHA understands that Bath and North East Somerset Council (B&NES) has been directed by DEFRA and the DfT to produce a clean air plan to achieve air quality improvements in Bath by 2021. At the end of 2018, B&NES consulted on introducing a Class D Clean Air Zone but, in March 2019, the Council was directed by the Government to introduce a Class C Clean Air Zone. B&NES is now consulting on its Class C proposals before a final business case is submitted in December 2019 to the Government for approval.
- 2) The RHA responded to the original Class D consultation on 26 November 2018, and would now like to comment on the revised Class C proposal. We summarise what we understand the new proposal to be:
 - In order to achieve sufficient improvements in air quality and public health, a reassessment by B&NES has determined that, in its view, the most effective way to achieve NO_x reduction targets is a Class C Clean Air Zone (CAZ);
 - This means charging drivers of all higher emission vehicles – except cars & motorcycles – to drive in the city centre from the beginning of 2021;
 - The proposed zone would include the centre of the city, but B&NES believes that air quality would improve across the entire city;
 - Lower emission vehicles (petrol – Euro IV; Diesel – Euro VI) will not pay the charge;
 - Higher emission buses, coaches and heavy goods vehicles (HGV) will pay £100 per day to drive in the zone;
 - Higher emission taxis and light commercial vehicles (LCV) will pay £9 per day to drive in the zone;
 - Bath are proposing exemptions and concessions and additional supporting measures to lessen the impact of the zone, especially on vulnerable groups and businesses;
 - Following approval of the business case by the Government, the Clean Air Zone will become operational by the end of 2020.
- 3) This consultation closes on 20 October 2019.



The Road Haulage Association

Background about the RHA

- 4) 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.
- 5) We would like to thank Bath and North East Somerset Council for the consultation and the opportunity to comment on the issues raised. We have taken the questions from the accompanying on-line questionnaire, and set out our reply in this paper below.
- 6) Our response focuses on the impact on commercial HGV and LCV operators and their customers. 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. when the proposed clean air zone in B&NES comes into force in 2021, 36% of the UK HGV fleet will not be compliant, with the non-compliant being small HGV operators owning between 1-5 vehicles.
 - c. 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.
 - d. 98% of all goods consumed in the UK are moved by road, with 2.54m people employed in the haulage and logistics sector. More than 524,000 HGV's over 3.5 tonnes operate on UK roads, and the haulage and logistics sector is vital in supplying all businesses throughout the UK. Put simply, without our sector, businesses and consumers would not receive the goods they expect and the UK economy could not function effectively.

RHA Answers

Question 1. If you would like to comment on the change from a Class D to a Class C charging clean air zone (removing private cars from charges), please use the space below.

Answer.

- 7) The RHA understands the need for clean air, but we have **very severe concerns** that a charging clean air zone will be detrimental to the local economy of Bath and lead to unintended consequences. Instead, we support the implementation of non-charging measures which effectively target "hotspot" areas within Bath to reduce NO_x emissions to legal limits. Non-charging measures include:

- a. improving traffic flow that reduces congestion, such as better traffic light sequencing, improved junction layout;
 - b. encouraging improved driving behaviour across all vehicle modes, such as smoother gear changes and braking, discouraging engine-idling;
 - c. encouraging favourable conditions that allow HGVs to operate outside of normal business hours.
- 8) The RHA welcomes the action taken by Southampton City Council to move away from charging vehicles to enter a clean air zone and instead implement non-charging measures to bring NO_x emissions within legal limits as soon as possible. **We strongly recommend that B&NES follows the precedent set by Southampton City Council.**
- 9) Given the new proposal to implement a Class C clean air zone in Bath, we are concerned that small HGV and LCV operators will be disproportionately impacted, and we flag three specific concerns:
- a. practical HGV upgrade concerns
 - b. displacement
 - c. negative commercial impact on HGV/LCV operators

Practical HGV upgrade concerns

- 10) As we pointed out in our previous response (Nov 2018), the HGV sector is made up of over 70,000 registered operators, 85% of which are small businesses with many owning between 1 and 5 vehicles. They are the life blood of the sector.
- 11) Larger HGV operators can renew their fleets in a short turn around period, and many are already operating Euro VI lorries. However, smaller operators rely on the second-hand market or, if investing in a new lorry, will expect to operate that HGV for at least 12 years. This HGV lifecycle is longer for the specialised equipment sector, as this sector tends to own low mileage vehicles that are well-maintained.
- 12) The RHA is **extremely concerned** that the insistence by UK public authorities of Euro VI being the only compliant vehicles allowed to enter a clean air zone without charge has caused three detrimental commercial factors for HGV operators, as follows:
- a. it does not allow small operators to realise their return-on-investment, committed to in good faith, on Euro V and below lorries, which is unfair;
 - b. it creates a market distortion in vehicle sales and the second-hand market. This has created an impact where there are insufficient Euro VI lorries available to meet demand. Consequently, second-hand Euro VI engines are now more expensive, with the residual values of all other Euro engines substantially reduced making any Euro V or below worthless;

- c. a worthless asset on a haulier's balance sheet makes the future raising of commercial finance to sustain the business difficult. Any state intervention **MUST** avoid this consequence.

- 13) We point out that the infrastructure for alternative fuels (e.g. LNG, CNG, hydrogen) is extremely poor for the HGV sector. Accordingly, relying on HGVs switching to alternative fuels is not currently practicable within the envisaged timescales.
- 14) We are also aware that public authorities are relying on retrofitting as a solution for non-compliant vehicles. However, currently in the HGV sector, there is just one authorised retrofit solution for one model produced by one truck manufacturer (Mercedes Atego), and none for other manufacturers (Scania, DAF, MAN, Volvo etc.) Accordingly, retrofit is not a realistic solution for HGV.

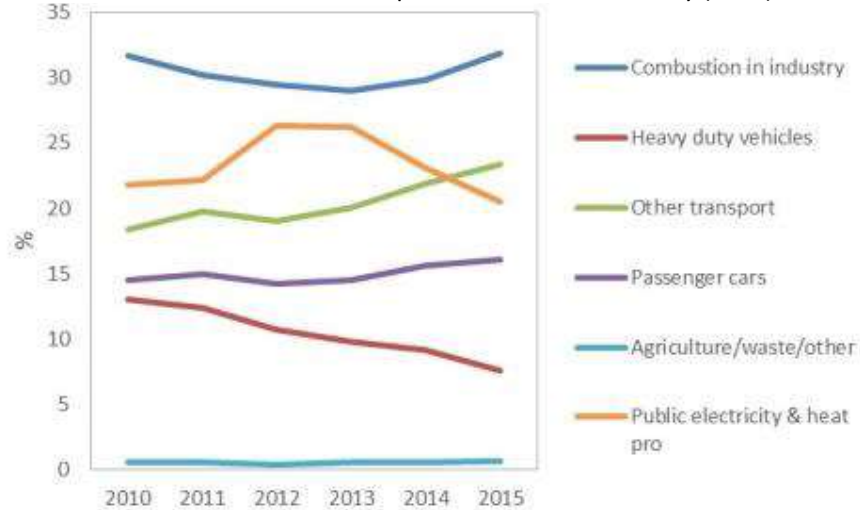
Displacement

- 15) We point out that, for every HGV priced out from entering a charging clean air zone, up to 20 LCVs (ie. vans) are required to transport the goods the HGV would have otherwise carried. That is additional vans on already congested streets, and we question how this additional congestion will bring down NO_x levels to the required legal limits by 2021.
- 16) We are also concerned that vehicles seeking to avoid paying the charge will travel along adjacent roads to clean air zone. We go into greater detail on this in our response to question 2.

Negative commercial impact on HGV/LCV operators

- 17) Conducting a u-turn on charging non-compliant cars will aggravate the sense of grievance that small HGV and LCV operators will be disproportionately impacted by introducing a class C clean air zone. LCV operators are typically sole traders or small businesses that service the building trade (e.g. builders, carpenters, plumbers, electricians, roofers) or deliver essential goods and services in the local community, such as caterers, florists, landscapers, gardeners, mechanics, tree surgeons, local shop keepers etc. We are concerned these small businesses will be adversely affected by the proposed charges, leading to either raised prices for consumers or, where the competitive nature of a sector means passing on the cost is not possible, small businesses ceasing trading.
- 18) At sector-level, we point out that NO_x emissions from HGV have fallen almost 60% since 2013 and are predicted to fall by over 80% by 2024. However, data from the National Atmospheric Emissions Inventory (NAEI) shows that NO_x levels from passenger cars continues to rise – see below chart:

NOx emissions from key sources between 2010 and 2015
 Data source: National Atmospheric Emissions Inventory (NAEI).



19) We therefore reiterate that compliance with the Clean Air Zone requirements will be impossible for many HGV and LCV operators due to the cost of change, the shortage of second hand Euro VI lorries, the absence of an HGV retrofit option, and the limited opportunity for redeployment of Euro IV and V vehicles by HGV and LCV operators. In effect, for many operators, it will be seen as a tax on the sector that will destroy some businesses and make no material difference to overall air quality emissions.

20) The revised proposal will be a catastrophe for many, mostly smaller, road haulage businesses. We have members who have told us that they will need to cease trading if the Clean Air Zone is introduced. We **strongly believe** that B&NES has underestimated the negative impacts of the proposals on HGV and LCV operators in several key areas and has made a number of errors in its assessments with regards to the age profile of the existing HGV and LCV fleets.

Question 2. The zone boundary – if you would like to comment on these changes, please use the space below naming the street/area to which you are referring.

21) The RHA notes that the zone boundary has been extended. We therefore reiterate the points made in our November 2018 response, as follows:

- a. We note that a section of the A36, and between London Road and Bathwick Street, is included in the clean air zone. The A36 is a trunk road and primary route that links Bath to the major ports of Southampton and Bristol. It passes through several towns and a city, including Warminster, Wilton, Salisbury, Wiltshire, Totton, and Hampshire on its way towards south from Bath, and joins with A35 on the western outskirts of Southampton. Similarly, the section

between London Road and Bathwick Street is used by a high-volume traffic originated from or destined to adjacent areas such as Chippenham as a link road.

- b. We repeat that, according to the Department for Transport's (DfT's) guidance on 'Road Classification and the Primary Route Network' (DfT, 2012)¹:

Primary routes MUST remain reasonably direct and viable for medium and long-distance travel including, wherever possible, for freight traffic.

We note that a significant proportion of the traffic that is not originated from or destined to Bath uses the A36 as a link road. There is no viable alternative primary route to the A36 for the traffic destined to areas outside of the clean air zone. In this regard, the DfT (2012) states that "In situations where no suitable alternative route exists, we cannot envisage environmental issues in themselves being sufficient to justify changes to a primary route."

- c. This means that a high proportion of the traffic will be required to pay charges without being originated from or destined to the clean air zone when using the A36. We ask B&NES to consider again the question: - *is there any alternative primary route to the section of the A36, London Road, and Bathwick Street included in the clean air zone?*
- d. If not, we point out that it is very likely that traffic will be displaced to adjacent local roads to avoid paying clean air zone charges.

- 22) We regret that we have not seen evidence that B&NES has evaluated the impact of traffic displacement caused by the clean air zone. We therefore urge B&NES to evaluate this to assess the benefit of excluding the A36 from the clean air zone.

Question 3. If you would like to comment on the Queen Square proposals and the associated changes in traffic flow, please use the space below.

- 23) No comment.

Question 4. Support packages – please indicate whether these are applicable to you or your business, and useful to the affected groups.

- 24) We have noted that B&NES proposes to offer a £23.5m financial assistance scheme to support businesses and individuals in B&NES and neighbouring authorities with grants and interest free finance to upgrade non-compliant vehicles. Whilst we welcome any

¹ DfT (2012). Guidance on Road Classification and the Primary Route Network. Department for Transport, London, UK.



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financial assistance, we seek urgent clarity on the terms for HGV operators, and how the scheme will be administered.

Question 5. When our final plan is submitted to government, we'll ask for additional money to fund the initiatives below with last mile delivery and servicing support as a priority. Please indicated whether these are applicable to you or your business, and useful to the affected groups.

25) See our answer to question 4.

Question 6. Reinvesting revenue from the zone – please indicate your level of support for each of the initiatives below.

26) No comment.

Question 7. If you would like to record any comments on signage and camera placement, please use the space below naming the street/area to which you are referring.

27) We urge B&NES to ensure that the wording on the signage is easy-to-understand and at a height that HGV drivers sitting in their cabs can see clearly.

Question 8. If you'd like to comment on the information as it is presented in the draft charging order, or as summarised in the consultation leaflet, please use the space below.

28) No comment

Question 9. If you would like to record any other comments you have about the scheme's details as summarized in the consultation leaflet, please use the space below.

29) We have already pointed out our severe concerns with the revised clean air zone under question 1. Whilst we would prefer a non-charging solution implemented to bring NO_x emission levels within legal limits as soon as possible, we outlined in our November 2018 response an alternative model for charging which is in-line with government guidance and which we reiterate again.

30) The RHA **strongly recommends that intelligent phasing of charges is applied.** One example could be charging older Euro III and Euro IV lorries a full charge, and Euro V A £25 charge until the end of 2023, then Euro V half charge until 2024. This approach brings the following advantages:

- a. It is fairer, and will incentivise operators working in Clean Air Zone areas to remove higher emitting older HGVs, such as Euro II, to much cleaner Euro V and VI lorries.

- b. It is in line with the requirement to clean our air quickly as it encourages the use of ever cleaner vehicles over time. The current Euro VI approach does not do this because it does not distinguish between a Euro II and a much cleaner Euro V.

We stand ready to work with B&NES to implement our alternative model.

- 31) We remain very concerned over the lack of evidence to justify a £100 charge for non-compliant HGVs, and we remain sceptical that a charge as high as £100 is needed to change the way HGV fleets are used. The road haulage market is highly competitive with very low margins, and where even modest charges will impact operator behaviour and choices.
- 32) We seek clarity that no HGV or LCV should be charged twice in a day to enter a Clean Air Zone. As we pointed out in our November 2018 response, it is common for an HGV to enter multiple cities in a day. Charging the same HGV 2 or 3 times in a day when the HGV spends limited time in each zone is unfair and disproportionate, given the evidence that overall NO_x emissions has declined by almost 60% since 2013. We repeat our call that only one charge per day should apply.
- 33) When NO_x emissions are brought within legal limits, we also seek clarity over when B&NES plan to stop charging HGVs.

Question 10. How did you hear about this consultation?

- 34) The RHA has been actively engaged in the B&NES clean air zone proposal since it was announced.

Question 11. Which of the following options best describes how you are responding to this questionnaire?

- 35) The RHA is a membership organisation representing 7000 hauliers across the UK.

Final Comments

- 36) The Road Freight sector is the 5th largest industry in the UK, is worth £124bn (GVA) and has done more than any other industry sector to improve air quality. Over recent decades UK air quality has improved significantly thanks to concerted action at all levels. Total UK emissions of nitrogen oxides (NO_x) fell by almost 70% between 1970 and 2015 and by over 19% between 2010 and 2015. The RHA recognises that 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.
- 37) Whilst the RHA supports measures for cleaning up the nation's air, it is not at the cost of businesses closing, jobs being lost and/or the price of goods rising as HGV and LCV operators are priced out of supplying goods and services into the various clean air zones



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proposed in cities across the country. The provision of goods and services is not a discretionary activity, as they provide for the wellbeing of people, businesses and the wider economy. For example, every home built requires tonnes of furniture, bricks, concrete and wood and the services of highly-skilled tradespeople; residents of B&NES need feeding and resupplying, and their waste dealing with on a daily basis. Practically, this has to be done by road vehicles which, in turn, provides and sustains employment not just in the road haulage sector but also in those businesses that depend on road haulage.

- 38) Whilst a non-charging solution to bring NO_x emissions within legal limits as soon as possible is our preference, the RHA has developed an intelligent phasing model that would minimise the impact of any charging clean air zones for most businesses. We stand ready to work with B&NES to enable this.

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