

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3254

Title: Amendment to London Vehicle Scrappage Scheme Delegation

Executive Summary:

The Ultra Low Emission Zone (ULEZ) was introduced in central London on 8 April 2019, expanded to inner London on 25 October 2021, and then further expanded London-wide on 29 August 2023. The ULEZ aims to improve air quality by encouraging people to switch to less-polluting vehicles or cleaner forms of transport. All phases of the ULEZ have been supported by vehicle scrappage schemes. Transport for London (TfL), having consulted with the Mayor and GLA officers, is delivering the London Vehicle Scrappage Scheme ("Scrappage Scheme/ Scheme"). It does so under a Mayoral Delegation (see MD2661). The current and previous scrappage schemes were implemented to help accelerate the removal of older, more-polluting vehicles from London's roads and to help Londoners, businesses and charities adapt to the ULEZ.

Following representations from the Mayor of Kyiv, Ukrainian Embassy and volunteer groups, and in consultation with the GLA and central government, TfL has been exploring how the Scrappage Scheme could support the use in Ukraine of vehicles in Greater London that are not compliant with the ULEZ emissions standards.

This form seeks the Mayor's approval to amend the existing Scrappage Scheme Delegation and Direction to confirm TfL is able to use the Scheme to fund the donation and removal of non-compliant vehicles from use in Greater London to Ukraine. The vehicles would be transferred ultimately for use by the government of Ukraine for its military, civil defence and emergency services, or for other approved appropriate medical, humanitarian, welfare, evacuation or logistical purposes by organisations operating in Ukraine. TfL will be able to utilise what remains of the existing £210 million GLA funding pot for all aspects covered by the amended Scrappage Scheme.

Decision:

That the Mayor approves the amendments set out in Appendix 1 to the London Cleaner Vehicle Support and Scrappage Delegation and Direction 2020.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

4/3/24

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The Ultra Low Emission Zone (ULEZ) came into effect on 8 April 2019 in the central London area of the Congestion Charging Zone (CCZ). It was expanded to inner London on 25 October 2021 and then further expanded London-wide on 29 August 2023. It sets minimum emissions standards for cars, light vans, and motorcycles travelling within the zone. In addition, the London Low Emission Zone (LEZ) sets minimum emissions standards for heavy vehicles in the same area.
- 1.2. The central and inner London ULEZ schemes were supported by two vehicle scrappage schemes, which were introduced by Mayoral Decision to delegate the GLA's general powers under section 30 of the Greater London Authority Act 1999 ("GLA Act 1999") to TfL and to direct TfL to prepare, finance and implement the scrappage schemes. The schemes ran from February 2019 to November 2021 (at which point all funding was allocated). Subsequently, the Mayor approved a new over-arching direction and delegation ("the 2020 Delegation and Direction") to TfL under MD2661 (10 September 2020). This established a general delegation of Section 30 powers to TfL to establish, administer and operate scrappage schemes in connection with the ULEZ, including allowing TfL to set eligibility rules, and a direction to TfL to prepare, finance and implement them.
- 1.3. In MD3060 (24 November 2022) the Mayor confirmed the London-wide expansion of the ULEZ with modifications, including the retention of existing temporary exemptions, or "grace periods", and the introduction of two further grace periods to support disabled people. The Mayor also provided funding to TfL through a grant of £110 million to establish a new London Vehicle Scrappage Scheme ("Scrappage Scheme/Scheme") to support the London-wide ULEZ expansion.
- 1.4. The Scrappage Scheme was developed as an important mitigation to help specific groups, such as those on certain low income or disability benefits, charities operating in London, and sole-traders or London-based micro-businesses (with up to 10 employees), adapt to the expanded ULEZ. The Scheme allows vehicle owners to receive a scrappage payment once the vehicle has been scrapped at an Authorised Treatment Facility and therefore removed from use in London, or retrofitted to ULEZ standards, thereby contributing to an improvement in the city's air quality.
- 1.5. Ahead of the London-wide expansion, TfL made a number of changes to the eligibility criteria and grant levels of the Scrappage Scheme. To ensure the broader eligibility criteria and increased grant levels did not significantly impact the funds available for those eligible under the original criteria, a further £50 million in funding from the GLA's Environmental Improvement Reserve (EIR) was allocated to the budget of the scrappage scheme (see MD3166), which brought the total funding pot to £160 million.
- 1.6. On 31 January 2024, in response to continued high demand for the Scheme, the Mayor approved the allocation of an additional £50 million in funding from the EIR, subject to the outcome of the 2024-25 budget setting process (see MD3226). This brings the total funding pot to £210 million.
- 1.7. Following representations from charities, volunteer groups, the Mayor of Kyiv and the Ukrainian Embassy, and in consultation with the GLA and central government, TfL has been exploring how the Scrappage Scheme could support the use in Ukraine of vehicles in Greater London that are not compliant with the ULEZ emissions standards. Rather than being scrapped, the donated vehicles would be permanently transferred to the Ukrainian government for use by its military, civil defence and emergency services or for other appropriate medical, humanitarian, welfare, evacuation or logistical purposes by organisations operating in Ukraine approved by the Ukrainian government.
- 1.8. The 2020 Delegation & Direction allows TfL to establish, administer, and operate one or more schemes to fund "the removal (scrappage) of ULEZ/LEZ non-compliant vehicles from use/operation." To encourage owners of non-compliant vehicles to donate them for use in Ukraine it is proposed that

the Mayor approves an amendment to confirm TfL may operate the Scheme to fund scrappage payments when such vehicle donations are made (see Appendix 1). Otherwise the 2020 Delegation and Direction remains unchanged; a consolidated version incorporating those changes is contained in Appendix 2.

- 1.8 TfL will then introduce rule changes to the Scheme to allow Londoners, businesses and charities with eligible vehicles the option to donate their vehicle for use in Ukraine and receive a scrappage payment.

2. Objectives and expected outcomes

- 2.1. The objective of the existing Scrappage Scheme is to help accelerate the permanent removal of ULEZ non-compliant vehicles operating in London thereby contributing towards improvements in air quality. The Scheme mitigates the impacts of the London-wide ULEZ on Londoners, small businesses, sole traders, and charities, and supports the overall emissions reductions of the ULEZ in improving London's air quality and protecting public health.
- 2.2. The Scheme has been established, administered, and operated to further the three principal purposes in respect of which the Mayor may exercise his general powers as set out in section 30 (2) of the GLA Act 1999:
- promoting economic development and wealth creation in Greater London
 - promoting social development in Greater London
 - promoting the improvement of the environment in Greater London.
- 2.3. The Ukrainian Embassy has provided assurances that right-hand drive vehicles imported into Ukraine can only be used by the Ukrainian government or for approved appropriate medical, humanitarian, welfare, evacuation or logistical purposes by organisations operating in the country. Furthermore, it is a criminal offence in Ukraine to export vehicles. Documentary confirmation is provided when a vehicle crosses the border into the country to confirm the Ukrainian government has taken possession of the vehicle. These laws and processes provide assurance that vehicles donated to Ukraine will be permanently removed from London's roads. As such, amending the 2020 Delegation & Direction to fund the removal of non-compliant vehicles via donation to Ukraine is expected to deliver the same air quality benefits as if the vehicles had been scrapped or retrofitted.
- 2.4. If approved, TfL intends to amend the current Scrappage Scheme rules in March 2024 to allow accepted applicants the option of donating their vehicle via one or more trusted intermediaries for export to and use in Ukraine, rather than scrapping or retrofitting it. TfL intends to deliver this via a Memorandum of Understanding with the trusted intermediary. TfL has been in discussions with the registered charity British Ukrainian Aid, as one potential trusted intermediary, which will facilitate the donation of vehicles to Ukraine, provide the relevant documentation for customers to receive their scrappage grant, and provide reporting on the number of vehicles donated in this way. British Ukrainian Aid may only export vehicles to Ukraine for objectives consistent with English and Welsh charity law.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 ("the Equality Act"), as a public authority, the Mayor must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation or any other conduct that is prohibited by or under the Equality Act; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not when exercising his functions. This is known as the Public Sector Equality Duty. Protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy

and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination and other prohibited conduct under the Act only).

- 3.2. The Scrappage Scheme will continue to support Londoners (including those with protected characteristics), sole traders, small businesses, and charities by providing grants to help them adapt to the London-wide expansion of the ULEZ. The Scheme is also expected to continue to have a positive impact on people who have a protected characteristic through the benefits to air quality that will result from non-compliant vehicles being scrapped, retrofitted, or permanently removed from London's roads via donation to Ukraine.

4. Other considerations

Risks and issues

- 4.1. While demand levels have remained high, there remain uncertainties around how eligible users of the Scrappage Scheme may take up the remaining scheme funding, particularly as the ULEZ has now been in operation for six months. To mitigate these risks, the Mayor, GLA officials and TfL have engaged, and will continue to engage, with community groups and stakeholders London-wide.

Links to Mayoral strategies and priorities

London Environment Strategy

- 4.2. The Mayor's London Environment Strategy was published in May 2018 and prioritises reaching legal air pollutant levels as soon as possible by the most effective route.

- 4.3. Proposal 4.2.4.b states:

"The Mayor will work with the government to achieve full legal compliance with UK and EU legal limits as soon as possible. Comprehensive and coordinated action is needed at a national level to achieve legal limits as quickly and effectively as possible. A national vehicle scrappage fund is essential if compliance costs to people and businesses of such action is to be minimised. It is only right that the government provides this help, given that national fiscal policy has encouraged dieselisation over many years, meaning many people bought polluting vehicles in good faith."

- 4.4. Proposal 4.2.1.d states:

"The Mayor aims to reduce emissions from private and commercial vehicles by phasing out and restricting the use of fossil fuels, prioritising action on diesel."

Mayor's Transport Strategy

- 4.5. The Mayor's Transport Strategy published in March 2018 refers to taking action to reduce emissions from vehicles on London's streets. Policy 6 states:

"The Mayor, through TfL and the boroughs, and working with stakeholders, will take action to reduce emissions – in particular diesel emissions – from vehicles on London's streets to improve air quality and support London reaching compliance with UK and EU legal limits as soon as possible. Measures may include promoting electrification and responsible procurement."

- 4.6. Proposal 28 states:

"The Mayor proposes that Government amends fiscal incentives, including vehicle excise duty, so that only the cleanest vehicles are incentivised for purchase; and implements a national diesel vehicle scrappage fund to enable cities to take the most polluting vehicles off their streets."

- 4.7. The addendum to the Mayor's Transport Strategy, Proposal 24.1, was published in November 2022 and specifically seeks to tackle the triple challenges of toxic air pollution, the climate emergency and traffic congestion through road user charging schemes including by expanding the ULEZ London-wide.

Impact assessments and consultations

- 4.8. TfL conducted engagement on the ULEZ and its mitigations, including a scrappage scheme, both before and after the launch of the Scrappage Scheme in January 2023. This will continue as part of TfL's monitoring of the Scheme.
- 4.9. The Scrappage Scheme was designed and targeted in response to issues identified in the Equality Impact Assessment as part of the Integrated Impact Assessment undertaken for the London-wide ULEZ expansion.
- 4.10. Broadening the Scheme to allow for donation of accepted vehicles for permanent export to Ukraine would not impact the grant provided to successful applicants. Approved applicants would continue to have the option to scrap or retrofit their vehicle, as per the existing Scheme, rather than donate it.
- 4.11. As such, it is not considered necessary to conduct an impact assessment of, or consultation on, the proposed amended 2020 Delegation & Direction.

Conflicts of interest

- 4.12. There are no known conflicts of interests to declare regarding those involved in the drafting or clearance of this form.

5. Financial comments

- 5.1. This decision proposes an amendment to the Mayoral Delegation and Direction to TfL set out in Appendix 1 to allow TfL to use the Scrappage Scheme to fund the removal of non-compliant vehicles from use/operation, including by means of their use by the government of Ukraine for its military, civil defence or emergency services or for other appropriate approved medical, humanitarian, welfare, evacuation or logistical purposes by organisations operating in the country.
- 5.2. There are no direct financial implications to the GLA resulting from this proposal as all costs relating to this decision (as detailed within this report and associated appendix) will be borne entirely by TfL. It should be noted that the GLA has previously provided funding of £210 million for the Scheme, which TfL can continue to utilise until depletion.

6. Legal comments

- 6.1. This decision invites the Mayor to make an amendment to the 2020 Direction and Delegation to confirm a scrappage payment can be made for the donation and export of eligible non-ULEZ/LEZ compliant vehicles for use in Ukraine. The Mayor is invited to approve the amendment made by Appendix 1; a consolidated version of the amended 2020 Direction and Delegation is at Appendix 2. The 2020 Direction and Delegation will continue in full force and effect from the date of the Mayor's approval of the amendment. The removal of more polluting non-ULEZ compliant vehicles from London (including the payment of a scrappage grant to enable the vehicle's use in Ukraine) falls within the Mayor's powers to further the promotion of environmental improvement in Greater London under section 30 of the Greater London Authority Act 1999.
- 6.2. TfL has existing powers to approve and publish rules as to eligibility and other administrative requirements for the Scheme under the powers delegated by MD2661. The legal implications set out in MD2661 remain relevant: the Scheme furthers the principal purposes of the GLA relating to the promotion of London's economic and social development and environmental improvement under

section 30 of the GLA Act 1999. The Mayor may authorise TfL to exercise those powers on his behalf under section 38(1) and (2) of the GLA Act 1999 (whereby they become functions of TfL by virtue of section 38(7)) under which TfL may establish, administer and operate the Scheme, and change its eligibility and other rules from time to time. The Mayor may also direct TfL to do so under section 155 of that Act.

6.3. TfL will continue to ensure any applicable public subsidy (state aid) restrictions are complied with.

7. Planned delivery approach and next steps

7.1. If approved, TfL will amend the current Scrappage Scheme eligibility and administrative rules in March 2024 to allow accepted applicants the option of donating their vehicle via a trusted intermediary for export to and use in Ukraine. It is likely TfL will enter into a Memorandum of Understanding with British Ukrainian Aid to facilitate vehicle donations.

7.2. TfL will continue to monitor the uptake of the Scrappage Scheme and will publish an evaluation report following the closure of the scheme.

Appendices and supporting papers:

Appendix 1: Amendment to London Cleaner Vehicle Support and Scrappage Delegation & Direction 2020

Appendix 2: Consolidated text of the London Cleaner Vehicle Support and Scrappage Delegation & Direction 2020

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Taryn Ferguson has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Seb Dance has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 4 March 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:

[Handwritten Signature]

Date:

04/03/2024

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature:

[Handwritten Signature]

Date:

04/03/2024

