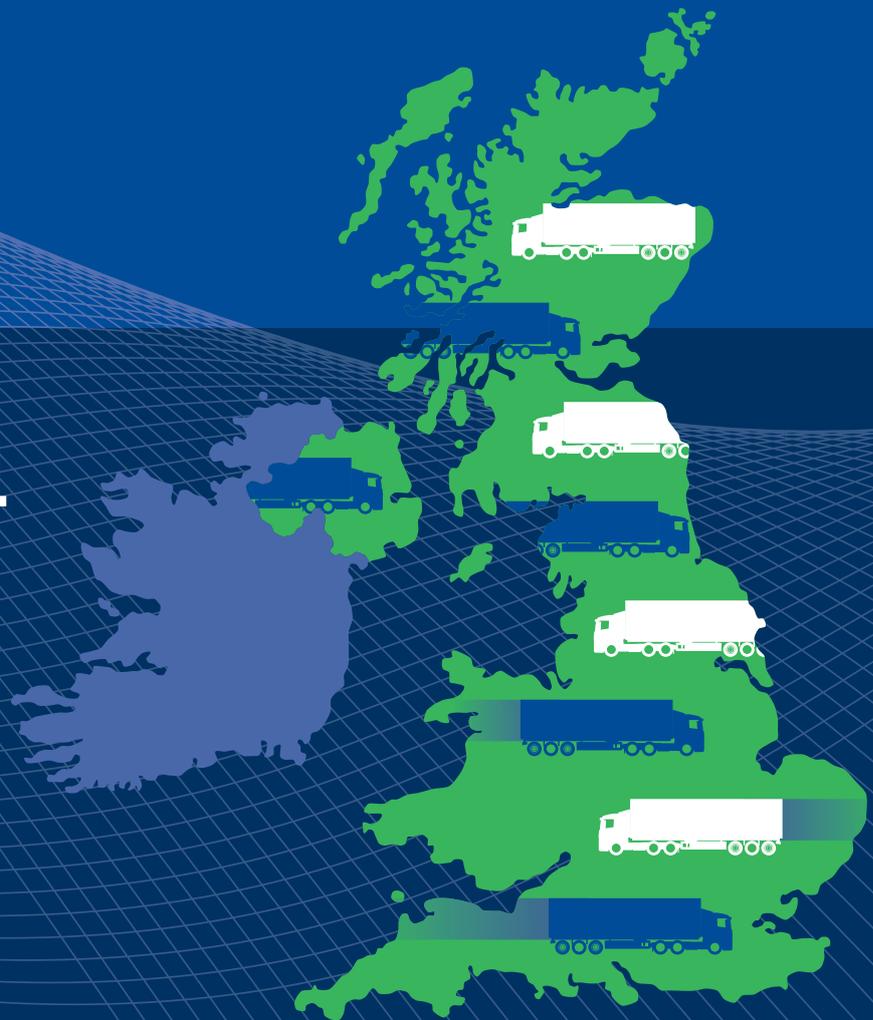


Clean Air Zones and HGVs

Factsheet



A growing number of cities across England have announced that they are considering the introduction of some kind of HGV charging CAZ in a bid to reduce levels of roadside NOx emissions. London is further advanced, with its Ultra Low Emission Zone scheduled to begin on April 8th 2019.

HGVs are an integral part of the economy at a national, regional and local level. Currently, there are no commercially or operationally viable alternatives to diesel in terms of HGV motive power. Over 90% of everything the public eat, drink, wear and build with travels on an HGV at some point in the supply chain.

As a coalition of trade bodies representing a significant proportion of the road freight industry we fully support the environmental aims behind the introduction of CAZs and encourage the Government to implement a system which works for businesses as well as having a real impact on pollution. The current approach being proposed by many

Local Authorities (LAs) will create an additional tax on thousands of businesses and disrupt supply chains across the country, whilst failing to deliver the significant air quality improvements that are required.

The proposed HGV charges for all trucks other than the latest Euro VI models is typically £100 per day, which could equate to an additional 25% on the daily running cost of a non-compliant vehicle. Unfortunately, it is SMEs and small businesses that will be worst affected under the current approach, as these operators are often those that are least equipped to absorb such a financial blow.

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Key issues for consideration

1. In the early years of new Clean Air Zones there will not be sufficient Euro VI lorries to meet the demand for freight services. HGV registrations have averaged at around 45,000 per annum over the past five years. While there is some room for growth, HGV manufacturers do not have the scale or flexibility in terms of labour, materials or production capacity to double this figure. This is particularly true at a time when there is strong demand across Europe which has led to product lead times of up to four months. Use of non-Euro VI lorries will be substantial and inevitable. At the end of 2020 45% of lorries will fall within the scope of Clean Air Zone charging if a Euro VI only approach is adopted. By proposing to charge all non-Euro VI lorries the same there is no distinction made between Euro III and Euro IV from less polluting Euro V vehicles.
2. Trucks are not the only source of NOx and hauliers should not be asked to bear the greatest burden in reducing emissions. Several local authorities appear to be focussing on HGVs in terms of proposed charging for Clean Air Zones (CAZ), ahead of other road users.

HGVs account for 18% of local road traffic NOx emissions nationally

3. HGVs play an essential role in the economy and there is no alternative to using a truck for many urban logistics tasks. A medium-sized truck can carry the load of ten vans, and the largest truck can carry the load of 20 vans. If you replaced trucks with vans, you are increasing the number of vehicles on the road, along with their congestion and emissions.
4. There is currently no approved Euro VI retrofit option for HGVs. If one was developed, the likely cost is an estimated £16,000 to £20,000, meaning it is only a realistic option for operators of high-value specialist vehicles.

SMMT statistics show Commercial Vehicle Manufacturing for the UK market fell by 25% in March 2018

5. The life of an HGV is typically of the order of 12 years and the cost of upgrading to newer vehicles outside of the normal fleet replacement cycle will be expensive for operators. With a new tractor unit costing approximately £80k and a typical 18 tonne truck £40k, hauliers cannot afford to make these replacements over a period of months instead of a period of years.
6. Alternative fuels (CNG, electric, LNG, hydrogen) are not yet an affordable or scalable option – for example only 0.2% of the overall truck fleet is currently gas powered. Where vehicles are available, huge challenges surround the need to recharge or refuel such vehicles rapidly to fit work schedule requirements. Hauliers that are focussed on upgrading their fleets to comply with Clean Air Zones will have no budget left to invest in alternative fuels.
7. The current plans for an array of different local HGV charging Clean Air Zones amount to a confusing and arbitrary additional tax on hauliers, particularly those located within the zones.
8. Smaller businesses, many of whom operate on extremely tight margins, will not be able to upgrade their fleet in time, and will be hit harder by the fines. For example, smaller hauliers in the UK have a typical profit margin of 3% or less.

54,800 SMEs are involved in road haulage
52% of lorries operate in fleets of less than 20
(Traffic Commissioner data 2016 – 2017)

9. HGV-charging Clean Air Zones will result in a tax on freight, a tax on business and higher prices for everyone.

The way forward

1. Restrict use of CAZs



Given their disruptive effects on local businesses and people, and limited benefits, CAZs should only be used where absolutely necessary. Where they are required they should be as small as possible to minimise disruption.

2. Smart use of road space:



Giving hauliers the flexibility to deliver at night would result in a lot of freight vehicles moving off congested urban roads during peak business hours. Allowing HGVs to use bus lanes outside of commuting hours would enable them to operate as efficiently as possible and avoid them sitting in congestion idling. A lorry stuck in congestion, stopping and accelerating back up to 30mph three times a mile triples fuel consumption compared to cruising at a constant speed. In addition, the Government needs to provide local authorities with sufficient guidance and resources to identify congestion hotspots and improve traffic management. This could reduce emissions and minimise the need to charge any road users, including HGVs.

3. Location-based exemptions:



Consideration should be given to providing selected route-based HGV charge exemptions for certain essential locations within Clean Air Zones. These should include vehicle dealerships and Authorised Testing Facilities (ATFs), where test lane capacity is already an issue across parts of the UK. There may also be a case for providing other route exemptions for large logistics hubs that are situated just inside a CAZ and involve minimal transport within an urban area.

4. Phased charging:



A reduced Euro V charge would maintain residual values for these vehicles, thus making it easier for operators to sell them and fund an upgrade to a compliant Euro VI truck. It would also provide a lower cost upgrade for operators that are never going to be able to afford a brand-new truck. This temporary measure would help accelerate the removal of the 20% of the HGV market that is likely to still be Euro IV or under at the end of 2020.

One suggested approach to such a phased system would see lower Clean Air Zone charges applied to Euro V lorries initially, with charges increasing as the proportion of Euro VI vehicles in the lorry fleet rises between 2020 and 2024, as expressed in the below table.

	Euro V CAZ charge
2020	£0
2022	£10
2024	£30

5. Retrofit:



There is a danger that retrofit is being given undue prominence as a potential solution for upgrading non-CAZ compliant vehicles. There is currently no retrofit option for heavier commercial vehicles.

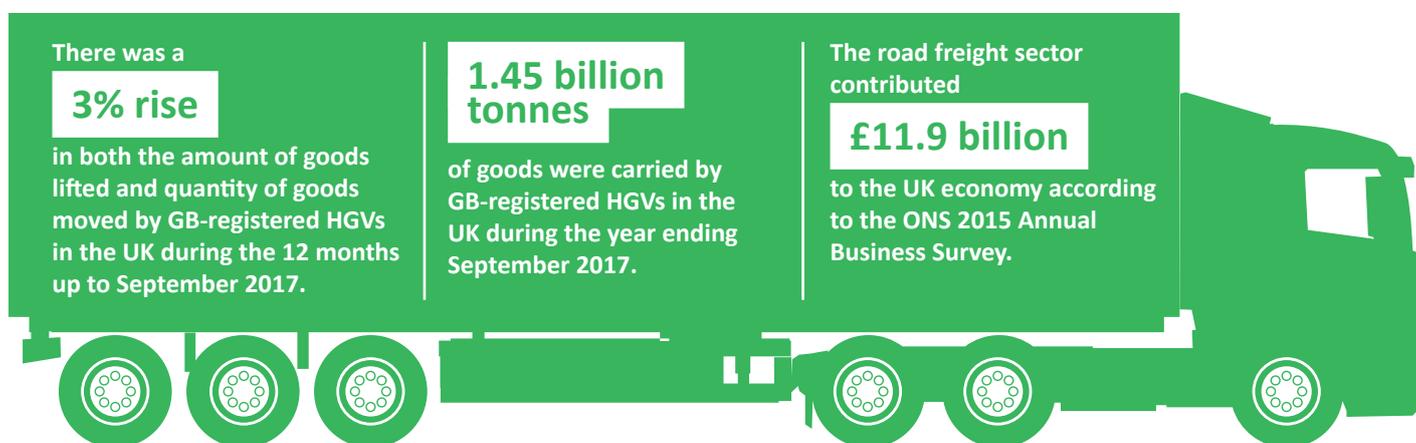
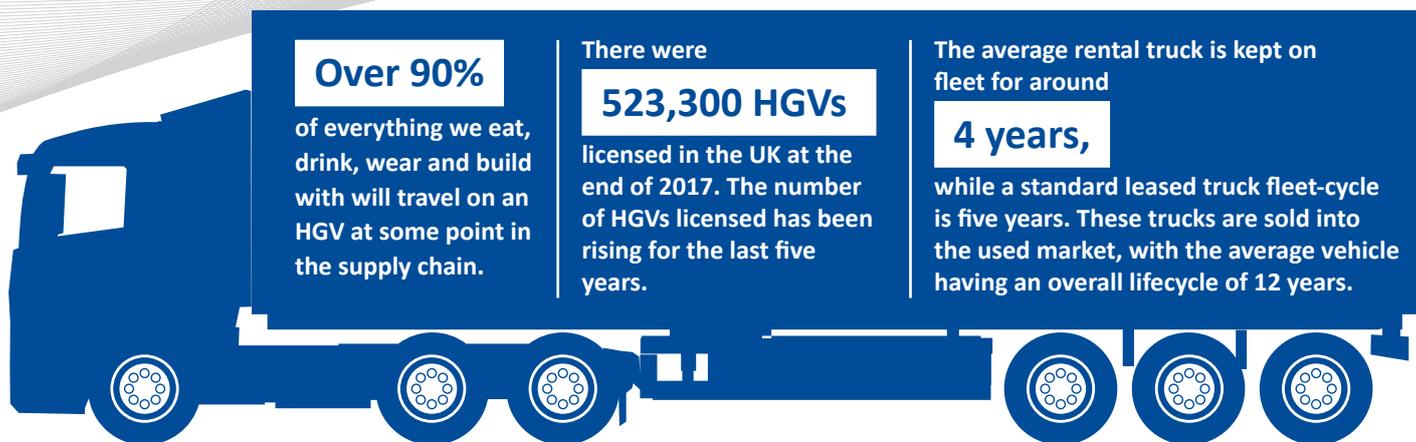
6. Consistent clean air zones:



As far as possible, local authorities should adhere to common clean air zone standards in terms of hours of operation, signage, communications and use of mitigation measures and exemptions. As many businesses will operate within multiple cities and regions daily it is vital that a standardised approach is developed to avoid confusion and improve the ease of compliance for drivers.

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Who we are



Established in 1967, the British Vehicle Rental & Leasing Association (BVRLA) is the UK trade body for companies engaged in vehicle rental and leasing. BVRLA has over 900 members who are responsible for a combined fleet of almost five million cars, vans and trucks, supporting around 317,000 jobs and contributing nearly £25bn to the economy each year.



The Road Haulage Association (RHA) is the only UK trade association dedicated solely to the needs of UK road transport operators. It is the voice of the road haulage profession, a champion of its interests and a respected partner to the broader logistics community. The RHA represents 7,200 member companies operating 250,000 HGVs, half of the current HGV vehicle Parc.



The Freight Transport Association (FTA) is one of the biggest business groups in the UK, supporting, shaping and standing up for efficient logistics. It is the only organisation in the UK that represents all of logistics, with members from the road, rail, sea and air industries, as well as the buyers of freight services such as retailers and manufacturers whose businesses depend on the efficient movement of goods.



The National Franchised Dealers Association (NFDA) represents franchised car and commercial vehicle dealers in the UK. Its role is to lobby, represent and support its members. The NFDA deals with a number of issues that impact dealers on a day to day basis, including the relationships with manufacturers, advising on legislation and various aspects of dealers' businesses such as used cars, finance and insurance, and aftersales.