

4 January 2023

Mr Seb Dance  
Deputy Mayor for Transport and Deputy Chair, Transport for London  
Greater London Authority  
City Hall  
Kamal Chunchie Way  
London, E16 1ZE

Dear Deputy Mayor Dance.

## **VEHICLE SCRAPPAGE SCHEME**

On behalf of the London Chamber of Commerce and Industry (LCCI) may we request that the Greater London Authority and Transport for London reviews and reforms the vehicle scrappage scheme.

LCCI is the capital's largest independent business advocacy organisation. We represent the interests of firms of all sizes, from micro-businesses and sole traders through to large, multi-national corporates, across all 33 London local authority areas – genuinely reflecting the broad spectrum of London business opinion.

It is in that context that we believe the vehicle scrappage scheme should be improved to meet the needs of SMEs in the capital.

We strongly support the strong action of the Mayor to decide that ULEZ should be widened.

After the decision of the south London coroner in 2020 that the death of 9 year old Ella Kissi-Debrah was due to air pollution and the further evidence presented by the Mayor as to the impact of poor air quality upon death rates in London there is no doubt that stronger action is needed to improve air quality in our city.

Businesses accept the need for change. Research undertaken by LCCI and London Councils shows that air quality is of key importance to London businesses.<sup>1</sup>

The issue, therefore, is not the need to improve air quality, which affects all Londoners and all London businesses, but whether the scrappage scheme announced by the Mayor is fit for purpose.

We believe the new scrappage scheme should reflect earlier scrappage schemes issued by the Greater London Authority. Whilst a scrappage scheme is welcome, the details of this scheme which has been announced so far by TfL is too limited in its scope.

By removing heavy good vehicles from any form of support, micro businesses will be penalised at a time of severe economic and business uncertainty and, at the same

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<sup>1</sup> London Business 1000 2020 survey, p. 6

time, by not including heavy good vehicles in the scrappage scheme, this means that air quality targets could still be missed.

In fact, TfL had introduced a scheme to scrap heavy goods vehicles in the recent past. This heavy vehicle scrappage scheme was launched on 28 September 2020.

There were two offers available for this scheme:

- Option A: £15,000 per vehicle scrapped and replaced with a ULEZ-compliant vehicle
- Option B: £15,000 per vehicle retrofit grant

Applicants could scrap or retrofit up to three non-compliant buses, coaches or heavy goods vehicles (HGVs). Applicants had six months to provide proof of scrappage and receive their payment

To be eligible for the scrappage option, the vehicle had to be an HGV, large van, specialist vehicle (more than 3.5 tonnes GVW), bus or coach (more than 5 tonnes GVW) and not compliant with the LEZ standards. The vehicle must have been owned by an eligible organisation for more than 12 calendar months before the start date of the heavy vehicle scrappage scheme, be insured for business use and be road-taxed with a valid MOT. It must have also been surrendered for secure scrapping at either the Perivale or Charlton Metropolitan Police Pound.

To be eligible for the retrofit option, the vehicle had to be a non-compliant HGV, large van, specialist vehicle, bus or coach. It needed to be owned by an eligible organisation for more than 12 calendar months before the start date of the heavy vehicle scrappage scheme. It must have also been insured for business use. Further, the vehicle needed to be on the Clean Vehicle Retrofit Accreditation Scheme (CVRAS) register, which sets out which vehicles are suitable to be retrofitted, and be retrofitted by a CVRAS-approved company.

TfL itself has reflected on the need for the scrappage scheme to include heavy goods vehicles. In its report, *ULEZ scrappage scheme evaluation report* (November 2022), it stated:

*For any future scrappage scheme, it is key that the successes of the previous scrappage schemes are built on to maximise impact, including:*

- *A clear and simple-to-use application process*
- *A comprehensive multichannel marketing campaign and stakeholder engagement, to reach eligible audiences effectively and ensure awareness of third-party offers*
- *Increased alternatives to the grant payment to maximise mode shift, in line with the Mayor's Transport Strategy, including a wide range of third-party offers*

However, the current scrappage scheme does not yet provide this level of flexibility. The proposed start of the wider ULEZ area represents a challenge for businesses. Lead times for deliveries of new vehicles are currently stretched, due in no small part to the pressure of the supply of semiconductor chips. This could limit the ability of firms to acquire new ULEZ compliant vehicles before the proposed widening of the zone on 29 August 2023.

As a result of the extended lead times for new vehicles, the second-hand vehicle market is also seeing significant upward pressure on prices. This could further inhibit the ability of firms to switch to ULEZ compliant vehicles before the proposed start date for the extended zone.

Therefore, Transport for London should also consider introducing a 'whitelist' for businesses that can demonstrate they have purchased a ULEZ compliant vehicle to replace their non-compliant vehicle. Those that are waiting for their compliant vehicle to be delivered would then be able to use their non-compliant vehicle in the extended ULEZ area in the interim.

We accept the Mayor's contention that central Government could be assisting in helping to fund a scrappage scheme as has occurred in the rest of the country. We would urge the Government to review their stance and help support London's scrappage scheme.

In the meantime, we would urge you to consider the recommendations of the London Chamber of Commerce and Industry to improve the scrappage scheme and the operation of ULEZ so that all businesses can play their part in improving air quality.

We would be happy to meet with you to explore these matters further.

Thank you for your consideration.

Yours sincerely



**Richard Burge**  
Chief Executive

cc Deputy Mayor for Business, Rajesh Agrawal