

13 February 2023

Mr Sadiq Khan  
Mayor of London  
Greater London Authority  
City Hall  
Kamal Chunchie Way  
London, E16 1ZE

Dear Sadiq,

## **ULEZ VEHICLE SCRAPPAGE SCHEME**

On behalf of the London Chamber of Commerce and Industry, may I thank you for the reforms you have announced to the ULEZ vehicle scrappage scheme – and urge you to go further to ensure this scheme is truly fit for purpose.

Your analysis of the impact of poor air quality upon death rates in our city is striking and London businesses have shared your concern that action must be taken.<sup>1</sup>

The issue for the London Chamber as far as your ULEZ policy is concerned has never been about the rights or wrongs of the policy itself. Since the coroner's judgement following the tragic death of Ella Kissi-Debrah, we all know that action on air quality must be taken.

The widening of ULEZ, however, is happening during a cost of living crisis where SMEs are having to cope with the triple whammy of recovery from the pandemic, rising costs following Putin's invasion of Ukraine and market volatility.

This was why I wrote to the Deputy Mayor for Transport to urge reform of the vehicle scrappage scheme. Businesses needed as much help as possible and the original vehicle scrappage scheme would have harmed business and the wider London economy. We, therefore, welcome, your decision to announce reforms to this scheme.

The seriousness of the cost of living crisis has led us to the conclusion that further reforms to the scheme is required. We urge you to take advantage of the recent decision of the London Assembly to invest further into the vehicle scrappage scheme so that all small businesses can be covered in advance of the ULEZ roll-out in August.

We believe the new scrappage scheme should reflect earlier scrappage schemes issued by the Greater London Authority.

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

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

and, at the same time, by not including heavy good vehicles in the scrappage scheme, this means that air quality targets could still be missed. The argument that the Low Emissions Zone addresses HGVs misses the point that the ULEZ roll out in outer London will impact small firms not previously affected by these measures.

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, there should be a 'green transition list' 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.

Finally, with the extra funding that will be on hand following the London Assembly's decision, this scheme can now cover small businesses and not just sole traders and micro businesses. This is not just critical towards protecting the London economy but will also ensure more vehicles are compliant so that air quality is tangibly improved.

We agree with you 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.

Positive steps have been made to improve the vehicle scrappage scheme. By taking advantage of the recent decision of the London Assembly, we can have a scrappage scheme that work for all Londoners – and leads to real and lasting change in air quality.

Yours sincerely



**Richard Burge**  
Chief Executive