

Response to proposals to expand the ULEZ boundary beyond central London (Stage 3b)

28th February 2018

1. London Chamber of Commerce and Industry (LCCI) is the largest capital-focused business advocacy organisation representing the interests of over 2,000 companies from small and medium-sized enterprises through to large, multi-national corporates. Our member companies operate within a wide range of sectors across all 33 London local authority areas – genuinely reflecting the broad spectrum of London business opinion.
2. As the voice of London business, we seek to promote and enhance the interests of the capital's business community through representations to central government, the Mayor and London Assembly, Parliament and the media, as well as relevant international audiences. Through member surveys and commissioned research, LCCI seeks to inform and shape the debate on key business issues. The transport industry is strongly represented amongst LCCI's membership, with our Transport Committee¹ supporting and advising LCCI's policy work.

OUR VIEW ON ULEZ

3. TfL's ULEZ proposals must strike the right balance between delivering significant improvements to air quality whilst allowing businesses - particularly SMEs - to adapt to changes.
4. LCCI does not oppose the introduction of the ULEZ. However, haulage firms across London are faced with a difficult choice over the next three years. Plans to bring ULEZ forward a year earlier than planned, and proposals to expand ULEZ to HGVs entering the whole of Greater London in 2020 and vans within the North and South Circulars in 2021 will impact the livelihoods of SMEs across the capital.
5. A TfL commissioned Integrated Impact Assessment of a stronger LEZ, which is included in the supporting documents of this consultation, cites the potential impacts on businesses as increased 'operating costs, decreased profitability and reduced levels of business'. LCCI notes this analysis and we remain concerned that the early implementation of a stronger LEZ will put significant pressure on many SMEs.
6. Similarly, the impact assessment suggests a tighter timetable for a stronger LEZ disadvantages SMEs and might favour large companies who have acquired an economy of scale to update their fleets regularly. The impact assessment details a 'moderate adverse effect on SMEs' coupled with 'a shift from SMEs to larger employers', before concluding the cost or risk for SMEs cannot be quantified due to 'limitations in data'. We understand that to gauge the likely business response to tighter LEZ standards, a survey was conducted on TfL's behalf which asked transport, construction and logistics companies to respond to a series of questions on their initial views on ULEZ. However, the survey response rate was not high enough to enable a rigorous quantitative assessment to be undertaken. The low response rate cited in the impact assessment is a concern and throws into question the potential impact of a strengthened LEZ on the capital's SME's. SMEs operating within the proposed ULEZ boundary are numerous and by their nature difficult to reach. However, despite these difficulties more should be done to quantify the impact of ULEZ on London's army of small businesses.
7. Due to uncertainty over impact, LCCI does not support current proposals for the extension of ULEZ to the North and South Circular in lieu of a more robust assessment on the impact of the proposals on business – particularly SMEs.

¹ [http://www.londonchamber.co.uk/lcc_public/article.asp?id=1&did=&aid=4656&st=transport committee&oid=](http://www.londonchamber.co.uk/lcc_public/article.asp?id=1&did=&aid=4656&st=transport%20committee&oid=)

8. If the ULEZ is brought forward on the current timetable, or expanded as planned, the GLA should consider introducing support for businesses and further measures to mitigate its impact. To counter the initial impact on SMEs, LCCI believes businesses should be afforded sunset periods of three years to match those offered to residents. A longer transition period will give businesses the necessary breathing space to adapt and invest in ULEZ-complaint vehicles. Increasing river freight is one option that is rightly considered, but alongside other mitigating measures – like promoting alternative transport such as two wheelers – may not offer immediate reassurance or help to many SMEs currently considering next steps.
9. Similarly, a diesel scrappage scheme is another option considered by TfL but given the reliance on central government for action in this space we would advocate more tangible mitigation measures within the Mayor’s gift such as transitional, graduated charge levels and the aforementioned sunset period for SMEs.
10. We must also consider the costs of implementing ULEZ. There are numerous ways to strengthen ULEZ and all available options must be fully costed and consulted on. Although the projected revenues for expanding ULEZ are expected to be high, we must have a greater knowledge of the physical costs of implementation to make a judgement. ULEZ is, after all, an infrastructure project and the costs and benefit associated with it must undergo the same level of scrutiny as any other project TfL is currently considering. Until the projected cost of an extension to the North and South Circular has been published and consulted on, we will not be able to lend our support.
11. Proposals for a ULEZ underline the need to balance public health concerns with the needs of London’s businesses who deliver goods and people across the capital. We have previously called for a new Freight Commissioner to lead on policies such as ULEZ and plans such as the Mayor’s Transport Strategy. In time, we believe stronger leadership in these areas will ultimately deliver a world-class transport ecosystem that supports a healthier, cleaner city.
12. LCCI does not oppose the principle of ULEZ. However, there are unanswered questions on impact and costs. The obvious challenges associated with upgrading vehicle fleets and unresolved questions over the upfront costs associated with expanding and implementing ULEZ must be resolved before LCCI is able to wholeheartedly support the scheme.
13. LCCI would be happy to clarify or provide further comment on any matter raised within this response.
14. Please contact:

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