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# *CABINET*
# *Agenda*

Date Monday 25 July 2022

Time 6.00 pm

Venue Crompton Suite, Civic Centre, Oldham, West Street, Oldham, OL1 1NL

Notes

1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Liz Drogan in advance of the meeting.

2. CONTACT OFFICER for this Agenda is Liz Drogan Tel. 0161 770 5151 or email elizabeth.drogan@oldham.gov.uk

3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Wednesday, 20 July 2022.

4. FILMING – This meeting will be recorded for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be recorded, except where there are confidential or exempt items and the footage will be on our website. This activity promotes democratic engagement in accordance with section 100A(9) of the Local Government Act 1972. The cameras will focus on the proceedings of the meeting. As far as possible, this will avoid areas specifically designated for members of the public who prefer not to be filmed. Disruptive and anti social behaviour will always be filmed.

Any member of the public who attends a meeting and objects to being filmed for the Council's broadcast should advise the Constitutional Services Officer who will instruct that they are not included in the filming.

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Recording and reporting the Council's meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

MEMBERSHIP OF THE CABINET IS AS FOLLOWS:
Councillors Ali, Akhtar, Brownridge, Chadderton, Jabbar, Moores, Mushtaq, Taylor and Stretton

Item No

| | |
|---|---|
| 1 | Apologies For Absence |
| 2 | Urgent Business<br><br>Urgent business, if any, introduced by the Chair |
| 3 | Declarations of Interest<br><br>To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting. |
| 4 | Public Question Time<br><br>To receive Questions from the Public, in accordance with the Council's Constitution. |
| 5 | Minutes of the Cabinet Meeting held on 17th June 2022 (Pages 1 - 8) |
| 6 | GM Clean Air Plan Update (Pages 9 - 330) |
| 7 | Levelling Up Oldham: The Oldham Economic Review of Economic Transformation and Civic Pride (Pages 331 - 454) |
| 8 | Creating a Better Place Update: Spindles Redevelopment (Pages 455 - 460) |
| 9 | Old Library Building: Restoration and Refurbishment Phase 2 (Pages 461 - 468) |
| 10 | Atom Valley Mayoral Development Zone (MDZ) (Pages 469 - 478) |
| 11 | City Region Sustainable Transport Settlement (CRSTS) - Transport Capital Programme 2022/23 (Pages 479 - 486) |
| 12 | Exclusion of the Press and Public<br><br>That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contain exempt information under paragraph(s) 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports. |
| 13 | Creating a Better Place Update: Spindles Redevelopment (Pages 487 - 496) |
| 14 | Old Library Building: Restoration and Refurbishment Phase 2 (Pages 497 - 582) |
| 15 | City Region Sustainable Transport Settlement (CRSTS) - Transport Capital Programme 2022/23 (Pages 583 - 594) |

**CABINET**
**17/06/2022 at 4.00 pm**

**Present:** Councillor Chadderton (Chair)
Councillors Akhtar, Ali, Chadderton, Jabbar, Moores, Mushtaq, Stretton and Taylor

1 **APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

A question was received from Lynne Kovacs;
After admitting in a recent Full Council meeting and apologising for her Council's role in the cover up of the grooming and gang rape of our town's children, the previous leader of Oldham Council Arooj Shah promised to facilitate an open meeting with the townsfolk immediately after the publication of the repeatedly delayed CSE Assurance Review.
Can the new leader of Oldham Council, Amanda Chadderton now confirm the date, time and location of this promised special meeting? And who and how many will be invited to attend and how it will be facilitated?

Councillor Chadderton, Leader of the Council responded;
Greater Manchester Combined Authority have today announced that the review into historic child sexual abuse in Oldham will be published this coming Monday 20th June 2022.
I have today requested and Extraordinary Council meeting at 6pm on Monday 27th June 2022 so residents can ask questions and Councillors form all parties, can discuss the findings together.

5 **MINUTES OF THE CABINET MEETING HELD ON 21ST MARCH 2022**

RESOLVED – That the minutes of the Cabinet meeting held on 21st March 2022 be agreed.

6 **APPOINTMENTS TO CABINET SUB-COMMITTEES AND JOINT COMMITTEE**

Consideration was given to a report of the Head of Democratic Services which sought appointments to the following Cabinet Sub-Committees;

1. The Failsworth Trust Cabinet Sub-Committee
2. The Local Investment Fund Cabinet Sub-Committee
3. The Commisisoing Partnership Board
4. The Shareholder Cabinet Sub-Committee

The terms of reference for each sub-committee were considered by the Cabinet.
Options/alternatives considered
Option 1 – To appoint to the sub-committees
Option 2 – Not to appoint to the sub-committees

RESOLVED That:

1. Membership in 2022/23 of the Failsworth Trust Sub-Committee is:-
   - The Council Leader
   - The Deputy Leader (Statutory)
   - The Cabinet Member for Housing

2. Membership in 2022/23 of the Local Investment Fund Cabinet Sub Committee is:
   - The Council Leader
   - Cabinet Member for Neighbourhoods
   - Cabinet Member for Finance and Low Carbon

3. Membership of the Commisisoing Partnership Board in 2022/23 is:
   - The Council Leader
   - The Deputy Leader (Statutory)
   - Cabinet Member for Health and Social Care
   - Cabinet Member for Children and Young People

4. Membership in 2022/23 of the Shareholder Cabinet Sub- Committee was:
   - The Council Leader
   - The Deputy Leader (Statutory)
   - Cabinet Member for Neighbourhoods
   - Cabinet Member for Corporate Services

7 **APPROVAL OF ENFORCEMENT POLICIES**

Consideration was given to a report of the Executive Director, Place and Economic Growth, which sought approval of a revised Corporate Enforcement Policy in order to take account of updated guidance, codes of practice and new regulatory sanctions which have been introduced since the Council's Enforcement Policy was last reviewed in 2012, and to also agree a separate enforcement policy relating to the deciding of financial penalties and appropriateness of prosecution under The Tenant Fees Act 2019.
It was reported that The Council is required to have an overarching statement of Enforcement Policy which governs the way statutory enforcement functions are provided.
The Council adopted the Enforcement Concordat in 2002 and established an enforcement policy to set out what businesses and others being regulated could expect from enforcement officers employed by the Authority. Since then additional guidance, codes of practice and new regulatory sanctions have been introduced and it was therefore appropriate to update the Enforcement Policy from time to time to reflect these changes and avoid challenge.

In addition, the Tenant Fees Act 2019 allowed for financial penalties to be issued against lettings agents who contravene requirements imposed on them under the Act. The Council must publish its methodology on how it would deal with such breaches and how penalty amounts will be derived.
The current Enforcement Policy was approved in 2012 and was reviewed from time to time to ensure that the Council laid out its generic principles for good enforcement.
It committed the Council to good enforcement policies and procedures including carrying out our activities in a robust but fair way that supported those who the Council regulate to comply and grow, avoiding imposing unnecessary regulatory burdens and assessing whether lesser outcomes could be achieved by lesser means. It provided guidance on a range of options that were available to help the public achieve compliance with the legislation we enforce and how powers may be used to regulate and raise standards in various sectors. The proposed policy was attached at Appendix
The Tenant Fees Act 2019 introduced new legislation relating to the activities of lettings agents. Breaches of this legislation included:

- A lettings agent who fails to publicise their fees
- A failure by any person engaged in letting agency or property management work to hold membership of a redress scheme
- A failure by a property agent who holds clients money to belong to an approved or designated client money protection scheme
- Failure to display a certificate of membership at each agents premises

Enforcing authorities must have regard to statutory guidance and publish how what it would take into account when considering a financial penalty and the policy sets out those considerations. The proposed policy was attached at appendix 2.

Options/alternatives considered
Option 1 - Approve the implementation of the enforcement policies.
Option 2 - Do not approve the enforcement policies.

RESOLVED – That the Enforcement Policies be approved.

8 **RENEWAL OF FRAMEWORK OF CONTRACTORS FOR TREE SURGERY WORKS.**

Ay Consideration was given to a report of the Executive Director for Place and Economic Growth which sought approval of the commencement of the procurement to establish a tree surgery services framework
It was reported that Oldham Council operated a commissioning model for tree surgery work; the current framework of contractors was up for renewal expiring on 30th April 2022.
The current framework comprised 5 companies on it (one of which no longer operates on our behalf due to performance

issues) attending to both emergency and planned work supporting the arboriculture team.
The current framework had the ability to direct award work to contractors or if above £10000 a mini competition was to be undertaken. When using the direct award option availability, suitability, and price were taken into consideration.
A new framework was required to continue to support the Council's arboricultural team. This framework would seek to increase the number of framework contractors from 4 to 6 in order to improve resilience (Storm Arwen in November 2021 stretched the resources in existing framework)
The evaluation criteria used to assess bidders was to be split between quality, environmental considerations, social value, and cost. Only those bidders demonstrating a combination of high quality, competitive costs and social value considerations would be offered a place on the framework.
It was also reported tat a delegation was requested for the Executive Director of Place and Economic Growth to approve the award of the framework.

Options/alternatives considered
Option 1 - (recommended): To approve the commencement of the procurement to establish a tree surgery services framework and allow for delegated authority for the award. This will allow for a thorough and robust tendering exercise to be undertaken and award completed in time for 1st July 2022.
Option 2- To not approve and not allow for delegated authority for the award of the framework. This will constrict the timeframe for the renewal of the framework which may affect service provision and continuity.

RESOLVED – That:

1. The commencement of the procurement to establish a tree surgery services framework be approved.
2. That delegation be given to the Executive Director of Place and Economic to award the contract for Tree Surgery Services.

9 **PROCUREMENT OF WATER AND WASTEWATER SERVICES**

Consideration was given to a report of the Executive Director of Place and Economic Growth with sought approval to award a 5 year contract to a new Water and Wastewater provider.
It was reported that the Council were currently paying 'out of contract' rates for water and wastewater services and to help realize the benefits and savings / efficiencies, this report sought approval to award a 5-year contract to a new provider - Wave.
The water services industry was deregulated on 1st April 2017 and by default Oldham Council's commercial supplies were placed with Water Plus on deemed out of contract rates and conditions. A review had been carried out to formally appoint a new supplier and identify savings and efficiencies for the Council's water usage.
It was further reported that by awarding this contract the Council would realise a saving of approximately £51,000 per annum.

Option 1 - (Recommended): To award the water and wastewater services contract to Wave to take advantage of the savings and efficiencies offered. Wave is a prominent organisation in the public sector market currently supplying to Manchester City Council and Lancashire County Council, both of which have provided references.
Option 2 - To not award the contract, leaving the Council on the 'out of contract' deemed rates. A further procurement exercise would be required and is not guaranteed to increase the savings and efficiencies identified above. The estimated water charges for 2022/23 if no action is taken is £627,000 as opposed to £576,000

RESOLVED – That the appointment of Wave via the NEPO (North East Procurement Organisation) Water Retail Services framework be approved.

10 **THE SUPPLY AND DELIVERY OF CLEANING CHEMICALS AND MATERIALS**

Consideration was given to a report of the Executive Director of Place and Economic Growth to award a 4-year contract for the supply and delivery of cleaning chemicals and materials. This was a strategic function to improve and ensure the organisation receives best possible prices, quality and sustainability that enhances better operational performance.
It was reported that a tendering exercise had been carried out for the supply and delivery of cleaning chemicals and materials over the next 4 years. The products were used to clean and sanitise Council buildings along with schools and school kitchens. The result of the process had identified savings in the unit price of the products.

Options/alternatives considered
Option 1 – To award the contract to Accommodation Supplies at Pattersons who submitted the most economically advantageous tender; offering high quality goods at a competitive price
Option 2 – To continue with existing arrangements and not realise potential cost reductions and no formal contract in place.

RESOLVED – That the contract for the supply and delivery of cleaning chemicals and materials be awarded to Accommodation Supplies at Pattersons.

11 **A BED EVERY NIGHT PHASE 5 PROCUREMENT**

Consideration was given to a report of the Executive Director of Place and Economic Growth which sought the recommissioning of the Oldham Council's A Bed Every Night (ABEN) rough sleepers' accommodation service and also sought that delegation be given to the Executive Director, Place and Economic Growth to award the contract to the successful bidder.
A Bed Every Night (ABEN) had been in operation since October 2018 and had now reached its fifth iteration, with Greater Manchester Combined Authority (GMCA) confirming their intention to continue funding the project for a further three years.

ABEN provided accommodation for up to 22/23 (including one emergency bed) rough sleepers, plus an additional 6 spaces for people with No Recourse to Public Funds (NRPF). The service provided support and housing management across three buildings, with the main 18-bed building acting as a 24-hour central hub.
Oldham Council currently had a provider in place until 30th June 2022 and therefore it was proposed to procure a new contract from 1st July 2022 to 31st March 2025. This contract was to be awarded on a 1+1+1 basis to allow for any potential changes in the funding model which GMCA had indicated may be subject to review across the next three years.

Option/alternatives considered
Option 1 - Deliver the ABEN service by procuring a provider via a competitive tender exercise.
The option above was recommended to ensure the Council achieved value for money and quality via the open market. The Council would secure a provider via this exercise via earlier soft market testing, and the contract would be procured on a 1+1+1 basis to help reduce risk should any changes need to be made to the funding model via GMCA.
Option 2- Deliver the ABEN service in-house via the statutory Temporary Accommodation (Housing Options) service.
The option above was not recommended due to a lack of staffing capacity to provide support to the 28/29 ABEN residents, and the time and cost it would take to recruit to fixed term contracts to remedy this.

RESOLVED – That the Cabinet would consider the commercially sensitive information at Item 13 of the agenda before making a decision.

12 **EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they contain exempt information under paragraphs 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.

13 **A BED EVERY NIGHT PHASE 5 PROCUREMENT**

Consideration was given to the commercially sensitive information in relation to Item 11 – A Bed Every Night phase 5 Procurement.

RESOLVED – That:
1. The continued delivery of A Bed Every Night in Oldham for the period 1st July 2022 to 31st March 2025 be supported.
2. Approval be delegated to the Executive Director of Place and Economic Growth of the contract award of the A Bed Every Night service following a competitive tender exercise.

The meeting started at 4.00pm and finished at 4.23pm

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**Report to CABINET**

# GM Clean Air Plan Update

**Portfolio Holder:**
Cllr A Jabbar – Cabinet Member for Finance and Low Carbon

**Officer Contact:** Emma Barton – Executive Director of Place & Economic Growth

**Report Author:** Neil Crabtree – Interim Assistant Director of Public Protection

**25 July 2022**

**Reason for Decision**
This report sets out the case for a new Greater Manchester Clean Air Plan and Greater Manchester's annual mean standards for $NO_2$ in 2021.

**Executive Summary**
Poor air quality is a significant public health issue, causing certain types of disease and in Greater Manchester contributes to 1,200 deaths a year.

Government has issued directions to local authorities in the UK, including those in Greater Manchester, to take action to address illegal exceedances of Nitrogen Dioxide ($NO_2$) in the shortest possible time and, initially in the case of GM, by 2024 at the latest.

Greater Manchester authorities kept the original GM Clean Air Plan, agreed in Summer 2021 under constant review; by tracking emerging evidence and listening to GM businesses and residents who said that it would cause them financial hardship. In late 2021 GM authorities commissioned an independent review of emerging global supply chain issues and the impact this could have on the cost and availability of vehicles, particularly vans.

The review illustrated that the previous agreed plan in summer 2021 would cause businesses and residents financial hardship and the Government agreed with Greater Manchester's assessment that the plan was no longer likely to achieve compliance in 2024 due to the impact of the pandemic and the supply chain issues for compliant vehicles.

The Government revoked the direction requiring the implementation of a category C charging Clean Air Zone so as to achieve compliance with legal limits for $NO_2$ in the shortest possible time and by 2024 at the latest and Greater Manchester is now required by 1st July 2022 to review existing measures, determine if any changes should be made and to submit that review to the Secretary of State.

A new plan must be deliverable and reduce $NO_2$ concentrations to below legal limits in the shortest possible time and by 2026 at the latest, in a way that recognises the cost-of-living crisis and post pandemic economic conditions. This new plan aims to be both fair to businesses and residents and should not cause financial hardship to people in Greater Manchester.

The new plan will use the £120 million of Clean Air funding that the Government has awarded to Greater Manchester to deliver an investment led approach to invest in vehicle upgrades, rather than imposing daily charges and in particular through the delivery of zero emission buses in the Bee Network (a London-style integrated transport network). The new plan will ensure that the reduction of harmful emissions is at the centre of GM's wider objectives.

The ten GM local authorities have taken a GM-wide approach to producing a Clean Air Plan because air pollution does not respect local authority boundaries, particularly across densely populated urban areas. This enables a consistent and coordinated approach to maximise air quality benefits for all people living and working in Greater Manchester; whilst minimising the risk of unintended consequences, such as displacing existing, elevated $NO_2$ concentrations to other locations within Greater Manchester.

**Recommendations**

Cabinet is requested to:

1. Note the 'Case for a new Greater Manchester Clean Air Plan' document attached as Appendix 1 and associated appendices A to E has been submitted to the Secretary of State as a draft document subject to any comments from the Council ahead of the next Air Quality Administration Committee.
2. Note that Councillor Abdul Jabbar as the Council's appointed representative on the Air Quality Administration Committee will represent Oldham Council comments;
3. Note the initial screening undertaken to assess which protected characteristics are likely to be impacted by the new GM Clean Air Plan, and in scope for the Equalities Impact Assessment;
4. Note the updated Do Minimum position for 2023 and 2025 and the forecasted points of exceedance in GM in 2023 and 2025; and
5. Note the participatory policy development approach and the next steps for the GM CAP.
6. Note the new 'ask' from Government to remove out-of-area operation by private hire drivers/vehicles to support the new GM Clean Air Plan;
7. Note feedback from early engagement activity with vehicle owner representative groups;
8. Note the $NO_2$ monitoring results and the exceedances of the annual mean across sites set up for GM CAP purposes between 2018 and 2021.

**GM Clean Air Plan Update**

## 1 Background

1.1 The Government has instructed many local authorities across the UK to take quick action to reduce harmful Nitrogen Dioxide ($NO_2$) levels following the Secretary of State (SoS) issuing a direction under the Environment Act 1995. In Greater Manchester, the 10 local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) are working together to develop a Clean Air Plan to tackle $NO_2$ Exceedances at the Roadside, herein known as Greater Manchester Clean Air Plan (GM CAP).

1.2 The development of the GM CAP is funded by Government and is overseen by the Joint Air Quality Unit (JAQU), the joint DEFRA and DfT unit established to deliver national plans to improve air quality and meet legal limits. The costs related to the business case, implementation and operation of the GM CAP are either directly funded or underwritten by Government acting through JAQU and any net deficit over the life of the GM CAP will be covered by the New Burdens Doctrine, subject to a reasonableness test[1].

1.3 The GM CAP is a package of measures to deliver $NO_2$ reductions to within legal limits within the shortest possible time and by 2026 at the latest. The GMCA – Clean Air Final Plan report on 25 June 2021[2] endorsed the GM Final Clean Air Plan and policy following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work. This included the GM Clean Air Plan Policy, that outlined the boundary, discounts, exemptions, daily charges of the proposed Clean Air Zone (CAZ) as well as the financial support packages offered towards upgrading to a compliant vehicle, including the eligibility criteria to be applied. The aim of the funding is to support an upgrade to a compliant vehicle and to mitigate the negative socio-economic effects of the GM CAZ.

1.4 Throughout the development of the GM Clean Air Plan the Authorities have made clear the expectation that the UK Government would support the plans through:

- Clear arrangements and funding to develop workable, local vehicle scrappage / upgrade measures;
- Short term effective interventions in vehicle and technology manufacturing and distribution, led by national Government;
- Replacement of non-compliant buses; and
- A clear instruction to Highways England[3] to implement measures which deliver compliance with legal limits for $NO_2$ on the strategic road network, for which they are responsible, in the shortest possible time[4].

1.5 The GMCA Clean Air Update report of 29 May 2020[2] detailed that in March 2020 the government provided initial funding of £41m for clean vehicle funds to award grants or loans to eligible businesses: £15.4m for bus retrofit, £10.7m for Private Hire Vehicles, £8m

[1] The new burdens doctrine is part of a suite of measures to ensure Council Tax payers do not face excessive increases. New burdens doctrine: guidance for government departments - GOV.UK (www.gov.uk)

[2] Also considered by the GM authorities through their own constitutional decision-making arrangements.

[3] On 19 August 2021 it was announced that Highways England changed its name to 'National Highways' reflecting the new focus the company has on delivering the government's £27bn strategic roads investment programme, while also continuing to set highways standards for the whole UK.

[4] GM Authorities are directed to take action on the local road network. Those roads managed by National Highways, such as motorways and trunk roads are excluded from the Clean Air Plan.

for HGVs, £4.6m for coaches and £2.1m for minibuses. These figures include Joint Air Quality Unit (JAQU) estimated delivery costs at 5%.

1.6 The GMCA – Clean Air Final Plan report detailed that GM had been awarded £14.11m for Hackney Carriages and £73.5m for Light Goods Vehicles. The Hackney Carriage award comprises £10.61m to support grants and loans to upgrade vehicles. These figures include JAQU estimated delivery costs at 5%.

1.7 The 25 June 2021 GMCA report set out that the Air Quality Administration Committee has the authority to establish and distribute the funds set out in the agreed GM Clean Air Plan policy.

1.8 On 21 September the Air Quality Administration Committee approved the establishment and distribution of the bus replacement funds.

1.9 On 13 October the Air Quality Administration Committee agreed the distribution of Clean Air funds set out in the agreed GM Clean Air Plan policy as follows:

- From 30 November 2021 applications for funding would open for HGVs.
- Opened the funds to applications from LGV, Hackney, PHV and Minibus owners who were detrimentally impacted by the decision of the AQAC to defer the wider opening of the Financial Support Scheme.

1.10 On 18 November 2021 the Air Quality Administration Committee agreed the assessment mechanism to allow for Clean Air Funds to be adapted, if necessary (including a process for considering whether additional funding is required), if the impacts of the Clean Air Zone prove to be more severe than forecast once opened.

1.11 On 20 January 2022 the Air Quality Administration Committee considered the findings of an initial review of conditions within the supply chain of Light Good Vehicles which is impacting the availability of compliant vehicles. The Committee agreed that a request should be made to the Secretary of State (SoS) for Environment, Food and Rural Affairs to agree to pause the opening of the next phase of Clean Air Funds to enable an urgent and fundamental joint policy review with Government to identify how a revised policy can be agreed to deal with the supply issues and local businesses' ability to comply with the GM CAP.

1.12 On 28 February 2022 the Air Quality Administration Committee noted that Government had issued a new direction and that a revised plan is required to be submitted to the SoS by 1st of July. The committee also noted the interim arrangements for delivery arrangements for the Clean Air Zone in the meantime, including signage, funding and discount/exemption applications.

1.13 On 23 March 2022 the Air Quality Administration Committee noted the scope of the review of the Clean Air Plan and the participatory policy development approach, as well as delivery arrangements, including signage and funding.

1.14 On 1 July 2022 the Air Quality Administration Committee noted the 'Case for a new Greater Manchester Clean Air Plan' document and associated appendices would be submitted to the Secretary of State on the 1 July as a draft document subject to any comments of Greater Manchester local authorities.

## 2 Current Position

### 2.1 Why a new plan?

2.1.1 A number of factors mean the original GM CAP (comprising a blanket measure across the city-region in the form of a charging CAZ C) is no longer the right solution to achieve compliance:

- The $NO_2$ forecasts show that the number of sites in exceedance reduces over time, moving from a GM-wide problem in 2023 to a localised problem from 2025 focussed on the regional centre.
- The cost of living and post-pandemic economic circumstances in GM needs to be considered in developing the right solution.
- Global supply chain issues and the impact this is having on the cost and availability of compliant vehicles.
- GM-led investment in the Bee Network from now to 2027 and sustainable clean vehicles including Zero Emission Bus (ZEB).
- Confirmation of bus franchising - From September 2023 at least 50 new zero emission buses will be brought into service with the launch of the regulated bus system in Wigan and Bolton.
- ZEBRA funding awarded – 170 zero emission buses – equal to 10% of the whole bus fleet in the city-region – running from Stockport by 2024.
- City Region Sustainable Transport Settlement (CRSTS) funding, which provides significant benefits from delivering zero emission buses, £115m earmarked for a third of the bus fleet in GM to be zero emission by 2027.

## 2.2 Core objectives of the New Clean Air Plan

2.2.1 The new GM CAP will target investment in vehicle upgrades rather than imposing daily charges, identified as contributing to where $NO_2$ exceedances have been modelled. The plan's core objectives are:

- To reduce $NO_2$ concentrations to below the legal limits in the shortest possible time and by 2026 at the latest;
- Achieve compliance in a way that is fair to businesses and residents, and does not damage business or cause financial hardship to people in Greater Manchester; and
- Ensure the reduction of harmful emissions is at the centre of GM's wider objective for delivering the Bee Network.

## 2.3 A Strong Track Record of Delivering the Right Solutions for GM

2.3.1 Tackling the issue of poor air quality in GM is not a new phenomenon. GM has a strong history of collaborative working to secure a sustainable transport system that also tackles the issue of poor air quality. The Clean Air Plan will run alongside existing strategies, commitments and investments to achieve sustainable transport, contributing to better air quality:

- Five-Year Transport Delivery Plan (2021-26)[5] – sets out the practical actions planned to deliver the 2040 Transport Strategy over this five-year period.
- City Centre Transport Strategy[6]
- GM 5-Year Environment Plan[7]
- EV Charging Strategy[8]

2.3.2 Over the past decade, combined Greater Manchester investment in public transport has been second only to London. Using a blend of funding sources, both local and national, GM has delivered a range of key transport infrastructure projects that have helped drive GM's regional and local economies. These include: Metrolink expansion and

[5] Our Five Year Transport Delivery Plan | Transport for Greater Manchester (tfgm.com)
[6] City Centre Transport Strategy | Transport for Greater Manchester (tfgm.com)
[7] Five-Year Environment Plan - Greater Manchester Combined Authority (greatermanchester-ca.gov.uk)
[8] Greater Manchester's EV charging strategy | TfGM Electric Travel

improvements, bus priority, smart ticketing and information systems, park and ride sites across the conurbation, channelling investment of around £200m each year to radically enhance clean public transport.

2.3.3 This built on the ground-breaking £1.5bn GM Transport Fund, established by the ten GM local authorities, which paid for the massive expansion of the Metrolink network, the Leigh Salford Manchester guided busway, as well as key transport interchanges, supporting town centres and regeneration efforts across the conurbation.

2.3.4 The forthcoming City Region Sustainable Transport Fund, of around £1.2bn will further expand and integrate the network, focusing on improvements to bus routes, funding zero emission fleets and providing further investment in GM's rapidly expanding cycling and walking network.

**2.4 Participatory approach to the development of the new plan**

2.4.1 GM leaders have committed to a participatory approach to the development of the new Plan to ensure that GM's proposals are well-grounded in evidence in terms of the circumstances of affected groups and possible impacts of the Plan on them, and therefore the deliverability and effectiveness of that Plan.

2.4.2 As part of the previous GM Clean Air Plan, Greater Manchester secured £120m funding to support those with the most polluting vehicles to upgrade. The Clean Air Funds policy and allocations were designed based on a GM Wide Category C Clean Air Zone and including HGV, Taxi, PHV, Coaches and Minibuses and LGVs. The funding package and levels were based on an analysis in 2020 and 2021, prior to the cost-of-living crisis and supply chain issues for certain vehicles.

2.4.3 Government has indicated that this funding will continue to be available to support the new plan and the right funding for the vehicle upgrades needed to secure compliance is a significant component of the investment led approach. Government and Greater Manchester have expressed a desire to release funding to tackle $NO_2$ emissions as soon as possible. As part of the Policy Development Process, it is critical that the scope of these funds, the levels and application criteria provide the right incentive for those who GM need to upgrade from non-compliant to compliant vehicles to do so. This will require an evidence-based approach developed in consultation with those business and trade representatives who are best placed to understand how the changes required in the new plan can be secured.

2.4.4 Purpose of engagement, following submission on 1st July 2022 is to:

- Seek views on the elements of the GM's proposals addressing economic conditions as well as evidence submissions on vehicle types.
- Support an early understanding around impacts and any unintended consequences.
- Inform the ongoing plan for engagement around the plan as detail develops, including consideration of future consultation requirements.

**2.5 The way forward: an investment led non charging Clean Air Plan**

2.5.1 The primary focus of the new plan is to achieve compliance in a way that considers the current cost of living crisis and associated economic challenge faced by businesses and residents. An investment-led approach will be combined with all the wider measures that GM is implementing and aims to reduce $NO_2$ emissions to within legal limits, in the shortest possible time and at the latest by 2026. Unlike the previous charging-led scheme defined by Government guidance, the investment-led scheme seeks to factor in the cost-of-living crisis, it will actively consider the impacts of the pandemic and wider global

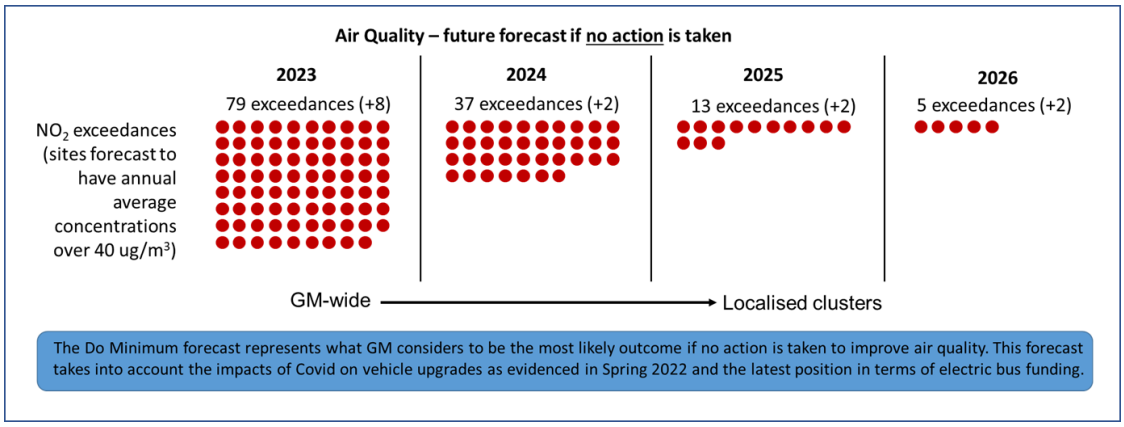
economic instability on supply chains, will be delivered from 2023, and crucially considers the significant beneficial effects that the delivery of electric bus can have along key routes. In particular:

- The **cost-of-living crisis** means that businesses are less able to afford to invest in vehicle upgrades, whilst households are less able to absorb any costs that may be passed on to them.
- This is exacerbated by **rising vehicle prices** and – for some vehicle types – lower residual values of non-compliant vehicles. There is evidence that illustrates the demand for new and compliant second-hand vehicles is exceeding supply, leading to longer wait times and rising prices.
- A charging Clean Air Zone could therefore cause **unacceptable financial hardship** and contribute to business failures.
- In addition, **new opportunities have arisen** – via the approval of bus franchising and new funding for electric buses – this means that GM has the opportunity to tackle emissions in a different way.
- The exceedances become more localised in 2025 and 2026, therefore **action can be targeted** at those locations suffering the worst air quality.
- It is clear that the GM-wide Clean Air Zone category C as approved in summer 2021 could lead to hardship in GM and that implementing a materially revised charging CAZ, for example with a different boundary, vehicles in scope or discounts and exemptions, would take time to design and consult upon and then implement.

## 2.6 $NO_2$ Exceedances forecast 2023-2026

2.6.1 GM has forecast expected $NO_2$ exceedances in each future year to 2027, if no further action is taken. The forecasts show that the number of sites in exceedance reduces over time, moving from a GM-wide problem in 2023 to a localised problem from 2025 focussed on the regional centre.

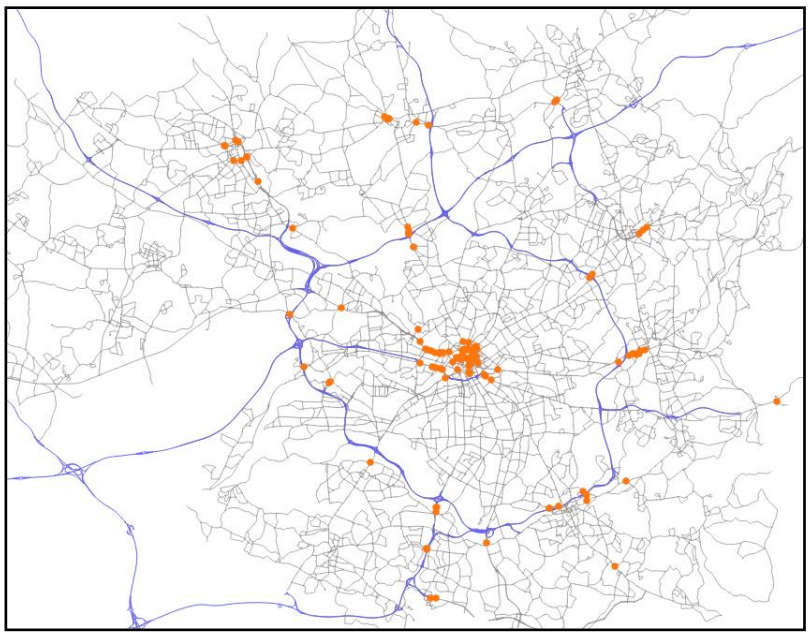
2.6.2 The GM CAP needs to be targeted at reducing $NO_2$ concentrations at the last remaining locations of non-compliance.



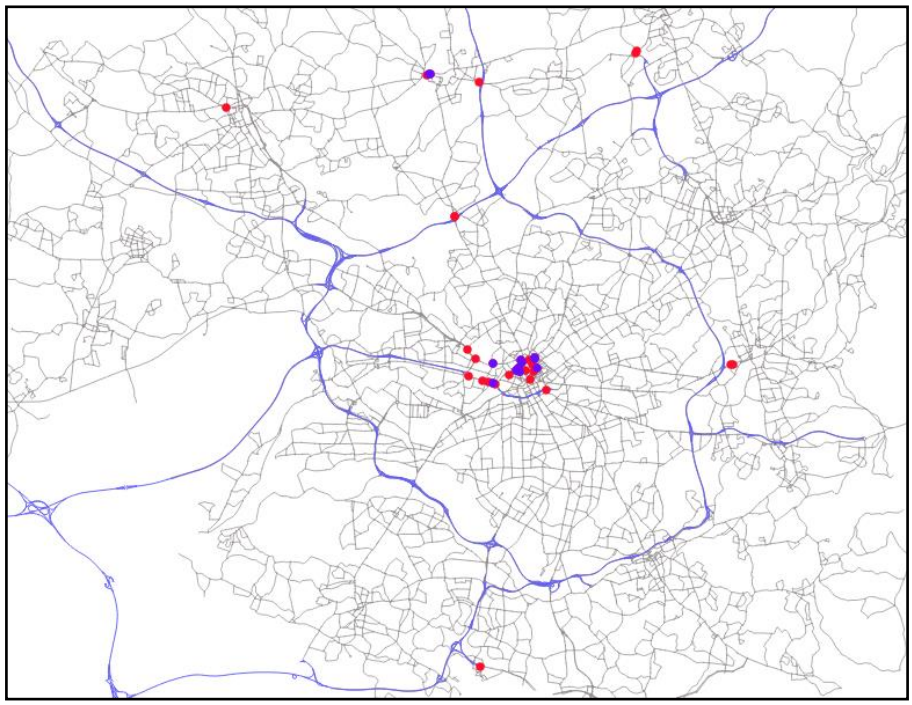

2.6.3 $NO_2$ Forecast in 2023

- 79 exceedances in total.
- Exceedances in 9 out of 10 authorities (all except Wigan).

**2023 forecast exceedances in orange**



**2024 forecast exceedance in red / 2025 forecast exceedances in purple**



2.6.4 $NO_2$ Forecast in 2024 and 2025

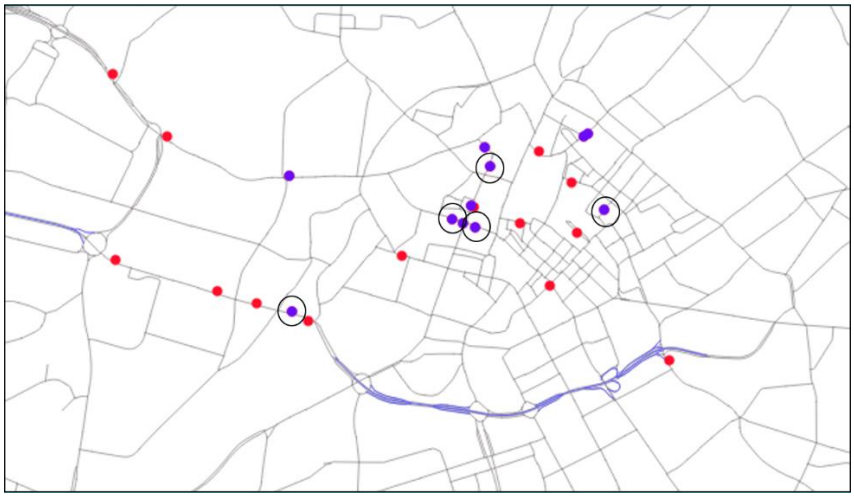
- 37 exceedances in 2024, 13 exceedances by 2025.
- By 2024, Oldham, Stockport, Trafford and Wigan are expected to be compliant.
- By 2025, Bolton, Rochdale and Tameside are also expected to be compliant.
- Exceedances remain in Bury, Manchester and Salford in 2025.

2.6.5 $NO_2$ Forecast of last remaining sites in 2026

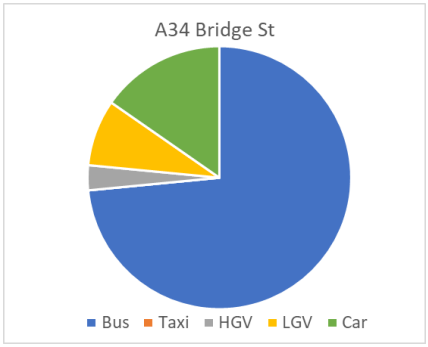
- By 2025, exceedances found only in Manchester and Salford and at Bury Bridge.
- By 2026, Bury Bridge is expected to be compliant.
- The last remaining sites in 2026 are at the A57 Regent Rd, A34 John Dalton / Bridge St, A56 Deansgate, and Lever St (circled).

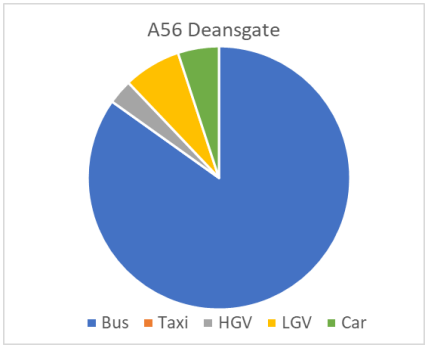
- Natural compliance forecast in 2027.

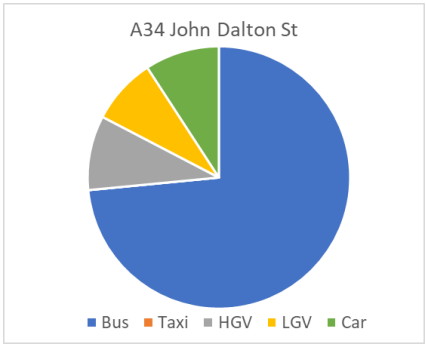
**2024 Forecast exceedances in red**

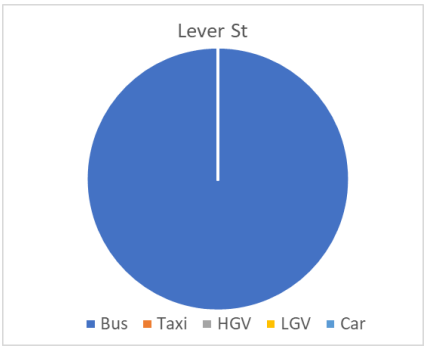


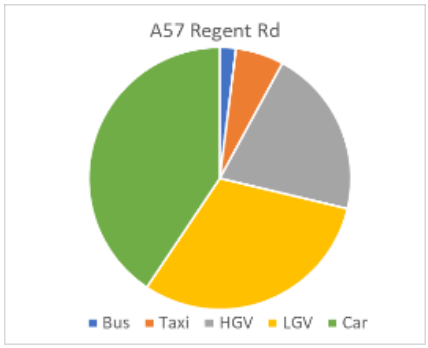
### 2.6.1 City Centre emissions




- At the four city centre sites that are forecast to remain non-compliant in 2025, bus accounts for over 70% of emissions, meaning that electric buses could be very effective in improving air quality.[9]
- In contrast, Regent Road has very few buses running on it and acts as a major strategic route for commercial vehicles – with particularly high volumes of HGVs – and cars heading to the city centre and inner ring road.

[9] NOTE: The relative taxi contributions are under-estimated, and car emissions over-estimated inside the Regional Centre Inner Relief Route. Further detailed analysis will be undertaken for a substantial city-centre Electric Taxi policy.

## 2.7 $NO_2$ Monitoring Results 2021

a. Greater Manchester undertakes $NO_2$ monitoring to determine compliance with $NO_2$ legal limit values in accordance with GM CAP and Government direction and the 10 districts also monitor $NO_2$ in accordance with the requirements of the Environment Act 1995 and associated statutory guidance, also called Local Air Quality Management or 'LAQM'.

b. The two monitoring regimes have different siting criteria to assess exposure in different types of locations. The GM CAP monitoring assesses exposure as defined by the Air Quality Standards Regulations (England) 2010 limit values, with roadside being typically worst-case and hence the focus for monitoring. The LAQM monitoring is concerned with exposure at locations of relevant public exposure[10] where the Air Quality Objectives apply, which can include the roadside but only in exceptional circumstances. LAQM monitoring also includes measurements at background[11] and industrial locations and is not limited to road traffic sources.

c. Additionally, the two regimes have different values by which they determine an exceedance. LAQM determines that the legal limit of 40µg/m3 has been exceeded by any result over 39.9µg/m3[12], whereas for the GM CAP, JAQU (Government's Joint Air Quality Unit,) determine anything over 40.4µg/m3 to be an exceedance[13]. These differences in definition should be taken into consideration when comparing the results from individual monitoring locations.

d. There are two legal limits in relation to $NO_2$:

- A short-term hourly limit of 200µg/m3 (not to be exceeded more than 18 times a calendar year).
- The long-term annual average limit of 40µg/m3.

e. To determine compliance with the $NO_2$ 1-hour mean Air Quality Limit Values, research undertaken on behalf of Defra and outlined in Technical Guidance Note LAQM.TG (16) (Defra, 2021) identified that road traffic emission related exceedances are unlikely to occur where the annual mean concentration is below 60 µg/m3.

f. For the purpose of the GM CAP, the government has directed GM (and other areas) under the Environment Act 1995 to address $NO_2$ exceedances at the roadside in the shortest possible time. In GM this direction specifically focuses on the long-term annual average legal limit (40µg/m3).

g. The GM local authorities carry out air quality monitoring for $NO_2$ using a combination of:

- Continuous automatic monitoring sites: There are currently 21 continuous air quality monitoring stations, twelve of which are located at the roadside.
- Diffusion tubes: 436 sites are set up for local air quality management (LAQM) purposes. In addition, approximately 460 sites are set up for GM Clean Air Plan monitoring and evaluation purposes[14].

h. Monitoring for $NO_2$ for GM Clean Air Plan purposes uses diffusion tubes at sites where "target determination"[15] modelling predicted illegally high levels of $NO_2$ for 2021. Three

[10] All locations where members of the public might be regularly exposed. Building façades of residential properties, schools, hospitals, care homes etc. Kerbside locations are on the whole excluded, unless members of the public are likely to be exposed for longer than the time used to determine the legal limit for the pollutant concerned. Box 1.1 for TG16 give more detail LAQM-TG16-April-21-v1.pdf (defra.gov.uk)

[11] Background sites are used to provide useful information such as long-term trends, general population exposure and an indication of reduction in pollution away from roadside sources, as opposed to measuring exceedances.

[12] An exceedance defines a period of time during which the concentration of a pollutant is greater than, or equal to, the appropriate air quality criteria. For Air Quality Standards, an exceedance is a concentration greater than the Standard value. For Air Pollution Bandings, an exceedance is a concentration greater than, or equal to, the upper band threshold. https://uk-air.defra.gov.uk/air-pollution/glossary#E

[13] The IPR guidance underpinning the Air Quality Standards Regulations 2010 stipulates that compliance should be assessed using data of 'the same numeric accuracy' as the limit value, therefore a value of 40.4ug/m3 is rounded down to 40ug/m3 and is not exceeding. https://ec.europa.eu/environment/air/quality/legislation/pdf/IPR_guidance1.pdf

[14] 22 of these were active for the full 2021 calendar year.

[15] The government's Joint Air Quality Unit undertook a process called 'target determination', which involves comparing the outputs of the local and national modelling, verifying the local modelling methodology and then

new continuous automatic air quality monitoring stations are planned to be installed in 2022 at the last key points of exceedance in Greater Manchester.

i. Table 1 below summarises $NO_2$ concentrations and exceedances of the annual mean objective (AMO) across sites set up for local air quality management (LAQM) purposes (automatic and non-automatic) across GM in 2021.

j. Maps showing the location of the LAQM monitoring sites are provided on the **CleanAirGM Data Hub.**

**Table 1 Summary of LAQM NO2 monitoring in GM in 2021**

| Authority | Automatic sites (with valid data capture 2021) | Non-automatic sites | Concentration range (all sites) ($\mu g/m^3$) | Exceedances of $NO_2$ Annual Mean (non-automatic sites) | |
|---|---|---|---|---|---|
| | | | | In AQMA | Outside AQMA |
| **Bolton MBC** | 1 | 48 | **41.5** – 10.9 | 1 | - |
| **Bury MBC** | 3 | 20 | **40.9** – 19.1 | 1 | - |
| **Manchester CC** | 3 | 40 | **44.8** – 14.1 | 3 | - |
| **Oldham MBC** | 1 | 27 | **46.3** – 15.3 | 2 | - |
| **Rochdale MBC** | 1 | 27 | 36.6 – 10.2 | - | - |
| **Salford CC** | 3 | 47 | **44.3** – 11.5 | 2 | 1 |
| **Stockport MBC** | 2 | 29 | 35.8 – 9.7 | - | - |
| **Tameside MBC** | 2 | 53 | **42.5** – 9.8 | 2 | - |
| **Trafford MBC** | 3 | 20 | 31.3 – 11.5 | - | - |
| **Wigan MBC** | 2 | 125 | **44.6** – 13.8 | - | 1 |
| **Total** | 21 | 436 | **46.3 –** 9.7 | 11 | 2 |

k. In 2021 across sites set up for local air quality management (LAQM) purposes, 13 exceedances of the AMO (Annual Mean Objective) for $NO_2$ (40 µg/m3) were recorded by diffusion tubes. This is an increase of 11 from 2020, which was a year of a notably low number of exceedances due to the lockdown measures during the COVID-19 pandemic. In 2019, 62 exceedances were recorded out of 359 operational sites, suggesting an overall downward trend in annual mean concentrations.

l. Two of the exceedances in 2021 were recorded at non-automatic sites located outside of the AQMA, in Salford (SA86 on Bury Old Rd, very close to AQMA boundary) and in Wigan (WI180 – 4 Winwick Lane, Wigan). Exceedances at these sites are acknowledged and mitigation measures are being explored in Wigan, but in the case of any exceedances outside of the AQMA, and in agreement with Defra, the decision to declare an additional AQMA or to expand the current AQMA is being delayed until the outcome of the new GM CAP is determined.

m. The GM CAP will have the most significant impact on air quality in the city-region going forward, in addition to actions taken to meet the 2038 city-region's carbon neutral target and the decarbonisation of transport. The GM Clean Air Plan also monitors $NO_2$, using diffusion tubes. However, the GM Clean Air Plan monitors different sites[16] to those that need to be reported in the ASR.

n. The initial Greater Manchester Clean Air Plan monitoring survey, covering all 10 Greater Manchester authorities, started in January 2018. These locations were based

agreeing the forecast concentration assessment to be compared to the limit value for each exceedance. The outcome of this is an agreement of the $NO_2$ problem Greater Manchester must resolve ("target determination") and the basis for the Greater Manchester Clean Air Plan.

[16] The GM Clean Air Plan monitor those sites where "target determination" modelling predicted illegally high levels of $NO_2$ in 2021. See footnote 15 and cleanairgm.com for more detail.

on the roads predicted to be in exceedance in 2021 in the government's "UK Plan for Tackling Roadside Nitrogen Dioxide Concentrations" (Defra, 2017).

o. Diffusion tubes were placed at roadside locations around Greater Manchester to determine the concentrations of $NO_2$ across the extent of the GM CAP study area. The diffusion tubes were replaced monthly throughout the survey with supply and analysis by Staffordshire Scientific Services.

p. As set out in Table 2, in June 2019 and October 2021, the diffusion tube survey was extended, and new diffusion tube monitoring sites were installed along roads predicted to be in exceedance by the GM CAP target determination modelling process. Additional sites were also included in Manchester city centre where street canyons may be leading to elevated air pollution concentrations.

**Table 2 Number of GM CAP Monitoring Sites**

| | **Number of monitoring Sites** | | | |
|---|---|---|---|---|
| **Authority** | **2018** | **2019** | **2020** | **2021** |
| Bolton | 5 | 14 | 14 | 14 |
| Bury | 5 | 16 | 16 | 16 |
| Manchester | 20 | 91 | 91 | 91 |
| Oldham | 0 | 9 | 9 | 9 |
| Rochdale | 0 | 12 | 12 | 12 |
| Salford | 5 | 27 | 27 | 27 |
| Stockport | 10 | 19 | 19 | 19 |
| Tameside | 5 | 14 | 14 | 14 |
| Trafford | 5 | 14 | 14 | 14 |
| Wigan | 0 | 6 | 6 | 6 |
| **Total** | 55 | 222 | 222 | 222 |

q. Table 3 below summarises $NO_2$ concentrations and exceedances of the annual mean across sites set up for GM CAP purposes between 2018 and 2021. Maps showing the location of the GM CAP monitoring sites are provided on the **CleanAirGM Data Hub.**

**Table 3 Number of GM CAP Exceedances**

| | Number of Exceedances (>40.4µg/m$^3$) | | | |
|---|---|---|---|---|
| **Authority** | **2018** | **2019** | **2020** | **2021** |
| Bolton | 1 | 4 | 1 | 2 |
| Bury | 2 | 10 | 0 | 2 |
| Manchester | 14 | 65 | 8 | 25 |
| Oldham | 0 | 5 | 0 | 1 |
| Rochdale | 0 | 4 | 1 | 1 |
| Salford | 1 | 16 | 0 | 7 |
| Stockport | 6 | 15 | 2 | 3 |
| Tameside | 4 | 6 | 4 | 4 |
| Trafford | 1 | 3 | 0 | 0 |
| Wigan | 0 | 1 | 0 | 0 |
| **Total** | 29 | 129 | 16 | 45 |

r. During 2020, overall national road traffic levels were approximately 21% lower than in 2019. This reduction was due to the COVID-19 pandemic and associated social distancing and travel restrictions.[17]

s. For the year ending September 2021, overall national road traffic levels were approximately 16% lower than pre-pandemic levels.[18]

t. Therefore 2021 had overall higher road traffic levels than 2020, which is considered to be a factor causing the increase in annual average $NO_2$ concentrations.

## 2.8 Changes in economic context since Summer 2021

a. Since the original GM Clean Air Plan, agreed in Summer 2021, external factors associated with the pandemic, global supply chain challenges, and the cost-of-living crisis have the potential to create additional financial hardship for local businesses and families. These include:

- Impacts from war in Ukraine.
- Increased cost of energy.
- Increased cost of fuel for motorists.
- Increased cost of food, and other products.
- Supply chain issues - on-going impact of Covid lockdowns etc.
- How the impact of inflation is distributed across society.
- Changes to Bank of England base rate and forecasts - 0.25% in Jan 22, risen to 1.25% (16th June 22) - moving into a phase of more expensive borrowing.
- Consumer confidence.
- GM business composition and outlook from Growth Company Survey.
- GM resident population - wage growth, disposable income, etc.
- UK inflation reached a 40-year high of 9% during April 2022, up from 2% in July 2021.
- Inflation is forecast by the Bank of England to rise to 11% in the autumn of 2022.

## 2.9 Emerging conclusions to changes in economic context

[17] Department for Transport, Road Traffic Statistics 2020 Summary, https://roadtraffic.dft.gov.uk/summary

[18] Department for Transport, Provisional Road Traffic estimates, Oct 2020 – Sep 2021, https://www.gov.uk/government/statistics/provisional-road-traffic-estimates-great-britain-october-2020-to-september-2021/provisional-road-traffic-estimates-great-britain-october-2020-to-september-2021

b. Evidence is already pointing to consumer demand being dampened. GM is particularly vulnerable to high inflation - noting its relatively high volume of small businesses, and a higher than average (vs.UK) proportion of residents who typically have below average disposable household incomes.
c. The Bank of England has increased the Base Rate to 1.25% (up from 0.1% in July 2021) - signalling that further rate rises are likely. This in turn will increase the cost of borrowing to both businesses and residents who require finance and are not protected by fixed rates. Meanwhile the Bank of England's latest Monetary Policy Report (May 2022) points to an expectation for GDP to fall in Q4 2022 and be 'broadly flat' during 2023.
d. In summary, any intervention, such as a charging clean air zone, that could see businesses forced to pay additional charges and potentially pass costs on to the consumer, could have severe consequences for those groups who are already struggling to cope with the cost of living crisis.

**2.10 The changed conditions within the vehicle market**

a. The price of new and used commercial vehicles is rising, making upgrade less affordable.
b. Some sectors potentially in scope for the Clean Air Plan have still not recovered from the impacts of the pandemic.

| Vehicle Type | Commentary on changed conditions |
|---|---|
| **HGV**<br><br>Est. 70,900 vehicles serving GM<br>81% compliant in 2023[19] | • Having remained stable for many years, record-breaking price rises are being reported of around 40% for Euro 6 vehicles, with the price gap between Euro 6 vs 5 vehicles increasing.<br>• Dealers are reporting constraints on availability of new vehicles – due to shortages of materials including semi-conductors – and that this means people are extending leases (so fewer vehicles enter the second-hand market) or trying to buy second-hand, leading to shortages in that market.<br>• Price rises reflect these shortages as well as increases in the cost of materials (for new vehicles). |
| **Vans**<br><br>Est. 277,400 vehicles serving GM[19]<br>52% compliant in 2023[19] | • There is substantial evidence of significant price increases in the second-hand van market – the scale of those rises has a high degree of variability depending on the particular vehicle. The extent of the reported rise varies between 13% and almost 60%.<br>• Overall, the evidence suggests that demand for new and second-hand vans remains strong, and therefore that the loss of supply caused by lockdowns in 2020 and more recently by the semi-conductor shortage is leading to price rises in the new and second-hand markets, and to long lead times for new vehicle orders.<br>• A high proportion of non-compliant vans are owned by sole traders and very small businesses which are vulnerable to the impacts of inflation and the cost-of-living crisis. |
| **Coach**<br><br>1,700 vehicles | • The coach sector was badly affected by the pandemic, with lockdown restrictions meaning that many were forced to stop operating for long periods. |

[19] best estimate in a highly changeable economic/vehicle market situation, forecast should be considered subject to review

| Vehicle Type | Commentary on changed conditions |
|---|---|
| serving GM<br>59% compliant in 2023[19] | • Demand from tourism and major events remained constrained during 2021, and recovery is expected to be slow.<br>• The SMMT states that demand for new buses and coaches dropped further in 2021 and was the weakest year since records began in 1996. |
| **Hackney Cabs**<br><br>2,100 Hackneys licensed in GM<br>35% compliant in 2023[19]<br><br>**PHV**<br><br>12,400 PHVs licensed in GM<br>68% compliant in 2023[19] | • Hackneys and PHVs lost a substantial proportion of their trade during the pandemic, as travel for business, leisure and tourism purposes ceased.<br>• The number of vehicles licensed has reduced and drivers report that demand has not returned to pre-pandemic levels.<br>• The number of new vehicles entering the Hackney and PHV licensed fleets was much lower than normal in 2020 and 2021, so that the age of the fleet has increased.<br>• This is assumed to result from market conditions and conditions in the wider economy, as well as continued uncertainty about licensing and clean air requirements for the fleet.<br>• Furthermore, there is anecdotal evidence that the trade-in value of Euro 5 and older Hackney cabs is falling, as more cities bring in tighter licensing standards and/or Clean Air Zones. |

**2.11 Development of the new plan**

a. The participatory approach to the development of the new plan will test with vehicle owners that where non-compliant vehicles are identified as contributing to locations where $NO_2$ exceedances have been modelled, GM Authorities will have funding packages to incentivise upgrades to the cleanest possible vehicle, in order to get the greatest emissions reduction and therefore the swiftest public health benefit from every funded upgrade.

b. Rather than as part of a formally signed charging CAZ, the ANPR cameras could be used to better understand those vehicles where GM would get the greatest emissions reduction from those non-compliant vehicles travelling regularly through GM's most $NO_2$ polluted places.

## 2.12 New Plan Measures

2.12.1 Greater Manchester CAP Vehicle and other Investment Measures

| • **Vehicle type** | • **Measure subject to review during participatory policy approach** |
|---|---|
| • **Bus** | • Continue with existing funding.<br>• Ensure franchising and other governance/planning processes are established so that electric buses are running on routes containing most persistent exceedance points to ensure compliance - with a focus on the regional centre/city centre as the transport hub of the city-region.<br>• Initial sensitivity testing indicates that delivery of sufficient bus electrification would achieve compliance at modelled exceedance locations except Regent Road by 2025. A delivery plan is under development with the aim of achieving this. |
| • **HGV** | • Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance. |
| • **Coach** | • Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance. |
| • **Greater Manchester Hackney Carriage** | • Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance – most Hackney Carriages are licensed in MCC.<br>• Target GM CAP funding to increase roll out of dedicated taxi and other general electric vehicle charging infrastructure points, to ensure fleet upgrade to electric vehicles is viable and taxi industry is supported. Consider opportunities for regulatory measures such as licensing standards to complement funding incentives to accelerate fleet upgrades. |
| • **Greater Manchester PHV** | • Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance. Consider opportunities for regulatory measures such as licensing standards to complement funding incentives to accelerate fleet upgrades. |
| • **Other clean air investment initiatives** | • Explore opportunities for EVCI investment to support expansion of Car Club in and around city centre and wider city.<br>• Target GM CAP funding to continue to roll out sustainable transport infrastructure investment and messages particularly in and around the regional centre to reduce emissions in key exceedance areas. This will include a particular focus on city centre in points of persistent exceedance, such as Deansgate and surrounding streets, as well as other active travel and public transport schemes.<br>• Explore opportunities for GM CAP funding to support other infrastructure investment to address air quality issues, such as green infrastructure. |

2.12.2 Greater Manchester CAP Cluster Measures

| • Exceedance cluster | • Measure subject to review during participatory policy approach |
|---|---|
| • **City centre** | • In the city centre, bus emissions account for at least 70% of total NOx emissions at the majority of locations and therefore electric buses can be very effective. Initial sensitivity testing indicates that delivery of sufficient bus electrification would achieve compliance at these locations by 2025. A delivery plan is under development with the aim of achieving this.<br>• Further work is also underway to develop a proposition for taxi that encourages upgrade to the cleanest vehicles, and to explore how investment in highway and other transport infrastructure under the city centre transport strategy can best support clean air. |
| • **Regent Road** | • Emissions on Regent Road are principally derived from commercial and logistics traffic, which accounts for c.50%. In addition, the corridor is immediately fed by the M602 motorway and subject to the implications of National Highways signage and traffic management policies.<br>• Salford City Council (SCC) and MCC have commissioned analysis via TfGM to improve understanding of the operation of the road and nature of the traffic on Regent Road to help with the joint working with National Highways (NH) which must include how the deployment of funds and local servicing plans can support appropriate solutions to deal with the exceedance at this location.<br>• Note that Electric Towns and Cities Infrastructure initiative (ETCI) – NH initiative being explored for mitigation for sections of the SRN. |
| • **Bury Bridge** | • The electrification of bus services over the bridge should happen with the first 50 new zero emission buses that will be brought into service with the launch of the regulated bus system in Wigan and Bolton. Initial sensitivity testing indicates that delivery of sufficient bus electrification would achieve compliance at this location by 2025. A delivery plan is under development with the aim of achieving this. |

**2.13 Government Asks**

a. One specific new 'ask' from Government is to support the new GM Clean Air Plan, would be to remove out-of-area operation by private hire drivers/vehicles.
b. GM Authorities are keen to work with DfT to consider an appropriate regulatory device. This would require that all private hire journeys within GM must be undertaken by a driver and vehicle which are both licensed by one of the ten GM local authorities.
c. As it stands, out-of-area operation enables the evasion of fair, safe and democratically determined local licensing standards. In context of the GM Clean Air Plan, this measure would provide local authorities with stronger regulatory tools to improve the emission standards of all private hire fleets operating in GM.
d. Greater Manchester will continue to seek to ensure that the Government takes appropriate action to address exceedances on the A57/A628 a stretch of Strategic

Road network, managed by National Highways that cuts through the villages of Hollingworth and Mottram.

e. Under an investment-led non-charging GM CAP the ANPR cameras installed for the charging CAZ could be used to inform and support the development of investment-led solutions. GM also wants to work with Government to agree the use of the GM CAP ANPR cameras to support identification of vehicles that could be upgraded, and also for potential law enforcement activity related to the detection of crime.

**2.14 Targeted engagement to test support for the case for a new GM CAP**

a. An initial series of discussions has been carried out to review the evidence GM has gathered describing current economic and vehicle market conditions and the challenges facing non-compliant vehicle owners. This early engagement has been undertaken so that groups representing vehicle owners have the opportunity to feed in any further evidence.

b. Sessions have been held with the following groups and a summary of their feedback is set out below:

| Group | Summary of Feedback |
|---|---|
| GM Business Representatives – 30 June 2022 | • This is a business-friendly approach and is broadly welcomed.<br>• There are many health & economic benefits to Clean Air and GM needs to ensure that the Plan is seen as part of its wider strategies<br>• Look forward to working with GM through the participatory policy approach. |
| Road Haulage Association – 22 June 2022 | • Our members are reporting challenging trading circumstances and an investment supported non-charging Clean Air Plan for Greater Manchester is definitely going in the right direction, the devil will be in the detail.<br>• We would be very happy to work with Greater Manchester to get a revised clean air plan right and we know our members would like to see the funding opened up to those who trade in Greater Manchester rather than just being based in region. |
| Confederation of Passenger Transport – 21 June 2022 | • While the reasons for clean air initiatives are appreciated, in the coach sector the prospect of upgrading, retrofitting or being faced with charges is difficult to comprehend. A typical Euro 5 vehicle is on average only 5 years old.<br>• If there is indeed no charging zone, we expect our members would be generally supportive of the new investment-led GM Clean Air Plan, provided there are no hidden restrictions, for example on the sites of exceedances. |
| All GM Hackney and Private Hire Vehicle representatives – 23 June 2022 | • An investment-led non charging Clean Air Plan is broadly welcomed as it has listened to the concerns of the trade.<br>• All our members want clean air but want to be able to afford it, funding is key and needs to be in place as soon as possible.<br>• Welcome the suggestion to address out of area licensing - but local authorities could help the trade by reducing the time taken to license in GM.<br>• Look forward to engaging with GM to develop a more detailed policy. |

| Group | Summary of Feedback |
|---|---|
| | • Vehicle availability both new and second hand is of concern. |
| One Bus Network – 23 June 2022 | • Always said charging zone is not the way, an investment led approach is the best forward and so supportive of this approach.<br>• Keen to see low bus speeds in the city centre resolved, as this is contributor to bus emissions. |

**2.15 Next Steps**

a. Whilst Greater Manchester has put in place governance arrangements to enable the joint discharge of relevant GM local authority and GMCA functions in respect of the Greater Manchester Clean Air Plan via the Air Quality Administration Committee, before the Air Quality Administration Committee can confirm the submission as an agreed document there is now an opportunity for the 'Case for a new Greater Manchester Clean Air Plan' document attached as Appendix 1 and associated appendices A to E to be considered, through the local governance arrangements of the individual authorities.

b. Subject to any comments of Greater Manchester local authorities the next Air Quality Administration Committee will confirm the final submission and notify the Secretary of State of the change in status.

c. By applying a Participatory Policy Development process, GM will develop, assess and agree a package of measures forming a proposed new GM CAP. This package of measures will be consulted upon in early 2023.

d. GM will review the responses to the consultation and make any adaptations to the proposals as necessary. It is anticipated that a decision could be made to proceed with the new GM CAP thereafter.

## 3 Options/Alternatives

3.1 Option 1: To approve the recommendations outlined in the report.

3.2 Option 2: Not to approve the recommendations outlined in the report.

## 4 Preferred Option

4.1 Option 1.

## 5 Consultation

5.1 GM leaders have committed to a participatory approach to the development of the new Plan to ensure that GM's proposals are well-grounded in evidence in terms of the circumstances of affected groups and possible impacts of the Plan on them, and therefore the deliverability and effectiveness of that Plan.

5.2 This will require an evidence-based approach developed in consultation with those businesses and trade representatives who are best placed to understand how the changes required in the new plan can be secured.

## 6 Financial Implications

### 6.1 Revenue

6.1.1 It is currently anticipated that all development and delivery costs in relation to the Clean Air Zone will be covered by central Government or met from within existing budgets.

6.2 **Capital**

6.2.2 It is currently anticipated that all development and delivery costs to be covered by central Government or met from within existing grant funding.

(James Postle – Finance Manager)

7 **Legal Services Comments**

7.1 On 8th February 2022 *The Environment Act 1995 (Greater Manchester) Air Quality Direction 2022* was issued. The new direction requires that the GM local authorities:

- review the measures specified in the existing Plan; and
- determine whether to propose any changes to the detailed design of those measures, or any additional measures.

7.2 The GM authorities must ensure that the Plan with any proposed changes will secure that:

- compliance with the legal limit value for $NO_2$ is achieved in the shortest possible time and by no later than 2026; and
- exposure to levels above the legal limit for $NO_2$ is reduced as quickly as possible.

7.3 This new direction revoked the direction dated March 2020 which required the ten Greater Manchester Local Authorities to implement a Category C Clean Air Zone to achieve compliance with the legal limit value for $NO_2$ in the shortest possible time and by 2024 at the latest.

7.4 This report sets out the case for a new Greater Manchester Clean Air Plan.

(Approved by Colin Brittain – Assistant Borough Treasurer)

8. **Co-operative Agenda**

8.1 Oldham is committed to cleaning up the air our residents breathe - but in a way that helps people to make the change to cleaner vehicles and does not put jobs, livelihoods and businesses at risk. Any proposals should include engagement with residents, ensuring that people impacted by the proposals are able to comment and feedback on the recommendations.

(Jonathan Downs – Corporate Policy Lead)

9 **Human Resources Comments**

9.1 No direct HR implications but the plan will support maximising the air quality benefits for our workforce.

(Strategic HR Lead, Catherine Pearson)

10 **Risk Assessments**

10.1 Initial risk register set out in Clean Air Plan OBC (March 2019).

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 N/A

14 **Environmental and Health & Safety Implications**

14.1 The Clean Air plan and it's various recommendations to reduce the NOx levels across the conurbation will ensure the quality of breathable air in Oldham is at a suitable level for Oldham Council's workforce and it's residents.

Laura Smith – Assistant Environmental Health Manager

15 **Equality, community cohesion and crime implications**

15.1 The GM CAP is a place-based solution to tackle roadside $NO_2$ which will have a positive impact on carbon.

15.2 Under Section 149 of the Equality Act (2010), public bodies are subject to the Public Sector Equality Duty, which requires GM to give 'due regard' to the 'need to eliminate unlawful discrimination, harassment and victimisation to advance equality of opportunity to foster good relations between people from different groups.' This can be demonstrated via an Equality Impact Assessment (EqIA) and can identify whether people with protected characteristics could be affected by the GM CAP disproportionately or differentially.

15.3 An initial screening has been undertaken to assess which protected characteristics are likely to be impacted by the new GM Clean Air Plan, and in scope for the EqIA.

15.4 Some groups are more sensitive to changes in air quality and will therefore benefit more quickly from improvements in air quality. The following five protected characteristics are likely to be disproportionately or differentially impacted by changes in air quality and $NO_2$ levels and will therefore be considered within the EqIA for the new GM CAP:

| **Protected characteristic** | **Likely to be disproportionately affected by improved air quality** | **Likely to be differentially affected by improved air quality** |
|---|---|---|
| Age | | X |
| Disability (includes all forms of physical and mental disability) | | X |
| Pregnancy and maternity | | X |
| Gender (male drivers) | x | |
| Race | x | |
| Low income / socio-economic deprivation | x | |

15.5 The new plan aims to reduce the health impacts of air pollution as well as reduce $NO_2$ concentrations to below legal limits, and by 2026 at the latest, whilst minimising any negative socio-economic impacts. The EqIA will consider the impact of this plan on the groups above.

15.6 In addition, people in the following protected characteristics could be impacted by the measures adopted within the new GM CAP as owners or drivers of impacted vehicles or users of services impacted. As a result, the following protected characteristics will also be considered in the EqIA:

| Protected characteristic | Potential disproportionate impact dependent on option |
|---|---|
| Age | X |
| Disability (includes all forms of physical and mental disability) | X |
| Pregnancy and maternity | X |
| Race | X |
| Religion / belief | X |
| Sex | X |
| Gender Reassignment | X |
| Sexual Orientation | X |
| Low income / socio-economic deprivation | X |

15.7 In addition to the above, the 'Good Lives for All in Greater Manchester will inform the EqIA. The report, a product of the Greater Manchester Independent Inequalities Commission, highlights the health inequalities experienced across the city-region and recommends that the wellbeing and equality goals sit at the heart of the Greater Manchester Strategy. The findings of the report will inform the planned EqIA for the new CAP.

15.8 To inform a full EqIA for the new GM CAP the approach to Participatory Policy Development will include engagement with GM based groups representing the protected characteristic groups potentially impacted by the new GM CAP.

16 **Equality Impact Assessment Completed?**

16.1 No

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 Rule 13 exemption sought and agreed

19 **Background Papers**

- 1 July 2022, Report for AQAC: GM Clean Air Plan – July 22 Update
- 23 March 2022, Report for AQAC: GM Clean Air Plan – March 22 Update
- 28 February 2022, Report for AQAC: GM Clean Air Plan – February 22 Update
- 2 February 2022, report to CACC: GM Clean Air Plan – update to the temporary exemption qualification date for GM-licensed hackney carriages and private hire vehicles
- 20 January 2022, report to AQAC: GM Clean Air Plan – A628/A57, Tameside – Trunk Road Charging Scheme update
- 20 January 2022, report to AQAC: GM Clean Air Plan – Financial Support Scheme Jan 22 Update
- 20 January 2022, report to AQAC: GM Clean Air Plan – Clean Air Zone Discount & Exemptions Applications
- 18 November 2021, report to AQAC: GM Clean Air Plan – GM Clean Air Funds assessment mechanism

- 18 November 2021, report to CACC: GM Clean Air Plan – GM Clean Air Plan Policy updates
- 13 October 2021, report to AQAC: GM Clean Air Plan – Operational Agreement for the Central Clean Air Service
- 13 October 2021, report to CACC: GM Clean Air Plan – Showmen's Vehicle Exemption
- 13 October 2021, report to CACC: GM Clean Air Plan – Clean Air Zone daily charge refund policy
- 13 October 2021, report to CACC: GM Clean Air Plan – A628/A57, Tameside – Trunk Road Charging Scheme
- 21 September, report to AQAC: GM Clean Air Plan – Clean Air Zone: Camera and Sign Installation
- 21 September, report to AQAC: GM Clean Air Plan – Bus Replacement Funds
- 25 June 2021, report to GMCA: GM Clean Air Final Plan
- 31 January 2021, report to GMCA: GM Clean Air Plan: Consultation
- 31 July 2020, report to GMCA: Clean Air Plan Update
- 29 May 2020, report to GMCA: Clean Air Plan Update
- 31 January 2020, report to GMCA: Clean Air Plan Update
- 26 Jul 2019, report to GMCA: Clean Air Plan Update
- 1 March 2019, report to GMCA: Greater Manchester's Clean Air Plan – Tackling Nitrogen Dioxide Exceedances at the Roadside - Outline Business Case
- 11 January 2019, report to GMCA/AGMA: Clean Air Update
- 14 December 2018, report to GMCA: Clean Air Update
- 30 November 2018, report to GMCA: Clean Air Plan Update
- 15 November 2018, report to HPEOS Committee: Clean Air Update
- 26 October 2018, report to GMCA: GM Clean Air Plan Update on Local Air Quality Monitoring
- 16 August 2018, report to HPEOS Committee: GM Clean Air Plan Update
- UK plan for tackling roadside nitrogen dioxide concentrations, Defra and DfT, July 2017.

20 **Appendices**

20.1 Appendix 1 – Case for a New GM Clean Air Plan – attached as a supplementary paper.

20.2 Appendix A – Technical Note: Vehicle Sector Review – HGV Sector – attached as a supplementary paper.

20.3 Appendix B – Technical Note: Vehicle Sector Review – Taxis (Hackney Carriages and Private Hire Vehicles) – attached as a supplementary paper.

20.4 Appendix C – Technical Note: Current issues in the Van Sector – attached as a supplementary paper.

20.5 Appendix D – Technical Note: Vehicle Sector Review – Coach and Minibus – attached as a supplementary paper.

20.6 Appendix E – Changes in economic context since July 2021– attached as a supplementary paper.

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# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

# Case for a New GM Clean Air Plan

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|---|---|---|---|
| **Version Status:** | DRAFT FOR APPROVAL | **Prepared by:** | Transport for Greater Manchester on behalf of the 10 Local Authorities of Greater Manchester |
| **Authorised by:**<br>**Date:** | Simon Warburton<br>June 2022 | | |

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Appendix C – Technical Note: Current issues in the Van Sector

Appendix D – Technical Note: Vehicle Sector Review – Coach and Minibus

Appendix E – Changes in economic context since July 2021

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# 1 Executive Summary

## 1.1 Background

1.1.1 The Government has instructed many local authorities across the UK to take quick action to reduce harmful roadside levels of Nitrogen Dioxide ($NO_2$) following the Secretary of State (SoS) for Environment, Food and Rural Affairs issuing a Direction under the Environment Act 1995 in 2017 requiring them to undertake feasibility studies to identify measures for reducing $NO_2$ concentrations to within legal limit values in the "shortest possible time". In Greater Manchester, the 10 local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) are working together to develop a Clean Air Plan to tackle $NO_2$ exceedances at the roadside, herein known as Greater Manchester Clean Air Plan (GM CAP).

1.1.2 In March 2019 the GM Authorities agreed the submission of the Outline Business Case (OBC) that proposed a package of measures that was considered would deliver compliance in Greater Manchester in the shortest possible time, at the lowest cost, least risk and with the least negative impacts. This involved a Charging Clean Air Zone Class C with additional measures.

1.1.3 In July 2019 the SoS issued a Direction under section 85 of the Environment Act 1995 requiring the 10 Greater Manchester local authorities to implement the local plan for $NO_2$ compliance for the areas for which they were responsible, including a Charging Clean Air Zone Class C with additional measures, but with an obligation to provide further options appraisal information to demonstrate the applicable class of Charging Clean Air Zone and other matters to provide assurance that the local plan would deliver compliance in the shortest possible time and by 2024 at the latest.

1.1.4 The SoS subsequently issued a Direction to the ten Greater Manchester local authorities in March 2020 that required them to take steps to implement the local plan for $NO_2$ compliance so that compliance with the legal limit for $NO_2$ is achieved in the shortest possible time, and by 2024 at the latest, and so that exposure to levels above the legal limit for $NO_2$ is reduced as quickly as possible.

1.1.5 A statutory consultation on the proposals took place in Autumn 2020.

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1.1.6 The GMCA – Clean Air Final Plan report on 25 June 2021[1] endorsed Greater Manchester's Final CAP and policy following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work. Throughout the development of the previous Plan, JAQU reviewed and approved all technical and delivery submissions. The Plan was agreed by the ten Greater Manchester local authorities. Within this document, this is referred to as the Previous GM CAP.

1.1.7 On 20 January 2022 the Air Quality Administration Committee considered the findings of an initial review of conditions within the supply chain of Light Good Vehicles (LGVs) in particular which were impacting the availability of compliant vehicles. The Committee agreed that a request should be made to the SoS to pause opening of the next phase of Clean Air Funds to enable an urgent and fundamental joint policy review with Government to identify how a revised policy can be agreed to deal with the supply issues and local businesses' ability to comply with the GM CAP.

1.1.8 On the 8th February 2022, a new Direction was issued by the SoS[2] which confirmed that the March 2020 Direction to implement a Class C charging Clean Air Zone (CAZ) had been revoked and required that a new plan be submitted to the SoS by 1st July 2022 which should:[3]

- review the measures specified in the local plan for $NO_2$ compliance and associated mitigation measures; and
- determine whether to propose any changes to the detailed design of those measures, or any additional measures.

1.1.9 The Direction also states that compliance with the legal limit value for nitrogen dioxide is achieved in the shortest possible time and no later than 2026 and exposure to levels above the legal limit for nitrogen dioxide is reduced as quickly as possible.

1.1.10 Within this document, this new plan, and any subsequent further development of the new plan, is referred to as the New GM CAP.

## 1.2 Overview

1.2.1 Breathing in polluted air contributes to the equivalent of 1,200 premature deaths a year in Greater Manchester[4]. Both long- and short-term exposure to air pollution are known to adversely affect health. Some of the most vulnerable in society are hit hardest – children, older people and those already in poor health. Greater Manchester has a particular imperative to improve health, as the region has one of the lowest life expectancies at birth in England and significant health inequalities between areas.

[1] Also considered by the Greater Manchester authorities through their own constitutional decision-making arrangements.

[2] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1054931/Environment_Act_1995_Greater_Manchester_Air_Quality_Direction_2022.pdf

[3] In addition to recommendations about interim arrangements for changes to delivery arrangements for the CAZ in the meantime, including signage, funding and discount/exemption applications.

[4] Public Health England – Air Quality in Greater Manchester – from a Public Health Perspective (September 2018)

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## 1.3 Why a New Greater Manchester Clean Air Plan?

1.3.1 it is proposed that the Previous GM CAP developed pre-pandemic and agreed in Summer 2021 (comprising a blanket measure across the city-region in the form of a Class C charging CAZ) is no longer the right solution to achieve compliance with Legal Limits for $NO_2$ on the local road network in Greater Manchester. The most significant reasons in summary are:

- The **cost-of-living crisis** means that businesses are less able to afford to invest in vehicle upgrades, whilst households are less able to absorb any costs that may be passed on to them.
- This is exacerbated by **rising vehicle prices** and – for some vehicle types – lower residual values of non-compliant vehicles. There is evidence that illustrates the demand for new and compliant second-hand vehicles is exceeding supply; leading to longer wait times and rising prices.
- A charging CAZ could therefore cause **unacceptable financial hardship** and potentially contribute to business failures.
- In addition, **new opportunities have arisen** – via the approval of bus franchising and new funding for electric buses – that mean that Greater Manchester has the opportunity to directly tackle a major source of emissions in a different, more targeted way.
- The exceedances become more localised from 2025 onwards, therefore **action can be targeted** at those locations suffering the worst air quality.

1.3.2 It is clear that the GM-wide Class C charging CAZ as approved in Summer 2021 could lead to hardship in Greater Manchester and that to develop and deliver a revised charging CAZ would take time to design, consult upon and implement.

1.3.3 Unlike the previous charging-led scheme, the New GM CAP will attend to the emerging cost-of-living crisis and other factors set out in this section. It will actively consider the impacts of Covid-19 and wider global economic instability on supply chains, aims to be delivered in 2023, and crucially takes into account the significant benefits that the delivery of electric buses can have along key routes with persistent exceedances.

## 1.4 Core objectives

1.4.1 The core objectives of the New GM CAP are as follows:

- To reduce $NO_2$ concentrations to below the legal limits in the shortest possible time and by 2026 at the latest;
- Achieve compliance in a way that is fair to businesses and residents, and does not damage business or cause financial hardship to people in Greater Manchester; and

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- Ensure the reduction of harmful emissions is at the centre of Greater Manchester 's wider objective for delivering the Bee Network's core objectives.

1.4.2 An investment-led non-charging GM CAP will aim to encourage upgrade to cleaner vehicles, leading to better air quality, by providing funding packages to those most polluting vehicles travelling in locations experiencing $NO_2$ exceedances.

## 1.5 Why is Greater Manchester not proposing a revised charging Plan?

1.5.1 The primary focus of the new GM CAP is to achieve compliance in a way that considers the current cost of living crisis and associated economic challenge faced by businesses and residents. Through an investment-led approach, that together with all the wider measures that Greater Manchester is implementing as part of its efforts to create a safe, integrated, clean and sustainable transport network, aims to reduce $NO_2$ emissions in the shortest time possible, and at the latest by 2026. Unlike the previous charging-led scheme defined by Government guidance, the investment-led non-charging GM CAP also seeks to attend to the cost-of-living crisis – through avoiding the use of charging.

1.5.2 In particular, it will actively consider the impacts of the pandemic (particularly given the shape of the remaining $NO_2$ problem over time) on the regional centre, where GM needs to support its ongoing recovery as a result of changes in economic activity and wider global economic instability on supply chains. The investment-led non-charging GM CAP can be delivered from 2023.

1.5.3 The updated modelling summarises the existing areas of exceedance that are likely to remain unless action is taken through the New GM CAP during the period from now until 2026. Targeting these areas of exceedance will form the basis of the New GM CAP and Greater Manchester's local authorities are now making the case to Government that this should take the form of an investment-led non-charging GM CAP, which aims to achieve compliance in the shortest possible time and by 2026 at the latest but without creating additional financial hardship for local businesses and families.

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1.5.4 Without the need to mitigate a Greater Manchester-wide charging CAZ, a new investment-led non-charging GM CAP can target resources more effectively at the most persistent exceedances. For example, at the city centre locations sites that are forecast to remain non-compliant in 2025, buses account for over 70% of emissions, meaning that electric buses could be very effective in improving air quality. In contrast, Regent Road has very few buses running on it and acts as a major strategic route for commercial vehicles – with particularly high volumes of HGVs – and cars heading to the city centre and inner relief road. With supported funding through the City Region Sustainable Transport Settlement (CRSTS), targeted investment in electric bus could feasibly enable Greater Manchester to reduce the number of last exceedances. Regent Road is still expected to remain in exceedance without other action by 2026.

1.5.5 Importantly, this plan is not just a request of Government funds. Greater Manchester will also review local policy changes, such as local servicing plans, alongside regulatory measures such as licensing standards to accelerate fleet upgrades.

## 1.6 Nitrogen Dioxide ($NO_2$) exceedances forecast

1.6.1 The results of the updated modelling demonstrate there are more points of exceedance (71 to 79 in 2023) from the 'Approved GM CAP' model Do Minimum with exceedances in all districts in 2023 with the exception of Wigan. By 2025, exceedances are only predicted in Manchester, Salford, and Bury, which is consistent with the Consultation and 'Approved GM CAP' modelling scenarios. The majority of the last points of exceedance are located within the regional centre and within or near the Inner Relief Route (IRR). By 2025, there are 13 exceedances in the core scenario and 5 exceedances in the Clean Bus Fund (CBF) test which reduces to 5 sites in the core scenario and 1 site in the CBF test in 2026.

## 1.7 Changes to the economic context

1.7.1 The economic context in the UK has changed dramatically in the period since July 2021. A range of factors associated with the pandemic, impact from war in Ukraine, increased costs of energy and fuel, changes to Bank of England base rates and forecasts, global supply chain challenges, and the cost-of-living crisis have combined to create a context of increased financial hardship for businesses and families. UK inflation reached a 40-year high of 9% during April 2022, up from 2% in July 2021. It is widely accepted that inflation will increase to higher levels still during the remainder of 2022, with evidence already pointing to consumer demand being dampened.

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1.7.2 Greater Manchester is not insulated from the impacts of high inflation and higher interest rates, in fact in some respects it is particularly vulnerable - noting its relatively high volume of small businesses, and a higher than average (vs.UK) proportion of residents who typically have below average disposable household incomes. Any intervention that could see businesses forced to pay additional charges and potentially pass costs on to the consumer, could have severe consequences for those groups who are already struggling to cope with the cost of living crisis. A charging CAZ could therefore cause unacceptable financial hardship and potentially contribute to business failures.

## 1.8 Changed conditions within the vehicle market

1.8.1 Research was commissioned in late 2021 to analyse and report on the market conditions. It found evidence that the used van market had materially changed, with evidence suggesting that second-hand van prices had increased by between 13% and c.60% since the modelling for the Previous GM CAP had been undertaken.

1.8.2 Advisors concluded that at that level, fewer van owners would choose to (or be able to) upgrade in response to the charging CAZ and that this price inflation devalues the funding offer for vans, with the Previous GM CAP being particularly sensitive to van prices given their number in Greater Manchester.

1.8.3 For Heavy Goods Vehicles (HGVs), the evidence illustrated that record-breaking price rises are being reported of around 40% for Euro 6 vehicles, with the price gap between Euro 6 vs 5 vehicles increasing. The price rises reflect these shortages as well as increases in the cost of materials (for new vehicles).

1.8.4 The evidence also illustrates that the coach sector was badly affected by the pandemic, many were forced to stop operating for long periods. Additionally, demand from tourism and events remained constrained during 2021, and the recovery is expected to be slow.

1.8.5 For taxis, both Hackneys and Private Hire Vehicles (PHVs), the evidence indicates that they lost a substantial proportion of their trade during the pandemic. The number of vehicles licensed has reduced and drivers report that demand has not returned to pre-pandemic levels. The number of new vehicles entering the Hackney and PHV licensed fleets was much lower than normal in 2020 and 2021, so that the age of the fleet has increased.

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1.8.6 The air quality Do Minimum (without scheme) modelling forecast has been updated because the evidence presented to the Government in February 2022 showed that business as usual (BAU) car sales were lower than expected in 2021, meaning that the fleet was older than forecast, and that this was likely to delay compliance with legal limits of $NO_2$ with the scheme as planned. Additionally, a sensitivity test has been conducted to forecast the impact on bus emissions of bus retrofits and upgrades already funded and approved via the Clean Bus Fund (CBF).

## 1.9 Equality considerations

1.9.1 Under Section 149 of the Equality Act (2010), public bodies are subject to the Public Sector Equality Duty, which requires that they give due regard to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. In terms of the New GM CAP, this will be evidenced through the development of an Equality Impact Assessment (EqIA) to identify whether people with protected characteristics could be affected by the New GM CAP disproportionately or differentially.

1.9.2 An initial screening has been undertaken to assess which protected characteristics are likely to be impacted by the New GM CAP, and in scope for the EqIA.

1.9.3 Some groups are more sensitive to changes in air quality and will therefore benefit more quickly from improvements in air quality. The five protected characteristics, identified in **Table 1** are likely to be disproportionately or differentially impacted by changes in air quality and $NO_2$ levels and will therefore be considered within the EqIA for the New GM CAP:

**Table 1 Equality Considerations - Protected Characteristics**

| Protected characteristic | Likely to be disproportionately affected by improved air quality | Likely to be differentially affected by improved air quality |
|---|---|---|
| Age | | x |
| Disability (includes all forms of physical and mental disability) | | x |
| Pregnancy and maternity | | x |
| Gender (male drivers) | x | |
| Race | x | |
| Low income / socio-economic deprivation | x | |

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1.9.4 The New GM CAP aims to reduce the health impacts of air pollution as well as reduce $NO_2$ concentrations to below legal limits in the shortest possible time and by 2026 at the latest whilst minimising any negative socio-economic impacts. The EqIA will consider the impact of this New GM CAP on the groups above.

## 1.10 Government asks

1.10.1 The New GM CAP includes one new specific 'ask' from Government – to remove out-of-area operation by private hire drivers/vehicles. Greater Manchester Authorities are keen to work with the Department for Transport to consider an appropriate regulatory device that would require that all private hire journeys within Greater Manchester to be undertaken by a driver and vehicle which are both licensed by one of the ten Greater Manchester local authorities. In context of the GM CAP, this measure would provide local authorities with stronger regulatory tools to improve the emission standards of all private hire fleets operating in Greater Manchester.

1.10.2 Greater Manchester will continue to seek to ensure that the Government takes appropriate action to address exceedances on the A57/A628 a stretch of Strategic Road network, managed by National Highways that cuts through the villages of Hollingworth and Mottram.

1.10.3 Under an investment-led non-charging GM CAP the ANPR cameras installed for the Class C charging CAZ could be used to inform and support the development of investment-led solutions. GM also wants to work with Government to agree the use of the GM CAP ANPR cameras to support identification of vehicles that could be upgraded, and also for potential law enforcement activity related to the detection of crime.

## 1.11 Participatory Policy Development

1.11.1 The approach to Participatory Policy Development will include engagement with GM based groups representing the protected characteristic groups potentially impacted by the New GM CAP.

1.11.2 Any plan should be developed in conjunction with the residents and businesses in Greater Manchester. The ten Greater Manchester authorities are currently working to develop the New GM CAP, in conjunction with a range of stakeholders. Further participatory approach will ensure that the New GM CAP works for the residents and businesses of Greater Manchester. Greater Manchester will test with vehicle owners their plan that where non-compliant vehicles are identified as contributing to locations where $NO_2$ exceedances have been modelled, Greater Manchester Authorities will have funding packages to incentivise upgrades to the cleanest possible vehicle, in order to get the greatest emissions reduction.

## 1.12 Next steps

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1.12.1 Before the Air Quality Administration Committee can confirm the submission as an agreed document there needs to be an opportunity for the 'Case for a New Greater Manchester CAP' document and associated appendices attached as **Appendix A-E** to be considered, as required, through the local governance arrangements of the individual authorities. This will take place in the next month and before the next Air Quality Administration Committee who can then formally confirm the submission as final.

1.12.2 Following the Participatory Policy Development process, Greater Manchester will develop, assess and agree a package of measures forming a proposed New GM CAP. This package of measures will be consulted upon in early 2023.

1.12.3 Greater Manchester will review the responses to the consultation and make any adaptations to the proposals as necessary. It is anticipated that a decision could be made to proceed with the New GM CAP in July 2023.

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# 2 Introduction

2.1.1 The Government has instructed many local authorities across the UK to take quick action to reduce harmful roadside levels of Nitrogen Dioxide ($NO_2$) following the Secretary of State (SoS) issuing a Direction under the Environment Act 1995. In Greater Manchester, the 10 local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) are working together to develop a Clean Air Plan to tackle $NO_2$ exceedances at the Roadside, herein known as Greater Manchester Clean Air Plan (GM CAP).

2.1.2 The GMCA – Clean Air Final Plan report on 25 June 2021[5] endorsed Greater Manchester's Final CAP and policy following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work. Throughout the development of the previous Plan, JAQU reviewed and approved all technical and delivery submissions. The Plan was agreed by the ten Greater Manchester local authorities. Within this document, this is referred to as the Previous GM CAP.

2.1.3 On the 8th February 2022, a new Direction was issued by the SoS[6] which confirmed that the March 2020 Direction to implement a Class C charging Clean Air Zone (CAZ) had been revoked and required that a new plan be submitted to the SoS by 1st July 2022 which should:[7]

- review the measures specified in the local plan for $NO_2$ compliance and associated mitigation measures; and
- determine whether to propose any changes to the detailed design of those measures, or any additional measures.

2.1.4 The Direction also states that the local plan for $NO_2$ compliance must ensure the achievement of $NO_2$ compliance in the shortest possible time and by 2026 at the latest. It should also ensure that human exposure to concentrations of $NO_2$ above the legal limit is reduced as quickly as possible.

2.1.5 Within this document, this new Plan, and any subsequent further development of the new Plan, is referred to as the New GM CAP.

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[5] Also considered by the Greater Manchester authorities through their own constitutional decision-making arrangements.

[6] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1054931/Environment_Act_1995_Greater_Manchester_Air_Quality_Direction_2022.pdf

[7] In addition to recommendations about interim arrangements for changes to delivery arrangements for the CAZ in the meantime, including signage, funding and discount/exemption applications.

2.1.6 The development of the GM CAP is funded by Government and overseen by the Joint Air Quality Unit (JAQU), a joint DEFRA and DfT unit established to deliver national plans to improve air quality and meet legal limits of $NO_2$ concentrations. The costs related to the business case, implementation and operation of the GM CAP are either directly funded or underwritten by Government acting through JAQU and any net deficit over the life of the GM CAP will be covered by the New Burdens Doctrine, subject to a reasonableness test.[8]

## 2.2 What does this document set out?

2.2.1 This document sets out the case for Greater Manchester's proposal for a New GM CAP. It sets out why the ten local authorities of Greater Manchester believe that an investment-led non-charging GM CAP is the best solution to address the region's $NO_2$ problem, highlighting:

- A summary of the background to the GM CAP to date;
- What the Greater Manchester authorities are already doing to improve air quality through the work undertaken to date on the GM CAP and via other strategies and investments;
- How economic conditions have changed over the last year, both globally and locally, and how this has impacted Greater Manchester's residents and businesses;
- The current position and the way forward, to include a further submission to Government later in the year;
- Equality impact considerations; and
- Next steps.

2.2.2 This document does not provide the detailed design of a New GM CAP. In conjunction with a range of stakeholders, as detailed within **Section 15**, the ten Greater Manchester authorities are currently working to develop that detail collaboratively and will submit this to Government in due course. The collaborative approach is referred to in this document as the 'participatory policy development' approach.

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[8] The new burdens doctrine is part of a suite of measures to ensure Council Taxpayers do not face excessive increases.

# 3 Why are Greater Manchester and the Government taking action on $NO_2$?

3.1.1 Poor air quality has a real and significant effect on people's health. Air pollution is the largest environmental risk linked to deaths every year. Pollutants such as NOx, principally $NO_2$, and PM ($PM_{2.5}$ and $PM_{10}$) that are not visible to the naked eye are found at harmful levels in many urban areas across the UK and particularly on busy roads.

3.1.2 Breathing in polluted air contributes to the equivalent of 1,200 premature deaths a year in Greater Manchester.[9] Both long- and short-term exposure to air pollution are known to adversely affect health. It affects people's lungs in the short and long term, worsening respiratory issues such as asthma or bronchitis, as well as cardiovascular problems, and reduces life expectancy[10]. Health damage caused by air pollution can begin as early as a baby's first few weeks in the womb and exposure over a long time can lead to heart and lung disease. Some of the most vulnerable in society are hit hardest – children, older people and those already in poor health.

3.1.3 There has been analysis conducted by the Office for National Statistics (ONS) to understand whether exposure to air pollution increases the risk of dying from Covid-19. Although there is caution expressed regarding the link between air pollution and Covid-19 and consideration of other factors, early evidence from the pandemic showed that Covid-19 deaths were more common in highly polluted areas. In total, it is estimated that the health and social care costs of air pollution in England could reach £5.3bn by 2035 unless action is taken.[11]

3.1.4 Greater Manchester has a particular imperative to improve health, as the region has one of the lowest life expectancies at birth in England and significant health inequalities between areas. For example, there is an 18-year gap for men and a 13-year gap for women in healthy life expectancy across Greater Manchester when comparing those areas of highest healthy life expectancy with the lowest.[12] Low-income communities are more affected by air pollution. Achieving a major improvement in air quality across Greater Manchester will not only be important for improving human health but will also help to make Greater Manchester a more attractive place to live, visit and invest. Alongside this, there is a growing body of evidence that relates poor air quality with a secondary set of health impacts arising from spending less time outside, which can lead to more sedentary lifestyles and negative psychological effects on our mental health.[13]

[9] Public Health England – Air Quality in Greater Manchester – from a Public Health Perspective (September 2018)

[10] https://www.local.gov.uk/air-quality-briefing-directors-public-health

[11] https://www.gov.uk/government/publications/nitrogen-dioxide-effects-on-mortality

[12] https://blog.policy.manchester.ac.uk/posts/2016/10/life-on-the-line-life-expectancy-and-where-we-live/

[13] https://paa.confex.com/paa/2017/mediafile/ExtendedAbstract/Paper13493/IndividualPsychologicalDistress_April7.pdf

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3.1.5 The people living in places with the dirtiest air are often those least likely to drive, and some of Greater Manchester's most deprived communities suffer the worst air pollution, living close to busy roads. A Public Health England review in 2019 described air pollution as the largest environmental risk to the public's health, reporting strong evidence of the association between air pollution and cardiovascular and respiratory disease and emerging evidence of other possible health effects such as dementia, low birth rates and diabetes. Around 7% of Greater Manchester's population, nearly 200,000 people, live in areas with roads that are close to or in exceedance of the Limit Value for $NO_2$ and many more people regularly spend time visiting these areas and travelling on these roads.

3.1.6 In our society, the youngest, oldest, those living in more deprived places, and those with existing heart or lung problems are at the greatest risk of developing symptoms due to exposure to air pollution.[14,15] Greater Manchester contains some of the most deprived communities in the country, often living in urban areas with high levels of traffic. Conditions caused or exacerbated by air pollution may significantly reduce quality of life and can result in affected people being less able to work, attend education or carry out their normal daily lives. These impacts in turn widen the health inequality gap further. Further discussion of these equalities considerations is provided in **Section 13** and it is planned that a full Equalities Impact Assessment (EqIA) will be published based on the New GM CAP.

3.1.7 Diesel vehicles are the main source of road-based $NO_x$ emissions in Greater Manchester, as shown in **Figure 1**, and older vehicles are typically more polluting than newer vehicles.

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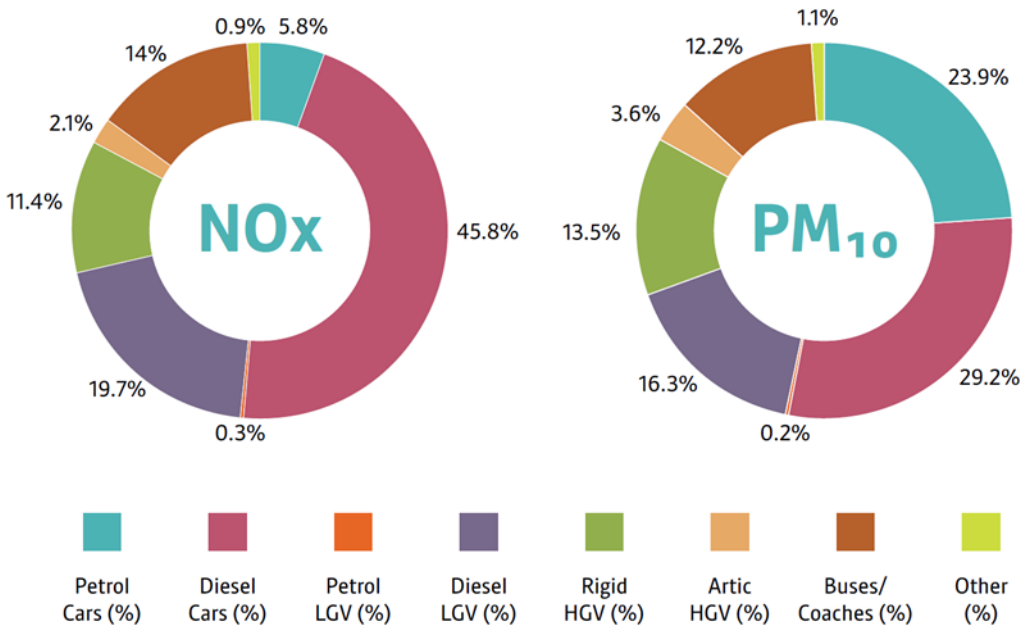
[14] Air Quality – A Briefing for Directors of Public Health (2017), https://www.local.gov.uk/air-quality-briefing-directors-public-health
[15] RCP and RCPCH London, Every breath we take lifelong impact of air pollution (2016), https://www.rcplondon.ac.uk/projects/outputs/every-breath-we-take-lifelong-impact-air-pollution

**Figure 1 Vehicles responsible for emissions damaging to health in Greater Manchester[16]**




Other: motorcycles and alternative fuel vehicles e.g. hybrid, electric, biogas

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[16] https://www.greatermanchester-ca.gov.uk/media/1276/low-emission-strategy-dec-2016.pdf

# 4 What has led to Greater Manchester revising its approach to the GM CAP?

4.1.1 Since 2010, the UK has been in breach of the legal limits for concentrations of $NO_2$ in major urban areas. The Air Quality Standards Regulations 2010 implemented the Ambient Air Quality Directive (2008/50/EC), which sets legally binding limits for concentrations of major air pollutants that affect human health, including $NO_2$ and particulates, into English law, and requires the SoS to draw up and implement a national air quality plan to achieve the relevant limit within the 'shortest possible time'.

4.1.2 In 2015 compliance with the legal limits of $NO_2$ had still not been achieved. In response, the UK Government was held to be in breach of its legal obligations and was required to take action by the UK Supreme Court.

4.1.3 In July 2017 the UK Government published its Air Quality Plan requiring local authorities with persistent exceedances to undertake local action to consider the best option to meet the legal $NO_2$ Limit Value in the shortest possible time. In the same month, the SoS issued a Direction under the Environment Act 1995 requiring seven Greater Manchester local authorities to produce a feasibility study to identify the option which will deliver compliance with the requirement to meet legal limits of $NO_2$ in the shortest possible time[17].

4.1.4 Oldham Metropolitan Borough Council (MBC) was not directed along with the other Greater Manchester local authorities (alongside Rochdale MBC and Wigan MBC) in 2017, however following a court ruling in 2018[18] the UK Government was ordered to produce supplements to the UK 2017 Air Quality Plan.

4.1.5 Consequently, Oldham MBC was directed to conduct a feasibility study and provide the SoS with a document setting out the measure(s) that would achieve compliance with the Legal Limits in the shortest possible time.

4.1.6 In October 2018 the UK Government produced a supplemental plan,[19] which acknowledged that, as Oldham MBC is part of the Greater Manchester Plan, the Oldham exceedances were being considered as part of the GM CAP. Local modelling in the Target Determination exercise also identified exceedances in Rochdale and Wigan.

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[17] Environment Act 1995 (Feasibility Study for Nitrogen Dioxide Compliance) Air Quality Direction 2017. Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746095/air-quality-no2-plan-directions-2017.pdf

[18] Client Earth (No3)) v (1) Secretary of State for the Environment, Food & Rural Affairs; (2) The Secretary of State for Transport and (3) Welsh Ministers [2018] EWHC 315.

[19] Supplement to the UK plan for tackling roadside nitrogen dioxide concentrations October 2018.

4.1.7 The Greater Manchester authorities have collaborated on the preparation of the GM CAP since 2017, with the clear intention of securing a Plan in agreement with Government that best reflects both the impact of $NO_2$ roadside emissions at a city-region level and the wider strategies for social, economic and environmental improvement in Greater Manchester.

4.1.8 Throughout the development of the GM CAP the local authorities have made clear the expectation that the Government would support the plans through:

- Clear arrangements and funding to develop workable, local vehicle scrappage / upgrade measures;
- Short term effective interventions in vehicle and technology manufacturing and distribution, led by national Government;
- Replacement of non-compliant buses; and
- A clear instruction to Highways England[20] to implement measures which deliver compliance with legal limits for $NO_2$ on the strategic road network, for which they are responsible, in the shortest possible time.[21]

4.1.9 In March 2019, all ten Greater Manchester local authorities collaboratively submitted an Outline Business Case (OBC) for the GM CAP to JAQU outlining a package of measures (including a Class C charging CAZ) to deliver regional compliance with the Limit Value for $NO_2$ concentrations. The OBC and associated documentation are available to view on the Clean Air Greater Manchester website.[22]

4.1.10 Ministerial feedback was received in July 2019 along with a further Direction under the Environment Act 1995 requiring all ten of the Greater Manchester local authorities to implement a Class C[23] charging CAZ across the region.

4.1.11 This was superseded by a further Direction issued in March 2020 which required the ten Greater Manchester authorities to implement the GM CAP so that:

(a) compliance with the legal Limit Value for $NO_2$ is achieved in the shortest possible time and by 2024 at the latest; and

(b) exposure to levels above the legal limit for $NO_2$ are reduced as quickly as possible.

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[20] On 19 August 2021 it was announced that Highways England changed its name to 'National Highways' reflecting the new focus the company has on delivering the government's £27bn strategic roads investment programme, while also continuing to set highways standards for the whole UK.
[21] Greater Manchester Authorities are directed to take action on the local road network. Those roads managed by National Highways, such as motorways and trunk roads are excluded from the CAP.
[22] Accessible at: https://cleanairgm.com/technical-documents/
[23] The following vehicle types would be charged under a charging CAZ Class C: Buses, coaches, taxis, private hire vehicles, heavy goods vehicles, vans, minibuses. Source: https://www.gov.uk/guidance/driving-in-a-clean-air-zone

4.1.12 Throughout 2020/2021, progress was made by Greater Manchester in preparing to implement a Class C charging CAZ across the region with Government, including the procurement of operational services, operational readiness and implementation of infrastructure to support a Class C charging CAZ to be operational from 30 May 2022.

4.1.13 The GMCA – Clean Air Final Plan report on 25 June 2021[24] endorsed Greater Manchester's Final CAP and policy following a review of all of the information gathered through the GM CAP consultation and wider data, evidence and modelling work. Throughout the development of the Previous GM CAP, JAQU reviewed and approved all technical and delivery submissions. The Previous GM CAP was agreed by the ten Greater Manchester local authorities. This included the GM CAP Policy, that outlined the boundary, discounts, exemptions, daily charges of the Class C charging CAZ as well as the financial support packages offered towards upgrading to a compliant vehicle, including the eligibility criteria to be applied with an agreement to keep funding arrangements under review. The aim of the funding was to support an upgrade to a compliant vehicle and to mitigate the negative socio-economic effects of a Class C charging CAZ.

4.1.14 Concurrently, Greater Manchester has already begun to implement measures to improve air quality across the city-region, launching the Clean Bus Fund and Clean Heavy Goods Vehicle (HGV) Fund in December 2020 and November 2021 respectively as well as expanding the network of Electric Vehicle chargers across Greater Manchester. Since May 2021, over 1,000 buses have been awarded funding to upgrade their vehicles by either retrofit or replacement. Additionally, over 300 HGVs have been awarded funding through the Clean HGV Fund. Greater Manchester is also implementing a number of additional schemes that will have a positive impact upon air quality across the region and further detail on this is set out in **Section 6**.

4.1.15 In Summer 2021 when the Previous GM CAP was agreed by the Greater Manchester Authorities, there was only evidence of a temporary disruption in vehicle supply due to the pandemic in 2020, which was assumed to be addressed by the market, with the Society of Motor Manufacturers and Traders (SMMT) predicting some level of 'catch up'.[25] Greater Manchester sought a number of measures to address this, including negotiating improved vehicle replacement funding with Government in early 2021 to reflect our understanding of the impact of the pandemic at that stage.

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[24] Also considered by the Greater Manchester authorities through their own constitutional decision-making arrangements.

[25] https://assets.ctfassets.net/tlpgbvy1k6h2/2ZMJ3DJXiv7p3xOeZu4CYQ/247196ef60e33ac89f7f8938e1e16418/Appendix_6D_____GM_proposed_approach_to_representing_the_impact_of_Covid-19_in_core_modelling_scenarios.pdf

4.1.16 Consultants Arup and AECOM were commissioned in late 2021[26] to analyse and report on the market conditions within the LGV sector in particular. The investigation found evidence that the used van market had materially changed, with evidence suggesting that second-hand van prices had increased by between 13% and c.60% since the modelling for the Previous GM CAP had been undertaken.

4.1.17 GM concluded that at that level, fewer van owners would choose to (or be able to) upgrade in response to the Class C charging CAZ, devaluing the funding offer for vans, with the Previous GM CAP being particularly sensitive to van prices given their number in Greater Manchester.

4.1.18 At the same time, in early 2022, analysis carried out as part of GM's ongoing commitment to review vehicle sales trends also found that sales of new private cars had been lower than expected in 2021, reducing the natural rate of fleet upgrade, indicating that the impacts of an older fleet of private cars based on recorded sales would be expected to lead to a delay in the predicted year of compliance for the Previous GM CAP, irrespective of any other changes to the assumptions.

4.1.19 GM concluded that independently either factor could be sufficient to delay compliance beyond 2024 and that this risk would be amplified if both factors are occurring simultaneously. In light of the above, the Greater Manchester Air Quality Committee requested that the SoS agreed to pause opening of the next phase of the Clean Air Funds at the end of January to enable an urgent and fundamental joint policy review with Government to identify how a revised policy can be agreed to deal with the supply issues and local businesses' ability to comply with the GM CAP.

4.1.20 Following this, the Greater Manchester Mayor met the SoS for Environment to relay the issues set out above and the formal request for suspension. It was agreed that further evidence would be shared between officials and a report was prepared by Greater Manchester, *Issues Leading to Delayed Compliance Based on the Approved GM CAP Assumptions*.[27]

4.1.21 This report was shared with JAQU on 2 February 2022. It concluded that the Previous GM CAP could no longer be expected to achieve compliance in 2024.

4.1.22 On 4 February 2022 Jo Churchill, Parliamentary Under-SoS at the Department for Environment, Food and Rural Affairs, Andy Burnham, Mayor of Greater Manchester and Cllr Andrew Western, GMCA portfolio lead for clean air met to find a solution. Subsequently, a new Direction was issued to Greater Manchester, requiring a review of the GM CAP with any revised proposals to achieve compliance in the shortest possible time and by 2026 at the latest.[28]

[26] https://democracy.greatermanchester-ca.gov.uk/documents/s18685/ARUP Technical Note.pdf
[27] https://democracy.greatermanchester-ca.gov.uk/documents/s19330/Appendix 3 Issues leading to delayed compliance report.pdf (greatermanchester-ca.gov.uk)
[28] The Environment Act 1995 (Greater Manchester) Air Quality Direction 2022 (publishing.service.gov.uk)

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4.1.23 This new (2022) Direction revoked the Direction dated March 2020 which required the ten Greater Manchester local authorities to implement a Class C charging CAZ so as to achieve compliance with the legal Limit Value for $NO_2$ in the shortest possible time and by 2024 at the latest.[29]

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[29] Appendix 2 - 200316 Greater Manchester NO2 Plan Direction.pdf (greatermanchester-ca.gov.uk)

# 5 What has changed since Summer 2021?

5.1.1 The Previous GM CAP was developed based upon the best evidence available at the time and following prescribed Government guidance. After the initial OBC submission, a series of technical notes were published setting out the results of analysis and research carried out to better understand the vehicles in scope for the scheme. This evidence formed the basis of the development of the Option for Consultation.

5.1.2 From March 2020, it became clear that the pandemic would affect the GM CAP; a programme of work was carried out in 2020/2021 to better understand the possible impacts of the Covid-19 pandemic on the Plan, published as the *Impacts of Covid Report* in June 2021.[30] This evidence, alongside feedback from the Consultation, was used to inform the GM CAP following consultation as approved by the ten Greater Manchester local authorities in June/July 2021.

5.1.3 At that time, Greater Manchester identified a number of possible risks to the GM CAP, which included concerns about the risk of vehicle price increases and the impact of any further lockdowns in the UK or countries in the supply chain. To evaluate the case for a New GM CAP, analysis into the changed economic environment has been conducted to determine whether the Previous GM CAP remains fit for purpose (**Appendix E**). Additionally, a series of vehicle evidence papers have been developed, as set out in **Appendix A to D**, to evaluate the ability of affected vehicle owners to upgrade their vehicles following the impacts on the global supply chain and the cost-of-living crisis.

## 5.2 Economic context

5.2.1 The economic context in the UK has changed dramatically in the period since July 2021. A range of factors associated with the pandemic, global supply chain challenges, and the cost-of-living crisis have combined to create a context of increased financial hardship for businesses and families. As a result of these changed conditions since Summer 2021 and the Previous GM CAP, Greater Manchester has undertaken research to understand the size and scale of the impacts. It should be noted that these factors continue to evolve, and the economic forecast is currently extremely difficult to predict. These levels of uncertainty only exacerbate the negative impact on businesses and households.

5.2.2 A summary of the outcomes of this research are set out as follows:

- National / international drivers;
- Regional (North West) drivers; and
- Factors specific to Greater Manchester.

[30] Accessible at: https://cleanairgm.com/technical-documents/

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**(1) National / international drivers**

War in Ukraine (commenced late February and on-going)

5.2.3 Global inflationary pressures have intensified sharply following Russia's invasion of Ukraine. This has led to a material deterioration in the economic outlook for world and UK growth.[31] In addition, Consumer Price Index inflation is expected to rise further over the remainder of the year, to just over 9% in 2022 Quarter 2 and averaging slightly over 10% at its peak in 2022 Quarter 4.[32]

5.2.4 The war in Ukraine is also influencing the cost of energy and food as summarised below:

- Russia is a prominent exporter of energy, producing 17% of the world's natural gas supply and 12% of its oil[33]. 8% of UK oil demand is directly imported from Russia, this is to be phased out by end of 2022, a move which could serve to place extra stress on prices; and
- Russia and Ukraine are major agricultural exporters in grain, impacting food community prices with a 30% increase in the price of wheat and c.20% in the price of maize/corn since the war started.[34,35]

Increases in the cost of energy

5.2.5 The energy price cap calculated by Ofgem increased by 12% in October 2021 to £1,277. Additionally, an increase to the price cap in April 2022 resulted in approximately 17 million households seeing their annual bill raise by 54% to £1,971, equating to a £693 increase (difference due to rounding). A further increase to the price cap is expected in October 2022 of c.£700-£850.[36]

5.2.6 Unlike residential households, businesses on commercial energy tariffs are not protected by any price cap and tariff prices have been rising in reaction to the spike in wholesale energy prices around the world. Small businesses have a greater tendency to operate on tighter margins and have cashflow restrictions and are therefore more susceptible to increases in running costs. Furthermore, they are more likely to be forced to pass on their running cost increases to consumers through price hikes, just in order to survive. This has potential to put them at a competitive disadvantage.

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[31] https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2022/monetary-policy-summary-and-minutes-may-2022.pdf
[32] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2022
[33] https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy/country-and-regional-insights/russia.html
[34] https://www.fao.org/3/cb9236en/cb9236en.pdf
[35] https://tradingeconomics.com/commodities
[36] https://obr.uk/docs/dlm_uploads/CCS0222366764-001_OBR-EFO-March-2022_Web-Accessible-2.pdf

Increases in the cost of fuel for motorists

5.2.7 Fuel prices have risen by 42% for petrol and 44% for diesel vehicles between July 2021 and June 2022, costing consumers an additional £0.55 for petrol and £0.59 for diesel per litre[37]. Fuel price increases will particularly affect vehicle-operating businesses with high mileage such as the logistics and delivery sectors, with press reports that the annual cost to fuel an HGV has risen up to £20,000 per year.[38]

Increasing cost of food and other products

5.2.8 Inflationary pressures have pushed up grocery prices by an additional £271 (5.9%) for each household per year.[39] This is likely to have a disproportionate impact on the poorest in society with their ability to absorb any additional costs comparatively diminished.

Ongoing global impacts of Covid-19

5.2.9 Shanghai, which is home to the world's largest container port, has been the subject of city-wide lockdown during April 2022 related to the Omicron variant. Global supply chains that were already stretched are being hampered further[40].

5.2.10 The global semi-conductor shortage is still impacting consumer products with retailers expected to increase costs.[41] Intelligence from the Bank of England's Agency network suggests that shortages of semi-conductors have been exacerbated by recent lockdowns in China. Contacts also reported difficulties in obtaining components and other inputs owing to the war in Ukraine, and were seeking alternative suppliers or running down existing stockpiles to support output.[42]

How the impact of inflation is distributed across society

5.2.1 Evidence from an independent think tank, the Resolution Foundation, has stated that the poorest tenth of households (by income) spend three times as much as a share of expenditure on gas and electricity bills as the richest tenth. This means the lowest income tenth of people are facing an inflation rate at least 1.5 percentage points higher than the richest tenth. The Bank of England has warned the UK could see double-digit inflation later this year.[43]

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[37] https://www.rac.co.uk/drive/advice/fuel-watch/
[38] https://www.bbc.co.uk/news/business-61716039
[39] https://www.kantar.com/inspiration/fmcg/2022-wp--uk-shoppers-seek-out-value-as-grocery-inflation-hits-11-year-high
[40] https://www.controlrisks.com/our-thinking/insights/china-lockdowns-prompt-domestic-shortages
[41] https://www.popsci.com/technology/global-chip-shortage/ -:~:text=What%20is%20the%20chip%20shortage,rippled%20up%20the%20supply%20chain.
[42] https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2022/may/monetary-policy-report-may-2022.pdf
[43] https://www.resolutionfoundation.org/publications/cap-off/

Interest Rate Changes

5.2.2 In response to rising inflation, the Bank of England has increased interest rates from 0.25% in January 2022 to 1.25% in June 2022. This has had a direct impact on the cost of borrowing with rates on lending to small and medium-sized enterprises rising by around 110 basis points between January and March this year and are now slightly above their 2019 levels. While larger firms' ability to access credit is broadly unchanged, credit conditions have tightened slightly for smaller firms since January 2022.[44]

Removal of Government Covid-support schemes

5.2.1 The UK Government has withdrawn funding for Covid-19 support schemes such as the job retention (furlough) scheme, enhanced sick pay, business rates pauses, and the Universal Credit uplift across end of 2021 and Q1 of 2022.[45,46]

Revised Projections for UK GDP Growth

5.2.2 The Bank of England estimates that quarterly UK Gross Domestic Product (GDP) growth was 0.9% in 2022 Q1. Growth slowed sharply over the first half of the year, reflecting the significant adverse impact of higher global commodity and tradable goods prices on UK demand. GDP is projected to fall in 2022 Q4, driven largely by the decline in households' real incomes, including that stemming from the projected rise of around 40% in retail gas and electricity prices when the Ofgem price caps are next reset in October. Calendar year GDP growth is forecast to be broadly flat in 2023. Q4 GDP growth picks up to around 0.75% by the end of 2023 as the pressures on household incomes ease somewhat, although this is still below pre-pandemic rates.[47]

**(2) Regional (North West) drivers**

5.2.3 Regionally, the biggest driver in terms of the economic factors that influence the GM CAP, is the labour market, which shows a mixed picture as the economy recovers from the Covid-19 pandemic.

5.2.4 Whilst labour market data released by the ONS showed that the employment rate in the North West continued to fall, with the gap between the North West and the UK at its widest in two years in the Jan-March 2022 data (a gap of 2.%). Nationally, the employment rate for the UK was 75.7% - up from 75.5% in the three months to February. The North West therefore seems to be on a different trajectory from wider UK patterns.[48]

[44] https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2022/may/monetary-policy-report-may-2022.pdf
[45] https://commonslibrary.parliament.uk/examining-the-end-of-the-furlough-scheme/
[46] https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19
[47] https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2022/may/monetary-policy-report-may-2022.pdf
[48] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/latest

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5.2.5 An increase in working age economic inactivity has attracted national attention. In the North West of England, the Covid-driven rise is more marked than the national average. As well as the inactivity rate returning to a pandemic high of 23.5% in the most recent data, the gap with the UK has widened once more (2.1ppts).[49]

**(3) Factors specific to Greater Manchester**

Greater Manchester business composition

5.2.6 Based on 2021 data, Greater Manchester has more small businesses (+c.15,000) compared to other areas of comparable total and working age populations such as the West Midlands.[50]

Outlook for Greater Manchester businesses

5.2.7 A report by the Growth Company in May 2022 collated 246 surveys with businesses (almost all who responded were based in Greater Manchester) undertaken during April 2022.[51] The report stated that a growing concern was the proportion of businesses facing business finance challenges (43% vs 33% March 2022) and increasingly impacted by the rising costs of raw materials - April 2022 reported a value of 28% vs. 16% for July 2021.

5.2.8 Recruitment has been a key challenge for businesses, with total vacancies across all sectors having been at high levels over 2021/2022 – resulting in some businesses facing significant challenges in staffing their operations - Manchester Airport being a key example. Transport operators such as bus, coach and taxi operators have faced driver shortages as the economy emerges out of the pandemic. This has in part been driven by an increase in economic inactivity brought about by the pandemic with the size of the workforce available to Greater Manchester businesses likely having shrunk (in the North West during Jan-March 2022 the working age inactivity rate (the number of people who are not in work and not looking for a job) was 23.5% vs. a national inactivity rate of 21.4% - this is higher than it was at the beginning of 2020).[52]

Wages in Greater Manchester

5.2.9 Median pay in Greater Manchester is over £100 a month below the UK median based upon ONS 'experimental' data (note: this data is unadjusted for inflation and indicates the trend only).[53] The wage gap was at its widest in January of 2022 (£127 a month).

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[49] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/latest

[50] https://www.nomisweb.co.uk/sources/ukbc

[51] https://www.businessgrowthhub.com/coronavirus/business-survey

[52] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2022

[53] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted)

Understanding the Greater Manchester residential population

5.2.10 53% of Greater Manchester's residential population is classified as either 'Financially Stretched'[54] or 'Urban Adversity'[55] based on the Acorn segmentation tool categories, whereas across the UK this figure stands at just 40%. This disparity demonstrates the comparative economic vulnerability of the Greater Manchester population to inflation associated with non-discretionary spend.[56]

5.2.11 For 'Financially Stretched' and 'Urban Adversity' households, disposable income is typically well below average, and often below £10,000. This means that those with limited disposable income are likely to be even more vulnerable to any costs that may be passed onto them. It also serves as a reminder that Greater Manchester businesses that predominately serve local markets could be particularly vulnerable to weakening consumer demand.

5.2.12 Launched in October 2020 during the Covid-19 pandemic, the Greater Manchester Independent Inequalities Commission undertook a six-month analysis of inequalities across the city region, resulting in the *Good Lives for All in Greater Manchester report*.[57] Amongst the findings, the report highlights the health inequalities experienced across the city region and recommended that wellbeing and equality goals sit at the heart of the Greater Manchester Strategy, and that universal basic services are accessible to the most disadvantaged groups. The findings of the report will inform the planned EqIA for the New GM CAP.

**Economic conditions summary**

5.2.13 UK inflation reached a 40-year high of 9% during April 2022, up from 2% in July 2021. It is widely accepted that inflation will increase to higher levels still during the remainder of 2022, with evidence already pointing to consumer demand being dampened. Inflationary pressures are already having a significant impact on household bills with the average annual grocery bill on course to rise by £380 according to research conducted by Kantar.[58]

5.2.14 Greater Manchester is not insulated from the impacts of high inflation, in fact in some respects it is particularly vulnerable - noting its relatively high volume of small businesses, and a higher than average (compared to the UK) proportion of residents who typically have below average disposable household incomes.

[54] This category contains a mix of traditional areas of Britain. Incomes tend to be well below average. Although some have reasonably well paid jobs more people are in lower paid administrative, clerical, semi-skilled and manual jobs. Apprenticeships and O levels are more likely educational qualifications. Unemployment is above average as are the proportions of people claiming other benefits.

[55] This category contains the most deprived areas of large and small towns and cities across the UK. Household incomes are low, nearly always below the national average. The level of people having difficulties with debt or having been refused credit approaches double the national average. The numbers claiming Jobseeker's Allowance and other benefits is well above the national average. Levels of qualifications are low and those in work are likely to be employed in semi-skilled or unskilled occupations.

[56] Source: Acorn 2021. CACI Limited. The applicable copyright notices can be found at http://www.caci.co.uk/copyrightnotices.pdf)

57 https://www.greatermanchester-ca.gov.uk/media/4605/the-next-level-good-lives-for-all-in-greater-manchester.pdf

58 https://www.kantar.com/uki/inspiration/fmcg/2022-wp-uk-grocery-bills-to-rise-by-380-per-year-but-inflation-fails-to-dampen-jubilee-joy

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5.2.15 The Bank of England has already responded by increasing the base rate to 1.25% (up from 0.1% in July 2021) - signalling that further rate rises are likely. This in turn will increase the cost of borrowing to both businesses and residents who require finance and are not protected by fixed rates. Meanwhile the Bank of England's Monetary Policy Report (May 2022) points to an expectation that GDP will fall in Q4 2022 and may be 'broadly flat' during 2023.

5.2.16 In summary, any intervention, such as a charging CAZ, that could see businesses forced to pay additional charges and potentially pass costs on to the consumer, could have severe consequences for those groups who are already struggling to cope with the cost of living crisis.

## 5.3 Vehicle sector impacts

5.3.1 Greater Manchester has undertaken research to understand the changed conditions within the vehicle market and subsequent impacts from the economic factors, as discussed in **Section 5.2**, and lasting impacts from the Covid-19 pandemic. The research has been structured into a set of vehicle evidence papers which are provided within **Appendix A – D** and include total vehicle numbers, vehicle type apportionment and non-compliant proportions. The findings are summarised below:

LGV

5.3.2 A summary of the LGV sector impacts has been provided below:

- Pre-pandemic, there was significant growth in LGV mileage and LGV stock over a number of years and the expectation was that both growth trends would continue.
- However, whilst the early phases of the pandemic and subsequent lockdowns and restrictions in 2020 constrained demand, it appears that this effect was temporary and has been offset by growth in demand from some LGV-owning sectors.
- The pandemic had a major impact on the number of new LGVs sold in the UK, initially due to the halting of production lines and local lockdowns around the world.
- Whilst new LGV sales recovered to some extent in 2021, they are still not back to 2019 levels and so there is a substantial 'lost supply' that has not been recovered equating to 80,000 vehicles on a conservative assumption that 2019 levels had been maintained.
- The global semiconductor (an element of electronic circuits) shortage has also impacted the automotive industry and its effects are ongoing.
- The industry is reporting significant supply issues with extended lead times for new orders.

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- It is anticipated that the introduction of CAZs at particular locations in the UK will introduce some regional disparity in terms of the availability of certain vehicles and place additional demand pressure on the market in general.
- Reliable data on the variation in the price of new LGVs as a consequence is not available as it is commercially sensitive.
- There is substantial evidence of significant price increases in the second-hand LGV market – the scale of those rises has a high degree of variability depending on the particular vehicle. The extent of the reported rise varies between 13% and almost 60%.
- Overall, the evidence suggests that demand for new and second-hand LGVs remains strong, and therefore that the loss of supply caused by lockdowns in 2020 and more recently by the semi-conductor shortage is leading to price rises in the new and second-hand markets, and to long lead times for new vehicle orders.

HGV

5.3.3 A summary of the HGV sector impacts has been provided below:

- Whilst HGV traffic was significantly reduced in the early lockdown of spring 2020, the overall volume and usage of HGVs recovered quicker than other modes and has generally returned to pre-pandemic levels.
- HGV purchasing patterns were atypical in 2019 and 2020 as a result in a change in regulation, which meant that 2019 saw much higher than normal HGV sales as vehicle owners brought forward sales to avoid the impact of new vehicle regulations. Therefore, sales in 2020 were expected to be lower than normal and it is difficult to disaggregate this impact from that of the pandemic. Overall, between 2019 and 2020, sales were similar on average to sales in previous years.
- The HGV sector is experiencing significant issues in relation to demand and supply of new vehicles. HGV production has been hampered by the shortages in components, particularly semi-conductors. This shortage has impacted on the ability of manufacturers to meet the increased demand as demand from some sectors grows and the requirement to ‘catch up’ with lower production in Q2 2020. The issue is so significant that some major manufacturers are not taking new orders for this year.
- Significant price increases have been observed, particularly in the second-hand compliant market. For new vehicles, the more significant issue is availability and lead times as noted above.

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- Whilst the situation is fluid, responses from vehicle manufacturers and dealerships suggest that the issue will not be resolved until 2023. This means that higher prices for new and used vehicles and a lack of availability of HGVs are likely to continue throughout 2022.

Taxi (Hackney Carriage and Private Hire Vehicle (PHV))

5.3.4 A summary of taxi sector impacts has been provided below:

- Industries served by the taxi industry have suffered heavily through Covid-19. Leisure trips comprised of over half of all taxi journeys in 2019 with Government restrictions having a significant impact on the leisure market, particularly bars, pubs, restaurants and nightclubs. Equally, other important taxi markets have been constrained during the pandemic, stemming from Government restrictions on commuting, shopping and tourism. Emerging from the pandemic, taxis are older and more non-compliant than previously assumed and there are fewer taxis and taxi drivers operating in Greater Manchester compared to pre-pandemic levels.
- The number of new Greater Manchester-licensed Hackney Carriages and PHVs was significantly lower during the pandemic compared to pre-pandemic levels. The number of Greater Manchester licensed taxis decreased from 2019 to 2022 by 5.4% for PHVs and 7.7.% for Hackney Carriages.
- The average age of Hackney Carriages and PHVs has grown older in 2020 and 2022 compared to pre-pandemic levels (2019) with taxi fleets estimated to be one year older than pre-pandemic.
- There has been no significant shift in fuel types for Hackney Carriage with 89% still fuelled by diesel. However, there has been a shift from diesel to hybrid-electric for PHVs, rising from 14% in 2019 to 29% in 2022. The EV uptake remains very low at less than 1% for both Hackney Carriages and PHVs.
- Hackney Carriages, in particular, are likely to have faced a more significant impact from the Covid-19 pandemic, compared to PHVs, due to their dependency on Manchester City Centre where sectors have been hit the hardest. Both Hackney Carriage and PHV owners are likely to have lower cash reserves to upgrade their vehicles than prior to the pandemic.
- Hackney Carriages are older, more non-compliant and are being upgraded at a slower rate compared to PHVs.

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- The ability for Hackney Carriage owners to upgrade their vehicles is likely to be more constrained compared to PHV owners due to the higher cost of replacement vehicles and the likelihood of more substantive Covid-19-related impacts. However, there is some evidence to suggest that whilst Hackney Carriage vehicle prices are stable, and even falling for certain vehicle types (although this is based on very limited evidence), the vehicle prices for new and second-hand compliant PHVs are increasing in-line with rising wider car market vehicle prices. For example, Toyota models increased in price by 21% in 2022 compared to 2019 prices and Skoda Octavia prices increased by 14% in 2022 compared to 2019 prices.

Coach/Minibus

5.3.5 A summary of the coach and minibus sector impacts has been provided below:

- The first UK national lockdown in March 2020 had a significant impact on the coach and minibus market, with many coach and minibus operators either having to stop their services altogether or only operate at a significantly reduced capacity.
- Coach operators can be categorised as offering three types of services:
    - Special regular services (e.g. school travel provision);
    - Regular services; and
    - Occasional services, for example for tourism, leisure and events.
- Other than school services, which are largely back to normal, the ongoing impact on the coach market is dependent on how soon tourism and general travel returns to 'normal' levels. At the present time, that remains uncertain though there has been a general increase in leisure travel in recent months.
- Low margin or not-for-profit minibus operators, such as charity transport providers, rely on customers in order to operate and are likely to have reduced demand during the pandemic due the customers they serve being older and government restrictions, reducing already limited cash reserves to upgrade their vehicles.
- The impact of the pandemic has generally reduced prices for both new and second-hand coaches due to the reduced demand in the sector.
- Conversely the price of new and second-hand minibuses has increased other than for second-hand non-compliant vehicles.

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- There is a wider range of organisations / businesses that use minibuses. Local authority, community transport and education related are all likely to be relatively unaffected as they are less demand dependant. But local bus and coach operators and leasing companies will be subject to the same travel demand uncertainties associated with the bus and coach sector.

**Conclusion**

5.3.6 Current economic conditions present new challenges, requiring changes to the GM CAP necessary to mitigate against additional costs to Greater Manchester residents and businesses. Since the Previous GM CAP, agreed in Summer 2021, external factors associated with the pandemic, global supply chain challenges, and the cost-of-living crisis are resulting in additional financial challenges for local residents and businesses.

5.3.7 In particular, rising inflation, falling consumer confidence, lack of GDP growth and rising cost of borrowing mean that Greater Manchester's businesses and households are more vulnerable to the impact of increased costs and less able to invest in vehicle upgrades than in July 2021. This has been exacerbated by rising vehicle prices and constraints on the supply of new vehicles, with demand for compliant second-hand vehicles outstripping supply in many sectors.

5.3.8 For some sectors, the pandemic is still affecting their businesses with demand not having returned to pre-pandemic levels.

5.3.9 Overall, it is clear that current economic conditions mean that imposing a charging CAZ would be an additional cost for local residents and businesses at a time of existing financial challenges, and could potentially lead to job losses and business closures.

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# 6 What is Greater Manchester already doing about poor air quality?

6.1.1 This section sets out:

- What the GM CAP has already delivered to improve air quality; and
- Other ways Greater Manchester is investing in schemes and action to deliver air quality improvements.

6.1.2 Some, but not all, of these developments have occurred since the Previous GM CAP was originally approved in Summer 2021. Therefore, this wider action needs to be taken into account when considering an appropriate New GM CAP for the region.

## 6.2 What has the GM CAP delivered already?

6.2.1 The GM CAP has already taken steps to improve air quality across the city-region, launching the Clean Bus Fund and Clean HGV Fund in December 2020 and November 2021 respectively. As of May 2022, over 1,000 buses have been awarded funding to upgrade their vehicles. Additionally, over 300 HGVs have been awarded funding through the Clean HGV Fund. This has been supplemented by £3.5m of GM CAP funding to deliver a 30 rapid charging points to encourage the transition to Zero Emission Capable vehicles with installation due to commence in late 2022 and continue throughout 2023.

6.2.2 Greater Manchester has secured £3m of early measures funding in advance of submitting the GM CAP. These funds are being used to promote electric vehicles (EVs) and cleaner choices – this includes:

- **The installation of EV charging points**: These funds are being used for the installation of 24 dual-headed rapid EV charging points. The project is nearing completion with 22 charging points having been installed since 2019 up to May 2022, including the first dedicated taxi charging point. The remaining charging points are scheduled to be complete in 2022. The Greater Manchester Electric Vehicle network, comprising approximately 140 charging points, has transitioned to the Be.EV network, an electric vehicle charging infrastructure provider appointed by TfGM. A taxi membership scheme and EV tariff was introduced in October 2021;
- **Promotion of EVs:** Early measures funding has also been used to promote the use of EVs, EV charging and Greater Manchester's expanded publicly owned network; and
- **Communications campaign:** A communications campaign was delivered to support the wider GM CAP by raising awareness of the need to clean up our air and promote alternative travel options.

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## 6.3 What else is Greater Manchester doing to tackle poor air quality?

6.3.1 Over the past decade, investment by Greater Manchester in public transport has been second only to London. Using a blend of funding sources, both local and national, Greater Manchester has delivered a range of key transport infrastructure projects that have helped drive Greater Manchester's regional and local economies. These include Metrolink expansion and improvements, bus priority, smart ticketing and information systems, park and ride sites across the conurbation, channelling investment of around £200m each year to radically enhance clean public transport.

6.3.2 This built on the ground-breaking £1.5bn Greater Manchester Transport Fund, which paid for the significant expansion of the zero-emission Metrolink network, the Leigh-Salford-Manchester guided busway, as well as key transport interchanges, supporting town centres and regeneration efforts across the conurbation.

6.3.3 Greater Manchester have been awarded around £1.2bn through the CRSTS, which will further expand and integrate the network, focusing on improvements to bus routes, funding zero emission fleets and providing further investment in Greater Manchester's rapidly expanding cycling and walking network.

6.3.4 Investment in upgrading buses to zero emission standard has been secured through the Zero Emission Buses Regional Area (ZEBRA) Scheme. £35.8m of funding has been awarded after a joint bid to the DfT submitted by GMCA, TfGM, Stockport Council and Stagecoach Group PLC. The ZEBRA funding will be matched by £37.8m of funds from Stagecoach and topped up with £12.5m from GMCA and will support the introduction of 170 zero emission buses running from Stockport by 2024. This equates to 10 per cent of the whole bus fleet in Greater Manchester.

6.3.5 Greater Manchester will be bringing buses back under local control for the first time in the City Region since de-regulation in 1986.[59] The GMCA will introduce a fully franchised system across three phases starting in 2023. From the two rounds of consultation, 86% of responses to the first consultation period supported the franchising scheme with 82% for the second consultation period from more than 12,500 responses.

6.3.6 The ability for Greater Manchester to operate a franchised bus system will allow the GMCA / TfGM to directly control bus emission standards for the first time, for example, enabling the transport authority to direct the exclusive use of zero emission buses along particular corridors or within defined geographical areas where there may be specific air quality issues that need addressing.

[59] https://www.gmconsult.org/strategy-team/greater-manchester-bus-consultation/

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6.3.7 From September 2023, Greater Manchester is also planning to introduce 50 new zero emission buses into service with the launch of the Area 1 Bus Franchise in Wigan and Bolton.

6.3.8 Greater Manchester has consistently used its available transport funding to improve public transport and active travel options, thereby encouraging people to travel more sustainably. Greater Manchester works to maximise all opportunities to access funding for the region to make it easier and more appealing to travel by transport choices with lower emissions per person including public transport, bike or on foot. In particular:

- **Transforming Cities Fund 1:** Delivering £160m of major walking and cycling improvements across Greater Manchester, supported by an additional £40m Cycle City Ambition Grant, as well as £83m towards 27 new Metrolink trams and supporting infrastructure, which started to come into service in 2021.
- **Transforming Cities Fund 2:** In the 2018 Autumn budget, Greater Manchester was granted an additional £69.5m (to be spent by 2023). The intention is to prioritise this funding to deliver on improving public transport provision for both existing communities, and housing and employment growth areas identified in the Places for Everyone (formally Greater Manchester Spatial Framework) . In January 2021, GMCA announced the scheme prioritisation for investment including £15m for a new rail station at Golborne, £10m for Quality Bus Transit schemes, £10m contribution to the Greek Street Bridge project in Stockport and £2m for a travel hub (including Park & Ride provision) at Tyldesley. This fund has been incorporated into the City Region Sustainable Transport Settlement Fund.
- **Active Travel Fund:** Greater Manchester has been awarded £15.97m, as part of the £2bn Government fund, to deliver 24 miles of cycling and walking routes and dozens of new neighbourhood interventions. The Fund has been used to sustain the unprecedented levels of walking and cycling, attributed to the impacts of the Covid-19 pandemic, delivering measures across Greater Manchester. The schemes include:
    - ‘School Streets’, where streets around schools are closed to motorists at school times
    - Active neighbourhoods, where residential side streets are closed to through traffic to stop rat-running
    - Segregated cycle lanes
    - Pedestrian improvements

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- **Growth Deal:** Delivering over £400m of improvements through schemes such as Stockport Town Centre Accessibility Improvements, Salford Bolton Network Improvements and Ashton-under-Lyne Interchange. Delivery of the Ashton-under-Lyne Interchange has been completed alongside a number of key centre transport improvements. Going beyond the levels agreed with Government, Growth Deal investment in Greater Manchester is expected to deliver 7,000 jobs and £364m in private sector investment in the next few years.
- **City Region Sustainable Transport Settlement:** On 20 July 2021, DfT issued the guidance for the renamed Intra-City Funding Settlement, now City Region Sustainable Transport Fund (CRSTF) and Settlement (CRSTS) process, which will combine certain elements of existing capital funding (including the Integrated Transport Block, Maintenance Funding, and future years Transforming Cities Funding) in addition to the new £4.2 billion. On 10th September, GMCA approved the submission of the Prospectus based upon the upper bound guideline of £1.19bn for government consideration as part of the 2021 Spending Review process. On 22 November 2021, the Secretary of State wrote to the Greater Manchester Mayor to say that GMCA had been allocated an indicative £1.07 billion of capital funding conditional on the submission of a programme business case by the end of January 2022, noting that initially the Secretary of State letter requested submissions by January, which were submitted to government on 31st January 2022. On 1st April 2022, the Secretary of State wrote to the Greater Manchester Mayor to confirm that Greater Manchester would receive the full amount of the indicative allocation of £1.07bn, subject to agreeing to a series of conditions and the final scheme list.[60]
- **Clean Bus Technology Fund:** Greater Manchester also secured c.£6m from the Clean Bus Technology Fund (CBTF) to upgrade the local bus fleet, targeted at air quality hotspots. The CBTF provides support to operators to retrofit their vehicles as follows:
    - 280 buses have been awarded retrofit funding at a total cost of £4.26m; and
    - The remaining £1.73m of funding is currently planned to be distributed through the GM CAP as part of proposals to support bus operators.

6.3.9 Greater Manchester has recently been successful in securing further funding to support the delivery of a low emission bus and taxi fleet:

[60] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066118/crsts-funding-settlement-letter-for-greater-manchester-1-april-2022.pdf

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- **Office for Zero Emission Vehicles (OZEV):** £1.8m of funding has been secured to deliver 30 dual-headed rapid charging devices installed across Greater Manchester for primary use by Hackney Carriages and private hire vehicles (PHVs). This will be supported by local match-funding of circa £600k. This has been combined with £3.5m of GM CAP funding to deliver a further 30 rapid charging points. A total of 60 dual-headed charging points will be delivered through the project, across the 10 Local Authorities. Feasibility studies have been completed and work on detailed design has commenced. Installation is due to commence in late 2022 and continue throughout 2023.
- **Zero Emission Buses Regional Area (ZEBRA) Scheme:** GMCA was awarded £35.7m in March 2022 for the replacement of 170 diesel buses that operate from Stockport Bus Depot to Zero Emission technology, by Spring 2024.
- **City Region Sustainable Transport Settlement for Zero Emission Buses**: £115m of funding has been secured and TfGM is currently developing detailed plans for the deployment of these funds. Greater Manchester expects to have sufficient funds to deploy 400 to 500 zero emission buses by 2027. In combination with the ZEBRA Stockport 170 buses and the Stagecoach ULEB 32 Zero Emission Buses that run on routes 43 and 111, this represents approximately one third of the fleet. The deployment plan is being heavily influenced by Clean Air considerations. Analytical work is underway to ensure the buses are deployed onto streets in Greater Manchester with the worst air quality, thereby helping to deliver the greatest strategic impacts for the CRSTS funds invested.
- **Bus Service Improvement Plan (BSIP):** On 5th April 2022, it was confirmed that Greater Manchester would receive an indicative allocation of £94.8m of BSIP funding from the government's Bus Back Better strategy.[61] The BSIP will work towards achieving the interim-year 2030 "Right Mix" target for bus travel and removing enable Greater Manchester to remove up to 450,000 tonnes of carbon tailpipe emissions over the period to 2030. This includes reductions associated with the conversion of the bus fleets to fully electric as proposed within this BSIP.

6.3.10 Greater Manchester uses its local transport levy and the Mayoral Precept to fund a range of public transport services. This includes concessions, supported bus services (which make up 20% of the network) and Ring & Ride Services, which provides door-to-door, demand responsive transport to restricted local residents.

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[61] https://assets.ctfassets.net/nv7y93idf4jq/1Cu66Ouc9StC7JlRPiuSVl/95b9734bb0096523ec1328dd7c582035/BSIP-PM-PUB-0005_GM_Bus_Service_Improvement_Plan_October_2021.pdf

6.3.11 Local authorities in Greater Manchester are seeking new sources of funding to deliver cleaner air and improve sustainable travel options in the city region:

- **Future High Streets Fund:** Six towns in Greater Manchester have been granted full funding, totalling an estimated £90m, to improve transport links, build new homes and transform underused spaces in a key milestone for the government's levelling up agenda. Stretford (£17.6m), Rochdale (£17.1m), Wigan (£16.6m), Stockport (£14.5m), Farnworth (£13.3m) and Oldham (£10.8m) have all received a share of the fund.
- **Towns Fund:** Announced in 2019, 100 places were invited to develop investment priorities and proposals as part of a £3.6bn Towns Fund. The investment includes planning and land use and development of local transport schemes that complement regional and national networks. The 2020 budget announced 45 areas of England have been successful in their funding bids including three areas in Greater Manchester: Bolton (£22.9m), Cheadle (£13.9m) and Rochdale (£23.6m).
- **National Highways (formerly Highways England):** In addition to major committed schemes, National Highways has discretion to fund a range of smaller projects through its Designated Funds, of which £936m has been allocated in the next five years. Greater Manchester will work with National Highways to identify opportunities where use of Designated Funds may be appropriate to deliver infrastructure. The funds cover a range of projects including safety and congestion; users and communities; environment and well-being; and innovation and modernisation. Greater Manchester will also work closely with National Highways on their Route Strategy process which will inform the determination of funding needs and priorities for the next Road Investment Strategy (RIS) which will commence in 2025.

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# 7 What are the current air quality issues in Greater Manchester?

## 7.1 Methodology

7.1.1 Air quality in Greater Manchester has been modelled as part of the GM CAP, and areas of exceedance of the Limit Values identified. This modelling has been updated at relevant stages throughout the development of the plan for a number of reasons, for example to reflect changes to the key phasing dates, to revise underpinning assumptions such as vehicle fleet age (due to Covid-19), or as a response to policy refinements as a result of the public 'conversation' or consultations.

7.1.2 Air quality is expected to gradually improve over time as a result of the ongoing cycle of newly purchased vehicles replacing older more polluting equivalents. The Government has required that the GM CAP delivers compliant air quality, using modelling to forecast future concentrations and showing how potential measures might reduce concentrations.

7.1.3 The air quality problem for Greater Manchester is assessed by reference to the "Do Minimum" scenario modelling, which sets out air quality as forecast if no action is taken by the GM CAP. The forecast does take into account other investment/interventions that are planned, funded and committed, where they have an impact on travel, traffic or the road network. The forecast appraisal years were developed as the original planned scheme commencement date for the GM CAP (2021 – not updated), the current expected scheme commencement date (2023) and a further year to inform the trajectory of improvement to compliance with the Limit Values (2025).

7.1.4 The GM CAP is underpinned by an evidence base derived from data collection, research, analysis and modelling. Throughout the technical development process from 2017 to date, Greater Manchester has used best practice methodology and assumptions and worked closely with Government, including for example by delivering updates to incorporate the impacts of Covid-19 to the GM CAP in accordance with national guidance.

7.1.5 The modelling approach has been updated to reflect the impacts of Covid-19 in line with JAQU guidance and changes to the GM CAP Policy following public consultation and now in respect to changing market conditions and further Covid-19 related impacts.

7.1.6 The purpose of the modelling process is to quantify the impact of traffic by vehicle type on emissions and consequently on concentrations of $NO_2$ at the roadside in Greater Manchester. A brief summary of the Do Minimum modelling input steps feeding into the appraisal is presented in **Figure 2**, which shows each of the modelling components and their linkages within the modelling suite.

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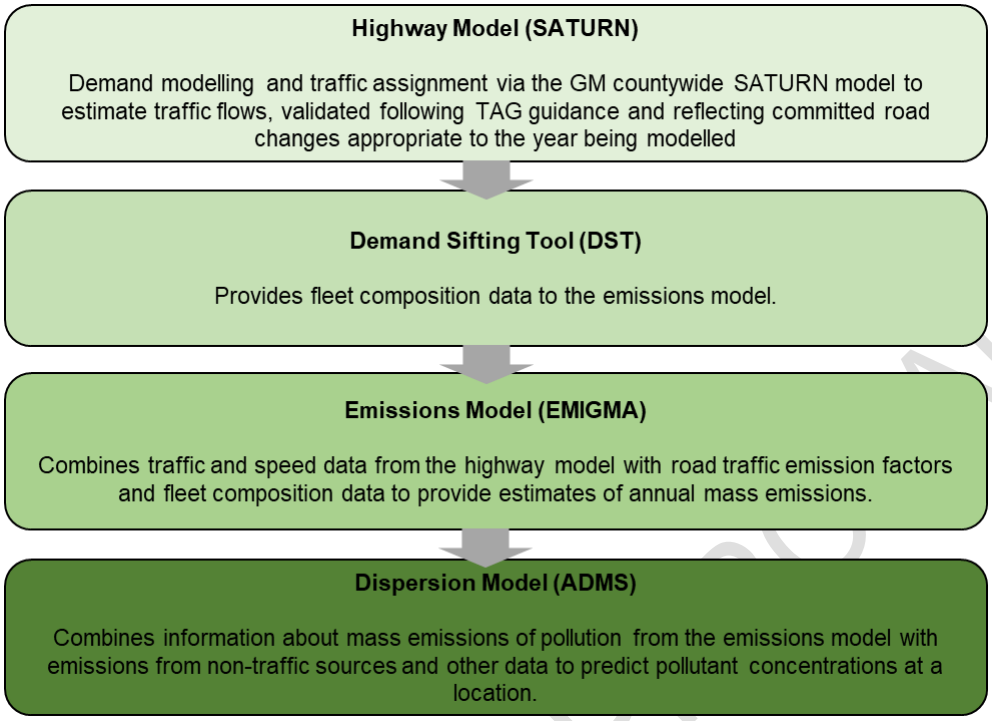
**Figure 2 Overview of the Do Minimum Modelling Process**




7.1.7 The Do Minimum forecast has been updated because the evidence presented to the Government in February 2022 showed that business as usual (BAU) car sales were lower than expected in 2021, meaning that the fleet was older than forecast, and that this was likely to delay compliance with legal limits of $NO_2$ with the scheme as planned. Therefore, in order to update the Do Minimum forecast, the underpinning assumptions have been reviewed to ensure they remain up-to-date. These changes are set out in **Table 2** below. In addition to those set out in the table, work is ongoing to carry out a sensitivity test representing the impact of key schemes affecting the road network in Manchester and Salford, as part of the City Centre Transport Strategy (CCTS).

**Table 2 Do Minimum Modelling Assumptions – Changes since February 2022**

| Vehicle Type | Criteria | Changes |
|---|---|---|
| HGV | Fleet age | • No changes made in 2021 version as evidence did not suggest HGV purchases had been affected by the pandemic in 2020 (given impact of regulatory change in 2019 which had distorted purchase patterns such that lower than normal purchases were expected in 2020 anyway).<br>• No changes made in latest forecast. |

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| Vehicle Type | Criteria | Changes |
|---|---|---|
| LGV | Fleet age | • Delay applied in 2021 version. Evidence suggests sales in 2021 were similar to Greater Manchester's forecast and therefore no additional changes are proposed. |
| Car | Fleet age | • Delay applied in 2021 version to reflect loss of sales in 2020 and SMMT forecast of gradual Covid recovery.<br>• New evidence suggests that car purchases were lower than expected in 2021 and therefore this additional delay has been reflected in this forecast version, with a delay of one year applied. |
| Taxi | Fleet age | • Evidence in 2021 suggested that upgrades had been delayed but could not quantify impact, therefore a delay of one year was applied as a cautious estimate in that version.<br>• No changes made in latest forecast. |
| Bus | Funding | • Electric bus funding was represented in the model as follows:<br>  ○ Removal of ULEB funding from Vantage and Free Bus routes<br>  ○ Addition of ZEBRA funding for Stockport<br>• CRSTS funding not yet assigned so cannot be represented in Do Minimum scenario. |

## 7.2 Updated modelling results

7.2.1 Modelling has been undertaken for the following scenarios:

- **Do Minimum (i.e. No GM CAP)**, which represents what would be forecast to happen in the absence of all GM CAP proposals. In reality this is overly pessimistic because funds for buses and HGVs have been available and successfully applied since these aspects of the GM CAP opened in 2021. This scenario is used to enable appraisal of the full impact of the GM CAP itself; and

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- **Do Minimum plus CBF grants test** – a sensitivity test scenario, which represents what is forecast to happen with incorporation of approved GM CAP Clean Bus Fund (CBF) grants. The test is based upon the number of buses in each Greater Manchester operator's fleet where grants have been approved as of March 2022 (around 1,000 buses have been approved for retrofit or replacement funding, with 500 already on the road), with adjustments made to each specific operator's fleet mix to represent a newer set of buses running their service routes, reducing forecast emissions. It is not certain that all operators would now utilise an approved grant in the absence of a CAZ charge to penalise use of their non-compliant buses. Therefore, this scenario is being treated as a sensitivity test at this stage. However, it is expected that investment in bus fleets and the transition to bus franchising in Greater Manchester consider this test to become a most likely scenario.

7.2.2 Note that the Stockport depot ZEBRA funded buses are not expected to be fully deployed until 2024. To enable the interpolation of modelled concentrations for 2024, using the available 2023 and 2025 forecast models, the Stockport ZEBRA electric buses have been applied in the 2023 model as well as the 2025 model. This means that the emissions and concentration predictions along these bus routes, which are predominantly on the corridors from central Stockport towards the Manchester regional centre, will be under-predicted in 2023 because many buses would still be diesel variants at that time.

7.2.3 Note that this does not include representation of the City Centre Transport Strategy (CCTS) schemes which are expected to have been opened by 2025. Further sensitivity testing of the Do Minimum scenario is underway to better reflect the possible impact of these schemes.

Emission results

7.2.4 Summary results from the EMIGMA modelling for the tests are presented below in **Table 3**, which shows modelled mass $NO_x$ emission totals for 2023 and 2025 for Greater Manchester as a whole, disaggregated by vehicle type.

7.2.5 It should be noted that overall emissions in this Do Minimum version are approximately 2% greater in 2025 than in the Do Minimum scenario used for the Previous GM CAP. This is mainly a result of the increased age of the private car fleet due to the latest understanding of Covid-19 impacts leading to reduced new cleaner vehicle sales, with private car fleet emissions increasing by 5% in 2025. This total mass emissions value also includes a reduction in emissions associated with new electric buses, but these emission improvements are confined to specific bus route corridors, whereas the private car fleet delay leads to a more geographically even spread of increased vehicle emissions.

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7.2.6 **Table 3** show that across Greater Manchester as a whole, emissions from road traffic are released from a wide range of vehicle types, with private cars releasing most, followed by commercial freight vehicles (HGVs, LGVs) and then buses and taxis. However, the nature of road traffic varies widely across road types, and further detailed site-specific breakdowns of the sources at the most persistent exceedances are provided in the next section. It can also be seen that forecast emissions are reducing into the future with a reduction from 6,345T to 5,281T predicted from 2023 to 2025 as a result of the natural cycle of vehicle replacement and renewal with cleaner newer models.

7.2.7 As a result of the CBF grants, bus emissions are forecast to reduce by 60% in 2023 (if the upgrades have been fully delivered by then) and 44% in 2025 compared to the Do Minimum forecasts for those years, delivering localised improvements along bus routes. This equates to potential reductions in total road vehicle $NO_x$ emissions over Greater Manchester of approximately 4% relative to the Do Minimum in 2023 and 3% in 2025.

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**Table 3 Mass $NO_x$ Emission Totals from EMIGMA Modelling (Greater Manchester, Tonnes per Year (T), with Percentage Changes Relative to the Do Minimum)**

| **2023** | | | | | | |
|---|---|---|---|---|---|---|
| **Scenario** | **Car** | **LGV** | **HGV** | **Taxi** | **Bus** | **Total** |
| Do-Minimum | 2,938 | 1,888 | 796 | 357 | 449 | 6,435 |
| Do Min with CBF | 2,938 | 1,888 | 796 | 357 | 179 | 6,165 |
| % Change (DM) | 0% | 0% | 0% | 0% | -60% | -4% |
| **2025** | | | | | | |
| **Scenario** | **Car** | **LGV** | **HGV** | **Taxi** | **Bus** | **Total** |
| Do-Minimum | 2,526 | 1,610 | 523 | 294 | 320 | 5,281 |
| Do Min with CBF | 2,526 | 1,610 | 523 | 294 | 179 | 5,140 |
| % Change (DM) | 0% | 0% | 0% | 0% | -44% | -3% |

Notes:

*Taxis comprise Private Hire Vehicles and Hackney Carriages combined*
*% Changes for the Do Min with CBF are relative to the Do Minimum*
*Totals may not sum due to rounding*

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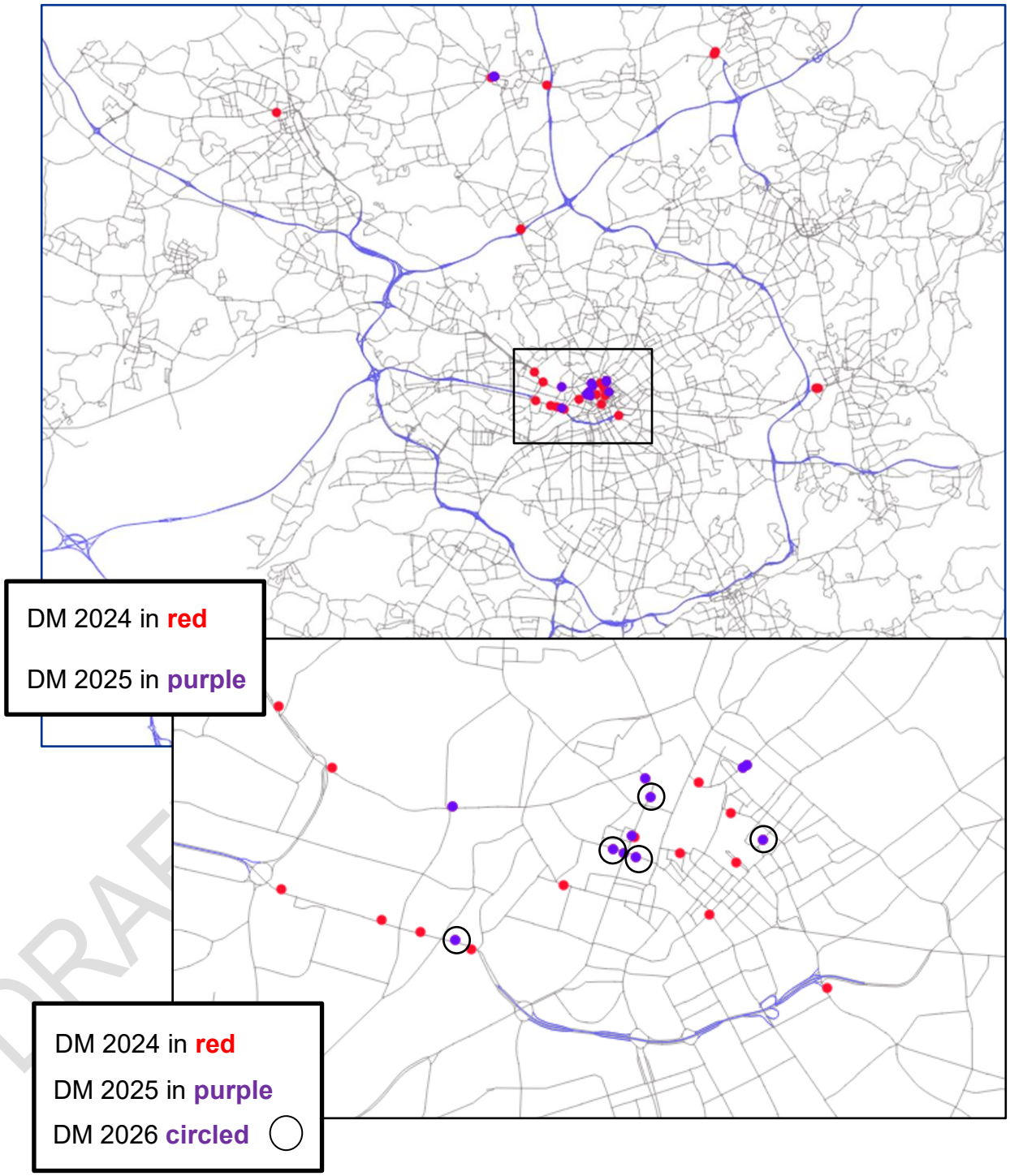
**Air quality results**

7.2.8 **Table 4** and **Table 5** summarise the updated Do Minimum scenario modelling results and the Do Minimum with CBF Test, both of which incorporate the current understanding of the impacts of Covid-19 on vehicle fleets, for the Do Minimum years of 2023 and 2025. These results are then reported as the number of exceedances by each district in **Table 6**.

7.2.9 The location of the predicted exceedances in 2024 and 2025 are shown in **Figure 3**. with the spatial pattern continuing to resemble that in the 'Option for Consultation' and 'Previous GM CAP' modelling iterations.

**Figure 3 Greater Manchester Do-Minimum Exceedance Points in 2024, 2025 and 2026**

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Air quality in the Do Minimum scenario

7.2.10 As shown in **Table 4,** there is an increase in the number of points of exceedance in 2023 from the Previous GM CAP model Do Minimum as modelled in spring/summer 2021 (from 71 to 79). This is primarily associated with the wider road network outside of the regional centre where private car emissions have increased due to an older fleet profile due to Covid-19, leading to increases in $NO_2$ concentrations of typically 0.5 µg/$m^3$ up to 1.0 µg/$m^3$. However, on the route corridors where the new electric buses will operate there are improvements, with a reduction in exceedances inside the Inner Relief Route (IRR) on these routes. Conversely, on the Vantage and FreeBus routes where the ULEB funding will no longer be available it is assumed that diesel variants would still be operating, with associated increases in $NO_2$ concentrations.

7.2.11 By 2025, the number of exceedances reduces due to the natural upgrade of the vehicle fleet, which is expected to continue despite the depressive effect of Covid-19 on some markets, and which has been accounted for where relevant. Compared with the Previous GM CAP Do Minimum scenario, there has been an increase in the overall number of exceedances (from 11 to 13).

7.2.12 There are predicted to be exceedances in all districts with the exception of Wigan in the Do Minimum scenario for 2023.[62] By 2025, exceedances are only predicted in Manchester, Salford, and Bury, which is consistent with the Consultation and Previous GM CAP modelling scenarios.

7.2.13 The updated modelling shows results consistent with the methodological modelling alterations described previously. The locations where car flows are greatest have an increased number of exceedances, typically sites classed as 'Other Locations'. The last points of exceedance (13 in total) in 2025 still remain at:

- Inside the IRR, including the A34 Bridge St /John Dalton St, Lever St and the A56 Deansgate;
- A57 Regent Rd, Salford;
- A6 Chapel St, Salford; and
- A58 Bolton Road, Bury.

7.2.14 The modelling indicates that exceedances would remain in 2026 at 5 sites: 4 inside the IRR and on the A57 Regent Road. However, the A6 Chapel Street and the A58 Bolton Road would by this point have become compliant. All sites are predicted to be compliant by 2027 in the Do Minimum scenario.

[62] Note that analysis carried out based upon the Do Minimum modelling as at consultation suggested that all local authorities would remain non-compliant in 2022. Updated analysis for 2022 has not yet been completed.

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7.2.15 Note that this does not include representation of the CCTS schemes which are expected to have been opened by 2025. A further sensitivity test of the Do Minimum modelling is underway to incorporate the CCTS schemes which are expected to be in place in the relevant forecast years.

**Table 4 Predicted annual mean $NO_2$ concentrations at points on the Greater Manchester road network – 2023 to 2026 without action ('Do Minimum')**

| Road classification[63] | Compliant sites | | Non-compliant sites | | | |
|---|---|---|---|---|---|---|
| | Very compliant (below 35 µg/m³) | Compliant but marginal (35 to 40 µg/m³) | Non-compliant (>40 to 45 µg/m³) | Very non-compliant (>45 to 50 µg/m³) | Extremely non-compliant (>50 µg/m³) | Total non-compliant (>40 µg/m³) |
| **2023** | | | | | | |
| Inside Manchester-Salford Inner Relief Route (IRR) | 211 | 33 | 23 | 8 | 0 | **31** |
| Urban centres | 209 | 24 | 4 | 0 | 0 | **4** |
| Other locations | 1829 | 157 | 38 | 6 | 0 | **44** |
| **Total** | **2249** | **214** | **65** | **14** | **0** | **79** |
| **2024 (Interpolated)** | | | | | | |
| Inside IRR | 227 | 32 | 11 | 5 | 0 | **16** |
| Urban centres | 223 | 12 | 2 | 0 | 0 | **2** |
| Other locations | 1936 | 75 | 18 | 1 | 0 | **19** |
| **Total** | **2386** | **119** | **31** | **6** | **0** | **37** |
| **2025** | | | | | | |
| Inside IRR | 243 | 23 | 9 | 0 | 0 | **9** |
| Urban centres | 233 | 4 | 0 | 0 | 0 | **0** |
| Other locations | 1984 | 42 | 4 | 0 | 0 | **4** |
| **Total** | **2460** | **69** | **13** | **0** | **0** | **13** |

[63] "Inside Inner Relief Route" is the area encircled by the Inner Relief Route. "Urban centres" are areas that met a definition used for the purposes of air quality modelling for OBC Option testing. "Other locations" are roads outside of Urban centres and the Inner Relief Route.

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| Road classification[63] | Compliant sites | | Non-compliant sites | | | |
|---|---|---|---|---|---|---|
| | Very compliant (below 35 µg/m$^3$) | Compliant but marginal (35 to 40 µg/m$^3$) | Non-compliant (>40 to 45 µg/m$^3$) | Very non-compliant (>45 to 50 µg/m$^3$) | Extremely non-compliant (>50 µg/m$^3$) | Total non-compliant (>40 µg/m$^3$) |
| **2026 (Extrapolated)** | | | | | | |
| Inside IRR | 257 | 14 | 4 | 0 | 0 | **4** |
| Urban centres | 235 | 2 | 0 | 0 | 0 | **0** |
| Other locations | 2008 | 21 | 1 | 0 | 0 | **1** |
| **Total** | **2500** | **37** | **5** | **0** | **0** | **5** |

Air quality in the Do Minimum plus CBF Grants scenario

7.2.16 The assumption is that when the CBF grants have been utilised by the relevant operators to upgrade non-compliant buses to Euro VI diesel, this will lead to an improvement in air quality across bus corridors, and a reduction in the number of predicted exceedances. Note that Greater Manchester is assuming that all CBF grants will be utilised as planned.

7.2.17 As shown in **Table 5**, under this scenario, there is a predicted decrease in the number of points of exceedance in 2023 from the Do Minimum from 79 to 44. This is primarily associated with the regional centre inside the IRR, where bus emissions comprise a greater proportion of total emissions, alongside the arterial routes that lead into the IRR on wider road network outside of the regional centre.

7.2.18 There are predicted to be exceedances in all districts with the exception of Wigan, Trafford and Oldham in the Do Minimum plus CBF scenario for 2023.

7.2.19 By 2025, the number of exceedances reduces due to the natural upgrade of the vehicle fleet. Compared with the Do Minimum scenario, there would be a decrease in the overall number of exceedances from 13 to 5 as a result of the CBF.

7.2.20 By 2025, whilst there are fewer exceedances predicted, the key locations remain as per the Do Minimum scenario at:

- Inside the IRR, including the A34 Bridge St /John Dalton St;
- A57 Regent Rd, Salford; and
- A58 Bolton Road, Bury.

7.2.21 The modelling indicates that exceedances would remain in 2026 at one site, on the A57 Regent Road. All sites are predicted to be compliant by 2027 in the Do Minimum plus CBF Grants scenario.

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**Table 5 Predicted annual mean $NO_2$ concentrations at points on the Greater Manchester road network – 2023 to 2026 without further action (Do Minimum with CBF Grants)**

| Road classification[3] | Compliant sites | | Non-compliant sites | | | |
|---|---|---|---|---|---|---|
| | Very compliant (below 35 µg/m³) | Compliant but marginal (35 to 40 µg/m³) | Non-compliant (>40 to 45 µg/m³) | Very non-compliant (>45 to 50 µg/m³) | Extremely non-compliant (>50 µg/m³) | Total non-compliant (>40 µg/m³) |
| **2023** | | | | | | |
| Inside Manchester-Salford Inner Relief Route (IRR) | 241 | 26 | 8 | 0 | 0 | **8** |
| Urban centres | 219 | 14 | 4 | 0 | 0 | **4** |
| Other locations | 1881 | 117 | 30 | 2 | 0 | **32** |
| **Total** | **2341** | **157** | **42** | **2** | **0** | **44** |
| **2024 (Interpolated)** | | | | | | |
| Inside IRR | 250 | 19 | 6 | 0 | 0 | **6** |
| Urban centres | 228 | 8 | 1 | 0 | 0 | **1** |
| Other locations | 1952 | 66 | 12 | 0 | 0 | **12** |
| **Total** | **2430** | **93** | **19** | **0** | **0** | **19** |
| **2025** | | | | | | |
| Inside IRR | 259 | 13 | 3 | 0 | 0 | **3** |
| Urban centres | 233 | 4 | 0 | 0 | 0 | **0** |
| Other locations | 1995 | 33 | 2 | 0 | 0 | **2** |
| **Total** | **2487** | **50** | **5** | **0** | **0** | **5** |
| **2026 (Extrapolated)** | | | | | | |
| Inside IRR | 265 | 10 | 0 | 0 | 0 | **0** |
| Urban centres | 237 | 0 | 0 | 0 | 0 | **0** |
| Other locations | 2011 | 18 | 1 | 0 | 0 | **1** |
| **Total** | **2513** | **28** | **1** | **0** | **0** | **1** |

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Air Quality results by local authority

**Table 6 Number of sites remaining in exceedance of legal limits for $NO_2$ concentrations by year, Greater Manchester, by local authority for the Do Minimum and Do Minimum with CBF Grants Test Scenario**

| District | 2023 | | 2024 (interpolated) | | 2025 | | 2026 (extrapolated) | |
|---|---|---|---|---|---|---|---|---|
| | Do Min. | Do Min with CBF Test | Do Min. | Do Min. with CBF Test | Do Min. | Do Min with CBF Test | Do Min. | Do Min. with CBF Test |
| Bolton | 3 | 2 | 1 | 0 | 0 | 0 | 0 | 0 |
| Bury | 11 | 7 | 6 | 4 | 2 | 1 | 0 | 0 |
| Manchester | 40 | 16 | 18 | 7 | 9 | 3 | 4 | 0 |
| Oldham | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rochdale | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 |
| Salford | 14 | 10 | 8 | 5 | 2 | 1 | 1 | 1 |
| Stockport | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tameside | 4 | 4 | 2 | 1 | 0 | 0 | 0 | 0 |
| Trafford | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wigan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **GM Total** | **79** | **44** | **37** | **19** | **13** | **5** | **5** | **1** |

*Note: Calculation of 2024 and 2026 was undertaken using linear interpolation or extrapolation from 2023 and 2025 year's modelled $NO_2$ results for each model output point.*

7.2.22 It is important to note that the modelled scenarios do not include representation of the CCTS schemes which are expected to have been opened by 2025. A further update to the Do Minimum modelling is underway. There are a number of schemes which could alter the nature of local traffic flows and routing, especially on the A34 Bridge St/John Dalton St, A56 Deansgate, A57 Regent Road and A6 Chapel St. These schemes have the potential to interact, so the exact values presented in this section should be treated with caution.

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# 8 Where are the persistent exceedance areas in Greater Manchester?

8.1.1 This section builds upon the updated do-minimum modelling outputs presented in **Section 7**. The persistent exceedance areas, detailed in this section, are included to provide supporting evidence of the underpinning of poor air quality at these locations. In many cases these can be seen to be driven by bus emissions and therefore the CBF test, which represents bus upgrades, delivered as part of the GM CAP to date would demonstrably deliver improvements in-line with the objectives of the GM CAP.

8.1.2 In 2025, there are predicted to be 13 points where roadside $NO_2$ exceedances persist. These exceedance points are concentrated in three Greater Manchester local authority areas, namely, Manchester, Salford and Bury. This section will provide further information on the location and source apportionment (in other words, how each vehicle type contributes to emissions at that location) of each point of last exceedance (2025). Under the CBF sensitivity test, only the exceedance at the A57 Regent Road (Salford) would remain in 2026.

8.1.3 In addition to the points of last exceedances which have been identified through the updated do-minimum modelling outputs, the A628/A57 at Mottram, Tameside is an area with very special route characteristics to be considered. The A57 and the A628 form part of the Strategic Road Network (SRN) operated by National Highways and runs east-west linking the M67 motorway in Greater Manchester towards West Yorkshire and Sheffield over the Pennines. Measured and modelled concentrations indicate exceedances can be expected up to 2026 and beyond.

8.1.4 Source apportionment data has been extracted based on the persistent exceedance areas in 2025 and shown in **Sections 8.2-8.4**. It is believed that the Previous GM CAP could no longer be expected to achieve compliance in 2024 and therefore persistent exceedance areas are based upon 2025 data.

## 8.2 Persistent Exceedance Area (2025) - A57 Regent Road

8.2.1 **Figure 4** shows the location of the A57 Regent Road in context of the wider highway network. The A57 Regent Road is an important highway corridor providing an East-West connection through Manchester City Centre and joining the M602, part of the Strategic Road Network which is managed by National Highways.

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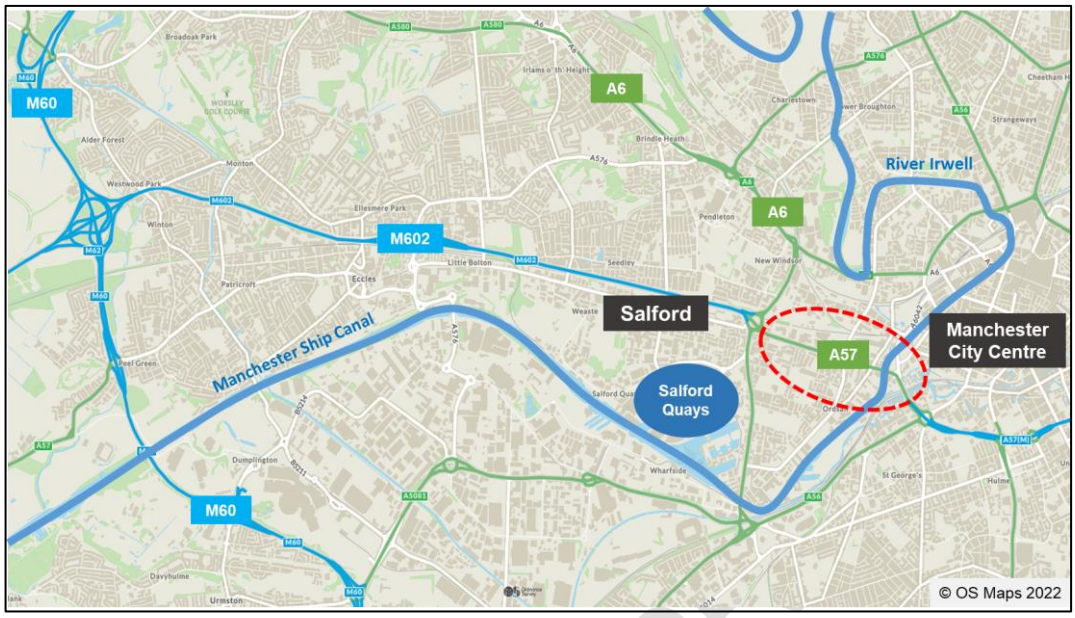
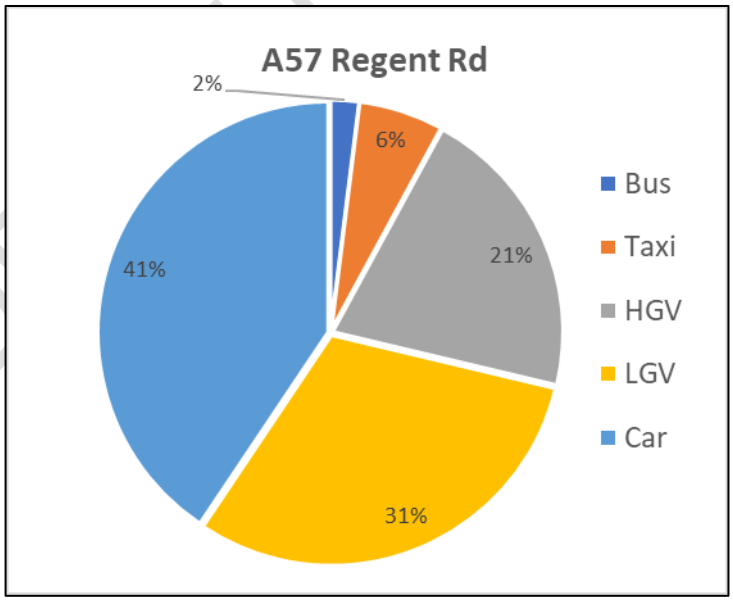
**Figure 4 Persistent exceedance area: A57 Regent Road**




8.2.2 **Figure 5** shows the source apportionment for Regent Road. This route contains a relatively high proportion of commercial vehicles, with emissions from HGVs & LGVs at c50% of total emissions, and the remainder primarily derived from private cars c40%. Emissions from buses are very low (just 2% of total), with very few bus services operating on this corridor. This reflects the nature of this route as a primary arterial route from the Strategic Road Network, serving traffic demands of the Regional Centre and surrounding area.

**Figure 5 A57 Regent Road Source Apportionment**

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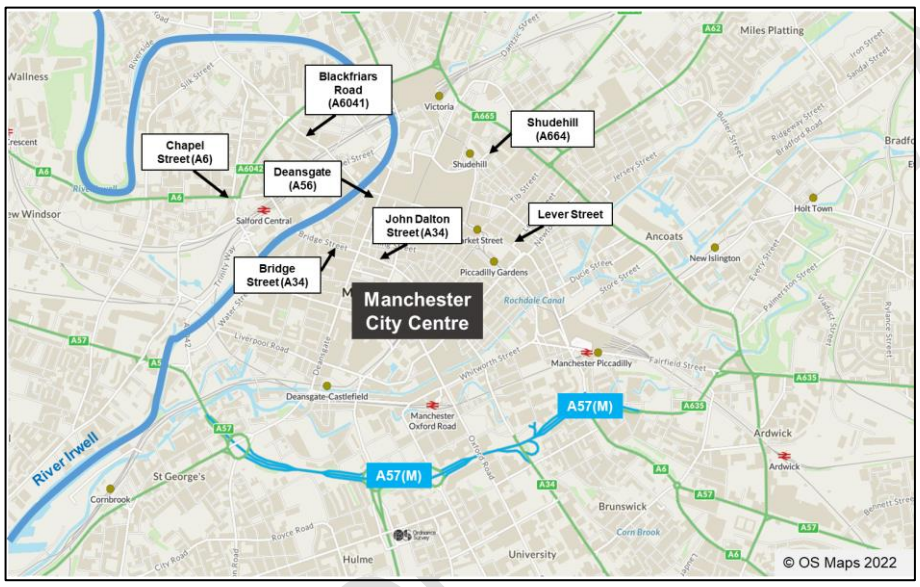
## 8.3 Persistent Exceedance Area (2025) - Regional Centre / IRR, Manchester and A6 Chapel Street, Salford

8.3.1 The majority of the last points of exceedance are located within Manchester City Centre and the IRR. This persistent exceedance area also includes locations close to the IRR such as Chapel Street. **Figure 6** shows the high-level location of each of the exceedance road links.

**Figure 6 Persistent exceedance area: Regional Centre / IRR, Manchester and A6 Chapel Street, Salford**




8.3.2 The source apportionment indicates that bus emissions dominate the contributions to the predicted exceedances at almost all locations, typically 70% to 100% of vehicle emissions. This can be viewed in **Figure 7** to **Figure 13**. This reflects the higher frequency of buses running on these routes compared with wider Greater Manchester, but also the slower traffic speeds inside the IRR where queuing and congestion occurs more frequently, and signalised junctions occur at a greater density. At low speeds, buses and HGV $NO_x$ emissions are elevated even for Euro VI models.

8.3.3 The A56 Deansgate and A6 Chapel Street show a different source pattern to the other exceedance locations, with a lower but still significant proportion of bus emissions (15% or less), and higher proportion of private car and LGV emissions.

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**Figure 7 A34 Bridge St Source Apportionment**

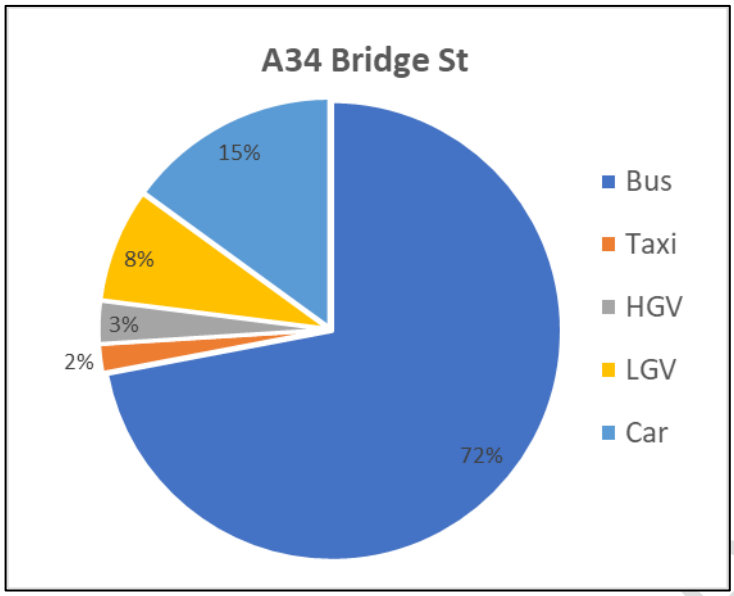


**Figure 8 A34 John Dalton St Source Apportionment**

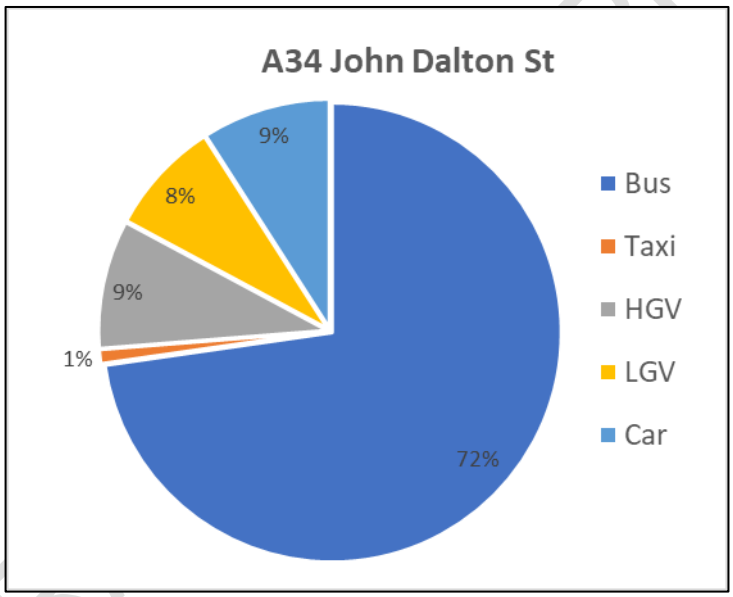


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**Figure 9 A56 Deansgate Source Apportionment**

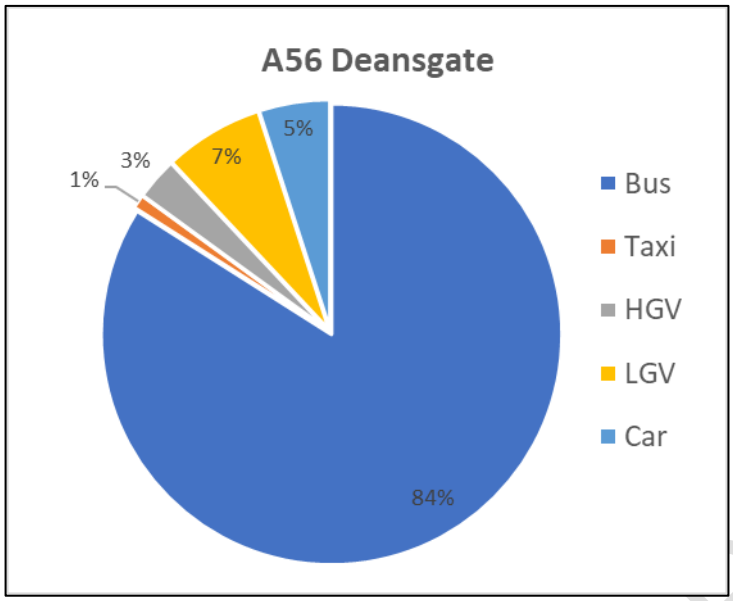


**Figure 10 Lever St Source Apportionment**

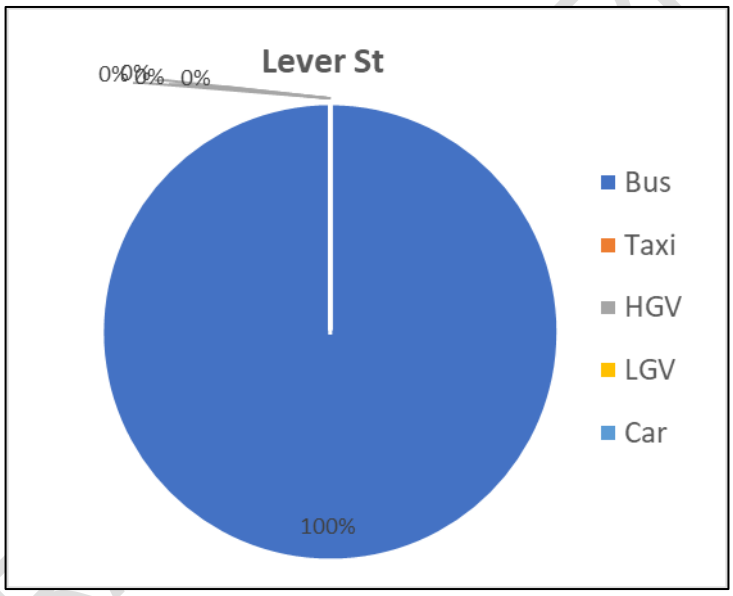


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**Figure 11 A6 Chapel St Source Apportionment**

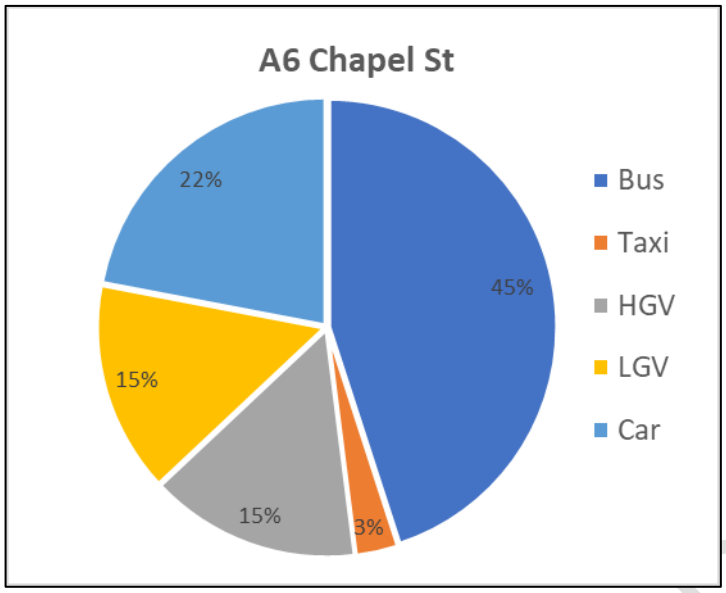


**Figure 12 A6041 Blackfriar's Rd Source Apportionment**

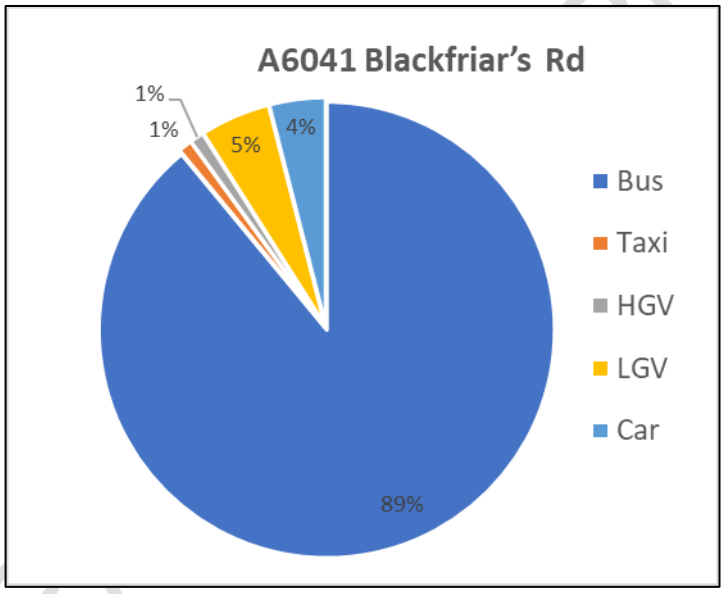


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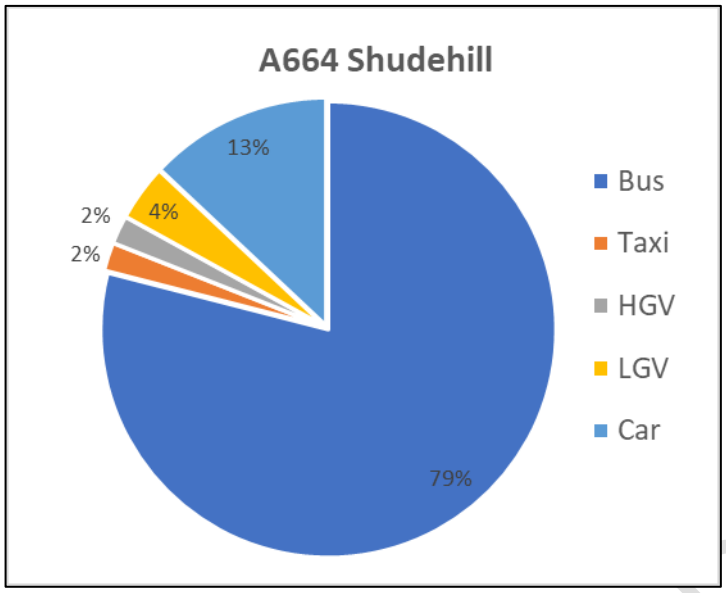
**Figure 13 A664 Shudehill Source Apportionment**




8.3.4 Finally, analysis of ANPR data indicates that the modelling under-represents the proportion of taxi movements within the IRR. This is because the modelling process does not have a user class for taxi available, and taxi movements have been represented as a fixed proportion of private car trips, across GM as a whole. The modelling process could be locally refined to address this issue if required.

## 8.4 Persistent Exceedance Area (2025) – A58 Bolton Road (Bury Bridge)

8.4.1 **Figure 14** shows the location of the A58 Bolton Road exceedance at Bury Bridge. At this location, the A58 Bolton Road is a dual carriageway over the River Irwell, serving traffic from the confluence of the A58, B6196 & B6213 roads to and from the Bury town centre ring road. There are modelled exceedances on both of the carriageways but these essentially both represent the same traffic flows.

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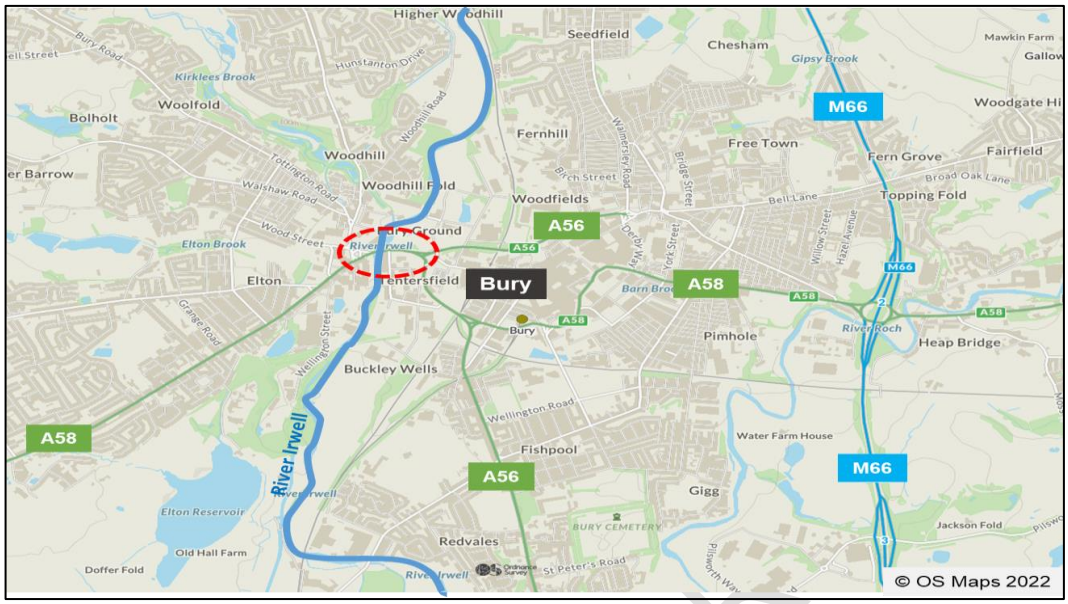
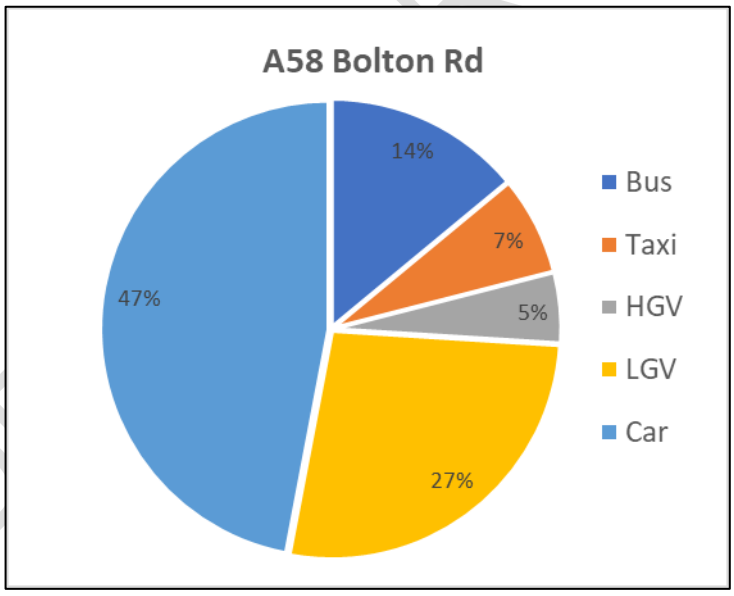
**Figure 14 Persistent exceedance area: A58 Bolton Road (Bury Bridge)**




8.4.2 **Figure 15** shows the source apportionment for the A58 Bolton Road, Bury. The contribution from HGVs is low on this link, with the majority of emissions derived from private cars and LGVs. However, there is also a material proportion of emissions from diesel buses.

**Figure 15 A58 Bolton Road (Bury Bridge), Bury Source Apportionment**




## 8.5 A57 / A628 Strategic Road Network, Tameside

8.5.1 The ten Greater Manchester local authorities continue to ask the Government to direct National Highways to tackle $NO_2$ exceedances on the SRN in the same way the Greater Manchester local authorities are having to take action on the local road network.

8.5.2 Tameside MBC has highlighted to Government ministers that the inconsistency in approach between the SRN and local road network is leaving many residents unprotected, particularly, around the A628/A57, a strategically important trans-Pennine route that passes through the villages of Hollingworth and Mottram as a single carriageway. This route, managed by National Highways (formerly Highways England), will be left with $NO_2$ exceedances that are not being addressed, despite the area being declared as part of Greater Manchester's Air Quality Management Area.

8.5.3 **Figure 16** shows the location of the A57 and the A628 in context of the wider highway network.

**Figure 16 Persistent exceedance area: A57 and A628**




8.5.4 However, in this location the SRN resembles more typically 'local' roads, rather than a motorway environment, with frequent signalised junctions, single-lane carriageways, pedestrian pavements and residential facades abutting the road.

8.5.5 Following a review of the beneficial impact to compliance with $NO_2$ legal limits shown by National Highways in their *Assessment of Impact of Potential Charging on A57/A628*, Ministers wrote to Tameside Metropolitan Borough Council in June 2021 to confirm that a section of the A57/A628 should be included as part of the upcoming GM Class C charging CAZ. Ministers noted, the inclusion must be deliverable within current legislative provisions, and with the objective of integrating seamlessly with the GM Class C charging CAZ in order to minimise complexity and confusion for road users.

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8.5.6 A joint officer working group concluded that there were two viable options: a trunk road charging scheme (complementary to the local charging scheme required to implement the GM CAZ) or a De-trunking Order (the process of returning the National Highways road to the control of Tameside Council - the Highway Authority). Whilst the working group concluded that both options are legally viable. as they presented legal, administrative and procedural complexities, JAQU advised that the options needed further consideration by Ministers. In December 2021 JAQU advised that both options identified did not offer a timeline that guaranteed implementation could coincide with the planned launch of the Class C charging CAZ on the 30 May 2022.

8.5.7 In January 2022 the Air Quality Administration Committee received an update and resolved that:

- the inclusion of the identified section of the A57/A628 SRN remains critical and vital to delivering improved air quality in Greater Manchester; and
- Greater Manchester authorities are resolute in continuing to press Government for the expedient implementation of the scheme on the A628/A57 SRN as a matter of urgency to ensure the benefits to the health of the residents in the villages of Hollingworth and Mottram can be realised without any further delay.

8.5.8 Until the outcome of the review is complete and any revised plans are agreed, JAQU has not been able to commit to any specific course of action in relation to the A57/A628. However, because in this instance a trunk road charging scheme cannot be made without a local charging scheme being in place, if the GM charging CAZ does not proceed there can be no charging scheme on the A57/A628, unless and until those roads are detrunked. Notwithstanding this, the Greater Manchester local authorities want to ensure that as government takes appropriate action in relation to exceedances in this locale. It is also recognised that additional SRN is planned by National Highways close to this location through the A57 Link Roads scheme which includes proposals for the creation of two new link roads between the M67 Junction 4 roundabout and the A57 in Woolley Bridge to reduce pollution to neighbouring properties in Mottram in Longdendale as well as improvements in journey time reliability and reductions in congestion and severance impacts.[64] The scheme is currently awaiting a Development Consent Order (DCO) outcome and the SoS for Transport is anticipated to make a decision around Autumn 2022.

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[64] https://nationalhighways.co.uk/our-work/north-west/a57-link-roads/

# 9 Why Greater Manchester needs a new GM CAP – A Summary

9.1.1 The information presented in **Sections 2-8** sets out the background to the GM CAP, the circumstances leading to the current review (the impact of the pandemic such as global supply chain challenges, and the cost-of-living crisis) and the updated evidence in terms of air quality modelling and areas of exceedance.

9.1.2 In summary, and considering all the above, it is proposed that the Previous GM CAP developed pre-pandemic and agreed in Summer 2021 (comprising a blanket measure across the city-region in the form of a Class C charging CAZ) is no longer the right solution to achieve compliance with Legal Limits for $NO_2$ on the local road network in Greater Manchester. The most significant reasons for this have been set out in depth in this paper, and in summary are:

- The **cost-of-living crisis** means that businesses are less able to afford to invest in vehicle upgrades, whilst households are less able to absorb any costs that may be passed on to them.
- This is exacerbated by **rising vehicle prices** and – for some vehicle types – lower residual values of non-compliant vehicles. There is evidence that illustrates the demand for new and compliant second-hand vehicles is exceeding supply; leading to longer wait times and rising prices.
- A charging CAZ could therefore cause **unacceptable financial hardship** and potentially contribute to business failures.
- In addition, **new opportunities have arisen** – via the approval of bus franchising and new funding for electric buses – that mean that Greater Manchester has the opportunity to directly tackle a major source of emissions in a different, more targeted way.
- The exceedances become more localised from 2025 onwards, therefore **action can be targeted** at those locations suffering the worst air quality.

9.1.3 It is clear that the GM-wide Class C charging CAZ as approved in Summer 2021 could lead to hardship in Greater Manchester and that to develop and deliver a revised charging CAZ would take time to design, consult upon and implement.

9.1.4 Unlike the previous charging-led scheme, the New GM CAP will attend to the emerging cost-of-living crisis and other factors set out in this section. It will actively consider the impacts of Covid-19 and wider global economic instability on supply chains, aims to be delivered in 2023, and crucially takes into account the significant benefits that the delivery of electric buses can have along key routes with persistent exceedances.

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## 9.2 Cost-of-living crisis

9.2.1 As a result of the ongoing impacts of the pandemic and the more recent impacts of the war in Ukraine, the UK is experiencing a cost-of-living crisis, with inflation reaching a 40 year high of 9% during April 2022, compared to 2% in July 2021. This crisis is far from over – inflation and interest rates are expected to keep rising and this is being reflected in consumer confidence, which has plummeted, and in falling consumer demand.

9.2.2 Greater Manchester has a higher than average proportion of small businesses and low income households, making the region particularly vulnerable to inflationary impacts. The evidence shows that prices of basic goods and commodities such as energy and fuel are rising faster and therefore those on lower incomes, who spend a higher proportion of their income on necessities and have less disposable income to cover any cost increases, will be affected more.

9.2.3 From a business perspective, those businesses that rely on high vehicle mileage will be particularly affected by rising fuel prices, which were a third higher in March 2022 than July 2021 (for diesel, used in most commercial vehicles) and have risen further since. Furthermore, key vehicle owning sectors such as construction and manufacturing are being affected by the rising cost of materials such as steel, with just under three in ten businesses surveyed by the GM Growth Company reporting such concerns in April 2022, compared to under 5% in autumn last year.

9.2.4 The cost of borrowing is increasing, making capital investments such a vehicle upgrades more challenging and expensive. The Bank of England base rate has risen from 0.25% at the start of the year to 1.25% by early June. The real cost of borrowing will be higher than this for many consumers and will vary depending on their personal circumstances.

9.2.5 Businesses and consumers are already feeling the impact of rising costs being passed on, and measures that increase those costs, such as the imposition of a charging CAZ, could lead to real financial hardship and potentially business closures.

9.2.6 During this period of widespread economic hardship, the local Government will do its utmost to support the public economically, rather than create additional financial demands and hardship.

## 9.3 Supply chain issues and vehicle price increases

9.3.1 The price of new and used commercial vehicles is rising, making upgrade less affordable. For some vehicle types, there are long lead times for the purchase of new vehicles, and for second-hand vehicles demand is outstripping supply in some sectors. There is some evidence of a growing gap between the value of non-compliant (Euro 5 and older) and compliant (Euro 6) vehicles, adding to the capital cost of upgrade for vehicle owners losing trade-in value of their existing vehicle.

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9.3.2 **Table 7** sets out the conditions affecting each vehicle type, based on the evidence Greater Manchester has collected. **Appendix A – D** set this information out in more depth.

**Table 7 Changed conditions in vehicle markets**

| Vehicle Type | Commentary on changed conditions |
|---|---|
| **HGV**<br><br>Est. 70,900 vehicles serving Greater Manchester<br>81% compliant in 2023[65] | • Having remained stable for many years, price rises are being reported of around 40% for Euro 6 vehicles, with the price gap between Euro 6 vs 5 vehicles increasing.<br>• Dealers are reporting constraints on availability of new vehicles – due to shortages of materials including semi-conductors – and that this means people are extending leases (so fewer vehicles enter the second-hand market) or trying to buy second-hand, leading to shortages in that market.<br>• Price rises reflect these shortages as well as increases in the cost of materials (for new vehicles). |
| **Van**<br><br>Est. 277,400 vehicles serving Greater Manchester<br>52% compliant in 2023[62] | • There is substantial evidence of significant price increases in the second-hand van market – the scale of those rises has a high degree of variability depending on the particular vehicle. The extent of the reported rise varies between 13% and almost 60%.<br>• Overall, the evidence suggests that demand for new and second-hand vans remains strong, and therefore that the loss of supply caused by lockdowns in 2020 and more recently by the semi-conductor shortage is leading to price rises in the new and second-hand markets, and to long lead times for new vehicle orders.<br>• A high proportion of non-compliant vans are owned by sole traders and very small businesses which are vulnerable to the impacts of inflation and the cost-of-living crisis. |
| **Coach**<br><br>1,700 vehicles serving Greater Manchester<br>59% compliant in 2023[62] | • The coach sector was badly affected by the pandemic, with lockdown restrictions meaning that many were forced to stop operating for long periods.<br>• Demand from tourism and major events remained constrained during 2021, and recovery is expected to be slow.<br>• The SMMT states that demand for new buses and coaches dropped further in 2021 and was the weakest year since records began in 1996. |

[65] best estimate in a highly changeable economic/vehicle market situation, forecast should be considered subject to review

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| Vehicle Type | Commentary on changed conditions |
|---|---|
| **Hackney Cab**<br><br>2,100 Hackneys licensed in Greater Manchester<br>35% compliant in 2023[62]<br><br>**PHV**<br><br>12,400 PHVs licensed in Greater Manchester<br>68% compliant in 2023[62] | • Hackneys and PHVs lost a substantial proportion of their trade during the pandemic, as travel for business, leisure and tourism purposes ceased.<br>• The number of vehicles licensed has reduced and drivers report that demand has not returned to pre-pandemic levels.<br>• The number of new vehicles entering the Hackney and PHV licensed fleets was much lower than normal in 2020 and 2021, so that the age of the fleet has increased.<br>• This is assumed to result from market conditions and conditions in the wider economy, as well as continued uncertainty about licensing and clean air requirements for the fleet.<br>• Furthermore, there is anecdotal evidence that the value of Euro 5 and older Hackney Carriage is falling, as more cities bring in tighter licensing standards and/or CAZs. |

9.3.3 This evidence shows that, in addition to the cost-of-living crisis, some key vehicle owning sectors are still experiencing impacts from the pandemic, with travel demand not back to pre-pandemic levels in some sectors for example.

9.3.4 Rising vehicle prices, constraints of the availability of compliant new and second-hand vehicles, as well as rising borrowing costs, mean that upgrade is less affordable and may take more time that previously assumed.

9.3.5 This in turn would mean that any charging CAZ proposal would be less effective – with less upgrade and a higher proportion choosing to stay-and-pay. Negative economic impacts would also be increased, with potential equalities impacts for affected vehicle owning groups.

## 9.4 New opportunities for electrification of the bus fleet

9.4.1 Since the Previous GM CAP was developed, there has been a significant increase in funding opportunities for electric buses in Greater Manchester. This has had an impact on the Do-Minimum forecast, as set out in **Section 7.2**.

9.4.2 In April 2022, following a court ruling that the decision to franchise bus services was lawfully carried out, as were all other aspects of the franchising process, the GMCA confirmed that it would be proceeding with bus franchising across Greater Manchester. The current programme sees the first franchised services in place by September 2023, and across the whole of the city region by the end of 2024.

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9.4.3 Bus franchising will enable the integration of the bus network across bus services and with other modes of transport, significantly increasing the efficiency of the network. It will allow the introduction of integrated ticketing and a single, clear point of customer information. Critically for the GM CAP, it allows Greater Manchester to invest in buses with the confidence that they have control of the strategic delivery. Crucially, franchising allows TfGM to specify the vehicles to be used on the network. Under franchising, governance/planning processes are being established so that the cleanest buses are running on routes containing most persistent exceedance points to ensure compliance - with a focus on the regional centre/city centre as the transport hub of the city-region.

9.4.4 In April 2022, Greater Manchester was awarded its City Region Sustainable Transport Settlement (CRSTS) and an indicative allocation of £115m from that award has been made to towards zero emission buses, with the aim that a third of the bus fleet in Greater Manchester will be zero carbon by 2027. These funds will build on the existing ZEBRA scheme, and will be used to fund the incremental costs of updating buses to zero emission over above the cost of new diesels. A commitment has been made that from September 2023, 50 new zero emission buses will be brought into service with the launch of the regulated bus system in Wigan and Bolton which will be a major contributor to resolving exceedances at the Bury Bridge persistent exceedance location.

9.4.5 Early analysis indicates that the CRSTS funding could support the deployment of sufficient numbers of electric buses targeted at the most persistent exceedance locations in order to achieve compliance at those locations, subject to a delivery plan. This could mean that, because poor air quality at the majority of the locations contains a significant contribution from diesel bus emissions, most areas of Greater Manchester could potentially be compliant in 2025, if electric buses were deployed at those locations.

9.4.6 The exception is the A57 Regent Road, which has very few bus services, and therefore electric buses cannot deliver significant reductions in vehicle emissions. Without supporting funding (CRSTS), it is likely that compliance would be achieved in most areas (excluding the A57 Regent Road – which has very few bus services) in 2026, under the CBF test scenario. This scenario is currently not included in Greater Manchester's core modelling, because take up of the CBF grants is less certain without the charge and because Greater Manchester cannot be certain where on the network the upgraded buses will be deployed.

## 9.5 Targeting the most persistent exceedances

9.5.1 As shown, the spatial pattern of exceedances within the timeline now under consideration is such that a Greater Manchester-wide charging CAZ would be an excessive solution to address the issues remaining in 2025.

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9.5.2 In addition, a Greater Manchester-wide charging CAZ is increasingly unacceptable given the current economic conditions, as set out in this paper. In Summer 2021, Greater Manchester had proposed a Greater Manchester-wide charging CAZ, forecast to achieve compliance in 2024. By February 2022, it had become clear that the Previous GM CAP was no longer likely to achieve compliance by that date, as a result of greater-than-expected reductions in new car purchases in 2021 and rising van prices. Concerns were also emerging about the affordability of upgrade for key groups given rising prices and supply constraints.

9.5.3 In February 2022, the Government revoked the 2020 Direction to Greater Manchester which required the implementation of a Class C charging CAZ in the shortest possible time and by 2024 at the latest and gave Greater Manchester until 1st July to present a new plan to achieve compliance with legal air quality standards in the shortest possible time and by 2026 at the latest.

9.5.4 The Do Minimum $NO_2$ forecasts show that the number of sites in exceedance reduces over time, moving from a Greater Manchester -wide problem in 2023 to a localised problem from 2025 focused around the regional centre with some acute outliers. This means that, in order to achieve compliance by 2026, Greater Manchester can target measures as part of an investment-led approach, such as deployment of electric buses to those most persistent exceedances, which are particularly found in and around the city centre.

9.5.5 The updated modelling summarises the existing areas of exceedance that are likely to remain unless action is taken through the New GM CAP during the period from now until 2026. Targeting these areas of exceedance will form the basis of the New GM CAP and the Greater Manchester local authorities are now making the case to Government that this should take the form of an investment-led non-charging GM CAP, which aims to achieve compliance in the shortest possible time and by 2026 at the latest but without creating additional financial hardship for local businesses and families. Without the need to mitigate a Greater Manchester-wide charging CAZ, a New GM CAP should target resources efficiently and effectively at the most persistent exceedances while providing support to those vehicles contributing the most to poor air quality. Additionally, with supported funding for electric bus through CRSTS, targeted investment could enable Greater Manchester to reduce the number of exceedances to only one point remaining in exceedance without other action by 2026.

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## 9.6 A revised charging CAZ would take time to design, consult upon and implement

9.6.1 In summary, as shown in this document, the spatial pattern of exceedances within the timeline now under consideration is such that a Greater Manchester-wide charging CAZ would be an excessive to address the issues remaining in 2025. In addition, a Greater Manchester-wide charging CAZ is increasingly unacceptable given the current economic conditions, as set out in this paper. The updated modelling summarises the existing areas of exceedance that are likely to remain unless action is taken through the New GM CAP during the period from now until 2026. Targeting these areas of exceedance will form the basis of the New GM CAP and the Greater Manchester local authorities are now making the case to Government that this should take the form of an investment-led non-charging GM CAP, which aims to achieve compliance in the shortest possible time and by 2026 at the latest but without creating additional financial hardship for local businesses and families.

9.6.2 Since this review commenced, Greater Manchester necessarily paused the implementation of the Previous GM CAP, to allow the review to take place. For the reasons set out above, implementing a Greater Manchester-wide Class C charging CAZ, as per the Previous GM CAP, is no longer the right plan for Greater Manchester as it would result in unacceptable financial hardship and would not be expected to achieve compliance in 2024 as previously forecast.

9.6.3 Implementing a materially revised charging CAZ, for example with a different boundary, vehicles in scope or discounts and exemptions, would take time to design and consult upon and then implement.

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# 10 The way forward: an Investment-led non-charging GM CAP

10.1.1 An investment-led non-charging GM CAP will target action at the most polluted places. This could be delivered using a three-pillared approach including:

- Funding for electric buses;
- Funding to support vehicle upgrades; and
- Working in partnership with delivery bodies and other stakeholders to develop targeted solutions.

10.1.2 The new investment-led non-charging GM CAP will develop measures based on the following core objectives:

- To reduce $NO_2$ concentrations to below the legal limits in the shortest possible time and by 2026 at the latest;
- Achieve compliance in a way that is fair to businesses and residents, and does not cause financial hardship to people in Greater Manchester; and
- Ensure the reduction of harmful emissions is at the centre of Greater Manchester 's wider objective for delivering the Bee Network's core objectives.

10.1.3 Targeted investment is envisaged to be developed based on the following three mechanisms:

## 10.2 Electric buses

10.2.1 Investment in electric buses across the network and particularly targeting the last points of exceedance will bring significant air quality benefits, as set out in **Sections 7-9**, though further work is required to develop this evidence base.

10.2.2 It is anticipated that this investment would include 50 electric buses delivered in September 2023 in the first phase of Greater Manchester's bus franchising programme. This programme of works has been approved for delivery recently, and is therefore only now able to be factored into the New GM CAP. The New GM CAP will also likely specify funding for electric buses on services travelling through the regional centre, particularly at key 'last compliance' sites as set out in this report.

10.2.3 Bus accounts for a high proportion of emissions at the majority of the most persistent locations of exceedance in Greater Manchester. By targeting zero emission bus investment at services passing through those locations, Greater Manchester could achieve substantial reductions in $NO_x$ emissions and reduce $NO_2$ concentrations. This approach could bring air quality improvements and additional benefits to passengers benefiting from high quality new buses without the need to implement a charging CAZ.

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## 10.3 Vehicle upgrades

10.3.1 An investment-led non-charging GM CAP will also aim to encourage upgrade to cleaner vehicles, leading to better air quality, by providing funding packages to those most polluting vehicles travelling in locations experiencing $NO_2$ exceedances.

10.3.2 Under an investment-led non-charging GM CAP, rather than a formally signed charging CAZ, the ANPR cameras could be used to inform and support the development of investment-led solutions, which will be developed further.

10.3.3 An investment-led non-charging GM CAP could facilitate upgrade for those still in a financial position to do so, over a timescale that they can achieve, without requiring any investment from those not able to afford it. This approach will provide businesses that could be in a position to upgrade with financial support to do so, bringing fresh investment into Greater Manchester's local economy and allowing businesses to access cleaner vehicles that may be cheaper and more efficient to operate. Under an investment-led approach and without a charging CAZ in place, those businesses and individual vehicle owners who are not in a financial position to upgrade are able to continue operating as now, without any increase in costs imposed by the scheme.

## 10.4 Partnership working

10.4.1 The 10 authorities are committed to working in partnership with stakeholders and with other transport bodies to deliver solutions that are area-specific and appropriate for Greater Manchester. This could include working with National Highways to tackle poor air quality on Regent Road and on the A628/A57 at Mottram (some of the last compliance sites that are discussed in more depth in **Section 8**). Partnership working could also include working with vehicle-owning stakeholders to ensure the New GM CAP delivers change and meets their needs.

10.4.2 **Table 8** sets out the type of measures that an investment-led non-charging GM CAP could consider; the next steps are to carry out a participatory policy development exercise to determine a package of measures to deliver the best possible investment-led non-charging GM CAP. Further detail on this planned approach is set out in **Section 12**.

10.4.3 Under an investment-led non-charging GM CAP, rather than a formally signed charging CAZ, the ANPR cameras could be used to better understand those vehicles where GM would get the greatest emissions reduction from those non-compliant vehicles travelling regularly through GM's most $NO_2$ polluted places. This will be explored in further detail, alongside other approaches to targeting the funds in the most impactful manner.

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**Table 8 Greater Manchester CAP Vehicle Measures**

| Vehicle type | Measure subject to review during participatory policy approach |
|---|---|
| **Bus** | Continue with existing funding.<br><br>Ensure franchising and other governance/planning processes are established so that electric buses are running on routes containing most persistent exceedance points to ensure compliance - with a focus on the regional centre/city centre as the transport hub of the city-region.<br><br>Initial sensitivity testing indicates that delivery of sufficient bus electrification would achieve compliance at modelled exceedance locations except Regent Road by 2025. A delivery plan is under development with the aim of achieving this. |
| **HGV** | Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance. |
| **Coach** | Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance. |
| **Greater Manchester Hackney Carriage** | Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance – most Hackney Carriages are licensed in the Manchester City Council (MCC) district.<br><br>Target GM CAP funding to increase roll out of dedicated taxi and other general electric vehicle charging infrastructure points to ensure fleet upgrade to electric vehicles is viable and taxi industry is supported. Consider opportunities for regulatory measures such as licensing standards to complement funding incentives to accelerate fleet upgrades. |
| **Greater Manchester PHV** | Consider offer including eligibility for funding, in light of needing to ensure the cleanest vehicles are running in areas containing most persistent exceedance points to ensure compliance. Consider opportunities for regulatory measures such as licensing standards to complement funding incentives to accelerate fleet upgrades. |
| **Clean air promotion of clean air initiatives** | Explore opportunities for EVCI investment to support expansion of Car Club in and around city centre and wider city.<br><br>Target GM CAP funding to continue to roll out sustainable transport infrastructure investment and messages particularly in and around the regional centre to reduce emissions in key exceedance areas. This will include a particular focus on city centre in points of persistent exceedance, such as Deansgate and surrounding streets, as well as other active travel and public transport schemes. |

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| Vehicle type | Measure subject to review during participatory policy approach |
|---|---|
| | Explore opportunities for GM CAP funding to support other infrastructure investment to address air quality issues, such as green infrastructure. |

**Table 9 Greater Manchester CAP Cluster Measures**

| Exceedance cluster | Measure subject to review during participatory policy approach |
|---|---|
| **City centre** | In the city centre, bus emissions account for at least 70% of total $NO_x$ emissions at the majority of locations and therefore electric buses can be very effective. Initial sensitivity testing indicates that delivery of sufficient bus electrification would achieve compliance at these locations by 2025. A delivery plan is under development with the aim of achieving this.<br><br>Further work is also underway to develop a proposition for taxi that encourages upgrade to the cleanest vehicles, and to explore how investment in highway and other transport infrastructure under the city centre transport strategy can best support clean air. |
| **Regent Road** | Emissions on Regent Road are principally derived from commercial and logistics traffic, which accounts for c.50%. In addition, the corridor is immediately fed by the M602 motorway and subject to the implications of National Highways signage and traffic management policies.<br><br>Salford City Council (SCC) and MCC have commissioned analysis via TfGM to improve understanding of the operation of the road and nature of the traffic on Regent Road to help with the joint working with National Highways (NH) which must include how the deployment of funds and local servicing plans can support appropriate solutions to deal with the exceedance at this location.<br><br>Note that Electric Towns and Cities Infrastructure initiative (ETCI) – NH initiative being explored for mitigation for sections of the SRN. |
| **Bury Bridge** | The electrification of bus services over the bridge should happen with the first 50 new zero emission buses that will be brought into service with the launch of the regulated bus system in Wigan and Bolton. Initial sensitivity testing indicates that delivery of sufficient bus electrification would achieve compliance at this location by 2025. A delivery plan is under development with the aim of achieving this. |

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10.4.4 Under an investment-led non-charging GM CAP the ANPR cameras installed for the Class C charging CAZ could be used to inform and support the development of investment-led solutions- for example, ANPR cameras could help determine eligibility for upgrade funding by identifying those non-compliant vehicles travelling most regularly through areas of $NO_2$ exceedance. GM would also want to utilise the ANPR cameras for potential law enforcement activity related to the detection of crime.

10.4.5 Greater Manchester will continue to seek to ensure that the Government takes appropriate action to address exceedances on the A628/A57, a stretch of the Strategic Road network, managed by National Highways that cuts through the villages of Hollingworth and Mottram.

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# 11 How will Greater Manchester deliver the New GM CAP?

11.1.1 The ten Greater Manchester local authorities have taken a region-wide approach to producing a GM CAP because it is recognised that air pollution does not respect local authority boundaries. This enables a consistent and coordinated approach, maximising air quality benefits for all people living and working in Greater Manchester, whilst minimising the risk of unintended consequences. These could include the displacement of existing, elevated $NO_2$ concentrations to other locations within Greater Manchester. A coordinated approach also helps to ensure, as far as possible, alignment between the GM CAP and other Greater Manchester strategies, including the existing Greater Manchester Air Quality Action Plan.[66,67]

11.1.2 Governance arrangements for the ten Greater Manchester local authorities have been established through the Greater Manchester Clean Air Charging Authorities Committee[68] (a committee created to enable joint decision-making by the 10 local authorities as charging authorities) and the Air Quality Administration Committee[69] (a further joint committee created by the ten Greater Manchester local authorities and the GMCA).

11.1.3 Whilst the New GM CAP will propose an alternative to a Greater Manchester-wide Class C charging CAZ, as set out in **Section 9**, the approach to delivery of the New GM CAP will not change and will build upon the existing collaborative delivery and governance arrangements already developed between the ten local authorities through the development of the Previous GM CAP. The New GM CAP will also be developed in conjunction with a range of stakeholders, using a 'Participatory Policy Development' process, which is described in **Section 12.**

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[66] https://www.greatermanchester-ca.gov.uk/media/1272/air-quality-action-plan-2016-21.pdf

[67] https://www.greatermanchester-ca.gov.uk/media/1276/low-emission-strategy-dec-2016.pdf

[68] Clean Air Charging Authorities Committee Terms of Reference.pdf (greatermanchester-ca.gov.uk)

[69] Terms of Reference - Air Quality Administration Committee.pdf (greatermanchester-ca.gov.uk)

# 12 How will Greater Manchester ensure a participatory approach to the development of a New CAP?

## 12.1 Changing Public Awareness

12.1.1 The Previous GM CAP development has gone through multiple stages including an options assessment. That options assessment concluded in February 2019 that a Greater Manchester-wide Class C charging CAZ was the preferred option to achieved air quality compliance in the shortest possible time, as accepted by government per ministerial Directions issued in 2019 and 2020. Since that stage, the proposals forming the GM CAP have been refined based on further evidence gathering and stakeholder consultation which formed the Previous GM CAP in Summer 2021. This included:

- In 2019, a public conversation[70] was held on the proposals at the outline business case, with over 3,300 responses.
- Between 8 October and 3 December 2020, a statutory consultation on the GM CAP was held on the proposed Class C charging CAZ. A total of 4,768 responses were received during the consultation period.
- A six-week public consultation commenced from the 1st September 2021 on the inclusion of motorhomes classified as MSP1 within the scope of CAZ charges and on the inclusion in the GM CAZ of the A575 and A580 at Worsley. The analysis of consultation responses was paused when the review of the Previous GM CAP commenced.

12.1.2 Signage implementation for the GM Class C charging CAZ commenced on 29th September 2021 with temporary sign faces developed in accordance with existing DfT authorisation to raise awareness about the zone. In January 2022 a Facebook group formed asking Greater Manchester leaders to rethink the GM CAP. In a short space of time this group gathered 85,000 followers on a social media page with the core aim of the campaign stating something needed to be changed or the scheme needed to be scrapped all together.

## 12.2 Participatory Approach

12.2.1 The ten Greater Manchester authorities are currently working to develop the New GM CAP, in conjunction with a range of stakeholders. This wider, more participatory approach will ensure that the Plan works for the residents and businesses of Greater Manchester. This process is set out below.

[70] The information provided at the conversation, as well as the summary of responses can be found here: https://cleanairgm.com/technical-documents

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12.2.2 The 10 authorities are working to ensure that the New GM CAP is the right fit to deal with Greater Manchester's challenges, both in economic and air quality terms. Given the situation – a poor economic outlook for the UK as a whole and for Greater Manchester – and increasing evidence of the harm poor air quality causes, this is a delicate balance.

12.2.3 Integral to the success of any New GM CAP is active engagement with those it will affect. Greater Manchester is committed to undertaking a participatory approach to the development of the New GM CAP to ensure that Greater Manchester's proposals consider evidence regarding deliverability and the impacts on affected groups. Greater Manchester has conducted such engagement throughout the development of the GM CAP, and will continue to do so at this next, critical, stage.

12.2.4 Due to the timescales governing the initial submission back to Government, it is proposed that Greater Manchester will continue with a process of Participatory Policy Development after this initial submission is provided. This is described further in **Section 15** and will involve engaging with a wide range of stakeholder groups to continue to gather feedback on proposals as they are developed.

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## 13 What are the equalities considerations?

13.1.1 Under Section 149 of the Equality Act (2010), public bodies are subject to the Public Sector Equality Duty, which requires that they have due regard to the need to:

- Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

13.1.2 The aim of an Equality Impact Assessment (EqIA) is to identify whether people with protected characteristics could be affected by the GM CAP disproportionately or differentially:

- Disproportionate effects arise when an impact has a proportionately greater effect on people with protected characteristics than the rest of the population.
- Differential effects arise where people with protected characteristics could be affected differently from the rest of the population, due to a particular need or sensitivity.

13.1.3 In addition to the 9 protected characteristics covered within the Equality Act, the majority of Greater Manchester's local authorities also consider socio-economic deprivation as a characteristic in their equality assessments. As such, low income / socio-economic deprivation will be considered in this instance.

13.1.4 A full EqIA will be undertaken to support and inform the development of the policy and measures within the New GM CAP. This will build on the learning from the work undertaken in 2020-2021, taking into account the proposed measures and updated demographic and socio-economic data, including the 2021 census data if available.

13.1.5 An initial screening has been undertaken to assess which protected characteristics are likely to be impacted by the New GM CAP, and in scope for the EqIA as shown in **Table 10**.

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**Table 10 Equality Considerations - Protected Characteristics**

| Protected characteristic | Likely to be disproportionately affected by improved air quality | Likely to be differentially affected by improved air quality |
|---|---|---|
| Age | | x |
| Disability (includes all forms of physical and mental disability) | | x |
| Pregnancy and maternity | | x |
| Gender (male drivers) | x | |
| Race | x | |
| Low income / socio-economic deprivation | x | |

13.1.6 The 2022 Direction requires that any revised GM CAP must reduce $NO_2$ concentrations to below legal limits in the shortest possible time and by 2026 at the latest. In addition to a GM-wide assessment of the impact of improved air quality on the scoped-in groups, the EqIA will pay particular attention to those communities within, or neighbouring the last points of exceedance: namely, those in the city centre, at Bury Bridge and Regent Road.

13.1.7 Those impacted by air quality changes with protected characteristics could potentially be impacted by the proposed measures adopted within the New GM CAP. The nature and scale of the impact will depend on the preferred policy option and the measures chosen. Therefore, **Table 11** provides a summary of the protected characteristics which will also be considered in the EqIA.

**Table 11 Equality Considerations – Protected Characteristics Scope**

| Protected characteristic | Potential disproportionate impact dependent on option |
|---|---|
| Age | X |
| Disability (includes all forms of physical and mental disability) | X |
| Pregnancy and maternity | X |
| Race | X |
| Religion / belief | X |

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| Protected characteristic | Potential disproportionate impact dependent on option |
|---|---|
| Sex | X |
| Gender Reassignment | X |
| Sexual Orientation | X |
| Low income / socio-economic deprivation | X |

13.1.8 As a result of this screening process, marriage and civil partnership will not be scoped into the EqIA process for the New GM CAP.

13.1.9 To inform a robust EqIA for the New GM CAP the approach to Participatory Policy Development, as described in **Section 12**, will include engagement with Greater Manchester-based organisations and networks which represent protected characteristic groups that could potentially be impacted by the New GM CAP. Representative groups will be identified at the next stage and their feedback will also be used to inform the final EqIA.

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# 14 Government asks

14.1.1 Throughout the development of the GM CAP the local authorities have made clear the expectation that the UK Government would support the plans through:

- Clear arrangements and funding to develop workable, local vehicle scrappage / upgrade measures;
- Short term effective interventions in vehicle and technology manufacturing and distribution, led by national Government
- Replacement of non-compliant buses; and
- A clear instruction to National Highways to implement measures which deliver compliance with legal limits for $NO_2$ on the strategic road network, for which they are responsible, in the shortest possible time[71].

14.1.2 In particular, Greater Manchester had been clear from the outset in the OBC for the GM CAP (2019) that any GM CAP based on significant vehicle change could only be sustained under stable vehicle market conditions. Greater Manchester had been from the outset concerned about the scale and diversity of the LGV fleet/LGV-owning business sectors; the fact that compliant diesel LGVs had only become available in 2016; the high volume of diverse and active Small and Medium-sized Enterprises (SMEs) in Greater Manchester, many of whom rely on small commercial vehicles on a daily basis; and the relatively old age profile of LGVs in Greater Manchester.

14.1.3 Greater Manchester therefore required Government to maintain a clear oversight of the supply chain conditions, within which the GM CAP would have to operate, recognising the structural nature of markets that are beyond the influence of any one local authority or area.

14.1.4 Further, one key barrier preventing Greater Manchester local authorities from being able to effectively oversee the progressive improvement of private hire vehicle (and therefore emission) standards, is the ongoing ability of vehicle owners / drivers to be licensed 'out of area'.

14.1.5 Over the past three years, the ten Greater Manchester local authorities have worked together to adopt Minimum Licensing Standards to increase public safety including driver standards, rationalising age and emissions policies and livery on vehicles. However, the effect of out-of-area licensing has been to undermine Greater Manchester's approach, and to negatively impact public safety while doing nothing to improve public confidence in a well-regulated local trade.

[71] Greater Manchester Authorities are directed to take action on the local road network. Those roads managed by National Highways, such as motorways and trunk roads are excluded from the CAP.

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14.1.6 Accordingly, Greater Manchester is looking to secure, via Greater Manchester's Devolution Trailblazer bid, a commitment from Government to devise an appropriate regulatory approach that will legally require that all private hire journeys within the Greater Manchester boundary must be undertaken by a driver and vehicle which are both licensed by one of the ten Greater Manchester local authorities. The effect would be to ensure that private hire operators with a license to operate in one or more of the ten Greater Manchester local authorities will be required to serve any intra Greater Manchester journey request with a locally licensed driver and locally licensed vehicle.

14.1.7 Greater Manchester represents the ideal spatial scale to introduce this vital measure. With over 40 million trips taken each year by hackney and private hire vehicles, around 20,000 driver licenses issued and 13,000 vehicle licensed locally across an area with a coherent economic geography, the vast majority of these trips are undertaken within the external boundary of the ten Greater Manchester local authorities.

14.1.8 Government's response to the DfT Task and Finish Group on taxi and private hire licensing report was to highlight that "*Local authorities are accountable for licensing in their areas and it is only right that they have the powers to properly shape and influence their local market." To this end, Greater Manchester is keen to work with the Department to "consider further (with a view to legislation) how it might best work in detail".*[72]

14.1.9 As it stands, out-of-area operation enables the evasion of fair, safe and democratically determined local licensing standards, which undermines public safety as well as local measures to progressively improve up driver and vehicle standards.

14.1.10 In context of the GM CAP, the ability to provide local licensing standards would help to improve the emission standards of taxis operating in Greater Manchester whilst providing incentives to upgrade non-compliant vehicles. This complementary measure would provide more certainty in Greater Manchester's ability to meet required exceedance levels.

14.1.11 Under an investment-led non-charging GM CAP the ANPR cameras installed for the Class C charging CAZ could be used to inform and support the development of investment-led solutions. GM also wants to work with Government to agree the use of the GM CAP ANPR cameras to support identification of vehicles that could be upgraded, and also for potential law enforcement activity related to the detection of crime.

[72] https://www.gov.uk/government/publications/taxi-and-private-hire-vehicle-licensing-government-response-to-independent-report

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# 15 Next steps

15.1.1 Greater Manchester recognises that the current economic climate has changed. This has impacted on individuals and businesses' ability to upgrade their vehicles and ultimately, deliver compliance in the shortest possible time.

15.1.2 This submission has set out the evidence base underpinning Greater Manchester's belief that a charging CAZ scheme is no longer the best solution to deliver compliance. Additionally, this submission has set out that an investment-led non-charging GM CAP is the best solution to address the air quality problem in Greater Manchester.

15.1.3 In support of this submission, Greater Manchester has engaged with the following key groups to discuss their experiences of current economic and vehicle market conditions and validate the evidence and conclusions set out throughout this submission document. The groups that have been engaged with prior to this submission are:

- Greater Manchester business leaders as convened through the LEP Chair;
- Road Haulage Association;
- A number of Hackney Carriage and PHV groups including trade representation organisations, the National Private Hire and Taxi Association and the Licensed Private Hire Car Association;
- One Bus Partnership – representing bus operators in Greater Manchester; and
- The Confederation of Passenger Transport.

15.1.4 Feedback from these discussions is reported to the Air Quality Administration Committee on the 1st July 2022. Following submission of this document, Greater Manchester will undertake a Participatory Policy Development process. This will involve exploration of three aspects of policy:

- Developing Greater Manchester's electric bus proposition, including identifying bus routes and services to be upgraded, assessing the impact on $NO_2$ concentrations and proposing a delivery plan;
- Developing a Fund proposition and any other measures to encourage upgrade to cleaner vehicles considering questions such as what funding offer would be effective, who should be in scope for funding, and whether funds should be targeted at the last points of exceedance; and
- Carrying out local area studies of the last points of exceedance to assess what measures are required to achieve compliance at each site.

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15.1.5 The policy development process will involve the following stages:

- Evidence gathering – including via stakeholder engagement, research and the development of analytical tools and methods for estimating the impact of different measures;
- Review of that evidence to define the challenge and inform the development and assessment of different individual measures and policy options; and
- Development of a package of proposed measures and assessment of that package.

15.1.6 At each stage of this process, stakeholder input and feedback will be sought and this will be used to inform the proposed package of measures and ensure that it has been designed in collaboration with those affected by the scheme.

15.1.7 Alongside the Participatory Policy Development process, Greater Manchester will work with JAQU to agree the submission requirements for a New GM CAP and will review delivery plans and operational requirements for any new scheme, including financial and commercial considerations.

15.1.8 As the final output of the Participatory Policy Development process, Greater Manchester will have developed, assessed and agreed a package of measures forming a proposed New GM CAP, suitable for public consultation. It is anticipated that local authorities would be in a position to proceed with public consultation in early 2023.

15.1.9 The requirement for statutory consultation on the GM CAP arose as a consequence of the use of Transport Act 2000 powers for road user charging and therefore it is likely that an investment-led non-charging GM CAP would not require statutory consultation. However, in line with the principles for the review outline by Greater Manchester authorities in the Spring, it is proposed that broad public engagement on the New GM CAP will be undertaken in line with good local authority practice, to ensure impacts are understood, and in particular to inform the ongoing equality impact analysis.

15.1.10 Greater Manchester will review the responses to the consultation and make any adaptations to the proposals as necessary. It is anticipated that local authorities could be in a position to make a decision to proceed with the New GM CAP in July 2023.

15.1.11 Greater Manchester will agree with JAQU the nature and timescale of a submission to Government. Alongside the proposed package of measures and policy for a New GM CAP, it is anticipated that this would include analysis setting out the air quality and socio-economic impacts of the scheme and an EqIA.

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15.1.12 The submission will set out Greater Manchester's approach to managing the performance of the scheme through a performance management plan, a monitoring and evaluation plan and an adaptive planning process if alterations to the scheme post-implementation are required. This will ensure that the policy contained in the New GM CAP remain appropriate throughout the lifetime of the interventions. Air quality monitoring data will be kept under review and further action may be taken at any sites identified as being at risk of persistent exceedance.

15.1.13 Through preparation and commissioning of the Previous GM CAP, Greater Manchester has experience in engaging and appointing contractors to deliver clean air benefits. The scheme submission will include a delivery plan to provide confidence in the proposed procurement and management approach for delivery of each aspect of an investment-led non-charging GM CAP.

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# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

# Appendix A - Technical Note: Vehicle Sector Review – HGV Sector

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June 2022

# 1. Introduction

## Background

1.1 After the initial OBC submission, a series of technical notes were published setting out the results of analysis and research carried out to better understand the vehicles in scope for the scheme.

1.2 For heavy goods vehicles (HGVs), this included, in particular, Technical Note 3: Analysis of the Freight Market, Technical Note 12: Evidence of the impact of a 2021 implementation of a CAZ C (without exemptions), and Technical Note 20: GM Specialist Goods Survey Results Summary[1]. Further notes were produced setting out the development of analytical tools for freight, with the latest published summary of that work provided in T4 Appendix A of the Modelling for Consultation[2].

1.3 This evidence formed the basis of the development of the Option for Consultation. From March 2020, it became clear that the pandemic would affect the Greater Manchester Clean Air Plan (GM CAP); a programme of work was carried out in 2020/2021 to better understand the possible impacts of the Covid 19 pandemic on the GM CAP, published as the Impacts of Covid Report in June 2021[3]. This evidence, alongside feedback from the Consultation, was used to inform the revised GM CAP as approved by the ten GM local authorities in June/July 2021.

1.4 At that time, GM identified a number of possible risks to the GM CAP, which included concerns about the risk of vehicle price increases and the impact of any further lockdowns in the UK or countries in the supply chain.

1.5 This report draws a series of findings and conclusions to better understand the circumstances affecting HGV owners in Spring 2022 (based upon the previous' GM CAP implementation date) and the implications for the GM CAP and surrounding policy framework.

1.6 Since Spring 2022, there have been further dramatic changes to the economic context in the UK which are not explicitly addressed in this report but are set out in **Appendix E**. A range of factors associated with the impact from war in Ukraine, increased costs of energy and fuel, changes to Bank of England base rates and forecasts, global supply chain challenges, and the cost-of-living crisis have combined to create a context of increased financial hardship for businesses and families.

## Structure of Note

1.7 The remaining sections of the report are structured as follows:

- **Section 2** provides a review of the in scope vehicles of the HGV sector in GM;
- **Section 3** reviews the impacts of Covid-19 on the HGV sector, with a particular focus on the availability and indicative purchase prices of new and used HGVs. This chapter also considers the vulnerability impacts of Covid-19 on the sector; and

[1] All available at https://cleanairgm.com/technical-documents/
[2] https://assets.ctfassets.net/tlpgbvy1k6h2/3AKtd1g0fg5OwQFNzc5FlQ/2b42ae34e93d292a5ec2eb26f7f5e8fb/T4_-_Appendix_A_Behavioural_Response_Cost_Models_and_Demand_Sifting_Tool.pdf
[3] GM CAP- Impact of COVID Report. Available at: https://cleanairgm.com/technical-documents/

- **Section 4** provides a summary of the key findings, also presenting details of any risks or issues facing the sector in responding to GM CAP.

1.8 In addition, **Appendix A** provides a list of data used to inform the report and **Appendix B** reviews the recent changes in travel behaviour within GM through the pandemic up until January 2022.

# 2. Overview of the HGV sector in GM

## Overview of Vehicle Sector

2.1 In the UK, the term HGV is used for any lorry with a maximum gross weight of over 3.5 tonnes. Vehicles over 7.5 tonnes gross require a Heavy Goods Vehicle driver's license.

2.2 In 2020 GB registered HGVs carried over 1.27bn tonnes of goods and travelled 16.2bn vehicle kilometres.[4]

2.3 At the end of 2020 there were 485,900 HGVs operating in the UK, with 99.4% of those powered by diesel.[5] Vehicles have got larger and heavier, with the average Gross Vehicle Weight now 22.8 tonnes (up from 18.7 tonnes in 2000) and the percentage of vehicles over 41 tonnes (GVW) rising from 17.4% in 2010 to 24.2% in 2020.[6]

2.4 An Operator's Licence is required for businesses that use goods vehicles over 3,500kg. The number of goods vehicle operator licences currently issued in Great Britain declined to under 100,000 in 2009/10 falling further to 69,000 in 2019/20. During this period the average size of an operators' fleet increased from 3.8 vehicles to 5.2 vehicles per licence, meaning fewer individual licences covering more vehicles. This means fleets are getting larger, however the sector is still dominated by SMEs, including owner-drivers who drive and operate their own vehicle.[7]

2.5 In Greater Manchester it is estimated there are over 20,000 HGVs[8] registered in the area. Vehicles in the sector vary in size, from 7.5 tonne 4-wheeler box vehicles often deployed on shorter, local runs (such as deliveries to the end customer) to 44 tonne articulated vehicles often used for strategic 'trunking' movements (such as taking a container from a port in the South of England to a Distribution Centre in the Midlands or North of England).

2.6 The age profile of HGV fleets has not significantly varied since 2000, with between 25%-30% of the national HGV fleet newer than 3 years old.[9]

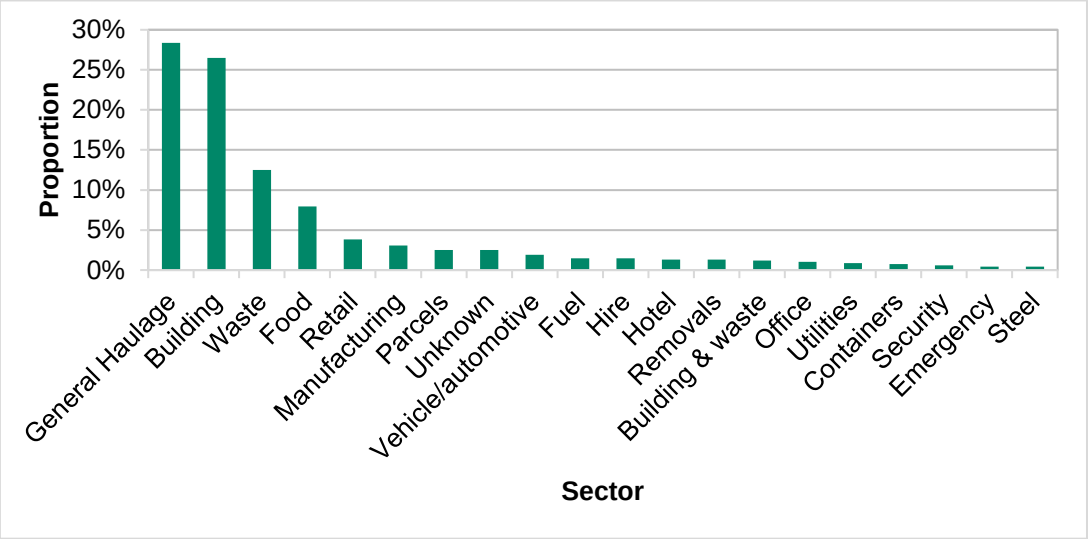
2.7 Vehicle lifespans vary; companies operating larger fleets, such as those in the food and retail sectors, typically replace vehicles more frequently and are therefore more

[4] Domestic Road Freight Statistics, United Kingdom 2020, Department for Transport
[5] Department for Transport Statistics, Table VEH0503 Licensed heavy goods vehicles at the end of the year by propulsion / fueltype, Great Britain from 1994; also United Kingdom from 2014
[6] Department for Transport Statistics, Table VEH0506 Licensed heavy goods vehicles at the end of the year by gross vehicle weight (tonnes), Great Britain from 1994; also United Kingdom from 2014
[7] Domestic Road Freight Statistics, United Kingdom 2020, Department for Transport
[8] Based on size of market served by HGV (population served). GM equates to 4.2% of UK population, allocation of circa 500,000 HGVs based in UK (Source: SMMT)
[9] Department for Transport Statistics, Table VEH0507 Licensed heavy goods vehicles at the end of the year by number of years since first registration, Great Britain from 1994; also United Kingdom from 2014

likely to have CAZ compliant vehicles at present, although some parts of those sectors have been badly affected by the pandemic in terms of extended periods of closure or constrained operations. Longer vehicle lifespans are associated with sectors such as waste and removals, the main factors are the margins on product being moved or the level of intensity that a vehicle is used.

2.8 The largest sector, General Haulage, makes up 29.1% of the GM market and includes over 2,000 vehicles affected by the GM CAP[10]. (See **Figure 2-1**).

**Figure 2-1 HGV Traffic Volumes in Greater Manchester, Feb '20**

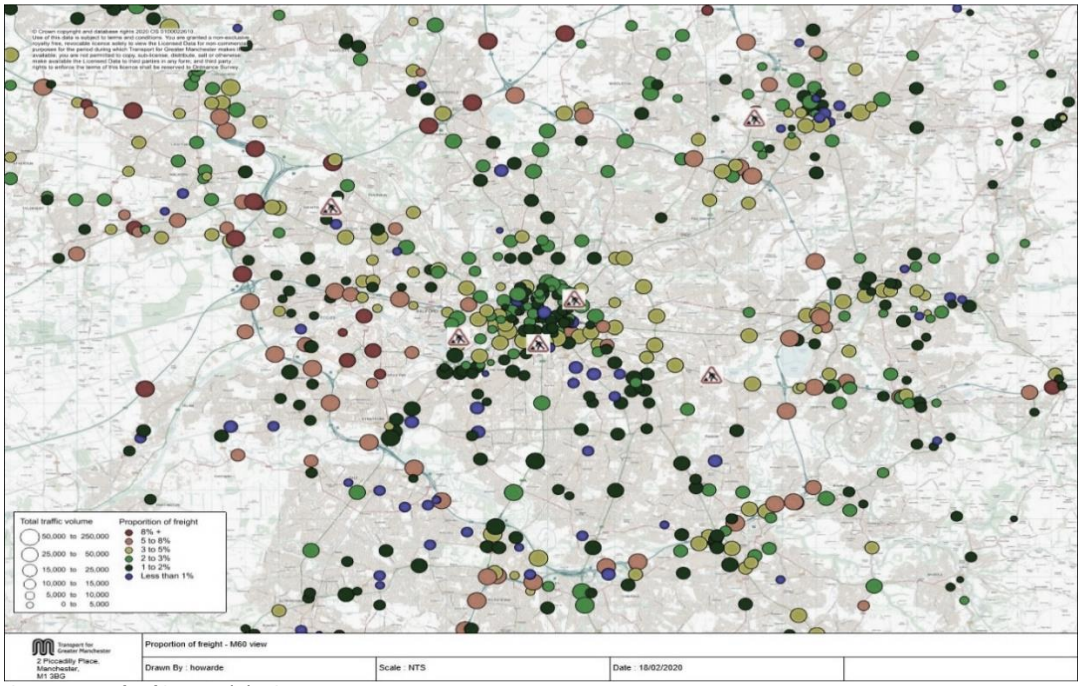



*Source: AECOM Specialised Goods Vehicle Surveys, UK*

2.9 **Figure 2-2** demonstrates the HGV pre-pandemic traffic proportions in Greater Manchester. The data used to populate the map was taken from traffic count information collected in mid-February 2020. This date was chosen as it would represent a typical "working" weekday in the first quarter of a year. The Strategic Road Network (SRN) generally has higher volumes of traffic overall and higher proportions of freight-related traffic. Key radial routes into the city often have relatively high volumes of freight vehicles, however form a lower proportion of overall traffic volumes, due in part to high volumes of commuter traffic.

[10] Source: AECOM Specialised Goods Vehicle Surveys, UK

**Figure 2-2 HGV Traffic Volumes in Greater Manchester, Feb '20**




*Source: Draft TfGM Freight Strategy*

# Review of in scope Vehicles

2.10 For context, the proportion of vehicle types in GM, relative to the regional and national averages, are provided in **Table 2-1** based on the latest available registration statistics from the DfT. There will be instances, particularly for commercial usage, where vehicles are licensed in one location but used in another, but this table provides an overview of the relative size of each fleet.

**Table 2-1 Proportion of Vehicle Types Registered by Area, 2022**

| | Cars | Van | HGV | Bus & Coach | Other |
|---|---|---|---|---|---|
| GB | 85.0% | 11.3% | 1.3% | 0.4% | 2.1% |
| England | 85.1% | 11.3% | 1.3% | 0.4% | 1.9% |
| NW | 85.7% | 10.9% | 1.5% | 0.3% | 1.6% |
| GM | 85.6% | 11.8% | 1.6% | 0.4% | 0.7% |

*Source: Department for Transport., Statistical data set, All vehicles (VEH01), Last updated 13 January 2022*

2.11 **Table 2-2** presents the number of HGVs serving Greater Manchester in 2019, split by compliant and non-compliant vehicles.

**Table 2-2 2019 HGV Volumes, 2019**

| Modelled Response | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 12,212 | 29,852 | **42,064** |
| Non-Compliant | 13,525 | 15,203 | **28,728** |
| **Total** | **25,737** | **45,055** | **70,792** |

*Source: Air Quality Modelling Report: with impacts of Covid-19 and Post Consultation Package Measures*

### Changes to HGVs Over Time

2.12 Projection of the 2019 HGV totals, as set out in **Table 2-2**, was undertaken to forecast the natural change in compliant vehicles into the future, without any interventions applied (Do Minimum – No GM CAP). This was undertaken to understand the market's proportion of natural upgrades. Natural upgrades, without the impact of the pandemic, have been incorporated into the key forecast years (2022, 2023 and 2025) through retention of a constant age profile with the number of non-compliant vehicles reducing over time, summarised in **Table 2-3**.

2.13 This shows that natural vehicle upgrades grow the proportion of compliant vehicles serving GM from 42,064 (59%) in 2019 to 54,213 (77%) by 2022. This results in an 8.5% annual change in the split between compliant and non-compliant HGVs serving the GM market.

**Table 2-3 Forecast Do Minimum (without CAP) Compliant HGVs**

| Year | Modelled Response | GM Based | Non-GM Based | Total |
|---|---|---|---|---|
| 2022 | Compliant | 18,410 | 35,803 | 54,213 |
| | Non-Compliant | 7,327 | 9,252 | 16,579 |
| | **Total** | **25,737** | **45,055** | **70,792** |
| 2023 | Compliant | 19,749 | 37,523 | 57,272 |
| | Non-Compliant | 5,988 | 7,532 | 13,520 |
| | **Total** | **25,737** | **45,055** | **70,792** |
| 2025 | Compliant | 22,002 | 40,785 | 62,787 |
| | Non-Compliant | 3,735 | 4,270 | 8,005 |
| | **Total** | **25,737** | **45,055** | **70,792** |

*Source: Air Quality Modelling Report: with impacts of Covid-19 and Post Consultation Package Measures*
*Note: All years indicate the beginning of the year*

# Review of Fleet Profile

### ANPR

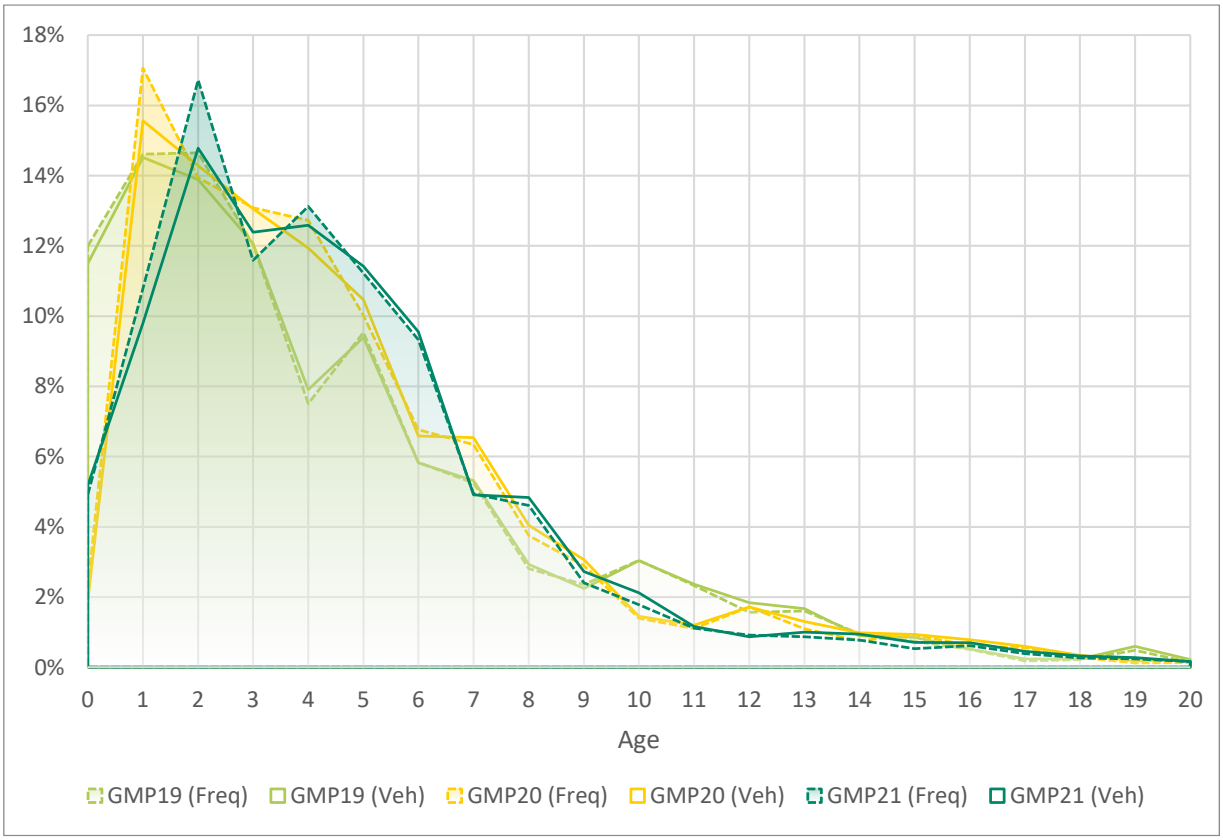
2.14 Three sets of ANPR data were used, based on available data, these comprise the following time periods:

- GMP19 - January 2019 (pre Covid-19 pandemic);
- GMP20 - September 2020; and
- GMP21 - November 2021.

2.15 **Figure 2-3** presents the vehicle age profile of HGV in each survey. The proportion of newly purchased HGVs (i.e. less than 1 year-old) captured by ANPR cameras decreased from near 12% to 2% from 2019 to 2020[11] and recovered to close to 6% by the end of the 2021. These figures are likely to be slightly overestimated due to differences in the sample size (10 months' worth of 'new vehicles' captured in the January 2019 survey compared to 6 and 8 months captured in the September 2020 and November 2021 surveys).

2.16 The analysis, as shown in **Figure 2-3** suggests that the average age of HGVs increased by 0.5 years from the beginning of 2019 to the end of 2021.

### Figure 2-3 HGV fleet age distribution




*Source: GMP ANPR Data analysis*

### Table 2-4 Average HGV Age

| Data set | GMP19 | GMP20 | GMP21 |
|---|---|---|---|
| **Frequency** | | | |
| **Average Age** | 4.6 | 5.0 | 5.0 |
| **Most common age group** | 2 | 1 | 2 |
| **Unique Vehicles** | | | |
| **Average Age** | 4.8 | 5.2 | 5.3 |
| **Most common age group** | 1 | 1 | 2 |

*Source: GMP ANPR Data analysis*

[11] Acknowledging that 2020 is missing at least 3 months of data since the survey was taken in September.

**SMMT**

2.17 The latest figures from SMMT as this document was reviewed shows that HGV registrations are on the rise, but still not at the same levels from the years prior to the pandemic. Sales of new HGVs had been brought forward into 2019 by many hauliers. Given the relatively low divergence of HGV registrations over the 2019-2021 period, it is not possible to distinguish how Covid-19 has impacted on the longer-term pattern of HGV investment cycles.

2.18 In July 2019, Specialised Goods Vehicle Counts (SGVC) were undertaken across 3 sites in Salford and Manchester on key approaches to the city centre. This exercise was repeated in October 2020, which demonstrated that compliance rates had improved. This may be due to a general natural trend in improvements to the fleet over time. Although it may also reflect changing travel behaviour due to the restrictions in place at the time, which could have impacted on the types of HGVs accessing these parts of the Regional Centre at this time.

2.19 **Table 2-5** shows the results of these surveys, which shows that a significant proportion of non-compliant vehicles are from the building/construction sector.

**Table 2-5 Specialised Goods Vehicle Count Results (2019 & 2020)**

| Location | No of HGVS observed (2019) | Compliance (2019) | Compliance (2020) | Non-Compliance by sector (2019) |
|---|---|---|---|---|
| Bridge Street, Manchester | 271 | 58% | 75% | 22% Building<br>22% Waste<br>17% Food |
| Regent Road, Salford | 1,071 | 66% | 71% | 29% Building<br>20% General Haulage |
| A6 (immediately South of Mancunian Way) | 612 | 60% | n/a | 27% Building<br>13% General Haulage |

*Source: AECOM SGVC Survey, note the A6 site was not resurveyed in 2020*

# 3. Review of Covid-19 impacts on the HGV vehicle sector

## Overview

3.1 The HGV sector has been reviewed to consider pre-pandemic background characteristics, Covid-19 related impacts on the industries affected by the sector, and review of the expected vulnerabilities when responding to GM CAP.

## Pre-Pandemic – Sector related trends

3.2 Unlike the van sector, which has seen significant growth in the number of vehicles in recent years, the HGV market pre-pandemic has remained largely constant over the last 20 years, with a 2% reduction in vehicle numbers overall since 2000.[12]

3.3 However, HGV registrations do fluctuate as shown in **Figure 3-1** and **Since 2000,** although total HGV numbers have been relatively stable there is some evidence of downsizing from HGVs to LCVs to accommodate more agile supply chains.

3.4 Figure 3-2 showing the impact that the financial downturn experienced in 2009 had on the number of HGVs being registered and subsequent 'bounce-back' as the economy recovered.

**Figure 3-1 Number of HGV Registered Per Year in the UK**

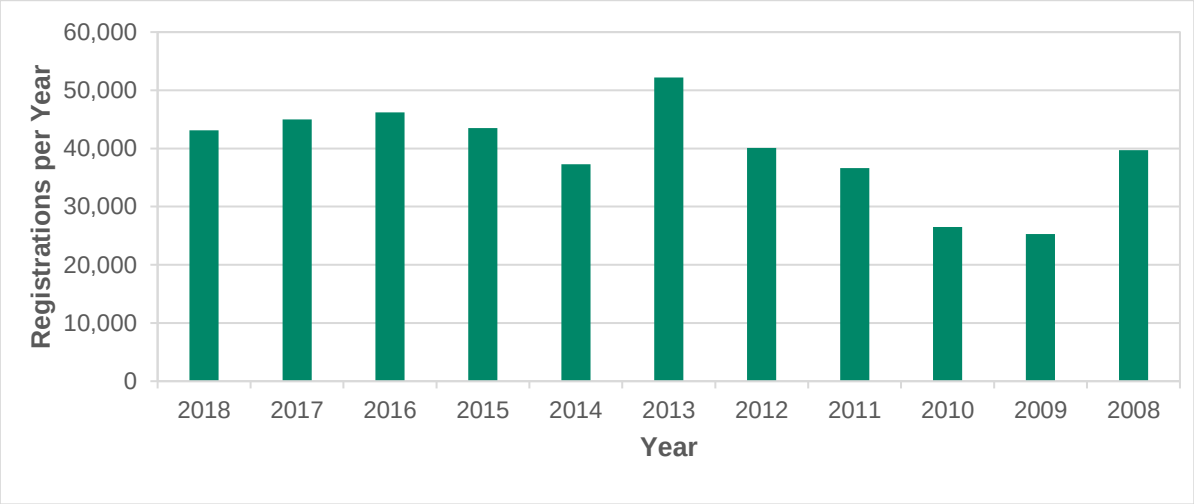
| Year | No. of HGVs (000's) | % of HGVs | Euro Standard |
|---|---|---|---|
| 2018 | 43.1 | 8.2% | **Euro 6** |
| 2017 | 45 | 8.5% | |
| 2016 | 46.2 | 8.8% | |
| 2015 | 43.5 | 8.2% | |
| 2014 | 37.3 | 7.1% | |
| 2013 | 52.2 | 9.9% | **Euro 5** |
| 2012 | 40.1 | 7.6% | |
| 2011 | 36.6 | 6.9% | |
| 2010 | 26.5 | 5.0% | |
| 2009 | 25.3 | 4.8% | |
| 2008 | 39.7 | 7.5% | **Euro 4** |
| 2007 | 32.8 | 6.2% | |
| 2006 | 31.5 | 6.0% | |
| 2005 | 27.8 | 5.3% | |

*Source: https://www.smmt.co.uk/vehicle-data/heavy-goods-vehicle-registrations/*

[12] Source: SMMT

3.5 Since 2000, although total HGV numbers have been relatively stable there is some evidence of downsizing from HGVs to LCVs to accommodate more agile supply chains.[13]

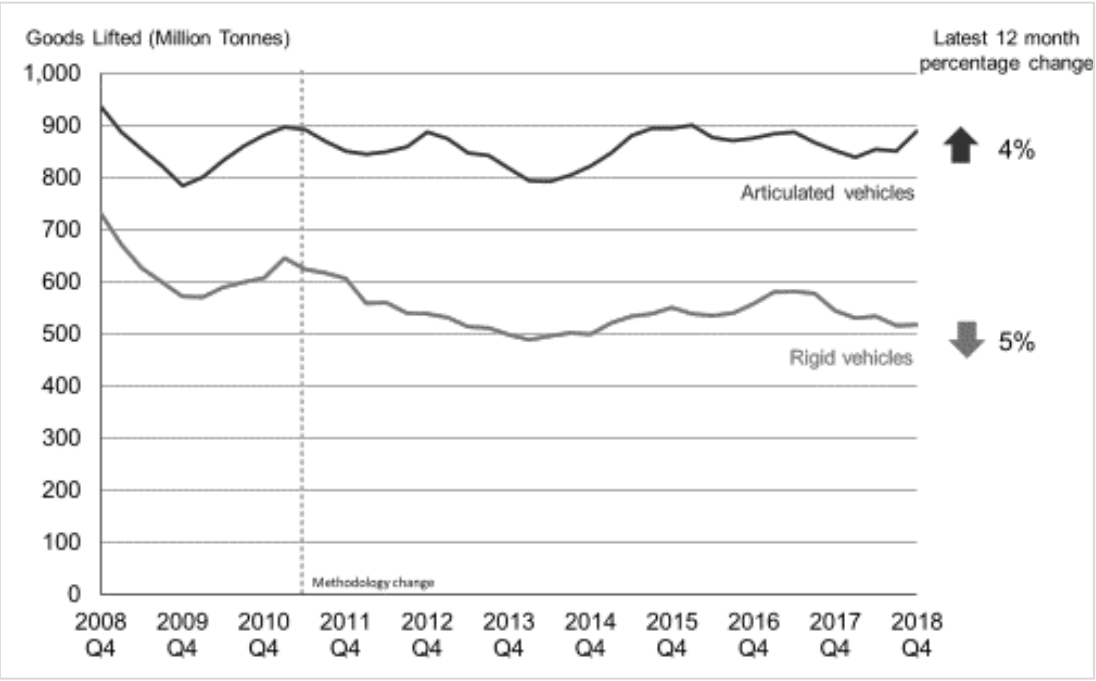
**Figure 3-2 HGV Registrations over 10 years**




*Source: https://www.smmt.co.uk/vehicle-data/heavy-goods-vehicle-registrations/*

3.6 There has been a move towards greater uptake of larger HGVs able to transport heavier consignments. HGVs deployed in the UK range from a gross vehicle weight of 3.5 tonnes to 44 tonnes, with articulated vehicles - which tend to be longer, larger, heavier vehicles - carrying more freight (see **Figure 3-3**). In 2018, articulated vehicles carried 889 million tonnes (63%) of freight, whereas rigid vehicles only carried 517 million tonnes (37%) of freight.[14]

**Figure 3-3 Goods lifted by GB-registered HGVs, by type of vehicle**




*Source: Domestic Road Freight Statistics, United Kingdom: 2018, Department of Transport*

3.7 In 2018 the 5 most common commodity divisions (representing 64% of all goods) lifted by GB-registered HGVs in the UK were food products (20%), Metal ore and

[13] Source: SMMT
[14] Domestic Road Freight Statistics, United Kingdom: 2018, Department for Transport

other mining and quarrying (13%), Waste related products (11%), Groupage (10%) and Glass, cement and other non-metallic mineral products (10%).[15]

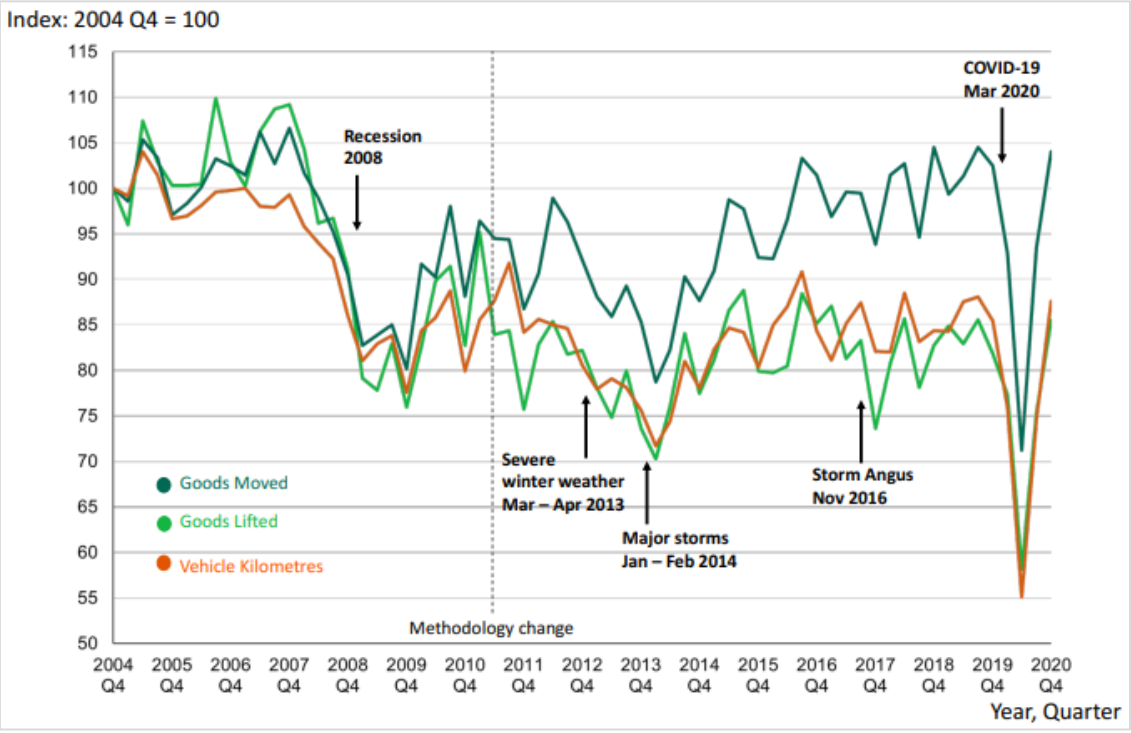
# Covid-19 Effects on the HGV sector

### Overview

3.8 The pandemic caused disruption at all levels of the vehicle sales market, particularly in 2020, where production lines were halted and lockdown rules affected the global supply chain. Skills shortages have been noticed in almost every field, but have been particularly noticeable amongst HGV drivers, leading to government initiatives to bring more people into the field. This driver shortage has had an impact on the demand of HGV vehicles.[16]

3.9 As with all other modes of transport, the HGV sector was significantly impacted in the aftermath of the March 2020 Covid-19 restrictions as large sections of the economy were shut down. However, by 2020 Q4 domestic road freight had returned to pre-pandemic levels (see **Figure 3-4**).

**Figure 3-4 Impact of coronavirus (Covid-19) on quarterly data trends**




*Source: Domestic Road Freight Statistics, United Kingdom: 2020, Department of Transport*

3.10 According to the Transport Exchange Group,[17] the cost of road haulage in January 2022 was up by 15% compared to January 2021 as a result of issues in the wider economy amid recent inflation.

[15] Domestic Road Freight Statistics, United Kingdom: 2018, Department of Transport
[16] Business Live https://www.business-live.co.uk/ports-logistics/hgv-crisis-set-worsen-amid-22146925
[17] Transport Exchange Group, February 2022 https://transportexchangegroup.com/road-transport-price-index/january-22/

# Review of Covid-19 impacts on vehicle sales market

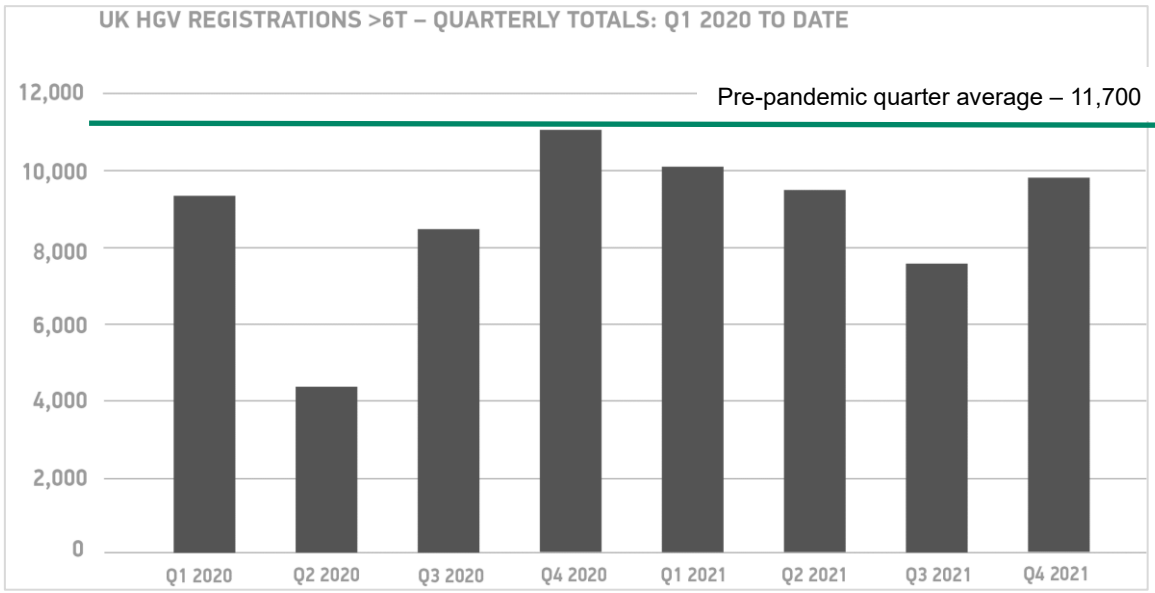
### Overview

3.11 The key changes in the HGV sales market during the pandemic are discussed below.

### Vehicle Registrations

3.12 Data produced by SMMT shows that despite an initial decrease in HGV registrations, particularly noticeable in quarter two of 2020, HGV registrations are on the rise, but still not at the same levels from the years prior to the pandemic. For example, in the year and a half prior to the pandemic (Q4 2018 – Q1 2020), average registrations per month were around 11,700 per quarter, compared to an average of around 8,500 per quarter since pandemic (Q2 2020 – Q3 2021). In this time, no quarter has reached the same levels as the pre-pandemic quarter average. **Figure 3-5** shows the UK HGV registrations by quarter since Q4 2017.

**Figure 3-5 UK HGV Registrations Q1 2020 – Q4 2021**



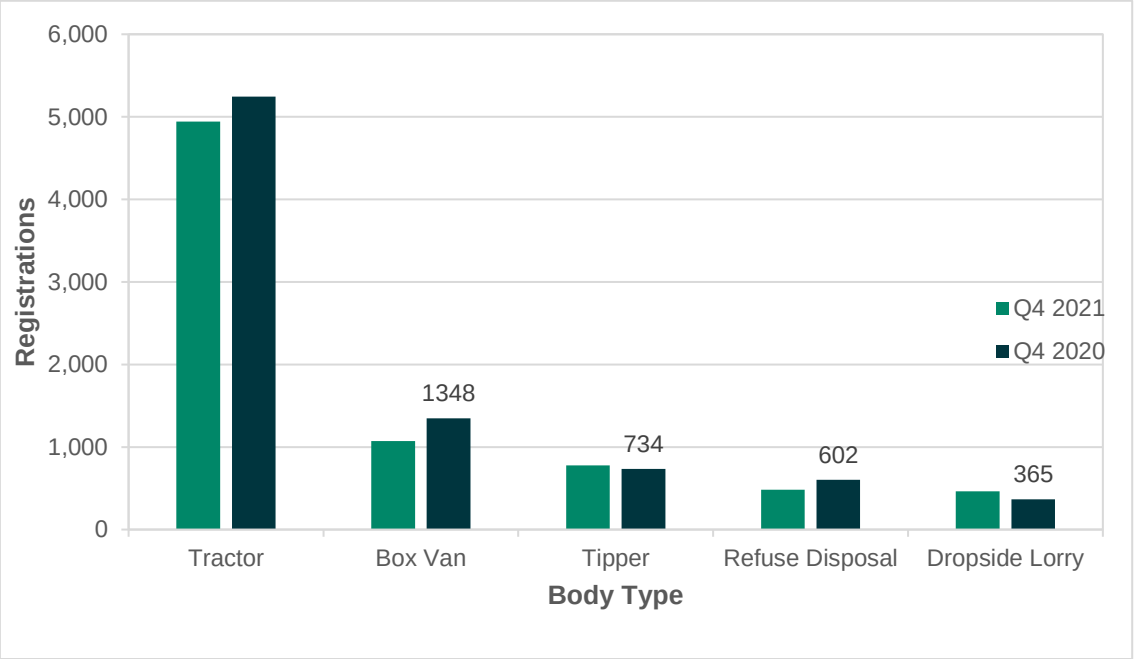

*Source: SMMT*

3.13 Some 37,163 units were registered last year, 57.1% of which were rigids, while 42.9% were articulated trucks, in line with market splits seen in previous years, though both segments grew with 2,239 more rigids (+11.8%) and 2,006 more artics (+14.4%) registered than 2020.[18]

3.14 As construction began to recover during the year, tipper demand rose by 32.5% to 3,808 units. Tractor units were the most popular type of HGV, with 15,679 units (+16.0%) representing a market share of 42.1%, while refuse trucks increased by 2.0% to 2,067 units between 2020 and 2021, despite a drop in Q4 2021 on the previous years.[19]

[18] https://www.smmt.co.uk/2022/02/hgv-market-accelerates-12-9-in-2021-to-defy-supply-challenge/
[19] https://www.smmt.co.uk/2022/02/hgv-market-accelerates-12-9-in-2021-to-defy-supply-challenge/

**Figure 3-6 Top 5 Body Types**




*Source: https://www.smmt.co.uk/2022/02/hgv-market-accelerates-12-9-in-2021-to-defy-supply-challenge/*

### Vehicle Availability

3.15 To enhance understanding of HGV availability in the current market, three major vehicle manufacturers and dealerships were consulted. The three companies chosen represent around 60% of the new truck market in 2021. Their responses provide an insight into the availability of new and used HGVs.

***Commercial Dealership (1) Manchester – 11th February 2022***
*Consultation with a dealership in Greater Manchester outlined the significant issues of vehicle supply and availability of new HGVs. Lead times for certain models were approximately 8 months, 10 months, and 11 months respectively, timescales which do not include postproduction fit outs. The branch broke its sales record in 2021, however were required to close to new orders in December 2021 due to supply issues. Vehicles have been held back due in part to the semiconductor shortage, with key components such as window modulators missing. The manufacturer has also increased prices over the last year.*

*The used HGV sector is experiencing similar issues with availability, with all HGV types scarce, but curtainsider rigids and tractor units were identified as being particularly difficult to source. Prices were also reported to be high, with the same vehicles fetching the same price second-hand two years on from the initial sale.*

*Feedback suggests that the company do not expect the situation to be resolved in 2022 at the earliest.*

***Commercial Dealership (2), Manchester – 17th February 2022***

*. Lead times for new HGVs were reported to be significant, with an approximate 12 month wait for a new diesel vehicle once ordered. Certain electric models were said to be available in around 14 weeks for the chassis. But there is industry reticence to invest in HGV EVs at the moment.*

*Trucks were reported to be semi-built, waiting for components (primarily semiconductors). The lack of semiconductors was described as still an issue to all Auto OEMs. The wait for tractor units) was longer than rigid HGVs, due to their relative lack of complexity (rigid wait times being 6-9 months). Prices of new vehicles have risen gradually across the year mainly due to increases in the cost of energy, rubber and steel. 85% of the unladen weight of a typical truck weighing 8500kg is metal and producing steel is very energy intensive.*

*The availability of used HGVs is also limited, with dealers extending leases whilst new vehicles are being manufactured. This is creating a shortfall in the market and it was reported that vehicles up to 4 years old are fetching higher prices at auction than their original brand new price. The GM CAP is already playing a role in shifting demand, with Euro V vehicles often being sold abroad.*

*The respondent felt that the market was 2 years away from returning to 'normal' levels and as manufacturers are unable to construct vehicles at the high level that they are being ordered, the waiting list is currently growing.*

***Commercial Dealership (3) – 14th February 2022***

*Consultation with the dealership suggested that the future supply of new HGVs was uncertain and whilst there were a small number of vehicles available to sell, the delivery of further trucks from the manufacturer was uncertain.*

*It was stated as 'likely' that any orders placed now could not be fulfilled until 2023 and that the issues of new vehicle availability was having an impact on the used HGV sector, with owners holding on to their vehicles for longer and dealerships were unable to fulfil large fleet renewal orders.*

### New Vehicle Prices

3.16 Prices of new HGVs did not significantly change in years immediately before the pandemic. In 2018, the cost of an 18-tonne rigid vehicle was £66.7k, in 2019 and 2020 the price was £67.9k, showing only a 1.8% price increase over 2 years. A similar increase of 1.7% can be seen in 44-tonne artic vehicles (£83.2k rising to £84.6k).[20]

3.17 However, consultation with manufacturers and dealers, shown in the boxes above, has demonstrated that the prices of new vehicles has increased in 2021 and 2022 as scarcity and cost of parts and materials has risen.[21]

### Second-hand Vehicle Prices

3.18 In contrast, the second-hand market has seen price increases much larger than that of new vehicles. In the article *Continuing strong demand predicted to lead to a record year for used HGV prices*[22], Commercial Fleet notes positive feedback from dealers, suggesting strong retail appetite and conditions and notes that the 58% increase in average selling price of all heavy goods vehicles is record breaking. The article notes that Cox Automotive states that a significant contributing factor to this is the high demand for Euro 6 HGVs, with a 42% year on year increase in price on these vehicles from 2020 to 2021. Manheim expect the price difference between Euro 5 and Euro 6 to continue to grow from the current value of £9,000.

3.19 Second-hand dealers are reflecting the demand for vehicles to be Clean Air Zone (based on national criteria as applied in local zones across the country) and Ultra Low Emission Zone compliant as a selling point by advertising this on their websites.

## Review of Vulnerability in responding to GM CAP

3.20 Covid-19 has had an impact on the HGV sector. The national lockdowns and Covid-19 restrictions have resulted in a reduced availability of new HGVs to the markets. This has increased the market purchase price of new vehicles and at the same time reduced the availability of newer second-hand vehicles to the market. This has in turn pushed the price of available second-hand HGVs to a level close to that of new vehicles. Most second-hand vehicles coming to the market already have buyers lined up.

3.21 There has been a drop in demand for Euro V vehicles, probably due to the GM CAP, with high proportions of Euro V HGVs coming to the markets being sold abroad.

3.22 This section reviews the original vulnerability assessment of the HGV sector undertaken in 2019 and assesses how the Covid-19 pandemic has impacted vulnerability to the GM CAP.

[20] Motor Transport, MTR_141220_028-030.indd (motortransport.co.uk)
[21] https://www.commercialfleet.org/fleet-management/best-practices/used-values-soar-as-van-and-truck-shortages-continue
[22] https://www.coxautoinc.eu/content-hub/fuel/continuing-strong-demand-predicted-to-lead-to-a-record-year-for-used-hgv-prices/ Continuing strong demand predicted to lead to a record year for used HGV prices (September 2021)

| Market Segment | Pre Covid-19 – Responding to GM CAP | Covid-19 Impact | Impact on Responding to GM CAP (Post Covid-19) |
|---|---|---|---|
| **HGV** | **Medium impact**<br>Significant cost to upgrade if existing vehicles are non-compliant.<br>Period for leased vehicles average 4 years, high proportion of these would already be compliant. Likely less impact to larger haulage companies and higher impact on smaller companies as fleet more likely second-hand or not be renewed as quickly.<br>GM CAP having an influence on the second-hand sales market with high proportion of Euro V class HGVs being sold abroad. | **High impact** likely.<br>A reduction in HGV movements initially during the first national lockdown had recovered to pre-pandemic levels by Q4 2020.<br>Cost of road haulage has increased 15% from Jan 2021 to Jan 2022, due to current economic climate, partially due to Covid-19 pandemic.<br>Driver shortages sector wide.<br>HGV demand for new vehicles exceeds supply resulting in up to 12 months lead times. Caused by supply chain issues and part shortages.<br>Lack of new vehicle supply has resulted in second-hand HGV prices significantly increasing, as there is reduced vehicle rotation. | **Medium impact**<br>New HGVs experiencing increased lead times, resulting in second-hand vehicle being used for increased length of time.<br>Lack of second-hand vehicles is resulting in prices of second-hand HGVs exceeding cost of new HGVs in some cases. |

# 4. Conclusion

## Summary

4.1 This note has sought to address the following key considerations:

- A review of the current position of the HGV fleet;
- Report on the impact of Covid-19 in terms of changes to travel behaviour within GM, including changing transport trends and economic trends as a result of the Covid-19 pandemic;
- Specific Covid-19 pandemic impacts on this vehicle type (HGVs); and
- Comment on the extent to which those changes may be considered material to the success of the GM CAP given the vulnerability of the vehicle type (HGVs) to meet GM CAP compliance.

4.2 HGVs account for around 1.5% of the total vehicle fleet in GM.

4.3 Based on 2019 data, it is estimated there were approximately 71,000 HGVs serving GM, with 60% of those being compliant.

4.4 Vehicle fleets are tending to get larger, however the sector is still dominated by SMEs, including owner-drivers who drive and operate their own vehicle.

4.5 The age profile of HGV fleets has not significantly varied since 2000, with between 25%-30% of the national HGV fleet newer than 3 years old.

4.6 Vehicle lifespans vary; companies operating larger fleets, such as those in the food and retail sectors, typically replacing vehicles more frequently whilst longer vehicle lifespans are associated with sectors such as waste and removals, the main factors are the margins on product being moved or the level of intensity that a vehicle is used. The largest sector, General Haulage, makes up 29.1% of the GM market and includes over 2,000 vehicles affected by the GM CAP.

4.7 Whilst there was a significant impact in 2020, the overall volume and usage of HGVs has generally returned to pre-pandemic levels.

4.8 The HGV sector is experiencing significant issues in relation to demand and supply of new vehicles. HGV production has been hampered by the shortages in components, particularly semiconductors. This shortage has impacted on the ability of manufacturers to meet the increased demand as the economy grows and the requirement to ‘catchup’ with lower production in Q2 2020. The issue is so significant that some major manufacturers are not taking new orders for this year.

4.9 Significant price increases have been observed, particularly in the second-hand compliant market. For new vehicles, the more significant issue is availability and lead times as noted above.

4.10 Whilst the situation is fluid, responses from vehicle manufacturers and dealerships suggest that the issue will not be resolved until 2023. This means that higher prices for new and used vehicles and a lack of availability of HGVs are likely to continue throughout 2022.

# Appendix A – List of Documents

This Appendix provides a list of documents and data sources used to inform this report.

| Document Title | Date | Description | Relevance to GM CAP |
|---|---|---|---|
| **Chapter 1** | | | |
| Mayor of Greater Manchester writes to Government reiterating call for non-charging Clean Air Zone | May 2022 | Announcement, provide background on current status of GM CAP https://www.greatermanchester-ca.gov.uk/news/mayor-of-greater-manchester-writes-to-government-reiterating-city-region-s-call-for-non-charging-clean-air-plan/ | Current Status of GM CAP |
| GM CAP Technical Documents (various) | Various | All available at Technical Documents Clean Air Greater Manchester (cleanairgm.com) https://cleanairgm.com/technical-documents/ | Published Technical Reports for GM CAP |
| **Chapter 2** | | | |
| Domestic Road Freight Statistics | 2020 | HGV industry statistics - Department for Transport | Understand UK HGVs industry statistics |
| Table VEH0503 Licensed heavy goods vehicles at the end of the year by propulsion | May 2021 | Department for Transport Statistics - Licensed heavy goods vehicles at the end of the year by propulsion | Understand UK HGVs Statistics |
| Table VEH0506 Licensed heavy goods vehicles at the end of the year by gross vehicle weight (tonnes) | May 2021 | Department for Transport Statistics - Licensed heavy goods vehicles at the end of the year by gross vehicle weight (tonnes) | Understand UK HGVs Statistics |
| HGV data (SMMT) | various | Based on size of market served by HGV (population served). GM equates to 4.2% of UK population, allocation of circa 500,000 HGVs based in UK | To understand the HGV market in the GM |
| Table VEH0507 Licensed heavy goods vehicles at the end of the year by number of years since first registration, | May 2021 | The age profile of HGV fleets has not significantly varied since 2000, with between 25%-30% of the national HGV fleet newer than 3 years old | Understand UK HGVs Statistics |
| AECOM Specialised Goods Vehicle Surveys | Various | Specialised Goods Vehicle Count Results | Provides background details of the HGV sector 2019 & 2020 |
| All vehicles (VEH01) | Jan 2022 | Data on all licensed and registered vehicles, produced by Department for Transport. | Provided the proportion of Vehicle Types Registered by Area, 2022 |

| | | | |
|---|---|---|---|
| Air Quality Modelling Report: with impacts of Covid-19 and Post Consultation Package Measures | 2021 | https://cleanairgm.com/technical-documents/ | GM CAP Technical Report |
| GMP ANPR Data analysis | Various | Data on average HGV age | Understand GM HGVs average age |
| **Chapter 3** | | | |
| HGV SMMT report | 2019 | HGV market pre-pandemic has remained largely constant over the last 20 years, with a 2% reduction in vehicle numbers overall since 2000 | Understand pre-pandemic HGV market |
| HGV Registrations - SMMT | 2019 | HGV Registrations over 10 years https://www.smmt.co.uk/vehicle-data/heavy-goods-vehicle-registrations/ | To understand the UK HGV registration trend |
| Domestic Road Freight Statistics - DfT | 2018 | Goods lifted by GB-registered HGVs. | To understand the UK HGV types and commodity divisions |
| HGV crisis set to worsen amid mass exodus of drivers over conditions | Nov 2021 | This driver shortage has had an impact on the demand of HGV vehicles https://www.business-live.co.uk/ports-logistics/hgv-crisis-set-worsen-amid-22146925 | Impact of driver shortage on the demand of HGV market |
| January '22 Highest ever price-per-mile for January: TEG Road Transport Price Index up 15% on last January | Jan 2022 | the cost of road haulage in January 2022 was up by 15% compared to January 2021 as a result of issues in the wider economy amid recent inflation. https://transportexchangegroup.com/road-transport-price-index/january-22/ | Cost of road haulage as a result of inflation |
| HGV market accelerates 12.9% in 2021 to defy supply challenge - SMMT | Feb 2022 | Provide recent HGV registrations post-covid. https://www.smmt.co.uk/2022/02/hgv-market-accelerates-12-9-in-2021-to-defy-supply-challenge/ | Information on post-covid HGV market |
| Annual cost tables history - MotorTransport | Dec 2020 | Prices of new HGVs did not significantly change in years immediately before the pandemic. In 2018, the cost of an 18-tonne rigid vehicle was £66.7k, in 2019 and 2020 the price was £67.9k, showing only a 1.8% price increase over 2 years. https://motortransport.co.uk/annual-cost-tables-history/ | Information about prices of new HGVs |
| Used values soar as van and truck shortages continue | July 2021 | The prices of new vehicles has increased in 2021 and 2022 as scarcity and cost of parts and materials has risen https://www.commercialfleet.org/fleet-management/best-practices/used-values-soar-as-van-and-truck-shortages-continue | Information on increased price of vehicles |
| Continuing strong demand predicted to lead to a record year for used HGV prices | Sept 2021 | The second-hand HGV market has seen price increases much larger than that of new vehicles. https://www.coxautoinc.eu/content-hub/fuel/continuing-strong-demand-predicted-to-lead-to-a-record-year-for-used-hgv-prices/ | Provide information on second-hand HGV market |
| **Chapter 4** | | | |
| | | *(No new Sources in Chapter 4)* | |

| | | | |
|---|---|---|---|
| **Appendix A** | | | |
| | | *(No new Sources in Appendix A)* | |
| **Appendix B** | | | |
| Coronavirus (Covid-19) UK Government Dashboard | Oct 2020 | https://coronavirus.data.gov.uk/ | Background of Covid Timeline |
| "Greater Manchester's Covid-19 Management Plan: how we control outbreaks" | 2022 | https://greatermanchester-ca.gov.uk/coronavirus/Covid-19-management-plan/ | Background of Covid Timeline |
| "Prime Minister announces new local COVID Alert Levels" | Oct 2020 | https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels | Background of Covid Timeline |
| TfGM's C2 Database | various | Traffic flow data was extracted and analysed from TfGM's C2 Database https://tfgmc2.drakewell.com/multinodemap.asp | Information on local traffic impacts |
| "Budget 2021: Fuel duty rise axed as petrol prices hit record highs" | Oct 2021 | Fuel Prices Increase: https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-axed-petrol-prices-record-highs-b962832.html | Information on Economic Related Impacts |
| "GDP monthly estimate, UK : December 2021" | Dec 2021 | GDP information https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021 | Information on Economic Related Impacts |
| "Average weekly earnings in Great Britain: February 2022" | Dec 2021 | Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022 | Information on Economic Related Impacts |
| "UK economy latest" | Dec 2022 | Information on Goods import and exports https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output | Information on Economic Related Impacts |
| "Cities Outlook 2022" | Jan 2022 | Change in pub and restaurant sales in City Centres and Suburbs.<br>Weekday footfall in Birmingham, Manchester and London<br>https://www.centreforcities.org/wp-content/uploads/2022/01/Cities-Outlook-2022-2.pdf | Information on Economic Related Impacts |

# Appendix B – Review of COVID Impacts

## Overview

B.1 Travel behaviour and the economy have been impacted by the Covid-19 pandemic and have resulted in changes in the way that people travel and the way businesses operate. In this chapter we will assess some of the key data findings found throughout the period to better understand the levels of impact on transport and travel generally.

## COVID Timeline

B.2 In January 2020, Covid-19 first appeared in the UK. By 30th November 2020, there were an estimated total of 1.6 million people testing positive to the virus in the UK with 58,24523 cases resulting in deaths.[24]

B.3 As stated within the GMCA Covid-19 Management Plan Executive Summary, GM had more than 16,000 confirmed cases and nearly 2,800 people died during the first four months of the Covid-19 pandemic.[25]

B.4 In Summer 2020, North West England was one of the worst affected areas by the pandemic with GM placed under additional restrictions on 31st July 2020. Throughout 2020, GM continued to experience a disproportionate impact to the rest of the UK from these additional restrictions, such as the three-tier system for lockdowns across England. This three-tiered system was first announced by the Government in October 2020 to *'simplify and standardise local rules'*.[26]

B.5 On 5th November 2020, the Government imposed a second national lockdown with restrictions on continued business activity in England. These restrictions were in place between 5th November and 2nd December 2020, followed by a return to 3 Tier system restrictions.

B.6 On 19th December 2020 the Government introduced an additional 4th Tier, with lockdown measures beginning in London and the South East, after having identified the Alpha (Kent) variant, coming into effect on 21st December 2020 until a third nationwide lockdown was re-introduced on 6th January 2021.

B.7 March 2021 saw Step 1 of the Government's roadmap being introduced, with schools reopening and outdoor gatherings being allowed with the proviso of staying local. April 2021 saw Step 2 of the roadmap allowing limited indoor contact, businesses such as hairdressers to reopen and outdoor hospitality. Step 3 came into effect in May 2021, allowing indoor meetings limited to 6 people and 10,000 people for large sport stadiums. Step 4, on 19th July 2021, saw the remaining venues such as nightclubs reopen, and the removal of most other restrictions.

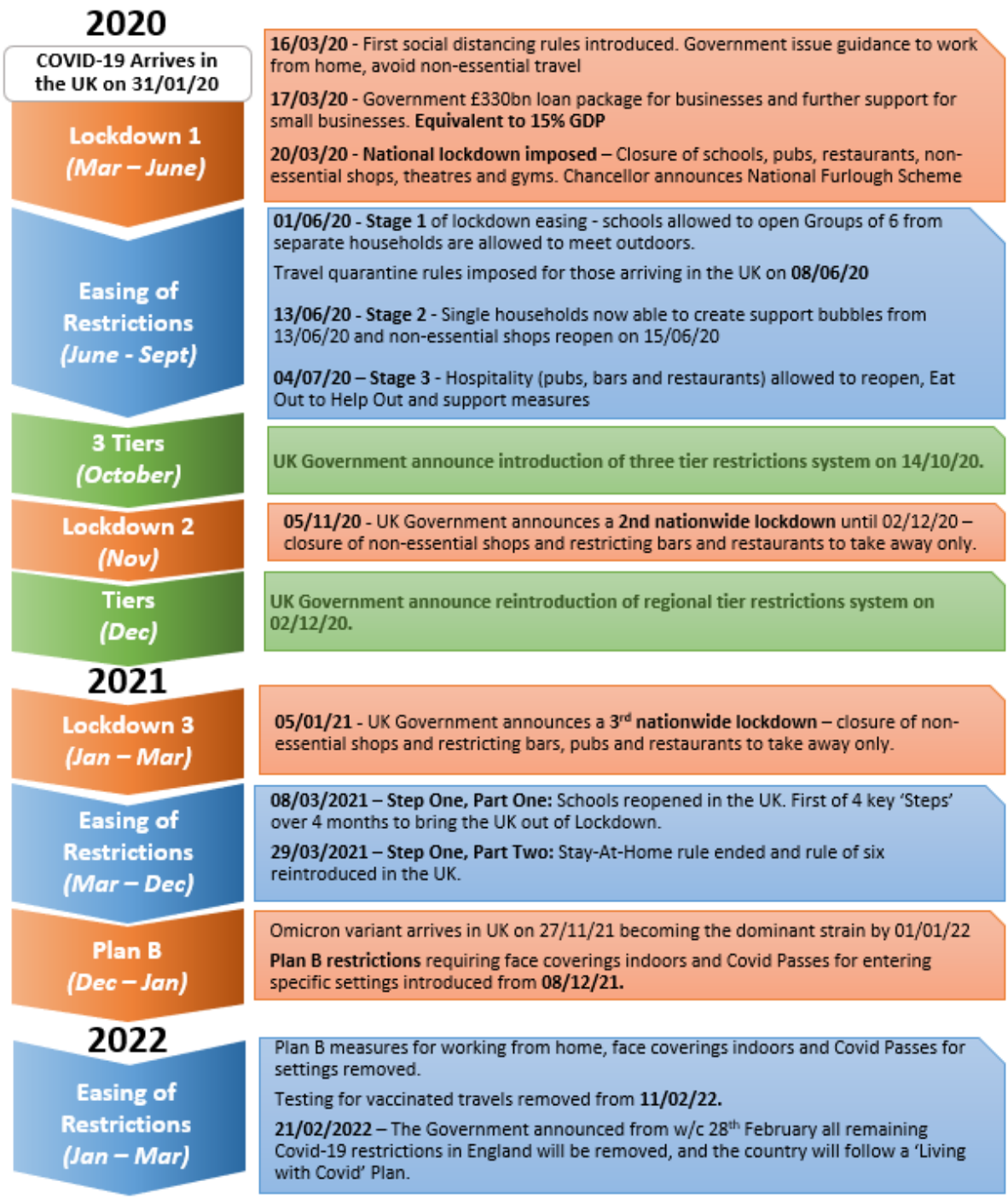
B.8 With the discovery of the Omicron variant, Plan B measures (face coverings indoors and use of Covid Passes at specific settings such as nightclubs), which

[23] UK deaths is based on deaths within 28 days of a positive test and does not include excessive deaths.
[24] Coronavirus (COVID-19) UK Government Dashboard https://coronavirus.data.gov.uk/ (accessed 01/10/20)
[25] COVID-19 Management Plan – Executive Summary (GMCA) https://greatermanchester-ca.gov.uk/coronavirus/COVID-19-management-plan/
[26] Prime Minister announces new local Covid Alert Levels - https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels

also recommended working from home where possible, were implemented from 8th December 2021 to 27th January 2022.

B.9 A summary of the key Covid-19 events and Government responses has been captured in **Figure B-1**.

**Figure B-1 Covid-19 Timeline January 2020 to March 2022**




B.10 The Covid-19 pandemic has had a transformative global impact to health, businesses, the economy, and way we live and interact with one another.

B.11 At the time of the production of this note in March 2022, the UK appears to be exiting the pandemic. Case numbers are stabilising, death and in-patient numbers

remain low, reflecting the positive impact of a successful vaccine programme rollout.

B.12 However, emerging evidence gathered over the course of 2020 and 2021 has shown that there have been substantial changes to the economy, travel patterns and our behaviours. These changes have been driven by Government policy in the short term, however some of the behaviours adopted during Government lockdowns may continue as restrictions ease. In addition to this, economic impacts following the recent easing of restrictions have resulted in impacts which can be seen locally, nationally and globally within the economy.

## Covid-19 Impacts on Travel Behaviour

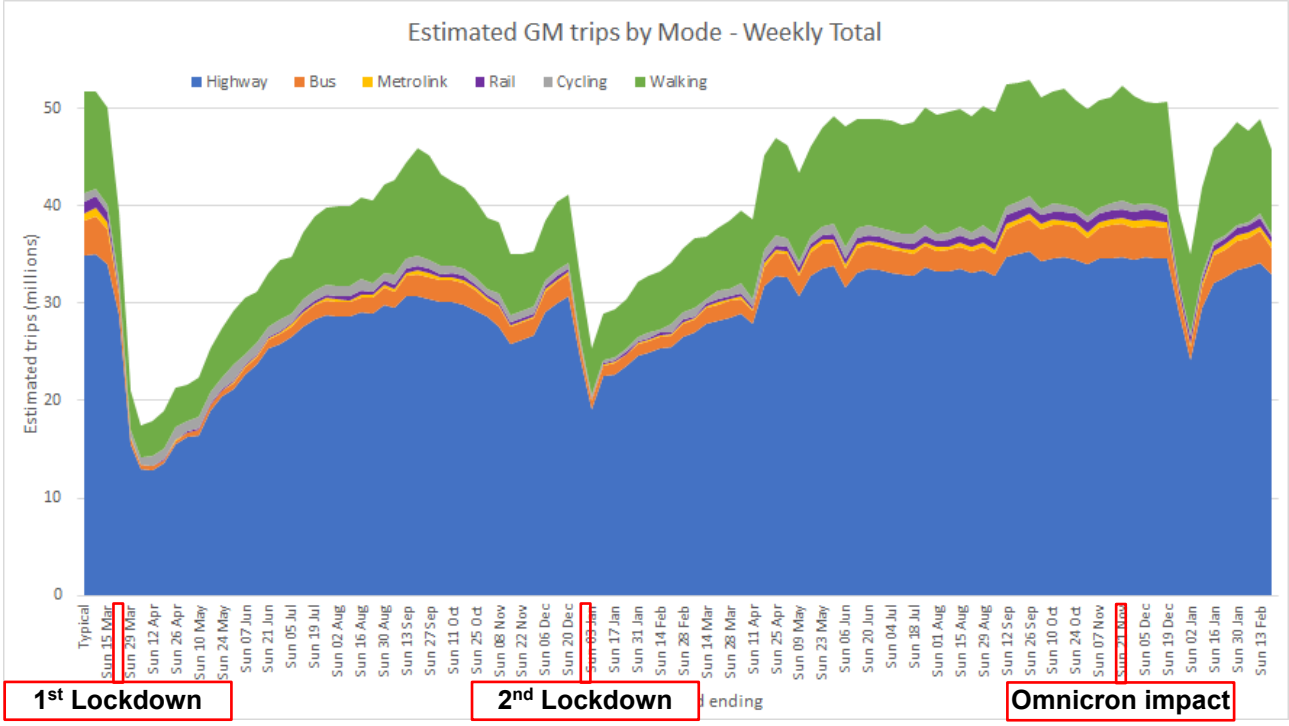
B.13 Detailed analysis has been undertaken on the impacts of Covid-19 on travel demand within GM to compare 'pre-pandemic' and 'during pandemic' travel levels within GM.

B.14 As shown in **Figure B-1**, there are a number of Government interventions which have had an impact on traffic levels (for all modes of transport). These include:

- Government guidance issued on 16th March 2020 to work from home 'where possible';
- Closure of all UK schools to children, apart from those who have key worker guardians on 20th March 2020;
- Closure of the hospitality and leisure sector on the 20th March 2020 including pubs, bars, restaurants, gyms, theatres etc.;
- Re-opening of schools to all children in September 2020 alongside the UK Government encouraging workers to return to the office;
- Implementation and extension of the Government Tiered restrictions;
- Return to lockdown conditions on 5th November 2020, 2nd December 2020 and 6th January 2021; and
- Hotel quarantine for travelers from high-risk countries.

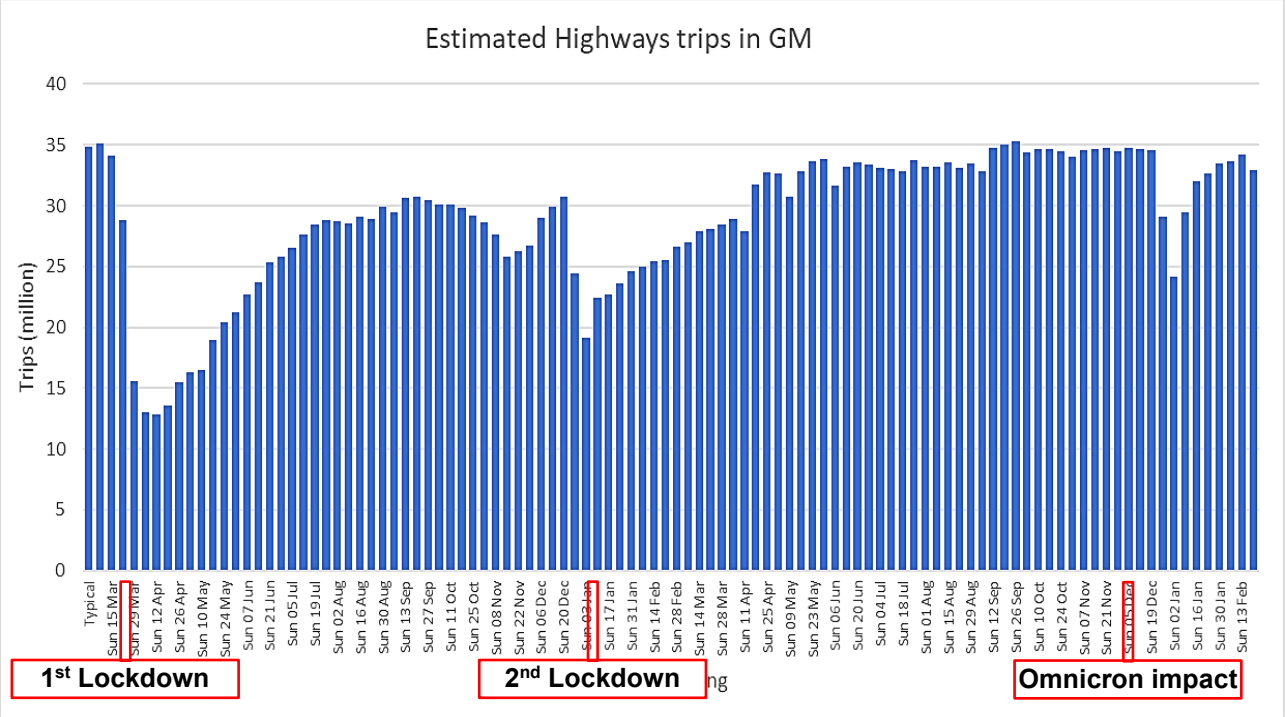
B.15 Since the beginning of the pandemic, travel patterns across the UK have significantly changed, driven by changing Government guidelines and the perception of transmission risks on certain forms of transport. An overview of the changing trends of travel behaviour by mode in Greater Manchester is provided in **Figure B-2** to **Figure B-6**; the data has been provided by TfGM. Three key dates have been flagged in each figure: the first and second national lockdowns plus the emergence of the Omicron variant.

## Figure B-2 Overview of travel behaviour – All Modes



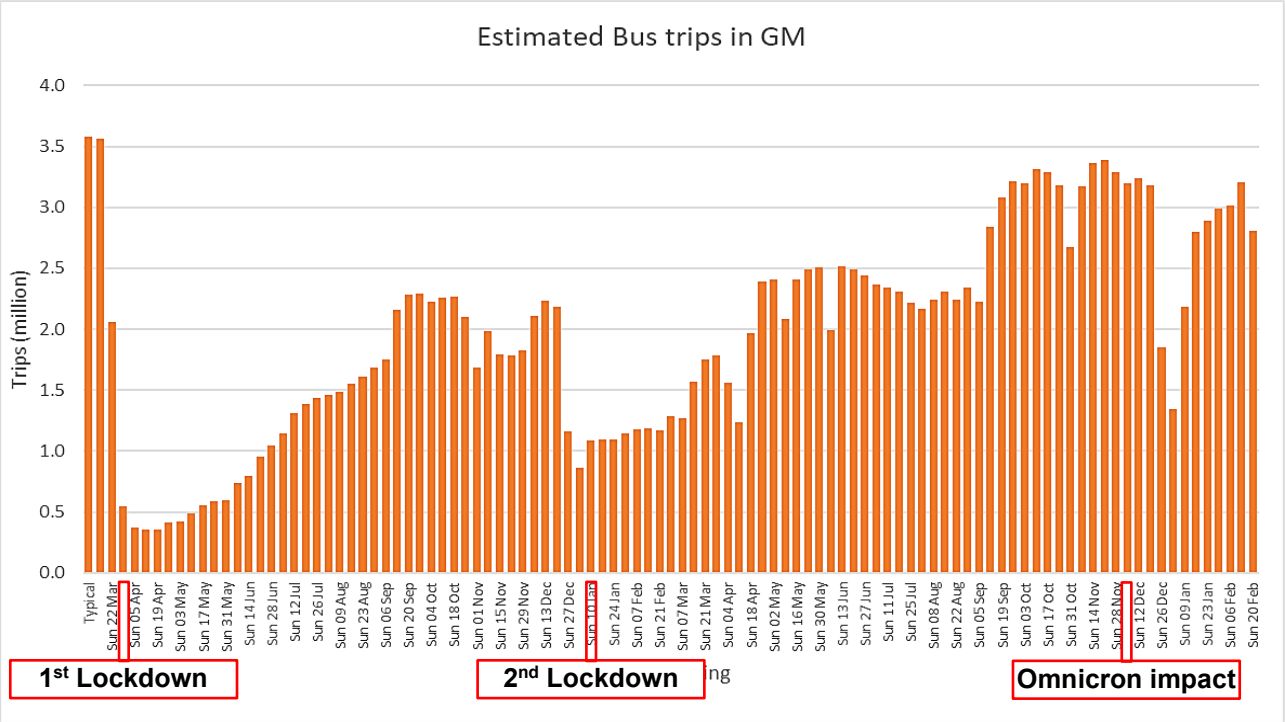

*Source: TfGM*

## Figure B-3 Overview of travel behaviour – Highway



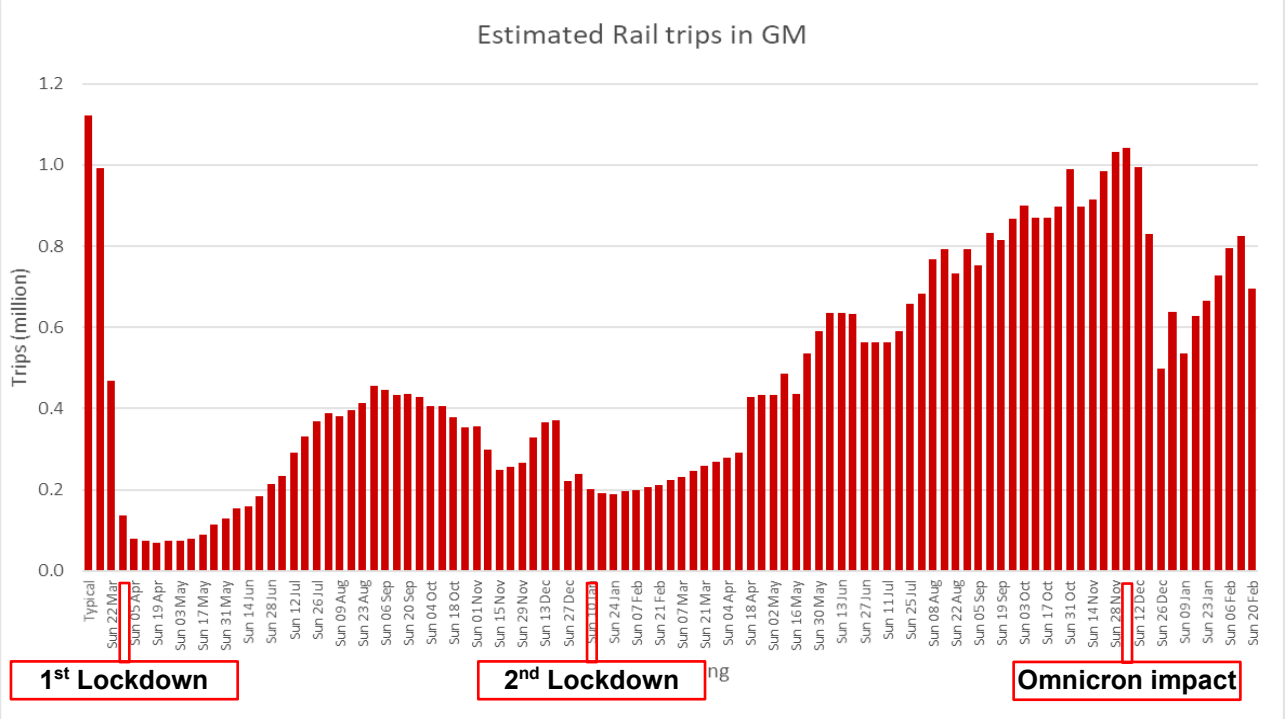

*Source: TfGM*

## Figure B-4 Overview of travel behaviour – Bus



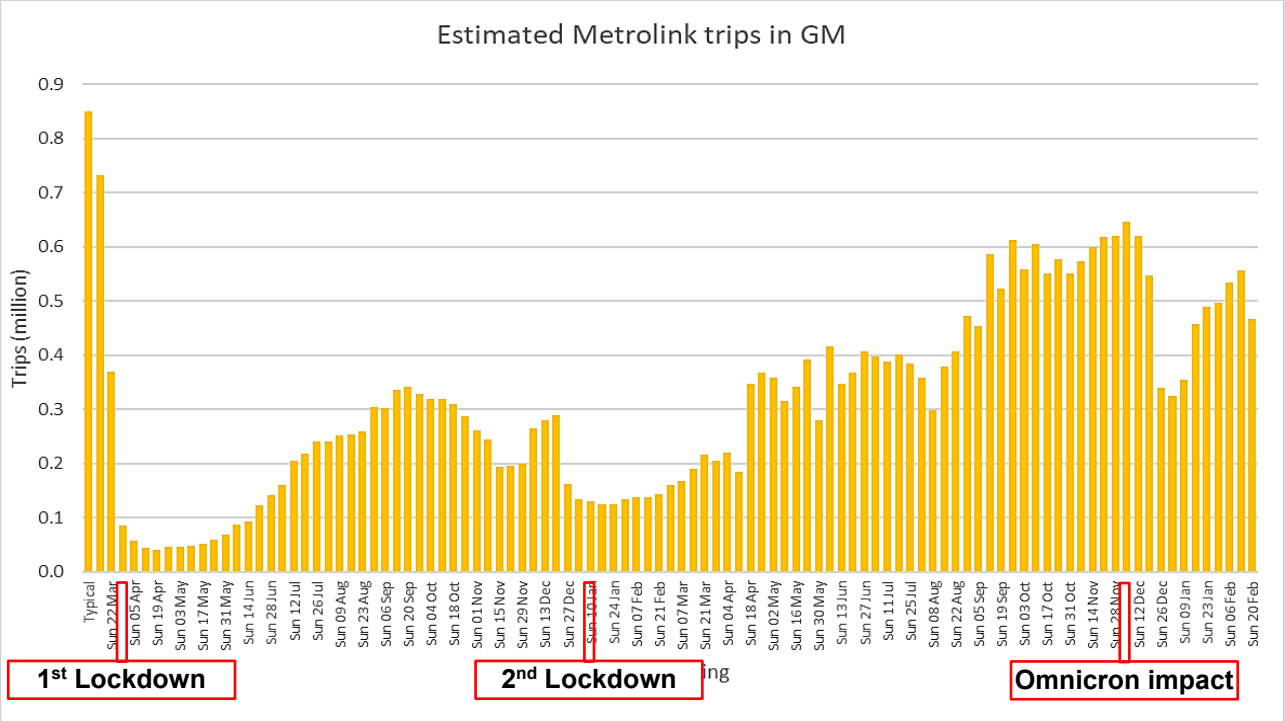

*Source: TfGM*

## Figure B-5 Overview of travel behaviour – Rail




*Source: TfGM*

**Figure B-6 Overview of travel behaviour – Metrolink**




*Source: TfGM*

B.16 These figures illustrate that the impact of the pandemic has been pronounced and the extent to which pre-pandemic travel volumes have returned varies by mode. In summary, at the aggregate level across GM:

- Highway trips are close to pre-pandemic levels (approximately 95% of 'typical'); and
- Public transport trip levels are between 60% and 75% of pre-pandemic / typical levels with bus performing more strongly than rail / Metrolink.

# Local Traffic Impacts

B.17 Further analysis was undertaken regarding traffic flows on the local highway network, in order to understand the changing highway demand levels at various points through the pandemic. This has provided an insight into how the Covid-19 related travel guidance and changing behaviours because of the pandemic have impacted travel across GM.

B.18 This analysis has considered changing travel levels at a range of locations across Greater Manchester, to understand how traffic flows have changed on the following:

- Roads near to the Regional Centre;
- Key radial routes;
- Roads adjacent to local centres within GM; and
- Roads accessing centres of employment.

B.19 The analysis has considered several points in time, comparing:

- September 2019 (before the pandemic);

- September 2020 (during the pandemic);
- November 2021 (during pandemic – pre Omicron); and
- January 2022 (most recent, though impacted by Omicron variant).

B.20 Traffic flow data was extracted and analysed from TfGM's C2 Database[27]. These have been reviewed and presented for the 2-way hourly link volumes, by hour, at the following locations:

- Manchester Rd (A56) / 15m South of Ashlor St, Bury (ATC);
- Princess Rd (A5103) / 100m North of Bonsall St, Hulme, Manchester (ATC);
- Washway Rd (A56) / 40m North of Hunston Rd, Sale, Trafford (ATC);
- Bury New Rd (A56) / 90m North of Kingswood Rd, Prestwich, Bury (ATC); and
- Centenary Way (A576) / 160m North of Guinness Rd, Trafford Park, Trafford (ATC)

B.21 Using these specific locations around Greater Manchester the traffic behaviours at each location type can be assessed.

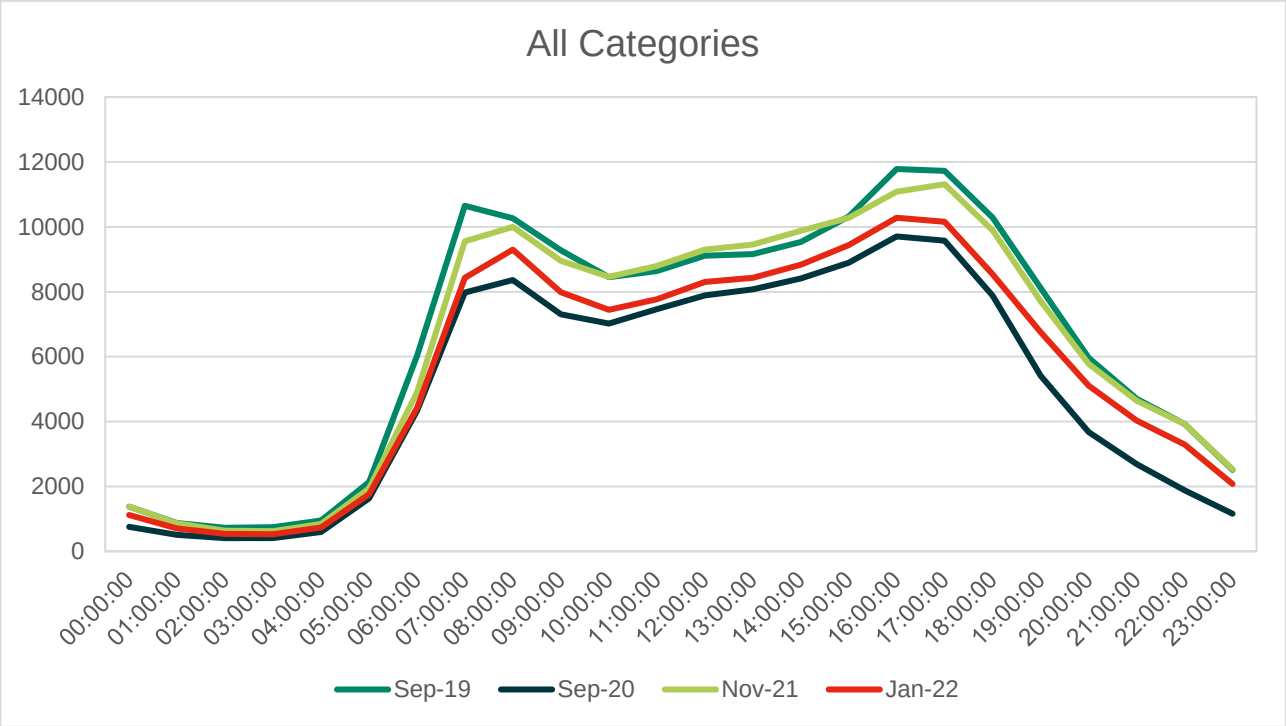
**General Traffic Conditions**

B.22 Averaging the sites identified above (see **Figure B-7**) suggests there has been a change in travel behaviour throughout the pandemic, noting the following key observations:

- The AM and PM peak periods have remained, although there is a dampening down effect on the peaks, with less variation between peak flows and interpeak flows, as the interpeak has continued to perform strongly.
- During late 2021, highway demand was almost back at pre-pandemic levels, there was then a noticeable drop again in demand as a result of the Omicron variant in December 2021.
- There has been some recovery during the peak periods, though they have not yet returned to pre pandemic levels.
- It is also noted that the earlier part of the AM peak is less strong than pre pandemic levels, with the AM peak now occurring 08:00 to 09:00, rather than 07:00 to 08:00 based on the sample of data sites.
- It also appears that the evening traffic (after 19:00) in 2022 is recovering at a slightly faster rate than the daytime traffic flows. This returned to pre-pandemic levels in November 2021 however, there has been a slight drop again in 2022, although it has been less impacted than other times of day. During the 2020 restrictions, the evening economy was significantly restricted by the Covid-19 restrictions in place at the time.

[27] https://tfgmc2.drakewell.com/multinodemap.asp

**Figure B-7 Change in traffic flow levels by time of day (all areas)**



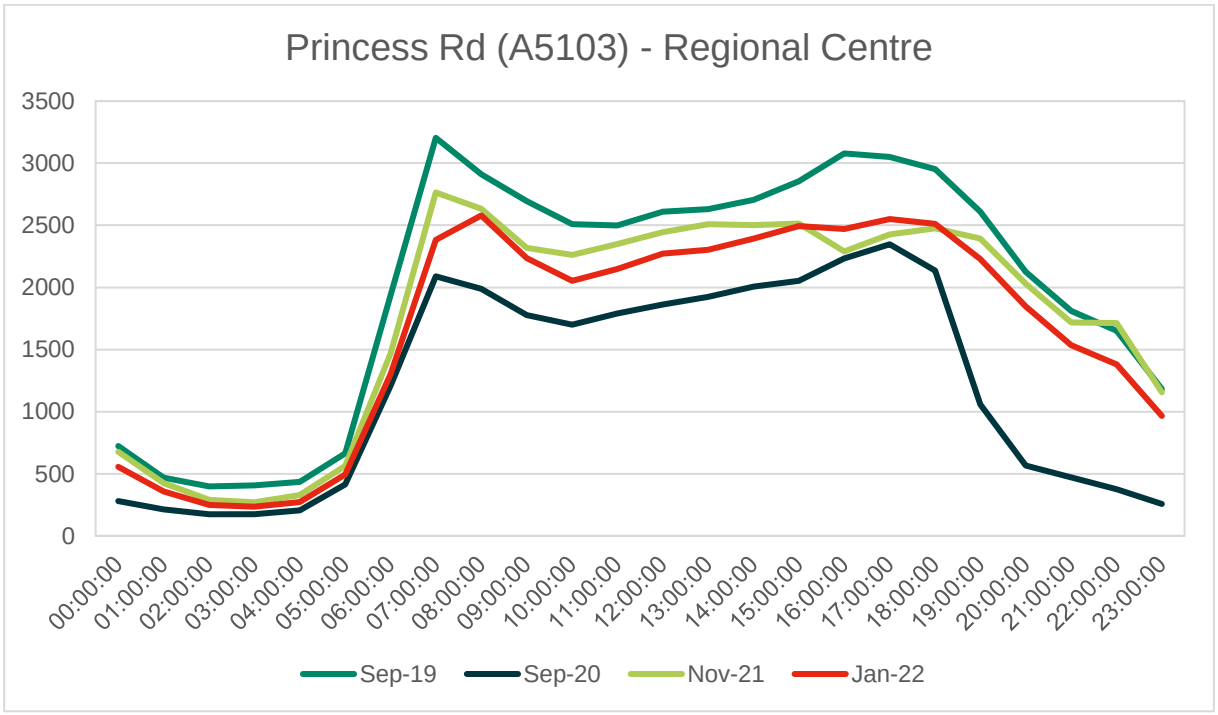

*Source: TfGM C2 Database*

### Roads adjacent to the Regional Centre

B.23 Traffic flows adjacent to the Regional Centre have been significantly impacted throughout the pandemic (see **Figure B-8**). The following key trends have been identified:

- From the data assessed, the pandemic (and associated restrictions) appears to have had the greatest impact on regional centre flows, with the largest decrease in 2020 and the slowest recovery;
- The recovery of traffic flows in the peaks is still subdued, though traffic flows during the Omicron variant have been higher than in Autumn 2020, unlike what is seen at local centres;
- In 2020, Covid-19 restrictions had a considerable impact on demand for travel relating to the Regional Centre, with heavy restrictions placed on sectors such as leisure, tourism, and the night time economy. By November 2021, the easing of COVID restrictions resulted in a return of travel demand to the Regional Centre, showing considerable recovery at particular times of day, reaching close to 2019 levels. The 2022 travel demand to Mar-22 also showed a strong return of traffic during the evening periods, though the Omicron variant is likely to be keeping these slightly below pre-pandemic levels at present.
- The early part of the AM peak is now much weaker than prior to the pandemic, and the PM peak is less pronounced. In November 2021, traffic flows were slightly reduced from pre pandemic levels, with the PM peak most strongly impacted. In January 2022, the PM peak appears to be starting to recover, with a slightly later AM peak.

**Figure B-8 Change in traffic flow levels by time of day (Regional Centre)**

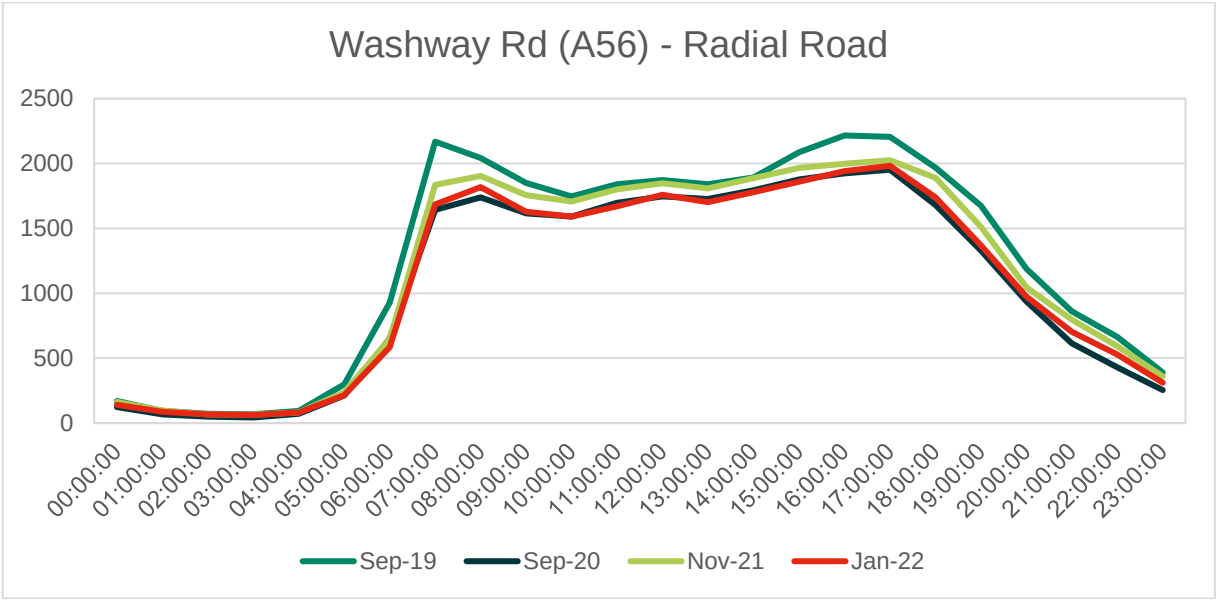



*Source: TfGM C2 Database – Location N of Bonsall St, Hulme*

### Radial Roads

B.24 On Washway Road in Sale (see **Figure B-9**), its proximity close to the M60, and as a key radial route, has resulted in a high level of traffic demand at various points throughout the pandemic. The site is also close to the Local Centre of Sale. Demand has remained strong at the various points assessed although, as with most other locations, the peak periods are showing slightly lower demand in 2022.

**Figure B-9 Change in traffic flow levels by time of day (Radial Roads Outside M60)**

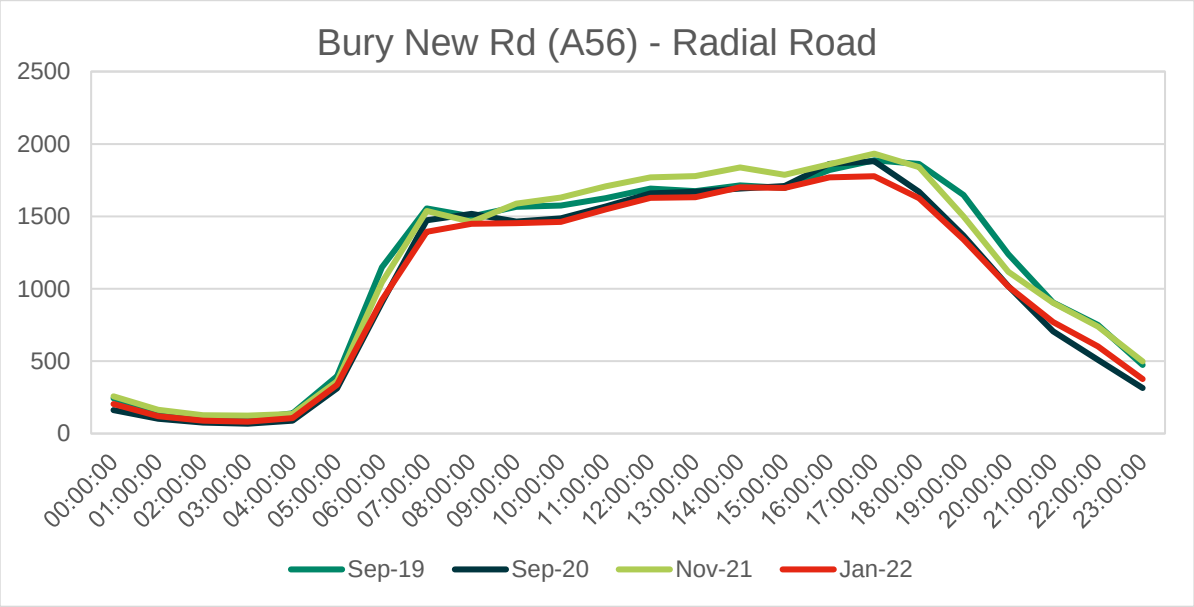



*Source: TfGM C2 Database – Location adjacent to Sale Local Centre*

B.25 Another key radial route north of the Regional Centre is Bury New Road (see **Figure B-10**). This site is also a key radial, though also serves local centres, such as at Prestwich. This location has shown a strong recovery of travel behaviour with travel at certain times of day exceeding pre-pandemic levels, especially during the

interpeak, both in autumn 2020, autumn 2021 and currently in 2022. The evening period has, however, shown a slower recovery.

**Figure B-10 Change in traffic flow levels by time of day (Radial Roads Inside M60)**



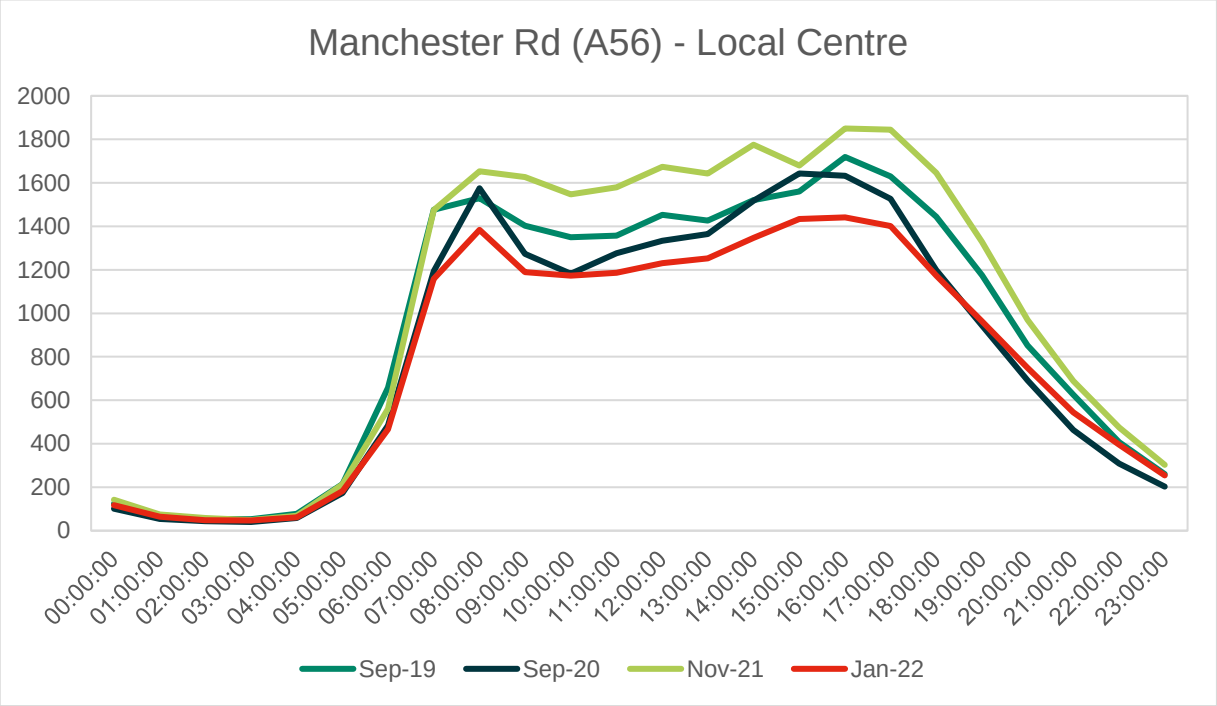

*Source: TfGM C2 Database – Location N of Kingswood Rd, Prestwich (Near to M60 J17)*

### Local Centres

B.26 Throughout the pandemic, as the UK Government eased travel guidance, travel demand in the vicinity of local centres, have bounced back strongly. **Figure B-11**, shows the A56 Manchester Road near Bury, which experienced a strong bounce back effect in Autumn 2020, when travel restrictions were eased. **Figure B-11** shows the later part of the AM peak and the early part of the PM peak exceeding pre pandemic levels, plus a strong interpeak and was likely an impact of more localised travel.

B.27 By the end of 2021, demand had exceeded 2019 pre-pandemic levels by a clear margin, however this demand fell significantly in January 2022. The recent 2022 data shows the impacts of restrictions associated with the Omicron variant which has suppressed traffic flows once again.

**Figure B-11 Change in traffic flow levels by time of day (adjacent to Local Centres)**



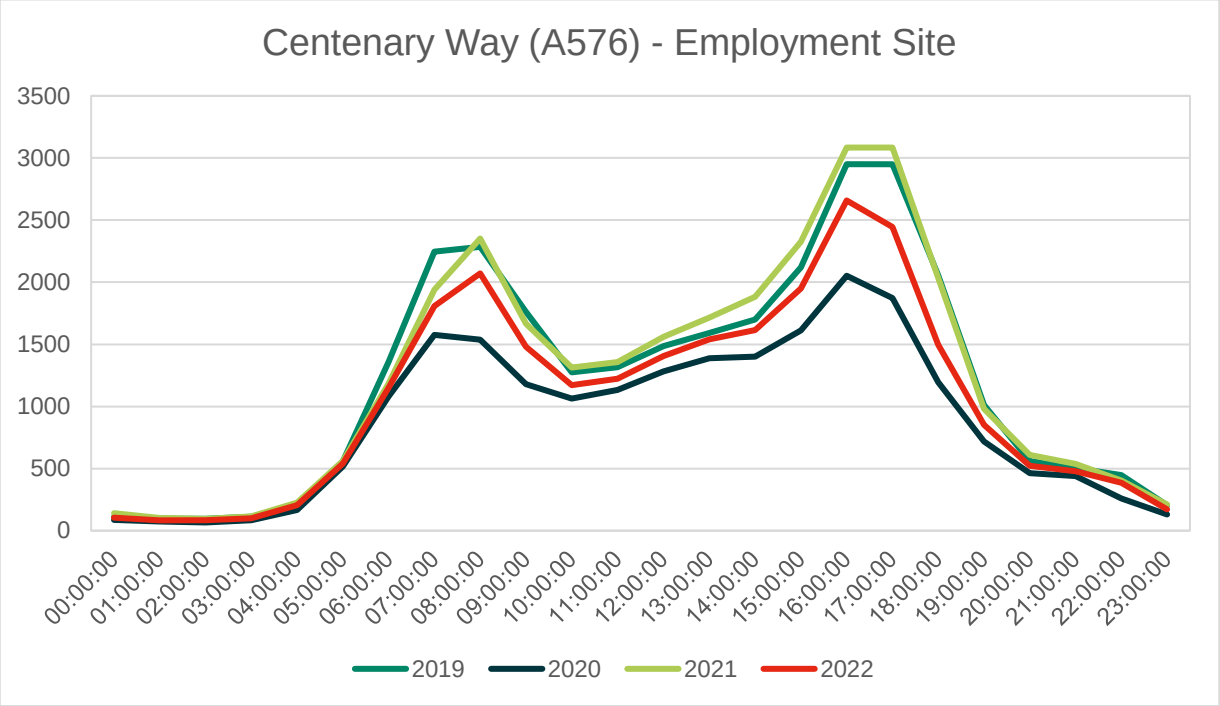

*Source: TfGM C2 Database – Location S of Ashlor St, Bury*

### Centres of Employment (Trafford Park)

B.28 Trafford Park is a major site of employment within Greater Manchester, with traffic flows accessing this employment area changing significantly during the pandemic.

B.29 During the limited easing of travel restrictions in Autumn 2020, traffic flows to/from Trafford Park remained low, with limited return of higher peak time travel flows. This was possibly due to the higher levels of working from home at the time. The more recent data from November 2021 shows flows higher than pre-pandemic levels. January 2022, though impacted by the Omicron variant, shows a recovery of peak hour travel demand, close to pre pandemic levels, although the early part of the AM peak and the later part of the PM peak show a slightly weaker recovery. Interpeak travel is also similar to pre pandemic levels (See **Figure B-12**).

**Figure B-12 Change in traffic flow levels by time of day (Centres of Employment)**




*Source: TfGM C2 Database – Location Trafford Park, Trafford*

**Summary**

B.30 The review of local traffic flows at various locations across GM has shown considerable variations in changing travel behaviour by location, when compared to pre-pandemic levels. This is likely to be impacted by changing travel habits, although the recent Omicron variant is likely to be impacting some travel behaviour in the 2022 data, as shown in **Figure B7**, general traffic levels in Autumn 2021 showed overall recovery in traffic flows above pre-pandemic levels.

B.31 The change in travel behaviour by location since September 2019 is summarised in **Table B-1**.

B.32 Considering the position in November 2021, when travel patterns were least affected, it is notable that Local Centre traffic flows were higher than previously whilst the Regional Centre flows were still much reduced. For radial routes and employment centres, overall (daily) levels were back to pre-pandemic but with some variation during the day; the morning peak being less pronounced but the interpeak higher.

## Table B-1 Traffic flow changes by location type from September 2019 to January 2022

| Location Type | Period | Change relative to Sep-19 (Index=100) | | | |
|---|---|---|---|---|---|
| | | Sep-19 | Sep-20 | Nov-21 | Jan-22 |
| Regional Centre | AM | 100 | 67 | 88 | 81 |
| | IP | 100 | 73 | 95 | 88 |
| | PM | 100 | 41 | 92 | 85 |
| | Eve | 100 | 26 | 95 | 85 |
| | Daily | 100 | 61 | 88 | 83 |
| Radial inside M60 | AM | 100 | 98 | 98 | 93 |
| | IP | 100 | 98 | 105 | 96 |
| | PM | 100 | 101 | 102 | 96 |
| | Eve | 100 | 80 | 94 | 83 |
| | Daily | 100 | 92 | 101 | 91 |
| Local Centres | AM | 100 | 103 | 108 | 90 |
| | IP | 100 | 96 | 115 | 88 |
| | PM | 100 | 94 | 113 | 86 |
| | Eve | 100 | 74 | 110 | 87 |
| | Daily | 100 | 90 | 111 | 86 |
| Employment Centre | AM | 100 | 69 | 95 | 86 |
| | IP | 100 | 83 | 108 | 94 |
| | PM | 100 | 61 | 102 | 79 |
| | Eve | 100 | 74 | 99 | 91 |
| | Daily | 100 | 74 | 102 | 88 |

*Source: TfGM C2 Database*

# Economic Related Impacts

### Introduction

B.33 Changes in the economic situation are also likely to have had an influence on travel behaviour. The section below presents the trends for a range of factors impacting the economy, several of which are likely to impact the way people travel and businesses operate.

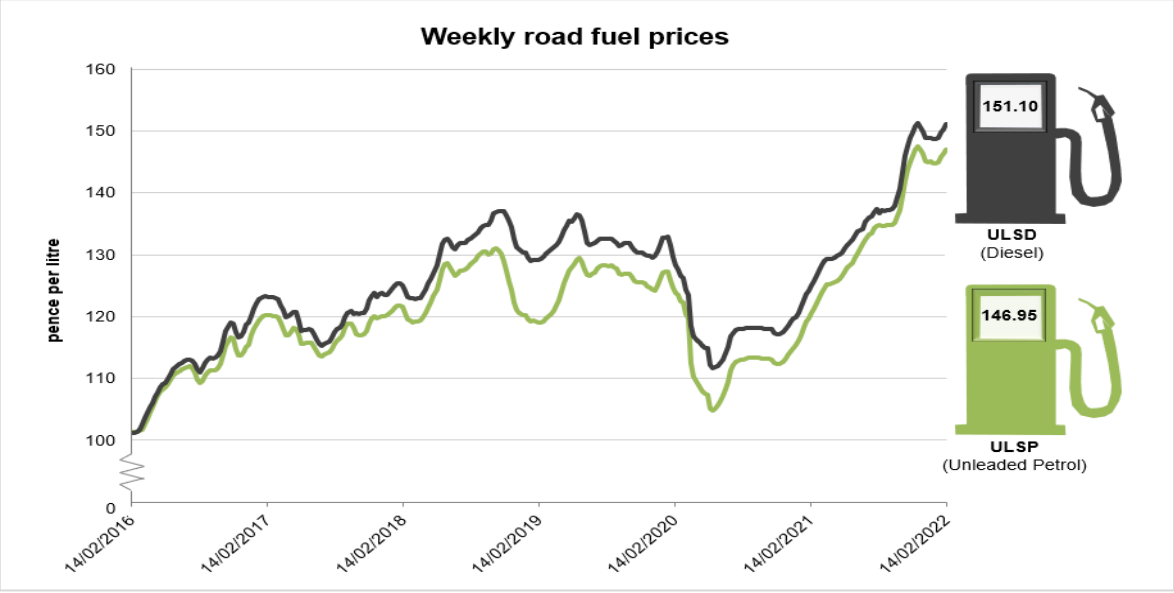
### Fuel Prices

B.34 There are six companies (four oil companies and two supermarkets) that feed into the weekly fuel price survey prepared by the government. These companies cover around 65% of the market. The change in fuel price is displayed in **Figure B-13**.

B.35 The price of road fuel is volatile over shorter time periods, with prices regularly rising and falling. The key trends from during the pandemic are:

- At the start of 2020 prices appear to have been on the decline. There was then a significant fall in both Diesel and Unleaded Petrol in early 2020, corresponding with the first national lockdown.
- During the second part of 2020, prices appear to be stable, with prices beginning to rise steadily throughout 2021 in line with global oil market prices.
- There is a steep rise in prices towards the end of 2021, reaching record highs. This corresponds with a sudden rise in post-pandemic energy demand. This has triggered a tax freeze on petrol and diesel for the twelfth year in a row[28].
- In September 2021 long queues and forecourt closures were witnessed, caused by panic buying throughout the country, sparking a fuel shortage in Britain.

**Figure B-13 Weekly Road Fuel Prices**




*Source: gov.uk*

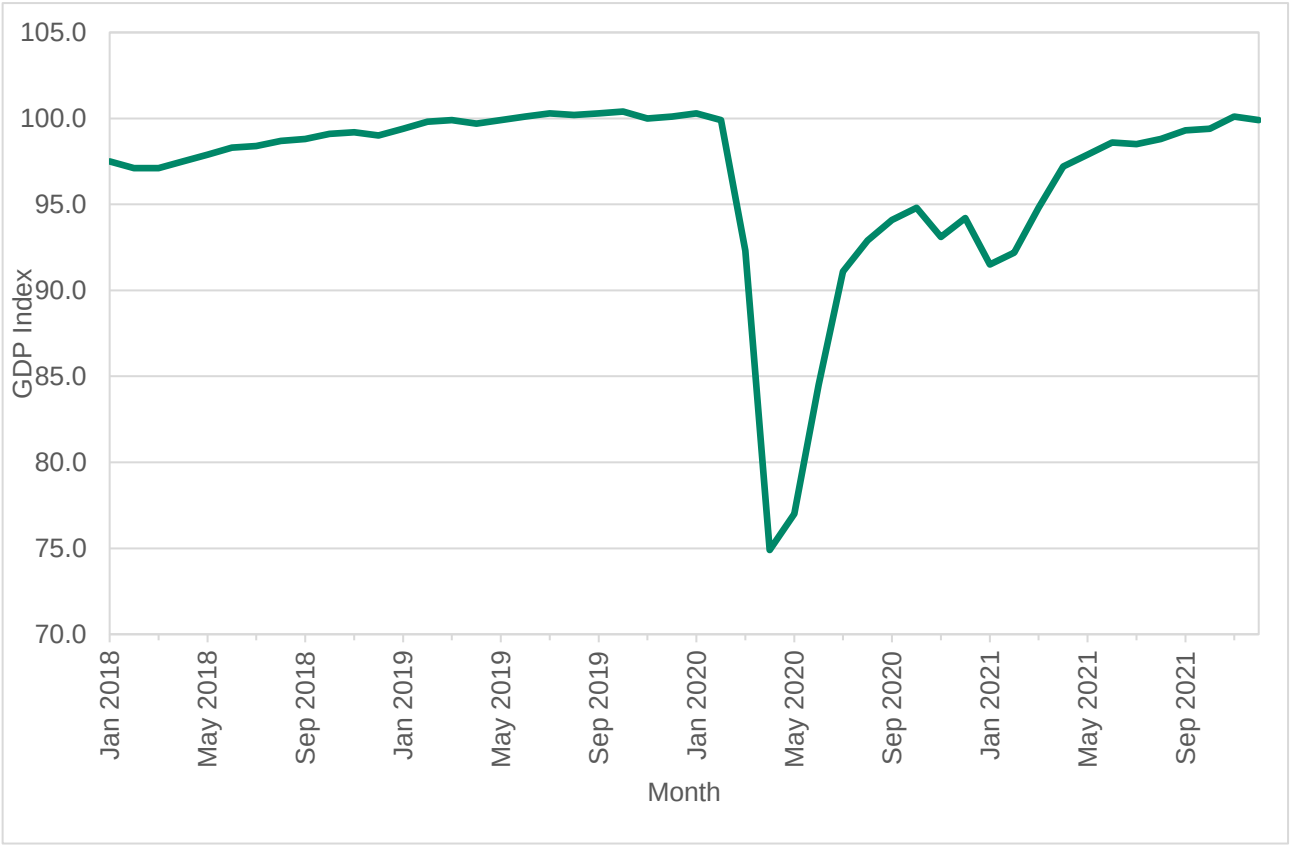
[28] https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rises-petrol-prices-record-highs-b962832.html

B.36 It was already likely that the price of fuel would remain unsteady for some time as a consequence of the impact of the pandemic and recent events in Ukraine have brough additional uncertainty to that market.

### GDP

B.37 From bulletins on the ONS data website[29] the end of 2021 saw a drop in GDP by 0.2%, to equal the pre pandemic level of February 2020. In December 2021 services and construction are both above pre-pandemic levels, while production remained below. Consumer facing services fell within December, driven by a fall in retail, 8.4% below pre-coronavirus levels, contributing to the GDP fall in December 2021 (see **Figure B-14**).

**Figure B-14 GDP in the UK (Index, 2019 = 100)**




*Source: ons.gov.uk/economy[30]*

B.38 Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021[31]. In real terms (adjusted for inflation), total and regular pay fell for the year by 0.1% and 0.8% respectively.

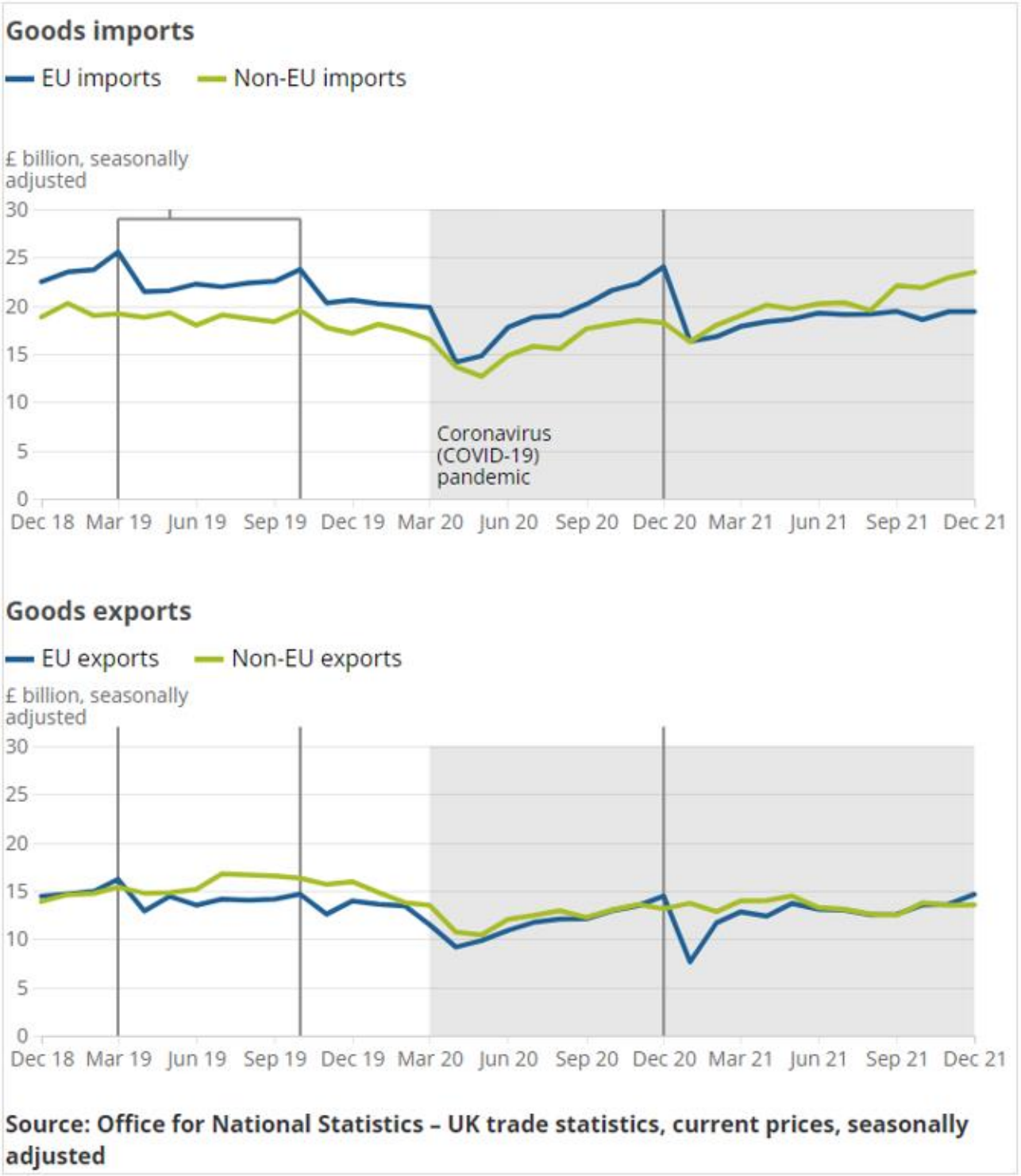
### Imports and Exports

B.39 **Figure B-15** shows the trends in UK goods imports and exports throughout 2019, 2020, and 2021. After an initial decrease in imports at the beginning of the pandemic, this appears to have recovered. There was another significant decrease at the end of 2020, however imported goods are on the increase back to

[29] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021
[30] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021
[31] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022

pre-pandemic levels. There was less impact on exports, with these remaining steady throughout.

**Figure B-15 Import and Exports**




*Source: ons.gov.uk/economy*[32]

### Centre for Cities – Cities Outlook

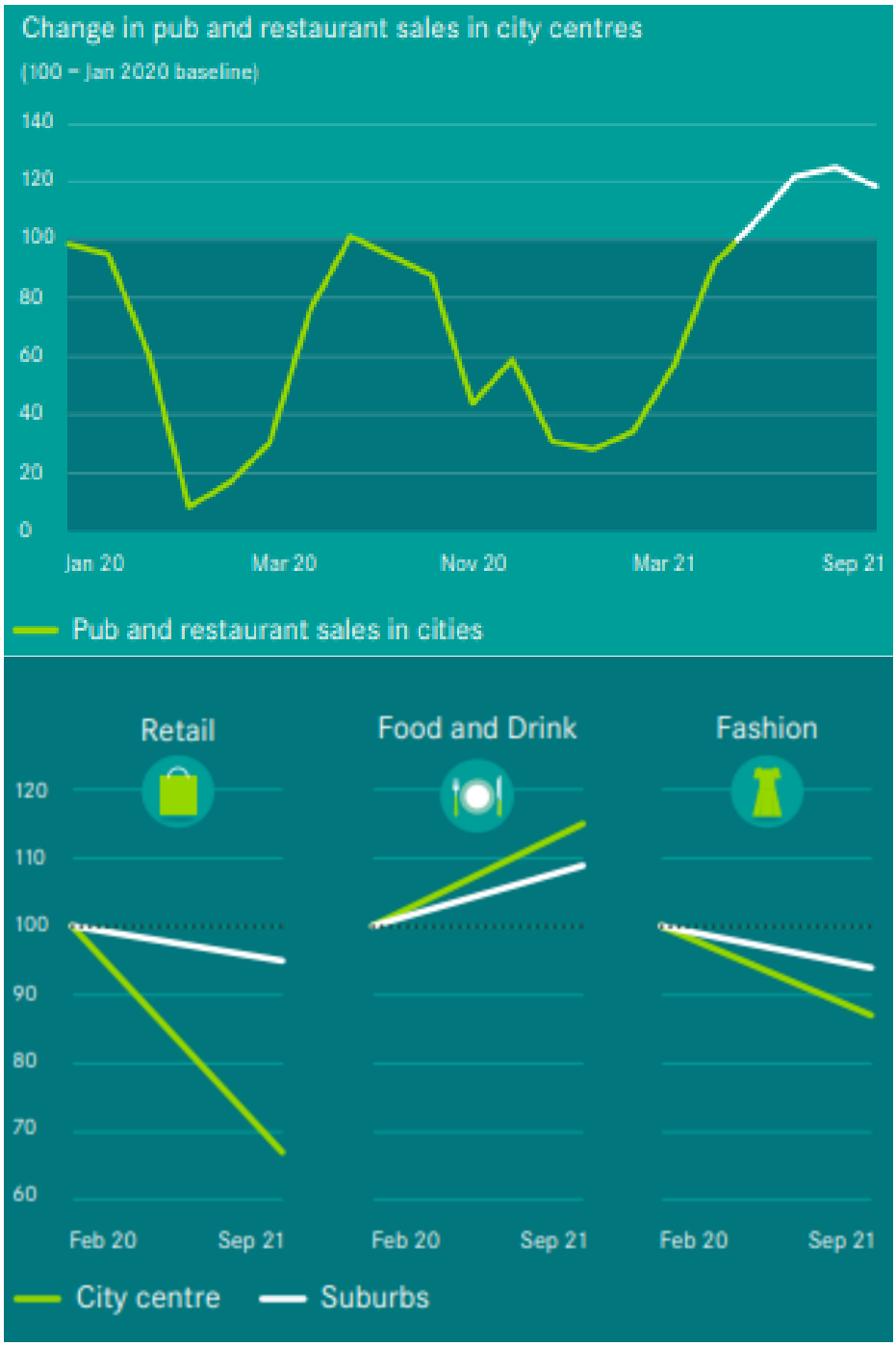
B.40 Centre for Cities produced the Cities Outlook 2022 report looking in-depth at the state of UK high streets, to get a sense of the short-term impact of the pandemic on Britain's town and city centres, and the long-term consequences and implications this has for the Government's levelling up agenda. This report showed

[32] https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output

that there was a quick and considerable shift away from high streets to online shopping during the pandemic. However, in most cities the shift stalled, or slightly fell again once shops reopened.

B.41 The Cities Outlook report also studies the impacts on pubs and restaurants, stating that the fashion sector was hit harder than pubs and restaurants. **Figure B-16** shows the trend in sales throughout 2020 and 2021. There are clear decreases in sales corresponding to the national lockdowns but in all instances, these soon recover when the sector reopens. This is also reflected in the suburbs, with retail and fashion experiencing a slight decline from Feb 2020 to September 2021 but food and drink on a steady incline.

**Figure B-16 Change in pub and restaurant sales in City Centres and Suburbs**



*Source: ons.gov.uk/economy*[33]

B.42 Due to the work from home regulations and, for many, working from home becoming a regular part of the working week, it is feared the reduced footfall in cities will have a lasting effect on retail, hospitality, and transport sectors. **Figure B-17** show the weekday footfall in London, Manchester and Birmingham. Although not yet back to pre-pandemic levels, there is a steady climb in footfall in the major cities with Manchester appearing to recover more quickly than Birmingham, and London taking considerably longer.

B.43 The more significant impact on London may be related to the impact of Covid-19 on international tourism.

**Figure B-17 Weekday footfall**




*Source: ons.gov.uk/economy*

[33] https://www.centreforcities.org/

# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

# Appendix B - Technical Note: Vehicle Sector Review – Taxis (Hackney Carriages and Private Hire Vehicles)

DRAFT FOR APPROVAL

June 2022

# 1. Introduction

## Background

1.1 After the initial Outline Business Case (OBC) submission in March 2019, a series of technical notes were published setting out the results of analysis and research carried out to better understand the vehicles in scope for the scheme. For taxis, this included, in particular, *Technical Note 10: Taxi Behavioural Responses Note*, and *Technical Note 19: Taxi and Private Hire Vehicle Fleet Research.*[1]

1.2 Further notes were produced setting out the development of analytical tools for taxis, with the latest published summary of that work provided in *T4 Appendix A* of the Modelling for Consultation.[2] Research was carried out with taxi owners potentially in scope for the scheme, including deliberative research[3] and a survey with 66 taxi owners.[4]

1.3 This evidence formed the basis of the development of the Option for Consultation. From March 2020, it became clear that the Covid-19 pandemic would affect the Greater Manchester Clean Air Plan (GM CAP); a programme of work was carried out in 2020/2021 to better understand the possible impacts of the Covid-19 pandemic on the GM CAP, published as the Impacts of COVID Report in June 2021.[5] This evidence, alongside feedback from the Consultation, was used to inform the revised GM CAP as approved by the ten GM local authorities in June/July 2021.

1.4 At that time, GM identified several possible risks to the GM CAP, which included concerns about the risk of vehicle price increases and the impact of any further lockdowns in the UK or countries in the supply chain.

1.5 This report, which was originally developed in February 2022, draws a series of findings and conclusions to better understand the circumstances affecting hackney and PHV owners in Spring 2022 (based upon the previous' GM CAP implementation date) and the implications for the GM CAP and surrounding policy framework.

1.6 Since Spring 2022, there have been further dramatic changes to the economic context in the UK which are not explicitly addressed in this report but are set out in **Appendix E**. A range of factors associated with the impact from war in Ukraine, increased costs of energy and fuel, changes to Bank of England base rates and forecasts, global supply chain challenges, and the cost-of-living crisis have combined to create a context of increased financial hardship for businesses and families.

## Structure of Note

1.7 The remaining sections of the report are structured as follows:

[1] All available at https://cleanairgm.com/technical-documents/
[2] https://assets.ctfassets.net/tlpgbvy1k6h2/3AKtd1g0fg5OwQFNzc5FlQ/2b42ae34e93d292a5ec2eb26f7f5e8fb/T4_-_Appendix_A_Behavioural_Response_Cost_Models_and_Demand_Sifting_Tool.pdf
[3](ctfassets.nethttps://assets.ctfassets.net/tlpgbvy1k6h2/15ZwMWdJ0EQ1NvqPNG1Hgw/f856512a823040934674eb543573ff70/GM_CAP_Deliberative_Research_ALL_-_Spring_2019.pdf)
[4]https://assets.ctfassets.net/tlpgbvy1k6h2/5e5iXeGPZwXiSvaTTWgID0/4c93aa82e0d4ec3e5f4f7ddcb29ae9ff/GM_CAP_Survey_and_Interviews_VAN_-_Autumn_2019.pdf
[5]https://assets.ctfassets.net/tlpgbvy1k6h2/2vJXVuLxfXON7HexGli29Q/4726e8696145d9f10bd1b19c16bdc1dd/Appendix_5_____Impacts_of_Covid-19_Report.pdf

- **Section 2** provides a review of the in-scope vehicles of the current Taxi sector in GM;
- **Section 3** reviews the impacts of Covid-19 on the Taxis sector, with a particular focus on the availability and prices of purchasing new and used taxis. This chapter also considers the vulnerability impacts of Covid-19 on the sector; and
- **Section 4** provides a summary of the key findings, also presenting details of any key risks or issues facing the sector in responding to GM CAP.

1.8 In addition, **Appendix A** provides a list of data used to inform the report and **Appendix B** reviews the recent changes in travel behaviour within GM through the pandemic up until January 2022.

# 2. Review of Vehicles in Scope

## Overview of Vehicle Sector

2.1 Taxis offer a flexible form of door-to-door public transportation. The taxi vehicle sector comprises of two vehicle types:

- Hackney Carriage; and
- Private Hire Vehicles (PHVs).

2.2 Hackney Carriages can be distinguished from PHVs in their licensing and operating regime. Hackney Carriages can legally be hailed by passengers in the street, pick up fares from taxi ranks and take pre-bookings from within their licensing authority (or an origin outside their area in the case of pre-bookings only). PHVs must be pre-booked with a licensed operator and cannot be hailed by passengers in the street or use taxi ranks. For the purposes of this note, 'taxi' refers to the collective term for both Hackney Carriages and PHVs.

2.3 Local Authorities regulate Hackney Carriage fare tariffs and have control over total Hackney Carriage numbers through the issue of licences. A licence is required for both the Hackney Carriage and for any person driving a Hackney Carriage. PHVs fares are not regulated by the local authorities and the council has no power to regulate fares charged.

2.4 Detailed research on taxis has been carried out as part of the Clean Taxi Fund (CTF) - Case for Measure, produced in Autumn 2020 and Cost Response Model reports.

2.5 It is important to note that there are a small number of Hackney Carriage that operate within GM that are not registered to a GM Local Authority (LA), these vehicles would also be affected by GM CAP. Due to Hackney Carriage operational requirements, non-GM licensed Hackney Carriages are not permitted to take fares solely within GM. Therefore, non-GM Hackney Carriages operating within GM will be for trips where the journey origin is outside GM or for pre booked journeys.

2.6 For context, the proportion of vehicle types in GM, relative to the regional and national averages, are provided in **Table 2-1** based on the latest available registration statistics from the DfT. There will be instances, particularly for commercial usage, where vehicles are registered in one location but used in another, but this table provides an overview of the relative size of each fleet.

**Table 2-1 Proportion of Vehicle Types Registered by Area, Jan-22**

| | Cars | Van | HGV | Bus & Coach | Other |
|---|---|---|---|---|---|
| GB | 85.0% | 11.3% | 1.3% | 0.4% | 2.1% |
| England | 85.1% | 11.3% | 1.3% | 0.4% | 1.9% |
| NW | 85.7% | 10.9% | 1.5% | 0.3% | 1.6% |
| GM | 85.6% | 11.8% | 1.6% | 0.4% | 0.7% |

*Source: Department for Transport, Statistical data set, All vehicles (VEH01), Last updated 13 January 2022*

2.7 Within these national statistics, Hackneys are one of a number of vehicle types categorised as 'other'; PHVs are included within the cars category.

2.8 Referring to ANPR data captured by GM in 2019, compared to the GM Taxi fleet list, GM licensed taxis as a proportion of cars registered in GM equates to approximately 1.4%.

# In-scope Vehicles

**Compliance of the Hackney Carriage fleet serving GM**

2.9 **Table 2-2** presents the number of Hackney Carriages estimated to be serving GM in 2019 and 2023, including splits by compliant and non-compliant vehicles which failed to meet Euro VI standards at that point.

**Table 2-2 Number of Hackneys Carriages in GM by compliance – 2019 & 2023 (without CAP)**

| | 2019 | | | 2023[6] | | |
|---|---|---|---|---|---|---|
| | GM Licensed | Non-GM Licensed | Total | GM Licensed | Non-GM Licensed | Total |
| Compliant | 259 (12%) | 37 (13%) | 296 (12%) | 738 (36%) | 105 (36%) | 844 (36%) |
| Non-Compliant | 1,821 (88%) | 259 (87%) | 2,080 (88%) | 1,342 (64%) | 191 (64%) | 1,532 (64%) |
| Total | 2,080 (100%) | 296 (100%) | 2,376 (100%) | 2,080 (100%) | 296 (100%) | 2,376 (100%) |

*Source: FBC Appendix V, T4 Annex C: Vehicle Population Estimates (FBC – includes 1 year delay in natural fleet upgrade)*

2.10 In 2019, there were 2,376 Hackney Carriages serving GM, with 296 (12%) deemed compliant and 2,080 (88%) non-compliant. Non-GM licensed vehicles represent 10% of the total.

2.11 The large proportion of Hackney Carriages which are non-compliant is partly due to a relatively long lifespan, with many Hackney Carriage owners typically holding onto vehicles for several years (given the limited second-hand market for this vehicle type). Also, compliant Hackney Carriages did not come onto the market until 2015, with the Euro VI standard coming into force for Hackney Carriages in 2015.

2.12 GM forecast that the number of non-compliant Hackney Carriages serving GM will have reduced from 2,080 in 2019 to 1,532 by 2023 as a result of ongoing vehicle upgrades. This means that 548 vehicles would have been upgraded from a non-compliant vehicle as a result of business-as-usual purchase.

2.13 The anticipated rate of upgrade for Hackney Carriages was revised in 2021 based on evidence that the Covid-19 pandemic had delayed vehicle purchases, such that the fleet was estimated to be around 12 months older than previously forecast (note this delay is represented within the values quoted in **Table 2-2)**.

[6] Note: 2023 vehicle volumes include a one-year delay in the natural turnover of the taxi fleet assumption. This assumption was agreed with JAQU in Spring 2021 and incorporated within the 2021 modelling undertaken by GM support the FBC and is currently being reviewed based on new available data.

2.14 The rationale and methodology for this change is set out in the report "GM's proposed approach to representing the impact of Covid-19 in core modelling scenarios".[7] This had the effect of reducing the number of GM-based Hackney Carriages expected to make a business-as-usual upgrade between 2019 and 2023 by 149.[8]

**Compliance of the PHV fleet serving GM**

2.15 **Table 2-3** presents the number of PHVs estimated to be serving GM in 2019 and 2023, including splits by compliant and non-compliant vehicles which failed to meet Euro VI standards at that point.

**Table 2-3 Number of PHVs in GM by compliance – 2019 & 2023 (without CAP)**

| | 2019 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | GM Licensed | Non-GM Licensed* | Total | GM Licensed | Non-GM Licensed | Total |
| Compliant | 3,595 (29%) | 1,384 (29%) | 4,979 (29%) | 8,425 (68%) | 3,243 (68%) | 11,668 (68%) |
| Non-Compliant | 8,806 (71%) | 3,390 (71%) | 12,196 (71%) | 3,976 (32%) | 1,530 (32%) | 5,506 (32%) |
| Total | 12,401 (100%) | 4,773 (100%) | 17,174 (100%) | 12,401 (100%) | 4,773 (100%) | 17,174 (100%) |

*Source: FBC Appendix V, T4 Annex C: Vehicle Population Estimates. *Note: Non-GM fleet information estimated based on FOI request data. Note: 2023 values include a 12 month delay to the natural turnover of the fleet due to the pandemic*

2.16 In 2019, there were 17,174 PHVs serving GM, with 4,979 (29%) deemed compliant and 12,196 (71%) non-compliant. Vehicles licensed with one of GM's ten local authorities are as likely to be compliant as non-GM licensed vehicles (29% compliant).

2.17 A proportion of the PHVs within the taxi fleet would normally be upgraded each year, with the oldest vehicles being scrapped out of the fleet. GM's forecast suggests that the number of non-compliant PHVs serving GM will have reduced from 12,196 in 2019 to 5,506 by 2023. Meaning 6,690 vehicles would have been upgraded from a non-compliant vehicle as a result of business-as-usual purchase.

2.18 Based on evidence that the Covid-19 pandemic had delayed vehicle purchases, the anticipated rate of upgrade for PHVs was revised in 2021, such that the fleet was estimated to be around 12 months older than previously forecast. The rationale and methodology for this change is set out in the report "GM's proposed approach to representing the impact of Covid-19 in core modelling scenarios"[9]. This had the effect of reducing the number of GM-based PHVs expected to make a business-as-usual upgrade between 2019 and 2023 by 965[10].

[7] https://assets.ctfassets.net/tlpgbvy1k6h2/2ZMJ3DJXiv7p3xOeZu4CYQ/247196ef60e33ac89f7f8938e1e16418/Appendix_6D_____GM_proposed_approach_to_representing_the_impact_of_Covid-19_in_core_modelling_scenarios.pdf

[8] TN 37 Vehicle Populations, compared to T4 Annex C

[9] https://assets.ctfassets.net/tlpgbvy1k6h2/2ZMJ3DJXiv7p3xOeZu4CYQ/247196ef60e33ac89f7f8938e1e16418/Appendix_6D_____GM_proposed_approach_to_representing_the_impact_of_Covid-19_in_core_modelling_scenarios.pdf

[10] TN 37 Vehicle Populations, compared to T4 Annex C

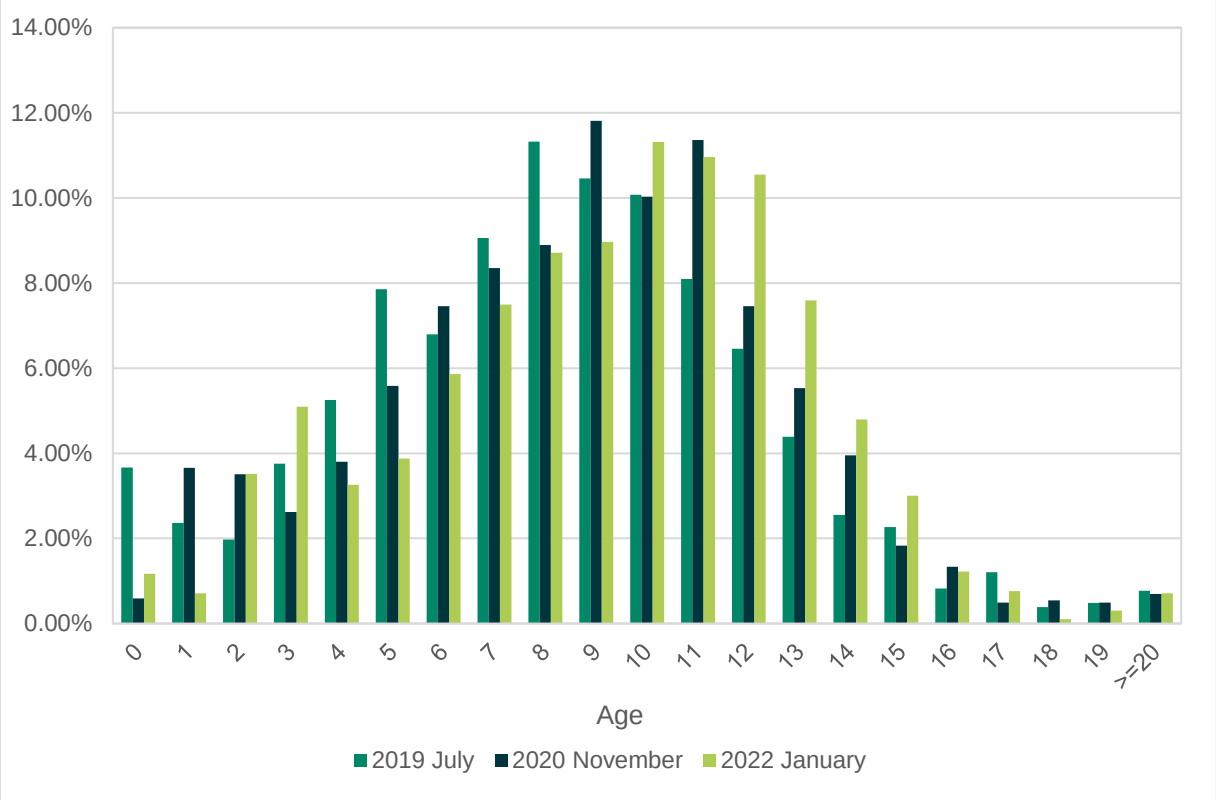
# Review of Fleet Profile

2.19 Taxi licensing data from GM local authorities has been obtained and compared across July 2019, November 2020 and January 2022 to understand the taxi fleet profile operating in GM and how it has changed over time.

2.20 **Figure 2-1** below provides an insight into the change of GM-registered Hackney Carriage age profile over time. Only 12 brand-new Hackney Carriages (0-year-old) were licensed within GM within the year before November 2020 which is significantly lower than that of 2019 when 76 brand-new Hackney Carriages were licensed. The number of brand-new Hackney Carriages licensed increased from 12 to 23 in 2022 although this is still lower than the 2019 figure of 76, and suggests that the purchasing of new Hackney Carriages has significantly reduced since 2019.

2.21 It can be seen clearly that the Hackney Carriage age profile has been slightly "shifted" to the right from 2019 to 2022, which indicates that fleet age has grown older, and the fleet natural upgrade process had been delayed slightly.

**Figure 2-1 Change in Hackney Carriage Fleet Age Distribution**

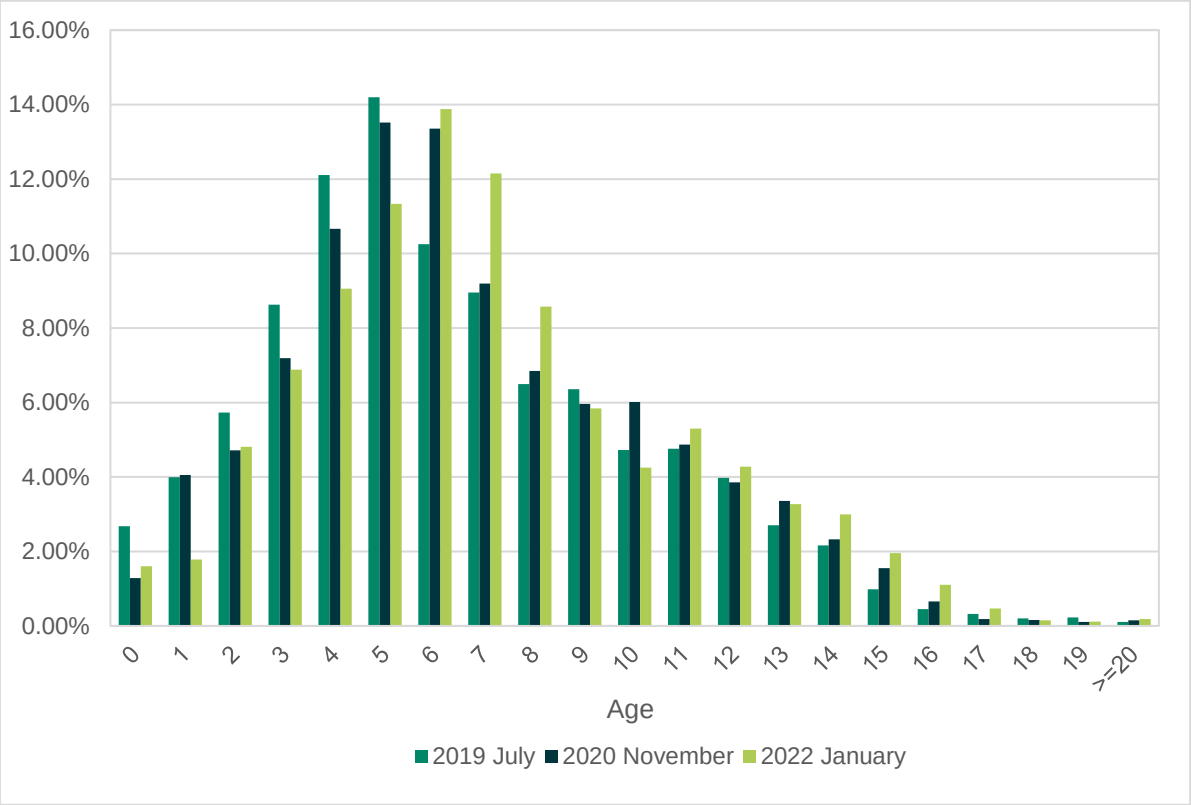



*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

2.22 A similar trend can be seen in PHVs as shown in **Figure 2-2**, with 147 brand-new PHVs licensed in the year before November 2020, which is less than half of the number in 2019 (327). 181 brand-new PHVs were licensed in 2022, a slight increase from 2020, although still lower than the number in year 2019 (327). This suggests there has been a reduction in the purchasing of brand-new PHVs since 2019.

2.23 The PHV fleet age profile had also grown older in 2020 and 2022 comparing to 2019, which indicates that the PHV fleet natural-upgrade process had also been delayed. However, the upgrade delay seems to be less significant when compared to that of Hackney Carriages.

**Figure 2-2 Change in PHV Fleet Age Distribution**



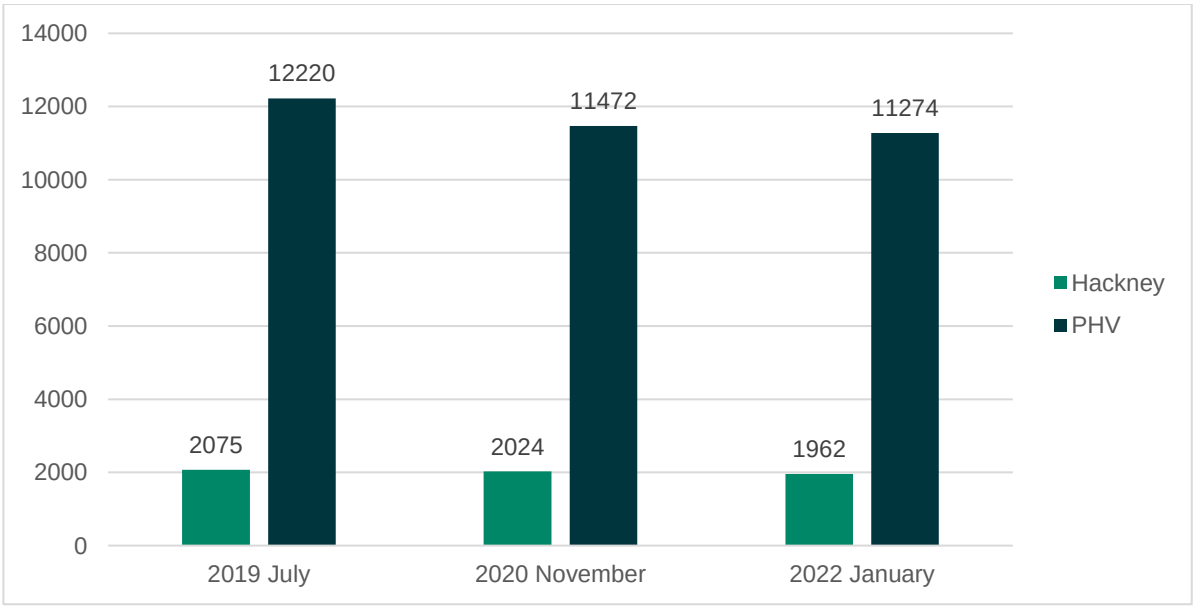

*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

2.24 ANPR data shows the age distribution for both GM registered Hackney Carriages and PHVs increased from 2019 to 2021. Comparisons of key vehicle profiles have been conducted to examine the changes over time. The key findings are as follows:

**Total GM registered taxi numbers**

2.25 The total number of GM licensed taxis decreased from 2019 to 2022 by 5.4% for PHVs and 7.7.% for Hackney Carriages as shown in **Figure 2-3**.

**Figure 2-3 Total GM Licensed Hackney Carriage and PHV Numbers**




*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

### Taxi age profile

2.26 The average age of both PHVs and Hackney Carriages in the GM licensed fleet increased from 2019 to 2022 as shown in **Table 2-4**. The PHV average age increased by 0.7 years and Hackney Carriages by 0.9 years. The average age of PHVs is now 7.1 years and 9.1 years for Hackney Carriages

**Table 2-4 Average Vehicle Age**

| Taxi Types | Data year | 2019 | 2020 | 2022 |
|---|---|---|---|---|
| **Hackney Carriage** | Average Age | 8.2 | 8.7 | 9.1 |
| | Most common age group | 8 | 9 | 10 |
| **PHV** | Average Age | 6.4 | 6.8 | 7.1 |
| | Most common age group | 5 | 5 | 6 |

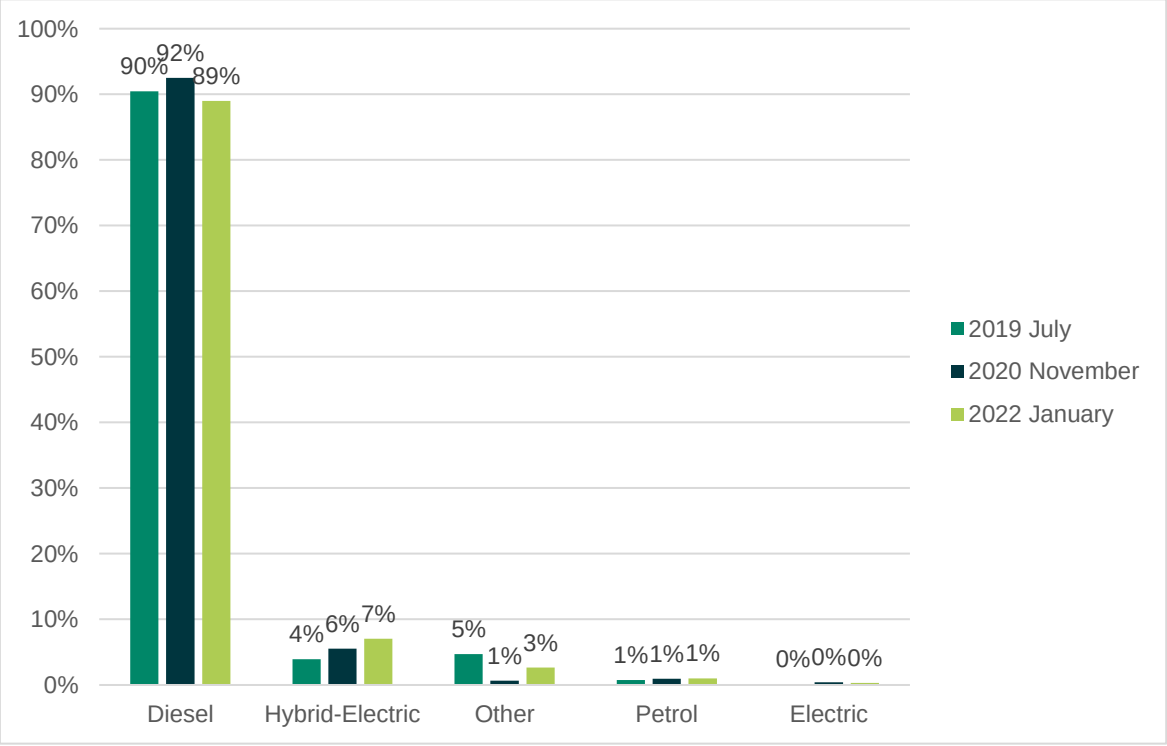
*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

### Fuel types

2.27 The change of the fuel types of Hackney Carriages and PHVs licensed in GM are shown in **Figure 2-4** and **Figure 2-5**.

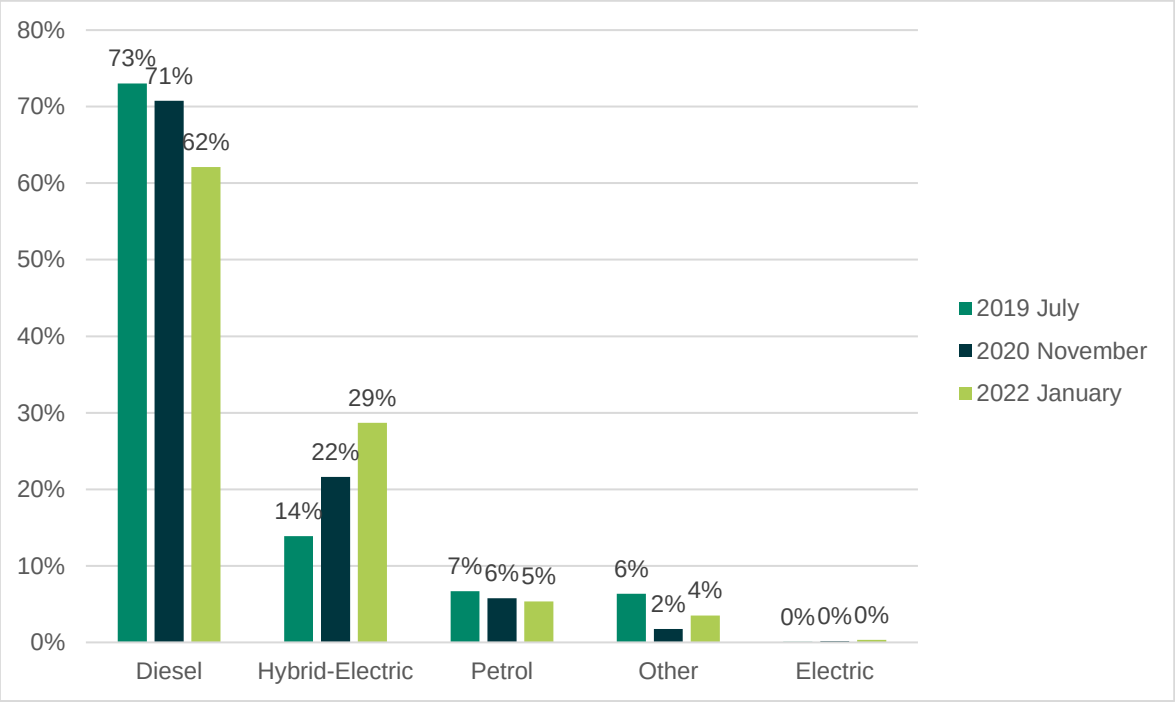
2.28 No significant change has been seen in Hackney Carriage fuel types with 89% still fuelled by diesel. Conversely, the proportion of PHVs fuelled by diesel has fallen from 73% to 62% between 2019 and 2022. There has been a shift from diesel to Hybrid-electric for PHVs, with Hybrid-Electric PHVs rising from 14% 2019 to 29% in 2022. The EV uptakes remain very low at less than 1% for both PHVs and Hackney Carriages.

**Figure 2-4 Fuel Types for GM Hackney Carriages**




*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

**Figure 2-5 Fuel Types for GM PHVs**

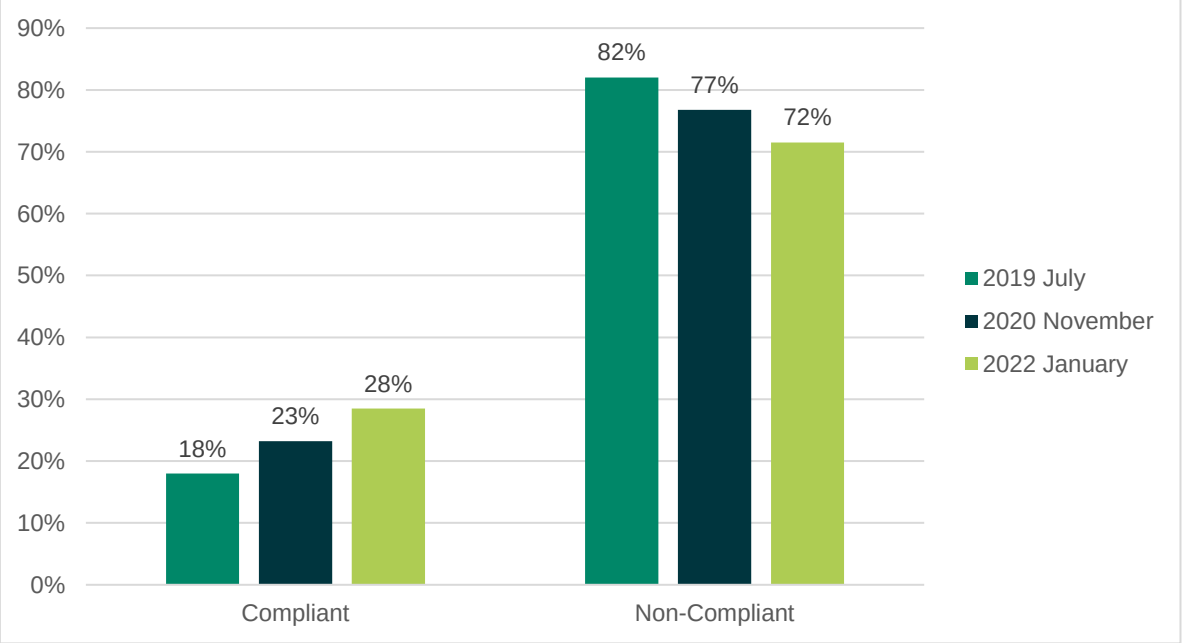



*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

### Compliance rate

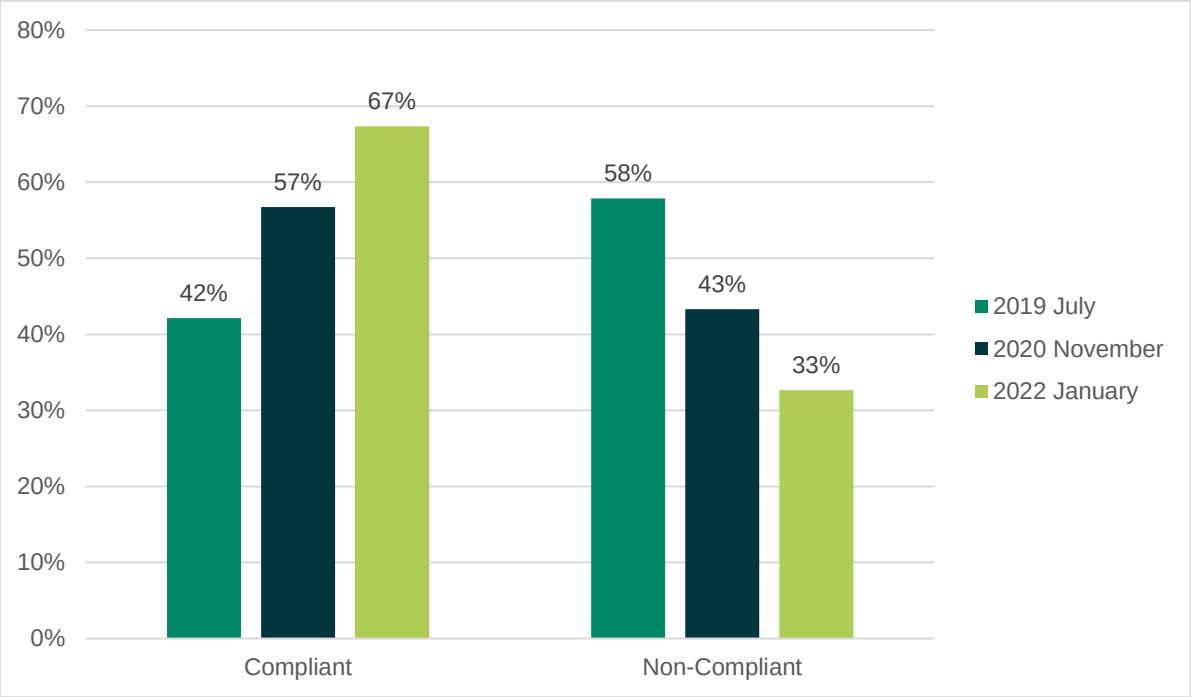
2.29 Hackney Carriage compliance has increased from 18% in 2019 to 28% in 2022, averaging a 20% increasing compliance rate per annum over the observed period as shown in **Figure 2-6**. PHV compliance has increased from 42% in July 2019 to 67% in January 2022, averaging a 21% increase compliance rate per annum over the observed period as shown in **Figure 2-7**. In addition, the PHV compliance level in 2019 is significantly higher than the compliance level of Hackney Carriages.

**Figure 2-6 Hackney Carriage Compliance Rates**




*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

**Figure 2-7 PHV Compliance Rates**



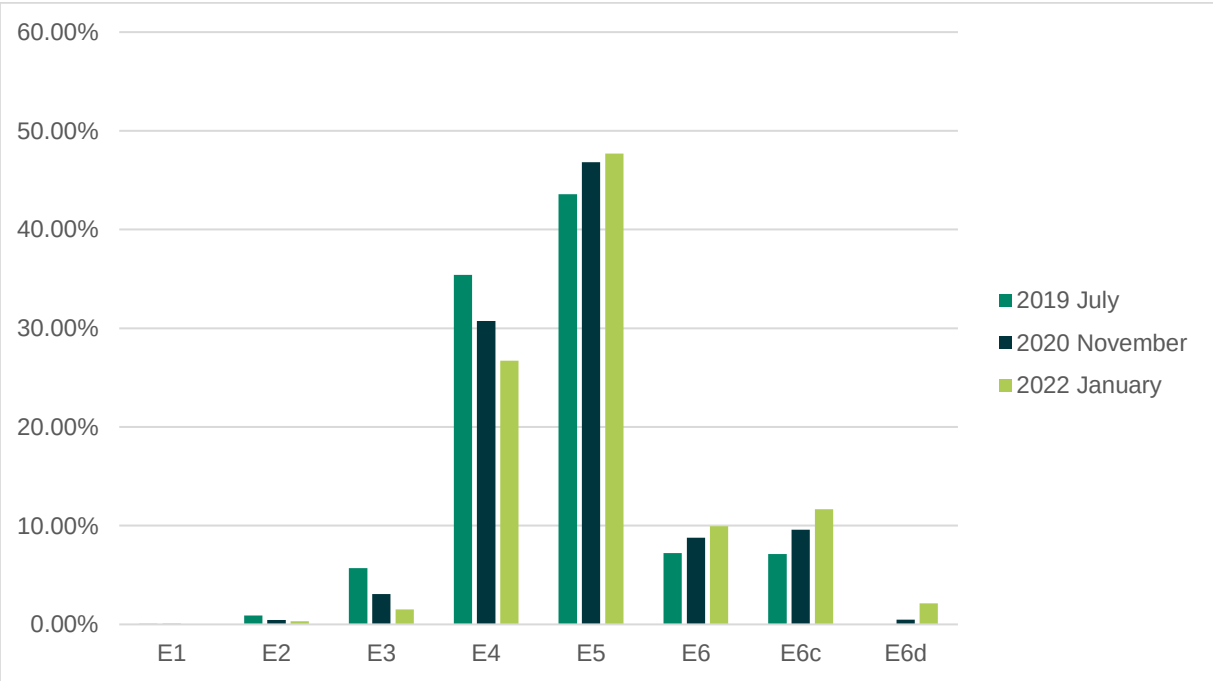

*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

### Euro classifications

2.30 There is a sustained reduction in Hackney Carriage Euro IV (E4) engines across the observed period. The E5 remains the predominant engine standard for Hackney Carriages in 2022 with 48% share which has increased between 2019 and 2022.

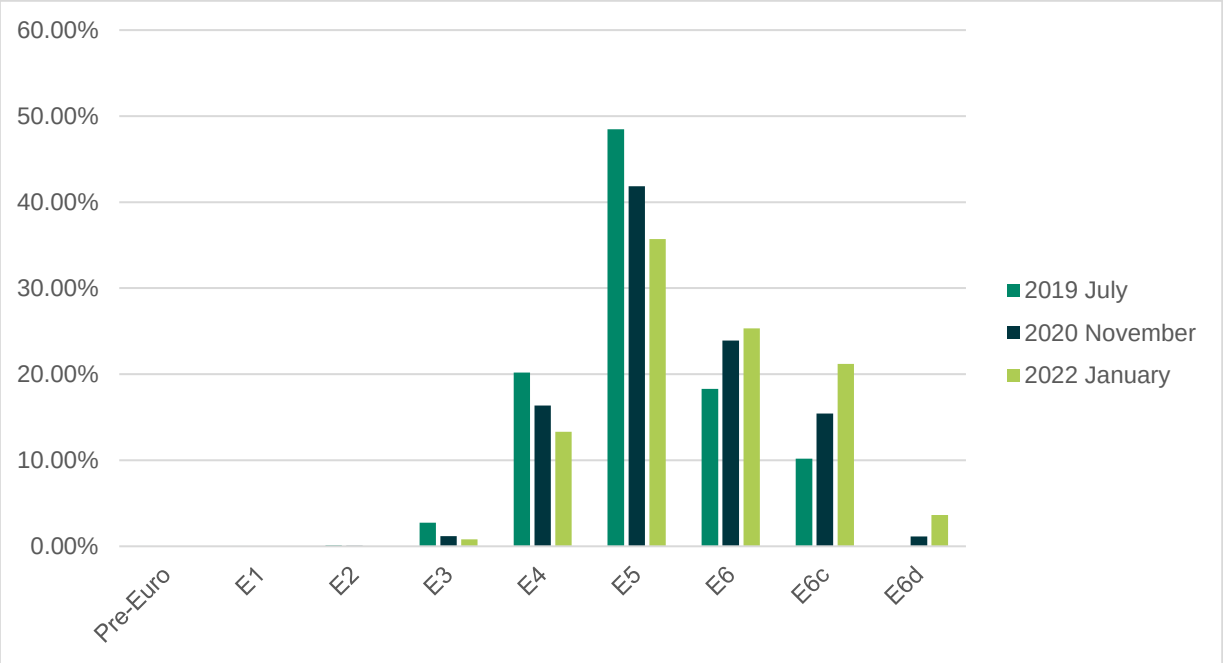
2.31 A significant reduction was seen in PHV E4 and E5 engines and corresponding increases were seen in E6 and E6c. It is worth noting that the proportion of PHVs with E5 engines decreased between 2019 and 2022 unlike Hackney Carriages.

**Figure 2-8 Hackney Carriage Euro Classification trend**




*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

**Figure 2-9 PHVs Euro Classification trend**



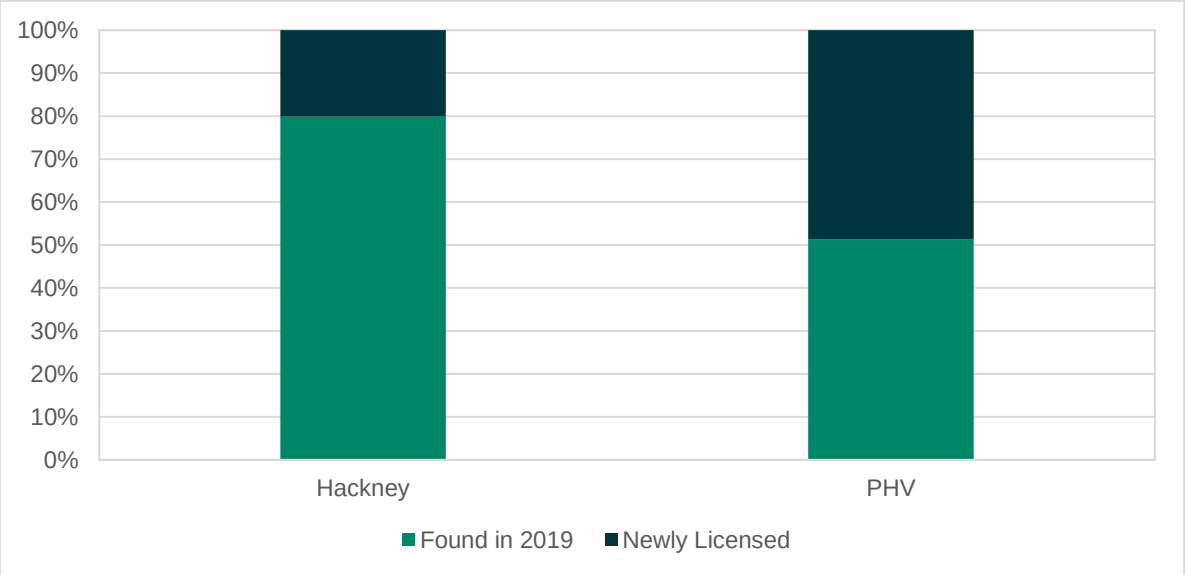

*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

### Registration by LAs

2.32 Vehicle registrations for Hackney Carriages and PHVs have been examined in 2022 to compare with 2019 showing the proportion of unique registration plates in GM to demonstrate the churn in the vehicle market.

2.33 **Figure 2-10** shows the percentage of Hackney Carriages and PHVs licensed in 2022 that were found in 2019, suggesting that since 2019, 20% of licensed Hackney Carriages and 49% of licensed PHVs are 3 years old or less. The level of natural churn experienced in the PHV fleet is significantly higher than in the Hackney Carriage fleet, demonstrating a quicker, natural trajectory within the PHV market to achieve compliance with the GM CAP. This would be in-keeping with the average age of the vehicles, as presented earlier within this section which demonstrates that in GM PHVs are two years younger than Hackney Carriages on average.

**Figure 2-10 2022 Hackney Carriages and PHVs found in 2019 records**



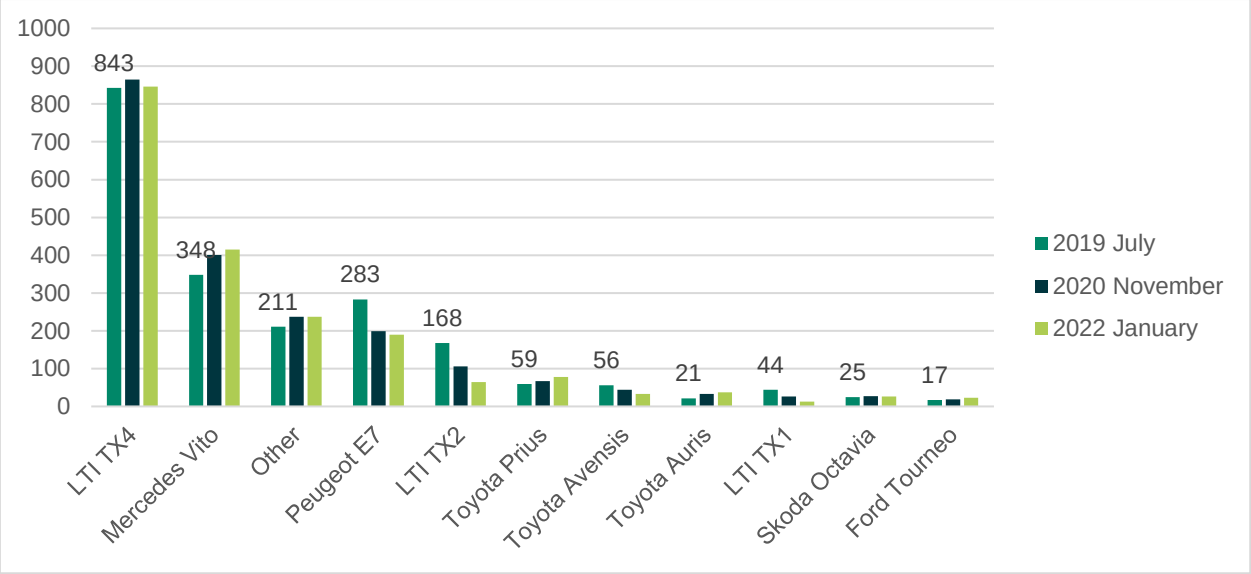
*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

### Taxi makes and models

2.34 The London Taxi Company TX4 (LTI TX4) has remained the most popular vehicle representing 43% of GM's Hackney Carriage fleet in 2022 as shown in **Figure 2-11.**

2.35 The most common PHV used in GM in 2022 is still the Skoda Octavia which accounts for 19% of the fleet as shown in **Figure 2-12**.

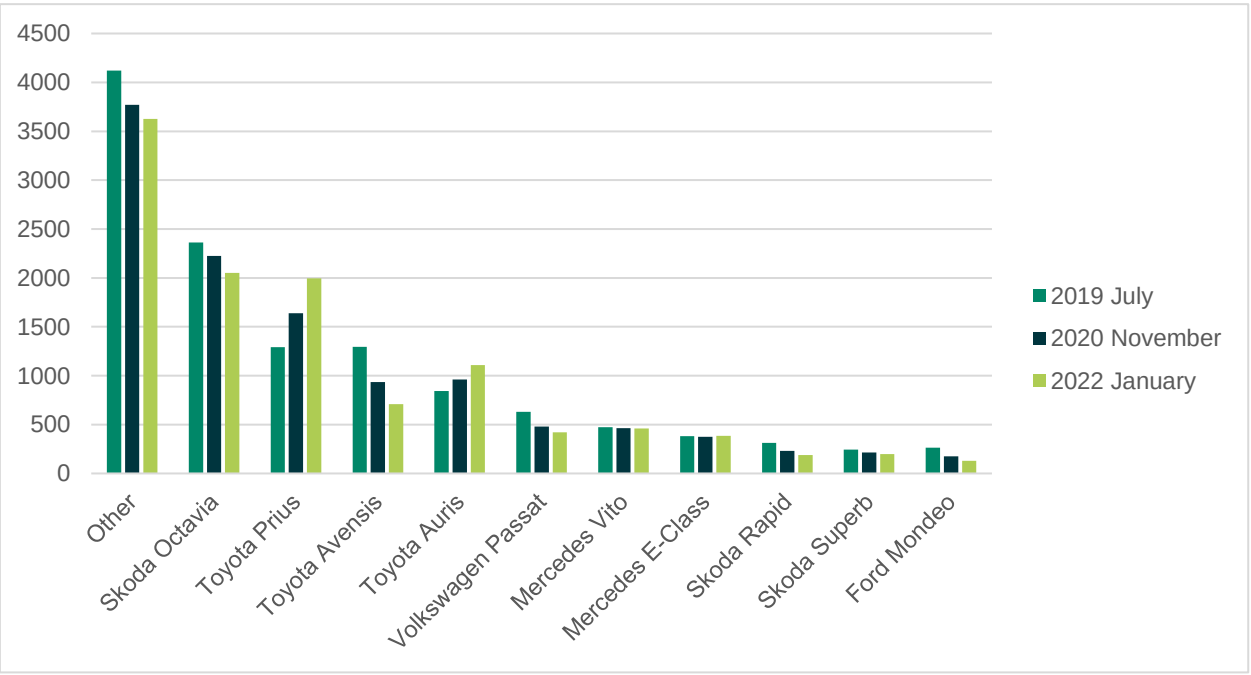
**Figure 2-11 GM Hackney Carriage Make and Model Trend**




*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

*Note: Some vehicle types included in this graph are typical of a PHV fleet however they are permitted for Hackney Carriage licensing by some GM local authorities*

**Figure 2-12 GM PHVs Make and Model Trend**




*Source: TfGM, GM Taxi Licensing Data (2019, 2020 and 2022)*

*Note: Some vehicle types included in this graph such as Mercedes Vito, are more commonly associated with Hackney Carriages however a smaller proportion are operated as a PHV*

# Updated traffic and travel patterns

2.36 Using ANPR data, Hackney Carriage and PHV frequencies have been observed across multiple locations within GM[11]. The observations show how proportions of Hackney Carriages and PHVs change over the observed years at different locations.

**Hackney Carriage**

2.37 **Table 2-5** shows the proportions of Hackney Carriages by GM location and the change in proportions from 2019 to 2021. Using ANPR data, taxis were observed at locations inside the M60, outside the M60 and inside the Inner Ring Road (IRR).

2.38 Across the observed period (2019-2021), there was a reduction in the proportion of Hackney Carriages located in the IRR whilst there was a proportional increase in the number of Hackney Carriages located inside the M60. The largest proportion of Hackney Carriages inside the M60 were observed on the A5103 Princess Road, with 25% in 2019, observing a 4% increase from 2019 to 2021. Inside the IRR a high proportion of Hackney Carriages were observed on the B6469 Fairfield Street in 2019 (21%), close to Manchester Piccadilly rail station, which observed a 6% decrease from 2019 to 2021.

**Table 2-5 Proportion of Hackney Carriages by GM Location**

| | 2019 | 2020 | 2021 | 2019-2021 % Change |
|---|---|---|---|---|
| **Inside M60[12]** | 57% | 52% | 62% | 5% |
| **Outside M60** | 7% | 11% | 7% | 0% |
| **Inside Inner Ring Road (IRR)** | 36% | 37% | 30% | -6% |

*Source: ANPR (2019, 2020 and 2021)*

**PHV**

2.39 Similar proportions can be seen for PHVs, as shown in **Table 2-6**, with the category 'Inside M60' having the largest proportions and 'Outside M60' having the smallest proportion. However, the proportion of PHVs inside the IRR is lower than Hackney Carriages which could be associated with Hackney Carriage depots located in Manchester City Centre and pick-up areas such as at Manchester Piccadilly rail station.

2.40 The proportion of PHVs inside the M60 increased by 2% from 2019 to 2021, from 71% in 2019 to 73% in 2021. Inside the M60 saw a 1% increase from 2019 and 2021, and inside the IRR a 3% decrease from 2019 and 2021 was observed.

[11] ANPR data based on data collection from following number of sites by location: Inside M60 = 9 sites, Outside M60 = 3 sites, Inside IRR = 3 sites

[12] 'Inside M60' refers to taxis captured inside the M60 motorway but outside the IRR.

**Table 2-6 Proportion of PHVs by GM Location**

| | 2019 | 2020 | 2021 | 2019-2021 % Change |
|---|---|---|---|---|
| **Inside M60** | 71% | 68% | 73% | 2% |
| **Outside M60** | 9% | 12% | 10% | 1% |
| **Inside IRR** | 20% | 20% | 17% | -3% |

*Source: ANPR (2019, 2020 and 2021)*

2.41 Similarly to Hackney Carriage, the largest proportion of PHVs observed inside the M60 in 2019 were on the A5103 Princess Road (27%), with an observed 1% increase from 2019 to 2021. Across both taxi types, the proportion of vehicles recorded inside the IRR fell between 2019 and 2021 which is consistent with the findings by TfGM across modes for the 'regional centre'.Error! Reference source not found.

# 3. Review of Covid-19 impacts on vehicle sector

## Overview

3.1 This section provides an update on the direct impacts the Covid-19 pandemic and associated restrictions have had on taxi fleets and licensed drivers.

3.2 This section also assesses the impact Covid-19 has had on the taxi market for the purchasing of new and second-hand compliant vehicles.

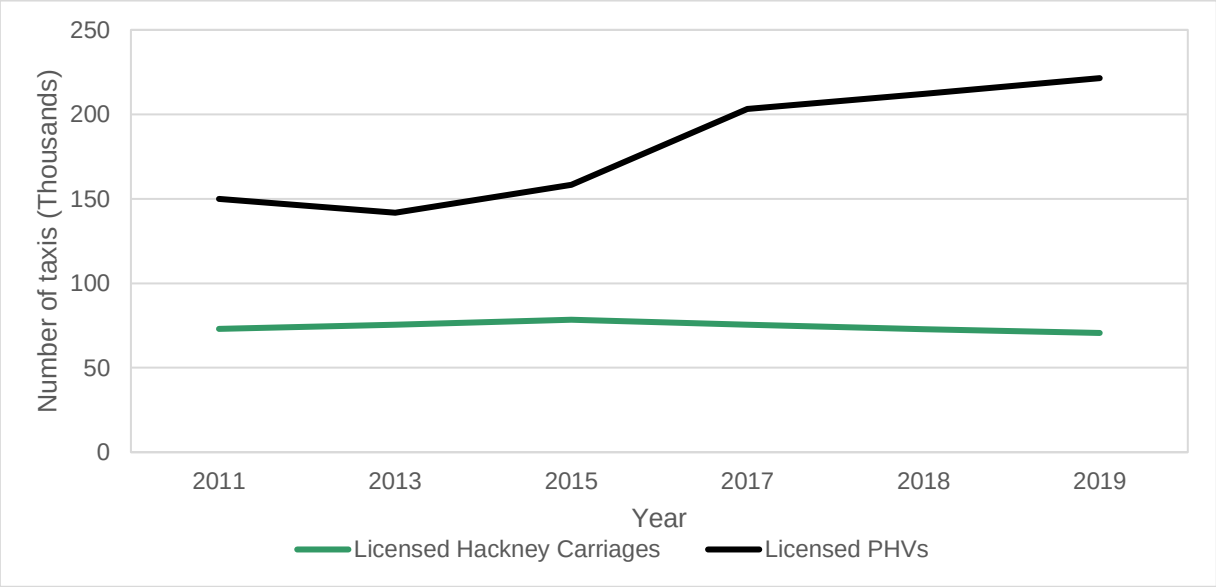
## Pre-Pandemic – Sector Related Trends

3.3 The following charts, displaying DfT Taxi Statistics[13], show the trend in licensed taxi vehicles and drivers between 2011 and 2019. The dataset follows the same trend for both.

3.4 Assessing pre-pandemic conditions (2011-2019), **Figure 3-1** and **Figure 3-2** show the following:

- there is a direct collation between the trend in licensed Hackney Carriage and PHVs with the number of licensed Hackney Carriage and PHV drivers;
- the number of licensed Hackney Carriage vehicles and drivers in England has remained stable across the pre-pandemic period. Whilst the number of licensed Hackney Carriage drivers in England has increased by 2% in 2019 compared to 2011, the number of licensed Hackney Carriages in England has decreased by 3%; and
- the number of licensed PHVs and drivers in England has steadily increased over the period, increasing 32% in the number of PHVs in 2019 compared to 2011 and 28% in the number of licensed drivers in 2019 compared to 2011.

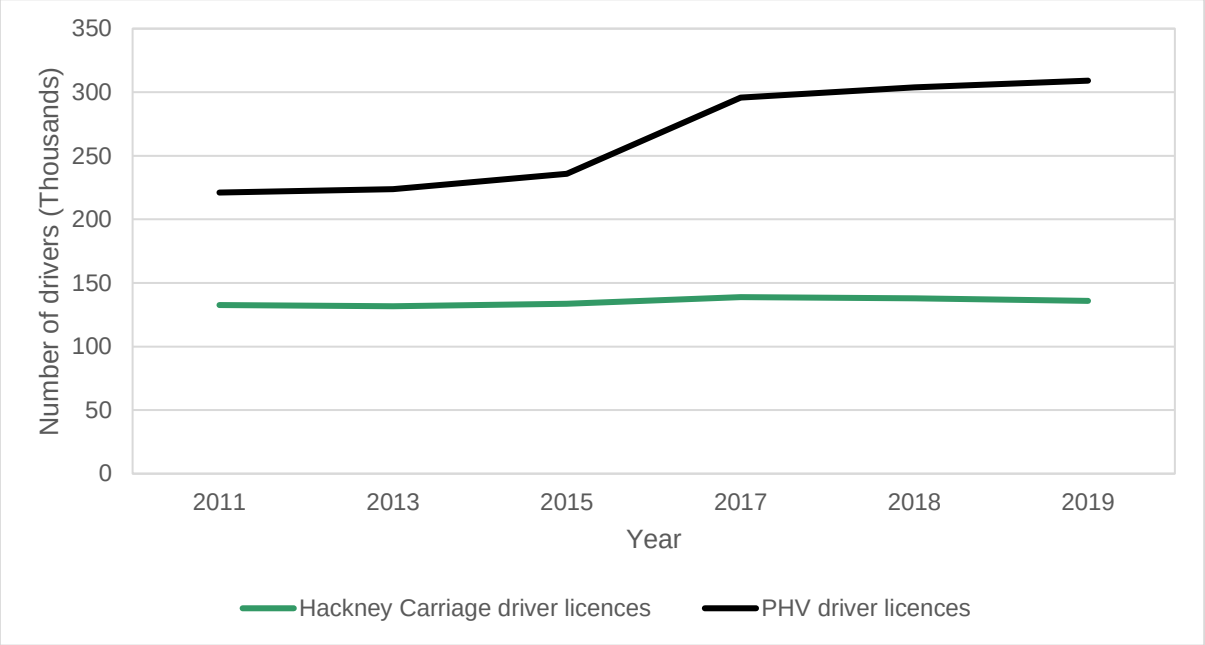
**Figure 3-1 Licensed Hackney Carriage and licensed PHVs: England**




*Source: https://www.gov.uk/government/collections/taxi-statistics*

[13] https://www.gov.uk/government/organisations/department-for-transport/series/taxi-statistics

**Figure 3-2 Licensed Hackney Carriage drivers and Licensed PHV drivers: England**

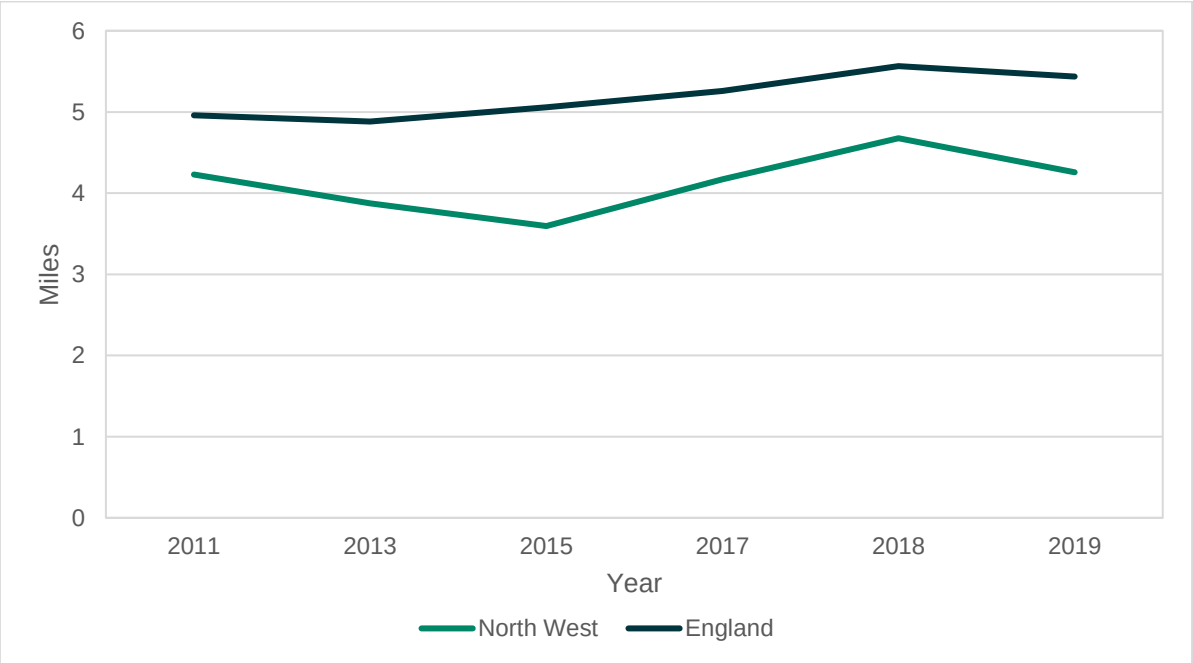



*Source: https://www.gov.uk/government/collections/taxi-statistics*

**Mileage**

3.5 The average trip lengths taken in Hackney Carriages and PHVs has remained steady over the observed period as shown in **Figure 3-3**. Assessing pre-pandemic conditions (2011-2019), trends show that the average trip mileage in a taxi in the North West is lower than the average for England however the gap narrowed in 2018.

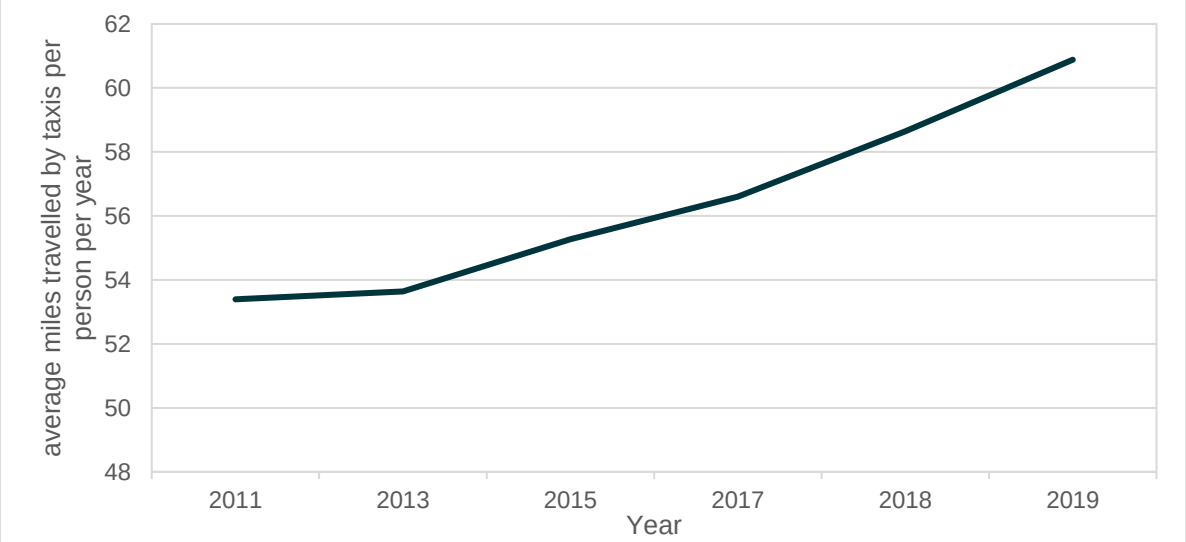
**Figure 3-3 Average trip lengths of Hackney Carriage and PHVs**




*Source: https://www.gov.uk/government/statistical-data-sets/nts03-modal-comparisons*

3.6 **Figure 3-4** displays the average miles travelled by taxis per person per year in England. The results show that the average miles travelled by taxis per person per year has increased year-on-year of the observed period prior to the pandemic.

**Figure 3-4 Average miles travelled by Hackney Carriage or PHV per person per year: England**




*Source: https://www.gov.uk/government/statistical-data-sets/nts03-modal-comparisons*

# Covid-19 Different Industries' Effects on the Hackney Carriage and PHV Sector

**Background**

3.7 The first UK national lockdown in March 2020 had a significant impact on the Hackney Carriage and PHV sector, with demand significantly decreasing as restrictions limited mobility across the UK.

3.8 After 10 years of stable numbers, licensed Hackney Carriages fell between 2020 to 2021. Licensed PHVs have taken a significant fall from March 2020 to March 2021, a fall of 38,000 vehicles.

3.9 Of the national totals for licensed taxis, 20% are registered within GM (2018 18%) and 15% of licensed drivers are registered within GM (2018 13%). Between 2020 and 2021 there was a reduction of 1,500 licensed vehicles within GM, although there was an increase of 331 licensed drivers within GM between 2020 and 2021, this does not follow the national trend with a decrease of 7,082 in England and Wales during the same time period. However, the number of GM licensed drivers has not recovered to 2019 (pre-pandemic) levels.

3.10 Through review of GM based ANPR data, the number of unique Hackney Carriage vehicles fell 22% between 2019 and 2020 and PHVs fell 7% over the same period. The number of unique Hackney Carriages and PHVs recovered in 2021 with a 14% increase for Hackney Carriages compared to 2020 and 11% increase for PHVs compared to 2020 however 2021 volumes were still below pre-pandemic (2019). In addition, trip frequency between 2019 and 2020 fell 49% for Hackney Carriages and 23% for PHVs. Trip frequency recovered between 2020 and 2021 however 2021 data were marginally below average trip frequency recorded in 2019 with Hackney Carriages 0.6% and PHVs 5% below 2019 levels.

3.11 The Licensed Private Hire Car Association (LPHCA) estimated in 2021 that only 160,000 of the nearly 300,000 pre-Covid-19 cab drivers are now active. An interview conducted with PHV firm, Cresta Cars, based in Manchester, indicated that, since the pandemic, the number of drivers has reduced from 400 to 300[14].

3.12 As a result of the reduction in demand and trade, due to the pandemic, drivers were forced to move into jobs which remained resilient during the pandemic, such as the supermarket and delivery sector with some drivers not returning to the taxi industry.

3.13 Some drivers moved to part time work, only 9% of drivers were working 7 days a week in April 2020, a reduction from 22% in April 2019, this could be explained by reduced trade during the pandemic and the need to find alternative employment. Contributing factors to the driver shortage also include those taking the opportunity to retire in higher numbers than pre-pandemic and a backlog to become licensed again with a 5.7% reduction in the number of Hackney Carriage and PHV driver licences in 2021 compared with 2020[15].

3.14 Along with lack of drivers is the lack of actual vehicles. Hackney Carriages in particular can be expensive to own and insure, and with older diesels falling foul of clean-air rules based upon a London example with circa 5,000 London black cabs were handed back, sold or scrapped as demand reduced in 2020, and only 13,500 remain in 2021.[16]

3.15 According to the NTS the majority of trips taken by Hackney Carriage or PHV are for leisure purposes, with a share of 51% in 2019[17]. As lockdowns were bought into effect across the UK, the leisure industry was hit significantly, bringing profound changes to consumer behaviour and thus adversely reducing the demand on the Hackney Carriage and PHV sector. According to DfT Hackney Carriage and PHV statistics (June 2021), there were 251,100 licensed Hackney Carriages and PHVs in 2021 nationally, a decrease of 15.9% since 2020. There was a 5.4% reduction of drivers between March 2020 and March 2021, equating to over 24,000.

3.16 The following section provides a summary of Covid-19 impacts for the key sectors which the taxi industry relies on.

## Covid-19 Impacts on Industry Sectors that are served by the Taxi Sector

3.17 This section provides a narrative for the reduction in demand for taxis during the Covid-19 pandemic which have been influenced by Government policy and public confidence to travel. The section provides the background behind the underlying financial stability of the taxi industry and how the pandemic may have influenced their ability to have sufficient levels of cash reserves to upgrade non-compliant vehicles.

### Leisure

3.18 According to the NTS, leisure trips made up 51% of all Hackney Carriage and PHV journeys in 2019, this was significantly impacted during the pandemic[18]. Restrictions introduced on March 23rd ordered people in the UK to “stay at home”, limiting all non-essential business and leisure activities.

[14] https://lphca.co.uk/lphca-news/industry-driver-shortages
[15] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/997793/taxi-and-private-hire-vehicle-statistics-2021.pdf
[16] https://www.theguardian.com/uk-news/2021/nov/13/taxi-taxi-why-its-suddenly-getting-so-hard-to-find-a-cab
[17] Taxi and Private Hire Vehicle Statistics: England 2021
[18] Taxi and Private Hire Vehicle Statistics: England 2021

3.19 As part of the restrictions to curb the spread of Covid-19, a 10pm curfew for bars and restaurants was introduced on 24th September 2020. The closure of these establishments has undoubtedly affected the taxi industry. In February 2021, nightclubs were trading at just 5% of their pre-COVID annual revenue, bars were trading at 9% and pubs at 11%.[19]

3.20 Following the easing of restrictions, consumer demand for leisure activities has increased, the Leisure Consumer state in their 2021 report that in the first quarter of 2021 there was a 50% increase in demand for eating out when compared to the final quarter of 2020, similar increases are expected for visiting pubs and bars and culture and entertainment.[20]

3.21 As COVID restrictions continued to ease, some sectors have bounced back strongly, such as the Manchester evening economy which was previously severely impacted by the pandemic. Although, recent media articles have suggested difficulties in passengers obtaining taxis;

*"In Manchester, which has a good night-time economy, it's a real problem," says Derek Brocklehurst, manager of Cresta Cars, one of the city's largest private hire firms. After more than 40 years in business, he says: "We feel embarrassed, unable to fulfil our customers' requirements, with people having to wait one or two hours." Some drivers only want to work workdays since the pandemic, he says: "They've taken on different jobs, their work-life has changed and they are spending more time with their families."*[21]

**Travel and Tourism**

3.22 The Covid-19 pandemic has impacted the travel and tourism sector heavily as restrictions in the UK and worldwide have hindered, and in cases prevented domestic and international travel. Unnecessary travel was first discouraged in March and was again impacted by the second and third English lockdowns in November 2020 and January 2021.

3.23 In June 2021 Eurocontrol published a report stating that the UK aviation sector has lost a total of 2 Million flights since March 2020, a 72% decrease from 2019. In March 2020 the average daily flights departing and arriving Manchester was 135, a 79% decrease from 2019, and flights travelling to or from the UK were down by 49%[22]. In 2019 Hackney Carriages and PHVs made up just under a third (29%) of the transport modes used by passengers travelling to/from Manchester Airport[23].

3.24 The reduction in air travel impacted the demand for airport Hackney Carriage and PHV journeys, with the lack of passengers needing a taxi to travel to or from airports in the UK declining during the pandemic and thus negatively impacting airport trade for Hackney Carriages and PHVs.

3.25 The continued reduced levels of aviation travel, due to wider international Covid-19 restrictions still in place, taxi journeys to / from Manchester airport are likely to continue to be operating at below pre-pandemic levels. It is not clear when tourism activity will reach pre-pandemic growth levels.

[19] APPG submission by UK Hospitality, February 2021
[20] The Leisure Consumer 2021, Emerging from the Pandemic
[21] https://www.theguardian.com/uk-news/2021/nov/13/taxi-taxi-why-its-suddenly-getting-so-hard-to-find-a-cab
[22] Covid-19 Impact on EUROCONTROL Member States, EUROCONTROL States Briefing, June 2021
[23] https://www.statista.com/statistics/303820/modes-of-transport-to-manchester-airport-uk-united-kingdom/

### Transport Hubs – Access to Rail

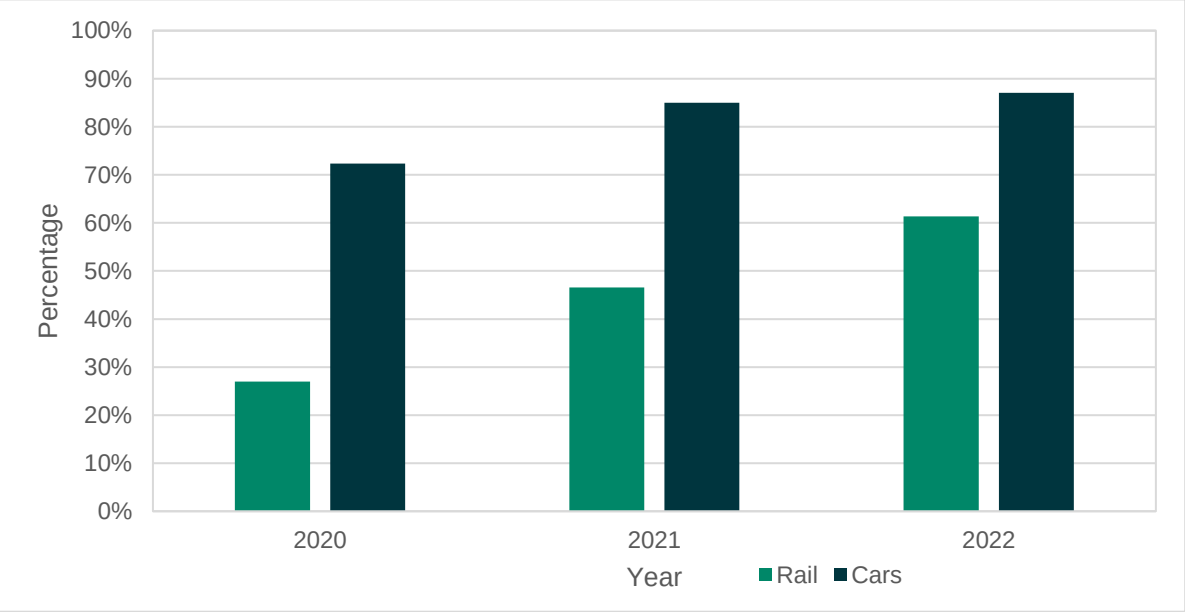
3.26 Taxis also provide an important role serving a mode of access to transport hubs for onward public transport travel, especially at larger rail stations across GM.

3.27 GM has a number of important railway stations that see high volumes of passengers every year. Two of the busiest in the region are Manchester Piccadilly and Manchester Victoria. Both these stations normally have busy taxi ranks. However, Covid-19 has had a significant impact on the number of people travelling by rail as the advice to work from home and avoid unnecessary travel was issued from the government at the start of the pandemic.

3.28 Data released from DfT show the percentage of rail users from the start of the first national lockdown between 2020 and 2022 compared against cars[24]; this is shown in **Figure 3-5**. Rail patronage levels continue to recover in 2022 however they still remain significantly below pre-pandemic levels with less than two thirds (61%) of pre-pandemic rail trips made. In comparison, car has recovered to 87% as a 2022 average compared to pre-pandemic levels.

3.29 For taxis serving transport hubs across Greater Manchester, this significant reduction in rail travel will result in a substantial reduction in the demand for taxis to serve these transport hubs. Although this data does not provide direct findings for GM stations it does give an insight into the significant reductions in train travel which undoubtedly have had an impact on those drivers and operators that rely on train passengers, though it is noted that taxi makes up a small proportion of overall station access trips.

**Figure 3-5 Use of transport modes: Great Britain, since 1 March 2020 – Rail and Car**




*Source: https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic*

*Note: Data does not represent full year date and corresponds to the following period – 01/03/2020 to 14/03/2022*

[24] https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic

### Commuting

3.30 Commuting made up 11% share in trip purpose for Hackney Carriages and PHVs in 2019[25], with the ONS Labour Force Survey implying that 70% of the entire UK labour force was commuting most working days prior to the pandemic. Government restrictions and advice to work from home across the nation saw around 40% of the population working from home during the pandemic. This resulted in a significant decrease in commuting numbers, therefore fewer people relied on the Hackney Carriage and PHV sector.

3.31 It is expected that many people will adopt the new working habit of commuting to the workplace part time and working from home part time. The demand for taxis for commuting is therefore expected to rise again, however not to the extent that it was pre pandemic[26].

### Shopping

3.32 Shopping made up 14% of all Hackney Carriage and PHV trips in 2019, however the introduction of the lockdown in March 2020 saw the closure of all non-essential high street businesses. Restrictions on shopping continued throughout the pandemic and sales in April 2020 were 19% lower than in February 2020, with significant decrease in the number of people making journeys to and from high-street business and retail outlets [27].

3.33 Restrictions on non-essential high street businesses eased throughout the pandemic, and now operate with no restrictions, which has seen total retail sale volumes recover to above pre-pandemic levels. From data presented in **Section 2**, for both Hackney Carriage and PHVs, the IRR (also known as city centre) had the largest decreases in taxis operating by GM area across 2019-2021 compared to locations inside and outside the M60. This would align to the sector concentrations within GM with the IRR having the highest proportion of leisure and hospitality uses.

## Review of Covid-19 impacts on vehicle sales market

### Overview

3.34 The UK vehicle market has made a slow recovery due to a combination of manufacturing issues and lack of consumer purchasing. The vehicle market has seen a slow return to pre-pandemic manufacturing levels, experiencing supply chain interruptions, export disruption and the closure of manufacturing plants. In January 2021, commercial vehicle production, including the production of purpose designated taxis, was 31.5% lower when compared to pre pandemic production in January 2020[28].

[25] Taxi and Private Hire Vehicle Statistics: England 2021
[26] https://www.economicsobservatory.com/what-is-the-future-of-commuting-to-work
[27] https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/impactofthecoronavirusCOVID19pandemiconretailsalesin2020/2021-01-28#:~:text=1.-,Main%20points,remain%20below%20pre%2Dpandemic%20levels
[28] https://www.smmt.co.uk/vehicle-data/manufacturing /

3.35 A lack of consumer purchasing could explain the reduction in the number of Hackney Carriages and PHVs registered between 2019 and 2022. According to PwC Research's QuantiBus survey, there has been a lack of vehicle purchasing as uncertainty has increased and the demand outlook has declined, this is likely due to financial constraints following the pandemic[29].The lack of vehicle upgrades resulted in a limited second-hand market during the pandemic, used car sales, which form the sales for PHVs, fell by 2.2% in March 2020, however between 2020 and 2021 the used car market has seen an increase of 11.5%.

3.36 This section provides an update on the changes in market price of new and second-hand taxi fleet. Vehicle price information has been gathered based on the following:

- Extracted from 2019, 2020 and 2021 to examine whether any changes in vehicle sales could be attributed to the Covid-19 pandemic;
- Prices shown for the most popular taxi fleet for Hackney Carriage and PHV, defined as vehicle make and models which comprise of having a 10% or greater share of the market.
- Based on estimates, gathered from various sources and, in particular for second-hand vehicles, are subject to other variables including vehicle condition, service history, mileage etc.

**New Hackney Carriage**

3.37 LTI TX4s are the most common Hackney Carriage used in GM with 844 registered in 2019. The LTI TX fleet conjure the 'typical' Hackney Carriage look, however the TX4 is no longer in production as of 2017 so therefore only second-hand vehicles are available. In a shift to cleaner vehicles, LTI relaunched as the London Electric Vehicle Company (LEVC) in 2017 with new petrol/diesel Hackney Carriages no longer available.

3.38 **Table 3-1** and **Figure 3-6** displays the estimated cost for the most popular Hackney Carriage vehicles (greater than 10% market share).

**Table 3-1 Estimated Cost for New Hackney Carriage vehicles**

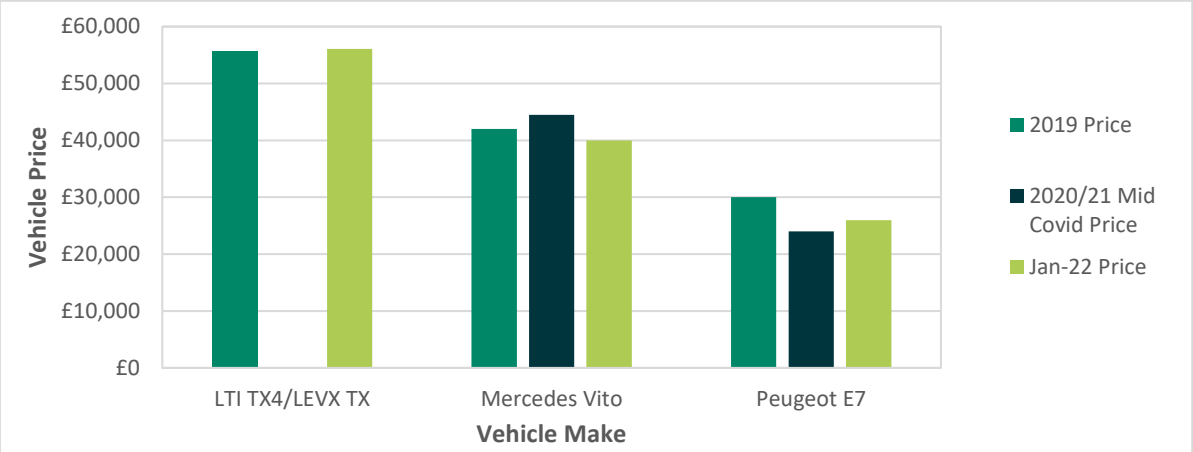
| Vehicle Make | Upgrade | Estimate Cost 2019 | Estimate Cost 2021 | Estimate Cost 2022 |
|---|---|---|---|---|
| **LTI TX4 / LEVC TX** | LEVC TX Electric Taxi | Prices starting from £55,599 | No data | £63,000* |
| **Mercedes Vito** | Euro 6 Upgrade | £42,000 | £42,000 - £47,000 | From £39,995 |
| **Peugeot E7** | Euro 6 Upgrade | £30,000 | £24,000 | £26,000 |

*Source Cabdirect[30] and LEVC[31] (2022)*

** Does not include Plug-in Taxi Grant (PITG)*

[29] https://www.pwc.co.uk/industries/automotive/insights/uk-automotive-demand-in-the-wake-of-Covid-19.html
[30] https://www.cabdirect.com/
[31] https://levc.com/event/tx-offer-national/

### Figure 3-6 Estimated Cost for New Hackney Carriage vehicles




*Source: Cabdirect[32] and LEVC[33] (2022) Note: No new Hackney Carriage vehicle price information was available for LTI / LEVC in 2020/21*

3.39 For new purpose-built Hackney Carriages, manufacturers do not release their prices online and require individual enquiries to gain a quote, for this reason alternative websites were used to get 2022 prices. The LEVC TX price was obtained from UK price spec guide. The other Hackney Carriage style taxis (Mercedes Vito and Peugeot E7) were priced from Cabdirect.com, directed from Mercedes Benz website as approved Hackney Carriage provider.

3.40 Vehicle price information for new Hackney Carriage vehicles across the period 2019-2022 show that there have been minimal price changes across the most popular models observed however there are slight variances by model type.

**New PHV**

3.41 **Table 3-2** and **Figure 3-7** displays the estimated cost for the most popular PHV vehicles within GM.

3.42 There has been a number of vehicle model changes for Toyota across the observed period. Due to the Toyota Avensis, Auris and Prius no longer being available to purchase as new vehicles in the UK market[34], the vehicle price information has been combined to represent a typical, popular PHV model. Other available models within a similar price range, such as the Toyota Corolla are available to purchase in the UK. It is worth noting that both, the Toyota Corolla and Skoda Octavia are available as petrol-hybrid models.

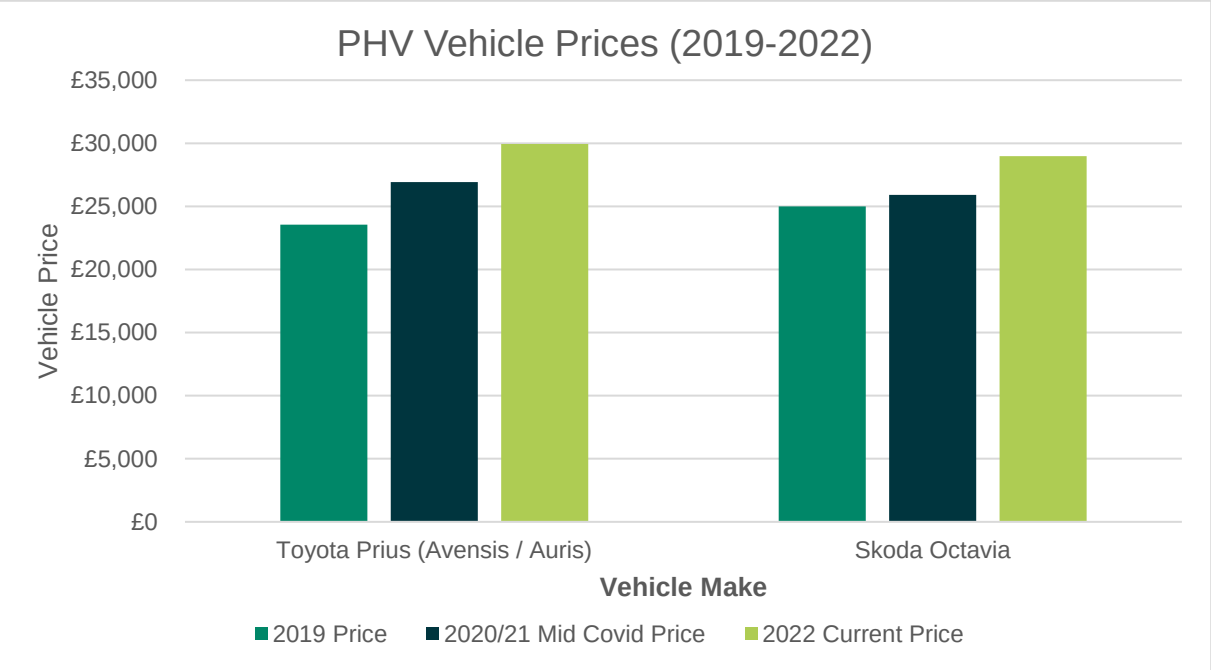
### Table 3-2 Estimated Cost for New PHVs

| Vehicle Make | Upgrade | Estimate Cost 2019 | Estimate Cost 2021 | Estimate Cost 2022 |
|---|---|---|---|---|
| **Toyota Prius** | Euro 6 Upgrade | £19,500 - £27,500 | £25,000 - £29,000 | £30,000 |
| **Skoda Octavia** | Euro 6 Upgrade | £18,500 - £31,500 | £21,500 - £30,500 | £22,000 - £37,000 |

*Source: Toyota[35] and Skoda[36] (2022)*

[32] https://www.cabdirect.com/
[33] https://levc.com/event/tx-offer-national/
[34] https://www.toyota.co.uk/new-cars/prius/
[35] https://www.toyota.co.uk/new-cars/model-filter?errType=ToyotaModelNotFound&model=prius
[36] https://cc.skoda-auto.com/gbr/en-GB/summary-scenic?activePage=summary&aid=ced75e7b-4b2f-4a66-94c2-43d8bc93337b&color=1Z1Z&configurationId=C7HZXPDH&extraEquipments=UZZCWA2%7CMMKEEM1%7CMMFA7J2%7CGPT1PT1

**Figure 3-7 Estimated Cost for New PHVs**




*Source: Toyota[37] and Skoda[38] (2022)*

3.43 The 2022 market prices were obtained for a mid-specification, new vehicle priced using the dealer websites.

3.44 Consistent across both PHV vehicle model types, there has been an upward trend in vehicle prices across the observed period (2019-2022) with Toyota models increasing 21% in 2022 compared to 2019 prices and Skoda Octavia increasing 14% in 2022 compared to 2019 prices. This included 5 vehicles ranging in age from 1 year to 4 years (registered 2018 – 2021). This is compared to the same data collected in 2019.

**Second-hand Hackney Carriage**

3.45 There was a wide range of second-hand prices found in the study conducted in 2019. A price range of £15,500 to £42,995 was found, however it is worth noting that the highest end vehicle was 2019 registered so less than 12 months out at the time of the search. The most common price in 2019 was around £20,000.

3.46 The lowest priced vehicle in the same search repeated in January 2022 was £26,995, this is almost £7000 more than the average price in 2019. There was only one vehicle prices within the £20,000 - £30,000 price bracket, all other available second-hand Mercedes Vito's were prices between £35,000 and £40,000. This shows a clear and significant price increase.

%7CMGRA8T8%7CGPWZPWZ%7CGPJAPJA%7CGPJ3PJ3%7CGWU1WU1&id=GBR%3Bskoda%3B2022%3BNX33LD%3B1%3BGYO2YO2%3Bmda20220124120504%3Ben-GB%3B%3B63003%3B63063&interior=BG&modifiedPages=colors%7Cwheels%7Cengines%7Cextraequipments&snapshotVersion=047fedec-cc29-4574-8822-1acfae823c79&state=NEW&trimline=NX3%7CSE6306363003&visitedPages=colors%7Cwheels%7Cinteriors%7Cengines%7Cextraequipments%7Cservices

[37] https://www.toyota.co.uk/new-cars/model-filter?errType=ToyotaModelNotFound&model=prius

[38] https://cc.skoda-auto.com/gbr/en-GB/summary-scenic?activePage=summary&aid=ced75e7b-4b2f-4a66-94c2-43d8bc93337b&color=1Z1Z&configurationId=C7HZXPDH&extraEquipments=UZZCWA2%7CMMKEEM1%7CMMFA7J2%7CGPT1PT1%7CMGRA8T8%7CGPWZPWZ%7CGPJAPJA%7CGPJ3PJ3%7CGWU1WU1&id=GBR%3Bskoda%3B2022%3BNX33LD%3B1%3BGYO2YO2%3Bmda20220124120504%3Ben-GB%3B%3B63003%3B63063&interior=BG&modifiedPages=colors%7Cwheels%7Cengines%7Cextraequipments&snapshotVersion=047fedec-cc29-4574-8822-1acfae823c79&state=NEW&trimline=NX3%7CSE6306363003&visitedPages=colors%7Cwheels%7Cinteriors%7Cengines%7Cextraequipments%7Cservices

3.47 During the desktop study conducted in 2019 for second-hand compliant LTI TX4 it was discovered that there was only one vehicle listed that was CAZ compliant, the vehicle had a 2017 registration plate and was listed for £31,495. This exercise was repeated in 2022 and again only one vehicle was listed at a cost of £28,680. It was therefore worthwhile to again assess the prices of second-hand compliant Mercedes Vito as the second most popular Hackney Carriage a shown in **Table 3-3**. The Mercedes Vito estimate is based on a range of prices available on 18th January 2022 This included 5 vehicles ranging in age from 1 year to 4 years (registered 2018 – 2021). This is compared to the same data collected in 2019.

### Table 3-3 Second Hand Compliant Hackney Carriages

| | Year of Manufacture | Estimated Cost 2019 | Estimated Cost 2022 |
|---|---|---|---|
| LTI TX4 | 2015 – current | £31,495 (2017) * | £28,680 (2016) * |
| Mercedes Vito | 2015 – current | £15,500 - £43,000 | £27,000 - £38,500 |

*Source: Online Vehicle Price Data sourced by AECOM (2022)*only one second-hand vehicle for sale at time of research*

3.48 Due to limitations in second-hand Hackney Carriage vehicle prices, **Table 3-4** provides an overview of the emerging second-hand EV Hackney Carriage market, as stated within Section 2, a second-hand LEVC TX market has started to emerge over the latest few years. As shown in **Figure 2-4**, there has been steady growth in hybrid-electric vehicles from observed ANPR data in GM however the proportion of Hackney Carriages that are electric remain below 1% in 2022.

### Table 3-4 Second-Hand EV Hackney Carriage Market

| Model | Year | Average Mileage | Average Cost |
|---|---|---|---|
| TX Vista | 2018 | 73,543 | £43,750 |
| TX Vista Comfort | 2018 | 77,531 | £43,000 |
| TX Vista Comfort Plus | 2018 | 93,004 | £42,913 |

*Source: https://levc.com/*

**Second-hand PHV**

3.49 **Table 3-5** displays the data comparison for the PHV Skoda Octavia. The Skoda Octavia is available in both diesel and petrol engine. As there is a difference in manufacturing years for compliance of the Euro 6 diesel engines and Euro 4 petrol engines the table provides data for both engine types separately, this was provided in the original 2019 study. From this table it is clear that the price of available second-hand Skoda Octavia's has increased between 2019 and 2022. The higher end of vehicles available have increased by circa 10%, whereas the lower end vehicles available have increased by circa 5%. This is reflective of the full second-hand vehicle market.

### Table 3-5 Second-Hand Compliant Skoda Octavia PHV

| Year of Manufacture | Fuel Type | Price Range 2019 | 2022 Update |
|---|---|---|---|
| **2015 – current** | Diesel | £5,500 - £32,000 | £6,000 - £35,000 |
| **2005 – current** | Petrol | £1,500 - £33,000 | £7,000 - £39,000 |

*Source: Online Vehicle Price Data sourced by AECOM (2022*

3.50 An assessment of the price change of second-hand non-compliant taxi models was carried out, as in 2019. The data showed that, for Hackney Carriages registered between 2008 and 2014, there was little price difference between the 2019 and 2022 prices. The second hand non-compliant Skoda Octavia prices mirrored the trend as seen in **Table 3-5**, with there being a notable increase in price of available vehicles at both the lower and higher ends of the market. It is worth noting that whilst PHV prices have been presented based on diesel and petrol vehicles, as shown in **Figure 2-5**, there has been substantial growth in hybrid-electric PHVs with 29% of the total observed ANPR movements in 2022 compared to 14% in 2019. Whilst this substantial growth has been seen in hybrid-electric vehicles, the proportion of electric PHVs remains below 1%.

## Review of Vulnerability in responding to GM CAP

3.51 As part of the 2019 data study a qualitative assessment of vulnerability impacts on the taxi sector was prepared and has since been reviewed in January 2022. This assessment has considered how the Covid-19 pandemic has impacted Hackney Carriage and PHV vulnerability in responding to the GM CAP.

3.52 The review findings are presented in **Table 3-6** showing that both Hackney Carriage and PHVs were previously highly vulnerable to the introduction of GM CAP, and vulnerability has increased considerably due to the pandemic.

**Table 3-6 Taxi Sector Vulnerability Review**

| | Vulnerability | | | | |
|---|---|---|---|---|---|
| | Oct 2019 | Situation: Oct 2020 | | Situation: Jan 2022 | |
| | GM CAP (Pre-Covid-19) | Covid-19 (2020) | GM CAP (Post-Covid-19) | Covid-19 (2022) | GM CAP (Post-Covid-19) |
| **Hackney Carriage** | High | Disadvantaged / Negative Affected | Very High | Disadvantaged / Negatively Affected | Very High |
| **PHV** | High | Disadvantaged / Negative Affected | Very High | Disadvantaged / Negatively Affected | Very High |

3.53 The Hackney Carriage sector within GM was vulnerable to GM CAP pre-Covid-19 due to the high proportion of non-compliant vehicles that are currently operating within GM. During the early part of the pandemic, the COVID restrictions in place in 2020 and 2021 resulted in a significant reduction in demand for Hackney Carriages, this placed Hackney Carriage owners in a more challenging financial position when responding to GM CAP. Since Covid-19 restrictions have eased, there has been some recovery of the sector, although not to pre-pandemic levels. Also, due to increased average age of GM Hackney Carriage fleet, and reduced natural turnover of the fleet during the pandemic, Hackney Carriage owners continue to face a considerable challenge when responding the GM CAP.

3.54 Similarly to Hackney Carriages, the PHV sector was vulnerable to GM CAP pre-COVID, and has experienced considerable challenges during the pandemic, due to restrictions on sectors serving the taxi market and changing travel behaviours which have affected the taxi market as a whole. Whilst Covid-19 guidance has eased and there has been some recovery of the sector, PHVs continue to face changes in recovery from increasing vehicle prices and the availability of new PHV type vehicles has been identified as a key factor currently impacting on the PHV sector. This will add extra financial pressure to the already vulnerable sector when responding to GM CAP.

# 4. Conclusion

## Summary of Current Conditions

4.1 This note has sought to capture the following key considerations:

- A review of current taxi fleet compliance;
- A summary of the impact of Covid-19 in terms of changes to travel behaviour within GM, including changing transport trends and economic trends as a result of the Covid-19 pandemic;
- Pre-pandemic sector-related circumstances;
- Sector-related trends during the pandemic; and
- Evaluation to how sector-related trends have changed and to what extent has this impacted on the ability of taxi owners to meet GM CAP compliance.

## Key Risk and Issues

4.2 The challenges faced by the taxi market, mainly associated with the impact of the Covid-19 pandemic, has affected Hackney Carriages and PHVs, to some extent, unequally. However, it is also important to recognise the unbalanced profile and trends of Hackney Carriages and PHVs individually to provide a more balanced view of the key risks and issues. Key risks and issues have been categorised into: pre-pandemic circumstances, Covid-19 impacts and emerging trends and are report below.

**Pre-Pandemic Circumstances**

- In 2019, only 12% of Hackney Carriages and 29% of PHVs serving GM were deemed compliant.
- Hackney Carriages operating in GM are typically older than PHVs with the average age of a Hackney Carriage in 2019 being 8 years old compared to 6 years old for a PHV.
- The number of licensed Hackney Carriage vehicles and drivers remained stable across the pre-pandemic period. During this period, the number of licensed PHV drivers increased by 2% in 2019 compared to 2011, the number of licensed PHVs in England has decreased by 3%.
- Average trip length has remained stable for taxis with the average miles travelled by taxi per person per year increasing in England over the pre-pandemic period.

**Covid-19 Impacts**

- The number of new GM-licensed Hackney Carriages and PHVs was significantly lower during the pandemic compared to pre-pandemic levels. The number of GM licensed taxis decreased from 2019 to 2022 by 5.4% for PHVs and 7.7.% for Hackney Carriages.
- The average age of Hackney Carriages and PHVs has grown older in 2020 and 2022 compared to pre-pandemic levels (2019) with taxi fleets estimated to be one year older than pre-pandemic.

- There has been no significant shift in fuel types for Hackney Carriage with 89% still fuelled by diesel. However, there has been a shift from diesel to hybrid-electric for PHVs, rising from 14% in 2019 to 29% in 2022. The EV uptake remains very low at less than 1% for both Hackney Carriages and PHVs.
- Industries served by the taxi industry have suffered heavily through Covid-19. Leisure trips comprised of over half of all taxi journeys in 2019 with Government restrictions having a significant impact on the leisure market, particularly bars, pubs, restaurants and nightclubs. Equally, other important taxi markets have been constrained during the pandemic, stemming from Government restrictions on commuting, shopping and tourism.
- A higher proportion of Hackney Carriages operate within the Regional Centre (inside the Inner Ring Road (IRR)) compared to PHVs with the Regional Centre believed to have the highest impact from the Covid-19 pandemic across GM due to the location of a large number of hospitality and leisure businesses. This is in-keeping with the taxi licensing data which states that approximately 55% of Hackney Carriages are licensed to Manchester City Council. The proportion of within IRR trips between 2019 and 2021 fell for both Hackney Carriages and PHVs.

**Emerging Trends**

- Emerging from the pandemic, taxis are older, more non-compliant than previously assumed and there are fewer taxis and taxi drivers operating in GM compared to pre-pandemic levels.
- Hackney Carriages, in particular, are likely to have faced a more significant impact from the Covid-19 pandemic, compared to PHVs, due to their prominent origins and destinations being located in Manchester City Centre where sectors have been hit the hardest. Both Hackney Carriage and PHV owners are likely to have lower cash reserves to upgrade their vehicles than prior to the pandemic.
- Hackney Carriages are older, more non-compliant and being upgraded at a slower rate compared to PHVs.
- The ability for Hackney Carriage owners to upgrade their vehicles is likely to be more constrained compared to PHV owners due to the higher cost of replacement vehicles and the likelihood of more substantive Covid-19-related impacts. However, there is some evidence to suggest that whilst Hackney Carriage vehicle prices are stable, and even falling for certain vehicle types, the vehicle prices for new and second-hand compliant PHVs are increasing in-line with rising wider car market vehicle prices.

# Appendix A – List of Data Sources

*List of data sources used within this document.*

| Document Title | Date | Description | Relevance to GM CAP |
|---|---|---|---|
| **Chapter 1** | | | |
| Mayor of Greater Manchester writes to Government reiterating call for non-charging Clean Air Zone | May 2022 | Announcement, provide background on current status of GM CAP https://www.greatermanchester-ca.gov.uk/news/mayor-of-greater-manchester-writes-to-government-reiterating-city-region-s-call-for-non-charging-clean-air-plan/ | Current Status of GM CAP |
| GM CAP Technical Documents (various) | various | All available at Technical Documents Clean Air Greater Manchester (cleanairgm.com) https://cleanairgm.com/technical-documents/ | Published Technical Reports for GM CAP |
| Technical Note 10: Taxi Behavioural Responses Note | July 2019 | https://cleanairgm.com/technical-documents/ | Background on Taxi Sector |
| Technical Note 19: Taxi and Private hire Vehicle Fleet Research | | https://cleanairgm.com/technical-documents/ | Background on Taxi Sector |
| Technical Note 12: Evidence of the Impact of a 2021 Implementation of a CAZ C (Without exemptions) | July 2019 | Describes analysis carried out by GM to assess the risks of implementing a CAZ C in 2021 without also implementing a two-year sunset period as was proposed in the OBC. https://cleanairgm.com/technical-documents/ | analysis of vulnerability by sector, based on the proportion of the fleet that would be non-compliant |
| T4 Appendix A (Modelling for Consultation) | Jan 2020 | Discusses the modelling tools used to assess the impacts of GM CAP https://cleanairgm.com/technical-documents/ | Modelling tools used to assess impacts of GM CAP |
| Deliberative Research | Nov 2019 | Research was carried out with taxi drivers potentially in scope for the scheme, including deliberative research and surveys of van owners https://cleanairgm.com/technical-documents/ | Understanding the taxi sector and views of taxi owners |
| GM CAP Impacts of Covid-19 Report | June 2021 | Considers the impacts of the pandemic on GM and reviews the potential and actual impacts of Covid-19 on the GM CAP. https://cleanairgm.com/technical-documents/ | Review of impacts of Covid-19, including impacts on taxis |
| **Chapter 2** | | | |
| Proportion of Vehicle Types Registered by Area | Jan 2022 | https://www.gov.uk/government/statistical-data-sets/all-vehicles-veh01 | Proportion of the fleet |
| T4 Appendix V (previously TN37) | 2021 | (Current version not published) – Provides details of vehicle proportions by mode, including future year forecasts | Number of impacted vehicles |
| Taxi Fleet Data | Various (2019 – 2022) | Comparison of the changing taxis fleet over time. Sourced from the GM Taxi Licencing data (raw data not published) e.g. age profile / fuel type / number of taxis | Understand changes in taxi fleet over time |
| GMP ANPR Data | Various (2019 – 2022) | GMP ANPR data – to review changing characteristics of the vehicle fleet operating within GM | Understand changes to taxis over time |
| **Chapter 3** | | | |
| Taxi and private hire vehicle statistics, England: 2021 | June 2021 | https://www.gov.uk/government/collections/taxi-statistics | Understanding make up of taxi operations |

| | | | |
|---|---|---|---|
| Industry Driver Shortages | 2021 | https://lphca.co.uk/lphca-news/industry-driver-shortages | Research |
| Taxi? Taxi? Why it's suddenly getting so hard to find a cab | Nov 2021 | https://www.theguardian.com/uk-news/2021/nov/13/taxi-taxi-why-its-suddenly-getting-so-hard-to-find-a-cab | Research |
| APPG submission by UK Hospitality | Feb 2021 | https://www.ukhospitality.org.uk/page/APPG | Research |
| Emerging from the Pandemic | 2021 | The Leisure Consumer Group https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consumer-business/deloitte-uk-the-leisure-consumer-2021.pdf | Research |
| Covid-19 Impact on EUROCONTROL Member States | June 2021 | https://www.eurocontrol.int/sites/default/files/2021-06/eurocontrol-brief-on-covid19-impact-spain-en-09062021.pdf | Research |
| Modes of transport used by passengers traveling to Manchester Airport between 2002 and 2019 | 2019 | Historical mode shares for surface access, Manchester Airport (pre-COVID) – showing high taxi mode share https://www.statista.com/statistics/303820/modes-of-transport-to-manchester-airport-uk-united-kingdom/ | Research |
| Transport use during the coronavirus (Covid-19) pandemic | 2022 | https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic | Research |
| What is the future of commuting to work? | May 2021 | https://www.economicsobservatory.com/what-is-the-future-of-commuting-to-work | Research |
| Impact of the coronavirus (Covid-19) pandemic on retail sales in 2020 | Feb 2021 | https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/impactofthecoronavirusCOVID19pandemiconretailsalesin2020/2021-01-28#:~:text=1.-,Main%20points,remain%20below%20pre%2Dpandemic%20levels. | Research |
| Manufacturing Data | Various | Review of new vehicle production levels & impacts due to the pandemic https://www.smmt.co.uk/vehicle-data/manufacturing/ | Research |
| Uk automotive demand in the wake of COVID 19 | 2021 | https://www.pwc.co.uk/industries/automotive/insights/uk-automotive-demand-in-the-wake-of-Covid-19.html | Research |
| Taxi price search | various | Changing prices for taxis https://www.cabdirect.com/ | Taxi Prices |
| LEVC – Taxi Prices | various | https://levc.com/event/tx-offer-national/ | Taxi Prices |
| Toyota Prius vehicle price | various | Review of taxi prices of popular types of PHV https://www.toyota.co.uk/new-cars/prius/ | Taxi Prices |
| Skoda Octavia Prices | Various | Review of taxi prices of popular types of PHV https://cc.skoda-auto.com | Taxi Prices |
| **Chapter 4** | | | |
| | | (No additional Sources in Chapter 4) | |
| **Appendix A** | | | |
| | | No additional Sources in Appendix A | |
| **Appendix B** | | | |
| Coronavirus (Covid-19) UK Government Dashboard | Oct 2020 | https://coronavirus.data.gov.uk/ | Background of Covid Timeline |

| | | | |
|---|---|---|---|
| “Greater Manchester's Covid-19 Management Plan: how we control outbreaks” | 2022 | https://greatermanchester-ca.gov.uk/coronavirus/Covid-19-management-plan/ | Background of Covid Timeline |
| “Prime Minister announces new local COVID Alert Levels” | Oct 2020 | https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels | Background of Covid Timeline |
| TfGM’s C2 Database | various | Traffic flow data was extracted and analysed from TfGM’s C2 Database<br>https://tfgmc2.drakewell.com/multinodemap.asp | Information on local traffic impacts |
| “Budget 2021: Fuel duty rise axed as petrol prices hit record highs” | Oct 2021 | Fuel Prices Increase:<br>https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-axed-petrol-prices-record-highs-b962832.html | Information on Economic Related Impacts |
| “GDP monthly estimate, UK : December 2021” | Dec 2021 | GDP information<br>https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021 | Information on Economic Related Impacts |
| “Average weekly earnings in Great Britain: February 2022” | Dec 2021 | Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021<br>https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022 | Information on Economic Related Impacts |
| “UK economy latest” | Dec 2022 | Information on Goods import and exports<br>https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output | Information on Economic Related Impacts |
| “Cities Outlook 2022” | Jan 2022 | Change in pub and restaurant sales in City Centres and Suburbs.<br>Weekday footfall in Birmingham, Manchester and London<br>https://www.centreforcities.org/wp-content/uploads/2022/01/Cities-Outlook-2022-2.pdf | Information on Economic Related Impacts |

# Appendix B – Review of COVID Impacts

## Overview

B.1 Travel behaviour and the economy have been impacted by the Covid-19 pandemic and have resulted in changes in the way that people travel and the way businesses operate. In this chapter we will assess some of the key data findings found throughout the period to better understand the levels of impact on transport and travel generally.

B.2 Chapter 3 focuses on the impacts of Covid-19 on the coach and minibus sectors.

## COVID Timeline

B.3 In January 2020, Covid-19 first appeared in the UK. By 30th November 2020, there were an estimated total of 1.6 million people testing positive to the virus in the UK with 58,24539 cases resulting in deaths.[40]

B.4 As stated within the GMCA Covid-19 Management Plan Executive Summary, GM had more than 16,000 confirmed cases and nearly 2,800 people died during the first four months of the Covid-19 pandemic.[41]

B.5 In Summer 2020, North West England was one of the worst affected areas by the pandemic with GM placed under additional restrictions on 31st July 2020. Throughout 2020, GM continued to experience a disproportionate impact to the rest of the UK from these additional restrictions, such as the three-tier system for lockdowns across England. This three-tiered system was first announced by the Government in October 2020 to *'simplify and standardise local rules'*.[42]

B.6 On 5th November 2020, the Government imposed a second national lockdown with restrictions on continued business activity in England. These restrictions were in place between 5th November and 2nd December 2020, followed by a return to 3 Tier system restrictions.

B.7 On 19th December 2020 the Government introduced an additional 4th Tier, with lockdown measures beginning in London and the South East, after having identified the Alpha (Kent) variant, coming into effect on 21st December 2020 until a third nationwide lockdown was re-introduced on 6th January 2021.

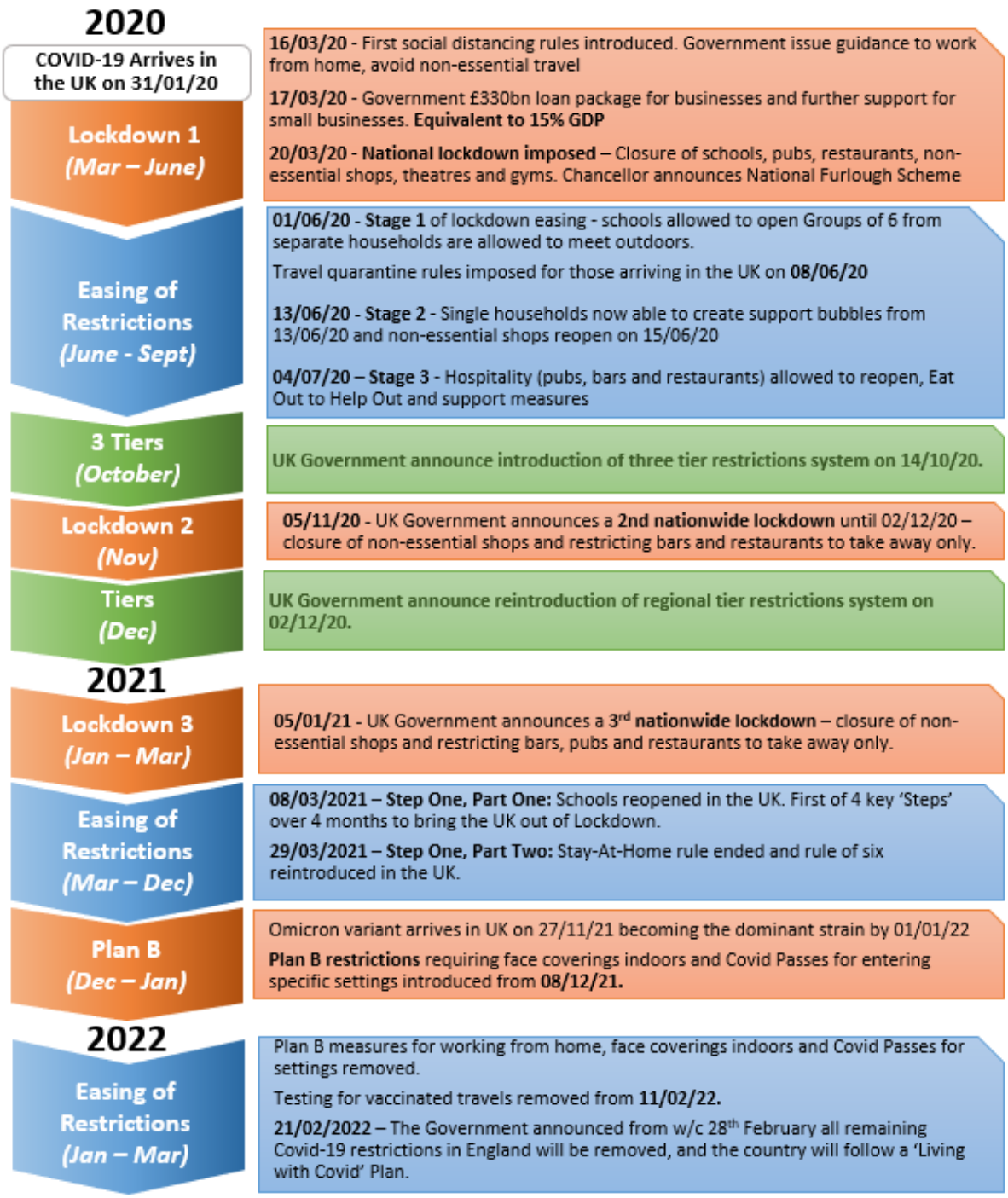
B.8 March 2021 saw Step 1 of the Government's roadmap being introduced, with schools reopening and outdoor gatherings being allowed with the proviso of staying local. April 2021 saw Step 2 of the roadmap allowing limited indoor contact, businesses such as hairdressers to reopen and outdoor hospitality. Step 3 came into effect in May 2021, allowing indoor meetings limited to 6 people and 10,000 people for large sport stadiums. Step 4, on 19th July 2021, saw the remaining venues such as nightclubs reopen, and the removal of most other restrictions.

[39] UK deaths is based on deaths within 28 days of a positive test and does not include excessive deaths.
[40] Coronavirus (Covid-19) UK Government Dashboard https://coronavirus.data.gov.uk/ (accessed 01/10/20)
[41] Covid-19 Management Plan – Executive Summary (GMCA) https://greatermanchester-ca.gov.uk/coronavirus/Covid-19-management-plan/
[42] Prime Minister announces new local Covid Alert Levels - https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels

B.9 With the discovery of the Omicron variant, Plan B measures (face coverings indoors and use of Covid Passes at specific settings such as nightclubs), which also recommended working from home where possible, were implemented from 8th December 2021 to 27th January 2022.

B.10 A summary of the key Covid-19 events and Government responses has been captured in **Figure B-1**.

**Figure B-1 Covid-19 Timeline January 2020 to March 2022**




B.11 The Covid-19 pandemic has had a transformative global impact to health, businesses, the economy, and way we live and interact with one another.

B.12 At the time of the production of this note in March 2022, the UK appears to be exiting the pandemic. Case numbers are stabilising, death and in-patient numbers remain low, reflecting the positive impact of a successful vaccine programme rollout.

B.13 However, emerging evidence gathered over the course of 2020 and 2021 has shown that there have been substantial changes to the economy, travel patterns and our behaviours. These changes have been driven by Government policy in the short term, however some of the behaviours adopted during Government lockdowns may continue as restrictions ease. In addition to this, economic impacts following the recent easing of restrictions have resulted in impacts which can be seen locally, nationally and globally within the economy.

## Covid-19 Impacts on Travel Behaviour

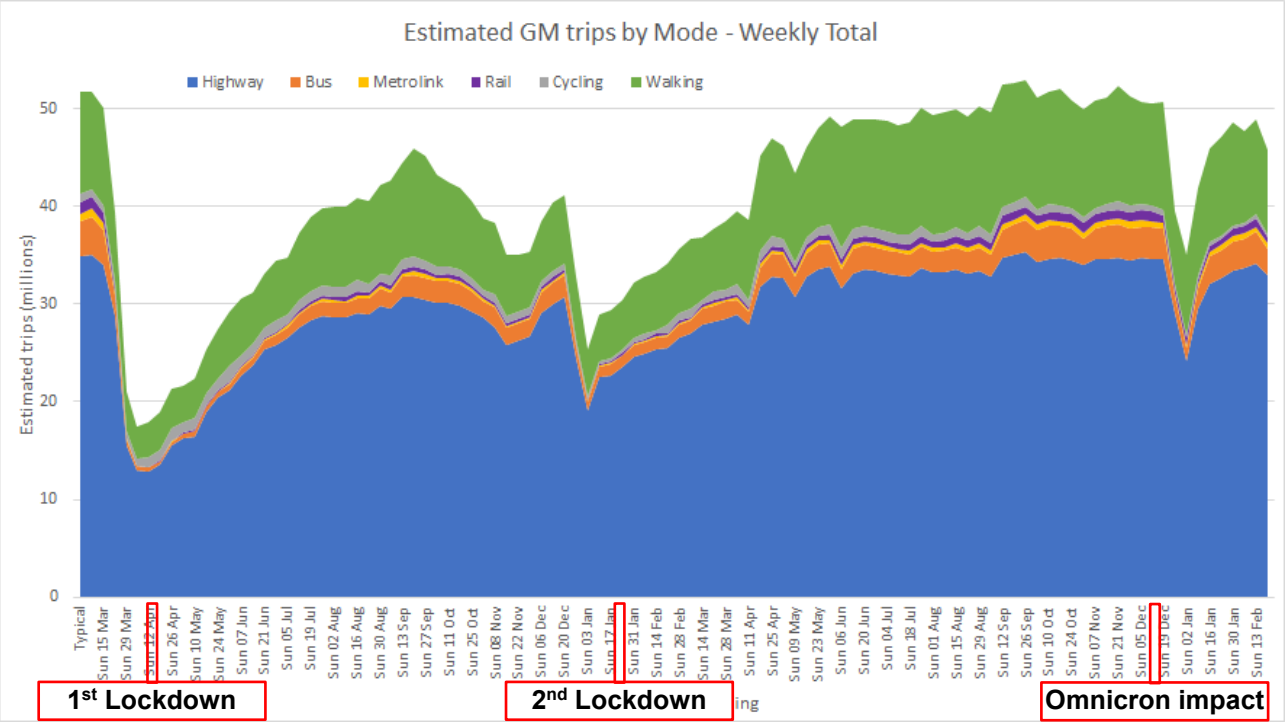
B.14 Detailed analysis has been undertaken on the impacts of Covid-19 on travel demand within GM to compare 'pre-pandemic' and 'during pandemic' travel levels within GM.

B.15 As shown in **Figure B-1**, there are a number of Government interventions which have had an impact on traffic levels (for all modes of transport). These include:

- Government guidance issued on 16th March 2020 to work from home 'where possible';
- Closure of all UK schools to children, apart from those who have key worker guardians on 20th March 2020;
- Closure of the hospitality and leisure sector on the 20th March 2020 including pubs, bars, restaurants, gyms, theatres etc.;
- Re-opening of schools to all children in September 2020 alongside the UK Government encouraging workers to return to the office;
- Implementation and extension of the Government Tiered restrictions;
- Return to lockdown conditions on 5th November 2020, 2nd December 2020 and 6th January 2021; and
- Hotel quarantine for travelers from high-risk countries.

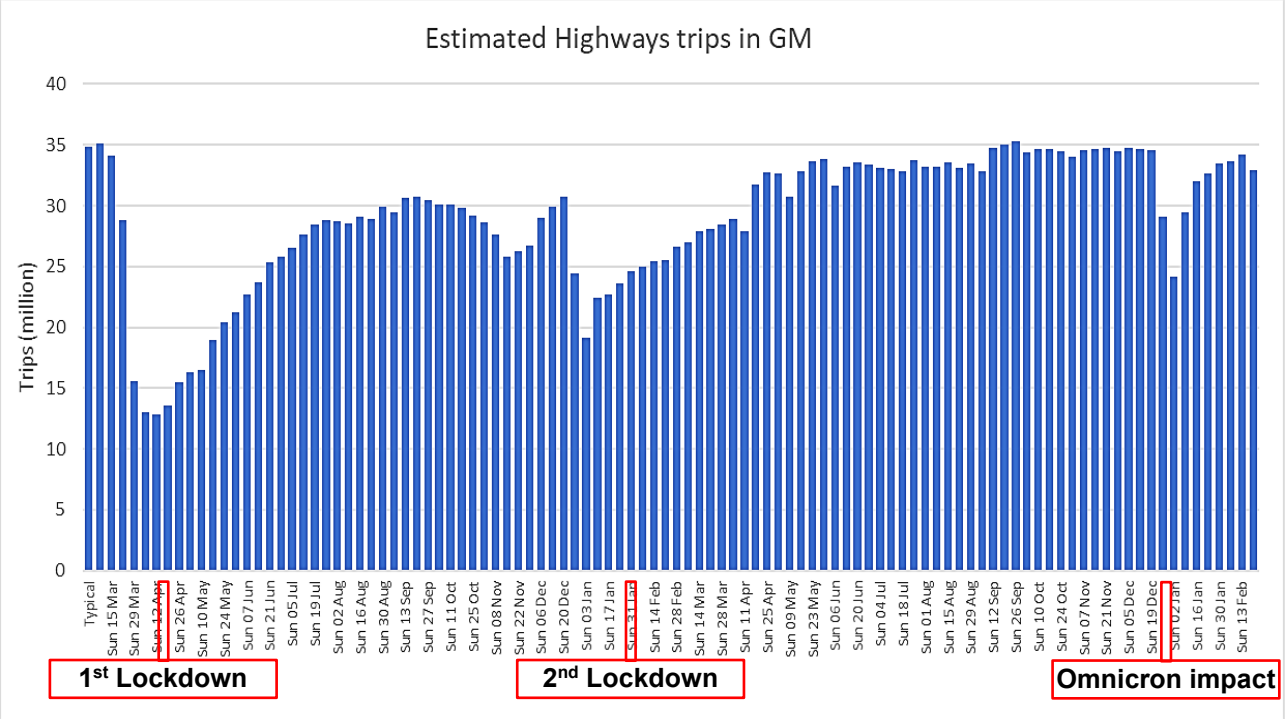
B.16 Since the beginning of the pandemic, travel patterns across the UK have significantly changed, driven by changing Government guidelines and the perception of transmission risks on certain forms of transport. An overview of the changing trends of travel behaviour by mode in Greater Manchester is provided in **Figure B-2** to **Figure B-6**; the data has been provided by TfGM. Three key dates have been flagged in each figure: the first and second national lockdowns plus the emergence of the Omicron variant.

## Figure B-2 Overview of travel behaviour – All Modes



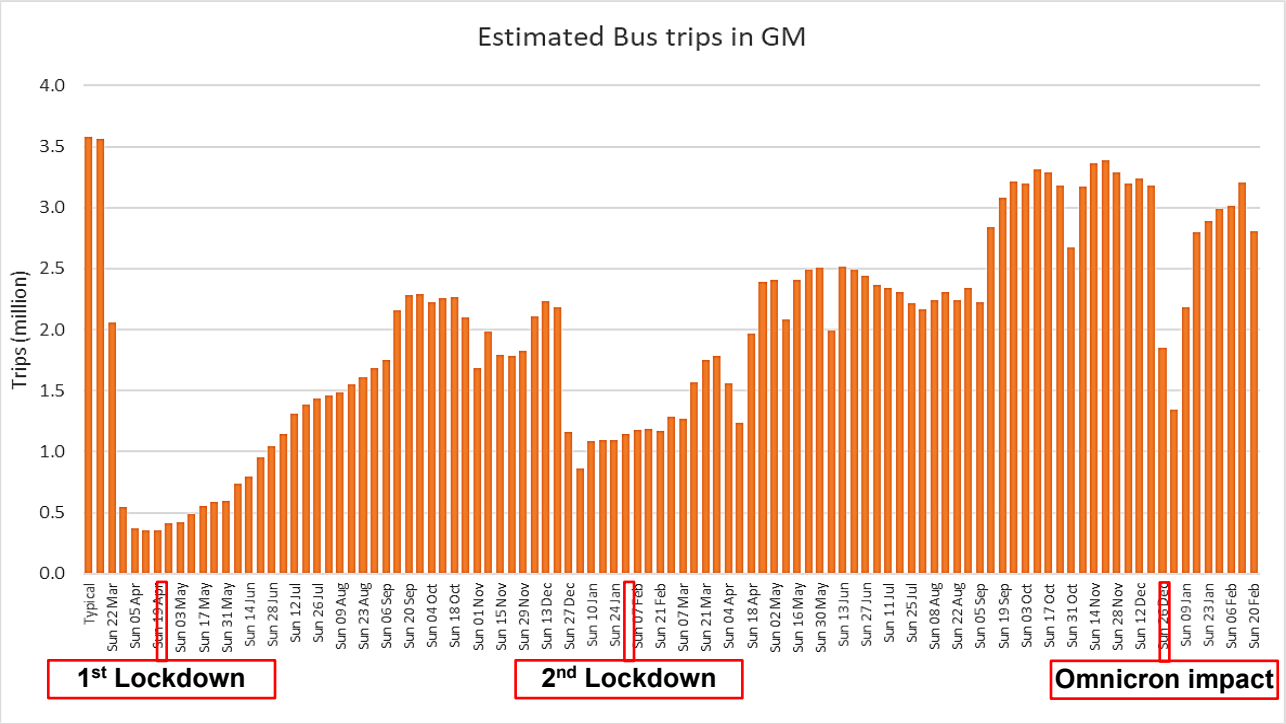

*Source: TfGM*

## Figure B-3 Overview of travel behaviour – Highway



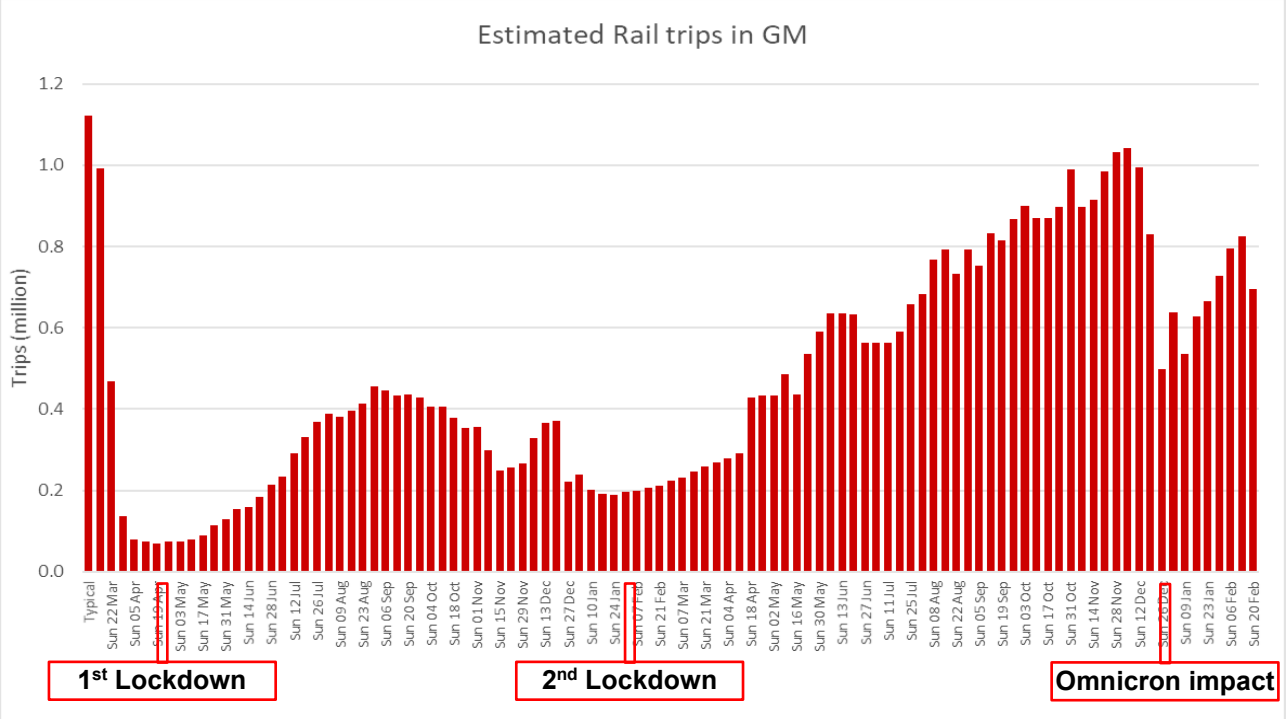

*Source: TfGM*

## Figure B-4 Overview of travel behaviour – Bus



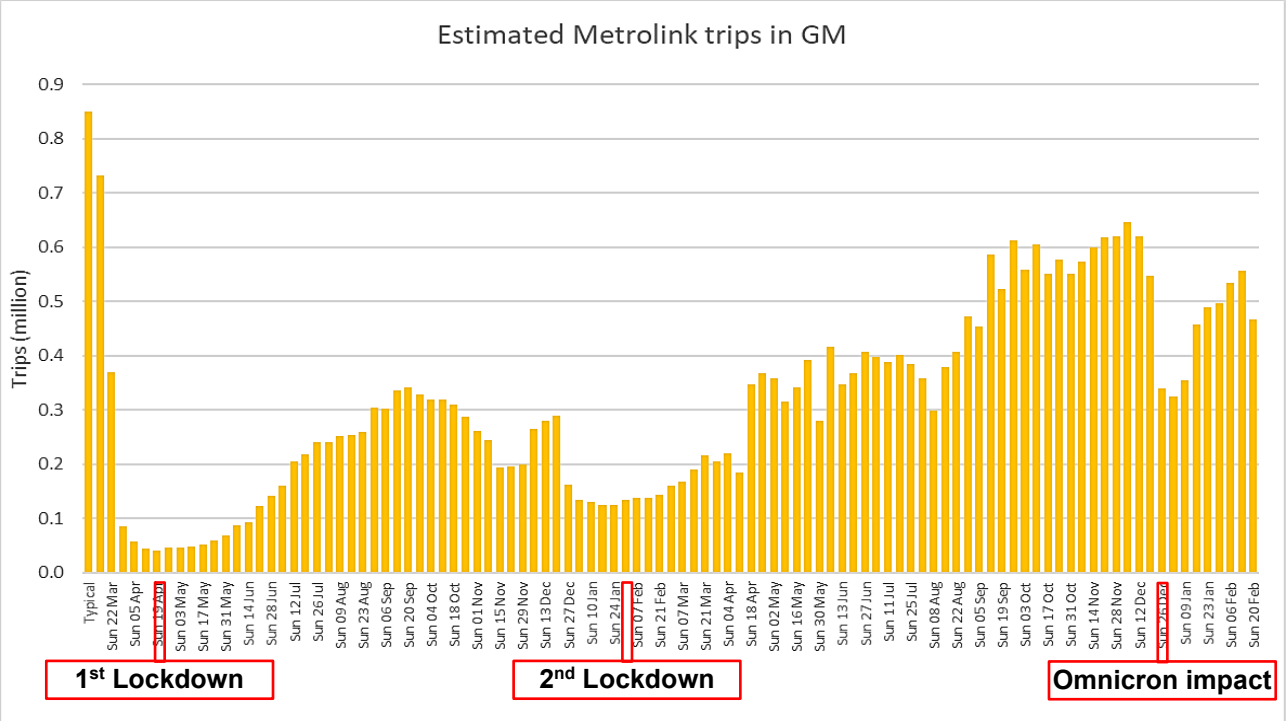

*Source: TfGM*

## Figure B-5 Overview of travel behaviour – Rail




*Source: TfGM*

**Figure B-6 Overview of travel behaviour – Metrolink**




*Source: TfGM*

B.17 These figures illustrate that the impact of the pandemic has been pronounced and the extent to which pre-pandemic travel volumes have returned varies by mode. In summary, at the aggregate level across GM:

- Highway trips are close to pre-pandemic levels (approximately 95% of 'typical'); and
- Public transport trip levels are between 60% and 75% of pre-pandemic / typical levels with bus performing more strongly than rail / Metrolink.

# Local Traffic Impacts

B.18 Further analysis was undertaken regarding traffic flows on the local highway network, in order to understand the changing highway demand levels at various points through the pandemic. This has provided an insight into how the Covid-19 related travel guidance and changing behaviours because of the pandemic have impacted travel across GM.

B.19 This analysis has considered changing travel levels at a range of locations across Greater Manchester, to understand how traffic flows have changed on the following:

- Roads near to the Regional Centre;
- Key radial routes;
- Roads adjacent to local centres within GM; and
- Roads accessing centres of employment.

B.20 The analysis has considered several points in time, comparing:

- September 2019 (before the pandemic);

- September 2020 (during the pandemic);
- November 2021 (during pandemic – pre Omicron); and
- January 2022 (most recent, though impacted by Omicron variant).

B.21 Traffic flow data was extracted and analysed from TfGM's C2 Database[43]. These have been reviewed and presented for the 2-way hourly link volumes, by hour, at the following locations:

- Manchester Rd (A56) / 15m South of Ashlor St, Bury (ATC);
- Princess Rd (A5103) / 100m North of Bonsall St, Hulme, Manchester (ATC);
- Washway Rd (A56) / 40m North of Hunston Rd, Sale, Trafford (ATC);
- Bury New Rd (A56) / 90m North of Kingswood Rd, Prestwich, Bury (ATC); and
- Centenary Way (A576) / 160m North of Guinness Rd, Trafford Park, Trafford (ATC)

B.22 Using these specific locations around Greater Manchester the traffic behaviours at each location type can be assessed.

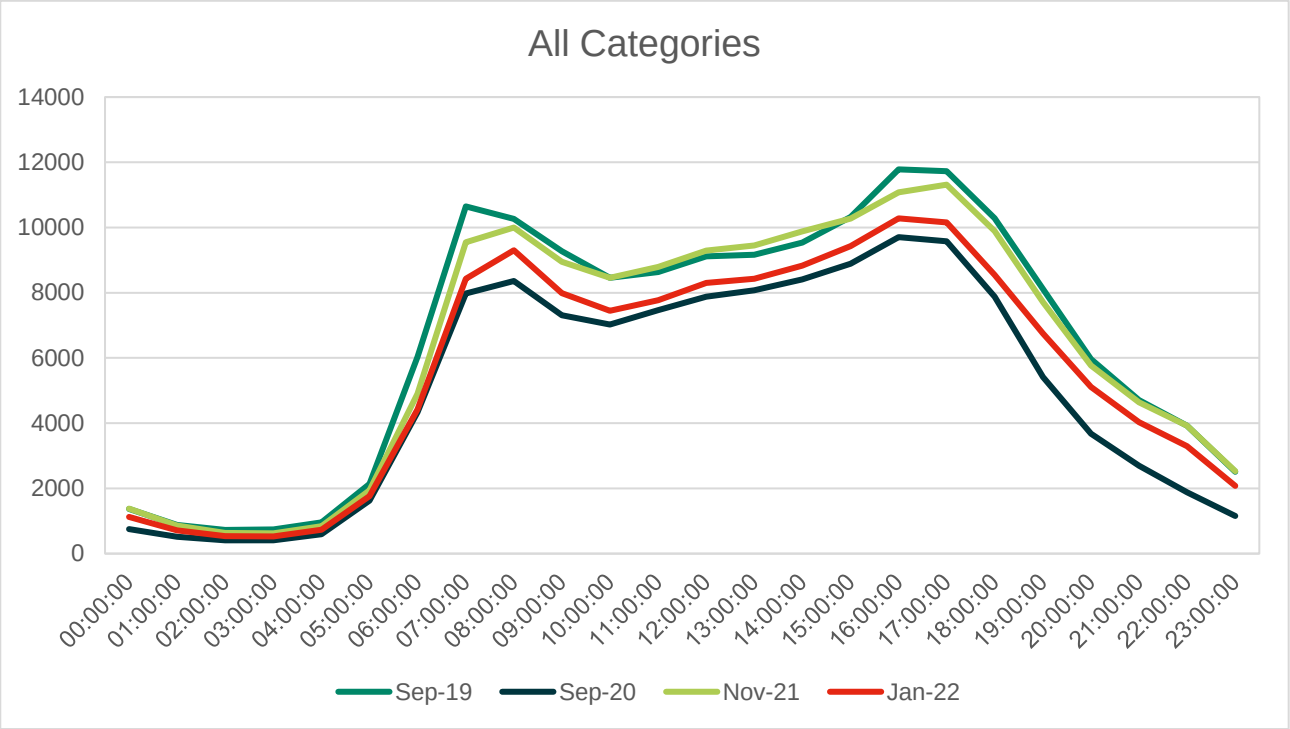
**General Traffic Conditions**

B.23 Averaging the sites identified above (see **Figure B-7**) suggests there has been a change in travel behaviour throughout the pandemic, noting the following key observations:

- The AM and PM peak periods have remained, although there is a dampening down effect on the peaks, with less variation between peak flows and interpeak flows, as the interpeak has continued to perform strongly.
- During late 2021, highway demand was almost back at pre-pandemic levels, there was then a noticeable drop again in demand as a result of the Omicron variant in December 2021.
- There has been some recovery during the peak periods, though they have not yet returned to pre pandemic levels.
- It is also noted that the earlier part of the AM peak is less strong than pre pandemic levels, with the AM peak now occurring 08:00 to 09:00, rather than 07:00 to 08:00 based on the sample of data sites.
- It also appears that the evening traffic (after 19:00) in 2022 is recovering at a slightly faster rate than the daytime traffic flows. This returned to pre-pandemic levels in November 2021 however, there has been a slight drop again in 2022, although it has been less impacted than other times of day. During the 2020 restrictions, the evening economy was significantly restricted by the Covid-19 restrictions in place at the time.

[43] https://tfgmc2.drakewell.com/multinodemap.asp

**Figure B-7 Change in traffic flow levels by time of day (all areas)**



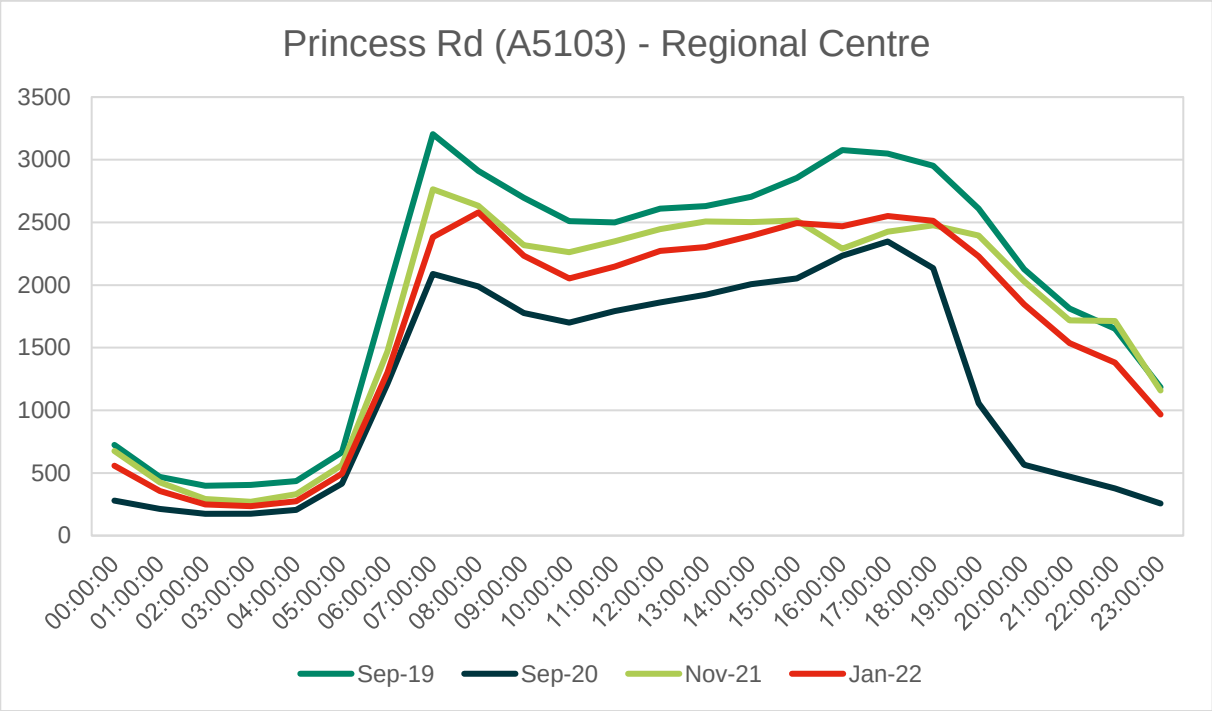

*Source: TfGM C2 Database*

### Roads adjacent to the Regional Centre

B.24 Traffic flows adjacent to the Regional Centre have been significantly impacted throughout the pandemic (see **Figure B-8**). The following key trends have been identified:

- From the data assessed, the pandemic (and associated restrictions) appears to have had the greatest impact on regional centre flows, with the largest decrease in 2020 and the slowest recovery;
- The recovery of traffic flows in the peaks is still subdued, though traffic flows during the Omicron variant have been higher than in Autumn 2020, unlike what is seen at local centres;
- In 2020, Covid-19 restrictions had a considerable impact on demand for travel relating to the Regional Centre, with heavy restrictions placed on sectors such as leisure, tourism, and the night time economy. By November 2021, the easing of COVID restrictions resulted in a return of travel demand to the Regional Centre, showing considerable recovery at particular times of day, reaching close to 2019 levels. The 2022 travel demand to Mar-22 also showed a strong return of traffic during the evening periods, though the Omicron variant is likely to be keeping these slightly below pre-pandemic levels at present.
- The early part of the AM peak is now much weaker than prior to the pandemic, and the PM peak is less pronounced. In November 2021, traffic flows were slightly reduced from pre pandemic levels, with the PM peak most strongly impacted. In January 2022, the PM peak appears to be starting to recover, with a slightly later AM peak.

**Figure B-8 Change in traffic flow levels by time of day (Regional Centre)**

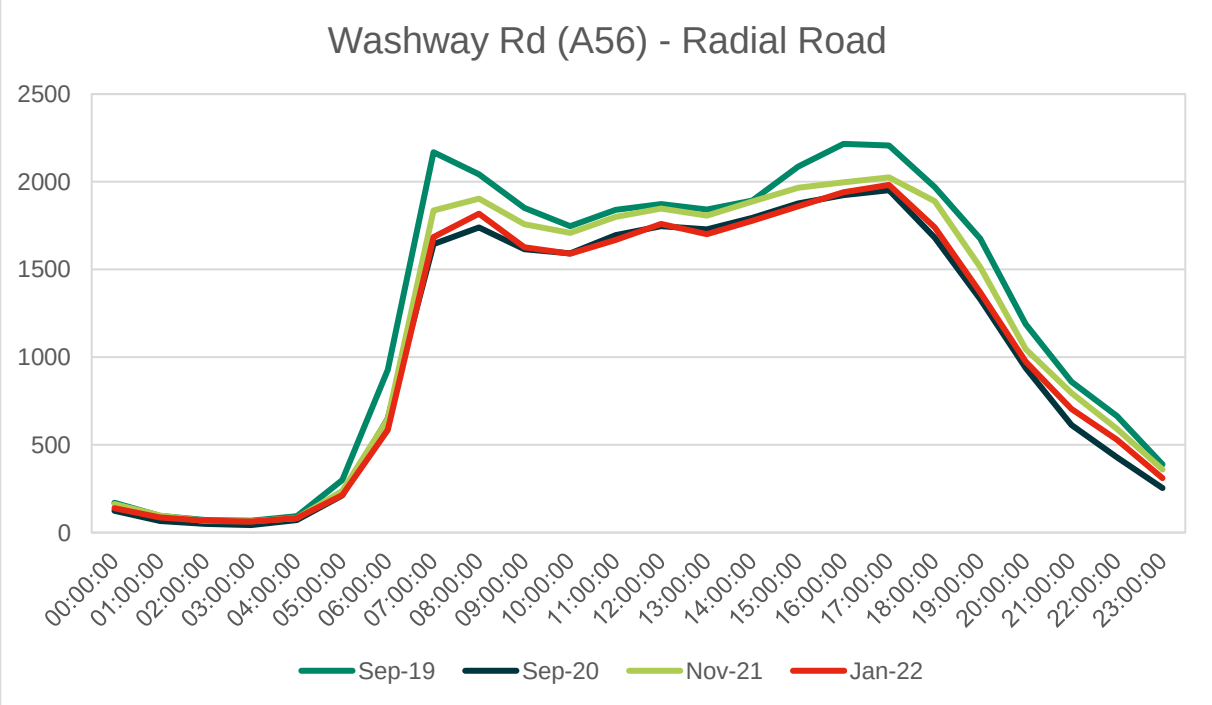



*Source: TfGM C2 Database – Location N of Bonsall St, Hulme*

### Radial Roads

B.25 On Washway Road in Sale (see **Figure B-9**), its proximity close to the M60, and as a key radial route, has resulted in a high level of traffic demand at various points throughout the pandemic. The site is also close to the Local Centre of Sale. Demand has remained strong at the various points assessed although, as with most other locations, the peak periods are showing slightly lower demand in 2022.

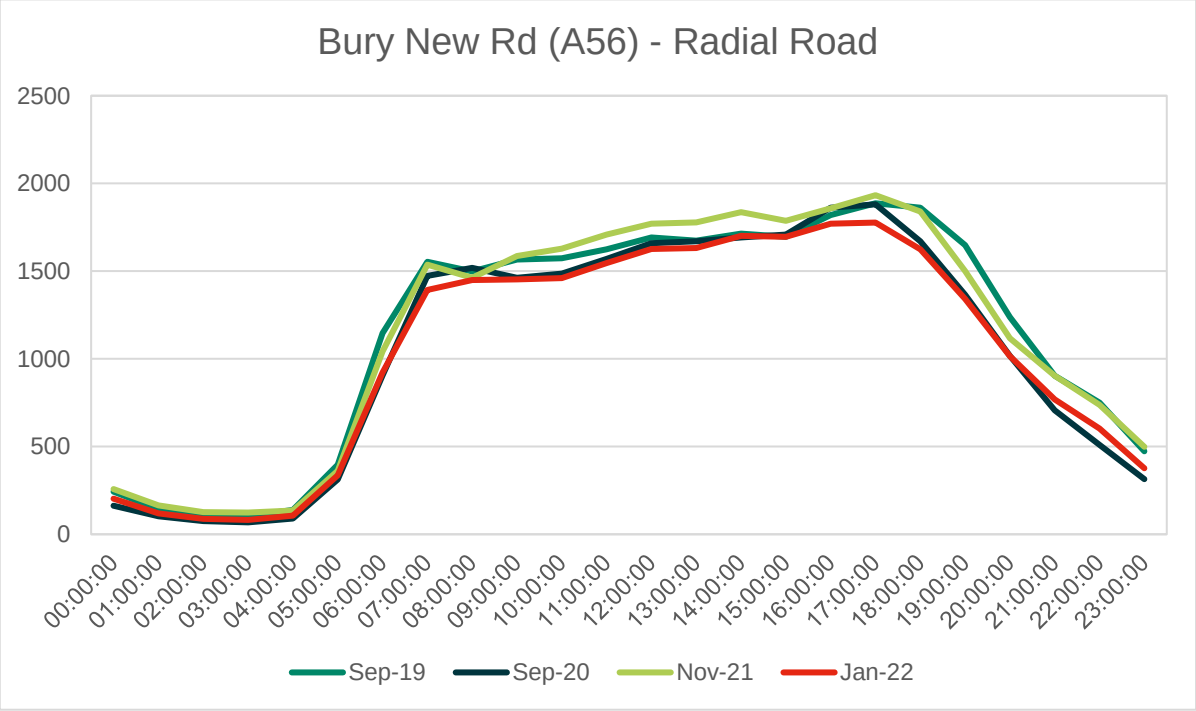
**Figure B-9 Change in traffic flow levels by time of day (Radial Roads Outside M60)**




*Source: TfGM C2 Database – Location adjacent to Sale Local Centre*

B.26 Another key radial route north of the Regional Centre is Bury New Road (see **Figure B-10**). This site is also a key radial, though also serves local centres, such as at Prestwich. This location has shown a strong recovery of travel behaviour with travel at certain times of day exceeding pre-pandemic levels, especially during the interpeak, both in autumn 2020, autumn 2021 and currently in 2022. The evening period has, however, shown a slower recovery.

**Figure B-10 Change in traffic flow levels by time of day (Radial Roads Inside M60)**



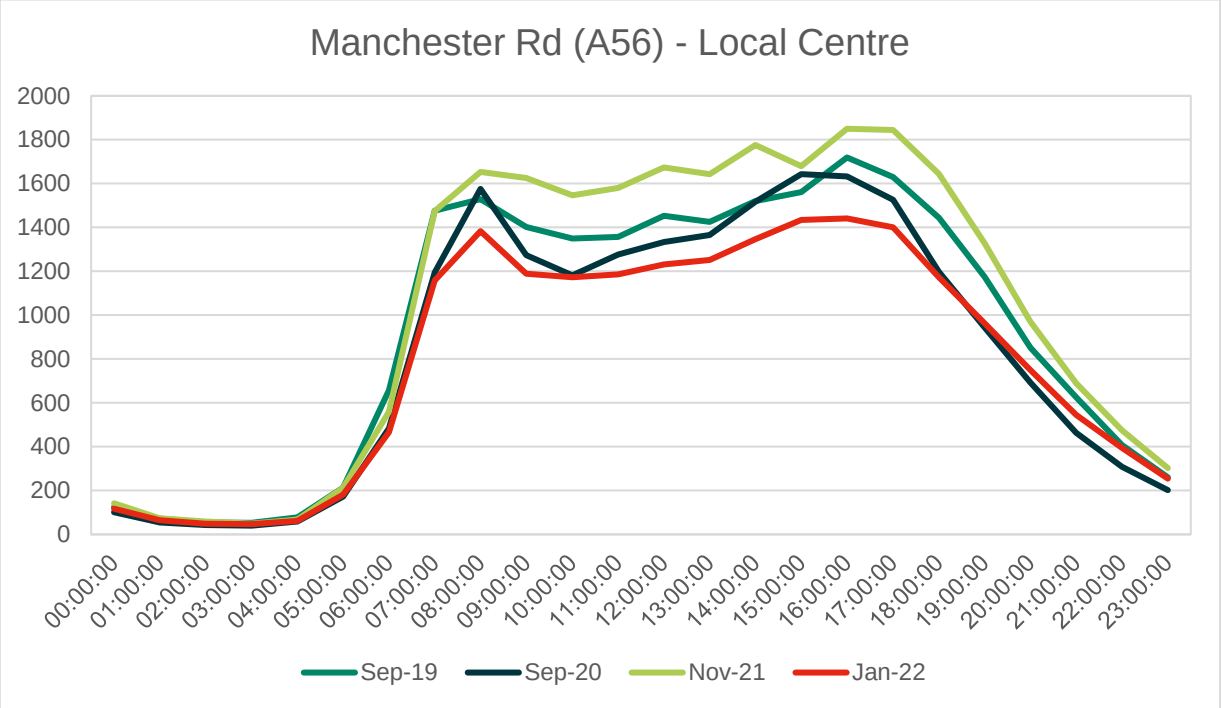

*Source: TfGM C2 Database – Location N of Kingswood Rd, Prestwich (Near to M60 J17)*

### Local Centres

B.27 Throughout the pandemic, as the UK Government eased travel guidance, travel demand in the vicinity of local centres, have bounced back strongly. **Figure B-11**, shows the A56 Manchester Road near Bury, which experienced a strong bounce back effect in Autumn 2020, when travel restrictions were eased. **Figure B-11** shows the later part of the AM peak and the early part of the PM peak exceeding pre pandemic levels, plus a strong interpeak and was likely an impact of more localised travel.

B.28 By the end of 2021, demand had exceeded 2019 pre-pandemic levels by a clear margin, however this demand fell significantly in January 2022. The recent 2022 data shows the impacts of restrictions associated with the Omicron variant which has suppressed traffic flows once again.

**Figure B-11 Change in traffic flow levels by time of day (adjacent to Local Centres)**



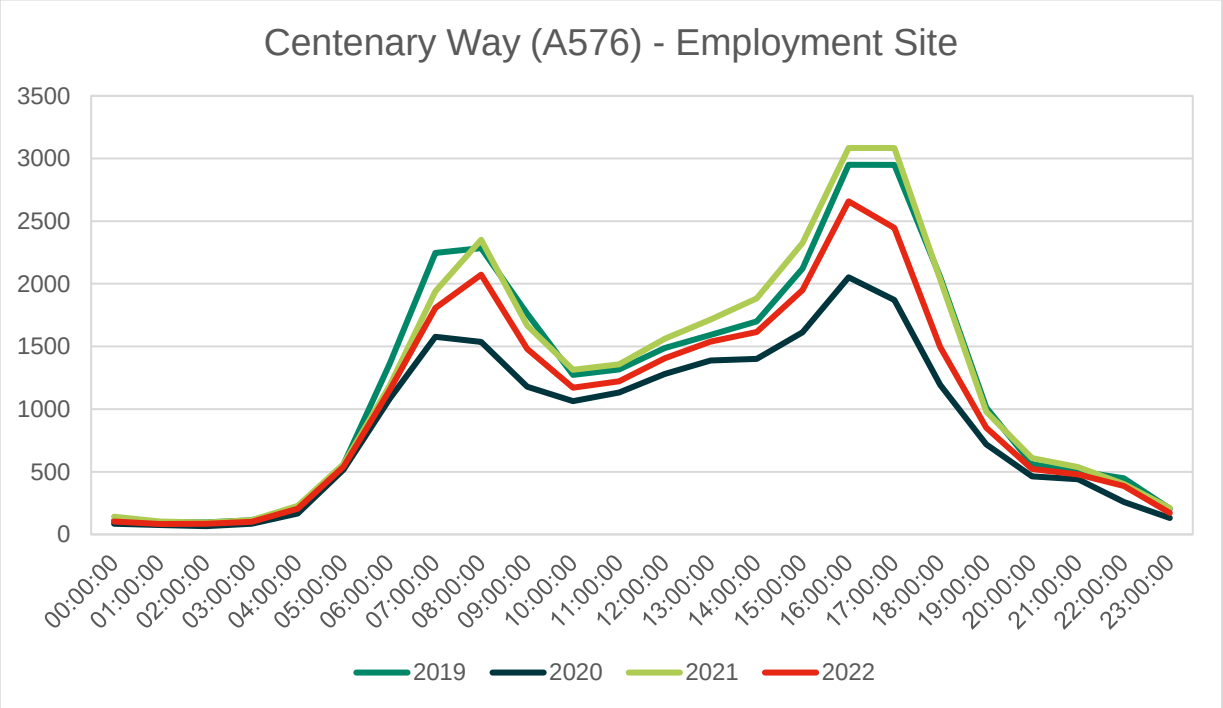

*Source: TfGM C2 Database – Location S of Ashlor St, Bury*

### Centres of Employment (Trafford Park)

B.29 Trafford Park is a major site of employment within Greater Manchester, with traffic flows accessing this employment area changing significantly during the pandemic.

B.30 During the limited easing of travel restrictions in Autumn 2020, traffic flows to/from Trafford Park remained low, with limited return of higher peak time travel flows. This was possibly due to the higher levels of working from home at the time. The more recent data from November 2021 shows flows higher than pre-pandemic levels. January 2022, though impacted by the Omicron variant, shows a recovery of peak hour travel demand, close to pre pandemic levels, although the early part of the AM peak and the later part of the PM peak show a slightly weaker recovery. Interpeak travel is also similar to pre pandemic levels (See **Figure B-12**).

**Figure B-12 Change in traffic flow levels by time of day (Centres of Employment)**




*Source: TfGM C2 Database – Location Trafford Park, Trafford*

**Summary**

B.31 The review of local traffic flows at various locations across GM has shown considerable variations in changing travel behaviour by location, when compared to pre-pandemic levels. This is likely to be impacted by changing travel habits, although the recent Omicron variant is likely to be impacting some travel behaviour in the 2022 data, as shown in **Figure B7**, general traffic levels in Autumn 2021 showed overall recovery in traffic flows above pre-pandemic levels.

B.32 The change in travel behaviour by location since September 2019 is summarised in **Table B-1**.

B.33 Considering the position in November 2021, when travel patterns were least affected, it is notable that Local Centre traffic flows were higher than previously whilst the Regional Centre flows were still much reduced. For radial routes and employment centres, overall (daily) levels were back to pre-pandemic but with some variation during the day; the morning peak being less pronounced but the interpeak higher.

**Table B-1 Traffic flow changes by location type from September 2019 to January 2022**

| Location Type | Period | Change relative to Sep-19 (Index=100) | | | |
|---|---|---|---|---|---|
| | | Sep-19 | Sep-20 | Nov-21 | Jan-22 |
| Regional Centre | AM | 100 | 67 | 88 | 81 |
| | IP | 100 | 73 | 95 | 88 |
| | PM | 100 | 41 | 92 | 85 |
| | Eve | 100 | 26 | 95 | 85 |
| | Daily | 100 | 61 | 88 | 83 |
| Radial inside M60 | AM | 100 | 98 | 98 | 93 |
| | IP | 100 | 98 | 105 | 96 |
| | PM | 100 | 101 | 102 | 96 |
| | Eve | 100 | 80 | 94 | 83 |
| | Daily | 100 | 92 | 101 | 91 |
| Local Centres | AM | 100 | 103 | 108 | 90 |
| | IP | 100 | 96 | 115 | 88 |
| | PM | 100 | 94 | 113 | 86 |
| | Eve | 100 | 74 | 110 | 87 |
| | Daily | 100 | 90 | 111 | 86 |
| Employment Centre | AM | 100 | 69 | 95 | 86 |
| | IP | 100 | 83 | 108 | 94 |
| | PM | 100 | 61 | 102 | 79 |
| | Eve | 100 | 74 | 99 | 91 |
| | Daily | 100 | 74 | 102 | 88 |

*Source: TfGM C2 Database*

# Economic Related Impacts

### Introduction

B.34 Changes in the economic situation are also likely to have had an influence on travel behaviour. The section below presents the trends for a range of factors impacting the economy, several of which are likely to impact the way people travel and businesses operate.

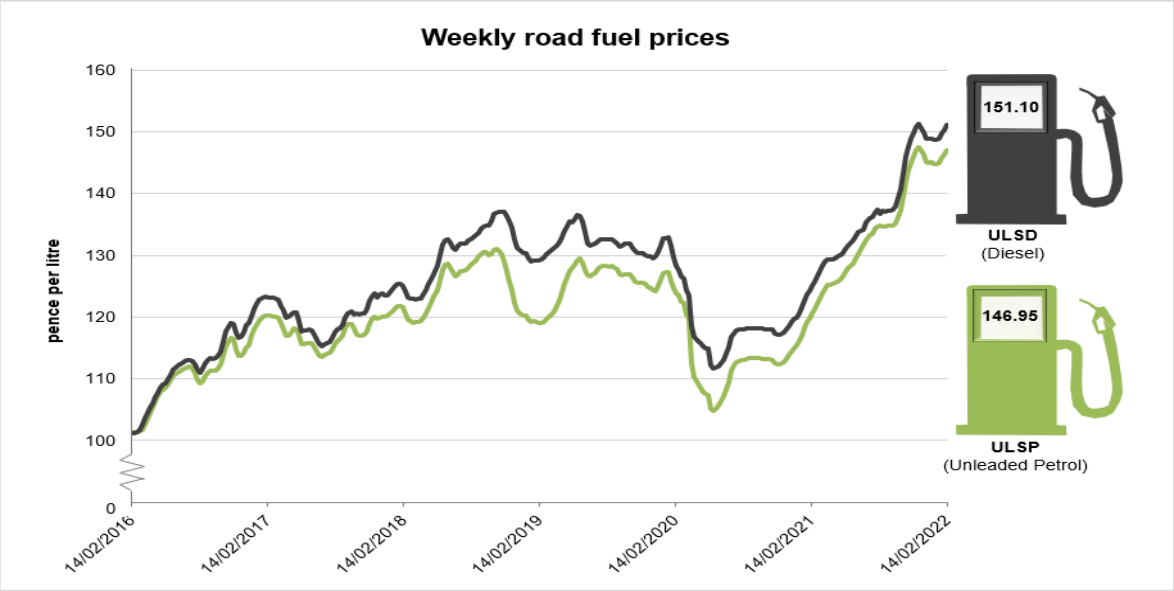
### Fuel Prices

B.35 There are six companies (four oil companies and two supermarkets) that feed into the weekly fuel price survey prepared by the government. These companies cover around 65% of the market. The change in fuel price is displayed in **Figure B-13**.

B.36 The price of road fuel is volatile over shorter time periods, with prices regularly rising and falling. The key trends from during the pandemic are:

- At the start of 2020 prices appear to have been on the decline. There was then a significant fall in both Diesel and Unleaded Petrol in early 2020, corresponding with the first national lockdown.
- During the second part of 2020, prices appear to be stable, with prices beginning to rise steadily throughout 2021 in line with global oil market prices.
- There is a steep rise in prices towards the end of 2021, reaching record highs. This corresponds with a sudden rise in post-pandemic energy demand. This has triggered a tax freeze on petrol and diesel for the twelfth year in a row[44].
- In September 2021 long queues and forecourt closures were witnessed, caused by panic buying throughout the country, sparking a fuel shortage in Britain.

**Figure B-13 Weekly Road Fuel Prices**




*Source: gov.uk*

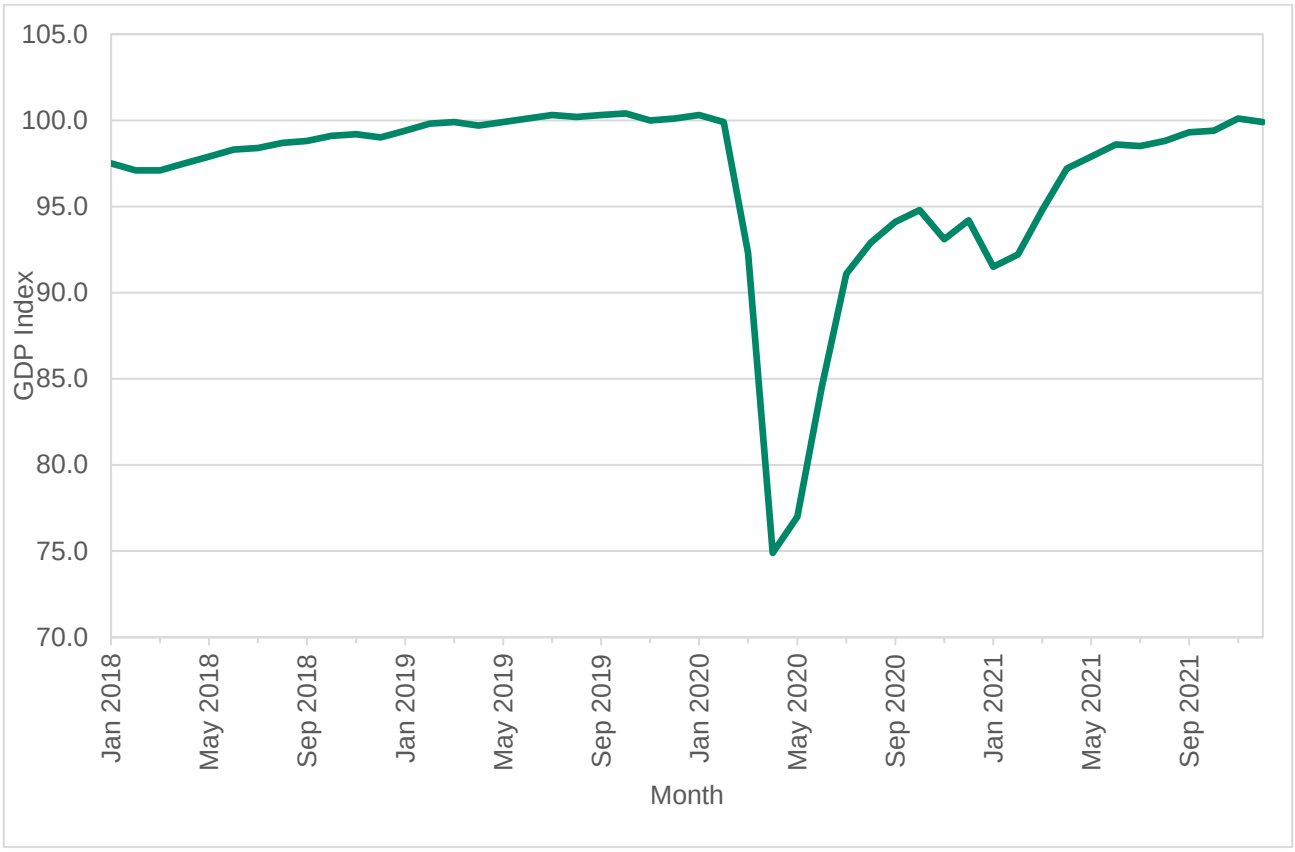
B.37 It was already likely that the price of fuel would remain unsteady for some time as a consequence of the impact of the pandemic and recent events in Ukraine have brough additional uncertainty to that market.

**GDP**

B.38 From bulletins on the ONS data website[45] the end of 2021 saw a drop in GDP by 0.2%, to equal the pre pandemic level of February 2020. In December 2021 services and construction are both above pre-pandemic levels, while production remained below. Consumer facing services fell within December, driven by a fall in retail, 8.4% below pre-coronavirus levels, contributing to the GDP fall in December 2021 (see **Figure B-14**).

[44] https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-axed-petrol-prices-record-highs-b962832.html
[45] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021

**Figure B-14 GDP in the UK (Index, 2019 = 100)**




*Source: ons.gov.uk/economy*[46]

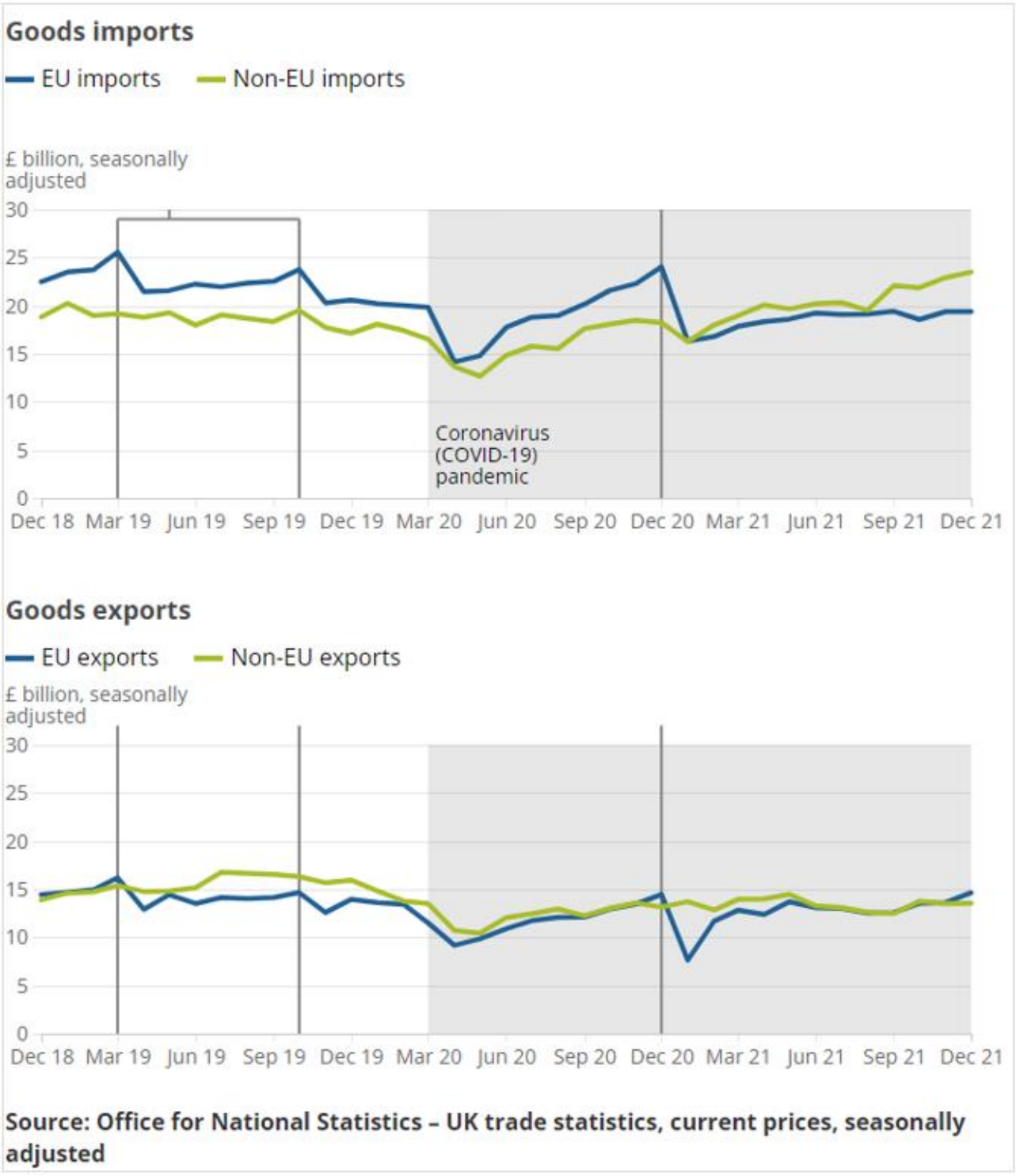
B.39 Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021[47]. In real terms (adjusted for inflation), total and regular pay fell for the year by 0.1% and 0.8% respectively.

### Imports and Exports

B.40 **Figure B-15** shows the trends in UK goods imports and exports throughout 2019, 2020, and 2021. After an initial decrease in imports at the beginning of the pandemic, this appears to have recovered. There was another significant decrease at the end of 2020, however imported goods are on the increase back to pre-pandemic levels. There was less impact on exports, with these remaining steady throughout.

[46] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021
[47] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022

**Figure B-15 Import and Exports**




*Source: ons.gov.uk/economy*[48]

**Centre for Cities – Cities Outlook**

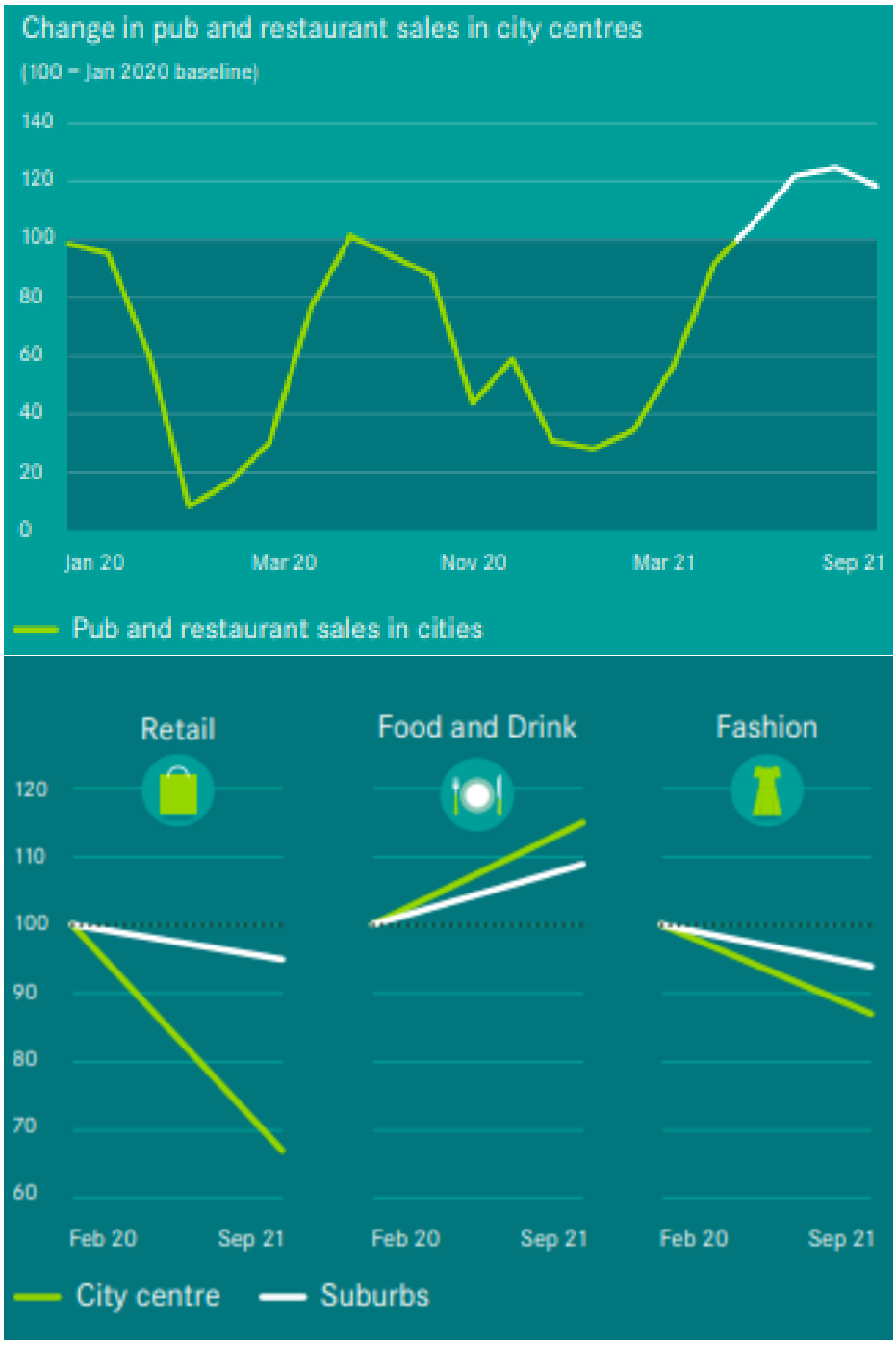
B.41 Centre for Cities produced the Cities Outlook 2022 report looking in-depth at the state of UK high streets, to get a sense of the short-term impact of the pandemic on Britain's town and city centres, and the long-term consequences and implications this has for the Government's levelling up agenda. This report showed that there was a quick and considerable shift away from high streets to online

[48] https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output

shopping during the pandemic. However, in most cities the shift stalled, or slightly fell again once shops reopened.

B.42 The Cities Outlook report also studies the impacts on pubs and restaurants, stating that the fashion sector was hit harder than pubs and restaurants. **Figure B-16** shows the trend in sales throughout 2020 and 2021. There are clear decreases in sales corresponding to the national lockdowns but in all instances, these soon recover when the sector reopens. This is also reflected in the suburbs, with retail and fashion experiencing a slight decline from Feb 2020 to September 2021 but food and drink on a steady incline.

**Figure B-16 Change in pub and restaurant sales in City Centres and Suburbs**



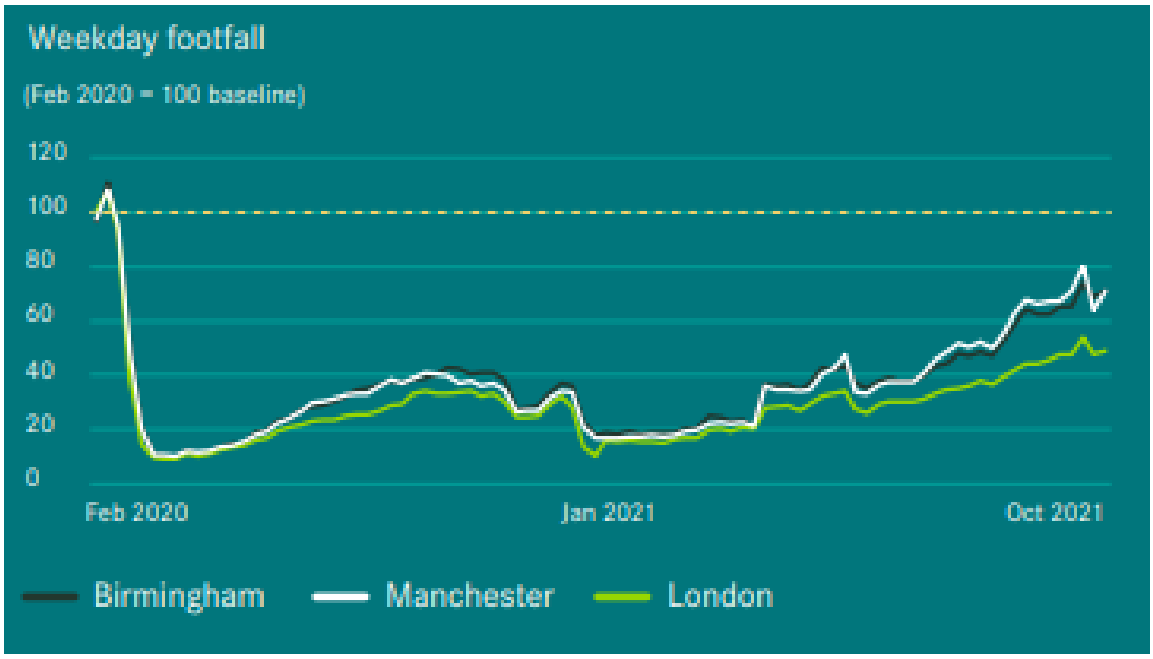

*Source: ons.gov.uk/economy*[49]

[49] https://www.centreforcities.org/

B.43 Due to the work from home regulations and, for many, working from home becoming a regular part of the working week, it is feared the reduced footfall in cities will have a lasting effect on retail, hospitality, and transport sectors. **Figure B-17** show the weekday footfall in London, Manchester and Birmingham. Although not yet back to pre-pandemic levels, there is a steady climb in footfall in the major cities with Manchester appearing to recover more quickly than Birmingham, and London taking considerably longer.

B.44 The more significant impact on London may be related to the impact of Covid-19 on international tourism.

**Figure B-17 Weekday footfall**




*Source: ons.gov.uk/economy*

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# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

# Appendix C - Technical Note: Current issues in the Van Sector

DRAFT FOR APPROVAL

June 2022

# 1. Introduction

## Background

1.1 After the initial OBC submission, a series of technical notes were published setting out the results of analysis and research carried out to better understand the vehicles in scope for the scheme. For vans, this included in particular Technical Note 3: Analysis of the Freight Market, Technical Note 12: Evidence of the impact of a 2021 implementation of a CAZ C (without exemptions), and Technical Note 20: GM Specialist Goods Survey Results Summary1.

1.2 Further notes were produced setting out the development of analytical tools for freight, with the latest published summary of that work provided in T4 Appendix A of the Modelling for Consultation[2]. Research was carried out with vehicle owners potentially in scope for the scheme, including deliberative research[3] and a survey with 800 van owners[4].

1.3 This evidence formed the basis of the development of the Option for Consultation. From March 2020, it became clear that the pandemic would affect the Greater Manchester Clean Air Plan (GM CAP); a programme of work was carried out in 2020/2021 to better understand the possible impacts of the Covid 19 pandemic on the GM CAP, published as the Impacts of Covid Report in June 2021[5]. This evidence, alongside feedback from the Consultation, was used to inform the revised GM CAP as approved by the ten GM local authorities in June/July 2021.

1.4 At that time, GM identified a number of possible risks to the GM CAP, which included concerns about the risk of vehicle price increases and the impact of any further lockdowns in the UK or countries in the supply chain.

1.5 This report, which was originally developed in January 2022, draws a series of findings and conclusions to better understand the circumstances affecting van owners in Spring 2022 (based upon the previous' GM CAP implementation date) and the implications for the GM CAP and surrounding policy framework.

1.6 Since Spring 2022, there have been further dramatic changes to the economic context in the UK which are not explicitly addressed in this report but are set out in **Appendix E**. A range of factors associated with the impact from war in Ukraine, increased costs of energy and fuel, changes to Bank of England base rates and forecasts, global supply chain challenges, and the cost-of-living crisis have combined to create a context of increased financial hardship for businesses and families.

## Structure of Note

1.7 The remaining sections of the report are structured as follows:

- Section 2 provides an overview of the van sector in GM;

[1] All available at Technical Documents | Clean Air Greater Manchester (cleanairgm.com)
[2] https://assets.ctfassets.net/tlpgbvy1k6h2/3AKtd1g0fg5OwQFNzc5FlQ/2b42ae34e93d292a5ec2eb26f7f5e8fb/T4_-_Appendix_A_Behavioural_Response_Cost_Models_and_Demand_Sifting_Tool.pdf
[3] GM_CAP_Deliberative_Research_ALL_-_Spring_2019.pdf (ctfassets.net)
[4] CCTS Listening Exercise (ctfassets.net)
[5] GM CAP- Impact of COVID Report (ctfassets.net)

- Section 3 describes the national van market trends and vehicle volumes;
- Section 4 describes issues affecting the demand for vans;
- Section 5 describes issues affecting the supply of vans;
- Section 6 sets out the impact of supply and demand on van prices;
- Section 7 considers the impact of supply constraints and price rises on the GM CAP; and
- Section 8 provides a summary of the key findings and recommendations.

1.8 In addition, **Appendix A** provides a list of data used to inform the report and **Appendix B** reviews the recent changes in travel behaviour within GM through the pandemic up until January 2022.

# 2. Overview of the van sector in GM

## Diversity and importance of the Van Sector

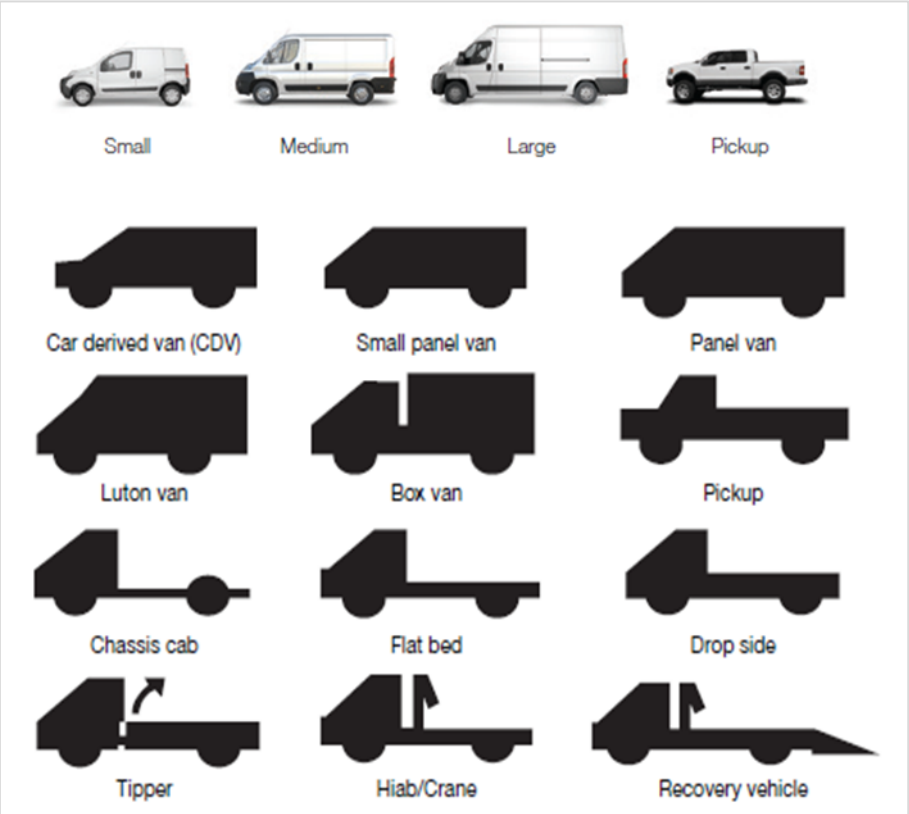
2.1 Vans are vital to the UK economy. Nationally, 3.4 million people use or depend on vans for their work and half a million people drive a van as the main part of their job. In total, vans support 10% of the UK's workforce, delivering a combined wage bill of £56bn or 11% of GDP[6].

2.2 There has been a 56% growth in the van sector since 2000, mainly in the larger van market. This has been driven by an increase in the number of self-employed tradespeople and the rapid rise in online shopping. The pandemic has strengthened the trend towards online shopping, with many (especially older) people shopping online for the first time[7].

2.3 More than three quarters of vans are medium or large, and the van market encompasses a wide range of vehicle types, as shown in **Figure 2-1**. Some vehicles will include refrigeration or other modifications, and many van owners will have fitted out their van interior to include shelving, for example.

2.4 Vans serve a wide range of sectors, as illustrated in **Figure 2-2.** A quarter of GM's vans fleet serves the construction sector (24%), with other major sectors including wholesale & retail (16%), manufacturing (13%), and transport & storage (9%).

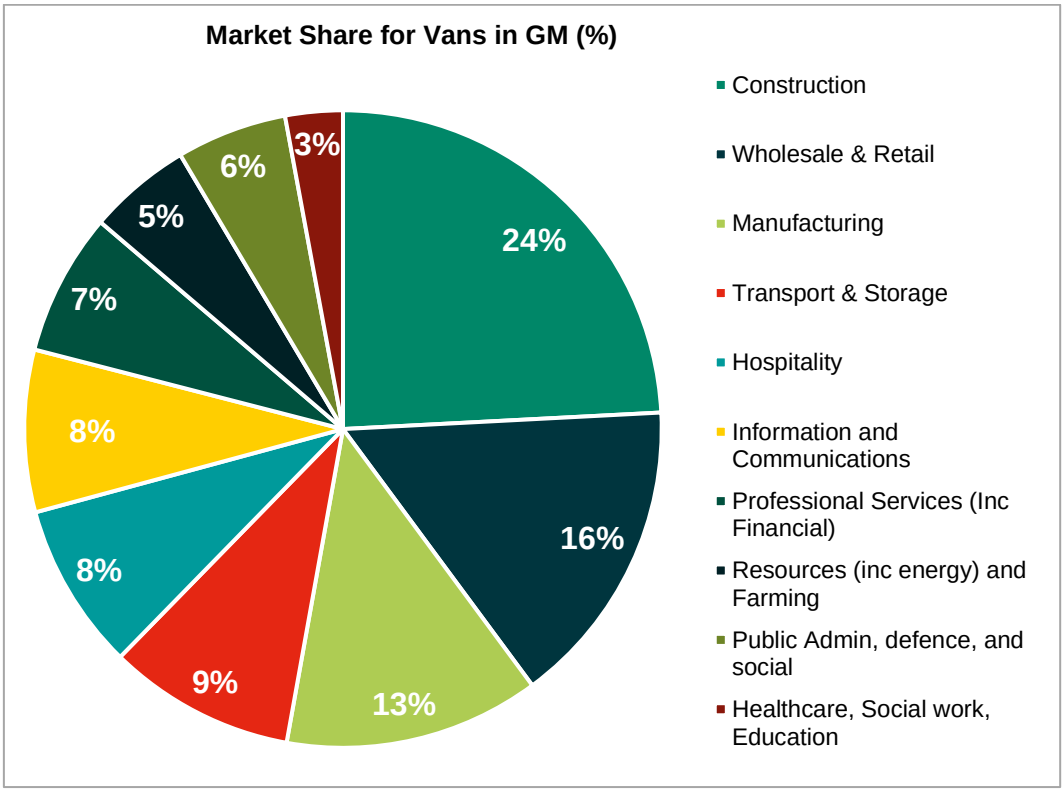
**Figure 2-1 Vehicle Types Classified as a Van**




*Source: Ford Commercials*

[6] Data throughout this section sourced from Note 3 - GM CAP Analysis of the Freight Market (ctfassets.net)
[7] Statista Accessed 5th January 2022 https://www.statista.com/statistics/1230225/changes-in-online-buying-among-uk-consumers-since-covid-19/

**Figure 2-2 Market share by industrial sector for Vans in GM**




Source: https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Light-Commercial-Vehicles-Delivering-for-the-UK-economy.pdf

2.5 GM carried out analysis considering how vulnerable different sectors were to the GM CAP. This was carried out before the pandemic in Autumn 2019, and then revisited in Autumn 2020 based on evidence of the impact of Covid on each sector[8]. A summary of that analysis is shown in **Figure 2-3**.

2.6 There is a high proportion of sole traders in the most vulnerable sectors. Van drivers have low average incomes, with analysis suggesting that the cost of the charge could equate to 15% of average income.

2.7 Longer vehicle lifespans are associated with smaller businesses and sole traders most commonly found in sectors such as removals and construction. Companies operating larger fleets, such as those in the food and retail sectors, typically replace vehicles more frequently and are therefore more likely to have CAZ compliant vehicles at present, although some parts of those sectors have been badly affected by the pandemic in terms of extended periods of closure or constrained operations.

2.8 Research conducted by GM in Autumn 2019[9] with 800 sole traders and microbusinesses found that 48% of businesses change their LGVs when they are over 10 years old or no longer fit for purpose, in comparison with 20% who update their vehicles before they are 4 years old[10].

2.9 The largest sector, construction, makes up 24% of the GM market and includes over 21,000 vehicles affected by the GM CAP, 38% of the total overall affected vans. LGVs in the construction sector have the longest lifespans, with an average replacement age of 15 years.

[8] GM CAP- Impact of COVID Report (ctfassets.net)
[9] CCTS Listening Exercise (ctfassets.net)
[10] CCTS Listening Exercise (ctfassets.net)

**Figure 2-3 Vulnerability to the GM CAP by van-owning sector**

| Sectors | Sector Percentage | Vehicle Replacement Age | Non-compliant percentage | Responding to CAP | |
|---|---|---|---|---|---|
| | | | | Vulnerability (Pre COVID – 2019) | Vulnerability (Spring 2022) |
| Construction | 24% | 15 | 56% | Very High | Very High |
| Wholesale, retail & repair of motor vehicles | 16% | 10 | 34% | Medium | High |
| Manufacturing | 13% | 10 | 34% | Medium | High |
| Transport & storage | 9% | 10 | 34% | Medium | High |
| Accommodation & food services | 8% | 9 | 27% | Low | Medium |
| Information & communication | 6% | 9 | 27% | Low | Medium |
| Professional, scientific & technical activities | 4% | 10 | 34% | Medium | High |
| Mining, energy & water supply | 4% | 10 | 34% | Medium | High |
| Public admin. & defence; social security | 4% | 12 | 45% | High | Very High |
| Human health & social work activities | 2% | 12 | 45% | High | Very High |
| Other services | 2% | 12 | 45% | High | Very High |
| Financial & insurance activities | 2% | 9 | 27% | Low | Medium |
| Administrative &support services | 2% | 12 | 45% | High | Very High |
| Agriculture, forestry & fishing | 1% | 15 | 56% | Very High | Very High |
| Real estate activities | 1% | 9 | 27% | Low | Medium |
| Education | 1% | 10 | 34% | Medium | High |
| Royal Mail | 1% | 9 | 0% | Very Low | Very Low |
| **Total** | **100%** | **-** | **40%** | | **-** |

| **Vulnerability Criteria** | |
|---|---|
| 10% and below | Very Low |
| 11-20% | Low |
| 21-30% | Medium |
| 31-40% | High |
| 40% and above | Very High |

# Compliance of the van fleet serving Greater Manchester

2.10 Based on ANPR data and DfT Statistics, GM estimates that there are around 278,000 vans serving the region, of which around 136,000 are thought to be located within the GM boundary.

2.11 **Table 2-1** presents the number of LGVs estimated to be serving Greater Manchester in 2019, including splits by compliant and non-compliant vehicles which failed to meet Euro VI standards at that point.

**Table 2-1 Number of vans in GM by compliance – 2019**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 27,290 (20%) | 74,147 (52%) | 101,437 (37%) |
| Non-Compliant | 108,456 (80%) | 67,535 (48%) | 175,991 (63%) |
| **Total** | **135,746** | **141,682** | **277,428** |

*Source: FBC Appendix V, T4 Annex C: Vehicle Population Estimates*

2.12 In 2019, there were 277,400 LGVs serving Greater Manchester[11] with 37% deemed compliant and 63% non-compliant. Vehicles based in GM had a lower level of compliance than those based outside GM, with only 20% of LGVs deemed compliant and 80% non-compliant (compared to 52% compliance for LGVs based outside of GM). Overall, there were slightly more LGVs serving GM that were not based in GM (141,700) in comparison with LGVs based in the city region (135,700).

2.13 The large proportion of LGVs which are non-compliant is in part due to relatively long vehicle lifespans, typically ranging between 9-15 years depending on the industrial sector in question, and due to the fact that compliant vans did not come onto the market until 2015, with the Euro 6 standard coming into force for vans in 2016.

2.14 A proportion of the vans in the fleet would normally be upgraded each year, with the oldest vehicles being scrapped out of the fleet. GM's forecasting suggests that the number of non-compliant vans based in GM will have reduced from 108,500 in 2019 to 75,400 by 2023. This means that around 31,100 vans would have been upgraded from a non-compliant to compliant vehicle as a result of business-as-usual purchases prior to the COVID-19 Pandemic.

2.15 The anticipated rate of upgrade for vans was revised in 2021 based on evidence that the Covid-19 pandemic had delayed vehicle purchases, such that the fleet was estimated to be around 3 months older than previously forecast. The rationale and methodology for this change is set out in the report "GM's proposed approach to representing the impact of Covid 19 in core modelling scenarios"[12]. This had the effect of reducing the number of GM-based vans expected to make a business-as-usual upgrade between 2019 and 2023 by 1,4000.

2.16 **Table 2-2** sets out the number of vans estimated to be serving GM in 2023, by whether they are expected to be compliant without the GM CAP being introduced.

[11] Based upon 2019 ANPR splits

[12] https://assets.ctfassets.net/tlpgbvy1k6h2/2ZMJ3DJXiv7p3xOeZu4CYQ/247196ef60e33ac89f7f8938e1e16418/Appendix_6D_____GM_proposed_approach_to_representing_the_impact_of_Covid-19_in_core_modelling_scenarios.pdf

**Table 2-2 Number of vans in GM by compliance – 2023**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 58,935 (43%) | 86,122 (61%) | 145,056 (52%) |
| Non-Compliant | 76,811 (57%) | 55,560 (39%) | 132,371 (48%) |
| **Total** | **135,746** | **141,682** | **277,428** |

*Source: FBC Appendix V, T4 Annex C: Vehicle Population Estimates*

# Impact of the GM CAP on Van Upgrades

2.17 As set out above, it is anticipated that 76,800 GM-based vans will be non-compliant in 2023 and will therefore need to upgrade their vehicle or pay the charge in response to the GM CAP until compliance with the Government Direction has been achieved.

2.18 Of these, it is estimated that up to 59,000 may be in scope[13] for support from the Clean Commercial Vehicle Fund. This Fund provides financial support of up to £3,500 for the purchase of a compliant van up to 1.6t and up to £4,500 for the purchase of larger compliant van up to 3.5t, with a grant of up to £5,000 available for retrofit where available, subject to eligibility criteria. GM has secured £70m to support the upgrade of vans, sufficient to support around 15,900 vehicles.

2.19 **Table 2-3** sets out the number of vans estimated to be serving GM in 2023, by whether they are expected to be compliant with the introduction of the GM CAP.

**Table 2-3 Number of vans in GM by compliance, with GM CAP – 2023**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 107,345 (79%) | 129,550 (91%) | 236,895 (85%) |
| Non-Compliant | 28,401 (21%) | 12,132 (9%) | 40,533 (15%) |
| **Total** | **135,746** | **141,682** | **277,428** |

*Source: FBC Appendix V, T4 Annex C: Vehicle Population Estimates*

[13] https://assets.ctfassets.net/tlpgbvy1k6h2/2VNncClzejAvGh3CrVn0oo/d45528de22e593c9be285ddf5b26373b/Appendix_1_-_GM_Clean_Air_Plan_Policy_following_Consultation.pdf

# Review of Fleet Profile

## ANPR

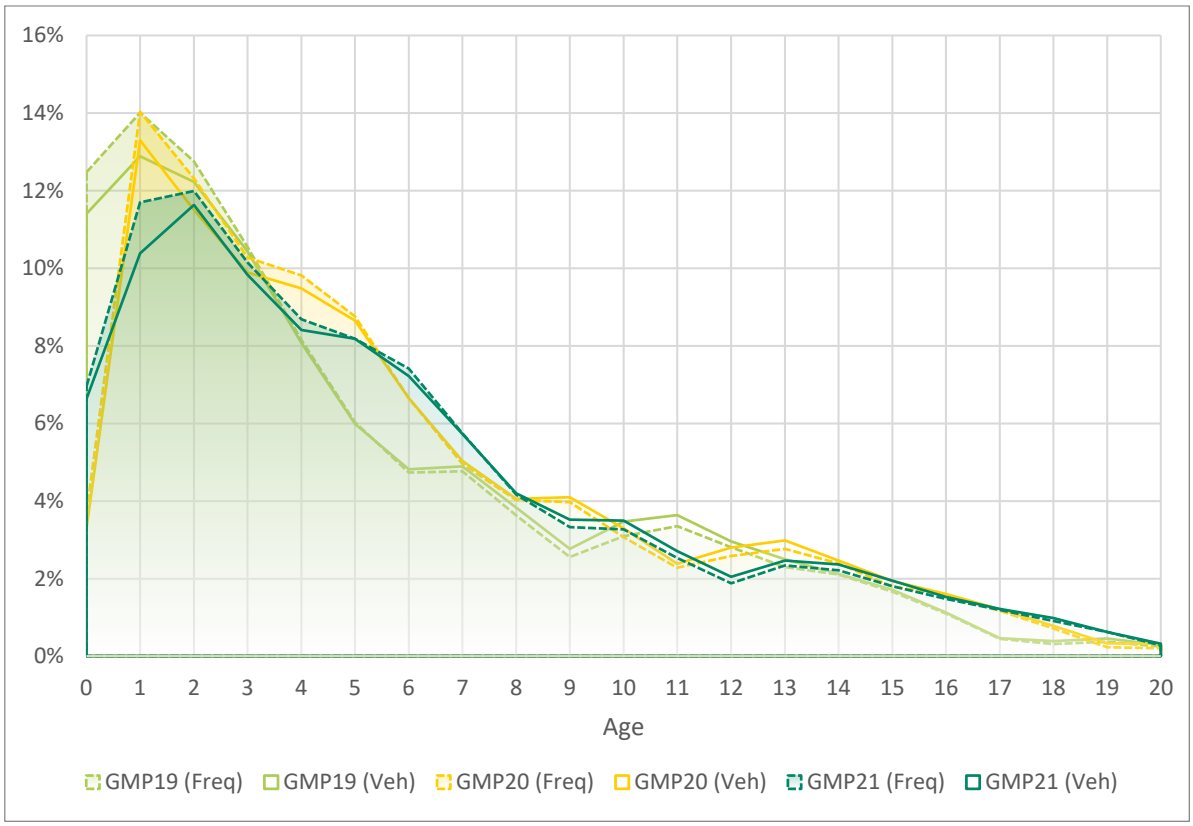
2.20 Three sets of ANPR data were used, based on available data, these comprise the following time periods:

- GMP19 - January 2019 (pre COVID-19 pandemic);
- GMP20 - September 2020; and
- GMP21 - November 2021.

2.21 The LGV vehicle age profile change is presented in **Figure 2-4.** The proportion of newly purchased LGVs (i.e. less than 1 year-old) captured by ANPR cameras decreased from near 12% to 3% from 2019 to 20206 and recovered to close to 7% by the end of the 2021. It is noted that these figures are likely to be slightly overestimated due to differences in the sample size (10 months' worth of 'new vehicles' captured in the January 2019 survey compared to 6 and 8 months captured in the September 2020 and November 2021 surveys).

2.22 **Table 2-4** suggests that the average age of LGVs increased by 0.8 years from the beginning of 2019 to the end of 2021.

**Figure 2-4 LGV fleet age distribution**



### Table 2-4 Average LGV Age

| Data set | GMP19 | GMP20 | GMP21 |
|---|---|---|---|
| **Frequency** | | | |
| **Average Age** | 5.3 | 6.0 | 6.1 |
| **Most common age group** | 1 | 1 | 2 |
| **Unique Vehicles** | | | |
| **Average Age** | 5.8 | 6.5 | 6.6 |
| **Most common age group** | 1 | 1 | 2 |

**SMMT**

2.23 The pandemic had a large impact on the number of new vans sold in the UK in 2020, but sales recovered to nearly pre-Covid levels in 2021. Sales forecasts indicate that market supply will recovery the majority of the lost sales by 2025.

# 3. National Van Market

## Overview of the Van Market

3.1 On average, around 367 thousand new vans are registered nationally each year. New vehicles are primarily purchased by larger businesses, vehicle rental companies and the leasing sector. Many large fleet operators lease rather than own their vehicles, and most such vehicles are kept for around 3 to 5 years, with vehicles from the rental sector typically entering the second-hand market first. These good quality second-hand vehicles are typically purchased by small businesses.

3.2 Vehicles may then be released onto the market again at 8 to 10 years old, into the third-hand van market, which are typically purchased by people and businesses working in the construction, transport and storage sectors.

3.3 Compliant diesel vans came onto the market in 2016 (some early models may have been available from 2015), meaning that the second-hand market for compliant vans started to exist at scale from 2019 onwards.

3.4 Pre-pandemic evidence suggested that there are around 10-12,000 second-hand van sales per week nation-wide, of which around 4% take place in GM.

3.5 This evidence is set out in more detail in GM CAP Technical Note 3: Analysis of the Freight Market[14].

## Van Ownership and Usage

3.6 The Department for Transport (DfT) undertook a survey of van activity in Great Britain in 2019[15]. This looked at van ownership, van mileage, where and when vans are traveling, and environmental factors. The survey field work was carried out in 2019-20, prior to any Covid-19 related restrictions.

3.7 The survey showed that the most common primary usage of licensed vans was for ‘carrying equipment, tools and materials’ (54%), followed by ‘delivery/collection of goods’ (16%) and ‘private/domestic non-business use’ (16%).

3.8 Over half (57%) of business kept vans were new; 35% owned outright and 22% owned via a hire purchase agreement. Most privately kept vans were second-hand (82%). Within the DfT survey, the keeper of the vehicle is defined as that responsible for registering and taxing the vehicle only. The keeper of the vehicle is not necessarily the owner or the driver. Furthermore, the keeper is either an individual or a business (including sole trader, partnership or limited company).

3.9 Around half of all vans (51%) in Great Britain stayed local, within 15 miles of their base, on a typical day.

3.10 Associated statistics produced by the department showed that average mileage for vans has remained broadly stable in recent years (pre-pandemic) at around 13,000 miles per year.

[14] https://assets.ctfassets.net/tlpgbvy1k6h2/sxMVbAwfJrcq3tFd9Thb7/fd8843b6d128ef318da320ee22ca6ac5/3_-_GM_CAP_Analysis_of_the_freight_market.pdf
[15] DfT Statistical Release 15 April 2021, Final Van Statistics April 2019 - March 2020

## Van Manufacturers

3.11 The British van market in 2021 has sales of 355,380 vehicles under 3.5 tonnes. The biggest growth in recent times is in the area of large vans (2.5-3.5 tonnes) which are typically used by parcel companies, food home deliveries and in the construction sector.

3.12 The top 10 selling models represent around 60% of the market. Within this top 10 there are three Ford Transit variants which represent 99,185 of sales (28% of the total market) and these vans are made in Turkey. The next best seller is Mercedes Sprinters with 6% of the market. The main van made in the UK is the Vauxhall Vivaro made by Stellantis, and this had sales of 17,957 (5%) of the market.

3.13 Almost 95% of vans sold in the UK are imported and reliance on imports has grown over the last twenty years and changed significantly when Ford shut their van plant in Hampshire. Around 330,000 vans were imported last year whilst 60% of vans made in the UK are exported.

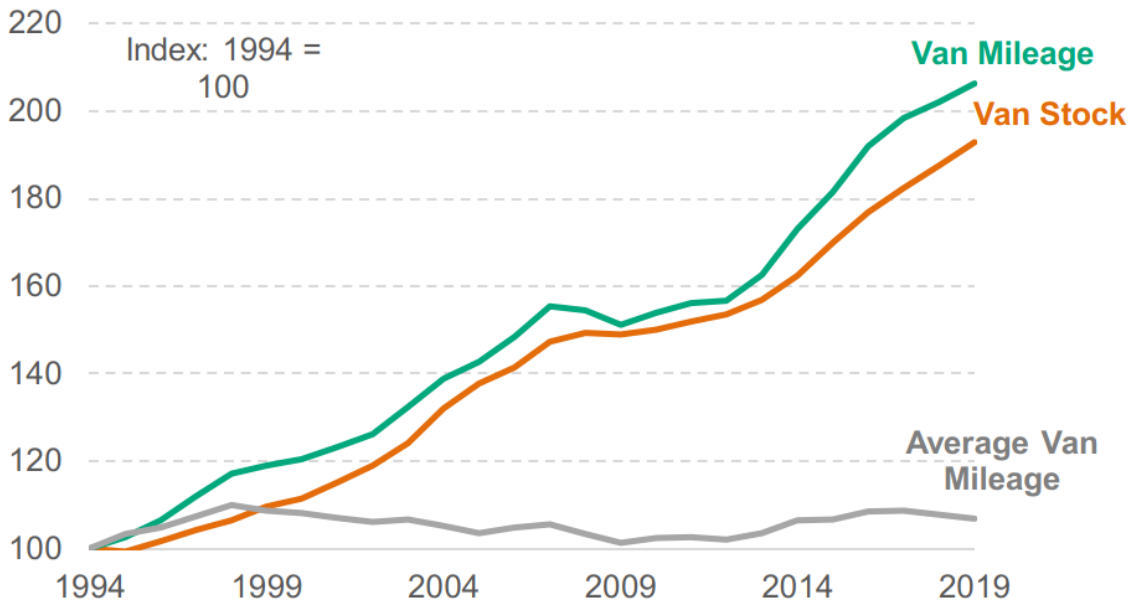
# 4. Van Demand

## Historical Trends Pre-Pandemic

4.1 The Department for Transport's (DfT) road traffic estimates indicate that van travel has grown substantially over the last 25 years, increasing 106% to 55.5 billion vehicle miles in 2019. Van travel as a proportion of all motor vehicle miles has increased from 10% to 16% over the same period.

4.2 This, together with the relationship to the scale of the van stock, is illustrated in **Figure 4-1** from the DfT statistical bulletin relating to the 2019 survey[16].

**Figure 4-1 Trend of Van Stock and Van Traffic, Great Britain 1994-2019**




*Source: Road Traffic estimates in Great Britain: 2019, Vehicle Licensing Statistics: 2019*

4.3 The increase in van stock in recent years evident from **Figure 4-1** reflects the significant demand for new vans which has been on a consistently upward trend for many years.

## Demand Trends Pre-Covid

4.4 The Society of Motor Manufacturers and Traders (SMMT) 2019 Report[17] identified the following as aspects in the increase in demand seen in the sector since 2000:

- the van parc (the total number of vehicles in operation) has grown by 59% while, by contrast, the HGV parc has shrunk by 2%;
- the majority of this growth has been driven by demand for larger vans (2,600-3,500 kg Gross Vehicle Weight);
- Factors fuelling this growth include a fundamental shift in consumer behaviour with the growth of online shopping;

[16] DfT Statistical Release 15 April 2021, Final Van Statistics April 2019 - March 2020
[17] Light Commercial Vehicles, Delivering for the UK Economy, 2019 Report

- an increase in vans as businesses seek to develop more agile logistics operations in response to the growth in the 'fulfilment from store' model (a service which previously would have been completed by an HGV); and
- a rise in self-employment (from 3.3 million in 2001 to 4.8 million in 2017)[18].

## Impact of Covid

4.5 Van sales have been heavily impacted by pressures associated with Covid. SMMT data shows April and May 2020 being particularly poor months for new van registrations.

4.6 Supply constraints on delivery of new vehicles in the early 2020 lockdown, were gradually released into the summer as already purchased and manufactured vehicles could be delivered and received. At this point, new orders were likely delayed due to market uncertainty in the early phases of the pandemic.

4.7 However, whilst the early phases of the pandemic and subsequent lockdowns and constraints in 2020 constrained demand, it appears that this effect was temporary based on SMMT new van registration monthly data (see later in **Figure 5-1**) and has been offset by growth in demand from other sectors.

4.8 Home deliveries surged during the lockdown in 2020, with traditional 'bricks and mortar' retail affected by closures for at least three months of the year. This led to many consumers increasing their use of on-line deliveries or using it for the first time.[19] This includes the grocery sector, which whilst not subject to the enforced closures of other retailers, saw increased demand for home deliveries as customers looked to avoid social contact in-store.

4.9 This has seen an increase in the use of and demand for vans as companies frequently use these vehicles for home deliveries (although some companies have drivers using their own cars). Vans are the vehicle of choice as larger HGVs are impractical and undesirable for most residential streets and the more stringent regulation and licensing requirements of those vehicles.[20]

## Green Agenda/Corporate Social Responsibility

4.10 Many fleet operators and individual van owners are looking to transition their fleets to vehicles using low or zero emission fuels. In the Mayor's round table session with large fleet operators held in December 2021, many commented that they had corporate goals to speed up the transition of their fleet to electric, from Euro 5 or 6 diesel, but that they were finding it difficult to do so because of the issues in the supply chain. In some cases, this meant that they were retaining existing vehicles for longer whilst they waited for new vehicles to arrive.

[18] Trends in Self-Employment in the UK Office for National Statistics

[19] Statista Accessed 5th January 2022 https://www.statista.com/statistics/1230225/changes-in-online-buying-among-uk-consumers-since-covid-19/

[20] Motor Trader Accessed 5th January 2022 https://www.motortrader.com/motor-trader-news/automotive-news/booming-home-delivery-construction-fuel-demand-vans-auction-25-08-2021

4.11 Electric vans, in particular, are increasingly attractive as their price relative to conventionally fuelled vehicles drops, range increases and lifecycle costs become more certain. Sales of electric vans are increasing, albeit from a low base and a lower market share than electric cars[21]. This may be placing additional demand pressure on the market, if operators are bringing forward vehicle replacements.

## Clean Air Plan Initiative

4.12 Modelling associated with the GM CAP forecast that almost 70% of van owners whose vehicles operate in Greater Manchester were expected under previous conditions to upgrade their vehicles to Euro VI engines or better to avoid the charge, taking advantage of associated funding support. Similarly, the London Ultra Low Emission Zone, along with other smaller city centre CAZs will lead to increased demand for compliant Euro 6 models.

4.13 This will increase demand for compliant vehicles, and more substantially at a regional level in GM and London, which for the used vehicle market could lead to regional disparities in purchasing trends and therefore demand across the wider UK.

## Forecasting Van Demand

4.14 In October 2021 SMMT released a forecast of van sales for the next 3 years, demonstrating that they expect registrations to increase each year to 2023.

**Table 4-1 Forecast van sales between 2021 and 2023, SMMT**

| Forecast Year | 2021 | 2022 | 2023 |
|---|---|---|---|
| Projected van registrations (thousands) | 340* | 364 | 378 |

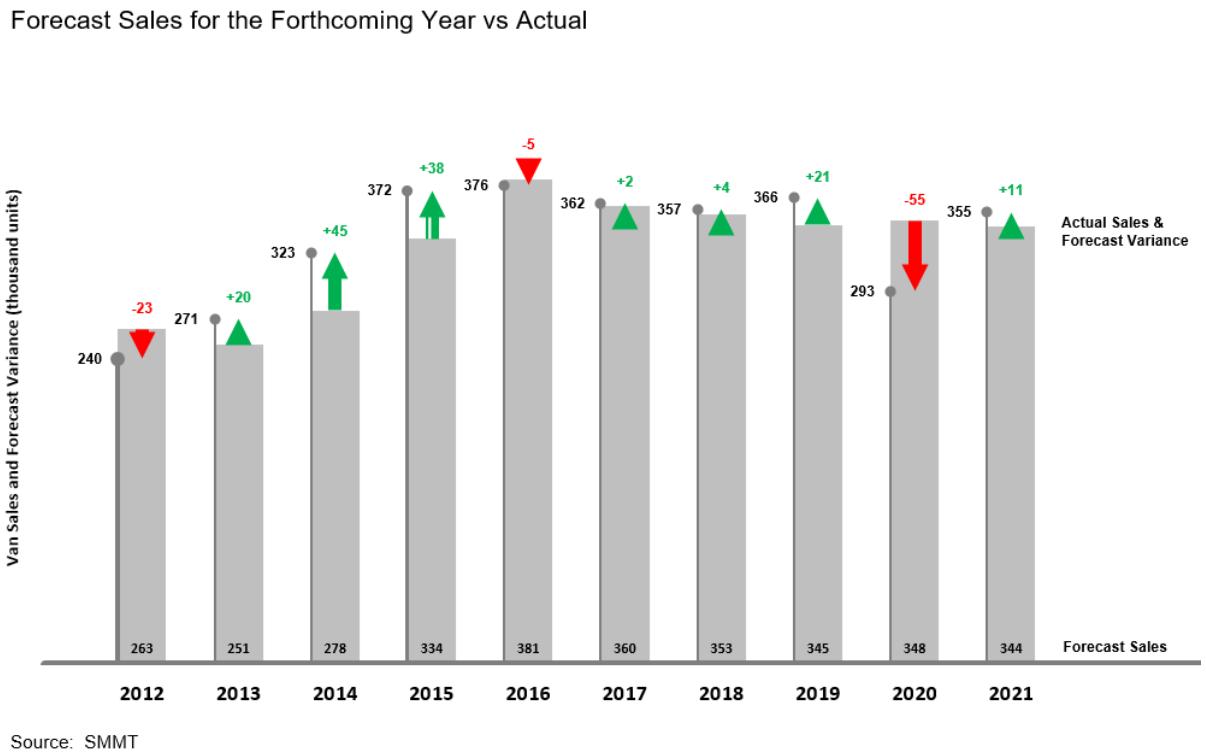
*Source: SMMT*
*Note: The 2021 sales achieved 355,000, 15,000 more than the October 2021 projection.*

4.15 The SMMT historic forecast van sales estimates are useful to understand how the manufacturing base anticipates demand and enables supply. The SMMT annual forecasts have been analysed against the actual van sales to help gain insight on trend in supply versus predicted demand.

4.16 **Figure 4-2** and **Figure 4-3** show the variance between actual new van registrations and the SMMT January forecast for the forthcoming year and the following year, respectively[22].

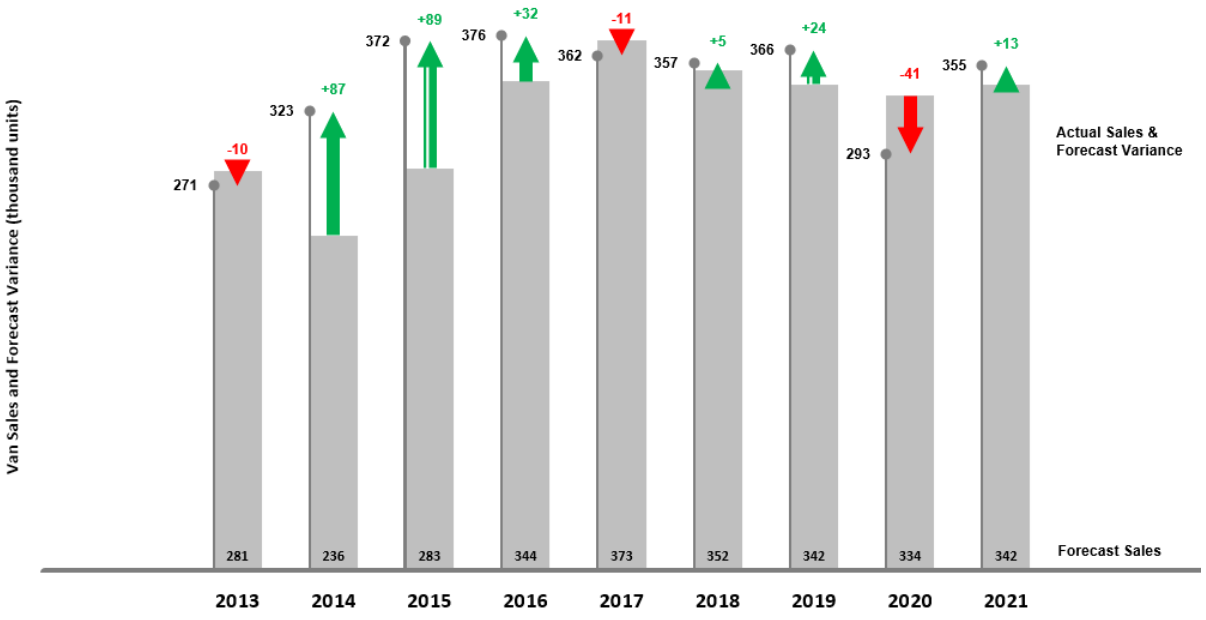
[21] Fleet Europe Accessed 5th January 2022 https://www.fleeteurope.com/en/last-mile/europe/analysis/why-electric-van-sales-are-set-soar?a=JMA06&t%5B0%5D=e-LCV&t%5B1%5D=Dataforce&t%5B2%5D=Arrival&t%5B3%5D=EV100&t%5B4%5D=Renault&t%5B5%5D=Nissan&t%5B6%5D=Mercedes-Benz%20Vans&curl=1
[22] SMMT accessed 9th January 2022, https://www.smmt.co.uk/category/vehicle-data/used-car-sales-data/

## Figure 4-2 SMMT Van Sales, Actual Sales and Variance from 1-Year Forecast




Source: SMMT

## Figure 4-3 SMMT Van Sales, Actual Sales and Variance from 2-Years On Forecast




Source: SMMT

4.17 What this shows is that the SMMT forecasts have typically under-predicted sales, with the 2 Years On under-prediction more significant, which may be expected if demand is increasing quickly above previous trends.

4.18 The graphs also show that, prior to the Covid-19 pandemic, total van sales had been stable since 2015, with average sales at 367,000 per annum. Van sales in 2021 recovered back to close to typical levels, after the substantial drop in 2020. So, whilst 2021 sales maybe similar to pre-Covid, the overall reduced new vehicle sales in 2020/21 would require a very significant increase in 2022 to recapture lost sales in time for the GM CAP 2023 opening. To simply recover the lost sales in 2020/2021, the 2022 registrations would need to be 448,000, equivalent to an immediate 23% increase over pre-Covid levels. This is in the face of supply constraints in the manufacturing process and ongoing economic uncertainty. In fact, the SMMT forecasts for 2022/23 presented in **Table 4-1** suggest continued typical levels, meaning there is predicted to be a shortfall in the new van fleet and associated impacts for the used van market too.

4.19 However, it can also be inferred that despite these constraints, manufacturing in 2021 has managed to deliver at previous levels of supply, and also owners purchasing new vehicles have been able to afford them. This indicates that there is strong and resilient demand in some sectors, at least those companies able to purchase new vehicles. What isn't clear from these data is how this might filter to the used van market nor whether some groups or sectors are deferring purchases due to high prices or lack of availability of suitable vehicles. The GM CAP behavioural modelling has been based primarily on a sustainable used van market and associated pricing, rather than the cost and availability of new vehicles.

# 5. Van Supply

## Impact of the Pandemic

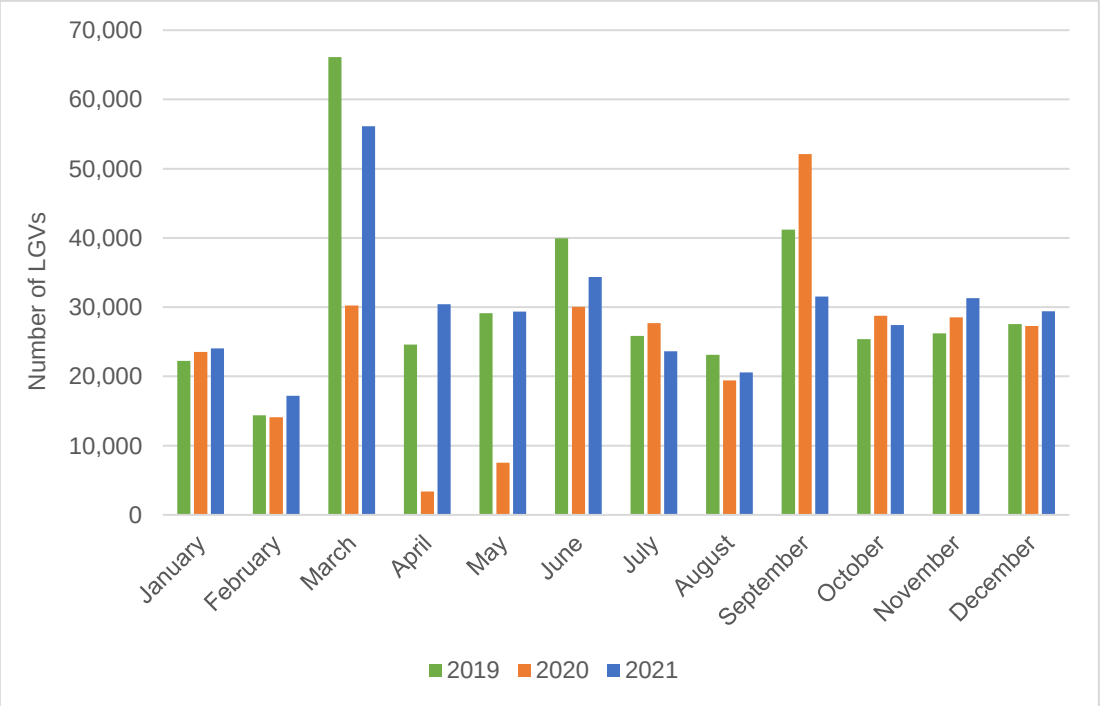
5.1 The pandemic had an initial direct impact on all types of vehicle production as production lines were halted at various times around the world dependant on local lockdown rules. The ability of vehicle manufacturers to respond to demands for increased production is still being limited by the pandemic amongst other factors.

5.2 One factor arising from the pandemic is the pronounced effect that it had on the logistics sector, with employees across the supply chain required to isolate causing delays in the supply of parts, with parts from places such as Asia being unavailable due to production issues and temporary staff shortages there.[23]

5.3 To review the impact of Covid-19 on national van sales, data from 2019 to 2021 for the registration of new vans has been used from SMMT.[24] As the registration data demonstrates in **Figure 5-1** van sales were significantly lower in March, April and May 2020 during the first lockdown.

5.4 **Table 5-1** displays the total number of vans registered in 2020 and 2021 compared to the last pre-pandemic year of 2019. Sales in 2019 were similar to the previous 5-year average of 367,000 and is therefore a reasonable comparator. In 2020 there were significantly fewer new sales with the total registered down 20%. There was some recovery in 2021 though sales remained 3% below pre-pandemic levels. The net effect is a reduction of over 80,000 new vans in circulation compared to what would have been expected based on pre-pandemic sales.

**Figure 5-1 Registration of New Vans from 2019 to 2021**




*Source: SMMT*

[23] Baker McKenzie Accessed 6th January 2022 https://www.bakermckenzie.com/en/newsroom/2020/04/global-supply-chains-under-huge-pressure-covid-19

[24] LCV Registrations – SMMT - https://www.smmt.co.uk/vehicle-data/lcv-registrations/

**Table 5-1 Total number of new vans registered in 2019-2021**

| Year | Total | % Change from 2019 |
|---|---|---|
| 2019 | 365,778 | - |
| 2020 | 292,657 | -20% |
| 2021 | 355,380 | -3% |

*Source: SMMT*

## Semiconductor Shortages

5.5 The global shortage of semiconductors began in the first quarter of 2021. Analysis by McKinsey[25] suggests that the demand for semiconductors in the auto industry in 2020 was below expectations by around 15%. But at the same time, some other market areas experienced rapid expansion, resulting in overall growth of 5% to 9% in semiconductor sales above forecasts. When the automotive sector's demand recovered, the semiconductor industry had already shifted production to meet demand for other applications.

5.6 As with other markets and industries there are also now Covid-related closures at semiconductor factories and international shipping ports[26].

5.7 Consultation with SMMT and vehicle manufacturers demonstrates the significant impact of the semiconductor shortage, with new vehicles typically containing over 1,000 semiconductor chips. This has led to manufacturers reducing their production targets, limiting the number of new vans entering the market.

5.8 Reports from Commercial Fleet earlier in 2021[27] highlighted that new vehicle supply was affected by the global semiconductor crisis with lead times for new vehicles increased and then standing at up to 12 months for certain factory-order models. Manufacturers were also reported to be removing some non-essential components (e.g. infotainment systems) from vehicle specification to maintain production.

## Britain leaving the EU

5.9 It is challenging to disaggregate the impact of Britain leaving the EU and the Covid pandemic on supply chains and consumer confidence, however the changing trading arrangements with the EU meant that there were supply issues as businesses got used to new customs requirements (particularly in January/February 2020), which caused delays at major ports. This backlog is likely to have fed into the number of vehicles produced and subsequent registrations.

[25] https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/coping-with-the-auto-semiconductor-shortage-strategies-for-success
[26] https://www.autocar.co.uk/car-news/business-tech%2C-development-and-manufacturing/latest-updates-semiconductor-chip-crisis
[27] https://www.commercialfleet.org/news/van-news/2021/04/28/used-lcv-prices-to-rise-as-semiconductor-supply-crisis-hits-new-van-production

## Views from the Industry

5.10 Consultation was undertaken with SMMT and van manufacturers, as well as a review of industry press on the issue.

*Conversations with Society of Motor Manufacturers and Traders (SMMT) in 2021 & 2022:*

*The semi-conductor shortage has had a significant impact on vehicle production, with the typical vehicle comprising of 1,500 semi-conductor chips. Due to Covid-19 restrictions in South East Asia, approximately 19 semi-conductor plants have been closed, affecting supply. In addition, due to 'stay-at-home' restrictions, demand from other sectors such as the gaming industry has risen, further reducing supply. Car producers have been hit hardest as it is more difficult for high volume manufacturers to source chips. HGV manufacturers have more specialist providers which means they can source chips more easily and overall volumes are much lower.*

*The lag on production means that shortages are being felt now and are likely to become more pronounced in early 2022.*

*As a result of this shortage some specialist orders are not being fulfilled until 2023. The typical delivery date for an HGV has increased from 12 to 26 weeks. However, the SMMT believe this will stabilise and return to normal, with no medium- or long-term impact. They envisage it will take 12 months to correct so some time during 2023.*

*SMMT also reported that manufacturers were now looking at sourcing semi-conductors from alternative providers, including those not previously focused on the automotive sector*

*Conversations with Volkswagen Van Centre Greater Manchester, 2021:*

*VW's most popular van model, the Transporter, is produced at the company's German-based plant and brought over to the UK. Transporters are already sold out for 2022, meaning new customers will now need to wait until Q1 2023 for their van.*

*Several issues underpin the shortage in vans. The most pressing issue is the shortage in semi-conductors.*

*Another factor is the 70% increase in the price of steel which has resulted in price rises for customers. Together, these issues have led to four price increases in the last 12 months. As a result, Volkswagen has ceased to provide its usual price guarantees for all new sales and customers have now lost price protection.*

*The second-hand market is performing strongly. Customers are reselling their vans now more than they ever have before and prices are the highest they have ever been*

5.11 Reports from industry press also state that supply issues could last until 2023. Speaking at the IAA Munich auto show in September 2021 Daimler CEO Ola Kallenius said soaring demand for semiconductors means the auto industry could struggle to source enough of them throughout next year and into 2023, though the shortage should be less severe by then. BMW CEO Oliver Zipse said: "*I expect that the general tightness of the supply chains will continue in the next six-to-12 months.*"

5.12 Numerous Ford models are affected and Ford's plant in Turkey, where the Transit van is built, was also closed this summer. The manufacturer is now shipping some models with missing features as noted previously in this report.

5.13 Other reports are stating six to nine month lead times for ubiquitous models such as the Ford Transits.

5.14 Information from the wider commercial sector was also provided by the Road Haulage Association (RHA) that reflected some of the issues their members were experiencing. Whilst this relates to the heavy goods vehicle sector, it does reflect a similar picture in terms of supply side issues within the automotive market.

*Selected extracts from RHA member correspondence:*

*(1) We have currently stopped pricing & closed our order books for the short term due to the increased difficulty in predicting pricing close to 12 months down the line.*

*(2) We had requested rate from our commercial supplier for a tractor unit and 2 trailers on long term rental, but we were quickly met with a response of "unfortunately this isn't something we are going to be able to provide in time for next year". I have also spoken with {anonymous} used and could be supplied a used tractor unit, but that option is very limited to what vehicles are coming in off contract. as for new purchase we were told by a sales rep at {anonymous} we would be looking at 2023 deliver times now.*

*(3) We predominantly run {anonymous} HGVs. Having had a verbal conversation with the dealer about pricing and lead times, we have been advised by them that for any orders placed within the next few weeks we will be looking at quarter 1 of 2023 for delivery of a chassis to the dealer. We then have to factor in further time for crane installation and truck body build etc. Realistically if this remains the case, we will end up not getting new trucks until the end of Quarter 2 of 2023, almost 2 years from now! They have also said that pricing quoted is not guaranteed and is subject to fluctuation due to pricing of raw materials changing between now and the vehicle being built and supplied.*

*(4) {anonymous} have closed their order books last Friday until 2023, they are concentrating on back orders and are waiting for their suppliers to provide software for their hardware, i.e computers to operate the gearboxes etc etc. They have loads of incomplete trucks at {anonymous} airport awaiting cpu's for various tasks.*

# 6. Van Prices

## New Vehicles

6.1 Van prices are a function both of the production and supply costs, combined with market demand versus available supply.

6.2 As a result of the constraints described previously, new vans are therefore expected to see their value rise more acutely as the semi-conductor crisis persists limiting supply, alongside the newfound shortages in other crucial resources such as rubber and metal, thus pushing up costs.[28]

6.3 The rising costs of materials, caused in part by reduced production associated with Covid are also affecting vehicle prices, with VW reporting that the cost of steel has risen significantly during 2021, causing them to raise prices. Steel prices have reduced in recent months but remain volatile.[29]

6.4 For reasons of commercial sensitivity, it has not been possible to obtain reliable data on changes to prices paid for new vans during the period under review. Advertised prices may be obtainable but records on actual sale values are not available.

## Used Vehicles

6.5 It was to be expected that the reduction in new vehicles entering the fleet in 2020/21 would also have a knock-on effect to the used van market as the natural turnover of vehicles is stalled, reducing supply at this stage as well. Given the ongoing demand, this would normally lead to increased prices and there is considerable evidence of this occurring as shown later in this section.

6.6 Used light commercial vehicle values rose during November according to BCA (www.bca.co.uk) as demand for vehicles to service the online and home delivery sector increased in the run-up to Christmas with average values increasing by 15% from the start of November. Average monthly values continue to be well ahead year-on-year, with November 2021 values up by 16.4% increase compared to the same month last year.

6.7 Stuart Pearson, COO at BCA UK, said: "*The used LCV market remains exceptionally competitive and average selling values at BCA have consistently outperformed guide price expectations throughout 2021. The strong market that we've experienced reflects the ongoing economic shift supported by consume-driven online activity plus the well-documented challenges with new LCV supplies. In addition, and as we anticipated, we have seen demand increase in the final weeks of the year to meet the needs of the hub delivery, courier and final mile home delivery sectors.*"

6.8 Matthew Davock, director of commercial vehicles at Cox Automotive, believes the wholesale performance of the past 12 months will never be witnessed again, but warns that the early part of next year, at least, looks to continue similar trends.

6.9 He said the market is likely to reposition itself when stock shortages are resolved halfway through 2022. According to Davock, "*the shortage in the supply of used Euro 6 vans and demand for vehicles that comply with emissions zones such as ULEZ, will*

[28] Ibid
[29] Trading Economics Accessed 6th January 2022 https://tradingeconomics.com/commodity/steel

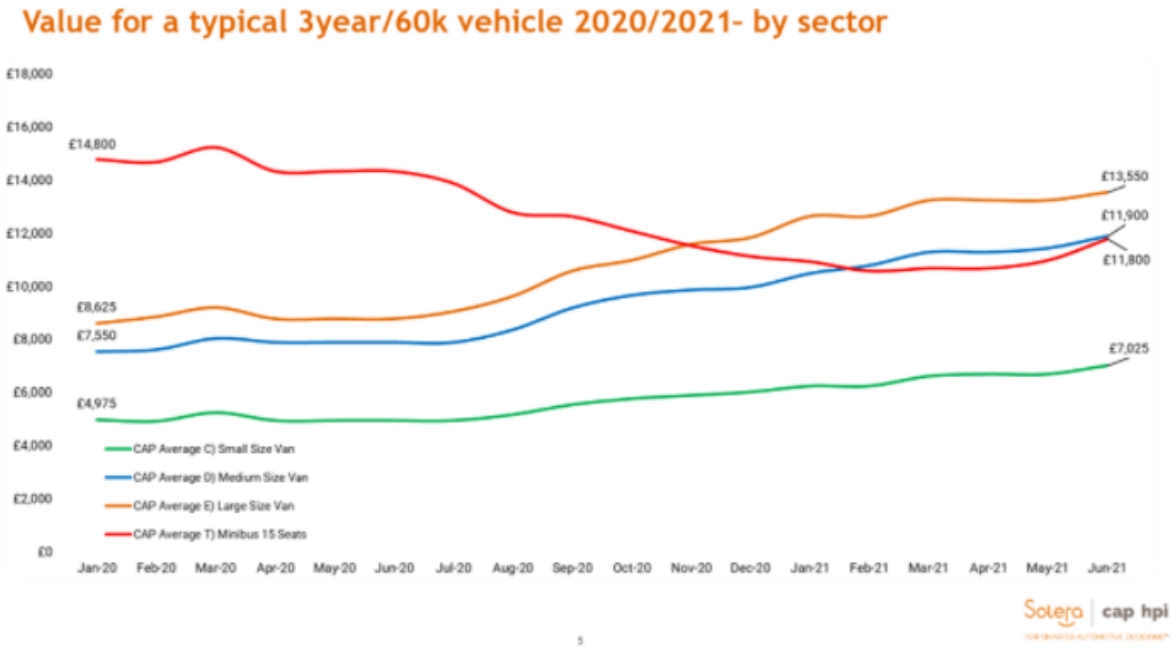
*impact the market for the next few months at least, affecting wholesale stock dynamics for at least the next three years*".

6.10 Earlier in the year BCA reported that used van values remained stable in September, following a period of rapid growth, earlier in the year. That earlier growth was of the order of 25% based on a year on year comparison from September 2021.

6.11 The general picture is of considerable market volatility, most pronounced earlier in 2021 but still remaining to some extent as we enter 2022. Overall used light commercial vehicle price rises of at least 40% between the pre-pandemic market and late 2021 are not uncommon.

6.12 Commercial Fleet News reported in July 2021[30] reported significant increases in second-hand van prices including the example of a three-year-old medium-sized van, with 60,000 miles, being 58% higher at that time than it was at the start of 2020. The same report included data, from Cap HPI (the vehicle valuation company), which revealed that "*the typical medium van was worth £7,550 18 months ago, but is now achieving an average selling price of £11,900 – an increase of £4,350*". The graphic from CAP HPI is reproduced as **Figure 6-1**.

**Figure 6-1 Data from CAP HPI on Used Van Price Trends (as of July 2021)**




6.13 It should be noted that this reflects wholesale prices (which a dealer pays at places like auctions) as opposed to retail and therefore the dealer margin is not included. This data is collected by Cap HPI, which collects data on transactions in the automotive sector, recording each sale live as it is completed. Dealers are likely to pass on this increased cost to customers or chose to take a reduced margin. Alternatively, where demand is high and additional funding is available related to CAP scheme with associated deadlines, margins may be increased. There is therefore a difference in absolute value between this information and data elsewhere in this report.

[30] https://www.commercialfleet.org/news/van-news/2021/07/05/used-van-values-up-50-in-18-months-despite-mileage-and-age-increasing

6.14 A review of online adverts carried out in January 2022 shows the price of one of UK's most popular vans in 2022 was 13% higher in real terms (£19,495) than a model of the same age in early 2019 (£17,244).[31] The values are presented in **Table 6-1**.

6.15 Specialist vans like dropsides, tippers and Lutons are achieving big values at auction due to the lack of availability on new conversions. Fleet managers are also reporting that they are running vans for longer, with 6-9 month extensions on leases or hiring additional rental vans rather than replacing them.[32]

**Table 6-1 Example change in second-hand van prices between 2019 and 2022**

| Type | Manufacture Year | Sold Year | Age | Mileage | Price | Increase by |
|---|---|---|---|---|---|---|
| Ford Transit Custom | 2016 | 2019 | 3 | 50,000 | £17,244 | - |
| Ford Transit Custom | 2018 | 2022 | 3 | 50,000 | £19,495 | 13% |

*Source: Autotrader UK*

[31] https://www.carpricetracker.com/car/239343/Ford+Transit+Custom+2.2+TDCi+290+L1H1+Limited+Double+Cab-in-Van+6dr
[32] Automotive Management Accessed 4th January 2022 https://www.am-online.com/news/market-insight/2021/10/15/supply-shortages-creating-perfect-storm-for-van-sector

# 7. Impact of supply constraints and price rises on the GM CAP

## Compliance in the shortest possible time

7.1 Modelling carried out to support the decision to approve the GM CAP, carried out in June 2021, demonstrated that the 2021 GM CAP was forecast to achieve compliance with legal limits of $NO_2$ concentrations by 2024, as per the Ministerial Direction, based on the proposals set out in the previous Policy[33] and the assumptions made at that time in terms of the age of the fleet and the cost of upgrade amongst other factors[34].

7.2 Sensitivity testing has been carried out to better understand the possible impact of uncertainty in the appraisal of the GM CAP. In particular, the aim is to understand whether variations in the assumptions underpinning the modelling, or the modelling methodology, would lead to a different decision or outcome, or conversely to provide additional confidence in the conclusions.

7.3 The evidence set out in this report has implications for two aspects of the sensitivity testing. Firstly, in terms of the rate of business-as-usual upgrades and the age of the fleet in the 'Do Minimum' scenario (in other words, how old the vehicle fleet would be without any action being taken by policy makers). Secondly, in terms of the impact of changes to the cost of upgrade on how vehicle owners may respond to the measures introduced by the GM CAP.

## Rate of upgrade and the age of the fleet

7.4 The Do Minimum fleet mix as modelled at Consultation (January 2021) assumed a normal pattern of vehicle upgrades, including the purchase of new vehicles, trading of second-hand vehicles and the scrapping of the oldest vehicles from the fleet.

7.5 However, GM's analysis suggested that the impacts of the Covid 19 pandemic included:

- Reduction in the number of new vehicles manufactured due to lockdowns;
- Delay in transactions due to lockdown constraints;
- Reduction in vehicle upgrades due to direct economic impact of lockdown or wider recessionary impacts, or because vehicles are not being used as heavily as before; and therefore
- The oldest vehicles remaining in the fleet for longer.

7.6 Analysis showed that these impacts vary between different vehicle types and business sectors with some more affected than others.

7.7 As a result, adjustments were made to the car, van and taxi fleets to reflect the emerging evidence that the normal pattern of vehicle upgrades has been affected for those fleets[35].

[33] Appendix 1 - GM Clean Air Plan Policy following Consultation (ctfassets.net)
[34] DRAFT GM CAP Post-Covid Post-Consultation AQ Modelling Summary Report v1 (ctfassets.net)
[35] Air Quality Modelling Summary Report Appendix D (ctfassets.net)

7.8 While the recent evidence has been used to create reasonable adjustments, uncertainty remained as to whether sales will 'catch up' to their pre-pandemic trajectory or indeed continue to remain below previously assumed levels as a result of the pandemic or other factors and therefore sensitivity testing relating to fleet age assumptions was carried out as follows:

- **Fleet is older than modelled**: HGV, vans and private cars all assumed to be one year older than pre-Covid Do Minimum, taxi to be two years older, no change assumed to Bus. This test showed increased concentrations sufficient to delay the year of compliance. The roads outside of the inner ring road are more sensitive to this test, because car and van emissions are more prevalent compared to buses. However, it is considered unlikely that the fleet age would be as old as this test assumes, given that changes have already been applied to the core to reflect Covid-19 related delays in vehicle upgrades. The most recent data from SMMT suggests that whilst vehicle sales have not caught up with pre-pandemic conditions, van and car sales have not been delayed to the extent of a full year.
- **Fleet is as per the pre-Covid Do Minimum** (the Consultation Option Do Minimum) as Covid-related changes prove to be transitory and fleet quickly reverts to trend, with the fleet tested as assumed in the Consultation Option Do Minimum. This test produced a reduction in concentrations, but with exceedances remaining in 2023 and therefore would not affect the decision to proceed with the GM CAP but demonstrates that there could be greater certainty of achieving compliance as forecast if vehicle sales recovered to their pre-pandemic position.

7.9 GM has used the national SMMT vehicle registrations to assess fleet impacts. The latest data on van registrations to end 2021 suggests that the assumptions with regards to vans remain valid, but given the supply and demand issues set out above, GM will need to keep the evidence under urgent review.

7.10 Monitoring of the on-road fleet will be undertaken throughout the lifetime of the GM CAP using ANPR data and can be compared with the quarterly/annual SMMT releases to assess whether the GM CAP is likely to be affected by changes to purchasing patterns other than those forecast.

## Price of upgrade and behavioural responses to the GM CAP

7.11 In summer 2021, GM was concerned that prices could increase as a result of constraints in the availability of compliant vehicles, as set out above, or due to increased demand arising from sustained behavioural changes post-pandemic. For example, GM was aware that the rise in internet shopping during the initial lockdown periods led to increased demand for vans, with anecdotal evidence that vans temporarily released by construction firms were re-purposed for deliveries during lockdown. In summer 2021, GM noted that a sustained increase in van demand could place pressure on the van market and that media reports were suggesting that the price of second-hand vans may be rising. Since then, the evidence of price rises resulting from supply not being able to keep up with demand has strengthened, as set out in this report.

7.12 Sensitivity testing carried out in 2021 suggested that whilst HGV behavioural responses are relatively insensitive to vehicle price increases, for vans an increase of

8% in the price of vehicles (compared to the price as assumed in the modelling) could be sufficient to delay compliance by one year, all other things being equal.

7.13 This is because if van prices rise, more van owners are expected to stay-and-pay rather than upgrade their vehicle, and therefore the emissions reductions would be less than previously forecast.

7.14 The evidence suggests that currently price rises in excess of 8% are being experienced in the van market and therefore that, if these price rises were to be sustained to 2023, and all other things being equal, GM could face an increased risk in terms of achieving compliance by 2024.

## Socio-economic impacts on vehicle owners

7.15 If, by June 2023, van owners have been unable to access an affordable compliant vehicle, they may reconsider how to respond to the scheme.

7.16 Van drivers/owners may look to pass the charge onto customers and keep their non-compliant vehicle. As discussed, the demand for those working in the construction/home improvement sector (tradespeople) in particular means that there are often long lead times for work to commence as skills gaps emerge and the price of materials rises.[36] In the context of higher prices and long waiting times, customers may be more willing to accept these charges, which are likely to represent a small proportion of the overall cost of the work. Those charging lower rates or in more competitive markets will be less able to pass on the cost to their customers. If realized, the impacts of this would be a reduction in the environmental benefits of the GM CAP and increased costs for consumers.

7.17 Vans in certain sectors often have low load factors (e.g. operate without a full load) and as such it is feasible that van drivers may switch to larger passenger cars, particularly estate or Multi-Purpose Vehicle (MPVs such as a Ford Galaxy) cars. Some parcel company business models have drivers using their own vehicles, usually cars and it is not uncommon for tradespeople to use larger estate cars if it suits their required tasks. As cars are not subject to any charges associated with GM CAP, this approach may become more attractive. Depending on the type of cars that businesses and drivers transition to (and their availability), this could reduce the environmental benefits of the scheme.

7.18 The Funding policy is designed to support the smallest businesses, sole traders and private owners to upgrade their vehicle. However, in the worst-case scenario, if van owners cannot afford to upgrade their vehicle even with the funding available, and are not able to pass on the cost of upgrade to their customers, they may cease trading or leave the region.

7.19 The impacts of the pandemic and Britain leaving the EU have not been experienced equally across business sectors, with some experiencing major disruptions, costs and loss of business whilst others have been able to benefit from new opportunities created by new ways of working and living. GM's evidence already suggested that a number of vehicle owners were at risk of being placed in hardship as a result of the scheme and it is clear that rising vehicle prices risks worsening that position. However, better evidence is needed to understand the possible nature and extent of such impacts, and who is most at risk.

[36] PBC Today Accessed 5th January 2022 https://www.pbctoday.co.uk/news/planning-construction-news/builders-delays/100980/

# 8. Summary and Recommendations

## Summary of current conditions in the van market

8.1 Pre-pandemic, there was significant growth in van mileage and van stock over a number of years and the expectation was that both growth trends would continue.

8.2 However, whilst the early phases of the pandemic and subsequent lockdowns and constraints in 2020 constrained demand, it appears that this effect was temporary and has been offset by growth in demand from some van-owning sectors.

8.3 The pandemic had a major impact on the number of new vans sold in the UK, initially due to the halting of production lines and local lockdowns around the world.

8.4 Whilst new van sales recovered to some extent, they are still not back to 2019 levels and so there is a substantial 'lost supply' that has not been recovered equating to 80,000 vehicles on a conservative assumption that 2019 levels had been maintained.

8.5 The global semiconductor shortage has also impacted the automotive industry and its effects are ongoing.

8.6 The industry is reporting significant supply issues with extended lead times for new orders.

8.7 It is anticipated that the introduction of clean air zones at particular locations in the UK will introduce some regional disparity in terms of the availability of certain vehicles and place additional demand pressure on the market in general.

8.8 Reliable data on the variation in the price of new vans as a consequence of the supply side issues discussed in Chapter 4 is not available.

8.9 There is substantial evidence of significant price increases in the second-hand van market – the scale of those rises has a high degree of variability depending on the particular vehicle. The extent of the reported rise varies between 13% and almost 60%.

8.10 Overall, the evidence suggests that demand for new and second-hand vans remains strong, and therefore that the loss of supply caused by lockdowns in 2020 and more recently by the semi-conductor shortage is leading to price rises in the new and second-hand markets, and to long lead times for new vehicle orders.

## Recommendations

8.11 Whilst there is strong evidence relating to the supply of new vans, there is less insight into the full extent of demand beyond the evidence of rising prices. A better understanding of demand would provide insight into the extent of the shortfall in the market. Further consultation with manufacturers, traders and van owners would be informative.

8.12 There is a lack of robust national data on second-hand van transactions which is important in the context of forecasting and monitoring the impacts of the various clean air zones around the country. This data should be made available by Government.

8.13 There is a lack of robust national data about vehicle prices; this needs to be addressed by Government.

8.14 In addition, it is unclear as to how those affected will respond to the changing circumstances. Research was undertaken with van owners in 2019, followed by consultation activity in 2020, prior to issues described in this note becoming as pronounced as they are at present. Previous assumptions may need to be revisited, which would require engagement with those who operate non-compliant vans.

8.15 It appears that supply constraints and price increases may be more severe for those operating more unusual or specialist vehicles. More research and analysis is required to better understand the types of specialist vehicle operating in the LGV market and how these are being affected by current market circumstances.

8.16 It is apparent that there is strong demand for vans and that high prices are currently being tolerated without reducing demand for vehicles. This suggests that some sectors may be experiencing growth and stronger economic conditions. Nevertheless, it is also clear from previous evidence that rising prices will mean that, for some, it is increasingly unaffordable to upgrade their vehicle. Therefore, more work is required to better understand market conditions by van-owning sector, and to reassess how vulnerable different groups are to the impacts of the GM CAP.

8.17 In particular, GM and Government could consider revisiting analysis carried out previously on the socio-economic impacts of the GM CAP and also review any potential equalities issues that may emerge from changing market conditions.

# Appendix A – List of Documents

This Appendix provides a list of documents and data sources used to inform this report

| Document Title | Date | Description | Relevance to GM CAP |
|---|---|---|---|
| **Chapter 1** | | | |
| Mayor of Greater Manchester writes to Government reiterating call for non-charging Clean Air Zone | May 2022 | Announcement, provide background on current status of GM CAP https://www.greatermanchester-ca.gov.uk/news/mayor-of-greater-manchester-writes-to-government-reiterating-city-region-s-call-for-non-charging-clean-air-plan/ | Current Status of GM CAP |
| GM CAP Technical Documents (various) | various | All available at Technical Documents Clean Air Greater Manchester (cleanairgm.com) https://cleanairgm.com/technical-documents/ | Published Technical Reports for GM CAP |
| Technical Note 3: Analysis of the Freight Market | July 2019 | Describes the number of HGVs operating in GM, the compliance status of those vehicles, and the business and usage patterns of those vehicles. https://cleanairgm.com/technical-documents/ | Background on Freight Sector |
| Technical Note 12: Evidence of the Impact of a 2021 Implementation of a CAZ C (Without exemptions) | July 2019 | Describes analysis carried out by GM to assess the risks of implementing a CAZ C in 2021 without also implementing a two-year sunset period as was proposed in the OBC. https://cleanairgm.com/technical-documents/ | analysis of vulnerability by sector, based on the proportion of the fleet that would be non-compliant |
| Technical Note 20: GM Specialist Goods Survey Results Summary | Aug 2019 | Sets out the results of on-street surveys carried out at three sites identified in the local exceedances study where freight was a significant contributor of emissions. The surveys provide estimates of vehicle volumes by size, compliance status and industry. https://cleanairgm.com/technical-documents/ | Reviews the composition of the freight vehicles operating at specific location in GM |
| T4 Appendix A (Modelling for Consultation) | Jan 2020 | Discusses the modelling tools used to assess the impacts of GM CAP https://cleanairgm.com/technical-documents/ | Modelling tools used to assess impacts of GM CAP |
| Deliberative Research | Nov 2019 | Research was carried out with vehicle owners potentially in scope for the scheme, including deliberative research and surveys of van owners https://cleanairgm.com/technical-documents/ | Understanding the vans sector and views of van owners |
| GM CAP Impacts of COVID-19 Report | June 2021 | Considers the impacts of the pandemic on GM and reviews the potential and actual impacts of COVID-19 on the GM CAP. https://cleanairgm.com/technical-documents/ | Review of impacts of COVID-19, including impacts on vans |

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| **Chapter 2** | | | |
| Percentage change in online purchases due to the coronavirus (COVID-19) pandemic | Jan 2022 | Percentage change in online purchases due to the coronavirus (COVID-19) pandemic in the United Kingdom from March 2020 to February 2021<br>https://www.statista.com/statistics/1230225/changes-in-online-buying-among-uk-consumers-since-covid-19/ | Linked to vans activities for certain sectors |
| Light Commercial Vehicles Delivering for the UK Economy | 2019 | Background on Light Commercial Vehicles Sector<br>https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Light-Commercial-Vehicles-Delivering-for-the-UK-economy.pdf | Provides background details of the vans sector (Pre-Covid-19) |
| T4 Appendix C – Vehicle Populations | 2021 | Provides details of vehicle proportions impacted by GM CAP (NB: Current version not published – TN37, link below provides previous version of this note)<br>https://cleanairgm.com/technical-documents/ | Details of vans vehicle proportions (compliant / non-compliant splits) |
| GMP ANPR Data | 2019 / 2020 / 2021 | Greater Manchester Police – ANPR camera data, reviewed to understand the composition of the vans fleet, including age profile of the fleet<br>(Raw Data not published) | Understand composition of the vans fleet (e.g. fleet age distribution) |
| **Chapter 3** | | | |
| Vans Sales data (SMMT) | Various | Sales data as reported by Society of Motor Manufacturers and Traders (SMMT)<br>https://www.smmt.co.uk/vehicle-data/lcv-registrations/ | Vans sales data |
| Vans Statistics | Apr 2021 | DfT Statistical Release 15 April 2021, Final Van Statistics April 2019March2020<br>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065072/van-statistics-2019-to-2020.pdf | Vans Statistics |
| **Chapter 4** | | | |
| Self Employment Stats (ONS) | Feb 2022 | Trends in Self-Employment in the UK Office for National Statistics<br>https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinselfemploymentintheuk/2018-02-07 | To understand business types for van ownership |
| Booming home delivery and construction fuel demand for vans | Aug 2021 | Motor Trader review of market sectors<br>https://www.motortrader.com/motor-trader-news/automotive-news/booming-home-delivery-construction-fuel-demand-vans-auction-25-08-2021 | Understand impacts of COVID on Vans sectors |
| Why electric van sales are set to soar | Mar 2021 | Review of position of electric vehicle take up<br>https://www.fleeteurope.com/en/last-mile/europe/analysis/why-electric-van-sales-are-set-soar?a=JMA06&t%5B0%5D=e-LCV&t%5B1%5D=Dataforce&t%5B2%5D=Arrival&t%5B3%5D=EV100&t%5B4%5D=Renault&t%5B5%5D=Nissan&t%5B6%5D=Mercedes-Benz%20Vans&curl=1 | Understand likely EV uptake on vans sector |
| SMMT Car Sales data | Various | Review of ongoing changes in vehicle sales data. Covers other modes than car | Reviewing trends of |

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|---|---|---|---|
| | | https://www.smmt.co.uk/category/vehicle-data/used-car-sales-data/ | vehicle registrations / sales |
| **Chapter 5** | | | |
| Baker McKenzie | Jan 2022 | https://www.bakermckenzie.com/en/newsroom/2020/04/global-supply-chains-under-huge-pressure-covid-19 | Impacts of the pandemic on supply chains |
| LCV Registrations | Various | https://www.smmt.co.uk/vehicle-data/lcv-registrations/ | Changing fleet profile over time |
| Coping with the auto-semiconductor shortage: Strategies for success | May 2021 | https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/coping-with-the-auto-semiconductor-shortage-strategies-for-success | Research |
| Latest updates as semiconductor chip crisis cripples industry | Feb 2022 | https://www.autocar.co.uk/car-news/business-tech%2C-development-and-manufacturing/latest-updates-semiconductor-chip-crisis | Research |
| Used values to rise as semiconductor crisis hits new van production | Apr 2021 | https://www.commercialfleet.org/news/van-news/2021/04/28/used-lcv-prices-to-rise-as-semiconductor-supply-crisis-hits-new-van-production | Research |
| **Chapter 6** | | | |
| Steel Prices | Various | Changing Price of Steel – impacts on supply chains https://tradingeconomics.com/commodity/steel | Research |
| LCV Market Statement | 2021 | BCA – Statements Stuart Pearson, COO at BCA UK www.bca.co.uk | Research |
| LCV Market Statement | 2021 | Cox Automotive Statement - Matthew Davock, director of commercial vehicles | Research |
| Changes in Van Prices | 2021 | Changing van prices provided by CAP HPI https://www.cap-hpi.com/ | Research – Vehicle prices |
| Used van values up 50% in 18 months despite mileage and age increasing | Jul 2021 | https://www.commercialfleet.org/news/van-news/2021/07/05/used-van-values-up-50-in-18-months-despite-mileage-and-age-increasing | Research |
| Used Van Prices | 2019 / 2022 | https://www.autotrader.co.uk/ | Research – Vehicle prices |
| Van Prices | Various | https://www.carpricetracker.com/car/239343/Ford+Transit+Custom+2.2+TDCi+290+L1H1+Limited+Double+Cab-in-Van+6dr | Research – Vehicle prices |
| Supply shortages creating 'perfect storm' for van sector | Oct 2021 | https://www.am-online.com/news/market-insight/2021/10/15/supply-shortages-creating-perfect-storm-for-van-sector | Research |

| | | | |
|---|---|---|---|
| **Chapter 7** | | | |
| Appendix 1 - GM Clean Air Plan Policy following Consultation | 2021 | https://cleanairgm.com/technical-documents/ | GM CAP Technical Report |
| DRAFT GM CAP Post-Covid Post-Consultation AQ Modelling Summary Report v1 | 2021 | https://cleanairgm.com/technical-documents/ | GM CAP Technical Report |
| Air Quality Modelling Summary Report Appendix D | 2021 | https://cleanairgm.com/technical-documents/ | GM CAP Technical Report |
| 89% of builders face job delays as shortages continue | Oct 2021 | https://www.pbctoday.co.uk/news/planning-construction-news/builders-delays/100980/ | Research |
| **Chapter 8** | | | |
| | | *(No new Sources in Chapter 8)* | |
| **Appendix A** | | | |
| | | *(No new Sources in Appendix A)* | |
| **Appendix B** | | | |
| Coronavirus (COVID-19) UK Government Dashboard | Oct 2020 | https://coronavirus.data.gov.uk/ | Background of Covid Timeline |
| "Greater Manchester's COVID-19 Management Plan: how we control outbreaks" | 2022 | https://greatermanchester-ca.gov.uk/coronavirus/COVID-19-management-plan/ | Background of Covid Timeline |
| "Prime Minister announces new local COVID Alert Levels" | Oct 2020 | https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels | Background of Covid Timeline |
| TfGM's C2 Database | various | Traffic flow data was extracted and analysed from TfGM's C2 Database https://tfgmc2.drakewell.com/multinodemap.asp | Information on local traffic impacts |
| "Budget 2021: Fuel duty rise axed as petrol prices hit record highs" | Oct 2021 | Fuel Prices Increase: https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-axed-petrol-prices-record-highs-b962832.html | Information on Economic Related Impacts |

| | | | |
|---|---|---|---|
| “GDP monthly estimate, UK : December 2021” | Dec 2021 | GDP information https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021 | Information on Economic Related Impacts |
| “Average weekly earnings in Great Britain: February 2022” | Dec 2021 | Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022 | Information on Economic Related Impacts |
| “UK economy latest” | Dec 2022 | Information on Goods import and exports https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output | Information on Economic Related Impacts |
| “Cities Outlook 2022” | Jan 2022 | Change in pub and restaurant sales in City Centres and Suburbs.<br>Weekday footfall in Birmingham, Manchester and London<br>https://www.centreforcities.org/wp-content/uploads/2022/01/Cities-Outlook-2022-2.pdf | Information on Economic Related Impacts |

# Appendix B – Review of COVID Impacts

## Overview

B.1 Travel behaviour and the economy have been impacted by the COVID-19 pandemic and have resulted in changes in the way that people travel and the way businesses operate. In this chapter we will assess some of the key data findings found throughout the period to better understand the levels of impact on transport and travel generally.

## COVID Timeline

B.2 In January 2020, COVID-19 first appeared in the UK. By 30th November 2020, there were an estimated total of 1.6 million people testing positive to the virus in the UK with 58,24537 cases resulting in deaths.[38]

B.3 As stated within the GMCA COVID-19 Management Plan Executive Summary, GM had more than 16,000 confirmed cases and nearly 2,800 people died during the first four months of the COVID-19 pandemic.[39]

B.4 In Summer 2020, North West England was one of the worst affected areas by the pandemic with GM placed under additional restrictions on 31st July 2020. Throughout 2020, GM continued to experience a disproportionate impact to the rest of the UK from these additional restrictions, such as the three-tier system for lockdowns across England. This three-tiered system was first announced by the Government in October 2020 to *'simplify and standardise local rules'*.[40]

B.5 On 5th November 2020, the Government imposed a second national lockdown with restrictions on continued business activity in England. These restrictions were in place between 5th November and 2nd December 2020, followed by a return to 3 Tier system restrictions.

B.6 On 19th December 2020 the Government introduced an additional 4th Tier, with lockdown measures beginning in London and the South East, after having identified the Alpha (Kent) variant, coming into effect on 21st December 2020 until a third nationwide lockdown was re-introduced on 6th January 2021.

B.7 March 2021 saw Step 1 of the Government's roadmap being introduced, with schools reopening and outdoor gatherings being allowed with the proviso of staying local. April 2021 saw Step 2 of the roadmap allowing limited indoor contact, businesses such as hairdressers to reopen and outdoor hospitality. Step 3 came into effect in May 2021, allowing indoor meetings limited to 6 people and 10,000 people for large sport stadiums. Step 4, on 19th July 2021, saw the remaining venues such as nightclubs reopen, and the removal of most other restrictions.

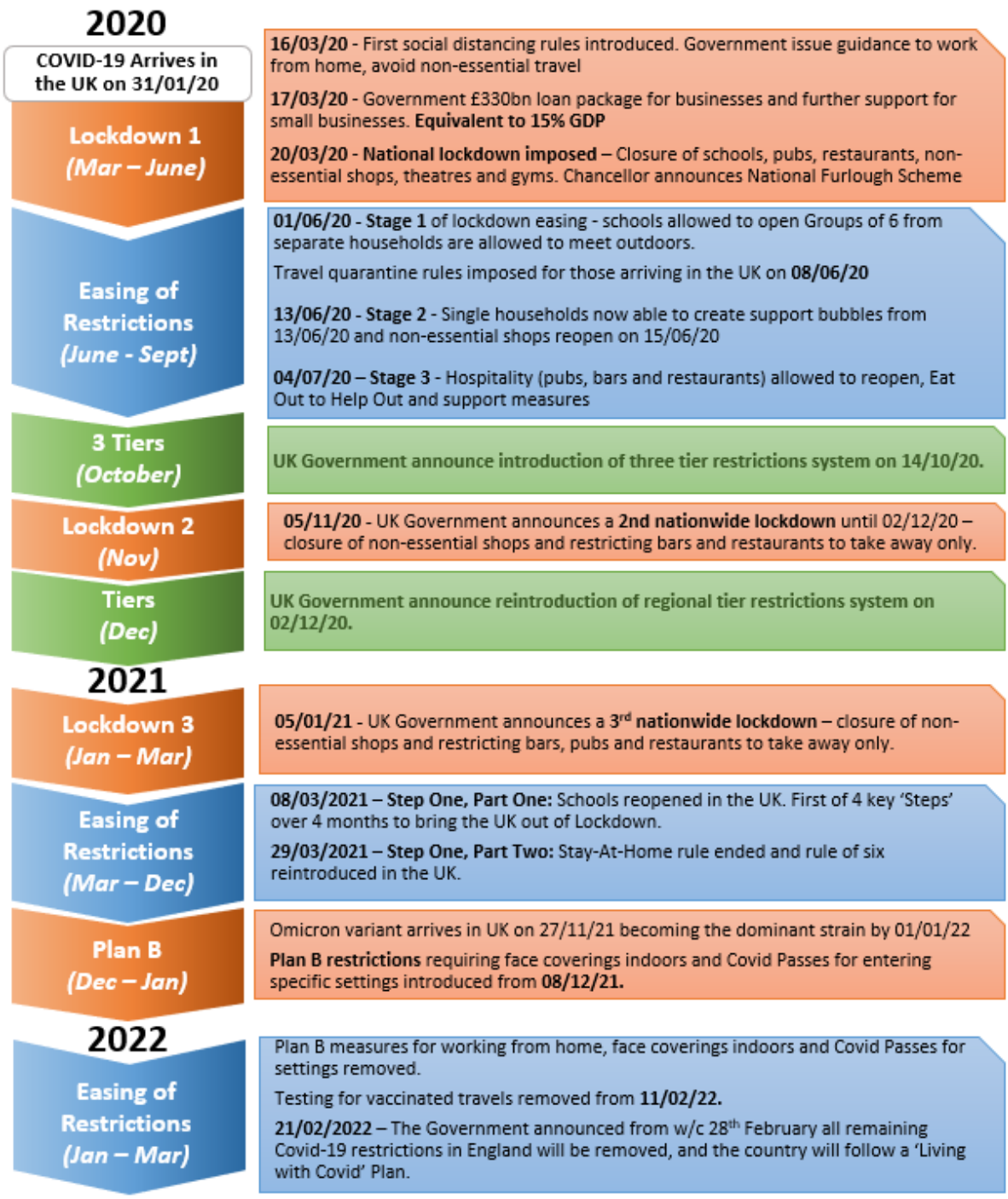
B.8 With the discovery of the Omicron variant, Plan B measures (face coverings indoors and use of Covid Passes at specific settings such as nightclubs), which

[37] UK deaths is based on deaths within 28 days of a positive test and does not include excessive deaths.
[38] Coronavirus (COVID-19) UK Government Dashboard https://coronavirus.data.gov.uk/ (accessed 01/10/20)
[39] COVID-19 Management Plan – Executive Summary (GMCA) https://greatermanchester-ca.gov.uk/coronavirus/COVID-19-management-plan /
[40] Prime Minister announces new local Covid Alert Levels - https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels

also recommended working from home where possible, were implemented from 8th December 2021 to 27th January 2022.

B.9 A summary of the key COVID-19 events and Government responses has been captured in **Figure B-1**.

**Figure B-1 COVID-19 Timeline January 2020 to March 2022**




B.10 The COVID-19 pandemic has had a transformative global impact to health, businesses, the economy, and way we live and interact with one another.

B.11 At the time of the production of this note in March 2022, the UK appears to be exiting the pandemic. Case numbers are stabilising, death and in-patient numbers

remain low, reflecting the positive impact of a successful vaccine programme rollout.

B.12 However, emerging evidence gathered over the course of 2020 and 2021 has shown that there have been substantial changes to the economy, travel patterns and our behaviours. These changes have been driven by Government policy in the short term, however some of the behaviours adopted during Government lockdowns may continue as restrictions ease. In addition to this, economic impacts following the recent easing of restrictions have resulted in impacts which can be seen locally, nationally and globally within the economy.

## COVID-19 Impacts on Travel Behaviour

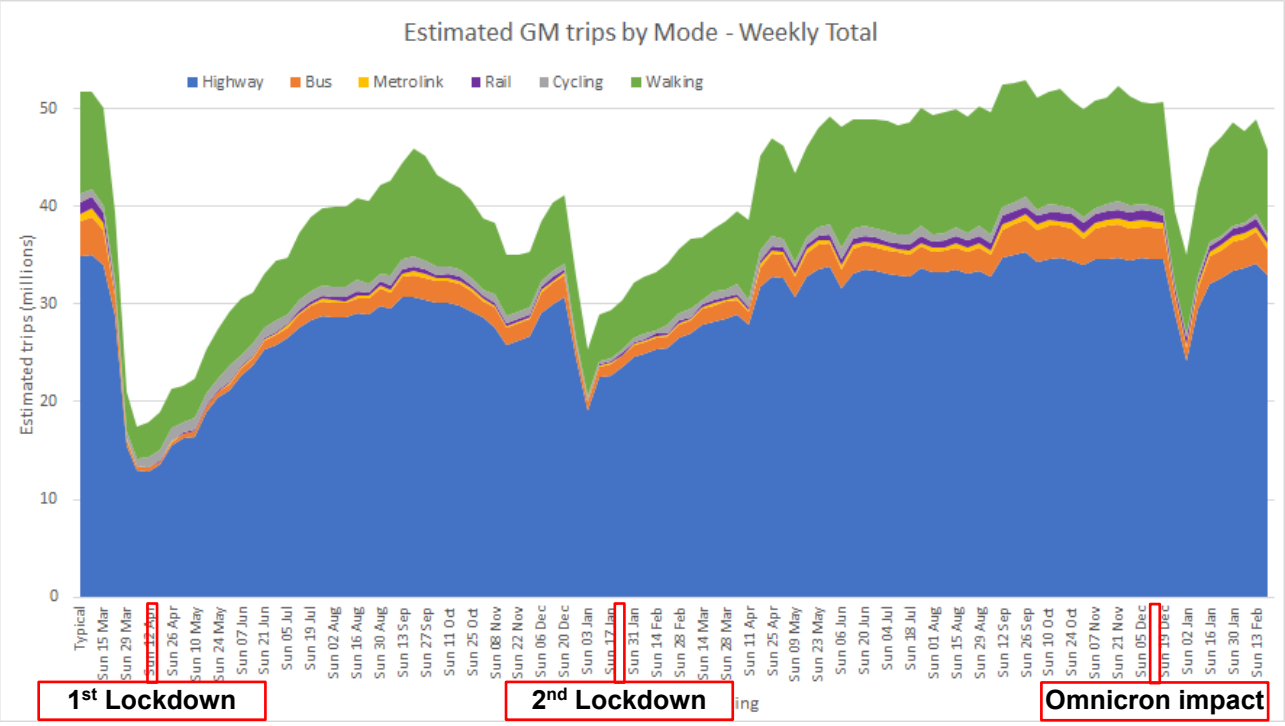
B.13 Detailed analysis has been undertaken on the impacts of COVID-19 on travel demand within GM to compare 'pre-pandemic' and 'during pandemic' travel levels within GM.

B.14 As shown in **Figure B-1**, there are a number of Government interventions which have had an impact on traffic levels (for all modes of transport). These include:

- Government guidance issued on 16th March 2020 to work from home 'where possible';
- Closure of all UK schools to children, apart from those who have key worker guardians on 20th March 2020;
- Closure of the hospitality and leisure sector on the 20th March 2020 including pubs, bars, restaurants, gyms, theatres etc.;
- Re-opening of schools to all children in September 2020 alongside the UK Government encouraging workers to return to the office;
- Implementation and extension of the Government Tiered restrictions;
- Return to lockdown conditions on 5th November 2020, 2nd December 2020 and 6th January 2021; and
- Hotel quarantine for travellers from high-risk countries.

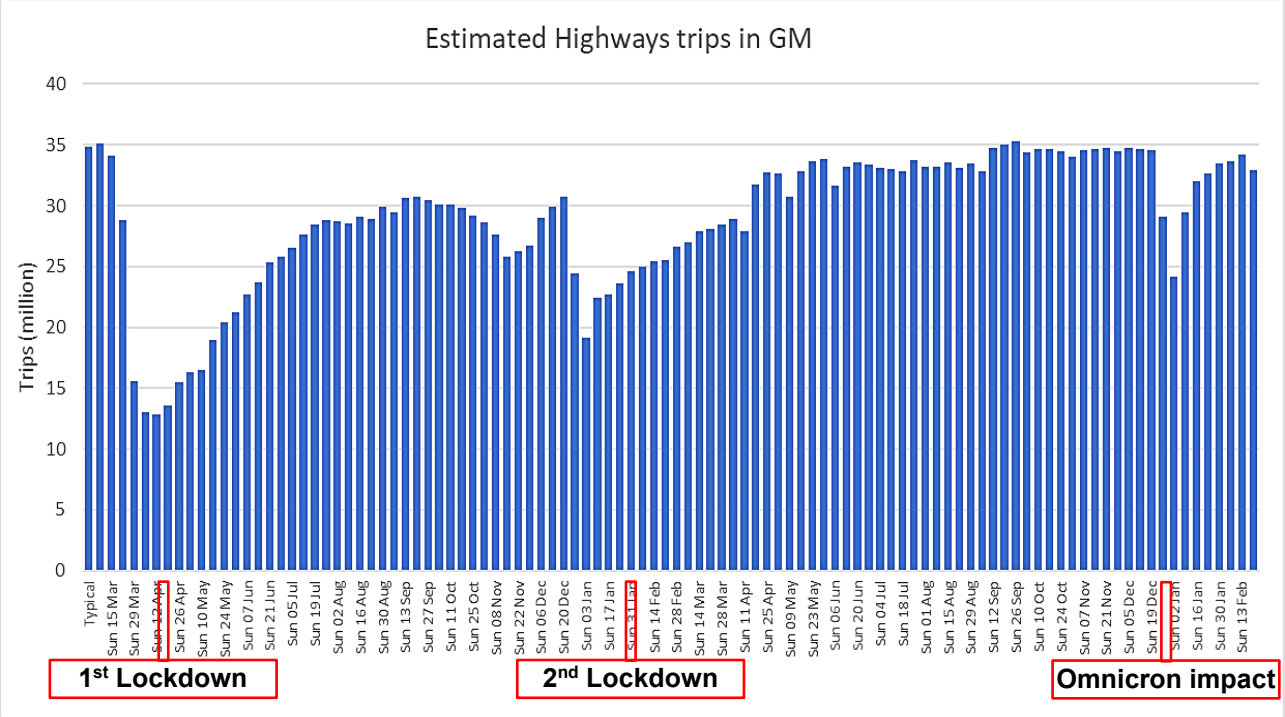
B.15 Since the beginning of the pandemic, travel patterns across the UK have significantly changed, driven by changing Government guidelines and the perception of transmission risks on certain forms of transport. An overview of the changing trends of travel behaviour by mode in Greater Manchester is provided in **Figure B-2** to **Figure B-6**; the data has been provided by TfGM. Three key dates have been flagged in each figure: the first and second national lockdowns plus the emergence of the Omicron variant.

## Figure B-2 Overview of travel behaviour – All Modes



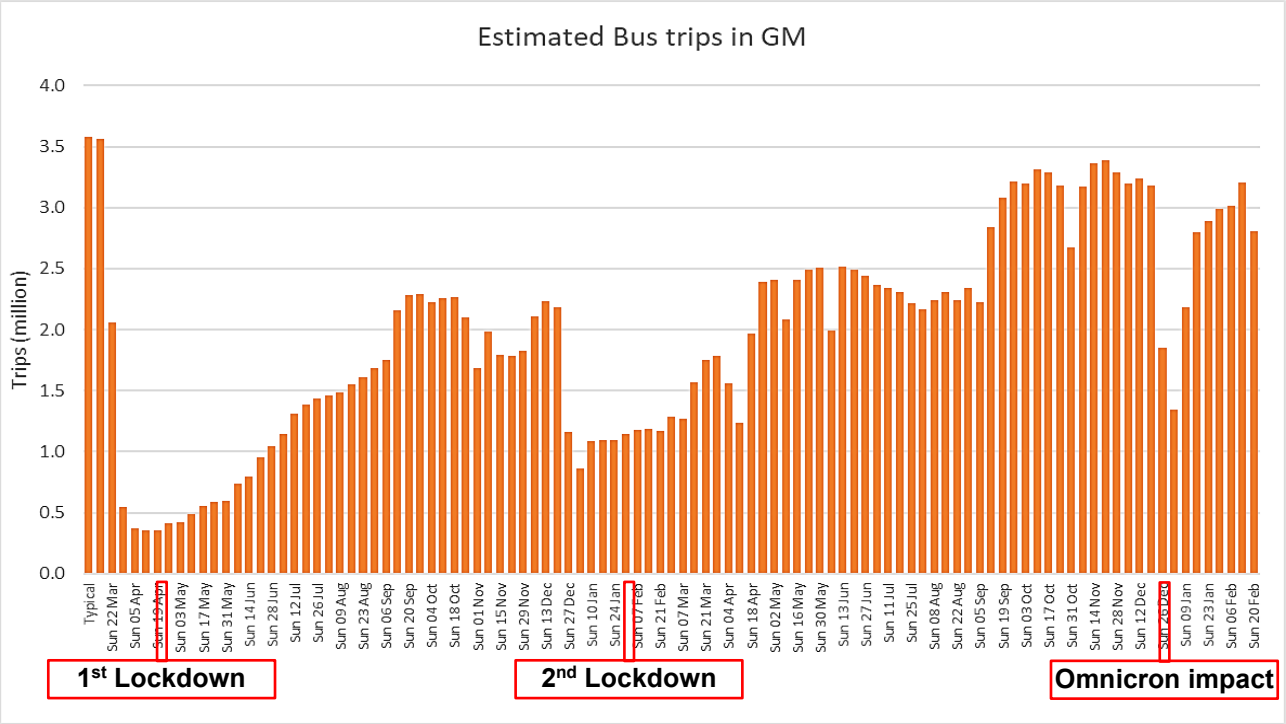

*Source: TfGM*

## Figure B-3 Overview of travel behaviour – Highway



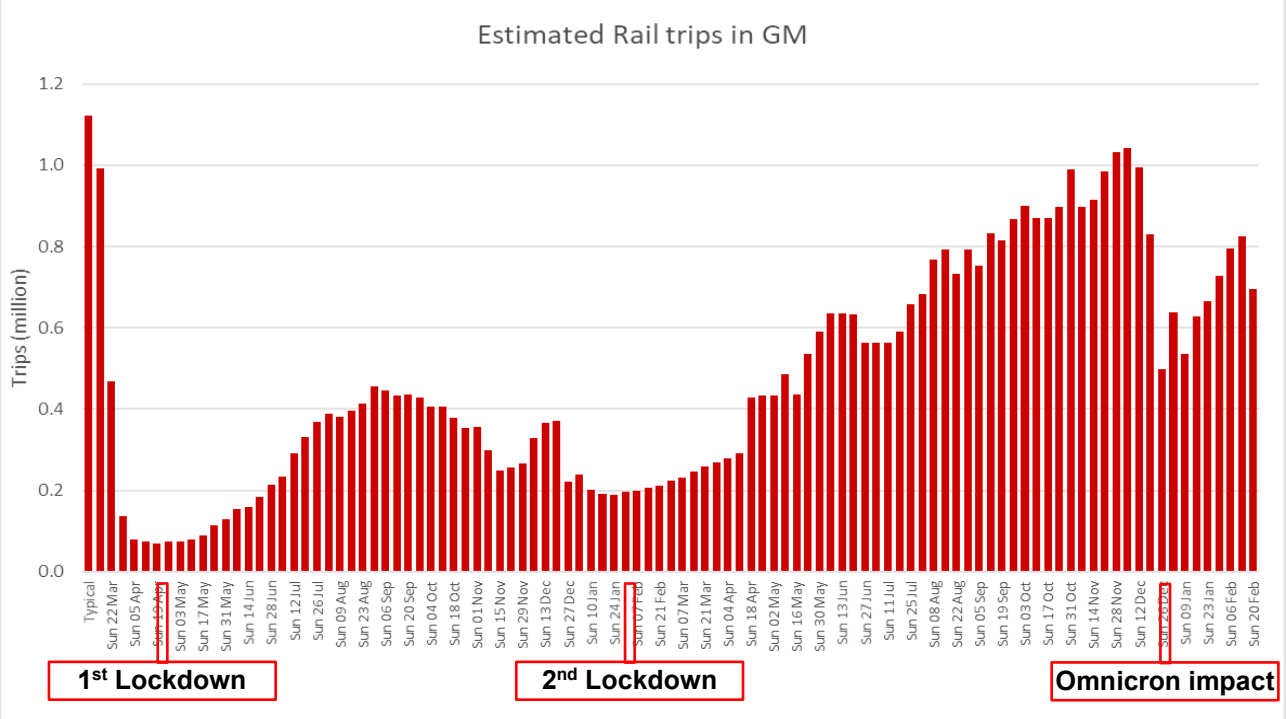

*Source: TfGM*

## Figure B-4 Overview of travel behaviour – Bus



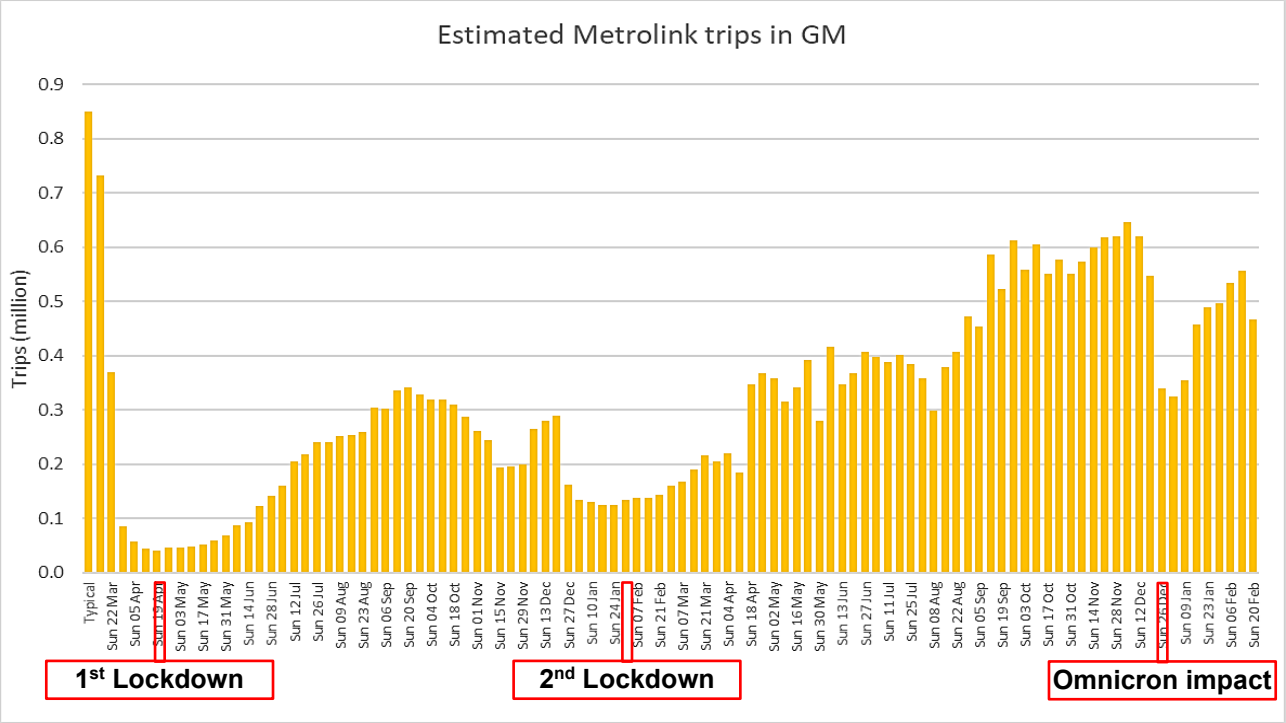

*Source: TfGM*

## Figure B-5 Overview of travel behaviour – Rail




*Source: TfGM*

**Figure B-6 Overview of travel behaviour – Metrolink**




*Source: TfGM*

B.16 These figures illustrate that the impact of the pandemic has been pronounced and the extent to which pre-pandemic travel volumes have returned varies by mode. In summary, at the aggregate level across GM:

- Highway trips are close to pre-pandemic levels (approximately 95% of 'typical'); and
- Public transport trip levels are between 60% and 75% of pre-pandemic / typical levels with bus performing more strongly than rail / Metrolink.

# Local Traffic Impacts

B.17 Further analysis was undertaken regarding traffic flows on the local highway network, in order to understand the changing highway demand levels at various points through the pandemic. This has provided an insight into how the COVID-19 related travel guidance and changing behaviours because of the pandemic have impacted travel across GM.

B.18 This analysis has considered changing travel levels at a range of locations across Greater Manchester, to understand how traffic flows have changed on the following:

- Roads near to the Regional Centre;
- Key radial routes;
- Roads adjacent to local centres within GM; and
- Roads accessing centres of employment.

B.19 The analysis has considered several points in time, comparing:

- September 2019 (before the pandemic);

- September 2020 (during the pandemic);
- November 2021 (during pandemic – pre Omicron); and
- January 2022 (most recent, though impacted by Omicron variant).

B.20 Traffic flow data was extracted and analysed from TfGM's C2 Database[41]. These have been reviewed and presented for the 2-way hourly link volumes, by hour, at the following locations:

- Manchester Rd (A56) / 15m South of Ashlor St, Bury (ATC);
- Princess Rd (A5103) / 100m North of Bonsall St, Hulme, Manchester (ATC);
- Washway Rd (A56) / 40m North of Hunston Rd, Sale, Trafford (ATC);
- Bury New Rd (A56) / 90m North of Kingswood Rd, Prestwich, Bury (ATC); and
- Centenary Way (A576) / 160m North of Guinness Rd, Trafford Park, Trafford (ATC)

B.21 Using these specific locations around Greater Manchester the traffic behaviours at each location type can be assessed.

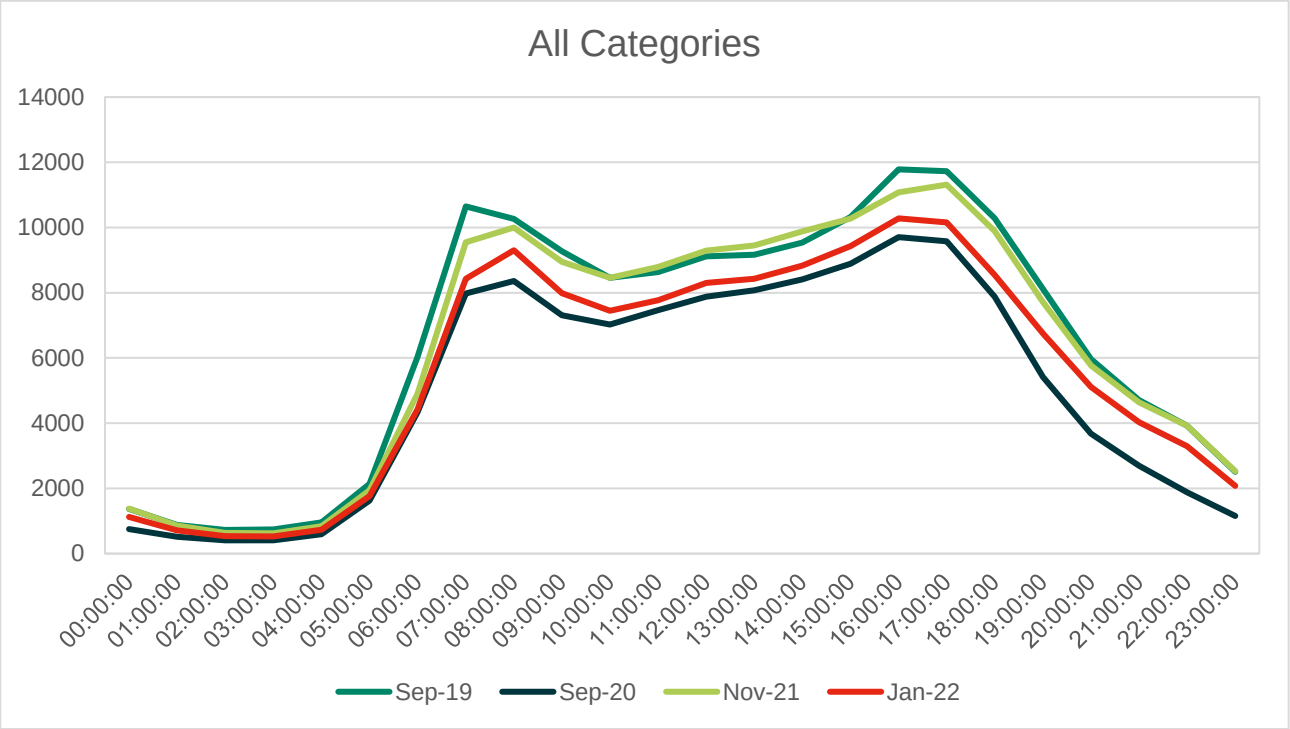
**General Traffic Conditions**

B.22 Averaging the sites identified above (see **Figure B-7**) suggests there has been a change in travel behaviour throughout the pandemic, noting the following key observations:

- The AM and PM peak periods have remained, although there is a dampening down effect on the peaks, with less variation between peak flows and interpeak flows, as the interpeak has continued to perform strongly.
- During late 2021, highway demand was almost back at pre-pandemic levels, there was then a noticeable drop again in demand as a result of the Omicron variant in December 2021.
- There has been some recovery during the peak periods, though they have not yet returned to pre pandemic levels.
- It is also noted that the earlier part of the AM peak is less strong than pre pandemic levels, with the AM peak now occurring 08:00 to 09:00, rather than 07:00 to 08:00 based on the sample of data sites.
- It also appears that the evening traffic (after 19:00) in 2022 is recovering at a slightly faster rate than the daytime traffic flows. This returned to pre-pandemic levels in November 2021 however, there has been a slight drop again in 2022, although it has been less impacted than other times of day. During the 2020 restrictions, the evening economy was significantly restricted by the COVID-19 restrictions in place at the time.

[41] https://tfgmc2.drakewell.com/multinodemap.asp

**Figure B-7 Change in traffic flow levels by time of day (all areas)**



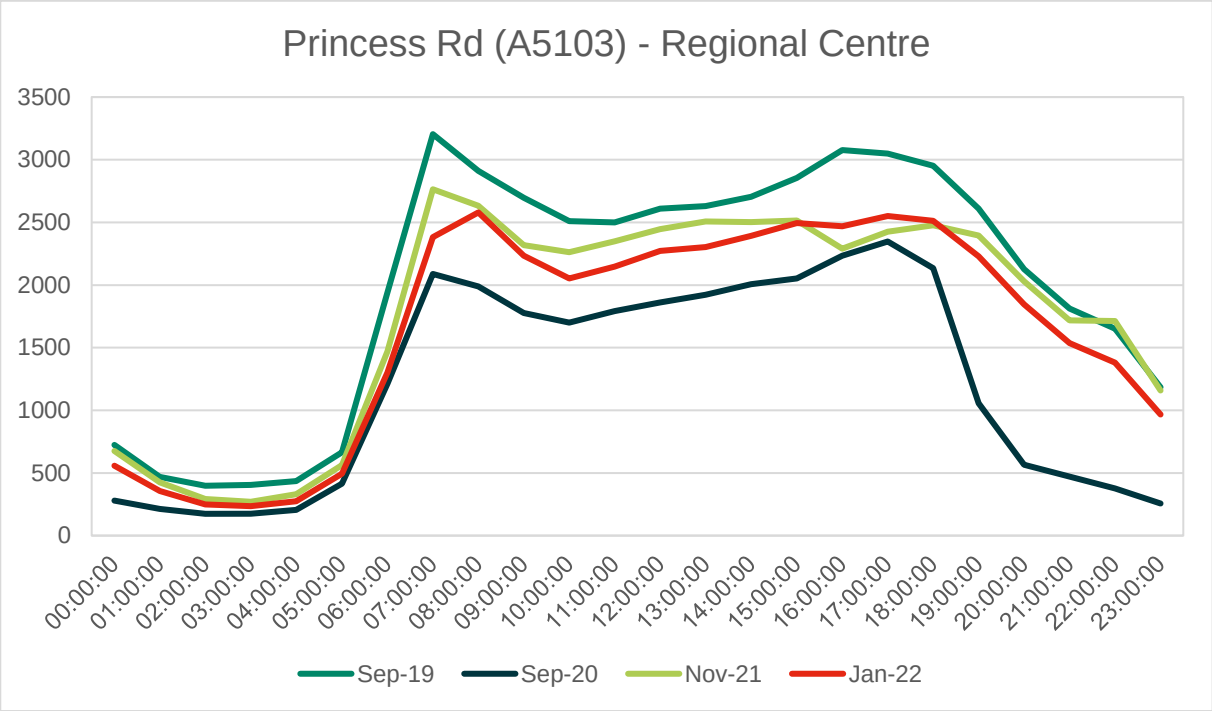

*Source: TfGM C2 Database*

**Roads adjacent to the Regional Centre**

B.23 Traffic flows adjacent to the Regional Centre have been significantly impacted throughout the pandemic (see **Figure B-8**). The following key trends have been identified:

- From the data assessed, the pandemic (and associated restrictions) appears to have had the greatest impact on regional centre flows, with the largest decrease in 2020 and the slowest recovery;
- The recovery of traffic flows in the peaks is still subdued, though traffic flows during the Omicron variant have been higher than in Autumn 2020, unlike what is seen at local centres;
- In 2020, COVID-19 restrictions had a considerable impact on demand for travel relating to the Regional Centre, with heavy restrictions placed on sectors such as leisure, tourism, and the night time economy. By November 2021, the easing of COVID restrictions resulted in a return of travel demand to the Regional Centre, showing considerable recovery at particular times of day, reaching close to 2019 levels. The 2022 travel demand to Mar-22 also showed a strong return of traffic during the evening periods, though the Omicron variant is likely to be keeping these slightly below pre-pandemic levels at present.
- The early part of the AM peak is now much weaker than prior to the pandemic, and the PM peak is less pronounced. In November 2021, traffic flows were slightly reduced from pre pandemic levels, with the PM peak most strongly impacted. In January 2022, the PM peak appears to be starting to recover, with a slightly later AM peak.

**Figure B-8 Change in traffic flow levels by time of day (Regional Centre)**

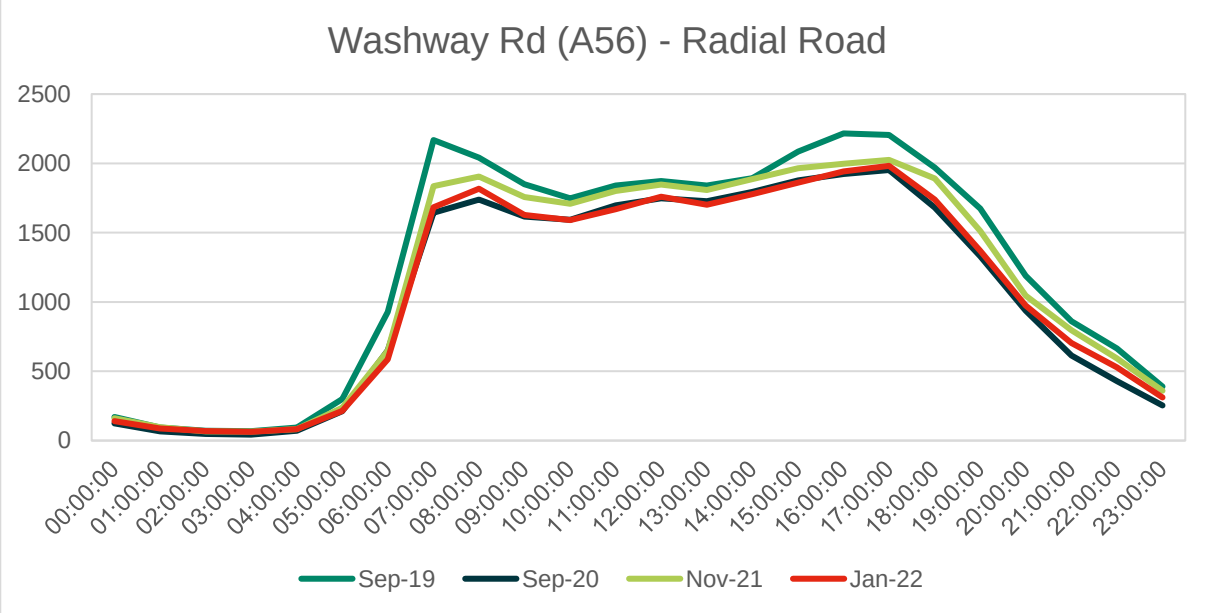



*Source: TfGM C2 Database – Location N of Bonsall St, Hulme*

## Radial Roads

B.24 On Washway Road in Sale (see **Figure B-9**), its proximity close to the M60, and as a key radial route, has resulted in a high level of traffic demand at various points throughout the pandemic. The site is also close to the Local Centre of Sale. Demand has remained strong at the various points assessed although, as with most other locations, the peak periods are showing slightly lower demand in 2022.

**Figure B-9 Change in traffic flow levels by time of day (Radial Roads Outside M60)**

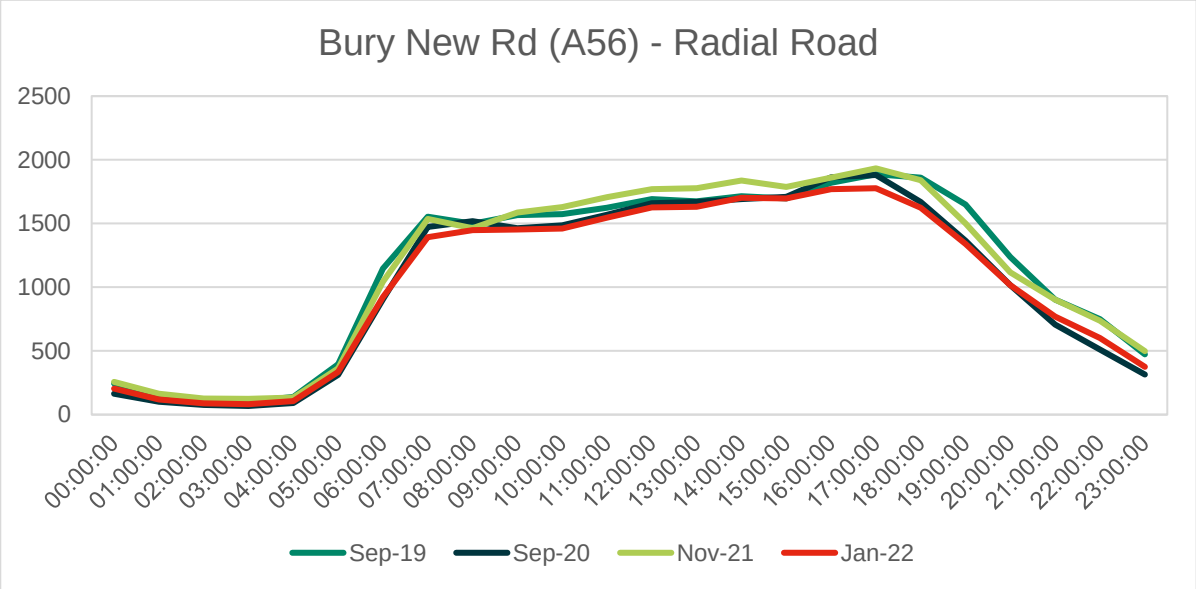



*Source: TfGM C2 Database – Location adjacent to Sale Local Centre*

B.25 Another key radial route north of the Regional Centre is Bury New Road (see **Figure B-10**). This site is also a key radial, though also serves local centres, such

as at Prestwich. This location has shown a strong recovery of travel behaviour with travel at certain times of day exceeding pre-pandemic levels, especially during the interpeak, both in autumn 2020, autumn 2021 and currently in 2022. The evening period has, however, shown a slower recovery.

**Figure B-10 Change in traffic flow levels by time of day (Radial Roads Inside M60)**



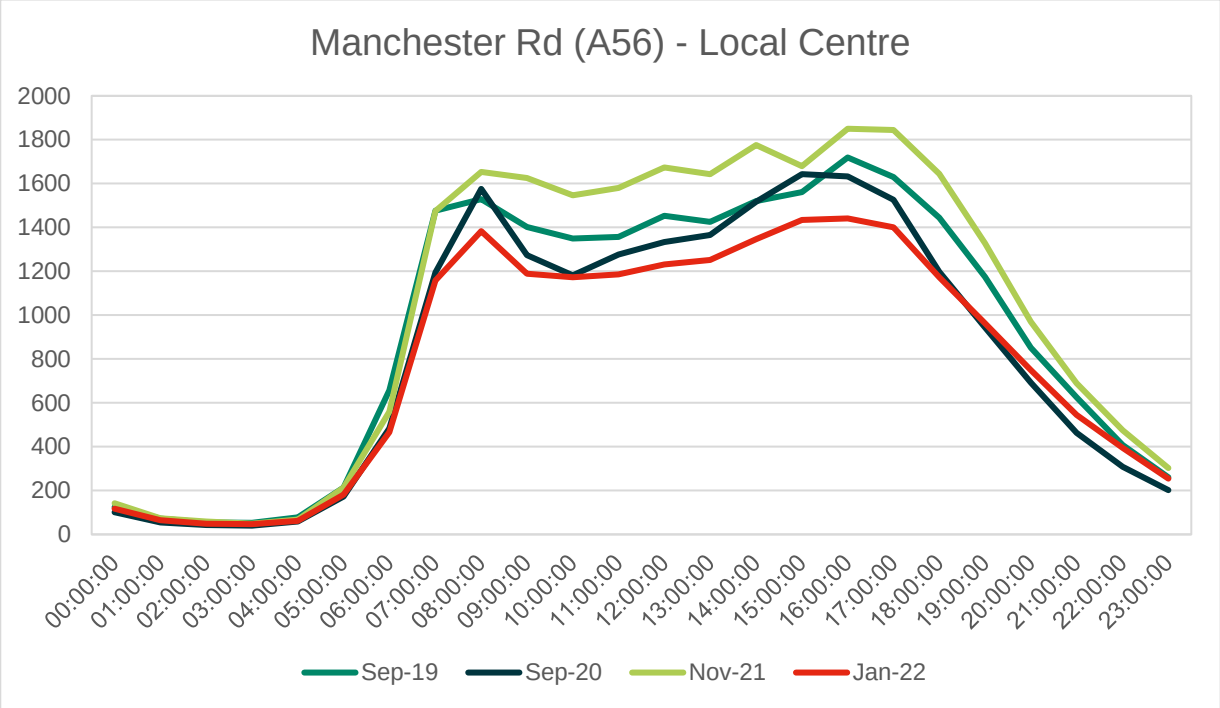

*Source: TfGM C2 Database – Location N of Kingswood Rd, Prestwich (Near to M60 J17)*

## Local Centres

B.26 Throughout the pandemic, as the UK Government eased travel guidance, travel demand in the vicinity of local centres, have bounced back strongly. **Figure B-11**, shows the A56 Manchester Road near Bury, which experienced a strong bounce back effect in Autumn 2020, when travel restrictions were eased. **Figure B-11** shows the later part of the AM peak and the early part of the PM peak exceeding pre pandemic levels, plus a strong interpeak and was likely an impact of more localised travel.

B.27 By the end of 2021, demand had exceeded 2019 pre-pandemic levels by a clear margin, however this demand fell significantly in January 2022. The recent 2022 data shows the impacts of restrictions associated with the Omicron variant which has suppressed traffic flows once again.

**Figure B-11 Change in traffic flow levels by time of day (adjacent to Local Centres)**



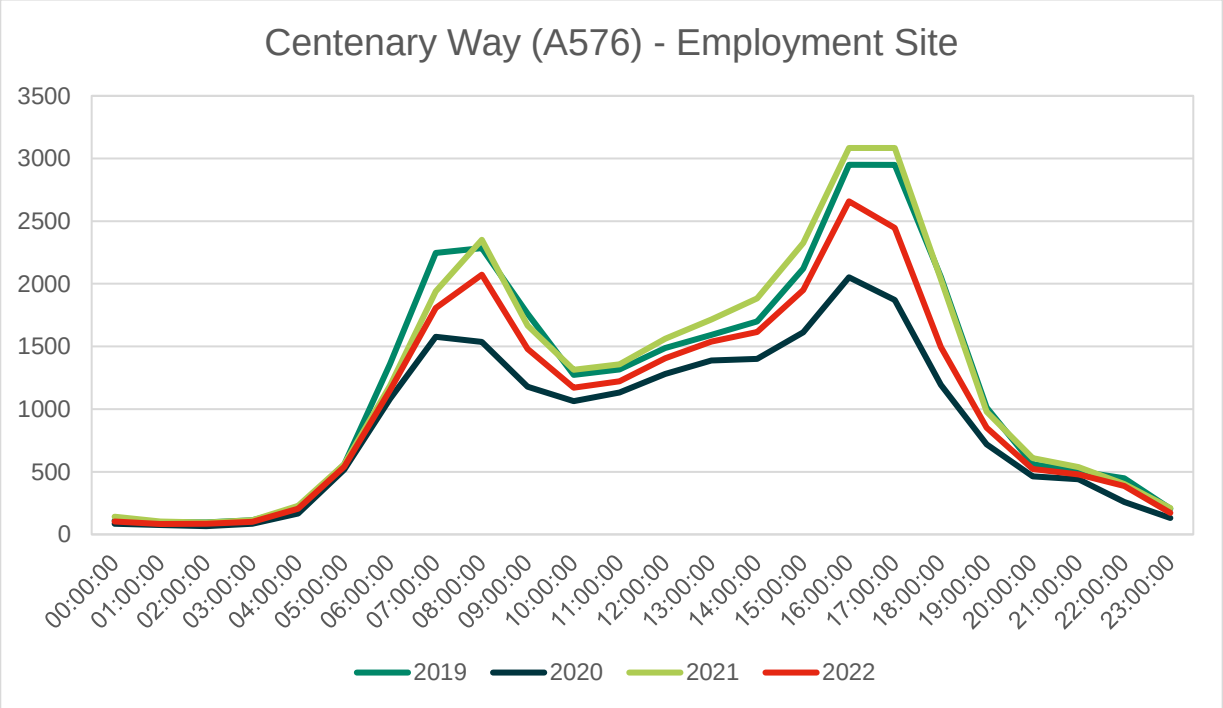

*Source: TfGM C2 Database – Location S of Ashlor St, Bury*

**Centres of Employment (Trafford Park)**

B.28 Trafford Park is a major site of employment within Greater Manchester, with traffic flows accessing this employment area changing significantly during the pandemic.

B.29 During the limited easing of travel restrictions in Autumn 2020, traffic flows to/from Trafford Park remained low, with limited return of higher peak time travel flows. This was possibly due to the higher levels of working from home at the time. The more recent data from November 2021 shows flows higher than pre-pandemic levels. January 2022, though impacted by the Omicron variant, shows a recovery of peak hour travel demand, close to pre pandemic levels, although the early part of the AM peak and the later part of the PM peak show a slightly weaker recovery. Interpeak travel is also similar to pre pandemic levels (See **Figure B-12**).

**Figure B-12 Change in traffic flow levels by time of day (Centres of Employment)**




*Source: TfGM C2 Database – Location Trafford Park, Trafford*

**Summary**

B.30 The review of local traffic flows at various locations across GM has shown considerable variations in changing travel behaviour by location, when compared to pre-pandemic levels. This is likely to be impacted by changing travel habits, although the recent Omicron variant is likely to be impacting some travel behaviour in the 2022 data, as shown in **Figure B7**, general traffic levels in Autumn 2021 showed overall recovery in traffic flows above pre-pandemic levels.

B.31 The change in travel behaviour by location since September 2019 is summarised in **Table B-1**.

B.32 Considering the position in November 2021, when travel patterns were least affected, it is notable that Local Centre traffic flows were higher than previously whilst the Regional Centre flows were still much reduced. For radial routes and employment centres, overall (daily) levels were back to pre-pandemic but with some variation during the day; the morning peak being less pronounced but the interpeak higher.

## Table B-1 Traffic flow changes by location type from September 2019 to January 2022

| Location Type | Period | Change relative to Sep-19 (Index=100) | | | |
|---|---|---|---|---|---|
| | | Sep-19 | Sep-20 | Nov-21 | Jan-22 |
| Regional Centre | AM | 100 | 67 | 88 | 81 |
| | IP | 100 | 73 | 95 | 88 |
| | PM | 100 | 41 | 92 | 85 |
| | Eve | 100 | 26 | 95 | 85 |
| | Daily | 100 | 61 | 88 | 83 |
| Radial inside M60 | AM | 100 | 98 | 98 | 93 |
| | IP | 100 | 98 | 105 | 96 |
| | PM | 100 | 101 | 102 | 96 |
| | Eve | 100 | 80 | 94 | 83 |
| | Daily | 100 | 92 | 101 | 91 |
| Local Centres | AM | 100 | 103 | 108 | 90 |
| | IP | 100 | 96 | 115 | 88 |
| | PM | 100 | 94 | 113 | 86 |
| | Eve | 100 | 74 | 110 | 87 |
| | Daily | 100 | 90 | 111 | 86 |
| Employment Centre | AM | 100 | 69 | 95 | 86 |
| | IP | 100 | 83 | 108 | 94 |
| | PM | 100 | 61 | 102 | 79 |
| | Eve | 100 | 74 | 99 | 91 |
| | Daily | 100 | 74 | 102 | 88 |

*Source: TfGM C2 Database*

# Economic Related Impacts

## Introduction

B.33 Changes in the economic situation are also likely to have had an influence on travel behaviour. The section below presents the trends for a range of factors impacting the economy, several of which are likely to impact the way people travel and businesses operate.

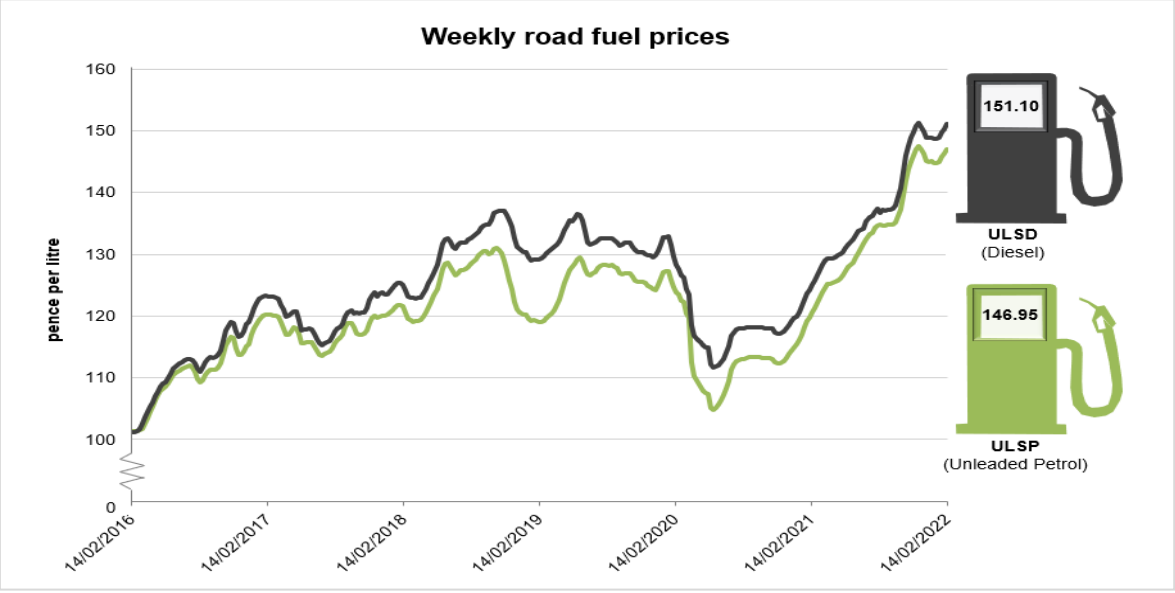
## Fuel Prices

B.34 There are six companies (four oil companies and two supermarkets) that feed into the weekly fuel price survey prepared by the government. These companies cover around 65% of the market. The change in fuel price is displayed in **Figure B-13**.

B.35 The price of road fuel is volatile over shorter time periods, with prices regularly rising and falling. The key trends from during the pandemic are:

- At the start of 2020 prices appear to have been on the decline. There was then a significant fall in both Diesel and Unleaded Petrol in early 2020, corresponding with the first national lockdown.
- During the second part of 2020, prices appear to be stable, with prices beginning to rise steadily throughout 2021 in line with global oil market prices.
- There is a steep rise in prices towards the end of 2021, reaching record highs. This corresponds with a sudden rise in post-pandemic energy demand. This has triggered a tax freeze on petrol and diesel for the twelfth year in a row[42].
- In September 2021 long queues and forecourt closures were witnessed, caused by panic buying throughout the country, sparking a fuel shortage in Britain.

### Figure B-13 Weekly Road Fuel Prices




*Source: gov.uk*

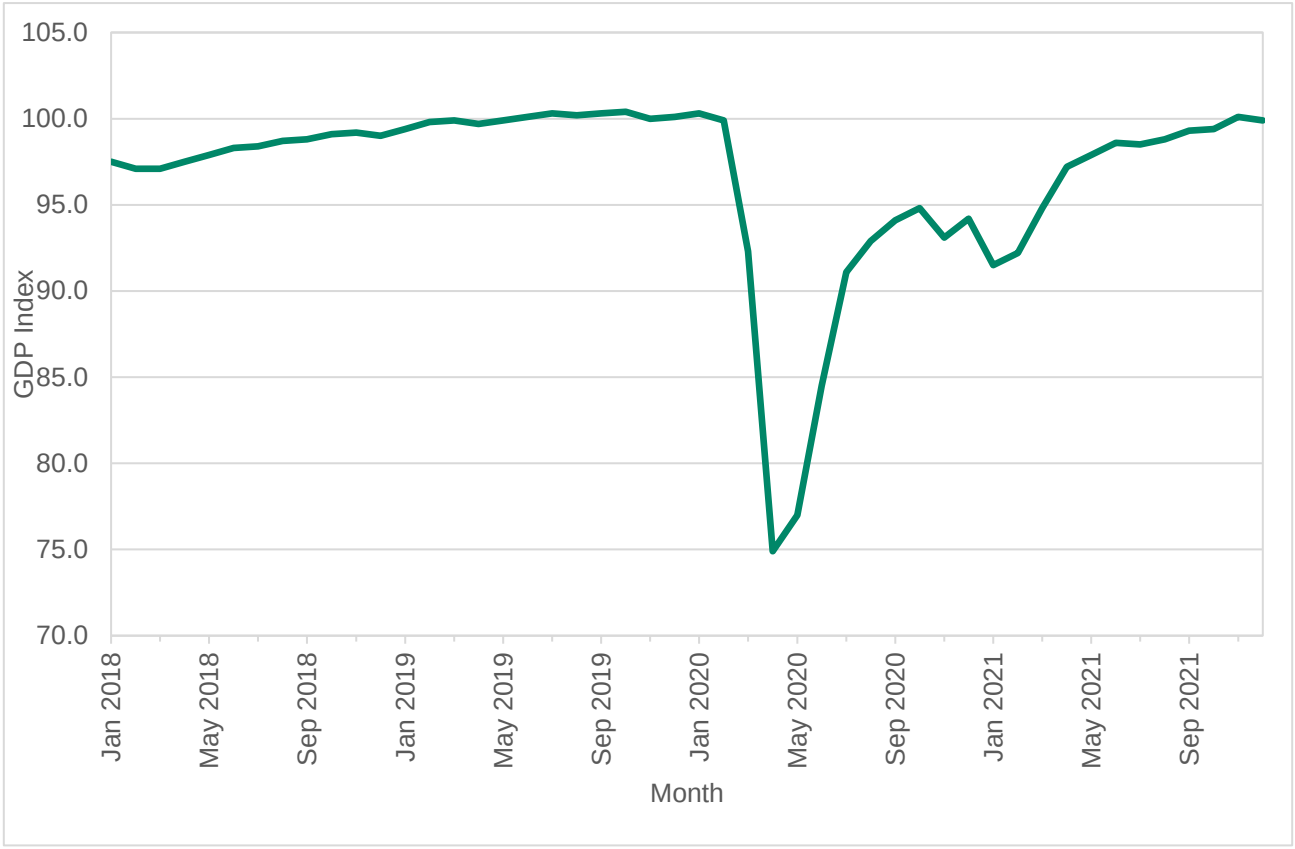
[42] https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-petrol-prices-record-highs-b962832.html

B.36 It was already likely that the price of fuel would remain unsteady for some time as a consequence of the impact of the pandemic and recent events in Ukraine have brough additional uncertainty to that market.

**GDP**

B.37 From bulletins on the ONS data website[43] the end of 2021 saw a drop in GDP by 0.2%, to equal the pre pandemic level of February 2020. In December 2021 services and construction are both above pre-pandemic levels, while production remained below. Consumer facing services fell within December, driven by a fall in retail, 8.4% below pre-coronavirus levels, contributing to the GDP fall in December 2021 (see **Figure B-14**).

**Figure B-14 GDP in the UK (Index, 2019 = 100)**




*Source: ons.gov.uk/economy[44]*

B.38 Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021[45]. In real terms (adjusted for inflation), total and regular pay fell for the year by 0.1% and 0.8% respectively.

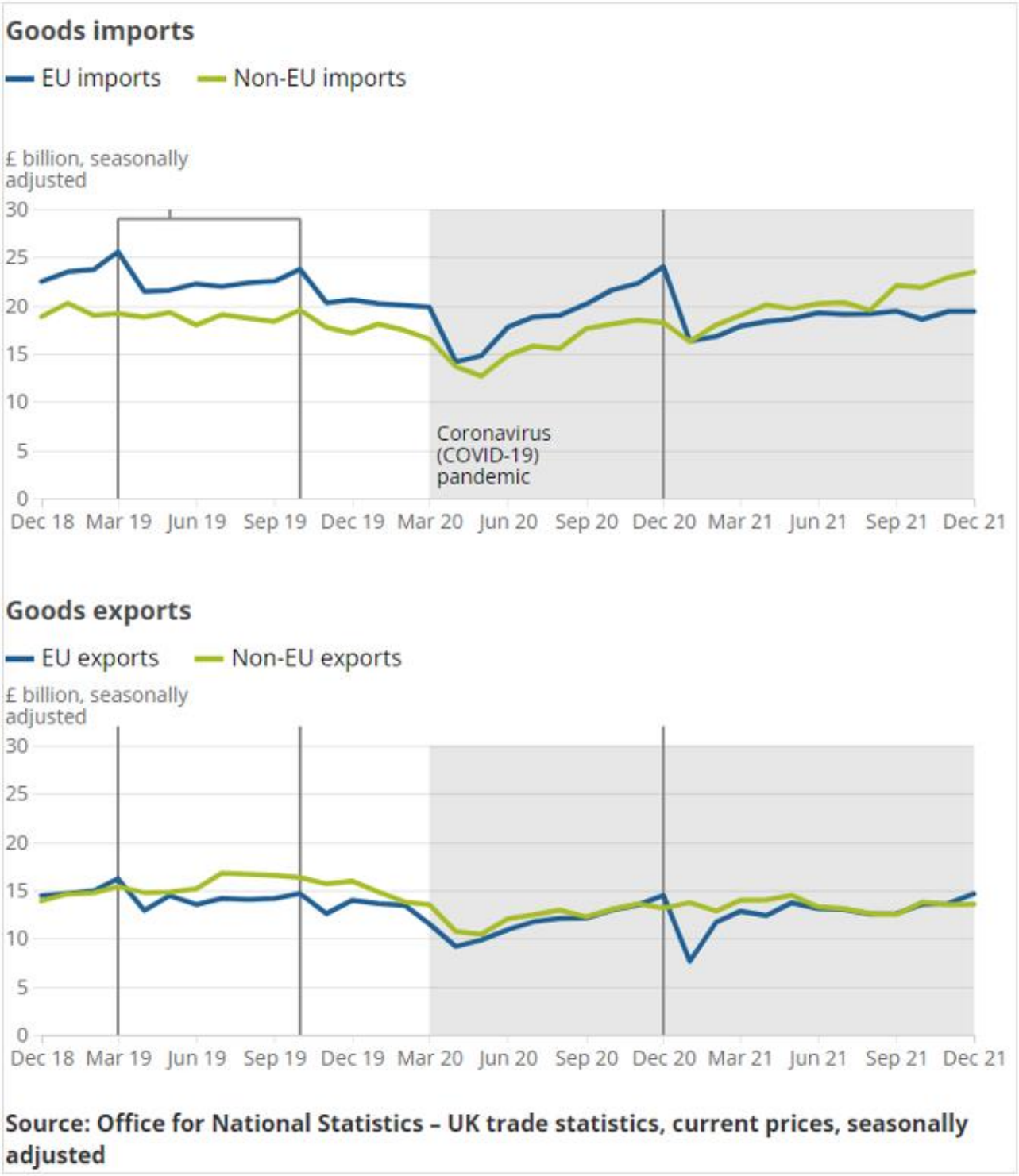
**Imports and Exports**

B.39 **Figure B-15** shows the trends in UK goods imports and exports throughout 2019, 2020, and 2021. After an initial decrease in imports at the beginning of the pandemic, this appears to have recovered. There was another significant decrease at the end of 2020, however imported goods are on the increase back to

[43] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021
[44] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021
[45] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022

pre-pandemic levels. There was less impact on exports, with these remaining steady throughout.

**Figure B-15 Import and Exports**




*Source: ons.gov.uk/economy*[46]

**Centre for Cities – Cities Outlook**

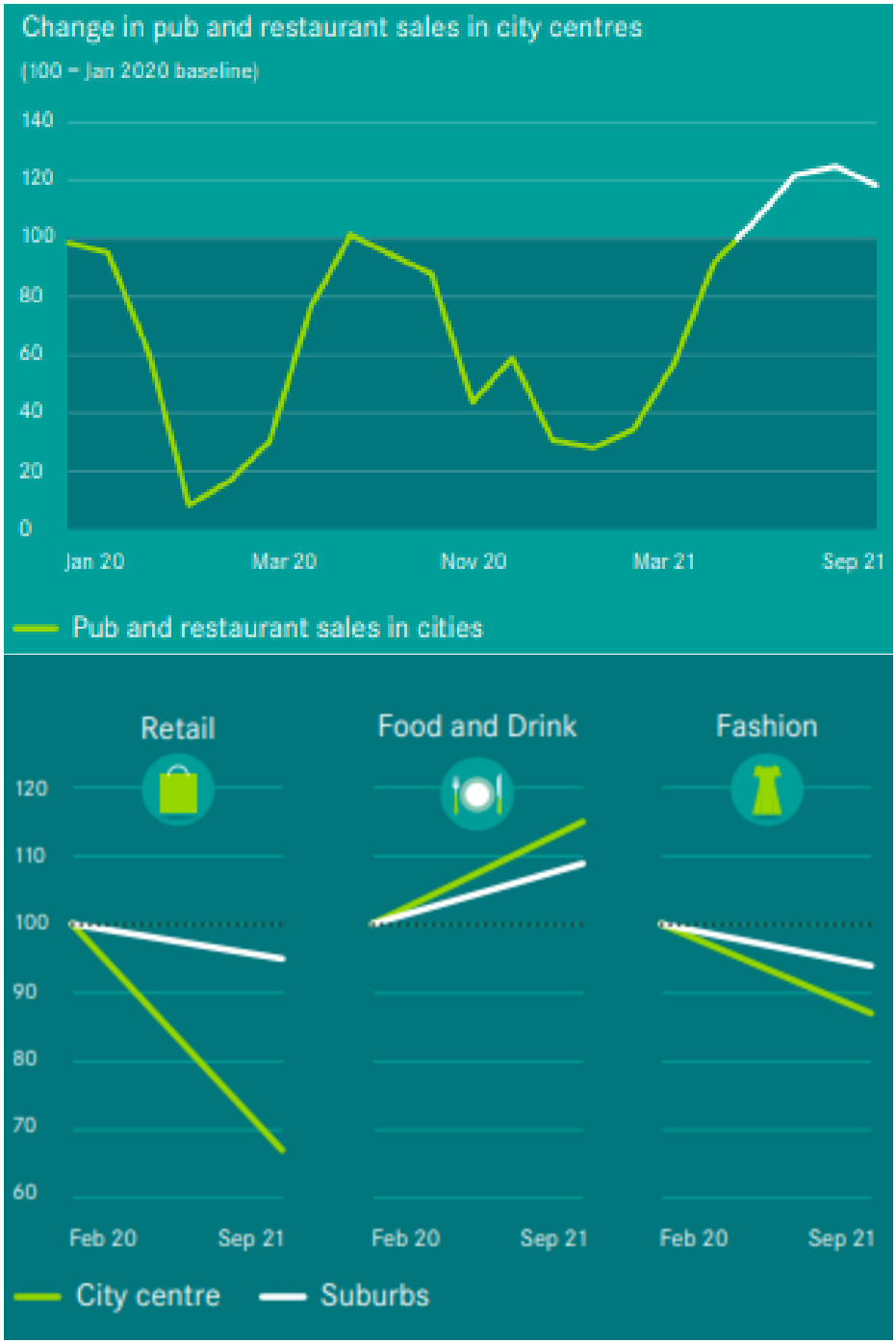
B.40 Centre for Cities produced the Cities Outlook 2022 report looking in-depth at the state of UK high streets, to get a sense of the short-term impact of the pandemic on Britain's town and city centres, and the long-term consequences and

[46] https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output

implications this has for the Government's levelling up agenda. This report showed that there was a quick and considerable shift away from high streets to online shopping during the pandemic. However, in most cities the shift stalled, or slightly fell again once shops reopened.

B.41 The Cities Outlook report also studies the impacts on pubs and restaurants, stating that the fashion sector was hit harder than pubs and restaurants. **Figure B-16** shows the trend in sales throughout 2020 and 2021. There are clear decreases in sales corresponding to the national lockdowns but in all instances, these soon recover when the sector reopens. This is also reflected in the suburbs, with retail and fashion experiencing a slight decline from Feb 2020 to September 2021 but food and drink on a steady incline.

**Figure B-16 Change in pub and restaurant sales in City Centres and Suburbs**

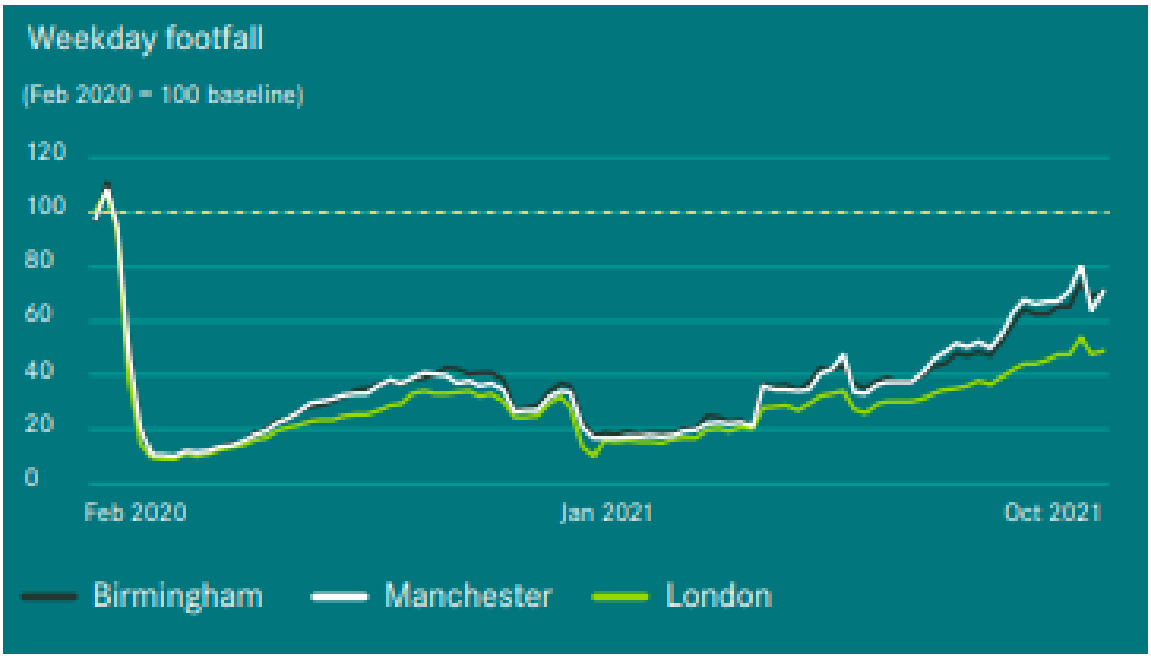


*Source: ons.gov.uk/economy*[47]

B.42 Due to the work from home regulations and, for many, working from home becoming a regular part of the working week, it is feared the reduced footfall in cities will have a lasting effect on retail, hospitality, and transport sectors. **Figure B-17** show the weekday footfall in London, Manchester and Birmingham. Although not yet back to pre-pandemic levels, there is a steady climb in footfall in the major cities with Manchester appearing to recover more quickly than Birmingham, and London taking considerably longer.

B.43 The more significant impact on London may be related to the impact of COVID-19 on international tourism.

**Figure B-17 Weekday footfall**




*Source: ons.gov.uk/economy*

[47] https://www.centreforcities.org/

# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

# Appendix D - Technical Note: Vehicle Sector Review – Coach and Minibus

DRAFT FOR APPROVAL

June 2022

# 1. Introduction

## Background

1.1 After the initial Outline Business Case (OBC) submission in March 2019, a series of technical notes were published setting out the results of analysis and research carried out to better understand the vehicles in scope for the scheme.

1.2 For coaches and minibuses this included, in particular, *Technical Note 4: Analysis of the Coaches Market*, and *Technical Note 18: Minibus Vehicle Research.*[1] Further notes were produced setting out the development of analytical tools, with the latest published summary of that work provided in *T4 Appendix A of the Modelling for Consultation.*[2]

1.3 This evidence formed the basis of the development of the Option for Consultation. From March 2020, it became clear that the COVID-19 pandemic would affect the Greater Manchester Clean Air Plan(GM CAP); and a programme of work was carried out in 2020/2021 to better understand the possible impacts of the COVID-19 pandemic on the GM CAP, published as the *Impacts of Covid Report* in June 2021.[3] This evidence, alongside feedback from the Consultation, was used to inform the revised GM CAP as approved by the ten GM local authorities in June/July 2021.

1.4 At that time, GM identified several possible risks to the GM CAP, which included concerns about the risk of vehicle price increases and the impact of any further lockdowns in the UK or countries in the supply chain.

1.5 The report, which was originally developed in February 2022, draws a series of findings and conclusions to better understand the circumstances affecting Coach and Minibus owners in Spring 2022 and the implications for the GM CAP and surrounding policy framework.

1.6 Since Spring 2022, there have been further dramatic changes to the economic context in the UK which are not explicitly addressed in this report but are set out in **Appendix E**. A range of factors associated with the impact from war in Ukraine, increased costs of energy and fuel, changes to Bank of England base rates and forecasts, global supply chain challenges, and the cost-of-living crisis have combined to create a context of increased financial hardship for businesses and families.

## Structure of Note

1.7 The remaining sections of the report are structured as follows:

- **Section 2** provides a review of the in-scope vehicles of the current Coach and Minibus sector in GM;
- **Section 3** reviews the impacts of COVID-19 on the Coach and Minibus sector, with a particular focus on the availability and prices of purchasing new and used coach and minibuses. This section also considers the vulnerability impacts of COVID-19 on the sector; and

[1] All available at https://cleanairgm.com/technical-documents/
[2] https://assets.ctfassets.net/tlpgbvy1k6h2/3AKtd1g0fg5OwQFNzc5FlQ/2b42ae34e93d292a5ec2eb26f7f5e8fb/T4_-_Appendix_A_Behavioural_Response_Cost_Models_and_Demand_Sifting_Tool.pdf
[3] GM CAP- Impact of COVID Report. Available at: https://cleanairgm.com/technical-documents/

- **Section 4** provides a summary of the key findings, also presenting details of any key risks or issues facing the sector in responding to the GM CAP.

1.8 In addition, **Appendix A** provides a list of data used to inform the report and **Appendix B** reviews the recent changes in travel behaviour within GM through the pandemic up until January 2022.

# 2. Review of Vehicles in Scope

## Overview of Vehicle Sector

2.1 A coach is considered to fall within vehicle category M3 of the DfT vehicle classifications, defined as a '*Motor vehicles with at least four wheels designed and constructed for the carriage of passengers'* comprising of more than eight seats and a maximum mass exceeding 5 tonnes, whereas a minibus falls into category M2 by not exceeding 5 tonnes maximum mass[4] (see **Table 2-1**).

**Table 2-1 Categorisation of vehicles with at least four wheels and used for the carriage of passengers**

| Classification | Description |
|---|---|
| M1 | Vehicles designed and constructed for the carriage of passengers and comprising no more than eight seats in addition to the driver's seat. |
| M2 | Vehicles designed and constructed for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum mass not exceeding 5 tonnes. |
| M3 | Vehicles designed and constructed for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum mass exceeding 5 tonnes. |

*Source.transportpolicy.net/standard/eu-vehicle-definitions/*

## Review of In-scope Vehicles

### Overview

2.2 For context, the proportion of vehicle types in GM, relative to the regional and national averages, are provided in **Table 2-2** based on the latest available registration statistics from the DfT. There will be instances, particularly for commercial usage, where vehicles are based in one location but used in another, but this table provides an overview of the relative size of each fleet.

**Table 2-2 Proportion of Vehicle Types Registered by Area**

| | Cars | Van | HGV | Bus & Coach | Other |
|---|---|---|---|---|---|
| GB | 85.0% | 3.4% | 11.3% | 1.3% | 0.4% |
| England | 85.1% | 3.5% | 11.3% | 1.3% | 0.4% |
| NW | 85.7% | 2.9% | 10.9% | 1.5% | 0.3% |
| GM | 85.6% | 2.1% | 11.8% | 1.6% | 0.4% |

*Source: Department for Transport., Statistical data set, All vehicles (VEH01), Last updated 13 January 2022*

[4] *Definition of Vehicle Categories,* Vehicle Certification Agency

### Coaches

2.3 **Table 2-3** shows the number of coaches serving GM that are GM and non-GM based as of 2019, showing that the GM based fleet is typically more non-compliant than the non-GM based fleet, this may be reflected in the smaller organisations operating in a more local basis, whereas longer distance out of area coaches, are more likely to be operated by larger organisations and to be generally more compliant.

**Table 2-3 Number of Coaches Serving GM (2019)**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 233 | 529 | 762 |
| Non-Compliant | 464 | 448 | 912 |
| **Total** | **697** | **977** | **1,674** |

*Source: T4 Appendix C, Vehicle Population Estimates*

2.4 Without intervention there will be a natural turnover of the coach fleet serving GM. Based on a typical assumed lifespan of a coach of up to 20 years, and assuming the same fleet age composition, the coach fleet was projected into the future. This was applied for each year by removing the oldest vehicles and replacing with a new one (whilst keeping the overall age profile consistent). This naturally leads to an increase in Euro 6 (compliant) coaches over time. The coach fleet serving GM, (pre-COVID-19) was therefore projected from 2019 to 2023. These projections are presented in **Table 2-4**.

**Table 2-4 Forecast Do Minimum (without CAP) Compliant Coaches 2023**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 386 | 600 | 986 |
| Non-Compliant | 311 | 377 | 688 |
| **Total** | **697** | **977** | **1,674** |

*Source: T4 Appendix C*

### Minibuses

2.5 **Table 2-5** shows the number of minibuses serving GM that are GM and non-GM based as of 2019.

**Table 2-5 Number of Minibuses Serving GM (2019)**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 130 | 306 | 436 |
| Non-Compliant | 1,903 | 805 | 2,707 |
| **Total** | **2,032** | **1,111** | **3,143** |

*Source: T4 Appendix C, Vehicle Population Estimates*

2.6 The minibus fleet has been projected forward in a similar fashion to the coach fleet as described earlier. A typical lifespan of 20 years has been assumed. These projections are presented in **Table 2-6** and are based on pre-COVID-19 natural fleet turnover assumptions.

**Table 2-6 Forecast Do Minimum (without CAP) Compliant Minibuses 2023**

| | GM Based | Non-GM Based | Total |
|---|---|---|---|
| Compliant | 417 | 413 | 830 |
| Non-Compliant | 1,616 | 698 | 2,313 |
| **Total** | **2,032** | **1,111** | **3,143** |

*Note: Values above exclude those minibuses that operate as PHVs*

# 3. Review of COVID-19 impacts on the Coach and Minibus vehicle sector

## Overview

3.1 The Coach and Minibus sector has been reviewed to consider pre-pandemic background characteristics, COVID-19 related impacts on the industries affected by the sector, and a review of the expected vulnerabilities when responding to the GM CAP.

3.2 On 17th February 2022, the Society of Motor Manufacturers and Traders (SMMT) released an article stating that UK bus and coach registrations had fallen to the lowest recorded level as demand dwindled after the pandemic[5].

## COVID-19 Effects on the Coach sector

### Background

3.3 The first UK national lockdown in March 2020 had a significant impact on the coach and minibus market, with many coach and minibus operators either having to stop their services altogether or only operate at a significantly reduced capacity.

3.4 According to the Confederation of Passenger Transport (CPT), coach tourism operators, on average, require a coach occupancy of 47-53% to breakeven. With the implementation of the 1m physical distancing, depending on vehicle type, social bubbling and additional COVID-19 mitigation factors, coaches were having to operate at a maximum of 35-50% occupancy during the pandemic.[6]

3.5 Once the lockdown restrictions began to ease and destinations began to reopen, more coach and minibus operators were then able to begin operating again albeit with restricted passenger numbers and dampened demand as not all sectors could re-open. The ongoing restrictions and guidance, whilst not as restrictive as the national lockdowns, continued to affect road passenger transport, with declining ridership impacting operator confidence and orders for new vehicles.

3.6 During this time, key sectors served by the coach and minibus sector, in particular the tourism and hospitality sector, were badly affected by the restrictions in place. In 2021, a recovery in this sector occurred due to ongoing restrictions on international travel resulting in a boom in domestic holidays. However, whilst the sector saw an improvement, the coach and minibus market continued to be negatively impacted by reductions in international travel[7] and, due to social distancing requirements, weak demand for coach and minibus travel.

[5] https://www.smmt.co.uk/2022/02/uk-bus-and-coach-registrations-fall-to-lowest-recorded-level-as-pandemic-dents-ridership/
[6] https://www.cpt-uk.org/media/ijnl3w4f/aid-to-trade-document.pdf
[7] https://www.route-one.net/news/difficult-road-ahead-for-incoming-coach-market-recovery/

3.7 Schools, colleges and universities have remained open during the pandemic, although government restrictions during the pandemic placed restrictions on face-to-face learning at various points throughout the pandemic. This has impacted the number of people travelling on a daily basis to access education which will have reduced at various points through the pandemic, though as education establishments have remained largely open, the coach and minibus operators that transport students to educational establishments are less likely to be negatively affected than other sectors.

3.8 On 28th November 2021, a report was released by Unite union after a survey of bus driver members. This revealed the bus driver shortages are at far higher levels than previously indicated, with 99% of bus garages experiencing driver shortages and 79% of respondents to the survey recording that vacancies had increased since the pandemic began in March 2020[8].

3.9 There is limited quantifiable data available to analyse the impact of COVID-19 on the coach market and the impacts after the first lockdown, but there are several reports that qualitatively surmise how certain operators have been affected. The remainder of this section discusses the COVID-19 impacts on Regular, Special, and Occasional Coach Services.

**Impact of COVID-19 on Regular Coach Services**

3.10 Regular coach services are defined as all services which provide for the carriage of passengers at specified intervals along specified routes, with passengers being picked up and set down at predetermined stopping points.

3.11 Whilst the larger national operators of regular services do not have large numbers of vehicles based within GM (e.g. National Express / Megabus), prior to the pandemic, GM was served by a frequent operation of scheduled long-distance coach services serving a large and varied number of destinations across the UK. Within this context, there are also some franchise operations which operate services on behalf of national operators, such as Selwyns, which is based in GM, and operates services on behalf of National Express.

3.12 National Express is one of the largest coach operators in the UK. In August 2021, National Express brought together several existing brands such as Fareham based Lucketts and Woods Coaches of Leicester into National Express Leisure, aimed at providing one place for holidays and leisure travel by coach with operations in Fareham and Birmingham[9].

[8] https://www.unitetheunion.org/news-events/news/2021/november/new-survey-reveals-shocking-shortage-of-bus-drivers/
[9] https://www.nationalexpressgroup.com/media/news-releases/2021/08/national-express-takes-next-step-into-uk-leisure-travel-market/

## Case Study: National Express

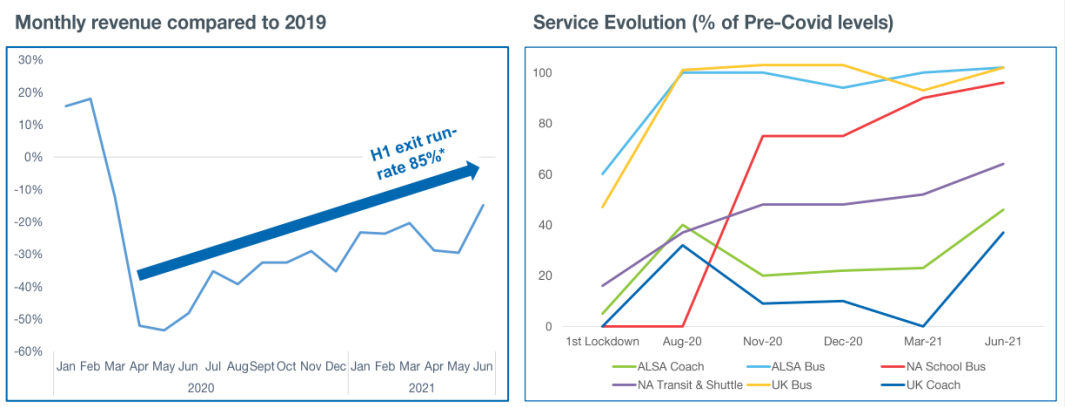
**National Express** are one of the largest operators in the UK, operating regular services between major cities and key destinations. The company have central depots in Birmingham and London.




A common aspect of their business model is to franchise services out to private operators, who are then required to buy or lease vehicles as specified by National Express.

### How COVID-19 Affected National Express

- Reported £60m losses for the first half of 2020[10] resulting in a hit to the company share price, trading at £1.59 compared to £4.69 at the start of 2020.
- Although aggregate demand fell by 80% during the spring 2020, revenues were approximately 50% of normal levels by end of 2020, due to pre-existing contracts and support from government and local authorities for services such as school buses.
- Secured cash from Bank of England COVID Financing scheme and the selling of new shares to investors was enough to see it through a slow 2021.
- National Express is currently in the process of a takeover by Stagecoach. The proposal is subject to a number of approvals and is expected to be completed towards the end of 2022.
- June 2021 Q1 figures show a revenue of £172.8m compared to Q1 2020 revenue of £189.9m. The 9% decrease was due to temporary mothballing of coach operations. This was counteracted by a revenue growth in Bus services, operating at 102% for much of the period.
- Profits were operating at a loss of £20m, but this was a much-reduced level to Q2 2020, which reflected the loss in Coach. The decline in revenue was partly mitigated by payroll savings through the use of the Coronavirus Job Retention Scheme (CJRS) and other cost actions[11].




- The above charts show total National Express monthly revenue compared to 2019 and Service Evolution as a percentage of pre-COVID-19 levels, these are for National Express as a total, including ALSA (Spain) and North American divisions along with UK.
- By June 2021 revenue was at 85% of June 2019 level.

[10] https://www.theguardian.com/business/2020/aug/13/national-express-shares-fall-warns-covid-19-recovery-slow
[11] https://www.nationalexpressgroup.com/media/j2tdj5xc/national-express-2021-presentation-post-final-tweak-11-aug-2021.pdf

### Impact of COVID-19 on Special Regular Services

#### School Services

3.13 The Home to School (HTS) scheme that was introduced by the Government in August 2020 helped some coach operators to gain extra revenue (to help cover lost revenue from suppressed passenger demand) as a result of the COVID-19 restrictions[12]. The scheme gave local authorities extra funding to help procure additional vehicles, including coaches, to accommodate social distancing policies on public transport for the reopening of schools. However, many operators argued that it was not enough support, as only 15% to 20% of coach operators were providing those services, leaving the rest with no extra revenue income to fill the gap[13].

3.14 In December 2021, the Government announced the intention to extend existing Vehicle Accessibility Regulations 2000 exemptions for HTS services to the end of the 2021 to 2022 academic year, and qualified medium-term exemptions for rail replacement (RR) and HTS services that are still not compliant when existing exemptions expire in summer 2022[14]. These exemptions will ensure that essential HTS and RR services can continue while requiring operators to become increasingly compliant with existing legal obligations.

#### Rail Replacement Services

3.15 Some operators have been able to adapt to the changing environment by offering rail replacement services as an extra revenue stream. However, this limits many coach operators as vehicles must be Public Service Vehicle Accessibility Regulations (PSVAR) vehicles in order to provide this service. Though it should be noted that the rail network has also been significantly impacted by a large decrease in passenger demand and, as a result, it is expected that there will be limited rail replacements requiring support from coach operators.

3.16 Rail demand in January 2022 was at 55% of pre-pandemic levels, as a result of timetable reductions due to staff shortages following the Omicron wave, having previously returned to 70% of pre-pandemic demand[15].

3.17 There are some operators during the pandemic that have used rail replacement services as their main source of income. Spencer Graham Coaches of Silloth invested in three PSVAR vehicles and have provided rail replacement services, which has provided the company enough revenue to survive during COVID-19[16]. Whilst this example is from an operator from outside of GM, it does provide an indication of how the wider coach market may need to adapt in the future, including coach operators based in GM, although this is unlikely to be enough to make up the difference in lost revenue from the tourism industry.

### Impact of COVID-19 on Occasional Coach Services

#### Tourism Industry Effects on Coach Sector

3.18 The tourism industry forms an important part of the coach sector market[17]. Coach operators deliver vital footfall to attractions across the UK and carry spectators to

[12] https://www.ft.com/content/424808f0-c5d8-4b64-a127-c2e802b67d17
[13] https://www.ft.com/content/424808f0-c5d8-4b64-a127-c2e802b67d17
[14] https://www.gov.uk/government/publications/public-service-vehicles-accessibility-regulations-2000-and-their-application-to-home-to-school-and-rail-replacement-coach-services
[15] https://www.dailymail.co.uk/news/article-10394121/Demand-trains-plummets-timetables-slashed-Rail-travel-55-pre-pandemic-levels.html
[16] https://www.route-one.net/features/covid-19-positive-change-for-the-coach-industry/
[17] https://publications.parliament.uk/pa/cm200001/cmselect/cmtrdind/263-11101p11.htm

concerts, festivals and sporting events, as well as coach tours around the UK. Pre-pandemic, in 2019, coach travel catered for over 23 million tourism visits a year and contributed £14bn to the UK economy[18]. Many of the coach companies based within GM will support the tourism sector and will have been significantly impacted by the downturn in this market. Around 80% of the coach industry's income is derived from tourism related activities[19].

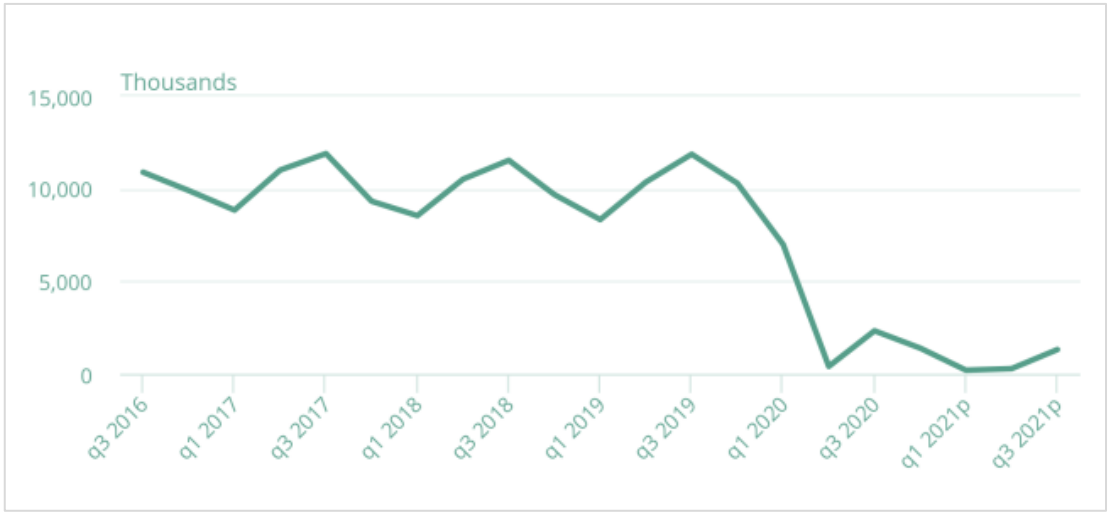
**General Impact on Tourism**

3.19 Pre-pandemic, UK residents consistently made more visits abroad than foreign residents made to the UK. As a result, the total amount spent by UK residents during visits abroad was higher than the total brought into the UK by foreign residents visiting[20]. As international travel restrictions ease into and out of the UK, the emerging trend appears to follow the same path with over 4 times more UK tourists traveling overseas compared to foreign tourists arriving in Quarter 3 (July to September) 2021.

3.20 According to the Office for National Statistics (ONS), overseas residents made 1.3 million visits by air to the UK in Q3 2021. This is a decrease of 86% compared with Q3 2019, due to the continued restrictions on international travel and perceptions of international travel (see **Figure 3-1**). Overseas residents spent a total of £1.2 billion on their visits to the UK during this period (which covers the typical summer peak travel period); this is a decrease of 87% on the same quarter in 2019[21] (see **Figure 3-2**).

3.21 COVID-19 restrictions prevented the collection of data at ports, therefore Sea and Eurotunnel data has not been assessed throughout the pandemic. Typically, Sea and Eurotunnel numbers make up 20% of all pre-COVID-19 travel numbers, so this may account for slightly lower numbers. However, analysis of administrative data, shows a 95% drop in passenger numbers when compared with Q3 2019.

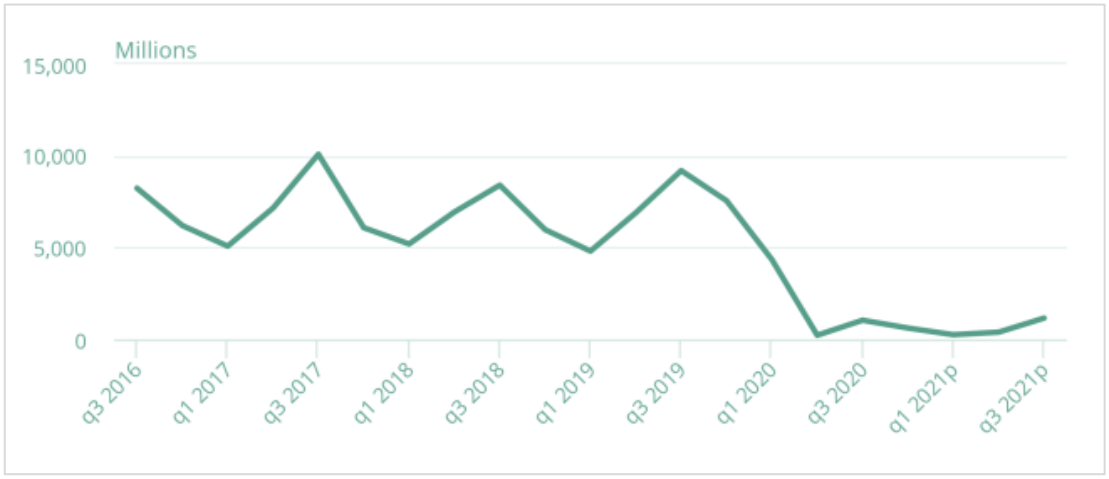
**Figure 3-1 Visits to the UK by Overseas Residents, 2016 to 2021 (Q1 – Q3 2021, air only)**




*Source: ons.gov.uk/peoplepopulationandcommunity/leisureandtourism*

[18] http://www.movingforwardtogether.uk/covid-19-latest-news/14bn-and-10-000s-of-jobs-at-risk-if-coach-travel-sector-collapses-warns-cpt/
[19] https://www.cpt-uk.org/media/ijnl3w4f/aid-to-trade-document.pdf
[20] https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/bulletins/overseastravelandtourism/january2019provisionalresults
[21] https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/bulletins/overseastravelandtourism/julytoseptember2021

**Figure 3-2 Spending in the UK by Overseas Residents, 2016 to 2021 (Q1 – Q3 2021, air only)**




*Source: ons.gov.uk/peoplepopulationandcommunity/leisureandtourism*

3.22 Reasons for travel into the UK were recorded as part of the ONS travel and tourism data survey[22]; all trips had a significant decline, but holiday visits were still down by 95%. Visiting family and relatives had decreased by 70% and business trips decreased by 90%.

3.23 On 17 November 2021, VisitBritain released its 2022 tourism forecast[23].The key points on inbound international travel are:

- Inbound visits are forecast to increase to 24.0 million, 59% of 2019 levels;
- Spending associated with inbound visits is forecast to be £19.2 billion, 67% of 2019 levels;
- By the end of 2022 the UK is forecast to have recovered to approximately 68% of pre-COVID-19 levels;
- Visits from Europe are forecast to recover sooner than long haul; and
- Spend per visit expected to remain higher than pre-pandemic due to longer average length of stay and higher prices.

3.24 The VisitBritain forecast for 2022 domestic tourism is not currently available, the most recent 2021 forecast, (late 2021), stated that:

- There was expected to be recovery to £56.2 billion in domestic tourism spending in 2021, an increase of 65% on 2020 but still only 61% of the level of spending seen in 2019; and
- There was a revision on the initial numbers stated for 2021 as domestic tourism is recovering slower than expected.

**How Have Coach Operators Coped?**

3.25 National Express reported a £445m loss in 2020 due to the COVID-19 pandemic. However, they are optimistic as, throughout 2021, they have seen a rapid recovery in demand when travel restrictions have been lifted[24]. They have also been using the down time during the pandemic to reduce costs, diversify contracts and access government loans to ensure the business emerges financially stronger.

[22] https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/bulletins/overseastravelandtourism/julytoseptember2021
[23] https://www.visitbritain.org/2022-tourism-forecast
[24] https://www.theguardian.com/business/2021/mar/18/national-express-reports-445m-loss-for-2020-after-80-drop-in-passengers

3.26 The Birmingham-based group whose markets include UK, North America and Spain, secured £900m of new contracts through a move to win profitable contracts from weaker bus and coach operators that are at the brink of collapse after the pandemic. This could trigger consolidation within the sector[25].

3.27 Many small travel companies have not recovered from 2020, with financial times stating 76 passenger vehicle groups entering into insolvency within the UK[26], although this represents a small overall share of the market.

3.28 Notwithstanding any further restrictions, the outlook for 2022 is positive. As an example, Andersons Travel had returned to around 60% of pre-pandemic business by the end of 2021. A degree of this has been due to diversification, for example home-to-school is now a predominant area of work[27].

3.29 It is hoped that spring / summer 2022 the coach sector will see the postponed 2020 and 2021 bookings, along with new bookings, providing a much-needed boost to coach tourism.

## COVID-19 Effect on the Minibus Sector

### Background

3.30 It is important to note that there is limited data or published articles available to provide direct insight into the effects of COVID-19 on the minibus sector. Therefore, the following information presented considers mainly qualitative anecdotal information on the performance of the minibus sector, in the context of the wider markets they serve.

3.31 As stated in *Technical Paper 18*, the minibus sector is made up of several types of operators that will have been affected differently by COVID-19. These are:

- Community Transport;
- Local Authorities;
- Local Bus Operators;
- Coach Operators;
- Rental / Leasing Companies; and
- Education Establishments.

3.32 Local authorities, community transport and education establishments are unlikely to have been as significantly financially impacted as commercial operators as they do not use their vehicles for commercial reasons. These services are less reliant on passenger income generation. Although with COVID-19 restrictions in place demand for these services will have reduced significantly during the pandemic, it is likely that as restrictions ease and confidence rises these will return to operate largely as normal.

3.33 With the closure of schools during the first national lockdown, it is likely that minibus drivers serving daily travel to and from school may have been placed onto the furlough scheme as these services would not have been in operation, though will have likely restarted operation once schools returned in September 2020. These

[25] https://www.ft.com/content/02a27f99-8955-4220-95c4-3e15e9844ad8
[26] https://www.ft.com/content/02a27f99-8955-4220-95c4-3e15e9844ad8
[27] https://www.route-one.net/news/difficult-road-ahead-for-incoming-coach-tourism-recovery

services will have been paused again in January 2021 as schools remain closed for the majority of pupils following another national lockdown, though returned to operation through the remainder of 2021.

3.34 In the case of the Ring and Ride service provided by TfGM, the service was completely stopped for just over two months when the first national lockdown occurred but has since restarted, albeit at a reduced service level, since 18th May 2020[28] and has continued to serve lower passenger numbers. To support the COVID-19 vaccine role out in 2021, the Ring & Ride service has been used to support travel to vaccine centres where limited public transport is available.

3.35 Local bus operators, coach operators and rental and leasing companies will have been impacted severely due to their minibuses being used to provide an income-generating service. Using the coach sector as an example, minibus operators will likely have placed many of their staff on furlough and taken payment holidays for any vehicles they have used a loan to buy. Also, with the continued impacts on the sector, many drivers of coaches and minibuses are likely to have transferred to other sectors which have been more resilient through the pandemic.

3.36 Other minibus groups are likely to be sole operators, owned by individuals, small businesses and have fleets of only a few minibuses. For this sector it is highly likely that the small businesses will have been heavily impacted by COVID-19 and most likely have had to utilise the furlough scheme and payment holidays.

**Changes as a Result of COVID-19**

3.37 There is no direct evidence that could be found to support exactly how minibus owners and operators have been affected by COVID-19.

3.38 For local bus operators, coach operators, rental and leasing companies and smaller sole operators, the effects are likely to be greater as companies in these industries rely on their vehicles to generate income.

3.39 Similarly, the rental and leasing sector has been impacted by COVID-19. A report from the British Vehicle Rental and Leasing Association (BVRLA) produced in September 2020, states that 94% of their members expect reduced revenues compared to their forecasts pre-COVID-19[29]. Although the report does not state how heavily affected the revenues will be, it does give an indication on the severity to which the market has been affected.

## Will the Coach and Minibus Sector Recover?

3.40 There is little to no evidence to indicate exactly how the industry has been affected by COVID-19 and how it will recover. With vehicles used across different industries, there are likely to be differences in the scale of recovery depending on the sector they are in and how heavily impacted it is by COVID-19.

3.41 The coach sector has been heavily impacted by COVID-19 and is reliant on the tourism and events-based sector recovering, as well as consumer confidence improving. Whilst there was some recovery through 2021, many large events were cancelled. Also, continued restrictions on international travel, and nervousness in the use of public transport, is likely to result in a slow recovery of the coach sector. This slow recovery, combined with continued uncertainty in the market, could result in

[28] https://www.wigantoday.net/news/uk-news/minibus-services-relaunched-across-greater-manchester-help-vulnerable-residents-2857659
[29] https://www.bvrla.co.uk/resource/aug-2020-covid19-research-presentation.html

several coach operators ceasing their operations permanently, leading to fewer vehicles on the road. Many drivers may have switched away from the coach and minibus sector, to other sectors performing more strongly, such as HGV and vans haulage and delivery sectors. This is noted in a recent article with sky news that The Unite union stated that there are more than 4,000 vacancies for bus and coach drivers across the UK and some companies have been forced to cancel services because drivers are not available[30].

3.42 Local bus operators are likely to have a quicker recovery as they provide a daily service for people to travel to their desired location. Although passenger numbers remain low at present, operators can still provide a level of service albeit at a reduced scale. Passenger numbers on buses have decreased sharply from 80% of pre-pandemic levels to less than 60% since the rise of the Omicron variant and the re-introduction of work-from-home advice in December 2021, leaving firms reliant on recovery grants to run services[31]. It is possible that, as the COVID-19 recovery continues, passenger numbers will begin to increase, but if this increase in patronage will return to pre-pandemic levels is uncertain.

3.43 Smaller operators are likely to be the most vulnerable to COVID-19 and may struggle to survive due to their lack of capital. Whilst operators have been able to access the furlough scheme, the sustained restrictions placed on travel that utilise the coach and minibus sector may have placed many businesses in a vulnerable position post pandemic.

3.44 The future of the minibus sector is unclear and is difficult to predict due to the sustained reductions in travel by public transport and uncertainty around whether public transport demand will return to pre-pandemic levels. Some sectors such as local authorities, community transport and education establishments will likely be able to survive COVID-19 and most likely return to pre-COVID-19 levels due to the nature of their sector. The local bus operators, coach operators, leasing and rental companies and smaller businesses are in the most precarious positions.

## Review of COVID-19 impacts on vehicle sales

### Overview

3.45 The key changes in the coach and minibus sales market during the pandemic are discussed below.

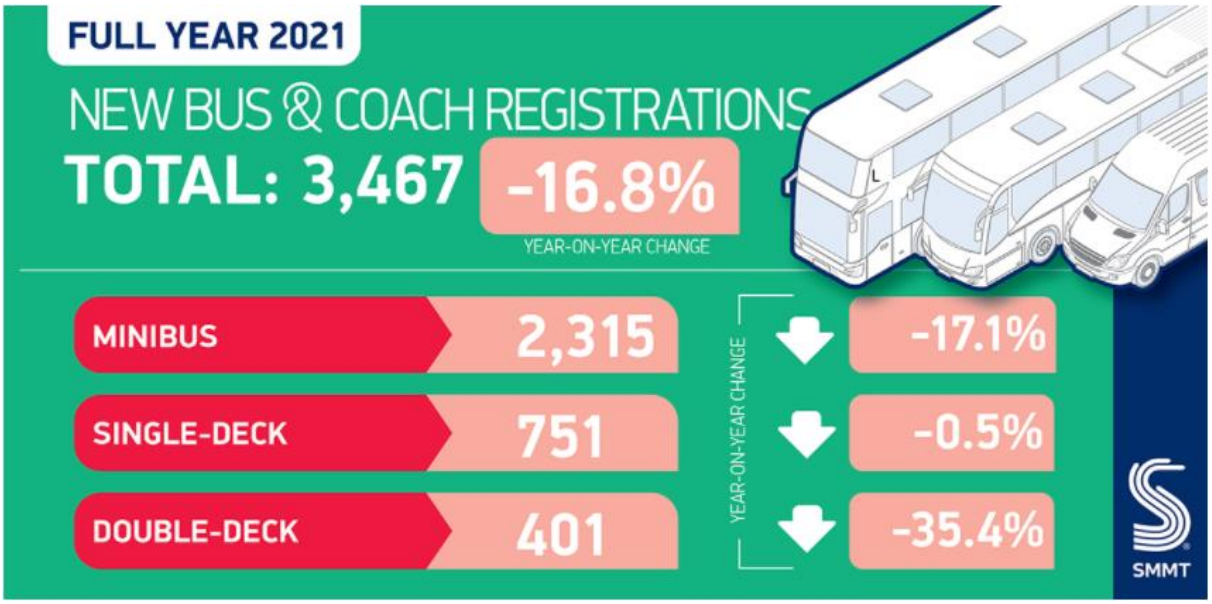
### Vehicle Registrations

3.46 Before the pandemic, the UK new bus and coach market was already in decline, with the market falling by 18.8% in 2019, with annual registrations falling for a third consecutive year to 5,874 units, according to figures released by the SMMT[32]. Whilst there was some growth in Q4, this was driven by minibus registrations, which were up 49.0% to 1,311 units. SMMT suggest that the reasons for this continued decline were due to a combination of weak business confidence, declining passenger numbers and some confusion over clean air zones which has depressed demand[33].

[30] https://news.sky.com/story/theyre-leaving-in-droves-uk-faces-bus-driver-shortage-as-hgv-industry-offers-better-pay-12442971
[31] https://www.theguardian.com/business/2022/jan/11/bus-services-in-england-face-axe-as-end-to-emergency-covid-funding-looms
[32] https://www.smmt.co.uk/2020/02/third-year-of-decline-for-uk-bus-coach-market/
[33] https://www.smmt.co.uk/2020/02/third-year-of-decline-for-uk-bus-coach-market/

3.47 An article released on 17 February 2022 by SMMT[34] states that demand for new buses and coaches dropped further in 2021 and was the weakest year since records began in 1996, with a total of 3,467 new registered buses (see **Figure 3-3**).

**Figure 3-3 Bus and Coach and Minibus Registrations 2021**




*Source: SMMT*

3.48 Details of quarterly registrations for minibus, bus and coach for recent years are illustrated in **Figure 3-4** and **Figure 3-5**, based on data held by SMMT.

3.49 There was a clear downward trend in both markets prior to the pandemic which was then exacerbated in 2020. There is some early evidence of the position stabilising towards the end of 2021.

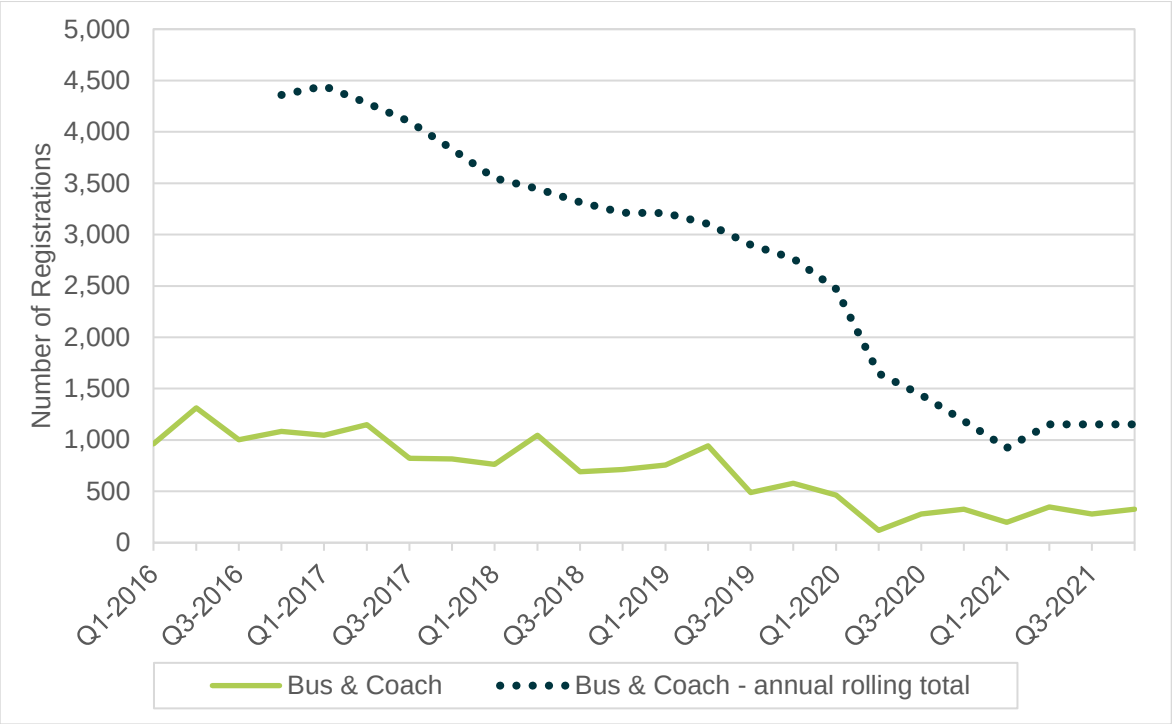
**Figure 3-4 Trend in Minibus Registrations**




[34] https://www.smmt.co.uk/2022/02/uk-bus-and-coach-registrations-fall-to-lowest-recorded-level-as-pandemic-dents-ridership/

*Source: SMMT*

**Figure 3-5 Trend in Bus & Coach Registrations**




*Source: SMMT*

### Vehicle Availability

3.50 There is limited information on the availability of coaches. From a review of the online listings of second-hand coaches available for sale[35], there does appear to be a wider range of second-hand vehicles available for purchase.

### New Prices – Coach

3.51 The findings show that the cost for new coach vehicles that have between 45 and 60 seats was typically over £250,000, with a median price of approximately £280,000 in 2019 and approximately £225,000 in 2022. Even with the supply chain issues and rising manufacturing costs, it is likely this fall is due to reduced demand.

**Table 3-1: Costs of New Coaches**

| 2019 Price | 2022 Price |
|---|---|
| Between £250,000 – £300,000 | ~ £225,000 |

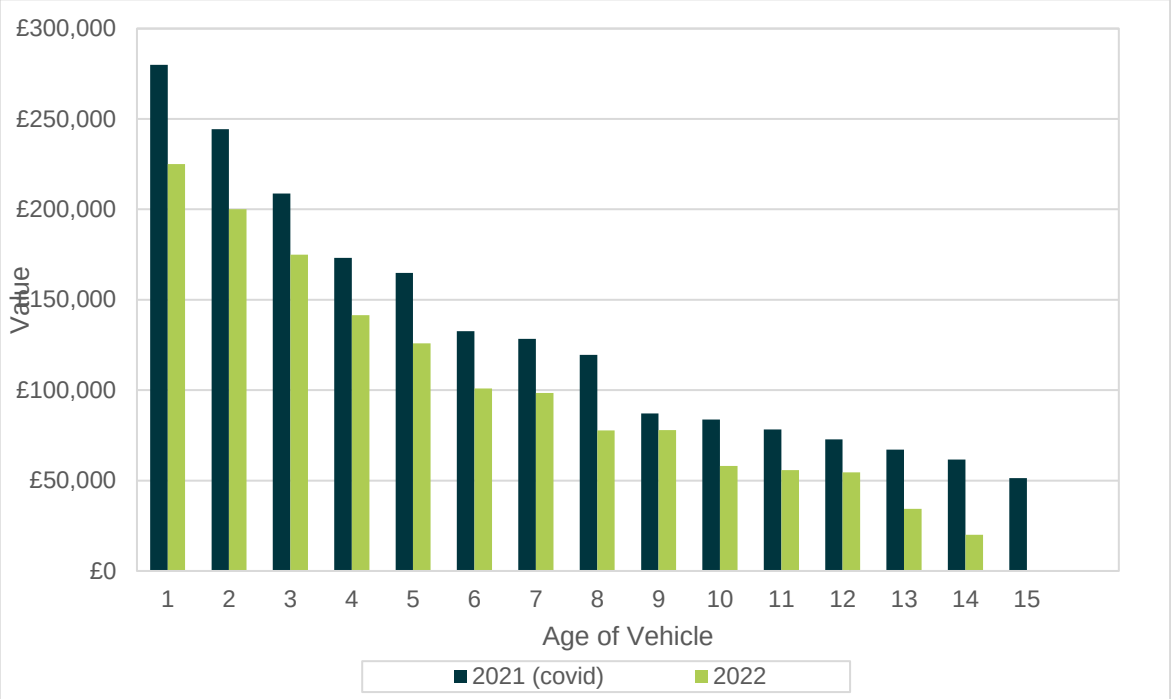
### Second-hand Prices – Coach

3.52 An assessment of available second-hand coaches (45 – 60 seats) was undertaken in 2021. Second-hand coach prices also took a fall during 2021 compared to 2019, likely to be because of COVID-19. The assessment was therefore repeated in January 2022, and this shows there has not yet been a recovery in price, instead

[35] https://classifieds.busandcoachbuyer.com/classifieds/coaches/

falling further. It is noted that this is in contrast to other sectors such as the vans sector. (see **Figure 3-6**).

**Figure 3-6 Second-hand Coach Purchase Prices**




*Source: average prices extracted from search of classifieds.busandcoachbuyer.com undertaken in 2021 and 2022*

3.53 **Table 3-2** displays the price comparison for a second-hand compliant coach pre-COVID-19, in Autumn 2021, versus current market prices. Second-hand coaches on the market varied in price depending on age, mileage and condition.

3.54 Second-hand compliant coaches ranged in type and condition. A review in January 2022 of Mercedes-Benz models (the most common on the market and registered in GM) found that prices ranged from £86,000 to £207,000, with the higher end being a 2020 registered vehicle. The average cost of a popular model; the Tourismo, was approximately £168,000 in 2019 compared to £133,000 in 2022. The mid and high-end prices appear to be recovering slightly whilst the lower end vehicles have continued to fall in value.

3.55 This indicates a potential loss of confidence and demand in the market due to COVID-19 as operators take stock of their operations and vehicles. Most operators will likely be holding back renewals of their fleet until the market improves.

**Table 3-2: Second Hand Compliant Coach Cost Estimates**

| Category | Model | 2019 Price Range (Pre-COVID-19) | Autumn 2020 (Mid-COVID-19) | 2022 Price Range |
|---|---|---|---|---|
| Lower | Mercedes-Benz (all on market) | £142,000 | £115,000 | £86,000 |
| Mid | Mercedes-Benz Tourismo | £168,000 | £130,000 | £133,000 |

| | | | | |
|---|---|---|---|---|
| Higher | Mercedes-Benz (all on market) | £180,000 | £165,000 | £207,000 |

**Table 3-3: Second Hand Non-Compliant Coach Cost Estimates**

| Age (years old) | 2019 Price Range (Pre-COVID-19) | Autumn 2020 (Mid-COVID-19) | 2022 Price Range |
|---|---|---|---|
| 15+ | ~ £20,000 | ~ £15,000 | Less than £20,000 |
| 10-15 | £42,000 - £80,000 | £20,000 - £70,000 | £20,000 - £56,000 |
| 5-10 | £80,000 - £115,000 | £45,000 - £85,000 | £56,000 - £101,000 |

3.56 **Table 3-3** shows the same price comparison for second hand non-compliant coaches. The same trend as the compliant coaches is evident. Comparing to the autumn 2020 prices it does appear the newer end of the market has recovered slightly but is not yet back to pre-pandemic levels.

3.57 An alternative, more affordable approach for coach operators to become compliant is to retrofit their vehicles, for those vehicles where retrofit is possible. As stated in *Technical Note 4,* the cost to retrofit would range between £13,000 to £20,000[36] and with grants available from the GM CAP of up £16,000, this could be a viable way for coach operators to achieve compliance for GM based fleet.

3.58 However, only Euro V engines can be retrofitted which would equate to 120 GM coaches as stated in *Technical Note 37*. This would leave 191 non-compliant GM coaches that cannot be retrofitted, thus requiring a more expensive solution.

**New Prices – Minibus**

3.59 New market prices for minibuses range from between £25,000 and £55,000, with the vehicles over £50,000 being primarily the Mercedes eVito electric vehicles.

3.60 CAP HPI data provided to AECOM in February 2022 allowed for the comparison of new purchase prices for a Ford Transit minibus in summer 2019 compared to January 2022 – the data shows there has been a 7% increase in purchase price.

**Table 3-4: Estimated Cost of a New Minibus**

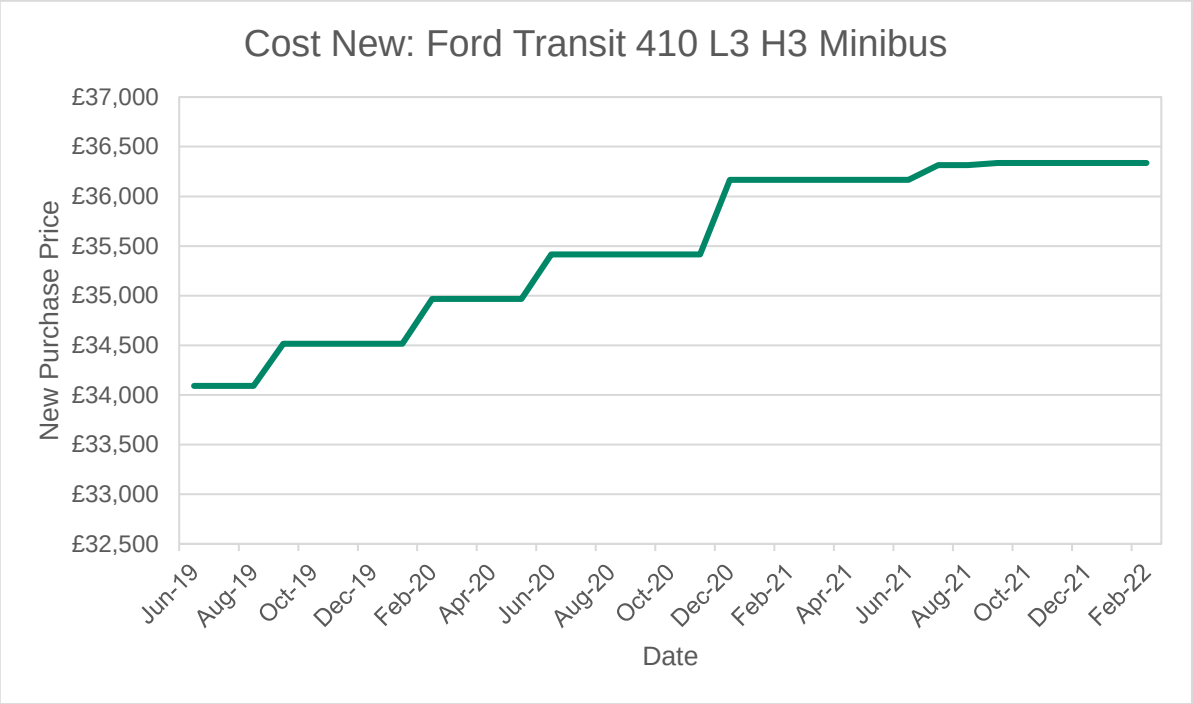
| 2019 Typical Price | 2022 Typical Price |
|---|---|
| £34,000 | £36,500 |

*Source: CAP HPI data request 2022 – data provided on 15th February 2022.*

3.61 The CAP HPI data allows for the trend of new minibus prices to be displayed (see **Figure 3-7**). This shows that since summer 2019, there has been a steady and continued increase in the purchase price of a new Ford Transit minibus. It does appear that the price has remained stable since summer 2021.

[36] Note these values were derived prior to the emerging global costs crisis, which may have also impacted retrofit costs.

**Figure 3-7 New Minibus Purchase Price (retail condition, excluding VAT)**




*Source: CAP HPI data request 2022 – data provided on 15th February 2022.*

**Second-hand Prices – Minibus**

3.62 Second-hand minibus prices have been obtained for available compliant and non-compliant vehicles from Auto Trader. This data is compared against market price data collected in 2019 and 2020 and is summarised in **Table 3-5** & **Table 3-6**.

**Table 3-5: Second Hand Compliant Minibus Cost Estimates**

| Model | 9 – 12 Seats | | | 13 – 15 Seats | | |
|---|---|---|---|---|---|---|
| | 2019 Price (Pre-COVID-19) | Autumn 2020 (Mid-COVID-19) | 2022 Price | 2019 Price (Pre-COVID-19) | Autumn 2020 (Mid-COVID-19) | 2022 Price |
| Ford Transit | £12,000 | £16,000 | £21,000 | £20,000 | £16,000 | £22,000 |
| Mercedes-Benz Sprinter | £29,500 | £20,500 | n/a | n/a | n/a | £29,000 |
| Average | £21,000 | £18,500 | n/a | n/a | n/a | n/a |

**Table 3-6: Second Hand Non-Compliant Minibus Cost Estimates**

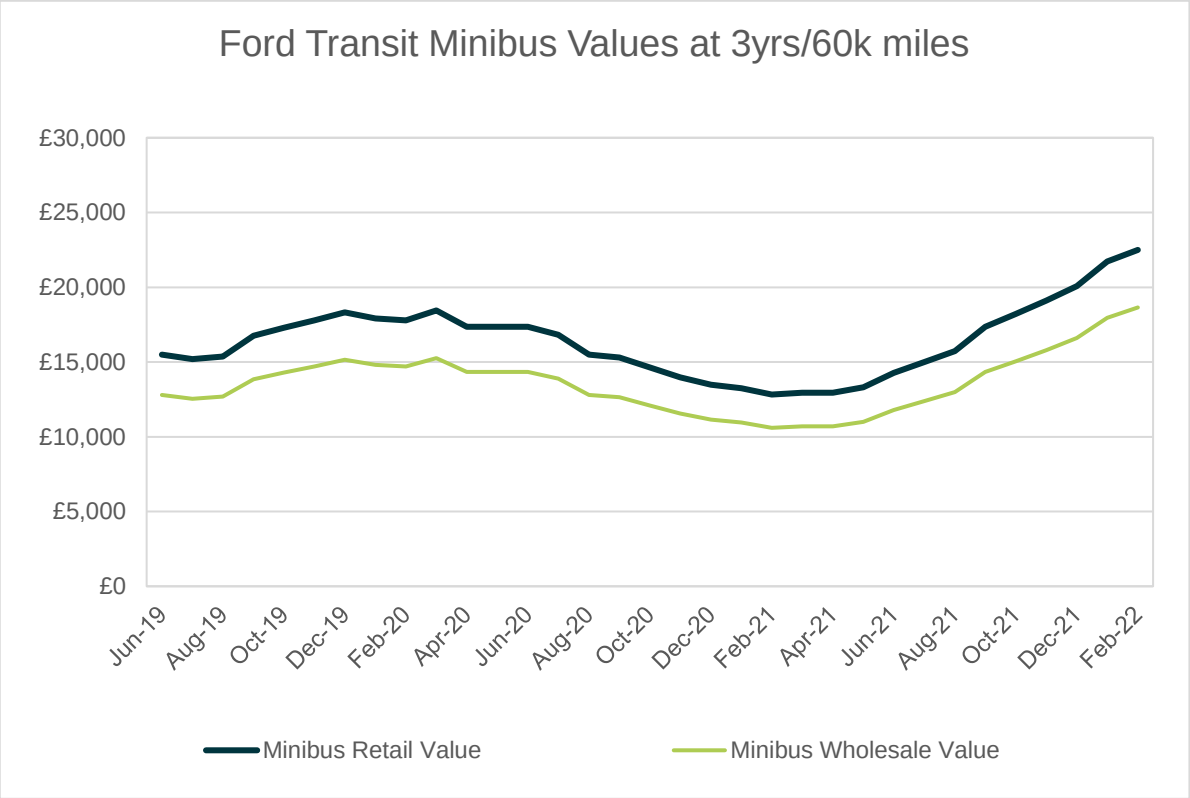
| Model | 9 – 12 Seats | | | 13 – 15 Seats | | |
|---|---|---|---|---|---|---|
| | 2019 Price (Pre-COVID-19) | Autumn 2020 (Mid-COVID-19) | 2022 Price | 2019 Price (Pre-COVID-19) | Autumn 2020 (Mid-COVID-19) | 2022 Price |
| Ford Transit | £12,000 | £9,000 | £2,500 – 20,000 | £20,000 | £8,500 | £5,000 – 9,500 |
| Mercedes-Benz Sprinter | £29,500 | £12,000 | n/a | n/a | n/a | £7,500* |
| Average | £21,000 | £10,000 | n/a | n/a | n/a | n/a |

** Only one vehicle available at time of search*

3.63 There was a reduction in price of second-hand compliant minibuses during 2020 and this appears to have recovered with the price of both a smaller and larger minibus now equal to or exceeding pre-pandemic prices. The purchase price of second hand non-compliant vehicle has continued to fall and the average price of a non-compliant minibus is considerably lower now than in both 2019 and 2020.

3.64 From the CAP HPI data **Figure 3-8** shows the trend in the value of second-hand minibuses throughout the pandemic. An initial small rise in value in March 2020 was followed by a significant fall in value throughout the remainder of 2020. The value began to recover in early 2021 and, by the start of 2022, the value of a second-hand Ford minibus is exceeding 2019 pre-pandemic levels.

**Figure 3-8 New Minibus Purchase Price (retail condition excluding VAT)**




*Source: CAP HPI data request 2022 – data provided on 15th February 2022.*

# Review of Vulnerability in responding to GM CAP

### How have Coach Operators Coped?

3.65 COVID-19 has had a big impact on the coach and minibus sector. In particular, the coach operators that serve the tourism and events-based sectors have suffered the most due to the tourism industry taking a significant hit during the pandemic. The operators that provide regular services between destinations have also been impacted but have, at least, been able to operate at a reduced capacity. Whilst those that provide transport for students have most likely seen an increase in business through the introduction of the Home to School scheme, if these trends persist or are fundamentally different to the original assumptions made on the GM CAP, this could have a significant impact on the vulnerability of the coach and minibus sector response to the GM CAP.

3.66 This section reviews the original vulnerability assessment of the coach and minibus sector undertaken in 2019 and assesses how the COVID-19 pandemic has impacted coach and minibus vulnerability to the GM CAP.

3.67 Smaller operators are the most vulnerable due to the small capital they are likely to have in reserve. Larger operators have been able to diversify, with National Express able to raise over £1 billion from stock market offerings.

3.68 As shown in **Table 3-7** the coach industry will be impacted differently depending on the service type. Occasional services are likely to be the most heavily impacted due to their reliance on the tourism and events-based industries that have seen continued reductions in visitors and demand. We cannot yet predict when this service type might fully recover, restrictions are being scaled back and demand is increasing as

confidence rises, however the lasting impacts to the tourism and events-based industries are unclear.

3.69 Regular services are also likely to be highly impacted but not as significantly as occasional services. Regular services, such as National Express and Megabus, were able to recommence services once the first national lockdown was lifted and were able to operate at reduced capacity. Though during the January 2021 lockdown, both operators had, once again, suspended their services. The reduced capacity on their timetable and number of passengers on each coach will mean that, financially they are still vulnerable, but are more likely to have a faster recovery when restrictions are fully lifted. Recovery is dependent on customer confidence in their ability to provide a safe and hygienic travelling environment. There will also be a dependency on the speed of international recovery.

3.70 The special regular services are likely to have experienced the smallest impacts of COVID-19 and, in some cases, even benefit from it. The HTS scheme from central government has given extra funding for Local Authorities to provide extra vehicles to transport students to and from school. This extra funding has meant that more coaches have been used to fulfil this need. Unfortunately, there is no data available to identify how many GM coach operators this has helped.

### Table 3-7: COVID-19 effect on Coach Industry by Service Type

| Market Segment | Example | Pre COVID-19 – Responding to GM CAP | COVID-19 Impact | Impact on Responding to GM CAP (Post COVID-19) |
|---|---|---|---|---|
| **Special regular services** | Regular, scheduled service, not open to all passengers, such as: school services | **Medium impact**<br>Primarily owned by larger companies that have higher percentage or newer, GM CAP compliant fleet already.<br>For those larger companies with a larger fleet size of non-compliant vehicles, this will result in a significant cost to upgrade. | Likely to have a **medium impact**.<br>Will have seen a reduced service from reduction in school trips during lockdown.<br>Some operators will have gained more work from the Home to School Scheme, but this would only impact 15% to 20% of the market. | **High impact**.<br>Market price of new coaches has fallen by over £25,000.<br>Good availability of second-hand compliant vehicles, lower and mid-range have decreased in price, higher end has seen a price increase. The impact from COVID-19 reduced demand. |
| **Regular services** | Regular, scheduled service open to all passengers | **Medium impact**<br>Primarily owned by larger companies that have higher percentage of newer, GM CAP compliant fleet already.<br>For those larger companies with a larger fleet size of non-compliant vehicles, this will result in a significant cost to upgrade | **High impact** likely.<br>Operating at reduced capacity, both in the number of routes and the number of passengers on board.<br>Susceptible to any possible national or regional lockdown which is likely to affect number of passengers on board.<br>Likely to recover when COVID-19 is under control and numbers can recover to pre-COVID-19 levels. | **High impact**.<br>Market price of new coaches has fallen by over £25,000.<br>Good availability of second-hand compliant vehicles, lower and mid-range have decreased in price, higher end has seen a price increase. The impact from COVID-19 reduced demand. |
| **Occasional services** | Multi-day visit, or tour requested by a customer or offered by a carrier.<br>Excursion or day trip requested by a customer or offered by a carrier.<br>Local excursion or day trip offered to those already on a multi-day visit or tour. | **High impact**<br>Likely to be smaller companies, older fleets. Significant cost to upgrade vehicles. | **Very high impact** likely.<br>Relies heavily on tourism and events sector which have seen a massive reduction in tourist numbers and heavy restrictions<br>Will remain at high risk until the tourism and events sectors recover. | **Very high impact**<br>Price of new and second-hand compliant vehicles have reduced; however, the price of second-hand non-compliant vehicles have reduced further resulting in a larger capital required to upgrade. Significant COVID-19 impacts to demand and operations. |

3.71 It is possible that larger companies may keep their compliant vehicles for longer than normal, due to the financial losses incurred from COVID-19 and as many of their coaches will not have been used during the first national lockdown and are currently operating at a reduced service therefore vehicles will have lower mileage than normal. This could therefore reduce the availability of second-hand compliant vehicles on the market, leading to a potential supply gap.

3.72 Alternatively, if the financial losses are too severe, more coach operators may go into administration, resulting in more compliant (as well as non-compliant) vehicles entering the second-hand market. This will likely drive the price down, potentially making it more affordable to buy compliant vehicles. It is more likely that this could particularly impact smaller companies, who typically operate a higher proportion of non-compliant vehicles and could result in an increase in this type of vehicle for sale, which the larger companies will be less likely to want to buy.

3.73 As mentioned previously, in 2019 there were 269 non-GM based coaches serving GM, of which 259 are non-compliant. This figure represents 12% of the total non-compliant vehicles serving GM. Being non-GM these vehicles would not qualify for any funding for an upgrade to a compliant vehicle. The CAZ could discourage these coaches from operating in GM, or if continuing to operate as a non-compliant vehicle they will be liable for the charge, hindering the success of the GM CAP and having a continued detrimental effect on air quality.

3.74 A factor that will have an impact on the industry's ability to respond to the GM CAP is how the UK economy responds post COVID-19. Coach operators that are dependent on the tourism and events-based sectors are tied to how long it takes these sectors to fully reopen and recover and whether they can return to pre-pandemic levels.

3.75 It is likely that larger operators will survive due to their ability to raise capital to cover the losses as well as their ability to diversify and acquire contracts from small companies.

3.76 If smaller operators do go out of business, it is likely that there will be a larger number of vehicles on the second-hand market, and the data shows many smaller operators have non-compliant vehicles.

3.77 During consultation undertaken in 2020, many operators noted that the combined impact of the GM CAZ and COVID-19 could force them to close their business. Operators specified that the GM CAZ charge would be 'too significant' in their ability to be able to afford the charge given their current financial situation due to COVID-19 and upgrading to a compliant vehicle would be 'too expensive', especially after COVID-19.

**Minibuses Vulnerability Review**

3.78 Local authorities and education establishments (as long as schools remain open) are both likely to have low impacts. This is due to neither sectors' reliance on customers to operate.

3.79 Community transport services are predicted to have a medium impact. Although the industry does rely on customers to operate, they do not operate for a profit so therefore not reliant on demand, and their overheads are likely to be small. It is important to note that community minibuses are exempt from the CAZ so will not affect the overall success of GM CAP.

3.80 Local bus operator, using minibuses, are likely to have been highly impacted during the lockdowns due to the large reduction in demand as a result of the restrictions on the movement of people. However, the industry has received help from the government so operators are likely to survive and, as the demand continues to increase, the industry should be able to recover.

3.81 Coach operators, using minibuses, are likely to be the most affected by COVID-19 due to the lack of financial support from the government and the reliance on the tourism and events-based sectors. The recovery of this industry will depend on whether they get financial support and the rate at which demand increases and returns to pre-COVID-19 levels.

3.82 The leasing and rental industry is also likely to be highly impacted as they have experienced a significant reduction in demand for their services. As tourism continues to return to pre-pandemic levels, these sectors should also recover.

3.83 Those classified as being in 'other' are also likely to have felt a high impact. In particular, the smaller operators are unlikely to have the capital to survive the impact of COVID-19 suppressing demand in 2020 and into 2021.

**Table 3-8: COVID-19 effect on Minibus Industry by Service Type**

| Market Segment | Typical Example | Pre COVID-19 – Responding to GM CAP | COVID-19 Impact | Impact on Responding to GM CAP (Post COVID-19) |
|---|---|---|---|---|
| **Local Authorities (13%)** | Public sector owned and operated vehicles. | **Low impact** Public sector owned | **Low impact** likely. Do not rely on customers to operate so are likely to operate as normal. Those minibuses that provide a service to the community are likely to operate at a reduced service. | **Medium impact** Price of new minibus has increased by 7% due to vehicle supply issues. There has been an increase in price of second-hand compliant vehicles, however no increase in second-hand non-compliant so current vehicle value reduced. |
| **Community Transport (9%)** | Vehicles that are operated for community groups and charities. In this group there can be cross over between charities and local authorities as operators. | **Medium impact** Significant cost to upgrade if existing vehicles are non-compliant | **Medium impact** likely. Rely on customers in order to operate and are likely to have reduced demand due the customers they serve being older and at a greater risk of COVID-19 effects, but they are able to operate at reduced capacity. | **High impact** With the increase in price of compliant vehicles the impact will increase to a high level |
| **Education Establishments (18%)** | Institute that owns and operates their own minibus fleet, such as schools, specialist schools, colleges and universities. | **Medium impact** Cost to upgrade if existing vehicles are non-compliant | **Low impact** likely. Do not rely on customers to operate and most likely own their own vehicles. Most likely return to pre-COVID activity when safe to do so. | **Medium impact** Price of new minibus has increased by 7% due to vehicle supply issues. There has been an increase in price of second-hand compliant vehicles, however no increase in |

| Market Segment | Typical Example | Pre COVID-19 – Responding to GM CAP | COVID-19 Impact | Impact on Responding to GM CAP (Post COVID-19) |
|---|---|---|---|---|
| | | Likely to own low volume of vehicles. | | second-hand non-compliant so current vehicle value reduced. |
| **Local Bus Operators (2%)** | A local bus operator that offers minibus services in parallel to bus services. | **Medium impact** Significant cost to upgrade if existing vehicles are non-compliant. | **High impact** likely. Rely on customers in order to operate and have seen a large reduction in demand and revenue. Have received financial help from the government so are likely to survive. | **High impact** With the increase in price of compliant vehicles combined with the impact of reduced income due to COVID-19. |
| **Coach Operators (2%)** | Coach operators that offer minibus services in parallel to coach services (both commercial and private). | **High impact** Significant cost to upgrade if existing vehicles are non-compliant. | **Very high impact** likely. Rely on customers in order to operate and have seen a large reduction in demand. Have not received financial help from the government so face a precarious future. | **Very High impact** Business already highly impacted by COVID-19, on top of increased prices to upgrade to compliant vehicles |
| **Leasing / Rental companies (10%)** | Rental companies that offer a range of vehicles for leasing, which includes a range of minibuses | **High impact** Significant cost to upgrade if existing vehicles are non-compliant. | **High impact** likely. Have seen a large reduction in demand. Benefit from government schemes such as the Furlough scheme. Members of BVRLA state they are confident of being able to recover once COVID-19 is over. | **Very High impact** Business already highly impacted by COVID-19, on top of increased prices to upgrade to compliant vehicles |
| **Other (36%)** | Minibuses that are owned by individuals, such as sole traders or individuals for private use. | **High impact** Significant cost to upgrade if existing vehicles are non-compliant, sole traders or private use, non-commercial. | **High impact** likely. Sole traders rely on customers to operate. May not have capital to survive reduced demand. | **Very High impact** Business already highly impacted by COVID-19, on top of increased prices to upgrade to compliant vehicles – may not be business, could be for personal use so may not be eligible. |
| **Taxi and Private Hire Vehicles (10%)** | **Not assessed within this Evidence Note** | | | |

# 4. Conclusion

## Summary

4.1 This note has sought to address the following key considerations:

- A review of the current position of the coach and minibus fleet;
- Report on the impact of COVID-19 in terms of changes to travel behaviour within GM, including changing transport trends and economic trends as a result of the COVID-19 pandemic;
- Specific COVID-19 pandemic impacts on this vehicle type (Coaches and Minibuses); and
- Comment on the extent to which those changes may be considered material to the success of the GM CAP given the vulnerability of the vehicle type (Coaches and Minibuses) to meet GM CAP compliance.

4.2 The most recent national datasets cover bus, coach and minibus combined. They show that this sector accounts for less than 2% of all vehicles and that is consistent locally, regionally and nationally.

4.3 Based on 2019 data, there are 1,700 coaches serving GM with 60% of those being compliant. There are 3,100 minibuses serving GM with 15% of those being compliant.

4.4 We do not have recent observed patronage data for the bus, coach and minibus sectors individually but public transport trip levels generally are between 60% and 75% of pre-pandemic / typical levels with bus performing more strongly than rail / Metrolink.

4.5 Coach operators can be categorised as offering three types of services:

- Special regular services (e.g. school travel provision);
- Regular services; and
- Occasional services.

4.6 Other than school services, which are largely back to normal, the ongoing impact on the coach market is dependent on how soon tourism and general travel returns to ‘normal’ levels. At the present time, that remains uncertain though there has been a general increase in leisure travel in recent months.

4.7 The impact of the pandemic has generally reduced prices for both new and second-hand coaches due to the reduced demand in the sector.

4.8 Conversely the price of new and second-hand minibuses has increased other than for second-hand non-compliant vehicles.

4.9 There is a wider range of organisations / businesses that use minibuses. Local authority, community transport and education related are all likely to be relatively unaffected as they are less demand dependant. But local bus and coach operators and leasing companies will be subject to the same travel demand uncertainties associated with the bus and coach sector.

# Appendix A – List of Documents

This Appendix provides a list of documents and data sources used to inform this report.

| Document Title | Date | Description | Relevance to GM CAP |
|---|---|---|---|
| **Chapter 1** | | | |
| Mayor of Greater Manchester writes to Government reiterating call for non-charging Clean Air Zone | May 2022 | Announcement, provide background on current status of GM CAP https://www.greatermanchester-ca.gov.uk/news/mayor-of-greater-manchester-writes-to-government-reiterating-city-region-s-call-for-non-charging-clean-air-plan/ | Current Status of GM CAP |
| GM CAP Technical Documents (various) | various | All available at Technical Documents Clean Air Greater Manchester (cleanairgm.com) https://cleanairgm.com/technical-documents/ | Published Technical Reports for GM CAP |
| **Chapter 2** | | | |
| Definition of Vehicle Categories | Feb 2022 | Definition of Vehicle Categories, Vehicle Certification Agency transportpolicy.net/standard/eu-vehicle-definitions/ | Definition of Vehicle Categories |
| UK Coach Fleet Database - Transport Resources International Limited (2019) | 2019 | Provides information about coach makes and registrations | Coach makes and registrations |
| DfT (2018) Analysis of DVLA registered vehicle database records (version Q2 2016) | 2018 | Provides information about minibus registrations in GM | GM Minibus registrations |
| DfT, Statistical data set | Jan 2022 | Provided the proportion of vehicle types registered by area | Vehicle types registered by area |
| T4 Appendix C, Vehicle Population Estimates | 2019 | Provided numbers of coaches/minibus serving GM by regions and compliances | Published Technical Reports for GM CAP |
| **Chapter 3** | | | |
| Online article from the Society of Motor Manufacturers and Traders (SMMT) - | Feb 2022 | Stating falling demand and registrations of UK bus and coach: https://www.smmt.co.uk/2022/02/uk-bus-and-coach-registrations-fall-to-lowest-recorded-level-as-pandemic-dents-ridership/ | Understand impacts of COVID on coach/minibus sector |
| Confederation of Passenger Transport (CPT) aid-to-trade-document | Various | Providing coach occupancy information https://www.cpt-uk.org/media/ijnl3w4f/aid-to-trade-document.pdf | Research |

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| Online article from route-one.net | Aug 2021 | Covid impact on coach and minibus sector https://www.route-one.net/news/difficult-road-ahead-for-incoming-coach-tourism-recovery/ | Research |
| "New survey reveals shocking shortage of bus drivers" - Online article from Unite The Union | Nov 2021 | This revealed the bus driver shortages https://www.unitetheunion.org/news-events/news/2021/november/new-survey-reveals-shocking-shortage-of-bus-drivers/ | Research |
| "National Express takes next step into UK leisure travel market" - National express | Aug 2021 | Impact of COVID-19 on Regular Coach Services: https://www.nationalexpressgroup.com/media/news-releases/2021/national-express-takes-next-step-into-uk-leisure-travel-market/ | Research |
| "National Express shares fall as firm warns Covid-19 recovery will be slow" – The Guardian | Aug 2020 | How COVID-19 Affected National Express: https://www.theguardian.com/business/2020/aug/13/national-express-shares-fall-warns-covid-19-recovery-slow | Research |
| "Half Year Results" – National Express | Jul 2021 | How COVID-19 Affected National Express: https://www.nationalexpressgroup.com/media/j2tdj5xc/national-express-hy-2021-presentation-post-final-tweak-11-aug-2021.pdf | Research |
| "UK coach sector warns of looming disaster without government support" - FT | Sept 2020 | The Home to School (HTS) scheme that was introduced by the Government in August 2020 helped some coach operators to gain extra revenue (to help cover lost revenue from suppressed passenger demand) as a result of the COVID-19 restrictions: https://www.ft.com/content/424808f0-c5d8-4b64-a127-c2e802b67d17 | Research |
| Public Service Vehicles Accessibility Regulations 2000 and their application to home-to-school and rail replacement coach services | Dec 2021 | The Government announced the intention to extend existing Vehicle Accessibility Regulations 2000 exemptions for HTS services: https://www.gov.uk/government/publications/public-service-vehicles-accessibility-regulations-2000-and-their-application-to-home-to-school-and-rail-replacement-coach-services | Research |
| Demand for trains plummets after timetables were slashed: Rail travel is 55% of pre-pandemic levels after Omicron wave saw firms axe services to cope with staff shortages | Jan 2022 | Rail demand in January 2022 was at 55% of pre-pandemic levels, as a result of timetable reductions due to staff shortages following the Omicron wave, having previously returned to 70% of pre-pandemic demand: https://www.dailymail.co.uk/news/article-10394121/Demand-trains-plummets-timetables-slashed-Rail-travel-55-pre-pandemic-levels.html | Research |
| COVID-19: Positive change for | Jun 2020 | Spencer Graham Coaches of Silloth invested in three PSVAR vehicles and have provided rail replacement | Research |

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| the coach industry? | | services, which has provided the company enough revenue to survive during COVID-19 https://www.route-one.net/features/covid-19-positive-change-for-the-coach-industry/ | |
| Memorandum submitted by the Confederation of Passenger Transport | Oct 2000 | The tourism industry forms an important part of the coach sector market: https://publications.parliament.uk/pa/cm200001/cmselect/cmtrdind/268/01101p11.htm | Research |
| £14bn and 10,000s of jobs at risk if coach travel sector collapses warns CPT | Sep 2020 | Pre-pandemic, in 2019, coach travel catered for over 23 million tourism visits a year and contributed £14bn to the UK economy https://www.cpt-uk.org/news/14bn-and-10-000s-of-jobs-at-risk-if-coach-travel-sector-collapses-warns-cpt/ | Research |
| Proposition of support that enables the coach to tourism industry to trade out of the Covid-19 crisis | | Around 80% of the coach industry's income is derived from tourism related activities https://www.cpt-uk.org/media/ijnl3w4f/aid-to-trade-document.pdf | Research |
| Overseas travel and tourism: January 2019 provisional results | Jan 2019 | The total amount spent by UK residents during visits abroad was higher than the total brought into the UK by foreign residents visiting https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/bulletins/overseastravelandtourism/january2019provisionalresults | Research |
| Overseas travel and tourism, UK, provisional: July to September 2021 | Feb 2022 | Overseas residents spent a total of £1.2 billion on their visits to the UK during this period (which covers the typical summer peak travel period); this is a decrease of 87% on the same quarter in 2019 https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/bulletins/overseastravelandtourism/julytoseptember2021 | Research |
| 2022 tourism forecast | Nov 2021 | VisitBritain released its 2022 tourism forecast https://www.visitbritain.org/2022-tourism-forecast | Research |
| National Express reports £445m loss for 2020 after 80% drop in passengers | Mar 2021 | National Express reported a £445m loss in 2020 due to the COVID-19 pandemic. However, they are optimistic as, throughout 2021, they have seen a rapid recovery in demand when travel restrictions have been lifted: https://www.theguardian.com/business/2021/mar/18/national-express-reports-445m-loss-for-2020-after-80-drop-in-passengers | Research |
| National Express targets smaller rivals struggling in pandemic | Mar 2021 | Have Coach Operators Coped pandemic. https://www.ft.com/content/02a27f99-8955-4220-95c4-3e15e9844ad8 | Research |
| 'Difficult road ahead' for incoming coach tourism recovery | Aug 2021 | Andersons Travel had returned to around 60% of pre-pandemic business by the end of 2021. A degree of this has been due to diversification, for example home-to-school is now a predominant area of work https://www.route-one.net/news/difficult-road-ahead-for-incoming-coach-tourism-recovery | Research |
| Minibus services relaunched across Greater | May 2020 | The Ring and Ride service provided by TfGM was completely stopped for just over two months when the first national lockdown occurred but has since restarted | Research |

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| Manchester to help vulnerable residents | | https://www.wigantoday.net/news/uk-news/minibus-services-relaunched-across-greater-manchester-help-vulnerable-residents-2857659 | |
| Aug 2020 Covid19 Research Presentation - UPDATE | Sep 2020 | British Vehicle Rental and Leasing Association (BVRLA) states that 94% of their members expect reduced revenues compared to their forecasts pre-COVID-19. https://www.bvrla.co.uk/resource/aug-2020-covid19-research-presentation.html | Research |
| 'They're leaving in droves': UK faces bus driver shortage as HGV industry offers better pay | Oct 2021 | The Unite union stated that there are more than 4,000 vacancies for bus and coach drivers across the UK and some companies have been forced to cancel services because drivers are not available https://news.sky.com/story/theyre-leaving-in-droves-uk-faces-bus-driver-shortage-as-hgv-industry-offers-better-pay-12442971 | Research |
| Bus services in England face axe as end to emergency Covid funding looms | Jan 2022 | Passenger numbers on buses have decreased sharply from 80% of pre-pandemic levels to less than 60% since the rise of the Omicron variant and the re-introduction of work-from-home advice in December 2021, leaving firms reliant on recovery grants to run services https://www.theguardian.com/business/2022/jan/11/bus-services-in-england-face-axe-as-end-to-emergency-covid-funding-looms | Research |
| Third year of decline for UK bus & coach market | Feb 2020 | The UK new bus and coach market was already in decline, with the market falling by 18.8% in 2019, with annual registrations falling for a third consecutive year to 5,874 units<br><br>SMMT suggest that the reasons for this continued decline were due to a combination of weak business confidence, declining passenger numbers and some confusion over clean air zones<br><br>https://www.smmt.co.uk/2020/02/third-year-of-decline-for-uk-bus-coach-market/ | Research |
| UK bus and coach registrations fall to lowest recorded level as pandemic dents ridership | Feb 2022 | Demand for new buses and coaches dropped further in 2021 and was the weakest year since records began in 1996, with a total of 3,467 new registered buses. https://www.smmt.co.uk/2022/02/uk-bus-and-coach-registrations-fall-to-lowest-recorded-level-as-pandemic-dents-ridership/ | Research |
| Coaches For Sale | Feb 2022 | Coach sale info: https://classifieds.busandcoachbuyer.com/classifieds/coaches/ | Research |
| CAP HPI data | Feb 2022 | New Minibus Purchase Price<br>*(Raw Data not published).*<br>Data request 2022 – data provided on 15th February 2022. | Research |
| Leger Holidays | Feb 2022 | Evidence of larger operators with bigger fleets tend to have a higher percentage of compliant fleets https://www.leger.co.uk/content/business-update | Research |

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| **Chapter 4** | | | |
| | | (No additional sources in Chapter 4) | |
| **Appendix A** | | | |
| | | (No additional sources in Appendix A) | |
| **Appendix B** | | | |
| Coronavirus (COVID-19) UK Government Dashboard | Oct 2020 | https://coronavirus.data.gov.uk/ | Background of Covid Timeline |
| "Greater Manchester's COVID-19 Management Plan: how we control outbreaks" | 2022 | https://greatermanchester-ca.gov.uk/coronavirus/COVID-19-management-plan/ | Background of Covid Timeline |
| "Prime Minister announces new local COVID Alert Levels" | Oct 2020 | https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels | Background of Covid Timeline |
| TfGM's C2 Database | various | Traffic flow data was extracted and analysed from TfGM's C2 Database https://tfgmc2.drakewell.com/multinodemap.asp | Information on local traffic impacts |
| "Budget 2021: Fuel duty rise axed as petrol prices hit record highs" | Oct 2021 | Fuel Prices Increase: https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-axed-petrol-prices-record-highs-b962832.html | Information on Economic Related Impacts |
| "GDP monthly estimate, UK : December 2021" | Dec 2021 | GDP information https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021 | Information on Economic Related Impacts |
| "Average weekly earnings in Great Britain: February 2022" | Dec 2021 | Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022 | Information on Economic Related Impacts |
| "UK economy latest" | Dec 2022 | Information on Goods import and exports https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output | Information on Economic Related Impacts |
| "Cities Outlook 2022" | Jan 2022 | Change in pub and restaurant sales in City Centres and Suburbs.<br>Weekday footfall in Birmingham, Manchester and London<br>https://www.centreforcities.org/wp-content/uploads/2022/01/Cities-Outlook-2022-2.pdf | Information on Economic Related Impacts |

# Appendix B – Review of COVID Impacts

## Overview

B.1 Travel behaviour and the economy have been impacted by the COVID-19 pandemic and have resulted in changes in the way that people travel and the way businesses operate. In this chapter we will assess some of the key data findings found throughout the period to better understand the levels of impact on transport and travel generally.

B.2 Chapter 3 focuses on the impacts of COVID-19 on the coach and minibus sectors.

## COVID Timeline

B.3 In January 2020, COVID-19 first appeared in the UK. By 30th November 2020, there were an estimated total of 1.6 million people testing positive to the virus in the UK with 58,24537 cases resulting in deaths.[38]

B.4 As stated within the GMCA COVID-19 Management Plan Executive Summary, GM had more than 16,000 confirmed cases and nearly 2,800 people died during the first four months of the COVID-19 pandemic.[39]

B.5 In Summer 2020, North West England was one of the worst affected areas by the pandemic with GM placed under additional restrictions on 31st July 2020. Throughout 2020, GM continued to experience a disproportionate impact to the rest of the UK from these additional restrictions, such as the three-tier system for lockdowns across England. This three-tiered system was first announced by the Government in October 2020 to *'simplify and standardise local rules'*.[40]

B.6 On 5th November 2020, the Government imposed a second national lockdown with restrictions on continued business activity in England. These restrictions were in place between 5th November and 2nd December 2020, followed by a return to 3 Tier system restrictions.

B.7 On 19th December 2020 the Government introduced an additional 4th Tier, with lockdown measures beginning in London and the South East, after having identified the Alpha (Kent) variant, coming into effect on 21st December 2020 until a third nationwide lockdown was re-introduced on 6th January 2021.

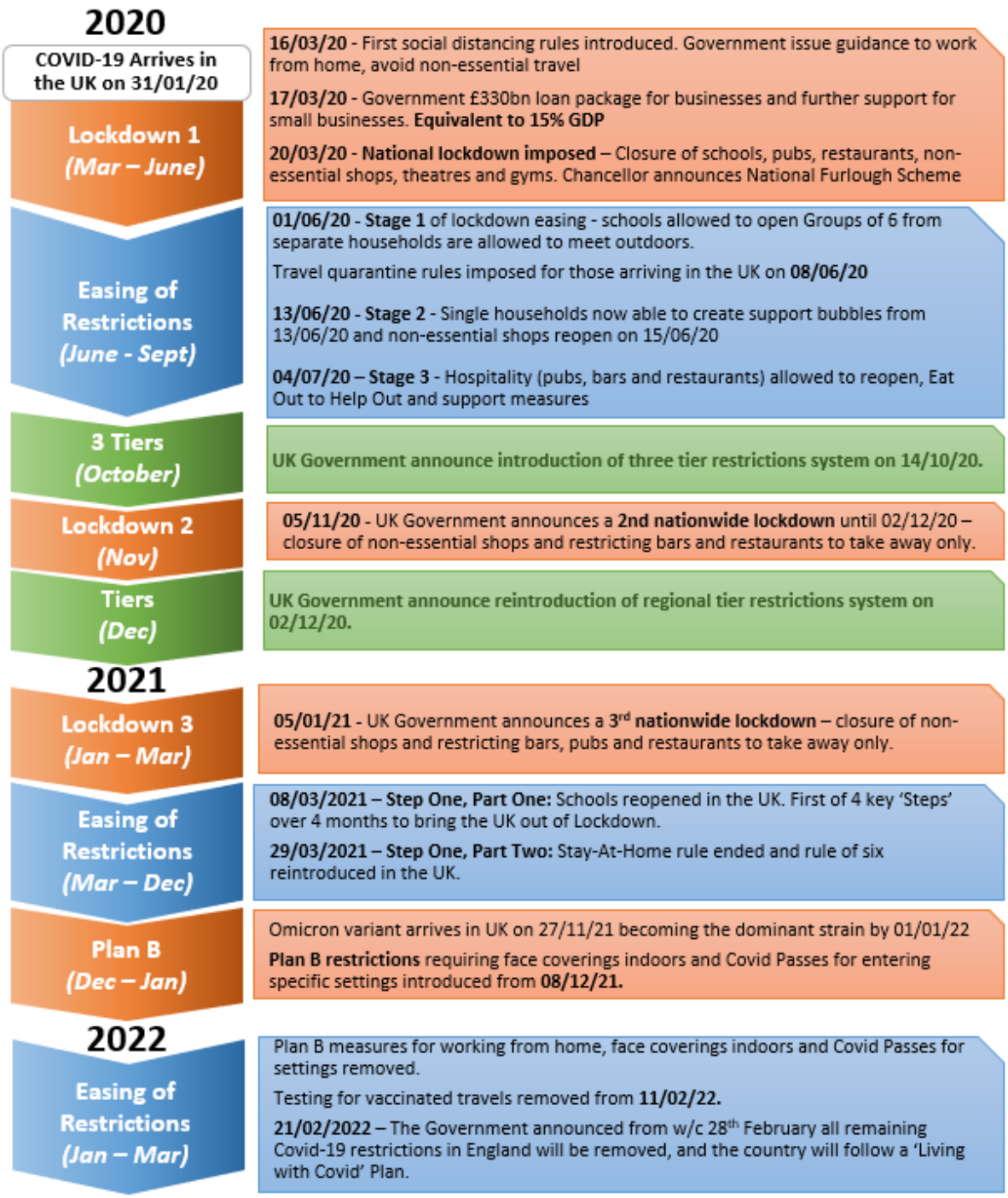
B.8 March 2021 saw Step 1 of the Government's roadmap being introduced, with schools reopening and outdoor gatherings being allowed with the proviso of staying local. April 2021 saw Step 2 of the roadmap allowing limited indoor contact, businesses such as hairdressers to reopen and outdoor hospitality. Step 3 came into effect in May 2021, allowing indoor meetings limited to 6 people and 10,000 people for large sport stadiums. Step 4, on 19th July 2021, saw the remaining venues such as nightclubs reopen, and the removal of most other restrictions.

[37] UK deaths is based on deaths within 28 days of a positive test and does not include excessive deaths.
[38] Coronavirus (COVID-19) UK Government Dashboard https://coronavirus.data.gov.uk/ (accessed 01/10/20)
[39] COVID-19 Management Plan – Executive Summary (GMCA) https://greatermanchester-ca.gov.uk/coronavirus/COVID-19-management-plan/
[40] Prime Minister announces new local Covid Alert Levels - https://www.gov.uk/government/news/prime-minister-announces-new-local-covid-alert-levels

B.9 With the discovery of the Omicron variant, Plan B measures (face coverings indoors and use of Covid Passes at specific settings such as nightclubs), which also recommended working from home where possible, were implemented from 8th December 2021 to 27th January 2022.

B.10 A summary of the key COVID-19 events and Government responses has been captured in **Figure B-1**.

**Figure B-1 COVID-19 Timeline January 2020 to March 2022**




B.11 The COVID-19 pandemic has had a transformative global impact to health, businesses, the economy, and way we live and interact with one another.

B.12 At the time of the production of this note in March 2022, the UK appears to be exiting the pandemic. Case numbers are stabilising, death and in-patient numbers remain low, reflecting the positive impact of a successful vaccine programme rollout.

B.13 However, emerging evidence gathered over the course of 2020 and 2021 has shown that there have been substantial changes to the economy, travel patterns and our behaviours. These changes have been driven by Government policy in the short term, however some of the behaviours adopted during Government lockdowns may continue as restrictions ease. In addition to this, economic impacts following the recent easing of restrictions have resulted in impacts which can be seen locally, nationally and globally within the economy.

## COVID-19 Impacts on Travel Behaviour

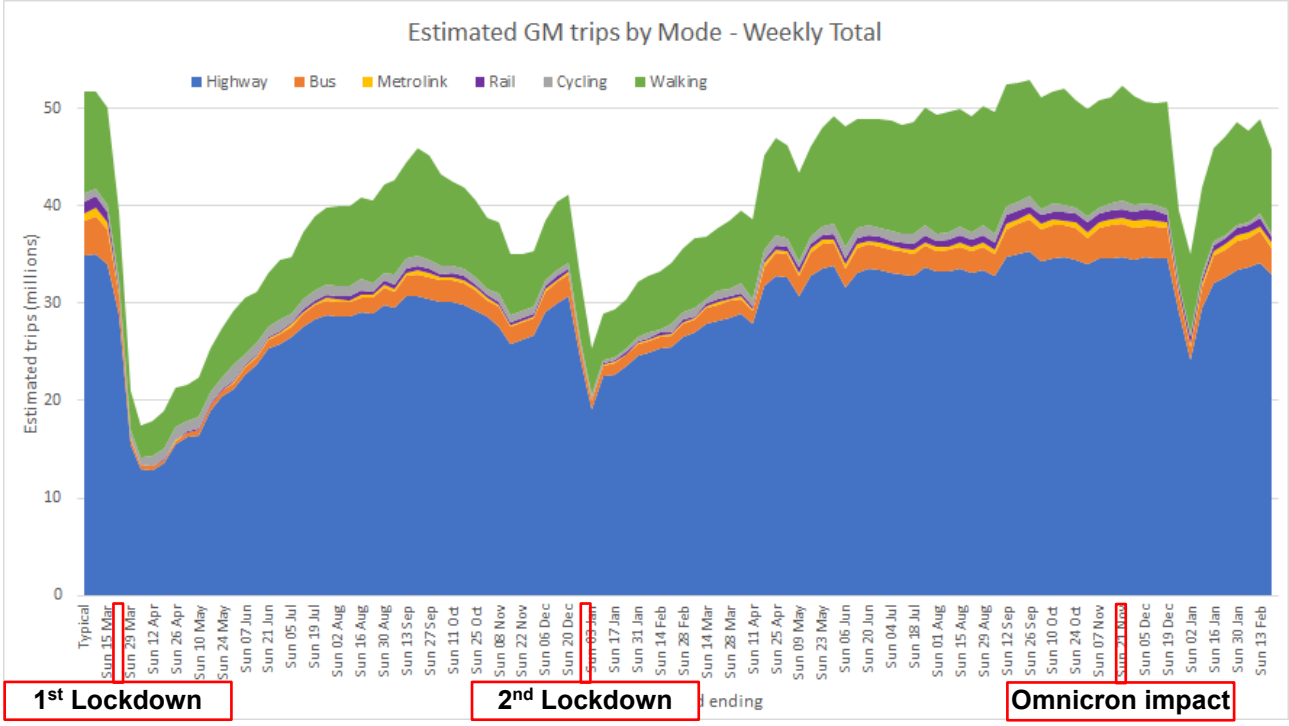
B.14 Detailed analysis has been undertaken on the impacts of COVID-19 on travel demand within GM to compare 'pre-pandemic' and 'during pandemic' travel levels within GM.

B.15 As shown in **Figure B-1**, there are a number of Government interventions which have had an impact on traffic levels (for all modes of transport). These include:

- Government guidance issued on 16th March 2020 to work from home 'where possible';
- Closure of all UK schools to children, apart from those who have key worker guardians on 20th March 2020;
- Closure of the hospitality and leisure sector on the 20th March 2020 including pubs, bars, restaurants, gyms, theatres etc.;
- Re-opening of schools to all children in September 2020 alongside the UK Government encouraging workers to return to the office;
- Implementation and extension of the Government Tiered restrictions;
- Return to lockdown conditions on 5th November 2020, 2nd December 2020 and 6th January 2021; and
- Hotel quarantine for travelers from high-risk countries.

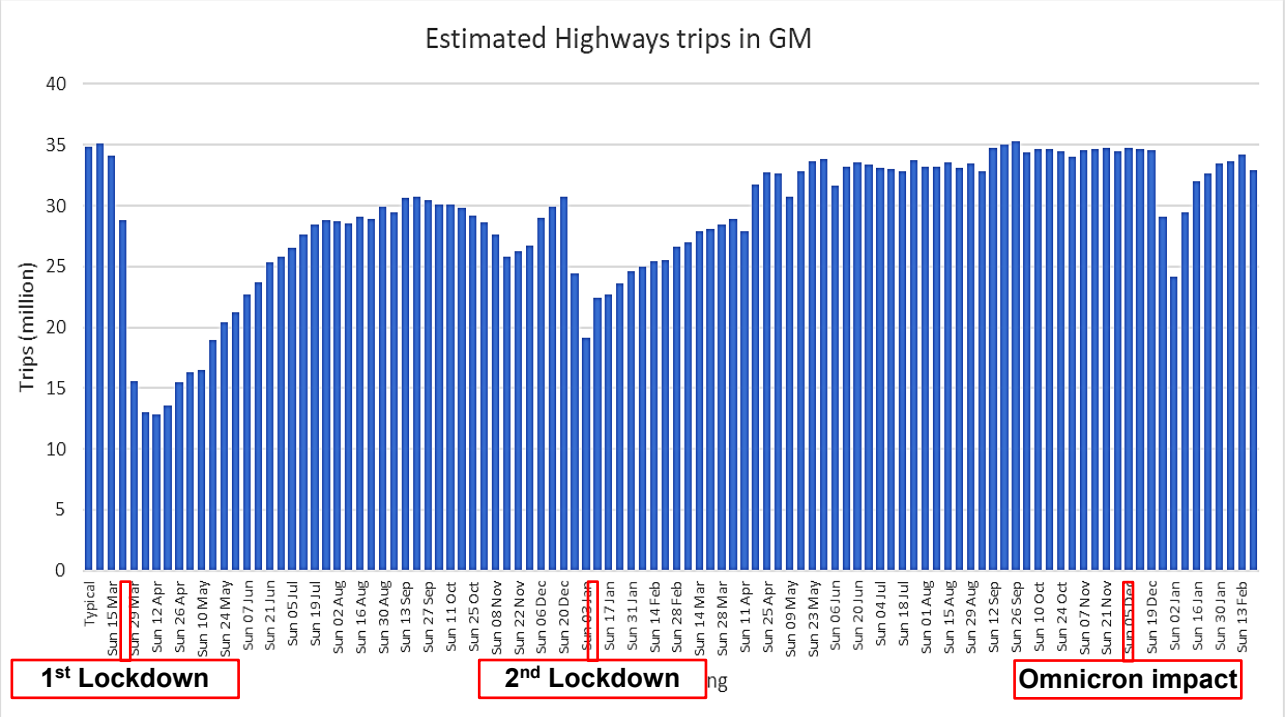
B.16 Since the beginning of the pandemic, travel patterns across the UK have significantly changed, driven by changing Government guidelines and the perception of transmission risks on certain forms of transport. An overview of the changing trends of travel behaviour by mode in Greater Manchester is provided in **Figure B-2** to **Figure B-6**; the data has been provided by TfGM. Three key dates have been flagged in each figure: the first and second national lockdowns plus the emergence of the Omicron variant.

## Figure B-2 Overview of travel behaviour – All Modes



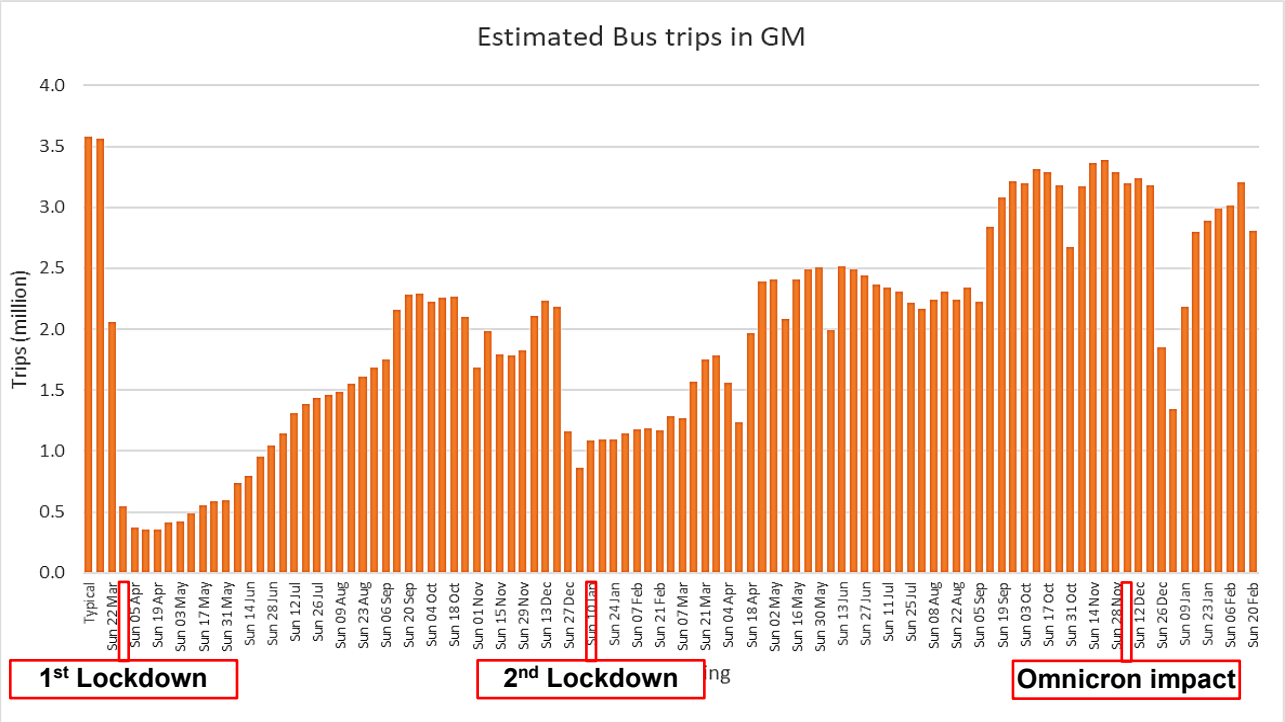

*Source: TfGM*

## Figure B-3 Overview of travel behaviour – Highway



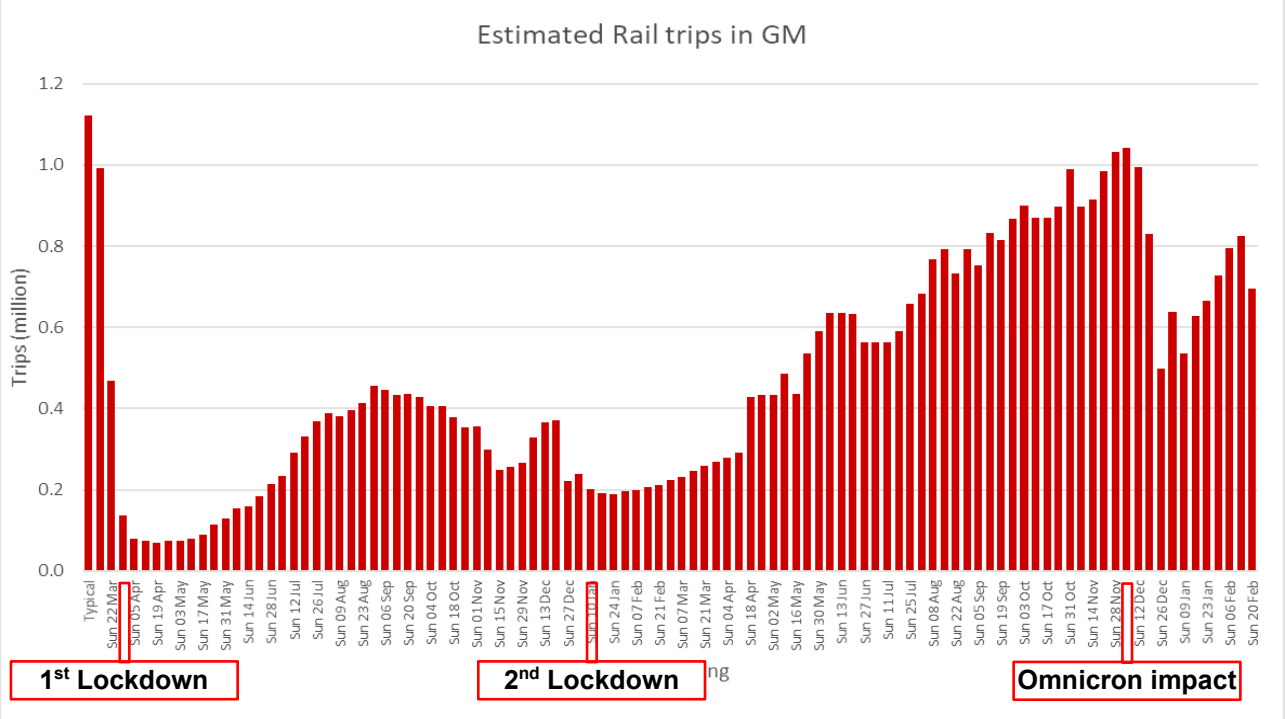

*Source: TfGM*

## Figure B-4 Overview of travel behaviour – Bus



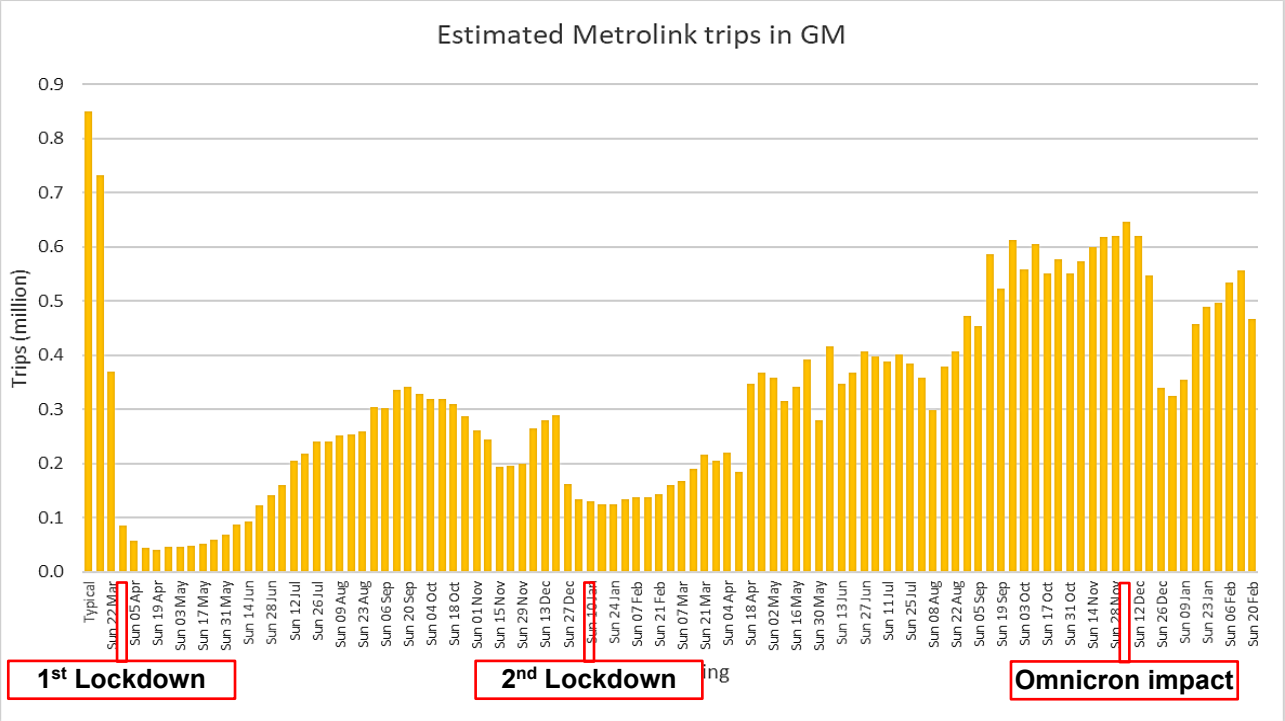

*Source: TfGM*

## Figure B-5 Overview of travel behaviour – Rail




*Source: TfGM*

**Figure B-6 Overview of travel behaviour – Metrolink**




*Source: TfGM*

B.17 These figures illustrate that the impact of the pandemic has been pronounced and the extent to which pre-pandemic travel volumes have returned varies by mode. In summary, at the aggregate level across GM:

- Highway trips are close to pre-pandemic levels (approximately 95% of 'typical'); and
- Public transport trip levels are between 60% and 75% of pre-pandemic / typical levels with bus performing more strongly than rail / Metrolink.

# Local Traffic Impacts

B.18 Further analysis was undertaken regarding traffic flows on the local highway network, in order to understand the changing highway demand levels at various points through the pandemic. This has provided an insight into how the COVID-19 related travel guidance and changing behaviours because of the pandemic have impacted travel across GM.

B.19 This analysis has considered changing travel levels at a range of locations across Greater Manchester, to understand how traffic flows have changed on the following:

- Roads near to the Regional Centre;
- Key radial routes;
- Roads adjacent to local centres within GM; and
- Roads accessing centres of employment.

B.20 The analysis has considered several points in time, comparing:

- September 2019 (before the pandemic);

- September 2020 (during the pandemic);
- November 2021 (during pandemic – pre Omicron); and
- January 2022 (most recent, though impacted by Omicron variant).

B.21 Traffic flow data was extracted and analysed from TfGM's C2 Database[41]. These have been reviewed and presented for the 2-way hourly link volumes, by hour, at the following locations:

- Manchester Rd (A56) / 15m South of Ashlor St, Bury (ATC);
- Princess Rd (A5103) / 100m North of Bonsall St, Hulme, Manchester (ATC);
- Washway Rd (A56) / 40m North of Hunston Rd, Sale, Trafford (ATC);
- Bury New Rd (A56) / 90m North of Kingswood Rd, Prestwich, Bury (ATC); and
- Centenary Way (A576) / 160m North of Guinness Rd, Trafford Park, Trafford (ATC)

B.22 Using these specific locations around Greater Manchester the traffic behaviours at each location type can be assessed.

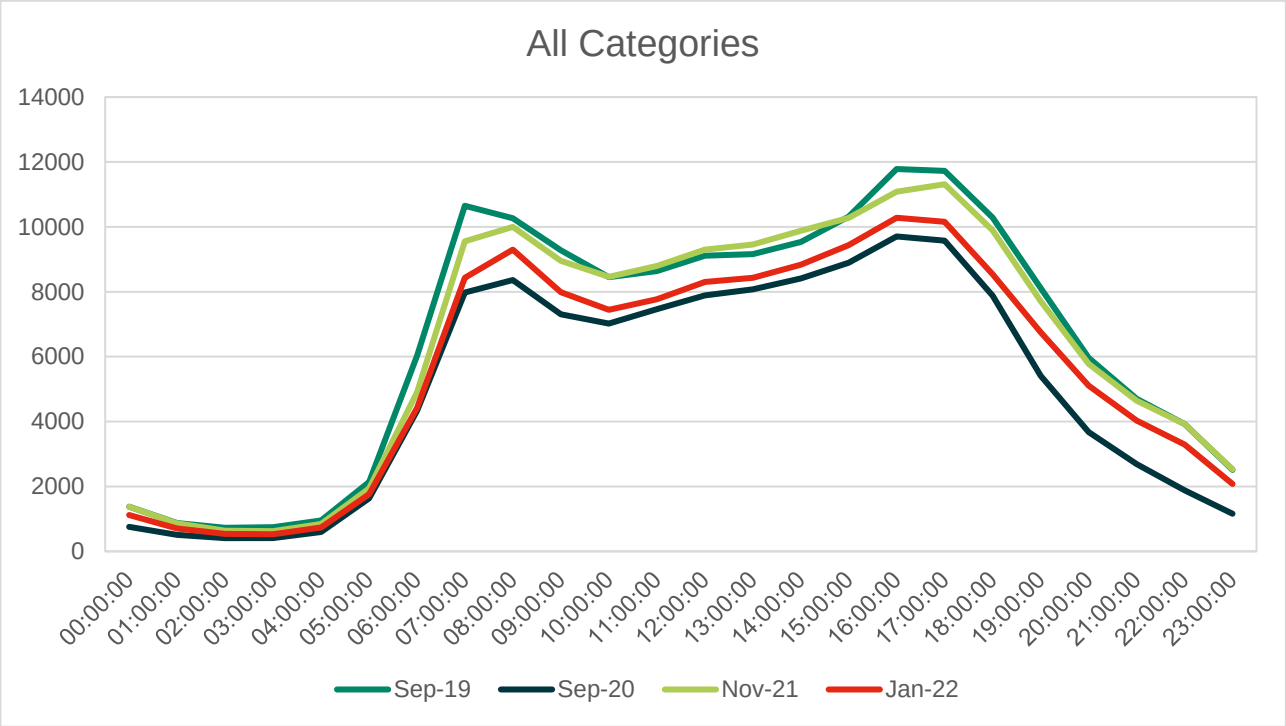
**General Traffic Conditions**

B.23 Averaging the sites identified above (see **Figure B-7**) suggests there has been a change in travel behaviour throughout the pandemic, noting the following key observations:

- The AM and PM peak periods have remained, although there is a dampening down effect on the peaks, with less variation between peak flows and interpeak flows, as the interpeak has continued to perform strongly.
- During late 2021, highway demand was almost back at pre-pandemic levels, there was then a noticeable drop again in demand as a result of the Omicron variant in December 2021.
- There has been some recovery during the peak periods, though they have not yet returned to pre pandemic levels.
- It is also noted that the earlier part of the AM peak is less strong than pre pandemic levels, with the AM peak now occurring 08:00 to 09:00, rather than 07:00 to 08:00 based on the sample of data sites.
- It also appears that the evening traffic (after 19:00) in 2022 is recovering at a slightly faster rate than the daytime traffic flows. This returned to pre-pandemic levels in November 2021 however, there has been a slight drop again in 2022, although it has been less impacted than other times of day. During the 2020 restrictions, the evening economy was significantly restricted by the COVID-19 restrictions in place at the time.

[41] https://tfgmc2.drakewell.com/multinodemap.asp

**Figure B-7 Change in traffic flow levels by time of day (all areas)**



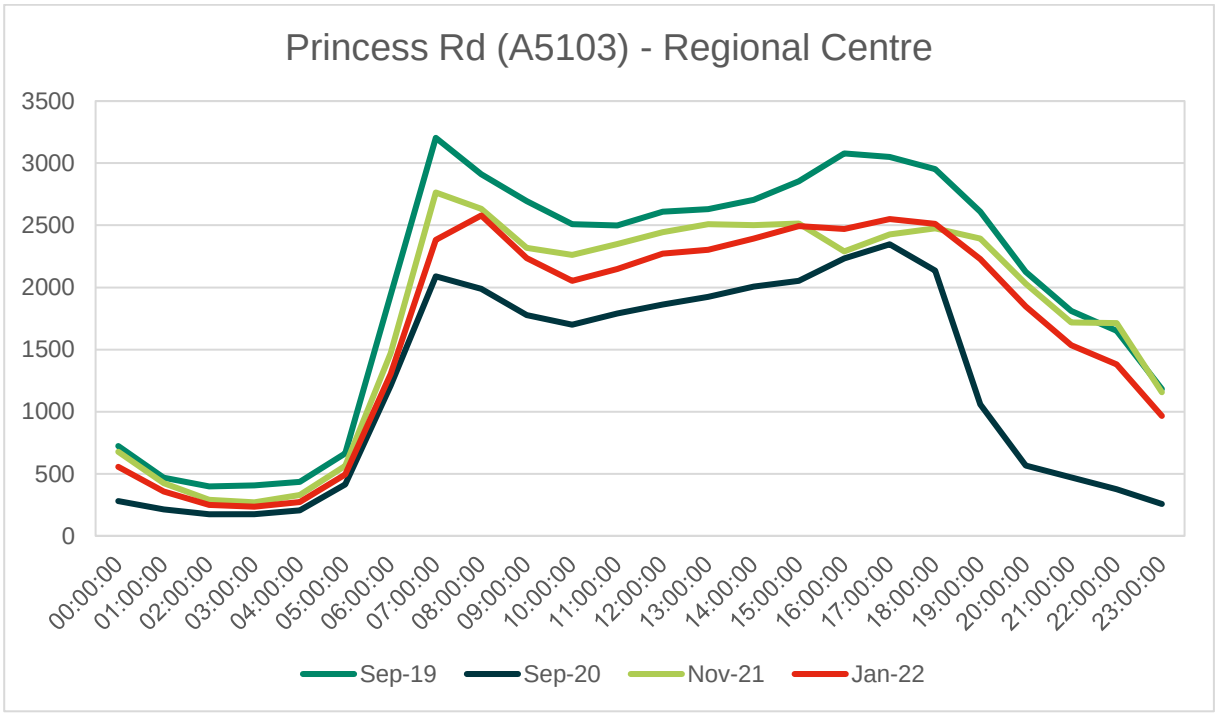

*Source: TfGM C2 Database*

**Roads adjacent to the Regional Centre**

B.24 Traffic flows adjacent to the Regional Centre have been significantly impacted throughout the pandemic (see **Figure B-8**). The following key trends have been identified:

- From the data assessed, the pandemic (and associated restrictions) appears to have had the greatest impact on regional centre flows, with the largest decrease in 2020 and the slowest recovery;
- The recovery of traffic flows in the peaks is still subdued, though traffic flows during the Omicron variant have been higher than in Autumn 2020, unlike what is seen at local centres;
- In 2020, COVID-19 restrictions had a considerable impact on demand for travel relating to the Regional Centre, with heavy restrictions placed on sectors such as leisure, tourism, and the night time economy. By November 2021, the easing of COVID restrictions resulted in a return of travel demand to the Regional Centre, showing considerable recovery at particular times of day, reaching close to 2019 levels. The 2022 travel demand to Mar-22 also showed a strong return of traffic during the evening periods, though the Omicron variant is likely to be keeping these slightly below pre-pandemic levels at present.
- The early part of the AM peak is now much weaker than prior to the pandemic, and the PM peak is less pronounced. In November 2021, traffic flows were slightly reduced from pre pandemic levels, with the PM peak most strongly impacted. In January 2022, the PM peak appears to be starting to recover, with a slightly later AM peak.

**Figure B-8 Change in traffic flow levels by time of day (Regional Centre)**

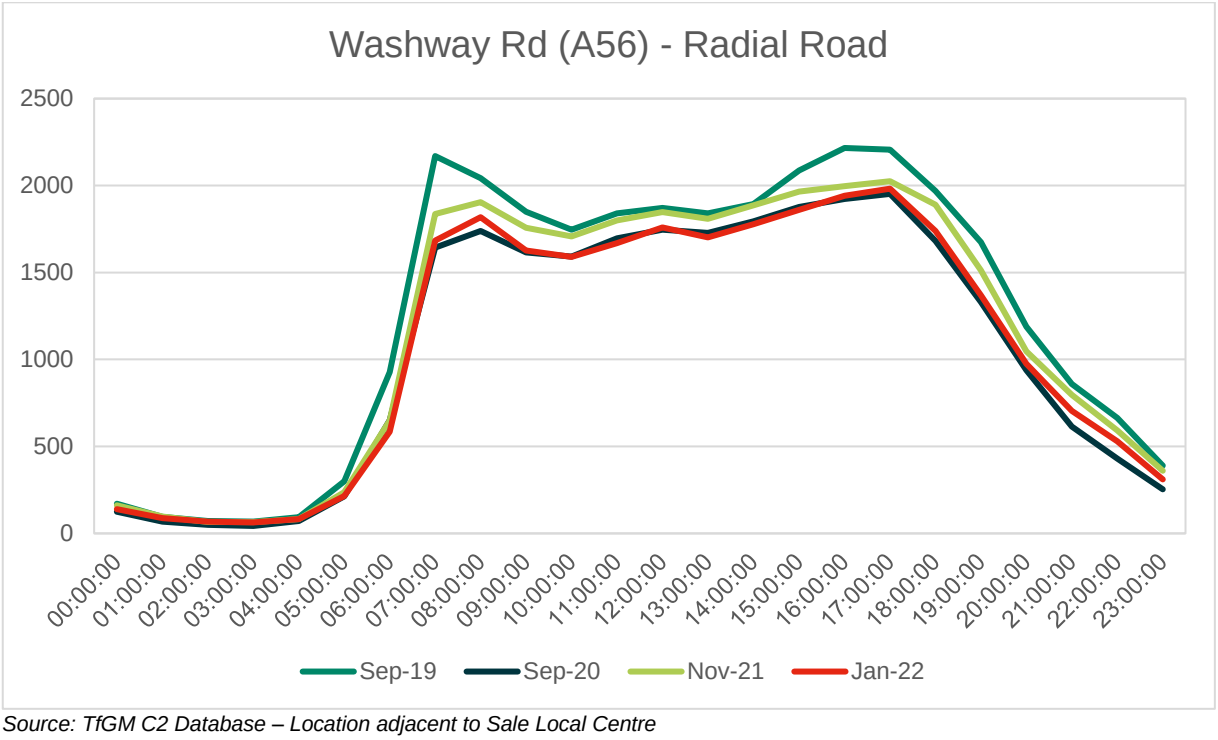



*Source: TfGM C2 Database – Location N of Bonsall St, Hulme*

### Radial Roads

B.25 On Washway Road in Sale (see **Figure B-9**), its proximity close to the M60, and as a key radial route, has resulted in a high level of traffic demand at various points throughout the pandemic. The site is also close to the Local Centre of Sale. Demand has remained strong at the various points assessed although, as with most other locations, the peak periods are showing slightly lower demand in 2022.

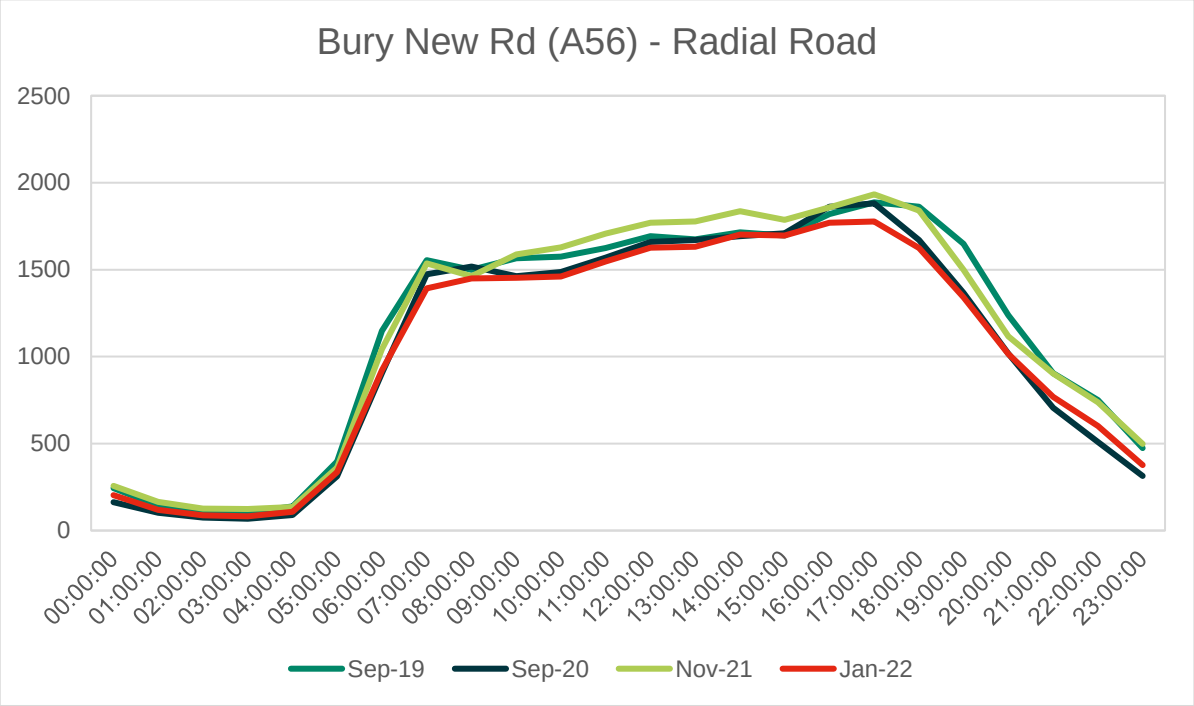
**Figure B-9 Change in traffic flow levels by time of day (Radial Roads Outside M60)**




*Source: TfGM C2 Database – Location adjacent to Sale Local Centre*

B.26 Another key radial route north of the Regional Centre is Bury New Road (see **Figure B-10**). This site is also a key radial, though also serves local centres, such as at Prestwich. This location has shown a strong recovery of travel behaviour with travel at certain times of day exceeding pre-pandemic levels, especially during the interpeak, both in autumn 2020, autumn 2021 and currently in 2022. The evening period has, however, shown a slower recovery.

**Figure B-10 Change in traffic flow levels by time of day (Radial Roads Inside M60)**



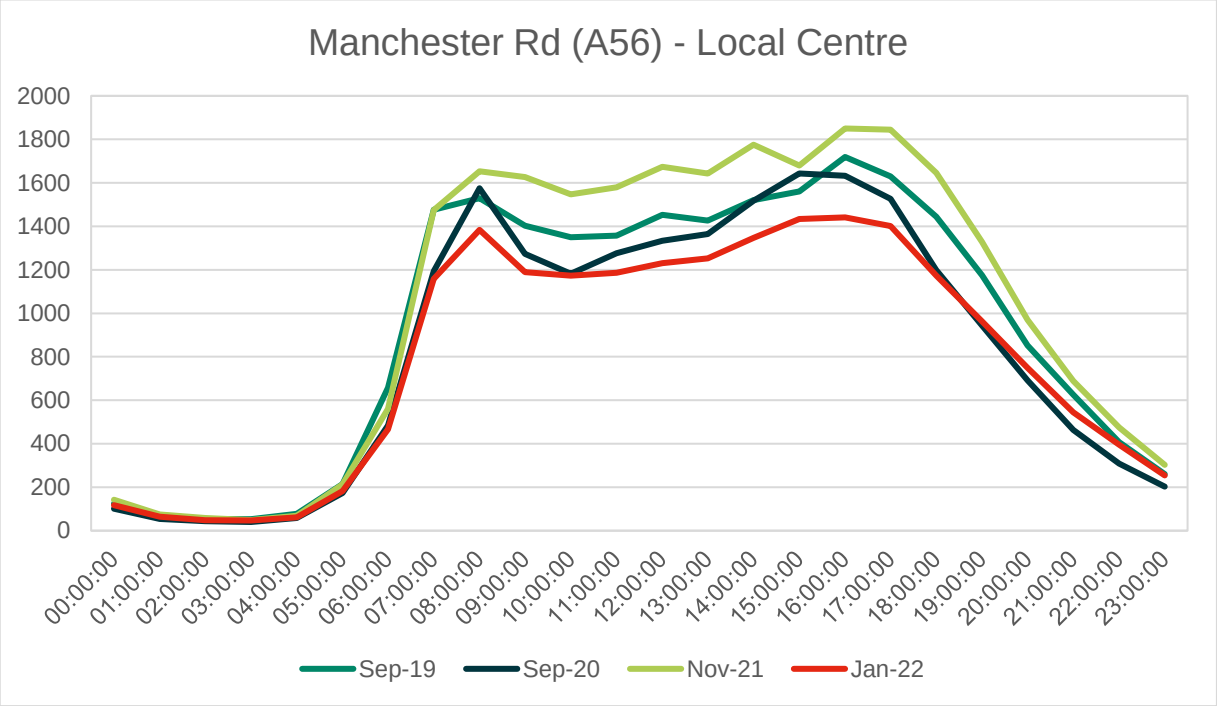

*Source: TfGM C2 Database – Location N of Kingswood Rd, Prestwich (Near to M60 J17)*

**Local Centres**

B.27 Throughout the pandemic, as the UK Government eased travel guidance, travel demand in the vicinity of local centres, have bounced back strongly. **Figure B-11**, shows the A56 Manchester Road near Bury, which experienced a strong bounce back effect in Autumn 2020, when travel restrictions were eased. **Figure B-11** shows the later part of the AM peak and the early part of the PM peak exceeding pre pandemic levels, plus a strong interpeak and was likely an impact of more localised travel.

B.28 By the end of 2021, demand had exceeded 2019 pre-pandemic levels by a clear margin, however this demand fell significantly in January 2022. The recent 2022 data shows the impacts of restrictions associated with the Omicron variant which has suppressed traffic flows once again.

**Figure B-11 Change in traffic flow levels by time of day (adjacent to Local Centres)**



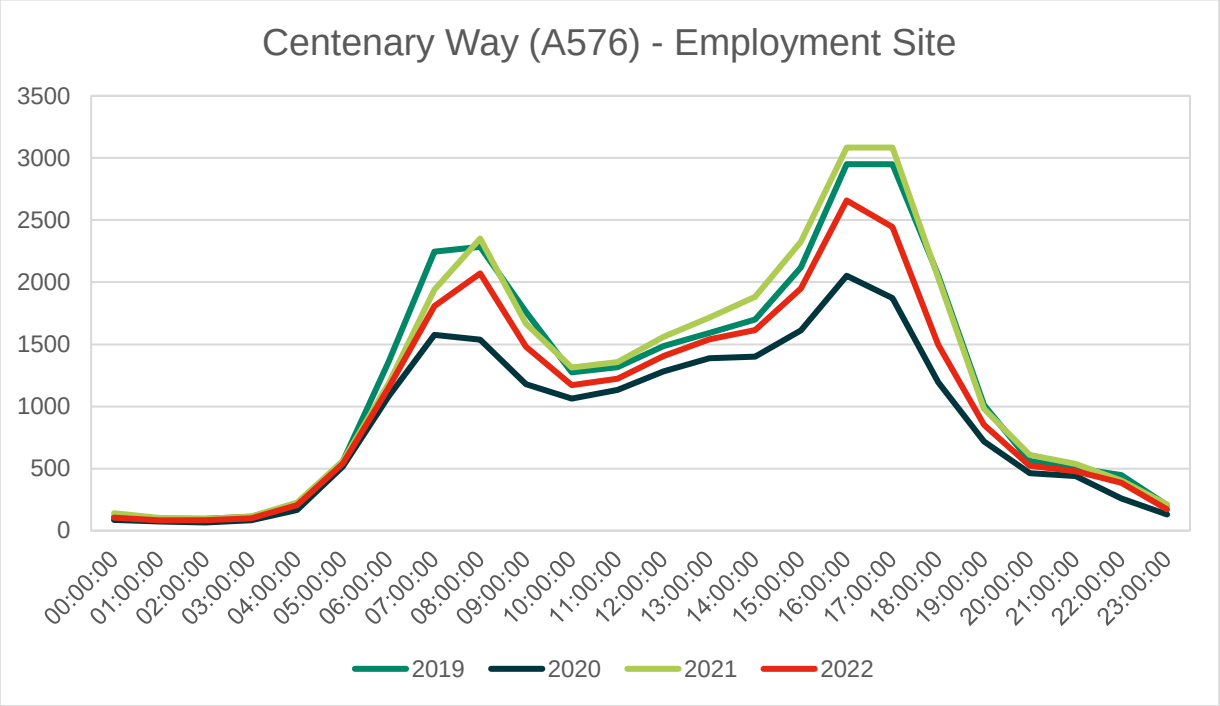

*Source: TfGM C2 Database – Location S of Ashlor St, Bury*

### Centres of Employment (Trafford Park)

B.29 Trafford Park is a major site of employment within Greater Manchester, with traffic flows accessing this employment area changing significantly during the pandemic.

B.30 During the limited easing of travel restrictions in Autumn 2020, traffic flows to/from Trafford Park remained low, with limited return of higher peak time travel flows. This was possibly due to the higher levels of working from home at the time. The more recent data from November 2021 shows flows higher than pre-pandemic levels. January 2022, though impacted by the Omicron variant, shows a recovery of peak hour travel demand, close to pre pandemic levels, although the early part of the AM peak and the later part of the PM peak show a slightly weaker recovery. Interpeak travel is also similar to pre pandemic levels (See **Figure B-12**).

**Figure B-12 Change in traffic flow levels by time of day (Centres of Employment)**




*Source: TfGM C2 Database – Location Trafford Park, Trafford*

**Summary**

B.31 The review of local traffic flows at various locations across GM has shown considerable variations in changing travel behaviour by location, when compared to pre-pandemic levels. This is likely to be impacted by changing travel habits, although the recent Omicron variant is likely to be impacting some travel behaviour in the 2022 data, as shown in **Figure B7**, general traffic levels in Autumn 2021 showed overall recovery in traffic flows above pre-pandemic levels.

B.32 The change in travel behaviour by location since September 2019 is summarised in **Table B-1**.

B.33 Considering the position in November 2021, when travel patterns were least affected, it is notable that Local Centre traffic flows were higher than previously whilst the Regional Centre flows were still much reduced. For radial routes and employment centres, overall (daily) levels were back to pre-pandemic but with some variation during the day; the morning peak being less pronounced but the interpeak higher.

**Table B-1 Traffic flow changes by location type from September 2019 to January 2022**

| Location Type | Period | Change relative to Sep-19 (Index=100) | | | |
|---|---|---|---|---|---|
| | | Sep-19 | Sep-20 | Nov-21 | Jan-22 |
| Regional Centre | AM | 100 | 67 | 88 | 81 |
| | IP | 100 | 73 | 95 | 88 |
| | PM | 100 | 41 | 92 | 85 |
| | Eve | 100 | 26 | 95 | 85 |
| | Daily | 100 | 61 | 88 | 83 |
| Radial inside M60 | AM | 100 | 98 | 98 | 93 |
| | IP | 100 | 98 | 105 | 96 |
| | PM | 100 | 101 | 102 | 96 |
| | Eve | 100 | 80 | 94 | 83 |
| | Daily | 100 | 92 | 101 | 91 |
| Local Centres | AM | 100 | 103 | 108 | 90 |
| | IP | 100 | 96 | 115 | 88 |
| | PM | 100 | 94 | 113 | 86 |
| | Eve | 100 | 74 | 110 | 87 |
| | Daily | 100 | 90 | 111 | 86 |
| Employment Centre | AM | 100 | 69 | 95 | 86 |
| | IP | 100 | 83 | 108 | 94 |
| | PM | 100 | 61 | 102 | 79 |
| | Eve | 100 | 74 | 99 | 91 |
| | Daily | 100 | 74 | 102 | 88 |

*Source: TfGM C2 Database*

# Economic Related Impacts

### Introduction

B.34 Changes in the economic situation are also likely to have had an influence on travel behaviour. The section below presents the trends for a range of factors impacting the economy, several of which are likely to impact the way people travel and businesses operate.

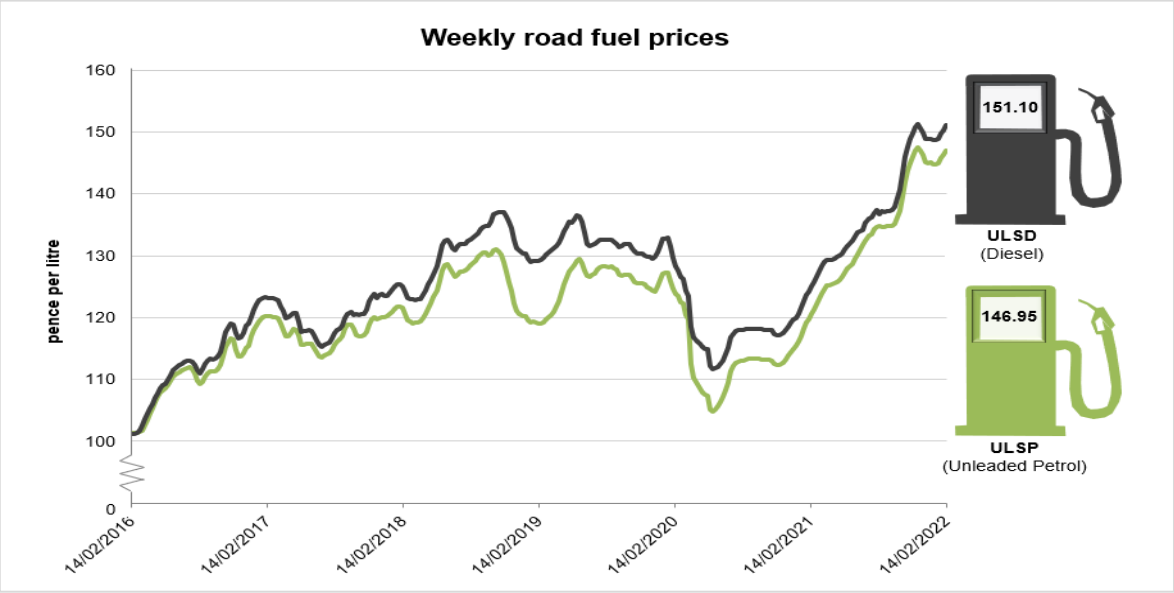
### Fuel Prices

B.35 There are six companies (four oil companies and two supermarkets) that feed into the weekly fuel price survey prepared by the government. These companies cover around 65% of the market. The change in fuel price is displayed in **Figure B-13**.

B.36 The price of road fuel is volatile over shorter time periods, with prices regularly rising and falling. The key trends from during the pandemic are:

- At the start of 2020 prices appear to have been on the decline. There was then a significant fall in both Diesel and Unleaded Petrol in early 2020, corresponding with the first national lockdown.
- During the second part of 2020, prices appear to be stable, with prices beginning to rise steadily throughout 2021 in line with global oil market prices.
- There is a steep rise in prices towards the end of 2021, reaching record highs. This corresponds with a sudden rise in post-pandemic energy demand. This has triggered a tax freeze on petrol and diesel for the twelfth year in a row[42].
- In September 2021 long queues and forecourt closures were witnessed, caused by panic buying throughout the country, sparking a fuel shortage in Britain.

**Figure B-13 Weekly Road Fuel Prices**




*Source: gov.uk*

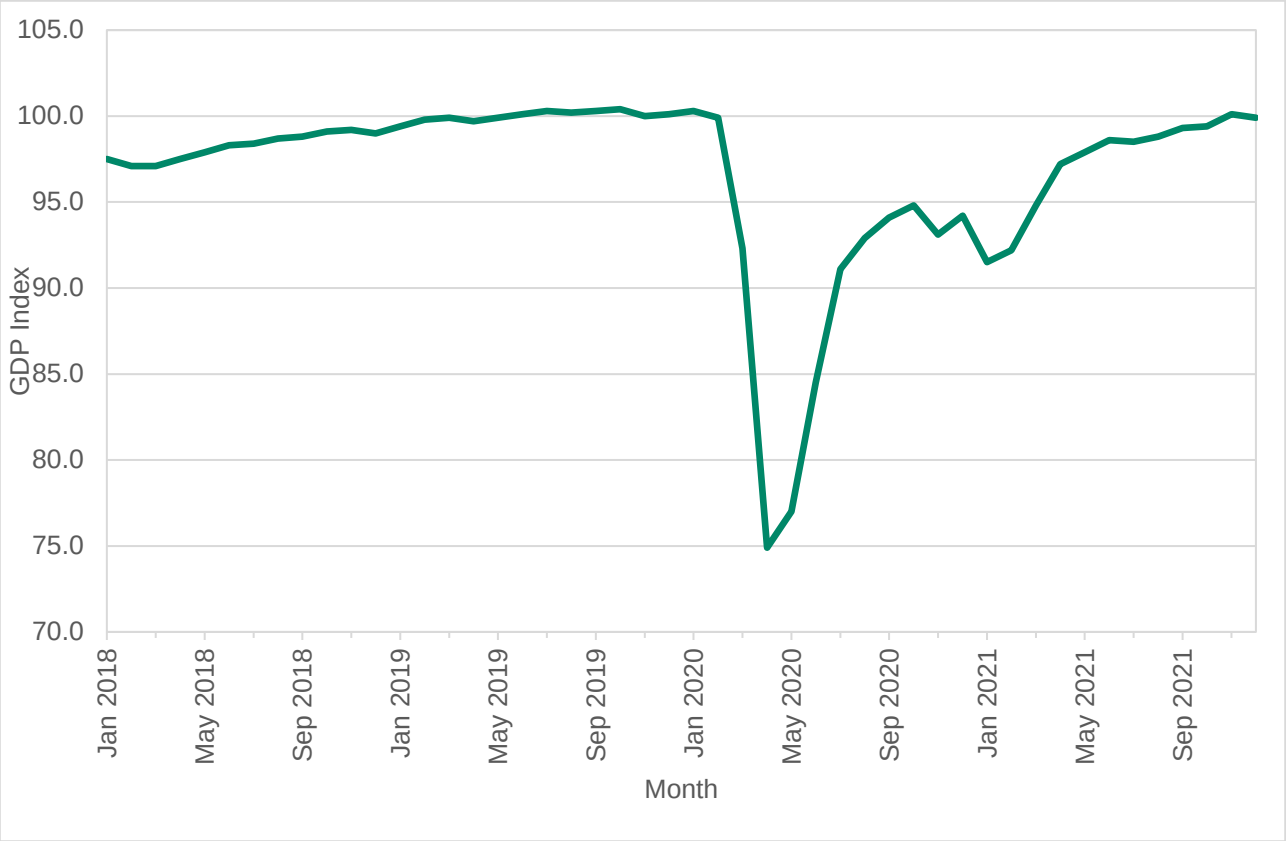
B.37 It was already likely that the price of fuel would remain unsteady for some time as a consequence of the impact of the pandemic and recent events in Ukraine have brough additional uncertainty to that market.

**GDP**

B.38 From bulletins on the ONS data website[43] the end of 2021 saw a drop in GDP by 0.2%, to equal the pre pandemic level of February 2020. In December 2021 services and construction are both above pre-pandemic levels, while production remained below. Consumer facing services fell within December, driven by a fall in retail, 8.4% below pre-coronavirus levels, contributing to the GDP fall in December 2021 (see **Figure B-14**).

[42] https://www.standard.co.uk/news/politics/budget-2021-fuel-duty-rise-axed-petrol-prices-record-highs-b962832.html
[43] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021

**Figure B-14 GDP in the UK (Index, 2019 = 100)**




*Source: ons.gov.uk/economy*[44]

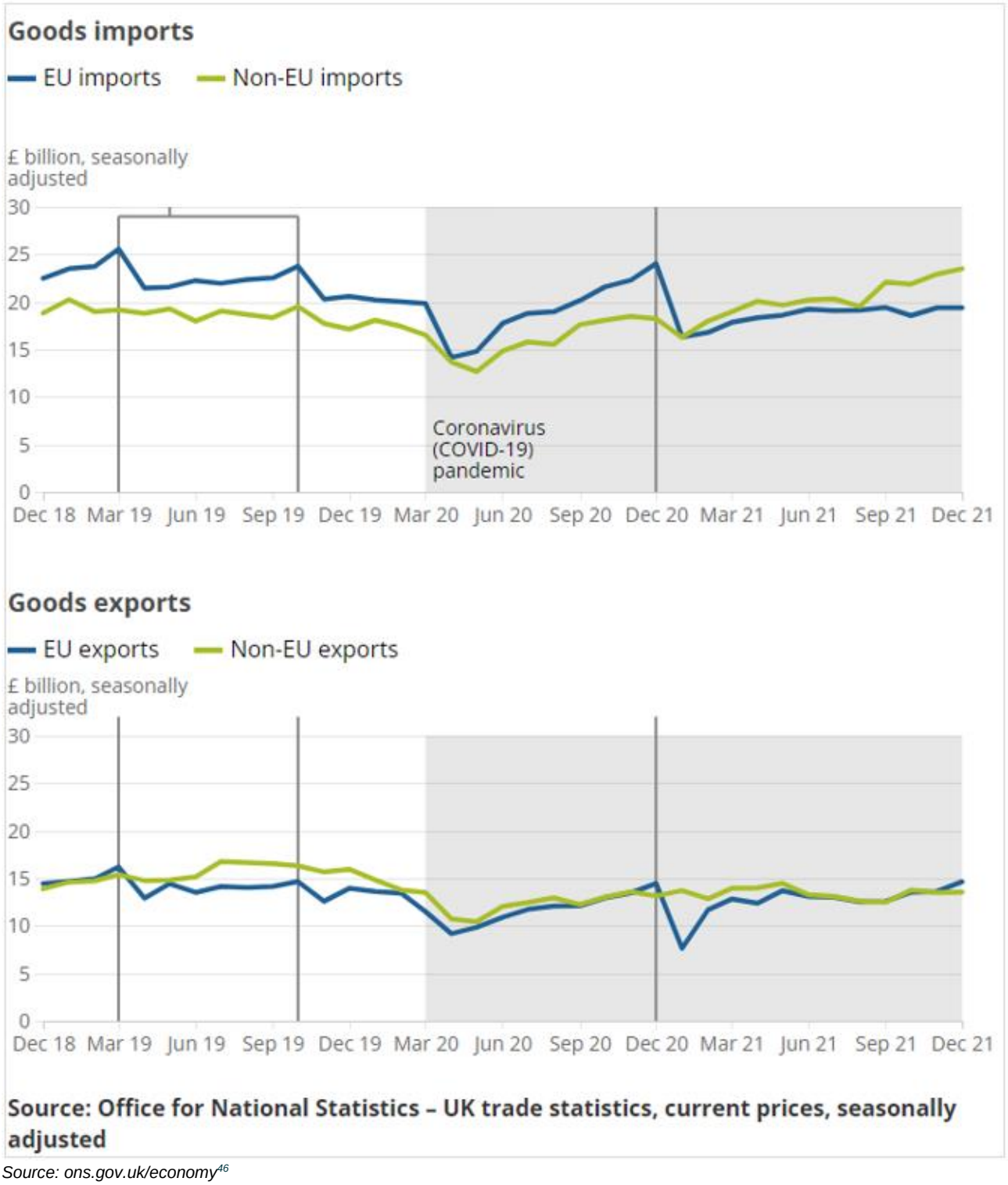
B.39 Growth in average total pay (including bonuses) of 4.3% and growth in regular pay (excluding bonuses) of 3.7% among employees was seen in October to December 2021[45]. In real terms (adjusted for inflation), total and regular pay fell for the year by 0.1% and 0.8% respectively.

**Imports and Exports**

B.40 **Figure B-15** shows the trends in UK goods imports and exports throughout 2019, 2020, and 2021. After an initial decrease in imports at the beginning of the pandemic, this appears to have recovered. There was another significant decrease at the end of 2020, however imported goods are on the increase back to pre-pandemic levels. There was less impact on exports, with these remaining steady throughout.

[44] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2021
[45] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/february2022

**Figure B-15 Import and Exports**




*Source: ons.gov.uk/economy*[46]

### Centre for Cities – Cities Outlook

B.41 Centre for Cities produced the Cities Outlook 2022 report looking in-depth at the state of UK high streets, to get a sense of the short-term impact of the pandemic on Britain's town and city centres, and the long-term consequences and implications this has for the Government's levelling up agenda. This report showed that there was a quick and considerable shift away from high streets to online

[46] https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/ukeconomylatest/2021-01-25#output

shopping during the pandemic. However, in most cities the shift stalled, or slightly fell again once shops reopened.

B.42 The Cities Outlook report also studies the impacts on pubs and restaurants, stating that the fashion sector was hit harder than pubs and restaurants. **Figure B-16** shows the trend in sales throughout 2020 and 2021. There are clear decreases in sales corresponding to the national lockdowns but in all instances, these soon recover when the sector reopens. This is also reflected in the suburbs, with retail and fashion experiencing a slight decline from Feb 2020 to September 2021 but food and drink on a steady incline.

**Figure B-16 Change in pub and restaurant sales in City Centres and Suburbs**



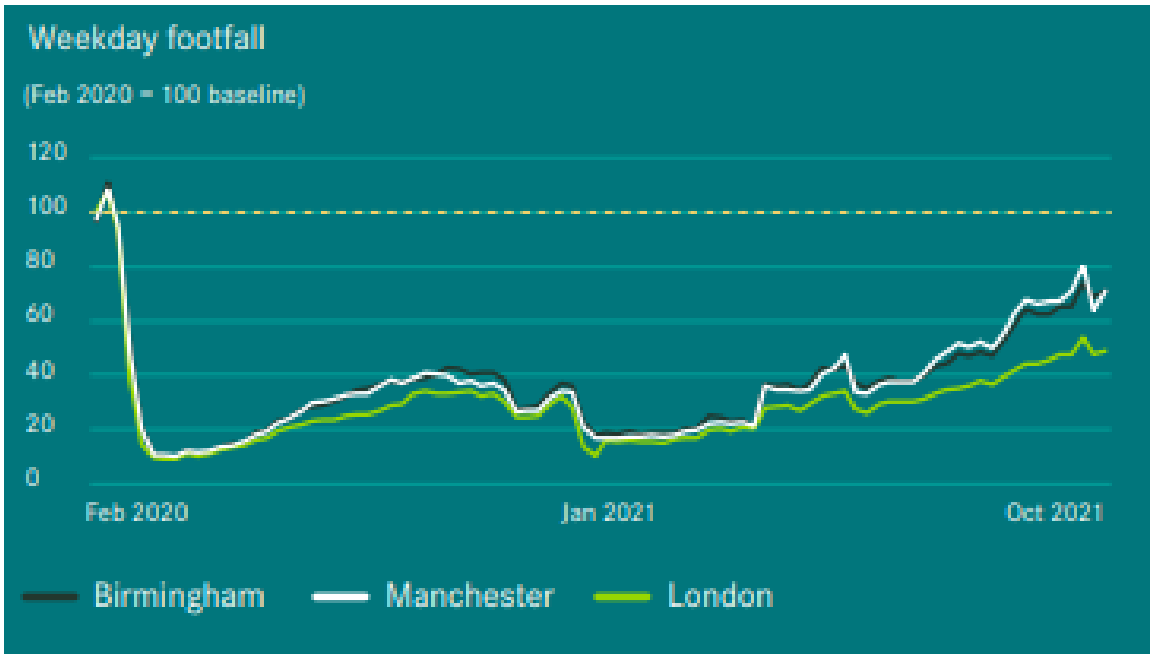

*Source: ons.gov.uk/economy*[47]

[47] https://www.centreforcities.org/

B.43 Due to the work from home regulations and, for many, working from home becoming a regular part of the working week, it is feared the reduced footfall in cities will have a lasting effect on retail, hospitality, and transport sectors. **Figure B-17** show the weekday footfall in London, Manchester and Birmingham. Although not yet back to pre-pandemic levels, there is a steady climb in footfall in the major cities with Manchester appearing to recover more quickly than Birmingham, and London taking considerably longer.

B.44 The more significant impact on London may be related to the impact of COVID-19 on international tourism.

**Figure B-17 Weekday footfall**




*Source: ons.gov.uk/economy*

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# Greater Manchester's Clean Air Plan to tackle Nitrogen Dioxide Exceedances at the Roadside

# Appendix E: Changes in economic context since July 2021

**Warning:** Printed copies of this document are uncontrolled

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|---|---|---|---|
| **Version Status:** | DRAFT FOR APPROVAL | **Prepared by:** | Transport for Greater Manchester on behalf of the 10 Local Authorities of Greater Manchester |
| **Authorised by:**<br>**Date:** | Nicola Kane<br>June 2022 | | |

## Glossary

| Term | Definition | Source |
|---|---|---|
| Base Rate | Bank of England base interest rate | Interest rates and Bank Rate \| Bank of England |
| BoE | Bank of England – UK central bank | What does the Bank of England do? \| Bank of England |
| CCI | Consumer Confidence Index - a measure of how people view the state of their personal finances and wider economic prospects | Leading indicators - Consumer confidence index (CCI) - OECD Data |
| CPI | Consumer Price Index – UK main economic inflationary index. | Consumer Price Indices: A brief guide - Office for National Statistics |
| CPIH | Consumer Price Index Harmonised - Harmonised Index of Consumer Prices, inclusive of housing cost | Consumer Price Indices: A brief guide - Office for National Statistics |
| CVL | Creditors Voluntary Liquidation | Liquidation and Insolvency Guidnace \| UK Government |
| Economic inactivity | People not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks. | Economic inactivity - Office for National Statistics (ons.gov.uk) |
| Energy Price Cap | Ofgem (UK Energy Regulator) market price cap setting maximum tariff rates for gas and electricity | Check if the energy price cap affects you \| Ofgem |
| GDP | Gross Domestic Product - measures the value of goods and services produced in the economy | Gross Domestic Product (GDP) - Office for National Statistics (ons.gov.uk) |
| GC | Growth Company / Business Growth Hub | GC Business Growth Hub: Resources to support and grow your business \| GC Business Growth Hub |
| LTV | Loan-to-value ratio | Understanding LTV ratio \| Experian |
| MPC | Bank of England Monetary Policy Committee | Monetary Policy Committee \| Bank of England |
| OBR | Office for Budget Responsibility | What we do - Office for Budget Responsibility (obr.uk) |
| ONS | Office for National Statistics | About us - Office for National Statistics (ons.gov.uk) |
| OOH | Owner Occupiers Housing Cost | Consumer Price Indices: A brief guide - Office for National Statistics |
| Ofgem | UK National energy regulator | About us \| Ofgem |
| RPI | Retail Price Index | Consumer Price Indices: A brief guide - Office for National Statistics |
| Semi-conductor | Essential component for manufacture of electronic devices | About Semiconductors \| SIA \| Semiconductor Industry Association |
| SME | Small and Medium sized enterprise | SME definition (europa.eu) |

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## 1 Introduction

1.1 This note summarises notable changes in economic context since July 2021. It demonstrates how factors associated with the pandemic, global supply chain challenges, and the cost-of-living crisis have the potential to create additional financial hardship for local businesses and families.

1.2 The evidence is set out as follows:

- National / international drivers (many of which are interconnected).
- Regional (North West) - labour market review.
- GM specific factors.

## 2 National / international drivers

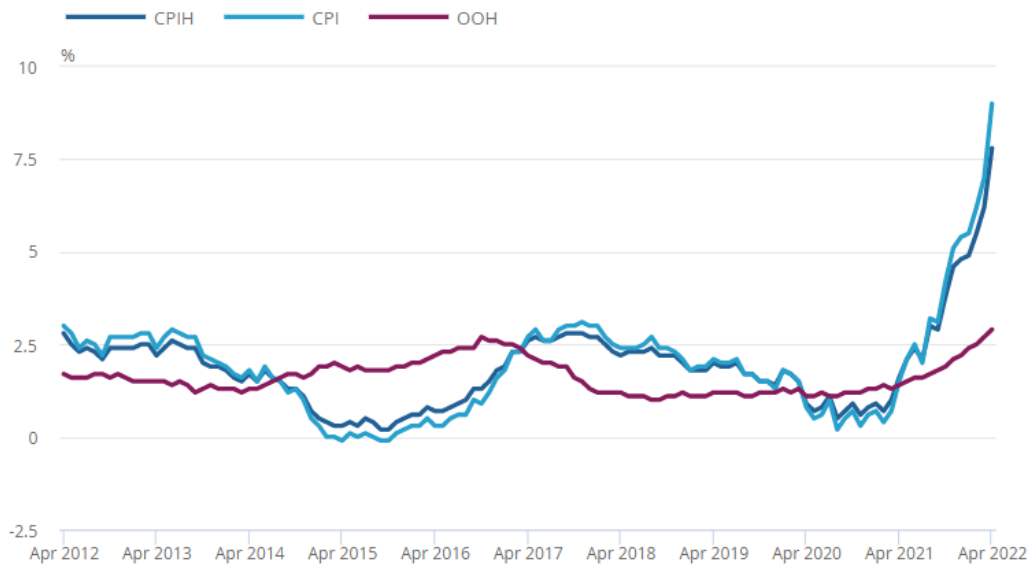
2.1 War in Ukraine (commenced late February and on-going)

2.1.1 *Global inflationary pressures have intensified sharply following Russia's invasion of Ukraine. This has led to a material deterioration in the outlook for world and UK growth*. (Source: Monetary Policy Summary, May 2022 Bank of England)

2.1.2 In the May Report central projection, CPI inflation is expected to rise further over the remainder of the year, to just over 9% in 2022 Q2 and averaging slightly over 10% at its peak in 2022 Q4 (note: July 2021 CPI was 2.0% - Source: Consumer price inflation, UK: April 2022, ONS). On the 18th May 2022, CPI was announced as 9% in April.

**Figure 1: The annual CPIH inflation rate was last higher in April 1991**

**CPIH, OOH component and CPI 12-month inflation rates for the last 10 years, UK, April 2012 to April 2022**



2.1.3 Russia is a prominent exporter of energy, producing 17% of the world's natural gas supply and 12% of its oil. (Source: BP Country Insight - Russia)

2.1.4 8% of UK oil demand is directly imported from Russia, this is to be phased out by end of 2022, a move which could serve to place extra stress on prices. (Source: UK to phase out Russian oil imports)

2.1.5 Both Russia and Ukraine are major agricultural exporters: both keystone producers of grain for direct consumption, milling or animal feeds. Impacts are already significant on key food commodity prices (since the war began there has been a c.30% increase in the price of wheat, and c.20% in the price of maize/corn). (Sources: FAO of the UN: The importance of Ukraine and the Russian Federation for global agricultural and Commodity prices, Trading Economics)

2.2 Increases in the cost of energy

2.2.1 The energy price cap calculated by Ofgem increased by 12% in October 2021 to £1,277 (based on 'typical' levels of dual fuel consumption paid by direct debit), and this has since been followed by the April 2022 price cap increase which resulted in about 18 million households on standard tariffs seeing their annual bill jump from £1,277 to £1,971 (54%) - an average increase of £693 (difference due to rounding).

2.2.2 A further increase to the price cap is expected in October 2022 of c.£700-£850 (OBR forecasts published alongside the Spring Statement assume £830 - Source: Economic and fiscal outlook, March 2022, OBR) on top of current bills remains a likely 'good case' scenario - one that assumes that won't be significant impact from limiting Russian imports and associated impact on wholesale prices. Nevertheless, UK wholesale gas price remains highly volatile so there is significant uncertainty about exactly what rise can be expected.

2.2.3 Unlike residential households, businesses on commercial energy tariffs are not protected by any price cap and tariff prices have been rising in reaction to the spike in wholesale energy prices around the world.

2.2.4 *"Unfortunately, there will also be a delayed impact from rising energy prices as they feed through into the prices of other goods and services. In this context it is worrying that UK manufacturers' input prices were rising at an annual rate of 18.6 per cent in April, with some of those costs set to feed through into higher prices for consumers."* (Source: Cap off - understanding the April 2022 inflation increase, Resolution Foundation)

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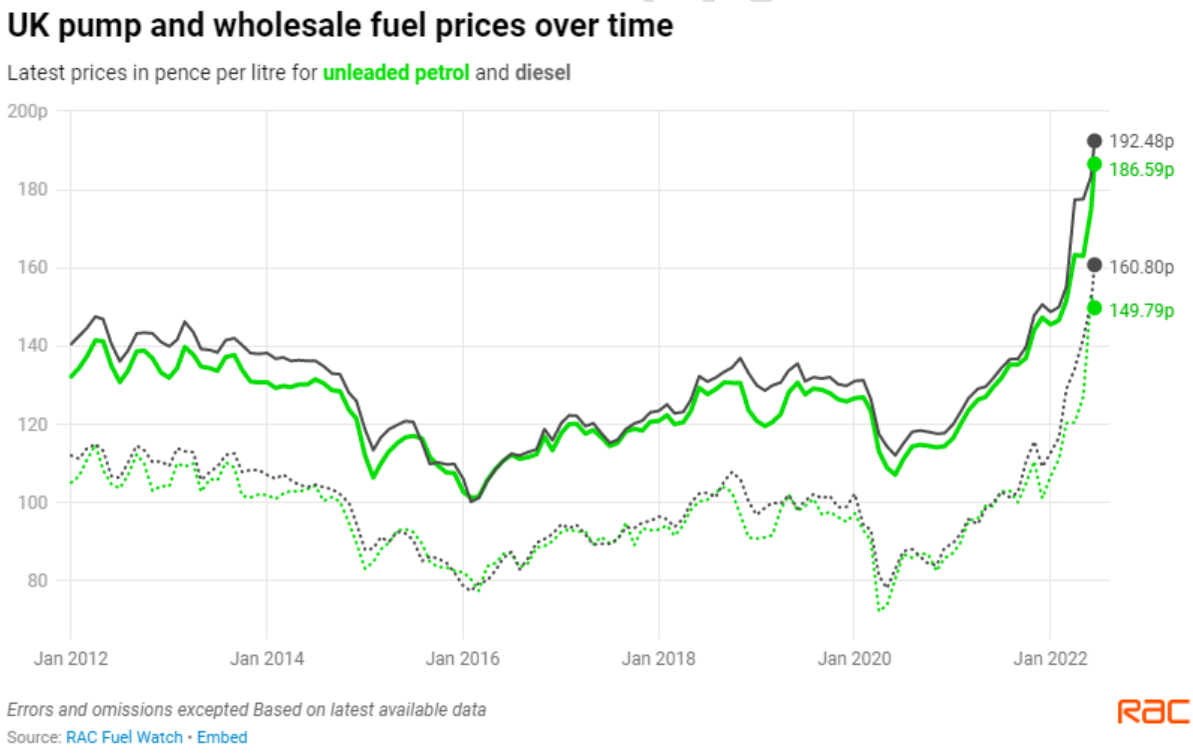
2.2.5 With a greater tendency for tight margins and restricted cash flow, small businesses are often less well placed than their large corporate counterparts to swallow increases in business running costs, such as a rise in energy bills. Small businesses are more likely to be forced to pass on their running cost increases to consumers through price hikes, just in order to survive. This has potential to put them at a competitive disadvantage. (Source: Federation of Small Businesses urgers government to tackle cost of living crisis at root)

2.3 Increases in the cost of fuel for motorists.

2.3.1 In early May the EU announced its intention to withdraw from Russian oil imports by the end of 2022; further threatening to push up fuel prices for motorists and businesses across Europe, who are already facing record high costs to fill up their tanks. In July 2021 pump price (per litre) for unleaded petrol was £1.32, and diesel £1.34 – on 15th June 2022 comparable prices were £1.87 (+42%) for unleaded petrol, and £1.93 (+44%) for diesel. (Source: RAC Fuel Watch - note dashed lines on the chart below represent wholesale costs)




2.4 Increasing cost of food, and other products

2.4.1 Like for like grocery price inflation stood at 5.9% in April 2022, its highest level since December 2011. The average household will now be exposed to a potential extra £271 per year. A lot of this is going on non-discretionary, everyday essentials which will prove difficult to cut back on as budgets are squeezed. This is translating to a clear flight to value as shoppers watch their pennies. (Source: UK shoppers seek out value as grocery inflation hits 11-year high, Kantar)

2.4.2 The average asking price of a used car in the UK has risen 18% between July 2021 (£14,781) and April 2022 (£17,418). (Source: AutoTrader Retail Price Index)

2.4.3 Regulated rail fare increase at highest in 9-years at 3.8%. (Source: Highest rail fare rise in nine years takes effect - BBC News)

2.5 On-going global impacts of COVID e.g. lockdown restrictions in the east - notably China, are still affecting supply chains in the west, impacting cost and availability of materials/parts.

2.5.1 Shanghai, which is home to the world's largest container port, has been the subject of city-wide lockdown during April 2022 related to the Omicron variant. Global supply chains that were already stretched are being hampered further. (Source: China lockdowns prompt domestic shortages)

2.5.2 The global semi-conductor shortage is still impacting consumer products with retailers expected to increase costs. (Source: Understanding the global chip crisis). Intelligence from the Bank of England's Agency network suggests that shortages of semiconductors have been exacerbated by recent lockdowns in China. Contacts also reported difficulties in obtaining components and other inputs owing to the war in Ukraine, and were seeking alternative suppliers or running down existing stockpiles to support output. (Source: Monetary policy report, May 2022, BoE).

2.6 How the impact of inflation is distributed across society

2.6.1 *"Lower income families are more exposed to the rising cost of living, and not just because poorer families have fewer opportunities to cut back spending. The poorest tenth of households (by income) spend three times as much as a share of expenditure on gas and electricity bills as the richest tenth. This means the lowest income tenth of people are facing an inflation rate at least 1.5 percentage points higher than the richest tenth (see chart below). The Bank of England has warned the UK could see double-digit inflation later this year. Poorer households are already living with it."* (Source: Cap off - understanding the April 2022 inflation increase, Resolution Foundation)

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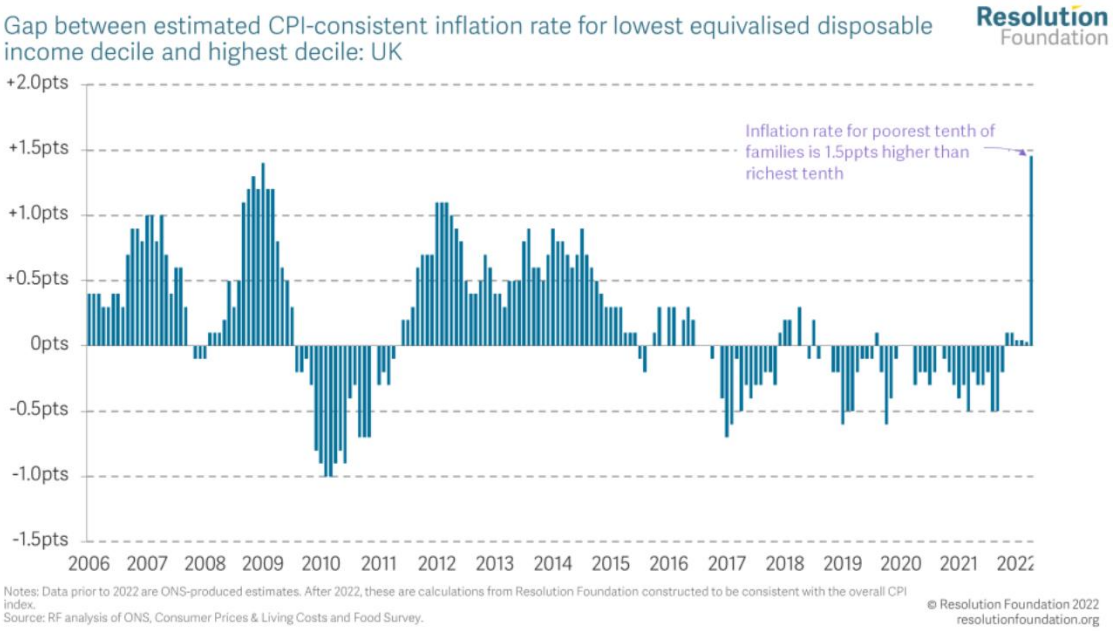



2.7 Changes to Bank of England base rate - 0.25% in Jan 2022, risen to 1.25% (16th June) - moving into a phase of more expensive borrowing.

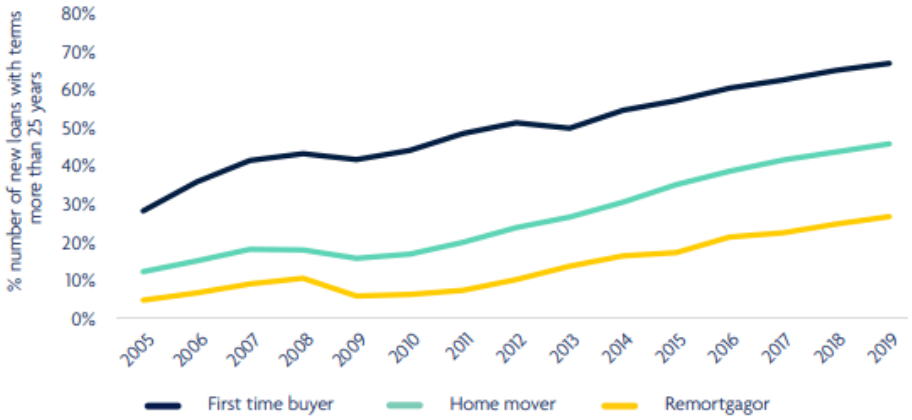
2.7.1 *Rates on new lending to SMEs rose by around 110 basis points between January and March this year, and are now slightly above their 2019 levels. While larger firms' ability to access credit is broadly unchanged, credit conditions have tightened slightly for smaller firms since January 2022.* (Source: Monetary policy report, May 2022, BoE).

2.7.2 *'Surveys of business activity have generally remained strong. There have, however, been signs from indicators of retail spending and consumer confidence that the squeeze on real disposable incomes is starting to weigh on the household sector. The level of GDP is expected to be broadly unchanged in Q2.'* (Source: BoE MPC May 2022 minutes)

2.7.3 About a third of UK adults have a mortgage. Of those, three-quarters have a fixed mortgage, so will not be immediately affected. The rest - about two million people - will see their monthly repayments rise.

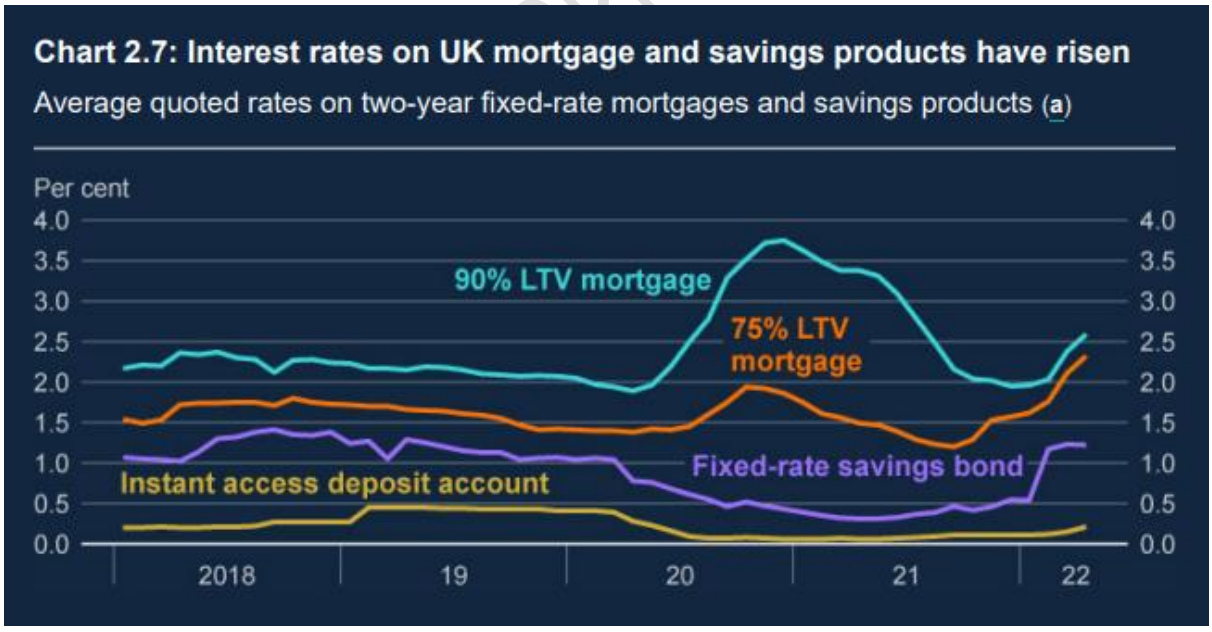
2.7.4 The popularity of 5-year fixed deals has increased in recent years, in comparison to shorter 2-year fixes. This change in preference has taken place amidst a backdrop in which mortgage terms have lengthened (in part a response to rising house prices). This points to less flexibility for homeowners to reduce their monthly outgoings should they find themselves exposed to higher interest rates when their fixed product period ends. (Source: The changing shape of the UK mortgage market - UK Finance)

**Chart 8 - Lengthening mortgage terms**




*Source: UK Finance - restricted access data*

2.7.5 *"Quoted rates on mortgages have recently increased across all LTVs, reflecting the pass-through of higher risk-free rates. The quoted rate on a 75% LTV mortgage has risen by around 70 basis points since January, while the rate on a 90% LTV mortgage is up by 65 basis points."* (Source: Monetary policy report, May 2022, BoE).



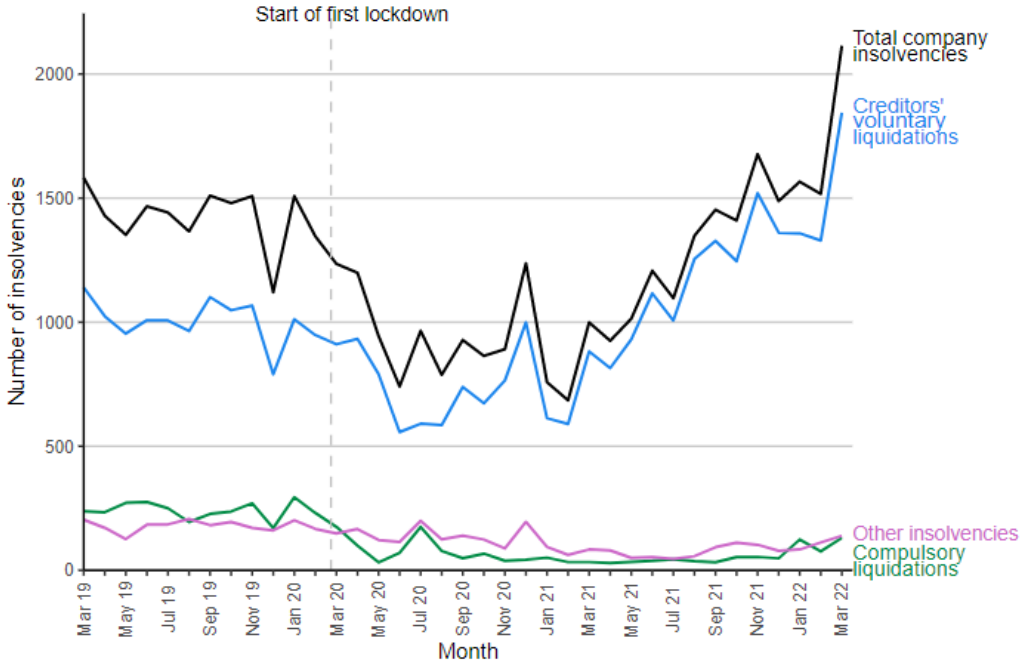
2.8 Removal of Government Covid-support schemes, such as furlough, enhanced sick pay, business rates pauses, and the Universal Credit uplift. Also, businesses are starting to have to pay back Covid loans.

2.8.1 *"Businesses that were just hanging on before the recent interest rate rises have seen the rise in borrowing costs push them over the edge. Between interest rates and inflation, this is the most difficult period for businesses since the height of the pandemic. This time they are having to manage without government support. UK businesses will be hit by the 'cost of living crisis', just as consumers will be."* Rebecca Dacre, partner at Mazars. (Source: Business insolvencies increase amidst spiralling inflation)

2.8.2 The moratorium winding up petitions prevented creditors from applying to make a business insolvent because of unpaid debts during the Covid crisis, but this ended on 31 March. The end of this protection for struggling businesses will likely result in more insolvencies in the coming months - the number of registered company insolvencies in March 2022 (England and Wales) climbed above pre-pandemic levels. (Source: Monthly insolvency statistics - March 2022)

**Figure 1: The number of registered company insolvencies in March 2022 was higher than pre-pandemic levels, driven by a higher number of CVLs.**

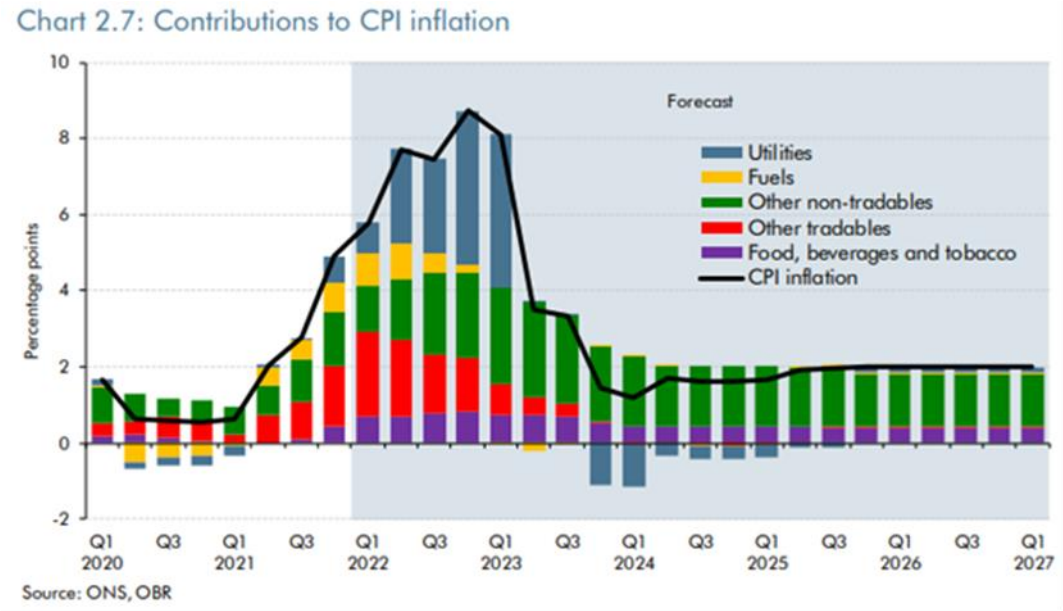
England and Wales, March 2019 to March 2022, Not seasonally adjusted




Sources: Insolvency Service (compulsory liquidations only); Companies House (all other insolvency types)

2.9 Since July 2021, time has passed for the 'squeeze' on consumer demand to take effect – whilst it is hard to judge exactly when the peak impact on society will be, it is clear that it is still to come.

2.9.1 The chart below demonstrates that inflation is expected to peak in Q4 2022 – it is important to note however that since this was published in March 2022, expectations for CPI have been revised upwards for Q4 2022 from the previous 'close to 9%' to 10.25% under a new central forecast for CPI from the Bank of England. Sources: Economic and fiscal outlook, March 2022, OBR and Monetary policy report, May 2022, BoE)




2.9.2 See previous reference to *'There have, however, been signs from indicators of retail spending and consumer confidence that the squeeze on real disposable incomes is starting to weigh on the household sector.'* (Source: BoE MPC May 2022 minutes)

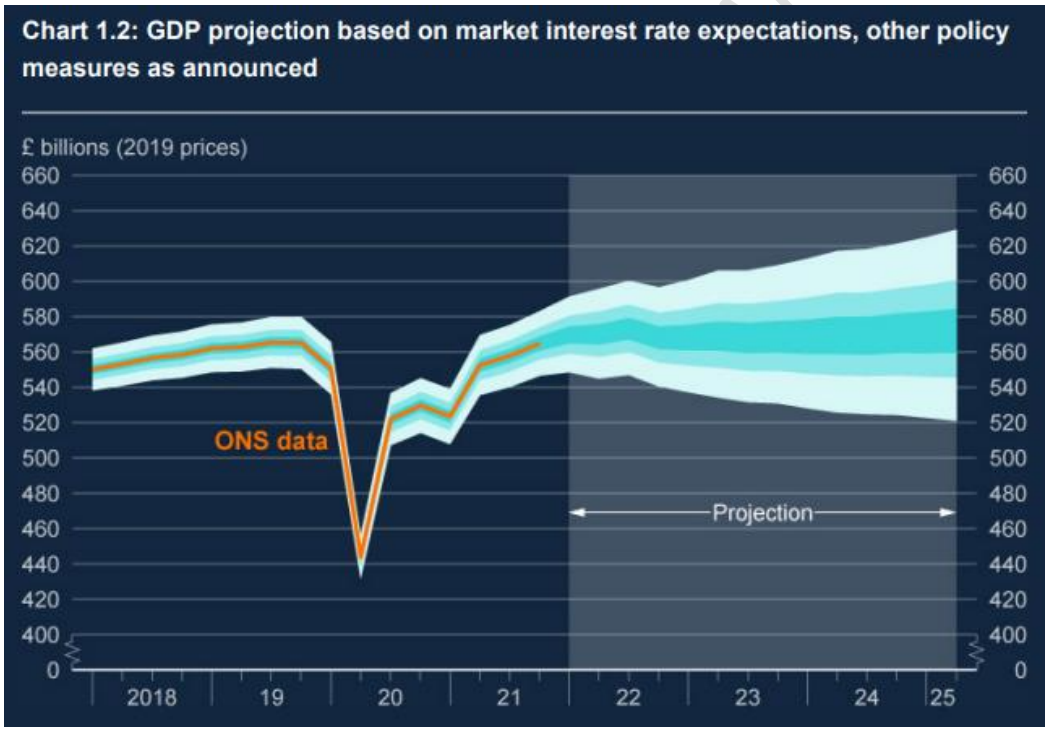
2.9.3 The UK consumer confidence index, a measure of how people view the state of their personal finances and wider economic prospects, crashed seven points to minus 38 in April, its lowest level since 2008 when it was minus 39, according to research company GfK. (Source: UK consumer confidence plunges - Financial Times)




2.10 Revised projections for UK GDP Growth

2.10.1 BoE estimates that quarterly UK GDP growth was 0.9% in 2022 Q1. Growth slows sharply over the first half of the projection (see first chart below), reflecting the significant adverse impact of higher global commodity and tradable goods prices on UK demand. GDP is projected to fall in 2022 Q4 (see second chart below), driven largely by the decline in households' real incomes, including that stemming from the projected rise of around 40% in retail gas and electricity prices when the Ofgem price caps are next reset in October. Calendar year GDP growth is broadly flat in 2023. Four-quarter GDP growth picks up to around 0.75% by the end of the projection as the pressures on household incomes ease somewhat, although this is still below pre-pandemic rates. (Source: Monetary policy report, May 2022, BoE).

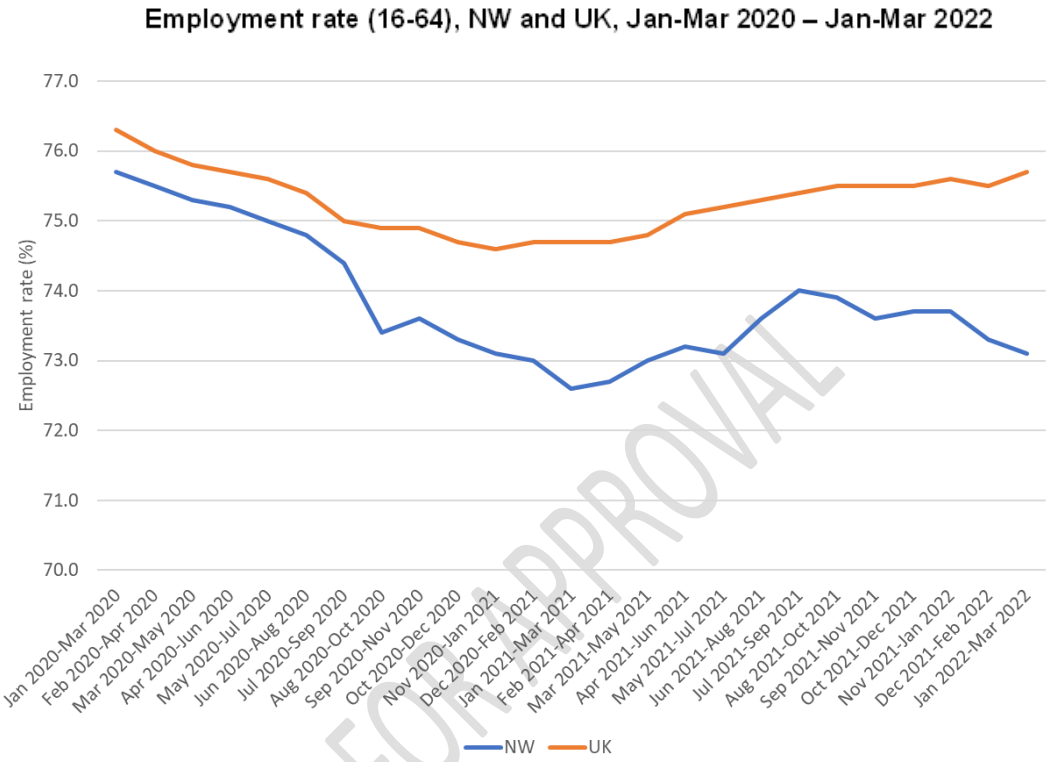



## 3 Regional (North West) - labour market review

3.1 Labour market data released by the Office for National Statistics on 17 May 2022 showed that the employment rate in the North West continued to fall. It was 73.1% in the three months to March 2022. At the start of the pandemic it was 75.7%. The North West has about 130,000 fewer jobs than before the pandemic.

3.2 The gap between the jobs performance of the North West and that of the UK was at its widest in two years in the Jan-March 2022 data (a gap of 2.6ppts). Nationally, the employment rate for the UK was 75.7% - up from 75.5% in the three months to February. The North West therefore seems to be on a different trajectory from UK patterns. (Source: Labour market in the regions of the UK: May 2022)




3.3 An increase in working age economic inactivity has attracted national attention. In the NW of England the Covid-driven rise is more marked than the national average. As well as the inactivity rate returning to a pandemic high of 23.5% in the most recent data the gap with the UK has widened once more (2.1ppts). (Source: Labour market in the regions of the UK: May 2022)

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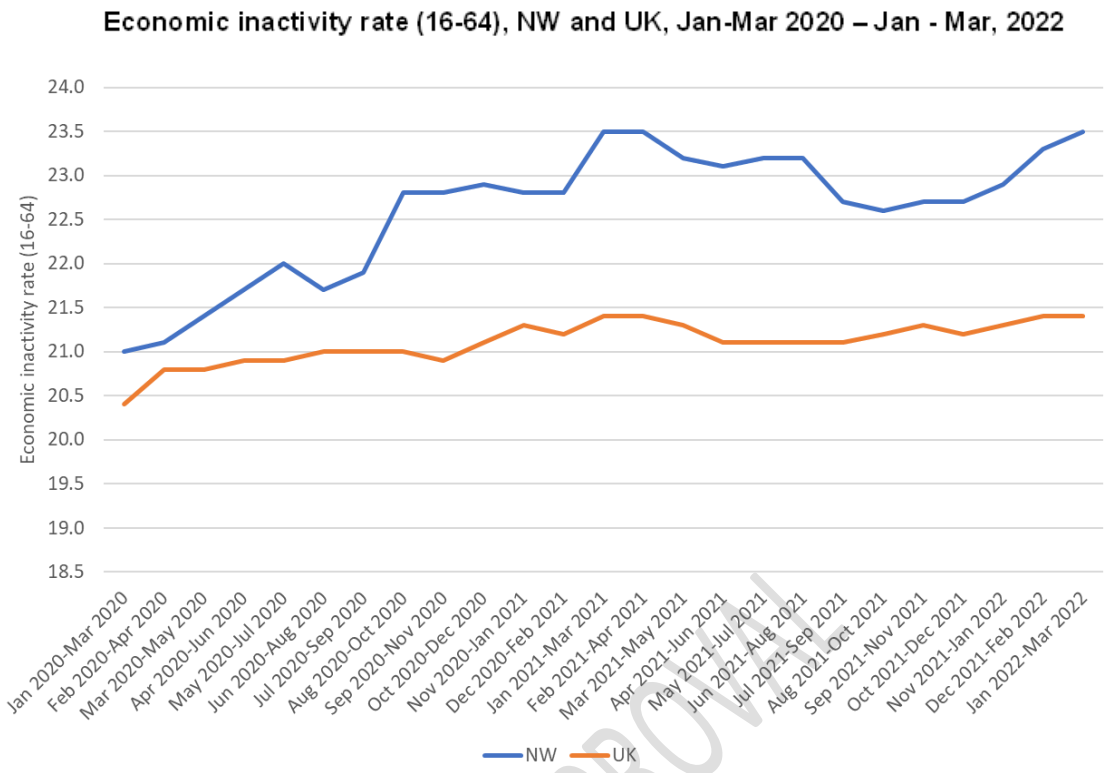


## 4 GM specific factors

4.1 GM Business composition

4.1.1 In 2021 GM had c.107,000 registeresd businesses – 98% of which had less than 50 employees (defined here as 'small'). Despite having comparable total and working age populations, GM has an additional c.15,000 'small' businesses in comparison to the West Midlands combined authority area. (Source: UK Business Counts 2021 - enterprises by industry and employment size band)

4.1.2 The chart below is based on UK wide data, but it is important for demonstrating the importance of 'small' businesses in terms of both employment and turnover. (Source: Business population estimates for the UK and regions 2021, BEIS)

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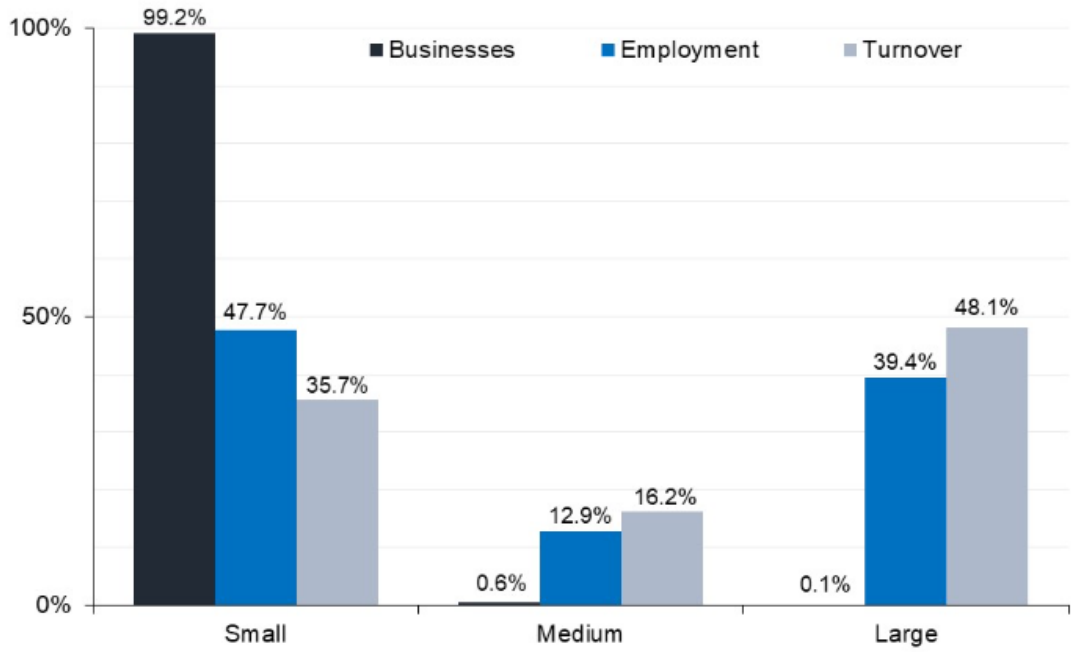


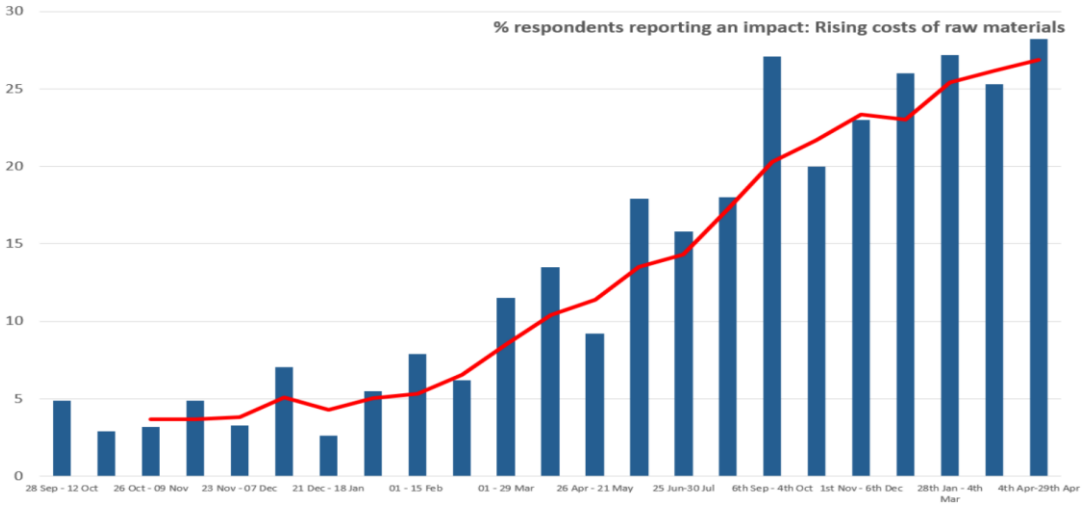

4.2 Outlook for GM Businesses

4.2.1 The GC Situation Report May 2022 contains findings based on 246 surveys completed with firms (almost all in Greater Manchester), between the 4th April and 29th April 2022.

4.2.2 The GC survey and other national statistics and surveys show that there is heightened concern about input prices and the volatility of supply chains.

4.2.3 The stand-out change in the survey results for April is the proportion of firms identifying the pressing challenges of managing overall business finances (43% vs 33% previously). This is mirrored by a four percentage-point rise in businesses reporting insolvency risk / financial stress in other third party risk data (RedFlagAlert).

4.2.4 The chart below points to the increasing proportion of GM businesses being impacted by the rising costs of raw materials - April 2022 reported a value of 28% vs. 16% for July 2021 (Source: Growth Company Business Survey)




4.2.5 Recruitment remains a key challenge for business, with total vacancies across all sectors having been at high levels over the last year - this is meaning that some firms are finding significant challenges in staffing their operations - Manchester Airport being a key example. The previously noted increase in economic inactivity brought about by the pandemic has likely shrunk the size of the available workforce to GM businesses (in the North West during Jan-March 2022 the working age inactivity rate was 23.5% vs. a national inactivity rate of 21.4% - this is higher than it was at the beginning of 2020. (Source: Labour market overview, UK: May 2022, ONS)

4.3 Wages in Greater Manchester (ONS 'experimental' data)

4.3.1 The chart below indicates that estimated median pay in GM is over £100 a month below the UK median (note: this data is unadjusted for inflation and indicates the trend only). The wage gap was at its widest in January of 2022 (£127 a month). The data suggests that GM nominal median pay has increased since last month, but fallen slightly in the UK. Real terms pay has been falling recently in the midst of cost of living increases. (Source: Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted, ONS)

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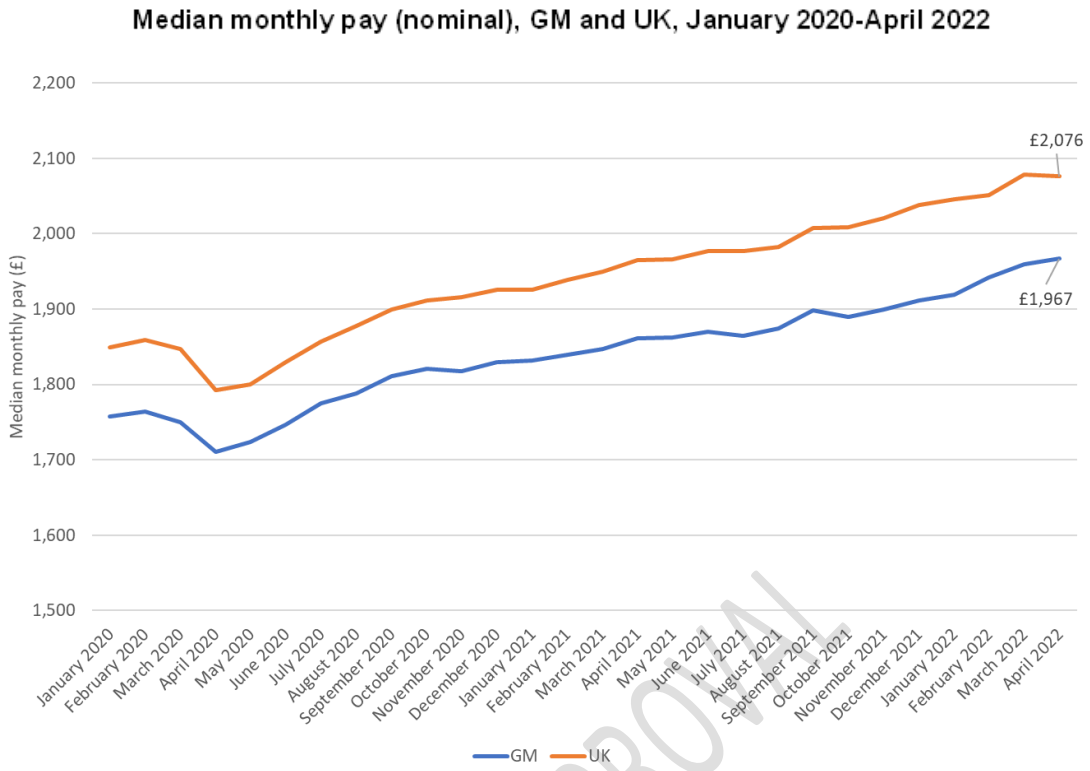


4.4 Understanding the GM residential population

4.4.1 53% of the GM resident population is classified as either 'Financially Stretched' or 'Urban Adversity', the corresponding value for the UK is just 40% - this demonstrates the greater vulnerability of the GM population to inflation associated with non-discretionary spend (Source: Acorn 2021. CACI Limited. The applicable copyright notices can be found at http://www.caci.co.uk/copyrightnotices.pdf)

4.4.2 For 'Financially Stretched' and 'Urban Adversity' households - disposable income is typically well below average, and often below £10k - note: the values shown in the chart below are prior to the full impact of the recent 2022 surge in inflation being felt. This means that those with limited disposable income as of 2021, are now likely to be even more vulnerable to any costs that may be passed onto them as a result of CAP related interventions. It also serves as a reminder that GM businesses that rely on demand from GM residents, could be particularly vulnerable to weakening consumer demand.

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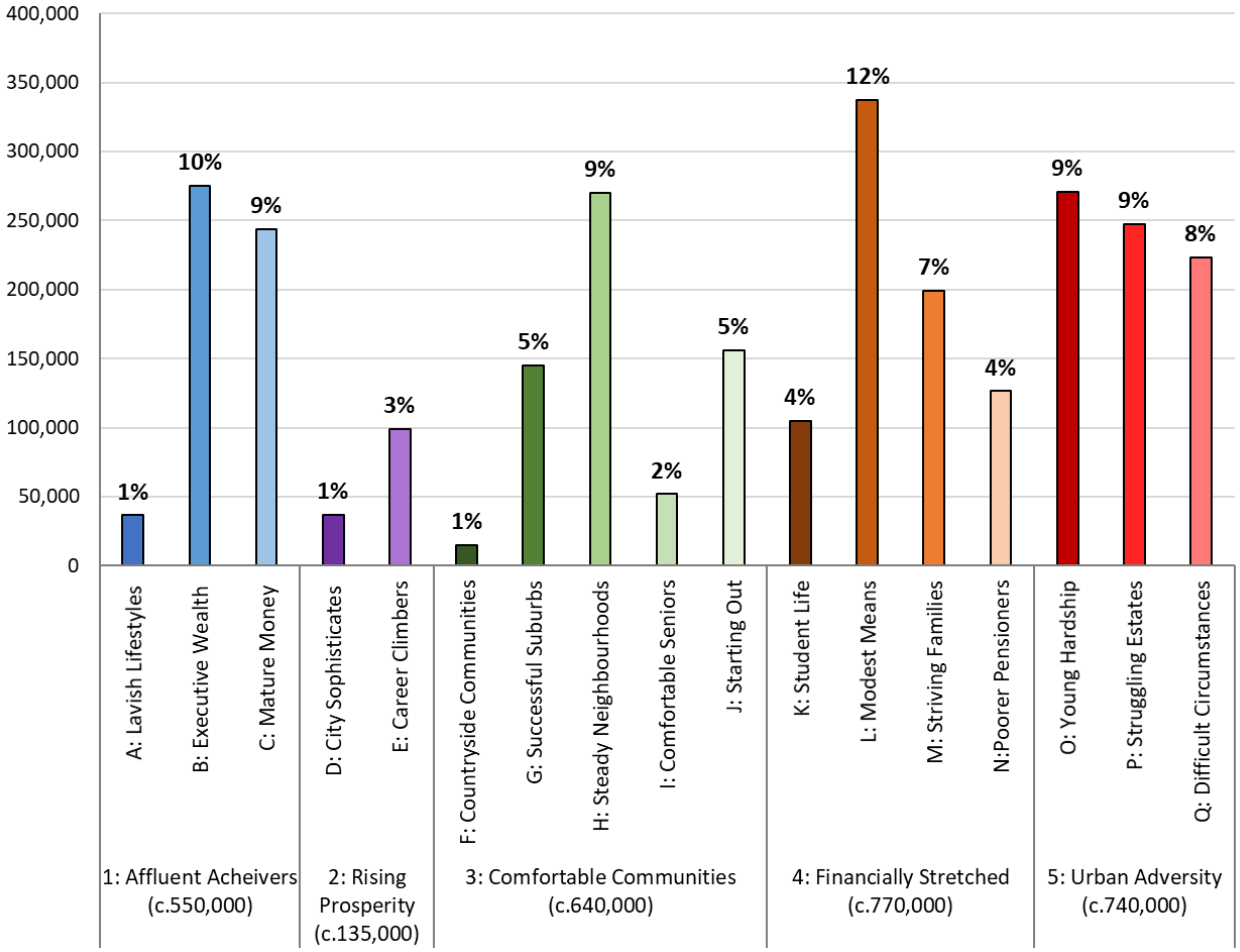


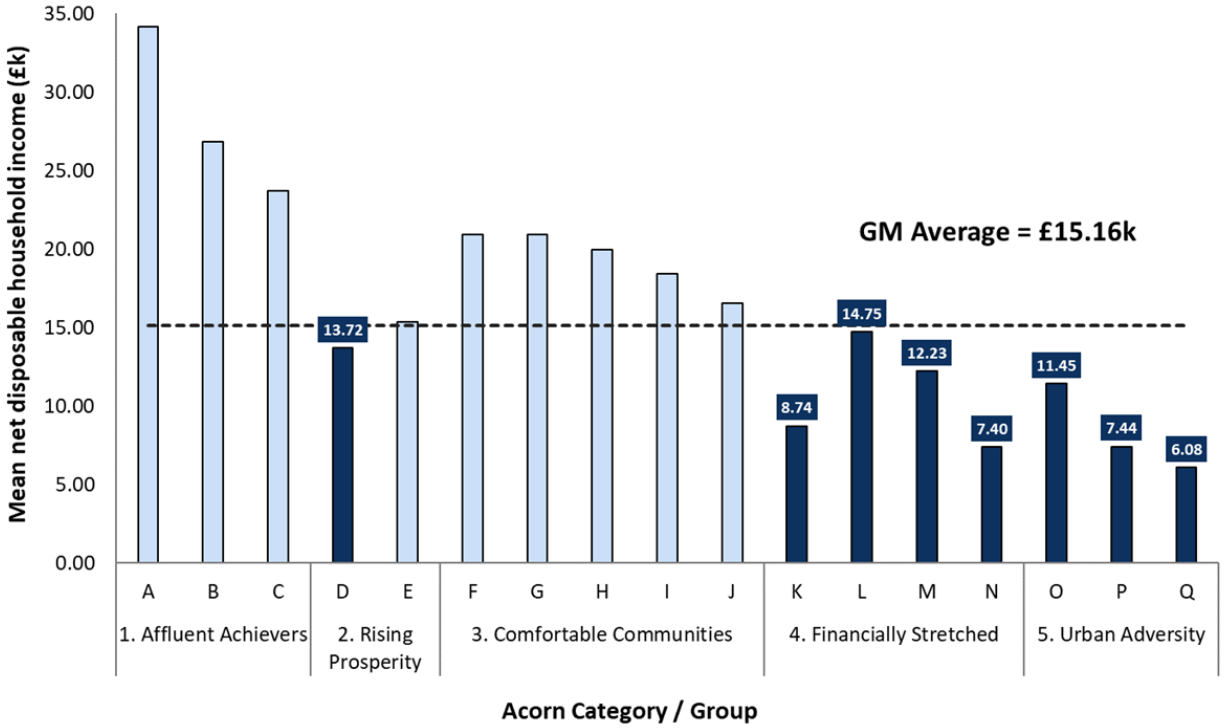


(Source: Acorn 2021, Paycheck Disposable Income. CACI Limited. The applicable copyright notices can be found at http://www.caci.co.uk/copyrightnotices.pdf)

## 5 Conclusion

5.1 UK inflation reached a 40-year high of 9% during April 2022, up from 2% in July 2021. It is widely accepted that inflation will increase to higher levels still during the remainder of 2022, with evidence already pointing to consumer demand being dampened.

5.2 GM is not insulated from the impacts of high inflation, in fact in some respects it is particularly vulnerable - noting its relatively high volume of small businesses, and a higher than average (vs.UK) proportion of residents who typically have below average disposable household incomes.

5.3 The Bank of England has already responded by increasing base rate to 1.25% (up from 0.1% in July 2021) - signalling that further rate rises are likely. This in turn will increase the cost of borrowing to both businesses and residents who require finance and are not protected by fixed rates.

5.4 Meanwhile the Bank of England's Monetary Policy Report (May 2022) points to an expectation for GDP to fall in Q4 2022, and be 'broadly flat' during 2023.

5.5 In summary, any intervention, such as a charging clean air zone, that could see businesses forced to pay additional charges and potentially pass costs on to the consumer, could have severe consequences for those groups who are already struggling to cope with the cost of living crisis.

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**Report to CABINET**

# Levelling Up Oldham:
## The Oldham Economic Review of Economic Transformation and Civic Pride

**Portfolio Holder:**
Cllr Chadderton, Leader of the Council and Cabinet Member for Regeneration and Housing

**Senior Officer:**
Harry Catherall, Chief Executive of Oldham Council

**Report Author:**
Emma Barton, Executive Director of Place and Economic Growth

**25 July 2022**

**Reason for Decision:**

Oldham's residents are rightly proud of the place we call home. From the monumental mills that remind us of our heritage in the cotton industry, to communities where the impulse to help out a neighbour is still strong, to the glorious Peaks on our doorstep: Oldham has a lot going for it, but it is recognised that we have untapped potential that is untapped.

Cabinet approval is sought for formally accept the recommendations of the independent Oldham Economic Review Board, through their report: ***Levelling Up Oldham: The Oldham Economic Review of Economic Transformation and Civic Pride. (March 2022)***

**Recommendations**

Cabinet members are asked to:

1) Note the findings of the Commission and endorse the recommendations set out in the review and accept and approve them

2) Confirm that the recommendations will feed into the work programme / agenda for the refreshed Oldham Partnership to continue with wider partnerships for the accountability of deploying relevant actions and delivering solutions to improve the lives of Oldham's residents.

**Executive Summary**

Alun Francis, the Principal at Oldham College was asked to lead a Commission to help plot a brighter economic future for the borough: utilising the great leaders in Oldham, and drawing on expertise from Greater Manchester, the wider region and nationally to turn the Government's Levelling Up mantra into a reality for Oldham's communities.

The Review began in September 2021, however the Government's "Levelling Up White Paper" was delayed and was not published until February 2022, which meant that it was not available until the final phase of the Review was due to complete. There is however, considerable overlap between the method of approach taken in the White Paper, and the approach taken in the Review – with the former considering issues of geographical disparity from the perspective of national systems and policies, while the Review takes a "local" approach, focussing on the options for improving one particular place.

On the conclusion of the Commission, the documents are in the public domain, however this report is to formally allow the Council to accept the findings and to embed the recommendations into the work of the refreshed Oldham Partnership.

***Levelling Up Oldham:***
***The Oldham Economic Review of Economic Transformation and Civic Pride***

## 1 Background

1.1 Oldham's position in Greater Manchester and the youth and talent of our population means Oldham could be a greater place to base an ambitious, innovative and growing business. But like lots of other places in the UK, we've faced challenges as the economy has changes. We need to do something different if our residents are to have the opportunities and successes they serve.

1.2 We want every young person in Oldham to know they'll have the chance of a great career without having to leave their hometown. We want to give people options when its time for a career change, or they'd like to upskill. We want every family to have decent home and income, as well as activities and opportunities on the doorstep to boost pride and make Oldham a fun place to live.

1.3 Alun Francis, the Principal at Oldham College was asked to lead a Commission to help plot a brighter economic future for the borough: utilising the great leaders in Oldham, and drawing on expertise from Greater Manchester, the wider region and nationally to turn the Government's Levelling Up mantra into a reality for Oldham's communities.

1.4 The Economic Review was undertaken under a remit to examine the town's approach to improving its economic prospectus. It was conducted through a partnership between Oldham College and the University of Manchester, which has helped ensure that the Review had access to the expertise needed, but also maintained independence.

1.5 The Review began in September 2021, however the Government's "Levelling Up White Paper" was delayed and was not published until February 2022, which meant that it was not available until the final phase of the Review was due to complete. There is however, considerable overlap between the method of approach taken in the White Paper, and the approach taken in the Review – with the former considering issues of geographical disparity from the perspective of national systems and policies, while the Review takes a "local" approach, focussing on the options for improving one particular place.

1.6 The Review has intentionally mirrored the themes in the Levelling Up White Paper. The aim is to help Oldham be clear about how it might engage positively in the new policy landscape, with a strong focus on the twin themes which have come to characterise the meaning of "levelling up": economic transformation and civic pride.

1.7 Oldham's residents are rightly proud of the place we call home. From the monumental mills that remind us of our heritage in the cotton industry, to communities where the impulse to help out a neighbour is still strong, to the glorious Peaks on our doorstep: Oldham has a lot going for it, but it is recognised that we have untapped potential

1.8 Cabinet approval is sought for formally accept the recommendations of the independent Oldham Economic Review Board, through their report: ***Levelling Up Oldham: The Oldham Economic Review of Economic Transformation and Civic Pride. (March 2022)***

## 2 Levelling Up White Paper Policy Context:

2.1 **Context:** the problem The Levelling Up White Paper provides an overview of the history and characteristics which shape and drive economic, social and geographical disparities in the country. This chapter provides an introduction to the way these issues are evident in Oldham, and how they relate to structure of its economy and the decline of some of its main industries. It describes Oldham's main challenges, provides a summary of key data, and summarises recent trends including where progress has been made in the shaping of its future.

2.2 **Economic purpose -** The White Paper sets out five pillars through which it intends to drive levelling up policy, alongside a set of six capitals and twelve policy 'missions'. However, it is also clear about the ultimate destination, which is to create a "new model of economic growth, public and private investment and a high skill, high wage economy". While successful places require strong public services and have a clear role for community and voluntary activity, the focus of policy is on "supporting the private sector" as the "real engine of wealth creation – to invest more, grow more and take more risks". This chapter discusses the core challenge of defining Oldham's economic purpose and why having a clear and relentless commitment to this is important in driving change over the long term.

2.3 **Business and Innovation -** Improving productivity, pay and living standards are a core theme and objective of the White Paper, with a strong emphasis on growing the private sector, especially through business innovation and improving infrastructure such as transport and digital connectivity. This chapter focusses on the importance of private sector growth in Oldham and the role of private, public and voluntary sector partners in supporting employment and local enterprise.

2.4 **Skills and Jobs -** Opportunities and improved public services, with a particular emphasis on education and skills, are central to the White Paper proposals. This chapter focusses primarily on skills, and the issues which Oldham needs to solve, in order to fulfil its ambitions.

2.5 **Civic Pride and 'a Sense of Place' -** The White Paper focusses a great deal of attention on restoring a sense of community, local pride and belonging, particularly around town centre regeneration, housing and crime. This chapter focusses on the related theme of 'social fabric', the role of 'community wealth building' and the importance of the town centre and the borough's high streets and the role of civic pride within Oldham

2.6 **Institutions** - The White Paper makes very clear recommendations about systems for delivering change, alongside the importance of local institutions, capacity and clear "missions" and targets which provide a focus for action and a source of accountability. This chapter focusses on the systems for delivery within Oldham, as part of Greater Manchester, and what can be done to improve these.

## 3 Summary of Recommendations:

3.1 **THE LONG GAME:** Oldham must set out is long term ambitions and aspirations, with missions and targets, for the aims and ambitions for Oldham through to 2030.

3.2 **ECONOMIC PURPOSE:** Breaking Oldham's dependence on "foundational economy" employment should be a central target in reshaping its long-term economic purpose. Oldham needs to set out clear plans for how it intends to achieve this. Relentlessly anchor all future activity and projects back to the delivery of Oldham's long-term transformation, that it is organised through a set of coherent sub-strategies, with missions and targets which are directly connected to the delivery of that transformation.

3.3 **BUSINESS AND INNOVATION**: A clear strategy for productivity and business, which includes manufacturing, business support, enterprise and innovation, all within a single strategic framework, with a clear set of missions and targets around improving productivity, increasing wages and boosting standards of living. Proactive engagement with neighbouring authorities in the Northern Gateway, and in particular the AMPI project to support manufacturing. Liaise with Innovation GM for Oldham to play a leading role in extending the emerging innovation network in Greater Manchester, into Oldham town centre. Develop a "best practice" programme for anchor institutions. • Develop a broader strategy for social enterprise, including its engagement with Greater Manchester initiatives to build capacity, share and develop expertise.

3.4 **SKILLS AND JOBS**: Take a lead in setting the missions and targets for adult skills, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and GMCA, which will shape the use of adult funding in the borough to 2030. This should include its own analysis of the challenge of adult skills, and the levels of investment needed to make the borough competitive in the labour markets of Greater Manchester. Capacity build its general further education college to maximise its impact, including the delivery of a coherent alternative set of pathways, both work-based and classroom based, for those young people and adults seeking to progress into careers outside of the residential three year degree route, should be a clear policy priority. Undertake a review of post-16 provision which assesses the positive and negative impacts of competition between providers throughout the post-16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision, and what can be done to improve collective impact. Oldham should pilot and adapted the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. It recommended that this work is led through a partnership between Greater Manchester Chamber of Commerce and Oldham College.

3.5 **CIVIC PRIDE AND 'A SENSE OF PLACE'**: Receive and act on the Institute for Place Management diagnostic report on ways that town centre management can be improved. Continue to work with partners from all sectors to enhance private sector engagement in the regeneration of the town centre, and increase investment from all sources. An assessment is built into all current and future projects, to ensure that their purpose is clear, and their contribution is robust, transparent and accountable to the "long game". Build on the mill strategy to a brownfield mill redevelopment project as a demonstrator of new technologies and materials (including environmental/net zero) of best practice and a site for future excellence in both high-level skills, apprenticeships and firm innovation. Review the potential for a stronger neighbourhood approach to those areas where multiple indicators – education, skills, health and crime – appear to overlap and consider focussed partnerships to test out new approaches to improvement. Develop a strategic plan to protect and develop its key voluntary, community, cultural and sporting institutions, and a strategy for how they, along with the anchor institutions, can work together to build the foundations of the long-term transformational plan

3.6 **INSTITUTIONS**: Recognise the mutual importance of the six capitals in driving improvements and develop a strategy to capacity build and support key institutions. Set up a new overarching 'levelling up' board, with independent representation, to oversee the delivery of the 2030 vision, with clear reporting around the local "levelling up" Missions and targets, back to the Council and Oldham Leadership Board. Work with Greater Manchester partners to ensure transparency about the investment of resources and expertise into Oldham and the impact of these on Oldham's levelling up vision for 2030. Work with the University and the college, and other key institutions, to develop a bespoke leadership and training programme, to focus the "common purpose" of all stakeholders around the 2030 vision for Oldham.

## 4 Consultation

4.1 Extensive consultation with panels, experts, think tanks, partners and community representatives took place, as part of the Commission work.

4.2 During the launch of the OER findings, further engagement took place with wider stakeholders, partners, Members and MPs.

4.3 As various programmes of work develop through the Oldham Partnership, further engagement and consultation will be needed.

## 5 Financial Implications

5.1 There are no financial obligations for the Council to consider at this stage in accepting the findings of the OER. Any financial implications for the Council that may arise from the Oldham Partnership programmes of work will be the subject of future reports.
(James Postle - Finance Manager)

## 6 Legal Services Comments

6.1 There are no legal issues for the Council to consider at this stage in accepting the findings of the OER. Once acceptance translates into action then the Council will need to make sure it conducts and takes proper account of all necessary consultations and continues to comply with the Constitution in particular the Contract Procedure Rules, Financial Procedure Rules and if Council assets are involved, the Land and Property Protocol.
(Rebecca Boyle, Group Solicitor – Corporate Team)

## 7 Human Resources Comments

7.1 There are no HR matters for consideration in accepting the findings of the OER.
(Catherine Pearson – Strategic HR Lead)

## 8. Co-operative Agenda

8.1 The recommendations are in line with the Co-operative Agenda, the creation of a refreshed approach to supporting the economic prosperity of the borough. (Amanda Richardson - Policy Manager)

## 9 Risk Assessments

9.1 There are no specific risks for consideration in accepting the findings of the OER at this stage. The detailed risks and benefits will become apparent as the Council begins the detailed work to deliver the aspirations of the OER. (Mark Stenson – Assistant Director of Corporate Governance and Strategic Financial Management)

## 10 IT Implications

10.1 N/A

11 **Property Implications**

11.1 N/A

12 **Procurement Implications**

12.1 There are no Procurement issues for consideration in accepting the findings of the OER. (Dan Cheetham, Procurement.)

**14 Environmental and Health & Safety Implications**

14.1 N/A

**15 Equality, community cohesion and crime implications**

15.1 N/A at this stage of accepting the findings of the OER.
(Natalie Downs, Stronger Communities)

**17 Implications for Children and Young People**

17.1 Positive outcomes, opportunities and aspirations noted within the findings and recommendations of this work.

**18 Equality Impact Assessment Completed?**

18.1 N/A

**19 Key Decision**

19.1 Yes

**20 Key Decision Reference**

20.1 **ESR-14-22**

**Appendices – Levelling Up Oldham Reports**

Appendix A – Executive Summary

Appendix B – Full Report

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# LEVELLING UP OLDHAM

The Oldham Economic Review of
Economic Transformation and Civic Pride

OERB | Oldham Economic Review Board

AN EXECUTIVE SUMMARY

MARCH 2022

# FOREWORD

**Oldham residents are rightly proud of the place we call home.** From the monumental mills that remind us of our heritage in the cotton industry, to communities where the impulse to help out a neighbour is still strong, to the glorious Peaks on our doorstep, Oldham has a lot going for it.

There's no doubt, however, that we have potential that's currently untapped. Our position in Greater Manchester and the youth and talent of our population means Oldham could be a great place to base an ambitious, innovative and growing business. But like lots of other places in the UK we've faced challenges as the economy has changed. We need to do something different if our residents are to have the opportunities and successes they deserve. We want every young person in Oldham to know they'll have the chance of a great career without having to leave their hometown. We want to give people options when it's time for a career change, or they'd like to upskill. We want every family to have a decent income, as well as activities and opportunities on the doorstep to boost pride and make Oldham a fun place to live.

That's why I asked Alun Francis, the Principal at Oldham College, to lead a Commission to help us plot a brighter economic future for the borough. We need to make the most of the great leaders we have in Oldham, and draw on expertise from elsewhere to turn the Government's Levelling Up mantra into a reality.

I'm grateful to the Commissioners for the time and insight they've brought to this process, and look forward to working with them and our valued partners across the borough to translate the vision set out here into reality.



**Cllr Arooj Shah**
Leader, Oldham Council



# ABOUT THE REVIEW

**The Oldham Economic Review has** been undertaken at the request of Oldham Council, with a remit to examine the town's approach to improving its economic prospects.

It has been conducted through a partnership between Oldham College and the University of Manchester, which has helped ensure that the Review has access to the expertise it has required, but has also maintained its independence. Oldham Council contributed toward essential costs and this was matched by the University of Manchester, using CAPE funding. The Review has also leveraged in additional expertise to undertake further research which will help Oldham define and achieve its ambitions.

## THE REVIEW BOARD MEMBERS

The Review board has comprised 12 independent members, chosen from a range of public, private and voluntary organisations – in Oldham and its wider environs. It has been chaired by **Alun Francis,** Principal and Chief Executive of Oldham College and vice chair, **Rubbi Bhogal Wood,** Director of Wild and Form digital consultancy. **Andy Westwood,** Professor of Government Practice and Vice Dean for Social Responsibility, has led the input from the University side, and other members have included:

- **Bilal Rahman** (Business person, owner of ibreathe and KickSonic)
- **Cath Farrell** (Housing consultant, former CEO of First Choice Homes)
- **Clive Memmott** (Chief Executive, Greater Manchester Chamber of Commerce)
- **Donna McLaughlin** (Northern Care Alliance)
- **Emma Barton** (Director of Economy, Oldham Council)
- **John Wrathmell** (Director of Research, Strategy and Economy, Greater Manchester Combined Authority)
- **Kashif Ashraf** (Joint Chair and Founder of Asian Business Leaders)
- **Laura Windsor Welsh** (Oldham Action Together)
- **Richard Jones** (Chair in Materials Physics and Innovation Policy, University of Manchester)

The Review has been undertaken in the style of a parliamentary commission, with the Review board meeting on a monthly basis to hear evidence from national and local expert witnesses, before forming conclusions and making recommendations.

## SCHEDULE OF EVIDENCE SESSIONS

| | 21 October 2021 | Witness |
|---|---|---|
| 1 | **Devolution, from MIER to Towns Fund** | Mike Emmerich (Metro Dynamics) |
| 2 | **Levelling Up Oldham** | Will Tanner (Onward)<br>Jen Williams (MEN) |
| 3 | **GM's strategy, levers and projects** | Simon Nokes (GMCA) |
| 4 | **Oldham's strategy, levers, projects** | Emma Barton (Oldham Council) |
| | **11 November 2021** | |
| 5 | **Work, Skills and Levelling up** | Jonathan Simons (Public First) |
| 6 | **Breaking Oldham's Low Skills Equilibrium** | David Goodhart (Policy Exchange) |
| 7 | **Oldham's strategy, levers, projects** | Jon Bloor (Oldham Council)<br>Neil Thomas (Dudley College) |
| 8 | **GM's strategy, levers, projects** | Gemma Marsh (GMCA) |
| 9 | **Employer training:** what does the data say about good employers? | Stephen Evans (Learning and Work Institute) |
| | **25 November 2021** | |
| 10 | **Plan for the North:** what do post-industrial places like Oldham do? | Steve Fothergill (Sheffield Hallam University, Industrial Communities Alliance) |
| 11 | **A Plan for Oldham:** underpinned by community wealth building? | Sarah Longlands (Centre for Local Economic Strategies) |
| 12 | **What does Oldham Make?** | Andy Gossage (Ultimate Products) |
| 13 | **What could Oldham Make?** Learnings from national policy initiatives: Industrial Strategy and Innovation | Giles Wilkes (Global Flint)<br>Richard Jones (Innovation GM)<br>Paul Swinney (Centre for Cities) |
| | **02 December 2021** | |
| 14 | **Town Centres and High Streets** | Cathy Parker (MMU & Institute for Place Management) |
| 15 | **Housing** | Cllr Hannah Roberts (Oldham Council ) |
| 16 | **Crime** | Inspector Nick Derbyshire (Greater Manchester Police) |
| 17 | **Health** | Katrina Stephens (Oldham Council) |
| | **09 December 2021** | |
| 18 | **Oldham's historic assets:** Mills and wider assets | Catherine Dewar (Historic England) |

## THE POLICY CONTEXT

The Review began in September 2021 with the expectation that the Government's "Levelling Up White Paper"[1] was pending. It was planned for the Oldham Review to complement the direction of travel in the White Paper, as this alongside other local, regional and national policy agendas is likely to have a profound impact on the context in which Oldham will be operating.

The White Paper was delayed and was not published until February 2022, which meant that it was not available until the final phase of the Review was due to complete. There is however, considerable overlap between the method of approach taken in the White Paper, and the approach taken in the Review – with the former considering issues of geographical disparity from the perspective of national systems and policies, while the Review takes a "local" approach, focussing on the options for improving one particular place.

The Review has intentionally mirrored the themes in the Levelling Up White Paper. The aim is to help Oldham be clear about how it might engage positively in the new policy landscape, with a strong focus on the twin themes which have come to characterise the meaning of "levelling up": economic transformation and civic pride.

1. See https://levellingup.campaign.gov.uk/

## STRUCTURE

The analysis of the Review will be published in the full report, containing the evidence presented by expert witnesses, a more detailed level of analysis, commentary and data.

The document is organised into six chapters, which explore the key challenges for Oldham, organised in terms of the key themes of "levelling up". This document provides the detail and analysis which the Review board considered in arriving at its conclusions and recommendations.

The chapters are organised in the following order:

### CHAPTER 1 Contextualises the problem

The Levelling Up White Paper provides an overview of the history and characteristics which shape and drive economic, social and geographical disparities in the country. This chapter provides an introduction to the way these issues are evident in Oldham, and how they relate to structure of its economy and the decline of some of its main industries. It describes Oldham's main challenges, provides a summary of key data, and summarises recent trends including where progress has been made in the shaping of its future.

### CHAPTER 2 Economic purpose

The White Paper sets out five pillars through which it intends to drive levelling up policy, alongside a set of six capitals and twelve policy 'missions'. However, it is also clear about the ultimate destination, which is to create a "new model of economic growth, public and private investment and a high skill, high wage economy". While successful places require strong public services and have a clear role for community and voluntary activity, the focus of policy is on "supporting the private sector" as the "real engine of wealth creation – to invest more, grow more and take more risks". This chapter discusses the core challenge of defining Oldham's economic purpose and why having a clear and relentless commitment to this is important in driving change over the long term.

### CHAPTER 3 Business and Innovation

Improving productivity, pay and living standards are a core theme and objective of the White Paper, with a strong emphasis on growing the private sector, especially through business innovation and improving infrastructure such as transport and digital connectivity. This chapter focusses on the importance of private sector growth in Oldham and the role of private, public and voluntary sector partners in supporting employment and local enterprise.

### CHAPTER 4 Skills and Jobs

Opportunities and improved public services, with a particular emphasis on education and skills, are central to the White Paper proposals. This chapter focusses primarily on skills, and the issues which Oldham needs to solve, in order to fulfil its ambitions.

### CHAPTER 5 Civic Pride and 'a Sense of Place'

The White Paper focusses a great deal of attention on restoring a sense of community, local pride and belonging, particularly around town centre regeneration, housing and crime. This chapter focusses on the related theme of 'social fabric', the role of 'community wealth building' and the importance of the town centre and the borough's high streets and the role of civic pride within Oldham.

### CHAPTER 6 Institutions

The White Paper makes very clear recommendations about systems for delivering change, alongside the importance of local institutions, capacity and clear "missions" and targets which provide a focus for action and a source of accountability. This chapter focusses on the systems for delivery within Oldham, as part of Greater Manchester, and what can be done to improve these.

## SUMMARY OF THE ARGUMENT

The starting point of this Review is that Oldham must establish a clear and shared sense of its longer term aims and ambitions as a place. These need to drive public, private and voluntary/community activity in Oldham itself, and also need to be the basis on which Oldham engages productively with neighbouring places as well as with the Greater Manchester city-region and with Government and its agencies at a national level.

It is also a defining principle of this Review that Oldham's aims and ambitions should focus on its long term transformation. The challenges which Oldham faces are many, but have their origins in structural changes in the economy, brought about by deindustrialisation and the shift to a new economy dominated by services rather than manufacturing. Without a clear and shared sense of the future shape of the town within this new context, it is difficult to marshal and coordinate the efforts of local stakeholders or to strongly articulate the needs of the place and its people within wider partnerships, either sub-regionally or nationally.

**The Levelling Up White Paper**

The Review echoes many of the themes and ideas recently published in the White Paper, "Levelling Up the United Kingdom" (LUWP). This was published during the final phase of the Review process and although it is not yet policy (it is subject to consultation), provides an indication of the likely policy context within which Oldham's leaders and institutions will be working at least for the next few years. There will be plenty of debates and arguments around how to resource and fund this approach, but we are not concerned with this level of detail in this Review. The focus of this Review is on the method and analysis. The LUWP sets out a useful framework within which Government can work with different places to address geographical disparities, with a focus on economic transformation and the renewal of civic pride. We think this framework also applies well to our own thinking and for Oldham as a whole. It is a good starting point, which must be built on in the future, if change is really going to happen.

The LUWP presents a clear analysis of the long-term economic changes which underpin geographical disparities. However, it recognises that the issues are not "simply economic". The framework which it proposes to evaluate those disparities recognises the interconnection between six related, but distinct, forms of capital. Alongside financial, physical and human capital, it recognises the role of intangible capital (a critical aspect of the new economy recognising the importance of R&D and innovation), as well as social and institutional capital – which are key to understanding the twin roles of civic pride and social fabric and Oldham's institutions and their collective capacity in shaping successful places. It presents a cogent analysis of the way that deficiencies in one or more forms of the six capitals are evident in places which underperform, such that they become caught in a vicious cycle of persistently worse outcomes[2].

The LUWP is also helpful in the way that it proposes to address the long-term challenges of "levelling up". It does not seek to provide an "economic plan" for the country, but a framework within which resources can be devolved to local level, with a clear sense of purpose and achievable targets against which to focus efforts and measure success. These missions and targets focus on improving productivity, pay and living standards; spreading opportunities (with a focus on education, skills and health); and restoring a sense of community, pride and belonging. There is confidence in the role that public policy can play in coordinating efforts around these missions, in order to deliver economic transformation and a renewal of civic pride for people and places who are sometimes referred to as "left behind". And there is recognition of the role of local leadership in driving these solutions.

**Cities and towns**

However, the LUWP is also a reminder and a reinforcement of some of the challenges which Oldham has in establishing a clear identity and strong voice within a larger economic geography. The national Levelling Up strategy takes, as its focal point, the role of cities as the drivers of growth. "Levelling up" is envisaged as a process of devolving resources by building on the existing arrangements in city regions, rather than directly to individual towns or boroughs. In many respects, it aims to build on the foundations set out for devolution in the initial 2014 devolution deal in Greater Manchester. This is the framework within which Oldham has operated since then.

It is important to recognise and address the fact that there is still disagreement amongst some communities and actors that this is the best approach for places like Oldham. Nationally, there is a degree of scepticism about the benefits which city-region models of growth bring to surrounding towns and this view has gathered pace since the 2016 Referendum and the 2019 General Election. Indeed, the fact that previous approaches to regional disparities have not always delivered for everyone has been the major theme of policy in the last five years or so – enhanced by new economic and social consequences from Austerity, Brexit and Covid-19. This has been reflected in the changing status of towns within policy and public and political debate, particularly in the last five years. They have increasingly been seen less as an adjunct of neighbouring cities, and more as places in their own right.[3] This has been reflected in funding streams such as the 'Towns' and 'Future High Street Funds' as well as 'Levelling Up Funds', which have been allocated directly to Oldham and places like it, rather than through intermediaries, such as combined authorities.

2. See Levelling Up White Paper (2022), page 88

3. See David Goodhart (2017) "The Road to Somewhere: The Populist Revolt and the Future of Politics" and Centre for Towns (2017) Launch Briefing https://www.centrefortowns.org/reports/reports/launch-briefing.

In many respects, the LUWP shifts the focus of policy back from a direct focus on individual places, to the wider economic units of which they are a part. It reasserts the model of economic renewal which focusses on cities and city-regions as the engines of growth. This Review is broadly supportive of this model. It is realistic to recognise that outer towns are unlikely to thrive independently, unless they position themselves to maximise the benefits of being situated within a larger economic entity. This is particularly the case in terms of private sector growth, which the LUWP identifies, quite rightly as the "real engine of wealth creation". It also relates to the creation and ongoing importance of new institutions, powers and resources at the city-region level such as the Mayor and the Combined Authority and its family of city-region organisations. Places like Oldham owed their original economic purpose to the fact that they were part of a bigger, sub-regional economic unit. And any new economic purpose is not going to be forged alone, but as part of the drive to foster a stronger private sector across Greater Manchester as a whole.

**Spillovers and trickle out?**

This Review also acknowledges that much more needs to be done in Oldham and places like it for these benefits and advantages to be fully realised. There is scepticism about some of the 'spill over' or 'trickle out' effects from city centres and these need to be taken seriously if a new approach to levelling up is going to work and gain public support. This exists across the country, and in outer boroughs in Greater Manchester, including in Oldham.

It is important to consider this in context. Part of the problem is that, despite the progress which cities such as Manchester, Liverpool, Leeds, Birmingham and others have made in recent times, they continue to underperform economically compared to both the national averages in various measures and also to similar cities in Europe and North America. The transformation task remains significant and long-term, and the benefits will not be evident for everyone or everywhere in the short-term. However, these benefits do need to be tangible and evident at some point. It is a measure of the maturity of strategies, partnerships, structures and processes within those devolved authorities, whether they can grasp the complexity of individual place-based needs, within the wider whole. The whole needs to be more than the "sum of the parts". But the needs of individual "parts" must also be recognised and taken seriously, and not lost – or the "whole" becomes somewhat empty.

**Making city led growth work better**

Levelling up is clearly not easy, at national or local level, and is swamped in complexity. The question is how to deal with this. It is the firm finding of this Review, that this is best achieved by finding ways of making the model work better, rather than by seeking alternatives to it.
A key theme of this Review is that stakeholders should think differently about the way that the benefits of the City-region can be made to work. This is often thought of in terms of spillovers from the core to the periphery, but this is not the only element of the model. There is also much to be gained by collaboration between neighbours in the peripheral areas. But this requires active, sustained effort and co-ordination across multiple partners. It cannot be laissez faire and nor can it be expected to weather the repeated shocks of external events such as the financial crash or the pandemic without help or effort.

It is also important to ensure that Oldham is able to articulate a strong and confident voice within the City-region, making more of its relationships within Greater Manchester and its role in its governance. First it must be clear about its own long-term vision. Second is to place a renewed sense of its economic purpose, as a place, at the centre of that vision. Then there is a need to think this through, as an organising framework, for how Oldham should deal with the issues of productivity, opportunity, civic pride, and institutional capacity.

**The recommendations of this review are organised around how Oldham can shape a strategy which builds on these themes.**



## RECOMMENDATIONS

### 1. THE LONG GAME

The Review heard evidence from a variety of witnesses on the wider "levelling up" challenges for Oldham and similar places, the ingredients for success, and the place of Oldham within the wider city region. A key theme was that Oldham needs to establish a clear long-term view of what success might look like. There may be an understandable reluctance to do this, given that so many are variable, external and internal, which can make ambitious missions and targets appear undeliverable and unrealistic. However, just as the Levelling Up White Paper does not seek to set out an economic plan for the country, this Review does not set out a detailed economic plan for Oldham. Instead, our aim has been to focus on general principles, backed up by analysis, systems and policies which are required, in the longer term, to understand the problems that need to be fixed, and to establish a platform to deliver confident, purposeful and optimistic solutions.

**The single most important challenge is for Oldham to have a clear and sustained view of the "long game".** The importance of this is precisely because so many factors will arise which potentially detract, divert or undermine the delivery of long-term change. The geographical disparities described in the LUWP, which particularly (but not exclusively) affect post-industrial towns like Oldham, have deep roots. There are no magic wands which will bring overnight change. It is important therefore to have something clear and systematic to focus on, which ensures that collective efforts do not become dissipated, or wander off course. A central theme in this Review, which is repeatedly echoed in the White Paper - has been that successful places – those which have transformed themselves and rebuilt their civic pride – have been driven by exactly this kind of vision, which they stuck to, and have relentlessly worked to deliver over a long period of time. Manchester city centre is the nearest local example. London Docklands, Barcelona, and Lille are all cited in the White Paper, as is East Germany, and a number of US cities.

This is not because the immediate here and now is not important. It is. It is evident that the short term "shocks" presented by events such as the 2008 financial crisis, "austerity" or the pandemic – and which may now be entering a new iteration due to inflation and war – have a significant impact. One of the features of places like Oldham is that they are not resilient in the face of these events. They are hit harder, and the damage lasts longer, than in other places. However, crisis management can obscure the wider challenge of long-term economic transformation. For Oldham, as for many other former industrial towns, the primary challenge is that it has lost its original economic purpose and has not yet found a convincing alternative. The key to its long-term future is to be clear about what its economic purpose is, bearing in mind the evolving context in which it operates.

### 2. ECONOMIC PURPOSE

The need for a clear "economic purpose and vision" was a persistent theme during the Review. Defining this is harder than it might seem. Oldham's original role was relatively simple and easy to understand. It was part of a division of labour and specialisms with neighbouring areas, and its strengths were clear. Cotton and engineering not only provided local employment and wealth, they also helped to establish institutions and a civic pride, from housing through to notable buildings in the town centre, great local projects like Alexandra Park, and amenities such as the sports facilities at Avro. Oldham in the 19th and early 20th century offered a successful example of the LUWP's 'six capitals' coming together to create an upward spiral of wealth, productivity and civic pride. The town 'worked'.

Oldham's more recent history has witnessed industrial and manufacturing decline and a decline in the relative levels of wealth within the borough. Accordingly, this has had a direct impact on other issues within Oldham – such as its high streets, its institutions and its social fabric. It is unrealistic to expect the complete substitution of previously strong sectors and institutions with new ones with a similar reach and impact. The future economy and labour market in Oldham (and Greater Manchester) is likely to be more diverse in its sectors, occupations and types of jobs and firms than in the past.

One of the findings of this Review is that up to 70% of current employment in Oldham is within the "foundational economy" (mainly, but not exclusively public sector). While it is important to acknowledge its importance and to improve conditions in this part of the economy, the disproportionate reliance on public sector funding, either through services, grants or central government, as well as on wealth transfers and welfare payments is problematic. It means that in "normal" times, Oldham is heavily dependent on the public or quasi-public sector for much of its activity, and that changes to public sector funding, often outside of Oldham's direct control, have a disproportionate impact.

The Review has considered Oldham's economic resilience (the findings are published in the Final Report) and it is not strong. **The economic transformation of Oldham must start by breaking the dependence which it has on the "foundational economy" employment. This should be a central target in reshaping its long-term economic purpose. And Oldham needs to set out clear plans for how it intends to achieve this.**

This is almost certainly going to be multifaceted. There is much to be said for the benefits of "community wealth building" initiatives. These encourage public, voluntary and community sector partners to think and work hard to maximise the impact of the "public pound" in bringing

greater economic and community benefits. It also makes a strong case for the importance of 'anchor institutions' and social value in the growth of the economy. This Review acknowledges that Oldham has made some strong recent progress in this respect and makes recommendations as to how this can be further developed and improved.

However, it is important to recognise that this approach, at its best, is only likely to operate at a limited scale[4] and improve the use of the resources already in the town and will do less to address the fundamental challenge of creating and/or bringing more wealth to Oldham. **For this to be achieved, it must be coupled to a strong and clear strategy for supporting private sector business and employment, particularly in the parts of the economy that can create most wealth and value.**

When this challenge is placed at the centre of Oldham's long-term vision, it becomes very important to be clear about what parts of the challenge can be met within Oldham's own boundaries, and what parts require partnerships with neighbouring places and activities.

In terms of productivity and business, it is important to make much more of the successful private sector companies which still exist in Oldham, but also to recognise that much future employment is also likely to be in neighbouring areas. This means focussing efforts not just in Oldham, but also collaboratively with neighbours to support growth, while also working hard to make sure that Oldham residents are equipped to succeed in the wider sub-regional labour market. And this is not just about business and skills (financial, physical and human capital) in isolation. It is about making Oldham a place which is attractive to live in, invest in and visit – a place which all stakeholders can consider with pride. **A recommendation is that Oldham set out a clear statement of its economic purpose, which acknowledges what part of business growth and employment will be delivered in the town and what parts require a reshaping of its relationships to neighbouring areas within the City Region. Missions and targets need to be developed in relation to the restatement of Oldham's economic purpose.**

This is not a completely new direction for Oldham. There has been considerable progress over the last decade in a number of areas, and there are a number of successes and strengths which can be built on in the future. **It is important, however, that future activity is relentlessly anchored back to the delivery of Oldham's long-term transformation, that it is organised through a set of coherent sub-strategies, with missions and targets which are directly connected to the delivery of that transformation.** Such an approach will enable Oldham to clearly articulate its long-term ambitions, engage local, sub-regional and national stakeholders around delivering them, and have a clear set of accountabilities and measures to demonstrate progress.

The subsequent recommendations in this Review build on the analysis of long-term vision around economic repurposing, to suggest ways that Oldham can renew its strategy and realign stakeholders around the core levelling up themes of improving productivity; spreading opportunity; and renewing civic pride. It then concludes with a set of recommendations about institutional capacity.

### 3. BUSINESS AND INNOVATION

The need to grow enterprise and employment through private sector growth both in Oldham, and in partnership with neighbouring boroughs, is a central challenge for "levelling up". To explore these issues, the Review heard evidence from successful local businesses, and from expert witnesses in the fields of post-industrial towns and their challenges, community wealth building, industrial strategy and innovation. The LUWP correctly identifies the private sector as fundamental to improving economic performance in every part of the country, and sets out proposals to redistribute research and development spending, support innovation accelerators, unlock and spread investment, support SMEs, and improve transport and digital infrastructure. Of these, the focus of this Review has been on measures to support innovation, develop enterprise and engage with business.

It is important to recognise that, although deindustrialisation dominates the story of Oldham's recent economic history, it continues to be home to a significant number of manufacturing firms as well as successful private enterprises in other fields. More work needs to be undertaken to understand the nature and potential of the manufacturing sector. Different companies are in receipt of support from initiatives to improve manufacturing, such as 'Made Smarter', but there is no single umbrella strategy to bring these together and understand their overall impact. **A clear analysis of the opportunities for manufacturing in Oldham and a strategy to support the sector, is a recommendation of this Review.**

Similarly, Oldham is in receipt of a significant amount of business support, for manufacturing and non-manufacturing firms. This is mainly delivered by Greater Manchester partners, but it is not clear how well scrutinised this in terms of its contribution to Oldham's plans, whether it shares the same specific priorities, or its level of integration with other initiatives. This is important because Oldham hosts its own enterprise initiatives and has an impressive track record of business start-ups. It has a less impressive record, however, in terms of the growth and survival of those new initiatives. There is a need to understand why this is the case, and this involves better understanding the impact of both enterprise activity and business support. **It is recommended that further work be undertaken to examine the impact of enterprise and business support initiatives, and that**

4. See GM Inequalities Commission: https://www.greatermanchester-ca.gov.uk/what-we-do/equalities/independent-inequalities-commission/

**Oldham develops a clear strategy for enterprise, based on sound analysis of what works, in order to prioritise and evaluate the allocation of these resources.**

This should moreover, be part of a wider strategy to coordinate work with businesses. In addition to business support and enterprise, Oldham has a range of stakeholders who, in different ways for different reasons (employment schemes, support programmes, skills supply, procurement and so forth) engage with local employers. However, this work is uncoordinated and so it is difficult to assess the size and scale of activity, whether there are gaps, or whether things could be done to improve impact. **It is recommended that, all employer facing partnership work be brought into a single strategic framework, with a clear set of missions and targets around improving productivity, increasing wages and boosting standards of living.**

This part of the challenge is very much about improving the coordination, focus and accountability of initiatives already being delivered within Oldham. It is also evident, however, that Oldham should be outward looking too. It can improve its engagement with neighbours where better support for private sector business is a shared priority. An obvious example, which was discussed extensively and repeatedly in the Review, was around manufacturing – as other boroughs, most notably Rochdale and Tameside, have a similar industrial legacy. The business led Advanced Machinery and Productivity Institute (AMPI) in Rochdale has become a focal point of Greater Manchester's "Northern Gateway" plans. Oldham has not actively engaged in this project, but a strong recommendation of this Review is that it should. **It is recommended that Oldham proactively engages with neighbouring authorities in the Northern Gateway, and in particular the AMPI project to support manufacturing. There are considerable benefits to be gained by having a shared approach to manufacturing support across the North East of Greater Manchester, and in putting the joint strategies (planning, business support, skills) to maximise the impact of these initiatives across a broader geography.**

A related theme is innovation and the potential for Oldham to pilot new initiatives to support innovation in the borough and in Greater Manchester. The new Innovation GM network is led by business and universities and is seeking to strengthen the links between research and development and to support the business application of inventions and innovations. Oldham does not have a university, but does have a further education college with a strong partnership with the University of Manchester, which is helping to lead Innovation GM. A proposed part of this project is to champion innovation in businesses across all sectors and at all levels, and a town centre pilot based in Oldham would help test this area of work which, within Greater Manchester, is currently underdeveloped. **It is recommended that Oldham seek to play a leading role in extending the emerging innovation network in Greater Manchester, into Oldham town centre, with details around governance, longevity and timescales to be negotiated with the Greater Manchester Combined Authority (GMCA).**

Finally, there is scope to accelerate and expand work with 'anchor institutions' working strategically, through local recruitment, the liberalisation of procurement rules, and a coherent strategy to maximise the impact of major public, voluntary and private partners on local business growth and employment. **It is recommended that a programme of dedicated work to exemplify "best practice" for anchor institutions in this regard, be an outcome of this Review.** It is also recommended that **Oldham develop a broader strategy for social enterprise, and support its social enterprises to proactively engage with Greater Manchester initiatives to build capacity, share and develop expertise in the sector.**

### 4. SKILLS AND JOBS

The Review heard extensive evidence on education and skills in Oldham, particularly the importance of alternative routes to higher skills for young people and adults, and the need to consider skills demand and the supply of jobs, rather than skills supply in isolation. The Review heard about the national priorities for skills, the challenge of improving low skills and the role of employers in investing in skills. It received a presentation on the Greater Manchester Skills and Work programme, and an excellent account from Dudley College of Technology on the renaissance of further education in their town, which has some similar challenges to Oldham, and the importance of having a strong general further education college to deliver a comprehensive package of skills interventions in post-16 learning.

The LUWP does recognise the central importance of education and skills in improving productivity and spreading prosperity, and makes recommendations to improve outcomes through Education Investment Areas, new post-16 providers with a focus on access to leading universities, a new UK National Academy to provide online tutoring, and a set of measures to improve post-16 skills outcomes. These include Local Skills Improvement Plans, an "in work" progression offer for those on low incomes, and the implementation of existing plans for reform and improve opportunities for adults to upskill and reskill.

The education and skills challenge facing Oldham is large and complex. The Review did not consider pre-16 performance in detail, due to the constraints of time. However, given that the LUWP places considerable emphasis on improving school performance, there are some observations that should be made in passing.

The Review did not closely consider education pre-16, so is not able to make detailed recommendations. Given

that Oldham is likely to become an Education Investment Area, within the Levelling Up proposals, it is important to note some issues in the pre-16 and post-16 phases which are worthy of further consideration. These include close analysis of differential performance across the borough, not just in terms of institutions, but by place, neighbourhood, and families (intergenerational); gaining a better understanding of current performance in terms progression routes to high skills, including the conventional three year residential degree; a strategy for improving English and maths achievement by 16, including an analysis of the knock-on effect for learners in post-16 settings; and the improvement in performance in terms of qualifications acquired by the age of 19, contrasted with high levels of 16-24 year old unemployment. **It is recommended that these, and related issues around educational underachievement, are considered in future Education Investment Area planning.**

All of these have implications for the area that this Review has considered – which is post-16 learning and adult skills. Between 2005 and 2020 there has been a marked reduction in the numbers of adults who have no qualifications. However, it is not clear that this has made any difference to employment or income patterns. And comparative skills performance at all levels remain low compared to other boroughs, while employment remains a problem. There is a higher proportion of economically inactive residents and above average numbers on incapacity benefit. As with many other indicators, this is not evenly distributed throughout the borough. There is a strong concentration of lower levels of skills achievement, and low incomes, in specific neighbourhoods. Pay levels and household incomes are also low in these places.

A disappointing aspect of the LUWP is that it both undersells the scale of the reforms to further and technical education, and the contribution which they should make to levelling up plans, and underestimates what is needed for further education to maximise its potential impact. This is partly because the LUWP focusses too narrowly on adult skills. This makes sense, insofar as adult skills is the part of the skills system which has already been devolved, and is also the area where, through the Lifetime Guarantee and changes to adult funding rules, the national policy for skills is currently seeking to make a significant difference. However, adult skills policy remains very muddled, with a large number of priorities competing for a limited amount of resource with very little evaluation of impact to help focus efforts. There has been no evaluation of the impact of devolving adult skills, either at national or local level. This is partly, perhaps, because it has had few clear measures of success, either at the level of devolved authorities, or at local authority level. However, the LUWP offers a way to resolve this.

The introduction of the new missions and targets will, in this respect, be a step forward.

**It is recommended that Oldham take a lead in setting its own missions and targets for adult learning, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and the Combined Authority, which will shape the distribution and use of adult funding in the borough to 2030.** In so doing, it will need to separate out the local authority's strategic role in setting the aims and ambitions for the transformation of place, with its role as a skills provider. At present, this is confused, and the conflict of interest is neither acknowledged or managed. If this matter can be addressed, and effective targets set, then these can serve to focus local providers and the devolved authority on priorities and hold them collectively to account.

In forming such a plan, however, it will have to deal with the fact that the national targets, set out in the LUWP, may be unambitious compared to the scale of the problem of adult skills. Evidence received by this Review considered data relating to two similar areas – Oldham and Blackpool – and concluded that if these two areas were to improve their adult qualification rates to the national average, they alone would amount to over half of the 80,000 target for adult learners. This may, of course, amount to a claim for a larger allocation of adult funding, either from national or devolved sources. **It is recommended that Oldham's analysis of missions and targets should include its own analysis of the challenge of adult skills, and the levels of investment needed to make the borough competitive in the labour markets of Greater Manchester.** This should form the basis of its ongoing dialogue with the Greater Manchester Combined Authority and, through it, to national government too.

Beyond adult skills, the LUWP is very positive about the need to "strengthen locally accessible institutions, notably the national network of further education colleges" and the wider proposals for an employer led skills system, as set out in the Skills and Post-16 Education Bill which is currently going through Parliament. This is a welcome recognition of the need for strong further education institutions, because of the role they place in the community, both in terms of skills delivery and their wider contribution. The example of Dudley suggests that this should be a priority for Oldham. Oldham College has followed a similar journey to Dudley, with considerable investment, improvement in the range and quality of provision, and establishing its wider role despite, until recently, and unfavourable policy environment, nationally and locally. **It is recommended that Oldham make a commitment to supporting its general further education to play it full role in the locality, and that it works with Greater Manchester partners and national government to secure this for the long run.**

**At the centre of this work should be a clear strategy for delivering of a coherent alternative set of pathways, both work-based and classroom based, for those young people**

**and adults seeking to progress into careers without following the residential three year degree route.** Part of the problem with the approach which the LUWP makes to skills is that it leaves a great deal of positive reforms out of the picture. These reforms, which include T levels, apprenticeships, Level 4 and 5 provision in the classroom and workplace, as well as changes to HE access rules and potential changes below Level 2, amount to a system shift for technical education and training. This should cumulatively provide the "alternative pathways" to high skills which are essential to Oldham's "levelling up mission", particularly given it has no university and depends on its FE college to deliver the major part of this system. This perspective on the wider skills system as a whole is often missing from devolved authorities (which tend to only focus on the funds they control and the provision they can commission), so the LUWP was a real opportunity to address what a new skills system might look like at a very local level.

This also means addressing two related issues: first, competition and second employer engagement. In terms of competition, there are a number of providers – in all phases of post-16 delivery – who are potentially working at cross-purposes and it is questionable whether this has always produced the best outcomes. **It is recommended that the strategy for skills should include consideration of the positive and negative impacts of competition between providers throughout the post-16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision, and what can be done to improve arrangements.**

In terms of employer engagement, this aspect of technical and professional education and training is often misunderstood and misconceived in policy terms, both locally, regionally and nationally. The LUWP does propose, drawing on proposals in the Skills Bill, to create a stronger relationship between providers and employers through the introduction of Local Skills Improvement Plans (LSIPs). These are a positive move, but still very experimental. The current pilots are focussed on relatively small areas, and it is not clear that LSIPs would work at the level of a geographical area as big as Greater Manchester. As currently defined, moreover, LSIPs are relatively one dimensional. They conceive the problem of skills as a mismatch between supply and demand, with the plan helping to articulate what employers need, so that skills supply can be reformed to better meet demand. This potentially works well in areas where the economy is strong. In "levelling up" places, however, this is not the case. There is a profound problem of demand, and a need to work with employers in myriad ways to stimulate demand. Skills supply is a key aspect of this – but not just a passive respondent to a fully formed requirement.
This makes the relationship between specialist providers and employers a more profound partnership challenge, with a "two way" street between what is taught and how it is practiced. The current Local Skills Improvement Plans are unlikely to address this issue. **It is recommended therefore, that Oldham adapts the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. As in other LSIP pilots, it is recommended that this work is led through a partnership between Greater Manchester Chamber of Commerce and Oldham College.**

### 5. CIVIC PRIDE AND 'A SENSE OF PLACE'

This Review started from the position that improved economic performance, in the sense of stronger businesses, more enterprise, and greater competitiveness in labour markets are all central to Oldham's future, but that "non-economic" factors are of equal importance in shaping and delivering successful places. The Review board heard evidence from expert witnesses on place management (focussed on town centres), housing, crime, health and civic identity and pride.

One of the reasons why the LUWP marks a step forward, is that it acknowledges the importance of social and institutional capital – and the interaction between them and the four other "capitals" (financial, human, intangible and physical) in order for "levelling up" to have any chance of working. It sets out a series of interventions designed to support the renewal of civic pride and a sense of community. This includes the 'Shared Prosperity Fund', which will invest in business and skills, but also communities and place; brownfield regeneration, further measures to improve town centres and high streets, securing access to green space, investing in grassroots sports and culture, introducing a 'National Youth Guarantee' and related measures to improve opportunities for young people, measures to relocate the Civil Service, a set of measures to improve housing and investment to tackle crime and antisocial behaviour.

The evidence presented in the Review illustrated the enormous impact of these "social fabric" issues on Oldham. The town centre featured strongly in these discussions, as it has in focus group work with local residents. Its importance is clearly acknowledged in the Council's ongoing commitment to its redevelopment. This includes projects delivered, such as the Old Town Hall and Leisure Centre, projects in the pipeline such as the relocation of Tommyfields Market and the acquisition of Spindles Shopping Centre, and work taking place through the High Streets Fund and Towns Fund Board.

This is an area where the importance of having and holding to a long-term vision is particularly important, because the funding regime tends to be organised through competitive bidding rounds. This can lead to fragmentation and "pepper potting" of resources – particularly given the number and scale of regeneration

projects needed to complete the town centre's transformation. **It was encouraging that Oldham was actively engaged with the Institute of Place Management, which has produced a diagnostic report on ways that town centre management can be improved and it is recommended that the report is considered and implemented.** It is also encouraging that Oldham has recently strengthened private sector leadership in the Towns Fund Board. **It is recommended that the Council continue to work with partners from all sectors to enhance private sector engagement in the regeneration of the town centre, and increase investment from all sources.** It is also important however, that each and every project has a clear assessment in terms of how and what specifically it contributes to the long-term vision of Oldham, and how it contributes in terms of growing business, increasing employment, or improving Oldham as a place to live or visit. **It is recommended that this assessment is built into all current and future projects, to ensure that their purpose is clear, and their contribution is robust, transparent and accountable to the "long game".**

Housing emerged as one of Oldham's biggest challenges, but also as the single policy area where the strategy already appeared to grasp the complexity of the "long game". The strategy recognises that Oldham has to have very broad appeal – attracting and retaining those with higher incomes and high skills, while also working hard to improve the outcomes for those who do not. One of the enormous challenges for Oldham in improving the supply and variety of housing, is that it has significant constraints in terms of available land. The LUWP commitment to new approaches to developing brownfield sites may help open up possibilities here, and there is a case for Oldham, both in terms of housing and business, considering innovative options for redeveloping heritage provision.

The Review board heard evidence relating to heritage in Oldham and the potential for mill redevelopment. Focus groups confirm that heritage is one of the aspects of Oldham which local residents are most proud of - and that Oldham's industrial past plays a significant role in shaping its current reputation. In evidence relating to heritage – including the legacy of mills in the borough – a key theme was around making more of the past in order to shape the future. This is an area which may be underdeveloped in Oldham's current thinking, given that the town has had a unique place in the history of industrialisation, but there is relatively little for visitors to see which could tell that story. The Council has recently commissioned and is about to launch a strategy for renovating mills. This is a strong basis on which to build a strategy for heritage. **It is recommended that the Council implement a strategy for mill renovation, which could contribute to both business and housing needs, and fit with the wider national ambition to redevelop brownfield sites.** Part of this might be Oldham and university/college partners bidding (eg through either 'levelling up' and/or 'strength in places' or 'Innovate UK' funding) to set up a brownfield redevelopment pilot, undertake a mill redevelopment as a demonstrator of new technologies and materials (including environmental/net zero), of best practice and a site for future excellence in both high-level skills, apprenticeships and firm innovation. Given the large stock of industrial heritage buildings across the city region and beyond this has the potential to be of regional/national specialisation and significance.

This leaves the challenge of neighbourhoods, which almost certainly sit at the centre of some of the most challenging "levelling up" issues, both within Oldham and nationally. Within Oldham there is a very heavy dependency on social housing, and poor housing stock, particularly in the areas near to the town centre, is a legacy of Oldham's industrial past. It is predominantly red bricked terraced properties, with few larger properties – or newer social housing, often in the same areas. There are a number of challenges around the extent of private landlords in specific neighbourhoods, and new arrivals to Oldham brought through the asylum system, or rehoused by other local authorities, because housing is relatively low cost. These residents are welcome, but often have support needs, and these are left for Oldham to provide. This is particularly challenging in neighbourhoods which already have high levels of concentrated poverty. It is not clear exactly how far this concentration of poverty is linked to the wider challenges of education, skills and health, but initial evidence suggests the link is strong, and that a "neighbourhood effects" approach to improving outcomes for the most disadvantaged may be worth pursuing. Crime and health also have distinct neighbourhood patterns. Crime is a major issue in some communities, and there are particular issues around the general public feeling safe in areas such as the Metrolink and the town centre. Health inequalities appear to mirror the neighbourhood patterns evident for other indicators of poor outcomes. **It is recommended that this issue is explored in further detail, sharing data on education, skills, health and crime, with a view to gaining a better understanding of "neighbourhood effects" and designing more coordinated neighbourhood interventions to improve multiple outcomes in an area.**

It is particularly important that this work recognises the different places, geographical disparities and communities within Oldham, and engages voluntary and community institutions, including sports clubs and cultural organisations, in building social capital across Oldham. It should also recognise the key importance of particularly institutions, such as Oldham Colosseum, Oldham Athletic Football Club and Oldham Rugby League Club, as well as grassroots community clubs and cultural organisations – along with the "anchor institutions" which deliver key public services.

**It is recommended that Oldham produce a strategic plan to protect and develop its key voluntary, community, cultural and sporting institutions, and a strategy for how they, along with the anchor institutions, can work together to build the foundations of the long-term transformational plan.**

## 6. INSTITUTIONS

As the LUWP recognises, institutional capital and capacity will play a vital part in improving economic and other conditions in Oldham. The Review agrees that Oldham needs to support and strengthen anchor institutions and their role within the borough. These include the Council itself, but also the Hospital and NHS Trust, the College and other institutions in the public, private and voluntary sectors. They need to be more than the sum of the parts and national policy needs to play its part in this support. Furthermore, institutional capacity and the role of anchor institutions also applies to Greater Manchester institutions such as those in the GMCA family that have Oldham in their footprints. They must be better joined up and their efforts and strategies more effectively co-ordinated. All need to own and buy in to the same long-term vision for Oldham.

It is unsurprising that many institutions and strategies within Oldham and Greater Manchester have suffered from fragmentation and poor co-ordination. One factor is that Government that runs too many separate and siloed policy frameworks with little effective joining up. The proliferation of one-off schemes and bidding competitions encourages further duplication and fragmentation - a problem acknowledged by the National Audit Office and the LUWP itself.

However there have also been too many uncoordinated strategies and bodies within Oldham too that have been established in parallel or abandoned along the way. Oldham and GMCA need to make extra effort to co-ordinate policy and strategy and for this to be part of a long term approach. This effort must make practical local sense of the rising numbers of strategies and funding rounds coming from different regeneration and local growth schemes operated nationally. This requires constant effort and grip as well as some rationalisation and clear accountability and transparency.

It requires a new simplified, strategic approach to economic development and levelling up in Oldham.

Neighbouring authorities such as Rochdale have established new economic development agencies and the Review board have been impressed with their ambition and actions (such as the support for AMPI for example). There are also precedents across Greater Manchester in the form of Mayoral Development Corporations, eg in Stockport, where high profile chairs and additional capacity are helping to drive long term strategies and individual projects.

Oldham should learn from these vehicles and adopt a similar approach, streamlining existing decision-making structures, creating new capacity and supporting its long-term economic vision by creating a single structure. It must rationalise previous and current activities and strategies to provide a single direction where the vision is set and maintained. It also needs to be the place where relationships with Greater Manchester agencies and institutions are governed too. Oldham Council is already in the process of rejuvenating its partnership structures. **It is recommended that this include deciding how best to take forward the key recommendations of this Review, in terms of business and innovation, skills and civic pride and how the collective partnerships will build capacity to deliver "levelling up".**

Whatever the specific model adopted, **it is recommended that the Council establish a "Levelling Up Board", to oversee the delivery of a coherent Oldham plan, with detailed missions and targets to 2030, which can be used to oversee the work in Oldham, the work with City Region partners, and which can produce an annual progress report, which can be used as a basis for assessing the success of "levelling up" initiatives locally.**

**It is also recommended that the Council work with Greater Manchester partners to ensure transparency about the investment of resources and expertise into Oldham and the impact of these on Oldham's levelling up vision for 2030.**

**And it is recommended that the Council and Oldham Leadership Board consider building on this Review, by working with the University and the college, and other key institutions, to develop a bespoke leadership and training programme, to build capacity and expertise and to focus the "common purpose" of all stakeholders around the 2030 vision for Oldham.**

## SUMMARY RECOMMENDATIONS

### THE LONG GAME

Oldham must set out is long term ambitions and aspirations, with missions and targets, for the aims and ambitions for Oldham through to 2030.

### ECONOMIC PURPOSE

- Breaking Oldham's dependence on "foundational economy" employment should be a central target in reshaping its long-term economic purpose. And Oldham needs to set out clear plans for how it intends to achieve this.
- Relentlessly anchor all future activity and projects back to the delivery of Oldham's long-term transformation, that it is organised through a set of coherent sub-strategies, with missions and targets which are directly connected to the delivery of that transformation.

### BUSINESS AND INNOVATION

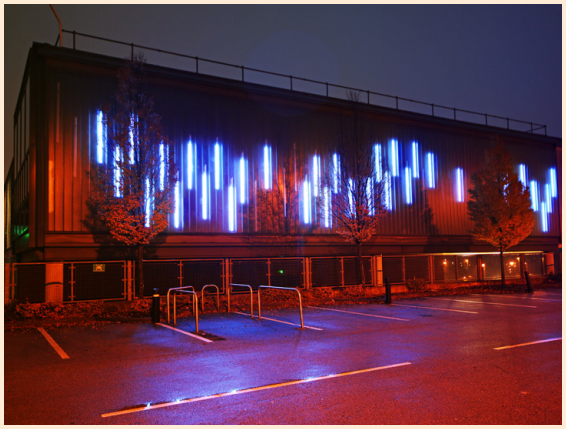
- A clear strategy for productivity and business, which includes manufacturing, business support, enterprise and innovation, all within a single strategic framework, with a clear set of missions and targets around improving productivity, increasing wages and boosting standards of living.
- Proactive engagement with neighbouring authorities in the Northern Gateway, and in particular the AMPI project to support manufacturing.
- Liaise with Innovation GM for Oldham to play a leading role in extending the emerging innovation network in Greater Manchester, into Oldham town centre.
- Develop a "best practice" programme for anchor institutions.
- Develop a broader strategy for social enterprise, including its engagement with Greater Manchester initiatives to build capacity, share and develop expertise.

### INSTITUTIONS

- Recognise the mutual importance of the six capitals in driving improvements and develop a strategy to capacity build and support key institutions.
- Set up a new overarching 'levelling up' board, with independent representation, to oversee the delivery of the 2030 vision, with clear reporting around the local "levelling up" Missions and targets, back to the Council and Oldham Leadership Board.
- Work with Greater Manchester partners to ensure transparency about the investment of resources and expertise into Oldham and the impact of these on Oldham's levelling up vision for 2030.
- Work with the University and the college, and other key institutions, to develop a bespoke leadership and training programme, to focus the "common purpose" of all stakeholders around the 2030 vision for Oldham.







## SUMMARY RECOMMENDATIONS

### SKILLS AND JOBS

- Take a lead in setting the missions and targets for adult skills, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and GMCA, which will shape the use of adult funding in the borough to 2030. This should include its own analysis of the challenge of adult skills, and the levels of investment needed to make the borough competitive in the labour markets of Greater Manchester.
- Capacity build its general further education college to maximise its impact, including the delivery of a coherent alternative set of pathways, both work-based and classroom based, for those young people and adults seeking to progress into careers outside of the residential three year degree route, should be a clear policy priority.
- Undertake a review of post-16 provision which assesses the positive and negative impacts of competition between providers throughout the post-16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision, and what can be done to improve collective impact.
- Oldham should pilot and adapted the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. It recommended that this work is led through a partnership between Greater Manchester Chamber of Commerce and Oldham College.

### CIVIC PRIDE AND 'A SENSE OF PLACE'

- Receive and act on the Institute for Place Management diagnostic report on ways that town centre management can be improved.
- Continue to work with partners from all sectors to enhance private sector engagement in the regeneration of the town centre, and increase investment from all sources.
- An assessment is built into all current and future projects, to ensure that their purpose is clear, and their contribution is robust, transparent and accountable to the "long game".
- Build on the mill strategy to a brownfield mill redevelopment project as a demonstrator of new technologies and materials (including environmental/net zero) of best practice and a site for future excellence in both high-level skills, apprenticeships and firm innovation.
- Review the potential for a stronger neighbourhood approach to those areas where multiple indicators – education, skills, health and crime – appear to overlap and consider focussed partnerships to test out new approaches to improvement.
- Develop a strategic plan to protect and develop its key voluntary, community, cultural and sporting institutions, and a strategy for how they, along with the anchor institutions, can work together to build the foundations of the long-term transformational plan.











The report was published on 23 March 2022 and can be citied as Levelling Up Oldham: the Oldham Economic Review of Economic Transformation and Civic Pride (2022) Oldham Economic Review Board.

This report is the analysis and recommendations of the Review board collectively and does not necessarily represent the views of individual commissioners or their organisations. Within the limited capacity and time of the Review, robust efforts have been made to limit errors and omission including linking source material to encourage transparency.

The Review would like to thank Oldham Council for commissioning this independent report and for providing seed funding of £15,000, technical assistance through Jonathan Downs, Guy Parker, Mahmuda Khanom and maintaining the Review website (www.oerb.org.uk). The Review was also supported by the University of Manchester through the CAPE project with assistance from Dr Marianne Sensier and Jay Amin. Secretariat was provided by Oldham College who also hosted the Review Board meetings.

Special thanks go to the Witnesses who provided invaluable and thought-provoking insight as seen throughout the report. We are also very grateful to the think tank Onward who worked in partnership with the Review to provide in-depth research through focus groups in Oldham and Action Together Oldham for convening an engagement session with the local Community and Voluntary Sector.

# LEVELLING UP OLDHAM

The Oldham Economic Review of
Economic Transformation and Civic Pride

## AN EXECUTIVE SUMMARY

**A copy of the full report is available from**

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# LEVELLING UP OLDHAM

The Oldham Economic Review of
Economic Transformation and Civic Pride

MARCH 2022

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# FOREWORD

**Oldham residents are rightly proud of the place we call home.** From the monumental mills that remind us of our heritage in the cotton industry, to communities where the impulse to help out a neighbour is still strong, to the glorious Peaks on our doorstep, Oldham has a lot going for it.

There's no doubt, however, that we have potential that's currently untapped. Our position in Greater Manchester and the youth and talent of our population means Oldham could be a great place to base an ambitious, innovative and growing business. But like lots of other places in the UK we've faced challenges as the economy has changed. We need to do something different if our residents are to have the opportunities and successes they deserve. We want every young person in Oldham to know they'll have the chance of a great career without having to leave their hometown. We want to give people options when it's time for a career change, or they'd like to upskill. We want every family to have a decent income, as well as activities and opportunities on the doorstep to boost pride and make Oldham a fun place to live.

That's why I asked Alun Francis, the Principal at Oldham College, to lead a Commission to help us plot a brighter economic future for the borough. We need to make the most of the great leaders we have in Oldham, and draw on expertise from elsewhere to turn the Government's Levelling Up mantra into a reality.

I'm grateful to the Commissioners for the time and insight they've brought to this process, and look forward to working with them and our valued partners across the borough to translate the vision set out here into reality.



**Cllr Arooj Shah**
Leader, Oldham Council



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# INTRODUCTION

**The Oldham Economic Review has** been undertaken at the request of Oldham Council, with a remit to examine the town's approach to improving its economic prospects.

It has been conducted through a partnership between Oldham College and the University of Manchester, which has helped ensure that the Review has access to the expertise it has required, but has also maintained its independence. Oldham Council contributed toward essential costs and this was matched by the University of Manchester, using CAPE funding. The Review has also leveraged in additional expertise to undertake further research which will help Oldham define and achieve its ambitions.

## THE REVIEW BOARD MEMBERS

The Review board has comprised 12 independent members, chosen from a range of public, private and voluntary organisations – in Oldham and its wider environs. It has been chaired by **Alun Francis,** Principal and Chief Executive of Oldham College and vice chair, **Rubbi Bhogal Wood,** Director of Wild and Form digital consultancy. **Andy Westwood,** Professor of Government Practice and Vice Dean for Social Responsibility, has led the input from the University side, and other members have included:

- **Bilal Rahman** (Business person, owner of ibreathe and KickSonic)
- **Cath Farrell** (Housing consultant, former CEO of First Choice Homes)
- **Clive Memmott** (Chief Executive, Greater Manchester Chamber of Commerce)
- **Donna McLaughlin** (Northern Care Alliance)
- **Emma Barton** (Director of Economy, Oldham Council)
- **John Wrathmell** (Director of Research, Strategy and Economy, Greater Manchester Combined Authority)
- **Kashif Ashraf** (Joint Chair and Founder of Asian Business Leaders)
- **Laura Windsor Welsh** (Oldham Action Together)
- **Richard Jones** (Chair in Materials Physics and Innovation Policy, University of Manchester)

The Review has been undertaken in the style of a parliamentary commission, with the Review board meeting on a monthly basis to hear evidence from national and local expert witnesses, before forming conclusions and making recommendations.

## SCHEDULE OF EVIDENCE SESSIONS

| 21 October 2021 | | Witness |
|---|---|---|
| 1 | **Devolution, from MIER to Towns Fund** | Mike Emmerich (Metro Dynamics) |
| 2 | **Levelling Up Oldham** | Will Tanner (Onward)<br>Jen Williams (MEN) |
| 3 | **GM's strategy, levers and projects** | Simon Nokes (GMCA) |
| 4 | **Oldham's strategy, levers, projects** | Emma Barton (Oldham Council) |
| **11 November 2021** | | |
| 5 | **Work, Skills and Levelling up** | Jonathan Simons (Public First) |
| 6 | **Breaking Oldham's Low Skills Equilibrium** | David Goodhart (Policy Exchange) |
| 7 | **Oldham's strategy, levers, projects** | Jon Bloor (Oldham Council)<br>Neil Thomas (Dudley College) |
| 8 | **GM's strategy, levers, projects** | Gemma Marsh (GMCA) |
| 9 | **Employer training:** what does the data say about good employers? | Stephen Evans (Learning and Work Institute) |
| **25 November 2021** | | |
| 10 | **Plan for the North:** what do post-industrial places like Oldham do? | Steve Fothergill (Sheffield Hallam University, Industrial Communities Alliance) |
| 11 | **A Plan for Oldham:** underpinned by community wealth building? | Sarah Longlands (Centre for Local Economic Strategies) |
| 12 | **What does Oldham Make?** | Andy Gossage (Ultimate Products) |
| 13 | **What could Oldham Make?** Learnings from national policy initiatives: Industrial Strategy and Innovation | Giles Wilkes (Global Flint)<br>Richard Jones (Innovation GM)<br>Paul Swinney (Centre for Cities) |
| **02 December 2021** | | |
| 14 | **Town Centres and High Streets** | Cathy Parker (MMU & Institute for Place Management) |
| 15 | **Housing** | Cllr Hannah Roberts (Oldham Council ) |
| 16 | **Crime** | Inspector Nick Derbyshire (Greater Manchester Police) |
| 17 | **Health** | Katrina Stephens (Oldham Council) |
| **09 December 2021** | | |
| 18 | **Oldham's historic assets:** Mills and wider assets | Catherine Dewar (Historic England) |

## THE POLICY CONTEXT

The Review began in September 2021 with the expectation that the Government's "Levelling Up White Paper"[1] was pending. It was planned for the Oldham Review to complement the direction of travel in the White Paper, as this alongside other local, regional and national policy agendas is likely to have a profound impact on the context in which Oldham will be operating.

The White Paper was delayed and was not published until February 2022, which meant that it was not available until the final phase of the Review was due to complete. There is however, considerable overlap between the method of approach taken in the White Paper, and the approach taken in the Review – with the former considering issues of geographical disparity from the perspective of national systems and policies, while the Review takes a "local" approach, focussing on the options for improving one particular place.

The Review has intentionally mirrored the themes in the Levelling Up White Paper. The aim is to help Oldham be clear about how it might engage positively in the new policy landscape, with a strong focus on the twin themes which have come to characterise the meaning of "levelling up": economic transformation and civic pride.

1. See https://levellingup.campaign.gov.uk/

## STRUCTURE

The full analysis of the Review will be published in the chapters outlined below, containing the evidence presented by expert witnesses, a more detailed level of analysis, commentary and data.

The document is organised into six chapters, which explore the key challenges for Oldham, organised in terms of the key themes of "levelling up". This document provides the detail and analysis which the Review board considered in arriving at its conclusions and recommendations.

The chapters are organised in the following order:

### CHAPTER 1 Contextualises the problem

The Levelling Up White Paper provides an overview of the history and characteristics which shape and drive economic, social and geographical disparities in the country. This chapter provides an introduction to the way these issues are evident in Oldham, and how they relate to structure of its economy and the decline of some of its main industries. It describes Oldham's main challenges, provides a summary of key data, and summarises recent trends including where progress has been made in the shaping of its future.

### CHAPTER 2 Economic purpose

The White Paper sets out five pillars through which it intends to drive levelling up policy, alongside a set of six capitals and twelve policy 'missions'. However, it is also clear about the ultimate destination, which is to create a "new model of economic growth, public and private investment and a high skill, high wage economy". While successful places require strong public services and have a clear role for community and voluntary activity, the focus of policy is on "supporting the private sector" as the "real engine of wealth creation – to invest more, grow more and take more risks". This chapter discusses the core challenge of defining Oldham's economic purpose and why having a clear and relentless commitment to this is important in driving change over the long term.

### CHAPTER 3 Business and Innovation

Improving productivity, pay and living standards are a core theme and objective of the White Paper, with a strong emphasis on growing the private sector, especially through business innovation and improving infrastructure such as transport and digital connectivity. This chapter focusses on the importance of private sector growth in Oldham and the role of private, public and voluntary sector partners in supporting employment and local enterprise.

### CHAPTER 4 Skills and Jobs

Opportunities and improved public services, with a particular emphasis on education and skills, are central to the White Paper proposals. This chapter focusses primarily on skills, and the issues which Oldham needs to solve, in order to fulfil its ambitions.

### CHAPTER 5 Civic Pride and 'a Sense of Place'

The White Paper focusses a great deal of attention on restoring a sense of community, local pride and belonging, particularly around town centre regeneration, housing and crime. This chapter focusses on the related theme of 'social fabric', the role of 'community wealth building' and the importance of the town centre and the borough's high streets and the role of civic pride within Oldham.

### CHAPTER 6 Institutions

The White Paper makes very clear recommendations about systems for delivering change, alongside the importance of local institutions, capacity and clear "missions" and targets which provide a focus for action and a source of accountability. This chapter focusses on the systems for delivery within Oldham, as part of Greater Manchester, and what can be done to improve these.

## SUMMARY OF THE ARGUMENT

The starting point of this Review is that Oldham must establish a clear and shared sense of its longer term aims and ambitions as a place. These need to drive public, private and voluntary/community activity in Oldham itself, and also need to be the basis on which Oldham engages productively with neighbouring places as well as with the Greater Manchester city-region and with Government and its agencies at a national level.

It is also a defining principle of this Review that Oldham's aims and ambitions should focus on its long term transformation. The challenges which Oldham faces are many, but have their origins in structural changes in the economy, bought about by deindustrialisation and the shift to a new economy dominated by services rather than manufacturing. Without a clear and shared sense of the future shape of the town within this new context, it is difficult to marshal and coordinate the efforts of local stakeholders or to strongly articulate the needs of the place and its people within wider partnerships, either sub-regionally or nationally.

**The Levelling Up White Paper**

The Review echoes many of the themes and ideas recently published in the White Paper, "Levelling Up the United Kingdom" (LUWP). This was published during the final phase of the Review process and although it is not yet policy (it is subject to consultation), provides an indication of the likely policy context within which Oldham's leaders and institutions will be working at least for the next few years. There will be plenty of debates and arguments around how to resource and fund this approach, but we are not concerned with this level of detail in this Review. The focus of this Review is on the method and analysis. The LUWP sets out a useful framework within which Government can work with different places to address geographical disparities, with a focus on economic transformation and the renewal of civic pride. We think this framework also applies well to our own thinking and for Oldham as a whole. It is a good starting point, which must be built on in the future, if change is really going to happen.

The LUWP presents a clear analysis of the long-term economic changes which underpin geographical disparities. However, it recognises that the issues are not "simply economic". The framework which it proposes to evaluate those disparities recognises the interconnection between six related, but distinct, forms of capital. Alongside financial, physical and human capital, it recognises the role of intangible capital (a critical aspect of the new economy recognising the importance of R&D and innovation), as well as social and institutional capital – which are key to understanding the twin roles of civic pride and social fabric and Oldham's institutions and their collective capacity in shaping successful places. It presents a cogent analysis of the way that deficiencies in one or more forms of the six capitals are evident in places which underperform, such that they become caught in a vicious cycle of persistently worse outcomes[2].

The LUWP is also helpful in the way that it proposes to address the long-term challenges of "levelling up". It does not seek to provide an "economic plan" for the country, but a framework within which resources can be devolved to local level, with a clear sense of purpose and achievable targets against which to focus efforts and measure success. These missions and targets focus on improving productivity, pay and living standards; spreading opportunities (with a focus on education, skills and health); and restoring a sense of community, pride and belonging. There is confidence in the role that public policy can play in coordinating efforts around these missions, in order to deliver economic transformation and a renewal of civic pride for people and places who are sometimes referred to as "left behind". And there is recognition of the role of local leadership in driving these solutions.

**Cities and towns**

However, the LUWP is also a reminder and a reinforcement of some of the challenges which Oldham has in establishing a clear identity and strong voice within a larger economic geography. The national Levelling Up strategy takes, as its focal point, the role of cities as the drivers of growth. "Levelling up" is envisaged as a process of devolving resources by building on the existing arrangements in city regions, rather than directly to individual towns or boroughs. In many respects, it aims to build on the foundations set out for devolution in the initial 2014 devolution deal in Greater Manchester. This is the framework within which Oldham has operated since then.

It is important to recognise and address the fact that there is still disagreement amongst some communities and actors that this is the best approach for places like Oldham. Nationally, there is a degree of scepticism about the benefits which city-region models of growth bring to surrounding towns and this view has gathered pace since the 2016 Referendum and the 2019 General Election. Indeed, the fact that previous approaches to regional disparities have not always delivered for everyone has been the major theme of policy in the last five years or so – enhanced by new economic and social consequences from Austerity, Brexit and Covid-19. This has been reflected in the changing status of towns within policy and public and political debate, particularly in the last five years. They have increasingly been seen less as an adjunct of neighbouring cities, and more as places in their own right.[3] This has been reflected in funding streams such as the Towns' and Future High Street Funds as well as Levelling Up Funds, which have been allocated directly to Oldham and places like it, rather than through intermediaries, such as combined authorities.

2. See Levelling Up White Paper (2022), page 88

3. See David Goodhart (2017) "The Road to Somewhere: The Populist Revolt and the Future of Politics" and Centre for Towns (2017) Launch Briefing https://www.centrefortowns.org/reports/reports/launch-briefing.

In many respects, the LUWP shifts the focus of policy back from a direct focus on individual places, to the wider economic units of which they are a part. It reasserts the model of economic renewal which focusses on cities and city-regions as the engines of growth. This Review is broadly supportive of this model. It is realistic to recognise that outer towns are unlikely to thrive independently, unless they position themselves to maximise the benefits of being situated within a larger economic entity. This is particularly the case in terms of private sector growth, which the LUWP identifies, quite rightly as the "real engine of wealth creation". It also relates to the creation and ongoing importance of new institutions, powers and resources at the city-region level such as the Mayor and the Combined Authority and its family of city-region organisations. Places like Oldham owed their original economic purpose to the fact that they were part of a bigger, sub-regional economic unit. And any new economic purpose is not going to be forged alone, but as part of the drive to foster a stronger private sector across Greater Manchester as a whole.

**Spillovers and trickle out?**

This Review also acknowledges that much more needs to be done in Oldham and places like it for these benefits and advantages to be fully realised. There is scepticism about some of the 'spill over' or 'trickle out' effects from city centres and these need to be taken seriously if a new approach to levelling up is going to work and gain public support. This exists across the country, and in outer boroughs in Greater Manchester, including in Oldham.

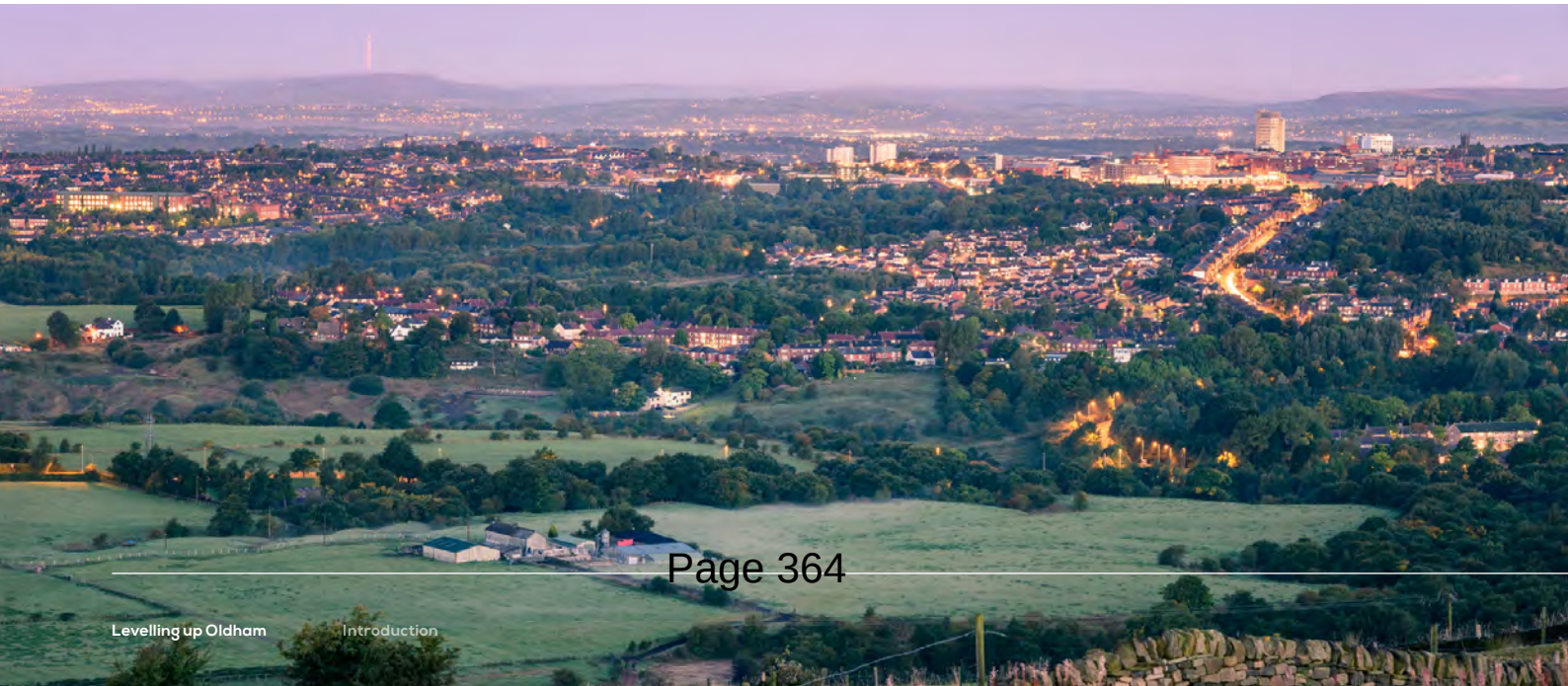
It is important to consider this in context. Part of the problem is that, despite the progress which cities such as Manchester, Liverpool, Leeds, Birmingham and others have made in recent times, they continue to underperform economically compared to both the national averages in various measures and also to similar cities in Europe and North America. The transformation task remains significant and long-term, and the benefits will not be evident for everyone or everywhere in the short-term. However, these benefits do need to be tangible and evident at some point. It is a measure of the maturity of strategies, partnerships, structures and processes within those devolved authorities, whether they can grasp the complexity of individual place-based needs, within the wider whole. The whole needs to be more than the "sum of the parts". But the needs of individual "parts" must also be recognised and taken seriously, and not lost – or the "whole" becomes somewhat empty.

**Making city led growth work better**

Levelling up is clearly not easy, at national or local level, and is swamped in complexity. The question is how to deal with this. It is the firm finding of this Review, that this is best achieved by finding ways of making the model work better, rather than by seeking alternatives to it. A key theme of this Review is that stakeholders should think differently about the way that the benefits of the City-region can be made to work. This is often thought of in terms of spillovers from the core to the periphery, but this is not the only element of the model. There is also much to be gained by collaboration between neighbours in the peripheral areas. But this requires active, sustained effort and co-ordination across multiple partners. It cannot be laissez faire and nor can it be expected to weather the repeated shocks of external events such as the financial crash or the pandemic without help or effort.

It is also important to ensure that Oldham is able to articulate a strong and confident voice within the City-region, making more of its relationships within Greater Manchester and its role in its governance. First it must be clear about its own long-term vision. Second is to place a renewed sense of its economic purpose, as a place, at the centre of that vision. Then there is a need to think this through, as an organising framework, for how Oldham should deal with the issues of productivity, opportunity, civic pride, and institutional capacity.

**The recommendations of this review are organised around how Oldham can shape a strategy which builds on these themes.**



## RECOMMENDATIONS

### 1. THE LONG GAME

The Review heard evidence from a variety of witnesses on the wider "levelling up" challenges for Oldham and similar places, the ingredients for success, and the place of Oldham within the wider city region. A key theme was that Oldham needs to establish a clear long-term view of what success might look like. There may be an understandable reluctance to do this, given that so many factors are variable, external and internal, which can make ambitious missions and targets appear undeliverable and unrealistic. However, just as the Levelling Up White Paper does not seek to set out an economic plan for the country, this Review does not set out a detailed economic plan for Oldham. Instead, our aim has been to focus on general principles, backed up by analysis, systems and policies which are required, in the longer term, to understand the problems that need to be fixed, and to establish a platform to deliver confident, purposeful and optimistic solutions.

**The single most important challenge is for Oldham to have a clear and sustained view of the "long game".** The importance of this is precisely because so many factors will arise which potentially detract, divert or undermine the delivery of long-term change. The geographical disparities described in the LUWP, which particularly (but not exclusively) affect post-industrial towns like Oldham, have deep roots. There are no magic wands which will bring overnight change. It is important therefore to have something clear and systematic to focus on, which ensures that collective efforts do not become dissipated, or wander off course. A central theme in this Review, which is repeatedly echoed in the White Paper - has been that successful places – those which have transformed themselves and rebuilt their civic pride – have been driven by exactly this kind of vision, which they stuck to, and have relentlessly worked to deliver over a long period of time. Manchester city centre is the nearest local example. London Docklands, Barcelona, and Lille are all cited in the White Paper, as is East Germany, and a number of US cities.

This is not because the immediate here and now is not important. It is. It is evident that the short term "shocks" presented by events such as the 2008 financial crisis, "austerity" or the pandemic – and which may now be entering a new iteration due to inflation and war – have a significant impact. One of the features of places like Oldham is that they are not resilient in the face of these events. They are hit harder, and the damage lasts longer, than in other places. However, crisis management can obscure the wider challenge of long-term economic transformation. For Oldham, as for many other former industrial towns, the primary challenge is that it has lost its original economic purpose and has not yet found a convincing alternative. The key to its long-term future is to be clear about what its economic purpose is, bearing in mind the evolving context in which it operates.

### 2. ECONOMIC PURPOSE

The need for a clear "economic purpose and vision" was a persistent theme during the Review. Defining this is harder than it might seem. Oldham's original role was relatively simple and easy to understand. It was part of a division of labour and specialisms with neighbouring areas, and its strengths were clear. Cotton and engineering not only provided local employment and wealth, they also helped to establish institutions and a civic pride, from housing through to notable buildings in the town centre, great local projects like Alexandra Park, and amenities such as the sports facilities at Avro. Oldham in the 19th and early 20th century offered a successful example of the LUWP's 'six capitals' coming together to create an upward spiral of wealth, productivity and civic pride. The town 'worked'.

Oldham's more recent history has witnessed industrial and manufacturing decline and a decline in the relative levels of wealth within the borough. Accordingly, this has had a direct impact on other issues within Oldham – such as its high streets, its institutions and its social fabric. It is unrealistic to expect the complete substitution of previously strong sectors and institutions with new ones with a similar reach and impact. The future economy and labour market in Oldham (and Greater Manchester) is likely to be more diverse in its sectors, occupations and types of jobs and firms than in the past.

One of the findings of this Review is that up to 70% of current employment in Oldham is within the "foundational economy" (mainly, but not exclusively public sector). While it is important to acknowledge its importance and to improve conditions in this part of the economy, the disproportionate reliance on public sector funding, either through services, grants or central government, as well as on wealth transfers and welfare payments is problematic. It means that in "normal" times, Oldham is heavily dependent on the public or quasi-public sector for much of its activity, and that changes to public sector funding, often outside of Oldham's direct control, have a disproportionate impact.

The Review has considered Oldham's economic resilience (and the findings are published in the Final Report) and it is not strong. **The economic transformation of Oldham must star by breaking the dependence which it has on the "foundational economy" employment. This should be a central target in reshaping its long-term economic purpose. And Oldham needs to set out clear plans for how it intends to achieve this.**

This is almost certainly going to be multifaceted. There is much to be said for the benefits of "community wealth building" initiatives. These encourage public, voluntary and community sector partners to think and work hard to maximise the impact of the "public pound" in bringing

greater economic and community benefits. It also makes a strong case for the importance of 'anchor institutions' and social value in the growth of the economy. This Review acknowledges that Oldham has made some strong recent progress in this respect and makes recommendations as to how this can be further developed and improved.

However, it is important to recognise that this approach, at its best, is only likely to operate at a limited scale[4] and improve the use of the resources already in the town and will do less to address the fundamental challenge of creating and/or bringing more wealth to Oldham. **For this to be achieved, it must be coupled to a strong and clear strategy for supporting private sector business and employment, particularly in the parts of the economy that can create most wealth and value.**

When this challenge is placed at the centre of Oldham's long-term vision, it becomes very important to be clear about what parts of the challenge can be met within Oldham's own boundaries, and what parts require partnerships with neighbouring places and activities.

In terms of productivity and business, it is important to make much more of the successful private sector companies which still exist in Oldham, but also to recognise that much future employment is also likely to be in neighbouring areas. This means focussing efforts not just in Oldham, but also collaboratively with neighbours to support growth, while also working hard to make sure that Oldham residents are equipped to succeed in the wider sub-regional labour market. And this is not just about business and skills (financial, physical and human capital) in isolation. It is about making Oldham a place which is attractive to live in, invest in and visit – a place which all stakeholders can consider with pride. **A recommendation is that Oldham set out a clear statement of its economic purpose, which acknowledges what part of business growth and employment will be delivered in the town and what parts require a reshaping of its relationships to neighbouring areas within the City Region. Missions and targets need to be developed in relation to the restatement of Oldham's economic purpose.**

This is not a completely new direction for Oldham. There has been considerable progress over the last decade in a number of areas, and there are a number of successes and strengths which can be built on in the future. **It is important, however, that future activity is relentlessly anchored back to the delivery of Oldham's long-term transformation, that it is organised through a set of coherent sub-strategies, with missions and targets which are directly connected to the delivery of that transformation.** Such an approach will enable Oldham to clearly articulate its long-term ambitions, engage local, sub-regional and national stakeholders around delivering them, and have a clear set of accountabilities and measures to demonstrate progress.

The subsequent recommendations in this Review build on the analysis of long-term vision around economic repurposing, to suggest ways that Oldham can renew its strategy and realign stakeholders around the core levelling up themes of improving productivity; spreading opportunity; and renewing civic pride. It then concludes with a set of recommendations about institutional capacity.

### 3. BUSINESS AND INNOVATION

The need to grow enterprise and employment through private sector growth both in Oldham, and in partnership with neighbouring boroughs, is a central challenge for "levelling up". To explore these issues, the Review heard evidence from successful local businesses, and from expert witnesses in the fields of post-industrial towns and their challenges, community wealth building, industrial strategy and innovation. The LUWP correctly identifies the private sector as fundamental to improving economic performance in every part of the country, and sets out proposals to redistribute research and development spending, support innovation accelerators, unlock and spread investment, support SMEs, and improve transport and digital infrastructure. Of these, the focus of this Review has been on measures to support innovation, develop enterprise and engage with business.

It is important to recognise that, although deindustrialisation dominates the story of Oldham's recent economic history, it continues to be home to a significant number of manufacturing firms as well as successful private enterprises in other fields. More work needs to be undertaken to understand the nature and potential of the manufacturing sector. Different companies are in receipt of support from initiatives to improve manufacturing, such as 'Made Smarter', but there is no single umbrella strategy to bring these together and understand their overall impact. **A clear analysis of the opportunities for manufacturing in Oldham and a strategy to support the sector, is a recommendation of this Review.**

Similarly, Oldham is in receipt of a significant amount of business support, for manufacturing and non-manufacturing firms. This is mainly delivered by Greater Manchester partners, but it is not clear how well scrutinised this in terms of its contribution to Oldham's plans, whether it shares the same specific priorities, or its level of integration with other initiatives. This is important because Oldham hosts its own enterprise initiatives and has an impressive track record of business start-ups. It has a less impressive record, however, in terms of the growth and survival of those new initiatives. There is a need to understand why this is the case, and this involves better understanding the impact of both enterprise activity and business support. **It is recommended that further work be undertaken to examine the impact of enterprise and business support initiatives, and that**

4. See GM Inequalities Commission: https://www.greatermanchester-ca.gov.uk/what-we-do/equalities/independent-inequalities-commission/

**Oldham develops a clear strategy for enterprise, based on sound analysis of what works, in order to prioritise and evaluate the allocation of these resources.**

This should moreover, be part of a wider strategy to coordinate work with businesses. In addition to business support and enterprise, Oldham has a range of stakeholders who, in different ways for different reasons (employment schemes, support programmes, skills supply, procurement and so forth) engage with local employers. However, this work is uncoordinated and so it is difficult to assess the size and scale of activity, whether there are gaps, or whether things could be done to improve impact. **It is recommended that, all employer facing partnership work be bought into a single strategic framework, with a clear set of missions and targets around improving productivity, increasing wages and boosting standards of living.**

This part of the challenge is very much about improving the coordination, focus and accountability of initiatives already being delivered within Oldham. It is also evident, however, that Oldham should be outward looking too. It can improve its engagement with neighbours where better support for private sector business is a shared priority. An obvious example, which was discussed extensively and repeatedly in the Review, was around manufacturing – as other boroughs, most notably Rochdale and Tameside, have a similar industrial legacy. The business led Advanced Machinery and Productivity Institute (AMPI) in Rochdale has become a focal point of Greater Manchester's "Northern Gateway" plans. Oldham has not actively engaged in this project, but a strong recommendation of this Review is that it should. **It is recommended that Oldham proactively engages with neighbouring authorities in the Northern Gateway, and in particular the AMPI project to support manufacturing. There are considerable benefits to be gained by having a shared approach to manufacturing support across the North East of Greater Manchester, and in putting the joint strategies (planning, business support, skills) to maximise the impact of these initiatives across a broader geography.**

A related theme is innovation and the potential for Oldham to pilot new initiatives to support innovation in the borough and in Greater Manchester. The new Innovation Greater Manchester network is led by business and universities and is seeking to strengthen the links between research and development and to support the business application of inventions and innovations. Oldham does not have a university, but does have a further education college with a strong partnership with the University of Manchester, which is helping to lead Innovation GM. A proposed part of this project is to champion innovation in businesses across all sectors and at all levels, and a town centre pilot based in Oldham would help test this area of work which, within Greater Manchester, is currently underdeveloped. **It is recommended that Oldham seek to play a leading role in extending the emerging innovation network in Greater Manchester, into Oldham town centre, with details around governance, longevity and timescales to be negotiated with the Greater Manchester Combined Authority (GMCA).**

Finally, there is scope to accelerate and expand work with 'anchor institutions' working strategically, through local recruitment, the liberalisation of procurement rules, and a coherent strategy to maximise the impact of major public, voluntary and private partners on local business growth and employment. **It is recommended that a programme of dedicated work to exemplify "best practice" for anchor institutions in this regard, be an outcome of this Review.** It is also recommended that **Oldham develop a broader strategy for social enterprise, and support its social enterprises to proactively engage with Greater Manchester initiatives to build capacity, share and develop expertise in the sector.**

### 4. SKILLS AND JOBS

The Review heard extensive evidence on education and skills in Oldham, particularly the importance of alternative routes to higher skills for young people and adults, and the need to consider skills demand and the supply of jobs, rather than skills supply in isolation. The Review heard about the national priorities for skills, the challenge of improving low skills and the role of employers in investing in skills. It received a presentation on the Greater Manchester Skills and Work programme, and an excellent account from Dudley College of Technology on the renaissance of further education in their town, which has some similar challenges to Oldham, and the importance of having a strong general further education college to deliver a comprehensive package of skills interventions in post-16 learning.

The LUWP does recognise the central importance of education and skills in improving productivity and spreading prosperity, and makes recommendations to improve outcomes through Education Investment Areas, new post-16 providers with a focus on access to leading universities, a new UK National Academy to provide online tutoring, and a set of measures to improve post-16 skills outcomes. These include Local Skills Improvement Plans, an "in work" progression offer for those on low incomes, and the implementation of existing plans for reform and improve opportunities for adults to upskill and reskill.

The education and skills challenge facing Oldham is large and complex. The Review did not consider pre-16 performance in detail, due to the constraints of time. However, given that the LUWP places considerable emphasis on improving school performance, there are some observations that should be made in passing.

The Review did not closely consider education pre-16, so is not able to make detailed recommendations.

Given that Oldham is likely to become an Education Investment Area, within the Levelling Up proposals, it is important to note some issues in the pre-16 and post-16 phases which are worthy of further consideration. These include close analysis of differential performance across the borough, not just in terms of institutions, but by place, neighbourhood, and families (intergenerational); gaining a better understanding of current performance in terms progression routes to high skills, including the conventional three year residential degree; a strategy for improving English and maths achievement by 16, including an analysis of the knock-on effect for learners in post-16 settings; and the improvement in performance in terms of qualifications acquired by the age of 19, contrasted with high levels of 16-24 year old unemployment. **It is recommended that these, and related issues around educational underachievement, are considered in future Education Investment Area planning.**

All of these have implications for the area that this Review has considered – which is post-16 learning and adult skills. Between 2005 and 2020 there has been a marked reduction in the numbers of adults who have no qualifications. However, it is not clear that this has made any difference to employment or income patterns. And comparative skills performance at all levels remain low compared to other boroughs, while employment remains a problem. There is a higher proportion of economically inactive residents and above average numbers on incapacity benefit. As with many other indicators, this is not evenly distributed throughout the borough. There is a strong concentration of lower levels of skills achievement, and low incomes, in specific neighbourhoods. Pay levels and household incomes are also low in these places.

A disappointing aspect of the LUWP is that it both undersells the scale of the reforms to further and technical education, and the contribution which they should make to levelling up plans, and underestimates what is needed for further education to maximise its potential impact. This is partly because the LUWP focusses too narrowly on adult skills. This makes sense, insofar as adult skills is the part of the skills system which has already been devolved, and is also the area where, through the Lifetime Guarantee and changes to adult funding rules, the national policy for skills is currently seeking to make a significant difference. However, adult skills policy remains very muddled, with a large number of priorities competing for a limited amount of resource with very little evaluation of impact to help focus efforts. There has been no evaluation of the impact of devolving adult skills, either at national or local level. This is partly, perhaps, because it has had few clear measures of success, either at the level of devolved authorities, or at local authority level. However, the LUWP offers a way to resolve this.

The introduction of the new missions and targets will, in this respect, be a step forward.

**It is recommended that Oldham take a lead in setting its own missions and targets for adult learning, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and the Combined Authority, which will shape the distribution and use of adult funding in the borough to 2030.** In so doing, it will need to separate out the local authority's strategic role in setting the aims and ambitions for the transformation of place, with its role as a skills provider. At present, this is confused, and the conflict of interest is neither acknowledged or managed. If this matter can be addressed, and effective targets set, then these can serve to focus local providers and the devolved authority on priorities and hold them collectively to account.

In forming such a plan, however, it will have to deal with the fact that the national targets, set out in the LUWP, may be unambitious compared to the scale of the problem of adult skills. Evidence received by this Review considered data relating to two similar areas – Oldham and Blackpool – and concluded that if these two areas were to improve their adult qualification rates to the national average, they alone would amount to over half of the 80,000 target for adult learners. This may, of course, amount to a claim for a larger allocation of adult funding, either from national or devolved sources. **It is recommended that Oldham's analysis of missions and targets should include its own analysis of the challenge of adult skills, and the levels of investment needed to make the borough competitive in the labour markets of Greater Manchester.** This should form the basis of its ongoing dialogue with the Greater Manchester Combined Authority and, through it, to national government too.

Beyond adult skills, the LUWP is very positive about the need to "strengthen locally accessible institutions, notably the national network of further education colleges" and the wider proposals for an employer led skills system, as set out in the Skills and Post-16 Education Bill which is currently going through Parliament. This is a welcome recognition of the need for strong further education institutions, because of the role they place in the community, both in terms of skills delivery and their wider contribution. The example of Dudley suggests that this should be a priority for Oldham. Oldham College has followed a similar journey to Dudley, with considerable investment, improvement in the range and quality of provision, and establishing its wider role despite, until recently, and unfavourable policy environment, nationally and locally. **It is recommended that Oldham make a commitment to supporting its general further education to play it full role in the locality, and that it works with Greater Manchester partners and national government to secure this for the long run.**

**At the centre of this work should be a clear strategy for delivering of a coherent alternative set of pathways, both work-based and classroom based, for those young people**

**and adults seeking to progress into careers without following the residential three year degree route.** Part of the problem with the approach which the LUWP makes to skills is that it leaves a great deal of positive reforms out of the picture. These reforms, which include T levels, apprenticeships, Level 4 and 5 provision in the classroom and workplace, as well as changes to HE access rules and potential changes below Level 2, amount to a system shift for technical education and training. This should cumulatively provide the "alternative pathways" to high skills which are essential to Oldham's "levelling up mission", particularly given it has no university and depends on its FE college to deliver the major part of this system. This perspective on the wider skills system as a whole is often missing from devolved authorities (which tend to only focus on the funds they control and the provision they can commission), so the LUWP was a real opportunity to address what a new skills system might look like at a very local level.

This also means addressing two related issues: first, competition and second employer engagement. In terms of competition, there are a number of providers – in all phases of post-16 delivery – who are potentially working at cross-purposes and it is questionable whether this has always produced the best outcomes. **It is recommended that the strategy for skills should include consideration of the positive and negative impacts of competition between providers throughout the post-16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision, and what can be done to improve arrangements.**

In terms of employer engagement, this aspect of technical and professional education and training is often misunderstood and misconceived in policy terms, both locally, regionally and nationally. The LUWP does propose, drawing on proposals in the Skills Bill, to create a stronger relationship between providers and employers through the introduction of Local Skills Improvement Plans (LSIPs). These are a positive move, but still very experimental. The current pilots are focussed on relatively small areas, and it is not clear that LSIPs would work at the level of a geographical area as big as Greater Manchester. As currently defined, moreover, LSIPs are relatively one dimensional. They conceive the problem of skills as a mismatch between supply and demand, with the plan helping to articulate what employers need, so that skills supply can be reformed to better meet demand. This potentially works well in areas where the economy is strong. In "levelling up" places, however, this is not the case. There is a profound problem of demand, and a need to work with employers in myriad ways to stimulate demand. Skills supply is a key aspect of this – but not just a passive respondent to a fully formed requirement.
This makes the relationship between specialist providers and employers a more profound partnership challenge, with a "two way" street between what is taught and how it is practiced. The current Local Skills Improvement Plans are unlikely to address this issue. **It is recommended therefore, that Oldham adapts the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. As in other LSIP pilots, it is recommended that this work is led through a partnership between Greater Manchester Chamber of Commerce and Oldham College.**

### 5. CIVIC PRIDE AND 'A SENSE OF PLACE'

This Review started from the position that improved economic performance, in the sense of stronger businesses, more enterprise, and greater competitiveness in labour markets are all central to Oldham's future, but that "non-economic" factors are of equal importance in shaping and delivering successful places. The Review board heard evidence from expert witnesses on place management (focussed on town centres), housing, crime, health and civic identity and pride.

One of the reasons why the LUWP marks a step forward, is that it acknowledges the importance of social and institutional capital – and the interaction between them and the four other "capitals" (financial, human, intangible and physical) in order for "levelling up" to have any chance of working. It sets out a series of interventions designed to support the renewal of civic pride and a sense of community. This includes the 'Shared Prosperity Fund', which will invest in business and skills, but also communities and place; brownfield regeneration, further measures to improve town centres and high streets, securing access to green space, investing in grassroots sports and culture, introducing a 'National Youth Guarantee' and related measures to improve opportunities for young people, measures to relocate the Civil Service, a set of measures to improve housing and investment to tackle crime and antisocial behaviour.

The evidence presented in the Review illustrated the enormous impact of these "social fabric" issues on Oldham. The town centre featured strongly in these discussions, as it has in focus group work with local residents. Its importance is clearly acknowledged in the Council's ongoing commitment to its redevelopment. This includes projects delivered, such as the Old Town Hall and Leisure Centre, projects in the pipeline such as the relocation of Tommyfields Market and the acquisition of Spindles Shopping Centre, and work taking place through the High Streets Fund and Towns Fund Board.

This is an area where the importance of having and holding to a long-term vision is particularly important, because the funding regime tends to be organised through competitive bidding rounds. This can lead to fragmentation and "pepper potting" of resources – particularly given the number and scale of regeneration

projects needed to complete the town centre's transformation. **It was encouraging that Oldham was actively engaged with the Institute of Place Management, which has produced a diagnostic report on ways that town centre management can be improved and it is recommended that the report is considered and implemented.** It is also encouraging that Oldham has recently strengthened private sector leadership in the Towns Fund Board. **It is recommended that the Council continue to work with partners from all sectors to enhance private sector engagement in the regeneration of the town centre, and increase investment from all sources.** It is also important however, that each and every project has a clear assessment in terms of how and what specifically it contributes to the long-term vision of Oldham, and how it contributes in terms of growing business, increasing employment, or improving Oldham as a place to live or visit. **It is recommended that this assessment is built into all current and future projects, to ensure that their purpose is clear, and their contribution is robust, transparent and accountable to the "long game".**

Housing emerged as one of Oldham's biggest challenges, but also as the single policy area where the strategy already appeared to grasp the complexity of the "long game". The strategy recognises that Oldham has to have very broad appeal – attracting and retaining those with higher incomes and high skills, while also working hard to improve the outcomes for those who do not. One of the enormous challenges for Oldham in improving the supply and variety of housing, is that it has significant constraints in terms of available land. The LUWP commitment to new approaches to developing brownfield sites may help open up possibilities here, and there is a case for Oldham, both in terms of housing and business, considering innovative options for redeveloping heritage provision.

The Review board heard evidence relating to heritage in Oldham and the potential for mill redevelopment. Focus groups confirm that heritage is one of the aspects of Oldham which local residents are most proud of - and that Oldham's industrial past plays a significant role in shaping its current reputation. In evidence relating to heritage – including the legacy of mills in the borough – a key theme was around making more of the past in order to shape the future. This is an area which may be underdeveloped in Oldham's current thinking, given that the town has had a unique place in the history of industrialisation, but there is relatively little for visitors to see which could tell that story. The Council has recently commissioned and is about to launch a strategy for renovating mills. This is a strong basis on which to build a strategy for heritage. **It is recommended that the Council implement a strategy for mill renovation, which could contribute to both business and housing needs, and fit with the wider national ambition to redevelop brownfield sites.** Part of this might be Oldham and university/college partners bidding (e.g. through either 'levelling up' and/or 'strength in places' or 'Innovate UK' funding) to set up a brownfield redevelopment pilot, undertake a mill redevelopment as a demonstrator of new technologies and materials (including environmental/net zero), of best practice and a site for future excellence in both high-level skills, apprenticeships and firm innovation. Given the large stock of industrial heritage buildings across the city region and beyond this has the potential to be of regional/national specialisation and significance.

This leaves the challenge of neighbourhoods, which almost certainly sit at the centre of some of the most challenging "levelling up" issues, both within Oldham and nationally. Within Oldham there is a very heavy dependency on social housing, and poor housing stock, particularly in the areas near to the town centre, is a legacy of Oldham's industrial past. It is predominantly red bricked terraced properties, with few larger properties – or newer social housing, often in the same areas. There are a number of challenges around the extent of private landlords in specific neighbourhoods, and new arrivals to Oldham bought through the asylum system, or rehoused by other local authorities, because housing is relatively low cost. These residents are welcome, but often have support needs, and these are left for Oldham to provide. This is particularly challenging in neighbourhoods which already have high levels of concentrated poverty. It is not clear exactly how far this concentration of poverty is linked to the wider challenges of education, skills and health, but initial evidence suggests the link is strong, and that a "neighbourhood effects" approach to improving outcomes for the most disadvantaged may be worth pursuing. Crime and health also have distinct neighbourhood patterns. Crime is a major issue in some communities, and there are particular issues around the general public feeling safe in areas such as the Metrolink and the town centre. Health inequalities appear to mirror the neighbourhood patterns evident for other indicators of poor outcomes. **It is recommended that this issue is explored in further detail, sharing data on education, skills, health and crime, with a view to gaining a better understanding of "neighbourhood effects" and designing more coordinated neighbourhood interventions to improve multiple outcomes in an area.**

It is particularly important that this work recognises the different places, geographical disparities and communities within Oldham, and engages voluntary and community institutions, including sports clubs and cultural organisations, in building social capital across Oldham. It should also recognise the key importance of particularly institutions, such as Oldham Colosseum, Oldham Athletic Football Club and Oldham Rugby League Club, as well as grassroots community clubs and cultural organisations – along with the "anchor institutions" which deliver key public services.

**It is recommended that Oldham produce a strategic plan to protect and develop its key voluntary, community, cultural and sporting institutions, and a strategy for how they, along with the anchor institutions, can work together to build the foundations of the long-term transformational plan.**

## 6. INSTITUTIONS

As the LUWP recognises, institutional capital and capacity will play a vital part in improving economic and other conditions in Oldham. The Review agrees that Oldham needs to support and strengthen anchor institutions and their role within the borough. These include the Council itself, but also the Hospital and NHS Trust, the College and other institutions in the public, private and voluntary sectors. They need to be more than the sum of the parts and national policy needs to play its part in this support. Furthermore, institutional capacity and the role of anchor institutions also applies to Greater Manchester institutions such as those in the GMCA family that have Oldham in their footprints. They must be better joined up and their efforts and strategies more effectively co-ordinated. All need to own and buy in to the same long-term vision for Oldham.

It is unsurprising that many institutions and strategies within Oldham and Greater Manchester have suffered from fragmentation and poor co-ordination. One factor is that Government that runs too many separate and siloed policy frameworks with little effective joining up. The proliferation of one-off schemes and bidding competitions encourages further duplication and fragmentation - a problem acknowledged by the National Audit Office and the LUWP itself.

However there have also been too many uncoordinated strategies and bodies within Oldham too that have been established in parallel or abandoned along the way. Oldham and GMCA need to make extra effort to co-ordinate policy and strategy and for this to be part of a long term approach. This effort must make practical local sense of the rising numbers of strategies and funding rounds coming from different regeneration and local growth schemes operated nationally. This requires constant effort and grip as well as some rationalisation and clear accountability and transparency.

It requires a new simplified, strategic approach to economic development and levelling up in Oldham.

Neighbouring authorities such as Rochdale have established new economic development agencies and the Review board have been impressed with their ambition and actions (such as the support for AMPI for example). There are also precedents across Greater Manchester in the form of Mayoral Development Corporations, e.g. in Stockport, where high profile chairs and additional capacity are helping to drive long term strategies and individual projects.

Oldham should learn from these vehicles and adopt a similar approach, streamlining existing decision-making structures, creating new capacity and supporting its long-term economic vision by creating a single structure. It must rationalise previous and current activities and strategies to provide a single direction where the vision is set and maintained. It also needs to be the place where relationships with Greater Manchester agencies and institutions are governed too. Oldham Council is already in the process of rejuvenating its partnership structures. **It is recommended that this include deciding how best to take forward the key recommendations of this Review, in terms of business and innovation, skills and civic pride and how the collective partnerships will build capacity to deliver "levelling up".**

Whatever the specific model adopted, **it is recommended that the Council establish a "Levelling Up Board", to oversee the delivery of a coherent Oldham plan, with detailed missions and targets to 2030, which can be used to oversee the work in Oldham, the work with City Region partners, and which can produce an annual progress report, which can be used as a basis for assessing the success of "levelling up" initiatives locally.**

**It is also recommended that the Council work with Greater Manchester partners to ensure transparency about the investment of resources and expertise into Oldham and the impact of these on Oldham's levelling up vision for 2030.**

**And it is recommended that the Council and Oldham Leadership Board consider building on this Review, by working with the University and the college, and other key institutions, to develop a bespoke leadership and training programme, to build capacity and expertise and to focus the "common purpose" of all stakeholders around the 2030 vision for Oldham.**

## SUMMARY RECOMMENDATIONS

### THE LONG GAME

Oldham must set out is long term ambitions and aspirations, with missions and targets, for the aims and ambitions for Oldham through to 2030.

### ECONOMIC PURPOSE

- Breaking Oldham's dependence on "foundational economy" employment should be a central target in reshaping its long-term economic purpose. And Oldham needs to set out clear plans for how it intends to achieve this.
- Relentlessly anchor all future activity and projects back to the delivery of Oldham's long-term transformation, that it is organised through a set of coherent sub-strategies, with missions and targets which are directly connected to the delivery of that transformation.

### BUSINESS AND INNOVATION

- A clear strategy for productivity and business, which includes manufacturing, business support, enterprise and innovation, all within a single strategic framework, with a clear set of missions and targets around improving productivity, increasing wages and boosting standards of living.
- Proactive engagement with neighbouring authorities in the Northern Gateway, and in particular the AMPI project to support manufacturing.
- Liaise with Innovation GM for Oldham to play a leading role in extending the emerging innovation network in Greater Manchester, into Oldham town centre.
- Develop a "best practice" programme for anchor institutions.
- Develop a broader strategy for social enterprise, including its engagement with Greater Manchester initiatives to build capacity, share and develop expertise.

### INSTITUTIONS

- Recognise the mutual importance of the six capitals in driving improvements and develop a strategy to capacity build and support key institutions.
- Set up a new overarching 'levelling up' board, with independent representation, to oversee the delivery of the 2030 vision, with clear reporting around the local "levelling up" Missions and targets, back to the Council and Oldham Leadership Board.
- Work with Greater Manchester partners to ensure transparency about the investment of resources and expertise into Oldham and the impact of these on Oldham's levelling up vision for 2030.
- Work with the University and the college, and other key institutions, to develop a bespoke leadership and training programme, to focus the "common purpose" of all stakeholders around the 2030 vision for Oldham.









## SUMMARY RECOMMENDATIONS

### SKILLS AND JOBS

- Take a lead in setting the missions and targets for adult skills, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and GMCA, which will shape the use of adult funding in the borough to 2030. This should include its own analysis of the challenge of adult skills, and the levels of investment needed to make the borough competitive in the labour markets of Greater Manchester.
- Capacity build its general further education college to maximise its impact, including the delivery of a coherent alternative set of pathways, both work-based and classroom based, for those young people and adults seeking to progress into careers outside of the residential three year degree route, should be a clear policy priority.
- Undertake a review of post-16 provision which assesses the positive and negative impacts of competition between providers throughout the post-16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision, and what can be done to improve collective impact.
- Oldham should pilot and adapted the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. It recommended that this work is led through a partnership between Greater Manchester Chamber of Commerce and Oldham College.

### CIVIC PRIDE AND 'A SENSE OF PLACE'

- Receive and act on the Institute for Place Management diagnostic report on ways that town centre management can be improved.
- Continue to work with partners from all sectors to enhance private sector engagement in the regeneration of the town centre, and increase investment from all sources.
- An assessment is built into all current and future projects, to ensure that their purpose is clear, and their contribution is robust, transparent and accountable to the "long game".
- Build on the mill strategy to a brownfield mill redevelopment project as a demonstrator of new technologies and materials (including environmental/net zero) of best practice and a site for future excellence in both high-level skills, apprenticeships and firm innovation.
- Review the potential for a stronger neighbourhood approach to those areas where multiple indicators – education, skills, health and crime – appear to overlap and consider focussed partnerships to test out new approaches to improvement.
- Develop a strategic plan to protect and develop its key voluntary, community, cultural and sporting institutions, and a strategy for how they, along with the anchor institutions, can work together to build the foundations of the long-term transformational plan.









# CHAPTER 1. OLDHAM: PAST AND PRESENT

**This chapter provides a contextual introduction to the economic and social starting point in Oldham.** It aims to set out the history of Oldham and its economy as well as to describe the present situation in the town and the wider borough.

Section 1.2 provides a statistical overview of Oldham's post-industrial legacy, providing a summary of its economic changes and data relating to a series of key performance indicators which defined Oldham's present and future challenges. Section 1.3 provides an analysis of the resilience of Oldham's economy. This is important, because it illustrates the disproportionate impact which "shocks", such as the 2008 global financial crisis and the coronavirus pandemic have in a place where the transition to a confident post-industrial future is not yet complete.






## 1.2 OLDHAM – A TIMELINE

The Metropolitan Borough of Oldham lies to the north east of Manchester. It was established under the Local Government Act of 1974[5], amalgamating the county borough of Oldham with the neighbouring towns and districts of Chadderton, Failsworth, Shaw, Royton, Lees and Saddleworth. It comprises of a mix of dense urban and much sparser rural areas.

The inner urban core of Oldham – Oldham as a town, rather than its wider local authority boundary - is very much a product of its industrial past. The town experienced rapid population growth during the 19th century because of its role the cotton industry. This was characterised by a sophisticated division of labour between Manchester (the market for importing raw materials and exporting end products and the home of finance and commerce), the spinning districts of Oldham and Bolton and the weaving districts of Preston and Burnley. Finishing industries, such as bleaching, tended to be in the outer edges of east and north Manchester.

Oldham was initially chosen as a location for spinning, because of its proximity to Manchester, and because its damp and rainy climate helped to reduce breakages when cotton was being spun into thread, thereby improving productivity. By 1838 the parish of Oldham already contained more cotton factories than any of the neighbouring districts: 213 factories compared to 117 in Rochdale and 82 in Ashton-under-Lyne. Its population quadrupled in the first half of the 1800s, numbering 52,820 in 1851.

The rapid expansion of production, drove further expansion. By 1911 Oldham boasted 335 mills, with their 15.8m spindles representing almost 10% of all the cotton spindles in the world. It deserved its nickname of 'Spindleopolis' or 'King Cotton'. Key to this expansion, was the application of new technology – made possible by the symbiotic relationship between cotton and engineering. Platt Brothers were at the forefront of technological innovation and their plant in Oldham was the most highly mechanised of its kind. By 1879 Platt Brothers reached its highest recorded levels of power loom production and highest export of spinning machines. The Platt Company was at that time the largest employer in Oldham (employing over 15,000 people) and the largest maker of cotton-processing machinery in the world[6]. Another important specialism which developed out of cotton was mill architecture and construction, with the local Stotts practice responsible for modernising mill building from the 1880s. Coal mining was also a major feature of late-nineteenth/early twentieth century powering industrial Oldham, with the last mine closing in 1956.

5. See https://www.legislation.gov.uk/ukpga/1974/7/contents.
6. During the late 1960s the company recognised that textile technology was in a state of rapid change, the company was rationalised with Platt International formed in 1970. In 1982 Stone-Platt Industries closed and the few viable parts were sold off. For more information on the history of Platt Brothers see https://www.gracesguide.co.uk/Platt_Brothers.

The economic strengths of engineering technologies and knowledge created in Oldham were exported across the world. Building on Oldham's strengths (with new specialisms in electrical engineering) global firms, such as Siemens and Ferranti operated from the town, which increasingly contributed to the defence industry. The Avro aircraft factory opened in Chadderton in 1939. The economic purpose of Oldham during the post-World War Two period was dominated by cotton and engineering, but with increasing global competition and the decline of manufacturing across the UK (particularly during the 1980s), these both gradually declined. Oldham's industrial legacy is represented in dense, inner-urban housing and former mill buildings, showcasing what the town and its entrepreneurs achieved in this period.

Oldham has seen a number of major employers closing local sites in recent years, from the decision of BAE to close the Avro site in 2011, costing around 200 jobs, to the recent closure of Shop Direct which affected around 2,000 employees and agency workers. However, Oldham still has a large manufacturing sector directly employing over 10,000 people (12.8% of the workforce) with this accounting for a larger share of output (15.3%) in the borough (see Chapter 3).

This brief history of key sectors shows that Oldham has faced structural change in the past with the decline of the textile industry but that it was able to transform to one with engineering and manufacturing specialisms. This remains an important feature of the economy today – both the remaining manufacturing capability but also the notion that the town has transformed itself in the past and is able to do so again.



## Population and Demography

As of mid-2020, Oldham's population was 237,628, making it the sixth largest borough in Greater Manchester. See the population pyramids for UK and Oldham in Figure 1.1. In the 2011 Census it has a higher proportion (22.5%) of non-white residents than in Greater Manchester (16.3%), the North West (9.8%), or England (14.6%). This proportion has increased from 13.5% in 2001. It is important for any analysis to note that the increasing number of ethnically non-white residents in Oldham is largely a result of migratory trends to places renowned for their multiculturalism, like Oldham and due to trends in birth rates amongst ethnic groups; over recent years, there has been an increase in the number of births within the South Asian community.

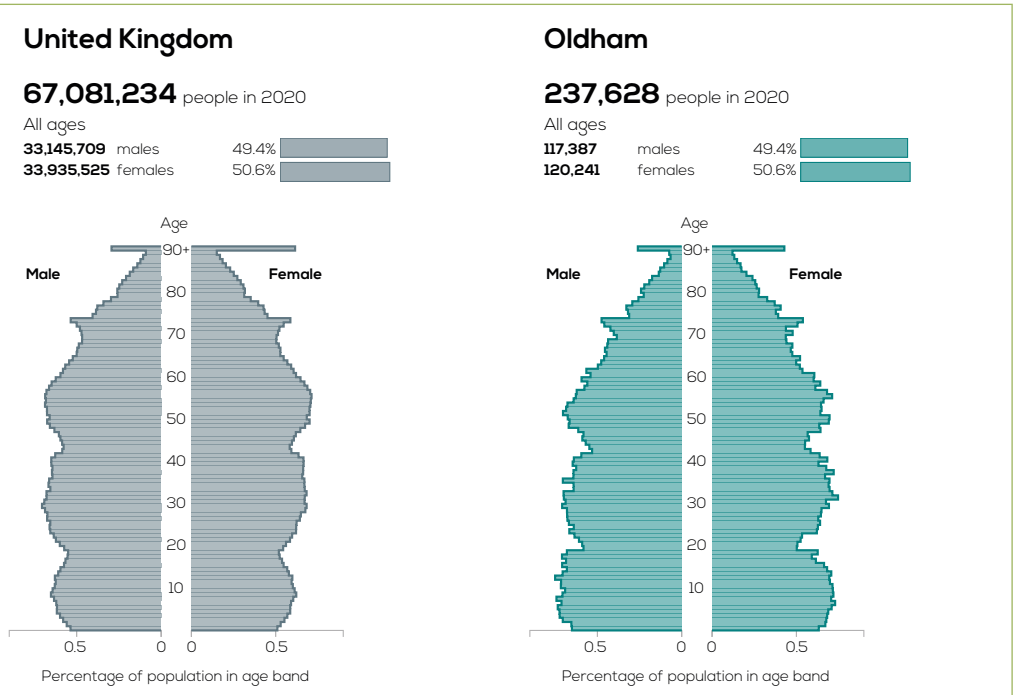



Figure 1.1: UK and Oldham's Population Pyramid (ONS, 2021) [7]

The ethnic composition of Oldham changed considerably between the 2001 and the 2011 censuses. The proportion of the population from white backgrounds decreased from 86.2% to 77.5%, again due to ageing factors, mortality rates and migratory trends.

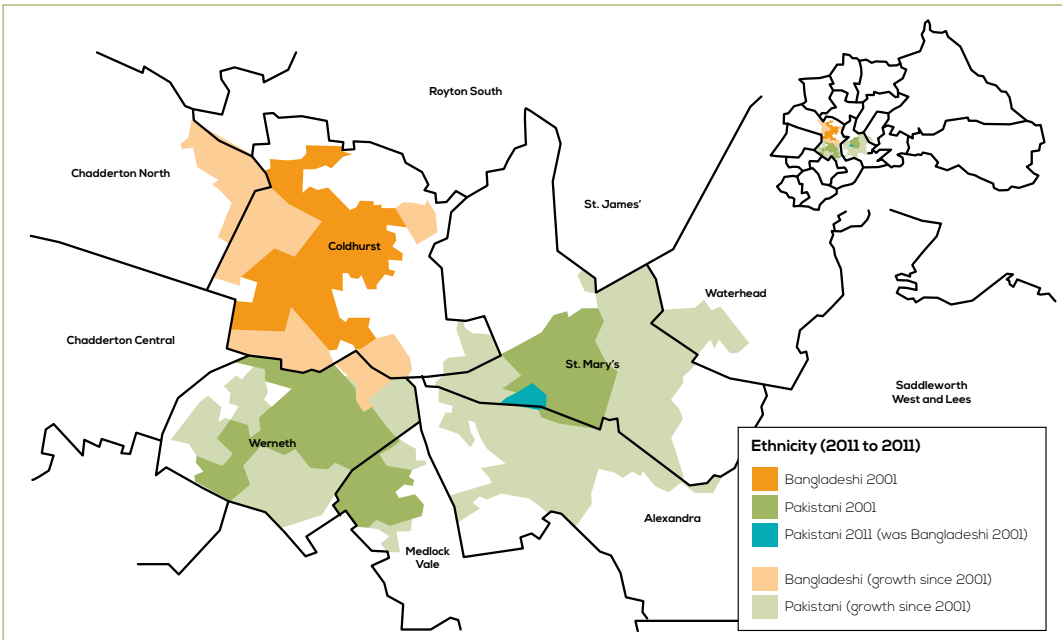



Figure 1.2: Predominant ethnic groupings in Oldham (Oldham Council, 2019) [8]

7. See ONS https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/latest

8. See Oldham in Profile, 2019 from: https://www.oldham.gov.uk/info/200632/profile_of_oldham/1588/research_and_statistics_about_oldham

Meanwhile, the South Asian population continued to grow, with residents of Pakistani heritage increasing from 6.3% to 10.1%, and residents of Bangladeshi heritage increasing from 4.5% to 7.3%, a result of birth rates and migratory trends. These communities primarily live in the wards surrounding the town centre – typically the most deprived areas in Oldham, see Figure 1.2.

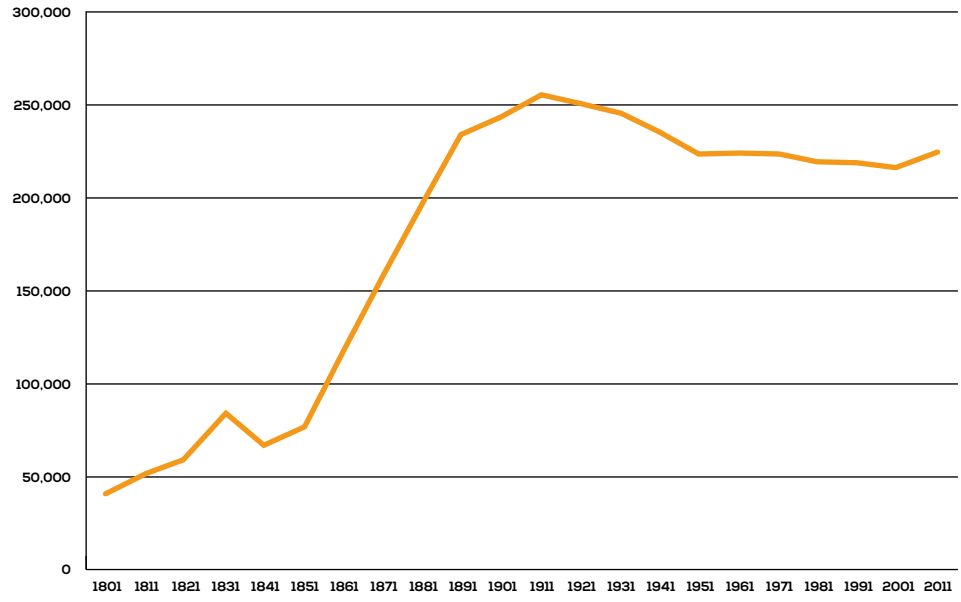



Figure 1.3: Population of Oldham between 1801 and 2011 (ONS Census, 2011) [9]

## Incomes in Oldham

The median household income for Oldham is currently low. In 2021 this was £25,357, which is significantly lower than the Greater Manchester (£28,078) and Great Britain (£32,736) averages. When compared to Great Britain, Oldham has a greater proportion of households falling into the two lowest income bands, particularly the second lowest band where 27.3% of all Oldham households have a median income less than £15,000, compared to 18.5% nationally. Figure 1.4 illustrates the difference in income at ward level. There are also important contrasts within the borough with an income gap of around £24,000 between Saddleworth North – the most affluent ward in Oldham, where median annual incomes are around £40,840 – and Coldhurst – the least affluent ward, with an income of only £17,341 per annum. The income disparity and inequality within Oldham is increasing year upon year.

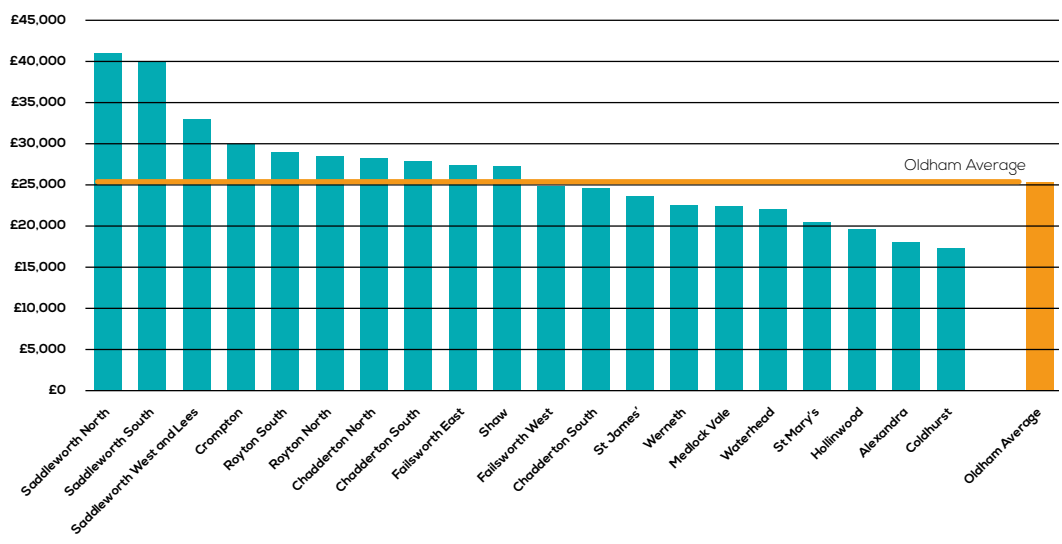



Figure 1.4: Median Household Income by Ward (CACI Paycheck 2021 ) [10]

9. See Oldham in Profile, 2019 from: https://www.oldham.gov.uk/info/200632/profile_of_oldham/1588/research_and_statistics_about_oldham

10. See https://www.caci.co.uk/datasets/paycheck/.

### Skills in Oldham

Skill levels are one of the most important determinants of socio-economic outcomes. Skills are not only an important route out of poverty for individuals, but a key driver of economic prosperity. Oldham has traditionally had a weak skills base – a legacy of generations of manual employment, meaning residents can find it difficult to enter new growth sectors.

Whilst Oldham has improved attainment rates across the borough in recent years, adult skill levels still remain a concern. There is a higher proportion of residents with no qualifications compared to Greater Manchester and England, see Figure 5. Tackling this gap must be a prime objective in order to enhance economic prosperity in the area and enable Oldham to compete with other local authorities in attracting new businesses to the area. At the other end of the skills spectrum, obtaining a degree or equivalent level of qualification will enhance the opportunities for individuals to find work and be employed in higher paid jobs. The data shows clearly that Oldham has a significant deficit in the percentage of the working age population with a Level 4 qualification (or above), compared to the Greater Manchester and the England average.

| | Oldham (%) | Greater Manchester (%) | England (%) |
|---|---|---|---|
| NVQ 4 and above | 28.3 | 39.2 | 42.8 |
| NVQ 3 and above | 51 | 57.6 | 61.2 |
| NVQ 2 and above | 71.8 | 75.2 | 78 |
| NVQ 1 and above | 83.5 | 86.3 | 87.9 |
| Other qualifications | 7 | 5.9 | 5.9 |
| No qualifications | 9.5 | 7.7 | 6.2 |

Figure 1.5: Highest Qualification Level Attained (ONS Annual Population Survey, 2021) [11]

### Health

On average, Oldham residents can expect to live 2.2-2.6 years less than the average person in England. Male life expectancy at birth in Oldham is 77.2 years compared to the 79.4 years England average and female life expectancy is 80.5 years compared to the 83.1 years England average. Within the borough, male life expectancy is 11 years less in the least affluent ward compared to the most affluent ward, and female life expectancy is 12.4 years less[11]. The rates in life expectancy are directly linked to a host of factors, including poverty, socio-economic class and health. Furthermore, the economic impacts of COVID-19 have exacerbated and will continue to exacerbate poverty in the borough and further deepen and widen existing inequalities.

### Geography of deprivation – neighbourhoods

Levels of deprivation across the borough are generally ranked among the highest in the country. Relative to other authorities, Oldham's levels of deprivation have maintained a steady downward trend since 2004, according to the Indices of Multiple Deprivation (IMD), see Figure 1.6. The worsening of the 'extent' rank may indicate that deprivation (relative to other areas rather than in absolute terms) is taking on a wider geographic scope across Oldham. The balance of employment rank improvement and income rank worsening may suggest a challenging environment of lower income job creation. Note however that employment and income statistics pre-dates some recent initiatives on Government's National Living Wage in particular. The Greater Manchester Employment Charter (see Chapter 3) targets the Real Living Wage. The Real Living Wage is set to increase to £9.90 in April 2022 compared to the Governments national living wage of £9.50 (for over 23-year-olds)[13].

11. See Nomis Nomis Labour Market Profile https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham
12. See page 20 in Marmot (2021), Build Back Fairer in Greater Manchester: Health Equity and Dignified Lives, https://www.instituteofhealthequity.org/resources-reports/build-back-fairer-in-greater-manchester-health-equity-and-dignified-lives.
13. See https://www.livingwage.org.uk/news/real-living-wage-increases-%C2%A39.90-uk-and-%C2%A311.05-london-cost-living-rises.

| Domain | 2019 rank (of 317 LAs) | 2015 rank (of 326 LAs) | 2010 rank (of 326 LAs) | 2007 rank (of 354 LAs) | 2004 rank (of 354 LAs) |
|---|---|---|---|---|---|
| IMD Score | 19 | 34 | 37 | 42 | 43 |
| Income Scale | 39 | 44 | 44 | 39 | 48 |
| Employment Scale | 46 | 45 | 48 | 49 | 44 |
| Concentration | 22 | 28 | 25 | 23 | 26 |
| Extent | 18 | 29 | 30 | 34 | 36 |

**Figure 1.6: Oldham Indices of Multiple Deprivation 2004-2019 & Components (Oldham Council, 2019)** [14]

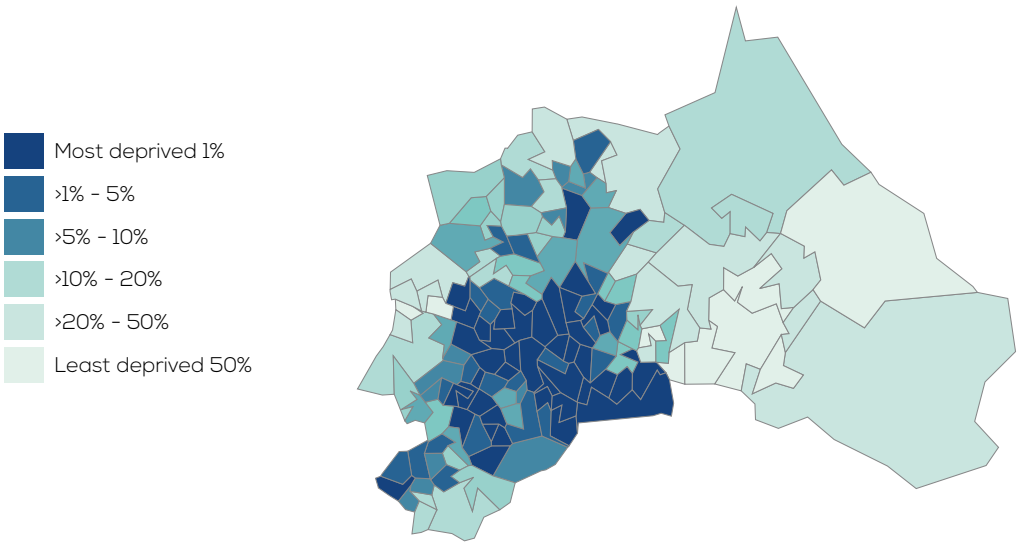



**Figure 1.7: Indices of Multiple Deprivation (MHCLG, 2019)** [15]

Oldham currently has four areas within the borough which are among the top 1% of the nation's most deprived areas. Most of these areas are centred in and around Oldham's town centre (Figure 1.7), particularly within the wards of St Mary's, Coldhurst and Alexandra. Only the wards of Crompton, Saddleworth North and Saddleworth South do not contain any areas that fall within the nation's top 20% most deprived areas.

### Oldham's Location and Travel/Connectivity

Oldham is situated in the Combined Authority area of Greater Manchester (GM) which includes nine other local authority boroughs, see Figure 1.8. Figure 1.9 illustrates the location of the borough and the key transport infrastructure routes within Oldham. The arrival of Metrolink has significantly improved transport connectivity within the borough. It has increased the appeal of Oldham to skilled and higher-earning commuters and has linked residents in many areas historically poorly-served by public transport with employment, retail, and leisure destinations throughout the Greater Manchester conurbation. However, some areas (e.g., Sholver, Diggle) are still socially/economically isolated for those without cars, and some areas of potential employment (e.g., Stakehill) are still difficult to reach.

14. See Oldham Council (2019), https://www.oldham.gov.uk/download/downloads/id/5730/briefing_on_the_2019_indices_of_deprivation.pdf

15. See HCLG Interactive dashboard https://app.powerbi.com/view?r=eyJrIjoiOTdjYzI-yNTMtMTcxNi00YmQ2LWI1YzgtMTUyYzMx-OWQ3NzQ2IiwidCI6ImJmMzQ2ODEwLT-ijN2QtNDNkZS1hODcyLTI0YTJlZjM5OT-VhOCJ9

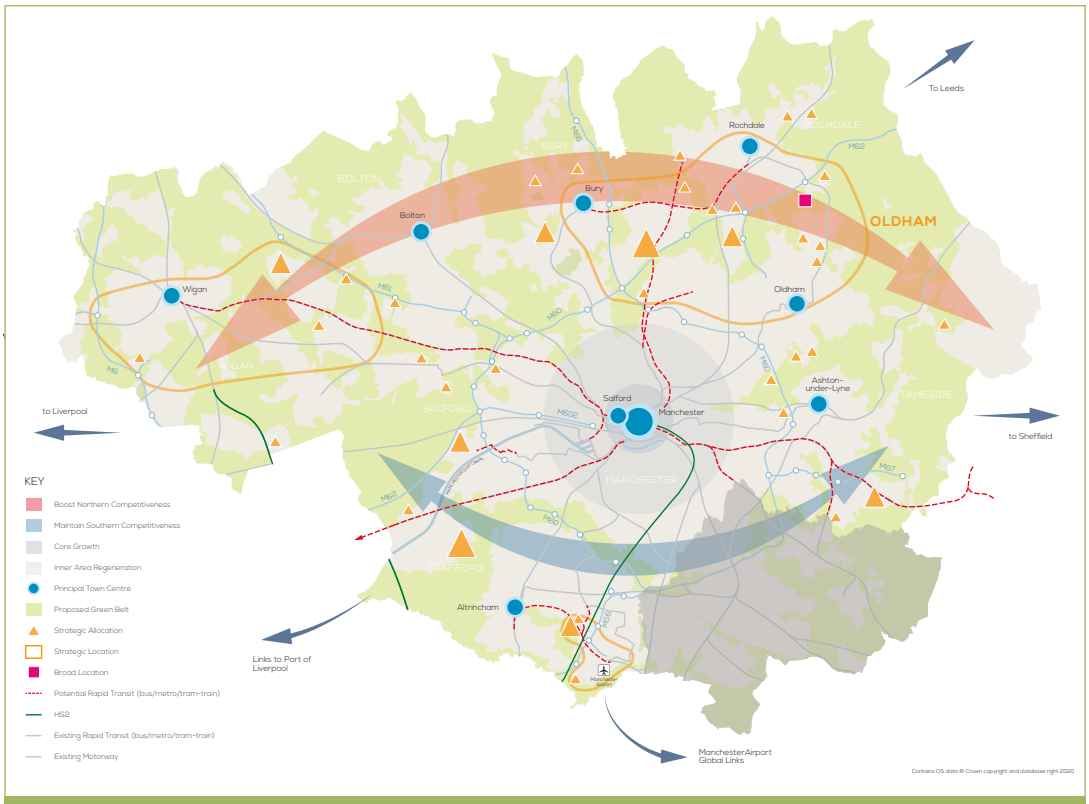



Figure 1.8: Greater Manchester Transport Connectivity (GMCA Places for Everyone, 2021) [16]

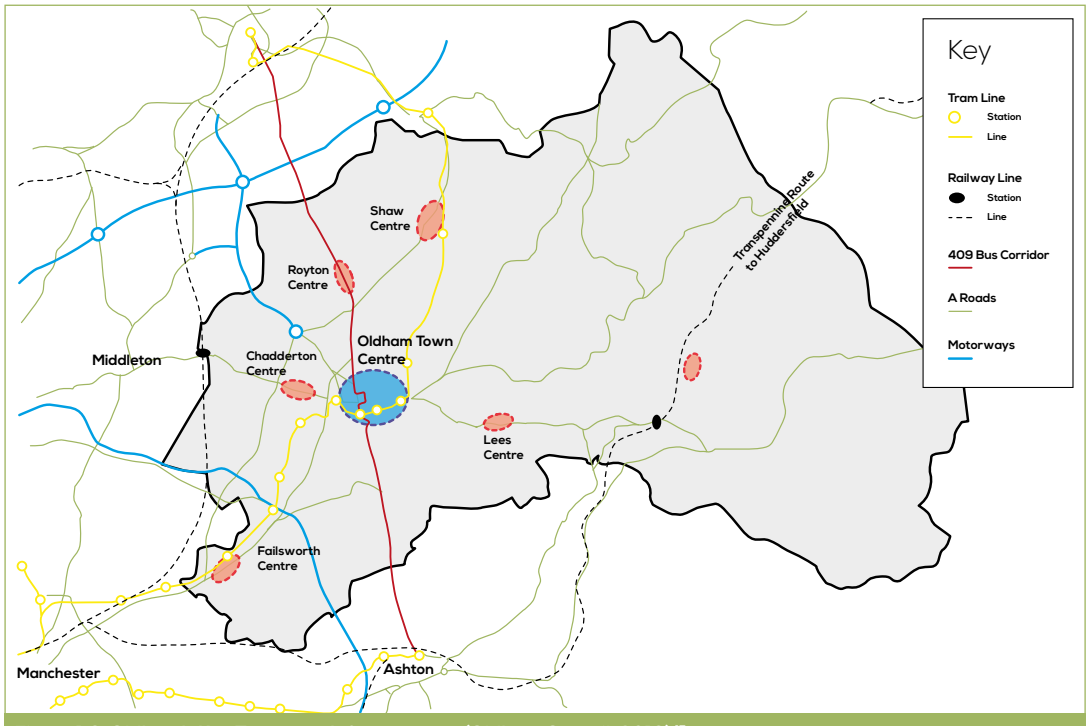



Figure 1.9: Oldham's Key Transport Infrastructure (Oldham Council, 2019) [17]

Commuting patterns to and from Oldham are captured in GM travel survey data[18], finding that between 2017-19, 10.8% of commutes go into Manchester; 9.6% of commutes are to Rochdale and 10.4% of commutes from Rochdale coming into Oldham (this shows the close economic links between the boroughs). However, overall, 61.9% of the borough's residents - a large majority - live and work in Oldham.

The modes of transport for Oldham residents are also captured with 35.6% of journeys by car or van; 34% walking; 18.8% are car or van passengers; 5.3% by bus, minibus or coach journeys and 3.8% via Metrolink. Walking is noticeably higher than GM as a whole – perhaps linked to the high proportion living and working in Oldham.

16. See https://www.greatermanchester-ca.gov.uk/what-we-do/planning-and-housing/places-for-everyone/ for the development plan, figure from page 37. Note, the borough of Stockport is shaded grey in the figure as the council voted against the Greater Manchester spatial framework.
17. Analysis provided by Oldham Council
18. The Greater Manchester Travel Diary Surveys (TRADS) [16] collects transport and travel information from GM residents. Transport for Greater Manchester https://tfgm.com/trads.

### Digital Connectivity in Oldham

Oldham has well developed internet infrastructure, with practically all of the borough's population able to access fibre optic broadband in their homes. There is close to 100% coverage within the central Oldham area. However, the lower end of Saddleworth appears to have less access, and whilst lower levels may also be noted on the border of Moston and Failsworth, this falls primarily within the borough of Manchester.

Broadband availability, however, is only part of the picture, as there are many different speeds and suppliers available, with marketing jargon making it difficult to compare products. Cost and affordability are also issues for both firms and households. Currently, less than 1 in 200 of the borough's premises (both residential and business) are unable to access at least "High Speed" broadband (16+ mbps) connections. Overall, Oldham has the joint 5th best rate in Greater Manchester.[19]

## 1.3 ECONOMIC RESILIENCE

As of September 2021, Oldham's working age population (aged 16-64 years) was 148,800. Of that population, 110,000 are classed as economically active, including 92,700 employees, 10,900 self-employed and 6,700 unemployed. Women are significantly underrepresented in the active labour market, with only 66.4% of female residents economically active compared to 74.8% for Great Britain as a whole. Low female representation in the labour market in Oldham, in comparison to Great Britain as a whole, is due to cultural factors that exist in some community groups more than others, which inhibit female access to the labour market.

26.9% of Oldham's working age population is classified as economically inactive. This compares to a figure for Great Britain of 21.5%. Of these 38,700 people, a disproportionate number are looking after family or the home compared to Great Britain (26.6% in Oldham compared to GB 19.3%) or are long-term sick (26% in Oldham compared to 24.2% in GB). Less than average are students (25.6% in Oldham compared to GB 28.4%), or retired (9.5% in Oldham compared to GB 13.6%).[20]

We analyse the resilience of the Oldham labour market and output to the economic shocks from the 2008 global financial crisis and the coronavirus pandemic. Regional economic resilience[21] is defined as the capacity of a local economy to withstand or recover from market, competitive or environmental shocks. The local economy may adapt and change its economic structures so as to maintain or restore its previous growth path or move onto a new sustainable path characterised by a fuller and more productive use of its physical, human and environmental resources. To determine if Oldham has experienced a recession, business cycle turning points (peaks and troughs) are dated in economic variables over time and compared to the downturn in the national business cycle.

The first variable presented in Figure 1.10 is Gross Domestic Product (GDP) estimated as the output from Oldham's local economy. During the global financial crisis Oldham's output reached its peak turning point in 2007 with trough reached in 2009. After two years in recession, it then took seven years to recover its pre-recession peak level in 2014. The loss of output during this recession was -5.3%, peak to trough, greater than the hit to national output which was -4% with the UK recovering its peak in 2011, 3 years before Oldham. Figure 1.10 also shows that output in Oldham declined again in 2015 and 2017.

To see how the labour market in Oldham reacted to the 2008 financial crisis and the effect of the COVID-19 Pandemic we present the employment series in Figure 1.11. The employment series is shown along with its component series of employees (this and the self-employed are in employment). The ONS now publishes real time information from HMRC administrative data of employees on company payrolls, we show this series in Figure 1.11 from 2014.

19. See https://www.oldham.gov.uk/download/downloads/id/5375/digital_oldham_report_2018.pdf.
20. https://www.nomisweb.co.uk/reports/lmp/la/1946157084/printable.aspx
21. For a UK study of regional economic resilience see Sensier and Devine (2020), "Levelling up regional resilience: policy responses to the COVID-19 crisis", An Industrial Strategy for Tomorrow Policy Series, no. 5, Bennett Institute for Public Policy, University of Cambridge. https://www.bennettinstitute.cam.ac.uk/media/uploads/files/Indust._Strat._5_Levelling_up.pdf.

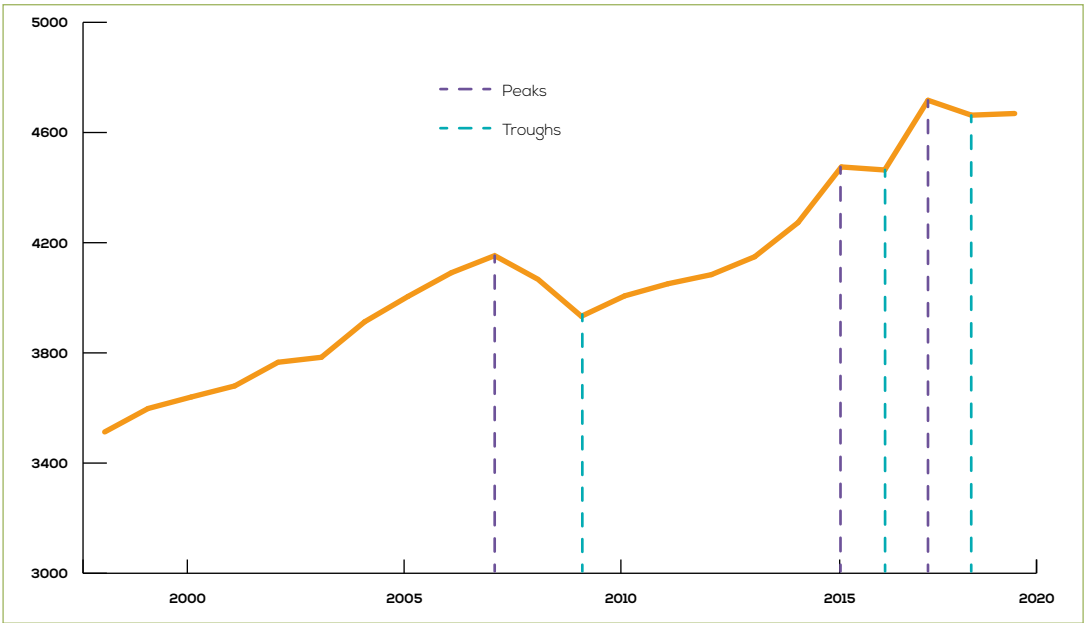



Figure 1.10: Oldham Business Cycle in Output, 1999-2019 (ONS, GDP chained volume measure in 2018 money value (£ millions), 2021) [22]




Figure 1.11: Oldham Business Cycle in Employment for over 16s (Nomis, Employment and Employees and ONS 21 , Real Time Information PAYE employees on company payrolls, 2021) [23]

Oldham's employment total reached its peak turning point before the global financial crisis in 2005q4, this was much earlier than the 2008 UK employment peak and the trough was reached in 2008q3, earlier than national series in 2009. After nearly three years in recession Oldham employment took fourteen years to recover its pre-recession peak level in 2019.

The loss of employment during this recession was -10.8%, peak to trough, greater than the hit to national employment which fell -1.5% recovering its peak in 2012, 7 years before Oldham. We can see the effect of the pandemic recession in the PAYE Employees series in Figure 1.11. Here the peak turning point is in 2019q4 falling for a year until the trough in 2020q4 with a loss of -3.4% or 3,233 employees. The Oldham employee's series recovered its pre-recession peak level in September 2021 and at the end of the sample reached 96,132 employees (in November 2021).

22. See ONS, https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/regionalgrossdomesticproductlocalauthorities/1998to2019

23. See ONS https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetableseasonallyadjusted

After nearly three years in recession Oldham employment took fourteen years to recover its pre-recession peak level in 2019. The loss of employment during this recession was -10.8%, peak to trough, greater than the hit to national employment which fell -1.5% recovering its peak in 2012, 7 years before Oldham. We can see the effect of the pandemic recession in the PAYE Employees series in Figure 1.11. Here the peak turning point is in 2019q4 falling for a year until the trough in 2020q4 with a loss of -3.4% or 3,233 employees. The Oldham employee's series recovered its pre-recession peak level in September 2021 and at the end of the sample reached 96,132 employees (in November 2021).

The rate of self-employed in Oldham, GM and England is shown in Figure 1.12 (% for those aged 16-64 years). The Institute of Employment studies[24] explain how although UK PAYE employee numbers have recovered their pre-recession level, total employment in the UK has not yet recovered and is still 600,000 lower with the employment rate 75.9% at the peak down to 74.4% at the trough and in November 2021 at 75.5%. The IES say this is partly due to changes in 'off payroll working rules' (known as the IR35 changes) which came into effect in Spring 2021 for those working as self-employed for the private and third sectors to be moved back to company payrolls (employees may have also been moved back to PAYE to enable them to get furlough payments during 2020-21). This may be partly responsible for the drop in the number of self-employed in Oldham by -29% from the end of 2020, with a corresponding increase in PAYE employees from that date.

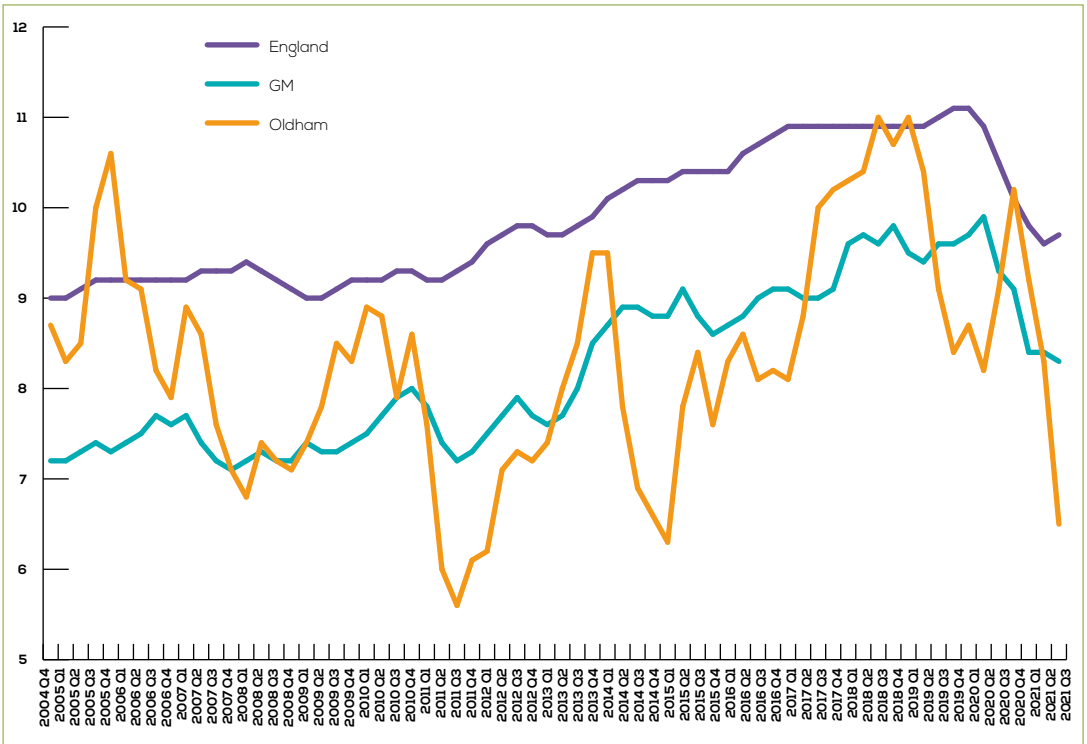



Figure 1.12: Oldham Self-employed for 16-64 (Nomis, 2022) [25]

High levels of employment are a key indication that an economy is in good health. The employment rate in Oldham fluctuates over time but is generally lower than in Greater Manchester and England, see Figure 1.13. The average employment rate between 2005 and 2021 in Oldham was 67.3%. This is lower than the GM average of 69.6% and the England average of 72.9%. The gap between Oldham residents, GM and England is largest in the 35-49-year-old group as shown in Figure 1.14. If the employment rate in Oldham is to be improved, then this cohort needs to be tackled.

24. See https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20January%202022.pdf
25. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?-town=oldham#tabempunemp

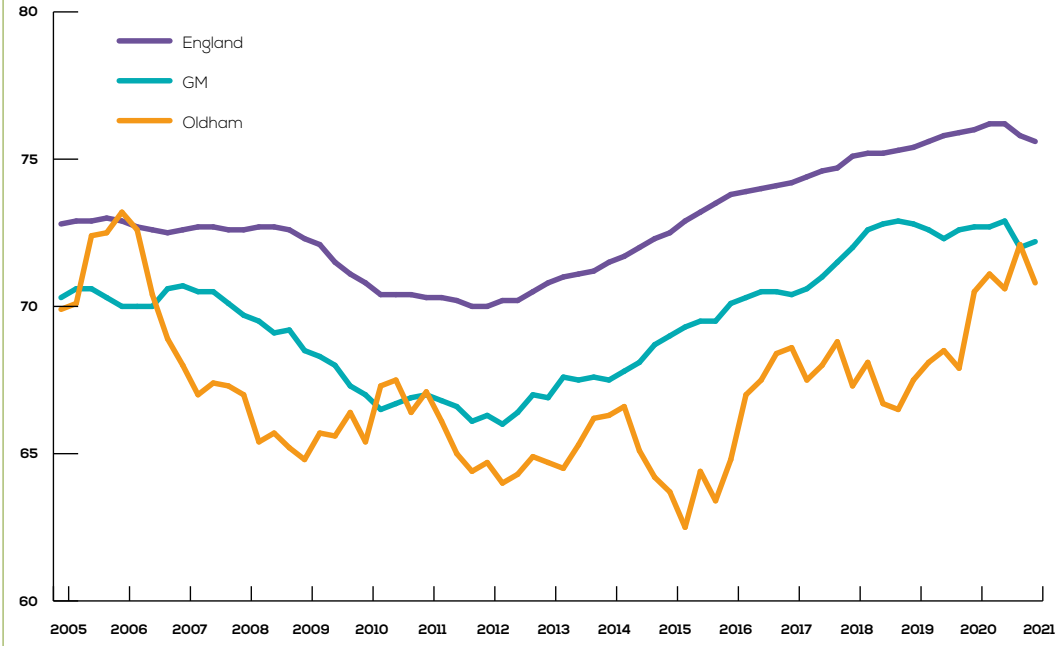



Figure 1.13: Oldham Employment Rate 16-64 (Nomis, 2022) [26]

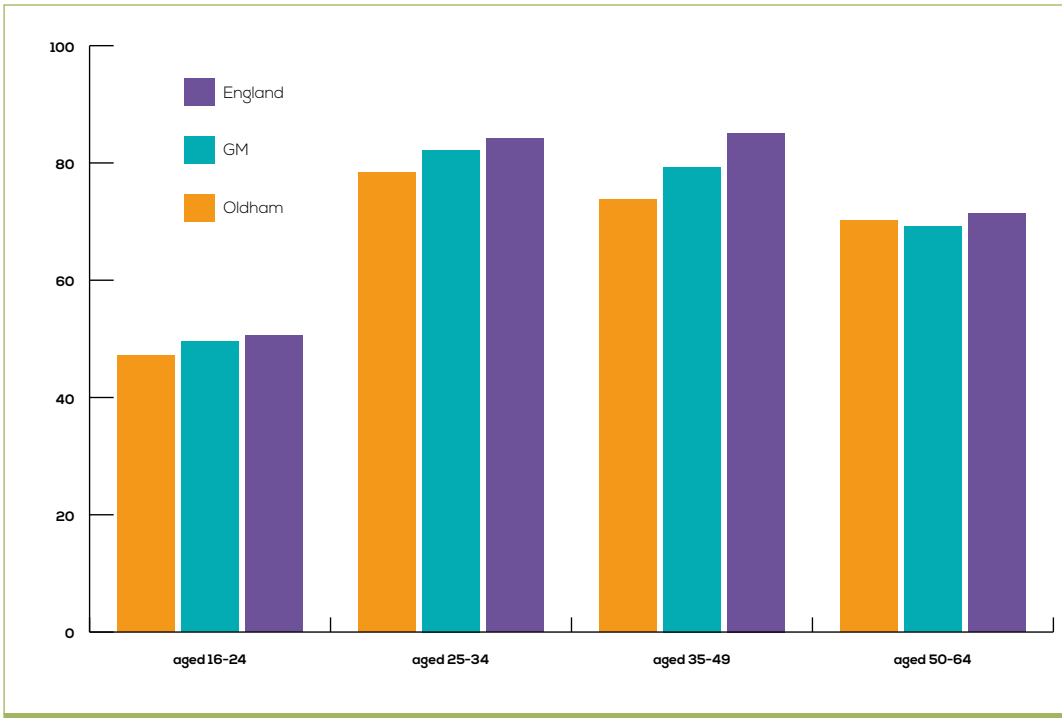



Figure 1.14: Oldham Employment Rate, by age bands (Nomis, 2021) [27]

Oldham's employment rate is negatively impacted by a high proportion of economically inactive residents. Oldham has high rates of residents with long term illness/disability and large numbers of inhabitants choosing not to work. Another factor to consider is Oldham's large South Asian population – women in this community are more likely to choose not to take paid employment. However, recent trends suggest that there has been a cultural shift, with greater numbers of younger Pakistani and Bangladeshi women accessing the local labour market (Figure 1.15).

26. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham#tabempunemp

27. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham#tabempunemp

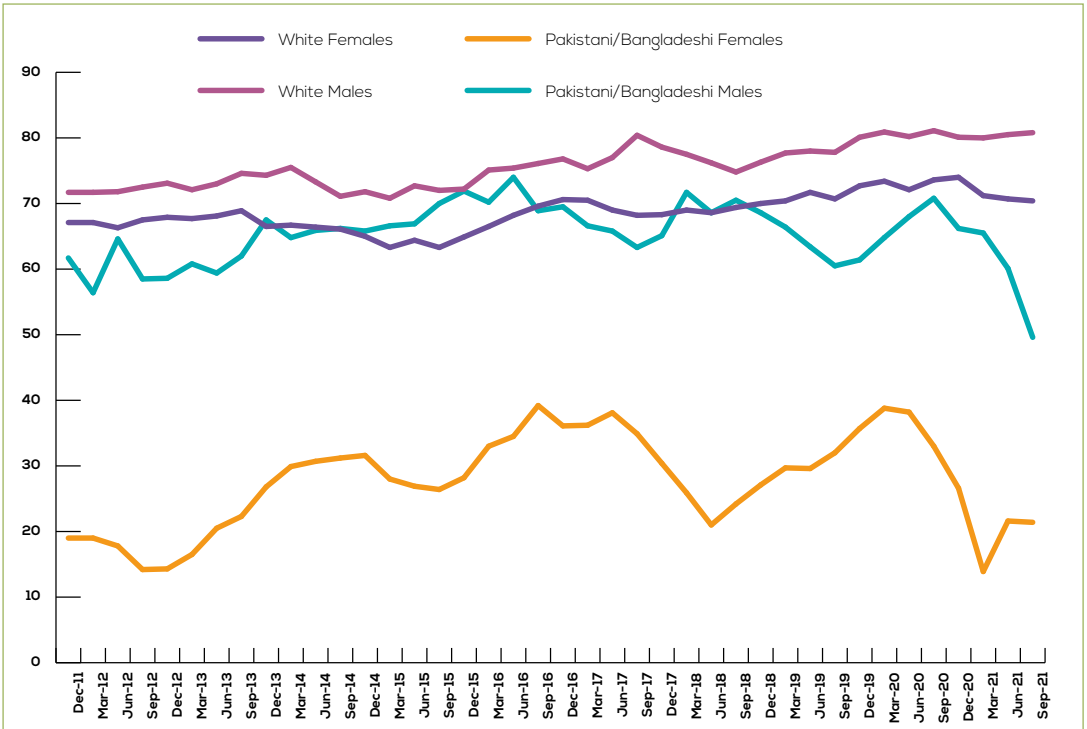



Figure 1.15: Oldham Employment Rate, by ethnic group and gender (Nomis, 2021) [28]

## Unemployment in Oldham

The extent of economic scarring following the 2008 recession is evident in the unemployment rate for Oldham in Figure 1.16. As shown for employment in Figure 1.11 the contraction in the labour market meant that unemployment in Oldham reached an early turning point before the national impact of the 2008 recession. Unemployment rose from a low of 4.6% in 2005q2 rising steeply from 2006 and continued to increase to a high of 10.7% in 2012q2. There was then a gradual decline in the rate to 4.5% at the end of 2019 and in the first half of 2020, when it then began to rise again during the pandemic reaching 6.2% in 2021q2.

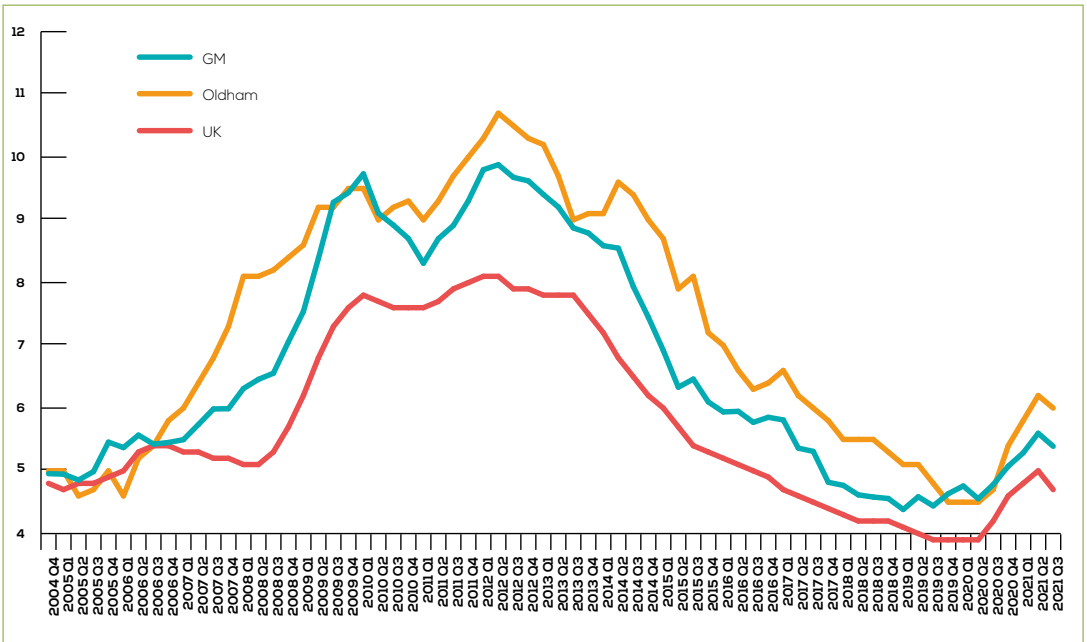



Figure 1.16: Oldham Unemployment Rate (Nomis Unemployment rate, model based estimates for GM & Oldham, 2021) [29]

28. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?-town=oldham#tabempunemp
29. See https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=127

It is important to note that the migration of unemployment benefits from legacy Job Seeker's Allowance (JSA) to Universal Credit (UC) has seen an increase in the number of claimants from 2015 to 2020, see Figure 1.17. Due to the migration of claimants from JSA to UC, we cannot accurately compare unemployment to regional and national indicators. When the coronavirus pandemic started in early 2020, this caused a massive spike in the claimant count.

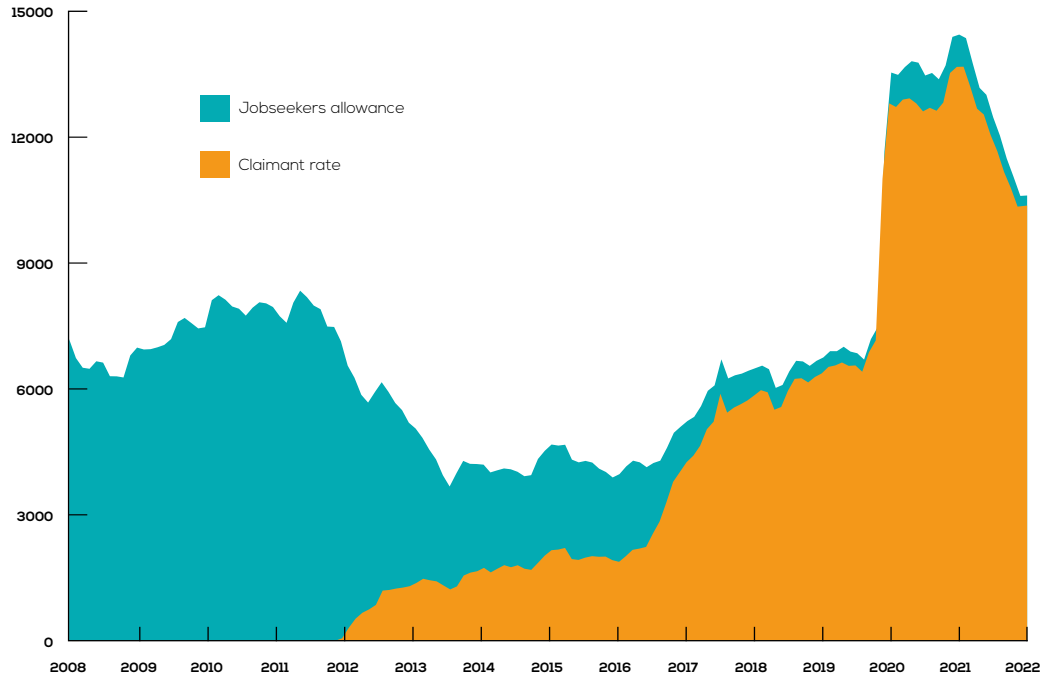



Figure 1.17: Oldham Job Seeker's Allowance and Claimant Count Rate 2008 –2022 (Nomis, 2022) [30]

Figure 1.18 shows the real median weekly wage (adjusted with the CPIH price index) for all full-time workers. Here we see that the Oldham weekly wage of £544.70 is lower than Greater Manchester of £569.70. During 2021 Oldham recorded a larger annual increase in the real wage of 6.6%, higher than the GM increase of 1.3%.

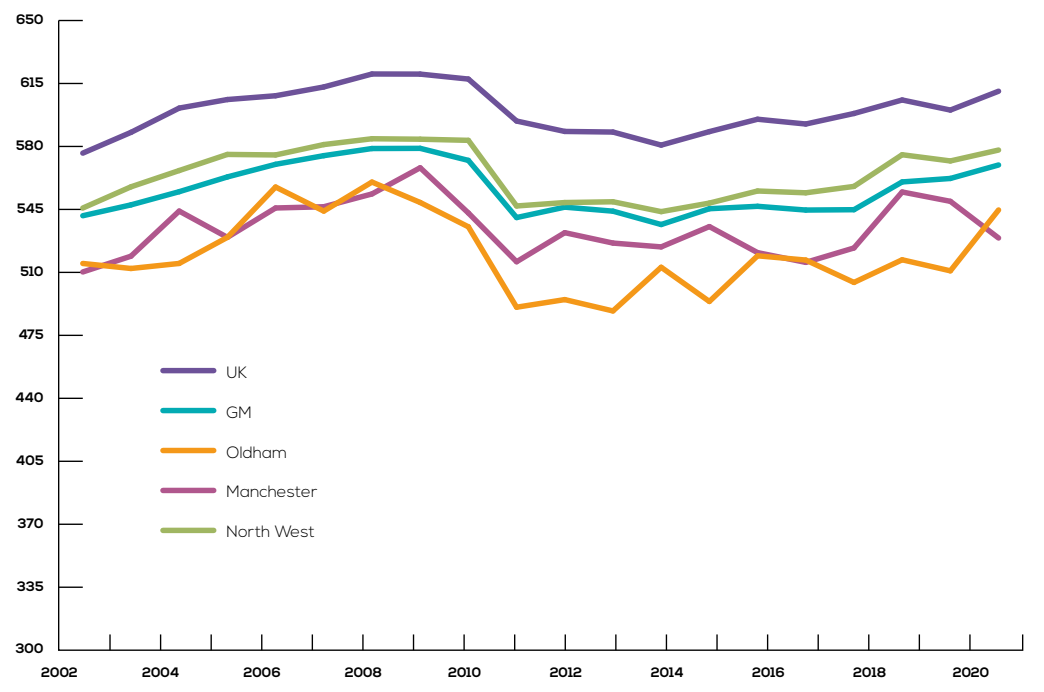



Figure 1.18: Oldham Real Gross Weekly Wage for all fulltime workers, 2021 prices (Nomis, median weekly wages from Annual Survey of Hours and Earnings, 2022) [31]

30. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham#tabempunemp
31. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham#tabearn

# CHAPTER 2. DEFINING THE CHALLENGE: WHAT DOES OLDHAM WANT TO BE?

**It is important to understand the challenges which Oldham now has, as a town and borough within Greater Manchester, where its economic function and role might have been clearer in the past but is less obviously so today.** As a result, it is important for Oldham to put forward an economic vision that sets out Oldham's role – and ambitions - locally, regionally and nationally.

Oldham's economy has historically been built upon manufacturing, firstly in textiles, and then with mechanical and electrical engineering in the second half of the 20th century. In more recent years, like many other towns and cities in England, Oldham has experienced large-scale deindustrialisation and significant economic change. A range of current issues and challenges have been set out in Chapter One and whilst these are by no means unique to Oldham, the possible solutions and overall vision for the town and borough should start from within.

The Review's first evidence session considered the issues arising from Oldham's location (and economic role) within the city-region of Greater Manchester, receiving evidence from expert witnesses about these challenges and opportunities. As both these sessions and recent focus groups undertaken by Onward,[32] also demonstrated, there is some scepticism locally about the benefits of being part of Greater Manchester in both economic and governance terms. This was a theme alluded to in the evidence of expert witnesses. The LUWP makes it clear that the future development of Oldham will be as part of the devolved arrangements for Greater Manchester, so part of Oldham's challenge is to establish itself as a distinct but integral part of the city-region.

Section 2.2 summarises the evidence presented by expert witnesses in the first session, which focused on this key economic relationship between Oldham and Greater Manchester. Section 2.3 reflects on the opportunities presented in the approach set out in the LUWP both for Oldham and Greater Manchester. Section 2.3 makes recommendations about this relationship and how it might work more effectively.

32. The UK Onward think tank conducted a number of focus groups in Oldham, including groups of members of the public and specific interviews with leaders from across the borough. This was supported by the Review and their findings will be published at: www.ukonward.com



## 2.2 SUMMARY OF EXPERT EVIDENCE SESSIONS

### Mike Emmerich, Chief Executive, Metro-Dynamics

Without growing the economy, there will be no future prosperity. While the town needs a growth model, it must be a sustainable one. The form of growth matters too, because if it does not break the legacy of low capital/low wage industrialisation, it will remain in a low skills equilibrium (skills are low, jobs created are low skilled, and the two reinforce each other). There are clear links between the quality of employment and health, housing and related factors.

Models of growth need to consider how to make the service sector work more effectively, including the opportunities presented by low carbon retrofitting. The foundational economy is an important part of this, but it is by no means sufficient. It can help, through public sector institutions supporting business and skills growth in various ways, but the bigger challenges are about private sector growth.

Lastly, the most important consideration is to establish a vision that persists over the long run and provides a framework for focussing on key priorities. Discussions took in a number of issues, including the potential for Oldham to shift away from struggling retail to reshape the town centre as a destination for visitors, developing projects to attract investment and spend into the borough, and recognising that more Oldham people need to compete for higher paid, higher-skilled work outside the borough.

### Will Tanner, Chief Executive, Onward

Within Whitehall there is a growing acceptance that the productivity and growth benefits of transport infrastructure projects have been overstated, and the Treasury Green Book process has understated the role of human capital. It is estimated that an 80% variation in earnings is driven by skills in an area.

Social mobility needs to be thought about in a different way. Previously, it has been viewed as the distance people travel to get a good job, rather than their ability to succeed in the place they call home. In addition, social and cultural projects are needed not just for economic outcomes. Building the social fabric of places will help build economic prosperity. At 4.43, Oldham scores below the UK average (4.88) on the Social Fabric Index.

Transport data suggests Oldham has potential for accessing employment in neighbouring areas. Public transport brings access to 79% more jobs than exist within the borough. By comparison, in London, public transport brings four times as many opportunities. Oldham currently has lower levels of commuting than other Greater Manchester boroughs.

The Review should focus on three priorities: skills improvement - with better resources, further education institutions could build provision in partnership with universities, particularly for degree apprenticeships; social fabric and civic pride need to be strengthened along with hyper-local neighbourhood governance; and more and better private sector jobs need to be attracted as well as foreign direct investment.

### Jen Williams, Manchester Evening News

There is an important issue of pride and identity. A 2018 article in the Manchester Evening News, and profile published in Prospect, set out many of the challenges for Oldham. Much of the most difficult economic times have been recent ones, which means that people can remember a time when things were better.

It is important to acknowledge how people feel. There is some bitterness within communities at local politicians, and at Manchester getting investment ahead of places like Oldham. People feel powerless to change things, which can turn toxic under certain circumstances.

There is a need to shift direction. The question is how to start changing the narrative, and the starting point should be to focus on the things which people are proud of, historically and currently. Manufacturing and industry are important. Although it may not be the whole answer, it is bigger than people think, and is also part of the pride and heritage that people feel.

There are real challenges around capacity. People need to be honest about the state of local governance because a lot of capacity and experience has been lost in the last ten years. Devolution needs to be done thoughtfully. Before creating another level of governance, it is important to be certain how robust it will be. Can sensible and good-quality decisions be taken at the hyper-local level? The two levels of governance which currently exist within Greater Manchester already amounts to a messy structure.

### Simon Nokes, Greater Manchester Combined Authority

Productivity is a major challenge for Oldham's businesses, with health inequalities being a major contributor to the productivity gap. During the pandemic Oldham saw average use of furlough, but above average numbers of workers claiming self-employment support.

Oldham has adopted the Greater Manchester Local Industrial Strategy*, which requires an integrated approach and the North East GM growth corridor is a key area for development. It is important to help people to access jobs here and across the whole of Greater Manchester. Economic drivers and growth locations are important, too. There is a need to have holistic plans for places and make sure that public funding aligns behind that plan. For example, it is important to link transport, skills, digital and culture.

The commitment to the Real Living Wage is important. In Oldham, 15 employers have joined the GM Good Employment Charter, which includes a commitment to the LW among its eligibility criteria.

There are also real opportunities around climate change, as climate transition could be an economic opportunity. The Mayor has included climate change as one of the three pillars for Greater Manchester, along with social justice and economic progress.

Lastly, across the region there are high productivity companies in every sector but not enough of them, So, there is a long tail of low productivity companies. There is business support to help companies with leadership and management training online, and the Skills for Growth programme, working with companies to provide skills support.

### Emma Barton, Director of Economy, Oldham Council

The challenges for Oldham, as currently understood, include housing. Since the 2008 financial crash, there has been little growth in social housing, and a substantial impact on the housing market as people have moved from mortgage-owned property into private rental.

Another issue is connectivity. With 75,000 jobs remaining, it is not accurate to frame Oldham as a dormitory town.

Manufacturing is a large sector but reducing, with jobs also declining in accommodation and food services. Growing sectors include professional/business services, IT, construction and social care. Social enterprise is also growing.

In terms of extending the benefits of agglomeration in the city-region, the 10 local authorities and the mayor have agreed the Places for Everyone framework. However, people are proud of green spaces in Oldham, so brownfield development has to be a priority. That is difficult. Some of the land designated for employment has been a struggle to keep in the Spatial Framework, so there is a small cluster at Stakehill and town centre investment opportunities.

There is some optimism around the Creating a Better Place strategy, with strong links to reducing inequalities. The challenge is to be resilient and get through to delivery phase, building good quality homes, identifying the skills required for jobs, supporting a thriving night-time economy, and developing healthy and friendly places. The strategy and spatial plan are aligned to release brownfield land and there is some funding available. There is a problem with competitive funding for bids. Having schemes that are shovel-ready is not always possible.

* See GM Local Industrial Strategy: https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchesters-local-industrial-strategy/

## 2.3 LEVELLING UP OPPORTUNITIES

In many respects, the framework set out in the LUWP is an encouraging one for places like Oldham. It places geographical disparities in the context of long term economic and technological change and acknowledges that there is a process of "creative destruction" taking place, where some places are "steaming ahead" and others are more complex and "left behind". It provides an analysis (through six forms of capital – see Chapter 6 below for a further discussion) which explains the differences, and sets out a framework for intervention to improve the situation, based around four primary objectives: improving productivity; spreading opportunity; restoring civic pride; and empowering local leadership.

It is clear that delivering against these objectives will require policy reform at local, regional and national levels, with short termism and policy churn, a lack of coordination, insufficient local empowerment, and poor evidence and data combined with a lack of transparency and accountability, as priorities which must be resolved to bring about a sustained improvement in circumstances. On this basis, it sets out the principles of a successful policy regime and proposes to build a new approach based on: medium term missions, reshaping central government decision making, empowering local decision making, improving data, monitoring and evaluation, and improving transparency and accountability. Finally, it is clear that:

**"Levelling up" will best be achieved through a combination of public policy and private sector interventions, but while emphasising that successful places require good public services and strong voluntary and community organisations, the primary economic challenge is "supporting the private sector" as the "real engine of wealth creation – to invest more, grow more and take more risks".**

All of these themes strongly echo those discussed in the Review's expert witness sessions, particularly the importance of having a clear vision and purpose, staying with this over the long term, and recognising the multi-dimensional nature of the challenge (the six capitals), while acknowledging the central requirement of supporting private sector growth and wealth.



What the White Paper is less clear on, is how such a vision for a place like Oldham, can be framed and asserted as an integral part of a city-region, without getting lost within it, i.e. to what extent should this apply at a single city-region level or at multiple levels within it? In many respects, the White Paper presents an overarching economic model, based on the theory of "agglomeration" – it also describes this as a 'modern Medici effect' - which has provided the intellectual framework for Greater Manchester since 2009, when it published the Manchester Independent Economic Review (MIER)[33] and for Government nationally, when it embarked on negotiating a series of city-region devolution deals from 2014. These all set out a case for investment and growth in central cities, helping to increase and drive wealth and economic benefits across their wider regions.

However, it is important to recognise and address the fact that there is still disagreement amongst some communities and actors that this is the best approach for places like Oldham. Nationally, there is a degree of scepticism about the benefits which city-region models of growth bring to surrounding towns and this view has gathered pace since the 2016 Referendum and the 2019 General Election. Indeed, the fact that previous approaches to regional disparities have not always delivered for everyone has been the major theme of policy in the last five years or so – enhanced by new economic and social consequences from Austerity, Brexit and Covid-19. This has been reflected in the changing status of towns within policy and public and political debate, particularly in the last five years. They have increasingly been seen less as an adjunct of neighbouring cities, and more as places in their own right.[34] This has been reflected in funding streams such as the Towns and Future High Street Funds as well as Levelling Up Funds, which have been allocated directly to Oldham and places like it, rather than through intermediaries, such as combined authorities.

The LUWP reasserts this model as its focal point, aiming to boost the role of cities as the drivers of growth especially in less well performing English regions. It envisages building on – and in the case of GM and West Midlands, deepening - existing arrangements in city-regions - rather than devolving directly to individual towns or boroughs within them. In many respects, that is going in the right direction and builds on the foundations set out for devolution in the initial 2014 devolution deal in Greater Manchester.

It reasserts the model of economic renewal which focusses on cities and city-regions as the engines of growth. This Review is broadly supportive of this model. It is unrealistic to think that every place in need of regeneration and economic transformation can or will receive individual treatment, or that they can thrive independently, when we know that there are significant benefits from being part of a larger economic entity. This is particularly the case in terms of private sector growth, which the LUWP identifies, quite rightly as the "real engine of wealth creation", but also relates to the creation and ongoing importance of new institutions, powers and resources at the city-region level such as the Mayor and the Combined Authority and its family of city-region organisations.

Ultimately, regional and local disparities in wealth and income require a larger and more productive private sector, creating more well-paid jobs across all places including in Oldham and Manchester. Places like Oldham owed their original economic purpose to the fact that they were part of a larger scale, sub-regional economy. Any new economic purpose is not going to be forged alone, but as part of the drive to foster a stronger private sector across Greater Manchester as a whole.

However, this Review also acknowledges that much more needs to be done in Oldham and places like it for these benefits and advantages to be fully realised. There is scepticism about some of the 'spillover' or 'trickle out' effects from city centres and these need to be taken seriously if a new approach to levelling up is going to work and gain public support. This exists across the country, and in outer boroughs in Greater Manchester, including in Oldham.

Oldham has not been well served by the last fifty years' worth of economic change nor by the efforts of the public sector, over decades, to overcome the challenges that industrial job loss bequeathed the town. This Review represents a first step in putting the latter right by attempting to get local, regional and national government on the same page in terms of supporting Oldham's future prosperity. The former, however, will take decades to address, and needs to advance on several fronts at the same time. The transformation task remains significant and long-term, and the benefits will not be evident for everyone or everywhere in the short-term.

33. See http://www.manchester-review.org.uk/.
34. See David Goodhart (2017) "The Road to Somewhere: The Populist Revolt and the Future of Politics" and Centre for Towns (2017), Launch Briefing https://www.centrefortowns.org/reports/reports/launch-briefing.



However, it is also a measure of the maturity of strategies, partnerships, structures and processes within those devolved authorities. The whole needs to be more than the "sum of the parts". But the needs of individual "parts" must also recognised and taken seriously, and not lost – or the "whole" becomes somewhat empty. It is whether or not these benefits have happened which underpins much of the scepticism and resentment about the advantages of being part of a big city-region. This is not just in terms of providing employment, but also in terms of their impact on business, social fabric and civic pride. These are all themes which are explored in subsequent chapters.

Regional centre workers live in all parts of Greater Manchester (and beyond) and significant efforts have been made to link its employment opportunities to all parts of the city-region, particularly through transport improvements (e.g. Metrolink expansion, free travel for young people). These will continue (bus regulation) and should also improve connectivity between areas less well served by radial routes (e.g. Oldham-Rochdale). The evidence of the last decade, though, is that Regional Centre success, whilst critical, cannot float all GM boats.

Two implications follow from this. First, more work is needed to understand what the area is good for in terms of private sector investment and job-creation and how its assets might be developed to enable more successes on this front. Second, any plan for future prosperity in Oldham needs to go beyond additional private job-creation from without and look to develop indigenous strengths that can improve the prosperity of the place and its people.

There are commentators who conclude that agglomeration theory cannot and will not deliver the "spillovers" which surrounding places hope to gain.[35] However, it is hard to see how an alternative approach might work. Towns like Oldham (and others in GM) did not emerge or develop as stand-alone places, but rather as parts of the scale of wider economies, linked to the nation and world beyond. It seems unlikely that they can solve internal challenges without being so. A point which has been repeatedly raised during this Review, is that despite the apparent successes of cities such as Manchester, their overall performance remains low. Part of the problem remains that, despite the progress which cities such as Manchester, Liverpool, Leeds, Birmingham and others have made in recent times, they continue to underperform economically compared to both the national averages in various measures and also to similar cities in Europe and North America. That still needs to change and to improve.

35. See Neil McInroy (2020) in the Guardian https://www.theguardian.com/commentisfree/2020/sep/14/uk-cities-covid-wealth-urban-centres-shareholders.

And in improving this, a big part of the challenge is about finding ways of extending the "levelling up" themes (improving productivity, spreading opportunity, improving civic pride) across all the people and places within the city-region. From this perspective, solving Oldham's problems (and those of similar places within Greater Manchester, including many places within Manchester itself), is the challenge of the city-region. One conclusion of this Review, therefore is that Oldham working as an integral part of a thriving city-region provides the best way forward, so being an active part of Greater Manchester is central to its future success.

However, this does not mean that nothing else needs to change. A precondition for making a city-region work better, is that Oldham must be clear about what it wants to achieve. However, it is also clear that the delivery of this will require a different relationship with city-region partners. The details of this will be explored in subsequent chapters, but the general theme is that the city-region must acknowledge a much greater degree of complexity within its constituent parts, and that its priority has to be to create a "rising tide which lifts all boats". There is a price to not delivering this, and it comes in the form of a lack of confidence, and with this, scepticism, cynicism and resentment.

There is no doubt that the LUWP provides a framework which can be very helpful for Oldham, both in terms of shaping its own ambitions, and in terms of working with city-region partners to deliver them. The missions outlined in the White Paper invite local leaders to set clear and achievable targets against which ambitions can be set and progress measured. These are organised around:

- **Boosting productivity, pay jobs and living standards: with specific measures relating to living standards, research and development, transport infrastructure, and digital connectivity.**
- **Spreading opportunities and improve public services: with specific measures relating to education, skills, health and well-being.**
- **Restoring a sense of community and local pride and belonging: with specific measures relating to pride in place, housing and crime.**
- **Empowering local leaders and communities: with specific measures around local leadership.**

There is likely to be some debate about the details of these missions and targets, but they do provide a good foundation for focussing effort on tangible achievements within a specific timescale (2030). What will be important, is for Oldham to set out its ambitions through these missions and targets, in ways that have clear links to those set out in the Greater Manchester Strategy.[36] This will help improve transparency and accountability, both within Oldham and across Greater Manchester, and this in turn will foster better quality solutions to the shared challenges of building stronger leadership, better partnership structures and more effective implementation.

## 2.4 RECOMMENDATIONS

### Vision and strategy

Oldham should adopt the "levelling up" mantra of "economic transformation and civic pride" as the drivers of its strategy.

### Welcome private sector wealth generation and employment

This means being very clear that a successful community requires strong public services and a vibrant voluntary and community sector, but that too often, the missing ingredient is a strong and growing private sector.

This is the primary challenge of renewing Oldham's economic purpose. To deliver this, Oldham must focus on a dual strategy, of supporting business (those already here and potential new arrivals) while also maximising the opportunities for Oldham residents to gain good quality employment in neighbouring boroughs.

36. See the Greater Manchester Strategy https://aboutgreatermanchester.com/the-greater-manchester-strategy-2021-2031/

### Relentless focus

Oldham must then ensure that it actively provides the "relentless focus" against which all strategic projects and partners must explicitly contribute. This should acknowledge the four dimensions of:

- **Oldham as a place to live –** where people choose to live because it is an attractive place, with good amenities and services, and a strong sense of civic pride and identity.
- **Oldham as a place of opportunity –** where more Oldham residents acquire the skills and knowledge to compete for good quality employment in neighbouring areas, and there is an active strategy to support them to "live in and work out".
- **Oldham as a place to visit –** where amenities are attractive to residents of neighbouring areas, who will visit and spend money, which will support local business and employment.
- **Oldham as a place for business –** which creates and delivers high value goods and services – where business and enterprise are actively encouraged and very well supported – from planning to services, business support, to skills. This includes manufacturing firms, and a range of smaller and medium sized enterprises (currently mainly in the foundational economy, but with a growing number in knowledge intensive business services).

### Missions and targets

Oldham should review the proposed Missions in the LUWP, and establish its own ambitions and measurable targets aligned with the Greater Manchester Strategy, in each area, with a delivery date of 2030. These will provide transparency and accountability for stakeholders and communities within Oldham, and also a clear basis for establishing a more effective relationship with city-region partners, and with national government.

### Partnerships

Oldham should review its current partnership arrangements, within Oldham and across the city-region, to ensure that these are focussed on the core priorities and fit for purpose. This should include:

**(a)** Relaunching Oldham leadership board with a focus on the "levelling up" challenges outlined in this Review.

**(b)** Considering new partnerships with neighbouring authorities and stakeholders and new institutions within Oldham, where there are common benefits in supporting wealth creation, business growth and employment.

**(c)** Actively working with the city-region stakeholders, including the Combined Authority, to ensure that partnership arrangements, missions and targets, and accountabilities are robust enough to deliver Oldham's ambitions.

The subsequent chapters of this Review, which look, in turn, at boosting productivity, spreading opportunity, and restoring civic pride, will add practical detail to these five general recommendations.

### SUMMARY RECOMMENDATIONS

- **Breaking Oldham's dependence on "foundational economy" employment should be a central target in reshaping its long-term economic purpose. And Oldham needs to set out clear plans for how it intends to achieve this.**
- **Relentlessly anchor all future activity and projects back to the delivery of Oldham's long-term transformation, that it is organised through a set of coherent sub-strategies, with missions and targets which are directly connected to the delivery of that transformation.**

# CHAPTER 3. BUSINESS AND INNOVATION

**Oldham's business base has transformed over time, with the high level of technical skills and manual dexterity in the workforce making it a perfect place for technology companies through the late 20th century.** Improving productivity, pay and living standards are a core theme of the LUWP, with a strong emphasis on growing the private sector, innovation, transport and broadband connectivity.

Section 3.2 summarises the evidence that was presented by expert witnesses, which focused on Oldham's potential income from goods and services. Section 3.3 focuses on the challenges of increasing private sector growth in Oldham and the role of private, public and voluntary sector partners in supporting employment and local enterprise. Section 3.3 considers some case studies of employers already established in Oldham and makes recommendations for 'levelling up' Oldham's economy.



## 3.2 SUMMARY OF EXPERT EVIDENCE SESSIONS

### Steve Fothergill (Sheffield Hallam University)

A report published in June 2021, 'Plan for the North',[37] sets a context for what post-industrial places like Oldham should do to regenerate their local economies. Oldham is part of the GM economy, with a shared labour market. Oldham jobs will go to non-Oldham residents, and vice versa. Westminster holds some levers, such as the Levelling Up Fund, while local places hold others. For example, the training of individuals for the local labour market – making sure labour supply is matched with demand.

Assisted Areas (see map[38]) cover a quarter of Britain. Support from the Shared Prosperity Fund should go to the less prosperous areas. However, the competitive bidding process used in other government funding bids will not work in Oldham as central government is not able to determine good bids.

The local authority should lead on accessing land and premises for local business. Older industrial sites will need to be remediated by the local authority, and there should not be a focus on high quality office space (as in Manchester).

In the wake of the pandemic, a report for the Coalfields Regeneration Trust called 'Beyond the Pandemic: Older industrial Britain in the wake of the crisis'.[39] In terms of employment, most old industrial towns are back to where they started before Covid. They have been through a rollercoaster ride, but now there are labour shortages. The ratio of unemployment/vacancies is back to pre-pandemic levels, though more people are on unemployment benefits. Levels of hidden unemployed remain high and this still needs levelling up.

### Sarah Longlands (Centre for Local Economic Strategies)

Oldham's economy has changed over time. It grew rapidly during the Industrial Revolution, but then declined along with many of its industries. New capital arrived and then disappeared. The orthodox view of economic growth is that as property development leads to rising costs private companies, investment in transport infrastructure should follow. What is the point of a growth strategy if it does not benefit local communities?

Community Wealth Building (CWB) has evolved from conversations in the US/UK over the last 10 years and is a people-based approach to local strategy. It aims to minimise 'extractive' economic activity.

The five key levers of CWB are: finance; workforce; land and property; spending (procurement), and inclusive ownership. Change happens with the small stuff, helping a neighbourhood.

There is a need to understand how to unlock the potential of the long-term unemployed and the inactive population. Rather than encouraging new people in, the focus should be on helping those already living in an area.

The economy will only work with a decent private sector, with the public sector leading the way by paying the Real Living Wage. As 99% of businesses are SMEs, with high levels of start-ups, employment premises provided by the public sector could help firms. A priority should be to shape and make the market for green/energy jobs.

Economic governance plays a huge role in the relationship between Oldham and Manchester. On its own, agglomeration has serious flaws as it stops people thinking about the economy in a more diverse way. There is a need to ask if the relationship between places serves both places?

### Andrew Gossage (Ultimate Products, Global Sourcing Holdings PLC)

The history of the company begins with Barry Franks, who ran a retail business, and Simon Showman, who had a small place in Bury importing window blinds. When the business moved to Manor Mill, Chadderton, in 2005, it was turning over £3m. By 2010 that had become £50-60m, and the business was employing 200 people. Ultimate Products are currently expanding – and renovating a nearby Heron Mill.

In 2013 there was a change of business strategy. During the financial crisis (2007-09) it acquired struggling brands, going from being a sourcing business to become a branded consumer goods business. The business offered branded home products at a price that competed with own-label alternatives.

37. See https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/plan-for-the-north.pdf.
38. See http://www.ukassistedareasmap.com/.
39. See https://www.coalfields-regen.org.uk/wp-content/uploads/2021/12/BEYOND-THE-PANDEMIC.pdf.

The business then persuaded retailers like Tesco to give it space, offering a wider range later. The business was listed it on the London Stock Exchange in 2017. Now, 350 people are employed in Oldham, and another 40 are based in China. There is also a showroom and sales team in Germany.

### Panel Discussion: Giles Wilkes (Global Flint); Richard Jones (Innovation GM); & Paul Swinney (Centre for Cities)

Opening the discussion, Giles told an anecdote about his time working in government. A big tech company complained to Vince Cable, the then Business, Innovation and Skills Secretary, that did not know who to speak to when investing in a place. By contrast, when they went to Leipzig in Germany all was 'sorted' in two weeks (including planned road infrastructure and the provision of nursery places). High skills and good infrastructure are important, but knowing the local point of contact is essential. Industrial strategy can become manufacturing strategy, when really R&D may be more relevant. Services are more 'sticky' and enduring in a place.

Richard noted that the services sector was very broad, including some subsectors producing very high added value, and £9bn of R&D activities are carried out by services. There is a tendency in the UK to see science policy as a substitute for industrial policy, and when thinking of R&D to focus too much on very upstream science - think about bodies like the Francis Crick Institute and graphene).

But R&D happens when any organisation devotes manpower or equipment to solve challenges, Richard said. He gave the example of how a company in Middleton fitted a mattress in a box for delivery.

It's value generating business that are essential and there isn't a sharp division between manufacturing and services. In fact, many high value services exist to support manufacturing (for example design and technical consultancy - see "Inside the Black Box of Manufacturing" by Hauge and O'Sullivan). The key thing to focus on for Oldham are any firms that produce tradeable goods and services, many of which will be SMEs.

Giles described his work on a confidential survey on innovation, which he classed as anything that improves the way things work. What do consumers need? Constantly changing policy, conflation of innovation, and invention. Why are British companies not doing R&D? British managers are more risk averse, Giles said, and they take a long time to shift. How to get producers to speed up their uptake of new techniques?

The panel was asked how Oldham companies could be rated for innovation, and how innovative thinking could be encouraged? Richard said that cluster theory is important, citing Sheffield as an example. There the gathering of manufacturers in Cutlers Hall helped in forming the Advanced Manufacturing Research Centre. He also said collaborative working with companies like Rolls Royce was important for Derby, where it bring in high wage jobs.

History is important. Richard discussed in a blog how bleach was important for the Lancashire textile industry and led to the formation of a local chemical industry. More recently, Oldham has moved into electronics and has a cluster of skills and companies. Key to understanding what makes a cluster (due to the US academics Gary Pisano and Willy Shih) is the idea of an "Industrial Commons". A successful industrial commons is rooted in large anchor companies and institutions, together with networks of supplying companies; it is characterized by both informal knowledge networks, and formal institutions for R&D, training and skills. Lombardy has a very successful advanced manufacturing SME base that has formed despite, rather than because of, any effort on the part of the Italian central government (as noted by Mike Emmerich).

The best data source for an analysis of R&D is patent data, Paul said, although it is difficult to determine all R&D activity. In the absence of innovators, it is important to work out how to attract those businesses in. The skills of the population can be a barrier for businesses. For example, North Manchester has lower skills, and is not attracting in companies.

However, Paul expressed caution about the development of clusters, arguing that moving jobs around in the past has not been successful. Companies may innovate in 10 years' time, but what to do now? Paul said jobs in Manchester city centre or Oldham are separate points. He said GM is punching below its weight, although the city centre has gone through a renaissance. The centre of Manchester is too small; it has lots of high-paid jobs, but not enough to supply the whole of GM.

A questioner, Andy Westwood, asked how policymakers should intervene? Pointing to the planned Advanced Machinery and Productivity Institute (AMPI) in Rochdale, he asked: Would it be crazy to be more like Rochdale?

Giles responded that there is a need to use innovation to get more output from less input, so gaining total factor productivity. Clusters work to encourage innovation, he said. High demand and constrained supply, force companies to change. It is all about competition, he said.

He noted the economist Paul Ormerod's "Good Lad Theory", where bad companies hang around.

Greater culture can be shared in clusters and also helps with people moving between places. The export-led model for national growth is more productive. To get more productivity, the local state needs to be confident to ask for things, as noted in Lord Heseltine's 2012 report, 'No Stone unturned: In pursuit of growth' . Companies should be made to join a pro-active Chamber of Commerce when they start out, so interplay can happen. Institutions are needed to make people interact and have an initial spark as they are meeting, he said.

Paul noted that transport and good planning policy is also important. Re-regulation of GM buses is good. Civic pride should be separate from economy.

In places like Oldham it is too easy to think of things as a supply problem, said Richard. With a more innovative economy, there is higher demand, and greater rewards, for high skills.

What skills look like for what you aspire to? AMPI, created from Strength in Places and Towns Fund, is genuinely business lead by Holroyd Precision Ltd, a machine tool manufacturer and supplier. The companies that got involved with this were part of the Made Smarter pilot (Jurgen Maier Industry 4.0). Not all companies can do this overnight. University of Manchester are involved in AMPI but not everywhere can have this.

Most publicly-funded R&D happens in universities, but then there is a gap where translational institutes are needed, like the Fraunhofer-Gesellschaft in Germany and Imec in Belgium. Another example is Taiwan's Industrial Technology Research Institute. It was founded to support a medium-tech industry base in the manufacture of textiles and bicycles, but 30 years on it is now at the world technology frontier for semiconductor manufacture. The process innovation, and display centre, that takes place in translational institutes are essential. The Catapults are a good initiative, though they need a more explicit focus on building regional manufacturing and innovation capacity as well as applied research.

Finally, John Wrathmell asked if there should be less focus on frontier sectors and more on the foundational economy? Giles said it is best to concentrate on the foundational economy. With tighter labour markets, the focus on innovative software for scheduling of care visits has potential for productivity gains. He noted that there is survivor bias, in that we only hear about successful places innovating, and growing their productivity.

## 3.3 OLDHAM'S BUSINESS BASE

There is evidence of an entrepreneurial culture among Oldham's communities in terms of business start-up rates and the numbers of small and micro businesses in the borough. In 2021 Oldham was home to around 7,210 business enterprises employing roughly 80,000 people.[40] The number of enterprises has increased from 6,880 (4.8%) since 2020, increasing 4.6% in 2020 after a contraction in 2019, see Figure 3.1. These are primarily micro enterprises (88% of the share employing between 0 to 9 people), 10% of enterprises are small (with between 10 to 49 employees), 1.5% are medium sized (between 50 and 249 employees) and 0.3% are large enterprises (with 250 or more employees). This is a similar share of companies to Greater Manchester and the North West.




**Figure 3.1: Percentage change in Business Counts, 2010-2021 (Nomis, UK Business Counts from ONS Inter Departmental Business Register, 2021)** [41]

Figure 3.2 shows the shares of enterprises in each sector, with the largest sector at 19% share is wholesale and retail trade. Enterprises in the construction sector account for 13.4% share and the professional, scientific and technical activities are 11.8%. Figure 3.3 shows the value of each sector to the Oldham economy. In 2019 we see the largest value sector in Oldham was manufacturing at 15.3% share of output or Gross Value Added (GVA), this has declined over time with the highest share within this sample in 2000 at 25%. The next largest sector in 2019 was wholesale and retail trade at 13%, then real estate at 13%, human health at 11.3% and education, 8.1%, Transport and storage has increased over time (matching the increase in enterprises in Figure 3.2) and now accounts for 7.8% share of output. The share of the remaining sectors in 2019 were: construction 6.8%, public administration and defence 6%, agriculture and utilities 4.7%, professional, scientific and technical 3.8%, other services 2.6%, accommodation and food service activities 2.2%, information and communication 1.9% and financial and insurance activities 0.8%.

40. This is the 2020 estimate from Business Register and Employment Survey, accessed from Nomis. This is a workplace estimate of employment, Chapter 1 discussed the resident measure of employment.

41. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham

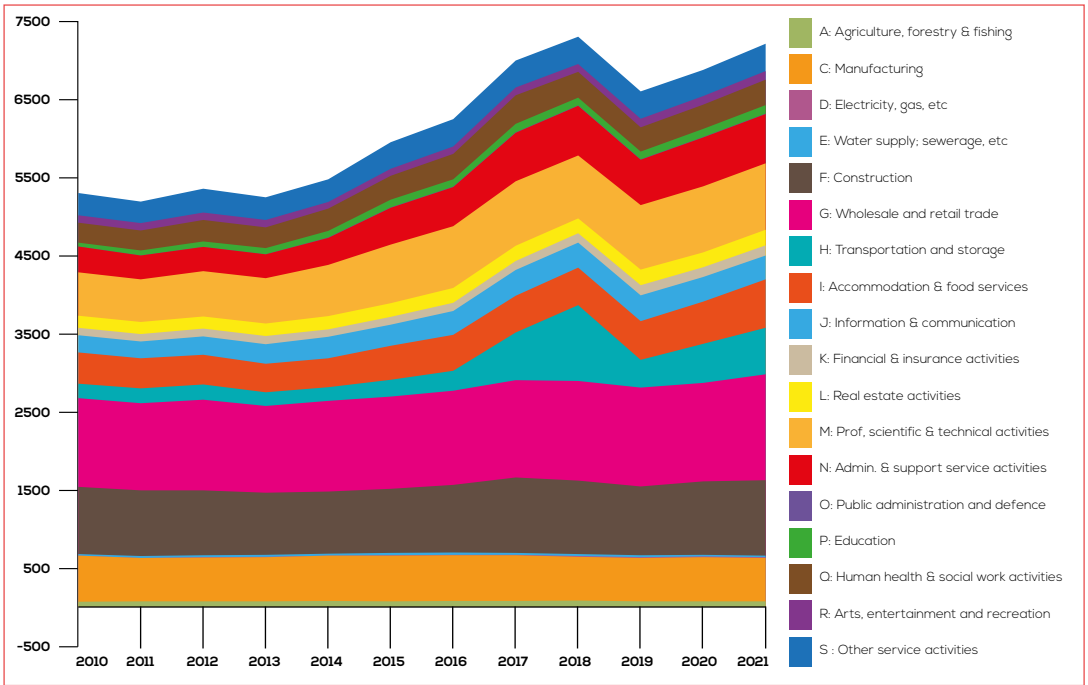



**Figure 3.2: Oldham Business Count, 2010-2021 (Nomis UK Business Counts from ONS Inter Departmental Business Register, 2021) [42]**

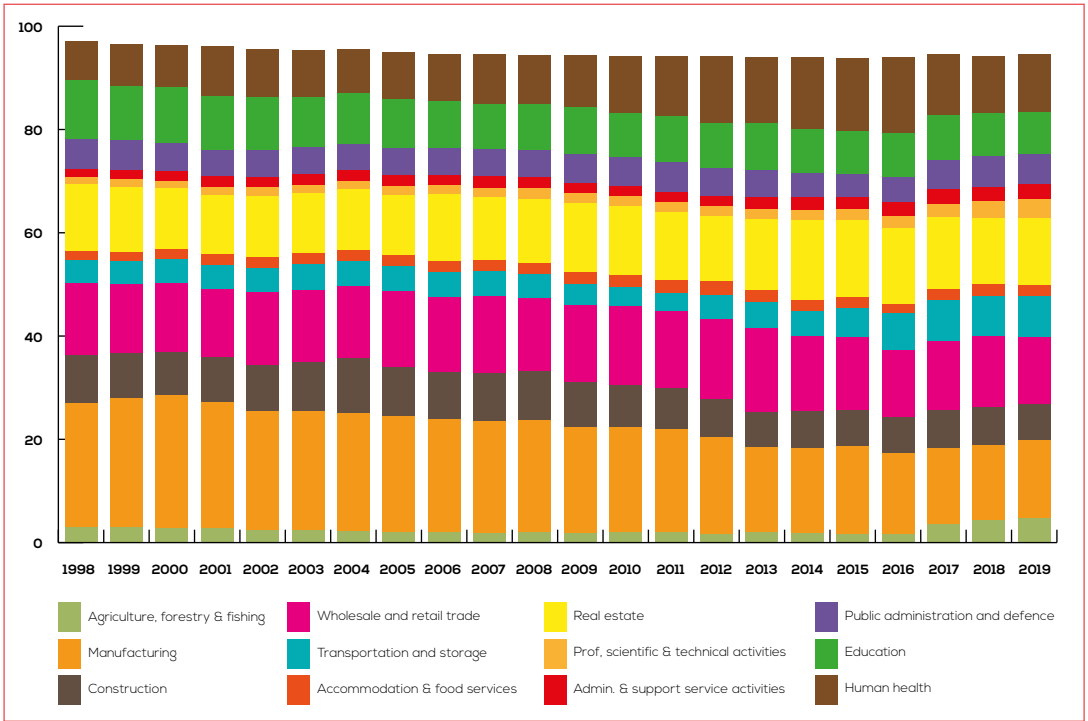



**Figure 3.3: Oldham Gross Value Added by Industry, 1998-2019 (ONS, GVA (balanced) by industry, 2021) [43]**

To be more prosperous, Oldham needs to grow the value produced by those sectors that produce tradeable goods and services. The OECD (2018)[44] define tradeable sectors as "those that produce goods and services that can traded across regions and international borders". Firms can operate in sectors that are tradeable, although they may not actually engage in trade, but they are exposed to competition from abroad. The OECD (2016)[45] found that regions with larger tradeable sectors were able to catch up to the frontier regions quicker than those with lower shares that were diverging.

42. Data from Nomis https://www.nomisweb.co.uk/query/construct/summary.asp?-mode=construct&version=0&dataset=189
43. See ONS https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/regionalgrossvalueaddedbalancedbyindustrylocalauthorities byitl1region.
44. See Chapter 2, page 59 in OECD (2018), Productivity and Jobs in a Globalised World: (How) Can All Regions Benefit? OECD Regional Development Studies, OECD Publishing, Paris, https://doi.org/10.1787/9789264293137-en.
45. OECD (2016), OECD Regional Outlook 2016: Productive Regions for Inclusive Societies, OECD Publishing, Paris, https://doi.org/10.1787/9789264260245-en.

The OECD (2018) classify tradeable sectors as the following: agriculture (A), industry (BCDE), information and communication (J), financial and insurance activities (K) and other services (RSTU). The remaining sectors are then classed as non-tradeable. Using the GVA sector shares in 2019, 25% of Oldham's sectors were classed as tradeable. This has fallen from 33% in 2000 which has mirrored the declining share of the manufacturing sector. It is the tradeable sectors that bring money into the community, together with the wages of residents who commute to other parts of the city-region.

### Identifying Sector Specialisations: ONS Town's Industry Structure Analysis

| Town Name | Town Size | Job Density | Income Deprivation Percentile | Population Growth | Employment Growth | Krugman Index |
|---|---|---|---|---|---|---|
| Oldham LA | | 0.63 | | 6.42% | 7.95% | |
| Oldham centre | Large | 0.38 | 1 | 13.80% | 2.50% | 0.47 |
| Chadderton | Medium | 0.45 | 19 | 5.80% | 10.70% | 0.65 |
| Royton | Medium | 0.32 | 50 | -3.20% | 3.30% | 0.75 |
| Failsworth | Small | 0.26 | 23 | -0.70% | 2.10% | 0.73 |
| Uppermill | Small | 0.24 | 93 | 3.80% | 16.80% | 0.67 |
| Shaw | Small | 0.31 | 29 | -2.00% | 5.50% | 1.08 |
| Lees | Small | 0.16 | 48 | -2.30% | -3.40% | 0.75 |

Figure 3.4: Key Variables for Towns within Oldham, growth between 2009-2019 (ONS, 2020)[46]

ONS (2020) produced analysis on employment and population growth by towns. In Figure 3.4 we present the analysis by towns within Oldham including information on job density (this shows the number of jobs in the town as a proportion of residents aged 16 to 64 years), income deprivation percentile, population and employment growth between 2009 and 2019. We can see that Oldham, Chadderton and Uppermill (including Delph, Diggle and Dobcross) have experienced population and employment growth. Shaw, Royton and Failsworth have had declining population but increasing employment. Lees has had declining population and employment over 2009-2019. The ONS (2021) released town level data on the industry profile of towns, within this there is information on location quotients (if the share of employment in an industry is the same as GB the location quotient is 1, greater than 1 signifies a greater share than GB) and Krugman similarity indices (see Figure 3.4 – this shows how similar the town is the GB industry structure, 0 is very similar up to values close to 2 which is dissimilar). Oldham Centre has the most similar industry structure to Great Britain as it has the lowest Krugman for index of 0.47, Shaw is most dissimilar with an index of 1.08.

46. See ONS (2020), Understanding towns in England and Wales: spatial analysis https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/understandingtownsinenglandandwalesspatialanalysis/2020-12-07.

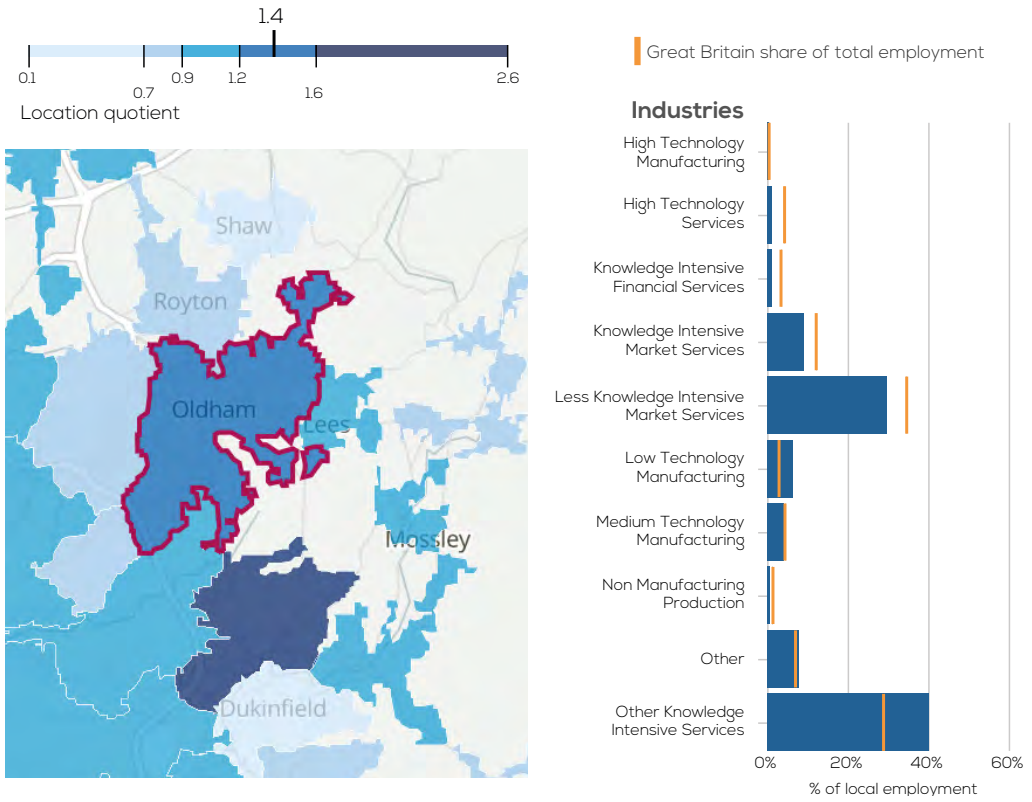



**Figure 3.5: Oldham Town's Location Quotients by HTEC industry groups showing Other Knowledge Intensive Services (Figure 6 in ONS, 2021)[47]**

The ONS (2021) have created high-tech and knowledge-intensive services (HTEC) industry groupings which shows the concentration of jobs in those groupings within towns. This helps us to understand the industrial strengths of the towns within Oldham borough. For example, Figure 3.5 shows that Oldham town has 40% of employment in Other Knowledge Intensive Services (greater than the 28% GB average) with a location quotient of 1.4. This category is made up of mostly services including arts, entertainment, human health, social work, education and public administration (so will include Oldham Royal Hospital, Oldham Council and Oldham College). Oldham town also has a larger than GB average 7% share of employment in the Low Technology Manufacturing grouping (including the manufacture of food, beverages, textiles, apparel, paper and wood products), here the location quotient is 2.2 (a value of 1 indicates the same as GB average).

Analysing this data for other towns in Oldham borough we find that Chadderton has the largest employment category at 41% is in Less Knowledge Intensive Market services which includes wholesale and retail, land transport, accommodation and administrative activities. Chadderton also has an 8% share of employment in the Medium Technology Manufacturing grouping (this includes manufacture of machinery, equipment, motor vehicles, metals, mineral, rubber and plastic products), here the location quotient is 1.7. Royton has 42% employment share of Less Knowledge Intensive Market services, it also has a much larger than average 18% share of employment in the Medium Technology Manufacturing grouping, here the location quotient is 3.9. Shaw has 52% employment share of Less Knowledge Intensive Market services, it also has a larger than average 26% share of employment in Knowledge Intensive Market services (services including other forms of transport, professional, scientific, technical and administrative activities), here the location quotient is 2.2. Failsworth has 47% employment share of Less Knowledge Intensive Market services, with location quotient of 1.4. Failsworth has 24% share of employment in Other Knowledge Intensive Market grouping. Lees has 32% employment share of Less Knowledge Intensive Market services and 15% share of employment in the Other grouping (which includes construction and real estate activities), here the location quotient is 2.1. Uppermill has 42% employment share of Less Knowledge Intensive Market services, it also has a larger than average 8% share of employment in the Low Technology Manufacturing grouping (including the manufacture of food, beverages, textiles, apparel, paper and wood products), here the location quotient is 2.7.

47. See ONS (2021), Understanding Towns: industry analysis https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/understandingtownsindustryanalysis/2021-12-13

## Identifying Sector Specialisations: Complexity Analysis

As part of the GM Independent Prosperity Review Mealy and Coyle (2019) estimated the industrial strengths across boroughs of GM. In Figure 3.6 the green dots and text represent Oldham's current industrial strengths, while grey dots are industries in which it is not yet competitive. The horizontal axis shows the distance (calculated as 1 minus proximity density) between a given industry and Oldham's existing industrial strengths. The vertical axis plots each industry's product complexity index. Industries shaded in purple represent new industrial possibilities that could be advantageous areas of competitiveness in the future. These include the manufacture of electric motors, repair of fabricated metal products, sale of motor vehicles, insurance, reproduction of recorded media and sound recording and music publishing activities.

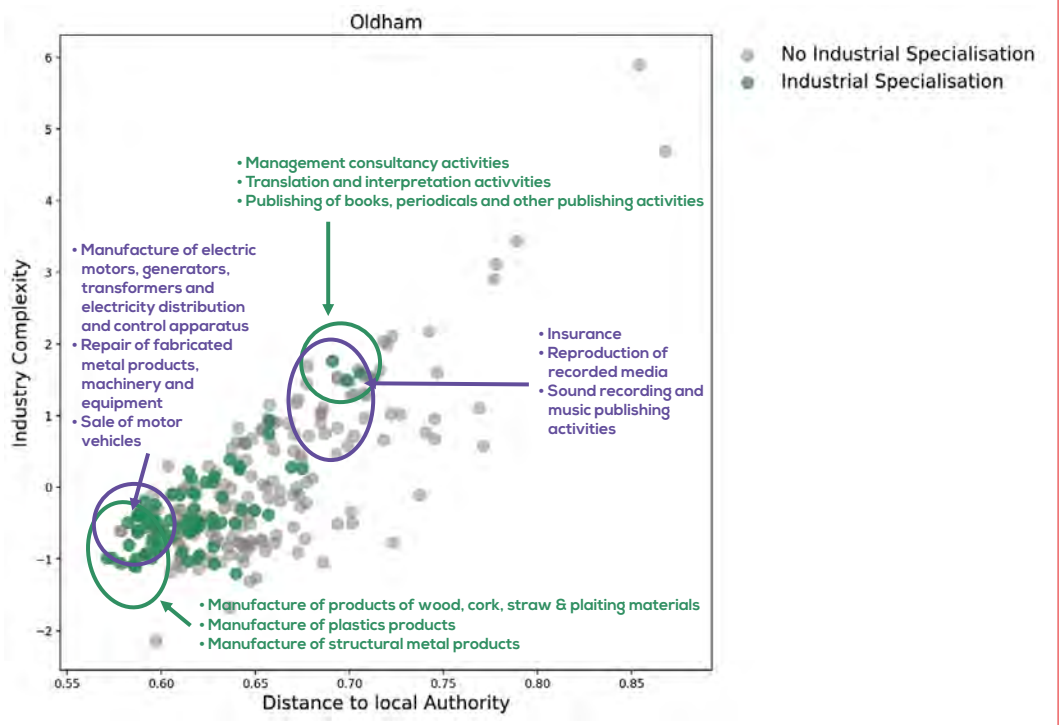



Figure 3.6: Oldham Complexity Analysis (GM Prosperity Review, 2019) [48]

Figure 3.7 shows the location of innovative firms with their registered address in Oldham. This data has been compiled by Data City for GMCA using an algorithm that scrapes information from company websites. To identify firms, Data City used a training set of companies with known R&D investment to identify keywords that showed that a firm was "innovation-intensive" (which was defined as £5,000 of R&D investment per employee per year). This was then fed into a machine learning algorithm which looked for these keywords in the rest of their database. The result of this algorithm found 258 firms that are likely to be innovation intensive in Oldham.

48. See https://www.greatermanchester-ca.gov.uk/media/1913/gmipr_tr_economic-complexityanalysis.pdf

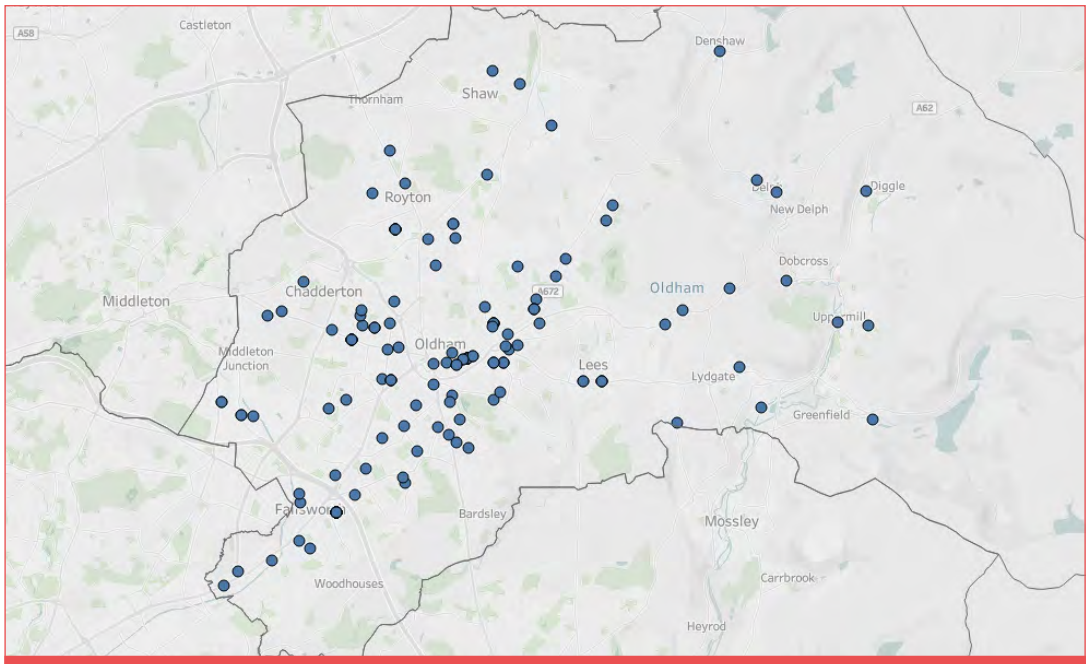



Figure 3.7: Innovation Intensive firms with registered address in Oldham (GMCA analysis of DataCity data, 2022) [49]

## Oldham's Public Sector

The public sector plays a fundamental role in Oldham's economy, within the Local Authority and NHS, which together provide more than 20% of jobs in the district. With the third highest rate of public sector employment in Greater Manchester, Oldham has a clear vulnerability to any future public sector contraction. Figure 3.8 illustrates the change in employee numbers in the public sector and private sectors between 2017 and 2020. Oldham's number of public sector employees has contracted by -4.3%, when at the same time public sector employees grew by 3.7% in Greater Manchester, 3% in the North West and 3.1% in England. By way of comparison, the private sector employees in Oldham fell by -10.8% between 2017-2020, where they increased in GM (0.6%) and fell in the North West (-0.1%) and England (-0.7%).

Overall these changes in employment structure has had a hollowing out effect on Oldham's labour market and on the levels of wealth and pay in the borough overall. More public sector jobs have been lost – these are typically higher paying and more secure jobs – and private sector job growth over the same period has not compensated in either employment or income. In both the public and private sector, job loss and job growth have been at lower rates than GM and the NW, increasing overall detachment and inequality between Oldham and other places nearby.

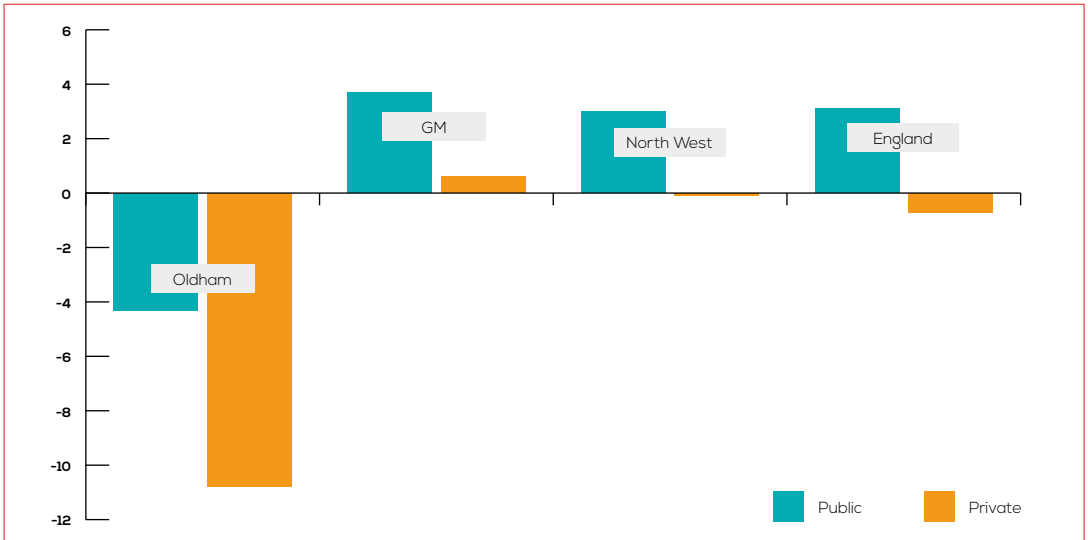



Figure 3.8: Oldham Public and Private Sector Employee Growth 2017-2020, (Nomis, 2021) [50]

49. See a blog on the Data City methodology: https://thedatacity.com/insight/working-out-loud/introducing-our-company-innovation-measure/

50. See https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=189

### Oldham's Foundational Economy and Community Wealth Building

The largest share of workers in Oldham appears to be within the 'foundational economy'. This refers to the first layers of the economic structure, including jobs and services in health, care, education, housing, utilities and food supply.[51] Such activities exist across public, private and voluntary sectors providing basic services and goods to all citizens, including those in and out of work, the elderly and to those with low incomes. Jobs tend to be low paid and contracts relatively precarious, but at the same time these roles perform an essential foundation for other economic activities – as other workers and activities still require the 'everyday infrastructure' of food, care and other essential services in order to function. We have estimated that in 2020 the share of the local workforce working in the foundational economy could be as high as 70% of all workers in Oldham[52].

Community Wealth Building has become a growing focus of ideas and activity in Oldham, neighbouring boroughs, and across Greater Manchester as a whole. In her evidence, Sarah Longlands (Chief Executive of the Centre for Local Economic Strategy) set out for the Review a helpful summary of what Community Wealth Building involved. She described it as a people-based approach, which increases the flow of wealth and power to local people and places through five key levers: land and property; finance; procurement and spend; workforce; and inclusive ownership. She described how approaches based around these levers can drive change from small successes, disrupting inertia, acting as an inspiration rather than a model.

Across Greater Manchester there are examples of how this approach is successfully building local capacity and new organisations and enterprises, including in Oldham. This is one practical approach to improving conditions in the foundation economy and in wealth/income levels in the area by supporting higher local spending from local 'anchor institutions'[53] and the creation of new 'socially focused' organisations for service delivery. The Greater Manchester Independent Inequalities Commission[54] also explored this model in some depth and a range of recommendations have been incorporated into the new Greater Manchester Strategy as a result. This is to be welcomed and provides further evidence of how such an approach can be adopted and driven at both Greater Manchester level – with its institutions, budgets and political will – as well as in individual local authorities such as Oldham. For example, there is now a GM plan for developing a Community Wealth Building Hub for the city-region.

**We recommend that voluntary organisations and social entrepreneurs in Oldham be engaged in the co-design process as well as accessing support from the Hub and the GM Growth Company.**

But at the same time, we know that such an approach can only go so far in helping Oldham achieve its longer-term economic ambitions. Many of the 'anchor institutions' in Oldham and in similar places elsewhere, have had their budgets and headcount significantly reduced in the last decade (see analysis above and further details in Chapter 6) and these reductions look unlikely to be replaced in the future. Furthermore – and as the GM Inequalities Commission notes – the social economy which should play an active part in a thriving economy overall – is currently small in size and even in towns and cities elsewhere in Europe and the US with more well-developed social sectors and firms, these activities rarely make up more than 10-15% of their local economies. The real benefits then are where this important approach combines with and supports a broad range of complementary growth strategies, increasing overall levels of wealth and incomes in local economies.

### Future Investment Opportunities: Playing a Full Role in the 'Northern Gateway'

The 'Northern Gateway' growth location, was regularly raised in the evidence to the Review as both an opportunity and a learning point for Oldham. The Northern Gateway is largely located in Rochdale and Bury, but also reaches across to Oldham. Its proximity provides job opportunities for Oldham residents, and business opportunities for Oldham enterprises, as well as the networks and cluster of manufacturing and engineering firms that operate across all three boroughs and beyond, if the right infrastructure and institutions are put in place. But there was also compelling evidence that the purpose and focus provided by the development has already been a benefit to and in neighbouring Rochdale. The business-led development of the Advanced Machinery and Productivity Institute (AMPI), supported by the Rochdale Development Agency (RDA)[55], has drawn in private and public investment, including £22.6m from the Government's 'Strength in Places' programme. It has given momentum to growth

51. See https://foundationaleconomy.com/ for further information.
52. Using the Foundational Economy Collective (https://foundationaleconomy.com/activity-classification/) industrial classifications we calculate the share of the material foundational economy (FE) in Oldham to be 18.1%, the providential FE to be 31.1% and the overlooked FE to be 20.8%.
53. See Chapter 6 for a full description and discussion of 'anchor institutions' and 'community wealth building'.
54. See https://www.greatermanchester-ca.gov.uk/what-we-do/equalities/independent-inequalities-commission/.
55. See https://investinrochdale.co.uk/.

in the area, and enabled links to be developed, through Innovation GM, to the world-class Research and Development assets in other parts of the city-region. This also demonstrates a clear, long-term vision for the future of Rochdale's economy and has seen the borough build it into successful bids for other Government funding including the Towns Fund.

Oldham should learn from this example. That does not necessarily mean replicating Rochdale's specific approach, but does mean making full use of links to the Northern Gateway and developments such as AMPI, and learning from the ingredients which have made it successful – an understanding of local strengths, leadership from local businesses backed by other institutions and the local authority, the identification of future business opportunities, goals which are ambitious but obtainable, all setting a direction and vision for future growth[56].

Exploiting the opportunities from the Northern Gateway is possible because key sectors such as textiles, materials and chemicals spread beyond individual boroughs. Economic relationships and supply chains are not restrained by administrative boundaries and greater scale and networks create greater economic benefits for the firms involved. It is therefore necessary to build a supportive environment for clusters in those – and other – sectors across the whole of the North-East of Greater Manchester, including Oldham. **We therefore recommend that formal links are made between Oldham and the Northern Gateway as it evolves and with the Rochdale Development Agency (RDA) and the Advanced Machinery and Productivity Institute (AMPI). This should be both a partnership between strategic bodies and institutions in GM, Rochdale and Oldham and also a network of formal support for firms in Oldham so that they can fully engage and benefit from these initiatives.**

### Leading Town Centre Innovation

The Board heard also heard more detailed evidence about the development of Innovation GM[57] – the network led by businesses and universities in the city-region which is looking to strengthen the Research & Development areas of excellence in the city-region, but ensure that new inventions and innovations can be applied by businesses in order to create more new, well paid, jobs.

As work by Richard Jones (one of the members of the Board) and Tom Forth demonstrates, the UK's geographical imbalances in economic performance are exacerbated by regional imbalances in R&D spending.[58] Since this evidence session, the Government announced in the Levelling Up White Paper that Greater Manchester would be one of three city-regions to pilot 'Innovation Accelerators' – a new approach to supporting three UK city-regions to become major, globally competitive centres for research and innovation, backed with an initial £100m of Research & Development funding across the three areas. In GM this work is to be led through Innovation GM.

Embedding innovation in town centres across Greater Manchester has been a theme in the development of Innovation GM and in the evidence collected by the Board. But, so far, that work remains relatively undeveloped. With the establishment of Innovation GM and additional R&D funding coming to the city-region, there is a significant opportunity for Oldham and GMCA to further develop that model and test new approaches which can then provide lessons, models and new insights for other towns in Greater Manchester and beyond.

The entrepreneurial strengths of Oldham, and its large number of small and medium sized enterprises, provides an opportunity to show the direct contribution which innovation and R&D can make to its local economy. This is relevant to those firms in Oldham engaged in manufacturing and engineering supply chains as described above but also to the majority of small businesses in Oldham that are not currently in high productivity sectors. Here innovation can be just as important (and potentially easier) in more foundational sectors such as retail, hospitality and leisure, and social care. This might involve the adoption of new technologies or higher skilled working practices for example. In both cases, more support could be extended to Oldham firms as a way of connecting them to these opportunities, clusters or technologies and working practices. Some of this support may be through improved management skills (see chapter 4 below) and some through improved business support and engagement structures organised and delivered at the GM level.

56. More discussion of these lessons and what it could mean in Oldham are in Chapter 6.
57. See https://www.greatermanchester-ca.gov.uk/news/innovation-greater-manchester-provides-blueprint-for-boosting-rd-investment-and-levelling-up-north/.
58. See Forth and Jones (2020). The Missing £4 Billion: making R&D work for the whole UK, https://www.nesta.org.uk/report/the-missing-4-billion/.

**We therefore recommend that Oldham should be the location for piloting an Innovation GM town innovation centre,** with an initial investment in an assessment of the innovation needs of local businesses, what methods of innovation diffusion are likely to be most effective, which sectors or types of business activity should be prioritised, and what sort of institutional structure should be put in place to make it effective.

This should be commissioned and established within the next 12 months, so that the right institutions and structures can then be put in place. The assessment should be carried out as soon as possible within that time as a strand of Innovation GM, with support and involvement from GM Universities and Oldham College playing a leading role, so that local R&D and higher-level skills priorities can be better aligned in the borough and across GM as a whole. This work would fill a gap in GM's current thinking, be of direct relevance to Oldham businesses, reinforce potential strengths in Oldham and give a focus and ambition to future activity and economic growth.[59]

### Opportunities to Access Business Support

Evidence gathered by the Review shows that Greater Manchester has one of the most advanced networks for business support in the country. Through bodies such as the GM Chamber of Commerce (represented on the Review) and the GM Growth Hub (run by the Growth Company, largely funded by Central and Local Government) there is a strong network of advice, collaboration and funding.

However, the evidence to the Review shows that enterprises in Oldham – both private businesses and social enterprises – might not be making full use of those opportunities. Businesses in the core of the city-region disproportionately engage with services and networks, while businesses in Oldham are often unaware of the opportunities available.

This gap offers a significant opportunity especially alongside our proposed recommendation on innovation above. Services and networks operating across the city-region need to better understand and engage with Oldham businesses, while enterprises in the borough and the institutions they work with need to widen their horizons and ambitions to take the opportunities available in Greater Manchester and beyond. Furthermore, the organisations offering business support, including those focused on skills and innovation, will also benefit from the setting out of clearer long-term priorities and institutions/networks established in Oldham. As explained in Chapter 6 below, this will enable greater and easier co-ordination between the objectives, priorities and activities in Oldham and in Greater Manchester.

Examples which have been raised include the Greater Manchester Good Employment Charter,[60] and the Peer Network programme, where businesses involved in the Board have had positive support and are keen to spread that further. Further networks for business in Oldham include:

- This could build on existing business networks including the Oldham Business Network GM[61] and the GM Chamber of Commerce in Oldham[62], which together could help extend and deepen support and engagement amongst local businesses
- An increase in the amount of engagement with Oldham firms through the Greater Manchester Good Employment Charter – especially in the 'foundation economy' - encouraging and supporting them to join as Charter Supporters to access the resources and networks made available.
- Increasing awareness of, and engagement with, service provided by the Greater Manchester Growth Hub, such as the Made Smarter programme[63] and Bee Net Zero programme which supports firms to make progress on their journey to Net Zero.[64]

59. See also recommendations in Chapter 4 on skills.
60. See https://www.gmgoodemploymentcharter.co.uk/.
61. See Oldham Business Network: http://www.oldhambusinessnetwork.co.uk
62. See https://www.gmchamber.co.uk/about-us/in-your-area/oldham/.
63. See https://www.madesmarter.uk/about/what-is-made-smarter/.
64. See https://www.businessgrowthhub.com https://beenetzero.co.uk/.

### Box 3.1: The Greater Manchester Good Employment Charter

Is a voluntary membership and assessment scheme that aims to raise employment standards across the city-region, for all organisations of any size, sector or geography. The Charter describes seven key characteristics of good employment: secure work, flexible work, pay (including the real Living Wage), engagement and voice, recruitment, people management, and health and wellbeing. It is closely linked with the campaign to make Greater Manchester a real Living Wage city-region. The development of a Good Employment Charter for Greater Manchester was first proposed in Andy Burnham's manifesto for the 2017 Greater Manchester mayoral election. Following extensive consultation, the Charter was introduced in July 2019, with the launch of the Supporter tier and followed in January 2020 with the announcement of the first six members.

The charter has three levels in which any organisation that employs people can get involved: – Supporters have made a commitment to improving practice in all characteristics of good employment; Members have made the Supporter Commitment and meet the membership criteria in all characteristics of the Charter; and Advocates excel in characteristics of good employment and share their expertise with others. The Charter is committed to creating a community of likeminded businesses and organisations who can work with one another to share good practice and influence peers within their sector. The Charter Unit deliver networking events and webinars throughout the year to highlight and disseminate best practice, in addition to recording a popular podcast series with high profile guests from across Greater Manchester.

The Charter has been operational for over 2 years and has over 400 supporters and members across the city-region from the public, private, and third sectors, covering close to 300,000 employees.

## Oldham Levelling Up Indicators

The LUWP and its twelve missions offers further focus for the Review's recommendations. Specific targets can be constructed with reference to the ONS (2022) sub-national indicator dashboard. Figure 3.9 below shows Oldham's comparative position on this dashboard with other local authorities across Great Britain. Oldham is represented by the blue dot and the line is the median for all authorities. Oldham's Gross Value Added per worker (productivity measure), median pay and employment rate are below the median level for GB.

Elsewhere amongst the LUWP missions, Oldham fares better. For example, broadband capacity is at the median and measures to represent accessibility to jobs are above the median, with the time to take public transport/ walk to employment centre with between 500-4999 jobs at 9.1 minutes, with cycle accessibility at 8.5 minutes and drive accessibility at 7 minutes. This corresponds to work of Onward on their study of job accessibility.[65]

65. See Onward (2021) Network Effect https://www.ukonward.com/reports/network-effects/

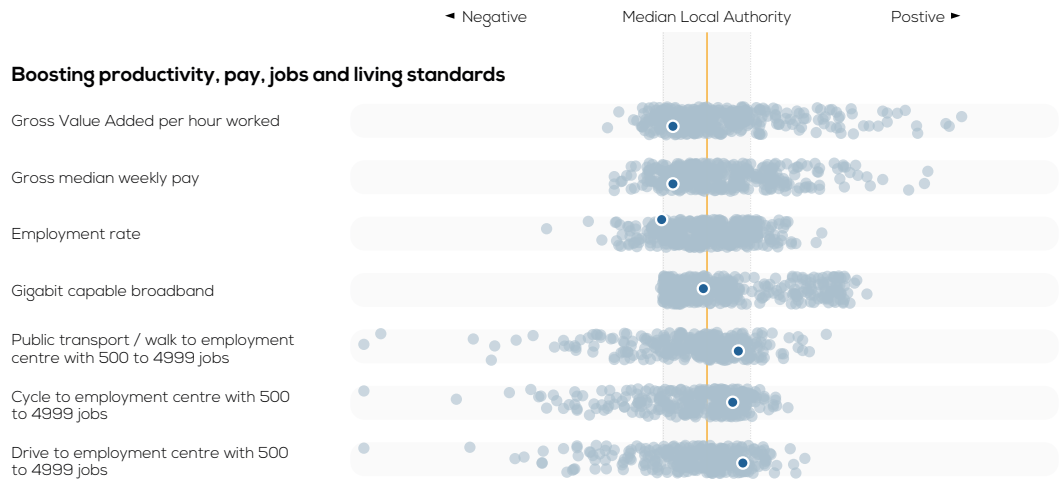



**Figure 3.9: Oldham position in the ONS Subnational Dashboard, (ONS, 2022)** [66]

## SUMMARY RECOMMENDATIONS

- A clear strategy for productivity and business, which includes manufacturing, business support, enterprise and innovation, all within a single strategic framework, with a clear set of missions and targets around improving productivity, increasing wages and boosting standards of living.
- Proactive engagement with neighbouring authorities in the Northern Gateway, and in particular the AMPI project to support manufacturing.
- Liaise with Innovation GM for Oldham to play a leading role in extending the emerging innovation network in Greater Manchester, into Oldham town centre.
- Develop a "best practice" programme for anchor institutions.
- Develop a broader strategy for social enterprise, including its engagement with Greater Manchester initiatives to build capacity, share and develop expertise.

66. See ONS (2022) Subnational indicators explore, selecting Oldham https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/subnationalindicatorsexplorer/2022-01-06

# CHAPTER 4: JOBS AND SKILLS

**The creation of opportunities for good quality work is primarily driven by economic growth and innovation, with the primary challenge for Oldham, and places like it, being to grow private sector wealth creation.** However, this is both linked to and influenced by the challenge of skills supply.

The LUWP rightly brings together the need for stronger educational performance in pre-16, and better outcomes for adult skills, as priorities for "levelling up". This chapter considers the implications of this, given the fairly sizeable and persistent disparities in skill levels between Oldham and elsewhere – and the link between this and employment and income.

Section 4.2 summarises the evidence that was presented by expert witnesses, which focussed on Oldham's current and potential jobs of Oldhamers, the skills they need and lessons from innovation and industrial strategy policy. Section 4.3 summarises the key available data on skills and employment in Oldham. Section 4.4 summarises the analysis, conclusions and recommendations of the Review Board.



## 4.2 SUMMARY OF EXPERT EVIDENCE SESSIONS

### Jonathan Simons, Public First

Public First has run focus groups, polls and surveys on levelling up. One survey found that 83% of people surveyed in Greater Manchester think that universities are economically important in the region. However, Oldham had the lowest score of the boroughs in GM (59%). People who live in Oldham are the least likely to understand the concrete benefits of universities.

Lots of people do not really understand what levelling up means. Local/civic pride is a much stronger concept – people really like their local area.

People want to learn new skills to get them into the labour market, and this is usually why they choose to go to university. Lower income voters are more sceptical about going to university as they do not see such a strong link between the cost and benefit.

People like the idea of intra-company transfers, but would not necessarily move for another job – even just 10 miles away to centre of Manchester. People like apprenticeships, BTECs and night school.

More practical routes into professions would open up new opportunities. For example, working part-time and upskilling to become a teacher.

The White Paper published in response to Philip Augar's review of post-18 education may shift funding towards further education and training.

Universities need to devote time and money to civic work. And where possible, education providers should collaborate rather than compete to recruit an ever-decreasing number of students.

Oldham has relatively low attainment at Level 3, which must be improved. Investment is needed in this area.

### David Goodhart, Policy Exchange

There has been scepticism with agglomeration theory as places like Oldham and Rochdale have not benefitted from growth in Manchester.

In Oldham, many higher level jobs in health and education are occupied by people who do not live in the town. It should be a priority to retain well-paid professional jobs for those who live in Oldham.

Following the pandemic, the spread of working from home could help these historic divides, which are exacerbated by higher education taking the brightest young people away from poorer towns.

Reskilling people for green jobs, like insulating older homes, could help with levelling up. People would also benefit by being moved into middle skilled jobs in this area.

Is Oldham benefitting from the way that re-structuring of the economy is pushing up wages at the bottom end of labour market? Not everyone can be a skilled professional, and it is important to raise the status and pay of jobs that will always be required.

Lots can be done within Oldham to help with civic pride, working on eyesores and boarded up shops. This review will help increase focus on Oldham.

Should there be a specific institution in Oldham that could drive forward a levelling up agenda? It would have to have a much broader focus than the narrow view of education in the Government's Opportunity Area policy.

### Jon Bloor, Oldham Council

There had been many strategies and polices over time that pull and push in different directions. It is important to know what level of geography these policies target, if they support individual, or are business-facing policies (like Train to Gain). Currently, skills policies seem to be more employer-led.

With the LUWP, clarity is needed on the role for local leaders. Also, on the scope of the funding. There needs to be a step change in programmes to support social infrastructure. GM has accessed £4m of Community Renewal funding, but was anticipating £12m.

There has been a change in the language used over time. For example, there is no longer discussion of inclusive growth. Oldham has been aligned with the North East Manchester growth plan, but how will this benefit residents?

Moving people from basic to intermediate skills should be a priority, especially with digitisation within all sectors. Key sectors in Oldham are green tech, health, and social care. The Career Advancement Service project has seen 55% of participants complete a new qualification but fewer than 5% applied and secured an advanced learner loan. Of 107 people tracked the average wage uplift was £5863 per person.

Ofsted measures may not be suitable for progressing into employment. Growth locations are outside of Oldham, and not always affordable to commute to.

**Neil Thomas, Dudley College**

A town in the Black Country between Birmingham and Wolverhampton, Dudley is near the bottom of socio-economic demographics and struggles to attract capital. There was a lack of faith in the college.

However, Dudley College has gone from being a small college to become a large provider that has been rated as outstanding and won a Queen's Anniversary Prize for Education in 2019.

The college now collaborates with five universities, the local authority, training providers, and employers.

Dudley College used regeneration as a catalyst for growth, adding a new building every year, helped by an understanding bank. Collaboration has increased in Dudley. Building construction has happened with employers who would then utilise the trainees.

The college has also purchased neighbouring buildings. The college now encompasses Dudley Aspire for work skills, Dudley Enhance for art skills, and Dudley Advance for manufacturing. Employers specified equipment, and helped create the curriculum.

Dudley Advance 2 then became an innovation hub that businesses can use as development space. A large hangar can also be used by local businesses. If businesses innovate they will employ more workers and increase Dudley's productivity.

Dudley College has also created an Institute of Technology to help with the challenge of Level 4 qualifications and above. The local area does not have enough young people who aspire to university, or employers who recognise that is something that is needed. University partners are invited in to deliver the high-level curriculum. It means local people can get higher level skills without leaving the region, and do not have to pay debt as the employer's apprentice levy is used to fund learning.

Two more new buildings are planned to create a university park in Dudley. One building will focus on health and care careers.

**Gemma Marsh, Director of Education, Skills & Work, GMCA**

Oldham, GM Skills and Work programmes now focus more on the role of employers and what people need to succeed. They work with colleges and training providers.

Employers ask for specific skills and they drill down to work out the practicalities. Devolution is allowing greater flexibility.

Young people not in education, employment or training (NEETs) are also in the programmes' remit. They open up opportunities and help young people see a line of sight to future careers.

There are many strategies and more needs to be done. See the chart below for the range of strategies.

GMCA gets £250m to support programmes in adult education across GM. Funding comes from the European Regional Development Fund and the Department for Education. In Oldham there has been a significant increase in the numbers of people learning digital skills

In tackling inequalities, data and evidence from projects and programmes help to inform smarter policy and commissioning.

Sometimes things are overly complicated working with national and devolved policies. It is important to work with what we have, and use data and evidence more and to ask what more can be done to help with social mobility.




Figure 4.1: How GMCA connects jobs and skills through strategy (Gemma Marsh, 2021)

**Stephen Evans, Learning and Work Institute**
Oldham's claimant count spiked at 10% during the pandemic, and the employment rate fell. More recently there are stories about labour shortages.

Despite shortages, there are still people out of work. So, how to link them to the jobs that are on offer?

In Oldham the proportion of population who have no qualifications is falling; it is now 10%, down from 20% in 2004. There has been an improvement in share of population who have Level 3 and Level 4+ skills. Those from higher socio-economic groups are more likely to learn.

There is an opportunity to make learning the golden thread through public services. So, when the council interacts with citizens it should offer training/upgrading employment opportunities.

Link regeneration plans, inward investment, growth and skills plans together, and make a skilled workforce a key selling point for the area. In addition, make tackling inequalities the centre to all of this.

## 4.3 OLDHAM DATA – EMPLOYMENT AND SKILLS

There is a detailed body of available data which illustrates the challenge of improving skills, and the links between this and the task of improving opportunities for better employment. There is a case for a much greater drilling down into the issues which sit behind the headline data, in order to better understand the situation and arrive at better policy solutions and interventions.

Figure 4.2 illustrates the gap between Oldham and the other local authorities in Greater Manchester, and demonstrates that it is significantly below the average for both the city-region and national picture, in terms of qualifications held at all levels, from Level 1 to 4 and above.

Oldham has the third highest number of adults with no qualifications at all – with one in 10 adults in this category, compared with 1 in 25 in Trafford (which is the other extreme in the city-region). Less is known about the extent to which these qualification levels are acquired while living in the borough, and how much is influenced by patterns of migration. It is likely that the Trafford figures, for example, include significant numbers of graduate employees who work in Manchester and move into the borough as adults. Oldham may be experiencing an opposite process – of graduates leaving, even if this is only to move to Manchester. It may also have more new arrivals into the borough, who come with lower levels of qualifications, for a variety of reasons. These are important considerations in shaping a local skills strategy, but further work is needed to test out this hypothesis.

### Qualifications of the working age population (16-64) - 2020

| Local Authority | NVQ 4+ (%) | NVQ 3+ (%) | NVQ 2+ (%) | NVQ 1+ (%) | Other Qualifications (%) | No Qualifications (%) |
|---|---|---|---|---|---|---|
| Bolton | 33.1 | 52.7 | 71.9 | 83.7 | 6.2 | 10.1 |
| Bury | 41.3 | 61.6 | 81.5 | 91.4 | 4.1 | 4.5 |
| Manchester | 48.4 | 64.4 | 75.3 | 84.9 | 7.7 | 7.4 |
| **Oldham** | **28.3** | **51.0** | **71.8** | **83.5** | **7.0** | **9.5** |
| Rochdale | 30.3 | 50.8 | 69.7 | 83.4 | 6.7 | 9.8 |
| Salford | 42.3 | 60.1 | 75.3 | 86.2 | 6.5 | 7.2 |
| Stockport | 45.6 | 60.8 | 77.8 | 90.1 | 3.1 | 6.7 |
| Tameside | 27.0 | 49.0 | 72.2 | 86.3 | 6.0 | 7.7 |
| Trafford | 51.3 | 66.5 | 82.6 | 91.6 | 4.1 | 4.3 |
| Wigan | 30.7 | 50.9 | 74.6 | 85.4 | 5.2 | 9.3 |
| GM | 39.2 | 57.6 | 75.2 | 86.3 | 5.9 | 7.7 |
| Great Britain | 42.8 | 61.2 | 78.0 | 87.9 | 5.9 | 6.2 |

Figure 4.2: Skills across Greater Manchester Boroughs (Nomis, 2021) [67]

What does stand out, is that skill levels in Oldham, as with many other disparities, are not evenly spread, see Figure 4.3. There are parts of the borough which appear to be more like Trafford, for example, and a heavy concentration of low levels of qualification in particular parts of Oldham. The links between this low level of adult skills and the associated challenges of those neighbourhoods does need further exploration, particularly the cross over between levels of adult education and the achievement of children in those areas, potentially from the same households and families.

Figure 1.13 shows how Oldham's employment rate has been lower than GM and the England average since 2006. This aligns to the lower level of skills attainment in Oldham over time. More detailed analysis is required to understand the link between improvements and fluctuations in the acquisition of better qualifications and the extent to which this is improving employment opportunities. This is an important issue in understanding how best to prioritise adult funding,

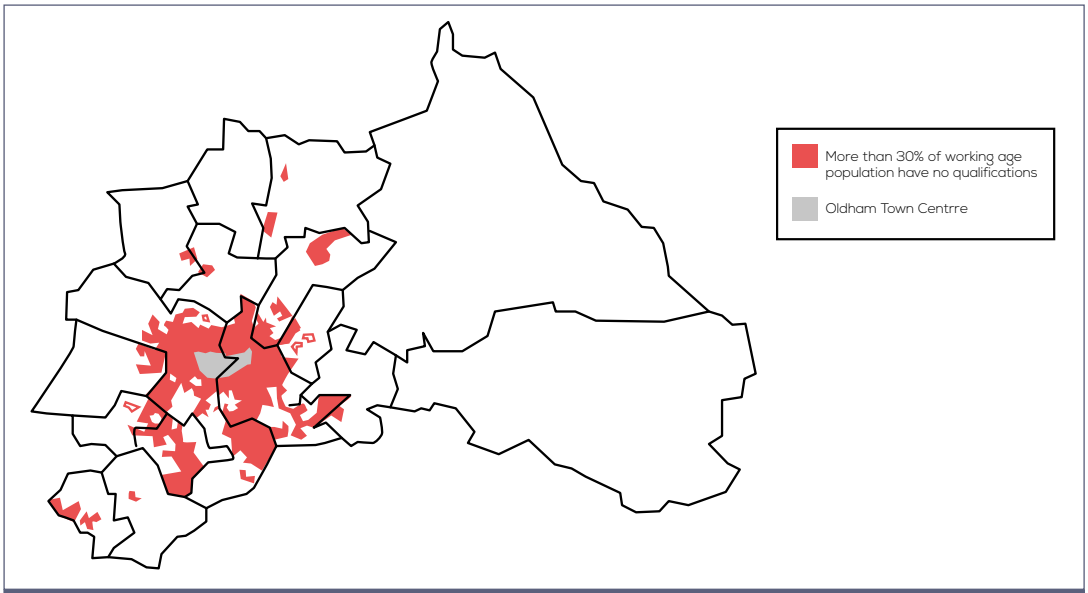



Figure 4.3 – Oldham residents with no qualifications (Labour Market Survey, Oldham Council, 2019) [68]

67. See https://www.nomisweb.co.uk/reports/lmp/la/1967128590/report.aspx?town=Greater%20Manchester#tabquals

68. See https://www.oldham.gov.uk/downloads/file/4005/labour_market

if improving the position of individuals in the labour market, so that they can improve the quality of their work and their income is the primary focus. However, there are also wider issues about the links between improved skills and the "social fabric" issues discussed in later chapters, given that there is a high level of adult delivery focussed on English for Speakers of Other Languages (ESOL), and on there is also a case to be made for improving adult skills because it helps to improve the outcomes for their children, rather than just focussing on individual competitiveness in the labour market. The other important issue is to understand how far the performance shown in this graph is shaped by the supply of good quality work, and access to it, rather than just skills supply.

Figure 4.4 suggests that this latter point is worth further exploration, as the employment rate in Oldham compared to other areas of Greater Manchester is relatively low. The data suggests that there is a geographical aspect to this, with Oldham, Rochdale and Manchester performing less well than most other areas. Given the analysis of transport accessibility referred to in Chapter 1, this issue needs further exploration. A key theme in the analysis section of this chapter, is how to build a skills system which creates clear pathways to work in neighbouring areas, not just in Oldham. This also needs further data led analysis.

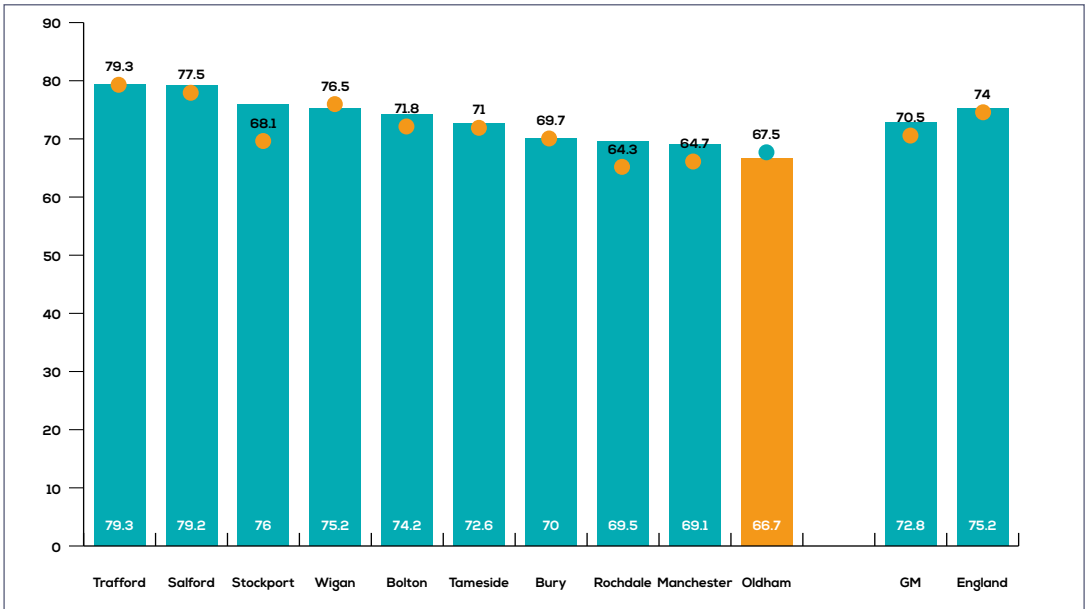



**Figure 4.4: Employment rate by LA (Labour Market Survey, Oldham Council, 2019)** [68]

One specific issue which does stand out for Oldham is that rates of youth unemployment have also been consistently above those of the Greater Manchester and England averages. There are complex aspects to this issue. Oldham's youth unemployment rate started to recover from the 2008 recession in early 2012, which saw youth unemployment drop in half in just three years. There seems to be seasonal effects which have a stronger effect on youth unemployment levels. During the ending of autumn and start of winter periods, youth unemployment levels decrease, most probably due to fixed term employment contracts spanning the Christmas period. This seasonal trend breaks as Universal Credit Full-Service causes youth unemployment to rise. During the same seasonal period in 2017 we can observe a cancelling out period as unemployment rates do not fall and instead stay level. All of this is illustrated by Figure 4.5.

68. See https://www.oldham.gov.uk/downloads/file/4005/labour_market

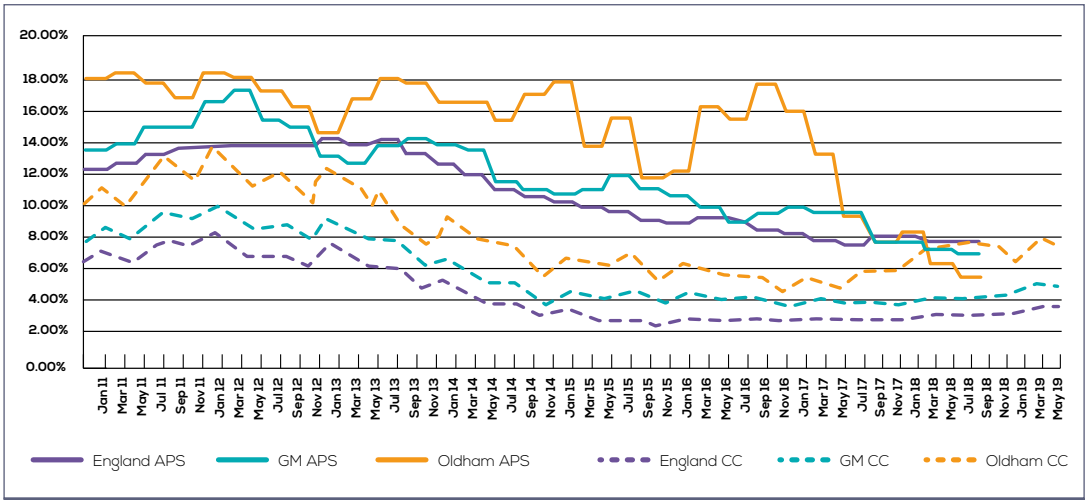



**Figure 4.5: Youth unemployment rate % (aged 18-24) (Labour Market Survey, Oldham Council, 2019, analysis of DWP, 2018) [68]**

It is also evident that the youth Claimant Count Unemployment rate in Oldham (which is being skewed by Universal Credit Full-Service) stood at 7.5% in 2018, then the highest rate across Greater Manchester and significantly higher than the national average (3.1%). Youth unemployment has increased considerably in Oldham over the last 12 months (29.6%), a larger increase than Greater Manchester (13.3%) and England (12.3%) averages. Youth unemployment in Oldham is back to being higher than pre-recession levels. The continued rise in youth unemployment has been one of the determining factors causing an increase in the overall unemployment rate across Oldham.

| Local Authority | Youth Unemployed | % Youth Unemployed | % Monthly Change | % Annual Change | GM Rank (1 = highest) |
|---|---|---|---|---|---|
| Bolton | 1,085 | 4.6 | -4.4 | -12.1 | 5 |
| Bury | 575 | 4.1 | 2.7 | -7.3 | 6 |
| Manchester | 2,565 | 2.9 | 4.3 | 35.4 | 10 |
| **Oldham** | **1,465** | **7.5** | **0.7** | **29.8** | **1** |
| Rochdale | 990 | 5.4 | 8.2 | 17.9 | 4 |
| Salford | 760 | 3.1 | -5.0 | -4.4 | 9 |
| Stockport | 600 | 3.1 | 0.8 | -10.4 | 8 |
| Tameside | 1,055 | 6.1 | 4.5 | 22.0 | 2 |
| Trafford | 590 | 3.9 | 0.9 | 26.9 | 7 |
| Wigan | 1,335 | 5.5 | 4.7 | 10.8 | 3 |
| GM | 11,015 | 4.2 | 2.1 | 13.3 | - |
| England | 148,195 | 3.1 | 2.5 | 12.3 | - |

**Figure 4.6: Youth Unemployment across GM Boroughs (Oldham Council, 2019, analysis of Nomis, 2018) [69]**

There is also an important theme around the quality of employment and the extent to which Oldham residents, even when in work, are dependent on wealth transfers through the benefits system. Latterly this takes place through the Universal Credit system, which is gradually superseding the previous system. Figure 1.17 in Chapter 1 illustrates the number of unemployed claimants, with a substantial fall over the last ten years, with an increase, during the same period, for Universal Credit. This is another area which needs further analysis and understanding.

68. See https://www.oldham.gov.uk/downloads/file/4005/labour_market
69. See https://www.oldham.gov.uk/downloads/file/4005/labour_market

It is also important to note that in Oldham there is a larger proportion of economically inactive residents who choose to look after their home rather than enter the labour market. Figure 4.7 shows that Oldham has a larger proportion than the GM and the national averages. The vast majority of residents who do choose to look after their home are female.

| Local Authority | Looking after home aged 16-64 | Number of Males | Number of Females | (%) Looking after home aged 16-64 | |
|---|---|---|---|---|---|
| | Jun 18 | Jun 18 | Jun 18 | Jun 17 | Jun 18 |
| Bolton | 26800 | 10700 | 16100 | 21.4 | 24.7 |
| Bury | 44300 | 18900 | 25400 | 30.4 | 22.5 |
| Manchester | 103100 | 42600 | 60400 | 22.2 | 25.7 |
| **Oldham** | **42300** | **15900** | **26400** | **30.0** | **29.8** |
| Rochdale | 34800 | 13900 | 20900 | 26.1 | 25.9 |
| Salford | 33000 | 12200 | 20800 | 16.8 | 21.1 |
| Stockport | 31900 | 13300 | 18600 | 24.6 | 23.0 |
| Tameside | 33000 | 12600 | 20300 | 27.2 | 25.7 |
| Trafford | 25900 | 9500 | 16400 | 24.2 | 24.9 |
| Wigan | 44400 | 18800 | 25600 | 22.8 | 22.3 |
| GM | 419500 | 168600 | 250900 | 24.3 | 24.7 |
| Great Britain | 7428000 | 2833500 | 4594500 | 25.5 | 24.9 |

**Figure 4.7: Economically Inactive Population across GM boroughs (Labour Market Survey, Oldham Council, 2019 analysis of Nomis,2018)[69]**

It is likely that this is related to the composition of the Oldham community. Oldham has a larger proportion because of its large South Asian population (Figure 4.8), where culturally it is more common for women to choose not to take paid employment. It is noticeable that over the decade prior to 2011 proportions of people choosing not to work are decreasing across all ethnic groups.

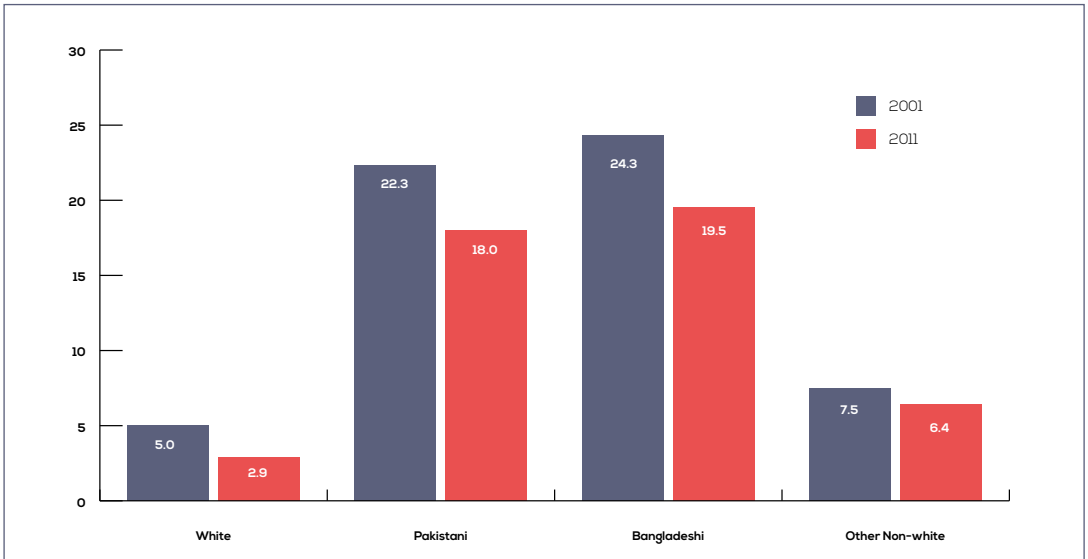



**Figure 4.8 -Percentage Looking after home by ethnic group aged 16-74 (Labour Market Survey, Oldham Council, 2019 analysis of ONS Census, 2011) [70]**

69. See https://www.oldham.gov.uk/downloads/file/4005/labour_market
70. See https://www.oldham.gov.uk/downloads/file/4005/labour_market

A final theme relates to relatively high levels of disability and sickness affecting capacity to work. People who are unable to work due to long term illness or disability are able to claim an out of work benefit known as Employment Support Allowance (ESA). ESA replaced Incapacity Benefit (IB) / Severe Disablement Allowance (SDA) in 2008. In Oldham there were 11,260 residents (12.7%) in receipt of ESA in 2018, a lower rate than that off Greater Manchester average (15.6%) but slightly higher than the England average at (11.6%). Within Greater Manchester, Manchester has the highest rate (21%). Figure 4.9 below shows Oldham having the largest drop in ESA cases because of individuals on ESA shifting to Universal Credit Full-Service and an increase in the overall cohort size.

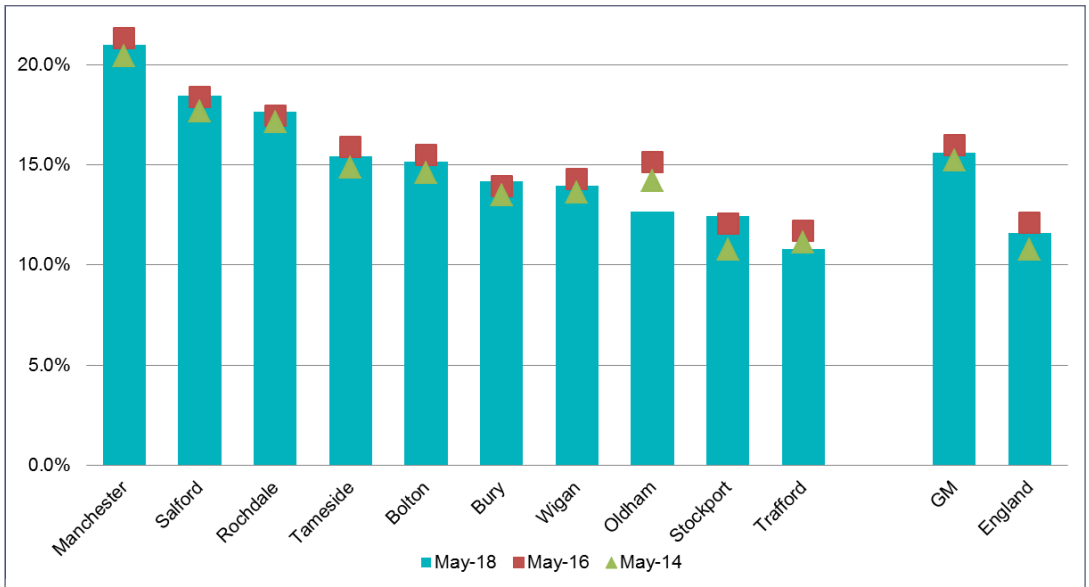



**Figure 4.9: Employment Support Allowance Claimants by Local Authority (Labour Market Survey, Oldham Council, 2019, analysis of DWP, 2014, 2016, 2018)** [71]

Finally, as with qualification levels (and a number of other factors) there is concentration of ESA claimants within particular neighbourhoods, typically in areas of high deprivation. These are often areas which large proportions of social housing, but also other disparities, including around health. See Figure 4.10 with concentrations around the Barker Street Estate, St Mary's Estate and Greenacres.

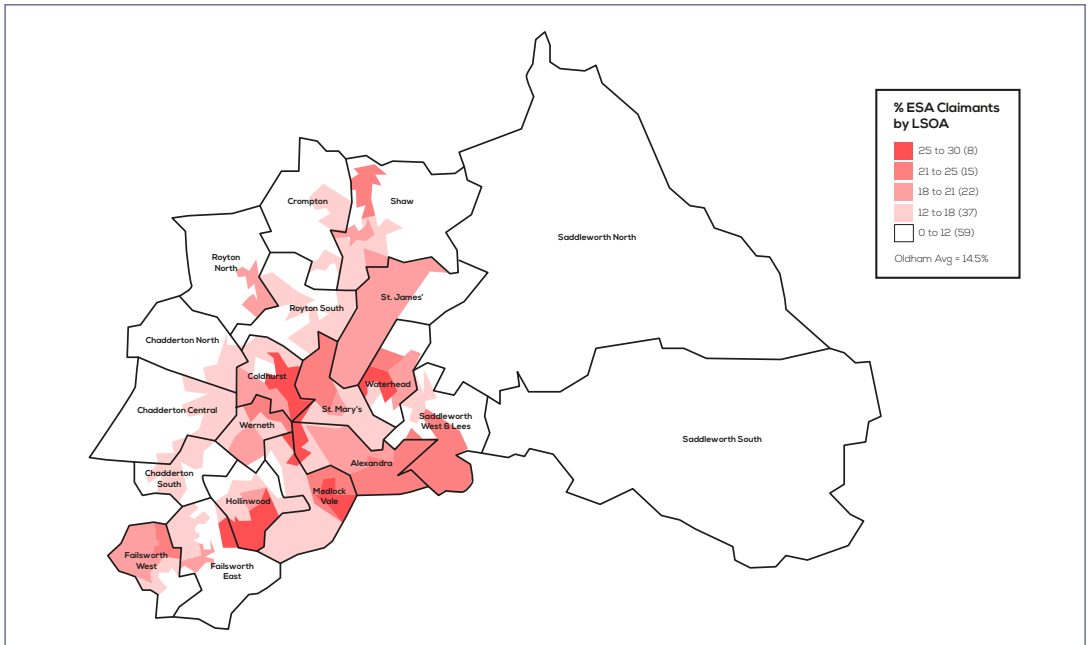



**Figure 4.10: Employment Support Allowance Claimants in Oldham (Oldham Council, 2017)** [72]

71. See https://www.oldham.gov.uk/downloads/file/4005/labour_market
72. See https://www.oldham.gov.uk/downloads/file/4005/labour_market

## 4.4 ANALYSIS

There is a substantial amount of data available on jobs and skills, and better use of this is driving policy choices is a common theme of this Review. This also includes building better quality data on some areas which are less well understood currently. In particular, there is an absence of good quality evidence on the detailed progression routes into higher skilled qualifications and occupations. This is the dominant theme in current debates about education and skills and there is an emerging consensus that past policy has focussed too exclusively on the academic route to success (marked out mainly in terms of GCSE-A level-residential three year university degree) without acknowledging the impact of this on place, or on those people who do not or cannot follow that route. A related theme is the lack of alignment between the education and skills systems and the expressed needs of employers and the labour market.

For the most part, this debate has focussed on the need to reshape post 16 options, including 16-18 programmes of study (Wolf Review 2010); apprenticeships (Richards Review, 2014); post-16 pathways (Sainsbury Review, 2016) and the quality of technical qualifications; and the reshaping of post-18 funding and qualifications (Augar Review, 2019).[73]

Then main focus of this Review has been on the post-16 system. This is not because pre-16 education is not important, but because a fuller analysis of the issues attached to it, in Oldham, is beyond the scope of this Review. It is important to acknowledge that education does feature strongly in the LUWP, not least because outcomes in the pre-16 system have such substantial implications for later lifetime chances and for the shape and nature of post-16 delivery. And given that Oldham is likely to become an Education Investment Area, within the Levelling Up proposals, it is important to note some issues in the pre-16 and post-16 phases which are worthy of further consideration. These include close analysis of differential performance across the borough, not just in terms of institutions, but by place, neighbourhood, and families (intergenerational); gaining a better understanding of current performance in terms of how well the system currently works in providing progression routes to high skills, including the conventional three year residential degree; a strategy for improving English and maths achievement by 16, including an analysis of the knock-on effect for learners in post-16 settings; and the improvement in performance in terms of qualifications acquired by the age of 19, contrasted with high levels of 16-24 year old unemployment. **It is recommended that these, and related issues around educational underachievement, are considered in future Education Investment Area planning in Oldham – and that any such future improvement work actively considers the links between pre-16 and post-16 outcomes.**

The main focus of this Review has been on the low-skills/low-pay dilemma which characterises the position of much of the adult population in Oldham. Low levels of adult skills are clearly a problem, but there is more to the challenge than this. Between 2005 and 2020 there has been a marked reduction in the numbers of adults who have no qualifications. However, it is not clear that this has made any difference to employment or income patterns. Comparative skills performance at all levels remain low compared to other boroughs in Greater Manchester, and employment remains a problem. There is a higher proportion of economically inactive residents and above average numbers on incapacity benefit. As with many other indicators, this is not evenly distributed throughout the borough. There is a strong concentration of lower levels of skills achievement, and low incomes, in specific neighbourhoods. Pay levels and household incomes are also low in those places.

The LUWP makes commitment to improve adult skills, referring to the commitment in the Skills Bill and the Skills White Paper, around enhanced investment in adult learning through the Lifetime Guarantee and related initiatives. These are welcome, and will certainly improve the prospects of some adults seeking to upskill or reskill in areas of the economy where there are real employment opportunities. However, the findings of this Review suggest that the adult skills challenge will require much more than this.

First there is a problem of scale. The ambition to increase skills with 200,000 people getting 'high quality training' and 80,000 from the least well qualified areas, is good but seems disproportionate. According to Stephen Evans (who gave evidence to the Review) of the Learning and Work Institute, over 800,000 adult learners have been lost over the last decade

73. See https://www.gov.uk/government/publications/post-18-review-of-education-and-funding-independent-panel-report

and an analysis of local ONS data shows that 80,000 places would not go very far in 'left behind' towns, cities or regions.

The LUWP picks out Blackpool as a low skilled area with 19,400 (24%) at L4+ compared to GB average of 43%. So in Blackpool, to illustrate this, an extra 15,439 people would need to get L4+ to get to this average level.

In Oldham, the figure is larger (though the proportion and challenge is similar) with 40,700 (28.3%) at L4+ and therefore a need to get 61,984 people to the national average – involving an increase of 21,285 people getting Level 4+

| | Blackpool (level) | Blackpool (%) | North West (%) | Great Britain (%) |
|---|---|---|---|---|
| NVQ4 and above | 19,400 | 23.9 | 38.6 | 43.1 |
| NVQ3 and above | 37,000 | 45.7 | 57.9 | 61.3 |
| NVQ2 and above | 57,300 | 70.7 | 76.6 | 78.1 |
| NVQ1 and above | 67,700 | 83.5 | 87.2 | 87.7 |
| Other qualifications | 7,500 | 9.2 | 5.1 | 5.9 |
| No qualifications | 5,900 | 7.3 | 7.6 | 6.4 |

**Figure 4.11: Qualifications levels in Blackpool aged 16-64 (ONS Annual Population Survey, 2021) [74]**

| | Oldham (level) | Oldham (%) | North West (%) | Great Britain (%) |
|---|---|---|---|---|
| NVQ4 and above | **40,700** | **23.9** | 38.6 | 43.1 |
| NVQ3 and above | **73,400** | **45.7** | 57.9 | 61.3 |
| NVQ2 and above | **103,400** | **70.7** | 76.6 | 78.1 |
| NVQ1 and above | **120,300** | **83.5** | 87.2 | 87.7 |
| Other qualifications | **10,100** | **9.2** | 5.1 | 5.9 |
| No qualifications | **13,600** | **7.3** | 7.6 | 6.4 |

**Figure 4.12: Qualifications levels in Oldham aged 16-64 (ONS Annual Population Survey, 2021) [75]**

By way of illustration, the numbers to get Oldham to the national average at other levels it would also require 14,824 more people at L3 (up from 73,400 to 88,224) and 4,438 fewer adults without any qualifications to go from 13,600 to 9,162 (if in line with national average ie from 9.5% to 6.4%).

The point is that, just taking two places with acute levels of need - Oldham and Blackpool – almost half the national target would be met, if they improved to the average level.

A second issue is complexity. There is no national strategy for adult skills priorities, apart from, perhaps, to devolve management of the funding. The assumption behind devolution is that the adult skills system is flawed because of the mismatch between the supply (providers) and demand (what employers want). The reality is that the adult education budget covers one small aspect of the adult skills system as a whole (employer provision, apprenticeships and higher education would need to be included in a full adult strategy). It is also the area that has suffered most cuts over the past decade. In addition, it covers a wide range of different skills needs, from ESOL through to basic skills, and technical and professional learning to Level 3 (including higher education access programmes).

Devolution of funds at local level does not change the complexity of this system, which has a range of competing demands and no basis on which to make good decisions about prioritisation. In practice, devolution has bought about a change in who manages the commissioning process, but no greater clarity about what to prioritise or how adult education spend fits within a wider strategy for adult skills. If anything, the funding system has become

74. See https://www.nomisweb.co.uk/reports/lmp/la/1946157070/report.aspx?town=blackpool#tabquals

75. See https://www.nomisweb.co.uk/reports/lmp/la/1946157084/report.aspx?town=oldham#tabquals

more complex, with adult education budgets, European Social Fund, and new Lifetime Guarantee allocations (including national and local priorities) sometimes overlapping in terms of eligibility criteria. It is not clear that there has been much change in the methodology used to allocate the main funding, and little consistency between this process and other commissioned activity, with tenders let over such a wide geographical area that integration with local delivery can be problematic.

What the issue of scale and complexity mean for Oldham, is that there is not clear understanding about the overall level of activity delivered or whether it is focussed on the right priorities. This is partly because there is no data broken down to the Oldham level which measures or assesses the volume of funding (not just the adult education budget) delivered in the borough – or its alignment with Oldham priorities. This is compounded by the fact that, faced with such complexity, Oldham has struggled to produce a coherent plan of its own. The two main providers, Oldham Council and Oldham College, deliver their contracts to a high standard, but in parallel with each other rather than as part of an agreed set of priorities linked to the key challenges of the borough as a whole.

The introduction of the proposed missions and targets will, in this respect, be a step forward. **It is recommended that Oldham take a lead in setting its own missions and targets for adult learning, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and engage the Combined Authority in this process, in order to shape the distribution and use of adult funding in the borough to 2030.** In so doing, it will need to separate out the local authority's strategic role in setting the aims and ambitions for the transformation of place, with its role as a skills provider. If this matter can be addressed, and effective targets set, then these can serve to focus local providers and the devolved authority on priorities and hold them all to account.

Beyond adult skills, the LUWP is very positive about the need to "strengthen locally accessible institutions, notably the national network of further education colleges" and the wider proposals for an employer led skills system, as set out in the Skills Bill which is currently going through Parliament. This is a welcome recognition of the need for strong further education institutions, because of the role they place in the community, both in terms of skills delivery in the round and their wider contribution. The Review received an excellent presentation from Dudley College of Technology, which could be taken as a metaphor for the renaissance of the further education system as a whole. Starting from a position of relative neglect and underfunding, Dudley College had transformed its physical facilities and the quality and range of its offer, to become established as a central institution in the regeneration of Dudley. This has partly been due to its own efforts locally, and latterly the changes in national policy toward technical and professional learning and further education, which have enabled it to accelerate progress.

The national strategy for reconstructing a clear and understandable system of technical learning which offers an alternative to the three year residential degree, and which brings opportunities to non-university places, is still not mature.

The Review board observed that Dudley's was a similar journey to that of Oldham College, but that the project in Oldham was not yet finished. Investment in the campus has exceeded £45m, but another £30m is still required to complete the job, and considerable progress has been made in establishing the relationships, partnerships and reputation which recognises the central importance of technical education and training to Oldham's regeneration – but there remains more to be done to complete the journey. **A clear recommendation is that Oldham make a commitment to supporting its FE College to play it full role in the locality, and that it works with Greater Manchester partners and national government to implement the national strategy for a reformed technical education and training system, as this will help secure the role of the College in the long run.**

Although the LUWP is very positive about the role of further education, it is less clear about explaining why this is important in terms of the overall skills system and the direction of travel in terms of qualifications and funding reforms. At the centre of this work should be a clear strategy for delivering a coherent alternative set of pathways, both work-based and classroom based, for those young people and adults seeking to progress into careers without following the residential three year degree route. This is particularly important in places, like Oldham

(and Greater Manchester as a whole where the majority of 18/19 year olds do not go into higher education) which do not have their own university, and where there is a potential high demand for a coherent set of alternative pathways. And it is especially important that these are communicated clearly to the individuals and communities most in need. **It is recommended that in setting the missions and targets for adult skills, special consideration is given to the role of Oldham College and other FE and HE partners in delivering these pathways, and ensuring that Oldham residents have a clear understanding of the opportunities available to them.**

In considering this wider approach to post-16 skills, it is important that Oldham creates the best possible environment for a reformed technical and professional education and training system to develop. This includes T levels, apprenticeships, Level 4 and 5 provision in the classroom and workplace, as changes to HE access rules and potential changes below Level 2, amount to a system shift for technical education and training. This also means addressing two related issues: first, competition and second employer engagement.

In terms of competition, there are a number of providers – in all phases of post-16 delivery – who are potentially working at cross-purposes and it is questionable whether this always produces the best outcomes. This is not to say that the market in post-16 provision is in principle problematic. The market should support choice, innovation and improved quality. However, there is evidence that - in a risk averse system - this may not always be the case, and there are challenges around how to manage the terms of the market so that it can work to best effect.[76] There is an emerging body of evidence that the intensification of competition in the apprenticeships system, is leading to unintended consequences – with outcomes favouring large levy paying employers and older, better educated learners, in already successful economic geographies, over and against small to medium sized enterprises, less high achieving learners, and weaker economic geographies.[77] There are concerns as to whether the Institute of Technology, which is working well in the Dudley setting, promises to deliver an equally effective HE-FE partnership which works for all parts of Greater Manchester, although there is promising collaborative work on Level 4 and 5 provision, involving the further education college and the Combined Authority. These 'marketplace' issues need to be better understood in Oldham, and **it is recommended that the strategy for skills should include consideration of the positive and negative impacts of competition between providers throughout the post 16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision to meet the ambitions of Oldham, and what can be done to improve the situation.**

In terms of employer engagement, this aspect of technical and professional education and training is often misunderstood and misconceived in policy terms, both locally, regionally and nationally. The LUWP does propose, drawing on proposals in the Skills Bill, to create a stronger relationship between providers and employers through the introduction of Local Skills Improvement Plans. These are a positive move, but still very experimental. The current pilots are focussed on relatively small areas, and it is not clear that LSIPs would work at the level of a geographical area as big as Greater Manchester. As currently defined, moreover, LSIPs are relatively one dimensional. They conceived the problem of skills as a mismatch between supply and demand, with the plan helping to articulate what employer need, so that skills supply can be reformed to better meet demand. This potentially works well in areas where the economy is strong. In "levelling up" places, however, this is not the case. As the OECD[78] and others have shown, local economies such as those in Blackpool and Oldham (as well as much of Greater Manchester) are stuck in a 'low skills equilibrium' where poor skills and low productivity are locked in to firm and organisational working practices. Oldham's high numbers in the foundational economy reflect this issue. Breaking out of this will require more than simply meeting the needs of local employers.

There is a profound problem of demand, and a need to work with employers in myriad ways (many discussed in the previous section) to stimulate demand. Skills supply is a key aspect of this – but not just a passive respondent to a fully formed requirement. This makes the relationship between specialist providers and employers a more profound partnership challenge, with a "two way" street between what is taught and how it is practiced. The current levels of competition arguably don't help achieve this, because employers are confronted with multiple providers pursuing largely transactional relationships to deliver the parts of the skills system relevant to them.

76. See "The impact of competition in post-16 education and training" (Association of College, December 2020) https://www.aoc.co.uk/system/files/AoC%20report%20-%20sufficiency%20efficiency%20and%20effectiveness%20FINAL%20publication%20v2_0.pdf

77. See "Runaway Training, Why the Apprenticeship Levy is broken and how to fix it" (EDSK, January 2020) https://www.edsk.org/publications/runaway-training/; "Apprenticeships and social mobility" (Social Mobility Commission, June 2020) https://www.gov.uk/government/publications/apprenticeships-and-social-mobility-fulfilling-potential; and "Course Correction – Why apprenticeship reform is necessary to level up opportunity" (Onward, forthcoming)

78. https://www.oecd.org/cfe/leed/skills%20for%20competitiveness%20synthesis%20final.pdf

The current Local Skills Improvement Plans do not address these issues, but the model could be adapted to see what solutions it could bring. **It is recommended therefore, that Oldham adapts the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. As in other LSIP pilots, it is recommended that this work is led through a partnership between employers and providers – and in this case, this should include Greater Manchester Chamber of Commerce and Oldham College.**

This approach to skills planning should ensure that there is a strong synergy between improvement to the skills system, and stronger employer engagement, business support and innovation, described in the previous chapter – and this should include existing and future private sector employers, and the current "anchor institutions" already present in Oldham. Strengthening these partnerships, so that skills are central to job design, and curriculum design and delivery, will secure the dynamic "two way street" required to bring supply and demand together more effectively.

The skills strategy for Oldham, however, also needs to recognise the challenges around employment and business growth described in previous chapters. Although much can and should be done to improve employment within the borough, much of this employment will tend to be within small to medium sized enterprises and with enterprises in the "foundational sector". This makes the challenge of delivering strong skills solutions in places like Oldham very different to the challenge of doing this in a different economic context. It is important that Oldham stakeholders understand this, but that the Oldham strategy also helps city-region and national partners to share this understanding too – in relation to funding allocation and performance measurement.

It also needs to recognise the additional challenge, of how to build effective partnerships with employers and other skills providers, given that much future employment (and many current opportunities) are not in Oldham, but in neighbouring areas. This raises the difficult question of how to build effective collaborations across further and higher education, which deliver effective solutions for employers and learners, within the context of competition (in the labour market, and between areas). **It is recommended that the Oldham skills strategy actively considers, and engages city-region and national stakeholders in the effective partnerships needed to improve access to employment opportunities, for Oldham residents seeking work in neighbouring boroughs.**

## SUMMARY RECOMMENDATIONS

- **Take a lead in setting the missions and targets for adult skills, with negotiation with local providers (the two main ones are Oldham Council and Oldham College) and GMCA, which will shape the use of adult funding in the borough to 2030. This should include its own analysis of the challenge of adult skills, and the levels of investment needed to make the borough competitive in the labour markets of Greater Manchester.**
- **Capacity build its general further education college to maximise its impact, including the delivery of a coherent alternative set of pathways, both work-based and classroom based, for those young people and adults seeking to progress into careers outside of the residential three year degree route, should be a clear policy priority.**
- **Undertake a review of post-16 provision which assesses the positive and negative impacts of competition between providers throughout the post-16 phase (16-18, adult, apprenticeships and higher education), whether this is helping or hindering the pursuit of more effective provision, and what can be done to improve collective impact.**
- **Oldham should pilot and adapt the LSIP model, addressing skills supply and demand in a much broader economic context including business support and innovation. It recommended that this work is led through a partnership between Greater Manchester Chamber of Commerce and Oldham College.**

# CHAPTER 5: CIVIC PRIDE, HOUSING, HEALTH, AND OLDHAM TOWN CENTRE

**Restoring and building civic pride – and its relationship to a strong sense of community, a sense of belonging (and a strong social fabric) has - rightly - become an essential element of debates about left behind places.** It is also now central to the "levelling up" agenda with the White Paper's focus on social capital (as one of its six interlocking capitals) and on its missions to improve wellbeing and 'pride in place'.

In many respects, this is the feature of the levelling up debate which makes it different to previous policies designed to address regional disparities. It is specifically, the importance of 'civic pride' in smaller places, including in towns and coastal communities, that is so important and like the framework presented in the white paper, we agree that this interlocks and adds value to any economic strategy for Oldham.

During the course of the Review, it has been evident that Oldham has much to be proud about, and that Oldhamers are genuinely proud of many things about the town. But there is also a sense of anxiety, about the quality of the environment, public spaces, the condition of the town centre, and the extent to which people feel safe. These were all reflected in the recent focus groups conducted by Onward, some findings from which are described later in this chapter. There are many similarities between these concerns and challenges in Oldham with other places in Greater Manchester and beyond, which may provide opportunities to think and act more creatively – especially where we consider the close relationships between these issues and the health and wealth of the wider economy.

The first part of this chapter (5.2) summarises the evidence from expert witnesses to the Review, covering the importance of and development of the town centre, housing, crime, community, industrial heritage and health. The second part (5.3) provides our analysis together with relevant data on housing, health, crime, civil society, the high street and Oldham's new Mill Strategy.

Part three (5.4) presents some conclusions and recommendations from the Review.



## 5.2 SUMMARY OF EXPERT EVIDENCE SESSIONS

### Cathy Parker, Manchester Metropolitan University, Institute for Place Management

The Institute for Place Management (IPM) connects academics, policy-makers and place managers. It works with 20 local authority partners and has set up more than 200 Business Improvement Districts. The government[79] defines these as an area in which a levy is charged on all business rate payers in addition to the business rates bill, and the levy is used to develop projects which will benefit local businesses.

The town centre is important as a good public realm with shops and services. It is at the heart of what the Oldham economic review is looking at and is important also for public health. IPM has worked with a range of communities, including Bristol, Holmfirth, Altrincham, Aldershot and Shrewsbury. In Aldershot, the council bought a failing shopping centre and then Civic Voice[80] ran town hall events to work on a plan for the town, which is much improved.

People and partnerships are especially important for true regeneration. The work of leadership is more than administration, the council becomes a facilitator. Functional partnerships sometimes need refreshing. It is important to build on the strength of a place. It is too easy to have lots of priorities, but not think about how they will land in a place. Also, it is important to tackle weaknesses. Resources need to be put in to bring about change, especially to empower and educate.

The government's bidding process is not helpful. Places that have strong vision and partnerships should be funded rather than made to compete for funding. Oldham has engaged with the High Street Taskforce, which provides advice, training and data to local leaders. A gateway report was provided following a diagnostic visit. The report prescribed more expert support.

### Cllr Hannah Roberts, Oldham Council

Oldham faces a significant housing challenge, with relatively low house prices that are still unaffordable to many, an undersupply of social housing relative to demand, and a mismatch between the types of houses available and the needs of the population. This mismatch is illustrated by the market in places like Royton, where demand massively outstrips supply, and Saddleworth, where children who grow up in the area are priced out, and Coldhurst where there are many large and extended families but most homes are traditional 19th century terraces. The age of many of the properties in the borough mean that there is also significant need for retrofitting, to reduce heating bills and address the commitment to becoming a net zero borough by 2030.

Oldham has a large number of private landlords, many of whom have only one or a small number of properties. The borough has an ongoing issue with the quality of this private sector rented housing, as well as high levels of transience in some areas. This transience challenge is exacerbated further by their use by Government contractors as a location for asylum seeker housing, owing to the relatively low cost.

Oldham has a lot of post-industrial land, but only limited amounts are viable for house building as a result of the high costs of remediation and low market rates. Much of the available land in the borough is reserved as greenbelt, and any significant housing proposals are met with fierce local opposition. The overall approach to house building in Oldham is to build as much as possible on brownfield sites, while making it as affordable as possible for local residents and reflecting the local needs in terms of size, location and accessibility.

### Inspector Nick Derbyshire, GM Police

Crime hotspots include football crowds, the town centre during the night and metro stops.

The police have experimented by tidying up Waterhead. It reduced crime in that area, but the situation remained unchanged around the area's edges.

Street marshals, patrolling areas day-to-day would help to restore standards in the community, along with an increase in the presence of police officers.

Crime at tram stops is a particular problem in Failsworth. There needs to be an increase in police capacity in these areas to patrol tram stops as CCTV does not eradicate the problem.

79. See https://www.gov.uk/guidance/business-improvement-districts.
80. For example, see http://www.aldershotcivicsociety.org.uk/

**Katrina Stephen, Public Health, Oldham Council**
Inequalities impact on health through housing, education, family life, and income. People in poorer areas generally experience worse health outcomes.

On average, people born in Oldham, have a lower life expectancy than those born elsewhere. Average male life expectancy in Oldham is 81 years compared to 84.9 years in Westminster.

How long people live in good health is important too. People are spending years of their working life in bad health.

**Catherine Dewar, Historic England**
Mills in the North of England are robust spaces that can be used in a number of different ways, including cultural activities, homes and offices. In Greater Manchester there are 300 vacant and underused mills. Oldham has the lowest level of unused space. If all of GM's buildings were brought back into use it could account for 41,500 jobs, or 13,000 new homes.

Oldham has lost 40% of its 170 mills, 104 remain. In all, 45% of those that remain are vacant or under-used. Historic England has worked with Oldham Council on a mills strategy and assessed 60 unlisted mills.[81] There is a plan to make a realistic framework for the people of Oldham that highlights civic pride and identity. There are plans to bring the Prudential Assurance Building on Union Street, Oldham, back into use with support from the Future High Street Fund.

**Professor Andy Westwood, University of Manchester**
Civic pride and the high street are intertwined with prosperity.

Human well-being depends on a number of capitals: natural, built, human and social.

Social capital involves trust and networks, places and spaces where people meet, anchor institutions in the public, private and third sector, as well as sports leagues, facilities, and clubs. Consider bonding and bridging capital: bonding with others like you and bridging means making links to others not like you.

Chambers of commerce and other business organisations are important along with clusters of activity and strong supply chains.

Oldham has strengths in its social economy. Community wealth-building helps with the local multiplier effect, locking in knowledge, finance, income, resilience, and enterprise[82].

## 5.3 THE IMPORTANCE OF 'CIVIC PRIDE' AND 'SOCIAL FABRIC'

The LUWP proposes that restoring a sense of community, local pride and a sense of belonging should be a core mission. And it proposes three measures to drive this by 2030:

- **Pride in Place –** to improve peoples' satisfaction with their town centre and engagement in local culture, with the gap between the top places and the other areas closing.
- **Housing –** renters will have a secure path to ownership, increasing the number of first time buyers, with a reduction in the number of "non-decent" homes reduced by 50%, with the biggest improvements in the lowest performing areas.
- **Crime –** reduction in homicide, serious violence and neighbourhood crime, focussed on the worst affected areas.

These are all important challenges that Oldham faces, and it should consider how it applies each of them locally as well as what they add up to as an overall aspirational target.

The deliverability of these ambitions and targets will be a considerable challenge in places like Oldham. Firstly, there are questions over resources and local policy processes and whether either will be sufficient to deliver meaningful change at a local level. Second, is how city-region institutions and leaders are able to adapt to and prioritise these types of issues when the focus up to now has been largely elsewhere.

However, the LUWP is right to draw attention to the importance of civic pride. It is also right to emphasise the inter-relationships between economic and social objectives in both its missions and six capitals. Furthermore, it is relatively honest to say that these are areas that are a little harder to quantify and in which to define material progress. But it is right to try and to include these issues as a policy priority.

81. Mentioned with the 2021 report https://historicengland.org.uk/images-books/publications/driving-northern-growth-repurposing-mills.
82. See https://www.nefconsulting.com/what-we-do/evaluation-impact-assessment/local-multiplier-3/.

Currently, the Think Tank Onward are undertaking focus groups and analysis in Oldham in order to investigate the nature and extent of the interrelationships between these different issues. This builds on earlier work and their construction of a 'social fabric' index.[83] As their findings show, Oldham like much of Greater Manchester falls in a bottom left quadrant of 'low productivity and low material welfare' (see Figure 5.1 below):




**Figure 5.1: Oldham has a weak economy and low material welfare (Onward, Forthcoming) [84]**

According to Onward's Social Fabric Index, Oldham ranks at the 18th percentile, which measures the strength of community across a range of metrics, including data on volunteering, membership of local groups, the physical infrastructure of places like shops and green spaces, trust in civic institutions, crime rates and marriage and family formation[85].

But Oldham ranks more highly (in the 63rd percentile) for its sense of belonging, which measures the extent to which people feel that they "belong to their neighbourhood". Onward find that much of Greater Manchester also fall in this 'low social fabric/high belonging' quadrant (see Figure 5.2 below)

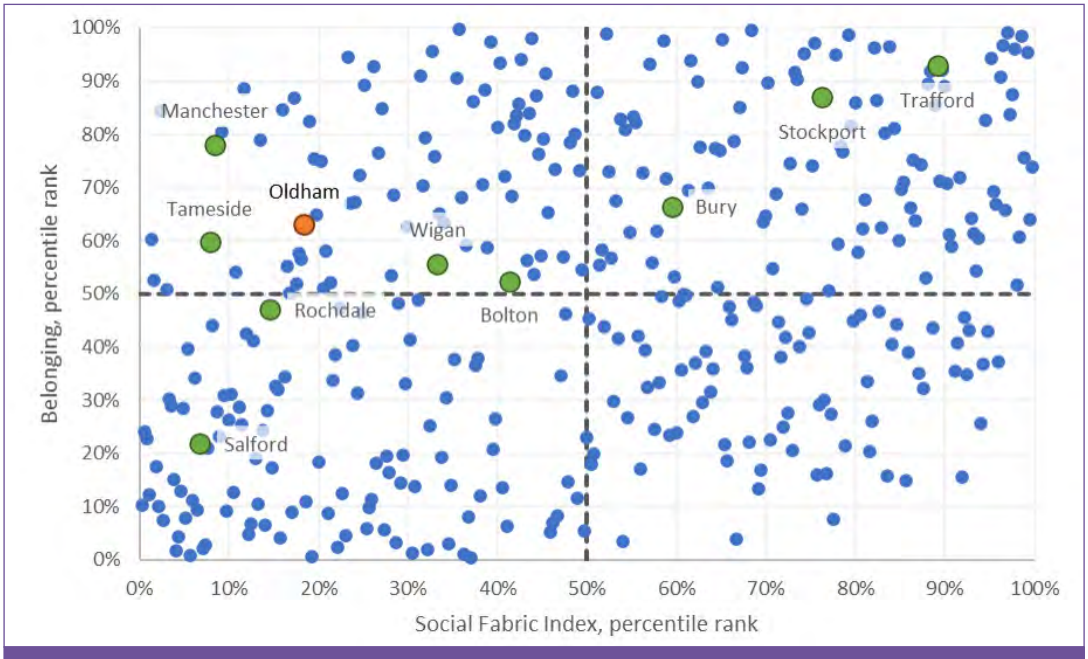



**Figure 5.2: Oldham has a fraying social fabric but a stronger sense of belonging (Onward, Forthcoming) [86]**

83. Onward Social Fabric Index (2020), O'Shaughnessy, Tanner, Krasniqi, Blagden: https://www.ukonward.com/reports/the-state-of-our-social-fabric/
84. Onward is due to publish this research in 2022. See www.ukonward.com
85. A full methodology and list of variables is available in Onward (2020) 'The State of Our Social Fabric'
86. Onward is due to publish this research in 2022. See www.ukonward.com

Oldham is a proud place. But part of the problem is that much of the pride in Oldham is about things which happened in the past. There is a great deal of pride about the town's history, including in its industrial and manufacturing heritage, and especially the mills and the big engineering companies such as Siemens, Ferranti and BAE Systems – and the role they served for the nation, as well as in providing jobs and economic impact locally. There is also a pride in heritage, including the mills but also the wider industrial past – and the historic buildings in the town centre (such as the Coliseum, the Old Town Hall, etc). There is pride in Oldham's celebrities, such as Brian Cox and Kevin Sinfield, its scientific contributions, such as the first test tube baby, and its sporting achievements, partly in Rugby League, but mainly its football team – which was a founder member of the Premier League only thirty years ago. With one or two notable exceptions, these are all from a previous age.

The need to address civic pride has been recognised by local leaders. But it is difficult to get right. The Oldham Old Town Hall development is an example of how to successfully regenerate and reuse old buildings as well as to provide services that Oldhamers want.

However, taken in isolation and collectively, there are four problems of the LUWP and to some extent, the Local Authority's approach, which are sizeable in how these important agendas are taken forward:

First, as the LUWP recognises, there are few reliable measures of civic pride – either in Oldham, in other places or nationally. If we do not have any reliable measures, then we might not focus on the projects what can make the most difference. So how will this be done and how will we prioritise in the meantime?

Second, the challenge is complex and cuts across many different policy areas and public services. This is demonstrated locally by the number of different projects in the Creating a Better Place plan. There are risks that we can't join up and integrate our approach and a danger of 'pepper potting' across too many things – and not doing any of them very well.

Third, this problem is reinforced by the funding regime. As Steve Fothergill emphasised in his evidence, competitive bidding tends to create a speculative, short term delivery model – and chasing after several different pots of money will dilute local capacity as well any overarching strategic vision.

Fourth, it's not always clear at what point, and in what way, the private sector comes into play. It may be that approaches prioritising the social economy and the public and voluntary sectors such as in community wealth building underplays this importance, without sufficiently acknowledging the benefits of private sector investment and growth. As we've seen from Ultimate Products, the private sector can be a positive driver of local value – both social and economic. This was also acknowledged by Sarah Longlands from CLES who underlined that a Community Wealth Building approach should be viewed as underpinning principles that should work across the breadth of the economy.

Fifth, while there is much positive to be said for the progress made with many projects, there is a sense that what is given with one hand is taken away with another. The loss of the courts, and other public services such as local police stations have a cumulative impact. There have been three existential threats to the college remaining a locally named and run institution since 2010. The Review recognised that much of this running down of services and loss of some organisations has been as a result of austerity or is from modernisation or efficiency drives in public services, but the resulting cumulative impact on Oldham (and local communities within it) has been devastating.

Does the LUWP help offer a solution to any of this? Possibly. However, in the context of the integration of health and care, reorganisation of the police, and constant changes to further and higher education policy, not all policy levers will be within Oldham's or even Greater Manchester's grasp. In fact, none of those mentioned above fall into these categories.

So, if the Levelling Up agenda is not sufficient, then how else can Government support places like Oldham? One further area of interest will come with the Shared Prosperity Fund (SPF), which the Government intends to offer as direct funding to focus on local priorities.

It is most likely to have a positive impact if it can:

**a.** Provide long term funding solutions, over a ten-year period, for example, subject to performance and delivery of key milestones and targets, rather than over a three year period.

**b.** Be linked to mechanisms for supporting more private sector growth – an issue which is key to the overall LUWP ambitions.

The Government is yet to publish how SPF will work – but in the area of town centre investment, housing and broader local infrastructure investment, this may be the aspect with the biggest potential to make a difference. But overall, there is no guarantee that Oldham (or any place) will get the necessary investment to really drive the renewal of local pride or a sense of belonging.

There is an important lesson in Oldham about how civic pride and social fabric require strong public, voluntary and private sector collaboration and investment. The story of Alexandra Park – one of Oldham's best known social and natural assets illustrates this. During the Lancashire Cotton Famine of 1861 – 1865 when raw cotton supplies from the United States were cut off, local mill owners formed a committee to employ their workers to construct the park.[87] This was an example of how Oldham delivered such amenities when it was nearing its peak as an industrial city. However, a key element was that funds were provided by a loan from the government. As we have seen from other initiatives, that even with strong collaboration, these such projects have only been achieved with security of funding.

The LUWP also outlines the National Youth Guarantee; locating more civil service jobs out of London, as well as new cultural funds; development of more football pitches, all of which are welcome, but should really be happening anyway. Our major criticism, however, is that it misses the opportunity to rebuild the voluntary sector infrastructure eroded though austerity measures and in crisis mode during the pandemic. Andy Haldane, currently Permanent Secretary for Levelling Up in the Cabinet Office and one of the authors of the white paper, wrote about the importance of 'reweaving the social fabric' in 2020.

**"We need to invest the rich endowment of social capital created by the crisis, by rethinking and rebuilding the institutional immune system that is our social sector."** [88]
Andy Haldane, 2020

## 5.4 THE TOWN CENTRE, HOUSING AND HEALTH

### The Town Centre

As already explained, the relationship between Oldham's town centre and its economy is a complex one. In many ways it is a symbol of the town, its economic health and wealth as well as of its social fabric and civic pride. As set out in the LUWP and its 'six capitals' framework, these issues overlap and interlock. The town centre is made of private businesses and public spaces and institutions. Increasingly voluntary sector organisations are also based there either for service delivery or retail. Together they offer places to meet, to come together and to stimulate networks and social capital. But there are problems too. The levels of poverty and deprivation especially in nearby communities has reduced the level of demand and spending in town centre businesses whether in hospitality or retail. Transport infrastructure such as Metrolink that are essential to connecting Oldham's people and businesses to other places also have the potential to dilute that demand further because it is now easier and quicker to go somewhere else for shopping or a night out.

**"The town centre was on the edge and when the tram came, it pushed it over."**
Janine, stay at home mum, from research by Onward [89]

87. https://www.oldham.gov.uk/info/200393/parks_countryside_and_canals/676/alexandra_park
88. Andy Haldane, 'Reweaving the Social Fabric after the Crisis' Financial Times, https://www.ft.com/content/fbb1ef1c-7ff8-11ea-b0fb-13524ae1056b
89. From focus groups carried out in Oldham by Onward; Hawksbee, A, Blagden J, Tanner W (2022) 'Levelling Up in Practice: Oldham Research Summary'.

According to the latest ONS Business Register and Employment Survey data, the Oldham town centre accounts for around 45.9% of Oldham borough's total employment. However, Oldham's town centre has seen a decline in employment over many years. Even pre COVID-19, Oldham town centre had lost several national retailers such as BHS, Greenwoods Menswear, New Look and Gourmet Burger Kitchen. In addition, the Magistrates' Court, County Court, and other legal practices serving these activities have also closed. The proportion of vacant units is 23.8% and the proportion of vacant floorspace is 19.3%. Oldham town centre also lacks scale or profile as an office location that attracts private investment and speculative development. Manchester's city centre presence coupled with occupier trends towards major urban centres means that it continues to appeal to smaller office occupiers with strong local connections. Much of the existing town centre office stock is small and dated, which constrains achievable rental levels, and prevents the attraction of new occupiers from outside of the borough.

Oldham has been identified as one of the top 20 town centres in the country most 'at risk' from key consumer trends. Alongside this, the night-time economy offer is weak, with no overlap between day and night-time economy. The Transport for Greater Manchester (TfGM) 2040 Town Centre Perceptions survey reported that only 59% of respondents in Oldham rated places to eat and drink as good or very good, compared to the GM-wide average of 67%. The 2020 Oldham Retail and Leisure Study concludes that the town centre has strengths in terms of having an historic character and sense of place, but as the supply of commercial premises exceeds demand within the market, vacancy rates remain an issue.

At the time of writing this report, The High Streets Task Force had visited Oldham on 7th October 2021 to undertake an 'Unlocking Your Place Potential' diagnostic visit. After talking with representatives of Oldham a list of recommendations were offered. Overall, they suggested the town should look to reinvent itself noting that the first phase of regeneration of the Old Town Hall and cinema complex were a success but that "the contraction in retail in the town centre provides an opportunity to capitalise on low values in a second phase of reinvention and activation". They recommend building a network of local champions and involving local people so reinvention can address the needs of the population. Their suggestions for improvements in the second phase: **'Unlike the major regeneration plans, this phase should be led by the people, with an updated town action plan. Reinvention can be kickstarted by inviting others to reimagine Oldham through cultural intervention, art, performance, temporary commercial activity, and evening events.'**

More recently, Oldham has received funding through the Towns Fund and the Future High Streets Fund, which it is currently allocating resources to a number of projects within the town centre.[90]

And the Council has produced a strategic framework, in the form of the £285m Creating a Better Place plan. This sets out its core development priorities of building good quality homes; providing opportunities to learn and gain skills; growing local businesses and creating jobs; improving residents' life chances, health and wellbeing; and, embedding sustainability to make Oldham the greenest borough in GM.

Oldham Borough council has been awarded Towns and Future High Street funding from the Government. The plans for these funds are described in the box below with the Creating a Better Place strategy.

90. See https://oldhammasterplan.commonplace.is/

### Box 5.1: Plans from Oldham Council: Creating a Better Place

Oldham has invested in a series of policies and strategies developed to support the borough's growth and development, including the £285m Creating a Better Place strategic framework introduced by Oldham Council in January 2020.

Creating a Better Place focuses on: building good quality homes; providing opportunities to learn and gain skills; growing local businesses and creating jobs; improving residents' life chances, health and wellbeing; and, embedding sustainability to make Oldham the greenest borough in GM.

This approach aims to build on our industrial heritage, civic pride and location as a town in the countryside, creating a sustainable future in a unique urban setting. The ambition is for Oldham to be a stronger economic contributor to Greater Manchester, providing a place where every resident is enabled to contribute to and benefit from the continued growth of the city-region. The productivity gap between Oldham and GM – as well as the wider UK economy – will narrow, supporting both a localised and a national levelling-up through the Government's Levelling-Up agenda.

The Oldham Town Deal Board has identified four intrinsically linked projects that reflect the needs of local communities and will simultaneously address local market failures and support economic recovery from COVID-19 and have receive £24.4 million from the Town's fund to deliver:

1. 'Northern Roots' – the UK's largest urban farm and eco-park is of national significance, creating 160 acres of high-quality green space and environment enhancement for community use
2. Relocating Tommyfield Market – from its existing site into Spindles Town Square Shopping Centre, supporting the existing masterplan set out in the Oldham Town Centre Vision.
3. Flexible Workspace – like the relocation of Tommyfield Market, the introduction of the town centre's first Grade A office accommodation to Spindles Town Square Shopping Centre will diversify the space into a thriving economic and social hub.
4. 'Making Space for Live Performance' – adds to the appeal and sustainability of the town centre, and particularly the night-time economy. Vacant listed buildings in Oldham's Cultural Quarter will become a net-zero carbon home for the arts to widen audiences and creative practice.

Underpinning these projects are a set of key targets which link to the Creating a Better Place strategic framework and reflect several stakeholder engagement activities undertaken previously. These targets are that the projects will:

- Contribute towards narrowing the employment rate gap and productivity gap with GM, including through creating opportunities for skills development and labour market participation.
- Link with other key investments to make the town centre a thriving economic and social hub, supported by a diverse leisure and recreational offer.
- Capitalise on its location between Manchester and the Peak District National Park/ Pennine Hills by enhancing green infrastructure and ecosystem services which promote Oldham as the greenest borough in GM.
- Bring the countryside into the town and providing space for the community to work and spend leisure time in urban parkland.
- Actively promote opportunities for low carbon economic growth and sustainable energy production.
- Reuse, repurpose and revitalise Oldham's vacant and underused buildings.

The economic benefits expected to arise in the town centre from Towns Fund and other projects include:

- Up to 400 jobs created as a result of the new employment floor space to be delivered.
- This will increase local economic output by approximately £20m per year. The Present Value of this over a 30-year appraisal period is about £330 million.
- Constructing these schemes will support up to 100 jobs, producing around £50m of economic activity in the borough.
- The new town centre housing can increase the local population by approximately 2,400 new residents.
- The spending on comparison and convenience goods by these residents could be worth up to £20m per year to the Oldham economy.
- Many of the jobs created will be provide opportunities for Oldham residents, this includes direct jobs, as well as indirect and induced jobs (through the supply chain). Some of these jobs will be in new and emerging sectors, such as green technology, as well as business and technology-related jobs aligned with the GM Local Industrial Strategy. To ensure these jobs are accessible to Oldham residents, Oldham Council envisages an exciting collaborative programme with Oldham FE colleges, University Campus Oldham (UCO) and potentially some links to Manchester Universities' R&D functions (Innovation GM).

## Housing Issues in Oldham

Oldham's housing stock is typically characterised by its 19th century red brick terraced properties, which make up a large share (41.2%) of the 96,132 households in the borough. Within Greater Manchester, Oldham has the largest proportion of terraced households as well as a notably higher proportion compared to the national average (24.5%). In contrast, Oldham has a small proportion of detached households (12.3%) and flats (12.6%). See Figure 5.3 for share of house by type.

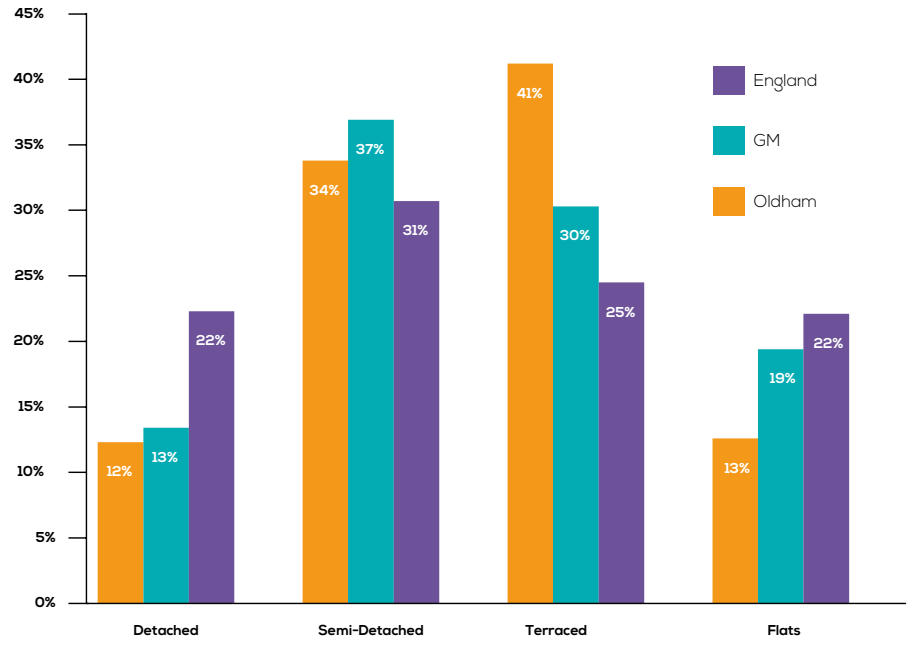



Figure 5.3: Housing Stock by Type in Oldham (ONS Census data, 2011) [91]

91. See http://www.oldham-council.co.uk/jsna/wp-content/uploads/2018/11/Oldham_in_Profile_2019.pdf (page 38)

Figure 5.4 shows the annual change of the house price index for Oldham. According to HM Land Registry the average house prices in Oldham in December 2021 was £177,507. House prices have grown strongly at over 10% per annum over 2020-2021 during the pandemic. In March 2021 house prices in Oldham showed the second highest annual growth rate in the UK at 15.7%[92] and then grew again in August 2021 at 16.7%.

In terms of relative affordability (ranked based on 2017 least-to-most affordable[93]), the Oldham borough is the fourth most affordable local authority area compared with other areas of Greater Manchester and neighbouring districts to Oldham. At a ratio of 5.21, Oldham is more affordable than the North West and England. The Manchester Evening News reported in March 2021 that according to Zoopla house price data, Coldhurst in Oldham came first as the most affordable area in Greater Manchester, with house prices averaging around £104,416[94].

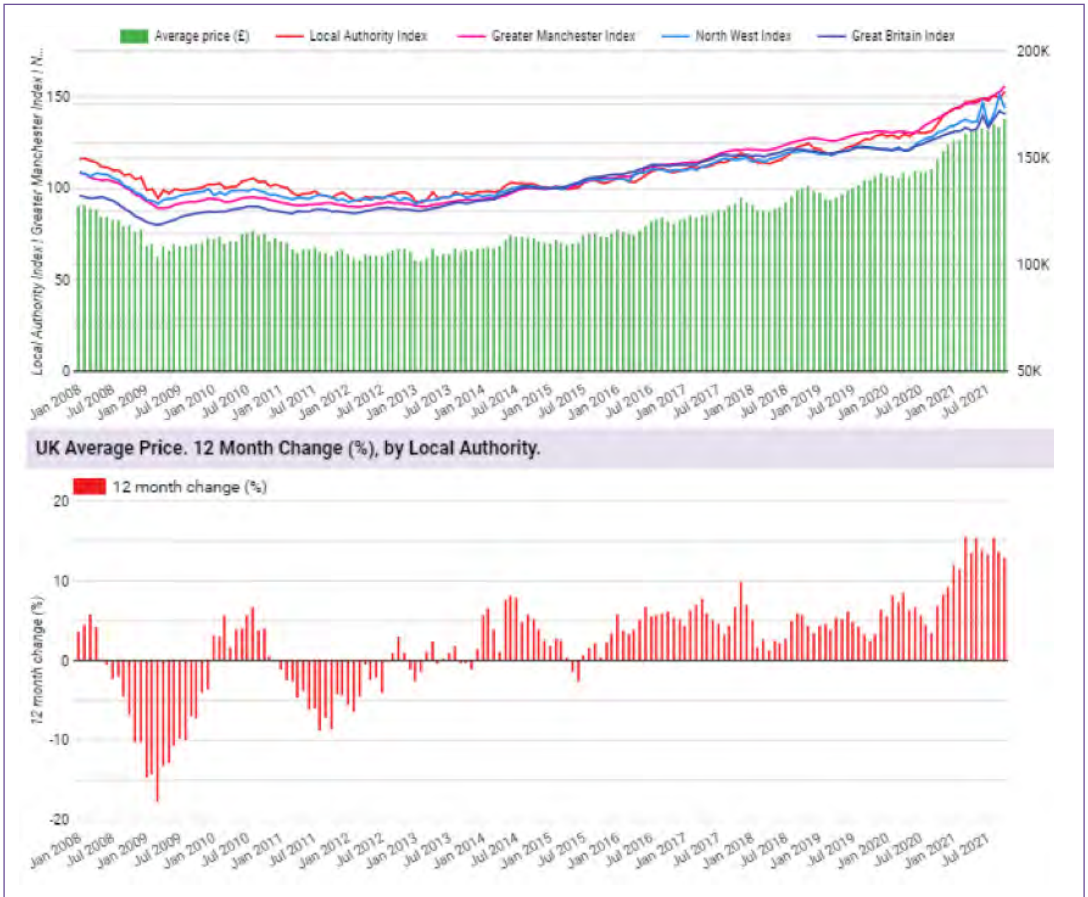



Figure 5.4: Average House Prices in Oldham, level and change (HM Land Registry, 2021) [95]

92. See https://www.theoldhamtimes.co.uk/news/19191568.oldham-house-prices-see-uks-second-biggest-rise/.
93. See Oldham in Profile, 2022.
94. See https://www.manchestereveningnews.co.uk/news/property/oldham-property-house-prices-zoopla-20124350.
95. See https://www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-october-2021

### Housing Challenges

Housing stock and quality is a major issue in Oldham, particularly in central and poorest areas. There are a series of significant housing challenges in the town and some of these also relate directly to housing issues across Greater Manchester and in the closest neighbouring areas too. These include:

- There is a glut of low value housing, and a low supply of social housing insufficient to meet increasing needs from a rising and changing population. In addition, homes that are available in areas such as Coldhurst that has numerous poor quality 19th century housing, do not match the needs of its residents.
- Overcrowding is an issue in some wards – particularly Werneth, St Marys and Coldhurst – where properties are small or terraced and cannot properly accommodate multigenerational families usually found in the Pakistani and Bangladeshi community. See Figure 5.5 for the location of housing with the highest amount of overcrowding.
- Adapting Oldham's housing stock to achieve higher environmental standards and Net Zero is a major challenge. The age and type of housing poses particular problems and retrofitting (including supplying the skills and investment required) as a contribution to lower energy costs and Net Zero must be a priority. This also offers opportunities to Oldham's future strategy and to local businesses and organisations such as the College.

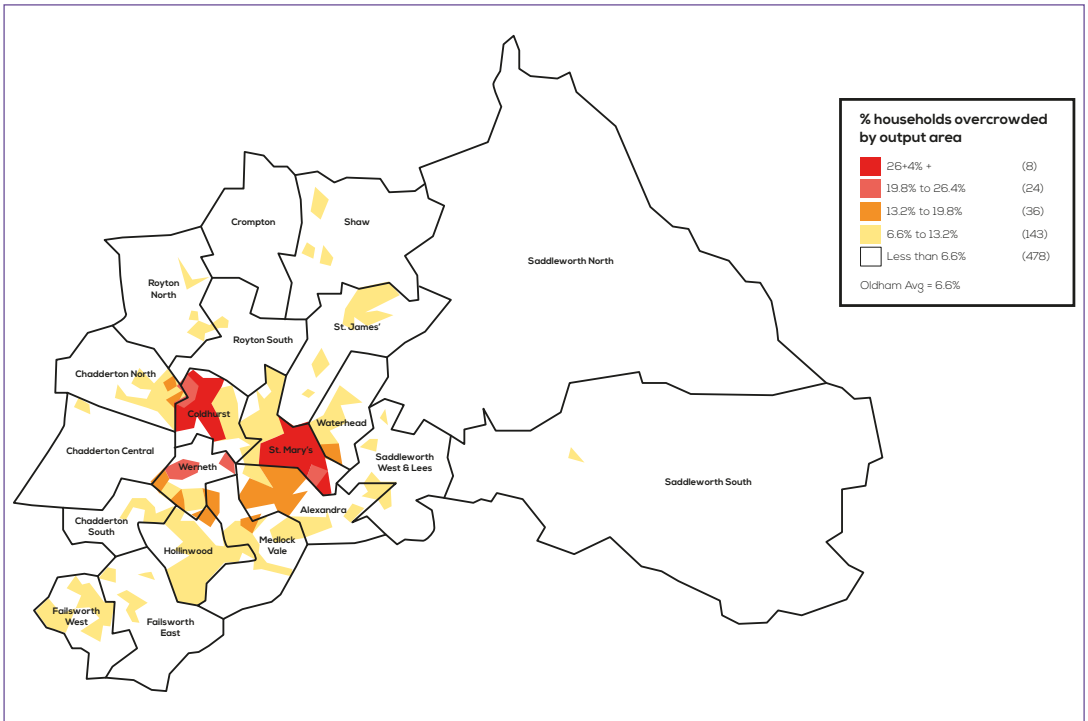



Figure 5.5: Overcrowding households in Oldham (Oldham in Profile, 2019) [96]

In a Policy@Manchester blog Dr Caglar Koksal[97] explains how housing inequalities are linked to poor health outcomes, which have been exacerbated by the coronavirus pandemic:

**"The COVID-19 pandemic has exposed how housing inequalities can inhibit the capacity of households to adequately respond to lockdowns and changed patterns of work and leisure. Overcrowded households, defined as having more than one person per room in a household excluding bathrooms and kitchens, is a major factor for the spread of COVID-19. Poor house ventilation, which is a major cause of indoor air pollution and already has a disproportionate impact on low-income houses, is another major factor driving the virus's spread. The quality of design and the built form as a determinant of health and wellbeing have a lot of potential to improve health and wellbeing if the quality of buildings and open spaces is high. Good housing is key, but the planning for the area must also allow better access to employment, leisure and recreation opportunities to positively impact health and wellbeing."**

96. See http://www.oldham-council.co.uk/jsna/wp-content/uploads/2018/11/Oldham_in_Profile_2019.pdf (page 40)
97. See https://blog.policy.manchester.ac.uk/urban/2022/01/incorporating-health-and-wellbeing-into-housing-developments

Dr Koksal advises local authorities to set high health and wellbeing aspirations for housing developments and set robust design standards, which could include the development of safe travel corridors, high quality open spaces and recreational green spaces.

The majority of **social housing** in Oldham was transferred from the council to First Choice Homes Oldham (a registered Housing Association) in 2010. There are several other Registered Housing Associations operating in the town see Figure X for the locations of social housing

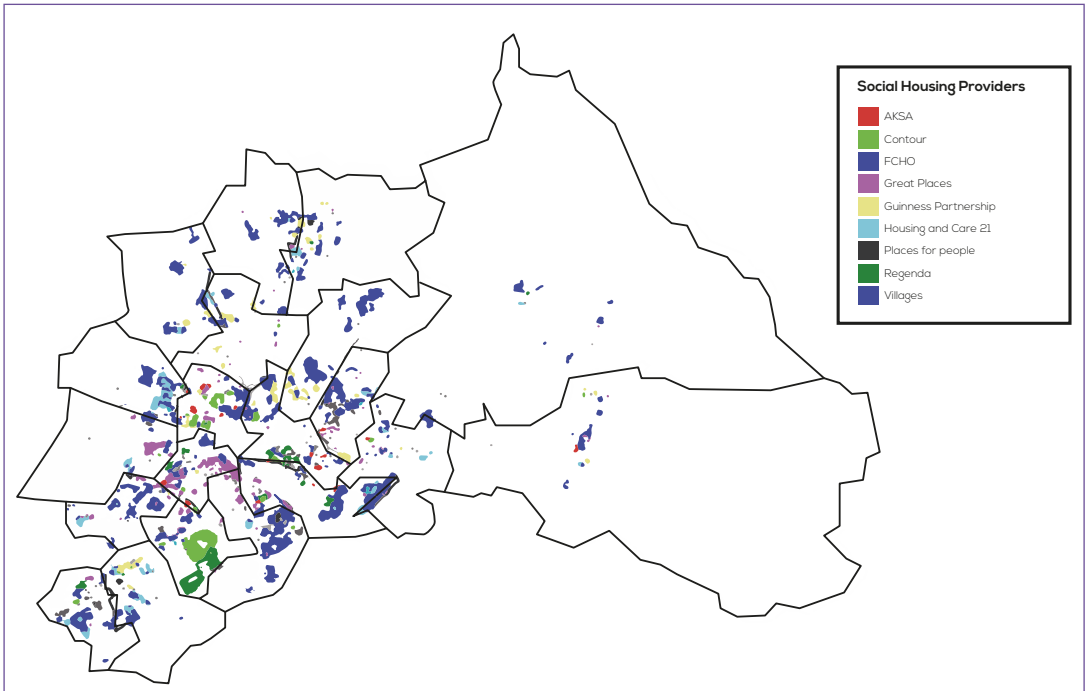



**Figure 5.6: Social Housing Providers in Oldham (Oldham in Profile, 2019)** [98]

There is a **limited supply of available land.** In some areas large swaths are marked greenbelt and any proposed plans for housing are met with fierce opposition. Significant brownfield sites are available but costs of remediation and redevelopment are prohibitively high. Many are former industrial locations including former mills and factories with major health and safety considerations as well as overlaps with heritage concerns (see the Council's Mill Strategy).

The placing of asylum seekers in temporary homes without sufficient resources and support around them can bring challenges to communities. This is a growing issue for Oldham as numbers increase and more come from other parts of Greater Manchester because of the availability of cheaper housing. The government has recently designated Oldham as a core area for asylum seekers placed into temporary homes through a contracted service with companies like Serco. Asylum Seekers are temporarily housed while asylum applications are processed. However, the contracts have little regard for the impacts on 'place', the transience of large numbers or on the quality of housing stock it uses. This undermines broader place based, community or housing objectives and prioritises contract delivery and processing numbers over some of the capitals and missions set out in the LUWP.

If there is no join up between care for an individual and the operation of a service, and the social capital and fabric of the communities they are placed or live in, then there are likely to be problems. These might manifest themselves in a number of ways from a lack of cohesion, to poor housing standards and falling 'pride in place'. There are further risks to health and wellbeing and to crime and safety. Authorities at both regional and national levels must do more to understand and manage these impacts in places like Oldham. It is not good enough to operate different policies in silos from each other with little care about the overall impact on a specific place.

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98. See http://www.oldham-council.co.uk/jsna/wp-content/uploads/2018/11/Oldham_in_Profile_2019.pdf (page 40)

## Healthy Lives

In general, Oldham's residents have worse health than England's average: life expectancy in Oldham is more than two years less than England as a whole. Male life expectancy at birth in Oldham is 77.2 years compared to the 79.4 years England average and female life expectancy is 80.5 years compared to the 83.1 years England average[99]. There are strong links between deprivation and poor health, and high levels of deprivation in the borough have a significant impact on health outcomes.

There are also significant social inequalities within Oldham. As an example, 40% of the people living in Coldhurst belong to an income-deprived household - this is only around 5% in Saddleworth South. This leads to health inequalities. Indeed, the difference in life expectancy between the most and the least deprived wards is over 7 years.

The ONS (2022) subnational indicators have been collated to show opportunity and public services as mentioned in the LUWP are shown in Figure 5.7. Those relating to healthy life expectancy are negative for Oldham (for males and females the healthy life expectancy estimate is 58.3 years, this compares to 65 years in Trafford) along with the share of overweight children (a quarter of children are overweight at reception age) and adults (69.4%).

Early years' life chances (in communication, literacy and maths) are also below the Great Britain median levels, along with GCSE results in English and Maths and school and nurseries rated outstanding. Although life satisfaction is just below the median other well-being measures including feeling life is worthwhile, happiness and anxiety are on the GB median.

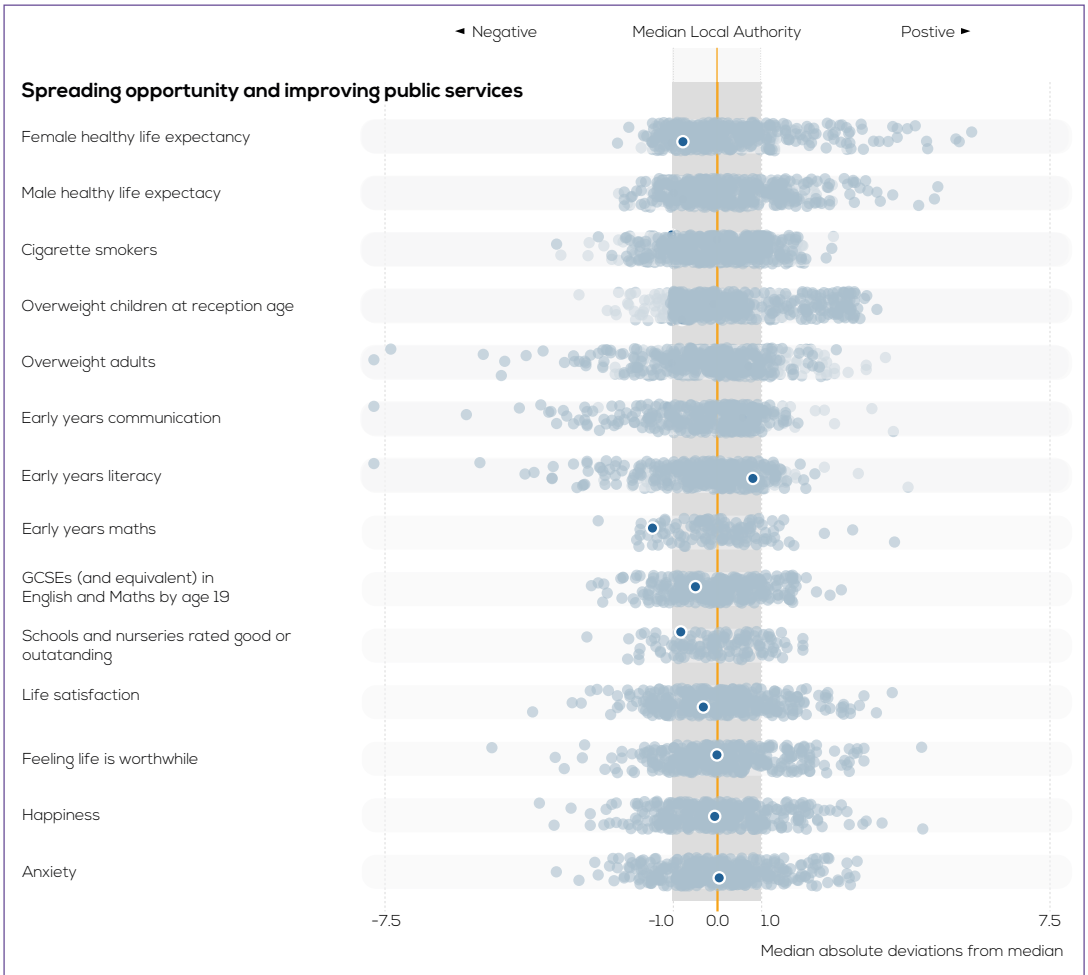


**Figure 5.7: Oldham position in the ONS Subnational Dashboard, (ONS, 2022)** [100]

99. See Public Health England dashboard at https://fingertips.phe.org.uk/profile/public-health-outcomes-framework/data#page/1/gid/1000049/pat/6/par/E12000002/ati/401/are/E08000004/iid/93190/age/94/sex/1/cat/-1/ctp/-1/yrr/3/cid/4/tbm/1/page-options/ine-yo-3:2018:-1:-1_ine-ct-71_ine-pt-0_car-do-0

100. See https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/subnationalindicatorsexplorer/2022-01-06

## Crime

Comparing the crime rate in Oldham to other boroughs in Greater Manchester in Figure 5.8 (for the year ending June 2021), we see the crime rate was higher than average for the Greater Manchester police force area at 120 (recorded per 1,000 people) compared to 108 average. Crime rates were down slightly in Oldham from the year before where they have increased across Greater Manchester.

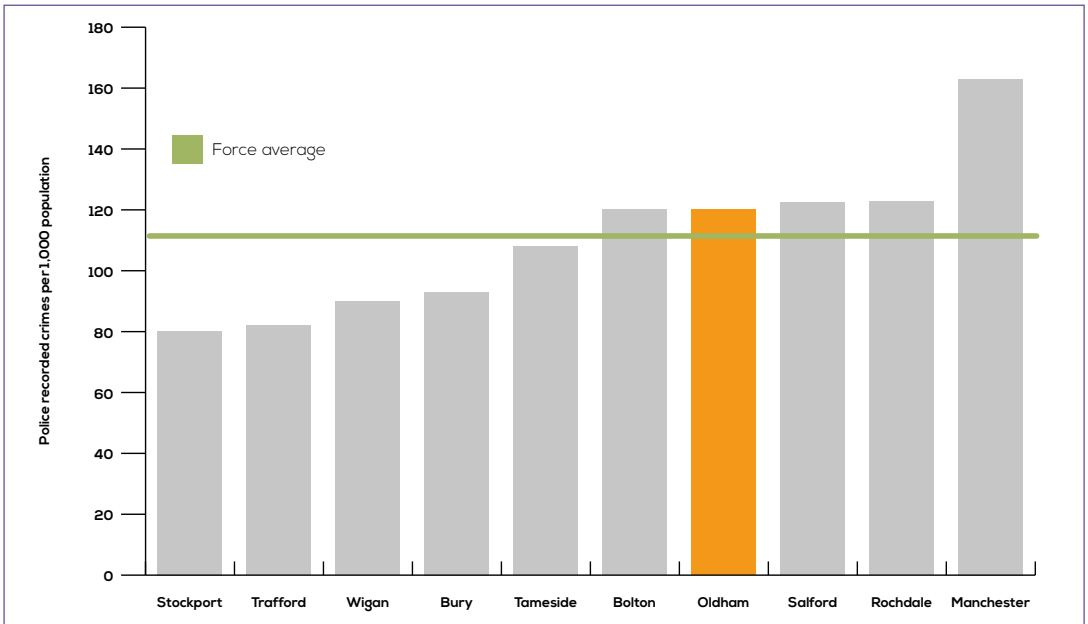


**Figure 5.8: Crimes in Oldham compared with Greater Manchester boroughs (Police analysis of ONS data, 2021)** [101]

## Voluntary, Community and Social Enterprise Sector

In Greater Manchester the Voluntary, Community and Social Enterprise (VCSE) sector makes a difference to people's lives by helping to improve wellbeing; working with communities to develop resilience; supporting and encouraging physical activity; empowering individuals through education and training; supporting the wider environment; enabling people to access the arts; and facilitating economic sustainability through supporting employment opportunities and key skills development.

Oldham has a thriving voluntary sector and Action Together's State of the Sector[102] 2021 report highlights the size, reach, spread, scale and diversity of the VCSE sector, with key findings including:

- There are 1,326 voluntary organisations, community groups and social enterprises making a difference in Oldham
- 70% are micro organisations, with an annual income under £10,000
- 12% of the sector identify as being a social enterprise
- £90.4 million is the total income of the sector (2019/2020)
- 84% of organisations have at least one source of non-public sector funds, bringing significant value to the city-region's economy
- 38% of organisations have used their reserves in the past 12 months
- 45,720 volunteers (including committee/board members), giving 166,910 hours each week
- Volunteer time in Oldham is conservatively valued at £82 million per annum (based on the Real Living Wage £9.50 per hour) but in reality is likely to be much higher
- 30% of organisations who employ staff indicated that they paid the Real Living Wage to their employees
- 85% of VCSE organisations have had some direct dealings with other VCSE organisations. This includes 83% with Oldham Council, and 49% with private organisations

101. See https://www.police.uk/pu/your-area/greater-manchester-police/performance/compare-your-area/?tc=QC10

102. See https://www.actiontogether.org.uk/SOS21/oldham.

### The Importance of Heritage and Oldham's Mills

In previous sections, much has been made of Oldham's industrial heritage and its importance to the town. This has been emphasised in its sense of civic pride and also in the symbolism of Oldham's economic importance during the industrial revolution – such as through the evidence received from Catherine Dewar of Historic England. Oldham Council has recently published its own Mills Strategy[103], setting out the importance of the one hundred mills that still form a significant part of the town's business premises. It is hard to overstate their significance in the town dominating its skyline and visible to everyone approaching whether by car, bus or tram. They are a constant reminder of what Oldham did in the past, but like the town itself, their collective and individual futures are often uncertain. The Mill Strategy is therefore a very welcome step forward. It describes how some mills in Oldham and elsewhere in Greater Manchester, have been successfully converted into new business or residential uses, for example Ultimate Products refurbishing Manor Mill. Several more of the mills have the potential to be converted into housing, increasing the borough's quality housing stock and reducing pressure to build on the green belt, or to be used as productive employment and/or business space.

Oldham's mills are often centrally located with good access, reflecting their former use. Many are currently used for warehousing and storage. They are valued by residents for their aesthetic and the link to heritage. In many cases they could make attractive and valuable housing, or utilised more effectively as productive and sustainable long-term employment space.

The Mills Strategy highlights the mills in Oldham that have the most immediate potential for conversion to housing or for employment use, and makes recommendations for how that can be achieved. Funding presents a significant barrier – Oldham's relatively low house prices make the business case for private conversion challenging in most individual cases.

But construction is already an important sector for Oldham, and the ability of firms and individuals to apply this to the mills could be a major economic opportunity to grow it further. Oldham College already has a Construction Centre of Excellence and a brand new construction building. This has been partly supported by both the ESFA and the GMCA and the construction sector has been identified as a key priority by the college in its strategy[104].

Mill conversion has the potential to deliver significant returns for the borough in terms of employment, skills and jobs, but could also help address housing challenges, while also retaining a link to Oldham's heritage. In Chapter 3 we also wrote about the importance of innovation and technology diffusion and the need to support local and regional businesses. Construction is a substantial sector in Oldham accounting for nearly 7% of output and 5% of employment. In Wolverhampton, the university, with WMCA and other support, has recently opened a National Brownfield Institute, housed on a former Victorian industrial site where remediated land has formed a new campus for Construction and Architecture[105].

A 'Mill Skills and Innovation Demonstrator' might make a good initiative with which Oldham might explore at GMCA and national levels (e.g. through a 'Levelling Up' and/or 'Strength in Places' bid together with relevant partners). Converting mill(s) to homes and/or business premises (incorporating high environmental standards/materials) using high tech/spec skills and designs, materials etc in building, energy, remediation. Teaching relevant skills but also demonstrating techniques, materials, equipment, designs for firms engaging in building conversion

Crucially, Oldham has the highest concentration of such buildings and land/property prices are low compared to other boroughs/towns. However, the skills and technologies acquired or utilised can be applied far beyond the town/borough (Greater Manchester and the wider North West has a significant footprint of former industrial buildings so this has the potential to be a regional specialism).

103. See Oldham Mills Strategy https://www.oldham.gov.uk/info/201213/local_plan_review/2819/oldham_mills_strategy"

104. See https://www.oldham.ac.uk/ccentre-handover/ and GMCA Retrofit Hub https://www.greatermanchester-ca.gov.uk/news/more-than-1-000-people-to-learn-retrofitting-skills-to-help-city-region-achieve-net-zero-future/.

105. See Wolverhampton University: https://www.wlv.ac.uk/university-life/our-campus/springfield-campus/, WMCA: https://investwm.co.uk/2020/12/14/17-5m-national-brownfield-institute/ and Black Country LEP: https://www.blackcountrylep.co.uk/upload/files/Case%20Studies/Brownfield%20Institute.pdf

**Box: Key elements of a possible a 'Mill Demonstrator'**

- Skills training from entry to L4/5 (possibility for some L6/7 degree involvement)
- Apprenticeship and T Level placements with partner firms
- Potential links to specialist institutions within GM and beyond e.g. IoT and NBI.
- Applied Research in building materials, techniques including net zero (hearing, insulation, energy usage)
- Demonstrator of key technologies - including building materials, smart buildings etc, brownfield remediation
- Housing provision and links to Oldham Mills Strategy

Each of the above brings different opportunities for funding streams (both capital and revenue) alongside any potential 'levelling up' or similar bids. In all there is also potential for match funding from partners including construction/technology firms and from property developers/owners. There is also potential benefits from eventual property/business sales/ rent and from increases in land value.



## 5.5 RECOMMENDATIONS

Returning to the LUWP's three policy missions on Pride in Place, Housing and Crime, the Review makes a major **recommendation to Oldham that a local panel comprised of leaders from the voluntary, community, private and public sectors be convened for six months to make specific recommendations on Pride in Place, Housing and Crime targets (that are achievable and can be measured) for Oldham to deliver itself.** This panel can also act as a reference group and should be given sufficient analytical resource to make credible recommendations based on the evidence from Oldham. This panel might share membership with other groups, including the Town Centre Board, or the development of an anchor institutions network recommended in Chapter 6, however, this they should have deep expertise and understanding of Oldham's community, housing and crime challenges. To make a start on 'pride in place' we suggest beginning with the metrics and the 'practice playbook' being developed by Onward (and informed by detailed survey work and stakeholder interviews in Oldham).

The Review agrees that the Town centre is the heart of Oldham. Significant investment has been committed to Oldham Town Centre, and that is the right approach. **The Review recognises and commends the Local Authority for engaging the High Streets Taskforce and also recommends that in our view, their preliminary recommendations are sound and that they are accepted and implemented.** This does not exclude other town centres in the metropolitan borough of Oldham developing similar regeneration programmes or learning from the High Streets Task Force model – all of which should be supported by the Local Authority.

What is clear is that Oldhamers have pride in place. It is clear that there is no one solution and that the current pepper pot approach hasn't worked over the last 20 years. The expert evidence we heard shows that so many of the basic expectations for our public services aren't met. It should be noted that the Commissioners all made a range of important contributions and recommendations on civic pride and social fabric. However, it was too ambitious to outline them all in the short time this review had to report without them seeming like a smorgasbord for policy makers to pick and choose from. It is key, in the opinion of the Commissioners that success can only be achieved by a coordinated and longer-term view of the various polices, projects and programmes. The next chapter on institutions aims to take a different lens on why and how.

- Establish a clear policy priority around growing civic pride, with tangible measures attached, to 2030.
- Place heritage at the centre of physical regeneration plans for the town centre and housing, including accepting and implementing the Oldham Council's Mills Strategy and combining this with new kills training for net zero construction and piloting Innovation GM space (at Oldham College or in a Mill?) with the University of Manchester.
- Develop a clear strategy for retaining and capacity building the aspects of Oldham's identity – including key buildings and locations, and organisations (including the football club and rugby league – but not exclusively focussed on them) – which have symbolic importance to the town's profile.
- Through the Oldham Leadership Board, to champion the interdependence between the creation of wealth and new opportunities and strengthening social fabric, in order to deliver the vision for Oldham
- To set challenging targets for Oldham and GM partners, in terms of reducing crime and improving preventative work, especially with at risk young people, through to 2030.
- Adopt a "neighbourhood effects" approach to understanding intergenerational underachievement in education and skills in targeted neighbourhoods and set up dedicated projects within the Education Improvement Area to pilot new approaches to improving these outcomes.
- Celebrate Oldham's achievements with an annual calendar of high profile events which reward ambition and achievement and reach out to communities and people who don't normally win anything.

# CHAPTER 6: INSTITUTIONS

**Improving Oldham's economic future will depend on many different layers of government ('multi-level governance') from delivery departments in Whitehall to local and regional authorities and also organisations in the public, private and voluntary institutions within the borough too.** This is easier said than done, given that in England, most power and resource is centralised and concentrated in Westminster and Whitehall with institutions at the regional and sub-regional level typically weak, fragmented and subjected to frequent 'policy churn'.



> **"The UK is one of the most centralised states in the Western World, with fewest powers decentralised to regions and communities. It is no coincidence, then, that the UK is also one of the most spatially unequal economies in the Western World, regionally and sub-regionally. Through the metro Mayors, some greater degree of regional autonomy is gradually being distributed. But we are still miles away from the levels of devolution present in other, less spatially unequal, countries. The current approach to devolving powers differs significantly even across Mayoral Combined Authorities. And below that level, at the hyper-local level where the real problems often reside, the picture is more patchwork and piecemeal still. The current degree of centralisation and combined with the lack of consistency and comprehensiveness in devolved practices, leads to a patchwork quilt that inhibits local design and decision-making. A fundamental rethink of devolution practices is needed, with the upcoming White Paper on levelling-up offering perhaps the opportunity."**
>
> **Andy Haldane** Speech to Local Trust, July 2021

## 6.2 WHAT DO WE MEAN BY INSTITUTIONS & WHY ARE THEY IMPORTANT?

England's institutional ecology at national as well as at the local and regional level tends to be weak, fragmented and poorly co-ordinated particularly in its many attempts to boost productivity and local economic growth. Longstanding institutional and policy silos combined with a political process that produces a constant churn of new institutional and policy initiatives forms part of the institutional and policy challenge that places like Oldham (and the Oldham Economic Review) operates in.[106]

The LUWP seeks to redistribute more powers to local places and to improve the economic performance, skills, productivity and living standards everywhere – but this is against a backdrop of longstanding regional and local inequalities, a lack of joined up policy and constant policy change. Amongst other recommendations, it also seeks to create a series of new institutions, including in Oldham and Greater Manchester. It also comes after a decade where local councils have had to contend with a triple whammy of Austerity, Brexit and Covid – each of which has brought pressure on resources, more economic and social challenges and reduced capacity with which to address them.

Moreover, successive British governments have a poor track record of effective cross-departmental and national-local co-ordination, as highlighted not just during the Covid-19 emergency but also in relation to the repeated failure to put in place a robust industrial policy.[107] New Whitehall departments have been created and renamed, and industrial strategy recalibrated with every new incumbent in No 10. One of the most egregious examples of institutional or policy 'short termism' is regional policy which has been chopped and changed by successive governments with seemingly little effect on spatial inequalities. Furthermore, since 2019 there have been increasing geographical inconsistencies between programmes, powers and places leading to questions about how such arrangements might provide a sub-optimal basis for improving regional/local productivity gaps and/or 'levelling up'.

In terms of austerity, the Institute for Fiscal Studies (IFS)[108] calculated that between 2009/10 to 2016/17 there were -42% service spending cut to Oldham's budget. In further analysis the IFS[109] note the inequity of these spending cuts as "between 2009/10 and 2019/20, spending on non-education services by the tenth of councils serving the most deprived areas fell by an average 31% per resident, almost twice as much (16% per resident) as among the tenth serving the least deprived areas."

Funding streams made available to local areas in the last few years have proliferated in number and focus e.g. 'levelling up' funds, Town deals, High Street funds etc but they are piecemeal and based on often opaque funding processes. There are also questions about their effectiveness.[110] But local councils have little choice but to make bids if they are to gain any resources or investment for their places.

There is a similar story in further education with significant funding cuts to sixth forms and colleges. According to the IFS[111], even with additional funding from the recent spending review, college spending per pupil aged 16-18 in 2024 will still be around 10% below 2010 levels, while school sixth form spending per pupil will be a whopping 23% below 2010 levels. Additional funding for adult education and apprenticeships - because of the scale of the cuts over the last decade - means that spending in 2024 will still be one-third lower than 2010. This has a deep and sustained impact on education institutions in Oldham.

To again use the 'Levelling Up' white paper as a starting point, it acknowledges the importance of institutions to improving the economic and social conditions of a place.

> **"The role of well-functioning institutions in driving economic development has a long history in the work of Edmund Burke, Karl Polanyi and Elinor Ostrom. For them, this meant well-designed and effective formal institutions, like the legal system, and local and central government. But it also included well-functioning informal and civic institutions, such as schools and universities, trades unions, community and faith groups, and sports and social clubs."** Levelling Up White Paper (2022)

106. See 'All Change', The Institute for Government, Norris and Adam, (2017), https://www.instituteforgovernment.org.uk/publications/all-change.
107. Coyle, D. and Muhtar, A. (2021) 'Industrial Policy: Learning from the Past', The Productivity Institute, Cambridge: https://www.productivity.ac.uk/publications/uks-industrial-policy-learning-from-the-past/
108. See https://ifs.org.uk/publications/8781.
109. See https://ifs.org.uk/levelling-up.
110. See National Audit Office (2022). https://www.nao.org.uk/press-release/supporting-local-economic-growth/
111. See Farquharson, C., Sibieta, L. Tahir, L. and Waltmann, B. (2021) Institute for Fiscal Studies 2021 annual

In our thinking during the Oldham Economic Review, we agree with this view.

There is widespread consensus between economists, political scientists and policymakers that institutions are an important part of tackling both problems of widespread low productivity but with large regional differences.[112] However, there is further value in understanding how different institutions work, what they are tasked to do and how they relate to others also involved in pursuing these objectives.

> **"Such examples have now attained almost motherhood-and-apple-pie status among economic researchers, given the widespread acceptance that "institutions" are important for growth and development. But economists need to connect their analysis with an understanding of the political potential for change, the sociology of organisations, and the psychology of decision-making. Simply urging regions to "be more like Silicon Valley" is useless. The challenge for researchers and policymakers is to understand – in each specific context – exactly what coordination is needed to increase productivity, and what actions (and by whom) can achieve this."**
>
> **Diane Coyle** (Project Syndicate Blog, 2020)

This has been a key element of our thinking on the review – firstly that local institutions matter and secondly that they must come together as institutional assets and strategic players to help shape an economic strategy that builds on Oldham's distinctive features and context.

The central role of institutions in economic development at a local – or sub-national level – is evidenced in the work of Acemoglu and Robinson[113] and Rodríguez-Pose,[114] Barca, McCann and Rodríguez-Pose,[115] finding that good local institutions play a crucial role in sub-national development.

According to the white paper this can be traced to two factors. First, capacity and capability. With institutions come institutional memory and local capacity. The loss of institutional memory and capacity, if institutions are neglected, reduces local ability to design and deliver change. In the UK, the depletion of civic institutions, including local government, has gone hand-in- hand with deteriorating economic and social performance.

As we heard during our initial evidence sessions (see Mike Emmerich evidence in Chapter 2), there is real importance to stability over the long term – both in terms of an economic vision and the institutional framework that is able to deliver on it. That stability and purpose should ideally be shared at all relevant levels of government from that within Oldham, to those at a city-region level (GMCA) and where appropriate at national level too. Ideally this stability might apply to funding streams and resources as well as to the institutions most crucial to governing and supporting the economy.

This long-term vision also applies to trust and to sticking to and delivering promises.

As the LUWP also states, the importance of institutions is also enshrined in its 'six capitals' framework, see Figure 6.1.

112. See McCann, P. (2019). Perceptions of regional inequality and the geography of discontent: insights from the UK, Regional Studies, DOI: 10.1080/00343404.2019.1619928 and Coyle, D. (2020). 'The Key to the Productivity Puzzle', Project Syndicate, https://www.project-syndicate.org/commentary/coordinated-collective-action-boosts-productivity-by-diane-coyle-2020-10

113. See Acemoglu, D. and Robinson, J. (2019). The Narrow Corridor: States, Societies, and the Fate of Liberty, New York: Penguin Random House.

114. See Rodríguez-Pose, A. (2020). Institutions and the fortunes of territories. Regional Science, Policy and Practice, DOI: 10.1111/rsp3.12277.

115. See Barca, F. and McCann, P. and Rodríguez-Pose, A. (2012). The Case for Regional Development Intervention: Place-Based Versus Place-Neutral Approaches, Journal of Regional Science, https://doi.org/10.1111/j.1467-9787.2011.00756.x

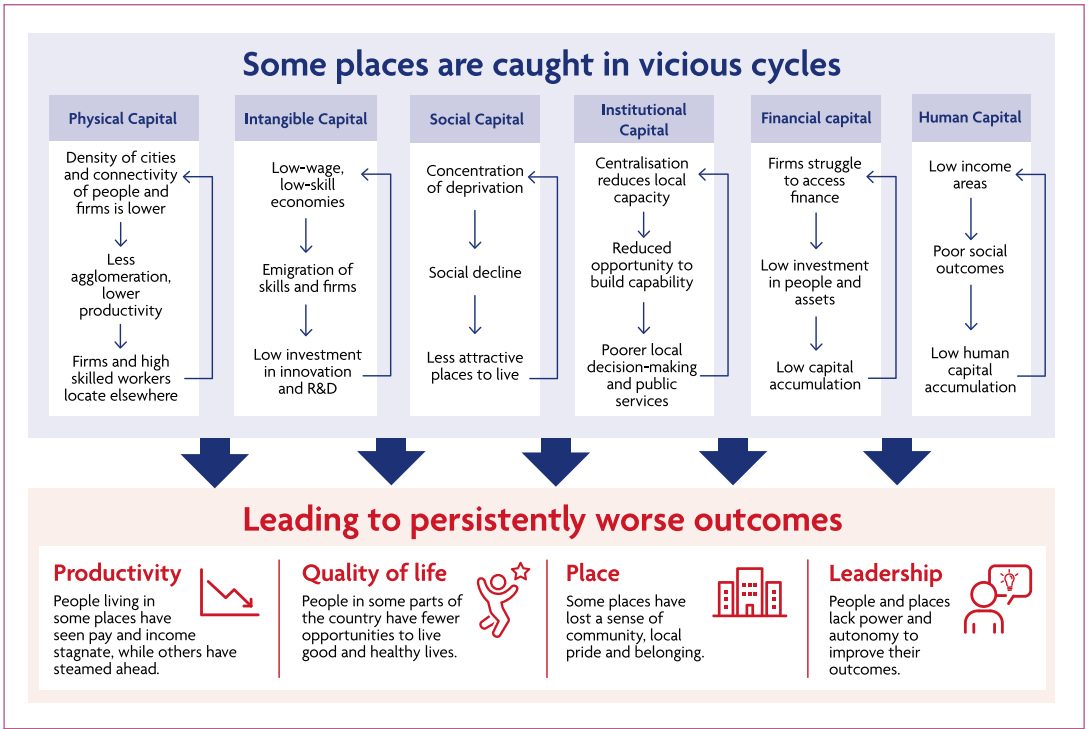


Figure 6.1: Levelling Up Capitals Framework (Levelling Up White Paper, 2022) [116]

As the white paper sets out, 'levelling up' requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six "capitals". These are listed and defined as:

- **Physical capital –** infrastructure, machines and housing.
- **Human capital –** the skills, health and experience of the workforce.
- **Intangible capital –** innovation, ideas and patents.
- **Financial capital –** resources supporting the financing of companies.
- **Social capital –** the strength of communities, relationships and trust.
- **Institutional capital –** local leadership, capacity and capability.

The six capitals in this framework are individually important. But their real significance comes in combination, when they act in a mutually reinforcing fashion. The sum of these factors is then greater than its individual parts – and 'levelling up' is about restoring or rebuilding individual capitals so that this is able to happen. As the LUWP explains:

**'Where endowments of these capitals are weak or depleted, places are unable to attract or retain talent, businesses are less likely to invest and innovate, civic institutions tend to lack capacity and capability, and pride in local communities is depleted. This vicious and self-reinforcing cycle in some places has seen a depletion of skills, businesses, finance and culture, with communities and town centres declining for decades. These cumulative forces – in some places positive, in others negative – have widened geographical disparities in the UK over time. Without policy action, they will continue to do so.**

**Levelling up is about aspiring for every place in the UK to have a rich endowment of all six capitals, so that people do not have to leave their community to live a good life. It means taking action to replenish the capitals where they are weak or depleted, transforming vicious circles into virtuous ones. With opportunity spread more equally across the UK, people in places that were once struggling would then fulfil their potential, living longer, healthier and happier lives. With each part of the UK achieving its potential, the economy as a whole would be both larger and more equal.'**

116. See https://www.gov.uk/government/publications/levelling-up-the-united-kingdom, page 88

## 6.3 INSTITUTIONS AND INSTITUTIONAL CAPITAL IN OLDHAM

We would argue that existing institutions in Oldham are fundamental to any vision for the future. They must act together and co-ordinate their efforts over the long term in a stable policy environment. Key institutions include organisations from the public, private and voluntary sectors and as described in work on community wealth building by CLES, these should be considered as 'anchor institutions' in the local economy.

Improving collective capacity, strategic leadership and better co-ordinating local, regional and national institutions will be critical to Oldham's economic future. This includes effective working and co-ordination with GM leaders and institutions and with neighbouring authorities.

### What are the existing institutions that matter?

There are a range of important institutions in Oldham that have a major impact on – and form parts of the borough's 'six capitals'. They can be variously identified through recent work from both the Centre for Local Economic Strategies (CLES) and by Onward. The list below is indicative of these rather than intended to be a comprehensive list. Most importantly they show a mix of different types and sizes of institution across private, public and voluntary sectors:

- Oldham Council and Oldham Clinical Commissioning Group
- Oldham College and Oldham 6th Form College
- Northern Care Alliance NHS Trust, which includes Royal Oldham Hospital
- Oldham Coliseum
- Oldham Art Gallery
- Oldham Athletic Football Club,
- Oldham Rugby League
- Oldham Netball Club
- First Choice Homes - Housing Association
- Ultimate Products
- JW Lees
- The Manchester Evening News (based in Oldham) and the Oldham Chronicle

### Institutions in Greater Manchester

Institutions and organisations in GM are also critical such as its Mayor, the Greater Manchester Combined Authority (GMCA), neighbouring local authorities, large city-region employers and voluntary organisations as well as its universities and colleges. Some deliver services across Greater Manchester, including in Oldham, such as the Growth Company, MIDAS and Innovation GM, Greater Manchester Health and Social Care Partnership (GMHSCP) and Greater Manchester Police (GMP) too. Others such as business organisations and networks including GMCC and GMCVO are similarly important.

There are also institutions and organisations in neighbouring authorities that are significant in Oldham. Rochdale, Tameside and Manchester all border Oldham (as does Kirklees in West Yorkshire). Institutions nearby in these authorities such as AMPI, GM Police HQ and the Sharp Project also play important roles in employment, procurement and influence.

These are all significant institutions – both 'anchor institutions' and a part of Oldham's and Greater Manchester's institutional capital. That's not to say that new institutions and organisations are not needed – new private sector employers, new public/state organisations and new voluntary bodies will all help to increase Oldham's institutional capital – even more so if they work well together and complement each other.

### Institutional Capital – The Importance of Leadership/capacity

Together they make up Oldham's institutional capital. Though we would add that many play important roles across many of the other capitals too. Oldham College - for example – like FE Colleges in similar places – also supports intangible capital (supplying high level skills for R&D and technology application/diffusion) and social capital (improving networks across different communities – both 'bonding' and 'bridging') as well as in both human and institutional capital. This is worth restating because policies emanating from Westminster and Whitehall tends to see local organisations in just one function and subsequent performance management and regulatory oversight is as likely to seal them off from other institutions as it is to help them come together.

### Anchor Institutions and Community Wealth Building

An important idea that has been around for some time – particularly in the field of local economic development is that of 'anchor institutions'. Sometimes, including in recent economic strategies in GM and in Oldham (and in other parts of the country) this is associated with proposals for 'community wealth building'[117]. In line with the principle of 'institutional capital' in the white paper, this emphasises the roles and cumulative importance of local institutions working together to increase their economic impact and sustainability in their areas such as through more locally focused recruitment and procurement strategies. Increasing levels of wealth and income in Oldham will depend on the activities of the private, public and voluntary sectors and the coming together of existing and new institutions in the borough and nearby.

The term 'anchor institutions' is used to refer to organisations which have an important presence in a place, usually through a combination of being large-scale employers, one of the largest purchasers of goods and services in the locality, controlling large areas of land and having relatively fixed assets. Examples include local authorities, NHS trusts, universities, trade unions, local businesses and housing associations.

According to work in Oldham carried out by CLES, local anchor institutions include local and national public organisations Guinness Northern Counties, First Choice Homes Oldham, Voluntary Action Oldham, Northern Care Alliance NHS Trust, Pennine Care NHS Foundation Trust, The Christie NHS Foundation Trust and Greater Manchester Waste Disposal Authority.[118] Anchor institutions do not need to be large - so grassroots groups within the VCSE sector are also anchors in communities and therefore also have a role to play.

As CLES say, their 'footprints' are significant in terms of their existing and potential impact on local economies:

**'While the primary objective of anchors may not always be local regeneration or tackling poverty, the scale of these institutions, their geographically fixed assets and activities as well as their links to the local community mean that they are 'sticky capital' on which local development strategies can be based'**




**What is an anchor institution?**

An anchor institution is one that is not going anywhere. It is tied to a particular place by its core business, physical assets and local relationships. These institutions occupy a wide variety of different sectors spanning public and private, voluntary and community, but their common feaure is a strong connection to their local populations. By their very nature, anchor institutions are in a prime position to address the social determinants of health as employers, purchasers, holders of physical assets and community partners.

The key practices of an anchor institution have been widely described through work conducted by organisations such as the **Health Foundation**, the **Joseph Rowntree Foundation** and the **Centre for Local Economic Strategies.**

**Figure 6.2: Overview of Anchor Institutions Key Practices and Principles (Yorkshire and Humber Public Health Network website accessed 2022)** [119]

117. See the CLES Community Wealth Building Timeline https://cles.org.uk/community-wealth-building/community-wealth-building-timeline/

118. Oldham alongside Manchester, Preston and other towns and cities in the UK have been working with CLES on Community Wealth Building Strategies, including the identification and development of 'anchor institution' networks. See https://www.oldhampartnership.org.uk/anchor-institutions/

119. See https://www.yhphnetwork.co.uk/

There are a range of ways in which different anchor institutions can leverage their assets and revenue to benefit the local area and local people. In short, this is about maximising the impact of an institution's activities beyond the direct service delivery role. It is about 'densifying' impact in the economy through creating more local suppliers.

An important part of the approach to 'anchor institutions' and 'community wealth building' is to acknowledge and support the social economy and voluntary and co-operative organisations within it. This also provides an important link to other capitals set out in the 'Levelling Up' white paper and the importance of social capital. Mike Kenny and Tom Kelsey[120] of the Bennett Institute at Cambridge have also described the value and importance of social and local institutions. Likewise, Andy Haldane of the Bank of England described the importance of 'reweaving the social fabric' after the pandemic.[121] This further broadens our thinking about institutions but also in our understanding of infrastructure capital too.

As a whole then, we can begin to see how local institutions, together with other complementary strategies might come together to build upward spirals in the economic conditions and wealth of a place. Crucially this includes the public, private and voluntary sectors and key local institutions within each.

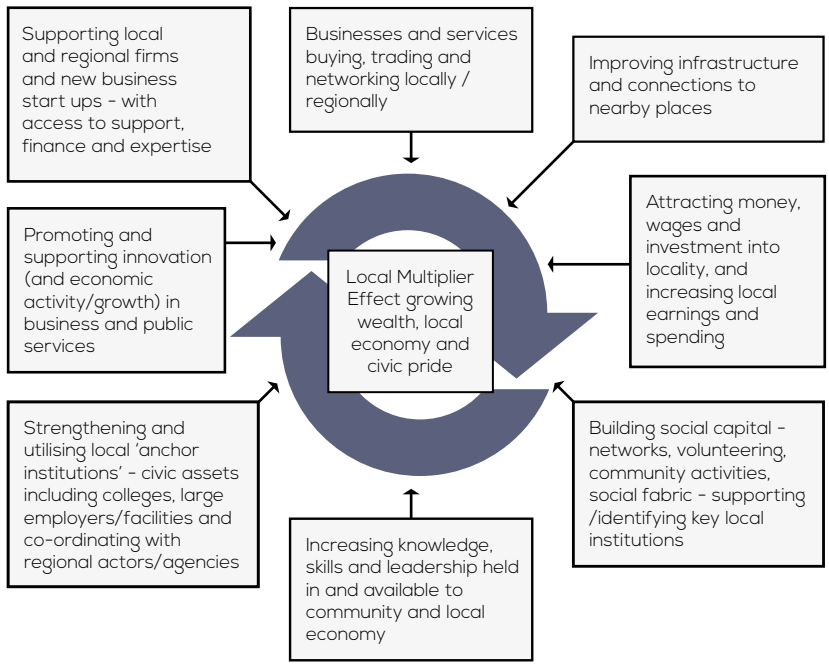


**Figure 6.3: How different sectors, Actors and institutions come together and the Local Multiplier Effect (Westwood adapted from New Economics Foundation, 2003)**

### The Importance of Co-ordination and Long-term Vision/Stability

Oldham, like many places has not suffered from a shortage of strategies, plans, or national and local policy interventions (LUWP, for example, creates the latest – an Education Investment Area along with the promise of a new institution i.e. a selective sixth form[122]). As we have noted elsewhere, the rate of policy churn and the chopping and changing of local and regional economic development arrangements is quite extreme.[123] Furthermore, there has been a proliferation of funding schemes for local economic development in the past few years that even the 'Levelling Up' white paper recognises is problematic.

**'Spatial policy in the UK has, by contrast, been characterised by endemic policy churn. There have been repeated changes in the policy landscape over the past century, with each phase signalling shifts at the organisational, legislative and programmatic levels. The result has been a patchwork of policies and ever-changing organisational structures. By some counts, there were almost 40 different schemes or bodies introduced to boost local or regional growth between 1975 and 2015, roughly one every 12 months'.**

120. See Kelsey, T. and Kenny, M. (2021). 'Townscapes: The Value of Social Infrastructure', Bennett Institute, Cambridge: https://www.bennettinstitute.cam.ac.uk/publications/social-infrastructure/
121. See Haldane, A. (2020), 'Reweaving the Social Fabric after the Crisis' Financial Times 24th April: https://www.ft.com/content/fbb1ef1c-7ff8-11ea-b0fb-13524ae1056b?
122. 'Private Eton College to launch sixth-form centre in Oldham and 'open up world-class academic opportunities', Manchester Evening News, 10t March 2022: https://www.manchestereveningnews.co.uk/news/greater-manchester-news/eton-college-sixth-form-oldham-23354380
123. See Institute for Government 'All Change' (2017) and Westwood, Sensier and Pike (2021) for a fuller discussion, https://www.productivity.ac.uk/publications/levelling-up-local-growth-and-productivity-in-england/.

### The Complex Funding Landscape

Since 2015, one county council reported that it had submitted 61 bids for UK Government funds, ranging from £16k to £41m, to support local economic growth, each with different bid conditions. Of these, eight were unsuccessful with decisions pending on a further six. In many instances, the council was only given 1-2 months to develop their bid.

The preparation of each bid, which can include drafting substantial business cases, requires the council to commit considerable resources for work that may not result in any funding. Some of these bids cost the council hundreds of thousands of pounds to develop. Due to the variance in the nature of funding streams and their criteria, the council has found that it has bid for funding and/or delivered schemes and infrastructure that are not necessarily the top priority for the area's growth needs.

Short bidding timescales have also provided challenges in ensuring elected Members are briefed, match funding secured and resources allocated to ensure that a high quality bid can be submitted. Short timescales have also resulted in the need to commission consultants, increasing the cost of preparing each bid. It has also resulted in some councils choosing not to submit a bid for the Levelling Up Fund and/or Community Renewal Fund.

**Figure 6.4: Complex Funding Landscape articulated by HMG (Levelling Up White Paper, 2022)**

As the 'Levelling Up' white paper admits, this is a situation that needs addressing. As it states:

'To deliver a more transparent, simple and accountable approach, the UK Government will set out a plan for streamlining the funding landscape this year which will include a commitment to help local stakeholders navigate funding opportunities. This review will be guided by the following principles:

- Reducing the unnecessary proliferation of individual funding pots with varied delivery approaches;
- streamlining bidding, and supporting greater alignment between revenue and capital sources;
- ensuring places have robust ongoing monitoring and evaluation plans for the impact and delivery of investments and spending; and
- tailoring investment and delivery to the local institutional landscape'

| Scheme | Total Fund Amount | Timeframe | Places/Institutions targeted by scheme |
|---|---|---|---|
| Towns Fund | £2.6 billion | 2019- | 100 Towns mostly in North/Midlands |
| Future High Streets | £1 billion | 2019- | Towns and Cities in England |
| Transforming Cities Fund | £2.45 billion | 2018-23 | 18 City-regions in England |
| Levelling Up Fund | £4.8 billion | 2021- | UK wide |
| Community Ownership Funds | £150 million | 2021- | UK wide voluntary and community organisations |
| Local Growth Deals | £9.1 billion | 2014-2020 | LEPs |
| Getting Building Fund | £1.3 billion | 2020- | England – LEP and CA areas facing 'biggest economic challenges' |
| Coastal Communities Fund | £229 million | 2012-20 | Coastal Towns in England |
| Community Renewal Fund | £220 million | 2021-22 | UK wide scheme |
| Shared Prosperity Fund | TBC | 2022- | UK wide scheme replacing EU Social/ Regional Funds |

**Figure 6.5: Regional and Local Spending Schemes in England/UK (Westwood, Sensier and Pike, 2021) [124]**

124. See https://www.productivity.ac.uk/publications/levelling-up-local-growth-and-productivity-in-england/

But this churn and instability have also applied within Oldham too. Area based initiatives have come and gone in several areas – in education the latest is as an 'Education Investment Area' promised in the LUWP, though in recent years there have been 'Opportunity Areas' and several other similar interventions.

This is perhaps inevitable given the sheer number of different strategies and funding pots to which local authorities are now expected to bid. But nevertheless, this remains a problem at local level that also needs managing and remedying if a single, coherent and long-term economic strategy is to be adopted successfully.

There are many plans and strategies developed locally and many groups or bodies created to oversee them. Currently in Oldham there is a Town Deal Board, a High Street Taskforce, an Oldham Business Leadership Group and an 'Oldham Model for an Inclusive Economy, Co-operative Services and Thriving Communities'. There are also a series of plans and strategies including an 'Oldham Plan', a 'Business and Investment Strategy', a 'Mill Strategy' and a 'Town Centre Masterplan'. Whilst the formation of each strategy has made sense locally and the push/pull of central government funding initiatives has further shaped this, it is likely to be more beneficial to the long -term future of the town, if these are better co-ordinated within a single longer-term vision.

Within Oldham this has also been an issue with economic partnerships and groups meeting a few times and then never again. Some of these disappear because key people move on or because the purpose or national pot of money changes. But it reinforces the sense of a lack of permanence, a decline in trust and/or poor haphazard communication between key institutions and interests. Oldham can't afford for this to keep happening. Nor can it afford to lose touch with GM institutions and networks either – it needs to play a full part in decisions and strategic planning across GM as well as ensuring that its own processes are sound.

The challenge is to have the right strategy, to consistently apply it over the long term and–to create the right institutional infrastructure to support and enact it. Key organisations and institutions in Oldham and GM must play their respective parts and so too must a national government with its respective policy approaches to local government, education, transport, health and so on. Across all of these layers, initiatives and organisations there must be better co-ordination. That is the right way to develop, apply and demonstrate institutional capital.

There are some good examples of institutions in similar places that demonstrate either a more coherent overall approach or the contribution to it that individual organisations can make if fully involved. As we described in Chapter 4, Dudley College is one example of an 'anchor institution' operating across the 'six capitals' and participating in strategic planning and thinking in the town and in the wider region.

### Dudley College Case Study – a Strategic Institution in Dudley and West Midlands? [125]

As described in Chapter 4 on Skills, Neil Thomas the Principal of Dudley College gave evidence to Commissioners about the role of Dudley College in its town and broader city-region (West Midlands). There are many parallels between Dudley and Oldham – both are historically manufacturing/industrial towns that have struggled with the decline of employment and wealth from these sectors in recent years. Both have relatively low levels of educational achievement and both sit as towns within larger conurbations governed by Mayors and Combined Authorities (in Dudley's case Andy Street and the West Midlands Combined Authority).

But Dudley College has expanded its role and significance to the broader city-region as well as in its relevance to the town. It has an Institute of Technology cementing its role in the town and region's intangible capital. It also is a strategic player in the town's development and co-ordinates activities with local colleges and universities as well as key local/regional employers.

125. See https://www.dudleycol.ac.uk/Portals/0/downloads/strategic_plan_2020_2023.pdf?ver=2020-02-04-150035-450

Elsewhere in Greater Manchester, there are also examples of newer strategic institutions looking to develop specific aspects of their local economies. These are imaginative in scope and form as well as ambitious in terms of the specific objectives that they have been set. In Rochdale the Development Agency, with an injection of extra capacity has set a clear strategic goal and won considerable support and investment already. In Stockport a new Mayoral vehicle in partnership with GM and the private sector is looking to redevelop in its town centre.

### Stockport Mayoral Development Corporation [126]

The Stockport Town Centre West Mayoral Development Corporation (MDC) is a radical new approach to tackling future housing need and the changing role of town centres. It provides a blueprint for how powers and devolved funding combined with strong local leadership and a compelling long-term vision, can set a new benchmark for town centre regeneration. Its guiding principles are community, sustainability and innovation. The vision for Town Centre West is credible and compelling – to scale up the delivery of new urban neighbourhood homes in Greater Manchester– and the MDC is ideally placed to bring together stakeholders to make the vision a reality.

Stockport MDC has an independent board including local councillors (leaders of three main parties) plus GMCA and Homes England representatives and is chaired by Sir Bob Kerslake.

### Rochdale Development Agency [127]

**In Rochdale we're really proud of our history, which is why we're doing everything we can to preserve and celebrate it. Rochdale was at the heart of the industrial revolution, and it's where working men and women started a global cooperative movement that thrives to this day. The town centre is home to stunning architecture, fascinating history and – in its Grade I listed town hall – a building of "rare picturesque beauty." But it's also a town centre for today, brimming with life, leisure and culture.**

Rochdale Council has established a Development Agency responsible for economic development in the Borough. Partners include, MIDAS, the Greater Manchester Growth Hub, Homes England, GM Chamber of Commerce. It is wholly owned by – and reports to – Rochdale Borough Council, but is independently chaired by economist Professor Paul Ormerod with a board including local councillors, the Principal of Hopwood Hall College, the CEO of the Council and representatives from local and regional businesses and the University of Manchester.

Projects include various infrastructure, housing, heritage and high street/town centre developments and the Advanced Machinery and Productivity Institute (AMPI) – this recently secured £22.6m in funding with the intention to create over 30,000 high value manufacturing sector jobs. AMPI is focussed on developing world leading machinery innovation, advanced materials, automation and production capabilities, vital to the future productivity, security, prosperity of the manufacturing sector in the UK economy. This funding has been provided through UK Research and Innovation's flagship Strength in Places Fund (SIPF) with further funding coming from Rochdale's Town Deal.

AMPI is a partnership with the National Physical Laboratory (NPL) will be working in partnership with Rochdale-based precision machine tool maker Precision Technologies Group (Holroyd), Fives Landis, Wayland Additive, CR Solutions, Rochdale Development Agency, Advanced Machinery & Productivity Initiative Ltd, University of Huddersfield's Centre for Precision Technologies (CPT), University of Leeds' Institute of Design, Robotics and Optimisation, The University of Manchester's Departments of Materials and Electrical and Electronic Engineering and University of Salford's Centre for Autonomous Systems & Advanced Robotics (ASAR).

These models offer useful lessons to Oldham – not least for the possibility of its own Mayoral Enterprise Zone. But perhaps the most useful are that the offer new vehicles and new capacity to approach longstanding problems.

126. See https://www.stockportmdc.co.uk
127. See https://investinrochdale.co.uk

## 6.4 RECOMMENDATIONS – DOES OLDHAM NEED NEW INSTITUTIONS?

In both the LUWP and the Oldham Economic Review's analysis, it is clear that existing institutions should be supported and strengthened where possible – but that this, like much else, will depend on 'multi-level governance' working well i.e. the co-ordinated actions of local, regional and national departments, agencies and bodies. As the white paper identifies the importance of institutional capital and economic development literature shows how much more important existing institutions are in less well performing places, this should be more straightforward than it is. Specifically, the white paper sets out some core principles for successful local growth policy:

- **Longevity and policy sufficiency:** Spatial disparities are long-lasting and history-dependent. So, reversing history requires long-lived, sustained and consistent policy efforts that are commensurate with the scale of disparity. This is a key lesson from international experience, where successful programmes have often spanned decades and have had clear and consistent medium-term objectives.
- **Policy and delivery coordination:** As an economic ecosystem, successful local growth policy requires strategic coordination across the different arms of policy, including transport, skills, health, business, finance, education and infrastructure. It also requires strategic coordination across the different sectors responsible for delivering growth: public, private and voluntary.
- **Local empowerment:** Whilst local devolution is no panacea, local decision-making has tended to generate better local economic performance, as local policies are tailored to local needs. There is an empirical correlation between the degree of decentralisation of decision-making and spatial disparities in economic performance, perhaps reflecting this fact.
- **Evidence, monitoring and evaluation:** The geographical allocation, and economic impact, of government spending and policy has the potential to either mitigate or amplify agglomeration effects. Rigorous evaluation of government spending and policy intervention is needed to understand what is working and the contribution policy is making to closing spatial differences.
- **Transparency and accountability:** Clear accountability for outcomes, at both a national and local level, is also critical to successfully addressing spatial disparities.

However, at national level, policy frameworks in education – for example in further and higher – are based on competitive frameworks and funding and this can easily undermine rather than strengthen local provision. Furthermore, reform agendas in other public services – e.g. health, police – can push 'value for money' and regional reorganisations that are as likely to rationalise and/or withdraw facilities and services as they are to strengthen them in towns or outlying places. Oldham Council is perhaps the single most important institution in our analysis and over the last decade its core funding/spending has reduced by some £230m since 2009/10 – at least 60%[128] - with significant further reductions already planned in 2022/23 and 2023/4. So, strengthening existing institutions is rather easier said than done, despite its importance as a recommendation.

There is a similar story in further education with significant funding cuts to sixth forms and colleges. According to the IFS[129], even with additional funding from the recent spending review, college spending per pupil aged 16-18 in 2024 will still be around 10% below 2010 levels, while school sixth form spending per pupil will be a whopping 23% below 2010 levels. Additional funding for adult education and apprenticeships - because of the scale of the cuts over the last decade - means that spending in 2024 will still be one-third lower than 2010. This has a deep and sustained impact on education institutions in Oldham.

But there are things that can be actioned at a local Oldham and GM levels that are more within our control. The first is a need for a new economic structure that better co-ordinates and brings together key institutions and strategies for the long term. Existing groups and organisations may need to be rationalised and better connected to each other. Oldham Council with its leadership and co-ordination role is critical to this – and should be clear where and how organisations report or are overseen by its own structures.

128. See https://www.oldhamlabour.org.uk/2020/02/26/cllr-fieldings-speech-on-the-2020-21-budget/
129. See https://ifs.org.uk/publications/15858

There are also strong arguments and recommendations elsewhere in this report for a new approach to supporting R&D or technology diffusion within firms and organisations in Oldham (see the recommendations in the business chapter). This might be connected to new skills organisations in FE/HE such as on the existing IoT model in GM or to the nearby AMPI initiative in Rochdale.

There is also a case for following the lead of other towns in GM and creating new economic development institutions such as the MDCs in Stockport and, possibly a Mayoral Development Zone in Middleton or the Economic Development Agency or Corporation model as established in neighbouring Rochdale. The newly launched Greater Manchester Strategy confirms GM Mayor Andy Burnham's commitment to set up a Town Centre Mayoral Enterprise Zone in Oldham, though precise organisational and delivery details are yet to be developed.

But there are possible lessons emerging from each of these models. For example, both Stockport MDC and the Rochdale Development Agency are independently chaired, with additional capacity for economic development activities supported by both councils. Such organisations could offer a long-term vision and co-ordination across key institutions and to be a focus/capacity for inward investment or bidding to central government for specific projects and activities.

An overarching strategic body with additional capacity and expertise might also be a vehicle for rationalising the many existing boards or bodies that overlap and might also better co-ordinate across others e.g. education, town centre, social fabric and how they relate to business and the economy. These interconnections as we set out in this report are increasingly vital to the way we think about Oldham – the economy and the place are interconnected.

**We recommend:**

- Recognise the mutual importance of the 6 capitals in driving improvements and develop a strategy to capacity build and support key institutions.
- Set up a new overarching strategic board, with an independent chair or independent representation, to oversee the delivery of a new 2030 vision – in time this might become an urban development corporation or a model similar to the Rochdale Development Agency, but in the first instance a co-ordinating strategic board may be a first step.
- Develop clear reporting around the local "levelling up" missions and targets, back to the Council and Oldham Leadership Board.
- Work with Greater Manchester Combined Authority partners to ensure transparency about the investment of resources and expertise into Oldham and the impact of these on Oldham's levelling up vision for 2030.
- Work with the University and the college, and other key institutions, to develop a bespoke leadership and training programme, to focus the "common purpose" of all stakeholders around the 2030 vision for Oldham.
- Oldham council will develop policy with the Co-operative Council's Innovation Network to explore how we create the environment in GM and Oldham for more co-operative businesses and social enterprises to thrive, helping boost local wealth and link in to the GMCA Community Wealth Building Hub for funding grants/ digital finance start up advice.



**Acknowledgements:**
The report can be citied as Levelling Up Oldham: the Oldham Economic Review of Economic Transformation and Civic Pride (2022) Oldham Economic Review Board.

This report is the analysis and recommendations of the Review board collectively and does not necessarily represent the views of individual commissioners or their organisations. Within the limited capacity and time of the Review, robust efforts have been made to limit errors and omission including linking source material to encourage transparency.

The Review would like to thank Oldham Council for commissioning this independent report and for providing seed funding of £15,000, technical assistance through Jonathan Downs, Guy Parker, Mahmuda Khanom and maintaining the Review website (www.oerb.org.uk). The Review was also supported by the University of Manchester through the CAPE project with assistance from Dr Marianne Sensier and Jay Amin. Secretariat was provided by Oldham College who also hosted the Review Board meetings.

Special thanks go to the Witnesses who provided invaluable and thought-provoking insight as seen throughout the report. We are also very grateful to the think tank Onward who worked in partnership with the Review to provide in-depth research through focus groups in Oldham and Action Together Oldham for convening an engagement session with the local Community and Voluntary Sector.

# LEVELLING UP OLDHAM

The Oldham Economic Review of
Economic Transformation and Civic Pride

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MARCH 2022

**Report to CABINET**

# Creating a Better Place Update: Spindles Redevelopment

**Portfolio Holder(s):**
Cllr A Chadderton, Leader of the Council and Cabinet Member for Regeneration and Housing

Cllr A Jabbar, Deputy Leader and Cabinet Member for Finance and Low Carbon

Cllr E Taylor, Deputy Leader and Cabinet Member for Culture, Sports and Events

**Senior Officer Responsible:** Harry Catherall, Chief Executive Officer

**Officer contact:** Emma Barton, Executive Director for Place and Economic Growth

**Report Author:** Robert Mayo, Interim Development Director

**25th July 2022**

**Reason for Decision:**

Cabinet approval was obtained in February 2022 for the expenditure of funds to progress the design and delivery of the Spindles Redevelopment via the appointment of Willmott Dixon Construction through a Pre-Construction Services agreement and Enabling Works contract for the demolition of TJ Hughes.

Following further design and survey work, this report provides an update on the current position of the project and a recommendation to amend the contract strategy which has resulted from the outcome of further investigation works undertaken. The purpose of the recommendations set out in this report are to ensure value for money, provide the most efficient delivery programme for the redevelopment, reduce the project risk profile, and ensure the earliest possible delivery of the strategic outcomes.

**Executive Summary**

Following approval at Cabinet in February 2022, a Pre-Construction Services Agreement was entered into with Willmott Dixon Construction for the Spindles Redevelopment. It is recommended that the Spindles Redevelopment is contractually split into two separate project and contract workstreams.

- **Project / Contract Workstream 1:**
    - Demolition of TJ Hughes
    - Construction of the new Market & Events space
    - Roof improvement works

- **Project / Contract Workstream 2:**
    - Redevelopment of internal spaces within the centre (Workspace and Archive)

There are two main benefits to this approach in relation to both the programme for delivery and reduced inflation cost risks caused by the current market conditions which could impact the scheme.

**Recommendations**

1) As set out in the Part B report.

CABINET: 25 July 2022

**Creating a Better Place Update: Spindles Redevelopment**

## 1 Background

1.1 The Spindles Outline Business Case was approved in July 2021 which approved the commencement of a RIBA Stage 3 design, procurement of the required contractors for the main Redevelopment and Phase 1 office works and planning application strategy.

1.2 Subsequently in February 2022, Cabinet approval was gained for the FBC and the appointment of Willmott Dixon Conduction, a local construction company based in Oldham.

1.3 The business case confirmed the following objectives:

- **Regeneration and Town Centre Activation**: Increasing footfall and activation of the centre through intervention, reduction of void space in prime retail areas to consolidate and improve the town centre offer – create a destination of choice for Oldham's local communities.
- **Social Value Benefits**: Providing opportunities for Employment, Learning, Skills and Social contributions across the design, procurement, delivery and operational phases of the project.
- **Championing a Green Recovery**: Supporting the Green New Deal embedding sustainability and net zero carbon ambitions within the project
- **Reduction in Asset Cost Base**: Enabling the relocation of Tommyfield Market from a building that is failing and has significantly exceeded its expected lifetime, reducing immense investment requirements in out of date buildings that are no longer fit for purpose, remove backlog maintenance concerns and support energy efficient / sustainable buildings.
- **New Town Centre Homes**: Enabling core town centre regeneration proposals to be commenced by releasing key sites for commercial and residential development.

1.4 The business case also set out preferred development options following community and business engagement activities, which included priorities for more family friendly activities, improved accessibility, low carbon / sustainable / green energy solutions, new jobs, filling empty units, more things to do and places to visit came through strongly in alignment with Council ambitions and CV19 recovery plans. This was embedded into the project and supported four priority areas:

- **Market**: Relocation of Tommyfield Market into Spindles creating a new market which will better serve the needs to Oldham and its residents, driving footfall and creating a more vibrant town centre to support market and independent traders.
- **Events and Conferencing**: Creation of a new events and conferencing space to hold up to 500 people for a variety of events and Council requirements replacing the existing QE Hall.
- **Archive**: Creation of a publicly accessible archive store which will bring the archive into the town centre and allow much greater accessibility and a storage facility that provides greater protection and security
- **Flexible Workspace:** Creation of a new modern flexible workspace for the Council housing between 600 and 900 workstations, meeting and breakout spaces with high environmental standards supporting the productivity and wellbeing of everyone who works there.

1.5 Funding for the Spindles project has already been approved through the Council's Capital Programme (March 2020) and associated Creating a Better Place strategic framework in (updated: August 2020). This was revisited as part of the Capital Programme Budget setting in March 2021. Redevelopment cost estimates continue to be scrutinised to test and ensure best value considerations and opportunities for external funds such as decarbonisation have been, and continue to be, progressed and secured where appropriate.

1.6 Town Deal funding has also been secured (subject to final business case submissions and Cabinet approval of funding terms) for two projects which fall within the Spindles remit: Tommyfield Market and a Flexible office space, enhancing the economic and financial case for the redevelopment and investment further. The project aligns with the Creating a Better Place programme which through reviewing projects and the use of council assets for enhanced sustainable, energy efficiency, meeting customer needs will support the achievement of revenue savings.

1.7 After receiving feedback from staff, residents, market traders and the business community from engagement exercises throughout the lockdown period, further extensive public consultation was undertaken between Oct to Dec 2021 to pick up ideas and suggestions that further helped shape, steer and influence the redesign, to help change the future of the building and support our town centre and local economy to recover from the Coronavirus pandemic.

1.8 All procurement exercises have been undertaken in full compliance with Public Procurement Law and the Council's Contract Procedure Rules. The Procure Partnerships Construction Framework was selected for the Main Redevelopment works: further details were included in the February 2022 Cabinet report.

1.9 Since the previous Cabinet report - the appointment of Willmott Dixon Construction in March 2022 has allowed significant progress to be made on the project, and the planning application for the redevelopment of the site received unanimous planning approval on 8th June 2022.

## 2 Current Position / Programme

2.1 The current target programme and the construction programme has been developed in conjunction with Willmott Dixon Construction and work has commenced on site with completion of all works by Q4 2024.

## 3 Options/Alternatives

3.1 The alternative to the recommendations set out in this report are detailed in the part b report.

## 4 Preferred Option

4.1 The preferred option is set out in the part b report to mitigate delays and reduce the risk of cost escalation.

## 5 Consultation

5.1 Extensive consultation has taken place, this was detailed in the February 2022 Cabinet report.

6 **Financial Implications**

6.1 The costs are set out in the part b report, however the capital expenditure will be a charged against the Creating a Better Place Capital Programme.

6.2 The current expected costs of the contracts are within the total maximum budget approved by Cabinet. (James Postle - Finance Manager)

7 **Legal Services Comments**

7.1 Full compliance is in place with the Council's Contract Procedure Rules, Financial Procedure Rules and all relevant regulations relating to the Project.

7.2 Further comments are provided in the part b section of the report.
(Rebecca Boyle – Group Solicitor – Corporate Team).

8. **Co-operative Agenda**

8.1 The redevelopment of the Spindles Shopping Centre supports the delivery of the Oldham Model; helping to accelerate economic recovery and sustain a thriving town centre for our communities. (Amanda Richardson - Policy Manager)

9 **Human Resources Comments**

9.1 The Spindles redevelopment will create additional employment opportunities which will be a benefit for the residents of the borough. (Catherine Pearson – Strategic HR Lead)

10 **Risk Assessments**

10.1 From a risk perspective the proposals set out seem appropriate
(Mark Stenson – Assistant Director of Corporate Governance and Strategic Finance)

11 **IT Implications**

11.1 N/A

12 **Property Implications**

12.1 Property matters are embedded in the body of the report.
(Rosalyn Smith – Team Leaders Estates)

**13 Procurement Implications**

13.1 The preferred option set out in this report is supported by corporate procurement who have reviewed alongside legal advice and are satisfied that the approach is compliant with public procurement law. (Dan Cheetham, Procurement)

## 14 Environmental and Health & Safety Implications

14.1 Environmental: the workstreams set out in this report will support the carbon neutrality ambitions set out in the Oldham Green New Deal.
(Andrew Hunt – Green Energy and Sustainability Manager)

## 15 Equality, community cohesion and crime implications

15.1 There are no community cohesion implications arising from the proposal.
(Natalie Downs, Stronger Communities)

## 16 Implications for Children and Young People

16.1 N/A

## 17 Equality Impact Assessment Completed?

17.1 An Equality Impact Assessment was completed as part of the Creating a Better Place Programme. This will be reviewed again as the projects progress and are further developed.
(Gail Aspinall, Capital Programme and Special Projects Manager, CaBP)

## 18 Key Decision

18.1 Yes

## 19 Key Decision Reference

19.1 ESR-14-22

## 20 Background Papers

20.1 Creating a Better Place Cabinet Report, March 2022

## 21 Appendices – None

**PART A**

**Report to CABINET**

# Old Library Building:
# Restoration and Refurbishment Phase 2

**Portfolio Holder:**
Councillor Amanda Chadderton,
Leader of the Council and portfolio holder for Regeneration and Housing

**Officer Contact:**
Emma Barton, Executive Director for Place and Economic Growth

**Report Author:** Nigel Fraser, Capital Projects Team Leader

**25th July 2022**

## Reason for Decision

Following recent community engagement from the Big Conversation about the future of Oldham Town Centre, the feedback provided a very clear steer from local residents with regards to the pride they have about their place and heritage and the importance of maintaining and bringing back into use some of the beautiful heritage buildings.

The Council have already committed to preventing further deterioration of the Old Library Building, and works are underway to make the building safe, compliant, and secure, and provide a usable shell ready for bring back into full use.

Alongside progressing the priority works programme and as part of the Creating a Better Place strategic framework, future use assessments have been undertaken and this report sets out options for the internal redevelopment and delivery, aimed at providing a long-term sustainable future for the building.

## Executive Summary

The Old Library building has undergone a series of demolition and strip out works since 2018. There has also been an extensive programme of surveys and investigations and Tilbury Douglas Construction (TDC) are now on site undertaking the restoration and conservation works to the external fabric of the building. These Phase 1 priority works will

address the most significant dilapidation and conservation issues affecting the building and will enable the building to be made safe, weather-tight, and ready for a future internal fit-out.

**Recommendations -**

As set out in the Part B paper

**Old Library building: Restoration and Refurbishment Phase 2**

## 1 Background

1.1 The Old Library building has undergone a series of demolition and strip out works since 2018. There has also been an extensive programme of surveys and investigations and the contractor is now on site undertaking the restoration and conservations works to the external fabric of the building.

1.2 In February 2021 a priority works schedule, addressing the most significant conservation issues affecting the Old Library building and capturing the most disruptive structural and fabric interventions required to present the building for a future fit-out phase was approved.

1.3 In October 2021, Cabinet member approval was provided to award the priority works contact to Tilbury Douglas Construction. Work started on site in December 2021. The priority works agreed included making the building secure, safe and weather-proof to stop further dilapidations: specifically, a new roof, significant internal structural alterations and an extensive scheme of stone repairs and cleaning to the external envelope of the building.

1.4 In May 2022, approval was given to issue a works contract modification to enable additional works to be undertaken (fire escape update, window upgrades, DDA compliance works etc) while the scaffolding and other on-site preliminary measures were in place. This was to help reduce the visible aspect and community concern of removing these features only to reinstate at a later day, in addition to removing the duplicate expense of installation / removal from the overall project budget allocation.

1.5 Following recent community engagement from the Big Conversation about the future of Oldham Town Centre, the feedback provided a very clear steer from local residents with regards to the pride they have about their place and heritage and the importance of maintaining and bringing back into use some of the beautiful heritage buildings.

1.6 Discussions with local residents during the town centre Big Conversation confirmed that the community want to see the Old Library building brought back into use. However, the key concern for any third party (private sector, community / voluntary group) future use would see escalating costs to make the building safe and secure, and fit for any future purpose, due to the dilapidated state of the building.

1.7 Future use assessments have been undertaken aimed at providing a long-term sustainable future for the Old Library building whilst recognizing resident feedback and aligning the Old Library accommodation with the Council's regeneration ambition for the town centre and the Creating a Better Place strategic framework. Therefore, ensuring the best use of public funds, the options considered quickly narrowed the selection of future uses to include public services to help with best value considerations.

1.8 The consideration of rationalizing public services aligns with the town centre vision and the overall asset rationalization of the corporate estate / one public estate in a post-pandemic environment were working patterns, requirements and arrangements have changed, while still embedding civic pride and reflection of heritage into the plans.

## 2 Current Position

2.1 Resident feedback asked for more community space within the Cultural Quarter of the town centre, which includes Oldham Library, Gallery Oldham, and the Old Post Office building, (which is being redeveloped in its own right to provide the future home of the Colesium via a new performance theatre), and the Old Library building.

2.2 The Old Library building has many heritage features which have been hidden as part of previous uses, which can be incorporated into the plans and re-energise the spaces to reflect and recognize the communities civic pride. This has heavily influenced the review of options for future uses within the building, and by putting civic and public services at the heart while providing a balance of creative, cultural and community uses provides a truly integrated civic function.

2.3 The feasibility option assessment therefore sets out the following parameters for the Old Library accommodation goals:

- Public, community space and meeting rooms on the ground floor
- Enhanced / available space for community groups to collaborate from across arts, culture and performance and who need more space to deliver their activities and services.
- Additional gallery space on the upper floor as there is connecting bridge to the existing Gallery
- Civic space – Council Chamber, mayoral chamber, member rooms, committee meeting rooms and executive office space for officers / support staff.

2.4 The Strategic Business Case (SBC) has been developed to understand the value in utilising baseline future use assessments and this document sets out the procurement and development strategy for the Old Library restoration and refurbishment phase 2. The SBC documentation (appended to the part b paper) sets out:

- What is the rational for the project, case for change and the business need
- Indicative costs and phasing
- Procurement and delivery strategy
- Financial implications
- Links to corporate strategy/asset management

2.5 The lead consultant will be responsible for the co-ordination of the design of the project and for the appointment, coordination, management, and programming of the activities of the Design Team.

2. A procurement exercise has also been completed for the external project management team, cost consultant and principal designer.

## 3 Options/Alternatives

### 3.1 Option 1 – proceed to the next stage of project development

- Note the completed Strategic Business Case (SBC) and agree to its approval as the basis of the delivery of the preferred facility mix for the Old Library restoration and refurbishment Phase 2.
- Authorise formal agreement and award of the contract(s) in the configuration set out in this report for the next stage of project development.

**3.2 Option 2 – Carry out further accommodation analysis:** to undertake further future uses / accommodation analysis it will be necessary to carry out a further review of the Councils accommodation needs and strategic ambitions.

3.2.1 Objectives would need to be re-set and opportunities to drive programme, design and construction efficiencies would not be realized. Project development would-be put-on hold and the outturn cost for re-development of the Old Library would likely increase.

3.2.2 Future uses could span into private / third sector solutions and would result in different options being needed for civic / corporate services. Programme, cost uncertainty, timescales and strategic objectives would be put at risk if this option was to be considered further.

**3.3 Option 3 – do not progress phase 2 proposals at this time.** By undertaking the external fabric restoration works, the Council will have invested significantly into addressing the deterioration of the condition of the building and it will be possible, on completion of the phase 1 work, to secure the building pending consideration of other options.

3.3.1 As with other listed heritage buildings on Union Street, the local community do not want these buildings to stand empty, especially given the investment committed to-date in ensuring a long-term future.

3.3.2 Maintaining public access and bringing heritage buildings back into use are known priorities and this is a driving factor in consideration of the options available.

3.4 **Option 4 dispose of the building following completion of the current phase 1 works:** By undertaking the external fabric restoration works, the Council will have invested significantly into the development of a long-term future for the Old Library building.

3.4.1 However, it may not be possible to achieve any interest in the market with a specified and deliverable use without a commitment to invest the further resources

(time and financial) needed to complete a fully occupiable building. It is anticipated that the Council would have to include a significant grant award (£millions) to any potential bidder as part of a disposal package.

3.4.2 Concerns and risks are noted that any successful bidder, even with the Council grant award, could take ownership of the building without securing an acceptable end use or timeline for reinvestment. Creating a Better Place strategic objective would be put at risk.

## 4 Preferred Option

### 4.1 Option 1 – proceed to the next stage of project development

4.2 This option helps bring a heritage building back into use, provides a new civic home for public services, supports an enhanced cultural and community offer and supports the wider strategic asset rationalization / town centre redevelopment plans.

4.3 On approval of the recommendations, SBC and capital commitment by Cabinet the design for a cultural and civic hub, underpinning a renewal in the life of the Old Library will be progressed.

4.4 A Full Business Case (FBC) will be submitted for technical scrutiny ahead of works starting on site. This should align with the completion of / transition from the dilapidation works and provide one coherent project plan to the local community, with completion targeted for Q4 2023/24 (or accelerated where possible).

## 5 Consultation

5.1 Following recent community engagement from the Big Conversation about the future of Oldham Town Centre, the feedback provided a very clear steer from local residents with regards to the pride they have about their place and heritage and the importance of maintaining and bringing back into use some of the beautiful heritage buildings.

5.2 Following Cabinet approval, Ward members will be consulted followed by engagement with third parties, stakeholders, and the wider community as part of the planning application process (as change of use will be required).

## 6 Financial Implications

6.1 Total costs for the Phase 2 works to the Old Library are detailed in the part b section of this report. The costs will be capital expenditure and will be a charge against the Creating a Better Place Capital Programme which has already been approved by Cabinet as part of the annual budget setting process.

6.2 As the Old Library redevelopment proposals are to relocate the Council Chamber, Members' Offices and certain other civic functions from the Civic Centre, the

project is critical to the achievement of a significant proportion of the Creating a Better Place Budget Option relating to reductions in costs upon the vacation of the Civic Centre. (James Postle, Finance Manager)

## 7 Legal Services Comments

7.1 All works, services and goods or property procured/acquired or disposed of by or on behalf of the Council must be procured in compliance with the Council's Contract Procedure Rules and all other relevant regulations including, where applicable, the Financial Procedure Rules and Land and Property Protocol. Client Officers must work with legal colleagues to approve the terms of any grant agreement.

7.2 Further details are set out in the part b section of this report. (Rebecca Boyle, Group Solicitor – Corporate Team).

## 8 Co-operative Agenda

8.1 As a Co-operative Council we are committed to working with our residents and partners to regenerate Oldham Town Centre. During the Big Conversation and Oldham Plan Consultation residents spoke about the importance of celebrating Oldham's proud history, especially the many historically rich buildings around the town centre. The proposed approach reflects this ambition, bringing one of Oldham's most historical buildings back into use. (Jonathan Downs – Corporate Policy Lead)

## 9 Human Resources Comments

9.1 None identified at this time. (Adele Savage, HR Advisory Operations Manager)

## 10 Risk Assessments

10.1 Corporate risks are detailed in the part b report. (Mark Stenson Assistant Director of Corporate Governance and Strategic Financial Management)

## 11 IT Implications

11.1 To ensure the building is fit for its intended use, the Council's IT Service will be engaged as soon as possible. (Mike Zammit, Interim Head of IT)

## 12 Property Implications

12.1 Property implications are embedded in the body of the report with further detail in the part b report. (Robert Mayo, Interim Development Director)

13 **Procurement Implications**

13.1 Full details are set out in the part b report, and the full procurement strategy is detailed in the Strategic Business Case. (Dan Cheetham, Interim Procurement Lead)

14 **Environmental and Health & Safety Implications**

14.1 It is essential that any works are completed in compliance with health and safety legislation including The Construction Design and Management Regulations 2015. (Neil Crabtree, Interim Assistant Director – Public Protection)

15 **Equality, community cohesion and crime implications**

15.1 There has been a detailed stage one Equality Impact Assessment completed for the Creating a Better Place programme. Colleagues in Policy have reviewed this document and have given feedback and some suggested additions and elements to explore.

16 **Equality Impact Assessment Completed?**

16.1 Yes, as part of the Creating a Better Place programme

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 ERS-08-22

19 **Background Papers**

19.1 none

20 **Appendices**

None to part a report. Technical documents are appended to the part b report.

**Report to CABINET**

# Atom Valley Mayoral Development Zone (MDZ)

**Portfolio Holder:**
Cllr Chadderton, Leader of the Council and Cabinet Member for Regeneration and Housing

**Senior Officer:**
Harry Catherall, Chief Executive of Oldham Council

**Report Author:**
Emma Barton, Executive Director of Place and Economic Growth

**25 July 2022**

**Reason for Decision:**

Through the Greater Manchester Strategy and the emerging Places for Everyone (PfE) Joint Development Plan, the Greater Manchester Combined Authority (GMCA) is leading on the development of six growth locations across Greater Manchester (GM) with a renewed ambition to address issues and opportunities to level up, grow and sustain the economy following years of persistent austerity and prevailing economic conditions.

This report seeks Cabinet approval for a Mayoral Development Zone to be established within the North East Growth Location of Greater Manchester and for it to be named the Atom Valley Mayoral Development Zone.

**Recommendations:**

Cabinet members are asked to:

1. To agree to the establishment of the Mayoral Development Zone (MDZ) within the North East Growth Corridor and for it to be named the Atom Valley MDZ.
2. To approve the MDZ boundary that sits within the Oldham local authority boundary.
3. To approve the establishment of the Atom Valley MDZ Board with the delegated authority to develop a strategy for the MDZ and create a business case for investment and external funding support with the Greater Manchester Combined Authority.

4. To delegate implementation of Oldham's involvement in the Atom Valley MDZ to the Executive Director of Place and Economic Growth in consultation with the Chief Executive and the Leader of the Council and Portfolio Holder for Regeneration and Housing.

5. To note that regular reporting of progress relating to the MDZ will be made to Cabinet and Overview & Scrutiny Committees.

**Executive Summary**

The aim of Growth Locations (of which there are six across Greater Manchester) is to identify priorities for investment to support new development, improve sustainable transport links, create and retain employment, offer better job opportunities and improve training and skills development for residents.

Within the North-East Growth Location, there is a specific opportunity to create significant levels of employment around three key sites – namely the Northern Gateway site (Bury / Rochdale), Stakehill site (Rochdale / Oldham) and the Kingsway Business Park (Rochdale).

To support transformational economic growth at these locations, all three local authorities are seeking Cabinet approval for the sites in question to be incorporated into a Mayoral Development Zone to ensure a committed focus in delivering these sites at district, regional and national levels. To distinguish and promote the opportunities in these areas, the proposal is also to brand this area as the Atom Valley Mayoral Development Zone.

The Atom Valley MDZ will support inclusive and sustainable growth that boosts and maximises the competitiveness of the northern part of GM in relation to its local economy and will provide employment opportunities for the residents of Oldham (as well as Bury and Rochdale) and will also support the development of important co-ordinated sustainable transport links across the north of the conurbation.

Governance arrangements, including the formation of a Mayoral Development Zone Board, will be established as part of the proposals to ensure that the necessary infrastructure and investment is secured to realise the full potential and aspirations of the area

**Atom Valley Mayoral Development Zone (MDZ)**

## 1 Background

1.1 Through the Greater Manchester Strategy and the emerging Places for Everyone (PfE) Joint Development Plan, the Greater Manchester Combined Authority (GMCA) is leading on the development of six growth locations across Greater Manchester (GM) with a renewed ambition to address issues and opportunities to level up, grow and sustain the economy following years of persistent austerity and prevailing economic conditions.

1.2 To achieve the above ambition, a Growth Location has been identified in the north-east of the conurbation that transcends across Bury, Rochdale and Oldham. This growth location reflects the significant opportunities for growth in employment along the highway network and also the opportunities for significant regeneration within the main town centres in this area of GM. The area is known as the North-East Growth Location (NEGL).

1.3 The employment growth opportunities that sit alongside the highway network (M66, M60 and M62) are of regional and national significance. As such, within the NEGL, it is proposed that a Mayoral Development Zone (MDZ) is created to articulate the importance of bringing these forward, which will then benefit the wider NEGL, and the wider conurbation and beyond. It is proposed that the MDZ be called the Atom Valley MDZ for branding and promotional purposes.

1.4 The sites that are proposed within the Atom Valley MDZ are Northern Gateway (in Bury and Rochdale), Stakehill (in Oldham and Rochdale) and Kingsway Business Park (including the Advanced Machinery and Productivity Institute (AMPI)). Collectively, they have the potential to deliver 1,600,000 square metres of employment space, 20,000 jobs and 7,000 homes.

1.5 Currently there are pockets within the three boroughs that are characterised by relatively low incomes, low house prices, low qualifications, low economic activity, low proportions of people in higher-paid managerial/professional occupations and on average, suffer with poor health.

1.6 The designation of the NEGL and the Atom Valley MDZ reflects the opportunities that exist in this geographical area and also underlines the ambitious development strategy set out in the PfE. These designations will help to prioritise the area and sites for future local and national funding programmes, particularly around transport infrastructure. They will also help to inform discussions with other infrastructure providers, such as utility companies and importantly, help to lever in private sector investment. The designations will therefore help to address many of the issues identified in paragraph 1.5 by accelerating the economic growth potential of these sites and improving the competitiveness of the north of the conurbation.

1.7 New employment opportunities across the Atom Valley MDZ will be supported by improved physical infrastructure, including considerable investment into local highways and public transport – helping to create the sustainable transport links for Oldham's residents (as well as residents from Bury and Rochdale) to access the new opportunities. Likewise, there will need to be significant investment in social infrastructure to ensure that our local residents in Oldham are best placed to benefit from the opportunities emerging within the Atom Valley MDZ.

1.8 The aspiration is to create a wide range of employment opportunities, including a significant number of high value jobs. Ultimately, the key driver for the NEGL and Atom Valley MDZ is

to create and retain employment, offering better job opportunities and enabling training and skills development to increase the number of residents in employment.

1.9 In addition to the Atom Valley MDZ, the wider NEGL will seek to rebalance the economy in the north-eastern part of GM. In Oldham specifically in addition to the Stakehill development sites, the focus will be on the town centre, with its approved regeneration strategy in place that will complement and add benefit to the vision of the Atom Valley MDZ and NEGL as a whole. It is vital through these plans that Oldham ensures sustainable development, including the increase in provision of highway and public transport investment.

1.10 The urgency to intervene at scale and in a connected way has been accelerated by the opportunity presented by Government through the publishing of the Levelling Up White paper and subsequent levelling up opportunities.

## 2 Atom Valley MDZ – Growth and Regeneration

2.1 The Northern Gateway site is of a transformative scale and of national and international significance. It has the potential to significantly change the economic growth potential of the Atom Valley MDZ, wider NEGL and beyond as it boasts having the capacity for around 1,200,000 square metres of employment floorspace, including proposals to incorporate a significant element of advanced manufacturing and major investment in transport infrastructure.

2.2 The site will be able to attract significant inward investment as well as stimulating increased productivity amongst companies in the area. This will build on existing manufacturing supply chains and skills enabling growth and the development of new and deeper supply chains around advanced manufacturing. An integral component of the strategy to bring forward the site is the partnership between the developer, businesses and educational institutions to ensure that training support is in place enabling local residents to access the many jobs (including high-skilled employment opportunities) that will be created to support levelling up.

2.3 The Atom Valley MDZ will support local training initiatives that will result in higher wages for local residents across the borough.

2.4 There will be beneficial outcomes to Oldham's local residents through the Atom Valley MDZ and wider NEGL given the inclusion of the town centre and its approved regeneration programme (Creating a Better Place), and funding that has already been secured. Through emerging CRSTS monies, there are plans to develop a choice of high-quality transport links within each local authority and across GM (this is reported in a separate paper to Cabinet).

2.5 It is important that our residents benefit from this investment and a boroughwide Transport Strategy is being developed to set out the key areas of intervention that will allow for a more integrated transport network, connecting to the Atom Vally MDZ opportunities and other major employment sites within the region.

2.6 Connecting residents to employment opportunities is being seen as a vital component of the Atom Valley MDZ and wider NEGL. The ambition is for the new development locations to be a catalyst for investment in transport that will benefit both the sites and surrounding communities.

## 3 Atom Valley MDZ – Proposals

3.1 Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity through focussing on the key drivers of place which include: infrastructure, housing and business space; the application and transfer of technology to improve productivity; innovation and skills of the workforce; strong and resilient communities; appropriate financial resources and place leadership. Each of these are individually important but their real significance comes in combination across the NEGL.

3.2 As already identified, support from national funding programmes has been secured to deliver town centre regeneration and TfGM has secured funding through CRSTS and infrastructure funding programmes. Furthermore, GMCA and Homes England have both provided revenue funding to support the delivery of the sites in the NEGL.

3.3 However, there is a need for a delivery route that will achieve an acceleration of the pace and scale of delivery and be able to attract further investment. It is therefore proposed that the optimal regeneration mechanism for this area is the formation of the Atom Valley MDZ. Appendix 1 outlines the benefits of having an MDZ.

3.4 A MDZ is a non-statutory entity: it is not a Mayoral Development Corporation which is a statutory entity. Under the MDZ arrangements, GMCA and the three local authorities will incorporate the use of their own powers when required.

3.5 The designation of the Atom Valley MDZ and the formation of an MDZ Board will provide a clear mechanism to align public and private sector investment and ensure that there is a clear commitment to the principle of delivering inclusive and sustainable economic growth across the three sites and adjoining town centres across Bury, Rochdale and Oldham.

3.6 The proposed MDZ would be created around the three large growth sites as previously referred to i.e. Northern Gateway, Stakehill, and Kingsway Business Park. This will bring together the leaders of Bury, Rochdale and Oldham Councils alongside the GM Mayor and other key organisations and agencies, such and National Highways and utility companies. It is important that a partnership with such key stakeholders is developed to deliver the benefits of levelling up through a joined-up approach and to realise the potential of the northern part of GM for the benefit of, and as an integral part of, the whole of GM.

3.7 The Atom Valley MDZ will cover the area as indicated shaded grey on Appendix 2.

## 4 Atom Valley MDZ – Next Steps

4.1 The next steps will be to establish the Atom Valley MDZ Board and supporting governance structure, the development strategy, a business case and starting to develop priority projects to attract further public sector funding:

4.2 The Atom Valley MDZ Board will, once established, firm up its relationship with Bury, Rochdale and Oldham Councils and start to look at where it can support the delivery of key strategic sites. It will provide a focus on core deliverables, both in terms of these sites and linkages to surrounding town centres and communities.

4.3 The Atom Valley MDZ Board will also agree its key objectives and develop a business case to aid the above, as well as attract future investment to support the delivery of the various sites. The Business Case will set out and refine the programme of projects (including transport objectives) that will support successful delivery of Atom Valley MDZ's stated objectives as set out in Appendix 3 of this report.

4.4 The Atom Valley MDZ Board will also prepare a Strategic Business Plan which will be approved on an annual basis by GMCA and Bury, Rochdale and Oldham Councils. Updates on delivery of objectives will be brought to Cabinet and to the Council's Overview & Scrutiny Committees.

4.5 The Atom Valley MDZ Board will receive all future project progress updates, delivery plans and investment propositions to achieve the stated objectives, including delivery of the overall development programme.

4.6 Where required, further analytical and evidence-base work will be undertaken in respect of more clearly articulating an economic case of which specific funding will be sought.

4.7 The Atom Valley MDZ Board will also monitor progress against expected benefits. This will include projects being supported by risk registers and risk mitigation strategies. Key stakeholders will be identified, and a communication and stakeholder plan will be brought to an early meeting of the Board for discussion and approval.

4.8 Furthermore, GMCA will ensure that there will be reporting transparency and accountability for delivery of projects within the Atom Valley MDZ through respective reporting lines to the three local authorities.

## 5 Atom Valley MDZ – Communications

5.1 Bury and Rochdale Councils, together with Rochdale Development Agency (RDA), have led on the development of the Atom Valley brand which was revealed by the GM Mayor and local authority leaders at the New Era for GM Event in March 2022.

5.2 The GMCA, communications representatives of the three councils and the RDA are working together to ensure that there will be a communications strategy and plan for the delivery of the Atom Valley MDZ objectives and associated projects developed via the wider Atom Valley Growth Location.

## 6 Financial Implications

6.1 There are no financial obligations for the Council to consider at this stage in accepting the recommendations of this report. Any financial implications for the Council that may arise from the Atom Valley MDZ will be the subject of future reports.
(James Postle - Finance Manager)

## 7 Legal Services Comments

7.1 There are no legal issues for the Council to consider at this stage in accepting the recommendations of this report. Any legal implications that may flow out of the objectives and associated projects developed through the Atom Valley MDZ will be the subject of future reports and to the provisions of the Council's Contract Procedure Rules, Financial procedure Rules and Land and Property Protocol.
(Rebecca Boyle, Group Solicitor – Corporate Team)

8 **Human Resources Comments**

8.1 There are no HR matters for consideration in accepting the recommendations of this report.. (Catherine Pearson – Strategic HR Lead)

9 **Risk Assessments**

9.1 There are no specific risks for consideration in accepting the recommendations of this report. (Mark Stenson – Assistant Director of Corporate Governance and Strategic Financial Management)

10 **IT Implications**

10.1 N/A

11 **Property Implications**

11.1 N/A

12 **Procurement Implications**

12.1 There are no Procurement issues for consideration stage in accepting the recommendations of this report.. (Dan Cheetham, Procurement.)

**13 Environmental and Health & Safety Implications**

13.1 N/A

**14 Equality, community cohesion and crime implications**

14.1 N/A at this stage in accepting the recommendations of this report.. (Natalie Downs, Stronger Communities)

**15 Implications for Children and Young People**

15.1 N/A

**16 Equality Impact Assessment Completed?**

16.1 N/A

**17 Key Decision: Yes**

18 **Key Decision Reference: Rule 13 sought and agreed.**

**Appendices –**

Appendix 1 – Benefits of the Atom Valley MDZ

Appendix 2 – Proposed MDZ

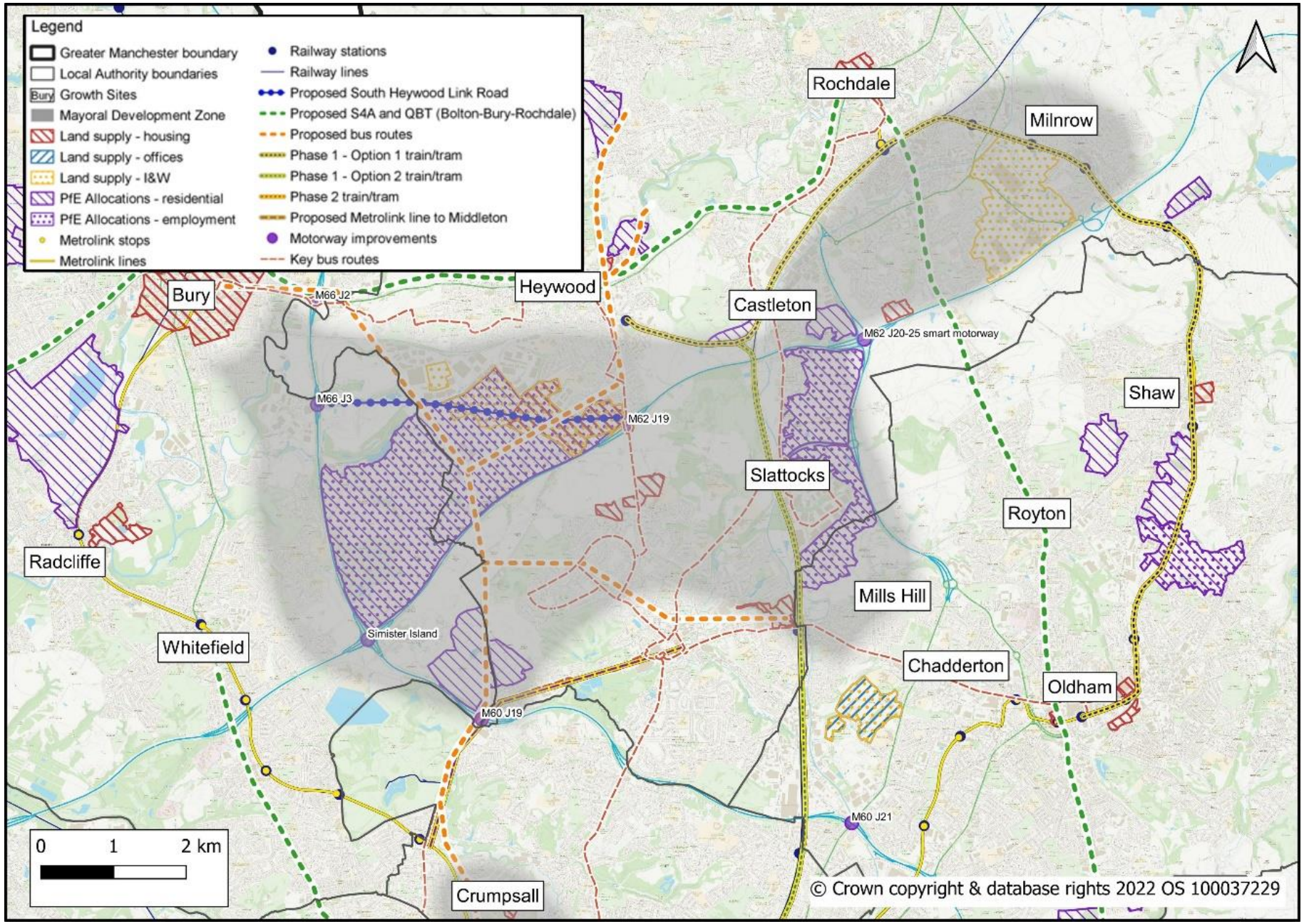
Appendix 3 – Atom Valley MDZ Objectives

## APPENDIX 1: BENEFITS OF THE ATOM VALLEY MDZ

It will:

- Assist in strategically focussing development activity across the area;
- Deliver the single institutional mechanism for land assembly, master planning, development facilitation, site preparation, infrastructure and place creation;
- Have the ability to harness the resources of local and national government to secure maximum impacts and efficiency;
- Align public sector investment to assist in unlocking the area's potential;
- Have the recognised profile and ability to create a diverse mix of investment propositions to take to the market and to Government;
- Have the recognised profile to procure development partners where this is required, underpinned by land sale agreements or joint ventures between public and private sector partners;
- Be able to bring together appropriate experience and capacity in development and place-making from across the public sector and at a Board level to create the momentum required to support delivery of a long-term and complex change programme of initiatives, programmes and interventions;
- Set in place a time-limited but long-term structure by way of the business plan that would site outside of other organisational contexts and pressures. This would ensure that there was a committed resource in place to be at the centre of the investment strategy; and;
- Enable a focussed and integrated approach for all key development activities that will optimise the relationships between democratic responsibility and the economic and social priorities of the GM Mayor, GMCA, the three local authorities and other public partners, as well private partners to ensure relevant reporting and that proceedings can be correctly scrutinised and rigorously tested through existing democratic structures and governance.

## APPENDIX 2: PROPOSED MDZ



## APPENDIX 3: ATOM VALLEY MDZ OBJECTIVES

The high-level objectives of the Atom Valley MDZ will consist of:

- Delivering approximately 1,700,000 square metres of new employment floorspace, 21,500 quality jobs and 4,430 of new quality low carbon homes linked to sustainable transport;
- Contributing to the delivery of the transport strategy for the area that connects the three growth sites to existing communities and develops new communities that are accessed by a choice of transport modes. This will include the timely support of national transport agencies to align investment in highways and transport at a pace and scale to align with development coming forward;
- Contributing to the delivery of the social infrastructure and amenity required to support an increase in the business and residential population of the area and to benefit existing residents of the area;
- Attracting public and private sector investment to support the delivery of employment and residential growth;
- Working with partners including higher educational institutions to ensure that the local labour force has the skills to meet the needs of new and growing businesses, residential and employment growth;
- Ensuring that the development of inclusive and sustainable growth of the three sites within the Atom Valley MDZ are contributing towards the regeneration objectives of the surrounding town centres; and;
- Working closely with identified partners and including the three local authorities, GMCA, TfGM, National Highways, Great British Railways, Homes England and the private sector joint venture developer.

**PART A**

**Report to CABINET**

# City Region Sustainable Transport Settlement (CRSTS) – Transport Capital Programme 2022/23

**Portfolio Holder:**
Councillor Stretton, Cabinet Member for Neighbourhoods

**Officer Contact:**
Emma Barton - Executive Director for Place & Economic Growth

**Report Author:**
Gordon Anderson – Head of Highways & Engineering

**25th June 2022**

**Reason for Decision**

Previously highway maintenance funding was received through Core Highways Maintenance and Integrated Transport Block (ITB): this has now been 'consolidated' into the City Region Sustainable Transport Settlement (CRSTS), and Oldham has a new funding settlement with effect from 1 April 2022 for the next 5 financial years.

With the strategic approach for the 5-year CRSTS programme approved in March 2022, (appended to this report), we have received confirmation that there is also an additional ITB allocation for 2022/23. Therefore, this report seeks formal acceptance of the funding and the programmes recommended for delivery in 2022/23.

**Recommendations for Cabinet:**

1. To seek formal approval of the proposed programme of works/projects which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA

2. To seek formal approval of the 2022/23 Transport Capital programme, based on good practice and ensuring best value for money (Appendix 1).

3. To seek formal approval of the 2022/23 Integrated Transport Block (ITB) programme of highway safety, traffic management and minor works schemes based on accident data analysis and feedback from Councillors and residents across the borough (Appendix 2).

4. To seek approval that all tender award decisions relating to delivery of the appended programmes, with a value of over £400,000, are delegated to the Portfolio Holder and the Executive Director for Place & Economic Growth (consistent with previous Cabinet delegations for highways improvement contracts/programmes): this is necessary to meet delivery timescales.

5. To seek approval that all tender award decisions relating to delivery of the appended programmes (up to £400,000), be delegated to the Executive Director for Place & Economic Growth without the need for further sign-off of individual tender awards (the mechanism for this to be agreed with the Executive Director for Place & Economic Growth).

6. To approve that any underspend generated as the attached programmes progress (Appendix 1 and 2) be used to deliver additional schemes in priority order (although lower priority schemes may be selected depending on available budget, value for money and type of treatment) until the budget is fully expended in year. This approach to utilising underspend means we do not need to gain further approvals to deliver additional schemes, ensuring they can be delivered as soon as practically possible. Any additional schemes to be delivered will be communicated with the Portfolio Holder in advance and Ward Members as the scheme development progresses.

7. To note that:
    - detailed financial reports and updates will be reported to Corporate Investment Performance Board (CIPB).
    - delivery teams will engage with procurement and legal to ensure that the Council's Contract Procedure Rules are adhered to in all cases.
    - The Portfolio Holder will be kept up to date on programme delivery overall; and
    - Ward members will be informed of scheme development (where appropriate) and delivery dates ahead of schemes getting to site. This mechanism will ensure prompt and efficient delivery of schemes and the overall programme.

**City Region Sustainable Transport Settlement (CRSTS) – Transport Capital Programme 2022/23**

## 1 Background

1.1 Funding previously received for Core Highways Maintenance and Integrated Transport Block (ITB) has been 'consolidated' into the City Region Sustainable Transport Settlement (CRSTS) funding settlement with effect from 2022/23, for the next 5 financial years.

1.2 On 1st April 2022, GM was notified of its final CRSTS allocation of £1.07bn based upon the CRSTS Prospectus, which had been submitted to Government in September 2021 and the draft Programme Case submitted on 31st January 2022.

This allocation includes an amount of £175m for core highways maintenance and £82m for ITB funding for the period 2022/23 to 2026/27.

In a report presented to the GM Wider Leadership Team on 13th April 2022 by TfGM/GMCA agreement was gained of the 2022/23 interim allocation of CRSTS funding for the following elements (in advance of final agreement of the full allocations across the CRSTS programme):

- 2022/23 Core Highways Maintenance funding (consolidated highways maintenance block, incentive fund, pothole and challenge funding);
- 2022/23 Integrated Transport Block (ITB) funding.

## 2 Current Position

2.1 **Core Highways Maintenance Funding**

A core highway maintenance allocation of £35m (covering the first year of the £175m) will be made to local authorities based on an allocation process agreed with the GM Delivery Group, the GM Highways Group and the GM Treasurers.

**Integrated Transport Block (ITB) Funding**

ITB is capital funding granted to local authorities for expenditure on their local transport plans. Following the confirmation of the final CRSTS award by DfT the proposal for allocating ITB in 2022/23, that has been discussed and agreed in principle by the GM Delivery Group and GM Highways Group, is as follows:

- There is no requirement for ITB to be used as part of the funding strategy for Bus Franchising in 2022/23, and therefore it can be released, in full, for funding local transport. However, the potential requirements for ITB to be applied as a funding mitigation for Bus Franchising will need to be reviewed on an annual basis.
- For 2022/23, it is proposed that the allocation basis for ITB returns to the 'historic' 50:50 between the GM local authorities and public transport investment via GMCA. Therefore, the proposal is that £16.3m of ITB is released on a 50:50 basis between the GM local authorities and GMCA.

Following discussions with local authorities via the GM Delivery Group and the GM Treasurers, it is proposed that the allocations of ITB funding per local authority will follow the same as that used when ITB was last allocated to the GM local authorities in 2010/11.

Oldham's total settlement for 2022/23 will be £3,774,000 (£707k ITB funding and £3.067m core maintenance funding).

This will be passported, via the Council's Capital Strategy and Capital Programme 2022/23 - 2026/27 approved by full Council on the 2nd March 2022, for investment in and maintenance of Oldham's transport network. This is in accordance with current Local Transport Plan expectations.

**Core Highways Maintenance Funding**

In an effort to maintain the progress made as part of our recently completed Highway Investment Programme (HIP) we plan on prioritising funds going forward in the same manner. Ensuring scheme selection is carried out in the same manner will allow us to continue to prioritise the correct intervention on the highway at the correct time.

Prioritising the programme using the most recent condition data from the range of condition surveys we carry out annually, and cross referencing those against out claims and enquiry data, has allowed us to not only target the worst roads across the borough, but also continue in our efforts to reduce highway claims and revenue repairs throughout Oldham.

With savings achieved in 2021/22 we already have a preventative maintenance programme of £750,000 approved. This has been tendered and is awaiting delivery in the summer of 2022 (shown at the bottom of Appendix 1 as previously approved). Appendix 1 details the highway schemes to be funded from CRSTS which will enable us to carry out a resurfacing programme alongside the preventative programme.

**Integrated Transport Block (ITB) Funding**

The ITB allocation for Oldham in 2022/23 is £707,000. A programme of works has been compiled by highways officers based on the following factors:

- Commitments to road safety, traffic management and minor works schemes established as part of the previous programmes which are still a priority for delivery;
- Council priorities including accident reduction schemes and pedestrian safety improvements;
- Scheme requests received throughout the year, including from Councillors, members of the public and other organisations, which are all recorded for consideration as part of this process;
- The authority's statutory duties in relation to highways including:
  - acting to reduce the likelihood of accidents occurring at known accident locations;
  - promoting safe and sustainable travel to school;

- Ensuring the programme is consistent with the Council's Asset Management Plan (AMP).

Appendix 2 sets out a proposed programme of schemes which would fully utilise the expected ITB allocation and is recommended for delivery in 2022/23.

## 3 Options/Alternatives

3.1 Option 1 - Members agree:

- The proposed programme of schemes which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA.

3.2 Option 2 – Members don't agree:

- The proposed programme of schemes which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA.

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## 4 Preferred Option

4.1 Option 1 is recommended to progress delivery of the Transport Capital Programme 2022/23 and deliver improvements and infrastructure across the borough's highway assets

- The proposed programme of schemes which would fully utilise the expected City Region Sustainable Transport Settlement highway maintenance and Integrated Transport Block (ITB) allocations available for 2022/23 as per the formal grant notification from GMCA.

- That all tender award decisions relating to delivery of the appended programmes, with a value of over £400,000, are delegated to the Portfolio Holder and the Executive Director for Place & Economic Growth. This is necessary to meet delivery timescales.

- That all tender award decisions relating to delivery of the appended programmes (up to £400,000), be delegated to the Executive Director for Place & Economic Growth without the need for further sign-off of individual tender awards (the mechanism for this to be agreed with the Executive Director for Place & Economic Growth).

- That any underspend generated as the attached programmes progress (Appendix 1 and 2) be used to deliver additional schemes in priority order (although lower priority schemes may be selected depending on available budget, value for money and type of treatment) until the budget is fully expended in year.

## 5 Financial Implications

5.1 The proposed total cost of all schemes earmarked to be delivered within this financial year as stated within Appendices 1 and 2 amounts to £4.577m.

This will be financed by the 2022/23 allocations from the City Region Sustainable Transport Settlement integrated transport block (£0.707m), Core Maintenance Block (£3.067m),unallocated core maintenance funding underspends carried forward from the 2021.22 Capital Programme and a small proportion of the 2023.24 allocation if required (£0.803m).

(John Edisbury)

6 **Legal Services Comments**

6.1 The Council should follow compliant routes to market to select the most economically advantageous bids for any road works proposed under any of the road improvement schemes outlined in the body of this report and seek the appropriate levels of approval for awards of contract in accordance with the Council's constitution including the Contract Procedure Rules.

7 **Procurement Implications**

7.1 Subject to approval of the recommended option of this report, all subsequent schemes will be reviewed and where possible tendered using the Council's Construction and Highways Works and Services Framework Agreement (2019) (CHWSF), by way of Further Competition or by Direct Award. Should this not be possible an alternative appropriate procurement route that complies with the Council's Contract Procedure Rules will be used.

8. **Co-operative Agenda**

8.1 The Council is obligated as the Highways Authority to maintain the highway network. Residents are requested to use the network with consideration and report defects to enable quick repair. These two things alongside each other will provide the Borough with the best opportunity to maintain the roads which serve the local economy.

The Transport Capital Programme is determined and approved centrally so that schemes meet the Council's statutory duties and wider transport strategy objectives. In the light of decreasing levels of funding, the development of the programme reflects a co-operative approach, ensuring that where possible schemes meet multiple objectives and complement other capital and revenue programmes such as regeneration. This approach can often result in composite schemes comprising carriageway maintenance, safety enhancements, public realm, pedestrian and cycle improvements, which achieves better value for money.

9 **Human Resources Comments**

9.1 None

10 **Risk Assessments**

10.1 None

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Equality, community cohesion and crime implications**

13.1 None

14 **Equality Impact Assessment Completed?**

14.1 Not required at this stage

15 **Key Decision**

15.1 Yes

16 **Key Decision Reference**

16.1 This item has been included on the Forward Plan under reference **NC-03-22**.

**Appendices**

Appendix 1 – Enclosed in Part B Report.

Appendix 2 - Enclosed in Part B Report.

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