

## Programmes and Investment Committee Chair's Action



**Date: 24 January 2024**

**Title: Scrappage Scheme**

**This paper will be published with the papers for the next meeting of the Committee**

### 1 Summary

<b>Scrappage Scheme (all figures are given in £m)</b>				
Existing Financial Authority - 2017/18 - 2025/26	Estimated Final Cost 2017/18 - 2025/26	Existing Programme and Project Authority	Additional Authority Requested	Total Authority
171.8	211.8	171.8	40	211.8

**Table 1: Summary of Scrappage Scheme Authority**

- 1.1 This Chair's Action paper provides key updates on the scrappage scheme following the implementation of the London-wide Ultra Low Emission Zone (ULEZ), along with a request for additional Programme and Project Authority and unbudgeted Financial Authority of £40m. The request is made following the proposal published in the Mayor's draft consolidated budget on 17 January 2024 to allocate additional funding to TfL to enable the scrappage scheme to continue to operate in 2024. It is subject to the grant from the Greater London Authority (GLA) being approved and the annual budget setting process for the 2024/2025 GLA Group Budget.
- 1.2 In August 2023, the Committee approved £50m additional Programme and Project Authority and unbudgeted Financial Authority to expand and extend the scrappage scheme.
- 1.3 The use of Chair's Action is considered appropriate as the scrappage scheme is currently due to run out of funding by the end of January 2024.
- 1.4 The Members of the Committee are asked to consider the proposal and provide Dr Nelson Ogunshakin OBE, as Chair, with their views on or before 5pm on 26 January 2024. The contents of this paper and the exercise of Chair's Action will be reported to the next meeting of the Committee.

## 2 Recommendation

- 2.1 **The Chair of the Committee, in consultation with available Members, is asked to note the paper and approve additional Programme and Project Authority and unbudgeted Financial Authority of £40m, to enable the continued operation of the London-wide Ultra Low Emission Zone scrappage scheme in 2024, giving a total Programme and Project Authority of £211.8m, subject to the Greater London Authority approving the grant of such sum to TfL.**

## 3 Scrappage Scheme Progress Update

- 3.1 To support the expansion of ULEZ London-wide, the GLA initially provided a grant of £110m for TfL to establish, administer and operate a scrappage scheme, which launched on 30 January 2023.
- 3.2 The scheme provided support for certain low-income and disabled Londoners, micro businesses, sole traders and charities to scrap or retrofit non-compliant vehicles and encourage take up of cleaner vehicles or alternative travel modes.
- 3.3 On 1 June 2023, the Mayor announced an expansion of the scrappage scheme, which extended support to Londoners in receipt of child benefit and small businesses.
- 3.4 On 4 August 2023, the Mayor announced further changes, which extended support to all Londoners with a non-compliant vehicle, increased grant payments for scrapping a wheelchair accessible vehicle, van or minibus and allowed businesses to scrap up to three vehicles. These changes went live on 21 August 2023 in advance of the launch of London-wide ULEZ on 29 August 2023. As well as these changes, a further £50m was announced, which was provided by the GLA.
- 3.5 Up to 19 November 2023, over 40,000 applications had been accepted and over £130m had been committed, with current estimates showing that the current fund will expire by the end of January 2024.
- 3.6 On 17 January, the Mayor published his Draft Consolidated Budget for the GLA Group. The Budget includes a proposed additional £50 million to be provided to TfL to help more Londoners, businesses and charities scrap or retrofit their older, more polluting vehicles. This would make the total funds available for the scrappage scheme £211.8m, inclusive of £1.8m left over from the previous scrappage schemes for ongoing operating costs; £10m of that sum was advised in December 2023 as being available and unbudgeted Financial Authority was obtained at officer level in accordance with Standing Orders and will be reported to the Committee. The overall Programme had sufficient headroom in its Programme and Project Authority for the initial £10m and £1.8m. This paper seeks, therefore, approvals in relation to the further £40m.
- 3.7 The decision of the GLA approving the grant to TfL for this matter is being processed in parallel with this request and is subject to confirmation as part of the annual budget setting process for the 2024/2025 GLA Group Budget. Seeking these approvals in parallel is intended to avoid a hiatus in the delivery of the scrappage scheme.

- 3.8 **Scrappage scheme uptake** Public take-up of the scrappage scheme has continued to be strong both before ULEZ was expanded London-wide on 29 August 2023 and after the expanded scheme went live. The additional funding will enable thousands more Londoners to benefit from the scheme and non-compliant vehicles to be scrapped.

## 4 Financial Implications

- 4.1 Following the proposal published in the Mayor's draft consolidated budget on 17 January 2024 to allocate additional funding to TfL to enable the scrappage scheme to continue to operate in 2024, a further £40m of Programme and Project Authority and unbudgeted Financial Authority is now needed. The provision of this additional grant to TfL will meet the full costs of extending the scrappage scheme as described above.

## 5 Assurance

- 5.1 An Integrated Assurance Review on the proposed London-wide ULEZ project and associated scrappage scheme was carried out in May and June 2022 by TfL Project Assurance and the Independent Investment Programme Advisory Group. One critical issue was identified due to the continued uncertainty of full funding for the proposed London-wide ULEZ project. This was accepted and has been addressed.

### List of appendices to this report

None

### List of Background Papers:

Programmes and Investment Committee papers 23 August 2023 (Chair's Action reported to meeting 5 October 2023), 1 March 2023 and 14 December 2022

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