

APPENDIX 4 – VEHICLE FINANCE OFFER

1 VEHICLE FINANCE OFFER

- 1.1 In its Outline Business Case (OBC) Greater Manchester said it would investigate a scheme to offer loans at preferential rates for those taking advantage of the Clean Air funds.
- 1.2 The Clean Air conversation in 2019 showed that vehicle finance is needed to help owners upgrade their vehicle as introduction of the GM Clean Air Zone is disrupting vehicle renewal cycles and some will need help in getting access to finance.
- 1.3 In response to this Greater Manchester (GM) has developed a Vehicle Finance measure to address and reduce the adverse impacts on individuals, companies and organisations of financing an upgrade to a compliant vehicle without reducing the effectiveness of the Clean Air Zone.
- 1.4 The Vehicle Finance measure will provide access to affordable finance amongst eligible applicants who require assistance in funding the cost of a compliant vehicle upgrade. It has been designed to address some of the potential reasons that finance might typically be refused:
- Affordability – the ability or otherwise of applicants to meet finance repayments.
 - Thin credit file – applicants not having enough information in their credit reports to generate a high enough credit score to be approved for credit.
- 1.5 Vehicle Finance will utilise the GM CAP Clean Commercial Vehicle Fund and Clean Taxi Fund to offer eligible owners of a non-compliant vehicle the option to seek funding as either a lump sum grant or as a contribution towards vehicle financing, they will be able to choose the option which best suits their individual circumstances.
- Lump sum grant contributes to the cost of replacement – the applicant funds the remaining costs with private purchase or their own financing arrangements.
 - Vehicle finance contributes to the cost of financing a replacement vehicle through GM's arrangements either a lease or Hire Purchase – the applicant pays monthly for an agreed finance period.
- 1.6 The measure will be available to small, micro businesses, sole traders, self-employed, charities & and social enterprises, registered¹ in GM and in ownership of a non-compliant vehicle (HGVs, LGVs, Coaches, Minibuses, GM Licensed Hackneys and Private Hire Vehicles).
- 1.7 Access to the clean air vehicle funds will be via a dedicated website which will guide applicants through a series of steps to:
- Quickly understand if they are eligible for the scheme against set criteria;
 - Create of a user account to facilitate their application for funding and to supply information about their business to evidence that they are eligible;

¹ taxi & PHV need to be licensed in GM

- Detail the non-compliant vehicle they wish to replace; and
- Access a panel of lenders, if they wish to apply for finance.

1.8 Those seeking the vehicle finance will need to:

- Hold a UK bank account in the name of the applicant or business; and
- Consent to the Lending Body carrying out credit reference searches on their credit history.

1.9 Those seeking the vehicle finance will benefit in the following way:

- More affordable vehicle prices from lenders due to the anticipated volume of vehicles to be replaced.
- Monthly repayments made more affordable through the assistance of Clean Air funding.
- Payments spread out over a period of time to minimise the impact on business budgets.

1.10 It should be noted that:

- Applicants for vehicle funding will require a 10% deposit contribution (cash or vehicle trade-in value).
- Lending decisions will rest with finance provider.
- Some applicants eligible for Clean Air Funds may not be able to secure finance due to their circumstances however they will still be eligible for a lump sum grant.
- Funds will NOT be paid directly to Applicants, they will be issued with an electronic voucher and advised of the options available to them.

1.11 Why is the GM Vehicle Finance offer more affordable? The key objectives of the measure serve to:

- i. Facilitate access to vehicle finance to a wider range of applicants than would ordinarily be the case
- ii. Where access to credit isn't normally an issue the cost of the monthly finance will be more affordable.

1.12 Through the procurement of a vehicle finance supplier, GM will gain for all prospective applicants:

- Savings through the negotiation power of a larger buying population (versus a single applicant) and procurement to enable more applicants to meet the prospective affordability criteria set by vehicle funders.
- Access to more affordable finance by allowing the clean air vehicle funding to subsidise the cost of lending (dependent on the status of the applicant and the amount of credit they are seeking to obtain).
- Transparency over the cost of vehicles through the procurement process to ensure value for money for public funds.