

**Report of Director of Environments and Housing****Report to Licensing Committee****Date: 11<sup>th</sup> July 2016****Subject: OLEV Clean Taxi Fund application by WYCA**

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

- The UK Government has published a plan to improve the UK's air quality in December 2015, this plan as set out by DEFRA has determined that Leeds must implement a Clean Air Zone. This zone means that 'dirty' older vehicles will be discouraged from entering the city centre and areas with air quality concerns. DEFRA has advised that the Clean Air Zones are being introduced in line with standards that have been incorporated into UK law; as such the referendum decision does not affect these plans.
- The UK Government through the Office of Low Emission vehicles (OLEV) are seeking to support a transition to ultra-low emission vehicles. One element of this is to provide funding to support various transport sectors transition to ultra-low emission vehicles. A £20m fund has been made available for local authorities and regions to bid for funding to support taxi and private hire operators and drivers to replace diesel vehicles with electric vehicles.
- Taxi and Private Hire vehicles will be impacted by Clean Air Zones in Leeds as well as all other cities named by DEFRA, with the emissions from these vehicles determined by DEFRA as being disproportionately high due to the significant mileage travelled by vehicles in this industry.
- West Yorkshire Combined Authorities are co-ordinating a regional submission in order to seek to secure funding to support the transition of taxi and private hire fleets to ultra-low emission vehicles. If successful; funding will be available to

support operators and drivers through delivery of an electric vehicle charging infrastructure and also with the provision of potential grant funding to support purchases of ULEV Hackney vehicles.

## **1 Recommendations**

- 1.1 It is recommended that the following are noted;
- 1.2 LCCs existing licensing policies (age of first licensing and renewals) will remain unaffected as we are already at the level that EST identified as required for the medium uptake scenario.
- 1.3 Procurement of services; it is suggested by EST that future procurement of services such as taxi contracts for social care should include more weighting based on the emission standard of the taxi fleet and percentage of ULEVs within the fleet. This recommendation is being pursued by colleagues in procurement and in negotiation with Passenger Transport. The next tender for taxi and private hire use by passenger transport and for the staff taxi contract will include additional points for bidders who can meet targets for Euro 6 diesel and ULEV representation on their fleets. The exact nature of these targets and whether they will be mandatory or aspirational targets is to be determined.
- 1.4 The Medium Uptake bid based on Energy Savings Trust recommendations will require a commitment (across West Yorkshire) to provide a 25% match funding to a bid for approximately £5,500,000 in grant funding between 2017 and 2020. This funding will mainly be to support increasing infrastructure to support the uptake of electric vehicles across the Private Hire and Taxi trade. The 25% may come wholly or partially from contributions from the Taxi and Private Hire companies but may require underwriting by LTP funding

## **2 Purpose of this report**

- 2.1 This report aims to advise the potential benefits that may be delivered by a successful WYCA bid for OLEV funding that will support the regional Taxi and private hire trade transitioning to ULEVs. There are also opportunities for the trade to establish fuel savings from a switch to electric vehicles as well as contribute to improved air quality.
- 2.2 The report further aims to illustrate the steps that will be taken to complete the submission of a bid for funding to OLEV.
- 2.3 The report considers the impact upon Taxi & Private Hire licensing in Leeds from any changes to current contract management or procurement activity carried out by Leeds City Council that impacts on the trade.

### **3 Background information**

#### **3.1 WYCA project progress**

- 3.1.1 WYCA was initially successful in bidding for a feasibility study to be completed by the Energy Savings Trust. This study was provided free of charge and identified the potential for West Yorkshire fleets to be able to transition to ultra-low emission vehicles – largely electric vehicles.
- 3.1.2 The Energy Saving's Trust feasibility reported on the potential to support and accelerate the uptake of ULEV taxis in West Yorkshire and concluded that there were three potential 'ULEV uptake' scenarios depending on the level of ambition, supporting policies and committed match funding within the region. EST identified low, medium and high uptake scenarios, each being progressively ambitious, requiring higher and stricter licensing standards and greater match funding.
- 3.1.3 The findings were reported to the LTP board, with that board determining that the medium uptake scenario is perhaps the most achievable, though still ambitious. Currently three of the five WY licensing authorities have existing taxi licensing standards compatible with EST's 'medium uptake' scenario – Bradford, Kirklees and Leeds. The two who do not meet this standard have agreed to amend their licensing to achieve this standard.
- 3.1.4 The EST 'low' uptake scenario was deemed as lacking ambition, and therefore was unlikely to meet OLEV's requirements as an innovative, ambitious, but achievable bid submission. Take up of ULEV's would be low and our licensing regulations are already more rigorous than those EST suggested for this scenario.
- 3.1.5 The 'high' uptake scenario was determined as not feasible to deliver, it required much stricter licensing for taxi and private hire vehicles across the region leading to only ULEV's being licensed within a short time span. It also required a significant financial contribution from the trade. The risks of progressing with a plan to deliver this 'high uptake' scenario would be that the trade would be unable to deliver the funding and speed of fleet change, therefore putting the customer supply at risk.
- 3.1.4 The EST report identified the potential number of EV charge points that would need to be installed across the region to support a progressively larger number of EV taxi and private hire vehicles in line with the medium uptake. It is important that vehicles are able to recharge their batteries quickly and efficiently in order to ensure that operations are not negatively affected by a transition to ULEVs from traditional diesel engines.
- 3.1.5 ULEV's are clearly beneficial for the environment; however of significant importance to the trade is the potential for fuel efficiency savings. The cost per mile of an EV over a diesel engine is significantly less, as such drivers and operators may be able to realise significant fuel savings over the lifespan of a vehicle.

- 3.1.6 There are also clear ramifications for the trade from the proposed Clean Air Zone (CAZ) for Leeds and as such there should be further appetite for transition to 'cleaner vehicles' in order to achieve compliance with the CAZ. ULEV's will be compliant with the Clean Air Zone regardless of age.
- 3.1.7 Final guidance from OLEV for the funding bid has not yet been released; this is expected in late July, early August with final submission for bids likely to be in September. It is desirable to get an agreed position within each local authority, including Leeds and identify the relevant stakeholders who may need to discuss or be aware of commitments Leeds would need to make to back a bid based on the medium uptake scenario.

## 3.2 WY Feasibility Study

- 3.2.1 Energy Savings Trust (EST) presented their West Yorkshire ULEV Taxi Scheme Feasibility Study to WYCA and District partners on 21 April 2016. The workshop had representatives from 4 WY districts including Leeds. The recommendations below summarise EST's understanding of the level of opportunity and commitment across West Yorkshire.

## 3.3 Key Findings from EST Recommendations

- 3.3.1 EST set out their recommendations for a WYCA Taxi Scheme bid, including steps to achieve the 'medium uptake scenario' grant application, mainly through taxi licensing and procurement changes.
- A medium uptake scenario is deemed the most achievable; 3 of 5 West Yorkshire licensing authorities have existing taxi licensing standards compatible with EST's 'medium uptake' scenario – Bradford, Kirklees and Leeds.
  - There is potential for significant rapid charge point grant funding from this bid. Due to the scale of taxi and private hire operations in West Yorkshire – 1,200 taxis and 11,000 private hire vehicles.
  - There is low likelihood of ULEV taxi 'top up' grants (circa. £3k) available via this fund to support purchase of new DDA compliant EV taxis due to the significant new vehicle purchase cost - circa £50k.
  - The WYCA taxi scheme bid should focus on **charge point** capital funding to support ULEV taxi and private hire operations including charge points at public sites, destinations, adjacent to ranks or rest locations and taxi and private hire bases or depots.
  - The eligibility of saloon car hackney carriages in WY districts (44% of WY taxis) presents a major opportunity for second hand EV saloon car model purchases by the trade with EV saloon vehicles available (c. £10k) and DDA compliant EV conversion models (e.g. Nissan eNV200 conversion - £28k).
  - West Yorkshire would see significant air quality benefits from such a take up of ULEVs. The Energy Savings Trust estimated that a 30% improvement in NOx emissions generated by the trade would be delivered through the 'medium' scenario uptake if ULEV uptake in the trade was successful. This would be a significant contribution to Leeds meeting DEFRA's air quality standards and

would improve the quality of air and by extension the health effects from air pollution for those who live and work in Leeds.

- West Yorkshire districts are already discussing regional licensing standardisation and have bi-monthly licensing officer meetings which would support any bid to OLEV.
- The EST recommended continuing dialogue with operators to deliver initial taxi/private hire investment. This report to the Licensing Committee and officer attendance at trade forums is evidence of that engagement.

3.3.2 The table below highlights a high level position statement for the 5 regional authorities.

Table 1				
District	First License Vehicle Age Limit	Renewal Vehicle Age Limit	Adherence with EST 'Medium Uptake' Scenario	Operator interest to date / Notes
Bradford	<10 Years	<12 Years	✓	➤ Metro Taxis (Bradford)
Calderdale	No limit	No limit	✗	➤ Crossley Cars (Calderdale)
Kirklees	< 6 Years	<12 Years	✓	➤ Mount Taxis – vehicle purchase interest ➤ Kirklees Council to provide up to 12 additional hackney licenses for ULEVs
Leeds	< 5 Years	<12 Years	✓	➤ Leeds Station (Network Rail) – Host rapid charger & 25% match ➤ Veezu (Amber Cars and A1 Taxis) - Rapid chargers and vehicles
Wakefield	< 5 Years	No limit	✗	➤ Wakefield Westgate (Virgin East Coast) – Host rapid charger & 25% match.

### 3.4 Private Hire Procurement Changes

- 3.4.1 EST recommends all local authority/public health tenders state 10% of fleet is ULEV or increase weighting for tenderers with ULEV fleets. The draft WYLES states a number of changes to procurement tender processes, with tender specifications increasing weighting for alternative fuel/low emission fleets.

### 3.5 ULEV Taxi Grant and Fleet Impact by 2020

3.5.1 This table shows the grant to be potentially realised from a medium bid by all the partners.

	<u>ULEV Taxi Top Up Grants</u> No. taxi grants £ total grant % taxi fleet ULEV by 2020	<u>Hackney Carriage Taxi</u> No. Charge Points £ total grant £ total match	<u>Private Hire</u> No. Charge Points £ total grant No. vehicles / % private hire fleet ULEV by 2020
<b>Medium Scenario</b>	260 £393,000 22.3%	40 £1.05m £262.5k	152 £3.99m  <b>900      10%</b>

## 4 Corporate considerations

### 4.1 Consultation and engagement

4.1.1 The Energy Savings Trust liaised with the trade, conducting surveys, interviews and working with major operators to determine the level of appetite for ULEV's and background information on the existing fleet. WYCA and Taxi & Private Hire Licensing services have engaged with the trade through routine engagement and operator groups and forums.

### 4.2 Equality and diversity / cohesion and integration

4.2.1 The recommendations do not propose changes to licensing regulations, or actions that will effect changes to communities or citizens; additionally this report is for information purposes. As such there are no direct impacts upon inclusion, equality or diversity and therefore no screening has been required. Full Health and Safety assessments would be conducted as part of any implementation plan should funding be secured prior to installation of any electric vehicle charge points.

### 4.3 Council policies and best council plan

4.3.1 The requirement to introduce a Clean Air Zone links with work already undertaken by the Council, in particular the Cutting Carbon and Improving Air Quality breakthrough project.

### 4.4 Resources and value for money

4.4.1 Any procurement of electric vehicle charge points that follows a successful bid for funding will be delivered via WYCA or Local Authority procurement processes. This will ensure that price and quality is robustly assessed and therefore will ensure value for money is delivered.

## **4.5 Legal Implications, access to information and call In**

4.5.1 No legal implications.

## **4.6 Risk management**

4.6.1 Risks are being managed by the WYCA project manager, with local districts reviewing and updating risks as the project to deliver a bid is managed.

4.6.2 The key risk is that no funding is secured and that ULEV take up by the taxi and private hire trade is not sufficient and that no air quality improvements are achieved.

4.6.3 Should Leeds (or other cities) fail to meet targets for air quality standards then significant European Union infraction fines may be handed down to the United Kingdom. The government is likely to utilise the Localism Act to pass those fines down to failing Local Authorities.

## **5 Conclusions**

5.1 It is recommended that the Licensing committee note the direction of travel for the progress of the WYCA submission to OLEV and the potential that this funding may have to support the transition to greater numbers of ULEV vehicles operating across the taxi and private hire trade.

5.2 That the Licensing Committee supports the bid on the basis that potential funding to reduce emissions from the trade will support wider ambitions of the council in contributing to improving air quality and compliance with DEFRA's request for a Clean Air Zone in Leeds.

5.3 There are no immediate or direct amendments required for licensing in Leeds as a result of a 'medium uptake bid' or as a result of the Clean Air Zone.

## **6 Recommendations**

6.1 It is recommended that the following are noted;

6.2 LCCs existing licensing policies (age of first licensing and renewals) will remain unaffected as we are already at the level that EST identified as required for the medium uptake scenario.

6.3 Procurement of services; it is suggested by EST that future procurement of services such as taxi contracts for social care should include more weighting based on the emission standard of the taxi fleet and percentage of ULEVs within the fleet. This recommendation is being pursued by colleagues in procurement and in negotiation with the Passenger Transport service.

6.4 The next tender for taxi and private hire use by Passenger Transport and for the staff taxi contract will include additional points for bidders who can meet targets for Euro 6 diesel and/or ULEV representation on their fleets. The exact nature of these targets and whether they will be mandatory or aspirational targets is to be determined. Consultation on this process and some market testing will be carried

out during the autumn 2016, with the contract to be tendered and awarded for commencement in 2017. It will be necessary to ensure that any specification for such contracts that includes weighting based on emission standards must also ensure that the requirements are not so restrictive that there is loss of competition, or that no suppliers are able to meet these requirements.

- 6.4 The Medium Uptake bid based on Energy Savings Trust recommendations will require a commitment (across West Yorkshire) to provide a 25% match funding to a bid for approximately £5,500,000 in grant funding between 2017 and 2020. This funding will mainly be to support increasing infrastructure to support the uptake of electric vehicles across the Private Hire and Taxi trade. The 25% may come wholly or partially from contributions from the Taxi and Private Hire companies but may require underwriting by LTP funding.