

Report of: Director of Resources and Housing and Director of City Development

Report to Executive Board

Date: 18 September 2019

Subject: Improving Air Quality in the City (Clean Air Zone update)

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Are specific electoral wards affected? If yes, name(s) of ward(s): | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Has consultation been carried out? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Will the decision be open for call-in? | <input checked="" type="checkbox"/> Yes <input 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

1. Main issues

- In June 2019 Executive Board approved a series of recommendations relating to the Leeds Clean Air Charging Zone (“CAZ”). The report outlined the requirement to return to Executive Board in September to report on the outcomes of the consultation undertaken relating to Specialist Heavy Vehicle exemptions, future emissions standards for taxi and private hire (including WAVs) and widening and clarifying the scope of certain local exemptions.
- The outcome of the Statutory Consultation is that a set of amendments are required to the Leeds Clean Air Zone Charging Order (the legal document that underpins the scheme and makes it enforceable).
- At June’s Executive Board the risk of delay to the go-live date of the CAZ was advised. This report now provides a further update to the Executive on the work carried out with Central Government to reach a revised go-live date, with anticipated timescales, and

provides a broader Implementation progress update including the discharge of financial support to affected sectors.

- A number of other Air Quality measures to complement the CAZ have been delivered/progressed, including:
 - £2.95m Clean Bus Technology Fund to ensure all scheduled buses can achieve compliance;
 - Installation, due to start shortly, of 30 Electric Vehicle rapid charge points for the taxi and private sector with free electricity for users for 2 years;
 - Procurement to install publicly accessible Electric Vehicle Charge Point infrastructure imminent;
 - 25 e-bikes procured for loan to businesses on a 'try before you buy' basis;
 - Intensive anti-idling campaign targeting schools and taxi ranks;
 - £2m electric vehicle 'try before you buy' scheme for local businesses;
 - Clean Air Day activity on 20 June (focusing on anti-idling, health and cycling);
 - Modal shift competition for businesses to make operational transport changes to reduce their emissions;
 - Road closures in Headingley, Beeston and Otley to host community fairs in a celebration of World Car Free Day on 22nd September.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The introduction of the Leeds Clean Air Charging Zone directly contributes to the following area of the Best Council Plan:
 - Sustainable Infrastructure : Improving Air Quality

3. Resource Implications

- The financial implications of the delay to go-live are being investigated. Additional costs are likely to be incurred in the following areas:
 - Contractual financial liabilities (previously would have been offset by revenue received)
 - Project management costs
 - System development costs
- The Council is seeking full reimbursement from Central Government for the impact of the delay so as not to impact on the Council's budget.

Recommendations

Executive Board is requested to:

- a) Note the outcome of the Statutory Consultation and approve the resulting amendments for the Charging Order as follows:
 - The creation of a local Specialist Heavy Goods Vehicle exemption and “qualifying criteria”
 - The widening the scope of sunset periods in the taxi and private hire sector, to include out-of-town vehicles.
 - The extension of the Wheelchair Accessible Vehicle (WAV) sunset period to 2028.
 - The making of formal amendments to the Leeds Clean Air Zone Charging Order arising from the outcome of the consultation process.
- b) Note the implementation progress update and the revised go-live date of no earlier than 1 July 2020.
- c) Note the intention to consider the consultation feedback in relation to setting the future emissions standard at zero in 2028, at the first CAZ annual review.

1. Purpose of this report

1.1 This report:

- Details the response outcomes from the recent Statutory Consultation which now requires consequential amendments for certain elements of the Charging Order.
- Provides a progress report on both the implementation of the CAZ, including an update on the go-live delay.
- Confirms progress on the distribution of financial support to affected sectors.
- Provides an update to the Executive on other air quality measures that have been progressed.

2. Background information

- 2.1 On 21 November 2018 the Council approved the making of the Leeds Clean Air Zone Charging Order (adopted on 19th December 2018). On 11 December 2018 the Council submitted its Full Business Case to Government for the Leeds Clean Air Charging Zone which was subsequently approved on 18 January 2019 with £29 million awarded in total. The breakdown is as follows:

| | |
|---------------------------------|-------------------------------|
| Infrastructure | £6m |
| HGV sector | £11.3m (+ £2.5m stretch fund) |
| Non-scheduled buses and coaches | £2m |
| Taxi and Private Hire | £4.7m (+ £2.5m stretch fund) |

- 2.2 Upon having the final business case approved, the Council more closely investigated the practical implementation of the approved CAZ and its exemption criteria and concluded some small elements required clarification and potential refinement to better meet the objectives of the Charging Order. This was reported to the Executive in June 19 and formed the basis of the further confined statutory consultation of those particular areas and now forms part of the outcome and subject matter of this report.
- 2.3 Central Government introduced late changes to the overall CAZ charging service provision, including a realignment of responsibilities to Local Authorities that were previously anticipated to be owned and managed by Central Government. These changes have resulted in delay to the planned go-live date of January 2020.
- 2.4 In June 19, the Executive Board was informed of the full context of points 2.2 and 2.3 (above).
- 2.5 Since the award of the funding a significant amount of work to successfully implement the Leeds CAZ has already taken place. This has included the mobilisation of the ANPR contract with Siemens, commencing internal highways signage activity and discharging the Clean Air Funding.
- 2.6 The current composition of the Leeds taxi and private hire fleet is shown below:

| | | |
|---------------|------|-------|
| Diesel | 3127 | 63.7% |
| Diesel Hybrid | 3 | 0.1% |
| Full Electric | 3 | 0.1% |
| LPG | 53 | 1.1% |
| Petrol | 143 | 2.9% |
| Petrol Hybrid | 1581 | 32.2% |
| Total | 4910 | |

- 2.7 This represents a significant shift of around 500 vehicles during 2019 from diesel to petrol hybrid. If this trend were to be continued for the remainder of 2019 and into 2020, petrol hybrid vehicles would exceed diesel vehicles in autumn or winter of 2020. The council's packages of support (grants and loans) will help owners and drivers to make the transition towards cleaner and less polluting vehicles.
- 2.8 The council is working with manufacturers, converters, trade associations and drivers to inspect new types of vehicle which are Clean Air Zone compliant, and ensure they are safe and suitable for use as taxi and private hire vehicles. The taxi and private hire licensing team are recruiting an additional vehicle examiner to increase the capacity of the team to inspect new vehicles so they can be licensed.

3. Main issues

Outcome of Specialist Heavy Goods Vehicle/Taxi and Private Hire Consultation

- 3.1 On 17 July 2019 the Council launched the statutory consultation via an online survey. The consultation lasted six weeks, closing on 26 August 2019. 526 responses were received. A report summarising the responses can be found at Appendix 1.
- 3.2 The results have been carefully analysed to draw conclusions. The following paragraphs confirm the outcomes that require approval from Executive Board.

Specialist Heavy Goods Vehicles

- 3.3 This element was consulted on in order that user groups had clarity on the definition of a Specialist Heavy Goods Vehicle which is “one that meets the Council’s ‘Qualifying Criteria’”. The consultation sought feedback on the development of a “Qualifying Criteria” for a local exemption for Specialist Heavy Goods Vehicles. The elements considered in determining the “Qualifying Criteria” included:
- minimum threshold for cost
 - threshold for time driven on the road
 - DVLA tax class / body types
- 3.4 Consequently and taking into account the consultation replies the proposed Qualifying Criteria for the Specialist Heavy Goods Vehicle exemption is:
- A Specialist Heavy Goods Vehicle that cannot be retrofitted to meet CAZ compliant standards, that:
 - Costs in excess of £200,000 to replace
 - Operates for no more than three hours per working day
 - Tax class N2 or N3: Body types - Low Loader / Breakdown Truck / Special purpose
- 3.5 Businesses that meet the Qualifying Criteria can apply for an exemption using the online application process on the Council’s website:
<https://forms.leeds.gov.uk/CleanAirZoneExemption/>
- 3.6 In addition to this, the Council acknowledges there will be some businesses that have been waiting for the outcome of this consultation exercise before taking action. To assist these businesses that Council is opening up a small funding competition to allow for grant applications. The fund available is £1.2m which will fund 75 grants for HGVs. Further detail on eligibility and how to apply can be found at www.leeds.gov.uk/cleanairzone

Taxi and Private Hire Future Emissions Standards and Sunset Periods

- 3.7 The consultation for this element of the CAZ sought feedback on the following:

- Extending the existing exemptions (sunset periods) to out of town taxi and private hire vehicles.
- The year in which the future emissions standard (zero emission) should be introduced for the taxi and private hire sector.
- The year in which the future emissions standard (zero emission) should be introduced for the WAV cohort of taxi and private hire sector.
- Extending the existing WAV exemption (sunset period) to align with the future emissions standard date.
- Introduction of a new sunset period / temporary exemption when the future emissions standard is implemented for vehicles that are currently licensed or become licensed within 12 months of the CAZ go-live and meet the existing CAZ compliant emissions standards, until the vehicle needs to be replaced to meet taxi licensing standards.

3.8 Respondents were supportive of extending all existing sunset periods / temporary exemptions to Out of Town taxi and private hire drivers. These are summarised as follows:

- All 8 seater taxi and private hire to be exempt until 31 December 2020.
- Those that have an outstanding finance/credit agreement on their vehicle (where they were licensed with their licensing authority prior to 17 October 2018) are exempt until the agreement expires or, 31 December 2020, whichever is soonest.
- Euro 6 diesel/Euro 4 petrol licensed to carry up to 4 passengers that were licensed with their licensing authority prior to 17 October 2018.

3.9 Respondents were in favour of:

- Implementing the future emissions standard in year 2028.
- Extending the existing WAV sunset period to 2028 to align with the future emissions standard.
- Introducing a new sunset period for vehicles that are currently licensed or become licensed within 12 months of the CAZ go-live and meet the existing CAZ compliant emissions standards, until the vehicle needs to be replaced to meet taxi licensing standards. For example, a driver licenses a compliant petrol hybrid that is two years old in 2020, under current licensing rules, the car can continue to be licensed until 2030. This driver would be granted a two year exemption in year 2028 as the petrol hybrid would not meet the new, zero emissions standard in 2028. In 2030, the driver would need to license a zero emissions vehicle to be compliant.

3.10 The feedback received from consultation regarding the future emissions standard is noted and will form a basis of further trajectory for later in the scheme at the 12 month review.

3.11 In light of 3.10 and the consultation feedback, the WAV existing WAV sunset period will be extended to year 2028.

Amendments to the Charging Order

- 3.12 As a result of the June 2019 Executive Board report and the subsequent statutory consultation, a number of Charging Order amendments are required. These are briefly set out as follows:
- 3.13 Insertion of Specialist Heavy Goods Vehicle definition and Qualifying Criteria.
- 3.14 Widening of existing taxi and private hire sunset periods / temporary exemptions to out of town drivers.
- 3.15 Clarification to Executive Vehicles exemption – applies to out of town drivers if they can evidence meeting the Leeds licensing conditions for Executive Taxi and Private Hire.
- 3.16 Amendment to taxi and private hire sunset periods – to also include an exemption for vehicles licensed to carry 8 passengers.
- 3.17 Amendment to the ‘take action’ date – 31 July 2019 applies to the Bus and Coach sector only. Amendment for HGV sector to 31 October 2019.
- 3.18 Amendment to ‘payment due by midnight the following day’ to ‘payment due by midnight the following *working* day’.
- 3.19 This list will be incorporated into the amended Charging Order variation which will thereafter be published.
- 3.20 The refund and payment amendment capability is currently being clarified Central Government and will be reported to the Executive at a later date once the final position is known.
- 3.21 Any future non-material refinements to the Charging Order will be taken by the Director of City Development using the delegation that was approved by the Executive in November 2018.

Implementation Progress

- 3.22 The Council has serious regard to its legal obligations to meet emissions standards in the shortest possible time and accordingly the go live date of 6 January 2020 was adopted to allow the Council to meet emissions standards in the shortest possible time, consistent with its other public law obligations. However, this date has always been contingent on Central Government successfully developing a number of digital services to allow enforcement of the scheme, in addition to providing a centralised customer services function.
- 3.23 In June 2019 it was reported to the Executive that there were potential delays with the development of these digital services, and elements of development responsibility had been transferred to Local Authorities. These delays and scope changes meant that it was simply not possible for the Council to achieve go-live on 6 January 2020.
- 3.24 Since this time, progress has been made in regards to digital development. However, the work that has been completed has further scope change consequences for the Council to bear, namely, further development of the ANPR camera systems to interface with Central Government systems, the provision of a specialist customer services function for payment amendments, and, the

development of a new case management software system to allow for operational management of the scheme. This is a significant change to the Full Business Case that the Council had approved by Central Government in January 2019.

- 3.25 A design freeze position between the Council and Central Government is currently being negotiated and is nearing conclusion. As a result, the Council is now working in parallel with Central Government development milestones to achieve go-live no sooner than July 2020.
- 3.26 The Council intends to commission its ANPR contractor, Siemens, to develop the case management system utilising CPR27. Central Government have confirmed the process for applying for funding to cover these additional implementation costs.
- 3.27 ANPR installs have commenced and will be fully complete and tested in time for go-live.
- 3.28 Highways have adjusted the signage installation project plan to align with the revised go-live plans.

Financial support packages update

- 3.29 The Council continues to discharge the Clean Air Funding (detailed above at para 2.1) to assist affected sectors in making the change to compliant vehicles in preparation for the CAZ going live in 2020.
- 3.30 The table below sets out the levels of funding discharged to date, and the forecast based on current application trends:

Table 1:

| | Grant * | | Loan** | |
|--------------------------|----------------|------------|----------------|------------|
| | Paid (to date) | Forecast | Paid (to date) | Forecast |
| HGVs | | £7,904,000 | N/A | N/A |
| Non-schedule bus/coaches | £64,000 | £1,792,000 | N/A | N/A |
| Taxi and Private hire | £55,000 | £500,000 | £20,000 | £5,000,000 |

*Taxi and private hire grants funded from £700k early measures

**Taxi and private hire loans funded from Council capital

- 3.31 Actual payment of monies is linked to applicants evidencing how the money will be spent, therefore timescale between approval in principle to payment of funds is outside of the Council's direct control.
- 3.32 The Council intends to work to develop further schemes for approval by government to support businesses in the city in achieving compliance.

Air quality measures update

- 3.33 The modal shift competition was launched in July 2019 and is aimed at helping businesses in Leeds change their operations to avoid the use of cars as a primary mode of transport. Over 20 applications for funding were received for a £150k pot. .

Evaluation was still ongoing at the time of writing however will have concluded by the time the Executive meet.

3.34 World Car Free Day takes place on 22 September 2019. In celebration of this annual, global event, the Council has earmarked three roads for afternoon closures, where community fairs have been organised. The ambition is to showcase how our streets could look, feel and be used with fewer cars on the road. The events are taking place as follows:

- North Lane Headingley
- Tempest Road, Beeston
- Boroughgate, Otley

3.35 The Council is also exploring the implementation of a rolling programme of community car free days in 2020.

- **Corporate considerations**

3.36 Consultation and engagement

3.36.1 In 2018 the Clean Air Zone proposals were the subject of an extensive two phase public statutory consultation process. The outcomes directly shaped the final business case and final proposal.

3.36.2 In addition there has been extensive Member consultation throughout the design of the scheme, with cross party briefings and presentations to cabinet and scrutiny at regular intervals.

3.36.3 A third statutory consultation was carried out over a period of 6 weeks from 17 July 2019 in order to shape and finalise the exemption process for Specialist Heavy Goods Vehicles, clarify sunset periods and set the future emissions standard for Taxi and Private Hire Vehicles. The approach to the Statutory Public Consultation is detailed below, it was designed to ensure that relevant and focussed responses were collected and discharge of the Council's public law duties.

3.36.4 The communications campaign followed the approach used during Phase 1 and Phase 2 of the CAZ consultation process, utilising the following channels:

- Pop-up content on the HGV and Exemptions page of the CAZ website that clicks through to the consultation (if webmaster permits)
- A message sent through YORtender to everyone who has registered interest in the Large Vehicle grant schemes
- A direct email sent to all Leeds licensed taxi and private hire drivers to make them aware of the consultation
- Organic social media posts via the relevant trade associations
- Drop in session with HGV and taxi and private hire
- A comms message to stakeholders such as the Road Haulage Association and Freight Transport Association for sharing with their members.
- An email to everyone on the master list identified as being a HGV operator or who has registered for HGV updates
- Mass email to 1k+ mail addresses identified using O license data

3.37 Equality and diversity / cohesion and integration

3.37.1 An equality impact assessment for the whole CAZ scheme was approved by Executive Board in October 2018. At this stage the Council shall continue to rely on the content of this EIA. The EIA has, however, been updated to reflect the Council's position for there to be no requirement for "Assisted Digital" options for CAZ payment. Likewise, the result of the recent consultation (on Specialist Vehicles and Taxi and Private Hire Vehicle Sunset Periods and Emission Standards) and therefore subsequent amendment of the Charging Order has been reflected in the EIA. The EIA is appended at Appendix 2.

3.38 Council policies and the Best Council Plan

3.38.1 The importance of air quality as an issue is reflected in the Council's vision under our Best Council Plan. Our vision is for Leeds to be a healthy city in which to live, work and visit and we are working with partners to reduce emissions which will bring about health and wellbeing benefits including reducing premature deaths, improving health, promoting physical activity and reducing obesity levels.

Climate Emergency

3.39 The implementation of the Clean Air Zone is estimated to reduce carbon emissions by 47,594 tonnes in 2020. The proposal to shift the taxi and private hire fleet to zero emissions in 2028 is in support of the climate emergency declaration and the requirement to achieve zero carbon by 2030. At the point the CAZ is reviewed, the zero emissions proposal will be refined to include a calculation of CO2 savings. The shift to electric and other zero emission fuels will work in parallel with the national plan to decarbonise the grid.

3.40 The complementary measures discussed in this report are also important to increase understanding and acceptance of car free areas and zero emission vehicles and drive behaviour change– these initiatives raise public awareness and complement the communications campaign for the climate emergency, as such play an important role in contributing towards the 2030 net zero target.

3.41 Resources, procurement and value for money

3.41.1 There are potential cost implications arising from the digital system development, and liabilities from the delayed go-live date. The issues arising from this are set out below at Section 9 (risk management).

3.41.2 Given that there has been delay, the revenue expected from the introduction of the CAZ in January 2020 will no longer be received to fully offset the operational costs of the scheme. However, the Council will be requesting that Central Government fully fund these additional, unexpected costs as these did not form part of the Council's FBC submission as signed off by Central Government A submission for the additional funds will be developed during Autumn 2019. In the event that there are further delays both to implementation and funding measures this will be reported to the Executive.

3.42 Legal implications, access to information, and call-in

- 3.42.1 Air Quality Standards Regulations 2010 (“the Regulations”) have brought Directive 2008/50/EC of the European Parliament and of the Council on Ambient Air Quality and Cleaner Air for Europe into UK Law. Regulation 26 of the Regulations requires the Secretary of State to draw up and implement an air quality plan to achieve the relevant limit or target value of pollutants in ambient air within the shortest possible time.
- 3.42.2 Since receiving Secretary of State approval of Leeds Final Business Case for a CAZ B and the making of Charging Order under the Transport Act 2000 the Council has fully complied with its legal duties in relation to the Environment Act 1995 (Leeds City Council) Air Quality Direction 2017 (“2017 the Direction”) which directed the Council to prepare and submit to the Secretary of State a full business case in connection with its duties in respect of air quality under Part 4 of the Environment Act 1995 (“the Act”) and as part of the UK Plan.
- 3.42.3 On approval of the Council’s Final Business Case, a new Ministerial Direction 2019 was issued requiring full implementation by 2020 to ensure compliance with the legal limit value for nitrogen dioxide is achieved in Leeds in the shortest possible time. The Council continues to work towards the Ministerial implementation date.
- 3.42.4 The Council has concluded a range both non statutory and statutory consultation to ensure that it is both meaningful and fair in finalising its proposals for its approved Final Business Case and adopted Charging Order this also includes the most recent statutory consultation which will result in further amendments to the Charging Order under the Transport Act 2000.
- 3.42.5 A copy of the current adopted Charging Order can be found at the following link: <https://democracy.leeds.gov.uk/documents/s182326/Clean%20Air%20Zone%20Report%20Appendix%20A%20131118.pdf>
- 3.42.6 The Council intends to vary its existing contract with Siemens to allow them to undertake the additional digital development work required to interface with Central Government systems. The Director of Resources and Housing will be taking the decision on the contract Variation CPR27 will be utilised for this purpose. The key rationale underpinning the waiver are the synergy with the existing contract, time pressure to meet CAZ go-live and value for money. These services are inextricably linked to the original scope of services for Siemens, the contractor that was engaged to design, build and operate the CAZ system. It makes economic and technical sense to award this additional work to the original contractor, the requirements for these services couldn’t have been anticipated by LCC at the time of the original appointment and the value of the additional services is less than 50% of the value of the original appointment. Therefore the Council believes that this variation is permitted under the relevant procurement legislation. This will be described more fully in the decision report to the Director.
- 3.43 Exemptions are being provided to businesses in a State aid compliant manner, either by using the relevant State aid de-minimis regulations (up to 200,000 euros over a three year rolling period) or otherwise in a way where no State aid occurs. The value of the WAV Exemption (assuming a driver works in the zone 52 weeks per year) is £2600 per annum. For a specialist vehicle operating in the zone 5 days a week, 52 weeks per year, the value is £13,000 per annum. Where aid is being provided under the de minimis regulations, the Council is liaising with businesses to ensure that the funding limits which apply will not be breached.

3.44 Risk management

- 3.44.1 There remains a continued risk of legal challenge with the CAZ scheme.
- 3.44.2 The Implementation of the Leeds CAZ is subject to formal project management controls. As such there is robust project governance in place to track progress and monitor project risk.
- 3.44.3 Air Quality is recorded as a risk on the Council's corporate risk register and is monitored on a regular basis by CLT.
- 3.44.4 There is a risk that Government does not provide the funding required for the additional systems development and customer service resource provision. This will leave the Council with an unfunded element of the project.
- 3.44.5 Further, there is a risk of financial liability to its ANPR contractor for its Operation and Maintenance contract arising from the delayed go-live date.

4. Conclusions

- 4.1 After a recent six week public statutory consultation the changes set out above have been proposed to amend the CAZ Charging Order to reflect the results of the consultation
- 4.2 Continued work to achieve Implementation is ongoing with an anticipated go live of no earlier than July 2020. The Executive will be further updated when the go-live date is confirmed.
- 4.3 Financial support will continue to be discharged in the run up to go live the year as per the forecasts outlined at Table 1. The Council intends to work to develop further schemes for approval by government to support businesses in the city in achieving compliance.
- 4.4 The Council remains committed to driving improvements to air quality across the city, this is demonstrated by the extensive programme of activity highlighted in this report aimed at reducing transport emissions and increasing public awareness.

5. Recommendations

Executive Board is requested to:

- d) Note the outcome of the Statutory Consultation and approve the resulting amendments for the Charging Order as follows:
- The creation of a local Specialist Heavy Goods Vehicle exemption and "qualifying criteria"
 - The widening the scope of sunset periods in the taxi and private hire sector, to include out-of-town vehicles.
 - The extension of the Wheelchair Accessible Vehicle (WAV) sunset period to 2028.

- The making of formal amendments to the Leeds Clean Air Zone Charging Order arising from the outcome of the consultation process.

e) Note the implementation progress update and the revised go-live date of no earlier than 1 July 2020.

f) Note the intention to consider the consultation feedback in relation to setting the future emissions standard at zero in 2028, at the first CAZ annual review.

6. Background documents¹

6.1 None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.