

**Report of Director of Resources and Housing, Director of City Development,
Director of Communities and Environment and Director of Public Health**

Report to EXECUTIVE BOARD

Date: 27th June 2018

Subject: IMPROVING AIR QUALITY WITHIN THE CITY

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): All wards.	
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary of main issues

1. Our ambition is to improve the air quality of Leeds to support a thriving and sustainable city for those that live, work or visit here, improving the health outcomes for the city.
2. The council is under a ministerial direction to provide a Full Business Case (FBC) to government by 15th September 2018. The FBC will detail our proposals to ensure that the city is compliant with air quality standards imposed by the Air Quality Directive in the shortest possible time and will have already been through statutory consultation.
3. The council is going to implement a range of measures to improve air quality across the city, supported by £2.8 million of early measures funding that was awarded earlier this year. This will include the installation of electric charging points, a city wide comms campaign including easier access to air quality data as well as work to reduce idling and increase uptake of the car sharing scheme.
4. The council is also proposing to implement a clean air charging zone (CAZ) that will complement the city wide air quality measures and the transport strategy. The proposed CAZ will have a smaller boundary than that originally consulted upon to reflect the feedback received during the consultation but will still achieve compliance in the shortest possible time and improve air quality across the whole city.

5. Although the zone is smaller, air quality improvements will still be delivered across a much wider area as the compliant vehicles travelling into the charging zone will pass through the communities around the charging boundary.
6. Proposed amendments to the licensing conditions for taxi and private hire vehicles will be consulted on to ensure that licensing policies complement the CAZ proposal for this sector and that the benefits are felt citywide.
7. Through the next stage of consultation, the council will develop a vision for improving air quality beyond the initial phase of compliance in 2020, exploring the potential for an ultra low emission city centre or car free days.

Recommendations

The Executive Board is recommended to:

- 1.1.1. Approve entering into a period of statutory public consultation on the proposed clean air zone and the enforcement of anti-idling;
- 1.1.2. Approve entering into a period of public consultation on the introduction of the enforcement of anti-vehicle idling;
- 1.1.3. Approve entering into a period of consultation with regards to the proposed changes to the licensing conditions for taxis and private hire vehicles;
- 1.1.4. Delegate the authority to procure for the required infrastructure to the Director of City Development, and the authority to spend once funding from government has been secured;
- 1.1.5. Delegate the authority to procure for the administration of the taxi and private hire loan to the Director of Resources and Housing, and the authority to spend once funding from government has been secured;
- 1.1.6. Approve the waiving of call-in for decisions contained within this report on the grounds of urgency in order that the Council achieves the closest legitimate date for submission in compliance with the Direction.
- 1.1.7. Note that a further report will be brought to Executive Board on 19th September to report on the outcomes of the statutory consultation referenced in 1.1.1 above.

1. Purpose of this report

- 1.1. The report to Executive Board will:
- 1.2. Provide an overview of the consultation responses received on the Clean Air Charging Zone (CAZ) proposal;
- 1.3. Detail how the first stage of consultation responses have been considered and how these are reflected within the updated proposal;
- 1.4. Detail the funding request to central government for both the required infrastructure and the support measures to mitigate economic impact;
- 1.5. Outline the process to reaching approval for both the Full Business Case and the Traffic Scheme;
- 1.6. Detail the required changes to licensing conditions for taxi and private hire to align conditions with CAZ compliant engine standards.

2. Background information

- 2.1. Leeds currently meets EU Air Quality Directive Standards for particulate matter. Both PM_{2.5} and PM₁₀ targets are comfortably achieved, with Leeds also coming close to achieving its aspiration of meeting the PM_{2.5} annual mean target of 10 µg/m³ set by the World Health Organisation.
- 2.2. There are two objectives to be achieved for Nitrogen Dioxide (NO₂) specified in the UK Air Quality Regulations: an annual mean not to be exceeded of 40 µg/m³, and an hourly mean of 200 µg/m³ not to be exceeded on more than 18 occasions per year. Leeds has met and continues to meet the regulatory limits for the hourly average. NO₂ concentrations at some specific locations across Leeds however are exceeding the annual average limit of 40 µg/m³, making Leeds non-compliant with the UK objectives.
- 2.3. Both long- and short-term exposure to air pollution are known to adversely affect health. Short-term exposure (over hours or days) to elevated levels of air pollution can cause a range of effects including exacerbation of asthma, effects on lung function, increases in hospital admissions and mortality. Epidemiological studies have shown that long-term exposure (over several years) reduces life-expectancy, mainly due to increased risk of mortality from cardiovascular and respiratory causes and from lung cancer. The most consistent and convincing evidence suggests an important role for fine particulate matter (PM_{2.5}) in causing the observed adverse health effects, although other outdoor air pollutants such as nitrogen dioxide and ground-level ozone are also known to cause adverse health effects¹.
- 2.4. Air pollution causes a considerable burden of death and disability annually and costs the UK economy £20bn every year². Research carried out by Imperial College

¹ National Institute for Health and Care Excellence (NICE) - Expert testimony from Public Health England to inform NICE 'Air pollution: outdoor air quality and health' guideline 2017 <https://www.nice.org.uk/guidance/ng70>

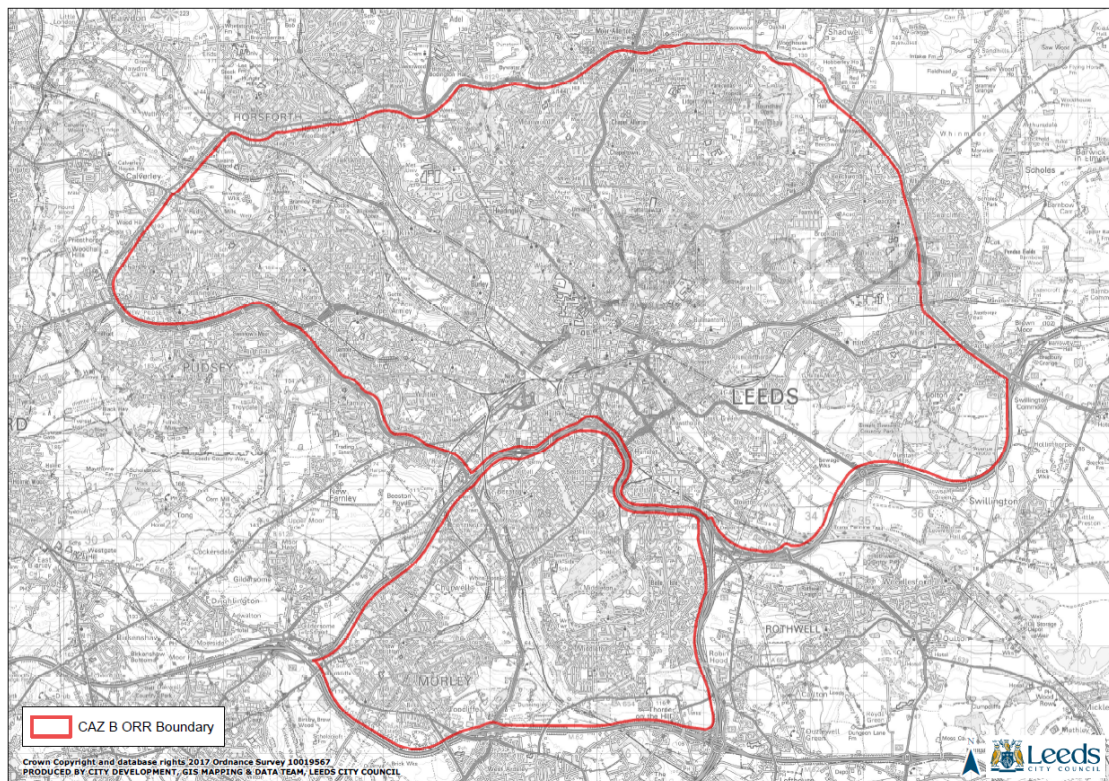
² Royal College of Physicians, 'Every Breath We Take: The Lifelong Impact of Air Pollution', February 2016, available here: <https://www.rcplondon.ac.uk/projects/outputs/every-breath-we-take-lifelong-impact-air-pollution>

London showed that there were higher concentrations of particulate matter and nitrogen dioxide in the most deprived 20% neighbourhoods in England³.

- 2.5. Client Earth took the UK government back to court in February 2018 which has resulted in an additional 33 local authorities having to produce air quality plans to show how they will achieve compliance in the shortest possible time. These include Bradford, Wakefield, Calderdale and Kirklees. In May 2018 the EU commission also decided to take the UK government to court over its long standing failure to meet EU limits for nitrogen dioxide (NO₂).
- 2.6. In December 2017 a report was brought to Executive Board that outlined the proposed air quality solution, located [here](#). A Class B Clean Air Zone was proposed, effectively introducing a charge for any buses, coaches, HGVs and taxi and private hire vehicles that did not meet pre-determined emission standards.
- 2.7. Taxi and private hire vehicles are being asked to move to a cleaner vehicle than Euro 6 diesel (such as petrol hybrid or electric) as the smaller vehicles are currently not delivering the same NOx savings that a Euro VI standard HGV, bus and coach are delivering.
- 2.8. Leeds City Council is the licensing authority for taxi and private hire drivers, vehicles and operators in the city, although many private hire vehicles licensed by other licensing authorities operate in the city, and will be expected to enter the Clean Air Charging Zone. The council is working closely with the other authorities in West Yorkshire and with City of York Council to harmonise taxi and private hire licensing conditions across the region. The council's taxi and private hire licensing policies and conditions are considered by the council's Licensing Committee who make recommendations to the Executive Board who decide on these. They are then implemented and enforced by the Taxi and Private Hire Licensing Team.
- 2.9. The latest Real Driving Emission (RDE) evidence of the latest generation of Euro 6 emission standard cars in the UK has been collected by Transport for London (TfL) and the Department for Transport (DfT). Key findings from the TfL laboratory measurements over a real London driving speed profile (140kms of measurement) were;
 - 2.9.1. A high emitting Euro 6 diesel supermini emitted 13 times more NOx than the required emission standard (the NEDC test); The cleanest Euro 6 diesel emissions only just exceeded the basic Euro 6 emission standard (NEDC) of 0.08 gr.km⁻¹ NOx.
 - 2.9.2. However the average Euro 6 diesel car emitted as much NOx as roughly 40 petrol cars;
 - 2.9.3. The average Euro 6 diesel car emitted as much NOx as 1000 of the petrol-hybrid (Lexus / Toyota Prius petrol-electric hybrid powertrain).
 - 2.9.4. The DfT results presented are from on-road (RDE) tests with a Portable Emission Measurement System (PEMS) covering approximately two hours of normal driving.

³ Fecht, D. et al. 'Associations between air pollution and socioeconomic characteristics, ethnicity and age profile of neighbourhoods in England and the Netherlands', Environmental Pollution (2014), <http://dx.doi.org/10.1016/j.envpol.2014.12.014>

- 2.10. The CAZ that was subject to a non statutory consultation from 2nd January to 2nd March used the outer ring road and the motorways as its boundaries to the south and east as shown in the map below.



3. Main issues

Consultation Overview

- 3.1. Over 8750 responses were received to the public consultation via the questionnaire as well as a number of letters from trade organisations, companies, key partners and environmental support groups.
- 3.2. The consultation was communicated in a variety of ways to ensure that it was widely known about. A postcard was sent to every business and resident within the district, posters were put up across the region, the variable sign boards were used to promote the consultation and social media was heavily used to ensure that the message was seen as widely as possible. Businesses and key partners were also emailed directly as were all Leeds' licensed taxi and private hire drivers and operators.
- 3.3. All this promotional activity was supported by over 80 face to face events, including sector specific events with trade organisations such as the Freight Transport Association, Confederation of Passenger Transport, six events with taxi and private hire drivers and operators as well as stands for the public at White Rose Shopping Centre, railway station, bus station and at a number of community hub locations across the city.
- 3.4. Direct consultation was also undertaken with the Youth Council and a briefing was provided at the Primary Head teacher forum.

- 3.5. A procurement exercise was undertaken to appoint a consultant to analyse the responses received at both stages of the consultation. M.E.L Research were appointed to provide an independent analysis of the consultation responses. This report can be found at www.leeds.gov.uk/airqualityconsultation as a downloadable document (title: Clean Air Zone Consultation Response Analysis May 2018).

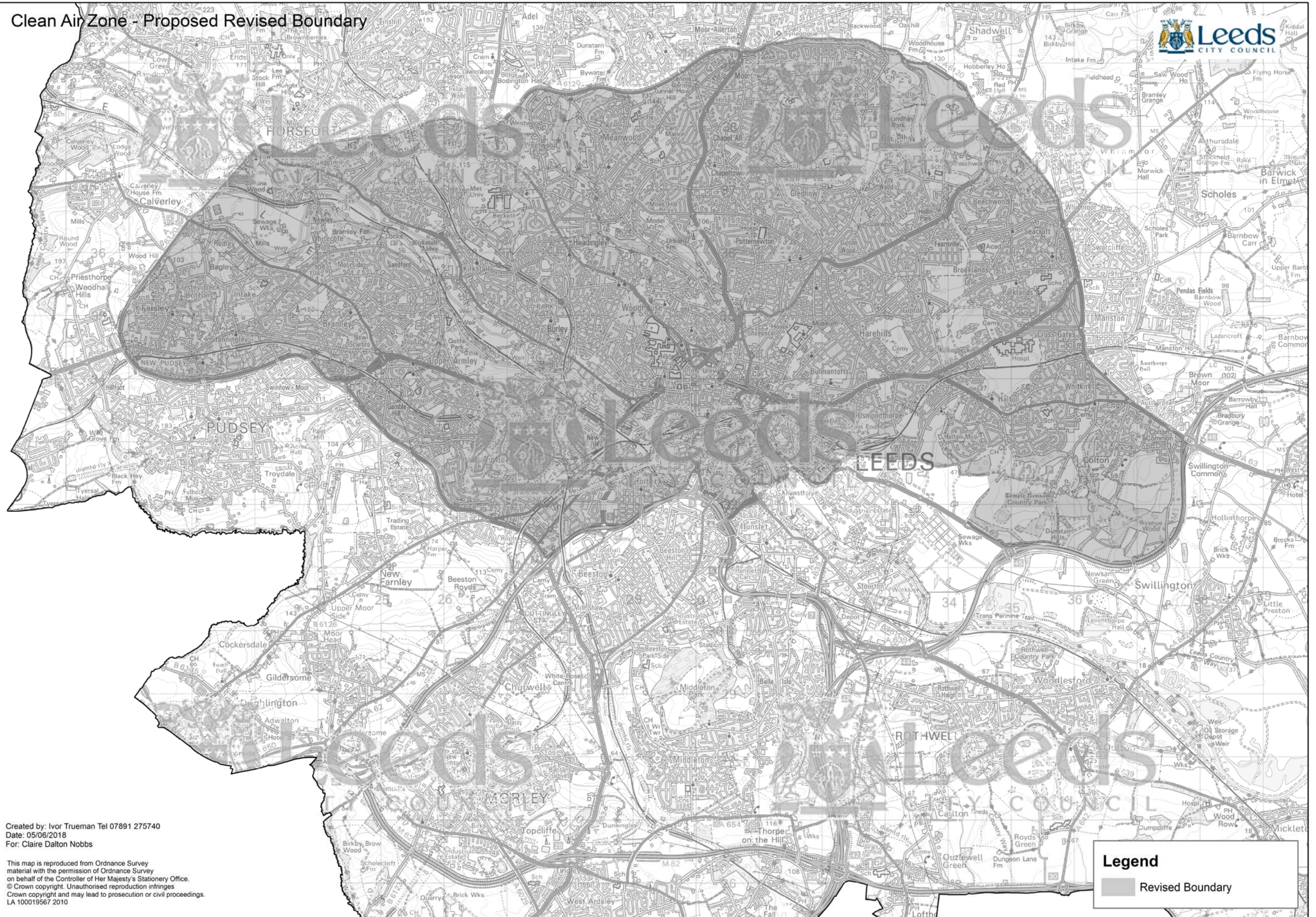
Modelling Update

- 3.6. Following the consultation, the council re-ran all of its transport and air quality models to ensure that they reflected the latest position in terms of planning applications, traffic growth, park and ride capacity, rail rolling stock improvements due in 2019, City Connect impact as well as including the latest background figures supplied by JAQU (the Government's Joint Air Quality Unit). It also amended the model to ensure that the impact of taxi and private hire could be fully modelled as at the last stage the taxi and private hire impact was excluded from the models due to time limitations.
- 3.7. In terms of our critical success factors for government, the two gateway criteria are:
- 3.7.1. Achieve Statutory compliance with air quality legislation
 - 3.7.2. Proposed scheme(s) are deliverable in the shortest possible time (subject to its statutory obligations and in accordance with public law principles)
- 3.8. At the last stage of analysis the council had ruled out any options that did not include a non charging element as this would require major modal shift from the private car and to cope with this there would need to be substantial infrastructure upgrades and it would not be possible to implement these as to achieve compliance in the shortest possible time.
- 3.9. When comparing the various classes of CAZ, it was concluded that no CAZ could be delivered earlier than January 2020 due to the standard process that has to be undertaken, including consultation, funding approvals, procurement, design and implementation, as well as the limits on market capacity for vehicle upgrades. This therefore meant that as all of our options reach compliance and there is no difference in delivery timescales, the decision was based on the other critical success factors. These are detailed below:
- 3.9.1. Deliver value for money in terms of the funding required from government
 - 3.9.2. Minimise the economic impact with no one group overly affected more than any other by the CAZ plans.
 - 3.9.3. Ensure that options deliver required outcomes, whilst mitigating unwanted secondary consequences, for example avoiding displacement of air quality issues, or causing increases in CO₂ emissions.
 - 3.9.4. Ensure that there is alignment with wider strategies and policy for the city
- 3.10. Our preferred option of a CAZ B with taxi and private hire vehicles being required to move to a higher standard of petrol hybrid or electric and a drive to increase electric uptake in the LGV sector required the lowest funding package from government of all options analysed. It also has the lowest economic impact both at a citywide level and at a distributional level. The solution reduces carbon emissions and particulate matter and does not create displacement.
- 3.11. For clarity, minibuses are not included within our charging zone unless licensed as a taxi and private hire vehicle.

Boundary Changes

- 3.12. One of the key asks from businesses during the consultation process was to reconsider the boundary, especially around the key industrial areas of the city. As a result we remodelled the Clean Air Charging Zone with an amended boundary that used the M621 as the southern boundary and the A61 and A63 around the Enterprise Zone. After the model was reappraised it was concluded that the reduction in size could be adopted without adverse impact on the requisite outcomes. Air quality improvements are still being delivered in a wider area than just the clean air charging zone. Unlike when we originally modelled the smaller CAZ based on the inner ring road CAZ, the new reduced boundary didn't create any significant displacement of traffic and therefore emissions to other areas.
- 3.13. The revised boundary is shown in the map on the next page:

Clean Air Zone - Proposed Revised Boundary



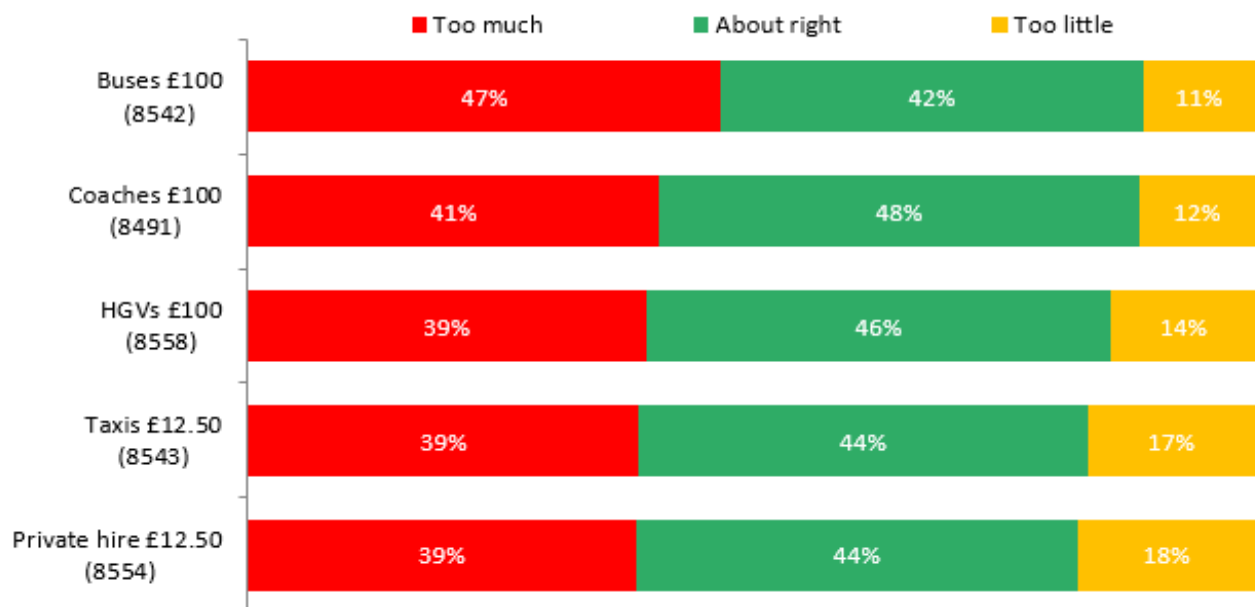
Created by: Ivor Trueman Tel 07891 275740
Date: 05/06/2018
For: Claire Dalton Nobbs

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- 3.14. The new CAZ boundary has reduced the area to 89sq km and the number of HGVs located within the CAZ has reduced from circa 13,000 to an estimated 4,500.

Charging Level

- 3.15. At the first stage of consultation the charges from London were used as indications of the potential level of charge that may be payable. Within the questionnaire, respondents were asked to comment on the levels of charges.



- 3.16. For all the different charges proposed, only buses came out as too high for overall respondents of the survey, all the other vehicle charges were considered to be about right. There was an understandable difference between what business (this includes Taxi/Private Hire) and non – business respondents felt. Circa 60% of business respondents felt the charges for the different types of vehicles were too high.
- 3.17. Following on from the consultation, the council commissioned a piece of work to reconsider the charging levels. In summary, the council was seeking to see whether the level of charge could be reduced from the original levels without impacting on the behavioural change required to achieve compliance in the shortest possible time. It is important to note that there is no way of predicting exactly how businesses will react so any work undertaken provides an indication but it is intended to undertake regular reviews and if the anticipated result is not produced, the council will reserve its right to review the charge accordingly to ensure compliance in the shortest possible time.
- 3.18. The work evidenced that a behaviour change is created by strong policy that indicates a definite direction of travel, rather than necessarily a high punitive charge.
- 3.19. The council is continuing to work with other cities outside of London to agree a common charging structure as industry have requested that the schemes be as standardised as possible.
- 3.20. In line with other national charging schemes, the charge will be payable by midnight of the following day

3.21. At this time the council is proposing the following charging structure:

Buses, Coaches and HGVs	£50/ day
Taxis and Private Hire Vehicles	£12.50/ day
Taxi and Private Hire Vehicles	£50/week (only available to Leeds' licensed drivers)

3.22. It has been proposed to set a weekly charge for taxi and private hire vehicles that are licensed in Leeds as a key concern raised in the consultation was that many drivers use their vehicles for personal use and would still be charged. This was considered by the trade to be inequitable as the council was not implementing a charging zone for the private car. The weekly charge is the equivalent of 4 days charge per week and serves to recognise that local drivers do use their cars for personal travel as well as business use without creating an onerous administrative burden for either party.

3.23. The council is also promoting a national policy on intercity charging that would see vehicles only charged once per day regardless of the number of CAZs that were entered. This is on the basis that the charge in each city is set at the level to generate the required level of behavioural change and therefore multiple charges would be excessive. If a vehicle is travelling between multiple cities, it is spending less time in the urban areas but yet still being charged the same as a vehicle that is spending a larger amount of time in a zone. However, this policy is subject to government approval as it requires both national and other cities' support.

Revenue

3.24. The government is currently in the early stages of developing a national payment portal to allow all charges from CAZs to be made via one point.

3.25. Any revenue raised locally, although collected nationally, will be given back to the council and may only be used to support further work to improve air quality. A currently undetermined amount will be payable to the government to fund the cost of operating the payment portal.

3.26. The council will be responsible for enforcement of non-payment of charges and this will be carried out by the current parking enforcement team within the council.

3.27. Any revenue raised (net of costs) would be used to provide support to those companies that have been directly impacted by the CAZ to help them retrofit their vehicles.

HGVs

3.28. Through the consultation process, it became evident that the Clean Air Charging Zone will have a big impact on the HGV sector due to the large cost differential between a Euro V and Euro VI vehicle that is beyond the reach of many smaller operators.

3.29. The council expects that between 17% and 34% of HGVs will be non-compliant with CAZ Euro Standards (Euro VI diesel and Euro IV petrol) at the point of implementation in 2020. However from local knowledge and research it is anticipated that larger operators will have higher compliance with CAZ Euro standards than smaller operators.

3.30. HGV operators have highlighted that the cost of Euro VI is prohibitive for them under normal business conditions; some have highlighted an inflated cost (up to

threefold) for second hand Euro VI vehicles since announcements regarding CAZ implementation for a number of cities from 2020 were made. We understand from some of the sector that replacement Euro VI diesel HGVs are between £80,000-£120,000 with much higher costs quoted for more specialist vehicles.

- 3.31. Currently there are no Clean Vehicle Retrofit Approval Scheme (CVRAS) accredited HGV retrofit solutions; retrofit providers expect to develop these between second quarter 2018 and second quarter 2019. Issues and delays currently exist with regard to the testing mechanism and re-registration with the Driver and Vehicle Standards Agency which is necessary following retrofit.
- 3.32. Retrofit providers have looked to develop the solutions they deem have greatest commercial viability first so have been much more focused on bus retrofit solutions as funding schemes have been well publicised for these sectors. However providers are willing to look to HGV solutions.
- 3.33. Additional challenges exist for the HGV retrofit sector as there are multiple engine types, sizes and specification variances; this makes the design and accreditation of HGV solutions problematic. This contrasts to the bus sector where there are fewer engine variations.
- 3.34. As no HGV solutions currently exist the cost of retrofit technology is only available as a 'ball park' figure; depending on engine size the cost is likely to be between £13,000 and £19,200.
- 3.35. It should be noted that retrofit providers do not expect any future solutions to be suitable for engines Euro 0-II standard. It is possible the number of Euro III options will also be affected. However initial data, suggests pre-Euro III HGVs make up less than 1% of HGV movements in Leeds.
- 3.36. Retrofit offers the most affordable and cost effective option to operators without compromising on meeting the air quality objectives in Leeds in the shortest possible time.
- 3.37. We will ask for a fund from Government, to support HGV businesses with grant funding. This would support upgrading eligible HGVs based within the CAZ B boundary to Euro VI with a retrofit solution. The money would be targeted towards the smaller companies, who are less likely to be able to access finance.

Taxi and Private Hire CAZ

- 3.38. The council anticipate that there may be up to 4,375 vehicles which will not be compliant with the higher vehicle standard (petrol hybrid or electric) by 2020.
- 3.39. During the consultation there were a number of face to face events held with the trade and a number of concerns were repeatedly raised. The revised proposal has tried where possible to address those concerns.
- 3.40. As the taxi and private hire standard will be set at petrol hybrid or electric, there was a concern that there is no or very limited availability of larger or executive vehicles. This has been considered in the 'sunset period' that are proposed by allowing these vehicles to move to Euro 6 as an interim step whilst the low emissions vehicle market in this sector develops further.
- 3.41. There was also a concern that some individuals had very recently bought new Euro 6 vehicles that under the council's proposals would not be compliant. To recognise this a 'sunset period' is proposed for those drivers who already have Euro 6 vehicles or Euro 6 equivalent vehicles licensed.

- 3.42. A number of individuals are tied into finance packages that extend beyond the implementation date for the CAZ and again there will also be the opportunity for 'sunset period up to the end of individuals' finance packages provided they do not extend beyond 31st December 2021, and subject to evidence of the finance package being provided.
- 3.43. In summary, the table below shows the proposed policies for each of the vehicle types within the taxi and private hire trade:

Vehicle Type	Detail
Wheelchair Accessible Vehicles (WAV)	All WAVs will be exempt from CAZ charge for a period to be defined. WAVs may need to be Euro 6 by 31/12/2021
5-7 passenger vehicles	All vehicles non-compliant with standard CAZ spec (diesel E6; petrol E4, or Euro 6 equivalent (such as LPG retrofit if accredited under Clean Vehicle Retrofit Accreditation Scheme (CVRAS)) will be charged.
8+ passenger vehicles	8+ Passenger vehicles will be exempt from CAZ charge for a period to be defined. 8+ passenger vehicles may need to be Euro 6 standard by 31/12/2021
Executive vehicles	All vehicles non-compliant with standard CAZ spec (diesel Euro 6; petrol Euro 4) will be charged.
Standard (i.e. all vehicles that do not fall into one of the identified categories above)	All vehicles other than petrol hybrids or electric will be charged unless: <ul style="list-style-type: none"> It is a Euro 6 diesel, or Euro 6 equivalent (such as LPG retrofit if accredited to CRVAS) first licensed in Leeds before a cut-off date to be determined (likely to be 15th September 2018). These vehicles will be given an exemption period to 31st December 2021.
Finance Exemption	Vehicle owners who are engaged in an existing financial agreement (prior to 15 th September) that prevents early replacement of vehicles may be allowed an exemption until either their finance deal expires or 31 st December 2021, whichever is soonest.

- 3.44. As the sector is being asked to bring forward their normal vehicle replacement cycle, we are proposing a support package that will provide grant funding to cover the initial revenue costs of changing vehicles as well as access to an interest free loan. It is anticipated that a grant package of £1,500 will be made available for petrol hybrid conversions, £2,000 for plug in hybrid vehicles and £3,000 for electric vehicles. The grant package to support this will be requested from government's clean air fund. The council has already secured £700,000 of this funding through its early measures bids and is currently in discussions to secure further funding to enable the wider roll out of the grant packages.
- 3.45. The council is also seeking to offer an interest free loan package to this sector. It is envisaged that this will be capped at £10,000 per driver and will only be available to those drivers that seek to change their vehicles by 31st December 2019. It is anticipated that this will be funded via prudential borrowing but that funding will be sought from the government to cover the cost of the loans, including the cost of administering the loan fund, a provision for bad debt and lost interest.

Taxi and Private Hire Licensing

- 3.46. A review of the licensing conditions will start in June 2018 that will complement the implementation of the CAZ. Currently, around 4,000 of the 5,000 taxi and private hire vehicles are diesels, and only around 700 are petrol hybrid or electric. The review will address the various vehicle policies and conditions, and will take the opportunity to review conditions and set new conditions to support the clean air and public health agenda.
- 3.47. The review will consult with the public on a range of options and will include the following linked directly to the clean air agenda:
- Tighter vehicle licensing conditions for newly licensed vehicles – e.g. licence only petrol hybrid or electric only vehicles;
 - A transition period for existing licensed vehicles, linked to support packages to assist high emission vehicles to be replaced by petrol hybrid or electric vehicles;
 - Loosening of age criteria for petrol hybrid and electric vehicles, to allow them to be registered when more than five years old;
 - Loosening of age criteria for petrol hybrid and electric vehicles, to allow them to be licensed when more than ten years old; and
 - Loosening of vehicle sticker conditions allowing additional stickers/sponsorship to be added to petrol hybrids or electric vehicles.

Buses and Coaches

- 3.48. West Yorkshire Combined Authority and Leeds City Council have been awarded £4.1 million from the government's Clean Bus Technology Fund (CBTF). This will enable retrofit to 231 buses running on key routes in Leeds including those with air quality concerns.
- 3.49. There are six coach and non-scheduled bus operators within the revised boundary operating around 65 vehicles, 40 of which are expected to be non-compliant with the latest engine emissions standards by 2020. The Leeds based coach companies operate a range of services from purely commercial trips for businesses to some for community groups undertaking excursions and school services. School services are at the start and end of the school day in addition to journeys for educational trips and visits that support curriculum enhancements, wellbeing and tackling obesity.
- 3.50. The age of the fleet ranges from Euro II double decker school services to the latest Euro VI coaches. Research indicates that second hand Euro VI coaches and buses start from around £140,000 and can cost £300,000 brand new; these costs are beyond the reach of some Leeds operators. In light of this we have developed retrofit grant funding bids for coach and non-scheduled bus operators.
- 3.51. A retrofit solution for double and single decker buses has already been accredited by a range of retrofit providers under the Clean Vehicle Retrofit Accreditation Scheme (CVRAS). Due to the bespoke nature of coaches, with a range of chassis and engine types and internal layouts, the retrofit solution for coaches is more bespoke. From speaking to the market, there may be eight or nine variations of retrofit solutions that must be developed, tested, and accredited for this sector. One retrofit solution is already available and awaiting accreditation, so should be available late 2018. Retrofit costs for coaches and non-schedule buses are in line with those for HGVs between £13,000-£19,000.
- 3.52. Coach and non-scheduled bus operators have raised concerns about the impact of the CAZ on the viability of some services for schools trips as they would pass the cost of daily charges onto customers. In light of this we have proposed to exempt

eligible school related services so as to ensure no additional disadvantage for children and young people.

- 3.53. Leeds based coaches that are accessible for wheelchair users, whether within or beyond the CAZ boundary, will also be eligible for grant support for retrofit solutions to support access for vulnerable groups within Leeds.
- 3.54. For other services, given that the coach trips will usually operate with a full complement of passengers, any increase in cost would be minimal e.g. daily charge of £50 across a single trip, 49 seater coach, would equate to £1 per person additional cost and for a 74 seater double decker single journey around £0.67 per person additional cost; a number of vehicles may undertake multiple journeys in a day so any daily charge could be spread over the total number of passengers.
- 3.55. Whilst companies simply passing on the CAZ charge to customers does not in itself improve air quality, it provides funding for further vehicles to be upgraded as detailed in the revenue section at 3.24 to 3.27.
- 3.56. We have also undertaken some further research regarding the comparative cost of coach travel and even with daily CAZ charges, travelling by coach remains a viable and competitively priced option even with an additional £1-£2 per person added on, the coach option is still the cheapest.

	Leeds to Sheffield	Leeds to London
Car	£43 Including car parking	£190.50 (which could increase with a ULEZ/Congestion charge added and parking)
Coach	£7.60 – £11.20 National Express	£5 - £11.60 National Express £5 - £7.70 Megabus
Train	£13.80 Northern Rail	£54 Virgin East Coast

Business impact

- 3.57. There will be businesses within the CAZ boundary that will be directly impacted, either through customers choosing to go elsewhere as their vehicles are non-compliant or suppliers increasing their delivery costs. An example of this could be a builder's merchant or a garage that services HGVs.
- 3.58. The council will look to request a support package from government to help mitigate this impact in the short term through potential business rate relief or support with relocation in more extreme cases.

Proposed exemptions

- 3.59. Within the National Clean Air Zone Framework, there are a number of standard exemptions from Clean Air Zone emission requirements. The following exemptions apply:
 - 3.59.1. Vehicles with a historic tax class (built on or before 31 December 1977)
 - 3.59.2. Military vehicles are exempt from charges by virtue of Section 349 of Armed Forces Act 2006
- 3.60. All of the exemptions below (paragraph 3.60.1 to 3.60.6) have been determined locally and will be subject to review to ensure that the impact of the exemptions has been accurately estimated

3.60.1. Showmen

These are highly specialised vehicles and are very expensive to replace with a long lead time for replacement. We have a very small number coming into the city centre and they do approximately 2,000 miles per annum and the impact on emissions reductions and achievement of concentration limits will be minimal.

3.60.2. Vintage Buses

These buses are aged between 20 - 39 years old and have limited technical options to make them compliant. They are typically operated by 'hobby enthusiasts' and normally attend community events. They do a very limited mileage and rarely travel into the city centre. Their impact on emission reductions and achievement of concentration limits is minimal. The exemption would only be for a pre-determined number of days per year rather than a blanket exemption. This is currently anticipated to be 10. We do have vintage buses that are used for commercial purposes (such as weddings) and they would not be exempt from the charge.

3.60.3. Emergency Services

By 2027 all Fire service vehicles will be Euro VI compliant in line with their fleet replacement programme, currently 18 out of 74 vehicles are compliant. Lead in times to upgrade specialist vehicles are long and can cost up to £850,000 per vehicle. These vehicles represent a very small number of vehicles with low mileage and the impact on emission reductions and achievement of concentration limits will be minimal.

3.60.4. School buses

Due to the low mileage of school buses providing services for transport to state schools, it is intended to provide them with an exemption if they are above Euro 3 as a minimum. An impact on the costs in this sector would impact on the ability of schools to be able to deliver any extra curriculum schools, impacting on children who would otherwise not have access to extracurricular activities or visits.

3.60.5. Lack of market capacity

Due to the late start in terms of developing retrofit solutions for HGVs and coaches as well as the over demand in the Euro 6 market, Leeds is also proposing an exemption that will allow those companies who have placed an order (by a pre-defined date) for a compliant vehicle or a retrofit to enjoy a 'sunset period' until the compliant vehicle arrives or the upgrade work is completed. The company will have to evidence that they have done everything possible to bring their vehicle to the required standard and therefore to impose a charge would not improve air quality. This is felt to be appropriate in these circumstances as the CAZ proposals are not intended to be a revenue raising mechanism, but are intended as a means of securing compliance with the Directive in the shortest possible time.

3.60.6. Diversions on the road network

If there any incidents on the road network that lead to official diversions, any vehicles that are diverted into the CAZ would be exempt from the charge for the time period that the diversion is in place. If the vehicle is spotted at a different place or time within the same 24 hours, they would still incur the daily charge.

Additional Measures

- 3.61. In order to enable the council to allow some exemptions, it is proposing to work with the LGV sector to increase the uptake of electric vehicles to deliver additional NOx savings. The council itself has already committed to procure a further 200 electric vans by 2020, bringing its total electric fleet to circa 300 as well as ensuring its whole fleet is CAZ compliant or better, even for those vehicles not within the CAZ categories.
- 3.62. The council, through the early measures fund, will allow businesses to trial electric vehicles to try and act as a catalyst to uptake.
- 3.63. However, we know that some larger businesses are already committed to upgrading their electric fleet but struggle due to some of the grid infrastructure upgrades required at their depots to support wholesale changeovers. The council will be asking government for additional funding to support some of the infrastructure work required to enable an open competition to be held to deliver higher electric vehicle uptake.
- 3.64. The council will also be looking to deliver a more comprehensive anti-idling campaign citywide and will be consulting on this during the statutory consultation period. This will be supported by citywide signage that will be funded via the early measures funding.

Longer term ambition

- 3.65. Through the consultation there was clear support to improve the air quality of the city so as part of the consultation process, the council is keen to further consult on what else can be done to improve air quality over the next decade and how ambitious should Leeds be.
- 3.66. There will also be opportunities to further improve air quality through the on-going use of the revenue pot that will be raised by the Clean Air Charging Zone.
- 3.67. The council is already progressing its plan to reduce vehicles within the city centre as part of its city centre package. This will see all motor vehicles other than buses and taxis removed from City Square. This scheme will be delivered by 2023 and will in effect go further than a CAZ that included all vehicles as it will remove a substantial number of vehicles from the centre of the city. The city centre package, combined with our preferred CAZ scheme has already been modelled to show that it will continue to improve air quality.

Programme

- 3.68. The table below shows the key dates from now until implementation:

Formal Consultation Initiation – Phase 2	28 June 2018
Questionnaire published, meetings and other consultation initiatives	28 June – 12 August 2018.
Consultation Close – Phase 2	12 August 2018
Full Business case submitted to Government (with sign off pending Executive Board approval)	15 September 2018
Executive Board	19 September 2018
Standstill period	19-29 September 2018
Final business case and scheme presented to government	29 September 2018
Scheme approval	No later than 31

	December 2018
Scheme Go Live	1 st January 2020

- 3.69. The statutory consultation period will run from 28th June until 12th August 2018. As per the first stage of consultation, we will look to use a wide variety of methods to engage with all of those that live, work or visit the CAZ. This will include direct mail, radio campaign, posters, social media, face to face events, communications via key partners and trade organisations. We are using different methodologies to maximise the number of people we consult to ensure we get a robust evidence base. We will also make sure that the consultation is accessible to make it as easy as possible for people to get their views across.

Procurement

- 3.70. In line with government green book guidance we will also begin the required procurements so that the full business case that we submit in September can be based on actual costs rather than estimates. The key procurement, both in terms of contract value and impact on delivery of the CAZ that will be undertaken during this period will be the camera infrastructure. A range of ancillary procurements will also be required to deliver cost certainty on various other elements of the CAZ proposal including the additional measures. These will include procuring the signage for the CAZ as well as a partner to administer the taxi and private hire loan scheme on the council's behalf.

4. Corporate considerations

4.1. Consultation and engagement

- 4.1.1. We have undertaken a comprehensive first phase consultation process that is detailed in the main issues section.
- 4.1.2. We have also worked with key stakeholders such as Highways England to ensure that any interfaces are considered early on.
- 4.1.3. We have spoken with the Joint Air Quality Unit on a weekly basis to keep them apprised of both our progress and any issues that are discovered.
- 4.1.4. There has been extensive member consultation throughout the design of the scheme, with cross party briefings and presentations to cabinet at regular intervals.
- 4.1.5. The scheme has been developed by a cross directorate team to ensure that it has been considered from all perspectives i.e. highways, environmental health, public health, corporate comms, legal, finance.

4.2. Equality and diversity / cohesion and integration

- 4.2.1. The equality impact assessment is attached as appendix 1.
- 4.2.2. As part of stage one we consulted with a wide pool of people who either live, work or travel through the city, including businesses and taxi/private hire drivers. After this consultation we revised the boundary and additional modelling was completed to use the results of the consultation. The analysis of the consultation responses showed that there were parts of the population that

were underrepresented in the survey and we will therefore take targeted action to increase these groups' representation at the next stage.

4.3. Council policies and best council plan

4.3.1. 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. We are raising general health and environmental standards across the city through the promotion of walking and cycling. The Leeds Public Transport Improvement Programme is working to make improvements to the bus and rail networks which will enable reductions in congestion and greater modal shift, supporting a reduction in emissions.

4.4. Resources and value for money

4.4.1. The council was awarded an additional £550,000 of feasibility funding from government to support the further work that needed to be undertaken. This included money to support the consultation process as well as the transport, air quality and economic modelling. It also provided funding to undertake further work on the appropriate charging levels, any state aid implications of funding packages and to further consider the feasibility of consolidation centres.

4.4.2. In December 2016 the Council bid for £1 million from the Joint Air Quality Unit. This funding was awarded in January 2017 and has provided money to undertake a communications campaign, including the development of a website, infrastructure upgrades to the council's own depots, support for taxi and private hire drivers to make the transition to petrol hybrids or electric vehicles as well as funding to support the bike share scheme.

4.4.3. In January 2018 the council was awarded a further £ 1.8 million of funding to support the following five schemes:

4.4.4. **City Dressing Scheme** - We are improving the visibility of air quality information in the city and informing anybody travelling by vehicles in Leeds how they can reduce their own emissions by putting no idling signs at schools and car share signs along busy road routes. Variable road signage will be utilised to show air quality levels and promote the use of alternative modes of transport. We are working with businesses to improve the level of car sharing in West Yorkshire. The scheme will also look to incentivise the modal shift away from the private car.

4.4.5. **Electric Vehicle (EV) Charging Points** - We are providing public electric vehicle fast chargers located at council sites such as parks and leisure centres with some rapid chargers for on-street parking in the city centre. We will also be extending our ultra-low emission vehicle free parking scheme for another two years to March 2020.

4.4.6. **Scoot to school** - A package of measures, including training, scooter storage and educational materials will be to 30 schools that have been targeted due to the high number of children travelling to school by car. Information will also be sent to parents to help with the modal shift away from using cars.

- 4.4.7. **Business engagement** - This scheme is focused on increasing the uptake of electric vehicles with businesses by supporting businesses in their business case development and allowing them access to longer vehicle trials. We will provide extra grants to support business with a suitable charge infrastructure and signpost them to any existing funding schemes.
- 4.4.8. **Taxi and private hire electric leasing scheme** - There is low uptake of electric vehicles in the Taxi/Private Hire (T/PH) sector so we are providing the opportunity to trial vehicles to demonstrate the advantages of using them.
- 4.4.9. The council and WYCA has also been awarded £4.1 million of funding to support the retrofit of scheduled buses from the clean bus fund.
- 4.4.10. The council will be requesting funding from the implementation fund to support the infrastructure requirements. For the reduced boundary this is currently estimated to be in the region of £9 million.
- 4.4.11. The council will also be requesting substantial funding from the clean air fund to provide support packages for coaches and non-scheduled buses, taxi and private hire vehicles, HGVs as well as those businesses who are significantly impacted albeit more indirectly. The funding request will be based on the unit costs detailed for taxi and private hire and the HGV & non scheduled bus/ coach retrofit packages. The bid for funding from the Clean Air Fund will be part of the council's full business case that it will submit to government in September 2018. Funding requests will be dependent on government and their review of the full business case. We have had initial positive discussions with government about funding at this stage and our full funding request will be developed following the statutory consultation. Approval for the funding request is anticipated to take between two to three months.
- 4.4.12. Based on the estimated number of non-compliant vehicles still operating in the CAZ, it is estimated that circa £2 million of income will be received in year one (net of costs).

4.5. Legal implications, access to information, and call-in

- 4.5.1. The 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 in to 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 (subject to its legal and statutory obligations and in accordance with public law principles).
- 4.5.2. The Government's Air Quality Plan (*the UK Plan for Tackling Roadside Nitrogen Dioxide Concentration*) was published in July 2017 and requires Local Authorities to set out their initial plans for improving air quality by the end of October 2017 and their final plan by the summer of 2018. Failure to meet these deadlines could be scrutinised or challenged by way of a public law challenge.
- 4.5.3. On 20th December 2017 Leeds City Council was issued with the Environment Act 1995 (Leeds City Council) Air Quality Direction 2017 ("the Direction"). This directs the Council to prepare and submit to the Secretary of State as soon as possible and by no later than 15th September 2018 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. The Council's full business case must set out detailed proposals for a scheme which is the Council's preferred measure to deliver compliance in its area with the prescribed limits of nitrogen dioxide in the shortest possible time. Under section 85(7) of the Act it is the duty of the council to comply with the Direction.

- 4.5.4. The full business case must contain six main strands in the submitted information to achieve compliance with prescribed limits of nitrogen dioxide. Under paragraph 5(b) of the Direction the Council is required to confirm that all public consultation necessary in respect of the scheme identified in the full business case has been completed. The Council intends to commence formal statutory consultation as per the recommendation in this report which concludes on 12th August 2018. Thereafter the Council will analyse the responses and present summaries of them in accordance with paragraph 5(c) of the Direction before submitting the final business case to the Secretary of State.
- 4.5.5. The Statutory Consultation for the Clean Air Zone, which is part of the Council's scheme pursuant to section 170 of the Transport Act 2000, will fully consult with local people, as well as the relevant representatives of local persons with regard to business, language and accessibility to information, who are directly affected by the scheme in order that appropriate and material responses are gathered during the six week consultation period. The requirements for consultation for charging schemes permit authorities to undertake consultation as they consider appropriate and this consultation represents a second focused consultation for the public and will enable the Council to gather the relevant information for formulating a final scheme for the City.
- 4.5.6. To ensure compliance with the Direction and meeting the date of 15th September 2018 for the submission of the Council's full business case, it is recommended that the decisions sought by this report should be made exempt from call-in on the grounds of urgency. Any delay in implementing the decisions will seriously prejudice compliance with the Direction and the obligations therein for submission of the Full Business Case and Charging Order for the Clean Air Zone. The Charging Order must also be confirmed by the Secretary of State before the Clean Air Zone comes into force and is formal coming into effect within the City. The decision could not be brought to an earlier executive board due to the consultation period that was undertaken, the analysis of the consultation and the detailed modelling work that had to be completed post the first stage of consultation.
- 4.5.7. As part of the business case the Council will also be consulting on further actions that can be undertaken to supplement the CAZ. The introduction of a CAZ can result in direct actions to reduce emissions within the zone. These can be focussed on particular locations such as bus depots, behaviours such as idling, sites with particular emission problems and through working with specific local businesses. As identified in the report, unnecessary engine idling can contribute to emissions. The Clean Air Zone Framework 2017 identified that the Traffic Commissioner has powers to issue Traffic Regulation Conditions at the request of local authorities. Local authorities may consider

requesting the use of these powers to restrict idling at specific locations for buses. The Traffic Commissioner can also place anti-idling conditions on operating centres for freight vehicles in certain circumstances.

- 4.5.8. The Council is considering the implementation of anti-idling zones, and management of these zones and subsequent enforcement of anti-idling by vehicle users, under regulations 6 and 12 of the Road Traffic (Vehicle Emissions) (Fixed Penalty) (England) Regulations 2002 which permit authorised officers to stop the commission of stationary idling offences where there is reasonable cause to believe that the driver of a vehicle that is stationary on a road is committing a stationary idling offence and issue a fixed penalty notice in respect of such an offence committed in its area.
- 4.5.9. In introducing a clean air zone and either granting exemptions from it or providing assistance to mitigate against the effect of it, the Council must have regard to the European Commission's rules as to the provision of State aid. State aid occurs where State resources are used in a way which provides undertakings with a selective advantage that could potentially distort competition and trade in the European Union.
- 4.5.10. Whilst the introduction of a clean air zone is not, in itself, State aid, the granting of exemptions from it and the provision of assistance to mitigate against the effect of it are subject to the State aid rules. Advice has been taken from Legal Services and a summary of the position is given below.
- 4.5.11. As regards the proposed exemptions from the application of the Charging Order, these are not considered to be State aid on the basis that they will be available to all operators in a specific market and will not therefore confer an advantage on the recipient and will not distort competition.
- 4.5.12. As regards the proposed 'Sunset Period' (whereby vehicles will be exempt from the Charging Order if ...), State aid will only arise if these exemptions are likely to distort competition within the European Union. This will only be the case if the exemptions are only available in respect of vehicles owned by specific operators in certain markets and will distort competition.
- 4.5.13. Provision of assistance to mitigate against the effects of the Charging Order could be State aid depending on who the assistance is provided to and the activities they are engaged in. In so far as their activities are limited to Yorkshire and the Humber it is unlikely that State aid will arise, but otherwise the assistance will have to be provided in a way which is compliant with the State aid rules.
- 4.5.14. In so far as State aid does arise, there are a number of exemptions which the Council could use to provide assistance in a compliant manner and further advice will be taken from Legal Services as and when required as to how to provide the assistance.

4.6. Risk management

- 4.6.1. There are a number of risks to implementation which sit with the government such as the development of the national payment portal, the development of a comprehensive database by the Driver and Vehicle Licensing Agency, the creation of a national taxi and private hire database and the finalisation of the signage. It is important to note that a CAZ daily charge will apply to all non-compliant taxi and private hire vehicles, whether licensed in Leeds or by any other licensing authority. A National database of all licensed vehicles is a prerequisite for delivery of an equitable scheme, with the government responsible for this to be delivered before a charging CAZ in any city is launched. Without any of these items being delivered in a timely manner, it will create delays to our programme and risk the implementation date.
- 4.6.2. The lack of progress on the retrofit solution at a national level is also a key concern as there is no other realistic option for such a large number of businesses to achieve compliance. The council will continue to work with retrofit providers and lobby government to support the quicker delivery of solutions.
- 4.6.3. Market capacity is a concern across all sectors of vehicles due to the sudden increase in demand for Euro 6.
- 4.6.4. It is acknowledged that there is a high potential of challenge to the proposals for the Clean Air Zone in Leeds, these could be from either environmental interest groups who do not consider that the proposals go far enough, from specific individuals or groups that may be adversely affected by the proposals. As this is the first scheme of its kind being advanced by the Council at this early stage it is difficult to predict the nature of challenges.
- 4.6.5. The council has developed a scheme that achieves compliance with the requirements of the Directive in the shortest possible time and whilst complying with its legal and statutory obligations and in accordance with public law principles. It has also sought to mitigate the economic impacts with the support packages that it has developed. However, without adequate financial support from government, the impact on industry would be unsustainable.
- 4.6.6. As the council is currently considering the potential for providing the capital for the taxi and private hire loans, it should be noted that there are a number of risks associated with this. Although it is anticipated that government will cover the cost of the loans, it is critical that the council properly assess the costs in order to ensure that all its potential costs and losses are covered. An effective enforcement process would also have to be in place to ensure that bad debt is minimised. As the provision of loans is very specialist and subject to significant regulation, the council would look to appoint a specialist loan administrator.

5. Conclusions

- 5.1. The proposed clean air charging zone achieves compliance in the shortest possible time. It has also sought to mitigate the economic impact on the city.
- 5.2. The clean air zone is just one strand of a whole package of work that is being undertaken to drive air quality improvements citywide.

5.3. This scheme is just the first step in improving the city's air quality and through the consultation, the council will seek to plan out its medium and long term vision to reduce pollution beyond that required in the Directive.

6. Recommendations

6.1 The Executive Board is recommended to:

6.1.1 Approve entering into a period of statutory public consultation on the proposed clean air zone and the enforcement of anti-idling;

6.1.2 Approve entering into a period of public consultation on the introduction of the enforcement of anti-vehicle idling;

6.1.3 Approve entering into a period of consultation with regards to the proposed changes to the licensing conditions for taxis and private hire vehicles;

6.1.4 Delegate the authority to procure for the required infrastructure to the Director of City Development, and the authority to spend once funding from government has been secured;

6.1.5 Delegate the authority to procure for the administration of the taxi and private hire loan to the Director of Resources and Housing, and the authority to spend once funding from government has been secured;

6.1.6 Approve the waiving of call-in for decisions contained within this report on the grounds of urgency in order that the Council achieves the closest legitimate date for submission in compliance with the Direction;

6.1.7 Note that a further report will be brought to Executive Board on 19th September to report on the outcomes of the statutory consultation as referenced in 6.1.1 above.

7. Background documents⁴

7.1 None

⁴ 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.