

Report of: Underwriter

Report to: Director of Resources & Housing

Date: 08/08/19

Subject: Clean Air Fund Grant and Loan Awards (>£50k)

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: 9.2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. In January 2020 Central Government awarded c£23m funding to the Council to administer a series of loans and grants to sectors affected by the forthcoming Leeds Clean Air Charging Zone.
2. In line with the Council's constitution, there is a requirement to keep a robust audit trail of expenditure.

Recommendations

3. The Director of Resources & Housing is asked to:
 - 3.1. Approve payment of the grants/loans paid to the taxi and private hire sector documented in Appendix 1 of this report.
 - 3.2. Approve payment of the grants/loans paid to the Large Vehicle sector documented in Appendix 2 of this report.

1 Purpose of this report

- 1.1 This report advises the decision maker of the steps taken to provisionally approve the grants/loans detailed in the appendices.
- 1.2 It also serves as an audit trail of funds approved for payment.

2 Background information

- 2.1 On 22 January 2019, the Council announced its final Clean Air Charging Zone proposal had been approved by Central Government, with £23m funding earmarked to provide financial support to affected sectors.
- 2.2 On 28 February 2019, a decision was published granting officers the authority to discharge the Clean Air Funding. A link to the decision can be found here: <https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=48422>

3 Main issues

- 3.1 All loan and grant applications are assessed against eligibility criteria. Applicants who are successful in passing the eligibility checks are taken forward for financial stability / credit checks / underwriting as appropriate. Applicants who are successful in passing financial stability checks are then taken forward for payment.
- 3.2 The eligibility criteria for the schemes can be found on the Council's website: www.leeds.gov.uk/cleanairzone.
- 3.3 All applications detailed in the attached appendices have been robustly tested against the eligibility criteria and underwritten as appropriate. Appendix 1 provides the decision maker with an assessment of the areas considered in making the recommendation to award funds. The total funds due to be awarded as a result of this report are £1,216,000
- 3.4 This is split £0 (T&PH) / £1,216,000 (LVGS)

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 There has been an extensive consultation process for CAZ delivery, details of which can be found in the October 2018 Executive Board report.
- 4.1.2 Consultation in regards to the delivery of the Clean Air Fund support packages was carried out with affected sectors at a series of face to face events throughout April and May 2019.
- 4.1.3 Extensive communications regarding the support packages have been in circulation since January 2019.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.4 An Equality Impact Assessment (EIA) for the Clean Air Zone has been completed and can be found as an appendix to the October 2018/September 2019 Executive Board report.

4.3 Council policies and the Best Council Plan

- 4.3.5 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.
- 4.3.6 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.
- 4.3.7 We are raising general health and environmental standards across the city through the promotion of walking and cycling.

4.4 Resources and value for money

- 4.4.8 £700k is in place to issue grants to the taxi and private hire sector. This funding was secured prior to the Clean Air Zone bid via the Early Measures fund.
- 4.4.9 Government have allocated funding equivalent to processing 2082 loans to the taxi and private hire sector. In reality, we may not issue all of the funding as loans because applicants have the option to select a £1500 grant instead of a loan (a saving of c£2k per transaction). There is scope to transfer a proportion of monies not spent on loans to the grant fund to facilitate additional grants (subject to Government approval).
- 4.4.10 £11.3m is in place to issue grants worth £16,000 per vehicle to the large vehicle sector (with a further £2.5m that can be accessed subject to demand and Government approval).
- 4.4.11 All funding in place is targeted at driving air quality improvements in the city.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This decision is a direct consequence of a previous Key decision and is therefore a Significant Operational Decision.
- 4.5.2 Appendix 1 (taxi and private hire sector payments) contains personal information as such has been marked as confidential.
- 4.5.3 Appendix 2 (large vehicle sector payments) contains commercial sensitive information as such has been marked as confidential.

4.6 Risk Management

- 4.6.4 To mitigate the potential for bad debt to occur, the council has designed a robust eligibility criteria which includes credit and affordability checking. The administration team has dedicated loan underwriters in place who make recommendations for loans to be approved or declined. Specialist debt collection staff in the Council's Sundry Income team are in place for ongoing account management and legal referrals in the event of default. The Loan Agreement that has been developed is robust in respect of the process of default following a single missed payment. The ultimate backstop to protect the council's capital is the cessation of the scheme if bad debt levels rise quickly beyond expected levels.

4.6.5 Grants to the large vehicle sector are only put forward for approval once we are fully satisfied that businesses due to receive the grants are financial stable.

5 Conclusions

5.1 The grants and loans put forward for approval in the attached appendices have been fully tested against the Council's approved eligibility criteria. Financial checks have been carried out and these have been deemed to be satisfactory, therefore minimising financial risk exposure.

6 Recommendations

7 The Director of Resources & Housing is asked to:

7.2 Approve payment of the grants/loans paid to the taxi and private hire sector documented in Appendix 1 of this report.

7.3 Approve payment of the grants/loans paid to the Large Vehicle sector documented in Appendix 2 of this report.

8 Background documents¹

8.1 N/A.

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.

