

CITY OF
WOLVERHAMPTON
COUNCIL

Cabinet (Resources) Panel

Tuesday, 4 February 2020

Dear Councillor

CABINET (RESOURCES) PANEL - TUESDAY, 4TH FEBRUARY, 2020

I am now able to enclose, for consideration at the meeting of the Cabinet (Resources) Panel next Tuesday, 4th February, 2020, the following report that was unavailable when the agenda was printed.

Agenda No Item

- 7 **Black Country Ultra Low Emission Vehicle Programme: Accepting Local Enterprise Partnership Development Funding (Pages 3 - 10)**
[To approve the creation of a capital budget relating to the acceptance of grant from the Black Country Local Growth Fund]

If you have any queries about this meeting, please contact the democratic support team:

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 4 February 2020
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Report title	Black Country Ultra Low Emission Vehicle Programme: Accepting Local Enterprise Partnership Development Funding	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Steve Evans City Environment	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Ross Cook, Director for City Environment	
Originating service	Transportation Service	
Accountable employee	Oliver Thomas Tel Email	Transport Innovation Officer 01902 558294 Oliver.thomas@wolverhampton.gov.uk
Report to be/has been considered by	City Environment Leadership Team	27 January 2020

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the creation of a capital budget of £130,000 following receipt of grant funding from the Black Country Local Enterprise Partnership (BCLEP) Local Growth Fund to finance development of the strategy and implementation plan to support the Black Country Ultra-Low Emission Vehicle (ULEV) programme.
2. Delegate authority to the Cabinet Member for City Environment, in consultation with the Director for City Environment, and Director of Finance, to approve a grant agreement and any ancillary agreements through Individual Executive Decision Notice (IEDN), with all supporting evidence and documentation

Recommendations for noting:

The Cabinet (Resources) Panel is recommended to note that:

1. As per the grant conditions, evidence of delivery of a capital project is required by 31 March 2021 otherwise a claw back may occur.
2. Agreement the four Black Country authorities - Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Metropolitan Borough Council, and the City of Wolverhampton Council, -equally underwrite the clawback risk together with any associated costs. Approval of this risk sharing was granted by the Black Country Heads of Regeneration at their meeting on the 23 January 2020.
3. CWC are still awaiting evidence from the Heads of Regeneration minutes of 23 January 2019, and for a signed copy of the amended Collaboration agreement between the Black Country Local Authorities which is due to be signed in February 2020, before the grant agreement can be signed. Upon receipt of these documents, they will be submitted with the IEDN required to sign the grant agreement and any ancillary agreements.

1.0 Purpose

- 1.1 The purpose of this report is to outline the ongoing work around the Black Country Ultra Low Emission Vehicle (ULEV) Programme and the need for development funding to deliver it, and to seek approval for the delegated authority to accept the grant funding offered to City of Wolverhampton Council (CWC) by the Black Country LEP.

2.0 Background

- 2.1 On behalf of the four Black Country Authorities - Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Council, and the City of Wolverhampton Council, submitted a successful funding application to the BCLEP Local Growth Fund in August 2019, for £130,000 of development funding. The grant funding is required to support development and delivery of the Black Country ULEV Strategy and Implementation Plan and the wider programme of supporting works.
- 2.2 The strategy and implementation plan will set out a five-year delivery framework to accelerate the uptake of ULEVs across the Black Country to tackle climate change and local air pollution. It will directly support the delivery of future capital assets within all four Black Country authority administrative areas.
- 2.3 Provision was also made within the funding bid to:
- A. Develop a full business case to support a packaged funding bid for capital investment in the Black Country to enable delivery of the ULEV programme, subject to the implementation plan.
 - B. Fund additional project support resource to help develop and deliver the wider Ultra Low Emission Vehicle agenda.
- 2.4 The transition towards cleaner transportation, is a central element of the Government's Industrial Strategy to tackle climate change and local air pollution, whilst aiming to bolster local economies. The Government have legislated to ban the sale of new petrol and diesel vehicles by 2040 which requires a significant shift in public attitudes and infrastructure investment to support alternative vehicle charging and meet that ambition.
- 2.5 Even with available funding for infrastructure, uptake of new vehicle technologies across the region to date, has been slow. A considerable part of this is due to a lack of local policy and public engagement, coupled with public misconceptions over the technology, which will be addressed through the ULEV programme.
- 2.6 Development funding was sought through the LEP in July 2019 to bridge the funding gap for development work. On 25 September 2019, the £130,000 of grant funding was approved by the Black Country LEP Joint Committee. We are now seeking the necessary approvals to create the budget to commence work on this agenda, to ensure outputs are aligned to local and national climate change and air quality objectives.

3.0 Progress, options, discussion, etc.

- 3.1 The proposals for the ULEV programme have been endorsed at Black Country level, via the LEP Board, Association of Black Country Authorities (ABCA) Chief Executives, and Black Country Heads of Regeneration.
- 3.2 The grant funding for the full £130,000 was approved by the LEP board on the 25 September 2019. Approval and delegated authority are required to sign off the grant agreement in order to accept the funding.
- 3.3 Under the grant conditions, funding must deliver a capital project by 31 March 2021, otherwise 100% clawback may occur, this risk would impact revenue budgets.
- 3.4 It is the intention that the proposed development activities will directly result in capital assets being delivered within the four authorities within the timescales of the funding. At a minimum this will be a Full Business Case approved by the LEP Board with full financing package of the final scheme(s), including evidence of match funding, which is sufficient to satisfy the grant terms and conditions by that date.
- 3.5 Agreement to equally underwrite the clawback risk and associated costs (if any) has been provided by Black Country Heads of Regeneration at their meeting on the 23 January 2020. This agreement is covered formally by the Black Country Collaboration Agreement dated 7 May 2014.
- 3.6 Walsall MBC as the accountable body for the Local Growth Deal, have included these assurances as conditions of the grant agreement, namely:
- 3.7 “The Black Country Joint Committee Collaboration Agreement places equal responsibility for the success of the Growth Deal programme on all 4 Black Country Local Authorities and the Black Country Consortium. Therefore, unless there is an administrative irregularity by the Accountable Body or Lead Authority, the 4 Black Country Local Authorities and the Black Country Consortium shall meet the costs of any claw-back of Grant by central government and any related costs, charges or fines in the same proportion to the programme funding that has been expended within each of their administrative areas”
- 3.8 “In addition, a further condition of the Grant Agreement, is that 100% of the grant will be repayable to the Council, which will be apportioned equally between each of the Black Country Local Authorities as agreed by Heads of Regeneration (Working Group) on 23.01.2020, within 28 days of the Council’s written request to do so if the development study:
 - A. Concludes that delivery stage of the Black Country Ultra Low Emission Vehicle programme (the ‘scheme’) will not proceed
 - B. or does not result in a developed scheme or asset by the end of the Grant Period (31 March 2021).

- 3.9 The existing Collaboration Agreement between each of the Black Country authorities dated 7 May 2014 is currently being amended to reflect appointment of a single accountable body. The changes do not affect the underwriting clause of the agreement.
- 3.10 Changes to the Collaboration Agreement have been approved by CWC Cabinet on 17 December 2019. The amendment is currently progressing through the Black Country LEP governance process with anticipated sign off at Joint Committee expected February 2020.

4.0 Evaluation of alternative options

- 4.1 Option 1 was to find revenue funding from existing budgets to commission the work required, but with diminished resources and internal budget constraints across the authorities it was not possible to identify sufficient funding within the timescales for the essential development. Delay to the commissioning of the outlined strategy and implementation plan could result in lost opportunities for wider external funding to support the agenda.
- 4.2 Option 2 was to develop the work inhouse using the existing CWC resource. As the ULEV agenda is a specialism, the scope of the strategy and implementation plan is beyond the skillset and capacity of the existing team. The risk of providing sub optimal work and low value for money means this option is not viable.
- 4.3 Option 3 was to apply for BC LEP growth funding to accommodate the delivery of the ULEV agenda and additional transport innovation workstreams.

5.0 Reasons for decision(s)

- 5.1 Option 3 was deemed the most viable option, with minimal overall financial risk to the Black Country Councils and the best chance of achieving the desired outcomes. Option 3 also eliminated capacity issues across the authorities and will provide quality outputs from leading industry experts.
- 5.2 As the programme has a Black Country focus, Option 3 also ensures that benefits and costs are split equally across the BCLEP area authorities.

6.0 Financial implications

- 6.1 This report seeks approval to create a capital budget following the successful application for grant funding from the BC LEP. CWC would be receiving the full capital grant of £130,000. The required match funding is a commitment of £30,000 this will be funded from existing approved revenue budgets and will be a contribution of officer time.

6.2 The funds are planned to be committed as follows.

Workstream	Allocation £	Start Date	End Date
Strategy & Implementation Plan	43,000	February 2020	April 2020
Full Business case	20,000	April 2020	June 2020
Project Support	35,000	April 2020	March 2021
Additional Development work	32,000	May 2020	March 2021
Total grant	130,000		
Match Funding -Transport innovation Officer Salary	30,000	Ongoing	Ongoing
Project Total	160,000		

- 6.3 The grant funding is allocated for this financial year 2019 - 2020, and the funds would need to be fully committed before June 2020. If funds cannot be committed by this time, a change request will need to be submitted to the BC LEP to roll forward into 2020 - 2021. Any unspent funds by the 31 March 2021 will be paid back to the Accountable Body, however, it is anticipated the funding will be spent in full.
- 6.4 CWC are also required to provide evidence as part of the grant conditions that the project will lead to a capital asset by March 2021, otherwise a 100% clawback may be incurred. The grant terms within the Grantor letters specify that a full business case with evidence that the full funding for delivery is in place is sufficient to satisfy the condition that a capital asset will be provided. It is planned that a full business case will be completed by June 2020 following completion of the strategy and implementation plan. Subsequent funding applications will then be submitted, directly after business case completion, based on the deliverables laid out in the implementation plan.
- 6.5 Agreement has been provided by Black Country Heads of Regeneration to take equal financial responsibility against the risk of clawback. The maximum risk exposure to City of Wolverhampton Council is therefore, £32,500 plus any associated costs. This agreement will be reinforced as part of the IEDN to approve entering into the grant agreement, this condition has also been included in the draft grant offer letter.
[HM/27012020/H]

7.0 Legal Implications

- 7.1 As per the standard Local Growth Funding agreements, CWC will be required to indemnify the accountable body, Walsall Council, against all liabilities or loss that may be incurred in relation to the grant monies in respect of this scheme.

- 7.2 Following agreement at the Heads of Regeneration on 23 January 2020 to equally underwrite the cost of the grant together with any associated costs. Each Black Country authority will be required, if clawback occurs, to pay £32,500 each back to the accountable body in respect of the grant monies.
- 7.3 S151 Officer sign off will be required within each authority to agree to these terms and a subsequent condition will be included in the grant offer letter and grant agreement to commit the Black Country authorities to these terms.
- 7.4 A valid collaboration agreement between the 4 Black Country Local Authorities setting out the terms of the risk sharing must enter into as well as a grant agreement between the Accountable Body and CWC together with any ancillary legal agreements that may be necessary.
[TS/20012020/Q and LMC/27012020/P].

8.0 Equalities implications

- 8.1 There are no equalities implications arising from the acceptance of grant funding. The future ULEV programme will consider equalities implications at all appropriate points.

9.0 Climate Change and Environmental implications

- 9.1 The funding will support delivery of the ULEV programme for Wolverhampton and the Black Country. By supporting the transition towards cleaner transportation and away from petrol and diesel vehicles, it will have a significant positive impact on Climate Change Targets.
- 9.2 ULEVs such as Electric Vehicles produce 40% less carbon emissions during their lifecycle than conventional petrol or diesels. When recharged using renewable energy source such as solar or wind, this reduction increases even further.
- 9.3 Transitioning the City of Wolverhampton Council's fleet vehicles to ULEVs, will save the council 2,952 tonnes of carbon each year equating to 15% of the council's total yearly CO2 output.
- 9.4 For the whole City, transportation accounts for 31% of total yearly carbon emissions, the majority of which comes from road transport, which can only be reduced through the transition to cleaner fuelled vehicles.

10.0 Health and Wellbeing Implications

- 10.1 Ultra-Low Emission Vehicles create zero exhaust pipe emissions and therefore have the capacity to significantly improve roadside air pollution. Air pollution has been linked to exacerbation of several heart and lung conditions as well as increasing the risk of premature death. In the West Midlands approximate 1,500 deaths are attributed to local air quality each year.
- 10.2 In the Black Country this is around 650 attributable deaths, with approximately 140 of those within the City of Wolverhampton.

11.0 Human resources implications

11.1 There are no Human resources implications arising from this report.

12.0 Corporate landlord implications

12.1 There are no Corporate Landlord implications arising from this report.

13.0 Schedule of background papers

13.1 Black Country LEP Local Growth fund application