

Cabinet (Resources) Panel

26 April 2016

Report title	Office for Low Emission Vehicles (OLEV) Taxi Scheme Bid		
Decision designation	AMBER		
Cabinet member with lead responsibility	Councillor John Reynolds Sustainability & City Economy		
Key decision	No		
In forward plan	No		
Wards affected	All		
Accountable director	Keren Jones, City Economy		
Originating service	Planning		
Accountable employee(s)	Ric Bravery	Sustainability Officer	
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Report to be/has been considered by	Highways & Transportation Board	8 March 2016	
	City Centre Programme Board	17 March 2016	
	Place Leadership Team	21 March 2016	
	Strategic Executive Board	12 April 2016	

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve submission of a bid to the Office for Low Emission Vehicles (OLEV) for funding under the £20 million Taxi Scheme.
2. If the bid is successful to delegate authority to the Head of Legal Services, in consultation with the Cabinet Member for City Economy, to enter into any necessary Agreements to obtain the funding.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The proposal forms part of wider work to promote low emission vehicles at West Midlands Integrated Transport Authority/Combined Authority, Black Country and Wolverhampton levels.

1.0 Purpose

- 1.1 To seek approval to submit a bid for government funding, under the £20 million Taxi Scheme, to promote low emission taxis; the bid is likely to be for around £680,000.

2.0 Background

- 2.1 Taxis are a significant source of air pollution and carbon emissions in the city, particularly the city centre where there is the highest concentration of work for taxis. The promotion of electric taxis serves the aims of:
 - a) Reducing carbon emissions
 - b) Improving air quality and public health
 - c) Making the City more attractive
 - d) Supporting the economy of the Midlands
 - e) Supporting innovation and transformation

An opportunity has arisen to apply for government funding which would support electric taxis and charging points in the City. Further details are provided in the Technical Appendix.

- 2.2 The UK government is currently offering £20 million to support electric and other low emission taxis and have funded a number of feasibility studies. The Council has carried out its own feasibility study and is in a position to apply to the scheme, using existing budgets as match funding. Details are awaited of the final bidding process which is expected to allow a minimum of eight weeks from issue for preparation of a bid. Further details are provided in the Technical Appendix.

3.0 Business Case

- 3.1 **Strategic:** Support for electric taxis is a key component of the policies of the UK government, of the Integrated Transport Authority (ITA) and of the City Council, as outlined in more detail in the Technical Appendix. The council has declared the whole city an Air Quality Management Area for nitrogen dioxide and fine particulates (PM_{10}). This initiative is particularly important as one of a limited number of opportunities to improve air quality in the city centre.
- 3.2 **Outcomes:** The proposal would lead to an improvement in air quality in the city centre and reduced carbon emissions with consequent benefits for public health and for tackling climate change. It would also create a more attractive city centre, improve perceptions of the city by visitors and present the city as one which supports innovation and

transformation. Furthermore it would support the automotive research and manufacturing sectors in the Midlands' economy.

- 3.3 **Commercial:** The scheme would support the development of a market for electric taxis by creating demand for electric Hackney carriages and providing infrastructure to support development of the sector.
- 3.4 **Financial:** By capital and revenue expenditure of around £300,000 over four years the council would lever in around £678,000 of government funding. Details are set out in paragraph 4.2 below.
- 3.5 **Project Management:** The scheme would be overseen by a steering group and administration carried out by a temporary Licensing Officer.

4.0 Financial implications

- 4.1 Over the four year lifetime of the project from 2016-2020 the bid, if successful, would bring in around £678,000 of capital funding. The Council's match funding for the four years of the project would be capital costs of around £120,000, which would be met from the Transportation Capital Programme.
- 4.2 The annual revenue costs and current budgets from which they would be met are as follows:-

Licencing

Administration	£30,000
Marketing	£5,000

Transportation

Traffic Regulation Orders	£6,000
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Parking Services

Loss of Income	£6,600
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- 4.3 If successful the project would be subject to a report to Cabinet (Resources) Panel for formal inclusion in the Council's capital programme.
[MF/24032016/B]

5.0 Legal implications

- 5.1 Any Office for Low Emission Vehicle (OLEV) grant would require the signing of a memorandum of understanding or similar agreement; details have yet to be received. The council would also need to ensure that any spending does not contravene EU regulations on state aid; full details would be considered as part of a full bid although initial work suggests the sums involved would not breach state aid regulations.
[KR/13042016/I]

6.0 Equalities implications

- 6.1 The proposal is an action in the Council's Sustainability Strategy and Implementation Plan 2013-18, on which an Equalities Analysis has previously been carried out. An additional screening has been carried out for this proposal and no negative impacts have been identified upon groups with protected characteristics.

7.0 Environmental implications

- 7.1 There are direct environmental implications arising from this report. The introduction of ULEV taxis is an important part of national and local initiatives to reduce carbon emissions and improve air quality in order to meet European, UK and local standards.

8.0 Human resources implications

- 8.1 The bid, if successful, would result in the employment of a temporary Licensing Officer for the remainder of 2016-17 and the following three years of the project.

9.0 Corporate landlord implications

- 9.1 There are no direct Corporate Landlord implications although there are implications for the Council's highways and car parks, including the Council's regeneration proposals, as outlined above.

10.0 Schedule of background papers

- 10.1 Wolverhampton Electric Taxi Feasibility Study, Cenex, March 2016.

Technical Appendix

1.0 Background

- 1.1 UK government support for reducing carbon emissions is reflected in the Climate Change Act, 2008, Carbon Plan 2011 and a strategy for ultra low emission vehicles being promoted by the Office for Low Emission Vehicles (OLEV) through a £500 million package of measures.
- 1.2 The West Midlands is a centre for manufacturing and research in the automotive industry and ultra low emission vehicles (ULEVs) have significant potential to contribute to the local economy and the ambitions of the Black Country Strategic Economic Plan (SEP) and emerging Combined Authority's 'Super SEP'.
- 1.3 The EU has commenced infraction proceedings against the UK government, for failing to meet legally binding EU air quality standards, which could result in fines of circa £300 million being directly passed onto local councils.
- 1.4 The City of Wolverhampton Council declared the city an Air Quality Management area for nitrogen dioxide and fine particulates in 2005. Parts of the city centre are currently exceeding the air quality objective for nitrogen dioxide.
- 1.5 In December 2015 the government produced national and regional Air Quality Action Plans under which a programme of Clean Air Zones will be legally required in Birmingham and other cities.
- 1.6 Promoting ULEVs and improving both air quality and public health, through increasing sustainable and active travel, are key policy objectives within the West Midlands Strategic Transport Plan "Movement for Growth", approved in December 2015.
- 1.7 In addition the ITA has agreed, in January 2016, to develop a West Midlands Transport Emissions Framework building on existing work and as part of the move to a Combined Authority. The work of this Framework includes developing and adopting metropolitan wide policies towards the accelerated uptake of ULEVs, including fleet vehicles and taxis.
- 1.8 To complement this, a Low Emission Transport Strategy is being produced as part of a broader transport strategy for the Black Country; this will support the work of the Black Country LEP and associated funding bids.
- 1.9 The West Midlands, through the ITA, Centro and individual councils has a range of initiatives to promote ULEVs and tackle air quality problems. This includes the Low Emission Towns and Cities Programme (LETCP) and a range of bids for government funding.
- 1.10 Within Wolverhampton promotion of ULEVs links to the aims of the Corporate Plan, the Council's Sustainability Strategy and Implementation Plan and the recently launched Vision 2030 for the city, which includes commitments to deliver a network of electric vehicle charging points and ULEV public service vehicles. It is also an element of the City Centre Parking Strategy, currently under development. Consideration of ULEVs for the council's own fleet was also a recommendation of the Fleet Review, August 2015, carried out by the Energy Saving Trust.

- 1.11 Taxis are a significant source of emissions and air pollution in urban areas, particularly in city centres. In June 2015 the council bid for OLEV funding for a feasibility study to take part in the £20 million Taxi Scheme. The application for funding was unsuccessful but instead the Council has funded its own feasibility study which was submitted to OLEV on 1 March 2016, produced by the specialist consultancy Cenex with consultation with the taxi industry carried out by AECOM. The opportunity now exists to bid for a share of the £20 million. Detailed bidding guidance is awaited with a minimum of eight weeks expected to be allowed for submission of a final bid. Current indications are that these details are awaiting ministerial approval and are unlikely to be issued before the end of May 2016. OLEV has funded eight feasibility studies but has stated that it will fund up to 10 schemes. Funding will be made available for the four financial years 2016-17 to 2019-20.
- 1.12 There are four main elements to the OLEV Taxi Scheme:
 - a) Charging infrastructure for ULEV taxis (Hackney and private hire) to be funded by OLEV up to 75% of capital cost of purchase and installation.
 - b) Top-up grants of up to £8,000 per vehicle to provide additional funding above the existing grant level for Hackney carriages; this would be funded 100% by OLEV.
 - c) Local measures to support ULEV taxi take up, such as favourable licensing terms for ULEV taxis; this would be funded by the council.
 - d) Marketing and promotion of the scheme and benefits of ULEV taxis; this also would be funded by the council.

2.0 Impact on Wolverhampton council and / or city

- 2.1 Cenex's feasibility study has produced three scenarios for a possible bid to the OLEV Taxi Scheme. The low, medium and high scenarios would aim respectively to convert 10%, 20% and 30% of both the Hackney and private hire fleets in the city to ULEVs by 2020 and would involve installing either two, four or seven rapid charging points within the city centre. Top up grants of £8,000, funded by OLEV, would be provided to purchasers of new Hackney vehicles.
- 2.2 The main locations identified for charging points is Broad Street Car Park Bus Layover which forms part of a strategic regeneration site. The latest available information suggests, however, that charging points could be compatible with the proposed plans for the site. The other location identified is Castle Street feeder rank (near Pipers Row).
- 2.3 Other possible locations include Lichfield Street and Princess Street; these however raise issues regarding the appearance of charging infrastructure on the footway in city centre conservation areas. The railway station was also identified as a desirable location for charging infrastructure which it is hoped will be incorporated in future stages of the Interchange.
- 2.4 Local measures for ULEV taxis might include preferential access to restricted areas within the city centre, reduced licence costs and looking at specifying ULEV vehicles in transport contracts and favourable rates for the use of charging facilities. These would be considered in detail during bid preparation.

- 2.5 Marketing and promotion would involve a package of driver outreach and promotion including identifying driver champions, holding information days and providing educational material for taxi drivers. Investigation of favourable finance schemes for Hackney carriages, to supplement additional grants funded by OLEV, would also be considered.
- 2.6 It is envisaged that even the low scenario, which would target older Hackney vehicles, would have a relatively high beneficial impact on air quality in the city centre (NOx and PM).
- 2.7 Possible barriers to take up of the scheme, identified in consultations with the taxi industry, include scepticism on the costs and benefits of ULEV taxis, the lack of ULEV Hackney carriages on the market and driver attitude to vehicle finance.
- 2.8 Costs of the scheme are for the four financial years 2016-17 to 2019-20 and the ranges given are for the three different scenarios outlined above. Provision of Hackney carriage grants would cost between £160,000 and £416,000. All of this cost plus between £75,000 and £262,000, 75% of the cost of charging points, would be funded directly by OLEV.
- 2.9 The Council would need to provide between £32,000 and £120,000 capital funding as a contribution towards the cost of purchasing and installing charging points and for three years' maintenance, warranty and data management. The Council would also need to fund the revenue costs of: administering grants to Hackney operators, which is likely to require a full time post; any necessary Traffic Regulation Orders; local measures and the cost of marketing and promotion. There would be long term maintenance and data management costs for the charging points and loss of parking revenue for the spaces provided in Broad Street Bus Layover. These costs would be covered by existing Transportation, Public Realm and Licensing budgets.
- 2.10 OLEV has itself funded eight feasibility studies including ones for Coventry and Birmingham councils. The City Council is aware of one other council in the Midlands which has prepared its own feasibility study and there are likely to be more. Bids are expected to be ambitious and competition for the funding is likely to be fierce. It is therefore recommended that the City Council bids for the high scenario in order to maximise its chance of obtaining funding. Total expected costs of the high scenario are outlined in paragraph 4.1 above.