

To: City Executive Board
Date: 22 May 2018
Report of: Executive Director, Sustainable City
Title of Report: Clean Bus Technology Retrofit Scheme

Summary and recommendations	
Purpose of report:	The Council has been awarded £1,662,930 of funding from the Joint Air Quality Unit, DEFRA to retrofit buses in Oxford with emissions reduction equipment, in the interest of improving air quality. This report seeks project approval.
Key decision:	Yes
Executive Board Member:	Councillor John Tanner, Clean and Green Oxford
Corporate Priority:	Vibrant, Sustainable Economy & Cleaner, Greener Oxford
Policy Framework:	Air Quality Action Plan
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Grant project approval for the bus retrofit programme outlined in this report; and 2. Delegate to the Executive Director of Sustainable City, in consultation with the Monitoring Officer and Section 151 officer, the authority within the funding envelope provided by the Council to enter into appropriate agreements with <ol style="list-style-type: none"> a) the Council's bid partners; and b) third parties required to deliver the project subject to their being selected under an appropriate procurement process. 	

Appendices	
Appendix 1	Project risk register

Introduction and background

1. The Council has committed itself to a vibrant, sustainable economy and a clean, green Oxford in its corporate plan. It is also required to take action to address air pollution as set out in the Part IV of the Environment Act 1995. The Clean Bus Technology Retrofit Scheme will contribute to both of these priorities by accelerating the move to a low emission and low carbon economy through increased uptake of sustainable, low emission transport technology and, in doing so, improving air quality and reducing carbon emissions in the city.
2. The Joint Air Quality Unit (JAQU) is a cross-Government unit comprising representatives from the Department of Transport (DfT) and Department for Environment, Food and Rural Affairs (DEFRA) specifically set up to deliver recent national plans to improve air quality and meet EU limits for air pollution.
3. We are required by Part IV of the Environment Act 1995 to measure air quality in the city, designate Air Quality Management Areas (AQMA) where pollution limits are exceeded and prepare Air Quality Action Plans (AQAP) to tackle exceedances of the limit.
4. In Oxford the main pollutant of concern is nitrogen dioxide (NO₂) and the whole of the city is designated as an AQMA. In 2013 the Council published its most recent AQAP which aims to reduce pollution across the city.
5. In the last decade, levels of NO₂ at the roadside across Oxford have dropped by an average of 36.9 per cent. However Oxford continues to experience exceedances of the legal limit in some parts of the city.
6. Transport is by far the most significant source of emissions of oxides of nitrogen (NOx) in the city, accounting for 75% of emissions. Of this part it is estimated that buses make up 56% of these emission in the city centre.
7. In August 2017 Government announced it would make £40 million available to local authorities to retrofit older buses with emissions reduction technology under the Clean Bus Technology Fund.
8. In a bid led by the Council with support from local bus operators we were successful in securing a total of £1,662,930 for the purpose of retrofitting a total of 78 busses to Euro 6 standard and 5 busses to fully electric standard. The retrofitting programme will reduce NO₂ emissions from retrofitted buses with a total of 99.5% for the Euro 6 standard buses and 100% for electric standard.
9. City Council Officers will work with local bus operators to deliver this project, which will be subject to a legal agreement to secure delivery of the outlined benefits. The project delivery period is 2018/19 financial year, with a final reporting deadline of September 2019.

Financial implications

10. Oxford City Council will be appointed as the Accountable Body and as such will receive, and will be accountable for, the whole of the funding payable.
11. Oxford City Council will receive a total of £1,662,930 split over two financial years; £938,910 will be paid in the 2017/2018 financial year and £724,020 will be paid in the 2018/2019 financial year. Bus companies will contribute a total of £58,300 to the direct project cost, taking the full cost of the project to £1,721,230. In addition to direct project cost the bus operators are contributing £251,550 in servicing and

maintenance costs over the life of the project (5 years). No on-going costs fall to the City Council.

12. The funding will be held by the Council and provided to bus operators at point of delivery of agreed milestones. Only when the project has been delivered to the Council's satisfaction will the full amount be paid to operators. A total of 50% of the funding will be provided to operators on award of contract. The remaining 50% will be paid on completion of the project and supply of suitable test documentation.
13. The project will be project managed by the Council within existing resources. The grant does not provide the cost of project management.
14. In case of non-delivery of the project or if project approval is not received the Council will be required to return funding to JAQU. If the project is only delivered in part, i.e. fewer buses are retrofitted than those set out in the grant agreement, the Council will be required to return the funding for the non-delivered part of the scheme. This will be based on the retrofit cost per bus as submitted at grant application stage.
15. The project, including payment of funding to bus operators, has to be delivered before the 30th September 2019.
16. In accordance with the Council's Constitution the Head of Finance may raise an additional budget head for a capital project that is externally funded (para 18.13). Project approval for projects must be obtained from City Executive Board for all projects over £500k (para 18.12)

Environmental implications

17. In the last decade, levels of NO₂ at the roadside across Oxford have dropped by an average of 37%. Between 2011 and 2013, average NO₂ levels across the city centre fell by 18.9 per cent; but between 2014 and 2016 they fell by just 3.9 per cent, which proves a significant slowdown in emissions reductions. This project is expected to result in a significant reduction in NO₂ emissions.
18. The Council's calculations estimate that the scheme will achieve a net saving of NO_x emission of 57.2 tonnes/year and 285.8 tonnes over the life of the project. The estimated NO₂ savings are 5.5 tonnes/year and a total of 27.6 tonnes over the lifetime of the project.

Legal issues

19. All District Authorities have a statutory duty to review and assess local air quality, within the programme of Local Air Quality Management established under requirements within Part IV of the Environment Act 1995. The Council is also required to prepare an action plan to reduce air pollution. This scheme contributes to the Council's commitments under the Environment Act 1995.

Level of risk

20. See attached Risk Register in the Appendix .

Equalities impact

21. An Equalities Impact Assessment is not necessary for this work. The social benefits of implementing this scheme include health benefits that can be enjoyed by all. Effective delivery of the strategy would have equality benefits. No significant adverse equality impacts have been identified.

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Background Papers: None