

To: Cabinet
Date: 22 May 2019
Report of: Transition Director
Title of Report: Clean Bus Technology Retrofit Scheme

Summary and recommendations	
Purpose of report:	The Council has been awarded £671,550 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
Cabinet Member:	Safer, Greener, Environment
Corporate Priority:	Vibrant, Sustainable Economy & Cleaner, Greener Oxford
Policy Framework:	Air Quality Action Plan
Recommendations: That Cabinet 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 Transition Director, in consultation with the Monitoring Officer and Section 151 officer, the authority within the funding envelope of £671,550 provided within the Council's capital programme and funded from external grant to enter into: <ol style="list-style-type: none"> a) appropriate agreements with 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. As part of Oxford City Council's journey to zero emission the Council has been awarded £671,550 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.
2. There is no safe level of air pollution. A 2016 report from the Royal College of Physicians and the Royal College of Paediatrics and Child Health found that outside air pollution – of which about 75% comes from road transportation – cuts short 40,000 lives a year in the UK.
3. Oxford has seen a large reduction in air pollution levels, however there is further action to take on air pollution. Following 15 months of extensive consultation Oxford City Council and Oxfordshire County Council have set out a vision for zero transport emissions in Oxford by publishing updated proposals for a Zero Emission Zone (ZEZ).
4. The City Council has so far secured £5,094,000 in funding to enable practical implementation of the ZEZ, including a grant of £1.7m to upgrade buses to be ultra-low emission or fully electric; £800,000 to install electric vehicle charging points for residents with on-street parking; £500,000 to install charging points for taxi owners and operators; £474,000 to introduce the world's first pop-up electric vehicle charging points; and £1.62m as part of a multi-million pound prototype project called the Energy Superhub Oxford (ESO) for improvements such as electric fleet replacement and associated chargers, a 'Trial before you Buy' programme to support the local hackney carriage fleet to move from diesel to electric, and the first Electric Vehicle 'Superhub' in Oxford providing 20+ ultra-rapid EV chargers for the public with low affordable tariffs for local residents, visitors, businesses and passers-by, among others.
5. 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.
6. 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.
7. The Council is 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.
8. 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.
9. 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.

10. 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.
11. 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. In March 2018, in a bid led by the Council with support from local bus operators the Council was 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.
12. In February JAQU made further funding available under the same grant scheme and we were successful in securing an additional £671,550 for the purpose of retrofitting a total of 37 buses to Euro 6 standard. The retrofitting programme will reduce NO₂ emissions from retrofitted buses with a total of 99.5% for the Euro 6 standard buses.
13. 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 the 2019/20 financial year.

Financial implications

14. 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.
15. Oxford City Council will receive a total of £671,550. Bus companies will contribute a total of £119,325 in servicing and maintenance costs over the life of the project (5 years), taking the full cost of the project to £790,875. No on-going costs fall to the City Council.
16. The funding will be held by the Council and provided to bus operators at the 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.
17. The project will be project managed by the Council within existing resources. The grant does not provide the cost of project management.
18. 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 the grant application stage.
19. The project, including payment of funding to bus operators, has to be delivered before 30 September 2019.
20. 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 to facilitate timely project commencement (para 18.13). Project approval for projects must be obtained from Cabinet for all projects over £500k (para 18.12)

Environmental implications

21. 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 emission reductions. This project is expected to result in a significant reduction in NO₂ emissions.
22. The retrofitting programme will reduce NO₂ emissions from retrofitted buses with a total of 99.5% reduction for the Euro 6 standard buses.

Legal issues

23. 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.
24. In respect of considering whether this grant funding could comprise unlawful state aid the grant funding was offered to all eligible bus operators and all operators have decided to take advantage of the offer. There can be no suggestion, therefore, that any eligible operator was either favoured or disadvantaged by the offer of funding.
25. In addition it is considered this particular funding would fall within the general block exemption regulation (GBER) relating to aid for environmental protection.
26. While the individual grants are adequate to enable the operators to purchase the required equipment, the operators have to meet significant additional operating and maintenance costs. Under the terms of the grant funding, the operators are required to procure the specified equipment through a transparent and competitive procurement process.

Level of risk

27. See attached Risk Register in Appendix 1..

Equalities impact

28. 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

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