

## **27<sup>TH</sup> FEBRUARY 2020 MEETING**

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### **ITEM 7 - ULTRA LOW EMISSION VEHICLES (ULEV) TRANSFORMATION FUND – LOCAL TRANSPORT FUND (LTF) 2020/21**

Appendix 2 (ULEV Transformation Fund LTF bid) to this report is not for publication as it contains exempt information of the description in paragraph(s) 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972

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### **REPORT OF CARDIFF CAPITAL REGION DIRECTOR KELLIE BEIRNE**

#### **AGENDA ITEM**

#### **REASON FOR REPORT**

- 1) To advise Members of a new fund introduced by Welsh Government (WG) for 2020/21 that the Region can bid into to help deliver ULEV infrastructure and provide incentives for early take up of ULEVs.
- 2) To ask Members to note the bid to be submitted to WG for funding (at the time of writing this report, the value of the bid is currently being prepared).
- 3) To ask Members to note the importance of a regional approach to delivering ULEV initiatives, to ensure a regional solution for managing charging infrastructure and delivering incentives. This will enable a consistent approach across the Region for the delivery of charging infrastructure, with a standard mechanism for paying for fuel as well as a standard design being provided for ease of use to the client.

#### **BACKGROUND**

- 4) The Metro Plus Phase 1 Programme was agreed by Regional Cabinet on 18<sup>th</sup> February 2019 and is being co-ordinated and led by the RTA. The common assessment framework (CAF) is underpinned by the principles of the WeITAG and five-stage business case model and the core elements include the development of a Low Emission Vehicle Strategy, Infrastructure

Income Modelling and a plan to provide electric charging infrastructure, including facilities for taxis and buses.

- 5) The Capital Region was invited to submit a bid to the WG ULEV Transformation Fund through LTF on 9<sup>th</sup> January 2020, to provide a co-investment mechanism for meeting a proportion of the costs ULEV Transformation proposal. The WG guidance can be found at <https://gov.wales/local-transport-capital-grant-guidance-2020-2021>. The total amount available in Wales for this fund is £21.4m for 2020/21. This is a one year investment fund at this stage and all works would need to be completed by 31<sup>st</sup> March 2021.
- 6) The funding being made available is to assist the Welsh Government transform the network to ULEV and help them reach their targets of zero emissions from buses and taxis by 2028. The Guidance specifically requests that the funding be used for:-
  - Provision of charging infrastructure for taxi and private hire vehicles
  - Electric vehicle charging hubs – focused on the seven Valleys Taskforce Strategic Hubs and other urban areas with potential to support a wide variety of electric vehicle charging needs; and
  - Provision of Green Fleet (taxi, private hire fleet and bus).
- 7) For this fund, local authorities are invited to submit up to two applications. Local authorities should identify the priority order of these applications. The Cardiff Capital Region is submitting a bid on behalf of all 10 Local Authorities within the Region.
- 8) WG encourages local authorities to work together and submit regional applications. The lead local authority must be identified for each scheme. Funding would be allocated to the lead local authority. Merthyr County Borough Council has been identified as the lead local authority and has submitted the bid.
- 9) Schemes that include match funding will attract additional scores in the appraisal process, with schemes that demonstrate greater levels of match funding scoring higher.
- 10) Applications must be submitted by 28 February 2020.

## **PROGRESS TO DATE**

11) Following the positive feedback from Members at the RTA Meeting on 28<sup>th</sup> November 2019 and Member support towards the Taxi ULEV Strategy presented to them, the recommendations were approved to:-

- (1) note the Taxi Electric Vehicle Strategy and the recommendations made within the Cenex Report.

- (2) approve further work be undertaken to consider the recommendations within the Cenex report and explore incentivised options, such as the use of Welsh Government Financial Transaction Funding, to deliver the recommendations made within the report.
- (3) Note any proposals that may come forward to Regional Cabinet requesting WIF funding will need to be fully costed and accompanied by appropriate documentation in line with the requirements of the Investment & Intervention Framework.
- (4) To continue to evaluate the impact of the Taxi Licence policy to ensure WG targets can be achieved by 2028. This will need to be undertaken in collaboration with WG, local; regional and other stakeholders.

12) Therefore, as this opportunity for funding has arisen at relatively short notice, officers engaged with Cenex to investigate what could be achieved within the funding period and to meet the criteria set out by WG as identified above.

13) In order to prepare a robust bid, a strategic business case is being prepared to highlight the benefits of investing in measures to accelerate ULEV uptake.

14) A condition of funding is to use the WelTAG (Welsh Transport Appraisal Guidance), which provides best practice for the development, appraisal and evaluation of proposed transport interventions in Wales. WelTAG combines the principles of the HM Treasury Green Book and the Five Case Model for Better Business Cases with WebTAG best practice for transport appraisal.

15) The work that Cenex have carried out, directed by officers within CCR, was to apply the WelTAG approach to the outputs of the Cenex Taxi Strategy to provide further insight into selected recommendations. The Cenex report can be found at appendix 1 to this report. The outputs have enabled the CCR City Deal Office to develop a bid for WG funding to accelerate ULEV taxi uptake. The approach taken to carry out this work includes to consider the strategic business case in two areas: incentives and chargepoint infrastructure. These areas were identified in the Taxi Strategy as two of the three most significant barriers to ULEV taxi uptake.

## 16) Incentives

Cenex have examined the case for providing incentives to drivers of the top three most polluting vehicle categories: Large Car, Medium Car and Medium Van. In total these vehicles are responsible for almost 70% of NOx emissions from taxis in the CCR. On the advice of WG, other vehicles have not been excluded from applying for incentives, but as these particular vehicles make up the worst emissions within the Region, and in the little time available for preparation, these vehicles have been investigated more fully. Cenex have considered the outline business case for prioritising these three vehicle types by exploring:

- Why should these vehicles be targeted?
- How many vehicles would be in scope in the CCR?

- Estimated reductions in pollution and CO<sub>2</sub> emissions.
- Estimated costs for providing incentives.

Providing exact figures for emissions cuts and costs was not possible as this would require market research to understand likely uptake rates and time available wouldn't allow. Instead, they provided scenarios to show the cuts and costs that would be associated with different rates of uptake. Further work will be carried out over the next few months to provide a full business case for delivery, however, to date, the following has been considered including three incentive types:

- A financial incentive to achieve total cost of ownership parity between ULEVs and an equivalent Euro 6 diesel baseline vehicle.
- Subsidised vehicle licence fees for early adopters. Values can be taken from local authorities' licensing policies.
- Opportunities for short term test drive and 'try before you buy' schemes including procurement of a small demonstration fleet of ULEVs. Costs can be taken from Cenex's experience of delivering similar events for other local authorities.

### 17) Infrastructure

The Taxi Strategy proposes a number of site types for additional chargepoint infrastructure. For this piece of work, Cenex were instructed to focus on taxi ranks, existing transport hubs and locations for new charging hubs.

The Taxi Strategy did not include forecasts for numbers of chargepoints or associated costs. Therefore, it was not possible to calculate an accurate business case for investment. However, Cenex addressed this by applying the following steps:

- Making a rough estimate of the number of rapid chargepoints required in the aspirational scenario, based on proposed ratios of taxis to chargepoints in other local authorities.
- Drew on their in-house knowledge bank to provide indicative costs for hardware purchase and installation.
- Assuming that the aspirational scenario will not be achieved without access to rapid chargers, they then estimated the emissions reductions associated with the provision of this infrastructure. However, they did caveat that there is no direct link between chargepoint provision and emissions reduction and officers have considered how to present this information in its bid submission. Cenex also highlighted a risk which is that the aspirational scenario is reliant on all ten licensing authorities adopting the same vehicle age and emissions policy. More work is being undertaken by the Welsh Local Government Association (WLGA) to consider amendments to licensing and this work is currently ongoing.

### 18) WelTAG Guidance

For the incentives and infrastructure options described above, Cenex applied Stage Two of the WelTAG guidance. In this stage, the mechanisms by which proposed

options will lead to desired outcomes are explored in more detail. In a report to the CCR City Deal Office, which can be found at Appendix 2, Cenex outlined:

- How the proposed options meet the WG's objectives on pollution and CO<sub>2</sub> emissions.
- An estimation of the associated benefits (emissions reduction) and costs of each option where feasible.
- Scenarios to illustrate uncertainties around the proposed options, particularly where uptake rates are unknown.
- Potential risks and dependencies.

### 19) Deliverables

Cenex provided a report summarising the methodology used and presented key findings, which the City Deal Office have used to develop a bid submission.

20) The outline business case provided by Cenex has enabled a bid to be prepared which can be submitted to WG by the deadline of 28<sup>th</sup> February 2020 as attached at Appendix 2. At the time of preparing this report, the bid is still being developed. Cenex has now been engaged to prepare a full business case by early in the new financial year to enable the incentives identified in their outline business case to be delivered within the timescale of any grant that may be awarded. Further works to progress the infrastructure investment will be developed in-house with a proposed delivery within the 2020/21 financial year as required by the Grant conditions, also subject to award of funding.

21) There is an opportunity to co-invest and match fund 75%/25% WG/CCR Investment Fund, subject to approval from RTA and Regional Cabinet. This would enable a regional approach for delivery as the scheme would be part funded from CCR utilising the same approach used to deliver Metro Plus. Whilst a co-investment is not a condition of the Grant, it would enable regional delivery under the current remit of the City Deal. Therefore, should the bid be successful, a further report will be brought to this Board with a proposal for co-investment to enable a regional approach to the project within the timescales of the Grant. This would require a request to Regional Cabinet for an approval to match fund.

22) Merthyr Council would be the lead authority and would manage the ULEV Transformation Fund element with the RTA providing leadership and overall management of the project. It is anticipated that a Project Manager could be seconded into the City Deal Office to deliver the project and funded from the Grant.

23) Merthyr CBC will be responsible for reporting quarterly to WG on the LTF spend.

### **Local Member consultation (where appropriate)**

- 24) All Members would have been consulted through their local mechanisms for local project approval and support. This report is part of a series of updates on programme activity, whereby regional engagement will take place.

### **Reason for Recommendations**

- 1. To note the bid that will be submitted to WG by Merthyr County Borough Council by the deadline of 28<sup>th</sup> February 2020 to allow schemes to be delivered in a timely manner.**

### **Financial Implications**

- 25) The report requires the RTA to note that a bid for Local Transport Fund grant from WG has been submitted in line with required WG timescales. Where any bids for funding are submitted, allowance for the financial implications and responsibilities arising from the terms and conditions will need to be considered and set out in a future report to Regional Cabinet.
- 26) The Outline Business case on which this bid to WG is based, includes a number of caveats re accuracy of costs, market research and risks, including deliverability, as a result of need to consider state aid implications. Therefore, any decision as part of this report to the RTA, will not pre commit Regional Cabinet to provide match funding from the Wider Investment Fund or taking forward expenditure on approved grant, without an approved robust final business case to be submitted for Regional Cabinet approval, if the award of this grant is successful. Clear timescales will be set out within which this will be achieved.
- 27) When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRCD must be complied with. To ensure compliance with the JWA, business cases will be developed for each scheme and the approach taken will need to be consistent with the HM Treasury Green Book and business case appraisal process, applied in a manner that is proportionate to the scheme in question.
- 28) For transportation related projects, all decisions made will also consider the broader aims and objectives of the Common Assessment Framework approved by the RTA and Regional Cabinet.

### **Legal Implications (including Equality Impact Assessment where appropriate)**

- 29) The report advises Members on a new fund being made available by WG to help deliver ULEV infrastructure and incentives ("the ULEV Transformation project") and seeks support for the bid submitted. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework) and the terms attaching to the funding provided by HMT to the CCRCD must be complied with. To ensure compliance with the JWA, business cases will be developed for each scheme and the approach taken will be consistent with the HM Treasury Green Book

and business case appraisal process, applied in a manner that is proportionate to the scheme in question.

- 30) In developing the business case, detailed legal advice will be obtained for the proposed scheme, including consideration to any consents/ permission required to facilitate the scheme.
- 31) Consideration will be given to any conditions attached to such third party funding to ensure that CCRCD is able to comply with the same. Accepting terms and conditions in relation to any third party funding for the City Deal, unless otherwise delegated, is a matter for Regional Cabinet.
- 32) The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published well being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well being goals. When exercising its functions, the Regional Transport Authority should consider how the proposed decision will contribute towards meeting the 'well being duty' and in so doing assist to achieve the national well being goals.
- 33) The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that the Regional Transport Authority must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Regional Transport Authority must:
  - Look to the long term
  - Focus on prevention by understanding the root causes of problems
  - Deliver an integrated approach to achieving the 7 national well-being goals
  - Work in collaboration with others to find shared sustainable solutions
  - Involve people from all sections of the community in the decisions which affect them.
- 34) The Regional Transport Authority must be satisfied that the proposed decision accords with the principles above.
- 35) To assist the Regional Transport Authority Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken , which is attached as an Appendix 3 to this report (Well-being of future generations assessment) for Member's consideration.
- 36) In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below:

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

## **Equality Act 2010**

37) In considering this matter, regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Transport Authority must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:

- Age
- Gender reassignment
- Sex
- Race – including ethnic or national origin, colour or nationality
- Disability
- Pregnancy and maternity
- Marriage and civil partnership
- Sexual orientation
- Religion or belief – including lack of belief

## RECOMMENDATIONS

It is recommended that:-

Members note the bid to be submitted to Welsh Government for funding ULEV Transformation Fund – LTF within the deadline of 28<sup>th</sup> February 2020.

**KELLIE BEIRNE**  
**CARDIFF CAPITAL REGION DIRECTOR**  
**28<sup>th</sup> January 2020**

The following Appendices are attached:-

Appendix 1 – Cenex Report

Appendix 2 **(ULEV Transformation Fund LTF bid) to this report is not for publication as it contains exempt information of the description in paragraph(s) 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972**

Appendix 3 – Wellbeing of Future Generations Evaluation

*The following background papers have been taken into account:-*

Cardiff Capital Region Report – Strategic Outline Programme for Metro Plus – Phase 1 – Programme of Local 'Future Mobility' Schemes – 18<sup>th</sup> February 2019

Cardiff Capital Region Report – ULEV Taxi Strategy Report – 28<sup>th</sup> November 2019