

Title of meeting: Cabinet

Date of meeting: 22nd November 2022

Subject: Review of Clean Air Zone Mitigation Measures

Report by: Tristan Samuels

Wards affected:

Key decision: Yes/No

Full Council decision: Yes/No

1. Purpose of report

1.1. For Cabinet to approve recommendations on how the Clean Air Zone (CAZ) mitigation packages should look moving forwards, almost a year after CAZ delivery.

2. Recommendations:

It is recommended that Cabinet:

- 2.1. Approves delegated authority to the Director of Regeneration to withdraw unspent Clean Air Fund (CAF) grants with a view to redistributing unspent funds, and ultimately close the CAF;**
- 2.2. Approves a six-week period for remaining CAF applicants to provide clear proof of intent to upgrade their vehicles;**
- 2.3. Approves that non-compliant vehicles purchased after 5th April 2023 not be granted an exemption from the Portsmouth Clean Air Zone - specifically with regards to:**

**Specialist Heavy Vehicles, and
The Stop-Gap Exemption.**

3. Background

- 3.1. The Portsmouth Clean Air Zone (CAZ) launched on the 29th November 2021. The Class B charging CAZ charges older, more polluting heavy goods vehicles (HGVs), buses, coaches, taxis and private hire vehicles for entry into Portsmouth's City Centre.
- 3.2. In order to support the most affected businesses, a number of mitigation measures were put in place. The highest profile was the distribution of the Clean Air Fund (CAF); PCC initially secured £3.2 million from Central Government to help those most affected by the introduction of the CAZ to adapt their operations so to become compliant, with a further £320,000 provided when the HGV funding stream expired.
- 3.3. In addition to the CAF, PCC offered a number of exemptions and sunset periods from the CAZ, allowing certain vehicles to operate in the Zone without the requirement to pay the CAZ charge. Sunset periods are time limited exemptions and were intended to give vehicle owners slightly longer to upgrade, but with the expectation that they would do so in that time or be expected to pay the CAZ charge upon the termination of the sunset period.

4. Clean Air Fund (CAF)

- 4.1. The headline mitigation measure offered to businesses to help them avoid the CAZ charge was by supporting businesses through the CAF. PCC secured £3.52 million to help the most affected upgrade ahead of CAZ launch. Applications opened in March 2021 to high levels of demand.
- 4.2. To date, PCC have allocated 70 HGV grants, 58 to buses and coaches, and 170 to taxis and private hire vehicles. Engagement Officers for the project feel that the bus and coach and taxi and private hire fund have reached saturation, with few interested candidates remaining.
- 4.3. Currently £174,000 is allocated from grants for HGVs and buses and coaches, as well as approximately £90,000 in the taxi grants. There is also further funding that is yet to be allocated of approximately £250,000. This funding is ringfenced by Central Governments Joint Air Quality Unit (JAQU) for spending on measures that mitigate the impact of the CAZ, and so any redistribution of the funds would be dependent on their approval.

5. Heavy Goods Vehicles

- 5.1. Whilst there is no specific date by which Portsmouth City Council (PCC) need to have administered the CAF funding, there are 9 HGV applicants approved for a

CAF grant of £16,000 each, that have not yet upgraded their vehicles. These date back to early 2021.

- 5.2. The original application process for HGVs was competitive, and as a result there were some applicants that were not successful in securing funding for the full number of vehicles within their application.
- 5.3. Whilst the purpose of the CAF was to mitigate the impact of the CAZ on those businesses most impacted, the fact that some companies applied for grants and have not spent them indicates that they are able to operate without incurring the CAZ charge on a regular basis, and therefore are potentially not in need of the grant.
- 5.4. CAF grant letters give applicants 3 months to spend the grant, so PCC are not obliged to continue to offer the grants in perpetuity. However, given the current economic situation PCC have not strictly held to the 3 month timeline and have actively worked with applicants to help them upgrade their vehicles, many of them long past the 3 month period.
- 5.5. Staff resource to administer these grants is winding down, particularly with regards the business engagement officer resource.
- 5.6. It is therefore proposed that a roadmap is outlined for closing down the HGV CAF grants. It is recommended that Applicants could be given 6 weeks to demonstrate clear intent, through the production of proof of a deposit paid or order in place, to spend the grant amount. After this time the money could be redistributed to other projects, where approved by JAQU.

6. Buses and Coaches

- 6.1. Of the 59 buses and coaches awarded funding, there are two vehicles across two applicants that have not yet upgraded their vehicles. These grants were approved in 2021 and amount to £15,000 each.
- 6.2. Conversations with small and medium sized bus and coach companies in Portsmouth suggest that the appetite for vehicle replacement grants has been exhausted. Figures from March 2022 suggested that on average there were only two chargeable buses and coaches entering the CAZ each day.
- 6.3. Whilst the purpose of the CAF was to mitigate the impact of the CAZ on those most affected, the fact that some companies applied for grants and have not spent the

funding indicates that they are able to operate without incurring the CAZ charge on a regular basis, and therefore are potentially not in need of funding.

6.4. CAF grant letters give applicants 3 months to spend the grant, and PCC is not obliged to continue to offer the grants in perpetuity. However, as outlined in section 5.4 of this report PCC have not strictly held to this timeframe and have actively worked with applicants to help them upgrade their vehicles, many of them long past the 3 month period.

6.5. In consistency with the HGV grants, it is proposed that a roadmap is developed for closing down the bus and coach CAF grants. Applicants could be given 6 weeks to demonstrate clear intent to spend the grant amount.

7. Taxis and Private Hire Vehicles

7.1. PCC were successful in securing grant funding for 321 taxis and private hire vehicles - the number of non-compliant licensed vehicles at the time of the Full Business Case submission. Thus far 123 hackney carriage and private hire owners have claimed grants on their vehicles. This includes 29 Wheelchair Accessible Vehicles (WAVs), amounting to over 35% of the total WAV fleet.

7.2. 98% of Portsmouth licensed taxi and private hire fleet are now compliant. Of those that remain and are non-compliant, four have stop-gap exemptions due to supply chain issues with their compliant vehicles, and three are known to operate outside of the Portsmouth City Council boundary.

7.3. The Taxi CAF resource was funded from the JAQU air quality grant; again, this is winding down with resources being deployed elsewhere.

7.4. For consistency with the HGV and bus and coach applicants, it is proposed that vehicle owners be given 6 weeks to demonstrate clear intent to purchase compliant vehicles in line with the grant's terms and conditions. As it is easier to source replacement taxis than HGVs, buses or coaches, clear intent in this context could be the purchase or order (but not necessarily be in possession of) a new vehicle. This would give applicants time to purchase new vehicles and provide a mechanism by which the grant process can be closed down.

7.5. The Taxi fund is the only CAF fund still open. For new applicants after this Cabinet paper, but before the expiry of the 6 weeks period, they could be given the full 3 months to spend their grants, but with no possibility of extending this.

7.6. For those applicants that have placed an order for a vehicle before the 6 week window, PCC will honour the grants where the Council are satisfied it meets the CAF terms and conditions.

8. Exemptions

8.1. A number of exemptions and sunset periods, known as the whitelist, were granted by PCC for local businesses and essential services to continue operating non-compliant vehicles in specific circumstances.

8.2. The specialist heavy vehicle local exemption has been important in supporting many businesses who cannot afford to upgrade their vehicles and require them to continue to operate. Currently, 43% of entries on the whitelist are specialist heavy vehicles. These include specialist vehicles such as cranes and recovery vehicles. Details of which vehicles this applies to can be found in Appendix A of this report.

8.3. It has also meant that an unnecessary burden is not placed on Portsmouth's emergency service vehicles. Currently, 48% of entries on the exemption whitelist are emergency service vehicles.

8.4. The remaining vehicles are a combination of home-to-school, horse transporters, statutory refuse collection vehicles, and stop-gap exemptions.

8.5. In recent months requests for exemptions have been received for non-compliant vehicles purchased after CAZ launch - particularly with respect to special heavy vehicles.

9. Offering a Local Exemption for vehicles purchased after CAZ launch

9.1. The purpose of the CAZ is to drive turnover in vehicles so that older, more polluting vehicles are replaced by cleaner ones.

9.2. A small but increasing number of businesses are applying for exemptions for non-compliant vehicles purchased after CAZ launch. This includes operators that are aware of the requirements of the CAZ.

9.3. Providing exemptions for non-compliant vehicles purchased post-launch could encourage businesses to continue to expand their operations without the need to upgrade to compliant models. This could lead to an increase in the length of time the CAZ is in place because Central Government will require at least two years of complete data to begin looking at whether the CAZ has led to a satisfactory drop in air pollution in the area.

- 9.4. On the other hand, providing this exemption without conditions means that businesses can continue to operate and contribute to the economic vitality of Portsmouth. Where a non-compliant vehicle needs replacement, it means that they will not have to find the finances for a compliant replacement.
- 9.5. A blanket ban on vehicles purchased after the Go Live date would not be appropriate for some exemption types - for example, it is in the public interest for emergency service vehicles to be exempt regardless of the date they were purchased.
- 9.6. It is not possible for non-commercial vintage buses to ever be compliant, and the emergency rail replacement exemption is in place to reduce disruption to the network. There have been very few applicants for these last two exemption types, amounting to 5 days total.
- 9.7. The stop-gap exemption, which allowed vehicle owners a short exemption period due to upgrade delays caused by Coronavirus or Brexit, is also planned to be closed. This exemption type was applied where compliant vehicles had been ordered before CAZ go-live, and no new applications for this exemption are expected.
- 9.8. Given the CAZ has been operational for a year, it is considered timely to introduce a deadline for the specialist heavy vehicles and the stop-gap exemption, whereby non-compliant vehicles purchased after 5th April 2023 will be subject to the CAZ charge. This deadline allows for further engagement with businesses.
- 9.9. For the reasons outlined above, it is not proposed that this deadline be imposed on emergency service vehicles, horse transporters, non-commercial vintage buses and emergency rail and bus replacement services.

10. Reasons for recommendations

- 10.1. This recommendation will allow the most efficient dispensation of the Clean Air Fund and mean that the HGV and bus and coach fund can be closed.
- 10.2. A 6-week period is recommended by Officers before unspent grants are withdrawn, to allow applicants a sufficient period to identify and provide proof of clear intent to purchase, a compliant vehicle.
- 10.3. It is recommended that non-compliant vehicles purchased after 5th April 2023 will not be granted an exemption from the Portsmouth Clean Air Zone for specialist

heavy vehicles and vehicles applying for a Stop-Gap exemption. This recommendation will support Portsmouth reaching compliance with legal limits of NO₂ and help ensure a turnover of older, more polluting vehicles being replaced with newer compliant vehicles. This will assist with Portsmouth remaining compliant once the CAZ has been lifted.

11. Integrated impact assessment

- 11.1. An integrated impact assessment (IIA) has been carried out and is included as Appendix B.
- 11.2. Within the IIA, making these changes to the mitigation measures in place for the Clean Air Zone will impact positively on the following sections:

Section A - Communities and Safety

A3 - Health

Section B - Environment and Climate Change

B1 - Carbon Emissions

B5 - Air Quality

B6 - Transport

12. Legal implications

- 12.1. With regards to the recommendations to withdraw the unspent CAF grant offers ultimately closing the CAF and redistributing the funds - the Council needs to be satisfied that the conditions of the funding by JAQU permits this. In the absence of such condition, the Council should written approval from JAQU before closing down the CAF and redistributing the funds.
- 12.2. With regards to the recommendation to approve a six-week period for remaining CAF applicants to provide clear proof of intent to upgrade their vehicles, it is recommended that the officers seek legal advice in cases where less than 4 months have passed since the date the Grant Approval Letter has been issued by the Council to the applicants to ensure that the Council complies with the terms and conditions of the funds.
- 12.3. With regards to the recommendation to remove the exemptions for specialist heavy vehicles and Stop-Gap Exemption vehicles purchased after 6 April 2023, this may necessitate the variation to the Portsmouth Clean Air Zone Charging Order 2021 which must be undertaken in accordance with the Transport Act 2000.
- 12.4. As part of the process to vary the Charging Zone Order, the Council will need to undertake a public consultation in accordance with section 170 of the Transport Act 2000, therefore, it seems unlikely that the process can be completed before 1 January 2023.

13. Director of Finance's comments

13.1. The paper recommends that the vehicle retrofit programme that ran parallel to the introduction of the Clean Air Zone be wound down and the remaining funds be used for other Clean Air initiatives. There is just over £0.5m of unspent ringfenced grant money available from the Clean Air Fund. JAQU have advised that the Council can spend this on other Clean Air Initiatives, subject to JAQU's approval of the alternative schemes.

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Signed by:

Appendices:

Appendix A: Specialist Heavy Vehicles - Adapted list
Appendix B: Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: