



Executive Director/Director Non-Key Executive Decision Report

V2.01

Author/Lead Officer of Report: Tom Finnegan-Smith

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Report to: Michael Crofts
Date of Decision: 25th March 2022
Subject: Clean Air Plan – Final Full Business Case

Which Cabinet Member Portfolio does this relate to? *Climate Change, Environment and Transport*

Which Scrutiny and Policy Development Committee does this relate to? *(Insert name of Committee)*

Has an Equality Impact Assessment (EIA) been undertaken? Yes No
If YES, what EIA reference number has it been given? *(REF: 803)*

Does the report contain confidential or exempt information? Yes No
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”

Purpose of Report:

This report seeks approval from the Executive Director of PLACE to submit the final Full Business Case for the Clean Air Plan to Government as per the delegation approved by the Cooperative Executive on the 26th October 2021:

Delegates authority to the Executive Director Place in consultation with the Leader of the Council and the Executive Member for Climate Change, Environment and Transport to submit to Government a Full Business Case to deliver a Category C Charging Zone as outlined in this report.

This report updates on the further development of the final Full Business Case (FBC) for the Sheffield and Rotherham Clean Air Plan (S&R CAP) taking consideration of:

- Public responses to the consultation undertaken late in 2021
- Shortest programme delivery timescales

Recommendations:

That the Executive Director of Place:

- Approve the revised proposals detailed within this report
- Approve submission of the final Full Business Case to Government
- Note the final Full business Case is subject to approvals from Central Government; a new legal Direction will be issued with the approval of the Full Business Case.

Background Papers:

- Cooperative Executive Report and Decision, 26th October 2021 Clean Air Zone - [CAP](#)
- Clean air Zone (CAZ) Exemptions Report -Appendix 1 (V4.00)
- 2021 Consultation reports – Sheffield City Council, Clean Air website - [Clean air zone proposals \(sheffield.gov.uk\)](#)

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Jane Wilby</i>
		Legal: <i>David Hollis</i>
		Equalities: <i>Annemarie Johnson</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	Lead Officer Name: <i>Tom Finnegan-Smith</i>	Job Title: <i>Head of Strategic Transport, Sustainability and Infrastructure</i>
	Date: <i>25/03/2022</i>	

1. PROPOSAL

1.1 Background

In 2017 Sheffield City Council (SCC) and Rotherham Metropolitan Borough Council (RMBC) were jointly Directed by Government to reach legally compliant annual average Nitrogen Dioxide (NO₂) levels by 2021. Specifically, this required us to take action to address Nitrogen Dioxide emissions from road transport.

In November 2018 Sheffield City Council (SCC) Cabinet approved the submission of an Outline Business Case (OBC) to Government, for a Clean Air Plan (CAP) which included a category C + charging Clean Air Zone (CAZ) in central Sheffield. The CAZ C + zone would charge non-complaint (older than Euro 6 Diesel and Euro 4 Petrol) HGVs, LGVs, buses, coaches, with the added '+' requirement that taxis needed to be Ultra Low Emission standard, along with wider traffic management measures, the majority of which were to be delivered at key air quality hotspots in Rotherham.

Government finally approved the OBC in February 2020 and issued a Ministerial Direction under which SCC are legally obliged to implement a CAZ C charging Clean Air Zone with additional measures, to achieve compliance in 2021 and to submit a Full Business Case (FBC). Grant funding was awarded for aspects of implementation based on outline stage cost estimates.

In April 2020 Government's Joint Air Quality Unit (JAQU) announced that the introduction of Clean Air Zones would be delayed as a result of the COVID pandemic and at that time it was expected that the introduction of Clean Air Zones would be no earlier than January 2021. Through this period, we continued to liaise closely with Government and the Joint Air Quality Unit to review potential impacts of the pandemic.

Sheffield announced a review of the local Clean Air Plan in September 2020, to consider the continued implications of Covid-19 alongside other changes since the OBC submission in 2018. The outcome of the review confirmed that in order to achieve legally compliant levels of air quality in Sheffield we need to deliver a Class C Clean Air Zone along with wider traffic management measures.

The review work also demonstrated that it was no longer necessary for taxis to be of Ultra Low Emission standard to achieve the legal aims of the CAP. Proposals were subsequently changed so that Euro 6 taxi vehicles are now classed as complaint and won't be charged for entering the Clean Air Zone (CAZ).

A Clean Air Plan report was approved by the Cooperative Executive on the 26th October 2021 which set out the Clean Air Plan proposals post the review work, the intention to proceed with consultation on the proposals and the intention to submit a draft Full Business Case (FBC) to Government in December 2021. The following recommendations were approved.

- To approve acceptance of the grant funding of £23,967,436 awarded in March 2020 from the Department for Environment Food & Rural Affairs (DEFRA) and the Department for Transport to enable the Council to comply with its statutory duty through the measures described in this report.

- Approves the launch of further consultation on the Clean Air Plan in November 2021 as detailed in this report.
- Delegates authority to the Executive Director Place to enter into the contract for the successfully tendered infrastructure work required for the charging zone including supply, installation and maintenance of Automatic Number Plate Recognition cameras
- Delegates authority to the Executive Director Place in consultation with the Leader of the Council and the Executive Member for Climate Change, Environment and Transport to submit to Government a Full Business Case to deliver a Category C Charging Zone as outlined in this report.
- Where no existing authority exists under the LSOD, delegate authority to the Executive Director, Place, in consultation with the Executive Member for Climate Change, Environment and Transport, and with the Director of Financial and Commercial Services to approve such procurements and thereafter contract awards for any necessary infrastructure, goods and services required together with any other such steps to implement and meet the aims and objectives of the Clean Air Plan.

Following further development of the CAZ C scheme a final Full Business Case is expected to be submitted in March 2022. Until the submission and approval of the final Full Business Case, Sheffield and Rotherham Councils remain legally Directed by Government to reach legally compliant annual average Nitrogen Dioxide (NO₂) levels by 2021. A revised Ministerial Direction that reflects an up-to-date timescale for compliance based on current shortest possible time delivery timescales is expected once the FBC is approved.

1.2 **Summary of consultation and engagement responses**

In summer 2019, stakeholders and the public were consulted on our original CAZ C+ plans. Over 12,000 responses were elicited through online surveys. Approximately 9,000 responses were from the public, 2,000 from the taxi industry, 300 from businesses and around 20 from other large stakeholders.

As a result of the Cooperative Executive decision on 26th October 2022 and the change from a Category C+ to a Category C Clean Air Zone, we undertook further consultation with the general public and businesses. This included providing further details on the proposals for financial support, to help those whose vehicles would be subject to charges for entering the Clean Air Zone to upgrade their vehicles, and also a number of proposed exemptions from charging.

The consultation was primarily in the form of two online surveys one for the general public, and one for business including the taxi trade. These were available for those who wished to provide their views via the SCC citizenspace website, from 22nd November 2021 until 17th December 2021.

The consultation responses have been evaluated and the results have informed the further development of the Clean Air Zone plans and the development of the Final Business Case (FBC).

In addition to the online questionnaire, we also received a number of freeform responses via email. These were mainly focussed on specific questions related to

individual vehicles and whether they would be subject to charges. There was also a phonenumber for enquires.

We also held virtual engagement meetings with a range of key stakeholders and also held an online webinar that was open to the general public, in order to highlight the consultation, the scheme proposals and answer questions raised.

Overall, 2471 people completed the consultation questionnaires:

- 2253 citizens responded
- 218 businesses responded

The consultation undertaken indicates that, as in 2019, there is broad support for taking action to address air pollution and that people feel that this should be a priority for the Council.

Several concerns and issues were raised by businesses and citizens particularly in relation to exemptions and financial mitigation support measures, such as:

- Need for higher funding support amounts for van and Taxi/PHV operators
- Requests for additional / amended exemptions
- Call for retrospective payments of grants for those who have upgraded to a compliant vehicle from since 26th October 2021
- Call for a review of charging for motorhomes

Consultation feedback and responses relating to exemptions and financial support are summarised in more detail below, and full copies of the consultation reports will be / are available on the Council's website - [Clean air zone proposals \(sheffield.gov.uk\)](https://www.sheffield.gov.uk)

1.3 Exemptions and discounts

Several exemptions are proposed for specific vehicles, meaning they would not be subject to the CAZ charges. Some are stipulated nationally – and apply nationwide – with the remaining exemptions based on guidance from national government but being confirmed and administered locally. Local exemptions need to be applied for.

Some exemptions are permanent, while others are temporary and are designed to allow more time for vehicles to be upgraded without charges being incurred. A discounted charge rate can be offered in some circumstances, where a discounted rate is offered, this will need applying for.

Where a national exemption exists, or where a local exemption is applied for, funding would not then also be available for upgrading a vehicle¹. Therefore, vehicle owners/operators who are eligible for an exemption that needs to be

¹ This does not apply in relation to the temporary exemption that will be available for those residents / businesses that are awaiting the receipt of a vehicle that is on order, or awaiting their vehicle to be retrofitted with an approved device.

applied for will need to consider whether they wish to access funding to upgrade their vehicle or apply for an exemption.

The table below summarise the proposed exemptions – more detail can be found in the CAZ Exemptions Report, Appendix 1

National exemptions (set by Government)	Local exemptions (October 2021)	Post 2021 consultation exemption proposals
<ul style="list-style-type: none"> • Ultra-low emission vehicles 	<ul style="list-style-type: none"> • Hard-to-replace vehicles 	<ul style="list-style-type: none"> • Wheelchair accessible Coaches (coaches with wheelchair lifts and the ability to carry more than one wheelchair user without transferring from a chair)
<ul style="list-style-type: none"> • Disabled passenger tax class vehicle 	<ul style="list-style-type: none"> • Vehicles for which either a replacement or retrofitted compliant vehicle is on order; current non-compliant commercial vehicle is subject to a finance agreement 	<ul style="list-style-type: none"> • An additional exemption is proposed for those people that are unable to access the financial assistance on offer – this will allow individuals or businesses a 6 month exemption from charges (evidenced by not passing the credit checks for financial assistance).
<ul style="list-style-type: none"> • Military vehicles 	<ul style="list-style-type: none"> • Specialist emergency services vehicles 	<ul style="list-style-type: none"> • Vehicles Concerns about the availability of vehicles will be covered through a temporary exemption for people awaiting delivery of their compliant vehicle. It is proposed that this will now also include a 90 day period for people to identify a suitable vehicle before finalising the financial support package.
<ul style="list-style-type: none"> • Certain types of agricultural vehicles 	<ul style="list-style-type: none"> • Vehicles used by not-for-profit and community interest groups 	<ul style="list-style-type: none"> • Larger motorhomes– these would not be fully exempt from any charges but instead can apply to register to pay the daily discounted rate of an LGV.

<ul style="list-style-type: none"> • Historic vehicles 	<ul style="list-style-type: none"> • Non-compliant vehicles that have been unavoidably diverted into the Clean Air Zone due to an accident or other circumstance 	<ul style="list-style-type: none"> • Coaches being used for educational trips to be exempt - there is a concern that the impact of the zone will mean that the charges are passed on to schools and educational establishments when on educational trips. Increased charges may mean that fewer trips are affordable and the impact on some schools/educational establishments may be felt harder than others. This would only apply on the specific days the trips are to take place.
<ul style="list-style-type: none"> • Vehicles retrofitted with technology accredited by the Clean Vehicle Retrofit Accreditation Scheme (CVRAS) 		

Further information on exemptions and the process for applying will be available in the Summer. Details of the exemptions will be included within the final CAZ Charging Order which will be published ahead of the zone going 'live'.

1.4 Mitigation Funding Support

This section provides further details on the feedback received on the range of Financial Support Measures that were included within the consultation and sets out a number of proposed changes in response.

Views on the available support packages varied greatly by the types of vehicles. Private hire vehicle drivers, HGV and LGV owners/operators were most likely to apply for one of the available support packages. By contrast, bus and coach owners/operators and Hackney Carriage drivers were most likely to be either undecided in which type of support they would apply for, or state that they would not apply for any of the available support measures.

Many business representatives made comments on the financial elements of support packages, particularly with regards to concerns about the size of the loans/grants available, and the affordability of upgrading. The sentiments around affordability appeared to be particularly pertinent in relation to smaller business, and the voluntary/third sector.

In terms of likely response towards the CAZ, businesses were most likely to state they would divert journeys around the CAZ, reduce numbers of journeys in the CAZ, and relocate their business to outside the CAZ. These three likely responses were each reportedly more likely than was identified in the 2019 consultation. However, around half of representatives indicated that they would replace their vehicle with a compliant model, and almost a third would retrofit their vehicle so that it becomes compliant.

The measures likely to be applied for were as follows:

- Bus owners/operators: upgrade grant of up to £16K (26%); retrofit grant of £16K (16%);
- Coach owners/operators: retrofit grant of £16K (28%); upgrade grant of up to £16K (11%);
- Hackney Carriage drivers: interest free loan (11%); retrofit grant (11%);
- Private Hire Vehicle drivers: interest free loans (32%); lump sum grants (25%);
- HGV owners/operators: upgrade grant of up to £16k (49%); retrofit grant of £16k (3%);
- LGV owners/operators: lump sum grant for Euro 6 diesel or Euro 4 petrol hybrid upgrade (31%); interest free loan (11%); and upgrade grant for EV upgrade (9%).
- Around half of LGV owner/operators and HGV owner/operators in the business survey indicated that they are likely to apply for support measures, compared to around a quarter of LGV owner/operators and less than one in ten HGV owner/operators in the citizens survey.

The consultation highlighted legitimate and real concerns of business affected by the CAZ and generates concerns that the package, particularly for PHV's and LGV's, would not result in the replacement of non-compliant vehicles but rather changes that would potentially displace traffic to more residential routes outside of the CAZ or see avoidance of the City Centre with economic repercussions for the commercial heart of the city as it looks to recover from Covid.

It is notable that the level of response from Hackney Carriage (19 respondents) and Private Hire drivers was significantly lower than the 2019 consultation. This potentially reflects the fact that one of the major changes within the Cooperative Executive decision in October 2021 was to apply the national Euro 6 Diesel and Euro 4 Petrol engine compliance standards to the proposed CAZ, and not higher ULEV standards that were previously proposed in 2019.

Final mitigation funding proposals including proposed changes

The tables below set out the revised scheme proposed by SCC in response to the consultation feedback received

Category	Measure	Standard	Previous Grant Value	Grant Offer
HACKNEY	Delicensing Grant		£4,000	£4,000 grant
	Replacement Grant/Interest	Euro 4 / 6	£5,000	Up to £6,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £5,000) - Grant 30% of Net replacement cost (max £4,500) plus interest subsidy (max £1,500)* - Interest subsidy (max £6,000)*
	Replacement Grant/Interest	ULEV (ZEC)	£10,000	Up to £10,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £10,000) - Grant 30% of Net replacement cost(max £7,500) plus interest subsidy (max £2,500)* - Interest subsidy (max £10,000)*
	ULEV Replacement Operational	ULEV (ZEC)	£10,000	Grant 30% of Net replacement cost (max £10,000)
	SCR retrofit Grant	Compliant	£4,000	100% of retrofit cost up to a maximum contribution of £4,000

For Hackney cabs there is a marginal increase in the maximum level of support for a replacement Euro4/6 from £5,000 to £6,000.

Category	Measure	Standard	Previous Grant Value	Grant Offer
PRIVATE HIRE	Replacement Grant/Interest	Euro 4 / 6	£1,500	Up to £3,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £2,250) - Grant 30% of Net replacement cost (max £2,250) plus interest subsidy (max £750)* - Interest subsidy (max £3,000)*
	Replacement Grant/Interest	ULEV (ZEC)	£3,000	Up to £4,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £3,000) - Grant 30% of Net replacement cost (max £3,000) plus interest subsidy (max £1,000)* - Interest subsidy (max £4,000)*
	ULEV Replacement Operational grant	ULEV (ZEC)	£3,000	Grant 30% of Net replacement cost (max £4,000)
	SCR Retrofit	Compliant	N/A	100% of retrofit cost up to a maximum contribution of

Private Hire Vehicle maximum level of support increases from £1,500 to £3,000 for a replacement Euro 4/6 and from £3,000 to £4,000 in respect to a ULEV.

Category	Measure	Standard	Previous Grant Value	Grant Offer
LGV	Replacement Grant/Interest	Euro 4 / 6	£1,000	Up to £4,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £3,000) - Grant 30% of Net replacement cost (max £3,000) plus interest subsidy (max £1,000)* - Interest subsidy (max £4,000)*
	Replacement Grant/Interest	ULEV (ZEC)	£3,500	Up to £5,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £3,750) - Grant 30% of Net replacement cost (max £3,750) plus interest subsidy (max £1,250)* - Interest subsidy (max £5,000)*
	ULEV Replacement Operational grant	ULEV (ZEC)	£3,500	Grant 30% of Net upgrade purchase cost (max £5,000)
	SCR Retrofit Grant	Complaint	N/A	100% of retrofit cost up to a maximum contribution of £2,000

Light Goods Vehicle maximum level of support increases from £1,000 to £4,000 for a replacement Euro 4/6 and from £3,500 to £5,000 in respect to a ULEV.

Category	Measure	Standard	Previous Grant Value	Grant Offer
HGV	Replacement Grant/Interest	Compliant	£16,000	Up to £16,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £16,000) - Interest subsidy (max £16,000)* - Combination of Grant / Interest Subsidy to be agreed with loan provider (max combination £16,000)*
	Retrofit Grant	Compliant	£16,000	100% of retrofit cost up to a maximum contribution of £16,000

There is no change in the maximum level of support in respect to HGV's.

Category	Measure	Standard	Previous Grant Value	Grant Offer
Scheduled Bus	Replacement Grant	Compliant	£16,000	£16,000 grant
	Retrofit Grant	Compliant	£16,000	

There is no change in the maximum level of support in respect to Schedules Buses.

Category	Measure	Standard	Previous Grant Value	Grant Offer
Coach	Replacement Grant/Interest	Compliant	£16,000	Up to £16,000 maximum contribution based on either: - Grant 30% of Net replacement cost (max £16,000) - Interest subsidy (max £16,000)* - Combination of Grant / Interest Subsidy to be agreed with loan provider (max combination £16,000)*
	Retrofit Grant	Compliant	£16,000	100% of retrofit cost up to a maximum contribution of £16,000

There is no change in the maximum level of support in respect to Coaches.

Category	Measure	Standard	Previous Grant Value	Grant Offer
Campervan/ Motorhome/ Minibus	Retrofit	Compliant	N/A	As LGV
	Replacement	Compliant	N/A	As LGV

It is proposed to allow Campervans, Motorhomes and Minibuses to access financial support at the level of support of an LGV irrespective of their size. It is expected that specialist LGVs such as minibuses, motorhomes or campervans will want to retrofit or repower existing vehicles. There are a number of approved systems for upgrading such niche Euro 5 vehicle variants that utilise the existing original equipment Diesel Particulate Filter (DPF) and add a selective catalytic reduction (SCR) system. Only eligible applicants completing vehicle retrofits made through accredited CVRAS suppliers will be supported through the financial assistance scheme.

The proposed changed grant / loan values constitute a variation to the current terms of the Government funding award, therefore written assurance is being sought from JAQU to vary the grant / loan values.

Once assurance has been provided, we will be able to share more information about funding available, eligibility criteria and how to apply. It is planned that our Financial Support Measures will be made available from Summer 2022.

1.5 Traffic displacement concerns

Approx. 6% of respondents raised concerns about displacement of traffic due to the CAZ.

There are no plans to divert traffic as part of the introduction of a CAZ charging zone around the City Centre. Modelling of the CAZ indicates that some traffic may choose to avoid entering the CAZ by diverging, this is built into the Category C CAZ modelling which forecasts that air quality will be within legal limits across the whole of Sheffield and Rotherham. All of our modelling and underpinning evidence for the CAZ is subject to rigorous assurance from JAQU as part of Government's approval process.

Monitoring at a number of key locations will be undertaken throughout the charging scheme operational period to ascertain the actual implications arising

from the CAZ. This includes additional monitoring as part of our already existing comprehensive monitoring locations.

Should displacement be more substantial than the modelling suggests, mitigation actions will be identified and implemented where this is determined as being necessary.

We are also monitoring what is occurring elsewhere in areas where CAZs have already been introduced. In places where a level of diverted traffic was anticipated Bath and Birmingham have reported that to date their monitoring has shown that actual levels of diverting traffic has not exceeded the modelled predictions.

1.6 **Economic impact on Sheffield city centre**

Concerns were expressed that the CAZ would result in reduced footfall in Sheffield City Centre

The Clean Air Zone is an important element of our plans to boost the city centre and add vibrancy. The Council has just completed a consultation on a new City Centre Strategic Vision designed to strengthen the whole city centre. A key element of this is the goal of delivering 20,000 new homes in the city centre, complete with community facilities, to be brought forward via the creation of new distinct residential city centre neighbourhoods. This increase in permanent residents is key to ensuring there are people in the city centre 24-7, throughout the year, helping to sustain retail, bars, restaurants, cafes and other attractions for everyone in the city to access and creating jobs. It is also important in minimising the requirement to build new homes on green spaces across the city.

Ensuring the city centre is cleaner and greener, with good air quality, is important if the City Centre Strategic Vision is to be made a reality. Clean air is vital to making the city centre an attractive place for a variety of people to live, helping to create genuine communities. No private car, motorbike or moped will face charges under the Clean Air Zone proposed and the majority of buses have already been upgraded, with further funding available for the remainder of the fleet. Enabling people to continue accessing the city centre for shopping, leisure, or work as they do now.

However, it is accepted that in implementing the Clean Air Zone to meet our legal requirements there will be an impact on individuals and businesses that operate certain vehicles that currently don't meet the CAZ compliance requirements and without change will become subject to charges. Ensuring sufficient time in advance of the Clean Air Zone going live for people to respond, and consider upgrades or alternatives to their vehicles, is important and providing financial assistance for people that regularly drive into the Clean Air Zone is essential.

Our proposed range of financial support measures aim to assist people to upgrade to cleaner vehicles, thereby avoiding charges and improving air quality in the city centre and across the rest of the city.

1.7 **Delivery timescales**

The timescales described below are dependent on:

- Timely submission of the Full Business Case to Government
- Government assurance that we can vary from their funding award terms and conditions
- Government approval of the Full Business Case and award of any additional funding required for delivery of the CAP
- Market forces - supply of goods, materials, and services

The delivery of the road schemes required for compliance within Rotherham are underway and should be fully implemented within 2022.

Preparation work for the implementation of the CAZ infrastructure and payment systems has commenced with Government's Joint Air Quality Unit, DVLA and SCC's procured supplier.

Programming shows that the earliest the Clean Air Zone can go-live and charging commence is now early 2023. Installation of cameras, signage and associated infrastructure will start in late spring 2022.

The launch of the financial mitigation funding is planned for Summer 2022. Detailed information for people interested in applying for support will be promoted before the launch date. In response to requests received through the consultation we will be allowing retrospective applications for financial support. This will apply to those individuals that meet the required criteria and have upgraded from a non-compliant vehicle to a compliant one after 26 October 2021².

As part of the scheme, further electric vehicle charge points will be installed across the CAP area, planned to commence in Autumn 2022.

The final Full Business Case (FBC) will be submitted to Government in April 2022. The FBC and supporting evidence documents will be published at the earliest opportunity.

1.8 Implications of the early 2023 CAZ 'Go Live' date

Our current implementation programme shows that the earliest the Clean Air Zone can be ready to go-live is early in 2023 as opposed to late 2022 which was the programme date at the time of the October 2021 Coop Exec decision. We have undertaken further analysis to confirm the implications of a later start date and the results from our Air Quality modelling and appraisal confirm that there will still be a need for the Category CAZ C scheme in 2023 as without intervention some central locations within Sheffield are predicted to be in exceedance of legal pollution levels.

Compliance to the required legal limits for Nitrogen Dioxide as identified by the Government in its [National Air Quality Plan](#) and set out in our legal Direction received in February 2020. Government assess this based on annual average emissions levels within a calendar year, this means that the shortest possible time that the Sheffield and Rotherham CAP can achieve legal compliance will be 2023.

² 26 October 2021 was the date of the decision by Cooperative Executive approving the category C Clean Air Zone.

2 HOW DOES THIS DECISION CONTRIBUTE?

- 2.1
- Contributes towards meeting the legal obligation for SCC to implement a category C Clean Air Zone in order to achieve compliance in the shortest possible time.
 - Contributes towards protecting public health and making a positive impact on those who are vulnerable to roadside pollution including working drivers.
 - Contributes towards creating a cleaner, healthier urban environment for residents and workers
 - Contributes towards achieving the corporate objectives set-out within the One Year Plan

3 HAS THERE BEEN ANY CONSULTATION?

- 3.1 Public consultation the CAP including a category C '+' (higher ultra-low emission standard for taxis) was undertaken between the 1st July and 26th August 2019 covering both Sheffield and Rotherham. The [consultation reports](#) can be viewed on the SCC website.

Additional stakeholder engagement with business and other impacted groups / individuals was undertaken during 2020 and into early 2021, this provided some essential insights to inform further development the mitigation funding and exemption proposals.

Consultation to inform the final proposals was undertaken from 22nd November to the 17th December 2021. Details of the consultation and the responses are included in Section 1 of this report. The consultation reports will be published on the Clean Air pages of the Council website.

4 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 **Health Impact Assessment summary:** The Clean Air Zone and other measures, are designed to reduce NO₂ from road traffic to improve Sheffield's air quality. This would have a direct, positive impact on cardiovascular and respiratory health of residents and will create a healthier working and living environment.

The Clean Air Plan we are required to produce is only for nitrogen dioxide reductions and other air pollutants are not covered – these pollutants such as fine dust (PM₁₀ and PM_{2.5}) will continue to be produced by less polluting vehicles as they are a result of wear and tear on the vehicle and road surface. Therefore, a modal shift to active travel and mass transit would be needed to deliver greater overall air quality improvements. Those switching from car use to active travel are likely to be healthier as they will be more likely opportunistically to achieve physical activity targets of 30 minutes, 5 times a week as part of their commute.³

³ <https://travelwest.info/essential-evidence/no-186-active-travel-physical-activity-evidence-review>
<https://travelwest.info/essential-evidence/119-walking-to-work-does-it-contribute-to-increasing-total-physical-activity-time>

4.1.2 **Equality Impact Assessment summary:** Air pollution can be harmful to everyone, some people are more vulnerable than others because they are exposed to higher levels of air pollution in their day to day lives, live in a polluted area, or are more susceptible to health problems caused by air pollution. The most vulnerable people face all of these disadvantages. Overall, the introduction of a charging Class C CAZ, which brings about compliance with legal levels for nitrogen dioxide, will have positive health benefits for all and in particular for those people in the following protected characteristic groups:

- Age: Children and the elderly are most at risk
- Disability: Those with respiratory or cardio-vascular conditions are specially at risk
- Pregnancy and Maternity: Unborn babies are at risk and there is increased risk of miscarriage.

Addressing Sheffield's air pollution challenge should bring benefits to communities across the whole city, particularly as some of the most significant polluters (buses, taxis, LGVs) drive around and through neighbourhoods in every part of Sheffield.

As vehicle fleets are upgraded and replaced in response to the CAZ, the NO₂ concentrations around the whole road network should improve at a faster rate than without action. Changes in the automotive industry and shift toward hybrid and electric vehicles and away from diesel should continue to bring reductions in air pollution to communities and neighbourhoods in Sheffield.

Addressing Sheffield's air pollution challenge should bring benefits to communities across the whole city, particularly as some of the most significant polluters (buses, taxis, LGVs) drive around and through neighbourhoods in every part of Sheffield.

As vehicle fleets are upgraded and replaced in response to the CAZ, the NO₂ concentrations around the whole road network should improve at a faster rate than without action. Changes in the automotive industry and shift toward hybrid and electric vehicles and away from diesel should continue to bring reductions in air pollution to communities and neighbourhoods in Sheffield.

The CAP proposals involve significant change but are intended to bring positive health and wellbeing outcomes for all communities and particularly those most exposed to the harmful levels of NO₂. There are economic impacts resulting from the CAZ charges which have been considered, and the financial support measures have been developed to mitigation

The EIA will continue to be reviewed and updated to reflect any new evidence and to support the writing the final business case.

4.2 **Financial and Commercial Implications**

4.2.1 Grant funding was awarded in February 2020 to implement the local clean air plan to reach NO₂ compliance in the shortest possible time, which was described in the Outline Business Case submitted to government in December 2018. Details of the grant conditions are included in the Co-operative Executive report of 26th October 2021.

The Final Business Case describes the revised plans following further detailed development and citizen consultation. The implementation of the charging zone, infrastructure, other compliance measures and financial support for individuals and businesses will be paid for from the existing grant allocations with any shortfall beyond current allocations expected to be funded from JAQU. The business case will outline a request for additional funding from the Implementation Fund to cover this shortfall and a forecast to draw down on allocated stretch budget from the Clean Air Fund following successful pay-out of financial support as outlined in this paper. Variations to existing terms as a result of the changes to plans will also be communicated with JAQU in advance of budget commitments. This includes proposed revisions to grant values

The core objective of the implementation of the clean air plan and charging zone is to accelerate the achievement of NO₂ compliance, not to generate additional revenue. A financial model has been developed to forecast the likely income and expenditure based on assumptions around likely traffic volumes, composition, and compliance rates. A degree of uncertainty remains around the forecast income and expenditure from the clean air zone. The net proceeds of the charging scheme, under s164 of the Transport Act 2000, (i.e., income after the costs of operating the zone) may only be applied for the purpose of “directly or indirectly” facilitating local transport policies.

The Council has developed a Procurement Strategy with a detailed specifications to support the implementation of the local plan. All procurement activity identified in the Final Business Case will comply with Public Contract Regulations 2015.

4.3 Legal Implications

4.3.1 Under Part IV of the Environment Act 1995, Local Authorities are required to have regard to any national strategy on clean air which is published by the Secretary of State; and to review and assess air quality in their areas and to report against objectives for specified pollutants of concern, to the Department for Environment, Food and Rural Affairs (DEFRA). The Secretary of State, in exercise of the power conferred by section 85(5) of the Environment Act 1995, Directed that SCC and Rotherham on 24 February 2020:

1. Must take steps to implement the local plan for NO₂ compliance for the areas for which they are responsible.
2. Must ensure that the local plan for NO₂ compliance is implemented so that;
 - (a) compliance with the legal limit value for nitrogen dioxide is achieved in the shortest possible time, and by 2021 at the latest;
 - (b) exposure to levels above the legal limit for nitrogen dioxide are reduced as quickly as possible.
3. Must prepare a full business case for the areas for which they are responsible.
 - (a) The full business case must be submitted to the Secretary of State as soon as possible and by 24 March 2020 at the latest and must describe (Schedule 1) the implementation of a Charging Clean Air Zone class C with complementary measures.

Under section 85(7) of the Environment Act it is the duty of a local authority to comply with a Direction given to it.

In November 2018 this Authority approved the submission of the Outline Business Case to Government and it was anticipated that the Full Business Case would be submitted thereafter. The submission of a FBC will be undertaken subject to the approval of this report.

Action to manage and improve air quality is a legal requirement. SCC has received a Ministerial Direction during the development of the proposed CAZ scheme. The effect of which is that the Council must fulfil its statutory duty to achieve compliance with air quality standards by 2021, at the latest and in any case, in the shortest time possible, by the implementation of the CAZ C charging scheme as mandated. Compliance with that deadline has not so far proved possible as set out within the report. The Authority's failure to submit the FBC and implement the mandated CAZ C charging scheme within the prescribed deadlines imposes a serious risk to the Council and gives rise to potential legal challenges by way of judicial review. There is also the risk that any grant funding already provided to SCC such funds could be recovered by Government, by way of clawback.

4.4 Other Implications

4.4.1 *Impact on individuals*

Poor air quality is responsible for about 3% of all illness and just less than 5% of deaths in Sheffield. There is no bodily process that isn't accelerated by one form of pollution or other. In assessing impact, it is also important to consider the role of pollutants both causing and accelerating the progress of a disease. The estimates are probably underestimates as the science is continually developing and we are continually learning more about the negative health impact of air quality.

There are a significant number of children who are having their life course influenced by something which isn't in their control, and we know the impact of air pollution is regressive - people of low income exposed to greatest pollutants. Pre-existing conditions (for example asthma or cardiovascular disease) make people more prone to the impacts of pollution, those conditions are more common in more deprived communities, combined with pollution per se being higher in more deprived communities.

Increasingly we are seeing that particulates (PM – particulate matter) and black carbon can get into the placenta and into unborn babies, and we know children are also more sensitive to the negative impacts in terms of the impact on developing brains, lungs, immune system (moving it to a more allergic / inflammatory prone phenotype). We are beginning to see a different type of asthma with more, late onset non allergic asthma. We are also beginning to see more very early onset wheezing in very young babies.

The [coroner report](#) on the death of Ella Kissi-Debrah where air pollution was directly attributed to the death of this girl notes that this is will not be the last time such a case is heard.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 In assessing options, the primary success factor required by Government is ensuring 'compliant levels of Nitrogen Dioxide (NO₂) emissions within the shortest time'. The Full Business Case (FBC) appraisal process will follow HM Treasury guidance and be consistent with the approach taken at OBC.

Post Covid 19, remodelling work was undertaken to establish whether any alternative CAP approaches would be sufficient to meet the legal obligations. A CAZ C continues to be the model most suited to achieving compliance within the shortest time and this remains the requirement mandated by Government. No other form of CAZ is permissible without Ministerial consent.

A set of technical documents detailing the analytical modelling work will be submitted to Government, forming part of the Full Business Case. These documents are currently being drafted and will be submitted to the JAQU for review by their technical assurance panel prior to FBC submission. Further detail will be published on the SCC Clean Air website after JAQU technical review process is completed.

6 REASONS FOR RECOMMENDATIONS

- 6.1 The decision to progress with the Category C CAZ and other measures was made by the Cooperative Executive on the 26th October 2021.

Consultation has been undertaken on the final proposals and the final Full Business Case to Government is being prepared for submission in April 2022.

Until the submission and approval of the final Full Business Case, Sheffield and Rotherham Councils remain legally Directed by Government to reach legally compliant annual average Nitrogen Dioxide (NO₂) levels by 2021. A revised Ministerial Direction that reflects an up-to-date timescale for compliance based on current shortest possible time delivery timescales for the scheme as set out in this report is expected once the FBC is approved.