



Report to Finance Sub Committee

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V1.00 issued 25 08 2022

Report of: Tom Finnegan-Smith

Report to: Finance sub-committee

Date of Decision: 6th September

Subject: Sheffield and Rotherham *Clean Air Plan – grant funding*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>REF: 803</i>				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>				

Purpose of Report:

Acceptance is sought for £4,033,566 of DEFRA / DfT Implementation Fund grant funding awarded towards delivery of the Sheffield and Rotherham Clean Air Plan to achieve legal NOX levels within the shortest possible time.

Approval is also sought for £6.176m of the existing DEFRA / DfT Clean Air Fund (CAF) award to be included in the Capital Programme to enable Financial Support Measures (grants) be provided to owners of Clean Air Zone (CAZ) non-compliant to upgrade their vehicles.

Recommendations:

- Accept the additional grant funding of £4,033,566 awarded to Sheffield City Council as the accountable body by the Department for Environment Food & Rural Affairs (DEFRA) and the Department for Transport to enable the Council to comply with its statutory duty to implement the Sheffield & Rotherham Clean Air Plan as the Direction from the Secretary of State received on 13th July 2022.
- Approve the inclusion of in the Capital Programme of a scheme of grant assistance to Bus, Coach and HGV owners as described in the report to a value of £6.176m

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

Cooperative Executive Report and Decision, 26th October 2021 Clean Air Zone - [CAP](#)

Executive Decision, Clean Air Plan, February 2022 - [Decision details on public web site](#)

Lead Officer to complete:-	
1	<p>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.</p> <p>Finance: Jane Wilby</p> <p>Legal: Henry Watmough-Cownie</p> <p>Equalities & Consultation: <i>Annemarie Johnson</i> Executive Decision, Clean Air Plan, February 2022 - Decision details on public web site</p> <p>Climate: Tom Finnegan-Smith</p>
	<p><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></p>
2	<p>SLB member who approved submission:</p> <p>William Stewart</p>
3	<p>Committee Chair consulted:</p> <p><i>Cllr Grocutt and Cllr Iqbal</i></p>
4	<p>I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</p>

Lead Officer Name: <i>Tom Finnegan-Smith</i>	Job Title: Director of Investment, Climate Change and Planning
Date: 25 08 2022	

1. PROPOSAL

- 1.1 When awarded funding to implement the Financial Support Measures (FSM) for CAZ, the Clean Air Fund comprised of both revenue and capital reflecting that funding to support upgrades to compliant vehicles will take the form of subsidised loan interest payments and grants for retrofits and a contribution to an acquisition cost.

In order to deliver the capital elements of the CAZ Financial Support Measures (FSMs) it is necessary to include £6.176m of the CAF through the Capital Programme. This proposal is solely a technical matter to enable the Council to legally defray the funding in a compliant manner and has no bearing on the actual FSM scheme that has previously been presented and approved by the Council.

The Sheffield & Rotherham Clean Air Plan Full Business Case (FBC) submitted in April 2022 included a request for further grant funding from the Implementation funding towards delivery of the CAP measures required to achieve legal compliance.

The FBC was approved by Government on the 13th July 2022 and the Department for Environment Food & Rural Affairs (DEFRA) and the Department for Transport have awarded (Section 31) £4,033,566 from the Implementation Fund.

Grant funding of £4,033,566 has been awarded by 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 as per the Direction from the Secretary of State received on 13th July 2022. Approval is sought to accept the FBC IF grant ward subject to receipt of the award letters and terms / conditions that are in line with previous awards.

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 corporate objectives

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 There has been significant consultation and stakeholder engagement in respect to the Sheffield & Rotherham Clean Air Plan including the Clean Air Zone in Sheffield and the financial Support Measures. Given the technical nature of the decision and the Direction to achieve legal compliance within the shortest possible time it has been considered that further consultation is not required.

All consultation reports can be viewed on the SCC website – Consultation reports – Sheffield City Council, Clean Air website - [Clean air zone proposals \(sheffield.gov.uk\)](https://www.sheffield.gov.uk/clean-air-zone-proposals)

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 The EIA concludes that addressing Sheffield's air pollution challenge should bring health and equality 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.

There are no Equalities issues associated with the technical decision to include part of the CAF programme through the Capital Programme. Previous reports have identified the Equalities Implications of the CAZ and the use of FSMs

4.2 Financial and Commercial Implications

- 4.2.1 The costs of the grant assistance scheme to Bus, HGV and Coach owners will be fully funded from the Clean Air Zone grant funding provided from Government. The Clean Air Fund grant funding was awarded in February 2020, details of the grant conditions are included in the Cooperative Executive report of 26th October 2021.

The final Full Business Case submitted in April 2022 outlined a request for additional grant funding from the Implementation Fund to cover additional forecast delivery costs. The government approved the FBC in July 2022 and have now awarded a further £4,033,566 of grant funding from the Implementation Fund (see Table 1 below).

Table 1:

FBC Grant Award - Implementation fund (IF)		
IF award value	3,733,566	
Regional comms	300,000	Additional funding provided by DEFRA to undertake wider regional marketing campaigns
Total award	4,033,566	
FBC IF funding request	3,755,616	Excludes £300k comms later added by JAQU (see above)
IF award shortfall	22,050	Shortfall relates to monitoring data capture frequency for location in Rotherham (reduced from quarterly to annual)

The FBC award includes an additional £300k (not requested within the FBC) to fund local regional marketing campaigns relating to the Clean Air Zone, this is to compensate for Government withdrawing their commitment to deliver a national CAZ communication campaign.

The FBC IF grant terms and conditions have not yet been received by SCC, but DEFRA Officers have advised these will be similar to those issued previously (see the Cooperative Executive Report and Decision, 26th October 2021 Clean Air Zone - [CAP](#)). When the finalised grant terms and conditions arrive both Finance and Legal will review and approve these.

The table 2 below shows the total Implementation Fund and Clean Air Fund grant funding awarded by DEFRA / DfT for the Clean Air Plan:

Table 2:

CAP funding Awarded:	
Clean Air Fund (CAF)	20,413,406
Implementation Fund (IF)	7,254,030
sub total	27,667,436
IF (FBC)	4,033,566
Total	31,701,002

The Programme Sponsor and the Programme / Project Manager will need to read, understand and comply with the grant terms and conditions and ensure that there are no ongoing unfunded costs once the grant funding has ended.

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 13th July 2022. The effect of which is that the Council must fulfil its statutory duty to achieve compliance with air quality standards by 2023.

Local authorities must distinguish between capital expenditure and revenue expenditure in their accounting. To comply Local Government Act 2003 the CAF funding provided as capital must be included within the Council's capital programme.

4.4 Climate Implications

4.4.1 There are no Climate issues associated with acceptance of the FBC grant funding or the technical decision to include part of the CAF programme through the Capital Programme. Previous reports have identified the Climate Implications of the CAZ and the use of FSMs.

4.4 Other Implications

4.4.1 None

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Options were assessed throughout the outline business Case and Full business case process. Proposals are now final and the Local Authority is Directed to implement the measures to achieve legal compliance by 2023.

6. REASONS FOR RECOMMENDATIONS

6.1 The £4,033,566.00 Implementation fund grant award needs accepting to enable implementation to progress to progress within the required timescale. Without this the funding will not be available when required and could cause delay and / or will require expenditure at risk.

The £6.7m of the CAF funding needs including on the capital programme to progress within the required timescale. Without this approval the funding will not be available when required and may delay roll-out of the FSM's grant and loans designed to mitigate some of the financial impacts of the CAZ charging zone.

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