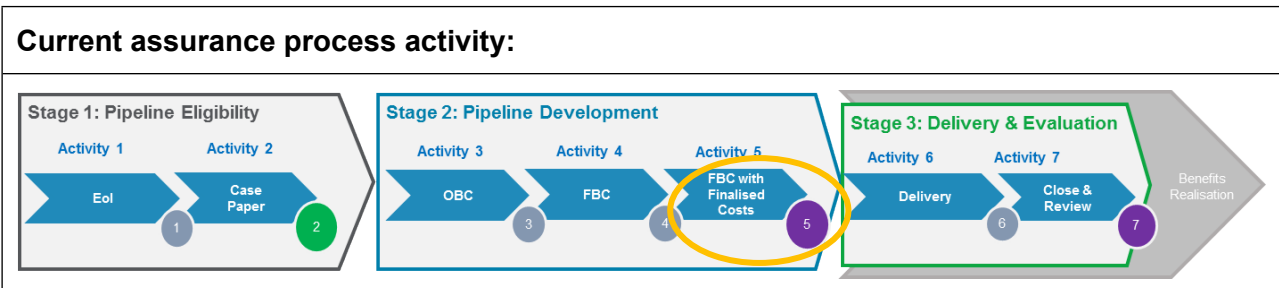


## Section A: Scheme summary

<b>Name of scheme:</b>	Clean bus technology fund project
<b>PMO scheme code:</b>	DEFRA-CBTF-001
<b>Lead organisation:</b>	West Yorkshire Combined Authority
<b>Senior Responsible Officer:</b>	Neale Wallace, Combined Authority
<b>Lead Promoter contact:</b>	Alistair Ryder (PM: Michael Ramsey), Combined Authority
<b>Case officer:</b>	Mary Innes
<b>Applicable funding stream(s) – Grant or Loan:</b>	Department for Environment, Food and Rural Affairs (DEFRA) Clean bus technology capital grant fund Leeds Public Transport Investment Programme (LPTIP)
<b>Growth Fund priority area (if applicable):</b>	Priority 3 – Clean energy and environmental resilience 'High quality places'
<b>Approvals to date:</b>	<p>Approval for DEFRA funding:  Leadership Team approval of Request for Decision to apply for funding October 2017  EOI at activity 1 approved February 2018  PAT approval decision point 2 (case paper) March 2018  IC recommendation decision point 2 (case paper) April 2018  CA approval decision point 2 (case paper May 2018</p> <p>£850,000 additional Leeds Public Transport Investment Programme (LPTIP) funding has emerged as an opportunity to leverage increased outcomes, expand the reach of, and promote this scheme at decision point 5 (full business case with finalised costs). There is an indicative allocation in LPTIP of up to £2 million (including package 6: Bus Delivery) for activity to improve public transport emissions, as per indicative approval at decision point 2 in June 2017. The next steps for the LPTIP were for each workstream of the programme to move to the next stage in the assurance pathway and approval route and for approval to spend being granted once individual schemes have progressed through the assurance process to decision point 5. This element of LPTIP, package 6, as part of the Clean Bus Technology Fund project, has reached a decision point five approval stage and is due be endorsed at the LPTIP programme board in October 2018. It is therefore recommended that the 'first tranche' of DEFRA funding is approved and that the 'second tranche' of LPTIP funding is approved, subject to endorsement by the LPTIP Programme Board in October 2018.</p>

<b>Forecasted full approval date (decision point 5):</b>	21 September 2018
<b>Forecasted completion date (decision point 6):</b>	31 March 2019
<b>Total scheme cost (£):</b>	£6.088 million
<b>Combined Authority funding (£):</b>	£2.840 million DEFRA clean bus grant award; £850,000 LPTIP
<b>Total other public sector investment (£):</b>	£1.370 million DEFRA clean bus grant award to Leeds City Council
<b>Total other private sector investment (£):</b>	£1.028 million operator match funding (capital and revenue) – higher than anticipated at decision point 2 case paper
<b>Is this a standalone project?</b>	Yes
<b>Is this a programme?</b>	No
<b>Is this project part of an agreed programme?</b>	n/a



**Scheme description:**

The project will fund clean technology on buses across approximately 30% (up from 25% at decision point 2 approval due to the opportunity to align a LPTIP work package with this scheme with the same objectives) of the existing bus fleet across West Yorkshire. Funding will be provided from the Department for Environment, Food and Rural Affairs (DEFRA) Clean Bus Technology Fund (CBTF), and potentially LPTIP, to bus operators through an open grant competition to fit emission control technology on to 300 older, more polluting buses across West Yorkshire to significantly improve their tailpipe emissions. This figure includes two vehicles which will undergo full electric engine conversions, a first for the region.

Match funding from operators will ensure value for money and will also cover project development and delivery costs. The Combined Authority will manage the grant process for the whole of the West Yorkshire grant award including Leeds City Council's separate DEFRA grant award.

The Combined Authority and Leeds City Council respectively were, following a successful bid, awarded £2.84 million and £1.37 million DEFRA-grant funding, to support operators running 'local bus services' in West Yorkshire to retrofit Clean Vehicle Retrofit Accreditation Scheme (CVRAS) emission control technology onto their vehicles.

This funding will be 'pooled' and managed by the Combined Authority, with regular progress reporting to both DEFRA and Leeds City Council. A minimum of 10% match funding is required from operators.

The CVRAS technology will improve vehicles up to the Euro 6 emission standards or better, and therefore ensure compliance with Leeds City Council's proposed Clean Air Charging Zone (CAZ), avoiding potential daily charges for entering and operating within the Zone.

Due to the significant success of and interest in the clean bus technology grant competition the SRO saw an opportunity to include £850,000 LPTIP funding allocated for low emission bus technology be used to enable more buses in the region to benefit. The additional funding follows in the spirit of the original grant and enables more buses in Leeds and the wider West Yorkshire region to be fitted with the new technology.

Subject to endorsement at the LPTIP October Programme Board, the 300 vehicles includes an additional 45 vehicles that will be covered in 'tranche 2' by £850,000 of LPTIP funding. The total project costs would include a £25,000 marketing budget, funded by the new LPTIP element of the scheme, which will be used to promote the air quality benefits of the retrofitted vehicles and attract transport users to opt for a more environmentally friendly mode of transport.

**Business case summary:**

**Strategic case**

Research by Public Health England undertaken as part of the West Yorkshire Low Emission Strategy (WYLES) has identified that the equivalent of almost 1,000 premature deaths each year are as a result of air pollution, with a significant source being road transport that is accountable for over 60% of local roadside emissions.

The DEFRA 'UK Plan for Tackling Roadside Nitrogen Dioxide Concentrations' (July 2017) requires Leeds City Council to mitigate forecast Nitrogen Dioxide (NO<sub>2</sub>) exceedances on several central roads by 2020. To mitigate this, Leeds City Council has proposed a 'Class B' Clean Air Zone (CAZ) which will introduce a financial penalty for buses, coaches, taxis and private hire vehicles not meeting the new standards of emissions.

Across West Yorkshire there are 28 declared Air Quality Management Areas (AQMAs) due to annual NO<sub>2</sub> exceedance. This project targets the most urgent NO<sub>2</sub> exceedance AQMAs in West Yorkshire.

This scheme has a clear strategic fit to the Leeds City Region Strategic Economic Plan (SEP) and West Yorkshire Transport Strategy. The project will deliver against the SEP's Strategic Priority 3 – Clean Energy and Environmental Resilience through improving the clean energy performance of part of West Yorkshire's bus fleet. It will also deliver against the policies of the Combined Authority adopted West Yorkshire Bus Strategy and West Yorkshire Low Emission Strategy to significantly reduce bus emissions to support development of 'quality places' in the region.

**Commercial case**

Soft market testing undertaken with operators in advance of the funding bid to DEFRA; the forthcoming Leeds Clean Air Zone financial penalties (proposed at £50 per day for non-compliant buses); the robust market

	<p>response to the grant award competition undertaken in parallel to the assurance pathway mean the commercial case for the scheme is strong.</p> <p>State aid advice was secured to ensure the grant award competition was compliant and fair. A minimum of 10% match funding has been required of operators, to share a percentage of the risk and evidence operator commitment. Prudent grant award conditions will ensure the funding is used for its intended purposes and grants will be paid once work has been completed.</p>
<b>Economic case</b>	<p>The scheme had a small, well considered choice of options proportionate to its scale and complexity before proceeding with the current option including the Combined Authority and Leeds City Council proceeding with their own separate grant competitions.</p> <p>Pooling the Combined Authority and Leeds City Council DEFRA grants and managing them through a combined competition was assessed to be the only viable option in order to meet all four critical success factors: 1) ensure compliance with state aid law; 2) spend grant in accordance with DEFRA's conditions; 3) support the retrofit of a minimum of 231 vehicles and 4) minimise project management expenditure. With the potential additional investment from LPTIP emission reduction objectives will be maximised by fitting more vehicles with the new technology; the benefits of the scheme will be spread more widely across the region and enable marketing activities.</p> <p>The project will contribute to good economic growth through reducing CO2 emissions, providing improved transport helping people get to work and enjoy places across West Yorkshire in a sustainable way. The project will directly contribute to SEP Headline Indicator Environmental Sustainability through the reduction of CO2 emissions and start the process of creating a modern, latest technology specification bus fleet. Monetised benefits of the scheme (DEFRA Air Quality Damage costs) indicate a £45.321 million saving over 5 years. The benefit cost ratio for the scheme is very high at 7.45:1.</p>
<b>Financial case</b>	<p>The total proposed scheme cost is £6.088 million made up of ;</p> <ul style="list-style-type: none"> <li>• £4.21 million for the Combined Authority and Leeds City Council grants;</li> <li>• £1.028 million operator match funding and</li> <li>• £850,000 from the Leeds Public Transport Investment Programme (LPTIP).</li> </ul> <p>Project development costs are £41,000 which will be funded through operator contributions on top of match contributions (and both totalling £1.028 million funding from operators). There are on-going monitoring requirements which will not be resource intensive given the use of on-board monitoring facilities incorporated into the newly installed technology. The most significant financial risk is in relation to not spending or committing the DEFRA funding within the timeframes of their deadline. The grant competition process has been delivered awaiting completion until full approval is secured and operators were requested to demonstrate a strategy for how they will ensure orders are fulfilled within this timescale.</p>
<b>Management</b>	<p>Project management resource allocated from the Combined Authority's</p>

<b>case</b>	Implementation Team was secured to deliver this scheme and the project is being managed according to tailored project management professional standards. A formal project board has not been necessary; the project has been controlled through written and verbal updates to the project Senior Responsible Officer. The Combined Authority, Leeds City Council and operators' roles are all clearly defined. There is a clear plan for the scheme; risks and communications are being managed and a benefits realisation plan is in place.
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