

COUNCIL MEETING

Wednesday, 20th March, 2019
at 2.00 pm

Council Chamber - Civic Centre

This meeting is open to the public

Members of the Council

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

Contacts

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WARD	COUNCILLOR	WARD	COUNCILLOR
Bargate	Bogle Noon Dr Paffey	Millbrook	Furnell Galton Taggart
Bassett	Hannides B Harris L Harris	Peartree	Bell Houghton Keogh
Bevois	Barnes-Andrews Kataria Rayment	Portswood	Claisse Mitchell Savage
Bitterne	Jordan Murphy Streets	Redbridge	McEwing Pope Whitbread
Bitterne Park	Fuller Harwood White	Shirley	Chaloner Coombs Kaur
Coxford	D Thomas T Thomas	Sholing	J Baillie Guthrie Wilkinson
Freemantle	Leggett Parnell Shields	Swaythling	Fielker Mintoff Vassiliou
Harefield	P Baillie Fitzhenry Laurent	Woolston	Mrs Blatchford Hammond Payne

PUBLIC INFORMATION

Role of the Council

The Council comprises all 48 Councillors. The Council normally meets six times a year including the annual meeting, at which the Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

PUBLIC INVOLVEMENT

Questions:- People who live or work in the City may ask questions of the Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

Petitions:- At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

Representations:- At the discretion of the Mayor, members of the public may address the Council on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda.

Deputations:- A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

MEETING INFORMATION

Use of Social Media:- The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

Mobile Telephones – Please switch your mobile telephones to silent whilst in the meeting.

The Southampton City Council Strategy (2016-2020) is a key document and sets out the four key outcomes that make up our vision.

- Southampton has strong and sustainable economic growth
- Children and young people get a good start in life
- People in Southampton live safe, healthy, independent lives
- Southampton is an attractive modern City, where people are proud to live and work

Access – Access is available for disabled people. Please contact the Council Administrator who will help to make any necessary arrangements

Smoking policy – The Council operates a no-smoking policy in all civic buildings

Fire Procedure – In the event of a fire or other emergency, a continuous alarm will sound and you will be advised by Council officers what action to take.

Proposed dates of meetings (Municipal year 2018/19)	
2018	2019
18 July	20 February (Budget)
19 September	20 March
21 November	15 May (AGM)

CONDUCT OF MEETING

FUNCTIONS OF THE COUNCIL

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

RULES OF PROCEDURE

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

BUSINESS TO BE DISCUSSED

Only those items listed on the attached agenda may be considered at this meeting.

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 16.

DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
 - a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
 - b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

Richard Ivory
Director, Legal and Governance
Civic Centre, Southampton, SO14 7LY

Tuesday, 12 March 2019

TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 20TH MARCH, 2019 in the COUNCIL CHAMBER CIVIC CENTRE at 2:00pm when the following business is proposed to be transacted:-

1 APOLOGIES

To receive any apologies.

2 MINUTES (Pages 1 - 42)

To authorise the signing of the minutes of the Council Meeting held on 21st November 2018 and 20th February 2019, attached.

3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER

Matters especially brought forward by the Mayor and the Leader.

4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

5 EXECUTIVE BUSINESS (Pages 43 - 50)

Report of the Leader, Clean Growth and Development, attached.

6 MOTIONS

(a) Councillor Furnell to move:

This Council notes with alarm the continuing increase in the rate of recorded crime across the country with a rise last year of 12.8%.

This Council is concerned that this disturbing pattern is mirrored in Southampton with the number of crimes recorded in the city last year totalling 31,859 - a 2.3% increase on the figure for 2016/17 (which represented a 9% increase on 2015/16) and representing 20% of all recorded crime across the Hampshire & Isle of Wight police force area.

Of particular concern are the sharp increases in the following categories:

- Serious Knife Crime (up by 28.9% on the previous year)
- Hate Crime (up by 24.7% on the previous year)

- Robbery (up by 23.9% on the previous year)
- Rape (up by 23.8% on the previous year)

This Council notes that between January 2010 and March 2018 the number of neighbourhood police serving the City declined by a third from 87 to 60 and presently the number stands at 47.

This Council, therefore, welcomes the commitment given by the Police & Crime Commissioner to increase the number of frontline police officers by 210 – as justification for an increase in the police precept element of the Council Tax – and fully expects Southampton to receive its fair share of this additional resource.

This Council calls upon the Police & Crime Commissioner to ensure deployment of a further 25 additional neighbourhood police officers over the coming year to boost the number in each of the City's eight neighbourhood teams and to create sufficient capacity to respond in a timely manner to local incidents without depleting existing local services.

7 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

To consider any question of which notice has been given under Council Procedure Rule 11.2.

8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

To deal with any appointments to Committees, Sub-Committees or other bodies as required.

9 PAY POLICY 2019/2020 (Pages 51 - 84)

Report of the Chief Executive detailing the Pay Policy 2019/2020 attached.

10 CONNECTED SOUTHAMPTON TRANSPORT STRATEGY 2040 □ (Pages 85 - 92)

Report of the Cabinet Member for Transport and Public Realm seeking approval of the Connected Southampton Transport Strategy 2040, attached.

11 DELIVERY OF THE LOCAL PLAN TO ACHIEVE EU NITROGEN DIOXIDE COMPLIANCE (Pages 93 - 300)

Report of the Cabinet Member for Green City seeking approval to accept and spend funds received from government to deliver the Local Plan to Achieve EU Nitrogen Dioxide Compliance as approved by cabinet on the 22nd January 2019.

NOTE: There will be prayers by Carol Cunio, Chair of Southampton Council of Faiths in the Mayor's Reception Room at 1.45 pm for Members of the Council and Officers who wish to attend.

A handwritten signature in black ink, appearing to read 'Richard Ivory', with a horizontal line underneath.

Richard Ivory
Director of Legal and Governance

Council Meetings:

- 21st November, 2018
- 20th February, 2019 (Budget)

SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON
21 NOVEMBER 2018

Present:

The Mayor, Councillor Barnes-Andrews
The Sheriff, Councillor P Baillie
Councillors J Baillie, Bell, Mrs Blatchford, Bogle, Chaloner, Coombs, Fielker, Fitzhenry, Fuller, Furnell, Galton, Guthrie, Hammond, Hannides, B Harris, L Harris, Harwood, Houghton, Jordan, Kataria, Kaur, Keogh, Laurent, Leggett, McEwing, Mintoff, Mitchell, Morrell (except 53 (part), 54-64), Murphy, Noon, Dr Paffey, Parnell (except 52 (part), 53-64), Payne, Pope (except 52 (part), 53-64), Rayment (except 62-64), Savage, Shields, Streets, Taggart, Vassiliou, Whitbread, White and Wilkinson

49. APOLOGIES

It was noted that apologies had been received from Councillors Claisse, D Thomas and T Thomas.

50. MINUTES

RESOLVED that the minutes of the meeting held on 19th September, 2018 be approved and signed as a correct record.

51. ANNOUNCEMENTS FROM THE MAYOR AND LEADER

- (i) The Mayor announced the passing of former City Councillor Richard Bates who sadly passed away peacefully on 27th September, 2018 aged 92. He served as Leader of the Council from 1992-94. As a mark of respect Council stood for a minute's silence.
- (ii) The Mayor expressed his thanks and gratitude to all those involved with the arrangements for this year's commemorations on Remembrance Sunday. Thankfully the rain held off to enable respects to be paid at 11.00am. I have received messages of appreciation from many people who attended.
- (iii) The Mayor was pleased to announce that Southampton and Fareham Legal Services Partnership had been awarded the prestigious Local Government Legal Team of the Year for 2018.

I am very pleased to announce that Southampton and Fareham Legal Services Partnership have been awarded the prestigious Local Government Legal Team of the Year for 2018.

The judges stated that "the Legal Service Partnership takes a whole service approach to supporting clients, this approach was very evident from the additional evidence provided; particularly noted was the letter received from the Leader of Fareham Borough Council; also, the testimonials provided from colleagues in Trading Standards and the Southampton Port Health Authority.

The projects that particularly interested us and that we thought were very innovative were the Wellborne New Garden Village, the work that has taken place on the clean air zone and the secondary schools, SEND and school transport reviews. This is particularly interesting as it involved the delivery of new learning environments and the expansion of city centre schools to meet new community demand.

The testimonial provided by Rosie Zambra Transactions and Universal Services, relating to the seizure of a consignment of kratom mitragyna spciosa and its eventual destruction following two years of court process finally ending in the Court of Appeal was also particularly noteworthy as these proceedings were supported throughout by the internal legal service with some support from Counsel.

Conclusion

“The team takes a whole service approach to supporting clients amply evidenced by a range of testimonials. The team has worked on several very innovative and hugely beneficial community impact projects, together with significant case law proceedings. This team is hugely deserving of the LLG Local Government Legal Team of the Year 2018”

I would like to present the award to Richard Ivory, Director of Legal and Governance, Sarita Riley, Service Lead for the Partnership and the Legal Services Team Leaders if they can step forward please.

52. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

- (i) The Council received and noted a deputation from Mr Ian Loynes concerning Hate Crime.
- (ii) The Council received and noted a deputation from Mrs Sue Atkins concerning proposals on how the Council can set a budget to protect jobs and services in the City.
- (iii) The Council received and noted a deputation from Mr Harvey Morgan and Mr Donald Hedges concerning keeping the Rest Homes open.

The Council received the following Petition which under the Council’s Procedure Rules were qualifying petitions which must be debated at Council:

- (i) Save Council owned care homes: Glen Lee and Holcroft House containing 1520 signatures.

In accordance with the Council Procedure Rule 13.2 “Motions without Notice” the Mayor used his discretion to allow a motion in the name of Councillor Hammond and seconded by Councillor Rayment.

Motion to read:-

Having received the petition, listened to the petitioner’s deputation and debated the matter Council resolves to consider the petition as part of the budget consultation process.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED CARRIED.

RESOLVED that the motion be approved.

The Council agreed to bring forward the questions received on notice to the Executive item 5 on the Council agenda, in the name of Councillors Fitzhenry, Hannides, White, Fuller, P Baillie, J Baillie and Galton.

1. Care Homes – Removal of Budget Savings

Given the level of public and staff concern raised on the proposed closure of our care homes will the leader remove these savings proposals from their budget consultation immediately?

Answer

No. People are encouraged to respond to the public consultation, which closes on 16 January 2019. The results of the consultation will be used to inform the budget decision in February.

2. Care Homes – Third Party Organisation

Prior to these current savings proposals has a public or private third party organisation been approached in the last 3 months, to either take over or joint venture with the council on running our homes?

Answer

No.

3. Care Homes – Improve Financial Positions

Exactly what measures have been taken to improve the financial positions of Glen Lee and Holcroft House and when were they taken?

Answer

The measures that have been taken are: recruitment to vacant posts, including the Registered Manager post at Glen Lee; termination of the short-term Quality and Compliance post; robust application of sickness absence policy; review of staff required on each shift while maintaining quality standards; and the approval of a plan to employ extra care staff with the ability to work flexibly across both homes.

Regular financial monitoring and reporting is taking place, as it is with all services, to ensure that the current position is understood by the team and measures to avert unnecessary cost are being carried out wherever possible.

4. Care Homes – Projected in year overspends

What are the current projected in year overspends for each home and what measures have been taken to improve this situation?

Answer

The projected in year overspend for Holcroft House is £229,000 and for Glen Lee is £360,000, as at month 6.

The measures that have been taken are: recruitment to vacant posts, including the Registered Manager post at Glen Lee; termination of the short-term Quality and Compliance post; robust application of sickness absence policy; review of staff required on each shift while maintaining quality standards; and the approval of a plan to employ extra care staff with the ability to work flexibly across both homes.

Regular financial monitoring and reporting is taking place, as it is with all services, to ensure that the current position is understood by the team and measures to avert unnecessary cost are being carried out wherever possible.

5. Care Homes – Alternative Options

Have you asked officers to explore and cost other options besides closure of the homes?

Answer

Yes. The consultation on the future of the homes sets out a number of alternative options. At my request, officers have responded to early consultation feedback by setting up a task and finish group to explore ideas that have been put forward.

6. Care Homes – Occupancy

What is the average occupancy of each home over the last two years?

Answer

The average occupancy for 2016-2017:

Glen Lee 85.8%
Holcroft House 92.4%

The average occupancy for 2017-2018:

Glen Lee 78.7%
Holcroft House 94.6%

The average occupancy for April 2018 – October 2018:

Glen Lee 49.4%
Holcroft House 94.8%

7. Care Homes – Level of occupancy at Glen Lee

The Levels of occupancy at Glen Lee have been low for some time. What actions have been taken to improve this?

Answer

Admissions to Glen Lee were suspended from 5 January 2018 to 25 April 2018 while quality improvements were carried out in response to a safeguarding investigation. Between April and August 2018, the home was limited to a maximum of one new admission per week to allow time for the quality improvements to become embedded.

Since then, until these proposals were brought forward, where a permanent residential placement has been considered necessary, the council's adult social work teams were instructed to consider a placement at Glen Lee (or Holcroft House) before other residential placements, taking into account family preferences.

The home has also been used to provide short stay placements and respite.

8. Care Homes – Glen Lee – External Consultancy Company

At Glen Lee following an inadequate rating SCC employed the services of an external consultancy company to run the home; how long did the contract run, what were the objectives and what was the increased costs?

Answer

An external consultancy company was not used to run the home.

An interim Registered Manager was employed via the council's contract with Hays from January to September 2018 in order to oversee the implementation of an improvement plan and to carry out the duties of a registered manager. The cost of this was £79,700 including the employment agency overheads. This was the market rate for the level of skills that were urgently required.

An external company was commissioned to carry out two mock CQC inspections, in order to provide assurance in advance of an external inspection. The cost of these was £1,590.

The objective was to ensure the home was providing a good standard of care to its residents, following a rating of 'requires improvement' by the Care Quality Commission (CQC). The objective was met and the scheme was rated 'good' by the CQC in September 2018.

9. Care Homes – Average cost of care

What is the average cost/person in the homes and how does that compare approximately with that currently commissioned for a similar service by SCC?

Answer

The average cost per person for 2017/18 was £1,116 per week, as reported as part of the Adult Social Care Financial return. This is calculated by taking into account the total cost of the homes in 2017/18 divided by the number of client weeks.

The average cost of a similar service commissioned by the council is £547 per week. This exact cost depends on individual assessed need. The weekly cost for residential care for people without challenging behaviour are based on two tiers (tier one and tier

two). These tiers apply to Glen Lee and Holcroft House. Tier one average contract rate is £474.18 and tier two at mid point average cost is £562.09. The top tier two cost is £650.

10. Care Homes – Staffing Budgets

Can you explain how the staffing budgets for Glen Lee and Holcroft House are almost identical given one is half full and the other at near capacity?

Answer

The staffing budgets are calculated based on the maximum number of residents that each home is registered with the Care Quality Commission to support (34 at Holcroft House and 33 at Glen Lee).

11. Care Homes – 'Top Up' care packages

It has been indicated that should closure take place then SCC would 'Top Up' care packages for those displaced; what is the maximum figure expected?

Answer

This will depend on individual assessments and preferences.

People whose costs are currently funded by the council following a financial assessment, would continue to have their cost of care funded by the council.

Where people contribute to the cost of their care, or are self funders, they will not have to pay any more unless their financial circumstances change.

The weekly costs for residential care for people without challenging behaviour are based on two tiers (tier one and tier two). These tiers apply to the current residents at Glen Lee and Holcroft House. The current top of tier two contract rate is £650.

12. Care Homes – Medicine Management

Is the Cabinet Member satisfied with the level of medicine management in Homes?

Answer

Yes, the council meets its requirements as confirmed by the Care Quality Commission during its latest inspections and audited by the Integrated Commissioning Unit.

13. Care Homes – Contingency Plans

What contingency plans exist should other providers close after Glen Lee & Holcroft House have closed?

Answer

We have a comprehensive protocol and procedures to manage situations relating to provider failures and other issues. It is reviewed regularly taking into account market conditions and changes to providers.

14. Care Homes – Policy – Long Term Admissions

Has not your policy of stopping new long term admissions to Glen Lee & Holcroft House not made their closure more likely?

Answer

No. Short stay and respite placements continue to be offered at Glen Lee and Holcroft House.

It is not considered to be in people's best interests to offer permanent placements while the future of the homes is under review.

This policy does not make the closure of the homes more likely, but will help avoid unnecessary concern should the decision be made to close in February. When considering the future of the homes, this will be on the assumption of 95% occupancy rather than current or past occupancy levels.

15. Care Homes – Reason for Closure

When you shut Woodside Lodge you initially stated it was due to low occupancy, then because it wasn't modern enough and then we discovered you had planned to redevelop the site all along – what is the real reason for your plans to close the last 2 Council owned care homes now?

Answer

The proposal is under consideration for a number of reasons, including:

- Demand for residential care is decreasing as many people want to continue living at home for as long as possible, or to access alternatives like Housing with Care or Shared Lives schemes. As a result, there is an over provision of residential care placements in the local area.
- Both Glen Lee and Holcroft House are dated buildings, and whilst the quality of the care by staff is good, the facilities no longer meet modern standards.
- Bringing Glen Lee and Holcroft House up to this standard, or remodelling them to provide more intensive support for people with more complex needs, would mean fewer people could be supported in those homes. Therefore, some people currently living there would have to move into alternative accommodation, and others would experience disruption whilst the works were being completed. It would also require significant investment.
- There are other providers who are able to support people who need residential care, in high quality and modern environments. This would allow the council to focus on housing with care and community-based services.
- This would enable the council to make savings. As a result of reductions in funding from central government, the council has had to make £136.4 million savings over the last seven years and we need to make another £15.05 million savings by

2020/21. Closing these homes would save the council £1.3 million a year, which would help us to deliver a balanced budget.

53. EXECUTIVE BUSINESS REPORT

The report of the Leader of the Council was submitted setting out the details of the business undertaken by the Executive.

The Leader and the Cabinet made statements and responded to questions.

The following questions were submitted in accordance with Council Procedure Rule 11.1.

16. Itchen Bridge Fees

What is the justification for raising the fees on the Itchen Bridge?

Answer

The toll fee has not been increased since 1997. One of the key reasons for the toll (as outlined in Section 22 of the Hampshire Act 1983) is to manage congestion using this route.

The toll would not be effective at managing congestion if it was not increased in line with inflation at appropriate intervals.

We are protecting city residents from the increase in the toll by maintaining the discount that is obtained through use of the Smart Cities card.

17. Charges on Citizens and Businesses

Does the Cabinet Member not accept that the Labour group have increased and have proposed to introduce practically every charge they can on the residents and businesses of this city and it is unfair to continue in this way?

Answer

Fees and charges are kept under review. For statutory services the fees are often set and cannot be varied. However, a range of non-statutory services are provided in a competitive environment which regulates the charges as well as driving efficiencies and customer service. Non statutory services are expected to at least cover their costs.

18. Itchen Bridge – Effect of Charges

What will be the effect, of the increased charges on the Itchen Bridge, to the air quality along the existing AQMA in Bitterne Road West?

Answer

It is proposed that only non-residents will be required to pay the increase in the toll fee and they may opt to use an alternative route. However, no significant or lasting impact on vehicle numbers or air quality along Bitterne Road West is anticipated. The toll may

discourage private vehicle use and encouraging the use of public transport and sustainable travel which would help to improve air quality.

Measures to reduce pollution levels in our Air Quality Management Areas and other sensitive locations have been successful in recent years and we continue to see declining levels air pollution. It is not anticipated that the proposed Itchen toll increase will have any negative impact on this.

19. Itchen Bridge – Impact of extra charges

How much longer will it take people to find the extra coin to pay your proposed Itchen Bridge toll increase and what impact will this have on bridge queues and therefore air quality in the vicinity of the Itchen Bridge?

Answer

The proposed increase in toll fees will be advertised in advance of implementation.

It is also anticipated an increase in residents up taking the Smart Cities card to obtain the discount offered thus reducing coins being needed.

The Service Manager for the Itchen Bridge does not anticipate significant additional time being taken by drivers to find the correct toll fee especially once it has been embedded and therefore no concern in relation to queues or impact on Air Quality.

A project team is currently investigating options for alternative payment methods on the Bridge.

20. Itchen Bridge – Overpayments

How many people already over pay to cross the Itchen Bridge?

Answer

The Council does not collect data on overpayments made at the Bridge. The Council has introduced a Smart Cities Card to allow people to make the exact payment from their Itchen Bridge account. This Smart Cities card is available for both residents and non-residents to use to pay the correct amount whilst crossing the bridge.

We plan to do a take up campaign to ensure more people take up the benefit of the Smart Cities Card.

21. Itchen Bridge – Upgrading Payment System

Will the council be upgrading the payment system on the Itchen Bridge to take contactless payments?

Answer

The Council are in the process of reviewing options to modernise the available methods of payment for the Itchen Bridge. An options paper is being drafted and the introduction of contactless payments is being considered as part of this review process.

If after considering the options and we want to introduce contactless there will possibly be an administration cost to the Council.

In order to find the best solution the review will assess each option against a number of criteria including impact on traffic flow.

54. MOTIONS

(a) Councillor McEwing moved and Councillor Fuller seconded.

This Council notes:

1. The obligations its owes to the Armed Forces community within Southampton City Council as enshrined in the Armed Forces Covenant; that the Armed Forces community should not face disadvantage in the provision of services and that special consideration is appropriate in some cases, especially for those who have given the most.
2. The absence of definitive and comprehensive statistics on the size or demographics of the Armed Forces community within Southampton City Council. This includes serving Regular and Reserve personnel, veterans, and their families.
3. That the availability of such data would greatly assist the Council, local partner agencies, the voluntary sector, and national Government in the planning and provision of services to address the unique needs of the Armed Forces community within Southampton City Council.

In light of the above, this Council moves to support and promote The Royal British Legion's call to include a new topic in the 2021 census that concerns military service and membership of the Armed Forces community. We further call upon the UK Parliament, which will approve the final census questionnaire through legislation in 2019, to ensure that the 2021 census includes questions concerning our Armed Forces community.

UPON BEING PUT TO THE VOITE THE MOTION WAS DECLARED CARRIED.

RESOLVED that the motion be approved.

55. QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

It was noted that no requests for Questions from Members to the Chairs of Committees or the Mayor had been received.

56. APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

It was noted that there were no appointments to Committees, Sub-Committees or Other Bodies.

57. APPOINTMENT OF CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

The Leader of the Council reported to Council that the Chief Officer Employment Panel met on the 15th November, 2018. Shortlisting for the permanent role of Chief Executive and Head of Paid Service was completed and interviews held for the role. Following interview the Panel selected Sandy Hopkins, as a suitable candidate for the position.

In accordance with the Local Government and Housing Act 1989 and The Local Authorities (Standing Orders) (England) Regulations 2001 the recommendation was confirmed by Council that Sandy Hopkins be appointed as Chief Executive and Head of Paid Service effective from 1st January, 2019.

58. MEMBERS' ALLOWANCE SCHEME

The report of the Director of Legal and Governance was submitted seeking a review of Members' Allowances, having regard to the recommendations of the Independent Remuneration Panel.

RESOLVED:

- (i) To consider, but not accept, the recommendations of the Independent Remuneration Panel as set out in the Panel's report, save in respect of an annual uplift in the Living Wage.
- (ii) To adopt the draft LGA Maternity and Paternity policy and resolve that members of either sex taking advantage of the policy are not compulsorily required to attend meetings as required by Section 85 Local Government Act 1972 ie the "6 month" rule.
- (iii) To thank the members of the Independent Remuneration Panel for their work in reviewing the Members' Allowance Scheme.

59. ADOPTION OF GAMBLING ACT 2005 LICENSING PRINCIPLES

The report of the Service Manager for Licensing was submitted seeking approval to the adoption of the Gambling Act 2005 Licensing Principles.

RESOLVED to consider the revised Gambling Act SLP attached to the report as appendix 1 and adopt the revised Gambling Act SLP with effect from 31st January 2019 and for a period of three years.

60. ADDITION OF FUNDS TO HIGHWAYS CAPITAL PROGRAMME

The report of the Cabinet Member for Transport and Public Realm was submitted seeking approval for the addition of £2.98m, with approval to spend, to the Highways Capital Programme in 2018/19.

RESOLVED:

- (i) To approve an increase to the Highways Capital Programme totalling £2.9m in 2018/19.
- (ii) To grant approval to spend of the additional £2.98m in 2018/19.

61. PURCHASE OF NEW REFUSE COLLECTION VEHICLES

Report of the Cabinet Member for Transport and Public Realm was submitted seeking approval for £2.9m capital funding to enable the purchase of 17 Refuse Collection Vehicles.

RESOLVED to allocate £2.9m capital funding to enable the purchase of 17 Refuse Collection Vehicles.

62. TOWNHILL PARK INFRASTRUCTURE FUND AND FUTURE PROGRAMME

Report of the Cabinet Member for Homes and Culture was submitted detailing the Housing Infrastructure Fund Offer and commitment to future delivery of the regeneration scheme.

RESOLVED:

- (i) To approve the acceptance of the £3.75m offer of grant from Homes England Housing Infrastructure Fund subject to the satisfactory agreement of conditions with Homes England in recommendation (i) to Cabinet.
- (ii) To note, subject to match funding being confirmed, approval will be sought as part of the Capital Programme update to Council in February 2019, to add (and spend) £3.75m to the Transport and Public Realm Capital Programme. This would be phased 2018-19 £70,000, 2019-20 £2,210,000 and 2020-21 £1,470,000, to be funded from the Homes England Grant.

63. REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT MIDYEAR REVIEW 2018/19

Report of the Director of Finance and Commercialisation was submitted providing an overview of the Treasury Management activities and performance for 2018/19 against the approved Prudential Indicators for External Debt and Treasury Management.

RESOLVED:

- (i) To note the current and forecast position with regards to these indicators and approve any changes.
- (ii) To note that the continued proactive approach to Treasury Management has led to reductions in borrowing costs and safeguarded investment income during the year.
- (iii) To note the cost implications of the capital programme on the Council as detailed in table 4 of the report. These have been taken into account in the revenue budget.
- (iv) To continue to delegate authority to the S151 Officer to make any future changes which benefit the authority and to report back at the meeting of Full Council on 20th February, 2019.

64. OVERVIEW AND SCRUTINY - SUMMARY OF CALL-IN ACTIVITY

Council noted that there had been no use of the Call-in procedure since last report to Council.

SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON
20 FEBRUARY 2019

Present:

The Mayor, Councillor Barnes-Andrews
The Sheriff, Councillor P Baillie
Councillors Bell, Mrs Blatchford, Bogle, Chaloner, Claisse, Coombs, Fielker,
Fitzhenry, Fuller, Furnell, Galton, Guthrie, Hammond, Hannides, B Harris,
L Harris, Harwood, Houghton, Jordan, Kataria, Kaur, Keogh, Laurent,
Leggett, Mintoff, Mitchell, Murphy, Noon, Dr Paffey, Parnell, Payne,
Rayment, Savage, Shields, Streets, Taggart, T Thomas, Vassiliou,
Whitbread, White and Wilkinson

65. APOLOGIES

It was noted that apologies had been received from Councillors J Baillie, McEwing, Pope and D Thomas.

66. ANNOUNCEMENTS FROM THE MAYOR AND LEADER

- (i) The Mayor, on behalf of Council, welcomed Sandy Hopkins as the newly appointed Chief Executive to her first Council meeting.
- (ii) The Mayor, on behalf of Council, wished Mel Creighton (Service Director, Finance and Commercialisation) and Sue Cuerden (Service Lead, Finance) best wishes for their futures as they take up new roles and paid particular thanks to the work they had both contributed to the Authority.

67. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

The Council received and noted a deputation from Adam Pearce, Sarah Richards and Penny Burnett on behalf of the Fair Funding for Schools Campaign.

68. COUNCIL TAX SETTING AND RELATED MATTERS

(4) The Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23

(5) The General Fund and Housing Revenue Account Capital Strategy and Programme 2019/20 to 2022/23

The reports of the Cabinet Member for Finance and Customer Experience were submitted seeking approval to the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23, revised Appendix 4 as attached as Appendix 1 to these minutes, and the General Fund and Housing Revenue Account Capital Strategy and Programme for 2018/19 to 2022/23, as amended and attached as Appendix 2 to these minutes, and outlining the main issues that needed to be addressed in considering the Cabinet's budget and Council Tax proposals. The recommendations therein as amended by Executive Budget Resolution 2019/20 to comprise the Executive's budget

proposals were moved by Councillor Chaloner and seconded by Councillor Hammond (a copy of the amended Executive Budget resolution as circulated at the meeting attached as Appendix 1 to these minutes).

The Council agreed to suspend Council Procedure Rules 14.2, 14.5, 14.6, 14.7, 14.8, 14.9 and 16.2:-

- (i) to enable the above items to be considered together;
- (ii) to enable any amendments to be proposed, seconded and considered at the same time;
- (iii) to enable any amendment to be re-introduced later into the meeting; and
- (iv) to revise the time allowed for speakers as follows:-
 - Movers of motions - 20 minutes
 - Seconders - 10 minutes
 - Other Speakers - 4 minutes
 - Right of Reply (Executive only) – 10 minutes

With the consent of the Mayor, Honorary Alderman Vinson addressed the meeting.

Amendment moved by Councillor Fitzhenry and seconded by Councillor Hannides, attached as Appendix 3 to these minutes.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED LOST

ABSTAINED – Councillor T Thomas

NOTE – FOR THE AMENDMENT: Councillors P Baillie, Bell, Claisse, Fitzhenry, Fuller, Galton, Guthrie, Hannides, B. Harris, L. Harris, Harwood, Houghton, Laurent, Parnell, Streets, Vassiliou, White and Wilkinson.

NOTE – AGAINST THE AMENDMENT: Councillors Barnes-Andrews, Mrs Blatchford, Bogle, Chaloner, Coombs, Fielker, Furnell, Hammond, Jordan, Kataria, Kaur, Keogh, Leggett, Mintoff, Mitchell, Murphy, Noon, Paffey, Payne, Rayment, Savage, Shields, Taggart and Whitbread.

UPON BEING PUT TO THE VOTE THE SUBSTANTIVE MOTION AS AMENDED WAS DECLARED CARRIED

RESOLVED that the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 including the General Fund and Housing Revenue Account Capital Programme 2019/20 to 2022/23, as amended by the Executive Budget Resolution 2019/20, attached as Appendix 4 to these minutes, be adopted.

NOTE: All Members of the Council declared a pecuniary interest in the above matter, as payers and setters of Council Tax, and remained in the meeting during the consideration of the matter.

ABSTAINED – Councillors P Baillie, Bell, Claisse, Fitzhenry, Fuller, Galton, Guthrie, Hannides, B. Harris, L. Harris, Harwood, Houghton, Laurent, Parnell, Streets, T Thomas, Vassiliou, White and Wilkinson.

NOTE – FOR THE SUBSTANTIVE MOTION: Councillors Barnes-Andrews, Mrs Blatchford, Bogle, Chaloner, Coombs, Fielker, Furnell, Hammond, Jordan, Kataria, Kaur, Keogh, Leggett, Mintoff, Mitchell, Murphy, Noon, Paffey, Payne, Rayment, Savage, Shields, Taggart and Whitbread.

69. TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2019/20 TO 2022/23

The report of the Interim Director Finance and Commercialisation was submitted detailing the context within which the Council's treasury management activity operates and setting out a proposed strategy for the coming year in relation to the Council's cash flow, investment and borrowing and the management of the numerous risks related to this activity.

RESOLVED:

- (i) To approve the Council's Treasury Strategy (TS) and Prudential Indicators for 2019/20 to 2022/23, as detailed within the report.
- (ii) To approve the 2019 Minimum Revenue Provision (MRP) Statement as detailed in paragraphs 106 to 115 and to delegate authority to the Chief Financial Officer (CFO) to approve any changes necessary that aid good financial management whilst maintaining a prudent approach.
- (iii) To approve the Investment Strategy as detailed in paragraphs 87 to 105 of the report.
- (iv) To note that at the time of writing this report the recommendations in the Capital update report, submitted to Council on the 20 February 2019, have not yet been approved. The indicators in the report are based on the assumption that they will be approved, but should the recommendations change, the Prudential Indicators may have to be recalculated.
- (v) To continue to delegate authority to the Chief Financial Officer (CFO) to approve any changes to the Prudential Indicators, Minimum Revenue Provision or borrowing limits that will aid good treasury management. For example, agreeing an increase in the percentage for variable rate borrowing to take advantage of the depressed market for short term rates. Any amendments will be reported as part of quarterly financial and performance monitoring and in revisions to the TM Strategy.
- (vi) To approve the proposal within the Capital Strategy report, that Governance Committee have delegated authority to approve future Treasury Strategy Reports and associated Prudential Indicators.
- (vii) To endorse the proposal to explore an alternative Treasury Strategy to generate additional income that can support local services, whilst maintaining a prudent approach.

70. APPOINTMENT OF INTERIM S151 OFFICER

The Leader of the Council reported to Council that the Chief Officer Employment Panel met on the 19th December, 2018. Following interview the Panel selected John Harrison as a suitable candidate for the interim position.

The appointment was confirmed by Council that John Harrison was designated as the Interim S151 Officer effective from 21st February 2019 until a new, permanent appointment was made.

APPENDIX 1

COLLECTION FUND ESTIMATES 2019/20

	2018/19 £000	2019/20 £000	Change £000	Change %
Southampton City Council Precept	95,934.4	99,745.7	3,811.2	3.97%
Hampshire Police Precept	11,418.7	13,086.7	1,668.0	14.61%
Fire and Rescue Services Precept	4,230.2	4,398.3	168.1	3.97%
Income due from Council Tax Payers	111,583.3	117,230.6	5,647.3	5.06%
Tax Base for Area	64,345.0	64,959.0	614.0	0.95%
Basic Amount of Tax for Band D Property	1,734.14	1,804.69	70.54	4.07%

Council Tax increase per Property Band 2019/20

Band	SCC Band Charge	Council Tax Increase	SCC Band Charge
	2018/19	2.99%	2019/20
A	£993.96	29.72	£1,023.68
B	£1,159.62	34.67	£1,194.29
C	£1,325.28	39.63	£1,364.91
D	£1,490.94	44.58	£1,535.52
E	£1,822.25	54.49	£1,876.74
F	£2,153.58	64.40	£2,217.98
G	£2,484.89	74.30	£2,559.19
H	£2,981.87	89.17	£3,071.04

	<p><u>AMENDMENT COUNCIL PAPERS</u></p> <p><u>ITEM 5 THE GENERAL FUND & HOUSING REVENUE ACCOUNT</u></p> <p><u>CAPITAL STRATEGY & PROGRAMME 2018/19 TO 2022/23</u></p> <p><u>PARAGRAPH 13</u></p> <p>It should be noted, following a late change to the report, numbers in this paragraph were not updated accordingly. This does not impact on the overall programme, financing or recommendations in the report.</p>
	<p><u>Transport & Public Realm Portfolio - £12.56M Increase</u></p>
<p>13.</p>	<p><u>Integrated Transport (Increase of £0.33M in 2018/19)</u></p> <p>Additions to programme from site specific S106 contributions of £0.33M. These works will enhance existing schemes in the programme and enable the authority to fulfil the obligations specified in the S106 agreements. These will primarily be focused on cycling schemes and congestion reduction.</p> <p><u>Play Area Improvements (Increase of £0.15M in 2018/19)</u></p> <p>Works on various play areas around the city to improve equipment, surfacing and fencing funded from site specific S106 contributions.</p> <p><u>Minor Parks Development Works (Increase of £0.03M in 2018/19)</u></p> <p>Green Park which sits in the Millbrook Ward on new equipment, surfacing and fencing, where the equipment is old and damaged and requires replacement. The £0.03M is being funded from S106 Contributions.</p> <p><u>Car Parking (Increase of £0.46M in 2018/19)</u></p> <p>Payment card readers in car parking pay and display machines need to be updated in line with the latest industry standards. This will ensure customers will have a convenient payment option for parking and ensure that card transactions are better protected against potential fraud.</p> <p><u>Highways (Increase of £8.68M in 2018/19)</u></p> <p>There are a number of additions to the programme:</p> <p>Additional investment of £2.98M in the highways network to increase the road programme in 2018/19.</p> <ul style="list-style-type: none"> • This includes £0.51M of works funded by the Department for Transport Highways Maintenance Incentive Element grant on repairing a failing embankment on South East Road; improving Chilworth Roundabout; and drainage improvement work in areas susceptible to flooding. • An additional £0.20M will be invested in pothole repairs. • The remaining £2.27M will fund essential works across the network on classified roads £0.96M, principal roads £0.61M, unclassified roads £0.48M, and £0.22M on Highways Network Delivery projects. <p>An additional £5.7M has been added to the programme in 2019/20 in respect of the Roads Programme. Approval is requested to add this to the programme and for approval to spend in 2019/20 to be funded from specific grants, contributions and S106 funding with the balance funded from borrowing.</p>

It should be noted that this funding is in addition to the existing £8.00M investment in residential roads.

Red Lodge Depot Bin Storage (increase of £0.07M in 2019/20)

Refuse container storage is costing SCC £0.04M per annum. An opportunity has been identified to store bins at Red Lodge Depot. The approved capital investment would mean that the current storage costs could be saved.

Electric Vehicles (Increase of £0.82M in 2019/20)

The SCC fleet vehicles, with the exception of 16 vans, are all owned by the authority. Many of the vehicles fall well below Euro 6 emissions ratings and are polluting the air in the City. Capital funding of £0.82M has been agreed for the procurement of replacement electric vehicles within the fleet.

Refuse vehicles (Increase of £2.90M in 2019/20)

There are currently 17 Refuse Collection Vehicles (RCV's) that do not meet Euro 6 emission standards and are nearing or past the anticipated end of life. Approval was granted by Council at a meeting in November 2018 for the replacement of these refuse vehicles. These replacement vehicles will ensure that the council's heavy goods vehicles (HGV's) all comply with the latest emission standards and contribute to cleaner air in the city.

Alternative Weekly Collections (Decrease of £2.65M 2019/20)

A provision was made linked to alternatively weekly collections for the replacement of refuse collection vehicles. The subsequent request for funding noted above, also provided for the replacement of these vehicles. Therefore, approval is now sought to remove the £2.65M from the programme. Further approval will need to be sought to meet the future replacement vehicle requirement once known.

Compact Solar Bins (Increase of £1.00M in 2019/20)

The Business Planning exercise for the 2019/20 budget has identified an opportunity to invest in solar compactor bins, with a view to generate potential efficiencies through reduced collections and smarter ways of working. Approval was by Cabinet in October 2018 to proceed with this project.

Weston Shore Coastal Erosion Project (Increase £0.80M)

Weston Shore is the city's only publically accessible natural coastline. The combined footpath and cycle path is at significant risk of continued erosion and collapse if there is no intervention now. It is proposed to construct a modular concrete retaining wall for the purpose of coastal erosion defence. Approval is sought to add this to the programme and for approval to spend £0.50M 2019/20 and £0.50M 2020/21. The scheme will be funded by a scheme virement from the Cycleway Improvement programme of £0.20M with the balance funded from CIL contributions.

LABOUR GROUP BUDGET RESOLUTION 2019/20

It is recommended that Council:

Medium Term Financial Strategy and Budget

- i) Notes the general budget consultation process that was followed as detailed in paragraphs 151 to 155 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- ii) Notes that the budget consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals. Further details are contained within the Members Room document 3 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- iii) Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 161 to 164 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members Room, documents 1 and 2 of that report.
- iv) Notes the position on the forecast adverse portfolio outturn position for 2018/19 as set out in paragraphs 31 to 38 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda. (It should be noted that this recommendation has been amended to clarify that it is an adverse portfolio outturn position).
- v) Approves the revised Medium Term Financial Strategy (MTFS) for the period 2019/20 to 2022/23 attached as Appendix 2 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- vi) Approve the General Fund Revenue Budget as detailed in Annex 1 of the MTFS in Appendix 2 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- vii) Approves the revised proposals (following consultation) which reduce cost and generate income that amount to £6.77M in 2019/20 increasing to £10.93M in 2020/21. These proposals are detailed in paragraphs 44, 56 and 57 and in the Outcome Plan Appendices in Appendix 1 of the MTFS of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- viii) Note that the Executive's budget proposals will impact on staffing and that consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented. The savings proposals set out in Appendix 1 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda propose the deletion of 87.31 Full Time Equivalent (FTE) posts, of which 18.33 FTE are vacant, leaving 68.98 FTE at risk of redundancy or TUPE transfer.
- ix) Notes that the Executive's budget proposals are based on the assumptions detailed within the MTFS and that this includes a council tax increase of 2.99%, allowable under general powers to increase council tax without a referendum.

- x) Approves additional general fund pressures totalling £17.71M in 2019/20 as detailed in paragraphs 42 and 55 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xi) Approves a change in the Council Tax – Empty Property Premium as noted in paragraphs 72 to 75 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xii) Delegates authority to the Service Director – Finance & Commercialisation (S151 Officer), following consultation with the Cabinet Member for Finance and Customer Experience, to do anything necessary to give effect to the proposals contained in the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xiii) Sets the Council Tax Requirement for 2019/20 at £99.75M as per Appendix 3 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xiv) Notes a revised Appendix 4 is attached as Appendix 1 to this resolution to identify the finalised council tax base.
- xv) Notes the estimates of precepts on the council tax collection fund for 2019/20 as set out in the revised Appendix 4.
- xvi) Delegates authority to the Service Director – Finance & Commercialisation (S151 Officer) to implement any variation to the overall council tax arising from the final notification of the Hampshire Fire and Rescue Authority precept.

Housing Revenue Account

- xvii) Approves that, from 1st April 2019, a standard decrease be applied to all dwelling rents of 1.0%, as set out in paragraph 117 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda, equivalent to an average decrease of £0.84 per week in the current average weekly dwelling rent figure of £84.39. This will be the final year of the required decreases.
- xviii) Approve an increase in weekly service charges from 1st April 2019 (including supported accommodation) as detailed in paragraph 118 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xix) Approve savings totalling of £3.15M in 2019/20 as detailed in paragraph 120 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xx) Approves the Housing Revenue Account Revenue Estimates as set out in the report of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xxi) Approves the 30 year Business Plans for revenue and capital expenditure set out in Appendices 7 and 8 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year as set out in the report of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
- xxii) Notes that 2019/20 is a 53 week rent year and that rental income and service charge payments will be paid by tenants in 49 instalments across this period.

General Fund and Housing Revenue Account Capital Strategy & Programme

- xxiii) Approves the revised General Fund Capital Programme, which totals £184.11M (as detailed in paragraph 6 and 30 of the General Fund & Housing Revenue Account Capital Strategy & Programme 2018/19 to 2022/23) and the associated use of resources.
- xxiv) Approves the revised HRA Capital Programme, which totals £221.59M (as detailed in paragraph 6 and 30 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23) and the associated use of resources.
- xxv) Approves additions of £16.68M which has been added to the General Fund programme and £36.69M to the HRA programme totalling £53.37M, requiring approval to spend. These additions are detailed in paragraphs 9 to 13 and Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
- xxvi) Approves the addition of £53.37M to the overall capital programme and the request for approval to spend to spend £53.37M as detailed in paragraphs 9 to 13 and Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
- xxvii) Approves the slippage and re-phasing totalling £20.52M as set out in paragraphs 14 to 21 and as detailed in Appendix 2 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
- xxviii) Approves the removal of schemes from the general fund capital programme totalling £3.90M and £12.05M from the HRA capital programme as set out in paragraphs 14 to 21 and as detailed in Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
- xxix) Notes that the capital programme remains fully funded up to 2022/23 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
- xxx) Approves the Council's capital strategy detailed in Appendix 4 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.

Council Tax Setting Matters

- xxxi) Approves the following amounts now calculated by the Council for the year 2019/20 in accordance with Section 32 and Sections 34 to 36 of the Local Government Finance Act 1992 as amended (the Act).
- xxxii) Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2019/20 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC of the Act.

a)	Aggregate the amounts which the Council estimates for the items set out in Section 32(2) of the Act.	£553,182,742
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b)	Aggregate the amounts which the Council estimates for the items set out in Section 32(3) of the Act.		£453,436,898
c)	Calculation in accordance with Section 32(4) of the Act, of the Council's council tax requirement for the year, being the amount by which the aggregate at a) above exceeds the aggregate at b) above. (Item R in the formulae in Section 33(1) of the Act.		£99,745,844
d)	The amount at c) above (Item R), divided by the Council Tax Base of 64,959.0 (Item T in the formula in Section 33(1) of the Act), as the basic amount of Council Tax for the year.		£1,535.52
e)	Precepting Authority – Southampton City Council	Valuation Band	Amount
		A	£1,023.68
		B	£1,194.29
		C	£1,364.91
		D	£1,535.52
		E	£1,876.74
		F	£2,217.98
		G	£2,559.19
		H	£3,071.04
	Being the amounts given by multiplying the amount of d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in the proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amount to be taken into account for the year in respect of the dwellings listed in different valuation bands.		
f)	That it be noted for the year 2019/20 that the Police and Crime Commissioner for Hampshire has agreed the following amounts of precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown in the following table:	Valuation Band	Amount
		A	£134.31
		B	£156.69
		C	£179.08
		D	£201.46
		E	£246.23
		F	£291.00
		G	£335.77
		H	£402.92
g)	That it be noted for the year 2019/20 that the Hampshire Fire and Rescue Authority is provisionally recommending the following amounts of precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown in the following table:	Valuation Band	Amount
		A	£45.14
		B	£52.66
		C	£60.19

		D	£67.71
		E	£82.76
		F	£97.80
		G	£112.85
		H	£135.42
h)	That, having calculated the aggregate in each case of the amounts at e), f) and g) above, the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby set the following amounts of the Council Tax for the year 2019/20 for each of the categories of dwellings shown below subject to final notification of the precepts for the Police and Crime Commissioner for Hampshire and the Hampshire Fire and Rescue Authority:	Valuation Band	Amount
		A	£1,203.13
		B	£1,403.64
		C	£1,604.18
		D	£1,804.69
		E	£2,205.73
		F	£2,606.78
		G	£3,007.81
		H	£3,609.38

APPENDIX 4

DECISION-MAKER:	COUNCIL
SUBJECT:	Conservative Group Budget Resolution 2019/20
DATE OF DECISION:	20 FEBRUARY 2019

STATEMENT OF CONFIDENTIALITY	
N/A	
It is recommended that Council:	
General Fund	
i)	Notes the general budget consultation process that was followed as detailed in paragraphs 153 to 157 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
ii)	Notes that the budget consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals. Further details are contained within the Members Room document 3.
iii)	Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 161 to 164. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members Room, documents 1 and 2.
iv)	Note the position on the forecast service overspend position for 2018/19 as set out in paragraphs 31 to 38 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
v)	Approves the revised Medium Term Financial Strategy (MTFS) for the period 2019/20 to 2022/23 attached as Appendix 2 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23.
vi)	Approves the amendment to the 2019/20 budget (1 year) detailed below in paragraph 1, and including a 0% increase in Council Tax in 2019/20.
vii)	Approve the General Fund Revenue Budget 2019/20 as detailed in Annex 1 of the MTFS in Appendix 2 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 of this resolution but subject to changes detailed below in paragraph 1, and including a 0% increase in Council Tax.
viii)	Approves the revised proposals (following consultation) which reduce cost and generate income that amount to £6.77M in 2019/20 increasing to £10.93M in 2020/21. These proposals are detailed in paragraphs 44, 56 and 57 and in the Outcome Plan Appendices in Appendix 1 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
ix)	Note that the Executive's budget proposals will impact on staffing and that consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented. The savings proposals set out in Appendix 1 propose the deletion of 87.31 Full Time Equivalent (FTE) posts, of which 18.33 FTE are vacant, leaving 68.98 FTE at risk of redundancy or TUPE transfer.
x)	Notes that the Executive's budget proposals are based on the assumptions detailed within the MTFS and that this includes a council tax increase of 2.99%, allowable under general powers to increase council tax without a referendum. This resolution seeks to propose no increase in Council Tax for 2019/20 as part of the resolution as detailed in paragraph 1
xi)	Approves additional general fund pressures totalling £17.71M in 2019/20 as detailed in paragraphs 42 and 55.

xii)	Approves a change in the Council Tax – Empty Property Premium as noted in paragraphs 72 to 75 of the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23
xiii)	To delegate authority to the Service Director – Finance & Commercialisation (S151 Officer), following consultation with the Cabinet Member for Finance and Customer Experience, to do anything necessary to give effect to the proposals contained in this report.
xiv)	Sets the Council Tax Requirement for 2019/20 at £96.85M as per Appendix 1 of this budget resolution.
xv)	Notes the estimates of precepts on the Council Tax collection fund for 2019/20 as set out in Appendix 2.
xvi)	Delegates authority to the Service Director – Finance & Commercialisation (S151 Officer) to implement any variation to the overall council tax arising from the final notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.
xvii)	Notes the Earmarked Reserves have been reviewed as part of the budget process and proposes an additional draw on reserves to fund proposals as detailed below in paragraphs 1 and 2.
Housing Revenue Account	
xviii)	Approves that, from 1st April 2019, a standard decrease be applied to all dwelling rents of 1.0%, as set out in paragraph 117 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda, equivalent to an average decrease of £0.84 per week in the current average weekly dwelling rent figure of £84.39. This will be the final year of the required decreases.
xix)	Approve an increase in weekly service charges from 1st April 2019 (including supported accommodation) as detailed in paragraph 118 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xx)	Approve savings totalling of £3.15M in 2019/20 as detailed in paragraph 120 of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xxi)	Approves the Housing Revenue Account Revenue Estimates as set out in the report of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xxii)	Approves the 30 year Business Plans for revenue and capital expenditure set out in Appendices 7 and 8 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year as set out in the report of the revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23 report on the Council agenda.
xxiii)	Notes that 2019/20 is a 53 week rent year and that rental income and service charge payments will be paid by tenants in 49 instalments across this period.
General Fund and Housing Revenue Account Capital Strategy & Programme	
xxiv)	Approves the revised General Fund Capital Programme, which totals £184.11M (as detailed in paragraph 6 and 30 of the General Fund & Housing Revenue Account Capital Strategy & Programme 2018/19 to 2022/23) and the associated use of resources. Approves the addition of a further £2.45M of capital projects as outlined in section 4 below, and approves the funding of the proposals, estimated at £3M, in

		the Clean Air Zone Business Case in the event that government funding is not awarded. The revised General Fund Capital Programme total would be £189.56M
	xxv)	Approves the revised HRA Capital Programme, which totals £221.59M (as detailed in paragraph 6 and 30 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23) and the associated use of resources.
	xxvi)	Approves additions of £22.13M which has been added to the General Fund programme and £36.69M to the HRA programme totalling £58.82M, requiring approval to spend. These additions are detailed in paragraphs 9 to 13 and Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23, and in paragraph 4 below.
	xxvii)	Approves the addition of £58.82M to the overall capital programme and the request for approval to spend to spend £58.82M as detailed in paragraphs 9 to 13 and Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23, and in paragraph 4 below.
	xxviii)	Approves the slippage and re-phasing totalling £20.52M as set out in paragraphs 14 to 21 and as detailed in Appendix 2 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
	xxix)	Approves the removal of schemes from the general fund capital programme totalling £3.90M and £12.05M from the HRA capital programme as set out in paragraphs 14 to 21 and as detailed in Appendix 1 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23.
	xxx)	Notes that the capital programme remains fully funded up to 2022/23 based on the latest forecast of available resources, and subject to a review of existing projects to finance new proposals in paragraph 4 below, although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
	xxxi)	Approves the Council's capital strategy detailed in Appendix 4 of the General Fund & Housing Revenue Account Capital Strategy & programme 2018/19 to 2022/23, subject to an amendment to the strategy to enable Capital Receipts from further asset disposals to be used to fund proposals as outlined in paragraph 4 below, and a review/reprioritisation of the existing programme to ensure all proposals in this amendment can be funded.
Council Tax Setting Matters		
	xxii)	Approves the following amounts now calculated by the Council for the year 2019/20 in accordance with Section 32 and Sections 34 to 36 of the Local Government Finance Act 1992 as amended (the Act), and taking into account the proposals in this Amendment.
	xxiii)	Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2019/20 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC of the Act.

Aggregate the amounts which the Council estimates for the items set out in Section 32(2) of the Act.		£551,876,742
Aggregate the amounts which the Council estimates for the items set out in Section 32(3) of the Act.		£455,026,898
Calculation in accordance with Section 32(4) of the Act, of the Council's council tax requirement for the year, being the amount by which the aggregate at a) above exceeds the aggregate at b) above. (Item R in the formulae in Section 33(1) of the Act.		£96,849,844
The amount at c) above (Item R), divided by the Council Tax Base of 64,959.0 (Item T in the formula in Section 33(1) of the Act), as the basic amount of Council Tax for the year.		£1,490.94
Precepting Authority – Southampton City Council	Valuation Band	
	A	£993.96
	B	£1,159.62
	C	£1,325.28
	D	£1,490.94
	E	£1,822.25
	F	£2,153.58
	G	£2,484.89
	H	£2,981.87
Being the amounts given by multiplying the amount of d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in the proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amount to be taken into account for the year in respect of the dwellings listed in different valuation bands.		
That it be noted for the year 2019/20 that the Police and Crime Commissioner for Hampshire has agreed the following amounts of precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown in the following table:	Valuation Band	
	A	£134.31
	B	£156.69
	C	£179.08
	D	£201.46
	E	£246.23
	F	£291.00
	G	£335.77
	H	£402.92

<p>That it be noted for the year 2019/20 that the Hampshire Fire and Rescue Authority is provisionally recommending the following amounts of precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown in the following table:</p>	Valuation Band	
	A	£45.14
	B	£52.66
	C	£60.19
	D	£67.71
	E	£82.76
	F	£97.80
	G	£112.85
	H	£135.42
<p>That, having calculated the aggregate in each case of the amounts at e), f) and g) above, the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby set the following amounts of the Council Tax for the year 2019/20 for each of the categories of dwellings shown below subject to final notification of the precepts for the Police and Crime Commissioner for Hampshire and the Hampshire Fire and Rescue Authority:</p>	Valuation Band	
	A	£1,173.41
	B	£1,368.97
	C	£1,564.55
	D	£1,760.11
	E	£2,151.24
	F	£2,542.38
	G	£2,933.51
	H	£3,520.21

Changes to the Revised Medium Term Financial Strategy and Budget 2019/20 to 2022/23	
1.	The Conservative Group proposals seek to reverse a number of proposals within the proposed Revenue Budget that has been put to Council, and sets out new proposals within the Car Parking service and to support air quality improvements in the City. These proposals can be achieved through more ambitious savings targets throughout the budget. These proposals are summarised in the table at paragraph 3 below. In addition to the proposals below the Opposition Budget will maintain a commitment to providing funding for The Avenue Centre for the period of the MTFs.
2.	The savings proposals are ambitious and seek to drive additional savings across the Council. These proposals are target based savings to be driven through improved efficiency and smarter working. Implementation of these proposals are subject to the development of fuller business cases, including relevant impact assessments, and also a wider review and realignment of the Council Strategy. Savings are therefore anticipated to be part year savings in 2019/20, and a one-off draw from reserves is therefore proposed to mitigate this impact.

3.	Summary of changes to 2019/20 Revenue Budget	2019/20 £M
	Abolishment of evening car parking charges for on street & off street parking. Proposal excludes Multi Storey car parking.	0.70
	Reversing proposals to charge for Blue badge parking contained within the proposed Budget.	0.07
	Abolish charges on 1 st permits in all areas with resident parking schemes	0.20
	Reverse budget proposals to increase fees at Itchen Bridge	0.51
	Investment in additional staff within Street Cleaning and Bins service	0.30
	Establish an Air Quality Task Force. The cost represents additional employee cost.	0.10
	City Greening to improve Air Quality	0.15
	District and City Centre Improvements	0.30
	To undertake a feasibility study for introducing Trams – a one off pressure for 2019/20 only.	0.05
	Keep both Glen Lee and Holcroft House Care homes open. This will represent a pressure of £0.41m from 2020/21.	0.00
	Council Tax Freeze	2.94
Total Additional Pressures	5.32	

Funding of Budget Changes

Changes to 2019/20 Budget	2019/20 £M
Additional Procurement Savings	0.60
Additional savings from outsourcing and shared services	0.50
Increased income from Council Tax and Business Rates due to the re-tender of Property Services	0.50
To Outsource Museums and Galleries	0.20
Modernising Council Operations	0.40
Additional Savings in Transformation	0.55
Commercial Activities – to reinstate the income target for commercial income in 2019/20	0.50
Draw from Reserves	1.37
Draw from On-Street Parking Reserve	0.70
Additional Income / Funding	5.32

4.	<p>Pressures to the 2019/20 Capital Budget</p> <p>The main proposals for the Capital budget are centred on air quality as follows;</p> <ul style="list-style-type: none"> • The Council recently submitted a Business Case for government funding a number of measures to support reductions in Nitrogen Dioxide in the City. The amendment proposes that the Council fund the Case in the event that government funding is not awarded. • At the recent Cabinet meeting a Green City Charter was proposed. The Amendment proposes funding to be made available to support the work of the Green City Charter. • Match funding to support air quality projects – The purpose of this proposal is to allocate resource to match fund projects to enable business cases to be developed. • Increased Investment in Pavements & Highways 																											
5.	<p>Pressures to the 2019/20 Capital Budget</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Changes to 2019/20 Capital Budget</th> <th style="text-align: right;">2019/20 £M</th> </tr> </thead> <tbody> <tr> <td>Green City Charter</td> <td style="text-align: right;">1.00</td> </tr> <tr> <td>Investment in Pavements & Highways</td> <td style="text-align: right;">1.00</td> </tr> <tr> <td>Investment in Outdoor Sports Centre</td> <td style="text-align: right;">0.25</td> </tr> <tr> <td>Match Funding for Air Quality</td> <td style="text-align: right;">0.20</td> </tr> <tr> <td>Investment in Clean Air Zone (contingency)</td> <td style="text-align: right;">3.00</td> </tr> <tr> <td>Additional Capital investment</td> <td style="text-align: right;">5.45</td> </tr> </tbody> </table> <p>Funding of Capital Budget Pressures</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Changes to 2019/20 Capital Budget</th> <th style="text-align: right;">2019/20 £M</th> </tr> </thead> <tbody> <tr> <td>Transfer from Reserves</td> <td style="text-align: right;">0.65</td> </tr> <tr> <td>S106 Contributions (ring fenced for transport/highways improvements)</td> <td style="text-align: right;">0.50</td> </tr> <tr> <td>Parking Fund Surplus (ring-fenced for highways improvements)</td> <td style="text-align: right;">0.30</td> </tr> <tr> <td>Capital Receipts from sale of Assets</td> <td style="text-align: right;">4.00</td> </tr> <tr> <td>Additional funding for Capital</td> <td style="text-align: right;">5.45</td> </tr> </tbody> </table>		Changes to 2019/20 Capital Budget	2019/20 £M	Green City Charter	1.00	Investment in Pavements & Highways	1.00	Investment in Outdoor Sports Centre	0.25	Match Funding for Air Quality	0.20	Investment in Clean Air Zone (contingency)	3.00	Additional Capital investment	5.45	Changes to 2019/20 Capital Budget	2019/20 £M	Transfer from Reserves	0.65	S106 Contributions (ring fenced for transport/highways improvements)	0.50	Parking Fund Surplus (ring-fenced for highways improvements)	0.30	Capital Receipts from sale of Assets	4.00	Additional funding for Capital	5.45
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KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Revised Council Tax Calculation 2019/20

2.	Revised Council Tax precepts 2019/20
3.	
4.	

Documents In Members' Rooms

1.	N/a

COUNCIL TAX CALCULATION 2019/20

	2018/19	2019/20	Change
	£M	0% £M	£M
Budget Requirement (a)	184.1	188.7	4.6
Less NDR	(99.2)	(84.0)	
Plus Tariff	28.3	10.1	
S31 Grants	(6.1)	(4.1)	
Less RSG	0.0	0.0	
Other Central Grant Funding	(11.1)	(9.5)	
Aggregate External Finance	(88.2)	(87.5)	0.6
Deficit/(Surplus) on Council Tax Collection Fund	0.0	(4.3)	
Deficit/(Surplus) on Business Rates Collection Fund	0.0	0.0	
Net Grant Income (b)	(88.2)	(91.9)	(3.7)
Amount to be met from Council Tax (a - b)	95.93	96.85	0.92
Tax base	64,345.0	64,959.0	614.0
Basic amount of Council Tax (Band D)	1,490.94	1,490.94	0.00
Last years Council Tax		1,490.94	
Council Tax - General Increase	0.00%	0.00	
Council Tax - Social Care Precept	0.00%	0.00	
Total Annual Cash Increase		0.00	
Increase (Cash per Week)		0.00	
Total Increase (%)		0.00%	

COLLECTION FUND ESTIMATES 2019/20

	2018/19	2019/20	Change
	£000	0% £000	£000
Southampton City Council Precept	95,934.4	96,849.8	915.4
Hampshire Police Precept	11,418.7	13,086.7	1,668.0
Fire and Rescue Services Precept	4,230.2	4,398.3	168.1
Income due from Council Tax Payers	<u>111,583.3</u>	<u>114,334.8</u>	<u>2,751.5</u>
Tax Base for Area	64,345.0	64,959.0	614.0
Basic Amount of Tax for Band D Property	<u>1,734.14</u>	<u>1,760.11</u>	<u>25.97</u>

Council Tax increase per Property Band 2019/20

	SCC Band Charge	Council Tax Increase	SCC Band Charge
Band	2018/19	0.00%	2019/20
A	£993.96	0.00	£993.96
B	£1,159.62	0.00	£1,159.62
C	£1,325.28	0.00	£1,325.28
D	£1,490.94	0.00	£1,490.94
E	£1,822.25	0.00	£1,822.25
F	£2,153.58	0.00	£2,153.58
G	£2,484.89	0.00	£2,484.89
H	£2,981.87	0.00	£2,981.87

Agenda Item 5

DECISION-MAKER:	COUNCIL		
SUBJECT:	EXECUTIVE BUSINESS REPORT		
DATE OF DECISION:	20 March 2019		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Felicity Ridgway – Service Lead - Policy, Partnerships and Strategic Planning	Tel: 023 8083 3310
	E-mail:	felicity.ridgway@southampton.gov.uk	
Director	Name:	Emma Lewis, Service Director – Intelligence, Insight and Communications	Tel: 023 8091 7984
	E-mail:	emma.lewis@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
This report outlines the Executive business conducted since the last Executive Business Report to Full Council on 21 st November 2018			
RECOMMENDATIONS:			
	(i)	That the report be noted.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	This report is presented in accordance with Part 4 of the Council’s Constitution.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	Not applicable.		
DETAIL (Including consultation carried out)			
	STRONG AND SUSTAINABLE ECONOMIC GROWTH		
3.	<p>I was delighted to hear about the progress made on the Southampton Cycle Network (SCN) since the launch of our 10 year cycling strategy in 2017. Two years later, we’ve already invested £2.4m in completed projects, including a new and extended segregated cycleway parallel to Millbrook Road on First and Second Avenue. The route is now receiving a green makeover with the introduction of trees along Second Avenue, as part of plans to enhance the cycling experience for those travelling into the city from the West. In February 2019, Balfour Beatty Living Places also begun work on a £1.4m project to create Southampton’s first ‘Copenhagen style’ segregated cycle freeway on both sides of Inner Avenue. Cyclists will be completely separated from traffic and pedestrians with the new lanes extending from Lodge Road to Charlotte Place southbound and from London Road to Banister Road northbound. In addition to these projects, a further £5.4m is committed to projects that will be delivered by summer 2019. The rate of delivery has been accelerated following successful bids for national finance sources from the Clean Air Zone Early Measures and National Productivity Investment Funds.</p>		

4.	<p>I am pleased to report that the major works project on Millbrook Roundabout entered its fourth and final phase earlier than expected. Southampton City Council's Highway's Partner, Balfour Beatty, moved into phase four on 23 February 2019, with a scheduled completion on 7 April 2019. It's also good to see that Balfour Beatty has started work on a major two year project to improve journey times for all road users on the A3024 Eastern Corridor. The project will deliver improvements in four phases on Bursledon Road between Botley Road and Bitterne Road East junctions.</p>
5.	<p>It was fantastic to see that Southampton City Council's Growth teams have successfully won the following funding bids:</p> <ul style="list-style-type: none"> • £250,000 towards the Central Business District project • £50,000 towards the Bitterne Community Hub project • £100,000 towards the Redbridge Blue Light Centre project • £400,000 European Social Fund to support NEET young people into learning and employment • £98,000 DCMS Woldsen Galleries Improvement Fund for the improvement of Southampton City Art Gallery's lighting • £56,000 for Southampton City Art Gallery from the Headley Trust for curation • £100,000 Arts Council funding to test audience engagement • £400,000 from the Work and Health Unit to support health and employment • £210,000 EU funding - perinatal mental health support • £250,000 from Visit England to support cruise excursions • £103,000 Department of Health and Social Care funding for support for mental health • £10,000 from CCIN Exec Oversight Committee to deliver co-operative approaches to sustainable food policy
6.	<p>Congratulations to everyone involved in the Solent Jobs Programme, which supported more than 1,000 long-term unemployed local people to help them to find work. A celebration event was hosted in December by the Mayor, in the Mayor's Parlour, to celebrate the success of the programme that finished that month. The event was attended by over 70 scheme participants and their advisors and employers. Solent Jobs Programme started at the end of 2016 and has run ever since offering to help anyone living in the Solent area with a recognised health condition who has been out of work for more than two years.</p>
7.	<p>I was pleased to hear about the special Skills for Growth business breakfast, staged by Southampton City and Solent University. The event on 5 March 2019 aimed to raise awareness of how businesses can improve their growth prospects through creating the right opportunities for staff development. It highlighted how providing skills and training opportunities to employees is mutually beneficial for both the staff members and the organisation that employs them.</p>
8.	<p>I was delighted to see that Southampton City Council have launched a new Wellbeing@Work service. The scheme is aimed at helping organisations to support the health and wellbeing of their workforce, the scheme has the additional advantage of boosting bottom line profits, through reduced absenteeism and increased levels of productivity. The service includes wellbeing surveys, policy templates, access into individual health improvement services and peer networking.</p>
9.	<p>It was great to visit Townhill Park in early February to see the official handover of six newly built Southampton City Council houses from the Drew Smith Group who are developing the site. These are the first new council homes to be completed have been</p>

	completed in the redevelopment of Townhill Park, and residents will be welcomed to the new homes in the coming weeks. Each of the six family homes, located in Roundhill Close, has three bedrooms, a lounge/dining room, separate kitchen, bathroom, back garden with shed, and two parking spaces, and benefit from energy-efficient heating systems. The homes are already signed up to CitizEn Energy, Southampton City Council's ethical energy company, to provide residents with competitively priced gas and green electricity.
10.	It is fantastic to hear that CitizEn Energy, which was set up by Southampton City Council, has reached a milestone of bringing more than 1,000 households on to their supply, and even more delighted to hear that CitizEn Energy's customer service provider, Robin Hood Energy, has been voted the second best energy company for customer satisfaction in the country. Robin Hood Energy beat the big six energy companies for satisfaction in the Which? Annual satisfaction survey, and only came second to Octopus Energy.
	CHILDREN AND YOUNG PEOPLE GET A GOOD START IN LIFE
11.	It was great to see the continuing success of the permanent timed road closure on French Street outside St John's school during school drop off and pick up times. The measures, which came into force on 26 November 2018, have been undertaken to address the risk of traffic outside the school at peak times, tackle congestion and poor air quality around the school grounds and encourage more families to use active travel on the school run. A survey in January 2019 showed 96% support for the scheme, with 94% of respondents saying it made the area safer for children. The survey also showed the scheme improved perceptions of air quality and how attractive the area is.
12.	I was delighted to hear that Southampton has been successful in its application to become a change partner in the national What Works Centre for Children's Social Care: Children's Social Workers in Schools project. Further to a successful application coordinated by the Integrated Commissioning Unit working with Children's Services, Southampton City Council has been awarded over £450,000 up to March 2020 to locate social workers in schools to work more closely with children and their families.
13.	It is great to hear about the successful campaigning efforts of nine year old James Stinchcombe, who attends Ludlow Primary School. James campaigned for a pedestrian crossing to be installed on a busy section of Spring Road to improve the safety of children walking to school. James was delighted to see that a pedestrian crossing has now been installed, with the crossing benefiting many local families and children who cross here every day on the journey to school.
14.	I was very pleased to hear that the Integrated Commissioning Unit (ICU) has secured additional funding from Health Education England (HEE) to roll out restorative practice training within Southampton as part of the city's overall vision to become a Child Friendly City. This vision aims to improve outcomes for children and families through the use of restorative approaches where problems are resolved and relationships are built through empathy and understanding. The ICU secured funding of £62,500 from HEE and this will enable the training programme to be accelerated, with the focus on rolling out to a range of multi-agency partners including Southampton City Council, NHS providers and commissioners, voluntary organisations, police, schools, colleges and children & young people.
15.	I was excited to be able to congratulate Shanté Jackson on being elected by Southampton's young people to be the next Southampton Member of Youth Parliament on 22 February 2019. The UK Youth Parliament is a national movement that aims to increase the chances for young people aged 11-18 to have their voices heard locally and

	nationally. Southampton City Council is proud to be one of the participating local authorities working with the UK Youth Parliament. Over 2,000 young people from nine local schools and colleges had the chance to vote for nine candidates with Shanté winning with a vote share of 22.3%.
16.	I am delighted to report that, as part of our commitment to supporting young people in the city when they leave care, Southampton City Council are introducing a new Council Tax discount and exemption scheme to help ease this transition. The care leavers discount and exemption scheme will apply to all young people living in the city, up to the age of 25, who have been looked after by a local authority for at least 13 weeks since the age of 14, and which ended on or after their 16 th birthday. Depending on the living circumstances of the young person, they will be either eligible for a council tax discount or full exemption.
17.	On 8 January 2019, our Children and Families Service welcomed representatives from Ofsted for this year's annual conversation. The meeting provided an opportunity for our colleagues in Children's Social Care and Education to brief Ofsted on progress achieved and their priorities for the coming year, ensuring that Southampton is a city where children and young people get a good start in life.
	PEOPLE IN SOUTHAMPTON LIVE SAFE, HEALTHY, INDEPENDENT LIVES
18.	I am excited to announce that Portsmouth and Southampton have been selected as one of eight areas in England to tackle mental health stigma locally after winning a bid to become one of 2019's Time to Change Hubs. This partnership with Portsmouth and Southampton City Councils, local mental health charity Solent Mind and local people who are Time to Change Champions will support communities, workplaces and schools to end negative attitudes and behaviours towards people experiencing mental health problems in their communities. Each Hub will be provided with a £15,000 start-up budget along with £10,000 for a Champions Fund where local champions can bid for funding to run stigma-busting events and activities within their area.
19.	It was great to see so many people getting involved in the national Time to Talk Day on 7 February 2019, an event promoting mental health awareness and encouraging people to talk about their mental health. At West Quay Shopping Centre, MasterChef winner Shelina Permalloo prepared some of her celebrated dishes as part of the event, and was joined by organisations such as Solent Mind, Radian Homes, No Limits, Samaritans, Southampton Voluntary Services, Carers in Southampton and Southampton City Libraries.
20.	It was fantastic to hear that a partnership between Southampton City Council and Solent NHS Trust has resulted in a huge reduction in assessment and rehabilitation waiting times for those with a visual or hearing impairment. The integrated 'Community Independence Service' was formed in April 2016 as part of the Better Care Southampton initiative. Before the partnership, the Sensory Team saw long waiting lists with an average wait of nine months to a year wait for assessment and rehabilitation, and this has now reduced to two weeks for first contact.
21.	I was very pleased to co-host a summit on 15 January with Sandy Hopkins, Chief Executive of Southampton City Council, to discuss the future adult care plans for Southampton, facilitated by Sarah Mitchell, a social care specialist from the Local Government Association. The summit focused on how best to support residents to lead safe, healthy and independent lives and to consider how best to work with communities, the NHS, businesses and others to deliver social care, Southampton Style.
22.	I was delighted to hear that construction of Potters Court, Southampton City Council's flagship housing with care scheme is making great progress. Site foundations have been laid at the £26m environmentally friendly development, and it is due to welcome its

	<p>first residents in 2020 into its 99 purpose built, affordable homes. The housing with care scheme will support people to live their lives to the full, with easy access to care when they need it. Potters Court was shortlisted as one of 10 UK-wide projects for a prestigious Inside Housing Development Award 2018. Potters Court featured in the category for 'best older people's housing development', and whilst we did not win the award, being a finalist recognised our commitment to providing well-designed homes that meet current and future care and support needs as the city's population ages.</p>
23.	<p>It was great to hear that Southampton City Council adopted a Charter Against Modern Slavery at Cabinet in December. The Charter commits the council to take action through procurement and contract management to ensure that its suppliers are not involved in modern slavery.</p>
24.	<p>It was fantastic to hear about the success of the Raizer mobile lifting chair, used by our telecare responder service. The Raizer equipment, which has been extensively trialled by our service, enables responders to assist people to stand if fallen and uninjured, a task that would traditionally involve a 999 or 111 call to lift the individual. In December 2018 alone, it was used 42 times, freeing up ambulances to deal with other emergency calls. Responder staff state that the chair is now their first port of call to support someone who has fallen, with users saying 100% would otherwise have called for an ambulance.</p>
25.	<p>I was very pleased to hear about how a social club taking place twice weekly at Erskine Court, is helping to stop social isolation, combat loneliness and develop relationships. The social club groups are open to anyone over 50 in the local community, and run every Tuesday and Wednesday, helping to bring residents of Erskine Court and other members of the community together.</p>
26.	<p>I was delighted to hear that as part of National Fuel Poverty Day, which was on 15 February 2019, Southampton City Council and Southampton Health Homes reiterated their commitment to residents energy needs by providing advice, support and competitively priced gas and green electricity. National Fuel Poverty Awareness Day is recognised nationally to highlight the problems faced by those struggling to keep warm in their homes and the work being undertaken to tackle the issue.</p>
27.	<p>I was pleased to hear about the Carers Technology Exhibition at The Spark, Solent University held on 19 March 2019. This free to attend event gave opportunities for carers to try out different technological products to support them and ease their caring role, see demonstrations from care technology experts, discuss the day to day challenges of looking after someone and find out what other carers have found useful.</p>
28.	<p>It was a proud moment when I heard that fire safety improvements in Southampton tower blocks were shortlisted for a national housing award. Southampton City Council is committed to improving fire safety in its residential high-rise blocks, and we were one of three providers who were featured in the 'best customer impact' category. The successful shortlisting follows our close collaboration with Hampshire Fire & Rescue Service and CLC Group Limited, as well as our own internal contract team, to introduce fire suppression and passive fire safety measures in 20 council-owned blocks across Southampton, benefitting over 2,000 homes.</p>
29.	<p>I was delighted to hear that Southampton Crematorium, which is run by Southampton City Council, donated £7,000 in February 2019 to HASAG Asbestos Disease Support. Southampton Crematorium has raised this money from their Institute of Cemetery and Crematorium Management (ICCM) recycling of metals scheme. This brings the total that Southampton Crematorium has donated to charities over the past 12 months to £17,000.</p>
	<p>SOUTHAMPTON IS AN ATTRACTIVE AND MODERN CITY WHERE PEOPLE ARE PROUD TO LIVE AND WORK</p>

30.	I was delighted to announce that Southampton City Council will be introducing a Green City Charter in March 2019, in partnership with local residents, businesses and organisations. The unprecedented response to the Clean Air Zone public consultation shows how important this issue is to people living and working in the city, and I am proud that we are leading the way in becoming a clean, green and healthy city.
31.	In addition to the Green City Charter, Southampton City Council has joined forces with the University of Southampton to urge local authorities to adopt a 'healthy and prosperous' vision towards air quality and energy efficiency in towns and cities across the UK. In a united effort to highlight the green agenda, council leaders, academics, thought leaders, policy makers and heads of business met on 21 February 2019 at the Highfield Campus for "Key Cities: Cities and the Environment", an event organised by Southampton City Council in conjunction with the University of Southampton's Energy and Climate Change Division.
32.	It was fantastic to see businesses owners take advantage of an event hosted by Southampton City Council on 6 February 2019 to help them move their vehicle fleet to electric vehicles. The event provided a great opportunity for the business community to hear how the council is investing in and developing the infrastructure around the city – such as increasing the amount of charging points, season ticket discounts and concessions for electric vehicle users on the Itchen Bridge. I was also very pleased to see that the Mayor and Sheriff of Southampton can now travel in an environmentally friendly, all electric car courtesy of the Richmond Motor Group dealership in West Quay Road.
33.	I enjoyed seeing people taking part in Winter Wheelers, a month long cycling challenge in partnership with Love to Ride in December 2018. There were 101 new registrants for Winter Wheelers, and in total, 290 people participated. The challenge resulted in a total of 3,538 trips were made, resulting in 28,269 miles cycled and 7,386 lbs of CO2 emissions saved. I am pleased to see that we are building on this success with My Journey running its 'Move in March' campaign, encouraging people to be more active. The campaign provides a month long programme of events and tailored opportunities to support and incentivise people to make active journeys.
34.	I am pleased to announce that Southampton City Council has finished its refurbishment of St James' Park play area in Shirley ready for spring and summer. New play equipment and benches have been installed, as well as the creation of a more attractive riverbed and improved drainage in the area.
35.	I am delighted to see that the Junior Neighbourhood Wardens and community litter picking groups will be joining forces for a Southampton wide clean-up as part of this year's Keep Britain Tidy - Great British Spring Clean campaign. Housing areas in Golden Grove, East Meggesson Avenue in Townhill and the wider Lordswood area will receive a tidy-up on the 16, 17 and 18 April respectively.
36.	It was great to see local businesses and organisations strengthening their connections with the local Armed Forces community at an event at the Civic Centre on 6 February 2019. The event was aimed at encouraging more businesses to sign up to the Armed Forces Covenant, which is a declaration of mutual support between Southampton's civilian community, including businesses and other organisations, and the Armed Forces.
37.	I was delighted that Southampton City Art Gallery was chosen by the Royal Collection Trust as part of a collaboration with twelve museums and galleries to run simultaneous exhibitions of Leonardo's drawings across the UK. The exhibition runs from 1 February 2019 until 6 May 2019, and I would encourage everyone to visit.
38.	Congratulations to Nuffield Southampton Theatres (NST) as they recently celebrated the first birthday of the new city centre venue, NST City, by holding a giant community

	birthday party with family activities on 16 February 2019. There were large scale party games, behind the scenes tours of the theatre and live dance performances created by NST's resident dance theatre company ZoieLogic Dance Theatre.
39.	<p>I am pleased to see that Southampton has continued to offer a wide range of interesting, family friendly events to both residents and visitors. Many events were led, facilitated or supported by the council's events team and as well as the ones already referred to above, these have included:</p> <ul style="list-style-type: none"> • 1 December 2018 – Woolston Christmas Fayre in Victoria Road featuring stalls, music and fairground rides. • 2 February 2019 – Chinese New Year celebrations in Guildhall Square, with colourful performances, parades and displays. • 15 February 2019 – Visions exhibit at Southampton City Art Gallery, showcasing artwork produced by adults in Southampton with various disabilities. • 24 February 2019 – The ICC Cricket World Cup Trophy tour visited Guildhall Square.
	A MODERN, SUSTAINABLE COUNCIL
40.	I was pleased to hear that a record 1,709 (57%) employees took part in the 2018 Staff Survey this year, up from 49% in 2017. The results show good progress is being made, with more staff than ever saying they are satisfied working for the council and would recommend the council as an employer.
41.	I would like to congratulate Jason Taylor, Energy Manager at Southampton City Council, who has won a prestigious Heat Hero Award, which is given to individuals who have gone above and beyond to help people living in fuel poverty in their local community. Not only has he been fundamental in setting up CitizEn Energy, he has also been involved in many projects improving the energy efficiency of the council and helping reduce the council's reportable CO2 emissions by over 50% since 2009.
42.	I am pleased to say that Southampton has been chosen as one of only 12 local authorities who are piloting the government's EU Settlement Scheme. EU citizens and their families can now apply for the EU Settlement Scheme ahead of the official start date on the 30 March 2019, and Southampton City Council's Registration Services are offering additional help with the new scheme for those applying for Settled Status and Pre-Settled Status.
43.	I really enjoyed hearing news that Southampton City Council's first ever Social Work Apprenticeship Scheme called 'Grow Our Own' has been launched. The Grow Our Own scheme provides a career development opportunity for social work staff, as well as helping retain those staff within the council, creating a more sustainable and motivated workforce. The first tranche of apprentices are due to start in September 2019.
44.	It is good to see a new Dynamic Purchasing Framework for Home to School Transport being launched in January 2019. This will streamline how the team manages the transport contracts which are needed to transport the 680 school children to and from school each day. This will also allow new transport operators to join the list of approved suppliers anytime during the frame work agreement if they meet the specification criteria, so the team can manage demand.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
45.	None
<u>Property/Other</u>	

46.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
47.	As defined in the report appropriate to each section.
<u>Other Legal Implications:</u>	
48.	None
RISK MANAGEMENT IMPLICATIONS	
49.	None
POLICY FRAMEWORK IMPLICATIONS	
50.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
None	

Agenda Item 9

DECISION-MAKER:		COUNCIL	
SUBJECT:		Pay Policy 2019-2020	
DATE OF DECISION:		20 th March 2019	
REPORT OF:		Chief Executive	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Janet King	Tel: 023 8083 2378
	E-mail:	Janet.king@southampton.gov.uk	
Chief Executive	Name:	Sandy Hopkins	Tel: 023 8083 2966
	E-mail:	Sandy.hopkins@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
<p>The purpose of this report is to approve the Pay Policy for 2019-2020. The proposals reflect the two year national agreement (2018-2019 / 2019-2020) and affect all staff of the council with the exception of: teachers and support staff in Voluntary Aided (VA)/Trust; Modern Apprentices (separate pay framework); Non council staff who work for the council (NHS, including Public Health staff who transferred under COSOP (Transfer of Undertakings (TUPE) equivalent) and have retained NHS pay.</p>			
RECOMMENDATIONS:			
	(i)	To approve the Pay Policy statement for 2019-2020.	
	(ii)	To note the continued implementation of the Living Wage Foundation increase as the minimum hourly rate for NJC evaluated posts from 1 st April 2019.	
	(iii)	To note that the cost of living award was agreed for 2019 as part of the two year pay agreement for NJC evaluated roles and Chief Officer and Chief Executive pay and that implementation of this is delegated to the Service Director HR and OD to be applied for 2019/2020.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	Purpose	This Pay Policy Statement ("Pay Statement") is provided in accordance with the Localism Act 2011 ("Localism Act") and is updated prior to the commencement of each subsequent financial year.	
2.	Context	<p>The Pay Policy reflects the two year, collective national agreements for NJC evaluated roles and Chief Officer and Chief Executive pay. Implementation of the Pay Policy is in accordance with the Revenue Budgets approved for 2019/20.</p> <p>This Pay Statement sets out Southampton City Council's pay policies relating to its workforce (excluding the groups noted above) for the financial year 2019-2020, including the remuneration of its Chief Officers, lowest paid staff and the relationship between its Chief Officers and that of the staff who are not Chief Officers.</p>	

	<p>The Localism Act 2011 (the Act) reflects a requirement for transparency over both senior council officers' pay and that of the lowest paid staff. To support this, the Act requires Councils to publish an annual Pay Policy Statement covering Chief Officers (both Statutory and Non-Statutory Chief Officers and Deputy Chief Officers), a comparison of policies on remunerating Chief Officers and other staff and our policy on the lowest paid. The Act does not apply to local authority schools. In the interests of clarity and transparency it is important for local authorities to use the opportunity to set out their overall reward strategy for the whole workforce. The Act requires councils to include the following in their Pay Policy</p> <p>Statement:</p> <ul style="list-style-type: none"> • the level and elements of remuneration for Chief Officers; • the remuneration of its lowest-paid employees (together with definition of "lowest-paid employees" and reasons for adopting that definition); • policy on the relationship between the remuneration of Chief Officers and other officers; • policy on other specific aspects of Chief Officers' remuneration; • remuneration on recruitment, increases and additions to remuneration; • use of performance-related pay and bonuses, termination payments, and transparency. <p>The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments. The Pay Policy Statement can be amended in-year but must be:</p> <ul style="list-style-type: none"> • approved formally by the Council meeting itself; • approved by the end of March each year; • published on the authority's website (and in any other way the authority chooses); <p>complied with when the authority sets terms and conditions for Chief Officers.</p>
3.	<p>Changes in legislation and national policies</p> <p>There are a number of pieces of potential legislation still in the process of consultation or deferred by the Government. If confirmed these will need to be considered by the Council in a revised Pay Policy Statement. They include:</p> <ul style="list-style-type: none"> • A proposed cap (£95,000) on termination payments to staff. • Implementation of the Repayment of Public Sector Exit Payment Regulations which will allow public sector exit payments to be recouped where high earning individuals (salaries over £80,000 p.a.) are re-employed within the public sector within 12 months. <p>Final details or timelines have yet to be published, however, the Council will ensure that appropriate policies and procedures are introduced to advise staff of the recovery rules and to take action to recover exit payments where the Regulations require it.</p> <p>The Council's gender pay reporting requirements are published on the council's website as part of the Transparency Code. This was a new</p>

requirement from 2018 onwards. The current pay gap for the Council shows that women's hourly rate is:

- 6% lower (mean)
- 6% lower (median)

The Council's mean and median gender pay gap is significantly lower than the UK national average, which is estimated at 18.1% based on data from the Office of National Statistics (ONS).

Whilst the Council does have a much lower gender pay gap than the national average, we recognise that a small gender pay gap does still exist due to the nature of our workforce profile and the job roles that men and women are employed to do.

Whilst we have higher female representation in all of our pay quartiles, we have a larger proportion of women in our lower pay quartiles, which explains our mean and median gender pay gap of 6% and 6% respectively. Within our lower pay quartiles, the majority of these roles are part time, and these tend to be more likely to be held by women. (It is estimated that 73% of part time workers in the UK are women).

The Council has significant female representation in our upper pay quartiles, demonstrating that we have a good gender balance amongst our most senior roles. At the time of publication, our Chief Executive is female and 43% of our Council Management Team are represented by women.

4.

Definitions

For the purpose of this Pay Statement the following definitions apply:

- "Pay" in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.
- "Chief Officers" refers to the following roles within the Council:

Statutory Chief Officer roles are:

- a) Chief Executive, as Head of Paid Service
- b) Service Director – Legal & Governance (Monitoring Officer)
- c) Service Director – Children & Families (DCS)
- d) Director of Adult Social Services (DASS) incorporated into the role of Director of Quality and Integration. The substantive post is a joint post with the Southampton City Clinical Commissioning Group (CCG) and employed by Health (lead on strategic, integrated commissioning of health and care services). The post holder is part of the Council Management Team but is only a City Council employee for the DASS role and hence the Pay Policy Statement does not cover this role.
- e) Service Director – Finance and Commercialisation (Chief Financial Officer, as Section 151 Officer)
- f) Joint Director of Public Health (Joint role with Portsmouth City Council)

Non Statutory Chief Officer roles are

- a) Deputy Chief Executive (Interim)
- b) Chief Operations Officer
- c) Service Director – Transactions & Universal Services

	<ul style="list-style-type: none"> d) Service Director – Growth e) Service Director – Digital and Business Operations f) Service Director – Intelligence, Insight and Communications g) Service Director – Human Resources and Organisational Development h) Service Director – Adults, Housing and Communities <ul style="list-style-type: none"> • Deputy Chief Officers roles are those roles that report directly to/or are accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties. In the main they are Service Lead roles graded at a Chief Officer grade. • “Lowest paid employees” refers to those staff paid within Grade 1 of the council’s mainstream pay structure. This definition has been adopted because Grade 1 is the lowest grade on the Council’s mainstream pay structure and the posts have been assessed through the NJC Job Evaluation Scheme as having the least amount of complexity and responsibility. • “Employee who is not a Chief Officer” refers to all employees who are not covered under the “Chief Officer” pay scale group above. This includes the “lowest paid employees” i.e. employees on Grade 1 and all other staff up to an including Grade 13. 												
5.	<p>Relationship between remuneration of "Chief Officers" and "employees who are not Chief Officers"</p> <p>This relates to the ratio of the Council’s the definition of “Chief Officers” and the median average earnings across the whole workforce as a pay multiple. The Council's highest paid employee is the Chief Executive. The median Full Time Equivalent (FTE) salary has been calculated on all taxable earnings for the financial year 2018 - 2019, which includes basic salary and any contractual allowances/payments. The median salary and ratio for 2019 is calculated using pay data for all permanently employed staff and takes account of the confirmed pay award for April 2019. The ratio of the Council’s highest paid employee and the median average earnings across the whole workforce is published for comparison with the April 2018 position.</p> <table border="1" data-bbox="331 1384 1428 1659"> <thead> <tr> <th></th> <th>April 2019 (£)</th> <th>April 2018 (£)</th> </tr> </thead> <tbody> <tr> <td>Highest paid employee</td> <td>165,253</td> <td>151,237 *</td> </tr> <tr> <td>Median FTE salary</td> <td>32,029</td> <td>30,576</td> </tr> <tr> <td>Ratio</td> <td>5.12 : 1</td> <td>4.92 : 1</td> </tr> </tbody> </table> <p>*Highest paid employee salary for 2018 reflects the interim, internal appointment to the role prior to the permanent appointment to the Chief Executive post from January 2019.</p>		April 2019 (£)	April 2018 (£)	Highest paid employee	165,253	151,237 *	Median FTE salary	32,029	30,576	Ratio	5.12 : 1	4.92 : 1
	April 2019 (£)	April 2018 (£)											
Highest paid employee	165,253	151,237 *											
Median FTE salary	32,029	30,576											
Ratio	5.12 : 1	4.92 : 1											

6.	<p>Pay Framework and remuneration levels – general</p> <p>The pay structure and pay scales have been designed to enable the Council to recruit and retain suitably qualified staff at all levels to meet the outcomes detailed in the Council Strategy and associated outcome plans within an affordable financial framework. With a diverse workforce the Council recognises that the Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that can arise and may necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate to service and business needs. The decision to apply a market premium will be approved by the Chief Executive and the Organisational Design Board based on advice from the Service Director HR and OD. Any approved premium will be subject to an annual review.</p>
7.	<p>Responsibility for decisions on pay structures</p> <p>It is essential for good governance that decisions on pay are made in an open and accountable manner. The Council’s locally determined pay structures are based on the outcome of recognised job evaluation schemes (Hay and National Joint Council (NJC)). This is in line with the national requirement for all Local Authorities to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer and to comply with employment legislation as well as the economic climate locally.</p> <p>The current mainstream pay structure was implemented in June 2015 under the Pay & Allowances Framework collective agreement. The pay structure for Chief Officers (CO) and Service Leads on CO Grades (Deputy Chief Officers) is determined separately and pay rates are assessed through the Hay job evaluation process.</p> <p>The Service Director HR and OD has the delegated authority to amend the pay levels to reflect the nationally agreed pay award for 2019.</p>
8.	<p>Pay scales and grading framework</p> <p>All staff below the level of Chief Executive, Chief Officers and Service Leads (Deputy Chief Officers) on Chief Officer pay scales are within the main Council pay scale (with the exception of teachers).</p> <p>The main Council pay scale consists of 56 pay spine points (SCP) within 13 grades with grade 1 being the lowest and grade 13 the highest. All staff are on one of the 13 grades based on their job evaluated role. Each grade contains several spinal column points (SCP) to allow for incremental advancement within the grade. In line with the approved Pay & Allowances Framework (June 2015) each grade in the main pay scale was reduced in length over a three year period to maintain progression whilst reducing grade overlap. The 2019 compression of spinal column points is in line with the national pay agreement to be implemented by the Council within budget and without affecting the top of any current grade or number of overall grades within the pay scale. All main scale posts are paid within the range £17,364 (Foundation Living Wage 2018/19) to £62,428 per year.</p>

9.	The Council has committed to ensuring that all staff receive a rate of pay at least equal to a Living Wage (in line with the Living Wage Foundation review and recommendations) and applies an additional payment to staff on any hourly pay rate which falls below the Living Wage. This has had the on-going effect of increasing annual salaries for the lowest paid Council staff. The additional payment is not required for 2019 as the minimum hourly rate of £9.00 aligns with the Living Wage Foundation recommendation.
10.	The Chief Executive and Chief Officer pay grades reflect similar principles to the main Council pay structure. From 1st April 2016 the full range of pay points on the SMG Pay Rate were applied and this saw the re-introduction of pay points pay points 70-73 (CO5) and CO1A (pay points 103-104) to provide a more differentiated approach in line with the Council's operating model at senior levels and the inherent requirement for increased spans of control and responsibility across services.
11.	Details of the Chief Officer pay scales (Appendix 1) and the Council's mainstream pay structure (Appendix 2) are appended to this Statement, are published on the Council's website and reflect the position with effect from 1 st April 2019.
12.	Pay awards are considered annually for all employees but are subject to restrictions imposed nationally by the Government and/or negotiated locally. The outcome of national consultations by the Local Government Association in negotiation with the Trade Unions in relation to the settlement of the annual pay award is normally applied as per the recommendation for 2019-2020. If there is an occasion where to apply nationally agreed pay awards would distort the local pay structures, alternative proposals are developed, discussed with the trade unions and brought to Elected Members for formal approval.
13.	<p>Remuneration – level and element</p> <p>“Chief Officers” are identified at 3 above. They are all paid within the Council's pay structures as follows:</p> <ul style="list-style-type: none"> a. Chief Executive, as Head of Paid Service will be paid a salary within the grade range £154,262 to £183,201. (2019/2020 pay level) b. Statutory and Non-Statutory Chief Officers and Service Leads (deputy chief officers) will be paid a salary within the grade range £64,898 to £149,045 (2019/20 pay levels) according to post rating under the Hay scheme (CO5 to CO1A). <p>Details of Chief Officer and Heads of Service remuneration are published on the Council's website.</p>
14.	<p>Bonuses and Performance related pay</p> <p>There is no provision for bonus payments or performance related pay awards to any level of employee. There is, however, an honorarium provision for a one off or monthly agreed sum or an accelerated increment which may be awarded where an employee performs duties outside the scope of their post over an extended period or where there are agreed, short term additional duties and responsibilities. All such payments/increments are subject to approval by a Service Director and must be within existing budget provision.</p>

15.	Other pay elements The pay structure for Chief Officers takes account of the clearly defined additional statutory responsibilities in respect of the Section 151 and Monitoring Officer roles.
16.	Charges, fees or allowances Allowances or other payments, for example linked to irregular or unsocial hours working, standby, first aid / fire responsibilities etc. are paid, as appropriate, to staff below Chief Officer pay grade in connection with their role or the pattern of hours they work and in accordance with the council's standard framework (Appendix 3) and national collective agreements.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
17.	None
DETAIL (Including consultation carried out)	
18.	National negotiations for pay and local discussion with Service Director Finance and Commercialisation and Trade Unions to implement the agreed compression of spinal column points.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
19.	The implementation of the Pay Policy is in accordance with the Revenue Budgets approved for 2019/20.
<u>Property/Other</u>	
20.	n/a
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
21.	Localism Act 2011
<u>Other Legal Implications:</u>	
22.	none
RISK MANAGEMENT IMPLICATIONS	
23.	N/a
POLICY FRAMEWORK IMPLICATIONS	
24.	n/a
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	none
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Chief Officer Pay scales
2.	Main pay scales Grades 1-13
3.	2019/20 Allowance Framework

4.	Pay Policy Transparency Statement 2019-2020
5.	Severance and Pensions Payment Discretionary Powers Policy

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None

SCC Chief Officer Pay Scales with effect from 1 April 2019

SCP	Annual Salary April 2018 £	Annual Salary April 2019 £	GRADES	
70	63,625	64,898	CO5	
71	65,166	66,469	CO5	
72	66,737	68,072	CO5	
73	68,354	69,721	CO5	
74	70,009	71,409	CO4APR08	
75	71,704	73,138	CO4APR08	
76	73,442	74,911	CO4APR08	
77	75,214	76,718	CO4APR08	
78	77,032	78,573	CO4APR08	CO3APR08
79	78,898	80,476		CO3APR08
80	80,808	82,424		CO3APR08
81	82,761	84,416	CO2.5APR08	CO3APR08
82	84,767	86,462	CO2.5APR08	CO3APR08
83	86,820	88,556	CO2.5APR08	
84	88,919	90,697	CO2.5APR08	
85	91,068	92,889	CO2.5APR08	CO2.3APR08
86	93,277	95,143		CO2.3APR08
87	95,530	97,441		CO2.3APR08
88	97,844	99,801		CO2.3APR08
89	100,207	102,211		CO2.3APR08
90	102,638	104,691		
91	105,120	107,222	CO2.1APR08	
92	105,557	107,668	CO2.1APR08	
93	108,103	110,265	CO2.1APR08	
94	110,722	112,936	CO2.1APR08	
95	113,399	115,667	CO2.1APR08	
96	116,147	118,470		
97	118,933	121,312		
98	121,787	124,223	CO1.2	
99	124,712	127,206	CO1.2	
100	128,254	130,819	CO1.2	
101	131,793	134,429	CO1.2	
102	136,008	138,728	CO1.1	
103	141,182	144,006	CO1.1	
104	146,123	149,045	CO1.1	
105	151,237	154,262	CHIEF	
106	156,528	159,659	CHIEF	
107	162,013	165,253	CHIEF	
108	167,679	171,032	CHIEF	

109	173,542	177,013	CHIEF
110	179,609	183,201	CHIEF

Annual Living Wage Payment £	April 2018 - Annual Salary	April 2018 - SCP		April 2019 - Annual Salary	Grades - April 2019 NOTE: The grade of posts are unchanged: there are new scps within grades	April 2019 - Spinal Point
£487.30	£16,394	6		£17,364	1	1
£386.30	£16,495	7			1	
£255.30	£16,626	8		£17,711	2	2
£126.30	£16,755	9			2	
£18.30	£16,863	10		£18,065	3	3
	£17,007	11			3	
	£17,432	12		£18,426	3	4
	£17,650	13			3	
	£17,940	14		£18,795	4	5
	£18,229	15			4	
	£18,578	16		£19,310	4	6
	£18,931	17			4	
	£19,134	18		£19,554	5	7
	£19,708	19		£20,102	5	8
	£20,088	20		£20,490	5	9
	New	New		£20,751	5	10
	£20,811	21		£21,227	5	11
	£21,342	22		£21,769	6	12
	New	New		£22,021	6	13
	£21,961	23		£22,462	6	14
	£22,671	24		£23,124	6	15
	New	New		£23,369	6	16
	£23,111	25		£23,836	6	17
	Not in Use	Not in Use		£24,313		18
	£23,866	26		£24,799	7	19
	£24,657	27		£25,295	7	20
	New	New		£25,801	7	21
	£25,463	28		£26,317	7	22
	£26,470	29		£26,999	7	23
	£27,358	30		£27,905	7	24
	£28,221	31		£28,785	7	25
	£29,055	32		£29,636	8	26
	£29,909	33		£30,507	8	27
	£30,756	34		£31,371	8	28
	£31,401	35		£32,029	8	29
	£32,233	36		£32,878	8	30
	£33,136	37		£33,799	9	31
	£34,106	38		£34,788	9	32

Grade and scp range 2019	Old scp	New scp with April 2019 increment	Grade and scp range 2019	Old scp	New scp with April 2019 increment
Grade 1	6	1	Grade 4	12	5
scp 1	7	1	scp 5 -6	13	5
Grade 2	8	2		14	5
scp 2	9	2		15	6
Grade 3	10	3		16	6
scp 3-4	11	4		17	6
	12	4			
	13	4			
			Grade 5	16	7
			scp 7-11	17	7
				18	8
				19	9
				20	10
				21	11
			Grade 6	20	12
			scp 12-17	21	12
				22	13
				23	15
				24	16
				25	17
			Grade 7	26	20
			scp 19-25	27	21
				28	23
				29	24
				30	25
				31	25
			Grade 8	31	26
			scp 26 -30	32	27
				33	28
				34	29
				35	30
			Grade 9	36	31
			scp 31-35	37	32
				38	33

	£35,229	39		£35,934	9			33
	£36,153	40		£36,876	9			34
	£37,107	41		£37,849	9			35
	£38,052	42		£38,813	10			36
	£39,002	43		£39,782	10			37
	£39,961	44		£40,760	10			38
	£40,858	45		£41,675	10			39
	£41,846	46		£42,683	10			40
	£42,806	47		£43,662	11			41
	£43,757	48		£44,632	11			42
	£44,697	49		£45,591	11			43
	£45,583	50		£46,494	11			44
	£46,529	51		£47,460	11			45
	£47,482	52		£48,432	11	12		46
	£48,430	53		£49,398	11	12		47
	£49,386	54		£50,374		12		48
	£51,137	55		£52,159		12		49
	£52,595	56		£53,647		12		50
	£53,855	57		£54,932		12	13	51
	£55,168	58		£56,271			13	52
	£56,491	59		£57,620			13	53
	£58,022	60		£59,182			13	54
	£59,590	61		£60,782			13	55
	£61,204	62		£62,428			13	56

	39	34			
	40	35			
	41	35	Grade 10	41	36
			scp 36-40	42	37
				43	38
				44	39
				45	40
				46	40
Grade 11	47	42			
scp 41-47	48	43			
	49	44			
	50	45			
	51	46			
	52	47	Grade 12	52	47
	53	47	scp 47-51	53	48
				54	49
				55	50
				56	51
Grade 13	57	52		57	51
scp 51-56	58	53			
	59	54			
	60	55			
	61	56			
	62	56			

SOUTHAMPTON CITY COUNCIL

Standard Hours

The **standard week** is based on **37 hours** Monday to Friday; Existing contractual hours will be retained and any changes to these will be subject to consultation with the recognised trade unions with a view to reaching agreement; where **existing contractual hours are over 37 the additional hours will be paid at plain time (Mon-Fri)** and overtime enhancements will be paid once contractual hours have been achieved.

Weekend Working as part of normal working week (Except Irregular Hours Working which carry separate enhancement)

Time and a half for hours worked on Saturday / Sunday as part of normal working week

Additional/Overtime Hours Payments:

Any approved hours worked beyond standard 37 hour week (or above the contractual hours where these are currently set at more than 37) for posts at or below Grade 7

Time and a half OR time and a half off in lieu

Note: approved overtime hours in areas of irregular hours working **will** include the enhanced rate of pay for the post; overtime to be managed and monitored;

Overtime payments for posts above Grade 7 will be a plain time only unless the hours are at the weekend where all approved hours are paid at time and half OR time and a half off in lieu

Public and Extra Statutory Holiday*

All public holidays -(apply to all – inc. irregular hours areas)

Those required to work: Normal pay for the day + plain time for all hours worked within normal hours + (at a later date) time off with pay: half day (where hours worked are less than half normal working day); full day (where hours worked are more than half normal hours worked on that day)

Final Framework V5 2019/2020

Rotating Irregular Hours Working (Contractual Service hours include evenings / nights/weekends –enhancement is for all hours all days including weekends) Time bands: 1830 to midnight; 12.01am to 0730
Note: Public / Extra Statutory Holiday are paid at rate shown* and will include enhancement

1. Postholder works an agreed and rotating pattern of hours over the week(s); and **contractual** hours include time **BEFORE 0730 AND** after 1830; hours vary week to week as part of a planned rota;
15% enhancement added to basic salary covers all days including weekends

2. Postholder works an agreed and rotating pattern of hours over the week(s); and **contractual** hours include time **BEFORE 0730 OR** after 1830; hours vary week to week as part of a planned rota;
10% enhancement added to basic salary covers all days including weekends

Fixed Unsocial Hours and/or Night Workers
Public / Extra Statutory Holiday paid at rate shown* and will include enhancement*

Postholder works an agreed fixed and regular pattern of hours over a week and 30% or more of the **contractual** hours fall **EITHER** before 0730 OR after 1830:

6% enhancement for all hours worked on **weekdays** (Mon- Fri)

Hours worked Saturday / Sunday paid at time and half (weekend working forms part of normal working week)

Apprentices

Not covered by this framework: will remain on existing terms and conditions in line with National Red Book Agreement

Tool Allowance

Will be paid as monthly allowance, by trade, in line with Red Book rates, for designated posts.

ALLOWANCES PAPER: **NOTE: If allowances are not shown on this framework they will no longer be valid / paid**

Any new / additional allowances will be subject to approval from the Service Director HR and OD before being included in the standard framework

Standby & Callout

Standby payment
 Monday – Friday **£14.02**
 Saturday **£16.31**
 Sunday/Bank Holiday **£21.32**
 (Weekly: **£108.73** where week excludes Bank Hol)
Stand-by Allowance for Social Workers/ Managers £29.03 per night pro rata per 24 hours (Green Book) includes first hour of any calls after which additional hours can be claimed subject to management authorisation, monitoring and approval and in line with the additional hours/ overtime framework

Call out – for out of hours, emergency issues or areas requiring duty of care / making safe.
In service areas where attendance on site is not required and the “call-out” can be achieved by telephone from a remote location the stand-by payment only will apply.
The qualifying period is a minimum of 1 hour per call out – at the rate of time and a half and payments are then calculated for each additional 30 minute period the call out requires.
 In addition to the Standby flat fee “Call out” payments will be paid at **the rate/grade of the post.**
 Travel element includes to site and back home.

General Notes

NOTES:
Call-out and Stand-by is voluntary for all staff; rotas must be approved in advance by the line manager.

Irregular and additional hours’ payments will only be paid with management approval and/or as part of the approved contractual requirements of the post.

No additional hours payments will be made to employees on Chief Officer grades unless agreed in advance in exceptional circumstances.

Standby and Call out rates will apply to Emergency Planning rota / affected posts;

Stand-by payments are subject to increase in line with national pay awards / agreements.

Call out payments for Bank Holiday hours will be paid at the Bank Holiday rate; i.e. time and half for the call out minimum hour + plain time for actual hours worked + time off with pay at later date for hours worked

Mileage Rates

Category	Engine Size	Rate per mile
All car users HMRC rates	All	1-10000 miles 45 pence
		10,000+ miles 25 pence
Motorcycles HMRC rates	All	24 pence
Bicycles HMRC rates	N/A	20 pence

Mileage rates will only be changed as when they are reviewed by the HMRC

Car User

Contractual Car User: monthly allowance of **£40** plus non-contributory car park pass; mileage will be paid at HMRC rates;
 Casual Car User: mileage at HMRC rate; Car parking – open scheme for all other posts

First Aid/ Fire Marshall Allowance

A standard Allowance of **£140.56** per annum (First Aid) and **£140.56** (Fire Marshall) will be paid to qualified and in-date, trained volunteers, **where there is an agreed and approved business need.** This allowance **is not paid** to employees whose job requires them to be First Aid or Fire Marshall trained as this is taken into account in the evaluation of the post.

Emergency Planning: Duty Volunteer Allowance

A standard Allowance of **£140.56** per annum (paid as monthly sum) will be paid to in-date, trained volunteers. Volunteers will be on the duty rota. In addition to the flat allowance fee “Call out/duty” payments will be paid at **the normal hourly rate for the emergency planning duty post as / when volunteer role is required.**

ALLOWANCES PAPER: NOTE: If allowances are not shown on this framework they will no longer be valid / paid
 Any new / additional allowances will be subject to approval from the Service Director HR and OD before being included in the standard framework

Southampton City Council Pay Policy Statement Financial year 2019-2020



1. This Pay Policy Statement (“Pay Statement”) is provided in accordance with the Localism Act 2011 (“Localism Act”) and is updated prior to the commencement of each subsequent financial year.

2. **Scope**

This Pay Statement sets out Southampton City Council’s pay policies relating to its workforce for the financial year 2019-2020, including the remuneration of its Chief Officers, lowest paid staff and the relationship between its Chief Officers and that of the staff who are not Chief Officers.

3. **Changes in legislation and national policies**

The council’s gender pay reporting requirements are published on the council’s website as part of the Transparency Code. This is a new requirement.

The current pay gap shows that women’s hourly rate is:

- 6% lower (mean)
- 6% lower (median)

The Council’s mean and median gender pay gap is significantly lower than the UK national average, which is estimated at 18.1% based on data from the Office of National Statistics (ONS).

Whilst the council does have a much lower gender pay gap than the national average, we recognise that a small gender pay gap does still exist due to the nature of our workforce profile and the job roles that men and women do.

Whilst we have higher female representation in all of our pay quartiles, we have a larger proportion of women in our lower pay quartiles, which explains our mean and median gender pay gap of 6% and 6% respectively. Within our lower pay quartiles, the majority of these roles are part time, therefore tend to be more likely to be held by women. (It is estimated that 73% of part time workers in the UK are women).

The Council has significant female representation in our upper pay quartiles, demonstrating that we have a good gender balance amongst our most senior roles. 43% of our Council Management Team are represented by women.

4. **Definitions**

For the purpose of this Pay Statement the following definitions apply:

- **“Pay”** in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.
- **“Chief Officers”** refers to the following roles within the Council:

Statutory Chief Officer roles are:

- a) Chief Executive, as Head of Paid Service
- b) Service Director – Legal & Governance (Monitoring Officer)
- c) Service Director – Children & Families (DCS)
- d) Director of Adult Social Services (DASS) incorporated into the role of Director of Quality and Integration - Integrated Commissioning Unit (ICU)
- e) Service Director – Finance and Commercialisation (Chief Financial Officer, as Section 151 Officer)
- f) Joint Director of Public Health (Joint role with Portsmouth City Council)

Non Statutory Chief Officer roles are

- a) Deputy Chief Executive
 - b) Chief Operations Officer
 - c) Service Director - Transactions & Universal Services
 - d) Service Director – Growth
 - e) Service Director – Digital and Business Operations
 - f) Service Director – Intelligence, Insight and Communications
 - g) Service Director – Human Resources and Organisational Development
 - h) Service Director – Adults, Housing and Communities
 - i) Director of Quality and Integration – a joint post with the Southampton City Clinical Commissioning Group (CCG) and employed by Health (lead on strategic, integrated commissioning of health and care services). The post holder is part of the Council Management Team but is not a City Council employee and hence the Pay Policy Statement does not cover this role. The post holder has direct responsibility for the council’s Director of Adult Social Care (DASS) role.
- **Deputy Chief Officers** roles are those roles that report directly to/or are accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties. In the main they are Service Lead roles graded at a Chief Officer grade.
 - **“Lowest paid employees”** refers to those staff paid within Grade 1 of the council’s mainstream pay structure. This definition has been adopted because Grade 1 is the lowest grade on the council’s mainstream pay structure and the posts have been as assessed through the NJC Job Evaluation Scheme as having the least amount of complexity and responsibility.
 - **“Employee who is not a Chief Officer”** refers to all employees who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees” i.e. employees on Grade 1 and all other staff up to Grade 13.

5. **Relationship between remuneration of "Chief Officers" and "employees who are not Chief Officers"**

This relates to the ratio of the council's the definition of "Chief Officers") and the median average earnings across the whole workforce as a pay multiple. By definition, the council's highest paid employee is the Chief Executive. The median Full Time Equivalent (FTE) salary has been calculated on all taxable earnings for the financial year 2018 - 2019, which includes basic salary and any contractual allowances/payments. The median salary and ratio for 2019 has been calculated using pay data for all permanently employed staff and taking account of the confirmed pay award for April 2019.

	April 2019 (£)	April 2018 (£)
Highest paid employee	165,253	151,237*
Median FTE salary	32,029	30,576
Ratio	5.12 : 1	4.92 : 1

*Highest paid employee for 2018 reflects the interim, internal appointment to the role prior to the permanent appointment to the post of Chief Executive effective from January 2019.

6. **Pay Framework and remuneration levels – general**

The pay structure and pay scales have been designed to enable the council to recruit and retain suitably qualified staff at all levels to meet the outcomes detailed in the Council Strategy and associated outcome plans within an affordable financial framework. With a diverse workforce the council recognises that the Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that can arise and may necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate. The decision to apply a market premium will be approved by the Chief Executive and the Organisational Design Board based on advice from the Service Director HR and OD. Any approved premium will be subject to an annual review.

7. **Responsibility for decisions on pay structures**

It is essential for good governance that decisions on pay are made in an open and accountable manner. The council's locally determined pay structures are based on the outcome of recognised job evaluation schemes (Hay and National Joint Council (NJC)). This is in line with the national requirement for all Local Authorities to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer and to comply with employment legislation as well as the economic climate locally.

The current mainstream pay structure was implemented in June 2015 under the Pay & Allowances Framework collective agreement. The pay structure for Chief Officers and Service Leads on CO Grades (Deputy Chief Officers) is determined separately and pay rates are assessed through the Hay job

evaluation process.

The Service Director HR and OD has the delegated authority to amend the pay levels to reflect the nationally agreed pay award for 2019.

Pay scales and grading framework

8. All staff below the level of Chief Executive, Chief Officers and some Service Leads (Deputy Chief Officers) are within the main council Pay Scale (with the exception of teachers).
9. The main council pay scale consists of 56 pay spine points (SCP) within 13 grades with grade 1 being the lowest and grade 13 the highest. All staff will be on one of the 13 grades based on their job evaluated role. Each grade contains several spinal column points (SCP) to allow for incremental advancement within the grade. In line with the approved Pay & Allowances Framework (June 2015) each grade in the main pay scales were reduced in length over a three year period to maintain progression whilst reducing overlap. The 2019 compression of spinal column points is in line with the national pay agreement and has been implemented by the council within budget and without affecting the top of any current grade. All main scale posts are paid within the range £17,364 (Foundation Living Wage 2018) to £62,428 (2019 pay award) per year.
10. The council has committed to ensuring that all staff receive a rate of pay at least equal to a Living Wage (in line with the Living Wage Foundation review and recommendations) and currently applies an additional payment to staff on any SCP which falls below the Living Wage. This has had the on-going effect of increasing annual salaries for the lowest paid council staff.
11. The Chief Executive and Chief Officer pay grades reflect similar principles as the main council pay structure. From 1st April 2016 the full range of pay points on the SMG Pay Rate were applied and this saw the re-introduction of pay points pay points 70-73 (CO5) and CO1A (pay points 103-104) to provide a more differentiated approach in line with the council's operating model at senior levels and the inherent requirement for increased spans of control and responsibility across services.
12. Details of the Chief Officer pay scales (**Appendix 1**) and the council's **mainstream pay structure (Appendix 2)** are appended to this Statement, are published on the council's website and reflect the position with effect from 1st April 2019.
13. Pay awards are considered annually for all employees but are subject to restrictions imposed nationally by the Government and/or negotiated locally. The outcome of national consultations by the Local Government Association in negotiation with the Trade Unions in relation to the settlement of the annual pay award is normally applied. If there is an occasion where to do so would distort the local pay structures, alternative proposals are developed, discussed with the trade unions and brought to Elected Members for formal approval.

Remuneration – level and element

14. Salaries

“Chief Officers” are identified at 4 above. They are all paid within the

council's pay structures as follows:

- a. Chief Executive, as Head of Paid Service will be paid a salary within the grade range £154,262 - £183,201 p.a. (2019/2020 pay level)
- b. Statutory and Non-Statutory Chief Officers and Service Leads (deputy chief officers) will be paid a salary within the grade range £64,898 - £149,045 p.a. (2019-2020 pay levels) according to post rating under the Hay scheme (CO5 to CO1A).

Details of Chief Officer and Heads of Service remuneration are published on the council's website.

15. **Bonuses and Performance related pay**

There is no provision for bonus payments or performance related pay awards to any level of employee. There is, however, an honorarium provision for a one off agreed sum or an accelerated increment which may be awarded where an employee performs duties outside the scope of their post over an extended period or where there are agreed, short term additional duties and responsibilities. All such payments/increments are subject to approval by a Service Director and an HR Service Lead.

16. **Other pay elements**

The pay structure for Chief Officers takes account of the clearly defined additional statutory responsibilities in respect of the Section 151 and Monitoring Officer roles.

17. **Charges, fees or allowances**

Allowances or other payments, for example linked to irregular or unsocial hours working, standby, first aid / fire responsibilities etc. are paid, as appropriate, to staff below Chief Officer pay grade in connection with their role or the pattern of hours they work and in accordance with the council's standard framework (**Appendix 3**) and national collective agreements.

18. The council recognises that some staff incur necessary expenditure in carrying out their responsibilities, for example travel, parking and subsistence costs. Reimbursement for reasonable expenses incurred on council business are paid in accordance with the council's collective agreement and List of Rates and any subsequent amendments to these as published.

19. The council's Returning Officer for elections and the Deputy Returning Officers receive a fee payable according to a scale of costs, charges and expenses set by the Hampshire and Isle of Wight Election Fees Working Party and allowed under the Local Government Act 1972. This fee is for the performance of election duties in respect of local (Council) elections. (The scale is published on the council's website.)

20. **Benefits in kind**

The council is conscious of the requirement to demonstrate that staff are paid fairly and in supporting this key principle removed all benefits in kind from its Pay and Reward structure and introduced a standard Allowance framework. (June 2015) The framework is reviewed annually to reflect pay

award changes negotiated and agreed at national level.

21. **Pension**

All staff, as a result of their employment, are eligible to join the Local Government Pension Scheme (LGPS). There will be no increases or enhancement to pension entitlements. Some Public Health staff remain under the NHS pension scheme – there are no increases or enhances to this scheme. Teachers are eligible to join the Teachers' Pension Scheme.

22. **Severance payments**

The council publishes its policy on discretionary payments on early termination of employment and flexible retirement as well as publishing its policy on increasing a member of staff's total pension membership and on awarding additional pension. This policy cover all levels of staff and is applied in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction. Details of the council's policy is attached as **Appendix 4**.

23. It is possible that the government will implement the Repayment of Public Sector Exit Payment Regulations during 2019. The Regulations as drafted will introduce new measures to cap exit payments and allow public sector exit payments to be recouped where high earning individuals are re-employed in the public sector within 12 months. The council will ensure that appropriate policies and procedures are introduced to advise staff of the recovery rules and to take action to recover exit payments where the Regulations require it.

24. The council will retain the flexibility to respond to unforeseen/exceptional circumstances as regards re-employing former local government and other public sector staff. If the council were to re-employ a previous local government/public sector member of staff who had received a redundancy or severance package on leaving, or who was in receipt of a pension covered by the Redundancy payments (Continuity of Employment in Local Government Modification Order 1999, known as the Modification Order) (with the same or another authority), then the council's policy is to ensure that the rules of the Modification Order and the anticipated Repayment of Public Sector Exit Payment Regulations are applied. In addition, the council will ensure that an open and fair selection process has taken place before any appointment is confirmed. The same principle would be applied to such a person if they were to be engaged by the council on a "contract for services" basis.

25. **New starters joining the Council**

Staff new to the council will normally be appointed to the first point of the salary scale for the evaluated grade of the job. In some circumstances a different starting salary point within the grade may be considered by the recruiting manager, e.g. where the candidate's current employment package would make the first point of the salary scale unattractive (and can be demonstrated by the applicant in relation to current earnings) or where the member of staff already operates at a level commensurate with a higher salary. Approval will be required from the Service Director and the candidate's level of skill, competencies and experience should be consistent

with that of other staff at a similar point on the salary scale within the grade.

26. **Use of consultants, contractors and interim or temporary staff**

The council always seeks to fulfil its obligation to secure value for money in the employment of its own staff and those who carry out work on its behalf. Staff will be employed directly by the council in most circumstances; where particular circumstances deem it necessary, staff may be employed through external agencies or the Temporary Employment Agency (TEA). When this situation arises the council will give detailed consideration to the benefit of doing so and will ensure value for money is achieved.

Where the use of consultants is considered for their specific expertise or short term project work, any such arrangements will require prior approval by the Deputy Chief Executive or Chief Operations Officer in consultation with the Chief Financial Officer, in line with the internal "Use of Consultants Policy" (published November 2017) and with due regard to HMRC requirements and IR35 rules. Details are tracked and recorded by HR.

SUPPORTING DOCUMENTATION

Appendices

1.	SMG Pay Rates: Chief Officer Pay Structure
2.	SCC Main Pay scale
3.	SCC Allowance Framework
4.	Discretionary Arrangements for Severance and Pensions Payments

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Southampton City Council

Severance & Pensions Payments: Discretionary Powers Policy

Severance and Pension Payments: Discretionary Powers Policy			
Version	V2	Feed back:	SD Legal and Governance
		Approved by:	Full Council as part of Pay Policy
Date last amended	January 2019	Approval date	Pay Policy March 2019
Lead officer	Janet King	Review date	January 2020
Contact	Janet.king@southampton.gov.uk		

Severance & Pension Payments: Discretionary Powers Policy

1. Purpose

1.1 To set out the Council's policy on each of the mandatory discretions available under the Regulations* and confirm the position on relevant optional discretions.

1.2 The policy explains the context of discretions, whether or not they will be applied and the circumstances and criteria for applying them in relation to existing staff (members) and ex-staff (deferred members).

* The 2014 Scheme Regulations – regulation 60 of the LGPS Regulations 2013 and paragraph 2(2) of Schedule 2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, The 2008 Scheme Regulations – regulation 66 of the LGPS (Administration) Regulations, and LGPS Regulations 1997 – regulation 106

2. Scope

2.1 The Council will approach the application of any discretions in a fair and consistent manner, in line with the Regulations, equality legislation and the specific provisions and criteria of the policies and procedures relating to pensions, organisational change, redundancy and retirement.

2.2 This policy is applicable to Council staff and staff in schools where the Council is the scheme employer for LGPS purposes.

2.3 The policy covers discretionary arrangements relating to early retirements that result from redundancy, flexible retirement, or those that are staff-led i.e. where the member of staff meets the scheme criteria to be able to choose to retire without employer consent.

2.4 Members of the LGPS are entitled to receive a pension at their Normal Pension Age (which will be equal to an employee's State Pension Age - a minimum of age 65).

2.5 Any retirement earlier than the Normal Pension Age (NPA) is an early retirement from the perspective of the pension scheme, and may result in a reduction to pension benefits (actuarial reduction) and/or the requirement for the Council to pay a scheme charge.

2.6 Except in certain defined cases, early retirement and discretionary payments/pension enhancements are not available as of right. Any application for voluntary early retirement, discretionary payment or pension enhancement, will be considered in the context of the

stated parameters within which the Council will operate its discretions, whether it is in the interest of the Council, the financial consequences to the Council of granting any such request, and the employee's personal circumstances.

2.7 Scheme members who are made redundant and are 55 or over, with at least 2 years membership, are automatically entitled to early release of their pension, without reduction. The LGPS Regulations do not allow for the pension to be deferred in these circumstances.

2.8 The Council will be liable for scheme charges for early retirements arising from redundancy in all cases.

2.9 Scheme members who are under 55 when made redundant will have a deferred pension.

3. Roles and Responsibilities

3.1 In the formulation and review of this policy the Council:

- Is satisfied that the policy is workable, affordable and reasonable, having regard to the foreseeable costs;
- Has considered the potential for the application of its discretionary powers (unless properly limited) to lead to a loss of confidence in the public service.

3.2 The responsibility for payment of discretionary pension arrangements has been delegated to officers named in the Scheme of Delegation, with the exception of payments for Schools, which will continue to be decided by the Governance Committee.

Discretionary Powers – Severance

4. Redundancy Pay Calculations

4.1 A redundancy payment will be due to any member of staff with at least two years' continuous local government service at the date of a dismissal that fulfils the statutory definition of redundancy. Redundancy pay (including any severance pay) under £30,000 is not taxable.

Discretion: Whether to base redundancy payments on an actual weeks' pay where this exceeds the statutory weeks' pay limit.

4.2 The Council/school will calculate redundancy payments on the basis of actual weeks' pay (capped at the top of Grade 13) where this exceeds the weeks' pay limit in the statutory calculation.

4.3 The council will calculate redundancy pay based on age, continuous local government service and actual weekly pay (capped at the top of Grade 13), up to a maximum of 30 weeks' pay, using the following formula:

- (Age factor) x (number of complete years of continuous local government service - capped at 20 years) x (gross weekly salary capped at the top of grade 13) = Redundancy Entitlement.

The age factor is calculated as follows:

- 0.5 for each full year of service where the employee's age was under 22;
- 1 for each full year of service where the employee's age was 22 or above, but under 41; and
- 1.5 for each full year of service where the employee's age was 41 or above.

4.4 Voluntary "redundancy" payments will be an enhanced lump sum payment that applies a 1.25 multiplier to the above formula. Any pay in lieu of notice is taxable and will be funded by the employing service. All voluntary severance payments must be in line with the Council's Scheme of Delegation. The Service Director HR and OD will exercise the delegation after consulting the Council's Exits' panel which comprises the Service Director Finance and Commercialisation, Service Director Legal and Governance and Service Director HR and OD (or their nominated deputies); staff who exit the Council this way will not be re-employed by the council within a two year period.

4.5 Where a redundant employee commences subsequent local government employment (or employment with a body included in The Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999, as amended) within a month and a day of leaving the Council, there will be no entitlement to a redundancy payment. However if an employee starts employment after a break of at least a month and a day, their continuous employment under the Modification Order will be broken and redundancy compensation is payable.

5. Compensations Payments

5.1 The 2006 Regulations allow employers to award lump sum compensation payments within certain parameters. A lump sum payment can only be granted where the employer is not making Additional Pension Contributions on behalf of a member of staff. Any redundancy payment must be offset against the lump sum compensation payment.

Discretion: Whether to award lump sum compensation of up to 104 weeks' pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.

5.2 The Council/school will calculate redundancy payments, including any separate calculations for voluntary redundancy, in line with agreed policies applicable at the time, subject to such payments not exceeding the equivalent of 104 weeks' pay.

6. Use of Redundancy Payment to Purchase Additional Pension

6.1 The Local Government Pension Scheme Regulations (LGPS) allow redundancy payment in excess of the statutory amount (e.g. where actual weekly pay is higher than the statutory maximum figure used for the calculation) to be used to buy additional pension where the employer permits this.

Discretion: Whether to allow employees to use any redundancy payment in excess of the statutory amount to be used to buy additional pension.

6.2 The Council/school will allow any redundancy payment in excess of the statutory amount to be used to buy additional pension. The staff member must request prior to leaving their employment. All of the non-statutory amount must be transferred to pension. It is not possible to relinquish only part of the payment.

7. Discretionary Powers - Pensions

The following discretions apply to members who were actively paying into the scheme as at 1 April 2014 onwards

Discretion: Whether, at the full cost to the Scheme employer, to grant extra annual pension of up to £6,822 (figure at 1 April 2018) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency [regulation 31 of the LGPS Regulations 2013]

7.1 The Council/school will exercise its discretion to enable the purchase of additional pension where individuals have taken early retirement due to redundancy or efficiency (up to £6,822 per annum as at 1st April 2018).

Discretion: Whether, how much, and in what circumstances to contribute to a Shared Cost APC scheme

Where an active scheme member has decided to make Additional Pension Contributions (APCs) to purchase extra pension benefits up to £6,822 per annum (figure as at 1 April 2018), the employer can resolve to **voluntarily** contribute towards the cost of this too.

Note: This does not include instances where the employee is paying for **lost** pension via an APC where the election was made in the first 30 days (or longer if the employer allows) – in this circumstance the employer **must** pay two-thirds of the cost of such purchase

7.2 The Council/school will not exercise its discretion to contribute towards APC.

Discretion: Whether to allow flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade [regulation 30(6) of the LGPS Regulations 2013] and, if so, as part of the agreement to allow flexible retirement:

- whether, in addition to the benefits the member has built up prior to 1 April 2008 (which the member must draw), to allow the member to choose to draw
- all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014, and / or
- all, part or none of the pension benefits they built up after 31 March 2014
- whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA) [regulation 3(5) of the LGPS (Transitional Provisions,

Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up whilst still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.

In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction either fully or in part or a member has protected rights.

If the Council allows members to retire under flexible retirement, and they meet the 85 year rule between the ages of 55 and 60, there may be a cost to the employer as there is no option to switch the 85 year rule off in this instance.

7.3 The Council will consider requests for Flexible Retirement from employees aged 55 and over with at least 2 years scheme membership, who wish to take a "step down" in responsibility or in working hours, and access their accrued pension benefits, including application for the release of benefits accrued after 31 March 2008. Applications will be considered (but will be subject to employer approval) on the merits of each case and the needs of the business and will include:

- all the pension benefits they built up after 31 March 2008 and before 1 April 2014, and / or
- all of the pension benefits they built up after 31 March 2014

7.4 These will be subject to actuarial reduction unless the Council exercises its discretion to waive the reduction. The Council may incur a scheme charge in some cases for permitting Flexible Retirement.

Discretion: Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

Active members are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85 year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the employer has the discretion to “switch it on” for voluntary retirements between age 55 and 60.

This discretion does not apply to flexible retirement (see [Regulation 30\(6\)](#)) whereby the 85 year rule is always switched on.

Where the employer does not choose to “switch on” the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not

If the employer does agree to “switch on” the 85 year rule, the employer will have to meet the cost of any strain on fund resulting from the payment of benefits before age 60 i.e. where the member has already met the 85 year rule or will meet it before age 60.

7.5 The Council/school will not exercise its discretion to “switch on the 85 year rule” for those who meet the criteria and retire between ages 55 and 60. Any member wishing to retire may see a reduction in their pension benefits.

Discretion: Whether to waive, in whole or in part, any actuarial reductions on benefits which a member voluntarily draws before normal pension age (other than on the grounds of flexible retirement).

Employers can agree to waive any actuarial reductions due in the case of employees retiring any time after age 55.

Employers should also note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

Members joined before 1 October 2006 and who reached 60 before 1 April 2016 – Group 1

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2016

- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2016

Members joined before 1 October 2006 and who reach age 60 between 1 April 2016 and 31 March 2020 and also meet their critical retirement age before 1 April 2020 (date member meets the 85 year rule)– Group 2

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2020
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2020

Members joined before 1 October 2006 and who reach age 60 after 1 April 2016 but before 31 March 2020 and don't meet their critical retirement age before 1 April 2020 (date member meets the 85 year rule) – Group 3

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2014

Members joined after 1 October 2006 – Group 4

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2014

7.6 The Council/school will consider requests for early retirement from deferred members over the age of 55 on compassionate grounds where medical evidence is provided that the individual has to provide continuous care for a sick partner or dependant and/or where it is in the Council's interests to do so, and having regard to the Pension Fund Charge for paying benefits early being affordable in each case

7.7 The Council/school will not waive any of the actuarial reduction applicable to an employee who retires voluntarily between ages 55 and Normal Pension Age. The Council/school will not consent to ex-staff taking deferred benefits early unless there is no cost to the employer.

The following discretions apply to members who left the scheme between 1 April 2008 and before 1 April 2014

Discretion: Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60 or upon the voluntary early payment of a suspended tier 3 ill health pension?

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employers consent. However, these benefits will be reduced for early payment.

Where a member has reached the 85 year rule at the point of retirement, an employer can consent to switching on the 85 year rule. Any ‘strain’ to the Fund will be payable immediately by the Scheme employer.

7.8 The Council/school will not exercise its discretion to “switch on the 85 year rule” for those who meet the criteria and retire between ages 55 and 60. Any member wishing to retire may see a reduction in their pension benefits.

Discretion: Whether to waive reductions which may occur on deferred benefits claimed between ages 55-60 or suspended tier 3 ill health for leavers between 1 April 2008 and 31 March 2014.

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 or was awarded a Tier 3 ill health pension under the 2007 Regulations and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employers consent. However, these benefits will be reduced for early payment.

An employer can consent to waiving any reductions, on compassionate grounds, which may be applied to deferred benefits or suspended tier 3 ill health pension paid early.

7.9 Early payment of deferred pension benefits following suspension of tier three ill health pensions, will be granted provided it is in the Council's interest to do so, and having regard to the Pension Fund Charge for paying benefits early being affordable in each case.

7.10 The Council/school may consider waiving actuarial reductions for deferred members on compassionate grounds where the member can provide medical evidence that they are providing continuous care for a sick partner or dependent.

The following discretions apply to members who left the scheme between 1 April 1998 and before 1 April 2008

Discretion: Whether, as the 85 year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.

Deferred members who left the scheme after 1 April 1998 are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85 year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the ceding employer has the discretion to “switch it on” for voluntary retirements between age 55 and 60.

Where the employer does not choose to “switch on” the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not

If the employer does agree to “switch on” the 85 year rule, the employer will have to meet the cost of any strain on fund resulting from the payment of benefits before age 60 i.e. where the member has already met the 85 year rule or will meet it before age 60.

7.11 The Council/school will not exercise its discretion to “switch on the 85 year rule” for those who meet the criteria and retire between ages 55 and 60. Any member wishing to retire may see a reduction in their pension benefits.

Discretion: Whether to grant application for early payment of deferred benefits on or after age 50 and before age 55.

A member with a deferred benefit who left the scheme between 1 April 1998 – 31 March 2008 can claim their benefits from age 50 with their employers consent.

However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004

7.12 The Council/school will consider requests for early retirement from deferred members between the ages 50-55

7.13 The Council/school will not waive any of the actuarial reduction applicable to an employee who retires voluntarily between the ages of 50-55. The Council/school will not consent to ex-staff taking deferred benefits early unless there is no cost to the employer.

Discretion: Whether to waive any actuarial reduction on compassionate grounds which would normally be applied to benefits which are paid before age 65.

Employers can agree to waive any actuarial reductions on compassionate grounds due in the case of employees who ceased active membership between 1 April 1998 and 31 March 2008.

Employers should note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

7.14 The Council/school may consider waiving actuarial reductions for deferred members on compassionate grounds where the member can provide medical evidence that they are providing continuous care for a sick partner or dependent

The following discretions apply to members who ceased active membership before 1 April 1998

Discretion: Whether to grant early payment of a deferred benefit on compassionate grounds, on or after age 50 and before NRD.

An employer can grant application for early payment of deferred benefits on or after age 50 on compassionate grounds.

However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004

7.15 The Council/school will consider requests for early retirement from deferred members between on or after age 50 and before NRD on compassionate grounds where medical evidence is provided demonstrating that the individual needs themselves or has to provide continuous care for a sick partner or dependant and/or where it is in the Council's interest to do so, and having regard to the Pension Fund Charge for paying benefits early being affordable in each case.

Discretion: Whether to extend the 12 month option period for a member to elect to join deferred benefits to their current employment/membership

The election to keep separate pension benefits must be made within 12 months of becoming an active member, who must be active at the date of election.

An employer may allow a period longer than 12 months

7.16 Where a new member of staff of the Council has a deferred pension from a previous period of local government employment, it will normally be joined to the new LGPS pension unless the member of staff opts to keep them separate.

7.17 The Council/school will not exercise the discretion to allow a longer period than 12 months.

Discretion: Whether to extend the normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS

Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within in 12 months of becoming an active member.

An employer may allow a longer period than 12 months

7.18 The Council/School will only accept an election for transfer of pension rights from an external pension provider into the LGPS if this election is made within 12 months of the member joining the LGPS. Any transfer will be subject to agreement by Hampshire County Council, as the administering authority.

Discretion: - whether to, how much and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement

7.19 The Council will contribute to a SCAVC arrangement in return for the employee's agreement to reduce their salary by an amount equivalent to the contribution. In addition, the employee agrees to pay £1 per month into the AVC fund as their contribution to the shared cost AVC arrangement. This contribution will be deducted from the employee's gross salary.

7.20 The Council will ensure that the employee has sufficient pay after any AVC reductions to meet any lawful deductions from pay. Should the employee's earnings fall below the national Living Wage or Lower Earnings Limit they will be unable to participate.

7.21 The employee needs to note that they may become subject to a tax charge if they make pension savings which exceed the 'Annual Allowance' in any tax year

DECISION-MAKER:		CABINET COUNCIL	
SUBJECT:		CONNECTED SOUTHAMPTON TRANSPORT STRATEGY 2040	
DATE OF DECISION:		19 MARCH 2019 (Cabinet) 20 MARCH 2019 (Council)	
REPORT OF:		CABINET MEMBER FOR TRANSPORT AND PUBLIC REALM	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Iain Steane	Tel: 023 80832283
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	E-mail:	denise.edghill@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
<p>The Connected Southampton Transport Strategy 2040 is Southampton City Council's (SCC) long term umbrella transport strategy for the City and will replace the current Local Transport Plan 3 (LTP3). It sets out the long-term approach for meeting the challenges that Southampton will face and proposes how SCC intends to plan, invest and manage transport in the city to 2040. It identifies three strategic goals that will support <i>A Successful Southampton</i>, with a transport <i>System for Everyone</i> and ensuring people have <i>Better Ways to Travel</i>. To achieve this, the strategy will need to guide a range of complex projects and strategies for different areas of the city, which support the City Centre, our economic drivers, neighbourhoods, and wider City Region. Following a consultation in 2018 the strategy has taken on board a range of views and ideas and demonstrates that SCC has the support from local residents, visitors and stakeholders ensuring we will work together to improve the transport network over the next two decades.</p>			
RECOMMENDATIONS:			
CABINET			
	(i)	Notes the outcomes of the 12 week public consultation that began on 25 th July 2018 and ended on 17 th October 2018 on the draft Connected Southampton Transport Strategy 2040. The outcome of the consultation is outlined in paragraphs 12 to 18 and Appendix 4.	
	(ii)	To consider and recommend to Council the draft Connected Southampton Transport Strategy 2040 as the new Local Transport Plan for Southampton.	
	(iii)	To authorise the Service Director – Growth, following consultation with Cabinet Member for Transport & Public Realm, to make minor amendments to the document before publication	

COUNCIL		
	(i)	Notes that the public consultation feedback has been taken into account by Cabinet and has informed the final Connected Southampton Transport Strategy 2040
	(ii)	Approves the Connected Southampton Transport Strategy 2040 as the new Local Transport Plan for Southampton
	(iii)	Delegates authority to Service Director – Growth, following consultation with Cabinet Member for Transport & Public Realm, to implement any variations
REASONS FOR REPORT RECOMMENDATIONS		
1.	As the Local Transport Authority (LTA), SCC has a statutory duty to produce a Local Transport Plan (LTP) for Southampton, under the Transport Act 2000 as amended by Local Transport Act 2008. The 2008 Act requires LTPs to consist of a long term strategy and a short term implementation plan. It permits LTAs to replace and amend the long-term strategy as and when they require. The current LTP (LTP3) covers the period 2011-2031 and the Implementation Plan covers the period 2015-2018. This will be superseded by the new Connected Southampton 2040 Transport Strategy (LTP4) and will cover the period up to 2040 and a new Implementation Plan will be prepared to cover 2019-2022.	
2.	LTP3 was prepared jointly with Hampshire County Council and Portsmouth City Council, was published in 2011 and includes a joint strategy across South Hampshire along with place specific actions. The 14 Policies within that strategy (LTP3) are proposed to be retained as they remain relevant. The focus of this Paper is to present Southampton’s updated long term vision for transport – Connected Southampton Transport Strategy 2040 (LTP4)- following public consultation, for approval.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
3.	Whilst the current LTP3 (2011-2031) is in date and broadly in line with the provisions of the 2008 Act and SCC has a current Implementation Plan, significant changes in Central Government transport and wider policy, the emergence of Local Enterprise Partnerships, Clean Air requirements, changing funding sources including Transforming Cities Fund, and the City’s growth aspirations, it is considered that an updated long term transport strategy (LTP4) is required.	
4.	<p>Other options considered</p> <ul style="list-style-type: none"> - Retain LTP3 but update of three year Implementation Plan only to cover period 2019-2022. This would ensure SCC is compliant with legislation but would not present a refreshed long term vision and plan for transport in the city consistent with growth and Clean Air aspirations. - Light touch review of existing LTP3 to update policies, change references to new organisations to reflect new policy, funding and decision making. This would provide an updated Solent wide LTP3 to 2031 developed in partnership with the other Solent LTAs but would not take into account wider long term specific ambitions for Southampton and across the Solent. 	

	<ul style="list-style-type: none"> - A full replacement of the Solent LTP3 to establish new Solent wide transport policies developed in partnership with the four Solent LTAs. Would set out the long term transport vision Solent -wide collating the joint ambition of the four LTAs.
DETAIL (Including consultation carried out)	
5.	<p>Southampton City Council is taking the opportunity to produce a new LTP for Southampton – Connected Southampton – in order to take account of support the city’s bold and ambitious plans for sustainable growth over the next twenty years.</p> <p>The purpose of Connected Southampton is to:</p> <ul style="list-style-type: none"> - Set out the role and purpose of the LTP and its relationship with the Council Strategy and other policies; - Provide an evidence led Transport Strategy vision for Southampton that explains the strategic approach and guiding principles for transforming transport; - Set out the specific components of the strategy and how they will achieve the vision; - Provide an overview of how much it will all cost, how it will be paid for, and how it will be delivered; and - Set out how it will ensure that it is delivering on what is expected of it.
6.	<p>Connected Southampton consists of a number of parts that together provide the evidence-led policy for transport in Southampton and will enable SCC to lever in funding for delivery and influence other policies and development in the city and City Region.</p> <p>These are:</p> <ul style="list-style-type: none"> - Joint South Hampshire Strategy – 14 Solent wide transport policies; - An Issues & Options evidence base discussing what has been achieved since 2011 (LTP3), assessing latest data and modelling, and other long-term plans from within and outside of SCC; - Transport Strategy 2040 – provides the long-term transport strategy to 2040 setting out the vision for transport and the approach for how this vision will be turned into reality - Three Year Implementation Plans that provide detail on how the Strategy will be delivered detailing individual projects, funding and evaluation of how SCC is progressing towards meeting the vision; and - A series of Supporting Mode or Place Plans that sit below the Strategy and provide more detail.
7.	<p>The challenges that Southampton faces in the future means that transport needs to support sustainable growth to remain <i>successful</i>, make sure transport provides a <i>system for everyone</i>, and reduce the negative impacts on people and businesses by supporting <i>better ways to travel</i>. To do this the vision is to focus on making it easier for people to move about and how transport can create a Place. The outcome of this is that traffic will no longer dominate, people will have the opportunities to get to where they want to go how they want to, the City is cleaner and healthier, and no one is disadvantaged or excluded from using realistic transport options.</p>
8.	<p>To achieve the vision and meet the challenges in the future Connected Southampton Transport Strategy 2040 is focused around three strategic goals that in turn are supported by a number of themes.</p>

	<ul style="list-style-type: none"> - A Successful Southampton – using transport improvements to support the sustainable economic growth of Southampton by preparing, investing and maximising how an already congested transport system operates, so it is connected, innovative and reliable; - A System for Everyone – making Southampton an attractive place to improve people’s quality of life, so that everyone is safe, and have equal and inclusive access to transport regardless of their circumstances; and - A Better Way to Travel – supporting people in changing the way they move about by widening their travel choices so they can get around actively and healthily and travel in the city is moving towards zero emission.
9.	<p>The Strategy proposes to take a spatial approach to implementation of the strategic goals. Distinct areas of the city have been identified and by focusing on how they work, how people move about, what they want, what barriers there are, and what is planned there for the future suitable transport solutions can be developed. The spatial areas are:</p> <ul style="list-style-type: none"> - The City Centre – a focus of major redevelopment in the city to support growth in employment and housing and creating a liveable city centre environment; - Economic Drivers – main hubs for development including the Port, Hospitals, Universities, Itchen Riverside, Adanac Park, Woolston, and Millbrook; - Neighbourhoods – as a diverse city there are series of local distinctive neighbourhoods where people live that link to the City’s District Centres; and - City Region – recognising that people’s journeys don’t stop at the city boundary and there are complex travel patterns both into and out of Southampton.
10.	<p>A 12 week public consultation was held between 25th July and 17th October 2018. The draft document was hosted on the SCC website (www.southampton.gov.uk/roads-parking/transport-policy/ltp4.aspx) along with a questionnaire for people to respond to.</p>
11.	<p>Key stakeholders, including transport service providers, public transport operators, and other organisations that represent users of the transport network in Southampton, were contacted and offered briefing sessions to explain the Strategy in more detail and encourage them to respond to the consultation. Five stakeholder sessions were held before the start of the consultation period with Go!Southampton, Chamber of Commerce, Cycle Forum, South Western Railway, and the Solent LEP.</p>
12.	<p>A press release was sent at the start of the consultation period along with social media posts, the launch was covered in the Daily Echo along with a subsequent article on 24th August in advance of the public events. The consultation was heavily promoted through the Council and MyJourney Social Media platforms throughout the consultation period with regular updates or specific posts on the ‘Big Ideas’ proposed the strategy and commencement of the major highway works at Millbrook Roundabout during the period to maintain interest. A link to the questionnaire was sent to all people on the Your City, Your Say database. Appendix 2 provides detail on the Communication Strategy.</p>

13.	<p>To assist residents to engage in the process, a total of four public drop in sessions and specific briefings were held in September across the city as set out below.</p> <ul style="list-style-type: none"> - Public Event 1 – Civic Centre, 4th September, - Public Event 2 – Shirley Library, 15th September, - Public Event 3 – Portswood Library, 19th September, - Public Event 4 – Bitterne Library, 29th September, - Sustainable City Expo, NST City, 12th September, - Southampton CCG Consult & Challenge Group, 19th September, - GO!Southampton Breakfast Briefing, 27th September.
14.	<p>The consultation overlapped partially with the public consultation on the Clean Air Zone. The latter commenced and concluded approximately four weeks earlier. Although the two consultations were both related to transport, it was considered that the likelihood of this causing confusion was limited. It was agreed that the two consultation teams would signpost people as necessary to the other consultations. Responses to the Clean Air Zone consultation which raise general points about improving travel and transport specifically were considered as part of the analysis for the Connected Southampton Strategy. Comments relating to improving cycling, public transport and electric vehicle facilities were incorporated into the final strategy. Overall the two consultations running in parallel ensured a greater level of awareness and engagement on both transport and wider environmental impacts and were deemed a success.</p>
15.	<p>In total, the Connected Southampton consultation generated 1,413 written responses from individuals, organisations and stakeholders. 13 written responses were received from ABP Southampton, University of Southampton, Portsmouth City Council, Hampshire County Council, Eastleigh Borough Council, First Southampton, Go South Coast, Highways England, New Forest District Council, SHBOA, Trustees of Barker Mills Estates, and University of Southampton Science Park. Submissions from 55 businesses and organisations were also received as part of the questionnaire responses. 4 emails/letters were received from individuals.</p>
16.	<p>A total of 29 “posts” and “tweets” were made by the SCC Communications team using the SCC Facebook, Twitter and LinkedIn social media platforms. This generated a total of 218,340 impressions (number of time people seen the post) were made generating 18,002 engagements (clicks, comments, reactions, shares). The LTP was also promoted through the My Journey social media platforms, reaching over 4,000 people generating 80 engagements. The My Journey engagement was towards the end of the consultation period. A breakdown of the social media engagement is in Appendix 3.</p>
17.	<p>The number of comments in the questionnaire totalled 2,426 and were assigned to 11 broad categories – disagreement with the proposals or with specific elements, alternative suggestions, road related suggestions, public transport suggestions, general disagreement, the negative impacts, the positive impacts, agreement with the principles, and then to each of the three themes.</p> <p>Of the people who answered the question – to what extent do you agree or disagree with the vision for transport in Southampton – 77% agreed or strongly agreed with 10% disagreeing. Each of the individual strategic goals</p>

	<p>has very high levels of responses agreeing or strongly agreeing – between 81% and 88%.</p> <p>From the feedback the top 5 ‘categories’ are below along with a response for how these are taken into account in the final strategy:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>No.</th> <th>Response</th> </tr> </thead> <tbody> <tr> <td>Agreement that need to improve cycle routes and cycling in general</td> <td>253</td> <td>The Strategy and the supporting Cycling Strategy set out SCC’s plans for improving cycling both for the infrastructure and the supporting measures such as training, education and promotion.</td> </tr> <tr> <td>Agreement that need to improve public transport</td> <td>172</td> <td>The Strategy introduces the Southampton Mass Transit System as a holistic way of improving public transport as an important way of getting around Southampton. This includes improvements to support bus services. The emerging supporting Public Transport Plan will set out this in more detail working in partnership with the public transport operators.</td> </tr> <tr> <td>Support for a Park & Ride to serve Southampton</td> <td>168</td> <td>The Strategy sets out approach for introducing a Park & Ride system to serve Southampton initially focusing on supporting institutions/large employers that have constrained parking on their sites and then to incrementally improve P&R to serve the City Centre alongside infrastructure changes and bus priority.</td> </tr> <tr> <td>Agreement that there is a need to improve connections to key locations</td> <td>121</td> <td>The Strategy takes an spatial approach to applying transport improvements and one of the spatial areas are the key economic drivers in Southampton such as the Port, Universities, Hospitals and main employment areas. Connections include better public transport, cycling and walking links to encourage more people not to drive to these sites, as well targeted highway improvements where necessary.</td> </tr> <tr> <td>General agreement with the proposals</td> <td>107</td> <td>No changes made</td> </tr> </tbody> </table>	Category	No.	Response	Agreement that need to improve cycle routes and cycling in general	253	The Strategy and the supporting Cycling Strategy set out SCC’s plans for improving cycling both for the infrastructure and the supporting measures such as training, education and promotion.	Agreement that need to improve public transport	172	The Strategy introduces the Southampton Mass Transit System as a holistic way of improving public transport as an important way of getting around Southampton. This includes improvements to support bus services. The emerging supporting Public Transport Plan will set out this in more detail working in partnership with the public transport operators.	Support for a Park & Ride to serve Southampton	168	The Strategy sets out approach for introducing a Park & Ride system to serve Southampton initially focusing on supporting institutions/large employers that have constrained parking on their sites and then to incrementally improve P&R to serve the City Centre alongside infrastructure changes and bus priority.	Agreement that there is a need to improve connections to key locations	121	The Strategy takes an spatial approach to applying transport improvements and one of the spatial areas are the key economic drivers in Southampton such as the Port, Universities, Hospitals and main employment areas. Connections include better public transport, cycling and walking links to encourage more people not to drive to these sites, as well targeted highway improvements where necessary.	General agreement with the proposals	107	No changes made
Category	No.	Response																	
Agreement that need to improve cycle routes and cycling in general	253	The Strategy and the supporting Cycling Strategy set out SCC’s plans for improving cycling both for the infrastructure and the supporting measures such as training, education and promotion.																	
Agreement that need to improve public transport	172	The Strategy introduces the Southampton Mass Transit System as a holistic way of improving public transport as an important way of getting around Southampton. This includes improvements to support bus services. The emerging supporting Public Transport Plan will set out this in more detail working in partnership with the public transport operators.																	
Support for a Park & Ride to serve Southampton	168	The Strategy sets out approach for introducing a Park & Ride system to serve Southampton initially focusing on supporting institutions/large employers that have constrained parking on their sites and then to incrementally improve P&R to serve the City Centre alongside infrastructure changes and bus priority.																	
Agreement that there is a need to improve connections to key locations	121	The Strategy takes an spatial approach to applying transport improvements and one of the spatial areas are the key economic drivers in Southampton such as the Port, Universities, Hospitals and main employment areas. Connections include better public transport, cycling and walking links to encourage more people not to drive to these sites, as well targeted highway improvements where necessary.																	
General agreement with the proposals	107	No changes made																	
18.	Once the Connected Southampton Transport Strategy 2040 is approved a new Three-Year Implementation Plan covering 2012-2022 will be produced.																		
RESOURCE IMPLICATIONS																			
<u>Capital/Revenue</u>																			
19.	To deliver on its priorities and aspirations for transport SCC receives an annual grant from the Department for Transport (DfT) to deliver against policies in the Local Transport Plan. This grant allocation is split into Integrated Transport Block (ITB) and Highways Maintenance Block (HMB).																		

	This provides the core level of funding for delivery of transport schemes through the Integrated Transport Programme and Highways Maintenance Programme and is a formula based allocation.
20.	In addition there is external funding from ad hoc DfT grants awarded to SCC, Developer Contributions, and opportunities to bid for additional funding from bodies such as central Government including recent successes through Transforming Cities Fund, National Productivity Investment Fund and Joint Air Quality Unit Clean Air Zone opportunities, Solent LEP, European Union projects, or InnovateUK. The LTP provides the policy framework and demonstrates where and how SCC, partners and stakeholders are planning and investing in the transport network.
<u>Property/Other</u>	
21.	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
22.	As the Local Transport Authority (LTA) for Southampton, under the Transport Act 2000 as amended by Local Transport Act 2008, SCC has the statutory duty to prepare a LTP and as Local Highway Authority the powers to undertake the proposals, often in partnership, within it.
<u>Other Legal Implications:</u>	
23.	An Equalities Impact Assessment has been completed as the LTP has positive benefits for residents, businesses and visitors in Southampton. The strategy does not set out details of how and when these projects would be delivered, and more detailed impact assessments on specific projects will be undertaken alongside any implementation proposals.
24.	A comprehensive Habitats Regulation Assessment (HRA) and Strategic Environment Assessment (SEA) were completed during the preparation of the joint LTP3 Strategy for South Hampshire in 2010 to assess the impact of the 14 policies and delivery interventions that sit beneath them at a high level.
RISK MANAGEMENT IMPLICATIONS	
25.	The risk of not adopting an up to date LTP is that policies may not be reflective of current Government and industry thinking, existing policies and strategies would remain. The provisions of the 2008 Act place the responsibility on LTAs to ensure they have up to date policies and strategies for transport provision in their area. Impact on service delivery and finance is low with medium impact on reputation of the Council for not having relevant transport strategies and policies.
POLICY FRAMEWORK IMPLICATIONS	
26.	The Local Transport Plan is one of the listed documents on the Policy Framework and as such is a statutory document the City Council must produce in accordance with Transport Act 2000 and Local Transport Act 2008 (Part 2).
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION

Appendices

1.	None
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Documents In Members' Rooms

1.	Connected Southampton Transport Strategy 2040 (LTP4)
2.	Communication Strategy
3.	Social Media Summary
4.	Consultation Headline Results Summary
5.	Consultation You Said We Did Report
6.	Equality & Safety Impact Assessment (ESIA)

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	

DECISION-MAKER:	COUNCIL		
SUBJECT:	Delivery of the Local Plan to Achieve EU Nitrogen Dioxide Compliance		
DATE OF DECISION:	20 th March 2019		
REPORT OF:	CABINET MEMBER FOR GREEN CITY		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Steve Guppy, Service Manager, Scientific Services	Tel: 023 8091 7525
		Rob Gloyns, Clean Air Zone Project Officer	023 8091 2983
	E-mail:	Steve.Guppy@southampton.gov.uk	
Director	Name:	Mitch Sanders, Service Director, Transactions and Universal Services	Tel: 023 8083 3613
	E-mail:	Mitch.Sanders@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			

BRIEF SUMMARY

Southampton City Council (SCC) was one of the first five local authorities in England outside of London required to assess the need for a Clean Air Zone and have been served a Ministerial Direction requiring a Plan to be submitted to the Secretary of State by the 31st January 2019 demonstrating how compliance with EU Ambient Air Quality Directive limit for nitrogen dioxide (annual mean 40 µg/m³) will be achieved within the shortest possible time.

Options were assessed in accordance with the Government's Clean Air Zone Framework, the HM Treasury Green Book methodology with technical support provided by consultants Ricardo and Systra in collaboration with government's Joint Air Quality Unit (JAQU). A public consultation exercise also was carried out to help inform the assessment. All work was been funded by JAQU.

As a result of that additional technical work it has now been established that levels of nitrogen dioxide in Southampton will be compliant in 2020. A charging scheme could not be introduced any earlier than January 2020 so would not deliver compliance any sooner.

Consequently a package of non-charging measures was presented to cabinet on the 22nd January 2019 that to mitigate risk of exceedance, increase the likelihood that compliance is achieved before 2020 and to promote ongoing improvements in air quality. Cabinet approved those measures and a Plan reflecting those measures was submitted to the secretary of state on the 31st January 2019 seeking a total of **£6,423,625** from the government's Clean Air Zone Implementation Fund and Clean Air Fund for its delivery.

That Plan includes the following;

- Offering opportunities for businesses to assess and trial freight consolidation, thereby removing HGV trips in the city.
- An accreditation scheme for HGV operators so business can identify those who are the least polluting.
- Introduction of Traffic Regulation Condition that will ensure all operating buses meet the highest emission standard.
- Revising taxi licensing conditions to remove the most polluting vehicles.
- Expanding the existing low emission taxi scheme to support taxi operators deliver these upgrades.
- Offering a 'try before you buy scheme' for taxi operators to experience the benefits of an electric taxi for up to 3 months.
- An extension to the existing MyJourney programme to promote active and sustainable travel and reduce private vehicle use.
- Port measures including shore side power and preferential charging of the port HGV booking scheme.

JAQU are currently assessing that submission and a response is anticipated in March/April 2019. Success of the Plan is dependent upon prompt delivery and approval from council to spend could otherwise not be sought until the 15th May 2019. Prior approval would allow delivery to begin promptly on delivery of the funding.

RECOMMENDATIONS:

(i)	Subject to confirmation of an acceptable funding bid, to accept and authorising spend external funding anticipated to not exceed £6,423,625 awarded by the Joint Air Quality Unit for the implementation of the Local Plan to Achieve EU Nitrogen Dioxide Compliance
(ii)	To delegate authority to the Service Director for Transactions & Universal Services to accept and spend funding awarded to support the Local Plan to Achieve EU Nitrogen Dioxide Compliance should this vary from the amounts requested from government.

REASONS FOR REPORT RECOMMENDATIONS

1.	Southampton City Council have been issued a Ministerial Direction that requires it to undertake a local assessment (feasibility study) of air quality in the city, and produce a business case for a Plan to demonstrate how compliance with the EU Ambient Air Quality Directive (AAQD) of 40 µg/m ³ for nitrogen dioxide (NO ₂) can be achieved in the shortest possible time. This must be submitted to the Secretary of State for Environment for approval no later than the 31 st January 2019.
2.	SCC has concluded its feasibility study and can report the findings of its air quality technical assessment and economic appraisal. A Full Business Case was submitted to the Joint Air Quality Unit on 31 st January 2019 following approval of the Outline Business Case and approval to finalise at cabinet on 22 nd January 2019. The Full Business Case outlines a Plan to deliver compliance in the shortest possible time by delivering a Clean Air Zone in 2019 consisting of a package of non-charging measures to mitigate risk of exceedance, increase the likelihood that compliance is achieved before 2020 and to promote ongoing improvements in air quality. This plan was informed by a 12 week consultation with local authorities, local communities and businesses which received 9309 responses.

3.	The primary objective of the Clean Air Zone plan is to deliver compliance with the EU AAQD annual mean limit value for NO ₂ within the shortest possible time. It is anticipated that the Joint Air Quality Unit will provide feedback on the plan 8 weeks after submission (i.e. 8 weeks after 31 st January 2019, end of March 2019). In the absence of a council meeting in April approval would be delayed until May 15 th preventing implementation to begin in earnest until later in the month at best. Approval subject to confirmation of funding will ensure implementation could begin in early April 2019, thereby supporting its very aim of delivering compliance in the shortest possible time. Therefore, to avoid delay in implementation that could arise as a result of the availability of planned Council meetings in April and ensure the objective is achieved within the shortest possible time approval is being sought for spend in advance of funding confirmation (subject always to being limited to the amount of any funding awarded).
4.	Delegated powers are sought to allow the Service Director for Transactions & Universal Services to implement the Plan as approved by the Secretary of State, whether that includes all measures and related funding or should it differ in terms of some measures not being supported.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
5.	Do not pre-emptively approve spend: Not pre-emptively approving spend of funding awarded by JAQU for the Clean Air Zone plan is likely to introduce a delay in implementation of between 6 and 8 weeks, risking the ability of the plan to be delivered within the shortest possible time. This option has therefore been rejected in order to support the primary objective of the plan.
6.	Do not delegate powers to the Service Director for Transactions & Universal Services to spend funding should the value of funding awarded from JAQU differ from that requested: There is a possibility that government's review process for the Clean Air Zone plan will identify some measures and/or elements of measures that should be amended, included or removed from the scheme. This will impact the funding awarded and therefore it is essential that officers are enabled to spend funding that varies from the Full Business Case request, supporting the primary objective of the plan for achieving compliance within the shortest possible time by avoiding a requirement to return to Full Council for approval.
DETAIL (Including consultation carried out)	
7.	In 2015, Defra published its Air Quality Plan for Nitrogen Dioxide (NO ₂) in the UK. Defra reported that the national Pollution Climate Mapping (PCM) model indicated that an exceedance of the EU Ambient Air Quality Directive level for nitrogen dioxide would persist at locations in Southampton beyond 2023. Consequently Southampton was identified as one of five cities needing to deliver compliance by introducing a Class B Clean Air Zone for buses, coaches, taxis and HGV, and legislation would be passed to this effect. In May 2016 the Joint Air Quality Unit (JAQU) was established to deliver the national nitrogen dioxide plan. Hosted by Defra, the team comprised of staff in Defra and the Department for Transport (DfT) as well as the close involvement of a number of other government departments and delivery bodies. Direct links with officers in local authorities were established and JAQU were charged with the responsibility to provide guidance to assist in the delivery of local plans.

8.	A Clean Air Zone framework was subsequently published in May 2017 by Defra outlining the principles for the operation of Clean Air Zones in England. It provides the expected approach to be taken by local authorities when implementing and operating a Clean Air Zone.
9.	In July 2017, the national nitrogen dioxide plan was revised and Southampton City Council were instead of being mandated to introduce a charging CAZ were required to undertake an assessment to determine what measures would be required to ensure compliance with the legal limit value for nitrogen dioxide in its area in the shortest possible time.
10.	The UK Government has committed to funding the studies for plans to bring about compliance with legal NO ₂ objectives in the shortest possible time. These feasibility studies recommend a preferred option for implementation that achieves this objective. In Spring 2018, UK Government announced its commitment for funding the introduction of the plans through the Implementation Fund (£255m). An additional Clean Air Fund (£220m) was also introduced to support and mitigate the plans, totalling £475m.
11.	SCC received a Ministerial Direction which required the Council to deliver a full business case to the Secretary of State by 15th September 2018. This was subsequently updated to the 31 st January 2019. The business case was to set out detailed proposals for a scheme (the Plan) which is the authority's preferred measure to deliver compliance in the shortest possible time and was to be developed in accordance with HM Treasury's Green Book: Appraisal and Evaluation in Central Government .
12.	SCC & NFDC conducted a joint public consultation exercise from the 21 st June 2018 the 13 th September 2018. The consideration of a charging CAZ was a significant issue for the city and the need to conduct a 12 week consultation was one reason why it was not possible to meet the deadline of the 15 th September 2018 in the first Ministerial Direction. The additional technical assessment work that would also be required following consultation and the council's decision making process also meant that the September deadline which had been set without any agreement with SCC was unachievable. Representations were made to government but any extension of the deadline was refused.
13.	To assist in the technical assessments Systra and Ricardo were commissioned to deliver transport modelling and air quality modelling respectively. Ricardo were also commissioned to undertake the economic appraisal. This technical assessment has concluded that SCC will achieve compliance with the EU AAQD by 2020 without further intervention. However, a package of non-charging measures could increase the likelihood of compliance by further reducing emissions of nitrogen oxides (NO _x), a precursor to NO ₂ .
14.	<p>Full results for the air quality assessment were reported in the appendices of the Cabinet paper approved on 22nd January 2019. The Full Business Case for Achieving EU Nitrogen Dioxide Compliance in Southampton in the Shortest Possible Time, which identifies a preferred option and a plan for delivery (the Plan) is published alongside this paper (appended)</p> <p>The nitrogen dioxide annual mean results of the do minimum (i.e. no further intervention) are summarised in the table below for key locations. This compares the governments' national model, which predicted Southampton would exceed beyond 2020, and the local model that was undertaken to inform this plan. Bold and underlined values represent exceedances of the EU Ambient Air Quality</p>

Directive limit value. Values are reported to the nearest whole figure in accordance with EU Air Quality compliance guidelines.

Census ID	Location	PCM National Model NO ₂ Annual Mean (µg/m ³)		Local Model NO ₂ Annual Mean (µg/m ³)	
		2015	2020	2015	2020
46963	A3024 Northam Bridge	37	32	50	38
56347	A33 Millbrook Road West	55	46	43	36
6368	A33 Redbridge Road	58	44	43	36
6933	St Andrews Road	35	30	46	37
73615	Redbridge Causeway/A35	63	49	46	36
75251	A3057 West Quay Road	42	37	39	32

The results for nitrogen dioxide annual mean in 2020 under non-charging and city wide CAZ B options are compared in the table below.

Census ID	Location	Do minimum baseline local model annual mean NO ₂ (µg/m ³)	Non-charging local model annual mean NO ₂ (µg/m ³)	City wide CAZ B local model annual mean NO ₂ (µg/m ³)
		2020	2020	2020
46963	A3024 Northam Bridge	38	38	36
56347	A33 Millbrook Road West	36	36	32
6368	A33 Redbridge Road	36	35	32
6933	St Andrews Road	37	37	34
73615	Redbridge Causeway/A35	36	36	33

15. ESIA/Distributional Assessment Conclusions

An Equalities Safety and Impact Assessment (ESIA) has been undertaken for both the non-charging and charging Clean Air Zones. Furthermore, a Distributional Assessment has been carried out by Ricardo.

Air pollution has health effects across the course of a person's life; from the underdevelopment of the unborn baby through to dementia in the later years of life. The strongest evidence of health impact is worsening symptoms of respiratory diseases including asthma, COPD and cardio-vascular disease. Poor air quality is also known to have more severe effects on vulnerable groups including the elderly, children and people already suffering from existing conditions such as respiratory and cardiovascular conditions. Achieving and maintaining NO₂ concentrations below EU limit values (i.e. an annual mean NO₂ 40µg/m³) will benefit these health outcomes.

16. Non Charging ESIA

The non-charging package of measures would also place financial pressure on taxi operators (through a change in licensing condition) and bus routes. However, the Clean Bus Technology Fund is secured and being delivered regardless of the CAZ local plan. The plan also includes measures to expand financial support for taxi operators in upgrading to low emission vehicles. The plan also requests that this financial support is extended to include Wheelchair Accessible Vehicles and those vehicles which carry 5-8 passengers to upgrade to euro 6 diesel, recognising the limited availability of low emission alternatives currently on the market.

NO₂ reductions are smaller than a CAZ B option, and the distributional assessment does not conclude a significant distributional impact for air quality under the non-charging option.

RESOURCE IMPLICATIONS

Capital/Revenue

17. The Air Quality Plan approved by cabinet includes significant capital expenditure to ensure its implementation, for which the Council has requested funding from government. A summary of the funding requested is provided below. The City Council is requesting the following funding in order to implement our package of measures to achieve compliance:

Scheme	Revenue	Capital	Source
Taxi Licensing Condition Change	£8,000	-	Clean Air Fund
Restrict non-SCC vehicles from bus lanes	-	£88,500	Clean Air Fund
Low emission taxi incentive scheme	-	£164,250	Clean Air Fund
ULEV Taxi Trial		£36,000	Clean Air Fund
Taxi Electric Vehicle Charging Points	-	£100,000	Clean Air Fund
Bus Traffic Regulation Condition	£8,000		Implementation Fund
MyJourney A3024 Scheme	£103,000		Implementation Fund
Communications	£55,740		Implementation Fund
Officer Support To Mitigating Measures.	£385,350		Implementation Fund
Monitoring And Evaluation	£493,200		Implementation Fund

	Sustainable Delivery Centre		£900,000	Implementation Fund
	Delivery Support plans		£450,000	Clean Air Fund
	Fleet Accreditation		£170,000	Clean Air Fund
	Additional Business Support		£75,000	Clean Air Fund
	Contingency on Sustainable Delivery Centre projects		£240,000	Clean Air Fund
	Shore side Power Facilities		£3,156,585	Implementation Fund
	Total Funding request	£1,043,290	£5,380,335	

Cost estimates have been derived through initial market consultation and engagement, and where this has not been possible, have been derived through estimation and experience of similar schemes. Further detail can be found in the financial case, section 4 in the Full Business Case.

Government funding for implementing Clean Air Zones (charging or non-charging schemes) is being made available through JAQU's Clean Air Implementation Fund. SCC's financial case has sought full Government funding to cover all costs that it would incur during its implementation. The total funding request is **£6,423,625**.

18.	Shore side power is estimated to cost £6.3M to deliver. The project is dependent on receiving match funding from the port operator and will not go ahead without the proposed £3.15m contribution.
19.	There will be no statutory duty to deliver the Plan in the absence of funding from central government. SCC anticipate that confirmation of funding will be contained with the Ministerial Direction requiring the implementation of the Plan. The Plan was submitted on the 31 st January 2019 and it is anticipated that the Secretary of State will confirm funding in March 2019.
20.	<u>Communications</u> A communications plan has been developed in support of the plan and funding has been requested to support this. It aims to raise awareness of the plan and of the importance of clean air in Southampton. It will support the proposed measures by ensuring stakeholders are aware of the plan along with the impacts, mitigations and further opportunities it presents.
21.	<u>Resourcing</u> The Full Business Case includes a request for funding to provide staff resource to ensure effective delivery of the plan. This includes funding to cover existing staff time/resource and funding for an additional two posts.

<u>Property/Other</u>	
22.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
23.	The UK Government , as the ‘competent authority, for the purposes of the EU Air Quality Directive, is under a legal obligation in accordance with Article 13 of the Directive to ensure emissions of certain pollutants are below the prescribed limit values by relevant deadlines (January 2010). The UK has been in breach of these limit values since January 2010 and continues to breach the limit values at various locations across the Country. Southampton has been identified as being one of a number of Local Authority areas in which an exceedance of the limit value is modelled to have occurred and continues occurring. The UK Government is under a legal obligation within the Directive (Article 23) to establish air quality plans setting out appropriate measures to ensure the exceedance period is kept as short as possible.
24.	Following legal action (Client Earth v SSEFRA 2016) the UK Government has been ordered to secure compliance in the shortest possible time. As a result, areas which have an exceedance using national desktop modelling have been served with Ministerial Directions under s.85(5) Environment Act 1995 to secure compliance in those areas. Southampton is subject to such a Direction. A ministerial Direction was served on the Council on 19 th December 2017 requiring submission of an outline business case followed by a full business case for securing compliance by 15 th September 2018.
25.	<p>A further Ministerial Direction was served on the Council on 17th December 2018. Under section 85(7) of the Environment Act it is the duty of a local authority to comply with a Direction given to it. The revised requirements of the new Direction were:</p> <p>(i) Provide the necessary final modelling outputs, prepare an outline business case and full business case for its area.</p> <p>(ii) Produce the necessary final air quality and transport modelling outputs for the baseline and scenario modelling that feed into the outline business case as soon as possible and by 18 December 2018 at the latest.</p> <p>(iii) The outline business case must be submitted to the Secretary of State as soon as possible and by 21 December 2018 at the latest.</p> <p>(iv) The full business case must be submitted to the Secretary of State as soon as possible and by 31st January 2019 at the latest.</p> <p>That Direction was fully complied with within the required timescales.</p>
26.	The UK Government is currently in breach of the EU Directive. If it fails to secure compliance to the satisfaction of the European Court of Justice through the current JAQU engagement with local authorities and the non-compliance with limit value continues the Court is entitled to levy penalty measures on the UK under Article 260 of the TFEU. Penalties comprise a minimum sum to reflect non-compliance based on minimum lump sum multiplied by a factor representing the GDP and voting rights of the defaulting Member State (currently €10,328,000) supplemented by a discretionary uplift of €4,163 for each

	<p>day beyond the deadline for compliance that the UK remains in breach of the Directive. The UK Governments exposure to potential penalties is there for extremely significant and will survive any 'Brexit' implications. The significance of this risk for the Council arises under the Localism Act 2011, s.48 which allows the Secretary of State to apportion the liability of any financial sanctions imposed by the EU on the UK Government to any Local Authority found to have contributed to the default occurring. If the Council fails to implement an approved plan which meets the deadlines set out in the Ministerial Direction to be served on the Council with funding approval and fails to ensure compliance with the limit value by the specified date it will be possible for the Secretary of State to apportion a percentage of the penalty imposed on the UK by the Court for non-compliance. That percentage would be attributed according to the degree of default that has contributed to the overall UK default but the risk of significant financial penalty being imposed on Southampton remains high unless compliance is secured with NO2 limit values by 2020It would also be open to any party having an interest in the matter, including the Secretary of State, to issue proceedings against the Council in order to seek a Mandatory order securing the Council's compliance with the Directive. The Council would likely be liable for the full costs of such proceedings in the event it was found to be in breach.</p>
27.	<p>In terms of the substantive proposals set out in the Officer recommendations and the proposed Full Business Case, the Council's statutory powers to implement the measures put forward derive from s.1 Localism Act 2011 (the General Power of Competence) together with a number of area specific discretionary powers associated with certain functions and services themselves. S.1 provides that a local authority has power to do anything that individuals generally may do. The generality of the power conferred is not limited by the existence of any other power of the authority which (to any extent) overlaps the general power but cannot override an express prohibition contained in any other statute (i.e. The Council may do anything unless either another Statute or the Courts determine it cannot do that thing or can only do it in certain prescribed circumstances).</p>
28.	<p>Part IV of the Environment Act 1995 requires all local authorities to review and assess air quality in their areas. Where standards are being exceeded or are unlikely to be met, local authorities are required to take remedial action such as designation of Air Quality Managements Areas (AQMA's) and introduce action plans for achieving compliance or other action under the Local Air Quality Management Framework in accordance with the EU Directive. Where an AQMA is in effect fixed penalty notices can be issued to vehicles that exceed emission limits or which commit a stationary idling offence (subject to the Local Authority being designated by the Secretary of State for the issue of Fixed Penalties and covering only that part of the area covered by an AQMA). The Council is not currently designated to issue fines but could consider taking that forward in respect of the areas within the City covered by its existing (or amended) AQMA's.</p>
29.	<p>Additional powers to implement the non-charging measures contained within the proposed plan include, but are not limited to: Applying a Traffic Regulation Condition by application to the Traffic Commissioner under section 7 of the Transport Act 1985. This can be used to restrict any class of vehicle (including buses) from using any road;</p>

	<p>Taxi Licensing conditions may be imposed pursuant to Taxi and Private Hire Vehicle (PHV) legislation, primarily contained within the Town Police Clauses Act 1847 and the Local Government (Miscellaneous Provisions) Act 1976 together with ancillary legislation.</p> <p>Funding measures may be provided through Grant or Loan schemes introduced under s.1 Localism Act 2011 but will be subject to State Aid compliance and applications and measures will be assessed on a case by case basis to ensure funding remains within the legal framework for public funding.</p>
30.	<p>It should be noted that, cumulatively, the measures proposed within the recommended Business Case can be taken forward as part of a Clean Air Zone. A Clean Air Zone can comprise non-charging measures, or charging measures or both.</p>
<p><u>Other Legal Implications:</u></p>	
31.	<p>S.108(1) Transport Act 2000 imposes a duty on local transport authorities, including the Council, to develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within their area and to carry out their functions so as to implement those policies. The duty requires the Council to also take into account and have due regard to any policies announced by the Government and to any guidance issued in respect of the mitigation of or adaption to climate change or otherwise with respect to the protection or improvement of the environment. The measures proposed have been put forward having due regard to this duty and all relevant government guidance, including the Clean Air framework issued by JAQU, and are wholly in accordance with the Council's adopted Local Transport Plan which is further discussed below.</p>
32.	<p>S.149 of the Equality Act 2010 (the 'Public Sector Equality Duty') requires the Council to exercise its functions having due regard to the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act, (b) advance equality of opportunity between persons who share relevant protected characteristics and those who do not, and (c) foster good relations between persons who share protected characteristics and those who do not.
33.	<p>Protected characteristics comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.</p>
34.	<p>The Council has carried out a full Equality Impact Assessment of the proposals set out in the Business Case submitted to JAQU.</p>
<p>RISK MANAGEMENT IMPLICATIONS</p>	
35.	<p>Pre-emptive funding is requested to mitigate the risk that there may be a delay in approval for spend, and therefore implementation of the CAZ plan, as a result of purdah in March/April 2019.</p>
36.	<p>SCC's Strategic Risk Register includes "Failure to improve air quality to legal levels" and is subject to regular Service Director oversight.</p> <p>Failure to achieve legal compliance and/or deliver a Plan that can ensure it, will elevate the level of corporate risk in terms of formal legal action by government to the highest level and present further risks to reputation and delivery of strategic goals i.e. improving health and economic growth.</p>

POLICY FRAMEWORK IMPLICATIONS	
37.	The recommendations are consistent with SCC's Clean Air Strategy 2016-2025 (published 2016) which identifies the need to improve air quality in the city as a priority. However, delivery priorities include <i>the introduction of penalty charges in 2019/20 for the most polluting vehicles</i> . At the time of publication the governments Air Quality Plan for Nitrogen Dioxide (NO ₂) in the UK suggested SCC would be mandated to introduce a charging scheme of this type. Subsequent iteration of the national plan and a Ministerial Direction have not required this. The feasibility study undertaken by SCC indicates that a charging scheme is not required to deliver compliance. A charging scheme could deliver additional benefits but would need to be funded by SCC. The business plan also suggests that a charging scheme could have localised but significant economic impacts on business. The proposed non-charging measures in the Plan are an alternative to a penalty charges that can deliver sustainable improvement. It is recommended that the Clean Air Strategy 2016-2025 delivery priorities are revised to reflect this in the event a Plan is approved and supported by the Secretary of State and prior to implementation of Plan measures. The Strategy is not a Policy Framework document and can therefore be amended under delegated power from Cabinet. None of the proposals set out in this report are contrary to any existing Policy Framework Plan such as the Local Transport Plan or Local Development Framework and can be accommodated without further alteration of those Plans and Strategies.
38.	The recommendations are consistent with the Health and Wellbeing Strategy 2017-2025 within which an outcome is to ensure Southampton is a healthy place to live and work with strong active communities. This is to be achieved by delivering a cleaner environment through a Clean Air Zone with vehicle access restrictions to the city.
39.	The recommendation supports the South Hampshire Joint Local Transport Plan 3 policies A ('optimise capacity of the highway network and improve journey time reliability') and E ('deliver improvements in air quality').
40.	The recommendation is consistent with the priority within the Southampton City Council strategy 2016-2020 to "improve air quality".
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
<ul style="list-style-type: none"> • CAZ Full Business Case 	
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Data Protection Impact Assessment	

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out?	Yes
Other Background Documents; None Other Background documents available for inspection at: N/A	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
N/A	N/A



Full Business Case for Achieving EU Nitrogen Dioxide Compliance in Southampton in the Shortest Possible Time

This Full Business Case is submitted in confidence and further to the Ministerial Direction issued to Southampton City Council dated 17th December 2018 and is subject to and has been considered by the Councils Cabinet on 22nd January 2019. This Full Business Case has been prepared in accordance with the HM Treasury Green Book methodology for submission to the Secretary of State by 31st January as required by the Ministerial Direction dated 17th December 2018.

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1. Strategic case

1.1. Introduction

The European Union has commenced infraction proceedings against the UK Government and Devolved Administrations for their failure to meet the EU Ambient Air Quality Directive (EU AAQD) Limit Value for NO₂ (EU directive 2008/50/EC).

In 2015, the Supreme Court ordered the Government to consult on new air pollution plans that had to be submitted to the European Commission no later than 31 December 2015. Defra published plans¹ to improve air quality, specifically tackling NO₂, in December 2015. The Plan identified 5 cities outside London, including Southampton, where the EU AAQD limit value for NO₂ was not expected to be met by 2020. The Plan stated that each of the cities identified will be legally required, if appropriate, to introduce a formal Clean Air Zone (CAZ) for specified classes of vehicles and European Vehicle Emission Standards (Euro Standards) by 2020 or sooner.

A subsequent iteration of the Government's air quality plans² to tackle NO₂ were published in 2017 and required a further 23 authorities to devise plans for improve air quality, including New Forest District Council (NFDC), where the NO₂ exceedance is an extension of that identified in Southampton. Ministerial Directions were placed on each of these local authorities, including the first five authorities identified in the 2015 Plan. The direction requires named local authorities to submit to the Secretary of State a full business case in connection to the council's duties in respect of air quality under Part 4 of the Environment Act 1995 and as part of the UK Plan for tackling roadside nitrogen dioxide concentrations 2017.

The area identified from the Pollution Climate Mapping Model (PCM)³ (i.e. the governments national scale model for assessing roadside NO₂ concentrations) that exceeded the EU AAQD beyond 2020 was the A33, a road commonly referred to as the Western Approach (see figure 1).

The local modelling shows NO₂ compliance will be achieved at all locations in Southampton in 2020. The highest baseline concentration of NO₂ on the A3024 Northam Bridge is 38 µg/m³. There is approximately an average reduction of 2.5µg/m³ at each location in the city between 2019 and 2020.

In 2019, the highest concentration of NO₂ is 40 µg/m³ at census ID 46963 which is the A3024, Northam Bridge. This is compliant according to the EU Directive where values are reported to the nearest integer, however we must be mindful of the fact that this is at the limit value (i.e. the maximum level that could be deemed compliant), and is not directly modelled (it is an interpolated value between 2015 and 2020, increasing uncertainty in this value). Therefore measures are being proposed that can achieve reductions in NO_x emissions, and can be delivered in 2019, to increase the likelihood of compliance for both 2019 and 2020.

The non-charging NO₂ concentration values indicate there is minor air quality benefit of introducing the measures, however while NO₂ concentrations at EU relevant

¹ <https://www.gov.uk/government/publications/air-quality-in-the-uk-plan-to-reduce-nitrogen-dioxide-emissions>

² <https://www.gov.uk/government/publications/air-quality-plan-for-nitrogen-dioxide-no2-in-uk-2017>

³ <https://uk-air.defra.gov.uk/research/air-quality-modelling?view=modelling>

locations may not be significantly affected, there are direct emissions reductions as a result of the measures which will convey improvements in air quality once implemented in 2019, and provide additional confidence in achieving compliance whilst reducing exposure, which provides additional health benefits compared to the do minimum option for 2019 and 2020. These measures also increase certainty that assumptions made in the modelling are met. Air quality benefits of non-charging Clean Air Zone will also continue beyond 2020 with additional emission reductions providing assurances that compliance is maintained in years beyond 2020.

Feasibility assessment shows the citywide class B clean air zone can't be implemented before the end of 2019/start of 2020 and will therefore not have a discernible impact on air quality in 2019. Compliance is likely in 2020 and so will not be achieved sooner and therefore is not considered as a shortlist option. More details on the CAZ B assessment are included in appendix C of this document.

Southampton

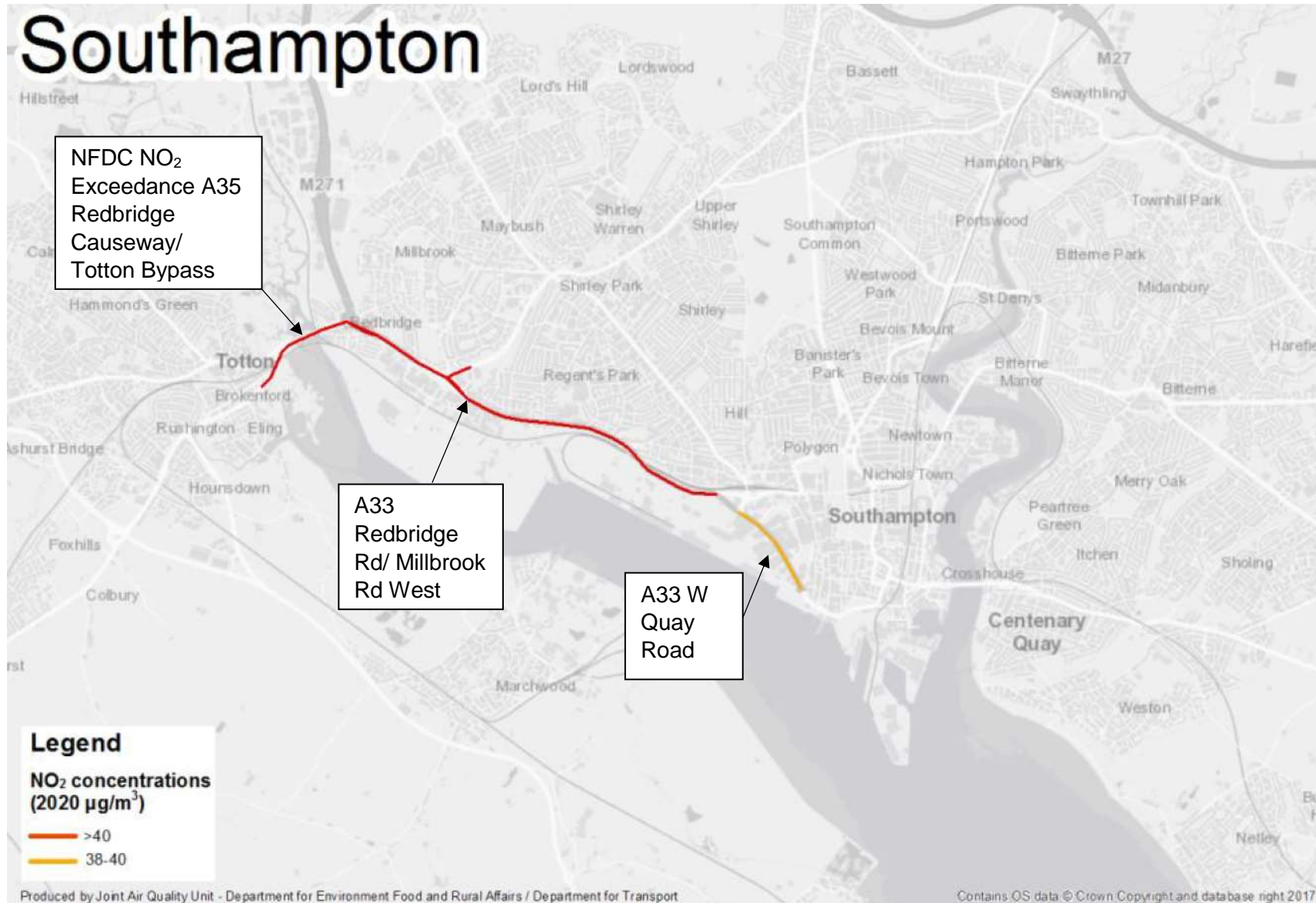


Figure 1 UK NO₂ Plan PCM exceedances (2017)

Table 1 Preferred Option - Non-Charging CAZ

Measure	Description
Bus Traffic Regulation Condition	Implemented to support the bus retrofit programme providing a mechanism to ensure full uptake of the scheme by 2020. This will also ensure that the modern standard of the fleet is maintained beyond 2020 and prevent non-Euro VI or retrofit vehicles are able to operate on a license in the city.
Delivery service plans, freight consolidation and fleet accreditation scheme	The hospital has been included in the modelling. Provision of delivery service plans beyond that included in the modelled will facilitate the freight consolidation centre uptake.
Taxi Licensing Condition Change	Change of licensing conditions to require <u>newly licensed</u> vehicles to meet Euro 6 diesel/4 petrol by 2020 and <u>all SCC licensed vehicles</u> to meet Euro 6 diesel/4 petrol by 2023.
Expanded Low Emission Taxi Incentive	Financial incentive for taxi and private hire vehicles to replace older more polluting vehicles and upgrade to low emission alternatives. An expansion of the existing low emission scheme.
Non-SCC Taxi Bus Lane Restriction	Restrict access to bus lanes for non-SCC licensed taxis to incentivise vehicles remaining licensed in Southampton.
ULEV Taxi Trial	Encourage the uptake of ULEVs and will facilitate uptake of the low emission incentive scheme and EVs, by demonstrating the feasibility of EVs as taxis.
2 EV Rapid Charge Points	Install 2 rapid EV charge points dedicated for taxi use.
A3024 MyJourney Additional Support	Behaviour Change to encourage use of sustainable/active travel and discourage private vehicle use.

1.2. Public Health and Air Quality

Air pollution is a national public health priority. Of all environmental factors, it has the largest impact on health in the UK. It can be attributed to over 40,000 deaths nationally and has health effects across the life course; from the underdevelopment of the unborn baby through to dementia in the later years of life. The strongest evidence of health impact is worsening symptoms of respiratory diseases and cardio-vascular disease. Furthermore, the health impact is greatest for those at higher risk; people living in areas of highest deprivation are more likely to suffer these health problems than people living in more affluent areas.

Currently, nitrogen dioxide and particulates are the pollutants causing the largest health impacts in the UK. These pollutants are mostly associated with road transport. The public health outcome framework indicator for air pollution is mortality attributable to particulate matter. For Southampton, this equates to over 100 deaths per year caused by long term exposure to particulate air pollution.

It is particularly important that we reduce air pollution in Southampton as quickly as possible because:

- A large proportion of our City's residents are children and young people (60,000 children and young people, 3000 births per year). Babies and children are most vulnerable, for longer, to the health impact of pollution⁴
- Southampton has a higher than average rate of preventable respiratory and cardiovascular early deaths, high rate of chronic obstructive pulmonary disease and comparable asthma prevalence to the England average⁵
- Deprivation is increasing, and Southampton has some of the most deprived areas in England
- The area of NO₂ exceedance is alongside one of the most deprived areas of Southampton with a high density of resident children in the City

The figure below shows asthma prevalence (red highest, blue lowest) and air quality management areas (yellow lines) in Southampton. The area of NO₂ exceedance is the yellow line on the left of the map, alongside the area of highest asthma prevalence in the City.

⁴Royal College of Physicians Policy report. Every breath we take: the lifelong impact of air pollution. 2016: <https://www.rcplondon.ac.uk/projects/outputs/every-breath-we-take-lifelong-impact-air-pollution>

⁵ Public Health Outcome Framework: <https://fingertips.phe.org.uk/profile/public-health-outcomes-framework>

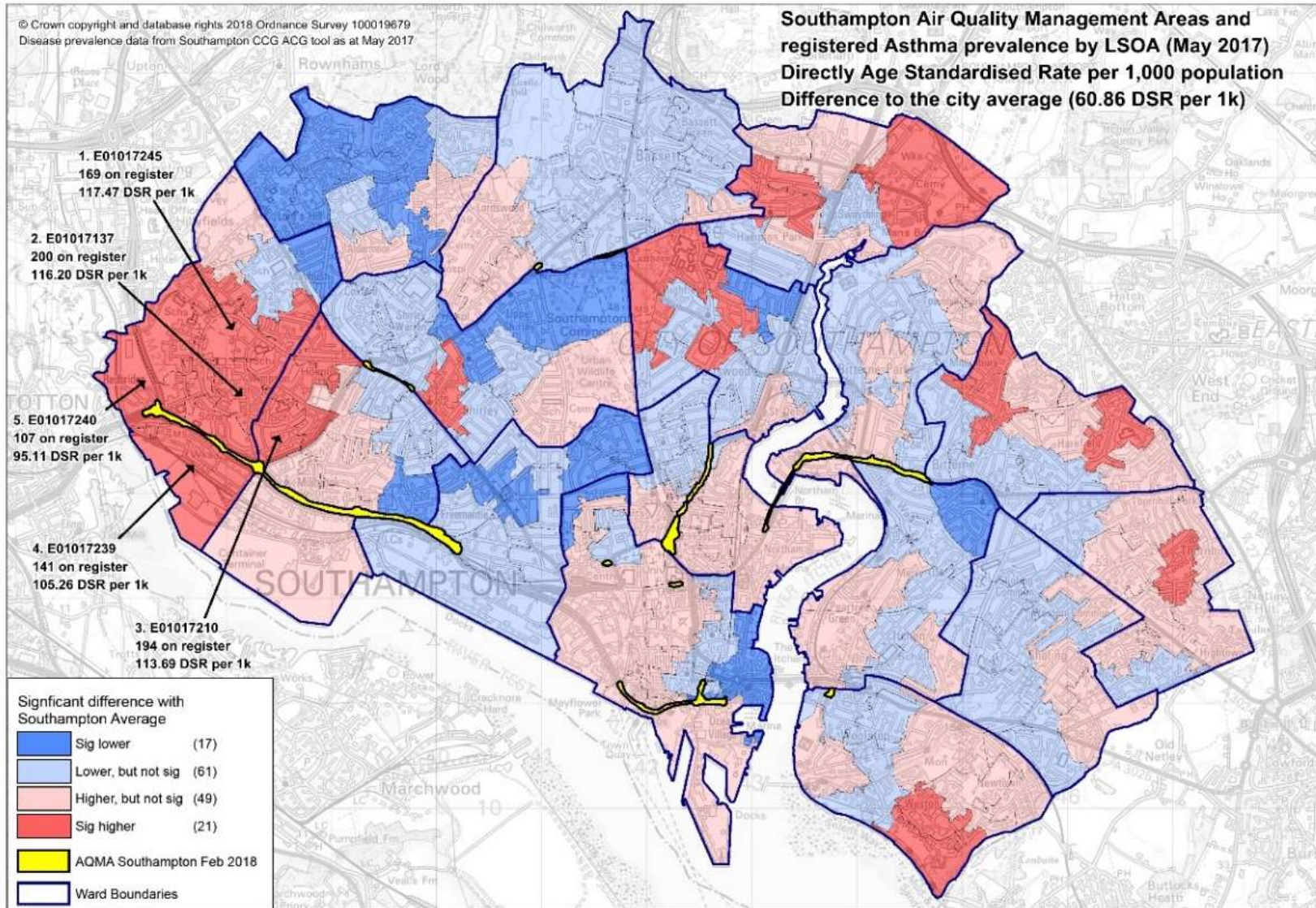


Figure 2 Southampton AQMAs and registered Asthma prevalence by Lower Super Output Areas (LSOA's) (May 2017)

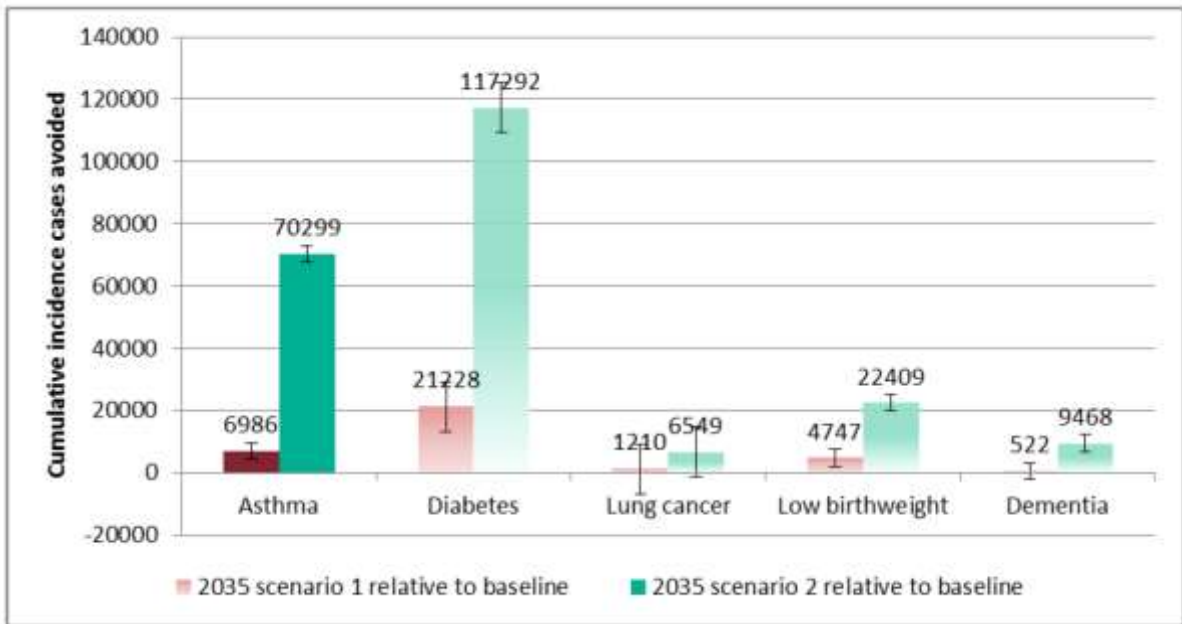


Figure 3 Health impact of 1µg/m³ reduction in NO₂ and meeting EU limit values by 2035 for England

Evidence suggests an association between NO₂ and new cases of asthma in children and evidence is accumulating for an association between NO₂ and new cases of asthma in adulthood, diabetes, lung cancer, low birth weight and dementia⁶. The UK Health Forum has modelled the cost and health impact of air pollution, forecasting that if air pollution levels remain constant the total cumulative costs to the NHS and social care is forecast to be up to £5.4 billion by 2035. In England, current levels of NO₂ are predicted to be attributable to 1.1 million new cases of disease by 2035 (an additional 1.3 million cases are attributed to PM_{2.5})⁶. Figure 2 shows the health impact of 1µg/m³ reduction in NO₂ and meeting EU limit values by 2035 for England⁶. This is a national figure and it does not represent Southampton specifically.

⁶ UK Health Forum presentation, Public Health England Conference 2018: <https://www.phe-events.org.uk/hpa/frontend/reg/absViewDocumentFE.csp?documentID=14856>

1.3. Strategic Fit

Southampton City Council Strategy 2016-2020

The local plan for NO₂ compliance will support the council's strategy by contributing to the four priority outcomes:

Outcome	Why is this important?
 Southampton is a city with strong and sustainable economic growth	We want to build on Southampton's unique sea city location and excellent transport links and continue to grow the local economy, bringing investment into the city and increasing employment opportunities for local people.
 Children and young people in Southampton get a good start in life	We want Southampton to be a city where parents, families, communities and services work together to make sure children and young people get a good start in life. Ensuring that children and young people get a good start in life is crucial to enabling them to go on to fulfil their potential and become successful adults who are engaged in their communities.
 People in Southampton live safe, healthy, independent lives	We want Southampton to be a city that is recognised for its approach to preventing problems and intervening early. We want our residents to have the information and support they need to live safe, active, healthy lives and to be able to live independently for longer.
 Southampton is a modern, attractive city where people are proud to live and work	We want to build on Southampton's vibrant and diverse cultural offer to make our city a great place for businesses, visitors and residents. This means making sure that Southampton is green, attractive and easy to get about for our residents, visitors and investors.

Figure 4 Southampton City Council Strategy 2016-2020 Outcomes

A level 2 Clean Air Strategy was adopted that supports the level 1 Health and Wellbeing Strategy, Local Transport Plan and Local Development Plan. This sits alongside the Cycling Strategy and is supported by the Clean Air Zone Plan (local plan for EU AAQD compliance) and the Air Quality Action Plan (local air quality management). The Clean Air Zone Plan will focus on delivering compliance of the EU AAQD Directive within the shortest possible time, ultimately contributing to the four priority outcomes.

The current [local transport plan \(LTP3\)](#) sets out six local goals which are:

- Local Goal 1 (LG1): Increase bus patronage
- Local Goal 2 (LG2): Improve the bus as urban mode of choice
- Local Goal 3 (LG3): Improve the people movement capacity of network
- Local Goal 4 (LG4): Improve awareness of travel options
- Local Goal 5 (LG5): Encourage active travel as urban mode of choice
- Local Goal 6 (LG6): Encourage fewer vehicle trips to city center

The figure on the following page shows how the Clean Air Zone plan will support higher level strategies.

Note: SCC have recently consulted on an updated LTP, information found [here](#).



Figure 5 How the Clean Air Zone Plan (local plan for EU AAQD compliance) and the Clean Air Strategy support the council's strategy.

1.4. Current Air Quality Measures Implemented or Planned

Southampton and New Forest have taken forward and implemented a number of measures to improve air quality. These are detailed below.

Table 2 Air quality measures currently implemented or completed in Southampton

Type	Action	Description	Status	Completion Date	Expansion/change of current measure as part of plan
Taxis and Private Hire	Low Emission Taxi Incentive Scheme	Offering an incentive to cover vehicle licensing and other related costs for three years to encourage greater uptake of hybrid, plug-in hybrid and electric vehicles.	Active – Implemented	2020/21	Expansion proposed as part of this plan.
Taxis and Private Hire	Extension of age limit for hybrid, plug-in hybrid and electric vehicles	Extension of the age limit for low/zero emission vehicles makes them a more attractive vehicle to operate in the long term.	Active – Implemented	2018	
Private Hire	Permit electric vehicles capable of carrying three to eight passengers a private hire licence.	The current policy only permits vehicles that can carry four-eight passengers in comfort. Many electric vehicles do not have this capacity. By licensing vehicles that can carry three to eight passengers in comfort, the opportunity for uptake of electric vehicles is increased.	Active	2018	

Buses	Clean Bus Technology Fund	Retrofitting 145 pre-Euro VI buses with emissions reducing technology	Active – Funding secured and being implemented	2019/20	Traffic Regulation Condition proposed to maintain benefits of CBTF and fleet renewals by Southampton bus operators
HGVs	Sustainable Distribution Centre	SCC providing a procurement framework for public sector use of the Sustainable Distribution Centre. To encourage consolidation of goods coming into Southampton achieving efficiencies and cost savings. Reduction in emissions associated with fewer vehicle movements.	Active	2019	Continuation proposed as part of plan.
HGVs	Delivery and Service Planning	Offering delivery and service plans advising on best practice to reduce emissions and fuel consumption.	Complete – scope for further work	Complete	Continuation proposed as part of plan.
LGVs	Delivery and Service Planning	Offering delivery and service plans advising on best practice to reduce emissions and fuel consumption.	Complete – scope for further work	Complete	Continuation proposed as part of plan.
Private Vehicles	City centre parking season ticket concession	Electric Vehicles are eligible for a 90% discount on an annual city centre parking season ticket. Offers an incentive for drivers to choose electric vehicles.	Active – Being implemented	2018	

Private Vehicles	Itchen Bridge toll exemption	Free passage over the Itchen Bridge for EV drivers. Offers an incentive for drivers to choose electric vehicles.	Active – Being implemented	2018	
Council Fleet Emissions	SCC Fleet EV Replacement	Procurement of low emission vehicles in council and partner fleets. This will reduce emissions from council vehicles.	Active	Ongoing	
Active Travel	SCN1 Cycling Infrastructure	Early Measure funding 2017 awarded to provide enhanced cycle routes along the A33 Western Approach and to install virtual messaging signs (VMS) and a green wall.	Active – Being implemented	2020	
Active Travel	SCN5, 8 and 10 Cycling Infrastructure	Early Measure funding 2018 awarded to provide new and enhanced cycle routes along the north-south and east-west routes into Southampton.	Active	2020	
Engagement	Access Fund/ My Journey	Sustainable travel communication campaign promoting active travel and low emission technology. The brand associated with the 2017-2020 Access Fund to increase sustainable travel in the South Hampshire area.	Active	2020	Proposing additional work on the A3024 Northam Bridge/ Bitterne area as part of plan.
Engagement	Schools	Access Funding for officers to engage with schools to educate and communicate air quality issues and solutions.	Active	2020	

Engagement	Travel Planning	Access Funding for officers to engage with local businesses to educate and communicate air quality issues and solutions.	Active	2020	
Engagement	Clean Air Network	A network to facilitate and enhance discussion of good air quality practice among local stakeholders.	Active	n/a	
Engagement	airAlert	Alerts for registered users when air quality is predicted to be poor.	Active	Ongoing	
Engagement	Anti-Idling Campaign	Campaign to reduce unnecessary engine idling at key locations around the city. Includes social media a billboard presence.	Active	2018	
Planning Policy	Air Quality Supplementary Planning Document	Setting the minimum standard for good air quality practice in new development.	In progress	2019/20	
Southampton City Council Plans and Strategies					
Council Strategy	Local Transport Plan	Local Transport Plan 3 (LTP3) strategy published in 2011, implementation plan published in 2015. Consultation on LTP4 undertaken in 2018.	LTP4 Consultation	LTP4 Approval to adopt to be sought in Spring 2019	
Council Strategy	Clean Air Strategy	A long term (2016-2025) strategy which outlines the Council's strategy for improving air quality.	Active	2025	

Council Strategy	Cycling Strategy	A 10 year strategy for improving cycling infrastructure and encouraging uptake of cycling as a mode of travel.	Active	2025	
Council Strategy	Health and Wellbeing Strategy	2017-2025 Council strategy for improving local health and wellbeing, including “deliver a cleaner environment through a clean air zone with vehicle access restrictions to the city.”	Active	2025	

1.4.1. Cycling Early Measures

Southampton City Council have received funding to implement cycling schemes throughout the city from JAQU's Clean Air Zone Implementation Fund as early measures. This funding will support Southampton in delivering measures that will contribute to reaching legal nitrogen dioxide compliance in the shortest possible time and is included in the baseline. Table 5 describes the cycling schemes that will be implemented. Funding for SCN1 was received in 2017 and funding for SCN5, 8 & 10 was received in 2018. All infrastructure and supporting communications/engagement programmes are scheduled to be implemented prior to 2020.

Table 3 Description of schemes implemented as early measures in Southampton

<p>SCN1 (A33 Western Approach)</p>	<p>Healthy & Active Travel</p> <p>This element consist of the delivery of high quality segregated cycle infrastructure and wayfinding along the A33 to complement and upgrade the existing facilities as part of SCN1. This will complete the SCN1 cycle route from Totton and the New Forest National Park into Southampton City Centre passing the Port of Southampton to encourage more commuting, education and leisure trips to be made by bike.</p> <p>It is broken down into the following components:</p> <ul style="list-style-type: none"> • <u>Second Avenue (Phase 2)</u> – complements recent SCC investment in Second Avenue Phase 1 – construction of a 3m wide shared use cycle path alongside service road adjacent to A33 from First Avenue to Millbrook Roundabout. This will provide cyclists with a dedicated segregated facility instead of the existing on-road route. • <u>Third Avenue</u> – construction of a 3m wide shared use cycle path from Millbrook Roundabout to Regents Park Road, including a physical barrier in form of shared space severing Third Avenue at Millbrook Recreation Ground. This makes Third Avenue a no-through route for all traffic but retains access to the industrial and commercial units, it also creates a more safe and attractive route for cycling by discouraging HGVs from parking here. • <u>Millbrook Road East</u> – junction improvements, traffic calming and cycle facilities to reduce speeds and discourage rat running creating a cycle friendly environment. • <u>First Avenue to Dock Gate 20</u> – a shared use cycle facility from existing cycle facilities at Millbrook Roundabout to Port's main entrance at Dock Gate 20 – this will link with ABP's project to improve cycle facilities within the Port. <p>Legible Cycling – installation of bespoke wayfinding signs, maps and totems to help guide cyclists along the corridor and connecting with other routes in Southampton and beyond</p> <p>Real Time Information & Data Sharing</p> <p>New methods of collecting and disseminating data on travel and journey conditions through Co-operative ITS, to provide real time data on conditions and dynamically manage traffic. This will enable SCC to manage traffic conditions and unplanned events</p>
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	<p>along the A33 effectively to reduce delays and resulting air pollution.</p> <ul style="list-style-type: none"> • <u>Cycle counters</u> - Install 2 new automatic cycle counters along corridor for monitoring • <u>Bluetooth monitoring</u> - Use of Bluetooth technology to monitor journey times to help manage traffic on A33 better inform road users of predicted journey times and conditions and manage traffic signal operations in response to traffic or air quality conditions as part of wider Connected ITS Corridor • <u>2x Enhanced Variable Message</u> - Signs to display colour highway symbols and maps to a standard specification to display information about major events, cruise information or alternative modes or routes. Signs at Redbridge Roundabout and Regents Park Road. <p>Awareness Raising Through existing Southampton Workplace Travel Plan Network work with businesses in Millbrook Trading Estate, including ABP/DP World and SCC, to encourage the provision of attractive and secure facilities such as cycle racks, maintenance facilities, and storage. Investigate feasibility of a local Active Travel Hub/Bike Kitchen in partnership with businesses and community groups. Using the existing TPN to share best-practice. This will raise awareness of sustainable alternatives to single occupancy travel to work and be a route for engagement with local businesses about the CAZ.</p> <p>Green Infrastructure Planting of a Green Wall along sections of the route adjacent the existing cycle route and Freightliner Terminal. It is envisaged this will create a visual amenity and make the route a more attractive one, shelter the route from exposed port operations and prevailing sea winds and assist in reducing existing pollution levels.</p>
<p>SCN5 (Northern)</p>	<p>Delivering a high quality segregated Cycle Freeway and wayfinding along The Avenue to complement and upgrade the existing facilities as part of SCN5. This will complete the corridor from Chandlers Ford and Eastleigh into Southampton City Centre passing the University of Southampton and Southampton Common to encourage more commuting, education and leisure trips to be made by bike. Passes through the Burgess Road AQMA.</p> <p>It is broken down into the following components:</p> <ul style="list-style-type: none"> • <u>The Avenue (South)</u> – complements recent SCC investment on cycle facilities along The Avenue with construction of two ‘with flow’ segregated cycle lanes on The Avenue between London Road and Lodge Road potentially reallocating road space. This will provide cyclists with a dedicated segregated facility instead of the current busy shared use path.

	<ul style="list-style-type: none"> • <u>The Avenue (Common)</u> – continuation of segregated ‘with flow’ cycle lanes through Southampton Common complementing road safety project to reduce the 40mph speed limit to 30mph. This will narrow the carriageway on The Avenue changing how traffic perceives the road creating a safer and attractive route for cycling along busy stretch of road. ‘Floating bus stops’ will be implemented at 7 locations. • <u>Bassett Avenue</u> – junction improvements on existing shared use facilities to provide safer priority over side roads for cyclists, works to A35 Winchester Road roundabout to provide safer crossing and circulation points. Complements £1m worth of highway resurfacing and drainage along Bassett Avenue. <p>Legible Cycling – installation of bespoke wayfinding signs, maps and totems to help guide cyclists along the corridor and connecting with other routes in Southampton and beyond.</p>
<p>SCN 8 & 10 (Eastern)</p>	<p>Delivery of complementary high quality cycle routes and Quietways to the Highways England M27 Southampton Junctions project and links to the SCC NPIF project to deliver cycle freeway on SCN10 Bursledon Road. This will complete and supplement a main corridor in the east of Southampton from the city centre towards Hedge End and Botley along the A3024 corridor. Provide local connections to Bitterne Village District Centre for local services, into Sholing which is an area with pockets of deprivation, and to the schools and college along the length of the corridor. Passes adjacent to the Bitterne Road West AQMA. It consists of the following components:</p> <ul style="list-style-type: none"> • <u>SCN8 Quayside Road-Bitterne Village</u> – provide a Cityway standard alternative route to A3024 Bitterne Road west avoiding the Bitterne Road West AQMA. This could include junction treatment, cycle facilities, improved crossing facilities, cycle bypass lights at traffic signals and wayfinding. • <u>Sholing Quietways</u> – developing a series of Quietway routes from Valentine Primary School via Chessel Health Centre, Early Years provision, a local parade of shops to A3024 Bursledon Road (SCN10) with features such as road closures, upgrading cut-through, speed reduction. Link with local Community Cycle Group Engagement Programme through Monty’s Cycle Hub in Sholing and EU Metamorphosis project to embed cycling from an early age. Enabling all cyclists the ability to access the cycle network and local services. <p>Legible Cycling – installation of bespoke wayfinding signs, maps and totems to help guide cyclists along the corridor and connecting with other routes in Southampton and beyond.</p>
<p>Contribution to New</p>	<p>Hampshire County Council is seeking funding from the Highways England Air Quality designated funds to undertake feasibility and</p>

Forest Waterside Route	<p>design work for a cycle route in the east of the district. This contribution will provide the capacity for the New Forest to ensure that the route is linked with the SCN1 cycle route in Southampton and will contribute towards enhancements. The contribution will be focussed at this area as it is the area where the PCM identifies an exceedance of the EU Air Quality Directive, and is the focus of NFDC's plan for compliance.</p>
Promotion, Engagement & Awareness Raising	<p>Through the existing My Journey and National Clean Air Day programmes of promotion, engagement and awareness raising work with businesses and schools, including University of Southampton, Itchen College and SCC, to encourage the provision of attractive and secure facilities such as cycle racks, maintenance facilities, and storage. Investigate feasibility of a local Active Travel Hub/Bike Kitchen in partnership with businesses and community groups in Sholing and/or Bitterne. This will raise awareness of the new facilities constructed sustainable alternatives to single occupancy travel to work and be a route for engagement with local businesses and schools about the CAZ.</p>

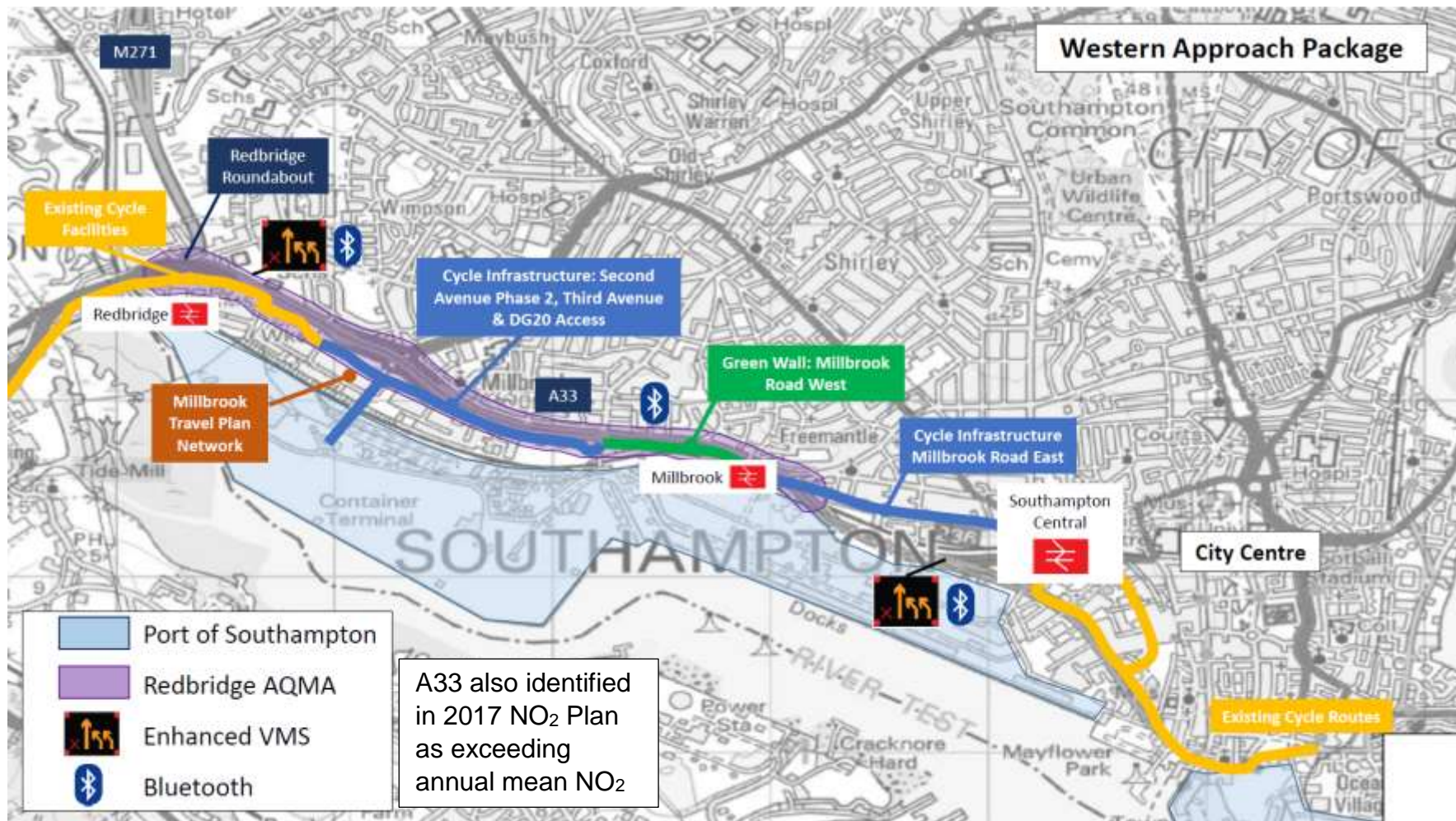


Figure 6 SCN1 A33 Western Approach infrastructure improvements

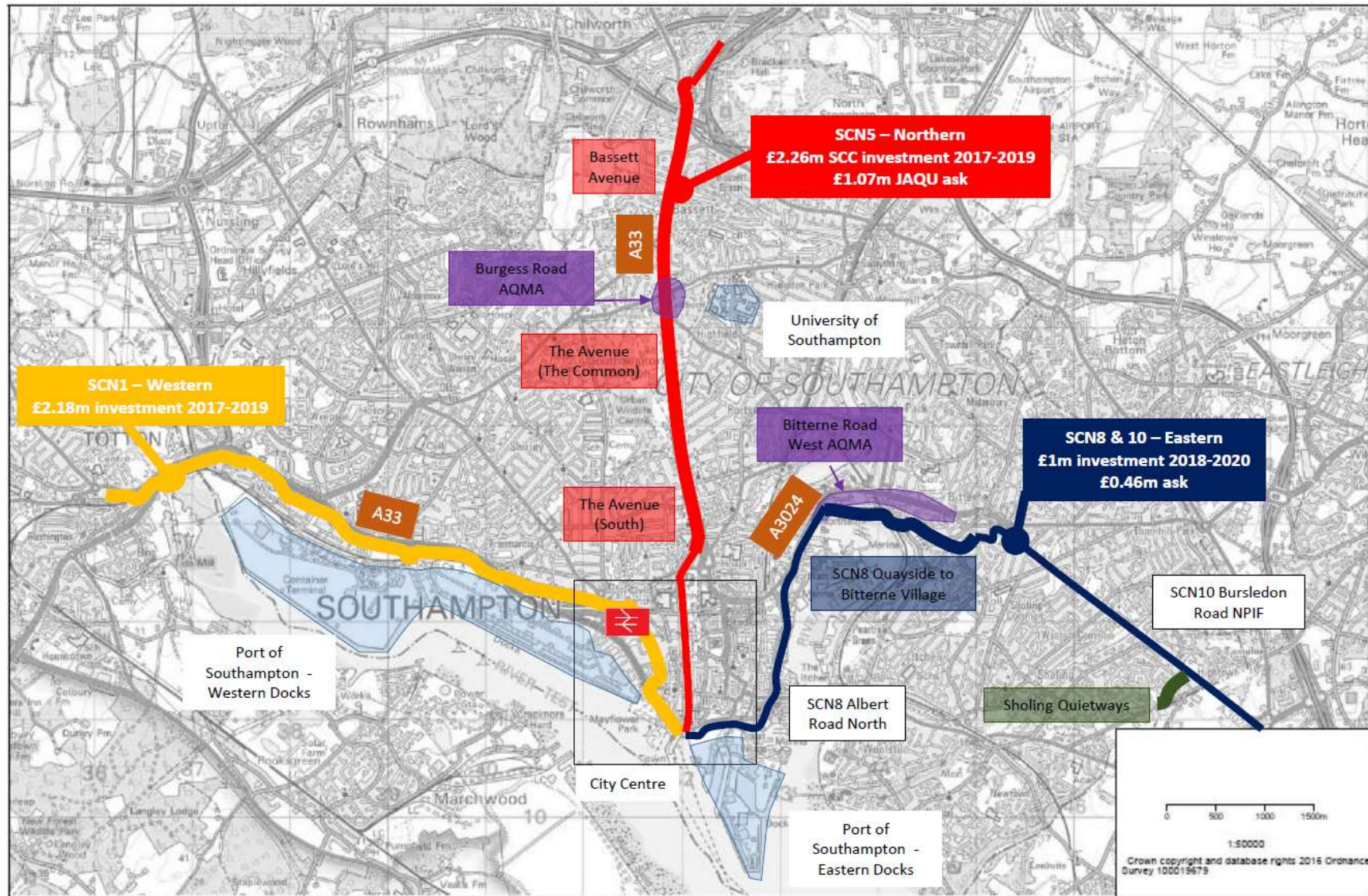


Figure 7 SCN5, 8 & 10 cycle routes

1.4.2. Clean Bus Technology Fund – Retrofitting City Buses

In 2018, Southampton City Council were awarded £2.7m to implement a programme of retrofit for operation buses in the city. The scheme was developed in partnership with the main bus operators in Southampton (First Group, Bluestar, Unilink Wheelers and Xelabus). The project will retrofit Clean Vehicle Retrofit Accreditation (CVRAS) Scheme accredited Selective Catalytic Reduction Technology (SCRT) equipment to 145 buses that are Euro III-V standard during 2017/18 and 2018/19, these retrofitted buses are included in the baseline scenario. At the time of project inception, there were 56 Euro VI buses operating in Southampton, with a further 52 new Euro VI buses due to be delivered by 2018. Accounting for these, the 145 buses represent all of the remaining non-Euro VI buses that will be operating in 2019/20 in Southampton and the wider area via services beyond the city including those to Totton (along the route identified as an EU AAQD exceedance in NFDC), Eastleigh and Winchester, areas that also have air quality management areas (AQMA's).

Vehicles accredited with CVRAS retrofit technology are deemed compliant with the Clean Air Zone minimum standards. The technology used to retrofit the buses is compliant with the Clean Vehicle Retrofit Accreditation Scheme⁷. Figure 8 shows Southampton bus routes relative to AQMA's and the EU AAQD exceedance identified by the national PCM model.

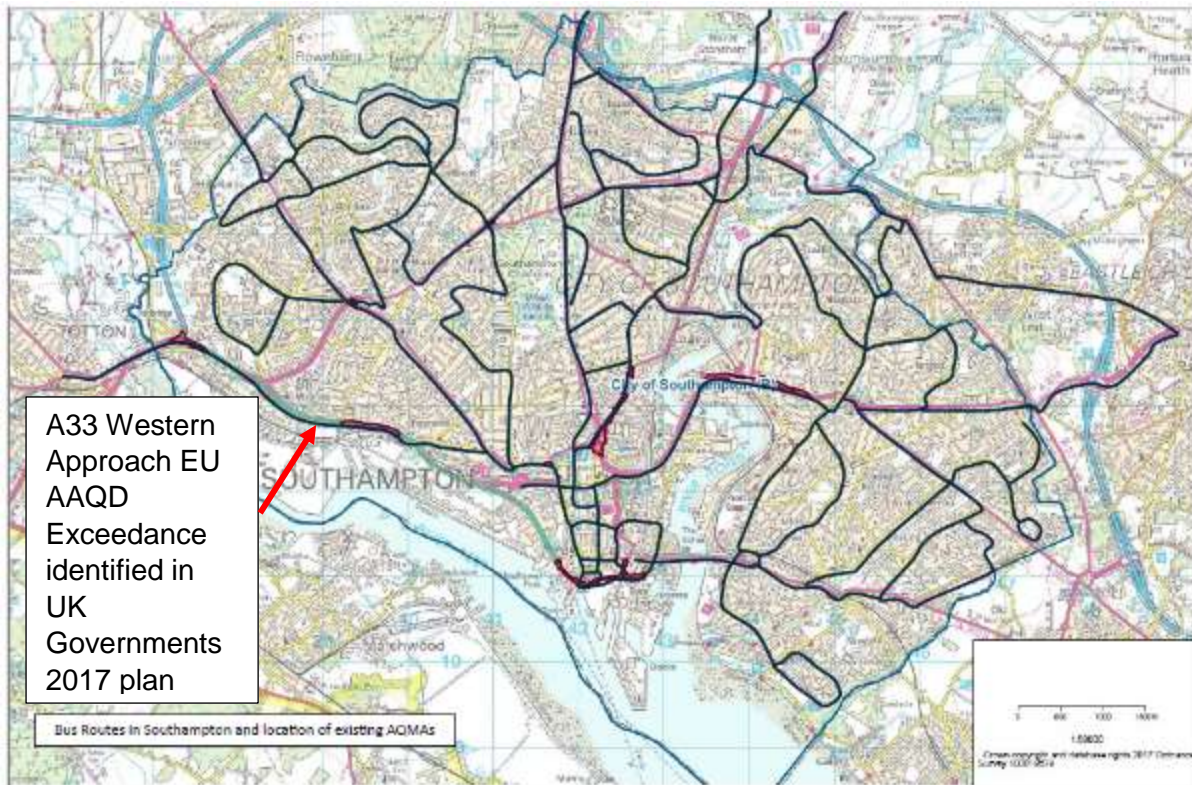


Figure 8 Bus routes relative to AQMA's and EU AAQD exceedance

⁷ <http://www.energysavingtrust.org.uk/transport/clean-vehicle-retrofit-accreditation-scheme-cvras>

1.4.3. Low Emission Taxi Incentive Scheme

Southampton City Council and Eastleigh Borough Council are offering financial incentives for locally licensed taxis to replace older, more polluting vehicles with lower emission alternatives.

Vehicles can be replaced under the scheme if they are pre-Euro 4 petrol/6 diesel. The scheme has £254,880 funding from Defra's Air Quality grant 17/18 and commenced in December 2017. This scheme is included in the baseline.

Table 4 Vehicles eligible as replacements and the financial incentive offered

Option	Description	Cashback Incentive
Full Electric	A vehicle with an original specification of being powered only by a battery charged from the electricity grid.	£3,000
Plug-in Hybrid Electric Vehicle (PHEV)	A vehicle with an original specification of being powered by a plug-in battery and an Internal Combustion Engine (ICE). After the battery range is utilised the vehicle reverts to conventional hybrid operation (Minimum Euro 4 Petrol or Euro 6 Diesel Engine).	£2,000
Full Hybrid	A vehicle with an original specification of being powered by an ICE and is capable of being powered solely using a battery and electric motor. Battery cannot be plugged in, and is charged during driving. (Minimum Euro 4 Petrol or Euro 6 Diesel Engine).	£1,500
Euro 5 or 6 Petrol (Capacity to carry 5-8 passengers or wheel chair accessible only)	Recognising that there is limited availability of low emission vehicles with capacity to carry 5-8 passengers.	£1,500

More information for taxi drivers and firms can be found at the [SCC Low Emission Taxi Incentive webpage](#).

The cashback is provided to those who replace vehicles on the basis that the funding is used to cover the cost of operating and licensing a vehicle in Southampton or Eastleigh.

It is proposed as part of this plan that the scheme is expanded to cover all vehicles that are licensed in Southampton and are not Euro 6 diesel/4 petrol vehicles.

1.5. Local Model Do Minimum Baseline

Appendix 1: AQ1 Tracker Table

Appendix 2: AQ2 Modelling Methodology Report

Appendix 3: AQ3 Air Quality Results Report

Appendix 4: T1 Local Transport Modelling Tracker

Appendix 5: T2 Southampton CAZ Local Model

Appendix 6: T3 Transport Modelling Methodology

Appendix 7: T4 Transport Modelling Forecasting Report

The 2017 National Plan identified exceedance of the EU Ambient Air Quality Directive (EU AAQD) in Southampton and New Forest. The model used to identify this exceedance is the national Pollution Climate Mapping model (PCM)⁸. SCC are required to undertake a more localised study. This local study provides finer resolution than is possible with the national PCM model. Inputs to the model are more localised including speed assumptions, local emission sources and local fleet composition based on ANPR data collected from Southampton.

Transport Model Methodology

Systra have developed a Sub-Regional Transport Model (SRTM) on behalf of Solent Transport to support a wide ranging set of interventions across the region, such as forecasting changes in travel demand, public transport use, and testing impacts of transport policies and interventions.

Air Quality Model Methodology

Ricardo have undertaken air quality modelling using the RapidAir model. The local model obtains a finer resolution of nitrogen dioxide concentrations in Southampton in comparison to the national Pollution Climate Mapping model (PCM). The RapidAir model enables a 1m resolution therefore modelled results can be extracted at receptor points anywhere on each of the 1m model output grid.

The local model output provides NO₂ concentrations for the base year (2015) and projects the pollutant concentrations at the same locations in 2020. The local model therefore provides details of any non-compliant locations within Southampton in 2020. The local model is also able to take into account any additional measures to determine if the air quality compliance will be met or brought forward at particular locations through interventions (i.e. the Clean Air Zone).

Local parameters (model inputs) were also used to establish the local model. These include;

- Local fleet composition (i.e. bus, coach, heavy goods vehicle, light goods vehicle, private car, motorcycle taxi and private hire) informed by an ANPR survey of vehicles in Southampton and the associated emission standards of vehicles, vehicle numbers (as annual average daily traffic AADT), vehicle speeds, fuel use/type and euro standard classification of vehicles.
- Other sources of emissions in Southampton including Southampton Port (vessels and port activity), industrial emissions including Marchwood

⁸ <https://uk-air.defra.gov.uk/research/air-quality-modelling?view=modelling>

Power Station and waste incineration plant in the New Forest. Local rail emissions were also included.

- Local weather data.

The local air quality model is validated with monitoring data collected by SCC from nitrogen dioxide diffusion tubes and automatic monitoring stations across the city.

The model provides results for the annual mean NO₂ concentrations at EU AAQD relevant locations in Southampton. It extends to other roads that are the responsibility of Hampshire County Council in neighbouring authorities and the Strategic Road Network (SRN) managed by Highways England including the M271, M27 and M3. The assessment extended to these areas to determine the impact of the scheme more widely.

Further details on the methodology used to model air quality locally can be found in appendix 2 AQ2 Air Quality Modelling Methodology. Transport evidence deliverables also appended (appendix 4 to 7).

The model provides results for the annual mean NO₂ concentrations at EU AAQD relevant locations in Southampton. It extends to other roads that are the responsibility of Hampshire County Council in Eastleigh and the Strategic Road Network (SRN) managed by Highways England including the M271, M27 and M3. The assessment extended to these areas to determine the impact of the scheme more widely.

Following extensive consultation between 21st June 2018 and 13th September 2018, and as a result of updates to data sources, the do minimum baseline scenario has been revised to reflect the most up to date information available. The full details and of the updates are provided in appendix 3 AQ3 Air Quality Results Report section 2.1.1.

Changes to the transport model

- An updated version of the version of the SRTM has been used
- Updated coding of the Redbridge roundabout to account for the current confirmed scheme design
- Use of the latest 2018 National Road Traffic Forecast (NRTF)

Updates to assumptions for the Port

Vessels travelling to or at berth:

- Activity levels revised to represent latest growth forecasts for container vessels, Roll-on Roll-off vessels and bulk carriers.
- Tighter fuel sulphur limit of 0.1% accounted for by assuming ships comply in 2015 by switching to marine distillate fuel.
- LNG ships are assumed to represent 20% of cruise ships calling at the Port of Southampton with 85% lower NO_x emissions compared to distillate fuel.
- Vessel fuel efficiency annual improvement of 1% in line with national atmospheric emissions inventory (NAEI) assumptions.
- An annual 1% reduction in NO_x emission factor from ships to 2020 for Southampton compared to the NAEI assumption of 0.7%.

Port machinery:

- Activity levels revised to represent latest growth forecasts for port machinery (e.g. straddle carriers relative to container ship forecasts).
- Updated fleet plan for straddle carrier emission standards and model types as of 2018 to project 2020 fleets.

Port related traffic

- Port activity forecast revisions reflected in transport modelling.
- Rail freight share updated to reflect diesel prices, rail freight subsidy provision and a rail lengthening project due for completion in 2020.

Funded Measures

The 2020 results will represent a baseline scenario where only measures currently implemented or being implemented to improve air quality are modelled. (I.e. without any sort of scheme to address NO₂ compliance). The measures already being implemented and included in the baseline scenario are detailed below:

Table 5 Funded measures included in do minimum baseline

Measure	Description
Clean Bus Technology Fund	Retrofitting 145 buses to Euro VI equivalence or better.
Cycling infrastructure enhancements (Early Measures)	SCN 1, 5, 8 and 10 have been funded by CAZ Early Measures funding and are will be delivered by 2020.
Low emission taxi incentive scheme	Offering local taxi drivers incentives to upgrade to cleaner vehicles when they replace non-CAZ compliant vehicles.

Do Minimum Baseline Results

The results represent key locations of interest. Full results are available in appendix 2 air quality results report and are listed at the end of this document. Values are reported as integers as is required by the EU Directive.

Census ID	PCM National NO ₂ Annual Mean (µg/m ³)		Local Model NO ₂ Annual Mean (µg/m ³)		
	2015	2020	2015	2019*	2020
46963	37	32	50	40	38
56347	55	46	43	37	36
6368	58	44	43	37	36
6933	35	30	44	38	37
73615	63	49	46	38	36
75251	42	37	39	33	32

*2019 has been interpolated between values modelled for 2015 and 2020 and is not directly modelled, therefore this provides a less certain value than those in 2015 and 2020.

The PCM National Model identified:

- An exceedance in 2020 at ID 56347
- An exceedance in 2020 at ID 6368
- An exceedance in 2020 at ID 73615
- One location in 2020 at ID 75251 above 35 µg/m³

The Local Model identified:

- No exceedance of 40 µg/m³ in 2020
- Six locations above 35 µg/m³ in 2020

The local modelling shows NO₂ compliance will be achieved at all locations in Southampton in 2020. The highest baseline concentration of NO₂ on the A3024 Northam Bridge is 38 µg/m³. There is approximately an average reduction of 2.5µg/m³ at each location in the city between 2019 and 2020.

In 2019, the highest concentration of NO₂ is 40 µg/m³ at census ID 46963 which is the A3024, Northam Bridge. This is compliant according to the EU Directive where values are reported to the nearest integer, however we must be mindful of the fact that this is at the limit value (i.e. the maximum level that could be deemed compliant), and is not directly modelled (it is an interpolated value between 2015 and 2020, increasing uncertainty in this value). Therefore measures are being proposed that can achieve reductions in NO_x emissions, and can be delivered in 2019, to increase the likelihood of compliance for both 2019 and 2020 (these measures are summarised in table 8).

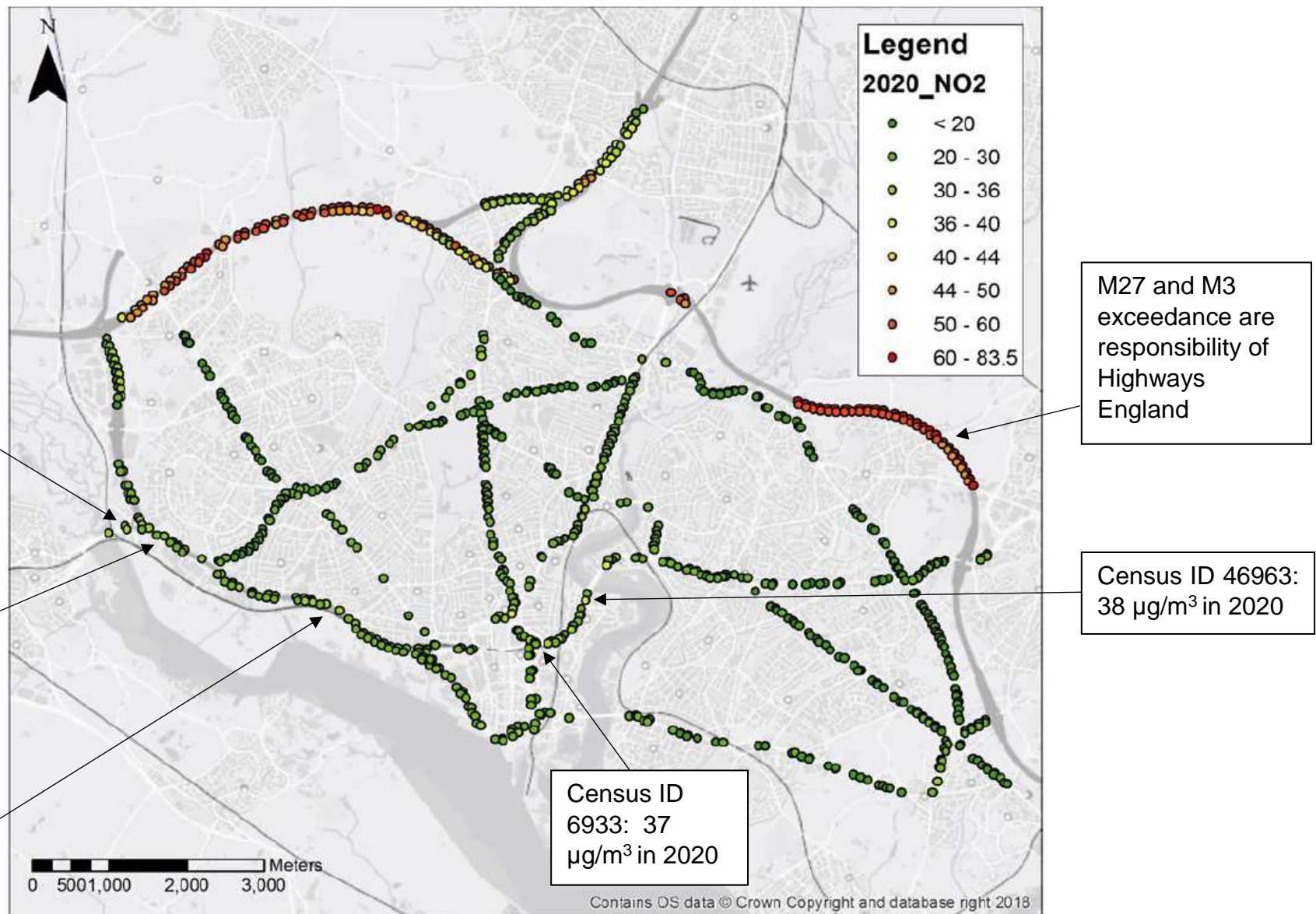


Figure 9 Do minimum Baseline local model annual mean NO₂ at EU AAQD relevant locations in 2020 ($\mu\text{g}/\text{m}^3$)

1.6. Source Apportionment

Source apportionment of NO_x concentrations has been carried out for key locations in Southampton, shown figure 10. Source apportionment was undertaken for the 2015 base year and the 2020 do minimum baseline scenario. A full discussion of the source apportionment is found in appendix 3 section 3.1.

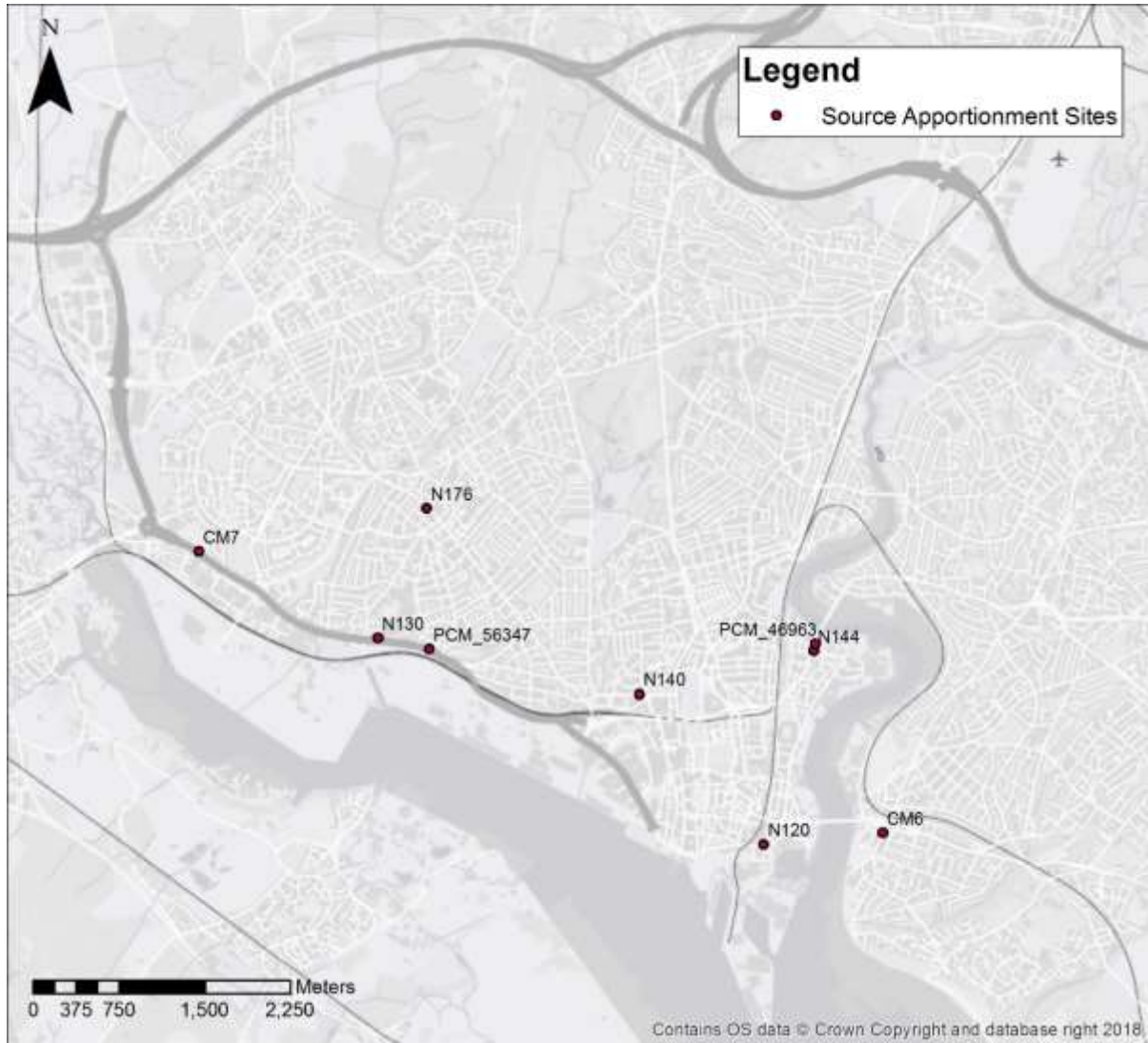


Figure 10 Locations of NO_x source apportionment in Southampton

For 2015, the apportionment of sources contributing to NO_x concentrations identifies that roads contribute most significantly at all locations (59-76%), as shown in figure 11.

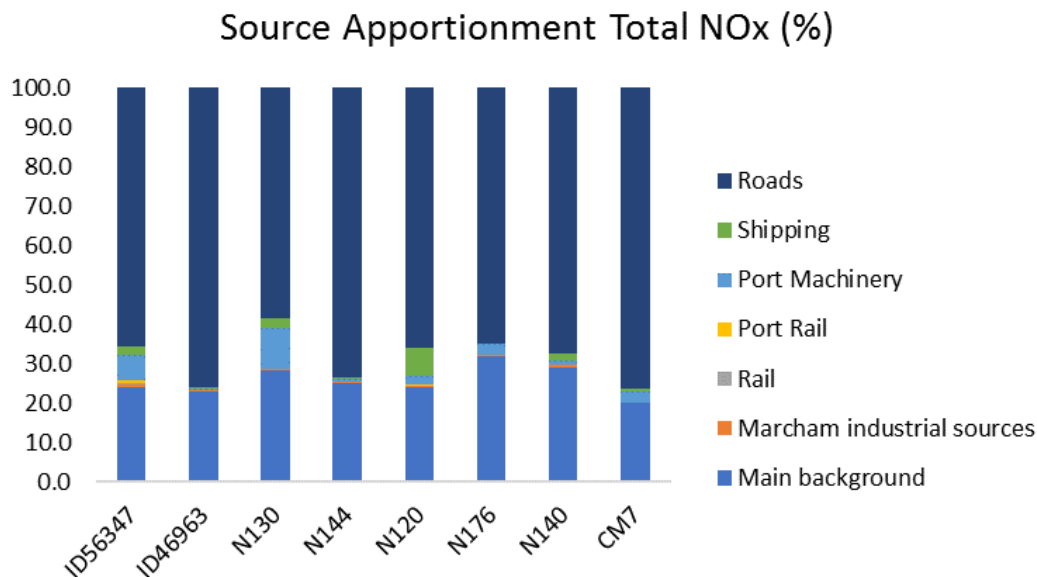


Figure 11 2015 NO_x Source Apportionment

The road contribution can be further broken down to show the contribution from each of the main vehicle types, as shown in figure 12. Diesel cars account for the highest proportion of road traffic emissions (average 41%) followed by HGV emissions (average 22%). The exception to this is site N120, where buses and diesel cars account for 30% of the total emissions each. Emissions from taxis at the source apportionment sites are on average 2%.

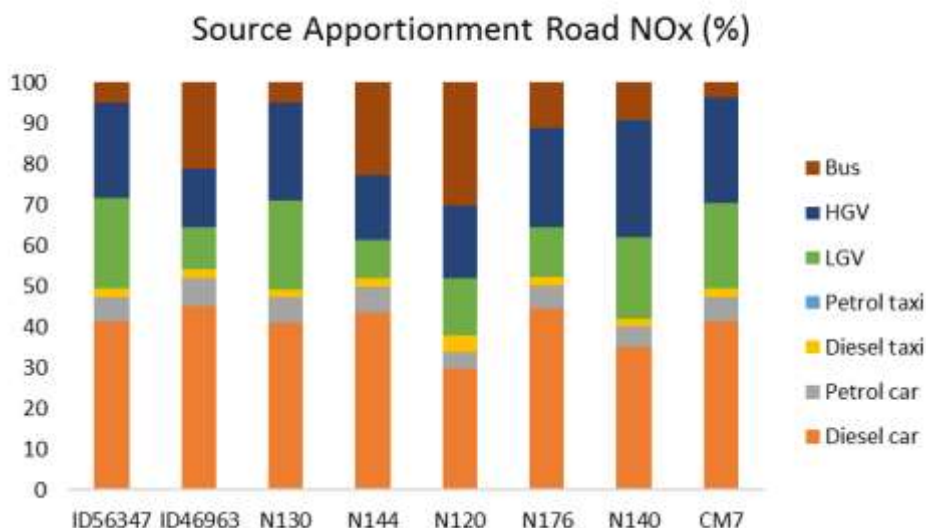


Figure 12 2015 Road NO_x source apportionment

In 2020, the majority of the total NO_x emissions are from road sources (47–76%), as shown in figure 13.

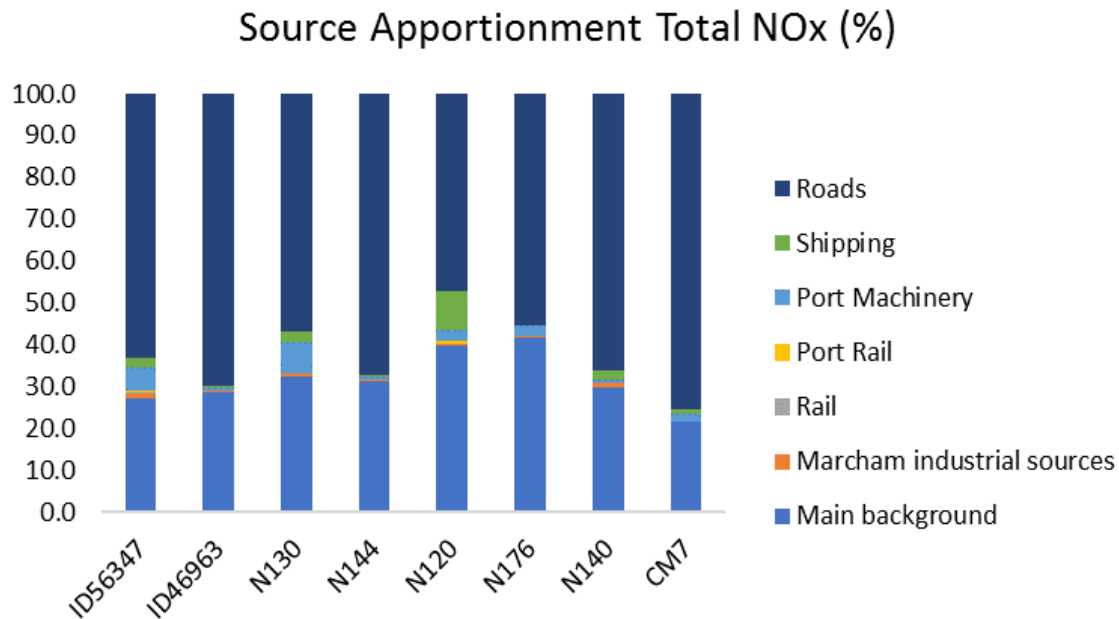


Figure 13 2020 NO_x source apportionment

The road contribution can be further broken down to describe the contribution from each of the main vehicle types and is shown in figure 14. Diesel cars contribute the largest amount to total road NO_x in 2020 (average 56%), followed by LGVs (average 22%). The proportion of emissions from buses has reduced in 2020 as a result of the completion of Southampton’s bus retrofit programme resulting in all buses being Euro VI. At N120, contribution of buses has reduced from 30% in 2015 to 5% in 2020.

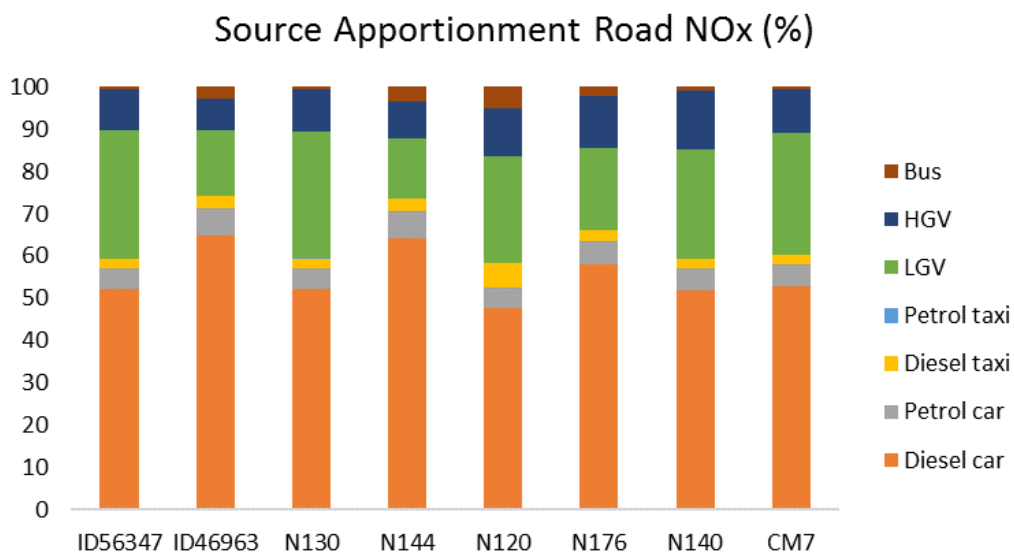


Figure 14 2020 Road NO_x contribution

1.7. Local Air Quality Management

For this plan, NO₂ is modelled at EU relevant locations in accordance with the EU Ambient Air Quality Directive. It has also been possible to model air quality at locations where monitoring is currently undertaken by the council. SCC currently has 10 air quality management areas (AQMAs) in the city, these are shown in the figure below.

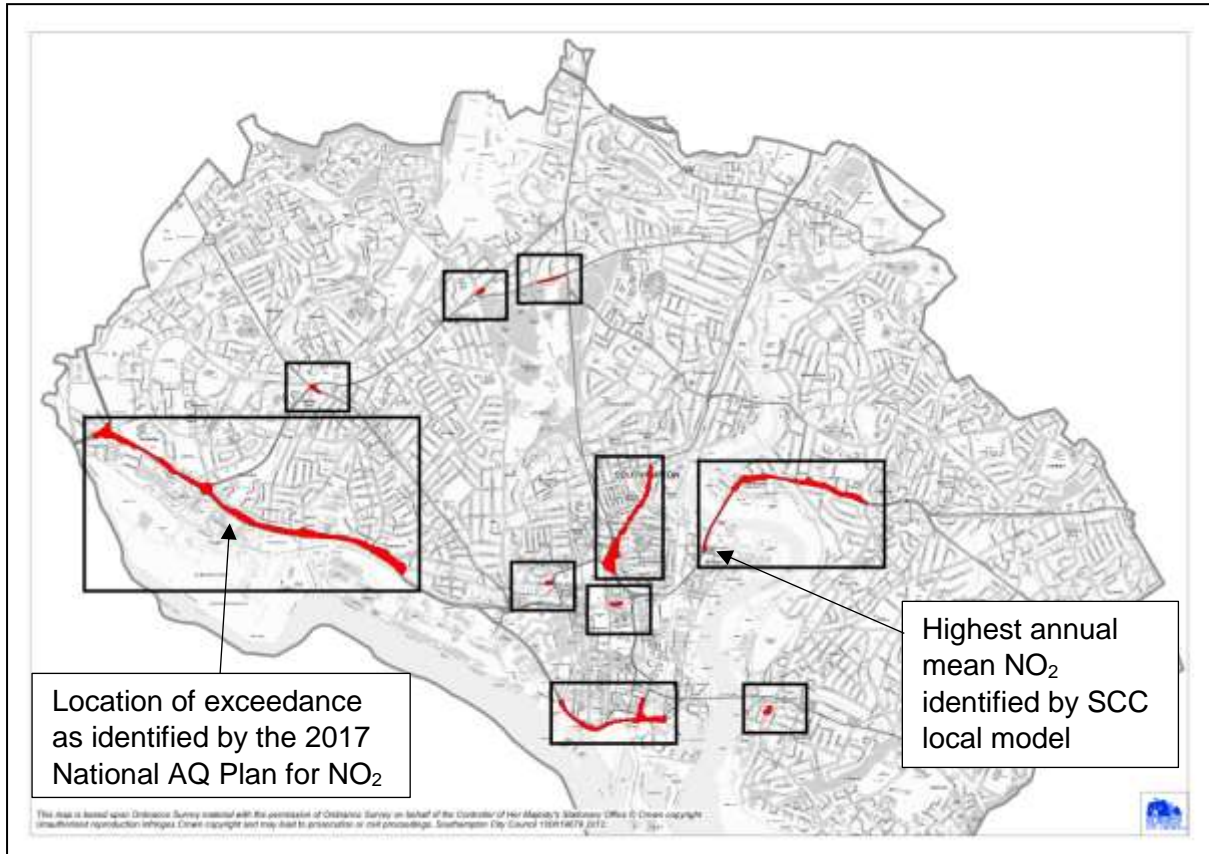


Figure 15 SCC AQMAs and the area identified by the 2017 National Plan for NO₂ as exceeding the EU limit value, and the location identified by the SCC local model as having the highest concentration of annual mean NO₂ (38 µg/m³).

Monitoring for nitrogen dioxide is undertaken at locations across the city, the latest data can be found at www.southampton.my-air.uk.

The modelled 2020 results at monitoring locations were calculated both for the main global adjustment factor that has been used for all other model results and for a local site specific adjustment using just the data at the monitoring location. The local adjusted results give an indication of the concentration if specific context at this location is considered (i.e. local monitoring data specific for that location), accounting for factors that may not be directly assessed in the model.

The results for Southampton indicate that in 2020, compliance with the 40 µg/m³ NO₂ annual mean objective will be achieved at all locations with the global adjustment factor. The local adjusted results show two sites that may be exceeding the limit value in 2020:

- Cranbury Place – this is significantly under predicted by the model as this is a road that is not in the traffic model and so we have no traffic data. As such the local adjustment significantly increases concentration here but this is not a

reliable results as 2015 adjustment will not account for fleet improvement to 2020.

- 5 Commercial Road (N140) – this is under predicted by the globally adjusted model, with local adjustment suggesting there may be little reduction in concentration from 2015 to 2020.

1.8. Consultation and Engagement

A 12-week consultation took place between 21st June 2018 and 13th September 2018. The aim of the consultation was to:

- a. Communicate clearly to residents and stakeholders the proposals for a Clean Air Zone in Southampton.
- b. Ensure any resident, business or stakeholder who wishes to comment on the proposals has the opportunity to do so, enabling them to raise any impacts the proposals may have.
- c. Allow participants to propose alternative suggestions for consideration which they feel could achieve the objective in a different way.
- d. Provide feedback on the results of the consultation to elected Members to enable them to make informed decisions about how to best progress.
- e. Ensure that the results are analysed in a meaningful, timely fashion, so that feedback is taken into account when decisions are made.

Overall, there were 9,309 separate written responses to the consultation. Detail of the consultation methodology for promoting and assessing the responses along with the results can be found here: https://www.southampton.gov.uk/images/clean-air-zone-consultation-feedback_tcm63-404512.pdf. It is also attached in appendix 11.

The consultation was conducted with a preferred option of a citywide Class B Clean Air Zone. Headline results of the consultation showed that of the respondents:

- 75% felt air quality in Southampton was a fairly or very big problem while 22% thought that air quality was not much of a problem or not a problem at all.
- 80% agreed with the overall aim of the Clean Air Zone with 11% disagreeing or strongly disagreeing.
- 56% agreed with the preferred option, while 33% disagreed or strongly disagreed.
- 20% felt the preferred option would have a positive impact on the city or port economy, while 64% felt it would have a negative impact.
- 77% felt the preferred option would have a positive impact on health while 6% felt it would have a negative impact on health.

During the consultation, engagement with key stakeholders became more focused on the assumptions made, this assisted in ensuring the inputs were robust and best reflected the current and likely future scenario. As a result, updates to assumptions were incorporated in an updated run of the modelling which is presented in section 1.5 (baseline air quality) and the economic case.

1.9. Spending Objectives

Primary Spending Objective

The primary spending objective of the local plan is to deliver a scheme that leads to compliance with NO₂ concentration limits in the shortest possible time.

Secondary Spending Objectives/Critical Success Factors

The secondary spending objectives of the plan for NO₂ compliance within the shortest possible time are consistent with the critical success factors (CSF) and are as follows:

Table 6 Secondary Spending Objectives

Secondary Spending Objective	Description
CAZ framework consistency	Is the option consistent with the governments CAZ Framework?
Distributional impacts	Are there adverse impacts on specific groups?
Value for money	Does the option represent good value for money?
Strategic fit	Does the option support the council's strategies?
Achievability	Southampton City Council's ability to deliver the proposed changes, both implementation of solution and ongoing management of solution.
Deliverability	The markets ability to deliver the proposed solution, in terms of product and services provision.
Affordability	Southampton City Council's ability to afford the proposed solution, both in terms of capital expenditure and revenue to maintain solution.
Eliminate, reduce or mitigate unintended adverse consequences	Does the option eliminate, reduce or mitigate unintended adverse consequences? For example worsening air quality in areas of the city due to traffic diversion or negative economic impacts.
Flexibility	The adaptability of the option to meet the potential changes requirements from the option as the CAZ develops
Evidence Base	Availability of existing supporting evidence for this option that demonstrates its viability, or ability to assess it through transport and air quality modelling.

1.10. Preferred Option

The local modelling shows NO₂ compliance will be achieved at all locations in Southampton in 2020. The highest baseline concentration of NO₂ on the A3024 Northam Bridge is 38 µg/m³. There is approximately an average reduction of 2.5µg/m³ at each location in the city between 2019 and 2020.

In 2019, the highest concentration of NO₂ is 40 µg/m³ at census ID 46963 which is the A3024, Northam Bridge. This is compliant according to the EU Directive where values are reported to the nearest integer, however we must be mindful of the fact that this is at the limit value (i.e. the maximum level that could be deemed compliant), and is not directly modelled (it is an interpolated value between 2015 and 2020, increasing uncertainty in this value). Therefore measures are being proposed that can achieve reductions in NO_x emissions, and can be delivered in 2019, to increase the likelihood of compliance for both 2019 and 2020 (these measures are summarised in table 8).

The non-charging NO₂ concentration values indicate there is minor air quality benefit of introducing the measures, however while NO₂ concentrations at EU relevant locations may not be significantly affected, there are direct emissions reductions as a result of the measures which will convey improvements in air quality once implemented in 2019, and provide additional confidence in achieving compliance whilst reducing exposure, which provides additional health benefits compared to the do minimum option for 2019 and 2020. These measures also increase certainty that assumptions made in the modelling are met. Air quality benefits of non-charging Clean Air Zone will also continue beyond 2020 with additional emission reductions providing assurances that compliance is maintained in years beyond 2020.

Feasibility assessment shows the citywide class B clean air zone can't be implemented before the end of 2019/start of 2020 and will therefore not have a discernible impact on air quality in 2019. Compliance is likely in 2020 and so will not be achieved sooner and therefore is not considered as a shortlist option. More details on the CAZ B assessment are included in appendix C of this document.

Table 7 Summary of preferred option and success factors

Success Factor/ Spending Objective	Comment
Compliance in the shortest possible time (PSO/CSF)	Compliance achieved under do minimum baseline scenario. Preferred option will mitigate risk of exceedance by further reductions in emissions of NO _x .
CAZ framework consistency	Consistent with framework, charging schemes should be explored only where no other options can be identified. Using existing powers to raise the standard of buses, taxis and private hire vehicles (CAZ Framework 1.10).
Distributional impacts	Support provided for those adversely affected by scheme, i.e. incentives for taxi operators to upgrade vehicles.

Value for money	Procurement routes identified in the commercial case ensure that delivering the non-charging option will deliver value for money.
Strategic fit	Supports clean air strategy, health and wellbeing strategy and council strategy. Will complement work underway for the Local Transport Plan.
Achievability	Using Local Authority powers and following cases demonstrates it is achievable within timescales required.
Deliverability	Procurement routes identified
Affordability	Bid for funding to ensure preferred option is affordable
Eliminate, reduce or mitigate unintended adverse consequences	Existing schemes (CBTF) mitigate TRC, support proposed for taxi and private hire vehicles to mitigate licensing requirements.
Flexibility	Monitoring and evaluation programme will assess progress, flexibility to adapt non-charging measures where necessary to meet primary objective.
Evidence Base	Evidence indicates compliance under do minimum baseline and therefore primary objective achieved, preferred option will mitigate risks of uncertainty. Scheme can be reviewed and assessed via monitoring and evaluation programme to produce further evidence.

The table below describes the air quality impact of the measures within the preferred option.

Table 8 Summary of measures for preferred option and air quality impact

Category	Measure	Description	Air Quality Impact (Qualitative and/or quantitative)
Taxi and Private Hire	Taxi Licensing Condition	Change of licensing conditions to require <u>newly licensed</u> vehicles to meet Euro 6 diesel/4 petrol by 2020 and <u>all SCC licensed vehicles</u> to meet Euro 6 diesel/4 petrol by 2023.	1.24 tonnes of NO _x in 2020 Improvements in NO _x and PM are anticipated after announcing condition change in 2019 and therefore will see reductions in emissions prior to 2020.

	Low Emission Taxi Incentive	Financial incentive for taxi and private hire vehicles to replace older more polluting vehicles and upgrade to low emission alternatives. An expansion of the existing low emission scheme.	Financial incentive will overcome barriers to upgrading to cleaner vehicles expressed by the taxi trade and encourage early uptake of hybrid or ULEVs. Announcing the scheme in 2019 will prompt early behaviour change by the taxi fleet and therefore air quality benefits from vehicle upgrades are expected in 2019.
	Non-SCC Taxi Bus Lane Restriction	Restrict access to bus lanes for non-SCC licensed taxis to incentivise vehicles remaining licensed in Southampton.	Mechanism to encourage vehicles to remain licensed with SCC rather than license in areas with less stringent emissions/age standards than proposed.
	ULEV Taxi Trial	Encourage the uptake of ULEVs and will facilitate uptake of the low emission incentive scheme and EVs, by demonstrating the feasibility of EVs as taxis.	By promoting the uptake of ULEV's in SCC's fleet, reductions in exhaust emissions will be achieved. This measure will support the licensing condition change and the low emission taxi scheme.
	2 EV Rapid Charge Points	Install 2 rapid EV charge points dedicated for taxi use at key locations in the city.	Availability of the rapid charge points will promote the uptake of ULEV's in SCC's fleet, reductions in exhaust emissions will be achieved. This measure will support the licensing condition change and the low emission taxi scheme.

Bus	Bus Traffic Regulation Condition	Implemented to support the bus retrofit programme providing a mechanism to ensure full uptake of the scheme by 2020. This will also ensure that the modern standard of the fleet is maintained beyond 2020 and prevent non-Euro VI or retrofit vehicles are able to operate on a license in the city.	Included to ensure positive trend of reducing emissions from buses as a result of the CBTF retrofit programme is maintained.
Freight and Logistics	Freight Consolidation Centre	Subsidised use of a freight consolidation centre outside of Southampton to reduce numbers of vehicles entering Southampton and use cleaner vehicles to undertake journeys.	0.68 tonnes of NO _x in 2020 0.18 tonnes of PM in 2020 Additional benefits include noise, congestion and fuel savings.
	Delivery service plans	Expert review of existing logistical operations and recommendations for implementing actions to improve efficiency and reduce emissions.	Signpost to Freight Consolidation Centre to drive uptake. Recommendations will reduce delivery trips and encourage cleaner logistics, reducing emissions of NO _x from operations.
	Fleet accreditation scheme	Encouraging cleaner vehicles in fleets and recognising where this has been achieved.	Signpost to Freight Consolidation Centre and Delivery and Service Plans to drive uptake. Recommendations will reduce delivery trips and encourage cleaner logistics, reducing emissions of NO _x from operations.

Behaviour Change	A3024 MyJourney Support	Behaviour Change to encourage use of sustainable/active travel and discourage private vehicle use.	Localised behaviour change campaign focussing on Northam/Bitterne area will encourage reductions in private vehicle use and reduce emissions of NO _x and PM.
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1.11. Key Constraints, Risks and Benefits

Constraints

The key constraints are:

- Ensuring compliance of the EU AAQD for nitrogen dioxide annual mean within the shortest possible time (Primary spending objective).
- Secondary objectives.
- In accordance with the Clean Air Zone Framework.
- Responsibility for compliance of roads within the city boundary and under the authority of Southampton City Council (e.g. not the strategic network roads which is the responsibility of Highways England M3, M27, M271).
- To ensure the plan is proportionate in achieving the primary objective.

Risks and Mitigations

Key risks are outlined below, scheme specific risks are identified in the management case.

Table 9 Key Risks and Mitigations for Project

Risk	Impact	Mitigation
Compliance is not achieved in the shortest possible time	High	<p>Robust technical assessment provides confidence that compliance will be achieved.</p> <p>By implementing the non-charging measures (preferred option), achieving the primary objective is more likely than the do minimum baseline.</p> <p>A monitoring and evaluation programme will measure the impact of the schemes and mitigating action will be taken where necessary.</p>

Secretary of State does not approve the full business case.	High	<p>Development of the business case has been an iterative process working closely with the Joint Air Quality Unit to produce a plan that meets the primary objective and is likely to be accepted by the Secretary of State.</p> <p>The preferred option demonstrates value for money and the primary objective is achieved, with a robust monitoring and evaluation programme.</p>
Full funding for the plan is not awarded	Medium	SCC has ensured that funded measures are scalable but the option which is considered the optimum is identified as the preferred option.
Measures are not supported by stakeholders	High	<p>A communication plan has been developed to ensure all stakeholders will be aware of the plan and the benefits. The preferred option includes suitable support and mitigation for all activities.</p> <p>The consultation identified a desire by the city's stakeholders to engage and work with the council to improve local air quality. All activities in the plan are based on developing this principle.</p> <p>Continuous monitoring and evaluation of the plan will identify and mitigation any issues.</p>

Benefits

They key benefits by implementing this plan are as follows:

- Demonstrating compliance with the EU AAQD within the shortest possible time is likely to be achieved.
- Public health benefits are delivered by improved air quality.
- Measures promote ongoing improvements in public health and air quality (e.g. traffic regulation condition provides mechanism to maintain a modern fleet in the absence of a charging Clean Air Zone).

These benefits will be assessed as part of the monitoring and evaluation programme and benefits realisation, benefits are discussed further in the management case.

2. Economic case

2.1. Preferred Option

The local modelling shows NO₂ compliance will be achieved at all locations in Southampton in 2020. The highest baseline concentration of NO₂ on the A3024 Northam Bridge is 38 µg/m³. There is approximately an average reduction of 2.5µg/m³ at each location in the city between 2019 and 2020.

In 2019, the highest concentration of NO₂ is 40 µg/m³ at census ID 46963 which is the A3024, Northam Bridge. This is compliant according to the EU Directive where values are reported to the nearest integer, however we must be mindful of the fact that this is at the limit value (i.e. the maximum level that could be deemed compliant), and is not directly modelled (it is an interpolated value between 2015 and 2020, increasing uncertainty in this value). Therefore measures are being proposed that can achieve reductions in NO_x emissions, and can be delivered in 2019, to increase the likelihood of compliance for both 2019 and 2020.

The non-charging NO₂ concentration values indicate there is minor air quality benefit of introducing the measures, however while NO₂ concentrations at EU relevant locations may not be significantly affected, there are direct emissions reductions as a result of the measures which will convey improvements in air quality once implemented in 2019, and provide additional confidence in achieving compliance whilst reducing exposure, which provides additional health benefits compared to the do minimum option for 2019 and 2020. These measures also increase certainty that assumptions made in the modelling are met. Air quality benefits of non-charging Clean Air Zone will also continue beyond 2020 with additional emission reductions providing assurances that compliance is maintained in years beyond 2020.

Feasibility assessment shows the citywide class B clean air zone can't be implemented before the end of 2019/start of 2020 and will therefore not have a discernible impact on air quality in 2019. Compliance is likely in 2020 and so will not be achieved sooner and therefore is not considered as a shortlist option. More details on the CAZ B assessment are included in appendix C of this document.

Table 10 Preferred option measures

Category	Measure	Description
Taxi and Private Hire	Taxi Licensing Condition	Change of licensing conditions to require <u>newly licensed</u> vehicles to meet Euro 6 diesel/4 petrol by 2020 and <u>all SCC licensed vehicles</u> to meet Euro 6 diesel/4 petrol by 2023.
	Low Emission Tax Incentive	Financial incentive for taxi and private hire vehicles to replace older more polluting vehicles and upgrade to low emission alternatives. An expansion of the existing low emission scheme.
	Non-SCC Taxi Bus Lane Restriction	Restrict access to bus lanes for non-SCC licensed taxis to incentivise vehicles remaining licensed in Southampton.
	ULEV Taxi Trial	Encourage the uptake of ULEVs and will facilitate uptake of the low emission incentive scheme and EVs, by demonstrating the feasibility of EVs as taxis.
	2 EV Rapid Charge Points	Install 2 rapid EV charge points dedicated for taxi use at key locations in the city.
Bus	Bus Traffic Regulation Condition	Implemented to support the bus retrofit programme providing a mechanism to ensure full uptake of the scheme by 2020. This will also ensure that the modern standard of the fleet is maintained beyond 2020 and prevent non-Euro VI or retrofit vehicles are able to operate on a license in the city.
Freight and Logistics	Freight Consolidation Centre	Subsidised use of a freight consolidation centre outside of Southampton to reduce numbers of vehicles entering Southampton and use cleaner vehicles to undertake journeys.
	Delivery service plans	Expert review of existing logistical operations and recommendations for implementing actions to improve efficiency and reduce emissions.
	Fleet accreditation scheme	Encouraging cleaner vehicles in fleets and recognising where this has been achieved.

Behaviour Change	A3024 MyJourney Support	Behaviour Change to encourage use of sustainable/active travel and discourage private vehicle use.
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2.2. Options Sifting

The initial long list sifting exercise that took place in 2016/17 assessed a wide range of possible options that span the extent of the Clean Air Zone Framework's classification system and considered a number of geographic boundaries. This is documented in the appendix 8.

The options sifting assessment identified a short list (as below) with the preferred option of the city wide class B charging clean air zone. The initial shortlist options were as follows:

- Option 1: City wide Class B CAZ
- Option 2: City wide HGV charging scheme
- Option 3: City centre Class A
- Option 4: Non-charging CAZ

In June 2018, SCC and NFDC (at this time NFDC were undertaking the assessment in partnership with SCC) consulted on the short listed options included in a draft outline business and the identified preferred option of a Class B charging clean air zone. The options sifting for the earlier phase of business case development is presented in appendix 8.

The consultation identified a number of assumptions that had been used in the air quality and transport models supporting the above short list and preferred option needed amending to best reflect the likely situation in 2020. Consequently, the baseline air quality model was rerun, the results are shown in section 1.5 of this document and showed compliance with the EU limit value for annual mean NO₂ at all Southampton locations in 2020.

Following this, a revised options appraisal was required in light of the changes to the baseline air quality. Options sifting was undertaken based on the following:

Table 11 Options sifting primary and secondary objectives

Primary Spending Objective	
Compliance within the shortest possible time (Pass/Fail)	Is the option likely to result in compliance with the EU AAQD for NO ₂ within the shortest possible time?
Secondary Spending Objective	
CAZ framework consistency	Is the option consistent with the governments CAZ Framework?
Distributional impacts	Are there adverse impacts on specific groups?
Value for money	Does the option represent good value for money?
Strategic fit	Does the option support the council's strategies?
Achievability	Southampton City Council's ability to deliver the proposed changes, both implementation of solution and ongoing management of solution.
Deliverability	The markets ability to deliver the proposed solution, in terms of product and services provision.
Affordability	Southampton City Council's ability to afford the proposed solution, both in terms of capital expenditure and revenue to maintain solution.
Eliminate, reduce or mitigate unintended adverse consequences	Does the option eliminate, reduce or mitigate unintended adverse consequences? For example worsening air quality in areas of the city due to traffic diversion or negative economic impacts.
Flexibility	The adaptability of the option to meet the potential changes requirements from the option as the CAZ develops
Evidence Base	Availability of existing supporting evidence for this option that demonstrates its viability, or ability to assess it through transport and air quality modelling.

The options are scored according to the following criteria:

- ✓✓ Excellent
- ✓ Good
- Satisfactory or no score
- ✗ Poor

Because the revised baseline showed compliance at all Southampton locations in 2020, it was necessary to repeat the options appraisal assessment in full, including the long-list sifting exercise. We held a workshop to identify any further measures we could implement that we did not consider initially in the previous long list assessment. We identified additional measures, highlighted in the long list in appendix 8, for example, port measures.

SCC conducted the options appraisal focusing on measures that could be implemented in 2019 to provide further confidence of compliance in 2019 and 2020 and deliver emissions reductions as quickly as possible in 2019. The full options appraisal undertaken for this business case is presented in appendix 8 including the reasons behind why each measure was discounted and not taken forward to the short list. As a result, two options have been taken forward to the shortlist.

A third option, citywide CAZ B was also assessed as a benchmark option. Details of this options assessment is summarised in appendix C of this document.

2.3. Shortlist

Do minimum baseline:

As described in section 1.5 of this document. This includes funded measures due for completion by 2020 (low emission taxi incentive scheme, cycling early measures funding and clean bus technology fund).

Table 12 Do minimum modelling approach

Measure	Description	Modelling approach
Baseline traffic and non-transport activity	See section 1.5 of this document.	This includes: <ul style="list-style-type: none"> • Updated traffic model with NRTF18 and revised port related traffic assumptions. • Updated port activity with reduced growth, cruise ship LNG usage and adjusted NO_x factor forecast.
Early measure cycling scheme – routes 1, 5, 8 and 10	See section 1.4.1 of this document.	Additional cycling infrastructure included in the traffic model and this affects private car demand.
Clean Bus Technology Fund (CBTF)	See section 1.4.2 of this document.	All non-Euro VI buses retrofitted to Euro VI (total of 145 buses), so bus fleet set to all Euro VI in the model.

Non-charging Clean Air Zone:

A package of non-charging clean air zone measures that can be introduced by the end of 2019 or sooner and will improve concentrations of annual mean nitrogen dioxide at EU relevant locations and/or reduce emissions of NO₂ and NO_x and therefore reduce exposure. Results of the air quality modelling and emissions reduction calculations are described in section 2.4.1.

Table 13 Non-Charging Clean Air Zone measures and modelling approach

Category	Measure	Assessment Approach
Taxi and Private Hire	Taxi Licensing Condition	Emissions factor toolkit (EfT) to estimate NO _x emission reductions.
	Low Emission Taxi Incentive	Mitigation – Not explicitly modelled. AQ impacts qualitatively assessed. Included in baseline AQ model.
	Non-SCC Taxi Bus Lane Restriction	Mitigation – Not explicitly modelled. AQ impacts qualitatively assessed.
	ULEV Taxi Trial	Mitigation – Not explicitly modelled
	2 EV Rapid Charge Points	Mitigation – Not explicitly modelled. AQ impacts qualitatively assessed.
Bus	Bus Traffic Regulation Condition	Air quality model - All operational buses in Southampton are Euro VI (as modelled for CBTF in do minimum) – same as baseline model.
Freight and Logistics	Freight Consolidation Centre	Transport model – Remove 640 LGVs and 113 HGVs movements from the network weekly due to consolidation. These flows have been removed in the transport model. RapidEms to estimate NO _x emission reductions.
	Delivery service plans	Mitigation – Not explicitly modelled. AQ impacts qualitatively assessed.
	Fleet accreditation scheme	Mitigation – Not explicitly modelled. AQ impacts qualitatively assessed.
Behaviour Change	A3024 MyJourney Support	Mitigation – Not explicitly modelled. AQ impacts qualitatively assessed.

2.4. Options Appraisal

2.4.1. Air Quality

Table 6 summarises the air quality options appraisal. The full results are listed at the end of this document and in the air quality report in appendix 3 where there is further discussion of the results.

Table 14 Air Quality Options Appraisal summary

	Do minimum baseline local model annual mean NO₂ µg/m³	Non-charging local model annual mean NO₂ µg/m³
Census ID	2020	2020
46963	38	38
56347	36	36
6368	36	35
6933	37	37
73615	36	36

The non-charging NO₂ concentration values indicate there is minor air quality benefit of introducing the measures, however while NO₂ concentrations at EU relevant locations may not be significantly affected, there are direct emissions reductions as a result of the measures which will convey improvements in air quality once implemented in 2019, and provide additional confidence in achieving compliance whilst reducing exposure, which provides additional health benefits compared to the do minimum option for 2019 and 2020. These measures also increase certainty that assumptions made in the modelling are met. Air quality benefits of non-charging Clean Air Zone will also continue beyond 2020 with additional emission reductions providing assurances that compliance is maintained in years beyond 2020.

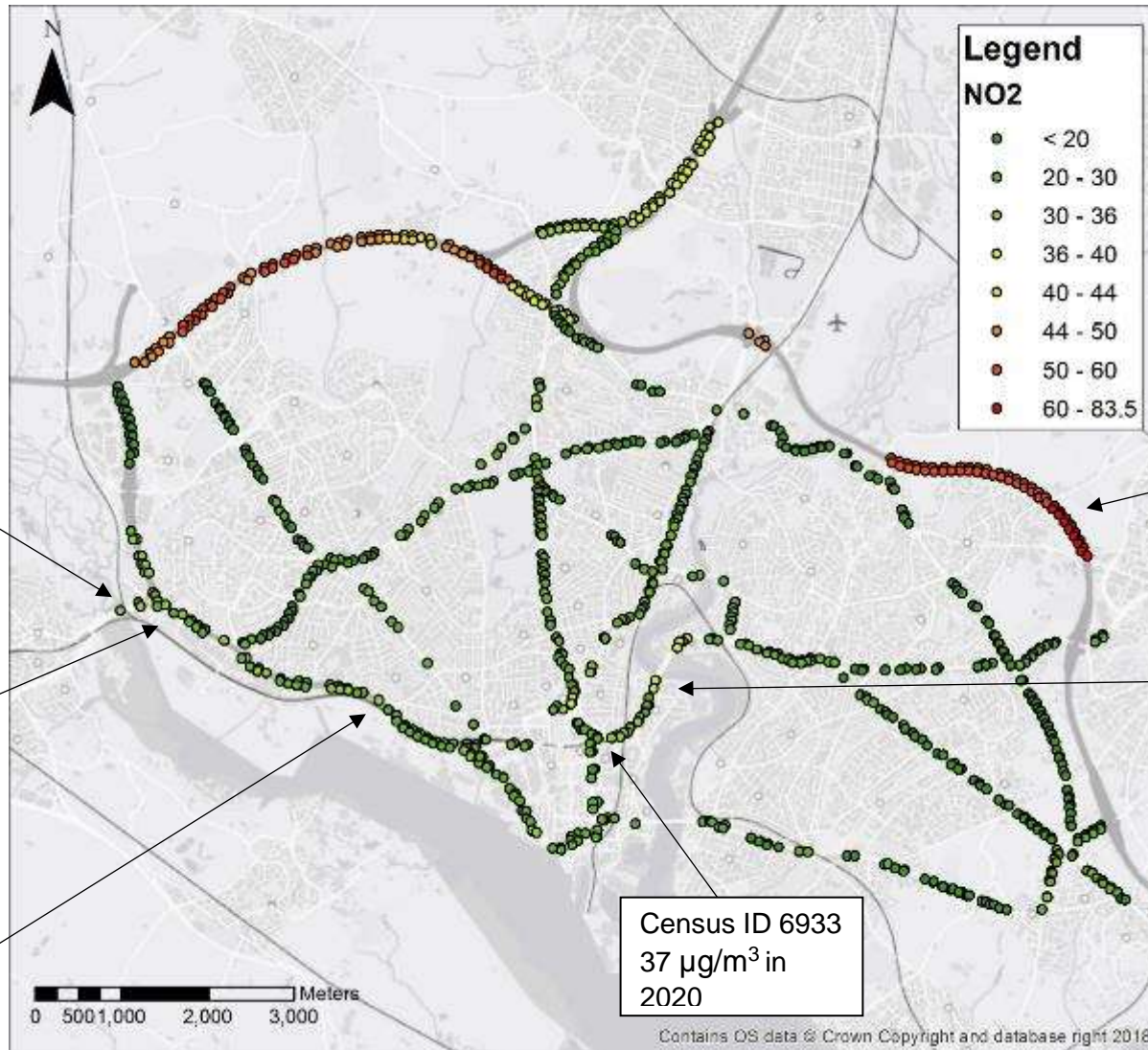


Figure 16 Non-Charging local model annual mean NO₂ at EU AAQD relevant locations in 2020 ($\mu\text{g}/\text{m}^3$)

The following table describes the impact on air quality of the options, both quantitative and qualitatively.

Table 15 Summary of preferred option air quality impact

Category	Measure	Description	Modelling Approach	Quantitative Air Quality Impact	Qualitative Air Quality Impact
Taxi and Private Hire	Taxi Licensing Condition	Change of licensing conditions to require <i>newly licensed</i> vehicles to meet Euro 6 diesel/4 petrol by 2020 and <i>all SCC licensed vehicles</i> to meet Euro 6 diesel/4 petrol by 2023.	Emissions factor toolkit (EfT)	1.24 tonnes of NO _x in 2020	Accelerate uptake of cleaner vehicles. Announcing the scheme in 2019 will prompt early behaviour change by the taxi fleet and therefore air quality benefits from vehicle upgrades are expected in 2019.
	Low Emission Taxi Incentive	Financial incentive for taxi and private hire vehicles to replace older more polluting vehicles and upgrade to low emission alternatives. An expansion of the existing low emission scheme.	Mitigation – Not explicitly modelled		Financial incentive will overcome barriers to upgrading to cleaner vehicles expressed by the taxi trade and encourage early uptake of hybrid or ULEVs. Announcing the scheme in 2019 will prompt early behaviour change by the taxi fleet and therefore air quality benefits from vehicle

					upgrades are expected in 2019.
	Non-SCC Taxi Bus Lane Restriction	Restrict access to bus lanes for non-SCC licensed taxis to incentivise vehicles remaining licensed in Southampton.	Mitigation – Not explicitly modelled		Mechanism to encourage vehicles to remain licensed with SCC rather than license in areas with less stringent emissions/age standards than proposed.
	ULEV Taxi Trial	Encourage the uptake of ULEVs and will facilitate uptake of the low emission incentive scheme and EVs, by demonstrating the feasibility of EVs as taxis.	Mitigation – Not explicitly modelled		By promoting the uptake of ULEV's in SCC's fleet, reductions in exhaust emissions will be achieved. This measure will support the licensing condition change and the low emission taxi scheme.
	2 EV Rapid Charge Points	Install 2 rapid EV charge points dedicated for taxi use.	Mitigation – Not explicitly modelled		Availability of the rapid charge points will promote the uptake of ULEV's in SCC's fleet, reductions in exhaust emissions will be achieved. This measure will support the licensing condition change and the low emission taxi scheme.

Bus	Bus Traffic Regulation Condition	Implemented to support the bus retrofit programme providing a mechanism to ensure full uptake of the scheme by 2020. This will also ensure that the modern standard of the fleet is maintained beyond 2020 and prevent non-Euro VI or retrofit vehicles are able to operate on a license in the city.	Air quality model - All operational buses in Southampton are Euro VI (as modelled for CBTF in do minimum)		Funding for CBTF achieves funding to ensure behaviour change of bus operators and mitigates risk that in the absence of a charging CAZ or other regulation, older vehicles return to the Southampton fleet.
Freight and Logistics	Freight Consolidation	Subsidised use of a freight consolidation centre outside of Southampton to reduce numbers of vehicles entering Southampton and use cleaner vehicles to undertake journeys.	Transport model – Remove 640 LGVs and 113 HGVs movements from the network weekly due to consolidation. RapidEms (Ricardo emissions tool) -	Indiscernible NO ₂ impact at EU AQ Compliance locations 0.68 tonnes of NO _x in 2020 0.18 tonnes of PM in 2020	The 0.68 tonnes of NO _x are calculated based on the case included within the modelling. On delivering this scheme it is intended to capture more cases and therefore result in higher emissions savings. This is also only for 2020, the consolidation centre is intended to operate for 10 subsequent years and therefore the emissions reductions will continue beyond 2020, reducing exposure and conveying health benefits as a result.

	Delivery and Service Plans	Expert review of existing logistical operations and recommendations for implementing actions to improve efficiency and reduce emissions.	Not explicitly modelled – qualitative assessment		Signpost to Freight Consolidation Centre to drive uptake. Recommendations will reduce delivery trips and encourage cleaner logistics, reducing emissions of NO _x from operations.
	Fleet Accreditation Scheme	Encouraging cleaner vehicles in fleets and recognising where this has been achieved.	Not explicitly modelled – qualitative assessment		Signpost to Freight Consolidation Centre and Delivery and Service Plans to drive uptake. Recommendations will reduce delivery trips and encourage cleaner logistics, reducing emissions of NO _x from operations.
Behaviour Change	A3024 MyJourney Support	Behaviour Change to encourage use of sustainable/active travel and discourage private vehicle use.	Not explicitly modelled – qualitative assessment		Workplaces that we engaged with on previous schemes benefited from an estimated growth in the number of cycle journeys of around 7% during commuting times. Similarly, school engagement indicated that combining smarter choices activities with infrastructure may deliver an uplift in cycling levels of between 12% and 16% that infrastructure alone cannot

					achieve. This will contribute to reduced emissions of NO _x in the area by removing private vehicle journeys and replacing them with cycle journeys.
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2.4.2. Air Quality - Uncertainty and Sensitivity

The following table shows the sensitivity assessments undertaken on the air quality model and discusses the outcome.

Table 16 Air Quality Model Sensitivity Assessment

Sensitivity	Description	Method	Outcome
High Port Growth	Return the port growth to that originally sourced from the 2016 Port Masterplan, with all other assumptions keep the same, as a worst-case scenario.	Model in air quality model for do minimum baseline	The high port growth sensitivity tests indicates some minor increases in concentrations on the Western Approaches (A33) but this is not enough to change the compliance outcome for the 'do minimum' baseline.
Non Charging CAZ	Test the effect of reducing the air quality benefit conveyed by the non-charging measures.	Half the benefit of the non-charging scheme on concentrations.	The non-charging CAZ has already been shown to have limited impact on concentration and so reducing the impact of these measures further has the same outcome.
Future emission standards	Adjust light vehicle Euro 6 fleet mix to all Euro 6a to represent a worst-case 'high emissions' scenario.	Rerun emission calculations and dispersion model for the 2020 Do-minimum scenario only.	By setting all Euro 6 light duty vehicles to the Euro 6a standard increases concentrations in 2020 by on average 4% (or 1-2 $\mu\text{g}/\text{m}^3$). This is not sufficient for any location to exceed the 40 $\mu\text{g}/\text{m}^3$ limit value but it does take on link (ID46963 – A3024 Northam Bridge) up to the limit. Given model uncertainty this increases the risk of exceedance in the do minimum baseline.
Lower f-NO ₂	Lowering proportion of primary NO ₂ (f-NO ₂).	Lower f-NO ₂ values in projected year by 40% - this has been applied to the 2020 baseline model outputs only.	By lowering the proportion of primary NO ₂ (f-NO ₂) in the NO _x to NO ₂ conversion significantly reduces concentrations by an average of 5% but this

			varies from, 0% to 15% depending on traffic composition. This reduction would effectively reduce all concentrations below 35 $\mu\text{g}/\text{m}^3$, except for those on motorway links, and so remove any remaining risk on exceedance.
Emissions at low speed (high emissions)	JAQU suggests a method for assessing both a 'high emissions' and 'low emissions' sensitivity test for HGVs and buses modelled at speeds of less than 12kph. Therefore filtered all road links in the Southampton 2020 base year model with speeds less than 12kph.	Extracted modelled NO_2 and fNO_2 concentrations at 4m from the roadside, multiplied total Road NO_x for all vehicles by the maximum scaling factor derived, which at 10kph is 103.6% for buses. Then applied the model calibration road NO_x adjustment factor, converted NO_x to NO_2 and compared annual mean concentrations with the 40 $\mu\text{g}/\text{m}^3$ limit value.	At all receptor locations the re-adjusted NO_2 annual mean concentrations ranged from 18 to 23 $\mu\text{g}/\text{m}^3$, so were significantly less than the limit value.
Emissions at low speed (low emissions)		Discussion	Impact not quantified as no exceedance on links where speeds of <12kph. Concentrations would reduce further.
Zonal vs full model domain calibration	Zonal vs full model domain calibration	Discussion	No sensitivity undertaken. Discussion supporting use of full model domain provided in appendix 2.

Background NO ₂ calculation	Background NO ₂ calculation	Discussion	No sensitivity undertaken. Discussion supporting decision in appendix 2.
f-NO ₂ and calibration	JAQU suggest - If there are a number of roadside chemiluminescence monitors within a model domain the local authority may wish to run a sensitivity test to examine the possible impact of this effect by calibrating for NO _x using data from chemiluminescence monitors only (then calibrating for NO ₂ using all monitoring sites)'	Discussion	Only three roadside chemiluminescence monitors in domain with sparse coverage. Diffusion tubes while more uncertain provide more robust set of model agreement statistics. No sensitivity undertaken. Discussion supporting decision in appendix 2.
Surface roughness length	JAQU suggest that local authorities model both high and low surface roughness sensitivity tests, scaling surface roughness by appropriate amounts (which will vary on a case by case basis).	Discussion	No sensitivity undertaken. Discussion supporting decision in appendix 2.
Meteorology	Potential for inter-annual variability in meteorological conditions to impact on modelled concentrations	Discussion	No sensitivity undertaken. Discussion supporting decision in appendix 2.

The key outcome of these sensitivity tests is as follows:

- Higher levels of port growth – this increases concentrations by a maximum of $0.5 \mu\text{g}\cdot\text{m}^{-3}$ so did not have an impact on the final results;
- Lower performance of Euro 6 – setting all light duty vehicles to base Euro 6 standard increased concentrations by up to $2 \mu\text{g}/\text{m}^3$ which pushed one PCM location up to $40 \mu\text{g}/\text{m}^3$ and another to just over $35 \mu\text{g}/\text{m}^3$ in the 'do minimum' so increases the risk of an exceedance arising in 2020.
- Lower fNO_2 by 40% - this significantly reduces concentrations and removes all the locations potentially at risk of exceedance in the baseline.
- Lower impact of the non-charging CAZ option – the impact of this option was limited so there is no scope to reduce the benefit.

2.4.3. Analytical Assurance

The analytical assurance statement is included in appendix 9.

2.5. Cost Benefit Analysis

	AQ emissions impacts	Upgrade costs	Charging zone Implementation costs	Opex change	Fuel consumption	CO2 emissions	Welfare effects	SDC	Shore-side power	NPV
Non Charging CAZ	1.26	-0.15	-	-0.00	0.05	0.03	-0.01	0.52	-1.46	0.22

Notes: +ve values denote benefit / -ve values denote costs; all impacts are in 2018 prices; all impacts are discounted to 2018; (*) Air quality impacts represent reductions in emissions valued using the damage costs. These results are distinct from those presented in the air quality modelling report, which focus on concentrations and comparison to the legal limits, although a key input into this economic work is the underlying air quality modelling used to form compliance assessment.

Table 17 – Monetised impacts of NCH CAZ at sub-measure level

	AQ emissions impacts	Upgrade costs	Implementation costs	Opex change	Fuel consumption	CO2 emissions	Welfare effects	Travel time effects	NPV
Taxi licence	£37,459	- £152,510		- £1,998	£46,868	£25,607			- £44,574
SDC	£268,115		- £1,084,813		£251,692			£1,620,057	£1,055,051
Port booking			- £268,874				- £9,749		- £278,623
Shore-side power	£950,056		- £6,331,518		£1,667,126	£3,204,309			- £510,028

Notes: + ve values denote benefit / -ve values denote costs; all impacts are in 2018 prices; all impacts are discounted to 2018

Where cells blank, impacts not estimated or are not associated with measure

An illustration of the present value of the non-charging option is shown in figure 17 compared to the CAZ B benchmark option (discussed and summarised further in appendix C of this document).

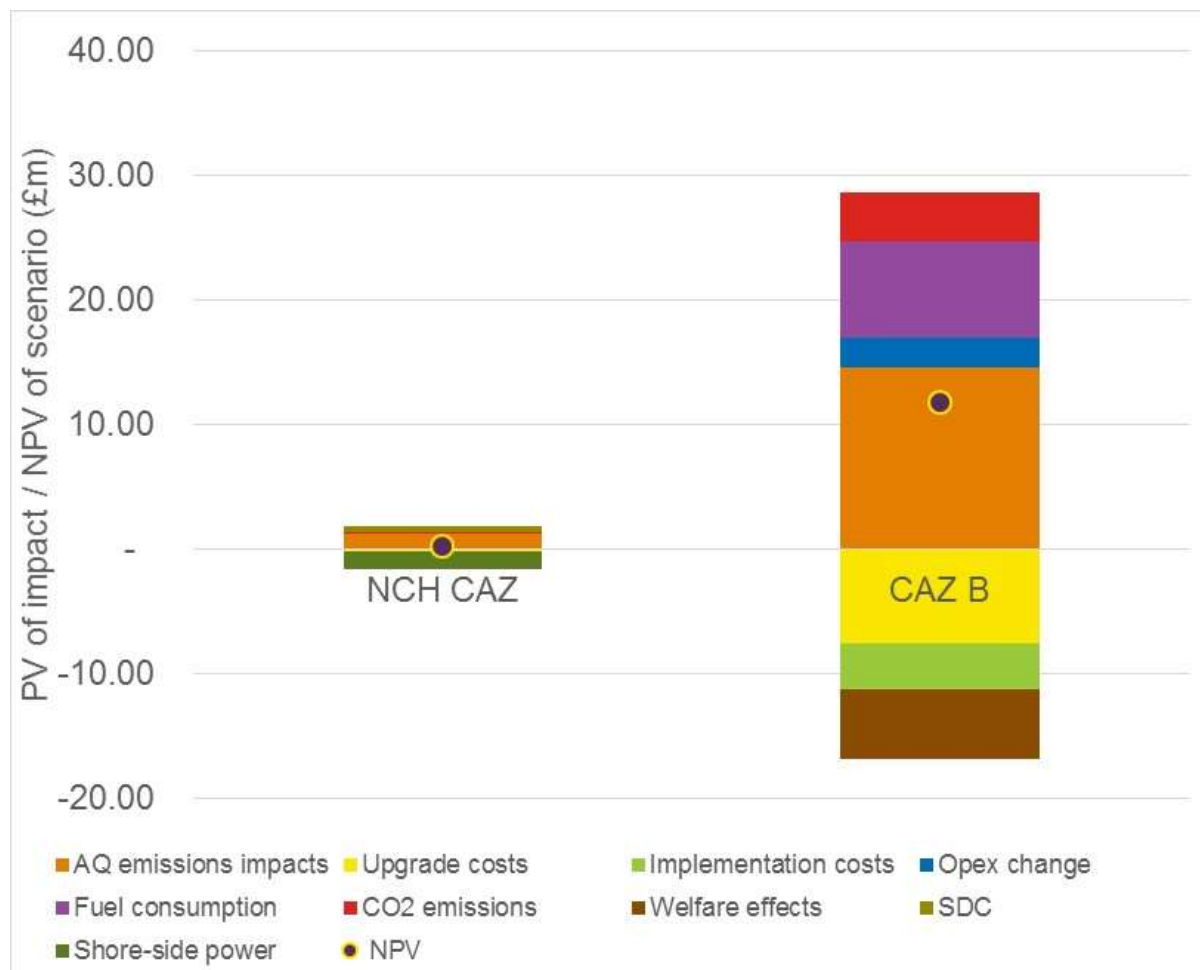


Figure 17 Present Value results of the non-charging and CAZ B option.

Note: Bars represent present value (PV) of impacts; dots represent aggregate net present value (NPV) of all impacts associated with CAZ option; all impacts are assessed relative to 'do nothing' baseline; +ve values denote benefit / -ve values denote costs; all impacts are in 2018 prices; all impacts are discounted to 2018

The NPV calculated for the non-charging Clean Air Zone also includes the shore-side power and port booking systems. These measures will be included within a supplement to this business case for consideration.

E1 Economic Appraisal Methodology Report is attached in appendix 10 with further discussion and detailed analysis on the economic appraisal results. In summary, a non-charging Clean Air Zone has a:

- Positive NPV overall
- But has much smaller impact on businesses and affordability risk
 - In particular, low risk for port and its operations
 - Some measures will provide a benefit for business, such as the SDC
 - Likewise, has much smaller impact on household affordability
- It is informative to look at results at a sub-measure basis:

- Taxi licence uplift in 2023 and shore-side power deliver slight net costs but the BCR is close to 1 hence the assessment could change under different sensitivities around the central analysis.
- Freight consolidation centre delivers a positive NPV - even where only one DSP is implemented as assumed in this economic analysis (albeit for a fairly large site), the benefits outweigh these upfront costs.

There are risks around deliverability - Several barriers exist to implementing and delivering these measures, creating potentially higher risk to delivering additional savings (though compliance in terms of this business case's primary objective – EU annual mean NO₂ - is achieved under the do minimum scenario). However, the management case details key risks and mitigations proposed to overcome these to ensure successful delivery of the schemes.

2.5.1. Cost Benefit Analysis – Uncertainty and Sensitivity

To determine whether uncertainties have a significant impact on the recommendations made in the E1 Economic Appraisal Methodology Report, a sensitivity analysis was undertaken (full details are provided in that report). The sensitivity analysis involves developing lower and upper bounds around important assumptions and input values used in the analysis. If the recommendations stand up to this 'stress testing', the robustness of the analysis is confirmed.

The sensitivity analysis is conducted around the following key inputs, which covers those sensitivities identified by JAQU as requiring testing, and are discussed in further detail in E1 Economic Appraisal Methodology report are:

1. Behavioural assumptions
2. Implementation costs and Optimism bias
3. Damage Costs
4. Vehicle growth
5. Carbon prices
6. Welfare cost (rule of half)
7. Scrappage costs and vehicle upgrade assumptions
 - Scrap proportion.
 - Vehicle costs
 - Depreciation
8. Shoreside power
 - Cruise ship adoption rate
 - Cruise ship idle power draw

The Net Present Value (NPV) of the non-charging CAZ is sensitive to the assumptions, and more so than the citywide B CAZ (Discussed in appendix C of this document) – i.e. under many of the sensitivity tests the NPV of the option changed sign. This reflects overall that the NPV of the measure is very close to zero under the central case.

2.6. Distributional Analysis

Distributional Analysis has been carried out on the non-charging and CAZ B options. The methodology used is based on the Webtag guidance issued by DfT⁹. The full report is included in appendix 11 E3 Distributional Analysis.

Non-Charging CAZ Distributional Impact on Air Quality

This assessment does not relate specifically to compliance with the EU Ambient Air Quality Directive of achieving an annual mean of 40 µg/m³ for nitrogen dioxide. This is described in section 1.5. The options impact on compliance is discussed in sections 2.3.1. It does however provide insight to aggregated changes in air quality across Lower Super Output Areas. This is useful for determining the distributional impact of the option in terms of populations exposed to air pollution and their demography. The distributional impact of the options in terms of air quality is not significant and therefore no distributional impact can be concluded.

Non-charging CAZ shows improving air quality in the majority of LSOA, but also limited deterioration in a handful of LSOAs (predominantly at the outskirts of the assessment domain). As the average NO₂ concentrations in these LSOAs are relatively low (< 20 µg/m³), this is likely to be due to general noise in the traffic model, which is causing slight increases in LSOA average concentrations.

The non-charging clean air zone shows the largest improvements in air quality are observed in the city centre of Southampton and to the north eastern edge of the city.

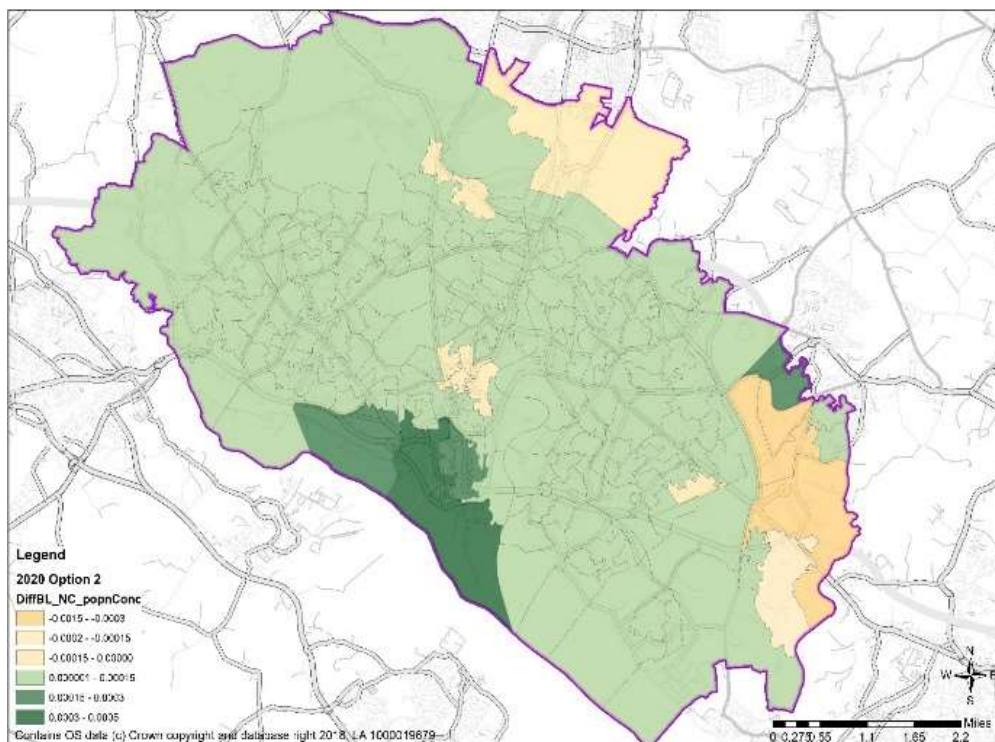


Figure 18 2020 population concentration change compared to baseline

⁹ DfT (2015); 'WebTAG: TAG unit A4-2 distributional impact appraisal, December 2015'; <https://www.gov.uk/government/publications/webtag-tag-unit-a4-2-distributional-impact-appraisal-december-2015>

Non-Charging CAZ Distributional Impact on Business

- A non-charging CAZ will levy costs – e.g. on taxi drivers required to upgrade for the license condition change.
- That said, several non-charging measures could bring significant cost-savings to businesses if implemented successfully – e.g. driver and opex savings through DSPs, and fuel savings from shore-side power.
- Under both options, bus operators face concerns over retrofitting and the potential of higher operating costs and cancellation of services due to taking buses out of operation. However, continued work on the Clean Bus Technology Fund means that buses will be compliant by 2020.

Non-Charging CAZ Distributional Impact on Households

CAZ B will have a greater impact on households’ affordability risk than the Non Charging CAZ, given:

- Both options will affect taxi operators but impacts on taxi operators will come sooner through a city-wide CAZ B, as non-compliant vehicles will face the charge from 2020. It is also possible that the costs will be greater.
- A city-wide CAZ B will affect HGVs more significantly, with potential knock on effects on employment and the prices of consumer goods.

Households could be affected by the policy options through several pathways; however, the impacts are largely dependent upon the impacts on businesses and their subsequent responses to the effects of the CAZ or non-charging measures.

The impacts are likely to fall most significantly upon lower-income households or more vulnerable population groups, who are more reliant on public transportation and taxi services. Although most of impacts are negative, it is important to consider the health benefit to local households following policy implementation as well as the new business and employment opportunities a shift towards low-carbon vehicle infrastructure could bring to the city.

The mitigation measures proposed to support taxi drivers to upgrade to cleaner vehicles through a financial incentive and other measures to encourage the use of ULEV vehicles will benefit households through providing the funding and support for business to invest in lower emission vehicles and meet the requirements of the non-charging option (i.e. taxi licensing condition and traffic regulation condition).

Summary

A summary of the distributional analysis from E3 Distributional Analysis is as follows:

Table 18 Non-charging CAZ distributional analysis summary table

Scenario	Air quality	Business Affordability	Household affordability
Non-charging measures	-	x	x

Notes: ‘-’ means no significant or neutral effect, ‘x’ denotes a small negative effect, ‘xxx’ denotes large negative distributional effect.

2.7. Clean Air Fund

JAQU are funding measures to improve air quality through the Clean Air Implementation Fund and are supporting those affected by plans through the Clean Air Fund. In response to the impacts on businesses, mitigations are proposed and therefore funding from the Clean Air Fund is being sought. The impacts identified for taxi operators will be mitigated through financial support to upgrade to cleaner vehicles and other support measures to educate and encourage the use of low emission vehicles:

- Expanded low emission taxi incentive scheme
- ULEV Taxi Trial
- Non-SCC vehicles restricted from bus lanes
- 2 rapid charge points for taxi and private hire use

Measures to ensure uptake of the Delivery and Service Planning and Fleet Accreditation scheme require financial support to facilitate delivery. These are described in table 19. Measures proposed to mitigate impacts are shown in table 13.

The Clean Bus Technology Fund is currently being implemented and will see all operational buses in Southampton running engines that will be compliant with the traffic regulation condition proposal.

Table 19 Summary of Groups and Impacts

Group impacted	How are they impacted
Bus companies	<ul style="list-style-type: none"> • Traffic regulation condition will require minimum emission standard (the existing CBTF will retrofit all operational buses to Euro VI where required to meet this standard therefore no additional mitigation is requested).
Taxi and private hire	<ul style="list-style-type: none"> • Licensing condition changes require newly licensed vehicles to meet Euro 6 diesel
Freight/HGV operators	<ul style="list-style-type: none"> • Planning guidance we're developing will require new developments in the city to undertake a DSP/fleet accreditation as a condition for approval • SCC procurement will require contracts to demonstrate DSP/fleet accreditation. • Green city charter will include and encourage local stakeholders to adopt DSP/fleet accreditation and consider it for our own procurements. • SCC will seek to include fleet accreditation in our formal agreement with DPW/ABP as a consideration for new contracts and or the booking system (see appendix 12 for SCC/DPW MoU, this currently refers to a £5 charge based on number plates however SCC will seek to include DSP's and Fleet Accreditation within the subsequent formal agreement).

Table 20 Clean Air Fund Summary

Measure	Who will it help?	Cost
Bus lane enforcement for non-SCC licensed taxi and private hire vehicles	<u>Taxi and private hire drivers</u> by providing incentive to remain licensed in Southampton and mitigate risk of licensing elsewhere due to new licensing requirements for vehicle emissions.	£88,500
Low Emission Taxi Incentive Scheme expansion	Financial support for <u>taxi and private hire drivers</u> to upgrade to low emission alternatives ahead of the age policy due to change in licensing conditions for vehicle emission standards. Also supports Euro 6 for wheel chair accessible vehicles and those that carry 5-8 passengers recognising limited availability of low emission alternatives currently on the market.	£164,250
EV Charge Points	<u>Taxi and private hire drivers</u> by facilitating upgrades to low emission vehicles and encourage upgrades beyond vehicles operated solely by combustion vehicles.	£100,000
ULEV Taxi Trials	<u>Taxi and private hire drivers</u> by providing incentive to remain licensed in Southampton and mitigate risk of licensing elsewhere due to new licensing requirements for vehicle emissions. Complements Low Emission Taxi Incentive Scheme and EV charge points by facilitating upgrade to low emission vehicles.	£36,000
Delivery and Service Planning	<u>HGV operators</u> impacted by requirements to undertake DSP within SCC AQ Planning Guidance and agreement with the Port. Complements Sustainable Distribution Centre (SDC) and fleet accreditation measure by signposting participants to SDC and fleet accreditation schemes.	£450,000
Fleet Accreditation	<u>HGV operators</u> impacted by requirements to undertake DSP within SCC AQ Planning Guidance and agreement with the Port.	£170,000

	Complements Sustainable Distribution Centre (SDC) and Delivery and Service Planning (DSP) measure by signposting participants to SDC and DSP schemes.	
DSP and Fleet Accreditation additional business support	HGV operators. Call off pool of available support days - DSP site assessments and recruitment preparation; business implementation support; workshops; HGV advice and strategy.	£75,000

2.6. Justification of Preferred Option

Taxi Licensing Conditions and Supporting Measures

Require a minimum Euro 6 diesel/4 petrol for hackney carriage and private hire vehicles licensed in Southampton by 2020 for newly licensed vehicles and all vehicles by 2023 (alternative fuels acceptable where accredited by the clean vehicle retrofit accreditation scheme). While this has not been included in the modelled due to the insignificant impact in 2020 on NO₂ compliance, it is deemed an essential mechanism to ensure the positive trend observed in the city's fleet continues. The consultation also identified that taxi operators, firms and drivers are willing to contribute to improvements in air quality.

Ongoing improvements in the fleet will also help mitigate the risk of exceedance at the Northam Bridge location (ID 46963) where road emissions contribute 67%, with diesel taxis contributing 3% of the road source.

Recognising that an additional licensing condition for hackney carriage and private hire vehicles in Southampton will represent an additional burden and may put local drivers at a disadvantage, supporting measures are proposed that will also convey air quality benefits. These are:

Bus lane restriction for non SCC taxis to incentivise our local fleet to remain licensed in SCC

Implementing licensing conditions to improve air quality risks local taxi and private hire vehicles being licensed in other authorities. To safeguard our local fleet it is proposed to restrict non-SCC licensed taxis from bus lanes to incentivise SCC vehicles to remain licensed by SCC. This will be supported by the low emission incentive scheme that is available for SCC drivers.

Expanded low emission taxi incentive scheme for SCC licensed taxis

The existing scheme has £254,880 of Defra Air Quality Grant funding which at the time of scheme inception was anticipated to deliver 1681.5 Kg of NO_x per year across Southampton and Eastleigh (£151,624 per tonne NO_x per year), a total of 19.2% reduction in estimated total taxi emissions. If the award of £164,250 was successful we could expect (based on the existing scheme assumptions) to achieve 1.08 tonnes of NO_x per year reduced emissions.

2 EV Charge points to support ULEV taxis, facilitate low emission taxi incentive scheme and for public use to reduce private vehicle emissions

Feedback from the consultation was that although taxi operators were willing to upgrade their vehicles to electric where feasible, the availability of charging infrastructure in the city is a limiting factor. It is proposed to support the uptake of the low emission scheme and incentivise uptake of EVs by introducing electric charge points at key locations in the city that are accessible by taxi and private hire drivers.

Traffic Regulation Condition for Public Service Vehicles

The implementation of a traffic regulation condition (TRC) for public service vehicles will be a mechanism to ensure the programme of bus retrofits and recent investment in fleets in the city continues. The source apportionment shows that from 2015 to 2020 under the do minimum scenario that accounts for the CBTF scheme, NO_x attributed to buses falls significantly, at location N176 contribution falls from 11% to 2% and at N120 it falls from 30% to 5%.

In the absence of a charging Clean Air Zone or a TRC, it is possible that older, more polluting buses may reenter the fleet in Southampton reversing the positive trend observed, risking ongoing improvement. Furthermore, the consultation identified that bus operators in the city are willing to play their role in improving air quality in the city and the TRC proposal builds on this relationship.

Freight consolidation and delivery and service planning

For HGV operators in the city supported by Delivery and Service Planning and Fleet Accreditation Schemes to drive uptake of freight consolidation. The Net Present Value of the SDC is positive.

Evidence of existing benefit

Case study analysis has been conducted by the Transport Systems Catapult (TSC) reviewing existing consolidation for a local business in Southampton through the Southampton Sustainable Distribution Centre and has quantified the benefits derived from real-world data. The analysis shows that consolidation considerably reduces the operational costs to all parties involved with the FCC (both running fleet cost and would-be penalty fees savings) and through reduced emissions. Additional operational costs savings across different impact categories also include:

- Distance related costs: costs that increase proportionally with the total distance travelled by the logistic suppliers. This accounts for fuel consumption, tyre wear and fleet repair and maintenance costs;
- Time related costs: costs that increase proportionally to the amount of hours operated by the logistics supplier including driver costs;
- Fixed costs: costs that are incurred regardless of the operation level undertaken by the freight transport fleet such as vehicle finance and overhead costs.

It is modelled that by managing the local business's supply chain through a FCC logic, upwards of 70,000 vehicle miles are reduced per annum through the city of Southampton.

Evidence of potential benefit: Public sector

A second case study undertaken by the TSC reviewed the potential cost and environmental benefits for the key public sector stakeholder in Southampton should a FCC continue to be available for use and utilised.

Under current working conditions frequent and unscheduled courier deliveries at the main loading bay creates high levels of congestion as well as environmental impacts in the surrounding areas, leading to increased delivery times, pollution and air quality impacts. In addition, the current logistics model adopted by requires a large amount of resources, including both labour and space requirements that could be better utilised and re-allocated to serve more productive tasks. Adoption of a freight consolidation model would improve efficiency by enabling the scheduling and pre-sorting of a set number of deliveries per day. A logistics consolidation model was investigated to divert supplier deliveries into an existing multi-user FCC. Items would then be handled and combined on the minimum number of appropriate, efficient and clean vehicles to ship to one end user. TSC modelled the potential trade-offs between the business-as-usual operational model at the Hospital compared to the use of a FCC model for all the parties involved. It considered the positive implications of the FCC, but also took into account the additional costs associated with the extra supply chain 'leg' being introduced. The result of the study demonstrated that that the economic and wider air quality benefits of using a FCC could off-set additional costs imposed by the FCC should the service already be available. At the point of switching to the FCC the hospital would be running at an operational deficit whereby the additional costs imposed by the extra supply chain leg outweigh the operating cost savings but once volumes are at a sufficiently large enough level this is reversed.

It was modelled that by managing the supply chain through a FCC logic, the current volume of deliveries to site (upwards of 900 per week) could be reduced to 20 deliveries per week to account for the current requirements.

The full technical report, commissioned by Department for Transport can be found here: https://s3-eu-west-1.amazonaws.com/media.ts.catapult/wp-content/uploads/2018/07/13095627/Public-Sector-Logistics-Consolidation_On-Line-Report-web.pdf

Other Benefits

Table 21 Other Freight Consolidation Centre Benefits

Benefits classification	Benefits of freight consolidation centres
Environmental	Reduction of greenhouse gas emissions
	Improved air quality
	Reduction in noise levels
	Use of electric vehicles for the last mile delivery
Traffic	Reduction in goods vehicle traffic
	Improved safety, i.e. fewer collisions, injuries (KSIs), reduced threat and intrusion
	Opportunity to disconnect trunking from urban delivery, allowing trunking operations to be conducted at night
	Decreasing the demand for kerbside loading space
Operational	Shared reverse logistics and home delivery facilities
	Reduced and better managed local HGV journeys serving the retail environment
	Improved delivery service level
	Opportunities for stock buffering
	Encourage and support clients' recycling commitments (WRAP)
Economic	Overall reduction of operational costs for haulier and end users
	Reduce loss of goods (shrinkage) within the supply chain
	Potential for reduced delivery bay requirements and associated costs
	Avoided CAZ charge for those unable to upgrade to Euro VI

Benefits evidenced by this modelling and future projections

The air quality modelling undertaken for this exercise for 2020 has identified a reduction in NO₂ of approximately 0.1µg/m³. Whilst this does not affect compliance the additional benefits discussed and the economic benefit in section 2.3.2 demonstrates value for money.

It has also been calculated by the Transport Systems Catapult that should the University Hospital NHS Trust transfer their supply chain to the Sustainable Distribution Centre over 5.09 tonnes of NO_x will be reduced from point of implementation in 2019 up to 2030 as a direct air quality improvement. It has been assumed by the Transport Systems Catapult that the delivery vehicles servicing the

Hospital are making multiple drops and not just going to the hospital and back. The calculations work on the basis that the vehicle is not removed from the network outright, but a trip to the Hospital is removed. It was assumed that removing a trip to the Hospital from the vehicles overall journey is the equivalent to removing 2 miles. However, insight provided from a previous DSP for the Hospital would suggest that a high proportion of the vehicles servicing the Hospital are NHS supply chain contract specific vehicles. On this basis it can be assumed that they would be taken off the network outright as they exist only to serve NHS specific demands. As a result the Transport Systems Catapult results can be taken as a minimum value and represent a conservative take on the potential air quality benefits the SDC would realise.

The CO₂ reduction for the same period is estimated to be upwards of 1,144 tonnes.

A3024 MyJourney Support

The source apportionment identifies the road contribution to the Northam Bridge location (ID 46963), as 45%, with diesel cars contributing 64% and petrol cars contributing 6% to this in 2020. The sensitivity assessment has identified this location as sensitive to light duty vehicle emissions where the concentration of NO₂ is on the limit value under high light duty vehicle emissions scenario. Therefore, to mitigate this risk, it is proposed to focus a communications campaign via the MyJourney programme to encourage use of active and sustainable travel along this corridor.

Southampton City Council has a long-standing behaviour change programme aiming to encourage more people to walk and cycle in and around the 'Southampton Travel to Work Area'. This includes an established, award-winning, active travel brand 'My Journey'¹⁰ alongside a programme of regular interventions and tools targeted at schools, workplaces and in the community. Led Rides, cycle training, direct marketing, bike loans, bike maintenance workshops and journey planning all offer residents the opportunity to overcome the barriers they have to walking and cycling more regularly. Over the past 18 months this has resulted in engagement with 106 businesses, 42 schools (equating to over 14,000 pupils), and 14 new community cycle clubs added to over 15,000 participants in led rides and events. A principal objective of the programme is to address single occupancy car use by widening the range of available travel choices so that getting around more actively and healthily becomes attractive, easy and convenient¹¹.

This programme of measures is targeted at core corridors into and out of the city centre and dovetailed with capital investment in improved cycle infrastructure as part of the city's ambitious plans to double cycling rates from 7.4% along these corridors by 2020 as set out in its Cycling Strategy.

Planned Infrastructure Change

- As part of Southampton Cycle Network Route 8 (SCN8), a 'Quietway' route will be delivered along Quayside Road to Bitterne Village using CAZ Early Measures funding of £350k with works to commence in February 2019. This will provide safer more attractive route for cyclists from Northam River Bridge to Bitterne Village avoiding the air quality hotspot on A3024;

¹⁰ <https://myjourneysouthampton.com/>

¹¹ <https://www.southampton.gov.uk/roads-parking/transport-policy/ltp4.aspx>

- This will then link with further planned works on the A3024 Bursledon Road to complete a continuous cycle route from the city centre to Hampshire as part of Highway England’s M27 Southampton Junctions scheme. This will bring further improvements to cycle facilities, bus priority and journey time reliability and includes installation of electric vehicle charge points, sustainable travel hubs, and junction improvements.
- Southampton City Council is one of 10 cities shortlisted for the Transforming Cities Fund. The A3024 is one of four corridors identified within the funding submission.

Complementary behaviour change requirement

The potential benefits of this significant capital investment can be maximised if matched with targeted behaviour change measures in and amongst the local community in Bitterne and Northam. Providing people with the right information, tools and skills so that they can make independent and informed journeys is important to open up opportunities for work, leisure, or education, get people to increase their levels of physical activity, whilst helping reduce the negative impacts of congestion and pollution. These are as follows:

Table 22 MyJourney Measures

Measure	Description
Marketing campaign	Targeted direct marketing in the east of the city promoting newly completed cycle infrastructure works along Quayside Road and A3024.
Journey Planning	Additional layers to localised journey planner highlighting newly established Quietways route. Targeted advice to residents to outline options for localised journeys.
Tailored cycle mapping	Tailored cycle mapping for local area.
Staff time for local promotional activity	Staff hours required to project manage marketing and communications.
Staff time for schools and communities officer	Direct engagement, intensive work in local schools and community groups, manage consultation work on capital works and undertake co-design of local schemes.
Project resources	Contingency budget for schools and communities officer for additional tools and resources.

Value for money

Evidence from analysis of other SCC projects show that active travel interventions (focused on walking and cycling) generally offer very high value for money, when assessed using a WebTAG compliant method. Given the value of the intervention proposed within this business case, assessing value for money using this method isn't possible. However, evidence from current work being delivered as part of our DfT Access Fund sustainable travel behaviour change programme demonstrates that on average workplaces that we engaged with benefited from a growth in the number of

cycle journeys of around 7% during commuting times. Similarly, school engagement indicated that combining smarter choices activities with infrastructure may deliver an uplift in cycling levels of between 12% and 16% that infrastructure alone cannot achieve.

Additional Qualitative Benefits

- Efficiency and multiplying infrastructure and operational benefits: by helping to bring about mode shift away from the private car, the projects improve the efficiency of and journey time savings on the existing transport network;
- Public health benefits: economic impact from increased physical activity with savings for the NHS, reduce absenteeism and associated health benefits;
- Wide economic benefits: the City Centre Action Plan and Southampton and Hampshire Local Transport Plans identify the importance of improving cycling and walking participation to drive local economic growth and contribute to the future vision of Southampton
- Impact on individuals costs of travel: likely to be small reductions in cost of travel as cycling and walking, with a zero cost, is cheaper than motorised transport;
- Impact of cost for workplaces such as reduction in demand for car parking or operation of grey fleet vehicles;
- Labour mobility: increasing the labour pool availability and ability to access jobs where they may have been a barrier before, and for employers to access a skilled workforce.

The additional My Journey support outlined in this business case will add another tool to allow active travel levels to move past the critical 'tipping' point, after which walking and cycling will be a transport norm rather than the exception. Although projects are targeted on the Northam/Bitterne area we would expect some additional benefit to be achieved across the whole of Southampton and towns – particularly given the strong intra area flows.

Summary

The local modelling shows NO₂ compliance will be achieved at all locations in Southampton in 2020. The highest baseline concentration of NO₂ on the A3024 Northam Bridge is 38 µg/m³. There is approximately an average reduction of 2.5µg/m³ at each location in the city between 2019 and 2020.

In 2019, the highest concentration of NO₂ is 40 µg/m³ at census ID 46963 which is the A3024, Northam Bridge. This is compliant according to the EU Directive where values are reported to the nearest integer, however we must be mindful of the fact that this is at the limit value (i.e. the maximum level that could be deemed compliant), and is not directly modelled (it is an interpolated value between 2015 and 2020, increasing uncertainty in this value). Therefore measures are being proposed that can achieve reductions in NO_x emissions, and can be delivered in 2019, to increase the likelihood of compliance for both 2019 and 2020.

The non-charging NO₂ concentration values indicate there is minor air quality benefit of introducing the measures, however while NO₂ concentrations at EU relevant locations may not be significantly affected, there are direct emissions reductions as a result of the measures which will convey improvements in air quality once

implemented in 2019, and provide additional confidence in achieving compliance whilst reducing exposure, which provides additional health benefits compared to the do minimum option for 2019 and 2020. These measures also increase certainty that assumptions made in the modelling are met. Air quality benefits of non-charging Clean Air Zone will also continue beyond 2020 with additional emission reductions providing assurances that compliance is maintained in years beyond 2020.

Feasibility assessment shows the citywide class B clean air zone can't be implemented before the end of 2019/start of 2020 and will therefore not have a discernible impact on air quality in 2019. Compliance is likely in 2020 and so will not be achieved sooner and therefore is not considered as a shortlist option. More details on the CAZ B assessment are included in appendix C of this document.

Table 23 Preferred Option Measures

Measure	Description	Reason/Justification
Taxi Licensing Condition Change	Require newly licensed vehicles to meet Euro 6 diesel/4 petrol in 2020 and all vehicles Euro 6 diesel/4 petrol by 2023.	Require upgrade of taxi fleet beyond existing age limits to accelerate Euro 6 diesel/4 petrol uptake.
Restrict access to non-SCC licensed vehicles to SCC bus lanes	Incentivise SCC drivers to license in Southampton and therefore meet Euro 6 diesel/4 petrol licensing requirements.	Mitigate risk that vehicles license outside of SCC and do not meet new licensing requirements.
Expansion of Low Emission Taxi Incentive Scheme	Cashback on 3 years of licensing and operational costs to incentivise uptake of low emission vehicles.	Mitigate financial burden

ULEV Taxi Trial	Offering taxi drivers chance to trial a ULEV taxi to demonstrate benefits and cost savings.	Demonstrate business case for owning and operating a ULEV taxi and encourage uptake of low emission vehicles in fleet. NO _x emission reductions of 1.24 tonnes in 2020. PM emission reductions of 0.01 tonnes in 2020.
2 EV Charge Points for taxi use	Install 2 EV charge points for ULEV taxis at key locations in city.	Mitigate risk that ULEV/low emission vehicles are not taken up due to lack of charging infrastructure availability. Provide charging infrastructure to taxi drivers as an alternative to drivers purchasing their own infrastructure i.e. reduce operating costs of ULEV taxi.
Traffic Regulation Condition for operational buses in Southampton	Traffic regulation condition for operational public service vehicles in Southampton.	Mitigate risk that CBTF upgrades (included in modelling) are not maintained in absence of regulation in the city.
Freight Consolidation	Freight is consolidated at a location outside of Southampton to reduce vehicle movements inside the city and use Euro VI vehicles when vehicles access the city from the freight consolidation centre.	Included in modelling for 2020 non-charging. NO _x emission reductions 0.68 tonnes in 2020. Particulate matter (PM) emission reductions of 0.18 tonnes in 2020.

Delivery and Service Planning	Reviewing logistical operations in the city and identifying opportunities to reduce emissions of NO _x .	Drive uptake of freight consolidation.
Fleet Accreditation	Review vehicle fleets and logistical operations.	Drive uptake of freight consolidation.
A3024 MyJourney Support	Programme of communications and incentives to encourage sustainable and active travel in the Northam/Bitterne area.	Mitigate risk identified by air quality model of exceedance in Northam/Bitterne area.

3. Commercial Case

3.1. Summary of Service requirements and Outputs

Table 24 shows a summary of the measures required to implement the preferred option and the associated procurement routes where required. Further detail on the commercial case for each measure is also presented in this section.

Table 24 Measures and associated procurement requirements summary

Good/Service	Description	Procurement Route	Contract Length	Contract manager	Contact type
Taxi Licensing Condition Change	Changes to licensing conditions to accelerate uptake of modern vehicles with lower emissions.	None.	None.	None.	None.
ULEV Taxi Trial	Trial scheme for SCC licensed taxis to trial ultra-low emission vehicles	Grant contribution	3 years	Scientific Services	Grant agreement
2x rapid EV charge points	Install 2x rapid charge points at city owned car parks for use by taxi/private hire and public	Hampshire county council EV charge point framework. http://www3.hants.gov.uk/en/ergyandsustainability/electric-vehicle-chargepoints.htm	Framework call off	Strategic Transport	Contract
Low emission taxi incentive scheme expansion	Expand existing low emission taxi scheme to accommodate more vehicles.	Direct grant award from SCC to successful applicant to scheme.	n/a	Scientific Service	Grant agreement

Sustainable Distribution Centre	Operation of a Freight Consolidation Centre for the city to divert and reduce HGV movements.	SCC procurement strategic partner Capita	10 years	Strategic Transport	New contract
Delivery and Service Planning	A technical service to help organisations re-appraise their delivery and servicing strategies to reduce freight impacts	SCC procurement strategic partner Capita	3 years	Strategic Transport	New contract
HGV Fleet Accreditation Scheme	Fleet recognition scheme to engage and influence the environmental impact of operators of commercial vehicles on local air quality. Including consultancy services	SCC procurement strategic partner Capita.	3 years	Strategic Transport	New contract
ANPR cameras for monitoring and evaluation	ANPR cameras to collect data on fleet composition for use in monitoring and evaluation.	Strategic partnership with Balfour Beatty Living Places.	3 years	Balfour Beatty Living Places	Contract via strategic partners
5 Diffusion tubes	Diffusion tubes to monitor monthly NO ₂ concentrations.	Existing contract with diffusion tube supplier, Gradko Environmental.	3 years	Scientific Service	Extension to existing contract

Traffic assumptions check	Check assumptions made in transport modelling are being reflected in ANPR data obtained	Sub regional transport model agreement with Hampshire County Council	3 years	Scientific Service	Existing framework (as used for feasibility study)
Communication materials/ A3024 My Journey Marketing support	Any collateral requirements for CAZ communication and MyJourney media buying (e.g. leaflets, posters).	SCC procurement strategic partner Capita https://www.southampton.gov.uk/business-licensing/supply-council/	n/a	Comms (Comms plan) Strategic Transport (MyJourney Support)	Business as usual purchasing

3.2. Southampton City Council's Capability to Deliver

The feasibility study and development of a business case for delivering compliance has been resourced by JAQU. This resource will not be available past submission of the Full Business Case to the Secretary of State and therefore additional staff resource is requested (see management section 4.5) to oversee the day-to-day management of implementing the preferred option.

The Council has a project management office (PMO) which provide project management expertise and resource is requested to enable the implementation to benefit from this service.

Existing resource is available to undertake key governance roles (i.e. Scientific Service – Service Manager).

3.2.1. Highways Services Partnership – Balfour Beatty Living Places

The following Schemes will be delivered through the Council's Strategic Highways Service Partner – Balfour Beatty Living Places (BBLP):

- Development and design for introducing a traffic regulation condition for public service vehicles and subsequent highways works (including signage, road markings where appropriate).
- Signage, design and development for the bus lane restrictions for non-SCC taxis.
- Monitoring and evaluation implementation of ANPR traffic survey.

In 2010, SCC entered into a ten year multi-million pound Highways Strategic Partnership (HSP) with BBLP through an OJEU process, this was extended in 2018 for a further five years. The contract provides all the design and construction services needed for the Southampton schemes. Relevant features of the partnership include the use of Targeted Costing, shared risk management, and minimisation of environmental impacts.

3.2.2. SCC Procurement

Procurement of services and infrastructure required for the preferred option will be undertaken by Southampton City Council (SCC). SCC directly provides some services from in-house staff and resources. Where SCC needs to provide goods, services and works that can't be provided in-house, they are procured from external providers. Procurement is the process used to do this and is administered by Capita, the Councils strategic service partner. SCC is committed to achieving Best Value from the supply chain and recognise that best practice procurement is essential to achieving 'value for money' and improving service quality.

The council is a Public Body and must comply with all pertinent EU and UK Procurement Legislation and therefore, staff must, by law, adhere to the same. A number of policies and procedures have been developed to help us achieve these objectives and to ensure that our procurement activities:

- Comply with European Union (EU) and UK procurement legislation
- Conform to the councils Contract Procedure Rules as ratified by Full Council in May 2017, as well as all relevant internal policies, procedures and objectives.
- Achieve evidenced value for money in terms of quality and the price paid

- Test and demonstrate whether social value has been achieved
- Are open and transparent and safeguard against allegations of corruption, fraud or bias
- Are well documented to provide a clear audit trail
- Manage and address risks as well as opportunities

SCC contract procedure rules require:

1. Establish contract value at the start of every procurement.
2. Engage at the earliest opportunity with the Procurement Services Team (PST).
3. Definition of the need of the requirement and ensuring all options for delivery are explored.

Tender Procedure

The Rules and the associated procurement procedures vary according to the value of the contract, with stricter more rigorous procedures for higher value transactions. This is to ensure that the benefits of a more thorough, complex process are not outweighed by the cost relative to the value of goods, services or works in question. This is outlined in Table 25.

Table 25 Relevant procedure to be followed for different levels of contract value

Estimated Contract Value	Procedure to be followed
<ul style="list-style-type: none"> • £181,302** or over for goods and services* • £4,551,413** or over for works 	The OJEU Procurement Procedure
<ul style="list-style-type: none"> • £100,000 up to £181,301** for goods and services • £100,000 up to £4,551,412** for works 	The Procedure for High-Value Transactions
<ul style="list-style-type: none"> • £1,000 up to £99,999 for goods, services and works 	The Procedure for Intermediate-Value Transactions
<ul style="list-style-type: none"> • Up to £999 for goods, services and works 	The Procedure for Low-Value Transactions
<p><i>** Please note that these are the OJEU Thresholds (“OJEU Thresholds”) and are correct as at 1 January 2018 but are amended biennially in January.</i></p>	

3.3. Licensing Condition Commercial Case
Key Service/Contract Requirement

Revising licensing conditions for taxi and private hire vehicles in Southampton to encourage early uptake of newer, cleaner vehicles has no associated capital expenditure. This will be delivered as business as usual by the licensing team in Southampton.

Key Milestones

Table 26 Licensing condition change key milestones

Date/ Commence	Phase	Milestone	Owner
31/01/19	Design	Drafting of revised conditions commence	SCC Licensing
01/04/19	Design	Consultation (12 weeks maximum)	SCC Licensing
24/06/19	Design	Review, amend and finalise conditions	SCC Licensing
w/c 02/09/19	Implementation	Licensing committee sign off	SCC Licensing Committee
w/c/ 16/09/19	Operation	Adopt conditions	SCC Licensing

Total Cost

No associated cost.

Procurement Route

No associated procurement.

Contractual Issues

None.

3.4. Bus Lane Restrictions Commercial Case

Key Contract/Service Requirement

Bus lane restrictions for non-euro 6 diesel/4 petrol taxi and private hire and non-locally licensed taxi and private hire vehicles will require revisions to existing signage.

This will be undertaken by Southampton's highways strategic partner Balfour Beatty Living Places (BBLP). A key constraint for this brief will be to ensure work is completed in accordance with this business case's project plan, and advantage of using this framework is that the scheme can be implemented quickly and BBLP are familiar with the road network and undertaking similar schemes in Southampton.

Outcomes:

- Revised signs communicating restriction of non-SCC licensed taxis in Southampton bus lanes.
- Amended Traffic Regulation Order to ensure enforcement is possible of new requirement.

Key Milestones

Table 27 Bus Lane taxi private hire restrictions key milestones

Date/ Commence	Phase	Milestone	Service risk	Mitigation	Owner
08/04/19	Design	Commission BBLP	-	-	SCC Strategic Transport
15/04/19	Design	Design and feasibility (6 weeks)	Exceeds timescales	BBLP familiar with existing local infrastructure and process.	BBLP
27/05/19	Design	Consultation (maximum 12 weeks)	Major flaw identified in proposal. Due process not followed.	Review design work and mitigate according to nature of issue. Contractual resolution.	BBLP / SCC Strategic Transport
w/c 19/08/19	Build	Sign-off	SCC require service change.	Contract communication protocol identified at commission.	SCC Strategic Transport

2/09/19	Build	Capital works	Issue on site prevent installation.	BBLP feasibility will identify issues prior to build. Risk/mitigations defined during design and dynamic risk assessment for unforeseen risks.	BBLP
14/10/19	Operation	Enforcement commence	TRO successfully challenged	Amended with SCC legal input.	SCC Strategic Transport

Total Cost

Table 28 Cost for bus lane restriction measure

Non-SCC Licensed Taxi/PHV Bus Lane Enforcement				
Requirement	Year	Note	Assumption	Cost
Non-SCC Bus Lane Restriction	1	TRO amendment	Professional judgement and experience of similar projects	£8,000
Signage	1	140 signs @ £500	Based on four signs per bus lane with 35 bus lanes in Southampton	£70,000
Contingency for signage				£10,500
TOTAL				£88,500

Procurement Route

BBLP Highways Services strategic partnership.

Contractual Issues

Table 29 Contractual issues for bus lane restriction measure

Duration of contract	Prior to end of 2019
Roles/Responsibilities	SCC Strategic Transport will be contract managing. BBLP will provide project management, technical input and provide design, feasibility and capital works.
Payment mechanism	Payment made following successful and timely completion of bus lane enforcement signage replacement and deliverables related to TRO amendment (October 2019 at the latest).
Change control	BBLP will attend CAZ Project Board to request a change, SCC will follow change request procedure described in management case.
Performance management	Performance monitored in accordance with existing service partnership terms. Key outcomes measured: <ul style="list-style-type: none"> 1. Delivery in accordance with specified timescales 2. No measurable impact on transport network. 3. Successful enforcement system for bus lane infractions.
Compliance with regulation	Regulations must be adhered to. For Bus Lane Enforcement signage a key regulation is a traffic regulation order (TRO), signage must adhere to this to ensure enforcement is robust
Operational/contract administration	Ongoing contract administration undertaken by SCC Strategic Transport and BBLP commercial team. Maintenance will be absorbed by existing arrangements for street furniture maintenance on road network.
Arrangements for resolution of disputes/ disagreements	CAZ Project Board used to identify and resolve disagreements. BBLP invited when required.
Allocation of risk	Payment mechanism allocates delivery risk to BBLP. Failure to deliver key outcomes can prevent receipt of payments.

3.5. Low Emission Tax Incentive Scheme Expansion Commercial Case Key Contract/Service Requirement

The value of the incentives currently offered are shown below, with the value of the individual running costs shown in table 30. In addition to those shown in table 2, plug-in and full electric vehicles will receive a further contribution to costs for insurance over the three year period. Any insurance costs that fall below the incentive value (i.e. additional £1,500 for electric or £500 for plug-in) will be recouped as per the conditions of the grant agreement.

Outcomes:

- The existing scheme is altered to allow grants for upgrading pre-euro 6 diesel and pre-euro 4 petrol wheelchair accessible vehicles or vehicles that carry 5-8 passengers with euro 6 diesel vehicles.
- Is expanded to cover all vehicles that are pre-euro 6 diesel and pre-euro 4 petrol in Southampton City Councils fleet.

The scheme currently offers the following cashback on licensing costs for replacing vehicles:

Full Electric: £3000

Plug-in Hybrid Electric Vehicle (PHEV): £2000

Full Hybrid: £1,500

Euro 5/6 petrol* (Carries 5-8 passengers or wheel chair accessible only): £1,500

**Recognising the limited availability of low emission and petrol vehicles that carry 5-8 passengers or are wheel chair accessible, it is proposed to also allow Euro 6 diesel vehicles.*

Table 30 Value of running costs for taxis in Southampton and Eastleigh

	Southampton Cost (£)		Justification
	Private Hire	Hackney Carriage	
Annual Licence (Annual)	161	210	Direct Licensing Cost
Compliance Test (Annual)	55	55	Direct Licensing Cost
VOSA MOT (Annual)	54.85	54.85	Direct Licensing Cost
Change of vehicle (Once only)	56	45	Direct Licensing Cost
Meter Refitting (Once only)	72	72	Based on current market – consultation with SCC Licensing
Camera Fitting (Once only)	120	120	Based on current market - consultation with SCC Licensing
Vehicle Service	335	335	Based on market and current scheme predominantly Toyota vehicles
Cost for 3 years	1730.55	1866.55	Assume 2 service per 3 years - not licensing requirement

It is proposed that this scheme is extended to ensure sufficient funds to offer incentives to all vehicles in the fleet that do not meet euro 6 diesel or euro 4 petrol.

Key Milestones

Table 31 Low emission taxi incentive scheme milestones

Date/ Commence	Phase	Milestone	Service Risk	Mitigation	Owner
31/12/18	Design	Comms plan development	-	-	SCC Comms
31/01/19	Build	Comms Launch	-	-	SCC Comms
08/04/19	Build	Scheme Launch	-	-	SCC Scientific Service / Comms
08/04/19	Operation	Year 1 funding level	Uptake not meeting targets	Comms/ awareness increase	SCC Scientific Service / Licensing
08/04/20	Operation	Year 2 funding level	Uptake not meeting targets	Comms/ awareness increase	SCC Scientific Service / Licensing
08/04/20 08/04/21 08/04/22	Operation	Monitoring and evaluation	data not provided	Grant conditions require provision of data for monitoring and evaluation	SCC Scientific Service

Operating Model

Applicants for the low emission taxi incentive scheme will first receive a conditional grant offer which outlines the key terms and conditions for the scheme. Once they have demonstrated that they have replaced their old vehicle with a new vehicle that meets these conditions, the grant will be issued in full. The conditions require that the vehicle remains licensed for a minimum three years (to ensure the grant covers licensing costs only). An annual review will ensure vehicles have remained licensed. Where the vehicle is not licensed within three years of receiving the grant, SCC will require the grants are repaid.

The grants are awarded on a conditional basis and checks will be made annually to ensure the vehicles remained licensed in accordance with the conditions.

Total Cost

Table 32 Low emission taxi incentive scheme cost of measure

Low Emission Taxi Incentive Scheme Expansion			
Requirement	Year	Note (See calculations for assumption)	Cost
Incentive grant	1	63 vehicles at £1,500	£94,500
	1	5 vehicles at £3,000	£15,000
Incentive grant	2	63 vehicles at £750	£47,250
	2	5 vehicles at £1,500	£7,500
TOTAL			£164,250

Procurement Route

No associated procurement.

Contractual Issues

Table 33 Contractual issues referring to conditional grants offered to successful taxi/private hire operators

Duration of contract	3 years following acceptance and successful change of vehicle
Roles/Responsibilities	SCC CAZ Team – Contract administration Driver – Provide monitoring data
Payment mechanism	Cheque paid on evidence of successfully licensed vehicle.
Change control	CAZ Project Board change management process as described in the management case.
Compliance with regulation	State aid compliant.
Operational/contract administration	SCC CAZ Team administer contract Operational – SCC Licensing undertake annual checks and initial vehicle checks.
Arrangements for resolution of disputes/ disagreements between the parties	SCC Legal team will resolve disputes that arise with taxi drivers regarding conditional grants and agreed grant conditions. These are clearly set out and signed by operators prior to funding being provided.

Allocation of risk	SCC delivered scheme. Driver holds risk once grant awarded to ensure vehicle remains licensed as SCC can reclaim grants for breach of contract.
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State Aid

The proposed £7,000 limit on funding for any individual operator is intended to ensure that funding is evenly spread, and cannot for example be dominated by a few large operators for large scale fleet renewal which could risk distorting the market.

Procurement of individual vehicles would be the responsibility of each taxi operator and ensuring they get best value for their vehicle purchase is their responsibility. Their participation in the scheme would be at their commercial risk.

SCC contributions would not be directly linked to vehicle cost or value for money achieved by the operators, the contributions would be fixed and would only be paid out in full if an eligible (older) vehicle is replaced by an eligible vehicle and then operated as a taxi, with provision of monitoring data on schedule, for three years. Due to the nature of the project (a large number of small grants) rather than procurement of a single (or several) large cost elements, there are relatively few other procurement complexities for this scheme. There are no identified state aid issues as no individual grant will exceed £7,000 and the total value of support in each market is less than 200,000 euros and the contributions are for the running costs of vehicles rather than incentivising the purchase of the vehicle itself.

3.6. EV Charging Infrastructure Commercial Case

Key Service/Contract Requirement

SCC propose to install 2 rapid electric vehicle charge points for use by taxi operators and the general public with the intention of supporting the uptake of EVs and facilitating the low emission taxi incentive grant.

Outcomes:

- Site feasibility for location of 2 EV rapid charge points at strategic points for best use by taxi and private hire vehicles.
- Installation of 2 EV rapid charge points dedicated for taxi and private hire vehicle use.
- 10 years maintenance and on-costs included in upfront cost.

The procurement route for the EV charge points will be through the Hampshire County Council Electric Vehicle Infrastructure Framework¹². This was a Collaborative tender with Hampshire County Council to appoint contractor to carry out the installation of city-wide charging infrastructure for EVs and has been completed. The tender encompassed the following requirements for deploying EV charging points, divided into three categories:

- **Service** – Data and Contract management, with an end-to-end service offer;

¹² <http://www3.hants.gov.uk/energyandsustainability/electric-vehicle-chargepoints.htm>

- **Installation** – For both new points and replacements or adoption of existing charge points;
- **Consultancy** – The development of EV charging point location proposals and feasibility work.

The contractor is responsible for installation of recharge points, management of the network, maintenance and liability of the network, and marketing. The tender is a single supplier 4 year framework from which any public sector organisation, named in the documentation within Hampshire and the surrounding areas, can call works off, with a contract length of 4 years and a subsequent call off period of 7 years. This includes a comprehensive delivery of the project from the supplier, including feasibility, management of the arrangements and facilitation including liaisons for way leaves, planners, landlords, clients, and district network operators. Southampton City Council is named and can therefore call off this Framework.

Joju Solar Ltd have been named as the framework service provider following the tender by Hampshire County Council and will be undertaking the works commissioned by SCC as part of this plan.

The framework enables business model for both EV charge points procured will be **100% public sector funded**: In this investment model the named authority will provide 100% of the initial investment (from JAQU Clean Air Fund), and the supplier will provide an income charge from the point of installation to the named authority. The charge point will be wholly owned by Southampton authority in this model.

The specification also outlines expectations around;

- Communications;
- Reporting of faults;
- Routine maintenance programme with a 2 year servicing warranty;
- Adoption of existing charge points;
- Reporting;
- Promotion and publicity;
- Mapping of charge points on SAT-NAVs;
- Online mapping and information on availability;
- Responsibilities of the charge point provider with respect to civil engineering and builders works;
- Software and hardware requirements (Open protocol architecture including Firmware (command and control));
- User interface to ensure a consistent, high quality, standardised and easy to use charging point for the end user;
- Accessibility and risk reduction; and,
- Signage and display and branding.

Installation works for the EV charge points are built into the contractors work programme, a site feasibility study will be undertaken prior to the full business case. Initial capacity checks and liaison with the DNO has been undertaken.

Key Milestones

Table 34 EV Rapid charge points key milestones

Date/ Commence	Phase	Milestone	Service risk	Mitigation	Owner
01/04/19	Design	DNO Quotations	Supply capacity not available	Joju conduct site feasibility with suitable supply capacity	Joju
01/04/19 – 22/04/19	Design	Charge point design			Joju
22/04/19 – 03/06/19	Build	Instruct DNO (6 weeks before connection)			Joju
07/04/19 – 29/04/19	Design	Footpath permits	Objections	Site feasibility shared at early stage with BBLP	Joju
06/05/19 – 20/05/19	Build	Civil works	Unforeseen issues emerges delaying timeline	Dynamic risk assessment	Joju
20/05/19 – 03/06/19	Build	Charge point installation			Joju
03/06/19	Build	DNO connections			Joju
10/06/19	Build	Meter installation			Joju
10/06/19	Operation	Final commissioning	Not commissioned	HCC conduct regular checks at each delivery	HCC Property Services

Total Cost

Table 35 Cost of EV chargers measure

EV Charge Point			
Requirement	Year	Note	Cost
EV charge point equipment, install	1	2x rapid charge points	£100,000
TOTAL			£100,000

Procurement Route

Hampshire county council EV charge point framework. Value for money is assured as the framework undertook an OJEU process that itself demonstrated value for money. This was completed in 2018. Information on this framework is available here. <http://www3.hants.gov.uk/energyandsustainability/electric-vehicle-chargepoints.htm>

SCC also undertook a procurement prior to the existence of the Framework to procure 30 EV charge points, the outcome of this was that the same supplier was successful through our own process, giving SCC confidence that value for money will be realised.

Contractual Issues

Table 36 Contractual issues for EV chargers

Duration of contract	Access agreement signed with Hampshire EV framework granting open access to provider services.
Roles/Responsibilities	SCC – Client HCC – Framework manager Joju Solar Ltd – Framework service provider
Performance management	Performance targets for delivery and maintenance including response to call-outs set within framework.
Payment mechanism	Payment will be made following completion of works and sign off from a partner at Hampshire County Council assigned to undertake quality assurance checks of works on behalf of SCC associated with this framework.
Change control	CAZ project board and change governance process in management case.
Compliance with regulation	Evidence of hardware and software compliance with EV charging regulations required prior to commencement of works.
Operational/contract administration	SCC Strategic Transport is client

	<p>HCC performance management and compliance checks</p> <p>Operational and maintenance contract defined in framework – 3 years warranty as standard on hardware. Maintenance charge defined in framework at set rate and incorporated into costs.</p>
Arrangements for resolution of disputes/ disagreements between the parties	<p>HCC Framework manager act as mediator to any issues arising.</p> <p>Performance targets for delivery and maintenance including response to call-outs set within framework.</p>
Allocation of risk	<p>Due diligence during framework procurement ensured necessary checks around commercial viability and track record were undertaken. Payment mechanism ensures invoice upon satisfactory delivery of requirements.</p>

3.7. ULEV Taxi Trial Commercial Case

Key Service/Contract Requirement

Some of the highest mileage vehicles on our roads are our taxis (including both hackney carriage and private hire vehicles), which complete the majority of their mileage in our most densely populated areas. Our engagement and consultation work has identified the feasibility of using zero or low emission vehicles is hugely important to taxi drivers. With the service provider (Electric Blue) SCC will work with the taxi community to and provide them with the financial motivation to switch to EVs, whilst demonstrating the minimal impact an EV would have on their daily lives.

Electric Blue have secured funding from the European Regional Development Fund to deliver the scheme in Southampton, Winchester and Basingstoke for three years.

Southampton City Council has agreed a Memorandum of Understanding with Electric Blue to support the scheme in Southampton and provide net match funding of £12,000 per year for the duration of the scheme, subject to Southampton Council securing their funding and agreeing to the terms of the Grant Funding Agreement and a Collaboration Agreement (to be pursued in accordance with SCC Contract Procedures Rules section 19.2.2).

Outcomes:

- Trials delivered in Southampton to enable taxi drivers to experience ultra-low emission vehicles.
- Provide data allowing drivers to compare their habits and costs in a diesel vehicle in comparison to a ULEV, demonstrating the benefits of these vehicles.

Key Milestones

Table 37 ULEV Trial milestones

Date/ Commence	Phase	Milestone	Service risk	Mitigation	Owner
01/04/19	Operation	Implementation	Not implemented in time	Implement in accordance with existing schemes	Electric Blue
01/04/20	Year 1	Annual report	Under performance	Marketing / review evaluate and promote	Electric Blue
01/04/21	Year 2	Annual report	Under performance	Marketing / review evaluate and promote	Electric Blue
01/04/22	Year 3	Annual report	Under performance	Marketing / review evaluate and promote	Electric Blue

Total Cost

Table 38 Cost for ULEV Taxi trial measure

ULEV Taxi Trial			
Requirement	Year	Note	Cost
ULEV Taxi Trial	1	Scheme	£12,000
	2	Scheme	£12,000
	3	Scheme	£12,000
TOTAL			£36,000

Procurement Route

No associated procurement route as no procurement required (grant contribution only).

3.8. Bus Traffic Regulation Condition Commercial Case

Key Service/Contract Requirements

Southampton have been awarded £2.7m from the Clean Bus Technology Fund to upgrade buses to a standard that would meet compliance if a charging Clean Air Zone were introduced that included buses. This scheme is currently being implemented and is scheduled for completion by the end of 2019. To ensure there is no adverse impact on the viability of services, the traffic regulation condition will not be implemented prior to the end of 2019 or until we are satisfied that the outcomes of the CBTF scheme have been delivered.

Outcomes:

- Introduce a traffic regulation condition in Southampton that will require a minimum Euro VI emission standard from operation buses in the city.

Key Milestones

Key milestones are based on consultation with authorities that have implemented a traffic regulation condition. Due to the extent of the consultation that occurred for the Clean Air Zone and the funding secured for the CBTF, this timeline represents a conservative approach. However, the TRC will not be implemented prior to the start of 2020 due to existing CBTF timescales.

Table 39 Key milestones for bus traffic regulation condition

Date/ Commence	Phase	Milestone	Service Risk	Mitigation	Owner
01/04/19	Design	In principle approval	-	-	SCC
08/04/19	Design	Stakeholder engagement (8 weeks)	Objections received	CBTF funding to upgrade vehicles. Early engaging.	BBLP
03/06/19	Design	Draft Traffic Regulation Condition (TRO) (5 weeks)	-	-	BBLP
08/07/19	Design	Request to Traffic Commissioner	-	-	BBLP
30/09/19	Design	Formal consultation (12 weeks)	Objections received.	CBTF funding to upgrade vehicles.	BBLP

				Early engaging.	
December 2019	Build	Approval	Not approved.	Early engagement and briefings.	SCC
01/01/20	Operation	Adoption	-	-	SCC

Total Cost

Table 40 Costs for bus traffic regulation condition measure

Traffic Regulation Condition for Public Service Buses			
Requirement	Year	Note	Cost
Traffic Regulation Condition	1		£8,000
TOTAL			£8,000

Procurement Route

BBLP Highways Services strategic partnership. Stakeholder engagement has been undertaken throughout the CAZ consultation and will continue through engagement from SCC staff and bus operators through business as usual processes. The benefit of this route is the existing strategic framework allows immediate progress on approval of funding. BBLP are also experienced in delivering traffic related schemes in the city as the highways services partner.

Table 41 Contractual issues for bus traffic regulation condition

Duration of contract	Prior to end of 2019
Roles/Responsibilities	SCC Strategic Transport will be contract managing. BBLP will oversee TRC implementation.
Payment mechanism	Payment made following successful and timely completion of TRC.
Change control	BBLP will attend CAZ Project Board to request a change, SCC will follow change request procedure described in management case.
Performance management	Performance monitored in accordance with existing service partnership terms.
Compliance with regulation	Traffic regulation condition must be developed in accordance with regulations and legal requirements.

Operational/contract administration	Ongoing contract administration undertaken by SCC Strategic Transport and BBLP commercial team.
Arrangements for resolution of disputes/ disagreements	CAZ Project Board used to identify and resolve disagreements. BBLP invited when required.
Allocation of risk	Payment mechanism allocates delivery risk to BBLP. Failure to deliver key outcomes can prevent receipt of payments.

3.9. Freight Measures Commercial Case

This measure proposes to introduce three measures to reduce emissions from HGV freight in the city. These are:

1. Freight Consolidation Centre – A facility outside of the city that will consolidate deliveries onto cleaner vehicles and enable fewer total journeys to be made within the city. This is an extension to an existing consolidation centre agreement that has been extended by 1 year to facilitate the CAZ feasibility and decision making. At the end of 2019 a procurement is required to establish a framework agreement for delivering a freight consolidation centre and applying subsidy to promote its use.
2. Delivery and Service Plans (DSP) – Providing expert advice to HGV/logistic operators on how best to reduce emissions from activity and promote efficient, sustainable logistics. This will be delivered by an external contractor who has been identified through SCC’s procurement process. DSP’s will commence in April 2019 on confirmation of funding and will complement the freight consolidation centre by signposting participants to the availability of the scheme and supporting subsidy.
3. Fleet Accreditation – An expert review of a HGV/Freight operator’s vehicle fleet and identify areas for improvements in emissions. This will be delivered by an external contractor who has been identified through SCC’s procurement process. Fleet Accreditation will commence in April 2019 on confirmation of funding and will complement the freight consolidation centre by signposting participants to the availability of the scheme and supporting subsidy. Business Support will also be provided by the appointed contractor for the fleet accreditation and delivery and service plans.

The freight and logistics sector plays a critical role for the wider Southampton economy. Given its significance, Southampton City Council has established a Sustainable Distribution Centre (SDC) on the outskirts of the city to reduce the air quality impact of freight movements without jeopardising the ability of the freight industry to service the city and surrounding area. The SDC provides an alternative delivery site for those HGV operators with older vehicles and reduces HGV movements into the city overall by consolidating loads.

A very specific operating model has been put in place for the SDC to reduce the financial burden on the public sector and deliver value for money for end users.

- Less capital funding is required for the scheme as the SDC makes use of a pre-existing facility;
- Consolidation is not treated as a standalone service but coupled with other freight services;
- The procurement framework that has established the SDC, which concluded in December 2018, provided the contractual route for public sector bodies to access the SDC. It has been in place for 5 years allowing organisations to review supply contracts due for renewal over that time frame and consider the costs and operational changes for switching to a new model of delivery. A key lesson from this has been that the length of the framework provides contractual certainty for potential users and more justification for altering business practice to such a significant extent.
- Alternative consolidation models have been wholly dependent on public subsidy to underpin the facility costs and all operating costs as a stand-alone service. The establishment of a new SDC (freight consolidation) procurement framework for Southampton and the surrounding area is an opportunity to reduce reliance on public funding but accelerate the growth in the absence of a charging clean air zone.

Southampton's position allows for its SDC to service the wider sub-region and provide consolidation and last-mile logistics for a much wider area than the city itself. This will directly benefit neighbouring areas with air quality concerns including Eastleigh, New Forest, Fareham, Winchester and Portsmouth. The Isle of Wight also stands to benefit. The current SDC framework expired in December 2018. The City Council is reliant on Government Air Quality funding to re-procure the framework and allow the freight consolidation service to continue as there is no other funding stream currently available nor anticipated within the timescales.

In order to meet the timescales of the Clean Air Zone feasibility study and business case, procurement has commenced at risk for the delivery and service plans and fleet accreditation, and considerable design and development work has been undertaken to ensure on approval, the scheme can be implemented immediately.

There is a recognition that for those organisations operating commercial HGV fleets and/or those organisations who depend on suppliers who operate HGVs, expert advice and support will need to be provided to facilitate and accelerate the move to low emission vehicles and sustainable logistics behaviours including the use of the SDC. To this end there are two further interventions identified. These are the implementation of Delivery and Servicing Plans (DSPs) and a Fleet Recognition Scheme.

In addition to conducting DSPs and/or undertaking a fleet review as part of a recognition scheme and providing recommendations, businesses also require resource and expert support to conduct any audit, assessment, analysis and initial implementation phases of a DSP or of a fleet recognition scheme. Additional

consultancy support and time to aid the implementation of recommendations in DSPs is therefore also required.

Options are presented in the financial case which set out differing levels of investment in these measures.

3.9.1. Freight Consolidation Commercial Case

Key Service/Contract Requirement

Including but not limited to:

- 10 year framework
- Private sector charging rates are no more expensive than charging rates provided for in framework agreement for public sector
- Service provider expected to lead role in recruitment of new service users in collaboration with SCC and DSP service provider.
- Freight consolidation must provide service suitable for delivering in Southampton and surrounding area.
- Assist new users in negotiating cost reductions from their suppliers to allow for reduced transport costs linked to the change in trunking time and avoiding time taken to access Southampton city centre.
- Need to ensure equal opportunities policy consistent with SCC's.
- Need to maintain freight consolidation branding for the life of the framework agreement.
- Ensure all relevant public liability, employer liability insurance, professional indemnity, controlled drugs licence and goods in transit insurance that are necessary for it to operate all the services required.
- Expected to demonstrate an ongoing and existing commitment to operating in a sustainable manner in line with the principles of SCC's emerging Green City Charter.
- Service provider expected to be operational within 8 weeks of appointment.
- The facility must be capable of receiving goods 24 hours a day, 7 days a week.
- The facility must be capable of storing goods stored on short, medium and long term basis depending on the requirements of the user and providing a pick and pack operation.
- Must be capable of offering specific services including but not limited to:
 - Labelling and barcoding
 - Inventory control
 - Just in time delivery
 - Reordering facility
 - Inter-branch transfers of goods
 - Reverse logistics (drop something off and take something back e.g. waste)
 - Secure and controlled areas for sensitive goods
 - Market standard level of security and fire prevention arrangements in place
 - Provision of online information about service
 - Performance reporting

Southampton has operated its Sustainable Distribution Centre (SDC) since 2013. The SDC performs the role of a Freight Consolidation Centre for the city. The operating model is as follows:

- The SDC service operator is procured via a single-operator framework. The framework sets out the parameters/expectations of the operator and offers a pathway for public sector bodies to access their services. The framework offers suitable due diligence enabling users to have confidence in service quality. The longevity of the framework is also critical in instilling confidence in potential users who require contractual security for their supply chain. The higher the confidence there is in the stability and continued availability of the Freight Consolidation Service the higher the likelihood of any potential user switching from existing supply arrangements particularly if it involves supply chain changes at scale – this will be a key factor for a new Southampton SDC framework established as part of this local plans package of measures. For potential users, including the University Hospital Southampton, a 10 year framework would be necessary to account for the volume of supplies that would be re-directed and to secure the likelihood of the contract coming to fruition;
- Framework ended as of 17th December 2018. An interim agreement has been secured to allow continued use of the facility until the new long term framework is procured. Funding required to allow for continuation of an SDC service for the city and surrounding area;
- The framework sets out secured/negotiated commercial rates for the loading and unloading of vehicles, the storage costs per square metre and the transshipment rates based per pallet. This transparency means that individual contract negotiations with potential users don't need to occur;
- The SDC service operator is required to have a facility/warehouse already in operation that could be used for consolidation purposes but is shared with other logistics operations and utilises shared warehouse staff, vehicles and infrastructure (a shared user facility). Consolidation needs to be a business within a business not standalone. This is critical so that the public sector does not incur the CAPEX cost associated with setting up a new facility and covering the operational overheads without diverse income streams. It also removes the burden of securing land, planning permissions and other expenses and time delays;
- The SDC service operator is required to provide comprehensive warehousing, racked and un-racked secure storage services, Advanced Stock Control, 24/7 operations and Coordinated waste, recycling and reverse logistics;
- The SDC service operator is required to be capable of offering the options of pre-retail services so that goods arrive at the end users ready to go on the shelf. This should include but is not limited to unpackaging, picking and packing, boxed to hanging, labelling and bar-coding and break-bulk services;
- The SDC service operator is required to have the ability to deliver 24 hours a day 7 days a week;
- The service is targeted at large-scale public sector bodies and organisations with significant throughput of deliveries, light construction activity and logistics chains delivering into the area;
- The SDC services provider is required to assist its new users in negotiating cost reductions from their existing suppliers to allow for reduced transport costs linked to the change in trunking time and avoiding time taken to access Southampton City Centre;

- To enable competitive rates to be offered, to encourage early take-up and to cover some of the initial transfer costs for new users a financial subsidy is to be available for users which will be administered by the operator. Over time and following initial set-up, as volumes increase, supply chain costs should reduce;
- Added to subsidy support available to new and potential users, Delivery and Servicing Plans (DSPs) are offered to organisations in Southampton and the surrounding area. A DSP aims to identify economic, operational and environmental efficiency opportunities for organisations related to their freight and servicing activities. DSPs help to sign-post the potential for consolidation. Details about the format and dispensation of DSPs is covered in section 5.2 below;
- Over and above the actual assessment and analysis involved in DSPs, organisations can require resource and expert support to develop the full business case for transfer of goods to a consolidation centre and to commence the initial implementation phases of a DSP. Additional consultancy time is to be made available to businesses to enable them to put in place the measures outlined in a DSP, with time available to help aid the switch-over to the consolidation centre.

Two models of operation are applied depending on the user and their needs:

1. Transshipment, whereby goods are transferred from the supplier's vehicle to a Euro VI vehicle, using the Southampton SDC only for the unloading, organisation and loading of goods; and,
2. Threshold consolidation, whereby all deliveries of goods to the SDC are held in the consolidation centre until a pre-established time interval or volume of goods is achieved to 'trigger' the delivery of the goods to the end customer, fulfilled by a Euro VI vehicle.

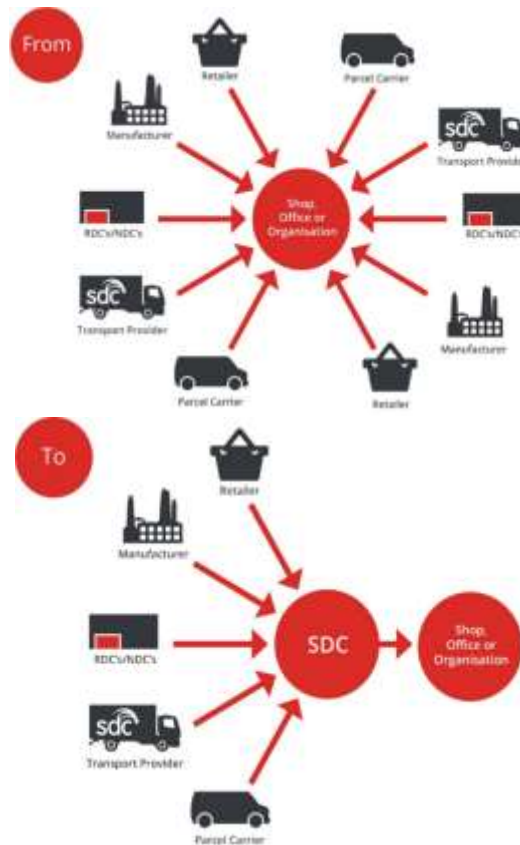


Figure 19 Freight consolidation operating models

Freight Consolidation Centre Financial Model

The costs for the consolidation of goods at a FCC may be divided into two key categories:

1. Space requirements, relating to the amount of space required to temporarily store items for a given period of time (costed in weekly increments); and,
2. Staffing requirements (staff time), relating to the staff time required to load / unload, and managed freight within the consolidation centre.

The impacts of each of these two categories on the costs of consolidation for a company are highly variable between each potential model of operation as outlined above. For example, costs for the transshipment model will likely comprise a higher proportion of staffing requirement associated with the transfer of goods from a supplier's vehicle to a Euro VI vehicle, with low- / no- costs associated with space requirements due to the transient nature of the goods; whereas, costs for the threshold consolidation of goods at the SDC will accrue costs related to space requirements (depending on the characteristics of the freight, e.g. standard / stackable / difficult), with a highly variable set of costs associated with the administrative burden related to the receipting, picking and creation of documentation.

In the event of a transshipment method of consolidation being implemented, financial subsidy would be best applied to cover, in part or in full, the costs up to an agreed number of onward deliveries per day to make the subscription to consolidation services attractive. However, if a threshold consolidation model is selected, subsidies may need to be structured to cover, in part or in full, the costs associated with the

onward deliveries and the storage costs. However, it should be noted the expected total number of onward deliveries for threshold consolidation would likely be lower due to the consolidation of goods within the FCC.

For both models of consolidation the total financial and air quality benefits yielded by suppliers is dependent upon participation resulting in no further requirement to travel inside of the Southampton CAZ. For this to be achieved, an assessment of their supply chain within the Southampton CAZ will be required as part of any successful scheme moving forward. For this reason, the Southampton FCC operating model would provide potential users with the necessary expertise to undertake such an assessment.

How is Subsidy Applied

The subsidy will be broadly applied to ease the initial financial burden that may be present for some operators for transferring goods or altering their supply chains if they are 'in-contract' with an existing supplier.

An example is SCC previously stored its legal records in 7 secure locations across the city under a lease. These records were consolidated and stored at the existing sustainable distribution centre, but the leases incurred cancellation fees when the records were moved.

This initial upfront expense may have prevented the move as the budget wasn't immediately available to account for this even though there would be long term savings by moving. Similarly, if the hospital were to push forward with a move to the freight consolidation centre then the consolidation of all hospital supplies off-site will necessitate spending on additional roll cages and equipment. There may be enhancement works required at the hospital to enable digital receipting of goods which may also come at a cost requiring up-front investment which there may not be a budget readily available for.

Changing the way goods are supplied to sites across the city will unearth a multitude of practical barriers that will potentially require some investment to prevent them putting off interested parties from progressing with switching to an SDC.

Supporting Uptake of Freight Consolidation

There is a recognition that for those organisations operating commercial HGV fleets and/or those organisations who depend on suppliers who operate HGVs, expert advice and support will need to be provided to facilitate and accelerate the move to low emission vehicles and sustainable logistics behaviours including freight consolidation. To this end there are two main interventions identified. These are the implementation of Delivery and Servicing Plans (DSPs) and a Fleet Recognition Scheme.

Both of these interventions share the characteristics of making changes to transport and logistics management behaviour, utilising existing technologies to better effect and, if possible, utilising new, cleaner technology. Both interventions have provenance and credibility, backed up by case studies across the UK and, in some cases, Europe. Both need financial support to implement.

Key Milestones

Table 42 Key milestones for freight consolidation procurement following ending of existing interim arrangement

Date commence	Phase	Key Milestones	Owner
01/02/2019	Design	Completion of PLD Gateway	SCC Strategic transport and SCC procurement
01/03/2019	Design	Finalise specification	SCC Strategic transport
01/03/2019	Design	Finalise T&Cs	
01/03/2019	Design	Preparation of all required tender documentation	SCC procurement
01/03/2019	Design	Prepare Advert/OJEU Notice	SCC procurement
01/03/2019	Design	Approve Advert/OJEU Notice	SCC procurement
01/03/2019	Design	Publish Advert/OJEU Notice	SCC procurement
03/03/2019	Design	Issue Tender	SCC procurement
03/04/2019	Design	Close Tender	SCC procurement
w/c 04/04/2019	Design	Evaluate Tender	SCC Strategic transport and SCC procurement
w/c 11/04/2018	Design	Draft award report for Client approval	
w/c 11/04/2018	Design	Issue Client with link to Procurement Services Satisfaction Survey	
12/04/2019	Design	Standstill Period	
26/04/2019	Design	End of Standstill	

w/c 26/04/2019	Design	Compile Contract documentation and issue to Legal	
26/05//2019	Design	Bind and Issue Contract for signing (Legal)	4 week SLA with legal
	Design	Mobilisation Period required by the Client i.e. 3 / 6 months	
01/01/2020	Operation	Contract Commences	

Total Cost

Table 43 Costs for freight consolidation measure

Freight measures				
	Year	Target	Note	Cost
Freight Consolidation Centre				
Marketing	1-10	10 major users per year	Engagement costs through business networks and direct marketing	£200,000
Monitoring and Evaluation and contract management overheads	1-10	10 major users per year	Contract management costs, data capture, processing and reporting performance	£200,000
Subsidy	1	Early adopters	Financial support for start-up and switch over for early adopters	£500,000
TOTAL				£900,000

Procurement Route

The financial models required to operate a freight consolidation centre vary considerably depending on the nature of the clean air zone implemented in Southampton. If a charging scheme is required there will be a financial burden on businesses operating in Southampton and a freight consolidation centre would be a mechanism to mitigate this impact. However, in the absence of a charging mechanism there will need to a different financial model. It is therefore critical that the nature of the Clean Air Zone adopted in Southampton is understood as this will impact the response of the market to the tender.

To mitigate the risk that tender responses are not consistent with the preferred option, SCC has negotiated an interim arrangement with the current framework agreement

for the Sustainable Distribution Centre enabling continuity of service whilst the conclusion of the procurement of a new framework agreement is still outstanding.

The extension has been negotiated on the basis that the new framework terms and conditions will supersede the existing arrangements once in force. This has enabled the procurement of the new framework to commence once the Clean Air Zone business case is in the public domain rather than prior.

Framework tender documentation is prepared and ready to go to market once the market has a clear view on the approach Southampton will adopt.

Following this, the process will be a 10 year Single Supplier Framework for Sustainable Distribution Centre Services. The longevity of the framework is critical to enable confidence in the market. The location of the service is a key consideration to the success of the operation of this contract. Suitable sites must meet key considerations to facilitate this contract:

- 1) Located outside of the Clean Air Zone to be able to facilitate reducing emissions within Clean Air Zone (under non-charging, the city boundary);
- 2) Within proximity to be able to service the requirements in less than 1 hour. To enable a successful contract, the service time into Southampton must be small enough to be comparable with driving the delivery directly. This will dictate location based upon the practicality of delivery performance;
- 3) The SDC facility needs to comply with storage requirements governed by GDPR, to enable all kinds of goods to be stored and distributed;
- 4) The SDC must be capable of receiving deliveries of goods 24/7 in order to provide greater flexibility to the user's suppliers and increase the potential for night time delivery receipt and dispatch of goods;
- 5) Pricing to cover the whole range of services;
- 6) Secure storage and recovery services; limiting access within the storage facility to reduce risks of losses

An open OJEU procurement process will be followed to test the market for site availability and suppliers finding the best service offering to meet the specification. General Data Protection Regulations (GDPR) requirements in terms of records storage security and processes should will be a key factor in tender assessments to ensure data security for prospective users of the service. This procurement process will ensure value for money is achieved.

Contractual Issues

Table 44 Contractual issues for freight consolidation measure

Duration of contract	Interim agreement rolling for further 12 months to allow for new framework procured for 10 years.
Roles/Responsibilities	SCC framework manager Operator provision of facility and service
Payment mechanism	Annual recharge to cover management costs and marketing expenses, subsidy allocated on a case by case basis dependent on client needs. Administered by SCC Strategic transport and Operator.
Change control	Framework will establish long term service conditions to give confidence to the market. This will secure set rates for storage, overheads (e.g. staff time) and transition. Reason for framework is for set commercial terms that will be transparent and consistent therefore change is not anticipated.
Failure remedies	DSP and Fleet accreditation time will focus on addressing barriers if they emerge.
Performance management	Must provide regular performance reporting consistent with SCC monitoring and evaluation plan in this document.
Compliance with regulation	Relevant regulations must be adhered to. License to handle controlled drugs as a company (medicinal and pharmaceutical items) required to fulfil needs of potential NHS users.
Operational/contract administration	SCC Strategic Transport will act as contract managers.
Arrangements for resolution of disputes/ disagreements	SCC's and freight consolidation service providers obligations defined in the framework agreement will set out legal expectations for compliance with industry best practice, satisfying conditions in the tender specification. Legal conditions established in framework agreement that will define the conditions that would require termination of contract and the process to follow.
Allocation of risk	Interim 12 months agreement risk is apportioned solely to private partner. This has been agreed on the basis that a longer term framework will be procured. SCC and the private partner will share risk for newly procured

	<p>framework but 10 year framework and subsidy support will reduce risk for private partner by covering operational and management overheads that lead to financial barriers encountered by clients.</p> <p>Current risk without investment the consolidation centre does not generate the level of interest necessary to realise the benefits.</p>
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3.9.2. Delivery Service Planning Commercial Case

Key Service/Contract Requirement

The appointed supplier will need to provide specific expertise for undertaking DSPs, with evidence of past experience provided in the procurement process.

DSP's as defined in the specification should at a minimum

- Quantify the numbers of delivery and service vehicles visiting their premise by activity type and time;
- Manage deliveries and service activity to reduce and re-time trips
- Assesses procurement strategies to evaluate how to reduce / consolidate orders that generate freight movements
- Identify where safe and legal loading can take place
- Use delivery companies who can demonstrate their commitment to environmental (and air quality) best practice and use Euro VI vehicles
- Save time and money
- Improve safety and reliability
- Reduce the environmental impact of participating organisations
- Cut congestion in the local area

A Delivery and Servicing Plan (DSP) aims to identify economic, operational and environmental efficiency opportunities for organisations, related to their freight and servicing activities, that will challenge several of the business operating procedures for the receipt of physical supplies and services in their location.

Funding is sought to deliver DSP's to businesses and organisations in Southampton that will benefit from the service and ultimately reduce their vehicle trips and subsequent emissions of NO_x.

A DSP includes an audit of a businesses' internal procurement and inventory management activities and strategies, and a survey of the resultant freight and servicing vehicle activity at its premises. Following these assessments the information collected is analysed to create a comprehensive overview of the businesses' delivery and servicing activities, and formulate a set of recommendations designed to improve the management of inventory within a business.

A DSP helps local organisations:

- Re-appraise their delivery and servicing strategies to reduce freight impacts;

- Identify the areas of a business which generate significant amounts of delivery and servicing activities to business' premises;
- Assess the economic and environmental efficiency of the inventory management processes (including procurement) and the freight and servicing activities;
- Formulate a set of bespoke recommendations and solutions for a business based on the previous two aims. Solutions will be categorized into 'quick-wins' and 'long-term wins'.

There are many locations in which a DSP can be implemented, each of which essentially follow a hierarchy of ease for gaining acceptance and implementation. Influencing factors include the size of the DSP, the physical geography and the business profile and, in particular, the number of organisations occupying a target DSP site(s). The implementation strategy for Southampton would be as follows:

- Identify candidate geographical areas or zones within the CAZ;
- Identify the businesses by premises and activity;
- Create a hierarchy of business and premises;
- Make direct approaches to selected businesses;
- Commence the DSP process with engaged businesses – looking at quick wins in the first year;
- During the completion of Year 1 implementation, produce a series of case studies for future promotion of the benefits to other businesses;
- During subsequent years target additional businesses and premises, working through the hierarchy.

Key Milestones

Procurement for the DSP has commenced at risk, provisional contract award will finish in January 2019 with contract commencement due in April 2019 on confirmation of funding.

Table 45 Milestones for DSP

Date/ Commence	Phase	Milestone	Service Risk	Mitigation	Owner
Complete (December 18)	Design	Tender to market	-	-	SCC
Complete (January 19)	Design	Tender evaluation	-	-	SCC
28/01/19	Design	Provisional award	-	-	SCC
28/01/19	Design	Standstill	-	-	SCC
01/04/19	Design	Contract award/commence	-	-	SCC

01/04/19	Operation	Year 1 offer	KPIs not delivered	Regular performance reviews	DSP Provider
01/04/20	Operation	Year 2 offer	KPIs not delivered	Regular performance reviews	DSP Provider
01/04/21	Operation	Year 3 offer	KPIs not delivered	Regular performance reviews	DSP Provider

Total Cost

Table 46 Cost for DSP measure

Delivery and Service Plan				
	Year	Target	Note	Cost
Delivery and Servicing Plans (DSPs)	1-3	10 DSPs per year	Cost of £15k per DSP	£450,000
TOTAL				£450,000

Procurement Route

SCC procurement strategic partner Capita, The OJEU Procurement Procedure. This is a competitive tendering process that will compare quality and cost to establish the supplier that offers the best value for money and will provide confidence in delivering by demonstration of previous experience and capability in the field.

Subject to final commercial checks, stand-still period and contract award/acceptance, SCC expect to appoint Transport Research laboratory (TRL) to undertake this service.

Contractual Issues

Table 47 Contractual issues for DSP

Duration of contract	3 year contract, commencing upon approved receipt of funding (anticipated Mar/Apr 2019).
Roles/Responsibilities	SCC Strategic Transport will contract manage DSP service provider will undertake DSP, monitoring and evaluation and marketing.
Payment mechanism	Invoicing scheduled to be agreed within the conditions of the contract. Anticipated to be monthly invoicing for previous months work.
Change control	Progress reports will be discussed at monthly progress calls and with face to face meetings every quarter. This

	will enable transparency of performance and inform any changes required should KPI's not be delivered.
Failure remedies	As above.
Performance management	<p>Monthly performance project reports and a dashboard to update on progress. They will also collate a list, updated monthly, of recommendations in DSP reports, building up a library of measures that will allow common themes or needs to be identified.</p> <ul style="list-style-type: none"> • Number of organisations engaged • Recent and planned activity • Red Amber Green (RAG) status • Ongoing actions and decision points
Compliance with regulation	All relevant regulation will be adhered to.
Operational/contract administration	SCC Strategic Transport will act as contract managers.
Arrangements for resolution of disputes/ disagreements	Established in contract terms.
Allocation of risk	Payment of DSPs provided following successful delivery therefore financial risk allocated primarily to provider.

3.9.3. Fleet Accreditation Scheme Commercial Case Key Contract/Service Requirements

The appointed supplier will need to provide specific expertise for undertaking fleet accreditation, with evidence of past experience provided in the procurement process.

Fleet accreditation as defined in the specification should at a minimum:

- Engage and influence the environmental impact of operators of commercial vehicles on local air quality, particularly NOx and PM emissions;
- Target local freight operators and service providers operating HGVs;
- Help operators reduce fuel consumption;
- Provide the tools and ongoing support for members to reduce operating costs;
- Assess fuel management, driver skills, vehicle specification and maintenance, use of IT support systems, and targeting and monitoring of performance;
- Provide an action plan to guide operators on how to improve performance;
- Provide a means of acknowledging and rewarding successful implementation of recommended measures;
- Baseline fleet performance and provide follow-up (post-implementation) assessment to quantify improvement;

- Provide recommendations for ongoing engagement and improvement.

A fleet recognition scheme puts in place an effective mechanism to engage and influence the environmental impact of operators of commercial vehicles on local air quality. Funding is sought to deliver DSP's to businesses and organisations in Southampton that will benefit from the service and reduce emissions of NO_x.

The scheme will be open to freight operators and service providers operating HGVs. It will offer fuel management and operational efficiency support, designed to help operators reduce fuel consumption. The scheme will need to be publicised widely, which is included within the contract required to deliver the fleet accreditation scheme, across the large number of logistics and servicing organisations in the City Region which use commercial vehicles either as their primary business or in support.

The Scheme works on the principle of reviews that are undertaken by an appointed external expert on the vehicles on an individual basis for environmental credentials, including Euro Engine Standard and any additional fuel saving technology and environmental features, such as anti-idling cut-off and in-cab fuel monitoring. All Scheme vehicles are awarded a star rating and these are then aggregated to give the operator's total vehicle star rating.

Applicants also undergo an assessment of their operational fuel management practices. This assessment focuses on the following areas: their fuel management programme, driver skills development regime, vehicle specification and maintenance, use of IT support systems and targeting and monitoring of performance. The operational practice assessment is then combined with the aggregated vehicle star rating to provide an overall Scheme star rating between 1 star and 5 stars, with 5 stars being the optimum.

Upon becoming a member of the scheme, operators receive a short action plan, known as a Road Map, setting out measures which would help to improve their operational practices from air quality, environmental and economic perspectives. The Road Map is based on best practice and is directly applicable to the operator. Other features include member workshops as well as a follow-up operator contact process throughout the duration of their membership. Successful implementation of the measures contained in their Road Map, as well as improvements to their fleet, could enable operators to increase their star rating up to 5 stars, the maximum available. Ongoing engagement and improvement is one of the key tenets of the Scheme.

The successful uptake of the scheme depends on commercial vehicle operator awareness of the scheme, operator interest in becoming a member and members implanting the management changes from their individual bespoke assessment and action plan Road Map. In order to do this Southampton City Council will publicise the scheme widely across the large number of logistics and servicing organisations which use commercial vehicles either as their primary business or in support.

Resource will be concentrated on smaller members with local operation. In this way they can benefit from the advice available via the scheme which can include reference to local initiatives and the Freight Consolidation Centre. Implementation costs are provided in the financial case.

Key Milestones

Procurement for the Fleet Accreditation (FA) and Additional Business Support has commenced at risk, provisional contract award will finish in January 2019 with contract commencement due in April 2019 on confirmation of funding.

Table 48 Key milestones for Fleet accreditation

Date/ Commence	Phase	Milestone	Service Risk	Mitigation	Owner
Complete (December 18)	Design	Tender to market	-	-	SCC
Complete (January 19)	Design	Tender evaluation	-	-	SCC
28/01/19	Design	Provisional award	-	-	SCC
28/01/19	Design	Standstill	-	-	SCC
01/04/19	Operation	Contract award/commence	-	-	SCC
01/04/19	Operation	Year 1 offer	KPIs not delivered	Regular performance reviews	FA Provider
01/04/20	Operation	Year 2 offer	KPIs not delivered	Regular performance reviews	FA Provider
01/04/21	Operation	Year 3 offer	KPIs not delivered	Regular performance reviews	FA Provider

Total Cost

Table 49 Cost for fleet accreditation Option 3

Freight measures (Option 3)				
	Year	Target	Note	Cost
ECOSTARS Commercial Fleets	1	50 members	Initial recruitment and scheme launch	£70,000
	2	30 members	Recruitment and member support	£50,000
	3	30 members	Recruitment and member support	£50,000
Additional business support	1-3	Call off pool of available support days - DSP site assessments and recruitment preparation; business implementation support; workshops; HGV advice and strategy.		£75,000
TOTAL				£245,000

Procurement Route

An open OJEU tender process will be followed to secure a specialist supplier for the delivery of a DSP and fleet recognition scheme. This is a competitive tendering process that will compare quality and cost to establish the supplier that offers the best value for money and will provide confidence in delivering by demonstration of previous experience and capability in the field.

Key considerations for both DSP and fleet accreditation scheme procurement are as follows:

- 1) Contractor will be required to have specific expertise for the delivery of two main interventions, DSPs/Fleet recognition scheme
- 2) Contractor will be required to undertake audit, assessment, analysis and initial implementation phases of the DSP or fleet accreditation scheme.
- 3) A rolling annual programme of consultancy support for local organisations for a total of three years.
- 4) Provision of a minimum of 10 DSPs per year over three years.
- 5) Provide a fleet recognition scheme designed to help operators improve air quality to a minimum of 50 local HGV, coach or bus operators, all with operations in the local area in year 1 with further targeted recruitment in years 2 and 3.
- 6) Provide an annual outcome report detailing the level of engagement and results of all DSPs delivered, and fleet recognition scheme deliverables.
- 7) Appointed supplier will be required to submit monthly performance reports.

Subject to final commercial checks, stand-still period and contract award/acceptance, SCC expect to appoint Transport Research laboratory (TRL) to undertake this service.

Contractual Issues

Table 50 Contractual issues for fleet accreditation

Duration of contract	3 year contract, commencing upon approved receipt of funding (anticipated Mar/Apr 2019).
Roles/Responsibilities	SCC Strategic Transport will contract manage Fleet Accreditation service provider will undertake Fleet Accreditation, monitoring and evaluation and marketing.
Payment mechanism	Invoicing scheduled to be agreed within the conditions of the contract. Anticipated to be monthly invoicing for previous months work.
Change control	Progress reports will be discussed at monthly progress calls and with face to face meetings every quarter. This will enable transparency of performance and inform any changes required should KPI's not be delivered.
Performance management	Monthly performance project reports and a dashboard to update on progress. They will also collate a list, updated monthly, of recommendations in DSP reports, building up a library of measures that will allow common themes or needs to be identified. <ul style="list-style-type: none"> • Number of organisations engaged • Recent and planned activity • Red Amber Green (RAG) status • Ongoing actions and decision points
Compliance with regulation	All relevant regulation will be adhered to.
Operational/contract administration	SCC Strategic Transport will act as contract managers.
Arrangements for resolution of disputes/ disagreements	Established in contract terms.
Allocation of risk	Payment of DSPs provided following successful delivery therefore financial risk allocated primarily to provider.
Option	SCC are requesting funding to deliver additional consultancy support. This was to ensure business can implement recommendations outlined in the DSPs, remove any blockages and develop full business cases

	<p>for implementation. This has been included in the tender for the DSP.</p> <p>Additional consultancy support should;</p> <ul style="list-style-type: none"> • Promote the implementation of DSPs in Southampton; • Provide local case studies showcasing best practice to promote and further spread the uptake of DSPs in the Southampton area; • Accelerate the implementation of DSP recommendations.
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3.10. Communications Commercial Case

Key Service/Contract Requirements

Communications plan is provided in appendix 13 including key milestones and service/contract requirements.

Outcomes:

- A communications plan that is able to adequately convey the messages to stakeholders that will ensure uptake and deliver emission savings.

Total Cost

Table 51 Costs for communications

Communications			
Requirement	Year	Assumption	Cost
Communications	1-3	Based on professional judgement and similar campaigns	£55,740
Total			£55,740

Procurement Route

Where additional marketing materials are required, SCC will undertake procurement in accordance with the council's procurement procedure rules and in accordance with the contract value. This is a competitive tendering process that will compare quality and cost to establish the supplier that offers the best value for money and will provide confidence in delivering by demonstration of previous experience and capability in the field. Contractual terms will be in accordance with SCC's standard business as usual purchasing of communications materials.

3.11. A3024 MyJourney Support Commercial Case Key Contract/Service Requirements

Outcome:

- Delivering a targeted behaviour change campaign at the A3024 Northam/Bitterne area to reduce private vehicle use and encourage active sustainable travel through marketing, journey planning and additional resources.

Table 52 Measures for MyJourney A3024 support

Measure	Service Requirement	Procurement Route
Marketing campaign	Targeted direct marketing in the east of the city promoting newly completed cycle infrastructure works along Quayside Road and A3024.	SCC procurement procedure intermediate value transactions to secure media buying agency.
Journey Planning	Additional layers to localised journey planner highlighting newly established Quietways route. Targeted advice to residents to outline options for localised journeys.	Existing resource
Tailored cycle mapping	Tailored cycle mapping for local area.	SCC procurement low value transaction – business as usual purchasing
Staff time for local promotional activity	Staff hours required to project manage marketing and communications.	Existing post
Staff time for schools and communities officer	Direct engagement, intensive work in local schools and community groups, manage consultation work on capital works and undertake co-design of local schemes.	n/a
Project resources	Contingency budget for schools and communities officer for additional tools and resources.	n/a (multiple low value SCC transactions – business as usual purchasing)

Procurement Route

Media buy for campaign will be done through an open tender process. This is a competitive tendering process that will compare quality and cost to establish the supplier that offers the best value for money and will provide confidence in delivering by demonstration of previous experience and capability in the field. A media buying agency is in the process of being secured for multiple MyJourney campaigns in the forthcoming months. The tender process is due to conclude in February 2019 with a preferred agency selected.

The journey planner development and enhancements will be undertaken through the existing sole supplier. An authorised exemption request is in place to be able to carry this out without having to go out to the market – the reason being that the journey planner is an existing product supplied by a specific organisation.

The license for the development of bespoke/personalised maps for local organisations and schools has already been procured and is ready to be used as and when the funding is confirmed.

Any recruitment required to support the A3024 MyJourney support scheme will be undertaken internally against an already defined job specification to ensure quick turnaround. Collateral and resources will be procured where necessary through the councils strategic procurement partner Capita. Suppliers are already secured for direct marketing materials. Schools engagement will build upon established links with schools in the area.

Key Milestones

Table 53 A3024 MyJourney support milestones

Date/ Commence	Phase	Milestone	Service Risk	Mitigation	Owner
01/04/19	Design	A3024 Journey Planning – Commission web developer	-	-	SCC
22/04/19	Build	A3024 Journey Planning – Google mapping integration	Switching platforms to google maps from existing	Internalising management of website to SCC IT	SCC
20/05/19	Operation	A3024 Journey Planning – Engagement	Low awareness	Staff time allocated to deliver	SCC
01/04/19	Design	Cycle Mapping – Secure license for platform	-	-	SCC

22/04/19	Build	Cycle Mapping – Produce bespoke mapping for key stakeholders in local area	-	-	SCC
20/05/19	Operation	Cycle Mapping – Engagement	Low awareness	Staff time allocated to deliver and performance managed	SCC
01/04/19	Design	Schools and Community Engagement – Sign off job description (SCC Service Manager Strategic Transport)	-	-	SCC
01/04/19	Build	Schools and Community Engagement – Joint working agreement with key partner to secure staff resource	Delay in staff recruitment	Legal mechanism with Hampshire CC to appoint staff resource at short notice	SCC
03/06/19	Operation	Schools and Community Engagement – Appoint staff resource	-	As above	SCC
17/06/19	Operation	Schools and Community Engagement – Carry out activity	Low levels of engagement	Officer integrated into team and performance managed	SCC
Feb 2019	Design/ Build	Marketing Campaign – Media buying	-	-	SCC

01/04/19	Design/ Build	Marketing Campaign – Design of materials	Poor quality production	MyJourney design guide in place.	SCC
13/05/19 – 20/05/19	Operation	Marketing Campaign – Walk to school week (2x schools in area)	Low interest from schools	Staff time committed to engagement	SCC
02/09/19 (entire month)	Operation	Marketing Campaign – Love to ride Cycle September campaign	Low uptake	Engagement plan, media buy and staff time allocated	SCC
01/05/19	Operation	Marketing Campaign – A3024 Eastern Corridor Campaign (Matches Early Measures SCN 8 &10 completion)		Engagement plan, media buy and staff time allocated	SCC
03/06/19 – 10/06/19	Operation	Marketing Campaign – Love to ride bike week campaign		Engagement plan, media buy and staff time allocated	SCC

Total Cost

Table 54 Costs for A3024 MyJourney support measure

MyJourney Promotion		
Requirement	Note	Cost
Marketing campaign	Targeted direct marketing in the east of the city promoting newly completed cycle infrastructure works along Quayside Road and A3024.	£25,000
Journey Planning	Additional layers to localised journey planner highlighting newly established Quietways route. Targeted advice to residents to outline options for localised journeys.	£7,000
Tailored cycle mapping	Tailored cycle mapping for local area.	£3,000
Staff time for local promotional activity	Staff hours required to project manage marketing and communications.	£15,000
Staff time for schools and communities officer	Direct engagement, intensive work in local schools and community groups, manage consultation work on capital works and undertake co-design of local schemes.	£40,000
Project resources	Contingency budget for schools and communities officer for additional tools and resources.	£13,000
TOTAL		£103,000

Contractual Issues

Table 55 Contractual issues for A3024 MyJourney support

Duration of contract	End March 2020.
Roles/Responsibilities	SCC Strategic Transport will contract manage all activity. HCC will provide resource where necessary.
Payment mechanism	Marketing – Retrospective invoicing for deliverables Staff Time – In accordance with SCC HR policy/procedure Journey Planning - Retrospective invoicing for deliverables License for cycle mapping – Purchased up front

Change control	Centre for Sustainable Travel Choices Board which oversees Access Fund programme will have direct oversight of proposed campaigns and activities. Delivered by SCC therefore controlled by SCC change management via this board.
Performance management	Centre for Sustainable Travel Choices Board which oversees Access Fund programme has performance dashboard which is reported on quarterly, this reviews modal split along core corridors as well as % increases in cycling rates in key schools being engaged for this work. University of Southampton responsible for performance dashboard updates and reporting.
Compliance with regulation	All regulations adhered to where necessary through compliance with SCC procurement processes.
Operational/contract administration	SCC Strategic Transport will contract manage all activity. SCC Delivering scheme.
Arrangements for resolution of disputes/ disagreements	SCC Delivering scheme.
Allocation of risk	SCC Delivering scheme.

3.12. Monitoring and Evaluation Commercial Case

Key Contract/Service Requirement

The preferred monitoring and evaluation involves the deployment of temporary ANPR provided by a third party to monitor key entry points to the CAZ. Regular surveys would be undertaken by a 3rd party to conform to JAQU guidelines with some focus on key problem areas or key routes, procured through the highways services strategic partnership with BBLP.

The decision to request funding for ANPR camera surveys was taken on the basis that it would provide the most robust dataset to assess how the fleet composition is maturing in relation to the assumptions made in the transport and air quality modelling.

Diffusion tube provision and data analysis is required and will be supplied by Gradko who currently supply SCC's diffusion tubes for local air quality management.

Traffic assumptions will be assessed through Systra using the Hampshire Sub-Regional Transport Model Framework.

Key Milestones

Diffusion tube data collection will commence from February 2019 in accordance with the LAQM calendar and will continue to follow LAQM exposure dates for three years. ANPR surveys will be conducted at the end of the year for three years¹³. Three-monthly reports will be created for JAQU in accordance with their monitoring requirements (see monitoring and evaluation in the Management Case).

Table 56 Monitoring and evaluation milestones

Date/ Commence	Phase	Milestone	Service Risk	Mitigation	Owner
Complete	Design	Feasibility (informing this plan)	-	-	SCC/ BBLP
06/02/19	Operation	Diffusion tube commence (for three years Feb 2021)	Reliant on	Due diligence when appointing Gradko to ensure all accreditations met.	SCC
December '19	Operation	ANPR Survey 1	-	-	BBLP
December '19	Operation	Analysis and reporting 1	-	-	BBLP/ Systra
December '20	Operation	ANPR Survey 2	-	-	BBLP
December '20	Operation	Analysis and reporting 2	-	-	BBLP/ Systra
December '21	Operation	ANPR Survey 3	-	-	BBLP
December '21	Operation	Analysis and reporting 3	-	-	BBLP/ Systra

¹³ <https://laqm.defra.gov.uk/diffusion-tubes/data-entry.html>

Total Cost

Table 57 Costs for monitoring and evaluation

Monitoring and Evaluation			
Requirement	Year	Assumption	Cost
5 diffusion tubes	1	Based on existing costs	£200
	2		£200
	3		£200
ANPR Data Processing/ Survey	1	Based on cost estimates provided by BBLP	£108,000
Analysis and Reporting	1		£26,000
ANPR Data Processing	2		£108,000
Survey	2		£26,000
ANPR Data Processing	3		£108,000
Survey	3		£26,000
Traffic Forecast Check	1	Based on estimate provided by Systra	£3,000
	2		£3,000
	3		£3,000
Transport & Dispersion modelling			£10,000
Contingency on ANPR Costs 15%			£48,600
Contingency on Analysis and Reporting 15%			£13,000
TOTAL			£483,200

Procurement Route

BBLP Highways Services strategic partnership for ANPR survey.

Diffusion tubes for monitoring air quality will be included as an extension to an existing contract with Gradko Environmental. Gradko were appointed after demonstrating value for money through SCC's procurement process.

Traffic assumptions will be assessed through Systra using the Hampshire Sub-Regional Transport Model Agreement – SCC were named on the tender which appointed Atkins as a strategic partner to deliver a range of services for Hampshire County Council, including the sub regional transport model, sub-contracted to Systra. This route was used for the CAZ feasibility study to undertake the required Transport modelling, which will provide the benefit of consistency with the original study when utilised in the future for assumption checking.

Contractual Issues

Table 58 Contractual issues for monitoring and evaluation

Duration of contract	Apr 2019 – Dec 2021
Roles/ Responsibilities	<p>SCC Strategic Transport will be contract managing.</p> <p>BBLP will provide project management, technical input and provide design, feasibility and capital works.</p> <p>Gradko will provide diffusion tube supply and analysis of results.</p> <p>Systra will undertake transport assumptions checks</p>
Payment mechanism	<p>Payment following successful delivery of requirements, annually after each CAZ survey.</p> <p>Gradko are paid monthly on delivery of results to SCC.</p>
Change control	BBLP will attend CAZ Project Board to request a change, SCC will follow change request procedure described in management case.
Performance management	<p>Performance monitored in accordance with existing service partnership terms. Key outcomes measured:</p> <ol style="list-style-type: none"> 1. Delivery in accordance with specified timescales 2. No measurable impact on transport network. 3. Successful monitoring and evaluation capturing required data.
Compliance with regulation	<p>Regulations must be adhered to regarding ANPR data collection, in accordance with GDPR.</p> <p>Diffusion tubes from an accredited laboratory.</p>
Operational/ contract administration	<p>Ongoing contract administration undertaken by SCC Strategic Transport and BBLP commercial team.</p> <p>No maintenance required.</p>
Arrangements for resolution of disputes/ disagreements	CAZ Project Board used to identify and resolve disagreements. BBLP invited when required.
Allocation of risk	<p>Payment mechanism allocates delivery risk to BBLP.</p> <p>Failure to deliver key outcomes can prevent receipt of payments.</p>

4. Financial Case

4.1. Background

The UK Government has committed to funding feasibility studies for plans to bring about compliance with legal NO₂ objectives in the shortest possible time. These feasibility studies recommend a preferred option for implementation that achieves this objective. The implementation of the plan also has a UK Government commitment for funding in both the Implementation Fund (IF, £255m) and the Clean Air Fund (CAF, £220m) totalling £475m.

4.2. Southampton City Council - Statement of Financial Position

Southampton City Council is a unitary authority located on the South Coast, providing a wide range of services including Education, Adult Social Care, Children's Services, Public health, Environmental Services and Housing.

The Council's latest reported financial position is outlined in its audited Statement of Accounts for 2017/18. The Statement of Accounts are available to view here:

<http://www.southampton.gov.uk/council-democracy/council-data/statement-accounts.aspx>

The audited Statement of Accounts has been prepared in line with current UK GAAP. The Council's net budget for the provision of services in 2017/18 was £192m, which included savings and efficiencies totalling some £30m. The reported overall underspend on service expenditure in 2017/18 was £2.2m. The service budget for 2018/19 is £184m. The Council has seen significant reductions in government grant funding over the past 8 years. This is set against a background of increasing demand for services and increased customer expectation for high quality services. This drives the medium term financial strategy and an outcome based budgeting process is in place to ensure that resources are aligned to the key priorities in the Council's financial strategy.

The Council's Balance Sheet shows net assets of £848M, with usable reserves of £146m. These reserves include capital receipts and capital grants & contributions totalling £46.9m, which are fully allocated to the existing capital programme, and specific reserves of £86m allocated to specific agreed projects or risk mitigations, and including schools reserves balances. Also within the usable reserves are the Council's General Fund balance of £11.3m and minimum HRA balance of £2m. These are set aside for contingency against unforeseen circumstances, are based on an analysis of risk and are regularly reviewed. The level of reserves held have been deemed appropriate by the council's external audit which reviewed as part of their Value For Money opinion which concluded that they were satisfied that the Council has appropriate arrangements in place to deliver the savings required to achieve its medium term financial strategy.

The Council has in place a Treasury Management strategy to ensure that the cash flows of the organisation are properly managed on a day to day basis, with investment in low risk financial instruments.

The Council has a Capital programme totalling £411.3m over five year period 2017/18 to 2021/22. The programme is funded through a combination of government grants and external contributions, HRA receipts, internal resources and borrowing. The Council's Treasury Management Strategy calculates prudential indicators to ensure the affordability of borrowing to support the Capital programme. Prudential Code borrowing limits the amount of borrowing the Council can undertake and this represents a constraint on capital investment.

The council's financial performance is regularly reported and the latest report can be found here:

<http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=126&MId=3828&Ver=4>

The proposal in this business case is seeking full government funding from the Clean Air Fund (CAF) and Clean Air Implementation Fund (IF), and therefore will not impact on the council's revenue budgets. This is demonstrated in the financial model at the end of this case.

4.3. Background

The purpose of this financial case is to support the application for grant funding from the JAQU IF and the CAF, providing evidence that the case is robust and setting out the financial assumptions and cost estimates behind the funding application.

4.4. Costs

The costs for introducing and implementing measures are comprised of implementation costs (capital costs), and where relevant, operating and maintenance costs (O&M). Where available, costs were estimated using local information and local data. Some of the costs are derived from per item cost estimates and a forecast of the resources required, and the required infrastructure. Where this is not possible, costs are estimated on the basis of additional analysis, simplifying assumptions, professional judgement or relevant cost information from similar local schemes. The Government green book suggests that a contingency allowance is made for the cost of known risk and any unforeseen outcomes, based on risk assessment of risk. The key projects for which contingency has been allowed for are the Freight Distribution Centre and Monitoring evaluation costs, and these have been categorised as Systems & Development projects under Green Book guidance. The table below is extracted from Annex 5 of the Guidance and suggests an optimism bias of between 10% and 200% of project costs dependent on the scale and nature of the project. A contingency adjustment of 15% has been allowed for on this basis. None of the projects are expected to place longer term general fund commitments on the Council's Revenue or Capital budget.

Table 59 Generic Optimism Bias Adjustment Percentages

Spending Type	Optimism Bias Adjustment (%)			
	Works Duration		Capital Expenditure	
	Lower	Upper	Lower	Upper
Standard buildings	1	4	2	24
Non-standard buildings	2	39	4	51
Standard civil engineering	1	20	3	44
Non-standard civil engineering	3	25	6	66
Equipment/development	10	54	10	200
Outsourcing	n/a	n/a	0	41

It is assumed that the City Council can reclaim Value Added Tax (VAT) incurred. All costs presented in this case exclude VAT.

4.4.1. Licensing Condition Financial Case

Changes to the licensing conditions for taxi and private hire vehicles will be delivered as business as usual and there is no funding request associated with this measure.

4.4.2. Bus Lane Restriction Financial Case

Altering the existing bus lanes in Southampton to restrict non-SCC licensed vehicles to incentivise drivers to remain licensed in Southampton. Costs for the Transport Regulation Order are based on our experience of implementing Traffic Regulation conditions, and includes development, consultation and communication. A contingency on this cost of 15% has been included in the estimate to allow for cost uncertainty.

There will be a signage requirement for implementing the restriction and this has been based on four signs per bus lane for 35 bus lanes, based on an estimated cost of £500 per sign. There are already signs extant at bus lanes and therefore maintenance of the new signs can be contained within existing budgets. A 15% contingency has been allocated to the cost of signs to allow for cost overrun and unforeseen installation costs.

Table 60 Bus lane enforcement costs

Non-SCC Licensed Taxi/PHV Bus Lane Enforcement				
Requirement	Year	Note	Assumption	Cost
Non-SCC Bus Lane Restriction	1	TRO amendment	Professional judgement and experience of similar projects	£8,000
Signage	1	140 signs @ £500	Based on four signs per bus lane with 35 bus lanes in Southampton	£70,000
Contingency for signage				£10,500
TOTAL				£88,500

4.4.3. Low Emission Scheme

The City Council is keen to increase the uptake of low or zero emission taxis within Southampton City Council boundaries. The proposed measures are designed to incentivise taxi drivers of vehicles not meeting Euro 6 (diesel) or Euro 4 (petrol) to move to ULEV (electric or hybrid), or petrol/diesel vehicles meeting the current Euro standards.

The calculation behind the incentives required for the low emission taxi scheme is based on a current fleet size of 1,152 vehicles, of which 701 are non-compliant. Allowing for known existing replacements under the existing scheme, and allowing for natural fleet turnover of 9.8% per annum, there will be 136 non-compliant vehicles in 2023 and will therefore be eligible for the grant.

Key assumptions of this calculation are:

- Fleet size remains constant.
- 9.8% vehicles upgrade to compliant vehicles naturally per year due to licensing requirements.
- The existing scheme can account for a further 61 SCC licensed vehicles (excluding Eastleigh Borough Council licensed vehicles) and remaining uptake will be for petrol hybrid vehicles.
- Assumes the existing low emission scheme is split 2/3 SCC and 1/3 EBC as agreed under the original grant award.
- Assumes electric vehicle charge points discussed below are implemented, uptake for EVs is expected to be 5 vehicles per annum. This is reasonable as current uptake is 0 for EVs in the current low emission scheme without any additional incentives.

No contingency was assessed as the assumptions made for this calculation were based on the most likely outcome. The scheme will operate on a first come first serve basis.

Table 61 Costs for low emission taxi scheme

Low Emission Taxi Incentive Scheme Expansion			
Requirement	Year	Note (See calculations for assumption)	Cost
Incentive grant	1	63 vehicles at £1,500	£94,500
	1	5 vehicles at £3,000	£15,000
Incentive grant	2	63 vehicles at £750	£47,250
	2	5 vehicles at £1,500	£7,500
TOTAL			£164,250

4.4.4. EV Charge Points

Delivery of EV charge points will encourage the uptake of EVs under the low emission incentive scheme. The charging points are intended to be located at strategic points across the city to allow for ease of access for taxis. The current cost estimates on EV charge points are based on market engagement with the Hampshire EV Framework supplier. A schedule of rates are appended to the Framework for transparency. No contingency has been assessed, based on the assumption that sites are selected based on the budget allocated. The upfront cost includes an advanced payment for 10 years data sharing from the charge point, and maintenance charges. It is envisaged that the energy costs for EV points will be incurred by SCC, and as they are not public points, these costs can be offset by charging for the use of the points.

Table 62 EV Charge point costs

EV Charge Point			
Requirement	Year	Assumption	Cost
EV charge point equipment, install	1	Based on experience with EV market, professional judgement and likely disruption with civil work, deemed sufficient to cover needs.	£100,000
TOTAL			£100,000

4.4.5. ULEV Taxi Trial

SCC will work with the taxi community to and provide them with the financial motivation to switch to EVs, whilst demonstrating the minimal impact an EV would have on their daily lives. No contingency is required as the £12,000 per year is a grant contribution only.

Table 63 ULEV taxi trial costs

ULEV Taxi Trial			
Requirement	Year	Assumption	Cost
ULEV Taxi Trial	1	Based on grant contribution required per year for scheme	£12,000
	2		£12,000
	3		£12,000
TOTAL			£36,000

4.4.6. Bus Traffic Regulation Condition

During 2018/19, the Council has invested in retrofitting the existing bus fleet to ensure all service buses are compliant with Euro VI standards. The Traffic Regulation Condition will require buses operating in Southampton to meet Euro VI emissions standards. This condition will ensure older, non-compliant buses do not re-enter the fleet after 2019 and reversing the positive trend.

Costs are based on our experience of implementing Traffic Regulation conditions for existing enforcement, and includes development, signage, enforcement, consultation and communication. A contingency of 15% has been included in this estimate to allow for cost overrun.

Table 64 Costs for Traffic Regulation Condition for buses

Traffic Regulation Condition for Public Service Buses			
Requirement	Year	Assumption	Cost
Traffic Regulation Condition consultation, drafting and adoption.	1	Professional judgement and experience of similar projects	£8,000
TOTAL			£8,000

4.4.7. Freight Measures (Freight Consolidation, Delivery and Service Planning and Fleet Accreditation Scheme)

These costs are based on quotation in appendix 13 following a desk study on Southampton's CAZ. Options are presented which set out differing levels of investment in these measures. An appraisal of the expected outcome that level of investment would then deliver is as follows:

The level of investment made into HGV supporting measures, including the SDC, DSPs and Fleet Accreditation Scheme can be scalable. The reach and impact of the SDC can be varied depending on the level of subsidy made available to potential early adopters, the duration of the framework agreement put in place with an SDC operator and the number of potential users targeted. The number of organisations receiving DSPs and direct expert support can also be scaled with it in mind that the level of investment made will be proportional to the scale of the benefit any scheme can be expected to deliver.

Option 1 represents the bare minimum required in order to maintain the existing level of use of the SDC for 3 years whilst enabling some potential new users to be targeted. The limited duration of the framework (3 years) and scale of the subsidy will present limitations on any prospects of addressing the needs of large scale municipal bodies such as the University Hospital NHS Trust where transition to a consolidation model will be complex and costly in the immediate short term and will require longer term contractual security.

Table 65 Freight measure costs option 1

Freight measures (Option 1)				
	Year	Target	Note	Cost
Freight Consolidation Centre				
Marketing	1-3	5 users per year	Engagement costs through business networks and direct marketing	£60,000
Monitoring and Evaluation and contract management overheads	1-3	5 users per year	Contract management costs, data capture, processing and reporting performance	£60,000
Subsidy	1	Early adopters	Financial support for start-up and switch over for early adopters	£100,000
Delivery and Servicing Plans (DSPs)				
Delivery and Servicing Plans (DSPs)	1-2	6 DSPs per year	Cost of £15k per DSP	£180,000
	1-2	Call off pool of available support days - DSP site assessments and recruitment preparation; business implementation support and case studies workshops; HGV advice and strategy.		£50,000
Contingency at 15%				£67,000
TOTAL				£517,000

Option 2 sets out HGV measures comparable in scale to those undertaken in the city previously under the Local Sustainable Transport Fund between 2012 and 2017. Contract management, performance reporting and marketing expenses remain equal to those set in Option 1 on an annual basis but due to the 5 year length of the framework the level of aspiration in terms of new users is improved on a year by year basis. The longer framework period provides greater levels of assurance to those organisations who would have to undertake significant change and start-up costs associated with shifting to the SDC and therefore a higher chance of success. Option 2 represents the minimum anticipated level of support, investment and contract duration required by the University Hospital NHS Trust to make their switch to a consolidation model both likely and sizeable. It does not represent the optimal level of

investment to see wide scale and lasting changes to public sector supply chain movements, but it is expected that Option 2 will allow the continuity of the SDC and bring about sufficient change to solidify the city's compliance projections.

Table 66 Freight measure costs option 2

Freight measures (Option 2)				
	Year	Target	Note	Cost
Freight Consolidation Centre				
Marketing	1-5	10 major users per year	Engagement costs through business networks and direct marketing	£100,000
Monitoring and Evaluation and contract management overheads	1-5	10 major users per year	Contract management costs, data capture, processing and reporting performance	£100,000
Subsidy	1	Early adopters	Financial support for start-up and switch over for early adopters	£250,000
Delivery and Servicing Plans (DSPs)				
Delivery and Servicing Plans (DSPs)	1-3	8 DSPs per year	Cost of £15k per DSP	£360,000
	1-3	Call off pool of available support days - DSP site assessments and recruitment preparation; business implementation support; workshops; HGV advice and strategy.		£75,000
Contingency				£133,000
TOTAL				£1,018,000

Option 3, the recommended option, offers a long-term and comprehensive programme of support to organisations in the city. The extended duration of the SDC framework will provide confidence to large-scale organisations in the city, with large supply chains generating large numbers of HGV movements, to transition to a new supply chain model. Provision is made for wide-scale engagement with potential users of the SDC, and sufficient DSP and expert support to increase certainty of new users adopting recommended changes in the management of their fleets and supply chains. A fleet accreditation scheme is also available to businesses alongside DSPs and enables SCC to offer a complementary package of support to local businesses and the required expertise to instigate changes in the make-up of working fleets in the city, procurement practices, stock management, and the supply of goods. Higher initial

investment in the SDC, subsidy support and the longer length of the SDC framework will enable increase the likelihood of larger organisation to transition to using the facility and deliver economies of scale.

Table 67 Freight measure costs option 3

Freight measures (Option 3)					
	Year	Target	Note	Assumptions	Cost
Freight Consolidation Centre					
Marketing	1-10	10 major users per year	Engagement costs through business networks and direct marketing	Costing based on marketing support provided to the SCC since 2015	£200,000
Monitoring and Evaluation and contract management overheads	1-10	10 major users per year	Contract management costs, data capture, processing and reporting performance	This has been based on the contract management costs previously tendered for the SDC.	£400,000
Subsidy	1	Early adopters	Financial support for start-up and switch over for early adopters	Costs of support are dependent on the outcome of DSPs for each adopter, and assessed at £10,000 per DSP.	£300,000
Supporting measures					
Delivery and Servicing Plans (DSPs)	1-3	10 DSPs per year	Cost of £15k per DSP	Consultancy cost based on quotations provided.	£450,000
ECOSTARS Commercial Fleets	1	50 members	Initial recruitment and scheme launch	Consultancy cost based on quotations provided.	£70,000

	2	30 members	Recruitment and member support	Consultancy cost based on quotations provided.	£50,000
	3	30 members	Recruitment and member support	Consultancy cost based on quotations provided.	£50,000
Additional business support	1-3	Call off pool of available support days - DSP site assessments and recruitment preparation; business implementation support; workshops; HGV advice and strategy.		Consultancy cost based on quotations provided.	£75,000
		Contingency at 15%			£240,000
TOTAL					£1,835,000

4.4.8. A3024 MyJourney Support

The A3024 MyJourney Support is to encourage replacement of private vehicles in the Northam/Bitterne area for sustainable and active travel.

The Marketing campaign is aligned to similar marketing campaigns undertaken by the Council on Access fund projects. The cost of the project is based on an assessment of the cost of mail drops, billboard and bus stop advertising and benchmarked against a recent similar campaign that was tendered for the Council's Move in March initiative.

The Journey Planning cost is based on the required software development requirements to enable more functionality within the existing Journey Planner software.

Costs for tailored cycle mapping relate to the software licensing required to implement and are based on quotation from the existing software provider.

The staff time involved in local promotional activity is assessed as equivalent to 0.3FTE of a senior communications officer, and has been costed on the basis of existing SCC pay grades and associated on costs. The cost of staff time for schools and communities officer has been based on the hourly rate of an existing sustainable delivery travel partner, and benchmarked against the delivery of similar schemes within the sustainable travel behaviour change programme.

Upgrades to mapping and xxx are upgrades to existing software systems. There is an existing budget in place for the ongoing maintenance of these systems.

The costing includes contingency of £13,000 based on 15% of the delivery costs.

Associated costs are defined below.

Table 68 Costs for MyJourney support

MyJourney Promotion		
Requirement	Assumption	Cost
Marketing campaign	Mirrors similar campaigns in access fund; tendered to media agency at capped rate	£25,000
Journey Planning	Earmarked development costs	£7,000
Tailored cycle mapping	Based on estimated cost provided by supplier	£3,000
Staff time for local promotional activity	0.2FTE of a grade 9 senior comms officer and on cost.	£15,000
Staff time for schools and communities officer	Schools time £40k; based on approximate rate for sustainable delivery travel partner, and based on experience of delivering similar schemes based on access fund sustainable travel behaviour change programme	£40,000
Project resources	15% of the above costs as a contingency on the project	£13,000
TOTAL		£103,000

4.4.9. Communications

A breakdown of communications costs is provided in appendix 12. Costs are based on existing marketing and communications procurements and professional judgement based on experience of similar schemes (e.g. MyJourney and Clean Air Network).

Table 69 Costs for communications

Communications			
Requirement	Year	Assumption	Cost
Communications	1-3	Based on professional judgement and similar campaigns	£55,740
Total			£55,740

4.4.10. Monitoring and Evaluation

SCC has commissioned BBLP to undertake an options appraisal of the monitoring and evaluation of fleet composition and identify associated cost estimates. Costs for diffusion tubes are based on existing contract. Costs for ANPR Data Processing are based on cost estimates provided by BBLP. A contingency of 15% has been built into the cost of ANPR monitoring to allow for variations in cost, and £80,000 has been allowed for over the monitoring period to address uncertainties and changes in road infrastructure, and implementing feedback on prior year survey results.

Table 70 Costs for monitoring and evaluation

Monitoring and Evaluation			
Requirement	Year	Assumption	Cost
5 diffusion tubes	1	Based on existing costs	£200
	2		£200
	3		£200
ANPR Data Processing/ Survey	1	Based on cost estimates provided by BBLP	£108,000
Analysis and Reporting	1		£26,000
ANPR Data Processing	2		£108,000
Survey	2		£26,000
ANPR Data Processing	3		£108,000
Survey	3		£26,000
Traffic Forecast Check	1	Based on estimate provided by Systra	£3,000
	2		£3,000
	3		£3,000
Transport & Dispersion modelling			£10,000
Contingency on ANPR Costs 15%			£48,600
Contingency on Analysis and Reporting 15%			£13,000
TOTAL			£483,200

4.5. Resource

Costs are estimated based on SCC's 2018/19 pay scales accounting for inflation and relevant on costs in subsequent years, applied to an assessment of the level of staffing resource required to progress the initiatives in this Business Case. The grades listed are subject to SCC's job evaluation process, but are currently based on similar active roles.

Table 71 Costs for resources

Description	Grade*	Duration/ Recruitment	Estimated Cost
Scientific Services Manager (0.2 FTE) To provide management and oversight to the project team.	12	Existing resource	£21,300
CAZ Support (1 FTE) <ul style="list-style-type: none"> To administer, manage and evaluate the incentive scheme. Support Communications Officer on taxi related matters. Support Licensing department on delivery of revised licensing conditions. Support all schemes and monitoring and evaluation of plan. 	8	Existing resource 2 years	£85,000
CAZ Team Leader – (1 FTE) <ul style="list-style-type: none"> To promote, administer and contract manage and evaluate the DSP/SDC/ accreditation scheme. Facilitate business change amongst participants. Support Communications Officer on related matters. To deliver the monitoring and evaluation activities. Contract manage external support services. Collate all associated reporting. Contract manage to Taxi Trial scheme. Line management responsibility for the CAZ support and communications officer. 	10	2 years fixed term	£110,400
CAZ Communications Officer (1 FTE) <ul style="list-style-type: none"> To promote the CAZ support/mitigation measures to ensure active engagement with stakeholders. To deliver all related communication activities including proactive and reactive management of media. To share experiences with relevant stakeholders to add value to schemes. Embed within Communications team. Comms plan runs for three years but level of staffing to be assessed following years 1 and 2. £46k assumed for year 3 contingency. 	9	2 years fixed term	£144,650
Projects & Change Team (0.4 FTE) Consisting of 0.1 FTE Project Manager, 0.05 FTE Business Analyst, 0.05 FTE Programme Manager & 0.2 Business Change Manager. These roles will	9-11	Existing resource	£24,000

provide support for a 6 month period to the implementation of the CAZ.		over 6 months	
Total Year 1			£179,800
Total Year 2			£158,800
Contingency based on 1 FTE Communications Officer*			£46,750
Total			£385,350

**If existing marketing plan is not sufficient and requires further resource, contingency available.*

4.6. Funding and Cost Assumptions

There are several key funding and cost assumptions that are being applied to the financial model, in line with the developing Full Business Case. The key assumption is that the implementation of the preferred option and subsequent monitoring and evaluation is publicly funded upfront through the implementation fund. Cost assumptions have been used where relevant for determining project costs, and have been detailed above in the narrative to each measure.

4.7. Assurance of Cost Estimate

A full determination of assurances was undertaken as part of the Full Business Case. This included a review of the model by the Council's Chief Finance Officer on the finalised financial model in the Full Business Case.

4.8. Managing Costs and Risks

Costs will be managed by ensuring all procurement follows the procurement strategy outlined in the Commercial Case. The assessment of tenders through this process will be based on both quality and price to ensure value for money.

The budget management responsibility will fall to the project manager and appointed contract managers (for example cycle infrastructure works carried out by existing partners Balfour Beatty will be managed by the Transport Delivery team whereas Consultancy for HGV mitigation and fleet recognition will likely be contract managed by Scientific Services). Quarterly budget reports at the Clean Air Implementation Board will identify any issues and mitigate where necessary.

4.9. Other Funding Sources

Southampton City Council anticipate that funding will be sourced from the Government's Clean Air Fund and Implementation Fund. The financial model assumes no funding from external sources or direct funding from the council itself. Other opportunities will be considered as and when they arise and the Council's will work closely with JAQU to capture any further funding opportunities

4.10. Summary

A letter signed by Chief Financial Officer, S151 officer, is attached in appendix 14.

The City Council is requesting the following funding in order to implement our package of measures to achieve compliance:

Table 72 Revenue and capital, clean air fund and implementation fund- summary

Scheme	Revenue	Capital	Source
Taxi Licensing Condition Change	£8,000	-	Clean Air Fund
Restrict non-SCC vehicles from bus lanes	-	£80,500	Clean Air Fund
Low emission taxi incentive scheme	-	£164,250	Clean Air Fund
ULEV Taxi Trial		£36,000	Clean Air Fund
Taxi Electric Vehicle Charging Points	-	100,000	Clean Air Fund
Bus Traffic Regulation Condition	8,000		Implementation Fund
MyJourney A3024 Scheme	103,000		Implementation Fund
Communications	55,740		Implementation Fund
Officer Support To Mitigating Measures.	385,350		Implementation Fund
Monitoring And Evaluation	483,200		Implementation Fund
Sustainable Delivery Centre		900,000	Implementation Fund
Delivery Support plans		450,000	Clean Air Fund
Fleet Accreditation		170,000	Clean Air Fund
Additional Business Support		75,000	Clean Air Fund
Contingency on Sustainable Delivery Centre projects		240,000	Clean Air Fund
Total Funding request	1,043,290	2,215,750	

Our total funding bid is for £3,259,040. A summary of the capital and revenue elements requested from the Implementation Fund and Clean Air Fund is provided as part of the financial model illustrated below.

Summary of Financial Model:

1. Capital & Revenue Expenditure Summary

The table below provides a summary of the funding requested and associated spend profile.

Capital & Revenue Expenditure Summary							
Non Charging Clean Air Zone measures							
	(£'000s)			SPEND PROFILE			
Uses	Impl. Fund	Clean Air Fund	Total	2019/20	2020/21	2021/22	Total
Taxi Incentives							
Taxi Incentive Grants		110	110	94	16		110
TAXI ULEV incentive grants		54	54	47	7		54
Taxi try-before you buy		36	36	12	12	12	36
Taxi bus lane signage		81	81	81			81
Rapid chargers		100	100	100			100
							-
Freight Distribution Centre							
Early Adopters subsidy	500		500	500			500
Marketing, monitoring & evaluation re SDC	400		400	200	200		400
3 Years provision of delivery and service planning		450	450	150	150	150	450
3 Years fleet accreditation scheme		170	170	70	50	50	170
Additional Business Support		75	75	25	25	25	75
SDC Contingency		240	240	240			240
							-
Ongoing capital expenditure							
Overall mitigations							-
Scheme Decommissioning							-
Totals	900	1,316	2,216	1,519	460	237	2,216
Implementation Revenue costs							
Project officer support	385		385	193	193		385
Taxi bus lane restriction TRO		8	8	8			8
Bus operation conditions TRC	8		8	8			8
My Journey support	103		103	103			103
Communications	56		56	56			56
Monitoring & Evaluation	483		483	161	161	161	483
							-
Totals	1,035	8	1,043	529	354	161	1,043
Sources - Capital							
Implementation Fund - capital	900		900	900	-	-	900
Clean Air Fund - Capital		1,316	1,316	1,316	-	-	1,316
							-
Sources - Revenue							
Implementation Fund - Revenue	1,035		1,035	1,035			1,035
Clean Air Fund - Revenue		8	8	8			8
Totals	1,935	1,324	3,259	3,259	-	-	3,259

a. Grant Funding Summary

The following table summarises the capital and revenue amounts requested from the Clean Air Fund and Implementation Funds.

Summary Funding Request				
(£'000s)	2019/20	2020/21	2021/22	TOTAL
Implementation Fund				
Capital	900	-	-	900
Revenue	1,035	-	-	1,035
Total	1,935	-	-	1,935
Clean Air Fund				
Capital	1,316	-	-	1,316
Revenue	8	-	-	8
Total	1,324	-	-	1,324
Total				
Capital	2,216	-	-	2,216
Revenue	1,043	-	-	1,043
Total	3,259	-	-	3,259

b. Scheme cash flows

The following table provides the expected cash flows.

CASH FLOW STATEMENT					
Non Charging Clean Air Zone measures					
Income	2018/19	2019/20	2020/21	2021/22	Totals
(£'000s)					
Scheme Revenues					
External Contributions					-
CAZ Early Measures funding	-	-	-	-	-
Implementation Fund - capital grant	-	900	-	-	900
Implementation Fund - revenue grant	-	1,035	-	-	1,035
Clean Air Fund - Capital grant	-	1,316	-	-	1,316
Clean Air Fund - Revenue grant	-	8	-	-	8
CBTF grant	-	-	-	-	-
Total	-	3,259	-	-	3,259
Cash Expenditure					
Capital Setup Costs					-
Implementation & setup costs - capital		1,519	460	237	2,216
Implementation costs & setup - revenue	-	529	354	161	1,043
Ongoing Revenue Expenditure					-
Interest on CAZ sinking fund	-	-	-	-	-
CAZ Operation & Maintenance	-	-	-	-	-
Total	-	2,048	814	398	3,259

Impact on Financial Statements

The table below demonstrates the impact of the proposals on the Council's financial statements. The majority of capital expenditure is to be spent on Capital assets not under the ownership of the Council, and is therefore treated as Revenue Expenditure Funded by Capital Under Statute (REFCUS). The grant funded proposals do not impact on the cost of providing services and do not impact on General Fund or specific reserves already earmarked within the Council's Medium Term Financial Framework.

5. Management Case

5.1. Legal Statement with respect to Inquiry

As the Authority is not proposing a Scheme under the 2000 Act in its final plans (subject to decision on 22nd January 2019) we do not currently anticipate the need to hold a public inquiry under s.170(2) of that Act.

In the event Members decide to proceed with a scheme under the 2000 Act which incorporates a charging scheme then whether or not an Inquiry would be held would be a matter to be determined when considering whether or not it is 'necessary' to do so in accordance with the requirements of the Act. Having completed a full and detailed consultation with the public, SCC is of the view that an Inquiry will not be considered necessary subject to the content of any representations received in response to publication of any Order under the Act and it would be unlawful for the Authority to pre-determine that question in advance of any such consideration.

SCC can confirm that it will not consider the question of whether an Inquiry is required to be held under the Act without prior consultation with the Secretary of State but as the current draft proposals do not include a relevant scheme under the 2000 Act the requirements of paragraph 5 (b), (d) and (f)(i) and (ii) are of no effect / not applicable unless Cabinet decides to progress an alternative option on 22nd January.

5.2. Approvals

Approval to submit the Full Business Case to JAQU on 31st January 2019 has followed the below process with links to the relevant document of Southampton City Council's constitution.

- Overview and scrutiny 16th January 2019
 - https://www.southampton.gov.uk/policies/08-part-4-overview-scrutiny-procedure-rules_tcm63-363583.pdf
- Cabinet 22nd January 2019 (decision notice in appendix 15)
 - https://www.southampton.gov.uk/policies/07-part-4-executive-procedure-rules_tcm63-363582.pdf
- Delegated powers to submit 31st January 2019 and make any subsequent amendments that do not significantly alter the direction of the preferred option, delegated to Mitch Sanders, Director for Transactions and Universal Services SCC.
 - https://www.southampton.gov.uk/policies/07-part-4-executive-procedure-rules_tcm63-363582.pdf (Section 1.3)

To ensure timely implementation following approval of funding JAQU, a paper will be taken to full Council on 20th March 2019 seeking pre-emptive approval to spend the funding (as total bid is over £2,000,000, see link below for virement rules). This will ensure SCC are ready to implement the preferred option as soon as funding from JAQU is received.

- https://www.southampton.gov.uk/policies/06-part-4-budget-policy-framework-procedure-rules_tcm63-363581.pdf

5.3. Southampton City Council and New Forest District Council Joint Work

The exceedance identified by the PCM and reported in the 2017 national plan for NO₂ extends beyond Southampton's boundary to that of NFDC. As a result, a Memorandum of Understanding was signed by both authorities that outlined the intent for SCC and NFDC to work in partnership to produce a joint preferred option for compliance with the legal NO₂ objective within the shortest possible time. Modelling has shown that NFDC will itself be compliant in 2019 without any mitigation actions.

Following ongoing work to develop the SCC business case for submission in January 2019, NFDC chose to progress a separate application to JAQU to meet their ministerial direction submission deadline of the end of 2018. A mutual decoupling of work was agreed in Nov '19, all relevant information (joint consultation, modelling etc.) was provided to NFDC to enable them to complete their deadline.

5.4. Timeline for Preferred Option Implementation

A timeline for implementation of the measures to improve NO₂ concentrations can be found in appendix 16.

This project has three main phases of work, the first being development, submission and approval (assumed for the purposes of timeline development) of the Business Case. The first phase is programmed to complete in March 2019 once a response to the submitted business case has been received by SCC and NFDC from JAQU.

The second phase of the project will be focused on implementation of the approved option and is programmed to run from April 2019 following approval of funding from government.

The third phase is monitoring and evaluation of the schemes implemented ensuring that compliance with the EU AAQD continues.

5.5. Project Management

The project methodology utilised on this project by SCC is an adaptation of Association of Project Management, implementing the traditional aspects of the waterfall approach. The project will have a defined board structure at tactical and strategic levels and will have a standard suite of project documentation (Business Case, logs for risks, issues, decisions etc.). Due to the complex nature of the work required the management of the project will be divided, with the Scientific Services Manager being responsible for the project, the Clean Air Team Leader providing dedicated support and the Project Manager providing additional support for governance and methodology application.

The contract management elements of any work related to Strategic Transport will be completed by the Service Manager Strategic Transport (Pete Boustred). The Service Manager Strategic Transport will be a member of both the Project and Air Quality Implementation Boards, ensuring appropriate oversight of any works undertaken by contractors directly related to Strategic Transport.

Any additional third party contract management will be undertaken by the Clean Air Team Leader (or alternative work stream lead identified in section 5.5.). They will receive procurement and Legal support from the internal SCC teams as required. The

Clean Air Team Leader will be required to update the Project and Air Quality Implementation boards both through verbal update and through completion of relevant sections of the project highlight report.

Any relevant contractors will be invited to the project board as required and deemed suitable. If invited to the project board they will be one of the first agenda items and then dismissed from the remainder of the meeting. This will ensure appropriate oversight is undertaken, while maintaining a professional separation from them and any other agenda items. The Scientific Services Manager and Clean Air Team Leader will be responsible for ensuring communications between the contractor and the project is maintained and that all relevant information is shared.

At a national level a number of tasks are required to be completed by Government Departments or national organisations such as DVLA, the oversight of these works will be undertaken by the Joint Air Quality Unit (JAQU). Regular communications will be undertaken between the SCC CAZ team and JAQU to ensure that SCC planning is undertaken with the latest information.

5.6. Work Stream Management

All work stream will in the first instance report to and be coordinate by the Clean Air Team lead as the implementation lead for the work of the Clean Air Zone. The work streams will complete a bi-weekly highlight report this will feed into the Clean Air Team Lead's report. When required the work stream leads will be invited to the project board to report on progress or any issues.

5.6.1. Licensing Conditions

Delivery of licensing condition changes will be overseen by the licensing team and will report to the CAZ Project Board. The key milestones for the project are as follows:

- 1) Inform trade reps and Chair of licensing committee of proposal.
- 2) Draft conditions
- 3) 12 week consultation, inform the trade and post on website.
- 4) Consider responses, 12 weeks.
- 5) Submit report to licensing committee with recommendation to adopt from a fixed date after the committee meeting.

This is a business as usual process and has been undertaken by the licensing team recently to change the conditions to allow hybrid and electric vehicles to be licensed for 12 years opposed to 9 years, and allow electric vehicles that can hold three passengers only to be licensed.

Approval will be required for changes in licensing conditions and will be adopted by the SCC Licensing Committee in 2019 prior to implementation.

Table 73 Licensing condition key risks and mitigations

Risk	Likelihood H/M/L	Impact	Mitigating action
Licensing conditions not implemented	L	Taxi and private hire vehicles are	Regular status updates on progress

		not encouraged to upgrade quickly	of project reported to CAZ project board.
Trade reaction is to reject proposals	M	Licensing committee do not adopt proposals.	Communication of benefits to trade and address concerns through consultation and as part of communications plan.

5.6.2. Bus Lane Restrictions

The Bus Lane Restriction for non-SCC vehicles is being implemented by the Strategic Transport team and is being implemented as part of a mitigation strategy to provide an incentive for taxi and private hire operators to remain licensed in Southampton despite an increase in stringency on licensing conditions in 2023. This will be delivered and managed by BBLP who will report to Strategic Transport and the CAZ Project Board on progress where necessary. The framework with BBLP has general terms for performance management which will be applied in this case and overseen by the contract manager.

Project status and financial updates will be reported to the CAZ Project Board. Monitoring and evaluation will be conducted as part of the CAZ monitoring and evaluation programme and reported to JAQU as per the requirements of the funding.

Key Benefits:

- Provide an incentive to local taxi operators to prevent licensing elsewhere due to increasing stringency of licensing conditions.

5.6.3. ULEV Taxi Trial

Project status and financial updates will be reported to the CAZ Project Board. Monitoring and evaluation will be conducted as part of the CAZ monitoring and evaluation programme and reported to JAQU as per the requirements of the funding. This work stream will be led and contract managed by the CAZ Team Leader.

SCC will collaborate with an initial sample drivers to accurately track vehicle location, driving profile, and idle times using telematics. This information will be used to provide the drivers with a personal comparison between their current vehicle and an equivalent EV, demonstrating its practicality for their typical operations and the relative operating costs (fuel, road tax, and servicing). This will be broken down into savings for the duration of the trial and extrapolated to show savings over one year, three years, and five years, respectively. The data will also be used to help possible locations for charge points, in order to facilitate maximum utilisation. It will highlight those journeys that could have been completed without running out of charge, and where additional charging may have been required and the type of charger suited to that location.

By adopting this approach, it ensures that when converting to EVs the infrastructure is situated in locations that drivers need. Whilst some hotspots are easily identifiable, such as local train stations and city centre taxi ranks, the assessment will assist in

identifying additional locations which might otherwise be easily overlooked, such as neighbourhood shopping centres and community hubs, business centres, link roads and common destinations outside of the City.

Up to 48 drivers will be selected from the initial sample per year and offered the opportunity to trial a fully electric vehicle for up to 6 months. The trial will be assessed again using telematics so as well as providing the driver with the practical experience a further report demonstrating operating benefits over a longer period can be provided to reinforce assumptions made in the original assessment. The scheme is funded for three years. After the three years the grant has covered all the costs of licensing required and the vehicle no longer needs to prove that it is operating licensed as a taxi in Southampton.

Table 74 ULEV trial key risks and mitigations

Risk	Likelihood H/M/L	Impact	Mitigating action
Taxi operators reject scheme	L	No uptake of scheme.	Communications and promotion to demonstrate benefits will be clearly evident to drivers. Electric Blue have previous experience delivering schemes.

Key Benefits:

- Evidence for benefits of ULEVs clearly demonstrated to fleet. Accelerated uptake of EVs.
- Supports low emission taxi incentive scheme.

5.6.4. Low Emission Taxi Incentive Scheme

Southampton City Council and Eastleigh Borough Council have received joint funding from the Joint Air Quality Unit (JAQU) for the implementation of a financial incentive scheme to encourage replacement of older, more polluting vehicles in the private hire and hackney carriage fleet, with low emission vehicles. The financial incentives are offered through the licensing process by providing an incentive on purchase of low emission vehicles designed to cover some of the costs associated with licencing, inspection and certification fees (i.e. running costs) over 3 years.

The process is as follows:

1. Licence holder applies for scheme
2. SCC/EBC licencing check current vehicle meets requirements
3. SCC Scientific Services (SS) check proposed vehicle meets requirements (e.g. is hybrid/electric/plug-in)
4. SCC SS issue conditional grant offer to licence holder
5. Licence holder has 3 months to purchase proposed vehicle
6. Proposed vehicle is purchased and successfully licenced on same plate number as current vehicle
7. SCC SS issue cheque to licence holder

8. Checks throughout the year and on vehicle relicense to ensure vehicle is licenced for subsequent three years

The key terms and conditions of the scheme are:

- The replacement vehicle must be licensed for a subsequent three years by EBC or SCC.
- The old vehicle must not be relicensed in EBC or SCC for a subsequent three years.
- The old vehicle has been licensed by EBC or SCC and operated in the area for at least 12 months prior to applying.
- The replacement vehicle must have driven at least 8,000 miles as a licensed vehicle in the 12 months prior to applying.
- Limited funds available, the Scheme is operating on a first come first serve basis.
- Single cashback payment on successfully licensing replacement vehicle.
- More than one application may be submitted, grant award will be limited to up to £7,000 per applicant.
- Southampton City Council and Eastleigh Borough Council may at its absolute discretion reject any application and will give reasons to justify that decision.
- Grants will not be awarded retrospectively.

The new proposed scheme will follow this model. The work stream lead will be the CAZ Team Leader who will work with licensing to implement the scheme. As the scheme is currently in existence the project risks will be managed and mitigated in accordance with those identified through the AQ Grant. Project status updates and financial updates will be provided at the CAZ project board.

The scheme will be operated over two years from April 2019, with the incentive being halved in the second year to encourage quicker uptake of the scheme.

Table 75 Low Emission Taxi Scheme Expansion 2 Year Model

Option	Cashback Incentive Year 1	Cashback Incentive Year 2
Full Electric	£3000	£1,500
Plug-In Hybrid Electric Vehicle (PHEV)	£2000	£1,000
Full Hybrid	£1500	£750
Euro 6 Diesel or Petrol*	£1500	£750

*(Capacity to carry 5-8 passengers or wheel chair accessible only)

On approval from JAQU for funding, a request will be made through the AQ Grant returns process to join up to the two funding sources and align the models for the schemes.

Key Benefits:

- Support local taxi operators to upgrade vehicles beyond Euro 6 diesel/4 petrol.

- Reduce emissions from taxi and private hire vehicle fleet.
- Year 2 reduction will encourage quicker uptake of the scheme.
- Supports Wheel Chair Accessible and 5-8 passenger vehicles to upgrade and reduce emissions.

5.6.5. EV Charging Infrastructure

This project will be delivered by the Strategic Transport team, led by the Sustainable Cities team leader. This will be delivered alongside the councils Electric Vehicle Action Plan, which has its own associated project plan and performance dashboard. Progress on the two EV charge points will be reported to the Clean Air Zone Project Board. Monitoring and evaluation will be conducted as part of the CAZ monitoring and evaluation programme and reported to JAQU as per the requirements of the funding.

Approvals and agreements must be sought from the district network operator and SCC highways prior to installation, however this will be included within HCC's framework providers feasibility study to ensure any site has obtained such approval prior to installation.

Key Benefits:

- Encourage uptake of electric vehicles amongst the private vehicle and taxi/private hire fleet
- Support the taxi incentive scheme
- Reduce exhaust emissions of NO_x and PM
- Reduce CO₂ emissions where sourced from renewable energy

Rapid charge points will not be exclusive for taxi operators and therefore state aid does not apply as they will be open and publically accessible.

Table 76 EV Charge points key risks and mitigation

Risk	Likelihood H/M/L	Impact	Mitigating action
EV Charge point procurement not achievable in timescales	L	No charge points delivered, ULEV Trial and low emission scheme less effective	Hampshire EV Framework as procurement route reduces risk as works can be called directly from framework.
Minimal utilisation of charge points.	M	Charge points underutilised.	Communications campaign promotes use and uptake. Low emission incentive scheme and ULEV Trials promotes use.
2 rapid EV charge points are insufficient for requirement	L	Uptake of EVs requires additional charge point installation.	Funding from existing EVAP scheme can be diverted to meet demand, however

			current demand and limited EVs in taxi fleet being low reduces this risk. An ongoing programme will see future delivery of charge points across the city.
Costs are underestimated	M	EV charge points cannot be funded	Reduce number of charge points. Divert funds from existing EVAP budget.
No suitable location can be identified	M	Charge points are difficult to access for taxi operators/ drivers/ firms	Contractor to undertake site feasibility studies. Likely to use council property / council owned car parks in the vicinity of the city centre that are accessible to taxi operators. Key requirement of procurement is that it meets taxi driver needs. Engagement with taxi fleet underway.
Charge points not installed prior to end of 2019	L	Impact on AQ low but will affect uptake of low emission scheme and ULEV Trials.	Brief will stipulate key constraint of implementation prior to the end of 2019 and as quickly as possible. Project integrated into existing Electric Vehicle Action Plan which also reports to Cabinet Member and Project Board.

5.6.6. Traffic Regulation Condition for Public Service Vehicles

The implementation of a traffic regulation condition (TRC) will be managed by the strategic transport team and will report to the CAZ project board. The Strategic Transport team will oversee the BBLP who will design, develop and manage the scheme. The SCC Legal team will be required to draft the traffic regulation condition. Project status and financial updates will be reported to the CAZ Project Board.

Monitoring and evaluation will be conducted as part of the CAZ monitoring and evaluation programme and reported to JAQU as per the requirements of the funding.

The process required to implement a Traffic Regulation Condition based on consultation with authorities that have implemented similar schemes is as follows:

1. Informal consultation with trade
2. Design and development
3. Further consultation with trade on specifics
4. Formal request to Traffic Commissioner for TRC
5. Consultation by Traffic Commissioner
6. Approval and adoption (assuming no objections received)

Oxford is an example of an existing successful Traffic Regulation Condition for buses, where they have designated an area of the city centre a Low Emission Zone¹⁴.

Pre-engagement with bus operators in the city is essential to ensuring all stakeholders buy in to the scheme and the TRC can be implemented. SCC has a designated Public Transport Officer who will facilitate this process with BBLP and other CAZ project team members. The consultation exercise for this plan has also engaged with bus operators in the city to examine the effects of implementing a regulation (a clean air zone that may charge buses to operate in the city if they do not meet compliance) and therefore it could be considered that a TRC is not dissimilar in its objectives. Engagement with other authorities identified cost to upgrade vehicles as a key concern, in Southampton this burden has been alleviated through the Clean Bus Technology Fund programme.

Enforcement of the TRC will be based on officers reviewing bus licenses and checking that vehicles meet the requirements. Ultimately, the penalty and incentive for operators to comply is revoking the operating license. The scheme will however be built on partnership with the operators and therefore enforcement is unlikely.

Buses must meet a minimum Euro VI standard to comply with the traffic regulation condition or be fitted with accredited technology through the Clean Vehicle Retrofit Accreditation Scheme run by the Energy Savings Trust¹⁵.

Key benefits:

- Provide mechanism to encourage a modern bus fleet and lower emissions.
- Support ongoing improvements in the bus fleet and support the Clean Bus Technology Fund.

Table 77 TRC key risks and mitigations

Risk	Likelihood H/M/L	Impact	Mitigating action
TRC not implemented prior to the end of 2019	L	Low impact on AQ as CBTF retrofit in place to upgrade vehicles.	Project management principles.

¹⁴ <https://www.oxford.gov.uk/info/20216/air-quality-management/208/oxfords-low-emission-zone-lez>

¹⁵ <http://www.energysavingtrust.org.uk/transport/clean-vehicle-retrofit-accreditation-scheme-cvras>

Bus operators reject proposals and/or are not prepared for introduction	M	Objections prevent implementation of TRC.	Communication plan to ensure all operators are aware. Implementation not before that originally proposed for the CAZ (i.e. end of 2019) to ensure retrofit programme can be complete. The order will be amended if objection received to address objection and another consultation will take place.
Services are unviable due to TRC and reduce use of public transport.	L	If this occurs, there is a potential impact on air quality as it may drive use of private vehicles.	Buses currently accessing CBTF to retrofit to compliant standard. Communications campaign with operators to raise awareness. Business Change manager to assist with any adaption required.

5.6.7. Freight Measures

Freight consolidation, delivery and service planning and fleet accreditation will be delivered by the Strategic Transport team, overseen by the Sustainable Cities Team leader. Project status and financial updates will be reported to the CAZ Project Board. Monitoring and evaluation will be conducted as part of the CAZ monitoring and evaluation programme and reported to JAQU as per the requirements of the funding. Key benefits are outlined in the economics section of this document.

Table 78 Freight consolidation, delivery and service planning and fleet accreditation risk and mitigations

Risk	Likelihood H/M/L	Impact	Mitigating action
Key organisations in the city, the surrounding area and the Isle of Wight are unaware that a freight consolidation centre service is available to them	H	Low number of users switch to the SDC and there is limited reduction in HGV numbers on the road	A marketing budget is to be allocated to support the promotion of the scheme for the duration of its existence under a new 10-year

			framework agreement
Businesses do not possess the internal expertise or insight to judge the value of the change the SDC might provide or develop a business case for the switch to a consolidation model	H	Potential users are dissuaded from switching to a consolidation model	DSPs and consultancy support will be offered as a free service for a 3 year period for potential users to undertake the assessment work required along with the business case development
Limitations or short term availability of the freight consolidation model promoted through the SDC dissuades key potential users from switching due to the time and cost associated with introducing a change to supply chain arrangements	H/M	Potential users are dissuaded from switching to a consolidation model	The SDC framework will be established for a 10-year duration to build confidence in the market
No suitable standalone SDC service provider is available within the timeframes required	L	No SDC service is available as mitigation for organisations in the city until after the CAZ is in place	The SDC service framework put out to tender will require tenderers to evidence a sustainable business model including integration of additional freight services alongside consolidation
The costs associated with the provision of an SDC service are unsustainable without the provision of public subsidy support	M	Long term operation is not possible and users have confidence undermined which impacts the switch over of supply contracts	The SDC service framework put out to tender will require tenderers to evidence a sustainable business model including integration of additional freight services alongside consolidation
No long term fleet management evaluation, review or incentives exist to bind	M	Initial changes to fleet is short lived and costly. Longer	Provision of ECOSTARS fleet recognition scheme to provide specialist

organisations to sustainable fleet management behaviours		terms benefits are not realised	support and incentive to local organisations to realise long term benefits
Despite identifying the benefit of switching to an SDC, businesses do not have the ability or staff capacity to instigate changes to the supply chain fast enough	L	Benefits of SDC are not realised quickly.	Provision of additional consultancy time to undertake the necessary business case development providing organisations with the confidence to switch and in the time required
There is insufficient transparency in the operation of any SDC service and quantifying any benefits are unclear. No independent or third party judgement of performance exists	M	An assessment of the impact on fleet operations is unclear	Data capture, reporting and assessment will be applied to the SDC framework and costs associated with carrying out the work will be accounted for within the CAZ business case
Key users requirements for the supply of specialist goods are not met by the SDC	M	SDC is limited to certain users and the benefits are constrained	The new SDC framework will set specific requirements for any tenderer to possess a controlled drugs license for the handling of sensitive materials required by potential major users such as the University Hospital. This will enable pharmacy functions to be accounted for along with the transportation of samples
The SDC service provider is limited to when it operates due to disproportionate operating costs or low	M	SDC is limited to certain users and the benefits are constrained	The new SDC framework requires that freight consolidation is not a standalone service but one of a package

demand as a standalone service			of freight services. This builds in economic resilience. The framework also stipulates 24/7 service provision as a key assessment criteria effecting award of the contract
The time required to establish a freight consolidation centre including new facilities and standalone service is prohibitive and/or disproportionately expensive	M	SDC is unable to function in time to enable the benefits to be realised	The new SDC framework stipulates that the service should operate out of existing premises to prevent the CAPEX costs associated with constructing a new facility

5.6.8. MyJourney

The MyJourney programme is managed by the Sustainable Cities Team Leader and the MyJourney Programme Officer. Additional support is requested to deliver to project manage the work stream marketing and communications requirements. The Access Fund board oversees MyJourney monitoring and evaluation and progress reports and status updates are presented at this group. The work stream lead will attend the CAZ Project Board to provide project status and financial updates.

Key Benefits:

- Reduced private vehicle use reduces exhaust emissions.
- Focus on Northam Bridge/Bitterne area mitigates risk of exceedance.

Risks and mitigations will be managed by the existing MyJourney Access Fund programme.

5.6.9. Communications

Communications will be overseen by the CAZ Communications Officer. It is essential for the successful implementation of the schemes to ensure that stakeholders are aware and maximise investment. A communications plan is included in appendix 13.

5.7. Additional Resource Requirement

Table 79 Additional resource requirements

Description	Grade*	Duration/ Recruitment
Scientific Services Manager (0.2 FTE) - To provide management and oversight to the project team.	12	Existing resource
CAZ Support (1 FTE) – To administer, manage and evaluate the incentive scheme. Support Communications Officer on taxi related matters. Support Licensing department on delivery of revised licensing conditions. MyJourney support. Embed within Sustainable Transport team.	8	Existing resource 2 years
CAZ Team Leader – (1 FTE) - To promote, administer and contract manage and evaluate the DSP/SDC/ accreditation scheme. Facilitate business change amongst participants. Support Communications Officer on related matters. To deliver the monitoring and evaluation activities. Contract manage external support services. Collate all associated reporting. Contract manage to Try before you Buy scheme.	10	2 years fixed term
CAZ Communications Officer (1 FTE) To promote the CAZ support/mitigation measures to ensure active engagement with stakeholders. To deliver all related communication activities including proactive and reactive management of media. To share experiences with relevant stakeholders to add value to schemes. Embed within Communications team	9	2 years fixed term
*Projects & Change Team (0.4 FTE) – Consisting of 0.1 FTE Project Manager, 0.05 FTE Business Analyst, 0.05 FTE Programme Manager & 0.2 Business Change Manager. These roles will provide support for a 6 month period to the implementation of the CAZ.	9-11	Existing resource over 6 months

*Projects and Change Team Management Support

The Projects and Change Team will support the initial months of the plan launch to ensure successful implementation. Business Analyst will aid process development for expanding the low emission taxi incentive scheme and assisting with processes related to bus lane restrictions, licensing condition changes and the traffic regulation condition for buses. Programme and project managers will assist with governance in the initial phases, overseeing reporting of project status and financial updates. The Business Change Manager will work closely with the Communications and Engagement Officer to ensure that all activities are aligned and deliver against the project objectives. To ensure appropriate activities are undertaken, a Business Change Plan will be developed to scope the required change and how this will be delivered. The primary role of the Business Change Manager will be to offer support to the implementation phase work streams, ensuring that all required cultural and

behavioural change is taken into consideration and undertaken, with the objective of supporting long term changes in behaviour. A Business Change Plan will be developed once all relevant contractors are appointed, this is to ensure that they complement the work the contractors will undertake and to avoid any chance of duplicated activity.

5.8. Reporting

Once the submission of the business case for the preferred option has taken place, a reporting process will begin (please see appendix 17 for template of reporting dashboard). The reporting format will consist of a dashboard report for each work stream which will feed into a project status overview completed by the Project Manager. These dashboards will act as means for each work stream and the project to report against the baselines for; time, cost and quality. They will also act as a formal measure by which; decision requests, risks and issues can be escalated.

The highlight reports will be produced on a fortnightly basis due to the short period of project implementation required for a Non-Charging Clean Air Zone. Once these reports are completed they will be taken to the project board for review and scrutiny.

It is anticipated that JAQU will be provided with a regular update on the project as its implementation develops. JAQU will be asked to provide SCC with templates by which they wish to monitor the projects implementation and spend.

The Clean Air Zone board will remain in place until the end of 2019, any ongoing oversight, monitoring and evaluation will be completed by the Air Quality Implementation board.

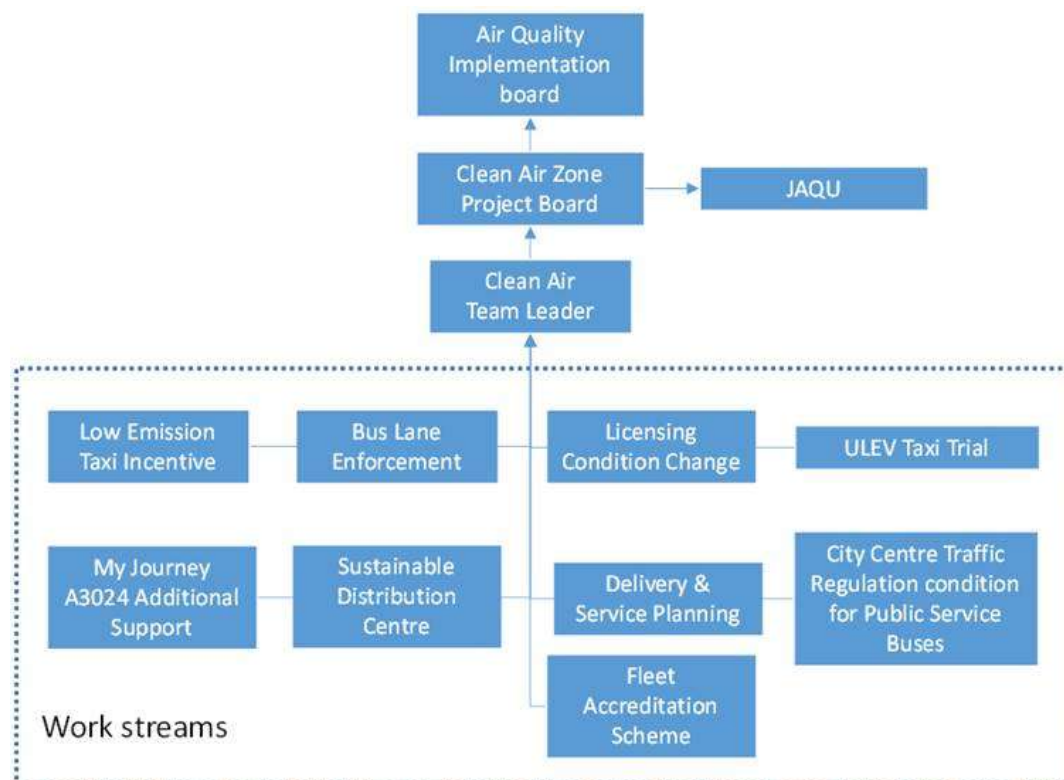


Figure 20 Reporting line chart for Clean Air Zone Implementation

5.9. Change Control Process

Any change that is not within the agreed project scope will need to be requested through a specific change control process which will be managed by the Project team in the first instance. The inclusion of this process does not anticipate change, but places a clearly defined process in place by which any required changes can be managed. The decision making process will be undertaken as follows:

- Change impact falls within delegated authority of the Scientific Services Manager and Clean Air Team Leader within defined contingency levels (please see table below). Any challenges to the decision made will be escalated to the Project board for a decision or in any urgent cases the Senior Responsible Owner (SRO).
- The Project Delivery Lead will have delegated authority to approve changes up to 50% of each agreed contingency type (Time, Cost & Quality) if required, these changes will still need to be reported to the project board. Any changes between 50% – 100% of any contingency will require approval by the Project Board or in an emergency the Senior Responsible Owner. Any changes above 100% of contingency will be required to be approved by both the Cabinet Lead for the project and Chief Executive of the Council, with the SRO presenting the request and reason for change. Any changes outside of expected tolerances that are not within SCC remit to control, are also likely to require escalation to JAQU.

Category	Clean Air Team Leader	Scientific Services Manager	Project Board approval limit for variance	Cabinet Member Approval and Chief Executive approval
Budget	0 - 50% of contingency	50-75% of contingency	75 –100% contingency	100%+ contingency
Timescale	Minor changes which don't impact the overall timeline for delivery.	Minor changes which don't impact the overall timeline for delivery.	Minor changes which don't impact the overall timeline for delivery.	Any changes which may result in a change to project delivery date, which may require JAQU engagement.
Scope*	Minor changes which do not alter the outcome specified.	Minor changes which do not alter the outcome specified within the bid.	Minor changes which do not alter the outcome specified within the bid.	Any significant change to outcomes, which may require JAQU engagement.

Appendix 18 contains the Change Request Form, once this is raised each request will be documented in the Change Request log which is attached in appendix 19. The Change Request log will detail the request and the decision made regarding the request. Any decision will be recorded in the decision log and each decision made should be made available to the Project Board, with any significant decisions / changes provided as an agenda update to both the Project and Implementation boards.

5.10. Governance Structure

For the implementation of the Clean Air Zone a two board structure is in place, the first being a tactical level project board designed to support the Clean Air Zone Team Leader in progressing the required works and providing oversight, scrutiny and escalation. The Project board will sit on a fortnightly basis due to the short timescales for implementation, this will ensure regular oversight to address any issues that may arise. Once implementation works are complete, the project board will close and handover any remaining responsibility for benefit realisation and oversight to the Air Quality Implementation Board.

Table 80 Clean Air Zone Project Board

Authority	Role	Project Role
Southampton City Council	Service Director for Universal and Transactional Services	Senior Responsible Officer
Southampton City Council	Scientific Service – Service Manager	Management & oversight for delivery team
Southampton City Council	Clean Air Team Leader	Delivery Lead for the CAZ works
Southampton City Council	Strategic Transport - Service Manager	Internal Stakeholder & Contractor Manager
Southampton City Council	Sustainable City Programme Manager	Internal Stakeholder
Southampton City Council	PMO Project Manager	Internal governance support and Quality Assurance
Southampton City Council	Service Lead: Legal Services Partnership	To provide Legal support and scrutiny to the project
Southampton City Council	Public Health	Internal Stakeholder (Strategic Objective – Health)
Southampton City Council	Finance	Internal Stakeholder (Budget management and Value for Money)

Southampton City Council	Marketing Coordination Manager – Sustainable Travel and Air Quality	Project Communications and Stakeholder Engagement
Southampton City Council	Licensing Manager	Work stream lead – Licensing Conditions
Other as required	Various – Business Change Manager, subject matter experts etc.	Various

The Terms of Reference for this board can be found in appendix 20.

Overseeing the Clean Air Zone Project Board would be the Air Quality Implementation board. The objective of the Implementation Board is to provide strategic overview and scrutiny of the project to key stakeholders and interested parties. The board will provide a forum by which the project can be viewed within the context of other Air Quality initiatives. Recommendations from this board will be taken to the project board for consideration, but they are not required to be acted upon by the project, however a response to each recommendation will be provided. The Air Quality Implementation boards sit on a monthly basis and are made up of multiple partner organisations (Hampshire County Council, New Forrest District Council etc.). Following closure of the CAZ project board (at the point of implementation completion), the Air Quality Implementation board will continue to monitor any remaining benefits to be realised. The board will utilise the monitoring and evaluation plan and subsequent reports on progress to ensure the benefits are being realised.

CAZ Governance Chart

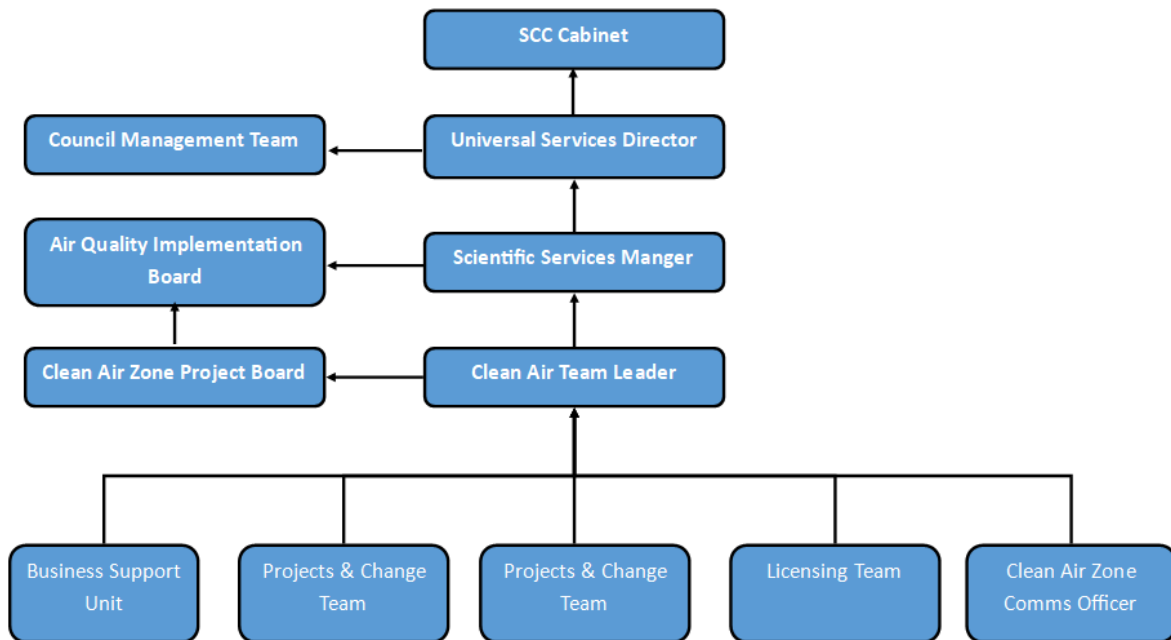


Figure 21 Project governance process

5.11. Managing Risk

The Clean Air Zone Project will utilise a standard project Risk and Issue approach as follows. The Risk and Issue registers (RAID log – Risk, Assumptions, Issues & Dependencies) will be populated through holding bi-monthly risk workshops with internal stakeholders and project team members to ensure an as accurate and robust management of the register as possible (appendix 22). Each risk will be assigned an owner who will be responsible for implementing any agreed mitigation actions. Any risks which have; Departmental, Service or organisational wide impacts will be escalated through existing processes as and when required, this will be agreed on a case by case basis by engagement with the relevant Service Lead and organisational Risk Manager. The risk register will be monitored as a standing agenda item at each project board and bi-monthly risk and issue workshops will be held to ensure regular review of the register.

When a risk is realised it will be escalated to the Issue Register where it will be monitored at every project board. Should an issue require more regular monitoring this will be undertaken through exception, utilising any required methods to undertake mitigation actions and exception reporting (dashboard) for monitoring. As with risks, any issues which have wider impacts on service areas or organisation wider will be escalated as required.

Scoring will follow a traditional and corporate standard; Red, Amber and Green (RAG) rating and will be scored on a scale of Likelihood (Very Unlikely – Almost Certain) and Impact (Minor - Extreme). An initial risk score will be listed and then a target residual risk score following mitigation actions. The RAID log template is attached in appendix 19. Individual work stream risks are outlined in section 5.5.

To limit the risk of cost over runs, contingencies have been applied to costs in the financial case. The commercial case describes risk apportionment.

5.12. Project Stakeholder Management

Stakeholder management is undertaken in accordance with RACI principles.

Stakeholders are identified according to their role in project delivery and the extent to which they are directly involved into one of four categories:

1. **Responsible** - The Stakeholder is directly involved in delivery of the project
2. **Accountable** - The Stakeholder is accountable for delivery and spend
3. **Consultee** - The Stakeholder has a direct interest in the project and needs to be formally consulted as part of the project delivery
4. **Informed** - The Stakeholder has no direct interest in the project but is informed of progress as part of a regular dialogue on delivery of the overall programme.

Full detail of CAZ Implementation project stakeholders and their RACI category is found in appendix 21. The full CAZ consultation report is found in appendix 23.

5.13. Monitoring and Evaluation

Performance of existing schemes included in the baseline, including low emission taxi incentive scheme, early measures cycling infrastructure and clean bus technology

fund have monitoring and evaluation requirements specific for the funding they have received.

The monitoring plan will check progress against outcomes and can be defined as the formal reporting and evidencing that spend and outputs are successfully delivered, benefits achieved and milestones met. JAQU will undertake a programme of national monitoring and evaluation. SCC will facilitate this through the following actions:

Table 81 JAQU monitoring programme requirements

Task	Action
Before and after reports	Share monitoring and evaluation every three months. Liaise with JAQU to highlight any issues raised in the report.
Rapid assessment case studies	Assist the evaluation team in their requests for additional data, whether in providing it directly or liaising between organisations. Discuss with JAQU the outcome of the case study and engage on any next steps.
Deep dive case studies	Assist the evaluation team in their requests for any new data. Engage with the evaluation team, assisting them in identifying the impact of the local plan.
Feasibility study – monitoring	Discussed below.
Feasibility study – evaluation	Discussed below.

Southampton City Council will also undertake additional monitoring to ensure that the measures are achieving objectives and goals for uptake, and if necessary amendments to schemes can be made to address any issues. A summary of the measures that will require further monitoring and how this will be conducted is included in Table 82. Monitoring will be primarily through numbers of grant awards made, and comparing “before and after” scenarios.

Table 82 Measures included in the preferred option that require monitoring

Measure	Outcome	Metric
Low emission taxi incentive scheme	Reduced non-euro 6 diesel/4 petrol vehicles in SCC licensed fleet	Numbers of grants issued. Applications for grants will include estimated vehicle mileage per year and make/model of vehicle to enable more robust estimates of emission reductions.

		Relative proportion of hybrid and electric vehicles in fleet.
EV charge points	Use of charge points	Quantified use of charge points based on numbers of charge sessions, kilowatt hours (kWh) used, total occupation time.
ULEV Taxi Trial	Trials of EV taxis through scheme	<p>Numbers of participants for the EV trial scheme.</p> <p>Conversion of trial to EV usage, monitored through follow-up questionnaire and liaison with the licensing department.</p> <p>Relative proportion of hybrid and electric vehicles in fleet.</p>
Bus traffic regulation condition	Euro VI buses operating within TRC zone	Bus operating licenses that meet requirement.
Freight consolidation	Reduced logistics vehicles operating within city, improved air quality and congestion benefits.	<ul style="list-style-type: none"> • Number of SDC users vehicles and products per type of user (Retail, Office, Hospitality, Public Sector, etc.) received per day by vehicle type; • Number of deliveries made per type of user (Retail, Office, Hospitality, Public Sector, etc.) per day by vehicle type; • Time of vehicle receipts into the SDC in (percentages) per type of user (Retail, Office, Hospitality, Public Sector, etc.); • Time of onward deliveries out of the SDC (percentages) per type of user (Retail, Office, Hospitality, Public Sector, etc.); • Number and percentage of vehicle trips saved for all SDC users per month; • Number and percentage of consolidated loads for all SDC users per month; • Number of new businesses contacted per month;

		<ul style="list-style-type: none"> • Level of subsidy used (report quarterly); • Level of square footage being used by the SDC users (overall); • Types of vehicles used by suppliers; • Types of vehicles used by the SDC; • Average size of consignment per SDC user type (hoteliers, retails, office based, LAs and public bodies); • Reporting complaints and remedies to correct; • Feedback from delivery companies and scheme users, if any; • Percentage of delivery accuracy (i.e. correct item, correct venue) and report of failures; • Percentage of returns from users (damaged); • Number and percentage of SDC items lost or gone missing; • Percentage of users who got first pick in delivery schedules; • Percentage of on time deliveries within agreed delivery boundaries; • Number of jobs created at the SDC (report quarterly); • Percentage of racking occupied by SDC specific customers/month • Number and percentage of users helped to negotiate cheaper delivery rates with their suppliers (report quarterly); • Mileage covered and fuel used by SDC vehicles.
<p>Delivery and Service Planning</p>	<p>Accelerated uptake of CAZ compliant vehicles, reduce vehicles undertaking deliveries, increase efficiencies, increased uptake of freight consolidation.</p>	<ul style="list-style-type: none"> • Number of vkms saved • Number of vehicles off the road • Emissions reductions <p>Monitored through requirements in the grant conditions for participants to supply before and after cases.</p>

MyJourney scheme	Reduction in private vehicle use	MyJourney has a specific monitoring programme that will report to CAZ project board reductions in private vehicle uses, uptake of cycling and success of campaigns.
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The primary objective of this plan is to deliver compliance with the EU limit value for ambient nitrogen dioxide, primary monitoring will therefore be essential to monitoring progress and identifying risks of not achieving the objective. Table 83 summarises the existing air quality monitoring network that will be utilised to assess ambient air quality in the city. Figure 22 shows the locations of these monitoring points across the city.

The modelling also makes a number of assumptions regarding traffic composition and emissions. Table 84 also shows the existing monitoring that is available to assess how these assumptions compare to reality.

Table 83 Existing monitoring

Metric	Type	Data frequency	Quantity	Control
NO ₂ concentration	Diffusion tube	Monthly (annually bias adjusted)	70+	Local
NO ₂ concentration	Automatic monitoring station	Real-time	2 x Local 2 x National	Local/ National AURN
PM Concentration	Automatic monitoring station	Real-time	2	Local/ National AURN
12 Hour Traffic Counts	Automatic Traffic Count	12 Hourly (annual rotation)	31	Local
Traffic Flow	DfT Count Data	Annually	n/a	National

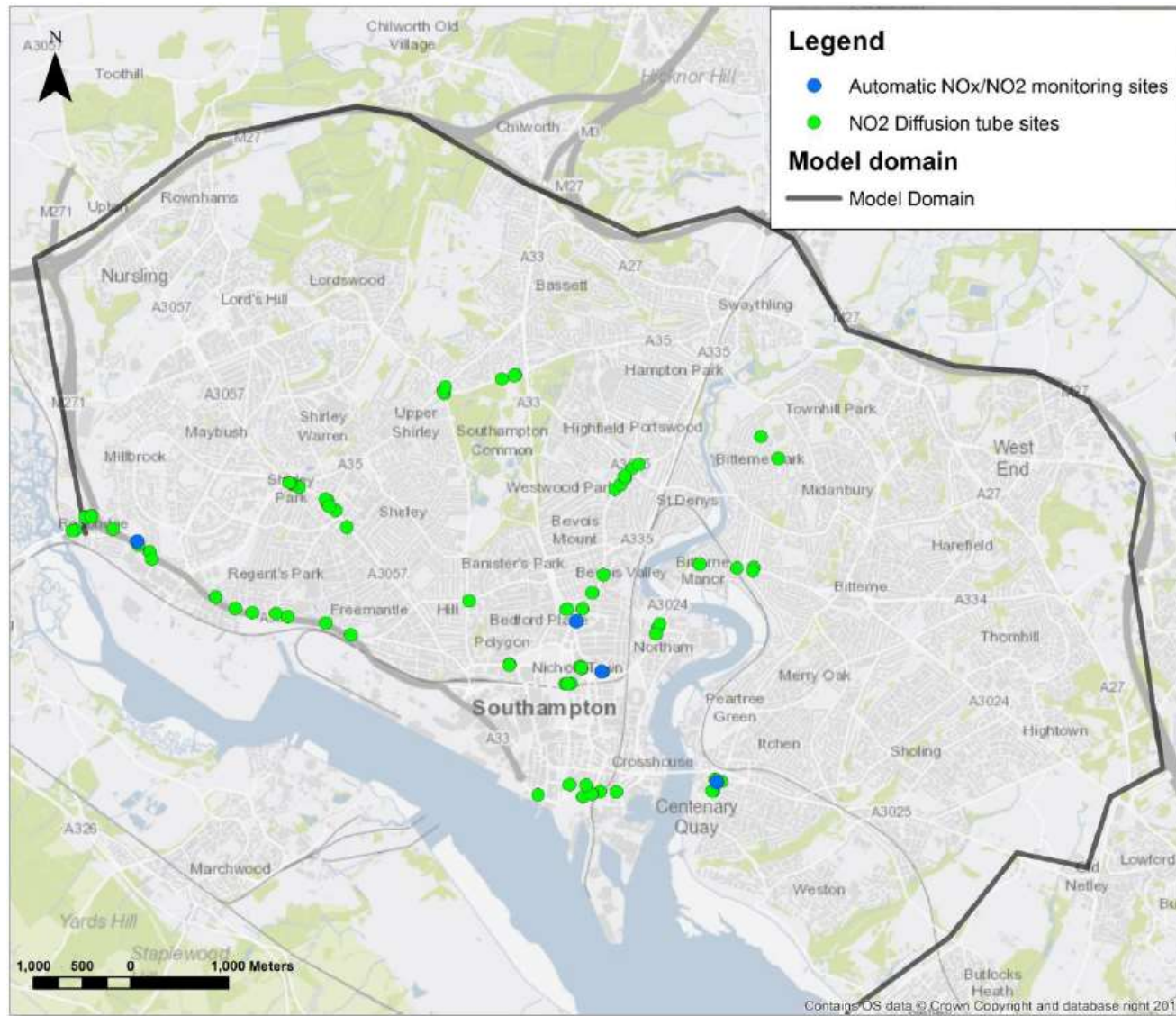


Figure 22 Locations of existing NO₂ monitoring in Southampton

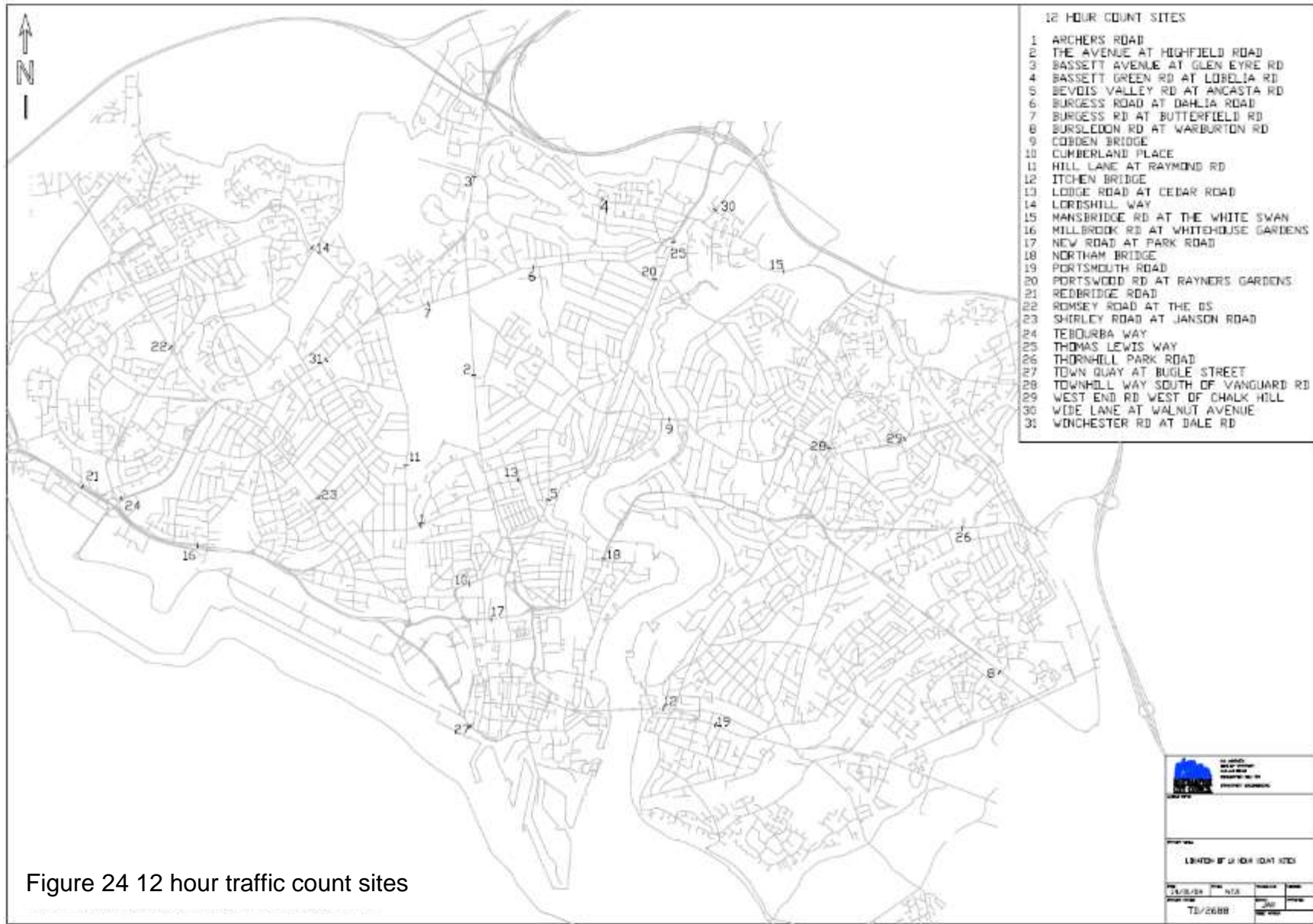


Figure 24 12 hour traffic count sites

Table 84 Additional monitoring requirements

Option	Metric	Cost	Coverage	Data Quality	Decision	Funding Source
5 new diffusion tubes	NO ₂ Concentrations	Low	5 sites at Census ID's above 35	Monthly readings ± 25% uncertainty	Preferred – Monthly readings adequate for non-exceedance locations.	Implementation fund
Use existing 12 hour traffic count sites	Traffic flows	None	31 sites	Moderate	Discounted – Does not capture fleet composition or emissions standards.	SCC resource
Permanent ANPR system Reduced number of sites (main routes into city) with front read only cameras.	Traffic flows, composition and emission standard	High	Key routes into city	Good	Discounted – disproportionate cost	Implementation fund
Permanent ANPR System Reduced sites, rolling programme of monitoring or certain times of day with front read only cameras	Traffic flows, composition and emission standard	High	Key routes into city	Good	Discounted – disproportionate cost	Implementation fund
Mobile ANPR system	Traffic flows, composition	High	Key routes into city		Discounted – disproportionate cost	Implementation fund

Rapid deployment cameras to carry out rolling programme of monitoring key entry points to zone.	and emission standard					
Temporary ANPR Survey basis undertaken by 3 rd party to tie in with JAQU guidelines with some focus on problem area and key routes, no direct asset procurement.	Traffic flows, composition and emission standard	High	Key routes into city covering 6 key routes into the city.	Good	Take forward – costs proposed in financial case. Good data capture, inform future modelling. Risk transfer to third party. Undertaken for feasibility study, process understood. Delivery route through existing arrangements.	Implementation fund

Table 85 New diffusion tube locations to assess Census IDs above 35 µg/m³

Diffusion Tube Location	Grid reference (X, Y)
Northam Road	443000 112410
Millbrook Road West	439521 112777
Redbridge Road	438000 113400
Saint Andrews Road	442350 112285
Redbridge Causeway	437182 113720

5.13.1. Benefits Realisation

The project will run benefit workshops every quarter to monitor the realisation of the projects benefits, until such time as all benefits are realised. It will be the responsibility of the Clean Air Team Leader to arrange and facilitate these workshops and to gather evidence from the monitoring and evaluation work to feed into this review. Should any issues be identified with benefit realisation, a report will be compiled with recommendations to the Air Quality Implementation board in how to address any concerns or problems. Update reports will also be provided to the Air Quality Implementation board to brief them on the progress of the project.

As some of the benefits will continue past the life of the team and the Clean Air Zone itself, these will be passed to the Air Quality Implementation board to monitor as part of the wider Air Quality work. The benefits register can be found below:

Table 86 Local Plan for NO₂ Compliance Benefits Register

Benefit	Description	Measurement		Baseline
		How	When	
EU Ambient Air Quality Directive compliance within SCC boundary	Improved NO ₂ concentrations bring about compliance with EU AQ Directive	Local NO ₂ monitoring and modelling	Annually (Monitoring and Evaluation Report)	Reported in AQ Review and Assessment. Baseline exceeding EU AAQD. CAZ option compliant by 2019.
Compliance with LAQM objectives	Improved NO ₂ concentrations bring about compliance with LAQM	Local NO ₂ monitoring and modelling	In accordance with JAQU requirements (Monitoring and Evaluation Report)	Reported in AQ Review and Assessment. Baseline compliance achieved at LAQM relevant receptors.
Public health improvements	Reduced emissions and achieving EU AAQD limit value (by proxy World Health Organisation guidance value) will result in health benefits.	Public health outcomes framework (PHOF) and assessment of local data (including asthma prevalence, COPD emergency admissions, birth weight etc.) to identify improvements. Direct correlation with AQ improvements difficult. PHE tool for estimating healthcare costs ¹⁶	In accordance with JAQU requirements (Monitoring and Evaluation Report)	PHOF 3.01. Fraction of mortality attributable to particulate air pollution = 6.0%. Other public health data presented within Equality and Safety Impact Assessment supporting business case.

¹⁶ <https://www.gov.uk/government/publications/air-pollution-a-tool-to-estimate-healthcare-costs>

Emissions reductions in Southampton	CAZ promoting uptake of cleaner vehicles will result in emissions reductions of NO _x and other pollutants.	Annual emissions of NO _x (and other pollutants) within CAZ	In accordance with JAQU requirements (Monitoring and Evaluation Report)	Ricardo air quality modelling for NO _x and PM estimated emissions reductions - demonstrate emission reductions.
Emissions reductions beyond Southampton	SDC, DSP, TRC and licensing conditions prompts uptake of cleaner vehicles will result in emissions reductions of NO _x and other pollutants.	Annual emissions of NO _x (and other pollutants) outside CAZ, qualitative assessment and simple Eft emissions reduction estimates where possible.	In accordance with JAQU requirements (Monitoring and Evaluation Report)	Ricardo air quality modelling for NO _x and estimated PM emissions reductions. Neighbouring authority data.
Fuel/opex/GHG savings	SDC, DSP, TRC and licensing conditions prompts uptake of cleaner vehicles and conveys cost savings in fuel/opex and GHG emissions	Monitoring and evaluation plan to include estimates of fuel/opex/GHG savings conveyed. HGV mitigation measures include DSP and consolidation which means data will be readily available.	In accordance with JAQU requirements (Monitoring and Evaluation Report)	Qualitative assessment of options impacts only. Business as usual not qualitatively assessed. Improvements in opex/fuel/GHG savings based on business as usual therefore assume CAZ is improvement.
Noise, accidents and congestion reductions	Consolidation and DSP will deliver reduced vehicle km's travelled and additional benefits.	Monitoring and evaluation plan to include estimates of noise, congestion, accidents savings delivered. HGV mitigation measures include DSP and consolidation which means data will be readily available.	In accordance with JAQU requirements (Monitoring and Evaluation Report)	Qualitative assessment of options impacts only. Business as usual not qualitatively assessed. Improvements in opex/fuel/GHG savings based on business as usual therefore assume CAZ is improvement.

Increased active sustainable travel in Northam/Bitterne area	MyJourney support for Northam/Bitterne area will focus on reducing private vehicle use to mitigate risk of exceedance.	MyJourney Access Fund monitoring and evaluation programme.	In accordance with JAQU requirements (Monitoring and Evaluation Report)	Existing rates of cycling and sustainable travel in Northam/Bitterne area.
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Appendices

Appendix A: PCM v Do Minimum Baseline Results (NO₂ µg/m³)

CensusID	LA Name	Road Name	Length (m)	PCM Baseline					Local Baseline					
				2015	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Southampton Links														
16340	Southampton Council	A35	1,082	28	27	26	25	24	32	30	29	28	26	25
16891	Southampton Council	A3024	2,346	33	32	31	30	28	39	37	35	33	32	30
16892	Southampton Council	A335	454	39	37	36	34	33	35	34	33	32	31	29
17531	Southampton Council	A3024	1,701	28	27	26	25	24	29	27	25	23	21	20
17532	Southampton Council	A33	531	33	32	31	30	29	33	32	31	30	29	28
17974	Southampton Council	A33	403	30	29	28	27	25	37	35	34	32	30	29
18113	Southampton Council	A3035	1,374	23	22	22	21	20	24	23	22	21	20	19
26062	Southampton Council	M271	585	39	36	35	33	31	51	47	43	40	36	32
26296	Southampton Council	A27	3,195	31	30	29	28	27	39	37	36	34	32	31
26351	Southampton Council	A33	805	37	36	35	33	32	40	38	36	35	33	31
26371	Southampton Council	A35	1,552	28	27	26	25	24	30	29	27	26	25	24
27635	Southampton Council	A3057	1,340	24	24	23	22	21	25	24	23	22	21	21
36987	Southampton Council	A334	1,657	30	29	28	27	26	25	24	23	22	21	20
37658	Southampton Council	A3025	2,303	27	26	25	24	23	33	32	31	29	28	26
38212	Southampton Council	A33	734	40	39	38	37	35	36	35	34	33	32	31
46375	Southampton Council	A35	1,394	30	29	28	27	26	35	33	32	31	29	28
46963	Southampton Council	A3024	1,663	37	36	35	33	32	50	47	45	43	40	38
46964	Southampton Council	A335	1,151	36	35	33	32	31	35	34	33	32	31	29
48317	Southampton Council	A33	498	31	30	30	29	28	24	23	23	22	21	21
48456	Southampton Council	A33	195	30	29	29	28	27	25	25	24	23	23	22
48513	Southampton Council	A33	285	29	28	28	27	27	27	27	26	25	24	23
56347	Southampton Council	A33	3,252	55	52	50	48	46	43	42	40	39	37	36
56374	Southampton Council	A35	711	33	32	31	30	29	30	29	27	26	25	24
57434	Southampton Council	A33	153	33	32	31	30	29	35	33	32	30	29	27
57672	Southampton Council	A33	162	36	35	35	35	34	32	31	29	28	26	25
6292	Southampton Council	A27	1,062	32	31	30	29	28	26	25	24	23	22	21
6349	Southampton Council	A33	1,506	34	32	31	30	29	33	32	30	29	27	26

6367	Southampton Council	A35	1,743	29	28	27	26	25	31	30	29	27	26	25
6368	Southampton Council	A35	1,678	58	52	49	46	44	43	41	40	38	37	36
6933	Southampton Council	A33	2,249	35	33	32	31	30	44	42	41	39	38	37
70064	Southampton Council	A33	239	34	33	32	31	30	24	23	22	22	21	20
70066	Southampton Council	A33	219	30	29	28	28	27	32	31	30	29	28	27
70108	Southampton Council	A27	421	25	25	24	23	22	18	17	17	16	15	15
70109	Southampton Council	A35	772	24	23	22	21	21	25	23	22	21	20	19
73605	Southampton Council	A3025	750	24	23	22	22	21	26	25	24	23	22	21
73613	Southampton Council	A3057	166	23	22	21	20	19	22	21	20	20	19	18
73615	Southampton Council	A35	289	63	58	55	52	49	46	44	42	40	38	36
75250	Southampton Council	A33	293	32	31	30	30	29	37	36	34	33	31	29
75251	Southampton Council	A33	275	42	40	39	38	37	39	37	36	35	33	32
75252	Southampton Council	A33	987	43	41	40	39	38	37	36	34	33	32	30
75253	Southampton Council	A35	1,010	39	38	36	35	33	30	29	28	27	26	25
75258	Southampton Council	M27	569	44	43	41	39	37	54	53	52	51	50	50
7569	Southampton Council	A3035	2,011	30	29	28	27	26	33	32	30	29	27	26
7580	Southampton Council	A3057	3,057	30	29	28	27	26	41	38	35	32	29	26
86003	Southampton Council	A33	276	37	36	35	34	33	34	34	33	32	31	30
99871	Southampton Council	A3024	1,401	37	36	35	34	32	42	40	38	36	34	32
99872	Southampton Council	A335	2,089	34	32	31	30	29	37	36	36	35	35	34
37658	Southampton Council	A3025	447	27	26	25	24	23	33	32	31	29	28	26
46964	Southampton Council	A335	246	36	35	33	32	31	35	34	33	32	31	29
6292	Southampton Council	A27	892	32	31	30	29	28	26	25	24	23	22	21
73613	Southampton Council	A3057	678	23	22	21	20	19	22	21	20	20	19	18
7569	Southampton Council	A3035	119	30	29	28	27	26	33	32	30	29	27	26
Other links in Southampton study area														
7988	Eastleigh Borough Council	A27	264	27	27	26	25	24	27	26	25	23	22	20
7992	Eastleigh Borough Council	A334	121	37	36	34	33	31	27	26	25	24	23	22
8129	Eastleigh Borough Council	A3025	58	24	23	22	22	21	21	20	20	19	18	17
8559	Eastleigh Borough Council	A3025	642	35	34	33	32	31	40	39	37	36	34	33
16269	Eastleigh Borough Council	A27	126	23	23	22	21	20	23	23	22	21	21	20

16321	Eastleigh Borough Council	M3	1211	36	34	32	31	30	52	51	50	49	48	47
17793	Test Valley Borough Council	M27	876	45	43	41	40	38	80	77	73	70	67	63
28018	Test Valley Borough Council	M27	387	53	50	48	46	43	49	46	44	41	38	36
29041	Test Valley Borough Council	M3	579	31	31	30	29	27	45	43	42	41	39	38
36039	Eastleigh Borough Council	A3024	552	37	35	34	33	31	39	37	36	34	32	30
36293	Eastleigh Borough Council	A27	647	26	25	25	24	23	24	23	22	21	20	20
38107	Test Valley Borough Council	M27	140	55	54	51	49	46	57	56	55	55	54	54
47635	Test Valley Borough Council	A3057	62	25	24	23	23	22	22	21	21	20	19	19
48064	Eastleigh Borough Council	M27	1212	41	40	38	37	35	83	82	80	79	77	76
56058	Test Valley Borough Council	M271	327	47	44	42	40	38	41	40	38	36	35	33
56931	Eastleigh Borough Council	A334	470	41	39	37	36	34	35	33	32	30	29	27
73606	Eastleigh Borough Council	A3024	285	28	26	25	24	23	29	28	27	26	24	23
73607	Eastleigh Borough Council	A27	12	27	27	26	25	24	22	21	21	20	19	18
73609	Eastleigh Borough Council	M27	343	40	39	37	36	34	66	64	63	62	60	59
73614	Test Valley Borough Council	M271	476	44	42	40	38	36	28	26	25	24	23	22
75259	Test Valley Borough Council	M27	704	52	50	48	46	44	79	76	73	71	68	66
36375	New Forest District Council	A35	30.625	57	53	50	48	45	45	43	41	39	37	35

Appendix B: Air Quality Options Results (NO₂ µg/m³)

CensusID	Road Name	LA Name	Length (m)	Do Minimum	Non-charging CAZ	CAZ B
Southampton links						
16340	A35	Southampton Council	1,082	25	25	23
16891	A3024	Southampton Council	2,346	30	30	28
16892	A335	Southampton Council	454	29	29	27
17531	A3024	Southampton Council	1,701	20	20	19
17532	A33	Southampton Council	531	28	28	27
17974	A33	Southampton Council	403	29	29	26
18113	A3035	Southampton Council	1,374	19	19	18
26062	M271	Southampton Council	585	32	32	29
26296	A27	Southampton Council	3,195	31	31	27
26351	A33	Southampton Council	805	31	31	28
26371	A35	Southampton Council	1,552	24	24	22
27635	A3057	Southampton Council	1,340	21	20	19
36987	A334	Southampton Council	1,657	20	20	20
37658	A3025	Southampton Council	2,303	26	26	26
38212	A33	Southampton Council	734	31	31	29
46375	A35	Southampton Council	1,394	28	28	26
46963	A3024	Southampton Council	1,663	38	38	36
46964	A335	Southampton Council	1,151	29	29	27
48317	A33	Southampton Council	498	21	21	20
48456	A33	Southampton Council	195	22	22	21
48513	A33	Southampton Council	285	23	23	22
56347	A33	Southampton Council	3,252	36	36	32
56374	A35	Southampton Council	711	24	24	22
57434	A33	Southampton Council	153	27	27	25
57672	A33	Southampton Council	162	25	25	23
6292	A27	Southampton Council	1,062	21	21	20
6349	A33	Southampton Council	1,506	26	26	24
6367	A35	Southampton Council	1,743	25	25	23
6368	A35	Southampton Council	1,678	36	35	32
6933	A33	Southampton Council	2,249	37	37	34
70064	A33	Southampton Council	239	20	20	20
70066	A33	Southampton Council	219	27	27	26
70108	A27	Southampton Council	421	15	15	15
70109	A35	Southampton Council	772	19	19	18
73605	A3025	Southampton Council	750	21	21	20
73613	A3057	Southampton Council	166	18	18	17
73615	A35	Southampton Council	289	36	36	33
75250	A33	Southampton Council	293	29	29	27
75251	A33	Southampton Council	275	32	32	30
75252	A33	Southampton Council	987	30	30	28
75253	A35	Southampton Council	1,010	25	25	23
75258	M27	Southampton Council	569	50	49	44

7569	A3035	Southampton Council	2,011	26	26	25
7580	A3057	Southampton Council	3,057	26	26	25
86003	A33	Southampton Council	276	30	30	29
99871	A3024	Southampton Council	1,401	32	31	29
99872	A335	Southampton Council	2,089	34	34	32
37658	A3025	Southampton Council	447	26	26	26
46964	A335	Southampton Council	246	29	29	27
6292	A27	Southampton Council	892	21	21	20
73613	A3057	Southampton Council	678	18	18	17
7569	A3035	Southampton Council	119	26	26	25
Other links in Southampton study area						
7988	A27	Eastleigh Borough Council	264	20	20	19
7992	A334	Eastleigh Borough Council	121	22	22	21
8129	A3025	Eastleigh Borough Council	58	17	17	17
8559	A3025	Eastleigh Borough Council	642	33	33	30
16269	A27	Eastleigh Borough Council	126	20	20	19
16321	M3	Eastleigh Borough Council	1211	47	47	43
17793	M27	Test Valley Borough Council	876	63	63	55
28018	M27	Test Valley Borough Council	387	36	36	32
29041	M3	Test Valley Borough Council	579	38	38	34
36039	A3024	Eastleigh Borough Council	552	30	30	26
36293	A27	Eastleigh Borough Council	647	20	20	19
38107	M27	Test Valley Borough Council	140	54	54	47
47635	A3057	Test Valley Borough Council	62	19	19	18
48064	M27	Eastleigh Borough Council	1212	76	76	68
56058	M271	Test Valley Borough Council	327	33	33	30
56931	A334	Eastleigh Borough Council	470	27	27	26
73606	A3024	Eastleigh Borough Council	285	23	23	21
73607	A27	Eastleigh Borough Council	12	18	18	17
73609	M27	Eastleigh Borough Council	343	59	59	53
73614	M271	Test Valley Borough Council	476	22	22	20
75259	M27	Test Valley Borough Council	704	66	61	53
36375	A35	New Forest District Council	31	35	35	31

Appendix C: CAZ B Assessment

A Class B Clean Air Zone was also assessed as a benchmark option. The details of the modelling methodology and results are as follows:

City wide CAZ B Modelling Methodology

The charging scheme assesses a £100 charge for buses, coaches and heavy goods vehicles and a £12.50 charge for private hire and hackney carriage vehicles that do not meet a minimum emission standard (euro 6/VI diesel or euro 4 petrol). The boundary was set as shown in figure 15 below.

This option has been modelled in the transport model to assess potential diversionary or destination shifts as a result of the scheme. Within the transport model buses are fixed and taxis are not directly included (they have been estimated as a proportion of car traffic). As such the traffic response to the CAZ B is largely limited to changes in HGV traffic. However, this may have a knock-on effect to other vehicles classes if journey times change as a result of HGV behaviour and then affect route choices for other vehicle types.



Figure 25 CAZ City wide boundary assessed for the city wide Class B Clean Air Zone

Air Quality Modelling Results

Table 87 City Wide CAZ B Annual Mean NO₂ (µg/m³) 2020 compared to the shortlist options do minimum and non-charging

	Do minimum baseline local model annual mean NO₂ µg/m³	Non-charging local model annual mean NO₂ µg/m³	City wide CAZ B local model annual mean NO₂ µg/m³
Census ID	2020	2020	2020
46963	38	38	36
56347	36	36	32
6368	36	35	32
6933	37	37	34
73615	36	36	33

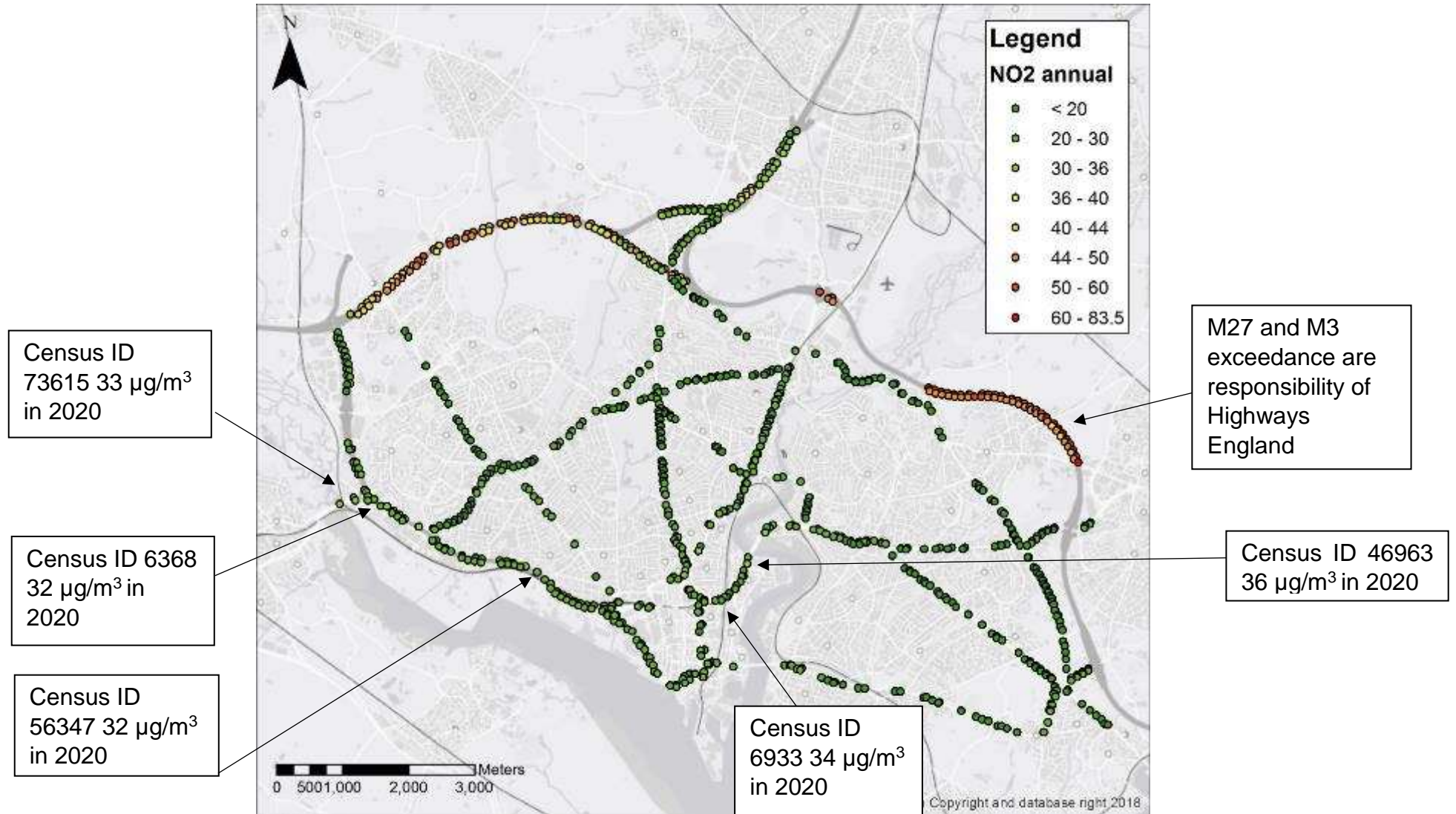


Figure 26 Key locations annual mean NO₂ ($\mu\text{g}/\text{m}^3$) 2020 city wide CAZ B

Economic Appraisal

E1 Economic Appraisal Methodology Report details the economic assessment for the city wide CAZ B. In summary, a CAZ B:

- Has a positive NPV and largest net benefit
- Delivers large air quality emissions reduction, which will deliver greatest health and environmental benefits
 - But assessment does not capture impacts outside the zone, which could provide additional benefit or cost (where non-compliant vehicles are swapped and continue to operate outside the CAZ)
 - Assessment is sensitive to behavioural assumptions, for which standard JAQU assumptions have been used given no local information was available to inform these parameters
- Lower implementation costs overall (but not necessarily for SCC who may face more of the costs of implementing CAZ B relative to sub-measures under NCH CAZ)
- But implies largest cost and impact on businesses
 - Cost could have adverse effects on HGV and coach operators, and taxi drivers who may struggle most with affordability of upfront costs of compliance. This will particularly be the case for smaller operators
 - Important risk that activity may shift away from Southampton port
 - Also, will be some indirect impact on household affordability (although less so than for businesses)
- Avoids high risk around deliverability of HGV non-charging options.
 - But option is not devoid of risks: there is uncertainty around behavioural response to the CAZ and there is an issue around identification of taxis in absence of national database

Economic Appraisal – Uncertainty and Sensitivity Assessment

The net present value (NPV) of the CAZ B is sensitive to some of the assumptions adopted, in particular the first order (e.g. % that upgrade) and second order (i.e. % that scrap of those that upgrade) behavioural assumptions. There may be scenarios within the uncertainty range around these parameters under which the NPV could be negative and upgrade costs much higher. However, the ranking of the NPV when compared to the non-charging CAZ does not change under any sensitivity scenario.

Cost Benefit Analysis

	AQ emissions impacts	Upgrade costs	Charging zone Implementation costs	Opex change	Fuel consumption	CO2 emissions	Welfare effects	SDC	Shore-side power	NPV
NCH CAZ**	1.26	-0.15	-	-0.00	0.05	0.03	-0.01	0.52	-1.46	0.22
CAZ B	14.57	-7.61	-3.66	2.41	7.74	3.89	-5.59	-	-	11.76

Notes: +ve values denote benefit / -ve values denote costs; all impacts are in 2018 prices; all impacts are discounted to 2018;

(*) Air quality impacts represent reductions in emissions valued using the damage costs. These results are distinct from those presented in the air quality modelling report, which focus on concentrations and comparison to the legal limits, although a key input into this economic work is the underlying air quality modelling used to form compliance assessment.

(**) The non-charging CAZ also includes shore side power and the port booking system which are discussed in the Supplement to this business case.

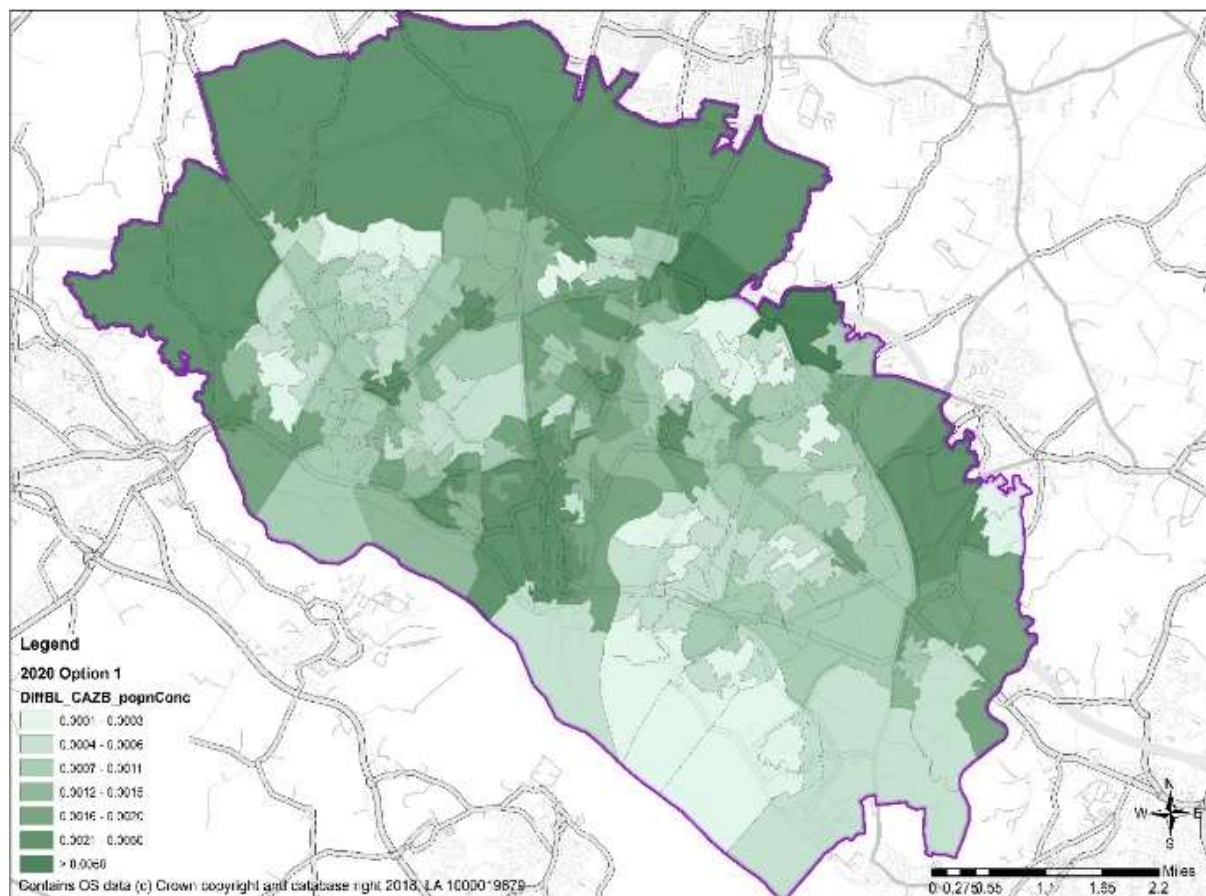
Distributional analysis

There is an overall improvement in air quality following the introduction of the city-wide Class B CAZ. In no Lower Super Output Area (LSOA) does air pollutant concentrations get worse. The North-western area of the city, as well as the city-centre experience greatest air quality improvements due to implementation.

CAZ B delivers an air quality improvement in all LSOAs in the modelling domain. Hence, for both indices of multiple deprivation (IMD, a metric used to assess deprivation/income) and children grouping variables in the Webtag analysis, all quintiles on average see an improvement in air quality in terms of NO₂ concentrations. Hence all areas experience equal benefit relative to their population.

The figures below show the population weighted NO₂ concentration for options compared to the 2020 baseline model. CAZ B delivers more for vulnerable groups due to greater overall improvements in air quality. In contrast, the non-charging CAZ delivers a more mixed scenario, with some receptors experiencing a minor worsening of air quality.

In reference to sensitive receptors, CAZ B delivers more for vulnerable groups due to greater overall improvements in air quality. In contrast, the non-charging CAZ delivers a more mixed scenario, with some receptors experiencing a minor worsening of air quality.



Note: It is important to note that although this analysis displays whether quintiles have a higher proportion of people benefiting/losing, it gives no indication of the magnitude of the effect they are experiencing.

Reviewing the other metrics assessed, the highest average concentration reductions are felt by areas with a lower proportion of children under the city-wide Class B CAZ. Concentrations under non-charging display a more mixed pattern, as quintile 1 benefits from the highest reduction, but air quality worsens in quintiles 2 and 3. That said, looking at a basic count of LSOAs, slightly more LSOAs in quintiles with fewer children experience an increase in concentrations under non-charging CAZ.

In summary, CAZ B delivers greater overall improvements in air quality. However, across the metrics the results are mixed and do not suggest a very clear pattern of distributional impact. Even where a clear pattern could be observed (e.g. average concentration changes under CAZ B are higher for households with fewer children), such results are not significant. In other words, both policy options are neither particularly progressive nor regressive in distributional terms.

Impacts on Business

All options are likely to have an impact on businesses:

- Under CAZ B the adverse impacts are expected to be largest as the scheme will affect a much broader range of vehicles, vehicle types and hence businesses.
- A non-charging CAZ will still levy costs – e.g. on port to install and operate shore-side power, on HGV operators affected by a port booking scheme (though the final preferred option being proposed will not include shore-side power or the port booking system therefore these impacts are mitigated), and on taxi drivers. That said, several non-charging measures could bring significant cost-savings to businesses if implemented successfully – e.g. driver and opex savings through DSPs, and fuel savings from shore-side power.
- Under both options, bus operators face concerns over retrofitting and the potential of higher operating costs and cancellation of services due to taking buses out of operation. However, continued work on the Clean Bus Technology Fund means that buses will be compliant by 2020.

Impacts on Households

CAZ B will have a greater impact on households' affordability risk than the Non Charging CAZ, given:

- There will be indirect impacts on households through costs on coach operators being passed through under a CAZ B.
- Taxis are used proportionately more by persons with mobility issues. Hence any costs passed through are likely to have a regressive impact (impacts could in part be mitigated where support is provided to bus and taxi operators to comply) under a CAZ B.
- Both options will affect taxi operators but impacts on taxi operators will come sooner through a city-wide CAZ B, as non-compliant vehicles will face the charge from 2020. It is also possible that the costs will be greater.

- A city-wide CAZ B will affect HGVs more significantly, with potential knock on effects on employment and the prices of consumer goods.

Households could be affected by the policy options through several pathways; however, the impacts are largely dependent upon the impacts on businesses and their subsequent responses to the effects of the CAZ or non-charging measures.

The impacts are likely to fall most significantly upon lower-income households or more vulnerable population groups, who are more reliant on public transportation and taxi services. Although most of impacts are negative, it is important to consider the health benefit to local households following policy implementation as well as the new business and employment opportunities a shift towards low-carbon vehicle infrastructure could bring to the city.

The mitigation measures proposed to support taxi drivers to upgrade to cleaner vehicles through a financial incentive and other measures to encourage the use of ULEV vehicles will benefit households through providing the funding and support for business to invest in lower emission vehicles and meet the requirements of the non-charging option (i.e. taxi licensing condition and traffic regulation condition).

Summary

A summary of the distributional analysis from E3 Distributional Analysis is as follows:

Scenario	Air quality	Business Affordability	Household affordability
City-wide CAZ B	-	x x x	x x
Non-charging measures	-	x	x

Notes: ‘-’ means no significant or neutral effect, ‘x’ denotes a small negative effect, ‘x x x’ denotes large negative distributional effect.

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