



To: Executive Councillor for Environment, Waste and Public Health: Councillor Peter Roberts
Report by: Joel Carré- Head of Environmental Services
Relevant scrutiny Environment 28/6/2016
committee: Scrutiny
Committee
Wards affected: All

Encouraging the Shift to Low Emission Taxis.

Key Decision

1. Executive summary

There is a need to reduce polluting emissions to improve poor air quality in City Locations dominated by emissions from buses, taxis and service vehicles. This must be achieved whilst maintaining sufficient levels of access and capacity for travel in the City, for the vehicles using those areas.

This can only be achieved by intervening to ensure uptake of low emission technologies within those vehicle fleets. Evidence to support intervention was brought before Environment Scrutiny Committee for consideration in March 2015 alongside a set of headline proposals for a more detailed Air Quality Action Plan.

This report seeks to take forward one element of that plan relating to taxis. This follows a period of consultation, detailed planning and bid preparation for Central Government funds through the Office for Low Emission Vehicles (OLEV) to support these interventions.

Financial Support for rapid charging infrastructure has already been committed at Full Council in February 2016.

Further policy and fiscal commitment from within the Council is now needed to both support the bid and help effect the change to Low Emission Taxis over the next 5-10 years. This proposal has been presented to Environment Scrutiny Committee as there are revenue implications and the policy changes presented are a significant part of the proposed Air Quality Action Plan.

A series of options and costs are presented in this report, which will then be consulted upon alongside a wider review of Taxi Licensing policy. This will take place following a further report to July Licensing Committee. Following consultation, a further report with a fixed, detailed set of agreed policies will be put to Licensing Committee in October 2016 for adoption.

2. Recommendations

The Executive Councillor is recommended:

- To approve consultation with the trade and stakeholders on changes to taxi licensing policy to incentivise uptake of low emission taxis.
- To approve, in principle, revenue support to offset the reduction in income associated with the waiving of taxi license fees for low emission taxis.

3. Background

The City Council has already set policy direction for pursuing a low emission strategy for Buses and Taxis within Cambridge over the next 10 years through its outline Air Quality Action Plan presented to Environment Scrutiny Committee in March 2015.

In pursuance of this aim for Taxis, the Council's Environmental Quality and Growth team has taken forward a bid to Central Government Office for Low Emission Vehicles (OLEV) for funding to support rapid electric charging infrastructure for Taxis and to subsidise the purchase of new low emission, wheelchair accessible, Hackney Carriage Vehicles (HCV).

We have been successful in the first stage of that bid process by being one of eight local authorities to be granted a funded Taxi Scheme Feasibility Study for the introduction of ultra-low emission vehicles in Cambridge.

The Feasibility Study has recently been completed and has looked at Taxi Driver behaviour and attitudes towards Low Emission Vehicles, the need for and location of rapid charging infrastructure; the likely uptake of electric capable taxis for both Hackney Carriages and Private Hire Vehicles (PHV) under different scenarios and the local policy environment for taxi licensing. The report is attached as Appendix I

A successful second stage bid would provide funding for a minimum of four Rapid Charge Point installations but could provide funding for more than twenty in a high uptake scenario. The bid would also provide £3000 of additional grant funding per taxi on top of existing subsidies to discount the purchase price of new low-emission, wheelchair accessible HCV.

Whilst it is clear that, without effective infrastructure in place to allow charging of vehicles during an operational working day, there would be very little uptake for electric taxis. It is also clear from the report that the local policy and regulation of taxi licensing can drive the rate of change within the fleet. It is also implied in the Government's OLEV funding guidance that, when awarding funding for the main part of this bid, the ambition of local policies will be a crucial factor in OLEV's decision making on whom to fund.

Policy Proposals

With this in mind, discussions have taken place between the Council's licensing team, air quality officers, The Executive Councillor and Licensing Committee Chair and representatives of the taxi trade to determine the most effective policy incentives to bring about the most cost effective shift to Electric Taxis.

Some generally available subsidies for purchase of low emission electric vehicles are available to all currently (see below). Further subsidy of up to £3000 per vehicle will be made available for the purchase of electric, wheelchair accessible, HCV if our OLEV bid is successful.

Vehicles eligible for a Plug-In Grant – from March 2016 there will be different levels of grant for different vehicles. List of vehicles in Appendix 2.

- **Category 1**
CO₂ emissions less than 50g/km and zero emission range of at least 70 miles £4,500
- **Category 2**
CO₂ emissions less than 50g/km and zero emission range of 10 – 69 miles £2,500
- **Category 3**
CO₂ emissions 50 – 75g/km and zero emission range of at least 20 miles £2,500

Source: OLEV

These incentives will drive some uptake of Electric Vehicles, if infrastructure is in place but it is acknowledged that this alone will be slow.

A consensus has emerged from discussions between officers and the trade, that, in order to facilitate this change effectively, whilst maintaining the support of the Taxi Trade, a long term policy plan is needed which incentivises Electric Vehicle uptake in early years, rewarding early adopters, and that in the longer term new vehicles entering the taxi fleet will need to be Low Emission Hybrid or Electric Vehicles in order to receive a vehicle license.

The Air Quality Action Plan outlines a 10 year strategy to effect this change and this is in line with current age restrictions on the Cambridge taxi fleet which means that all current taxis will be replaced over the next 9 years.

Whilst there are a significant number of possible detailed policies, which could be implemented, the list below summarises the key categories of intervention, which could be made and an indication of where funding would come from. These key categories are proposed to form the basis of the policy options consultation, for which Executive Councillor approval is being sought.

Potential Incentives and Regulatory Policies

INCENTIVES

1. Renewal / Registration fee discount or exemption.

Currently a new Hackney Carriage (HCV) or Private Hire Vehicle (PHV) registration attracts an annual, £225 fee; an HCV license renewal costs £210; and renewal of a PHV costs £200.

It would be possible to reward those drivers who license an 'ultra-low emission' electric or plug in hybrid vehicle (ULEV) with a full fee exemption, for a period, to encourage early adoption. Discussion with licensing officers and trade representatives have

indicated that a period of up to five years would be an appropriate period in which to incentivise uptake.

We also seek to incentivise the uptake of established hybrid vehicles which have been shown to deliver significant emission benefits over diesel engines. A fee reduction for non-plug-in petrol/electric hybrids (not diesel) such as the Toyota Prius, Auris, Honda Insignia or Accord and others would encourage further uptake of these low emission vehicles, and reward those making the step.

A 50% fee reduction in these cases for both the existing (currently 31 in the fleet) and new vehicles is suggested. The suggestion of a 50% fee waiver acknowledges that standard hybrid vehicles will not have as much impact on emissions as will a full ULEV compliant vehicle but will encourage the shift away from Diesel whilst being simple to administer.

Both of the suggested incentives here have a financial cost as the Taxi licensing service is self-funded through the collection of fees. Any fees waived would need to be made up from general revenue funds. The implications for the suggested fee waiver are modelled below under Financial implications taking in to account the OLEV funded feasibility study (Appendix I) and our own data on fleet renewal rates.

Whilst the modelling is indicative of the likely uptake of low and ultra-low emission taxis it remains difficult to be certain how uptake will occur over time. For this reason a maximum funding cap covering the five year period is also proposed to give greater certainty over the financial commitment required.

2. Waive or extend age limit for ULEVs or Hybrids.

This policy measure changes the business case for Taxi drivers considerably, by allowing vehicle cost to be spread over 10 or more years rather than 8 or less. We would consider up to a 15 year age limit for fully electric vehicles (subject to roadworthiness etc.) and 10 years for petrol / electric hybrids which do have internal combustion engines.

This would be a cost free yet significantly attractive incentive for the trade.

3. Waive requirement for 6 month inspection

Currently we require all City Licensed cabs to be inspected at our garage twice a year this could be relaxed to one inspection per year, for example, for the first 5 years of operation.

There would be a loss of revenue to the City Council garage of £56 per exempted vehicle per year as a result of this suggested policy. This has been modelled for the expected uptake scenario in the financial implications section below.

4. Create an Electric Taxi only rank

This would need to be in a popular location or replace part of an existing all vehicle rank to be effective. It may need to be located to complement charging infrastructure, and only implemented once a suitable number of Electric Vehicles have entered the fleet. The costs would be partly met by a successful OLEV Bid but there is a cost to any Traffic Regulation Orders required.

5. Vehicle Purchase Subsidies for Electric vehicles

Details of currently available subsidies are set out in the table above – A successful OLEV Bid would provide an additional £3000 subsidy for purpose built electric Hackney Carriages, per vehicle.

6. Provision of ‘Rapid - Taxi Only’ charging infrastructure

An initial number of charging points would be funded by a successful bid to OLEV with further four locations funded through an existing City Council capital commitment.

REGULATORY POLICIES

7. Set date for all newly registered vehicles to be low or ultra-low emission

Setting a date after which traditional internal combustion engine taxis could not be newly registered as a PHV or HCV in Cambridge would focus the minds of Taxi drivers to plan for moving to electric or hybrid vehicles.

A sensible suggestion would be to set this for 5 years hence (say April 1st 2021) and phase out any fee exemptions at the same time. Five years notice will give the trade more than reasonable notice of the change and allow proper business planning.

8. Set date for all licensed taxi vehicles to be low or ultra-low emission

Setting a back stop date where all taxis licensed for operating in the City must be low or ultra-low emission vehicles. We would propose a date, 10 years hence (April 1st 2026).

Currently the age restrictions on taxis mean that no licensed vehicle can be in operation if it is over 9 years old. Therefore setting a cut-off date 10 years hence for all taxis to be ULEV or Hybrid means no one will be forced to change vehicle earlier than they would have to under the current rules, thus giving more than reasonable notice of the change to allow proper business planning for the trade.

9. Restrict City Centre Access to ULEV and Hybrid Taxis only

This will be possible with the changes to access management of the City Centre (currently by transponder and rising bollard) to Automatic Number Plate Recognition ANPR which are pending installation by Cambridgeshire County Council.

There will potentially be considerable flexibility in how this is enforced and could be time limited for peak times. This policy is outside our own licensing powers and is only deliverable with the cooperation of the County Council. It is likely to be an important factor in ensuring compliance should the low emission criteria become mandatory.

Discussions have taken place with relevant County Officers and there is agreement that these restrictions could be delivered using the proposed mechanisms.

The Cambridge City Deal consultation is considering the implementation of a number of further traffic restrictions on key access routes outside the City Centre by introducing Bus

Gates. These will use the same mechanism ANPR to facilitate preference for buses, and could also allow access for low emission taxis.

Funds to replace current rising bollards with ANPR enforcement have already been committed by the County Council as transport authority and work will be commissioned in August and September 2016. The proposed 'Bus Gates' outside the core area will be delivered through the City Deal funding.

The Policy options detailed above are proposed for consultation and it is unlikely that all measures will be implemented. Indeed it is important to not prejudice the formal consultation with the trade nor the cap on total maximum revenue commitment detailed below.

4. Implications

(a) Financial Implications

- 1) There are revenue support costs for the reduction in income associated with the '**Renewal / Registration fee discount or exemption**'. Officers are explicitly seeking an in principle commitment to support these costs should consultation lead to uptake of the Taxi Vehicle license Fee Waiver incentive.

In terms of cost to the council these fee waivers would need to be funded. Given the current age limits on vehicles and the composition of the current fleet 60-80 vehicles would need to be replaced each year due to age alone. Recent years have seen over 100 new registrations in a year as drivers do sometimes replace or renew vehicles ahead of the age limit.

An indicative cost estimate based on the figures above and making the following assumptions:

- 80 replacement vehicle registrations per year
- 50% of which are ULEV or Hybrid in year 1 rising to 90% in year 5
- Of which 50% are ULEV and 50% are Hybrid

These estimates are informed by significant analysis in the third party feasibility study funded by OLEV (Appendix I) and are considered realistic, but ambitious in terms of uptake and so can be considered at the upper end of the required revenue support required.

Year	16/17	2017/18	2018/19	2019/20	2020/21	2021/22
low emission Registrations		40	48	56	64	72
New ULEV	1	20	24	28	32	36
Renewal ULEV	0	1	21	45	73	105
New Hybrid	0	20	24	28	32	36
Renewal Hybrid	31	31	51	75	103	135
Revenue cost £	£0.00	£10,225.00	£17,877.00	£26,789.00	£36,961.00	£48,393.00

Costs would fall to Zero in 2022/23 as from that year it is proposed that it be mandatory for new taxis to be either a ULEV or hybrid vehicle. The proposed financial model has the added advantage of incentivising early adoption most with a potential 5 year fee waiver for those who chose to take advantage in 2017/18 and only a 1 year waiver for those adopting in the final year.

2) Lost Revenue if We Waive requirement for 6 month inspection

Using the same assumptions stated above lost Garage testing revenue would follow the following pattern over the proposed 5 year period:

Year	16/17	2017/18	2018/19	2019/20	2020/21	2021/22
Exempt Vehicles	32	72	120	176	240	312
Lost Income	£0	£4,032	£6,720	£9,856	£13,440	£17,472

The total projected cost of both revenue negative proposals modelled here is £191675 over the whole 5 year period and is significantly back-loaded as the costs are cumulative as more vehicles become fee exempt.

In order to provide certainty to members on the maximum financial support being provisionally sought here, we would seek to limit the total commitment to a maximum of £150000 over the five year period and report spend and low emission vehicle uptake to the Executive Councillor on a quarterly basis. Should early uptake exceed expectations fee exemptions could be ceased for new entrants or further funds could be sought from Council. In any event we would expect to return to committee if this limit looks likely to be reached early

There is also a notional cost of running a consultation with the trade. This is cost will be mitigated by combining with a wider consultation on a review of taxi licensing policy.

(b) Staffing Implications

The decision requires no additional staffing resources to be committed.

(c) Equality and Poverty Implications

An Equalities Impact Assessment (EQiA) was carried out for the Air Quality Action Plan report to ESC in March 2015 and is appropriate for this case as the proposal forms part of the actions considered then. It is referenced below. A further EQiA will be carried out following consultation with the Taxi trade when a final detailed set of policies is presented for adoption at Licensing Committee in October 2016

The EqIA demonstrated that the revised Plan, if carried out, will have positive impact on public health in particular benefitting those who live in areas of poor air quality. For example, a recent paper in Environmental Pollution noted higher concentrations of air pollutants in the most deprived 20% of neighbourhoods in England (Fecht, D. et al. 2015).

(d) Environmental Implications

The proposal has been assessed with a Medium Positive +M rating - The project will reduce overall use of Fossil Fuels and will reduce local CO2 and polluting emissions substantially.

(e) Procurement

Any projects requiring the engagement of external contractors will be subject to the Council's procurement and contract procedure rules.

(f) Consultation and communication

We are proposing to undertake a 5 week consultation on the proposals in July and August 2016.

The consultation will be undertaken through a variety of means including letters to the trade and key stakeholders, via the Taxi Newsletter, at the Trade Forum and will also be published on our website.

All feedback is encouraged and all comments will be considered as part of the review and in preparation of the final policy document.

The results of the consultation exercise will be put to Members at the next Licensing Committee to take account of the feedback from the trade and other stakeholders in order to consider any amendments to the Hackney Carriage and Private Hire Licensing Policy.

(g) Community Safety

The presented taxi policy changes would have no material impact on community safety as the vehicles incentivised would meet all required roadworthiness tests.

Some benefit to community health would result from the improvements in pollutant levels.

Public Health data attributed 257 deaths in Cambridgeshire in 2010 to Particulate Air Pollution, compared with 34 deaths from Road Traffic Accidents. Quantification of evidence provided by the World Health Organisation (2013) of deaths attributable to nitrogen dioxide will increase this figure. Meanwhile, any steps taken to lower pollutant levels will improve public health by lowering rates of death and illness, and thus increase community safety.

5. Background papers

These background papers were used in the preparation of this report:

Report to Environment Scrutiny Committee 17th March 2015 – Cambridge Air Quality Action Plan 2015-2025 (includes EQiA)

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=177&MId=2570&Ver=4>

Tate, J. E. (2013) Cambridge Real Emissions Project

https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/documents/Cam_VEMS_ProjectReport_v1.0.pdf

Transport Strategy for Cambridge and South Cambridgeshire (2014)

http://www4.cambridgeshire.gov.uk/info/20006/travel_roads_and_parking/66/transport_plans_and_policies/2

2015 Updating and Screening Assessment - Report for Cambridge City Council (2014)

<https://www.cambridge.gov.uk/sites/default/files/documents/Updating%20%26%20Screening%20Assessment%20%202015.pdf>

Fecht, D. et al. (2014) Associations between air pollution and socioeconomic characteristics, ethnicity and age profile of neighbourhoods in England and the Netherland, Environmental Pollution

<http://dx.doi.org/10.1016/j.envpol.2014.12.014>

6. Appendices

Appendix I - ULEV Taxi Scheme Feasibility Study - Cambridge City Council – Energy Saving Trust Report ,1st March 2016

<https://www.cambridge.gov.uk/sites/default/files/ulev-taxi-scheme-feasibility-study.pdf>

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name:	Jo Dicks
Author's Phone Number:	01223 - 457892
Author's Email:	jo.dicks@cambridge.gov.uk

