

Decision session

21 June 2022

Executive Member for Transport

Report of the Director of Environment, Transport and Planning

DEFRA Air Quality, last mile delivery update

Summary

1. The report updates the Executive Member on the feasibility stage of the Department for Environment, Food and Rural Affairs (“**DEFRA**”) funded Air quality project and asks the Executive Member for endorsement in terms of the approach to the second stage of the project which is a delivery hub pilot.
2. The project seeks to look into the issues surrounding deliveries in York in the context of the City’s ambition for carbon neutrality by 2030 and the reduction in non-essential vehicular traffic in the City centre.
3. The project is split into two parts. The first stage is a feasibility study to assess the arrangements in terms of deliveries into the City to aid understanding of the current position of delivery vehicles and their impact on air quality and to propose alternative low emission delivery options, their relative impact on air quality and recommend solutions to reduce emissions and improve the contribution to air quality. This stage is complete and the summary report is included in **Annex A**.
4. The second stage of the project is to engage with operators to take part in a pilot project to test the recommendations of the feasibility report. This would put in place a micro-consolidation hub with the intention of replacing van journeys with pedestrian portering delivery and cargo bike deliveries. The intention is to, where possible, ask operators to work together and it is key to ensure local operators, such as cycle and cargo bike couriers, are involved.
5. To accompany the work, the Council, in partnership with York Civic Trust, set up a Freight Forum. The purpose of the independently chaired Freight Forum is to engage with a wide base of operators, businesses and interested parties in the movement of freight. This covered large and small organisations and multiple sectors including

road and rail. The business of the Freight Forum focused on creating networks to share ideas and solve problems and to inform the project work including the pilot design.

Recommendations

6. The Executive Member for Transport is recommended to:

- i. to note the DEFRA air quality project feasibility study;
- ii. to approve a 9 month pilot as per the feasibility report (scenarios 1a) and 1b) focusing on small parcel delivery using pedestrian portering and zero emission deliveries (cargo and e-cargo bikes). Consolidating the deliveries at a hub in a location that has good access for delivery vehicles and access to the inner ring road in order to test the last mile possibilities.
- iii. To approve the principle of a 12 month lease for the trial to operate from, allowing 3 months for set up and decant and 9 months for the operation of trial
- iv. To delegate to the Director of Environment, Transport and Planning in consultation with the S.151 Officer and Director of Governance authority to :
 - a. Finalise the lease arrangements for the trial (at the moment proposed to be 107-109 Walmgate) as the location for the hub, work through any legal and planning requirements and establish management arrangements of the hub;
 - b. finalise arrangements with operators to take part in the trial;
 - c. to enter into agreement with an academic institution and representatives from the Freight Forum to have an oversight of the pilot, set the performance measures and test the operators against these;

Reason: *To ensure the best outcomes are achieved to improve air quality and to feed in to inform strategy and approach locally and regionally to consolidation of freight.*

Background

7. The Council has a long history of environmental consciousness and have made positive strides to reduce carbon and improve air quality particularly in the area of Transport. The Council has declared a climate change emergency and creating a 'greener and cleaner city' is central to the council plan <https://www.york.gov.uk/CouncilPlan>
8. The Council implemented the UK's first voluntary Clean Air Zone ("**CAZ**") on 31st January 2020 with buses making 5 or more entrances to the CAZ per day required to be Ultra Low Emission Buses ("**ULEB**") (Euro VI diesel or electric). The Traffic Regulation Condition also prohibits all local buses from idling their engines anywhere within the CAZ area.
9. In 2019 there was the opportunity to bid for DEFRA air quality funding and CYC responded with a proposal to run a feasibility study on last mile delivery and run a pilot based on the outcomes of the feasibility. The council was awarded £285k by DEFRA to deliver this project.

DEFRA Air quality, last mile project

10. The project's aim is to address first/last mile delivery for light goods in York, with the aim of reducing emissions of NO_x, PM and CO₂ from HGV/LGV's entering the city centre. The aim is to reduce both the overall number of vehicles undertaking deliveries and emissions from the remaining fleet. It will address both tailpipe and road/brake wear emissions including PM_{2.5}.
11. The aim of the project was to complete feasibility study for first/last mile deliveries in York to identify and understand the range of sustainable option(s) for moving freight (light goods), and to test one of these options as part of a pilot.
12. To support the project, the Council in partnership with York Civic Trust set up a City Freight Forum. The purpose of the forum is to bring businesses (including York Business Improvement District ("**BID**")) and industry (large and small) together with the City and build an evidence base for York and explore opportunities. The forum is chaired by an independent freight expert, Dr Erica Ballantyne of the University of Sheffield, and agenda is split between presentations by freight industry experts and exploring practical issues within York. The Freight Forum was used to test findings during the feasibility and for input into the pilot design.

13. AECOM Limited (“**AECOM**”) were engaged to conduct the feasibility study after a procurement process and the study was complete at the end of 2021. The feasibility study report was shared with the Council and the Freight Forum during drafting and the findings communicated to interested parties, including the York BID board. The report is included in **Annex A** of this report.
14. The study conducted a review of current movements and exchange of light goods to/from city centre businesses and an assessment of baseline emissions related to this activity. This included existing traffic count data (to provide numbers of current movements) supplemented with on street surveys to determine the size and age of the existing HGV/LGV fleet in York. Engagement was undertaken with city centre organisations and businesses to understand their existing and future delivery needs, and a literature review undertaken to understand good practice in other cities.
15. Understanding local delivery movements and needs will ensure the most appropriate sustainable option(s) and solution(s) for moving freight (light goods) in York are identified as part of the feasibility study. The feasibility study highlights short and long-term options for the council. The benefits of each option will be highlighted, and an optimal number and suitable location(s) for these options will be identified. This includes emissions modelling of proposed solutions, which are expected to include micro-consolidation centres. The project will also highlight the role of the public sector in facilitating change and identify potential partner organisations.
16. The feasibility study has been used to inform details and location for the pilot project. This pilot will look to test a micro-consolidation centre for commercial light goods being distributed around the city centre (defined as within the inner ring road) via HGV/LGV, with the first/last mile of travel undertaken by low emission mode(s). At this stage, this is proposed to be a micro-consolidation located around the city’s Inner Ring Road.
17. There are currently five areas of air quality ‘technical breach’ located around York’s inner ring road which are included in York’s Air Quality Management Area (“**AQMA**”) for annual average NO₂ exceedances. This project has the potential to reduce NO_x emissions in all these areas and across the wider district. The project will also reduce emissions of CO₂ and particulates (PM₁₀ and PM_{2.5}). Depending on the final location of the pilot project it may also help to address HGV and LGV emissions to neighbouring districts,

particularly Selby which has an AQMA located 14 miles to the south of York. The project will assist in delivery the following action points in York's current Air Quality Action Plan ("AQAP3"): 5 (reducing emissions from freight); 11 (Local incentives for low emission vehicles and alternative fuel use); 12 (Attracting low emission industries, business and jobs to York).

18. All the aforementioned strategic documents relating to air quality improvement in York are available to view on City of York Council's dedicated air quality webpage www.jorair.co.uk.

Options for the pilot

19. As outlined in the feasibility report (**Annex A**) several options were put forward in terms of running the pilot.

Scenario 1a) A pedestrian portering service where parcels are delivered to the hub and operators with porter trolleys deliver parcels on foot. This has been very successful in Cities with multi-story delivery points, but is also seen as option for York particularly in the footstreets.

Scenario 1b) Zero-emission deliveries by cargo bike or e-cargo bike. There is already a developing offer in this area and the trial could give opportunities.

Scenario 2a) Light rail freight deliveries, to create a delivery hub at York station.

Scenario 3) Food consolidation. York has vibrant hospitality and retail sectors and consolidation food deliveries into the City centre could considerably reduce delivery traffic into the City centre.

Analysis

20. The scenarios were the subject of a workshop session with the Freight Forum in identifying the most achievable subject for a trial with the most benefit. A number of operators also felt 1 a) and 1b) were achievable and in a timescale that would allow them to take part.
21. Although there are benefits in options 2a) and 3. These benefits are potentially smaller in the timescales of a pilot and would be practically harder to achieve.

22. It is therefore that a blended approach of 1a) and 1b) is the recommended approach as it was felt both were achievable and that there were operators ready to engage with a pilot.

The Pilot

23. The overarching principles have been to achieve the objectives set out in the feasibility study and put in place interventions that would have the maximum demonstrable benefit during the 9 months that the trial will run.

24. Also, it is felt that running a pilot from a single suitable site with good access to the inner ring road and in an area that where demand would be suitably met (i.e. single delivery vehicles can enter the site and) with multiple operators working together would be the preferred option. This would depend on the appetite of operators to engage in the pilot, the practicalities of operators working together in one place and the ability to secure premises fit for the purpose.

25. An exercise has been undertaken, using the analysis from the feasibility report to identify a location for the pilot. A provisional site has been identified (107-109 Walmgate – this is a council owned property) (“the Hub Premises”) and cost falls within the project budget. Further work will be done in the current trial development stage of the project to secure the Hub Premises. The Hub Premises will be leased for a term of 12 months (to allow 3 months to set up the Hub and 9 months for the conduction of the pilot) from September 2022 to September 2023. The details to be delegated to the Director of Environment, Transport and Planning. In the later stages of the pilot discussion will be had with the operators around continuation and the ambition is that a sustainable model can be found and the operation will continue beyond the end of the pilot.

26. Discussion is ongoing with operators in terms of involvement in the trial. The arrangements and agreements will be worked through in the next period (June 2022 – September 2022). Several have expressed an interest. This will include how the operations will run and how evidence can be secured to support the objectives of the pilot.

27. Specialist support from an academic organisation (early discussions are being had with the Sheffield University Management School to continue supporting alongside the Freight Forum to provide consistency) and York Civic Trust will be sought in order to support on the monitoring and evaluation of the trial and to provide peer

support on identifying opportunities. The Council Project Manager will be the main point of contact for monitoring and evaluation and will report findings through Council processes to Elected Members and to DEFRA.

Pilot Project Plan

28. Below is the high level plan for the next stage of work.

Secure premises for the pilot. This may include planning considerations. Set up the premises consistent with how the operators will operate	June – September 2022
Engage with the operators and secure agreements for involvement in the pilot	June – September 2022
Secure support for the monitoring and evaluation of the pilot	June – September 2022
Initiate and operate the pilot	September 2022 – June 2023 (subject to arrangements being in place)
Monitor and evaluate the pilot	September 2022 – September 2023
Pilot review	June 2023 – December 2023

Council Plan

29. Considering this matter contributes to the Council Plan in the following areas:

- Getting around sustainably

Implications

30. **Financial**

The cost of the proposals can be accommodated within the budget for the project.

31. **Human Resources (HR)**

There are no HR implications around the decisions in this report.

32. Legal

i. Contracts & Procurement –

Use of the Air Quality Funding to fund this proposed pilot for a delivery hub will be subject to the grant terms and conditions under the Grant Determination Form issued by DEFRA on 8th March 2021 and accepted by the Council on 12th March 2021 (ITA: 7555, Grant Ref: Project_28998, DEFRA Ref: ecm_60730). Any amendments to these terms and conditions to facilitate the pilot will require the prior agreement of DEFRA, and will require the advice of Legal Services.

If the Council does not intend to manage and administer the delivery hub itself, then a provider to administer and manage the delivery hub will need to be commissioned in accordance with the Council's Contract Procedure Rules ("**CPRs**") and the relevant procurement law.

It is possible that the pilot could be structured as a concession, and could therefore be subject to the Concession Contract Regulations 2016 ("**CCRs 2016**"), as the operating risk for the pilot will be transferred to the provider without a financial guarantee from CYC to guard the provider against risk of loss of profit/costs. If it is classed as a concession, then it is highly likely that the full procurement regime under CCRs 2016 will not apply as the value of the concession in this instance (i.e. the total turnover of the concessionaire generated over the duration of the pilot, net of VAT, as estimated by the Council, in consideration for the works and/or services which are the object of the pilot) is likely to be below the relevant procurement threshold (i.e. £4,733,252 (exc. VAT)). However, it will still need to be commissioned in accordance with the Council's CPRs (subject to any approved waiver under the CPRs). If the pilot is valued above this threshold will be subject to the procurement procedures under the CCR 2016 as well as the Council's CPRs. If it is not classed as a concession then the pilot will be classed as a Public Service Contract and will likely be subject to the full procurement regime under the Public Contract Regulations 2015 ("**PCRs 2015**") as well as the Council's CPRs.

Legal Services and Commercial Procurement will advise on the appropriate route and process as well as the appropriate contractual terms to use when letting this contract in due course, subject to full and proper instructions.

- ii. **Property*** – The pilot will require the Council to provide the concessionaire with premises for a minimum of 12 months to ensure the delivery of the pilot.

Council premises have been identified at 107-109 Walmgate which could be used for the delivery of this pilot. The Council has statutory powers to dispose of (including by granting a lease of) property owned by the Council. Consent from the Secretary of State (for Housing, Communities and Local Government) will not be required for the granting of the lease provided that either:

- i.* The lease is granted for market value/best consideration reasonably obtained; or
- ii.* The difference/shortfall between the rent/consideration obtained and open market value rent/consideration does not exceed £2 Million

If the occupier is to enjoy exclusive occupation of the premises, then a formal lease (excluded from the security of tenure/renewal provisions of the Landlord and Tenant Act 1954) will be required.

If not, then a less formal license to occupy the premises alongside the Council and its other occupants will be required.

Legal Services will advise on the appropriate documentation in due course.

33. **Equalities**

The Council recognises its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between

persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions

The impact of the proposals on protected characteristics has been considered as follows:

- Age – Neutral;
- Disability – Neutral;
- Gender – Neutral;
- Gender reassignment – Neutral;
- Marriage and civil partnership– Neutral;
- Pregnancy and maternity – Neutral;
- Race – Neutral;
- Religion and belief – Neutral;
- Sexual orientation – Neutral;
- Other socio-economic groups including :
 - Carer - Neutral (see Disability);
 - Low income groups – Neutral;
 - Veterans, Armed Forces Community– Neutral.

34. Crime and Disorder

There are no implications around the decisions in this report.

35. Information Technology (IT)

There are no implications around the decisions in this report.

36. Property

It is proposed that a council property is used to host this project, as set out in this report. The work during the next stage of this project will confirm the arrangements for the premises.

Risk Management

37. The risks are outlined below:

- Securing Operators to engage in the trial. Work already undertaken through the Freight Forum and in the next stages will reduce this risk;
- Securing suitable premises and/or necessary planning for the trial. Appraisals of properties is ongoing. A property has been identified and further work is being done to ensure it is fit for purpose for the trial;
- Resource to manage, evaluate and monitor the trial. Resource for the next stages is under review;

Contact Details

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Specialist Officers

Finance

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Legal

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 Senior Solicitor –
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 Senior Solicitor – Property

Wards

Affected: All wards

All

For further information please contact the author of the report

Background Papers: N/A

Abbreviations:

AQMA – Air Quality Management Area

AQAP3 – York’s current Air Quality Action Plan

DEFRA – Department for Environment, Food and Rural Affairs

NO_x – Nitrous Oxide

CO₂ – Carbon Dioxide

PM – Particulate Matter

CAZ – Clean Air Zone

BID – Business Improvement District

ULEB – Ultra Low Emission Buses

Annexes:

Annex A: York Air Quality Summary report