

SURREY COUNTY COUNCIL**CABINET****DATE: 28 MARCH 2023****REPORT OF CABINET MEMBER: MATT FURNISS, CABINET MEMBER FOR TRANSPORT, INFRASTRUCTURE AND GROWTH****LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE****SUBJECT: ELECTRIC TOWNS AND CITIES INITIATIVE (ETCI) A3 AIR QUALITY PROJECT****ORGANISATION STRATEGY PRIORITY AREA: TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE**

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Purpose of the Report:

The Electric Towns and Cities Initiative (ETCI) is a measure to support the legal requirement for National Highways (NH) to ensure that the limit value for nitrogen dioxide (NO₂) concentrations across the strategic road network is met in the shortest timescales possible.

The stretch of the A3 running through Guildford has been identified as a priority area for action, having a mean annual NO₂ level of more than double the legal limit. Although National Highways are the responsible highway authority for this stretch of road, Surrey County Council, as the relevant local highway authority, and Guildford Borough Council in its role as the relevant environmental health authority, have a shared interest with National Highways in addressing the issues. Given the focus on Guildford, the Councils are best placed to implement the scheme.

Recommendations:

It is recommended that Cabinet:

1. Approve the receipt of £11m grant funding from National Highways for the A3 air quality scheme through the Electric Towns and Cities Initiative, and proceed with the scheme subject to the approval of a detailed business case by the Council's Capital Programme Panel.
2. Agree that, if the scheme is successful and National Highways allocates further grant to the Guildford A3 scheme within the existing timeframe, the acceptance and spend of the additional grant is delegated to the Director of Highways & Transport, in conjunction with the relevant Cabinet member.

Reason for Recommendations:

There is a legal duty on National Highways, as issued by the Secretary of State for the Environment, to address the NO₂ levels along the A3 in Guildford. This stretch of road has been identified as one of the worst roads for air quality in the country. The County Council, with Guildford Borough Council and National Highways, has a shared interest in addressing the air quality in this area - both from a public health perspective but also in light of our net

zero carbon targets as a county. Residents who are users of the footpaths/cycle paths alongside this stretch of road will benefit from reduced exposure to emissions upon completion of the initiative; as well as a secondary benefit for those who drive electric vehicles having access to additional local charge points. Residents who are employed in organisations/businesses in the local area may also benefit from the travel planning element of the initiative, whereby the opportunity to join a salary sacrifice scheme may be available to encourage the move to electric vehicles.

Executive Summary:

Strategic context

1. The Electric Town and City Initiative (ETCI) is one of National Highway's measures to assist in its legal duty to ensure the limit levels of harmful emissions are met, and so improving air quality, across the strategic road network. The requirement to meet the legal limit values is set out in Government's National Air Quality Plan. National Highway's air quality strategy also sets out the overarching strategic approach to tackling the air quality challenges alongside the Strategic Road Network, alongside the promotion of electric vehicles.
2. It is important to note that this scheme is the first step on a journey to improving air quality on the A3 and environs, and there is a collective desire between National Highways, the Department for Transport, Surrey County Council and Guildford Borough Council to continue to work collaboratively to consider and assess further potential interventions. To consolidate this, there is a stated commitment between National Highways and the Council to work closely together, with the Department for Transport and Guildford Borough Council, to develop future initiatives (see **Annex 1** for the Statement of Future Intent).
3. As well as aligning with National Highway's Net Zero Strategy, leading to reductions in overall CO₂ emissions, the project also has links to the following Council strategies and plans:
 - Surrey Health and Well Being Strategy 2020
 - Climate Change Strategy 2020
 - Surrey Local Transport Plan 2022.
4. This project also aligns with the following Borough's strategies and plans:
 - Corporate Plan 2001-25 (climate change programme to become carbon neutral by 2030 and encouraging businesses to act in more environmentally sustainable ways through their travel and energy choices)
 - Health & Wellbeing Strategy (states that priorities will be revised to take account of emerging issues and air quality is identified as one of these)
 - Guildford Borough Council Air Quality Strategy.

Current position

5. Following the Government's Pollution Climate Mapping exercise in 2018, National Highways completed a more detailed air quality assessment for a number of sections across the strategic road network (SRN), which identified this section of the A3 as having the highest limit value exceedance anywhere on the strategic road network (more than double the legal limit). In simple terms what this means is that this section of road has double the amount of nitrogen dioxide emissions

than the accepted maximum level, more than any other road nationally. The current modelling and monitoring suggests that, if no remedial action is taken, then this limit would continue to be exceeded beyond 2030.

6. The impact of not changing/doing nothing would mean that National Highways would be in breach of the legal requirement to deliver measures to ensure that the annual mean nitrous oxide limit can be met in the shortest timescales possible. Residents and pedestrians / cyclists who live or travel alongside the A3 respectively would continue to suffer poor air quality and associated adverse health impacts.

Options considered

7. As part of the assessment process, in 2020 National Highways commissioned a detailed report on the air quality issue on the A3 through Guildford which included considering the range of measures available to them to support delivery of the compliance. The range of options included the following:
 - Air quality barriers – these are physical fence-like barriers located alongside busy roads to help reduce the concentration of pollutants in adjacent areas. Such barriers need to be 9m high and are frequently curved inwards at the top towards the road. Their installation requires planning permission, and the estimated installation would not be until 2028. There would also be significant disruption resulting from installation and subsequent maintenance work, and this measure alone would be insufficient to meet the legal limit value for emissions. Given these factors, this option is not being proposed at the moment, but National Highways have a team still working on whether they have a role to play in this, and other locations in England and Wales.
 - Speed restrictions - one of the other measures available to National Highways is implementing a 60mph speed limit to help reduce emissions. However, this measure could not be implemented on the A3 through Guildford as the speed limit is already 50mph.
 - Footpath/cycle path relocation – this option would remove residents from close exposure to emissions by moving the paths as currently used. However, this is difficult to achieve for the paths alongside the northbound carriageway. Moving one footpath adjacent to the southbound carriageway may be a possibility but, generally, footpath/cycle path relocation is not considered a viable option in the identified area as, while it may reduce exposure by pedestrians and cyclists, it doesn't address the source of the problem.
 - Implementation of a low emission zone – this measure would be difficult to implement, and enforce, on a trunk road. Vehicles not meeting the required emissions levels would have to leave the A3 (at the Stoke Road junction) and re-join it (at Compton). This would have a significant negative impact on local traffic conditions in Guildford and on existing Air Quality Management Areas (AQMAs).
8. The outcome of this study identified opportunities to focus on local business and road users, who make up about 50% of all journeys on the A3 through Guildford and encourage them to transition across to electric vans and cars. Further informal market research with a number of local businesses that regularly use the A3 identified a willingness and desire to make the transition to an electric van.

However, this work also identified that this would require a financial incentive to make this happen.

9. There were no other substantive traffic management measures identified that could be brought forward to improve air quality on the A3.
10. On this basis, the supporting work completed for the assessment of the air quality impacts on the A3, the review of existing measures available to National Highways to manage air quality and the outcome of the local traffic management study led by Guildford Borough Council identified the ETCl scheme as the only viable traffic led option.

Proposed scheme

11. There are 3 elements to the proposed scheme:

- i). Electrification of commercial fleet

It is proposed to dispense grants to businesses and organisations as a means of encouraging the replacement of diesel commercial vehicles for electric. Light Goods Vehicles make up between 15.4% and 16.4% of the annual average daily traffic flow on the A3 through Guildford (varying between the northbound and southbound directions) equating to about 13,350 vehicles. These vehicles are responsible for between 43.3% and 44.1% of the nitrous oxide (NO_x) emissions for the northbound and southbound directions respectively (2019 data). For this reason, National Highways has determined that this scheme should target commercial vehicles. A government stipulated vehicle scrappage scheme would be required to target domestic cars, something that is outside the remit of National Highways and could not be introduced in the short term. Private car users will be encouraged to shift their mode of travel through the travel planning element of the scheme detailed below.

The aim is to replace up to 1,000 diesel vans currently driven on the A3 with an electric equivalent to help lower roadside NO₂ concentrations. Current trends in electric van uptake in the Surrey region are very low and lagging far behind the uptake of electric cars. This means it will take many years for electric vans to start displacing diesel vans and lead to a reduction in roadside NO₂ concentrations. Adopting a 'business as usual' van replacement approach would not be consistent with the requirement to deliver limit value compliance in the shortest timescales possible.

All local businesses and organisations that use the A3 through Guildford will have equal opportunity to access the grants, with targeted publicity to ensure that local small and medium-sized enterprises are aware of this opportunity and to maximise potential take up in this sector of the local economy. The level of grant is anticipated to be either £10k or £5k per vehicle, dependent on size/weight of the vehicle, and will be paid direct to the vehicle supplier to avoid any potential fraudulent use of any approved grant. Grants will need to be administered to ensure vehicles are used as intended, to protect financial interests, and appropriate checking of companies' suitability before grants are released, including their financial sustainability.

- ii). Charging hubs

Local businesses also identified the lack of appropriate charging points, in terms of size and driver facilities, as a further key constraint to switching to electric vehicles. Therefore the ETCI scheme proposes to introduce more charging hubs in and around the Guildford area that are accessible to commercial vehicles.

iii). Travel planning for local businesses

The ETCI scheme aims to help companies to encourage a mode shift in the way their employees travel to work, by switching to electric vehicles potentially including a salary sacrifice scheme and/or alongside support to make use of other transport options locally e.g. cycling and buses.

Scheme delivery and management

12. The ETCI scheme will be delivered by the County Council, with the support of Guildford Borough Council, over a period of 2 to 3 years.
13. The County Council will be the recipient of the grant and the overall lead for the ETCI project as the highway authority. The scheme will be delivered in collaboration with Guildford Borough Council, as the environmental health authority. In this respect, Guildford Borough Council will be leading on the charging infrastructure and the travel planning elements of the scheme. Depending on the nature of the partnership, a separate agreement may be required between Surrey County Council and partners/contractors. National Highways will continue to be involved in the planning and monitoring of all aspects of the scheme.
14. The activities of the delivery team will be overseen by a Governance Board composed of senior officers and members from the County Council, Guildford Borough Council, National Highways, and the Department for Transport. There are also discussions with the Joint Air Quality Unit (JAQU) to see if they want to be part of the board.
15. The County Council will be responsible for recruiting a small core team (2-3 staff) on a fixed-term basis to deliver the grants element of the ETCI scheme, and will support its functioning with its own internal staff as required. All these costs will be funded from the grant, and this may include communications, legal and finance departments where, and when, required.

Consultation:

16. The ETCI proposal and the measures to be employed that will reduce emissions along the stretch of the A3 running through Guildford levels have been discussed and agreed between National Highways, the County Council and Guildford Borough Council. The Cabinet Member for Transport, Infrastructure and Growth has been part of the early engagement process.
17. Market research with local businesses has helped to shape the potential measures within ETCI, a process that will continue as the project moves toward implementation.

18. A briefing paper is being prepared for the Chairman of the Communities, Environment and Highways Select Committee, the Cabinet Member for Environment, and for local Members in the location of the scheme.
19. Residents will not be directly impacted by the delivery of the scheme, as it will be targeted at local businesses in the area. Information for residents will be via press releases and a page on the Council's website dedicated to the project, with other publicity material produced as deemed necessary.

Risk Management and Implications:

20. There is a risk that the scheme does not make a meaningful difference to emission levels along this stretch of the A3 in Guildford. There is limited mitigation for this.
21. There is also a low risk that some measures may be affected by issues around infrastructure and/or planning consent, dependent on location. To mitigate this risk, sites for the location of charging hubs are being sought on land owned by the Councils. There may be a risk of possible delay due to supply chain issues.
22. There is a risk of insufficient take up of grants by businesses to meet the target figure of 1000 new electric vans on the road. This will be reviewed following scheme launch and the loosening of the grant qualification criteria, or reducing the size of the scheme, will be considered. A full risk assessment has been produced, which will be continually reviewed by the project team, and monitored by the Governance Board.
23. A further mitigation is to have an appropriate Governance Board, and project management, involving all 3 parties to the scheme. This is in place. Financial risk to Surrey County Council will be minimised by ensuring that all activity is funded from the grant, and project spend will be monitored and reported to the Governance Board.

Financial and Value for Money Implications:

24. Project costs are expected to be fully funded through National Highways grant, with no requirement for a financial contribution from the Council. Surrey County Council's staffing costs are fully grant funded. Measures will be put in place to limit the Council's exposure to risks, including the risk of additional unforeseen costs, and the Council may also need to consider how future costs (e.g. of maintaining of any new assets and any post-completion monitoring costs) will be minimised or can be transferred entirely to the provider. Where schemes are delivered by partners or contractors, the Council will put in place agreements to manage costs and risks. These factors will be considered as the detailed programme is developed and approved through the Council's existing governance processes.

Section 151 Officer Commentary:

25. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed

Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

26. The recommendation would allow the Council to enter into a funding agreement with National Highways and to receive grant funding. The scheme would proceed subject to agreement of the Council's Capital Programme Panel to a detailed business case, including an assessment of financial, risk, value for money and other relevant factors. As such, the Section 151 Officer supports the recommended approach.

Legal Implications – Monitoring Officer:

27. National Highways have a legal duty to ensure air quality limit values are met in the shortest timescales possible. The Environment Act 2021 requires Government to set legally binding environmental targets for England in priority areas including air quality. The requirement to meet the legal limit values is set out in Government's National Air Quality Plan, as enacted through commissioned activities from DfT and the Joint Air Quality Unit (JAQU). National Highways is required to act to meet these targets.
28. A Funding Agreement between National Highways and Surrey County Council is currently in preparation to cover the terms and conditions of the actual grant funding of £11m. Surrey County Council and Guildford Borough Council, have been asked to implement the scheme on their behalf as the majority of the grant funding (c£9m) is for the use of grants to qualifying companies/organisations,
29. In terms of the grants to businesses, there will be a contract between them and Surrey County Council to cover the terms and conditions of the grant, including the production of data evidence that they have met grant conditions e.g. the requisite number of annual journeys made along the A3 in Guildford for each vehicle.
30. Officers must ensure that the grant scheme meets the subsidy requirements of the Subsidy Control Act 2022 which places an obligation on public authorities, before making a subsidy scheme, to consider the principles in Schedule 1 and ensure that the subsidies provided for by the scheme will be consistent with the principles contained in Schedule 1.
31. The effect of each principle is:
- Principle A: Public authorities will need to consider, explain and assess the policy objective behind the subsidy to ensure there is a benefit to wider society in providing the subsidy.
- Principle B: Subsidies should be both proportionate and limited to what is necessary to achieve the policy objective.

Principle C: Subsidies must incentivise and lead to a change in the behaviour of the beneficiary. They must help to address the public policy objective being pursued.

Principle D: Subsidies should be targeted to bring about an effect that is additional to any that would occur in the absence of the subsidy.

Principle E: Alternative policy levers, that are likely to cause less distortion to competition and investment in the UK, or trade and investment internationally, should be considered before turning to subsidies.

Principle F: Public authorities should design the subsidy in a way that minimises the impact on competition and investment within the UK's internal market. This will require them to assess the effects which are likely to arise from providing the subsidy.

Principle G: Public authorities should assess the material effects on competition and investment in the UK, and international trade and investment, and decide whether the benefits of the subsidy are greater than the harmful impacts of providing the subsidy.

Equalities and Diversity:

32. The County must abide by its Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising its public functions. There is a requirement when deciding upon the recommendations in this report to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful discrimination. The scheme will be open to all businesses and organisations within the agreed area of impact, therefore there is no perceived impact on residents with different protected characteristics. For this reason, an Equalities Impact Assessment (EQIA) has not been completed at this stage.
33. However, an EQIA will be completed to assess the measures proposed for implementation, to ensure that the scheme is fully accessible, particularly as the grant application process and grant qualifying criteria are developed, with appropriate groups involved. This will be reviewed and updated as the project progresses, as part of project evaluation.

Other Implications:

34. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.
35. The scheme also has links to other Council strategies and plans, as detailed in the executive summary earlier in the report.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	None
Safeguarding responsibilities for vulnerable children and adults	None

Environmental sustainability	<p>The ETCI project has links to the following Council strategies and plans:</p> <ul style="list-style-type: none"> • Surrey Health and Well Being Strategy 2020 • Climate Change Strategy 2020 • Surrey Local Transport Plan 2022
Compliance against net-zero emissions target and future climate compatibility/resilience	<p>Whilst it is a legal requirement to reduce the nitrous oxide emissions in any area experiencing exceedances above the air quality threshold, the scheme also contributes to the Council's target to be net-zero carbon by 2050 through its transport policy and development, as set out in the Greener Futures Climate Change Plan and new Surrey Transport Plan. This includes decarbonisation through the electrification of fleet and complementing the programme of installing charge points.</p>
Public Health	<p>Reduced emissions and better air quality will directly improve public health outcomes for residents.</p>

What Happens Next:

36. It is expected the ETCI scheme will be developed and implemented over the next 2 years, with a further year for monitoring and evaluation. Scheme details will be announced with a joint press release by National Highways and the Council(s). Further information will be provided via the County Council's website.

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Annexes:

Annex 1 – Statement of Future Intent

Sources/background papers:

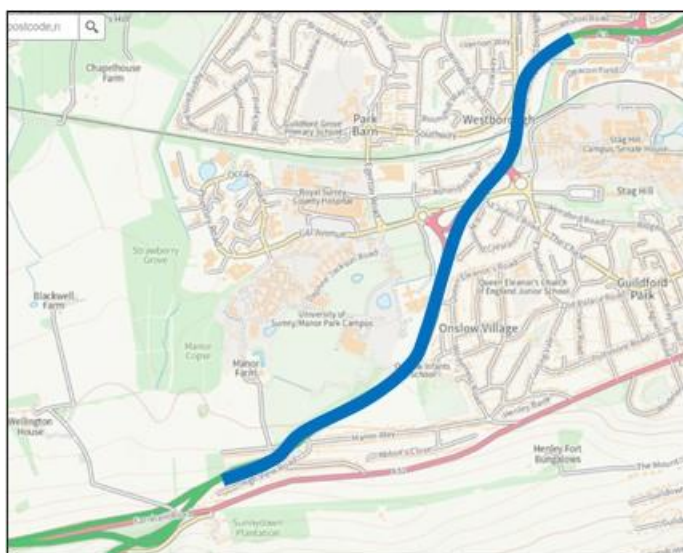
None

National Highways and Surrey County Council: Beyond The Electric Towns and Cities Initiative – Statement of Future Intent

The Government has a legal obligation to meet nitrogen dioxide (NO₂) limit values in the shortest possible time to reduce harmful pollution and improve public health. As part of this obligation National Highways (NH) are required to identify suitable measures to improve NO₂ levels on sections of their Strategic Road Network (SRN) that are above legal limits.

Figure 1 identifies a section of the A3 in Guildford that has the highest level of NO₂ on an identified road link on the SRN. This section of the A3 through Guildford has an annual mean measurement of nitrogen dioxide concentrations of 89µgm³ whereas the legal limit is 40µgm³. This is more than double the legal limit of NO₂.

Priority Area for Action: Figure 1



Without any intervention, it is modelled that legal compliance of NO₂ on the A3 in Guildford will likely be achieved by 2036/37, achieved through fleet turnover to newer, less polluting vehicles.

Current Project

The Electric Towns and Cities Initiative (ETCI) is a project being delivered as a partnership between National Highways, Surrey County Council and Guildford Borough Council. The aim of any measure is to support the delivery of Government's National Air Quality Plan to deliver limit value compliance for nitrogen dioxide (NO₂) concentrations in the shortest timescales possible. The stretch of the A3 running through Guildford has been identified as a priority area for action, having a mean annual NO₂ level of more than double the legal limit.

£11million has been provided for this project from NH's Environment and Wellbeing fund. This funding covers the vehicle grants, support for charging infrastructure, as well as employment of a team of 4 people to run the scheme.

The ETCI project aligns with National Highway's Net Zero Strategy, leading to reductions in overall CO2 emissions. It also has links to the following County Council strategies and plans:

- Surrey Health and Well Being Strategy 2020.
- Climate Change Strategy 2020.
- Surrey Local Transport Plan 2022.

There are three elements to the proposed scheme, namely:

1. Promotion of grants for the conversion of up to a 1,000 diesel vans to an electric alternative for regular users of the A3. This will support local businesses in making the switch to electric from more polluting vehicles.
2. Support for charging infrastructure to enable vans to charge during the day to support the success of the overall ETCI project. This will not only support businesses but local residents with electric vehicles.
3. Travel planning for local businesses.

The A3 through Guildford has an annual mean measurement of nitrogen dioxide emissions concentrations of $89\mu\text{gm}^3$. Delivering the above initiatives, is modelled to deliver a $3\mu\text{gm}^3$ reduction. Whilst on the face of it this seems a small reduction in roadside NO_2 concentrations, it is comparable with the level of reduction expected to be achieved through other more invasive measures such as tall air quality barriers or urban wide charging clean air zones being introduced by local authorities.

Future Intent

The County Council has a very good working relationship with National Highways, and this is reflected not only in the roll out of the ETCI project, but also the early work to try and find a range of possible measures required to improve air quality alongside the A3 and in the wider region. This culminated in the joint publication of the local Traffic Management Study, which investigated a wide range of existing County Council and Guildford Borough Council policies and their potential to improve air quality.

However, the County Council and National Highways recognise there is more to do to meet this difficult air quality challenge and a broader approach will be necessary to provide the necessary protection our local communities deserve and expect. National Highways will continue to work closely with Surrey County Council, Guildford Borough Council and the Department for Transport to explore a range of measures to further reduce NO_2 exceedances and bring forward compliance in line with the Government's legal duty. This will include consideration of measures that aim to reduce reliance on the private car and the use of the A3 for short local trips that are contributing to existing exceedances along this road.

As part of this commitment, the County Council and National Highways have already entered into dialogue about new initiatives and measures, including potential measures in the local area that provide alternatives to the private car and their use of the A3. Other measures include, but are not restricted to, traffic management, air quality barriers, tunnelling, introduction of speed limits and footway and cycleway improvements. NH is currently conducting a feasibility exercise to look at all these options.

Alongside these measures, National Highways is conducting research into air quality with Birmingham University as well as more innovative solutions such as testing an air filtration system which would complement the Electric Town and Cities Initiative.

The County Council and National Highways will review the potential to extend the former Traffic Management Study, which identified the ETCI project as a potential measure to improve air quality alongside the A3. This Traffic Management Study could then be used as a platform to bring forward further interventions where they can deliver improvements in air quality in reasonable timescales on the A3 corridor.

National Highways and DfT are committed to working closely with the County Council and Guildford Borough Council to tackle the air quality challenge on the A3 and look to bring forward viable and effective solutions. It will be subject to review and appropriate governance structures, likely building on the arrangements already established for the ETCI project.

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