



Cabinet Member Report

Meeting or Decision Maker:	Councillor Heather Acton Cabinet Member for Sustainability & Parking
Date:	28 October 2015
Classification:	General Release
Title:	Authorisation to sign URBACT III Contract for Phase 1 of the European funded Freight Tailored Approaches to Implementing Lasting Solutions (TAILS) project
Wards Affected:	Not applicable
City for All	While freight movements are essential to maintaining an economically vibrant and active City, they have negative impacts on air quality and congestion. CRP will lead a European funded project that will enable new self-sustaining business models to be developed that will help minimise congestion and air pollution, while making freight movements more effective and efficient. This project will therefore contribute to the 'City for All' commitments by making Westminster a greener, more sustainable city and by collaborating with partners to deliver improvements to air quality and carbon reduction.
Key Decision:	No
Financial Summary:	The total value of the contract for Westminster City Council is €90,259 (£66,710) of which the European Union contribution will be 70% (€65,857 (£48,675)). The Council's contribution will be €16,502 (£12,916) which can be met from other external funding sources.
Report of:	Strategic Director of Policy, Performance & Communications

1. Executive Summary

- 1.1. Following on from the successful outcomes and experience of delivering the Last Mile Logistics (LAMILO) project, the URBACT Secretariat encouraged the City Council to participate in Phase III of the URBACT programme which has been developed to build on the success from the previous activity. The Council duly submitted a proposal in association with Cross River Partnership (CRP) and was successful in securing €90,259 to cover a six month period (October 15 to March 16) in association with four other European cities (Maastricht (Netherlands), Parma (Italy), Plasencia (Spain) and Suceava (Romania).

- 1.2. The award is to support development of the project to Phase 2. This will consist of expanding the partnership to total up to 12 European cities and submitting a larger bid (up to €705,000) to be delivered during 2016-2018.

- 1.3. Key benefits of the project will be:
 - To support the City for All' commitments in that it will help to keep 'the City a global destination of choice for all types of businesses' and help 'create great local places where people enjoy living, working and visiting.
 - Helping the City Council deliver Mayoral and Council priorities with regard to public health and the environment such as the Ultra Low Emission Zone (ULEZ) and Low Emission Neighbourhoods (LENs).
 - Enable London to learn from the innovations taking place in other European cities.

- 1.4. This report seeks authorisation for the City Council to sign the legal agreement so it can lead the project on behalf of its partners:
 - The Subsidy Contract between the City Council as Lead Partner and the French Ministry (as the Managing Authority of the URBACT III Operational Programme) is €90,259 (£66,710) whereby the council will be paid a subsidy of €55,007 (£40,656) to manage the Phase I project. The City Council's proportion of the latter is €16,502 (£12,916) which will be met from existing CRP budgets. The Council's Procurement Code does not apply to the contract since it is merely the means whereby a grant is paid to the City Council and there is no service being procured by the Council pursuant to it.

2. Recommendations

- 2.1. That the Cabinet Member for Parking & Sustainability sign the URBACT III Subsidy Contract for the Freight TAILS project.

3. Reasons for Decision

- 3.1. An application for a subsidy was submitted by the City Council in June 2015 to the URBACT III Programme. Following an extensive evaluation, the URBACT Monitoring Committee approved the application on 11th September 2015. The Freight TAILS project was one of only 21 applications to be successful at Phase 1 from a total of 99 submissions. CRP's application also received excellent feedback scoring 95/100 due to its relevance in being in line with addressing the "Low carbon economy", challenges of logistics at a macro level, the policy issues at local level and the link between the two being clearly stated.
- 3.2. The URBACT III Subsidy Contract for the Freight TAILS project now requires approval from the Cabinet Member for Parking & Sustainability. The documents themselves make it clear that they must be signed by an elected representative of the City Council.

4. Background, including Policy Context

- 4.1. CRP has been leading on freight consolidation and management projects on behalf of the Council since 2013. Partners in these projects include Network Rail, Transport for London, the Greater London Authority, The Crown Estate, Arup and UPS as well as Business Improvement Districts.
- 4.2. These projects include:
 - Freight Electric Vehicles in Urban Europe (FREVIEW), a €14million project which will introduce more than 17 electric vehicles (with expectations of up to 50) into central London.
 - Last Mile Logistics (LaMiLo), a €299,000 project that has demonstrated how efficient procurement and freight management policies can reduce vehicle movements and pollution.
- 4.3. The overall aim of these projects has been to make freight and logistics activities in central London more effective and efficient through reducing unnecessary vehicle movements via consolidation centres and delivery servicing plans and the use of less polluting modes such as electric vehicles.
- 4.4. Freight consolidation is gaining increasing interest from local authorities and sections of the private sector that want to reduce their environmental footprint. Within Westminster there is the very successful consolidation centre operated by The Crown Estate involving their Regent Street properties, and the Fortnum & Mason consolidation centre established to facilitate a more efficient system of delivering store supplies.

- 4.5. Based on the existing Council and CRP activities, as well as findings from Transport for London, it has become apparent that despite the overwhelming public benefits of less congestion, travel delays and pollution, further work is required to demonstrate the business case for the private sector implementation.
- 4.6. Consolidation centres and enhanced freight management processes benefit the private sector through:
- Reduced delay
 - Less staff and vehicle downtime and wastage
 - Improved environmental performance
 - Lower costs
 - Positive marketing benefits
- 4.7. The project supports the Council's 'City for All' commitments in that it will help to keep 'the city a global destination of choice for all types of businesses' and help 'create great local places where people enjoy living, working and visiting'.
- 4.8. Through the City Council's involvement, the lessons and approaches developed with regard to wider alternative fuelled vehicles can also be expanded upon and used as a basis for future network development to help businesses both reduce their costs whilst improving the environment.

5. Financial Implications

- 5.1. The total value of the contract for Westminster City Council is €90,259 (£66,710) of which the European Union contribution will be 70% - €65,857 (£48,675). The Council's contribution (30%) will be €16,502 (£12,917) which can be fully met from external grant funding secured from Transport for London. There will therefore be a nil cost to the City Council.
- 5.2. Given the fluctuations in the exchange rate, over the long-term there may be a slight financial risk when converting grant funding received in euros to sterling. Any short-falls against budget at that time will need to be covered by CRP.

6. Legal Implications

- 6.1. The City Council will be accountable for the grant funding for this URBAN III TAILS project from EU which is proposed to be managed by CRP. The City Council is required to provide match funding of 30% and to enter into contractual commitment with other partners and EU entities involved in project delivery as per the project agreement. The proposed project is for the benefit of the residents

of Westminster, and London in general, who will see a greener, more sustainable city and improved air quality and carbon reduction and the City Council can use its general well being power under Sec 1 of the Localism Act 2011 to undertake this.

7. Staffing Implications

7.1. There are no staffing implications.

8. Consultation

8.1. Not applicable.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

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BACKGROUND PAPERS:

- URBACT Subsidy Contract Phase III
- URBACT Letter of Commitment from the Lead Authority

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member** for *Parking & Sustainability*

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: _____

State nature of interest if any

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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled 'Authorisation to sign URBACT III Contract for Phase 1 of the European funded Freight Tailored Approaches to Implementing Lasting Solutions (TAILS) project' and reject any alternative options which are referred to but not recommended.

Signed

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal and Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.