Report to:	**Cabinet**
Date of meeting:	**25 June 2024**
By:	**Director of Communities, Economy and Transport**
Title:	**Procurement of residential on-street electric vehicle chargepoint provivder.**
Purpose:	**To seek approval to proceed with the procurement of a Charge Point Operator supported by £4.441m of Government funding from the Office for Zero Emission Vehicles, to deliver on street charge points to support and encourage the transition to Electric Vehicles (EV's).**

RECOMMENDATIONS

Cabinet is recommended to:

1) **Approve the County Council's plan to support the implementation and delivery of proposed EV infrastructure;**

2) **Approve the procurement of a network operator to support the delivery and operation of EV infrastructure; and**

3) **Delegate authority to the Director of Communities Economy and Transport to take any action they consider appropriate to give effect to the above recommendations, including, but not limited to, approving the outcome of the procurement process and the award of the contract, and agreeing the terms of and authorising the Council to enter into any agreements necessary for the delivery of the proposed EV infrastructure.**

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1 Background

1.1 In October 2019, the County Council declared a climate emergency, setting a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050. In June 2020 Cabinet adopted a climate emergency action plan and in November 2020 the Place Scrutiny Committee completed a review of the County Council Becoming a Carbon Neutral Council.

1.2 One of the Scrutiny Committee's recommendations was that 'Electric Vehicle (EV) charging points are installed at the main office buildings, or at least County Hall'. In March 2021 Cabinet agreed for the Council to explore options for procuring EV charge points on the corporate estate as well as the highway network.

1.3 The UK government initially announced plans to ban the sale of new petrol and diesel cars by 2040. The Government subsequently brought the target date forward to 2035 and then in November 2020 brought this forward again by 5 years to 2030. In September 2023, this target date was further revised and delayed to 2035.

1.4 To support the plan to ban the sale of new petrol and diesel cars, the Government has announced a series of funding opportunities to assist both private and public sectors in the delivery of electric vehicle charging infrastructure.

1.5 In February 2023, The Office for Zero Emission Vehicles (OZEV) announced that funding would be pre-allocated to all local authorities, and that this would be made available in 2024/25 (Tranche 1), or 2025/26 (Tranche 2). This funding was made available to support local authorities to deliver on street electric vehicle charging where residents cannot park off street, as well as help to provide an equitable distribution of chargepoints across the county that would be considered undeliverable through a model which was wholly delivered through private investment.

1.6 The receipt of this funding was subject to the submission of a business case demonstrating that the scope of the project aligns with the funding requirements, value, and approach to procurement. Following submission of our Local Electric Vehicle Infrastructure fund (LEVI) business case to OZEV in October 2023, the County Council was notified in January 2024 that our application had been successful. We were among the first five Local Authorities and London Boroughs to qualify for Tranche 1 funding and were awarded £4.441m capital grant in March 2024.

1.7 Further 'Capability' revenue funding (£587,000) has also been granted to support the resources required by the County Council to deliver the project such as additional staffing resources, legal costs, procurement, and communications.

2 Supporting Information

Introduction

2.1 It is widely accepted that there is no plausible path to net zero carbon without a major reduction from transport emissions, as transport is now the greatest contributor to carbon emissions in East Sussex. Therefore, the transition to electric vehicles facilitated through the provision of charging infrastructure in the county will have significant impacts and benefits in the following areas:

- reducing carbon emissions and contributing towards the Council's net zero target by 2050 as well as the Government's climate change targets, as well as supporting the vision and objectives of the draft Local Transport Plan (LTP4) which was subject to public and stakeholder consultation from late November 2023 to late February 2024 with adoption of the Plan programmed for later this year - Local Transport Plan 4 | East Sussex County Council;
- improving air quality by reducing harmful pollutants emitted by traditional petrol and diesel fuelled vehicles. This is particularly important in urban areas where air pollution levels often exceed safe limits;
- positive impacts on public health with reduced noise pollution and improved air quality from EVs contributing to creating healthier and more liveable communities. Improvements in air quality can lead to better public health outcomes, such as reduced respiratory issues and cardiovascular diseases;
- by proactively planning for an electric vehicle-dominated future we are future-proofing our transport network as the automotive industry shifts towards electrification and decarbonisation. This ensures our communities are resilient and can adapt to the transition towards electric vehicles and this can only be possible with an accessible chargepoint network;
- support economic growth and social mobility by ensuring charging infrastructure supports future mobility needs, attract businesses locally that prioritise sustainability and create jobs in manufacturing, installation and maintenance of charging infrastructure;
- reduce inequalities of chargepoint access for those who do not have access to off-street parking or a driveway and creating a contracted chargepoint network that is fairly priced and benchmarked;

Electric Vehicles take-up projections

2.2 Department for Transport statistics published in Q3 2023 indicate that a total of 7,113 Ultra Low emission vehicles (ULEV's) were registered in East Sussex, and that 4,570 are battery only. A full breakdown of vehicle type and registered authority area is at Appendix 1. This represents a growth in sales of 25% in ULEV's, and 29% growth for Battery Electric Vehicles (BEV's), since Q3 2022.

2.3 Projections from the Cenex Nevis Toolkit provides information to support LEVI applications. The 2030 projection at Appendix 2 indicates that growth will continue to be strong, with the number of BEV expected to reach 119,330 vehicles, accounting for 36% of the total vehicles in the county.

Scope of delivery and potential chargepoint provision

2.4 Whilst there is evidence of funded delivery of electric vehicle chargepoints from the private sector, and further expectation to deliver more chargepoints in the future, their primary aim is to deliver chargepoints at locations that offer higher commercial and unleveraged returns. Without funding, scalable delivery of residential on-street infrastructure does not represent an attractive proposition to the private sector.

2.5 As the Highways Authority, the County Council occupies a unique role in the delivery of chargepoint infrastructure, especially in relation to on-street charging and is therefore more suitably placed to support residents that are unable to park and charge off street. On-street charging plays an important role in electric vehicle adoption, and it is estimated that up to 40% of residents in East Sussex do not have access to off street parking.

2.6 The lack of convenient and accessible chargepoints is a barrier to entry for this user group and a do-nothing approach is not considered to be a feasible pathway as private sector investment will continue to target high revenue locations. Therefore, the ambition of the Electric Vehicle On Street Chargepoint project is to deliver a network of chargepoints within the county to support on street charging, and more specifically to support residents that do not have access to off-street parking. This is a crucial step in the provision of an equitable provision that does not exclude those that may be left behind due to location or the lack of commercial opportunity.

2.7 An initial long list of potential suitable locations for on street electric vehicle chargepoints originated from the Energy Savings Trust (EST), who have been appointed to provide support to local authorities on behalf of Office for Low Emission Vehicles (OLEV). The information was based on a multi-criteria assessment which considered Lower Super Output Area data, geographical features and pavement widths as well as vehicle data and vehicle-parc tables.

2.8 The scope of delivery and shortlisting of these potential long list locations has been informed by a collaborative approach with the District and Borough Councils and their unique understanding of residents' needs and the facilities available to them.

2.9 Chargepoints are grouped into the following three main 'speed' categories and, as a general rule, tariffs increase with speed with a meaningful charge influenced by the charger speed and the length of stay:

- Slow- <7kWh (Alternating Current)
- Fast >7kWh-22kWh (Alternating Current)
- Rapid and Ultra Rapid- Typically >50kWh (Direct Current)

2.10 Across the county, a total of 281 shortlisted locations have been initially identified for deployment of fast chargepoints. Soft market testing indicates that the economic delivery of these chargepoints would require a minimum of 3 twin socket units per site. To supplement this, operators will be encouraged to provide passive infrastructure at all sites (where possible), to support low-cost network expansion in the future as demand requires.

2.11 As part of the on-street EV chargepoint procurement, provision to include up to 20 slow chargers has been considered as these may be necessary at locations where faster chargers may not be suitable due to site suitability or power limitations, but there is a need to provide a solution. Generally, these chargers are attached to existing infrastructure such as lamp columns; many of these within the County Council's highway estate are situated at the back of the pavement and therefore would be unsuitable from a health and safety perspective.

2.12 In addition to the planned 'fast' charging network, rapid charging has also been considered to support en-route charging on our highway network and funding will support the delivery of up to 20 rapid charging units. A short list of sites has been gathered, and final selection will be based on strategic need and cost of delivery.

2.13 A mixed solution has also been included to support the west car park at County Hall. This will consist of up to 2 rapid chargers and up to 8 x 7kWh slow charger sockets plus additional passive connections. The final positioning of the chargepoints will be aligned to the planned developments within the car park, and the specification will include the option to reposition should this be required. All chargepoints will support public use.

2.14 All chargepoints will comply with the communication, payment, and operational protocols applicable to public charging networks and that these will be maintained and updated throughout the contract, and in line with legislation. This will ensure that the transition to an alternative provider is possible at any point during and at the end of the contract.

Procurement and delivery

2.15 The LEVI Fund has two main objectives. Firstly, to deliver a step-change in the deployment of local, on-street charging infrastructure and secondly to accelerate the commercialisation of, and private investment in local charging infrastructure. The applicable commercial arrangements must therefore leverage private investment, and include:

- Concession – is a flexible approach that shares aspects of capital cost, operational costs, control and risk between public bodies and their service provider(s).
- Joint Venture - The risk, responsibilities and benefits are usually shared based on each party's financial contribution to the venture. In reality, this division of categories is a broad sliding scale. Therefore, while the JV might be the entity which invests, owns and operates the EVI network with all associated risks, the LA is taking a business and reputational risk in setting up this entity.

2.16 Appendix 3 provides a summary of the concession and joint venture operating models, the commercial arrangements, and their impact on the local authority. In summary, it is likely that there would be no differences in the adoption or utilisation of the chargepoints in either operating model. However, whilst the JV option provides the local authority with greater control and influence on site selection, tariff setting and electricity supply contracts, it comes with greater reputational and business risk. Whilst the concession model shows a lower revenue projection, the project benefits from being contained financially and reputationally, and would require no monetary or additional operational resources from the local authority. Therefore, taking account of the benefits and disbenefits of each model, on balance the preference is that the EV chargepoints at County Hall are delivered through the concession model rather than a joint venture.

2.17 Following an extensive review of the supporting commercial arrangements , it is proposed to procure a charge point operator to deliver the infrastructure requirements under the terms of a concession agreement using the Crown Commercial Services (CCS) framework Vehicle Charging Infrastructure Solutions (VCIS). This framework has been used by Cambridgeshire County Council, West Sussex County Council, and Transport for London to successfully procure chargepoint operators.

2.18 Following Cabinet agreement to proceed, and OZEV approval of the tender documents, it is expected to start the procurement process during Q2 and Q3 in 2024/25, award contracts in late Q3/Q4 in 2024/25 and commence the roll out of chargepoint infrastructure in Q4 2024/25. Soft market testing indicates that delivery of the project will take up to 30 months. There are no funding timescales that apply to the funding allocation and project completion.

2.19 In addition to project delivery, the role of the operator will also include capital investment, ongoing operation, management, and maintenance of the assets for the life of the contract, which is expected to be for a total of 15 years with the option of a further year subject to performance. All financial transactions, liabilities and data protection will be assigned to and managed by the chargepoint operator. The operator will be responsible for setting and adjusting tariffs, and this will be in accordance with the price capping mechanism and recommendations of the LEVI advisory body.

2.20 The capital cost of delivering the proposed quantity of up to 2,000 on-street chargepoint sockets is estimated to be £10.5m and the operator will be required to fund the difference between the LEVI grant funding of £4.441m and the final cost. The overall estimated value of the contract, including the revenue receipts over the 15-year period is around £150m and under the terms of a concession agreement, there is an opportunity to incorporate a revenue share agreement to be paid to the County Council and this is expected to generate in excess of £2.4m of revenue for the County Council over the contract term.

2.21 To provide visibility and project oversight, it is common practice to establish an open-book agreement with the operator. In line with the LEVI Heads of Terms conditions, mechanisms to benchmark tariffs will be agreed to support fair pricing.

2.22 At the end of the contract, the following LEVI funding Heads of Terms will apply as follows:

- All underground assets (eg. power cabling to chargepoints) will remain the property of ESCC, or will be transferred to ESCC at nil cost;
- All above ground assets (eg. EV chargepoints) will be transferred at no cost to ESCC or decommissioned at no cost to ESCC.

3 Conclusions and reasons for recommendations

3.1 Electric Vehicles (EV) will be the main alternative to combustion engine cars and small vans with the Government's commitment to ban the sale of new diesel and petrol vehicles from 2035. This will contribute towards achieving the national and Council target of net zero carbon by 2050 through a major reduction in transport emissions as well as supports several key County Council priorities such as maintaining and improving social inclusion, health, and wellbeing, whilst supporting and safeguarding current and future economic needs.

3.2 The provision of sufficient and accessible charging infrastructure will be necessary to support and accelerate EV uptake, as well as provide a stable platform to support increased future demand. As the local highway authority, it is imperative to provide charging infrastructure for the estimated 40% of households within the county that do not have access to off-street parking to ensure equitable provision which does not exclude those due to their location or the lack of commercial opportunity.

3.3 The County Council has successfully secured £4.441m of Local Electric Vehicle Infrastructure (LEVI) funding which is dedicated to facilitating the implementation of on-street EV charging infrastructure throughout the county. The initiative aims to establish a comprehensive and fit for purpose network of both slow and fast chargepoints in residential areas in locations that have been informed through close collaboration with our Borough and District Councils.

3.4 It is proposed to proceed with the procurement of a charge point operator to fulfil the infrastructure requirements through a concession agreement utilising the Crown Commercial Services framework. The total capital contract value amounts to £10.5 million, with the provider required to provide private sector investment of around £6m over and above the £4.441m LEVI funding.

3.5 Cabinet is recommended to approve the County Council's plan to procure a network operator to support the implementation, delivery and operation of on street EV infrastructure in the county.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None