Forward Plan reference number: FP 21/07/22

Report title: Bid to the Office of Zero Emission Vehicles for On-Street Residential Charging Point (ORCS) Funding and Procurement of a ChargePoint Provider	
Report to: Councillor Lee Scott - Cabinet Member for Highways, Maintenance and Sustainable Transport	
Report author: Tracey Vickers, Head of Sustainable Transport	
Date: 19 January 2023	**For:** Decision
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County Divisions affected: All Essex	

1. Everyone's Essex

1.1 Everyone's Essex, our new organisation strategy, sets out four strategic aims and 20 commitments. Within the strategic aim of strong inclusive and sustainable economy it includes a commitment to deliver green growth supporting technologies and business models to transition the Essex Economy to net zero. Everyone's Essex also makes a commitment to supporting people to switch to more sustainable travel options so that we can achieve our targets for achieving net zero carbon emissions.

1.2 Consistent with these aims, this report sets out proposals for ECC to submit a bid for funding to the Office of Zero Emission Vehicles (OZEV) for £243,086 to part fund the purchase and installation of 66 on-street residential charging points across Essex over a one-year period. It is further proposed to procure and award a contract to a Charge Point Operator who will purchase and install, own, operate, replace (if required), manage, and maintain the charge point assets at no cost to ECC including part funding the purchase of such assets.

2 Recommendations

2.1 Agree to submit a bid to the Office of Zero Emission Vehicles (OZEV) for £243,086 of capital grant funding to partially fund the purchase and installation of 66 on-street residential charging points in Essex over a one-year period. To note that such bid must be accompanied by confirmation of funding of £162,057 from a Charge Point Operator.

2.2 Agree to use a Crown Commercial Service dynamic purchasing system to procure a Charge Point Operator to purchase, install, operate, replace and maintain the charge point assets including contributing funding of £162,057 towards the cost of purchasing the charging points. The estimated value of the 12-year concession contract is £2.963m but will be dependent on use of the chargepoints.

2.3 Agree that the high-level evaluation criteria for the procurement will be 60% price and 40% quality with 5% of the quality score assessing social value.

2.4 Agree that the Director, Highways and Transportation is authorised to agree the detailed evaluation criteria for the procurement.

2.5 Agree to award an eight-year concession contract with up to a maximum four-year extension period to the successful Charge Point Operator following completion of the procurement process.

2.6 Agree that the Director, Highways and Transportation, in consultation with the Executive Director Corporate Services, is authorised to agree the terms of and enter into the funding agreement with OZEV.

2.7 Agree that the Director, Highways and Transportation, in consultation with the Executive Director Corporate Services, is authorised to agree the terms of the contract with the Charge Point Operator including the revenue share.

3 Background and Proposal

3.1 The publication in July 2021 of Decarbonising Transport: a better, greener Britain by the Department for Transport, sets out the actions needed by the private and public sector and individuals to decarbonise the entire transport system in the UK. This document restates the Government's commitment to phase out hydrocarbon fuelled, internal combustion engine (ICE) vehicles from 2030, assuming a widespread adoption of electric vehicles (EVs) and the rollout of charging infrastructure to enable their use. The Government further endorsed the importance of decarbonising travel in its Net Zero Strategy published in Oct 2021 prior to the United Nations Climate Change Conference of the Parties (COP26) conference held in the UK in November 2021.

3.2 The current Government and transport industry assumption is that in the future most private vehicles will be battery electric powered and these vehicles will need to be charged regularly. The Society of Motor Manufacturers and Traders Limited (SMMT) argue home-charging is and is likely to remain the "backbone" of EV charging but as it currently stands, access to charge points favours those with access to off-street parking (garage or drive). The same report quotes that even though 80% of current plug-in vehicle owners have access to home-charging which is likely to remain the preferred method of charging going forward, 93% of these will still use the public charging network to top-up when required.

3.3 The National Travel Survey (NTS) found in 2020 that about 61% of vehicles were usually parked on private property meaning 39% were parked elsewhere. People living in rural areas have a higher proportion of vehicles that are usually parked on private property (not garaged) than people living in urban areas (71% of vehicles compared to 53% of vehicles respectively). This means just over one third of households without off-street parking, rely heavily on residential on-street chargepoints and/or other chargepoints, including workplace and destinations.

3.4 To support the transition to battery powered vehicles, the Government has established the Office for Zero Emission Vehicles (OZEV): a team of government officials supporting the transition from fossil fuel vehicles to electric vehicles. OZEV are responsible for research and development within the EV sector and provide grants and funding to support EV charging infrastructure across the UK. They are currently seeking bids for their On-Street Residential Charging Points (ORCS) fund. This fund provides money for Local Authorities towards the cost of installing public on-street charge points for plug-in electric vehicles in residential areas where there is a lack of off-street parking.

3.5 There is no maximum or minimum project size, but the Electric Vehicle Charging Points (EVCP) must be installed by no later than 31 March 2024. OZEV anticipate that most projects will be completed within 12 months of grant award or sooner. The total funding provided by OZEV will not exceed £7,500 per chargepoint unless electrical connection costs are exceptionally high. In such cases, funding up to £13,000 per chargepoint may be provided. ECC has carried out some market testing to ensure none of the proposed locations in this bid require funding over £7,500.

3.6 The proposed bid for funding is for up to 60% of eligible capital costs, including:

- The purchase cost of charge points up to 22 kilowatts
- The purchase cost of electrical components related to the chargepoint, including distribution network operator (DNO) connection costs
- The cost of civil engineering works related to the installation
- Labour costs of the installation
- Hardware costs of the installation
- Where applicable, the capital costs of a parking bay and traffic regulation orders (TROs) (paint and signage).

3.7 The funding from OZEV does not cover:

- Non-capital costs
- The upgrade or maintenance of existing chargepoints
- The installation of passive charging infrastructure so a charging point can be installed at a later date if required
- The installation of chargepoints for the primary use of EV car clubs, taxi fleets or other commercial undertaking, given the residential focus of the scheme
- The installation of chargepoints connected to an individual's domestic electricity supply.

3.8 It is proposed that ECC submit a bid requesting funding for a trial of 66 EVCPs in 30 locations across Essex. The majority (27) of locations will have one dual headed charging point, and three will have two dual headed charging points which will help ECC to gather insight into the use of multiple on-street charging facilities in one location and to ascertain if this is an option for the rollout of future charging points.

3.9 The installation of 66 EVCPs is considered achievable for OZEV timeframes of up to 12 months delivery. This number considers the need for feasibility assessments and time required to secure necessary permissions that are

required to work on the highway. It also enables ECC to collect data on their use to help inform other projects going forward. This time-period also meets OZEV's conditions for the funding.

3.10 The bid to OZEV must confirm further funding of £162,057 from either ECC or a Charge Point Operator ("CPO"). ECC propose that this funding comes from the Charge Point Operator and will make this a condition of the procurement. OZEV will not agree to grant fund ECC without this additional funding being in place.

3.11 ECC propose to procure a CPO using the Crown Commercial Services dynamic purchasing system. The contract will require the CPO to purchase and install the charging points and to own, operate, replace (where required), manage, and maintain these for the duration of the contract at no cost to ECC. ECC will own the underground apparatus and the electrical feeder pillars, but the CPO will be expected to install or procure their installation, operation, replace (where required), manage, and maintain them for the duration of the contract.

3.12 The locations of the charge points will be finalised in accordance with the requirements of the bid and investigatory work has been carried out to ensure that possible locations are viable in terms of costs and site requirements. CPOs will be able to acquaint themselves with the locations prior to tender.

3.13 The locations of the charge points will be prioritised so that they are on or near to heavily populated residential streets that lack off-street parking. Potential locations have been suggested to ECC by residents who already own or wish to purchase an EV indicating some existing demand. To ensure that charge points do not become blocked by Internal Combustion Engine (ICE) vehicles, the implementation of parking bays and TROs will be considered on a site-by-site basis. There is a potential for ICE vehicles to occupy these spaces, but the bid includes funding for the TROs to enforce against this, if required, to make sure spaces remain solely for the use of EVs.

3.14 No district area will be left unfulfilled within the project, including those that may initially be considered low income generating. Providing affordable public charging, especially in areas with low off-street parking capacity is important.

3.15 Due to a lack of internal personnel and financial resources and increasing pressures to deliver a charging network, submitting the bid and commissioning a CPO at no cost to ECC is considered the most effective way to purchase and install charging points and the underground apparatus (including the electrical feeder pillars). The CPO will operate, replace (if required), manage, and maintain both for the people of Essex and help meet its climate commitments, with no risk to ECC during the lifetime of the contract. The CPO will own the charge point assets and ECC will own the underground apparatus and the electrical feeder pillar.

3.16 This is a concession arrangement whereby the CPO will charge users for the use of the charging points and electricity. As such, they will be incentivised and responsible for the maintenance of the network resulting in a better end user service. ECC will seek a share of the total revenue earned which will be evaluated as part of the procurement. It is proposed that the final decision

regarding the revenue share and the terms of the contract will be made by the Director, Highways and Transportation.

3.17 Due to timescales for implementing the project the recommendation is that ECC go out to procurement while it awaits the funding decision from OZEV, on the premise that if the funding is not awarded, the project will not proceed unless other external funding comes forward (for example from the chosen CPO).

3.18 The EVCPs will be in operation 365 days a year, 24 hours a day, for a minimum of seven years after installation subject to any maintenance requirements. It is not possible to predict the use of the charging points but given the number of Battery Electric Vehicle registrations increased by over 35% between August 2021 and August 2022, and as we move further towards the ban on sales on new Internal Combustion Engine (ICE) vehicles in 2030, registrations are expected to increase. Moreover, the upfront costs of EVs are expected to fall more in line with that of ICE vehicles, which should increase the number of registrations. Studies show that EVs (cars and vans) will be cheaper to produce than ICE vehicles by 2027.

3.19 The proposed contract length is initially for an eight-year period with up to a four-year extension period. It is anticipated that this term will incentivise suppliers to invest in the network and ensure continuity of a supplier for the years ahead, whilst also enabling them to earn back their initial investment costs and generate a return. The project will be reviewed annually (or by exception where required) to determine and report on success against agreed KPIs. At the end of year eight, ECC will consider whether: a) to extend the contract (as per the terms and conditions of the existing contract), b) procure a new partner/framework to take over the network or c) remove the project altogether and this will be subject to a further decision.

3.20 At the end of the contract, if there is no cost benefit of bringing the charge point assets in house, the CPO will incur all costs of removing the chargepoint assets from the network and will be required to do so within 12 months after the contract end date. At the point where the contract ends, ECC will decide if the chargepoint assets will be transferred from the CPO to ECC at market cost. In respect of the underground apparatus and the electrical feeder pillars, ECC will decide, at the end of the contract, if they want to retain these or remove them. If ECC decides to retain them, the CPO will ensure they are made safe but remain operational for future use, at no cost to ECC. If ECC decides it wants to remove them, the CPO will remove them, and make good the highway at no cost to ECC.

3.21 As part of the bid, ECC will demonstrate, through use of maps or photographs, that off-street parking is not an option for the residents where the EVCPs will be located. Ringway Jacobs have worked with ECC, the Energy Saving Trust (EST) and UK Power Networks (UKPN) along with city, borough, and district Councils to identify and assess suitable and feasible locations for the EVCPs and estimated costs to purchase and install, own, operate, replace (if required), manage, and maintain the assets. In determining this, several factors have been considered, such as whether the proposed site is in a flood risk or conservation

area, near a listed building, close to a tree or in areas where there are known parking pressures.

3.22 Consents will be required to install an EVCP on the public highway, including a section 50 street works licence (New Roads and Street Works Act (1991) to allow developers to install and maintain apparatus under a public highway. These will be secured by the CPO, as part of the project and funded by OZEV and the CPO.

3.23 ECC will not be putting any funding in to this venture and will not be exposed to any financial risk. The total estimated contract spend, including the initial one-year expected installation project costs, are detailed in the table below:

Financial Overview		£ **DFT Funding**	£ **CPO**
Year 1 Implementation	2023/24	243,086 60%	162,057 40%
7 Year Term (Alligned to DFT requirements)	2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31	Maximum Expected Gross Expenditure over 11 year period to flow through commercial model of up to £2.557m, fully recoverable through charging for chargepoints at no cost to the authority.	
Maximum Extension Period	2031/32 2032/33 2033/34 2034/35		
Maximum total over 12 years (Year 1 implementation period , Years 2 to 8 core delivery period and then upto a further 4 years should the full extension be awarded			£ 2,962,143

3.24 The CPO will operate the 66 charge points at their own financial risk. The income generated from the commercial operation of the charge points is expected to fully offset the costs of operation, with the CPO incurring and collecting all income and costs associated with its ongoing operation. Maximum Expected Gross Expenditure over the 12-year period is expected to be up to £2.963m.

3.25 If awarded OZEV capital grant funding, it is proposed that the Director, Highways and Transportation is authorised to accept this funding and enter the grant funding agreement. If successful, ECC will need to passport the capital grant funding received to the CPO on an arrear's basis following the purchase and

installation of sites, and this will be added to the capital programme as appropriate.

4 Links to our Strategic Ambitions

4.1 A bid to the OZEV On-street Residential Chargepoint Scheme (ORCS) will enable the decarbonisation of transport in Essex by supporting the transition away from internal combustion engines (ICE vehicles) helped by the provision of public charging infrastructure for electric vehicles (EVs).

4.2 A bid will specifically support the following aims in the **Essex Vision**:

- Develop our County sustainably
- Connect us to each other and the world

4.3 Effective, sustainable and zero carbon transportation is essential if ECC is to meet our strategic aims of **Everyone's Essex**, specifically:

- Supporting a **strong, inclusive and sustainable economy** by providing access a wide range of employment, education, service and leisure opportunities and is essential for Essex businesses to be productive and efficient.
- Safeguarding a **high-quality environment** by improving air quality
- Ensuring **health, wellbeing and independence for all ages** by reducing negative effects of carbon emissions
- Ensure Essex is **a good place for children and families to grow**, making our streets and communities, safer, greener and healthier.

4.4 A bid to the OZEV On-street Residential Chargepoint Scheme will also rebalance this inequality for the significant proportion of residents without suitable off-street parking by providing public on-street charging facilities in residential streets. **Equality** is a key priority of ECC's new organisation strategy **'Everyone's Essex'.**

4.5 The **Essex Climate Action Commission** (ECAC) has recommended that Essex decarbonise by 2050. About 49% of carbon generated in Essex is related to transport and more than 90% of this is related to vehicle use. ECAC recommends a three-fold approach:

- Avoiding unnecessary travel by designing out the need for travel, reflecting increased digitisation, changing lifestyles and new work patterns
- Shift to more sustainable modes of travel
- Decarbonise remaining transport to minimise its carbon impact, supporting the transition away from internal combustion engines and decarbonising freight. A major component of this is supporting a shift to electric vehicles.

4.6 The **Essex Transport Strategy** (the statutory Local Transport Plan for Essex) adopted by ECC in 2011 includes Policy 7- Carbon Reduction. ECC will support and encourage the use of lower carbon travel.

5 Options

5.1 **Option 1 (Recommended): Submit a one-year funding bid to the Office of Zero Emission Vehicles (OZEV) for £243,086 to fund the purchase and installation of 66 on-street residential charging points across Essex and procure a contractor to fund the remaining initial infrastructure costs and implement and maintain such assets for an 8 year period**

Subject to the bid's success, ECC will award an eight-year concession contract with up to a further maximum four-year extension period to a CPO to purchase and install, own, operate, replace (if required), manage, and maintain the charge point assets at no cost to ECC, over a maximum twelve-year period. The estimated total contract value is up to £2.963m but as this is a concession arrangement, no costs will be paid by ECC except for the grant funding received from OZEV. The detailed evaluation criteria for the procurement and the detailed terms of the contract, including any revenue share, will be agreed by the Director, Highways and Transportation.

5.2 **Option 2 (not recommended): Submit a one-year funding bid to the Office of Zero Emission Vehicles (OZEV) for £243,086 to purchase and install 66 on-street residential charging points across Essex with ECC funding the remaining 40% of the initial infrastructure costs and procure a CPO to implementation and maintain such assets**

This means that ECC would bear the initial and ongoing financial costs and risks of funding the initial infrastructure costs at a cost of £162,057 (rather than the CPO). This is not recommended at this time because of the cost implications for ECC when resources are extremely constrained and because there is a real opportunity to attract commercial investment following market testing with CPOs.

5.3 **Option 3 (not recommended): Do nothing.** There is a nationally set mandate to achieve net zero by 2050. By failing to provide on-street charging points for residents who do not have access to off-street parking, ECC will struggle to support the phase-out of ICE vehicles from 2030 and will fail on our climate objectives.

6 Issues for consideration

6.1 Financial implications

6.1.1 The decision to purchase and install 66 charging points over a 1 year period across Essex will result in total anticipated programme costs of £405,143. With these costs being funded 60% by a OZEV capital grant funding bid of £243,086, and the remaining 40% £162,057 via a to be selected Charge Point Operator contribution (CPO)

6.1.2 Furthermore, the proposal in this decision paper to award a £2.963m concession contract to a CPO to install and operate the 66 chargepoints across Essex over

a maximum 12 year time period will not result in ECC incurring any cost as the proposal has been structured so that the Charge Point Operator carries the risk and reward.

6.1.3 There is an opportunity for ECC to receive a revenue share from this proposal however this not the priority purpose of this project and until the proposed tender process has been completed an accurate assessment of this value is unable to be made particularly due to the current volatility of energy prices.

6.1.4 This proposal is contingent upon the OZEV funding bid to the DFT being successful or further external funding coming forward (for example via the CPO) and should it not then this will prevent this initiative from continuing, again at no cost to the local authority beyond the officer time spent in developing this proposal which has been contained within the existing sustainable transport service budget.

6.2 Legal implications

6.2.1 ECC should ensure that the form of contract is suitable for the concession arrangement proposed in this report.

6.2.2 The Public Services (Social Value) Act 2012 replaces a requirement on contracting authorities to consider, when procuring services, how the economic, environmental, and social wellbeing of the local area may be improved and how this can be delivered through the procurement. Contracts should be awarded based on the most economically advantageous tender and qualitative, environmental and/or social aspects should be linked to the subject matter of the contract.

6.2.3 All matters relating to highways and planning powers and consents will need to be appropriately considered and addressed when the locations are known. There are no specific powers which upon which ECC, as highways authority, can rely for the installation of the charging points. Therefore, licensing each location to a third party under section 50 of the New Roads and Street Works Act 1991 may need to be considered for each installation. New legislation regarding charging point installations may emerge and would be considered at the time if relevant

6.2.4 When developing the bid proposals, the impact of the changes on existing users of parking facilities must be considered as well as any need for public consultation.

6.2.5 ECC will be required to sign up to OZEV funding conditions if successful in its bid.

6.2.6 It is not expected that ECC's share in the revenue from the EVCP will exceed its outlay or make a profit that would require ECC to set up a trading company to manage. This revenue will require monitoring over the contract term.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

8.1 Equalities Comprehensive Impact Assessment

9 List of Background papers

9.1 SMMT-EV-Infrastructure-Position-Paper-FINAL.pdf

9.2 National Travel Survey: 2020 - GOV.UK (www.gov.uk)

9.3 https://www.fuelcardservices.com/when-will-electric-cars-be-cheaper-than-petrol/

9.4 https://www.smmt.co.uk/vehicle-data/evs-and-afvs-registrations/

I approve the above recommendations set out above for the reasons set out in the report. **Councillor Lee Scott - Cabinet Member for Highways, Maintenance and Sustainable Transport**	**Date** 03.02.23

In consultation with:

Role	**Date**
Mark Ash, Executive Director CEC	03.2.23
Executive Director, Corporate Services (S151 Officer) **Stephanie Mitchener on behalf of] Nicole Wood**	01.02.23
Director, Legal and Assurance (Monitoring Officer) **Katie Bray on behalf of Paul Turner**	19.1.23