



Department
for Transport

Memorandum of Understanding

Between

Department for Transport

-and-

Essex County Council

1. Purpose

1.1. This Memorandum of Understanding ('MoU') sets out the terms, principles and practices that will apply to the working relationship between the Department for Transport ('the Department') and Essex County Council ('the Authority') (collectively 'the Parties') regarding the administration and delivery of the Zero Emission Bus Regional Areas 2 (ZEBRA 2) scheme.

2. Background

2.1. In March 2024, the Department [announced] funding for the Authority as part of the ZEBRA 2 programme.

2.2. This MoU covers:

- the purpose of funding
- financial arrangements
- monitoring and evaluation
- adherence to national guidance
- changes to approved project/programme
- compliance
- branding and communication
- fraud awareness and prevention
- compliance with the MoU
- legal enforcement

3. Purpose of Funding

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- 3.1. The Department agrees to provide funding up to £4,891,585 across FY23/24 and FY24/25. The indicative allocation for each year is set out in the following table:

Financial Year	Total (£)
23/24	3,791,809
24/25	1,099,775
Total	4,891,585

Your total approved grant funding is £4,891,585, which includes a contingency of £63,256. DfT will retain the contingency fund to be drawn down if and when risks in the quantified risk assessment materialise. The £4,891,585 will be profiled as follows: £3,791,809 in FY23/24 and £1,099,775 in FY24/25, subject to placement of orders for buses no later than January 2025. The contingency fund can be drawn down on a 8/92 proportional basis as and when quantified risks materialise. The change control process sets out how this will work in practice.

- 3.2. The funding is provided to form part of the necessary investment required for delivery of the ZEBRA 2 project. The Department expects the Authority to use the funding provided for the purposes outlined in the bid approved by the Department. Should delivery not progress as agreed in the bid or subsequent approved change control process, or the conditions of this MoU not be met, the Department will review whether it is appropriate to, by notification in writing to the authority, request the repayment of the whole or any part of the grant and/or reduce, suspend or withhold future grant payments.
- 3.3. The Department also reserves the right to reduce, suspend or withhold other local transport grant funding, should delivery not progress as agreed in the bid or subsequent Project Adjustment Request (established ZEBRA change control process), or the conditions of this MoU not be met.
- 3.4. Details of the project(s), including scope, key assumptions, outputs, timeline, key milestones, and risks, are captured in the table below. Together these project parameters set out the “ask” and “offer” expected by the Parties.

Project Budget & Spending Profile	<p>The total capital cost of the Authority's ZEBRA 2 project is £31,268,776.</p> <p>The total amount of funding allocated to the Authority from the Department for their ZEBRA 2 project is £4,891,585.</p> <p>The bus operator is contributing £26,377,191 to the capital cost.</p>
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	The total vehicle capital cost is £24,305,850 towards 55 zero emission buses (ZEBs).
Description, Scope, Key Assumptions	<p>The Authority plans to introduce 55 ZEBs, operating on town services B1, B2, B3, B4, and inter-urban services 9, 22, 25, 100, 104, 200, 201, 300.</p> <p>The ZEBs will be deployed from the Cherrydown East Road depot in Basildon, which will have 19 chargers.</p> <p>The buses will need to comply with the Enhanced Accessibility requirements as set out in the ZEBRA 2 guidance. This includes the Public Service Vehicles Accessibility Regulations 2000 (PVSAR) and the Accessible Information Regulations.</p> <p>Vehicles with a capacity exceeding 22 passengers must provide an additional flexible space in addition to the mandatory wheelchair space – this space can either be suitable for a second wheelchair user or at least 2 unfolded pushchairs or prams. Vehicles with capacity for 21 passengers or fewer must provide at least 1 wheelchair space suitable for a passenger in a reference wheelchair, and a ramp or lift to support them to board and alight.</p>
Project(s) Outputs & Outcomes	<p>Project Outputs:</p> <ul style="list-style-type: none"> • Funding allows operators to invest more rapidly in ZEBs, ZEB chargers and power infrastructure than if they self-fund, allowing a faster deployment of ZEBs • Shared (with DfT) ZEB operating model • Increase in ZEB vehicle orders from English areas • Improved service delivery • The introduction of ZEBs will contribute to the Authority's Net Zero policy • Allows operators to invest more rapidly in ZEBs and associated infrastructure • Acceleration of already planned and commenced redevelopment of Conway Street depot and addition of charging infrastructure (8 charging units) • Fully accessible buses in accordance with EP scheme requirements • Partnership working between the Authority and bus operators <p>Project Outcomes:</p>

	<ul style="list-style-type: none"> • Reduced public transport emissions through conversion of ICE vehicles to ZEBs • Reduced noise on local road networks and at the depot • New ZEBs will increase attractiveness of bus as transport choice • Increased accessibility of ZEB chargers to third parties – where operators are able to open up access to non-bus company users • DfT able to share learnings through channels such as Bus Centre of Excellence, enabling other operators and LTAs to progress their decarbonisation strategies • Increased demand for ZEBs in right-hand drive market • Improved customer satisfaction • Lessons learnt for the development of electric buses and charging infrastructure for future schemes
Projected Timeline & Key Milestones	<p><u>Key Milestones</u></p> <ul style="list-style-type: none"> • Funding awarded for FY 23/24 - <i>March 2024</i> • Grid connection order – <i>March 2024 to September 2025</i> • Vehicle order – <i>April 2024</i> • Charger order – <i>April 2024 to August 2025</i> • Funding awarded for FY 24/25 – <i>March 2025</i> • ZEB delivery – <i>October 2025</i> • Project completion event – <i>October 2025</i> • Monitoring & evaluation start – <i>January 2026</i>
Risk Management	<p>Risk management is devolved to the Authority to record and manage their own risks and opportunities. The Department will require the Authority to provide an updated risk register ahead of every meeting for ongoing monitoring of their ZEBRA project.</p>

4. Financial Arrangements

- 4.1. The agreed funds will be issued to the Authority as non-ringfenced grant payments under Section 31 of the Local Government Act, for capital expenditure as agreed in the bid.

- 4.2. The Authority accepts responsibility for meeting any costs over and above the Department's contribution set out in Clause 3.1, including potential cost overruns and the underwriting of any funding contributions expected from third parties.
- 4.3. The Department will release the first tranche of funding in March 2024. Buses must be ordered by January 2025. In order to release the second tranche of funding in March 2025, evidence will have to be provided by the Authority to the Department of the buses having been ordered.

5. Monitoring and Evaluation

- 5.1. The Authority will collaborate with the Department over assurance requirements, which will include the Section 151 Officer using the templates provided to give annual written confirmation that the project continues to represent value for money to the Department. The Authority will also collaborate with the Department which reserves the right to seek further assurances. This could include engagement with SRO, Section 151 Officer and Project Leads; attendance at project boards; and/or review of specified procurement, financial and decision-making evidence on request. The Department shall assist the Authority where possible, and the Parties will work together to satisfy these requirements.
- 5.2. The Department will provide the Authority with Monitoring and Evaluation Guidance. The Authority will provide reports to the Department, in such a format that the Department will provide, demonstrating that outputs and outcomes are being met, in line with the approved bid. This may include sharing of the following information:
 - i. Current funding that has been spent
 - ii. Planned expenditures
 - iii. Updates on key project milestones and risks
 - iv. Procurement and governance
- 5.3. Where relevant, the Authority will ensure data collected as part of their own monitoring and evaluation will be made shareable with the Department to allow for meaningful national monitoring and evaluation.
- 5.4. The Department reserves the right to publish relevant data and use it to inform public statements.
- 5.5. The Authority will assess the value for money of all individual investments in line with their assurance policies.

6. Adherence to national guidance

- 6.1. The Authority is expected to follow relevant national guidance in the course of project development and implementation, including but not limited to:
 - i. Local Transport Note 1/20, which sets out guidance on designing high-quality, safe cycle infrastructure.
 - ii. Bus priority policy, as set out in the "National Bus Strategy", which stipulates that all new road investments in England which receive

central UK Government funding are required to either support bus priority measures or explain why doing so would not be necessary or appropriate in that instance.

7. Changes to approved project/programme

7.1. The Authority will comply with the terms of the bid as approved in accordance with this MoU. Any deviation from these terms must be reported to the Department. A wide range of project changes, including but not limited to changes to spending profiles, delivery timelines, funded activities, outputs and outcomes, may be requested through the formal change control process. Guidance covering the change control process will be made available to the Authority by the Department alongside the completed Memorandum of Understanding.

8. Compliance

- 8.1. The Authority will comply with all applicable procurement laws when procuring goods and services in connection with the project and the Department shall not be liable for the Authority's failure to comply with its obligations under any applicable procurement laws.
- 8.2. The Authority will ensure that its use of the funding complies with the UK's international obligations in relation to subsidy control and any UK subsidy control legislation. As ZEBRA 2 is a programme, not a subsidy scheme, it is the responsibility of the Authority to make a referral to the Competition and Markets Authority (CMA).
- 8.3. The Authority will maintain appropriate records of compliance with the relevant subsidy control regime and will take all reasonable steps to assist the Department to comply with the same and respond to any proceedings or investigation(s) into the use of the funding by any relevant court or tribunal of relevant jurisdiction or regulatory body.
- 8.4. The Secretary of State may require repayment of any of the grant already paid, together with interest from the date of payment, if the Secretary of State is required to do so as a result of a decision of a court, tribunal or independent body or authority of competent jurisdiction.
- 8.5. The Authority will ensure they comply with the 2010 Equality Act and particularly the Public Sector Equality Duty. This includes considering impacts of the project on protected characteristic groups during the scheme design process and in the monitoring and evaluation stage.

9. Branding and Communication

9.1. The Department will provide the Authority with Government guidance on the Branding and Communication associated with the ZEBRA 2 programme. The Parties agree to adhere to the guidance and any updates subsequently released by the Government.

- 9.2. To emphasise the role played by Government funding, the Authority must use the 'Funded by UK Government' logo on their buses and materials funded by ZEBRA 2.¹
- 9.3. Press materials must be shared with the Department in good time in advance of release and the Department must be given the opportunity to include a ministerial supportive quote. When releasing press materials, the Authority must mention the Department and ZEBRA 2.
- 9.4. Where a launch or media event is planned for a project or programme, the Department must be made aware and given the opportunity to consider whether there should be ministerial involvement.
- 9.5. Failure to do so may result in funding being reduced, suspended or withheld as set out at paragraph 3.3 above.

10. Fraud Awareness and Prevention

- 10.1. The Authority will ensure a robust counter-fraud culture by:
- i. Mandating fraud awareness training for all employees.
 - ii. Having, implementing and monitoring policies and procedures regarding conflicts of interest, gifts and hospitality.
 - iii. Having processes and controls in place to reduce the likelihood of fraud.
 - iv. Raising awareness of obligations placed upon employees in relation to the countering of fraud.
 - v. Raising awareness amongst employees of the consequences of committing fraud.
 - vi. Having clear fraud reporting routes / whistleblowing policies and investigatory processes in place.

11. Compliance with the MoU

- 11.1. The Parties to this MoU are responsible for ensuring that they have the necessary systems and appropriate resources in place within their respective organisations to comply fully with the requirements of this MoU.

12. Legal Enforcement

- 12.1. This MoU is not legally enforceable. It describes the understanding between both parties for the use of funding specified in Clause 3 of this agreement.
- 12.2. Essex County Council must comply with the Department's, the Secretary of State's and the UK's position and instruction on handling and/or severance of Russian supply contracts, including ensuring compliance with any prohibitions and sanctions which are in place or may arise. This

¹ Use of the 'Funded by UK Government' logo is only applicable where Government funding is at least 10% of the total costs of the project or programme. For further information on how to use this logo, please refer to the Local Transport Branding and Publicity Guidance. Please specify in the body of the MoU the products and materials that will require branding; for example, vehicles (including buses), signage, construction site hoardings, websites promoting funded projects, services or fares, public-facing printed material, press releases or media announcements. Please delete this paragraph if the amount of Government funding does not meet the 10% threshold. The rest of this section applies regardless.

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will also include compliance with the position regarding sanctions placed on individuals currently, or in future. Essex County Council must ensure that all other parties in the project, including bus operators and bus manufacturers also comply.

Signed on Behalf of the Authority

Name:

Signed on Behalf of the Department (Deputy Director)

Name: Caroline Barker and Fiona Lee

A handwritten signature in black ink that reads "Barker". The signature is enclosed within a hand-drawn circle.A handwritten signature in black ink that reads "Fiona Lee". The signature is written in a cursive style.