



## Report for Leader decision (Transport portfolio)

<b>Decision Date:</b>	25 October 2024
<b>Reference number:</b>	TR25.24
<b>Title:</b>	<b>Commercial arrangements for Local Electric Vehicle Infrastructure and On-street Residential Chargepoint Scheme capital grant funded projects</b>
<b>Cabinet Member(s):</b>	Councillor Steve Broadbent, Deputy Leader (Cabinet Member for Transport)
<b>Contact officer:</b>	Hannah Joyce, Head of Transport Strategy and Funding
<b>Ward(s) affected:</b>	All
<b>Recommendations:</b>	<p><b>To note the commercial arrangements for the £1,991,000 Local Electric Vehicle Infrastructure (LEVI) fund grant, and to add this into the Capital Programme to deliver 900+ on-street electric vehicle (EV) chargepoints, and 40+ chargepoints in car parks, focusing on areas without access to off-street parking across Buckinghamshire.</b></p> <p><b>To note the commercial arrangements for the £165,000 On-street Residential Chargepoint Scheme (ORCS) grant, and to add this into the Capital Programme to deliver 22 EV chargepoints in 8 parish council- and 3 Buckinghamshire Council-owned car parks.</b></p> <p><b>Release the budget and delegate authority to the Corporate Director of Communities to agree final site selection in consultation with the Cabinet Member for Transport and local ward councillors, enter into contracts and deliver the LEVI- and ORCS-funded chargepoints.</b></p>

**Reason for recommendation:** To work towards achieving the government’s target for the UK to be net zero by 2050 through delivering a step-change in the deployment of local, primarily low power, charging infrastructure and accelerate the commercialisation of, and investment in, the local charging infrastructure sector.

*There are confidential Appendices to this report, which are exempt by virtue of paragraph 3 of Schedule 12A of Part 1 of Schedule 12a of the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information).*

## **1. Executive summary**

1.1 This paper sets out the commercial arrangements and potential revenue generation resulting from both the ORCs and LEVI schemes, for Leader decision to proceed.

## **2. Background**

2.1 The Council has been awarded £165,000 capital grant funding, requested from Office for Zero Emission Vehicles (OZEV) On-Street Residential Chargepoint Scheme (ORCS) to support the rollout of chargepoints in eight town/parish council car parks (to enable expansion of the charging network into our more rural areas), as well as three Buckinghamshire Council-managed car parks. This amount was based on a funding cap, specified by OZEV of £7,500 per chargepoint, for 22 chargepoints. Two chargepoints will be installed per car park, each equipped with two charging sockets, to allow 4 parking bays per location to be used for EV charging i.e. a total of 44 charging bays.

2.2 The Council has also been awarded £1,991,000 capital grant funding through the OZEV Local Electric Vehicle Infrastructure (LEVI) capital fund. The grant is intended to support the rollout of EV charging infrastructure in on-street locations (to support homes without driveways).

2.3 Both ORCS and LEVI have certain grant conditions set by Government (see Appendix A).

## **3. Commercial strategy**

3.1 For both ORCS and LEVI funded chargepoints Procurement recommended the Council use a services concession contract, in compliance with Concessions Contract Regulations 2016.

3.2 In this commercial arrangement the Council entrusts the supplier with the rights to install, operate and maintain the assets and provide the services to end users, and in return the Council receives an income from such services. The supplier also accepts

the operating risks (exposure to the vagaries of the market, and demand and supply). Further detail on routes to market can be found in Appendix B.

- 3.3 The Council (or relevant parish council in the case of the ORCS project) will retain ownership of the sites.
- 3.4 OZEV advice for local authorities in receipt of these grants is a minimum contract term of 15 years, to ensure maximum competition from suppliers.

#### **4. Contract management and assurance**

- 4.1 Under the terms of the LEVI grant the Council is required to send the final Invitation to Tender (ITT) documents to OZEV for their approval, and subsequent to concluding the tender exercise, the final contract with our chosen supplier for their review and approval before contract award. This is to provide assurances to OZEV that we have secured value for money from our contracts. Further details of the LEVI contract review process are available online<sup>1</sup>.
- 4.2 The ORCS and LEVI grant conditions clearly set out the framework for specifying the Council's requirements from a supplier, guidance on evaluating the bids and complying with data reporting (see Appendix A). The Council must require the back-office dashboard/reporting system to be made available by the supplier and so will receive information at a granular level (chargepoint location, plug in time, electricity used, tariff etc) and can interrogate this further if required.
- 4.3 Further information on the guidance from OZEV and the formula that defines net revenue is included in Appendix C. There will be regular benchmarking meetings to ensure competitiveness and value for money as part of the contract management process. Further, the supplier will need to set a tariff based upon the guidance set out by the Council and will be required to share the cost of wholesale electricity to determine the level of revenue share.
- 4.4 To protect customers from suppliers increasing prices to compensate, the contracts will ensure the customer receives value-for-money services.
- 4.5 Delivery of ORCS and LEVI chargepoints and on-going contract management will be managed by Highways and Technical Services (Communities). The EV Infrastructure Manager (funded by LEVI) is already in place to deliver and manage the contracts to ensure the projects are delivered to a high standard in a cost efficient and timely manner. Building on their existing contract delivery and management experience, officers have been following OZEV guidance as well as applying lessons learned from previous ORCS funded points provided by our existing suppliers, BP Pulse and Char.gy.

#### **5. Forecast income from the ORCS and LEVI funded chargepoints**

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<sup>1</sup> <https://energysavingtrust.org.uk/grants-and-loans/local-electric-vehicle-infrastructure-scheme/>

- 5.1 The Council has a concession agreement in place for chargepoints installed through previous successful ORCS bids (provided by BP Pulse, located within Buckinghamshire Council owned car parks).
- 5.2 The Council wishes to leverage the grant funding to secure both the maximum number of chargepoints from suppliers as well as generate ongoing revenue to support Council services.
- 5.3 As advised by OZEV, a Request for Information exercise with EV suppliers was conducted in November 2023. This indicated there were a variety of mechanisms to deliver income generation, including combining a variable revenue share above a certain agreed threshold with a fixed income.
- 5.4 Following further informal market testing and discussions with other local authorities, various combinations of fixed fee and revenue share arrangements have been tested. This work confirmed the best value for money for the Council could be achieved with a combination of a fixed fee and percentage revenue share.
- 5.5 This income generating model and data reporting requirements have been incorporated into the specification for the ORCS and LEVI services and is set out within the draft ITT documents.
- 5.6 Clarification questions subsequently received from the suppliers that were involved in the bidding process for the ORCS contract suggested that the combination of a bay rental fee and a 50% revenue share was unlikely to be financially viable over a 10-year contract.
- 5.7 Due to this clear signal from the market that we were seeking too high a share of the revenue, we have taken advice from OZEV and in order to reduce the risk that the Council does not receive bids for the LEVI contract, the wording of the LEVI ITT has been amended to allow applicants to deviate from the minimum fixed fee element and revenue share, provided it represents best value for money. This allows us to consider different options within the evaluation process.
- 5.8 After engaging with the market and guidance from OZEV, the recommended option for LEVI assumes a fixed fee plus 25% revenue share, which is in line with wider industry practice for on-street chargepoints. The recommended option for LEVI (detailed in Appendix D and summarised below) assumes a fixed fee plus 25% revenue share.
- 5.9 Details on the assumptions and calculations used to forecast expected income generation from the LEVI and ORCS funded points are set out in Appendix D and Appendix E.
- 5.10 The cumulative total income forecast to be paid to the Council over the course of the contract period is estimated to be £2m.

- 5.11 It should be noted that this may be subject to change, depending on the final contract arrangements with the preferred supplier as well as fluctuations in demand, following award of the concession (e.g. if electricity prices go up margins will go down).

## **6. Current and future use of revenue**

- 6.1 As the Council (using the ORCs grant) will be funding the ORCS scheme chargepoints, Parish Councils will not receive a portion of the revenue share.
- 6.2 Together, the ORCS and LEVI funded chargepoints will deliver additional income to the Council. Some of this could be used to support additional parking enforcement officers within the Parking service.

## **7. Future maintenance liabilities**

- 7.1 ORCS and LEVI chargepoints will be procured on a supply, install and maintain basis (a concession agreement).
- 7.2 The ongoing maintenance liability will rest with the supplier and any issues arising during the contract period for each concession will be dealt with as such. For example, if a chargepoint is vandalised or inoperable, the supplier will resolve any issues associated with the chargepoints at their own cost.
- 7.3 The Council will not inherit the above ground chargepoints at the end of the contracts. It will be the supplier's responsibility to decommission and remove chargepoints and remediate sites at the end of the concession period, as per the contract specification.

## **8. Other options considered**

- 8.1 The Council could elect to not progress with the delivery of publicly accessible EV chargepoints. However, this would go against the government's aim to deliver a step-change in the deployment of local, primarily low power, charging infrastructure and accelerate the commercialisation of, and investment in, the local charging infrastructure sector.
- 8.2 Given the potential local significance of some of the changes proposed, officers do not consider preventing the delivery of publicly accessible EV chargepoints would be in the best interests of the communities which the Council serves and represents.

## **9. Legal and financial implications**

- 9.1 The addition of the £1.991m LEVI funding and the £165k ORCS funding to the Capital Programme will not place an additional burden on the current MTFP. In line with the grant agreements, the Council must ensure that at least 50% of the installation costs of the chargepoints are funded by the supplier, with the grant funding covering the remainder. Therefore, there should be no financial risk to the Council associated with the delivery of these chargepoints.

- 9.2 Whist the final commercial arrangements with suppliers are yet to be agreed, the team have aimed to secure maximum returns for the Council through the procurement process. Together, the ORCS and LEVI funded chargepoints are expected to deliver additional income in the region of c.£2m over the 10-year period to the Council. This does not contribute to existing income targets (i.e. it is completely new income for the Council).
- 9.3 Council income from the revenue share arrangement is likely to fluctuate, as supplier revenues are partly determined by electricity wholesale costs – if electricity prices go up, margins will go down. However, the revenue generated from this investment will cover the Council’s ongoing costs associated with their management as well as continued future development of the EV programme, in line with the Council’s Electric Vehicle Action Plan<sup>2</sup> (EVAP).

#### **9a Director of Legal & Democratic Services comment**

- 9.4 Legal have seen and commented on the report. The legal service is working alongside the project team to deliver both the LEVI and ORCS concessions, is familiar with the matters, issues and risks raised in this report, and will assist in producing contracts to deliver the Council’s requirements following the making of any award.

#### **9b Section 151 Officer comment**

- 9.5 Any additional income will need to be submitted as part of the annual MTFP exercise and can be considered for utilisation. Strong and robust contract management will be required to ensure that income is maximised and risk is minimised. Utilising the expertise within the OZEV will help to maximise potential returns.

### **10. Corporate implications**

- 10.1 Delivery of publicly accessible EV chargepoints would support the commitments made by the Council in the EVAP and Climate Change and Air Quality Strategy, as well as the corporate priorities: increasing prosperity, strengthening communities, and improving our environment.
- 10.2 An Equality Impact Assessment (EqIA) is attached to this Key Decision paper.

### **11. Local councillors & community boards consultation & views**

- 11.1 As part of the ORCS project, Parish Councils have been engaged and consulted to identify suitable locations for delivery.

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<sup>2</sup><https://buckinghamshire.moderngov.co.uk/documents/s43677/Appendix%204%20Electric%20Vehicle%20EV%20Action%20Plan.pdf>

- 11.2 Individual sites are not confirmed for LEVI and as a result we cannot consult ward councillors. Local ward members and Community Boards will be consulted as required at a suitable stage, as-and-when sites have been identified as viable for EV chargepoints.
- 11.3 No further consultation is required at this stage to release the ORCs and LEVI funding.

## **12. Communication, engagement & further consultation**

- 12.1 To inform the LEVI project, a public engagement survey has been undertaken to request preferred postcode locations for publicly accessible EV chargepoints across Buckinghamshire. This will ensure the most convenient and accessible locations are chosen for public EV charging provision, however the locations will need to be surveyed and tested to check if the locations are suitable for EV charging.
- 12.2 No further consultation is required at this stage to release the ORCs and LEVI funding.

## **13. Next steps and review**

- 13.1 This paper outlines the proposed commercial arrangements for the ORCS and LEVI grant funded chargepoints. This informs the release of the budget and delegated authority to the Service Director of Communities, in consultation with the Cabinet Member for Transport and local ward councillors, to agree final site selection, enter into contracts with chargepoint operator(s), and deliver the LEVI and ORCS funded chargepoints over 2024-2026.

### **ORCS**

- 13.2 The ORCS procurement is almost complete, with tendering and evaluation completed. Subject to the approval of the recommendations above the Council is ready to agree a contract with the winning supplier.
- 13.3 Subject to this delivery of chargepoints is estimated to commence in tranches from January 2025. The completion of this programme is required by 31st March 2025.

### **LEVI**

- 13.4 The procurement for the LEVI-funded project is expected to take place between October 2024 and April 2025.
- 13.5 The final contract will be subject to a review and approval by OZEV, likely to take place between January 2025 and April 2025, after which the contract can be entered into.

## **14. Background papers**

**Appendix A** – LEVI and ORCS grant conditions

**Appendix B** - Procurement approach for ORCs and LEVI funded points

**Appendix C** - Analysis of potential income generation from LEVI

**Appendix D** - Recommended option for income generation from LEVI funded points:  
Fixed fee and revenue share

**Appendix E** - Income generation calculations for ORCS funded chargepoints

## **15. Your questions and views (for key decisions)**

If you have any questions about the matters contained in this report, please contact the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk) by 5pm on 23 October 2024.