

SURREY COUNTY COUNCIL**CABINET****DATE:** 29 NOVEMBER 2022**REPORT OF:** MATT FURNISS – CABINET MEMBER FOR TRANSPORT, INFRASTRUCTURE & GROWTH**LEAD OFFICER:** KATIE STEWART – EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE**SUBJECT:** SURREY PUBLIC ELECTRIC VEHICLE CHARGEPOINT ROLL OUT PLAN

ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE / EMPOWERING COMMUNITIES

SUMMARY OF ISSUE:

In January 2022, Cabinet agreed that Surrey County Council (SCC) undertake a procurement exercise with the aim of appointing a single supplier to work in partnership with the Council and its delivery partners to deliver public Electric Vehicle (EV) chargepoints at a large scale across the county of Surrey. Cabinet also agreed to receive a further report to ask for a decision to proceed once the outcome of the procurement exercise was known. This report details the background and progress of that procurement and puts forward a recommendation to contract with the supplier most advantageous to SCC.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Agree the appointment of the preferred supplier following a competitive tender process as named in Part 2 of this report.
2. Agree to approve the allocation of £2m from the capital pipeline to develop and establish ongoing service provision of public EV chargepoints for financial years 23/24 and 24/25, subject to approval of a detailed business case by the Capital Programme Panel.
3. Agree to delegate the approval of the initial Network Location Plan for chargepoint installations to the Executive Director of Environment, Transport & Infrastructure in consultation with the Cabinet Member for Transport, Infrastructure & Growth and feedback from the Member Reference Group.

REASONS FOR RECOMMENDATIONS

Following the report to Cabinet in January 2022, a Communities, Environment and Highways Select Committee EV Reference Group was formed to note and review progress on the options for procurement of public chargepoint infrastructure in Surrey. Following a review by the EV Reference Group of the essential contract principles, the Group endorsed the proposed model of a single supplier.

A procurement process was then conducted via a mini-competition under the Crown Commercial Services (CCS) Framework RM6213, 'Vehicle Charging Infrastructure Dynamic Purchasing System Agreement' (the DPS) for the Supply, Installation Operating and Maintenance of the EV Charging Points.

The outcome of the evaluation process has identified a successful single supplier who is recommended for award.

The Contract has been written in a way that obligates the successful supplier to put up the capital investment; however, to support the achievement of geographic and social equity in the provision of this infrastructure across Surrey, and also to initiate and accelerate this programme, £2m is requested from the capital pipeline, to support project set up and subsidise selected chargepoint installations. Officers will seek to reduce the sum required from the Council through external funding by continuing to apply for Government and other funding opportunities.

Finally, the development of a network plan for identifying and prioritising installations will be a key first objective of the new contract which will require a formal decision, hence the recommended delegation of authority for agreeing this plan.

DETAILS:

1. Given the Government's Green Plan announcement to accelerate the ban of sales of petrol and diesel-powered cars and vans from 2030 and hybrids by 2035, along with the associated demand for EVs now increasing, the demand for EV chargepoints by extension is also increasing significantly. Whilst many car owners with off-street parking can make arrangements to charge EV vehicles, many residents do not have this option, which can be a major barrier to their decision to switch to EV. The private sector are installing EV chargepoints for public use; however, there remains a real gap in the market between the demand for EV vehicles and the availability of chargepoints.
2. SCC as the highway authority is in a unique position to facilitate on-street EV chargepoints. Partner authorities are also positioned to facilitate chargepoints in public car parks for example Surrey District and Borough Councils (D&Bs).
3. Surrey's Local Transport Plan 4 has identified as one of its top priorities to improve emissions intensity and the energy efficiency of vehicles, specifically to promote zero emission and smaller vehicles.
4. Research commissioned by the Council in 2020 highlighted a number of potential business models for delivery of public EV chargepoints by local authorities. Since that time, the Council has been building experience in delivery of public EV chargepoints through two pilot schemes, which in total will deliver 190 public chargepoints in Surrey.
5. The main finding of these pilot projects is that if we maintain or even increase this current rate of installation in coming years, based on this more ad hoc model, it will not achieve the scale of increase in public chargepoints required. A more ambitious approach is therefore needed.
6. Following soft market testing with a wide range of chargepoint operators and a strategic options appraisal to advise on the most appropriate route to market, agreement was given in principle by Cabinet and subsequent support from the Communities, Environment and Highways Select Committee EV Reference Group to commence with a mini competition which was published in July 2022.
7. The recommendation to approve the use of £2m capital pipeline funding will be based on a detailed business case that demonstrates a satisfactory return on investment, which if Cabinet agree, will be subject to that business case being approved by the Council's Capital Programme Panel. The business case will be based on the development of a

prioritised installation plan and will include any offset of investment due to the availability of funding through sources such as the Local Electric Vehicle Infrastructure (LEVI) Fund.

Procurement Process, Contract Specification and Characteristics

8. The *CCS Framework RM6213: Vehicle Charging Infrastructure Solutions (VCIS)* was selected as the most suitable route to market to deliver the provision of Electric Vehicle Chargepoint Infrastructure. There were multiple benefits to using the CCS Framework, such as a quicker process; as well as the fact that providers on the framework are signed up to the CCS Terms & Conditions and are already pre-qualified, which will help to increase competition.
9. From the Framework, 47 companies were identified and invited to participate in the mini competition, of which 5 companies submitted bid responses. Due diligence checks identified that 4 of the 5 companies were compliant with the requirements set out in the Tender Documents and were therefore taken forward to further evaluation.
10. The Tenders were evaluated using the award criteria published in the Tender Documents which comprised 55% Technical/Quality score, 40% Commercial score and 5% Social Value score.
11. The contract will allow the supplier to operate chargepoints for a 15-year term from the date of each installation to allow a private sector return on investment. Installations will take place for an initial period of 5 years. After this time the Council can decide to cease new installations under the contract or, if it decides, it may extend the period of new installations for two further periods of 5 years. A minimum of 300 chargepoints fully funded by the successful supplier are required in the first year of the contract. Off-street chargepoints will be taken forward subject to separate agreements with each District and Borough and other public sector organisations. An exit strategy to manage the process at the end of the contract and enable a new supplier to operate will be developed with the operator within the first 6 months of the contract.
12. The Council will receive a percentage of all charging revenue for on-street chargepoints as detailed in Part 2 of this report. D&Bs will receive a proportion of revenue from installations on D&B managed land.
13. The contract will allow access to all public sector and other organisations with charitable status both within Surrey and in adjacent areas. This would include Parish Councils, NHS and some community organisations as described in the Crown Commercial Service terms and conditions.
14. Following an extensive outreach to the general public and prospective delivery partners such as the D&B, during the summer of 2022, some 1600 location suggestions were received and a first assessment of suitability of the resulting long list of locations is being conducted. This asset list will be shared with the successful supplier and respondents notified where locations are to be taken forward. The first 6 months of the contract will focus on developing and agreeing a prioritised installation plan through partnership working between the Council, all delivery partners and the successful contractor.
15. The first step is to set up the management boards of the new contract. This will involve the Council and participating delivery partners forming an Operational Board as well as a

Strategic Management Board. The Operational Board, chaired by the Contract Manager from the Council, will be responsible for day-to-day decision making, overseeing installations, and managing revenues and other routine project management. A Strategic Management and Project Assurance Board, chaired by the Director of Infrastructure, Planning & Major Projects for the Council will be the senior management body with representatives from the Council, delivery partners and the supplier. It will be responsible for more strategic decisions such as approving the network plan and considering changes to tariffs. It will, in turn, report into the Surrey Infrastructure Programme Board, as established by Cabinet in October 2021 (related to which, there is another report at this Cabinet on the latest phase of the Surrey Infrastructure Plan).

16. Whilst the contract requires fully private sector funding for chargepoint installations, initial contract development and project management costs will need to be funded by the Council. The Council will also aspire to extend the reach of chargepoint access to locations where expense of installation or the commercial case does not justify private sector investment. It is possible that the Council may decide to subsidise some locations where applications for other support have not been successful using a capital budget of £2m per annum for the next two financial years from the capital programme pipeline.
17. It is intended that an application to the Government's Local Electric Vehicle Infrastructure (LEVI) fund will be made, possibly in the first quarter of 2023, subject to the full scheme launch by Government. This funding would also be intended to increase the speed and reach of the chargepoint rollout, and if the Council is successful in its bid, this money would reduce the required capital investment from the Council.
18. The supplier will typically fully fund, operate and maintain 7KWH or 22KWH and a more limited number of 50+KWH chargepoints across Surrey, both on-street and in car parks. Flexibility will be included to enable the provision of alternative chargepoint equipment where suitable.
19. Alongside this public sector capital, there will be a specific requirement in the contract for the supplier to propose a blended approach of chargepoint sites covering less commercially attractive locations to achieve a comprehensive and socially equitable network.
20. The user tariffs (the cost of using the chargepoints) have been subject to competition. Tariff changes during the lifetime of the contract will have to be proposed by the winning bidder to, and reviewed by, the Strategic Management Board.
21. Decommissioning at the end of the contract will be the responsibility of the supplier, removing all equipment if requested and returning each site to its original state.
22. There will be an option to transfer ownership and management of the existing Surrey chargepoints to the management of the new supplier should it be decided this was in Surrey best interests.

CONSULTATION:

23. The detail of the specification was scrutinised by the Communities Environment and Highways Select Committee EV Reference Group that was formed specifically for that purpose. The Reference Group considered and ultimately endorsed the model of a single supplier as the most suitable procurement route. The Districts and Boroughs of Surrey were also invited to review and comment on the proposed specification as it is intended to

allow those authorities to use the contract, should they choose to do so, for chargepoint installations on their car parks and land.

RISK MANAGEMENT AND IMPLICATIONS:

24. This approach offers a lower level of risk than other business models as the great majority of the capital investment and all operational liabilities lie with the supplier. However, the potential contract length of a maximum of 15 years of installations, each with a 15 year operational term, does present some risk. The circumstances of demand, technology and EV charging habits will likely change over the period of the contract, given the pace of change in EV technology and related infrastructure. This risk is mitigated in the following ways:
- The initial contract for new installations ends after 5 years. It would be possible to change suppliers to achieve further new installations at this time.
 - The proposed supplier has a commercial interest in adapting to the developing situation and, careful management by the Strategic Management Board, will enable them to react to such changes in demand or trends in new technology.
 - The Council will manage adoption of new technology and futureproofing both through the Strategic Management Board review and endorsement of supplier plans and could withhold installation permissions should available technology advances not be adopted.
 - Where the supplier declines to install in any given location the contract allows the Council to then engage other service providers. The long-term nature of the partnership proposed is intended to offer the scale of installations that would support a blended approach of sites of differing commercial values.
 - All proposed locations will require the specific authorisation of the Council or partners before installation.
 - The risks of operating costs, user demand, maintenance and technology advances will all sit with the supplier
 - If the business case for the capital pipeline funding is not supported and further public subsidy is not identified, then the contract could continue at a lower level of installations supported by the revenue received from the contract.
 - There is a termination clause in the contract which allows us to terminate for default.
 - Any agreement entered into by partner organisations will be direct with the successful supplier and will not hold the Council liable for any contractual or financial liability.
25. There is also a risk that a supplier could cease to trade, the mitigation for which would be a contingency plan developed with the supplier for termination for default.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

26. The value of the contract will be measured primarily by the investment of the successful supplier, together with any capital contributions made by the Council or others in consideration for the works and services which are the object of the supply of services contract, estimated to be in the region of £60m.
27. For the majority of public chargepoint installations delivered through the proposed model, the arrangement will require no capital funding from the Council or its partners. Where a commercial case is difficult to demonstrate, grant funding, for example, through the Government's LEVI fund would be applied for and further applications would be made to any alternative or successor scheme offered by the Offices for Zero Emission Vehicles (OZEV).

28. Where such grant funding is not possible and particularly in the first two years of the contract, the Council will have the option of investing its own capital funds in order to achieve chargepoints in otherwise uneconomic locations to improve equitable access across the County. Capital funding is allocated for that purpose in the Council's capital pipeline which currently stands at £2m across the period 2023-25. This capital funding has been put onto the pipeline on a self-financing basis, and therefore a business case will need to demonstrate that revenue generated by the contract will be able to fund this expenditure.
29. The Council and its delivery partners will receive a proportion of gross revenue from the operation of the chargepoints. An estimate of this revenue is found in Part 2 of this report. It is expected that the revenue received would cover the administration of the contract and should provide additional funds to enable repayment of capital investment. The Council may choose to reinvest further surplus in the chargepoint network, or otherwise, as it wishes. As the EV transition gathers pace, revenue will increase as chargepoint numbers and utilisation of each chargepoint grows. A target of two years has been proposed as reasonable to make the programme revenue-neutral and then revenue-positive thereafter.
30. Current policy is that parking fees would continue to be collected in EV bays on top of any tariff for charging. The changes in demand for EV and non-EV bays may have some impact on the Council's and other partners' parking revenues; however, this is difficult to predict. The Strategic Management Board will be responsible for monitoring of overall revenue impacts and will propose any necessary changes to policy to safeguard existing revenue streams.

SECTION 151 OFFICER COMMENTARY

31. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
32. The Section 151 Officer supports the recommendation to proceed to contract award for a delivery partner for public EV charge points, which secures significant commercial investment in EV infrastructure in Surrey without exposing the council to the risks associated with programme delivery. The proposed contract ensures that appropriate risks such as technology and demand are managed by the successful supplier and provides the authority with the ability to scale the delivery of any additional EV infrastructure accordingly.

LEGAL IMPLICATIONS – MONITORING OFFICER

33. The Council has conducted a compliant Mini-Competition under the CCS Framework RM6213, 'Vehicle Charging Infrastructure Dynamic Purchasing System Agreement' (the DPS) for the Supply, Installation Operating and Maintenance of the EV Charging Points.

34. Legal Services will arrange to have the Contract with the successful bidder sealed by the Council.

EQUALITIES AND DIVERSITY

35. An Equality Impact Assessment (EIA) will be undertaken as part of the contract assessing the likely (or actual) effects of the contract on people in respect of protected equality characteristics including age, disability, race and sexual orientation. This will include a focus on delivery social and geographic equity to chargepoint locations across the county.

OTHER IMPLICATIONS:

36. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report
Compliance against net-zero emissions target and future climate compatibility/resilience	This roll out of EV chargepoints will make a considerable contribution to the net zero emission target as it will facilitate increased ownership of electric vehicles including the release of suppressed demand where drivers in Surrey are currently deterred from EV ownership due to lack of access to convenient charging facilities. The Transport sector in Surrey contributes 41% of the 6.5 million Kt of carbon emissions in Surrey, the climate change delivery plan has set targets to reduce emissions by 16%-31% from private vehicles, and 16-31% commercial goods vehicles will need to be achieved by 2025. Using electric vehicles for transport reduces about 78% of travel emissions compared to using petrol or diesel vehicles. Installation of EV charging stations in Surrey will support the needed emissions reductions for the transport sector. Installing the charging points will lead to embodied carbon and operation carbon which will be reduced through working with the contractor to ensure the construction phase minimises emissions and explores greener sources of energy to supply the charging points. At design, positioning and implementation stage the charge points will be future proofed to make sure they are not impacted by expected climate change impacts like flooding that would affect the functioning of the charge points.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

37. An Environmental Sustainability Assessment (ESA) will be undertaken for this contract.

PUBLIC HEALTH IMPLICATIONS

38. The recommendations put forward in this report will support and facilitate the transition for residents from petrol and diesel vehicles to EVs, which will make a major contribution to improving air quality and reducing harmful pollutants.

WHAT HAPPENS NEXT:

39. ETI and Procurement will finalise the contractual arrangements with the winning bidder and the Council will enter into a Contract for the provision of the services.
40. The early programme priorities will be to initiate the management arrangements proposed and to immediately progress the development of the network plan of chargepoint locations including year 1 priority locations.
41. The proposed Delegated Authority above will be used for the approval of the initial Network Location Plan for Chargepoint installations.
42. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including the end of 'call in' period)	29 November 2022 (5 December 2022)
'Alcatel' 10 day Standstill Period ends	16 December 2022
Contract Signature	17 December to 6 January 2023
Mobilisation Period/Inception Meetings	9 January to 31 March 2023

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Consulted:

Major Project Board – 9th November 2021 and 20th October 2022

Districts & Borough Councils Surrey EV Forum – July 2021 to date

Communities Environment and Highways Select Committee EV Reference Group - March 2022

Annexes

Part 2 Annex

Sources/background papers:

Local Transport Plan 4 – 2022

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