

Procurement of Electric Vehicle Infrastructure

To: Highways and Transport Committee

Meeting Date: 23 July 2024

From: Executive Director of Place and Sustainability

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2024/049

Executive Summary: This paper provides an update on a proposed project to improve the delivery of electric vehicle charging infrastructure, particularly for residents who don't have access to off-street parking, to support the transition to electric vehicles.

The report provides an overview of the work that has been undertaken to date, seeks delegated authority to sign a grant funding agreement and to progress with the required procurement activity to deliver on-street charging infrastructure. This will be delivered through funding from the government's Local Electric Vehicle Infrastructure Fund.

Recommendation: The Committee is recommended to:

- a) Note the range of work that is being undertaken locally to accelerate the roll-out of Electric Vehicle Charging Infrastructure, and the specific objectives and purpose of the Local Electric Vehicle Infrastructure Fund;
- b) Delegate authority to the Executive Director of Place and Sustainability, in consultation with the Chair and Vice-Chair of the Highways and Transport Committee, to sign any grant funding agreements to draw down allocations from the Cambridgeshire and Peterborough Combined Authority;
- c) Delegate authority to the Executive Director of Place and Sustainability, in consultation with the Chair and Vice-Chair of the Highways and Transport Committee, to commence procurement for the delivery of the project; and
- d) Note that a report to seek final approval to commence the project and enter into contracts will be presented to a future meeting of the Highways and Transport Committee.

Officer contact:

Name: Chris Poultney

Post: Transport Strategy Manager

Email: chris.poultney@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 Ambition 1: Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes: Transport is the largest contributor to Cambridgeshire's carbon footprint. The phasing out of internal combustion engine vehicles will reduce this source of carbon emissions significantly over time. However, the ability to charge a vehicle due to lack of access to off-street parking remains a barrier for many residents wishing to make the transition to electric vehicles. The Local Electric Vehicle Infrastructure fund seeks to accelerate the provision of on-street public charging infrastructure particularly aimed at residents who don't have off-street parking.
- 1.2 Ambition 2: Travel across the county is safer and more environmentally sustainable: Transport is the largest contributor to Cambridgeshire's carbon footprint. The transition to electric vehicles will reduce this source of carbon emissions significantly over time.
- 1.3 Ambition 3: Health inequalities are reduced: There are already a number of transport-related Air Quality Management Areas (AQMAs) across the county. The transition to electric vehicles will reduce the amount of harmful emissions from internal combustion engine vehicles and help improve air quality
- 1.4 Ambition 4: People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs: In the long term it is people with mobility challenges who are most likely to still require private cars and therefore need appropriate means to decarbonise those vehicles. Through ensuring that accessible public EV chargepoints are specified and meet the standards set out in national guidance, the infrastructure can be used by all EV users.
- 1.5 Ambition 5: People are helped out of poverty and income inequality: Public sector involvement in identifying sites for public charging infrastructure will help ensure that there is an equitable distribution across the county and not just in locations that are commercially attractive to chargepoint operators. Through having some control over pricing, steps can also be taken to reduce the inequality of the cost of charging for those who can charge from home and those who can't as they don't have off-street parking.

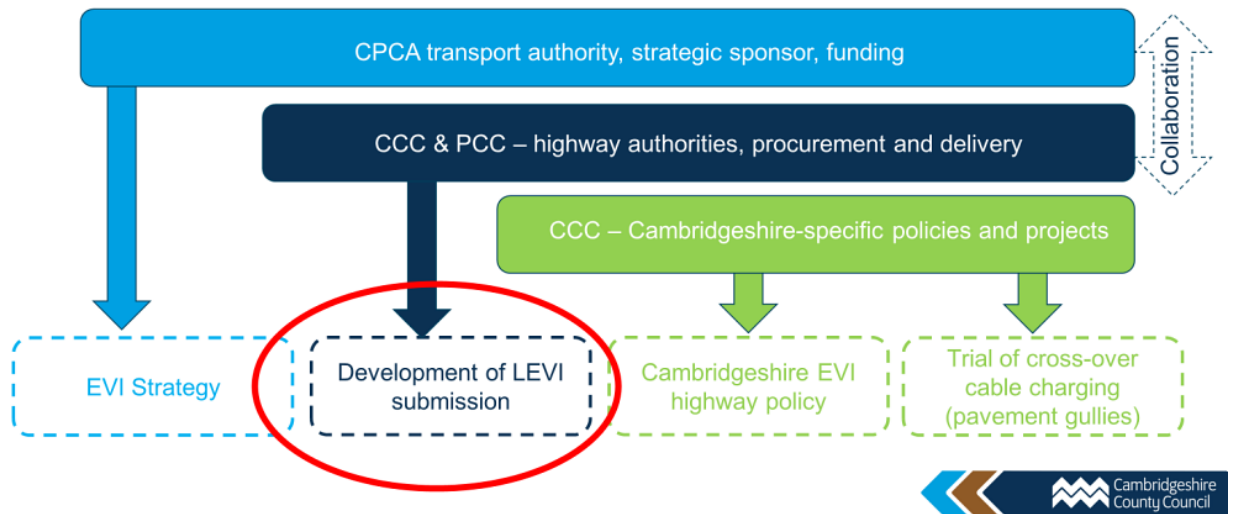
2. Background

- 2.1 Transport accounts for around 27% of Cambridgeshire's carbon footprint, with road traffic forming the significant proportion of this. It also contributes to poor air quality in some parts of the county, with several transport-related AQMAs being in place. The Local Transport and Connectivity Plan, developed and adopted by the Cambridgeshire and Peterborough Combined Authority (CPCA) in 2024, accepts that a range of approaches is needed to sufficiently reduce carbon emissions.
- 2.2 Given the geography of the area, private car use will remain the only viable choice for many journeys and by facilitating the transition to electric vehicles, significant progress can be made towards achieving net zero from road transport sources.
- 2.3 Furthermore, the government has introduced a ban on the sale of new internal combustion

engine cars and vans from 2035, in a bid to accelerate the rollout of zero emission vehicles and increase uptake of new, green technologies. To facilitate this, the volume and distribution of electric vehicle charging infrastructure will need to be considerably increased, with the government estimating that approximately 2,500 publicly available chargepoints (assuming two sockets per chargepoint) will be needed in Cambridgeshire by 2030 to keep up with demand.

- 2.4 The government is clear that local authorities, in partnership with the private sector, have a key role to play in accelerating the rollout of EV chargepoints. These include:
- Developing an Electric Vehicle Infrastructure Strategy,
 - Identifying sites,
 - Working with the public and chargepoint operators,
 - Boosting the rollout of publicly accessible EV charging; and
 - Facilitating a just transition through helping address market failure.
- 2.5 The diagram below sets out the context of the work that is being undertaken in relation to electric vehicles, showing the CPCA as the owner of the overarching strategy, and more specific work that the Council is doing to support delivery of this strategy.

Procurement of electric vehicle infrastructure



- 2.6 To support the delivery of Electric Vehicle charging infrastructure, the government established the Local Electric Vehicle Infrastructure (LEVI) Fund. The two key objectives of the fund are:
- To accelerate deployment of public on-street chargepoints to support residents without off-street parking, specifically by delivering local, primarily low power, on-street charging infrastructure across England;
 - To accelerate private sector investment into local charging infrastructure.
- 2.7 The CPCA has received an allocation from this funding to distribute Cambridgeshire County. There is a requirement from the funders that Council (the Council) and Peterborough City Council (PCC) work together to agree a joint commercial and

procurement approach.

- 2.8 This committee approved a policy on 5 December 2023 setting out the Council's current position around on-street charging infrastructure.
- 2.9 A further paper was presented to this committee on 5 March 2024 setting out the details of a proposed pilot of charging cable cross-over solutions, which would enable residents without off-street parking to charge their electric vehicle from their domestic power supply, benefitting from cheaper tariffs. Whilst not the focus of the LEVI funding, such products would provide another means by which residents could charge their vehicles and hence be part of the mix of solutions.
- 2.10 This paper outlines the proposed application of the LEVI fund, seeking approval to draw down the Council's allocation of the LEVI fund from the CPCA and procure a chargepoint operator. Approval to proceed with the project for the installation of EV charging infrastructure throughout the county will be sought following that process.

3. Main Issues

Work to date

- 3.1 Work has been ongoing over the last twelve months to develop a local position on various aspects of electric vehicle infrastructure. This will inform how the LEVI funding will be used to accelerate infrastructure locally, ahead of demand.
- 3.2 The CPCA, in its role as transport authority, has recently adopted an Electric Vehicle Infrastructure Strategy, which sets out how EVs fit in with the wider approach to reducing carbon emissions and improving air quality without undermining efforts to increase use of public transport and active travel, improve accessibility and reduce congestion.
- 3.3 In developing the strategy, data was gathered and analysed to help understand where public charging infrastructure is currently located, areas without coverage and the extent to which residents do not have access to off-street parking, which is the focus of this fund. Stakeholder engagement was also undertaken to aid understanding of consumer needs and preferences. As part of the development of the LEVI submission, engagement has also begun with the Distribution Network Operator to gain an understanding of where grid capacity pressures exist, as well as soft market testing with Chargepoint Operators to gain insight into locations which are unlikely to be commercially viable and as such a potential focus for this fund.

Local EV Infrastructure Fund

- 3.4 As the Tier 1 authority for the area, the CPCA has been allocated £5.4m capital funding from the Office of Zero Emission Vehicles (OZEV), which will be split across the Council and PCC. This is a data-led figure derived by OZEV for each local authority area.
- 3.5 In order to secure this allocation, the CPCA submitted an application on 19 July 2024. Alongside this, the outline approach and procurement strategy has been submitted. If the application is approved, 90% of the capital funding would be released, with the remaining

10% being released once the local authority's contract is agreed. If the application is approved, the Council can proceed to procure a supplier as set out in the proposal.

- 3.6 As the focus of the fund is the provision of largely on-street charging infrastructure, in practice the delivery will be undertaken by the Council and PCC as the highway authorities. In order to do this, a standard Grant Funding Agreement (GFA) will be executed to allow the CPCA to transfer the capital funds to the highway authorities.
- 3.7 Discussions are underway with the Council's legal team to agree a Grant Funding Agreement that sets out how the Council's portion of this grant will be transferred to it. An initial amount of funding covering resourcing and the procurement of the contract and procurement documents has already been secured by the CPCA.

Commercial approach

- 3.8 The Council and PCC are seeking to procure a long-term turn-key arrangement with one or more chargepoint operators to provide largely on-street public chargepoints. The contract will include provisions for design, installation, operation and maintenance of the chargepoints, as well as payment systems. A key element of the contract will be the leverage of significant private sector investment to support its delivery.
- 3.9 Due to the requirement from the funders for the Council and PCC to work together on a joint commercial and procurement approach, officers have undertaken work to explore what the most appropriate commercial model for the area would be. Following internal discussions at both authorities, discussions with other authorities, as well as a strong steer from the funders, OZEV, the Council will be seeking a concession arrangement that will allow a degree of control over locally-important outcomes whilst minimising the council's exposure to risk in a newly emerging market. This type of commercial model will:
- allow the Council to invest the LEVI grant into some of the capital costs;
 - retain some control over the quality of service, pricing structures and/or location of the infrastructure through contract management and performance monitoring;
 - enable a focus on local outcomes, especially impacts identified in the Equality Impact Assessment, (EqIA). As a largely rural county, the equitable distribution of chargepoints is a key consideration, especially in areas where there is a need for charging infrastructure but where such provision may not be commercially viable;
 - give the opportunity for revenue share, although research from other authorities suggests that as the market is still emerging, the scale of revenue generation is likely to be small, especially early in the contract.
 - transfer the risk associated with the installation, maintenance, operation, responding to technological innovation and asset utilisation risk to the service provider; and
 - leverage in private investment from the market, thus meeting the requirements of the funders.
- 3.10 The concession model provides the optimum balance between risk and control for the current position locally with EV infrastructure, especially as EV technology is evolving quickly. Technology, as well as consumer behaviours and preferences are already rapidly evolving, therefore provisions to ensure the EV charging solutions provided through the

contract keep pace with innovation are included in the specification.

Procurement approach and route to market

- 3.11 In order to undertake the formal procurement process, a lead authority was identified. Based on an assessment of available resources and capacity, PCC will be leading the procurement, with officers from both authorities working together closely in a relationship set out in a Memorandum of Understanding. It is expected that both authorities will benefit from securing a better offer from the market by pooling their resources, but that two individual contracts with the supplier will be put into place so that both the Council and PCC retain operational control in their areas.
- 3.12 Soft market testing was undertaken in autumn 2023, which revealed significant appetite from the market to work across the Cambridgeshire and Peterborough area. Responses from chargepoint operators suggested that the market is open to a range of models and contractual arrangements.
- 3.13 Legal and procurement advice has been sought over the most appropriate route to market for this procurement. For the value of the contract and commercial model that is being sought, officers have been advised that an open tender will be required in order to remain compliant with current procurement rules.

4. Alternative Options Considered

- 4.1 In reaching a proposed way forward, a do-nothing approach, as well as alternative commercial and procurement options were considered and ruled out.
- 4.2 Do-nothing: A 'do-nothing' approach was not considered appropriate. Whilst the EVI space is evolving at speed, the government has suggested that the LEVI fund will be the only substantial funding avenue aimed at residential charging at the current time. A decision to not submit an application or develop a procurement and commercial package would result in the loss of a substantial part of the £5.4m of grant funding for EVI, as well as considerable private sector investment in the infrastructure. Not taking advantage of the fund would also mean that the delivery of EV infrastructure was left entirely to the private sector, which would prioritise commercially viable sites, leaving large swathes of rural Cambridgeshire without provision.
- 4.3 Alternative Commercial models: Different commercial models were also considered, including, 'Own and Operate', 'Joint Venture' and 'Land Lease'. Both the 'Own and Operate' and 'Joint Venture' models were considered to place too much risk with the Council, especially in a market which is new and evolving at pace. Whilst the level of control for the local authorities is high, so too is the level of risk as all the investment would be undertaken by the public sector. Conversely, for a 'Land lease' model, whilst the risk is low as the private sector would bear the cost of investment, the level of control is also low, as local authorities would have little leverage with which to influence the location of chargepoints. In all three cases described in this section, there would be limited scope to leverage in private sector investment, ensuring that chargepoints are equitably distributed across the area and not just installed in commercially viable locations. The preferred concession model would allow the Council to retain some control over how chargepoints are distributed.
- 4.4 Alternative route to market: Several public sector frameworks exist for EV infrastructure. Such frameworks are often used as they require a less complex and lengthy procurement process than an open tender process. However, their use is dependent on the value of the contract and the type of commercial model being procured. Whilst the use of a framework would be preferable for the reasons set out, legal and procurement advice received suggests that, in their current form, these frameworks would not be lawful to use in this circumstance. This is a national issue that has come to light very recently and is affecting many authorities submitting LEVI bids.

5. Conclusion and reasons for recommendations

- 5.1 A submission to the Local Electric Vehicle Infrastructure fund has the potential to provide a step change in the level of public electric vehicle charging infrastructure available, and to leverage in significant private investment across the county. A joint procurement with PCC is a requirement of the funders and will provide a more attractive offer in terms of scale for any potential bidders. A concession arrangement is considered to give the Council the optimum balance of benefit versus risk in a market which is still emerging and will allow a degree of control over locally important outcomes.
- 5.2 However, before any project proceeds, a full gateway review would be undertaken which would assess the affordability of the project in both capital and revenue terms to the

Council, the level of risk the project would present to the Council together with appropriate risk management and control arrangements in place, the details of any proposed contract terms and contract period, and confirmation regarding ongoing maintenance responsibilities. The final approval for the project will be subject to a future report to this committee.

6. Significant Implications

6.1 Finance Implications

The requirement for an open tender process instead of calling off an existing framework is likely to incur greater legal and procurement costs than originally anticipated. However, these costs will be covered by the initial funding allocation already secured.

Any contract will require on going management and the proposed length of the contract will be assessed to ensure this is acceptable to the Council. Furthermore, the ongoing revenue funding for the project will need to be reviewed and confirmed before the final project approval is provided.

6.2 Legal Implications

A Grant Funding Agreement will need to be signed in order for the CPCA to transfer LEVI funding to the Council. A Memorandum of Understanding will regulate the working relationship between the Council and PCC. A concession contract will be procured to cover the long term roll out of EV infrastructure, as described in the LEVI bid.

Legal advice has been sought on the appropriate route to market, which confirms that an open tender process will be required. The legal costs of developing this tender are likely to be higher than calling off a framework, as it is a more complex process, but these will be covered by the grant funding.

6.3 Risk Implications

There are a number of procurement and legal risks already outlined in sections 3.6 and 3.11-3.13 of this report.

There will be many authorities going out to tender at the same time as part of the LEVI programme. There is a risk that the specification developed by the Council and PCC is not attractive enough for chargepoint operators to respond, or that the contract is not of sufficient scale to compete with larger authorities. Soft market testing has been undertaken to mitigate this risk in so far as is possible.

The EV charging market is still in its infancy, with technology and uptake evolving at pace. Whilst considerable market research has been undertaken to inform the commercial model, there is a risk that the market changes in ways that haven't currently been considered, or assumptions used in modelling predictions change, meaning that uptake is faster or slower than anticipated and the contract doesn't work in the way it was anticipated. Appropriate legal and procurement advice will be sought to ensure that the wording of any contract mitigates this risk in so far as possible.

6.4 Equality and Diversity Implications

An EqIA has been completed for this work, and is attached at Appendix 1. Mitigations for the potential equality impacts identified are detailed within the assessment. A concession

arrangement has been chosen in part because it allows the Council to have more control over some of the impacts identified in the EqIA, particularly around the equitable distribution of chargepoints around the county.

6.5 Climate Change and Environment Implications

Transport is the largest source of carbon emissions in the county, with the significant majority of these emissions from road transport. The transition to electric vehicles will significantly reduce the impacts from this source. Providing public infrastructure to enable convenient, affordable charging options ahead of demand will help increase confidence in the charging network and accelerate that transition to electric vehicles and towards net zero. At the tendering stage, chargepoint operators will be questioned around their approach to environmental issues and carbon reduction in their project delivery. Contract management will ensure any commitments made are adhered to. The successful supplier will also be required to sign up to the Council's Carbon Charter.

6.6 Procurement implications

An open tender process is required, unless any changes are made nationally to resolve this in a suitable timeframe.

The need to use an open tender process will be more time and resource intensive. The procurement will be governed by the Procurement Act 2023, rather than the familiar Public Contract Regulations (2015). This means that there is added risk and potentially additional time needed for the procurement as the processes and transparency requirements needed will be reasonably new.

7. Source Documents

7.1 [The Council's On-Street Electric Vehicle Infrastructure Policy](#)