

# Report to Cabinet

**7 December 2022**

<b>Subject:</b>	On Street Residential Charging Scheme – Authorisation to enter into a contract with a Chargepoint Operator
<b>Cabinet Member:</b>	Cabinet Member for Environment Cllr. Peter Hughes
<b>Director:</b>	Tony McGovern Director Regeneration & Growth
<b>Key Decision:</b>	Yes
<b>Contact Officer:</b>	Andy Miller – Strategic Planning & Transportation Manager <a href="mailto:andy_miller@sandwell.gov.uk">andy_miller@sandwell.gov.uk</a>

## 1 Recommendations



- 1.1 That approval be given for the s.151 officer to sign and enter into contract with Gamma Energy Ltd., the successful bidder for the installation of Electric Vehicle (EV) chargepoints across the Black Country with the initial call-off covering the Office for Zero Emission Vehicles (OZEV) On-street Residential Chargepoint Scheme (ORCS) funded project at a value of £400,574, but call-offs up to a total of £2.5million are possible.
- 1.2 That in connection with 1.1 above, the conditions relating to the grant-funded element and the revenue share implications be received.



## 2 Reasons for Recommendations

- 2.1 This contract will be used to deliver 37 public dual socket chargepoints (74 sockets) in residential areas where residents do not have access to off-street parking and are therefore not able to charge their vehicles on driveways with a private charge point, as is the norm. The funding will therefore deliver approximately 40% of the 7kW chargepoints required by 2025 in order to support Sandwell's transition to electric vehicles in the light of the Government's intended ban on the sale of new petrol and diesel vehicles in 2030, as outlined in the Black Country ULEV (Ultra Low Emission Vehicles) Strategy.

## 3 How does this deliver objectives of the Corporate Plan?

	<p><b>People Live Well and Age Well</b></p> <p>As outlined in the Black Country ULEV Strategy, the transition to ULEVs from ICE (internal combustion engine) vehicles will dramatically improve air quality throughout the borough, lessening residents' exposure to air pollution and consequent lung and cardiovascular conditions. This transition is reliant on the provision of charging infrastructure delivered by the funding streams such as ORCS.</p>
	<p><b>A Connected and Accessible Sandwell</b></p> <p>The UK government has announced that the sale of all new ICE cars will be banned from 2030. Whilst modal shift away from private car use in an urban context continues to be the primary goal of local, regional and national policy, the private car remains central in providing mobility for Sandwell residents. A supported transition away from ICE cars to ULEVs, ensures that Sandwell residents will continue to have access to a range of modes, including the private car. Infrastructure deployment facilitated by funding streams such as ORCS plays an important role in facilitating this transition.</p>



## 4 Context and Key Issues

- 4.1 The ORCS project was taken to Cabinet for approval on 24/11/21. The project involves the installation of 74 chargepoints across the Borough, spread across 37 locations on the footway in residential areas which lack off-street parking. Residents request for infrastructure were a key factor in selecting these locations.
- 4.2 Consultation on the sites was conducted from December 2021 until February 2022. The vast majority of the sites received very few objections, and those which were more controversial are having additional engagement in order to try to overcome the concerns raised. There are back-up sites identified in the eventuality that the objections cannot be resolved.
- 4.3 The project supports the council's net zero ambitions and is in line with the West Midlands Combined Authority's WM2041 strategy, and government targets on climate change and transport.
- 4.4 After the initial purchase price, range anxiety due to a lack of charging infrastructure is the most commonly cited reason for not switching to an EV. In order to remedy this, we aim to meet the targets identified in the Black Country ULEV strategy for Sandwell of 175 additional 7kW chargers by 2025. The ORCS project is the first step towards meeting these targets, and the procurement approach gives us a route to deliver the full 2025 target.
- 4.5 This contract will necessitate that the operator takes on the revenue costs for operation and maintenance of the chargepoints, reducing the risk to the council. Individual contracts will allow a degree of variation between local authorities as to how exactly they wish to operate the network within their area.
- 4.6 The concession model offers the best compromise between financial risk and reward, and control over delivery.



4.7 The Oxford City Council Dynamic Purchasing System (DPS) gave us access to the largest percentage of the current chargepoint operator market, offering the best chance to secure strong value for money for the council. A full tender would have been too labour intensive and would have carried greater risk without the pre-checks that bidders are subject to prior to being accepted onto the DPS.

4.8 Gamma Energy Ltd. achieved the highest overall score in the mini-competition, and we are therefore obliged to award them the contract.

## 5 Alternative Options

5.1 The decision to progress with this approach was the culmination of months of discussions and independent advice. The concession model was chosen as the best compromise between pursuing a fully operator funded model which would significantly limit our ability to influence locations of chargepoints, and minimise and possible revenue return, and a more hands-on own-and-operate model that would carry significant revenue risk.

5.2 The model gives the local authorities the ability to leverage capital grant funding available to de-risk the delivery and secure an operator who will commit to covering all revenue costs for the contract term.

5.3 Having chosen to seek a concession contract, discussions were carried out to select the best route to market. An open tender process was considered, but the increased resource required, and the greater risk when compared to using an existing framework were unattractive. A large number of available frameworks and Dynamic Purchasing Systems (DPS) were considered, eventually settling on the Oxford City Council framework owing to the broad range of suppliers with access offering the best chance of a competitive process leading to stronger bids. The DPS also benefits from being new, which means that it incorporates all the latest technical specifications and experience from the last few years of public sector EV chargepoint delivery.



5.4 The successful bidder, Gamma Energy Ltd., scored the highest during our further competition on the DPS, meeting all mandatory requirements and achieving the best overall score across the criteria with a 50:50 price/quality split.

## 6 Implications

<p><b>Resources:</b></p>	<p>Budgets have been created for the delivery of the project, and match funding is allocated within the 2022/23 transport capital programme. We would need to ensure measures are in place to accept the 15% revenue share once it begins to be received in year 4 of the contract.</p> <p>The contract commits the operator to funding all ongoing costs including (but not limited to) maintenance, repairs and replacements as a result of wear and tear, accidental damage or vandalism.</p> <p>All identified sites must be installed and operational before the 31st of March 2023, otherwise we may be open to clawback of the grant funding.</p>
<p><b>Legal and Governance:</b></p>	<p>The council will be entering into a 10-year concession contract with Gamma Energy Ltd. The contract will have optional 3 and 2-year extensions after this term, subject to contract performance and a review of the market at that time.</p> <p>The contract is based upon the call-off contract for the Oxford City Council DPS, which has been reviewed by the Council's Legal Services, with the addition of the clauses defined by the mini-competition covering charges to customers and revenue share to the council.</p> <p>The contract contains KPIs which will be monitored by the contract manager to ensure performance is satisfactory throughout the duration of the contract.</p>



<b>Risk:</b>	<p>The main risk at this stage is failure to deliver the ORCS funded element before the end of this financial year, which is why it is key that we conclude the contractual discussions as soon as possible.</p> <p>This operating model has been designed to insulate the council from as much of the potential revenue risk as possible, by committing the operator to funding all of the operating and maintenance costs over the contract term.</p>
<b>Equality:</b>	<p>There are no equalities implications arising from the signing of the concession contract.</p> <p>There is a complete Equalities Impact Assessment for the ORCS project. This did not raise any equalities issues associated with the installation, operation and use of the chargepoints.</p>
<b>Health and Wellbeing:</b>	<p>Ultra-Low Emission Vehicles create zero exhaust emissions and therefore have the capacity to significantly improve roadside air pollution. Air pollution has been linked to exacerbation of several heart and lung conditions as well as increasing the risk of premature death. In the West Midlands approximate 1,500 deaths are attributed to local air quality each year.</p> <p>In the Black Country this is around 650 attributable deaths, with approximately 140 of those within Sandwell</p>
<b>Social Value:</b>	<p>Installation of chargepoints will generate additional demand for skilled labour, likely focussing on the civil and electrical engineering disciplines. Gamma Energy Ltd. has committed to creating new, local jobs as part of the social value element of the procurement exercise.</p>
<b>Climate Change:</b>	<p>The project supports the council's net zero ambitions and is in line with the West Midlands Combined Authority's WM2041 strategy, and Government targets on climate change and transport.</p>



## 7. Background Papers

Report to Cabinet – 24<sup>th</sup> November 2021  
Black Country ULEV Strategy (2020)

