

Report of	Meeting	Date
Director of Communities (Introduced by Deputy Leader and Cabinet Member (Health and Wellbeing))	Cabinet	Wednesday, 16 November 2022

Electric Vehicle Charging Policy Decision

Is this report confidential?	No
Is this decision key?	Yes
Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards

Purpose of the Report

1. To determine the most appropriate method for installing electric vehicle charging points in order to achieve the commitment made by members within the Climate Emergency Action Plan and Air Quality Action Plan and requirements attached to the Council's own planning permissions.

Recommendations to Cabinet

2. That members approve the utilisation of a third-party contractor to deliver, maintain and operate all Council electric vehicle recharging points and parking bays. That no additional rent is charged for any leases to maximise the potential contribution from the third party contractor towards the cost of installation, with a view to recovering a small charge per Kwh consumed for each station as appropriate. (Option 5).

Reasons for recommendations

3. A policy decision is required on how the Council is to deliver on its commitment to improving the Electric Vehicle Recharging Infrastructure across the borough. This would not impact on any current projects.
4. The delivery of EVC's is currently being obtained through two different routes, the first is through the planning system and the second through the work of the Climate Emergency Team, predominantly via grant funding options.

5. The Council have committed to improving the electrical vehicle charging (EVC's) infrastructure across the borough. This commitment has been ratified at Full Council through the adoption of the Air Quality Action Plan and the Climate Emergency Strategy and Action Plan with a commitment to providing a minimum of 200 publicly available electric vehicle recharging points across the borough.
6. In addition to the above every appropriate planning permission granted includes a requirement to provide a EVC's and this includes the Council own applications.
7. There are a variety of ways in which the Council can provide EVC's and a decision is required in order to progress the delivery in a timely, uniformed approach.

Other options considered and rejected

8. To make no policy decision and to consider each opportunity to install electric vehicle charging points in full on each occurrence, potentially resulting in several different schemes being utilised across the borough.

Corporate priorities

9. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

10. Poor air quality results in approximately 40,000 early deaths each year in England with transportation accounting for the largest sector emitting of Particulate Matter and Nitrogen Dioxide.
11. The transport sector also accounts for 27% of UK carbon emissions, 91% of which is directly related to road transport.
12. To combat the harmful impact of poor air quality and to reduce the level of carbon emissions from the transport system the government announced, in February 2020, the move away from the combustion engine towards cleaner modes of transport. In particular they stated that by 2030 no new petrol or diesel cars will be manufactured in the UK.
13. Part of this transition is to move towards electric vehicles and their popularity is increasing rapidly with a large emerging second hand market now developing.
14. As part of the Council's legal requirements in relation to tackling poor air quality, an Air Quality Action Plan (AQAP) was formally adopted at Full Council in 2018.
15. Following this in 2019 the Council declared and Climate Emergency, with a strategy adopted in 2020 and action plan followed in 2021.

16. Both action plans identify the need to improve the EVC's infrastructure within the borough and a commitment to installing 200 chargers was made.
17. The move towards electric vehicles is a key and important tool in the fight against poor air quality and the reduction in carbon emissions, as well as government policy. However as with the combustion engine if you can't find the fuel you won't be buying one.
18. While some households with the borough have off-street parking space (typically driveways) and the means to install a recharging device, many do not. This significantly hinders the uptake of electric vehicles and has been identified as one of the main reasons why people do not buy electric cars. The northwest is also been behind in the installation of EVC's, the bottom 20% of the country according to the department for transport.
19. The installation of EVC's comes at a cost, and this is set to increase as demands on the electricity infrastructure increase with the move away from gas as a heating source. It is therefore more cost effective to secure and install electrical connections now than it will be in the future when demand has increased.
20. There are several different EVC's available.
 - Rapid chargers take around 30 minutes to charge a car to 80% capacity and require a larger connection ~50KW,
 - Fast chargers take around 4-8 hrs with a 7-22KW connection,
 - Slow chargers up to 12hrs at \leq 6KW and
 - finally it is possible to charge an electric vehicle via a standard 13amp plug.

The most common publicly available charging points are the fast chargers, and in most circumstances, this is what will be installed by the Council through grant funding (BEIS – OLEV – On Street Residential Charging Scheme and any future grants available for the council to apply for), with some occasion rapid chargers. Those currently being supplied via the planning route are 3.5KW trickle chargers.

Delivery of Electric Vehicle Chargers via the Planning system

21. While the Council has been requiring EVC's as part of all suitable developments (any with parking spaces) through the planning system for several years, it will soon be a legal requirement to provide them on new developments, increasing the availability of charging stations, mainly for private use, but also increasing energy demand.
22. As such any relevant planning application submitted by the Council will require the provision of EVC's, this has already been seen with the Council's own developments at the McKenzie Arms site, the new Bamber Bridge pitch, the tennis centre car park extension and Pearson House Bamber Bridge.
23. Some of the problems identified already include;
 - The additional installation costs
 - On-going maintenance costs
 - How to / should we recharge the customer
24. The installation of EVC's can be expensive, around £12,000 for a fast charger, and relate to the DNO or distribution network operator connection costs, the equipment itself and the cost of installation. All of which are increasing in cost.

25. In addition, the maintenance of the system needs to be considered. There are industry standards relating to the operation of EVC's, including the minimum amounts of time an EVC should be unavailable for if a problem occurs, until it is fixed and operational. In order to provide customer confidence down time of EVC's must be kept to a minimum and repairs undertaken promptly. This requires either inhouse expertise or a contract with a suitable company who can undertake repairs at short notice. Additional data transfer (sim card) costs to enable the system to run plus the daily electric charge irrespective of use will apply.

Delivery of Electric Vehicle Chargers to achieve the Council's goal

26. In order to achieve the Council's commitment to delivering over 200 publicly accessible EVC's, additional charge points are required beyond that supplied by Council planning applications.
27. Given the costs involved this will mainly be delivered through grant funding. The Council has been successful with two bids to date, with plans being drawn up for another two rounds of bids. This will hopefully result in the provision of 75-100 EVC's by 2024.
28. However, each round of funding is seeing the required contribution from the authority increase, with the latest scheme providing a maximum grant of only 60% of the overall costs resulting in potential significant costs to the Council. This value is only going to reduce as the current inflationary issues take hold on government finances.
29. There are also several conditions attached to the grant funding regarding access to the EVC's and operational downtime, inclusion on public registers and the provision of information to the grant administrators.
30. The grant funded EVC's are currently being delivered through a third-party contractor who has supplied, installed and is operating the units. They have also contributed to the cost of the system, making up the shortfall from the grant funding.
31. While the EVC's installed as part of the planning permissions for the Council are currently low watt, free to use units, costing the council money, with no maintenance contract and in the case of the Bamber Bridge Leisure facility not working.

How to deliver Electric Vehicle Charging points within South Ribble

32. A policy steer is required in order to aid officers and decision makers towards the completion of the Council goals. It is recommended that any policy decision be reviewed, and a suggested date would be 2025.
33. Fast chargers, by their very nature, only allow for the equivalent of 2-3 people to fully charge in any day as a maximum, although this is considered highly unlikely at this time. Given the current electricity market, commercial electricity prices restrict fee/price costs, profits are therefore heavily restricted within the market place.
34. The following options have been identified:
 - **The Council purchase, install, maintain and run the EVC's, no recharge cost, i.e. free at the point of use.**
 - **The Council purchase, install, maintain and run the EVC's, making a recharge to customers.**

- The council lease parking spaces/land to a third party under a standard tenant/landlord contract, the third-party maintains and operates the chargers.
- The council enters into a contract and leases the spaces to a third-party contract on a standard tenancy agreement, as above i.e. a rental charge, but with Council support with the provision of grant funding.
- The Council enters a contract with an EVC supplier and leases the parking spaces to them with support from the grant bid, with a charge for each KWH consumed.
- The Council enters a contract with an EVC supplier and leases the parking spaces to them with support from the grant bid. No additional charge is made.

35. **OPTION 1 - The Council purchase, install, maintain and run the EVC's, no recharge cost.** Council would have to fund the full cost of the ECV's, minus any grant funding, a shortfall of at least 40% (as per previous grant schemes referred to in point 27 of this report) and based on the last submission for 19 chargers this would be shortfall of £72,635 that we would have to fund. There is currently no budget provision to cover this or the ongoing maintenance of the chargers. The option means the provision of free to use chargers would cost the council money as we could not recoup the cost of the chargers or the electricity provided. An example of these is at the Civic Centre. Installation and maintenance would be less expensive, but the units may not comply with the grant funding and the Council would be subject to ongoing costs and daily electric chargers irrespective of use. This is not considered to be a viable option.

Cost to SRBC	Cost to Contractor	SRBC Income
£12,000 per ECV, minus any grant funding 60% plus maintenance, plus electric used	NIL	NIL

36. **OPTION 2 - The Council purchase, install, maintain and run the EVC's, making a recharge to customers.** Council would have to fund the full cost of the ECV's, minus any grant funding, as described above, plus the maintenance and on-going costs. The council would keep all profits from the use of the charger, although initially the use of the chargers is consider to be low until more residents acquire electric vehicles. There is currently no budget provision to cover this or the ongoing maintenance of the chargers. This option is again not considered viable at this time.

Cost to SRBC	Cost to Contractor	SRBC Income
£12,000 per ECV, minus any grant funding 60% plus maintenance, plus electric used	NIL	1 to 2 pence per KWH (max ~ 160KWh/day, £1.6-3.2/day), but unlikely in short term.

37. **OPTION 3 - The council lease parking spaces/land to a third party under a standard tenant/landlord contract.** There is currently considered to be insufficient profit to make this model financially viable with the EVC installers having to cover the full costs of the installation and maintenance as well as paying a rental income. Installers would only install EVC's where they are certain of a return on their investment. Current uptake is low, the provision of council land limited, and this would not provide the infrastructure we are seeking to delivery. This option is not considered viable to achieve the council's goals.

Cost to SRBC	Cost to Contractor	SRBC Income
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NIL	£12,500 per ECV plus maintenance, plus electricity, plus rent	£365/yr
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38. **OPTION 4 - The council enters into a contract and leases the spaces to a third-party contract on a standard tenancy agreement, i.e. a rental charge, but with Council support with the provision of grant funding.** As above but we assist through grant funding with the cost of the charging stations. However, the current usage is low, although increasing, with the additional rental charge initial conversations have suggested that this model is not currently economically viable to the EVC suppliers. This option is not therefore considered viable to achieve the council's goals.
39. The contractor would have to find the shortfall between the installation costs and the grant funding, approximately £72,000, which they are prepared to do, but would then have to pay a rental charge while maintaining the sites/chargers ~£7,000/year. Current usage of the EVC network is considered to be low, contractors will only want to install EVC's in locations where they can achieve a return on the investment now if they must pay rent as well. The costs are currently prohibitive given the profit that can be secured.
40. The advantage to this model, if we can find a contractor, is the council would secure a set guaranteed income from the parking space ~ £365/yr. The current contractors the council are in talks with would not wish to be involved.
41. The disadvantage being we may not achieve the improvements to the infrastructure that will be required in the areas we need it, failing to achieve the corporate goal. This option is not viable to achieving the council's goals.

Cost to SRBC	Cost to Contractor	SRBC Income
NIL	£5,000 per eCV, plus maintenance, plus electricity, plus rent	£365/yr

42. **OPTION 5 - The Council enters a contract with an EVC supplier to supply the EVC's with support from the grant bid and the council leases the parking spaces to a them, with a charge for each Kwh consumed.** The supplier meets the shortfall in grant funding, circa £72,000, and pays for the installation, connection and maintenance of the EVC's. The council add a charge per Kwh to the lease ensuring a return on the site, likely to be 1-2 pence/KWH.
43. Advantages, The Council secures its commitment to installing EVC's, improves the infrastructure across the borough, the council does not have to find any additional income to support the process or the achievement of the overall goal. The council secures an income from the EVC's. As part of the grant conditions we need to see the usage data for each charger and therefore will know exactly how much usage they are receiving and the income from the units. The charge is proportionate to the use and contractors will accept this model.
44. The Council in effect has no on-going financial commitments for the life of the contract, suggested ten years but with a break clause included.

45. Disadvantages, the charge would result in an increase in the cost of to the consumer to cover the council's charge, this may result in the chargers being less appealing to the customer when compared to other commercial units.
46. This is a viable option for the delivery of grant funded EVC's and those required by planning permissions, achieving the corporate goal of improving the EV infrastructure while minimising risks to the council. A small income would be received.

Cost to SRBC	Cost to Contractor	SRBC Income
NIL	£5,000 per ECV, plus maintenance	1 to 2 pence per Kwh plus £365/yr

47. **OPTION 6 - The Council enters a contract with an EVC supplier and leases the parking spaces to a third party with support from the grant bid. No additional charge is made.** The Council secures its commitment to installing EVC's, improves the infrastructure across the borough, the cost of charging is not increased by the Council. The Council in effect has no on-going financial commitments for the life of the contract (which has a break clause included).
48. The disadvantage to this option is the council receives no additional income. However, all maintenance of the parking bays and units are covered by the contractor and there is no financial loss on the part of the Council. (we can still charge for parking, providing this aligns to the conditions of the grant funding).
49. This option is viable, helps to achieve the Councils goals and also works for both grant funded EVC's and those required by planning condition.

Cost to SRBC	Cost to Contractor	SRBC Income
NIL	£5,000 per ECV, plus maintenance	NIL

Climate change and air quality

50. The work noted in this report impacts on the following areas of climate change and sustainability targets of the Councils Green Agenda:
- a.net carbon zero by 2030,
 - b.reducing waste production,
 - c.limiting non sustainable forms of transport,
 - d.limiting or improving air quality,

Equality and diversity

51. The EVC's would be available to all residents and visitors to the borough subject to individual car park restrictions which are already in place.

Risk

52. The risks to the Council are detailed within the report for each option. The early options increase the finance risk to the authority through direct purchase and on-going costs associated with EVC's. Options 3 & 4 appear infeasible as the council will have difficulty

finding a suitable contractor, thus failing to achieve the corporate goals. This leaves options 5 & 6, financial and reputational risks are minimised while achieving the improved EV infrastructure sought.

Comments of the Statutory Finance Officer

53. The financial implications of each option are detailed above and state the cost/income implications per individual ECV charging point.
54. Option 1 and Option 2 would require additional funding from the council both in terms of capital, to purchase the ECV points, and then in respect of revenue, to fund the ongoing revenue maintenance expenditure.
55. Depending on the option chosen, and in order to progress each scheme, further work would need to be undertaken to assess the costs (including Council administration of scheme), VAT implications and then approval sought for any budget required.

Comments of the Monitoring Officer

56. It is for Cabinet to consider each of the options set out and decide how it wants to proceed. The council is committed to improving air quality and delivering on the green agenda. There are no in principle objections to any of the proposals but once a way forward has been decided on then questions of detail will need to be addressed by the Legal Team. Cabinet needs to be mindful of the council's general duties to achieve best value.

Background documents

Climate Emergency Declaration 2019

Climate Emergency Strategy 2022

Climate Emergency Action Plan 2020

Air Quality Action Plan 2028

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