

Portfolio Holder Decisions/Leader Decisions

Date: Tuesday, 26 May 2020
Time: 12.00 pm
Venue: Online

Membership

Councillor Jeff Clarke

Items on the agenda: -

1. **(Urgent Decision) DfT All Electric Bus Town Initiative** 3 - 10


Monica Fogarty
Chief Executive
Warwickshire County Council

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**Decision taken under the Council's Urgency Procedure by
the Portfolio Holder for Transport and Planning on
27 May 2020**

DfT All Electric Bus Town Initiative

Lead Member	Councillor Jeff Clarke
Date of decision	27 May 2020
	<p>Signed</p> 

Decision
<p>That the Portfolio Holder for Transport and Planning:</p> <ol style="list-style-type: none"> 1) Provides approval for WCC officers to carry out further collaborative work with Coventry City Council officers with a view to submitting a joint Expression of Interest (EOI), led by the City Council, for an All Electric Bus Town pilot scheme for Coventry including cross-boundary services within Warwickshire. 2) Notes the potential financial contribution that may be required from Warwickshire County Council (following necessary consideration of a further detailed business case) towards the costs of charging infrastructure and bus priority measures at an estimated cost of between £5-10m. Opportunities to secure funding from external partners will also be explored.

Reasons for decisions
<p>The approval of the relevant Portfolio Holder is required prior to WCC submitting a joint Expression of Interest, led by Coventry City Council, to the DfT's All Electric Bus Town initiative.</p>

This decision is being considered under the Council's urgency procedure as the deadline set by the DfT for bids in 4 June 2020.

1.0 Background information

This report covers the submission of an Expression of Interest (EOI) to the DfT by 4 June 2020 to support the introduction of an All Electric Bus Town and to seek the Portfolio Holder for Transport and Planning's approval to the joint submission, led by Coventry City Council.

The report summarises the investigative work that has been undertaken to establish the likely costs, impacts and risks of introducing the All Electric Bus Town initiative in two of Warwickshire's towns – Nuneaton and Leamington Spa. In addition, the report outlines the potential for WCC to support the EOI being progressed by Coventry City Council for a Coventry pilot scheme including cross-boundary services within Warwickshire.

Overview of the DfT Initiative:

- The DfT invited local authorities to submit Expressions of Interest by 4 June 2020 regarding a £50 million All Electric Bus Town Initiative. The DfT anticipate the initiative could help deliver one or more all-electric bus towns or cities in England;
- The DfT will contribute up to 75% of the cost difference between a zero emission bus and a standard conventional diesel bus as well as up to 75% of the capital expenditure incurred for electric charging infrastructure;
- To be eligible, local authorities will need to demonstrate that the pilot area has a recognised air quality problem exceeding statutory limits;
- There is an expectation that local authorities will provide complementary measures to boost modal shift to an all-electric bus fleet. This could include measures such as bus priority, reduced parking capacity in town centres and fare capping;
- All bus companies operating routes in the designated area must sign up the proposal for a minimum 5-year commitment.

Suitability of towns within Warwickshire for the pilot scheme:

- Early feasibility work, including conversations with the main bus operators, identified the bus networks in the towns of Nuneaton and Leamington Spa as being most suitable to the DfT initiative. Both towns have a recognised air quality problem that exceeds statutory limits.
- Further work has been carried out to identify the likely costs, benefits and risks associated with introducing an all-electric bus fleet in the two towns. This is summarised in the table below.

All Electric Bus Town initiative	Nuneaton	Leamington Spa
Indicative Cost Estimates		
Total Cost	£51m	£49m
- DfT contribution	£16m	£15m
- Local contribution	£35m	£34m
Air Quality Benefits	Yes – on one radial route	Minimal
Key Risks	Bus operators may be unwilling to contribute to investment towards the proposals	
	Uncertainty on whether Bus Operators will sign up to Lease arrangements	
	Uncertainty over the fleet replacement arrangements after the lifespan expiry of the Electric Buses	
	Significant capital investment in Electric Buses made by WCC yet other separate measures would still be required to tackle the ongoing air quality issues that exist in the Leamington AQMA	

Summary of findings:

- The estimated cost of schemes for Nuneaton and Leamington are within the government's threshold for funding. However, a substantial local contribution is required, estimated at £35m and £34 million for Nuneaton and Leamington respectively.
- The bus operators have indicated they are unable to make a financial contribution to the bid in the current economic climate. Other sources of funding will therefore have to be found.
- Whilst the initiative would help deliver carbon reductions, analysis has shown a mixed picture in terms of air quality benefits. In Nuneaton, provision of electric buses for the town shows a reduction in NO₂ to within legal limits on one radial corridor. However, it is unclear whether the DfT would support the expense of a town wide bid (100+ buses) to support air quality improvements on a single corridor. In Leamington, the conversion to an all electric bus fleet is not sufficient to bring NO₂ levels within legal limits. This is due to the NO₂ exceedance being predominantly linked to emissions from the high volume of cars rather than emissions from the bus fleet

- For the above reasons we do not recommend that an EOI submission for a pilot scheme in Nuneaton or Leamington Spa is progressed.

Coventry City Council led EOI with cross-boundary bus services into Warwickshire

An alternative approach is for WCC to support the EOI being developed by Coventry City Council (CCC). The CCC EOI includes an all electric bus fleet within Coventry, including electric buses on cross-boundary services that route into the five Districts and Boroughs within Warwickshire. WCC could support this bid by contributing towards the costs of charging infrastructure and bus priority measures within Warwickshire to support these cross-boundary services.

Initial conversations with Coventry City Council officers indicate they are supportive of this approach and feel the collaborative approach strengthens the bid.

The advantages to WCC of this approach are as follows:

- It significantly reduces the likely financial contribution from WCC towards the initiative. High level estimates suggest the contribution from WCC towards EV charging infrastructure and bus priority measures within Warwickshire would be between £5-10 million;
- The geographical coverage of the scheme would be widened, with electric buses on cross-boundary routes travelling into all five Districts and Boroughs within Warwickshire;
- The provision of charging infrastructure within Warwickshire may help to encourage operators to invest in electric buses in the area in the future;
- The type of charging infrastructure for the cross-boundary services would predominantly be on street or at bus stations. This could provide the opportunity for other vehicles (e.g. electric refuse vehicles) to utilise the charging points when the bus services are not running e.g. overnight;
- The DfT funding allows for upgrades necessary to the grid to cater for increased energy demand. These upgrades could support uptake of other low carbon vehicle types.

The risks of this approach are minimal whilst bringing about several benefits, as set out above.

2.0 Financial implications and Key Risks

The financial implications of supporting the recommended approach are as follows:

- A potential funding contribution to CCC towards updating their EOI in time

for the 4 June 2020 deadline, which would be pooled from the Transport Development Fund 2020-21 revenue budget;

- A potential funding contribution to CCC towards Phase 2 work, i.e. development and submission of an Outline Business Case in the event of the joint EOI being selected for progression by the DfT, which will require a further allocation from the Transport Development Fund 2020-21; and
- If the DfT issues a funding contribution to CCC to implement the joint All Electric Bus Town initiative, this could necessitate a call on WCC capital resources to enable delivery of the WCC Partnership Contribution and also a call on a WCC revenue budget to cover annual maintenance costs, i.e. on-street opportunity charging points and bus priority measures. This would be the subject of a further detailed business case as and when required.

All Electric Bus Town - Key Risks for WCC			
No	Risk	Impact	Mitigation
1	Capital funding commitment required by WCC exceeds budget limitation	<p>Potential loss of DfT grant contribution.</p> <p>Aborted project costs met by WCC.</p> <p>Reputational damage and potential legal implications.</p>	<ul style="list-style-type: none"> • A joint bid with CCC enables a reduction in WCC costs and exposure to risks; • Phase 2 - Business Case Development should drive forward further cost certainty; and • Specialist organisations involved in Electric Vehicle provision and infrastructure are already involved in developing the proposals and cost projections, which would continue into Phase 2; and • Investigate feasibility of additional funding streams, e.g. contributions from Borough / District Councils, CWLEP and/or Developers.
2	Uncertainty on whether Bus Operators will sign up to Lease arrangements.	<p>Some buses not suitable to convert to all electric.</p> <p>Potential loss of DfT grant contribution.</p> <p>Aborted project costs met by WCC.</p>	<ul style="list-style-type: none"> • Ensure bus operators sign up to a legal commitment before submitting Phase 2 – Business Case to DfT; and •

3	Uncertainty over deliverability in terms of available capacity on electrical distribution network	Potential loss of DfT grant contribution. Aborted project costs met by WCC.	<ul style="list-style-type: none"> Progress liaison with Western Power Distribution (WPD) during development of proposals; and Obtain letters of support from WPD to include in EOI and the Outline Business Case.
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3.0 Environmental implications

Supporting the introduction of electric buses in the County will help towards WCC's ambition to reduce its carbon footprint. The initiative will:

- Act as a pilot to understand what can be achieved when there is a commitment to convert buses to electric zero-emission;
- Understand the impact this can have on improving air quality and greenhouse gases; and
- Facilitate bus operators to invest in electric buses for their operations in the future by providing the necessary charging infrastructure.

4.0 Timescales Associated with the Decision and Next Steps

This decision is made on 26 May 2020.

The deadline for expressions of interest as set by the DfT is 4 June 2020

Report Author	Margaret Smith
Assistant Director	David Ayton-Hill
Lead Director	Mark Ryder
Lead Member	Councillor Jeff Clarke

Urgent matter?	Yes
Confidential or exempt?	No
Is the decision contrary to the budget and policy framework?	No

List of background papers

None

Members and officers consulted and informed

Portfolio Holder – Councillor Jeff Clarke

Corporate Board – Yes 20 May 2020

Legal – Ian Marriott/Jane Pollard

Finance – Virginia Rennie/Andy Felton

Equality – No

Democratic Services – Paul Williams

Councillors –

Councillor Alan Cockburn (For consent to urgency)

Opposition Leaders

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