

Portfolio Holder Decision

Capital Funding from External Sources towards Improving Bus Infrastructure

Portfolio Holder	Deputy Leader (Finance and Property)
Date of decision	8 December 2023
	Signed

1. Decision taken

- 1.1 That the Deputy Leader (Finance and Property) gives approval to the addition of one Developer-funded Highway scheme to the capital programme in respect to bus stop enhancement works on Spinney Hill opposite Montague Road in Warwick, at an approximate cost of £32.5k.

- 1.2 That the Deputy Leader (Finance and Property) gives approval for County Council officers to submit a Warwickshire bid to Round 2 of the Zero Emission Bus Regional Areas (ZEBRA) fund managed by the Department for Transport (DfT), which aims to secure an external funding contribution towards the cost of providing all-electric specification buses and supporting infrastructure on designated bus routes in Warwickshire in partnership with Stagecoach Midlands.

2. Reasons for decisions

Addition of One Developer-Funded Scheme to the Capital Programme:

- 2.1 Pursuant to the constitution the Portfolio Holder for Finance and Property has delegated power to approve the addition to the Capital Programme of schemes costing less than £2.0million – which are funded from external grants, developer contributions or from revenue.

- 2.2 The scheme referred to in this report is within the delegation to the Portfolio Holder for Finance and Property. The scheme is fully funded by way of a Section 106 developer contribution discharged to the County Council and is not dependent on any funding from County Council resources.

Warwickshire Bid to Round 2 of the ZEBRA Fund:

- 2.3 External funding towards improving bus infrastructure can be obtained from several sources including Government Departments and public sector bodies through a bid competition process. Approval is required from a relevant Portfolio Holder for County Council officers to submit a bid application for external funding.

3. Background information

Addition of One Developer-Funded Scheme to the Capital Programme:

- 3.1 A planning application was submitted to Warwick District Council relating to Warwickshire County Council's County Store Depot and Former Ridgeway School on Montague Road in Warwick. Planning permission was granted on 17 March 2021 (Planning Ref No. W/20/0760) and this required the Developer to implement bus stop enhancement works to include minor pavement alteration works and the installation and maintenance of a bus shelter. The bus stop to be subject to the enhancement is sited on Spinney Hill opposite Montague Road, which is the nearest to the site.
- 3.2 County Council officers will liaise with the relevant County Councillor prior to commencing the design stage for the Section 106 developer-funded bus stop enhancement works, including receiving a steer on any necessary engagement to be undertaken, e.g., informing residents in properties adjacent to the bus stop in advance of construction.

Warwickshire Bid to Round 2 of the ZEBRA Fund:

- 3.3 In March 2021, the Government published 'Bus Back Better' its national bus strategy for England (except London), which set out a transformational vision for the future of buses across the country, including transition towards a fully zero emission bus fleet and reaffirming the Government's commitment to support 4,000 zero emission buses. Since then, an estimated 4,200 zero emission buses have been funded across the UK including approximately 1,300 from the Round 1 ZEBRA scheme launched in 2021.
- 3.4 The Warwickshire Bus Service Improvement Plan aims to meet the bus patronage growth and increased bus modal share aspirations set in the National Bus Strategy, including transforming the bus fleet in Warwickshire. The DfT launched Round 2 of the ZEBRA fund in September 2023, which will provide £129million to support the introduction of zero emission buses in 2023-24 and 2024-25. This is a single-stage funding competition to award monies over both financial years. The DfT are seeking to help Local Transport Authorities (LTAs) and bus operators that have little to no experience with zero emission buses benefit from the funding, and therefore, LTAs that did not receive Round 1 ZEBRA funding will be prioritised.
- 3.5 In line with the principles set out in the National Bus Strategy, to be eligible for funding from Round 2 ZEBRA funding, LTAs must have made an Enhanced Partnership (EP) with bus operators. Accordingly, County Council officers engaged with the Warwickshire EP for expressions of the interest regarding working with the County Council in developing a Round 2 ZEBRA bid application. Subsequently, Stagecoach Midlands were the only bus operator to pursue the matter and following discussions with County Council officers, it was provisionally agreed that the proposed Warwickshire bid application focus on seeking a funding contribution towards securing provision of all-electric specification buses on the bus services outlined in Table 1 of this report below:

Table 1: Provisional List of Bus Services to Feature in the Proposed Round 2 – ZEBRA Bid (Warwickshire)		
Service	Route Description	Basis of Operation
Warwickshire County Council Element:		
Stratford Park and Ride	Bishopton Park and Ride - Stratford-upon-Avon Railway Station - Stratford-upon-Avon Town Centre	Subsidised under Contract to the County Council
Forthcoming Leamington and Warwick Park and Ride	The Former Asps Site – Warwick Town Centre The Former Asps Site – Leamington Town Centre - The Former Asps Site - Lighthorne Heath - Wellesbourne - Stratford-upon-Avon	To be Subsidised under Contract to the County Council from 2025-26
Stagecoach Midlands Element:		
4	Brownsover - Elliotts Field Retail Park - Rugby Rail Station - Rugby Town Centre - Bilton - Admirals Estate - Cawston Grange	Commercial (Mon – Sat)
5/5A	Nuneaton Town Centre - Chapel End - Camp Hill - Nuneaton Town Centre	
9	Nuneaton Town Centre – Stockingford – Nuneaton Town Centre	Sunday and Bank Holiday Service Subsidised under Contract to the County Council
10	Nuneaton Town Centre – Stockingford – Grove Farm	
48A	Nuneaton - Hartshill - Mancetter - Atherstone (extending to Grendon - Dordon - Polesworth - Tamworth on Sundays and Bank Holidays only)	

- 3.5 County Council officers put forward the Park and Ride schemes for inclusion in the proposed Round 2 ZEBRA fund bid as they deliver a prominent level of modal shift from private car onto public transport, which contributes towards reducing congestion and pollution in town centres.
- 3.6 Stagecoach Midlands are minded that proposed all-electric bus provision and supporting infrastructure on their designated commercial services would build on the Coventry All-Electric Bus City Scheme, e.g., ensure that part of the North Warwickshire Borough area is served by all-electric buses via Service 48A, in acknowledgement that the original Service 48 route (Coventry – Bedworth - Nuneaton – Hartshill – Mancetter - Atherstone) now terminates in Nuneaton. Consequently, passengers travelling from North Warwickshire now need to change buses in Nuneaton for onward journeys to Coventry and vice-versa.
- 3.7 A key requirement stipulated by the DfT is that bids for a financial contribution towards the provision of all-electric buses demonstrate value for money (VfM), as measured through use of the DfT’s Greener Bus Tool, which is a Microsoft Excel spreadsheet-based appraisal toolkit to inform the value for money assessment of zero emission bus. All-electric bus provision proposals assessed to be poor VfM will not receive funding.

- 3.8 Round 2 ZEBRA funding bids must demonstrate capital match funding for both the electric buses and the charging infrastructure. The deadline for the submission of bid applications to the DfT is 1600 on Friday 15 December 2023.
- 3.9 The Cabinet Portfolio Holder for Transport and Planning is supportive of the proposed ZEBRA bid application.

4. Financial implications

Addition of One Developer-Funded Scheme to the Capital Programme:

- 4.1 Implementation of the bus stop enhancement works will be fully funded by the Section 106 developer contribution discharged to the County Council, which has been received. The addition of the scheme to the Capital Programme will not affect the overall capital resources available to the County Council.

Warwickshire Bid to Round 2 of the ZEBRA Fund:

- 4.2 ZEBRA is based on capital funding only and bids must contain an element of match funding outlined in Table 2 of this report below:

Table 2: Proposed Round 2 ZEBRA Bid for Warwickshire - Match Funding Requirements (Battery Powered All-Electric Specification Buses)		
Component	DfT Contribution	Match Funding
Vehicles	Up to 75% of the Cost Difference between a Zero-Emission (All-Electric) Bus and a Standard Conventional Diesel-Engine Equivalent of the same Total Passenger Capacity	Projected to be a Minimum 80% of the Total Procurement Cost for the Fleet of Zero-Emission (All-Electric) Buses Subject of the Bid: 100% of replacement diesel vehicle + 25% of the difference for the same Zero Emission Bus Equivalent
Supporting Infrastructure	75% of the Capital Expenditure Incurred through Purchase and Installation, e.g., Charging Units, Electricity Grid Connection and Civil Engineering Works	25% of the total Supporting Infrastructure Costs Classified as Capital
Contingency Costs	50% of Total Contingency Costs (Capital) for Vehicles and Supporting Infrastructure	50% of Total Contingency Costs (Capital) for Vehicles and Supporting Infrastructure
Revenue Costs	N/A	100% of any Costs associated with the Procurement of Vehicles and Supporting

		Infrastructure, which are Classified as Revenue, e.g., Bus Subsidy and Site Management Costs (Park and Ride) and Marketing.
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Financial Matters relating to the Warwickshire County Council Element of the Proposed Round 2 ZEBRA Fund Bid:

- 4.3 In acknowledgement of the current budget pressures faced by the County Council, officers have made it clear to potential bid partners that the County Council will not be able to provide a capital and revenue match funding contribution over and above existing budgets, i.e., secured Section 106 developer-funding towards provision of a bus service serving the forthcoming Leamington and Warwick Park and Ride site and the existing Bus Services Revenue Support budget. County Council officers accept that this may not be viewed favourably by potential bid partners.
- 4.4 It is understood that construction of the Warwick and Leamington Park and Ride site by a Developer will not be completed until 2025-26. Our potential bid submission to the Round 2 ZEBRA fund would inform the DfT of this timescale and request approval for spend of monies for the Park and Ride service to be delayed until 2025-26 accompanied by written evidence that bus operators intend to submit tenders to run the service.
- 4.5 County Council officers are in discussions with counterparts at Warwick District Council who have provided a strong indication that their organisation would be interested in supporting the County Council in submitting a Round 2 ZEBRA fund bid with focus on the Warwick and Leamington Park and Ride component, including providing a match funding contribution through available Section 106 developer-funding for measures aimed at improving air quality.
- 4.6 In consideration of traffic congestion on A3400 Birmingham Road and on roads entering Stratford-on-Avon from the south in addition to the former developer-funded Park and Ride operation to the south of the town ceasing operation, the Leader of Stratford-on-Avon District Council has contacted WCC officers to request for the fleet of diesel-engine buses operating the Stratford Park Ride be upgraded to all-electric, including extending the route to provide crosstown journeys, and thus, also carrying people into the town centre from the south of the town.
- 4.7 County Council officers will approach Stratford-on-Avon District Council officers for a discussion on whether their organisation would consider providing a match funding contribution in respect to all-electric bus provision on the Stratford Park and Ride, including extending the route to the southern part of the town.
- 4.8 It is proposed that the potential ZEBRA investment towards the two Park and Ride schemes operated under contract to the County Council form the basis of Warwickshire Park and Ride Quality Bus Initiative (QBI) Scheme, i.e., improving the quality of vehicles operating a tendered bus service with the aim of generating a sufficient level of additional patronage and revenue for it to become viable for the

services to be operated on a commercial basis in future years, and thus, reduce a financial pressure borne on the County Council.

Financial Matters relating to the Stagecoach Midlands Element of the Proposed Round 2 ZEBRA Fund Bid:

- 4.9 In most cases, the DfT expect bus operators to cover the full remaining cost of the project not covered by the ZEBRA 2 funding, if they will own the assets, considering the lower running costs that can be associated with zero emission buses compared to diesel engine buses.
- 4.10 For the proposed Warwickshire project, a substantial proportion of the match funding contribution would need to be provided by the bus operator to cover the cost of enhancing a further proportion of their fleet to all-electric, over and above the number being provided for use on their cross-boundary commercial services through the Coventry All Electric Bus City Scheme in 2024-25. The potential match funding contributions from Local Authorities will only be directed at the two subsidised Park and Ride services operated under contract to the County Council.
- 4.11 Stagecoach Midlands held discussions with Stagecoach Group regarding the extent of a potential Warwickshire bid to the Round 2 ZEBRA fund including procurement options such as outright vehicle purchase or a leasing arrangement. From a corporate perspective, a potential Warwickshire bid will be considered in the context of competing ZEBRA-based requests from other Stagecoach bus subsidiaries across England.
- 4.12 Stagecoach Midlands have confirmed that they have been given approval to proceed with the bid.

5. Environmental implications

Addition of One Developer-Funded Scheme to the Capital Programme:

- 5.1 The National Planning Policy Framework promotes connectivity and integration between new development and sustainable transport. The Section 106 developer contribution will fund improvements to the waiting environment at a key bus stop in Warwick. This will enhance the attractiveness of travelling by public transport for residents and contribute towards reducing the number of car trips on the local highway network, which will help improve the environment in accordance with the aspirations set out in the Warwickshire Bus Service Improvement Plan.

Warwickshire Bid to Round 2 of the ZEBRA Fund:

- 5.2 Buses have a fundamental role to play in helping the UK meeting its decarbonisation goals. In alignment with the Government consulting with the bus industry on setting an end date for the sale of non-zero emission buses, launch of the Round 2 ZEBRA fund will ensure that LTAs and bus operators take the first step towards decarbonising buses which would support the Government's long-term goal to decarbonise the entire bus fleet.

- 5.3 The potential provision of further all-electric buses in Warwickshire would add value to the work of the County Council in terms of helping to achieve elements of the seven areas of focus in the Warwickshire County Council Council Plan 2022-27, e.g., deliver improved transport options, tackle climate change and deliver on our commitment to Net Zero upon Full Council declaring a climate change emergency in July 2021, which would have a positive impact on the lives of residents and people visiting Warwickshire.
- 5.4 Investing in bus infrastructure such as cleaner zero emission buses generate wider societal benefits such as improving the environment (by reducing pollution and carbon emissions) and promoting a sustainable alternative to car dependence, hence, contribute towards reducing congestion on the local highway network in line with the aspirations in the County Council's Sustainable Futures Strategy.

Report Author	Nigel Whyte nigelwhyte@warwickshire.gov.uk
Director	David Ayton-Hill Director of Economy & Place
Executive Director	Mark Ryder Executive Director for Communities
Portfolio Holder	Cllr Jan Matecki Portfolio Holder for Transport and Planning

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

List of background papers

NONE

Members and officers consulted and informed

Portfolio Holder – Councillor Peter Butlin
Councillor Jan Matecki
Councillor Heather Timms
Corporate Board – Mark Ryder and Rob Powell

Legal – Sarah Duxbury and Nichola Vine

Finance – Andrew Felton, Virginia Rennie and Caroline Jones

Equality – Delroy Madden

Democratic Services – Paul Williams and Deborah Moseley

Councillors –

Local Member(s):

Addition of One Developer-Funded Scheme to the Capital Programme:

Cllr Jackie D'Arcy (Warwick North)

Warwickshire Bid to Round 2 of the ZEBRA Fund:

Cllr Peter Butlin (Admirals & Cawston)
Cllr Mejar Singh (Atherstone)
Cllr Andrew Wright (Baddesley & Dordon)
Cllr Sarah Feeney (Benn)
Cllr Kam Kaur (Bilton & Hillside)
Cllr Jill Simpson-Vince (Brownsover & Coton Park)
Cllr Jan Matecki (Budbrooke & Bishop's Tachbrook)
Cllr Brett Beetham (Camp Hill)
Cllr Christopher Kettle (Feldon)
Cllr Mandy Tromans (Galley Common)
Cllr Margaret Bell (Hartshill & Mancetter)
Cllr Chris Mills (Kineton & Red Horse)
Cllr Jonathan Chilvers (Leamington Brunswick)
Cllr Sarah Millar (Leamington Clarendon)
Cllr Bill Gifford (Leamington Milverton)
Cllr Barbara Brown (New Bilton & Overslade)
Cllr Caroline Phillips (Nuneaton Abbey)
Cllr Marian Humphreys (Polesworth)
Cllr Jack Kennaugh (Stockingford)
Cllr Tim Sinclair (Stratford North)
Cllr Kate Rolfe (Stratford South)
Cllr Jenny Fradgley (Stratford West)
Cllr Parminder Singh-Birdi (Warwick South)
Cllr John Holland (Warwick West)
Cllr Penny-Anne O'Donnell (Wellesbourne)