

Cabinet

5 September 2024

Warwickshire ZEBRA2 Scheme

Recommendation

That Cabinet

1. Recommends to Council the addition to the Capital Programme of £13.864million to be funded from the confirmed Department for Transport (DfT) grant funding, Stagecoach Midlands and Section106 developer contributions in respect of the Warwickshire Zero Emission Bus Regional Areas (ZEBRA)2 Scheme
2. Authorises the Executive Director for Communities, subject to Council's approval of the addition to the Capital Programme, to conclude all agreements that he considers necessary to implement the scheme on terms and conditions acceptable to the Executive Director for Resources

1. Executive Summary

- 1.1 At the decision-making meeting on 8 December 2023, the Deputy Leader (Finance and Property) approved the submission by the Council of a Warwickshire bid to Round 2 of the ZEBRA fund managed by the DfT. The purpose of the bid was to support the provision of all-electric buses on designated routes across Warwickshire operated on a commercial basis by Stagecoach Midlands, in addition to the provision of supporting charging infrastructure to be stationed at their depots in Leamington and Nuneaton.
- 1.2 In March 2024, the DfT confirmed that the Warwickshire bid application to the ZEBRA2 programme had been approved with the sum of £4.577million to be awarded to the County Council contributing towards the projected £13.864million cost of providing twenty-seven all-electric buses and supporting at-depot charging infrastructure.
- 1.3 The bus routes that will be enhanced with an all-electric fleet through the Warwickshire ZEBRA2 Scheme are outlined in the table below:

Commercial Bus Services Operated by Stagecoach Midlands to be Enhanced through the Warwickshire ZEBRA2 Bid Scheme	
Service No.	Route Description
1	Warwick Town Centre - Woodloes Park -, Spinney Hill - Leamington Town Centre – Whitnash - South Farm

4	Brownsover - Elliotts Field Retail Park - Rugby Rail Station - Rugby Town Centre - Bilton - Admirals Estate - Cawston Grange
5/5A	Nuneaton Town Centre - Chapel End - Camp Hill - Nuneaton Town Centre
9	Nuneaton Town Centre – Stockingford – Nuneaton Town Centre
10	Nuneaton Town Centre – Stockingford – Grove Farm
48A	Nuneaton - Hartshill - Mancetter - Atherstone (extending to Grendon - Dordon - Polesworth - Tamworth on Sundays and Bank Holidays only)

- 1.4 The DfT has stipulated a deadline of the end of March 2026 for scheme completion. Stagecoach Midlands will be responsible for procuring the vehicles and arranging undertaking of necessary charging infrastructure works by the Distribution Network Operator.

2. Financial Implications

- 2.1 The Warwickshire ZEBRA2 Scheme is being funded entirely by external partners (i.e., Stagecoach Midlands, Department for Transport and Warwick District Council), and thus, delivery will not involve any financial commitment being borne by the County Council. Therefore, any additional costs borne by the scheme over and above the secured £13.864million scheme budget will need to be met by Stagecoach Midlands (as the lead partner).
- 2.2 Stagecoach Midlands (courtesy of Stagecoach Group) are providing a substantial proportion of the match funding contribution enabling delivery of the scheme, as outlined in the table below:

Warwickshire ZEBRA2 Scheme		
Funding Source	Contribution	Percentage of Scheme Budget
Stagecoach Midlands	£8.987million	64.8%
DfT ZEBRA2 Capital Programme sum awarded to Warwickshire County Council	£4.577million	33.0%
Section 106 Developer Contribution monies held by Warwick District Council	£0.300million	2.2%
Total	£13.864million	100.00%

- 2.3 The purpose of the £0.300million Section 106 developer contribution sum is towards air quality improvements in the Warwick District Area relevant to the location of the designated development site in Leamington, with the monies held by Warwick District Council. This funding will be solely directed towards the cost of providing all-electric buses on Service 1 serving Warwick, Leamington and Whitnash.

2.3 The bid application sought a total sum of £4.589million from the ZEBRA2 programme. However, the DfT took a decision not to fund non-contestable Distribution Network Operator costs to a sum of £0.012million, and thus, capped the award sum at £4.577million. Stagecoach Midlands have agreed to fully fund the £0.012million sum.

2.4 A table detailing the capital funding contributions covering the projected cost of the scheme is provided below:

Warwickshire ZEBRA2 Scheme – Capital Funding Contribution Breakdown			
Funding Source	Scheme Component		
	All-Electric Buses	Charging Infrastructure	Total Contribution
Stagecoach Midlands	£7,726,792	£1,247,794	£8,974,586
DfT ZEBRA2 Capital Grant Contribution awarded to WCC	£3,087,905	£1,489,364	£4,577,269
Section 106 Developer Contribution Monies held by WDC	£300,000	£0	£300,000
Additional Infrastructure Costs to be met by Stagecoach Midlands	£0	£12,302	£12,302
Total Funding	£11,114,697	£2,749,460	£13,864,157
Percentage of Total Funding	80.17%	19.83%	100.00%

2.6 Through use of the DfT's Greener Bus Tool scheme appraisal spreadsheet model, the scheme has been calculated to have a Benefit Cost Ratio of 1.45 which is categorised as providing 'Medium' level value for money.

2.7 The DfT will discharge the £4.577million funding contribution to the County Council in two payments with the sum of £3.359million received in March 2024 (being temporarily held in a corporate cost centre ready for transfer once approval is given by Full Council), and a second payment of £1.218million to be made later in 2024-25 upon the County Council providing evidence that the all-electric buses have been ordered.

2.8 The Warwickshire ZEBRA2 Scheme builds upon the first tranche of all-electric buses deployed on the Warwickshire bus network through the Coventry All-Electric Bus City Scheme, which the DfT is contributing a separate sum of £49.900million awarded to the West Midlands Combined Authority, and the County Council contributing the sum of £1.336million from the WCC Capital Investment Fund towards the cost of supporting charging infrastructure within Warwickshire. This scheme includes provision of sixty-four all-electric buses (consisting of thirty-three single-deck buses and thirty-one double decker buses) on cross-boundary services running into Warwickshire operated on a commercial basis by Stagecoach Midlands, in addition to supporting charging infrastructure at their depots in Leamington and Nuneaton. The commercial

bus routes operated by Stagecoach Midlands that will be enhanced with an all-electric fleet through the Coventry All-Electric Bus City Scheme are presented in the table below:

Commercial Bus Services Operated by Stagecoach Midlands to be Enhanced through the Coventry All-Electric Bus City Scheme	
Service No.	Route Description
56/56B	Nuneaton – Attleborough - Whitestone, Bulkington – Bedworth - Cross Key - Ash Green - Coventry
86	Coventry - Binley - Binley Woods -Brandon – Wolston – Bretford - Church Lawford - Lawford Green - Long Lawford - Rugby
148	Coventry – Bedworth – Nuneaton – Hinckley - Leicester
X17	Warwick - Warwick Hospital - Warwick Railway Station - Leamington Rail Station - Leamington Spa – Kenilworth - Coventry
X18	Coventry - Leamington Spa - Leamington Rail Station - Warwick - Stratford
Unibus	Heathcote Hospital - Warwick Gates - Leamington Spa - University of Warwick

The Stagecoach Midlands element of the Coventry All-Electric Bus City Scheme is expected to be implemented by December 2024.

- 2.9 Following advice obtained from WCC Legal Services, officers are satisfied that the proposed Warwickshire ZEBRA2 subsidy to Stagecoach Midlands is compliant with the Subsidy Control Act 2022. The Council is taking all necessary actions required in relation to the subsidy control regime. Thus, the County Council can progress the transfer of the ZEBRA2 capital funding grant to Stagecoach Midlands subject to the necessary agreements being in place.
- 2.10 Two funding agreements will need to be in place to implement the scheme. The first is a grant funding agreement between the Council and Stagecoach Midlands to secure the Stagecoach Midlands funding, commit Stagecoach Midlands to delivery of the scheme and to protect the County Council in the event of budget overspend by stipulating that responsibility for covering any cost overrun is borne on Stagecoach Midlands. The second is a funding agreement between the County Council and Warwick District Council to secure the Section 106 developer contribution towards the scheme. These agreements will enable the County Council to transfer the ZEBRA2 funding to Stagecoach Midlands and receive the Section 106 developer contribution from the District Council for transferring onto Stagecoach Midlands.

3. Environmental Implications

- 3.1 Buses have a fundamental role to play in helping the UK meet its decarbonisation goals. Aligning with the Government consulting with the bus industry on setting an end date for the sale of non-zero emission buses, the

Warwickshire ZEBRA2 Scheme will support the Stagecoach Midlands and the Council to take steps towards decarbonising buses on the Warwickshire network. According to the DfT's Greener Bus Tool scheme appraisal spreadsheet model, the key environmental (air quality) impacts of twenty-seven all-electric buses compared to an equivalent number of diesel engine buses are listed as follows:

- CO₂e (Carbon Dioxide or Equivalent) emissions: 31,253 tonnes saved over a 16-year period (2026-2042);
- NO_x (Nitric Oxide and Nitrogen Dioxide) emissions: 13 tonnes saved over a 16-year period (2026-2042); and
- PM_{2.5} (Minor Particulate Matter) emissions: 326kg saved over a 16-year period (2026-2042).

- 3.2 The provision of further zero emission buses across Warwickshire over and above the number being provided through the Coventry All Electric Bus City Scheme will also support the County Council in achieving its Net Zero objectives, due to societal and environmental benefits, e.g., onboard audio and visual announcements, improved air quality and reduced carbon emissions.
- 3.3 The scheme will also add value to the work of the Council in terms of helping to achieve elements of the seven areas of focus in the WCC Council Plan 2022-27 and achieving aspirations in the County Council's Sustainable Futures Strategy, in terms of delivering improved transport options, tackling climate change, promoting a sustainable alternative to car dependence and reducing congestion on the local highway network by encouraging modal shift.
- 3.4 From a review of the DfT's Greener Bus Tool scheme appraisal spreadsheet model, it is projected that the provision of twenty-seven all-electric buses will contribute towards the County Council achieving its Warwickshire Carbon Net Zero 2050 target set in the WCC Sustainable Futures Strategy by providing the following projected benefits (based on an extended life expectancy of an all-electric bus from 17 to 25 years):
- CO₂e (Carbon Dioxide or Equivalent) emissions: 47,496 tonnes saved over a 24-year period (2026-2050);
 - NO_x (Nitric Oxide and Nitrogen Dioxide) emissions: 19 tonnes saved over a 24-year period (2026-2050); and
 - PM_{2.5} (Minor Particulate Matter) emissions: 480kg saved over a 24-year period (2026-2050).

4. Supporting Information

- 4.1 WCC officers were made aware of the Section 106 developer contribution monies towards air quality improvements collected by Warwick District Council (WDC) through liaison with WDC officers on matters relating to new developments and managing the impact on the local highway network. There were no similar opportunities identified in relation to the Stratford-on-Avon area.

- 4.2 Stagecoach Midlands were willing to fully provide the match-funding required to transform their respective commercial bus services running in the Nuneaton and Bedworth Borough, Rugby Borough and North Warwickshire Borough areas, and thus, these local authorities were not invited to contribute funding towards the Warwickshire ZEBRA2 Scheme.
- 4.3 From a governance perspective, a Project Board for the Warwickshire ZEBRA2 Scheme has been established and held its first meeting in April 2024. In addition, monthly progress meetings involving the DfT's Zero Emission Bus and Coach Delivery Team, Stagecoach Midlands, WCC and WDC officers have also been initiated.

5. Timescales associated with the decision and next steps

- 5.1 At their own financial risk, Stagecoach Midlands placed an order for the all-electric buses with the supplier by end of June 2024 to secure prices, supply chain and production availability. The intention is for vehicles to be put into service by the end of March 2025 which would be 12 months ahead of the March 2026 scheme completion deadline set by the DfT. Stagecoach Midlands are also engaging with the Distribution Network Operator to confirm the additional charging requirements for the depots at Leamington and Nuneaton over and above the infrastructure being provided through the Coventry All-Electric Bus City Scheme and arrange implementation of works.
- 5.2 Following Cabinet approval of the recommendation in this report, the key milestones will be as follows:
- A report is brought to the Full Council meeting on 24 September 2024 seeking approval to the addition of the Warwickshire ZEBRA2 Scheme to the Capital Programme;
 - The grant funding agreements with Stagecoach Midlands and Warwick District Council are executed after the Cabinet and Full Council decisions in September 2024; and
 - The County Council commences the process of transferring received ZEBRA2 programme monies and Section 106 developer contributions funding to Stagecoach Midlands from October 2024.

Appendices

None.

Background Papers

None.

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The report was circulated to the following members prior to publication:

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 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)
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