

County Council

24 September 2024

Warwickshire ZEBRA2 Scheme

Recommendation

That Council approves the addition to the Capital Programme of £13.864million to be funded from the confirmed Department for Transport (DfT) grant funding, Stagecoach Midlands and Section 106 developer contributions in respect of the Warwickshire Zero Emission Bus Regional Areas (ZEBRA)2 Scheme.

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 Warwick, Nuneaton and Rugby.
- 1.2 In March 2024, the DfT confirmed that the Warwickshire bid application to the ZEBRA2 programme had been successful - with a capital grant of £4.577million being awarded to the County Council to contribute towards the projected £13.864million total cost of providing twenty-seven all-electric buses and supporting at-depot charging infrastructure (the Scheme).
- 1.3 At its meeting on 5th September 2024, Cabinet considered the Scheme, recommended to Council the addition to the Capital Programme of the necessary funding and authorised the Executive Director for Communities to enter into all related agreements. This report therefore seeks Council's approval to add £13.864million to the Capital Programme to fund the Scheme.
- 1.4 The bus routes that will be provided with an all-electric fleet through the Warwickshire ZEBRA2 Scheme are presented 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)
67A/67B/67C	Cubbington - Lillington - Stud Farm - Leamington Town Centre - Sydenham

1.5 The DfT has set the scheme completion for end of March 2026. Stagecoach Midlands will be responsible for procuring the vehicles and arranging for necessary charging infrastructure works by the Distribution Network Operator and charging infrastructure supplier to be conducted.

2. Financial Implications

2.1 The Warwickshire ZEBRA2 Scheme is funded entirely by external partners (i.e., Stagecoach Midlands, Department for Transport and Warwick District Council), and therefore, delivery will not involve any financial commitment borne upon the County Council. Any additional scheme costs over and above the secured £13.864million 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. This funding is held by Warwick District Council and will be solely directed towards the cost of

providing all-electric buses on Service 1 serving Warwick, Leamington and Whitnash.

2.4 The bid application sought a total sum of £4.589million from the ZEBRA2 capital 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 funding award sum at £4.577million. Stagecoach Midlands have agreed to fully fund the £0.012million sum.

2.5 The table detailing the capital funding contributions covering the projected cost of the scheme is provided below:

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 agreed to discharge the £4.577million funding contribution to the County Council in two separate payments, with the first payment sum of £3.359million received in March 2024 and a second payment of £1.218million to be discharged at the end of March 2025, in acknowledgement that County Council officers have already provided the DfT with written evidence that Stagecoach Midlands ordered the all-electric buses in June 2024.

2.8 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, and therefore, the County Council can progress the transfer of the ZEBRA2 capital funding grant to Stagecoach Midlands subject to the necessary agreements being in place.

- 2.9 Two funding agreements are required to implement the scheme. The first is a Grant Funding Agreement between the Council and Stagecoach Midlands to secure the funding contribution from Stagecoach and commit them to deliver the scheme, protect the Council in the event of budget overspend by stipulating that responsibility for covering any cost overrun rests with Stagecoach; and the bus operator will be responsible for the ownership and maintenance and ongoing costs related to the vehicles and supporting charging.
- 2.10 The second Funding Agreement will be between the County Council and Warwick District Council to oversee discharge of the Section 106 developer contribution monies. The two Funding 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. Coventry All-Electric Bus City Scheme

- 3.1 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. The DfT contributed a separate All Electric Bus Town capital grant of £49.900million to the West Midlands Combined Authority with the County Council making a partnership contribution of £1.336million from the WCC Capital Investment Fund towards the cost of charging infrastructure within Warwickshire supporting cross boundary bus services.
- 3.2 The Coventry All-Electric Bus City 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 Warwick, Nuneaton and Rugby. 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

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

4. Environmental Implications

4.1 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 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).

4.2 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.

4.3 The Warwickshire ZEBRA2 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.

4.4 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);

- NOx (Nitric Oxide and Nitrogen Dioxide) emissions: 19 tonnes saved over a 24-year period (2026-2050); and
- PM2.5 (Minor Particulate Matter) emissions: 480kg saved over a 24-year period (2026-2050).

5. Supporting Information

- 5.1 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.
- 5.2 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.
- 5.3 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.

6. Timescales associated with the decision and next steps

- 6.1 Stagecoach Midlands placed an order for the all-electric buses with the supplier by end of June 2024 at their own financial risk in order to secure prices, supply chain and production availability. It is anticipated that the new all-electric buses will be ready to enter service by the end of March 2025 which would be 12 months ahead of the March 2026 scheme completion deadline set by the DfT.
- 6.2 Stagecoach Midlands are also engaging with the Distribution Network Operator to confirm the additional charging requirements for the depots at Warwick, Nuneaton and Rugby over and above the infrastructure being provided through the Coventry All-Electric Bus City Scheme, and to arrange implementation of the works.
- 6.3 Subject to the approval of the recommendations in this report by Council, the key milestones will be as follows:
- The grant funding agreements with Stagecoach Midlands and Warwick District Council are executed in October 2024; and
 - County Council officers conduct 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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