

London Councils' Transport and Environment Committee

Go Ultra Low City Scheme (GULCS) - Phase 1 for Delivering Residential and Car Club Electric Charge Points

Item No: 07

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Summary:

This report updates TEC on the work that has been undertaken by officers in investigating the legal, constitutional and financial implications arising from the ambition for London Councils TEC to take on the strategic oversight and operational management roles for a London-wide delivery "partnership".

At this point in time there is no satisfactory resolution of these issues, so officers have developed a 'Phase 1' for the delivery of residential and car club electric charge points utilising existing structures, skills and funding.

'Phase 1' proposes that TfL set up the procurement mechanism, using a jointly (by TfL, GLA, London Councils and boroughs) drawn up specification through the existing Crown Commercial Services Framework. Interested boroughs would then be able to call down from this Framework to install electric vehicle charging infrastructure and its maintenance and management.

Recommendations: Members are asked to:

1. Note and comment on the report
2. Note and comment on the detail for Phase 1 as outlined at Appendix 1

GULCS Phase 1 for delivering residential and car club electric charge points

Overview

1. TEC received an update report on GULCS covering the residential and car club elements at its December meeting. This report highlighted the ambitions held by the delivery partners (GLA, TfL and London Councils) for establishing a London-wide delivery “partnership” for deploying, managing and maintaining both residential and car club electric vehicle charge points in London.
2. It also discussed the ambitions of the GULCS Steering Group comprising Cllrs Bell, Coleridge, Demirci as well as officers representing London Councils, GLA and TfL; for London Councils TEC to undertake both the strategic oversight and the operational management of such a delivery “partnership”. This required further assessment of the legal, constitutional and financial implications for the joint committee and London Councils.
3. This report updates TEC on the work that has been undertaken in investigating these matters and presents a way forward to start delivering electric vehicle charge points on the ground as early as possible using the GULCS funding.

Legal and Constitutional

4. London Councils legal advice is clear that in order to take on the operational management role, a variation to the TEC Agreement would be required, authorising London Councils TEC to exercise such functions. Such a variation would be “subject to consultation with the Participating Councils and the written agreement of each Participating Council”, which in our experience will take at least six months to achieve.
5. Furthermore, London Councils TEC is not a body corporate and as such not a legal entity/person which can hold capital assets or accept capital funding given for the purposes of the creation of assets. This means that London Councils TEC is unable to directly procure assets on behalf of the scheme. London Councils could, however, set up a procurement framework from which individual boroughs could call down contracts. A prerequisite for this activity is the variation of the TEC Agreement as outlined in the paragraph above.

Financial

6. London Councils requires certainty that the costs of running the delivery “partnership’s” operational management functions are covered before agreeing to undertake this role. This certainty cannot currently be provided for a number of reasons;
 - The GULCS funding is almost entirely capital funding and OLEV, the grant awarding body, is unable to change this.
 - Most of the activities of the delivery “partnership” constitute revenue expenditure and cannot be capitalised in accounting terms.
 - Although match funding is anticipated to support the scheme, there is currently no certainty on who will be providing this and how much that will raise.

Delivery of Electric Vehicle Charging Infrastructure in London

7. Pressure to start delivering electric vehicle charging infrastructure in London is growing from all sides. This is not only driven by the fact that GULCS funding has been in place for almost 12 months now, but policy drivers, such as the emission surcharge, the requirements for taxis

to be zero emission capable and introduction of variable parking charges by boroughs to actively encourage cleaner vehicles.

8. Given the legal, constitutional and financial constraints outlined above, officers have looked at alternatives to start delivering electric vehicle charge points for London as soon as possible. On 3 March, an alternative solution was presented to the GULCS Steering Group.
9. This alternative utilises existing structures, skills and funding as much as possible and it is envisaged that this will form Phase 1 of the delivery of GULCS with the view of any future phases to include the setting up of a delivery “partnership”. During this phase, London Councils role will remain advisory in nature, as is currently the case.
10. This Phase 1 proposes that TfL will lead on procurement. There are two reasons for this. First, the London Local Authorities and Transport for London Act 2013 provides the powers. Second, it already has the required skills set within its procurement function.
11. TfL will set up the procurement mechanism for the electric vehicle charge points, utilising the existing Crown Commercial Services Framework Traffic Management Technology 2. A specification will jointly be drawn up by TfL, GLA, London Councils and the boroughs using existing expertise and resources. Interested boroughs then call down from this newly created Framework to install the charge point and have it maintained and managed. Appendix 1 gives more details on the process for Phase 1.
12. There are a number of guiding principles for Phase 1;
 - a) It should give certainty to London whether the cheaper lamp post charging technology can be scaled up
 - b) It should mitigate any risks that could prevent any implemented charge points under Phase 1 to be transferred to a delivery “partnership” in the future
 - c) Phase 1 should meet existing demand in the first instance as well as address strategic demand, pending further discussions with the potential service providers
 - d) It should be consistent with (or easier than) the OLEV “Grants to Provide Residential On-Street Chargepoints for Plug-in Electric Vehicles: Guidance for Local Authorities” published in December 2016 and administered by the Energy Savings Trust (EST)
13. The Business case that officers have been working on for the delivery “partnership” assumes that boroughs cover their own management costs and that of TMOs, signing and lining already. Given that Phase 1 will not create a delivery “partnership”, they will also need to fund 25 per cent of the capital costs, and potentially the operating costs, depending on market interest. Boroughs will therefore be required to fund the following;
 - 25 per cent of capital costs, which can range from £257 to £6,140 per charge point depending on the technology and installation requirements
 - The boroughs Traffic Management Orders and signs and lines, which can range from £0 to £1,720, per charge point again depending on the technology chosen and installation requirements
 - The boroughs project management costs for which we currently do not have an estimate
 - The operating costs of the charge points, such as maintenance and management ranging from £0 to £1,350 depending on technology and required services.
14. Phase 1 will provide the GULCS project with valuable learning and experience for the future roll out of charging infrastructure and inform the following phases. The data and information

provided in this phase will give London Councils TEC much better understanding of the level of risk required in setting up the delivery “partnership” and will inform any future business planning for this purpose.

15. It is proposed that Phase 1 will be the focus of officers working on GULCS for the next six months or so. However, officers will continue to explore ways in which the constraints highlighted above could be alleviated. They will also consider how a delivery “partnership” where London Councils TEC undertakes both the strategic overview and operational management functions could be established in the future.

Recommendations: The Committee is asked to:

- Note and comment on the report
- Note and comment on the detail for Phase 1 as outlined at Appendix 1

Financial Implications

The Director of Corporate Resources reports that there are no specific financial implications at this stage for London Councils, although there may need to be a realignment of central costs to reflect this new area of work. The cost of the GULCS Senior Lead Officer seconded to the project is being met from GULCS grants funding.

Legal Implications

The addition of the operational management role for London Councils TEC would require each of the 33 London local authorities participating in the TEC joint committee arrangements to delegate the exercise of additional functions to the joint committee, which requires the TEC constitution (Governing Agreement, dated 13 December 2001 (as amended)) to be varied. Should London Councils TEC wish to undertake these functions in the future, this will have to be agreed at full TEC at a future meeting.

Equalities Implications

There are no equalities implications of the recommendations.

Appendix 1 – More detail on the process for Phase 1

Stage 1: Expressions of interest

There will be a two week period in which boroughs can express an interest. Boroughs can only progress to the next stage if they have completed this stage. During this stage the amount of work they have to complete will be minimal. This approach allows the GULCS team to quickly test the level of borough interest and to establish how much funding per borough is likely to be required.

At this stage boroughs will be made aware of, and asked to set out their interest within the context of the following:

- Boroughs do not need to fully commit, this comes at a later stage.
- The costs that they will need to cover (e.g. TMO, signing and lining, their own project management costs, a contribution to freestanding units, maintenance and management);
- What the funding can cover e.g. capital costs only;
- The timelines that they will need to meet regarding the application and installation processes;
- The procurement framework that will be used.

Stage 2: Allocating Funding to the Boroughs

The “OLEV/EST funding” assesses bids for on street EVCPs for local authorities (non GULCS funding) against the following criteria:

- The chargepoints will be located in a residential area(s);
- The proposed location lacks off street parking;
- The location will meet current and/or anticipated future demand;
- The chargepoints will be accessible to local residents;
- The chargepoints will adhere to OLEV’s technical specifications;
- Applications may be made for one or more chargepoints;
- The project will adhere to procurement and state aid rules and value for money considerations;
- The project will be delivered in reasonable timescales;
- The local authority will meet ongoing commitments.

All of these criteria will apply to the GULCS Phase 1. The GULCS funding will also have the additional criteria:

- The GULCS funding must lead to additional EVCPs than the borough is intending with existing funding;
- It must not fund EVCPs that would provide benefits to a private operated network (due to state aid);
- Any potential delivery “partnership” set up by GULCS will be able to have first refusal on operating and managing the EVCPs in the future;
- EVCPs must adhere to the open charge point protocol;
- Boroughs commit to providing feedback on the trials including feeding into process mapping, operational learnings (such as usage and enforcement), issues and costs.

Stage 3: Writing joint specification/requirements

This stage will be run concurrently to Stage 1 and 2 and utilise existing officers from within the project team, such as TfL officers and the GULCS secondee, ensuring that boroughs input into the specifications drawn up.

Stage 4: Procurement

The boroughs will be required in their funding applications to set out a timetable that they will meet once the call off framework has been developed by TfL. Should they fall significantly behind the timetable then their funding may be reallocated. Otherwise funding will be released to the boroughs when the EVCP installation has been completed.

Timeline

The table below sets out a **desired** timeline for lamp post EVCP for residential; however it will depend on borough uptake and ability to deliver, and the responses to the tenders from the market including lead times. Freestanding units will take considerably longer due to the TMO process.

Table: Desired grant timetable for residential lamp post EVCPs

| Deadlines (2017) | Activity |
|-------------------------|--|
| March | Stage 1: Expressions of Interest |
| March | Issue expression of interest form |
| April | Indicative level of borough interest and funding allocation |
| May | Stage 2: Outline of grant funding availability and full application form sent to boroughs (based on how many boroughs expressed interest) |
| May | Full funding applications from boroughs |
| June | Review of funding applications (GULCS) |
| June | Funding approved (GULCS) (including any further information requests for boroughs) |
| April-June | Stage 3: Writing joint specifications/requirements |
| July | Stage 4: Procurement |
| July | Issuing of specifications |
| September | Market responds |
| September | Tender review |
| November | Approval of winning tender(s) (includes 2 weeks for challenge) and contract is signed |
| November | Works begin |
| December | EVCPs in the ground (lamp post only) |