

**REPORT TO:** Cabinet

**DATE:** 12 September 2023

**BY:** Executive Director for Place

**SUBJECT:** Options for East Lothian's Car Charging Estate

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## **1 PURPOSE**

- 1.1 To allow members to review the independent evaluation by [Cenex](#) (a not-for-profit consultancy specialising in charging infrastructure) of the options for the future of the car charging network in East Lothian, and seek their approval for its recommendations. The report is available in the Members' Library (ref: 92/23).

## **2 RECOMMENDATIONS**

- 2.1 That Cabinet approves the recommendation to fully investigate leveraging our existing charging assets to attract the best private investment available in the network, while retaining sufficient control over locations, pricing and access.
- 2.2 That Cabinet approves the production and publication of a detailed Electric Vehicle Infrastructure strategy.

## **3 BACKGROUND**

- 3.1 East Lothian Council (ELC) currently owns and operates a large and well-rounded portfolio of public Electric Vehicle Infrastructure (EVI). To-date, this network has been funded primarily through central government grant-funding but, as the level of private investment in the sector grows, future grant-funding is expected to be focused on more commercial models with lower subsidy, before being phased out. Nevertheless, the requirement to expand the network remains, as the number of electric vehicles in the region continues to grow, particularly as those without a safe place to park and charge at home switch to electric modes of transport.
- 3.2 ELC commissioned not-for-profit transport infrastructure consultancy Cenex to work with us to consider what alternative delivery models are available that will allow for the continual and sustainable operation, maintenance, and expansion of the network. Cenex similarly advises the UK government.
- 3.3 A range of commercial arrangements and funding options were analysed. These options were weighted and scored for our portfolio of EVI (which includes On-street, Destination and Journey chargers) and different aspects of their installation (above and below ground), operation and maintenance.

- 3.4 This analysis produced a shortlist of five options that were analysed across aspects such as investment, control, responsibility, risk and revenue for existing and future EVI:
- a) *Do Nothing;*
  - b) *Own and Operate;*
  - c) *Part-Sell Estate;*
  - d) *Leverage Estate; and*
  - e) *Fully-sell Estate.*
- 3.5 A priority for ELC was to keep a level of control around the choice of locations for EVI, to ensure a just transition to an electric future; it is considered that purely commercial operators would tend to focus on profit over social equity. Therefore, we focussed on the future of On-street and Destination EVI (as these are more likely to provide social benefit, and affordable charging, but will take longer to turn a profit), rather than on Journey charging (where many of our sites are already commercially attractive). It is important that end-user tariffs can be structured so as not to disadvantage people who do not have a safe place to park and charge at home. At the same time, we are keen to minimise the level of internal investment required.
- 3.6 The options (a)-(e) were evaluated against these strategic priorities, to identify the solution most likely to deliver accessible and equitable charging, reduce public investment, secure long-term revenue, define a clear role for ELC and manage the Council's risks effectively.
- 3.7 The recommended option ((d) *Leverage Estate*) uses the existing ELC owned-and-operated network of EVI and our energy purchasing power as a lever in tender and contractual negotiations to secure an attractive partnership with at least two private organisations. These partnerships will allow private investment to support the continual roll-out of EVI while still generating some surplus revenue to invest in grid connections and resourcing. This reduces long-term reliance on grant-funding and allows for a degree of control to be held by ELC. A similar approach is being considered or is being adopted by other Scottish LAs.
- 3.8 The full Options Appraisal and a breakdown of the details have been lodged in the Members' Library (ref: 92/23).
- 3.9 The implications of the *Leverage Estate* option were explored and analysed, with the following specific high-level recommendations being made:
- ELC lets a Public-Private Commercial Partnership (PPCP) contract with (i) an External Operator element for existing EVI and, (ii) a Concession element for future EVI.
  - ELC should secure the ability to break the contract in the event of poor equitability outcomes and/or have the unhindered ability to contract other suppliers to fill any gaps, under other complementary models.
  - At least two suppliers be procured who can both handle a diverse portfolio of On-Street, Destination and Journey chargepoints.

- A contract duration of seven years be targeted. This could be in the form of 5+2+2 years which gives ELC one option to exit from the contract early and one option to extend.
- A transparent revenue-share model is adopted and profit-share is avoided.
- ELC controls technical specifications, locations, electricity supply and tariff pricing principles.
- A range of KPIs be deployed to quantify the quality of the project and show if changes need to be made to the programme
- A range of ELC roles are identified or resourced to deliver the programme

### 3.10 ELC have recently secured the following external grant funding:

- £441k from UK government on the basis of 60% subsidy for around 100 devices. This would result in ELC's EVI estate growing from 205 devices to around 305 devices this financial year. Adoption of a PPCP contract model would allow us appoint partners whose private investment would then provide the gap funding required to deliver this project which amounts Not adopting a PPCP contract model will mean us returning the majority of the £441k unspent unless other ELC or match funding was secured.
- £80k from Scottish government on the basis of 100% subsidy for the recruitment of staff and consultancy resource during FY23/24 to allow the fuller investigation of the selected option and production & publishing of a detailed EV strategy by 31<sup>st</sup> March 2024.

### 3.11 During this financial year we would also seek:

- A. any significant value of grant funding to allow the retention of the existing *own-and-operate* model for as long as it remains attractive to do so such that we further improve our existing charging assets ahead of the point we leverage them to attract the best private investment available.
- B. around a further £1 million from Scottish Government (100% subsidy basis) for the installation of around a further 750 additional retention sockets at many existing sites, plus funding for external staff resource for project delivery. These retention sockets will then allow the quick and cheap installation of more charging devices at these sites as demand grows in the future.
- C. a further value from Scottish government (up to around a 50% subsidy basis) to deliver at least a further 600 devices at many of these sites and additional new sites over the next three financial years, in line with the growth advised by Cenex page 23 of the CENEX Outline Electric Vehicle Infrastructure Strategy (lodged in the Members' Library- ref: 92/23). Eligibility to apply for this funding is contingent upon publishing of the above noted detailed EV strategy and attraction of private investment.
- D. a further £200k from UK government (up to around a 50% subsidy basis) to deliver around a further 50 devices as part of a similar parallel programme to the above.

### 3.12 A Risk Register is available in the Members' Library (ref: 92/23).

#### **4 POLICY IMPLICATIONS**

4.1 None

#### **5 INTEGRATED IMPACT ASSESSMENT**

5.1 The subject of this report does not negatively affect the wellbeing of the community nor have a significant negative impact on equality, the environment or economy.

#### **6 RESOURCE IMPLICATIONS**

6.1 Financial - The proposal is likely to generate sufficient income to support the maintenance and future roll-out of vehicle charging infrastructure, and as such has no negative impact on financial resources.

6.2 Personnel - Additional resource required, to be resourced from a mix of 100% grant funding for specific short term projects and from income generated for longer term appointments.

6.3 Other - None

#### **7 BACKGROUND PAPERS**

7.1 Supporting papers lodged in the Members' Library (ref: 92/23):

- Appendix 1: Options Appraisal Report
- Appendix 2: Detailed Options Appraisal
- Appendix 3: Outline EV Infrastructure Strategy
- Appendix 4: Risk Register

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