

Agenda Item	16
Report No	HC/24/23

HIGHLAND COUNCIL

Committee: Highland Council

Date: 29 June 2023

Report Title: Alternative Delivery Model for the Provision of Electric Vehicle Charging Infrastructure across Highland, Aberdeenshire and Aberdeen City Collaboratively

Report By: Interim Depute Chief Executive

1 Purpose/Executive Summary

- 1.1 The current EV public network model is placing a budget pressure on the Council; and a change in financial model approach will seek to mitigate this pressure. As the EV market develops, the Council has an opportunity to generate a long-term revenue.
- 1.2 It is vital that the Council supports a Just Transition for the region, and in particular for rural, remote areas. There may be many areas where public EV infrastructure will not be commercially viable, and private investment may be difficult to attract. To mitigate this, a mixed location approach is being taken which aims to bundle a range of charging options which can be procured together (for example bundling the commercially viable hubs together with less commercially viable solutions such as on-street chargers in communities). This would mean that the less profitable solutions would not be left for the Council to operate, resulting in a loss of the investment and potential revenue. This will deliver Best Value. The Climate Change Committee considered this approach on 3 November 2022.

2 Recommendations

- 2.1 Members are asked to:-
 - i. **Agree** the undertaking of a collaborative procurement process for an Alternative Delivery Model for the provision of Electric Vehicle Charging Infrastructure (across the Shared Service areas and being available to other partners/areas) via a negotiated procedure with competitive dialogue in compliance with the Scottish Procurement Regulations; and

- ii. **Note** the estimated expenditure of up to £7.4m grant funding from the Scottish Government/Transport Scotland for the duration of the contract estimated as commencing on 1 April 2024, for a period of 10 years, with the option to extend by an additional 5 year plus 5-year agreement up to 20 years if required. This funding represents a contribution to Phase 1 of the project and allows the Councils to have influence over aspects of the provision to ensure fair access to charging infrastructure for all.

3 Implications

3.1 Resource

Personnel - The development of the project will be undertaken by a discovery project team, which includes existing officers within the EV Infrastructure Team (part of the wider Climate Change & Energy Team) and officers from Aberdeen City and Aberdeenshire Councils. Resource funding has been made available from Transport Scotland for Highland Council officer time. The project has received substantial officer input and is overseen by Members through the Northern Roads Collaboration Joint Committee. At officer level, it sits within the EV management team, and the project is reviewed by the EV infrastructure board, and also the fleet decarbonisation working group. It has been supported throughout by the Shared Procurement Service.

Financial - The current EV public network model is placing budget pressure on the Council, and a change in the financial model approach will seek to mitigate this. As the EV market develops, the Council may have the opportunity to generate a long-term revenue.

- #### **3.2 Legal**
- The procurement process will ensure consistent contracting procedures of the highest standards are laid down for use across all three Councils operating under shared procurement in a bid to secure a unified approach to the commercial development of Electric Vehicle (EV) charging across the Northeast of Scotland. The procurement process will:-

- secure compliance with the law;
- obtain best value in the most sustainable way;
- provide the framework for future public/private sector collaboration on EV charging; and
- protect the Council and its staff.

- #### **3.3 Community (Equality, Poverty, Rural and Island)**
- Given the nature of the project and the collaboration across the north of Scotland, there is an expectation that there will be the opportunity for a lot of Community Benefits and Community Wealth Building.

We will work with suppliers to encourage their offering of benefits to the local communities, including the opportunity for local businesses to be considered as part of the eco-system for delivery of this programme of works.

In accordance with Scotland's Climate Change Commitments, local authorities are expected to assume a leadership role at a local/regional level in terms of responding to the challenges presented by climate change and encourage a proactive approach through our supply chain. This whole programme aims to address this requirement.

- 3.4 **Climate Change / Carbon Clever** - The project supports the Scottish Government's vision for Scotland's Public Electric Vehicle Charging Network; it will accelerate the expansion of EV infrastructure and enable the transition to low carbon emission vehicles within the Highlands.
- 3.5 **Risk (including Health & Safety risks arising from changes to plant, equipment, process or people)** - The market will continue to develop without a strong influence from the Public Sector, and priorities on market locations on charging will reflect this and no revenues will be forthcoming to the Councils.

There is a risk that many areas within the Highlands and Aberdeenshire may not be commercially viable to install public EV infrastructure, and private investment may be difficult to attract. Without Council involvement the likely commercial route will focus on high turnover opportunities and avoid development of lower demand sites. This would mean that the less profitable areas would be left for the Council to address and place a budget pressure on the Council. It is therefore essential that Councils take an active approach to the development of EV infrastructure.

As a collaborative partnership across the Shared Service area, one of the biggest risks is the structure of the relationship between the parties involved and it is envisaged that it will be necessary to create a dedicated Special Procurement Vehicle (a formal form of Partnership in some manner) from the start. The governance must be there to ensure all regulations have been considered as appropriate to meet each of the Councils' needs; however, we need to be able to move with some agility to react to market demands once the partnership has been set up.

The biggest reputational risk to Highland Council is in not following through with this programme of work and therefore failing in meeting Carbon Reduction/net zero targets. In respect of the environment, the Councils have a duty of care to encourage a change in behaviour towards Climate Change and this will make a significant impact towards meeting those targets with charge point electricity sourced/ provided with renewable generation sources.

- 3.6 **Gaelic:** There is no direct implication from this report.

4 Background

- 4.1 The Scottish Government has pledged to end Scotland's contribution to climate change no later than 2045. All public bodies have a duty to support and work towards this target under the Climate Change (Scotland) Act 2009, as amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. Both the Scottish and UK Government have pledged to phase out the need for new petrol and diesel cars and vans by 2030. From 2030 the sale of new internal combustion engine (ICE) vehicles will be banned (diesel and petrol) and the sale of hybrids banned from 2035.

By looking at an Alternative Delivery Model for charging infrastructure, this collaborative approach will ensure the Councils can meet their statutory duty to progress towards and meet Net Zero/carbon reduction targets in line with Scottish Government legislation.

- 4.2 In December 2021, The Highland Council, Aberdeen City Council and Aberdeenshire Council, received Scottish Government funding to undertake a collaborative Pathfinder Project.
- 4.3 The purpose of the pathfinder project was to identify the future expansion plan for public charging infrastructure and assess various options for working together on future delivery models. The project was made up of four key stages and the outcomes are summarised below.
- 4.4 Ownership Options: The initial stage of the pathfinder process was to present a range of different business options in relation to EV infrastructure ownership/management, to help the council identify the role they may choose to play in the long-term future of the networks in the region.

Figure 1 shows the options that were presented to the Councils, it was agreed that a focus would be on the Concession and Landlord options with Councils moving away from full responsibility but retaining some level of control/income in the future.

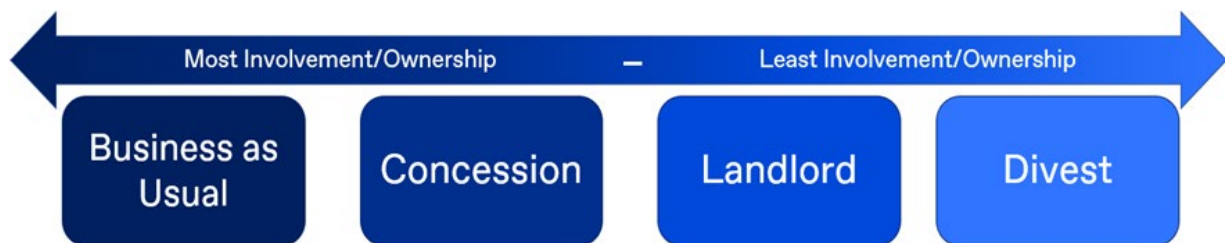


Figure 1: EV Infrastructure Options

- 4.5 Projections: The next stage in the pathfinder process involved projecting the charging infrastructure the region is estimated to need to meet the full electrification of cars and vans in the region by 2045.
- 4.6 Approach: Following the initial two stages of the project and a programme of stakeholder engagement it was agreed that the authorities should focus on the deployment of rapid hubs and solutions for those without access to off-street parking, leaving the private sector to focus on the mixed hubs and destination charge points identified in the profiles.



- 4.7 A layered approach to procurement was presented to all key contacts, Scottish Futures Trust and wider teams within each local authority, which would see “bundles” of charge points going to the market (i.e., rapid hubs, residential and current charge points). The length of contract offered to the private sector is likely to increase as more layers are bundled together.

- 4.8 It was agreed to take this approach forward across all three authorities and within the regional approach with small changes to each individual authority to meet local conditions. The basis behind this approach was that the more profitable aspects of the infrastructure could be bundled together with less profitable options to make sure that authorities were not left having to subsidise or fully fund parts of the infrastructure when the procurement process is complete.
- 4.9 Scottish Government/Transport Scotland funding for a second Pathfinder Project based on internal fleet requirements across the region was also secured in January 2023 with the purpose of including fleet charging infrastructure in the project as an added incentive to the market as an anchor demand.
- 4.10 Initial discussions were held with neighbouring Local Authorities and HI-Trans with the purpose of extending the collaborative approach to EV infrastructure. Five additional Councils (Orkney, Moray, Western Isles, Shetland and Argyll and Bute) requested to be included in the Prior Information Notice (PIN). NHS Grampian, NHS Highland, and other public sector organisations (Scottish Canals, Police Scotland, Scottish Fire and Rescue Service, Scottish Ambulance Service, Highland Tourism) have also been in contact with a view to collaborative working and the sharing of EV Charging infrastructure.
- 4.11 A PIN (Prior Information Notice) was published in December 2022 and a selection of supplier interviews was held during March 2023. This process served to inform the Councils as to the appetite in the market for a project such as this. The collaborative approach has been very well received by the market, alongside the knowledge that the Councils seek to keep an element of control to ensure fair and equitable access to charging across the region, regardless of utilisation potential in some more rural areas. The idea of a revenue share was also acknowledged and accepted by the market, and this would be part of any tender requirement going forwards and as part of any negotiated procedure.

5 Procurement

- 5.1 Stakeholders across the 3 Council areas have been consulted and are in agreement with the approach being taken to help meet the deadlines set by the Scottish Government for the move to Net Zero/Carbon Reduction.
- 5.2 In addition, Transport Scotland and Scottish Futures Trust have been very supportive of the approach taken, especially around bringing other partners into the programme, essentially to create Best Value over a larger portion of the public sector.
- 5.3 Also having an interest in this programme of works are the following:-
- Moray Council;
 - Western Isles Islands Council;
 - Shetland Islands Council;
 - Orkney Islands Council;
 - Argyll and Bute Council;
 - NHS Highland;
 - NHS Grampian;

- Scottish Canals;
- Highland Tourism;
- Police Scotland;
- Scottish Fire and Rescue Service; and
- Scottish Ambulance Service

6 Procurement

6.1 This procurement exercise will be undertaken in-house as there is no framework available that would meet our ambition to set up a collaborative partnership across the north of Scotland. Again, this is to help drive the adoption of electric vehicles in line with Scottish Government guidance.

6.2 This planned project will deliver against the following Scottish and UK Government obligations:-

- The Climate Change (Scotland) Act 2009;
- 'Making the Connection: The Plug-In Vehicle Infrastructure Strategy' published by the Government in 2011;
- Climate Change Plan (CCP), the Scottish Government 2017;
- 'Driving the Future Today: A Strategy for Ultra-Low Emission Vehicles in the UK' published by the Government in 2013; and
- 'Cleaner Air for Scotland: The Road to a Healthier Future' published by the Scottish Government in 2015.

6.3 The project supports the Scottish Governments vision for Scotland's Public Electric Vehicle Charging Network; it will accelerate the expansion of EV infrastructure and enable the transition to low carbon emission vehicles across the Shared Service area - with the focus being on Net Zero/Carbon Reduction, the economy and the environment, as its to be designed to contribute new revenue gain as a return to the Councils as well as deliver on new jobs within the region and the sector.

Designation: Interim Depute Chief Executive

Date: 14 June 2023

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Background Papers: Electric Vehicle Infrastructure Commercialisation Options [Report](#)