

Key Decision: Chief Officer

Date: 13th June 2022

Wards: All Wards

Subject: Lamp Column Electric Vehicle Charging Points

Lead officer: James McGinlay, Assistant Director for Sustainable Communities

Lead member: Cllr Stephen Alambritis, Cabinet Member for Transport

Contact officer: Louisa Green, Transport Planning and Projects Officer

Exempt or confidential report

The following paragraph of [Part 4b Section 10 of the constitution](#) applies in respect of information within appendix A and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix A.

Recommendations:

- A. To procure a contract for the supply and installation of at least 350 lamp column EV charging points in locations throughout Merton and for the operation, management and maintenance of the charge points for 3 (+1+1) years.
 - B. To agree to use the Go Ultra Low Cities (GULCS) framework (Lot 1 Shared Power Supply) to issue a direct award on the basis of overall costs to Supplier A.
 - C. To note the total cost of the project to Merton is £753k which will be funded by a grant award from ORCS (Onstreet Residential Chargepoint Scheme). It is envisaged that the inclusion of this continuing scheme in the Capital Programme will be approved by Cabinet on 27 June 2022.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to provide background on the requirement for the Council to enter into a contract for the provision and operation of lamp column electric vehicle charge points. The report explains the procurement process and recommends approval of the award of the contract to Supplier A.
- 1.2. The provision of EV charging infrastructure will facilitate a transition to EVs in accordance with the Government's [decarbonising transport](#) strategy. Enabling Merton's residents to switch to EVs will be essential in achieving the objectives set out in Merton's [Air Quality Action Plan](#), and the [Climate Strategy and Action Plan](#).
- 1.3. The Council has been awarded funding through the Government's On-Street Residential Charging Scheme (ORCS) to deliver at least 250 lamp column charge points by the end of January 2023.

- 1.4. The Council proposes to use TfL's Go Ultra Low Cities Scheme (GULCS) framework to issue a direct award. This is considered to currently offer the most effective route to procurement of lamp column charge points with a suitable and established provider in London and will best ensure the Council can meet the tight funding deadline for the delivery of the project.
- 1.5. It is recommended to issue a direct award on the basis of the lowest overall cost to Supplier A, which is the most economically advantageous option and will enable the number of charge points that can be delivered with the grant funding to be increased to 350. This offers best value in relation to meeting the needs of residents for more charge points and therefore in supporting the delivery of the Council's strategic objectives to increase the take up of EVs.

2 DETAILS

- 2.1. The Government's [decarbonising transport](#) strategy was published in 2021 and includes proposals to increase the uptake of electric vehicles (EVs) and end the sale of new petrol and diesel cars by 2030. In March 2022 the Government published [Taking Charge: the electric vehicle infrastructure strategy](#) which sets out the expected role of local authorities in the delivery of EV charging infrastructure.
- 2.2. The strategy focuses intervention on two crucial areas, one of which is local on-street charging, including lamp column charge points, targeted in areas where residents do not have access to private off-street parking spaces to charge their vehicles at home. Merton has significant residential areas consisting mainly of terraced houses and flats that do not tend to have off-street parking, predominantly in areas with controlled parking zones (CPZs).
- 2.3. The ownership of Battery Electric Vehicles has begun to increase and is expected to accelerate rapidly over the next decade. The number of EVs registered in Merton has increased from 636 in the third quarter of 2020 to 1104 in the third quarter of 2021. As the ownership of EVs in Merton grows, the Council has started receiving an increased volume of requests for EV charge points, with almost 500 requests now received in total.
- 2.4. The provision of additional lamp column EV charge points in residential areas will allow the Council to deliver a service that meets the needs of residents. In addition, providing alternative charging facilities will help to mitigate the adverse risks associated with the increase in reported incidences of residents running charging cables over the footway from their properties.
- 2.5. A 2020 report by the ICCT, indicates that Merton could need 628 slow or fast chargers by 2025 and 1142 such chargers by 2030. Merton has now installed 233 slow to fast chargers consisting of 143 Source London and 90 lamp column chargers. Delivery of this contract to provide at least 350 additional lamp column chargers, would take the total slow chargers to 583 by 2023 and keep Merton well on track to deliver the infrastructure required to meet the projected demand.

Procurement Process

- 2.6. There is a rapidly evolving market for the provision of electric vehicle charging infrastructure. However, the specific market for lamp column charge points is dominated by three established providers in London.
- 2.7. The 3 market leading operators are all available on the Go Ultra Low City framework (GULCS), which was specifically set up by TfL and London Councils to enable TfL and the London Boroughs to procure EV charge points. LB Merton has previously used the GULCS framework to award contracts for lamp column EV charge points to 2 different suppliers in 2020/21.
- 2.8. Using the GULCS framework (Lot 1 Shared Power Supply Charge Points) is considered to currently offer the quickest and most effective route to procurement of lamp column charge points with a suitable and established provider in London. TfL have confirmed that the framework is available to use but that it is due to expire at the end of July 2022, so the procurement process will need to be conducted and the contract agreed and signed before this date.
- 2.9. The GULCS framework allows a provider to be selected using a mini competition or a direct award, to be justified on the basis of one of the following criteria:
- The Provider with the highest Turnover Charge (to be shared with the Awarding Authority).
 - The Provider with the lowest PAYG average price to the end user.
 - The Provider with the lowest overall cost for the services requested from the rate card.
- 2.10. The table in confidential appendix A shows information for each provider from the latest pricing schedule (updated in March 2022).

	Supplier A	Supplier B	Supplier C
Turnover Charge	10%	12%	5%
PAYG Average Price (including VAT)	33p per kwh	32 p per kwh	34 p per kwh
Overall cost of services requested from the rate card (per charge point)	£ 2500.5	£ 4421	£ 6415.25

- 2.11. In selecting a Supplier consideration has been given to [research](#) recently published by the Government that explores current attitudes, behaviours and motivations of UK drivers without off-street parking in relation to future chargepoint needs. This indicates that having conveniently located and reliable charging infrastructure is more important to users than the price.
- 2.12. Awarding the contract on the basis of PAYG price to the end user is particularly difficult at the current time in the context of the market volatility of electricity prices. This has already resulted in 2 providers on the GULCS framework seeking to amend the pricing schedule to increase their PAYG price. All providers on the framework currently have a similar PAYG price of

32p to 34p per kwh, but it is expected that providers may need to make further adjustments to pricing during the contract in response to changes in the market prices for electricity.

- 2.13. The GULCS framework contract includes a turnover charge paid by the provider to the borough ranging from 5% to 12%. The total income generated for each year of the contract will depend on utilisations rates, but is likely to relatively low, estimated to be in the range of £10-30k per year. Therefore, the small difference in income to the Council between providers is not considered to offer significant added value to be a robust factor in awarding the contract.
- 2.14. There are, however, significant differences between providers in the overall costs of the supply and installation of the charge points as set out in the pricing schedule. The package of services costed from the rate card was the same for each provider and included, surveys, supply and installation of the chargepoint, ground works including earthing, street works permits and parking suspensions.
- 2.15. The costs of the lowest priced supplier will enable the amount of charge points that can be provided within the grant funding allocation to be increased significantly to 350. This will increase the density of charge points in residential areas which will improve convenience for residents and better support the Council's objectives by enabling residents to transition to EVs.
- 2.16. This report therefore recommends that the Council issue a direct award under Lot 1 of the GULCS framework to Supplier A on the basis of the lowest overall cost of services requested from the rate card.
- 2.17. The Council has an existing contract with supplier A for a small number of charge points and is generally satisfied with the product and service provided. The Council has also engaged with other London Boroughs who have a larger number of charge points in place with supplier A, and has received positive feedback on performance, particularly in relation to the low reported incidents of technical faults or "downtime" of the charge points.
- 2.18. Supplier A's product and service also offers some additional benefits for residents, including a very user friendly online app and providing live charge point availability data on Zapmap. The EV charge points supply 100% renewable energy and the supplier has no investment or alignment with any fossil fuel companies. In addition to the PAYG rate, supplier A also currently offers packages which include a number of kwh for a set monthly fee which reduces the price per kwh compared to the PAYG rate, so is beneficial for higher mileage car users such as taxi drivers.

Management, maintenance and decommissioning

- 2.19. The operation, management and maintenance of the charge points for a period of 3 years, with option to extend for 2 subsequent 1 year periods, is fully covered in the GULCS framework call-off contract under a concession model. The supplier will therefore be responsible for repair and replacement to the charge points within the contract period at no ongoing cost to the Council.
- 2.20. The charge points will however, be a Council owned asset. Following expiry of the contract there are several possible scenarios and options in relation to

the chargepoint equipment that has been installed on the Council's highway and lamp column assets.

- 2.21. The GULCS framework, includes an option to pay an upfront cost for decommissioning of the charge points at the end of the contract period, of approximately £300 per charge point. This is over 10% of the contract value and would reduce the number of charge points that could be delivered from 350 to 312.
- 2.22. Supplier A places a standard guarantee on the lamp column charger product of at least 10 years, so it is considered likely that the assets will still be still be operational at the end of the contract period. As set out in the Government EV strategy, it is expected that there will still be a continued need for slow EV charge points in residential areas to support the transition to EVs. It is therefore considered unlikely that the Council would wish to decommission the charge points at the end of the contract as they will still be providing a valuable service to residents. Therefore, any costs paid in the contract for decommissioning would potentially be wasted so it is not considered prudent to include this in the contract.
- 2.23. Following expiry of the contract, the most likely scenario is that the Council would conduct a procurement exercise to appoint an operator to manage and maintain the charge points for a further contract period. If necessary, this contract could include the option for the appointed Supplier to replace or upgrade the charge point equipment at zero up-front cost to the Council, with revenue shares to be agreed accordingly.
- 2.24. However, as there is some uncertainty around the future of EV charging due to rapid advancements in technology, it is a possibility that the Council may wish to decommission the charge points if they become obsolete. The Council's Highways Infrastructure Team has advised that work to disconnect and remove the chargepoint and fully reinstate the lamp columns would be a quick and inexpensive process as it would not be necessary to conduct more expensive civils works to remove any earthing equipment. The Council would not be reliant on the Supplier to conduct any decommissioning work as this could be done by third parties, including the Council's Street Light contractor. As part of the upcoming procurement of the street lighting contract (to be completed before expiry of this contract), it is likely the standard provisions will be included in the contract for the installation, removal or replacement of lamp column EV charging equipment.
- 2.25. If any decommissioning was required the costs would be low and could be funded by the revenue share income that the borough receives from EV charge points, which could be set aside for a period prior to the end of the contract. The situation will continue to be monitored during the contract period to assess if this is likely to be necessary. In addition, it is expected that best practice will emerge in coming years from numerous other London boroughs with GULCS contracts that are due to expire in advance of this contract.

3 ALTERNATIVE OPTIONS

- 3.1. The GULCS framework allows for a mini competition to be used as an alternative to a direct award. However, as the overall costs and resulting number of charge points was considered to be the most significant factor and this could already be assessed on the basis of the pricing schedule, a mini competition was not deemed necessary to provide added value. The additional time required to conduct a mini competition would likely have meant that the procurement process could not have been completed using the GULCS framework before expiry of the framework at the end of July.
- 3.2. An alternative framework agreement could potentially have been used and TfL are currently exploring options for a consistent London wide approach to procurement of EV charge points to replace the GULCS framework when it expires. Their approach is likely to use an existing framework but develop London specification documents to ensure a consistent approach across London and make the process quicker and simpler for London Boroughs. However, this is not likely to be available until the Autumn which would be too late to deliver the contract within the grant funding deadline.
- 3.3. The Council could potentially have used an existing framework or bespoke tender, but these do not offer an established or consistent route to procurement in the London market. Following an alternative procurement route would have been more resource intensive, required additional technical expertise and taken a much longer time. Given that the delivery of the project within the milestones specified in the grant agreement is already extremely challenging (end of January 2023), this would significantly increase the risk of the loss of the ORCS funding preventing delivery of the project.
- 3.4. The alternative of not entering a contract to provide lamp column chargers would be of significant detriment to the Council, resulting in reputational damage, failure to meet resident's requirements and an impact on the ability to meet the Council's climate change and air quality objectives.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The proposals are based on direct requests from residents for EV charge points made via the Merton website.
- 4.2. It is proposed to provide dedicated EV only parking bays adjacent to a significant proportion of the lamp column charge points. A Traffic Management Order will be required for the creation of new parking bays or conversion of existing bays to EV only. However, this will be subject to a separate statutory consultation and decision making process and does not form part of this contract.

5 TIMETABLE

- 5.1. The grant agreement specifies that the charge points are required to be delivered by the end of January 2023, in accordance with the timetable set out below.

Proposed Milestone	Milestone Date
1. ORCS grant award received	March 2022
2. Procurement Boards	May 2022
3. Contract Award	June/ July 2022
4. Inception and surveying	July/ August 2022
5. Installation	August/ September October/ November/ December 2022
6. Project completion evidence submitted	January 2023

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The Council made a bid to the Office for Zero Emissions Vehicles (OZEV) under the On-Street Residential Chargepoint Scheme (ORCS) and was awarded a grant of maximum value of £753,190 (Seven Hundred Fifty Three Thousand One Hundred Ninety Pounds), for the funding period between 10 March 2022 and 31 January 2023. At present the Authority is finalising its 2021-22 outturn position. This report requests the addition of £753k for this scheme to the Capital Programme, funded by this grant award from ORCS (Onstreet Residential Chargepoint Scheme). It is envisaged that this continuing scheme will be approved by Cabinet on 27 June 2022.
- 6.2. The ORCS grant covers 75% of the capital costs of the project and the provider will meet the remaining 25% costs of supplying and installing the charge points. The contract will be for the purchase and installation of at least 350 charge points (total costs £875,175), which at 75% of the applicable prices on the rate card, gives a total contract value of £656,381.25. It is not anticipated that the Council will be required to meet any funding shortfall in relation to this contract.
- 6.3. The GULCS framework contract cost will cover the supply and installation of the charge point infrastructure which the Council will own as assets. The operation, management and maintenance of the charge points for a period of at least 3 years is fully covered under the GULCS framework call-off contract under a concession model at no ongoing cost to the Council.
- 6.4. However, since the contract is allowing a private contractor to generate income using public estate, accounting requirement needs to be assessed to see whether this falls within Service Concession arrangements. Officers are currently working on this and depending on the outcome of this, this may increase our Capital Financing Requirement by c£220k, subject to materiality for accounting.
- 6.5. The GULCS contract will include a revenue share of 10% for the Council, which depending on utilisation rate, is estimated to generate an income of approximately £20k per year for 3 years with an option to extend for two subsequent 1 year periods.
- 6.6. The Council intends to utilise the remaining £96,808.75 of the ORCS grant to fund the design, consultation and implementation of dedicated EV only parking bays for some of the lamp column charge points. However, the provision of dedicated EV bays does not form part of this contract and the

funding and decision for this element of the project will be considered separately.

- 6.7. It should be noted that the contract will deliver “at least” 350 charge points but the final amount could be higher. This is because the contract costs have allowed for the earthing works for all charge points but these may not necessarily be required in all lamp columns. However, the need for earth works cannot be determined until the contractor has conducted a detailed electrical survey of each lamp column, the outcome of which will be agreed with the Council’s Lighting Engineer in the Highway’s Infrastructure Team. Should it be agreed that earthing works, or any other services, are not required for some lamp columns, then this will enable an additional amount of lamp column chargers to be provided within the total contract amount.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Transport for London has set up a framework of concessionaires which is available for Merton’s use and use of this framework will result in a lawful procurement as described.
- 7.2. The framework owner should be consulted in terms of whether there is sufficient expenditure available expenditure within the procurement. Additionally, the Council should retain documentation evidencing that the direct award procedure has been followed and that the procurement demonstrates best value and Most Economically Advantageous Tender as laid out in the framework.
- 7.3. Once awarded the Council should publish the contract on the Council’s Contract Register and submit the relevant information as required by regulation 33 of the Concession Contracts Regulations 2016 to the UK e-notification service.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. One of the primary objectives of the project is to reduce the vehicular emissions that result in local air pollution, which particularly affects the most vulnerable in society including children, older people, and anyone with long-term health conditions.
- 8.2. The project provides access to EV charging facilities for residents that do not have private off-street parking facilities including those residents on lower incomes.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. The contract requires the provider to be suitable qualified and comply with all applicable regulations in relation to the installation of electrical equipment on the highway.

- 10.2. Providing charging facilities will help to mitigate the adverse risks of accidents associated with the increase in reported incidences of residents running charging cables over the footway from their properties.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix A Lamp column chargepoint Suppliers
Appendix B Map showing requests for chargepoints and proposed locations.

12 BACKGROUND PAPERS

- 12.1. [Decarbonising transport: a better, greener Britain](#),
Department for Transport July 2021
- 12.2. [Taking Charge: the electric vehicle infrastructure strategy](#)
Department for Transport July 2021
- 12.3. [London's 2030 Electric Vehicle \(EV\) Infrastructure Strategy](#)
Transport for London, 2021
- 12.4. London Borough of Merton's [Air Quality Action Plan 2018-2023](#)
- 12.5. London Borough of Merton's [Climate Strategy and Action Plan](#) .