

## Decision Report - Executive Decision

Forward Plan Reference: FP/24/01/21

Decision Date – 30<sup>th</sup> April 2024

Key Decision – yes

Confidential Information – no



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## Allocation of Zero Emission Bus Regional Area (ZEBRA) 2 Funding

Executive Member(s): Lead Member for Transport and Digital

Local Member(s) and Division: N/A

Lead Officer: Mike O'Dowd-Jones, Service Director – Infrastructure & Transport

Author: Natasha Bates, Service Manager – Commissioning, Passenger Transport

Contact Details: [natasha.bates@somerset.gov.uk](mailto:natasha.bates@somerset.gov.uk) or 01823 357199

### Summary / Background

1. In September 2023, the government launched a new round of funding for Zero Emission Bus Regional Areas (ZEBRA), with the focus for the first tranche of funding being Local Transport Authorities (LTAs) that met the rural eligibility criteria and had not received ZEBRA funding in the past. For successful applicants, the Department for Transport (DfT) will contribute:
  - For vehicles - up to 75% of the cost difference between a Zero Emission Bus (ZEB) and a standard conventional diesel bus equivalent of the same total passenger capacity.
  - For infrastructure - up to 75% of the total capital expenditure incurred as a result of its purchase and installation.
2. Following the launch of the ZEBRA 2 scheme, the opportunity was offered to all Somerset public bus operators either signed up to the Dynamic Purchasing System (DPS) or subject to Somerset's Enhanced Partnership (EP) to work on a joint bid with the Local Transport Authority.
3. Only one operator (First South) expressed an interest in submitting a joint bid with Somerset Council and following further discussions, it was agreed that there was a viable proposal to take forward. The bid was to secure grant funding to be used in conjunction with operator match funding, to invest in 25 electric vehicles and charging infrastructure at First's Taunton depot for use on the following routes:
  - 28 – Taunton to Minehead
  - 21 – Taunton to Bridgwater

22 – Taunton to Wellington

1 – Taunton Town Service

2 – Taunton Town Service

In discussion with the Local Authority, the operator determined which routes they felt were most viable for investing and operating electric vehicles on and this then determined which depot they needed to invest in to provide the required charging infrastructure.

4. The DfT have announced that Somerset's bid has been successful and grant funding for the project is being allocated to deliver the proposals set out in the original bid application.

### **Recommendations**

3. **The Lead Member for Transport and Digital:**
  - a. **Approves the allocation of the ZEBRA 2 funding grant, of approximately £2.2 million, to First South West Limited, to deliver the proposals set out in the original funding bid. Approval for submission of the bid was via an Officer Non-Key Decision in December 2023.**
  - b. **Authorises the council to enter into a funding agreement with First South West Limited pursuant to which the grant will be paid to the company.**

### **Reasons for recommendations**

5. The bid opportunity was offered to all local operators, and they were invited to express an interest in submitting a joint bid with Somerset Council. Only one operator expressed an interest in submitting a bid and committing the match funding required to deliver the project. The operator worked extensively with Somerset Council to write the funding application.

### **Other options considered**

6. The option not to submit a bid was considered but rejected, as we had an operator willing to work with us and provide the match funding required to deliver the scheme.

### **Links to Council Plan and Medium-Term Financial Plan**

7. The decision directly contributes to the Council Plan priority for A Greener, More Sustainable Somerset by starting the decarbonisation of the diesel bus fleet that operates in Somerset. Starting this process is a significant step forward and demonstrates that zero emissions vehicles are a realistic prospect in Somerset where the rural nature of the county means that people travel greater distances.

8. There are no MTFP links.

### Financial and Risk Implications

9. There are no financial implications for the Council in accepting the funding from government and allocating it to First South. The bid was developed on the basis of ZEBRA 2 grant funding and a significant contribution from the operator as match funding. There is no obligation on the Council to provide any additional funding.

- 10.

<b>Risk:</b> There is a risk that the project costs increase during the implementation stage.					
<b>Likelihood</b>	<b>2</b>	<b>Impact</b>	<b>3</b>	<b>Risk Score</b>	<b>6</b>
<b>Mitigation:</b>  An element of contingency has been built into the bid through the Quantified Risk Assessment (QRA) of the original bid application, which includes contingency within the grant and also operator contingency. The funding agreement to be issued to First South for signature, ahead of the grant being allocated, also mitigates any financial risk on the Council through any increase in costs including any unforeseen events.					

### Legal Implications

11. The DfT funding being provided to the council is subject to a memorandum of understanding, which is not legally enforceable. Nevertheless, if the council fails to comply with the MoU's terms, it is likely that future tranches of funding will not be paid by the DfT. Key obligations in the MoU are: (i) to ensure that the funding is used for the purposes outlined in the approved bid, (ii) to report to the DfT on the progress of the project; and (iii) to comply with procurement law and subsidy control law when delivering the project.
12. In order to ensure that the council complies with the MoU, the council will enter into a legally binding funding agreement with First South West which, amongst other things, will provide a right for the council to claw back the funding if the company puts the council in breach of the MoU and/or uses the funding for purposes other than the project. The funding agreement also prohibits the company from selling the electric vehicles and charging infrastructure without the council's consent.

13. Legal Services have advised that the award of the funding to First South West constitutes a subsidy under subsidy control law. Accordingly, the council must publish details of the award of funding on the government's subsidy database. Any enterprise which wishes to challenge the award of the subsidy must do so within one month of the date when the entry is made on the subsidy database. If the subsidy is found to be unlawful, the council could be ordered to pay back the funding. The funding agreement contains an obligation requiring First South West to repay any funding which is ordered to be repaid by the relevant tribunal.
14. There will be no direct procurement implications for the Council, procurement of vehicles and charging infrastructure will be conducted by the operator, who were required to submit quotes for both as part of the application to the DfT. The funding agreement places an obligation on the operator to ensure value for money is achieved.

### **HR Implications**

15. There are no HR implications for Somerset Council associated with this decision.

### **Other Implications:**

### **Equalities Implications**

16. The application required Local Authorities to demonstrate how they will meet the expectations of the Public Sector Equality Duty – Section 149 of the Equality Act 2010. To support this an Equalities Impact Assessment (EIA) was completed (see Appendix A) to identify any impacts on protected characteristic groups and any action required to mitigate the impact. The Council's Equalities Lead was consulted and approved the EIA.

The EIA identified potential negative impacts for people with learning disabilities or people where English is not their first language, as these groups may struggle to understand the changes to vehicles or branding on the electrified routes. This will be mitigated by ensuring all promotional material and information, is clear and available in easy-to-understand formats for all service users.

All vehicles will have a PSVAR compliant wheelchair space, next stop displays and hearing loops. They will also comply with the reasonable adjustment element of the Equalities Act 2010 to ensure display screens are fit for purpose.

A positive impact for residents living in the more rural areas served by the routes within the scope of the project, and at higher risk of social isolation, is that they will have access to new, modern vehicles which will improve the comfort and experience of the journey.

## **Community Safety Implications**

17. This decision has no tangible impact on community safety however the new buses, once in service may include modern standards of safety provision that isn't available on the aged bus fleet that is currently in use.

## **Climate Change and Sustainability Implications**

18. The decision enables the start of decarbonisation of the bus fleet in Somerset. There are approximately 200 vehicles in operation across the entire bus network so this investment will see 12.5% of the wider bus fleet decarbonised. For the First South West operation, the 25 vehicles represent approximately 40% of their fleet.
19. Transport is a significant contributor to carbon emissions in the county (44% in 2019, which was significantly higher than the total UK emissions for transport at 27%) and in order to achieve the decarbonisation of transport every opportunity to switch to vehicles with zero emissions should be taken. A key outcome identified in the Climate Emergency Strategy is to achieve 'A Change in Vehicle Types' to reduce carbon emissions generated. Analysis of potential transport decarbonisation pathways through the Strategy concluded that under any scenario the emissions from public transport fleet are a significant matter that needs to be addressed in order to achieve net-zero, due to the rural nature of the county involving long distances travelled by public transport. This project is estimated to directly save 31,740,593 kg carbon, 16,310 kg NOx and 408 kg PM2.5.
20. Additionally, these vehicles are likely to attract new users to buses who will switch from higher carbon modes of transport.

## **Health and Safety Implications**

21. There are no health and safety implications

## **Health and Wellbeing Implications**

22. The new buses, once in service, will have a positive impact on health and wellbeing by reducing the emissions that are currently produced by the existing diesel-powered buses. This should contribute to improved air quality and is particularly important for people who have respiratory issues, children and older people.

## Social Value

23. This decision does not have any social value implications as the Council will not be procuring the buses.

## Scrutiny comments / recommendations:

24. The proposed decision has not been presented at a Scrutiny Committee but the Scrutiny Chair for Climate and Place has been consulted as part of the governance.

## Background

25. As per the original funding bid.

## Background Papers

26. Original funding bid to the DfT – December 2023

27. Officer NKD approving submission of the bid – December 2023

## Appendices

- Appendix A – Equalities Impact Assessment

## Assurance checklist (if appropriate)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17/04/24
Communications	Peter Elliott	16/04/24
Finance & Procurement	Nicola Hix	15/04/24
Workforce	Dawn Bettridge	19/04/24
Asset Management	Oliver Woodhams	12/04/24
Executive Director / Senior Manager	Mickey Green	18/04/24
Strategy & Performance	Alyn Jones	18/04/24
Executive Lead Member	Cllr Richard Wilkins	12/04/24
<b>Consulted:</b>	Councillor Name	
Local Division Members	N/A	All councillors notified when

		decision published 22/04/24
Opposition Spokesperson	Cllr Diogo Rodrigues	15/04/24
Scrutiny Chair	Cllr Martin Dimery - Scrutiny Climate and Place	16/04/24