

CABINET PROCUREMENT & INSOURCING COMMITTEE

CONTRACT AWARD REPORT

Title of Report	Hackney residential on-street Electric Vehicle Charging Points Contract Variation
Key Decision No.	CHE S269
CPIC Meeting Date	4 December 2023
Classification	Open (with Exempt Appendices)
Ward(s) Affected	All wards
Cabinet Member	Cllr Mete Coban, Cabinet Member for Energy, Transport, Waste and Public Realm
Key Decision	<p>Please select and delete the answer not required</p> <p>_____</p> <p>Yes</p> <p>_____</p> <p>Significant in terms of its effects on communities living or working in an area comprising two or more wards.</p>
Group Director	Rickardo Hyatt Group Director Climate, Homes & Economy
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	<p>Contract 2 - £500,000,000</p> <p>Contract 3 - £250,000,000</p>
Contract duration (including extensions)	2 yrs + 2 yrs with 15 years concession

1. Cabinet Member's Introduction

- 1.1 In July 2019, the Council declared a Climate Emergency with the ambition to become a net zero carbon borough by 2040, which is ten years earlier than the national target. In May 2023 the Council's Climate Action Plan was adopted by Cabinet.
- 1.2 In May 2023 the Council's Climate Action Plan was adopted by Cabinet. The plan sets out five themes and a number of goals for the borough to be achieved by 2030 in response to the climate emergency, including 'reducing emissions from transport' with the goal that "most petrol and diesel vehicles have been phased out: 64% of cars and 68% of vans on the road are battery-powered."
- 1.3 In 2020, the Central Government announced an end to sales of new petrol and diesel vehicles from 2030. It is clear from this development, and in light of the climate emergency that the Council must take a more ambitious and proactive position on Electric Vehicle Charging.
- 1.4 In order to meet this ambitious climate target, the Council will need to start acting immediately to reduce emissions from fossil-fuel powered cars and improve the Air Quality in the borough. According to the 2018 baseline emissions data, Transport accounts for 125ktCo2 emissions, which is the second greatest source of greenhouse gas emissions in Hackney (after domestic energy use). The Council plays a key role in influencing the transition from petrol/diesel cars to the electric vehicles, by providing a sufficient level of charging infrastructure, for our residents, businesses and our own Council fleet.
- 1.5 Hackney is already on target to meet the Mayor Manifesto Commitment from 2018 to provide the charge points within 500m from every household, with a total number of 344 points.
- 1.6 The Council is taking one step further to deliver a much more ambitious plan that includes meeting the current demand for charging points, and offering charging points in areas where the demand might be lower as an encouragement for our residents to switch to a cleaner vehicle.
- 1.7 In July 2022 Hackney Council agreed to award contracts that will see 3,000 chargers on the borough's streets by 2030. The Cabinet Procurement and Insourcing Committee backed the plans to enter into 15 year contracts through the Council's energy services arm, Hackney Light and Power, with two companies to provide a range of slow, fast and rapid EV charging points across the borough.
- 1.8 In the intervening period, the war in Ukraine and energy prices shocks have redefined the wholesale market for energy and fundamentally affected the operating dynamics for Electric Vehicle Charge Point Operators.

- 1.9 The result is that the Council needs to review the cost submissions agreed in the tender responses submitted in March 2022 in order to ensure business viability for the charge point operators and the successful implementation of the EV chargepoint programme.
- 1.10 In June 2022 Officers bid for five hundred thousand pounds (£500,000) of public grant funding from the Local Local Electric Vehicle Infrastructure (LEVI) fund pilot scheme. We were unsuccessful in the original bid, but were contacted by LEVI to express an interest in submitting an updated bid for some top up funding from The Office for Zero Emission Vehicles (OZEV) for the pilot scheme.
- 1.11 We submitted an updated application in February 2023 and were successful in our application. The funding was awarded for the Council's proposal to use the money to fund otherwise less profitable use cases for EV charging.
- 1.12 The proposal is to install 70 on-street fast charging sockets, 35 of which will be dedicated to EV car clubs and 35 of which will be available for public access charging.
- 1.13 Electric Vehicle Charge Point Operator Zest Eco Limited will install and maintain charging infrastructure under the existing contract awarded to them in July 2022 because they meet all the Council's requirements as set out in the tender.
- 1.14 This report sets out two recommendations required for Council to deliver on its strategic objectives, as stated in various strategy and policy documents. I commend this report to Cabinet Procurement Committee members for approval.

2. Group Director's Introduction

- 2.1 This report advises the Cabinet Procurement and Insourcing Committee to agree to the requested variations for working in partnership with the Electric Vehicle Charging Point (EVCP) supplier who have been awarded contracts to install and maintain Electric Vehicle Charging Points in Hackney.
- 2.2 The agreed partnership model prevents the Council from taking a financial exposure of funding and maintaining the charge point infrastructure themselves, but recent shocks in energy markets have exposed the Electric Vehicle Charging Point suppliers to financial and business continuity risk in their operating model.
- 2.3 Whilst it is presumed that energy prices will remain higher for a substantial amount of time in the near term, the Charge Point Operators need to increase the PAYG price per kWh to bring this in line with market norms at the time of writing.
- 2.4 If they are unable to do so the Charge Point Operators would not be able to successfully install and operate the required Electric Vehicle Charge Point infrastructure in Hackney and the delivery of a large-scale roll out of electric vehicle charge points throughout the borough may be compromised.
- 2.5 For the success of the borough wide EV charge point programme, and to foster a collaborative long-term working relationship between the Council and the EVCP suppliers, it is recommended that the price variation requests are agreed by the Cabinet Procurement and Insourcing Committee.
- 2.6 The other recommendation in this report is to agree to award Charge Point Operator Zest a contract for the delivery of 70 fast chargers and dedicated EV Car Club bays for a maximum value of five hundred thousand pounds (£500,000).
- 2.7 This funding will deliver the outcomes of the successful bid to the Local Electric Vehicle Infrastructure (LEVI) fund pilot to deliver 70 additional charge points.
- 2.8 The Local Electric Vehicle Infrastructure (LEVI) fund supports local authorities in England to plan and deliver chargepoint infrastructure for residents without off-street parking.
- 2.9 The pilot fund in particular supports projects which provide an improvement in EV charging provision that would not otherwise be met by current or planned EV chargepoint infrastructure.
- 2.10 The Council was awarded this funding in March 2022 in response to a proposal to use the existing contract with Charge Point Operators Zest to

install and maintain fast charge points, with 35 of these dedicated to EV car clubs and 35 of which will be available for public access charging.

- 2.11 This project will benefit Hackney residents. In supporting car clubs in Hackney move to electric vehicles this will ensure an equitable transition to electric motorised travel for all Hackney residents who require access, but who cannot or do not choose to own a vehicle.
- 2.12 There will also be a benefit to Hackney residents as the increased revenue share to the Council agreed with our partner Zest will be reinvested into sustainable transport projects.

3. Recommendations

Cabinet Procurement Committee is recommended to:

- 3.1 Agree to increase the PAYG price per kWh charged by the Electric Vehicle Charge Point Operator (CPO), Zest Eco Ltd as per Table 1 in Appendix 2 'Proposed tariff increase'. The variation will take effect from 1 January 2024 until 31 December 2034.**
- 3.2 Following the receipt by the Council of grant funding from the Local Electric Vehicle Infrastructure (LEVI) fund pilot scheme, award to Zest Eco Limited a contract for the delivery of 70 fast chargers and dedicated EV Car Club bays for a maximum value of five hundred thousand pounds (£500,000)..**

4. Related Decisions

- 4.1 In July 2022, the Council agreed to award contracts 1, 2 and 3 to Zest (contracts 2&3 for fast and slow charge points) and ESB Energy (contract 1, for rapid charge points) that will see 3,000 chargers installed on the borough's streets by 2030. See: [Electric Vehicle Charging Points Infrastructure Borough Wide CPIC Contract Award July 2022](#) for information.
- 4.2 In July 2019 at Full Council meeting, the Council adopted the Climate Emergency with the ambition to become a zero-net carbon borough by 2040, ten years earlier than the national target.
- 4.3 In May 2023 the Council's Climate Action Plan was adopted by Cabinet. The plan sets out five themes and a number of goals for the borough to be achieved by 2030 in response to the climate emergency.
- 4.4 The goal for 'reducing emissions from transport' is that "most petrol and diesel vehicles have been phased out: 64% of cars and 68% of vans on the road are battery-powered."

- 4.5 The Hackney Transport Strategy aims “to reduce the need to travel through the judicious use of land use planning and co-locating residential development, employment and essential services with public transport and high quality walking and cycling networks.” It includes Target T13: Reduce the levels of car ownership in Hackney to 39,700 by 2021 and to 32,300 by 2041 (MTS, HTS).

5. Reason(s) For Decision / Options Appraisal

- 5.1 This report recommends Cabinet Procurement and insourcing Committee to agree to increase the PAYG price per kWh charged by the Electric Vehicle Charge Point Operator, Zest Eco Ltd.
- 5.2 The price would be increased from the previously proposed PAYG price per kWh included in the cost submission from Zest in response to the procurement exercise, carried out between June 2021 and May 2022, to deliver and operate a network of Electric Vehicle Charging Points within the borough. (See Appendix 1 for cost submission).
- 5.3 The variation will take effect from 1 January 2024 until 31 December 2034.
- 5.4 After 31 December 2034, the PAYG price will be reviewed by the Council and Zest and a new recommendation on price will be agreed in line with the existing contract terms and conditions.
- 5.6 The setting of a new PAYG price will be consistent with the terms and conditions of the concessionaire contract.
- 5.7 As described in the Cabinet Member’s introduction, the unforeseen war in Ukraine and energy price shocks have redefined the wholesale market for energy and fundamentally affected the operating dynamics for Electric Vehicle Charge Point Operators (CPOs).
- 5.8 Tender bids received in March 2022 required a maximum PAYG price submission that would be maintained for 2 years and then rise based on CPI +3% each year. The Contracting service accepts that there have been fundamental changes to the market and wholesale energy prices that are likely to make the original bids unviable for the CPOs
- 5.9 Resetting the starting price per kilowatt hour charged to the customer would allow the approved charge point operators to adjust to the current market conditions to ensure business viability and be able to deliver the agreed project outcomes and maintain the assets and service throughout the lifetime of the concession contract.
- 5.10 EV charge point operator Zest has completed the Council’s ‘Variation to PAYG price’ form and provided the requested evidence in support of the request to vary the price per kWh included in the original cost submission. These forms are in Appendix 4 .

- 5.11 EV charge point operator Zest has provided recent benchmarking to underpin their proposed starting price per kilowatt hour (see Appendix 3 for benchmarking).
- 5.11 The Council's contract management mechanisms will be used as a way to flag any discrepancies in the current market price and the price per kWh charged to the customer if it is deemed that the CPO has not responded sufficiently to the change in the wholesale price for energy in moderating their tariff.
- 5.12 In March 2022 the Council was awarded Five Hundred Thousand Pounds, £500k through the Local Electric Vehicle Infrastructure (LEVI) fund pilot scheme. The funding was awarded for the Council's bid proposal to use the money to fund otherwise less profitable use cases for EV charging.
- 5.13 The proposal is to install 70 on-street fast charging sockets, 35 of which will be dedicated to EV car clubs and 35 of which will be available for public access charging. This infrastructure will support car clubs in Hackney move to electric vehicles and ensure an equitable transition to electric motorised travel for all Hackney residents.
- 5.14 The proposal is in line with the Council's objective to reduce vehicle ownership and miles driven whilst rapidly facilitating the transition to electric vehicles and improving local air quality.
- 5.15 The pilot project will be delivered under the existing contract agreed with Zest Eco Ltd to install and maintain fast charge points because they meet all the requirements as set out in the tender.
- 5.16 The existing contract with Zest contains a provision for the Council to receive an increased share of the revenue from the operation of the charge points in response to additional external grant funding, (or other income sources) secured for the delivery of public EV charging infrastructure.
- 5.17 This is detailed in paragraph 8.9, section 8 on 'partnership working.' of the tender specification Appendix 1 which reads that the CPO will 'actively bid for the external funding available for Local Authorities, to contribute to the partnership financially in return for the lower tariff rates available to residents, where feasible.'
- 5.18 The £500k LEVI pilot scheme funding meets this criteria and, as such, Zest has agreed to increase the share of the revenue to the Council from 10% to 12.5%. The additional revenue share received by the Council will be reinvested into sustainable transport projects.

6 Alternative Options (Considered and Rejected)

Option 1: Do Nothing

Doing nothing will result in the Electric Vehicle Charge point operator experiencing a financial loss. If the operators go out of business then the success of the EV charging scheme and ambitious targets for the deployment of EVCPs across the borough will be at risk and could impact on the Council's reputation

Option 2: Reject the request to vary the PAYG price per kWh

Rejecting the changes recommended in the report will result in the outcome described in 6.1.1

Option 3: Reject the award of a contract under a Single Tender Award mechanism to Zest Eco Ltd to deliver the EV project which has been awarded grant funding of £500k from the Local Electric Vehicle Infrastructure (LEVI) fund.

- 6.1 Rejecting the award of contract to Zest to deliver this work would mean that the project objectives are not delivered and the benefits to residents are not realised.
- 6.2 Furthermore, it would not be possible to deliver the project with the same, or similar value to the Council by awarding the work to another CPO. The Council is able to benefit from the scale of the existing contract with Zest to leverage additional returns as noted in 3.5 that Zest has agreed to increase the profit share received by the Council from 10% to 12.5% in response to the additional external funding secured from the LEVI pilot fund.

7 Project Progress

7.1 Developments since the Business Case approval

- 7.1.1 In July 2022, the Council agreed to award contracts 1, 2 and 3 to Zest (contracts 2&3 for fast and slow charge points). The Council has commenced working with Zest to plan the future network of EVCPs.
- 7.1.2 The first locations for EVCPs will be consulted on in early 2024 following an engagement exercise during which residents were asked to tell the Council where they would like to see charge points installed. The results of this engagement will be published before the end of 2023 and residents will be invited to comment on the EV Network Map.
- 7.1.3 The main risk to deployment of new EV charge point infrastructure is that identified in the Cabinet Member's introduction in 1.0. That is that the war in Ukraine and energy prices shocks have fundamentally affected the operating dynamics for Electric Vehicle Charge Point Operators.

7.1.4 The result is that the Council needs to accept the recommendation to increase the PAYG price per kWh to bring this in line with market norms at the time of writing.

7.1.5 Without this agreement, Charge Point Operators will not be able to successfully install and operate the required Electric Vehicle Charge Point infrastructure in Hackney and the delivery of a large-scale roll out of electric vehicle charge points throughout the borough may be compromised.

7.2 **Whole Life Costing/Budgets**

7.2.1 Current estimated costs for the provision of an EVCP of the scope proposed are around £19.5m coming entirely from external contractors with no capital requirement from the Council.

7.2.2 As part of its work around the implementation of an EVCP network, the Council will commit to bringing in external grant funding where feasible. This grant funding will contribute to the delivery of EVCP contracts and can generate positive benefits to the wider community, for example by providing a subsidy to charging tariffs, or potentially reducing the minimum contract term, allowing the Council to re-let the contract earlier into a more mature marketplace.

7.2.3 Across the three EVCP contracts awarded it is anticipated that £9,505,500 of income will be generated for the Council over the 15 year term of these contracts.

7.2.4 This income will offset the required Council staff resource for the delivery phase of the project and the expected reduction in pay and display parking income of £6,130,000 over the same period. Income which will be foregone to provide the prerequisite kerbside parking spaces for Electric Vehicles to charge.

7.2.5 Whilst the EVCP contracts are anticipated to return a surplus to the Council over the contract lifespan, there is expected to be a negative return for the Council until Year 5 of the contracts, after which point the cashflow turns positive for the Council.

7.2.6 During the period of negative cash flow for the Council, it will be necessary for additional funding to be allocated to make up for the loss of parking income and any associated running costs for the operation of these contracts. A separate CPRP funding bid has been submitted and approved for this.

7.3 **Risk Assessment/Management**

Risk	Impact	Likelihood	Overall	Action to avoid/mitigate risk
Timescale Project has not progressed in line with timescales, and may have an impact on dependant workstreams.	High ▾	Medium ▾	High ▾	Early identification of delays through project RAG reporting. Appropriate course of action to be agreed with the supplier depending on the cause of the delay and overall impact.
Funding Commercial viability of supplier means that the project is not delivered on time/budget	High ▾	Medium ▾	High ▾	Early identification of risk in supplier meetings. Tender process enables direct award to other suitable but previously unsuccessful bidders
Delays due to DNO DNO does not pass or provide an O-Pen solution	High ▾	Medium ▾	High ▾	Early identification of risk in supplier meetings. Early supplier engagement with DNO supplier proffered as mitigation measure.
Delays due to Legal Delays due to lack for resource for getting TMOs drafted and advertised in a timely manner	High ▾	Medium ▾	Medium ▾	Additional resourcing of TMO team to take on increased workload
Project clash Conflict with other projects which reallocate roadspace	Medium ▾	High ▾	Medium ▾	Sound internal processes for checking locations prior to TMO stage.
Engagement Objection from residents at Statutory Consultation about the siting of EV infrastructure	Low ▾	Medium ▾	Low ▾	Develop and communicate clear siting criteria and rationale via communications plan and narrative.

<p>Social equity Groups with protected characteristics are excluded from accessing and benefiting from EVCP infrastructure</p>	<p>Medium ▾</p>	<p>Medium ▾</p>	<p>Low ▾</p>	<p>Dedicated EV infrastructure to be provided for on street Blue Badge bays to ensure availability of charging for protected characteristic group 'Disability'. EV hardware designed and built to meet new accessibility standards. Financial exclusion to be mitigated by: the expansion of electric Car Club vehicles available, smart/flexible tariffs for charging and the options of a tariff for Hackney Light and Power customers. Local employment and skills for the green economy will also be delivered through the project.</p>
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8 **Savings**

- 8.1 The project will contribute to overall improvement of air quality and carbon savings for the borough. There is a proposed guaranteed revenue share between the partners and the Council from the operation of the charging points.
- 8.2 The indirect savings will be received by the residents who decide to swap their fossil fuel cars to electric, and to take advantage of the competitive tariff for charging, no emission charges (ULEZ) for driving in London and free or reduced charge parking fee.

9 **Sustainability Issues and Opportunities, Social Value Benefits**

9.1 **Procuring Green**

The installation of EVCP will meet the green indicators from Hackney Sustainable Procurement Strategy by significantly reducing the reliance on fossil fuel vehicles and carbon emissions. The charging stations will be powered by 100% renewable electricity, in some cases generated locally, which will contribute towards achieving a zero-net carbon target by 2040. Both recommended partners agreed to work with the Council on a wider feasibility study in relation to power electric vehicle charging points via solar panels on Council owned-roof spaces. They offered to fund the initial feasibility study as well as invest in solar panels installation in the borough.

9.2 **Procuring For A Better Society**

The delivery of the strategy will help enable residents, businesses and visitors to the borough to gradually transition to electric vehicle ownership/use. This should result in improvements to overall air quality in the borough.

9.3 **Procuring Fair Delivery**

There are no fair delivery concerns in procuring these services. The procurement fulfilled the Council obligation as a public sector organisation, by reducing carbon emissions and lowering the costs of owning the vehicle by profiting competitive tariffs for the charging units.

A number of social value elements have been included as part of the specification. These are specified in section 9.1.

10 **Equality Impact Assessment and Equality Issues**

- 10.1 This should include more than just considering whether chargers are uniformly spread. There is a grave risk of inadvertent subsidy to the owners of expensive cars. Equality considerations covered in more detail in the Hackney EV Strategy.
- 10.2 On-street charging addresses an inequality in terms of access. Currently, residents with access to off-street private parking are able to install their own charge points and the costs of using a domestic electricity supply for charging are much lower.
- 10.3 Vehicle ownership correlates to income. A 2013 analysis found that Tesla buyers had an average household income of £210K. Until prices fall it will be much harder for those on lower incomes who rely on second-hand cars to replace petrol/diesel cars and work vans.
- 10.4 Hackney is also growing the provision of its Car Club scheme, which provides great shared access EVs. Improving vehicle access through this scheme may help to tackle social exclusion and improve quality of life by providing greater access to vehicles without the expense of ownership.
- 10.5 Furthermore, increasing the electric fleet of Car Club vehicles offers the benefits of shared ownership but contributes less harmful emissions and pollution than petrol or diesel vehicles.
- 10.6 The Hackney Transport Strategy Objective 3 is 'Ensure that the needs of older people and those with visual and mobility impairments are considered in all plans and proposals to upgrade the Public Realm.'
- 10.7 It is recognised that in some locations there may be disadvantages to those with reduced mobility who may need to travel further to access a vehicle as a result of the installation of EV charge points with dedicated

'EV-only charging bays in residential streets. There will be no reduction in Blue Badge parking spaces removed as a result of this scheme.

- 10.8 However, EV-only charging bays improve charging compliance and the streetscape situation, mitigating risks from trailing cables which can cause trip hazards and cause restrictions to groups with mobility issues.

11 Social Value Benefits

- 11.1 Zest has appointed a Social Value Manager whose role will be to enable delivery of the social value targets. There are a number of social value elements included as part of the specification, including commitments to a 40% local labour target for the maintenance phase and payment of the London Living Wage (LLW) to staff.

- 11.2 These enhanced social value requirements include: Apprenticeships, school programmes with access to environmental learning, promotion of electric vehicle schemes, skills and training opportunities, careers fair, free training material and self-development to support people with their employment moves or entry and community support. All bidders have completed their Employment and Skills Plans for 2022-23.

- 11.3 In order to avoid the Council in unfair use of offshore finance, contractors were asked to prove that their funding is coming from an equity or green investor.

- 11.4 Performance against the KPIs for sustainability and social value will be monitored through ongoing contract management arrangements, including regular performance management meetings.

12 Tender Evaluation

On 29 November the Council received nine submissions, with one supplier withdrawing from bidding due to a short deadline. Eight submissions were fully compliant with one supplier having not sent the required supporting documents, hence disqualified from the further tender process. Only two suppliers decided to bid for all 4 contracts, with one supplier considering contract 4 under the condition of securing the rest of the contracts.

12.1 Initial Tender Process

The procurement route undertaken for this project was via a "Find a Tender" Competitive Procedure with Negotiation. This comprised:

- (i) Selection Questionnaire
- (ii) Initial Invitation to Tender.
- (iii) Negotiation Phase
- (iv) Final Invitation to Tender

12.2 The Evaluation Panel for the tender process comprised:

- Head of Operations HLP (LBH)
- Group Manager, Sustainable Transport and Engagement Streetscene(LBH)
- Principal Transport Planner Streetscene (LBH)
- Fleet Manager (LBH)
- Finance Project Accountant (LBH)

12.3 The procurement process was managed and coordinated by members of the Procurement team.

- Head of Operations HLP (LBH)
- Group Manager, Sustainable Transport and Engagement Streetscene(LBH)
- Principal Transport Planner Streetscene (LBH)
- Fleet Manager (LBH)
- Finance Project Accountant (LBH)

12.4 Following submission of their bids, clarifications on the submissions were raised with any bidders via ProContract, to clarify any errors in the tenders submitted or any apparent inconsistencies prior to the evaluation process.

12.5 The panel evaluated all submissions and shortlisted four bidders. Bidders marked with a shaded score were rejected as they were awarded a score of two or below two or more times. As a result has failed to meet the minimum quality threshold specified in the procurement documents (ie: scored less than '2' against more than one criterion). As a consequence of the above and in accordance with the Concession Contracts Regulations 2016, the Council moved to initiate the negotiation stage of the CPN Procedure, inviting the four bidders to explore the potential for alternative options for revenue share, add skills and employment plan and further specification changes in particular to contract 3 in relation to street lighting compliance of the proposed charging points for contract 3.

12.6 On 15 December, at the Steering Group meeting, the members discussed the outcome of the moderation meeting and endorsed the recommendations for inviting four bidders into the negotiation stage. The group recommended including the finance representatives to the negotiation team. The outcome letters were sent to all the bidders, followed by a 10 day standstill period before commencing negotiation.

Negotiation stage:

12.7 Negotiations commenced on 17 January 2022 and the negotiation was concluded on 19 January 2022. Participating bidders were invited to submit their response to the Invitation to Submit Final Tenders (ISFT) Best

and Final Offers based on a revised ISFT which incorporated an additional question regarding the proposed business and financial model, revised specifications and legal head of terms following negotiations

12.8 Following the negotiation stage the below changes to initial specification has been made:

- Remove the word count from tender response document
- Issue the lamp post column electrical compliance specification from Council electrical highways team to bidders in Contract 3 from Council
- Issue the Highway Section 50 template as a base for concession contract
- Issue updated Head of Terms as part of initial Terms and Conditions
- Issue updated procurement timetable

Final tender:

12.9 The ISFT (Invitation to Submit a Final Tender) was issued on 11 March 2022 with the deadline for submissions of 25 March 2022.

12.10 Across all 4 contracts, preferred bidders were selected using the award criteria and scoring methodology set out in the ISFT. Bidder C and G achieved the highest score overall in quality and price combined. Their responses to the tender demonstrated an excellent understanding of the project's constraints and risks; well developed fully funded business model to protect Council financial exposures; a good approach to streetscene and highways requirement on installing new charging equipment minimising disruption; communicating well with stakeholders and future customers; and providing employment and skills opportunities. As such their bid was deemed the most economically advantageous tender (MEAT).

13 Recommendation

13.1 In July 2022 the Cabinet Procurement and Insourcing Committee agreed the recommendation to:

Award the delivery and concession contract to:

- Bidder C- for Contract 1- Rapid charges
- Bidder G- for Contract 2&3 Fast and slow charges
- Do not award contract for Contract 4- Fleet charges

13.2 Agree to enter into a Concession Contract and other ancillary legal documentation relating thereto for the installation of electric vehicle charging points under terms as shall be agreed by the Director of Legal, Democratic and Electoral Services, and authorise the Director of Legal,

Democratic and Electoral Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report.

- 13.3 Note that a recommendation will be made to Cabinet that surplus revenue generated by the EV charge points is used to support active and sustainable travel projects that support the Council's wider aims to reduce private vehicle use. "Surplus revenue" will mean any monies left over after covering lost income and direct staff costs relating to managing the project. This report is dependent on the successful outcome of the separate decision on additional resource for staff costs.

14 Contract Management Arrangements

- 14.1 The scale and ambition of the project will require additional resources in order to project manage the key deliverables. The necessary resources and skills to own and manage the project have been identified and recruited within Streetscene.
- 14.2 Four posts have been recruited for the delivery period of the contract. One post at a Senior level and three at Transport Planner level. It is expected that the cost of the new posts and internal resource would be covered by the contributions of the partners over time.
- 14.3 Not providing appropriate resources within the Council risks acute bottlenecks in both the planning stages and the delivery stage where quality control and statutory functions will need to be carried out by the Council. Lack of appropriate resource is likely to result in the necessity to reduce the scope of the project and risk the support of the selected Partners and their own investments.
- 14.4 Internal governance has been established to ensure the successful delivery of the project. It is proposed that the governance arrangements between the Council and the Service Providers is intended to operate as an agreement by which the Council and the Service Providers will work together to resolve issues and disputes in the spirit of mutual trust and cooperation.
- 14.5 All the Parties will agree to nominate appropriate representatives to the following two project boards who will be able to commit to the required level of attendance:
- a. Strategic Management and Project Assurance Group ("SMPAG");
and
 - b. Operational Group ("OG")

15 Key Performance Indicators

- 15.1 The Council will expect the Partner to, as part of regular reporting under this contract, provide information on any shortfalls in KPI's and also provide clarification for not achieving the targets and plans for rectification. Indicative KPIs are provided in the table below and the Council will expect these to be finalised as part of the formalisation of the contract. The following KPIs will be reviewed on a monthly basis by the Operational Group and Annually by the Strategic Management and Project Assurance Group.

Main KPIs set	Monitoring
Number of EV charging points installed.	500 points per year 2023 - 2026
Percentage of local labour used - 40% local labour target during maintenance	40% of labour from local sources measured annually from 2026 - 2037
Annual paid work apprenticeships	1 two year work placement every two years 2024 - 2037
Electric charge point availability	98.5% measured quarterly

16 Comments Of Interim Group Director Of Finance

- 16.1 This report seeks authorisation to vary the PAYG price per kWh and award to Zest Eco Limited a contract for the delivery of 70 fast chargers and dedicated EV Car Club bays for a maximum value of five hundred thousand pounds (£500,000). The proposals remain consistent with the Council's overall commitment to the Climate Action Plan.
- 16.2 The increase of tariff price per kWh is required to ensure the business viability of the charge point operators and implementation of the chargepoint programme. It continues to provide value for money for service users with one of the lowest tariffs in London.
- 16.3 The recommendation to award Zest Eco Limited to install 70 fast charging sockets is in line with the Council's CPIC contract Award in 2022.
- 16.4 Zest Eco Limited have agreed to increase the share of revenue to the Council to 12.5%. This will generate additional revenue which will benefit Hackney residents as it will get reinvested into further sustainable projects.

17 VAT Implications On Land & Property Transaction

- 17.1 Tax implications around the delivery model will be considered through the due diligence process taking place in the coming months.

18 Comments of The Director of Legal Democratic and Electoral Services

- 18.1 Appendix 3 of the Constitution (Terms of Reference of Council Committees) states that Cabinet Procurement & Insourcing Committee will review and where appropriate award contract variations. Therefore CPIC is permitted to approve the contact variation in this Report.
- 18.2 Regulation 43(1)(c) of the Concession Contracts Regulations 2016 states that concession contracts may be modified without a new concession contract award procedure where (i) the need for modification has been brought about by circumstances which a diligent contracting authority or utility could not have foreseen, (ii) the modification does not alter the overall nature of the concession contract, (iii) in the case of a concession contract awarded by a contracting authority, any increase in value does not exceed 50% of the value of the original concession contract. The reasons for the proposed variation of contract are set out in this Report and satisfy the requirements of the Regulation.
- 18.3 Under Appendix 3 of the Constitution (Terms of Reference of Council Committees etc.) Cabinet Procurement & Insourcing Committee is authorised by Cabinet to give detailed consideration on all issues relating to procurement practice and policy and to award all high-risk contracts, including all contracts above £2m regardless of their risk rating.
- 18.4 The Committee may also reserve to itself the consideration to award any contract for any other procurement listed on the Procurement Pipeline. The matters in this Report have been assessed as High Risk and therefore Cabinet Procurement & Insourcing Committee is permitted to agree the award of contract in this Report.
- 18.5 The award of the contract in paragraph 3.2 of this Report could otherwise be by way of a single tender action under CSO 2.2-2.5, arguing that the value of the contract is below the relevant threshold and the Contracting Officer can demonstrate to the Group Director, Finance and Corporate Resources, or designated deputy, why a single tender action affords the Council Best Value.
- 18.6 However, in the interests of transparency and good practice the Chair of Hackney Procurement Board has referred this matter to the Committee as permitted under paragraph 7 of the Terms of Reference of Cabinet Procurement & Insourcing Committee.

19 Comments Of The Procurement Category Lead

- 19.1 Recommendation 3.1 is noted. Variation of the existing Hackney residential on-street Electric Vehicle Charging Points Contracts DN565147 is proposed as the Council needs to review the cost submissions agreed in the tender responses submitted in March 2022 in order to ensure business viability for

the charge point operators and the successful implementation of the EV chargepoint programme.

- 19.2 The total value of the contract, including the requested extensions, is above the relevant Concession Contract Regulations 2016 (CCR) threshold, and was not provided for within the original agreement.
- 19.3 As mentioned in 15.2 the Concession Contract Regulations 2016 allows changes to the contract where the need for modification is unforeseen and doesn't alter the nature of the concession, for contracting authorities this is subject to a 50% maximum increase in concession value.
- 19.4 The new variation value is below the 50% of the original contract, therefore it is not a breach of regulation. But it is not permissible under our Contract Standing Orders, therefore written authorisation from the Director of Legal and Governance is required to proceed with the extension.
- 19.5 The second recommendation seeks approval to award of Zest Eco Ltd to complete work to the value of Five Hundred Thousand Pounds without a competitive procurement.
- 19.6 The award of the contract in paragraph 3.2 of this Report could otherwise be by way of a single tender action under CSO 2.2-2.5, arguing that the value of the contract is below the relevant threshold and the Contracting Officer can demonstrate to the Group Director, Finance and Corporate Resources, or designated deputy, why a single tender action affords the Council Best Value.
- 19.7 However, in the interests of transparency and good practice the Chair of Hackney Procurement Board has referred this matter to the Committee as permitted under paragraph 7 of the Terms of Reference of Cabinet Procurement & Insourcing Committee.

Appendices (Exempt)

Appendix 1 - Cost submission Zest.

Appendix 2 - Proposed tariff increase Zest

Appendix 3 - Benchmarking for tariff increase. Profit share forecast for LEVI pilot
Funding

Appendix 4 - PAYG Variation Price Form C

By Virtue of Paragraph 3, Part 1 of schedule 12A of the Local Government Act 1972 Appendice 1-4 of this report are exempt because they contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in

maintaining the exemption outweighs the public interest in disclosing the information.

Background Documents

None

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