

REPORT TITLE: Zero Emission Bus Regional Areas (ZEBRA) Funding Application

Cabinet Date	27 March 2024
Cabinet Member	Cllr Philip Robinson, Cabinet Member for Education, Skills, and Bus Transport
Key Decision	Yes
Purpose of Report	To seek Cabinet approval to move forward with the ZEBRA project, should the council's bid to the Department for Transport (DfT) for ZEBRA grant funding be successful.
Recommendations	<p>If the council's bid to the DfT for ZEBRA grant funding is successful, that Cabinet:</p> <ol style="list-style-type: none"> 1. Delegates authority to the Executive Director of Economy, Environment, and Infrastructure, in consultation with the Cabinet Member for Education, Skills and Bus Transport to: <ol style="list-style-type: none"> 1.1 enter into a funding agreement with the DfT for Gloucestershire County Council (GCC) to accept the DfT ZEBRA grant and then add the DfT grant amount to GCC's capital programme; 1.2 enter into funding agreements with: <ol style="list-style-type: none"> (a) Stagecoach West, (b) Oxford Bus Company (Pulman's parent company) and (c) Lydney Dial a Ride and Community Transport for GCC to award the ZEBRA capital grant funding together with GCC's own funding contribution for the purpose of contributing towards the cost difference between Zero Emission Buses (ZEBs) and standard conventional diesel bus equivalents as well as the capital expenditure incurred as a result of infrastructure purchase and installation. 1.3 agree and implement a contracting arrangement with the Forest of Dean District Council (FODDC) to provide GCC with part funding for the Lydney Dial a Ride & Community Transport to purchase and operate a ZEB.

	<p>2 Approves GCC paying up to £1,500,000 in GCC grant funding by means of the three funding agreements described in Recommendation 1.2.</p>
<p>Reasons for Recommendations</p>	<p>To enable, subject to the council's bid to the DfT for ZEBRA funding being successful, the purchase of electric buses for Gloucestershire, as well as the purchase and installation of supporting charging infrastructure which may enable additional future electric vehicle purchases.</p>
<p>Resource Implications</p>	<p>GCC has a funding allocation of up to £1,500,000 within the approved capital programme. In addition, officer time will be required in Legal, Finance, the Integrated Transport Unit, and the Strategic Transport Planning team to enable the necessary legal agreements, financial administration, and the monitoring of project delivery. These can be met from within current staff resources.</p> <p>The funding round from DfT is likely to be highly competitive and we are yet to receive any feedback on GCC's submission. However, if the full allocation in GCC's submission were to be approved then GCC's investment could secure a contribution of up to £6.0m from DfT and lever an investment of up to £22.5m from operators.</p> <p>The resources are based on the assumption that GCC will be successful in securing 100% of the funding applied for. If, however, the sum received from the DfT is less than that applied for, it will be necessary to remove some of the delivery/outcomes set out under section 3 below. This decision would be taken by the Executive Director of Economy, Environment, and Infrastructure, in consultation with the Cabinet Member for Education, Skills and Bus Transport.</p> <p>The funding agreements with the bus companies referred to in Recommendation 1.2 will include provision for some of the capital expenditure costs incurred by the bus companies in purchasing the ZEBs and also costs associated with the installation of ZEB charging infrastructure.</p>
<p>Background Documents</p>	<p>If Gloucestershire's ZEBRA bid is successful, it will be published here: Bus service improvement plan (BSIP) Gloucestershire County Council</p> <p>Government ZEBRA fund guidance: Apply for zero emission bus funding (ZEBRA 2) - GOV.UK (www.gov.uk)</p> <p>Gloucestershire Bus Service Improvement Plan (BSIP): Gloucestershire Bus Strategy Gloucestershire County Council</p> <p>GCC Ultra Low Emission Vehicle Strategy 2021: Gloucestershire County Council Ultra Low Emission Vehicle Strategy</p>

	Gloucestershire's Local Transport Plan 2020 - 2041: Gloucestershire LTP 2020-2041 Gloucestershire County Council
Statutory Authority	Gloucestershire County Council is the Local Transport Authority and Local Highway Authority
Divisional Councillor(s)	The following divisional councillors have bus services in their division that may be benefited if the government grant the ZEBRA funding: Cllrs Hay, Babbage, Whyborn, Baker, Suzanne Williams, Harman, Nelson, Fifield, Willingham, Fisher, Gravells, Brown, Patel, Chambers, Norman, Tracey, Hilton, Kathy Williams, Hawthorne, Miller, Hodgkinson, Stowe, Harris, Halifax, Morris, Spivey, Mackenzie-Charrington, Hoyland, Allaway-Martin, Preest, McFarling, Susan Williams, Hegenbarth, Vines, Evans, McLain, Cody, V. Smith, Gray.
Officer	Name: Luisa Senft-Hayward Tel. no: 01452 425537 Email: luisa.senft-hayward@gloucestershire.gov.uk
Timeline	Spring 2024: finalise grant funding agreement. Spring 2024: operators to place orders for electric buses. Summer 2024: gain planning permissions (if required) Late 2024 – late 2025: infrastructure delivery 2025: estimated vehicle manufacturing time Late 2025: first electric buses in service

Background

1. Gloucestershire's Bus Service Improvement Plan (BSIP) states GCC's ambition to work towards a zero-emission bus fleet. In 2023, Government launched a second round of ZEBRA funding, which will provide £129 million to support the introduction of ZEBs in the financial years 2023 to 2024 and 2024 to 2025.
2. GCC's Ultra Low Emission Vehicle (ULEV) Strategy (2021) commits to partnering with public transport operators to identify funding opportunities to convert bus fleets to ULEVs. In line with this strategy, GCC officers contacted all bus operators in Gloucestershire to explore their interest in applying for ZEBRA 2 funding. Stagecoach, Pulhams and Lydney Dial a Ride expressed an interest to submit a joint bid to Government, with GCC leading on the bid.
3. Gloucestershire's bid sought Government investment of up to £6 million towards the cost difference between ZEBs and standard conventional diesel buses and towards the capital expenditure incurred for associated infrastructure, such as charging points. In combination with investment from GCC, Forest of Dean District

Council¹, and bus operators this will enable the purchase of up to 58 ZEBs to operate in Gloucestershire.

4. Gloucestershire's ambition to become an exemplar for decarbonising transport in a largely rural county has been clearly expressed in its adopted LTP. Investing in ZEBs on rural bus corridors will target journeys with longer trip distances and higher carbon emissions, setting a clear signal of Gloucestershire's intention to progress transport decarbonisation and to invest in the attractiveness of its rural bus services, thus encouraging mode shift onto the bus. The contribution and grant will advance the replacement of existing diesel buses providing new, modern, passenger friendly and comfortable buses increasing the attractiveness of bus travel. In addition, the ZEBRA fund guidance made clear that a proportion of the total funding available is ring fenced for services that (at least partly) operate in rural areas.
5. If Gloucestershire's ZEBRA bid is successful, GCC will work with local bus operators to seek to introduce bus priority measures at locations on the ZEB routes to further improve the services as part of our overall bus strategy.
6. One of Gloucestershire's BSIP ambitions is to create a network of express-bus services, where bus priority interventions and increased investment in bus infrastructure will be focused. To ensure synergies between the ZEBRA proposals and different investment strands, priority was given to ZEBs on routes serving rural communities on higher frequency bus corridors and on corridors in the emerging express-bus network. These principles were combined with operational considerations and other strategic considerations, such as benefits to local Air Quality Management Areas (AQMAs), social inclusion and accessibility as well as planned bus priority investment. In summary the criteria for route selection were:
 - Enhancing rural access
 - Value-added through alignment with other complementary investment programmes
 - Impact on air quality - i.e., routes that pass through AQMA's.
 - Route length and frequency – to maximise potential carbon reductions.
 - Passenger capacity and demand; and
 - Addressing inclusion and transport poverty
7. Gloucestershire's ZEBRA 2 application included the following routes:
 - Routes 94 and 94x serve Gloucester and Cheltenham and offer an opportunity to electrify one of Gloucestershire's busiest bus routes, providing high visibility on a corridor identified in Gloucestershire's Local Transport Plan (LTP), Bus Service Improvement Plan (BSIP) and in the emerging express-bus study.
 - Routes 41, 42, and 43 (linking Tewkesbury to Cheltenham) as well as route 71 (linking Tewkesbury to Gloucester) are also recognised in the LTP, BSIP, and the emerging express-bus corridor study. These services provide high quality regular bus services for the proposed expansion of Gloucestershire's rural DRT service to link into. In addition, routes 41, 42, and 43 will benefit from investment in bus priority as part of the M5 J10 scheme and developer funding,

¹ Forest of Dean District Council have agreed to financially contribute to the purchase of a ZEB for Lydney Dial a Ride.

making this a real opportunity to create a flagship express-bus corridor for Gloucestershire.

- Route T, links Bishop Cleeve and Tewkesbury, complements the 41 and 71, and would complete the EV conversion of Stagecoach's Tewkesbury network.
 - Routes 1 and 2 serve Gloucester and run through an Air Quality Management Area, providing significant opportunities to improve the health of Gloucestershire residents and have quality buses serving some of our most deprived communities.
 - Route 99, linking Cheltenham General Hospital to Gloucester Royal Hospital via Arle Court. This route provides significant benefits for NHS workers as well as Gloucestershire residents needing to access hospital services. It aligns with Gloucestershire's LTP and BSIP and links to one of GCC's major investment projects and flagship Interchange Hub, at Arle Court.
 - Routes P, Q, and L provide local services within Cheltenham, which has long suffered from poor air quality.
 - Route 801, links Moreton-in-Marsh to Stow-on-the-Wold, Bourton-on-the-Water and Cheltenham. This route would see investment in one of our emerging express-bus corridors, which we plan to enhance using BSIP+ funding, and provide links to the Gloucestershire "Robin" service in the north Cotswolds and to rail services at Moreton-in-Marsh station.
 - Routes 802 and 855 are rural services linking Bourton-on-the-Water to Upper Rissington and Cirencester.
 - Route 777 serves Lydney to Coleford. As with the 801, these are truly rural bus routes that would benefit a significant congestion hotspot and AQMA.
8. The operators used their previous experience of ZEB technologies to determine the most appropriate technical proposal and concluded that Battery Electric Vehicles (BEVs) are the preferred option for the chosen areas. This is in line with the short/medium term strategy of both, Pulhams and Stagecoach to roll out BEVs with predominantly overnight charging.

Options – in the event that GCC's bid for ZEBRA funding is successful

9. OPTION 1: GCC accepts DfT funding and enters into contracts with the participating bus operators to invest in electric buses and associated infrastructure on the basis described in the Recommendation section of this paper above. This would lever in substantial private sector investment and support delivery of the objectives and strategic ambitions expressed in GCC's LTP, BSIP and ULEV strategy.
10. OPTION 2: GCC does not accept Government funding. This would result in a loss of Government and private sector investment in the county and significantly hinder the delivery of clearly stated County Council ambitions and policies to decarbonise transport and invest in Gloucestershire's bus offer.

Risks

11. **Subsidy control** – GCC has received legal advice in relation to its ZEBRA funding bid and subsidy control regime compliance issues arising therefrom. The advice identified that the financial support GCC intends to provide to bus operators by means of the proposed grant arrangements falls within the definition of a “subsidy” under the Subsidy Control Act 2022. It confirmed that it would be reasonable for GCC to conclude that the services provided by bus operators that would be supported by the ZEBRA funding would be services of public economic interest. The services are being provided for the benefit of the public and the bus operators involved in the arrangements would not be in a position to invest in zero emission funding without support from external funding.
12. In order to provide a subsidy to a service of public economic interest enterprise, GCC will need to ensure that the subsidy is limited to the amount necessary to deliver the services of public economic interest. The legal advice received took the view that GCC will be able to meet these requirements by entering into funding agreements with the recipients of the subsidies. The advice informed GCC that in providing subsidies there would be ongoing obligations for GCC to comply with. It is noted that DfT has already operated one round of ZEBRA funding and compliance requirements have been part of their considerations in setting the bid processes.
13. **Financial** – GCC will be responsible for the funding received by Government. It will enter into a funding agreement with bus operators and will seek to ensure that the bus operators carry the risk of cost overruns of either vehicles or infrastructure. GCC will pay funding against cost incurred to ensure that bus operators deliver against funding received in line with the deliverables identified in Gloucestershire’s ZEBRA bid.
14. **Value for money** - there are multiple risks that can affect the scheme value for money such as cost increases, the number of annual kilometers operated, battery replacement costs and others. GCC’s funding bid included a number of sensitivity tests that clearly demonstrated that the cost benefit ratio is maintained under scenarios that can be reasonably expected, e.g. 10% divergence from assumptions.
15. **Delivery** – There are risks to delivery which include a delay to the delivery of the electric buses, a delay to the implementation of the electricity supply needed to charge the electric buses, delay to the physical works required at the bus depots and potentially planning decisions. These risks have been identified in a quantified risk assessment as part of the ZEBRA bid and GCC will work closely with bus operators to monitor and minimise these risks during project delivery.
16. **Reputation** – There is a reputational risk of failing to deliver against the ZEBRA funding application objectives. This will be managed through the ongoing risk management process and financial monitoring. Equally there are reputational risks of not progressing a project of this nature where national funding is on offer to help progress our climate aspirations.
17. **Procurement** - All vehicles procured as part of this ZEBRA 2 application will be owned by the respective bus operators. Similarly, the infrastructure supporting the introduction of ZEBs will be owned by the bus operators, with the exception of Lydney Dial a Ride where GCC owns the premises at Lydney bus station that are used by Lydney Dial a Ride. The funding agreement between GCC and the bus

operators will ensure that all bus operators will carry out their procurement of vehicles and supporting depot infrastructure through competitive processes.

18. **Vehicle retention** – Bus operators are obliged by the ZEBRA fund conditions to continue to operate the ZEBs purchased under the ZEBRA scheme within Gloucestershire for a minimum of five years. There is however a risk to what would happen to the vehicles after these five years have passed and in the event that one of the participating bus operating companies ceases to exist. However, the ZEBRA project includes significant infrastructure investment from both bus operators and the public sector. So, there is an incentive to not only keep, but to add to the number of ZEBs operating from the Gloucestershire bus depots in receipt of the investment.

Financial implications

19. GCC has a funding allocation of up to £1,500,000 within the approved capital programme for the purpose of a ZEBRA bid. The funding round from DfT is likely to be highly competitive. However, if the full allocation in GCC's submission were to be approved then GCC's investment could secure a contribution of up to £6.0m from DfT and lever an investment of up to £22.5m from operators.
20. GCC will be required to enter into an agreement with the DfT before it receives any ZEBRA funding, under which GCC shall assume an accountable body role and issue grants to the operators listed in the Recommendation section of this paper above. GCC will also be responsible for monitoring delivery against the ZEBRA funding. GCC will also enter into agreements with the bus operators, as described in the Recommendation section of this paper above, under which the bus operators shall be required to deliver the agreed ZEBRA funding bid deliverables, including the purchase of ZEBs and installation of supporting infrastructure. GCC will oversee payments to bus operators and lead on the financial monitoring of the public sector funding.

Climate change and ecological implications

21. A Climate Impact Assessment Tool (CIAT) has been completed and concluded that no further action is required. Positive impacts were identified on greenhouse gas emissions, air quality, sustainable transport, health and wellbeing, accessibility and local economy and jobs. While electric buses will still consume energy, overall energy consumption will be reduced if compared to a diesel bus. However, it was noted that the use of sustainable materials was not considered as part of this project.
22. Has an Ecological Impact Assessment (EclA) been produced, or will one be undertaken at a later stage? No

23. GCC declared a climate emergency in 2019 and in January 2023, GCC and the six district authorities signed a joint statement recognising the need for an 80% emissions reduction by 2030, and Net Zero by 2050. Evidence shows higher carbon emissions from transport per person in rural areas, primarily due to longer average trip distances. Gloucestershire's ZEBRA funding application therefore targets bus routes for electrification, where carbon emission savings are greatest.
24. If the bid is successful, Stagecoach is proposing to replace up to 42 diesel buses with ZEBs which equates to just over 20% of their Gloucestershire vehicle fleet. This would remove 22 tonnes of nitrogen oxide (NOx) emissions and 43,224 tonnes of carbon emissions over the appraisal period. Pulhams are proposing to replace up to 10 double and 5 single decker buses with ZEBs in Gloucestershire. This equates to approximately 50% of their local bus fleet in Gloucestershire and would remove 8 tonnes of NOx emissions and 15,845 tonnes of carbon emissions over the appraisal period.
25. Stagecoach is proposing to invest in up to 13 chargers at the Cheltenham depot providing capacity for up to 26 ZEBs. The Gloucester depot will see an investment in up to 8 chargers for a capacity of up to 16 ZEBs and Pulhams are proposing to invest in up to 16 chargers at the Bourton depot providing capacity for up to 29 (maximum) ZEBs. This would leave spare capacity for an additional 14 ZEBs that could operate from this depot without additional infrastructure. Once the charging infrastructure is installed at their depot, they would also be able to provide top-up charging services for visiting tourist coaches, to help make coach tourism to the Cotswolds more sustainable.
26. The unsurprisingly small NOx and carbon emission savings generated by the one minibus Lydney Dial a Ride is proposing to purchase are outweighed by the wider community benefits and expected future expansion potential. The charging infrastructure for the Lydney Dial a Ride minibus will be installed at the GCC owned Lydney bus station, thus providing a publicly owned asset for the future. It is proposed to purchase two 7.5kw chargers which will provide a backup unit and allow for the charging of an additional vehicle when required.

Equality implications

27. Has an Equalities Impact Assessment (EqIA) been completed? Yes
28. An EqIA has been completed and concluded that no further actions are required, and that there are no negative impacts arising due to the ZEBRA bid in relation to any Protected Characteristic (PC) group. Mostly positive and some neutral impacts were identified. Many groups, such as those described within 'Disability', 'Age', 'Armed Forces', 'Carers' and 'Geography', experience cross-sectionality; that is, they belong to more than one PC group. Here, people may benefit disproportionately from the ZEBRA bid. Electric buses funded by ZEBRA will need to provide an enhanced level of accessibility; they will also increase service availability and connectivity between rural and urban Gloucestershire, and they will contribute to better air quality in those areas. Improvements to air quality are particularly beneficial to the young and the old. Therefore, the Zebra Bid has the

potential to confer particular advantages to the PC Groups and has positive equality implications.

29. Cabinet Members should read and consider the Equalities Impact Assessment to satisfy themselves as decision makers that due regard has been given.

Data Protection Impact Assessment (DPIA) implications

30. n/a

Social value implications

31. Pulhams and Stagecoach are both major employers in Gloucestershire, and all three operators see the ZEBRA funding as an opportunity to ensure job security or even create new jobs. Stagecoach estimates that as part of this project they can employ a further 3 engineering apprentices across the two sites.

32. ZEBRA funding will provide the opportunity for operators to upskill their employees and to provide 'greener jobs' modernising the perception of the industry and attracting and retaining people from younger social demographics.

33. GCC's social value policy ensures social value is driven through to our contracts, and GCC officers will consider this policy when drafting the legal agreements contained in the "Recommendations" section of this report.

Consultation feedback

34. The strategic ambition of introducing zero emission vehicles, including buses has been set out in a number of policy documents, listed as background documents at the beginning of this report. All of these documents have been through various degrees of consultation.

Officer recommendations

35. It is recommended that Cabinet:

- a. delegates authority to the Executive Director of Economy, Environment, and Infrastructure, in consultation with the Cabinet Member for Education, Skills and Bus Transport, to implement the recommendations set out in Recommendations 1; and
- b. approves the proposed payment set out Recommendation 2 above.

Performance management/follow-up

36. Performance against delivery of the ZEBRA fund will be monitored by GCC through regular updates to the LTP Management Board and the Department for Transport.