

Executive Board
21 June 2022

Subject:	Enhanced Partnership Scheme for Buses and Receipt of Funding from the Zero Emission Bus Regional Areas Fund
Corporate Director(s)/Director(s):	Sajeeda Rose, Corporate Director for Growth and City Development
Portfolio Holder(s):	Councillor Audra Wynter, Portfolio Holder for Highways, Transport and Parks
Report author and contact details:	Richard Wellings, Principal Public Transport Officer richard.wellings@nottinghamcity.gov.uk
Other colleagues who have provided input:	
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Date considered by the Capital Board: 12 July 2021	
Total value of the decision: £15,200,000	
Wards affected: All	
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Outcome:	
Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>

Summary of issues (including benefits to citizens/service users):

The implementation of the Enhanced Partnership Plan and Scheme (EPPS) for buses will formalise commitments from local bus operators and the respective Local Transport Authorities (LTAs) of Nottingham City and Nottinghamshire County Council to improve the quality and reliability of bus services over the next five years. In parallel, a Bus Service Improvement Plan (BSIP) will be delivered, which will futureproof bus services for citizens whilst maintaining the Greater Nottingham bus network's long tradition of some of highest passenger satisfaction scores in the UK.

The Department for Transport's (DfT) Zero Emission Bus Regional Areas (ZEBRA) funding will deliver electrification of Nottingham City Transport's (NCT) Trent Bridge Garage and support the roll-out of 78 new electric buses, beginning the transition of Greater Nottingham's commercial bus network to zero emission – a transition that will support the delivery of local Air Quality objects and the delivery of transport decarbonisation in line with Nottingham's Carbon Neutral by 2028 (CN28) ambitions and Nottinghamshire County Council's declaration of a Climate Emergency.

Does this report contain any information that is exempt from publication?

No

Recommendation(s):

1. To accept £15.2 million from the Department for Transport's (DfT) Zero Emission Bus Regional Areas (ZEBRA) Fund.
2. To award Nottingham City Transport (NCT) the £15.2 million grant to deliver the project submitted and approved by the DfT in the Full Business Case, and to enter into a grant agreement with NCT to transfer the funding.
3. To approve the use of the Council procurement resource to undertake or support NCT's purchase of ZEBRA-funded electric buses and associated infrastructure, as deemed appropriate.
4. To Delegate authority to the Corporate Director for Growth and City Development to implement the Greater Nottingham Enhanced Partnership Plan and Scheme for buses.

1. Reasons for recommendations

- 1.1 Delivering high-quality, sustainable, green transport will enable Nottingham to become a resilient city that is able to cope with and tackle climate change. By improving the liveability of our local neighbourhoods and creating healthier streets that are co-designed with our communities, our residents, both young and old, will benefit from a smarter, cleaner, better connected, forward looking transport system that makes Nottingham a better place to live, work, play and invest.

- 1.2 Delivery of ZEBRA, BSIP and EPPS are critical strands in achieving Nottingham's CN28 ambitions, Keeping Nottingham Moving and supporting the recovery of the bus network from the Coronavirus pandemic.

2. Background

- 2.1 Following the release of the National Bus Strategy in April 2021, all UK LTAs have been mandated to produce a BSIP, which outlines an ambitious infrastructure and network investment plan for their local areas. Nottingham's Plan was submitted in October 2021 and we have now had confirmation from the DfT of an indicative allocation of £11.4 million (£7.9 million in capital and £3.5 million in revenue), subject to a further business case and scheme sign-off by the DfT, to support the delivery of the Greater Nottingham BSIP over the next three years. A further report will be brought to Board confirm the BSIP programme when funding has been formally signed off by the DfT.
- 2.2 In tandem with the completion of a BSIP, all LTAs have been mandated to implement an EPPS for buses. The EPPS Builds on the existing Advanced Quality Partnership Scheme (AQPS) for buses, which was implemented in 2020 (see Enc. 4). All future capital and revenue support for bus networks will be dependent on LTAs having an EPPS in place.
- 2.3 The EPPS is a legal agreement between LTAs and Bus Operators that incorporates historic investment in infrastructure, bus priority and digital information. It also sets out the standards of service, vehicle emissions and ticketing acceptance requirements for operators and the facilities and projects to be taken forward by the LTAs to support the collective achievement of the targets around Passenger Satisfaction, Passenger Growth, Reliability and Journey Times. It also includes a Passenger Charter, which outlines what all bus passengers can expect from bus services within the Enhanced Partnership Area. In line with DfT guidance, the City and County Council will jointly produce an EPPS for Greater Nottingham, which covers the existing Robin Hood ticketing area and will run for the next five years (see Enc. 2).
- 2.4 The EPPS also outlines the governance arrangements for the implementation of the BSIP programme and business as usual decision-making in relation to local bus services. These governance structures are in line with the guidance and expectations of the DfT. The Council will make and be the accountable LTA for the EPPS, which will be a partnership between bus operators and the Greater Nottingham Councils within the plan and scheme area, which will work to deliver improvements to bus services collectively and report and monitor progress against the targets in the Enhanced Partnership plan including passenger growth, reliability, journey times and passenger satisfaction.
- 2.5 Progress will be reported at an Annual General Meeting. A stakeholder group will meet regularly to discuss local buses services and recommendations will be taken to the Enhanced Partnership Board for discussion and decision. The City and County Councils retain a veto that can be invoked against decisions made by the Enhanced Partnership Board (comprising bus operators and the LTAs) that are not deemed in the public interest or anti-competitive. All Board decisions will also be subject to

scrutiny via regular reporting through to the Joint Nottingham – Nottinghamshire Transport and Planning Advisory Board initially, but given the breadth and complexity of the work it may be necessary to set-up a dedicated Enhanced Partnership Scrutiny Group in the long term (see Enc. 3).

- 2.6 The operator objection and statutory consultation period for making The EPPS have been completed, with the EPPS now ready to be implemented.
- 2.7 Complementary to the above plans, which both have bus decarbonisation as core themes, the Council, in partnership with NCT has secured funding of £15.2 million from the DfT's ZEBRA fund, following 12 months of co-development. The roll-out of 78 zero-emission, single-decker buses and electrification of NCT's Trent Bridge depot will be delivered with the project, completing in 2023/24, with buses brought into service in three batches over the course of the project (see Enc. 1).
- 2.8 External Bus Capacity Funding from the DfT will be used to fund the use of the Council's procurement and legal resource to undertake or support purchase of the electric buses and associated infrastructure as deemed appropriate, in order to comply with legal subsidy control advice and ensure a compliant competitive tendering exercise is completed. NCT will be responsible for contracting with suppliers directly and ownership of the assets and infrastructure will sit with NCT.
- 2.9 The ZEBRA project will deliver significant reductions in carbon emissions (down 3,800 tonnes CO₂e per annum) and significantly enhance the passenger experience. Ride quality will improve and a relaxing on-board environment will be created through the reduction in noise and vibration that the state-of-the art electric bus technology will provide. Air Quality improvements both in terms of tailpipe emissions and the onboard environment will also be realised.

3. Other options considered in making recommendations

- 3.1 To not accept the ZEBRA grant award and not implementing the EPSS: this option is rejected as the funding awards are critical to improving and decarbonising bus infrastructure locally whilst supporting the recovery of the bus network from Covid-19. Failure to implement an EPSS would mean that the LTA would no longer be eligible for discretionary bus funding like BSIP and ZEBRA going forward.

4. Consideration of Risk

- 4.1 The ZEBRA project presents a negligible financial risk to the Council. All match funding will be provided by NCT through their standard financing channels and the Council will not be required to provide a letter of guarantee as part of any financing arrangement entered into by the company.
- 4.2 The grant agreement between the council and NCT will be structured to ensure that funding for the project is only released as and when the delivery of agreed milestones is realised. This will provide the DfT with full confidence that the Council as the accountable body for the ZEBRA funding has financial controls in place to ensure that the project is delivered fully in line with agreed Full Business Case.

- 4.3 Significant project management resource will not be required as the project enters the delivery phase and much of the groundwork in terms of procurement and project initiation has already been completed. Independent legal advice has been taken from Browne Jacobson as part of the business case development. There are no issues around state subsidy or the EU-UK Trade Co-operation Agreement and the Council has satisfied itself that the six principles test has been met. The level of aid intensity to NCT is in line with previous green bus schemes supported by the UK Government and as an environmental scheme is a permissible use of subsidy.
- 4.4 Of the schemes being promoted as part of the EPPS, none are expected to increase ongoing maintenance and revenue liabilities. NCT will be fully responsible for any financial risks associated with the electric bus project, including cost overruns.
- 4.5 Existing Public Transport budgets including WPL, Tendered Services, Smart Ticketing and Digital Information will also continue to provide valuable match-funding to help secure the significant infrastructure investment in the commercial and contracted network, which is necessary to ensure the local economy and city residents continue to benefit from a comprehensive, high quality, public transport network.

5. Finance colleague comments

- 5.1 This project has no revenue implications for the Council, as detailed in section 4 above, as the responsibility for running and maintenance costs will sit with NCT. The Project Team is required to ensure that the agreement between the Council and NCT is sufficient to pass all of the financial risk to NCT, reducing the risk of grant clawback.
- 5.2 Following approval of this decision, the Capital Programme will be updated accordingly.

Comments provided by Tom Straw, Senior Accountant – Capital Programmes, on 11 May 2022

6. Legal colleague comments

- 6.1 The Council must ensure that it complies with the grant terms and conditions imposed upon it by the DfT for receipt of funding and in turn must ensure that the grant agreement with NCT to pass the funding on, is reflective of these conditions to ensure compliance.
- 6.2 The Council has obtained specialist legal advice with respect to subsidy control to ensure the receipt and onward use of the grant funding is permitted with the new regime and the proposals in this report are consistent with that advice.
- 6.3 It has been agreed that the Council will provide support to NCT on undertaking a procurement process. This will ensure compliance with the requirement to undertake appropriate competitive tendering for the purchase of the required infrastructure and buses, which is necessary for the purposes of satisfying the requirements of the subsidy control regime. NCT will be responsible for contracting directly with the

chosen provider following the outcome of the tender for the goods and services procured. The Council should establish a mechanism for inclusion in the grant agreement, to transfer the funding in phases to control the use of the funding.

- 6.4 Procurement and Legal colleagues (including external specialist resource if necessary) will need to provide continued support for this project and arrangements will need to be established between the Council and NCT with respect to this as deemed appropriate.

Comments provided by Dionne Scream, Senior Solicitor – Contracts and Commercial, on 6 May 2022

7. Procurement colleague comments

- 7.1 Procurement will support in sourcing the buses required by utilising a range of procedures throughout the life of the project. The initial procurement of the buses will be under the terms of the CCS Vehicle Purchase framework (RM6060). Future competitions will be held under the terms of the refreshed NCC ULEV framework, due for completion November 2022.

Comments provided by Holly Fisher, Lead Procurement Officer, on 21 April 2022

- 7.2 There are no procurement issues with the decisions being sought. The Procurement Team will continue to work with the client to ensure that all activity is undertaken in accordance with Contract Procedure Rules and the Public Contracts Regulations 2015.

Comments provided by Jonathan Whitmarsh, Lead Procurement Officer – Places, on 25 April 2022

8. Crime and Disorder implications

- 8.1 The new buses will be fitted with CCTV to support passenger safety. Improving safety at bus stops is also a key strand of the EPPS with improvements in areas such as lighting and walking routes to and from bus stops also being reviewed and priorities identified as part of the delivery of the EPPS.

9. Social value considerations

- 9.1 Key Performance Indicators in relation to the electric bus infrastructure include targets in relation to local employment and expenditure, women in construction and training and apprenticeships. Once up and running, the Council will also work with NCT to facilitate educational visits to depot for local schools and community groups.

10. Equality Impact Assessment (EIA)

- 10.1 An EIA is has been produced and is attached as part of Enc. 1, and due regard will be given to any implications identified in it.

11. Data Protection Impact Assessment (DPIA)

11.1 A DPIA is not required because there are no Data Protection impacts in relation to any of the projects being taken forward at this time. If any do emerge at the project delivery / scheme design stage for the bus infrastructure projects, full DPIAs will be completed. DPIA in relation to CCTV on the electric buses will be the responsibility of NCT.

12. Carbon Impact Assessment (CIA)

12.1 A CIA has been produced and is attached as part of Enc. 1, and due regard will be given to any implications identified in it. The ZEBRA project will make a significant contribution to local transport decarbonisation.

13. List of background papers relied upon in writing this report

13.1 None.

14. Published documents referred to in this report

14.1 Delegated Decision 3844 – Implementation of Advanced Quality Partnership Scheme for City Bus Services
<https://committee.nottinghamcity.gov.uk/mglIssueHistoryHome.aspx?Id=52787&Opt=0>