



# Cabinet report

Date **13 JANUARY 2022**

Title **DEPLOYMENT OF ELECTRIC VEHICLE CHARGE POINTS IN COUNCIL CAR PARKS**

Report of **CABINET MEMBER FOR HIGHWAYS PFI, TRANSPORT & INFRASTRUCTURE**

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## EXECUTIVE SUMMARY

1. This report considers the deployment of a network of electric vehicle charge points in council car parks. It recommends the installation of a first phase of 15 charge points in 9 locations with the ability to add to the network over time. Deployment will be under the Central Southern Region Framework 'Lease' option which requires no council investment or operational funding.
2. The recommendation will allow the council to deploy the charge points in its car parks at minimum risk to meet the growing demand from both residents and visitors. The network will also encourage those considering the purchase of an electric vehicle. It is anticipated that the arrangement will provide a small revenue stream for the council and demonstrate early action to deliver its Climate & Environment Strategy. If approved, the charge points should be installed and operational in summer 2022.

## RECOMMENDATION

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| <ol style="list-style-type: none"><li>3. Cabinet to approve the installation of electric vehicle charge points in council car parks under the 'Central Southern Region' framework; approve the first 9 locations for charge point installations under a 'Lease' arrangement; and give the Director of Regeneration / Director of Neighbourhoods authority to expand the network as demand grows.</li></ol> |
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## BACKGROUND

4. The lack of public charging infrastructure is seen as one of the biggest hurdles to the uptake of electric vehicles (EV). The UK Government's Zero Emission Vehicle Delivery Plan (July 2021) states:

*"The rollout of charging infrastructure is critical to achieving our ambitions (for electric mobility)...Infrastructure provision and quality is key to convincing motorists to make the switch."*

5. Government has set targets for the phasing out of petrol, diesel and hybrid cars and is relying on local authorities and the private sector to provide the local charging infrastructure to facilitate the uptake of electric vehicles.
6. Public charge points serve a number of purposes; they allow EV owners to ‘top-up’ opportunistically, for example, when shopping; they reduce range anxiety by assuring EV owners that they can access charging points in ‘emergencies’; they allow residents without off-street parking to own an EV; they support EV taxis; and they provide a network for visitors to the Island.
7. Numerous requests have been received from residents and visitors for improved facilities. The council has assets in prime locations for Electric Vehicle Charge Points (EVCP), primarily public car parks but also leisure centres and a small number of visitor attractions.
8. In this report the following definitions are used for the speed of charging:
  - 7kW – standard
  - 22kW – fast
  - 50kW – rapid

Most charge points have two power sockets that can be used simultaneously; therefore, one EV charge point can accommodate two vehicles.

9. Standard EVCPs are currently installed in Cross St Car Park (Cowes), Moa Place Car Park (Freshwater), Quay Rd Car Park (Ryde) and St. John’s Rd Car Park (Sandown). One rapid unit is installed in Chapel St Car Park (Newport). All of these units are operated by a specialist charge point operator. However, they are becoming increasingly unreliable. The Sandown charge point has been disconnected since summer 2021 and the operator has not sought to reconnect it. The Newport charge point is regularly out of service. The council is receiving an increasing number of complaints about these charge points and is now seeking to replace them with a more reliable, user-friendly network.
10. The council’s role in charge point provision could be to invest its own funds in charge point infrastructure and either operate the charge points itself or seek a specialist operator. Alternatively, it could arrange for the investment to be made by a third-party. The “Isle of Wight Electric Vehicle Infrastructure Planning” report, produced for the council by Cenex in April 2020, identifies four ownership models which are summarised as follows:

#### ***Own and Operate***

The “Own and Operate” model represents the most involved level of intervention for the landowner, where all costs are covered, and all revenue is retained by the landowner. The landowner prepares the site, including groundworks and electrical connection, procures the EV charging equipment, funds the installation of the equipment and purchases a back-office system to manage the charge point. All revenue is hence retained by the landowner.

#### ***External Operator***

The “External Operator” model is identical to the “Own and Operate” model in all regards except that the operation of the charge point is agreed with an external

supplier. The supplier then provides the back-office system at no direct cost, in return for a share of net revenue gathered by the charge point (assumed to be 10 per cent).

### **Lease**

The “Lease” ownership model represents the lowest level of investment from the landowner. In this model, all capital and operating costs are covered by an external supplier, with a small share of revenue retained by the landowner in return for making their land available to the charge point supplier.

### **Concession**

The “Concession” model is similar to the “Lease” model, in that much of the risk to the landowner is mitigated in exchange for a lower share of revenue. The key difference between the “Concession” and “Lease” models is that, as part of the concession, the landowner provides the capital investment to establish an electrical connection point for an external supplier to install and operate a charge point.

11. The apportionment of costs and revenue for each model are summarised in the table below, although the percentage of revenue actually secured will be subject to market conditions:

Ownership Model	Hardware	Groundworks	Back-office	Electricity	Maintenance	Revenue
Own and Operate	100%	100%	100%	100%	100%	100%
External Operator	100%	100%	0%	100%	100%	90%
Lease	0%	0%	0%	0%	0%	20%
Concession	0%	100%	0%	0%	0%	30%

12. In 2018, Hampshire County Council launched the Central Southern Region (CSR) framework to allow all public bodies in the region to procure a range of charge point services. The OJEU compliant procurement resulted in a single supplier, Joju, which has an investment partner Mer. Joju/Mer has provided a plan for the installation and operation of fast and rapid charge points in council car parks under the ‘Lease’ option:

Town	Site	Details	Number of sockets
Newport	Chapel Street	2 x rapid chargers (replacement of existing rapid + install new)	4
Newport	Sea Street	1 x dual fast charger	2
Newport	Seaclose Park	1 x dual fast charger	2

Ryde	Quay Road	Replacement of existing fast + 1 x rapid charger	4
Ryde	St. Thomas Street (upper)	25kw DC Wallbox + 1 x dual fast charger	3
Sandown	St. John's Road	Replacement of existing fast + 1 x rapid charger	4
Cowes	Cross Street	Replacement of existing fast + 1 x rapid charger	4
Ventnor	Central Car park	25kw DC Wallbox + 1 x dual fast charger	3
Freshwater	Moa Place	Replacement of existing fast charger	2

13. Not all of the Island's major settlements are covered immediately but the network can be enhanced as demand increases. The report therefore recommends granting authority to the relevant Directors to approve these additions at the appropriate time.

### STRATEGIC CONTEXT

14. This proposal supports the Corporate Plan in seeking to enhance the Island's infrastructure by accelerating the deployment of EV charge points for residents, businesses and visitors. The specific proposal in this report is a planned, initial network which meets the needs of today's EV users and will provide reassurance to those that have not yet purchased an EV due to concerns about range and recharging. It will also support green and thriving businesses by providing facilities for business vehicles to recharge during their normal drive cycles.
15. In helping the switch from fossil fuel vehicles to electric vehicles, the proposal supports the Climate & Environment Strategy by reducing carbon emissions from vehicles and improving air quality. Specifically, it will support the following output:

*Output 040 - Increase the number of publicly available rapid charging and fast charging electric vehicle charge points across the Island to at least 72.*

### CONSULTATION

16. The council is receiving an increasing number of complaints from residents and visitors about the lack of public EVCPs on the Island. The situation is made considerably worse by the unreliability of the charge points that have been in place since 2013. Correspondents have been invited to provide their thoughts on the development of a fit-for-purpose network and, in most cases, have requested charge points that provide a faster charge and for these to be maintained in good order so that users can rely on them. There is less concern about the number of charge points suggesting that a smaller network of reliable fast and rapid chargers is required at this stage.

17. If the proposal is approved, Town and Parish Councils will be consulted prior to installation. This is to seek views on the location of the charge points within the car park and the potential loss of one or two parking spaces to facilitate wider bays for EV charging.

### FINANCIAL / BUDGET IMPLICATIONS

18. The proposed solution will not require any council investment or ongoing operational costs. As such, no additional budget provision is required. It is anticipated to provide an average annual income to the council of approximately £6,500 through the rebate arrangement which will be paid by the supplier when the charge points are profitable.
19. The locations identified for Phase 1 do not have parking pressures; therefore, it is unlikely that the allocation of EV parking bays will reduce the parking income from car parks.

### IMPACT ON YOUNG PEOPLE AND FUTURE GENERATIONS

20. The Isle of Wight Youth Council manifesto identifies the causes and actions to help young people on the Island and includes “to work with the council and support campaigns that look after the environment and to create a sustainable, renewable hub for all”. The proposal in this report supports this aim and recognises that young people will be at the forefront of the move to more sustainable transport.
21. Improvements in air quality resulting from the switch to EVs will be beneficial to young people, particularly those suffering respiratory disease.

### CLIMATE, ENVIRONMENT & UNESCO BIOSPHERE IMPACT

22. The provision of additional EVCPs supports the council’s Climate & Environment Strategy ambition for the Island to be net zero by 2040. Take up of electric vehicles will reduce carbon emissions from the transport sector and improve air quality, and the council has committed to enabling a public charge point network in its car parks to encourage the early adoption of EVs. The supplier has confirmed that all charge points are supplied with green energy.

### LEGAL IMPLICATIONS

23. Regulation 37 of the Public Contracts Regulations 2015 allows the council to use framework agreements set up by central purchasing bodies.
24. Use of the CSR framework for the procurement of EVCPs has been approved by the Procurement Team. The terms and conditions attached to the framework can be modified by each contracting authority and the council will seek modifications to the exclusivity requirement to allow the designated car parks to be used for the provision of other charge points in certain circumstances (see para 39).

### EQUALITY AND DIVERSITY

25. An Equality Impact Assessment screening exercise has been undertaken and it has been determined that there are no negative impacts on protected characteristics as

a result of this proposal. In fact, the increased availability of charge points will reduce range anxiety for certain protected groups.

26. The accessibility of charge points for people with disabilities or physical impairments is under consideration nationally and new charge point designs are starting to emerge which are claimed to be more accessible. The council is addressing the issue by providing extra space around parked vehicles and the proposed fast chargers have low level sockets, no more than 1.2m in height. The issue will be kept under review.

## PROPERTY IMPLICATIONS

27. As part of the agreement a 15-year licence will be granted to the supplier.
28. Each charge point will require two dedicated parking spaces. Because of the need for additional space around the vehicle for cable runs, 3 existing parking spaces will be converted to 2 EV only charging spaces (or 5 to 4 when two charge points are being installed). Each car park has been assessed by Parking Services for parking pressures and those that have been put forward for initial deployment are able to accommodate this slight decrease in the total number of parking bays.
29. The bays will be marked for EV Charging Only and will be managed through an existing Parking Places Order which limits the waiting time in each bay.
30. The provider will be responsible for the cost of bay marking and signage and the maintenance of these.
31. If a car park is required by the council for other purposes, such as development, it can relocate the charge point to another suitable location or terminate the agreement for that location.

## OPTIONS

32. Do nothing - there is an option to do nothing and to rely on the private sector to provide a network of public charge points on private land. Whilst this market is expected to develop over time, it is unclear whether it will be extensive enough to meet demand or to encourage the rapid switch to EVs. Whilst the network does not meet need, the council can expect to receive regular complaints from residents and visitors. With this option the council will not replace the existing, unreliable charge points and will not be seen to be taking steps to deliver this part of the Climate & Environment Strategy.
33. Consider other procurement routes - the proposal is to use the CSR framework set up by Hampshire County Council. The framework has now been used by over 80 public organisations and provides a simple route to market for public bodies which do not have the procurement expertise to undertake a procurement exercise from scratch. Alternative procurement routes could be explored but are not expected to provide significant advantages.
34. Consider the most appropriate ownership model - EVCPs have the potential to generate income. However, the cost of the purchase and installation of charge points is still considerable, in the region of £30,000 for rapid chargepoints and £5,000 for fast chargepoints. In addition, every charge point requires a back-office management system, a repair and maintenance contract and regular safety inspections, all

incurring ongoing costs. The council could invest its own funds under the Own & Operate, External Operator or Concession models, whilst the Lease model does not require any council funding.

35. Consider alternative providers under the Lease model - the council has spoken to many EVCP providers which are keen to utilise council car parks, through a fully funded model. Third party providers require a return on their investment and their offer to the council would be in the form of a profit share, usually in the region of 10%. The council could further investigate whether better offers are available or whether other providers are willing to install a more extensive network of charge points. This would involve a new procurement and, whilst other providers may offer a wider network, the proposal from Joju is considered suitable for current need and can be further developed over time.
36. It is recommended that the council:
  - approves the installation of electric vehicle charge points in council car parks under the Central Southern Region framework;
  - approves the first 9 locations (27 sockets) for charge point installations (as listed in para 12) under a 'Lease' arrangement;
  - gives the Director of Regeneration & Director of Neighbourhoods authority to expand the network under the same framework option as demand grows.

## RISK MANAGEMENT

37. Under the Lease option, the council receives a share of revenue but is not responsible for any losses. Competition from other charge points, such as those in supermarkets, can severely affect income predictions as can the evolution of new charging methods which make conventional charge points redundant. Whilst this option has the lowest income generation for the council, it provides greatest protection against investment and operational risk.
38. Management of charge points requires significant staff resource and technical expertise, the majority of which is passed over to the supplier under the Lease option.
39. The proposed arrangement with Joju/Mer requires the granting of exclusive use of designated car parks for charge point provision. This will limit the council's ability to provide alternative arrangements in these car parks; however, Joju/Mer has agreed to allow these car parks to be used for additional charge point provision for:
  - Car Clubs
  - Council fleet vehicles
  - Emergency vehicles

The council can also make separate arrangements in any car parks not designated for Joju/Mer provision, allowing it considerable flexibility to introduce an alternative service should the proposed arrangement underperform.

40. The Lease option means that the council will have less control over the quality and type of service provided to EV users on its sites which, in a worst-case scenario, could create a negative perception of the council that it cannot easily address. The CSR framework terms and conditions anticipate this and provide strict KPIs that the

supplier must adhere to meaning, for example, that most simple faults will be rectified in 24 hours and the more complex problems within 4 days. The KPIs will be monitored by the Framework manager (Hampshire County Council) and locally through monthly review meetings with the supplier.

41. The council will have no control over tariffs being charged to charge point users. However, it is anticipated that market forces will keep tariffs at competitive levels. In addition, Joju/Mer do not charge a connection fee which can be an annoyance for users.
42. Because of the fragile nature of the market at present, third party suppliers will seek those sites which seem to offer the greatest return. These are often in convenient locations for residents and visitors but may exclude provision in rural areas. However, the council is free to find other ways to meet rural needs, either through direct funding, through grant funding (if it becomes available) or through another supplier. Rural areas have higher levels of off-street parking so the demand from residents is lower, but there is a need in some areas for both resident and visitor provision and the council will keep this under review.
43. Public health and safety is an important element of charge point operation and under the Lease option the provider will be responsible for maintaining the infrastructure in a safe condition.
44. In summary, all risks are borne in full by the council under the Own and Operate and External Operator models. Under the Concession model the risks are shared with underperformance of charge points affecting the council's return on investment whilst, under the recommended Lease model, all risks are borne by the supplier.

## EVALUATION

45. National frameworks for the procurement of charge points and charge point services exist but these do not provide any significant benefits over and above the CSR framework. The CSR framework is tried and tested and is being used by more than 80 public sector organisations across the central southern region. A new procurement would be complex and costly and there seems to be little to gain from using a supplier from a national framework, since the benefits being offered to the council are broadly similar. Under the framework, the supplier has been tested and selected for their ability, knowledge, technical skill and quality. Use of the CSR framework supplier will provide some compatibility with the extensive network of charge points being installed across the region meaning that travellers to the Island, as well as Islanders taking EVs to the mainland, will experience familiar infrastructure and payment methods. It is believed that local businesses will be well placed to provide services, such as repair and maintenance, to the framework supplier.
46. Joju/Mer is the single supplier under the framework and the proposal presented in this report is for the 'Lease' option which is of lowest risk to the council. The option requires no capital or ongoing revenue expenditure by the council and provides a revenue stream equivalent to 10% of the cost of electricity supplied to each charge point.
47. In comparison, the Own and Operate model offers the greatest revenue opportunity but also the greatest risk to the council. In this model, the council has control over all aspects of how the charge point is operated, including tariffs and network

compatibility, but needs to invest in the installation of the charge points and all ongoing operational costs. This model would also require additional specialist staff resource.

48. The external operator and concession models are variations of those described above, both requiring degrees of council investment. External Operator removes some of the operating expense associated with the charge point, therefore reducing an element of risk, whilst retaining the majority of the revenue gathered by the charge point. The capital investment is still entirely provided by the landowner and, in all regards except for network compatibility, the landowner retains control of how the charge point is operated. Under the Concession model, the benefit is that, as the landowner retains ownership of the connection point, there is no lasting obligation to the external supplier, beyond the terms of their concession. This increases the contractual leverage of the landowner and may assist in negotiating contractual terms that are more favourable.
49. The Cenex report for the council identified a potential income stream for the council based on each of these ownership models and using a mix of standard, fast and rapid charge points. The modelling uses industry experience of costs but, of necessity, makes numerous assumptions concerning usage of the charge points. The table below provides a comparison of the potential income from one charge point under each ownership model using the mid uptake scenario and also shows the level of council investment required to secure the income:

<b>Ownership Model</b>	<b>Annual revenue (£) per charge point (mid uptake scenario)</b>	<b>Council annual opex (£) per charge point</b>	<b>Margin (£) per charge point per year</b>	<b>Council capex (£) per charge point</b>
Own and operate	3,537	549	2,988	17,880
External operator	3,183	82	3,101	17,880
Lease (adjusted to 10% return to IWC)	353	0	353	0
Concession (30% return to IWC)	1,061	0	1,061	5,868

50. The analysis shows the benefits from one charge point but a network will consist of many more charge points than this. Based on the Joju/Mer proposal for 15 charge points, the Own and Operate model will provide a potential annual income stream of £44,820 (mid-range estimate) but require £268,200 of council capital investment. These charge points are not currently eligible for Government grants. In contrast, the Lease model will require no capital investment and provide a revenue stream from 15 charge points of approximately £6,500 per year (based on more recent modelling

by Joju/Mer). However, these figures are an annual average and hide the fact that during the early years Own and Operate charge points could make a loss and this will have to be funded by revenue budgets. It should also be noted that the Own and Operate model only includes direct operational costs and does not account for additional council staff resource to manage the charge points. Charge points will also have to be replaced after approximately 8 years.

51. Whilst it provides the least opportunity for revenue generation, the Lease model involves the least exposure to financial risk, particularly that resulting from unexpectedly low usage levels. There are many opportunities for the private sector to provide charge point services and the Island is already seeing provision at ferry terminals, supermarkets and some private business premises. Provision at visitor accommodation and attractions can be predicted to increase dramatically over time. This competition could result in losses from the Own and Operate model.
52. The external operator and concession models require varying degrees of investment and staff resource, whilst the Lease option is the least costly and lowest risk option for the council. Whilst it does not promise the same levels of income as other models, it fully protects the council against risk and ensures that the expertise to operate the network is provided by an experienced external supplier.
53. It should be noted that a Lease agreement will require the council to allow the operator to set the tariffs for charging, grant a 15-year licence (which includes one replacement cycle for all charge points), grant exclusivity to the provider in the car parks that it uses and to manage the bays through a Parking Order to ensure that they are always available for EV users.
54. Under the proposal, the network of charge points will be installed and managed at no cost to the council. This will provide an initial network across the Island suitable for residents and visitors. Whilst there is no obligation to expand the Joju/Mer network, if the charge points prove popular and commercially viable, the Framework allows an increase in the number of charge points at each location and / or an extension of the number of locations.

## APPENDICES

Appendix 1 – “Isle of Wight Electric Vehicle Infrastructure Planning”, Final Report, April 2020.

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