Appendix K

Assurance Panel Summary

Scheme Details

Project Name	South Yorkshire Electric Vehicle Chargepoint Programme	**Type of funding**	Capital Grant
Grant Recipient	SCR Mayoral Combined Authority	**Total Scheme Cost**	£1,847,003
MCA Executive Board	Housing and Infrastructure	**MCA Funding**	£1,847,003
Programme name	Getting Building Fund	**% MCA Allocation**	100%

Appraisal Summary

Project Description	
The proposed scheme comprises the purchase and installation of up to 109 charging points and associated infrastructure, providing up to 218 charging bays for use by battery-powered electric vehicles (BEVs) at public car park locations across South Yorkshire, including capitalisation of operations and maintenance costs over a 5-year term following installation. MCA funds will be specifically used to pay for: • Preparatory work • Cost of DNO's work to plan and provide a suitable electricity supply to the charging points • Procurement of charger units • Installation of charger units • Capitalisation of first 5 years' operating and maintenance costs	
Strategic Case	
Options assessment	A comprehensive options assessment for the scheme has been undertaken with the purchasing model for 5 years being selected as the Preferred Way Forward (PWF). Other options have been considered including two alternative viable options which involves the supplier retaining the revenue generated from the scheme and fund operations and maintenance costs.
FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).	The scheme provides a clear rationale and alignment with the SCR Strategic Economic Plan. The scheme aligns with the sustainability pillar for delivering more electric vehicle charging points in the Sheffield City Region over the next 20 years (SEP period). The scheme also provides access to infrastructure for the 20-30% of households without access to off-street car-parking who may be reluctant to switch to BEV / Plug in Electric Vehicle Charge Points without reliable access to charging facilities.
Value for Money	
Monetised Benefits:	

VFM Indicator	***Value***	***R/A/G***
Net Present Social Value (£)	c.£2.26m	A
Present Value Social & Environmental Benefits (£)	c.£2.26m	A
Benefit Cost Ratio / GVA per £1 of SYMCA Investment	1 to 1.5	A

Value for Money Statement

The applicant has quantified the economic benefits and costs associated with delivering the scheme in accordance with DfT's TAG guidance. A 20-year appraisal period has been used which is appropriate for this type of scheme.

The core benefits and justification of the scheme are the environmental impacts appraised over a 20-year period from scheme opening (beginning of 2022/23). The environmental benefits are split into three types: carbon saving, NOx and PM10. The assessors have made adjustments to the economic appraisal supplied (correction of the discount factors), the benefits are c.£1.09m, c. £0.88m and £0.29m providing an overall Present Value of Benefits of c.£2.26m.

Before adjustments to the BCR for the average mileage, we expect the BCR to be 1.88. However, we would recommend the BCR is more likely to be in the region of 1.0 – 1.5. Overall, the BCR is likely to be greater than 1 but less than 1.5 which places the scheme in a low value for money category.

The key risk is that the benefits will not be as high as those reported in the Business Case. The main driver of the benefits is the annual mileage of vehicles per annum for all three types of environmental benefits. The general trend for the last 10-15 years is a decline in car usage per annum and the impacts are highly sensitive to this input. The applicant has used a national level of car mileage per annum at 7,400 miles per annum. No evidence has been provided to confirm how this number is appropriate for the area, with our analysis showing the regional average mileage based on 2019 data at approximately 3,217 miles per annum. If we used this figure for the economic appraisal the BCR would drop to below 1.

Risk

There is a high level of risk that the scheme will not be completed by the end of March 2022. The procurement of the scheme has not been agreed and there is potential for costs to be higher than estimated because the DNO costs could exceed those budgeted. If the scheme delivers partial of the proposed programme, it will ultimately deliver partial outcomes. This has been given a risk rating of medium/high for both impact and probability and needs to be carefully monitored to ensure the project meets the expectations set out in the business case.

Additionally, there has been little mitigation surrounding how each site-by-site could be delivered upon the agreed timeframes. There is the added risk that not all sites have been confirmed with each local authority and the delay to selecting sites could potentially lead to overruns in the project timetable.

The economic appraisal does not provide data sensitivity testing and the impact on the Value for Money once key inputs are altered. The average national mileage per vehicle has been in decline (before COVID-19) and will likely have long terms impacts on the future usage of vehicles going forward. Given a baseline number of 7,400 miles (11,909km) per annum has been provided, little evidence has been provided to justify this value for future years or how this is appropriate for the Sheffield City Region with our analysis showing the regional level to be approximately 3,217 miles in 2019.

The biggest uncertainty of the scheme is delivery of the O&M costs. The applicant has asked for the first 5 years of O&M costs to be provided by the fund saying that the revenue generated will not cover the maintenance costs per annum. The supplementary report by Arup indicated that there would be enough revenue to cover O&M costs, but this should be confirmed with the applicant.

Furthermore, GBF is typically used to fund capital costs and the applicant should demonstrate to SCR the viability of the proposal without O&M funding. This may include looking at other viable funding options including partnering with a private provider from year 1. This would allow the 109 charging points to come forward by working with a private sector supplier.

The applicant has also stated that if there are cost overruns that they will reduce the number of EV charging points coming forward. This will have a negative impact on the benefit-cost ratio in two ways because the benefits associated with the scheme will decrease and the costs will increase.

Delivery

The applicant has put together a project management and delivery plan of how it will complete the scheme by the end of March 2022. Information in 7.1 is supported by additional information in the procurement strategy chapter. The scheme aims to have agreed funding and have all the approvals in place by September 2021 whilst site commencement will take place in January 2022.

Whilst the scheme has mapped out key dates and how it will be delivered, there is a high level of uncertainty about the deliverability of the proposed programme. Procurement is outstanding and there is uncertainty over the number of sites which can be built with the EV infrastructure over the time period. No float/contingency time has been factored into the programme leaving very little time for overruns or delays in the programme. After procurement, the applicant will have a better understanding of how many charging points can be delivered by the end of March 2022.

Additionally, it can take sites varying amounts of time to be completed with no site-by-site analysis being undertaken for how long it will take to complete the work once commencement has started. Build out duration can occur on multiple sites at once, but some sites can take as long as two months for work to be completed. This is also taking into consideration that no planning permissions are needed to install the charging points.

The procurement process will be conducted through an existing dynamic purchasing system after the awarding of the GBF with a timetable put in place of how the scheme will be delivered by the end of March 2022. A provisional list of key milestones has been provided including the following key dates:

- Procurement tender start date – 20th September 2021
- Procurement awarding of contracts – 3rd December 2021
- Contract commencement – 3rd January 2022

The applicant has set out a clear overview of how the proposed delivery and governance arrangements will monitor scheme progress and meet the budget set out in the Delivery Agreement for the capital costs of the scheme. The FBC also stated which factors would be measured and monitored as part of the assessment.

Legal

No State Aid legal advice from a solicitor has been received but the applicant has spoken to MCA Legal Team who have confirmed that they consider that that there is no subsidy control issue with the project. This is because the project is providing publicly available infrastructure that will be available to the public generally without discrimination, and that the procured Supplier(s) will be appointed through a competitive tender process in compliance with procurement rules.

Recommendation and Conditions

Recommendation	Approve

Payment Basis	Grant on defrayal
Conditions of Award (including clawback clauses)	
The following conditions must be satisfied before contract execution. ***The following conditions must be satisfied before drawdown of funding.*** **The following conditions must be included in the contract**	

<table>
<tr><th colspan="6">Record of Recommendation, Endorsement and Approval</th></tr>
<tr><th colspan="6">Project Name</th></tr>
<tr><th colspan="2">Appraisal Panel Recommendation</th><th colspan="2">Board Endorsement</th><th colspan="2">MCA Approval</th></tr>
<tr><td>Date of Meeting</td><td></td><td>Date of Meeting</td><td></td><td>Date of Meeting</td><td></td></tr>
<tr><td>Head of Paid Service or Delegate</td><td>Ruth Adams

Deputy CEX</td><td>Endorsing Officer (Board Chair)</td><td></td><td>Approving Officer (Chair)</td><td></td></tr>
<tr><td>Signature</td><td></td><td>Signature</td><td></td><td>Signature</td><td></td></tr>
<tr><td>Date</td><td></td><td>Date</td><td></td><td>Date</td><td></td></tr>
<tr><td>S73 Officer or Delegate</td><td>Gareth Sutton

Finance Manager</td><td colspan="4" rowspan="6">Statutory Finance Officer Approval

Name:

Signature:

Date:</td></tr>
<tr><td>Signature</td><td></td></tr>
<tr><td>Date</td><td></td></tr>
<tr><td>Monitoring Officer or Delegate</td><td>Steve Davenport

SCR CA Solicitor</td></tr>
<tr><td>Signature</td><td></td></tr>
<tr><td>Date</td><td></td></tr>
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