

Title: Stagecoach North East (Busways Travel Services Limited) Zero Emission Buses – ZEBRA 2 fund
Report of: Head of Enhanced Partnerships
Portfolio: Transport

Report Summary

In 2023, the former North East Joint Transport Committee (JTC) secured £7.4m from the second round of the Government's Zero Emission Bus Regional Areas (ZEBRA 2) fund to deliver zero emission buses. This includes the delivery of 43 zero emission buses in the North East region. Of these 43, 18 double deck vehicles are to be operated by Stagecoach North East (Busways Travel Services Limited) on services, 30, 31, and 36 in Newcastle upon Tyne with associated charging infrastructure at the Stagecoach Slatyford depot.

The purpose of this report is to request the Chief Executive, in line with agreed delegations at the June 2024 North East Combined Authority (North East CA) Cabinet meeting to authorise the sealing of a grant funding agreement for the purchase of 18 vehicles and associated infrastructure.

Recommendations

The Chief Executive is recommended to authorise entering into a grant funding agreement with Busways Travel Services Limited to the value of £2,618,760 to deliver 18 Electric Buses and associated infrastructure.

A. Context

The North East's transport decarbonisation programme including ZEBRA 2 seeks to deliver a step change in the quality and reach of zero carbon transport options. This includes Electric Buses on routes that suffer from poor air quality and congestion.

Prior to the formation of North East CA the North East Joint Transport Committee co-ordinated and approved the Zero Emission Bus Regional Areas 2 programme for the North East. In March 2024, Government announced the North East would be awarded £7.4m from the second round of the Government's Zero Emission Bus Regional Areas (ZEBRA 2) fund to deliver zero emission buses, a Memorandum of Understanding was signed with Government in March 2024, and to date the region has received the first instalment of ZEBRA 2 grant funding from DfT which is £5,799,893. The remaining ZEBRA 2 funding of £1,585,444.75 is due by the end of March 2025.

This decision was re-iterated at the June 2024 meeting of the North East CA Cabinet, granting delegated authority to the Chief Executive to 'enter into Grant Funding Agreements totalling £17.65 million to procure electric zero emission buses and associated infrastructure. This investment was included in that £17.65 million.

Subsidy Control advice was previously undertaken by an independent party concluding it was permissible subsidy with the subsidy published in April 2025 on the Subsidy Database.

The Grant Funding Agreement (GFA) has been developed and approved by the Combined Authority's legal service provider under a Service Level Agreement (SLA).

Clear roles and responsibilities have been established around the design and development of the infrastructure including ensuring compliance with Health and Safety and CDM regulations.

The GFA will be signed by North East CA who act as the funder of the ZEBRA 2 programme and Busways Travel Services Limited.

Independent Subsidy Control Advice was undertaken alongside a subsidy principles assessment. The subsidy is considered to be below the threshold for mandatory referral and does not require voluntary referral. The CA has satisfied itself that the subsidy is for a required need and is the minimum necessary without onward market distortion. Control mechanisms have been implemented in the contract including caps on funding to ensure the minimum subsidy is provided and that the vehicles and infrastructure will be used for their intended purposes for a minimum of 5 years.

B. Impact on North East Combined Authority Objectives

This proposal aligns with the North East CA objectives, BSIP objectives and draft transport plan objectives. Examples of where ZEBRA 2 meets these objectives are outlined below:

- Making bus services more appealing to those living, working and learning in the North East, through greener and more accessible vehicles. This helps to improve health and life expectancy within the region.
- Cleaner vehicles work to reduce carbon emissions which will improve health and quality of life for residents living alongside the identified bus service routes.
- Introduction of cleaner vehicles creates more sustainable travel options; in turn this will help to reduce car dependency therefore creating a greener North East.
- As part of the North East CA's green energy revolution mission, this proposal directly meets the goal to 'increase zero emission buses' across the region.
- Electrification of bus depots creates more highly skilled jobs in the green vehicle manufacturing industry, and bus operators which are signed up to ZEBRA 2 have committed to invest in apprentices, which will provide green technology jobs within the region.
- Public investment in green technology enables greater opportunity for future investment from private companies in the region.

C. Key risks

Reputational and Performance risk clauses have been inbuilt into the contract to minimise the impact on the North East CA and its constituent authorities. A key risk is the ability to deliver the programme to time and budget. Mechanisms have been built into the contract to ensure that, if necessary, the programme can flex subject to internal approvals to meet programme objectives.

The risk of not awarding this contract will cause delay in the delivery of these buses infrastructure against the required timescales associated with ZEBRA 2 which requires investment to be in place by 31 March 2026.

D. Financial and other resources implications

The budget for the services associated with the contract is capped at £8,453,374. Resources of £2,618,760 have been secured from ZEBRA 2 which was awarded to the Combined Authority in 2023 and £5,834,614 of match funding from Busways Travel Services Limited, trading as Stagecoach North East.

The table below provides a forecast of anticipated grant fund expenditure in line with contract, alongside aforementioned match funding from Busways Travel Services Limited:

Stagecoach North East – Services 30,31 and 36	
	ZEBRA 2 – FY2025/26
Buses	
Total Capital Cost	£7,319,592
Grant	£1,981,008
Match funding	£5,338,584
No. of buses	18
Infrastructure	
Total Capital Cost	£1,133,782
Grant	£637,752
Match funding	£496,030
No. of chargers	8
Total scheme cost	
Total Capital Cost	£8,453,374
Grant	£2,618,760
Match funding	£5,834,614

Table 1: Funding Breakdown

E. Legal implications

The comments of the Monitoring Officer have been included in this report.

F. Equalities implications

The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader. In relation to this activity buses are designed to be accessible in their design. In addition, additional social and added value has been secured through the contract including the use of the local supply chain, apprenticeships and volunteer activity.

G. Consultation and engagement

The Zero Emission Bus Regional Areas 2 programme was agreed and developed through the former Joint Transport Committee, the North East CA Cabinet approved the allocation of funding to procure zero emission buses and infrastructure at its meeting on the 11 June 2024. Local Authorities have been actively engaged and involved in the development of proposals throughout.

H. Appendices

None.

I. Background papers

Confirmation of Zero Emission Bus Regional Areas 2 award can be found at the following website: <https://www.gov.uk/government/publications/zero-emission-bus-regional-areas-zebra-scheme-funding-amounts/zero-emission-bus-regional-areas-zebra-scheme-funding-amounts>

North East Combined Authority Agenda pack July 2024: <https://www.northeast-ca.gov.uk/downloads/2709/neca-cabinetagenda-11-june-2024.pdf>

Joint Transport Committee agenda January 2024: <https://www.northeast-ca.gov.uk/downloads/632/tne-jtcagenda-16jan24.pdf>

J. Contact officers

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K. Glossary

- CDM: Construction (Design and Management) Regulations.
- Contracting Authority: Local Authority;
- JTC – former Joint Transport Committee
- North East CA – North East Combined Authority
- ZEBRA 2: Zero Emission Bus Regional Areas 2;

L. Sign-off

1) Cabinet Member: Yes	2) Director/Head of Service: Yes	3) Director of Finance and Investment: Yes	4) Monitoring Officer: Yes
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