

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

11/12/18

Subject:	Approval to Retender the Nottingham Car Club		
Corporate Director(s)/ Director(s):	Chris Henning, Corporate Director of Development and Growth		
Portfolio Holder(s):	Councillor Dave Liversidge, Portfolio Holder for Transport and HR Councillor Sally Longford, Portfolio Holder for Energy and Environment		
Report author and contact details:	Anne-Marie Barclay, Project Manager, annemarie.barclay@nottinghamcity.gov.uk , 0115 8764095		
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £250,000			
Wards affected: All	Date of consultation with Portfolio Holder(s): Councillor Dave Liversidge, Portfolio Holder for Transport and HR – 5 th November 2018 Councillor Sally Longford, Portfolio Holder for Energy and Environment – 7th November 2018		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input checked="" type="checkbox"/>
Jobs, Growth and Transport			<input checked="" type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
The existing contract for the Nottingham Car Club is due to expire in May 2019. The purpose of this report is to secure approval to retender the scheme (for 3+2 years), with a view to securing a Concessionaire who will work with the council to expand the service into residential areas whilst retaining its business offer, and introduce a fleet of Ultra Low Emission Vehicles (ULEVs) to support our clean air objectives.			
Exempt information:			
None			
Recommendation(s):			
1 To approve undertaking a procurement process to retender for a Concessionaire to deliver the Nottingham Car Club.			
2 To delegate authority to the Corporate Director of Development and Growth to award the contract to the successful provider following the tender.			
3 To approve the allocation of £100,000 external grant funding from the Nottingham Go Ultra Low City programme (external grant acceptance approved at Executive Board dated 22 nd March 2016) to support the introduction of ULEVs on to the car club fleet.			

1 REASONS FOR RECOMMENDATIONS

- 1.1 Retendering the scheme will ensure that the car club offer in Nottingham can be tailored to support the council's wider transport and air quality objectives and delivery of the Go Ultra Low programme. The specification will be tailored to ensure that, subject to the council securing new vehicle locations, the scheme can be expanded into residential areas, specify the use of ULEVs on the fleet, and in particular support the uptake of fully Electric Vehicles (EVs).
- 1.2 Retendering will provide the opportunity to explore the option for the council to receive a revenue share in the new concession. This option was considered as part of a Soft Market Test exercise, and all respondents noted that some form of revenue share was feasible. The financial benefit of this opportunity will be confirmed through the tender process. Although it is not intended to be a significant income generator, it is anticipated that revenues received will enable the council to support the provision of vehicles in disadvantaged communities, which may be less attractive from a commercial perspective, through targeted customer membership discounts and drive time offers to ensure low income families can also benefit from the scheme.
- 1.3 To support growth of the car club offer the City Council will need to explore options for provision of additional dedicated car club bays in commercial and residential areas, which for on-street locations will require the implementation of Traffic Regulation Orders (TROs). Future bay locations will be assessed for their viability in terms of customer attractiveness, commercial value and deliverability of EV charging solutions. Appendix A sets out the location of existing bays where they are on highway or City Council land, which will be retained under the new concession. Any new locations proposed will be worked up with the successful Concessionaire.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 A car club is a scheme that provides 'pay as you go' car hire for members, benefitting commuters, business travellers, residents and visitors. Aimed at short-term hires, members can book a vehicle when they need it and return it to the point of collection when finished (back to base model). All costs and responsibilities associated with private vehicle ownership (insurance, tax, fuel costs, maintenance and cleaning) are included in the annual membership, hourly booking rates and mileage rates. Typically, this creates a saving for members when compared with traditional car ownership so long as they average less than 7,000 miles per year.
- 2.2 The council first introduced the Nottingham Car Club in 2014 with the aim of reducing car dependency and improving air quality through reduced congestion, supported by Local Sustainable Transport Fund (LSTF) and Workplace Parking Levy funding. The operator initially introduced a fleet of eight car club vehicles, which was expanded to 14 vehicles in 2015/16. There are currently 16 vehicles operating on the car club fleet.
- 2.3 In February 2018, DDM3082 approved the contract extension with the current car club operator until May 2019. This supported the introduction of an EV into the car club through European Remourban grant funding until

December 2019. The need to provide this vehicle for the remainder of the grant period will be incorporated into the new concession.

- 2.4 The overall value of this decision is up to £250,000, which includes £100,000 of external grant funding. The balance of the decision value (estimated at up to £150,000) is the estimated potential income to the City Council from new concession, based on an operating period of 5 years, and expanding the fleet size to 50 vehicles. The existing concession generates a small revenue income stream to the council through annual vehicle permit fees. These fees cover the costs to the City Council for administering the scheme and funding the development costs (such as TRO's) associated with the introduction of new hire locations. The potential income to the council will be generated through the continued use of the vehicle permit fees, which will be set in line with other car club schemes in the UK, and the potential to secure a small revenue share of the Concessionaire's income, which will be explored through the tender process. This is a commercial service, and the risk for ensuring the scheme is commercially sustainable will rest with the car club operator (Concessionaire).
- 2.5 Nottingham City Council, in partnership with Nottinghamshire County Council and Derby City Council, is one of four cities in the UK to be awarded funding as a 'Go Ultra Low City' to introduce measures that will support the uptake of ULEVs across the local area. To support the ambition to make Nottingham exemplary for ULEVs, £100,000 of funding from the Go Ultra Low Programme has been allocated to car club activities. This funding will be used to support the introduction of ULEVs and EVs onto the car club fleet, by contributing to the development costs (e.g. project management and marketing, TRO costs, site investigation/site enabling, charging infrastructure) and supporting implementation and drive time incentives.
- 2.6 A Soft Market Test was published via the procurement portal over the summer to gauge the interest of potential operators to deliver the car club service in Nottingham. All respondents reacted positively to the opportunity and indicated the fleet could easily grow beyond twice its current size.
- 2.7 In preparation for retendering, the Transport Strategy team has undertaken surveys of citizens and staff and students at both universities, alongside analysis of Mosaic and Census data. The results were supportive of the proposed expansion, with 63% of respondents indicating they would use the car club if it were available to hire from a location within 5 minutes walking distance of their workplace and 82% if it was available within 5 minutes walking distance of their home. When asked about vehicle preferences, 77% of respondents thought EVs and ULEVs should be used to deliver the scheme. Responses were also favourable to the potential to develop the scheme outside the council's administrative boundary, serving the wider urban area. This option is to be explored further with representatives at the County Council prior to implementation.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Three options to (1) do nothing (2) extend with the existing operator and (3) deliver in house were considered.
- 3.2 The current car club scheme could continue (or decline) on a commercial basis, however as a minimum, a legal agreement permitting use of the

designated on-street bays would be required for the current operator (or any other operators that may come forwards) to allow use of the designated car club bays in the City. Without such an agreement in place the City Council would not be able to charge a vehicle permit fee for use of the on-street bays. Without a concession extension in place the council also not be able to offer any preferential car club membership deals for City residents. Furthermore, there would be no guarantee that the Remourban vehicle in Sneinton would continue to be available to December 2019, thereby risking a loss of grant funding.

- 3.3 The existing specification requires a minimum of 14 vehicles to be available for hire on the fleet, and aside from the Remourban vehicle, offers no minimum specification for the number of ULEVs on the fleet. The contract with Enterprise has already been extended for two years to enable the soft market testing stage to be undertaken to explore the most appropriate car club model for future delivery. Since letting the original contract both the car club and the ULEV markets have matured and so the current car club service specification needs updating to ensure the service fully realises the benefits of the latest ULEV technologies. A further contract extension with the current operator would be tied to the previous specification and so would not deliver best value for the Council and would require a procurement exercise to be undertaken for ensure compliance in any event.
- 3.4 The current scheme operates at no cost to the council. In order to deliver in-house significant financial investment would be required to procure the vehicles, telematics and operating systems, and would require a 24/7 customer service provision to administer scheme membership and manage vehicles bookings as well as provision in the case of emergencies and breakdowns. The vehicles would require servicing, maintenance and repairs in case of any customer incidents and policies insuring drivers on the vehicles would also need consideration. This option would also expose the City Council to all of the operating risk, which is currently passed to the Concessionaire.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The value of the decision is given as £0.250m. There is a requirement for £0.100m contribution from the Go Ultra Low City Programme which is required to deliver some additional ULEV benefits of the Car Club.
- 4.2 The other £0.150m is the estimated potential income to the City Council from the new concession, based on an operating period of 5 years and assuming an expansion of the fleet size to 50 vehicles. This is an assumption at this time and cannot be guaranteed. Further information will be known once the procurement process has taken place and it is known whether a revenue share option is possible and will generate any income. There is no assumption in the MTFP for this income and therefore leaves no budget gap if it is not received.
- 4.3 The award of any contract poses no financial risk to the Council as all risk is taken on by the Concessionaire. The contribution from the Council is in the exclusive use of the designated car bays only and there is no minimal revenue guarantee given. There is potential income from permit fees which will also be explored.

- 4.4 The delegation to the Corporate Director of Development to award the contract will ensure that once final figures are known that there will be no financial pressure placed on the Council and no further funding contribution required.

Susan Tytherleigh, Strategic Finance Business Partner 23 November 2018

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 Procurement colleagues will assist with the tendering exercise to ensure that a fully compliant concession arrangement is entered into and that the exercise will maximise the amount of income to the Council.

Paul Ritchie. Lead Procurement Officer, 22 November 2018.

Legal comments

- 5.2 A car club established by the Council in 2014 currently operates successfully within the City, the existing Concession contract is due to expire next year.
- 5.3 The Council is seeking to expand the car club offering to include more vehicles including more electric vehicles to support the Council's transport strategy and Go Ultra Low objectives. The Council is proposing to provide a financial contribution to the chosen operator by way of a procurement exercise to enable the introduction of a more electric fleet.
- 5.4 Soft market testing has been undertaken which shows appetite for a larger car club offering with the opportunity for a financial return to the Council. The re-procurement of this contract by way of a compliant EU tender exercise will therefore seek to establish a service concession contract which will ensure the associated liability, costs and risks remain with the chosen operator for the duration of the Contract.
- 5.5 Legal services will support colleagues during the tender process to ensure appropriate contractual documents reflecting the arrangements are implemented.

Dionne Screamon, Solicitor, Commercial, Employment and Education,
22 November 2018.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

- 6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The car club scheme will improve the sustainable transport choices across the city, providing residents and businesses with access to a fleet of new, safe and less polluting vehicles, helping to improve air quality. The scheme can also offer residents without a private vehicle improved to access services and opportunities,

which may otherwise be difficult or not cost effective to visit without a car. The scheme will offer low income families access to ULEVs, which are currently more expensive than conventionally fuelled vehicles. The availability of automatic vehicles on the car club fleet including EVs will be beneficial for people with reduced mobility.

8 REGARD TO THE NHS CONSTITUTION

8.1 N/A

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix B, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 N/A

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Delegated Decision 3082 20 February 2018 approved the contract extension with the current car club operator until May 2019 and approved the release of 35,000 Euro (approx. £32,000) of the Remourban grant funding for delivery of the Electric Vehicle (EV) element, to implement a car club vehicle in the Sneinton area.

11.2 Nottingham City Council Executive Board 22nd March 2016 approved Office for Low Emission Vehicles grant allocations for the Nottingham Go Ultra Low City programme 2016-2020, including supporting the introduction of ULEVs onto the car club fleet.