

# **CARDIFF COUNCIL CYNGOR CAERDYDD**

## **CABINET MEETING: OCTOBER**

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### **REPORT TITLE - PROCUREMENT OF PUBLIC CAR CLUB SCHEME FOR CARDIFF**

### **CABINET PORTFOLIO TITLE (CLLR WILD/CLLR MICHAEL) AGENDA ITEM:**

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#### **Reason for this Report**

1. To enable Cabinet Members to consider the role of Car Clubs in achieving the city's Transport Vision and to set out the policy context for supporting the growth of the car club sector in Cardiff. As a form of shared mobility, car clubs may contribute to a number of corporate goals.
2. It seeks Cabinet approval to delegate decisions on the procurement of a provider for a car club scheme in Cardiff and also outlines the proposed approach to procuring a new scheme for the city.

#### **Background**

3. Increasing the use of sustainable modes of travel is central to the Council's transport strategy, as set out in the Transport White Paper (2020). Recognising the role that cars will continue to play in our transport system, the White Paper highlighted the importance of making those journeys which do need to be made by car as efficient and sustainable as possible. It committed to supporting the move towards cleaner vehicles by working with car club operators to expand car club provision across the city, as one element in the strategic approach to reducing congestion, improving air quality and tackling climate change which is outlined in the White Paper.
4. The draft One Planet Strategy also identifies the expansion of car clubs, particularly incorporating electric vehicles, as a priority.
5. At the national level, too, the role of shared mobility is also highlighted in the Welsh Government's 'Llwybr Newydd'. The 'move away from individual vehicle ownership to shared solutions, including car-sharing, car clubs, bike sharing and mobility as a service' is identified as one of the strategy's priorities.
6. Car Clubs are a well-established model which provide club members with short-term access to a car without the need for owning a private vehicle. Car clubs are typically delivered by a commercial, or sometimes

community, organisation that manages the operation of the scheme, for example, the insuring, booking systems, maintaining and leasing/buying the vehicles. They offer memberships for individuals and corporate memberships for businesses and other organisations. For example, a number of local authorities and other public sector organisations across the UK have incorporated car clubs as part of their pool/fleet vehicle provision.

7. Research conducted regularly between 2002 – 2020 by shared transport charity CoMoUK<sup>1</sup> has consistently found that:
  - Car clubs can replace privately owned cars with a smaller number of more efficiently used vehicles – it is estimated that nine privately owned cars are replaced by each car club vehicle in the UK. 25% of car club members have sold a car since joining the car club
  - Car club members have a higher use of sustainable modes of travel than UK averages
  - 20% of car club members cannot afford to own a car and that this is their primary reason for joining the car club
  - The most common reasons for using a car club vehicle are the absence of a public transport option for a journey, carrying luggage/heavy items and journey time
  - Car club vehicles produce fewer emissions of greenhouse gases, NO<sub>x</sub> and PM2.5 than the UK average and are significantly newer than average for both UK cars and vans.
8. As such, through offering access to a vehicle through a sharing model, car clubs can deliver a number of benefits. These include financial savings for individual and corporate members, as a result of only paying for the use of a car when it is required, and not covering the costs associated with private car ownership, such as maintenance and depreciation. For corporate members, car clubs provide an alternative to traditional pool/fleet vehicles for employees and can have financial benefits through supporting rationalised business travel and reduced use of 'grey fleet' vehicles.
9. In terms of wider social and environmental benefits, car clubs can play a key role in contributing towards reduced car use and a reduction in parking pressures, particularly in areas with high demand. Car clubs can contribute to both improving air quality and reducing transport related emissions. Electric vehicles are increasingly being incorporated into car club provision, which supports increased familiarity with electric vehicles, making them more visible and accessible to a wider audience.
10. Although car ownership has continued to grow across the UK as a whole, a significant proportion of households do not have access to a car/van. Trends from the 2011 Census indicate substantial variation between wards in Cardiff – whilst the average figure for the city as a whole was

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<sup>1</sup> [CoMoUK-England-and-Wales-Car-Club-Summary-Report-2020.pdf](#)

29% of households without access to a car/van, for areas adjoining the city centre the figure was often higher. For example, in Adamsdown it was 53% of households, in Grangetown 34% and in Cathays 44%. Access to a car club may have particular value in such areas, where high parking density is also experienced and where there is a close proximity to public transport interchanges and services.

11. Wider societal changes also indicate that a future move away from private car ownership may be emerging. For example, trends suggest that younger people (17 – 29 year olds) are now driving less<sup>2</sup>, whilst shared models of mobility are continuing to develop. Facilitating access to car club vehicles has a pivotal role in this shift away from the private car.
12. As a result of Covid-19, there is an urgent need to prevent significant modal shift to journeys made by private car. Travel trend data indicates that total travel demand has returned to pre-pandemic levels whilst it is estimated that only 60% of employees are commuting. Walking and cycling have increased by 30% and 10% respectively (compared with 2019 levels). Whilst public transport usage of bus and rail has increased, it is currently at around 80% of pre-pandemic levels. Daily vehicle traffic has returned to near pre-pandemic levels across Cardiff as a whole.
13. Whilst the legacy of changing travel and working patterns in response to Covid-19 is still unclear, it does represent a moment of change. The provision of responsive, flexible and integrated transport choices will aid the transition to a post-Covid position. For example, having a network of car club vehicles in key locations around the city supports both a reduction in private vehicles where these are being used less frequently by potential car club customers, and the reduced need to travel for work-related trips, leading to less use of 'grey fleet'. Businesses joining the car club as corporate members will provide their employees with access to vehicles located close to home and/or transport interchanges rather than having to travel to an office base. There is also scope to integrate shared mobility options into the development of remote/flexible working hubs.

### **Car clubs – UK context**

14. Car clubs have been successfully implemented across the UK, and globally. Car clubs are commonly found in most major UK cities, including London, Bristol, Bath, Cambridge, Leeds, York and the West Yorkshire Combined Authority local authorities, Nottingham, Edinburgh, Glasgow, the Greater Manchester local authorities, Birmingham and Newcastle.

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<sup>2</sup> Chatterjee, K., Goodwin, P., Schwanen, T., Clark, B., Jain, J., Melia, S., Middleton, J., Plyushteva, A., Ricci, M., Santos, G. and Stokes, G. (2018). Young People's Travel – What's Changed and Why? Review and Analysis. Report to Department for Transport. UWE Bristol, UK, January 2018.

15. There are close to 697,000 car club members in the UK, with a fleet of over 4000 vehicles<sup>3</sup>. This includes car clubs run by large scale commercial operators in addition to smaller, community-based schemes. Car club fleets are increasingly incorporating Electric Vehicles and developing shared mobility innovations, such as mobility hubs which co-locate shared transport such as car club vehicles and bikes.

## Issues

16. Cardiff's existing car club launched in Cardiff in December 2010. The scheme was initially sponsored for a fixed period by Cardiff Council and aimed to provide Cardiff residents with a real alternative to the need for private car ownership by offering short-term, 'pay as you go' flexible car hire. The scheme was originally operated by City Car Club, which was acquired by Enterprise Car Club in April 2015. The term of the original contract has expired.
17. Whilst the existing car club in Cardiff has maintained a steady level of usage, including through the pandemic, the potential for growth has been limited to date by the absence of further expansion in terms of location and vehicle availability. There are currently 21 designated car club bays in Cardiff which are implemented through Traffic Regulation Orders (TROs).
18. Further growth and expansion of the car club offering in Cardiff is required in order to ensure that it represents an attractive and viable alternative to private car ownership for members and potential customers.
19. The car club sector across the UK has been experiencing considerable development in recent years. The growth in shared mobility options – such as the nextbike scheme – and developments in enabling technology have provided additional impetus in the sector. A number of car club providers have expressed interest in establishing operations in Cardiff.
20. Following a procurement process to appoint an operator for a scheme in Cardiff would enable the Council to clearly set out expectations for standards and delivery, such as the expansion of the scheme. It would also facilitate mitigating against any financial impacts (for example, through levying appropriate charges for the use of highway space/parking permits).
21. A market-testing Prior Information Notice (PIN) exercise and engagement with car club operators has been conducted to inform an evidence-based understanding of how the car club offer in Cardiff could be further developed and enhanced to support the delivery of the city's transport vision. This has incorporated innovative approaches, such as the development of mobility hubs and 'Mobility As A Service' integrated

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<sup>3</sup> CoMoUK, 2021 figures

transport approaches, in addition to developments within the car club sector in response to anticipated ongoing changes in working/travel patterns resulting from Covid-19.

22. Progressing the procurement of a new and enhanced car club, available to the public and serving communities across the city, would increase the number of vehicles available and the utilisation of the scheme. The tender specification clearly sets out the Council's requirements in this regard. Tenderers are required to outline how they will grow the scheme and increase utilisation. As part of Cardiff Transport White Paper and One Planet Cardiff commitments, tenderers need to commit to work with the Council to develop minimum emission standards for the Car Club over the life of the contract and ensure that only the most efficient vehicles are included in the Car Club vehicle fleet in the future.
23. The Council would require the operator to actively pursue opportunities to integrate the service with wider public transport network, through linkages with local bus and rail operators and walking/cycling facilities to develop a Mobility as a Service (MAAS) approach serve the needs of partner organisations and members of the public.
24. The Council will primarily support the scheme by permitting the operator to locate vehicles on the adopted highway in existing Car Club bays and by facilitating the implementation of additional on-street/car park based parking bays through Traffic Regulation Orders, where feasible and subject to relevant Council approvals. Appropriate charges may be levied against the creation of new bays to mitigate against the loss of any Council income, for example, from existing 'Pay and Display' and other pay for parking bays.
25. Support may also be granted to appropriate alternatives and innovations such as the use of permit based parking in addition to fixed car club bays. However, the Council will not be involved in the day to day operation of the scheme.
26. The contract value is estimated at up to £600k annually, based on existing data around membership numbers and utilisation. This would be £1.8m over the initial three years of the contract and up to £5.4m if the three options to extend for two years are taken and the contract runs for nine years. However, these figures are predicated on the significant expansion of vehicles available through the car club and increased uptake of the scheme. The financial and operating risks would be solely with the car club operator. No Council funding requirement is identified for the scheme.
27. As part of a phased approach at a later stage, Cardiff Council may opt to explore a pool/fleet car provision with the appointed operator as part of an overall package of pool/fleet options. In the transition to 'post-covid' working, future demand for pool vehicles/work-related trips will need to be better understood. This does not form part of the core contract, however, a car club option could support the further development of hybrid, flexible and agile working, including potential use of community

based hubs in addition to key Council sites. As such, making the scheme available to Council staff for work-related journeys should be considered through the Organisational Change Programme.

28. The option for Cardiff Council to join the car club scheme as a corporate member would also provide a key 'anchor' organisation to increase the viability and growth of the scheme, in terms of the number of cars provided and raising public awareness. Additional potential co-benefits for the Council and the city's car club provision include supporting the reduced need to travel, by facilitating access to on-street vehicles in locations across the city, rather than at key Council sites, and increasing the utilisation of vehicles, which would be available to individual car club members and Council employees.
29. As part of One Planet Cardiff commitment to achieving 90% reduction in emissions from business mileage by 2025, a car club option may also represent a mechanism for reducing emissions through providing an alternative to grey fleet usage.

## **Procurement**

30. Following the Prior Information Notice carried out in November 2020 which has helped inform the overall strategy, our recommended procurement approach is to carry out an open tender exercise with the inclusion of any bidding organisation having to have obtained a CoMoUK Accreditation. Whilst this may limit the number of responses received from an open tender the aforementioned accreditation is nationally recognised as organisations having the ability to offer assurance to local authorities on an agreed set of standards expected by operators when providing services, mitigating any risks of poor quality of service.
31. This procurement will be carried out using the Open Procedure will be to appoint one provider of a car club service. The length of the contract will be three years with three options to extend for further two year extensions, based on performance.
32. The evaluation will be carried out in a two-stage process. The first stage will be a mandatory pass or fail requirement, ensuring only suppliers who can demonstrate their ability to deliver this provision are selected for stage two which will be undertaken on a most advantageous tender (MAT) basis, to identify the successful bidder and they will be awarded the contract. The evaluation criteria will be scored using quality and price criteria. Approval of the evaluation criteria is to be delegated to the Director of Planning, Transport and Environment.

## **Local Member consultation**

33. Local members, businesses and communities will be consulted when additional car club bay locations are being identified. The Traffic

Regulation Order process incorporates this consultation process. However, the operator will also be expected to conduct engagement with stakeholders to ensure that locations are being appropriately targeted.

### **Reason for Recommendations**

34. To enable the procurement of a car club for Cardiff, to meet corporate objectives as set out in the Transport White Paper and One Planet Cardiff.

### **Financial Implications**

The report recommends the procurement of a new single operator car club scheme as part of plans for growth and expansion of the current car club offering. There is no formal arrangement for a car club currently although an existing supplier is permitted to use the highway network. This arrangement would cease as part of the proposals. The contract has an estimated annual value of £600,000 based on existing data around potential membership numbers, hourly hire rates and costs and would run for an initial period of 3 years, with three options to extend for 2 years. This would be predicated upon the expansion of vehicles available and take up and success of the scheme and subject to performance monitoring and the fulfilment of the terms and requirements of the contract which is still being developed.

There is no identified Council funding requirement with all financial and operational risks deemed to rest solely with the appointed contractor. The scheme will be financed and managed by the appointed operator with the Council facilitating the implementation of on street/car park based parking bays through Traffic Regulation Orders and permit based parking subject to relevant Council approvals. Existing car club bays and spaces on the public highway would be made available to the new operator with any additional bays subject to a charge which would also mitigate against any loss of income from existing 'Pay and Display' and other fees for parking bays.

It is essential that VAT advice with regard to any concession agreement is clarified and built into any contract conditions and arrangements.

Future developments for the scheme as part of a phased approach are still being explored. These could include the introduction of electric vehicles and potentially the provision of a pool/fleet car but do not form part of the core contract set out in this report. Any such options must be fully costed and understood prior to entering into any additional commitments.

### **Legal Implications (including Equality Impact Assessment where appropriate)**

The report sets out that the anticipated contract is to be a concession contract for the provision and the management of services by the contractor. Consideration for a concessionary contract must either consist solely in the right

to exploit the services (ie to make money from third parties) or in that right together with payment from the procuring body.

It should be noted that there are restrictions on the duration of a concession contract. It cannot be of unlimited duration and if the duration exceeds 5 years the maximum duration must not exceed the time that the contractor could reasonably be expected to take to recoup the investments made. Legal Services are instructed that it is likely that the contractor will require a longer term than the 5 years to recoup their investment.

Legal Services are instructed that a competitive procurement will be undertaken in line with the procurement regulations by following the Open procedure and advertising a concession contract notice. In Open procedures, any interested economic operator may submit a tender in response to a contract notice. Accordingly, all the tender documents must be ready and available to the tenderers from the date of publication of the said contract notice.

Full legal advice should be sought on the proposals, the procurement process and in relation to the drafting of the draft terms and conditions of contract, as the same are developed. In addition, further legal advice should be sought in the event that the Council wish to utilise the car club service as a Corporate member.

It is further noted from the body of the report that additional Traffic Regulation Orders may be required to facilitate the contract, it must be appreciated that in making such traffic regulation orders the Council must comply with the Road Traffic Regulation Act 1984 and relevant regulations, it cannot be guaranteed that such traffic regulation orders will be made as the making of any traffic regulation order is dependent upon, amongst other things, the outcome of the statutory consultation process.

The decision about these recommendations has to be made in the context of the Council's public sector equality duties. The Council also must satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief. If the recommendations in the report are accepted and when any alternative options are considered, the Council will have to consider further the equalities implication and an Equality Impact Assessment may need to be completed.

The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national



well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2021-24

The well being duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to the Council. All decisions taken by or on behalf the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Council Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances

### **HR Implications**

There are no direct HR Implications for this report.

### **Procurement Implication**

Commissioning and Procurement have been working with the Transport Vision, Policy and Strategy team to support the ongoing requirement for car club provision and will support this tender process working closely with the Service area to ensure compliance with the public contract regulations 2015 and in accordance with the concession contract regulation 2016.

## **Property Implications**

### **RECOMMENDATIONS**

Cabinet is recommend to:

- To delegate authority to the Director of Planning, Transport & Environment in consultation with the Cabinet Member Strategic Planning and Transport, Cabinet Member Finance, Modernisation & Performance, s.151 Officer and Director Governance and Legal Services to determine all aspects of the procurement process for a public Car Club Scheme for Cardiff (including approving the evaluation criteria to be used, and authorising the award of the contracts) and all ancillary matters pertaining to the procurement and proposals above.
- Note the objectives set out in paragraphs 12 and 13 of this report.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Director Name</b>
	Date submitted to Cabinet office

*The following appendices are attached:*

*The following background papers have been taken into account*