

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 20 February 2023	<b>Decision Maker:</b> Strategic Director of Environment, Neighbourhoods and Growth
<b>Report title:</b>		<b>Gateway 2 - Contract Award Approval</b> Southwark car club contracts	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Director of Environment	

## RECOMMENDATION(S)

1. That the Strategic Director of Environment, Neighbourhoods and Growth approves the award of three contracts; two to ZipCar and one to HiyaCar providing at total income of £384k per annum for three years from 1 April 2023 with two possible one year extensions. If all extension are taken all contracts would last for five years with an estimated total revenue of £1.9M. This report is being sought as a single composite report which encompasses all contracts for administrative expediency.

## BACKGROUND INFORMATION

2. In December 2022 cabinet approved the streets for people programme to take further action to deliver our council ambition for healthier neighbourhoods, cleaner air, thriving town centres and safer roads by providing opportunities for active travel and improving streets in the borough through council wide policies.
3. In November 2022, the Strategic Director of Environment, Neighbourhoods and Growth agreed a procurement strategy for the procurement of car sharing contracts. This strategy seeks to increase the coverage of car sharing vehicles across the London Borough of Southwark and also increase the types of car sharing options available to residents and businesses which contributes to the objectives of the streets for people programme.
4. A car club is an enterprise in which a car club operator provides vehicles for personal or business use to club members, mainly for periods of short term hire on a pay-as-you-go basis. Car clubs provide residents or business owners' access to a vehicle without them having to own it or maintain it. Car clubs can reduce overall car use and thereby contribute to lower levels of pollution and traffic congestion. A successful car club can also reduce parking pressure, as some members joining the club will give up car ownership.
5. The current number of car club vehicles in Southwark is 207 and this procurement results in 240 car club vehicles.

## Procurement project plan

Activity	Complete by:
DCRB Review Gateway 1:	02/11/2022
Brief relevant cabinet member (over £100k)	17/11/2022
Approval of Gateway 1: Procurement strategy report	18/11/2022
Completion of tender documentation	25/11/2022
Publication of Find a Tender Service Notice	05/12/2022
Publication of Opportunity on Contracts Finder	05/12/2022
Invitation to tender	06/12/2022
Closing date for return of tenders	12/01/2023
Completion of clarification meetings/presentations/evaluation interviews	20/01/2023
Completion of evaluation of tenders	27/01/2023
DCRB Review Gateway 2: Contract award report	01/02/2023
Approval of Gateway 2: Contract Award Report	17/02/2023
Debrief Notice and Standstill Period (if applicable)	24/02/2023
Contract award	24/02/2023
Add to Contract Register	24/02/2023
Place award notice in Find a Tender Service	03/03/2023
Place award notice on Contracts Finder	03/03/2023
Contract start	01/04/2023
Initial Contract completion date	31/03/2026
Contract completion date – if extension(s) exercised	31/03/2028

## **KEY ISSUES FOR CONSIDERATION**

### **Description of procurement outcomes**

6. The contracts will deliver 240 car club vehicles.
7. The contract awards will contribute to the streets for people programme by providing an alternative option to car ownership and as such could reduce car ownership in the borough

### **Key/Non Key decisions**

8. This report deals with a key decision.

### **Policy implications**

9. Having an effective car club operation across the borough is an important component of delivering the council's plans (Movement Plan, climate strategy and air quality assessment (AQA)) and fairer future commitments, in particular theme 3 - a greener borough and theme 5 – a healthier life.

### **Tender process**

10. In line with Contract Standing Orders (CSO) procedures, an open tender procurement was undertaken.
11. The tender was separated into four lots with the intention of procuring five new Southwark car club contracts:
  - **Lot 1:** Completely Flexible – Minimum number of vehicles: 70, per vehicle fee of at least £1,500;
  - **Lot 2:** Fixed (back-to-base) bays – Minimum of 120 spaces, per vehicle fee of at least £1,500
  - **Lot 3:** Fixed designated streets – Minimum number of vehicles: 50 (two contracts available), per vehicle fee of at least £1,500
  - **Lot 4:** Fixed and fixed designated streets – Minimum number of vehicles: 50, per vehicle fee of at least £1,500 for all vehicles types
12. There was availability for one operator to be procured for each of the lots 1-3 and there was availability for two operators to be procured under lot 3.
13. There was one bid received for each of Lots 1-3 whom all met the minimum requirements in terms of vehicle numbers and minimum fee per vehicle.

14. There were no bids were received for Lot 4, it is anticipated that the shortfall in vehicle numbers from Lot 4 will be met through additional vehicles supplied by the winning bids for Lots 1-3.

### **Tender evaluation**

15. The tenders were evaluated based on the most economically advantageous tender based on price (70%), quality and service delivery (30%) as set out in the invitation to tender (ITT).

16. The specific ITT responses were evaluated by three managers from the parking and traffic enforcement section; the parking quality and policy manager, the parking contracts manager and the parking debt manager. Each marked the ITT independently and following the completion of individual scoring a consensus scoring meeting was held chaired by the parking services and development manager.

17. Evaluation followed a three stage process:

Stage 1: All three bids met the following minimum expected criteria:

- (a) Bids will only be accepted from CoMoUK accredited car club operators, (the national accreditation body for car clubs), to ensure certain standards are met with regard to the age of vehicles used, safety and customer service.
- (b) Evidence of economic and financial capacity and legal standing
- (c) The bidder must have minimum levels of insurance (£5m public liability, £10m employer's liability)
- (d) The permit price per vehicle must be a minimum of £1,500 per vehicle.
- (e) Bidders are required to make a one-off Social Value financial contribution to an appropriate Southwark Community Organisation.

18. Stage 2: The price aspect of the evaluation process stipulated that bids would only be accepted priced at £1,500 or more per vehicle for each Lot. It was intended that each tenderer's price would be calculated with the highest sustainable tender price being awarded the maximum score (70%) for the price evaluation and other tenderer's scores would be based on a percentage of that score. As only one bid was received for each of the Lots, one to three, all bidders achieved the maximum price score.

19. Stage 3: The quality aspect of the evaluation was assessed based on responses to the information requested within the ITT including a method statement, these were as follows:

- (a) Current number of active members (10%)
- (b) The number of Local Authorities where the car club already operates (10%)

It was intended that each tenderer's quality score for sections a) and b) would be a weighted score and it was intended that the bids with the highest numbers submitted would be awarded the maximum score (10%) and other tenderer's scores would be based on a percentage of that score. As only one bid was received for each of the Lots, one to three, all bidders achieved the maximum quality score for sections a) and b).

(c) Service delivery (10%) (max score of 5)

20. Each member of the evaluation panel scored each question independently from zero to five. A maximum score of five was awarded based on the criteria shown below.

Score	Criterion for Method Statements
0	Failed to submit a method statement or address the question in full
1	A detrimental answer - a limited answer with poor supporting evidence, which lacks clarity.
2	Answer meets some, but not all of the method statement question. In part, lacks convincing evidence and understanding of the requirement.
3	Acceptable answer to the method statement. Answer is comprehensible.
4	Above acceptable - answer demonstrates real understanding and gives much more detail to the method statement.
5	Excellent answer - gives real confidence that the statement provides much more in added value, which is realistic and achievable, and gives greater understanding than that of an acceptable response.

## Evaluation Results

21. Lot 1 – 70 (minimum) Flexible car club vehicles

Lot 1 - Flexible bays	ZipCar	Max score	Actual score	Max Weight	Actual Weight
<b>Price Scores</b>					
Tender price	£1,500			70%	<b>70%</b>
<b>Quality Scores</b>					
Current number of active members (10%)	510,288			10%	<b>10%</b>
The number of Local Authorities where the car club already operates (10%)	37			10%	<b>10%</b>
Service Delivery	4 out of 5 scored	5	<b>4</b>	10%	<b>8%</b>
		Total S	<b>4</b>	Total W	<b>98%</b>

22. **Lot 2** – 120 fixed car club bays

<b>Lot 2 - Fixed car club bays</b>		<b>ZipCar</b>		Max score	Actual score	Max Weight	Actual Weight
<b>Price Scores</b>							
Tender price	£1,700					70%	<b>70%</b>
<b>Quality Scores</b>							
Current number of active members (10%)	510,288					10%	<b>10%</b>
The number of Local Authorities where the car club already operates (10%)	37					10%	<b>10%</b>
Service Delivery	4 out of 5 scored	5	<b>4</b>	10%	<b>8%</b>		
		Total S	<b>4</b>	Total W	<b>98%</b>		

23. **Lot 3** – 50 Geo-fenced car club vehicles

<b>Lot 3 - Geo-fenced car club</b>		<b>HiyaCar</b>		Max score	Actual score	Max Weight	Actual Weight
<b>Price Scores</b>							
Tender price	£1,500					70%	<b>70%</b>
<b>Quality Scores</b>							
Current number of active members (10%)	2,457					10%	<b>10%</b>
The number of Local Authorities where the car club already operates (10%)	8					10%	<b>10%</b>
Service Delivery	3 out of 5 scored	5	<b>3</b>	10%	<b>6%</b>		
		Total S	<b>3</b>	Total W	<b>96%</b>		

**Plans for the transition from the old to the new contract**

24. ZipCar are the current incumbent fixed bay and flexible car club provider, therefore there is no transition required for Lots one and two. The council will work with HiyaCar to mobilise all 50 vehicles within a six-month period from 01 April 2023.

**Plans for monitoring and management of the contract**

25. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government

Transparency Code. The details of this procurement will be added to the contract register via the eProcurement System.

26. The car sharing contracts will be monitored and managed by the Parking Quality and Policy Manager.

**Identified risks for the new contracts**

27.

No	Risk	Description and mitigation	Risk Rating
1	Challenges to award decision	The procurement has been carried out in line with UK regulations and guidance. Evaluation methods were clearly identified within procurement documents and evaluation carried out as stated.	L
2	Low take up with new car club supplier	HiyaCar already have a car club presence in Southwark in off-street locations. It is anticipated that existing members will use the on-street vehicles an on-street presence will further increase take up.	L
3	Financial stability	Mint checks have been completed for both contractors whom have both scored a credit score lower than the minimum expected score of 40. The risk is deemed low as the contracts are income rather than cost driven.	L

**Community, equalities (including socio-economic) and health impacts**

**Community impact statement**

28. Residents who chose to convert to car sharing will play their part in reducing the number of privately owned vehicles in Southwark. Privately owned vehicles are used on average 4% of the time compared to car sharing vehicles which in Southwark on average are in use more than 20% of the time. This switch to car sharing will have a positive impact in Southwark reducing vehicles overall, which will free up kerbside space and allow positive improvements to the Public Realm to meet the health, wellbeing and environmental commitments set out in the council's plans.

**Equalities (including socio-economic) impact statement**

29. Car sharing is available to anyone who has a clean and valid driving license.

There are financial benefits to all citizens in society regardless of social economic factors (education, income and occupation) or the protected characteristics detailed in the Equalities Act 2010.

### **Health impact statement**

30. The report recognises that car clubs can reduce car use, which can be beneficial for health if air pollution is reduced and active travel is increased. Air pollution, including from vehicles, can contribute to respiratory and cardiovascular illnesses, among others.

### **Climate change implications**

31. This report considers how the proposed measures impact on climate change; namely the report recognises that the procurement of car club operators will lead to a reduction in car use across the borough. It also ensures that all accredited car club fleets meet the London Ultra Low Emission Zone (ULEZ) standards. This links into the actions set out under 'Priority 2 – Active and Sustainable Travel' of the Climate Change Strategy.

32. All vehicles deployed by both ZipCar and HiyaCar are CoMoUK registered and therefore they all have efficient engines with lower Co2 emissions and are usually three years old or less.

33. 40% of ZipCar's fleet are electric vehicles; HiyaCar has a much lower percentage but are still within the limits set by CoMoUK. It is in the interest of both ZipCar and HiyaCar to move to a majority electric vehicle fleet in view of the government target for there not to be any internal combustion engines vehicle manufactured in the UK post 2030.

### **Social Value considerations**

34. In line with the fair futures procurement framework (FFPF) the procurement included a requirement for tenderer's to make a one-off financial contribution to an appropriate Southwark Community Organisation who are working to achieve one or more of the themes indicated on the Social Value TOMS (themes, measures and outcomes).

35. New car club suppliers are required to make a one-off financial contribution of at least 5% of the yearly tendered fee to an appropriate Southwark Community Organisation (SCO) who are working to achieve one or more of the themes indicated on the social value portal. Tenderers were asked to indicate which SCO would benefit from their contribution and their contribution amount.

36. ZipCar chose London Reclaimed as the SCO that will benefit from a 5% financial contribution of £15,450. The sum represents 5% of the overall amount that ZipCar tendered for Lots one and two. London Reclaimed is a charity that gives mentoring, training and employment experience and opportunity to young people in Southwark.



37. HiyaCar chose Southwark Food Bank as the SCO that will benefit from a 5% financial contribution of £3,750. Southwark Food Bank exists to ensure that no one in Southwark goes hungry.

### **Economic considerations**

38. The switch to car sharing will have a positive economic impact for residents and business owners who want to have access to a vehicle without vehicle purchasing and depreciation costs, vehicle tax, insurance, fuel, cleaning or maintenance fees. These fees are embedded in the hire costs, however, when spread between multiple members, this results in lower rates per capita when compared to privately owned vehicles.

### **Social considerations**

39. The overall aims of the Car Sharing Schemes in Southwark will be to reduce demand for kerb-side parking and free up kerbside space for more sustainable uses, encourage social mobility and social inclusion by offering wider transport choices, ease congestion and improve air quality and increase walking, cycling and use of public transport. Car club operatives working in Southwark will be paid at least the London living wage.

### **Environmental/Sustainability considerations**

40. Reducing vehicles overall will free up kerbside space and allow positive improvements to the Public Realm to meet the health, wellbeing and environmental commitments set out in the council's Movement Plan.

41. Currently 100% of existing car club vehicles are ULEZ compliant supporting the Council's Movement Plan, Climate Strategy and AQA.

### **Staffing implications**

42. The car sharing contracts will be monitored and managed by existing staff in the Parking Service. No additional resources will be required.

### **Financial implications**

43. The GW1 estimated total income value of between £400k and £500k per annum for three years.

44. The income from car clubs has previously been incorporated as part of the annual budget setting process and there is an income budget target of £320k in the accounts.

45. The current income is £215k per annum, this procurement will generate a minimum income of £384k per annum.

46. There are no outgoing costs from the Council associated with these contracts.

### **Investment implications**

47. There will be no investment from Southwark Council to implement or operate new car sharing contracts.

### **Legal implications**

48. Please see concurrent from the Director of Law and Governance.

### **Consultation**

49. Soft market research was conducted with the incumbent suppliers and known potential suppliers prior to the procurement process.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance (EL22/123)**

50. The strategic director of finance notes the recommendation to the strategic director of Environment, Neighbourhoods and Growth to approve three car club contracts; two to ZipCar and one to HiyaCar providing at total income of £384k per annum for three years from 1 April 2023 with two possible one year extensions.

51. The strategic director also notes the potential income arising from the car club contracts and that there are no direct costs implications.

52. Officer time to effect recommendations will be contained within existing budgeted revenue resources.

### **Head of Procurement**

53. No formal concurrent is required as this report deals with a concession arrangement that generates income for the council. The procurement process did follow the Concession Contract Regulations 2016 and the Council's Contract Standing Orders.

### **Assistant Chief Executive - Governance and Assurance**

54. A formal concurrent is not required for this report as the proposed contract awards which have arisen from the procurement exercise are concession arrangements which are intended to generate income for the council, and the estimated individual and aggregate whole life value of the contracts which are recommended for award is below the relevant advertising threshold which applies to the award of concessions, as prescribed by the Concession Contracts Regulations 2016. However, it is confirmed that the procurement process described in this report is consistent with those Regulations and with the council's Contract Standing Orders.

**PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS**

Under the powers delegated to me in accordance with the council’s Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

**Signature**...Caroline Bruce

**Date**.....17/02/23

**Designation**....Strategic Director Environment, Neighbourhoods and Growth

**PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:**

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see ‘FOR DELEGATED DECISIONS’ section of the guidance).

<b>1. DECISION(S)</b>
As set out in the recommendations of the report.
<b>2. REASONS FOR DECISION</b>
As set out in the report.
<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
Not applicable.
<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION</b>
Not applicable.

**5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST**

*If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.*

Not applicable.

**6. DECLARATION ON CONFLICTS OF INTERESTS**

**I declare that I was informed of no conflicts of interests.**

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
GW1 Car Sharing Procurement Strategy final (1) signed	Parking Services	Mark Palmer – (020) 7525 7353

## APPENDICES

No.	Title
Appendix 1	<b>Gateway 1 Procurement Strategy Approval</b> Southwark car club contracts

## AUDIT TRAIL

<b>Lead Officer</b>	John Wade, Head of Parking, Network Management and Markets	
<b>Report Author</b>	Mark Palmer, Parking Quality and Policy Manager	
<b>Version</b>	Final	
<b>Dated</b>	24 January 2023	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Finance	Yes	Yes
Head of Procurement	Yes	Yes
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Director of Customer and Exchequer Services (for housing contracts only)	N/A	N/A
Cabinet Member	N/A	N/A
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	N/A
<b>Cabinet</b>	N/A	N/A
<b>Date final report sent to Constitutional Team</b>		17 February 2023