

Item No.	Classification: Open	Date: 18 November 2022	Meeting Name: Strategic Director of Environment and Leisure
Report title:		Gateway 1 Procurement Strategy Approval Southwark car club contracts	
Ward(s) or groups affected:		All	
From:		Director of Environment	

RECOMMENDATION (S)

1. That the Strategic Director of Environment & Leisure approves the procurement strategy outlined in this report for five new Southwark car club contracts at an estimated total income value of between £400k and £500k per annum for three years with two possible one year extensions. If all extensions were taken, the contract would last for 5 years with an estimated total revenue of up to £2.5M (no individual contract would exceed £2M). This approval is being sought as a single composite report which encompasses all five contracts for administrative expediency.

BACKGROUND INFORMATION

2. 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 owner's 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.
3. In Southwark there are currently two types of car club options; they are fixed bay car clubs and flexible car clubs, both types are explained in paragraphs 4 and 5.
4. **Fixed bay car clubs:** Southwark currently has 128 on-street fixed car club bays (also known as back-to-base) marked on Southwark's highway, which are shared between two operators. We also have a car club option which is similar to the fixed car club option where vehicles are picked up and returned to a designated cluster of roads or single road, rather than a bay. Under these car club types a car club member books the car in advance for a fixed period, collects the car from its dedicated bay at the appointed time, and returns it to the same location or street at the end of the booking ready for another member to use the vehicle. Payment is usually by the hour or day. Under the Fixed car club type, each car in the fleet has its own car club parking permit issued by the Council.

5. **Flexible Car Clubs:** Southwark currently has concessionary contracts with one operator, which are due to expire on 31 March 2023. Flexible car club allow for A-to-B trips within a defined operating area which includes multiple London boroughs and Heathrow Airport. In Southwark, flexible car club vehicles may be parked anywhere in Southwark where there are no restrictions, and also in resident only bays or shared use bays; which allow both resident permit holders and paid for parking users.
6. Annual surveys of car club members conducted for CoMoUK, the charity promoting shared mobility services such as car clubs and cycle hire schemes, show that both fixed bay and flexible free-floating car clubs result in a net decrease in vehicle ownership, mileage and transport emissions. All accredited car club fleets meet the London Ultra Low Emission Zone (ULEZ) standards.

Summary of the business case/justification for the procurement

7. Southwark Council's existing car club contracts expire on 31 March 2023. Having an effective car club operation across the borough contributes to the delivery of the Council's Climate Change Strategy, the Movement Plan and the Air Quality Strategy and Action Plan (AQA).

Market considerations

8. Soft market testing has been conducted with all of the existing car club operators who have indicated that they are keen to grow their operations within Southwark. As the car club market has developed since 2018 there are now more car club operators, who meet CoMoUK's car club accreditation standards. Car Clubs operators do not want electric vehicle charging points in fixed bays as vehicles can often be hired back-to-back resulting in little time to charge in the bay, and instead the operators are offering discounts/incentives to the hirer to charge whilst the vehicle is on hire.
9. Benchmarking has also been conducted with eight other London Local Authorities, including Lambeth who are following very similar procurement approaches to Southwark.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

Cease car club operations

10. This is not advised, an effective car club operation across the borough contributes to the delivery of the Council's climate change strategy, the Movement Plan and the Air Quality Strategy and Action Plan 2017 (AQA).

Frameworks

11. There are no known frameworks for the provision of shared mobility or car sharing services for public use. Some related services such as car hire for the public sector or third sector are available by separate frameworks, which is not what is required.

Single tender

12. Although there are a range of operators providing car club services in the UK, there is no single operator that could provide the numbers of vehicles that would be required to service Southwark businesses and residents in terms of borough coverage.

Tender

13. A new open tender procurement exercise for both fixed bay car clubs and flexible car clubs would provide new contracts with operators, including new suppliers who have entered the market since the last procurement exercise in 2018. New contracts would also bind all car club operators to new contractual deliverables which would include obligations around bay occupancy and minimum vehicle deployment.
14. The proposed contract would provide borough wide coverage across a multi-vendor operation, thus providing choice of operator with varied cost options for our residents and business owners.

Proposed procurement route

15. This report proposes to enter into an open tender procurement exercise for a concessionary contract, which will include both the fixed bay car clubs and the flexible car clubs models with new contracts starting in April 2023. Introducing new contracts would bring fresh impetus to the car clubs in Southwark and strengthen the obligations of operators to provide a beneficial level of service and coverage for the Borough's residents and businesses.
16. Opening up the market to more operators could boost access to car clubs for residents as well as provide competition and choice, through different vehicle types and pricing models for users.
17. It is proposed that the procurement is separated into four lots with the intention of procuring five new Southwark car club contracts. There is availability for one operator to be procured for each of the lots 1-3 and there is availability for two operators to be procured under lot 4. Operators will be able to submit bids for more than one lot but bids for combined lots will not be accepted. The proposed specifics for each lot are:

Lot 1: Completely Flexible - Number of vehicles: 70–200

- Per vehicle fee of at least £1,500 for all vehicles types made payable per year for the first 50 vehicles;
- Pro rata vehicle fee (over 50 vehicles) to be invoiced quarterly;
- Inclusion of a higher excess fee where the operator exceeds 200 vehicles set at 10% more than the permit fee.

Lot 2: Fixed (back-to-base) bays – 120 spaces

- Number of vehicles: minimum of 120 with the opportunity to increase the numbers of bays subject to section 106 planning agreements associated with new developments.
- Per vehicle fee of at least £1,500 for all vehicles types made payable per year per vehicle.

Lot 3: Fixed and fixed designated streets - Number of vehicles: 50

- Initially 10 fixed bays, which will increase as new controlled parking zones are introduced.
- Minimum 40 vehicles in designated streets, with the opportunity to expand.
- Per vehicle fee of at least £1,500 for all vehicles types made payable per year for the fixed bays and the first 40 semi-flexible vehicles.
- Pro rata vehicle fee (over 40 vehicles in designated street) to be invoiced quarterly

Lot 4: Fixed designated streets - Number of vehicles: 50 (two contracts available)

- Minimum 50 vehicles in fixed designated streets, with the opportunity to expand;
- Per vehicle fee of at least £1,500 for all vehicles types made payable per year for the first 50 vehicles.
- Pro rata vehicle fee (over 50 vehicles) to be invoiced quarterly

18. Under each lot the operator will enter into a 3 year service contract (with two possible one year extensions), which will commit the operator to providing monitoring data and key performance indicator information alongside other terms and conditions that enable robust management of their operations and protect users in the borough.

Identified risks for the procurement

19. The below table lists the main risks:

No	Risk	Description and mitigation	Risk Rating
1	Challenges to award decision	Ensure procurement is carried out in line with UK regulations and guidance. Evaluation methods to be clearly identified within procurement documents and evaluation carried out as stated.	L
2	Delays to the procurement process	It is intended to carry out the procurement process for the contract in 2022/23.	L
3	Insufficient delivery of vehicles available to run the operations on day 1	New suppliers to Southwark or existing suppliers increasing their current provision will be provided with a mobilisation period defined in the procurement documentation.	L
4	Possibility of the current cost of living / inflation pressures having an impact on the car club operators and the public.	The reported cost savings of car club membership against car ownership are up to £1,000 a year. The cost of living crisis is more likely to increase the take up of car clubs, rather than reduce it.	L
5	There may not be enough companies interested in the procurement to enable us to select the number we need.	There is an active market of car club operators within London, which did contract during the pandemic. As a result the vehicle fee has been set to a tariff that will hopefully encourage bids.	L

Key /Non Key decisions

20. This report deals with a non-key decision.

Policy framework implications

21. Having an effective car club operation across the borough is an important component of delivering the council's plans (Movement Plan, climate strategy and AQA) and fairer future commitments. In particular theme 3 - a greener borough and theme 5 – a healthier life, will benefit from this service.

Procurement project plan (Non Key decisions)

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	05/12/2022
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	07/02/2023
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	31/03/2028
Contract completion date – if extension(s) exercised	31/03/2030

TUPE/Pensions implications

22. None

Development of the tender documentation

23. A project board has been convened with appropriate officer members to provide suitable technical expertise and governance. The project board will be responsible for ensuring all documentation has been produced and approved for the final tender packs. The project board is meeting on a monthly basis. The documents will be reviewed at these meetings.

Advertising the contract

24. The contract will be advertised on both find a tender portal and the contract finder.

Evaluation

25. Evaluation will follow a three stage process:

26. Stage 1: Any car club operator can bid provided they meet the minimum expected criteria, which includes, but not limited to:

- (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)

27. Stage 2: The tender evaluation criteria will be based around the tenderers' proposals meeting specified price and quality requirements. The contract will be awarded to the most economically advantageous tender based on price (70%) and quality and service delivery (30%).

28. Bids will only be accepted priced at £1,500 or more per vehicle for each lot. Each tenderer's price will be calculated in accordance with the price evaluation methodology detailed in the tender pack with suppliers completing a schedule in the tender. The highest sustainable tender price will be awarded the maximum scores for the price evaluation. Other tenderer's scores will be based on a percentage of that score.

Stage 3: The quality element of the tender evaluation will be by weighted score against the following criteria for tender evaluation:

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

Those bids with the highest numbers submitted for the method statements above will be awarded the maximum score (10%). Other tenderer's scores will be based on a percentage of that score.

(c) Service delivery (10%)

The service delivery element of the quality submission will revolve around how the tenderer intends to deliver the services and the answers submitted by the winning tenderer will become contractually binding. The questions will be based on:

- (a) Proposed management structure
- (b) Contractors proposed method statements for carrying out the service (including technical capability and back office function)
- (c) Social value and benefits to local community
- (d) Equality and Diversity

29. Each question will be scored independently by each member of the evaluation panel from 0 to 5. Once each question is scored the appropriate weighting will be applied to each scores.

30. A quality moderation meeting will be held. This will be chaired by an officer who has not independently scored the quality submissions and attended by all officers who have independently scored the quality submissions. At this meeting a consensus score will be agreed to ensure consistency in the scoring methods. The consensus scores will then be weighted as defined in the tender documents and will be added together to produce the final quality scores for each tender.

31. The price score and the quality score will then be added together to produce an overall score for each tender. The tenderers providing the most economically advantageous tenders evaluated across the quality and pricing to deliver the contract will be awarded the contracts.

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

Community impact statement

32. 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

33. 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

34. 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

35. The report has considered 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.

Social Value considerations

36. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The procurement will include the requirement to make a financial contribution to an appropriate Southwark community organisation.

Economic considerations

37. 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

38. 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

39. 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.

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

Plans for the monitoring and management of the contract

41. The car sharing contracts will be monitored and managed by existing members of the Parking Service.

Staffing/procurement implications

42. The procurement of renewed car sharing contracts will be conducted by existing staff in the Parking Service with advice from the procurement and legal teams. No additional resources will be required.

Financial implications

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

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 but currently only achieving £215k per annum. This procurement is expected to generate income of between £400k to £500k. Once the contract is in place, the financial position will be monitored and budgets will be adjusted as part of the budget setting process for the department.

Legal implications

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

Consultation

46. Soft market research was conducted with the incumbent suppliers and known potential suppliers.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

47. A formal concurrent is not required as the cumulative estimated value of the contracts, and corresponding lifetime value, is below the relevant threshold governing award of concessions, as consistent with article 8 (1) of the Concessions Directives vis a vis the Concession Contracts Regulations 2016 (CCR2016).

Director of Law and Governance

48. A formal concurrent is not required as the proposed procurement is a concession arrangement which is intended to generate income for the council, and the estimated individual and aggregate value of the contracts to be awarded is below the relevant threshold which applies to the award of concessions, as prescribed by the Concession Contracts Regulations 2016.

Strategic Director of Finance and Governance (EL22/081)

49. The strategic director of finance and governance notes the recommendation to the strategic director of Environment and Leisure to approve the procurement strategy outlined in this report for five new Southwark car club contracts.

50. The strategic director of finance and governance also notes the financial implications that the income from this procurement will be monitored and incorporated as part of the council’s budget setting process.

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

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 24/11/2022.....

Designation..... Strategic Director of Environment and Leisure

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).

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION

As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

As set out in the report.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION *

Not applicable.

* Contract standing order 6.4.1 states that for contracts with an Estimated Contract Value of £100,000 or more, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

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.*

or

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

7. CONSIDERATION GIVEN TO WHETHER, AS A NON-KEY DECISION, THIS SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)*

The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.

I consider that the decision be made available for publication under Regulation 13(4).*

or

I do not consider that the decision be made available for publication under Regulation 13(4).*

(* - Please delete as appropriate)

* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
N/A		

APPENDICES

No	Title
N/A	

AUDIT TRAIL

Lead Officer	John Wade	
Report Author	Mark Palmer	
Version	Final	
Dated	05 October 2022	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (for housing contracts only)	N/A	N/A
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional		N/A