

**Report for:** Environment and Community Safety Scrutiny Panel, 30<sup>th</sup> June 2016

**Item number:**

**Title:** Proposals for expanding Haringey's car club network

**Report authorised by :** Emma Williamson, Acting AD Planning

**Lead Officer:** Edwin Leigh, Principal Transport Planner, 020 8489 1492, [Edwin.leigh@haringey.gov.uk](mailto:Edwin.leigh@haringey.gov.uk)

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision: Non Key Decision**

### **1. Describe the issue under consideration**

This report sets out the reasons for expanding Haringey's car club network through the introduction of multiple operators and summarises the benefits this approach will deliver for supporting growth and contributing to the Council's strategic outcomes, via increasing car club accessibility and improving choice for residents.

### **2. Cabinet Member Introduction**

The car club service in Haringey has proved popular with residents and is experiencing a sustained level of growth. The service delivers numerous benefits for the borough including improved air quality through access to cleaner vehicles, an alternative option to private car ownership, reduced congestion and parking pressures.

Haringey needs to facilitate the expansion of the car club network, to improve accessibility and provide a greater choice of services for residents as well as supporting future growth through the delivery of regeneration and housing growth areas, especially in areas of the borough poorly served by the existing car club provision.

### **3. Recommendations**

For the Environment and Community Safety Scrutiny Panel to provide a view the following approach:

**That the Council progresses the procurement of multiple operators for its car club network**

#### 4. Reasons for decision

**Multi-operator expansion is required to serve increasing demand, improve accessibility, support growth and regeneration, and maximise the potential benefits of car club provision:**

Haringey needs to expand its existing car club network to provide users with improved accessibility and a greater choice of car club services. This is highlighted by the sustained trend of car club membership growth (running at over 10% growth a year) and high levels of vehicle utilisation.

Transport for London (TfL) analysis of future car club demand suggests there is huge scope for further car club expansion in Haringey, with over 34,000 potential members. To date, Haringey car club provision has only realised 16% of this potential demand.

Further car club expansion is required to ensure the benefits of car club provision are fully realised to maximise the growth potential and the accompanying benefits. By restricting the car club network to a sole operator this could restrict the capacity and accessibility of the current network.

Introducing multiple car club operators will have the following benefits:

1. significantly improving coverage of the car club network across the borough
2. improving accessibility, especially in areas with a lack of existing coverage
3. enhance fleet choice and pricing range for residents.
4. increased accessibility to car club vehicles will improve social mobility for residents
5. support sustainable growth across Haringey, especially in areas of the borough where major regeneration proposals, are planned.

The expansion of car club services is considered a key mechanism for reducing car dependency and managing demand on Haringey's (and London's) road network. Access to car clubs reduces both private car ownership and use, reduces the need for a second car and is considered part of the solution to overcome poor air quality, traffic congestion, parking pressures and unequal access to mobility.

Additional benefits of expanding a car club network include:

1. One Car club car effectively removes more than 10 privately owned cars from the streets, reducing congestion and parking pressures.
2. Car club members drive 7 times fewer short journeys (less than 5 miles) than car owners do and 750 miles less per year.
3. Car club members tend not to commute by car or drive so much during rush hour.

4. Car club members drive less , and walk, cycle and use public transport more. Car club membership reduces a Londoner's transport carbon foot print by 49%.
5. Car club vehicles typically produce 30% less CO<sub>2</sub> then the average car. Car Clubs vehicles are low emissions and more efficient due to the fact that most fleets are under 1 year old. All fleets are introducing low emission and electric hybrid models, and converting existing fleets from diesel to petrol.
6. An expanded car club network provides a genuine alternative to private vehicle ownership, or need for a second car. Provision of a range of car club vehicles within close proximity ensures the member has access to an alternative close by if their nearest vehicle is already booked.
7. Development can be further optimised on development sites delivering larger number of units as reduced car parking can be provided when sufficient car club spaces are provided in the area.

#### **Maintaining the incumbent operators established network:**

The best approach for achieving the network expansion required to meet increasing demand is to introduce multiple car club operators into the borough whilst maintaining the incumbent operator, Zipcar, in which they maintain their existing network.

This approach has been taken in Camden, Hackney and Wandsworth, three of the most progressive car club boroughs in London, who have reported a doubling in size of their car club network and a rapid growth in membership since introducing the multi-operator approach. There are now over 20 boroughs in London where their car club network consists of multiple car club operators.

Maintaining the incumbent operator is also considered the best approach for Haringey's existing 5600+ car club members, as it ensures a car club service is maintained for Haringey's Zipcar members, who have paid annual membership fees.

New operators, as well as the incumbent operator, are invited to introduce new car club bays in sufficient numbers to allow them to get a foothold in the Haringey market. If their service proves popular then more bays are added and the network builds. This is also the optimal approach for ensuring supply can meet demand.

## **5. Alternative options considered**

There were three alternative options considered as followed:

- **Remain with a single car club operator network:**

The Council could undertake a new car club network procurement exercise for a single car club operator however this approach would not deliver the desired borough wide expansion improvements or the greater range of choice that the multi-operator approach will bring for Haringey residents.

There would be no guarantee the newly procured car club operator would be in a position to expand the network to meet residents needs or the Council's expansion aspirations to accommodate growth, especially in areas of the borough where existing car club accessibility is low, predominantly in the eastern neighbourhoods of the borough. Failure of the operator to expand the existing network would result in the rising demand for car club services in the borough remaining unmet, and the potential benefits of an extended car club network, to regard to improving air quality, reducing car use, parking pressures, and congestion.

- **Undertake multi-operator procurement exercise without retaining the presence of the incumbent operator.**

This approach would risk removing the presence of the incumbent operators established membership base and would inconvenience thousands of active car club users, most of which would have paid annual subscriptions to use a service they could not access. This approach could set car sharing in Haringey back several years. As such, no other London borough with a car club network has gone through the process of doing a full retender when there is already an incumbent car club operator in place as it's an unnecessary resource burden for both the Council and the operators with no additional benefit for the boroughs car club users. The Council's Transport Planning team have been strongly advised by operators and colleagues in other London boroughs to avoid undertaking a full tender process in which the existing operator could be completely removed,

- **The 'do nothing' alternative.**

This is not a desirable option as the existing on street car club contract with Zipcar expires on 31<sup>st</sup> December. A new contract arrangement needs to be implemented to ensure the continuity of the car club service for existing members.

## 6. Background information

There are a total of 75 car club vehicles located in Haringey. 72 are Zipcar's on-street fleet and 3 are City Car Club vehicles located off street. Appendix A shows the location of car club vehicles across Haringey.

Zipcar's fleet of 72 vehicles are located at 54 locations across the borough. Zipcar have been the sole on street (round trip) car club operator in Haringey since the service was launched in 2009. Over the last 6 years, Zipcar has built up a Haringey membership base of over 5600 customers which continues to rise each month. The service has been well received and for Zipcar, the largest car club operator in London, Haringey is its largest and most successful outer London borough network. Haringey enjoys high levels of membership (comparable to inner London boroughs), good levels of utilisation (cars on average being used for 8.6hrs each day) and sustained growth.

Zipcar and Haringey Council have enjoyed a positive contractual relationship and the successful implementation and growth of the car club service in Haringey is testimony to this.

### **Previous car club network reviews:**

In Autumn 2012 Haringey Council, in partnership with Hackney Council, commissioned consultants to undertake a study regarding the feasibility of expanding car club provision through developing a multi -car club operator contract for car club services in the borough.

Due to the relatively small size and membership base of Haringey's car club network at that time the report concluded Haringey's car club service would be best served by remaining with a single operator contract for up to 3 more years, to enable a robust car club market to be developed in the borough.

Now, 4 years on, Haringey's increasing car club membership levels and sustained growth in demand are of sufficient size to benefit from expansion of the network through the introduction of multiple operators.

Following discussions with colleagues in other London boroughs, TfL and the car club operators, officers have been advised the best approach for introducing multiple car club operators into the borough is to maintain the incumbent operator (Zipcar) in which they keep the majority of their existing bays, and invite other operators, who meet Haringey's eligibility criteria, to set up in the borough.

### **Expression of interest (EOI)**

In October, Haringey Council sent out an EOI invitation to eligible (Carplus accredited) car club organisations, to gauge if there is commercial interest in expanding car club operations in Haringey. The EOI approach ensures potential operators can meet the eligibility criteria and our contract T&C's.

**Five** accredited car club operators have responded expressing an interest to set up car club services in Haringey, including the incumbent operator Zipcar, who wish to expand their operation.

### **Details of EOI responses**

<b>Operator</b>	<b>Car Club bays requested</b>	<b>Existing bays in Haringey</b>	<b>Total bays in London (inc Haringey)</b>	<b>Bays in UK (inc London)</b>
Zipcar	14 additional bays	72 vehicles	2000+	2200
City Car Club (subsidiary of Enterprise)	Initial expansion of 10 bays	3 vehicles	389	960
Co-wheels Car Club (Social enterprise)	Initial launch up to 25 bays	0	11	500+
Ubeeqo (subsidiary of Europcar)	Up to 50 bays	0	50	50
E-Car Club	Up to 20 bays.	0	12	70

The EOI response demonstrates there is a strong demand from operators to set up new or expand existing car club services in Haringey, which could see an additional 100+ new car club bays added to Haringey existing network over the next 3 years.

This process has encouraged Zipcar to expand its Haringey's operations and the competition from new operators will significantly improve accessibility, fleet choice and pricing range for Haringey's residents.

### **Conditions of Contract**

Each operator's contract will run for 3 years, from April 2017 till 2020, and will include the following key conditions:

- A requirement for the operator to provide membership and operational statistics to the Council on a quarterly basis (including: membership numbers, vehicle usage, fleet type and emission details).
- Clauses to reclaim any costs incurred by the Council associated with withdrawal of the operator in whole or in part (e.g. from particular parking bays). This provision enables the Council to charge if the operator withdraws its operations from a location before the end of the contract
- Commitment from the operator to ensure a car club vehicle is available in each car club parking bay for the duration of the contract (except for short unavoidable periods for vehicle replacement due to repair or theft).
- Confirmation that the provision and location of car club parking bays will be at the sole discretion of the Council. The locations are subject to consultation with frontages and ward Cllrs.
- A requirement to purchase in advance an annual car club parking permit for each vehicle using a car club bay under the terms of the contract. The car club parking permit rate is currently £123.50 per vehicle per annum (this should be reviewed with a view to increase charges in line with other boroughs).
- A requirement for operators to have the capability to introduce 100% electric powered or electric hybrid vehicles into their Haringey fleets. The Council has an

aspiration to install charging infrastructure at car club parking bays across the borough within the duration of this contract, subject to funding availability.

### **Funding new car club bays**

The Council has indicative funding for car club expansion in 2016/17 (£30K) through the LIP process. This funding will be allocated equally amongst operators requesting new bays. As there will be more demand for new bays than funds available, operators will be required to pay for additional bay installations.

Funding for the installation of charging points for car club bays will be sourced from the £13 million London funding award via the 'Go Ultra Low City' funding stream from OLEV. Profiling of this funding allocation is currently being discussed.

### **Financial implications:**

Haringey Council's Parking team will continue to receive annual car club permit revenues, which are currently set at £127.30 [different figure to above] for each car club vehicle in operation. The rapid expansion of the network through the introduction of multi operator's vehicles will significantly increase the permit income for the Council.

Once established, the multi-car club operator contracts and their network operations will have no financial costs for Haringey Council.

Contractual clauses will ensure the Council can reclaim any costs incurred by the withdrawal of the operator in whole or in part (e.g. from particular parking bays). This provision enables the Council to charge if the operator withdraws its operations from a location before the end of the contract

### **Proposed implementation timetable**

Following the Scrutiny Panel meeting on the 30<sup>th</sup> June, if the multi-operator car club expansion proposals are approved to proceed as planned, the implementation time schedule will proceed as follows:

<b>Timescale</b>	<b>Action</b>
30 <sup>th</sup> June	Car Club expansion proposals to be discussed at Council's Scrutiny Panel meeting on 30 <sup>th</sup> June.
Early July	Sign off by Cabinet Member following Scrutiny Panel feedback.

Mid July	Inform operators of revised car club expansion timetable following Cabinet Member sign off.
W/c 23 <sup>rd</sup> July	Confirm viability of new bay locations proposed by operators.
August-October	Prepare consultation documents for new bay installations.
November-December	Contracts finalised/signed with each car club operator. Contracts to run for 3 years from commencement of service.
January – March 2017	Undertake consultation process for new bays
April 2017 onwards	Phased installation and launch of new car club bays

## 7. Contribution to strategic outcomes

The expansion of the boroughs car club network supports the following strategic priorities within the Corporate Plan:

- Priority 3, in regard to encouraging more residents to use sustainable modes of transport, contributing to improving local air quality. Analysis of car club members shows that regular usage of a car club reduces both private car ownership and car usage, especially for shorter journeys. Car club members' use of alternative, more sustainable modes of transport also increases as a result.
- Priority 4, in regard to improving accessibility to areas of growth and regeneration, employment opportunities and supporting sustainable housing growth, especially in developments where there is limited or restricted access to parking.

## 8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

### Finance and Procurement

The proposed expansion of Haringey's car club network will generate a small amount of additional permit income i.e. approx £10k - £15k over the next three years.

The costs of establishing new car club bays will be met by a combination of TfL and the operators themselves whilst the cost of installation of charging points will be funded from the Office for Low Emission's Go Ultra Low City's fund.

In addition contract provision enables the Council to recover any costs incurred from operators withdrawing from bays or the scheme as a whole.

### Procurement Comments



The expansion of the car club has little procurement implication as the Council is not purchasing a service but enabling its residents to have a wider choice of car-hire suppliers, by increasing car club bays suppliers have access to. The extension of operators should increase competitive and therefore secure better prices for residents with the attendant advantage of a reduction in the boroughs carbon footprint and support sustainable transport and healthy lifestyles.

Procurement has advised on supplier selection to ensure parity and equal access. All suppliers with the requisite accreditation were approached and those that were interested expressed an interest. Service will undertake regular contract monitoring to ensure residents receive a good service and that Contractors maintain accreditation and requisite operational standards

### **Legal**

It is noted that the Scrutiny Panel are being asked to express a view on the proposed approach. The decision to undertake this expansion and consequent procurement process of the car club network needs to be made by the Executive under the Council's Constitution, if this authority is not already in place. For decisions of over £500k in value this will require Cabinet approval and can be delegated (e.g. to the Cabinet Member for the Environment etc) for lesser values.

Such procurement and contractual relations needs to be in compliance with the Council's procedure and the applicable legislation.

### **Equality**

No EQIA has been prepared at this stage as the EQIA for the Transport Strategy included the car club scheme. No relevant points were identified in this EQIA and the scheme does not adversely impact any person with a protected characteristic. Indeed, the proposed expansion will improve accessibility across the borough. This will improve social mobility, especially in areas of the borough where current provision is low.

Car Plus accredited operators fleets include vehicles which are designed to be accessible and drivable for persons with a range of mobility impairments.

## **9. Use of Appendices**

Appendix A: Location map of car club parking bays across Haringey.

## **10. Local Government (Access to Information) Act 1985**

N/A