

LONDON BOROUGH OF CROYDON

To: Croydon Council website
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STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 23 FEBRUARY 2016

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by the Cabinet Member: none

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

CABINET MEMBER'S DECISION REFERENCE NO. 16/16/FT

Decision title: Contract variation to extend the supply of car club vehicles for hire (i.e. pool cars) contract

Having carefully read and considered the attached Part A report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council

RESOLVED to approve variations to the Council's contract with ZipCar (UK) Ltd:

- a) to extend the term of for a period of 12 months to 31st May 2017 with an estimated value of £225,000; and
- b) to undertake a pilot based upon the terms of the current contract to provide vehicles to a selection of families/carer's with SEN transport requirements at a maximum additional contract cost of c£100,000.

Date: 3 March 2016

REPORT TO:	Cabinet Member for Finance and Treasury
AGENDA ITEM:	Background paper to item 10.1 – Cabinet 22 February 2016
SUBJECT:	Contract variation to extend the supply of car club vehicles for hire (i.e. pool cars) contract
LEAD OFFICER:	Richard Simpson Assistant Chief Executive Corporate Resources and s151 Officer
CABINET MEMBER:	Cllr Simon Hall Cabinet Member for Finance & Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT	
<p>Extending the current contract provides a value for money approach whilst ensuring sufficient opportunity for the council to consider new, innovative and cost effective service delivery models.</p>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:	
<p>The council is faced with the challenge of reduced government funding and rising service demand in addition to a £100m savings target 2015 – 2018. To meet these challenges departments have been asked to review the current delivery of services and propose opportunities for service re-design, service efficiencies etc.</p> <p>Extending the current pool car contract will provide the council with the opportunity to consider innovative solutions that could be included in any future pool car contract such as</p> <ul style="list-style-type: none"> • Making available a vehicle to families /carers of a child/ young person to transport the child/ young person to school or college to increase independence and choices for families and to reduce the cost of SEN transport • Expanding the provision of the contract to include additional vehicles for use by residents / visitors to the borough, in particular ultra-low emission vehicles and the installation of charging points and pool car club public parking bays across the borough 	
FINANCIAL IMPACT:	
<p>The extension of the existing contract for 12 months will have no additional financial impact over that which is already accounted for within service budgets.</p>	

KEY DECISION REFERENCE NO.: N/A

The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

1.1 The Cabinet Member for Finance and Treasury in consultation with the Leader of the Council is recommended to approve variations to the councils contract with ZipCar (UK) Ltd:

a) to extend the term of for a period of 12 months to 31st May 2017 with an estimated value of £225,000

and

b) to undertake a pilot based upon the terms of the current contract to provide vehicles to a selection of families/carer's with SEN transport requirements at a maximum additional contract cost of c£100,000

2. EXECUTIVE SUMMARY

2.1 A strategy report for the re-procurement of the current contract for a supplier to deliver pool cars for use by council staff, partner organisations and members of the public was approved at Contracts and Commissioning Board (CCB) on 8th October 2015 (Ref: CCB1052/15- 16). Subsequent to this approval, the Cabinet Member for Finance and Treasury requested that officers look into the potential for additional savings to be made by extending the pool car contract to include the provision of a vehicle for family /carers of a child/young person with SEN transport requirements and also expand the use of cars for residents / visitors to the borough. Please see para 2.6 in relation to a revised procurement strategy.

2.2 This report therefore recommends the extension of the contract to enable the council to explore the above proposal, including providing vehicles to a selection of families/carer's with SEN transport requirements during the pilot period.

2.3 It is envisaged that a pilot will be necessary to understand the costs/benefits of providing vehicles to families with SEN transport requirements. However, at present the term, detail and scope of the pilot is unknown, and the Council will take the opportunity of liaising with the Contractor to explore the possibility of expanding this service to users with SEN requirement and liaising with families/ carers accordingly. Whilst the scale of the pilot is currently uncertain, the Council is restricted to a budget of c £100k which is to be provided from the SEN transport budget, The Council expects that during the course of the pilot that more certainty and clarity will be provided around the potential for the current services to be expanded to (but not necessarily limited to) SEN transport.

2.4 In addition to the above, during the one year extension, the Council will

informally take the opportunity to explore in detail, with the Contractor, the possibility of increasing the number of vehicles used by residents / visitors. This may also include, for example the use of ultra-low emission vehicles and the installation of charging points and pool car club public parking bays across the borough.

- 2.5 The outcome of the options being considered above will inform the council on its future procurement strategy for car club vehicles for staff, families/carers, and for the general public.
- 2.6 Due to pressures to urgently commit resources to the pilot project it has not been practical to submit a full updated procurement strategy report to the Contracts and Commissioning Board. Therefore CCB have considered the revised strategy as part of this award report.
- 2.7 The Contracts and Commissioning board considered and approved the application of Tenders and Contracts Regulation 8 which allows negotiation with Zipcar (UK) Ltd as the only suitable option to undertake the pilot. The decision to approve the use of Regulation 8 is based upon the results of market sounding where no indication of interest from the market for a short term/pilot contract was received. The minimum contract period would normally be 3 years.
- 2.8 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
21/01/2016	CCB1086/15-16

3. DETAIL

Current Contract

- 3.1 The contract for essential travel (car club) services was awarded to ZipCars (UK) Ltd for a fixed term of three years from 1st June 2013 with no option to extend.
- 3.2 The current service provision of pool cars, provided by ZipCar (UK) Limited, is for use by Council Officers and their partner's organisations during core designated hours and for the use by members of the public outside of these hours.
- 3.2 The partner organisations are: Interserve, Octavo, local metropolitan police force.
- 3.4 ZipCars Ltd have dedicated 'new members', 'member services' and 'account management' teams who not only ensure the smooth running of the service, but also take the majority of the administration of the scheme away from council officers.
- 3.5 The contract allows for innovation and the current contractor, through structured contract meetings, proactively seeks cost savings and enhancements to the service and is prepared to continue to do so if the extension of this contract is granted, and in addition will pro-actively work with

the council with any pilot proposal.

SEN Transport

- 3.6 The SEN Transport Service Team currently provides daily transport to and from school for approximately 1,100 children and young people in accordance with the council's home to school travel assistance policy. This service also provides transport for vulnerable adults around the borough. Currently 94% of travel assistance users receive transport.
- 3.7 Each SEN child costs the council between £1,500 and £40,000 per annum to provide this travel service. The annual cost to the council is £6.8m. The average cost to the council is £6,871 per child per annum.
- 3.8 The journey times vary considerably for each child and when a child is one of the first collected on a specific route, the journey time can be over an hour each way, significantly impacting them.
- 3.9 Extending the current contract will enable the council to explore the possibility of a car club vehicle being made available to the family/carers of a SEN child thus fulfilling the council's responsibility to provide travel to and from school, but enabling the responsible adults to transport their own child/ young adult.
- 3.10 The initial cost of a pool car club vehicle to the Council would range between £2,000 and £8,000 per annum (excluding petrol costs). However, this new method of service delivery could represent a potential saving to the Council in excess of £20,000 per child, (for the SEN children needing the most support). This is simply because the Council would be able to review its current service delivery and seek to implement this new approach to existing users.

Residents/ visitors

- 3.11 Under the current contract, vehicles are exclusively reserved for council staff enrolled on the scheme within the contract designated core hours. Outside of these hours the same vehicles are available for use by all registered persons on the scheme, including residents of the borough, business users and private customers etc.
- 3.12 Extending the current contract will enable the council to explore the possibility of increasing the amount of, and use of, vehicles by residents / visitors' in particular ultra-low emission vehicles and the installation of charging points and pool car club public parking bays across the borough.
- 3.13 This supports the Sustainability / Transport / GLA strategies and promotes the reduction in own car use.
- 3.14 Funding may be available from TfL and Section 106 finances to cover the installation of electric charging points and dedicated parking bays

4. CONSULTATION

- 4.1 The Facilities Management Team (who currently contract manage the existing contract with ZipCars), the SEN Transport Team, Procurement, Legal, Finance, Parking, Planning & Strategic Transport and Sustainable Travel have been consulted on extending the current contract and a project group will be formed to work on future delivery models.

4.2 If the contract extension is approved, a pilot will be required to explore the feasibility/cost of any SEN transport inclusion in any future contract. Any pilot will be in consultation with approximately 20 SEN transport recipients and their parents/carers.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1

1 Revenue and Capital consequences of report recommendations [NOTE: do not split table over 2 pages]

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2015/16 £'000	2016/1 £'000	2017/18 £'000	2018/19 £'000
Revenue Budget available				
Expenditure				
Pool Car budget				
Effect of decision from report				
Expenditure				
Remaining budget	0	0		

2 The effect of the decision

3 Risks

- a. The risk that income to local SME's (i.e. sole trading mini-cab drivers) who currently provide SEN Transport may reduce. This is not seen to be a major issue as the pool car scheme will not be suitable for each SEN child and their carers/family. There will still be a considerable need for specific transport arrangements.
- b. As currently, all risks associated with insurance, vehicle maintenance, driver license checks etc will be managed/covered directly by the ZipCars Ltd.

4 Options

Option Number	Option	Main risks	Decision
1	Extend the current contract for 1 year	Variation to the term required to extend the contract. Risk of challenge: <ul style="list-style-type: none"> • Value of the extension 	Preferred option

		<ul style="list-style-type: none"> • Not opening the opportunity to competition <p>The above risks can be mitigated by the publication of a VEAT or Modification Notice, neither of which are mandatory, helps protect the council from challenge but will add to the timescales.</p> <p>The council meets the criteria in Regulation 72(8) of the Public Contracts Regulations 2015 where a contract/framework may change without re-advertisement in OJEU where 'The change is not "substantial" as defined in regulation 72(8)'</p> <p>Risks have been considered by procurement/ legal services/ Director of SCC / Asst Chief Exec of Corp Resources and S151 Officer</p> <p>The risks have been deemed acceptable by Procurement and Asst Chief Exec</p>	
2	Do nothing and continue with approved strategy and re-tender for pool cars similar to the current arrangement (CCB1052/15-16)	Tender needs to be advertised asap with no time to consider including the SEN element and / or expanding the use to residents/public and TfL funding options	Not an option
3	Revise the above strategy report and instead of a long term contract have a short term contract including pilot	The council's current contract expires 31/05/16. There is little time for the scoping/ governance/ tendering/ cost of change to potentially a new provider/ implementation time. Cars are leased for 3	Not an option

		years minimum, market sounding has been undertaken and there is no indication of interest from the market in a short term arrangement	
4	Access pre – existing Framework Agreement	Research to date has not found any pre-established framework agreements of this nature which the council can call off from	Not an option
5	Deliver the services ‘in house’	This option is 124% (details at end of the report) more expensive and would need considerable time to in-source	Not an option

5 Future savings/efficiencies

- 5.1 If the pilot scheme is successful there is the potential of considerable savings to the SEN transport budget. For example statutory transport for just one high dependency SEN child can cost c£40,000 p.a. to the Council. Providing a vehicle for the family/carer of this child to use purely for transport to and from an educational facility could cost as little at £2,000 p.a.
- 5.2 In addition there are some family groups that have more than one child who qualify for statutory transport support, therefore providing a vehicle for this family would realise significant savings.

Approved by: Lisa Taylor, Head of Finance and Deputy Section 151 Officer

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council comments that the proposal to extend the framework beyond its maximum three year term by 12 months is unlikely to be considered a material change to the contract and any procurement risk is deemed to be low. However, as the cost of the extension terms takes the overall contract value over £500k in accordance with the Councils Tenders and Contracts Regulations, Cabinet Member approval is required
- 6.2 This extension can be implemented by means of a Deed of Variation to extend the term of the framework agreement to expire on 31st May 2017
- 6.3 In other respects the proposed contract variation as detailed in this report is in accordance with the Council's Tenders and Contracts Regulations and seeks to support the Council's duty to achieve Best Value pursuant to the Local Government Act 1999.

Approved by: Gabriel Macgregor on behalf of the Council Solicitor & Director of Democratic & Legal Services

7. HUMAN RESOURCES IMPACT

- 7.1 There are no human resource considerations that arise from this proposal to extend the current contract. The recently insourced part of the SEN transport will not be affected by this pilot.

Approved by Michael Pichamuthu on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An equalities Analysis has been completed and approved.

9. ENVIRONMENTAL IMPACT

The current scheme

The adoption of pool cars has already delivered significant savings to the council in CO2 emissions through:-

- Substituting staff use of own vehicles ('grey fleet') with more modern, fuel efficient vehicles (including electric and hybrid types)
- Reducing vehicle miles travelled (as users switch to public transport where convenient)
- The availability of vehicles outside core hours to residents and business users helps support and promote car clubs locally. This will further reduce CO2 emissions associated with private and business vehicle use. Car clubs also reduce parking congestion (as multiple users share one car and one parking space) as well as reducing traffic on the road as car club members tend to drive less and use public transport, walk and cycle more after joining a car club.

The potential inclusion of SEN travel

- Reduction in the use of large minibuses and multiple mini cab vehicles throughout the borough will relieve congestion.
- More modern, fuel efficient vehicles (including electric and hybrid types) throughout the borough for all borough users to make use of.
- A significant increase in the number of car club vehicles available to borough users throughout the borough and not just (as currently) located close to Council buildings.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 This extension will have no impact on the prevention of crime and disorder

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The extension of the current pool car contract with ZipCar (UK) Limited will provide council officers with the opportunity to run a pilot scheme to fully understand the benefits and advantages of extending this scheme to

families/carers of SEN children and vulnerable adults across the borough. Our The current provider have successfully run pilots and trials with the council in the past and the current relationship with them is seen as the most advantageous and cost effective way of proceeding.

- 11.2 Extending the contract will also enable the council to explore the potential of expanding the use of pool cars to the public, in particular ultra – low emission vehicles, and the potential for TfL funding for the installation of parking bays for pool cars and electric charging points.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Please see 4 above

Cost of providing the provision in-house

The decision for an external service provision was made in 2013 for the following reasons:

- Promotes reduction in own car use by on demand access to vehicles.
- Reduces pressure on costs & arrangements for parking. Reduced mileage rate and “Exclusive use” rates.
- Reduction of carbon emissions, local traffic loading and incentive to use Public Transport.
- Avoids fleet management and line management overview reduced.
- Delivers access inside office hours (*8am to 6pm*). Supports transport strategy.
- Enhanced management information by way of monthly itemised billing with pre-agreed corporate costs.
- Ability to identify costs prior to journey as part of corporate management.

To service this same service in-house would necessitate the purchasing or leasing of a fleet of 28 vehicles, along with insurance, car servicing, car valeting, repairs, insurance claims, PCN and penalty processing, legal matters etc. All of this would require a team of experienced and knowledgeable staff to be set up to manage this process. The costs of running such a fleet, alongside the cost of a team of staff to manage the process is deemed to be too high to consider (see estimated costs below):

The estimated annual costs for this service to be delivered in-house are as follows:

- Lease of 28 vehicles £84,000
- Fuel cost £19,800 (20p/mile 1900 miles per week)
- Maintenance £10,000 (£30 per month per vehicle)
- Insurance of up to 500 drivers on 28 vehicles – £200,000
- Weekly valet of 28 vehicles £36,000
- Team of 5 Council staff to manage the system £120,000
- IT cost of dedicated website to manage bookings £15,000
- Assistance from legal team relative to incidents £20,000

Total estimated annual costs £504,800

This option has been discounted as it is 124% more expensive than the recommended option.

CONTACT OFFICER:

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Background Document:

None