



Cabinet
21 May 2018

**Report from the Strategic Director
of Regeneration and Environment**

Flexible Car Clubs

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part exempt - *Appendix B is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: <i>“Information relating to the financial or business affairs of a particular person (including the authority holding the information)”</i> .
No. of Appendices:	2
Background Papers:	None
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1.0 Purpose of the Report

- 1.1 This report sets out how the introduction of a flexible car club could be beneficial for Brent with regards to providing an alternative to the private car, reducing private car ownership and congestion, and bringing about a change in travel behaviour.
- 1.2 The Brent Long Term Transport Strategy (LTTS) 2015 – 2035 is committed to working with car club operators to reduce trips by privately owned cars. Car clubs are recognised as a demand management measure to reduce overall car dependence, encourage use of more sustainable modes of travel and provide for London’s urban mobility needs. Growth in car club use could bring about additional benefits such as improved air quality due to reduced congestion and private car ownership, as well as promoting more active and sustainable travel meeting the objectives of the Mayor’s Transport Strategy. Use of public transport, walking and cycling have all seen an increase in use as a result of a shift to car clubs from private car use¹.

¹ Transport for London (2015), ‘A car club strategy for London: Growing car clubs to support London’s transport future’

- 1.3 This report sets out a proposal to enter into a contract with DriveNow UK Limited, a flexible car club provider, and outlines how this would benefit Brent in improving its public realm, reducing congestion, increasing the number of electric vehicles, widening the transport provision in the borough, and supporting regeneration. It would also offer a value for money travel option for many.
- 1.4 The contract will ensure the service provider operates in a way that does not negatively impact our highway network.

2.0 Recommendations

That Cabinet:

- 2.1 Notes the content of this report and agrees the recommendation to implement a flexible car club in the borough.
- 2.2 Approves entering into a quarterly 3 year contract with DriveNow UK Limited for a three year duration on such terms as the Strategic Director of Regeneration & Environment in consultation with the Cabinet Member for Regeneration, Highways and Planning consider appropriate.
- 2.3 Approves an exemption from the usual tendering requirements of Contract Standing Orders in respect of the direct award of the contract(s) detailed in 2.2 above for the good financial and/or operational reasons set out in paragraph(s) 9.3 and 9.4.

3.0 Background

- 3.1 There are three car club models in operation in London. Both operators in Brent, ZipCar and Enterprise, operate using a Back-to-Base business model meaning that the vehicles operate from fixed locations, have to be reserved in advance and must be returned to the same location.
- 3.2 The other two business models (Station to Station and Flexible) differ in that they are 'One Way' meaning that users do not require the vehicle to be returned to the same location it was collected from.
- 3.3 Station-to-Station: Vehicles operate from fixed locations, but can be returned to another fixed location, not needing to be the same location it was hired from. As with Back-to-Base they have to be reserved in advance.
- 3.4 Flexible: Vehicles are 'location less' and can be parked on the road without the need for a designated bay. There is no requirement for the car to be returned to the same spot or area. There is also no need to book in advance, therefore providing on demand usage if there is an available car in the vicinity.
- 3.5 To ensure that the best possible service is provided to Brent residents, Council support, promotion and coordination is necessary to enable a consistent

approach to car clubs to be taken forward. Allowing car clubs to develop on their own based on demand and supply could risk an inconsistent set of services being developed. This may in turn make it harder for residents to access as well as negatively impacting on the highway network and kerb space availability.

- 3.6 In addition, Section 16 of the Traffic Management Act 2004 requires local authorities to manage the road network in the most effective way with particular focus on “securing (and facilitating) the expeditious movement of traffic on the authority’s road network”. Implementation of a car club could play a key role in reducing congestion on the road network in Brent.

4.0 Benefits

- 4.1 The draft Mayor’s Transport Strategy (MTS) makes direct reference to car clubs and their role in reducing private car ownership but still enabling Londoners to travel by car when necessary. Car clubs are key in bringing about a change in travel behaviour that does not rely on owning a car whilst a flexible car club gives residents choice to travel by different modes.
- 4.2 Brent Council already promotes car club use through the planning system requiring S106 monies to fund car club spaces near new developments as a means of increasing densities through reducing parking requirements.
- 4.3 Car clubs attract a diverse range of people based on analysis by Carplus² of respondent postcodes using Mosaic consumer classification. Trends also indicate a widening of the flexible car club member profile to include a larger proportion of older members and those with families. This would align with the diverse nature of Brent.
- 4.4 Improving the Urban Realm:
- 4.4.1 Car clubs, when used by people who would otherwise choose to own a car, will assist in freeing up kerb space by removing privately owned vehicles from the road network. Each flexible car club vehicle replaces up to 10.5 private cars on the road if private vehicles are ‘given up’ in favour of using car clubs³ according to the annual survey of car club members (2016/17) undertaken by Carplus. This enables kerbside space to be utilised for other purposes, such as bike hangers or pocket parks.
- 4.4.2 A study of flexible car-sharing operator car2go found that the average age of vehicles disposed of by its members was 14.4 years⁴. The removal of older vehicles will assist in improving the air quality of our streets and making them more pleasant environments. The T-Charge came into force on 23 October 2017 and users of vehicles that do not meet minimum Euro emission standards must pay to drive in central London. A flexible car club offer, in addition to other

² Carplus Annual Survey 2016/17

³ Carplus Annual Survey 2016/17

⁴ Martin, E. and Shaheen, S., ‘Impacts of Car2go in 5 cities in North America’, (University of California) p15 Table 9

car clubs, could influence the number of people who choose not to replace their old car with a newer one. Of new DriveNow UK Limited (“DriveNow”) members, 27% deferred purchase of a new car⁵.

4.5 Increasing the number of electric vehicles:

4.5.1 DriveNow currently have a partial electric fleet (the largest in London with 50 vehicles) and are aiming to have 80% (1,500 vehicles) of their fleet electric by 2025 as charging infrastructure increases. DriveNow are members of Source London and will therefore complement the Source London charging network Brent Council is currently establishing. DriveNow also work in direct partnership with Chargemaster to offer flexible car clubs alongside open electric vehicle charge points at new developments.

4.6 Reducing congestion:

4.6.1 Flexible car clubs aid in reducing congestion by providing an alternative to the private car, thereby lowering private car ownership, overall mileage and reducing inefficient journeys. Monitoring of DriveNow vehicles currently operating in London shows that the vehicles are used outside of peak times, typically after 9am and after 7pm. This is likely to be as a result of the per-minute pricing mechanism that incentivises customers to drive at less congested times.

4.6.2 Members of flexible car clubs were asked about the frequency that they used a variety of modes of transport before and after joining a car club. The results showed that there was a small increase in journeys undertaken by bicycle, train, Underground, and on foot following membership of a car club⁶. This highlights that car clubs can influence travel behaviour by encouraging use of more sustainable and active modes of travel which helps reduce congestion.

4.7 Improving transport provision:

4.7.1 Current public transport provision in Brent lacks the orbital routes needed by our residents. DriveNow customers tend to use its service for orbital journeys that are difficult via public transport, supplementing the existing public transport provision. The flexible car club model is most suited to integration into a multi-modal transport network because customers can drive one-way and do not have to return using the same mode. Therefore customers are able to combine different modes of transport for their journeys, as opposed to having to commit solely to public transport or car use.

5.0 DriveNow

5.1 DriveNow is a joint venture between BMW and Sixt. BMW provides the vehicles and in-car technology and Sixt provides the IT-back office and large fleet management operation.

⁵ Carplus Annual Survey 2016/17

⁶ Carplus Annual Survey 2016/17

- 5.2 DriveNow has over 900,000 members and 6,000 vehicles in eight European countries, including the UK. In London, DriveNow already operates in four boroughs (Hackney, Haringey, Islington and the southern part of Waltham Forest) and is set to sign agreements with Barnet, Westminster and Tower Hamlets. There are more than 30,000 members in London and there are already 450 members of DriveNow living in Brent.
- 5.3 DriveNow are the only flexible car club operator currently in the United Kingdom.
- 5.4 DriveNow operates using an app or a card so is simple and easy to use. The app enables you to locate a vehicle; the app or card enables you to open and start it and then drop it off in any business area. Business areas are mapped to local parking requirements. Membership is across the whole organisation so you can use vehicles in other countries as well as in the UK.
- 5.5 The DriveNow fleet used in London consists of MINIs, BMW 1 series and BMWi3s and the fleet has been diesel free, consisting solely of petrol and electric vehicles for the past 2 years. They operate with 16% of the London fleet being fully electric utilising charge points that use a type-2 European charger (standard cable) such as Source London. The fleet can adapt based on the customer base to ensure the fleet is used and a quality service is provided to customers.
- 5.6 DriveNow caters for families and booster seats are available in the boot of all BMW 1 series and MINI 5 door vehicles. Pets can also be transported in DriveNow vehicles provided that the car is returned in a clean condition.
- 5.7 DriveNow use incentivised pricing. There is a one-off registration fee of £4.99 with no ongoing monthly or annual membership fees and use can be brought by the minute (33p per minute for a MINI; 39p per minute for the BMWi3), the hour or at a daily rate. Insurance, fuel, and parking are all included in the price and the electric vehicle fleet are exempt from the Congestion Charge. If a vehicle has less than 25% of fuel remaining, customers are credited with 20 minutes if they re-fuel and return the car with over 90% in the tank.

6.0 Operational Management

- 6.1 DriveNow requires a contract to be entered into enabling them to provide a service to our residents. The contract would not give DriveNow exclusivity meaning that Brent would be able to appoint alternative or additional operators in the future if they so wished.
- 6.2 A limit on the maximum number of permits that DriveNow can purchase can be included as part of the contract. When this limit is breached significant financial penalties are paid by DriveNow to ensure that vehicle numbers are kept at an appropriate level for the borough. Details of the contract to be determined following approval from Cabinet.
- 6.3 A new 'Car Club' permit would need to be introduced specifically for DriveNow vehicles. Users would be able to park DriveNow vehicles in any on-street

resident or shared use parking bay in the borough, except in pre-agreed exclusion zones. Brent would be able to decide the location of these exclusion zones, which could be subject to change to suit circumstances. For example, users could be prevented from parking in the Wembley Event Day Protected Parking zone on event days. Users would not be able to park in on-street bays that have a specific permit type, e.g. disabled, car club etc., on yellow lines, or in prohibited parking areas. Users could park in pay & display bays or off-street car parks but would be required to pay the standard charges.

6.4 Brent Council has a choice of two contracts, both of which last three years subject to conditions for operation and are non-exclusive enabling Brent to invite other operators to provide a flexible car club service to its residents if it wishes:

- Annual Payment Contract
- Quarterly Variable Contract

6.5 Annual Payment Contract

6.5.1 DriveNow purchases Car Club parking permits for a pre-agreed number of vehicles⁷ that enable these to be parked in the business area, i.e. Brent. The vehicle can be parked in any on-street residents' parking bay or shared use bays across the business area.

6.5.2 A 15% flexibility in the number of vehicle parked in the business area is permitted. Additional permits will be purchased when the number of vehicles above the 15% flexibility has been reached for two consecutive quarters. At the end of each year of the contract the average number of vehicles parked from the quarter preceding yearly renewal will be used to purchase annual permits for the next year.

6.6 Quarterly Variable Contract

6.6.1 The expected vehicle numbers are decided between Brent Council and DriveNow in the quarter before the contract comes into force. An up-front 'Annual Pre-Payment' is made for a proportion of the expected average vehicle numbers (e.g. 25%) parked in the borough. Each quarter an 'Additional Quarterly Fee' is paid on the difference between actual average vehicle numbers parked in the borough throughout the previous quarter and the number of up-front Car Club permits. A 'Maximum Daily Vehicle Total' can be set by Brent Council. For every day that this daily total is exceeded an additional payment is made by DriveNow on top of the 'Annual Pre-Payment' and the 'Additional Quarterly Fee'.

6.6.2 The benefits with the Quarterly Variable Contract is as the fleet grows larger across the city the mechanisms in this contract ensure that DriveNow does not let large volumes of its vehicles build up in a single borough.

6.7 Financial examples for each contract type are shown in Appendix B.

⁷ Some boroughs have offered a discount of 50% for permits of electric vehicles.

- 6.8 DriveNow have a support team who are responsible for redistributing vehicles in an area when needed, to ensure that there is no long term clustering, that residents are not prevented from parking in their own controlled parking zone (CPZ), and that access to electric vehicle rapid chargers or charging hubs by residents is not blocked.
- 6.9 DriveNow would also be required to provide Brent with a white list of its vehicles including the make and model, proof of ownership, and confirmation that the vehicles are roadworthy and insured.
- 6.10 To enable monitoring, DriveNow will provide Brent with access to an online portal which will show the number of vehicles in the borough and where they are being parked. DriveNow will also provide a variety of data including, but not limited to: number of registered members in Brent, number of active users in Brent, number of hires broken down by those that start in the borough, those that end in the borough as well as those starting and ending in the borough, the average duration of each hire, and the average distance travelled per hire.

7.0 Corporate Priority Alignment

- 7.1 One of the targets in the LTTS is to increase the number of car club vehicles available to Brent residents by 20% by 2035. This ties in with the second objective which aims to reduce conventional vehicular trips on the network particularly at peak times. Therefore, the introduction of DriveNow in the borough would be key to helping achieve our local transport objectives.
- 7.2 Introduction of a flexible car club in Brent, particularly one which includes electric vehicles as part of its fleet, will also help in delivering the three key priorities of the Brent Borough Plan 2015-2019:
- 7.3 Better locally
 - 7.3.1 There is considerable variation in equality across Brent and the introduction of a flexible car club may go some way to addressing this inequality by making independent car travel a viable option for many.
- 7.4 Better place
 - 7.4.1 Brent acknowledges that there are instances when its residents will need to travel by car. A flexible car club would act as an alternative to private car ownership and would also in this way balance the needs of road users.
 - 7.4.2 Poor air quality and increasing levels of congestion in the borough have come about due to reliance on the private car. A flexible car club alongside public transport, private hire vehicles, walking and cycling would enhance the travel offer for Brent residents.
- 7.5 Better lives
 - 7.5.1 Introduction of a flexible car club would help those for whom car ownership is not an option but who still sometimes need access to a car – be it to access

employment opportunities, visit friends/family, travel to medical appointments etc.

- 7.6 It is expected that this proposal will align with the Brent 2020 vision for the borough and in particular will support regeneration, business and housing growth, as well as, employment and skills in the borough, as it will offer a value for money travel option for many.

8.0 Financial Implications

- 8.1 The contract will ensure that all costs related to the provision and maintenance of the fleet as well as associated electricity consumption for the electric fleet and delivery of the car club service will be managed by DriveNow. There will be no cost to Brent Council.

- 8.2 Provided that an equivalent number of car owners switch to a Car Club vehicle, there would be no loss of car parking spaces. There would also be no need to create car club specific parking bays due to the nature of flexible car clubs. In the immediate future, it is not anticipated there will be a reduction in parking permit income.

- 8.3 Brent Council and DriveNow would agree the number of vehicles (permits) that would be able to park in the borough which in turn would dictate the amount of the annual pre-payment made to the Council. If the number of vehicles is exceeded one of the following would apply dependent on the contract type (annual vs quarterly):

- Annual: When the number of vehicles is greater than the expected number plus 15 per cent for two consecutive quarters, DriveNow will purchase additional permits. At the end of each year, the average number of vehicles parked from the preceding quarter is used to determine the number of permits required for the following year.
- Quarterly: A top-up fee would be paid each quarter for the difference in the number of actual average vehicle numbers parked in the borough throughout the previous quarter and the number of permits purchased at the start.

- 8.4 Brent has the option of setting a maximum daily vehicle total and should this be surpassed, DriveNow would be required to pay an additional payment for every day that is exceeded. This is on top of the costs detailed in paragraph 8.3 and is to ensure that too many cars do not end up being left in Brent.

- 8.5 There would be no effect on the number of parking permits available to residents. Provided an equivalent number of car owners switch to Car Club vehicles, the scheme would not generate additional net income. However, our Long Term Transport Strategy and the Mayor's Transport Strategy is looking to reduce the number of trips on the highway network which could, in the long term, impact on car ownership and therefore parking permit income.

9.0 Legal Implications

- 9.1 It is proposed at Recommendations 2.2 that Brent Council enters into agreement with DriveNow. The proposed contract with DriveNow is for a duration of three-years.
- 9.2 The report at paragraph 8.1 indicates that DriveNow will be responsible for all costs related to the provision and maintenance of the fleet as well as associated electricity consumption for the electric fleet and delivery of the car club service. It also makes clear that there will be no cost to the Council and that DriveNow will be able to charge users for the use of its vehicles. Such contract is likely to be regarded as a service concession contract, the consideration given by Brent Council consisting of or including the right to exploit the service or services to be provided under the contract.
- 9.3 This report also requests approval for an exemption from the usual tendering requirements of Contract Standing Order 84 (f) in order to allow a direct award of a contract to DriveNow. Subject to paragraph 9.4 below, Cabinet has the power to do this by virtue of Contract Standing Order 84(a), provided that Members are satisfied that there are good operational and/or financial reasons for doing so. Members are referred to paragraph 5.3 and should be satisfied that these provide good operational and/or financial reasons.
- 9.4 In addition, Members may only grant an exemption from tendering where there is no breach of domestic or European legislation. Concession contracts fall under the Concession Contracts Regulations 2016. The threshold for application of the Concession Contracts Regulations 2016 is £4,551,413. As the estimated value of the concession contract (based on the total turnover of the concessionaire generated over the duration of the contract net of VAT) is estimated to be less than this sum, the contract will not be subject to the full requirements of the Concession Contracts Regulations 2016. However award of service concession contracts is subject to over-riding obligations of non-discrimination, fairness and transparency and there is EU case law to suggest that service concessions should be subject to some form of advertised process.
- 9.5 Brent would require DriveNow to have a licence under the London Local Authorities Act 1990, Street Trading. This licence would cover DriveNow as a whole to operate in the borough over the three year contract period and would be renewable for an administration fee. Brent is not permitted to make a profit from such licences and so the fee is likely to be nominal to encourage use of sustainable modes of transport but will need to cover cost-recovery.
- 9.6 All DriveNow fleet will be licensed for use on the road by the Driver and Vehicle Licensing Agency (DVLA) and the driver insured.
- 9.7 A Controlled Parking Zone Traffic Management Order will be required. In relation to this Order the Council is required to give notice of its intention to modify the Traffic Management Order by publishing a draft and the Council will be required to consider any representations made.

9.8 Section 45 Road Traffic Regulations Act 1984 would be used to provide for designated parking of vehicles specified in the order.

10.0 Diversity Implications

10.1 The public sector duty set out at Section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not share that protected characteristic.

10.2 An Equality Analysis (EA) is attached as Appendix A. It will be noted that there are no known negative diversity implications. Provision of a flexible car club scheme will enable those residents in Brent who need/want to use a car to travel, access to one, thereby having a positive effect.

11.0 Consultation with Ward Members and Stakeholders

11.1 The Brent LTTS 2015-2035 makes specific reference to working and supporting with car club operators. Public consultation was undertaken for the draft LTTS and included liaising with relevant stakeholders, a questionnaire as well as a number of events, including with Ward Members. It is considered representation from different sections of the community have been received and endorsed for these proposals.

Report sign off:

AMAR DAVE

Strategic Director of Regeneration and Environment