

	<p><b>ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER</b>  <b>11<sup>th</sup> December 2017</b></p>
<b>Title</b>	<b>Floating Car Club Permit</b>
<b>Report of</b>	Strategic Director, Environment
<b>Wards</b>	Borough Wide
<b>Status</b>	Public
<b>Enclosures</b>	Appendix 1 – London Borough of Barnet Floating Car Club Non-exclusive Operator Legal Agreement  Appendix 2 – Proposed floating car club business area in Barnet
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<b>Summary</b>
This report contains a proposal for the creation of a new permit to facilitate the entry of floating car club operators into the Borough. Subject to the statutory Traffic Management Order amendment process, the new permit would allow floating car club vehicles to park in Resident, Shared Use and Pay by Phone parking bays in specified locations in the Borough. Floating car club operators will be able to acquire permits from the Council through a non-exclusive operator legal agreement.

<b>Decisions</b>
<ol style="list-style-type: none"> <li>1. That the creation of a floating car club permit and adoption of an accompanying non-exclusive operator legal agreement is approved.</li> <li>2. That the creation of a Traffic management order to facilitate the permit be created.</li> </ol>

## 1. WHY THIS REPORT IS NEEDED

### 1.1 Background

As identified in the paper presented to Environment Committee in July 2016 titled “*Car Club Expansion in Barnet*”, there are three main types of car club operation which cater for different types of journey requirement:

- **Round-trip** car sharing involves a car club member booking a specific car, located in a dedicated parking bay, for a nominated period of time and then returning the car to the same dedicated parking bay, before the end of the reserved time. This is currently the most common operating model in London.
- **Fixed one-way** car-sharing involves a car club member reserving an available car at a designated parking bay and driving to another designated parking bay, where the reservation ends.
- **Floating one-way** car-sharing involves a car club member using a Smartphone application to identify a suitable vehicle, reserving that car and then driving it to their required destination within a specified geographic operating area, where the reservation ends. This model does not rely on designated bays, as the car club vehicles are able to park (typically) in resident and shared-use bays, with the necessary permissions from the local authority.

This report focuses on proposals to help facilitate the entry of floating one-way - or simply ‘floating’ - car club operators into the Borough. Floating car club operators have developed an increasing presence in both European and North American cities. DriveNow UK Limited (DriveNow) has operated a floating car club across the London Boroughs of Hackney, Islington, Haringey and Waltham Forest since 2014, and is planning to expand across the city and into boroughs adjacent to the current business area, including Barnet. Zipcar operate a similar car club in South London (Zipcar Flex) and DriveNow have also taken steps to launch in the London Boroughs of Merton and Wandsworth. DriveNow has been identified as the only operator currently able to operate in Barnet, although it would be possible to provide permits to other operators should they request it.

The paper presented to Environment Committee in July 2016 had initially recommended that the Council pursues a “mixed economy” solution whereby the borough utilises several forms of electric vehicle (EV) car clubs from multiple providers, in favour of facilitating conventional petrol/diesel powered car clubs. Fostering EV car clubs is still a key ambition for Barnet, however, and this report shall outline the reasons and benefits for introducing floating

car clubs, of which a portion of the fleets will be electric, but some may also be petrol or diesel, like many other operators Drive Now feature no Diesel vehicles in their fleet. The Council should still seek to allow for a mixed economy of floating car club operators to operate in the Borough.

## **2. REASONS FOR DECISIONS**

### **2.1 The benefits of floating car clubs in Barnet**

2.1.1 Floating car clubs can help reduce private car ownership in the Borough and are a rapidly growing urban mobility service. A recent paper published in *Transport Policy* ("The impact of free-floating car sharing on car ownership: Early-stage findings from London", Le Vine & Polak) analysed DriveNow data and survey results following the initiation of a floating car club service in London. According to the study, 37% of users indicated that using a floating car clubs service impacted their need for ownership of private cars. Of this 37%, 83% indicated that the mechanism of impact was that they decided not to buy a car they otherwise had intended to purchase. 11% reported that they disposed of a car in the past three months, and 6% stated they will sell a private car within the next three months. The results of the 2016/17 Carplus annual survey of car clubs in London have also indicated that, for each flexible/floating car club car, approximately 13 private cars are removed from the road as a result of members selling/disposing of a car and not replacing it. This is compared to 10.5 private cars sold/disposed for every round-trip or one-way fixed bay car club vehicle in service. Initial evidence, although at an early-stage, indicates that floating car clubs are having a decisively positive impact on reducing private car ownership in London.

2.1.2 To introduce floating car clubs requires no actual modification to the local authority maintained highway (e.g. the creation of private car club bays). Instead, by amending the Traffic Management Orders, the Council can allow floating car club vehicles to park in Resident, Shared Use and Pay by Phone parking bays. This also gives floating car club operators a wider geographical distribution to park their vehicles, enabling them to provide a larger number of customers with access to a higher density of vehicles.

2.1.3 Within the urban centres and inner suburbs of metropolitan areas in high-income countries, floating car club operators are becoming increasingly prevalent, particularly in London, and have emerged at a steeper growth trajectory compared to traditional 'round-trip' car sharing. There are already an estimated 500 DriveNow customers in Barnet, despite DriveNow vehicles not being available in Barnet, which demonstrates a clear demand for floating car club services in the Borough. The Council should therefore introduce a process by which floating car club operators can begin operating in the Borough, to help meet the likely growth in demand for these services from

residents (particularly in more densely populated wards), and to support measures to reduce private car ownership.

2.1.4 Finally, the proportion of EVs in floating car club fleets is anticipated to grow over the coming years. For instance, currently 16% of DriveNow's fleet in London is electric and the company hopes to increase this as soon as the infrastructure can support it. Alongside the expansion of other EV car club models, such as Bluecity, floating car clubs can also help increase the number of car journeys in Barnet that are made by EV and support sustainable travel. The ability of floating car club operators to increase the proportion of EVs in their fleet is, however, dependent on the scale of growth of local electric vehicle charging point (EVCP) provision.

## 2.2 Creating a floating car club permit for Barnet

2.2.1 This report outlines proposals for the creation of a floating car club permit and adoption of an accompanying non-exclusive operator legal agreement (included in Appendix 1) to facilitate the introduction of floating car clubs into the Borough. Initially this will be set out on a trial basis for the first year, which will continue into a permanent scheme subject to success running from the initial period.

2.2.2 Floating car club operators will be required to purchase permits to be able park their car club vehicles in Resident, Shared Use and Pay by Phone parking bays in specified areas across the Borough. Appendix 2 contains a map to show the parts of the Borough where floating car club vehicles will be able to park in Resident, Shared Use and Pay by Phone bays, provided they have a permit, although specific locations of concern within this area can be excluded to prevent users from parking there.

2.2.3 DriveNow is already looking to commence operations in Barnet in early 2018 and anticipates launching with a fleet of between 64-100 vehicles. DriveNow users in Barnet will be able to drive and park across the entire DriveNow business area, which will include parts of Barnet (as identified on the map in Appendix 2), but also the London Boroughs of Hackney, Islington, Haringey and (partly) Waltham Forest. DriveNow may initially look to launch primarily in the south of Barnet, but will plan to expand into Colindale later in 2018.

2.2.4 It will be necessary to amend the Controlled Parking Zone (CPZ) Traffic Management Orders (TMO) to include a new floating car club permit type. The Council is required to give notice of its intention to modify the TMO by publishing the draft Order. The Council must also consider any representations received as a result of publishing a draft order. Because of these statutory requirements, any final decision to introduce a floating car club permit will be dependent on the result of the Council's consideration of any representations received.

- 2.2.5 For clarification, all Pay by phone and other specially designated bays will be excluded (e.g. disabled, business) from the floating car club permit. The Council will issue PCNs to floating car club vehicle users who park illegally and the floating car club operator will indemnify the Council against these costs.
- 2.2.6 The expected floating car club permit cost is £1260 per vehicle, although the permit is not assigned to a specific car club vehicle. Instead, the floating car club operator will pay the permit cost for each vehicle it intends to have parked in the Borough. The number of vehicles an operator is allowed to have operating/parked in the Borough, will be outlined in the operator legal agreement and subject to amendment/review.
- 2.2.7 The value of the permit cost is determined by multiple dependencies, including the possibility that some existing income might be lost from a reduction in resident permits and pay by phone payments, although this is difficult to quantify at this stage. The value of the permit cost will also be set in line with the cost of similar permits for floating car clubs at other London boroughs.
- 2.2.8 The operator legal agreement will be renewed annually, subject to successful working, and outlines how floating car club schemes can operate in the Borough, including parking requirements, payment, penalties, operator's obligations and liabilities, and monitoring requirements.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 3.1 The Council procuring and contracting exclusively with a single provider to operate a floating car club in the Borough. By only allowing a single operator in Barnet, the Council would prevent the creation of a “mixed economy”, whereby multiple floating car club operators might launch in the Borough. The floating car club is still an emergent model, and further operators may enter into what is growing market and offer new or alternative services. By not procuring a single operator, the Council is able to best introduce any further innovative car club models of this sort. Finally, by creating a floating car club permit, the Council is also following best practice and replicating similar practices of other London boroughs that have introduced floating car clubs successfully.
- 3.2 The Council does nothing. Floating car clubs are highly unlikely to begin operating in the Borough if there is no action taken by the Council to allow operators’ vehicles access to Resident, Shared Use and Pay by Phone parking bays. Without access to these parking spaces, floating car club operators would be unable to distribute their fleet to a sufficient number of customers to make their service commercially viable.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1 The creation of a floating car club permit and adoption of the accompanying operator legal agreement is subject to the outcome of the Council’s consideration of representations received regarding the draft TMO. The process of publishing the orders, undertaking a consultation, advertising in the local newspaper and responding to any potential representations will take a number of weeks, but must be concluded as part of the statutory process.
- 4.2 The cost of the new floating car club permit will be incorporated into the annual Fees and Charges report, which was approved by the Environment Committee on 7<sup>th</sup> November 2017.
- 4.3 Once incorporated into the Fees and Charges report, the Strategic Director for Environment has delegated powers to approve the signing of a non-exclusive operator legal agreement which outlines the terms and conditions of issuing a floating car club permit to operators.
- 4.4 If the Council is to enter into an agreement to issue permits to DriveNow, the company requires a three month mobilisation period prior to the commencement of the floating car club. It is expected that other operators have a similar mobilisation period.
- 4.5 In the case of DriveNow, it is expected that the service will launch by the 28<sup>th</sup> February 2018.

4.6 The ongoing monitoring of authorised floating car club operators in the Borough will be the responsibility of the Parking Client Team.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 The Council's Corporate Plan 2015 to 2020 is based on the priorities of Fairness, Responsibility and Opportunity. Through introducing floating car clubs, the Council intends to not only reduce congestion on the Borough's roads, but also offer an alternative and more economically inclusive model to private car ownership.

5.1.2 Keeping Well and Promoting Impedence are the two overarching aims of the Joint Health and Wellbeing Strategy. Car clubs, including floating car clubs, help reduce traffic congestion and promote the inclusion of lower EVs in their fleets to help reduce vehicle pollution. This results in neighbourhoods that are safer and less polluted.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The income to the Council can receive from issuing floating car club permits is dependent on the number of vehicles operators have parked within the borough at any given moment. For instance, one operator, DriveNow, has indicated that they intend to increase their fleet size by a further 60 vehicles to accommodate expansion into Barnet. The number of vehicles and operators is, however, subject to variation, and this will affect the amount of permits issued and income generated through additional fee charges. An estimation of this puts the income in the region of £70,000.

5.2.2 The cost estimate for the TMO is £5,000. It will be funded from the Car Club Locations Study, which has a full year allocation of £50,000 within the Local Implementation Plan (LIP) 2017/18. Income generated from the sale of the permits will cover any further costs incurred from the use of floating car clubs in the future. The income will be included in the Special Parking Account.

5.2.3 This report is not linked to any savings proposals or MTFS targets.

5.2.4 The accompanying legal agreement (see Appendix 1) outlines the requirements that must be adhered to by any operator who is issued floating car club permits by the Council. Operators shall at all times maintain in force such policies of insurance with reputable insurers or underwriters as shall fully insure and indemnify the against liability: to the Council and to any employee of the Council (Public Liability Insurance); to the employees of the company operating the car club (Employers Liability Compulsory Insurance Act 1969); and to any other person (Public Liability Insurance).

### **5.3 Legal and Constitutional References**

- 5.3.1 The Public Contracts Regulations 2015 (PCR) defines procurement as 'the acquisition by means of a public contract of works, supplies or services by one or more contracting authorities from economic operators chosen by those contracting authorities, whether or not the works, supplies or services are intended for a public purpose'. The issuing of permits to one or more floating car club operators is not a procurement activity as it is not a public contract for service, supplies or works. The Council will rather be exercising its licensing powers by granting these permits.
- 5.3.2 By issuing a permit to floating car club operators to enable their vehicles to park in specified parking places on a road or highway for which the local authority is the traffic authority, the Council is exercising its powers and duties under the Road Traffic Regulation Act 1984 (section 45).
- 5.3.3 Although, as stated in 5.3.1, this is not a procurement, but using that process as guidance only it would be acceptable to allow strategic lead sign off for this agreement under the normal Contract Procedure Rules based on the value that the agreement is worth.

### **5.4 Risk Management**

- 5.4.1 There is a risk that, in some high-demand locations for floating car club services, the clustering of car club vehicles may occur. This may impact negatively on other road users and residents who need to park in these areas but are prevented from doing so due to a high density of car club vehicles occupying Resident, Shared Use and Pay by Phone bays. Based on the experiences of operators and other London boroughs so far, this clustering around key 'pinch points' (e.g. town centres, train stations) does not happen, or only very temporarily on a small scale. However, if the clustering of floating car club vehicles was to cause significant disruption, the Council will make arrangements for an operator to move vehicles on and, if the issue occurs repeatedly, mark select streets within a particular area as excluded from the floating car club arrangement.

### **5.5 Equalities and Diversity**

- 5.5.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
  - advance equality of opportunity between people from different groups
  - foster good relations between people from different groups
- 5.5.2 Car clubs offer an alternative form of access to more modern, efficient and safer vehicles which can potentially benefit of some less affluent members of society, for whom private car ownership might otherwise be unaffordable or impractical.



## 5.6 Consultation and Engagement

- 5.6.1 To amend the CPZ TMO, the Council is required to give notice of its intention to modify the TMO by publishing the draft order. The Council must also consider any representations received as a result of publishing a draft order. Because of these statutory requirements, any final decision to introduce a floating car club permit will be dependent on the result of the Council's consideration of any representations received.
- 5.6.2 Members who represent those wards where floating car clubs will be able to operate shall also be engaged to help explain the benefits and mechanics of floating car clubs operating in the borough.
- 5.6.3 Civil Enforcement Officers (CEOs) who are responsible for enforcing parking, traffic and other restrictions and laws will also be briefed, to ensure that any parking enforcement of DriveNow vehicles is done properly and effectively.

## 6. BACKGROUND PAPERS

- 6.1 Car Club Expansion in Barnet, Environment Committee: 14<sup>th</sup> July 2016 (<http://barnet.moderngov.co.uk/documents/s33292/Car%20Club%20Expansion%20in%20Barnet.pdf>)
- 6.2 Fees and Charges – 2018/19, Environment Committee: 7<sup>th</sup> November 2017 (<http://barnet.moderngov.co.uk/documents/s43113/Fees%20and%20Charges%20201819.pdf>)

## 7. DECISION TAKER'S STATEMENT

- 7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

## 8. OFFICER'S DECISION

I authorise the following action

1. That the creation of a floating car club permit and adoption of an accompanying non-exclusive operator legal agreement is approved.
2. That the creation of a Traffic management order to facilitate the permit be created.

Signed Strategic Director, Environment

11 December 2017

Date \_\_\_\_\_