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**Decision Session – Executive Member for  
Transport**

**18 October 2022**

Report of the Director of Transport, Environment and Planning

## **Contract with Enterprise Car Club**

### **Summary**

1. This report outlines a new West Yorkshire Combined Authority 2-year contract (with an option to extend) with Enterprise Car Club. By CYC participating in this contract, CYC has the basis to use the car club internally and support its operation and growth in York.

### **Recommendations**

2. That the Executive Member notes:
  - a) the new contract
  - b) that a review of CYC's role with car clubs takes place during that period.

**Reason:** to maximise the use of car club vehicles in York

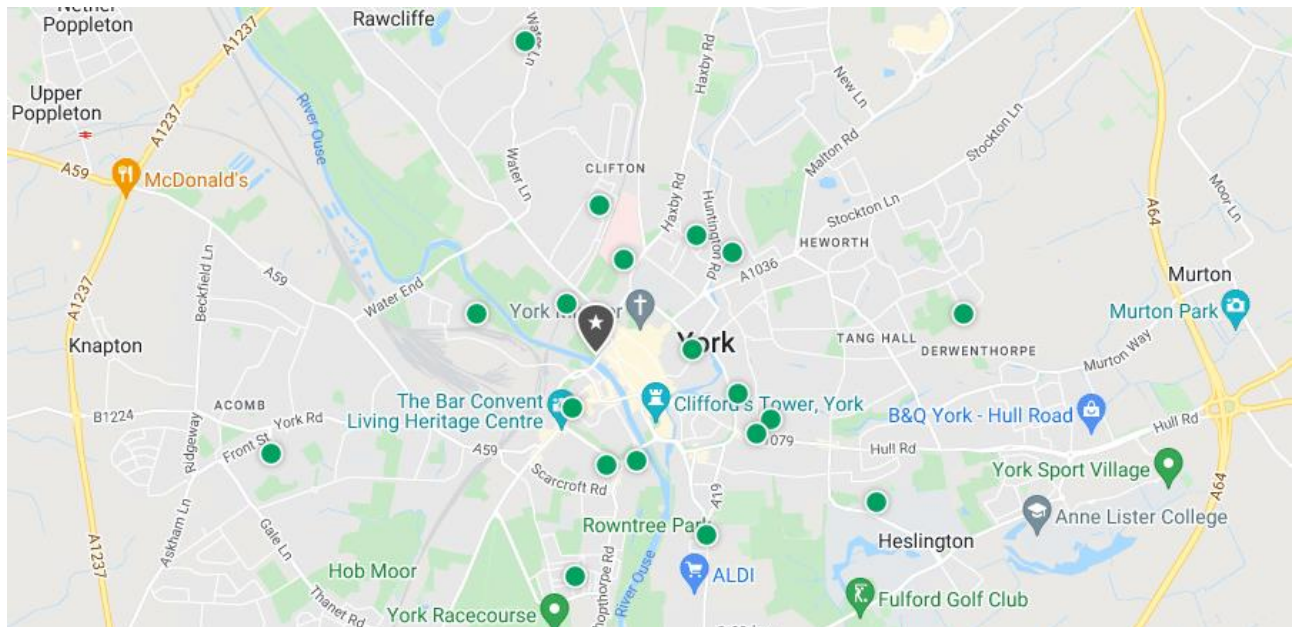
### **Background**

#### Context

3. A car club enables people to rent a car/van quickly and easily from convenient locations, e.g., street and car park spaces. Charges are usually by the hour and booking is predominantly online / by app.
4. Enterprise Car Club (formerly City Car Club) is the only operator in York with 28 cars and 3 vans – see [www.enterpriseclub.co.uk/york](http://www.enterpriseclub.co.uk/york). There are also a further 3 cars and 1 van in and near the Hazel Court Eco Depot for only CYC staff use.

5. 4 of the cars in York are plug-in electric and a further 13 are self-charging hybrids. That leaves 11 cars that aren't electric but have modern low emission petrol engines.
6. Like with most cities the concentration of vehicles is in the inner part of York, where demand from a mix of residential and business use is higher. Locations further out tend to relate to new residential estates and other opportunities where available funding can compensate for low initial demand. Extending the coverage of the network is important for making this travel option available to the whole of the city, which can be influenced by CYC by working with Enterprise to identify and set up new locations and help with promoting them.

The map below is from [www.enterpriseclub.co.uk/york](http://www.enterpriseclub.co.uk/york), with dots for the fixed vehicle locations.



7. In 2014, West Yorkshire Combined Authority (“**WYCA**”) entered a contract with Enterprise Car Club (part of Enterprise Rent-a-Car) on behalf of the West Yorkshire local authorities and CYC.
8. This contract gave those councils the procurement basis to use the car club internally for staff business travel.
9. The contract also provided the basis for the councils to provide Enterprise Car Club access to their areas for the car club to operate. This meant that CYC as a default would only create/convert parking spaces in York for Enterprise Car Club. CYC would also support the

growth of the car club, through promotion and securing contributions from Section 106 funds, e.g., for discounted use of the car club for York residents.

10. No arrangement has been in place to support other car club operators to set up in York, but CYC hasn't been contractually tied to support Enterprise exclusively only.
11. WYCA and CYC had entered this previous contract because of the benefits of a car club to the organisation and the city. A contract was also considered the best way to provide momentum in the city whereby at least one operator has the confidence to fully commit to growing its services in York.

#### National car club numbers and benefits

12. CoMoUK (como.org.uk) supports development of car clubs and other shared travel options in the UK. They list CoWheels, Enterprise, HiYaCar, GetAround, Ubeeqo, Hertz and Zipcar as the 7 main car clubs currently operating in UK, but there are many others, often local to particular areas of the UK.
13. Some car clubs have their own fleets while others are 'peer to peer' utilising vehicles owned by the public. Most require the user to bring the car back to its allocated parking space (as in York), with other formats such as one-way trips yet to become established in the UK.
14. Car clubs have grown in general. Vehicle numbers in the UK have increased over recent years, with a dip in 2021, while member numbers have increased every year.
15. CoMoUK summarise the benefit of car clubs as providing 'socially inclusive, low emission mobility which helps to break dependency on private car ownership. Pay as you go cars offer affordable, occasional access to cars to benefit individuals. At the same time, they help policy makers to meet targets at local, regional, and national levels, including emissions reduction, improvements to air quality and encouraging individuals to increase their use of sustainable modes.'
16. CoMoUK carry out an annual survey on the growth and impacts of car clubs in the UK. The 2020 survey found that:
  - 20% of respondents stated that they couldn't afford to own a car, and this was their reason for joining the car club

- 18.5 private cars were taken off the road by each car club in Great Britain
- 26.5% less emissions for the average car club car compared to the average UK car

### CYC use of the car club

17. CYC staff remain a significant user of the car club for business journey. Around 80% of total York usage is by CYC employees (see section 33).
18. CYC use has decreased during the Covid period, because of the working from home trend. Future levels of use are hard to predict until post-Covid travel patterns become established, but we would expect some increase as staff partially return to the office.
19. Cars are made available to CYC employees in 3 ways:
  - We have block-booked some cars in the public fleet during working hours. This means that they are available outside those hours to the public, but otherwise are exclusively for CYC staff use.
  - We have 4 dedicated vehicles at the Hazel Court Eco Depot that can only be used by CYC staff.
  - Standard availability. Staff are free to book any car in the public car club fleet if it's available.
20. See section 33 for CYC expenditure on staff car club use.
21. The number of car club vehicles that CYC have reserved for staff use is being reviewed. These are dedicated and block booked cars that we are paying for regardless of actual use. As a result of the review we have reduced reserved vehicles at Hazel Court from 4 to 1. Vehicles reserved elsewhere have been reduced from 10 to 9 and will be reduced again to 6 this month.

### **About the new contract**

22. With the previous contract ending, West Yorkshire Combined Authority (WYCA) wanted to enable its councils, including CYC, to continue a contractual relationship with Enterprise Car Club. Again, this would be to use it for their staff travel and support the car club in their areas. Enterprise Car Club has become the established and proven car club in all those districts and remains the obvious provider for a further limited period.

To enable this, WYCA entered a new contract, via a Framework contract, with Enterprise Car Club. As with the West Yorkshire councils, CYC aren't automatically included in that contract. But we had the opportunity of submitting paperwork to participate in it, which is what the first report decision is about.

23. The contract is for two years, with an option to extend. The minimum number of vehicles/bays to be provided through the agreement is included.
24. According to WYCA, the benefits of the new contract are as follows:
  - a) It enables continuation of the existing service provided by Enterprise with no disruption to members.
  - b) It offers lower hourly and daily rates for car club members.
  - c) The contract includes a permit fee for each bay which will bring funds into the Districts to cover bay maintenance.
  - d) It will enable a transition to EVs that will be ahead of any other UK region; and
  - e) It brings the option to work more closely with Brompton Bike Hire.
25. The previous WYCA car club contract worked on a similar basis. It was originally negotiated in 2015 and extended twice, including for a year in 2021 under Covid provisions. It expired in early February 2022.
26. The new contract continues that previous arrangement. It provides the basis for CYC to utilise and support Enterprise Car Club as follows:
  - a) Use Enterprise Car Club for its own business travel. This replaces the need to carry out a tender.
  - b) Provide council-run parking spaces for Enterprise to locate its cars.
  - c) Provide financial support to locations that will benefit the city, most likely using section 106 funding from the planning process. This could be to fund the setting up of a parking space or to stimulate use of the car through discounted use. This is predominantly about extending the service beyond inner York where most cars are based.

27. The contract is not detailed in what it ties CYC and Enterprise to. Enterprise is not committed to a certain level of York growth in numbers or locations. Nor is CYC committed to a certain level of support. Instead, the contract would enable both parties to work to a common goal of growth and increased use, in line with the needs of the city.
28. The contract does not give Enterprise exclusive rights to operate in the city. But because CYC isn't inviting other operators to set up in York, Enterprise is likely to stay the sole operator. If CYC was approached by other operators and did want to use and support them we would have to undertake a separate appointment/procurement exercise.

### **Value of the contract**

29. Neither the WYCA contract nor the CYC participation document has a stated value – no lower or upper limits of spend. But there are financial implications of entering the contract. The following estimates the effective value of the 2-year contract at £350K. A key figure within that is the CYC employee usage at £269K.
30. The types of spend and the predicted values for the 2 years of the contract are as follows. How we calculated those values are subsequently summarised.

Table 1: Predicted 2-year values:

<b>Type of expenditure</b>	<b>Predicted 2-year amount</b>
Overall revenue received by Enterprise from all usage in York	£330K
Revenue received by Enterprise for CYC employee usage	£269K (82%)
Revenue received by Enterprise from CYC, funding discounted usage and other promotions (primarily Section 106 funding).	£20K
<b>Total value of the new contract</b>	<b>£350K</b>

31. Overall revenue received by Enterprise in York

Enterprise received about £125K of revenue in 2021 from all usage in York, including CYC usage. Revenue in the 2 years of the new contract is hard to predict but should increase as more people return to the office and as Enterprise grow their network. A 20% increase for both years would make £150K revenue in Year 1 and £180K in Year 2 – a total of £330K.

32. Revenue received by Enterprise for CYC usage

Table 2: CYC employee bookings and actual spend May21-Apr22

<b>Type of availability</b>	<b>No. bookings</b>	<b>Invoiced spend (£)</b>
Dedicated (HC and James House)	402	£28,850.00
Block bookings	1560	£51,026.32
PAYG	798	£19,685.78
Membership	503 members	£2,515.00
<b>Total</b>	<b>2760</b>	<b>£102,077.10</b>

The above table shows an actual spend in the last year of £102K.

Anticipated spend for the two years of the contract is difficult to predict. Again, we can estimate a 20% increase each year in use due to more office working and a modest growth in the car club. This would mean CYC spend on Enterprise being £122K in Year 1 and £147K in Year 2. There may be opportunities to make our spend more efficient in our review of dedicated and block booking use. But this projected total for both years of £269K is probably a good indicative level for what otherwise we would have procured from Enterprise via a tender.

33. Revenue relating to promotions

The figure in Table 1 of £20K spent on promotions is a broad estimate based on funding available.

**Long term plans**

34. The 2-year contract will enable CYC and the city to have access to a car club. And opportunities can be taken to grow the service, taking advantage of the benefits to users and the city that this brings.

35. However, this report recommends that CYC reviews its relationship to car club operators to plan for beyond the 2-year contract. Enterprise is

not the only operator. And car clubs themselves have changed over time, from start-up companies to being run by established multinational companies.

36. In particular, the following questions could be asked:
- a) How have car clubs and their services changed locally and nationally and how does this impact on the needs of York and the role the CYC should take?
  - b) What operators and services are now available? What are the options (potentially beyond car clubs) to make shared vehicles available to people in York? How do they compare? Which operators might be interested in operating in York and what if anything would they need?
  - c) Is the car club model the most cost effective and useful service for CYC business travel, compared to internally operated pool cars and to private car mileage?
37. The review documentation could be non-public, especially in terms of commercially sensitive information gathered from operators. But the overall conclusions and recommended plan could be communicated in a subsequent Executive Member Report. WYCA and the related councils might also be interested in carrying out their own review with the opportunity of sharing our findings and conclusions.

### **Corporate Strategy**

38. Of the core outcomes of the Council Plan the following two are the most relevant:
- Getting around sustainably – car clubs provide an extra journey option. And providing shared vehicles encourages people to only use cars and vans when they need to, often choosing other modes of travel like active travel and bus when appropriate. This can help to reduce traffic levels.
  - ‘A greener and cleaner city’ – car clubs use low emission vehicles, many of which are hybrid or fully electric. By replacing the use of higher emission vehicles this can help reduce carbon (climate change) and pollution (air quality).



## Implications

39. The following are the identified implications.

- **Financial** – No new funding sources are needed as part of the new contract.

Use of the car club by council employees for business travel is paid from individual team budgets. Block-booked and dedicated-use vehicles can have costs beyond those individual bookings, which are covered by a Business Support budget.

Contributions by the council to promotions and setting up car club parking locations come from a Section 106 fund.

- **Human Resources (HR)** – There are no HR implications
- **Equalities** – No significant impact has been identified.

The Council recognises its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions).

The impact of the proposals on protected characteristics has been considered as follows:

- Age – Neutral;
- Disability – Neutral;
- Gender – Neutral;
- Gender reassignment – Neutral;
- Marriage and civil partnership – Neutral;
- Pregnancy and maternity – Neutral;
- Race – Neutral;
- Religion and belief – Neutral;
- Sexual orientation – Neutral;
- Other socio-economic groups including:
  - Carer - Neutral;
  - Low income groups – Potential benefits.

As per section 17 above, 20% of respondents to the CoMoUK 2020 UK survey stated that they couldn't afford to own a car, and this was their reason for joining the car club.

- Veterans, Armed Forces Community– Neutral.

- **Legal –**

The contract between CYC and Enterprise would arguably be considered a Public Concession Contract under the Concession Contracts Regulations 2016 (the “**Concession Regs**”), as the contract gives Enterprise the right to exploit the services (i.e., to make money from third parties), but without any kind of guarantee if anyone would take up the service. The procurement threshold for Concession Contracts under the Concession Regs is currently £4,447,447 exc. VAT, so based on the values set out above this would fall considerably below threshold and therefore sits outside of the full procurement regime under Concession Regs.

Notwithstanding the fact that this contract is below the concession threshold, it is important to establish the contractual relationships between all the parties involved, to ensure that CYC's direct appointment of Enterprise complies with our obligations under the Concession Regs, the Public Contract Regulations 2015 (the “**Procurement Regs**”) and our Contract Procedure Rules.

The contractual relationships between the various parties can be summarised as follows:

- a. The initial framework contract was set up between TPPL (i.e., The Procurement Partnership Limited) and Commercial Services Kent Ltd. They commissioned and procured a vehicle rental framework through a compliant open procedure under the Procurement Regs.
- b. Enterprise Car Club was awarded a position on that framework contract through this open competitive selection process.
- c. WYCA is a member of TPPL. In line with the framework contract, WYCA has entered a call-off contract with Enterprise Car Club (the “**Main Agreement**”). This is on behalf of itself and each “**District**” of WYCA. The term “**District**” in this context includes both WYCA's constituent West Yorkshire based members and its non-constituent members like CYC.

- d. The Main Agreement constitutes an offer by WYCA and each of its District to purchase the Services from Enterprise, subject to and in accordance with the Main Agreement's terms and conditions.
- e. Each District (including CYC) is required to enter into a Participation Agreement. The Council became the direct "customer" to Enterprise in York, and not WYCA or the other Districts.
- f. CYC then entered into an agreement with Enterprise Car Club on the same terms of the Main Agreement, apart for those detailed in the Participation Agreement. The Council has all the rights granted to and all obligations placed upon WYCA under the Main Agreement.
- g. The arrangement between CYC and Enterprise Car Club is independent of WYCA's or any of the other Districts' individual arrangements. This includes separate prices and invoices for usage of the car club.
- h. WYCA and Enterprise may in accordance with its provisions vary, terminate, or rescind that Main Agreement or any part of it, without the consent of CYC or any of the other Districts, which in turn could amend the agreement between CYC and Enterprise.
- i. Whilst it is not explicit in the documents, it is the interpretation of both the Legal and Procurement teams that should WYCA or Enterprise terminate the Main Agreement early, CYC's contract with Enterprise under the Participation Agreement will expire at that same time.

Both Legal and the Procurement teams are satisfied that the direct award to Enterprise under the above contract structure complies with our obligations under both the Procurement Regs and CYC's Contract Procedure Rules.

The contract is considered a non-routine procurement under the Contract Procedure Rules within our constitution.

- **Crime and Disorder** - There are no Crime and Disorder implications
- **Information Technology (IT)** - There are no IT implications

- **Property** – CYC parking spaces are provided for many of fixed locations of Enterprise Car Club vehicles. No new implications for this to note.

### Risk Management

40. The risks of this 2 year contract are low. The relationship with Enterprise Car Club is in practice the same as before, with no significant new elements to take into account. The recommended review is a mitigation against continuing with Enterprise Car Club without evaluating what the council's role with car clubs should be in the longer term.

#### Author

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#### Chief Officer Responsible for the Report

James Gilchrist  
Director of Transport, Environment and Planning

**Report  
Approved**

**Date** 10/10/2022

### Specialist Implications Officers

Financial: Jayne Close, Principal Accountant - Jayne.Close@york.gov.uk  
Legal: Dan Moynihan, Senior Solicitor - Dan.Moynihan@york.gov.uk

### Wards affected:

x	All wards		Guildhall		Micklegate
	Acomb		Haxby & Wigginton		Osbalwick
	Bishopthorpe		Heslington		Rural West York
	Clifton		Heworth		Rawcliffe & Clifton Without
	Derwent		Heworth Without		Strensall
	Dringhouses & Woodthorpe		Holgate		Westfield
	Fishergate		Hull Road		Wheldrake
	Fulford		Huntington & New Earswick		