

Meeting:	Overview and Scrutiny Cabinet	Date: 19 October 2015 11 November 2015
Subject:	Shopmobility Service Options Appraisal	
Report Of:	Cabinet Member for Communities and Neighbourhoods	
Wards Affected:	All	
Key Decision:	No	Budget/Policy Framework: Yes
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Appendices:	1. Shopmobility user consultation results summary	

1.0 Purpose of Report

- 1.1 To outline the options for the future of the Shopmobility Service and to recommend that a procurement exercise is undertaken.

2.0 Recommendation

- 2.1 **Overview and Scrutiny** is asked to consider the information contained in the report and make any recommendations it considers appropriate to Cabinet.

- 2.2 **Cabinet** is asked to **RESOLVE** that:

- (1) That the Shopmobility Service is put out to open procurement with social value.
- (2) That the Head of Public Protection is given delegated powers to work in partnership with another District Council for this procurement exercise should a favourable opportunity arise.
- (3) That the Head of Public Protection in Consultation with the Cabinet Member for Communities is given delegated power to appoint the successful contractor at the end of the procurement process.

3.0 Background and Key Issues

- 3.1 The Shopmobility is a non-statutory service that aims to provide access to the city centre's facilities for people with mobility impairment. The service's core business is the provision of powered scooters and wheelchairs to help people who have limited mobility through permanent or temporary disablement, illness, accident or age. The service is much valued by users who are visiting the city centre.

- 3.2 Shopmobility has operated from Hampden Way car park in Gloucester since 1990. The Service was set up by the City Council when the city centre was pedestrianised. In May 2009 a satellite service was opened in Gloucester Quays, however the take up of the service in this location was poor and it was therefore closed in 2011. In February 2011 Cabinet approved a proposal to move the Hampden Way operation to the Eastgate Indoor Market. However, following a motion at the Council Meeting in April 2011, it was agreed that further consultation with Shopmobility users would take place, specifically relating to the relocation of the service to Eastgate Indoor Market.
- 3.3 In May 2011, 136 Shopmobility users were consulted specifically on the proposed move to Eastgate Indoor Market;
- 90% of users indicated that the Market was not their preferred location.
 - Of these users (126), most cited access from the car park as their main concern with the move.
 - 96 users also raised concerns with the access to Shopmobility via the lift.
 - Of the users surveyed 80% used the Shopmobility service 3 or more times per week.
- 3.4 In July 2011 based on the above, Cabinet resolved that the Shopmobility Service should remain at Hampden Way for the present time. The same report also resolved that the City Council look to commission a partner in the Third Sector to find a long term solution for the delivery of Shopmobility and its location in the City and that Officers liaise with Cheltenham Borough Council on the joint procurement of a service provider.
- 3.5 An annual membership charge was introduced in October 2012 at a rate of £20 plus VAT per annum. Users who do not wish to become a member can hire a scooter at a daily rate of £3.00. The service also offers longer term hire of manual wheelchairs.
- 3.6 Currently the service employs five staff on part time contracted hours and three staff on zero hours contracts, with one regular volunteer. The service is open six days a week, Monday to Saturday, 09:30 until 17:00. The fleet includes 40 scooters, 5 motorised wheelchairs and 5 wheelchairs, all donated by the public. (Two of the scooters were purchased and donated by the Friends of Shopmobility.)
- 3.7 The cost of running the service, between April 2014 to March 2015, is detailed in the table below:

Outgoings		Income	
Wages	£57,000	Membership fees	£6,600
Pensions/Insurance	£10,000	Daily hire charges	£6,300
Equipment/fleet repair	£4,800	Donations	£800
Site maintenance/utilities etc	£3,200	Donated goods sales	£6,700
Back office support	£2,000		
Rates/other	£1,000		
Total	£78,000	Total	£20,400
Overall net cost	£57,600		

- 3.8 From this table it can be seen that The Shopmobility service runs at a net cost to the Council of £57,600.
- 3.9 The Council budget for 2014/15 shows a reduction in funding for the Shopmobility service of £50,000. Whilst the Council has delayed this savings target, in the current economic climate it cannot continue to. It is therefore necessary to look at ways to adapt the service to reduce the cost to the Council Tax payer.
- 3.10 To make savings of this magnitude it would be necessary to find alternative funding streams and or find additional income generating opportunities. For example the NHS or Social Services by demonstrating the savings this service generates for these organisations by keeping people independent. However this is difficult to put a price to. Alternatively it may be possible to secure an income from sponsorship or advertising from Commercial operations. In addition if Shopmobility was run by an organisation with a similar service it may be possible to reduce overheads. For example an organisation with a workshop might also be able to maintain the scooters. All of these are opportunities that the City Council is struggling to take up as it does not possess the necessary skills or contacts. However, should a third party take over Shopmobility then alternative funding streams may become available or alternatively by partnering with an organisation already working in this field, savings may be achieved through use of existing processes and resources. Potentially these include grant funding, advertising on scooters as well as possible synergy with their existing services.
- 3.11 From time to time small sums of money are bequeathed to the Shopmobility service, however one larger sum of £30,000 was also left for the Shopmobility Project. Whilst the smaller sums have been used the £30,000 has not and is still held by the Council. This money has a covenant attached stating that it can only be used for the Shopmobility project. This sum of money would be made available to any future organisation running the service provided any proposals they had for using it was agreed to by the City Council.
- 3.12 In July and August this year 2 consultation exercises were undertaken. One of these was with the users of the Shopmobility Service and residents of the City,

whilst the other was with organisations who might have an interest in running the Shopmobility Service.

- 3.13 During the Shopmobility user and resident consultation 47 survey responses were received and 3 drop in sessions were held. The results of the survey are attached to this report as appendix 1.
- 3.14 At the same time as the survey was conducted a pre-market engagement exercise was also undertaken to determine what, if any, interest there was likely to be to running this service. Three organisations submitted proposals, one was from a Charity, and another was from a Social Enterprise whilst the 3rd one was from a Commercial organisation. Each proposal included ideas on how they would run the service, how they would reduce the costs as well as how they would bring in additional income. This indicates that there is likely to be interest from all types of organisation if a procurement exercise is undertaken.
- 3.15 The Public Services (Social Value) Act 2012 requires authorities to consider in the context of procuring services how economic, social and environmental wellbeing may be enhanced. With the Shopmobility Service it is easy to see that social value could be included for example organisations could be asked to work with the long term unemployed. The advantage of this option is that any organisation can bid but that the City Council can ensure that the end result will be one of a net gain in social value.
- 3.16 In addition in the user and resident consultation exercise 14 respondents expressed a preference for a social enterprise to run the service and 16 expressed a preference for an organisation from the voluntary sector. An open procurement with social value should encourage interest from these types of organisations. The scope for the council to require social value as part of the contract means that there need be no restriction on the type of organisations that can have an opportunity to bid.
- 3.17 It is therefore recommended that a full procurement exercise is undertaken and that social value is included in the tender and contract documents.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 Open procurement of this service building in social value whilst listening to the views of the service users is very much in line with ABCD. ABCD will see the service develop with people that are dependent upon each other running the operation. By involving Social Enterprises and the Voluntary Sector and including social value ABCD is being used.

5.0 Alternative Options Considered

- 5.1 A range of options were considered for this service in order to achieve the £50,000 budget saving which are listed below together with the reasons why they are not recommended at this point in time.
- 5.2 Option 1 - Keeping the status quo. Reviewing the existing position it is apparent that savings to the budget cannot be found. In the present financial climate the cost of the service is unviable. Based on previous years and 2014-15 figures above the

net operating costs will remain in the tens of thousands. Therefore this option is not recommended.

- 5.3 Option 2 - Increase charges to cover costs. The current membership charge is £20 (plus VAT unless exempt) per annum and the daily hire rate for occasional users is £3. To reduce the operating costs over a three year period to a point where the service would be self financing would mean an annual rate increase of over 100% initially. An estimate is in year 1 membership would have to rise to £50 plus VAT, year 2 £100 and Year 3 £150. Similarly daily hire rates would need to rise from £3 year 1, to £10 year 2 and £20 in year 3. Given the demographic of the majority of Shopmobility users these increases would make the service unaffordable for most and those that could afford to pay are unlikely to be willing to pay these prices which would result in a loss of members and daily users. This would leave the service under used and underfunded. In addition in the user and resident consultation survey only 3 out of 47 people that responded thought that increasing the fees was an acceptable option for generating the £50,000 saving. Therefore this option is not recommended.
- 5.4 Option 3 – To reduce the hours of operation of the service. This option is unlikely to deliver the savings required. For example a reduction in hours from 7.5 per day (9.30am to 5pm 6 days per week) to 5 per day (10am to 3pm 6 day per week) could generate a saving of around £19,000. To reduce the service hours any more than this is likely to impact heavily on the users who have clearly indicated in the user and resident survey that the current hours of operation are one of the key things that they like about the service. In addition if the hours are reduced too far then the service is unlikely to remain viable as use would decline. Therefore this option is not recommended.
- 5.4 Option 4 – A ‘light touch’ procurement exercise for social and other specific services. This approach does not really give the City Council or prospective bidders any real advantage and therefore this option is not recommended.
- 5.5 Option 5 – Open procurement to include social value. This is the recommended option as outlined in paragraph 3.14.
- 5.6 Option 6 - Shared service with Cheltenham Borough Council Shopmobility. This option was appraised in 2012/13 in a previous review. The appraisal found there was no opportunity to make any significant savings or any improvement to either Cheltenham or Gloucester service provision. Recent discussions with Cheltenham management has shown that Cheltenham Shopmobility is in a similar position to Gloucester with outgoings far outweighing income. In addition their costs per hire are £21.00 compared to ours which are around £8.00. Cheltenham are also, at present, having to identify a new site to operate from as their current site lease is coming to an end. Therefore it is recommended that this option not be considered at present. If however the situation changes and it looks advantageous to consider sharing with Cheltenham then officers will take this forward.
- 5.7 Option 7 - Asset transfer to the community. Whilst this might be considered the ideal option the pre-market engagement exercise indicates that there is not currently a community group that would be interested in taking this forward. Although Gloucester Shopmobility Service does have a Friends group they did not submit a proposal under the pre-market engagement exercise and indicated that

the current membership, due to health and / or age might struggle to take the service on.

- 5.8 Option 8 – To close the service. Option 8 has not been seriously considered due to the negative impact that it would have on the users. Whilst this would achieve the savings required, it would leave many residents of Gloucester with a permanent or temporary disability isolated and without a means to maintain a level of independence that is critical to their general wellbeing. This would have a knock on cost to other services such as the NHS and Social Services.

6.0 Reasons for Recommendations

- 6.1 If the Shopmobility service is successfully tendered immediate savings would be made from wages. Also back office costs would be saved. Although to secure the future of the service, there may be a need to enter into an agreement whereby support is provided on a decreasing scale over say 3 years. However it is likely that after a period of support, Shopmobility would be completely independent and largely self financing therefore removing the financial burden to the council, while still providing a much needed service to those with impaired mobility whilst also generating income for city centre businesses. As explained above during a recent pre-market engagement exercise 3 organisations submitted proposals. One was from a Charity, another was from a Social Enterprise whilst the 3rd one was from a Commercial organisation. This supports the notion that an open procurement with built in social value is the appropriate way forward. If all interested potential service providers have an opportunity to bid this will also give the best opportunity to guarantee a secure future for this important service.

7.0 Future Work and Conclusions

- 7.1 Preparation of the tender documentation to include TUPE agreement, opening hours, staffing levels and predicted financing details. It will also include the approach the Council is to adopt in connection with the premises that the Service occupies as well as the assets i.e. the scooters.

8.0 Financial Implications

- 8.1 The 2014/15 budget set a savings target of £50000 for this service area. The proposed procurement will enable delivery of these required savings to progress, however as raised earlier in this report this maybe over a period of time.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 The City Council has been through a pre-market engagement exercise to explore options for its in house Shopmobility Service. Organisations that have participated in the exercise cannot be excluded from, or given any unfair advantage in, any future procurement.
- 9.2 Because there is potential for City Council service to be outsourced, as part of a Best Value Duty under Section 3 of the Local Government Act 1999 as amended, the City Council is required to go through a statutory Best Value consultation

exercise. Such an exercise is to involve Council Tax payers, those who use or are likely to use the service and those appearing to have an interest in any area where the Council carries out its functions.

- 9.3 In carrying out any procurement, the City Council will need to follow the procedures set out in the Contract Standing Orders of its Constitution and the provisions of the Public Contracts Regulations 2015.
- 9.4 The City Council will need to decide how Shopmobility existing assets and future donations are to be dealt with if the procurement option is taken.
- 9.5 The City Council will need to decide the terms and conditions that will apply to the occupancy of the existing Shopmobility site if the procurement option is taken.
- 9.6 An Invitation to Tender set of documents will need to be drawn up by the City Council, including a Specification for the Service and Contract Terms and Conditions if the procurement option is taken.
- 9.7 TUPE transfer will apply to staff if the procurement option is taken.
- 9.8 Under the Public Services (Social Value) Act 2012 the City Council is required to Consider and demonstrate it has considered how the Shopmobility Service, if procured, might improve the economic, social and environmental wellbeing of the area..

(One Legal have been consulted in the preparation this report.)

10.0 Risk & Opportunity Management Implications

- 10.1 There is a risk that it will not be possible to find a suitable partner to run this service and that the Council does not realise the £50,000 savings target. The pre-market engagement exercise indicates that there is interest in the service and that this is not the case.

11.0 People Impact Assessment (PIA):

- 11.1 Staff transferring to another organisation will be covered by TUPE regulations. A condition will be included in any contract to ensure that any fees are set in consultation with the City Council to ensure that fees are kept at a reasonable level. By including social value in the tender requirements positive action is being included. The Council is also committed to finding a way for the Shopmobility Service to be continued but at the same time delivering the budget savings. As long as the service continues people with temporary or permanent disabilities are not disadvantaged in accessing the City Centre.
- 11.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

12.0 Other Corporate Implications

Community Safety

12.1 The Shopmobility service is a member of City Safe.

Sustainability

12.2 By including social value in the tender and adopting the ABCD approach to the future of this service a sustainable approach is being taken.

Staffing & Trade Union

12.3 TUPE will apply to any staff transferring.

Press Release drafted/approved

12.4 It is deemed to be premature at this stage.

Background Documents: User Survey
Pre-market engagement papers and proposals.
The Public Services (Social Value) Act 2012
The Public Services (Social Value) Act 2012 Explanatory
Note