

## Part A

**Report to:** Cabinet

**Date of meeting:** 8 October 2018

**Report author:** Deputy Managing Director - Place Shaping & Performance

**Title:** Cycle Hire Scheme and Demand Responsive Transport System

### 1.0 Summary

- 1.1 As part of Watford's ambitions to develop sustainable transport, two of the Mayor's priorities that are embedded into the Council's Corporate Plan are to create a new cycle hire scheme and, to invest in new bus services. These will support the provision of sustainable transport as Watford grows and there is an ever-increasing pressure on the transport network, particularly in the light of the MLX scheme not proceeding and the forecast additional growth for Watford, which is expected to be around 800 new dwellings per year.
- 1.2 The Council is working on a number of sustainable transport initiatives and this will fit within an overall programme of work. There are also a number of proposals within the Council's 'Watford 2020 programme' using digital technology to enhance and benefit users such as a transport App and real time information.
- 1.3. Sustainable transport is multi-faceted and the recent Hertfordshire County Council Growth and Transport Model is being revised to reflect that the Metropolitan Line Extension (MLX) is not proceeding. There has recently been a consultation on this strategic document which closed mid-September 2018. A key change is a systematic approach to delivering sustainable transport. This also includes the concept of sustainable travel towns, cycle infrastructure improvement towns and bus rapid transit.
- 1.4 Alternatives to the MLX are being scoped at the present time but will not be a quick fix and should therefore be seen more as a medium to longer term project.
- 1.5 The proposal is to proceed to further examine the feasibility of introducing a Cycle Hire scheme and an on Demand Responsive Bus Transport system.

## 2.0 Risks

### 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Low usage of Cycle Hire and/or DRT	Unused and costly infrastructure Reputational impact on the council	<ul style="list-style-type: none"> <li>• Set clear objectives and KPIs</li> <li>• Share risk and rewards with operators</li> <li>• Lessons from others and take advice on current market trends e.g. consultants</li> <li>• Marketing and promotion</li> <li>• Sponsorship</li> <li>• Initially set up in higher demand areas</li> <li>• Create a safer/better environment to encourage use e.g. use of traffic regulation; cycle hubs</li> <li>• Working with Herts County Council to improve the cycle network and improve/create additional bus lanes</li> </ul>	Treat and transfer	Unlikely (3) x High (9) = rating of 9
DRT competing with existing bus services	Existing bus services not being commercially viable and stopping or reducing the service on certain routes	Deal with as part of the contractual arrangements with the chosen operator	Treat and transfer	Unlikely (3) x High (3) = rating of 9

Demand exceeding infrastructure requirements	Frustration of users and poor reputation	The DRT and Cycle hire schemes are expandable. The commercial operator will be expected to plan for this scenario and respond accordingly	Transfer	Unlikely (3) x High (3) = rating of 9
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### 3.0 Recommendations

#### 3.1 Cabinet are asked to agree to:

- (i) A sustainable transport project to produce a business case for both a Cycle Hire (Share) scheme and on Demand Responsive Transport system (DRT)
- (ii) To delegate to the Elected Mayor sign off the business cases and approval of undertaking of any necessary procurement

And, to recommend to Council:

- (iii) That £27,000 is allocated from the Programme Management Board budget and £68,000 is allocated from the Economic Impact reserve for project management and business case development costs for the provision of Cycle Hire scheme and the Demand Responsive Transport system, and
- (iv) Agree that the Community Infrastructure Levy receipts that had previously been committed towards funding the Metropolitan Line Extension are made available to fund the Cycle Hire Scheme and the Demand Responsive Transport Schemes, including any supporting infrastructure allowed by the appropriate legislation.

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**Report approved by:** Manny Lewis – Managing Director

## 4.0 Detailed proposal

### 4.1 Background

4.2 **Demand Responsive Transport Buses:** There have been recent developments in bus services and a number of operators have set up Demand Responsive Transport (DRT) local networks using an algorithm-based App. In short, the algorithms aggregates passengers travelling from multiple origins to multiple destinations in an exceptionally efficient way, providing the convenience and the flexibility of a customised on-demand journey. There are a number of operators using this 'Demand Responsive Transport' (DRT) technology and officers have investigated two for the purposes of understanding the concepts of the model and getting a flavour of the market. These are:

- ArrivaClick – part of Deutsche Bahn network – Sittingbourne (Kent) service, which initially provides a service to/from the rural Science Park but has extended across a wider area. They have also very recently launched this in Liverpool.  
<https://www.arrivabus.co.uk/arrivaclick/>
- Oxford Bus Company – part of Go Ahead Group – Oxford 'PickMeUp' service operating across the 12 square mile 'eastern arc' of the city.  
<https://pickmeup.oxfordbus.co.uk/>

*Note: DRT is **not** a scheduled transport service/pre-booked taxi service and must be marketed accordingly.*

4.3 This is a growing market but typically schemes to date initially operated using 5-6 minibuses holding between 12- 16 passengers. The seating and internal fit out can be adapted and typically electronic device charging and Wi-Fi is provided on board to meet customer demands. They include facilities for customers with disabilities and children. In both the cases cited above the most recent vehicles incorporate pavement level access decks.

4.4 Due to its compact urban nature (8 square miles) Watford lends itself to this type of transport system. It is expandable and scalable as demand increases and in both cases cited above there has actually been an expansion of the operating area (or it is currently under consideration) due to latent demand which can be measured using the App technology.

4.5 In both cases the operator is either operating another traditional bus service in the area or, is working alongside other operators and have adapted the service so as not

to commercially compete with these services but instead, provide an enhanced and augmented service to customers. Services typically operate from 6 am until 10/11 pm.

- 4.6 It is evident that the market is changing particularly as technology advances e.g. better geo - locational Apps. In the case of Oxford, already 3 months into the new service, they are expanding the number of vehicles.
- 4.7 The DRT service is not in competition with taxis nor private hire vehicles. Typically a customer can wait up to 20 minutes for a vehicle (and is kept informed by text (SMS) or by tracking the vehicle on the App. Drivers are trained to assist customers with accessibility needs. Customers are provided with real time information on the location of the vehicle.
- 4.8 **Cycle Hire** (share): This has been a little more developed than the bus model and has featured in a number of areas within the UK since 2010. Lessons can be learnt from these examples. The consultants 'Systra' have been engaged in initial discussions with officers and an initial feasibility study for a Watford cycle hire scheme has been completed. Members were provided with the opportunity to look at this in more detail at a presentation on 20 September 2018.
- 4.9 There has been a rapid expansion in schemes across the UK, with schemes currently operational across 25 towns and cities. Public Bike Share (PBS) refers to bike share schemes which are open to the public, with cycles available for hire on-street, 24 hours a day, 7 days a week. Schemes fall predominantly into two categories:-
- 'Docked' schemes, where bikes are hired from and returned to formal docking stations; and
  - 'Dockless' (smart bike) schemes, where bikes are parked on-street, usually utilising an in-built smart lock.
- 4.10 There are also hybrid versions of these schemes: some docking-based schemes allow users to lock bikes to **general** cycle stands (for example if a docking station is full), and some dockless schemes provide the option of locking a bike to a stand, or, in areas of high demand, have formal parking areas or 'geo-fencing' capability to avoid bikes being parked haphazardly.
- 4.11 There are a number of cycle hire providers operating for both docked (TfL Santander, Nextbike) and dockless (Ofo, Mobike). The bike share sector and its associated technology are currently subject to rapid change and it is likely that the sector will continue to evolve rapidly over the coming months and years.
- 4.12 If the respective business cases demonstrate viability, it is anticipated that both the Cycle Hire and the DRT schemes viability will be operated by commercial operators.

However, there will be capital and revenue implications for the Council to 'pump prime' these schemes dependent on the scale and type of the schemes, for example a 'dockless' Cycle Hire scheme will have less infrastructure costs than a docked scheme. These are matters that will require further discussion and negotiation with the potential operators around a bespoke scheme for Watford. An indication of costs are included within Appendix 1 - Part B. The Council will also have to ensure that any model adopted satisfies issues such as State Aid.

4.13 It is possible that both the cycle hire and demand responsive transport system schemes will attract sponsorship. The schemes will require the continued support of Hertfordshire County Council as the Highway and Transport Authority. It will be critical to the success of the bike hire scheme that improvements are made to the cycle network at the same time so as to make cycling across the town safer and more attractive. HCC has also offered to establish a county wide framework for the procurement of cycle hire schemes so that the same operator could provide the service across a number of authorities. Subject to the business case, the ambition is to have both schemes in place for summer 2019.

4.14 There are currently Community Infrastructure Levy (CIL) receipts specifically allocated for MLX. It is proposed that that funding already received from completed developments are reallocated to support both these schemes. However, depending on the business cases, there may be an initial shortfall which will require an allocation of funding which can be replenished as development attracting the CIL comes forward.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The full financial details of the scheme are not known at this stage, and the current estimates will be refined as the business case is developed. The final scheme costs, both capital and revenue, will be confirmed and agreed as part of the budget setting process.

### 5.2 **Legal Issues (Monitoring Officer)**

5.2.1 From the initial market research done to date it is likely that either or both of these proposals may need subsidy from the council. The council is subject to both the rules relating to State Aid and OJEU procurement. The business cases will need to examine how a model can be developed that will be State Aid compliant and any procurements will need to comply with procurement rules. It is intended to seek expert advice from counsel.

Watford Borough Council is not the Highway or Transport Authority for Watford and will also need to consider the legal powers under which it will be undertaking these projects. Detailed legal advice will be provided at the time the business cases are signed off.

### **5.3 Equalities, Human Rights and Data Protection**

5.3.1 Consultation with stakeholders and the wider community will be undertaken as required. It is likely that to create safer and accessible routes some modifications to transport routes will be necessary requiring Traffic regulation Orders which are subject to a statutory process and consultation in their own right. An equalities impact analysis will also be undertaken and will be available when the business cases are finalised.

### **5.4 Staffing**

5.4.1 Project and programme resource has been allocated to these proposals.

### **5.5 Accommodation**

5.5.1 There are no impacts

### **5.6 Community Safety/Crime and Disorder**

5.6.1 Suitable design and the opportunity for crime and disorder mitigation measures will need to be embedded in the designed schemes.

### **5.7 Sustainability**

5.7.1 These proposal form part of a wider sustainable transport programme.

## **Appendices**

Appendix 1: PART B – Cycle Hire and Demand Responsive Transport

### **Background papers**

Watford Borough Council Community Infrastructure '123 List' February 2014