



**WATFORD
BOROUGH
COUNCIL**

CABINET

9 September 2019

7.00 pm

Town Hall Watford

Contact

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Publication date: 30 August 2019

Cabinet Membership

Mayor	P Taylor	(Chair)
Councillor	K Collett	(Deputy Mayor)
Councillors	S Johnson, I Sharpe, M Watkin and T Williams	

Agenda

Part A – Open to the Public

1. **Apologies for absence**
2. **Disclosure of interests (if any)**
3. **Minutes of previous meeting**

The [minutes](#) of the meeting held on 1 July 2019 to be submitted and signed.

4. **Conduct of meeting**

The Cabinet may wish to consider whether there are any items on which there is general agreement which could be considered now, to enable discussion to focus on those items where the Cabinet sees a need for further debate.

5. **Sustainable Transport Programme Overview - Part A (Pages 4 - 9)**

Report of the Managing Director to ask Cabinet to note the three main initiatives within the Mayor's Sustainable Transport Programme.

6. **Demand Responsive Transport Recommendation (To Follow)**

To follow

7. **Bike Share Recommendation (Pages 10 - 58)**

Report of the Managing Director to ask Cabinet to award the contract for the operation of a bike share scheme.

8. **Sustainable Transport Programme (STP) - Transport App (Pages 59 - 63)**

Report of Group Head of Transformation to ask Cabinet to note the award of the contract for provision of the Transport App to Molten Mouse Ltd.

9. Appointment to Watford Commercial Services Limited and Watford Health Campus Partnership LLP Partnership Board (Pages 64 - 66)

Report of Group Head of Democracy and Governance to ask Cabinet to approve an appointment to Watford Commercial Services Ltd and Watford Health Campus Partnership LLP Partnership Board.

10. Croxley Park Update (Pages 67 - 73)

Report of Head of Regeneration and Development to update Cabinet on progress on the Croxley Park transaction and changes made to the proposal which was submitted to and agreed by Cabinet on the 21 January 2019 and Council on 23 January 2019.

11. Exclusion of press & public

The Chair to move: that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would be disclosure to them of exempt information as defined in Section 100(1) of the Act for the reasons stated below in terms of Schedule 12A.

Note: if approved, the Chair will ask members of the press and public to leave the meeting at this point.

12. Watford Market Management Contract (Pages 74 - 81)

Report of Head of Leisure and Environmental Services.

This report is considered Part B in accordance with Paragraph 3, Part 1, Schedule 12A as it contains information relating to the financial and business affairs of the Council.

13. Croxley Park Update - Part B (Pages 82 - 97)

Report of Director of Finance.

This report is considered Part B in accordance with Paragraph 3, Part 1, Schedule 12A as it contains information relating to the financial and business affairs of the Council.

Agenda Item 5

Part A

Report to: Cabinet

Date of meeting: 9 September 2019

Report author: Managing Director

Title: Sustainable Transport Programme (STP) – Overview Report

1.0 Summary

- 1.1 Sustainable transport (ST) is one of the Mayor's commitments embedded into the Council's Corporate Plan. Three key initiatives to support delivery of the commitment are presented for approval to Cabinet: a bike share (cycle hire) scheme; a demand responsive transport scheme (DRT) and the Watford Transport App. These initiatives support the provision of sustainable transport given the ever-increasing pressure on the transport network, particularly in the light of additional growth for Watford, which is expected to be around 800 new dwellings per year.
- 1.2 The three initiatives form part of a wider ST programme that is funded within the Medium Term Financial Strategy (MTFS) and the detailed budget requirement in each case will be summarised in the specific reports set out later on the Cabinet agenda, noting that the Bike Share and DRT schemes are still subject to procurement commercial procedures.

2.0 Recommendations

Cabinet is asked to:

- 2.1 Note the three main initiatives within the Mayor's ST Programme;
- 2.2 Note that the costs of the initiatives can be met within the MTFS allocation for ST schemes;
- 2.3 Approve the contract management and governance arrangements as set out in paragraph 4;
- 2.4 Note that separate reports are presented on the Cabinet agenda with the details of each procurement outcome.

3.0 Sustainable Transport Programme

The main programme comprises the following key projects:

3.1 Transport App

3.1.1 The App will be where customers will go for information on:

- the travel choices and options open to them based on where they are and where they want to go. This will include:
 - the different transport options (and combination of options) for their specific journey
 - the cost of different transport options for their specific journey
 - wait times or constraints for the different options for their specific journey (e.g. next bus is due in 15 minutes; there are currently 0 taxis in the nearest taxi rank)
 - available transport facilities in Watford, including parking spaces and Electric Vehicle (EV) charging facilities
 - the link to booking sites for transport options that have their own booking platforms e.g. on-demand bus, cycle hire scheme
 - Booking and paying for transport options that don't have an independent booking platform (if they are developed through the programme)

3.1.2 The transport options that the App should ultimately provide information about include (not exclusively):

- Trains (overground and underground) at all Watford stations
- Fixed route buses
- On-demand bus
- Bike Share (Cycle hire)
- Private hire/mini-cabs
- Parking
- Walking
- Cycling
- EV charging
- Car clubs

3.1.3 The App provider has been selected and the procurement details and operator chosen is set out on the Cabinet agenda. The App will be available in spring 2020.

3.2 Bike Share Scheme and Cycling Infrastructure

A number of bike share schemes have been introduced across towns, cities and universities in the UK since 2010. The council appointed consultants 'Systra' to undertake a feasibility study for a Watford bike share scheme and this was completed in the summer of 2018.

Based on research and current market intelligence, it was decided that Watford's scheme would be a hybrid 'docked' scheme with fixed docking stations/areas and flexible overflow parking with 'geo-fencing' capability to avoid bikes being parked haphazardly. This design enables high visibility of bikes at key locations, increased security of bikes and a responsible provision of sustainable transport, without the

potential for the street clutter associated with a 'dockless' scheme. There will be approximately 70 docking stations installed across the borough, of varying size and design, in order to fit in with the existing public realm.

The council specified that it required both pedal bikes and e-bikes and requested the operator determine the optimum size of a fleet recommended to cover an operational zone of the Watford borough boundary, with additional docking stations proposed at key hubs just across the boundary line e.g. Croxley Business Park and Warner Bros Studios.

Bike share schemes are designed as a digital service with registration, hiring, payment and wayfinding via an App – 99% of interactions are via the App.

Hours of Operation – the council specified that it required 24 hours a day, 7 days a week, all year round operation.

The council has selected a preferred operator and details of the procurement process and outcome are provided in the subsequent report on the Cabinet agenda. The scheme will commence in March next year.

In terms of **cycle infrastructure** the following improvements are planned as part of the ST programme:

Cassiobury Park Cycle Paths

Initial meetings have confirmed a number of challenges in enabling cycling from Rickmansworth Road to the Hub, with also a need to look at a cycling path from the carpark to the Hub and Cha Cha Café, and from the Hub to the canal. The benefits of a shared surface or a dedicated path have been assessed and a solution is being designed so that it is in place for the Bike Share launch.

Enhanced and renewed Cycle Hub

The Cycle Hub in Holywell is a social enterprise providing training, maintenance, community activity and support for cyclists. The Council has made provision to provide new facilities for the hub which will be completed by the end of March 2020. The hub will be able to support the new Bike Share operator.

'Quiet Ways'

The Council is working with HCC and Sustrans on proposals for quiet ways that are well signposted and have appropriate road markings and improved surfaces for cyclists as an alternative to main roads. These quiet ways would then form part of Watford's cycle network for access to key destinations such as Vicarage Road, Clarendon Road, St Albans Road, Watford High Street and Cassiobury Park. This project will take a while to complete, but significant progress is expected by March 2020 for the Clarendon Road, High Street and Cassiobury Park routes.

3.3 Demand Responsive Transport

The Demand Responsive Transport (DRT) initiative aims to reduce the congestion on Watford's roads/parking, promote more sustainable modes of travel and improve air quality. DRT supports the programme's objectives to:-

- Encourage a change in the way we use local transport as 'a way of life'
- Improve Watford as a sustainable transport town
- Improve accessibility and mobility within the town
- Improve health and wellbeing.

Due to its compact urban nature (approx. 8 square miles), Watford lends itself to this type of transport system. It is expandable and scalable as demand increases and in the schemes researched there has 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.

Tenders were invited from providers of demand responsive transport services to introduce an initial on-demand ride-share scheme to Watford, with the ability to scale-up the service beyond Watford Borough boundaries into the outer regions of neighbouring local authority districts upon prior agreement with them.

This will form a key part of the Council's sustainable transport strategy to encourage a modal shift in travel behaviours and relieve pressure on the transport network.

The target market of the Watford DRT scheme will be:

- existing users of private vehicles
- those who do not have access to a private vehicle
- those who wish to use public transport, but are hampered by the inflexibility of current fixed bus routes, timetables and fares
- residents of new car-lite/car-free housing developments
- passengers who are open to using app technology to obtain a shared ride service
- journeys that are generally not covered by fixed bus routes
- those who live in, work in and visit Watford.

The Council's priority outcomes for the contract are:

- provision of a reliable, high quality and safe service
- availability of on-demand transport to people with limited or no access to their own private vehicle or public transport
- improved accessibility for disabled passengers

- fewer private vehicles on the road
- relieving pressure on overcrowded routes
- improved journey times
- delivering a long term sustainable mode of transport
- providing local economic benefit
- change in transport behaviours.

The Council's core requirements covered:

- provision of a high quality fleet of vehicles, with capacity to expand, directly employed well trained staff and good disabled access
- provision of a suitable maintenance depot
- 7 day a week services with extended hours of operation
- provision of an app that would enable customers to book, locate and pay for their journey, with real time information, ETA and virtual stops
- an area of operation that covered Watford, Leavesden and Croxley Park
- implementation by end of March 2020.

The successful operator has been selected and the detailed scheme they will implement is described in a subsequent report on this agenda.

4.0 Contract Management and Governance

The new contract services for DRT, Bike Share and the Transport App will be managed within the Community & Environmental Services team alongside other key contracts such as with Veolia, SLM, HQ Theatres and the Market. A new contract manager post will be required to cover the monitoring, partnership and compliance responsibilities. The cost of the post, including on-costs will be £45k pa.

It is proposed that a Sustainable Transport Partnership Board is established that will oversee the business plan and performance of all three providers, meeting twice a year, chaired by the Mayor. Terms of reference will be drawn up.

5.0 Financial Implications

The Council's approved MTFs makes the following provision and estimates for the ST programme and the procured contracts will be within the budget envelope provided which in aggregate are:

- **A revenue allocation of £2,287k over 4 years for the costs of the Bike Share, DRT and Transport App**
- **A capital allocation of £1,852k for the capital costs of the Bike Share scheme, Transport App, cycle and road infrastructure improvements over 4 years**
- **A one-off capital allocation of £350k for the costs of renewing the Cycle Hub.**

The contract management costs of the newly procured services can be contained within the revenue allocation. The costs of the different elements will be brought forward for approval as part of the individual scheme approvals.

6.0 Legal Implications

The council has followed its procurement policies to procure the operators. The Transport App and the DRT both went through the negotiated procedure and the bike share was secured through an open tender process.

Counsel's advice was also obtained in relation to the ability of the council to provide a subsidy to the DRT and bike share operators in relation to compliance with state aid rules. In both cases the advice received was that it was permissible for the council to provide a subsidy provided that the services were tendered in an open and transparent manner and that no provider would provide the services in Watford without a subsidy. As stated above all tenders were procured through the relevant Public Procurement Regulations and the market testing has demonstrated that neither the DRT nor the bike share would be provided without a subsidy.

Counsel was also asked to advise on the council's legal powers to enter into these contracts and has advised that the council has sufficient powers under s 1 Localism Act 2011.

Agenda Item 7

Part A

Report to: Cabinet

Date of meeting: 9 September 2019

Report author: Managing Director

Title: Bike Share (Cycle Hire) Scheme

1.0 Summary

- 1.1 As part of Watford's ambitions to develop sustainable transport, one of the Mayor's commitments embedded into the Council's Corporate Plan is to create a new bike share (cycle hire) scheme. This will support the provision of sustainable transport as there is an ever-increasing pressure on the transport network, particularly in the light of additional growth for Watford, which is expected to be around 800 new dwellings per year.
- 1.2 The Council is delivering a number of sustainable transport initiatives and this fits within an overall programme of work. Cabinet agreed to the production of a business case for a bike share scheme and delegated to the Mayor sign off of the business case and approval of undertaking a procurement process. A project management budget was agreed for development of the business case and formal tender. It was also agreed that the Community Infrastructure Levy receipts that had previously been committed towards funding the Metropolitan Line Extension were made available to fund the scheme if necessary. Funding of the Bike Share scheme was subsequently secured during the growth bid process (Jan 2019) and is now provided for in the Council's MTFS.
- 1.3. Following a detailed feasibility study, the Mayor signed off the business case and initiation of a procurement process on 17 January 2019. The Council selected a formal 'open' tender process to find the appropriate commercial operator for Watford's needs and a preferred operator has been identified. This report sets out the tender recommendation so the contract can be awarded.
- 1.4 The award of contract will enable the preferred operator to progress the delivery of the bike share scheme so that it can be launched in March 2020.

2.0 Risks

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Low usage of bike share scheme	Unused and costly infrastructure, reputational impact on the council	<ul style="list-style-type: none"> • Clear objectives and KPIs set • Risk and rewards shared with operator • Lessons learned from existing schemes, market trends and advice from consultant • Robust marketing and promotion • Sponsorship • Docks at key locations e.g. transport hubs • Create a safer/ better environment to encourage use e.g. 'quiet ways,' bikeability • Engagement with the community e.g. Cycle Forum • Manage demand e.g. real-time data, flexible docking stations 	Treat and transfer	Unlikely (3) x High (3) = rating of 9
Demand exceeding infrastructure requirements	Frustration of users and poor reputation	A scheme of 300 bikes is the forecast fleet size to meet demand across the borough. However, the scheme is expandable and the operator has planned for this scenario as part of its tender	Transfer	Unlikely (3) x High (3) = rating of 9

3.0 Recommendations

3.1 Cabinet is asked to:

- (i) Award the contract for the operation of a bike share scheme in Watford to ***Smidsy Ltd trading as Beryl*** for a period of 4 years with an option for an additional 2 years.
- (ii) Note that it is intended that the bike share scheme will commence operating from 30 March 2020.

Contact Officer:

For further information on this report please contact:
Alistair Napier – Sustainable Transport Programme Manager
Telephone extension: 01923 278455
Email: alistair.napier@watford.gov.uk

Report approved by: Manny Lewis – Managing Director

4.0 Detailed proposal

- 4.1 **Background** - A number of bike share schemes have been introduced across towns, cities and universities in the UK since 2010 and lessons have been learnt from these examples. The council appointed consultants 'Systra' to undertake a feasibility study for a Watford bike share scheme and this was completed in the summer of 2018. Officers undertook detailed research into existing schemes, suppliers, bikes, technology and customer experience to determine detailed requirements for a Watford scheme. A successful supplier event was held in April 2019 and provided an opportunity for Watford BID, local employers and organisations to see a range of example bikes and schemes and a chance to confirm their requirements of a scheme.
- 4.2 **Design** – Based on research and current market intelligence, it was decided that Watford's scheme would be a hybrid 'docked' scheme with fixed docking stations and flexible overflow parking with 'geo-fencing' capability to avoid bikes being parked haphazardly. This design enables high visibility of bikes at key locations, increased security of bikes and a responsible provision of sustainable transport, without the potential for the street clutter associated with a 'dockless' scheme. There will be approximately 70 docking stations installed across the borough, of varying size and design, in order to fit in with the existing public realm. A detailed station-siting exercise will take place with Beryl during the autumn, with engagement from businesses and local communities to assess the optimum location

for the docking stations. Land ownership and permissions are currently being explored. Utilities are not required for docking stations.

- 4.3 **Fleet** –The council specified that it required both pedal bikes and e-bikes and requested the operator determine the optimum size of a fleet recommended to cover an operational zone of the Watford borough boundary, with additional docking stations proposed at key hubs just across the boundary line e.g. Croxley Business Park and Warner Bros Studios. A mixture of pedal and e-bikes will help support the modal shift to sustainable modes in line with the Council’s vision. The operator submitted their proposal based on a fleet of 300 bikes comprising 200 pedal bikes and 100 e-bikes. The operator’s tender confirmed that all the pedal bikes will be available from day 1 of the scheme, with all 100 e-bikes introduced a month later. E-bikes are better for longer journeys and generally have six times more ridership per bike per day. Manual bikes are targeted for shorter rides (up to 2km). E-bikes have swappable batteries, so no services are required at docking stations.
- 4.4 **Accessibility** – bike share schemes are designed as a digital service with registration, hiring, payment and wayfinding via an App – 99% of interactions are via the App. However, the operator will develop card-free payments and non-smart phone access, providing an equitable scheme in terms of accessibility. Research confirms that, whilst the majority of users now have access to a smartphone, they may not have access to sufficient data allowance. Beryl will reach target groups by delivering docking station alignment with Wi-Fi hotspots across the town. Research also confirms that electric bikes enable a more diverse range of people to cycle, particularly women and the BAME communities who are proven to be less likely to be proficient cyclists, hence, the provision of 100 e-bikes by the end of April 2020.
- 4.5 **Hours of Operation** – the Council specified that it required 24 hours a day, 7 days a week, all year round operation.
- 4.6 **Pricing** – the tariff model proposed will appeal to multiple users, encourage frequent short journeys and, in turn, drive modal shift. The range of tariffs will include pay-per-minute, daily passes, monthly/annual subscriptions and corporate memberships. E-bikes will be priced slightly higher than pedal bikes:-

Journey Type	Pay-per-minute Plans			Pay-per-minute Subscriptions		Corporate Plans
	PAYR	Minute Bundles	Daily pass	Monthly Membership	Yearly Membership	Corporate Membership
Manual Bikes						Paid or subsidised by companies & organisations
Micro 5 to 10 mins Short 10 to 20 mins Average 20 to 30 mins Long 30 to 45 mins Extra-long 45 mins+	£1 unlock fee + 5p/min e.g. 10 mins = £1.50 20 mins = £2.00	No unlock fee 5p/min 4 bundles: £5 – 100 mins £10 – 200 mins £15 – 300 mins £20 – 400 mins	£12 Unlimited mins for a day	£20/month 1,000 mins/month at 2p/min <i>Skip, freeze or cancel anytime</i>	£180 one-off payment 1,000 mins/month at 1.5p/min	
e-bikes						
Micro 5 to 10 mins Short 10 to 20 mins Average 20 to 30 mins Long 30 to 45 mins Extra-long 45 mins+	£1 unlock fee + 10p/min	£1 unlock fee + 5p/min	£16	£20/month + £1 unlock fee	£180 one-off payment + £1 unlock fee	

4.7 **Mobilisation & Launch** – the operator is confident of launching the scheme within the required timescales and appropriate clauses are included in the contract to this effect. Regular progress against the mobilisation plan will be monitored and mitigation put in place as necessary.

5.0 Procurement Exercise

5.1 Following the sign off of the Business Case by the Mayor a detailed specification was drawn up by officers setting out the detailed requirements for a scheme as described above. The tender was advertised on 10 May 2019 as an open tender which meant that at the end of the tender period the council would receive bids in, but would have no opportunity to negotiate on the terms. The council received significant interest and answered a large number of clarification questions during the tender period.

5.2 Bids were submitted on 25 June 2019 and six companies submitted bids.

5.3 The bids were assessed using the following criteria:-

Quality	
1. Experience of successful outcomes/operator suitability	25%
2. Method Statement	15%
3. Customer Care	10%
4. Opportunities and challenges	5%
5. Social value	10%
Financial	35%
Total	100%

5.4 The bids were initially evaluated by a small group of officers on 8 July 2019 and then moderated by members of the senior leadership team on 9 July 2019.

5.5 Interviews took place with three operators on 19 July 2019.

5.6 Following the interviews, on 25 July 2019 the moderation team revisited the initial evaluation observations and revised original operator scores against evaluation criteria, as necessary. A recommended operator was agreed.

5.7 Following this exercise the preferred bidder is Beryl. Details of the scoring for the various bidders and the financial information relating to the preferred bidder is contained in the Part B report (Appendix 2) and which should be read by members in conjunction with this report.

5.8 References have been taken up and officers have conducted due diligence including mystery shopping at a Beryl scheme already operating and visiting their operations centre and are satisfied that Beryl will be able to successfully operate a bike share scheme in Watford. The Beryl team had good synergy with the Council's values and its vision for sustainable transport. Beryl's presentation during the procurement process is attached as Appendix 1.

5.9 There were several positives assessed in selecting Beryl including:

- Very strong experienced team
- Good emphasis on safety – added value for Watford
- A dynamic company and passionate about Watford and sharing of goals
- Responsible for end-to-end process from design, technology, delivery, operation
- Confident in their volumes and their ability to deliver
- 'Low' subsidy required
- Engaged in Watford Cycle Forum
- Riders insured for negligence

- Good added social value

5.10 Beryl's tender also set out their expectations of ride growth starting with an estimated 148,230 total rides in year 1 (2020/21) which represents 1.4 rides per bike per day, rising to 296,460 at year 4 (2023/24), representing 2.7 rides per bike per day. Should the scheme achieve higher performance, a revenue share mechanism will be set out in the contract.

6 **Implications**

6.1 **Financial**

6.1.1 The final scheme costs, both capital and revenue, are confirmed in PART B report (Appendix 2).

6.1.2 The opportunity for sponsorship is being explored as a whole for a number of Sustainable Transport programme projects to ensure this potential is maximised.

6.1.3 The proposals are within the agreed MTFS budget.

6.2 **Legal Issues**

6.2.1 The Council has ensured that the process undertaken and model to be adopted, satisfy both the rules relating to State Aid and OJEU procurement.

6.3 **Equalities, Human Rights and Data Protection**

6.3.1 An Equalities Impact Analysis (EIA) and Data Protection Impact Analysis (DPIA) have been undertaken and they are attached.

6.4 **Staffing**

6.4.1 Project resource was allocated to these proposals in September 2018 and will continue until launch. A contract manager will be appointed and be responsible for managing the relationship with the operator and their performance once the scheme is live. This resource will also manage the Demand Responsive Transport contract.

6.5 **Accommodation**

6.5.1 Beryl will require an operations centre to maintain, repair and re-stock the fleet. They will endeavour to utilise the Watford Cycle Hub, located adjacent to Holywell Community Centre, in support of this and should it require additional space, the Council will look to identify/provide appropriate Council accommodation.

6.6 **Community Safety/Crime and Disorder**

- 6.6.1 Suitable design and the opportunity for crime and disorder mitigation measures will be embedded in the proposed scheme. The bikes will contain secure locking mechanisms and are robustly designed and built to deter theft and vandalism. However, a small amount of vandalism is expected in every scheme and this has been planned for by the operator. Engagement of the Police and local groups/communities is key to minimising this risk.
- 6.6.2 Safety of the rider and the public is of paramount importance and has been a key requirement in the procurement and recommendation process. The bike contains many safety features and the operator has the commensurate insurance policies for a bike share scheme. The bikes are durable and will have regular safety inspections and maintenance routines.
- 6.6.3 We will be working with the Sustrans charity to review Watford' routes, neighbourhoods and networks. Engaging with local communities, route delivery plans will then inform the Council on how to create 'quieter' routes for cyclists in the town and provide a business case for infrastructure improvements in the medium/long term. 'Quiet ways' are being planned for routes parallel to Clarendon Road and key parts of St Albans Road in the first phases of infrastructure improvement.

6.7 **Sustainability**

- 6.7.1 This proposal forms part of a wider sustainable transport programme and will support our sustainable objectives and vision. Modal shift to cycling will also help support our climate crisis pledge.

6.8 **Social Value**

- 6.8.1 The scheme will provide maintenance and redistribution employment for local people and the operator is keen to utilise the social enterprise at the Holywell Cycle Hub as part of its support network
- 6.8.2 The pricing structure is designed to be accessible to low-income users and those who may not be able to afford a private bike/vehicle. We have agreed with Beryl that we will also explore a programme of discounted/subsidised memberships to support job seekers and those on benefits.
- 6.8.3 WBC, the NHS and the operator will work together to introduce 'bike share on prescription' as regular cycling can reduce the risk of chronic illnesses such as heart disease, Type 2 diabetes and stroke.

6.8.4 The operator will work with local bike businesses to provide bikes accessible/ adapted to a range of physical abilities.

6.9 **Technology**

6.9.1 The operator's App will be able to interact seamlessly with the over-arching Watford Transport App, whilst protecting data in line with GDPR requirements. A full programme of testing will be undertaken throughout the mobilisation period.

Appendices

Appendix 1: Beryl's presentation to the project team, 19 July 2019

Appendix 2: PART B report

Background papers

- Equality Impact Assessment
- Data Protection Impact Assessment



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Watford BC

July 2019



Who are we?

Beryl have been making consumer products for cyclists since **2012** and technology for bike share since **2014**.

We made the world's first Laserlight and our tech is in the city bikes of London, New York, Montreal and beyond.

We recently providing all "on-bike" technology for the new Santander Cycles; lights, lasers, GPS, Bluetooth, connectivity.

Working with Transport for London (**TfL**) for five years has given us the experience to develop a market leading bike share scheme.

We own and operate schemes in **Bournemouth, Poole, Christchurch, London, Hereford**.

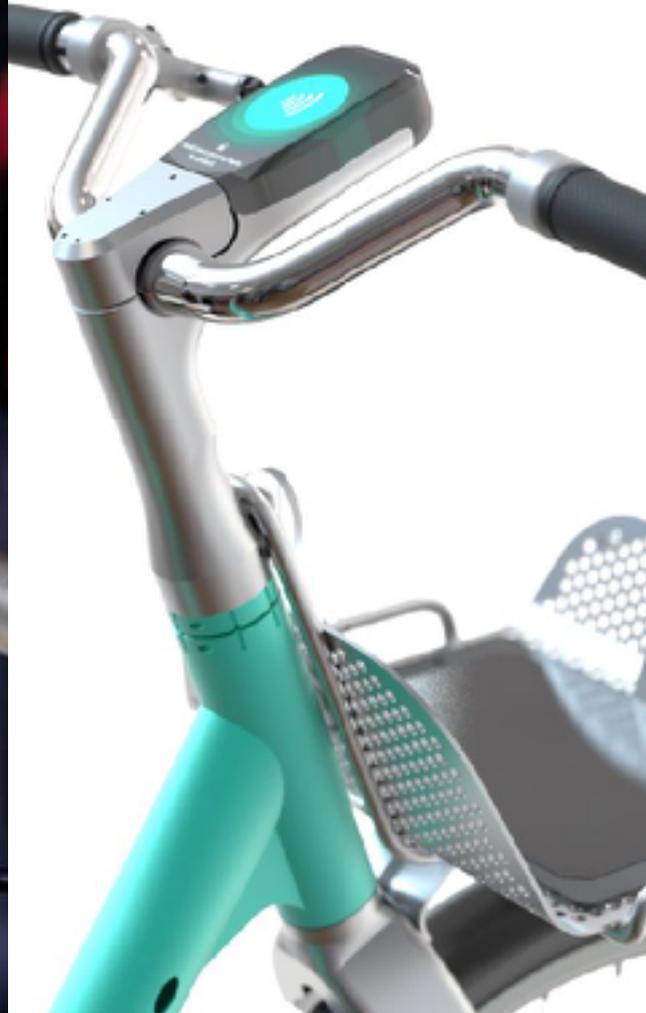
We have a heritage in creating urban cycling products with a focus on **safety, innovation** and **design**, complemented with skilled digital tech team.

We are the only micro-mobility company that is a **BCorp**.



Safety, Innovation & Design

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Beryl Bike and eBike

Our bike is premium quality, enjoyable to ride and the world's safest:

- **Superior UX** - one tap unlock and ride (NFC)
- The bike has GNSS (GPS), Bluetooth, accelerometer, GSM on board - we **track the bike**, not the user's mobile phone
- Lock or Lock-to available
- World leading **power management**, with dynamo and solar panel, allowing **constant connectivity** and **accurate location data**
- Proprietary laser projecting **safety** device (Laserlight)
- Fits a wider range of cyclists (4'11" - 6'5")
- E-bike: Centre mounted motor and rear mounted battery (available to demo mid August)

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Beryl Bays and hybrid bike share

Hybrid Bike Share

- Beryl will deliver a controlled high quality parking bay based scheme.
- Bikes will be locked in specific locations, but we want the docking stations to contribute to the public realm and Healthy Streets strategy. Our Bays are designed as shared spaces, rather than specific bike share docking points.
- We enhance customer experience by allowing at agreed locations and at agreed times 'overflow parking' in specific lined areas adjacent to parking bays. This removes the pain point of not being able to dock a bike, but in a controlled way.

Electric Bike Share

- We will introduce E-bikes into the scheme in April 2020
- We will initially identify specific locations where bikes are deployed, in order to encourage longer journeys to be served
- Battery swapping will be undertaken on street via the local ops team using zero emission vehicles. This maximise availability and will allow a speedier implementation without on street works.
- We have a preferred supplier for on-street charging and will look to implement on street shared electric vehicle charging over the life of the contract.

Healthy Streets for Watford

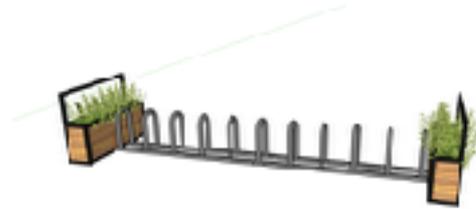
Beryl Parklet



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Beryl Planter Rack



Lock Rack

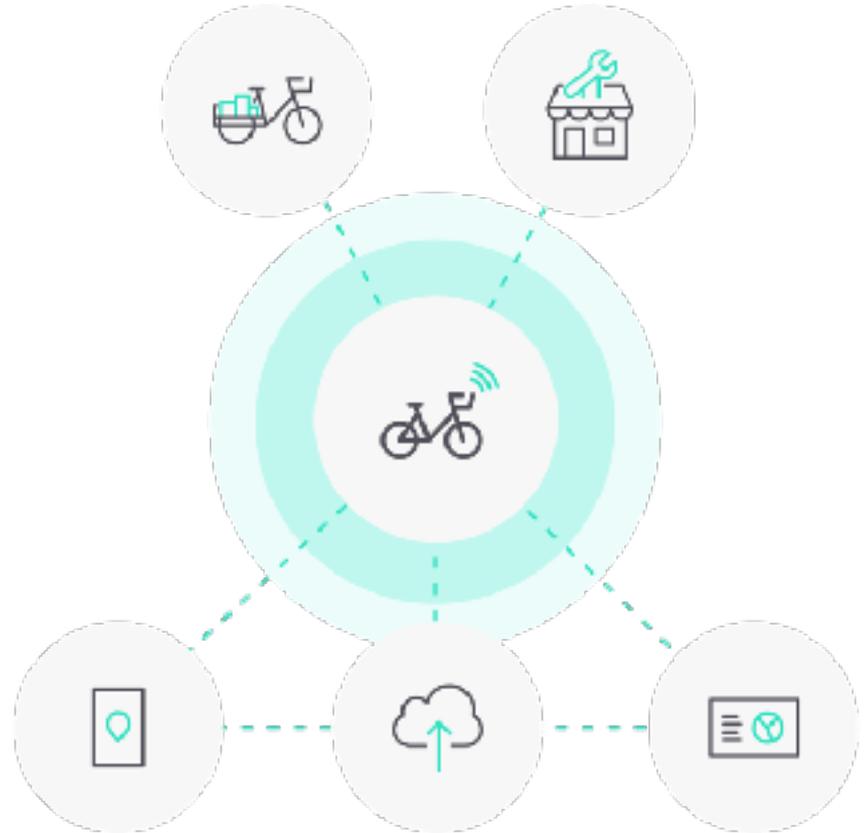


Tech enabled Ops

- We've **designed & built** every component in our platform, in house.
- Our products and technology deliver and maintain the **safest** micro-mobility service on the market.

Page 29
Proprietary cloud based systems power our **Operational Service Centre**, providing 24/7 support in real time to **on-the-ground operatives** via proprietary web and app tools.

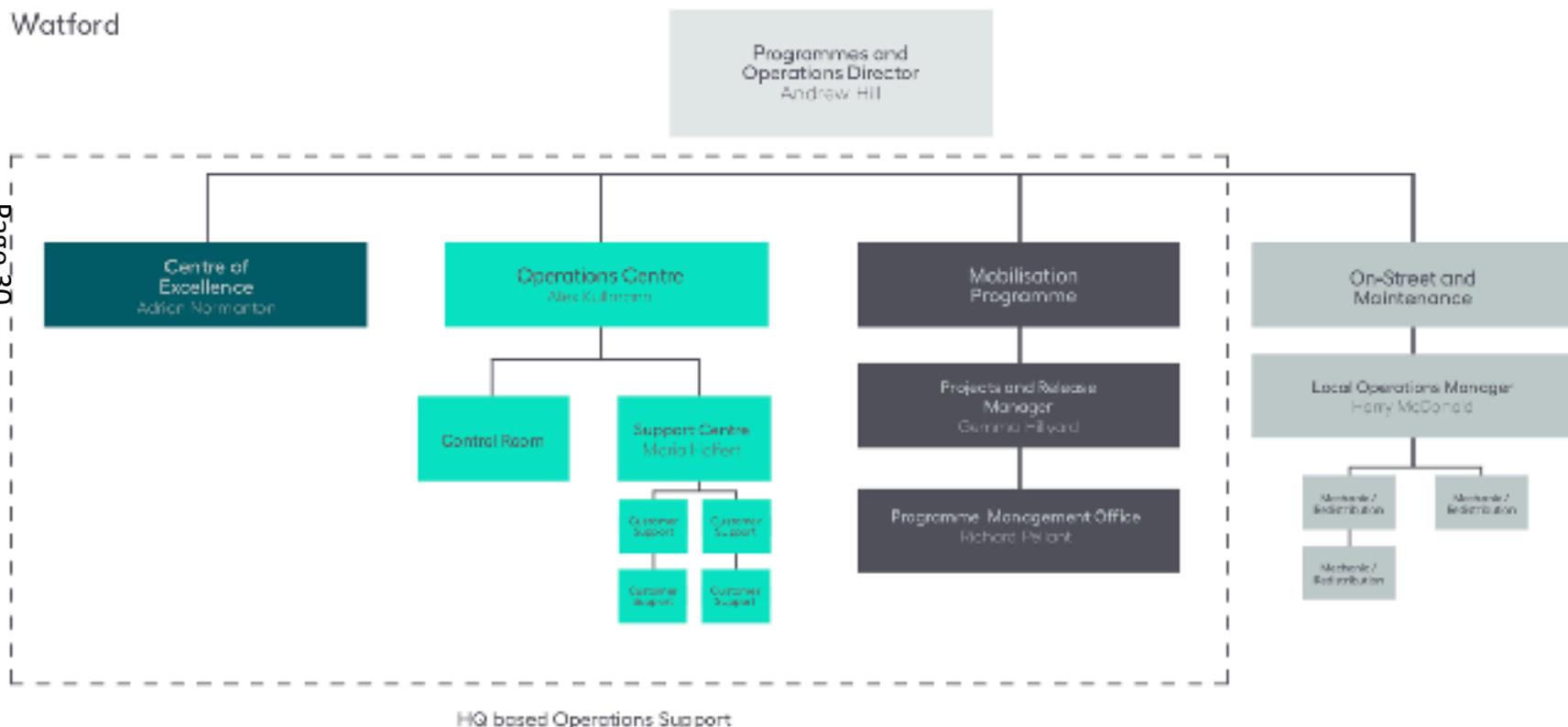
- The Operational Service Centre, allows for a **centralised function** to manage every individual bike and task that is completed on street, including automatically attributing tasks to employed operatives, third party contractors or for user incentivised tasks (such as bike redistribution).



Delivering and operating the scheme

Watford

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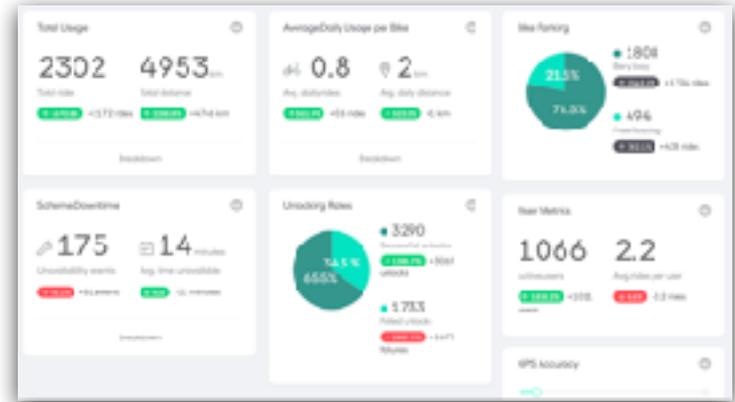


KPIs

Live performance reporting

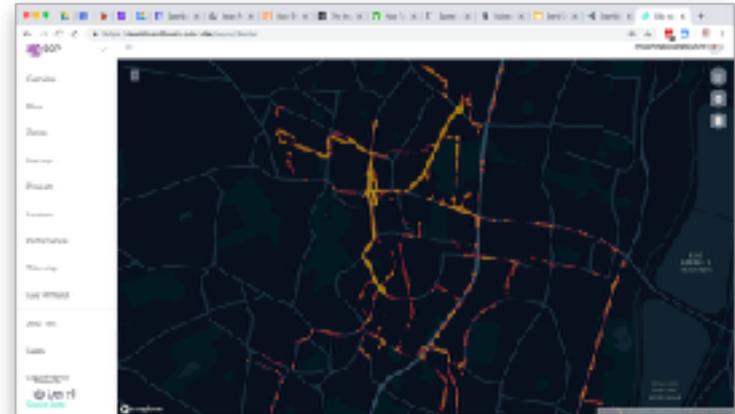
We are able to deliver against the suggested standards and suggested management data in the tender documents. We will seek to define and agree these during contract negotiation.

We seek to build bespoke reporting tools that demonstrate in real time our performance, and alignment to the priority outcomes.



Complete bike tracking

Beyond the suggested management data we also include full journey telemetry which and heat maps, which allows for great analysis of the usage of the scheme across bikes and ebikes.



Thank you



Phil Ellis

Co-founder & CEO

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Appendix

Pricing

Our pricing model encourages frequent short journeys. It is designed to encourage modal shift. For Ebikes, the £1 unlock fee remains in each pricing model and in PAYR the minute cost is 10p.

Pricing Products	Pay-Per-Minute Plans		Daily Pass	Pay-Per-Minute Subscriptions		Corporate Plans
	PAYR	Minute Bundles		Monthly membership	Yearly membership	Corporate membership
Micro 5 to 10 mins.						
Short 10 to 20 mins.	£1 unlock fee + 5p p/min.	5p p/min.	£12	£20 monthly	£180 yearly	Paid or Subsidised - by organisations or councils.
Average 20 to 30 mins.	Cost examples: 10mins ride = £1.50	Four bundles available: £5 = 100mins. £10 = 200mins. £15 = 300mins. £20 = 400mins.	- Unlimited mins for a day. - No out of bay charges	- 1000 mins per month at 0.20p each. - Skip, freeze or cancel anytime	- 1000 mins per month at 0.015p each. - One off payment	
Long 30 to 45 mins.	- 20mins ride = £2					
X-Long 45+ mins.						

Future Collaborations

We believe the bike share platform is an asset that can be leveraged to continually enhance cycling and active travel in Watford, we seek to be a long term partner to Watford Borough Council.

Policy Team: In house travel planners and urban designers will look to work with the borough to identify improvements to the scheme, in Watford and neighbouring strategic partners e.g. 3 Rivers District Council

Data Science: Our collaboration with innovate UK and City University equips us with world lead data science skills to analyse and improve the scheme

Community engagement and Marketing: Our experience marketing team have already identifies opportunities to engage the local community and cycling groups, such as Lets Ride 2021 and supporting rider awareness programmes in Cassiobury Park.

Data

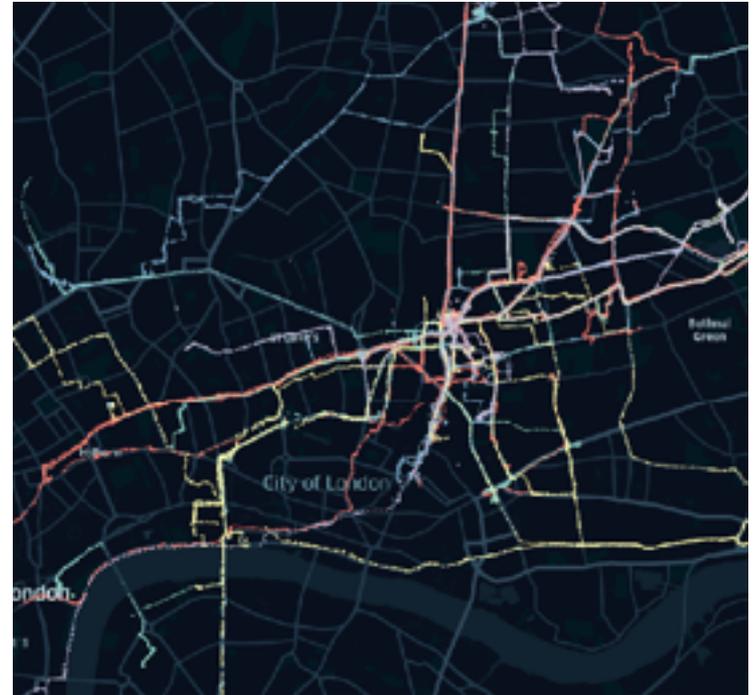
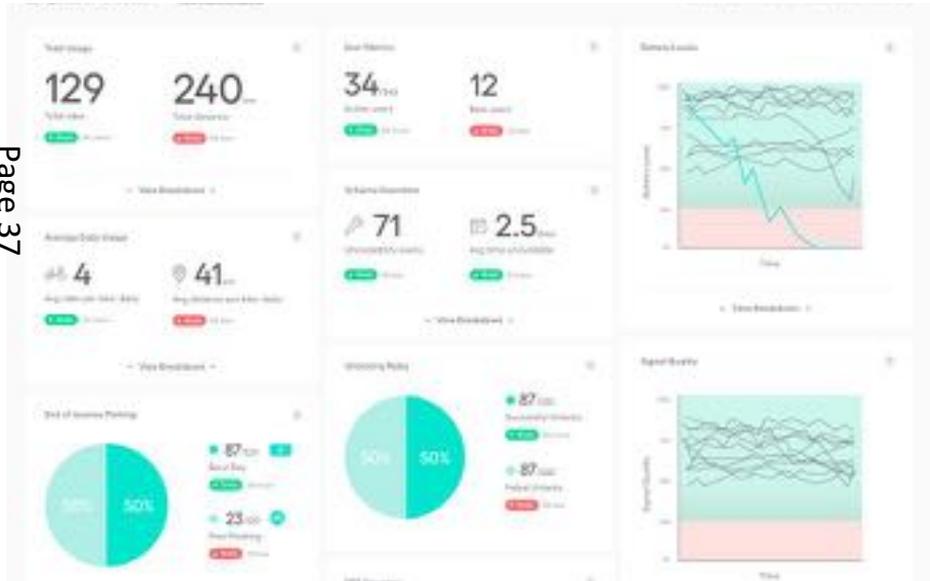


- We track the bike, not the user - a mobile phone is only used only to unlock the bike. This means that we can share all of the data with our partners (e.g. councils) in an anonymised and GDPR compliant way.
- We share bike data with partners (e.g. council) in its entirety and can present this via live dashboards, analytics tools and a live API (the live API allows the data to be incorporated into existing digital systems the council may have).
- We would like to hold workshops between our digital design team and partners to ensure we deliver all the information, in the best way to support the borough in understanding the scheme and highlight ways in which it can be refined.
- In addition we want the scheme to benefit cycling more generally, this means assessing travel patterns, routes and even (with user acceptance) assessing how these change according to demographics (e.g. do men cycle different routes to women).
- We have the ability to share all data with partners and cities. We will work with councils to identify the most meaningful data to to extract. We wish to help influence and improve cycling infrastructure and policy making more generally.

An example of our summary dashboard

Good for reporting to cities

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The Laserlight in action

This would be included on every bike - independent TfL commissioned Transport Research Laboratory study showed it reduced driver blind spot by 32%.





**WATFORD
BOROUGH
COUNCIL**

Equality Impact Analysis

Title of policy, function or service	Bike Share Scheme
Lead officer	Alistair Napier
Person completing the EIA	Alistair Napier
Type of policy, function or service:	Existing (reviewed) <input type="checkbox"/> New/Proposed X
Version & Date	V01.00, 12 August 2019 Signed off by <i>Kathryn Robson, Group Head of Corporate Strategy & communications</i> <i>Carol Chen, Group Head of Democracy and Governance</i>

1. Background

Watford's roads are very congested during peak travel periods, lengthening journey times, impacting air quality, putting pressure on car parking capacity and hampering sustainability efforts. Transport for London's recent decision not to proceed with the Metropolitan Line Extension (MLX) has also removed the opportunity to alleviate traffic congestion from West Watford to Watford Junction, with alternative solutions still to be explored. These traffic and congestion issues will only increase as Watford's residential and working population continue to grow, putting further pressure on an already stretched transport network and infrastructure. There is an over-reliance on the use of private vehicles, taxis can be expensive and the network buses have few priority lanes on the roads.

As part of Watford's ambitions to develop a more sustainable approach to transport solutions across the borough, one of the Mayor's commitments, embedded into the council's Corporate Plan, is to invest in new bike share scheme. This will support the provision of sustainable transport as Watford grows and there is ever-increasing pressure on the transport network. It also supports the delivery of a number of our key priorities by being fully accessible, more affordable and leveraging digital technology.

The council is working on a number of sustainable transport initiatives and Bike Share fits within an overall Sustainable Transport programme. The programme aims to relieve the congestion on Watford's roads/parking, promote more sustainable modes of travel and improve air quality, particularly in the light of additional growth for Watford expected to be around 800 new dwellings per year. Bike Share supports the programme's objectives to:-

- Encourage a change in the way we use local transport as 'a way of life', often known as a modal shift
- Improve Watford as a sustainable transport town
- Improve accessibility, mobility and connectivity within the town
- Improve health and wellbeing.

Due to its compact urban nature (approx. 8 square miles), Watford lends itself to this type of transport system. It is expandable and scalable as demand increases and in the schemes researched there has 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 that is another integral project within the Sustainable Transport programme.

Watford has some dedicated cycle lane infrastructure in place, but in time there will be a need to expand and improve the 'bike-ability' of the town to support a Bike Share scheme and the change in behaviours required to make the scheme a success. Cycling also promotes a healthier lifestyle and a sustainable alternative to the use of vehicles.

A Bike Share scheme would continue Watford's reputation as a progressive Local Authority in Hertfordshire and drive a shift to multi-modal journeys.

2. Focus of the Equality Impact Analysis

This EIA, therefore, considers the potential equality related impacts, both positive and negative of a Bike Share scheme on the people in the groups or with the characteristics protected in the Equalities Act 2010.

These are:

1. Age
2. Disability
3. Gender Reassignment
4. Pregnancy and maternity
5. Race
6. Religion or belief
7. Sex (gender)
8. Sexual Orientation
9. Marriage and Civil Partnership.

3. Engagement and consultation

Whilst we do not have specific local consultation information, existing UK bike share schemes were researched and visited to determine impacts.

Gov.UK National Travel Survey statistics were also used to determine hours spent travelling by age, gender and mode of travel:-

Department for Transport statistics
Average number of trips (trip rates) by age, gender and main mode: England, 2017

Bicycle mode	Trips per person per year								
	All ages	0-16	17-20	21-29	30-39	40-49	50-59	60-69	70+
All people:	17	14	18	19	20	23	17	16	7
Males:	24	20	30	27	29	31	26	22	12
Females:	9	8	5	12	11	16	8	10	3

Bicycle mode	Miles per person per year								
	All ages	0-16	17-20	21-29	30-39	40-49	50-59	60-69	70+
All people:	60	26	49	63	96	102	76	45	23
Males:	95	36	81	93	153	160	131	74	42
Females:	25	16	16	34	39	45	21	19	8

From an equalities perspective, there is clear statistical evidence that women cycle less than men and this was confirmed during schemes visits. A number of schemes are addressing this gender imbalance by encouraging more women to cycle, particularly women from ethnic groups, something that Watford will look to replicate. Bikes are unisex.

A number of suppliers operate schemes with e-bikes to aid mobility and also adapted bicycles for the less-able bodied. E-bikes WILL be provided as part of the Watford scheme.

4. What we know about the Watford population

Watford is a compact borough with 96,700 people (2017) living in an area of just 21 square kilometres in 39,100 households (2017). With around 45.14 persons per hectare (2017) it is one of the most densely populated district council areas in England.

Numbers

- 96,700 2017 estimate of population
- 102,533 projected population in 2022
- 106,075 projected population in 2027.

Age profile

- Watford has a younger population than the rest of England. In particular, it has a higher percentage of people in the 30-50 age range. As a result, it also has a higher proportion of under 10s and a high number of babies being born each year to Watford mothers.

Ethnicity

- Watford has a very diverse community – in many ways more like parts of London than the rest of Hertfordshire.

At the last Census (2011), 38% of Watford’s residents were non White British, with White other (7.7%), Pakistani (6.7%) and Indian (5.5%) the next highest ethnic groups (after 62% White British). Although there has not been any official analysis of ethnic groups since the 2011 Census, it is thought that this level of diversity will not have changed significantly and it is likely that the borough’s attraction for new and recent migrants continues.

MOSAIC profile of Watford

This shows that the group ‘Career Builders’ has the highest number in Watford, followed by ‘Cultural Comfort’. These groups are in the J and I type classifications – known as ‘rental hubs’ and ‘urban cohesion’ – and together make up almost 25% of the Watford population. The key characteristics of these types are:

Rental hubs (J type)	Urban cohesion (I type)
Aged 18-35 years	Settled extended families
Private renting	City suburbs
Singles and sharers	Multicultural
Urban locations	Own 3 bedroom houses
Young neighbourhoods	Sense of community
High use of smartphones	Younger generation love technology

The third highest MOSAIC type, 'Café and Catchments', is from MOSAIC group D, which is known as 'Domestic Success' and characteristically are families with children and larger upmarket suburban homes.

Economic activity of Watford population

- 84.5% of Watford's working age population were economically active in the year to June 2018, equating to 54,600 people. This is a higher percentage than for Great Britain overall (78.4%) and the East of England region (81.1%).
- Over 52% of Watford's working age population are working in the top 3 standard occupational classification groups - managers, directors and senior officials; professional occupations; associate professional and technical - compared with 45.9% for Great Britain and 45.7% for the East of England.
- The gross weekly pay for Watford residents (2017) is higher than for Great Britain and the East of England at £640.00 (Watford), £552.30 (Great Britain) and £574.90 for East of England in 2017.
- The gross weekly pay in Watford is also higher than for Great Britain and the East of England: £580.30 (Watford), £552.00 (Great Britain) and £545.10 for East of England.

5. How will the council ensure equality is promoted through Bike Share

Under the Equality Act 2010, three areas need to be considered when analysing the equality impact of Bike Share:

1. **eliminate** discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
2. **advance** equality of opportunity between people who share a relevant protected characteristic and people who do not share it
3. **foster** good relations between people who share a relevant protected characteristic and people who do not.

a). Positive impacts

Known positive effects

- The scheme is open to everyone 16 years of age and older, regardless of whether they have a protected characteristic or not – however, it may be some time before adapted bikes are introduced for the less able-bodied user
- Research shows that the scheme is used for commuting, student travel, leisure, first/last mile inter-modal journeys
- Cycling promotes a healthier lifestyle and a sustainable alternative to the use of vehicles
- Availability of the bike share scheme to people with limited or no access to a bicycle – see table:-

Proportions having access to a usable bicycle: (GB) - Percentage %

	2011	2012	2013	2014	2015	2016	2017
Own bicycle	40	40	40	40	39	40	38
Have regular use of a bicycle owned by son	3	3	2	3	3	1	2
No access to bicycle	57	57	58	57	59	59	59
(Don't know)	-	0	0	0	0	-	0
(Refused)	0	0	0	0	0	-	0
Base (unwtd)	3,311	3,248	3,244	2,878	3,223	2,942	2,963

b). Negative impacts

Potential negative effects based on what you know from your analysis

- The scheme is a digital service and accessed via smart phone or the internet only. We know that older people are less likely to have a smartphone than the population as a whole and, overall, are less likely to be digitally enabled/confident. Having a smartphone is not a barrier to using the hire scheme, it is more that some people would not have a data contract to use – hence, the scheme plans to utilise the town’s free wi-fi to help accessibility. Non-smartphone users will be able to speak to the customer service team and hire a bike using a unique customer code
- The service is cashless and debited to the passenger’s card/bank account via the App/online only. Around 1.5 million people in the UK do not have bank accounts. There is no known analysis against protected characteristics of this group but the main reason for not having an account is ‘too little money to warrant one’.
- You must be at least 16 years to register and hire a bike under the UK schemes

6. Overall conclusion

The Bike Share scheme will be available to everyone aged 16 and over and will be inclusive, providing equality of opportunity to all individuals 16 and over. It is recognised that those under 16 will not be able to participate in the scheme, due to safety implications and the need for payment via a bank account. At present the scheme will not have any adapted bikes for those with mobility issues unable to use conventional bikes. It is intended to roll out adapted bikes as the scheme develops. It will expand the provision and range of transport for public usage at a reasonable price, complementing the existing transport network. It will reduce the number of single occupancy car journeys in Watford leading to fewer cars on the road/congestion. The Bike Share scheme will open up opportunities for a wide range of the community to get out and about across the borough, which may not be possible, or easy, with current transport options.

The Council will introduce e-bikes as part of the scheme.

By improving the transport links across the town, Bike Share will improve connectivity between different communities within the town – both residential and business – which will help foster community relations.

Local employees of the Watford scheme will have contracts and will be paid the ‘London Living Wage’.

Additionally, as the service is accessed through an app and paid for via bank card, there is a potential that certain members of the community could be excluded as not all members of the community will have access to mobile technology and / or bank accounts. Whilst we are aware of this, we do know from national data (ONS 2018) that the percentage of the UK population overall with access to mobile technology (smart phones / tablets / laptops) currently stands at 80%. This percentage is likely to increase although there will always be a number of people who fall outside the mainstream use of technology. Officer research of existing schemes confirms that 99% of interactions are done via the app. In terms of bank accounts, there is little the Council can do to encourage the take up of bank accounts by those in the community without the means or inclination to do so and this is acknowledged as a potential barrier to access to the bike scheme.

Summary of potential positive impacts and ways in which they can be ensured:-

Positive Impact	Protected characteristics	Ways to ensure the positive impact
<ul style="list-style-type: none"> The scheme is open to everyone aged 16 or over regardless of whether they have a protected characteristic or not 	<ul style="list-style-type: none"> All except age and disability 	<ul style="list-style-type: none"> Ensure service is delivered as planned and to specification
<ul style="list-style-type: none"> Cycling promotes a healthier lifestyle and a sustainable alternative to the use of vehicles 	<ul style="list-style-type: none"> All except age and disability 	<ul style="list-style-type: none"> Ensure docking stations are available across the town Introduction of e-bikes Explore introduction of adapted cycles so that there are no barriers to using the service in terms of physical accessibility
<ul style="list-style-type: none"> Improved connectivity across the town helping to bring communities together and foster good relations 	<ul style="list-style-type: none"> All except age and disability 	<ul style="list-style-type: none"> Effective planning of docking stations to ensure connectivity is improved (i.e. opening up areas that are currently not served by public transport)
<i>Other implications</i>		
<ul style="list-style-type: none"> <i>Availability of bikes to people with limited or no access to a private vehicle/ public transport</i> 	<ul style="list-style-type: none"> <i>Economic</i> 	<ul style="list-style-type: none"> <i>Delivery of service will expand transport reach at an affordable price</i>
<ul style="list-style-type: none"> <i>Research shows that the scheme is used for commuting, student travel, leisure, first/last mile inter-modal journeys and 'between' existing fixed bus routes, thus reducing private vehicle usage</i> 	<ul style="list-style-type: none"> <i>Inclusivity and modal shift</i> 	<ul style="list-style-type: none"> <i>Robust marketing and communications campaign to ensure changes in behaviour across all types of traveller in Watford</i>

Summary of potential negative impacts and ways in which they can be removed or mitigated

Negative Impact	Protected characteristics	Ways to mitigate the negative impact
<ul style="list-style-type: none"> The scheme is accessed via smart phone or the internet only 	<ul style="list-style-type: none"> Age 	<ul style="list-style-type: none"> The benefits of the scheme are delivered via app technology to hire, unlock, lock and pay for trips - it will be marketed accordingly Clear communications on the scheme to ensure

Negative Impact	Protected characteristics	Ways to mitigate the negative impact
		people are aware of how to access the service <ul style="list-style-type: none"> 90% of UK households (ONS 2018) have access to the internet 8 out of 10 adults (ONS 2018) access the internet 'on the go' (smartphone, tablet, laptop) 99% of bike share interactions are done via the app
<ul style="list-style-type: none"> The scheme requires people to pay via a bank account 	<ul style="list-style-type: none"> Potentially all 	<ul style="list-style-type: none"> Clear communications on the scheme to ensure people are aware of how to access the service
<ul style="list-style-type: none"> Users must be > 16 years 	<ul style="list-style-type: none"> Age 	<ul style="list-style-type: none"> Clear communications on the scheme to ensure people are aware of the age restriction and why it is in place (e.g. size of bike, payment via bank account, safety)
<ul style="list-style-type: none"> The scheme does not have any adapted bikes 	<ul style="list-style-type: none"> Disability 	<ul style="list-style-type: none"> Look to roll out adapted bikes as scheme develops.
Other Implications		
<ul style="list-style-type: none"> <i>The scheme is accessed via smart phone or the internet only</i> 	<ul style="list-style-type: none"> <i>Inclusivity</i> 	<ul style="list-style-type: none"> <i>The benefits of the scheme are delivered via app technology to hire, unlock, lock and pay for trips - it will be marketed accordingly</i> <i>90% of UK households (ONS 2018) have access to the internet</i> <i>8 out of 10 adults (ONS 2018) access the internet 'on the go' (smartphone, tablet, laptop)</i>
<ul style="list-style-type: none"> <i>The service is cashless and debited to the passenger's card/bank account via the App/online only</i> 	<ul style="list-style-type: none"> <i>Inclusivity ('unbanked')</i> 	<ul style="list-style-type: none"> <i>Will explore ways with chosen operator to enable 'unbanked' to pay for and use the service</i>

This EIA has been approved by:

Kathryn Robson & Carol Chen

Date 12 Aug 2019

Data Protection Impact Assessment – Bike Share Scheme

A Data Protection Impact Assessment (“DPIA”) is a process that assists organizations in identifying and minimizing the privacy risks of new projects or policies.

The DPIA will help to ensure that potential problems are identified at an early stage, when addressing them will often be simpler and less costly.

Working through each section of this form will guide you through the DPIA process.

The requirement for a DPIA will be identified by answering the questions below. If a requirement has been identified, you should complete all the remaining sections in order.

Conducting a DPIA should benefit the Council by producing better policies and systems, and improving the relationship with individuals.

The Data Protection Impact Assessment Statement in **Section 7** should be completed in all cases, and a copy of this document should be sent to the Data Protection Officer to record and review.

The Data Protection Officer will review the DPIA and will provide feedback. The feedback will confirm whether the proposed measures to address the privacy risks identified are adequate, and make recommendations for additional measures needed.

These measures will be reviewed once in place to ensure that they are effective.

Advice can be found at the beginning of each section, but if further information or assistance is required, please contact the Data Protection Officer on 01923 278362 or via email to bahzad.brifkani@watford.gov.uk.

More information on DPIA can be found on ICO [website](#)

This checklist helps you make that assessment and provides a springboard for some of the issues you will need to consider in more detail if you do need to carry out a DPIA.

1. Are you collecting more than an individuals’ name and contact details.

Yes No operator will be running service on behalf of Council – we will be joint data controllers

2. Are you going to use the data you collect to do any evaluation or scoring relating to that individual

Yes No

3. Is the system you are going to use able to make automated decisions relating to the individual

Yes No

4. Is the system capable of undertaking systematic monitoring of the individual

Yes No only the bike is tracked, not the user/user's mobile device

5. Is the system going to process sensitive or highly personal data

Yes No payment card details will be collected by the operator, but **not** shared with the Council

6. Is the system going to process large volumes of personal data

Yes No but the operator will be the main processor of the data on behalf of the Council

7. Is the system going to be used to record the personal data of vulnerable individuals

Yes No the operator will collect the name, email address, DOB and payment card details of users and these may include vulnerable people if they choose to register and use the scheme – however, this data will only be shared with the Council at the end of the contract/termination where data will need to be passed on to a new operator to carry on the service

8. Is the system using untried or cutting edge technology

Yes No

If you have answered Yes to any of these statements a DPIA may be required

Section 1 - Identifying the Need for a DPIA

Briefly explain what the project aims to achieve, what the benefits will be to the Council, to individuals, and to other parties.

Explain broadly what project aims to achieve and what type of processing it involves. You may find it helpful to refer or link to other documents, such as a project proposal. Summarize why you identified the need for a DPIA.

BIKE SHARE

As part of Watford's ambitions to develop sustainable transport, one of the Mayor's commitments, embedded into the Council's Corporate Plan, is to 'create a new cycle hire scheme.' This will support the provision of sustainable transport as Watford grows and there is ever-increasing pressure on the transport network. It also supports the delivery of a number of our key priorities by being fully accessible, more affordable and leveraging digital technology.

The council is working on a number of sustainable transport initiatives and a Bike Share (hire) scheme fits within an overall Sustainable Transport programme. The programme aims to relieve the congestion on Watford's roads/parking, promote more sustainable modes of travel and improve air quality, particularly in the light of additional growth for Watford expected to be around 800 new dwellings per year. Bike Share supports the programme's objectives to:-

- Encourage a change in the way we use local transport as 'a way of life'
- Improve Watford as a sustainable transport town
- Improve accessibility and mobility within the town
- Improve health and wellbeing.

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 the schemes researched there has 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.

A Bike Share scheme would continue Watford's reputation as a progressive Local Authority in Hertfordshire and drive a shift to multi-modal journeys. It will also support our Watford 2020 agenda in utilising digital technology (via an app and online) to register, locate, hire, pay for and return bikes.

Watford's roads are very congested during peak travel periods, lengthening journey times, impacting air quality, putting pressure on car parking capacity and hampering sustainability efforts. Transport for London's recent decision not to proceed with the Metropolitan Line Extension (MLX) has also removed the opportunity to alleviate traffic congestion from West Watford to Watford Junction, with alternative solutions still to be explored. These issues will only increase as Watford's residential and working population continue to grow, putting further pressure on an already stretched transport network and infrastructure. There is an over-reliance on the use of private vehicles, taxis are expensive with variable customer service and the network buses have limited dedicated bus lane availability.

The scheme will enable regular and one-off users to hire a bicycle at various points across the town and drop it off at the nearest docking station to their destination...

...Bikes will be inexpensive to hire and a membership scheme for regular users will enable them to obtain discounts on pricing. Cycling also promotes a healthier lifestyle and a sustainable alternative to the use of vehicles.

Registration via the app/online will require the user to input certain information and payment card details.

Section 2 - Describe the Processing

Describe the nature of the processing: how will you collect, use, store and delete data? What is the source of the data? Will you be sharing data with anyone? You might find it useful to refer to a flow diagram or other way of describing data flows. What types of processing identified as likely high risk are involved?

Data is collected, stored, controlled and deleted by the Bike Share operator on behalf of the Council. The Council will not directly collect, store or delete an individual's personal data. The Council will be joint data controller with the operator. Data is primarily stored in the operator's backend which runs on the Google Cloud Platform. Datacentres are located within the EU (the majority within the UK). The Council will only receive the customer data on completion/termination of the contract so that it can be passed to a new operator to carry on the service. The Council will only ever share this data with a third party in these circumstances.

The operator collects some personal data from its users, and none of this data falls into any special category. It stores a user's personal data for as long as their account is in active use and as much as 2 years after a user last used the service (which could include logging into the app, hiring a bike etc). The exception to this is if a user requests that we delete their personal data, in which case their account will be closed and personal data deleted upon request.

When a user downloads the app, the operator starts collecting anonymous analytics data. This is collected through the app and shared with third-party analytics services (Segment, Mixpanel). In order to use the service users are required to provide an email address which is validated by the operator. This email address is stored in their backend systems and sent to third-party analytics and support services (Segment, Mixpanel, Intercom), but is not accessible to anyone outside the company.

The operator may use a user's email address to contact them as part of the normal operations of our service (e.g. payment receipts, journey summaries). It will only send the user marketing or promotional emails if they explicitly consent to receive such communications during the registration process.

For journey history, the operator will only ever track the bike, not the user's phone - customer and asset databases are therefore separate.

The scheme is a digital service via a dedicated app and website. The app and website are designed, owned and run by the operator on behalf of the Council.

There is risk of data breach whereby personal data collected, stored and controlled by the operator could be lost or compromised via the app/servers.

Describe the scope of the processing: what is the nature of the data, and does it include special category or criminal offence data? How much data will you be collecting and using? How often? How long will you keep it? How many individuals are affected? What geographical area does it cover?

The operator collects some personal data from its users, and none of this data falls into any special categories. It stores a user's personal data for as long as their account is in active use and as much as 2 years after a user last used the service (which could include logging into the app, hiring a bike etc). The exception to this is if a user requests that they delete their personal data, in which case their account will be closed and personal data deleted upon request.

- First name – on registration
- Surname – on registration/updated on change of name
- DOB – on registration
- E-mail address - on registration/updated on change of e-mail address
- Payment card details – on registration/updated on expiry
- History of previous hires/journeys – whenever a journey is booked/taken

Any person, regardless of where they are located, will be able to download the app or access the website. However, the area of bike operation will only cover the Watford Borough Council boundary to begin with.

Forecasting is done on number of bike rides, rather than number of individuals registered. Hence, rides forecast are 148,230 in year 1 and 296,460 in year 4 - the majority of individuals will take multiple rides throughout the year.

Describe the context of the processing: what is the nature of your relationship with the individuals? How much control will they have? Would they expect you to use their data in this way? Do they include children or other vulnerable groups? Are there prior concerns over this type of processing or security flaws? Is it novel in any way? What is the current state of technology in this area? Are there any current issues of public concern that you should factor in? Are you signed up to any approved code of conduct or certification scheme (once any have been approved)?

Although a joint data controller, the Council will not have any direct relationship with the individuals, as all registration and ongoing processing of data will be undertaken by the operator on behalf of the Council. The Council would only see and receive the scheme's personal data on completion/termination of the contract so that a different operator can take forward the service and the people of Watford do not lose access to their bike share service.

Users must be at least 16 years to use the scheme. All users must confirm their DOB on registration and under 16s will not be allowed to complete registration and therefore unable to unlock a bike.

It is possible that vulnerable customers will use the scheme.

The Council is assured by the GDPR compliance, technology and data integrity arrangements of the operator.

Bikes are trackable and if they were used for criminal activity then the operator would be able to ascertain the user at a given point in time, if requested by the police. We will work with the operator and Police to engage the communities to promote the right behaviours for hiring, using and docking a bike. This approach has also been proven to deter vandalism.

Personal data is only collected from users who register to use the operator's service. Under the GDPR, users are able to request a copy of all personal data held, as well as request deletion of their personal data in the form of deleting their account (meaning they are no longer able to use the service).

The collection of route data against journeys taken by users is not a particularly new concept (this is similar to ride-sharing apps and some other bike or scooter sharing services), and while this does raise some privacy concerns (detailed later), they are not specific to the chosen operator. The majority of other services collect this data through a user's mobile device directly, whereas the chosen operator collects this data through the bike and is therefore not tracking the mobile device itself.

During the registration process, the operator makes full disclosures on the data it is collecting and what is done with the data. Consent is also obtained to use their personal data for marketing (not from third parties, only from the chosen operator).

The operator runs an ISO 27001-aligned ISMS and is in the process of becoming ISO27001 certified which puts in place audited processes for ensuring data protection for its users.

Describe the purposes of the processing: what do you want to achieve? What is the intended effect on individuals? What are the benefits of the processing – for you, and more broadly?

There are three core drivers for the collection and processing of data:

1. To enable the delivery of the service to users. An email address is required for users in order for them to create an account and use the service. This is used to engage with them around billing and support (as well as marketing, if they consent). Location data is used from the bike to provide journey information to users and to calculate journey costs.
2. To enable the operator to improve the service to users. The operator uses data on how users interact with the mobile app and journeys taken to help them understand how it can improve the digital experience (through the change or addition of features), as well as to help improve the operations that support the service (using location data to inform the redistribution of bikes, journey data to inform maintenance of bikes).
3. To engage third parties in the improvement of mobility services & infrastructure. The operator uses data on the location of bikes and aggregated journey and route data to work with third party organisations, such as local authorities and transport bodies, to understand how improvements to mobility services and infrastructure can be made. This data is never linked back to individual users and is not sold or shared with the intention of being able to market additional services to our users.

Section 3 – Consultation Process

Consider how to consult with relevant stakeholders: describe when and how you will seek individuals' views – or justify why it's not appropriate to do so. Who else do you need to involve within your organization? Do you need to ask your processors to assist? Do you plan to consult information security experts, or any other experts?

All operators bidding under the tender process completed the relevant GDPR checklist and schedule, including the winning bidder.

T&Cs were published to operators on the portal and included terms relating to Data Protection & Disclosure (sec 14) and Council Data (sec 15).

Legal has been involved in the procurement process and the Data Protection officer is now being engaged through this DPIA process.

The chosen operator has undertaken user testing to understand any privacy concerns and to ensure it communicates disclosures in a clear way during the registration process. The collection and processing of data described has been determined through an internal design process to understand what data is required, why and measures taken to ensure the protection of that data. The operator has engaged a third party consultancy in penetration testing of its systems and to seek advice on how to best protect data.

Section 4 Necessity and Proportionality

Describe compliance and proportionality measures, in particular: what is your lawful basis for processing? Does the processing actually achieve your purpose? Is there another way to achieve the same outcome? How will you prevent function creep? How will you ensure data quality and data minimization? What information will you give individuals? How will you help to support their rights? What measures do you take to ensure processors comply? How do you safeguard any international transfers?

The Council will not have any direct relationship with the individuals, as all registration and ongoing processing of data will be undertaken by the operator on behalf of the Council.

The collection and processing of data described is a core requirement in order to provide Bike share services to users, and supports efforts to engage third parties in understanding and improving mobility services and infrastructure in urban areas. The level of personal data collected and processed is the minimum required to achieve these outcomes and the operator has taken every effort to address and minimise any privacy concerns.

The chosen operator has chosen to work towards full ISO27001 certification, as well as working to demonstrate compliance with the GDPR in order to best protect the data and privacy of its users.

Beyond this it has worked to achieve B-Corp certification and instills a culture of “putting its users’ interests at the heart of what it does,” and to not encroach on their rights or privacy. It is this culture and process, embedded in its product development team that will stop any creep in how it collects and uses data.

The chosen operator has chosen to locate all our data within the EU and ensures that any third party processors are fully GDPR compliant, with data processing agreements in place.

Users will be able to update their personal information via the app or online and ensure data quality.

Section 5- Identifying the Privacy Risks

Describe source of risk and nature of potential impact on individuals. Include associated compliance and corporate risks as necessary.	Likelihood of harm	Severity of harm	Overall risk
1. Unauthorised access to operator databases giving access to email addresses, journey data and payment identifiers	Remote	Severe	Low
2. Unauthorised access to third-party analytics services (Mixpanel, Segment) giving access to email addresses and app usage data	Remote	Significant	Low
3. Unauthorised access to support services (Intercom) giving access to email addresses and the ability to impersonate operator staff	Remote	Severe	Low
4. Unauthorised access to the operator dashboard giving access to emails addresses and journey data	Remote	Significant	Low
5. Unauthorised access to the operator Stripe account giving access to payment history, bank transfers and the ability to charge users	Remote	Severe	Low
6. Being able to identify individual users from aggregated journey data shared with third parties	Possible	Significant	Low

Section 6- Identifying measures to reduce the Risks

Related Risk	Options to reduce or eliminate risk	Effect on Risk	Residual Risk
1	Conduct regular security reviews and penetration tests to spot potential areas for attack	Reduced	Low
1	Use Google Cloud infrastructure and products rather than self-hosting to draw on the security and expertise of other teams	Reduced	Low
1	Regular training and controlled permissions for the internal team to prevent accidental leak of credentials/data	Reduced	Medium
2	Conduct a level of due diligence and research when choosing the third parties to work with, ensuring they meet certain standards for data protection	Reduced	Low
3	Use of single sign-on, staff training and regular review of access/accounts	Reduced	Low
4	Use of email "magic link" authentication (taking advantage of security on email accounts) and staff training	Reduced	Low
4	Regular review of permissions and security built into the product, understanding what this means for the level of data access for different users	Reduced	Medium
5	Enforce 2FA, regular review of roles and reduce the number of people with accounts with access to Stripe	Reduced	Low
6	Conduct reviews of how we aggregate data and produce reports to try and spot whether patterns can be drawn that compromise user privacy	Reduced	Low

Section 7 – Sign Off and record outcomes

Item	Name/position/date	Notes
Measures approved by:	Bahzad Brifkani Data Protection Officer 27/08/2019	Integrate actions back into project plan, with date and responsibility for completion
Residual risks approved by:	Data Protection Officer Bahzad Brifkani	If accepting any residual high risk, consult the ICO before going ahead
DPO advice provided:	The DPIA has been updated to reflect the DPO's initial advice. Whilst there is always potential risks in processing personal data, however this DPIA demonstrate the consideration of the appropriate measures to minimize such risks.	DPO should advise on compliance, step 6 measures and whether processing can proceed

Summary of DPO advice:

The DPIA states that the chosen operator will store all of the personal data within EU, it is important to be mindful that if a no deal Brexit scenario happens this could cause disruption to this service particularly when it comes to them transferring data to UK. ICO has issued new guidance on UK organizations which receive any transfers of personal data of EU citizens, or any personal data from EU member states, need to prepare for the possibility of no deal. Initially, at the least, the UK will not be deemed an adequate country and there will be a burden for compliance with GDPR on organizations sending personal data to the UK.

This contract might need to be reviewed again closer to the Brexit time (when we are certain of a no deal scenario) to amend all the relevant clauses in relation to data transfer within EU/EEA.

The DPO also advises that this DPIA is reviewed towards end of October 2019 (if we are certain of a no deal scenario) in order to update the DPIA accordingly.

DPO advice accepted or overruled by:	<i>Accepted by Kathryn Robson 27 August 2019</i>	If overruled, you must explain your reasons
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Comments:

Consultation responses reviewed by:		If your decision departs from individuals' views, you must explain your reasons
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Comments:

This DPIA will kept under review by:	The Project Manager until launch of service Mar 2020 and the Contract Manager from Mar 2020 onwards	The DPO should also review ongoing compliance with DPIA
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Part A

Report to: Cabinet

Date of meeting: 9 September 2019

Report author: Group Head of Transformation

Title: Sustainable Transport Programme (STP) - Transport App

1.0 Summary

- 1.1 The Transport App is one of the Sustainable Transport initiatives embedded within the council’s Corporate Plan and is a key component of this agenda. The app will provide information to those moving around Watford about the different transport options available to them for their given journey to enable them to choose that which best suits their needs and preferences taking into account a range of criteria including cost, wait time, duration and sustainability.
- 1.2 A procurement process has been completed utilising the Competitive Procedure with Negotiation and the Mayor made the decision to award the contract for provision of the App to Molten Mouse Ltd on 8 July 2019.
- 1.3 There is a budget provision of £200,000 to support the development of the App included within the 2019/20 budget, which is sufficient to develop the app as specified under this contract.
- 1.4 Additionally there is an ongoing revenue requirement to host, support and maintain the App of £28,050. There is sufficient budget provision for this in the overall Sustainable Transport Programme budget allocation.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response	Risk Rating
Budget may not be available to provide the ongoing hosting, support and maintenance of the Transport App.	The developed App would not be viable.	Utilise overall sustainable transport programme budget to fund this requirement.	Treat	4

3.0 Recommendations

- 3.1 Cabinet are asked to note the award of the contract for provision of the Transport App to Molten Mouse Ltd.
- 3.2 Cabinet are asked to note the use of £28,050 per annum of the budgeted Sustainable Transport Programme funding for the hosting, support and maintenance of the Transport App.

Further information:

Andrew Cox
andrew.cox@watford.gov.uk

Report approved by: Managing Director

4.0 Detailed proposal

- 4.1 The Transport App is an integral element, cutting across all projects within the STP. Essentially the programme design principles rely on the successful implementation and integration of the app, allowing users access to real time travel information, booking and payment options as well as information on the key infrastructure needed to support sustainable transport such as EV charging points, parking sensors and bike hire docking stations.
- 4.2 A procurement process to identify a partner to provide the Transport App was initiated in January 2019. This process utilised the Competitive Procedure with Negotiation, a new procedure for the council, which was chosen due to the specific complexities and nature of this procurement process.
- 4.3 The Aspirational Specification for the App, as included in the tender documents was that the App will be where customers (Residents and anyone who is moving around in Watford including those travelling into Watford) will go to:
 - Understand the travel choices and options open to them based on where they are and where they want to go. This will include:
 - Duration of different transport options (and combination of options) for their specific journey
 - Cost of different transport options for their specific journey
 - Wait times or constraints for the different options for their specific journey (e.g. next bus is due in 15 minutes; there are currently 0 taxis in the nearest taxi rank)
 - Access available transport facilities in Watford:
 - Parking – navigate to a space / car park with available space that is convenient for where I am coming from and going to

- EV charging facilities
- Bike storage
- Link to booking sites for transport options that have their own booking platforms e.g. on-demand bus, cycle hire scheme
- Book and pay for transport options that don't have an independent booking platform (if they are developed through the programme) e.g. taxis, private hire, minibuses etc

The transport options that the App should ultimately provide information about include (not exclusively):

- Trains (overground and underground) at all Watford stations
- Buses
- On-demand bus
- Cycle hire
- Private hire / mini-cabs
- Parking
- Walking
- Cycling
- EV charging
- Car clubs

Additionally the App should provide other relevant information that might impact on people moving around Watford including:

- Weather
- Events in the town e.g. events in Cassiobury Park, football matches etc
- Traffic information

4.4 A huge amount of interest was generated; over 100 companies looked at the opportunity and 16 Expressions of Interest were received.

4.5 An evaluation team of officers assessed the Expressions of Interest and selected five who were invited to submit Final Tenders. These were then evaluated and Molten Mouse Ltd were identified as the preferred bidder and the contract was awarded to them by mayoral decision on 8 July 2019.

4.6 Molten Mouse Ltd have extensive experience in developing transport apps and digital transport solutions, most notably the trav.ly app for West Yorkshire and a multi-modal transport planner app for the City of York. Through their bid Molten

Mouse demonstrated that they can meet and exceed the council's aspirational specification for the Transport App.

- 4.7 The build of the app is underway and with the first release expected in early 2020. There will be further releases with additional functionality throughout 2020 and across the life of the contract.

5.0 Implications

5.1 Financial

- 5.1.1 The cost to develop the Transport App, including all of the functionality currently specified, can be covered by the existing 2019/20 budget provision.
- 5.1.2 There is an ongoing revenue budget requirement of £28,050 per annum for the hosting, support and maintenance of the App, which can be covered through the overall STP budget allocation.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Head of Democracy and Governance comments that there are no legal implications in this report. The procurement followed the council's procurement rules.

5.3 Equalities, Human Rights and Data Protection

- 5.3.1 As this is a new initiative for the council an Equalities Impact Assessment will need to be completed once the design and detailed functionality of the App becomes clearer through the implementation period. A high-level assessment has been conducted and the main conclusions of this are that as a digital initiative, with no non-digital alternative, certain groups are less likely to access the app due to their lower propensity to use digital services. To mitigate some of this impact a web alternative will be developed, which will provide access to the functionality for non-smartphone users and those who require specialist software to access the functionality.
- 5.3.2 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report. This is because under the terms of the contract Molten Mouse Ltd will be both Data Controller and Data Processor and under the terms of the contract the completion of a DPIA is their responsibility. The council will however conduct due diligence and will review the DPIA prior to go live of the App.

Appendices

None

Background papers

No papers were used in the preparation of this report.

Agenda Item 9

Part A

Report to: Cabinet

Date of meeting: 9 September 2019

Report author: Group Head of Democracy and Governance

Title: Appointment to Watford Commercial Services Limited and Watford Health Campus Partnership LLP Partnership Board

1.0 Summary

- 1.1 Helen Fisher has been appointed as Interim Group Head of Place Shaping following the absence of the incumbent Deputy Managing Director Nick Fenwick.
- 1.2 Nick Fenwick left the council's employment on 30 August 2019. In order for the business of both Watford Commercial Services Limited and the Partnership Board of Watford Health Campus Partnership LLP to be conducted effectively it is necessary for Helen to be appointed as director and board member respectively and to remove Nick Fenwick.

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)
Failure to appoint the interim Group Head of Place Shaping	Could mean that business is difficult to transact in the organisations	The interim Group Head of Place Shaping is appointed and the Deputy Managing Director is removed	treat	1

3.0 Recommendations

- 3.1 That Nick Fenwick be removed as Director of Watford Commercial Services Limited and as the council's representative on the Partnership Board of Watford Health Campus Partnership LLP

- 3.2 That Helen Fisher Interim Group Head of Place Shaping be appointed as a Director of Watford Commercial Services Limited and as a council representative on the Partnership Board of Watford Health Campus Partnership LLP

Further information:

Carol Chen

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Tel: 01923 278350

Report approved by: Managing Director

4.0 Detailed proposal

- 4.1 Nick Fenwick is currently a Director of Watford Commercial Services Limited and one of the three Council representatives on the Partnership Board of Watford Health Campus Partnership LLP. Following a period of ill health absence Nick left the council on 30 August 2019.

- 4.2 In order to cover his work and manage his service an Interim Group Head of Place Shaping Helen Fisher has been appointed and started on 23 July 2019.

- 4.3 Watford Commercial Services Limited currently has three directors and is beginning to take on trading opportunities. It is necessary that it has a full complement of directors to oversee this. Likewise the Council has three representatives on the Partnership Board and Kier Property Investments Limited our JV partner also has three. To only have two representatives at Board meetings puts the Council at a disadvantage.

- 4.4 It is therefore recommended that cabinet removes Nick Fenwick from these positions and replaces him with Helen Fisher.

5.0 Implications

5.1 Financial

- 5.1.1 The Shared Director of Finance comments that there are no financial implications as neither posts are remunerated.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Group Head of Democracy and Governance comments that it is a formal requirement for cabinet to appoint to these bodies.

5.3 Equalities, Human Rights and Data Protection

5.3.1 Not applicable

5.4 Staffing

5.4.1 Not applicable

5.5 Accommodation

5.5.1 Not applicable

5.6 Community Safety/Crime and Disorder

5.6.1 Not applicable

5.7 Sustainability

5.7.1 Not applicable

Background papers

No papers were used in the preparation of this report.

Part A

Report to: Cabinet

Date of meeting: 9 September 2019

Report author: Head of Regeneration and Property

Title: Croxley Park Update

1.0 Summary

- 1.1 This paper updates Cabinet on progress on the Croxley Park transaction and changes made to the proposal which was submitted to and agreed by Cabinet on the 21 January 2019 and Council on 23 January 2019.
- 1.2 After further negotiations with Columbia Threadneedle Investments (CTI), the completion of the grant of the lease and other associated contracts occurred on the 26 July 2019.
- 1.3 The main change to the transaction previously reported to Cabinet and Council was that there was a revision of the Retail Price Indices (RPI) cap and collar on the rent guarantee which was changed from 2% - 4% to 0% - 5%. This resulted in an increased payment of £4m to the council by the freeholder to cover the additional risk underwritten by the Council. This change was agreed by the Managing Director in consultation with the Mayor on 21 June 2019 in accordance with the delegated authority given by Council on 23 January.
- 1.4 In addition prior to completion the original freeholders sold on their freehold interest so the council entered into the lease with a new freeholder named Croxley 1 Limited and Croxley 2 Limited as nominees of Croxley Master Trustee Limited, Trustee of Croxley Master Property Unit Trust. This is a vehicle in which Goldman Sachs and BAE Systems Pension Fund Trustees Limited have an economic interest and is being registered in Jersey. The council were consulted on the changes and the delay in completing this transaction is primarily as a result of this new party undertaking additional due diligence. This involved additional legal work for the council and it was agreed as part of this change that a contribution of £150,000 would be made by CTi to cover additional legal fees the council incurred. Approval to complete the lease from the new freeholder was given by the Managing Director in consultation with the Mayor on 26 July and confirmed in writing on 29 July 2019.
- 1.5 The ongoing Asset and Property Management arrangements remain with CTI and Workman respectively and contracts with them also completed on 26 July 2019. Reporting structures have been formalised and regular marketing and asset

management meetings have been programmed throughout the year. Additional contracts for letting agents, to provide marketing and lease renewal advice have been agreed with the existing team so the momentum can be maintained on the letting, marketing and performance of the Park

- 1.6 Regular quarterly Asset Management reports on the Park's performance, covering rent collection performance, lettings, capital expenditure and general issues will be presented at Property Investment Board together with updates on the Park's Investment Strategy and Business Plan. This will be in addition to regular weekly meetings on the Park. Updates will also be provided to Major Projects Forum.
- 1.7 A detailed Business Plan is being developed which will look forward over the next 5 years, with a more detailed review of the next 12 months. The Business Plan is expected to be ready by early October 2019 whereupon it will be taken to the next available cabinet to request sign off. Part of the purpose of the Business Plan will be to set out required delegated powers for selected members of the asset management and property management team to streamline the decision making processes. Until the business plan is in place the existing delegation limits of the Property Investment Board (PIB) will apply and delegation will be exercised by the Head of Regeneration and Property.
- 1.8 The £92M, received upon completion in respect of rental shortfalls and planned programmed maintenance, has been invested with in the Government's Debt Management Account Deposit Facility to allow an investment strategy to be developed and procured working with the Council's treasury advisers Link Asset Services. The council resolution provided for this amount to be invested to act as a buffer against the risks associated with the project.
- 1.9 Two new posts funded out of Park monies will be created. One in the Investment Property Team to closely oversee the performance of the Park and the appointed consultants, reporting to the Head of Property and Regeneration, currently a member of LSH's team is seconded to the council for a day a week to assist until the post can be recruited to. The second is a senior property solicitor post in Democracy and Governance. This is due to the fact that by taking on the Park the council will now have the associated additional legal work of dealing with 60 under tenants. Initially it has been decided to recruit to this post for a 1 year fixed term to gauge workload.

2.0 Risks

A detailed summary of risks is contained in the previous Cabinet Paper and remain the same

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
RPI increases	The capital payment made by the freeholder may be used up sooner than was anticipated	Closely monitor. An additional payment of £4m has been	Tolerate	8
Marketing	Rental levels decrease if vacancies increase	Monitor agents and change if necessary. Consider incentivising agents.	Treat	8
Asset & Property Management Performance	The income of the Park isn't optimised	Review and retender	Treat	6

3.0 Recommendations

- 3.1 To NOTE that the transaction to take a 40 year lease of Croxley Park and the option to buy the freehold at the end of the term for £10 has completed and that the payment of £92,000,000 has been made.
- 3.2 To NOTE the changes to the terms of the transaction as outlined in the report.
- 3.3 To NOTE the asset and management arrangements in place going forward.
- 3.4 To APPROVE the appointment of two new posts, one in the investment team to oversee the running of the Park for the council and the second in the legal team to undertake the day to day legal work generated by the Park.

4.0 Detailed proposal

- 4.1 The structure of this proposal is set out in the Cabinet and Council papers dated the 21 and 23 January 2019 respectively. In summary the deal structure is as follows. The council has acquired a 40 year head lease in Croxley Park (The Park). The

proposal has been structured as an “income strip” deal and the Council has the option to acquire the freehold of the Park at the end of the term for £10.

- 4.2 The Council will receive the full passing rental income from occupational tenants on the Park in return for paying a rent of £9.2m per annum to the freeholder which will be indexed linked to RPI with a cap and collar of 0-5%. The Council is, in addition to retaining the profit rent, responsible for rental risk and all planned and preventative maintenance (PPM).
- 4.3 On completion the freeholder made a payment to the Council of £92m to cover rent top up and Planned and Preventative Maintenance. This payment is broken down as follows, £20m of this sum represents a rent top up to cover any rent free periods on occupational leases whilst the balance £72m of the sum is set aside to off set risk and be used for planned and preventative maintenance over the term of the proposed lease which will become the Council’s responsibility going forward. This funding will be required in later years so will be invested to generate returns for the Council in the interim period.
- 4.4 The £92M has been temporarily invested within the Government’s Debt Management Account Deposit Facility (DMADF) to allow an investment strategy to be developed and procured working with the Council’s treasury advisers Link Asset Services.
- 4.5 Discussions with Link have identified a range of options for investing this money going forwards, but due to the current financial markets the advice is to retain the money within the DMADF for the short term. Going forwards we are working with Link to consider a range of options for the structure of investment, which may range from investing in an existing fund through to setting up our own fund. We will also need to consider the types of funds we would wish to invest in. Link are currently undertaking some soft market testing to understand the interest from the financial markets for our funds.
- 4.6 As this type of investment is new to the Council we will be setting up some training, for both officers and members, which will set out the risks and issues of each of the different investment structures available, and also to help with the consideration of the type of fund in which we wish to invest. Once this training has been completed, and we are confident that there is an understanding of the options available, we will be asking members to decide on the level of risk they wish to accept on the investment and then confirm the investment route they would like to take.
- 4.7 CTi will additionally pay for and contract manage the construction of a new 85,000 sq ft office building which will commence construction in the third quarter of 2019 which will offer the Council an opportunity to generate further income. CTi have put £4m into escrow to cover the risk of cost overrun and also have secured a fixed

price building contract. LSH Building Management Services will monitor the construction of this project and provide regular monthly reports on progress.

- 4.8 Following approval by cabinet and Council in January there have been further negotiations with CTI relating to the transaction which has revolved around them selling on their freehold interests to an annuity fund vehicle which is headed up by Goldman Sachs which is now the council's freeholder. The new freeholder is Croxley 1 Limited and Croxley 2 Limited as nominee of Croxley Master Trustee Limited, Trustee of Croxley Master Property Unit Trust and as part of the deal other large Pension funds have bought shares in this arrangement.
- 4.9 In addition to paying rent to the new freeholder the council will from time to time require freeholders consent for alteration works, new lettings over 10 years etc. A protocol has been put in place with the freeholder to ensure the requests can be handled promptly in order not to cause delays or potentially lose prospective tenants.
- 4.10 This onward sale of the freehold resulted in significant delays to the original timetable as the proposed new freeholder had to undertake further due diligence which also resulted in a request to alter the terms of the transaction. The main change was to the Retail Price indices that applies to the rent that the council guarantees. This was originally agreed with a cap of 4% and collar of 2% and a request to change this to a cap of 5% and collar of 0% was made. The council's finance team instructed Grant Thornton (GT) to model the risk and it was deemed acceptable only in the event of a further payment being made to the council of £4m increasing the total contribution by the freeholder from £88m to £92m to reflect additional risk
- 4.11 The Property Management data will be held and controlled in two data bases, one run by Trowers and Hamlin LLP for legal documentation and another Bespoke property system called TRAMPS which contains property details and lease events including invoicing. This system is consistent with the council's outsourced Investment Property System run by LSHIM
- 4.12 Due to the increased size of the investment portfolio as a result of the completion of this transaction it is necessary to create 2 new posts. One in the property team to act as client officer to manage our external consultants and the second in the legal team to deal with the transactional landlord and tenant work arising from having 60 new under tenants. It is proposed that both posts be funded from the Park revenue and there is provision for this within the financial modelling. The legal post will be for an initial term of 1 year to gauge the actual amount of legal work generated. The property post will be permanent and is currently being filled on a day a week basis by a secondee from LSHIM, our property investment managers.

5.0 Implications

5.1 Financial

- 5.1.1 The financial model produced by Grant Thornton has been updated with the latest rental figures, inflation forecast and to reflect the final timings and is included in the Part B report. This will form the baseline for ongoing monitoring of performance both through PIB and as part of budget monitoring and will be updated on a quarterly basis.
- 5.1.2 The 2019/20 Budget included a full-year income contribution of £1.5M from the acquisition. This will be reduced as a result of the delay in completion and will be assessed as part of the Q2 budget monitoring in the light of the revised financial model and overall financial position of the Council.
- 5.1.3 Information in relation to the staffing costs are not yet known but it is anticipated that these can be covered from the Investment and Asset Management costs contained within the financial model.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Head of Democracy and Governance comments that the council employed external legal advisers to undertake the acquisition of the Park and cabinet and council received detailed legal advice on the council's legal powers and risks in entering into this transaction. Further legal advice was provided for the Managing Director and Mayor when exercising their delegated authority to agree to complete the acquisition. As noted in the report PIB will have the role of oversight of the management of the Park in the same way that it has oversight of the other investment properties in the council's portfolio. Once a detailed business plan for the Park has been prepared this will come to cabinet for approval and this will set out appropriate delegations to enable officers to manage the Park on a day to day basis.

5.3 Equalities, Human Rights and Data Protection

Not Applicable

5.4 Staffing

- 5.4.1 An additional staff member will be recruited with a strong commercial background to oversee the performance of our consultants on the Park. This position will be advertised shortly. Whilst a further position to deal with the legal work will also be created

5.5 **Accommodation**

5.5.1 Croxley Park's management suite provides a base for a small number of staff to work from on a hot desk basis on Croxley Park but this facility is paid for out of the service charge budget from the tenants so must only be used by people working on Croxley Park.

5.6 **Community Safety/Crime and Disorder**

5.6.1 Croxley Park has 24 hour security and the road is barriered off at night time with security patrols

5.7 **Sustainability**

5.7.1 Many initiatives are been taken forward to further the green agenda including photovoltaic installations, improved installation to buildings as refurbished and a high BREEAM standard to the new build office block. Transport initiatives such as the bespoke Croxley Park bus service connecting Watford Junction to the Park and a cycle hire scheme have been introduced. WBC will be exploring further options including linking in the Mayor's cycle hub scheme and developing an alternative transport solution in place of the MLX extension.

Appendices

None

Background papers

None