

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.

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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