

Report to: Health and Wellbeing Committee, 23rd October 2023

Report of: Deputy Director, Corporate Policy & Strategy

Subject: BIKE SHARE SCHEME – AWARD OF CONTRACT

1. Recommendation

- 1.1 That the Committee approves the award of contract to contractor A as described in the confidential Appendices A and B to this report; and**
- 1.2 That the Committee delegates authority to agree the final details of the contract to the Deputy Director, Corporate Policy and Strategy in consultation with the Chair and Vice-Chair of this Committee.**

2. Background

- 2.1 The Worcester Town Investment Plan was approved by Policy and Resources Committee and submitted to Government in January 2021.
- 2.2 After accepting the draft Heads of Terms proposed by Government the Council submitted the required Project Confirmation Tables on 9th September 2021. This submission had received unanimous support from the Worcester Town Board and was approved by Policy & Resources Committee.
- 2.3 The proposal approved by government was for five projects, with Towns Fund grant funding of £19.6M allocated to the five projects as follows:
 - Community Skills £1.96M
 - Severn Centre for Health & Well Being £2.50M
 - Shrub Hill Regeneration £10.00M
 - Heritage and Riverside Destination £0.64M
 - Active Travel £4.50M
- 2.4 The business case for the Active Travel project was approved by Policy & Resources Committee on 22nd March 2022, and the relevant government approvals to proceed were received in June 2022.
- 2.5 The Active Travel Project was included on the Performance Scorecard for this committee from 2022/23.
- 2.6 Within the project is a Bike Share scheme with an allocation of £700k which covers the cost of the scheme (£600k) and the Council's mobilisation and contract management costs (£100k). The scheme, originally titled as Bike Hire, will provide

bikes for short term “by the minute” hire that can be collected and returned to any of a number of specified locations across the city, providing access to facilitate journeys between residential, leisure, business and educational destinations.

- 2.7 During the development of the business case officers commissioned a feasibility study. This consisted of a desktop study and interviews with five authorities, which included two schemes operated by the preferred bidder. The study indicated that a scheme would be feasible for Worcester with between 150 and 300 bikes, within the allocated funding. The study also highlighted some of the features and lessons learned from successful and unsuccessful schemes.
- 2.8 Reference was also made to [guidance produced by CoMoUK](#), the national charity for shared transport, that also provides accreditation for bike share scheme operators and guidance for local authorities.
- 2.9 Research indicates that bikeshare schemes are not financially sustainable without subsidy in the form of capital support with set up and mobilisation, ongoing revenue support, or a combination of the two. The Towns Fund provides primarily capital funding. The proposed contract therefore provides for the Council’s funding to support the scheme set up and mobilisation costs, with no ongoing revenue support.
- 2.10 At the outset of the procurement process, soft market engagement resulted in four potential bidders expressing an interest prior to the invitation to tender stage.
- 2.11 One bidder submitted a proposal in response to the invitation to tender. Following completion of the procurement a preferred bidder has been identified to deliver the scheme. Contractor A has provided a comprehensive proposal for implementing a financially sustainable scheme and has experience in delivering similar schemes in other areas. The procurement specified a fixed price of £600k, which the preferred bidder has met, as part of a comprehensive proposal that meets the Council’s requirements for a sustainable scheme.
- 2.12 The preferred bidder made a presentation to the Council’s Major Programmes Member Reference Group on 9th October. The slides from that presentation are produced at confidential **Appendix C**.

3. Preferred Option

- 3.1 It is recommended that the contract to deliver the scheme is awarded to contractor A as detailed within the confidential **Appendix C** to this report. The proposed contract length is 4 years, with provision to extend by a further 3 years.
- 3.2 There would be no additional external cost in extending the contract as the scheme is forecast to be self-funding after four years.
- 3.3 The key features of the bikeshare scheme are described below. Additional details are in the confidential **Appendix A**.

Key features of the proposed scheme

3.4 Overview

- 3.5 The bike share scheme is intended to make bikes available at numerous locations across the city to support short journeys between residential, commercial, leisure,

employment and educational locations. The scheme is designed so that a hire fee is generally only payable whilst the bike is being ridden and when a journey has ended and the bike has been parked in one of the designated areas, it is immediately off hire and available for other users.

3.6 Examples of usage are likely to be:

3.7 A commute to and from a specific work, education or leisure destination (two journeys)

3.8 A leisure trip around the city between a number of tourist destinations (several short journeys over the course of a day)

3.9 The scheme is not designed for longer duration or distance hire which is better served by traditional bike hire services.

3.10 **Infrastructure**

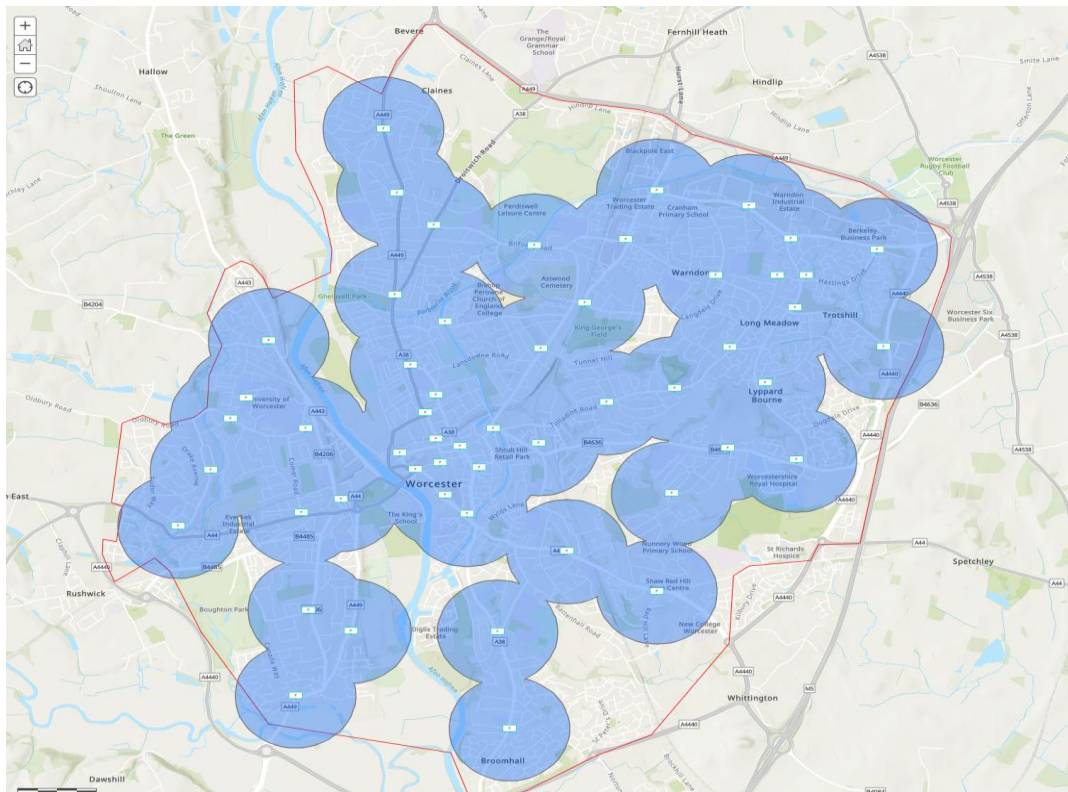
3.11 The proposed scheme will be founded on a fleet of 225 bikes in total, 175 e-Bikes and 50 pedal bikes. A contractual minimum of 80% of bikes will be available at any one time, although the provider will benefit from maximising this availability and therefore hire income.

3.12 Cargo bikes are not part of the proposal but could potentially be introduced at a future date and have been incorporate into other schemes.

3.13 The bikes are monitored by a central digital network that collects data including position, speed, acceleration and braking and orientation (if bikes have fallen over). This supports management of the fleet and safe usage.

3.14 E-bikes have a battery range of 60-70km, and typically will be charged by the operator when they are at 15% charge. Users will be advised of the range via the app when hiring the e-bike.

3.15 The bikes will be dispersed across the City to serve demand. An indicative map of coverage submitted by the proposed provider is shown below. The final details of locations will be agreed during the mobilisation phase which will include consultation with Ward Members.



3.16 Parking bays are “geofenced”, with locations of the bays correlated with GPS (Global positioning Satellite) technology integrated within the bikes. A typical parking bay is shown below, the design of which allows for relatively simple and low-cost installation and relocation if required. Consultation with accessibility groups forms part of the mobilisation phase.

3.17 Hire and charges

3.18 The bikes are primarily operated by an app on the user’s mobile phone, which will lock and unlock bikes and manage payment. Non smart phone access is also available using SMS.

3.19 Charges are per minute of usage, which is the industry standard method. The variation from this is the day pass that allows unlimited usage and may best suit tourists and leisure users. The cost of a typical 3-5km ride using the basic “pay as you ride” model is likely to be of £2-£3.50 depending on speed, distance and the type of vehicle chosen. Regular users will be better served by the monthly subscription models which provide a significantly lower overall cost per minute.

3.20 The proposed pricing options are as follows. There will be some opportunity to amend these, but the operator advises that they are based on their experience in running successful and viable schemes elsewhere, and they are confident that these options will generate significant usage.

3.21 ● Pay As You Ride (PAYR), designed for casual riders: £1 unlock and 8p per minute (for pedal bikes) and £1 unlock and 16p per minute (for e-Bikes)

3.22 ● Passes, as a cost-effective option for regular riders:

- 3.23 Flexi Pass: offers best value for riders doing multiple short journeys. Users get 300 minutes for e-bikes and 600 minutes for pedal bikes for £32 pcm, with free unlock for all bikes.
- 3.24 Commuter Pass: offers best value for regular commuters riding multiple times a week. Users get 600 minutes for £36 pcm, with free unlock for pedal bikes and £1 unlock for e-bikes.
- 3.25 Day Pass offering 24-hour access with free unlock for all bikes for £9.
- 3.26 The scheme is also eligible for the "cycle to work" salary sacrifice scheme that is commonly used to purchase bikes and supported by many employers. An annual subscription provides 30 free minutes per day which works out at £2.23 and £2.62 per week depending on rate of tax paid. Rides beyond this are at the standard rate per minute.
- 3.27 Encouraging bike parking to ensure that there is no inconvenience to the general public and to aid distribution and management of the fleet is influenced by penalty charges for various poor behaviours. Typical charges are shown below.
- 3.28 Out of bay penalty £10: An additional fee is applied when a user parks a bike outside of a parking bay
- 3.29 No-parking zone charge £20: Users who lock their bike in 'no-parking zones' will be charged an additional fee. They can check via the app whether they have parked inside or outside a 'no-parking zone', which is clearly indicated in the app with a dark grey outline.
- 3.30 Out-of-zone fine £25: Users who park their bike outside the zone will immediately receive an additional charge. Zones are clearly indicated in the app.
- 3.31 +24 Hrs Out of zone fine £80: If a bike has not been returned to a zone within 24hrs of the initial out-of-zone charge, a further charge will apply.
- 3.32 Unlocked bike fine £10: A flat fee is applied in place of a time-based journey cost when a user fails to lock their bike at the end of their journey.
- 3.33 **Subsidised rides**
- 3.34 The preferred bidder has proposed that 5% (22,500) of the forecasted rides will be provided free to targeted users to be agreed with the Council. This could include those on benefits, job seekers or other groups.
- 3.35 The providers proposals include 500 hours of e-bikes rides to support social prescribing in the City, details of which will be developed during the mobilisation period.
- 3.36 **Potential for sponsorship**
- 3.37 Upon award of contract the provider will actively seek sponsorship for the scheme which, if successfully sourced, could be used to reduce costs to the customer across the board and / or to target free and subsidised rides at particular groups.
- 3.38 Employers will be able to subsidise or fully fund rides for their employees on an individual basis.

3.39 **Social Value**

3.40 The preferred bidder's submission scored highly on social value. The 109 page submission to the quality element of the tender includes a section on Social Value that runs to 15 pages. Further details, which would identify the preferred bidder, are given in confidential **Appendix B**.

4. Alternative Options Considered

4.1 Not awarding the contract would be likely to result in the loss of £700k funding for the scheme, approximately £50k of which has already been spent on project development and management, and there would be a risk that this would be reclaimed by the Government.

5. Implications

5.1 Financial and Budgetary Implications

The contract sum of £600k is fully funded by the Towns Fund grant. The Towns Fund grant also includes an additional £100k for project and contract management work pre and post mobilisation.

Contract management beyond year one of the contract will be undertaken by officers funded from base budgets.

The scheme is projected to be self-funding at the end of the initial 4 year contract period.

No additional funding is expected to be required although the Council and / or provider may wish to bid for additional funding to enhance, extend or subsidise the scheme.

5.2 Legal and Governance Implications

The contract will be completed in accordance with the Council's standard legal and governance practices and procedures.

5.3 Risk Implications

The risk of the scheme not being successful is mitigated by a thorough procurement process which has assessed the suitability of the preferred provider and their proposals. This is supported by the information provided by the commissioned feasibility study and guidance from CoMoUK. Officers will remain closely involved with mobilisation and ongoing operation of the scheme to ensure that this runs smoothly and in accordance with the contract. The operator will be subject to reputational and financial risk should the scheme not be successful.

There is a risk of delay in agreeing locations for the bike parking areas. Planned engagement with both local Councillors and the County Highways team will mitigate this risk.

5.4 Corporate/Policy Implications

The Bike Share Scheme is a component of the Active Travel Project within the Worcester Town Investment Plan and the Council's adopted Sustainability and Active Travel Action plans.

Increasing the number of journeys made by bike supports the Worcester City Plan theme of a Healthy & Active City. Providing active travel options for residents to access employment and education supports the theme of A Prosperous City. Providing cycling as an alternative to car travel will support the Council's sustainability objective to reduce Carbon emissions.

5.5 Equality Implications

Engagement with accessibility groups will be undertaken during the mobilisation phase to ensure that parked bikes do not cause an obstruction or hazard to those with impaired sight or mobility.

The nature of the scheme does not lend itself to accessible cycles across the fleet but there is potential to develop accessible bikes and trikes for specific locations over the life of the scheme.

Provision for an element of free and / or reduced cost usage for specific user groups will be included in the contract.

5.6 Human Resources Implications

There are no significant human resource implications arising from the content of this report. As noted above, existing staff resource will be deployed to manage the contract as one of the Council's major sustainability projects.

5.7 Health and Safety Implications

There are no significant human resource implications arising from the content of this report. Health and safety of users and the general public is supported by training made available to users and the design of the bikes.

5.8 Social, Environmental and Economic Implications

The scheme is intended to bring social benefits in terms of increasing connectivity between communities and employment, education and leisure opportunities and increasing physical activity. Environmental benefits will arise from supporting alternatives to motor vehicular travel. The scheme will provide a small number of local jobs and support the Worcester City visitor experience and associated visitor spend in the city.

Ward(s):

All

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Background Papers:

[Worcester Town Investment Plan](#)

[Active Travel Project Full Business Case](#)

WCC Bikeshare Feasibility Research Report

[Bikeshare Guidance for Local Authorities - CoMoUk](#)