

Report of Director of City Development

Report to Executive Board

Date: 17 April 2019

Subject: Procurement of a Public Bike Share Operator for Leeds

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Leeds is a growing and successful city with the Best City Ambition for a Strong Economy and a Compassionate City. The proposals in this report support the priorities for Sustainable Infrastructure and Health & Wellbeing in:
 - Improving transport connections, safety, reliability and affordability;
 - Improving air quality, reducing pollution and noise;
 - Supporting healthy, physically active lifestyles.

These support the outcomes we want for everyone in Leeds to:

 - Move around a well-planned city easily;
 - Enjoy happy, healthy, active lives.
2. The ambition for a city bike share scheme was identified as part of the city legacy from the 2014 Tour de France Grand Depart which has been mirrored in the Cycling Starts Here Strategy. In 2017 the Council Executive Board approved proposals for a scheme. A Memorandum of Agreement with the operator ofo was agreed however the company withdrew the offer prior to the launch in Leeds and have since left the UK bike share market.
3. The Council are committed to following through its ambition to enable public bike share for the city and have been investigating a range of new options within the bike share sector. The bike share market offer has evolved considerably in the last year, and, following a number of exploratory meetings with operators and key organisations, have identified an outline scheme proposal and a process for taking the bike share forward. Emerging from this work a route to procurement that has the potential to meet

the ambition for a bike share scheme that meets the city's requirement both operational and financially has been identified.

4. This report provides an update on the progress made to date, scheme options possible, and identifies a proposal for taking a scheme forward.

Recommendations

Executive Board is requested to:

- I. Note the contents of this report and progress towards achieving a bike share scheme for Leeds.
- II. Endorse the proposals for pursuing the establishment of a Bike Share scheme for Leeds and development of the proposed specification in line with the key attributes detailed in para 3.5.
- III. Give approval to commence with the formal tender process to procure a public bike sharing scheme for Leeds in compliance with the Councils' procurement procedure rules and in adherence to the Official Journal of the European Union (OJEU) competitive tender process.
- IV. Note that the Chief Officer Highways and Transportation will be responsible for the implementation of these actions to enable a scheme to launch in Spring 2020.

1 Purpose of this report

- 1.1 The Executive Board is requested to give approval to commence procurement to deliver a sustainable public bike sharing scheme for Leeds through the OJEU compliant tender process.
- 1.2 Subject to completion of the tender process, the recommendations to award any contract will be brought back to the Executive Board for a final decision to be made.

2 Background information

- 2.1 In February 2018 the Executive Board agreed to endorse a proposal to establish a bike share scheme for the city. The basis for achieving this was by means of a non-contractual Memorandum of Agreement with the operator ofo, but following the withdrawal of ofo from Leeds and the UK last summer, the opportunity to deliver a quick and cost-free scheme was lost. At that time ofo was one of several Chinese firms then introducing dock-less geo-fence based operations into the UK. These operators have now almost entirely ceased to operate this model of operation in the UK and Europe. It transpired that the particular business model they introduced in the UK was unsustainable. Public bike share (aka public bike hire) is fast becoming a mainstream transport offer in towns and cities across the UK. Following the ofo setback, Highways and Transportation undertook a soft-market test of current schemes and operators, meeting eleven operators in autumn 2018. This shows there is a strong and still growing market for bike share in the UK, and a renewed interest for working in Leeds. The current models are considered to be have the more robust commercial and operating models that may be expected from a maturing business sector.

2.2 Leeds is seen by bike operators as a significant market for their services and many key players in the industry are keen to establish a scheme in the city. This offers an attractive opportunity for a bike share scheme that is appropriate to the needs and aspirations of the city which will underpin the Cycling Starts Here Strategy for growing cycle use and contribute to the vitality of the city.

3 Main issues

- 3.1 There are three basic Bike Share system operating models in the industry.
- bikes that are fully docked into hard infrastructure,
 - free-flow or dock-less systems based on mobile, GPS and geo-fencing technology with an integral on-board lock rather than a physical dock,
 - hybrid schemes which involve the use of both technologies.
- 3.2 Electric assisted e-bikes are readily available as a standard offer in some city schemes. Current thinking indicates that Leeds would benefit from having both pedal and e-bikes available as part of the city scheme offer. Where e-bikes are available a whole new clientele is attracted to cycling for transport and leisure.
- 3.3 At the time of their initial introduction over 10 years ago the fully docked operating model was not viable without a degree of public financial support and sponsorship, whereas free-flow operators were offering viable schemes at the outset without relying on public subsidy. Due to technological and other advances this is no longer the rule and recently a small number of large city-based docked / dockless hybrid schemes have been introduced at nil cost to the Local Authority. Leeds are interested in exploring the 'free to local authority' options available.
- 3.4 It is important for the Council to play a proactive role in the establishment of any bike share scheme and take precautions to be satisfied that the quality and competence of a Bike Share operation reflects the city's ambitions and expectations. Therefore, the intended approach is to seek a contractual arrangement with an operator which will be determined by following the OJEU tender and evaluation process.
- 3.5 Specifications, Service Standards, Key Performance Indicators and any additionality the operator may offer will be finalised in the tender documents. The key attributes of the successful scheme are summarised below:
- reputable company with a clear, viable and established and sustainable business model, which is delivered entirely free of charge to the Council
 - holding the CoMoUK bike share accreditation (or pre-accreditation)
 - quality product that fully meet LCC requirement (i.e. pedal and/or electric bicycles suitable for Leeds) and flexible operating and booking systems designed to maximise attraction and users from all sectors of the community
 - commitment to the values and vision of the Council and to developing an inclusive and integrated operation and service to the city
 - an agreed main scheme sponsor
 - the ability to develop and expand the scheme city-wide
 - inclusive and accessible to a broad range of users
- 3.6 Whilst the establishment of a bike share service has few constraints, and with no specific requirements for the licensing, all UK operators accredited by CoMoUK have

agreed to only operate with the full consent of the Local Authority. It is therefore considered appropriate to secure a suitable scheme through a full contractual procurement under OJEU procedures.

- 3.7 Initial development of a suitable procurement method has been undertaken to establish a sound and compliant approach that provides tenders without restricting innovation. The form of tender will be structured to “invite proposals/solutions” to meet the Council’s requirements and specification for bike share on the basis an entire operation to be delivered at nil capital and resources costs to the Council. It is anticipated that as with schemes already established in the UK that a successful operator will finance the scheme through bike hire charges, approved sponsorship, advertising revenue, and service to employment sites.
- 3.8 A tender evaluation will be undertaken and the results will be reported back to Executive Board. Recommendations will be made on this basis and at that stage a recommendation to proceed and appoint a preferred supplier would only be made for a scheme which has the capacity to meet the city’s ambition. The tender exercise implies no commitment to making an appointment if the proposals are not adjudged to meet expectations.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Executive Member for Regeneration, Transport and Planning has been consulted and is supportive of the recommendations which will facilitate bringing a Bike Share scheme to the city. Further engagement with Elected Members will be undertaken during the process of planning and developing the scheme both at the pre-appointment and during any subsequent preferred bidder negotiations.
- 4.1.2 Informal meetings have taken place with eleven bike share operators during the autumn of 2018 to ensure we are informed and acting on the latest developments and opportunities in the bike share market. Regular contact with the Bike share industry body CoMoUK has and will be continued.
- 4.1.3 Internal and external partners identified during the first attempts to establish a scheme have been kept informed of our plans to engage another operator including the Combined Authority and University of Leeds.
- 4.1.4 Further engagement will be undertaken during the preparation of the contract documentation, and as development progresses further engagement is proposed to include Elected Members, the various Universities and Colleges, West Yorkshire Police, key businesses, residential communities, cycling groups and other partners including corporate sponsors.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality Impact Screening was undertaken as part of the original proposal in 2017 and is attached at Appendix 1.
- 4.2.2 The positive effects on equality and diversity of cycling as a sustainable travel option to Leeds include increasing accessibility to the workplace and educational institutions

across the City, and improving community accessibility and access to a low cost transport option.

4.3 Council policies and Best Council Plan

- 4.3.1 Establishing a bike share scheme for the city is a key ambition expressed in the Leeds Cycling Starts Here Strategy which was adopted by the Executive Board in June 2017.
- 4.3.2 The Strategy and the proposed bike share scheme also support our Best Council Plan vision of tackling poverty and inequalities and specifically the Best Council Plan 2019/20 to 2020/21 priorities on Sustainable Infrastructure (with particular benefits for improving air quality, reducing pollution and noise, cutting carbon and improving transport safety and affordability) and Health and Wellbeing (supporting people to have healthy, more physically active lives). Together, these will help deliver improved Best Council Plan outcomes for everyone in Leeds to enjoy happy, healthy active lives; enjoy greater access to green spaces, leisure and the arts; and move around a well-planned city easily
- 4.3.3 These proposals also support and complement the West Yorkshire Transport Strategy (policy 13).

4.4 Resources and value for money

- 4.4.1 The opportunity of a commercial bike share scheme in the city represents a new option only recently available for establishing such a scheme without dependence upon financial support from the City Council. Attracting the right operator to the city can be expected to further release the potential of cycling for both utility and recreational purpose with potential benefits to the economy, communities, health and individual wellbeing.
- 4.4.2 As described it is anticipated that the scheme will be commercial and that bidders will seek appropriate sponsorships. There are therefore considered to be no specific financial implications arising from the procurement and operation of bike share scheme proposal. However, it is anticipated that a review of bike parking (stands) will be appropriate to complement the operators infrastructure and it is anticipated that financial provision for this will be made as part of the commitment to support cycling within the Integrated Transport Block funding in the capital programme which is supported by funding from the Combined Authority.
- 4.4.3 Client management of any scheme will be required and it is anticipated that this will be from within existing staff resources.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 All legal implications concerning the procurement of the bike share scheme are being managed by the Council's Procurement and Commercial Services Team.

4.6 Risk Management

- 4.6.1 The key risks for any bike share scheme operating in the city is that it fails to operate commercially or deliver the service expected. The Tender specification will include a

risk evaluation to identify a commercially sound business partner and sponsor, and specify key service standards to guard against operational risks with respect to failure to deliver.

- 4.6.2 It is anticipated that bids for a scheme will bring forward sponsorship proposals and the procurement process will set out the principles that allow bidders to identify the forms of sponsorship that would potentially be acceptable in the city.

5 Conclusions

- 5.1 This report has set out the opportunity to progress a public bike hire scheme through a contractual arrangement following the withdrawal of the previous scheme proposal in summer 2017. The establishment of public bike share in the city has the potential to significantly boost the level of cycling with all the additional benefits that will bring. Leeds has a great opportunity to bring a modern, attractive and competitively priced transport option to residents, employees and visitors to the city, and at nil capital and operating cost to the Council.

6 Recommendations

- 6.1 Executive Board is requested to:

- i) Note the contents of this report and progress towards achieving a bike share scheme for Leeds.
- ii) Endorse the proposals for pursuing the establishment of a Bike Share scheme for Leeds and development of the proposed specification in line with the key attributes detailed in para 3.5.
- iii) Give approval to commence with the formal tender process to procure a public bike sharing scheme for Leeds in compliance with the Councils' procurement procedure rules and in adherence to the Official Journal of the European Union (OJEU) competitive tender process.
- iv) Note that the Chief Officer Highways and Transportation will be responsible for the implementation of these actions to enable a scheme to launch in Spring 2020.

7 Background documents¹

- 7.1 None.

8 Appendices

- 8.1 Appendix 1 - Equality Impact Screening.

¹ The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.