

Direct Contract Award Leeds City Bikes Sponsorship

Date: 23 January 2023

Report of: Principal Transport Planner

Report to: Highways & Transportation Board

Will the decision be open for call in? ☐ Yes ☒ No

Does the report contain confidential or exempt information? ☐ Yes ☒ No

Brief summary

- Leeds City Council is in the final stages of the development of a £2m funding bid through WYCA's TCF Carbon Mitigation Fund, for an electric bike share service.
- The grant funding will supply around 600 e-bikes and 100 docking stations within central Leeds. The service will contribute to the Sustainable Infrastructure, Health and Wellbeing and Inclusive Growth ambitions within the Best Council Plan 2020-25. The Leeds City Bikes service will positively contribute to the council's commitment to making Leeds carbon neutral by 2030.
- It is recognised that sponsorship of Leeds City Bikes will provide a revenue stream that can be reinvested growth and management of the service.
- This report requires approval to award the contract for attracting and commissioning service sponsors, directly to PHAR Partnerships under Corporate Procurement Rule (CPR) 8.3. Funding shall be allocated from the Leeds City Bikes development budget.

Recommendations

- a) Note the contents of this report
- b) Approve the direct award of a contract to Phar Partnerships Limited, in order that they can identify a suitable sponsor for Leeds City Bikes service.

What is this report about?

- 1 Leeds City Council has developed a grant funding bid through WYCA's TCF Carbon Mitigation Fund to commission an operator to implement and manage a fully docked electric bike share service. A procurement exercise has been undertaken and the council has identified a preferred bidder. The Council has decided that it will retain the responsibility of identifying sponsorship opportunities for the service and that any revenue that is generated through this will be reinvested into the further development of the service.

- 2 Leeds City Council Officers identified that other Local Authorities with bike share services in their cities have appointed an external agency (Phar Partnership Limited) to secure and maximise sponsorship revenue. This includes TfGM, TfWM and TfL.
- 3 Phar will identify potential sponsors for the service and will provide key support in negotiating revenue and duration of the sponsorship deal.
- 4 It is proposed that Leeds City Council appoint Phar Partnerships Ltd as recognised industry experts to develop and secure sponsorship for bike hire services under CPR 8.3 which states, 'Where the relevant Director considers there is genuinely no competition such that only a particular organisation or provider can meet the Council's specific requirements (e.g. when commissioning a unique product or service) a waiver of CPRs 8.1 and 8.2 need not be obtained.

What impact will this proposal have?

- 5 Sponsorship of the Leeds City Bikes service will increase revenue levels and therefore opportunities to further develop and extend the geographical coverage of the operating area. In addition, surplus revenue could be utilised to offer subsidised deals for low income, unemployed and underrepresented groups and fund Leeds City Council staff to manage the service.

How does this proposal impact the three pillars of the Best City Ambition?

☒ Health and Wellbeing

☒ Inclusive Growth

☒ Zero Carbon

- 6 The proposed service will support the Council's objective to increase the use of Active Travel in the City. It will present the opportunity for people who do not own a bike to cycle at affordable fees. It will act as a catalyst for an increase in cycling as people will try the service and be encouraged to consider cycling more regularly. The LCB service will be made up of a full fleet of electric bikes. E-bikes are more accessible to a wider variety of people with differing cycle skills and it is anticipated that this will encourage people of all ages to utilise the service. Sponsorship revenue will assist with increasing the geographical area that will be covered by LCB, as well as potentially increasing the number of subsidised rides on offer, again increasing the number of people who are able to access the service.
- 7 An increase in cycling and a mode transfer from car, particularly for shorter trips, will help reduce carbon emissions by reducing car mileage. This project will switch some trips from car, particularly into and within the city centre with reduced emissions of carbon and other pollutants. Increased coverage of the service which is likely to be achieved through sponsorship revenue, would further enhance the potential for people to transfer from car to e-bike and help to deliver a low carbon and affordable transport network.
- 8 Developing a strong LCB brand through sponsorship partnerships with companies invested in the city will contribute to the Team Leeds approach, as well as increase revenue that can be reinvested into the service. Delivery of the service will increase inclusive green jobs in the city through growth of the service.

What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted?

☐ Yes

☒ No

- 9 Cllr Hayden, Executive Member for Climate Change, Transport & Sustainable Development has been regularly briefed throughout the development of the WYCA bid and has endorsed the project. The Executive Board have endorsed the project and approved going out to tender.

What are the resource implications?

- 10 A Tender Review and Sponsorship Opportunity Assessment will be undertaken by Phar to establish levels of revenue that can be achieved through sponsorship of the service. Phar have quoted a price to undertake a Tender Review and Sponsorship Opportunity Assessment. The Council has the option to appoint Phar to oversee Sponsorship Sales.
- 11 Any revenue generation will be reinvested into the service and will assist in increasing the geographical coverage of the service. Alternatively, revenue may be used to increase the number of subsidised rides offered.

What are the key risks and how are they being managed?

- 12 Many other UK cities are operating or developing public bike hire projects, and generally these are effective and financially sustainable. There have been examples where schemes have failed but these tend to be ones that are fully commercial or operate on very limited geographies. To manage this, a significant amount of resource has been used to develop a robust financial business case and the BCR suggests that the level of risk is low. Sponsorship will be a key source of revenue and investing in an industry expert to achieve the highest rate of return will also reduce risk.

What are the legal implications?

- 13 The preferred operating model is a partnership between the Council and PHAR. This would be developed through a direct procurement process funded from the LCB development fund that was awarded to LCC in March 2022. Procurement documentation will be finalised following authorisation from Highways & Transportation Board to award the contract directly to PHAR.
- 14 The procurement process would specify the Council's requirements, the funds available and the expected performance levels.

Options, timescales and measuring success

What other options were considered?

- 15 The project team has liaised with colleagues within Economic Development Team to investigate whether they could lead on attracting potential sponsorship to the service. Through these discussions it was established that there wasn't sufficient resource within Economic Development to undertake this work.

How will success be measured?

- 16 The LCB Board would have the responsibility to allocate sponsorship revenue for reinvestment into the service either through expansion or subsidisation of rides/usage.

What is the timetable and who will be responsible for implementation?

- 17 On the basis WYCA give their endorsement to a Full Business Case in May 2023, project is expected to commence in late summer, with full roll out complete during March 2024.
- 18 On the basis the service is successful and becomes financially sustainable an expansion beyond Inner Leeds would follow based on capital funds being secured and alignment with any programmes for expanding the segregated cycle networks.

Appendices

- None.

Background papers

- None.

Related Report

Executive Board report: [Transforming Cities Fund \(Carbon Mitigation Measures Fund\) Leeds City Bikes \(e-bike hire service\)](#)