

WMCA Board

Date	24 July 2020
Report title	West Midlands Bike Share Scheme
Portfolio Lead	Transport - Councillor Ian Ward
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Report to be/has been considered by	Strategic Leadership Team Strategic Transport Officers Group

Recommendation(s) for action or decision:

The WMCA Board are recommended to:

- (1) Note the progress made with regards to the Bike Share procurement exercise and approve that WMCA can enter into a detailed dialogue with the preferred supplier.
- (2) Note the potential delay due to unprecedented demands on the supply chain supplying bikes and parts this has arisen due to the Covid 19 Lockdown.
- (3) Note the current central case financial deficit as detailed in Section 7 which WMCA will look to manage down once it is able to enter into a dialogue with the preferred supplier.
- (4) Approve the anticipated 5 year budget of £15.9m budget to commission the scheme.
- (5) Delegate the authorisation of the award of the contract for the service and maintenance of the Bike Share scheme to the WMCA Monitoring Officer.

- (6) Delegate the approval of delegation/s to the Transport for West Midlands Managing Director, WMCA Monitoring Officer and WMCA Finance Director to enter into any other funding agreements or contracts which would be reasonably required for the Bikeshare Scheme.

1.0 Purpose

1.1 To update the WMCA Board on the progression of the West Midlands Bike Share Scheme and approve the contract award.

2.0 Background

2.1 The West Midlands Cycling Charter was adopted in September 2015 to outline key principles among partners to deliver a required step change in cycling across the West Midlands.

2.2 A detailed Action Plan was outlined in September 2015 and is currently being delivered with the target of increasing levels of cycling to 5% of all trips by 2023.

2.3 The Cycling Charter is based on the following four principles:

- Leadership and Profile
- Cycling Network
- Promoting and Encouraging Cycling
- Funding

2.4 From the core principles of the Cycle Charter an action was to investigate a bikeshare system for the West Midlands. This is also a priority action within the West Midlands' Physical Activity Strategic Framework, 'West Midlands on the Move'.

2.5 Since 2016, Local Authority partners and TfWM have been investigating the potential for bikeshare within the region. On 13th October, 2017, WMCA Board approved TfWM as the lead organisation for a West Midlands Bikeshare scheme, based on a previous feasibility study commissioned through Integrated Transport Planning (ITP). The key recommendations of this study comprised a singular West Midlands approach to ensure user consistency, the implementation of a high-quality docked system to better manage the city scape within urban centres, and integration with the Swift payment system. This provided a clear mandate for TfWM to progress with a docked bikeshare scheme.

2.6 Due to heavy theft and vandalism on schemes elsewhere in the UK, it was determined the most sensible option would be a docked scheme, with a minor amount of Geo fencing to allow for key peak demand sites such as New Street Station at rush hour.

2.7 A supplier was appointed in August 2018 via a concession contract to deliver a bikeshare scheme. This arrangement was terminated in July 2019 as a result of numerous contract breaches.

2.8 Following a full review of the original concession agreement, it was determined that the Client would need to inject some funding to make the scheme commercially viable. The only method to allow authorities to undertake this is to re-procure via a Service Contract.

2.9 Before progressing with the revised contract the bikeshare market was re-engaged to understand the changes and appetite of a scheme for TfWM. Meetings were held with many different suppliers to understand how the market was changing fast. A supplier day was held in September 2019, whereby 9 suppliers presented their expertise and gave an insight into the current bikeshare market. From this the following was recognised;

- There is no longer an appetite from suppliers to enter into concession agreements to deliver bikeshare schemes

- There is a need to include a proportion of e-bikes in any future schemes in order to cater for a wider market and extend the range of trips people are willing to make by bike

2.10 Through this market engagement, it was established that a Service Contract is the only appropriate model to deliver a scheme of this nature. Following Legal advice, and to ensure the most robust process, TfWM have led a procurement exercise via competitive dialogue. Stage 1 consisted of a supplier questionnaire being issued to the market whereby we were able to gain an insight into the experience of suppliers delivering complex and large schemes akin to the proposed TfWM scheme. A total of 12 suppliers from around the world responded to the Supplier Questionnaire. Evaluation of submissions resulted in the 3 highest scoring suppliers moving to the next stage

2.11 The three short listed suppliers have gone through 3 further tender submission stages, in addition to TfWM and each respective supplier holding 2 in-depth dialogue sessions. At each stage the supplier's responses were comprehensively scored by a panel of subject matter experts within TfWM. Each additional procurement stage has seen an increase in quality submissions, as well as reduction in the tendered scheme costs, resulting in a preferred supplier being identified.

3.0 Impact on the Delivery of WMCA Strategic Plans

3.1 *Movement for Growth's (MfG) (Metropolitan and Local Tiers)* – the key MfG policy relating to this Scheme is the development of a strategic cycle network which will be progressively integrated with the local cycle network. The ten year delivery plan also commits to several cycle schemes which will showcase and support a new West Midlands Strategic and Local Cycle Network Programme. This is in line with the Mayor's commitment to spend £10 per head on cycling. Moreover, a secure and safe strategic network will enable greater take-up of a bikeshare scheme as well as overall increase cycling participation levels.

3.2 MfG policies that are supported include:

- Policy 1 – To accommodate increased travel demand by existing transport capacity and new sustainable transport capacity.
- Policy 3 – To maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods.
- Policy 4 – To improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections.
- Policy 6 – To improve connections to areas of deprivation.
- Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.
- Policy 10 – To help tackle climate change by ensuring a large decrease in greenhouse gases from the West Midlands Metropolitan Area's transport system.
- Policy 11 – To significantly increase the amount of active travel in the West Midlands Metropolitan Areas.
- Policy 12 – To significantly reduce road traffic casualty numbers and severity.
- Policy 13 – To assist with the reduction of health inequalities in the West Midlands Metropolitan Area.
- Policy 14 – To increase the accessibility of shops, services and other desired destinations for socially excluded people.

- 3.3 *WMCA's Health and Transport Strategy* is a key document to demonstrate the important relationships between health, wellbeing, and wealth and highlights that the way people travel plays an important part in both their physical and mental health. The establishment of a Bike Share Scheme will contribute to greater levels of physical activity during travel, which in turn will help reduce obesity and risk of associated conditions - saving £17 billion in NHS costs over 20 years.
- 3.4 *West Midlands's On the Move Strategic Framework* recognises the importance of walking and cycling to encouraging more people to adopt an active lifestyle, reducing the west midlands chronic levels of physical inactivity and in turn improving both physical and mental wellbeing, whether by cycling for leisure or to work. Public Health England predicts that getting 1 more person to cycle to work rather than go by car could generate between £539-£641 public health saving long term.
- 3.5 Besides health implications, the West Midlands area suffers from significant air quality problems. Public Health England figures suggest approximately 1,500 adult deaths each year are attributable to poor air quality in the West Midlands. Introducing policies such as Clean Air Zones (CAZ) will improve air quality and contribute significantly to our Health and Transport policies. Encouraging active travel, in this case through bikeshare schemes, will form a key element of our overall approach to improving air quality and the health of our residents, as well as reduce the number of motorised vehicles on the road.

4.0 Wider WMCA Implications

- 4.1 Transport for West Midlands (TfWM) and the Constituent Local Authorities will work collaboratively to strengthen cross-border relationships and align cycling and walking schemes to ensure consistency in access and quality.
- 4.2 Several members of the West Midlands Cycling Charter Group have remits that cover the wider WMCA 3 LEP geography.
- 4.3 The WM Bikeshare scheme will also support Physical Activity and Public Health agendas by encouraging more people across the region to use bikes for shorter journeys rather than using a car.
- 4.4 During the Covid 19 lockdown there has been a large increase in the use of bikes and the bikeshare scheme will complement that movement onto using bikes. In some European cities their bikeshare scheme has been the only form of public transport during the Covid 19 pandemic. The bikeshare scheme will support the reintroduction of public transport to the West Midlands.
- 4.5 There has been an increase in the use of bikes in the UK and other European countries which is putting pressure on the supply chains lead times.
- 4.6 The bikeshare scheme supports the transition from lockdown and lays foundations for long-term change as we enter the Covid-19 recovery phase. There is new demand for active travel including key workers, disabled people and those in low socioeconomic groups. The appetite and need for an inclusive recovery is supported by pre Covid-19 data, including 10% of West Midlands citizens cycling at least once per week, and 30% of residents not currently cycling, agreeing that they would like to start. Across the West Midlands, there has been an observed increase in the number of people cycling on routes across the region before and after lockdown. The West Midlands Bikeshare scheme will assist in overcoming bike ownership as a key barrier preventing people from making journeys via bicycle.

5.0 Progress of West Midlands Bike Share Scheme

- 5.1 WMCA undertook a procurement process which commenced on 27th September 2019 for a service contract to operate a Bike Share Scheme across the West Midlands. The scheme will initially operate over the 7 constituent Local Authority areas. There is opportunity for expansion across the non-constituent local authorities in the future.
- 5.2 All suppliers that registered an interest in the scheme, all flagged that they would only be interested in a scheme under a Service Contract that had the support and funding of the client. No Supplier was willing to commit to a contract via a concession arrangement.
- 5.3 Other authorities are following the same path with contracts as proposed as TfWM. The scheme in London, which has been in operation for ten years, is a service contract and recently Manchester have started their own procurement process for a service contract.
- 5.4 Following assessment of the tenders by the evaluation panel the successful operator, the supplier will be informed on August the 3rd 2020, followed by a Standstill Period. During September, a joint press release was/ will be issued.
- 5.5 The supplier will provide initially 1500 Bikes this is a combination of 150 Ebikes and 1350 pedal bikes within the West Midlands. The service contract with the supplier is for an initial term of five years with a possible three-year extension exercisable at WMCA's discretion. The supplier will provide the infrastructure and a high-quality maintenance regime for cycles and docking stations over the contract period.
- 5.6 The infrastructure is comprised of docking stations, which require no electricity inputs as the Ebikes are powered by interchangeable batteries. The cycles are the latest generation of hire cycles, which have been adapted to the West Midland's topography by including 3 gears. Advantageously, the docking stations can be easily relocated for large scale events, such as the Commonwealth Games or we have the facility to use Geo-Fencen areas for short term overflow requirements like festivals.
- 5.7 The hardware will be TFWM grey Pantone Colour Grey 11 (RAL 7043 Traffic Grey) as this is a recognised colour used by TfWM branding. This colour will be resistant to marking excessively through normal wear and tear.
- 5.8 The scheme is forecast to have trials in late autumn of 2020 and start the implemented in the spring of 2021 and the rollout taking 6 months to fully implement. The phasing will be subject to relevant approvals.
- 5.9 The supplier will work with TfWM to integrate with Swift from the initial trials of the scheme, enabling Swift customers to access the cycles using their Swift card or the Swift app.
- 5.10 Users will also be able to asses the bikes via the suppliers own payment system, this gives a backup system if there are issues with the integration between the supplier and swift.
- 5.11 Charges will be set by TfWM, this enables control of the revenue that's generated and to implement special tariffs for groups that we are actively looking to engage with the scheme. Research will be undertaken to understand the optimal revenue.

- 5.12 TfWM and the supplier will be able to provide a number of other incentives and support packages, including supporting unemployed customers and corporate membership packages.
- 5.13 The supplier will deliver 25 new jobs to the region, providing local job opportunities.
- 5.14 There will be opportunities to add further value to the scheme, through social and technological innovations, such as air quality monitoring or cycles for a variety of user's needs like cargo bikes or tricycles.

6.0 The Next Stages in Delivery

- 6.1 The key milestones for delivery are set out in Table 3 below.

Table 2: Delivery Milestones

Date	Activity
8 June 2020	Issue Invitation to Submit Final Tenders.
12 June 2020	Deadline for clarification.
19 June 2019	Deadline for receipt of Final Tender.
June 2020	Final Tender clarification and evaluation period.
June - July 2020	Authority to undertake internal governance processes including acquiring approval from the WMCA Board.
July - August 2020	Issue of Decision Letter to Participants confirming the outcome of the procurement and mandatory standstill period observed.
August 2020	Following expiry of the mandatory standstill period, contractual documents with the successful Participant confirmed and contract award notice published by the Authority.
Q4 2020	Trial of scheme
Q1 2021	Launch of Scheme

7.0 Financial Implications

- 7.1 The report details the arrangements of the Bike Share project should WMCA let a contract with the preferred supplier over a 5 year term.
- 7.2 The total cost over 5 years including WMCA support costs and VAT on income totals £15.8m.
- 7.3 WMCA Board approved £5m of Transforming Cities Funding to be used against this scheme as part of the wider £21m investment in cycling.
- 7.4 Supplementing this, commercial income to support the scheme is expected from two sources, those being a charge for usage of the bicycles and corporate sponsorship.

- 7.5 Given that a scheme of this scale is untested in the West Midlands there remains a risk around the central assumptions for variable revenues and as such, WMCA will seek to mitigate this risk by taking a prudent view on commercial incomes.
- 7.6 Excluding the additional risk mitigation measures, the standard central case operating deficit is £2.7m over 5 years and the project will break-even if revenues amount to circa 56% over the standard, central case estimate.
- 7.7 In the current economic and financial context WMCA as a public body cannot take on any undue financial risk exposure. As such, to protect against any downside risk, an total financial provision of £4.6m over the 5 year period (including the central case deficit of £2.7m) will be set aside from Tfwm re-prioritised resources. The requirement to hold this provision will reduce over time as the scheme's success can be measured and projected with greater certainty.
- 7.8 As the detailed contractual discussions begin with the preferred supplier, the specific financial aspects, terms and conditions of the scheme may change. As such no contracts will be entered into until WMCA S151 Officer has confirmed that the financial provisions detailed above are adequate and that the contract has been structured in a way which best mitigates against any serious down-side risk to WMCA.
- 7.8 Should the project out-perform expectations, then the initial surpluses will be used to provide a proportionate financial reserve to ensure the scheme remains financially resilient against any future unforeseen impacts such as the 2020 pandemic.

8.0 Legal implications

- 8.1 WMCA Legal Services supports the appointment of the supplier. External legal support, DWF in conjunction with the in-house legal officer have prepared the contract in accordance with Regulation 30 of the Public Contracts Regulations 2015 ("**PCR 2015**"). Assistance will be provided by DWF and the in-house legal officer in order to finalise the contract (contractualising the bid) to allow the contract to be formally entered into with the supplier.

9.0 Equalities implications

- 9.1 WMCA Equalities Officer supports the appointment of the supplier following satisfactory completion of the equality's questionnaire. The supplier showed a strong emphasis on social values and equality and deliver equality awareness training to their employees. Their projects and schemes have strong equality emphasis and one of their main aims is to improve accessibility, social inclusion and encourage under-represented groups such as women, disabled people and people from lower socioeconomic backgrounds.

10.0 Other implications

- 10.1 Increasing cycling and walking helps improve public health, air quality, reduce carbon emissions and reduces overall noise pollution.
- 10.2 Covid 19 could change the profile of the user of the bikeshare scheme in the West Midlands, we are unsure if Covid 19 will increase or reduce the number of rides per day
- 10.3 During the Covid 19 lockdown there has been a sharp increase in the public riding bikes, this has created strain on the supply chain which supplies the bikes and parts into the UK market.

10.4 E-scooters and other micro mobility solutions are being looked at being trialled in the West Midlands. Following the trial period, an evaluation exercise needs to take place to review whether e-scooters represents a viable long-term form of transport in the West Midlands. Whilst the implementation of e-scooters provides opportunities and risks to the bikeshare scheme, if the schemes work together or are combined then they have the potential to complement each other.

11.0 Delegation to Officers

11.1 In order to manage business effectively and efficiently the WMCA Board is recommended to delegate its powers in respect of this Programme to the TfWM Managing Director, WMCA Section 151 Officer, and the WMCA Head of Governance to:

- Secure funding
- Contract with the preferred supplier

12.0 Schedule of Background Papers

12.1 [West Midlands Cycling Charter](#)

12.2 [West Midlands Cycling Charter Action Plan](#)

13.0 Supporting Documentation

13.1 On request the Contract Approval Report for Bikeshare

13.2 On request the Bikeshare Basic Model