

**Open Report on behalf of Andy Gutherson - Executive Director of Place**

Report to:	<b>Councillor R Davies, Executive Councillor for Highways, Transport and IT</b>
Date:	<b>25 October – 1 November 2022</b>
Subject:	<b>Hirebike (Bike Share) Decision to Tender</b>
Decision Reference:	<b>I028201</b>
Key decision?	<b>No</b>

**Summary:**

Lincolnshire County Council has operated a bike share scheme in the city of Lincoln for over 10 years.

The orange bikes, branded as Hirebike, are available at 27 sites around the city and there are 120 bikes.

The current contract with the incumbent operator has come to end and the bikes are now obsolete.

This Report seeks approval to tender for an operator of a new Hirebike scheme.

**Recommendation(s):**

That the Executive Councillor for Highways, Transport and IT:-

- 1) approves the carrying out of a tendering exercise for the provision of a Hirebike scheme in Lincoln and the surrounding area; and,
- 2) delegates to the Executive Director – Place in consultation with the Executive Councillor for Highways, Transport and IT authority to take all decision necessary to conduct the tendering exercise up to but not including award of a contract.

**Alternatives Considered:**

1.	To cease the service and withdraw Hirebike from Lincoln.  This is not recommended as the Hirebike scheme is a central element of active
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	travel flagship project for active travel in Lincolnshire. It is a highly visible project that provides an alternative for car travel and prompts modal shift.
2.	To continue with the current system.  The existing contract has come to an end and the existing bikes are obsolete. An opportunity has therefore arisen to test the market and identify newer ways of delivering an improved scheme.

**Reasons for Recommendation:**

Hirebike is a flagship project for active travel in Lincolnshire. It is a highly visible project that provides an alternative for car travel and prompts modal shift.

The Sustainability and Procurement Teams have already carried out soft market engagement and understand it is possible to deliver a new, and upgraded, Hirebike project for the city at a much-reduced cost.

At this stage approval is only being sought for conducting a tendering exercise, not for accepting any tender submitted which will be the subject of a further decision. However, following the market engagement the Sustainability Team believe that it is probable numerous tenders will be received.

**1. Background**

Hirebike is the bike share scheme in the city of Lincoln and surrounding areas. The orange bikes are run by the Hourbike company who also maintained schemes in other towns such as Liverpool, Reading, Derby, and Brighton. Today, only the Brighton and Lincoln schemes remain under the Hourbike remit.

The contract and extensions for the current operator are nearing the end and the value of the current equipment is ‘scrap’. Technology has moved on at pace since the original installation of the scheme in 2013 and should the decision be made to continue with Hirebike a new platform, bikes, and associated logistics will be required.

Changes to the current scheme we would expect bidders to offer would be:

- Improved access and unlocking of bikes. For example, by using mobile phone based QR code technology linked to ApplePay and AndroidPay.
- Expanding the scheme to include the entirety of the city of Lincoln as well as villages in the periphery including Branston, Washingborough and Nettleham.
- Using technology for more docking stations using geofencing – allowing for additional stations and simplicity of moving docking points.
- Improving the bicycle itself, providing a more responsive, lighter, and more agile bike.

- Improving data, for example showing routes taken rather than simply a beginning and end point.

Other than the above we consider the best approach to be to allow the various operators around the country to tell Lincolnshire County Council (LCC) what they consider to be the best way of delivering a scheme in Lincoln.

We would expect all bidders to outline to LCC the network they propose, the bike they propose, and the access and payment arrangements.

By using a tendering process, we can enable operators to explain the above to LCC, rather than LCC describing the scheme. For example, the initial contract detailed exactly the type of bike we expected to see and the locations of stations. This tied operators to this type of operation – instead we would rather operators explained and justified why their system is suitable for Lincoln and outlined the benefits it could bring. How many bicycles does the city need? How many docking stations? Where should the stations be? How much should we charge given the demographics and wages of the area? All points the operators should be able to explain to us.

#### Current Performance

Performance of the current contract is difficult to ascertain due to the original KPIs being somewhat unspecific. The best metric on performance is that of the bikes, prior to Covid, having a ridership rate of 0.2 per day – or roughly one rental per week, per bike. This was consistently one of the lowest of the Hirebike fleet and is 10 times lower than the Brighton rate of 2 rentals per bike, per day.

The Sustainability Team believe it is possible for a new operator with an upgraded system to significantly increase this level.

#### Costs

It should be noted that no bike share scheme in the UK is self-sustaining. Transport for London subsidise the Santander Cycles scheme by at least £4million per year. There will be a requirement to subsidise any scheme moving forward. It is extremely unlikely that a scheme would sustain itself in Lincoln, including if sponsorship was achieved.

Following market engagement, it is believed that LCC could offer sufficient incentive to potential operators by offering a £1 per rental subsidy, capped at an upper level of £25,000-£35,000.

For comparison, pre pandemic use of the fleet saw approximately 7,000 rentals a year. 25,000 rentals in a year would represent a huge success for the scheme. Capping the subsidy offered would provide LCC with assurance on a total amount and remove a (very minor) risk of LCC having to potentially fund an unlimited amount of money.

Offering a 'per-rental' subsidy over a flat fee subsidy would incentivise operators to maximise rentals and penalise for lack of effort to engage local residents.

### Funding Sources

The Department for Transport is releasing a multi-year capital and revenue funding settlement as part of the Capability and Ambition Fund. Although this funding could be purposed towards the costs of the scheme there are competing pressures elsewhere in the county and across other projects which would need to be prioritised.

### Risks

- Keeping the current system is a major risk. The bicycles themselves have no residual value and, due to their age, spare parts are becoming harder to find and, in some cases, unavailable.
- It is more expensive and of less use to residents to keep the current scheme.
- It is not possible to guarantee that external funding could be used towards this project. Other priorities may take over and it is feasible the DfT may state that future funding cannot be used towards bike share (although there has been no indication of this happening)
- Withdrawing the bike share system would remove an avenue to encourage modal shift, an issue of increasing importance to the Council's transport agenda.
- Bike share schemes are often seen as a flagship active travel project for cities. There could be a reputational risk for the city of Lincoln in being seen to abandon its bikeshare scheme however a properly advertised and marketed it is possible for a bike share scheme to be a success.

It appears that whichever form of scheme is progressed the Council should be aware that there is likely to be a subsidy required for the foreseeable future.

## **2. Legal Issues:**

### Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

The Equality Act duty has been considered and the tendering of the scheme is at least neutral in its impact on people with a protected characteristic. The tendering exercise can be used to explore the ways in which the scheme may be made more accessible to people with protected characteristics especially older people and people with disabilities to increase the opportunity for people with a protected characteristic to realise the benefits of the scheme

#### Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

A Hirebike scheme contributes directly to the aims of the Joint Health and Wellbeing Strategy by increasing access to active travel and encouraging exercise whilst having the potential to reduce car journeys and associated emissions.

## Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The section 17 matters have been taken into account but there not considered to be any implications arising out of this decision.

### **3. Conclusion**

That to fully consider the benefits of a modernised fleet of hireable bikes and the utilisation of new technologies to make the scheme more attractive to users such as the location of stations through geofencing and the use of smart payment options, it is recommended that the Council enter a formal tendering process and that the market providers formulate a scheme for evaluation that can demonstrate the value to Lincoln residents.

### **4. Legal Comments:**

The Council has the power to conduct the tendering exercise proposed.

The decision is consistent with the Policy Framework and within the remit of the Executive Councillor.

### **5. Resource Comments:**

There are no financial consequences in the cessation of the existing contract or in the undertaking of a procurement exercise to gauge values. Contract award decisions will be subject to a further report as the tenders will have differing offers in terms of the design of the scheme.

### **6. Consultation**

#### **a) Has Local Member Been Consulted?**

N/A

#### **b) Has Executive Councillor Been Consulted?**

Yes

#### **c) Scrutiny Comments**

The decision will be considered by the Highways and Transport Scrutiny Committee on

24 October 2022 and the comments of the Committee will be reported to the Executive Councillor.

**d) Risks and Impact Analysis**

See the body of the Report.

**7. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Philip Watt, Active Travel Officer- Environment, who can be contacted on 01522 554553 or via email at [philip.watt@lincolnshire.gov.uk](mailto:philip.watt@lincolnshire.gov.uk).

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