

APPOINTMENT OF DOCKLESS BIKE-SHARE SCHEME OPERATORS IN HACKNEY - CONTRACT APPROVAL			
Key Decision No. NH S055			
CPIC (2021/22)	MEETING	DATE	CLASSIFICATION: Open with Exempt Appendix B If exempt, the reason will be listed in the main body of this report.
		14 February 2022	
WARD(S) AFFECTED: All			
CABINET MEMBER: Cllr Mete Coban, Cabinet Member for Energy, Waste, Transport and Public Realm			
KEY DECISION: Yes			
REASON: Affects two or more wards			
GROUP DIRECTOR: Ajman Ali, Group Director of Neighbourhoods and Housing			

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1 This report seeks the approval of the Cabinet Procurement and Insourcing Committee (CPIC) to appoint Bidder D as a Dockless Bike Scheme Operator in the London Borough of Hackney.
- 1.2 This implementation of such a scheme is one of the measures chosen under the Council's Transport Strategy 2015 - 2025 and 'Cycling Plan' to achieve the goal of ensuring that, by 2025, cycling accounts for 15% of all journeys.
- 1.3 The aim of the scheme is to increase the amount of cycling in the Borough, particularly among those residents without ready access to their own bike.
- 1.4 Though the scheme is expected to be funded by the operator at no cost to the Council, the approval of CPIC is being sought for reasons of public interest

2. RECOMMENDATION(S)

- 2.1 CPIC is recommended:

- i) to approve the appointment of Bidder D (see Exempt Appendix B for details), as the sole operator of a Dockless Bike-Share Scheme using cycle bays provided by the Council. The appointment to operate in Hackney shall be on the basis of a fee paying concession agreement for an initial period of two years with up to two further optional annual extensions.

3. RELATED DECISIONS

- 3.1 The initial business case to proceed with the procurement was approved by the Strategic Director in July 2021
- 3.2 A separate business case has allowed the procurement of cycle corrals that will be available to the companies for parking the dockless bikes.
- 3.3 These cycle corrals are to be placed in spaces mainly converted from former car parking spaces. The temporary parking suspensions Delegated Powers Report was agreed on 22 September 2020, as well as an objection report compiled after the statutory consultation period that took place in March-April 2021.

4. REASONS FOR DECISION/OPTIONS APPRAISAL.

- 4.1 Transport for London's (TfL) cycle hire scheme only operates in the southern fringes of the Borough and not the north and east of the Borough. A dockless service presents an opportunity to support the London Mayoral proposal 6 regarding new models of cycle hire.
- 4.2 Beginning in December 2019, the Council trialled a dockless bike hire scheme with two operators, Jump and Beryl, in order to expand the available cycle for hire network in the Borough. Memoranda of Understanding were agreed with the companies and were set to expire in November 2021, however both operators have ceased operations since April 2021. Beryl cited Covid reasons and Jump was acquired by another organisation.
- 4.3 Car parking bays were used in the trial instead of allowing the bikes to be parked on the footway in order to reduce clutter and to reduce hazards for pedestrians, as well as reclaiming road space allocated for cars towards a sustainable mode of transport.
- 4.4 Initially these car parking bays were temporarily suspended to create space for cycle parking, but since the withdrawal of Jump and Beryl work has continued to create more permanent cycle parking infrastructure. Lessons learned from the trial period include the fact that some sort of physical infrastructure is required both to make clear where the bikes should be stored (to avoid anti-social parking on footways) and also to make clear to drivers where they should not park (and hence rescue enforcement costs).

4.5 On 16 September 2021, a new invitation to tender for the appointment of one or two dockless bike operators was advertised on 'Find a Tender' (FTS), the UK Government's Procurement Portal. Though the procurement was estimated at at least £2m (i.e. contract lifetime value to the operators) which is below the relevant threshold, it was published and run in accordance with the Concession Contracts Regulations 2016 in the interest of transparency. The intention of the Streetscene Service was to appoint up to two operators, subject to finding suitable operators in accordance with the terms of the Invitation to Tender. The evaluation of the bids has been concluded and a winning bid has been selected from the seven bids received as described in Section 10 of this report.

5. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

5.1 In this case a recommendation is made to appoint Bidder D as the sole operator of the dockless scheme. An alternative would have been to appoint two operators, including Bidder C, the only other operator to have submitted a compliant bid.

5.2 Having two operators might have provided residents with greater consumer choice and provided resilience in the event of one of the companies ceasing operations

5.3 However, in this case the difference in quality between the winner (Bidder D) and the second place (Bidder C) was clear in all five sub-criteria of the quality assessment and it is considered that best value for the Council would be achieved through the appointment of just one operator.

5.4 Scope for this type of choice was clearly laid in the draft terms and conditions circulated with the invitation to tender which made clear that the "Council reserves the right at its absolute discretion to appoint up to two Scheme Operators to deliver the Services"

6. PROJECT PROGRESS

6.1 Developments since the Business Case approval: None.

6.2 Whole Life Costing/Budgets:

6.3 The Whole Life Costs of this project to the Council includes the costs of (a) procuring the contract, (b) managing and monitoring the contract and the shared cycle scheme and (c) maintaining the cycling infrastructure. TfL and S106 contributions have already funded the formalisation of the bays and corrals. The costs for (a) and (b) are detailed in the contract management arrangements in Section 11 at 0.1 FTE for each making a total of 0.2 FTE. There will be some additional minor maintenance costs. These costs to the Council are estimated at 35 hours officer time per annum i.e. less than

0.02FTE, including travel time to inspect each of up to 100 corrals, once per annum. The total for the three types of whole life costs is thus 0.22 FTE.

6.4 The operation of the scheme will be funded by an annual fee of £5,000 and the annual voluntary contribution (see Appendix B) both payable by the appointed operator to the Council.

7. **SAVINGS:** None applicable.

8. **SUSTAINABILITY ISSUES**

8.1 **Procuring Green:** under the contract to be awarded, the e-bikes will be maintained exclusively using Zero-Emission Vehicles, including e-vans and e-cargo bikes and thus limit their environmental impact on Hackney. The winning bid provided details of the operator's repair, reuse and recycling policy including a record of having so far treated only 0.01% of the operator's existing London bike fleet irreparable; landfill diversion' in excess of 96% and the recycling of batteries into bluetooth speakers. While the provision of manual push bikes as opposed to electrically-powered bikes was identified as one of the criteria for assessment of sustainability in the business case, in this instance all of the bids received were for electric bikes.

8.2 **Procuring for a Better Society:** the recommended Bidder is a London Living Wage employer and proposes to hire staff locally to run its operations as well as partner with a local charity in Hackney that is involved in tackling food poverty.

8.3 **Procuring Fair Delivery:** The recommended supplier has third-party verified supplier accreditation systems which gives assurance that robust measures are in place to minimise Modern Slavery in their supply chains.

8.4 **Equality Impact Assessment and Equality Issues:** No particular issues were identified however, the recommended supplier's operating model includes the provision of support to potential bike-users who are experiencing difficulties in operating their bikes or mobile app.

9. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

9.1 The goal of this procurement is to provide bicycles in such a way as to complement the docking stations already provided by the Council, and develop cycling as a means of transportation in the Borough; the following options were considered:

(a) **Operate a Council owned and run scheme:** this would imply the Council owning the cycles and operating the scheme as well as bearing responsibility for the littering of bikes on the roads and pavements as well as the costs of vandalism and theft of bicycles. It would however give the Council full control over the operation of the scheme in accordance with its

requirements; however, this option would require some investment in the vehicles and an organisation to run the operations. Unfortunately, the Council does not have the experience of delivering such services or maintaining such infrastructure. Given the number of suppliers pulling out of this market and the uncertainty in local demand for these bikes, this may be too risky an option, financially and operationally, for the Council to bear on its own without further research into the feasibility of this option.

- (b) **Joint operation with a partner or supplier:** Such an approach with the right partner would provide the Council with the experience and knowledge that is lacking internally while providing the Council some control over the operations. In essence it would enable the Council to mitigate the risks identified in 7.5.4(a). This option would however still require some financial investment by the Council in bicycles subject to finding a suitable and interested partner to work with the Council. to deliver a service that enables the Council to at least break even very early as well as deliver an effective service. Unfortunately, the timelines associated with this project require a quicker solution.
- (c) **Fully outsourced provision:** This is the 'no investment and low risk' option to the Council. It is also the quickest to set up which makes it most appropriate in the face of time constraints. The main risk this option poses for the Council is that of a service provider, and/or service quality failure. The Council is mitigating these risks by creating a favourable and secure environment for the supplier to operate in while maintaining some control via a contract and making a sufficient return to cover its monitoring and contract management costs as well as the costs of maintaining the docking stations.

10. TENDER EVALUATION

10.1 Evaluation:

10.2 7 Bids were received by the deadline of 12:00pm, 20 October 2021.

10.3 The bids were evaluated in accordance with the published evaluation criteria and methodology at Appendix B of this report by a panel consisting of the following officers from the Council's Streetscene Service: Principal Transport Planner and Senior Transport Planner.

10.4 On initial opening of the bids five (5) bids were found to be either incomplete or not meeting the suitability criteria for Technical and Professional ability. These five bidders were eliminated on that basis and duly informed. The remaining two bids were evaluated, yielding the results in table 1 below. Though Streetscene sought to appoint up to two bidders, subject to finding 2 suitable bidders, Bidder C is not appointable for not meeting the minimum expectations in respect of bike-users' age verification methodology.

10.5 Table 1: Evaluation Scores

Bidder	Price Score (30%)	Quality Score (65%)	Sustainability Score (5%)	Total Bid Score
Bidder C	17.68%	36.95%	5.00%	59.63%
Bidder D	30.00%	60.21%	4.00%	94.21%

10.6 Recommendation: It is on this basis that CPIC is recommended to approve the appointment of Bidder D as set out in section 3 of this report.

11. CONTRACT MANAGEMENT ARRANGEMENTS

11.1 Resources and Project Management (Roles and Responsibilities):

11.2 The proposed contract management arrangements for this project shall be as set out in the Business Case that authorised this procurement as follows:

- (1)- The procurement and contract administration (overall) will be managed by the Sustainable Transport and Engagement (STE) Team and will require 0.1 FTE staff hours.
- (2)- The day to day purchasing and liaison regarding delivery and installation will be managed by the Design and Engineering (D&E) Team and will require 0.1 FTE staff hours.
- (3)- Inception meeting at contract award will last about 2 hours and will require the attendance of two staff each from STE and D&E.
- (4)- Agreed rollout - A minimum of 200 Dockless Bikes, scaling up to a maximum of 325 in year two.
- (5)- Monthly reviews of effectiveness and/or further roll out to agreed dates will be conducted by the STE team.

11.3 No TUPE issues relevant to this project have been identified.

11.4 Key Performance Indicators:

Main KPI Targets Set	Monitoring	Mayoral & Local Priority
Net uptake in cycling from one monthly reporting period to the other: > 0	Monthly reporting	Scheme use will contribute to LIP and Hackney Transport Strategy targets to increase the modal share of cycling.
Faulty bikes to be made safe or unavailable to the public, within 12 hours,	Monthly reporting	Contributes to road safety targets to reduce KSI
Average time to recover littering/obstructing bicycles': 1 hr	Incident reporting/monitoring and monthly reporting	Reducing street clutter, ensuring a safe public realm walking environment

12. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 12.1 This report seeks approval to appoint Bidder D as the sole operator of a Dockless Bike Share Scheme in the Borough initially for 2 years with an option to extend annually thereafter as set out in the recommendation in Section 3 of the report. Bidder D scored the highest in terms of price and quality of service provision compared to other tenders.
- 12.2 Cycling numbers are continuing to increase across London and we have seen a rise in numbers in Hackney. The benefits of increasing the uptake of cycling are significant in terms of improving air quality, less congestion and a fitter and healthier population and would align with the Council's corporate priorities. The Council's Transport Strategy 2015 - 2025 and 'Cycling Plan' to achieve the goal of ensuring that, by 2025, cycling accounts for 15% of all journeys.
- 12.3 There are direct and indirect costs in relation to the operation which will be funded by an annual fee and an annual voluntary contribution (appendix B) by the operator to the Council.
- 12.4 The aim is to improve access to cycling for all Hackney residents and businesses. The Council has an ambition to introduce dockless cycle hire schemes in the Borough to promote cycling as a convenient, healthy and enjoyable activity.
- 12.5 A dockless cycle hire scheme would assist in helping Hackney meet our cycle objectives. It would open up cycling to those who do not own a cycle and would target the short destination journeys that may otherwise have been undertaken by car. It would also promote cycling as a leisure activity

and provide an additional mode of transport for people to access local amenities. Increased cycling amongst those who live and work in the Borough would promote a modal shift away from the private car and encourage more active lifestyles that would help improve public health and air quality

12.6 VAT Implications on Land & Property Transactions: No VAT implications

13. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

13.1 This matter was classified as Low Risk and therefore the Business Case for the procurement was signed off by the Director in accordance with paragraph 2.8.1 of Contract Standing Orders. However, the value of the contract to be awarded in this Contract Award Report is estimated at £2m and therefore this report is being presented to Cabinet Procurement and Insourcing Committee for approval in accordance with paragraph 2.5.3 of Contract Standing Orders.

13.2 The Council published a Find a Tender Notice on 16 September 2021 in order to seek bids for the performance of the services. The details of the bids received and the recommendations for contract award are set out in this Report.

14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

14.1 The proposed concession agreement is valued up to £2,000,000 which is below the relevant UK concession contracts threshold (Services) and must be awarded in accordance with Hackney Standing Orders. The Council's Contract Standing Order 2.5.3 requires that the Contract Award for a Low Risk procurement valued above £2M be approved by the Cabinet Procurement and Insourcing Committee.

14.2 An open competitive tender process, advertised widely via a voluntary notice on the 'Find a Tender' service, has been carried out. Whilst the response rate of suitable operators was low, robust evaluation has been undertaken. Award to a single operator, who achieved the highest tender scores by a significant margin, is supported for the reasons set out in the report

14.3 Suitable KPIs and contract management arrangements are in place, including environmental and social commitments in line with the Council's Sustainable Procurement Strategy.

APPENDICES

Appendix A - Evaluation Criteria and Methodology (Public)

Appendix B - Bidders and Submissions (Exempt)

EXEMPT

By Virtue of Paragraph(s) **3**, Part 1 of schedule 12A of the Local Government Act 1972 this Appendix B is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Background Papers:

None.

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Appendix A - Evaluation Criteria

Criteria	Criteria Weighting	Sub-Criteria/Proposal areas	Sub-Criteria Weighting
Suitability - Economic and Financial Standing	N/A	<ul style="list-style-type: none"> D&B Failure score : above industry average; Current Ratio: > = 1 Turnover > = £500,000 	Pass/Fail
Suitability - Technical and Professional Ability	N/A	Experience of operating, in the last 3 years, a scheme(s), involving a minimum of 200 bikes over 12 months.	Pass/Fail
Insurance	N/A	<ul style="list-style-type: none"> Public Liability Insurance: £10million minimum; Employee Liability Insurance: as required by Law 	Pass/Fail
ACCREDITATIONS	N/A	QA0 - MANDATORY ACCREDITATIONS	Pass/Fail
QUALITY	65%	Q.A1 - OPERATIONS	30 %
		Q.A2 - PARKING	30 %
		Q.A3 - ENGAGEMENT	15 %
		Q.A4 - SAFETY AND MAINTENANCE	15 %
		Q.A5 - MONITORING	5 %
SUSTAINABILITY	5%	Q.A6 - LLW	Pass/Fail
		Q.A7 - SOCIAL VALUE ASSURANCE	100 %
FINANCIALS	30%	Q.B1 - ACCEPTANCE OF CONTRACT CHARGES	Pass/Fail
		Q.B2.1 - OPERATOR VOLUNTARY ANNUAL CASH CONTRIBUTION	100%

