

Board

**Transport
for London**



Date: 20 September 2012

Item 9: Barclays Cycle Hire Expansion and Intensification

This paper will be considered in public

1 Summary

- 1.1 This paper seeks Board approval for the implementation of Barclays Cycle Hire Expansion and Intensification (CHEI) and certain delegations to enable the letting of a construction contract, the variation of the Serco contract and entering into joint arrangements with certain London Boroughs. It also briefs the Board on the progress of the initial development, previously authorised in July 2011 as BCH Phase 3.
- 1.2 To permit the CHEI launch in 2013 and to avoid delaying its a full launch to 2014, this paper is being submitted directly to the Board.
- 1.3 Due to the timing of this paper, commercial negotiations are not complete. It would undermine TfL's negotiating position to make certain information public at this stage. Therefore, the Board is asked to consider the related paper on Part 2 of the agenda as exempt and not for publication to the public or press by virtue of paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972.

2 Recommendations

- 2.1 **The Board is asked to:**
 - (a) **note the his paper and the related paper on Part 2 of the agenda;**
 - (b) **note the progress of the initial development of Barclays Cycle Hire (BCH) Phase 3;**
 - (c) **note the change of name from Barclays Cycle Hire Phase 3 to Cycle Hire Expansion and Intensification (CHEI);**
 - (d) **approve the project, procurement and financial authorities required to enable the implementation of CHEI, as set out in the related paper on Part 2 of the agenda;**
 - (e) **authorise variations to the existing contract between Transport Trading Limited and Serco Limited (the BCH contract) to allow for the implementation and operation of CHEI;**
 - (f) **authorise the award of a contract to allow for the construction of CHEI sites to whichever bidder submits the most economically**

advantageous tender under the competitive process described in this paper;

- (g) authorise entering into joint arrangements and agreements with certain London Boroughs in order to progress CHEI and any future sites; and**
- (h) delegate authority to TfL Officers and Subsidiaries set out in paragraph 2.2 below, to agree the final terms of the arrangements and agreements referred to in paragraphs 2.1(e) (f) and (g) above and to do all such other things as they may consider necessary or desirable to facilitate the implementation of such arrangements and agreements.**

2.2 The following TfL Officers and Subsidiaries have delegated authority:

- (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Surface Transport, General Counsel and Chief Finance Officer; and**
- (b) Subsidiaries: all subsidiary companies of TfL including Transport Trading Limited and any other subsidiary of Transport Trading Limited (whether existing presently or to be formed): any of the directors shall be authorised to act for or on behalf of any such subsidiary.**

3 Background

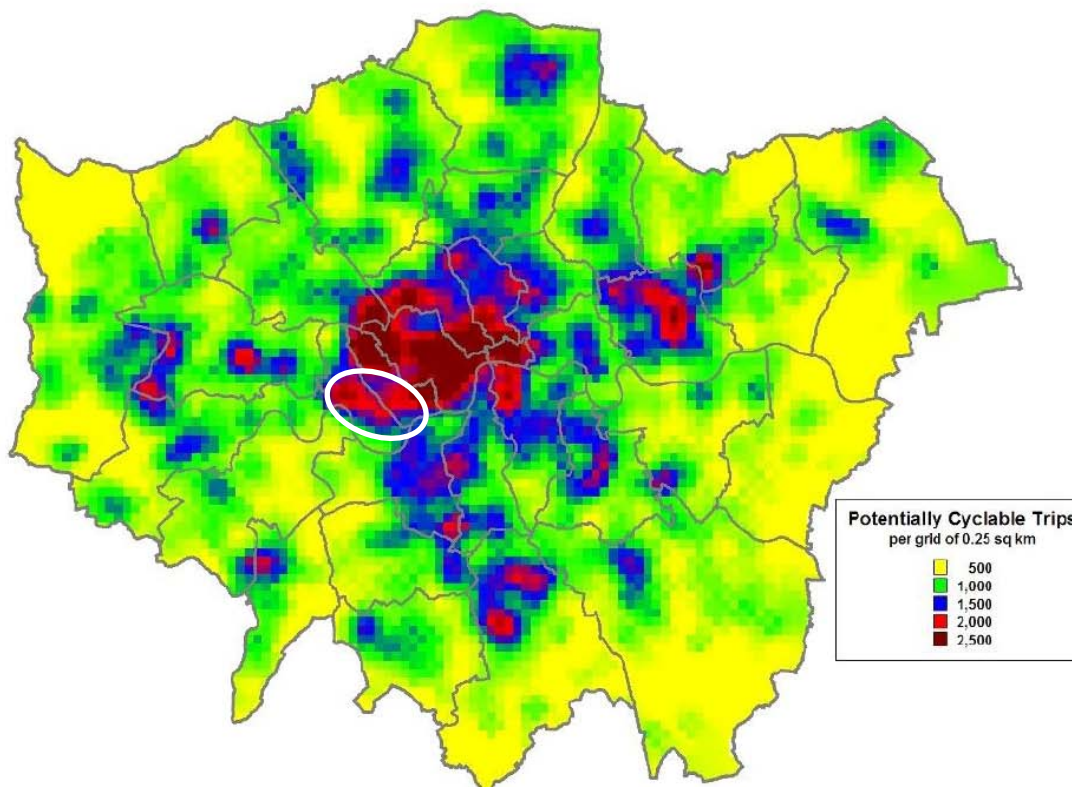
- 3.1** BCH forms part of the Mayor's 'Cycling Revolution', contributing to an increase in the modal share of cycling to five per cent by 2026. As at 28 August 2012, Cycle Hire has enabled 15.6m hires, only 5 per cent of which were previously using their own cycle for the journey, and has established itself as an iconic addition to the London streetscape. Phase 1 launched in 2010, with formal project close in July 2012.
- 3.2** The BCH Phase 2 eastern expansion brought Cycle Hire into the Olympic Legacy area and increased the scheme from 6,000 to 8,333 bicycles. Launched on time and under budget in March 2012. The project will conclude in 2013 following the implementation of IT and operational improvements. These include systems capacity for up to 20,000 bicycles, enhancements to the casual user experience, improved operational efficiency and new sources of revenue and trip generation such as corporate accounts.
- 3.3** CHEI proposes to build on the success of Phase 2, taking Cycle Hire west and south-west into an area of high demand and potentially cyclable trips, including parts of Wandsworth, Hammersmith & Fulham and additional areas of Lambeth and Kensington & Chelsea. CHEI would increase the number of bicycles by at least 2,400 to around 11,000 across the whole scheme, supported by at least an additional 5,000 docking points. It is intended to launch CHEI in 2013.

- 3.4 Initial authorities of £1.5m were approved by the Finance and Policy Committee on 27 July 2011, to enable the site identification, design and consents to be progressed and to establish variation costs from Serco.
- 3.5 Approval is sought for funding for implementation and operations and the authorities and delegations required to enable agreement of a contract variation with Serco and the award of a separate contract for site construction. To protect a 2013/2014 launch, in line with the Mayor's expectations and proposed sponsorship funding conditions, the Board is now asked to give the approvals set out which will enable procurement and pre-planning consultation to get underway. Further delays will place full launch into 2014.
- 3.6 Authority is also sought to enter into joint arrangements to enable the production of Traffic Regulation Orders on behalf of boroughs for CHEI and for any future sites. Other agreements, including third party funding agreements with Wandsworth Council, London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Lambeth Borough Council will be agreed under existing delegations.
- 3.7 The project, procurement and financial authorities required and financial summary are commercially sensitive while contract negotiations are progressing and are set out in a separate paper on Part 2 of the agenda.

4 CHEI Scope and Benefits Expected

- 4.1 The proposed expansion of the scheme area westward includes areas of Wandsworth, Hammersmith & Fulham, Lambeth and Kensington. In addition, TfL proposes to investigate expansion into the Olympic Park and to Westfield Stratford.
- 4.2 Initial development work established that delivery timescales for the Olympic Park do not align with a 2013 launch. Consequently CHEI is being progressed as a west and south-western expansion of approximately 25km², intensification of the existing zone and deployment of at least 2,400 additional bicycles. This scope is reflected in the proposed sponsorship variation. Feasibility work is continuing for the Olympic Park and Westfield. Any implementation of any expansion for the Olympic Park and Westfield would require separate approval.

Figure 2.4 Potentially cyclable trips by trip origin, London residents



Source: Analysis of Cycling Potential, London Travel Demand Survey 2005/06 to 2007/08

- 4.3 The current scheme area is located mainly north of the Thames. The CHEI expansion area redresses this with a significant proportion of sites being located south of the river (see map above). This area includes several areas of low Public Transport Accessibility Level (PTAL), areas identified for regeneration and areas of high cycle hire demand and has been chosen to support scheme take up, improve revenue generation from leisure and local trips and to support local priorities identified by boroughs.
- 4.4 The mixed demographic nature of the expansion area enables take up activity to further balance ridership by providing local access to BCH to under-represented groups, including hard pressed families, young couples, people on lower incomes and Black, Asian and Minority Ethnic (BAME). Targeted marketing plans are to be developed.
- 4.5 Additional sites are being introduced to the existing zone, to improve operational efficiency by adding capacity in areas of high demand. Sites have been prioritised in line with operational experience and are intended to ease the redistribution pressure and to improve docking point and bicycle availability for users and improving user satisfaction.
- 4.6 Systems and operational improvements are being delivered as part of Phase 2. Systems stabilisation is complete and is reflected in substantially reduced contacts and complaints. Improved operational redistribution systems and

approaches are being introduced and refined throughout 2012. A further improvement to the back office and customer facing systems is being introduced in early 2013. These improvements are expected to be complete and bedded in before CHEI sites become operational.

- 4.7 The monetised benefits case is under review to ensure that appraisal methods value the contribution to modal shift. For example, six per cent of BCH members have bought a bicycle, 95 per cent of cycle hire trips are new cycling trips and 60 per cent of members would recommend BCH to friends and family. Trusted advocacy is a key driver of cycling take up.
- 4.8 BCH is an emissions free mode and contributes indirectly to relieving congestion on public transport. It is expected that new BCH users in the CHEI zone will typically undertake local utility and leisure trips, before gaining the confidence to shift central London journeys from underground and bus to cycling. This is consistent with recent research findings.

5 CHEI Approach and Current Status

- 5.1 CHEI introduces Cycle Hire to two new London Boroughs, Hammersmith & Fulham and Wandsworth. In line with the principle established in Phase 2, expansion boroughs are required to contribute to the costs of implementation.
- 5.2 In line with a strategy to build market capability, a number of changes to site delivery have been introduced. Site design has been brought in house. Cycle Hire site delivery construction has been included in the pan-London highways maintenance contract that is currently being tendered. It is intended to test this during CHEI with a representative sample of sites. A separate contract for the construction of the majority of CHEI sites is being competitively tendered. As a result Cycle Hire will be able to build up benchmarking data against which to assess future delivery prices and performance.
- 5.3 Site identification is complete and the site design programme is underway within public consultation planned for October 2012. Construction is expected to start in mid 2013, with most sites delivered and operational by December 2013 and remaining sites by March 2014.
- 5.4 Contract variation discussions are underway with Serco and are expected to conclude in early 2013. In the interim, the case for CHEI is based on project team estimates and is considered to be realistic and achievable. Delegations are sought to agree the final terms of the variation to the BCH contract, to enable contract signature after the drafting of the final agreement and supporting schedules by March 2013.

6 Legal Implications

- 6.1 An environmental evaluation for Phase 2 is complete and an update will be sought for CHEI when all sites have been identified and prioritised for delivery. The scheme provides an emissions free mode and uses low emission and emissions free operational vehicles. Around two thirds of BCH trips replace a

motorised trip (bus, underground, train, taxi, private hire, motorcycle and scooter).

- 6.2 An equalities screening assessment was completed for Phase 2, which took BCH eastwards into areas of deprivation. Focused marketing and take up effort on encouraged take up by a more diverse ridership, with particular emphasis on women, students and BAME. An updated assessment for CHEI will be completed when the initial results from Phase 2 can inform targeted marketing plans. CHEI is taking BCH west and south-west into areas of mixed demographic make up, offering the opportunity to further broaden take up.
- 6.3 Crime and Disorder Reduction stakeholders have been consulted on the choice of expansion area and individual sites. Sites are located in well lit areas, avoiding known hotspots. Systems are in place to manage data and financial security risks. Lessons learnt from Phase 2 deployment are being integrated into CHEI.

7 Financial Implications

- 7.1 Financial implications are covered in the related paper on Part 2 of the agenda.

List of appendices to this report:

None

List of Background Papers:

None

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