

NET ZERO 2030 - E-BIKES AND SOCIAL VALUE

Cabinet - 7 July 2022

Report of: Deputy Chief Executive & Chief Officer - Planning & Regulatory Services

Status: For decision.

Also considered by:

- Cleaner and Greener Advisory Committee - 28 June 2022

Key Decision: No.

This report supports the Key Aim of: Commitment to Net Zero 2030.

Portfolio Holder: Cllr. Margot McArthur

Contact Officer(s): Richard Morris, Ext, 7139; Helen French, Ext. 7357; Margaret Carr, Ext. 7341

Recommendation to Cabinet: That

- a. Cabinet authorises the engagement of a consultant to assess the overall feasibility of introducing an e-bike scheme in the District taking into account scheme demand, geographical coverage, economic case, fleet assumptions, cost and tariff plans, delivery and operating options and scheme risks; and
- b. Cabinet authorises the engagement of the same consultant to develop a business case for a feasible scheme if such a scheme is deemed achievable by the consultant;
- c. Cabinet agrees that these initial costs will be funded from the Net Zero Reserve;
- d. Cabinet endorses in principle the provision by spring 2023 of a partnership e-bike scheme within the District as a vehicle to address the issues of homelessness, under-employment and low skills in the workforce; and
- e. Cabinet requests a final report on this item, including any consultancy advice, prior to the 2023/24 budget being set.

Reason for recommendation:

Preparatory investigation is necessary in order to fully inform the Member decision-making process.

Introduction and Background

- 1 The Council have committed to working towards net zero carbon emissions for the Council and its assets by 2030. We have also committed to work with communities and partners to reduce carbon emissions across the District.
- 2 Transport is the second largest emitter of carbon within the District accounting for 36% of emissions within the influence of the Local Authority in 2019.
- 3 The Net Zero 2030 ambition includes an action to “**Promote low carbon travel and sustainable movement**” and to work with Kent County Council, our community and partners to develop and encourage sustainable travel.
- 4 The Movement Strategy 2022 sets out the Council’s aims to promote sustainable movement. Including an aim to “**Support suitable innovative low emission alternatives for short and long distance travel**”.
- 5 The Air Quality Action Plan also identifies measures to help improve air quality including investigating “**Bike Rental Schemes**” and “**Promotion of active travel schemes**”.

Electric Bikes in Sevenoaks

- 6 Electric bikes (e-bikes) are becoming a popular low carbon alternative to traditional transport particularly with commuters and leisure cyclists. An e-bike is a hybrid form of transport with part of the power coming from the rider and part from an electric motor.
- 7 E-bikes are particularly useful for journeys that are not short enough for walking or non-powered cycling but are not so long that a train or car may be necessary. In fact, 30-40% of e-bike trips are taken in conjunction with public transport.
- 8 E-bikes are capable of doing what a regular bike can do and have many benefits over regular bikes:
 - E-bike users tend to have a greater average speed which reduces journey time
 - E-bikes can be used for longer journeys as they require less physical effort and are particularly suited to journeys with challenging topography and hills
 - E-bike riders often say they feel safer in traffic due to the extra acceleration and speed up hills which means that the difference in speed of other passing vehicles is less than it otherwise would be
 - Users are able to carry heavier loads more easily than with a regular bike making them more suitable for shopping trips and other journeys

- E-bikes can be suitable for a wider range of age groups and abilities and still have great health benefits as a form of aerobic exercise.
- 9 There are also challenges with e-bikes:
- E-bikes are more expensive than regular bikes costing on average £1,500-£3,000
 - Most bikes will travel around 25-50 miles between charges and take around 2-6 hours to fully charge
 - E-bikes are around 10kg heavier and bulkier than regular bikes.
- 10 Large-scale cycle hire and public bike share schemes have become increasingly popular in towns and cities across the country. Such schemes have many benefits including helping to reduce carbon emissions, improving air quality and providing communities with convenient access to bikes, rather than requiring individuals to purchase an e-bike outright.
- 11 Given the nature of Sevenoaks Urban Area it is possible that an e-bike scheme would be more suitable than a regular bike hire scheme for the Town. Sevenoaks has challenging topography with many hills; for example the town centre cannot be accessed from either Sevenoaks railway station or Bat and Ball railway station without travelling uphill for some distance.
- 12 Sevenoaks station also attracts users from a wide area and serves many of the surrounding villages with commuters travelling many miles to reach the station. E-bikes could provide an alternative to the car, or walking, for these “first and last mile” journeys.
- 13 However, there is currently no definitive evidence as to how popular an e-bike hire scheme would be within Sevenoaks Urban Area. We are currently undertaking a Local Cycling and Walking Infrastructure Plan (LCWIP) and early indications from stakeholder feedback indicate that some of the key barriers to cycling in Sevenoaks are the existing road network and infrastructure, topography of the town, and safety, particularly around key junctions and for schoolchildren.
- 14 The LCWIP, due to be completed in Autumn 2022, will also provide some information regarding the suitability of the town for e-bikes, taking account of the more affluent demographic of the town and the topography and safety issues that could be mitigated by the use of e-bike technology.
- 15 Although the LCWIP will provide some indication of the suitability of the town for e-bikes, this information is likely to be limited and further work on the market demand and delivery, including more direct stakeholder engagement, would need to be undertaken to provide assurances that a scheme would be viable, feasible and suitable for Sevenoaks.

Big Issue/ShareBike proposal

- 16 In January 2021, initial discussions were held with representatives from Big Issue/ShareBike to showcase a proposal for an e-bike hire scheme aimed at

providing support for long term unemployed people. The scheme would be primarily an employment support project with “green” benefits.

- 17 ShareBike, who are based in Norway, indicated that their previous projects in European cities are based around 400 bikes in order to work. The scheme is based on monthly subscriptions of around £20, which entitles the subscriber to unlimited 10-minute journeys each month with a charge of 20p per minute after, that, although bespoke subscription schemes can be developed. The bikes are £1,000 each and therefore there is a significant upfront cost to kick-start the scheme. It was initially indicated that ShareBike would raise a loan for the required upfront costs based on the assurance of adequate subscriptions but more recent discussions have indicated that the Council may have to raise this initial amount.
- 18 The scheme is designed for cities and some UK cities (Aberdeen, Bristol and Cambridge) are proceeding with schemes. However, ShareBike have since indicated that they may be interested in a reduced scheme for smaller towns, of which Sevenoaks could be the first. However, this would still only work with a minimum of 300 bikes, in order to guarantee availability of bikes throughout the day.
- 19 Initial figures indicate that the scheme would need to maintain an average of 2,000 subscriptions per year to meet the annual costs of around £500,000. Early sign ups to subscriptions are helpful to ShareBike in terms of leverage for bank loans in order to fund the up-front costs of the bikes, which are made in and imported from China.
- 20 It is not yet clear whether Sevenoaks could maintain a level of 2,000 annual subscriptions. This has not been tested and there is no definitive evidence that a scheme would be attractive to residents or businesses in and around Sevenoaks Urban Area to the level that would make it viable. There may be some businesses that would be interested in sponsoring the scheme, given the involvement of Big Issue and the commitment to working with or employing homeless people, but this has not been explored in detail.
- 21 At this stage, ShareBike have asked the Council to consider purchasing the e-bike stock required to kick-start the scheme and to lease the bikes back to them to manage. This is likely to be in the region of £250,000. This introduces a significant financial risk for the Council as well as practical considerations and challenges related to, long and short-term bike storage, and ongoing operations.
- 22 If this scheme were to progress, there would need to be high confidence that income streams such as subscriptions and sponsorship would be able to make the scheme viable and repay the council its initial outlay.
- 23 The council may also be able to assist through using some of its land and premises to provide bike storage and maintenance area.
- 24 ShareBike have partnered with the Big Issue in Bristol in a scheme marketed as of social value in supporting the recruitment and retention of the unemployed and homeless. This scheme is marketed as a unique brand soon being rolled out in communities other than Bristol.

Homelessness, under employment and low skills

- 25 On the basis of the Bristol pilot, the Leader has suggested that Officers review the option of the ShareBike scheme being delivered as a social value project in the Sevenoaks District, in partnership with the Big Issue. It should be noted that the Sevenoaks context differs considerably from that in Bristol. For example, the majority of households placed in temporary and emergency accommodation by the Council, are working households and their homelessness has been caused as a result of rising rents in the private rented sector and the cost of living.
- 26 In view of this, the proposed scheme would not be aimed at addressing rough sleeping or full unemployment. Rather, the proposal would seek through partnership with the Big Issue to address under-employment, those who face barriers to employment, including those returning to work, and the incidence of low-skills within the District. Therefore, it is suggested that initial conversations are undertaken by the Council between the Big Issue and partner organisations including the West Kent Partnership and DWP, to understand the local demographics and needs to ascertain how the project could work successfully and provide support to local residents through a local employment and skills initiative.

Governance and Procurement

- 27 There are no particular governance or procurement issues associated with engaging a consultant to provide the advice set out in this report. However, as relates to the introduction of an E-bike scheme, the following matters are relevant.
- 28 Having undertaken preliminary engagement, on 14 February 2021 the Portfolio Holder for Cleaner & Greener decided to sign an 'Agreement of Co-operation' with ShareBike. This decision simply allowed timely exploration of funding and operational models. The agreement itself made clear that ShareBike would need to work with Kent County Council as Highways Authority.
- 29 The Agreement obliged the Council to allow ShareBike to set up an e-bike system and establish suitable locations for parking, subject to all appropriate formal consents and approvals being sought and received. It contained no provision for payment or exchange of value and does not commit the Council to further contractual relations with ShareBike or to formal approval.
- 30 The full specification for a proposed e-bike scheme is not known at present. However, early engagement with ShareBike indicates a potential up-front Council outlay in the region of £250,000. There would need to be high confidence that income streams such as subscriptions and sponsorship would be able to make the scheme viable and repay the council its initial outlay.

- 31 An executive decision to incur expenditure in excess of £50,000 is a ‘key decision’, which can only be taken by Cabinet. For that reason, any decision to pursue a scheme of e-bikes such as outlined by ShareBike in discussion would require a full Cabinet decision process. Any in-year adjustment to the budget needs to be approved by Full Council.
- 32 It is essential to recognise that the provision of funding and the decision to proceed with an e-bike project could not commit the Council to any one particular provider. For that reason, it would not be possible to confer upon ShareBike a ‘preferred bidder’ status.
- 33 The current Public Contract Regulations (PCR) threshold for supplies and services is £213,477. If the Council proposed to enter into a contract for supplies and services estimated to be of this value or above, the full PCR Rules would apply. This would entail a full competitive process following public advertisement in the Find a Tender Service. ShareBike would only be one of the providers able to bid for the contract. The contract would need to be advertised equally to all suppliers on the basis of a fully drawn and fair specification.
- 34 Were the contract to be estimated at below the sum of £213,477, the Council would be able to avail itself of a reduced process but would still need to seek at least three written tenders in advance following advertisement by public notice. These thresholds and limits are set out in the Council’s Constitution, Appendix E (the Contracts Procedure Rules).
- 35 The requirement for the Council to conduct a competitive purchasing process for contracts in excess of £10,000 may be waived in rare cases. However, this process is absolutely limited to exceptional circumstances, for example extensions to current contracts which are needed in order to maintain a service, or cases of contracts fundamental to business where there is known to be only one supplier.
- 36 In view of the social value inherent in supporting the homeless, under-employed, low-skilled and unemployed, consideration will need to be given as to whether a Big Issue scheme as introduced in Bristol would be unique and therefore suitable for procurement without competition.
- 37 The location of a starting hub at the station would require a licence or land purchase to enable infrastructure to be located on highway or railway land. The Council is not able to require that such a licence or conveyance be granted and it would be necessary for the provider to seek this from the relevant authority. This would need to be factored into the procurement specification and would form part of the overall cost, in the absence of a suitable Council-owned site.

Enforcement issues

- 38 A key consideration with e-bike hire schemes is the regulation and management of cycle parking on the highway, notably as Sevenoaks District Council is not the highways authority. Successful schemes have been delivered when a unitary authority is the delivery body, for example,

Brighton & Hove. Feedback from other authorities, noted that e-bike schemes resulted in users leaving bikes in unsuitable locations and causing hazards and obstructions which were a safety concern for pedestrians. Many local authorities had to remove bikes from the highway as a consequence of this.

- 39 Any scheme would need input from Kent Highways to consider suitable parking areas close to local amenities such as stations, shops or other suitable locations and utilising existing cycle parking infrastructure wherever possible. It is recommended that robust engagement is undertaken over any proposed cycle parking areas or routes to be used.
- 40 Another concern raised is the occurrence of illegal cycling on footways. This is a hazard to pedestrians and relies upon police enforcement to deter this activity. The limited resource available to the police does mean that their ability to regulate this illegal activity is unfortunately limited. In respect of the use of e-bikes, there is concern that the faster speeds possible could compound this problem in areas where this illegal activity occurs.
- 41 Similar schemes have recommended that any illegal use of their bikes can be regulated and managed, in order to minimise reputational risks.

Consultancy

- 42 Through Officer engagement with other local authorities, it has been recommended to appoint a consultant to undertake a feasibility study, notably to assess need, as e-bike schemes can be costly and bring with them reputational risk. Consultancies, including Steer and Systra, have been recommended. Members are advised to authorise funding a consultant to develop a business case that would assess scheme demand, geographical coverage, economic case, fleet assumptions, cost and tariff plans, delivery and operating options and scheme risks.
- 43 At the present time, the Council has carried out no analysis of demand, operating costs (capital and revenue) or an assessment of the available options. While the ShareBike proposition was initially proposed to the Council as requiring nil outlay, it is clear that the available models would necessitate immediate expenditure. This may potentially be recouped by the Council over a period of years, although there is no known guaranteed rate of return or project lifespan.
- 44 Budgetary provision has not been made for the scheme. The recommendation in the report authorises the engagement of a consultant to assess the overall feasibility of a scheme. It further authorises the development of a business plan if the consultant deems a scheme achievable.

45 The consultant would be modestly funded from the Net Zero Reserve at market rates.

Other options considered and/or rejected

Members are advised to consider all options but are reminded that no budgetary provision has yet been made for the project.

Key Implications

Financial

As set out above, early discussions with ShareBike suggested there would be no financial outlay or risk for the Council however, this has since changed with an initial outlay required by the Council and therefore a level of financial risk if the scheme was not successful.

Going out to tender may open up the market to different models which is likely to give different risk levels to the Council.

This report is only requesting authorisation for the feasibility of a scheme and the funding required for that work.

There is currently no budget for this scheme and any decision to proceed past the feasibility stage would need to include the risks to the Council (both financial and others), how much could be spent directly on the scheme and any associated costs (both initially and ongoing) and how it could be funded, which may include reducing expenditure on other services.

The ShareBike proposal is estimated to have an initial outlay to the council of £250,000 to purchase the bikes that may be in the form of a loan to be repaid over the length of the operating agreement.

If this scheme were to progress, there would need to be high confidence that income streams such as subscriptions and sponsorship would be able to make the scheme viable and repay the council its initial outlay.

It should be recognised that the council may also be able to assist through using some of its land and premises to provide bike storage and a maintenance area and therefore reduce the overall cost of the scheme to the operator.

Legal Implications and Risk Assessment Statement

As set out in the report. Members are reminded of the risks inherent in investing in a project without a sound business case.

It should be noted that an e-bike hire provider will require the authority of the Kent Highways, to operate a cycle hire scheme on the highway.

Under section 137 of the Highways Act 1980 it is an offence to obstruct the free passage along a highway without lawful authority or excuse. Any scheme proposed

will therefore need to operate on the basis that e-bikes are left only where or in circumstances where they do not cause an obstruction or where express authority has been given. Any person that wilfully obstructs the free passage along a highway could be guilty of an offence and could be prosecuted.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

Please note that this report only seeks authorisation for the engagement of a consultant, without making any recommendation to implement a scheme. Accordingly, the decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

It is known that other authorities which successfully implemented a scheme first engaged consultants. With this in mind the recommendation to engage a consultant puts the Council in line with other organisations and represents a solid basis for later deciding on and approach.

Appendices

None.

Background Papers

None.

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