



**Glasgow City Council**

**Executive Committee**

**Report by Director of Governance and Solicitor to the Council**

**Contact: Carole Forrest Ext 70467**

**Item 9**

**2nd February 2017**

**The Provision of Services for a Mass Automated Cycle Hire Scheme**

**Tender Reference: - GCC003985CPU**

**Purpose of Report:**

To submit details of the tenders received for the Provision of Services for a Mass Automated Cycle Hire Scheme and recommend acceptance of the most economically advantageous tenders as detailed in this report.

**Recommendation:**

The Executive Committee is requested to approve the Award of a Contract for Provision of Services for a Mass Automated Cycle Hire Scheme to the supplier listed in Section 4.

Ward No(s):

Citywide: x

Local member(s) advised: No

consulted: No

## 1. Background and Tender

- 1.1 Glasgow City Council's current whole-life cost for the Mass Automated Cycle Hire Scheme is £656,000, averaging approximately £218,000 per annum.
- 1.2 A Commodity Team consisting of CPU, Land & Environmental Services and Legal Services, was formed to develop the tender strategy and deliver a new contract.
- 1.3 It was agreed that an open tender process would be the most appropriate method to deliver this contract. The opportunity was advertised via the Official Journal of the European Union and Public Contracts Scotland.
- 1.4 The period of the Contract is 7 years with an option to extend for a further two periods of up to 12 months each.
- 1.5 The contract will expand the current scheme from 435 bikes / 43 MACH stations to 900 bikes / 100 MACH Stations.
- 1.6 The Contract will be utilised by Land & Environmental Services.

## 2. Evaluation

- 2.1 Eight tenderers expressed an interest in this opportunity. Of the eight two submitted a valid tender. During the evaluation process, one bidder formally withdrew from the process, stating changes in company circumstances as their reasons to withdraw.
- 2.2 The tender evaluation was based upon identifying the most economically advantageous tender for the Council based on the following criteria: -

Price	Quality	Community Benefits	Fair Work Practices (Glasgow Living Wage)	Quality sub-criteria
50%	35%	10%	5%	Scheme Establishment (6%)
				Service & Contract Delivery (5%)
				Scheme Operation (6%)
				Marketing Plan & Partnership Working (5%)

				Additional Information (3%)
				Scheme Establishment / Set Up (10%)

2.3 The evaluation of award criteria and the scoring of the supplier who has been recommended for award is:

Supplier	Total Evaluation Score	Value
Nextbike UK Limited	81.4	£856,880

2.4 This contract will be awarded on a sole supplier basis.

2.5 Land & Environmental Services will monitor the supplier's day to day performance and project delivery. The Corporate Procurement Unit will manage the overall contract and supplier performance.

2.6 The Council will supply funding for the initial start-up and implementation of the scheme, together with operational support funding for the first year of the contract only. Thereafter the service provider must operate and maintain the scheme for the contract duration without further subsidy from the Council.

2.7 The appointed provider must provide to the Council a mandatory minimum financial payment of £30,000 for each operational year of the contract.

The preferred bidder Nextbike UK Limited has confirmed that they will also pay the council additional revenue payments of £180,000 in years 1 & 2 of the contract as follows:

Year 1 - £120,000

Year 2 - £60,000

2.8 Glasgow City Council's whole-life cost for the new contract will average approximately £96,697 per annum over a 7 year contract and £75,208 per annum, if the 2 year extension is taken up. This compares significantly favourably with the current contract cost per annum of £218,000.

2.9 The contract will also change the branding of the scheme from the current 'People Make Glasgow' to a Flagship sponsor branded scheme, which will significantly reduce council annual costs to operate & maintain the scheme. Guidance has been sought from Chief Executive Department (Marketing) who have advised that all advertising must adhere to Advertising Standards Association (ASA). In addition, any

change must comply with the Scottish Government's advertising and sponsorship guidance.

### 3. Policy and resource implications

#### Resource Implications:

*Financial:* The total value of the contract initial start-up and implementation of the scheme together with operational support funding for the first year will be £856,880.

Land & Environmental Services will be responsible for providing Year 1 funding, from their Strategic Plan for Cycling budget. This funding is for the delivery of 500 bikes and their associated operation & maintenance over 53 MACH stations. Following year 1, the operator shall be responsible for funding the scheme and its expansion

This contract will generate revenue of £390,000 to the Council, as a minimum.

*Legal:* Director of Governance and Solicitor to the Council will be required to conclude the Contract.

*Personnel:* None

*Procurement:* Open tender process as detailed in Section 1.4.

**Council Strategic Plan:** Specify which theme(s) and outcome(s) the proposal supports

**A sustainable city, outcomes supported are**

- jobs and investment in the city
- A reduced carbon footprint;
- A connected transport infrastructure for business and the community
- Increased use of public and green transport

**A World Class City, outcomes supported are**

- Deliver local services and neighbourhoods informed by our residents views

**Equality Impacts:**

*EQIA carried out:* No EQIA carried out as the report does not relate to a new service, policy, strategy plan or significant change to a/review of a service, policy strategy or plan

*Outcome:* None

**Sustainability Impacts:**

*Environmental:* The service provider has confirmed that they have an Environmental Policy and Environmental Impact Statement.

The implementation of this contract will enable the citizens of Glasgow to have an improved transport infrastructure whilst also providing a service for those persons who do not own or have access to the use of a car.

The cycling scheme also benefits and increases health & fitness, is environmentally friendly and is a low cost form of transport for the citizens of Glasgow. Providing a good quality, low cost cycling scheme can also attract tourists to the city.

The use of greener transport supports the delivery of a reduction in the city's carbon footprint, supports the reduction in traffic congestion and harmful emissions which subsequently leads to improved air quality in the city.

*Social:* The promotion of cycling as a form of transport, as a leisure activity and as a sport, will promote social, health and well-being benefits.

*Economic:* Although cycle ownership is low within the city, the scheme will offer low cost tariffs and membership rates ensuring that cycling is an accessible form of transport.

*Community Benefits* As part of this contract, the service provider has offered two new entrant jobs. They will also work with the Council and communities

to deliver community engagement groups and to build awareness and educate communities on the benefits of cycling.

The appointed service provider has also confirmed that they will continue to utilise the Glasgow Bike Station as their sub-contractor to operate this scheme. The Glasgow Bike Station is Scotland's largest bike recycling charities.

#### **4. Recommendation**

The Executive Committee is requested to:

Approve the Award of a contract for the Provision of Services for a Mass Automated Cycle Hire Scheme to

Nextbike UK Limited