

This paper will be considered in public

1 Summary

- 1.1 This paper seeks to inform the Board of the approaching expiry of the first period of the current London Cycle Hire Agreement (the Agreement) between Transport Trading Limited (TTL) and Serco Limited (Serco) in July 2015 and seeks authority to extend the Agreement.
- 1.2 At its meeting on 27 November 2013, the Finance and Policy Committee considered a paper on this project and supported the recommendations to the Board.
- 1.3 The paper included on Part 2 of the agenda contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

2.1 The Board is asked to:

- (a) note the paper and the related paper on Part 2 of the agenda;
- (b) approve the extension of the London Cycle Hire Agreement (the Agreement) between Transport Trading Limited (TTL) and Serco Limited (Serco), as described in the paper on Part 2 of the agenda;
- (c) approve additional Procurement Authority for that extension of the Agreement, as described in the paper on Part 2 of the agenda;
- (d) delegate to the TfL Officers and the Subsidiaries (as described in paragraph 2.2 below) the authority to finalise the terms of the extension to the Agreement;
- (e) authorise the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the extension to the Agreement and any of the matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and

(f) authorise TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Agreement and the matters referred to in it;

2.2 The following Officers and Subsidiaries shall have delegated authority:

(a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director surface Transport, General Counsel and the Chief Finance Officer; and

(b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

3 Background

3.1 Barclays Cycle Hire (BCH) was launched as part of the Mayor's Cycling Revolution in July 2010, expanded eastwards in 2012 and will launch in the southwest in December 2013. Serco was appointed in 2009 as the service provider. The Agreement (which has an initial term of five years) expires in July 2015.

3.2 Cycle Hire has become a well established mode of public transport, internationally recognised and a readily identifiable element of the Mayor's Cycling Policy. The Mayor's Transport Strategy contains an ambitious target to increase cycling numbers in London, with a five percent modal share for cycling (currently two percent) by 2026. Cycle Hire is designed to support this increase, raising the profile of Cycling in London and has enabled over 25m cycling trips, 95 percent of which have replaced a non-cycled trip.

3.3 A new 'Mayor's Vision for Cycling in London', published in March 2013, commits to future enhancement of the scheme and recognises BCH as one of the world's most successful bike hire schemes and as being hugely important in normalising cycling.

BCH Achievements and Benefits

3.4 Cycle Hire also plays an important role in normalising cycling by enabling low cost trial and encouraging take up of and commitment to cycling, with eight percent of customers subsequently purchasing their own bicycle, 20 per cent buying cycling equipment and 49 per cent stating that they started cycling in London and a further 28 percent are cycling more often because of the scheme.

3.5 As an active, self-powered, emission free and almost silent mode of transport, Cycle Hire delivers important health benefits for customers and contributes towards reducing Carbon Dioxide (CO₂), harmful local air pollutants and urban traffic noise.

4 Future plans

- 4.1 Serco's performance in managing cycle redistribution has continued to improve against a tightening performance regime enforced by TfL. Serco has invested in improved job scheduling technology and staff management to meet rising targets and this is expected to continue with the pro-active and engaged management team now in place.
- 4.2 Since investing heavily in its contact centre capability in 2012, the Serco operated Barclays Cycle Hire contact centre has been ranked as outstanding in a TfL commissioned independent mystery shopping exercise. This performance comes alongside commitments to realise savings from the contact centre operation in the coming years.
- 4.3 Customer satisfaction is currently at 76 per cent for the last trip, the highest level to date. Advocacy rates, the measure of whether a customer would recommend the scheme to someone else, remain strong at 78 per cent.
- 4.4 The Cycle Hire Transition Programme, which represents the medium to long term strategy for Cycle Hire activities post expiry of the Agreement is currently under development and a further paper will be submitted to the Board in 2014.
- 4.5 Further information is set out in the related paper on Part 2 of the agenda.

5 Financial Implications

- 5.1 In 2009 the Board granted procurement authority for the initial five year term of the Agreement. Any extension to the current Agreement would require approval from the Board as the total value of the Agreement plus the value of the extension would be in excess of £100m.
- 5.2 Further financial implications are covered in the related paper on Part 2 of the agenda.

6 Views of the Finance and Policy Committee

- 6.1 At its meeting on the 27 November 2013, the Finance and Policy Committee noted the proposals in this paper and supported the recommendations to the Board. Members were advised that a review is underway to determine how revenue and usage could be further improved. This includes proposals for further improvements to aid redistribution of the bicycles. The review will contribute to the specification for the Cycle Hire Transition Programme.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplemental information.

List of Background Papers:

None

Contact Officer: Leon Daniels, Managing Director, Surface Transport
Number: 020 3054 0178
Email: LeonDaniels@tfl.gov.uk