

Sustainable Transport for Employment – Feasibility and Strategic Business Case



Source: [Forth Bike, Super SOCO UK](#)



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EXECUTIVE SUMMARY

Introduction

This business case is written for the consideration for funding by the UK's Levelling Up Fund. It sets out work done to identify a solution to transport challenges faced by the unemployed residents of Clackmannanshire, and it is presented to support funding applications to appropriate bodies (including the Levelling Up fund).

The business case demonstrates that there is a robust case for the development and delivery of two potential schemes combined to help unemployed residents of Clackmannanshire to access employment and education opportunities including:

- **350 e-mopeds** available for private hire by unemployed residents to help them to secure and maintain jobs; and
- **125 shared e-bikes** available to hire for short periods of time (a few minutes to an hour) from **25 docking stations across Clackmannanshire and beyond.**

Strategic case

Clackmannanshire has a working age population of around 32,000 of which 800 were unemployed and 8,400 were economically inactive. 2,400 of the economically inactive residents wanted a job and a further 2,000 economically inactive residents were students as of September 2022. There were about 1,200 benefit claimants in Clackmannanshire in February 2023.¹

The 10-year Clackmannanshire Local Outputs Improvement Plan (2017-2027) highlights that 2,700 workless households in the region lived in poverty and areas of high deprivation as of 2017. There is a very low job density in Clackmannanshire at 0.5 jobs per working age population (Sept 22) (compared to 0.8 jobs across Scotland) which makes it difficult for residents to secure employment locally, especially for young adults (18-24 years) and women: *'This shortage of jobs in Clackmannanshire is a problem for all residents with barriers to travelling for work.'*²

Therefore, the problem to be addressed can be summarised as:

“Unemployed residents of Clackmannanshire are prevented from securing jobs within and outwith Clackmannanshire due to the lack of appropriate and affordable transport to suit the location and timing of work opportunities”.

The four core objectives for the business case are the following:

- Facilitate travel to jobs and education that is flexible to meet individual needs;
- Stimulate an increase in use of sustainable transport;
- Encourage healthy lifestyles; and
- Reduce unemployment and economic inactivity.

Economic case – summary of preferred option

Several options for achieving the objectives were explored (starting with a comprehensive longlist and then identifying a shortlist of options that were realistic). The four shortlisted options explored in detail were:

¹ [Nomis - Official Census and Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/)

² [Local Outcomes Improvement Plan 2017-2027 \(Clackmannanshire.gov.uk\)](https://www.clackmannanshire.gov.uk/)

- **An e-bike share scheme:** to develop a bike share scheme with up to 25 docking stations covering areas where users live and/or work;
- **E-moped hire:** to provide access to e-mopeds to users seeking or obtaining employment for long-term hire (up to six months);
- **A combined solution** of both e-mopeds and e-bikes described above; and
- **Digital Demand Responsive Transport (DDRT) service:** shared bus transport (typically using minibuses) with flexible routes operating between flexible pick-up and drop-off locations and accessed via an app/phone.

The combined solution was shown to offer the best value for money and ability to address the problem statement and objectives, compared to associated risks, through an analysis of its relative costs, benefits and risks. The details of this assessment are set out in this business case.

The table below summarises the proposed solution which will include both an e-moped hire and an e-bike share scheme.

Table 1.1: Summary of preferred option

Particulars	E-bike share scheme	E-moped hire scheme
Description	The e-bikes are available to rent from designated docking stations on a pay-per trip or subscription basis.	The e-mopeds are rented out to potential users for up to 6 months, at a fixed weekly charge.
Scope and size	125 e-bikes and 25 docking stations across Clackmannanshire and Stirling.	350 e-mopeds across Forth Valley, operated from Clackmannanshire.
User fees	8 pence per minute, or £12 monthly pass, and £78 annual pass.	£60 (including VAT) per week.
Operating model	Owned by a charity, operated by a third-party operator procured through a tendering process.	Owned by a charity, operated by a fully owned subsidiary.
Capital costs (funding required)	£918k	£2.56m
Annual revenue support	Up to £55k (user revenue will not be sufficient to cover all operating costs).	N/A

This combined option will have the greatest contribution to the objectives, compared to the other options evaluated. It consists of two complementary, but discrete, elements:

- The e-bike share scheme will support access to employment within short distances (up to 10 km) within Clackmannanshire and to Stirling which is anticipated to account for a significant proportion of all work trips.³ This scheme will provide a cost-effective travel option through user subscriptions to annual membership programmes for the scheme.
- The e-moped hire element offers a private and flexible mode of travel to unemployed residents with no upfront costs of purchase and at an affordable price point. This will allow individuals to access job interviews, secure and retain employment during the initial months until they find an alternative mode of travel. It will increase the scope of employment opportunities outside Clackmannanshire or during off-peak hours (e.g. for jobs with shifts and in remote locations) which are otherwise not possible due to scarce or no public travel options. It will support journeys of a reasonable distance (up to 30km).

³ Based on current Journey to Work data where 60% of work trips are less than 10 kms.

The greatest benefit will be achieved if both elements can proceed in parallel, because they have complementary strengths. However, they are not dependent upon each other, and it is feasible for one to move ahead in advance of the other if this is necessary.

Economic case – options appraisal summary

Considering the economic appraisal (non-transport) across options:

- **Combined e-mopeds and e-bikes scheme generates the greatest absolute benefits** with 4,388 unemployed residents supported into employment and £139m distributional GVA “brought into” Clackmannanshire;
- **The Return on Investment (ROI) is higher with Option 2** (implementing only the e-moped programme); and
- The return on investment of Option 1 (implementing only the e-bike share programme) **is low, but still positive.**

Table 1.2: Economic impact of options over 10 years

	Additional Gross Value Added in Net Present Value £000s	Return on Investment in Gross Value Added £	Distributional Benefits to Clackmannanshire in Net Present Value £000s	Return on Investment Distributional Income £	Number of unemployed securing jobs
Option 1: ebikes core plus 50% increase in use from 2022 levels			£ 11,608	£ 10.05	1,242
Option 1b: ebikes low at current usage levels	£ -	£ -	£ 11,608	£ 10.05	1,242
Option 2: emopeds: 90% utilisation	£ 1,124	£ 0.35	£ 106,428	£ 33.12	2,616
Option 2b: emopeds: 75% utilisation	£ 1,124	£ 0.33	£ 128,019	£ 37.24	3,146
Option 3: ebikes and emopeds: ebikes 50% increase in usage; emopeds 90% utilisation	£ 1,124	£ 0.24	£ 139,626	£ 30.41	4,388
Option 3b: ebikes and emopeds: ebikes 50% increase in usage; emopeds 75% utilisation	£ 1,124	£ 0.26	£ 118,035	£ 27.02	3,858

Source: CERT analysis

The transport economic appraisal across options reveals:

- A medium value for money will be achieved for the combined e-mopeds and e-bikes option;
- A high value for money for the e-mopeds only option as the scheme is expected to operate at a surplus with core utilisation assumption of 90%; and
- A poor value for money (BCR<1:1) for the e-bikes only option as the scheme will require ongoing revenue subsidy between £36k to £55k.

Financial case

The total set up/ capital costs for the combined e-mopeds and e-bikes scheme is £3.5 million. This will be funded through grant funding.

The e-moped hire scheme will be financially self-sustainable if the scheme meets a minimum utilisation of 75% with weekly user fees of £60 (including VAT). With the scheme meeting the target utilisation of 90%, the scheme will also be able to cover the renewal costs of the e-mopeds over time.

The e-bike share scheme will require annual revenue support between £35,000 and £55,000 depending on the level of usage of the scheme. This implies that over 10 years, the scheme will require revenue support in the range between £360,000 to £550,000 at 2023 prices to be financially feasible/deliverable.

Combined appraisal

After the initial appraisal of the options in financial terms, DDRT bus was dismissed for further investigation to meet this problem statement. Appraisals were then undertaken on the performance of the options against strategic fit, qualitative benefits and risk. The summary of the appraisal is presented below.

Table 1.3: Summary of the appraisal

	ebike share scheme	emoped hire scheme	Combined ebike share and emopeds	DDRT Bus
Fit to Problem Statement	**	**	***	**
Capital required	£918k	£2.6m	£3.478m	
Financial Sustainability	£35k to £55k pa deficit	Yes	£35k to £55k deficit pa	c£600k pa deficit
Risk	11	8	9.5	n/a
Qualitative Benefits	21	22	27	n/a
Economic Appraisal Return on Investment	10.05	37.24	30.41	n/a
Transport Economic Appraisal Cost Benefit Appraisal	0.94	2.13	1.71	n/a
Number unemployed supported into job over 10 years	1,242	3,974	4,388	n/a

Source: CERT Analysis

Commercial case

The e-moped hire scheme will be owned by a charity and operated by a fully owned subsidiary. Necessary training of staff will be organised by the charity (e.g. in collaboration with Kickstart mopeds, the largest operator of similar scheme in the UK).

The e-bike share scheme will also be owned by a public sector or charity lead organisation and operated by a third party operator (with relevant experience in the UK) procured through a tendering process.

The two schemes can be delivered through separate commercial models, but there are advantages and weaknesses for these projects being aligned. This would occur where the lead organisation owning the e-bikes and the charity owning the e-mopeds are the same organisation.

Management case

A lead organisation will be set up to manage each scheme:

- E-bike share: the lead organisation will be in charge of procuring and contracting with potential operator to acquire physical assets and the back-end systems. The ownership of the assets—primarily the docking stations and e-bikes—as well as the permanency of the assets in the streetscape, will be the lead organisation.
- E-moped hire: A lead organisation who would have charitable status will receive all capital funds and revenue funds and purchase and own the e-mopeds. The purchase of the e-mopeds will be undertaken on a phased basis as the level of usage of the e-mopeds will increase over 3 years. A trading subsidiary, limited by shares, wholly owned by the lead organisation, will operate the e-moped business.

The grant funding contracts will be with the lead organisation. The lead organisation will also be responsible for monitoring, evaluation and reporting of the performance of the schemes.

Conclusion

In bringing together all aspects of the appraisal, as set out above, the proposed solution offers a deliverable and attractive way to overcome some of the substantial barriers faced by the population of Clackmannanshire in obtaining employment, in a way which is environmentally sustainable and contributes to improvements in health and wellbeing.

It achieves all the objectives set, it is economically viable and commercially deliverable. There is a clear implementation plan, and a governance structure that is ready to oversee its delivery.

This is a prime candidate for funding through the Levelling Up programme and is submitted for consideration.

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