

## **APPENDIX A – PROCUREMENT STRATEGY**

### **1. Bus Operator**

There are currently 31 bus operators providing transport services within the West Midlands area. None of these service providers use zero emission buses. This will be a new service for Birmingham and one of the first large scale hydrogen bus deployments in the UK to study the effects on air quality as well as commercial viability of deploying hydrogen buses.

#### **1.1. The Bus Operator will be required to;**

- 1.1.1 Submit a proposed commercial hydrogen bus deployment plan that can support the Council in addressing routes that exceed air quality levels. The Bus Operator should provide their deployment plan, setting out a proposed deployment route: the level of investment in operational and deployment costs: potential for a revenue share: contribution to CAZ objectives impact on air quality: framework for monitoring and evaluation including hydrogen fuel use: operational costs considered: kilometres to be covered per bus (meeting a minimum of 65,000kms per bus per annum), modelling requirements for commercial feasibility; and targeted patronage.
- 1.1.2 Collaborate with the Council and its stakeholder partners in the development and deployment of the Bus Operator's proposed commercial Hydrogen Bus service on identified routes within the city that currently exceed air quality limits and addressing the Clean Air Zone objectives.
- 1.1.3 Operate the buses under an 'operating agreement' agreed in conjunction with the approved Deployment Plan
- 1.1.4 Be responsible for covering their operational costs and resources to operate the hydrogen buses without additional funding from the Council.
- 1.1.5 For the avoidance of doubt, the Bus Operator will be responsible for all liabilities for the maintenance, servicing and training of staff.
- 1.1.6 Evidence arrangements and take up of package of support, including that of the hydrogen bus manufacturer in relation to specialist hydrogen fuel cell related support that covers all liabilities for repair, maintenance, servicing, availability of parts and training of staff in regard to the Hydrogen Buses.
- 1.1.7 As the 'call-off' process for ordering the buses from the bus manufacturer needs to be conducted by the Council, the call-off agreement will be in the Council's name. However, the Bus Operator will be required to provide technical assistance to the 'call-off' /ordering process in relation to their specific requirements for 'fit-out' of the buses, if above and beyond the hydrogen bus specification- this could include preferred floor covering, seat material, CCTV,

specific heating/cooling requirements and additional seats. The Bus operator will cover any of these additional costs.

- 1.1.8 Collaborate and partner with the Council to access grant funding to raise awareness and disseminate the outcomes of the CAHB project, including practical applications of technical expertise around hydrogen bus repair and maintenance, tools and equipment, industry standards, fuel cell drive train parts & servicing.
- 1.1.9 Collect weekly data on the effectiveness, reliability and commerciality of the service.
- 1.1.10 A separate agreement between the Bus Operator and bus manufacturer will be required. The Council will not be involved in the day to day maintenance of the Hydrogen fleet or responsible for providing depot facilities suitable for maintenance and servicing.
- 1.1.11 Delivery of Social Value outcomes through a Social Value action plan agreed by the Council prior to contract commencement

## 1.2. Contract Duration & Advertising Route

- 1.2.1. The contract will be an 'Operating Agreement' following the Concession Contract Regulations 2015.
- 1.2.2. The overall contracting period length of the operating agreement will be up to 7 years. The flexibility of the agreement period will be in line with the Bus Operator's Deployment Plan, with repair & maintenance contracts aligned.
- 1.2.3. The contract opportunity will be advertised in OJEU, Contracts Finder and Find It in Birmingham.

## 1.3. Evaluation and Selection Criteria

- 1.3.1. A full detailed tender and selection process will be carried out in accordance with Birmingham City Council's procurement governance arrangements (PGA) and obligations to find an organisation that meets the above requirements.
- 1.3.2. The evaluation and selection process will be split into 4 stages as follows:

### *Stage 1 – Selection Stage (Pass/Fail)*

- Company Information of current 'new technology' hydrogen, electric, hybrid based operation, operating routes with a minimum fleet of 20 hydrogen, electric, or hybrid buses, providing details of depot and maintenance operations.
- Grounds for Mandatory Exclusion

- Grounds for Discretionary Exclusion
- Economic and Financial Standing
- Technical and Professional Ability
- Additional Selection Questions
- Environmental Management
- Insurances
- Compliance to Equalities Duties
- Health & Safety

Tenderers must satisfactorily complete Stage 1 to progress to Stage 2.

*Stage 2 – Quality (70% weighting)*

<b>Sub-Criteria</b>	<b>Sub-Weighting</b>
<b>Data Security</b>	<b>Pass/Fail</b>
Engineering quality management and service reliability	25%
Bus Deployment Plan	25%
Customer Care & Support	20%
Marketing & Promotion	10%
Business Intelligence & Management Information	20%
<b>TOTAL</b>	<b>100%</b>

Tenderers who score less than 60% of the quality threshold i.e. a score of 300 out of a maximum quality score of 500 may be excluded from taking any further part in the process.

The concession contract regulations allows for negotiations providing the award criteria and minimum requirements are not changed. The Council will include this as an option within the tender process.

*Stage 3 – Social Value (30% weighting)*

<b>Sub-Criteria</b>	<b>Sub-Weighting</b>
Local Employment	20%
Partners in Communities	20%
Good Employer	10%
Green and Sustainable	40%
Ethical Procurement	10%
<b>TOTAL</b>	<b>100%</b>

Suppliers will be asked to provide an action plan which will show the commitments they intend to make to help achieve the Social Value outcomes of this project. This may include, for example; upskilling the local workforce to be able to maintain and repair hydrogen buses, providing apprenticeships, plans to reduce pollution, or working with local business to promote hydrogen technology. The action plan will

specifically ask for actions which will be taken outside of those required to provide the service.

Tenderers who score less than 40% of the social value threshold i.e. a score of 200 out of a maximum social value score of 500 may be excluded from taking any further part in the process.

### Price

There is no price evaluation as the Bus Operator will be awarded a concession and will be responsible for all on-going costs of operation.

### Overall Evaluation

The evaluation process will result in comparative quality and social value scores for each tenderer. The maximum quality score will be awarded to the bid that demonstrates the highest quality. The maximum social value score will be awarded to the bid that demonstrates the highest social value.

### Evaluation Team

The evaluation of the tenders will be undertaken by officers from Transportation & Connectivity and the procured Hydrogen Bus Manufacturer. The team will be supported by the Procurement Manager of Corporate Procurement Services and Finance.

### Implementation Plan (Indicative TBC)

Task	End date
Cabinet approval of revised FBC in regard to CAZ net proceeds and procurement strategy	30th July 2019
OJEU notice issued	9 <sup>th</sup> August 2019
Clarification period	9 <sup>th</sup> August – 28 <sup>th</sup> August 2019
Tender return date	10 <sup>th</sup> Sept 2019
Tender evaluation	11 <sup>th</sup> – 25th Sept 2019
Contract award process	26th Sept - 22 <sup>nd</sup> Oct 2019
Standstill	23 <sup>rd</sup> Oct – 4th Nov 2019
Contract Award	5th Nov 2019

### Service Delivery Management

The contract will be managed operationally by the Assistant Director for Transportation & Connectivity and commercially by the Contract Manager, Contract Management Team, Corporate Procurement Service.