

Birmingham City Council

Report to Cabinet Member for Finance and Resources jointly with the Director, Inclusive Growth

04 September 2019



Subject: **CLEAN AIR ZONE HYDROGEN BUS PILOT: AMENDED EVALUATION CRITERIA**

Report of: Waheed Nazir – Director, Inclusive Growth

Relevant Cabinet Member: Councillor Tristan Chatfield – Finance and Resources

Relevant O &S Chair(s): Councillor Sir Albert Bore - Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1 Executive Summary

- 1.1 This report seeks approval to the revision to the evaluation criteria approved in the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019 to enable the outcome from the tender process to deliver the most effective outcome for the project.

2 Recommendations

- 2.1 Approves the amendment to the evaluation criteria approved in the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019 as detailed in paragraph 3.3.

3 Background

- 3.1 Cabinet approved the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report on 30th July 2019 that detailed an evaluation criteria in the Appendix A – the Revised CAHB Pilot Procurement Strategy of:

Stage 2 – Quality (70% weighting)

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

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.

Stage 3 – Social Value (30% weighting)

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

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.

3.2 After the approval of the strategy, the evaluation criteria set has been reviewed and, on reflection, it is considered that there is significant risk that an outcome to the benefit of the project will not be realised. Following internal discussions, it is identified that the key criteria to be evaluated is the bus operator's proposed deployment plan in which they will be requested to demonstrate in detail how they will successfully deliver the service in line with the Council's obligations and funding requirements. Therefore, the scored weighting allocated to this element of the evaluation model is fundamental to ensuring the delivery of the correct result.

3.3 On this basis, it is recommended that the evaluation criteria is amended to:

Stage 2 – Quality (100% weighting)

Sub-Criteria	Sub-Weighting
Social Value Delivery	Pass / Fail
Route Assessment	Pass / Fail
Bus Deployment Plan	65%
Operational Performance	25%
Marketing & Promotion	10%
TOTAL	100%

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.

3.4 The potential for significant social value deliverables for this procurement exercise are extremely limited and it has been taken out as an evaluation criteria. The outcomes of the hydrogen bus project are of a social value nature and will therefore be included as a pass / fail. Social value will be included in the specification including the requirements for a local depot, number of apprenticeships and green and sustainable outcomes as mandatory and working with the community as part of the operator's proposed deployment plan.

3.5 Tenderer's customer care proposals will be included within the bus deployment plan and operational performance responses.

4 Options considered and Recommended Proposal

4.1 To continue with the approved evaluation criteria

With the existing evaluation criteria, there is significant risk that a bus operator with an unsatisfactory deployment plan is ranked first. Awarding a contract on this basis would not deliver the project outcomes in line with the funding requirements.

4.2 To amend the evaluation criteria

This is the recommended proposal for the reasons stated in paragraphs 3.2 and 3.4.

5 Consultation

5.1 N/A

6 Risk Management

6.1 Further to the risk register in the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019, this proposal reduces the risk of an unsuccessful outcome to the project and increases the social value outcomes to be realised.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The recommendations of this report are fully consistent with the Council Plan 2018-2022, with clean air as key corporate priority, and aligned with the Council's Climate Emergency commitment motion with Climate Change as a sixth priority.

7.1.2 Improving air quality is a key ambition of the Birmingham Health and Wellbeing Strategy and supports the delivery of policies included in the Birmingham Connected Transport White Paper, which in turn, supports delivery of the Birmingham Development Plan and the West Midlands Combined Authority's Movement for Growth.

7.1.3 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions for this contract. Tenderers will include the mandatory commitments and proposed actions from their deployment plan in an action plan for certification. The action plan of the successful tenderer will be implemented and monitored during the contract period.

7.2 Legal Implications

- 7.2.1 The proposed funding arrangements set out in this report come within the Council's general powers of competence contained in Section 1 Localism Act 2011.
- 7.2.2 The Air Quality Standards Regulations 2010 ("the Regulations") that require the Council to meet clean air zone targets in their area, have brought Directive 2008/50/EC of the European Parliament and of the Council on Ambient Air Quality and Cleaner Air for Europe in to UK Law.
- 7.2.3 Section 111 Local Government Act 1972 empowers the Council to do anything which is calculated, conducive or incidental to the discharge of any of its functions.
- 7.3 **Financial Implications**
 - 7.3.1 The financial implications for the project were detailed in the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019. There are no financial implications for the change in the evaluation criteria.
- 7.4 **Procurement Implications**
 - 7.4.1 This report concerns a procurement implication that is detailed throughout the report.
- 7.5 **Human Resources Implications (if required)**
 - 7.5.1 As per the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019.
- 7.6 **Public Sector Equality Duty**
 - 7.6.1 As per the Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019
- 8 **Appendices**
 - 8.1 None
- 9 **Background Documents**
 - 9.1 Clean Air Hydrogen Bus Pilot: Revision to Full Business Case report to Cabinet dated 30th July 2019