

<b>Title of Report</b>	<b>Hackney residential on-street Electric Vehicle Charging Points Contract award</b>	
<b>Key Decision No</b>	FCR S118	
<b>For Consideration By</b>	Cabinet Procurement and Insourcing Committee	
<b>Meeting Date</b>	18 July 2022	
<b>Cabinet Member</b>	<b>Councillor Mete Coban, Cabinet Member for Energy, Transport, Waste and Public Realm</b>	
<b>Classification</b>	Open with exception of Appendix 1, 2 & 3.	
<b>Ward(s) Affected</b>	All Wards	
<b>Key Decision &amp; Reason</b>	Yes	Significant in terms of its effects on communities living or working in an area comprising two or more wards
<b>Group Director</b>	<b>Ian Williams, Group Director of Finance and Corporate Resources</b>	

## 1. CABINET MEMBER'S INTRODUCTION

- 1.1. Electric vehicles (EVs) produce less harmful pollution during use than conventional petrol and diesel cars. EVs also produce less CO2 over their lifetimes as they tend to be more efficient and can use renewable energy to charge. To help improve local air quality and reduce CO2 emissions from transport, Hackney Council is taking action to see all motorised traffic transition to low emission vehicles or electric vehicles in the cases where a sustainable mode of transport is not an option.
- 1.2. In 2020 access to EV charging infrastructure became, and remains, the single main barrier to adoption of EVs overtaking vehicle cost and range anxiety. The Council envisages a borough wide network of fast and rapid freestanding charge points alongside low power residential lamp column chargers that will further encourage the switch from heavily polluting vehicles to much cleaner EVs.
- 1.3. There are currently 42,000 registered cars in Hackney with 1170 (2.7%) of these being plug-in electric vehicles. This number includes 582 pure electric vehicles. Current estimates predict that by 2030 20% of all vehicles on UK roads will be battery electric. The aim behind this ambitious project is to accelerate the transition and reach 90% of vehicles in Hackney being electric

by 2030. This projection is based on an overall target of reduction in private vehicles to 30,000 by 2040.

- 1.4. In order to achieve the targets set out above it has been estimated that the borough would require the capacity to charge 3000 EVs. The total cost of installing this level of infrastructure would be £19.5 million.
- 1.5. With the recent Parking Policy consultation, the Council made a solid commitment to support the EV users to access the charging facilities. We are working with the Parking and Enforcement team to ensure the access to the charging infrastructure is not obstructed and that any new parking provisions are widely consulted on with the local residents, without prioritising or punishing any selected group of car users. We will be regularly reviewing the impact on parking policy from the rollout of the charging points and consult any upcoming changes with the local community.
- 1.6. Through this procurement, the Council is looking forward to working in partnership with the providers to ensure the equal rollout of charging infrastructure in the borough, based on existing residents' requests as well as fulfilling the commitments to install a minimum of one charging point per estate. We will ensure the proposed Network Plan is widely consulted on and residents' and key stakeholders' voices will be taken into account in the decision making process of the location of the upcoming charging points, similar to the work we already have done with installing existing charge points.
- 1.7. We believe this significant project will benefit the whole borough and provide the right level of infrastructure to allow car users who need to drive for work, school or due to their health and mobility issues to switch to cleaner vehicles. It's important to note, that Hackney has a very low level of car ownership and still remains committed to prioritising sustainable and active travel, such as walking, cycling and using public transport. However, we recognise that for residents, car club users and visitors who still need to use their car, it is beneficial for the environment and wider community that they have a choice to switch to a greener vehicle.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1 This report advises the Cabinet Procurement and Insourcing Committee of the results of the procurement exercise carried out between June 2021 and May 2022 to deliver and operate a network of Electric Vehicle Charging Points (EVCP's) within the borough and recommends the award of three contracts for a 15 year term to Bidders C & G.
- 2.2 The report further recommends that a fourth contract, to supply EVCP's to charge the Council's fleet, is not awarded, owing to the unsuitability of the tenders received under the concession contract model that the Council has adopted for this procurement exercise.

- 2.3 Council declared a Climate Emergency in 2019, with a commitment to become a 'Net Zero' carbon borough by 2040. This procurement assists with the delivery of these ambitious aims through supporting vehicle owners to switch away from Internal Combustion Engine (ICE) vehicles to Electric Vehicles (EV's), removing up to 125Kt CO<sub>2</sub> emissions annually.
- 2.4 Council currently operates a network of 303 EVCP's, however this procurement will increase this number to approximately 3,000 EVCP's by 2030, delivering the EVCP requirement needed to support Council's twin aims of:
- Reducing private vehicle ownership by 29%, from 42,000 currently to 30,000 by 2040 and;
  - Supporting vehicle owners to switch to EV's from ICE vehicles, with a target of 90% of registered vehicles in 2040 being electric.
- 2.5 Officers of the Council have assessed the tenders received. Officer recommendations are that a 15 year contract be let to Bidder C for Contract 1 - Rapid Chargers and that contracts of 15 years be let to Bidder G for Contract 2 - Fast Chargers and Contract 3 - Slow Chargers, following this formal notice will be given to both successful and unsuccessful bidders, before final negotiation of contractual terms and conclusion of contracts with successful bidders.
- 2.6 The concession contracts that will be agreed and signed if the following recommendations are agreed will allow for the delivery of a borough wide network of EV charge points that are forecast to produce surplus revenue for the Council over the length of the contracts.

### **3. RECOMMENDATION(S)**

**Cabinet Procurement and Insourcing Committee is recommended to:**

**3.1 Award the delivery and concession contract to:**

- **Bidder C- for Contract 1- Rapid charges**
- **Bidder G- for Contract 2&3 Fast and slow charges**
- **Do not award contract for Contract 4- Fleet charges**

**3.2 Agree to enter into a Concession Contract and other ancillary legal documentation relating thereto for the installation of electric vehicle charging points under terms as shall be agreed by the Director of Legal, Democratic and Electoral Services, and authorise the Director of Legal, Democratic and Electoral Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report.**

**3.3 Note that a recommendation will be made to Cabinet that surplus revenue generated by the EV charge points is used to support active and sustainable travel projects that support the Council's wider aims to reduce private vehicle use. "Surplus revenue" will mean any monies left over after covering lost income and direct staff costs relating to managing the project. This report is**

dependent on the successful outcome of the separate decision on additional resource for staff costs.

#### 4. RELATED DECISIONS

4.1 Cabinet Procurement Committee (CPC) approved the business case (Key decision: No FCR R72) for the selection of a partner supplier/s for delivering borough wide electric vehicle charging infrastructure on 7 June 2021.

#### 5. REASONS FOR DECISION

5.1 The report outlines the procurement process for securing long term partner supplier/s using a Competitive Procedure with Negotiation procurement route, and entering into a Concession contract for borough wide electric vehicle charging infrastructure in Hackney.

5.1.1 Through the borough-wide electric vehicle charging points rollout - as well as additional policies to restrict private petrol and diesel motor vehicles - the Council aims to achieve the following objectives:

- Reduction in overall motor vehicles ownership in the borough
- Increase in proportion of electric vehicles, through encouraging the transition of remaining vehicles to EV

5.1.1. The two main factors deterring people from switching to electric vehicles are anxiety around charging and battery range. By providing a high supply of EVCPs, we anticipate an increase in the likelihood of residents switching to EVs. It is recognised that complementary policies aimed at restricting car ownership, of any sort, will also be needed to achieve a reduction in car ownership overall. For this purpose, we aim to create a charging infrastructure that will drive demand, rather than follow demand.

5.2 Council to date has 303 charging points, meeting in 2018 Mayor Manifesto Commitment for everyone in the borough to be 500m from an EV charge point.

<i>No. of active charging points</i>	
<i>Type</i>	Total
Free standing Fast	45
Free standing Rapid	16
Free standing smart fast	30
Lamp column	212
<b>Grand Total</b>	<b>303</b>

5.3 The Council wants to be more ambitious and accelerate the switch to EVs through a number of measures, including parking restraint measures, as well as a high provision of EVCPs. With the right set of measures, the Council can influence

the adoption of EVs in line with the projection in the figure below, which sees the supply of EVCPs leading the demand. For this purpose, the provision of the 2041 EVCP requirements of 3,000 charging points ahead of time will address consumer anxiety around availability of charging. The Council proposes to supply the 2041 requirement by 2030.

5.4 The long term contract and partnership style promotes cooperation between the supplier and the Council and will allow for a partnership delivery approach. The Council and its appointed partner/s will share responsibility for delivery, tariff setting, profit sharing and risk management.

5.5 A Concession based contract will include the provision of infrastructure of electric vehicle charging points for the borough which is fully funded by the partner/s, with flexibility to amend the contract and allow the Council to contribute any government grants received into the scheme so as to enable the Council to secure wider community benefits for the borough through this contract.

5.6 The recommended partners bids exceed the expectations set out in the Invitation to Tender specification, offering the Council fully funded infrastructure for electric vehicle charging points across the borough and a share of income. The total expected revenue/profit share expected from the 15 years concession contract per Contract 1-3 are included in Appendix 1.

5.7 The selected bidders have also completed the Employment and Skills Plan for 2022/23 for each Contract, listed in Appendix 2. The submitted plans explain the added economical value to the borough with the number of jobs created, apprenticeships and opportunities for local skills and development which this project is looking to deliver.

5.8 Awarding the contract will significantly contribute to the Climate Action Targets for the borough and reduce the impact of high polluted emissions from fossil fuels vehicles. The project is identified in both the current Air Quality Action Plan and Borough-wide Emission Strategy, and Transport Strategy. The outcome and the impact on improving air quality from less polluted vehicles will be measured as part of the wider air quality assessment for the borough, along with other sustainable transport measures, such as Low Traffic Neighbourhoods and School Streets.

#### **5.8 Reasons for not awarding Contract 4.**

5.8.1 Of the 9 companies initially submitting bids in response to the charging infrastructure tender only two were interested in 'Contract 4'. These two bids were heavily caveated and/or were not ideally constructed for 'back to base' fleet operations.

5.8.2 The lack of interest from seven of the bidders and the wording of the two bid returns together with their pricing suggested that there was lack of interest in operating concession based arrangements for replacing an existing charging infrastructure.

5.8.3 One of the two bidders requested a site meeting and further discussion on our fleet operation and submitted a revised bid offering an alternative funding model to replace and/or adopt the existing 47 fleet charging points.

5.8.4 There was a general consensus among the tender assessment panel that the 'concession' funding model as specified was not right for the fleet but alternative funding models such as 'Power As A Service' or a 'Costed Leaseback' model would have been better for fleet purposes.

5.8.5 Furthermore, the back office data provision built into the revised proposals was predominantly designed to bill vehicle drivers for the use of the charging points, with no provision for capturing mileage at point of charging, and therefore incapable of monitoring energy use by distance travelled. This model of data provision is not fit for purpose for 'back to base' fleet operations.

5.8.9 The Corporate Fleet Manager felt that there is no material gain from just replacing the existing charging points with a like for like model based on the received submissions.

5.8.10 Acknowledging that the 'on-street' infrastructure and concession model is not suitable for our fleet use raises questions such as:

- Rather than spend roughly £250,000 on replacing the existing 47 fleet charging points, why not use this funding to purchase an additional 47 fleet charging points, effectively doubling our available infrastructure allowing the new supplier to adopt and then replace the old infrastructure as and when it fails.
- Or, more importantly, that Hackney look at a much more ambitious fleet electrification infrastructure project on the assumption that eventually all fleet vehicles will be electric starting with a professional feasibility assessment of key operating depots, particularly for those fleet users that have already accepted electrification of their fleet vehicles and those that want to follow this route. Key depots would include:
  - Environmental Services at Millfields Depot;
  - Parking Services at 136-142 Lower Clapton Road;
  - Education and Social Services Transport at 43 Andrews Road and
  - potentially the Hackney Town Hall car park.

5.8.11 The Council does not possess the necessary expertise to carry out such a study but through appropriate consultants should investigate:

- Power capacity at each chosen site - An assessment of existing electrical grid capacity and likely (phased) energy demand growth in parallel with the fleet replacement programme.
- Distribution network connection assessment - DNO to provide an estimate of costs associated with the upgrade requirements (capacity and infrastructure) and any obstacles or restrictions that may impact or limit desired targets.
- Behind the meter solutions assessment - to identify potential energy solutions such as solar; wind; battery storage; private wire connection; timed connections etc.
- Electrical network design - solutions to deliver required charging and appropriate back office data whilst accommodating potential substations / feeder cabinets and existing depot parking arrangements. (note - traditional charging infrastructure can reduce parking space by up to 10%).
- Infrastructure roll out strategy - to ensure a phased growth of charging infrastructure to complement the fleet replacement strategy (over 7 to 10 years) ensuring that each new phase of infrastructure maintains the latest technology suitable for our fleet.

5.8.12 These recommendations are based on the assumption that Council favours 'battery electric' technology above alternatives for Hackney's heavy (truck & bus) fleet.

5.8.13 At this point it is important to note that Housing currently operates 194 light commercial vehicles and are putting together a business case for a further 21 or more vans but only have five depots with maximum parking capacity across all five depots for approximately 30 vehicles which is why so many drivers take their vans home.

5.8.14 Acknowledging the difficulties for home charging if drivers do not have off street parking, the logical requirement would be to find appropriate depot parking for all Housings fleet. Hackney operatives' home to work mileage in Council provided vehicles contributes to the overall emissions footprint which could be reduced if Housing had depot parking regardless of the driveline technology.

5.8.15 Taking the above into account, the Council Fleet Manager will be working with the wider team on Fleet Electrification Strategy for the coming years to consider the changes in the vehicle and charging manufacturing market and prepare for electrification of heavy vehicles in Hackney. The progress of this

work will be reported to the relevant Cabinet Member responsible for this portfolio.

## **6. PROJECT PROGRESS**

### **6.1. Developments since the Business Case approval**

#### Procurement strategy and process

6.1.1 As stated in 4.1 above, at its meeting in June 2021, CPIC approved the procurement strategy for borough wide on-street electric vehicle charging points infrastructure which proposed the selection of a partner supplier/s to be carried out via the publication of an Official Journal of the European Union (OJEU) Notice through the Competitive Procedure with Negotiation (CPN) in accordance with the Public Contracts Regulations.

6.1.2 In July 2021 officers set up a Steering Group with the members listed below with agreed Terms of Reference to support the project team in the procurement process.

6.1.3 The Group was set up for an initial period (July 2021- February 2022) to support the procurement process for selecting partner supplier/s. However, in the future the Group might change its shape and form as well as frequency of the meetings, as it sees fit.

6.1.4 The aim for the Steering Group was to work collectively to deliver Electric Vehicle Charging Points Infrastructure for the borough.

#### **Specifically the Steering group was:**

- Support and oversee - The Group will support the tender process and oversee the selection of the supplier partner
- Due diligence - the Group will ensure the due diligence within tender process is taking place for the selection of the partnership
- Negotiation stage - the Group will be involved in the negotiations with the selected supplier partners, and informed about the evaluation process outcome
- Contract award - the Group will contribute to the final content on the contract awarded for the successful supplier/s
- Network Plan - the group will work with the supplier/s on the initial 2 years Network Plan
- Implementation - the Group will support the Network Plan implementation, from the project programme to its on site implementation and make a decision within its service area to enable the implementation of the plan
- Resource plan - the Group will make a recommendation to the relevant service area for resources required to deliver the project

6.1.5 Group members:



Head of Streetscene <i>Chair</i>
Interim Director of Regeneration
Head of Procurement
Procurement Category Lead: Corporate Services
Head of Parking
Head of Finance
Legal
Sustainable Transport and Engagement Manager
Fleet Manager
Head of Housing Management, Neighbourhoods and Housing
Head of Operations HLP <i>Project Manager</i>

6.1.6 In September 2021 the procurement process commenced with the issue of a selection questionnaire and the draft tender documents for the works contract, inviting contractors to submit an expression of interest.

#### Selection Questionnaire (SQ)

6.1.7 The SQ was published on the Council's e-tendering portal, ProContract on 20 September 2021, inviting interested bidders to express an interest in tendering for the delivery of electric vehicle charging points infrastructure in Hackney, by responding to the PAS 91.

6.1.8 Nineteen were received and evaluated.

6.1.9 All submissions provided responses to the Pass/Fail sections, and the project specific/qualitative questions appropriately. Their responses were evaluated on the following criteria:

- The supplier's eligibility to bid;
- Financial and economic capacity to undertake the contract
- Technical and professional ability to undertake the contract;
- Experience in the delivery the electric vehicle charging points
- Experience of working with local authorities or public sector organisations
- Their track record of similar projects, and

- Supply chain management

6.1.10 On conclusion of the evaluation of the SQ submissions, ten bidders were invited to participate in the tender.

6.1.11 The Invitation to Participate was published on 15 November 2021, with tenders to be submitted by 29 November 2021. As previously agreed by CPIC, the tenders were evaluated on the basis of 20% price and 80% for quality.

6.1.8 On 16th November 2021, Council organised the bidders event to highlight the objectives and expectations from this procurement as well as answer some of the clarification questions. Following the online session, the comprehensive Q&A has been issued to all bidders.

6.1.9 On 24 November, the Steering Group met to discuss the outcome of the bidder event and appraise the proposal for the restricted tender process with negotiations.

## **6.2 Whole Life Costing/Budgets:**

6.2.1 The predominant financial benefit to the Council of letting a concession-style contract for the delivery of an EVCP network, is the reduction in financial risk of having to fund this network ourselves through capital expenditure.

6.2.2 Current estimated costs for the provision of an EVCP of the scope proposed are around £19.5m. If the Council were to invest in the infrastructure this would be additional expenditure that is not built into the current capital programme and which would need to be funded through external borrowing, adding £320k per annum to the Minimum Revenue Provision.

6.2.3 As part of its work around the implementation of an EVCP network, the Council will commit to bringing in external grant funding where feasible. This grant funding will contribute to the delivery of EVCP contracts and can generate positive benefits to the wider community, for example by providing a subsidy to charging tariffs, or potentially reducing the minimum contract term, allowing the Council to re-let the contract earlier into a more mature marketplace.

6.2.4 Across the three contracts to be let, it is anticipated that £9,505,500 of income will be generated for the Council over the 15 year term of these contracts. Appendix 4 shows a more detailed income breakdown. This income will offset the required Council staff resource for the delivery phase of the project and the expected reduction in pay and display parking income of £6,130,000 over the same period. Income which will be foregone to provide the prerequisite kerbside parking spaces for Electric Vehicles to charge.

6.2.5 Whilst the EVCP contracts are anticipated to return a surplus to the Council over the contract lifespan, there is expected to be a negative return for the Council until Year 5 of the contracts, after which point the cashflow turns positive for the Council.

6.2.6 During the period of negative cash flow for the Council, it will be necessary for additional funding to be allocated to make up for the loss of parking income and any associated running costs for the operation of these contracts. A separate CPRP funding bid will be submitted for this.

6.2.7 After cash flows have turned positive for the Council, the surplus income will then become available to use for the delivery of sustainable transport initiatives.

### **6.3 SAVINGS**

6.3.1 The project will contribute to overall improvement of air quality and carbon savings for the borough. There is a proposed guaranteed revenue share between the partners and the Council from the operation of the charging points.

6.3.4 The indirect savings will be received by the residents who decide to swap their fossil fuel cars to electric, and to take advantage of the competitive tariff for charging, no emission charges (ULEZ) for driving in London and free or reduced charge parking fee.

6.3.5 The revenue share from the utilisation of the charging points should fund in full the future employment vacancy for Project Manager and three other posts in Hackney, as well as offset the current income from parking bays, though it must be noted that this will not happen until at least Year 10 of the contract

## **7. SUSTAINABILITY ISSUES**

### **7.1 Procuring Green**

The installation of EVCP will meet the green indicators from Hackney Sustainable Procurement Strategy by significantly reducing the reliance on fossil fuel vehicles and carbon emissions. The charging stations will be powered by 100% renewable electricity, in some cases generated locally, which will contribute towards achieving a zero-net carbon target by 2040. Both recommended partners agreed to work with the Council on a wider feasibility study in relation to power electric vehicle charging points via solar panels on Council owned-roof spaces. They offered to fund the initial feasibility study as well as invest in solar panels installation in the borough.

### **7.2 Procuring for a Better Society**

The delivery of the strategy will help enable residents, businesses and visitors to the borough to gradually transition to electric vehicle ownership/use. This should result in improvements to overall air quality in the borough. The detailed commitment to local skills and employment as well as local economy benefits from this contract are listed in Appendix 2.

### **7.3 Procuring Fair Delivery**

There are no fair delivery concerns in procuring these services. The procurement fulfilled the Council obligation as a public sector organisation, by reducing carbon emissions and lowering the costs of owning the vehicle by profiting competitive tariffs

for the charging units. The contract will require the contractor to employ staff on the London Living Wage (LLW).

In order to avoid the Council in unfair use of offshore finance, contractors have been asked to prove that their funding is coming from an equity or green investor, which has been validated through the SQ stage.

A number of social value elements have been included as part of the specification. These enhanced social value requirements include: Apprenticeships, school programmes with access to environmental learning, promotion of electric vehicle schemes, skills and training opportunities, careers fair, free training material and self-development to support people with their employment moves or entry and community support. All bidders have completed their Employment and Skills Plans for 2022-23.

### **7.1. Equality Impact Assessment and Equality Issues**

On-street charging addresses an inequality in terms of access. Currently, residents with access to off-street private parking are able to install their own charge points and can generally have access to cheaper charging costs.

The Hackney Transport Strategy Objective 3 is to ensure that the needs of older people and those with visual and mobility impairments are considered in all plans and proposals to upgrade the Public Realm.

Both bidders for contract 1-3 are meeting the requirements in relation to provide equal access to the charging point for people with disabilities and mobility issues. The requirement to install the rapid and fast charging points on the buildout, ensures the street cluttering is minimised to prioritise active travel, such as walking and cycling.

The bidders propose to install a sufficient number of charging points to allow equal spread across the borough, without prioritising high users/density areas of Hackney. A strong equipment reliability with technology agnostic solutions, will allow the adoption of equal access to charging and payment for everyone.

## **8. TENDER EVALUATION**

### **8.1. Evaluation:**

8.1.1 On 29 November the Council received nine submissions, with one supplier withdrawing from bidding due to a short deadline. Eight submissions were fully compliant with one supplier having not sent the required supporting documents, hence disqualified from the further tender process. Only two suppliers decided to bid for all 4 contracts, with one supplier considering contract 4 under the condition of securing the rest of the contracts.

#### Initial Tender Process

8.1.2 The procurement route undertaken for this project was via a “Find a Tender” Competitive Procedure with Negotiation. This comprised:

- (i) Selection Questionnaire
- (ii) Initial Invitation to Tender.
- (iii) Negotiation Phase
- (iv) Final Invitation to Tender

8.1.3 The Evaluation Panel for the tender process comprised:

- Head of Operations HLP (LBH)
- Group Manager, Sustainable Transport and Engagement Streetscene(LBH)
- Principal Transport Planner Streetscene (LBH)
- Fleet Manager (LBH)
- Finance Project Accountant (LBH)

8.1.4 The procurement process was managed and coordinated by members of the Procurement team.

Following submission of their bids, clarifications on the submissions were raised with any bidders via ProContract, to clarify any errors in the tenders submitted or any apparent inconsistencies prior to the evaluation process.

### **Price Evaluation - 20%**

8.1.5 For the Price element, bidders were required to set out proposed tariffs price for:

- Standard Pay As You Go, p/kWh
- Provider subscription/smart tariff, p/kWh
- Hackney Light and Power tariff, p/kWh

\* Tariff based on 30 minute charging session delivering 25 kWh of charge (full cost including any plug in fee)

\* Hackney Light and Power tariff available for Hackney residents with parking permit

8.1.6 A commitment to paying the London Living Wage was a pass/fail criterion.

### **Quality Evaluation - 80%**

8.1.7 For the quality element bidders were required to set out five Method Statements addressing the following quality criteria:

- Business model (32%)
- Stage one Hardware, design and site selection (10%)
- Installation & Setting up the network (20%)
- Operations, Maintenance and Reporting (8%)
- Sustainability, Corporate responsibility and inclusive economy (10%)

8.1.8 A summary of the quality and price scores for each tender, and the respective

total overall scores are set out in the table below:

Quality (80%) Price (20%) Total (100%)

Total 100% scores	Contract 1	Contract 2	Contract 3	Contract 4
Bidder A	66.00	50.29	-	-
Bidder B	51.34	59.06	61.92	45.60
Bidder C	67.71	-	-	-
Bidder D	44.65	-	-	-
Bidder E	55.38	65.73	60.40	71.60
Bidder F	-	52.09	-	-
Bidder G	-	80.20	78.20	-
Bidder H	-	-	77.40	-

8.1.9 The panel evaluated all submissions and shortlisted four bidders. Bidders marked with a shaded score were rejected as they were awarded a score of two or below two or more times. As a result has failed to meet the minimum quality threshold specified in the procurement documents (ie: scored less than '2' against more than one criterion). As a consequence of the above and in accordance with the Concession Contracts Regulations 2016, the Council moved to initiate the negotiation stage of the CPN Procedure, inviting the four bidders to explore the potential for alternative options for revenue share, add skills and employment plan and further specification changes in particular to contract 3 in relation to street lighting compliance of the proposed charging points for contract 3.

8.1.10 On 15 December, at the Steering Group meeting, the members discussed the outcome of the moderation meeting and endorsed the recommendations for inviting four bidders into the negotiation stage. The group recommended including the finance representatives to the negotiation team. The outcome letters were sent to all the bidders, followed by a 10 day standstill period before commencing negotiation.

#### Negotiation stage:

8.1.11 Negotiations commenced on 17 January 2022 and the negotiation was concluded on 19 January 2022. Participating bidders were invited to submit their response to the Invitation to Submit Final Tenders (ISFT) Best and Final Offers based on a revised ISFT which incorporated an additional question regarding the

proposed business and financial model, revised specifications and legal head of terms following negotiations.

8.1.12 Following the negotiation stage the below changes to initial specification has been made:

- Remove the word count from tender response document
- Issue the lamp post column electrical compliance specification from Council electrical highways team to bidders in Contract 3 from Council
- Issue the Highway Section 50 template as a base for concession contract
- Issue updated Head of Terms as part of initial Terms and Conditions
- Issue updated procurement timetable

Final tender:

8.1.13 The ISFT (Invitation to Submit a Final Tender) was issued on 11 March 2022 with the deadline for submissions of 25 March 2022.

8.1.14 Four tenders have been submitted. The Evaluation Panel for the ISFT submissions tender comprised the same evaluators as that for the original ITT (see 8.1.3). The tenders were awarded in accordance with the original Invitation to Tender award criteria. The highest scoring bids are shaded in the table below.

Total 100% scores	Contract 1	Contract 2	Contract 3	Contract 4
Bidder C	<b>78.36</b>	-	-	-
Bidder E	<b>64.20</b>	<b>63.12</b>	-	<b>no score</b>
Bidder G	-	<b>88.00</b>	<b>87.52</b>	-
Bidder H	-	-	<b>67.13</b>	-

**8.2. Recommendation:**

8.2.1 Across all 4 contracts, preferred bidders were selected using the award criteria and scoring methodology set out in the ISFT. Bidder C and G achieved the highest score overall in quality and price combined. Their responses to the tender demonstrated an excellent understanding of the project's constraints and risks; well developed fully funded business model to protect Council financial exposures; a good approach to streetscene and highways requirement on installing new charging equipment minimising disruption; communicating well with stakeholders and future

customers; and providing employment and skills opportunities. As such their bid was deemed the most economically advantageous tender (MEAT).

8.2.2 A full analysis of the bids is included in exempt Appendix 3.

8.2.3 It is recommended that the contract for the delivery of electric vehicle charging points infrastructure will be awarded to bidder C for Contract 1 and Bidder G for Contract 2 and 3, subject to final contract terms and conditions.

## **9. CONTRACT MANAGEMENT ARRANGEMENTS**

### **9.1. Resources and Project Management (Roles and Responsibilities):**

9.1.2 The necessary resources and skills to own and manage the project have been identified within Streetscene.

9.1.3 The scale and ambition of the project will require additional resources in order to project manage the key deliverables. The team that will be responsible for the delivery of this project have identified the tasks and time resources required and propose that four posts are needed for the delivery period of the contract. One post at a Senior level and three at Transport Planner level. It is expected that the cost of the new posts and internal resource would be covered by the contributions of the partners over time. Details of the lifetime costs are available in Appendix 4 (EVCP model)

9.1.4 Not providing appropriate resources within the Council risks acute bottlenecks in both the planning stages and the delivery stage where quality control and statutory functions will need to be carried out by the Council. Lack of appropriate resource is likely to result in the necessity to reduce the scope of the project and risk the support of the selected Partners and their own investments.

9.1.5 Internal governance has been established to ensure the successful delivery of the project. It is proposed that the governance arrangements between the Council and the Service Providers is intended to operate as an agreement by which the Council and the Service Providers will work together to resolve issues and disputes in the spirit of mutual trust and cooperation.

9.1.6 All the Parties will agree to nominate appropriate representatives to the following two project boards who will be able to commit to the required level of attendance:

- a. Strategic Management and Project Assurance Group (“SMPAG”); and
- b. Operational Group (“OG”)

Details for how both the Strategic Management and Project Assurance Group (“SMPAG”); and the Operational Group (“OG”) will operate can be found in Appendix 5.

### **Reporting to Elected Members/Councillors**



It will be the responsibility of the Chair of SMPAG Group to represent the views of the report to their Elected Members/Councillors, as required. The copy of the agenda and minutes of the SMPAG Group meeting will be shared with the Hackney Light and Power Delivery Board Members.

<b>Key dates and milestones</b>	
Report to CPIC seeking approval to Award Contract for	18 July 2022
Standstill letter issued	25 July 2022
Standstill period	25 July -5 August 2022
Proposed contract signing	August 2022
Contract commence	September 2022
Contract ends*	September 2039

\*2 years delivery contract with 15 years concession contract

## 9.2. Key Performance Indicators:

The Council will expect the Partner to, as part of regular reporting under this contract, provide information on any shortfalls in KPI's and also provide clarification for not achieving the targets and plans for rectification. Indicative KPIs are provided in the table below and the Council will expect these to be finalised as part of the formalisation of the contract. The following KPIs will be reviewed on a monthly basis by the Operational Group and Annually by the Strategic Management and Project Assurance Group..

<b>Key Performance Indicator (KPI)</b>	<b>Frequency of reporting</b>
Number of customers using the charge points across the borough	Monthly
Split between the customers using a different charging facility, incl. Its location	Monthly
Number of incidents	Monthly
Number of complaints	Quarterly
Number of complaints resolved within agreed timescale	Quarterly
Customer satisfaction rate	Annual
Tariff rates	Annual
Profitability of each point	Annual

## **10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

- 10.1 The tender evaluation has identified suitable delivery partners for the provision of an extensive and comprehensive EVCP network within the borough. The selected providers are Bidder C for Contract 1 and Bidder G for Contracts 2 & 3.
- 10.2 The selected bidders were chosen on the basis of the technical quality of their bid and a financial metric based on end user pricing.
- 10.3 As this procurement has been run in a manner that would aim to achieve the goals set out with the minimal required capital investment to the Council, the weighting between technical and price scoring was set at 80:20 in favour of technical quality, to ensure that the best quality product was secured. Financial return to the Council was assessed as part of the technical quality assessment and weighted appropriately.
- 10.4 Revenue will be generated for the Council on a profit share basis, which after lost income and related staffing costs have been met, will provide an income stream to support the Council's sustainable travel aims.
- 10.5 An amount of £223k per annum has been identified as required to support the ongoing delivery and management of the contracts to be let. The Council has, through this procurement, secured an income through revenue and or profit share to offset these management costs. A separate CPRP proposal will be submitted for the additional £223k per annum required, as this is a considerable expansion of a service that is currently provided.
- 10.6 Financial modelling based on bidders' proposals and the Council's own projected costs and loss of income from P&D shows that the revenue will return to positive in year 5 of the contract for the mid-point scenario. The cumulative cash position for the project will return to positive in year 10. Details of the model and the different scenarios considered can be found in Appendix 4.
- 10.7 Modelling shows that there is significant scope for revenue variations before the overall surplus to the Council is eroded. Equally, the modelling shows that the majority of income will come from Rapid Chargers and that this income will cross-subsidise other contracts. It is considered that the environmental benefits of building a large scale EVCP network outweighs the small negative financial position in one of the three contracts to be let.

This can also be seen in the modelling in Appendix 4

- 10.8 It is recommended that this procurement be approved.

## **11. VAT Implications on Land & Property Transactions**

There are no apparent VAT implications to ensure the successful delivery of the contract.

## **12. COMMENTS OF THE DIRECTOR, LEGAL, DEMOCRATIC & ELECTORAL SERVICES**

- 12.1 On 7th June 2021 Cabinet Procurement and Insourcing Committee agreed a Business Case in respect of a tender process to procure the appointment of a long term partner (or partners) to support the Council in delivering on-street and residential electric vehicle infrastructure for the Borough. Therefore in accordance with Contract Standing Order 2.7.10 the decision to award the contract will be with Cabinet Procurement and Insourcing Committee.
- 12.2 Details of the procurement process undertaken by officers are set out in this report. Cabinet Procurement and Insourcing Committee should note that the invitation to tender for contract 4 of the procurement exercise did not result in the receipt of acceptable bids from tenderers and therefore is not recommended for award.

## **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1 The proposed contracts are valued above the relevant UK public concessions threshold (Concession Contracts Regulations 2016). The Council's Contract Standing Order 2.5.3 requires that the Award of a High risk contract of this value be approved by Cabinet Procurement and Insourcing Committee.
- 13.2 A Competitive Procedure with Negotiation has been carried out in compliance with prevailing legislation and Contract Standing Orders, with full support from the Central Procurement Team. The recommendations are to award contracts 1-3 to the providers offering best value for money as assessed against the published criteria.
- 13.3 The decision not to award contract 4 is supported, as the response to the tender indicated that the concession model was unsuitable for Fleet Management, as detailed in the report. The service area will be supported to review alternative procurement options for this element going forwards.

## **APPENDICES**

Appendix 1: Summary of bids - exempt

- Appendix 2: Employment Skills plans submissions- exempt  
 Appendix 3: EV chargers evaluation matrix- exempt  
 Appendix 4: EVCP model - exempt  
 Appendix 5: Governance structure - not exempt

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