

LEVI Support Body



ITT Evaluation Guidance

1. Version Management

Authors	Doc. Version	Date of Change	Changes
Dominic Gibbeson	1 DRAFT	21/08/2023	Initial version following content review from Procurement Forum and finalisation of Tariff approach.
Dominic Gibbeson	2 DRAFT	03/10/2023	Updated following review by OZEV team.

NOTE: DRAFT VERSION SUBJECT TO FINAL CONSULTATION WITH LEVI CPO WORKING GROUP AND LEVI WORKING GROUP

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2. Introduction

2.1. Purpose

The purpose of this document is to provide Local Authorities (LAs) guidance on their approach to evaluate tenders as part of their LEVI funded schemes. The focus of this guidance is on the evaluation of **concession contracts**, in line with previous guidance on the proposed Heads of Terms (HoTs).

The content in this document is intended as **guidance only**, with LAs ultimately responsible for the proposed approach, reflecting their own individual policies and aligned to their own internal best practice and governance. It is recommended that LAs seek their own independent legal, financial and technical advice prior to issuing an ITT.

2.2. Alignment with Stage 2 assessment

As part of the Stage 2 assessment of LAs' LEVI schemes, draft Invitation to Tender (ITT) documents will be reviewed and assessed. This process will consider both the alignment of the proposed contractual terms with the LEVI HoTs and an assessment of the proposed ITT evaluation methodology to ensure a suitable and robust approach which reflects the LEVI objectives and can demonstrate value for money for the LEVI government grant support.

2.3. Structure and approach

The guidance provides key principles which should inform ITT evaluations, and the key areas which LAs should consider as part of an evaluation approach. We do not propose specific evaluation questions which will need to be developed by LAs based on the specifics of their proposed scheme and approach.

The remainder of this document is set out as follows:

- Section 3: Background and Context
- Section 4: Award Criteria Approach Guidance
- Section 5: Award Criteria Supporting Evidence
- Section 6: Further support

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3. Background and Context

This section provides a summary of the context to the proposed ITT evaluation guidance. This includes the LEVI objectives, concessions contracts and standard evaluation processes.

3.1. LEVI Context

The evaluation of tenders should be considered within the key objectives of the LEVI fund:

- Deliver a step-change in the deployment of local, primarily low power, on-street charging infrastructure across England.
- Accelerate the commercialisation of, and investment in, the local charging infrastructure sector.

Furthermore LEVI projects should consider:

- Scale (level and spread of infrastructure).
- Competitive procurement to maximise infrastructure provision and private investment.
- High levels of private sector investment.
- Cross-subsidisation to manage the risk around the commercial viability of different chargepoint sites.

Finally, we note that LEVI offers a flexible approach to meeting LAs' chargepoint needs. However, LEVI projects:

- Must primarily benefit residents without off-street parking.
- May also benefit other groups – if the minority of chargepoints proposed target these users, and if it increases the scale and commerciality of the project.

3.2. Concession contracts

Concession contracts enable LAs to leverage private investment in exchange for a right to offer an EV charging service and are well-suited to meeting the key objectives of LEVI set out above.

We set out some of the key aspects of concession contracts below:

- Concession contracts are regulated under the Concession Contract Regulations 2016 (CCR 16) – applying to contracts of more than ~£5m.
- Service Providers (concessionaire) must be exposed to a potential loss on its investments and costs (e.g. take demand risk).
- LAs may provide capital investment and retain some control over the quality of service, location of the EVI etc.
- Responsibilities of installation, maintenance and asset utilisation will sit with the Service Provider.
- The contractual relationship between the LA and the Service Provider should be based on key terms relevant to EVI – please see the HoTs guidance for further information.

Note: unlike service-based contracts, concession contracts give the Service Provider the right to deliver a service and charge the end user for these services (in this instance chargepoints), rather than be paid a service fee by the contracting authority. This approach impacts the approach taken to evaluate commercial aspects of the contract.

3.3. Evaluation process

Evaluation of tenders often follows a two-stage process:

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1. **Selection Questionnaire (SQ) Stage:** to down-select a small number of Service Providers with appropriate capability and financial standing.
2. **Award Stage:** to determine the Service Provider offering the best **overall economic advantage** for the contracting authority.

Both stages can sometimes be undertaken through a single process. However, if utilising a Dynamic Purchasing System (DPS) or Framework Agreement, there are normally pre-qualified Service Providers aligned to the DPS / Framework, meaning that evaluation would only need to consider the Award Stage. This option often makes the contract drafting stage quicker as the platforms usually require suppliers and LAs to agree to a number of terms and conditions in advance.

We note there are standard approaches to the Selection Questionnaire stage provided by Cabinet Office¹, which focus on overall capability. Therefore, the remainder of this document focuses on Award Stage evaluation approach.

4. Award Criteria Approach Guidance

This section sets out the high-level considerations and principles LAs should reflect as part of their Award Stage evaluation approach.

4.1. Key consideration for the evaluation

We set out below some of the key considerations which should be reflected in any Award Stage evaluation approach.

- **Alignment with LEVI Objectives:** including supporting a step change in local EVI provision and accelerating commercialisation.
- **Alignment with Local Authority Strategy:** ensuring that solutions will best meet a LA's strategy – combining number, type and quality of chargepoints.
- **Alignment with requirements:** evaluations should assess Service Providers' approach to meet the key requirements of the proposed concession contract. Where possible, requirements should be predominantly outcome-based to allow the market to determine and propose the most appropriate solution.
- **High confidence in delivery:** providing a high degree of certainty that the solution can be implemented within agreed timeframes and to desired quality.
- **High-quality service level:** assessing Service Providers' approach to deliver ongoing operations throughout the contracts, including customer experience, maintenance and KPIs.
- **Robust and sustainable commercial model:** ensuring that the proposed commercial model is based on acceptable assumptions with a high confidence of success throughout the contract term.

4.2. Principles of the proposed approach

Reflecting the context and key considerations set out in the sections above, we recommend that the fundamental basis of the Award Stage evaluation should be:

For the proposed level of LEVI subsidy set out for the procurement, determine the best charging offer that the market can provide, under the proposed Heads of Terms.

The Award Criteria should provide the basis to assess '**best charging offer**' in the context of the LEVI scheme. This approach, to test the market and compete what can be delivered for the proposed

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level of LEVI subsidy, will enable LAs (and therefore OZEV) to clearly show the additionality of the LEVI fund and demonstrate value for money.

Note: the basis of this approach means that any commercial evaluation **does not have to** involve the overall price (Tariff) but will need to provide confidence in the overall commercial approach.

To demonstrate the ‘best charging offer’, and reflect the key considerations set out above, we propose an approach that assesses the high-level criteria set out in Table 1 below.

Table 1: High-level evaluation considerations

	Considerations
Solution	The overall approach and scale of the technical solution which can be provided for the level of LEVI subsidy and how this will deliver the LA’s EV strategy.
Delivery	The approach to implement the proposed solution.
Operation	The operational approach (including maintenance and customer service) of the proposed solution.
Commercial	The appropriateness and sustainability of the proposed commercial model
Social Value	The wider social value which will be delivered through the contracts

We also note the following points:

- The Award Criteria must focus on Service Providers’ approach to delivering the requirements (not their general capability – which should be assessed through the SQ stage).
- Commitments evaluated through the proposal, in particular on charging capacity, should form part of the overall contract.
- Social Value must be included as part of all public sector procurements.

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5. Award Criteria Supporting Evidence

This section sets out the type of supporting evidence that we would expect Service Providers to provide as part of their proposals, and how this information will inform the overall Award Stage evaluation.

5.1. Service quality supporting evidence

As set out in the introduction, the purpose of this document is to provide guidance on the key considerations which LAs should reflect within their proposed evaluation approach, not to provide evaluation questions which should be tailored by LAs to the specifics of their individual schemes. However, we provide information in Table 2 below on the types of supporting evidence which we would expect LAs should provide to support the service quality elements of their proposals.

Table 2: Evaluation supporting evidence

	Evaluation Criteria	Supporting Evidence
Solution	Strategic Fit	Evidence setting out how solution supports delivery of EV Strategy
	Scale of Solution	Firm commitment on the capacity of chargepoints (measured in kW) and the number to be delivered through the contract.
Delivery	Installation Programme Delivery	Robust delivery plan with realistic timeframes and dependencies
	Locations and site selection	Demonstration of coverage across areas of need (as set out in the EV Strategy) and robust proposals for locations where EVI will be deployed.
	Risk management and mitigation	Risk register
	Team and capability	Experience and capability of proposed delivery team (including external support and subcontractors)
Operation	Customer experience	Customer service strategy and plans
	Service management	Maintenance and operational strategy / meeting of KPIs
	Reporting and information / data management	Data management strategy
	Continuous improvement	Process and commitment to CI
	Exit and handover	Process to ensure smooth transition at end of contract

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Social Value	Social Value	Approach to deliver wider societal benefits and how it will be calculated.
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5.2. Commercial supporting evidence

For concession contracts, note that LAs will not be asking Service Providers for an overall ‘price’ for the contract as the level of public funding available is fixed. Therefore, other approaches are required to assess the commercial aspects of a Service Provider’s proposal. There are a number of components to the commercial approach which **could** form part of the commercial evaluation. However, the key outcomes from a commercial perspective include:

- Level of private sector investment (aligned to LEVI objectives) – as measured by the amount of charging capacity delivered for the proposed amount of LEVI funding.
- Alignment to commercial Heads of Terms (key assessment criteria for LEVI).
- Appropriate Tariff Setting and Revenue/Profit share (aligning with HoTs).
- Reasonable costs of infrastructure and delivery.
- Sustainable financial model (ensuring commercial success).

We set out a proposed approach to assess each of these areas below.

Table 3: Commercial Evaluation Approaches

Commercial Aspect	Proposed evaluation approach
Level of private sector investment	Propose this is assessed in the ‘Solution’ component through the amount of charge capacity (combination of number of chargepoints and power). i.e. the greater the level of private sector investment, the greater amount of charging capacity which can be provided for the proposed level of LEVI funding.
Alignment to commercial Heads of Terms	Pass / Fail on acceptance of terms set out in the ITT. We propose that all Service Providers should be asked to accept the T&Cs, as opposed to be assessed on their relative acceptance. Note, through the finalisation stage there may be opportunity to adapt key terms on a case-by-case basis.
Appropriate tariff setting and revenue share	As set out in the HoTs ‘The EVI market is not yet considered sufficiently mature for competition to be fully relied upon at present, to ensure fair prices for end-users; price transparency is not available to all users and alternative options are limited in many cases’. Therefore, the HoTs set out the following two approaches, including a combination of utilising both together: <ol style="list-style-type: none"> 1. p/kWh Margin Cap – where the Service Provider will have control over the tariff up to an agreed pence above total energy costs. 2. Benchmarking review – where the service provider must apply to the LA to change its tariff, supplying appropriate

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Commercial Aspect	Proposed evaluation approach
	<p>information on the tariffs currently being charged for similar EVI.</p> <p>Therefore, any approach to evaluate tariffs needs to align with the approach taken in the proposed Terms.</p> <p>Where a p/kWh cap approach is proposed, there is an option to compete (and therefore evaluate) the setting of the cap (i.e. all Service Providers to propose a cap as part of their tender responses). However, our proposed approach is to set a standard cap within the ITT for all Service Providers to use for their submissions. This approach sets a consistent baseline for both the level of subsidy and limits on the tariff for all Service Providers bidding for the contract, allowing LAs to assess the 'best charging offer' which CPOs could provide withing these constraints, as well as enabling the LA to retain some control over Tariff setting.</p> <p>We propose that revenue share is not explicitly competed but should be assessed as part of the overall sustainability of the Financial Model (see below).</p>
Reasonable costs of infrastructure and delivery	This can be assessed as part of both the Tariff assessment (see above) and the sustainability of the Financial Model (see below).
Sustainability of Financial Model	<p>We propose that Service Providers provide the key assumptions underpinning their Financial Model to demonstrate they have a financially sustainable approach. Key assumptions to assess will include:</p> <ul style="list-style-type: none"> • Costing assumptions – level of transparency on input costs and appropriate benchmarks. • Chargepoint utilisation assumptions – transparency of assumptions underpinning revenue estimations. • Tariff assumptions – alignment with HoTs and integration into coherent financial approach. • Revenue/Profit share assumptions – alignment with HoTs and integration into coherent financial approach.

Therefore, we propose that the Commercial Evaluation primarily comprises of a **qualitative** assessment of the Financial Model, based on meeting key requirements (tariff / revenue share / etc) and demonstrating robustness and sustainability based on key assumptions (utilisation etc). The outcome of this approach is to de-risk the commercial delivery to ensure that the Service Provider is proposing a robust commercial strategy. Service Providers' Financial Models could be assessed using criteria such as:

1. The level of transparency of key input assumptions provided within the Financial Model.

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- The level of confidence in the sustainability of the Financial Model over the term of the contract.

5.3. Proposed weightings

We propose that LAs provide clarity to Service Providers on the relative weighting of the Award Criteria. We would expect a higher weighting on the Solution component – measuring the overall scale of charging capacity which can be provided for the LEVI funding. We set out our proposed, indicative weightings below.

Table 4: Indicative weightings

	Considerations	Indicative Weighting
Solution	The overall approach scale of the technical solution which can be provided for the level of LEVI subsidy and how this will deliver the LA’s EV strategy.	~50%
Delivery	The approach to implement the proposed solution.	~15%
Operation	The operational approach (including maintenance and customer service) of the proposed solution.	~15%
Commercial	The appropriateness and sustainability of the proposed commercial model.	~10%
Social Value	The wider social value which will be delivered through the contracts.	~10%

Following assessment, the preferred Service Provider would be the one with the highest overall weighted score.

5.4. Proposed scoring approach

5.4.1. Scoring approach

We propose a suitable, scaled marking scheme (e.g. 1 – 5) with clearly defined criteria for the assessment, based on a risk-based approach (i.e. from 1. ‘A poor response which provides little or no-confidence that the LA’s requirements will be achieved through the proposed approach’, through to 5. ‘A very good overall response which provides a high level of confidence that all of the LA’s requirements will be achieved through the proposed approach’).

This provides opportunity to clearly differentiate between Service Providers’ proposals whilst offering a simple and easy to understand scoring mechanism.

5.4.2. Minimum Thresholds

LAs should also consider minimum scores to exclude low-quality proposals (i.e. making it a requirement that Service Providers need to score a minimum score of 3 for each Award Criteria

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area). This minimises the risk of having a winning proposal with a single area where the contracting authority has no-confidence in the approach.

6. Further support

As stated in the introduction, the purpose of this document is to provide **guidance** to LAs when developing their evaluation approach as part of their ITTs for their proposed LEVI subsidy schemes. In addition to this guidance, further information on procurement can be found on the [Knowledge Repository](#). In addition, the OZEV Support Body can provide more tailored feedback and support as LAs develop their ITTs and their evaluation approaches.