



# Smart Procurement European Alliance

## **BIRMINGHAM – INTRODUCTION**

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## Context

- Best laid plans
- Well documented financial uncertainty
- To put the finance situation in context, BCC is making savings of £200million in 2015/16 and a further £100million worth of savings over the following two years. This is in addition to the hundreds of millions of savings it has already made in the last three years. The staffing numbers have reduced by one third from 21,000 to 14,000 over the last three years and this is set to reduce by a further 7,000 over the following three years.



## Context

- Strong lobbying
- Invest to save initiative
- Eventually buy-in received and budget of €50,000 agreed
- Three suitable buildings identified for innovative retrofit solutions

# Birmingham SPEA Buildings

- *Lifford House*



DEC – rated D  
Built 2010  
6,348 M<sup>2</sup>  
512 Occupants

# Birmingham SPEA Buildings

- ***Sutton New Road***



DEC – rated C  
Built 2010  
25,303 M<sup>2</sup>  
459 Occupants

- ***New Aston House***



DEC – rated tbc  
Built 1970  
Refurbished 2010  
2,983 m<sup>2</sup>  
229 Occupants

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# **BIRMINGHAM RESULTS – CONTRACT MODEL**



## Process

- Open Procurement procedure due to contract value and time pressure
- Tender advertised on OJEU and FindItInBirmingham
- Multi-stakeholder selection panel with room for further clarification
- Tender specification amended in light of joint outcomes
- Innovation and energy efficiency given higher percentage than before
- Price score reduced
- Loose specification, general areas to focus provided
- Lower contract value likely to attract SMEs





## Evaluation Scoring

- Quality, 60%. Price, 30%. Social Value, 10%
- Quality; Innovation, 35% (from 5-10%). Energy Savings, 25% (from 5-10%)
- Price reduced by 10%
- Social Value usually 5%, Green and Sustainable, 50%. Birmingham Business Charter



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# **BIRMINGHAM – INNOVATION / SME- INVOLVEMENT**



## Supplier Open Day

- Open day as part of process. Allowing suppliers to visit site, meet procurement team and networking opportunities. Not previously done.



# Areas for Innovation

- a) Building Fabric
- b) Building Services
- c) Management, Metering, Monitoring
- d) Renewable Energy
- e) Thermal Energy Generation/ Storage
- f) Other



# Outcomes

- a) 15 SMEs expressed interest in Open Day
- b) 8 SMEs on site
- c) 2 bids were received
- d) Both were consortium bids
- e) Totalling 5 SMEs
- f) Contract awarded to MEBC – consortium of three SMEs following Common Jury approach

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# **BIRMINGHAM RESULTS – ENERGY EFFICIENCY**



## Solutions Chosen

- LED Lighting with organic response light controls ~ 35% savings
- Heat Pumps ~ 70% savings
- Underfloor Insulation ~ 70% savings
- Return on Investment c.6 - 8 years



# Conclusions

- Difficulty in securing budget
- Key to state invest to save – energy efficiency
- Smaller budget attracted only SMEs
- Smaller budget allowed more risk e.g. Increase innovation element percentage
- Open Day useful for breaking down barriers between supply and demand
- Open Day useful for SMEs networking
- Consortium bids allow SMEs to share risk and workload
- Birmingham has achieved the procurement of innovative energy efficiency solutions through a vastly amended tender specification process focussing on harnessing innovation and is working solely with SMEs