

The aim of the questions below is to allow us to understand how you conducted the recent open tender processes. The questions form a broad guide to our areas of interest. We request that as well as either written or oral response that you provide documentary evidence through which you can support your response. The supporting material may be in the form of documentation provided to bidders, meeting notes, presentation or reports. Alongside the question we have also highlighted some key outputs that we would like to develop out of this questionnaire.

## Birmingham Airport Response – REDACTED (for external use)

Questions	Linked Outputs	BHX Response
<p>1. What was the process that you employed when seeking to tender for this service?</p> <p>1.1. Did you undertake any market engagement prior to opening the tender process?</p> <p>1.2. What were you proposed the stages of the assessment?</p> <p>1.3. What information if any did you provide to the bidders prior to them bidding?</p> <p>1.4. How was the tender structured to take account of the need for both technical competence and to deal with the commercial issues?</p>	<ul style="list-style-type: none"> <li>• Timetable of the process</li> <li>• Key milestones in the process</li> <li>• Description of the work required prior to a tender event for TANS.</li> </ul>	<ul style="list-style-type: none"> <li>• Tender process undertaken in compliance with EU Procurement Directives (Utilities). The services of an external consultant were employed to assist with the tender process.</li> <li>• There was no formal engagement with any market, but a call for competition notice published in the OJEU would have meant that interested parties across Europe would have been aware of Birmingham Airport’s requirement.</li> <li>• The call for competition notice asked respondents to express an interest in the procurement opportunity, but at the same time they would have to demonstrate competence and capability, i.e. that they could point to relevant experience in providing a similar scope of services in a similar environment under an equivalent regulatory framework.</li> <li>• The tender process was split into three ‘Lots’: <ul style="list-style-type: none"> <li>• Lot 1 – Air Traffic Control Services</li> <li>• Lot 2 – Air Traffic Engineering Services</li> <li>• Lot 3 – A combination of Lots 1 and 2</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• The OJEU notice also made it explicit to all potential bidders that the Airport intended, in parallel, evaluating and option to in-source the ANSP function and therefore may not award a contract at the end of the process</li> <li>• The key milestones in the process were as follows: <ul style="list-style-type: none"> <li>• Obtain Expressions of Interest from ‘interested parties’ – July 2012</li> <li>• Assess Expressions of Interest (Respondents were required to demonstrate ‘competence and capability’)</li> <li>• Issue Invitation to Tender documentation to those organisations that had demonstrated adequate competence and capability – September 2012</li> <li>• On-site briefing meeting with tenderers – End of September 2012</li> <li>• Access to ‘Data Room’ containing details of the current operation including MATS Part 2 and current staff details including pay, allowances, terms and conditions (names redacted) – November 2012</li> <li>• Tender submissions – End of January 2013</li> </ul> </li> </ul>
<p>2. Barriers within the process</p> <p>2.1. Did you seek to understand the potential barriers for bidders prior to tender?</p> <p>2.1.1. What, if any, barrier were identified and what steps did you take to mitigate these?</p> <p>2.2. Were there any issues or barriers that arose during the process that made the</p>	<ul style="list-style-type: none"> <li>• Understanding of issues and barriers in the process and how these have been circumvented or otherwise.</li> </ul>	<ul style="list-style-type: none"> <li>• No attempt to understand barriers prior to the tender (they were well known to the Airport) but the tender process was designed to ‘test the market’ and the evaluation of an in-house solution was always a genuine option from the very beginning as opposed to a ‘stalking horse’ as some observers viewed.</li> <li>• The only large barriers were:</li> </ul>

<p>tender more difficult to enact?</p> <p>2.3. How did you present issues such as trust of a promise and the interaction with London Approach? How were they overcome or not?</p>		<ul style="list-style-type: none"> <li>○ Trust of a Promise (TOAP) which we believed was a disincentive to other bidders – in part because it was an unknown that had never been tested since the agreement was made.</li> <li>○ The ability for one large player with so many airports (and en-route centres) to offer much wider and more diverse long-term career opportunities to controllers</li> <li>○ Information in the ‘data room’ although often redacted was only available in hard-copy and potential bidders were only able to make notes – no copying of information which did limit its usefulness.</li> </ul> <ul style="list-style-type: none"> <li>● The interaction with NERL was of concern but robust assurances were given that the Airport or another provider would be given fair and equitable service.</li> <li>● Issues with TOAP were not really overcome with respect to other bidders so when the decision was taken to in-source the Airport followed the process as laid out in the agreement having taken legal guidance.</li> </ul>
<p>3. Who were the bidders?</p> <p>3.1. Which companies showed an interest in bidding?</p> <p>3.1.1. Did you approach particular companies to encourage bids?</p> <p>3.2. Which companies submitted bids?</p> <p>3.3. Which companies provided suitable bids?</p>	<ul style="list-style-type: none"> <li>● List and contact details for all parties interested in bidding</li> <li>● List of which bidders entered each stage of the process</li> </ul>	<ul style="list-style-type: none"> <li>● Four organisations expressed an interest in the procurement opportunity including the incumbent service provider</li> <li>● Following informal discussions with all parties, two written expressions of interest were received from the incumbent and one other provider</li> <li>● Both organisations were deemed capable and competent and were issued with an ITT document.</li> </ul>

		<ul style="list-style-type: none"> <li>• Only one bid, from the incumbent was received</li> </ul>
<p>4. How were the bids evaluated?</p> <p>4.1. Did you set out an overall aim and objectives for the tender? Were bidders aware of this?</p> <p>4.2. What was the overall evaluation framework?</p> <p>4.3. Was the framework staged such that technical competence had to be proved early in the process with commercial issues taken later?</p> <p>4.4. What was the range in terms of service and price offered by bidders?</p> <p>4.5. Where bidders able to modify their initial bid following feedback? If so and what stages?</p>	<ul style="list-style-type: none"> <li>• High-level view the aims and objectives of the tender project and the overall evaluation framework used by the airport to meet those objectives</li> <li>• Understanding of the feedback loops with in the process</li> <li>• Understanding of the range of credible bids received</li> </ul>	<ul style="list-style-type: none"> <li>• The assessment of tenders recognised the need for an assessment of technical and commercial factors.</li> <li>• Consequently a ‘balanced scorecard’ approach was taken to the evaluation of bids as follows: <ul style="list-style-type: none"> <li>○ Past Performance &amp; Capability – 20%</li> <li>○ Requirement Compliance – 25%</li> <li>○ Transition Process and service sustainment – 30%</li> <li>○ Price (assessed over 5 years) – 25%</li> </ul> </li> <li>• Under EU Procurement Directives, it is mandatory to publish the evaluation criteria in the ITT documentation. All bidding parties were, therefore, aware, of the evaluation criteria prior to the preparation and submission of bids.</li> <li>• As the Airport was following the ‘Negotiated Procedure’, revisions to initial bids were permissible as part of the clarification and negotiation phases of the procurement process.</li> <li>• The evaluation criteria were structured such that demonstration of technical / regulatory compliance was required before any consideration of commercial aspects of the bid.</li> </ul>
<p>5. Do you consider that you have benefited from holding an open tender?</p> <p>5.1. What was the estimated cost of the tender to the airport operator? Will this be less in future tender rounds?</p>	<ul style="list-style-type: none"> <li>• Understanding of the gains, or otherwise, to competitive tender and the likelihood of the process be rerun on contract renewal.</li> </ul>	<ul style="list-style-type: none"> <li>• The benefits were limited by the number of credible tenderers that reached the final stage</li> <li>• There was only 1 compliant bid from the incumbent</li> </ul>

<p>5.2. What does the airport operator consider would prevent it from holding an open tender in the future?</p>		<ul style="list-style-type: none"> <li>• The estimated cost of the Tender exercise was c £150k - £200k made up of third party consultancy, administration and Management time expended.</li> <li>• Nothing would prevent us holding an open tender in the future but having taken the service in-house, giving better value and control, we would need to be convinced of real benefits in the long-term before considering outsourcing again</li> </ul>
<p>6. Any further comments?</p>		<ul style="list-style-type: none"> <li>• At the time of tender, it was clear that the opportunity had come 'too early' for European providers. It was evident that they were gearing themselves up to bid for opportunities in the UK, but had the exercise taken place a year later (end of 2013) it is likely that bids from European entities would have been forthcoming.</li> </ul>