

**Residual Waste Contract – Competitive Dialogue Evaluation
Framework**

AGENDA NO:

Cabinet Date	19 th November 2008
INSERT PORTFOLIO NAME HERE	Julie Girling Lead Cabinet Member - Environment and Community Stan Waddington Cabinet Member - Environment
Key Decision	Yes
Background Documents	Residual Waste Outline Business Case for PFI, Cabinet report 23 rd April 2008.
Location/Contact for inspection of Background Documents	Background papers may be inspected at Shire Hall Gloucester by contacting the officer named below.
Main Consultees	Waste Project Board, Budget & Performance Scrutiny Committee, Gloucestershire Waste Partnership, stakeholders including Gloucestershire residents through the consultation exercise.
Planned Dates	If approved, procurement would commence in 2009.
Divisional Councillor	All
Officer	Jo Walker, Director: Environment (01452 426270; joanna.walker@gloucestershire.gov.uk)

Purpose of Report	To approve the evaluation framework, which will be used to award the long-term residual waste contract.
Recommendations	That Cabinet approve the evaluation framework outlined in the report with any further minor changes arising to be approved by the Group Director for Environment in consultation with the Lead Cabinet Member.
Resource Implications	Resource implications remain within the resources approved by Cabinet on 23 rd April 2008, assuming PFI credits are granted. An announcement regarding PFI credits is expected on 11 th November 2008.

MAIN REPORT CONTENTS

1. Background

1.1 Cabinet approved the submission of the Outline Business Case for the application for Private Finance Initiative (PFI) credits for the treatment of residual waste on 23rd April 2008. The Outline Business Case (OBC) was approved by Defra and was subsequently presented to HM Treasury Project Review Group (PRG) on 21st October 2008. An announcement regarding PFI credits is expected on 11th November 2008.

1.2 Under the Public Contracts Regulations 2006, the procurement is required to use the 'competitive dialogue' procedure which will lead to a Preferred Bidder. This involves a staged process during which it is essential to maintain fairness and transparency for all bidders. In order to reach Preferred Bidder the evaluation framework proposed to evaluate bids must be disclosed to potential bidders when the project goes to market. The stages of the procurement process are as follows:

- Official Journal of the European Union (OJEU): spring 2009
- Pre-Qualification Questionnaire (PQQ): spring 2009
- Invitation to Submit Outline Solutions (ISOS): summer — autumn 2009
- Invitation to Submit Detailed Solutions (ISDS): autumn 2009 — autumn 2010
- Invitation to Submit Final Tenders (ISFT): winter 2010
- Contract Award: spring 2011

2. Evaluation and Consultation

2.1 Under the procurement regulations there are two processes to follow when evaluating bids. The first is the PQQ assessment framework. This is divided into three areas: Eligibility and Compliance; Economic and Financial Standing; and Technical Ability, all of which are prescribed by the Public Contracts Regulations 2006. The PQQ has pass and fail elements and primarily assesses historical information relating to the robustness of the bidder e.g. financial assessment uses the last three years financial accounts. Bidders who pass PQQ are then invited to submit outline solutions (ISOS).

2.2 The second part of the process uses an evaluation methodology/framework. It is used for the remainder of the process and scores bidders on their proposed solutions. The evaluation framework was developed by the project team, which includes project advisors Eversheds (Legal), Ernst and Young (Financial) and RPS (Technical) and incorporates feedback from the project public consultation.

2.3 The residual waste project has a wide range of stakeholders, including local residents, environmental groups, and the waste industry. An extensive consultation and engagement exercise was undertaken during July and August of 2008. The objective was to gain an understanding of stakeholders' priorities when considering issues surrounding the evaluation framework for the residual waste project. The consultation was split into two phases.

2.4 Phase one focused on asking 4000 local residents and 768 selected stakeholders with a known interest in environmental issues to complete a questionnaire. This explored their priorities on three high-level issues that the County Council will need to consider

when developing the evaluation framework for the procurement: environment, cost and flexibility. All three issues were considered important by the respondents. A 31% return rate was achieved, which is considered high when compared with other County Council consultation responses.

- 2.5 Phase two of the consultation allowed detailed exploration of these priorities through 21 focus groups. In all, 211 individuals and representatives of groups or organisations participated in phase two.
- 2.6 Phase two consultation feedback also highlighted that when comparing the possible evaluation issues, stakeholders tended to regard each of the issues presented as important. The relative weight of importance was quite evenly spread. No single issue emerged as dominantly more important than the others.
- 2.7 The proposed evaluation framework incorporates this consultation feedback and professional advice. At the start of the process Environmental and Technical percentages are higher to ensure that the only solutions that go forward to the next stage are those that offer environmental sustainability, flexibility and deliverability. As the process progresses through competitive dialogue and the County Council is satisfied it has a number of sustainable solutions, the percentage for financial and commercial increases, thereby ensuring value for money is achieved which was also seen as important during consultation. A summary of the framework is shown below in Table 1, with the detailed evaluation criteria shown in Appendix 1.

Table 1 – Summary of Evaluation Framework for the Residual Waste Project

	ISOS	ISDS	ISFT
Environmental and Technical	60%	45%	30%
Financial and Commercial	20%	35%	50%
Legal	10%	10%	10%
Integrity	10%	10%	10%

3. Risk Assessment

- 3.1 Failure to apply transparency and consistency across the evaluation process throughout the procurement exercise so that bidders understand how they will be evaluated and scored could result in a challenge to the procurement process by an unsuccessful bidder. Therefore, it is imperative that the evaluation framework is available to all potential bidders at the commencement of the procurement process in spring 2009 in order to reduce the risk of such an event occurring.

4. Recommendation

- 4.1 That Cabinet approve the evaluation framework outlined in the report with any further minor changes arising to be approved by the Group Director for Environment in consultation with the Lead Cabinet Member.

5. Performance Management/Follow-up

5.1 Progress will be reported to the Waste Project Board.

Appendix 1 - Evaluation Criteria

Discipline	Key Criteria	Weighting at ISOS	Weighting at ISDS	Weighting at ISFT	Evaluator
Environmental & Technical	Environmental & Planning This includes life cycle analysis, environmental control, social management, stakeholder engagement, added value, sustainable development, sites and locations, adherence with policy, planning and permitting, risk and contingency planning, and future proofing.	33%	29%	30%	RPS/ Authority
	Operational, Service & Technical Deliverability This includes flexibility, technical solution, track record, solution performance & guarantees, output markets and risks, experience and expertise of bidder's team, timescales, management systems and procedures, service delivery arrangements, and partnership working.	27%	16%		RPS/ Authority
Financial & Commercial	This includes economic cost, affordability, deliverability of the funding package, financial robustness, insurance, and acceptance of the payment mechanism.	20%	35%	50%	E&Y/ Authority
Legal	This includes acceptance of SOPC4, acceptance of risk matrix, and project agreement amendments.	10 %	10%	10%	Authority/Eversheds
Integrity	Overall assessment of consistency between the service delivery, sustainability, financial and legal/contractual aspects in providing a comprehensive, consistent and deliverable solution.	10%	10%	10%	Authority/ Eversheds/RPS/E&Y
Total percentage		100%	100%	100%	