

West of England Partnership
Joint Scrutiny Committee
11th December 2008

Report of the Chief Executive

Joint Waste Management Contract Phase 2: Criteria For Evaluating Tenders and Assessing Contractors

Purpose Of Report

To seek the views of the Committee on the criteria for assessing contractors and evaluating tenders.

1.0 Background

1.1 The assessment of contractors and evaluation of tenders will be undertaken in two stages:

- **Stage 1:** An assessment of Pre-Qualification Questionnaires (PTQ)
- **Stage 2:** A financial and quality evaluation of tender submissions from those selected from the PTQ.

2.0 Stage1: Pre- Tender Questionnaire Evaluation on Site(s), Technology and Company Finances

2.1 *Pre-Tender Questionnaire – Site(s) and Technology*

2.2 Within the PTQ evaluation criteria proposed there are two pass/fail assessments, in addition to examining the companies' financial standing. These apply to the site(s), and the technology being offered.

2.3 Applicants must provide details of their proposed site(s) and provide an independent assessment of the likelihood of obtaining planning permission. If no site is put forward, or if in the opinion of waste and planning officers the permissions are unlikely to be obtained to develop the facility on the proposed site(s) then the company will be deemed to have failed to comply with this pre-qualification requirement.

2.4 The applicants must put forward the type of technology that they intend to offer in the contract. This must be proven; it must be shown it is able to accept and process waste of a similar nature to municipal waste for at least 7,500 hours over one operational year.

2.5 *Pre-Tender Questionnaire – Company Finances*

- 2.6 The financial information supplied through PTQ and other sources will be reviewed to assess the financial standing of the applicant organisations and to identify and eliminate those that are considered to present an unacceptable level of financial risk.
- 2.7 Finance officers have advised that the current economic downturn has greatly increased the financial risks faced by companies seeking to secure contracts given the investment that is required given the limited credit available to fund required developments.
- 2.8 This stage of the assessment process looks at the financial stability of the company as a whole. Issues to be reviewed include: levels of borrowing and ability to pay interest on loans; levels of profitability; recent growth and future plans; the size of this contract in relation to their other business.
- 2.9 Bristol City Council's Financial Assessment Team will carry out the first stage financial evaluation of the PTQ returns. This assessment will then be reviewed by the finance officers of the 4 authorities. The information to be used for evaluation will be company accounts, additional specific reports requested by finance officers and Dun and Bradstreet reports.
- 2.10 Indicative summary of analysis:

Financial Indicators

- Corporate Gearing (Borrowing)
- Liquidity Ratio
- Interest Cover
- Profitability
- Financing History
- Turnover Analysis
- Borrowing Profile Analysis

Trend Analysis

- Headline Accounts Figures
- All Indicators
- Recent Management Accounts

D&B/Experion Indicators

- Invoice Payment Period
- Credit Rating
- Warning Indicators

Organisation Growth Risk

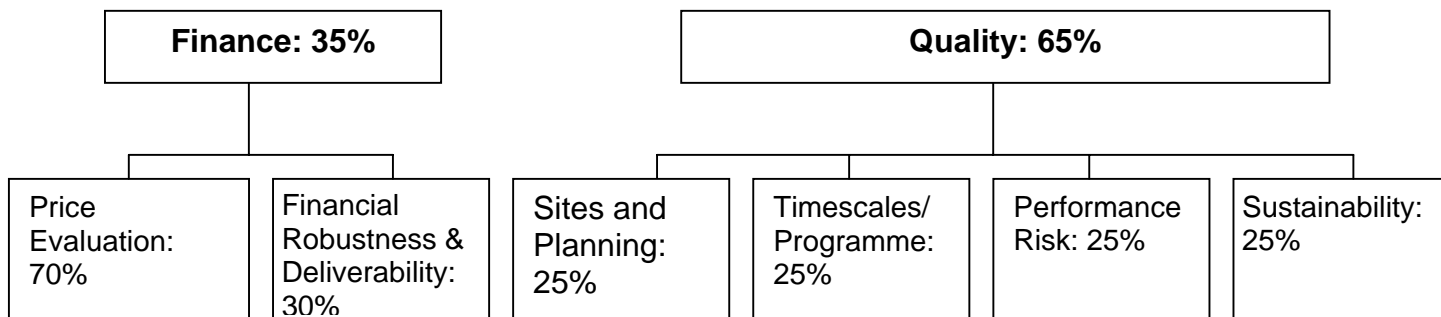
- Contract value as a Percentage of Turnover
- Expansion Plans & how to be financed
- How is business financed and when is that finance due for renewal
- Ability to provide required Bond

3.0 Stage 2: Tender Evaluation of Finance and Quality

- 3.1 The views of Executive Members on the evaluation criteria for the Phase 2 tender were finalised on the 16th of October 2008. These weighted finance at 35% and quality at 65%. The quality element was divided into criteria each with a 25% weighting:
- sites and planning;
 - timescales/programme;
 - performance risk;
 - sustainability.

3.2 The Joint Scrutiny Committee was consulted on these quality criteria on 5th and 12th September 2008 and their views on the relative weightings and content of the level 1 criterion taken into account. These were incorporated into the framework outlined in Appendix 1. Figure 1 illustrates the split between finance and quality in a diagram. Each of these quality criteria was given a weighting of 25% within the overall weighting of 65% for quality.

Figure 1: Diagram Illustrating Finance and Quality Split for Phase 2 Tender Evaluation



4.0 Tender Evaluation of Finance and Costs

4.1 The financial evaluation comprises 35% of the tender evaluation as a whole. Finance Officers recommend that the financial evaluation should comprise two parts:

- Price Evaluation (70%)
- Financial Robustness and 'Deliverability' (30%)

The financial evaluation will be concluded by adding together the scores for the price element and financial robustness/deliverability element in order together to draw up a ranked table of the tender submissions.

4.2 *Price Evaluation (70%)*

4.3 Prices are being sought from tenderers for standard treatment, the management of objectionable materials (>5%) and prohibitive materials. These will be sought on a price per tonne basis. Tenderers will complete one pricing schedule for the compliant bid and one for the variant. On each they will be given the opportunity of tendering for both lots, and if so offering a percentage discount to be applied to the tendered prices should both lots be awarded to the same Tenderer.

4.4 Key elements of the price evaluation are as follows;

- The whole life costs of the contract will be determined, for each lot for both the compliant and variant bids.
- The transport costs of the proposal will be estimated based on a range of transport costs determined on mileage bands and the number of loads that can be transported per day.
- An assessment of the equivalent costs of sending the waste to landfill will be made which will then be compared against the tendered price. If the costs of

the tendered price exceed the cost of sending waste to landfill, including LATS compliance, the tender will not be considered.

- The most affordable price offered will score 100% of the available marks (i.e. 70% of the overall financial evaluation of 35%) with others receiving a pro rata score.

4.5 **Financial Robustness and 'Deliverability' (30%)**

4.6 This part of the assessment reviews the tenderers plans for delivering the project to ensure, as far as possible within the current risk environment, that it is realistic, robust, deliverable and sustainable financially. This will include:

- i) Review of the Business Plan.
Sustainability.
What additional resourcing is required for the project & how is this obtained / financed
New build or current facility?
What plans after 5 years (especially if new build)?
What are the other income sources for the proposed facility?
What % of the company's capacity will this contract be?
- ii) Reconciliation of the Tender submission with the Business Plan.
Logic Test - does the Business Plan tie-up with the Tender Bid Submission.
- iii) Review of the impact of the project on corporate finances.
Does the project increase corporate risk (including an assessment of their other contracts / investment proposals).

4.7 This analysis will be incorporated into the overall price evaluation through the robustness/deliverability assessment contribution to the overall cost score.

5.0 **Tender Evaluation of Quality**

5.1 The quality framework contains the detailed level 2 quality criteria that have been developed to evaluate the tender submissions; these are shown in appendix 1, (page 5 of the report). The level 2 criteria break down the level 1 criteria into a proposed framework based upon the key headings.

5.2 The key elements of the quality evaluation are as follows;

- Each level 2 criteria will be evaluated against a sliding scale: 0 being unsatisfactory to 5 very good. An officer-working group will determine these with technical advice from Jacobs.
- Appendix 1 (page 9) displays the maximum score that each level 2 criteria can score in the column marked 'contribution'.
- It is proposed to assess the 'sustainability' criteria using the Environment Agency, Waste and Resource Assessment Tool for the Environment

(WRATE).

- Part of the assessment process will involve a site visit to the reference plant offered.

6.0 Final Outcome

- 6.1 Financial evaluation scores (up to 35%) will be combined with qualitative scores (up to 65%) to establish the Most Economically Advantageous Tender.

ACCESS TO INFORMATION

PHASE 2 OF WASTE STRATEGY: PROCUREMENT DOCUMENTS AND TENDER EVALUATION – Report to the Waste Executive Members Meeting, 16th of October 2008.

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Appendix 1

Phase 2 Headline Quality Evaluation Criteria (as agreed by Executive Members and Scrutiny)

(i) Site and planning – 25%

- Site availability/ownership and deliverability, likely timescale for site availability
- Planning risk/constraints – e.g. flood risk, contamination, compatibility with local planning policies
- Experience of and approach to planning process
- Realism of proposed planning process
- EA permitting process

(ii) Timescale/programme – 25%

- Realism of programme (taking into account 3rd party involvement)
- Ability to meet deadlines
- Planning/construction/commissioning/operation stages in programme – appropriate, realistic, achievable
- Certainty of funding
- Capacity/resourcing to deliver programme in timescales
- Proposed date for commencement of services

(iii) Performance Risk – 25%

- Ability to meet EA standards
- Ability to consistently meet contract standard
- Ability to exceed the minimum requirements e.g. BMW diversion
- Proveness of proposed solution at a similar scale/proven commercial track record of proposed technology
- How will the operation be run
- H&S issues in operation
- Reliability of technology and plant
- Anticipated downtime/processes in place to deal with downtime
- Contingency plans
- Recording and auditing processes

- Contract interface – dealing with complaints/public/EA
- Final outputs of the process – affect on BMW diversion, available and proven markets, reliance on 3rd parties
- Risks to operational process fully considered by Tenderer and appropriately dealt with
- Flexibility of solutions to accommodate changes in waste volume and composition

(iv) Sustainability – 25%

- Headline sustainability factors e.g. transport, energy use, water, CO2 balance
- Site proximity (proximity principle/self sufficiency)
- Disposal of by products of the process – are opportunities for recycling taken up?
- Minimise unusable by-products and maximize usable products.
- Transport method, including rail transfer.

Proposed Scoring Matrix and information required in method statements.

Phase 2 Quality Evaluation Criteria and Weightings (65% of total evaluation)			
ID	Criteria	Weighting %	Each Section will require a minimum contribution of 10%, i.e. 40% of the available score.
Level 1 Criteria			
S	Sites and Planning	25	
T	Timescale and Programme	25	
P	Performance	25	
E	Sustainability	25	
		100	

Level 2 Criteria

				Unweighted Score	Relative Weighting	Maximum Score	Contribution %
(S) Site(s) and planning		25					
S1	Please explain how you will obtain tenure for the site being offered and the timetable involved?			5	20	100	5
S2	How does the proposed use of the site comply with Local Planning policy?			5	20	100	5
S3	Is the contractor experienced in securing planning and has a similar plant been granted planning permission at another location?			5	12	60	3
S4	Are the site setting and ground conditions within the site well characterised?			5	12	60	3
S5	Are the plans to carry out environmental impact assessments and other site investigations well considered?			5	16	80	4
S6	Are arrangements to engage and secure regulatory planning approval comprehensive?			5	20	100	5
						500	25

(T) Timescale/programme		25				
T1	Programme overview, deliverability of key elements, capacity/resourcing to deliver programme in timescales, proposed date for commencement of services.	5	40	200	10	
T2	How has the contractor programmed and mitigated programme risks?	5	20	100	5	
T3	How will the project be financed and under what terms and conditions?	5	30	150	7.5	
T4	Proposals for obtaining EA regulatory permit.	5	10	50	2.5	
				500	25	
(P) Performance Risk		25				
P1	Ability to meet EA standards in operation.	5	10	50	2.5	
P2	Ability to consistently meet wider requirements of the output specification, ability to meet or exceed BMW diversion, final outputs of the process- affect on BMW diversion, available and proven markets for products.	5	35	175	8.75	
P3	Track record and reliability of solution at scale offered.	5	15	75	3.75	
P4	Operational evaluation, planned downtime, contingencies.	5	15	75	3.75	
P5	H&S issues in operation.	5	10	50	2.5	
P6	Contract interface – dealing with complaints/public/EA, record keeping and reporting.	5	5	25	1.25	
P7	Risks to operational process fully considered by Tenderer and appropriately dealt with.	5	10	50	2.5	
				500	25	
(E) Sustainability (WRATE model proposed to be used for each bid)		25				

E1	Global Warming Potential of each solution within WRATE.	5	35	175	8.75
E2	Site proximity (proximity principle/self sufficiency) waste tonne miles.	5	20	100	5
E3	Recycling performance.	5	10	50	2.5
E4	Ability to recover other resources	5	10	50	2.5
E5	Local Environmental Impacts.	5	10	50	2.5
E6	Health Impacts.	5	10	50	2.5
E7	Flexibility of solutions to accommodate changes in waste volume and composition.	5	5	25	1.25
				500	25

Score evaluation rating

Score	Guidance
0	No information provided or wholly unsatisfactory response
1	Insufficient or inadequate information provided; major concerns
2	Achieves a basic minimum standard, some concerns
3	Satisfactory, acceptable, no major concerns
4	Good, full and robust response, gives confidence
5	Very good, exceeds expectations, adds value, full confidence