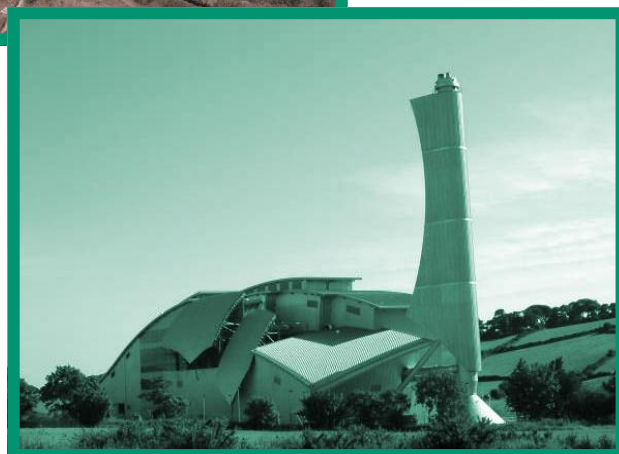


# Project Transform Information Pack

Number 3



**Project  
Transform**  
Transforming waste into resources



# Introduction & Background

This is the third information booklet that has been produced to support Project Transform. This booklet focuses on the Procurement Process and the Evaluation Criteria that will be used to assess bidders proposals throughout the procurement process.

Additional supporting information can be found on the Project's dedicated web pages which can be found at [www.projecttransform.info](http://www.projecttransform.info)

The following information is provided in this booklet.

**Introduction & Background**

**The Procurement Process**

**Competitive Dialogue**

**Evaluation Criteria**

**Legal Challenges**

**Supporting Information**

# The Procurement Process

## The Regulations – Public Contracts Regulations 2006

As Public Authorities the Partners have to follow the EU Public Procurement Regulations for Service Contracts with a value over £156,442. This is to ensure fair and equal competition for companies within the European Union.

All contracts have to be advertised by issuing a Contract Notice in the Official Journal of the European Union, often referred to as an OJEU Notice.

There are a number of procurement processes that can be followed, these include:

- ⊙ **Open Procedure** – single stage process with no pre-qualification—often used for commodity products.
- ⊙ **Restricted Procedure** – two -stage process with pre-qualification stage to shortlist bidders
- ⊙ **Negotiated Procedure**— enables authorities to negotiate directly with one contractor but only under very specific and limited circumstances and is therefore not widely used.
- ⊙ **Competitive Dialogue**— selective process where the number of bidders are reduced as the process progresses. The procurement includes several stages where detailed ‘dialogue’ sessions with the selected companies takes place. Bidders refine their solutions as the process proceeds to meet the authority’s requirements. This process is typically used for complex procurements.

As the procurement of a new residual waste treatment facility is complex we are following the Competitive Dialogue process. We started the process in late September 2009, when we issued our Contract Notice to the Official Journal of the European Union. This was published on the 1st of October and invited interested companies to formally express an interest in the Project.

An essential part of any procurement process is that from the start of the process all companies expressing an interest or bidding must be treated equally and in a fair and transparent manner. Failure to do so can have serious legal and financial implications for the contracting authorities.

# The Procurement Process

## Approach to Procurement

The Partners have agreed to adopt a “neutral” procurement strategy. This means that despite the reference case for the Outline Business Case being based on Energy from Waste the Partners are adopting an ‘open’ approach to technology and location of the facility.

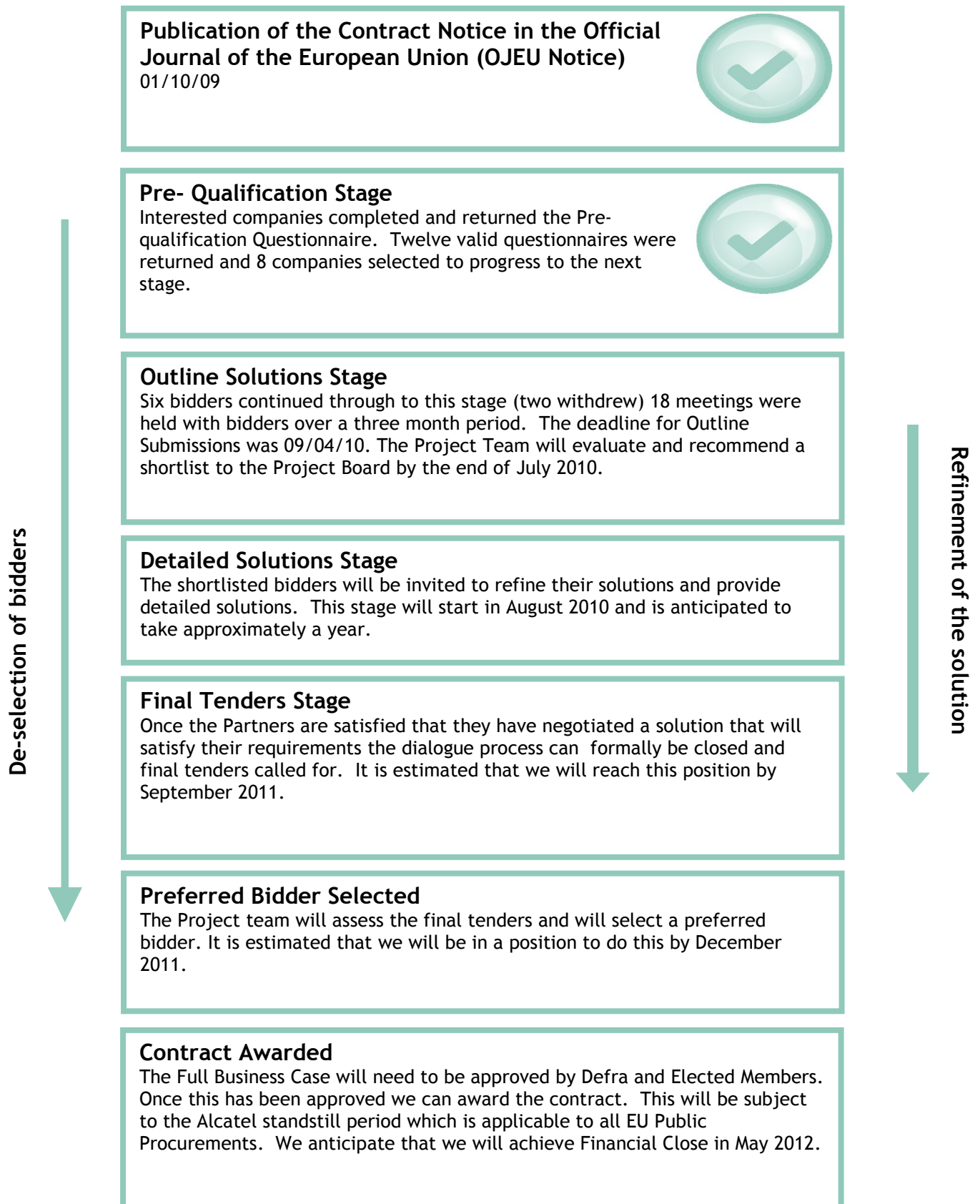
To achieve this we issued an open and flexible OJEU Notice to attract responses from a wide range of potential bidders. The key elements of the Notice are summarised in the following table.

Technology	Bidder to propose
Processing Capacity	Bidder to propose
Location	Coventry—land adjacent to existing facility will be made available to all bidders but bidder can propose an alternative site
Recycling rate	5% additional recyclables to be removed from the residual waste delivered to the facility
Contract length	25 years
Funding option	Private Finance Initiative
Procurement method	Competitive Dialogue

By adopting this approach we are leaving it up to bidders to propose a suitable treatment solution. All proposals received will be assessed against set evaluation criteria, which will be made available to selected bidders at the key stages in the procurement process.

# Procurement Timetable

The following figure provides an overview of the procurement process. At each stage of the process the number of bidders will be reduced and the bidders going through to each stage will refine their solutions.





# Evaluation Criteria

All of the submissions proposed by bidders will be assessed against pre-determined Evaluation Criteria. The Evaluation Criteria was developed in consultation with Members and stakeholders in 2009. The final Evaluation Criteria was approved by the Cabinets of each of the Partners in December 2009.

The Criteria covers three key areas which are:

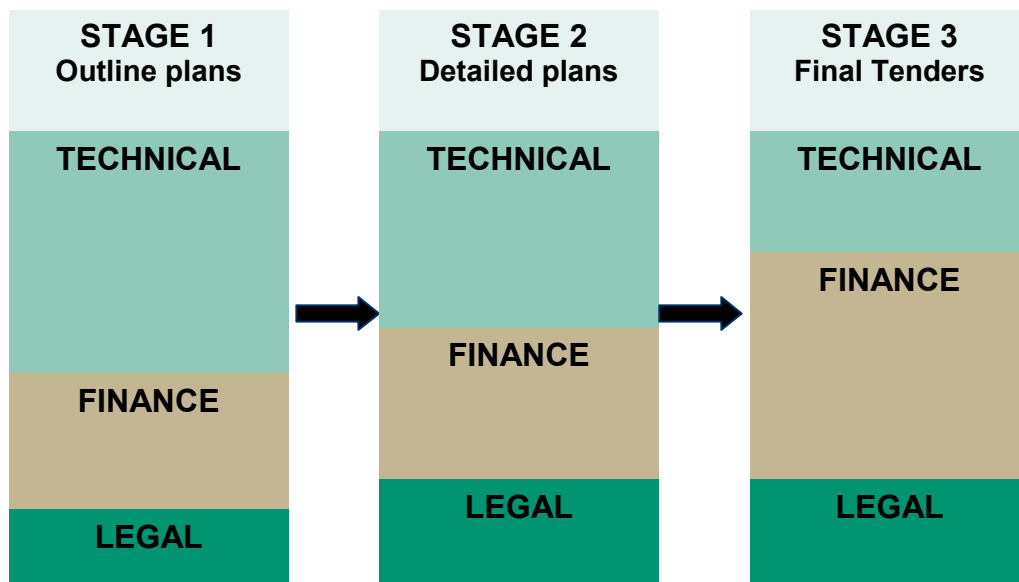
- ⊙ Technical
- ⊙ Financial
- ⊙ Legal

These three key areas are then broken down into more detailed sub-criteria which are summarised in the table below. There are three levels of criteria that will be used in our evaluation of the submissions.

Level 1	Level 2	Level 3
<b>Financial</b>	<b>Cost</b>	<b>Price</b> <b>Payment Profile</b> <b>Sensitivity Testing Under Different Assumptions</b>
	<b>Financial Quality Criteria</b>	<b>Financial Robustness</b> <b>Deliverability of Funding</b> <b>Acceptance of Payment Mechanism</b>
<b>Technical</b>	<b>Deliverability</b>	<b>Technology Deliverability</b> <b>Planning and Consents</b> <b>Timescales</b>
	<b>Sustainability</b>	<b>Greenhouse Gas Emissions</b> <b>Sustainable Design and Construction</b>
	<b>Service Quality</b>	<b>Contract and Service Management</b> <b>Stakeholder Engagement</b>
	<b>Service Continuity</b>	<b>Control Interfaces</b>
	<b>Performance</b>	<b>Untreated Landfill Performance</b> <b>Recycling Performance</b> <b>Residues Diversion Performance</b>
	<b>Authority's Requirements</b>	<b>Compliant with Authority's Requirements</b>
<b>Legal</b>	<b>Risk Allocation and Commercial Terms</b>	<b>Risk Allocation and Commercial Terms</b>
	<b>Commercial Deliverability</b>	<b>Contractual Structure</b> <b>Approach to Key Risks</b>

As the process progresses different weightings will be applied to each criteria as the focus of the procurement process shifts from technical to financial. In the first two stages of the process technical aspects of the submission are weighted higher than finance and legal as it is essential that we select a deliverable solution. Once the solution has been refined and we are confident that it will work, the financial elements become increasingly important so financial elements of the submission are weighted higher. Legal aspects are weighted at a lower level as the bidders will need to agree to a standard contract and therefore there is less potential for variation.

The figure below depicts the different weightings applied at the key stages of the process.



## Legal Challenges

Large procurement projects are becoming increasingly at risk of legal challenge by bidders who are deselected and particularly by those who are not selected at preferred bidder stage.

To reduce the risk of legal challenge it is essential that a robust and transparent procurement process is followed. Part of the transparency is having a clear evaluation criteria that is applied equally throughout the procurement process. Once set, the Evaluation Criteria cannot be changed otherwise we would run the risk of significant legal challenge.

The Waste Management sector is particularly active and several legal challenges have been brought against authorities following their contract award decisions. It is anticipated that the number of cases will rise as the number of potential available contracts decline (we are in the last round of PFI funded Waste Infrastructure projects).

Further information on recent legal challenges can be provided by the project team if required ~ contact details on P7.



# Other sources of information

## Information on the Project

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## Information on PFI and waste treatment technologies

Frequently asked questions PFI

<http://www.defra.gov.uk/environment/waste/localauth/funding/pfi/index.htm>

Other Waste PFI Projects

<http://www.defra.gov.uk/environment/waste/localauth/funding/pfi/projects.htm>

Waste treatment technologies—Defra new technologies programme

<http://www.defra.gov.uk/environment/waste/residual/newtech/index.htm>

## Information on Defra support to Waste projects & Waste Policy

Background on Waste Infrastructure Delivery Programme (WIDP)

<http://www.defra.gov.uk/environment/waste/residual/widp/index.htm>

Information on the Waste Strategy for England 2007

<http://www.defra.gov.uk/environment/waste/strategy/index.htm>

## Information relating to the three Partner Authorities

Information on Coventry's Waste Services

<http://www.coventry.gov.uk/ccm/navigation/environment/rubbish--waste-and-recycling/>

Information on Solihull's Waste Services

<http://www.solihull.gov.uk/environment/refuse.htm>

Information on Warwickshire's Waste Services