

NORTH LINCOLNSHIRE COUNCIL

**NEIGHBOURHOOD, ENVIRONMENT AND COMMUNITIES
CABINET MEMBER**

**WASTE CONTRACTS PROJECT – SELECTION OF BIDDERS TO PROGRESS
TO FINAL TENDER STAGE**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 In accordance with the Contract Procedure Rules for the Waste Procurement Project, the Cabinet Member must make the decision to confirm those Bidders to receive the Invitation to Submit Final Tenders upon recommendation of the Project Director following approval of the Waste Contracts Project Board.
- 1.2 The results of the ISDS Bids were reported to the Waste Contracts Project Board on 24 March 2010 and the Board endorsed the outcomes. It is now recommended to the Cabinet Member that these results be approved.

2. BACKGROUND INFORMATION

- 2.1 The Council began the Project with a contract notice to the European Union and local media on 19 March 2009. The residual waste was advertised as Lot 1 and the organic waste as Lot 2.
- 2.2 Thirteen organisations passed pre-qualification. Five submitted outline proposals (ISOS) for Lot 1 and seven for Lot 2. Four were invited to submit detailed proposals for each lot (ISDS). Four organisations submitted five Bids for Lot 1 and three organisations submitted six Bids for Lot 2. The Bids are shown in Table 1.

Table 1 – bids received at ISDS Stage

Lot	Bids received
Lot 1 – Residual Treatment	North Lincs Green Energy (NLGE) – Standard Bid Orchid Environmental Ltd – Standard Bid Stereecycle Ltd – Standard Bid Waste Recycling Group Ltd (WRG) – Standard Bid Waste Recycling Group Ltd (WRG) – Variant Bid

Lot	Bids received
Lot 2 – Organic treatment	Shanks Waste Management Ltd – Standard Bid Shanks Waste Management Ltd - Variant Bid Stereecycle Ltd – Standard Bid Stereecycle Ltd – Variant Bid Waste Recycling Group Ltd (WRG) – Standard Bid Waste Recycling Group Ltd (WRG) – Variant Bid

2.3 The ISDS documentation was published to Bidders and ISDS Bids were submitted by Bidders on 1 March 2010. The submission and evaluation of the Bids was conducted in accordance with the ISDS documentation and the Contract Procedure Rules for the project. The evaluation criteria are shown in Table 2.

Table 2 – Evaluation Criteria for ISDS Stage for Lot 1

Financial Impact	Price and Affordability	30%
	Payment Profile	4%
	Sensitivity Testing under different Macro-Economic Assumptions	16%
Financial and Commercial	Financial robustness	2.0%
	Deliverability of the funding package	3.3%
	Consortium Risk Mitigation Structure	1.4%
	Acceptance of Payment Mechanism	3.3%
Service Delivery & Technical	Landfill diversion performance	5%
	Recycling / outputs performance	5%
	Environmental impacts	5%
	Flexibility of proposed technological solution	5%
	Deliverability of planning, permits and consents	4%
	Enhanced service and added value	1%
	Overall capacity and resources	1%
	Partnership approach and management systems	1%
	Integration with collection systems and other waste infrastructure	1%
	Integration with council waste strategy	1%
	Community benefits	1%
Legal and Contractual	Consortium or partnership legal structure	1%
	Acceptability of contractual risks	5%
	Measure of due diligence	3%
	Insurance	1%

2.4 The volume of documentation submitted for the Bids and the process of seeking clarifications from Bidders has meant that completion of the evaluation for Lot 2 has not been possible by the deadline in the approved project timetable.

- 2.5 The Waste Contracts Project Board has given approval to additional time being allowed for the evaluation of Lot 2 and an update on progress to be reported to a future meeting of the Board.
- 2.6 The Project Director produced a report on the outcome of the evaluation for Lot 1. This was considered by the Board at its meeting on 24 March 2010. The Board endorsed the outcome of the evaluation and approved the recommendation as to which Bidders to take forward to the Final Tender stage.
- 2.7 The Cabinet Member considered the Project Director's report in his capacity as Chair of the Waste Contracts Project Board at the meeting.
- 2.8 The outcome of the evaluation for Lot 1 is shown below in Table 3 -

Table 3 – Outcome of ISDS Stage for Lot 1

Bid	Recommendation
North Lincs Green Energy (NLGE) – Standard Bid	Progress
Orchid Environmental Ltd – Standard Bid	De-select
Sterecycle Ltd – Standard Bid	De-select
Waste Recycling Group Ltd (WRG) – Standard Bid	Progress
Waste Recycling Group Ltd (WRG) – Variant Bid	Progress

- 2.9 The Council strategy agreed at Cabinet on 11 March 2009 is to invite a minimum of two Bidders for each lot to submit Final Tenders. At least two bidders, not bids, are required to ensure competition. As WRG submitted two bids, which scored highly along with NLGE's single bid, WRG will progress to the Final Tender stage along with NLGE. The council will hold dialogue with WRG during the Final Tender stage to agree which of its two Bids should be developed further.

3. OPTIONS FOR CONSIDERATION

- a) The first option is to accept the recommendation of the Waste Project Board.
- b) The second option is not to accept the recommendation of the Waste Project Board

4. ANALYSIS OF OPTIONS

- 4.1 Option (a) above would allow the Lot 1 Waste procurement to continue in accordance with the agreed project plan.
- 4.2 Option (b) above would not allow the Lot 1 Waste procurement to continue in accordance with the agreed project plan. Further consideration would then have to be given by the Council as to

continuing the ISDS dialogue with the remaining Bidders under a revised project timetable or terminating the procurement of one or both Lots.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The estimated contract value of all elements of this procurement assuming a 20-30 year arrangement is in the order of £250 million. The treatment facility could cost £20 - £60 million, dependent upon the technology and the cost of borrowing.
- 5.2 The financial implications to the Council are the greatest risk. Whether in penalties for exceeding our landfill allowance or being unable to successfully complete the procurement process, the sums involved are significant.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 Bidders have now submitted their detailed solutions. The Council will use the competitive dialogue process to address the environmental impacts of each Bid and its fit with the Council's municipal waste strategy and objectives for the project.
- 6.2 A risk register is maintained and reports are presented to the Strategic Risk Management Group as necessary.

7. OUTCOMES OF CONSULTATION

- 7.1 The evaluation exercise has involved discussions and consultation between the project team, evaluators and external consultants.
- 7.2 The Waste Contracts Project Board has been informed of the progress of the project and has considered the outcome of the evaluation. The Board approved the Project Director's evaluation report and endorse it for consideration by the Cabinet Member.
- 7.3 The Cabinet Member, who is also Chair of the Waste Contracts Project Board, has been kept informed on the progress of the procurement.

8. RECOMMENDATIONS

- 8.1 The Cabinet Member approves the recommendation of the Project Director, as endorsed by the Waste Contracts Project Board, that WRG and NLGE be invited to submit final tenders for Lot 1 of the Waste Contracts Procurement Project.

SERVICE DIRECTOR NEIGHBOURHOOD AND ENVIRONMENT

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Background Papers used in the preparation of this report None