

NORTH LINCOLNSHIRE COUNCIL

**NEIGHBOURHOOD, ENVIRONMENT & COMMUNITIES
CABINET MEMBER**

PROCUREMENT OF INTERIM ORGANIC WASTE TREATMENT SERVICE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The object of this report is to obtain approval for a procurement strategy to treat the Council's organic waste stream.
- 1.2 The key points in this report are:
- The Cabinet Member previously approved the cessation of the procurement exercise for the organic waste fraction advertised as Lot 2 under the residual and organic waste treatment and disposal contract as none of the Bids received were assessed as being affordable solutions.
 - The Cabinet Member approved the procurement of an interim service contract for the treatment of the organic waste fraction. This contract to be of short duration (2 to 4 years) to allow developing national policy on organic wastes to mature and so provide clearer guidance for the Council on the best choices for a longer term solution.
 - The main objective of the procurement exercise is to deliver a cost effective service that allows the Council to treat its organic waste and control expenditure during the current public sector budget pressures.

2. BACKGROUND INFORMATION

- 2.1 The current contract for the provision of organic waste management services for the Council terminates on 31 March 2011. The Council included the organic waste fraction as Lot 2 within the contract for the treatment and disposal of residual and organic wastes but had to abandon the organic element as none of the Bids received were assessed as being affordable solutions.
- 2.2 At a meeting of 19 May 2010 the Cabinet Member approved the cessation of the procurement of a bespoke technological solution and treatment facility for the organic waste stream under Lot 2. A short-term contract would be let to treat the organic waste in the most cost effective way. This may result in technological solutions that were deemed unsuitable for a contract of 15 to 25 years being the preferred choice due to their simple technology and low capital cost.

- 2.3 The procurement process will be the governance responsibility of the Cabinet Member under their delegated authority. It is necessary for the Cabinet Member to approve the choice of procurement route, project timetable and evaluation criteria in advance of the contract notice being submitted to the European Union.

3. OPTIONS FOR CONSIDERATION

- 3.1 The anticipated value of the interim service contract to treat the Council's organic waste stream will exceed the EU threshold for public service contracts and must therefore be procured under the Public Contracts Regulations 2006. These require that the most appropriate procurement route is chosen and the rules relevant to the chosen route are then complied with.
- 3.2 Under the Public Contracts Regulations 2006 the Council has the choice of the following procurement routes:
- The **Open** procedure:- where interested economic operators can tender without pre-qualification;
 - The **Restricted** procedure:- where the number of economic operators who will tender is restricted by a pre-qualification stage;
 - The **Competitive Dialogue** procedure:- for complex contracts where not all the Council's requirements can be specified at the start of the process but must be worked up through dialogue with the economic operators before a competitive tender takes place.
- 3.3 A timetable for the project must be available to interested economic operators at the time the contract notice is published.
- 3.4 The evaluation criteria that will be used to de-select economic operators at the pre-qualification (if appropriate to the procurement route chosen) and final tender stages must be available to interested economic operators at the time the contract notice is published.

4. ANALYSIS OF OPTIONS

- 4.1 Choice of procurement route. Although three options are available to the Council it is felt that only the Restricted Procedure is appropriate to this project.
- **Open** – without the ability to pre-qualify the interested economic operators it is felt that the Council could be overwhelmed by the number of bids received at the final tender stage;
 - **Restricted** – the ability to pre-qualify the interested economic operators will allow the Council to control the number of bidders invited to tender and manage the workload involved and ability to achieve the tight timetable;
 - **Competitive Dialogue** – it is felt that the Council's requirements are not complex and can be specified at the time the contract

notice is published. There is therefore no need to dialogue with bidders to develop bespoke solutions.

- 4.2 A timetable for the project is proposed at Appendix A. This is fully compliant with the requirements of the Restricted Procedure and will achieve contract award before the current contract expires.
- 4.3 Evaluation criteria for the pre-qualification and final tender stages are shown in Appendix B.

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

- 5.1 The main aim of the project is to procure a short term service contract at the most cost effective price to treat the organic waste stream in a legally compliant way. The abandonment of the original Lot 2 procurement and commencement of this interim contract is a strategic response to the reduction in public sector budgets and requirement to procure new contracts before the expiration of current arrangements.
- 5.2 The team created to procure the original residual and organic treatment contract will undertake this project.

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

- 6.1 The project will satisfy the statutory requirements placed upon the Council and will ensure the Council's organic waste stream is treated in full compliance with waste management and environmental legislation.

7. OUTCOMES OF CONSULTATION

- 7.1 The Service Director – Finance and the Strategic Procurement and VFM Manager have been consulted and support the recommendations.
- 7.2 The Waste Contracts Project Board have considered the issues concerning the bids received for Lot 2 and the budgetary implications and have been informed of the procurement strategy recommended in this report.

8. RECOMMENDATIONS

- 8.1 That the Council uses the Restricted Procedure for the procurement of an interim contract for the treatment of its organic wastes.
- 8.2 That the timetable at Appendix A is approved for the project.
- 8.3 That the evaluation criteria for the pre-qualification and final tender stages shown at Appendix B are used for the project.

SERVICE DIRECTOR NEIGHBOURHOOD & ENVIRONMENT

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Background Papers used in the preparation of this report

Previous Cabinet Member reports on same subject

RESTRICTED PROCEDURE TIMETABLE (April 2011 start)

ID	Task Name	Recommended No. of days (* mandatory min. EU timescales)	Indicative Dates	Key Decisions
	Preparation to tender contracts	n/a	Before 1	Cabinet Member report on procurement strategy
1	Issue Contract Notice	n/a	10-Aug-10	
2	Deadline for expressions of interest & completed PQQ	37*days from 1	16-Sep-10	
3	PQQ evaluation completed	60 days recommended from 2	08-Nov-10	
4	Shortlist approved	10 days recommended	12-Nov-10	
5	Drafting of Invitation to Tender (ITT) completed	Concurrent to stages 1 - 4		
6	Issue Invitation to Tender (ITT)	n/a	15-Nov-10	
7	ITT Close Date	40* days from 6 (60 days recommended)	05-Jan-11	
8	Tender evaluation completed	90 days recommended	07-Mar-11	
9	Award recommendation approval	30 days recommended	14-Mar-11	Cabinet Member decision
10	Contract Awarded (subject to standstill period)	n/a	15-Mar-11	
11	"Alcatel" Standstill Period	15* days from 10	30-Mar-11	
12	Contract award confirmed	n/a	31-Mar-11	

Appendix B

Evaluation Criteria for Contract NLC-WSC-2011B Organic Waste Treatment Pre-Qualification Stage

	Criteria		Sub-Criteria	Weighting
1	Ineligible under Regulation 23	1.1	Regulation 23	Automatic fail
2	Economic and Financial Standing	2.1	Financial stability	25%
		2.2	Economic capacity	25%
3	Technical Ability	3.1	Operation of organic waste treatment facilities	18%
		3.2	Availability of organic waste treatment facilities	13%
4	Professional Ability	4.1	Compliance with environmental and/or waste management legislation	10%
		4.2	Compliance with health and safety legislation	5%
		4.3	Compliance with employment and diversity legislation	4%
Total				100%

Final Tender Stage

	Criteria		Sub-Criteria	Weighting
1	Financial Impact	1.1	Tender price	45%
		1.2	Commercial sensitivity	15%
2	Service Delivery	2.1	Proposals for service provision	15%
		2.2	Interface with Council services	10%
		2.2	Availability of organic waste treatment facilities	15%
Total				100%