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Objectives of Evaluation Award Criteria

The aim of the competitive dialogue procurement procedure is to allow a contracting authority to "identify and define the means best suited to satisfy its needs" (Public Contracts Regulations 2006). It has been specifically developed for use on complex projects where a number of solutions are possible. The dialogue is generally conducted in successive stages (ISOS, ISDS and ISFT)[1] to reduce the number of solutions being discussed by applying the contract award criteria at each stage. The award criteria must follow the Most Economically Advantageous Tender (MEAT) principles, thus determining best value for money for the contracting authority. The following extract is taken from the Public Contracts Regulations 2006:

"The contracting authority shall assess the tenders received on the basis of the award criteria specified in the contract notice or descriptive document and shall award the contract to the participant which submits the most economically advantageous tender."

Regulation 18 of Public Contracts Regulations 2006 also expects that the criteria and weightings to be used for the award of the contract should feature in the early contract documentation thereby providing a guide for perspective bidders on the Partnership's key objectives for the contract.

The evaluation criteria are used as a means to differentiate between bidders and their proposed solutions. The process is designed to be transparent and fair, and maintain competition amongst the bidders.

The following paper sets out how the evaluation criteria were developed through Partnership engagement, workshops and sensitivity modelling and also how they address the key objectives of the Project.

Evaluation Criteria Development

The following key decisions and documents that drive the project objectives have led to the development of the evaluation criteria

- The Joint Working Agreement (JWA) agreed by each of the Partner Authorities in September/October 2008.
- The Bedfordshire Authority Municipal Waste Management Strategy (BAMWMS) updated in 2006.
- The agreement of the Affordability Envelope by each of the Partner Authorities in September/October 2008.
- The provision of a "Technology Neutral" approach during the agreement of the Outline Business Case in September/October 2008.
- The agreement to increase kerbside recycling and composting to high levels (60% aim) ahead of any treatment taking place by each of the Partner Authorities in September/October 2008.

[1] ISOS = Invitation to Submit Outline Solutions, ISDS = Invitation to Submit Detailed Solutions, ISFT = Invitation to Submit Final Tender

The project obtained written agreement from all the Bedfordshire Authorities through the signing of the Joint Working Agreement and agreement to jointly submit the OBC. The essence of the agreement was for the four authorities to work together to procure a contractor who will design, build, finance and operate long-term facilities for the treatment of the remaining residual municipal waste, after each of the authorities have re-cycled and composted as much waste as is reasonably possible through kerbside schemes.

The following commentary demonstrates the steps the project team have taken in developing the evaluation criteria for the project. It explains the process conducted and the outputs agreed.

Meetings and Workshops

1. Initial workshop held on the 18th of December 2008, attended by the following people:

- Gary Alderson (Lead Officer - CBC)
- Peter Snelling (Member - CBC)
- Mick Wright (Luton Borough Council)
- Ben Finlayson, (Project Manager)
- Jennifer Watts (BEaR Comms)
- Rebecca Cole (Mace)
- Stewart Briggs (Lead Officer - BBC)
- Rob Gregan (Head of Procurement)
- Andrew Smith (AD Waste BCC)
- Peter Brown (BEaR Officer)
- Steve Blackburn (Entec)

The group was provided with a detailed overview of the procurement process and the need for evaluation criteria. They were then asked to :

- Consider what was important to the Partnership in terms of the project's objectives
- Agree the split between Price and Quality;
- Propose, review and amend criteria at each level (1 – 4);
- Rank the criteria at each level in order of importance to the Partnership and, finally;
- Assign percentage weightings to the criteria.

2. A second workshop was held on the 22nd of January 2009. Its main objective was to explore the mechanics of the evaluation model and seek clarification from the adviser on the Level 3 and Level 4 criteria. Present at the meeting were the three Authority advisors: Bevan Brittan (Legal), Entec (Technical), Grant Thornton (Finance), the Project Team and the Authority's internal procurement team. The external advisors were asked to review and discuss the model from the perspective of their specific discipline ahead of the meeting. Bevan Brittan discussed in detail the legal technicalities of the procurement process and evaluation timetable. They reflected on areas of possible challenge, the dialogue process and robustness of criteria and weightings.

   During the workshop:

   - The team worked with the advisers to agree if and how the weightings should change throughout the procurement process

- The scoring methodologies to be used to assign a score against each criteria were also developed, these were a series of scored ranges with associated descriptive terminology.

3. A third meeting was held on the 26th February 2009 with all external advisors and the project's internal team. The aim of this meeting was to resolve any uncertainties that remained with the evaluation model. Fundamental questions were asked such as the robustness of the Price/ Quality split between the ISOS and ISDS stages. All avenues were explored in order to produce the most attractive evaluation model for the Partnership and the market. The legality of the process was also discussed. Following this meeting a draft evaluation matrix was produced.

4. Following the production of the draft evaluation criteria, Entec ran a sensitivity test on the technical section to ensure that the evaluation delivered the "Technology Neutral" approach that the partnership had agreed upon submission of the OBC. The results showed that the criteria and weightings had been produced in such a way that they were not unduly biased towards a specific technology and allowed a range of technology's to score well.

   Certain technologies will score higher on some criteria and lower on others, for example an Energy from Waste (Incinerator) plant is likely to score higher than an Mechanical Biological Treatment (MBT) plant with regard to diversion of contract waste from landfill, it is however likely to score lower than MBT with regard to recycling & composting performance. The sensitivity testing has ensured that in total the technologies are as much as possible on an equal footing.

Rationale Overview

The purpose of this section is to explain the rationale for the decisions made on the evaluation criteria. The criteria follow the MEAT principles and adhere to the Public Contract Regulations 2006. The following tables set out the agreed position following the above meetings and ratification at the Project Board.

Level 1 Criteria

	ISOS	**ISDS**	**ISFT**
Price	20 – 40%	40%	40%
Quality	60 – 80%	60%	60%
Total	**100%**	**100%**	**100%**

The decision to split the criteria 60% Quality and 40% Price is due to the complexity of the project. Supply only contracts, or service contracts which do not require technical or professional skills or expertise where the requirements can be fully specified could consider using a price weighting of 100%. For complex projects where a range of solutions, methodologies and options could be delivered and dialogue with bidders is required, the quality weighting should be high.

The BEaR project is considered a complex project and therefore requires a higher quality weighting.

As well as this, although the affordability of the project is a key concern, the quality of the final solution was deemed to be a more important element of the evaluation.

The final Quality/price split at the ISOS stage has not quite been finalised and so a range is included in the table above. Competitive Dialogue assumes that bidders will develop their solutions throughout the procurement process. At ISOS bidders will not have had an opportunity to fully cost or develop the proposed technical solution; however they will have some indicative costs from their work on other contracts in the waste industry. Therefore, Price may be given a lower weighting at the ISOS stage. A higher weighting is given to this criterion later in the procurement process when each bidder will have had a better opportunity to develop the underlying costs. The split will be finalised ahead of issuing the contract documentation to bidders.

Level 2 Quality Criteria

Quality	ISOS	ISDS	ISFT
Technical	36 – 48%	36%	36%
Funding and Commercial	18 - 24%	15%	15%
Legal and Contractual	6 - 8%	9%	9%
Total	**60 – 80%**	**60%**	**60%**

The Level 1 Quality criterion is broken down in to three elements at Level 2, these are technical, funding and commercial and legal and contractual. Competitive dialogue consists of three stages, ISOS, ISDS and ISFT and it common practice for weightings to change at the different stages to reflect the fact that different aspects become more important during negotiations.

The technical element is given a higher weighting due to the technical and complex nature of the project. Funding and Commercial has a significant weighting due to the large project value and the requirement for the bidders to demonstrate their ability to fund the project. The Legal and Contractual elements are afforded a lower weighting as the contracts are generally based on the Treasury's Standardization of PFI Contracts (SOPC 4) documentation and hence, a standard legal procedure is there to follow. The weighting of this element is slightly lower at the ISOS stage as the majority of issues will surface during the latter stages of dialogue.

Level 2 Price Criteria

Price	ISOS	ISDS	ISFT
Price and Affordability	6 – 12%	24%	24%
Sensitivity Testing	12 - 24%	12%	14%
Payment Profile	2 - 4%	4%	2%
Total	**20 – 40%**	**40%**	**40%**

The Level 2 Price criteria examine the bidder's proposed price and financial model. This is distinct from the Funding and Commercial criteria evaluated under Levels 3 & 4 of the Quality criteria, which assesses how the bidder arrived at their proposed price, its justification, rationale and their appetite towards risk transfer.

Within the Price Criteria, Price and affordability and Sensitivity Testing have the highest weightings assigned to them as they evaluate the price of the bid against the overall affordability envelope. Due to the reasons discussed above under Level 1, the Price and Affordability criterion is given a lower weighting at the ISOS stage and a

higher weighting later in the project when each bidder will have had a better opportunity to develop the underlying costs.

In the Payment Profile Criterion, the Partnership will be looking to ensure that there are no significant steps in the Unitary Charge post full service commencement, to ensure that Council tax can increased by around inflation each year. Affordability over 25 years is more critical; however the weighting recognises that the Authority would rather a 'smooth cost increase profile' to a 'lumpy cost increase profile'.

As full pricing has not been undertaken at ISOS the Sensitivity Testing will focus on assessing the impact on bidder's proposals of changing landfill tax, LATS, inflation and other key macroeconomic assumptions. As more detailed affordability and technical solutions are progressed this reduces in importance, as the guaranteed performance of the facility will be better understood. The Partnership wants to ensure that the assumptions used by bidders are realistic and any changes will not cause serious financial risk.

The Level 3 & 4 Quality criteria are detailed on the following pages.

Quality Level 3 Criteria

Level 2 Headings	Level 3 Key Criteria	ISOS Level 3	ISDS Level 3	ISFT Level 3	Rationale
A - TECHNICAL		**36 - 48%**	**36%**	**36%**	
A1.1	Overall Technical Solution	9 – 12%	9%	9%	The technical solution must deliver the key output requirements of the project. The solution should be cohesive, robust and convincingly deliverable for the term of the project, whilst providing tolerance and flexibility to accommodate future change. This criterion has the equal highest weighting as the delivery of the core project objectives are tested here.
A1.2	Works and Commissioning	3.6 – 4.8%	3.6%	3.6%	This is significant in terms of the project delivery schedule and the construction of quality facilities (built using quality construction practices) that will interface with the Partnerships collection services. Although the project objectives are output based (i.e. Service driven), the realism, quality and delivery of the works must be assessed but is given lesser importance than the delivery of core objectives and the service specification.
A1.3	Planning and Permitting	5.4 – 7.2%	5.4%	5.4%	As with A1.2 the achievement of planning and permitting will be important to the project delivery timetable and overall cost of the project. Bidders are expected to provide a realistic and deliverable programme for planning and permitting and to have recognised and mitigated (and costed in) key areas of planning risk and permit requirements. This criterion is given a slightly higher weighting than A1.2 as it typically represents a key area of negotiated risk transfer/retention in relation to achieving Value for Money (e.g. extent of architectural enhancements required).
A1.4	Environmental Performance	9 - 12%	9%	9%	Environmental performance is considered to be a very high priority for the project and has equal top weighting alongside the overall technical solution. The environmental impact of proposals will primarily be assessed using WRATE, the Environment Agency lifecycle assessment tool. It should be noted that a number of elements that may be considered to be environmental performance related are

					considered in other criteria. An example of this is “Environmental and planning monitoring and compliance” which is assessed under Service Operations (A1.5).
A1.5	Service Operations	7.2 – 9.6%	7.2%	7.2%	The delivery of a well organised, resourced and effective service that interfaces efficiently with the collection authority services for the period of the project is also very important. The service must be demonstrably capable of meeting the requirements set out in the service specification (e.g. vehicle turn around times, weighing requirements etc.). These aspects will impact greatly on the completeness and quality of service received by the Partnership and has an appropriate weighting. The bidder must be able to demonstrate that they can deliver the service during the operational phase.
A1.6	Management Systems	1.8 – 2.4%	1.8%	1.8%	The management systems must document responsibilities and management structures for various aspects of the projects delivery (e.g. H&S, quality). Methods of data recording, transfer and reporting requirements are also addressed here against the Partnerships requirements. Quality controls, assurance and accreditations are also covered. This has a significant but lower weighting because effective service management, engagement with the Partnership and performance reporting are project requirements that are essential to provide effective communications, project accountability and the auditable delivery of the project requirements/core objectives.
B - FUNDING AND COMMERCIAL		**18 - 24%**	**15%**	**15%**	
B2.1	Financial Robustness	6 – 8%	3%	1.5%	This criterion evaluates the completeness of the financial information supplied by the bidder. Bidders will be continually developing the technical solution as they progress through the Competitive Dialogue process. This means that the costs they can include within their financial modelling will increase in robustness (and will be subject to Financial Advisors review), and therefore will supply more confidence in the underlying costs, at ISDS and ISFT stages where the weightings are reduced.
B2.2	Deliverability of Funding Packages	6 – 8%	5%	5%	The Partnership is interested in the processes that will be used to obtain the required financing for the project (e.g. structure, debt/equity split, extent of PCGs), especially in the current economic climate. This is given equal weighting during the procurement process due to it

					remaining a key deliverable of the project. At ISFT stage, firm proposals surrounding the funding strategy would be sought.
B2.3	Consortium risk mitigation structure	2.4 – 3.2%	2%	3.5%	This is an evaluation of the appropriateness of the structure, taking in to account sub-contracts and guarantees. The exact structure will not always be finalised until the later stages of the procurement and therefore the scoring increases at the ISFT stage.
B2.4	Acceptance of Payment Mechanism	3.6 – 4.8%	5%	5%	At the ISOS stage only outline principles will be discussed rather than full documentation, in accordance with Defra guidance. At ISDS a full payment mechanism will be issued, which allows bidders to propose alternative drafting and understand the linkages between risk transfer and the Project Agreement. It is given a higher weighting later in the CD process as it will form a contractual document.
C - LEGAL AND CONTRACTUAL		**6 – 8%**	**9%**	**9%**	
C1.1	Compliance with SOPC4 (as amended by Defra Derogations) 1 and compliance with the Defra Derogations	1.8 – 2.4%	2.7%	2.7%	Compliance with SOPC4 is mandatory but it was felt that nonetheless bidders should be incentivised not to make any adjustments to the document (i.e. put in clauses that transfer risk to Authority). Much of the WIDP Standard form is not SOPC4 however; some of the balance is generic and some waste specific. It is not yet mandatory but may become so and therefore a suitable weighting needs to be attributable to this to incentivise acceptance as far as possible.
C1.2	Compliance with BEaR Project Agreement and Schedules	3.6 – 4.8%	5.4%	5.4%	Compliance with the project agreement and schedules was agreed as being the most important throughout the project as this is what is specific to the BEaR project.
C1.3	Contractual Structure / Consortium Support	0.6 – 0.8%	0.9%	0.9%	Due diligence of the proposed consortium supply chain to ensure parental company guarantees are in place and interface agreements between consortium members ensure appropriate risk transfer under the contract's performance mechanism.

Level 4 Technical Criteria

It should be noted that only the Technical Criteria (Level 2) within the Quality side of the evaluation break down in to Level 4 criteria. The other Level 2 criteria do not break down in to this much detail. As seen above, the Price criteria do not break down past Level 2.

The weightings of the Level 4 criteria were discussed at the Evaluation Criteria workshop on the 18th December with Lead Officers. Each criterion was assigned a high, medium or low tag to demonstrate its importance in relation to the other criteria within the criteria above. Weightings will be assigned to the Level 4 criteria based on these ratings.

The weightings of the Level 4 criteria have yet to be fixed due to the remaining documents that need to be produced for the procurement. Fixing the criteria and weightings at this stage could prevent the Partnership from having the flexibility it requires to produce an ISOS questionnaire that reflects the latter stages of the procurement.

The following Level 4 criteria should therefore be considered as provisional criteria.

As well as being defined in terms of importance, the High, Medium and Low ratings should also be looked at in terms of:

High = High rankings would apply where there likely to be high levels of variability between solutions.
Medium = Medium rankings would apply where there likely to be medium levels of variability between solutions.
Low = Low rankings would apply where there likely to be low levels of variability between solutions.

A1.1 Overall Technical Solution	**Rating**
Robustness of technology proposals	H
Reference Projects (proven track record, reliability and deliverability)	H
Flexibility of solution (waste volume, composition and legislative change)	M
Products and end markets (incl CHP)	M
Management of residues to landfill	M
Emission control systems	L
Robustness of mass balance	L
A1.2 Works and Commissioning	**Rating**
Design principles (e.g. vehicle logistics, reception, storage, architecture)	H
Sustainable design issues (materials, water, energy)	H
Construction management and community communications during works	L
Quality and robustness of contract specifications (eg. EPC, Civils, M&E)	L
Works Programme	M
Mobilisation Plan	L
Testing and Commissioning Plan	M
A1.3 Planning and Permitting	**Rating**
Land ownership/acquisition	L
Quality of planning strategy, methodology and risk management	H
Site specific policy/strategy consistency, development impact etc	H
Approach to permitting issues, methodology and risk management	L
Realism planning/permitting timetable	M

A1.4	Environmental Performance	Rating
Contract Waste Diversion from landfill		M
Diversion of Biodegradable waste from landfill (LATS compliance)		H
Recycled/Composted %		L
Environmental impacts (WRATE)		M
A1.5	**Service Operations**	**Rating**
Operating Plans (e.g. opening hours, turnaround times, waste handling, security)		H
Maintenance arrangements		H
Contingency Plan		H
Nuisance minimisation procedures		M
Environmental and planning monitoring and compliance		M
Waste Transport and Haulage (off-site)		H
Data information systems		L
Third Party Waste Protocol		H
Emergency arrangements		L
Hand back Plan and procedures		L
Best Value (benchmarking, market testing, continuous improvement, indexation)		L
Client Reporting and meetings		L
Performance monitoring		L
Complaints management		L
Visitors Centre		L
Ongoing Community Liaison		M
A1.6	**Management Systems**	**Rating**
Management Systems QMS & EMS		L
Resourcing & management arrangements		H
HR, Equal Opportunities and Social Cohesion		L
Health, Safety And Welfare		M

Environmental Performance

Following comments that the weighting assigned to the Environmental Performance of the solution was low, the following section provides the rationale for this decision.

Firstly it should be noted that certain elements of a bid may be assessed under more than one criterion. For example, Environment Performance has an overall weighting of 9%, however, other criteria within the evaluation also take the environmental performance of the facility into account. The environmental performance will also be evaluated under certain elements of the other Level 3 criteria such as:

- Overall Technical Solution – (Emission control systems, Management of residues to landfill),
- Works and Commissioning – (Sustainable design issues - materials, water, energy),
- Planning and Permitting – (Site specific policy/strategy consistency, development impact, Permitting Risk etc),
- Service Operations - (Environmental and planning monitoring and compliance, Waste Transport and Haulage (off-site)).
- Management Systems – (Environmental Management Systems (EMS))

In conclusion, although the weighting specifically assigned to the elements within the Environmental Performance Criterion is 9%, Environmental performance will actually be taken into account in a much wider sense within all of the technical evaluation criteria which accounts for a total weighting of 36%.

These criteria have been thoroughly tested by the Projects external consultants to ensure that they do not favour or discriminate against any particular type of waste processing facility in accordance with member decisions. Any changes made to the criteria are likely to lead to certain technologies gaining an advantage which would be against the established policy of the Partnership authorities.