

# Regeneration, Community and Culture Overview and Scrutiny Committee – Supplementary Agenda

**A meeting of the Regeneration, Community and Culture Overview and Scrutiny Committee will be held on:**

<b>Date:</b>	18 March 2010
<b>Time:</b>	6.30pm
<b>Venue:</b>	Meeting Room 9 - Level 3, Gun Wharf, Dock Road, Chatham ME4 4TR

## Items

### **5(E) Gateway 3 Contract Award - waste disposal and collection service (pre-decision scrutiny)**

This report sets out the recommendations for the award of the contracts for Waste Collection and Disposal Services.

Please note that there is an exempt appendix to this report which identifies the tenderers for the contracts and provides details of the procurement and evaluation processes. It is considered the need to keep this information exempt outweighs the public interest in disclosing the information.

Therefore, should Members wish to discuss the exempt appendix, the Committee is recommended to exclude the press and public as it contains commercially sensitive and legally privileged information under paragraphs 3 and 5 of part 1 of Schedule 12A of the Local Government Act 1972.

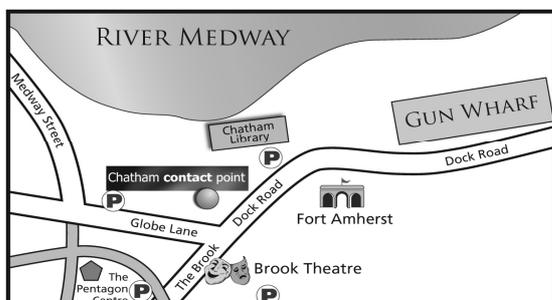
#### **Definitions:**

Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Paragraph 5: Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

For further information please contact Caroline Salisbury on Telephone: 01634 332013 or Email: [democratic.services@medway.gov.uk](mailto:democratic.services@medway.gov.uk)

Date: 16 March 2010



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ভাষা	331780	ગુજરાતી	331782	ਪੰਜਾਬੀ	331784	کوردی	331841	ارو	331785	Русский	332374
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## **REGENERATION, COMMUNITY AND CULTURE**

### **OVERVIEW AND SCRUTINY COMMITTEE**

**18 MARCH 2010**

## **GATEWAY 3 CONTRACT AWARD: HOUSEHOLD WASTE COLLECTION AND DISPOSAL CONTRACTS**

Report from: Robin Cooper, Director of Regeneration, Community and Culture

Author: Sarah Dagwell, Acting Head Waste Services

### **Summary**

To seek recommendations for the award of the contracts for Waste Collection and Disposal Services.

### **1. BUDGET AND POLICY FRAMEWORK**

- 1.1 The basis of the decision is to ensure that the Council complies with its obligations under UK waste legislation, its duties under EU procurement law, the Council's procurement rules and achieves best value in the process of obtaining waste services to meet new targets. The decision in relation to the award of the contract for waste collection and street cleaning service and in relation to the award of contract for residual waste disposal will be approved by Council.
- 1.2 It is essential the procurement of these services are co-ordinated with the Council's other waste services contracts (i.e. household waste recycling centres, clinical waste and schools waste) so that all contracts are aligned from the onset. The anticipated date for the collection services and the disposal service to commence is end of September 2010.
- 1.3 The procurement of the collection and disposal contracts has been undertaken by Medway Council Waste Services working with external consultants. Eversheds have been appointed to provide legal advice and manage the process since October 2009. They in turn have commissioned a team of technical advisors from Entec and financial advice from Ernst and Young.
- 1.4 The award of these contracts will in effect extend the Council's Waste Strategy by setting in place a plan for disposal of the Council's residual waste for a period of twenty-five years and waste collection for a period of seven years

along with the processing of garden and kitchen waste for 15 years (as per previous council decision number 161/2009). Given the value, length and nature of these contracts and the impact on the strategy the Cabinet is recommended, on this occasion, to ask the Council to determine that it wishes to take the decision to adopt the strategy for disposal and collection of waste and to award the contracts. This is an option available under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

- 1.5 The relevant LAA targets, for the waste collection and disposal contract are:  
NI.191 “Residual household waste – kg per household (LAA)”  
NI.192 “Percentage of household waste sent for reuse, recycling and composting”  
NI. 193 “Municipal waste land filled”  
NI.195 “Improved street and environmental cleanliness (levels of graffiti, litter, detritus and fly posting)”.
- 1.6 The Committee is asked to accept this as an urgent item to enable its views to be forwarded to Cabinet on 30 March 2010.

## **2. RELATED DECISIONS**

- 2.1 Central Government reviewed their Waste Strategy in 2007. These reaffirmed the national targets to achieve recycling and composting of household waste of at least 40% by 2010, 45% by 2015 and 50% by 2020; and recovery of municipal waste to at least 53% by 2010, 67% by 2015 and 75% by 2020.
- 2.2 This report is directly connected to, and follows on from, the Municipal Waste Management Strategy agreed by Full Council on 19 January 2006 and the procurement of the waste collection and disposal contracts as per Cabinet decisions:
- Procurement of Waste Services 20 February 2007 decision number 42/2007
  - Options appraisal for waste collection services 5 August 2008 decision number 175/2008
  - On the 22 September 2009, Cabinet instructed officers
    - to re-open the competitive dialogue for the residual waste disposal contract and ask the bidders to re-submit final tenders (decision number 158/2009) and
    - to agree a capped liability on termination of at least three years unitary charge for the disposal contract (decision number 159/2009)
    - to re-open the restricted procedure for the residual waste/recycling collection and street cleansing contract to clarify the terms upon which variant bids may be acceptable and ask the bidders to resubmit final tenders (decision number 160/2009).

- This led to Cabinet agreeing to an extension of the current arrangements with Veolia Environment Services (decision number 139/2009). The current contractual arrangements with Veolia Environmental Services have been extended for up to 2 years. The intention is to serve a notice to bring that extension to an end to enable the new contract for disposal and the new contract for collection and street cleaning to commence at the end of September 2010.

### **3. BACKGROUND/INTRODUCTION**

- 3.1 This report reviews the tenders submitted in response to the updated Invitation To Tender (ITT) for the waste collection and street cleaning contract and the bids submitted in response to the call for final bids for the waste disposal contract. It considers the options presented within each procurement process and identifies the most economically advantageous tender (MEAT) option.
- 3.2 The procurement of these services must comply with the Public Contracts Regulations 2006. It must also take account of known and foreseen
- waste and recycling targets whilst ensuring continuity of service delivery
  - the interchange from current service provision to the potential new arrangement(s).
- 3.3 The specifications for the contracts have not changed from those used for the original procurements. The tender document for both procurements were clarified and reissued.

### **4 WASTE CONTRACT TASK GROUP**

- 4.1 A Waste Contract Task Group was set up on 6 February 2008 with the membership of Councillors Hunter, Mrs Haydock, McFarlane and Stamp. The Assistant Director, Frontline Services, the Head of Waste Services, the Waste Minimisation Manager and the Overview and Scrutiny Co-ordinator have been supporting the task group. The membership of the task group was changed partway through the work and now comprises Councillors Hunter, Bright, Tony Goulden and Stamp.
- 4.2 The task group was set up to act as a mechanism to both communicate information on the waste procurement project for Members to provide feedback to officers and the Cabinet.
- 4.3 The group has met on eight occasions. The first occasion was a briefing session where Members were given an information pack and notified about European directives and targets, which relate to waste. The first meeting on 21 July 2008 looked at an options report ahead of the Cabinet meeting and recommended option 4f which was based on weekly collection of refuse in a wheeled bin, a fortnightly collection of garden and kitchen waste in a wheeled bin (kitchen waste being placed in the normal refuse in intermediate weeks)

and recycling collected fortnightly in a wheeled bin with glass collected at the same time. The Cabinet accepted this recommendation.

- 4.4 The group then met on 26 November 2008, 12 March 2009 (which was a site visit to Bromley) where Members were informed about the trialling relating to type and timings of collections and recycling which had brought about an increase in the amount recycled. Further meetings took place on 27 April 2009 and 24 June 2009. During these meetings Members made a number of recommendations to officers about preferred methods of delivery and matters for officers to research further.
- 4.5 At the meeting of the task group on 24 June 2009 Members were advised about the variant collection bid and the means whereby clean paper collection would be separated from the other recycle. Members were advised that this would offer a saving to the Council as the bidder would be able to gain income from the kerbside paper collection service but would mean that a two box system would be necessary.
- 4.6 The task group then met again on 1 December 2009, so that officers could update the task group on the situation and clarify what had been happening since the delay in the awarding of the contracts. The process had dropped back by a phase and as a result, both bidders for waste contract and the three bidders for the collection/street cleansing services have been asked to re-submit their bids.
- 4.7 The most recent meeting of the task group had been a visit to the Countrystyle composting and recycling centre in Iwade, Sittingbourne.

## **5. SUMMARY OF THE BUSINESS CASE**

- 5.1 The provision of a household waste collection service is a statutory duty for the Council. As Medway is a unitary authority it also holds the statutory duty to arrange for disposal of this waste. The full business case developed at the start of the procurement in 2008 is detailed in [Appendix 1](#).
- 5.2 The procurement management structure from September 2009 comprises:
  - Legal counsel and project managers, Eversheds
  - Finance consultant, Ernst and Young
  - Technical consultant for disposal contract, Entec
  - Technical consultant for collection contract, Entec
  - Acting Head Waste Services, Medway Council
  - Assistant Director Front Line Services, Medway Council.
- 5.3 These officers have reported in weekly to a management board comprising:
  - Director Regeneration, Community and Culture
  - Chief Finance Officer
  - Assistant Director, Housing and Corporate Services

- Assistant Director, Front Line Services.

5.4 There has also been frequent contact and advice sought from the Strategic Procurement Manager.

5.5 Following on from the Cabinet decisions in September 2009, briefings were held with the two companies who submitted final tenders for the residual waste disposal contract and the three companies who submitted tenders for the collection contract. All parties agreed to resubmit their tenders.

## **5.6 Strategic Context**

5.6.1 This procurement follows the Council's core values to ensure we have services that put our customers at the centre of everything we do at the same time as giving value for money and fits with the strategic priority of a clean and green environment.

5.6.2 Such services need to support the Council's waste strategy that in turn provides the basis for targets in performance and community plans. The primary objectives are to:

- Ensure compliance with statutory duties.
- Meet statutory performance targets.
- Ensure continuity of a front line service.
- Provide services within agreed budgets.
- Meet requirements to achieve efficiency gains.
- Provide environmentally sustainable services.

5.6.3 In 2008/09 around 130,000 tonnes of municipal waste was generated in Medway. 33.25% of the household waste was recycled or composted with the remaining waste being landfilled. Medway Council must comply with annually reducing targets for the amount of biodegradable waste it landfills under LATS (landfill allowance trading scheme). The only way Medway can hit these targets is via a LATS compliant disposal contract and enhanced recycling services.

5.6.4 As a result of the procurement process not being completed to enable new services to commence in September 2009, the current contracts for the collection of household waste and the disposal of residual waste were extended for a period of up to two years, (Cabinet decision number 139/2009). The intention is to serve notice to bring this extension to an end to enable the new services for waste collection and disposal to now start at the end of September 2010. The new contracts are required to ensure we fulfill our statutory duties for these front line services in a way that complies with EU procurement rules.

## 5.7 Whole Life Costing/Budgets

5.7.1 Details of the evaluation of the tenders received for the services contain summaries of the whole life costs of each service and these summaries are best seen in the context of the other factors taken into account in the evaluation and detailed in exempt Appendices A and B.

5.7.2 The table in exempt papers at 1.2 shows the financial effect on the Council's budget of the new waste services contracts.

## 5.8 Risk Management

5.8.1 The risks detailed in the table below were identified at the beginning of the procurement process and are included here for completeness.

	Risk	Probability (P) (score 1-4)	Impact (I) (score 1-4)	Overall Score Pxl	Action to avoid or mitigate risk
	<b>Collection Services</b>				
1	Insufficient resources to deliver the project.	1	3	3	Advance planning and action when required. Monitor regularly
2	Changes in government regulations	4	4	16	Incorporate into the contract that which is likely to be a known change. Prepare clear ground rules to be incorporated into the contract conditions for negotiating future changes in law. However waste industry is likely to be affected substantially in future.
3	Tendered prices unacceptable to council	3	3	9	Build in to each service contract a pricing mechanism with a PC sum arrangement for certain services which allows them to be removed or modified to meet budget constraints.
4	Awarding a contract with limited notice period to start of collection contracts can lead to poor service delivery initially	3	3	9	Well packaged services generate good responses with options to use hire vehicles as an interim arrangement. Contingency plan to be agreed.  Agreed timetable for award will ensure a long mobilisation period.
5	Receiving a challenge to a contract award decision.	2	3	6	Comply with contract regulations. Be fair, open and transparent in procedures. Use of external support for evaluation of bids.
6	Lack of interest due to unfamiliar conditions or payment mechanism	1	3	3	Ensuring the payment mechanism is such that the bidders are familiar with and use to the system proposed.

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	<b>Disposal</b>				
7	Planning/permitting delays or problems leading to delay or description to Service	1	3	3	One bidder requires a transfer station for which planning permission obtained. Can use Pier Approach in meantime.
8	Default by Contractor needing emergency action	1	2	2	Contractor to provide and/or pay for alternative action
9	Closure of plant or inability to provide Service due to Force Majeure or relief events	1	4	4	Shared responsibility under Contract conditions.
10	Volume of waste less than or greater than anticipated	2	2	4	Allowance made for this in Contract conditions.
11	Termination of Contract due to default by Contractor	1	4	4	One bidder for the disposal contract requires a cap on the liability set at 3 years annual cost of the service.
12	Failure to meet performance targets as standards	2	3	6	KPI & default system in place for financial compensation.
13	Changes in law	3	3	9	Significant changes in law expected over a long term Contract for waste disposal. The impact of these would be subject to review at the time of establishing whether the financial implications are the responsibility of the Council or shared
14	Non-household waste entering MSW waste stream or waste incorrectly dealt with according to its category.	2	4	8	Robust monitoring arrangements should be undertaken as part of Contract management for checking/validating wastes and issuing appropriate defaults. Failure will have significant financial implications.

	<b>General</b>				
15	Failure of waste management services contractor to meet contract standards for service delivery to the Council.	2	4	8	Adequate contract monitoring and enforcement in relation to operations. In appropriate cases by including provisions in the contract for deductions where these standards are not met.
16	Interruption of availability of some facilities	2-3	2-3	4 –9 dependent on extent and duration of event	Adequate contract monitoring and enforcement in relation to maintenance, security, health and safety, staff training. Contractual provision of back-up equipment and facilities. Fire insurance. In appropriate cases by including provisions in the contract for deductions where such interruptions occur
17	Overpayment to contractor	1	2	2	Robust contract procedures for checking contracts, validating invoices and recovering any overpayments. Staff training. Internal audit.

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18	Contractor/employee fraud or corruption	1	1-2	1-2 dependent on the nature of the fraud	Robust contract provisions for controlling payments and assets. Adequate supervision and transparency for contract management and negotiations. Staff training. Internal audit..
19	Budgeted net expenditure exceeded	1	2	2	Prudent budgeting. Robust arrangements for management within budget. Prompt and accurate assessment of unbudgeted proposals and developments
20	Termination due to default by the contractor	1	4	4	Adequate contract provision to enable the Council to take effective action when necessary.

### 5.9 Market Testing (Lessons Learnt/Bench Marking)

5.9.1 The waste strategy and inputs from external advisors, guidance from central government, interviews with representatives of industry and consultation with other authorities who had obtained or required similar services helped to formulate the approach necessary to ensure interest and good competition as summarized below:

- Partnership options reviewed as part of the waste strategy development in 2004/5. No viable partnerships could be found at that time.
- In response to an earlier PIN notice, 37 companies expressed an interested in various parts of the suite of waste procurements showing favourable market interest.
- Independent report produced by White, Young and Green from which the way forward with procurements was presented to cabinet in August 2008.

5.9.2 Service delivery mechanism:

1. Do not collect/disposal of waste: There is a statutory duty for Medway to collect and dispose of household waste as part of duties of a unitary authority; hence this is not an option.
2. Managing the services in house: This was not been deemed possible as such facilities that Medway have at present would not be sufficient nor adequate to enable the Council to operate its own independent waste service provision efficiently, if at all.
3. Management by another local authority: For collection services, of the four neighbouring collection authorities, three are contracted out to private companies and their procurement timeframe does not fit with Medway's. The third is a DSO and during the waste strategy development options appraisal for partnering, no interest was expressed for partnership working. For disposal, the only option for management by another local authority was by Kent County Council, but they also contract out their disposal arrangements, so it was not

deemed a viable option. However, KCC could have bid for the contract through the traditional procurement if it so chose.

4. Traditional procurement

- (i) Procure using in house team
- (ii) Procure in conjunction with other local authorities.
  - No framework agreements can be found for these services.
  - Discussions with other authorities have taken place to identify opportunities to share procurement costs, this did not prove possible for this project but is being explored for other service provisions.
- (iii) Procure using external consultants.

5.9.3 From September 2009, the decision was made to continue the procurement using option 4(iii) and appoint Eversheds as legal advisors and project managers for the continuing procurement of the waste collection and disposal contracts, with technical advice from Entec and financial advice from Ernst and Young. This produced a team who had the capacity and experience to procure this complex management contract on behalf of the council following on from the lack of internal resources, restricted timescales and the sensitivity of this on going procurement.

**5.10 Stakeholder Consultation**

5.10.1 In preparing the waste strategy there was extensive consultation with the public, industry and special groups. These are detailed in the waste strategy. A questionnaire to 5,000 members of the public was organised and evaluated by an external agency and members of the citizens' panel were involved in reviewing and commenting on waste disposal options.

5.10.2 As part of the procurement exercise advertisements were placed in the Official Journal of the EU for industry to meet with the Council's waste procurement team and provide their views on the way the waste industry is likely to change in the future, what the Council should take heed of and what they were able to provide. This was conducted to encourage future competition and to ensure that wherever practicable the Council took account of their views in the preparation of the subsequent contract documentation.

**5.11 Equalities Issues**

5.11.1 A Diversity Impact Assessment review was undertaken by Waste Services for the current collection systems in January 2009 (see appendix 2). It is anticipated that the changes proposed in service delivery will be equitable and similar to the current service as this covers box, bag and wheeled bin

collections.

- 5.11.2 All residents receive the same waste collection services and cleansing regime, regardless of gender, race, sexual orientation, religion or belief.
- 5.11.3 In developing the Municipal Waste Management Strategy for Medway, on which the procurement has been based, the Council consulted with a wide range of stakeholders including councillors, parish councils, other local authorities, officers, waste and recycling organisations, charities, resident groups, churches and interested parties, including Medway's diversity forum and Medway ethnic minority and senior citizens association. Opinion polls and questionnaires were invited from all local citizens covering all gender groups and ages during the development of the waste strategy. These were analysed and no significant differences in responses were observed in any gender or age group. The waste services team also worked with the youth parliament to ensure the views of young people were also taken into account.
- 5.11.4 Where a resident is less able bodied, due to disability or age, the Council offers an assisted collection service where their waste is collected from their front/back doors. This applies for black bag waste, recycling and bulky items and can be either temporary or permanent.
- 5.11.5 Where homes are located in rural areas, flats, caravan parks, boats or other locations that might lead to difficulties with the collection arrangements, the Council works closely with the residents to offer the same service but sometimes with different collection points or containers, i.e. bulk bins.
- 5.11.6 Where Medway's residents may have literacy difficulties or use English as a second language, translation facilities are available and pictures are used to explain messages wherever possible, e.g. showing pictures of what materials can and cannot be recycled in addition to using words.

## **5.12 Environmental Issues**

- 5.12.1 The services being procured by the Council which are the subject of this report create a number of environmental issues. The Council has a statutory duty to collect and dispose of household waste generated by residents in the borough. In so doing many other environmental factors are created or affected by the services including the type of technology used to process or dispose of the waste, the methods used for collection, the type of transport and fuels used, the amount of recycling achieved and the proximity of plants for processing or disposing of the waste or the markets used for any re usable/recycled materials.
- 5.12.2 In addition there are spin off issues such as waste licensing requirements and the need to comply with constantly changing legislation and targets. The

method statements required as part of the tender submissions required companies to put forward their ideas on, and proposed contributions to, improving environmental factors in the services provided. These have been evaluated and scored as part of the procurement process.

## **6. PERMISSIONS/CONSENTS**

- 6.1 The successful bidder for the collection services will need to apply for and gain Environmental Agency waste management license and also must have operators license for both Pier Approach Road and the Strood site.
- 6.2 If the site in Strood is needed for parking of vehicles, planning permission is yet to be granted for altered use of site, and must be gained before the construction works can commence.
- 6.3 The occupation and use of the depot at Pier Approach Road and the site in Strood would be through a Council lease arrangement.

## **7. INVITATION TO TENDER**

### **7.1 Summary of Tender Process**

- 7.1.1 Following on from Cabinet's decision in September 2009 to reopen both processes, feedback meetings were held with the two bidders for the disposal contract and the three bidders for the waste collection and street cleaning contract to explain the process going forward. All 5 bidders were agreeable to the process being undertaken by the Council.
- 7.1.2 Tender documents were updated and reissued to the bidders for the residual waste disposal services and the bidders for the waste collection and street cleaning services.

### **7.2 Tender evaluation: Disposal contract**

- 7.2.1 The procedure followed for the procurement of the disposal contract is Competitive Dialogue. Final Tenders for the disposal services were received from Bidder A and Bidder B on 1 February 2010.
- 7.2.2 The Council instructed Eversheds, Ernst & Young and Entec to carry out the evaluation of the final tenders in accordance with the Council's evaluation methodology set out at Appendix 3. The conclusions reached are set out at Section 8 of this report. The detailed financial and technical evaluation scoring is set out in Exempt Appendices A.

### 7.2.3 Process

The Council's evaluation criteria are as follows:

- |  |      |
|--|------|
| (1) Price                              | 47%  |
| (2) Technical and Professional Ability | 53%. |

### 7.2.4 Price (47%)

7.2.4.1 The Council stated that price element will be evaluated on the cost to the overall whole life costs to the Council.

7.2.4.2 One element of cost to take into account is the effect that the point of delivery in the contract will have upon the delivery costs which will be incurred by the Council in the collection contract. This is done by including the average difference in delivery costs between 5 and 15 miles. These figures will be extracted from the bills of quantities in the waste collection tenders received by the Council.

7.2.4.3 A score of 100% was allocated to the Tender which offered the cheapest overall cost to the Council and therefore achieved the maximum 47% weighted score available. A score for the other Tender was calculated proportionately based on the extent to which it is more expensive than the cheaper Tender.

### 7.2.5 Technical and Professional Ability (53%)

7.2.5.1 This limb contains a number of sub-criteria:

Service Quality	15%
Deliverability	21%
Commercial	13%
Environmental and Social Responsibility	3%
Council & Stakeholder Engagement	1%
<b>TOTAL</b>	<b>53%</b>

7.2.5.2 The Bidder's responses to the method statements and the contract documentation were assessed to determine the degree to which the criteria have been met and awarded a score out of 100% of the points available to each response to the Method Statements and Commercial requirements set out in the evaluation matrix.

7.2.5.3 Once the scores for each method statement and the commercial limb were collated, they were then weighted in accordance with the evaluation matrix to derive the total evaluation points for each sub-criteria above and a total score

for technical and professional ability (out of 53%). Further details and the evaluation matrix are set out at Appendix 3.

### **7.2.6 Compliance Check**

7.2.6.1 The Council carried out a compliance check of Bidder A and Bidder B's final tenders against the requirements of the Call for Final Tenders document issued on 27 January 2010. The compliance check was carried out on 3 February 2010. Both final tenders were compliant and all the bid documents were then circulated to the Council team for the purposes of carrying out the evaluation.

### **7.2.7 Clarifications**

7.2.7.1 Various clarifications have been raised with Bidder A and Bidder B during the period 3 February to 24 February 2010. Both bidders have responded promptly to all clarifications raised. These clarification responses have been taken into account as part of the evaluation of the final tenders.

## **7.3 Tender Evaluation: Collection contract**

The procurement of the waste collection and street cleansing services is following the EU restricted procurement procedure.

### **7.3.1 Process**

7.3.1.1 The Council has instructed Eversheds, Ernst and Young and Entec to carry out the evaluation of the tenders in accordance with the Council's evaluation methodology set out at Appendix 4. Details of the evaluation process and the conclusions reached by the Council's team are set below. The detailed financial and technical evaluation scoring is set in Exempt Appendix B. The conclusions within this report are derived from the reports supplied by Entec and Ernst and Young.

7.3.1.2 Eversheds have provided comments and scoring in relation to Method Statement 7 (which forms part of the technical evaluation report) only.

7.3.1.3 The Council's evaluation criteria are as follows:

(1) Price	47%
(2) Technical and Professional Ability	53%

### 7.3.2 Price (47%)

7.3.2.1 The Council stated that price element will be evaluated on the whole life cost to the Council including the cost of delivering the various types of waste to the disposal location(s) specified by the Council. The successful contractor will be required to deliver all waste collected under the contract to the Council's specified disposal point(s). Bidders were therefore asked to submit prices for delivery of collected contract waste to a delivery point within 5 miles and a delivery point within 15 miles of the centre of Medway. Tenders have been submitted on and are therefore evaluated on this basis. Once the outcome of the residual waste disposal contract is determined and the delivery point identified, the Council will be able to determine the most economically advantageous tender for delivery of the contract waste to that delivery point.

7.3.2.2 A score of 100% was allocated to the tender which offers the cheapest overall cost to the Council for delivery on a 5 mile basis and to the tender which offers the cheapest overall cost to the Council for delivery on a 15 mile basis. Each of these tenders achieved the maximum 47% weighted score available. A score for each of the other 5 mile tenders will be calculated proportionately based on the extent to which each one is more expensive than the cheaper 5 mile tender. The 15 mile tenders will be calculated proportionately based on the extent to which each one is more expensive than the cheaper 15 mile tender.

### 7.3.3 Technical and Professional Ability (53%)

7.3.3.1 This limb contains a number of sub-criteria:

Service Quality	17%
Deliverability	24%
Environmental and Social Responsibility	7%
Working with the Council and Stakeholder Engagement	5%
<b>TOTAL</b>	<b>53%</b>

7.3.3.2 The responses to the method statements from each tenderer were assessed to determine the degree to which the criteria have been met and awarded a score out of 100% of the points available to each response to the method statements set out in the evaluation matrix.

7.3.3.3 Once the scores for each method statement were collated, they were then weighted in accordance with the evaluation matrix to derive the total evaluation points for each sub-criteria above and a total score for technical and professional ability (out of 53%). Further details and the evaluation

matrix are set out at Appendix 4.

### **7.3.4 Compliance Check**

7.3.4.1 Tenders were received on 22 January 2010 as follows:

Bidder 1 submitted one standard and one variant tender;

Bidder 2 submitted one standard and one variant tender. The variant tender indicated two options, one including proposals for the collecting recyclable materials excluding plastic bags (either as a collection container or as a recyclable material for collection) and one option which included plastic bags. The Council does not wish to restrict the quantity or type of containers by which residents present their waste and requires plastic bags to be collected. The variant bid from Bidder 2 has therefore been considered on the basis of the option which includes plastic bags as contract waste; and

Bidder 3 submitted one standard and three variant tenders.

7.3.4.2 Eversheds carried out compliance checks of the above tenders during 26 to 28 January. Tenders were then circulated to the team for the purposes of carrying out the evaluation.

### **7.3.5 Clarifications**

7.3.5.1 Initial clarifications were raised with all three bidders following receipt of tender during the evaluation period. All bidders have responded promptly to all clarifications raised. These clarification responses have been taken into account as part of the evaluation.

## **8. TENDER EVALUATION**

### **8.1 Disposal contract**

#### **8.1.1 Overview of Solutions**

8.1.1.1 **Bidder A:** Bidder A's solution is to receive all waste into their transfer station adjacent to their energy from waste reception facility. This facility comprises a 500,000 tonne per annum energy from waste capacity, a materials recovery facility and transfer station. Contract Waste identified as not suitable for energy recovery (as per the EfW excluded list) shall be bulked at the transfer station, for transfer and disposal to landfill.

8.1.1.2 **Bidder B:** Bidder B's solution is to receive all residual waste into their transfer loading station. Waste will be bulk hauled from the transfer station either to Bidder B's energy recovery facility or to landfill. Bidder B's energy

from waste facility has a capacity of 420,000 tonnes per annum.

8.1.1.3 Both bidders solutions will ensure the council is LATS (landfill allowance trading scheme) compliant.

### **8.1.2 Price**

8.1.2.1 Ernst and Young have undertaken an assessment of the whole life cost of both bids to the Council.

8.1.2.2 The Council will incur higher haulage costs for contract waste as a result of Bidder A's solution compared with Bidder B's solution. For the purpose of evaluation, and due to Bidders A's transfer facility being located approximately 10 miles further from the centre of Chatham than Bidder B's transfer station, Bidder A's solution had been adjusted for these additional haulage costs.

8.1.2.3 The scoring table for disposal is shown in Exempt Appendix A of the exempt papers.

8.1.2.4 Based on this analysis the bids have scored as follows for price:

	<b>Bidder A</b>	<b>Bidder B</b>
Price Score (out of 47%)	46.28%	47%

### **8.1.3 Technical and Professional Ability**

8.1.3.1 Entec have undertaken a review of the method statements (save for Method Statement 11 Transfer of Staff) provided by each bidder. The detailed analysis and unweighted scores against each limb of the method statements are set out in their report in Exempt Appendix A.

8.1.3.2 An analysis has been undertaken by Eversheds of each bidder's final tender version of the contract terms and conditions to identify the degree of movement away from the Council's original model contract. Eversheds have also undertaken an analysis of Method Statement 11 provided by each bidder. Both of these are contained in the legal analysis is set out in Exempt Appendix A.

8.1.3.3 The acceptability of the final version of the payment mechanisms is scored under the commercial limb. The analysis of the payment mechanisms was carried out by Ernst and Young and is therefore set out in their report attached in Exempt Appendix A. The scoring of these elements are part of the commercial limb of the technical and professional ability criteria

8.1.3.4. The total technical and professional ability scores are therefore as follows:

	<b>Bidder A</b>	<b>Bidder B</b>
<b>TECHNICAL AND PROFESSIONAL ABILITY SCORE</b> (out of 53%)	41.65%	41.97%

## 8.2 Collection Contract

**8.2.1 Standard service requirements:** All three bidders have submitted bids (referred to as standard bids within this report) to meet the above specification below:

8.2.1.1 The service broadly consists of the following elements:

- street cleansing services (universal);
- the weekly or more frequent collection of residual household waste from low-rise domestic premises and in bulk containers serving flats;
- the fortnightly or more frequent collection of mixed dry recyclables from low-rise domestic premises and where suitable, flats and other premises served by bulk containers;
- the fortnightly collection of garden/food waste (alternating with the collection of mixed dry recyclables) from low-rise domestic premises, and the collection of garden waste in re-usable sacks from premises not suitable for wheeled bins;
- the collection of bulky household waste from all households (costed on the basis of both 5 & 10 day maximum collection periods);
- the procurement, storage and delivery of sacks, bulk containers and wheeled bins relating to the household residual waste, recycling and garden/food waste collection services;
- the emptying, repair and maintenance of recycling banks at approximately 58 locations throughout Medway; and
- the transfer of all collected contract waste to delivery points to be nominated by the Council.

8.2.1.2 The Council’s standard requirements specified that from commencement of services at the end of September 2010, the successful bidder should adopt existing service methodology for both the collection of residual household waste and recyclable materials over the first twelve months of the contract (the “initial period”). Following the initial period, the successful bidder should introduce specific “revised services” for the collection of residual household waste and recyclable materials for the duration of the contract. Initial and revised service requirements are outlined as follows:

- 8.2.1.3 Residual household waste: the initial service is based around collection in sacks, dustbins or other suitable containers. The revised service will incorporate the use of 180 litre wheeled bins to be introduced to approximately 80,000 households. The remaining low-rise households either remaining on sack-based collections or, in the case of high-rise households, continuing to have access to bulk refuse containment;
- 8.2.1.4 Recyclable Materials: the initial service is based on collection of commingled materials (paper, cardboard, cans, glass, plastic bottles and plastics bags) in a 55 litre recycling box supplemented by single-use sacks provided to all households by the Council. Households are also permitted to present additional dry recyclables for collection in containment of their choice (including plastic bags and cardboard boxes). The revised service will see the introduction of 240 litre wheeled bins for suitable households and re-usable sacks for those unable to accommodate wheeled bins.
- 8.2.2 Variants:** The Council permitted variant tenders and set out the parameters for any variant proposals in paragraph 9 of the Invitation To Tender (the "ITT"). Standard and variant tenders for the services were received from three bidders (referred to in this report as Bidder 1, Bidder 2 and Bidder 3) on 22 January 2010. These are summarised below:

### **Methodology for the Collection of Dry Recyclables**

#### **Bidder 1 Variant**

- Retention of existing 55 litre box for the fortnightly collection of mixed paper and card, introduction of a re-usable sack for the collection of commingled glass, plastic bottles and cans (container mix)
- Use of split compaction vehicles to separately collect the two material streams
- Container mix delivered to MRF for reprocessing, mixed paper and card delivered to paper reprocessor
- Bulk bin collections split into paper and container mix

#### **Bidder 2 Variant**

- Retention of existing 55 litre box for the fortnightly collection of mixed paper and card, introduction of a further 55 litre box for the collection of commingled glass, plastic bottles\* and cans (container mix)
- Material accepted in other non-specified containers but material expected to be separated into two streams
- Use of split compaction vehicles to separately collect the two material streams
- Each stream delivered to MRF for reprocessing
- Bulk bin collection collections split into paper and

container mix where possible, otherwise remains fully commingled

- Bidder 3 Variant 1**
- Retention of existing 55 litre box for the fortnightly collection of mixed paper and card, introduction of 240 litre wheeled bins for the collection of commingled glass, plastic bottles and cans (container mix) (as per the Standard bid)
  - Use of split compaction vehicles to separately collect the two material streams
  - Each stream delivered to MRF for reprocessing
  - Bulk bin collection remains fully commingled but where possible, an additional 360 litre bin is provided for the separate collection of mixed paper and card

- Bidder 3 Variant 2**
- Retention of existing 55 litre box supplemented by a 75 litre re-usable sack
  - Weekly collection with a kerbside sort of materials
  - Material sorted into kerbside stillage vehicles
  - Mixed material in non-specified containers stored separately on stillage vehicle with a view to bulking and subsequent MRF reprocessing along with the bulk container mix generated from flats

- Bidder 3 Variant 3**
- As above but on a fortnightly basis and with the addition of a further 55 ltr box for 90,000 households

### 8.2.3 Price

8.2.3.1 Ernst and Young have undertaken an assessment of the cost of each tender to the Council. Their report is set out at Exempt Appendix B.

8.2.3.1 Based on the evaluation methodology referred to in Appendix 4, the weighted financial scores (out of the maximum of 47%) for each tender are as follows

	Bidder 1 standard	Bidder 2 standard	Bidder 3 standard	<b>Bidder 1 variant</b>	Bidder 2 variant	Bidder 3 variant 1	Bidder 3 variant 2	Bidder 3 variant 3
<b>5 miles</b> Price Score (out of 47%)	39.69	39.93	41.69	<b>47</b>	43.80	43.53	41.08	44.02
<b>15 miles</b> Price Score (out of 47%)	39.12	41.95	44.48	<b>47</b>	46.15	46.45	43.84	46.97

8.2.3.3 The cheapest tender on a 5 and 15 mile basis are as follows:

5 miles: Bidder 1 variant scores 47%

15 miles: Bidder 1 variant scores 47%

**8.2.4 Technical and Professional Ability: Method Statements**

8.2.4.1 Entec have undertaken a review of the method statements provided by each tenderer. The detailed analysis and unweighted scores against each limb of the method statements are set out in Exempt Appendix B.

8.2.4.2 Based on the evaluation methodology referred to in Appendix 4, the weighted technical scores (out of a maximum of 53%) for each tender are as follows:

	Bidder 1 standard	Bidder 2 standard	Bidder 3 standard	<b>Bidder 1 variant</b>	Bidder 2 variant	Bidder 3 variant 1	Bidder 3 variant 2	Bidder 3 variant 3
Technical and Professional Ability Score (out of 53%)	38.06	34.20	37.23	<b>38.24</b>	34.65	36.48	36.72	36.25

8.2.4.3 The bidder with the highest score for technical and professional ability is - Bidder 1 Variant.

**9. COMMENTS OF THE PORTFOLIO HOLDER FOR FRONT LINE SERVICES**

9.1 The provision of effective waste collection services and waste disposal services for Medway are vital to ensure that Medway is in a position to grow and develop in the 21<sup>st</sup> Century. There is a clear need to manage Medway’s waste in both a sustainable and effective way. The use of an objective procurement process will allow the Council to assess all the factors and technologies that private sector partners can offer to achieve these aims.

9.2 Medway is currently recycling or composting in excess of the Government’s current target of 30% per annum. However, pressure from the need to achieve targets that divert biodegradable municipal waste from landfill together with expected increases in national recycling targets, means that Medway must adapt waste management practices once current contractual arrangements finish. These procurement process will allow those service developments to come into place for Medway.

**10. PREFERRED BID**

The Council will make its decision based on the most economically advantageous tender (MEAT) which has been derived from the combining of the financial score (47%) with the technical and professional ability score (53%) to give an overall winning bid.

**10.1 Disposal**

10.1.1 The Council has evaluated the final tenders received from Bidder A and Bidder B as against its evaluation criteria which are split between Price (47%) and Technical and Professional Ability (53%). Combining the financial scores and the technical and professional ability scores the final scores are as follows:

	<b>Bidder A</b>	<b>Bidder B</b>
<b>Price (47%)</b>	46.28%	47%
<b>TECHNICAL AND PROFESSIONAL ABILITY SCORE (53%)</b>	41.65%	41.97%
<b>TOTAL SCORE (out of 100%)</b>	<b>87.93%</b>	<b>88.97%</b>

10.1.2 Bidder B has therefore submitted the most economically advantageous tender for the residual waste disposal services.

**10.2 Collection**

10.2.1 The Council has evaluated the tenders received from 3 bidders as against its evaluation criteria which are split between Price (47%) and Technical and Professional Ability (53%). Combining the financial scores and the technical and professional ability scores for each tender, the final scores are as follows:

**10.2.2 Collection and Delivery on a 5 miles basis:**

<b>Bidder</b>	<b>Bid</b>	<b>Financial Score (%)</b>	<b>Technical and Professional Ability Score (%)</b>	<b>Total Score (out of 100%)</b>
Bidder 1	Standard	39.69	38.06	77.75
<b>Bidder 1</b>	<b>Variant</b>	<b>47</b>	<b>38.24</b>	<b>85.24</b>

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Bidder 2	Standard	39.93	34.21	74.14
Bidder 2	Variant	43.8	34.65	78.45
Bidder 3	Standard	41.69	37.23	78.92
Bidder 3	Variant 1	43.53	36.48	80.01
Bidder 3	Variant 2	41.08	36.72	77.8
Bidder 3	Variant 3	44.02	36.26	80.28

**10.2.3 Collection and Delivery on a 15 miles basis:**

<b>Bidder</b>	<b>Bid</b>	<b>Financial Score (%)</b>	<b>Technical and Professional Ability Score (%)</b>	<b>Total Score (out of 100%)</b>
Bidder 1	Standard	39.12	38.06	77.18
<b>Bidder 1</b>	<b>Variant</b>	<b>47</b>	<b>38.24</b>	<b>85.24</b>
Bidder 2	Standard	41.95	34.21	76.16
Bidder 2	Variant	46.15	34.65	80.8
Bidder 3	Standard	44.48	37.23	81.71
Bidder 3	Variant 1	46.45	36.48	82.93
Bidder 3	Variant 2	43.84	36.72	80.56
Bidder 3	Variant 3	46.97	36.26	83.23

The variant bid from Bidder 1 is the most economically advantageous tender on both a 5 and 15 mile basis.

**11. PREPARATION OF THE NEXT STAGE OF PROCUREMENT**

**11.1 Resources & Project Management**

- 11.1.1 It is proposed that a draft management guide is prepared for officers and Members outlining the service requirements of the contracts together with a summary of the respective contractual obligations of both the contractor and

the Council in providing the services. Insofar as TUPE is concerned, this is a second generation contract letting which means there will have been no TUPE transfers involving current officers of the Council. The contract does make provision for the contractor to comply with any TUPE requirements arising out of the award of the new contract.

## **11.2 Contract Management**

- 11.2.1 Waste Services are resourced to deal with waste contracts of this size and will have support in monitoring the services by Safer Communities' Officers and the Environmental Enforcement Team.

## **12. FINANCIAL, PROCUREMENT AND LEGAL COMMENTS**

### **Procurement Board**

- 12.1 The procurement board considered this report on 10 March 2010 and supported the recommendations as set out in section 13 below.

### **Finance**

- 12.2 The tender process has been very competitive thus ensuring that value for money can be demonstrated. Further analysis of the successful bids will identify the extent of any efficiency savings realised once service betterment has been accounted for. In the exempt report at 1.2 the total forecast cost of the contract for 2010/2011 are detailed. The full year cost for 2011/12, as also presented in the exempt report at 1.2 will be considered in the Medium Term Financial Plan.

### **Procurement**

- 12.3 Strategic Procurement acknowledges that Eversheds suggested, supported by Queen's Counsel, that the Council should take a step back in each process and re-run the Invitation to Submit Outline Solutions and the Invitation to Tender respectively. This Gateway 3 report and the recommendations herein are a reflection of this the advice provided by Eversheds to take a step back and recommence the procurement process. Eversheds as external consultants have managed this procurement process.

Eversheds have advised that the resumption of the final stages, including the evaluation process and methodology, was a fair, robust and compliant procurement process. Strategic Procurement supports the recommendations contained within this Gateway 3 report.

Strategic Procurement has commented on the process and is satisfied that the guidance provided to the client department should ensure that the Council is protected from risk and that this procurement contract award delivers best value.

### **Legal**

- 12.4 Comments in relation to legislative compliance in EU Procurement terms are set out at paragraph 12.3.

The duty in the procurement is to award the contracts to the most economically advantageous tenders. On the basis of the scoring of the evaluation criteria, applying the evaluation methodology, the recommendations in the report are consistent with that duty.

As soon as possible after any decisions are made to award the contracts to the most economically advantageous tenders as set out within this report, EU Procurement rules require the Council to inform all those bidders who were involved in the relevant procurement process of its decision in relation to the award of the relevant contract. The Council must allow a period of at least 10 clear days between the date on which the bidders are informed of the decision and the date on which the Council enters into the relevant contract. The Council must, if it receives a request from any of the unsuccessful bidders for either contract, provide the reasons why the relevant bidder was unsuccessful and the characteristics and relative advantages of the relevant winning bidder.

### **13. RECOMMENDATIONS**

- 13.1 The Committee is asked to recommend the following to Cabinet on 30 March 2009:

#### **Disposal of residual waste**

To recommend the award of the contract for the disposal of residual waste to Company B as the most economically advantageous tender (MEAT).

#### **The collection of residual waste and recycling and street cleansing service**

To recommend the award of the contract for the collection/cleansing service to Bidder 1 Variant as the most economically advantageous tender (MEAT).

#### **Lead officers**

Report Originating Officer:	Sarah Dagwell	☎ 01643 331597
Chief Finance Officer or deputy:	Mick Hayward	☎ 01643 332220
Monitoring Officer or deputy:	Deborah Upton	☎ 01643 332133
Head of Procurement or deputy:	Gurpreet Anand	☎ 01643 332450

**Background papers**

The following documents have been relied upon in the preparation of this report:

<b>Description of document</b>	<b>Location</b>	<b>Date</b>
Options Appraisal for Waste Collection Services	Web site & waste services section	August 2008
Procurement of Waste Services	Web site & waste services section	February 2007
Reports on discussions with potential service providers.	Waste services section	Oct to Dec 2006
Municipal Waste Management Strategy	Web site & waste services section	January 2006
Review of Potential Partners for Medway	Waste services section	2006
The Best Practical Environmental Option	Waste services section	2005
Medway Waste Survey Final Report	Waste services section	2004

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## Initial business case

### Contracting Officer

The procurement project will be managed by a procurement board supported by a procurement team. The make up of the board and the appointees have been agreed by the board. The make up of the procurement team is based on a project manager, a temporary procurement officer, a seconded representative from legal services and an administrative support officer. External support has been obtained when necessary for detailed technical advice and for financial advice and evaluation.

### Contract Manager

The contract covers a number of different services including some required by other directorates. The majority of the contract(s) awarded will be managed by the waste services section with the remainder being managed by individuals in the relevant directorates or premises affected e.g. Education.

### Summary Description

The purchase of waste services.

### Project Objectives

- To ensure compliance with statutory duties.
- To meet statutory performance targets.
- To ensure continuity of a front line service.
- To provide the services within agreed budgets.
- To meet requirements to achieve efficiency gains.
- To provide environmentally sustainable services.

A successful outcome will need to comply with the above. There isn't an alternative.

### Strategic fit

Waste services need to be provided in support of the Council's waste strategy that in turn supports the performance and community plans.

### Options for Provision

A range of services have been or are being put out to tender. The Council also needs to take account of recent government and independent reports on competition and capacity in the waste market and take action accordingly.

The options have been covered in various reports submitted to committee.

### Potential Links with other projects

This procurement will involve other directorates and, possibly even other authorities, in the process of obtaining the services required. Hence subsidiary projects are likely to be created as a result, for example:-

- The service is highly dependent on the Council's Confirm system that has to be linked with the system(s) that are used by any successful contractor(s).
- There will be significant training implications for customer first dependent on the degree of change to the services.

### **Consultation with Stakeholders**

Full details of the consultations held with industry, residents, interested groups and other stakeholders are contained within the waste strategy and supporting documentation. This information was subject to specific and separate reports to committee including presentation to a cross part advisory panel

### **Affordability**

The overall cost of procurement cannot be established at this point and, inevitably, will be capitalized over the length of the contracts some of which may be up to 25 years. The revenue costs will be as those tendered and accepted together with any additional costs due to housing growth etc.

### **Efficiency Savings under the Gershon initiative (incl VFM)**

Discussions with other authorities did take place to identify opportunities to share procurement costs and obtain economies of scale. Although limited primarily because of such factors as incompatible timing of the start of the service a joint procurement of clinical waste collection/disposal and the processing of wood waste is being undertaken with KCC.

There remains a lack of waste processing capacity within Medway although, within the last year, garden and kitchen waste processing facilities and the EfW plant at Allington have been commissioned and become operational.

### **Equalities and Environmental Issues**

These elements have already been dealt with substantially in the waste strategy and have been the subject of separate consultations.

### **Risk Rating**

Updated risk analysis for all services are set out in a separate section.

### **Risks**

These are set out in the document above.

### **Market**

There has been significant interest in the service contracts advertised in the OJEU. Not all companies were interested in all the services and indeed they tended to be quite specific about the range of services they wanted to provide. There was keen competition for collection services but there are also many other contracts being let. Companies can still, therefore, be selective. Two companies (Cory and Verdant) who wished to tender withdrew because of time facilities and involvement in other projects. The availability of disposal/processing solutions, particularly in close proximity to Medway are still, however, relatively limited with the result that there is a need for the continuing transfer of some waste and hence the need for an operating depot with waste transfer station.

**Diversity Impact Assessment: Screening Form**

<b>Directorate R&amp;D</b>		<b>Waste Services</b>	
Officer responsible for assessment Sarah Dagwell		Date of assessment Jan 09	New or existing? Existing
<b>Defining what is being assessed</b>			
<b>1. Briefly describe the purpose and objectives</b>		Provision of waste services including street cleansing, refuse and recycling collection and ancillary services (Abandoned vehicles and public conveniences)	
<b>2. Who is intended to benefit, and in what way?</b>		Residents of Medway by living and working in a clean safe environment.	
<b>3. What outcomes are wanted?</b>		Clean, safe and environmentally sound district; where all residents can easily access services	
<b>4. What factors/forces could contribute/detract from the outcomes?</b>		Contribute Financial Political Legal	Detract Financial Political Legal
<b>5. Who are the main stakeholders?</b>		Residents; council; contractor	
<b>6. Who implements this and who is responsible?</b>		Council and waste services officers	
<b>Assessing impact</b>			
<b>7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?</b>		NO	
<b>What evidence exists for this?</b>		All residents receive the same waste collection services/cleansing regime; In developing the Municipal waste management for Medway, we consulted with a very wide range of stakeholders including councillors, parish councils, other local authorities, internal officers, waste and recycling organisations, charities, resident groups churches and interested parties, including Medway diversity forum, Medway ethnic minority senior citizens association. No issues were raised.	
<b>8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?</b>		Majority of service is no, yes only applies to provision of standard public convenience buildings at 3 sites and automatic public conveniences (APC's) at 6 sites.	
<b>What evidence exists for this?</b>		The majority of the council's standard public convenience buildings are very old. 12 out of 15 have facilities that comply with DDA. The final 3 have no facilities and can not be fitted	

	<p>without substantial cost (i.e. new buildings); also 6 of the 7 APC's do not have disabled access but their maintenance contracts are due to expire in 2010 which will give the council an opportunity to review provision. Additionally wastes service is currently investigating a 'comfort scheme', which will use existing local business such as village halls, pub and restaurants, encouraging them to open their public conveniences facilities to the public.</p> <p>CA sites H&amp;S policy conflicting with the amount of help staff offered to resident; staff can not always physically offer the assistance requested due to manual handling restrictions; but this is overcome by offering a free kerbside collection service for bulky items (up to 3 items free in a single collection every 6 months).</p> <p>Where a resident is less able bodied we offer an assisted collection where we collect their waste from their front/back doors, this applies for black bags waste, recycling and bulky items. This can be either temporary or permanent.</p> <p>In developing the Municipal waste management for Medway, we consulted with a very wide range of stakeholders including councillors, parish councils, other local authorities, internal officers, waste and recycling organisations, charities, resident groups churches and interested parties, including Medway disability forum. No issues were raised.</p>				
<p><b>9. Are there concerns that there <u>could</u> be a differential impact due to gender?</b></p>	<table border="1"> <tr> <td data-bbox="616 1128 715 1216"></td> <td data-bbox="715 1128 1441 1216"></td> </tr> <tr> <td data-bbox="616 1216 715 1301">NO</td> <td data-bbox="715 1216 1441 1301"></td> </tr> </table>			NO	
NO					
<p><b>What evidence exists for this?</b></p>	<p>Opinion poles asked to all genders, as was the questioners associated with the development of the waste strategy. Analysed and no significant differences in responses in respect of gender.</p>				
<p><b>10. Are there concerns there <u>could</u> be a differential impact due to sexual orientation?</b></p>	<table border="1"> <tr> <td data-bbox="616 1469 715 1556"></td> <td data-bbox="715 1469 1441 1556"></td> </tr> <tr> <td data-bbox="616 1556 715 1599">NO</td> <td data-bbox="715 1556 1441 1599"></td> </tr> </table>			NO	
NO					
<p><b>What evidence exists for this?</b></p>	<p>All services are offered to all people. Refer question to equalities and core group for guidance.</p>				
<p><b>11. Are there concerns there <u>could</u> be a have a differential impact due to religion or belief?</b></p>	<table border="1"> <tr> <td data-bbox="616 1704 715 1789"></td> <td data-bbox="715 1704 1441 1789"></td> </tr> <tr> <td data-bbox="616 1789 715 1856">NO</td> <td data-bbox="715 1789 1441 1856"></td> </tr> </table>			NO	
NO					
<p><b>What evidence exists for this?</b></p>	<p>In developing the Municipal waste management for Medway, we consulted with a very wide range of stakeholders including councillors, parish councils, other local authorities, internal officers, waste and recycling organisations, charities, resident groups churches and interested parties, including various</p>				

	churches and religious groups. No issues were raised.	
<b>12. Are there concerns there <u>could</u> be a differential impact due to people's age?</b>		
	NO	
<b>What evidence exists for this?</b>	<p>Assisted collections are offered to the elderly who are not able to handle wheeled bins or bags.</p> <p>Opinion poles asked to wide variety of ages, as was the questioners associated with the development of the waste strategy. Analysed and no significant differences in responses in respect of age groups.</p> <p>The team also works with the youth parliament to ensure the views of young people are also considered.</p>	
<b>13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?</b>		
	NO	
<b>What evidence exists for this?</b>	<p>All services are offered to all people.</p> <p>Refer question to equalities and core group for guidance.</p>	
<b>14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. people with caring responsibilities or dependants, those with an offending past, or people living in rural areas)?</b>		<p>Which group(s)?</p> <p>Boats/ Very rural properties</p> <p>Residents who are non-literate.</p>
	NO	
<b>What evidence exists for this?</b>	<p>Rural areas and caravan parks and boats are offered same service but we have to work with them regarding reasonable collection points.</p> <p>Not all residents can read English due to literacy problems or English as a second language. We have translation facilities as and when required and use picture to explain messages whenever possible.</p>	
<b>15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?</b>		
	NO	
<b>What evidence exists for this?</b>		
<b>Conclusions &amp; recommendation</b>		
<b>16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?</b>		
	NO	

<p><b>17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?</b></p>	<p>NO</p>		
<p>Recommendation to proceed to a full impact assessment?</p>			
<p><b>NO</b></p>	<p>This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.</p> <p>Work under taken during the development of Medway's Municipal Waste Strategy to consult with different racial, age and disability groups exist.</p>		
<p><b>Action plan to make Minor modifications</b></p>			
<p><b>Outcome</b></p>	<p><b>Actions (with date of completion)</b></p>	<p><b>Officer responsible</b></p>	
<p>Wheeled bin introduction: assessment of impacts to elderly/ infirm etc</p>	<p>Consult with all groups during planning of implementation (tbc when change over to be decided approx 2 years)</p>	<p>Sarah Dagwell</p>	
<p>Public convenience DDA</p>	<p>Review provision of disabled facilities at the remaining toilets and when the APC contracts expire</p>	<p>Michelle Chambers</p>	
<p><b>Planning ahead: Reminders for the next review</b></p>			
<p><b>Date of next review</b></p>	<p>2011 summer (after wb introduction)</p>		
<p><b>Areas to check at next review (e.g. new census information, new legislation due)</b></p>	<p>Place survey Census WS review docs Impact of wheeled bins</p>		
<p><b>Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?</b></p>			
<p><b>Signed (completing officer/service manager)</b></p>	<p><b>Date</b></p>		
<p><b>Signed (service manager/Assistant Director)</b></p>	<p><b>Date</b></p>		

**APPENDIX 3****EVALUATION METHODOLOGY AND EVALUATION MATRIX:  
DISPOSAL CONTRACT**

The following is an extract from Part 6 of the Call for Final Tenders issued to the bidders on 27 January 2010.

Note that references to “Parts” and “paragraphs” within this Appendix are to Parts and paragraphs of the Call for Final Tenders.

**PART 6 – Evaluation of Tenders****1 General**

Tenders will be evaluated on the basis of the most economically advantageous tender having regard to a range of criteria set out in this Part of the Instructions. The Council has allocated a maximum score for each area that reflects the relative importance attributed by the Council to that area.

**2 Evaluation Criteria**

- |                                       |     |
|---------------------------------------|-----|
| 1) Price                              | 47% |
| 2) Technical and Professional Ability | 53% |

The sub-criteria for Technical and Professional Ability (53%) shall comprise the following:

Service Quality	15%
Deliverability	21%
Commercial	13%
Environmental and Social Responsibility	3%
Working with the Council & Stakeholder Engagement	1%

**3 General Principles**

In terms of the evaluation of Technical and Professional Ability, the Council will assess the Bidder’s responses to determine the degree to which the quality criteria have been met and award a score out of 100% of the points available to each response to the Method Statements and Commercial requirements set out in the Evaluation Matrix. The Council’s assessment of Technical and Professional Ability will be on a basis consistent with the guidance in the bullet points below:

- Excellent - Meets all criteria in a very full and comprehensive manner and exceeds some requirements: Score 85 – 100%

- Good - Generally satisfactory and meets the requirements of the criteria to the satisfaction of the tender evaluation team: Score 61 – 84%
- Adequate - Satisfactory but with aspects which cause the tender evaluation team concern because either the response is incomplete, or differs from the professional / technical judgement of the tender evaluation team on the requirements necessary to meet the criteria: Score 35 – 60%
- Inadequate - Indications that the response meets some of the requirements but either the tender evaluation team has serious doubts about aspects of the response, or inadequate information has been provided: Score 11 – 34%.
- Unacceptable - Little or none of the response is satisfactory, or little or no information has been provided: Score 0 - 10%

#### **4 Non-financial criteria and evaluation**

4.1 The non-financial evaluation of the Tender represents 53% of the overall score as detailed in paragraph 2 above. The Evaluation Matrix at Appendix 9 provides the non-financial criteria, the allocation between Method Statements and the maximum scores available. This paragraph 4 sets out the methodology which will be applied for the calculation of the Technical and Professional Ability score for each Tender.

#### **4.2 Method Statements**

4.2.1 The Method Statements will be evaluated and scores awarded that reflect the extent to which a Tender meets the Council's expectations, in accordance with the guidance summarised at paragraph 3 above. The weighting to be given to each of the Technical and Professional Ability sub-criteria in the evaluation of Bidders' service delivery and technical proposals will be as follows:

**4.2.1.1 Service Quality (15%)** – the Tender will be assessed to determine the degree to which Bidders have demonstrated in their Method Statements that they will meet the Performance Standards set out in the Specification. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.

**4.2.1.2 Deliverability (21%)** – the Tender will be assessed to determine the degree to which Bidders have demonstrated in their Method Statements that the solution is to be operationally available by the Service Commencement Date and has the capacity and resources to deliver the Disposal of Residual Waste Service in accordance with the Service Delivery Plan. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.

**4.2.1.3 Environmental and Social Responsibility (3%)** – the Tender will be assessed to determine the degree to which Bidders have demonstrated in their Method Statements that they will meet the

relevant requirements of the Specification. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.

- 4.2.1.4 Working with the Council and Stakeholder Engagement (1%)** – the Tender will be assessed to determine the degree to which Bidders have demonstrated in their Method Statements that they will meet the relevant requirements of the Specification. Evaluation points for this sub criterion are spread across the Method Statements as set out in the Evaluation Matrix.

**4.3 Commercial (13%)**

- 4.3.1 Commercial evaluation will, in particular, include consideration of the extent to which the Bidder's Tender includes the Bidder's acceptance of the Council's Model Contract including the Payment Mechanism, Specification and Risk Register.
- 4.3.2 If Bidders have fundamental concerns in relation to the Specification, which would significantly affect their proposed pricing, they are requested to identify these as soon as possible following receipt of these Instructions. Accordingly, in evaluating the Tender the Council will take into account any inconsistencies between the proposals for the Specification, the Payment Mechanism, the other aspects of the Model Contract and the risk register and the potential risk that it may present. For example, if a Bidder has indicated in response to the risk register that it does not accept the change in law risks but has not marked up the provisions of the Model Contract, the Council will take the response in relation to risk into account in assessing the extent to which the Bidder moves away from the terms and conditions of the Model Contract.
- 4.3.3 A copy of the Council's Risk Allocation Register is attached at Appendix 4. Each Bidder is requested to provide its final position as regards the risk register based on your response to the competitive dialogue process to date, adjusted as necessary to reflect the final clarifications prior to the close of dialogue. Bidders are requested to provide full details of any final adjustments using Appendix 8 Form of Commentary/Justification.
- 4.3.4 The closer a Bidder's mark-up reflects the Council's Model Contract the higher that Bidder's score. Any position agreed with the Council (whether previously or through dialogue at this stage) reflects a position that the Council considers commercially acceptable in the context of your bid. However, this does not automatically mean that the response will receive full marks. Each bidder's submission will be considered relative to the other and positions which are more favourable to the Council will receive higher scores. Scoring will be carried out in accordance with the general principles set out at paragraph 3.1 above and a score out of 100% will be allocated for each Bidder. This will then be multiplied by the maximum score for this criteria of 1200 points to achieve a total score for the acceptability of the terms and conditions.
- 4.3.5 Whether a bidder wishes to propose a cap on liability (in line with the Council's position (as set out in Part 5 paragraph 4.1.2 of the ISDS instructions) is a matter for each bidder. As regards the cap itself (as opposed to its impact on pricing; the Council assumes that any limitation on liability would be reflected

within the price propose by bidders), a bidder which proposes a cap (in line with the Council's position) will not be treated more or less favourably than a bidder which does not propose a cap.

#### **4.4 Overall Technical and Professional Ability Score**

4.4.1 The relevant aspect of the Method Statement responses will be evaluated and a score out of 100% will be allocated in accordance with the principles at paragraph 3.1 above. This percentage will then be multiplied by the maximum score per question (as allocated within the Evaluation Matrix) to achieve a score for that question per sub-criteria

4.4.2 Once the Method Statements have been assessed, the total scores will be calculated per sub-criteria and then collated to give a score out of the maximum score available for the relevant sub-criteria. The maximum scores available for each sub-criterion do not reflect the weightings given to the subcriteria in paragraph 2 of this Part 6. A multiplier will therefore be applied to convert the total score achieved per sub-criteria into the total evaluation points for each criteria. The multiplier for each sub-criteria is calculated by the formula:

$$\text{multiplier} = (\text{sub-criteria weighting} \times \text{total evaluation points of } 7349) / \text{maximum score available per sub-criteria}$$

For example, in relation to Deliverability which is worth 21% of the overall evaluation points of 7349 and carries a maximum score per criteria of 1225, a multiplier of 1.26 will be applied to each point scored based on  $(21\% \times 7349/1225)$ . A score of 1000 would therefore achieve evaluation points of 1260 out of maximum evaluation points for that criteria of 1543.29 (21% of 7349).

4.4.3 Once the weighted scores per criteria have been calculated, these are added together to give a score out of maximum evaluation points of 3895 for Technical and Professional Ability. This will then be converted into a percentage and multiplied by 53% to give a score for Technical and Professional Ability e.g. a score of 2500 out of 3895 evaluation points will achieve a percentage score of 34%  $(2500/3895 \times 53\%)$ .

#### **5 Price**

5.1 The price will be evaluated on the cost to the Council and will include where appropriate, amongst other items, overall whole life cost of transfer station, haulage, LATS, landfill tax and any other details submitted in appendix 6.

5.2 Where a Tender requires the Council to deliver Contract Waste to the Bidder's facility or a delivery point which is in excess of 15 miles from the centre of the Borough (defined as the section of the Public Highway next to the Central Theatre, Chatham High Street, ME4 4AS) then a uniform cost per tonne per

mile will be added to the bid price. As part of the financial evaluation of final Tenders, the Council intends to take into account the difference in delivery cost between 5 and 15 miles by adding a figure representing the mean of the relevant figures for the difference in delivery costs between 5 and 15 miles. These figures will be extracted from the bills of quantities in the waste collection tenders.

- 5.3 Where the Tender requires the Bidder to transfer Contract Waste from a delivery point to a facility or from one facility to another, the Council expects that such transportation costs are included in the Bidder's bid price in the format required by the CFT Submission Forms Appendix 6.
- 5.4 A score of 100% will be allocated to the Tender which offers the cheapest overall price to the Council. This will therefore achieve the maximum 47% weighted score available. A score for the next cheapest priced Tender will be calculated based on the extent to which it is more expensive than the cheapest Tender. For example, the cheapest solution is £1,000,000 and receives a maximum of 47%. The next cheapest is £1,200,000 and receives a score of 39% ( $\frac{£1,000,000}{£1,200,000} \times 47\%$ ).

## **6 Final Score for the Tender**

The final evaluation score for each Tender will be calculated by adding the percentage score achieved for Technical and Professional Ability Score to the percentage score achieved for Price to give a final score out of 100%. The highest scoring Tender will be the most economically advantageous tender.

## **7 The Financial and Economic Standing of the Bidder**

Bidders are required to confirm that there has been no material change to their financial and economic standing since the pre-qualification process - see also Part 3, paragraph 5 and Part 5, paragraph 1.

Agenda Item 5(E)

**APPENDIX 4****EVALUATION METHODOLOGY AND EVALUATION MATRIX:  
COLLECTION CONTRACT**

The following is an extract from Appendix E of the ITT issued to the bidders on 20 November 2010.

Note that references to “Parts”, “paragraphs” and “Appendices” within this Appendix are to Parts, paragraphs and Appendices of the ITT.

Tenders will be evaluated on the basis of the most economically advantageous tender having regard to a range of criteria set out in this appendix. The council has allocated a maximum score for each area that reflects the relative importance attributed by the council to that area. The criteria that will be followed by the council in evaluation of tenders is set out below:

**1. Evaluation Criteria**

(1) Price:	47%
(2) Technical and Professional Ability	53%

Technical and Professional Ability comprises the following sub-criteria:

– Service Quality	17%
– Deliverability	24%
– Environmental and Social Responsibility	7%
– Working with the Council & Stakeholder Engagement	5%

**2. General Principles**

2.1 In terms of the evaluation of Technical and Professional Ability, the Council will assess the Bidder’s responses to determine the degree to which the quality criteria have been met and award a score out of 100% of the points available to each response to the Method Statement requirements set out in the Evaluation Matrix. The Council’s assessment of quality will be on a basis consistent with the guidance in the table below:

- Excellent - Is considered capable of achieving the performance standards in a very full and comprehensive manner and exceeds some requirements: Score 85-100%
- Good - Generally satisfactory and is considered capable of achieving the performance standards: Score 61-84%
- Adequate - Satisfactory but there remains concern as to the bidder’s ability to sustain its achievement of the performance standards: Score 35-60%

- Inadequate - Indications that the response meets some of the service requirements but it is not considered capable of achieving all the necessary performance standards either the tender evaluation team has serious doubts about aspects of the response, or inadequate information has been provided: Score 11-34%
- Unacceptable - Little or none of the response is satisfactory, or little or no information has been provided: Score 0-10%

### **3. Technical and Professional Ability**

- 3.1 Technical and Professional Ability represents 53% of the overall score as detailed in paragraph 2 above. The **Evaluation Matrix** included in this Appendix provides the non-financial criteria, the allocation between Method Statements and the maximum scores available. This paragraph 4 sets out the methodology which will be applied for the calculation of the Technical and Professional Ability score for each Tender.
- 3.2 The Method Statements will be evaluated and scores awarded that reflect the extent to which a Tender meets the Council's expectations, in accordance with the guidance summarised at paragraph 3.1 above. The weighting to be given to each of the Technical and Professional Ability sub-criteria in the evaluation of Tenderers' service delivery and technical proposals will be as follows:
- 3.2.1 Service Quality (17%)** – the Tender will be assessed to determine the degree to which Tenderers have demonstrated in their Method Statements that they will meet the performance standards set out in the Specification. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.
- 3.2.2 Deliverability (24%)** – the Tender will be assessed to determine the degree to which Tenderers have demonstrated the capacity and resources to deliver the services in accordance with the Method Statements. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.
- 3.2.3 Environmental and Social Responsibility (7%)** – the Tender will be assessed to determine the degree to which Tenderers have demonstrated in their Method Statements that they will meet the relevant requirements of the Specification. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.
- 3.2.4 Working with the Council and Stakeholder Engagement (5%)** – the Tender will be assessed to determine the degree to which Tenderers have demonstrated in their Method Statements that they will meet the relevant requirements of the Specification. Evaluation points for this sub-criterion are spread across the Method Statements as set out in the Evaluation Matrix.
- 3.3 The relevant aspect of the Method Statement responses will be evaluated and a score out of 100% will be allocated in accordance with the principles at

paragraph 3 above. This percentage will then be multiplied against the maximum score per question (as allocated within the Evaluation Matrix) to achieve a score for that question per sub-criteria.

- 3.4 Once the Method Statements have been assessed, the total scores will be calculated per sub-criteria and then collated to give a score out of the maximum score available for the relevant sub-criteria. The maximum scores available for each sub-criterion do not reflect the weightings given to the sub-criteria in paragraph 2 of this Appendix E. A multiplier will therefore be applied to convert the total score achieved per sub-criteria into the total evaluation points for each sub-criteria. The multiplier for each sub-criteria is calculated by the formula:

$$\text{multiplier} = (\text{sub-criteria weighting} \times \text{total evaluation points of } 6245) / \text{maximum score available per sub-criteria}$$

- 3.4.1 For example, in relation to Deliverability which is worth 24% of the overall evaluation points of 6245 and carries a maximum score per criteria of 1912, a multiplier of 0.78 will be applied to each point scored based on  $(24\% \times 6245/1912)$ . A score of 1500 would therefore achieve evaluation points of 1170 out of maximum evaluation points for that criteria of 1498.8 (24% of 6245).
- 3.6 Once the weighted scores per criteria have been calculated, these are added together to give a score out of maximum evaluation points of 3310 for Technical and Professional Ability. This will then be converted into a percentage and multiplied by 53% to give a score for Technical and Professional Ability e.g. a score of 2500 out of 3310 evaluation points will achieve a percentage score of 40%  $(2500/3310 \times 53\%)$ .

#### **4. Price**

- 4.1 Price will be evaluated on the cost to the Council and will include the whole life cost of the Services. These costs will include the cost to deliver the various types of waste to the disposal location(s) specified by the Council. In the case of the brown sacks for Garden Waste, Tenders will be assessed on the basis that 5,000 units of 2 will be required during each year of the Contract Term.
- 4.2 A score of 100% will be allocated to the Tender which offers the cheapest overall price to the Council. This will therefore achieve the maximum 47% weighted score available. A score for the next cheapest priced Tender will be calculated based on the extent to which it is more expensive than the cheapest Tender.
- 4.2.1 For example, the cheapest Tender is £1,000,000 and receives a maximum of 47%. The next cheapest is £1,200,000 and receives a score of 39%  $(£1,000,000/£1,200,000 \times 47\%)$ .

#### **5. Final Score for the Tender**

- 5.1 The final evaluation score for each Tender will be calculated by adding the percentage score achieved for Professional and Technical Ability to the percentage score achieved for Price to give a final score out of 100%. The highest scoring Tender will be the most economically advantageous tender.

**6. Variant Bids**

- 6.1 Variant bids will be evaluated on the same basis as that for standard bids. Variant bids will also need to be supported by Method Statements in the same way that they are required for standard bids. Any differences between Method Statements for a standard bid and for a variant bid must be clearly identified.