

Date	-	15 December 2017
Report of the	-	Lead Director, Dr Anthony Leonard
Subject	-	Tender Evaluation Model (Award Criteria) and Revised Timetable

Recommendation: It be **RESOLVED:** That:

- 1) the following documents (subject to minor amendments with regards to cross-referencing and alignment with the other tender documents) be approved for tender purposes:
 - i. Selection Questionnaire;
 - ii. Selection Questionnaire Evaluation Criteria;
 - iii. Service Delivery Plan Requirement (Method Statement Requirements);
 - iv. Tender Evaluation Model;
 - 2) the timetable be noted; and
 - 3) Hastings Borough Council make arrangements to reach a conclusion with regard to street and beach cleansing, fly-tip services and bulky waste services in advance of a negotiation stage (if negotiation is required).
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Report Author: Madeleine Gorman, Partnership Manager

Introduction

1. Further to decisions taken by the Joint Waste and Recycling Committee (JWRC) concerning the Tender Procedure and Evaluation (Minute JWRC17/11 refers), good progress is being made to develop the necessary documentation for procurement. A new Joint Waste and Recycling Collections, Beach and Street Cleansing Contract must commence on 29 June 2019 and the Partnership will be using a Competitive Procedure with Negotiation (CPN) to procure the new contract.

Award Criteria

2. To meet the Public Contracts Regulations 2015 requirements for a CPN process, the Councils must indicate which elements of the description define the minimum requirements to be met by all tenders, and specify the contract award criteria.
3. CPN does not permit the minimum requirements and the award criteria to be subject to negotiation. These matters are fundamental to the scope of the procurement so changes would alter the basis upon which Suppliers had been invited to tender. This Tender Evaluation report deals with the award criteria. The Service Specification report elsewhere on this Agenda deals with the minimum requirements in terms of this procurement.

4. CPN is completed with a minimum of two stages. The first stage is the Selection Questionnaire (SQ) which follows a largely prescribed form and sets out the mandatory and discretionary grounds for exclusion of companies from the opportunity to tender. For this procurement, the companies expressing interest in the tender opportunity are termed Suppliers. The SQ Evaluation Criteria (SQEC) document defines how the returns for the SQ stage will be evaluated. It is a largely pass/fail document and all Suppliers that meet the criteria will subsequently be invited to tender.

Selection Questionnaire and Selection Questionnaire Evaluation Criteria

5. The SQ provided as Appendix 1 has been developed by Ricardo Energy & Environment, the appointed Waste Consultants (previously Ricardo AEA) with input of the East Sussex Procurement Hub (ESPH). Bevan Brittan LLP (the appointed legal consultants) also reviewed the document.
6. The SQEC document provided as Appendix 2 sets out how the responses to the SQ will be evaluated, so that Suppliers are clear as to the information that is required. The final SQ and SQEC document remain subject to minor amendments to ensure legal clarity.

Invitation to Tender

7. A package of documents including the Form of Tender, Anti-Collusion Statement, Bond etc. will form the Invitation to Tender (ITT). Most of these requirements are standard formats used by the Councils but the key requirements for this procurement are contained in the documentation which will seek price and service quality information from each Supplier.
8. To submit a tender response, Suppliers will be invited to complete pricing schedules to determine the price/cost of services and a Service Delivery Plan (SDP) to determine how their resources will be used to provide the quality of services required.
9. The pricing schedules are formatted as a complex spreadsheet that enables the cost of services for each Council to be identified. Items (also commonly termed “bills of quantity”) form the pricing schedules and each item (bill rate) relates to the requirements described within the specification.
10. The SDP requirements (provided as Appendix 3) comprises a set of Method Statements (MS) which demonstrate the Suppliers understanding of the services required, their ability to carry out the work, the proposed commitment to resources and service delivery methodology. Each individual MS is representative of the way the work will be completed and is indicative of the standards of skill, care and diligence in operation across the Supplier’s organisation.

Tender Evaluation Model

11. Tender responses from the invited Suppliers will be evaluated using the agreed 60:40 price:quality split (Minute JWRC17/11 refers) which has been expanded and developed into the Tender Evaluation Model (TEM) (provided as Appendix 4).

12. Both the Suppliers and the Councils face commercial risk in that the precise nature of any future working relationship cannot be fully established through a procurement process, i.e. with such complex service requirements it is always likely that some assumptions have been made and expectations may not be met. The financial section of the TEM aims to evaluate commercial risk, as well as price, but the full detail of the commercial risk evaluation cannot be finalised until all the contractual provisions are finalised.
13. Ricardo Energy & Environment, Bevan Brittan LLP and officers from each Council are to be involved in the evaluation process (and any subsequent negotiation, if necessary). Participation necessarily requires personal commitments and availability in order to meet the procurement timetable (see Appendix 5).
14. In order to mitigate procurement risk, Hastings Borough Council's (HBC) street and beach cleansing, fly-tip and bulky waste services are not included in the TEM (Minute JWRC17/11 refers). HBC will receive a MS, resourcing information and price for these services so that they can decide whether to enter into the joint contract. It is recommended that HBC make the arrangements necessary to reach a conclusion prior to any ITT stage (if required – see below).

Negotiation and Contract Award

15. Depending on the price and quality of tenders received, the CPN process allows for contract award following the submission of first stage (initial) tenders by Suppliers. Indeed this is highly desirable because it would mean that all the Councils requirements can be provided at the expected level of quality and at an affordable price. However, if, considered in the best interests of the Councils, suppliers may be invited to participate in negotiation and will then be invited to submit final tenders for evaluation.
16. Negotiation, if required will be led by Ricardo Energy & Environment with assessment of and input regarding commercial risks from Bevan Brittan LLP. Potential topics for negotiation will be identified by the consultants in response to engagement with suppliers during procurement.
17. To enable clarity with regard to the final requirements of the contract, HBC's position with regard to street and beach cleansing, removal of fly-tipping and provision of bulky waste collections will need to be finalised prior to final tenders being invited.
18. The final project timetable for the procurement process is provided as Appendix 5. To enable sufficient time for Suppliers to tender with sufficient due diligence and for the Councils to then comprehensively evaluate tenders, the Official Journal of the European Union (OJEU) notice must be placed in the first week of January 2018.

Final Documents

19. All of the documents being prepared for procurement will be subject to a final legal review and cross-referencing check prior to OJEU. Documents will then be further reviewed to check the items in the pricing schedule and specific service details prior to inviting tenders following SQ stage.

20. Minute JWRC17/11 authorised the Lead Director to take decisions as required to finalise the documents provided such decisions do not have budget or policy implications for the Councils. The SQ, Evaluation of SQ, TEM and SDP requirements in Appendices 1, 2, 3 and 4 are therefore provided as draft form with all primary content included, however minor amendments may be required.

Conclusion

21. The award criteria are essential documents that must be available at OJEU stage. The JWRC is therefore asked to consider and approve the SQ and evaluation criteria (Appendix 1 and Appendix 2) and the SDP requirements and TEM (Appendix 3 and Appendix 4) subject to final amendments.
22. Officers are required to participate during evaluation stages and progress will be reported to the JWRC at key stages during the procurement. Members are asked to note the timetable provided as Appendix 5.

Dr Anthony Leonard
Lead Director

Risk Assessment Statement

The revised timeline proposes the issuing of the OJEU notice the first week in January 2018. Delay in approving the documents for tender will result in delay to the start of the tender process thereby reducing the time available for tender negotiation, evaluation and mobilisation. This would significantly increase the risk of service disruption in 2019.