

## **NORTH LINCOLNSHIRE COUNCIL**

### **WASTE CONTRACTS PROCUREMENT PROJECT**

#### **1. OBJECT AND KEY POINTS IN THIS REPORT**

1.1 The object of this report is to update Cabinet on the progress of the waste procurement project.

1.2 The key points in this report are:

- The council began the project with a contract notice on 19 March 2009. The residual waste was advertised as Lot 1 and the organic waste as Lot 2.
- Formal responses were received from fifteen organisations. Thirteen passed pre-qualification.
- Five submitted proposals for Lot 1 and seven for Lot 2.
- All the organisations underwent rigorous evaluation to decide which should progress to the detailed solution stage.
- The numbers passing the outline solution stage are shown in Table 1.
- The project timetable has been revised to allow more time for the key decisions and to build in scrutiny call in periods

#### **2. BACKGROUND INFORMATION**

2.1 Current contracts let to deliver waste management services for the council are scheduled to terminate by 31 March 2011. The council decided to procure one contract for its recycling services and another for the treatment and disposal of residual and organic wastes. The treatment and disposal contract was advertised first.

2.2 At its meeting of 11 March 2009 Cabinet approved the procurement strategy. A contract notice was duly issued on 19 March 2009 to the European Union and local media. The contract was advertised in two lots – Lot 1 for residual waste and Lot 2 for organic waste.

2.3 Interested parties had until 27 April 2009 to register and submit their completed pre-qualification (PQQ) submission. By the deadline fifteen organisations had applied. Thirteen passed pre-qualification.

- 2.4 Following pre-qualification the council began the competitive dialogue process with potential bidders. This first stage was the Invitation to Submit Outline Solutions or ISOS. This allows the council to meet with bidders to refine and improve their initial proposals. Bidders are able to question the council to better understand our needs and requirements.
- 2.5 Of these thirteen organisations, eight submitted ISOS proposals by the 2 October 2009 deadline. Some organisations made submissions for both lots. These were evaluated in accordance with the published methodology and the results considered by the Project Board.
- 2.6 The Project Board approved the outcome of the evaluation and confirmed the recommendations of the Project Director.
- 2.7 Four organisations for each lot will now be invited to continue dialogue with the council to work up their proposals in greater detail. The next stage is the Invitation to Submit Detailed Solutions or ISDS. It is anticipated that the council will be able to close the ISDS dialogue at the end of February 2010. The remaining bidders will be evaluated and two for each lot will be invited to submit final tenders.
- 2.8 The project team have considered the needs of the competitive dialogue process for the ISDS and final tender stages. Future stages where the council will make key decisions have been reconsidered. All the future decisions will be by the Cabinet Member for Neighbourhood, Environmental and Communities and the final contract award by Cabinet. Allowances have been factored in for scrutiny call in periods after these decisions.

### 3. OPTIONS FOR CONSIDERATION

- 3.1 The ISOS submissions were evaluated against the criteria contained within the published ISOS documentation.
- 3.2 Following completion of the evaluation process the outcome is shown below in Table 1.

**Table 1 – Outcome of ISOS Stage**

Lot	Number of Applicants passing PQQ	Number of ISOS bids received	Number progressing to ISDS
1	1	5	4
2	7	7	4
Both Lots	5	0	Inc above

- 3.3 The council strategy agreed at Cabinet on 11 March 2009 is to invite four bidders for each lot to submit detailed solutions. The Project Board have therefore approved six bidders offering eight solutions to be invited to submit detailed solutions at the next stage.

- 3.4 The ISDS stage commenced on 16 November 2009 and the dialogue is ongoing.
- 3.5 The successful bidders are shown in Appendix A.
- 3.6 The revised timetable for the project is shown at Appendix B.

#### **4. ANALYSIS OF OPTIONS**

- 4.1 The Waste Contracts Project Board is satisfied that the process is being conducted in accordance with the governance arrangements agreed at Cabinet on 11 March 2009.
- 4.2 The Project Board is confident that the project will be able to deliver its objectives before the expiry of the current contracts.

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

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

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

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

## **7. OUTCOMES OF CONSULTATION**

7.1 The evaluation exercise has involved discussions and consultation between the project team, evaluators and external consultants. The outcomes of consultation and evaluation are reflected in the report.

## **8. RECOMMENDATIONS**

8.1 Note the contents of the report.

### **SERVICE DIRECTOR NEIGHBOURHOOD & ENVIRONMENT**

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### **Background Papers used in the preparation of this report -**

Previous Cabinet reports on same subject

**Applicants passing Outline Solution Stage (ISOS) for Waste Services Contracts to provide for the treatment and disposal of municipal waste**

**Lot 1 – Residual Waste**

North Lincs Green Energy  
Orchid Environmental Ltd  
Stereocycle Ltd  
Waste Recycling Group Ltd

**Lot 2 – Organic Waste**

County Mulch Ltd  
Shanks Waste Management Ltd  
Stereocycle Ltd  
Waste Recycling Group Ltd

## Appendix B

### RESIDUAL AND ORGANIC WASTES TREATMENT CONTRACT

ID	Task Name	Indicative Dates
	Industry Open Day	14-Jan-09
1	Issue Contract Notice	19-Mar-09
2	Deadline for return of PQQ	27-Apr-09
3	PQQ evaluation completed	01-Jun-09
4	Shortlist approved - Project Board decision	10-Jun-09
5	Drafting of contract documents	
6	Issue Invitation to Submit Outline Solution (ISOS)	15-Jun-09
7	ISOS Close Date Clarification and Negotiation on ISOS	02-Oct-09
8	ISOS evaluation completed	26-Oct-09
9	Project Board decision – De-selection for ISDS	28-Oct-09
10	Issue Invitation to Submit Detailed Solution (ISDS)	25-Nov-09
11	ISDS Close Date Clarification and Negotiation on ISDS	1-Mar-10 *
12	ISDS evaluation completed - De-selection for Final Tender	25-Mar-10 *
13	Cabinet Member decision implemented - approve bidders for Final Tender	14-Apr- 10 *
14	Close dialogue	14-May-10 *
15	Issue Invitation to Submit Final Tender (ISFT)	21-Jun -10 *
16	ISFT return close	5-Jul-10 *
17	Tender Evaluation	16-Jul-10 *
18	Cabinet Member decision implemented - confer Preferred Bidder status	4-Aug-10 *
19	"Alcatel" Standstill Period concludes Finalise project agreement and financial close	19-Aug-10 * 19-Aug to 22-Nov-10 *
20	Cabinet decision - contract award	Nov / Dec-10 *

**Date of Revision: 30 November 2009**

**\* These dates are indicative due to the Competitive Dialogue process**