

**TELFORD & WREKIN COUNCIL**

**CABINET: 3 OCTOBER 2013**

**WASTE MANAGEMENT SERVICES CONTRACT AWARD**

**REPORT OF THE ASSISTANT DIRECTOR FOR NEIGHBOURHOOD & LEISURE SERVICES**

**LEAD CABINET MEMBERS: CLLR SHAUN DAVIES AND CLLR BILL McCLEMENTS**

**1. SUMMARY OF MAIN PROPOSAL**

- 1.1 Following the formal procurement process to procure waste service management contracts from April 2014, a Preferred Bidder is recommended to deliver the following services:
- April 2014 (Phase 1) – Recycling kerbside collection and management service and residual waste treatment/disposal service.
  - April 2019 (Phase 2) – Green and residual waste collection services, green treatment, and management of Council owned CRCs.
- 1.2 To drive out best value, the Contract Period has been reconfigured slightly into a period of 24 years, with a 1 year option for the Council to extend. This complies with the Contract length of an overall 25 year period as agreed by Cabinet on 31 May 2012 and included thereafter within the Contract Notice (reference 2012/S 212562) which was published in the Official Journal of the European Union (OJEU) on 6 July 2012.
- 1.3 The Phase 1 Services will commence on 1 April 2014 and continue (subject to early termination) for the full 24 years and the Phase 2 Services will commence on 1 April 2019 and continue (subject to early termination) for 19 years (with the result that the whole of the Services are co-terminus).
- 1.4 **The Council received two Bids (from Bidder Y and Bidder Z) in response to its Invitation to Negotiate (ITN) and information contained within the Bids is at this stage commercially sensitive.** Bidder Y has been identified as having submitted the Most Economically Advantageous Tender and accordingly is recommended to be awarded the Contract (subject to the terms of this report). **Bidders have not yet been notified of the outcome of the evaluation as this is subject to Cabinet approving the recommendation.** The outcome of the evaluation is contained within exempt **Appendix 2: Evaluation Outcome (Scores)**
- 1.5 **Appendix1: Evaluation Model** is not exempt and has been published previously, and the Preferred (winning) Bidder's solution (**Bidder Y**) will become public shortly after the Bidders have been notified of the outcome of the evaluation.

**2. RECOMMENDATIONS**

That Cabinet:

- 2.1. On the basis of the evaluation outlined in this report and the outcome within exempt Appendix 2: Evaluation Outcome (Scores):**
- 2.1.1 Confirm the selection of Preferred Bidder Y**
  - 2.1.2 Delegate responsibility to the Assistant Director: Neighbourhood & Leisure Services to notify both Bidders of the outcome of the procurement process and;**

**2.1.3 Subject to 2.2 below, delegate responsibility to the Assistant Director: Neighbourhood & Leisure Services to work with the Preferred Bidder to award the Contract as detailed in this report and in accordance with the reconfigured Contract period detailed in 1.2.**

**2.2. Delegate authority to the Assistant Director: Neighbourhood & Leisure Services in consultation with the Cabinet Member for Neighbourhood Services and Employment and Skills and the Cabinet Member for Finance & Enterprise, to negotiate and finalise contractual terms with the Preferred Bidder.**

**2.3. Delegate authority to the Assistant Director: Law, Democracy and Public Protection to execute any documents necessary to give effect to the above recommendations.**

### **3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to Council priorities?	
	Yes	Delivery of "Clean and Well Maintained Neighbourhood and Streets through a Co-operative Council", working in partnership with local business and the community and promoting recruitment and training for the supplier and associated supply chain. The key themes of the Council's Municipal Waste Management Strategy are to deliver a value for money waste management solution that gives priority to increasing performance to reduce, re-use, and recycle. This in line with the Government's waste management hierarchy. The service quality evaluation criterion includes minimum standards which have to be achieved to ensure that these themes are delivered. Both bids exceeded these minimum standards.
	Will the proposals impact on specific groups of people?	
	Yes	The delivery of the waste management service will have a borough wide impact. As the detail of the future service is mobilised an appropriate equality impact assessment will be undertaken to assess the impact proposals will have on specific groups with regard to the delivery of waste management services.
<b>TARGET COMPLETION/ DELIVERY DATE</b>	If Cabinet confirm the Preferred Bidder then all Bidders will be notified on 14 October 2013. Following notification to Bidders, the announcement of the Preferred Bidder will be made and a focussed programme of information and engagement sessions is expected to be delivered as a priority at the beginning of November 2013. The Contract signature is currently planned for January 2014 with the new Contract going 'live' from April 2014.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The waste management project is a major long-term Contract with very significant financial implications. The Council has therefore undertaken a comprehensive procurement process in order to secure the best value for money for local taxpayers whilst also seeking

		improvements to services. The Bid submitted by the Preferred Bidder is within the affordability limit that had been set by the Council and will therefore be able to deliver all planned savings over the Contract Period. The Bids have been subject to very detailed financial scrutiny by the financial evaluation team (Grant Thornton and in-house staff). The detailed results of this work are commercially sensitive and form part of the exempt appendix to this report.
<b>LEGAL ISSUES</b>	Yes	The Council has a statutory duty to provide a waste collection and waste disposal service and when procuring the service must comply with the Public Procurement Regulations 2006 (as amended) and the Constitution, which it has. If Cabinet confirm the Preferred Bidder then all Bidders will be notified.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	The Contract balances the risks and rewards between the Council and the Contractor in a way that is acceptable to the Council, taking into account constraints on affordability. The Council and its legal advisers have ensured that the procurement has been carried out fully in accordance with legal requirements.
<b>IMPACT ON SPECIFIC WARDS</b>	Yes	The future waste management service will have a borough wide impact and affects every household within the borough. Customer experience, community engagement, health and safety, equalities, and added value have been evaluated and are an integral part of the Council's Service Quality criterion within the <b>Evaluation Model Appendix 1</b> . Communication and engagement with key stakeholders and Scrutiny will be a key element of the Mobilisation Programme to deliver a quality service to the public from April 2014.

#### **4. BACKGROUND INFORMATION**

##### **4.1 Procurement Process with the Market**

- 4.1.1 Following publication of the Contract Notice through OJEU on 6 July 2012, the Council has worked on a procurement process to replace waste management contracts, which begin to expire from April 2014 up until 2019, with a single Contract.
- 4.1.2 Initially, the Contract was divided into Lots (separate contracts) (although the Council reserved at any time to abandon all or any of the Lots at any stage). This was to maximise market interest and competition and included 1 Lot for all services against a combination of 2 Lots (1 for the treatment/disposal of residual and organic waste and 1 for collection, plus all other services).
- 4.1.3 12 companies submitted a completed Pre-Qualification Questionnaire on 1 August 2012 and after 1 company withdrew their interest, 11 companies were formally evaluated against the published Pre-Qualification Evaluation and Scoring Methodology, which weighted Economic and Financial Standing at 20% and Technical Ability at 80%. The evaluation was undertaken by internal finance and technical teams with specialist support from the Council's appointed external legal and finance advisors.

- 4.1.4 Following evaluation of the Pre-Qualification Questionnaire outcome, the Council exercised its right to discontinue with Lots and progress the procurement on the basis of a single Contract for all of the Services. The 4 highest scoring companies were notified on the 6 September 2012 and were each issued with an Invitation to Participate in Dialogue on the 27 October 2012.
- 4.1.5 The Invitation to Participate in Dialogue documents and background information released to the 4 Bidders comprised:
- Invitation to Participate in Dialogue Document
  - Evaluation Model (Council's defined evaluation methodology **Appendix 1**)
  - Service Specification
  - Payment Mechanism
  - Performance Unavailability Framework
  - Contract Conditions
  - Detailed background information about the current service
- 4.1.6 The first Dialogue meeting with each Bidder took place during the first week in November 2012. 1 Bidder formally withdrew from the process on the 9 November 2012
- 4.1.7 The Council requested the 3 remaining Bidders to submit their service proposals for discussion and as part of the Dialogue; Bidders were invited to comment on the Service Specification.
- 4.1.8 The Council received 3 Detailed Solution Bids on the 8 February 2013 which were evaluated by internal finance and technical specialists, together with appointed specialist legal, financial and technical advisors. All 3 Bids were "irregular" and could not be evaluated.
- 4.1.9 Since all 3 Bids were irregular, the Council was unable to shortlist to 2 Bidders as originally planned and instead, following legal advice, converted to the Negotiated Procedure (which is permissible under EU procurement law in such circumstances) and on the 12 March 2013 the Council issued a draft Invitation to Negotiate to all 3 Bidders. Following further discussions with the 3 Bidders, the Council issued a final Invitation to Negotiate to all 3 Bidders on the 18 April 2013.
- 4.1.10 1 of the 3 Bidders formally withdrew from the negotiation process on 20 May 2013 and negotiation continued with the remaining 2 Bidders until 22 July 2013 (after which point Bidders finalised their Bids).
- 4.1.11 The Council received 2 Bids on the 29 July 2013 which have been evaluated against the published Evaluation Model. The evaluation has identified the Most Economically Advantageous Tender and accordingly the highest scoring Bidder is recommended by the Evaluation Team as the Preferred Bidder.

## **4.2 Project Governance**

- 4.2.1 The Waste Management Procurement Project has been sponsored by Assistant Director of Neighbourhood and Leisure Services. The Assistant Director of Finance, Audit and Information Governance and the Assistant Director for Law, Democracy and Public Protection are also members of the Project Steering Group.
- 4.2.2 The Project Steering Group has reported monthly to the Cabinet Lead Member Board which has been led by the Cabinet Member for Neighbourhood Services and Employment and Skills and the Cabinet Member for Finance & Enterprise. The Board has received progress

reports and relevant information at key stages of the procurement to ensure that the Project has been steered to ensure best value and has been delivered to the publicised timescales.

- 4.2.3 In advance of reporting to Cabinet on 31 May 2012, to gain approval to commence the procurement, a Member Information Session was held on 21 May 2012 to provide all Members with an update on the future procurement and the Service Framework.
- 4.2.4 The Assistant Director of Neighbourhood and Leisure Services has engaged regularly with the Housing, Economy and Infrastructure Scrutiny Committee as the procurement has progressed:
- 15 August 2012, the Assistant Director for Neighbourhood and Leisure Services and the Project Manager provided an update and discussed the future Service Framework which would be used to develop the Service Specification and Evaluation Model.
  - 17 September 2012, the Assistant Director for Neighbourhood and Leisure Services and the Project Manager provided an update on the Pre-Qualification process and to discuss service issues to inform the development of documentation needed to procure and evaluate the future service.
  - 5 October 2012, the Project Team led a visit for Members to better understand the recycle separation process associated with a MRF (material recycling facility).
  - 20 December 2012, the Project Team's Waste Specialist held an Information Session on recycle prices.
  - 28 February 2013, the Assistant Director for Neighbourhood and Leisure Services provided an update on the procurement to explain the progress at the Detailed Solution evaluation stage.
  - 18 April 2013, the Cabinet Member for Neighbourhood Services and Employment and Skills and the Assistant Director for Neighbourhood and Leisure Services presented the Option Appraisal (requested by Scrutiny) as to whether the Council should build, own and operate its own transfer station. The Committee concluded that a thorough assessment had been undertaken and that it would not be beneficial for the Council to own and run its own facility.
  - 23 July 2013, the Assistant Director for Neighbourhood and Leisure Services and the Project Manager provided an update and explained the Evaluation process.
- 4.2.5 This is a complex procurement process and external legal, technical and financial advisors have been needed to ensure that the Council's procurement is robust and complies with the relevant legal requirements.
- 4.2.6 The Council's Audit & Information Governance Manager and the Strategic Procurement Manager have closely followed the Project. The Project Manager and Finance Manager (Capital and Infrastructure Services) were interviewed by the Council's external auditors on 22 July 2013 and were satisfied with the Council's governance arrangements.
- 4.2.7 The Project has been run to time, despite the need to accept Bidders' requests for an extension to submit bids to the Council for 3 weeks at the Detailed Solution stage and 1 week at Negotiated Tender stage.

### **4.3 Service Framework**

- 4.3.1 Bidders were asked to develop and submit their service solution to meet a Specification which focussed on a good quality customer experience while giving Bidders scope to develop innovative, cost effective solutions. Bidder's Service proposals were evaluated

against the Service Quality criteria in the Evaluation Model detailed within non exempt **Appendix 1: Evaluation Model**.

- 4.3.2 The scope of Services to be delivered by the proposed **Preferred Bidder Y** is commercially sensitive at this stage as neither Bidder has been notified of the outcome of the evaluation. However, once Bidders have been notified of the outcome of the evaluation, a focussed Information and Engagement Programme with Members and public will be delivered as a priority as part of the future Mobilisation Programme.
- 4.3.3 As detailed within the Waste Procurement Cabinet report of the 31 May 2012, Waste Management Services will be introduced into the new Contract as current contracts expire. This means that Services will be delivered through two Phases as referred to within 1.1.
- 4.3.4 The new Contract will be subject to a robust Performance and Unavailability Framework and will improve the service for householders. Collection days will remain unchanged for the foreseeable future and schools will also be offered the opportunity to buy into the new service.
- 4.3.5 The procurement does not include the operation of the CRC at Granville as this is not a Council owned site and is operated under a separate contract.

#### **4.4 Bid Evaluation**

- 4.4.1 The Evaluation Model was published in advance to Bidders and is set out in non exempt **Appendix 1: Evaluation Model**. A brief summary of the model is included at the first page of this section.
- 4.4.2 Affordability is critical to the Council therefore the evaluation has been based on an initial “pass/fail” of the Council’s Affordability limit of £137.43 million (Net Present Value).
- 4.4.3 The technical scoring criteria focuses heavily on customer experience and service deliverability which has been safeguarded through the Evaluation Model by applying a “Service Quality Minimum Standard”. Failure to meet the Standard, regardless of price, would result in a Bid being rejected e.g. the collection service must at least comply with the Council’s Specification and meet the current level of service.
- 4.4.4 The evaluation criteria are weighted by a percentage score for each criteria listed in **Table 1** below. To carry out a detailed assessment, the Service Quality, Price and Legal and Commercial components have been broken down further into sub-criteria. These sub-criteria have also been weighted. The full Evaluation Model setting out detail of the criteria and weightings to apply and the evaluation methodology is set out in non exempt **Appendix 1: Evaluation Model**.

**Table 1**

<b>Criteria (Level 1)</b>	<b>Weighting Applied</b>
A. Service Quality	45%
B. Price	45%
C. Legal and Commercial	10%
<b>Total</b>	<b>100%</b>

- 4.4.5 The Evaluation Model then provides for all scores to be added together in accordance with their weightings, with the total weighted scores for each Bid comparatively ranked. The

highest scoring Bid represents the Most Economically Advantageous Tender which is **Bidder Y**. The outcome of the evaluation is detailed in exempt **Appendix 2: Evaluation Outcome (Scores)**.

4.4.6 Exempt background evaluation reports have been compiled by specialist advisors.

## **5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

- 5.1 The Council has worked closely with Bidders to agree commercial risks and rewards that are acceptable to the Council.
- 5.2 The Council set out within the Evaluation Model its commitment to a clear, transparent and fair procurement process which is entirely in keeping with the Public Contracts Regulations 2006 as amended (the 2006 Regulations) and the EU Directives from which they derive.
- 5.3 Pursuant to Regulation 30(1) (a) of the 2006 Regulations, the Council also stated its intention to award the Contract on the basis of the Most Economically Advantageous Tender, provided the Bid meets the Compliance Requirements (i.e. is within the Affordability Limit and meets the Service Quality Minimum Standard).
- 5.4 Subject to Cabinet approval, both Bidders are to be notified of the outcome of the Evaluation and work will commence with the winning (Preferred) Bidder to finalise and award the new Contract. This work is estimated to take place over a two month period from the time the Bidders are notified.

## **6 PREVIOUS MINUTES**

- 6.1 23 February 2012 Cabinet.
- 6.2 31 May 2012 Cabinet.

## **7 BACKGROUND PAPERS**

- 7.1 Public Contracts Regulations 2006 as amended (the 2006 Regulations) and the EU Directives from which they derive.
- 7.2 Record of the Market Sounding Event held by the Council with 15 companies on 22 and 23 March 2012.

**Report prepared by Debbie Germany, Project Manager and Service Delivery Manager for Waste and Neighbourhood Services Performance Management. Telephone: 01952 384065**

**APPENDIX 1 (NON COMMERICALLY SENSITIVE)**

**EVALUATION MODEL**

“Pass/Fail” Affordability of £137.43 million (net present value) before Bids scored as summarised in the table below:

	A) Service Quality	45%
A1	Performance	10%
A2	*Customer Experience – Collection	20%
A3	Customer Experience CRCs	10%
A4	*Deliverability – Recycling Services and Organic Waste Management	15%
A5	*Deliverability – Residual Waste Management Services	15%
A6	*Environment, Health, Safety, Welfare and Quality	5%
A7	* Service Management	15%
A8	*Innovation and Added Value	10%
	*Must meet a satisfactory score “Service Minimum Quality Standard”, otherwise Bid is rejected...	
	B) Price	45%
B1	Cost	60%
B2	Cost Profile – Element 1 (Gradually increasing payment profile to provide price certainty and aid budgeting)	10%
B3	Cost Profile – Element 2 (Minimised pressure on actual Council’s budget in the first 6 years)	15%
B4	Sensitivity Testing under Different Assumptions (Price robustness – a bid that can withstand macro-economic assumptions e.g. tonnage changes)	15%
	C) Legal and Commercial	10%
C1	Financial Robustness (Bid price certainty)	20%
C2	Contract Structure, Collateral Warranties and Guarantees	20%
C3	Amendments to Legal Suite	20%
C4	Amendments to Payment Mechanism	40%

# **Telford & Wrekin Council Waste Management Services Contract**

## **Appendix 1: Evaluation Model**

**ITN Version 3  
18 July 2013**

## **1. Introduction - Evaluation Criteria and Evaluation Methodology**

- 1.1 The Council is committed to a clear, transparent and fair procurement process entirely in keeping with the Public Contracts Regulations 2006 as amended (the 2006 Regulations) and the EU Directives from which they derive. Accordingly, the Evaluation Criteria and Evaluation Methodology are set out in detail in this Evaluation Model.
- 1.2 Pursuant to Regulation 30(1)(a) of the 2006 Regulations, the Council intends to award the Contract on the basis of the most economically advantageous tender, provided that Bid meets the Compliance Criteria, is within the Affordability Limit and meets the Service Quality Minimum Standard.
- 1.3 In accordance with Regulation 30(3) of the 2006 Regulations, the Evaluation Criteria to be applied to determine the most economically advantageous tender together with the weightings to be applied to those Evaluation Criteria at ITN stage are set out in Tables 1 (Tier 1 Criteria) and 2 (Tier 2 Sub-Criteria) below. The Council has also set criteria to apply in order for the Council to determine whether a Whole System Cost Adjustment will be applied to reflect the closure by the Council of the Granville CRC (“the Granville CRC Adjustment Criteria”). These are not Evaluation Criteria as such and are not weighted; they are simply a set of requirements that must all be met in order for the Bid to benefit from a Whole System Cost Adjustment representing the savings to be made by the Council in closing the Granville CRC (please see Table B1 (Whole System Cost Adjustment) below for further details).
- 1.4 If any further stages are introduced into the process (for example, a Best and Final Offer (BAFO) stage), the Council will advise Bidders of the weightings to be applied at those stage(s) in advance of submission of Bids.
- 1.5 The Evaluation Criteria have been set and weighted at tier 1 and tier 2 levels. Subject to paragraph 1.3 above (in relation to the Granville CRC Adjustment Criteria), the Council will not apply any further Sub-Criteria when evaluating Bids at ITN stage. If any further stages are introduced into the process the Council reserves the right to further unpack Tier 2 Sub-Criteria into tier 3 Sub-Criteria and/or to augment Tier 2 Sub-Criteria. Given the complexity of the process and the different issues to be explored and negotiated, the Council will do so if it reasonably considers that this will assist Bidders to develop their Bids and progress issues.
- 1.6 The principle objective of evaluation of Bids at ITN stage is to enable the Council to appoint a Preferred Bidder. The Council’s position however is reserved and following evaluation of Bids it may, at its absolute discretion, instead continue in negotiation with both Bidders and invite BAFOs from both Bidders.
- 1.7 Before a Bid can be evaluated it must meet the Submission Requirements set out at paragraph 5 (Compliance and Initial Assessment) below.

## **2. Evaluation Team and Decision Makers**

- 2.1 The Council’s evaluation team comprises the following evaluation sub-teams which will include Council officers and the Council’s external advisors:
  - 2.1.1 Technical : the technical sub-team will lead on the evaluation of Service Quality (Tier 1 Criterion A) and will be supported by Envalue Solutions;
  - 2.1.2 Financial – the financial sub-team will lead on the evaluation of:
    - 2.1.2.1 Price (Tier 1 Criterion B);
    - 2.1.2.2 Financial Robustness (Tier 2 Sub-Criterion C1);
    - 2.1.2.3 Contract Structure, Collateral Warranties and Guarantees (Tier 2 Sub-Criterion C2); and

2.1.2.4 Acceptability of amendments proposed to Payment Mechanism (Tier 2 Sub-Criterion C4)

and will be supported by Grant Thornton;

2.1.3 Legal – the legal sub-team will:

2.1.3.1 lead on the evaluation of Amendments to Legal Suite (Tier 2 Sub-Criterion C3);

2.1.3.2 support the evaluation of:

2.1.3.2.1 Contract Structure, Collateral Warranties and Guarantees (Tier 2 Sub-Criterion C2); and

2.1.3.2.2 Deliverability – Recycling Services and Organic Waste Management Services (Tier 2 Sub-Criteria A4);

2.1.3.2.3 Deliverability – Residual Waste Management Services (Tier 2 Sub-Criterion A5)

and will be supported by Sharpe Pritchard.

2.2 The evaluation sub-teams will follow the evaluation methodology set out in this Evaluation Model.

2.3 Having evaluated the relevant sections of the Bids to arrive at a weighted score for the particular Evaluation Criteria being assessed by the sub-teams, the scores will be added together to arrive at a single score for each Bid.

2.4 Appointment of Preferred Bidder will be a decision of Cabinet. The evaluation team will make its recommendation to Project Board who will in turn make its recommendation to Cabinet. In reaching its decision Cabinet will consider the recommendations of the evaluation team and Project Board.

2.5 If following evaluation of Bids the Council decides to continue in negotiation with both Bidders, that decision will be the responsibility of the Cabinet Member Project Board who will make its decision following consideration of the recommendation of the evaluation team.

### 3 Presentations and Site Visits

3.1 Bidders may from time to time be invited to make presentations to the Council. This is to inform the Council and to assist its understanding and appreciation of Bids. Bidders' performance at any presentations will not form part of the Council's evaluation and will not be scored.

### 4 Evaluation Criteria and Weightings

4.1 The Council has set three Tier 1 Criteria which are weighted as follows:

**Table 1: Tier 1 Criteria**

Tier 1 Criteria	Weighting to apply at ITN stage
(A) Service Quality	45%
(B) Price	45%
(C) Legal and Commercial	10%
Total	100%

4.2 The Tier 1 Criteria have been unpacked into Tier 2 Sub-Criteria which are weighted as follows:

**Table 2: Tier 2 Sub-Criteria**

<b>Tier 1 Criteria</b>	<b>Tier 2 Sub-Criteria</b>	<b>Weighting to apply at ITN stage</b>
(A) Service Quality		45%
	(A1) Performance	10%
	(A2) Customer Experience – Collection	20%
	(A3) Customer Experience CRCs	10%
	(A4) Deliverability – Recycling Services and Organic Waste Management	15%
	(A5) Deliverability – Residual Waste Management Services	15%
	(A6) Environment, Health, Safety, Welfare and Quality	5%
	(A7) Service Management	15%
	(A8) Innovation and Added Value	10%
(B) Price		45%
	(B1) Cost	60%
	(B2) Cost Profile – Element 1	10%
	(B2) Cost Profile – Element 2	15%
	(B3) Sensitivity Testing under Different Assumptions	15%
(C) Legal and Commercial		10%
	(C1) Financial Robustness	20%
	(C2) Contract Structure, Collateral Warranties and Guarantees	20%
	(C3) Amendments to Legal Suite	20%
	(C4) Amendments to Payment Mechanism	40%

- 4.3 The Council has provided guidance to Bidders at paragraphs 7, 8 and 9 below for each of the Tier 2 Sub-Criteria to enable Bidders to determine even more clearly how the Evaluation Criteria will be assessed. This information is guidance only as to how the information submitted by Bidders will be evaluated and not sub-criteria to any Tier 2 Sub-Criterion and accordingly it is not weighted or ranked. For example, due to the integrated nature of the Services, for certain Service Quality Sub-Criteria, the guidance to Bidders at paragraph 7 refers to a number of Method Statements that will be evaluated; these relevant Method Statements will be assessed together and will inform the overall score allocated to the relevant Tier 2 Sub-Criteria.
- 4.4 The evaluation team will decide if it is appropriate to seek clarification of Bids and may at its discretion request further information from Bidders in order to understand the nature of what is proposed and to enable the Council to complete its evaluation of Bids. Bidders should note that a request for clarification by the Council is not an opportunity for a Bidder to alter its Bid. The Council will ask for a response within a reasonable period of time dependent on the nature of the clarification question and Bidders are required to comply with that deadline set.
- 4.5 With the exception of Financial Sub-Criterion B1 (Cost) (which shall be scored on the basis set out in paragraph 8 below (Cost), the Council will award a score as described in the relevant Scoring Tables for each Evaluation Criterion.
- 4.6 The Scoring Tables to apply are not all identical and have been calibrated to fit the particular Evaluation Sub-Criterion being assessed. Some of the Scoring Tables have a range of 0 – 5 available marks and others have a range of 0 – 10 available marks; one Scoring Table (B3 Cost Profile – Element 2) has a range of 4 – 8 available marks. All of the Scoring Tables are set out paragraphs 7, 8 and 9 below.
- 4.7 Half marks are available to be used where the scoring tables are 0 – 5.
- 4.8 Affordability is critical to the Council and it has set out its Affordability Limit at paragraph 8.4 below. Bids that exceed the Council's Affordability Limit will be rejected.

## **5 Initial Assessment, Submission Requirements and Compliance Requirements**

- 5.1 The ITPD is applied to this procurement using the Negotiated Procedure by paragraph 2.2 of the ITN so that as stated at paragraph 14.2 (Variant Bids) of the ITPD, Bidders may submit only one (1) Bid which must meet the requirements of the ITPD, as applied by the ITN. Variant Bids may not be submitted at this stage.
- 5.2 Submission Requirements**
- 5.2.1 Bids will first be subject to an initial assessment to determine completeness and compliance with the Submission Requirements set out at Table 3 (Submission Requirements) below and to identify significant initial points of clarification.
- 5.2.2 At ITN stage, only the Submission Requirements 1 – 5 shall apply. Bidders should note however that if any further stages are introduced Submission Requirement 6 shall apply and it will also be a Submission Requirement that Bidders submit a Bid that reflects the negotiation to date and does not step back or renege from the Bid as progressed in negotiation.
- 5.2.3 Where Bids are not substantially complete and/or are inconsistent or where vague or ambiguous information is presented, one of the following courses of action (which are not necessarily mutually exclusive) will be take:

- 5.2.3.1 information presented will be analysed and, where necessary, specific clarification sought from the Bidder; and/or
  - 5.2.3.2 the Council may not consider the Bid at this stage of the evaluation; and/or
  - 5.2.3.3 the Council may reject the Bid if the omissions, inconsistencies, vagaries or ambiguities are substantial and material.
- 5.2.4 Bidders should note that the Submission Requirements are pass/fail and the Council reserves the right not to consider Bids and/or not to short-list and/or reserves the right to discontinue negotiations with any Bidder(s) who fails to comply with the Submission Requirements at any stage (whether identified during the initial assessment or at any other time) regardless of its overall score and ranking.
- 5.2.5 As part of the initial assessment, Bidders must confirm that their circumstances, including economic and financial standing and technical capacity and ability have not materially changed detrimentally since the submission of their PQQs in the discontinued Competitive Dialogue procedure. Although generally these are matters for PQQ and will not be revisited during evaluation of the Bids (since they were satisfied at PQQ stage), the Council reserves the right to consider these issues if there are material detrimental changes at any time during the procurement (whether identified during the initial assessment or at any other time).

**Table 3: Submission Requirements**

<b>Submission Requirements</b>	<b>Explanation</b>	<b>Evaluation</b>
1. Compliant and bona fide Bid	Bids will be checked to ensure that there is no material breach of ITN requirements, no collusion or corruption and no anti-competitive behaviour and that the Mandatory Requirements have been complied with (in so far as they can be determined on initial assessment)	Pass/fail
2. Completeness of information	Bids must include all information requested in the ITN and provide fully developed Bids in accordance with the ITN Requirements	Pass/fail
3. Legality	Bids must have no legal impediments; Bids and proposed contractual arrangements must be lawful and intra vires the Council and the Bidder	Pass/fail
4. Form of Covering Letter/Bid Forms	Form of Covering Letter/Bid Forms must be signed at director level to demonstrate board support for the Bid. In the case of a consortium or grouping these must be signed at director level by each member of the consortium or group	Pass/fail
5. No material detrimental change since PQQ	Bidders must confirm that there has been no material detrimental change in their economic and financial standing and/or technical ability and capacity since submission of PQQs in the discontinued Competitive Dialogue	Pass/fail
<b>6. No material or substantial changes</b>	<b>Where the Council introduces a further stage(s) into the process, Bids must reflect the negotiation to date and must not step back or</b>	<b>n/a ITN Bids</b>

	<b>renege from the Bid as submitted at ITN and progressed in negotiations</b>	
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5.2.6 Bids which meet the Submission Requirements will then be evaluated pursuant to the Evaluation Methodology set out in this Evaluation Model.

### 5.3 Compliance Requirements

5.3.1 In addition to meeting the Submission Requirements, Bids must also:

5.3.1.1 be within the Council’s Affordability Limit (see paragraph 8.4 below); and

5.3.1.2 meet the Council’s Service Quality Minimum Standard (see paragraph 7.2 below)

5.3.1.3 meet the Mandatory Requirements,

(together the “Compliance Requirements”).

5.3.2 Evaluation of Bids against the Compliance Requirements may take longer than checking the Submission Requirements because it will involve a more detailed assessment of Bids. Accordingly, in the interests of expediency unless it is clearly obvious that the Bid does not meet the Compliance Requirements, it is likely that the evaluation team will commence evaluation of all Bids that meet the Submission Requirements. Where, however, the evaluation process demonstrates at any point during the procurement that a Bid fails to meet the Compliance Requirements that Bid will (following clarification if necessary) be rejected.

## 6 Evaluation of Bids

6.1 Bids will be assessed against each of the Tier 1 Criteria and Tier 2 Sub-Criteria set out in Tables 1 (Tier 1 Criteria) and 2 (Tier 2 Sub-Criteria) and scored in accordance with the Evaluation Methodology set out in paragraphs 7, 8 and 9 below.

6.2 Scores awarded for each Tier 2 Sub-Criteria will then be weighted and added together to provide a score for each relevant Tier 1 Criterion.

6.3 The scores for each Tier 1 Criterion will then be weighted in accordance with Table 1 (Tier 1 Criteria) and added together to arrive at a total weighted score for each Bid.

6.4 The total weighted score for each Bid will then be comparatively ranked and the Bidder with the highest ranking Bid will be recommended for the next stage of the procurement (i.e. to be appointed Preferred Bidder).

6.5 Bids will be rejected (following clarification if necessary) at any point during the evaluation where a Bid fails to meet the Compliance Requirements.

6.6 Whilst the Council has taken care to identify which aspects of Bidders’ Bids are relevant to each Evaluation Criteria (and Sub-Criteria), in a Project as inter-related technically, legally, financially and commercially as this, it may be the case that a position reflected in one aspect of a Bidders’ Bid may not be reflective of related provisions elsewhere in the Bid. For example, a Bidder may accept composition risk in the Conditions of Contract, but propose a waste acceptance protocol in the Service Delivery Plan that attempts to alter that risk. The Council therefore reserves the right to look across the Bids to ensure that positions are consistent throughout. Where there are any ambiguities or inconsistencies the Council may clarify and reserves the right to take into account on evaluation relevant information presented in a different part of a Bid to that which it is anticipated in paragraphs 7 – 9 below and/or in response to a clarification question. There will not however be any double counting of matters, this is simply a due diligence exercise.

**7 Tier 1 Criterion: Service Quality (A)**

- 7.1 Bids will be assessed against the Tier 1 Service Quality Criterion A which will be evaluated using the methodology set out in this paragraph 7 in respect of each of the relevant Tier 2 Sub-Criterion. The scores for each relevant Tier 2 Sub-Criterion will then be weighted using the relevant Tier 2 Sub-Criterion weightings set out in the relevant Scoring Tables below.
- 7.2 A score of less than 40% of the available marks in respect of any Service Quality Tier 2 Sub-Criterion other than A1 Tier 2 Sub-Criterion (Performance) and A3 Tier 2 Sub-Criterion (Customer Services – CRCs) (the “Service Quality Minimum Standard”) shall result in a Bidder being rejected.
- 7.3 Scores between 0 and 5 will be awarded in respect of each Service Quality Tier 2 Sub-Criterion. Where a particular Bid has attributes which fall between the typical characteristics described in the relevant tables below, half marks may be awarded.
- 7.4 At this ITN stage, Bidders will not be scored down in respect of information deficiencies to the extent that the information is not required to be provided (the level of detail required at ITN stage is set out in the document “ITN Technical Submission Requirements version 2” issued to Bidders with this updated ITN version 3 Evaluation Model).
- 7.5 Certain of the Tier 2 Service Quality Sub-Criteria have a Scoring Table that relates to the level of service provided under the Existing Contracts. Factual information regarding the levels of service referred to in those Sub-Criteria upon which the evaluation will be based is set out in the Background Information in the Data Room (the “Current Service Documents”). Bidders should refer to the Current Service Documents when preparing their Bids and considering the Evaluation Model. References in the Scoring Tables to:
  - 7.5.1 Current Collection Service means the Collection services as set out in the Current Service Documents; and
  - 7.5.2 Current CRC Services means the CRC services as set out in the Current Service Documents.

**A1: Performance (10%)**

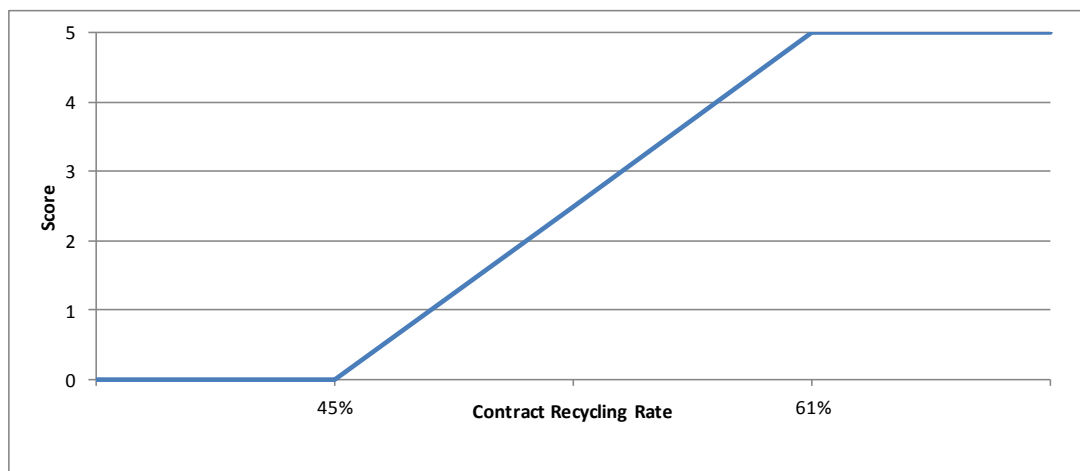
- 7.6 The evaluation of the ‘Performance’ Tier 2 Sub-Criterion will be based on the Bidder’s guaranteed Contract Recycling Target. The Bid will be scored on the basis set out in Scoring Table A1 below.

**Scoring Table A1: Performance**

Score	Term	Typical Characteristics
0	Unacceptable	The average (mean) of guaranteed Contract Recycling Rates in each of the seven (7) Contract Years between 2014/15 and 2020/21 inclusive is less than or equal to 45%
Scores between 0 and 5 will be allocated on a pro-rated basis whereby: <ul style="list-style-type: none"> <li>• a demonstrated average (mean) of guaranteed Contract Recycling Rates in each of the seven (7) Contract Years between 2014/15 and 2020/21 inclusive of 45% would score zero (as set out above); and</li> <li>• a demonstrated average (mean) of guaranteed Contract Recycling Rates in each of the seven (7) Contract Years between 2014/15 and 2020/21 inclusive of 61% would score five (as set out below); and</li> </ul>		

Score	Term	Typical Characteristics
		<ul style="list-style-type: none"> <li>a demonstrated average (mean) of guaranteed Contract Recycling Rates in each of the seven (7) Contract Years between 2014/15 and 2020/21 inclusive of between 45% and 61% would result in a score of between nought and five which will be calculated on a linear basis, as set out in Figure A1 below.</li> </ul>
5	Outstanding	The information submitted has demonstrated that the average (mean) of guaranteed Contract Recycling Rates in respect of each of the seven (7) Contract Years between 2014/15 and 2020/21 inclusive will be greater than or equal to 61%

**Figure A1: Graph showing how Contract Recycling Rate relates to score**



7.7 The evaluation will be based solely on the bid back Contract Recycling Rates in each of the relevant Contract Years included in Bid Form T3 (Contract Recycling Rate and Contract Diversion Rate).

**A2: Customer Experience – Collection (20%)**

7.8 The ‘Customer Experience – Collection’ criterion will be evaluated based on the extent to which the Bid demonstrates that the Collection Services will achieve a positive impact on Customers. The Bid will be scored on the basis set out in Scoring Table A2 below.

**Scoring Table A2: Customer Experience - Collection**

Score	Term	Typical Characteristics
0	Unacceptable	Relevant information is omitted and/or raises fundamental concerns regarding the Customer experience of Collection Services such that the Bid would deliver a standard of service that is less than the Current Collection Service in most (or all) areas.
1	Poor	The information submitted provides inadequate evidence that the Bid would be able to deliver a standard of Customer experience which is the equivalent to that associated with the Current Collection Services because although a number of areas do meet the standard in the Current Collection

Score	Term	Typical Characteristics
		Service, it is deficient in one or more areas.
2	Satisfactory	The information submitted provides adequate evidence that the Bid would be able to deliver an equivalent standard of Customer experience to that associated with the Current Collection Services.
3	Good	The information submitted provides good evidence that the Bid would be able to deliver an experience for Customers which exceeds that associated with the Current Collection Services but there are some concerns and/or information deficiencies in relation to some of those areas which exceed the Current Collection Services.
4	Very Good	The information submitted provides strong evidence that the Bid in respect of the Collection Services would be able to deliver a very good experience for Customers which exceeds the Current Collection Services in many areas with only minor concerns and/or information deficiencies in relation to some of those areas which exceed the Current Collection Services.
5	Outstanding	The information submitted provides excellent evidence that the Bid in respect of the Collection Services would be able to deliver an excellent experience for Customers which far exceeds the Current Collection Services in a significant number of areas with no concerns and/or information deficiencies.

7.9 The evaluation will be based solely on those elements of the Bids identified in the document “ITN Bid Requirements version 2”, Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.10 The evaluation will consider:

7.10.1 ease of use of Collection systems;

7.10.2 approach to Assisted Collections and Bulky Collections;

7.10.3 the robustness of proposed contingency arrangements;

7.10.4 approach to dealing with Customer queries and response to complaints and enquiries; and/or

7.10.5 how the Bidder proposes to address feedback from the Customer satisfaction surveys.

**A3: Customer Experience – CRCs (10%)**

7.11 The ‘Customer Experience – CRC’ criterion will be evaluated based on the extent to which the submission demonstrates that the CRC Services will achieve a positive impact on Customers. The Bid will be scored on the basis set out in Scoring Table A3 below.

**Scoring Table A3: Customer Experience - CRCs**

Score	Term	Typical Characteristics
0	Unacceptable	Relevant information is omitted and/or raises fundamental concerns regarding the Customer experience of CRC Services such that the Bid would deliver a standard of service that is less than the Current CRC Service in most (or all) areas.
1	Poor	The information submitted provides inadequate evidence that the Bid would be able to deliver a standard of Customer experience which is the equivalent to that associated with the Current CRC Services because although a number of areas do meet the standard in the Current CRC Service, it is deficient in one or more areas.
2	Satisfactory	The information submitted provides adequate evidence that the Bid would be able to deliver an equivalent standard of Customer experience to that associated with the Current CRC Services.
3	Good	The information submitted provides good evidence that the Bid would be able to deliver an experience for Customers which exceeds that associated with the Current CRC Services but there are some concerns and/or information deficiencies in relation to some of those areas which exceed the Current CRC Services.
4	Very Good	The information submitted provides strong evidence that the Bid in respect of the CRC Services would be able to deliver a very good experience for Customers which exceeds the Current CRC Services in many areas with only minor concerns and/or information deficiencies in relation to some of those areas which exceed the Current CRC Services.
5	Outstanding	The information submitted provides excellent evidence that the Bid in respect of the CRC Services would be able to deliver an excellent experience for Customers which far exceeds the Current CRC Services in a significant number of areas with no concerns and/or information deficiencies.

7.12 The evaluation will be based solely on those elements of the Bids identified in the document “ITN Bid Requirements version 2”, Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.13 The evaluation will consider:

7.13.1 the proposed availability and reliability of the proposed Services at each CRC;

7.13.2 the extent to which the layout of the CRCs and ease of Customer access around each CRC (including signage and queuing) is demonstrated to minimise waiting times and deliver the specified CRC Services;

7.13.3 the provision of and diversity of materials collected at each CRC;

7.13.4 the extent to which the proposals regarding cleanliness and graffiti management at the CRCs are demonstrated to deliver the specified services;

- 7.13.5 the extent to which the proposals demonstrate how any Customer care procedures will be implemented at the CRCs (including but not limited to the extent of assistance and advice from CRC staff);
- 7.13.6 how the Bidder proposes to address feedback from the Customer satisfaction surveys; and
- 7.13.7 the demonstrated effectiveness of Re-use schemes; and/or
- 7.13.8 the robustness of proposed contingency arrangements.

**A4: Deliverability – Recycling Services and Organic Waste Management Services (15%)**

7.14 The ‘Deliverability – Recycling Services and Organic Waste Management Services’ criterion will be evaluated based on the extent to which the submission demonstrates the deliverability of the Services, including any proposed Facilities and Equipment, supply chain, Collection, transfer and haulage arrangements associated with Re-use and the management of Recyclate and Organic Waste to meet the Contract Recycling Target proposed by the Bidder. The Bid will be scored on the basis set out in Scoring Table A4 below.

**Scoring Table A4: Deliverability – Recycling Services and Organic Waste Management Services**

Score	Term	Typical Characteristics
0	Unacceptable	Relevant information is omitted and/or raises fundamental concerns regarding the ability to deliver Collection Services, CRC Services, Re-use and Recycling Services and/or Organic Waste Treatment Services (including associated transport/transfer arrangements) which together achieve the Contract Recycling Target proposed by the Bidder.
1	Poor	The information submitted provides inadequate evidence of the ability to deliver Collection Services, CRC Services, Re-use and Recycling Services and/or Organic Waste Treatment Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which together achieve the Contract Recycling Target proposed by the Bidder.
2	Satisfactory	The information submitted provides adequate evidence of the ability to deliver Collection Services, CRC Services, Re-use and Recycling Services and/or Organic Waste Treatment Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which together achieve the Contract Recycling Target proposed by the Bidder with some concerns and/or information deficiencies around some of the evidence.
3	Good	The information submitted provides good evidence of the ability to deliver Collection Services, CRC Services, Re-use and Recycling Services and/or Organic Waste Treatment Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which together achieve the Contract Recycling Target proposed by the Bidder with only minor concerns and/or information deficiencies around some of the evidence.

Score	Term	Typical Characteristics
4	Very Good	The information submitted provides strong evidence of the ability to deliver Collection Services, CRC Services, Re-use and Recycling Services and/or Organic Waste Treatment Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which together achieve the Contract Recycling Target proposed by the Bidder with no material concerns and/or information deficiencies.
5	Outstanding	The information submitted provides excellent and comprehensive evidence of the ability to deliver Collection Services, CRC Services, Re-use and Recycling Services and/or Organic Waste Treatment Services (including associated transport/transfer arrangements) which together significantly exceed the Contract Recycling Target proposed by the Bidder with no concerns and/or information deficiencies.

7.15 The evaluation will be based solely on those elements of the Bids identified in the document “ITN Bid Requirements version 2”, Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.16 The evaluation will consider:

7.16.1 evidence provided which demonstrates that the Collection Services and CRC Services will segregate sufficient quantities of Recyclables and/or Organic Waste to achieve the bid back Contract Recycling Target including:

7.16.1.1 the range of Recyclables being collected;

7.16.1.2 the availability/capacity of Receptacles and and/or Collection vehicles;

7.16.1.3 evidence provided by the Bidder to demonstrate the achievability of assumed levels of participation and/or capture rates; and/or

7.16.1.4 the extent to which the Community Engagement and Education Plan includes provisions to engage with every Customer to participate in the segregation of Contract Waste for Re-use, Recycling, Composting and/or Digestion;

7.16.2 arrangements for the bulking and haulage of Recyclate and Organic Waste;

7.16.3 capacity in the relevant Facilities;

7.16.4 the operational status of the relevant Facilities (including the extent to which the development of such Facilities is dependent on receiving Waste from other projects/contracts which have not yet been secured);

7.16.5 the capacity and sustainability of reprocessors and/or end markets for recyclables, organic and residual wastes;

7.16.6 integration of the relevant Services (from Collection through to Treatment/processing and ultimate end-markets);

7.16.7 security and capacity of supply chain arrangements (including end markets);

7.16.8 Service continuity proposals;

7.16.9 status of Consents (e.g. planning permission and environmental permit) for proposed infrastructure;

- 7.16.10 status of funding for proposed infrastructure;
- 7.16.11 efficacy of technology; and/or
- 7.16.12 security of the proposed Site(s).

**A5: Deliverability – Residual Waste Management Services (15%)**

7.17 The ‘Deliverability – Residual Waste Management Services’ criterion will be evaluated based on the extent to which the submission demonstrates the deliverability of the proposed Facilities and Equipment, supply chain, transfer and haulage arrangements associated with the management of Residual Waste to meet the bid back Contract Diversion Target and/or the BMW Diversion Target to the extent that their delivery is dependent on Residual Waste Management Services). The Bid will be scored on the basis set out in table A5 below.

**Scoring Table A5: Deliverability – Residual Waste Management Services**

Score	Term	Typical Characteristics
0	Unacceptable	Relevant information is omitted and/or raises fundamental concerns regarding the ability to deliver Residual Waste Management Services (including associated transport/transfer arrangements) which provide for the secure Treatment/disposal of Residual Waste and achieve the Contract Diversion Target proposed by the Bidder.
1	Poor	The information submitted provides inadequate evidence of the ability to deliver Residual Waste Management Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which provide for the secure Treatment/disposal of Residual Waste and achieve the Contract Diversion Target proposed by the Bidder.
2	Satisfactory	The information submitted provides adequate evidence of the ability to deliver Residual Waste Management Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which provide for the secure Treatment/disposal of Residual Waste and achieve the Contract Diversion Target proposed by the Bidder with some concerns and/or information deficiencies around some of the evidence.
3	Good	The information submitted provides good evidence of the ability to deliver Residual Waste Management Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which provide for the secure Treatment/disposal of Residual Waste and achieve the Contract Diversion Target proposed by the Bidder with only minor concerns and/or information deficiencies around some of the evidence.
4	Very Good	The information submitted provides strong evidence of the ability to deliver Residual Waste Management Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which provide for the secure Treatment/disposal of Residual Waste and achieve the Contract Diversion Target proposed by the Bidder.

Score	Term	Typical Characteristics
		Bidder with no material concerns and/or information deficiencies.
5	Outstanding	The information submitted provides excellent and comprehensive evidence of the ability to deliver Residual Waste Management Services (including associated transport/transfer arrangements and taking into account Service continuity proposals) which provide for the secure Treatment/disposal of Residual Waste and exceed the Contract Diversion Target proposed by the Bidder with no concerns and/or information deficiencies.

7.18 The evaluation will be based solely on those elements of the Bids identified in the document “ITN Bid Requirements version 2”, Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.19 The evaluation will consider:

7.19.1 Service continuity arrangements;

7.19.2 status of Consents (e.g. planning permission and environmental permit);

7.19.3 capacity in the relevant Facilities;

7.19.4 the operational status of the relevant Facilities (including the extent to which the development of such Facilities is dependent on receiving Waste from other projects/contracts which have not yet been secured);

7.19.5 status of funding for proposed infrastructure;

7.19.6 efficacy of technology; and/or

7.19.7 security of the proposed Site(s).

**A6: Environment, Health, Safety, Welfare and Quality (5%)**

7.20 The ‘Environment, Health, Safety, Welfare and Quality’ criterion will be evaluated based on the extent to which the submission demonstrates that the Bid will deliver comprehensive and high quality environmental, health, safety, welfare and quality management associated with the Services. The Bid will be scored on the basis set out in Scoring Table A6 below.

**Scoring Table A6: Environment, Health, Safety, Welfare and Quality**

Score	Term	Typical Characteristics
0	Unacceptable	Relevant information is omitted and/or raises fundamental concerns regarding the efficacy of environmental, health, safety, welfare and quality management proposals.
1	Poor	The information submitted provides inadequate evidence in respect of environmental, health, safety and welfare and quality management in achieving regulatory requirements and the requirements of the Specification.
2	Satisfactory	The information submitted provides adequate evidence in respect of environmental, health, safety, welfare and quality management in achieving regulatory requirements and the requirements of the Specification with some concerns and/or

Score	Term	Typical Characteristics
		information deficiencies around some of the evidence.
3	Good	The information submitted provides good evidence in respect of environmental, health, safety, welfare and quality management proposals in achieving regulatory requirements and the requirements of the Specification with only minor concerns and/or information deficiencies around some of the evidence.
4	Very Good	The information submitted provides strong evidence in respect of environmental, health, safety, welfare and quality management proposals in achieving regulatory requirements and the requirements of the Specification with no material concerns and/or information deficiencies.
5	Outstanding	The information submitted provides excellent and comprehensive evidence in respect of environmental, health, safety, welfare and quality management proposals in exceeding regulatory requirements and the requirements of the Specification with no concerns and/or information deficiencies.

7.21 The evaluation will be based solely on the following components of the Bids:

7.21.1 Health, Safety and Welfare Plan (ref: MS 11);

7.21.2 Environment and Quality Management Plan (ref: MS 15); and

7.21.3 associated supporting documentation identified in the document "ITN Bid Requirements version 2", Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.22 The evaluation will consider:

7.22.1 the environmental impact of operations;

7.22.2 the efficacy of the Health, Safety and Welfare Plan in delivering safe working practices;

7.22.3 the efficacy of the Environment and Quality Plan in managing and improving environmental performance;

7.22.4 the efficacy of the Environment and Quality Plan in delivering Works and Services of a consistent and improving quality;

7.22.5 the extent of green procurement proposals; and/or

7.22.6 sustainable construction and operating methods.

**A7: Service Management (15%)**

7.23 The 'Service Management' criterion will be evaluated based on the extent to which the submission demonstrates that the Bid will deliver comprehensive and high quality management of the Services (excluding those areas listed in paragraph 7.27 below which will be evaluated under the Innovation and Added Value Tier 2 Sub-Criterion). The Bid will be scored on the basis set out in Scoring Table A7 below.

**Scoring Table A7: Service Management**

Score	Term	Typical Characteristics
0	Unacceptable	Relevant information is omitted and/or raises fundamental concerns regarding the efficacy of Service management proposals in achieving the requirements of the Specification.
1	Poor	The information submitted provides inadequate evidence in respect of the efficacy of Service management in achieving the requirements of the Specification.
2	Satisfactory	The information submitted provides adequate evidences in respect of the efficacy of the Service management proposals in achieving the requirements of the Specification with some concerns and/or information deficiencies around some of the evidence.
3	Good	The information submitted provides good evidence in respect of the efficacy of the Service management proposals in achieving the requirements of the Specification with only minor concerns and/or information deficiencies around some of the evidence
4	Very Good	The information submitted provides strong evidence in respect of the efficacy of the Service management proposals in achieving the requirements of the Specification with no material concerns and/or information deficiencies.
5	Outstanding	The information submitted provides excellent and comprehensive evidence in respect of the efficacy of the Service management proposals in exceeding the requirements of the Specification with no concerns and/or information deficiencies.

7.24 The evaluation will be solely based on those elements of the Bids identified in the document “ITN Bid Requirements version 2”, Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.25 The evaluation will consider:

- 7.25.1 the extent to which any proposed amendments to the Council’s Performance and Unavailability Framework changes the impact associated with any failure to comply with a KPI;
- 7.25.2 impact of bid back proposals in the Performance and Unavailability Framework;
- 7.25.3 proposals to monitor, and report performance against the Council’s specified KPIs and to manage any non-conformance against KPIs;
- 7.25.4 management systems;
- 7.25.5 information systems;
- 7.25.6 management of Contract interfaces prior to the Stage 2 Service Commencement Date;
- 7.25.7 Service continuity arrangements following the expiry of the Contract, including the Council’s on-going use of any reverting Facilities and/or Equipment; and/or
- 7.25.8 flexibility to respond to foreseeable changes.

**A8: Innovation and Added Value (10%)**

7.25.9 The ‘Innovation and Added Value’ criterion will be evaluated based on the extent to which the submission demonstrates that the Bid will deliver added value and innovation over and above the requirements of the Specification in respect of those areas set out in paragraph 7.27 below. The Bid will be scored on the basis set out in Scoring Table A8 below.

**Scoring Table A8: Innovation and Added Value**

Score	Term	Typical Characteristics
0	Unacceptable	No information is provided
1	Poor	The information submitted provides inadequate evidence that the relevant requirements of the Specification will be achieved.
2	Satisfactory	The information submitted provides adequate evidence that the relevant requirements of the Specification will be achieved with some concerns and/or information deficiencies around some of the evidence.
3	Good	The information submitted provides good evidence that the relevant requirements of the Specification will be achieved with only minor concerns and/or information deficiencies around some of the evidence.
4	Very Good	The information submitted provides strong evidence that the relevant requirements of the Specification will be achieved with no material concerns and/or information deficiencies.
5	Outstanding	The information submitted provides excellent and comprehensive evidence that the relevant requirements of the Specification will be exceeded with no concerns and/or information deficiencies.

7.26 The evaluation will be based solely on the following components of the Bids:

7.26.1 Initiatives and Added Value Plan (ref: MS 21); and

7.26.2 and associated supporting documentation identified in the document “ITN Bid Requirements version 2”, Section 4 (Technical Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).

7.27 The evaluation will consider:

7.27.1 the scope of the proposed Initiatives Plan for the first Contract Year;

7.27.2 proposals to develop and implement the Initiatives Plan in subsequent Contract Years;

7.27.3 support provided to local businesses including but not limited to the provision of waste management services (Collection and/or CRCs) and/or supply chain arrangements;

7.27.4 local employment opportunities, including apprenticeship schemes; and/or

7.27.5 support to local communities.

**8 Tier 1 Criterion: Price (B)**

8.1 Tier 1 Criterion Price is split in to three Tier 2 Sub-Criteria and looks at the financial consequences for the Council of the Bid. It also assesses the likelihood and magnitude of change in the price bid.

## B1: Cost (60%)

- 8.2 The Whole System Cost is assessed on the cost of the Bid as measured in NPV terms against the Affordability Limit.
- 8.3 Whole System Cost Adjustments are cost adjustments which the Council will make (either positive or negative) under certain circumstances to Bidders' prices in order to ensure the full cost of the Bid to the Council is taken into account and assessed. Where certain aspects of Bidders' Bids raise other costs that could impact on Whole System Costs, these will, to the extent we are aware of them, be discussed with Bidders during negotiation in order that Bidders are fully aware of such impact prior to submitting their Bids. To the extent that Bidders do not raise positions the Council may at its discretion still apply a Whole System Cost Adjustment, but in such circumstances it will amend this section of the Evaluation Model and re-issue. Whole System Costs may include 'income' to the Bidder, as well as cost. Table B1 below sets out the areas of cost / income that the Council anticipates may apply as a Whole System Cost Adjustment at this time. If the Council wishes to add to this list it will amend this section of the Evaluation Model and re-issue.

**Scoring Table B1: Whole System Cost Adjustments**

<u>Whole System Cost Adjustment Heading</u>	<u>Approach</u>
<u>Market Tested Services</u>	<u>An adjustment will be made to the extent that for any element of the Services subject to Market Testing, assumptions post the first Market Testing Date are considered by the Council to be below a market value</u>
<u>TUPE</u>	<u>An adjustment will be made to the extent that pensions/TUPE risks are not accepted by a Bidder (unless the Council agrees to accept a position for all Bidders)</u>
<u>New North Telford CRC</u>	<u>An adjustment will be made where Bidders are proposing to provide a New North Telford CRC prior to 1 April 2019 to reflect savings to the Council as a result of the termination of the contract for the Granville CRC provided that the Bidder is able to demonstrate to the Council's satisfaction that the New North Telford CRC meets the Granville CRC Adjustment Criteria set out at Annex 1 to this Evaluation Model. Where an adjustment applies, the Council will deduct £166,000 p.a. (at 13/14 price base and subject to assumed inflation of 2.5%) from the Bid to apply from the point at which the actual saving will be made (taking into account the notice period required to terminate the contract for the Granville CRC), pro-rated for part years</u>
<u>Prudential Borrowing</u>	<u>The Council has offered to finance</u>

	<p><u>qualifying capital expenditure rather than using the Bidders' financing. If a Bidder proposes to utilise the Council's capital financing offer, Bidders should not include any costs of purchase or of financing the qualifying assets in their financial model and instead the Council will make an adjustment to reflect the principal sum and the Council's estimated cost of borrowing in accordance with the principles set out at Annex 2 (which are taken from paragraph 4 of the Council's Prudential Borrowing Funding Paper issued to Bidders on 28 May 2013 as updated by clarification of 1 July 2013).</u></p> <p><u>To the extent that Bidders do not make use of capital funding from the Council they must submit fully financed Bids</u></p>
<u>Stamp duty land tax (SDLT)</u>	<u>Bids must include all SDLT payable; to the extent that this is not included, an adjustment will be made</u>

- 8.4 This part of the evaluation is on the basis of a "pass/fail", whereby bidders will fail for exceeding the NPV of the Council's Affordability Limit of £137.43 million. Bids that fail will be rejected.
- 8.5 Of the Bids within the Affordability Limit, the Bid with the lowest Whole System Cost will score maximum marks and all other affordable Bids will be marked relative to the lowest affordable Bid on a linear basis, with a zero mark being scored for a Bid that is at the Affordability Limit of £137.43 million.

## **B2: Cost Profile Element**

- 8.6 The Council is seeking a Unitary Payment which minimises the pressure on the Council's budget in the first six years of the project (2014 to 2020). The Cost Profile Sub-Criteria is comprised of two elements to reflect this:

### **B2 : Cost Profile Element (1) (10%)**

- 8.7 The Council is seeking Bids with a gradually increasing payment profile as it provides certainty with regards to cost and aids budgeting. Ideally a Unitary Payment that increases at below the rate of inflation improves the affordability of the Project over time. Bids will be evaluated on this Sub-Criterion by applying Scoring Table B2 (1).

#### **Scoring Table B2 (1): Cost Profile Element 1**

<b>Score</b>	<b>Interpretation</b>	
<b>10</b>	Outstanding	Exceeds Council's requirements in many respects, demonstrates added value, full confidence. No concerns. Proposals exceed required standard in several respects and clearly adds value
<b>9</b>	Outstanding	Exceeds Council's requirements in some respects, demonstrates added value, full confidence. No concerns. Proposals meet the required standard in

		all material respects and has some identifiable additional features
8	Very Good	Full and robust response, gives confidence. Proposal meets the Council's requirements in all significant respects
7	Very Good	Full and robust response, gives confidence. Proposal meets the Council's requirements in the majority of significant respects
6	Satisfactory	Meets the Council's requirements in most respects. Has inconsistencies or is lacking in certain areas but not to the same magnitude or concern as 5
5	Satisfactory	Meets the Council's requirements in most respects. Either has inconsistencies and/or is lacking in certain areas
4	Basic	Meets the Council's requirements in some respects but unsatisfactory in others, raises some minor concerns. Concerns are fewer or of lower magnitude than 3
3	Basic	Meets the Council's requirements in some respects but unsatisfactory in others, raises concern
2	Poor	Generally unsatisfactory, omissions or many concerns.
1	Poor	Proposal is very poor and does not clearly demonstrate functionality.
0	Unacceptable	No or insufficient information provided, no confidence

## B2: Cost Profile Element 2 (15%)

8.8 The Council is seeking a Unitary Payment which minimises the pressure on the Council's budget in the first six years of the contract (2014 to 2020). For the avoidance of doubt savings will be assessed against the budget available in the relevant year which is set out below:

Contract Year	1	2	3	4	5	6
Financial year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Budget (£)	5,375,057	5,509,433	5,647,169	5,788,348	5,933,057	10,636,317

8.9 Element 2 will be evaluated by applying Scoring Table B2(2): Cost Profile Element 2.

### Scoring Table B2 (2): Cost Profile Element 2

Score	Interpretation	
4	Basic	Proposal has some significant shortcomings. No savings in years 2014 - 2020.

5	Satisfactory	Proposal has some shortcomings. Cumulative savings in 1 or 2 years only.
6	Satisfactory	Proposal meets the Council's requirements in most material respects, but is lacking or inconsistent in others. Cumulative savings in years three or four and front ended.
7	Very Good	Proposal meets the Council's requirements in the majority of significant respects. Cumulative savings in years four or five and front ended.
8	Very Good	Proposal meets the Council's requirements in all material respects. Cumulative savings in all years between 2014 to 2020 and front ended.

**Note: Evaluation Scores 1-3, and 9-10 are not considered relevant to this criteria.**

### **B3: Sensitivity Testing under Different Assumptions (15%)**

8.10 A Bid that is robust and can withstand changes in macro-economic assumptions and other costs/income variables that will remain a risk to the Council is preferable as it reduces uncertainty and risk by minimising changes in underlying costs. An assessment will be made of the exposure of the proposed Bid to a range of pre-agreed factors and the relative impact this is likely to have on the Unitary Payment against the Base Case position after taking account of the likelihood of changes in those pre-agreed factors. The Council may request Bidders run the sensitivities as set out in the Technical and Financial Forms v3 F3 (Sensitivities) and provide the results of these sensitivity analyses to the Council for analysis. In addition, there may be other sensitivities (not in the Technical and Financial Forms v3 F3) that maybe applicable to Bidders' Bids particularly where there is a volume / quantum risk being retained by the Council. In accordance with the ITN Evaluation Model Versions 1 and 2, the Council has, during negotiations, identified further sensitivities that it will run. These are set out in Annex 3 to this Evaluation Model.

8.11 The evaluation of this criterion will involve a calculation taking account of the likely degree of movement in the price from changes in the pre-agreed factors and the possible direction of movement.

### **9 Tier 1 Criterion: Legal and Commercial**

9.1 This Evaluation Criterion considers the overall robustness of the Bid in terms of certainty and reliability of price, contractual structures, Collateral Warranties and Parent Company Guarantees, mark up of the Legal Suite and acceptance of the Council's proposed approach as regards the process to pay, manage and provide incentives to the Contractor to meet the Contract Targets.

### **C1: Financial Robustness (20%)**

9.2 Bidders will be evaluated on the basis of the certainty of price and the extent to which the risk of significant movements from one stage of procurement to the next is minimised.

- 9.3 Assumptions as regards the appropriateness of assumptions and inputs in relation to capital expenditure, operating costs, outputs assumed, maintenance and lifecycle expenditure and insurances will also be evaluated. Income and prices of Recyclates and other Off-Take arrangements will also be considered. Furthermore the alignment of such assumptions and their appropriateness in particular when taking into account the proposed contracting structure will be borne out in the evaluation.
- 9.4 The Criterion will be scored on the basis set out in Scoring Table C below.

**C2: Contract Structure, Collateral Warranties and Guarantees (20%)**

- 9.5 An important issue for the Council is the way the contractor manages risk to help ensure the Council is to deal with a robust entity through the contracting period. The evaluation will be based upon a qualitative assessment of the appropriateness of the consortium structure taking into account the sub-contracting structures and the guarantees and other related factors (such as insurance) in place to support the structure.
- 9.6 In considering the robustness of the security suite offered to the Council, the Council will consider:
  - 9.6.1 the appropriateness and availability of Collateral Warranties to the Council from Key Sub-Contractors and acceptance of the Council’s form of Collateral Warranty at Schedule 16 (Collateral Warranties);
  - 9.6.2 the appropriateness and availability of Parent Company Guarantees to the Council and acceptance of the Council’s form of Parent Company Guarantee at Schedule 15 (Parent Company Guarantee);
  - 9.6.3 types and levels of insurances proposed as set out in Bid Form 8 (Insurance Cost Matrices) and Schedule 27 (Required Insurances).
- 9.7 The Criterion will be scored on the basis set out in Scoring Table C below.

**C3: Amendments to Legal Suite (20%)**

- 9.8 The evaluation of the Tier 2 Sub-Criterion “Amendments to Legal Suite” will consider the acceptability of Bidders’ proposed amendments to the Conditions of Contract (including any negative risk positions relating to the use of capital financing provided by the Council), key commercial Schedules (“Legal Schedules”), the Insurance Clauses and Schedule 27 Rider and (as relevant) any Bidder Schedules submitted (together the “Legal Suite”) (Legal Schedules are set out in the document “ITN Bid Requirements version 2” issued to Bidders with this updated Evaluation Model)).
- 9.9 Bidders should consider carefully the legal instructions relating to mark ups of the Conditions of Contract and Schedules and the ground rules to apply set out in the document “ITN Bid Requirements version 2”, Section 5 (Legal Requirements) issued to Bidders with this updated ITN version 2 Evaluation Model).
- 9.10 The Criterion will be scored on the basis set out in Scoring Table C3 below.

**Scoring Table C3: Amendments to Legal Suite**

5	Outstanding	Fully accepts Legal Suite without amendment or amendments proposed are necessary only to reflect specific particular features of the Bid and are acceptable to the Council. Proposals offer improved risk positions for the Council. Full and robust response, gives full confidence, no concerns
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4	Very good	Accepts Legal Suite without material amendment to non-Bid specific areas. Amendments necessary to reflect specific particular features of the Bid proposed are acceptable. Proposals offer improved risk positions for the Council. Full and robust response, gives full confidence, no concerns
3	Satisfactory	Accepts Legal Suite without material amendment to non-Bid specific areas. Amendments to non-Bid specific areas and/or Bid specific amendments are acceptable in most respects, no major concerns and/or concerns could be addressed through further negotiation
2	Fair	Accepts Legal Suite but with some material amendments. Amendments to non-Bid specific areas and/or Bid specific amendments raise some concerns
1	Poor	Accepts Legal Suite but with material amendments and/or omissions. Amendments to non-Bid specific areas and/or Bid specific amendments raise a number of concerns
0	Unacceptable	Response is wholly unsatisfactory because it does not accept the Legal Suite and/or amendments to Bid specific areas are unacceptable and/or is incomplete in significant areas

**C4: Amendments to Payment Mechanism (40%)**

- 9.11 The Payment Mechanism determines the way in which the Council will pay the Contractor, apply Deductions and apply Third Party Income sharing mechanisms. The Bidders' commentary and mark up of the Payment Mechanism will be evaluated by applying Scoring Table C.
- 9.12 Bidders are required to bid back a Recyclate Gain Share percentage sharing rate pursuant to paragraph 16 of the Embedded Recyclate Income paper issued on 10 July 2013. In accordance with paragraph 22 of the Embedded Recyclate Income paper, this bid back percentage will be evaluated as part of this criterion.

**Scoring Table C: Legal and Commercial**

<b>Score</b>	<b>Interpretation</b>	
<b>10</b>	Outstanding	Exceeds Council's requirements in many respects, demonstrates added value, full confidence. No concerns. Proposals exceed required standard in several respects and clearly adds value
<b>9</b>	Outstanding	Exceeds Council's requirements in some respects, demonstrates added value, full confidence. No concerns. [Proposals meet the required standard in all material respects and has some identifiable additional features]
<b>8</b>	Very Good	Full and robust response, gives confidence. Proposal meets the Council's requirements in all significant respects
<b>7</b>	Very Good	Full and robust response, gives confidence. Proposal meets the Council's requirements in the majority of significant respects
<b>6</b>	Satisfactory	Meets the Council's requirements in most respects. Has inconsistencies or is lacking in certain areas but not to the same magnitude or concern as 5
<b>5</b>	Satisfactory	Meets the Council's requirements in most respects. Either has inconsistencies and/or is lacking in certain areas
<b>4</b>	Basic	Meets the Council's requirements in some respects but unsatisfactory in others, raises some minor concerns. Concerns are fewer or of lower magnitude than 3
<b>3</b>	Basic	Meets the Council's requirements in some respects but unsatisfactory in others, raises concern
<b>2</b>	Poor	Generally unsatisfactory, omissions or many concerns.
<b>1</b>	Poor	Proposal is very poor and does not clearly demonstrate functionality.
<b>0</b>	Unacceptable	No or insufficient information provided, no confidence

**Annex 1**  
**Granville CRC Adjustment Criteria**

1. The Granville CRC Adjustment Criteria (referred to as the “CRC Criteria” for the purpose of this Annex 1) are set out at paragraph 5 below. The CRC Criteria are not weighted and will not themselves add to Bidders’ scores; they are simply a means of the Council determining whether waste currently Handled (and projected to be Handled) at the Granville CRC will be Handled under the Contract or not.
2. If a Bidder proposes a New North Ketley CRC, provided that the Bidder is able to demonstrate to the Council’s satisfaction that the New North Ketley CRC meets the CRC Criteria, the Council shall terminate its contract with its current contractor to provide services at the Granville CRC (or any replacement contractor). In order for this paragraph to apply, each of the Granville CRC Adjustment Criteria must be met.
3. Where paragraph 2 above applies:
  - 3.1 a Whole System Cost Adjustment will be made to the Bid (in accordance with Scoring Table B1 (Whole System Cost Adjustments)) to reflect the Council’s saved costs associated with the discontinuation of the services currently provided at the Granville CRC; and
  - 3.2 Bidders should assume that they will be responsible for managing those tonnages of waste currently managed at the Granville CRC (as set out in the T2 Tonnages sheet in the Technical Bid Forms).
4. If the proposed New North Telford CRC does not meet the Granville CRC Adjustment Criteria:
  - 4.1 the Council would need to make provision for those services currently provided at the Granville CRC (and there will be a carve out from exclusivity provisions to this effect);
  - 4.2 no Whole System Cost Adjustment will be made pursuant to paragraph 3.1 above; and
  - 4.3 Bidders should assume they will not be responsible for (or entitled to) manage at the New North Ketley CRC those tonnages of waste currently managed at the Granville CRC (which it is assumed will be managed by others and for which the recycling performance shall be as set out in the T2 Tonnages sheet in the Technical Bid Forms).
5. Granville CRC Adjustment Criteria
  - 5.1 In order for a New North Ketley CRC to meet the CRC Criteria, Bidders must demonstrate to the Council’s reasonable satisfaction that the New North Ketley CRC:
    - (a) has provision for a total vehicle queuing length of no less than 100m between the public highway and the operational area of the site; and
    - (b) has provision for no fewer than 15 vehicles to park and deposit waste at any one time; and
    - (c) is capable of receiving no less than 16,000 tonnes of Contract Waste in each Contract Year; and
    - (d) is capable of receiving no less than 200 tonnes of Contract Waste in any day at peak times (e.g. weekends and bank holidays); and
    - (e) has capacity in the Receptacles and a methodology of handling and replacing them conducive to maintaining sufficient capacity (in each case as set out above) for the full range of specified Contract Waste types during all Opening Hours; and
    - (f) has access and traffic management arrangements that are conducive to achieving a vehicle throughput commensurate with the aggregate of the Granville CRC and the Original Ketley CRC, including at peak periods (e.g. peak hours on peak weekends and bank holidays), as the same are set out in the Data Room document “CRC Traffic Daily Running Total, April 2012 to March 2013” and taking into account projected property growth.

**Annex 2**  
**Whole System Cost Adjustment – Council’s cost of borrowing**

1. This Annex 2 sets out the basis on which a Whole System Cost Adjustment will be made by the Council where a Bidder proposes to utilise capital financing to be provided by the Council and reflects paragraph 4 of the Prudential Borrowing Funding Paper issued to Bidders on 28 May 2013 as updated by clarification of 1 July 2013.
2. Where paragraph 1 above applies, the Council's cost of borrowing (both interest and principal), will be added as a Whole System Cost Adjustment.
3. The Whole System Cost Adjustment will be calculated on an Equal Instalment of Principal (EIP) basis using the appropriate Public Works Loan Board (PWLB) rate as at 17 May 2013. The published rate will be adjusted as follows:
  - 3.1 0.2% reduction as the Council is eligible for the Certainty Rate;
  - 3.2 0.5% buffer;
  - 3.3 rounding of the adjusted value.
4. Applying the adjustments set out at paragraph 3 above, the relevant rates for the Whole System Cost Adjustment are:

Year 1 Rate 2014/15

8 year rate	Vehicles and IT	2.10%
15 year rate	Bins	2.90%
24 year rate	Land and infrastructure	3.60%

Year 2 Rate 2015/16

8 year rate	Vehicles and IT	2.85%
15 year rate	Bins	3.65%
24 year rate	Land and infrastructure	4.35%

6. The link below is provided, for information only, to the relevant page on the PWLB website. However, the Council is guaranteeing the above rates regardless of movements in interest rates before drawdown of any prudential borrowing.

[http://www.dmo.gov.uk/reportView.aspx?rptCode=D7A.2&rptName=7e4464e8-a1b9-4143-8027-f0f74adb6998||PWLB%20\(2\)&reportpage=Current\\_PWLB\\_Fixed](http://www.dmo.gov.uk/reportView.aspx?rptCode=D7A.2&rptName=7e4464e8-a1b9-4143-8027-f0f74adb6998||PWLB%20(2)&reportpage=Current_PWLB_Fixed)

### Annex 3 Sensitivity Evaluation

1. This Annex 3 set outs the sensitivities the Council will run and the methodology to be used for evaluation of Sub-Criterion B3 (Sensitivity Testing under Different Assumptions). These sensitivities were issued to Bidders on 10 July 2013 (in the sensitivity paper).
2. The purpose of the sensitivity analysis is to understand the impact on price that could occur over the life of the Contract as a result of changes to the assumptions that were provided for pricing the ITN Bids.
3. The evaluation will be based on a quantitative assessment of different assumptions changing during the operational phase which would, if the assumption varied, have the potential to affect the payments made by the Council.
4. The approach will add up the results of all sensitivities run and assess the overall weighted variance from the Base Case. The marks would be awarded in accordance with the following table:

Variation from Base Case	Marks
< 3.00% reduction	10
2.99% - 2.00% reduction	9
1.99% - 1.00% reduction	8
0.99% - 0.00% reduction	7
0.01% - 1.00% increase	6
1.01% - 2.00% increase	5
2.01% - 3.00% increase	4
3.01% - 4.00% increase	3
4.01% - 5.00% increase	2
5.01% - 6.00% increase	1
6.01% + increase	0

5. The table below sets out the sensitivities to be run and the weightings applicable to each area.

Item	Weighting
<b>Property Growth Assumptions to the extent they impact on annual property numbers</b>	
Assumed (cumulative) property growth of 1% per annum (from a 2012/13 baseline) up to and including 2023/24 and 0.5% per annum thereafter	4.00%
Assumed (cumulative) property growth of 1% per annum (from a 2012/13 baseline) throughout the Contract Period	2.50%
Assumed (cumulative) property growth of 0.5% per annum (from a 2012/13 baseline) throughout the Contract Period	10.00%
Assumed (cumulative) property growth of 0.5% per annum (from a 2012/13 baseline) up to and including 2023/24 and zero thereafter	1.00%
<b>Waste Growth Assumptions impact on annual waste tonnages</b>	
Assumed (cumulative) waste growth of 0.5% per annum (from a 2012/13 baseline) throughout the Contract Period	4.00%
Assumed (cumulative) waste growth of 1.0% per annum (from a 2012/13 baseline) throughout the Contract Period	2.50%
The assumed annual tonnages in each Contract Year to be decreased by 2%	10.00%
The assumed waste tonnages in 2013/14 being 2% lower than in 2012/13 and then zero waste growth throughout the Contract Period	1.00%
<b>Prudential Borrowing Interest Rates</b>	
PWLB rate Increases by 1%	7.00%
PWLB rate decreases by 1%	3.00%
<b>Recyclate Prices</b>	
Increase by 20% for all materials from 1st rebasing date	9.00%
Decrease by 20% for all materials from 1st rebasing date	6.00%
<b>Recycling performance</b>	
Increase in the tonnage of all Recyclates by 5% for all materials from 1st rebasing date	7.50%
<b>Landfill Tax Rate</b>	
Landfill tax rates increase by 5% pa until 31 March 2019 and then 2.5% pa thereafter	2.50%
<b>RPIx variations</b>	
Increase to 3% pa every year from contract start	10.00%
Decrease to 2% pa every year from contract start	10.00%
<b>AWE index variations</b>	
Increase to 4% pa every year from contract start	3.00%
Decrease to 3% pa every year from contract start	2.00%
<b>Derv index variations</b>	
Increase to 5.1% pa every year from contract start	3.75%

Decrease to 3.1% pa every year from contract start	1.25%
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