

Agenda Item No:

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

PROCUREMENT STRATEGY - CONSULTANCY SUPPORT

REPORT OF:

HEAD OF WASTE STRATEGY AND CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

5th April 2006

SUMMARY OF REPORT:

This report sets out the result of the Authority's tendering process to appoint consultants to give advice and recommendations on the options available to the Authority for the procurement of its next waste management contract. This report is for information only.

RECOMMENDATIONS

The Authority is recommended to:

- i) note the contracts awarded as set out at section 3 of this report;
- ii) otherwise note the contents of this report.

**Signed by Head of Waste Strategy
and Contracts**

.....

Date:.....

1.0 PURPOSE OF THE REPORT

- 1.1 This report sets out the result of the Authority's tender process to appoint consultants to give advice and recommendations on the options available to the Authority for the procurement of its next waste management contract(s). It also details the appointment decisions made and the way in which the consultants will work together to carry out the work required.

2.0 BACKGROUND

- 2.1 At the February 2006 meeting of this Authority, Members approved a recommendation to delegate authority to the Head of Waste Strategy and Contracts, in consultation with the Chair, to award the contract(s) to the successful consultant(s) for the provision of advice and the assistance in determining the Authority's procurement approach for the next waste management contract.
- 2.2 In compliance with Standing Order A29 3(iii) (b), this report provides information detailing the award of the contracts to the successful consultants.
- 2.3 The purpose of the appointments is to enable the Authority to decide upon its approach towards future facility and service procurement by undertaking a series of legal, financial and technical modelling exercises with experts from these fields. A thorough and rigorous assessment of the local complexities and the development of potential commercial solutions through financial, legal and additional technical analysis and preliminary market testing will achieve this.
- 2.4 It was agreed at the December 2005 meeting of this Authority that this work would be carried out during Spring 2006, in order that a preferred procurement approach could be presented to the meeting of this Authority in September 2006. This will allow the consultants enough time to understand the complexity of the issues involved and carry out the work comprehensively.
- 2.5 In view of the timescales raised above and the timing of Authority meetings, delegated authority to the Head of Waste Strategy & Contracts in consultation with the Chair to award the contracts was agreed by the Authority at the meeting on 8th February 2006.

3. TENDER EVALUATION CRITERIA

- 3.1 In accordance with the Authority's Contract Standing Order C11.1 tenders are to be accepted on the basis of either (a) the lowest price, or (b) the most economically advantageous tender. The latter was used because of the need to make substantial qualitative assessments of tenders received. The following criteria and weightings were applied:

| Assessment Criteria | Weighting |
|--|------------------|
| Price <ul style="list-style-type: none">• Fixed Fee 1• % Discount | 35% |
| Quality <ul style="list-style-type: none">• Experience & expertise• Service & reliability• Clear method statements• Proactive approach• Level of managerial & supervisory input• Management reporting• Environmental impact of the service• Health & safety matters• Flexibility• Quality control & assurance• Continuous improvement• Understanding of the specification & awareness of the needs of the service• Equal opportunity matters | 65% |
| Total | 100% |

The evaluation criteria above were previously published in the tender documents.

- 3.2 In order to assess the quality criteria tenderers were required to provide responses to a series of method statements questions reflecting the criteria shown in the table above and showing how much time they needed to fulfil our requirements in the contract specification. Quality criteria were scored according to a series of weighted questions. These are detailed in the associated Part 2 report elsewhere on this agenda.

- 3.3 In terms of price, tenderers were required to submit a fixed fee for Work Packages A-D and a fixed fee for Work Package E. (see 4.2 below for details of Work Packages). The prices tendered are detailed below.

| Tenderer | Fixed Fee - Work Packages A-D | Fixed Fee – Work Package E | Average Day Rate for Additional Work |
|-----------------|--------------------------------------|-----------------------------------|---|
| A | £129,422.50 | £8,753 | £1,361.17 |
| B | £103,987.50 | £25,537.50 | £1,925.69 |
| C | £84,815 | £8,100 | £1,864.06 |
| D | £39,850 | £25,000 | £693.04 |
| E | £38,299 | £5,906 | £1,378.42 |
| F | £32,772 | £3,500 | £1,560.57 |

- 3.4 References from other public bodies where the tenderers are currently employed on similar work were also followed up.

4.0 TENDER EVALUATION PROCESS

- 4.1 At the February 2006 meeting of this Authority it was reported that the tender process had begun and that 53 expressions of interest had been received. Following the evaluation of pre-qualification questionnaires, a total of 13 organisations were invited to submit full tender submissions and 10 completed tender submissions were received by the closing date.
- 4.2 The work was divided up into Work Packages A-D covering (A) Identification of Options, (B) Modelling of Options, (C) Analysis of Options and (D) Production of Documents and a Recommendations Report. Work package E required the Production of a Draft Procurement Plan. Various subject specialisms and submissions were received from organisations offering advice for: one work area; more than one work area; and a consortium bid offering all of the work areas set out in the specification. Evaluation of the tender submissions resulted in a total of 6 bids being shortlisted for further consideration. The organisations submitting these bids were invited to attend an interview to assist with the evaluation process. Interviews were held on the 7th and 8th of March 2006 and following the evaluation of this stage decision on appointments were made.
- 4.3 The table below provides a summary of the outcome of the processes described above:

| Tenderer | Complete Tender Documents | Price Score | Quality Score | Overall Score |
|-----------------|----------------------------------|--------------------|----------------------|----------------------|
| A | Yes | 76 | 69 | 72 |
| B | Yes | 32 | 87 | 68 |
| C | Yes | 39 | 100 | 79 |
| D | Yes | 82 | 87 | 85 |
| E | No. Rejected | 86 | 62 | 70 |
| F | Yes | 100 | 77 | 85 |

5.0 TENDER EVALUATION OUTCOME

5.1 The decision to award the contracts was based upon an evaluation criteria that was previously published in the tender documents and a scoring ratio of:

| | |
|---------|-----|
| Quality | 65% |
| Price | 35% |

5.2 The application of the quality:price scoring process takes into account the quality of service that is being offered, allowing the Authority to award the contracts to organisations that offer a better service, in a fair and transparent way. For example, the evaluation team concluded that tenderer C had best addressed the requirements of the financial advice required due to the level of experience within the core team, named in the tender submission that will be carrying out this piece of work. They had also demonstrated a much clearer understanding of the Authority's needs with regard to the complexity of the issues to be considered around determining the Authority's future procurement strategy and demonstrated a broader vision of how we might move forwards.

5.3 At the interview stage the interviewing panel were unclear as to the pricing put forward in E's tender as this was expressed to be subject to certain conditions. Tenderer E was invited to clarify their pricing (as permitted by the Authority's Contract Standing Order 12.2) and to confirm to the Authority exactly what work would be undertaken. E's response to this was still subject to conditions and upon taking legal advice the tender was disqualified on the basis that it was a qualified tender.

5.4 Taking all matters into account it is concluded that tenderers KPMG (financial advice & project lead), Eversheds (legal advice) and Entec (technical advice) should be appointed to undertake work packages A-D.

5.5 Furthermore, KPMG agreed to co-ordinate the two other consultants' work in packages A-D for no additional cost to their own original fixed price tender for A-D. It was also concluded that KPMG was awarded work package E, as the lead organisation and therefore best placed to assemble the final draft Procurement Plan.

5.6 A Part 2 report entitled 'Procurement of Consultants – Tender Submissions' details the organisations that submitted tender applications and should be read in conjunction with this report.

6.0 CONTRACT AWARD

6.1 Contracts were awarded to tenderers KPMG, Eversheds and Entec for financial, legal and technical advice respectively on 10th March 2006.

6.2 The first meeting with the appointed consultants, the 'Project Initiation Meeting', took place on Tuesday 14th March 2006 and the consultants have now begun their feasibility studies. A project plan has been agreed and currently, the work is due for completion by mid July 2006.

6.3 The consultants will assess the Authority's current position and context and make recommendations relating to a number of key issues, such as:

- contract packaging and structure
- the choice of EU procurement route
- value for money
- affordability
- compliance with North London Joint Waste Strategy
- legal obligations and targets
- acceptability of risk
- asset management and planning
- attractiveness to the market

7.0 LIKELY COSTS

7.1 The fixed fee tender prices submitted by each of the appointed consultants are set out in the Part 2 report attached. Three separate contracts have been awarded, the values of which are all less than £144,500 and therefore did not require to be tendered in the EU. The total cost of completing this work is estimated to amount to £170,000 assuming that the project is completed on schedule with no significant changes to the work scope.

7.2 The Authority at its December meeting agreed to establish a budget provision of £500,000 and the costs for this work will be met from this provision.

8.0 COMMENTS OF THE LEGAL ADVISER

8.1 The Legal Adviser has advised throughout the tendering process and all comments are incorporated into the report.

9.0 COMMENTS OF THE FINANCIAL ADVISER

9.1 The Financial Adviser has been consulted in the preparation of this report and all comments are incorporated into the report.

10.0 RECOMMENDATIONS

10.1 This report is for information only. The Authority is therefore recommended to:

- i) note the contracts awarded under delegated authority as set out at section 3 of this report
- ii) otherwise note the contents of this report.

11.0 Local Government Act 1972 Access to information

11.1 References

NLWA: *'Procurement Options and Tasks Report'* 8th February 2006

Contact Officers: Rachel Espinosa, Procurement Manager &
Andrew Lappage, Head of Waste Strategy & Contracts

Unit 169, Block 1B
Lee Valley Technopark, Ashley Road
N17 9LN

Tel: 020 8489 5730
Fax: 020 8365 0254
E-mail: post@nlondon-waste.gov.uk

Report Ends