



**NORTH YORKSHIRE COUNTY COUNCIL and the  
CITY OF YORK COUNCIL**

**Waste Treatment Contract  
OJEU Notice Ref 208874-2007**

**Evaluation Approach**

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## **1. APPROACH TO EVALUATION**

The Council intends to use the evaluation process both as an opportunity to evaluate and establish the suitability of Participants' proposals and an opportunity for Participants to provide the necessary level of information to allow a sufficient understanding of their proposed waste treatment solutions. The Council is acting as the lead authority in the procurement process on behalf of itself and the City Council.

To this end the evaluation process is aimed at providing participants with a framework to explain and justify to the Council in an objective manner why their proposal is both the most practical and deliverable solution that also represents value for money.

The evaluation criteria are based around and aligned to the Council's key needs as described below:

- the extent to which solutions offered will meet the Council's requirements not only at commencement but also throughout the Service Period;
- whether or not the Participants' technical proposals will be capable of meeting the requirements in the Output Specification relating to the provision of the Services;
- whether the proposal is deliverable both in terms of technical performance and financial;
- the flexibility of Participants' proposals to accommodate future changes in requirements;
- how sustainable is the solution offered;
- whether or not the Participants' proposals offer best value and value for money solutions;
- the extent to which the Participants' submission complies with the terms in the Draft Project Agreement;
- whether the Participant demonstrates an understanding of the Waste Partnership including the variety of activities, personnel, procedures and priorities;
- whether the Participant has demonstrated a clear commitment to work within a partnering arrangement to deliver the Services required and the extent to which they have the ability to manage the various interfaces with the Council and third parties in an effective and efficient manner;
- the risk to achieving closure of the contract.

## **2. THE EVALUATION PROCESS**

The Waste Treatment Contract shall be awarded to the Participant that proposes the most economically advantageous solution for the Council. This may not necessarily be the Participant that proposes a solution which offers the lowest cost.

A key element of the evaluation process will be to determine whether the submissions achieve the objectives as set out in the documentation. The evaluation process will take into account the information provided by Participants in their submission documentation and responses provided to the Council in regards to any subsequent clarification process.

Each submission will undergo a two stage review, comprising:

- A Preliminary Check
- A Detailed Evaluation against a Core Criteria Matrix

These stages are described in detail below.

### 3. PRELIMINARY CHECKING

On receipt of the submissions, a preliminary review will be carried out to establish completeness and compliance with the submission requirements and to identify significant points of clarification and qualifications. In addition Participants will be asked for confirmation that their circumstances, including financial standing, have not changed materially since the ISDS stage.

Where submissions are not substantially complete or where inconsistent information is presented, one of the following courses of action, which are not necessarily mutually exclusive, will be taken:-

- Information presented will be analysed and, where necessary, specific clarification sought from the Participant;
- The submission may be rejected at this stage of the evaluation.

### 4. DETAILED EVALUATION

The evaluation of submissions received will be focused in three parts:

**Table 1: Core Evaluation Criteria**

Core Criteria	Relative Weighting
Technical, sustainability and added value	60%
Financial and Commercial	40%
Legal and Contractual	Pass/Fail

Each submission will undergo an initial evaluation against the core criteria listed above. The score assigned to each aspect of evaluation, apart from Legal and Contractual which is based solely on a Pass/Fail approach, will be subject to a weighting in accordance with its relative importance at that stage of the procurement to provide the overall evaluation score and the relative ranking of the Participant's submission against the other Participants.

There will then be a presentation/interview with each Participant and following the presentations/interviews the initial evaluation scores will be reviewed and if appropriate re-evaluated as a consequence of the presentation/interview.

On the interview day, Participants are asked to present as follows:

**Table 2: Format**

Format	Time allocated
Brief introduction including if appropriate consortium structure and any key supply chain members.  A summary of the key aspects of their written responses to the submission requirements to support why the County Council should select their solution.	90 minutes
Questions from the Evaluation Panel	90 minutes

It is envisaged that the Evaluation Panel's questions will be a mixture of standard questions asked of both Participants and specific questions relating to individual Participants' submissions. Neither open debate nor Participant questions will be allowed.

Participants may be asked to confirm issues raised at the interview day subsequently as an aspect of clarification.

Participants should note that the Council reserves the right to reject any proposed solution, regardless of the overall score of the Participant, if the Participant's submission in any given category fails to reach a minimum score of 25%.

Apart from where described differently the submissions will be rated against the following scoring matrix for each criterion.

Score	Acceptability	Participant response demonstrates
<b>0</b>	Unacceptable	The information is either omitted or fundamentally unacceptable to the Council.
<b>1-2</b>	Poor	The information submitted has insufficient evidence that the specified requirements can be met and/or does not demonstrate acceptable level of experience and ability.
<b>3-4</b>	Fair	The information submitted has some minor omissions against the specified requirements and/or demonstrates only limited level of experience and ability.
<b>5-6</b>	Satisfactory	The information submitted meets the Council's requirements and/or demonstrates an adequate level of experience and ability.
<b>7-8</b>	Very good	The information submitted provides good evidence that the specified requirements can be met and demonstrates a good level of experience and ability.
<b>9-10</b>	Outstanding	The information submitted provides strong

	evidence of best of sector capability to deliver the specified requirements.
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## 5. CORE CRITERIA FOR TECHNICAL, SUSTAINABILITY AND ADDED VALUE (60% OF OVERALL SCORE)

The weightings for Technical, Sustainability and Added Value evaluation sub-criteria are summarised in the table below.

**Table 5: Core Criteria for Technical, Sustainability and Added Value**

Aspect	Relative Weighting	
Compliance with the Output Specification	20%	
Does the proposed solution comply with the requirements of Service Outputs 2-7	50%	
Will performance against defined targets be achieved	20%	
Does the proposed solution support the Council's waste strategy aims	15%	
Is there a proven commercial track record of proposed approach/solution	15%	
Deliverability of Solution	20%	
Has an adequate Service Delivery Plan and programme (Service Output 1) been included and can this be achieved	30%	
Has the overall level of risk of delivery of the proposed solution been evaluated and have adequate contingency plans been developed	20%	
What is the position with land ownership and the likely timetable for site availability	15%	
What are the site-specific/planning issues, does the proposed approach adequately manage to reduce any risk to ensure planning success	15%	
Level of adequacy of the approach to regulatory issues	10%	
Has sufficient evidence been provided that the Participant has adequate overall capacity and resources available to achieve Contract Award and Financial Close by the due dates	10%	
Adaptability of Solution	15%	

Has the proposed solution assessed the potential effect of changes in waste or future legislation	20%	
Adaptability of solution to changes in legislation and economic conditions over the life of the contract	40%	
Flexibility of solution to changes in waste volume and composition	40%	
Level of Participant's reliance on third parties for performance achievement, e.g. end markets/outlets		5%
Does the proposal require securing markets and outlets	40%	
Are these markets available and proven	60%	
Any impacts on existing services/systems/WCAs and level of mitigation proposed		10%
Has the interface between the collection and treatment systems been assessed	20%	
Level of compatibility of proposed solution to other existing or proposed contracts under the Procurement Programme	15%	
Suitability of the access to facilities eg location, times, ease of use	15%	
Acceptability to any changes necessitated to existing WCA collection systems over the contract duration	20%	
Suitability of mechanisms for monitoring, responding to and mitigating any adverse impacts on existing services and collections systems	15%	
Appropriateness of the mechanisms proposed for data recording and information transfer to the Council	15%	
Extent of Integration and Partnering with Waste Partnership and approach to interface management, at contract, Authority and end user levels		5%
Appropriateness of proposals for partnership working with the Council, WCAs and other stakeholders and waste producers	50%	
How are common goals and objectives to be met	25%	
How flexible is the proposed approach to improving efficiency, value for money and options for 'gain share'	25%	

Sustainability	20%	
Evidence of assessment of environmental impacts undertaken in developing the solution	10%	
Level of potential local, environment, biodiversity and social impacts from the solution proposed and how are these to be mitigated. <ul style="list-style-type: none"> <li>Local impacts including landtake, local amenity impacts, ecological and health (20%)</li> <li>Regional/global impacts as assessed by use of WRATE (50%)</li> </ul>	70%	
Proposals for continuous environmental improvements to service provision	10%	
To what extent does the proposal align with the UK's developing environmental policy eg 'green' policies, environmental management systems etc.	10%	
Social	5%	
To what extent are community and local social/economic benefits demonstrated by the proposed solution	33%	
To what extent does the proposal intend to manage and reduce any impacts on the well being (respect for) local community	33%	
Adequacy of the approach to community relationship and local community engagement with the proposed solution	33%	

**6. CORE CRITERIA FOR FINANCIAL AND COMMERCIAL (40% OF OVERALL SCORE)**

This section sets out the methodology to be utilised by the Council in the evaluation of the financial and commercial aspects of the submissions. Together these criteria represent 40% of the overall score awarded.

The financial and commercial evaluation in relation to submissions will consist of three elements. These are shown in the table below together with their respective weighting for this ISFT stage.

**Table 6: Financial and Commercial evaluation core criteria**

<b>Evaluation Criteria</b>	<b>Weighting out of 40%</b>	<b>Weighting out of 100%</b>
Financial Robustness of the Submission	12%	30%
Economic Cost / Affordability of the Submission	18%	45%
Commercial	10%	25%
Total	40%	100%

**7. FINANCIAL ROBUSTNESS OF THE SUBMISSION (12%)**

This will consider the robustness of Participant’s response and will assist the Council in assessing whether solutions can be delivered within the Council’s threshold of affordability and associated economic cost. The specific criteria to be assessed are as follows:

**Table 7: Financial Robustness of the Submission Level 2 criteria**

<b>Criteria</b>		<b>Relative Weighting out of 100%</b>
Level 1	Financial Robustness of the submission	30%
Level 2	Are the assumptions used to determine the indicative gate fee and capital and operating costs reasonable and robust?  This will take into account such matters as the reasonableness and robustness of commercial arrangements and gate fee underpinning any merchant facility, as well as the Participants ability to reconcile any change in the indicative gate fee from that bid at ISDS.	50%
	To what extent is third party income, including the sale of recyclables and power/heat offtake arrangements guaranteed?	25%
	Sensitivity analysis will be undertaken to ascertain the likely range of costs	25%

	to the Council associated with each Solution (i.e. how sensitive the bid price is) for the purposes of the evaluation. This will include, without limitation, an evaluation of estimated variability of income from off-take contracts, and an estimated range of additional costs which might be incurred by the Council in relation to land filling of process residues and the extent to which amendments to the Output Specification or Project Agreement are required to meet the Council's affordability envelope		
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A score out of 10 will be awarded to each of the level 2 criteria which will then be expressed as a percentage score for each of the above criteria using the scoring mechanism set out in Table 8 below:

**Table 8: Financial Robustness of the Submission scoring mechanism**

Range of Score out of 10	Term	Explanation
0 – 2.5	Poor	Information is omitted or fundamentally unacceptable to the Council
2.5 – 5	Fair	Information has some minor omissions or provides limited information or evidence to support an assessment of the Affordability and Economic Cost of the Solution
5 – 7.5	Satisfactory	Participant provides sufficient information or evidence to support an assessment of the Affordability and Economic Cost of the Solution
7.5 – 10	Good	Participant provides strong evidence and information to support assessment of the Affordability and Economic Cost of the Solution

**8. ECONOMIC COST / AFFORDABILITY OF THE SUBMISSION (18%)**

This will consider whether Participant’s solutions can be delivered within the Council’s threshold of affordability and associated economic cost. The specific criteria to be assessed are as follows:

**Table 9: Economic Cost / Affordability of the Submission Level 2 criteria**

Criteria		Relative Weighting out of 100%	
Level 1	Economic Cost / Affordability of the submission	45%	
Level 2	Comparison of the Net Present Cost (NPC) of each bid* with the NPC of other bids. The NPC of each bid will be scored relative to its deviation from the mean NPC of all other Participants’ bids	66.7%	
	Comparison of the NPC of each bid* with the NPC of the Council’s affordability envelope. The NPC of each bid will be scored relative to its deviation from the affordability envelope	33.3%	

\* The NPC of the bid may be adjusted for other factors which will impact the overall cost to the Council, for example; haulage costs, changes in collection costs, land/site costs, and any other costs where an additional financial burden is likely to fall upon the Council as a result of the Participants solution.

**9. COMMERCIAL (10%)**

The commercial element of the evaluation criteria is split into three criteria:

**Table 10: Commercial evaluation criteria**

Commercial Evaluation Criteria	Weighting out of 100%	Weighting out of 10%
Deliverability of Funding Package	6.25%	2.5%
Extent of guarantees and robustness of contracting structure	6.25%	2.5%
Payment Mechanism principles	12.5%	5%
Total	25%	10%

The specific criteria to be assessed are as follows:

**10. DELIVERABILITY OF FUNDING PACKAGE (2.5%)**

Due consideration will be given to the robustness of the participant’s funding proposals and where applicable, the nature of supporting parent company guarantees in relation to funding as follows:

**Table 11: Deliverability of Funding Package Level 2 criteria**

<b>Commercial Criteria Level 1</b>			<b>Relative Weighting</b>
			<b>out of 100%</b>
Level 2	Deliverability of Funding Package		6.25%
Level 3	Assessment of the funding structure, including gearing levels and where a regional or merchant facility is proposed, how such facilities will be funded	30%	
	Where a corporately funded solution is proposed, the extent to which a parent company guarantee is available in relation to funding	30%	
	Evidence of the ability of the bidder to raise funding including funding history of the technology	30%	
	Timing of due diligence to be undertaken (Highest marks will be given to those Participants where due diligence has been completed or is substantially underway)	10%	

A score out of 5 will be awarded to each of the level 2 criteria which will then be expressed as a percentage score for each of the above criteria using the scoring mechanism set out in Table 12 below:

**Table 12: Deliverability of Funding Package scoring mechanism**

<b>Score</b>	<b>Deliverability of Funding Package</b>
1	Minimal or no support for funding proposals identified
2	Issues identified in relation to the funding proposals that are considered to place the deliverability of funding at significant risk
3	Issues identified in relation to the funding proposals that are considered to place the overall deliverability of funding at risk, but are considered unlikely
4	Issues identified in relation to the funding proposals that are considered to place a small portion of funding at risk, but are considered unlikely to impact on the deliverability of funding overall
5	No significant issues identified in relation to the deliverability of funding

## 11. EXTENT OF GUARANTEES AND ROBUSTNESS OF CONTRACTING STRUCTURE (2.5%)

Due consideration will be given to the robustness of the participant's proposed contracting structure and where applicable, sub-contracting structure and the nature of supporting parent company or performance guarantees as follows:

**Table 13: Extent of guarantees and robustness of contracting structure Level 2 criteria**

Commercial Criteria Level 1		Relative Weighting out of 100%	
Level 2	Extent of guarantees and robustness of contracting structure		6.25%
Level 3	Evidence from proposed equity and or external funder confirming support for solution and technology, including performance risk	30%	
	Evidence of performance guarantees from sponsors where funders unwilling to take performance risk and where a regional or merchant facility is proposed, details of sub-contracts and performance guarantees offered	40%	
	Robustness of contracting structure, including role of consortium members and shareholdings and role and terms of subcontracting arrangements (including any market testing/benchmarking proposals)	30%	

A score out of 5 will be awarded to each of the level 2 criteria which will then be expressed as a percentage score for each of the above criteria using the scoring mechanism set out in Table 14 below:

**Table 14: Extent of guarantees and robustness of contracting structure**

Score	Extent of guarantees and the robustness of contracting structure
1	Problems or risks identified with the contracting structure of the bidder that they are considered unlikely to be capable of implementing the project
2	Problems or risks identified with the contracting structure of the bidder; considered to have the possibility of significantly impacting on the ability of the bidder to implement the project
3	Few problems or risks identified with the contracting structure of the bidder; considered unlikely to impact on the ability of the bidder to

	implement the project
4	Minor problems or risks only identified with the contracting structure of the bidder; considered highly unlikely to impact on the ability of the bidder to implement the project
5	No problems or risks identified with the contracting structure of the bidder

## 12. PAYMENT MECHANISM PRINCIPLES (5%)

This criterion will consider the Participant's acceptance of the Council's Payment Mechanism principles document as follows:

**Table 15: Payment Mechanism principles Level 2 criteria**

Commercial Criteria Level 1			Relative Weighting out of 100%
Level 2	Payment Mechanism principles		12.5%
Level 3	Acceptance of the Council's Payment Mechanism Principles document, or if applicable, commentary or amendments to the extent to which such commentary or proposals are shown to demonstrate better VFM for the Council or expose the Council to greater risk	60%	
	Participants proposals for risk acceptance with regards to BMW diversion	40%	
	Acceptance of OGC guidance on refinancing	Pass/Fail	

A score out of 5 will be awarded to each of the level 2 criteria which will then be expressed as a percentage score for each of the above criteria using the scoring mechanism set out in Table 16 below:

**Table 16: Payment Mechanism principles scoring mechanism**

Range of Score	Payment Mechanism Principles
7.5 – 10	Participant either fully accepts the Payment Mechanism Principles (to the extent they are applicable to their proposed Solution) or, where amendments are proposed, those amendments are considered acceptable to the Council (e.g. on VFM grounds)
5 – 7.5	Participant clearly accepts the Payment Mechanism Principles (to the extent they are applicable to their proposed Solution) but proposes a number of amendments, the majority of which are considered acceptable to the Council (e.g. on VFM grounds) and the remainder are considered

	surmountable and therefore expose the Council to some but not significant risk
2.5 – 5	Participant accepts the Payment Mechanism Principles (to the extent they are applicable to their proposed Solution) but proposes a number of amendments, which either are unacceptable to the Council (e.g. against the core principles) or do not demonstrate VFM and may expose the Council to greater risk
0 – 2.5	Participant does not accept or does not clearly accept the payment Mechanism Principles and/or proposes a number of significant amendments which are unacceptable to the Council (e.g. on VFM or Risk grounds)

### 13. CORE CRITERIA FOR LEGAL AND CONTRACTUAL (PASS/FAIL)

Assessment of the acceptability of the legal proposals will be solely on a pass/fail basis generally against SOPC4 requirements.

Aspect	Relative Weighting
Acceptability of project terms proposed	Pass/Fail
Acceptability of risk exposure to the County Council	Pass/Fail