
Prosiect Gwyrdd

Procurement of Waste Treatment Services for
Residual Municipal Waste

Procurement Plan Final November 2009

Contents

0	Contents	2
1	Procurement Plan History	3
3	References	6
4	Glossary of Terms.....	7
5	Introduction.....	14
6	Purpose	16
7	The Strategic Approach & Procurement Objectives	18
8	Impact	22
10	Commercial Approach.....	24
11	The Proposed Stages of the PG Procurement	27
12	Dialogue Stages.....	28
13	Governance	33
14	Stakeholder Management & Communication	35
15	Due Diligence	36
16	Resources.....	38
17	Project Activities.....	39
	Appendix 1	41
	Appendix 2	42

List of Tables

5.1.3	Table 1	14
-----------------------	-------------------------------	----

1 Procurement Plan History

Document Location

This document is only valid on the day it was printed.

1.1 Document Control

Key personnel

Title	Prosiect Gwyrdd Procurement Plan
Author	Liz Lucas
Drafting	Procurement Sub-Group Tara King Liz Weale/ Ian Evans
Owner	Tara King Project Manager

1.2 Version History

2.0	06.11.09	Final updated to Project Board amends as advised for flexibility. Re-versioned. VT format numbering and tables	TK VT

1.3 Approvals

This document requires the following approvals.

Name	Signature	Title/Role
Stephen Davison		Senior Responsible Owner
Tara King		Project Manager
Cllr Mark Stephens		Joint Committee Chair Governance

1.4 Distribution

This document has been distributed by the Project Office

Name	Title/area of work	Date of Issue	Version
Joint Committee Clerks	For Issue	10.011.09	2.0
Joint Committee	For Decision	11.11.09	2.0
Project Board Project team	Final for Issue for Publication	20.11.09	V2.0 Final

2 Summary

2.1 The purpose of this document is to detail the planned approach to the Procurement of Residual Waste Treatment Solution, providing a service to the five Local Authorities collectively known as Prosiect Gwyrdd. The Local Authorities comprise:

- Caerphilly County Borough Council;
- The County Council of the City and County of Cardiff;
- Monmouthshire County Council;
- Newport City Council;
- Vale of Glamorgan Council;

collectively referred to as the Authorities

2.2 This plan describes the agreed sourcing route and ensures that the appropriate commercial and legal probity requirements are fulfilled. It supports the award of a contract that will deliver the required value for money, innovation, sustainability and efficiency in terms of time, cost and quality. It also considers the resource requirements, structure and rules of engagement with internal and external stakeholders and this will assist the Joint Committee and the Project Board advance the project.

2.3 The specification and the requirements of the Prosiect Gwyrdd procurement are described in full in the Outline Business Case Health-Check Addendum May 09 and this procurement plan supports the aims and objectives contained in that document.

2.4 As a high value, complex, Public Sector procurement the Prosiect Gwyrdd Procurement of Residual Waste Treatment Solution will be conducted under EU Public Procurement Regulations and will follow the Competitive Dialogue process. The Collaborative procurement of Prosiect Gwyrdd will be managed using the necessary governance approach to reflect the status of the project, with Cardiff Council being the Lead Authority ("Lead Procurement Authority") for the procurement process.

2.5 The delivery of this project will impact on existing provision of waste services in each Partnership Authority. Each Partnership Authority will be responsible for assessing and managing the impact on existing provision and contracts that may be affected by the new solution. The evaluation of potential providers involved in the procurement process will include consideration of their approach to managing relationships to ensure the interactions can be managed effectively with the support of the successful provider.

2.6 This plan recognises the importance of due process, commercial confidence and the sensitivity of such a significant procurement and endeavours to address all actions and process in the required manner at the appropriate level of governance.

3 References

Doc reference	Document title
Final	Prosiect Gwyrdd Outline Business Case Autumn 2008
Final May 15 2009	Prosiect Gwyrdd OBC Health-check Addendum April 2009
Final Nov 2008	Prosiect Gwyrdd Common Report: Municipal Residual Waste Treatment - December 2008
Final 18 May 2009	Prosiect Gwyrdd Common Report: Municipal Residual Waste Treatment – Procurement May 2009
Sept 2007	Prosiect Gwyrdd Memorandum of Understanding
Final October 2009	Prosiect Gwyrdd Joint Working Agreement (1)
Final November 2009	Prosiect Gwyrdd Procurement Strategy
No Status	Prosiect Gwyrdd Change Control
Final PQQ Appendix 5	Prosiect Gwyrdd PQQ Evaluation Methodology
Draft no Status	Prosiect Gwyrdd Stakeholder Engagement Plan
Version 11	Prosiect Gwyrdd Risk Register
Draft No Status	Prosiect Gwyrdd ISOS Evaluation Methodology
Version 5	Prosiect Gwyrdd Project Master Schedule

4 Glossary of Terms

Term or Abbreviation	Definition
AD	Anaerobic Digestion
Anti-Collusion Certificate	the anti-collusion certificate to be completed and submitted by Participants when submitting a Solution
ARCD	Assessment of Readiness to Close Dialogue
ATT	Advanced Thermal Treatment
AWC	alternate weekly collection
Base Payment	the base payment is a payment calculated on a rate per tonne which is applied to the total tonnage of waste accepted by the Contractor in a contract year as more particularly defined in the Payment Mechanism
BMW	Biodegradable Municipal Waste
Bottom Ash	the ash that arises from a combustion process in a furnace
BPEO	Best Practicable Environmental Option
BRE	Building Research Establishment
BREEAM	Building Research Establishment Environmental Assessment Method
BVPI	Best Value Performance Indicator
CABE	Commission for Architecture and the Built Environment
CapEx	Capital Expenditure
CEEQUAL	Civil Engineering Environmental Quality
CFT	the Call for Final Tenders to be issued by the Partnership to the Participants in accordance with the Competitive Dialogue Procedure
Checklist	the checklist to be completed and submitted by Participants when submitting a Solution
CHP	Combined Heat and Power
CIRIA	Construction Industry Research and Information Association
Competitive Dialogue	the dialogue phase of the Competitive Dialogue Procedure from distribution of the ITPD documentation until the Partnership closes the dialogue and then issues the CFT
Competitive Dialogue	the procedure to be used by the Partnership to procure this Project as set

Term or Abbreviation	Definition
Procedure	out in Regulation 18 of the Public Contract Regulations 2006
Consortium Member	where the Participant is a consortium, any individual economic operator forming part of that consortium
Contract Close	the anticipated date of the Project Agreement
Contract Notice	the contract notice published in the Official Journal of the European Union (reference number [DN: INSERT])
Contract Waste	Contract Waste is the types of waste to be accepted at the Facility
Contractor	the contractor awarded the Project Agreement pursuant to this Project
Data Room	the data room managed by the Partnership by which the Participants may access documents relevant to this Project
DCfW	Design Commission for Wales
DEFRA	Department for Environment, Food and Rural Affairs
Descriptive Document	an updated copy of the IDD attached to the ITPD
DESH	Department for the Environment, Sustainability and Housing
Detailed Solutions	the Solutions to be submitted in response the ISDS
DE&T	Department of Economy and Transport
Documents	All tender documentation, guidance and project documentation issued by the Partnership during the Competitive Dialogue Procedure
EA	Environment Agency
EfW	Energy from Waste
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIR	Environmental Information Regulations 2004
EMS	Environmental Management System
EU	European Union
Evaluation Methodology	the methodology to be followed by the Partnership when evaluating the Solutions as set out in the tender documents distributed at each stage of the Competitive Dialogue Procedure
Executive Summary	the executive summary to be submitted by Participants when submitting a

Term or Abbreviation	Definition
	Solution
Facility	the facility(ies) to be procured pursuant to the Project
FBC	Final Business Case
Final Tenders	the Solutions to be submitted in response to the CFT
Financial Bid Forms	the forms required to be completed by the Participants and submitted as part of their Solutions
FOIA	Freedom of Information Act 2000
FRS5	Financial Reporting Standard 5
HM Guidance	HM Treasury Value for Money Assessment Guidance
HM Treasury	Her Majesty's Treasury
HWRC	Household Waste Recycling Centre
IDD	Initial Descriptive Document
IFRS	International Financing Reporting Standards
IRR	Internal Rate of Return
ISDS	Invitation to Submit Detailed Solutions
ISOS	Invitation to Submit Outline Solutions (which forms part of the ITPD)
ISRS	Invitation to Submit Revised Solutions
ITPD	Invitation to Participate in the Dialogue
JWA1	the joint working agreement that the Partnership has entered into to formalise their respective roles and responsibilities in relation to the joint working arrangements for the procurement of the Project
JWA2	a second joint working agreement (to be negotiated in parallel with the Project Agreement) that will regulate the relationship between the Partners during the operational period (the works and the services period) of the Project.
IVC	In-vessel Composting
Landfill Directive	European Union Landfill Directive 1999
LAS	Landfill Allowance Scheme (LAS) Regulations (Wales) 2004
Lead Contracting Authority	the Partner who will enter into the Project Agreement with the Contractor on

Term or Abbreviation	Definition
	behalf of the Partnership (to be confirmed later in the Competitive Dialogue Procedure)
Lead Procurement Authority	Cardiff Council will act as the lead authority for the procurement process and shall be responsible for the negotiation of the Project Agreement with the Participants
Lead Participant	the lead organisation co-ordinating a Participant's Solution
Level 1, 2 and 3 Criteria	The Primary, Sub and Sub-Sub Evaluation Criteria set out in the Evaluation Methodology
Local Partnerships	The joint venture between the Local Government Association and PUK (incorporating 4Ps)
M-BEAM	a modelling instrument developed by Defra
MBT	Mechanical Biological Treatment
MEAT	Most Economically Advantageous Tender
MRF	Materials Recovery/Recycling facility
MSW	Municipal Solid Waste
NPC	Net Present Cost
OBC	Final form of the Outline Business Case prepared by the Partnership in October 2008 and updated by the 'Outline Business Case Health-Check Addendum' in May 2009
OGC	Office of Government Commerce
OpEx	operating expenditure
Optional Site	the site within the Partnership's control offered to Participants for consideration for use within their proposed Solutions
Outline Solutions	the Solutions submitted in response to the ISOS
Output Specification	the draft output specification setting out the Partnership's requirements for the Project
Participant	the organisations that were selected at the PQQ stage and invited to participate in the Competitive Dialogue Procedure
Participant's Team	<p>the team bidding for the Project, including but not limited to, where the Participant is:-</p> <p>(a) a sole organisation (or a sole organisation supported by subcontractors that are not Significant Subcontractors), that sole</p>

Term or Abbreviation	Definition
	<p>organisation</p> <p>(b) a consortium, each Consortium Member</p> <p>(c) a prime contractor, the prime contractor and each Significant Subcontractor</p> <p>(d) a partnership, each member of the partnership</p> <p>(e) an incorporated company, the incorporated company</p> <p>(f) a co-operative, the co-operative</p>
Partnership	Caerphilly County Borough Council ("Caerphilly CBC"), the County Council of the City and County of Cardiff ("Cardiff Council"), Monmouthshire County Council ("Monmouthshire CC"), Newport City Council ("Newport CC") and the Vale of Glamorgan Council (the "Vale of Glamorgan") (and each individually a "Partner").
Payment Mechanism	the draft payment mechanism, sets out the basis for calculating payments from the Authority to the Contractor for delivering the services in accordance with its obligations under the Project Agreement
PB	Prudential Borrowing
Performance Standards	the standards set out in the Output Specification for the delivery of the Service
PFI	Private Finance Initiative
Portal	the portal at www.etenderwales.bravosolution.co.uk which Participants can use to upload their PQQ responses and access the Data Room
Potential Provider	Applicants to the pre qualification stage that are potential providers of the service.
PPP	Public Private Partnerships
PPS10	Planning Policy Statement 10
PQQ	Pre-Qualification Questionnaire
PQQ Methodology	Pre-Qualification Methodology as set out within the PQQ
Preferred Bidder	the Participant whose Solution is chosen as the MEAT following submission of Final Tenders
Project	the procurement of the Facility pursuant to the terms of the Project Agreement
Project Agreement	the project agreement for the residual treatment of MSW to be awarded by the Partnership pursuant to the Project, a draft copy of which will be provided

Term or Abbreviation	Definition
	later in the Competitive Dialogue Procedure
Project Board	the organisation within the Partnership established to oversee the procurement process, more specifically described in the tender documentation
Project Manager	Tara King of Cardiff Council or such other person notified by the Partnership to Participants from time to time
Project Team	the Partnership's team which is responsible for the day-to-day management of this Project on behalf of the Partnership including the Project Manager
PUK	Partnerships UK
Reference Project	the Partnership's reference project
Refined Solutions	the Solutions to be submitted in response to the ISRS
Residual Waste	the elements of the waste stream that remains after recycling or compostable materials have been separated or removed
Response Document	the form of response document completed by Participants when submitting their Outline Solutions
Risk Matrix	the Partnership's allocation of risk as set out in the ITPD
ROC	Renewables Obligation Certificate
RPI	Retail Price Index
SDLT	Stamp Duty Land Tax
SDP	Service Delivery Plans
Services	the services to be provided in accordance with the Project Agreement
Significant Subcontractor	the proposed subcontractors which will be contributing significantly (either in terms of value or importance) to the Project as defined in the PQQ (only relevant where a subcontracting arrangement has been proposed by a Participant)
Site	the site(s) to be used by the Participant to build the Facility proposed in their Solution to the Project
Site Report	establishing the baseline condition of the Site(s) before commencement of construction for the purposes of permit application(s)
Solution	the solution(s) submitted by Participants throughout the Competitive Dialogue Procedure in response to the procurement documentation

Term or Abbreviation	Definition
SoPC4	Standardisation of PFI Contracts Version 4
SPV	Special Purpose Vehicle
SRF	Solid Recovered Fuel
TIF	Treasury Infrastructure Fund
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
UC	Unitary Charge
VAT	Value Added Tax
VfM	Value for Money
WAG	Welsh Assembly Government
WCA	Waste Collection Authority
WDA	Waste Disposal Authority
WEEE	Waste Electrical and Electronic Equipment
WET Act 2003	Waste Emissions and Trading Act 2003
WID	Waste Incineration Directive (2000/76/EC)
WIDP	Waste Infrastructure Delivery Programme
WPA	Waste Planning Authority
WPPO	Waste Procurement Office
WRATE	Waste and Resources Assessment Tool for the Environment
WS 2000	Waste Strategy 2000
4Ps	Public Private Partnerships Programme

5 Introduction

5.1 Background

5.1.1 Prosiect Gwyrdd (PG) is established to consider the future arrangements for the management of Residual Waste after Recycling and Composting has been maximised across five Local Authorities in the South East Region of Wales, namely (in alphabetical order):

- Caerphilly;
- Cardiff;
- Monmouthshire;
- Newport;
- Vale of Glamorgan.

5.1.2 The project has concluded a detailed analysis of the requirements for managing residual waste across the five Local Authorities. This detail and the recommendation to conduct an EU procurement following the Competitive Dialogue procedure is contained in the Prosiect Gwyrdd Outline Business Case Health-check Addendum May 2009 (OBC). The Common report 2, which was developed using information in the OBC has been presented to Executive and Cabinet Members for each Local Authority. The final OBC agreement and authority to proceed was ratified by each Local Authority as follows:

5.1.3 **Table 1**

COUNCIL	APPROVAL OF OBC	APPROVAL TO PROCEED TO PROCUREMENT CABINET/ EXECUTIVE	FULL COUNCIL DECISION
CAERPHILLY	04 DECEMBER 2008	21 July 2009	28 July 2009
CARDIFF	09 DECEMBER 2008	11 June 2009	25 June 2009
MONMOUTH	07 JANUARY 2009	03 June 2009	30 July 2009
NEWPORT	17 DECEMBER 2008	26 May 2009	29 June 2009
VALE OF GLAMORGAN	17 DECEMBER 2008	03 June 2009	30 June 2009

- 5.1.4 In support and recognition of the need to deliver Government targets for managing waste detailed discussions have taken place with Welsh Assembly Government (WAG) officials around the type and quantum of funding support available for the project. Following discussions with Partnerships UK (PUK, the WAG's advisors), it was agreed initially that it would be appropriate to model the level and type of support that DEFRA provide to equivalent schemes in England. In March 2009 the WAG provided a funding formula, its terms and conditions and subsequently confirmed the project's 'Revenue Grant Ceiling'. The decision of the Local Authorities to proceed to Competition was dependent, inter-alia, upon receiving as a minimum this level of funding from the Welsh Assembly Government. Additionally, the project is required to have in its control a publicly owned site an "Optional Site", which will be made available to potential providers as part of the Competitive Dialogue process. The agreement setting out the details of the approved project funding was set out in the WAG's letter dated 30 March 2009, the appropriate conditions attached will need to be fulfilled by the time of placing the OJEU notice, all conditions are manageable within the Common Report 2 and the Procurement Plan.
- 5.1.5 The OBC and OBC Health Check Addendum May 2009 (the 'OBC') provides in depth analysis of the requirement for managing residual waste and details information on the geographic coverage, the volumes of waste to be managed, projected costs and the policy for dealing with waste. In order to determine the likely cost of procuring such a solution the OBC has developed a "reference project" based on a "shadow tariff" determined by the project's financial advisors; this is a common approach to estimating potential costs and base-lining potential solutions and has enabled the project to inform members of the affordability implications of the project and secure member commitment towards an affordability envelope, appropriate to the size and complexity of the project being proposed. Additionally the reference project demonstrates that the market can provide a solution that meets the project's requirements.
- 5.1.6 This reference project does not indicate the preferred solution. The procurement will be conducted on the assumption of being technology neutral, it is therefore essential to recognise that the solution will be evaluated through the Competitive Dialogue Process (as detailed in the Descriptive Documents) and the reference project is not assumed to be the required outcome, it is merely an option and all proposals will be evaluated equally.
- 5.1.7 The procurement will be conducted in accordance with Competitive Dialogue Procedure under the EU Public Sector Procurement Directive (2004/18/EC), implemented into UK law via the Public Contracts Regulations SI 2006/5 with effect from 31st January 2006.

6 Purpose

- 6.1. The purpose of this document is to detail the Commercial Process for the procurement of a Residual Waste Treatment Solution to Prosiect Gwyrdd (i.e. Provision of Waste Treatments Services for residual municipal waste).
- 6.2. It sets out a comprehensive plan for the commercial approach to delivering the procurement requirements and commercial solution from the publication of the OJEU notice to Contract award, the roles and responsibilities, potential areas of risk, the arrangements for due diligence, rules of engagement in addition to the resource requirement and governance approach. It is supported by the procurement strategy and procurement flowchart – Appendix 1 which sets out the activities for each stage of the procurement process.
- 6.3. The implementation of the plan will help to ensure commercial probity, whilst supporting the ethos of effective negotiations and fair and open competition, giving confidence to potential suppliers to embark on a successful, effective commercial relationship that will deliver benefits for all parties.
- 6.4. The cost to potential providers and to the Local Authorities involved is substantial and well understood. In order to minimise the potential for challenge, clarity about the objectives of the procurement and how they will be achieved is contained within this plan and associated procurement documentation. In essence the following details in the Procurement Plan will help to achieve a successful outcome for all parties and will highlight areas that will particularly require effective management.
- 6.5. The Competitive Dialogue process is in itself complex and subject to potential problems if it is not managed effectively. The meetings with Participants will be conducted in a tightly controlled environment, which shall be fully minuted and carefully managed. The rules of engagement and format of these meetings will be appended to this procurement plan. (in Appendix 2.)
- 6.6. Dialogue is a two way process and the Lead Procurement Authority will provide feedback and information in a controlled and efficient manner, again treating participants fairly, equally and openly. Additionally the Participants shall be requested to afford the same approach to the Lead Procurement Authority and keep it informed of their progress and concerns. The mechanism for communication and feedback is also addressed in Appendix 2.
- 6.7. The stages of Competitive Dialogue are flexible to some extent and Prosiect Gwyrdd is likely to conduct the Competition in 4 or 5 stages, reserving the right to add or remove stages, if necessary. A process of incremental evaluation will be used to reduce the field to specified number of a maximum 3 participants at the final stages. These stages are described in detail in this paper.
- 6.8. Evaluation forms an integral part of the Procurement Process and it will be consistent, fair and open throughout. The nature of Competitive Dialogue is to reach a solution that will fully deliver the Authorities' needs and to look at the benefits rather than be prescriptive about the solution. It is essential to ensure that all

stakeholders have a common understanding of the definition of the benefits. The Evaluation criteria will be based on the required benefits and will be consistent throughout the process.

6.9. Detailed Evaluation Criteria will be developed, having regard to stakeholder views. The Evaluation Criteria will be detailed in a specific document and will be supported by the use of the e-tendering system provided by Value Wales.

6.10. Additionally this detailed Procurement Plan will look at the approach to Due Diligence. It is the responsibility of the participants to perform their own due diligence but the Lead Procurement Authority is responsible to providing the required information in an accurate, timely, fair and consistent manner.

6.11. Following its assessment of the issues with the use of Capital Contributions, the Authorities will be seeking to explore through the procurement the value for money benefits of a capital contribution, with such a contribution to be made in line with the Waste Infrastructure Delivery Programme (WIDP) guidance on Prudential Borrowing and the anticipated further guidance from HM Treasury. The key principles that the Partnership will be following when exploring the value for money benefits of a capital contribution are:

- 1) Ensuring that there is sufficient private sector capital at risk when the Partnership makes its contribution, aligning both parties' interests and
- 2) Ensuring that payment will only be made once works have been certified

These options will allow the Authorities to explore, which contract funding structure provides the best value for money within an acceptable risk profile.

6.12 Throughout the process reports will be completed and next stage plans will be signed off. These reports and next stage plans will review the procurement process at each stage of the competition, to take stock and evaluate what has been achieved, review risks, ensure plans are in place for the next phase and that resources are available, consider lessons learnt and where the next phase can be improved in light of experience gained.

6.13 Although the procurement process officially concludes at contract award, it is recognised that there will be a period of delivery: implementation of planning, construction and commissioning in order to manage the project through to project completion and into contract management, this is factored into project plans accordingly.

7 The Strategic Approach & Procurement Objectives

7.1 Business Background

7.1.1 Full details of the business background are contained in the Prosiect Gwyrdd Outline Business Case October 2008 and OBC Health-check Addendum May 2009. EU and UK Governments will impose financial penalties to local authorities who fail to divert waste from landfill.

7.1.2 The Welsh Assembly Government expects that local authorities will jointly develop sustainable residual waste management solutions to support the delivery of the EU and UK Government targets on waste diversion.

7.1.3 It is expected that the provision of a sustainable Residual Waste Treatment Solution will complement other waste management solutions such as recycling and composting schemes and will form an integral part of the Authorities' strategies for waste management.

7.1.4 Strategically the commercial procurement process underpins the critical success factors of Prosiect Gwyrdd, which are described fully in the Outline Business Case. The Prosiect Gwyrdd procurement process is intended to deliver:

- A Participant(s) whose experience; track record; proposed solution and capacity makes them best suited to be able to implement and deliver the requirement in a way that best delivers Prosiect Gwyrdd's aims and objectives and best value for money;
- Provide a commercial Solution that provides an efficient and responsive Residual Waste Treatment Solution for the Authorities;
- Assurance that the commercial process delivers a tested solution but which also provides for future proofing; technical and operational efficiency in accordance with the requirements of the OBC and supports the achievement of Government targets in respect of Waste Management and Value for Money;
- And, to ensure that the commercial process observes best practice, proprieties and due process at every stage.

7.2 The Scope

7.2.1 The scope of the procurement will be set out in the OJEU notice and further detailed in the output specification that will be issued to Potential providers as part of the procurement process. The aim of the project, put simply, is to deliver a solution that will provide a Residual Waste Treatment Solution that remains within the agreed Outline Business Case parameters and affordability envelope of each Authority. The methodology for applying a Target Price is discussed later in this document and will be fully explained in the procurement documents. The requirement will include, inter alia to:

- Provide a solution that will enable treatment of a defined proportion of municipal residual waste such that Biodegradable Municipal Waste (BMW) is diverted from landfill in accordance with performance standards;
- Provide haulage of rejects, process residues and recovered materials from the treatment solution to end users and appropriate disposal facilities; and
- Dispose of rejects and process residues from the treatment solution to appropriate facilities.

These objectives are further outlined below:

7.3 Objectives

7.3.1 This procurement has a number of specific objectives that are considered to be essential when evaluating the success of the benefits realised from the procurement.

7.4 Objective 1

7.4.1 The Contractor shall provide a Solution that will comply with all legislation, guidance, policies and good industry practice including but not limited to:

- WAG targets for waste management;
- All relevant Environmental Protection Legislation;
- the Landfill Allowance Scheme (LAS) Regulations (Wales) 2004 which includes (but is not limited to) the diversion of waste and biodegradable fraction from landfill; and
- the Government Sustainability Agenda.

7.5 Objective 2

7.5.1 The Contractor shall provide a Solution that minimises, where practicable, the exportation of recyclable and recoverable materials outside the Partnership's administrative area.

7.5.2 The Solution shall meet the Partnership's output requirements which are currently anticipated to include:

- all treatment output, rejects and residues from the facility(ies) including (but not limited to)
 - the marketing and sale of recyclable materials;
 - compostable materials;
 - other materials recovered.
- Loading and onward transport to final destinations from the facility(ies) including the provision of landfill for residues to the extent necessary.

- The Partnership reserves the right to explore with the Participants during the Competitive Dialogue Procedure the potential for marketing any energy (heat and/or power and/or electricity) produced by the Solution to:
 - neighbouring users; and/or
 - the Partnership; and/or
 - the National Grid; and/or
 - to other users.

7.6 Objective 3

7.6.1 The Contractor shall deliver a Value for Money Solution against the baseline described in the OBC to support the Partnership in discharging its statutory duty in relation to the management and disposal of MSW, within the budgets identified.

7.7 Objective 4

7.7.1 The Contractor shall provide a Solution which enables innovation, continuous improvement of service and technology and provide a flexible, modern, long term, environmentally and economically sustainable solution that will meet the Partnership's and WAG's requirements for the management of residual waste as detailed in the OBC and documentation to be issued later in the Competitive Dialogue Procedure.

7.8 Objective 5

7.8.1 The Contractor shall deliver a Solution that reflects an acceptable allocation of risk between the parties and an appropriate profit share mechanism that is developed to ensure that any benefits are shared in an equitable and transparent way.

7.9 Relationship with Other Initiatives

7.9.1 The procurement is not intended to include any of the collection functions of the Authorities. Dependant on the solution proffered some ancillary waste management services such as (but not limited to) transfer stations and bulking and haulage operations may be required. This will be the subject of dialogue. The potential for the facility(ies) to cater for commercial and industrial waste and waste from other public sector organisations may also be explored during the dialogue. The Partnership intends to make a site available to participants subject to its suitability although participants may, if they prefer, put forward their own site(s).

7.9.2 The Partnership reserves the right to explore with the participants during the Competitive Dialogue Procedure the provision of information and visitor facilities and the potential for marketing any energy (heat and/or power and/or electricity) produced by the solution to neighbouring users and/or the Partnership and/or to the National Grid and/or to other users.

7.10 Key Assumptions & Dependencies

7.10.1 In order to successfully deliver the procurement in accordance with the overall objectives and requirements, it is essential that a number of key assumptions and dependencies are fulfilled.

- Key stakeholders are Identified and analysed to establish roles and responsibilities;
- Stakeholders will be engaged at the appropriate level and managed accordingly;
- Stakeholders will be supported in dedicating time and effort to the procurement;
- Identified resources will be made available ;
- Seek to achieve collaboration between all stakeholders;
- Technical and financial expertise will be available as required;
- Timescales will be manageable;
- Procurement will be overseen by the Joint Committee;
- Evaluation criteria will be established following consultation with key identified stakeholders and determined by the Joint Committee;
- Evaluation Panel will comprise of representatives from Project Team, appropriate sub group members and external advisors;
- All documents will be required to be reviewed and signed off by Legal Advisors;
- Standard Terms and Conditions WIDP SoPC4 2009 will be used but may be subject to derogations. For example as a result of the solutions put forward in the Competitive Dialogue process and subject to the agreement of the WPPO in WAG;
- There will be a fully developed Stakeholder Engagement Plan that will ensure that progress is reported at agreed intervals, to the appropriate stakeholders.

8 Impact

- 8.1 The procurement Process will have a significant impact on all Authorities and a high level of commitment is required from all stakeholders during the process.
- 8.2 Authorities will be required to provide input in differing degrees during the procurement process and it is essential that each Authority identifies and communicates the expected impact for their individual Authority. This may range from as little as committing a few hours each week to the project to full time input during, for instance, the evaluation process. This commitment is described in the roles and responsibilities in the JWA and both member and officer representatives from each Authority shall seek assurance from their respective Authorities. In turn the members and officer representatives shall be committed to providing feedback and communication to their Authorities to ensure that they are fully versed in the progress of the procurement and that they understand future commitments in terms of resources and time.
- 8.3 The impact of a successful procurement will require a period of delivery and implementation that will continue to draw on the Authorities' resources until the project is closed and handed over to the Lead Contracting Authority.
- 8.4 The Authorities will determine which Authority will act as the Lead Contracting Authority and the Contract Management Team that will manage the contract once the procurement process is complete. This will have an identifiable impact on the agreed Lead Contracting Authority in terms of cost, accommodation, resources and continued commitment to PG this relationship will be covered by the Joint Working Agreement 2.
- 8.5 There is a Joint Working Agreement 1, which sets out the Authorities' respective commitments and contributions that facilitates the procurement. It is envisaged that the Joint Committee or its successor will retain responsibility for the ongoing financial management of the contract.
- 8.6 The impact of delay upon all Authorities should not be underestimated; they will be potentially affected by failure to meet diversion targets and associated penalties, continued financial and resource commitment to the project and consideration of alternative solutions either on a long term basis or temporarily.
- 8.7 A proportion of the funding for the project will be provided by the WAG and at all stages during the procurement regard must be given to the WAG funding terms and conditions.

8.8 Risk Management

- 8.8.1 The OBC refers to the management of risk during the procurement process and requires that the project take a proactive approach to risk. The project has in place procedures to identify, assess and manage assumptions and risks that will be kept in regular review and recorded in the project Risk Register. The Partnership is looking to maximise value for money through the procurement by ensuring that risks are allocated to the party best able to manage those risks. The Partnership anticipates that the risk allocation within the finalised Project

Agreement reflects the allocation of risk as set out in HM Treasury's Standardisation of PFI Contracts Version 4 ("SoPC4"), the current waste sector derogations and the draft WIDP Residual Waste Treatment Contract issued on 10th June 2009 (as updated and amended from time to time) and amended to incorporate any project specific issues and/or comment from WAG. A draft risk allocation matrix will be included with the ITPD documentation and Participants will be requested to confirm their approval to the Partnership's proposed allocation of risk as part of their Outline Solutions to be submitted at the ISOS stage of the Competitive Dialogue Procedure

9 Change Control

- 9.1 During the course of the procurement it is acknowledged that there will be requests for change. In order to capture and control these requests a change control mechanism will be developed and all stakeholders, regardless of role, should be aware, understand and adopt the process.
- 9.2 The agreed changes shall be communicated to all appropriate stakeholders to ensure that there is a common approach and that everyone is delivering the correct and most up to date message. This is to minimise and limit the risk that changes will be agreed without proper consideration and agreement.
- 9.3 The Change Control process will be detailed in the PG Change Control Documentation, which details the process for raising, agreeing, recording, monitoring and communicating changes.

10 Commercial Approach

- 10.1 The overall Procurement Strategy is described in the Prosiect Gwyrdd Outline Business Case and the Procurement Strategy document, the Commercial Approach provides the detail and required actions and process that underpin the strategy.
- 10.2 Prosiect Gwyrdd is subject to the EU Public Procurement Regulations pursuant to the Public Contracts Regulations 2006 (SI 2006/5) (as amended). PG will be a Competitive Dialogue procedure that will be conducted over a period of approximately 24 months from OJEU notice.
- 10.3 Expressions of Interest will be invited through the placement of a Contract Notice in the Official Journal of the European Union and Other relevant journals. The notice is planned to be issued in November 2009.
- 10.4 Potential providers will be invited to take part in a Competitive Dialogue Process and to offer a solution/s. Potential providers will be informed of the requirements through the OJEU Notice, initial descriptive document, output specification, performance framework and Project Agreement and associated evaluation framework.
- 10.5 The Output Specification will present potential providers with full details of the output requirement, including but not limited to the contractual approach, the volumes, Performance Indicators and scope of the contract. The Output Specification will have regard to the Department for the Environment, Sustainability and Housing (DESH) National Evaluation Framework for Residual Waste Treatment Projects. The WAG will be required to approve any derogation from the draft Project Agreement.
- 10.6 Whilst the Solution will be supported by an element of funding from the Welsh Assembly Government (WAG), it is anticipated that the partnership may elect to make available an element of Capital Contribution; this will be considered in the evaluation of tenders and will be a subject for the dialogue process.
- 10.7 In accordance with the Partnership's Contract Notice, whilst the Partnership envisages a contract period of approximately 25 (twenty five) years with an option to extend by a further 5 (five) years, the actual contract period will be determined by best value considerations during the Competitive Dialogue Procedure and may also be dependent on financial market conditions. For the avoidance of doubt, a 25 (twenty five) plus 5 (five) years duration is indicative only and is not intended to specify the maximum or minimum length of the Project Agreement. PG will seek a Solution that is sustainable and future proofed.
- 10.8 Cardiff Council will be the Lead Procurement Authority for the procurement process. However, if the final solution is situated within one of the other Authority's areas it is anticipated that that local authority will be the Lead Contract Authority.
- 10.9 The following General Principles of procurement will be observed throughout the process; all potential providers will be afforded:

- Equal Treatment and non-discrimination;
 - Mutual Recognition;
 - Confidentiality; and
 - Proportionality.
- 10.10 This will ensure that the procurement is conducted appropriately and reduces the risk of challenge either throughout the process or during the standstill period.
- 10.11 Due to the dialogue process it is highly likely that the project team and the participants will form significant commercial relationships. A partnering, non-adversarial approach will be sought to achieve a successful outcome and to culturing a future long term commercial partnership. Confidentiality is key to participants and it is essential this is maintained throughout the dialogue process to the extent that the law relating to access of information allows. Guidance will be issued to officers and members in this respect.
- 10.12 In order to ensure that probity is maintained all parties will be subject to Rules of Engagement regarding their conduct and approach to the procurement and will be expected to abide by these at all times. The Rules of Engagement will be set out in the various procurement documents.
- 10.13 The procurement process will be subject to a strict change control process; all changes will be managed in accordance with the Prosiect Gwyrdd change control procedures and notified to participants as appropriate. The project will take care to ensure that no changes will amount to a fundamental change, resulting in the risk that the procurement would be withdrawn or challenged.
- 10.14 The requirements of WAG and its advisors Partnerships UK (PUK) will also be followed in respect of the requirement to perform 'Healthchecks' prescribed to follow best practice of OGC Gateway Reviews and the completion of a Lessons Learnt Log will also be maintained throughout.
- 10.15 The most essential review shall take place towards the close of dialogue to ensure the procurement is at the appropriate stage to proceed to close, as there is very little room for manoeuvre at the close of dialogue.

10.16 Output Specification

- 10.16.1 The potential providers will be asked to respond to the requirements of the Output Specification. The potential providers shall decide upon how they propose to deliver those requirements. It is anticipated that this approach will lead to a competitive solution from potential providers.
- 10.16.2 The details contained in the output specification shall be capable of objective assessment such that the performance management of the supplier can be accurately assessed and monitored.

10.17 Roles & Responsibilities

- 10.17.1 The Roles and responsibilities of each work stream will be clearly defined in order to achieve an efficiently managed procurement.
- 10.17.2 The Procurement Team will play an active role in the procurement and sufficient resources will be required from this area to ensure the Dialogue is conducted appropriately, adheres to Public Procurement Rules and delivers the best solution.

10.18 Transfer of Undertakings Protection of Employment (TUPE)

- 10.18.1 It is not anticipated that any existing Local Authority employees or LA let contracts will be affected by the award of the contract. The potential for application of TUPE regulations is not certain and will depend to some extent on the solutions presented by potential providers. However, TUPE will be considered and the appropriate investigations undertaken to understand any implications that arise.

11 The Proposed Stages of the PG Procurement

11.1 Pre-Qualification

- 11.1.1 A Pre-Qualification Questionnaire (PQQ) will be issued to all interested potential providers along with the Initial Descriptive Document, which details the scope of the procurement, the rules of engagement for the Competitive Dialogue commercial relationship, the PQQ evaluation methodology, the timetable, key contacts and other supporting information that is considered necessary to achieve the desired outcome in a manner that will satisfy all public sector propriety, audit and governance criteria.
- 11.1.2 A maximum of eight 8 participants will be selected at PQQ stage, this will include pass or fail tests as well as scored tests and only the top eight 8 (or 9 participants if there are equal points scored at 8th place) suppliers will be asked to progress to the next phase of the procurement. The selection will be backward facing and will focus on participant's capability to deliver a satisfactory solution, their economic standing, financial and technical ability and past performance.
- 11.1.3 Regulation 23 of the Public Regulations will be applied to gain assurance of participant's good standing. Participants will be expected to provide references and provide details of a reference site(s) that may be visited by members of the evaluation team.
- 11.1.4 Potential providers will be instructed to complete the PQQ completed in accordance with the process set out in the PQQ.
- 11.1.5 PQQ Evaluation will be conducted by a pre-nominated team of experts, drawn from Procurement, Legal, Finance and Technical community. They will evaluate the PQQ restricted to their area of expertise, using the agreed pre-determined criteria and weightings. The results of their assessment will be uploaded to the e-tendering system, which will produce an evaluation result and report based on the pre-determined evaluation criteria and weightings as assessed by the evaluators; this will then be used to determine the top 8 participants (9 if equal eighth place is scored) who will be invited to progress to the next stage of the procurement.
- 11.1.6 Full details of the PQQ Short-listing Process are contained in the PQQ.

12 Dialogue Stages

12.1 Dialogue – Structure and Organisation

- 12.1.1 It is expected that there will be different levels of input at each stage of dialogue.
- 12.1.2 During the ISOS stage the requirement will be relatively high level with the main focus being the provision of information, although there is still the requirement for dialogue meetings with participants and the dialogue teams.
- 12.1.3 The dialogue during the ISDS stage will be complex and will require strict adherence to the planned approach. The leader of the dialogue must be empowered to make decisions and to conduct the necessary discussions in order ensure that there are no undue delays in the progress of the dialogue. Participants must have confidence in the approach and the PG Dialogue Team.
- 12.1.4 In the first instance the dialogue meetings will be timetabled and dialogue will be held in alphabetical name order of the participants. Successful participants will be supported by the e-tendering supplier interface.

12.2 Invitation to Submit Outline Solution (ISOS)

- 12.2.1 The successful participants progressing through from PQQ will then be invited to take part in the Competitive Dialogue process, which is described below. Participants will be subject to evaluation and a process of de-selection at each stage of the dialogue, with a maximum of 8 participants being asked to submit an Outline Solution.
- 12.2.2 The participant's Outline Solution will focus on the technical aspects of the bids but there will be an opportunity to consider potential providers' financial assumptions and the potential value of the contract. Participants will be required to confirm where in relation to the pre-determined and published Target Price that their proposed solution sits. Dialogue with the short-listed participants will continue through to the Invitation to Submit a Detailed Solution and will be completed in accordance with the Project Schedule.
- 12.2.3 The dialogue team shall consist of the Project Manager, Procurement Manager, Technical Manager, Finance Manager Project Control Officer and Legal representations with advisors as required. In addition the meetings will be tightly controlled and managed and a proficient recorder will also be present at all meetings, to ensure that details of all the dialogue are captured accurately and consistently in approach. The due diligence required will be significant and the Project Control Officer will support this process.

- 12.2.4 The maximum number of 8 participants (or 9 if there is equal eighth place) are to be invited to participate in dialogue the detailed process will be set out in the ISOS documentation.
- 12.2.5 The inaugural meeting will provide participants with the opportunity to confirm the strategy, and to provide detail and clarification of the requirement, expectations for the process, key deliverables, governance and timings.
- 12.2.6 The purpose of the mid-stage meeting(s) will be to conduct a review of progress and to understand the initial thoughts around the individual proposals and solutions. Feedback will be provided and accuracy of interpretation of information may be commented. It will also focus on the relationship with PG and the provision of information.
- 12.2.7 The final meeting will give participants the opportunity to present their initial proposals for the solution and gain feedback from PG on their approach and solution prior to preparing and submitting their outline solution for evaluation.
- 12.2.8 The Outline solution will be required to be submitted by the published deadline and no proposals will be accepted after that deadline.
- 12.2.9 The Outline Solutions will be evaluated by the pre-appointed evaluation team in accordance with the pre-determined evaluation criteria and weightings, which will be set out in the procurement documentation. Further detail of the evaluation approach, criteria and weightings will be described in the procurement documents. In summary: Participants will be ranked according to their scores and the intention is to invite the Participants with the four (4) highest scoring Solutions to proceed to the next stage of the Competitive Dialogue procedure. However, in order to preserve a competitive environment, the Lead Procurement Authority reserves the right to invite the next highest scoring Solution(s) if the four (4) highest scoring Solutions have been submitted by two (2) or less Participants provided that the total number of Participants invited to continue with the Competitive Dialogue Procedure will not exceed three (3) and the total number of Solutions invited to continue to the ISDS stage of the Competitive Dialogue Procedure will not exceed five (5).
- 12.2.10 The results of the evaluation will be communicated to participants in accordance with the published deadline, unsuccessful participants can request feedback and comments on their proposals. This stage is expected to be achieved in accordance with the Project Schedule attached in the procurement documents for this stage.

12.3 Invitation to Submit Detailed Solution (ISDS)

- 12.3.5 On evaluation of the outline solution a minimum and maximum of three (3) participants with a maximum of five solutions will be asked to continue to the next stage of dialogue – the “detailed solution” stage and will be subject to detailed legal, technical, contractual and commercial

requirements of the procurement. This stage is the most complex and intensive stage of the procurement, the number of resources required to conduct in depth and complex dialogue with 3 participants is not underestimated. It is recognised that it is essential that all stakeholders who are expected to take part in this stage are engaged well in advance of the process and have a full understanding of their roles and responsibilities.

- 12.3.6 It is expected that on completion of this stage that competing participants will be in a position to submit a high quality detailed response to the requirements, using the information and dialogue that has taken place during this period. It is noted that all information is provided to participants without prejudice and that the participants are expected to make their own enquiries to satisfy themselves of the adequacy of the information supplied, that they have raised all relevant requests for information with PG before submission of their detailed solutions and that they are relying on their own due diligence alone.
- 12.3.7 The dialogue meetings will be more frequent during this stage of the procurement process. The dialogue teams will remain constant to provide continuity and fair and open competition.
- 12.3.8 Successful participants will be invited to attend an initial opening meeting that will communicate the process of this next phase, it will ensure participants are aware of the aims and objectives, key deliverables, timings and governance for dialogue meetings. They will be introduced to their dedicated supplier relationship manager and presented again with the rules of engagement, approach to dialogue and timetable of events.
- 12.3.9 The frequency of dialogue meetings will be reasonable and necessary for both participants and PG. Meetings will generally have a different focus and can be maintained separately in order that the participant and project can call upon the required resources in a managed and controlled way.
- 12.3.10 Dialogue meetings will be required for all Technical, Legal, Business and Financial aspects. The meeting plan will be presented to Participants at the start of the detailed dialogue phase. Participant initiations to dialogue meetings will be in alphabetical order. The subject, frequency and timetable for dialogue meetings will be developed in response to the complexity of the solutions and this will be established towards the conclusion of the outline solution stage of the dialogue. Full details will be presented to successful participants at the inaugural meeting of the detailed solution stage.
- 12.3.11 The Detailed Solution will be required to be submitted by the published deadline and no solutions will be accepted after that deadline.
- 12.3.12 The Detailed Solutions will be evaluated by the pre-appointed evaluation team consisting of representatives from the Project's Procurement, Legal, Technical and Finance teams.

- 12.3.13 Further detail of the evaluation approach, criteria and weightings are described in the evaluation documents and Stage Plan that will support this procurement plan. It is expected that although the Award Criteria for the PG Procurement will remain constant the weightings for each stage of the procurement may vary and participants will be informed of the detail at the beginning of each stage. Such variations may not and will not exceed the published ranges.
- 12.3.14 It is widely recognised that the Competitive Dialogue process is costly for both participants and Contracting Authorities; consequently there will be de-selection to maximum three (3) participants with maximum three solutions after evaluation of the Detailed Solutions, participants may be asked to submit a refined solution.
- 12.3.15 The results of the evaluation will be communicated to participants in accordance with the published deadline. Unsuccessful participants can request feedback and comments on their proposals. This stage is expected to be achieved in accordance with the Project Schedule attached in the procurement documents for this stage.

12.4 Invitation to Submit a Refined Solution (ISRS)

- 12.4.5 The Authority reserves the right as to the inclusion or otherwise of this stage as it may or may not be required. At this stage the solutions will be subject to clarification and detailed dialogue should not be required. On conclusion of this relatively short period of clarification and dialogue the remaining participants will be invited to submit a final tender for their solution to providing a treatment solution for residual waste.
- 12.4.6 Any meetings will be subject to the same conditions as the dialogue meetings, both participants and PG are at liberty to request meetings, which shall be restricted to clarification and feedback to enable the participants to deliver their best solution to meet the requirements of PG.
- 12.4.7 The Refined Solution will be required to be submitted by the published deadline and no solutions will be accepted after that deadline. Unsuccessful participants can request feedback and comments on their proposals.

12.5 Invitation to Submit Final Tender (ITSFT)

- 12.5.5 The 2 to 3 participants will be expected to provide a detailed and comprehensive response in accordance with the requirements stated in the Descriptive Document and in recognition of this it is essential to allow the participants sufficient time to prepare their proposals to the highest standard and present an offer that satisfies or exceeds all aspects of the PG Procurement.
- 12.5.6 This stage is expected to be achieved in accordance with the Project Schedule attached in the procurement documents for this stage.

12.6 Final Tenders

- 12.6.1 This stage is expected to be achieved in accordance with the Project Schedule attached in the procurement documents for this stage
- 12.6.2 The Evaluation Panel will evaluate the final tenders with reference to the pre-determined Contract Award Criteria and weightings, which has been pre-notified to participants.

12.7 Award

- 12.7.1 The selection of the Preferred Bidder will be made as a result of the evaluation that delivers the Most Economically Advantageous Tender that satisfies the Output Specification, Project Agreement and Performance Framework. The decision as to the appointment of the Preferred Bidder and award of contract will be made in accordance with the governance arrangements set out in the Joint Working Agreement 1.
- 12.7.2 All required notices as to contract award (including the Alcatel standstill period notice) will be given.
- 12.7.3 This period will be used for final clarifications and confirmation of commitments with the preferred bidder and then move to contract award, which will be formally notified and contractual documents, will be signed prior to placing a Contract Award Notice in the OJEU. It will be a matter for PG to determine whether to proceed to contract award before Planning and other permissions have been obtained or to make the award of contract conditional upon the same.

Delivery: Implementation of Planning, Construction and Commissioning

- 12.7.4 As the contract is awarded and details of the solution are published there will be a period of Delivery; Implementation of Planning, Construction and Commissioning. It is anticipated that PG will appoint a Delivery Project Manager who will require resources to deliver the solution into the 5 Local Authorities.
- 12.7.5 Such manager and team would be fully engaged with the supplier and act as an enabler to deliver the requirement, manage and monitor progress in preparation for handover to the Contract Manager.
- 12.7.6 The Contract Manager will continue to manage the contract and ensure that the delivery responds appropriately, provides the expected innovation and looks for continuous improvement throughout the term of the contract.

13 Governance

- 13.1 At the end of each stage of Competitive Dialogue, the result is required to be sanctioned in accordance with the decision making processes set out in the Joint Working Agreement.
- 13.2 The decision to award the contract is reserved to each Authority and accordingly will be taken by each Authority. Once all Authorities have made the decision to award or not, the participants will be notified.
- 13.3 The Partnership has entered into a Joint Working Agreement ("JWA1") to formalise their respective roles and responsibilities in relation to the joint working arrangements for the procurement of the Project. The Partnership has adopted a Lead Authority Model supported by a Project Team, Project Board, a Joint Committee and the members of each Partner. There are also a number of key decisions that will need to be referred to each council for decision. The JWA1 sets out that the Project Board and the Joint Committee will oversee the progress and implementation of the Project, to give the Project strategic direction and to be responsible for certain key reserved decisions. The Project Team will manage the day to day running of the Project and will be responsible for implementing decisions of the Project Board, the Joint Committee and the authorities.
- 13.4 The Partnership is very keen to work together to manage their waste treatment services and this Project, supported by the agreed and signed JWA1, is the first step in achieving this joint aim
- 13.5 This approach is detailed in the Outline Business Case and documented in the Evaluation Methodology.

13.6 E-Tendering & Document Control

- 13.6.4 Throughout the process of dialogue the evaluation will be managed using an e-tendering system. This allows a full and complete audit trail of evaluation that will satisfy all audit requirements and maintain probity during the evaluation of bids. The system is also more sustainable and provides excellent communications tools for the Project and Participants.
- 13.6.5 All project documentation is held and maintained on a secure centrally managed data base that is restricted to registered users. All documents, Quality assurance and Quality Review shall be managed through the Project Office. All products are version controlled, decisions are recorded on the PG Decisions Log and all actions are recorded and held centrally to ensure that a full audit trail of all documentation.
- 13.6.6 All documents that will be required by participants will be filed on the central data base in the electronic Data Room.

13.7 Record Keeping & Templates

- 13.7.1 A record of all meetings, dialogue and contact with participants will be maintained using PG templates, which are available from the Project Office. These templates shall be used at all times by all stakeholders. A standard approach is required at all times in order to ensure that the competition is managed in a fair and open manner and that no participant is given competitive advantage through contact with the project.
- 13.7.2 Minutes of meetings will be maintained in the same manner and will be available for scrutiny as required.

13.8 Planning

- 13.8.1 Details of the timings and stage planning allowed for the project can be found in the PG Procurement Project Plan, which is base lined, version controlled and amended in accordance with the requirements of the project.

14 Stakeholder Management & Communication

14.1 Stakeholder Management

- 14.1.1 It is recognised that PG has a numerous internal and external stakeholders ranging from the public to internal managers and councillors. There are varying degrees of interest and influence that shall be managed expertly in order to avoid challenge and to ensure that all interests are accounted for. The identification, assessment and management of stakeholders is detailed in the PG Stakeholder Engagement Plan.

14.2 Communication

- 14.2.1 Communication is a key part of the Project and it shall not be underestimated how critical it is to the success of the procurement.
- 14.2.2 Communication falls into Internal and external communication to Stakeholders and is described in the PG Stakeholder Engagement Plan. With such a sensitive area of procurement, that potentially has an impact on large communities and the environment, the value of communication is immeasurable.
- 14.2.3 PG Stakeholder Engagement Plan details the approach by stating the type of communication, the frequency and audience. The Communications Officer is a key stakeholder and is responsible for ensuring the appropriate messages are delivered in an accurate and timely manner.

15 Due Diligence

15.1 What is Due Diligence?

- 15.1.1 Due Diligence is a means by which information is obtained in order to enable participants to fully understand the Authorities' requirements, to enable them to construct an innovative but realistic proposal and to assess the risks and liabilities associated with the contracting process. It is a form of legal audit on the contractual structure, the contracts themselves and the associated legal risks.
- 15.1.2 Due Diligence begins once the ITPD has been issued and will conclude once the date for Final Tenders has lapsed.

15.2 Responsibilities

- 15.2.1 It is the responsibility of all participants to ensure that all appropriate elements are identified. Where current participants hold information, the Project Office will be the first point of contact for participants and will endeavour to ensure that any existing service providers provide a timely response and that the requisite information is provided only by the Project Office, there shall be no direct contact made by Participants to existing providers.

15.3 Warranties

- 15.3.1 Although the Project will assist and endeavour to be proactive in identifying and providing relevant sources and pieces of information it is public sector procurement policy **not** to provide warranties.
- 15.3.2 Due diligence is not a substitute for warranties and neither are warranties a substitute for due diligence. They serve different but complementary purposes. The aim of due diligence is to identify and quantify risk, whereas warranties seek to allocate the responsibility of risks, which are often undefined.

15.4 Requests for Information

- 15.4.1 The procurement documentation will specify how participants are to make contact with PG and request information. The procurement documentation will also specify how requests for information will be dealt with and the answers thereto in terms of sharing this information with other participants/commercial confidentiality.

15.5 Requests for Meetings

- 15.5.1 The procurement documentation will specify how requests for meetings are to be dealt with.

15.6 Monitoring

15.6.1 All information that is requested will be managed at the single Project Office and under the control of the Project Control Officer. Details of all requests for information will be recorded and monitored along with the response.

15.7 Requests for Access to the Data Room

15.7.1 The procurement documentation will specify how requests for access to the data room will be dealt with.

16 Resources

- 16.1 The requirement for resources will vary throughout the process; they will consist of stakeholders who will have input as and when required and full time or temporary members of the procurement project team. Internal resources, provided by partners to support the project are regarded as “in kind” support. The commitment to provide resources to the project is a subject of the Joint Working Agreement and Common Report 2.
- 16.2 Details of the required resources are contained in resource requirements section for each stage plan and provided in the Common Report 2. The procurement cost schedule captures project resources and associated budgetary implications for partners as the project progresses, the cost schedules are signed off in accordance with the JWA 1.
- 16.3 The highest level of resources will be required during the detailed dialogue stage and at each evaluation stage. Stakeholders and departments will be notified well in advance of their requirement so they can plan their own resources to take account of the gap.

17 Project Activities

17.1 Evaluation

17.1.1 The evaluation criteria for delivery of the PG solution will be developed with reference to the Department for Environment, Sustainability and Housing (DESH) National evaluation Framework for Food and Residual Waste Treatment Projects. The Evaluation Criteria and Weightings will be determined by the Joint Committee.

17.2 Market Analysis

17.2.1 To commence the market testing exercise a Prior Information Notice was published in the Official Journal of the European Union - OJEU in November 2006. At the time it was established that 22 potential providers may be interested in entering a competition for the provision of a Residual Waste Treatment Solution. Further market analysis has been conducted to ensure that the competition is viable and to confirm that the procurement is taking the appropriate course.

17.2.2 As more local Authorities embark on procurement the timing will be important, the Market Analysis revealed the number of organisations that may potentially compete and exposed any risk of saturation of public sector procurements that could stifle competition.

17.3 Rules of Engagement & Terms of Reference

17.3.1 All stakeholders and members of the project teams will be fully compliant with the rules of engagement and terms of reference during the procurement process. These are reproduced at Appendix 2.

17.4 Project Review & Procurement Plan Assurance

17.4.1 PG is a lengthy and complex procurement project and as such it is appropriate to include a number of staged reviews during the procurement process.

17.4.2 A review will ensure the project is delivering its objectives and adhering to the published timescales; it will highlight any areas for concern or that need attention and provide assurance that all activities are necessary and support the project's Terms of Reference.

17.4.3 It is anticipated that the Review activity will take place in the period when awaiting responses from potential providers. This will ensure the level of commitment can be made and provide assurance that the project is ready to proceed to the next stage of the procurement.

17.4.4 In order to ensure that the project is ready to embark on the procurement it will provide assurance that all actions have been taken and that preparation is complete.

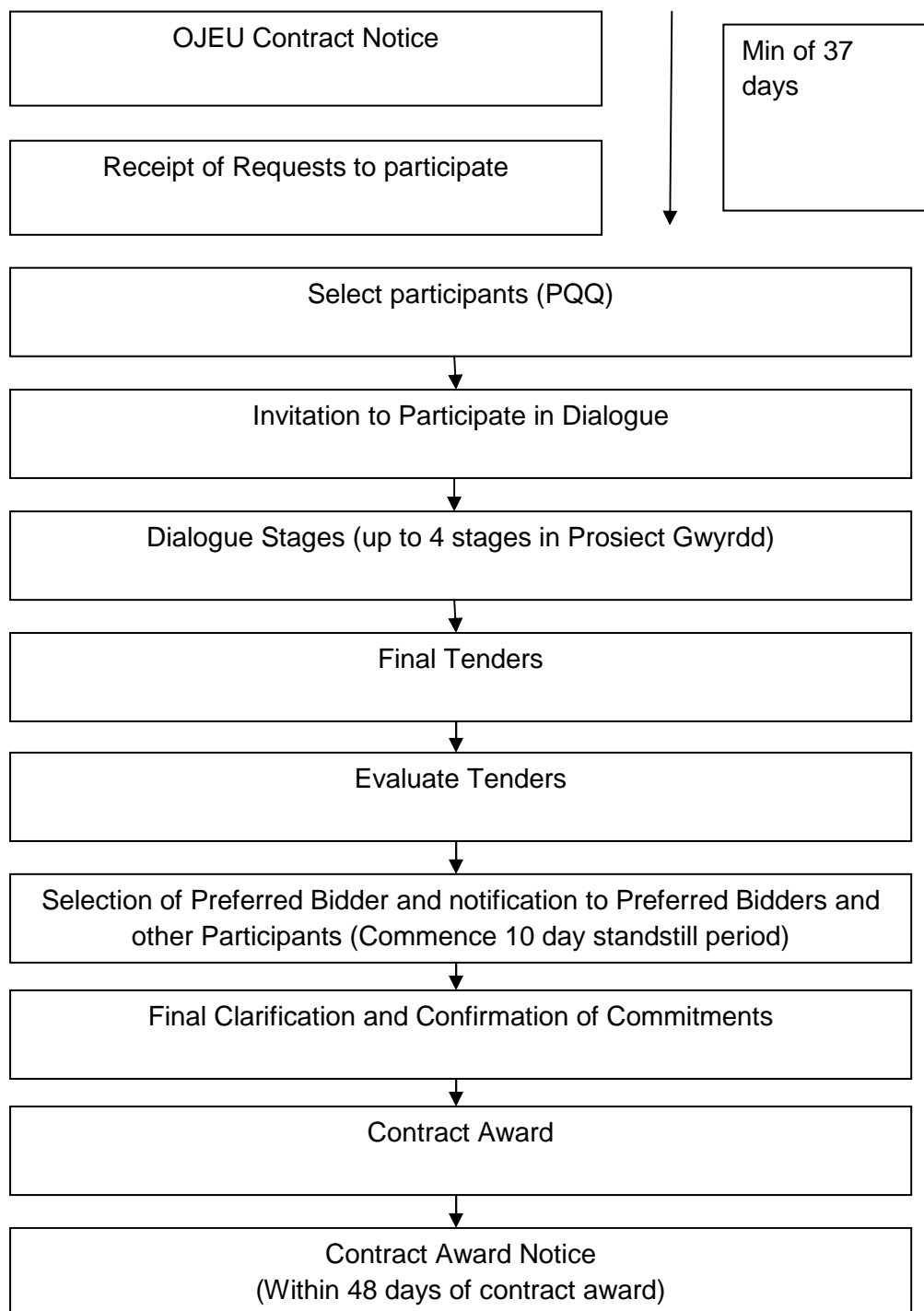
17.4.5 The aims of the Procurement Project Assurance are to ensure:

Procurement Plan Final for Publication Nov 09

- All stakeholders have been identified and impacted
- Evaluation Criteria is defined and agreed
- Plans are documented and communicated for the evaluation stage
- Risk register is updated
- Project Team have agreed roles and responsibilities
- Project Team have agreed roles and responsibilities for the Evaluation Team
- Evaluation Approach has been impacted against appropriate stakeholders
- Lead Procurement Authority have signed off procurement documents and are ready to go to market
- Appropriate lessons learned are incorporated

Appendix 1

Commercial Competitive Dialogue Procurement Process



Appendix 2

Rules of Engagement

1. The procurement documentation will set out the detailed Rules of Engagement including the use of the e-tendering system.
2. Where clarifications are required, the Project Manager must sanction these and they must be made in writing.
3. In dealing with potential providers care will be taken to ensure probity and propriety at all times. Project Teams will justify that what they do is reasonable and fair and records kept formally of any discussions with potential providers.
4. Confidentiality will be recognised and applied. Equally important is the need to retain a 'level playing field' and potential providers will not be disadvantaged by the communication (or non-communication) of information and/or advice. All potential providers will be treated fairly and equitably.
5. Throughout the procurement process there will need to be control over processes; documentation; clarification; negotiations and meetings. These serve to protect the security of commercially sensitive documents, and to provide an audit trail of decisions and any changes made to documents and to participant responses.
6. During the procurement process secure rooms will be used for perusal, analysis and consideration of responses. All Team members will be reminded of the need for confidentiality. Declarations of interest must be made and lodged with the Project Manager. All members of the Procurement and Dialogue Teams and co-opted experts must sign a Declaration of Confidentiality.
7. All procurement documentation and responses will be held securely. Copies of the response to dialogue will be provided to the dialogue team members and co-opted experts and controlled by the Project Manager. The Project Manager will also control any additional requirement for clarification from participants.
8. Procurement & Dialogue documentation will not be removed from any designated areas or shown to anyone outside of the Procurement Teams, unless it is an essential element of the process and is undertaken with the express permission of the Project Manager. Documents removed from designated areas must be 'signed for' by the recipient who will be expected to abide by 'Restricted-Commercial' status and the controls detailed in this paper.
9. Receipt of financial information obtained will be carefully controlled and monitored to secure probity and propriety. Financial details received will not be released until after the deadline for submission. Any financial information requested must be sent to the Project Manager who will arrange for details to be forwarded to the appropriate teams.
10. All information obtained or produced as a result of the Procurement Process will be marked 'Restricted-Commercial.' No documentation will be copied without prior authority from the Project Manager. No disclosure of information shall be made until the final decision of the Project Manager.