

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Cabinet	6 November

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Waste Re-tendering and Procurement of Waste Vehicles	Neighbourhoods and Streetscene	Mark Gaffney	10

## SUMMARY AND LINK TO CORPORATE PRIORITIES

The Council's partnering contract with Enterprise (now Amey) expires in June 2015. This report details the proposed procurement process to be undertaken to ensure that a new partnering contract is in place when the existing contract expires.

The report also details the proposed procurement process for 5 replacement waste vehicles.

The proposals in the report link directly to all of the Council's corporate priorities but especially Clean, Green and Safe.

## RECOMMENDATIONS

That Cabinet agree:

1. To advertise the procurement of the waste service in the Official Journal of the European Union (OJEU).
2. The restricted procedure is followed for the waste service procurement.
3. The evaluation criteria for the waste service procurement is based on 50% cost and 50% quality.
4. The contract period for the new contract is 8 years with extension options of up to 7 years (15 years in total).
5. An option is included for a 6 year contract period which may give opportunity to align contracts with Chorley Borough Council in 2021.
6. The procurement process, contract award procedure, and evaluation criteria for the procurement of 5 refuse collection vehicles as outlined in the report.

## DETAILS AND REASONING

### 1. Background

The Council's partnering contract with Enterprise (now Amey) commenced in June 2005 and expires in June 2015. The contract was for an initial period of 7 years with an option to extend for up to 3 years which gives the full term used of 10 years.

The procurement of a new partnering contract is a significant project for a very high profile service. Due to the timescales required to undertake the process and lead in times for the mobilisation of a new contract, the procurement process now needs to commence.

Five replacement waste vehicles are required in 2015/16. It is proposed that this procurement will run in parallel with the procurement of the new partnering contract, so that the new vehicles will be available as close as possible to the commencement date in June 2015.

## **2. Waste Re-tendering and Joint Procurement Opportunities**

Discussions have been held with neighbouring councils to ascertain if there is any interest in undertaking a joint procurement. There is no interest at this point in time but discussions have been held with Chorley Borough Council (CBC) around the potential to align contracts. CBC currently outsources its waste service but the contract does not expire until 2021. It is proposed that an option is included in the tendering process for a shorter contract for 6 years which would enable the Council to align with CBC. This would enable a joint procurement to take place in 2021 which may bring financial benefits. However, the financial implications and risks attached to this option would have to be fully evaluated as a short term contract is likely to cost more.

## **3. Specialist Support**

For a procurement of this significance, previous experience has demonstrated the value of using specialist external support and advice. During the last procurement for a waste partner 10 years ago, the cost of specialist support and advice was in the region of £28,000.

An opportunity has been taken to obtain external funding to support the costs of specialist advice and support. WRAP (Waste Resource Action Programme), which is a government funded programme, offered a 50:50 match funding package. Within the package WRAP will provide 50% of the funding for specialist consultancy support, provide frameworks for procuring the specialist support and also provide support, guidance and advice themselves.

WRAP is using this exercise as an opportunity to work with the Council to develop standard waste contract documents and processes to support the wider local authority sector.

The total cost of the package is estimated to be £32,000 of which WRAP will meet 50% of the cost. The Council's contribution will therefore be in the region of £16,000. Officers have reviewed the package and consider it will meet the Council's needs and provide best value. Funding has already been identified from existing budgets to meet the cost of the Council's contribution.

AMEC is the consultant which has just recently been appointed.

## **4. European Union (EU) Public Procurement Regulations**

The value of the proposed procurement is above the EU threshold which means that the EU Public Procurement Regulations apply to the procurement. It will be therefore necessary to advertise the procurement in the Official Journal of the European Union (OJEU). It is free to advertise in OJEU so there will be no cost.

The advert will require details relating to the waste service, contract period, evaluation criteria etc. Discussions with WRAP and AMEC have determined that the proposed evaluation criteria should be based on 50% cost : 50% quality and that the contract period should be 15 years including extension options. This breaks down into 8 years for the main contract and 7 years of extension options.

## **5. Procurement Process**

Following discussions with WRAP and AMEC, the recommended procurement approach is the restricted procedure. This is a two stage process where a selected number of tenderers who meet the pre-determined criteria are invited to tender. This is the more usual process used for this type of procurement and was used by the Council last time when Enterprise was awarded the contract.

The procurement process will allow for tenderers to submit proposals regarding efficiency and cost saving initiatives. Affordability of service also needs to be considered as this may be a key risk should tender values be higher than the current budget provision. The tendering process will therefore be designed to include options to mitigate this risk and to also give the Council options in the future should there be a need to reduce cost.

## **6. Provisional Timetable**

The provisional timetable for the procurement process is as follows, although this may be subject to change:

- Procurement Preparation – to January 2014
- OJEU – January 2014
- PQQ – Spring 2014
- ITT – Summer 2014
- Award – November 2014
- Mobilisation – November 2014 – June 2015

The PQQ is the Pre-Qualification Questionnaire which potential tenderers must complete. This is the first stage of the process and the submissions are evaluated to assess the suitability of the potential tenderers.

The ITT is the Invitation to Tender which is issued to those tenderers selected from the first stage.

Besides the key stages of the project identified above, considerable work will also be required for document preparation, evaluation of bids etc.

## **7. Vehicle Procurement**

Five replacement waste vehicles are required in 2015/16. It is proposed that this procurement will run in parallel with the procurement of the new waste partnering contract so that the new vehicles will be available as close as possible to the commencement date in June 2015. It is also proposed that the evaluation criteria for this procurement are based on 60% cost : 40% quality and that the procurement will be through a Purchasing Organisation Framework Agreement. Award of contract will be subject to a further report to Cabinet.

A purchasing organisation framework is a professionally procured public sector agreement which complies with EU legislation. This opens up a mini competition to suppliers included in the framework as opposed to a full EU procurement process. The Council's Standing Orders and Contract Procedures allow for the use of Framework Agreements. The Council also has extensive experience of the use of these arrangements.

There may also be opportunities to enter a joint procurement with other councils who are also procuring waste vehicles within the same timeframe. Should this opportunity become available, then scales of economy should be achieved through a larger procurement. Officers have proactively engaged other councils about their waste services, especially in relation to the provision of waste vehicles. There now seems to be a move by others to adopt the same model as the Council. This is for the Council to procure and supply the vehicles and allow the waste contractor to operate them. This is an alternative to the waste contractors providing the vehicles themselves. Efficiency opportunities are likely to be available through this model and as other councils consider adopting this approach, it may give even further opportunity for large scale joint procurements.

## **8. Officer Project Team**

A cross service officer project team has been established to oversee the procurement process. The sponsor for the project is the Director of Neighbourhood Services and the team includes

representatives from Neighbourhood Services, Legal, Shared Financial and Assurance Services including Finance, Procurement and Internal Audit, Human Resources, Public Relations and Health and Safety.

## 9. Future Cabinet Reports

It is proposed that further reports will be presented to Cabinet at key stages of the procurement process.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

<b>FINANCIAL</b>	There are no immediate direct financial implications arising from this report. However, this is a major procurement for one of the Council's largest areas of expenditure and the procurement process needs to be undertaken so as to achieve the best possible value.		
<b>LEGAL</b>	Given the scale of the project it is a legal requirement to advertise in OJEU.  Legal Services will provide legal support throughout the process and shall ensure that all statutory and legal requirements are met.		
<b>RISK</b>	An issues and risk log has been developed as part of the project management arrangements. This will be monitored, reviewed and updated by the project team throughout the life of the project.		
<b>THE IMPACT ON EQUALITY</b>	An equality impact assessment is under development as part of the project management arrangements. This will be monitored, reviewed and updated by the project team throughout the life of the project.		
<b>OTHER (see below)</b>	The project links with Asset Management, Equality, Diversity and Community Cohesion, Corporate Plans and Policies, Health and Safety, Efficiency Savings/Value for Money, Health Inequalities and Sustainability.		
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

## BACKGROUND DOCUMENTS

Project Management Documentation