



Agenda item:

[No.]

Procurement Committee

On 12<sup>th</sup> January 2010

Report Title. A further update on the Procurement of the Waste Management Contract

Report of: **Director of Urban Environment**

Signed :

*[Handwritten signature]* 23<sup>rd</sup> Dec. 2009

Contact:

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Wards(s) affected: **All**

Report for: **Information**

### 1. Purpose of the report

- 1.1. This is the second in a series of quarterly "for information only" reports designed to inform Members on the progress of the procurement of the new contract for the Councils "Collection of Waste and Recycling, Street Cleansing and other Environmental Services." The procurement is being undertaken under OJEU Competitive Dialogue regulations and is expected to result in an Award of Contract recommendation to committee in Autumn 2010

### 2. Introduction by Cabinet Member (if necessary)

- 2.1. This is the second report to inform the Committee of progress made to date with this major procurement exercise. The award of the contract, estimated at up to £20 million per annum over a 14 year period will be a key decision. This is a major opportunity for Haringey to redefine its Waste Management and

Cleansing Services and has my full support.

### **3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 3.1. Considering the strategic implications of a Waste Services Contract is key to understanding how this procurement will improve service performance and meet the policy objectives in Haringey's Sustainable Community Strategy and Greenest Borough Strategy. Bidders have been made aware that methodologies aimed at assisting the Council in achieving its strategic objectives will be a key phase of dialogue during the procurement.

### **4. Recommendations**

- 4.1. That Members note the procurement procedure currently underway and progress made to date as outlined in this report.
- 4.2. That Members note that this is the second of a number of reports to be presented at Procurement Committee, scheduled at key stages of this procurement to keep Members informed of progress.
- 4.3. That Members note this procurement will eventually lead to seek Members' agreement as a key decision to award the contract for an Integrated Waste Management Contract with a total contract value per annum of up to £20 million for a 14 year term with a possible extension for a further period of up to 7 years.

### **5. Reason for recommendation(s)**

- 5.1. N/A

### **6. Other options considered**

- 6.1. N/A

### **7. Summary**

- 7.1. **Cabinet approved on 15 July 2008 the Public Realm Commissioning Strategy, which included;**

- 7.1.1. Agreement to let specialised contracts, one of which was to engage a single supplier to provide Collection of Waste and Recycling, Street Cleansing Services, Winter Maintenance and other Environmental Services

including Graffiti and Fly posting removal.

7.1.2. Agreement to undertake the procurement of this service using a Competitive Dialogue procedure, which allows the Council to gradually reduce the number of suppliers and bids as the process develops.

7.1.3. Agreement to extend the existing Integrated Waste Management & Transport contract with Haringey Enterprise Ltd. by 16 months to allow time for a thorough procurement process to be undertaken through Competitive Dialogue. This will mean that the new contract start date would be April 2011.

7.1.4. Agreement to review through the procurement process the benefits of various delivery models, including the option to create a Joint-Venture Company

7.1.5. Agreement to establish a Cross Party Member Steering Group to review the programme as it develops.

7.2. **The overall objectives that the Council is seeking to achieve in re-letting this contract are;**

7.2.1. Improved Performance and value for money

7.2.2. Improved Public Perception of the Service being provided

7.2.3. Efficiencies and cost savings through economies of scale

7.2.4. Flexibility and Innovation in the way the services are delivered

7.2.5. That Haringey becomes a top-quartile performer in London

7.2.6. Reduce carbon emissions through developing innovative waste management solutions.

7.3. **Timescales and Budget**

7.3.1. The intention of the procurement is to appoint a supplier by Autumn 2010, allowing a sufficient mobilisation period before the service start date of April 2011.

7.3.2. The Procurement Team's intention is to provide regular, for information reports, to Committee during the procurement phase. The final report which is likely to be presented in Autumn 2010 will seek approval for a recommendation of Award of Contract to the preferred supplier.

7.3.3. Current service costs are approx £20m pa.

7.3.4. The new contract is expected to deliver savings of £1.2m p.a.

## 8. Progress to date

8.1. Progress during the period from the formal OJEU Contract Notice on 29 April 2009 to mid September 2009 was reported in the first update report to Members on 15 September 2009.

8.2. In summary, this period included the following activities;

Activity	Date
OJEU Notice Published	29 April 2009
PQQ Return Date (10 Suppliers)	04 June 2009
Long list approved by Board (6 Suppliers)	22 June 2009
Invitation to Participate in Dialogue (IPD) issued	26 June 2009
IPD Responses received	12 Sept 2009

8.3. At the date of the last update to Members, supplier responses to the Invitation to Participate in Dialogue was ongoing. The result of the evaluation, which included supplier presentations was reported to Board on 09 October 2009, which resulted in approval for a short list of 3 suppliers to be invited into the next stage of dialogue.

8.4. The three bidders who have been invited into the current detailed phase of the dialogue are, Veolia Environmental Services, May Gurney and Enterprise plc.

8.5. The 3 remaining suppliers were formally invited into the next stage of the dialogue process and issued with an Invitation to Submit Detailed Solutions (ISDS) on 15 October 2009. The ISDS requires suppliers to develop detailed solutions to be submitted in February 2010.

8.6. During this phase, ongoing dialogue meetings designed to assist the suppliers in completing their bids are ongoing.

8.7. Throughout the procurement, risks, including failing to complete the procurement successfully are being monitored and reviewed on a regular basis.

## 9. Next Steps

9.1. Ongoing dialogue with the three remaining bidders will continue until the submission of their initial detailed solutions in February. Bids will then be evaluated with a view to identifying the final two bidders who will be invited into

the final stage of Dialogue

9.2. The remaining phases of the dialogue will be designed to refine the bids presented, until the Council can be sure that bids;

9.2.1. are within the available budget;

9.2.2. achieve the Council's objectives, and;

9.2.3. are offered on an acceptable commercial basis.

9.3. At which stage the Council will formally close the dialogue phase and call for final bids to be submitted

#### **10. Chief Financial Officer Comments**

10.1. At this stage of this major procurement exercise there is no financial implication to be reported.

#### **11. Head of Legal Services Comments**

11.1. The procurement being undertaken is in compliance with the Council's standing orders and the EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006.

11.2. As this process is using the competitive dialogue procedure the process must adhere throughout the process to the Public Contracts Regulations 2006, in particular regulation 18.

#### **12. Head of Procurement Comments**

12.1. This procurement is progressing as expected and within planned timescales.

12.2. A sufficient number of suppliers were initially attracted to take part in the process and thus ensure competition. The competitive dialogue procedure is intended to gradually reduce these number over a period of time and the Council is currently engaged with three suppliers.

12.3. The next stage will be a key milestone, when current bidders are reduced to 2.

#### **13. Equalities & Community Cohesion Comments**

13.1. Bidders' compliance with equalities legislation was assessed during the pre-qualification stage of the procurement and will be incorporated in the contract

signed with the successful bidder.

#### 14. Consultation

- 14.1. Stakeholder Consultation is being undertaken at a number of levels;
- 14.2. Public Consultation – a Council questionnaire was provided in July's issue of Haringey People, allowing all residents to make their views known. This has generated the largest ever response to a public consultation in Haringey.
- 14.3. Trades Unions – Unions representing the staff providing the service currently are consulted formally once a month. They are kept up to date with the process and timescales and any key developments which will affect their members.
- 14.4. Staff – Meetings with depot staff, where the Environmental Resources Procurement Team and Personnel explained the procurement process and impact on staff took place in December 2009.
- 14.5. London Mayor's Office – The GLA have approved the process to date and are being regularly updated on progress.
- 14.6. Homes for Haringey – as a contributor to the service costs, Homes for Haringey are consulted on a regular basis and are represented at Project Board.
- 14.7. Commercial Traders – a separate consultation is being undertaken with Traders in Haringey on their views on Trade Waste collection and recycling in February.
- 14.8. Cross Party Members Steering Group – has been established to ensure that Members from all Parties are aware of the process and progress.

#### 15. Use of appendices /Tables and photographs

- 15.1. N/A

#### 16. Local Government (Access to Information) Act 1985

- 16.1. [List background documents] N/A
- 16.2. [Also list reasons for exemption or confidentiality (if applicable)] N/A