



Agenda item:

[No.]

Procurement Committee

On 16<sup>th</sup> September 2010

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

Report of: Director of Urban Environment

Signed :  31<sup>st</sup> August 2010

Contact:

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Wards(s) affected: All

Report for: Information

1. Purpose of the report

- 1.1 This is the third in a series of regular "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 following publication of an OJEU notice using the Competitive Dialogue process under the Public Contract Regulations 2006 and is expected to result in an Award of Contract recommendation to Cabinet in December 2010

2. Introduction by Cabinet Member (if necessary)

- 2.1 This is the third report to inform the Committee of progress made to date with this major procurement exercise. The award of the contract, designed

to save a minimum of £1.2 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 to lift Haringey into top quartile.

**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 third 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 approximately £17.5 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 development of a Strategic Partnership.

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;

- Improved Performance and value for money
- Improved Public Perception of the Service being provided
- Efficiencies and cost savings through economies of scale
- Flexibility and Innovation in the way the services are delivered
- That Haringey becomes a top-quartile performer in London

7.3 **Timescales and Budget**

7.3.1 The intention of the procurement is to select a new supplier before the end of 2010, allowing a generous 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.

7.3.3 Current service costs are approx £19m p.a.

## 7.4 Progress to date

7.4.1 Progress during the period from the formal OJEU Contract Notice on 29 April 2009 to mid January 2010 was reported to Members on 12 January 2010. 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
Short list approved by Board (3 suppliers)	09 Oct 2009
Invitation to Submit Detailed Solutions (ISDS) issued	15 Oct 2009

7.4.2 At the date of the last update to Members, the three remaining suppliers were developing their initial detailed solution bids. Initial Detailed Bids were received on 26th February 2010. Following receipt, there followed a period of detailed evaluation.

7.4.3 The detailed evaluation results were presented to Project Board on 10 May 2010 which resulted in approval of the final short-list of 2 suppliers, Enterprise and Veolia being invited into the final stage of dialogue

7.4.4 Dialogue with the final two suppliers aimed at refining bids prior to final bid submission is ongoing.

## 7.5 Next Steps

7.5.1 Dialogue with the two remaining bidders will continue until the Council are sure that bids are;

- Within the available budget for the programme
- Achieve the Council's objectives, and
- Are offered on an acceptable commercial basis.

7.5.2 Dialogue will then be formally closed and final bids invited.

7.5.3 Final Bids will be evaluated which will result in a recommendation of the preferred bidder to Cabinet

8.	<b>Chief Financial Officer Comments</b>
8.1	At this stage of this major procurement exercise there is no financial implication to be reported.
9.	<b>Head of Legal Services Comments</b>
9.1	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.
9.2	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.
10.	<b>Head of Procurement Comments</b>
10.1	This procurement is progressing as expected and within planned timescales.
10.2	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 numbers over a period of time and the Council is currently engaged with the remaining two suppliers.
10.3	Those suppliers that have been eliminated at each stage of the process have been formally notified in accordance with Regulations
10.4	The next stage will be a key milestone, when Final Bids are evaluated and a preferred supplier is selected and reported to Cabinet for approval.
11.	<b>Equalities &amp;Community Cohesion Comments</b>
11.1	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.
12.	<b>Consultation</b>
12.1	Stakeholder Consultation is being undertaken at a number of levels;

- 12.1.1 Public Consultation – a Council questionnaire was provided in the July 2009 issue of Haringey People, allowing all residents to make their views known. This resulted in the largest ever response to a public consultation in Haringey.
- 12.1.2 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.
- 12.1.3 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. Additional briefings are planned for September 2010.
- 12.1.4 London Mayor’s Office – The GLA have approved the process to date and are being regularly updated on progress.
- 12.1.5 Homes for Haringey – as a contributor to the service costs, Homes for are consulted on a regular basis and are represented at Project Board.
- 12.1.6 Commercial Traders – a separate consultation is being undertaken with Traders in Haringey on their views on Trade Waste collection and recycling.
- 12.1.7 Member Advisory Group – has been established to ensure that Members from all Parties are aware of the process and progress.

**13. Use of appendices /Tables and photographs**

13.1 N/A

**14. Local Government (Access to Information) Act 1985**

14.1 [List background documents] N/A

14.2 [Also list reasons for exemption or confidentiality (if applicable)] N/A