



Agenda item:

[No.]

CABINET

On 21 DECEMBER 2010

Report Title: Award of Contract for the Council's Waste Management Services

Report of Niall Bolger, Director of Urban Environment

Signed: *N Bolger* 13th Dec 2010

Contact Officer : Stephen McDonnell (Ext 2485)

Wards(s) affected: All

Report for: Key Decision

1. Purpose of the report (That is, the decision required)

- 1.1. To seek approval to award the contract for Waste Management Services for a period of 14 years with the option to extend for a further 7 years in accordance with Contract Standing Order (CSO) 11.03.

2. Introduction by Cabinet Member (if necessary)

- 2.1. I believe this contract will give Haringey the ability to redefine its Waste Management and Cleansing Services delivering a more sustainable solution by reducing the service's carbon impact and increasing recycling rates, in line with our Greenest Borough Strategy. The new contract will also ensure the Council aims to achieve top quartile performance for London.
- 2.2. The tendering process has been thorough and has been externally tested to ensure overall procurement objectives were met, which includes improvements in performance and customer perception.
- 2.3. The Contractor's commitment to work in partnership with the Council will ensure that the contract continually evolves, thus meeting the future challenges that we

may face as a Council.

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

3.1. The proposed Waste Management Services contract addresses the following Council Plan Priorities; Cleaner Greener Haringey, Delivering High Quality Efficient Services and A Thriving Haringey. In turn the new contract will support the delivery of the following Greenest Borough Strategy Priorities:

- Priority 1 – Improving the Urban Environment
- Priority 3 – Managing Environmental Resources Efficiently
- Priority 6 – Promoting Sustainable Transport
- Priority 7 – Raising Awareness and Involvement

3.2 Details on how the recommended bidder has addressed these priorities is set out in the Part B (exempt) section of this report.

4. Recommendations

4.1 It is recommended that approval be given under Contract Standing Order 11.03 to award the Waste Services contract to the Contractor identified in Part B (exempt) paragraph 2.1 of this report for a period of 14 years with the provision to extend for a further period of 7 years.

5. Reason for recommendation(s)

5.1. The Procurement has been undertaken using a formal OJEU Competitive Dialogue procedure. The winning bidder has scored highest against the evaluation criteria set for the procurement.

6. Other options considered

6.1. The nature of a formal Competitive Dialogue allows the number of bidders to be gradually reduced as the dialogue progresses, which means that a number of potential solutions have been considered during the dialogue process. 16 companies expressed interest in this procurement, with 10 submitting a formal Pre-Qualification Questionnaire, which has subsequently been reduced to the final two, from which the preferred bidder has been recommended.

7. Summary

Introduction

7.1 The selection of the contractor to provide Haringey's Waste Management Services, including waste collection, street cleansing and other environmental

services, is being procured through a Competitive Dialogue procedure. Competitive Dialogue allows the Council to gradually reduce the number of bidders engaged as the process develops, until ultimately a preferred bidder is selected. This report has been prepared to present to Cabinet the outcome of the final stage of the dialogue and the process of receiving and evaluating the Final Bids, which has resulted in a recommendation of the Preferred Supplier.

Commissioning Strategy

7.2 Cabinet approved on 15 July 2008 the Public Realm Commissioning Strategy, which included:

- Agreement to procure 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.
- 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.
- 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.
- Agreement to review through the procurement process the benefits of various delivery models, including the development of a Strategic Partnership.
- Agreement to establish a Cross Party Member Steering Group to review the programme as it develops.

Procurement Objectives

7.3 The agreed 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.

Timescales

7.4 The intention of the procurement is to select a new supplier before the end of December 2010, allowing a sufficient mobilisation period before the service start date of April 2011.

Procurement Process

7.5 A notice was published in the Official Journal of the European Union (OJEU) on 1st May 2009, inviting suppliers to express interest in competing for this contract. Suppliers who expressed interest were invited to complete a Pre-Qualification Questionnaire (PQQ), which resulted in a Long-List of 6 suppliers being selected who were invited into the first phase of dialogue (Invitation to Participate in Dialogue – ITPD). Five of these bidders subsequently submitted formal responses, from which following evaluation, three suppliers were invited to continue in the dialogue process and develop and submit detailed solutions (Invitation to Submit Detailed Solutions – ISDS). The various stages of the procurement process together with the associated number of bidders are set out in Table 1 below.

Table 1 – Procurement Stages/Number of Bidders

Expression of Interest Received	16 Suppliers
Completed PQQ's	10 Suppliers
Invited into first phase of dialogue (IPD)	6 Suppliers
Completed Written Responses to IPD	5 Suppliers
Presentation and Interview	5 Suppliers
Invited to Submit Detailed solutions (ISDS)	3 Suppliers
Suppliers Invited into Final Dialogue Phase	2 Suppliers
Final Bids Received	2 Suppliers

ISDS Process

7.6 The Council's Invitation to Submit Detailed Solutions (ISDS) and Output Specification was issued to the three remaining bidders in October 2009. The ISDS invited Initial Detailed (and Costed) Bids to be developed and submitted in February 2010, allowing a period of 4 months of dialogue with the Council before bids needed to be submitted. During this dialogue period, the Council allocated up to one day per week for each bidder to use as they wished. The objective of this period was to assist bidders in developing their proposals.

7.7 During this dialogue period, the Council were keen to ensure that:

- Bidders were not constrained in developing solutions to meet the outputs in the specification.
- That there was no cross-contamination of ideas or supplier solutions.

7.8 Initial Bids were received from the three bidders on 26th February 2010.

7.9 Following detailed evaluation of the three remaining bids, on the 10 May 2010, Project Board approved the decision to deselect the 3rd placed bidder, and invite the final two suppliers, Enterprise and Veolia into the final phase of dialogue.

Final Stage of Dialogue

7.10 This involved a series of meetings to refine all aspects of the solutions presented by the two final bidders at the Initial Bid stage. The process allowed each of the evaluators the opportunity to clarify and feedback the strengths and weaknesses of the proposals with the bidders, providing them with a clear understanding of where improvements could be made which would improve their overall scoring. Bidders were given the opportunity to refine and re-submit aspects of their proposals during the dialogue and receive further feedback on their re-submitted proposals. This process gradually refined the bids and provided the Council with the confidence that the bids were being designed such that they would achieve the objectives set for the procurement.

7.11 In parallel, full agreement was reached on the contractual position offered by each supplier.

7.12 This Dialogue phase continued until the evaluation team were confident that Final Bids, when presented would:

- Achieve the Strategic and Operational outputs required from the Service.
- Provide an acceptable contractual and commercial position.
- Be within the Council's budget for the Service.

7.13 Once this position was reached, on 10 November 2010, Dialogue was formally closed and bidders were invited to submit their Final Bids, reflecting the positions agreed during the dialogue.

7.14 Final Bids were received from the two remaining bidders, Enterprise and Veolia on 12 November 2010.

8. Chief Financial Officer Comments

8.1 The recommended bid is within the specified 'affordability envelope' for the contract and hence delivers significant levels of savings to the Council.

8.2 The pre-agreed element of the savings – agreed as part of the 2010-11 budget process amount to £1.165m and an additional £700,000 of savings have been identified during the procurement process.

8.3 Further details are contained within the exempt section of the report.

9. Head of Legal Services Comments

- 9.1. The procurement has being undertaken 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, and in accordance with Council's Financial Regulations.
- 9.2. As this process is using the competitive dialogue procedure in accordance with CSO 8.02 (d), the process must adhere to the Public Contracts Regulations 2006 and in particular regulation 18 throughout the process.
- 9.3. The value of the of the contract is above the Council's Key Decision threshold and or affects all wards, the Council's Waste Management Team have confirmed that, in accordance with CSO 11.04, details of this contract have been included on the Forward Plan.
- 9.4. Where there is a disposal of assets reasonable endeavours must be used to realise their residual values in accordance with CSO 16.01 and where the value of these is over £150,000 the Cabinet Procurement Committee is the appropriate body that must approve this under CSO 16.05.
- 9.5. The Contract is being awarded based on the basis that the preferred bidder submitted the most economically advantageous tender in accordance with CSO 11.1 (b).
- 9.6. The value of the Agreed Maximum Price for the contract exceeds £250,000, under CSO 11.03, the Procurement Committee is the appropriate body to approve the award, provided that to do so is consistent with the provisions of the Council's Financial Regulations.
- 9.7. The Council has to obtain best consideration as any leases granted for a period in excess of 7 years is deemed to be a disposal. Where the Council proposes to dispose undervalue it must obtain the consent of the Secretary of State even where such a disposal would be financially advantageous to the Council.
- 9.8. Subject to the comments contained in the exempt information, the Head of Legal Services confirms that the recommendations contained in this report may be accepted.

10. Head of Procurement Comments

- 10.1. The procurement process has been robustly applied throughout to ensure compliance with relevant tendering directives and regulations.
- 10.2. An early gateway review was undertaken to ensure the project was properly

resourced and planned; in order to ensure a successful outcome.

- 10.3. Bidders have been suitably briefed at each key stage of the process and as bidder numbers were reduced.
- 10.4. Final evaluation scores demonstrate a clear winning bid.
- 10.5. The Head of Procurement supports the report and recommendations hereby put to Members for consideration.

11. Equalities & Community Cohesion Comments

11.1 An Equalities Impact Assessment (EIA) was completed to inform the procurement process and ensure that the contracts developed as part of the Competitive Dialogue process included the necessary considerations. The EIA was informed by the residents' consultation exercise which took place in July 2009, which resulted in over 6,800 responses. The results of the consultation were made available to the bidders to ensure the bids considered the identified barriers to accessing waste management services.

11.2 Some of the key equalities outcomes of the consultation were:

- Access to Reuse & Recycling Centres for residents who do not own a car.
- Assisted collections for residents who are physically unable to present their recycling and waste containers at the boundary of their property.
- Effective communication with and meeting the needs of a wide range of communities.

11.3 The new contract addresses many equalities considerations including the above through the provision of new and enhanced services. Furthermore, the new contract has a requirement to perform equalities monitoring and to adhere to the Council's policies on Equalities.

12. Consultation

12.1 Throughout the procurement process the Council has consulted with a number of stakeholders, including;

- Residents – A Council questionnaire was distributed in the July 2009 issue of Haringey People, allowing all residents to make their views known. During the fieldwork period over 6,800 completed forms were returned via freepost and email, this being the largest ever response to a public consultation that Haringey has received. The consultation focused on a number of areas,

including; recycling, dog fouling, contact methods and local priorities.

- Traders - A consultation was distributed to all businesses in the borough in September 2010. During the fieldwork period over 180 completed forms were returned. The consultation focused on a number of areas, including; contact methods, current service provision, street cleansing and recycling.
- Trades Unions – Unions representing the staff providing the service were consulted once a month. They were kept up to date with the process and timescales and any key developments which would affect their members.
- 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 post contract award.
- London Mayor’s Office – The GLA have approved the process to date and are being regularly updated on progress.
- Homes for Haringey – as an end user and a contributor to the service costs, Homes for Haringey have been consulted on a regular basis and are represented at Project Board. They were also involved in the dialogue meetings with bidders to discuss future service provision on estates.
- Member Advisory Group – As agreed in the Commissioning Strategy, this group was established to ensure that Members from all Parties are aware of the process and progress of the procurement.

13. Service Financial Comments

13.1. Both bids received were within the Council’s Affordability Envelope.

13.2. Full details on the financial considerations in determining the recommendation are set out in Part B (exempt) section 4.0.

14. Use of appendices /Tables and photographs

14.1. Part B- Exempt Information

14.2. Part B Appendix A – Environmental Resources Baseline Budget Position

14.3. Part B Appendix B – Eversheds Legal Executive Summary

15. Local Government (Access to Information) Act 1985

15.1. This report contains exempt and non-exempt information. Exempt information is contained in Part B and is NOT FOR PUBLICATION. The

exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972):

- Information relating to the financial or business affairs of any particular person.

