



Haringey Council

Agenda item:

[No.]

Procurement Committee

On 15th September 2009

Report Title. An update on the Procurement of the Waste Management Contract

Report of: **Director of Urban Environment**

Signed :

Contact:

Graham Jones, Environmental Resources
Graham.jones@haringey.gov.uk
020 8489 3254

Wards(s) affected: **All**

Report for: **Information**

1. Purpose of the report

1.1. This report is for information only and is designed to inform Members of the procurement process currently underway and progress to date on the procurement, through an OJEU Competitive Dialogue Procedure of a new contract for the Collection of Waste and Recycling, Street Cleansing and other Environmental Services.

2. Introduction by Cabinet Member (if necessary)

2.1. This is the first 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 first 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 creation of 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 (joining up waste collection with recycling for example).
 - 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 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. 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.

8. Progress to date

- 8.1 Formal OJEU Contract Notice was published on 29 April 2009, inviting suitably qualified companies to express interest in participating in the procurement process.
- 8.2 All companies expressing interest were provided with a Pre-Qualification Questionnaire (PQQ), which needed to be completed and returned by 4 June 2009. 10 companies returned completed PQQ's
- 8.3 PQQ's received were evaluated in the following areas;
 - 8.3.1 Financial Stability and Contractual compliance
 - 8.3.2 Compliance with Haringey minimum standards and legislative requirements on Quality, Health & Safety, Environmental Issues, Sustainability and Equalities.
 - 8.3.3 Track record of providing similar services at other authorities.
- 8.4 From this process a long list of 6 Suppliers was established, which was approved by Project Board on 22 June 2009.
- 8.5 The six long-listed suppliers were issued with an Invitation to Participate in Dialogue (IPD) on 26 June 2009, which required written responses to a number of high level questions by 12 August 2009, followed by presentations to the evaluation team in September 2009. The combination of written responses and presentation will then be evaluated by the project team in order to take a recommendation of short-listing (likely to be 3 suppliers) to Project Board before the end of September 2009. It is expected that a further update will be presented to Procurement Committee at the 27 October meeting.

9. Next Steps

- 9.1 There are likely to be three suppliers left in the procurement at the conclusion of the current phase, by the end of September. Remaining suppliers will be Invited to Submit Initial Detailed Solutions (ISDS) before the end of December.
- 9.2 The remaining phases of the dialogue will be designed to refine the bids presented, until the Council can be sure that bids are;
 - 9.2.1 Within the available budget for the programme;
 - 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.

8. Chief Financial Officer Comments

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

9. Head of Legal Services Comments

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. Head of Procurement Comments

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

10.2. A sufficient number of suppliers were attracted to take part in the process to thus ensure competition.

10.3. The next stage will be a key milestone, when current bidders are reduced to 3.

11. Equalities & Community Cohesion Comments

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. Consultation

12.1 Stakeholder Consultation is being undertaken at a number of levels;

12.1.1. 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 a large response and the data provided is in the process of being analysed.

12.1.2. Trades Unions – This procurement is likely to involve staff transfers under TUPE Regulations. 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 will present current plans and timescales, and be available to answer questions, have been arranged for late September. Union representation will also be available at these meetings.
- 12.1.4. London Mayor’s Office – The GLA need to approve that our process is compliant with the wider London Waste Management plans, so they are being kept informed of our plans and progress. Formal agreement for the commencement of the procurement was received on 17 April 2009.
- 12.1.5. Homes for Haringey – as a contributor to the service costs, 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. Cross Party Members Steering Group – has been established to ensure that Members from all Parties are aware of the process and progress. Represented are Cllr’s Haley, Bevan, Newton and Hare.

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