

Proposed Officer Key Decision to be taken by the Strategic Director of Resources on or after 4th July 2014

Approval to Proceed with the Procurement of Waste Collection for Council Buildings

Recommendation

That the Council proceeds with the procurement of waste collections from council buildings, on terms and conditions acceptable to the Strategic Director of Resources.

1.0 Background

1.1 This report requests the approval to proceed with the procurement of waste collection for Council Buildings, as outlined in the procurement plan included at **Appendix 1**. The aim of this procurement exercise is to:

- Reduce costs of waste collection from council buildings (20% savings)
- Create efficiencies in invoicing and payment transactions through a single contractor.
- Consolidate suppliers and create efficiencies by combining different waste stream collections into a single contract.
- Increase the level of recycling throughout the council
- Create the potential for income generation by creating the provision for others to access the contract once in place.
- Ensure an effective process for achieving our legislative requirements for waste transfer information.


1.2 The council can seek to achieve ongoing efficiencies and improvements under this contract if it can develop a constructive relationship over a period of time with the supplier. Therefore it is proposed that the contract length is based on a 2 year +2 year +2 year (6 years in total) duration.

2.0 Timescales associated with the decision and next steps

2.1 It is proposed that the tender will be launched in July 2014, with the contract commencing in October / November 2014. Presently, each property is operating under different contracts, so there will be a phased approach to bring all existing collections into the one contract.

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WCC Procurement Plan

Contract (CMS) Reference		4491
1 Contract Spend on Requirement		
a	Current Annual Value, or if one off expenditure, the budget available for the project?	£123k pa (anticipated contract value £100k pa)
b	Proposed Length of contract (in years)	2 years +2 + 2 contract The extensions of the contract will be directly related to: <ul style="list-style-type: none"> • The supplier meeting the appropriate performance requirements (based on a specific criteria, performance against quantity, customer satisfaction, timeliness, quality) • The benchmarking of the contract (against ESPO and other known local authorities) on a biennial basis to ensure the prices are still competitive.
c	Proposed Contract Start Date	1/11/2014
d	Which Category of Expenditure does this fit into?  ProClass.xlsx	182000 Environmental Services Waste Management 182013 – Waste Collection 182014 – Waste collection for recycling

2 Summary/Overview of the Requirement	
<p>The contract will comprise the waste collection for Council Buildings including:</p> <ul style="list-style-type: none"> • General Waste • Recyclable waste : cans, bottles, paper, cardboard, glass, scrap metal from all sites identified within the tender document, • Confidential waste <p>All waste will be located outside (or near an exit) for access. It will not be the responsibility of the contractor to enter the building and collect waste from the various receptacles, this is the responsibility of WCC (either through the caretaking / cleaning service section or alternative routes as agreed by the property representative and FSM).</p> <p>The aim of this procurement exercise is to:</p> <ul style="list-style-type: none"> • Reduce costs of waste collection from council buildings (20% savings); • Create efficiencies in invoicing and payment transactions through a single contractor; • Consolidate suppliers and create efficiencies by combining different waste streams collections in a single contract; • Increase the level of recycling throughout the council; • Create the potential for income generation by allowing others to access the framework; 	

2 Summary/Overview of the Requirement

- Ensure an effective process for achieving our legislative requirements for waste transfer information.

It is the aim that we create a constructive relationship with a supplier. As such the contract length is a 2+2+2 ensuring that if the contractor is meeting the desired standards and performance expected, they are “rewarded” with continued work (up to a six year period). This will be measured through:

- Service Delivery
- Ability to support recycling activities
- Effectiveness of meeting invoicing requirements
- Meeting legislative requirements
- Benchmarking of Costs

The length of the contract is based on advice from Strategic Procurement who felt that this approach would create greatest economies of scale and also be appealing to the market.

Service Background

Since the management of council buildings has been drawn together it has become apparent that, as properties were previously managed independently, there are different suppliers providing waste collection services for different Warwickshire County Council buildings. At present there are 10 different providers for our waste collection, as well as an internal recycling operative who is involved in waste collection.

General refuse collection is a service required throughout the majority of WCC buildings. We presently use 7 different suppliers to deal with our general waste.

Recycling of card, paper, cans and glass is presently undertaken in two different ways. The majority of our recycling is undertaken in-house with staff undertaking collections throughout Warwickshire and then transferring the recycling waste to Princes Drive Household Waste Recycling Centre. However certain sites have arranged their own recycling directly with their own external supplier. Two suppliers as well as our in-house providers presently provide this service to our centralised properties.

Confidential waste is presently dealt with in two different ways. In certain circumstances a company comes onto site and shreds paper on site. The other situation, is where confidential waste is stored and then taken away by the contractor. We presently have 3 different suppliers for our confidential waste.

Potential Scales

WCC's need for waste collection will diminish over time as a result of reducing staff levels, commissioning of services and property rationalisation. However to gather economies of scale with the aim to reduce our overall costs, we have already opened this tender opportunity up to:

- The Police
- South Warwickshire Foundation Trust
- University Hospital Coventry and Warwickshire NHS Trust
- George Elliot Hospital NHS Trust

The option at this stage was for them to commit to this tender process at initial stage by:

- confirming their interest in the tender
- provide information on their existing quantities of waste
- identify, if appropriate, the timescales of when their existing contract ceases,

2 Summary/Overview of the Requirement

However, although we have contacted these agencies, the opportunity has not yielded any interest.

The tender will also be developed to allow access once the contract is in place. This will be available to public bodies (including schools) throughout the Coventry, Warwickshire and Solihull area and in any adjoining counties and metropolitan districts. To access this opportunity there will be a small administration charge for this (to recover our costs of tender). This cost, especially as it provides quick and simple access to the framework, will be a fixed rate (approx. £100 a contract). This charging approach will not aim to deter collaboration, as we already have a trading approach with schools and the police in the area.

It is not proposed to offer this to Coventry City Council, Solihull MBC or District Councils. Specifically these public bodies already are the statutory waste collectors for their own geographical areas; indeed we already have contracts with three of the County districts to collect our waste. Solihull, as a statutory waste collector, already has a contract with a supplier for all waste collection (the largest element being household collections). Again Coventry undertake this service but via an in-house provision. Thus only certain elements of waste collection procurement may be of interest to them eg confidential waste. We are also aware that Solihull MBC has already recently tendered for confidential waste.

Our aim would not be break the tender into different lots for different waste streams, instead aim to gain economies of scale from the suppliers, by off-setting the income they gain from recycled waste from the cost of general and confidential waste.

Furthermore Coventry City Council (in-house waste collection service) has recently approached WCC and requested that we consider them as part of our tender process.

Procurement Strategy

The procurement exercise will follow an Open Procedure under the European Union Directives. The contract is expected to be awarded to a single supplier, with the option for locations to be added / removed as appropriate.

Tenderers shall need to meet mandatory criteria stated within the tender document.

The scope of the contract will be staggered, as presently our contracts at different sites have different start dates, notification charges etc. No contract is longer than 1 year, and thus within the first year, all sites will be moved onto this single contract.

Contract Management

The Authority will require the successful suppliers to match the service levels as agreed in the tender.

Performance will be regularly monitored by the Contract Administrator and they may request a review meeting with a supplier at any time. Supporting this, there will be an Annual Contract Review meeting between the Supplier and Authority to assess the performance over the last twelve months. This will support any future extensions of the contract.

Existing Service Costs

Due to the nature of our existing contracts with different suppliers for different sites, prices are not presently consistent, and there can be up to 100% difference in price for the same service. Our present spend per annum on waste collection is:

Centralised properties	£61,000
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2 Summary/Overview of the Requirement

Schools Catering	£8,400	
Confidential waste	£8,000	
Recycling waste	£46,400	provided In house – includes staff costs (+25% on-costs), agency staff, travel costs.
Present total annual cost of waste	£123,800	


The anticipated cost of the contract in total is £600,000 (based on the full 6 years). This cost is a conservative estimate based on a mid-price of our existing service provision. The savings identified will primarily be achieved by having a single standardised price for the service provision through one contractor.

Cost of undertaking the procurement exercise

The cost of the procurement exercise involves officer time and any potential cost of legal support to reconfirm the contract terms and conditions. The team taking forward this procurement comprises a Facility Support Manager, Environment Management Systems Officer and a Procurement Officer. In addition we are receiving free waste procurement consultancy support from SKM Enviros, funded by WRAP UK.






a	Is this 1. a new procurement (eg all new service) 2. renewal of existing provision (with significant change) 3. renewal of existing provision (without significant changes)	Renewal of existing provision with significant changes. The changes involve bringing together various waste streams into one contract agreement, and consolidating the various existing suppliers.
b	Is this procurement part of an overarching Programme or linked to any other Procurement?	Part of the Facilities Management Procurement Programme and Strategy
c	What Social Value benefits are you currently getting from your existing contract? <i>Please view the guidance for context.</i>  Community Impacts	By effective segregation of waste we aim to reduce WCC environment impact. With a single procurement, and the potential of off-setting costs between recycling and general waste, this provides additional incentives to staff as we can clearly identify and promote the financial implications of not recycling waste.




3 Approval

a	Who has provided authority to procure and when?  Scheme of Delegation.docx	Who: Strategic Director Date: 4 th July 2014
b	A Forward Plan entry (within CMIS) is required for all procurements with a total aggregate value exceeding £500,000, Has this been done?	YES / NO Date: 4 th July 2014

4 Collaboration		
a	Have you explored the potential to collaborate on this requirement with Solihull MBC and Coventry CCC – provide detail	Specifically these public bodies already are the statutory waste collectors for their own geographical areas. Coventry City Council undertakes their own provision in-house and incinerates their waste. They have requested that they are included in the expression of interest for the tender. Solihull use Amey to provide their waste collection duty.
b	Have you explored the potential to collaborate on this requirement with any other potential partner – provide detail	As identified within the Potential Scale – we aim to open up access to this tender to public bodies within Warwickshire (who are not legally responsible for waste collection).
c	If it is to be a collaborative Procurement, please state Lead Authority and participants? If No, State why not?	
5 Consultation		
a	What consultation have you undertaken in relation to service users, customers and stakeholders?	Discussions with Facility Support Managers and the Property Officers Forum. Meetings with Environmental Management Systems Officer and Procurement Officer who specialise in waste. Advice from SKM Enviros, funded by WRAP UK.
b	What consultation/research have you undertaken in relation to potential suppliers?	We have considered the ESPO framework, however the costs within this, as based on a general cost rather than know volumes are considerably higher than some of our existing contracts. In addition, due to the size of the contract, and the wish to create a positive relationship with the supplier, the proposal for a 6 year contract would negate the use of the ESPO framework. We are also aware of alternative suppliers (and the different methods of disposal, eg Coventry City Council use of incinerators) and would not wish to exclude these from the opportunity to tender. In addition with the numbers of suppliers we are already using, we are aware of the types of services available to us; this information has supported our proposed approach to this tender exercise.
c	If this is a procurement to replace an existing provision, what management information do you have and how will this be used to influence the new contract?	Existing site locations Knowledge of number size of general waste containers and frequency of lifts (for most sites) Existing costs for each site Some data on recycling levels and pick ups Confidential waste levels
d	What benchmarking (cost and/or process) has been / will be undertaken?	Existing costs, costs identified from the ESPO framework, costs provided by Coventry City Council service

6 Procurement Procedure								
a	<p>Are you planning to use an existing Framework? E.g. ESPO, GPS, SCAPE or other Authority)?</p> <p>YES / NO</p> <p>If Yes, which one: If Yes, include details of the Framework</p>							
If No:								
Is it requirement captures by the Public Contract Regulations? (Please tick one)	<table border="1"> <thead> <tr> <th>Goods (Over £174,000)</th> <th>Services (Over £174,000)</th> <th>Works (Over £3.9m)</th> </tr> </thead> <tbody> <tr> <td></td> <td>√</td> <td></td> </tr> </tbody> </table>	Goods (Over £174,000)	Services (Over £174,000)	Works (Over £3.9m)		√		
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Which Procedure are you intending to use? (Please tick one)	<table border="1"> <thead> <tr> <th>Open</th> <th>Restricted</th> <th>Competitive Dialogue / Negotiated</th> </tr> </thead> <tbody> <tr> <td>√</td> <td></td> <td></td> </tr> </tbody> </table>	Open	Restricted	Competitive Dialogue / Negotiated	√			
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√								
<p>Descriptions</p> <p>Open Procedure - Commonly used, tends to be used when there are limited suppliers in the market place - a quicker process than using the Restricted Procedure.</p> <p>Restricted Procedure - most effective when there are lots of suppliers as this procedure allows you to shortlist suppliers part way through the procurement process. Using this procedure will require you to issue the county's standard PQQ as part of the process.</p> <p>Competitive Dialogue & Negotiated Procedure - Only used in exceptional and complex procurements. You should not undertake either of these processes without discussing with Strategic Procurement and Legal Services first.</p>								
7 Finance								
a	<p>What cashable efficiencies are you expecting to deliver?</p> <p>By bringing the contract together, we are aiming to be able to offset costs of confidential and general waste disposal with the cost of recycling waste. Providing the suppliers with volumes will aim to assist this.</p>							
b	<p>What non Cashable Efficiencies are you expecting to deliver?</p> <p>Reduction in staff time, through a single contract management process, with clearly defined approached to invoicing requirements.</p>							
c	<p>What is the potential for Income Generation?</p> <p>We are aiming to open this contract to other public bodies within Warwickshire. The aim will be that either they join in as part of the contract, and with increased volumes aim to gain a rebate on costs from the supplier, or alternatively if they wish to join the contract at a later stage, a charge to access the contract.</p>							
8 Contract Evaluation								
<p>Evaluation is a critical component of any legally compliant procurement activity and therefore needs careful consideration at the outset i.e. before any advertisement or contract notice has been published. Your tender will need a detailed breakdown within the following headline figures.</p>								
a	<table border="1"> <thead> <tr> <th rowspan="3">What is your proposed headline evaluation model (e.g. 60% cost / 40% non-cost)</th> <th colspan="2">Proposed Award Criteria</th> </tr> <tr> <th>Cost - 60%</th> <th>Non-Cost – 40%</th> </tr> </thead> <tbody> <tr> <td>Cost Total cost of annual contract value</td> <td>Mandatory H&S questionnaire Customer care Service delivery/response</td> </tr> </tbody> </table>	What is your proposed headline evaluation model (e.g. 60% cost / 40% non-cost)	Proposed Award Criteria		Cost - 60%	Non-Cost – 40%	Cost Total cost of annual contract value	Mandatory H&S questionnaire Customer care Service delivery/response
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	 Example Award Criteria.docx		Disposal Methods Invoicing and waste transfer note requirements %
9 The Contract			
Contract Conditions set out the terms, responsibilities and requirements of all parties to the contract. Will you be using:			
a	A standard WCC Contract (if so which one)		Standard contract with additional service specific T&Cs
b	An industry produced Contract i.e. NEC3, JCT or other (please detail)		
c	An amended WCC Standard or Industry Contract (If you wish to modify either a WCC Standard Contract or an Industry produced contract, please ensure any alterations are confirmed through Legal Services.)		
10 Social Responsibility			
Contribution to wider Corporate Objectives - Outline how this Procurement addresses and supports the Council's objectives relating to the following, and append Risk, Environmental, Equality assessments where required Where there are pro-forma, please complete them. Where no pro-forma is provided, please give narrative.			
a	Equalities Assessment  Equality Risk Assessment		See Attached
b	Environmental Assessment  Environmental Risk Assessment.xls		See Attached
c	Risk Register (choose most appropriate one)  Risk Register - Services.xls  Risk Register - Contract Managemen		See Attached
d	Voluntary and Community Sector		See Attached

	 Voluntary and Community Sector.xls	
e	Local Supply Chain  Local Supply Chain.xlsx	See Attached
f	Local Jobs, Apprenticeships and Training  Jobs and Skills.xlsx	See Attached
g	Health and Safety (No pro-forma)	A health and safety mandatory questionnaire will be produced as part of this tender process.

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Job Title	Facilities Support Manager
Directorate	Resources Group
Date	2/4/2014

Once completed submit your form to strategicprocurement@warwickshire.gov.uk

Plan received by Strategic Procurement (Date).....

Plan Agreed by Strategic Procurement

Name.....

Date.....