

**Forest Heath District Council  
St Edmundsbury Borough Council**

**WEST SUFFOLK WASTE  
AND STREET SCENE  
SERVICES JOINT  
COMMITTEE**

**27 JANUARY 2012**

**REPORT NO**

**C312**

**Report of the Strategic Director (Services) (FHDC)  
and the Corporate Director (Economy & Environment)  
(SEBC)**

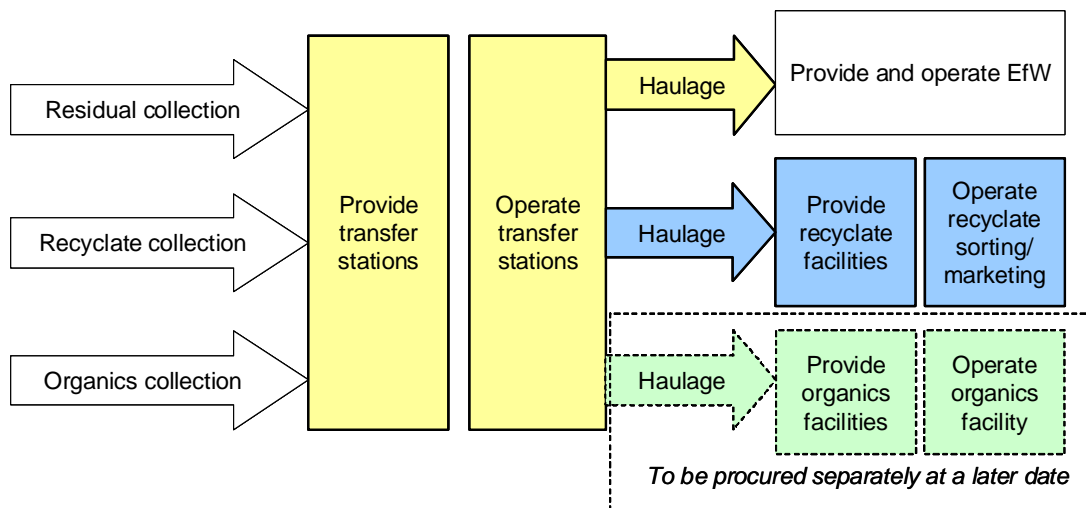
**PROCUREMENT OF WASTE TRANSFER AND RECYCLING SERVICES**

**Synopsis:**

**Report C185, considered by this Joint Committee on 28 October 2011, outlined the proposal for the joint procurement of waste transfer and recycling infrastructure services in Suffolk as recommended by the Suffolk Waste Partnership. Members approved this proposal (minute 18 refers) as it appears to offer the best approach to delivering value for money and optimum solutions for the Suffolk authorities from April 2014. This report seeks to provide Members with more detail about the procurement process being adopted, roles and responsibilities and the timing programme that it needs to be delivered to.**

**Background**

1. The Suffolk authorities have been working together through a joint officer project team to assess future waste infrastructure needs. Suffolk County Council has a need to consider waste transfer requirements for transporting residual waste from where it arises to the energy from waste facility from December 2014.
2. There is also a need to consider the sorting and marketing of mixed dry recyclate when the current Suffolk Recycling Consortium contract arrangements with Viridor Waste Management for the Material Recovery Facility (MRF) at Gt Blakenham expire in March 2014.
3. The county, district, and borough councils have a shared desire for transfer stations to form part of an integrated infrastructure potentially handling all municipal waste streams. The scope of the procurement is shown in the diagram below. Future arrangements for processing organic waste in Suffolk is outside of the scope of this procurement as current contracts across the county expire at different times. However, options around future organics arrangements is the subject of separate detailed investigation (see separate Exempt Report C313 on this agenda).



### **Procurement Process**

4. The procurement is a complex one involving eight different councils in the process of procuring the waste infrastructure in two lots, namely:-
  - (a) the transfer stations and haulage needed for the Energy from Waste facility (shown in yellow above); and
  - (b) recycling infrastructure and haulage services to replace the current MRF contract (shown in blue above).
  
5. The project uses an EU compliant procurement process called Competitive Dialogue (CD). Under this process prospective contractors are invited to provide their increasingly detailed proposals to an input / output specification. This process allows us to dialogue with suppliers to negotiate and develop optimised solutions with them. A reduced number of prospective contractors remain involved with the process as discussions in later stages become more detailed.
  
6. The CD process has a number of stages:-
  - (a) produce and approve the procurement documentation;
  - (b) publish a European Procurement notice in the Official Journal of the European Union (OJEU);
  - (c) receive Pre-Qualification Questionnaires (PQQs) and score them against pre-determined assessment criteria. Invite the top scoring organisations to participate in the next stage;
  - (d) invitation to Submit Outline Solutions (ISOS) when we dialogue with prospective contractors and receive their outline proposals to evaluate. Top Contractors are invited to participate in the next stage;
  - (e) invitation to Submit Detailed Solutions (ISDS) when we dialogue with prospective contractors and receive their detailed proposals to evaluate after which we;

- (f) call for final tenders; and
  - (g) award contract to the preferred bidder.
7. It is essential that we keep to the procurement and decision making timescale because:-
- (a) the transfer station network must be in place early in 2014 ready for the opening of the Energy from Waste facility; and
  - (b) the need to have a replacement contract for the Recycling Consortium's Materials Recycling Facility which comes to an end in March 2014.
8. It has been agreed that Suffolk County Council will be acting as the Contracting Authority for this procurement and will be leading the process. Their Lead Negotiator (Steve Palfrey) will work closely with the Waste Collection Authority (WCA) Lead Negotiator (Mark Walsh) who will represent the interests of the district and borough authorities throughout the process. The Lead Negotiators will regularly report to the Suffolk Waste Partnership Directors' meeting.
9. Decision making throughout the procurement, until recommending award of the contract towards the end of the process, will be delegated to Suffolk County Council in conjunction with the Directors of all Suffolk's Councils. These Directors will consult with their relevant Council Portfolio Holder or Member Champion before confirming their agreement that the process can move forward to the next stage. An update on the project will also be given at each SWP Member meeting. The key stages where decisions are required is defined in the table below:

<b>Key decision</b>	<b>Decision making period</b>
Agreement of procurement documentation <ul style="list-style-type: none"> <li>➤ European Procurement (OJEU) notice.</li> <li>➤ Pre Qualification Questionnaire (PQQ).</li> <li>➤ Invitation to submit Outline Solutions (ISOS).</li> <li>➤ Descriptive document.</li> <li>➤ Evaluation criteria.</li> </ul>	2 to 9 Feb 2012
Agree long list of contractors as a result of the Pre-Qualification Questionnaire who will be invited to submit outline solutions (up to 10 contractors per lot, dependent on response). No information on sites reported.	5 to 10 April 2012
Agree list of contractors who will be invited to submit detailed solutions (3-4 contractors per lot). Site information unlikely to be reported.	29 June to 2 July 2012
Agree list of contractors to be invited to participate in detailed dialogue (2 contractors per lot). Information on sites in bids will be reported.	27 to 28 Sept 2012
Agree Preferred Bidders including proposed sites for facilities.	5 to 6 Feb 2013
Award contracts.	13 May to 21 June 2013

10. Once the OJEU notice has been formally placed, the procurement process begins and runs for a period of 17 months with an expectation that contracts are signed by 10 July 2013. The timetable to achieve this 'competitive dialogue' process is tight and the project team will need to work quickly to achieve the timescales. Although the 8 councils have formally designated the authority to a single senior officer within each of their organisations, these individuals are required to consult with their Portfolio Holder at each of the decision points, before finally returning to this Joint Committee and respective Cabinet and Councils to endorse the award of the contracts in the early summer of 2013.
11. With eight organisations involved in the various decision making points it is important that we make the appropriate plans to ensure that our respective Portfolio Holder and Member Champion are adequately briefed throughout the process and ready to make decisions at each of the decision points.

### **Finance/Budget/Resource Implications**

12. The cost of these contracts must be met through the collective Suffolk waste budgets. The exact cost of the proposed new transfer and recycling infrastructure will not be known with certainty until bids are returned. The procurement has been designed to encourage the most competitive bids. In broad terms the new system is not expected to be more expensive than the present system, with savings possible through more efficient and joined up contracts.
13. Suffolk County Council has identified the need for transfer of household residual waste in the Energy from Waste business case and current best estimates suggest that the proposed new infrastructure is within budget projections.
14. The collection authorities currently pay for the recycle transfer within their recycling contracts and so a new contract would replace this current budget expenditure. County-wide contracts offer economies of scale and are expected to be more attractive due to contract size.
15. In securing a contract drawing on economies of scale, efficiencies derived from one single procurement exercise and the bringing together of operations that currently fall separately within the responsibilities of the Waste Disposal and Waste Collection authorities, the overriding objective will be to benefit the council tax payer as a whole. The objective will be to ensure all partners receive equal benefit from savings and efficiencies and that there are no 'winners and losers' arising from the final arrangements.

### **Environmental Impact and Sustainability**

16. Part of the evaluation of tenders will be based on environmental and sustainability criteria. Decisions will need to consider the impact of rising fuel costs which are likely to increase well ahead of inflation and continue to increase in proportion to other costs.

### **Policy Compliance/Power**

17. The procurement project supports the vision and actions of the Joint Municipal Waste Management Strategy for Suffolk.

### **Performance Management Implications**

18. There is no perceived or planned detrimental impact to our current performance management. The procurement project is intended to support the waste hierarchy and seeks to improve recycling performance.

### **Legal Implications**

19. The procurement process will be fully compliant with EU Procurement Regulations.

### **Human Rights Act and Diversity Implications**

20. There are no human rights and diversity implications from the proposed procurement.

### **Crosscutting Implications**

21. There will be a significant amount of crosscutting between the Suffolk Waste Partnership authority members. A well established system of governance will be in place to control the procurement project.

### **Risk Assessment**

22. The geographical location of waste transfer stations will be important to waste collection services in West Suffolk and will need to be carefully assessed when tenders are received. There is a risk that collection vehicles will have to travel further which could result in more fuel, vehicle assets and labour cost.

23. The apportionment of costs and benefits will need to be carefully agreed in order that no authority is advantaged at the expense of another. It is also important to understand the wider funding mechanism between the Waste Disposal Authority and the Waste Collection Authorities in Suffolk beyond the expiry of the current Memorandum of Understanding in 2013. Discussions to explore the options are already underway.

24. Throughout the procurement it is essential to maintain confidentiality in order to preserve the competitive element of the process and to ensure that there is no additional risk of challenge from any of the bidders. It will, therefore, be necessary to limit the amount of information which is shared beyond the immediate project team. Therefore, any information shared will be strictly confidential to the intended audience only and reports will provide only sufficient information to reassure decision makers that due process has been followed.

25. The project plan for the procurement process is tight and therefore anyone involved in the process needs to be clear of their role and be ready to play their part at the appropriate time. Our respective Portfolio Holder and Member Champion will need to be continually briefed on progress to ensure that decisions can be made within the required timescales when required.

26. The first decision is for all authorities to sign-off the procurement documentation by 9 February 2012. This will be the first major decision to allow the procurement to proceed on-time and Councillors and designated officers will need to reassure themselves that these documents contain sufficient information because once agreed there is no further opportunity to change them during the course of the procurement.

### **Council Priorities**

27. The effective management of waste supports the following council priorities:

#### **Forest Heath:**

- Community safety; and
- Street scene and environment.

#### **St Edmundsbury:**

- Raise standards and corporate efficiency;
- Improve the safety and well being of the community; and
- Secure a sustainable and attractive environment.

### **Recommendations:**

28. It is recommended that Members **NOTE** the:-

- (a) content of this report and details of the procurement process that is being adopted;**
- (b) timing schedule for the procurement and in particular the dates when the delegated decisions need to be made; and**
- (c) risks identified in this report and receive a further report regarding the arrangements for sharing costs and benefits resulting from this procurement.**

### **Documents Attached**

None.

### **Background Papers**

Report C185 dated 28 October 2011.

Nigel McCurdy / Sandra Pell  
Strategic Director (Services) / Corporate Director (Economy and Environment)  
19 January 2012

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