

Somerset Waste Board meeting
15 February 2019
Report for decision

Recycle More & Collection Contract Procurement: Update

Lead Officer: Mickey Green, Managing Director

Author: Mickey Green, Managing Director

Contact Details: 01823 625707

Forward Plan Reference:	SWB/18/10/03
Summary:	This report summarises progress in procuring a new collection contractor (and hence delivery of Recycle More).
Recommendations:	It is recommended that the Board notes the progress made in procuring a new collection contract, in particular the reason for the change in date of the March Board meeting, and the proposed contingency plan should there be any further delay to the procurement programme.
Reasons for recommendations:	To ensure that the Somerset Waste Board is kept up to date with this major procurement exercise and has the opportunity to shape the approach taken.
Links to Priorities and Impact on Annual Business Plan:	The procurement delivers Task 5.2 within the SWB Approved Business Plan 2018-23 concerning the implementation of future collection arrangements.
Financial, Legal and HR Implications:	<p>In addition to delivering the environmental benefits of Recycle More a new collection contract aims to deliver significant savings to all partners, through reduced contract costs, lower disposal costs and additional recycling credits for district partners – estimated in total at up to £1.7m. It has been evident from soft market testing and dialogue that all potential suppliers are becoming more risk averse, and that there is considerable uncertainty in the markets for recycled materials. A robust procurement process has been developed to realise these benefits, enable potential suppliers to propose innovative solutions to meet our environmental and financial objectives, and ensure that risks are shared appropriately. Collection Contractor staff will TUPE transfer to the new contractor.</p> <p>On Thursday 2 May 2019 elections will be held for all of the District Councils in Somerset. This will include the elections to the new Somerset West and Taunton Council, which will replace the</p>

	current Taunton Deane and West Somerset Councils from 1 April 2019. The pre-election period starts on Monday 18 March and will run until Election Day on Thursday 2 May. Advice from community governance has been taken and reflected in the proposed decision-making timetable set out in paragraph 3.1.
Equalities Implications:	An Equalities Impact Assessment was undertaken when the Board approved Recycle More, and SWP updated this ahead of the procurement. It will be updated and provided to the Board when they are making a final decision on the preferred contractor in March 2019.
Risk Assessment:	The risks related to the procurement of a new collection contractor and Recycle More have been reviewed and are set out in the updated risk register. The procurement implications of potential Brexit scenarios have been considered, though clearly there are wider risks to SWP from Brexit.

1. Background

- 1.1. A progress report on the procurement of a new waste and recycling collection contractor was presented to the Board in December 2018, and in confidential session the Board approved the approach to the dry recycling risk share mechanism consistent with a 50/50 risk sharing principle, and delegated authority to the Managing Director to finalise the mechanism. The mechanism has been finalised in line with the approach discussed with the board. Through discussion in dialogue sessions all Bidders are content with the proposed risk share mechanism.

Recognising SWP's commitment to improving environmental outcomes, the Board also agreed in December 2018 to establish a 'Somerset Waste Enhanced Environmental Performance' fund (SWEEP). This will be jointly funded by SWP and our future collection contractor through a top-slice of 2% of the recycling income due to partners and 2% due to the contractor – around £140,000 each year. The fund will deliver behavioural change work within Somerset with the objective of increasing reuse and recycling of municipal waste and achieving the environmental improvements associated with increased recycling and reuse. A Joint Management Board (involving contractor senior managers and SWP officers and members) will oversee the fund and monitor the impact and cost effectiveness of activities undertaken. This is in addition to the social value expectations that SWP already had through this procurement exercise.

2. Progress since the last update

- 2.1. The planned dialogue sessions held before Christmas with bidders focussed on resolving the remaining issues necessary to ensure that all bidders could submit value for money bids. This included ensuring all parties were comfortable with a small number of remaining legal issues and further consideration of some of the issues in relation to Depots. The focus of SWP officer work has accordingly been finalising the suite of contractual documents which it was intended to circulate in early January 2019. The finalisation of drafting, in particular related to the depot

works rather than the waste services elements of the contract, necessitated expert external legal advice and took longer than anticipated. Concluding this work, sharing it with bidders, and scheduling an additional dialogue session with bidders in late January means that SWP were not in a position to close dialogue and issue final tender documents until 30 January

3. Next Steps

- 3.1.** The additional work necessary on the contractual documents means that it is no longer possible to have completed the evaluation and moderation of bids ahead of the planned 15 March Somerset Waste Board meeting. Accordingly, a number of changes to the timetable have been made, and it is proposed to reschedule the 15 March Board meeting to 29 March. It is expected that at this meeting the board will be in a position to appoint a preferred bidder, exactly as was planned for the 15 March meeting. The identity of the preferred bidder will not be made public at that point, because we will then enter the contractual standstill period before we can award the contract and publicly announce the successful bidder, expected to be in mid-May. Consultation with SCC Community Governance has confirmed that this decision can be taken in the District Council pre-election period because it is part of a planned contract award, there will be no public announcement until after the contractual standstill period, and because all of the key political decisions have already been taken, i.e. to outsource, to agree recycle more, the approach to sharing risks, and to agree the target level of savings.

The timetable to complete evaluation and moderation in time to publish board papers ahead of the 29 March meeting is incredibly tight. Any further delays or unforeseen issues arising will mean that the Board may not be in a position to take a decision to appoint a preferred contractor on 29 March. Should this risk arise, then the fall-back option is that the Board will be updated on where we have got to in the evaluation process and will be asked to delegate decision making to the SWP Managing Director (in consultation, for example with the Chair and Vice-Chair) to select a preferred bidder, providing it is compliant and affordable. Whilst an undesirable fall-back option, if there is further delay then this may be the only option to ensure a smooth mobilisation and service commencement because:

- we cannot realistically schedule a SWB meeting after 1 April as no members from TDBC or WSDC will be able to attend (in effect those authorities do not exist from 1 April), and no members for the new authority will be in place until after elections to Somerset West and Taunton Council on 2 May
- Delaying a decision until after District Council elections would realistically mean that a decision could not be taken until the 28 June Board meeting, as it will take time for each partner authority to confirm its waste board members. Such a delay would have consequences for the mobilisation period (for example when orders for new vehicles could be placed) and hence put the effective handover of services from Kier to a new contractor in 2020 at risk.

Meetings of the member New Service Task and Finish Group (non-decision making), and partner officers (through both the Strategic Management Group and meetings of s151 officers) will be scheduled for 22 March ahead of finalisation and circulation of a confidential decision paper to the SWB ahead of the 29 March meeting. The timetable going forward is as follows:

Phase	Time	Comments
Invitation to submit final tenders (ISFT)	30 Jan 2019	Publication of final specification reflecting the previous stages of the process
Deadline for submission of final tenders	27 Feb	This gives bidders the same amount of time that they previously had to finalise their tenders, and all bidders are aware of the proposed timeline
Evaluation & moderation of final tenders	To 21 March	This includes all activity necessary to identify the most economically advantageous tender. This timetable has already been reduced to the minimum viable period.
Partner meetings	22 March	Meetings with task and finish group, SMG and s151 officers ahead of sharing confidential paper with SWB
SWB decision on preferred contractor (confidential)	29 Mar	Affordability considerations will be key to the Board, and an Equality Impact Assessment will be part of the decision papers. A public paper will put as much information in the public domain as is possible, but this will not include information specific to individual bidders. Following the board decision bidders will be notified of the outcome and the standard contractual standstill period will be undertaken.
Public announcement of contract award	13 May	Expected date of public announcement of new contractor. Clearly if there are any concerns over the affordability of the bids then this may be delayed. Further clarity on borrowing may be required ahead of contract award.
Mobilisation	May 2019 – end March 2020	This is the period in which the new provider gears up to provide the services including procurement of vehicles, plant and equipment, and close engagement with staff.
Service Commencement	28 March 2020	The first collections by the new provider will be on Monday 30 March 2020.
Complete roll out of Recycle More	End of March 2022	The specification requires that Recycle More must be rolled out in 5 phases within 2 years of commencement, including a bedding in period of 3 months and allowing for a period of learning and reflection in March and April 2021.

4. Background papers

- 4.1.** Report to SWB “Recycle More” 16th December 2016.
- 4.2.** Report to SWB “Contractual Negotiations for Recycle More” 30 June 2017, Confidential Report to SWB “Contractual Negotiations and Procurement Strategy for Recycle More” 3 November 2017.
- 4.3.** SWP Business Plan 2018-23 Approved by SWP on 15th December 2018.
- 4.4.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 23 February 2018
- 4.5.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 29 June 2018
- 4.6.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 28 September 2018

- 4.7.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 2 November 2018, Confidential Report to SWB “Recycle More & Collection Contract Procurement: Consideration of ISDS submissions and approach to final tender specification” 2 November 2018.

- 4.8.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 14 December 2018, Confidential Report to SWB “Recycle More & Collection Contract Procurement: Consideration of ISDS submissions and approach to final tender specification” 14 December 2018.