

SUBJECT: Household waste recycling centre, transfer station and haulage procurement strategy.

Directorate: Operations – Waste and Street Services

MEETING: Council

DATE: 9th March 2017

DIVISION/WARDS AFFECTED: All

1. Purpose

- 1.1 To seek Council approval on the proposed strategy to initiate a procurement exercise for a new Contract for the Household Waste Recycling Centre, Transfer Station and Residual Waste Haulage services.

2. Recommendation

- 2.1 The Council approves:

- (a) The procurement strategy as outlined in this report, specifically:-
- a. Nature of services (as defined in 4.1)
 - b. Contract length:- 7 years + 5
 - c. Contract form:- service contract

- d. Procurement process:- Competitive with Negotiation
 - e. Price/Quality criteria:- 55/45
 - f. Performance / quality outcomes
- (b) That delegated approval is given to the Head of Waste & Street Services in consultation with the Cabinet Member, S151 Officer and Monitoring Officer to finalise the Contract Documentation, including the evaluation matrix, prior to issue of OJEU Notice to begin the procurement process;
 - (c) That decision to award the Contract will be delegated to the Head of Waste & Street Services in consultation with the Cabinet Members for Waste and Finance, S151 Officer and Monitoring Officer on the provision that the price remains within the current affordability envelope of the existing waste management budget (noting though the outcome will be reported to Council and our future partner will be presented to Select Committee); and
 - (d) That decision to award the Contract if it exceeds the existing budget envelope will be for the consideration of Council.

3. Background

- 3.1 This is a very old contract and has evolved over time as legislation and priorities have changed. In 1994, Monmouthshire County Council and Terry Adams formed a joint venture company (JVC), Dragon Waste, to operate and manage the waste disposal and Civic Amenity Sites. This was in response to legislation that no longer allowed local authorities to operate civic amenity sites that resulted in many setting up JVCs or Local Authority Waste Disposal *arms-length* Companies (LAWDaC).
- 3.2 Terry Adams sold his shares to Viridor and since the late 1990s Viridor have remained the majority shareholder (81%) of Dragon Waste.
- 3.3 In 2014 the Dragon Waste Contract was renegotiated with Viridor to allow a smooth transition to Project Gwyrdd, instigate transparent management costs to enable any future procurement to be undertaken on a truly comparative basis, and ensure MCC had a fit for purpose recycling contract and delivered savings across the Contract. The outcome of these negotiations were brought before Select Committee prior to Cabinet approval in October 2014.

3.4 It should be noted that Viridor also currently hold the organics contract for recycling/treatment of kerbside collected organic waste. This Contract sits outside of this paper as Select Committee and Council have already determined the long term future of organic waste and agreed to a partnership with the Heads of the Valleys AD programme which will commence from April 2018.

3.5 To be clear the current Dragon Waste contract is for the following services:

- Management and operation of 4 Civic Amenity* Sites Llanfoist, Five Lanes, Mitchell Troy and Usk (incl onward management and marketing of recyclate collected)
- Management and operation of 2 Transfer Stations – Llanfoist & Five Lanes
- Haulage of all residual waste to Project Gwyrdd EfW at Trident Park, Cardiff.

(* the legal term for the sites is Civic Amenity. They are more commonly known now as Household Waste Recycling Centres (HWRCs) and therefore will be referred to as such through this paper)

3.6 Five Lanes and Llanfoist are classed as strategic sites as contain both Transfer Stations and HWRCs and are by far the biggest HWRCs in terms of public use and tonnage. These sites are therefore under a full operational lease to Dragon Waste for repair and maintenance. Usk and Troy by comparison are still under the ownership of MCC and all repairs and maintenance are managed by MCC working in partnership with Dragon Waste.

3.7 Our HWRCs are a critical component of our recycling service to Monmouthshire residents. In 2015-16 the waste generated through the 4 sites amounted to 43.5% of the total waste managed by the Authority. The levels are expected to reduce to below 40% in 2016-17 with the implementation of the “Van Ban”, mandate no. 8 which is restricting commercial type vehicles access to the sites on the evidence that traders were using the sites and not being commercially responsible for the waste they produce. The table below provides the high level data on tonnages through the sites.

Table 1. HWRC Tonnages & Performance

	2013-14	2014-15	2015-16
Green garden waste only	3242.80	4642.46	4001.65
Automotive batteries	27.01	23.90	35.63
Books (Reuse)	26.87	23.15	29.45
Card	428.72	425.50	445.54
Gas bottles (Reuse)	12.92	14.54	16.04
Mineral Oil	14.56	18.10	13.42
Mixed cans	12.34	13.24	8.84
Mixed glass	131.82	151.36	134.80
Mixed tyres	2.66	30.54	12.48
Other Scrap metal	653.95	748.80	881.92
Paper	196.78	171.22	183.00
Plasterboard	186.86	291.64	329.22
Plastics	10.30	25.21	9.50
Post Consumer Batteries			
Rubble	2105.38	3412.76	3960.86
Textiles & footwear (Reuse)	183.83	169.95	161.86

	2013-14	2014-15	2015-16
Vegetable Oil			
WEEE - Cathode Ray Tubes	194.99	184.36	168.06
WEEE - Fluorescent tubes and other light bulbs	1.62	1.16	1.48
WEEE - Fridges & Freezers	141.62	182.91	197.17
WEEE - Large Domestic App	94.10	114.08	147.30
WEEE - Small Domestic App	393.58	466.00	459.52
Wood	1925.07	2356.06	2501.96
Other	5.42	7.08	4.06
Dry recycling CA TOTAL	6750.40	8831.56	9704.51
TOTAL R&C CA Sites	9993.20	13474.02	13703.76
Residual CA Sites	5727.22	6835.09	8050.62
TOTAL CA Arisings	15720.42	20309.11	21754.38
Total arisings	45,941	49,212	49,950
CA Site & of total arisings	34.2%	41.3%	43.5%
CA Site Recycling & Composting Performance	63.5	66.3%	63%

- 3.8 This average though masks some stark differences. Llanfoist and Troy which benefitted from investment in 2009 both recycle well in excess of 70-75% whereas Troy and Usk being much smaller and older sites can at times struggle to recycle 50%. However we recognise these sites are valued and well used by their local communities.
- 3.10 Just as important to internal operations is the successful management of our Transfer Stations. There are on average 440 vehicle movements over the weighbridges every week, the majority of these are MCC refuse vehicles unloading residual, recycling and garden and food waste. The sites are responsible for receiving the kerbside waste collected by the Council, bulking it up and managing the contracts with relevant hauliers for the onward transportation of that waste to its next destination. Five Lanes and Llanfoist also act as a commercial waste operation to support local businesses. The weighbridges are used by many hauliers and businesses can privately dispose of their waste by paying Viridor direct at the sites.
- 3.9 Up to Q3 2016-17 the HWRC recycling and composting performance stands at 63%. There was an increase in 2014-15 due to increased use by traders and a significant increase in rubble and plasterboard, which whilst recycling, is expensive to process.
- 3.10 In terms of overall contract value in 2015-16 the Council spent c.£1.5m on the provision of Services. The purpose of going out to market is to test the current commercial offer received by the Council, to ensure that Contract terms are fit for purpose and that the Contract is fully aligned to the long term recycling strategy of the Council.
- 3.11 In 2016 a workshop was held with officers from Waste Management, Procurement and Legal. The purpose of the workshop was to review the following aspects:-
- existing contract and current legislation
 - internal vs external provision
 - procurement options
 - type and length of contract and alignment to existing services
 - key terms and elements to be included

- the future of Dragon Waste as a JVC
- government reorganisation

3.12 Following this workshop officers approached Welsh Government and their agents WRAP (Waste Resources Action Programme) to seek support for technical and legal support in development of the contract documentation and during the procurement process. This support comes in the form of WRAP receiving WG funding to appoint advisors to work alongside MCC through the process. Eunomia Consulting in partnership with Burgess Salmon Legal have been appointed and are working very effectively with the Council. Further workshops have been held with Eunomia and all relevant internal colleagues (legal, finance, estates, procurement and waste) to inform the development of the procurement strategy.

3.13 To further inform the procurement strategy a Bidders Day was held in Nov 2016. The Council placed an OJEU notice informing the market that we were intending to go out to procurement and wanted to engage with them early in the process to understand market appetite in our offer and also understand the most commercially attractive package the Contract could take. The day was also an opportunity for potential bidders to understand the culture and priorities of MCC and how this contract aligned to the overall recycling and waste strategy of the Council. The Bidders Day was a great success and massively informed the thinking of officers in developing the strategy.

Key Issues: - The Proposed Procurement Strategy

Nature of Services

4.1 Services to be procured in one strategic contract will be:

- Management and operation of 4 HWRCs
- Management and operation of 2 Transfer Stations
- Management of recyclate collected at HWRCs exc. Garden waste which will be under a separate treatment contract managed by MCC
- Management of kerbside collected glass (so can be bulked and sold with the HWRC collected glass)

- Haulage of residual waste to Trident Park, Energy from Waste, Cardiff (and/or the contingency facility as specified by Project Gwyrdd)

4.2 Feedback from the market was that this was a holistic and attractive commercial offer. By keeping services together it allows for maximum operational efficiency.

Length of Contract

- 4.3 To align with the Recycling Review and changes to kerbside collection changes it is proposed that the Contract will commence 1st October 2018 and terminate on 30th September 2025 with the potential to extend for a further five years (until 2030) with any combination of extensions (e.g. 1+1+1+1+1 or straight 5 or 2 then 3). This will however be subject to negotiation and agreement with the Contractor and a robust economic and financial appraisal.
- 4.4 Seven years is standard for waste contracts as that is the normal life over which major assets for running these services are depreciated (loading shovels, haulage fleet, skips etc). The reason why the extension period is potentially shorter with the possibility of annual extensions is to allow the Council to benefit from any regional collaboration that may emerge as we are aware of other Council contractual timescales. Welsh Government have just initiated a review of Towards Zero Waste and the targets post 2025 (currently 70%). Therefore the shorter extension also allows for MCC to look at emerging legislation post 2025 and determine an appropriate strategy for the future of the services whilst ensuring that short term services are secured.

Form of Contract - Provision

- 4.5 It is proposed that the Contract is a straight service based contract tendered to a third party. This means that any third party would be able to bid for our Contract. Whilst most of the engagement has been with the commercial waste sector the process would not preclude third sector parties bidding if they could demonstrate that they had the capacity and expertise to deliver the requirements. Currently the Council is in a Joint Venture which in reality acts as a service contract in light of the share distribution between the parties. Potential bidders were in favour of a straight service

contract. The services required are not from their perspective anything innovative or risky that requires a level of public sector assurance with a different contract or company model. This model is also proposed as it is recognised that MCC has benefitted from commercial insight from working with Viridor and other waste contractors in the delivery of its services. In the grand scale of things MCC’s tonnage is miniscule and MCC has benefitted from recyclate being sold as part of a much larger mass than managed on its own. Another reason for working with the private sector was the strongly expressed view by Members during the Recycling Review that Councils were not best placed to engage with the market on the selling of material. By working with a major waste contractor MCC will be protected from a level of market vulnerability. HWRC materials such as rubble, wood, paint etc. are far more difficult to source and thereby by bulking up with other contracted waste allows for economies of scale and for that market risk to be partially managed by a third party mitigating risks on the Authority. In addition linking in with such major players in the industry has enabled our services to remain at the forefront of environmental and health and safety compliance. The private sector have centralised experts in these areas which one Council could never hope to source internally.

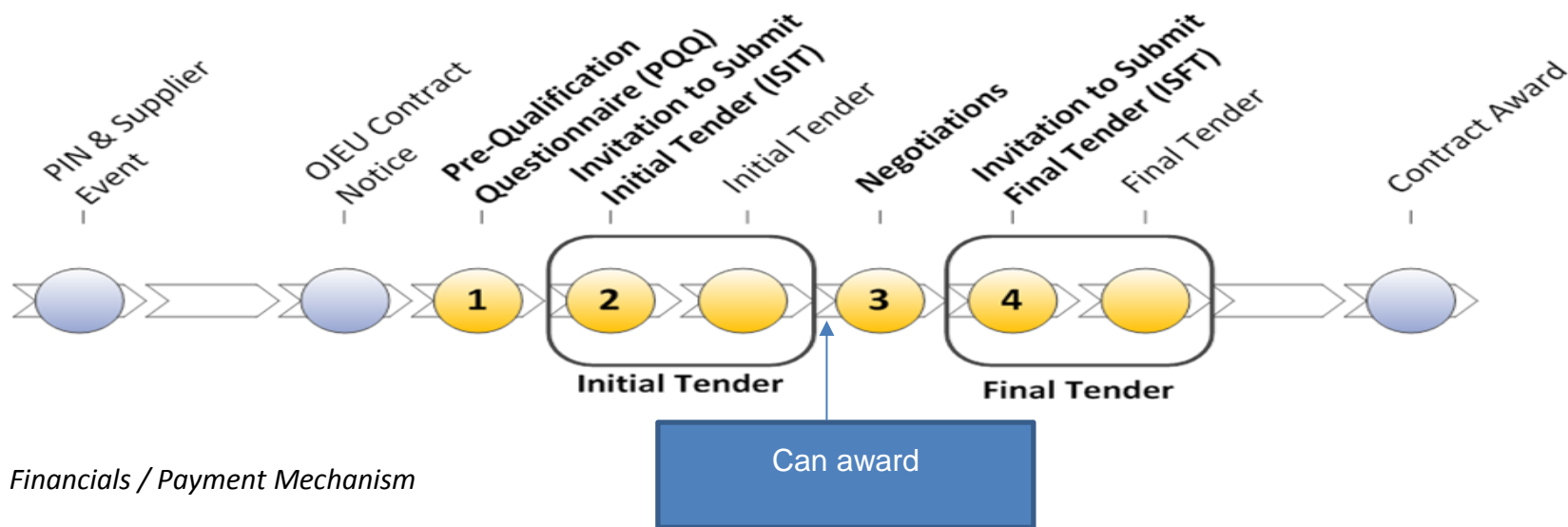
Procurement Process

4.6 Three procurement routes were reviewed balancing speed of process, cost, complexity and giving the best opportunity MCC to refine proposals and allow the market to contribute to the provision of services prior to award.

Procurement Route	Pros	Cons
Restricted - Usually used where market and commodity being procured is fully established.	Terms and conditions fixed at outset and procurement time and costs reduced.	Limited opportunity to improve on existing terms. Risk that contractors will be put off by certain terms and will not bid. Does not allow for any innovation from third parties Need to be confident that have everything covered fully as no opportunity for variation or discussion
Competitive Process With Negotiation – used where the market place is well	Increased market interest	Increased resource requirement for procurement

Procurement Route	Pros	Cons
established but solution and terms could be improved through limited negotiation. Allows for direct award should one bidder satisfy all contract terms and focuses bidders initial response.	Allows for direct award if initial bid is strong enough Allows for negotiation if bids are close and can work	If go into negotiation contract award is slower than restricted
Competitive Dialogue used where either the market and/or the solution is not established. Allows for full dialogue to investigate wide variety of solutions and market approaches.	Contract terms built around negotiation process Flexibility for MCC – opportunity to investigate wide variety of market solutions	Expensive for both sides – costs then reflected in final tender. Long process – longer Reliance on external consultants to capture terms and conditions, extends the procurement timescales (often several years) and costs

4.7 The proposed procurement strategy is no.2 Competitive with Negotiation. This in essence gives MCC potentially the best of both worlds. It allows us to be specific with requirements and if agreeable award on Initial Tenders if there is one strong cost and quality bid (no.2 on diagram below). Failing that or on the basis of a number of strong bids it allows for a period of negotiation (no.3) prior to call for final tenders (no.4) and award. The diagram below clearly outlines the proposed process.



4.8 The potential value of the entire Contract period is c.£18m (based on current costs, tonnage and no indexation applied) and is therefore one of the most valuable contracts the Council manages. It is therefore critical that the financial case is strong and that bids are inclusive of all costs which will be incurred during the Contract period.

4.9 The following measures are being taken in the Contract specification to ensure that there is confidence in the financials supplied in the bids:

- Minimum requirements on staffing levels at HWRCs and Transfer Stations to reduce the risk of “cheap” bids which reduce labour expenditure but then quality of service is affected. MCC knows the current staffing levels at the site and will be using this as a baseline
- Open book pricing to be used for overhead/management costs of Transfer Stations/HWRCs to ensure transparency and clarity of where costs are being incurred
- Robust pain/gain matrix for managing cost of recyclates (see 4.12 below for more information)
- Ability for Contractors to specify their asset requirements to demonstrate best value and where possible maximise use of existing assets from other contracts

- Accurate detail on tonnage and required vehicle movements to clear tonnage to market
- The Council is also exploring the possibility of utilising its prudential borrowing powers to fund the assets required to service the Contract. If the bidder needs to borrow to purchase assets the current commercial interest rate is some 6-8% higher than Council borrowing and the costs are passed back through to the LA on the contract charge. Therefore there is a financial benefit if the Council provides the capital for the assets. However this is dependent on the needs of the bidders and may not be required. It also needs to be noted that the offer would need to be made at OJEU notice to ensure compliance with state aid. If this is of benefit to the financial profile and reduces risk (and therefore cost) then a further report would be submitted to Council prior to any draw down of funding.

4.10 The main elements to be costed by the bidders will be:

- Management/operation of HWRCs and Transfer Stations
 - Staffing, vehicles, bulking equipment, skips, maintenance, normal management costs (utilities, rates, insurance etc.), fleet, fuel
- Haulage of Residual Waste to Trident Park
 - Staffing, vehicle fleet, fuel
- Management and onward marketing/sale/treatment of HWRC collected recycling (excl garden)
 - Staffing, fleet, fuel, ££income / cost

Pain / Gain Matrix:- Managing the Cost of HWRC Recycling

4.11 The contract will exclude the cost of composting of HWRC green waste as this is currently going through a procurement process with partnering LAs – Blaenau Gwent, Torfaen & Newport (as agreed by IMD on 27th July 2016).

4.12 Currently HWRCs manage 22 different recycling streams – ranging from straightforward recycling streams like glass and paper to more complex and difficult markets like wood, paint, gas bottles and electronic waste. Engagement with the market demonstrated that for commercially attractive bids there needs to be a partnership approach to managing the volatility of the recycling market over the term of the contract. LAs are never fully

immune from the market even if all recycle costs and risks are outsourced. If 100% of risk is put onto the market this will be reflected in their bid back. However for security and budgeting purpose LAs who contract very rarely take 100% of the price risk and therefore some middle ground needs to be found.

4.13 Therefore it is proposed that the principles of the pain/gain matrix will be:

- Routine items such as glass, paper which carry an income stream. The initial value will be specified by MCC and the payment mechanism will determine a fluctuation value in line with the 6 monthly average of the Lets Recycle recycling prices index. The Contractor will retain the base value to build into their base costs of running the Services. Any increase (i.e. profit) in value over and above the base price will be shared on a 50/50% between MCC and its partner. Any costs incurred under the base value will be shared 50/50 between MCC and its partner.
- More difficult items to recycle which carry costs will be open book pass through costs to MCC. This is the same as current practice and allows MCC to determine on a material by material stream on an environmental, recycling and financial basis how that material should be managed. This includes materials such as:- rubble, wood, paint, plasterboard etc. For example we do not currently recycle very hard plastics e.g. garden furniture. We know it would be publicly welcomed. However it comes at a cost of over £300 per tonne compared to a disposal cost of c£87 per tonne. But if the market changed then the pay mech would be reviewed and a view taken to bear the cost of recycling. As new markets emerge for items such as mattresses, carpets etc. this mechanism gives us greatest flexibility to manage the constant tension between recycling and financial benefit.

4.14 By having an open book and specified index for agreeing market fluctuations the Council will have great visibility on the market whilst also having the protection of agreeing a set base price which will be reflected in the Contractors initial bid when pricing services. Modelling has demonstrated that over a 5-10 year period the fluctuations of the market equal themselves out. However as Councils operate on an annual budget cycle great care and attention will have to be given to quarterly monitoring to ensure market variations are fully taken into account. Over 2018 the Council will be moving into new times with this Contract and the selling of more recycling through the implementation of the Kerbside Recycling Review. And therefore as outlined in the Recycling Review recommendations when a report is taken through Select and Council in Autumn 2018 reporting on the financials of the service moving forward in light of all procurements concluded it is anticipated that a solution on how the Council protects itself from market fluctuations will be proposed (e.g. a reserve fund to build during good market times and to draw down during low is one method).

Ensuring Quality & Performance

- 4.15 The need to go to market is in no way a reflection of the current contractor. Dragon Waste/Viridor deliver a good and effective service to residents and the Council. However the current form of Contract Documentation does not enable us to quantify the quality of the current service apart from anecdotally on number of complaints, which is very low indeed.
- 4.16 At the Bidders Day MCC was at pains to stress that the quality of the service was not something to be compromised. As outlined above the HWRCs handle a large amount of material each year and therefore are critical and as central to our recycling strategy as the kerbside services MCC deliver every day.
- 4.17 Key quality expectations will focus on:
- County wide recycling target
 - Customer service at HWRCs
 - Customer satisfaction
 - Complaint monitoring
 - HWRC management e.g. cleanliness, emptying of skips
 - Material management & end destinations
 - H&S performance of the site
 - Environmental performance and compliance
 - Priority given to MCC fleet at Transfer Stations
 - Efficiency of haulage system
 - Interface with other hauliers on site

- 4.18 Within the Contract Specification the above will be turned into proportionate performance measures which will have payment deductions applied. This ensures the contracting partner is aware of what MCC requires from the quality of the service and if performance slips then they are hit with a reduced financial payment.
- 4.19 In the procurement we are looking for innovative ideas for improving recycling e.g. proposing new markets, use of technology and how their customer service approach will help the recycling performance. The Contract will have a County wide minimum recycling target which will increase over the length of the contract. It is important that the Contract does not introduce perverse incentives and the recycling performance is based on appropriate practice i.e. we do not want to chase tonnage which increases cost, or deliberately prevent householders from disposing of household waste.

Evaluation / Price v Quality

- 4.20 Within tender documentation the Client (the Council) has to determine the priority it is giving to price and quality at point of publication of the OJEU notice and it cannot be changed without initiating the process all over again. The electronic procurement systems used means that technical/quality aspects of bids are opened first and only those bids that meet the quality criteria will then be opened for price. It is absolutely critical therefore that the quality threshold value overall isn't set so low so that by default the "lowest" price, which doesn't always mean the best service, wins the Contract.
- 4.21 From discussing our requirements and working with Eunomia who have supported many Councils through a procurement such as this it is proposed that we have a 45/55% quality/price evaluation matrix. This gives a strong message that whilst price is the most important, quality isn't something which we are prepared to take a risk on. Council can be confident that such a high focus on quality will not mean we will have an over-priced contract. Because staffing levels etc. are to be specified some of the big variables and risks around costs are being mitigated and therefore will ensure all bids are truly comparable and competitive.

The Future of the Existing HWRCs

- 4.22 Monmouthshire is blessed with a willing and engaged recycling public and they contribute heavily to our overall recycling performance – 27% of the current 63% (2015-16) overall recycling performance was from the HWRCs. Llanfoist and Five Lanes had significant investment in 2009. To increase performance at these sites initiatives such as opening black bags to extract more recycling, and more face to face engagement (meet and greet) with residents are likely to see an improvement. But Usk and Mitchell Troy are both very small and old sites with very little potential for improvement or investment.
- 4.23 Discussions are currently underway with Usk Town Council about meeting health and safety requirements on Usk HWRC without compromising on service quality. It is recognised this is a very small site with incredibly low tonnages going through it with practically no opportunity for improvement or investment. If Usk's HWRC's recycling performance is to be improved over the period of the Contract this need to be discussed with Usk residents and appropriate bodies such as the Town Council
- 4.24 The Monmouth HWRC, Mitchell Troy, is a well-used and popular site and is serving a growing population. With the space and topography of the site there are no opportunities for improvement. Modelling has been undertaken to determine the cost of a new HWRC on the lower field behind the current depot and we have assessed whether the increase in recycling would provide the financial case for capital investment. Sadly this does not stack up. A new HWRC for Monmouth is on the long Community Infrastructure Levy list and is therefore not at all guaranteed it could be delivered through this process. There are soft ambitions for Monmouth to have the similar level of HWRC provision that both the North and the South of the County enjoy. As outlined above the long term financial model of the service will be determined by Autumn 2018 and consideration could then be given by Council on how any savings delivered through this programme are best utilised – borrowing for a new HWRC could be considered if the savings are significant enough.

Investment in Transfer Stations

- 4.25 To align with the Recycling Review Five Lanes Transfer Stations requires capital investment to enable the site to meet the needs of the proposed new Recycling Service for 2018. This forms part of a separate report to Council on 9th March.
- 4.26 In relation to this procurement the timescales have been proposed (1st October 2018) so that the capital works are undertaken, the Recycling Review has been implemented and therefore the Council would be handing over a fit for purpose asset with minimum operational disruption.

Staffing Implications / TUPE

- 4.27 There are TUPE implications with this procurement and we are working closely with Viridor to ensure that if there is a change of contractor there is a seamless transfer of their staff. The staff have been fully engaged and understand why this process is being undertaken – it is not a reflection on their performance, but something which must be done for governance and assurance purposes. Throughout the entire process we will meet regularly with Viridor staff to keep them informed of developments.

Decision Making

- 4.28 There are two level of decision making with this process. The decision to go out to Procurement, its process and sign-off of all the Contract Documentation and the decision to award.
- 4.29 Decision to Go Out to Market and Sign off of all Documentation:- An internal working group of all relevant officers has been established to oversee the process. This includes:- waste, legal, finance, procurement and estates. External expert advice is also being provided through Eunomia and Burgess Salmon. Officers are currently working on the Contract Documentation, specification and evaluation matrix and will be subject to intense scrutiny and debate prior to sign off which will be delegated to the Head of Waste & Street Services following consultation with the appropriate Cabinet Member, S151 Officer and Monitoring Officer.

4.30 Decision to Award:- The Council is following a robust and competitive procurement process. Benchmarking to predict tenders is very difficult as each contract has its own requirements and local circumstances to take into account. Through the Council being specific about requirements and not wanting massive change from existing practice it is anticipated that tenders will remain within the existing budget envelope of the service. Therefore as the Contract will have no material impact on the budget of the Council the decision to award can be delegated following consultation with relevant members and officers. If however the process highlights an increase in required expenditure the decision to award with a full financial assessment and impact on the budget would be presented to Council. Members also can have confidence that the price envelope will be opened at Initial Tender and the Negotiation process allows Officers to enter into a period of discussion with potential contractors where price will obviously feature highly prior to award of Final Tender. The timescales of the process are sufficient to allow this to easily feature within the Council planner to ensure there is appropriate time for scrutiny and engagement with finance to understand the overall impact of the Contract.

Timescales

4.31 Annex 1 outlines the key actions and timescales for the procurement process. Officers with advisors are currently working on the Contract Documentation which has to be completed prior to OJEU. A year is being given to this process as there is full understanding of how long these procurements can take. Key dates are:

- | | |
|--|-------------------------------|
| • Council approval for strategy | 9 th March 2017 |
| • OJEU notice | 13 th June 2017 |
| • Invitation to Submit Initial Tenders | 14 th August 2017 |
| • Tenders submitted | 16 th October 2017 |
| • Evaluation | Oct – Nov |
| • Proposal to award or go into Negotiation | Nov |
| • Negotiation | Nov- Feb |
| • Final Tenders Submitted | 12 th March 2018 |
| • Contract Award (if in current budget envelope) | mid April 2018 |

- Contract mobilisation

May- 1st October 2018

4.32 As can be seen from the timescales above if the Initial Tenders highlight the procurement outcome will have a detrimental impact on the budget there is sufficient time to work through finance implications and align to the medium term financial plan from 2018 onwards. Five months is more than sufficient for contract mobilisation and therefore there is flexibility within the timescales for reporting to Scrutiny and Council if appropriate.

Key Risks & Management Plan

4.33 A contract and procurement of this size is not without its risk. The intention to instigate a new procurement is in no way a reflection on the current service provider who have delivered a complex service extremely well. The service has very few complaints and we have to thank the staff at Viridor for their continued hard work and commitment to excellent service delivery in Monmouthshire.

4.34 One of the biggest risks is that tenders are well above the price MCC currently pays for the service. This report has determined how this will be managed a) through issuing a contract that is attractive to the market b) through a well managed process, c) through the ability to go into negotiation if necessary and d) to take decisions back through Council if the price exceeds the current budget envelope of the service.

4.35 The Procurement itself has a full risk register which is managed by the Head of Service and has ownership of the full internal Project Team overseeing this procurement. The risks are split into process and operational. Most of the focus is on managing process risks which are around capacity of the team, political sign-off and lack of an MCC strategy on this procurement. This paper manages many of the risks and also will bring confidence to the market that we are clear on what we want and want to engage in a competitive and open process to ensure Monmouthshire residents get the very best service at the very best price.

4.36 One of the key risk measures is the creation of an internal officer group overseeing the process. Key members are:

- Rachel Jowitt, Chair
- Carl Touhig & Laura Carter – Project Management, Waste

- Liz Williams, Finance
- Scott James, Procurement
- Jo Chase, Legal
- Gareth King, Estates

4.37 This group has been fully involved with the advisors Eumonia on determining what is required to form the Contract documentation and are then well-briefed on their role to engage with their Chief Officers on the outcomes of this procurement.

Resource Implications

- 5.1 The procurement itself does not bring additional resource implications. The main cost element is officer time and if there was a need to incur additional expenditure on advice a submission would be made to WG & WRAP for further support. If however this was not forthcoming the waste budget would incur the additional expenditure without any anticipated impact on budget performance.
- 5.2 Through offering a competitive and attractive market package it is anticipated that the procurement outcome will also reside within existing funding parameters. If however tenders indicate that financial pressures will be forthcoming then the decision to award will be taken to full Council with a robust report on the financial implications of the Contract.

Well Being and Future Generations Impacts (including sustainable development, equality, corporate parenting & safeguarding)

- 6.1 There are no equality, corporate parenting and safeguarding implications. The procurement process itself will be run in line with best practice and ensure the goals of the Well Being And Future Generations Act are incorporated within its design and the Contract is geared to promote best environmental practice to safeguard resources for future generations.

Consultees

Strong Communities Select Committee – 30th June 2016

Waste industry

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Well-being and Future Generations Assessment

<p>Name of the Officer Rachel Jowitt, Head of Waste & Street Services</p> <p>Phone no: 07824 406356 / 01633 748326</p> <p>E-mail: racheljowitt@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>To seek Council approval on the proposed strategy to initiate a procurement exercise for a new Contract for the Household Waste Recycling Centre, Transfer Station and Residual Waste Haulage services.</p>
<p>Name of Service</p> <p>Waste & Street Services</p>	<p>Date Future Generations Evaluation</p> <p>20th February 2017</p>





1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.


Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales</p> <p>Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The outcome of the procurement will ensure that all of these outcomes are met. Waste will be turned back into resources and the employees appropriately trained to do the role properly.</p>	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A resilient Wales</p> <p>Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>Maximisation of recyclates collected will ensure that CO2 emissions are reduced and therefore have a long term strategic benefit on biodiversity outcomes.</p>	
<p>A healthier Wales</p> <p>People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>no direct benefit but employment through the Contract will ensure that employees and HWRC visitors health and safety is well managed.</p>	
<p>A Wales of cohesive communities</p> <p>Communities are attractive, viable, safe and well connected</p>	<p>HWRC provision is part of ensuring that communities have the ability to appropriate manage their waste.</p>	
<p>A globally responsible Wales</p> <p>Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>HWRCs promote environmental practice and ensure that recycling is maximised.</p>	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A Wales of vibrant culture and thriving Welsh language</p> <p>Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>		
<p>A more equal Wales</p> <p>People can fulfil their potential no matter what their background or circumstances</p>	<p>Job opportunities and customer service will ensure this goal is delivered.</p>	

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Long-term Balancing short term need with long term and planning for the future</p>	<p>This is a medium term procurement ensuring that the Contract aligns fully with the emerging Recycling Strategy, delivers short term operational requirements without undermining long term opportunities</p>	
 <p>Collaboration Working together with other partners to deliver objectives</p>	<p>This will be a collaborative procurement with the outcome a partnership with the private sector.</p>	<p>Timescales have been aligned to allow any future opportunities with other Councils</p>
 <p>Involvement Involving those with an interest and seeking their views</p>	<p>We have fully engaged with the market to ensure that the Contract and its terms are feasible and attractive.</p>	
 <p>Prevention Putting resources into preventing problems occurring or getting worse</p>	<p>The Contract is about managing the waste we collect. Council's have very little ability to reduce waste arisings, but do promote waste minimisation and support householders on how to reduce waste and recycle as much as possible.</p>	

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Positively impacting on people, economy and environment and trying to benefit all three</p>	<p>This is about an environmental service with customer service at its heart at a price which is as affordable and financially efficient as possible. Therefore it impacts on all 3.</p>	

3. Are your proposals going to affect any people or groups of people with protected characteristics? Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	No impact as the procurement is about ensuring that the Council's proposed contractor delivers against all equality requirements and there are no negative impacts from the current service provision which is not being changed with the procurement.		
Disability			
Gender reassignment			
Marriage or civil partnership			
Race			
Religion or Belief			
Sex			
Sexual Orientation			
Welsh Language			

4. **Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities?** For more information please see the guidance note <http://hub/corporatedocs/Democratic%20Services/Equality%20impact%20assessment%20and%20safeguarding.docx> and for more on Monmouthshire’s Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	The proposals do not affect individuals and thereby do not affect or impact on the Council’s corporate parenting and safeguarding duties.		
Corporate Parenting			

5. **What evidence and data has informed the development of your proposal?**

<p>Waste dataflow tonnages of HWRC performance</p> <p>Recycling Review modelling for future transfer station requirements</p> <p>££ existing expenditure.</p>

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

No change

7. Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress

8. Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	Contract Award
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