



Procurement Plan

TITLE: Waste treatment and/or final disposal.	VALUE: Approx £47,391,551 (inclusive of landfill tax where applicable)	Ref: SS1470
Procurement Lead: Sue Dartnall		Date: 16 December 2014
Client Lead: Clare Burt	Position: Contracts and Compliance Officer	

<p><u>Commissioning Route</u></p> <p>The Waste Management Operating Plan was authorised, signed and approved in June 2014.</p> <p>The Business Unit Statement of Purpose states “we help people to manage their waste and encourage the use of waste as a resource”.</p> <p>The Waste Management Service is committed to ensuring that as much waste as possible is used as a resource, rather than put to landfill, and has worked with the Waste Collection Authorities of Kent, the environmental service industry and our communities to achieve this.</p> <p>The Key Decision relating to the decision to award contracts following a procurement process is anticipated being made in January 2015.</p>

<p><u>Description:</u></p> <p>The Kent County Council (the Council) represented by Waste Management, is the Waste Disposal Authority, which is responsible for making arrangements for the treatment and/or disposal as appropriate of household waste, under the provisions of the Environmental Protection Act 1990.</p> <p>There is a proportion of residual waste that is not suitable for the Allington Energy from Waste plant, either because of its type or during periods of shutdown or maintenance. At the present time this waste goes to landfill.</p> <p>This tender encourages a wider variety of waste service providers, with the potential to offer alternative solutions to waste disposal, and therefore is not restricted to landfill disposal.</p> <p>Twelve of the eighteen HWRC sites in Kent are targeted to reduce waste to landfill by 30% over 6 years from 1st November 2014, a reduction of circa 5% per year of the term</p>
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of the contract.

Estimated tonnages for 5 years includes a 3% addition per annum for the increase in residual waste, and a 5% reduction per annum under the new HWRC Contract.

	Year 1 Tonnage	Year 2	Year 3	Year 4	Year 5	Average gate fee	Current Landfill tax	Total Cost per tonne
Allington Unsuitable	58,668.00	57,406.64	56,172.40	54,964.69	53,782.95	£16.55	£80.00	£96.55
Allington Diversion	43,815.00	42,872.98	41,951.21	41,049.26	40,166.70	£16.55	£80.00	£96.55
Total	102,483.00	100,279.62	98,123.61	96,013.95	93,949.65	£16.55	£80.00	£96.55

Year 1 cost	Year 2 cost	Year 3 cost	Year 4 cost	Year 5 cost	Total cost over 5 years
£5,664,395.40	£5,542,611.09	£5,423,445.22	£5,306,840.82	£5,192,743.82	£27,130,036.35
£4,230,338.25	£4,139,386.22	£4,050,389.33	£3,963,306.05	£3,878,094.89	£20,261,514.73
£9,894,733.65	£9,681,997.31	£9,473,834.55	£9,270,146.87	£9,070,838.71	£47,391,551.09

Contract term: 5 years + 2 years extension.

The Funding Source will be from the Waste Management budget.

It is proposed that the contract could either be split regionally; East, Mid and West Kent or by waste stream e.g. one Lot for waste which cannot be incinerated at the Energy for Waste plant at Allington and another Lot for waste that is as a result of Allington plant closures due to planned maintenance work, shut downs and breakdowns. It is proposed that a market engagement day will be held after which the Lot strategy will be refined and may change in light of outcomes from discussions with the market. If there is a major change the Procurement Board will be consulted prior to commencement of the tendering process.

Linkage to Category Strategy:

The provision of this service will be included in the updated Waste Category Strategy.

Business Objectives:

- Achieve value for money and cost savings;
- Ensure an efficient reliable resilient service;
- To enable KCC to meet its legal obligations as the Waste Disposal Authority and obligations to the district /borough partners across Kent;
- To provide a customer focused waste disposal service.

Current Supply arrangements:

The current contracts are split across three Lots, North Kent, West Kent and East Kent.

Veolia –Pitsea, Pitsea Hall Lane, Pitsea, Basildon, Essex. The Contract commencement date was 6 February 2012 for 2 years with the option to extend by 1 year. The extension was effected, due to the need for land fill capacity for West Kent Transfer Stations and HWRC's, bulky waste and as a backup for Allington shut downs and breakdowns. It is due to expire on 5 February 2015.

Currently bulky waste from Dunbrik (Sevenoaks) transfer station, Dartford HWRC general waste, Dunbrik HWRC, Swanley HWRC goes to Pitsea Landfill site.

Biffa – Redhill, Patteson Court Landfill, Cormongers Lane, Nutfield, Redhill, Surrey RH1 4ER.

The Contract commencement date was 6 February 2012, for 2 years with the option to extend by 1 year. The extension was effected from 6/2/14 and expires 5 February 2015, for the need for landfill capacity for West Kent Transfer Stations and HWRC's for bulky waste and back up for Allington's shut downs and breakdowns.

Currently bulky waste, Trade waste and fly tipping from Tunbridge Wells North Farm Transfer Station and North Farm HWRC goes to Biffa Redhill.

Viridor - Waste Management Ltd, Shelford Landfill, Shelford Farm Estate, Shalloak Road, Canterbury Kent CT2 OPU.

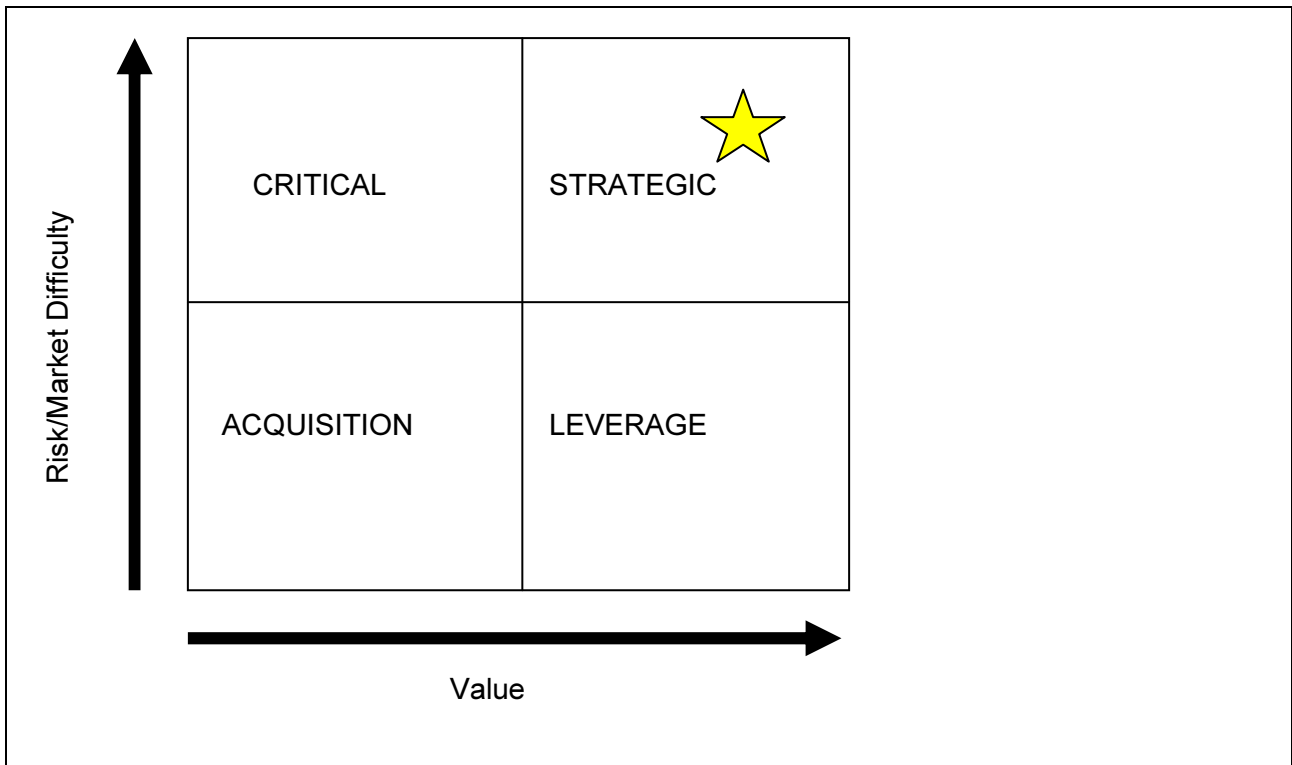
The Contract commenced 1 January 2013 for 2 years, although Year 1 was not executed due to an existing contract in place with Viridor. The current agreement is due to expire December 2014. A Contract change control was effected to 31.12.2014. The extension was required to provide landfill capacity for East Kent Transfer Stations and HWRCs, and Mid Kent Transfer stations, for bulky waste and as a backup for the Energy from Waste plant at Allington, for planned maintenance, shut downs and breakdowns.

Extensions with the above current Providers will be sought to co-terminate with the commencement of the new Contracts.

Market Position:

Under the European Landfill Directive, landfill should be the last resort for most waste, for reasons of practicality historically the Council has been restricted to send waste that could not be incinerated at the EfW Allington Plant to landfill. There are currently a number of landfill sites in the South East region that can accept municipal waste.

There is also a competitive market for alternative waste disposal arrangements nationally, particularly in the form of Energy from Waste.



Procurement Risks:

Risk	Controls/Mitigating Action
Challenge under the procurement regulations	<ul style="list-style-type: none"> ➤ Robust procurement processes undertaken, including early communication through a prospective tenderers Market Engagement event ➤ QA assurance by senior stakeholders (Waste Management and Procurement) of key tender documentation
Failure to generate sufficient number of tenders and interest from the market	<ul style="list-style-type: none"> ➤ Hold a Market Engagement event to stimulate interest and help shape specific elements of the requirement/service ➤ The Tender will be clear and concise.
Savings not realised, poor value for money	<ul style="list-style-type: none"> ➤ There is an over capacity in landfill regionally and Energy from Waste nationally, therefore this risk is unlikely to occur.
Government significantly increases landfill tax.	<ul style="list-style-type: none"> ➤ Invite a whole range of solutions other than landfill.
Failure to meet agreed timetable	<ul style="list-style-type: none"> ➤ Maintain a managed project timeline.
Distance of provider may significantly increase the haulage costs.	<ul style="list-style-type: none"> ➤ A robust haulage cost methodology will be included in the whole life cost evaluation.

Procurement Route Options & Evaluation:

Part: A **Yes** OJEU: **Yes**

The overall value of this procurement project has been estimated at £ 47,391,551

(inclusive of landfill tax where applicable) which will greatly exceed the current OJEU Services threshold, thus the Council will need to follow an OJEU compliant process:

Option 1: OJEU Open tender

An Open process allows all suppliers expressing an interest in the opportunity to submit a tender. The timescale may be reduced to a minimum of 40 days (using an electronic tendering portal), but this process would require considerable time and resource for the up-front drafting of the requirement and tender documentation. This market is also highly competitive and a number of prospective suppliers could meet the Council's requirements. A short-listing process is therefore outlined, see option 2 below.

Option 2: Restricted tender

This involves a two-stage process of a Pre-Qualification Questionnaire (PQQ), followed by an Invitation to Tender for those that successfully pass the PQQ stage. The Restricted process allows the Council to deselect suppliers not capable, or with insufficient financial or technical capability, to perform a given contract. As there is a potential wide choice of suppliers in this market, this pre-selection process should reduce the number of tenderers to a more manageable number going through to the Invitation to Tender stage and resultant evaluation process. The timescale may be reduced to a minimum of 30 days (Expression of Interest/PQQ completion) + 35 days (Invitation to Tender) by using an electronic tendering portal. A PIN notice will be issued and this can, in specific circumstances reduce the timescales further.

Additional option use of e-Auction

This would involve either of the two above processes to receive tenders. Following the assessment of tenders, suppliers would be invited to participate in an e-Auction. Tendered pricing would form suppliers starting bids and the e-Auction would provide the opportunity for suppliers to lower their bids.

Advantages:

- The best tool at our disposal to achieve downward movement in pricing given we are unable to negotiate with suppliers;
- Suppliers can use the e-Auction process as a determinant of the true market rate;
- Emphasises to the market the importance of price at this time.

Disadvantages:

- Can be seen as an adversarial method of awarding a contract and can be unpopular with suppliers;
- Risk that supplier will cut his price too low and will look to cut corners throughout the contract.

Option 3: Competitive Dialogue

The service needs are well defined and understood, therefore, there is no need for an expensive and elongated Competitive Dialogue process. This procedure is not appropriate for this requirement.

Option 4: Single source

Given its potential value, this procurement would be subject to a full OJEU procurement process. Undertaking this process would bring significant risk of legal challenge. Given the number of potential suppliers in this market, there is no lack of competition therefore this process is not appropriate for this requirement.

Procurement Route Recommendation:

The recommended route is to undertake an OJEU Restricted tender process via the Kent Business portal. This will allow a short listing process to be conducted. A PIN notice will also be used so that a Market Engagement day may be held. This should stimulate interest and help shape specific elements of the requirement/service and refine the Lot strategy.

Whilst an e-Auction could be utilised, the requirement is of a reasonably complex nature, this may not allow for an easy comparison via an auction process with added value possible e.g. income/cost offset from energy production etc.

Outline Timescales:

Milestones	Date
Issue PIN Notice (Procurement)	By 12 January 2015
Market Engagement day	02 February 2015
Issue OJEU Contract Notice/advertise on Kent Business Portal (Procurement)	06 February 2015
Issue PQQ (Procurement)	06 February 2015
PQQs returned	16 March 2015
PQQs evaluated (Client & Finance, Health & Safety & Procurement)	17 – 02 April 2015
Issue Invitation to Tender (Procurement)	13 April 2015
Tenders returned	19 May 2015
Tender evaluation (Client & Procurement)	20 May – 09 June 2015
Pre - award clarification meeting	16 June 2015
Award Report approved	23 June 2015
Standstill period completed	06 July 2015
Contract issued for signatures/sealing process	15 July 2015
Contract mobilisation	August 2015
Contract start date	01 September 2015

Public Bank holidays

- Easter 3 – 6 April, 4 & 25 May, 31 August 2015

Resources Required:

Procurement Manager – Procurement lead

Contracts and Compliance Officer – Client lead

Solicitor – Legal support for terms and conditions review of Chartered Institute of Wastes Management standard contract

Finance Representative – supplier financial accounts analysis

Health & Safety Advisor – Health & Safety aspects

RACI	Definition
Accountable	The role who is responsible for ensuring the action takes place (can only be one)
Responsible	The role or roles who actually carry out the action
Consulted	Roles that will be consulted about the task (views need to be considered)
Informed	Roles that will be informed (no decision making or influencing role)

Team Member	Sue Dartnall	Clare Burt	Kay Groves	Roger Wilkin
	Procurement Manager	Contracts & Compliance Officer	Waste Services Manager	Head of Waste Management
Action				
Draft Procurement Plan	A/R	R	C	I
Specification	C	R	A	I
Tender	A/R	R	R	I
Evaluation	C	R	A/R	C
Award report	A/R	C	C	C
Draft Contract	R	C	A	I

Reviews Planned:

This Plan will be submitted to the Procurement Board for approval.

Approval to Proceed:

Signed:

Name:

Date:

Check List

Please review items on list, complete response box and where appropriate include in plan.

Check Item	Action Required	Response
Social Value	Social Value needs to be considered	There are specific aspects relating to environmental protection, employment and the wider community. These will be addressed as part of the specification.
Equalities Impact Assessment	Is and impact assessment necessary, in most cases this will be a requirement the Service are responsible for carrying this out. If in doubt contact Janice Hill, Equalities & Diversity Officer, 03000 416239	An impact assessment has been completed.
Legal Support Required	Legal support requirement should be considered and agreed with the client. Also if a risk of challenge has been highlighted this should be communicated to legal and added to the risk register on the shared drive.	Legal support will be required for review/updates to the Chartered Institute of Wastes Management standard contract.
Kent Business	Ensure plan has addressed supporting Kent Business	This has been taken into account.
TUPE/ Pension Staff Transfers	Ascertain if there is any possibility of staff transfers and discuss with Client. If TUPE or Pensions may be involved for TUPE discuss with Legal, for Pensions see Steven Tagg	Incumbent providers will be consulted with appropriate legal review of suitable clauses for the tender/ contract documentation.
Environment	Are there environmental issues or implications in this contract	Yes, environmental requirements will form part of the specification.
Business Continuity	Business continuity issues this does not just mean IT but consideration of providing essential services	Yes, business continuity requirements will form part of the specification.
Financial Risk	What is the financial risk associated with this contract? Supplier Risk: How much assessment of the supply base is necessary, what is the risk if a supplier fails. If the tender is above EU value we should use Finance Projects Team to carry out financial assessments. Budget Risk: Is the budget confirmed for the duration of the contract	The risk lies in the service unable to be provided which will have impact on the WCAs and collections, therefore a rigorous financial assessment will be undertaken as part of the PQQ process.
Collaboration/ Access to Contract	Will this contract be shared with others, if so how is procurement being undertaken.	Not applicable.