

Annual Procurement Plan 2016/17

SUMMARY

This report provides details of the Authority's Annual Procurement Plan for the year 2016/17 and provides a list of the major contracts that will require action in year. The report also updates the Authority's Contract Register for publication on the Authority's website and/or other suitable media to discharge the Authority's transparency requirements.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) *Approve this Annual Procurement Plan for 2016/17.*
- 2) *Approve the Authority's contract register for publication on the Authority's website, attached as Appendix One.*
- 3) *Note the procurements listed in paragraph 6 below that will be carried out by the Director under the Authority's scheme of delegation.*
- 4) *Note the contracts and information set out in paragraph 7 below and authorise the Director to exercise the extension options as necessary subject to the procedures and requirements as contained within the Authority's Tender and Contract Regulations.*
- 5) *Note the potential contract set out in paragraph 8 below and if it becomes necessary authorise the Director to commence the procurement/tendering and award subject to the procedures and requirements as contained within the Authority's Tender and Contract Regulations.*
- 6) *Authorise the Director to put in place suitable arrangements and/or use existing framework contracts for the various miscellaneous and ad hoc waste and recycling arrangements and activities of the types identified in paragraph 9 below.*

1. Introduction - The provision of high quality waste management contracts are key to the delivery of a number of policies within the Joint Waste Management Strategy, particularly Policy 7 to provide good value services.

2. Background – The Authority has in place a number of contracts for the provision of waste management services. In addition there are a number of other goods and services contracts which are necessary for the Authority's ongoing operational and management functions including those at head office.

- 3. General Information** – The Authority has the statutory responsibility to arrange for the disposal/treatment of all of the waste collected by the six constituent boroughs, excepting that which is withheld for recycling purposes. The majority of these arising's is residual waste and this fraction will be managed through the West London Residual Waste contract with West London Energy Recovery Ltd (prior to change of name SITA West London Ltd) or the Waste Processing Contract (Lakeside) contract with Viridor Waste Management Ltd. The remaining arrangements cover a variety of other services, such as transport, organic waste treatment, WEEE management, waste wood treatment and mattress treatment. There are formal contractual arrangements in place for the majority of these services. The remainder of the services, such as asbestos disposal, carpet recycling, disposal of inert materials, fuel, etc. being managed through ad-hoc arrangements. Ad-hoc arrangements are utilised where there are too few suppliers to obtain meaningful competition or where the markets are immature and still developing or are otherwise volatile.
- 4. Authority Contract Register** – The Authority's proposed 2016/2017 draft Contract Register is attached as Appendix One. It is proposed that this Contract Register will be published on the Authority's website in order to comply with the Local Government Transparency Code 2014 requirements. The Contract Register details the Authority's current contracts for not only waste management operations and requirements, but other goods and services where their expected value exceeds the threshold (presently £5,000) for publication. Included are the details of expiry dates, review dates, approximate annual value and comments relating to the ongoing management of these services. As well as providing statutory information, the publication of the Contract Register will permit potential contracting partners to identify upcoming future tendering opportunities
- 5. Authority Tenders and Contracts Regulations** – The Authority's current Tender and Contract (T&C) Regulations were approved at the Authority meeting on 20th April 2012. The T&C Regulations provide the structure within which works, goods and services are to be procured and the financial limits that apply to the various tendering routes. As well as the guidance upon the seeking of tenders the T&C Regulations also advise on the use of other suitable alternatives including constituent borough contracts, framework agreements and the like. With the implementation of The Public Contract Regulations 2015 the Authority's current T&C Regulations do not now reflect current legislative and regulatory requirements and are currently being reviewed to ensure that they will comply as well as reflecting best practice. It is anticipated that the updated T&C Regulations will be presented to Members for approval at the June 2016 meeting of the Authority. In the meantime any procurement that is undertaken will be progressed in accordance with the current T&C Regulations and if there is any divergence the obligations contained within The Public Contract Regulations 2015. In addition to the Authority's T&C Regulations the Authority's Scheme of Delegation to Officers, approved by Members in June 2014, provides the Director with the delegated power to seek and award specific value tenders.
- 6. Arrangements to be procured under the Authority's scheme of delegation** – The contracts listed below may require renewal in 2016/2017. Quotations will be sought in accordance with the T&C Regulations with the award made by West London Waste Authority officers and the Director in accordance with the Authority's scheme of delegation:-
- A.** Site security services at Twyford Transfer Station – this service currently provides good value but will continue to be monitored and if considered advantageous quotations will be obtained in order to test the market and if suitable put alternative arrangements in place.

B.The collection and processing of WEEE – this service is provided under the WEEE Regulations producer compliance scheme (PCS) at no cost to the Authority. The current arrangement provides the Authority with added value through various forms of support, including publicity material, communications and staff resources, from the PCS contractor to encourage re-use and awareness. The WEEE Regulations 2013 came in to effect in January 2014. Following the introduction of the new Regulations Resource London has undertaken, in consultation with the London WDAs and WCAs, a review of the potential for the introduction of a pan London arrangement for the management of WEEE. In particular Resource London were looking at the opportunities for:

“..... increasing the capture of WEEE including a potential for a city-wide Producer Compliance Scheme (PCS) contract that generates economies of scale and strikes a better deal for London, bringing in additional investment such as communications or infrastructure that can support London in reaching its targets”

Following the completion of their review of the market and the potential opportunities that may be available, Resource London concluded:

“ ... it is clear that the present market conditions are not favourable to increasing household WEEE reuse and recycling without significant external funding and that it is not likely to be available in the immediate future...”

It is therefore unlikely that without significant financial input that the Authority, acting in isolation, will achieve any improvement on the current arrangements. The situation will be kept under review to establish when conditions may become favourable to consider changing the current service provider.

C. Abandoned vehicles - at the December 2015 meeting of the Authority, Members were informed that the incumbent abandoned vehicle contractor had ceased trading and that an interim arrangement had been entered into so as to ensure continuation of the service until a formal procurement process could be completed. Members authorised the Director to:

“undertake a formal procurement process and to accept suitable arrangements offered for the management of the abandoned vehicle service in accordance with the Authority’s Standing Orders”

It is still anticipated that this procurement will be completed to achieve the October 2016 target date for the commencement of the new arrangements.

7. Existing Contracts in excess of £250,000 – The contracts listed below terminate on 31st March 2017, but may be extended by up to two further years at the Authority’s discretion. At the present time the contract rates are still considered to deliver value for the services provided. The situation will continue to be monitored to ensure that this position does not change prior to the extension option expiring. On the basis that the position does not change the Authority is requested to authorise the Director to exercise the extension option on these contracts for up to two years from 1st April 2017:

A. Collection and treatment of waste wood – Stobart Biomass Products Ltd

B. Collection and treatment of waste mattresses – Matt UK Ltd

8. New Arrangements in excess of £250,000 – The arrangement listed below may require action in 2016/2017. The Authority is asked to agree that the Director will take action, in accordance with the scheme of delegation if necessary, to seek tenders and award a contract in accordance with the Authority's T&C Regulations if this becomes necessary.

A. The provision of an out of hours service offering a tipping facility to boroughs outside the main operational hours of the railway transfer stations is presently being provided by West London Energy Recovery Ltd (WLER) under the residual waste contract interim services arrangements. Due to increasing waste volumes and the future capacity available for treatment when full service delivery commences (anticipated August 2016), WLER may not have the capacity to be able to offer to continue to manage all or some of this waste stream. In that situation alternative facilities where this waste may be tipped out of hours may need to be procured. This action will only become necessary should WLER be unable to provide this service.

9. Miscellaneous and Ad hoc arrangements – In addition to the major waste management contracts, a number of “small, ad-hoc and miscellaneous arrangements” are utilised to manage the various services and supplies required to support the activities of the Authority. The Authority identifies the most suitable and economically advantageous arrangements that are available at any given time to manage these arrangements. Where suitable and available these arrangements may be let on a framework basis or under a constituent borough contract. The main activities included under these arrangements are as detailed below

A. The management of sundry recyclable and similar materials that can be recovered recycled and/or diverted from landfill. In the current market many of these materials continue to be problematic in terms of identifying and/or maintaining secure and reliable outlets and are dealt with almost on a day by day basis. In addition, some of the treatments and processes utilised are in emerging markets and the number of providers in that market are still somewhat limited and the dependability of the treatment/process offered remains to be demonstrated and proved. When it is considered that it is beneficial for the Authority to do so, formal arrangements will be procured through seeking either tenders or quotations. The main materials that fall in to this category are (but not limited to) –

- i. Asbestos;
- ii. Rubble, hardcore and soil;
- iii. Metals (ferrous and non-ferrous);
- iv. Gypsum;
- v. Tyres;
- vi. Carpets;
- vii. Plastic polymers;
- viii. Paper and card products;
- ix. Used Oils (inc. motor and cooking)

B. Financial services, operational supplies and consultancy advice. The following services and arrangements will be reviewed during 2016/2017 and where considered necessary the market will be tested to establish that value for money is being delivered. The arrangements that this may apply to include the following –

- a) Payment Services;
- b) IT, telephony and printing services;
- c) Legal support Services;
- d) Committee Services;
- e) HR support Services
- f) Property Consultancy advice and support;
- g) Site energy supplies;
- h) Supply of gas oil;
- i) Health and safety support and advice.

10. General Procurement Strategy and Process – As a number of the arrangements for which tenders will/may be sought are in emerging and immature markets, consideration will be given as to whether prior to seeking tenders a process of soft market testing would be beneficial. This may include discussing matters such as contract durations & extensions, pricing strategy, volumes and capacity availability, treatment options & facilities, etc. The outcomes of such an exercise would then enable the Authority to shape the tender documentation to ensure that it receives bids based upon the most advantageous positions that the market has indicated it is able to offer. For any waste services procurement in excess of the EU Services threshold (£164,176 from January 2016), the Authority will be required to give the Mayor of London 108 days' notice prior to being able to place an OJEU Notice to formally commence a procurement process. This requirement is to enable the Mayor's officers to assess the general conformity of the Authority's proposals to the Mayors Municipal Waste Management Strategy. Unfortunately this threshold covers most of the waste services that the Authority is likely to seek tenders for. All procurements will be carried out in accordance with the Authority's Standing Orders, including the current T&C Regulations

11. Borough consultation – Borough officers will be offered an opportunity to comment upon any major changes to arrangements that impact upon their services. Additionally, through the Borough Partnership Meeting, chaired by the Chief Technical Advisor, the constituent boroughs will be kept informed of any future major tendering proposals.

12. Procurement Advice and Support – The Authority continues to have external advisors in place to provide on-going support until the successful commencement of full services in connection with West London Residual Waste Services contract. These advisors can be used, if necessary, to support other procurements. In addition, advice and support for smaller projects is now provided by Harrow Council's Commercial, Contracts and Procurement team in their Resources Division.

13. Financial Implications – Financial provision has been included within the approved 2016-2017 approved budget for the provision of the services, including any proposed procurements as set out in the this report.

14. Risk Management – The proposals detailed in this procurement plan will be aligned with the requirements of the Authority’s T&C Regulations. It is not considered that specific risk registers will be required for any of the arrangements likely to be subject to the procurements in 2016/2017. Officers will manage any risks that may be identified as they arise.

15. Health and Safety Implications – Health and Safety considerations form part of the tender evaluation process including potential partners’ record on health and safety and proposed future management arrangements. Where appropriate advice will be sought from the Authority’s Health and Safety advisors from the London Borough of Hounslow.

16. Legal Implications – As a local authority the Authority is required to act in accordance with the Public Contracts Regulations 2015. Many of the arrangements will involve the Authority entering in to a formal contract.

17. Impact on Joint Municipal Waste Management Strategy – The provision of good quality waste management treatment and other support services is vital to the delivery of number of the policies and the Joint Waste Management Strategy. Particularly policy number 7 which states that the Authority and constituent boroughs will seek to find waste management services that offer good value, that provide customer satisfaction and that meet and exceed legislative requirements.

Background Papers	None						
Contact Officers	<table border="0"> <tr> <td>Barry Lister, Senior Assistant Director barrylister@westlondonwaste.gov.uk</td> <td>020 8825 9488</td> </tr> <tr> <td>Jim Brennan, Director jimbrennan@westlondonwaste.gov.uk</td> <td>020 8825 9488</td> </tr> <tr> <td>Keith Townsend, Chief Technical Advisor WLWA TownsenK@ealing.gov.uk</td> <td>020 8825 9551</td> </tr> </table>	Barry Lister, Senior Assistant Director barrylister@westlondonwaste.gov.uk	020 8825 9488	Jim Brennan, Director jimbrennan@westlondonwaste.gov.uk	020 8825 9488	Keith Townsend, Chief Technical Advisor WLWA TownsenK@ealing.gov.uk	020 8825 9551
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