

**Report to:** **Cabinet**

**Date of Meeting:** 3 September 2014

**Public Document:** No

**Exemption:** Para 3 Schedule 12A Information relating to the finance or business affairs of any particular person



**Agenda item:** 22

**Subject:** **RECYCLING AND WASTE COLLECTION OPTIONS REPORT**

**Purpose of report:** To provide members with an update on progress towards procurement of a new recycling and waste collection contract and to inform them of suggested commissioning, procurement and mobilisation options, with recommendations on the best route to enable the successful completion of this project.

**Recommendation:**

1. That members note the progress made to date and approve the retendering recommendations outlined in the report.
2. That members consider the procurement options as presented and agree with the suggested procurement route of competitive dialogue following a detailed commissioning period.
3. That members agree to the creation of a sub-group of the Recycling and Waste Board [the 'Recycling and Refuse Commissioning Group'] to aid in the commissioning process.
4. That members agree with the outline timetable produced.

**Reason for recommendation:** The recycling and waste collection contract is a major item of council expenditure and is a very important and valued frontline service. The report outlines the optimum route toward commissioning, procurement and mobilisation of a new contract for this service that will allow for future improvements to recycling rates and provide reduced tonnages of waste for disposal.

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**Financial implications:** It is essential to recognise that although there is an aspiration to enhance the current level of service provided an important factor for the Council is affordability. This needs to be considered early on in the process, at the commissioning stage, to ensure options are then available to the Council to consider which are affordable. Recycling and Refuse has a net revenue budget of £3.6m in the current year which represents 26% of this Council's total net expenditure budget, with the Council facing the need to reduce its net annual budget by £2.7m by 2020/21 this contract represents a significant opportunity to help deliver that target, if this factor is ignored then other services of the Council will have to find this shortfall

alone. Through any discussions, or possible consultation on the preferred level of service delivery it must be ensured that affordability is considered alongside.

**Legal implications:** New Public Procurement Directives have recently been published by the EU and are liable to be implemented by member states on or before 18 April 2016 – Directive 2014/24/EU appears to be of particular application to the processes with which the Report is concerned (EUR207,000 for the whole value of the proposed Contract being the qualifying threshold under paragraph (c) of the Directive's Article 4) and the regime changes it represents should therefore be borne in mind in the light of implementation potentially falling within the envisaged procurement period.

The new Directive includes changes to the Competitive Dialogue procedures. European procurement law is complex and time consuming given the level of contract documentation involved. The new waste contract process will require appropriate legal resource to be identified, probably from a private practice specialist procurement unit. A contract of more than £4,000,000 is clearly of major significance to the authority in achieving best value, and the input of appropriate legal advice in the contract process will assist this. Although it has been part of the Legal Service strategy to recruit an in house lawyer with specialist procurement skills this has not proved possible to date in the current jobs market.

The legal opinion to which paragraph 1.2 refers was expressed to be given against the background that it appeared that not all relevant material was available at that time for review by Legal Services; the major part (but not the whole) of the unavailable material has been unearthed since the legal opinion was given and Legal Services' review of that new material reveals nothing that either assists or prompts modification of the opinion.

**Equalities impact:** Low Impact

The procurement of a new recycling and waste collection contract will aim to provide an improved service to all households in the District.

**Risk:** Medium Risk

The procurement will need to be closely managed as this contract forms a large part of council expenditure.

This contract is a major front line operational service and its performance is important in maintaining the good reputation of the council, therefore help and advice will be required from several professional areas within the authority to ensure successful commissioning, procurement and mobilisation.

**Links to background information:** -

**Link to Council Plan:** Living in and Enjoying this outstanding place.

## **Report in full**

### **1. Present service provision and EDDC Procurement position**

- 1.1 The authority is contracted to SITA for kerbside collections of recycling, food waste and residual [landfill] waste, plus collections from households of clinical waste and servicing of recycling banks across the district. The kerbside service comprises of a fortnightly refuse collection from 180 litre wheeled bins, weekly recycling collections from 80 litre boxes and weekly food collections from caddies. The recyclable materials are separated at the kerbside by collection operatives and sorted into stillage vehicles, which are also used to collect food waste.
- 1.2 The current 'collection contract commenced in 2006 for a seven year period, with the option of extending the contract for a further three years: the authority has exercised the option to extend, until 2016. The issue of extending the SITA contract further has been discussed. A legal opinion was sought which confirms that further contract extension is not an option as this is against competition law, therefore a retendering exercise is required. The authority must retender the contract for commencement in April 2016.
- 1.3 The inability of the authority to extend the SITA contract has implications for the plan to be part of the Integrated Devon Local Authority Company [ID LAC]. The ID LAC is due to commence in April 2017, leaving a gap of twelve months between the end of the current collection contract and the commencement of the ID LAC.
- 1.4 A range of contractual options have been appraised, including the below:
- EDDC transferring the collection service 'in-house' for a 12 month period [or for a similar period] prior to the commencement of the Integrated Devon Local Authority Company [ID LAC], after which transferring the service to the 'LAC
  - Re-examine the ID LAC option and see if it could be operational by April 2016, or use 'Strata' as an interim LAC until the ID LAC is operational in 2017
  - EDDC tender a new recycling and waste collection contract for a 12 month period, from 1/4/16 to 31/3/17, then move the work into the ID LAC
  - EDDC tender a new recycling and waste collection contract for a 24/36 month period, from 1/4/16 to 31/3/18 or 19
  - Re-examine the ID LAC option and agree to postpone EDDC involvement until some future date
  - EDDC re-tender its collection service for 7-10 years and look to transfer the outsourced service into the ID LAC at a later date.
- 1.5 In order to provide a continued quality service for EDDC residents, a recommendation to retender a new 'collection contract for 7-10 years has been made by SMT and members of the Recycling and Refuse Board [please see 2.5 for further information on contract length]. This recommendation provides surety of service for EDDC and residents. It means that the ability to join the ID LAC must be postponed for the time being, as any direct or implied intention to move to the 'LAC may affect the ability to procure a new collection contract at the right price [please see 3.14 for further details]. However, the move to a new 'outsourced contract does not preclude EDDC becoming part of the ID LAC or a similar shared service arrangement at some future stage.
- 1.6 The procurement of a new contract of this size and scope is normally preceded by a commissioning phase, where members and other stakeholders are asked what essentials they would like to see included within a new service. This commissioning period would allow the authority to reaffirm its intention to include cardboard and mixed plastics as part of the kerbside collection service and could allow for discussion to collect other materials, such as

textiles and small waste electrical and electronic items [known as WEEE]. WEEE can include items such as batteries, hairdryers, kettles and mobile phones.

- 1.7 During the early stages of the present SITA contract, EDDC had to renegotiate the agreement, leading to the formation of a partnership and partnership board with SITA. At the same time a cost-plus agreement [cost plus 10%] was also made, replacing the usual method of costing such contracts which are normally based on Bills of Quantities. In practice this means that the contract costs are apportioned on the basis that all contract expenditure incurred by SITA is invoiced with a 10% surcharge. It is extremely unusual for waste management contracts of this size and scope to be administered in this way; 'cost-plus' is sometimes used for 'civil's contracts or for short term or emergency provision.

## **2. Commissioning stage**

- 2.1 In order to move forward and commence commissioning and procurement, it is recommended that a sub-group of the Recycling and Refuse Board be created, to help commence the commissioning phase of the project. This sub group [the 'Recycling and Refuse Commissioning Group'] would be a cross-political group of members, brought together to discuss ideas and to agree the service requirements of the new collection contract [see 2.4].
- 2.2 The Overview and Scrutiny [O&S] committee plus the East Devon 'Editors' panel could also be approached to help with the commissioning phase of the procurement: O&S, together with the 'Editors, could provide useful direction to help set service requirements. O&S could also provide a governance function during procurement, with officers reporting progress to members of the committee on a regular basis as well as to Cabinet/SMT and the Recycling and Refuse Board.
- 2.3 It is important to clarify that the commissioning phase is critical in shaping the future service direction of a new collection contract. Once commissioning ends and the procurement phase begins, there are limited opportunities for members and officers to make changes to the brief, set during commissioning; for example, if members wished to move from the present source-separated recycling collections to a mixed recycling collection [where materials are co-collected in one bin and separated later at a recycling facility] this would need to be flagged and agreed during the commissioning phase, prior to commencement of procurement. Any substantial changes to the brief post-commissioning will mean that the procurement process has to be re-advertised and re-started, which will be costly in terms of time and money. Having to go back to the market with an amended brief may dissuade companies from entering competition and may harm the reputation of the authority.
- 2.4 In order to provide clarity the below table lists some of the issues for consideration during the commissioning stage.

### ***Aims and objectives of the new service***

Length of Contract Period?

Should higher recycling rates be an aim of the new contract [what % level should be achieved?]

Should reduced tonnages of waste to disposal be an aim of the new contract [what % level should be achieved?]

What items should be included in recycling collection – e.g. cardboard, mixed plastics, etc?

Should collection methods change [kerbside sort or mixed recyclates?]

Frequency of collections – does the frequency of refuse collection need to be change to encourage further recycling?

5 day or 4 day collection service [Mon to Fri or Tues to Fri?]; 4 day working would avoid the need to change collection days for most Bank and Public holidays

Should inclusion of clinical waste collections free at point of use continue?

Bin deliveries – should the timeframe for deliveries be tightened?

- 2.5 The length of the new contract is important, to provide surety of service for EDDC and its residents. It is also important to adjudge what length of contract will attract contractors to bid. Most waste collection contracts have a minimum term of seven years, as this time period allows contractors time to write-off fleet costs. In this case it would be recommended that the new contract is offered for a seven year period with options to extend in annual increments for up to a further three years, making ten years in total.
- 2.6 The 'collection contract is a large percentage of overall council spend, so getting the commissioning phase right is essential. Members may wish to consider the use of an external facilitating company to aid in this. A facilitator could conduct the initial meetings with 'Editors, O&S and other stakeholders; this could help obtain a view on the best collection options via an impartial third party and may provide a means by which the authority are not seen to be 'steering or engineering a result. This is not essential but is an option to consider.
- 2.7 Members may also wish for a period of public consultation to take place during the commissioning period. This consultation could be arranged and managed by officers and could take many forms, such as a web based questionnaire, public meetings and road show events.

### **3. Procurement stage and options**

- 3.1 Once a brief for the new collection contract has been agreed during the commissioning period, the procurement of the service needs to begin. There are various means by which the contract can be procured, which are outlined below.

*Open procedure* – this is suitable for simple procurements where the requirement is straightforward. It is most commonly used in practice for the purchase of goods where the requirement can be clearly defined and the buyer is seeking the least expensive supplier. As there is no "pre-qualification" of bidders, anyone can submit a tender and it is possible that a large number of suppliers will bid.

*Restricted procedure* – this is where the authority would want to "pre-qualify" bidders based on their financial standing and technical or professional capability, so as to narrow the number permitted to submit bids. Where the restricted procedure is appropriate, the authority would be able to specify its entire requirement so that bidders would be able to deliver a fully priced bid without the need for any negotiations. This process is split into two parts, with interested parties asked to complete a Pre Qualification Questionnaire [*an example of which is attached as Appendix One*]

*Negotiated procedure* - the negotiated procedure can only be used in extremely limited circumstances. Typically the negotiated procedure might be appropriate where (1) the contract is for a genuinely unique type of solution; (2) the funding model is untested; and (3) the authority procuring the service is not aware of any other contracts using a similar model.

Legal advice should be sought before using the negotiated procedure and a note of why the procedure is being used should be retained.

For particularly complex contracts, the competitive dialogue procedure can be used rather than the negotiated or restricted procedure.

*Competitive Dialogue [CD] procedure* – this may be appropriate where: (1) the authority making the procurement is unable to produce complete specification requirements or instructions to tenderers without discussing its needs in detail with bidders and (2) where the solution is likely to be particularly complex and will require dialogue with bidders to conclude.

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The competitive dialogue procedure is generally used for complex procurements. A PQQ is still required with CD procurements, to allow selection of companies of suitable standing.

3.2 One of the advantages of the CD route is that it allows bidders to provide the authority with options such as added value initiatives [e.g. collection of new recycling streams] that are difficult to specify or quantify. The CD route would allow a dialogue on a range of items that could be collected at kerbside, including cardboard, mixed plastics and other items such as small WEEE and textiles.

3.3 If the CD route is agreed as the best way forward the authority will need agree a procurement timetable following the commissioning phase; an example timetable is included below.

### ***Draft Timetable, Commissioning, Procurement and Mobilisation of new Recycling and Waste Collection Contract***

#### **Commissioning Phase**

*September to December 2014*

Meetings of Recycling and Refuse Board sub group, community consultation and associated publicity

**Issue of PIN Notice** [minimum of 52 days between this and issue of Contract Notice] – November 3rd 2014

**Close of Commissioning Phase** – 19 December 2014

#### **Procurement Phase**

**Bidders Open Day Event** – Monday, 19 January 2015

**Issue of Contract Notice** inviting expressions of interest [30 day period] – Tuesday, 20 January 2015

**Closing date for receipt of Expressions of Interest** – Friday 20 February 2015

**Closing date for return of Pre-Qualification Questionnaires** – Monday 23 February 2015

**Determine Select List** – Wednesday, 4 March 2015

**Invitations to participate in ISOS stage** [invitation to submit outline solutions]; issue ISOS documents – Wednesday 8 April 2015

**Due date for return of written ISOS proposals** – Friday 8 May 2015

**ISOS Dialogue Phase** – Monday 25 May 2015

**Invitation to submit detailed solution** [ISDS] – Monday 8 June 2015

**Due date for return of written detailed solutions** – Friday 10 July 2015

**ISDS Dialogue Phase** – Monday 3 August 2015

**Invitation to submit final tender** [Best and Final Offer] – Monday 24 August 2015

**Due date for return of final tender** [Best and Final Offer] – Friday 25 September 2015

**Evaluation process** – from Monday, 28 September to Friday, 9 October 2015

**Report to Cabinet** – Wednesday 28 October 2015 [this may slip to November 25 depending on the number of bids to be evaluated]

**Intention to Award Notice** – Thursday 29 October 2015

**Alcatell standstill period** – until Thursday 12 November 2015

**Contract Award Notice** – Friday 13 November 2015

### **Mobilisation Phase**

From Monday 16 November 2015 until Thursday 31 March 2016 the winning bidder will need to enact their mobilisation plan as agreed with EDDC. If the winning bidder is a new contractor they will have to negotiate a TUPE transfer with SITA as well as arranging contract infrastructure and fleet.

- 3.4 The starting point of the procurement is a PIN Notice [PIN = Prior Information Notice]: an example of a typical PIN Notice is attached as Appendix Three. The 'PIN is an electronic notice that 'flags the intention of the authority to procure a contract to all potential interested parties across the EU and allows for initial expressions of interest to be made from companies. In terms of this procurement, the PIN Notice could also be used as an opportunity to further promote the procurement by means of a Bidders Open Day event. An Open Day event is not essential but could prove very useful. The event could be organised and held at a council venue, with invitations sent to all the companies who had responded to the PIN Notice and expressed an interest. The event could give the council an opportunity to present its wishes in outline to potential bidders and for a conversation with individual bidders to take place. Appendix Four has a series of slides used at an event to promote a waste services contract procured by Warrington BC.
- 3.5 The 'Open Day event could be used as a pre-cursor to the publication of the Contract Notice for the contract. A typical Contract Notice is appended for reference as Appendix Five. At this point a Bidders Information Pack [BIP] could also be issued alongside the Pre Qualification Questionnaire [PQQ]. The 'BIP could provide information to potential bidders about the current service and the requirements of the new service following 'commissioning [please see a BIP used for procurement of a waste services contract in Warrington as Appendix Six].
- 3.6 The PQQ can be used to gain lots of information from bidders, including their ability to meet provisions such as the Social Value Act [SVA] whilst the BIP can be used to promote the intention of the authority to seek bids that meet its criteria: some criteria can be difficult to specify within a standard contract specification. A CD procurement route also allows an opportunity for the authority and bidders to scope what can realistically be included within submissions to meet/exceed the wishes of the council within affordable means.
- 3.7 Following a Bidders Day event the authority would receive completed PQQ's from companies wishing to qualify to bid for the contract as per the dates stipulated in the Contract Notice. An evaluation of the PQQ submissions can then be made. Some of the PQQ questions have straight pass or fail answers whilst other areas are more subjective. A set of criteria would have to be agreed that would be used to evaluate submissions for all areas, such as Health and Safety. Please see an example of criteria from an EDDC procurement attached as Appendix Seven
- 3.8 Once the PQQ's have been evaluated and a shortlist of suitable companies created, the procurement can begin at ISOS Stage [Invitation to Submit Outline Solutions]. Bidders prepare an outline business case with some detail of how they would provide the service and an outline cost. A typical ISOS document from another waste contract [Appendix Eight] is appended, showing how the minimum requirements of the authority can be provided and the evaluation criteria to be used throughout the procurement; this criteria can also be flagged at

the Bidders Open Day event [NB – the evaluation criteria cannot be altered once procurement commences].

3.9 The ISOS, ISDS [detailed solutions] and BAFO [Best and Final Offer] stages follow similar formats, with submissions from bidders becoming more detailed following dialogue as outlined in the timetable. It is likely that as the procurement moves from stage to stage some bidders will drop-out or will be excluded due to the quality of their submissions. Each submission is evaluated at each stage by the officer panel leading the procurement. For this procurement it is recommended that the EDDC Officer Procurement Panel will consist of Colin Slater [Procurement Officer], Andrew Hancock [StreetScene Manager] and Paul McHenry [Recycling and Waste Contract Manager].

3.10 The core Officer Procurement Panel will be supplemented **by** a project team when required by officers from legal, financial and audit services.

***N.B. The procurement process is non-political and members will be kept informed of developments formally and informally. Please see Appendix Two, the LGA Councillor Procurement Guide, for advice on the role of elected members in procurement and commissioning.***

3.11 CD allows for the questions to bidders to be tailored at each stage, so for instance the authority may wish to probe more deeply in certain areas to extract maximum value by asserting the requirements of the council if we feel that bidders are not placing sufficient emphasis in an area [e.g. the inclusion of additional recyclable materials for collection]. The process also allows bidders to adjust their price until we get to 'Best and Final Offer' [BAFO] stage, where prices given are the final offer.

3.12 Members of the Recycling and Refuse Board and officers from Street Scene believe that the Competitive Dialogue route offers the best option for this procurement and recommend it. The other available option [the 'Restricted procedure] could be used. This involves the authority providing a full specification against which bidders provide their priced submissions. Inherent within this process is the danger that the specification, no matter how well written, may miss opportunities to allow added value to be provided by bidders. Use of the restricted procedure is an option but is not recommended.

3.13 Should members require it, companies at BAFO stage could be invited to make a presentation of their submissions. The requirement to make a presentation could be included as part of the evaluation criteria or provided purely for information.

3.14 It is important to emphasize that the procurement documents will not include mention of the ID LAC. Potential bidders may see the creation of the ID LAC as a risk which may deter them from entering competition or as a factor to encourage more highly priced submissions to reflect a perceived risk. It will be difficult for a bidding company to best-guess when the ID LAC may commence operation and EDDC will not be able to provide information due to the uncertainty surrounding commencement of the 'LAC.

#### **4. Evaluation of tender submissions and pricing**

4.1 Most service contracts of this nature and scale are evaluated via a mixture of price and quality criteria. For the 'collection contract it would be recommended that the 'split between price/quality be between 55%/45% and 65%/35%. If the split leans too heavily toward price [e.g. 70%/30%] we may receive bids that contain reduced quality but a low price. It is unlikely that members would be prepared to sacrifice quality for such an important frontline service and charge-payers are likely to be unhappy if the quality of service deteriorates.

4.2 Price Assessment - assessments of price are usually based on the lowest price being awarded 100 marks, with subsequent tenders being awarded marks dependent on how much above the lowest tender they are.

Financial Assessment will be based on the sums submitted. The prices submitted are assessed using the CIPFA pricing score method based on the maximum points x (100% - % above lowest price).

**Example**

Price	% above lowest price (price – lowest price) / lowest price x 100	100% - % above lowest price	Points calculation Maximum points x (100% - % above lowest price)	Points
£500	$0/500 \times 100 = 0$	$100\% - 0\% = 100\%$	$100 \times 100\%$	100
£600	$(600-500)/500 \times 100 = 20\%$	$100\% - 20\% = 80\%$	$100 \times 80\%$	80
£700	$(700-500)/500 \times 100 = 40\%$	$100\% - 40\% = 60\%$	$100 \times 60\%$	60
£800	$(800-500)/500 \times 100 = 60\%$	$100\% - 60\% = 40\%$	$100 \times 40\%$	40

Both the weighted scores for quality and cost should be added together to enable the tenders to be ranked.

4.3 Quality Evaluation; the evaluation criteria will be for the authority to decide. An example of criteria is included within Appendix Eight [ISOS Doc].

<b>Quality Criteria</b>
1. Service Requirements: 30%
2. Mobilisation, Contingency & Expiry plans: 15%
3. Health Safety and Welfare: 20%
4. Service management: 20%
5. Added Value: 15%
<b>TOTAL 100%</b>

4.4 Each criteria is then sub-divided, as in the example below:

**Mobilisation, Contingency, & Expiry plans**

To include details of:-

A Mobilisation Plan – **40 marks available**

A Contingency Plan – **35 marks available**

An Expiry Plan – **10 marks available**

How you will regularly review the above and report updates to the Council – **15 marks available.**

4.5 The criteria are scored using a matrix similar to that below.

Excellent response that adds extensive additional value and / or provides an innovative and very attractive offering: <b>80-100</b>
High standard response that fully meets the aims of the Council with good added value: <b>60-79</b>
Good standard that meets the aims of the Council: <b>40-59</b>
Acceptable response with some reservations about the submission: <b>21-39</b>
Partially meets the aims of the Council, but with major reservations about the submission: <b>Up to 20</b>
Does not address or meet the aims of the Council: <b>Nil [0]</b>

*These scores will then be adjusted to reflect the number of points available for that criteria bullet point (e.g. a score of 50 using the above marking scheme, will equate to a mark of 17.5 if there are a maximum of 35 points available.*

4.6 The weighted Price and Quality scores are added together to provide scores from which a winning bidder is selected. The scoring is included within the Part B report to Cabinet together with the details of the bidding companies.

## 5. Contract award and mobilisation

- 5.1 Once all final bids have been received the Officer Procurement Panel will evaluate the submissions and select a preferred bidder. A Part B report will be required for presentation to Cabinet. Following the report and the acceptance of its recommendations, the authority will provide an Intention to Award Notice to all bidders, whether they have been successful or not. There is then a standstill period [called the Alcatel period] of eleven working days which allows for any challenge to the authority's decision from bidders. If no challenge is received the award can be made; a Contract Award Notice is issued within 48 hours [this is also distributed across the EU as per the Contract Notice] and mobilisation of the contract can begin.
- 5.2 Contract mobilisation can become a very involving period. The authority needs to allow as much time as possible [a minimum of eight weeks] for mobilisation, especially where a winning bidder is not the existing contract holder. In the instance, of the new recycling and waste collection contract, the winning bidder, regardless of whether this is SITA or another company, will need time to acquire a new collection fleet, especially for recycling collections where new materials are to be collected. This acquisition time may mean that new materials [e.g. cardboard, mixed plastics, etc] may enter the collection stream some weeks or months following contract mobilisation. This is not unusual and the authority can pin-down bidders to a start date for collections of new recycling items during the procurement process. The evaluation of submissions could include criteria for the start date of collections of additional materials.
- 5.3 TUPE {Transfer of Undertakings (Protection of Employment) regulations} – this contract is subject to TUPE. TUPE transfers of staff will exist between the existing contractor providing the service and any new incoming contractor who will subsequently be providing the service. Whilst the transfers will be the responsibility of the contractors concerned, the Council will need to make any potential transfer known in any tender documents in order that tenderers can submit accurate prices and can make themselves fully aware of their obligations.

- 5.4 The Council should also give consideration to the incumbent contractor in allowing them sufficient time to notify their staff of a potential TUPE transfer in good time for any tender or other re-provision of the service. Any employer/contractor transferring staff under TUPE does have a duty to provide specific information and conduct adequate consultation with its staff prior to any transfer taking place.
- 5.5 Vehicle Fleet. The incoming contractor will need to provide new fleet and fleet maintenance for the contract; new recycling collections will include additional items such as cardboard and mixed plastics which will require additional space on collection vehicles. Fleet will be a considerable expense, with most contractors writing down the costs of fleet and similar capital items over five to seven years. One option that the authority may wish to examine is the self-purchase or self-lease of the fleet. Although this will be a direct expense to the authority it would make any future transfer to the ID LAC much easier, as the transfer of assets will be a large part of any move to an arms length company. If EDDC own or lease the fleet this could be sub-let to the collection contractor, although the authority would need to provide maintenance, which could be arranged as part of the terms of a lease.
- 5.6 The Greendale depot used by SITA is leased by EDDC and sub-let to SITA. Regardless of whether SITA retain the work or another company win the contract, EDDC will need to negotiate the lease with the property owner and their agent. The authority could offer the opportunity for an incoming contractor to provide their own premises, but this is likely to be a more expensive option. Provision of the depot by the authority gives greater surety and is likely to lead to more competitive tenders from bidders.
- 5.7 Risk register - should SITA not be successful in retaining the collection contract, EDDC will need to have an exit strategy ready to deal with any issues that may arise. An Exit Plan will be created as part of a larger risk register to record how the authority will provide a contingency for a successful exit period. Other risks that will need to be registered will include failure to attract sufficient bidders, costs of the new contract and failure to meet timescales.
- 5.8 In association with the creation of a risk register, the intention to procure will need to be placed on the Council Forward Plan and Procurement Register. Once procurement and mobilisation are complete the details of the contract will need to be lodged with the authority's legal section [as a signed and sealed copy] and within the EDDC Contracts Register.
- 5.9 Members will be kept informed of progress during all stages of the procurement and mobilisation process and the East Devon Editors will be asked to help in the design of publicity materials [including web content] to accompany the launch of the new contract. The new contractor will also be asked to contribute to costs of any promotion.
- 5.10 It will be important that EDDC keeps the county council and the other ID LAC partners appraised of progress of the new contract. This can be done formally and informally. The inclusion of new recycling streams will need to be discussed with the county council as they are the main provider of recycling contracts via which EDDC collected materials are processed. Payments for the new materials and of recycling credits will also impact on the 'County and on income to EDDC.

## **6. Budget issues**

- 6.1 The current collection contract has an annual budget provision of £4.587 million per annum. Managers within StreetScene aim to provide the new collection service within this budget.

## **7. Conclusion**

7.1 The report includes much of the detail involved in the procurement of a large value contract. The use of competitive dialogue is new to the authority but is a well used and proven procurement route. The procurement of a new collection contract will allow the authority to expand collection of recyclable materials and provide a better service to charge-payers, therefore meeting service pledges made to provide kerbside collections of cardboard and mixed plastics by 2016.