

Extension of Waste, recycling, cleansing and grounds maintenance contract

Introduction

- This paper seeks approval to extend the current waste, recycling, cleansing and grounds maintenance contract with Veolia by 4 months.
- This should enable the new depot to be completed and the outcomes of the current County Council reviews of, waste processing and savings linked to their Agency Agreements (verge / hedge cutting and weed control) to be reflected in the contract specifications prior to final tender submissions.
- The Council as part of its budget review process will also have the opportunity to refine the current tender specifications to deliver further savings, such as its grounds maintenance standard linked to the outcome of the County review.
- The completion of the depot and opportunity to feed in any changes to the specification prior to final tender submission(s) will provide more certainty for the tenderers, so should provide a better financial outcome for the Council.

Background

- The existing contract with Veolia finishes on 31 March 2017. It is currently being retendered as 3 potential lots through competitive dialogue.
- The competitive dialogue has a number of stages and we have now received and evaluated the stage 2 tenders and are due to issue stage 3 documentation in April for evaluation in July /August. The contract(s) would be awarded in September 2016, allowing a 6-month mobilisation for the start of the new contract(s) in April 2017.
- We have experienced some delay with the procurement and build of a new depot, which is now scheduled for completion in April 2017. This would leave no time for the contractors to fit out the new depot and they will need to use the current depot at the Doman road site, which has been secured until late summer 2017. Given the disruption this may cause for the contractor, tenderers have been asked to identify any additional costs this will incur in their submissions.

- The Hampshire and IOW Local Authority chief executives have recently agreed a countywide waste processing and partnership review to conclude in June, with any decisions likely to be made around September 2016. If for example this results in changes to the input specification to the material recovery facility and alters the collection methodology, we are unlikely to receive an optimised service from bidders if this is not known until after the award of contract.
- We have been notified that as part of its savings process the County is reviewing its agency agreement (verge/ hedge cutting and weed control) with local councils. This is likely to have an impact on the Grounds Maintenance specification. The Council as part of its budget review process will also have the opportunity to refine the specifications
- The above delay on the depot and possible changes to the specifications creates uncertainty and risk for the tenderers, which is likely to be reflected in the tender submissions through increased costs to the Council. Also negotiating any changes required post award when there are no longer competitive pressures is unlikely to result in best value for the Council.
- The completion of the depot including fitting out by the successful contractor and changes to the specification could be achieved by extending the existing contract with Veolia by 4 months enabling a contract(s) award in January and start in August 2017.
- At the date of this report, Veolia has agreed in principle to extend their current contract by 4 months although no written agreement has yet been entered into. Once written agreement (which will only be effective following Cabinet approval) is entered into, the remaining contractors in the retendering process will be informed. They too will be notified that the extension is subject to Cabinet approval.
- The Council was required to provide a timetable of the procurement at its commencement and must ensure that any changes are proportionate, transparent and that all bidders are treated fairly. We must ensure it does not favour any bidder over any others.
- There is a chance that an organisation not involved in the process could challenge the change in the timetable. This would be on the basis that had it known the submission date was later it might have been in a better position with appropriate resources to submit a bid. However the likelihood of being able to prove loss and bring a successful claim is considered remote.

- Care has also been taken to ensure that Veolia does not gain an unfair advantage from unreasonably early knowledge of any possible extension or by being given additional information to the other bidders.
- Overall given we are part way through a significant procurement process that has to date run to time , the risk of someone challenging a short extension should be low, particularly as we have been transparent about the reasons.

Options

- The Council could continue with the original timeframe with a start date of 1 April 2017. This would require relocation to the new depot some months after the new contract has started and negotiation of any changes to the specifications post award. This will create uncertainty and is likely to result in increased costs to the Council.
- The Council could extend the current contract with Veolia by 4 months to the end of July 2017 with the final stage of dialogue in September 2016 giving more time to feed in any changes to the specification and allow mobilisation straight into the new depot. This will minimise disruption and ensure that any changes to the specification are included before final tender award optimising the Council`s ability to secure the best financial deal.

Financial Implications

- It is anticipated that there will be savings from the retendering of these services but the level will only be known once the final tenders are evaluated. The original timeframe will enable these potential savings to be realised from April 2017 whereas the four-month extension will mean they are realised from August 2017.
- However, given that the length of contract is for 10 years with a possible 10-year extension, providing more certainty around the depot and specifications prior to tender award is more likely to result in substantial savings being made by the Council over the term of the contract.

Recommendation

Cabinet is recommended to approve that, subject to written agreement, the current contract with Veolia is extended by four months to 31 July 2017 in order to secure the best long-term deal from the retendering of the services.

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