



Rutland
County Council

Appendix A

Rutland County Council

Pre-procurement business case – Environmental Services

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Document Control, Approval and Distribution

Version Control

This document should be updated with any amendments:

Version	Date	Notes
0.1	16-12-2019	First draft
0.2	07-01-2020	Second draft
0.3	08-01-2020	Third draft – primarily to incorporate lotting strategy
0.4	13-01-2020	Final draft – for Portfolio Holder
0.5	15-01-2020	Further draft
0.6	26-01-2020	Final draft
0.7	05-02-2020	Final final draft

Document Approval

This document requires the following approvals:

Chief Officer Approval	Name	Date

Document Distribution

This document will be distributed to:

Cabinet	Method	Date
Cabinet	Reports pack	18/02/2020

Contract Details

Contract Title	Environmental Services procurement
Contract Description	<p>Delivery of services for:</p> <ul style="list-style-type: none">- Waste collection, bulking, haulage and treatment- Operation of Household Waste Recycling Centres (HWRCs)- Street cleansing and grounds maintenance, including minor tree works- Play area inspections and maintenance <p>This is a public contract. This is not a collaborative procurement exercise.</p>

Contract Dates	<u>Start:</u> 01/04/2021 and 01/04/2022 (see below)	<u>End:</u> 31/03/2032	Extension options – various depending on outcome of lotting strategy
Proposal to:	Renew a range of current Environmental Services contracts / arrangements.		
Responsible Officer	Mark Loran		

Background/Overview

The intention is to undertake a procurement exercise for a number of Environmental Services contracts and functions. The operational service delivery elements would commence on 01/04/2022.

Much of these functions are fulfilling statutory duties, whilst some elements, e.g. bulky waste collections, are discretionary.

In addition, it is intended that a new facility (or facilities) may be required, to provide one or more of the following:

- a. A new depot
- b. A new waste transfer station
- c. A new reuse shop
- d. A replacement Household Waste Recycling Centre (HWRC), formerly referred to as Civic Amenity sites (CA sites) (if this were to be brought forward, it would most likely be to replace the current Cottesmore site)

It is proposed that the construction of such a new facility (or facilities) could have an earlier commencement date of 01/04/2021. This would be to enable service critical elements of the construction, e.g. the depot and the waste transfer station, to be developed ready for the commencement of the operational service delivery elements on 01/04/2022. Elements that may be completed later would be subject to a ‘longstop date’.

Environmental Services functions to remain outside of this contract are:

- a. Major forestry works, as currently provided by George Walker Tree Care
- b. Forestry management software, as currently provided by Arbortrak
- c. Dog warden and kennelling service, as currently provided by College Garth Kennels
- d. Removal, storage and disposal of abandoned vehicles, as currently provided by Seaton Salvage
- e. Public Protection services, as currently provided by Peterborough City Council
- f. Managing illegal and unauthorised encampments (it is planned that this will be provided by the Leicestershire County Council Multi-agency Traveller Unit (MATU))

Current performance is mixed. The majority of the ‘waste management’ elements are performing well, whilst the performance of the streetscene functions (including grounds maintenance) is mixed. In part, this is because it is more difficult to generate consistency in the delivery of such services, often due to weather related issues. In addition, RCC currently has less resources to manage and monitor the grounds maintenance and streetscene services, compared with those for waste management. The procurement exercise would enable a range of initiatives to address this, including through improvements to the performance management

framework(s) and payment mechanism(s). Additional internal streetscene management and monitoring resources are also being discussed.

There is no collaborative procurement element to any of the existing contracts / arrangements.

This procurement will be informed by a market testing exercise. Related management information, performance data and statistics will be included within detailed market testing and tender documents.

Contract Details & Procurement Plan

Scope of requirement	<p>The existing Environmental Services contracts in scope are:</p> <ul style="list-style-type: none">a. Waste collections, HWRC operations and haulage, and street cleansing, as currently provided by Biffa Waste Services Limitedb. Residual waste treatment, as currently provided by FCC Environmentc. Treatment of Dry Mixed Recycling (collected at the kerbside in our grey bins), as currently provided by G.A.E. Smith Holdings Ltd t/a Casepakd. Treatment of green waste, collected at the kerbside in our green bins and accepted at the HWRCs, as currently provided by New Earth Solutions (West) Limited T/A Mid-UK Recycling Ltde. Collection and treatment of clinical waste, as currently provided by FCC Environmentf. Grounds maintenance, as currently provided by Harborough District Council <p>The current contract for the treatment of residual waste expires on 31/03/2021. This will therefore, require a 1 year extension to align this with the expiry of the other current key contracts.</p> <p>Also in scope, is the treatment of street sweepings, the treatment of all HWRC waste streams, minor / ancillary functions to the HWRC operations, e.g. maintenance of containers, servicing and maintenance of waste compactors, and provision of Automatic Number Plate Recognition (ANPR) cameras, as well as play area management, plus the new requirements of the monitoring of a closed landfill and the potential operation of a reuse shop (should this development be brought forward).</p> <p>The potential additional requirement to deliver the development of a new / replacement facility or facilities, would be subject to agreeing a detailed strategy in terms of site selection, land ownership and obtaining planning permission(s).</p> <p>Flexibility is also essential for a contract of this nature, complexity and length, and this will be especially important given Government proposals set out in the 2020 Environment Bill. This includes, for example, food waste collections, which could become mandatory from 2023.</p>
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	<p>The intention is for a total contract period of 20 years (10 years plus a 10 year extension) for the waste collection functions. This is currently common place as 10 years is the accepted average life expectancy for refuse collection vehicles.</p> <p>The contract periods for the other functions would be determined on a 'lot by lot' basis.</p>
Contract Objectives	<p>The proposal is that Bidders will be able to bid according to a detailed lotting strategy. The aim is to give maximum flexibility and opportunity, ensuring that the Council achieves the best value outcome whilst also ensuring that smaller, local service providers have the opportunity to bid.</p> <p>The rationale for this proposed approach and for the Environmental Services functions proposed to be included, is on the basis of seeking to maximise the balance of efficient service delivery and internal resource requirements, whilst minimising cost. This should also provide an 'offer' that is as attractive to the market as possible, thus maximising tender submissions and competition.</p> <p>A further objective is to ensure that the new contract(s) uses appropriate and innovative technology, such as in support of the RCC 'digital first' agenda, to maximise transparency and efficiency, and to minimise the resultant impact on the environment.</p> <p>It is proposed that the evaluation criteria will, in general, be on a 50% split between quality and cost. It will however, be necessary to assess this ratio for each individual lot, as some will be much less complex than others, in which case we can further prioritise cost to increase the value for money that we achieve. This will be subject to the approval sought for the proposed detailed evaluation criteria.</p> <p>Both the evaluation criteria and the eventual performance management framework / key performance indicators shall reflect the RCC Corporate Plan, strategic aims and objectives of policies and strategies regarding the environment and environmental enforcement, and any targets therein.</p>
Financial Proposal	<p>Based on the 2019/20 budgets for waste collections, waste treatment, HWRC operations and transport, grounds maintenance and street cleansing, totalling approx. £3.58m, and applying an assumed indexation factor of 2% per annum, this gives a maximum estimated revenue cost of £90.30m over a 20 year period. This could be reduced significantly by the contract periods associated with individual lots.</p> <p>There is a proposed target saving of 10% of these revenue costs, through generating greater efficiencies.</p> <p>In addition, the proposed facility developments may require an estimated capital expenditure of £2m, should these be brought forward at all.</p> <p>This gives a maximum estimated total contract value of £92.30m.</p>

	<p>An estimate for the external advice required to shape the procurement exercise (legal and technical combined) is £80k. This budget has been approved for 2020/21.</p> <p>The caveat is the unknown impacts of the impending national government resources and waste strategy and the possible implementation of the proposed Environment Bill, with particular reference to the plastics tax, consistent waste collections, extended producer responsibility and deposit return schemes. External technical advice will be key regarding these factors.</p> <p>In addition, any procurement exercise will always create some financial risk and uncertainties.</p> <p>This will be mitigated as far as possible by the robust due diligence process that will be applied to all bidders.</p>
Customer base	<p>This procurement will be impact all Rutland residents at least weekly, with over 25,000 kerbside collections being made every week, and all of this collected waste needing to be treated. This is aside from other waste management services, such as the HWRCs which are accessible to all residents, and streetscene services, which are valued by all. As the Rutland population grows, so does this customer base.</p> <p>This growth will take account of housing projections in accordance with the RCC Local Plan, including the potential development at St George's. The contract(s) will have flexibility and suitable mechanisms to evolve in terms of resources provided in order to cope with such growth and maintain continuation of service provision.</p> <p>Some of these functions not only impact residents, but also other customers, such as those visiting, working or studying here, and some have a significant impact on the aesthetics of the County, so they are an important factor in our tourism, which plays such a vital role to our local economy.</p>
Customer & Stakeholder Engagement	<p>A revised 'waste management and streetscene strategy' is in draft and is taking on a new look. The new, friendlier, public-facing document, will go hand in hand with the future service provisions, as it will detail what the customers can expect of RCC, and what we expect of them. It is therefore proposed that this be the basis of our customer engagement process. Indeed, the revised strategy will be subject to a public consultation exercise.</p> <p>In terms of stakeholder engagement, both the revised waste management and streetscene strategy, the procurement approach and some specific elements of the contract(s), will be subject to discussion with key stakeholders, including the parish councils, neighbouring local authorities, and some wider local authorities.</p> <p>Private sector stakeholders will also be engaged with via the market testing exercise which will be undertaken prior to the procurement exercise itself, in order to ascertain the appetite within the market and to clarify how best to draft some key elements of the contract(s).</p>

Social Value Consultation	<p>The following considerations have been made:</p> <ul style="list-style-type: none"> a. How will the proposed contract(s) improve the economic, social and environmental wellbeing of the relevant / local area? <p>The new contract(s) shall afford numerous potential benefits, including:</p> <ul style="list-style-type: none"> i. Opportunities for sustained local employment, including for apprenticeships ii. Opportunities to develop long-term contractual relationships with voluntary, community and social enterprises (VCSE), such as through the potential development and provision of a reuse shop iii. Potential improvements to our green spaces, both in terms of aesthetics and / or enhanced biodiversity iv. Enhanced environmental impacts, such as through increased recycling rates and a ‘cleaner, greener fleet’ of low carbon vehicles, such as electric, hydrogen or natural gas powered v. The potential development of a centralised waste transfer facility, to minimise the direct delivery of waste in refuse collection vehicles, reducing overall vehicle movements and thus minimising the environmental impact of this haulage <ul style="list-style-type: none"> b. How will the shape of the procurement plan and the design of the service specification(s) secure those improvements? <p>Some of these improvements will be seen as crucial in modernising the related services, in which case these shall be mandatory requirements as set out in the service specification(s). Others will be seen as aspirational</p> <ul style="list-style-type: none"> c. Should a community consultation be undertaken? <p>This will be undertaken through the ‘customer and stakeholder engagement’ as described above.</p>
Equality Impact Assessment	<p>An Equality Impact Assessment screening is to be completed.</p>
Market Sector and Suppliers	<p>This is a mature and established market. The Bidders for this contract(s) will likely be either established waste management service providers or multi-faceted service providers such as Amey or Serco, both of whom are active in waste management service provision. The lotting strategy will open up this opportunity to service providers of all forms and sizes.</p> <p>Larger service providers will likely propose some form of sub-contracting arrangements. In the case of the operation of a reuse shop, should this development be brought forward, this could involve a voluntary, community and social enterprise (VCSE).</p>

	Engagement of the market and encouraging Bidder participation, will be achieved through the market testing exercise that will be undertaken prior to the commencement of the procurement exercise.
Joint/Collaborative arrangement	Not applicable.
Procurement Plan and Timescales	<p>The intention is for an 'open' procedure, following the market testing exercise. A more definitive timetable is being drafted with input from the Project Team and this will be subject to approval by the Project Board. In the meantime, the key milestones are suggested to be:</p> <ul style="list-style-type: none"> a. Service commencement for the potential facility development elements (if required at all) – 01/04/2021 b. Contract award(s) – 01/04/2021. This will enable the commencement of critical construction elements (if necessary), and mobilisation of other elements, including enabling the successful waste collection contractor to confirm the order of the collection vehicles (allowing for a 12 month lead time) c. Service commencement for the operational service delivery elements of the contract(s) – 01/04/2022 <p>The open procedure is proposed as the number of likely bidders does not warrant a restricted procedure and this would unnecessarily limit competition. Also, although complex, the requirements do not warrant a procedure with dialogue or negotiation.</p>
Optional Appraisal	<p>Overall, this procurement is necessary to ensure continuity of a number of statutory services and the proposed structure maximises the balance of opportunity, efficiency and value for money.</p> <p>We have also considered other delivery mechanisms.</p> <p>This includes the creation of an RCC 'local authority trading company (or 'Teckal' company), although this has been dismissed due to unfavourable economies of scale, in the sense that RCC would not benefit enough from the ability to trade in the relevant markets, whilst the arrangement would also reduce the resilience afforded by traditional private sector supplier or authority to authority shared service / partnership arrangements.</p> <p>The development of such shared service / partnership arrangements with other / neighbouring authorities is one other mechanism that is still potentially viable. Officers are currently contacting them to establish what opportunities there are. Should any of these prove to be viable, being operationally robust and providing value for many, then related elements could be removed from the scope of this exercise and dealt with separately.</p>
Risk	<p>A risk assessment for the procurement exercise has been completed.</p> <p>In the longer-term, there are a number of key risks, such as lack of market engagement, the failure to meet key milestones and the outcome(s) being</p>

	<p>unaffordable. A further risk is a lack of market buoyancy, leading to the possibility of market failure.</p> <p>These risks shall be mitigated as far as possible, through the delivery of the project in accordance with an agreed ‘project plan’.</p> <p>Further, these risks shall be documented fully on a ‘risk register’, which will be monitored via the project board and project team governance arrangements, enabling revision of the ‘register’ as needed.</p>
Contract & Supplier Management	<p>The contract and supplier management approach will begin with the robust evaluation of the bids received, in accordance with the criteria set out and approved by Council. This will then continue through a robust performance management framework linked to a suitable payment mechanism.</p> <p>The required external technical consultancy advice will be sourced by direct award via a suitable framework agreement.</p> <p>Both the procurement and the ongoing management and monitoring of the contract(s), post contract award(s) and service commencement(s), will require sufficient internal resources within the RCC Environmental Services and Commissioning teams.</p>
Legal resources	<p>The standard RCC T&Cs will be used, subject to a check to ensure that there are no amendments needed due to the complexity of the service specification(s).</p> <p>The required external legal consultancy advice will be sourced by direct award via a suitable framework agreement.</p>
Data Protection Impact Assessment	<p>As the new contract(s) will require the gathering of personal data in order to deliver the associated services, a Data Protection Impact Assessment is required.</p> <p> Data Protection Impact Assessment</p>
Exit Strategy/Plan	<p>As many of the functions could end up transferring from one supplier to another, any contracts and arrangements which are to cease will be subject to demobilisation plans, clearly setting out key roles and responsibilities.</p> <p>This could include arrangements for TUPE transfers and transfers of assets, as well as communications elements, all to ensure continuity of service.</p>

Next Steps – capturing comments or instruction from Cabinet and/or Portfolio Holder