

SUSTAINABLE GROWTH SCRUTINY COMMITTEE	Agenda Item No. 5
18 January 2010	Public Report

Report of the Commercial Services Director

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UPDATE ON LOT 3, WASTE 2020 PROGRAMME – PETERBOROUGH CITY SERVICES – VARIOUS OPERATIONAL SERVICES

1. PURPOSE

- 1.1 To keep the Sustainable Growth Scrutiny Committee updated on the developments relating to the Lot 3 procurement for PCS Operational Services.

2. RECOMMENDATIONS

- 2.1 That the Committee scrutinises the progress made to date.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

- 3.1 Many of the services provided by City Services are measured under the CAA and LAA.

4. BACKGROUND

CONSTITUTIONAL:

- 4.1 Since the Sustainable Growth Scrutiny Committee's meeting on 21 September 2009, Cabinet at its meeting on 12 October 2009 agreed to the principles for inclusion, and the way forward, for Peterborough City Services in the Lot 3 procurement.
- 4.2 On 31 December 2009 the Deputy Leader and Cabinet Member for Environment Capital and Culture made a decision on the Lot 1: Energy from Waste Facility; Lot 2: Materials Recycling Facility and Lot 3: PCS Operational Services. With regard to Lot 3 specifically:-
- The six bidders ranked as 1, 2, 3, 4, 5 and 6 referred to in the Exempt Annex to that Cabinet Member Decision Notice are to be invited to participate in the competitive dialogue (ie. to be invited to submit outline solutions for consideration) for the reasons set out in that Exempt Annex;
 - In line with the respective consents of bidders, the names of the bidders that have been shortlisted are to be published (but this will not be done until the expiry of the call-in period to safeguard bidders' confidentiality which attaches during the call-in period).
 - Delegations have been given to the Deputy Chief Executive and/or Executive Director – Strategic Resources (in consultation with the Deputy Leader and Cabinet Member for Environment Capital and Culture and where necessary the Solicitor to the Council and/or the Waste 2020 Project Board) to determine and action:-

- (i) any issues whether or a strategic, operational or other nature that may need resolution (including any that may cross departments of the Council) during the remaining procurement process to ensure effective and timely progress to be made; and
 - (ii) whether, and if so, how many, and which bidders, are to be selected to take through to the next stages of the procurement process (including invitation to submit detailed solutions, call for final tenders and preferred bidders).
- The final decision on which bidder is to be awarded the Lot 3 contract (as well as Lots 1 and 2) subject to the usual Acatel provision (10 day standstill period required by European procurement law) are to be referred to the Deputy Leader and Cabinet Member for Environment Capital and Culture to enable a further executive decision to be made by a Cabinet Member decision notice.

PROCUREMENT:

- 4.3 Members will recall that when an update was given to the October meeting of the Committee, the Council was in the process of evaluating the prequalification questionnaires and supporting documentation that it had received from bidders which had expressed an interest in being considered for the procurement. A healthy response had been received from the market place.
- 4.4 Having concluded the evaluation of the prequalification questionnaires and supporting documentation, this gave rise to the recommendations to, and decision made on 31 December 2009 by, the Deputy Leader and Cabinet Member for Environment Capital and Culture.
- 4.5 The Council had invited interest from the market for Lot 1, Lot 2 and Lot 3 and asked bidders to indicate if they would be interested in a combination of all the Lots. The Council also indicated in its procurement notice that it envisaged that it would shortlist to take forward to competitive dialogue a minimum of 3 and a maximum of 12 by means of 3 for each of Lots 1, 2 and 3 plus 3 for a combination of all 3 Lots. Additionally, the Council reserved the right to withdrawn any of the Lots. The Council decided that it would not invite any bids in respect of combined Lots 1 - 3. The Council therefore had the option to invite more than 3 bidders for any Lot provided that the overall number of bidders does not exceed 12. It was concluded that it would be in the Council's interests to invite 6 shortlisted bidders to submit outline solutions for Lot 3: PCS Operational Services (with 3 bidders for each of Lots 1 and 2).

5. NEXT STEPS:

- 5.1 Following the decision taken on 31 December 2009 and expiry of the call in period, the bidders which have been shortlisted for Lot 3 (in alphabetical order) are:-
- Amey LG Limited;
 - Enterprise Managed Services Limited;
 - HW Martin Waste Limited;
 - Kier Limited;
 - May Gurney Limited;
 - Veolia ES (UK) Limited.
- 5.2 Invitations to participate in the competitive dialogue are due to be issued in January to those shortlisted bidders which will seek outline solutions as the first stage of the competitive dialogue process for consideration by the Council. This will be followed by the second stage which is the detailed solution stage where bidders will submit their detailed solutions to the Council and then the final stage which is the by call for final tenders. At each stage, the bids will be carefully assessed and only those that demonstrate they meet the Council's requirements in terms of content, value for money and benefits to the Council will be taken

forward to the later stages. The competitive dialogue process is used because it allows the Council and bidders flexibility to discuss and develop solutions in complex procurements such as Lot 3 where the Council is seeking innovative solutions in terms of delivery and pricing from bidders.

- 5.3 As Members will be aware, the Lot 3 contract, is in essence, the services currently provided by Peterborough City Services. Discussions on the contract encompass a wide range of services which will need to be dealt with in the competitive dialogue process. It has also been emphasised to bidders that the Council wishes to work in a collaborative and partnering style and positively wishes to see bids that combine all the necessary qualities that the Council is seeking to achieve in the procurement process. A contract period of between 9 and 30 years is to be discussed with bidders. The Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply to those services that are included in the Lot 3 contract and detailed discussions will take place with bidders on protecting those PCS employees and pensions rights for those transferring PCS employees that are members of the Local Government Pension Scheme at the point of transfer.
- 5.4 The range of services offered in the Lot 3 procurement is a rather diverse one consisting of services which the Council is legally obliged to provide and others that are discretionary. Having assessed the market appetite for these services, it is clear that bidders are commercially more interested in some of the services than others. The precise scope of services is to be determined through the competitive dialogue procedure.

6. IMPLICATIONS

- 6.1 Any implications are set out in the report or will be resolved as and when they arise during the competitive dialogue process.

7. CONSULTATION

- 7.1 A number of consultations and update meetings have been held with both the trade unions and the workforce to keep them informed of progress.
- 7.2 Discussions have, and will continue to take place, across the Council on affected areas eg. Leisure Trust, Neighbourhood Councils, Strategic Property, Operations.

8. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- Contract notice published in the Official Journal of the European Communities

9. APPENDICES

None

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