

Appendices

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**NORTHAMPTON**  
BOROUGH COUNCIL

## CABINET REPORT

<b>Report Title</b>	<b>Environmental Services Re-provision – Procurement Process</b>
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**AGENDA STATUS:**                      **Public**

<b>Cabinet Meeting Date:</b>	12 <sup>th</sup> April 2017
<b>Key Decision:</b>	Yes
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Customers and Communities
<b>Accountable Cabinet Member:</b>	Councillor Mike Hallam
<b>Ward(s)</b>	All wards

### 1. Purpose

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- 1.1 To advise of progress with the re-procurement of the environmental services contract.
- 1.2 To advise of the outcome of environmental services public consultation exercises undertaken to inform re-provision.
- 1.3 To seek agreement to some key aspects of service design.
- 1.4 To seek authority to advertise the proposed disposal of property within designated public open space, to facilitate the grant of leases of depots.
- 1.5 To seek agreement to a request from Northampton Partnership Homes that it is excluded from the Council's environmental services re-procurement.

## **2. Recommendations**

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That Cabinet:

- 2.1 Notes that in response to the OJEU notice and Selection Questionnaire issued on 13<sup>th</sup> February 2017, nine responses were received and evaluated, leading to the five highest scoring bidders being selected for the Invitation to Submit Initial Tenders.
- 2.2 Notes the outcome of the public consultation exercises undertaken to inform this procurement process.
- 2.3 Further to the outcome of the public consultation, having noted the indicative relative cost increase (set out in section 4.2.5 of this report) and subject to affordability, agrees that the following requirements for service design be included in the service specification
  - Fortnightly co-mingled dry recycling collection service
  - Free green waste collection service
  - Kitchen food waste collection service
- 2.4 Authorises the advertisement of the proposed disposal of land designated as public open space in accordance with the requirements of the Local Government Act 1972 (as amended) to facilitate the grant of leases referred to in paragraph 3.1.9 and 3.1.10 of this report.
- 2.5 Agrees to a request from Northampton Partnership Homes that it is excluded from the Council's environmental services re-procurement and, instead, is permitted to independently procure grounds maintenance services for the land within the curtilage of the properties for which it is responsible.

## **3. Issues and Choices**

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### **3.1 Report Background**

- 3.1.1 The council's environmental services contract expires on 3 June 2018. To move forward the process to put new arrangements in place, at a meeting of cabinet on 16<sup>th</sup> November 2016, it was decided to once again outsource the full range of environmental services.
- 3.1.2 At a subsequent meeting of cabinet on 11<sup>th</sup> January 2017, the key principles of the procurement strategy for the re-provision of environmental services were agreed and the business case was approved.
- 3.1.3 In accordance with the timetable outlined in the 11<sup>th</sup> January cabinet report, the OJEU notice and Selection Questionnaire were issued on 13<sup>th</sup> February 2017, nine responses have been received and evaluated, leading to the five highest scoring bidders being selected for the invitation to submit initial tenders, as detailed in the SQ Evaluation Report.

3.1.4 The SQ Evaluation Report is a confidential background paper to this report, available to councillors upon request to the Council

#### Consultation

3.1.5 As per paragraph 4.5 below, extensive public consultation has been undertaken to ensure that the re-provision of environmental services is informed by the views of local people, community groups and ward councillors.

3.1.6 Based on the outcomes of consultation it is proposed that the following requirements for service design are included in the service specification

- Fortnightly co-mingled dry recycling collection service
- Free green waste collection service
- Kitchen food waste collection service

3.1.7 Outcomes of consultation will also be made available to bidders in the data room to assist them in developing their tenders.

3.1.8 This will include information from public consultation about the bulky waste collection service, including reducing the cost and/or introducing a reduced charge for the collection of single items, the offering of a 'gold standard' service and providing a discounted service for those less able to pay.

#### Leases

3.1.9 The bidders will be offered the option of using all or parts of certain depots, which will each be the subject of a lease at a peppercorn rent; these are Westbridge, Camp Hill, Billing Arbours and Sheep Street.

3.1.10 In addition to the depots listed above, there are mess room/toilet and storage facilities in some parks and cemeteries; these are the Racecourse, Abington Park, Kingsthorpe Park, Delapre Park, Dallington Cemetery, Towcester Road Cemetery, Kingsthorpe Cemetery

3.1.11 The facilities listed in paragraphs 3.1.9 and 3.1.10 as available for lease are situated in public open space. The grant of leases is treated as a disposal of public open space, in such circumstances, in accordance with and in pursuance of Section 123 (2A) of the Local Government Act 1972 (as amended) the Council is required to place public notices stating its intention to dispose.

#### Northampton Partnership Homes

3.1.12 In accordance with its wishes, it is proposed that Northampton Partnership Homes is excluded from the Council's environmental services re-procurement and, instead, is permitted to independently procure grounds services for the land within the curtilage of the properties for which it is responsible.

#### Parish Councils

3.1.13 Parish councils will have the option to procure grounds maintenance services separately from this contract, subject to agreement with the council. Bidders will therefore be requested to cost this aspect of the grounds maintenance service as a variant.

## **3.2 Choices (Options)**

- 3.2.1 Cabinet is free to select service design options as it so chooses. However consultation with local people, community groups and elected members points strongly towards the service design options recommended by this report.
- 3.2.2 As well as being informed by public consultation, service design choices will be considered in the context of their cost and affordability during the procurement process.
- 3.2.3 Cabinet may choose to agree to NPH's request to be excluded from the Council's environmental services re-procurement and, instead, to permit NPH to independently procure grounds maintenance services for the land within the curtilage of the properties for which it is responsible.
- 3.2.4 Alternatively Cabinet may choose to decline this request and reserve its decision to a later point in the procurement process when the potential cost and quality implications can be better understood. However, a delay in making this decision would shorten the time available to NPH to undertake its separate procurement process.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 There are no policy implications directly arising from this report.

### **4.2 Resources and Risk**

- 4.2.1 The financial implications of carrying out the environmental services procurement process were dealt with in the Environmental Services Re-provision cabinet report of 16<sup>th</sup> November 2016. The cost of the new service will not be known until final tender but a significant price increase is anticipated.
- 4.2.2 In addition to the price increase referred to in paragraph 4.2.1 above, options have been modelled, to establish indicative cost differences for different key service design options and this information is referred to in paragraphs 4.2.3 – 4.2.5 below.
- 4.2.3 The recommendation set out in this report (paragraph 2.3) for a co-mingled dry recycling collection service, free green waste collection service and kitchen food waste collection service would likely significantly increase the cost compared to the current service configuration for waste collection and recycling services.
- 4.2.4 Whilst alternatively, a kerb side sort dry recycling collection service, chargeable green waste collection service and free kitchen food waste collection service could potentially significantly decrease the cost from the current waste collection and recycling service by a similar sum.

- 4.2.5 The net effect of the recommendation at paragraph 2.3, compared to the alternative service configuration, set out in paragraph 4.2.4 above, could potentially be an additional cost of c.15% of the overall contract price, based on the indicative cost modelling work that has been undertaken.

#### Affordability

- 4.2.6 The recommendation set out in this report at paragraph 2.3 for a co-mingled dry recycling collection service, free green waste collection service and kitchen food waste collection service is made subject to affordability.
- 4.2.7 Affordability will be considered in light of both the actual tender prices submitted by bidders in their initial tenders and the wider budget implications for the council, which will be more clearly understood in the coming months.

#### Northampton Partnership Homes

- 4.2.8 The Northampton Partnership Homes (NPH) Grounds Maintenance Budget 2016/17 is £266,500. It is not known what the indicative cost to NPH would be by separately procuring its own service, but any additional costs will fall to NPH.

#### Risk

- 4.2.9 Under the current environmental services contract, the risk associated with fluctuations in the values of recyclates is borne entirely by the contractor. It is anticipated however that bidders for our new contract are likely to wish to share this risk with the council and it may therefore be appropriate to create a reserve that can be drawn down if such risks are subsequently realised.
- 4.2.10 The quantum of this reserve will need to be calculated at final tender stage, ahead of contract award.
- 4.2.11 Risks for this procurement process are being appropriately mitigated and managed and a risk register has been developed to ensure effective risk management throughout the procurement process.
- 4.2.12 The Council's internal auditors, PwC, have considered the governance arrangements around the ongoing delivery of the Cabinet approved Business Case and Procurement Strategy and have confirmed that the process is robust.
- 4.2.13 Furthermore, to help to ensure the robustness of the procurement process going forward, overview and scrutiny committee have been invited to establish a scrutiny panel to scrutinise the process through to contract award and beyond.

### **4.3 Legal**

- 4.3.1 A procurement process of this type, size and scope is legally complex. Legal advice has been sought throughout the process to date.
- 4.3.2 The council's legal advisors continue to advise on the legal robustness of the project to date and the proposed way forward.

## **4.4 Equality and Health**

4.4.1 An equality impact assessment was undertaken as part of the commissioning options review process, which was considered by cabinet on 16<sup>th</sup> November 2016. That EIA has been reviewed to reflect the recommendations set out in this report and will continue to be reviewed and updated throughout the procurement process.

4.4.2 Bidders will be required to have regard to equality and health implications when submitting their bids and a community impact assessment will be undertaken ahead of contract award.

## **4.5 Consultees (Internal and External)**

4.5.1 A community engagement framework has been developed to ensure stakeholders are fully involved in the environmental services re-provision process.

4.5.2 The community engagement framework is drawn from a broad range of stakeholder groups, including resident associations, parish councils, friends groups, park management committees, partner agencies, ward councillors and staff.

4.5.3 As well as consultation undertaken via the community engagement framework, an Ipsos MORI survey was commissioned. The survey entailed 1,000 interviews with residents from across Northampton which sought their views on various aspects of environmental services.

4.5.4 All consultation has now been analysed and summarised. The consultation report (Community Engagement and Consultation on Re-Provision of Environmental Services) is a background paper to this report and is available on the council's website.

4.5.5 Conclusions drawn from the consultation will be used to inform key aspects of service design, namely

- Fortnightly co-mingled dry recycling collection service
- Free green waste collection service
- Kitchen food waste collection service

4.5.6 Consultation outcomes also provide some very clear messages about local priorities and desired service standards and will be made available to bidders in the data room to assist them in developing their tenders.

## **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 The proposals in this report will help to deliver the following corporate plan priorities:

- A clean and attractive town for residents and visitors

- Enhancing and encouraging participation
- Delivering quality modern services

## **5. Background Papers**

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Environmental Services Re-provision – Selection of Service Delivery Option, Cabinet Report, 16<sup>th</sup> November 2016

Eunomia – Commissioning Options Review, October 2016 (partly exempt for commercial reasons)

Environmental Services Re-provision – Procurement Process, Cabinet Report, 11<sup>th</sup> January 2017

Community Engagement and Consultation on Re-Provision of Environmental Services

Selection Questionnaire Evaluation Report, March 2017 (restricted access)

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