

NORTH LONDON WASTE AUTHORITY

REPORT TITLE
NLWA Procurement Capacity and Officer Support – update report

REPORT OF
Clerk to the North London Waste Authority

<u>FOR SUBMISSION TO</u>	<u>DATE</u>
North London Waste Authority	19 th September 2007

SUMMARY OF REPORT

The NLWA is embarking upon a procurement exercise unprecedented in scale and scope. On 11th April 2007, the NLWA agreed a series of recommendations to address shortfalls in capacity, particularly in relation to taking forward the major procurement exercise.

The report sets out progress so far on these matters.

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RECOMMENDATION

The North London Waste Authority is RECOMMENDED to note the report.

SIGNED BY

Moira Gibb
Clerk to the NLWA

NLWA procurement capacity and Officer support – Update report

1. Background

- 1.1 On 11th April, the NLWA received a report from the Clerk to the Authority, setting out the view of NLWA Advisers that within the existing arrangements for providing officer support, there was not sufficient capacity to deliver on the procurement exercise which the NLWA was embarking on. The report set out that the procurement exercise is unprecedented for the organisation, in terms of both scale and scope.
- 1.2 The NLWA approved recommendations to improve capacity, including the recruitment of a procurement director, whilst recognising the very significant skills and experience of the staff already at NLWA. This report sets out progress on this matter.

2. Progress

- 2.1 The report originally presented to NLWA set out some key principles for securing a Procurement Director with extensive procurement and project management expertise, including:
- The expectation that the role would need to be salaried at a level commensurate to Assistant Director level for a London Borough
 - That the post should be filled as soon as possible, with an aim to have a postholder in place by September
 - That the recruitment process would be progressed by consultants with relevant expertise
- 2.2 These principles were developed following research into the capacity at other significant Waste Disposal Authorities, notably Greater Manchester Waste Disposal Authority (GMWDA). GMWDA had the benefit of a senior officer, Tim Judson, seconded from DEFRA to lead the procurement.
- 2.3 Following the agreement of the NLWA to recruit, and consideration of how the post should be recruited to, it became apparent that the opportunity could exist to second Tim Judson from DEFRA to the NLWA in a Procurement Director role, as the GMWDA procurement was nearing completion. It was felt by the Advisers that the benefits such a secondment would bring to NLWA, in terms of specific expertise and interface with the Government, were significant, and that negotiations should be undertaken with an objective of securing a secondment to begin in line with what was envisaged in the original recruitment timetable.
- 2.4 These negotiations were successful, and Tim Judson will take up post as Procurement Director of the NLWA as of 1st October 2007. This will be on the basis of a year's secondment, focusing on tackling the procurement strategy issues and growing an internal NLWA capacity to

take the project through to its conclusion. The costs will be in line with those set out in the April report.

3. Role of Procurement Director

- 3.1 The NLWA has a large agenda in the next few years:
- New waste management contracts are required for 2014
 - The NLJWS identified a large number of new facilities needed to meet its obligations under the Landfill Allowance Trading Scheme (LATS)
 - There are requirements for facilities before and after 2014, with sites required for new facilities
 - A procurement strategy has been agreed and is to be implemented.
- 3.2 The NLWA is, in tonnage terms, the largest Waste Disposal Authority in London, and the second largest in the UK, with almost 1 million tonnes of municipal solid waste (MSW) arising per annum (equivalent to that produced in four counties such as Cornwall or Gloucestershire). Although the rate of growth in the waste stream has slowed in recent years, further growth in the period to 2044/45 could well see tonnages rise to between 1.4m and 1.6m tonnes per annum. The scale of the procurement is commensurate with this, with an estimated project cost of up to £3.4bn in real terms and up to £7bn if an allowance is made for inflation over this period.
- 3.3 There are also a number of factors which mean that there are challenges and risks to the NLWA related to the procurement:
- A large number of other procurements are due before 2010, and therefore NLWA procurement will take place in the context of a “seller’s market” – making contracts attractive is essential to maximise competition.
 - There is an urgent need to identify sites for new facilities
 - There will be significant impacts on future budgets
 - A new “Competitive Dialogue” procurement route is likely to be used
 - NLWA will assume risk for sites and planning, waste composition and volumes.
- 3.4 The Procurement Director will be taking a key role in leading these developments for the NLWA, as well as ensuring that an internal, longer-term NLWA capacity is developed.
- 3.5 The Procurement Director will report to the Financial Adviser to the NLWA, and will have a base in the Camden Town Hall, and in the NLWA offices in Haringey. This approach is essential to allow for the necessary transfer of skills and knowledge.

4. Other Developments

- 4.1 The April Report also recognised the need for a Media and Marketing Officer. An appointment has now been made with the post holder based in the Communications Team at the London Borough of Camden. The arrangement provides for the post holder to work the equivalent of four days a week on Authority business and one day a week on other work for Camden.
- 4.2 An advertisement has been placed for the recruitment of an additional finance officer with interviews planned for the first week of October. This post will be based in Camden and will report to the Financial Adviser. Work is also progressing to determine how best to resource the additional in-house legal support that will be required over the project period. In the interim, additional legal support is being provided to the Authority through greater use of the London Borough of Camden Legal Team.
- 4.3 The in-house Procurement Team has also been enhanced on a temporary basis to support the very significant growth in data collection and analysis required to help develop the Authority's application for financial support under the Government's PFI scheme for waste projects.
- 4.4 Members will recall that the April meeting approved the appointment of consultants on a framework agreement basis. After a further selection process, technical, financial, legal and property consultants have been selected to work on the development of an Outline Business Case to support the Authority's application for Government funding. The in-house project team and consultants are now working together on a wide range of issues with a view to submitting an application in February 2008. This is slightly later than envisaged in June but in view of the flexed submission arrangements offered through DEFRA's Waste Infrastructure Development Programme (WIDP) this should not overly impact on the planned timetable for review by the Government's Project Review Group in the early months of 2008.

5. Comments of the Financial Adviser

- 5.1 The Financial Adviser has been consulted in the preparation of this report and has no further comments to add.

6. Comments of the Legal Adviser

- 6.1 The Legal Adviser has been consulted in the preparation of this report and has no further comments to add.

