

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:**  
**PROCUREMENT OPTIONS AND TASKS**

**REPORT OF:**  
**HEAD OF WASTE STRATEGY AND CONTRACTS**

<b>FOR SUBMISSION TO:</b> <b>AUTHORITY MEETING</b>	<b>DATE:</b> <b>8<sup>th</sup> February 2006</b>
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**SUMMARY OF REPORT:**  
  
This report sets out the process and timescales involved in the procurement of consultants to assist the Authority evaluate the options available and determine an approach to procuring the next waste management contract.

**RECOMMENDATIONS**

The Authority is recommended to:

- i) note the contents of this report;
- ii) delegate authority to the Head of Waste Strategy and Contracts, in consultation with the Chair, to award the contract(s) to the successful consultant(s) for the provision of advice and the assistance in preparing an Outline Business Case to determine the Authority's procurement approach for the next waste management contract, the exercise of such delegated authority to be reported for information to the next meeting of the Authority in compliance with Standing Order A29.3(iii)(b).

**Signed by Head of Waste Strategy and Contracts**

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Date:.....

## **1.0 PURPOSE OF THE REPORT**

1.1 This report sets out the timescales and steps involved in the procurement of consultants to carry out feasibility studies of the procurement options available to the Authority for the procurement of its next waste management contract and subsequently to assist the Authority to produce its Outline Business Case (OBC). Due to the tight timescales involved, this report seeks to obtain delegated authority for the Head of Waste Strategy & Contracts to award work to consultants in consultation with the Chair. It also sets out the progress made to date and the next steps to be taken.

## **2.0 BACKGROUND**

2.1 At the December 2005 meeting of this Authority, Members approved a recommendation to make budget provision to engage consultants in 2006/07 who can assist the Authority with its procurement work for the next waste management contract. The purpose of engaging consultants is to assist the Authority to evaluate the procurement options available and make recommendations with regard to a preferred procurement approach, which will form the basis of the OBC.

2.2 The purpose of the OBC is to inform the procurement decision making process with a thorough and rigorous assessment of the local complexities and by developing potential commercial solutions through financial, legal and additional technical analysis and through preliminary market testing.

2.3 It will also need to take forward our thinking on the major commercial decisions on issues such as:

- whether to pursue a series of relatively small contracts or a single, large, integrated contract for all waste treatment and disposal services;
- how to make our contract(s) attractive to the private sector, (assuming we do not provide in-house);
- what type or mixture of funding sources would best suit North London; and
- how to apportion risk between the Authority and the selected contractor(s).

- 2.4 It will give weight to the financial and business implications of choices considered through systematic evaluations of value for money, affordability, strategic and financial risks and overall deliverability. Evaluations must also take account of the relationship between the Authority and London Waste Ltd through the joint venture partnership both now and in the future.
- 2.4 The OBC must consider the commercial realities of the fact that a number of local authorities will be embarking on procurement of waste 'disposal' contracts to meet 2010 Landfill Directive targets over the next 2-3 years, which could significantly reduce the interest in the NLWA's contract(s) as companies will be in a position to 'pick and choose' the contracts that offer them the most profit and the least complications with regard to planning issues and existing contractual arrangements. In addition, the timing of the construction of facilities for the 2012 Olympics coincides with the Authority's new waste facility construction, which is very likely to reduce the available construction resources and may increase costs as a result.
- 2.5 As noted above, to inform the Authority's decision-making processes, a series of legal, financial and technical modelling exercises need to be undertaken by experts within these fields. It was agreed at the December 2005 meeting of this Authority that this work would be carried out during Spring 2006, in order that a preferred procurement approach could be presented to the meeting of this Authority on 28<sup>th</sup> June 2006. It is now planned to reschedule this presentation for the meeting of this Authority in September 2006, to allow the consultants more time to understand the complexity of the issues involved and complete the work comprehensively.

### **3.0 PROGRESS TO DATE AND TIMESCALES**

- 3.1 To meet the requirement to present to this Committee in September 2006, work has already begun on procuring consultants to carry out the required feasibility studies. An advert was placed in trade journals requesting suitably qualified organisations to express an interest in applying for the contract to supply consultancy services. Interested parties were requested to complete a pre-qualification questionnaire (PQQ) in order to be considered to be included in a short-list of consultants invited to tender for the contract(s).

3.2 The advert and documents provided have stipulated a number of areas of expertise that the Authority requires interested parties to have in order to be considered to be invited to tender, listed below. As it is likely that consultants may specialise in one or more (but not all) of the required work areas, the Authority may need to award work to more than one organisation in order to secure the right mix of expertise to maximise the quality of advice received.

- Legal
- Financial
- Technical
- Insurance
- Risk Management
- Contract Transition
- Land Acquisitions & Ownership

3.3 To date 53 expressions of interest have been received. It is anticipated that between 10 and 15 organisations will be invited to tender following the evaluation of the PQQs. A Part 2 report entitled 'Procurement of Consultants – Requests for Pre-Qualification Questionnaires' is attached which should be read in conjunction with this report. The table below sets out the key dates and milestones involved in procuring consultants and the requirements on them to complete the work in time for the September Authority meeting.

<b>Milestone</b>	<b>Date</b>
Place Ads for Expressions of Interest	6th Jan 2006
Dispatch PQQs	From 6th Jan 2006
PQQ return date	30th Jan 2006
Evaluate PQQs and shortlist	30th Jan - 3rd Feb 2006
Dispatch tender docs	6th Feb 2006
Return of tenders	23rd Feb 2006
Evaluation of tenders	27th Feb - 3rd March 2006
Interviews with consultants	7th & 8th March 2006
Contract Award meeting	10th March 2006
Award work to consultant(s)	10th March 2006
Work commences	13th March 2006
Receive draft report(s) from consultant(s)	14th July 2006 (to be confirmed)
Review consultants work & amend	17th July - 31 July 2006 (to be confirmed)
Prepare Authority Report	1st August 2006 - 21 August 2006 (to be

	confirmed
Review & finalise Authority Report	1st August 2006 - 21 August 2006
Authority Meeting	September 2006

- 3.3 The consultants are required to identify the various approaches to procurement that the Authority could take for its next waste management contract and the procurement of interim facilities prior to this. An evaluation exercise of the combinations of approaches will then be carried out for the purpose of identifying the best option for the Authority.
- 3.4 Once identification and analysis of the various procurement options has been carried out, the consultants are required to meet with officers to discuss these options for clarification purposes and then to prepare a final report with a recommended procurement approach. It is envisaged that this will be presented to the Authority meeting in September 2006 for approval, so that the preferred approach can be subsequently worked up into the Business Case for the Authority's procurement work.
- 3.5 The timeframe set out in the table above allows the feasibility studies to be carried out within approximately eighteen weeks, which takes into account the minimum times of the tender process. It is clear that the requirements on Authority officers and the successful consultant(s) will not permit the presentation of a report to the Authority meeting due in April 2006, to authorise the award of work to the successful consultant(s). As a result, in line with the Authority's Standing Orders, this report is seeking authority to delegate the responsibility to award the work to the Head of Waste Strategy & Contracts in consultation with the Chair in early March 2006.

#### **4.0 LIKELY COSTS**

- 4.1 At this stage it is only possible to estimate the likely costs incurred by consultants involved in preparing the feasibility studies and recommending a preferred procurement approach to the Authority. A complete range of potential costs will only be known on the submission of tender applications at the end of February 2006.
- 4.2 Initial estimates of the likely costs involved show that this work could cost between approximately £100,000 and £130,000 due to the detailed expertise needed. The Authority at its December meeting agreed to establish a budget provision of £500,000 and this has been included in the 2006/7 draft budget considered elsewhere on this agenda. The proposed costs for consultants will be met from this provision.

## **5.0 COMMENTS OF THE LEGAL ADVISER**

- 5.1 The Legal Adviser has reviewed the recommendations of this report in the light of Procurement Law and the Authority's Contract Standing Orders.
- 5.2 The estimated costs of the contract detailed in paragraph 4 of the report is below the threshold set out by the Public Services Contracts Regulations 1993 and therefore the contract does not require to be tendered in accordance with the EU Procurement regime.
- 5.3 The Legal Adviser will be providing further advice and assistance in the preparation of the tender documentation.

## **6.0 COMMENTS OF THE FINANCIAL ADVISER**

- 6.1 The Financial Adviser has been consulted in the preparation of this report and all comments are incorporated into the report.

## **7.0 RECOMMENDATIONS**

- 7.1 It is imperative that the selection and employment of consultants proceeds as soon as possible in order that the Outline Business Case is prepared which in turn, is needed so that the main procurement of future waste facilities is not delayed. The Authority is therefore recommended to:
- i) note the contents of this report;
  - ii) delegate authority to the Head of Waste Strategy and Contracts, in consultation with the Chair, to award the contract(s) to the successful consultant(s) for the provision of advice and the assistance in preparing an Outline Business Case to determine the Authority's procurement approach for the next waste management contract, the exercise of such delegated authority to be reported for information to the next meeting of the Authority in compliance with Standing Order A29.3(iii)(b).

## **8.0 Local Government Act 1972 Access to information**

### **8.1 References**

NLWA: *'Procurement Options and Tasks Report'* 7 December 2005  
4Ps: *'Pre-Procurement Planning for Major Waste Management Projects: Guidance for Local Authority Waste Management Officers.'*  
(supplementary guidance to accompany Waste Management Procurement Pack)

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**Report Ends**