

EAST HERTS COUNCIL

ENVIRONMENT SCRUTINY COMMITTEE – 13 SEPTEMBER 2016

REPORT BY HEAD OF OPERATIONS

SHARED SERVICE FOR WASTE AND STREET CLEANSING –
PROGRESS REPORT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report:

- To report on the progress of the Shared Waste and Street Cleansing Service with North Herts District Council.

RECOMMENDATIONS FOR ENVIRONMENT SCRUTINY: That:

(A)	The current progress of the Shared Waste Collection and Street Cleansing project be noted.
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1.0 Background

- 1.1 In December 2014 NHDC and EHC's decision making bodies (Cabinet and Executive respectively) agreed that both Authorities jointly undertake a project to consider whether there were benefits in developing a joint contract and shared service for waste collection and street cleansing services. The strategic driver for the project is that both Councils will have increasing financial pressures from their budgets in future years.
- 1.2 In July 2015, the Environment and Scrutiny Committee and Executive considered a high level business case which demonstrated that there were clear benefits from a shared servitude and it was agreed to develop a more detailed business case to confirm the approach and take a final decision to proceed.
- 1.3 In July 2016, NHDC and EHC's decision making bodies formally agreed to develop a Shared Waste and Street Cleansing Service with a joint contract being awarded in Spring 2017 for a May 2018 start date.

1.4 A project board was set up to represent both authorities, made up of Senior Officers and Executive Councillors and this has and continues to meet regularly to oversee and provide direction.

1.5 The outline business case indicated that a Shared Service would generate a saving of approx. £700,000 per annum between the two authorities with £213,000 to East Herts District Council.

2.0 Report

2.1 The project team consisting of a jointly funded project manager, waste technical managers, procurement, finance and legal officers have contributed to the drafting of a number of key documents to move the project forward including:

- Interim Inter Authority Agreement
- Draft Pre-Qualifying Questionnaire
- Invitation to Tender
- Draft Service Specification
- Evaluation model
- Project timelines

2.2 The Interim Inter Authority Agreement (IIAA) was agreed by the project board and signed by respectively Heads of Services at the end of July 2016. The IIAA outlines the:

- Aims and Principles of joint working
- Governance arrangements
- Joint Commissioning Arrangements
- Pooled Fund
- Problem Solving and Dispute Avoidance or Resolution
- Intellectual property
- Notices
- Information and confidentiality
- Procurement of the services
- Termination and Consequences
- Liability and indemnity
- Withdrawal
- Insurance

This document protects both authorities from financial liabilities and risks in the event of one partner unilaterally ending the partnership prior to procurement.

Inter Authority Agreement

- 2.3 The Inter Authority Agreement between the two authorities will cover the life span the joint working from procurement to contracted shared service. The Heads of Terms for the IAA, which provide the agreed basis for development of the full agreement, were agreed at Project Board on the 28 July 2016. Work on the development of the Inter Authority Agreement (IAA) is continuing.

A further developed draft IAA will be provided to the Project Board for consideration in November but, as previously agreed at Project Board, a more substantially complete draft is not possible until the structure of the shared client team is known and negotiations with the successful contractor are complete. Due to both the significance of the service contract and the association between EHC and NHDC, the IAA will need to be approved by each Council's Executive bodies.

Specification

- 2.4 At the time of writing this report the draft Service Specification is almost complete. The following sections will provide the content for the specification:

1. **Specification for Waste Collection and Street Cleansing**
 - a. Service Standards – All Services
 - b. Service Standards – Health Safety and Welfare
 - c. Service Standards – Delivery and Improvement Plan
 - d. Service Standards – Monitoring, Promotion and Reporting
 - e. Service Standards – Performance monitoring
 - f. Service Standards – General Requirements for Waste Related services
 - g. Service Standards – Street Cleansing
 - h. Service Standards – General Requirements – Street Cleansing

2. **Specification for the bulk transfer, processing and sale of recycles materials**
 - a. Overview of Service Requirements
 - b. Summary of Service Requirements – Processing and sales of material
 - c. Service Standards
 - d. Operating Requirements

- 2.5 Following agreement at the July Project Board, the services of AEA Ricardo have been sourced to assist with the development of items to support the development of the ITT and contractual documentation. Currently AEA Ricardo are providing specific support to the project and are acting as a critical friend to review the specifications developed jointly between EH & NH.
- 2.6 The Service Specifications are in line with the current general services offered both Councils, which are in fact very similar already. However in order to maximise the opportunities for economies of scale the services have been further aligned, wherever possible, to a single uniform service specification and service provision to the Council. This will assist in making cross boundary working easier and communication of the services across the area simpler and more cost effective. This should also help to provide the overall lowest contract price which is the fundamental objective for joint working, without having any negative impact on the service delivery to our customers.
- 2.7 The specifications also offer bidders specific opportunities to provide proposals in addition to the core specifications which could offer better value for consideration by the council's alongside the council's core service requirements. On completion of the tender evaluation period the prices will become clear and these can then be presented to Project Board and EH & NH for consideration and adoption where appropriate. This will allow both authorities to decide whether to adopt or not specific services dependant on the tendered prices for those specific works following their evaluation.

PQQ and ITT

- 2.8 A draft Pre-Qualifying Questionnaire has been issued to East Herts Council Legal, Finance and Procurement officers for comments. The invitation to tender (ITT) is currently being drafted and no issues are envisaged in completing this document, subject to Project Board approval. The invitation to tender will provide bidders with all necessary information, requirements and rules for submitting compliant bids and, in particular, will set out the evaluation methodologies for quality and price. It is anticipated the PQQ and ITT will be signed off by the end of September.

Evaluation Model

- 2.9 The Evaluation Model continues to be developed in line with the

long term partnership style of the contract and will need to ensure the continuation of a quality service for the Council and residents, whilst ensuring both Councils obtain Value for Money services.

2.10 The Evaluation Model has been designed to ensure that there is a balance between cost and quality, signalling to the market the type of service which is desired from the procurement (i.e. a quality service at the optimum price). The evaluation methodology is proposed to be a three stage process, comprising the following key steps:

1. Compliance Evaluation (PQQ)
2. Quality and Financial:
 - a. Method Statements
 - b. Draft Pricing Matrix
3. Contract Award Recommendation

2.11 All tenders will be evaluated by a team of officers representative of both Councils and include Legal, Financial, Technical, Health and Safety, Risk Management and Procurement. There will also be the support of consultants previously procured to provide moderation and review of all scored tenders. Tenders will be evaluated against an agreed evaluation framework and criteria.

2.12 Project timelines are as follows:

- September 2016 - Develop ITT for Joint Waste & Street Cleansing Contract
- October 2016 - Advertise on OJEU
- Spring 2017 – Evaluation of Tenders
- Summer 2017 – Award Contract

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

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