

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 14 March 2016

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WARD(S): All

PORTFOLIO: Commissioner for environment and open spaces
Cllr Satpal Parmar

PART I **KEY DECISION**

PROCUREMENT OF ENVIRONMENTAL SERVICES CONTRACT

1. **Purpose of Report**

To request approval from Cabinet to commence procurement of contracts to meet the requirements of the future service provision for the following; waste collection, waste management, waste treatment, public realm (street cleaning and green estate), highways reactive works, highways and transport capital works and professional services.

It advises and outlines the preferred route for the procurement of these services, the scopes of the potential contracts and the new Public Realm strategy.

2. **Proposed Action**

The Cabinet is requested to resolve:

- (a) That the Council commence procurement of the Environmental Services contract, Infrastructure contract and Professional Services contract.
- (b) That the Public Realm Strategy, attached at Appendix A, and the completion of the commissioning process for the Environmental Services Contract be approved.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3.1 **Slough Joint Wellbeing Strategy Priorities**

Slough Borough Council has stated through the Sustainable Community Strategy in the Environment and Regeneration section that it will pursue steps to:

- move up the waste hierarchy and increase the amount of waste recycled;
- reduce the overall amount of waste produced; and
- reduce dependency on landfill for final waste disposal.

The primary environmental commitment and statement made by the Council through the Slough Sustainable Community Strategy is that the council has set

itself the target of recycling 60% of its waste by 2028. This is a core driver behind the Waste Strategy in development and defines the strategic horizon period.

3.2 **Five Year Plan Outcomes**

The Five Year Plan's outcomes the proposal will help to deliver are:

- *Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay*

Ensure that the gateways to the town, prominent places and green spaces are clean and well maintained

A fully functioning and dedicated public realm service is a key deliverable working towards keeping the gateways to the town, prominent places, parks, memorial gardens, cemeteries, roads and pavements clean. It improves the visual amenity of the town, prevents additional waste being flytipped and is a fundamental component of civic pride in the area.

- *The Council's income and the value of its assets will be maximised*

Ensure that a revolutionised approach to household waste collection is in place Ensure that no household waste will be disposed of in landfill sites

Residents play an important part in the sustainable management of the borough's waste and ensuring that any waste that is produced is placed in the correct receptacle for disposal. Most commonly this relates to placing waste in the kerbside residual and recycling bins. However, this relates to other facilities available to residents to enable them to dispose of items in a civically minded and environmentally responsible manner including litter bins, Bring Banks and the Household Waste Recycling Centre at Chalvey in a civically minded and environmentally responsible manner.

4. **Other Implications**

(a) Financial

This report does not recommend expenditure or commit budgets over and beyond those already adopted. However, subsequent reports which recommend final decisions upon future budgets and changes to their structure and allocation and will commit the council to sums of capital and revenue expenditure potentially over an extended period will be published in line with the various undertakings of the procurement exercise(s). These will be considered in light of the value for money offered through the future service route adopted through the procurement of the respective contractors for their service delivery areas.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal - The current contracts expire on 01/12/17 and new contracts have not been procured before	Ensure that the procedures required to be followed under the Public Contracts Regulations 2015 are carried out	Instruct the Council's external professional advisers to proceed with the procurement procedures and

the expiry date	within the prescribed time limits to ensure that new contracts are in place to commence upon the expiry of the current contract arrangements.	requirements as soon as possible after Cabinet approval is obtained. Pursue definitive legal advice on status of extensions.
Property - Managing Chalvey Transfer Station permits and operations	Full management of Chalvey Transfer Station through new contract.	Opportunity for innovation from the industry as a result of ensuring provision of dedicated depot for waste and public realm management.
Human Rights	N/A	N/A
Health and Safety	N/A	N/A
Employment Issues - Status of TUPE as a result of second generation outsource contract	Internal legal team to liaise with Berkshire Pensions Team.	Ensures full disclosure to potential contractors during dialogue stages.
Equalities Issues	N/A	N/A
Community Support	N/A	N/A
Communications	Member Engagement Plan is currently being composed for sessions to be delivered throughout procurement process.	Opportunity to manage expectations of contract deliverables and get insight into political priorities for contract management.
Community Safety	N/A	N/A
Financial - Market changes might mean that savings are made on some services but that increases are felt in other areas negating overall efficiencies.	Composition of most inviting and innovative lot packaging and batching to stimulate the market and ensure competitive pricing mechanisms.	Opportunity to rebase the contract and financially benchmarking with new contractor performance related mechanism.
Financial – The contract price exceeds available budgets/funding	<p>PQQ clearly identifies outcomes, pricing mechanism, and savings targets.</p> <p>Financial evaluation and dialogue with bidders clearly identifies contract price and potential variations.</p> <p>Contract documentation clearly identifies ‘risks’, contract variations, change mechanisms, indexation etc.</p>	Financial – The contract price exceeds available budgets/funding

	Clienting function, and monitoring systems, are robust, clearly resourced and effective to ensure that the contractor meets outcomes, outputs, performance targets and financial targets.	
Financial – reprocurement costs exceed the approved 'transformation' funding	Clearly specified and procured external and technical expertise, robust monitoring and control by the Head of Contracts Reprovision. Delivering the reprocurement milestones on time. Timely and appropriate escalation and resolution of 'blockages' or major issues with clearly defined workstreams.	
Timetable for delivery - Timetable for delivery is based on no service changes and will require fully mobilised internal project management and task & finish resources.	Dedicated project plan, business case, project initiation documentation (PID), project plan, workstreams inter-dependencies, milestone allocation an timetables to be composed and delivered by T&F project team ensuring maximimsed governance.	N/A
Project Capacity - Timelines are very tight to deliver all three contracts and there will be an implication on resource implications	Procurement of Task & Finish project management team as cited above.	Will ensure highest level of project management available to project. Will ensure that clients are in a position to have oversight of contract.
Other	N/A	N/A

(c) Human Rights Act and Other Legal Implications

There are no direct legal implications. The specific activity in the plan and outcome plans may have legal implications which will be considered when required. There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

N/A

5. **Supporting Information**

- 5.1 As a Unitary Council Slough Borough Council is responsible for collection, management and disposal of all municipal waste generated within the borough and all street cleaning, gully and channel sweeping, litter picking and detritus sweeping operations within the borough. The Waste Collection / Management, Street Cleaning, Grounds Maintenance and Highways reactive work functions for Slough Borough Council is delivered by Amey under the Environmental Services contract which runs until November 2017
- 5.2 The waste management, street cleaning, green estate, highways and transport heads of service have been through a dedicated commissioning process whereby the preferred contract delivery vehicle and service batching has been appraised and assessed against critical criteria. This has included feedback from the market through a soft market testing day.
- 5.3 The PRETH (Public Realm, Environment, Transport and Highways) sub-commissioning group was formed in June and met fortnightly to discuss and create scopes for the respective services. This meant that delivery of some services migrated from one area to another to create improved synergies between service delivery and resolve issues that had been long standing within respective service areas.
- 5.4 June 2015 to January 2016 has seen a concentration on three key aspects of the commissioning programme, namely: definition of the 'scopes of services' that may be included within a new contract; consideration of potential combinations of services to meet the Council's requirements; and identification of potential delivery models.
- 5.5 The PRETH group reported to the Contract Re-provision Board in October that it did not recommend bringing the service in-house. However, it did state the second generation outsource would ensure that the client teams delivery succession planning in filling the gaps identified. This is to ensure that an 'in-house bid' has greater potential after the conclusion of the second generation outsource term.
- 5.6 The Options Appraisal presented to the Contract Re-provision Board in February discussed the appraisal of two options for the delivery of all of the services represented by the PRETH commissioning group. These two options were either a strategic partner contract or a series of separate contracts refined by service area and their associated scopes. The options were aggregated across several key areas including risk, ability to deliver against finance (cost savings), risk, IT, data and information availability, collection monitoring and management, Innovation, complexity of the procurement process, market appetite, procurement route, social value and timetable.
- 5.7 The recommendation is to procure separate contracts for the services. The Environmental Services Contract will comprise of waste collection, waste management and the public realm services with the potential option to include the waste treatment services. The Infrastructure contract will comprise highways reactive engineering works and highways and transport capital works. The professional services contract will be potentially be a framework for the provision of professional services for Highways and Transport.

- 5.8 The market clearly indicated that the collation of all of the aforementioned services into one contract would impede competitiveness, innovation and would minimise flexibility, service enhancement and potential to deliver efficiencies and cost savings. A summary of the soft market testing can be found in 'Appendix B'.
- 5.9 The Environmental Services contract would be a services based contract that would deliver all of the public realm activities for the borough across all land owned by the Council including highways land, leisure land and Housing land (with some minor exceptions). The Public Realm approach encompasses a 'one town, one place' ideology which is a holistic approach to the management and maintenance of public spaces through (grey, green and blue) infrastructure throughout the borough managed through a single client.
- 5.10 All budgets for the services to be collocated from 2016/17 and under the single financial and strategic overview of a waste & environment and dedicated public realm client. This includes street cleaning, grounds maintenance, parks and open spaces, rights of way, playgrounds and highways land management budgets. The Public Realm Strategy draft is included in 'Appendix A' and its composition is required to engage with the industry to outline key priorities within Slough to meet Outcome 1.7 of the Five Year Plan.
- 5.11 The Environmental Services contract would be a services based contract that will deliver waste collection and waste management. It is also, subject to additional analysis potentially going to include the waste treatment contract previously anticipated to go out as a separate contract. The integrated Environmental Services contract will through integrated public realm and integrated waste management improve the Councils ability and opportunity to improve environmental performance.
- 5.12 The Infrastructure contract would be a services based contract that will deliver all minor schemes reactive based works for the highways in Slough. It will also be able to deliver all major schemes infrastructure related to highways and transport.
- 5.13 The Professional services contract would be a framework contract for the provision of professional services for highways and transport specialists.
- 5.14 A member engagement plan regarding the procurement process is currently being drafted and will be delivered throughout key milestones of the procurement process.

6. **Comments of Other Committees**

The procurement of the Environmental Services contract was presented at the Contracts Reprovision Board on the 27th January 2016.

The procurement of the Environmental Services contract was presented to 'Overview & Scrutiny' on the 4th February 2016. Comments received 'That progress on the outcomes of the commissioning process and soft market testing be noted and that the proposed procurement of the preferred contract vehicles be endorsed.'

7. **Conclusion**

The Public Realm, Environment, Transport and Highways (PRETH) sub-commissioning group have undertaken a dedicated commissioning programme, scoping exercise, options appraisal and soft market testing exercise.

These activities have rendered the recommendation for the procurement of contracts with the revised scopes with particularly focus on the new public realm scope and service batching.

Cabinet is requested to approve the commencement of procurement of the contracts as outlined in this document.

8. **Appendices Attached**

- 'A' - Slough Borough Council - Public Realm Strategy
- 'B' - Summary of the Soft Market Testing