

Report to Cabinet

27 April 2017

By the Cabinet Member for Waste, Recycling and
Cleansing

DECISION REQUIRED

Not Exempt



**Horsham
District
Council**

**Appendix 1 Exempt further to Paragraph 3 of Part 1
of Schedule 12A to the Local Government Act
1972. It is considered that in all the circumstances
of the case the public interest in maintaining the
exemption outweighs the public interest in
disclosing the information.**

Appointment of a contractor to supply a replacement refuse collection fleet

Executive Summary

On the 24 November 2016, Cabinet approved the introduction of Alternative Weekly Refuse Collections for household waste and in addition agreed to procure a replacement rear-loading refuse fleet to deliver the revised service.

Cabinet is requested to approve the award of a contract for the supply of a new refuse fleet following the procurement exercise. This will be funded from an approved capital allocation of £3.0m.

Upon receipt of the new fleet, the existing fleet will need to be disposed of on the best terms achievable with the expectation that the fleet will be sold in its entirety as a single lot for possible re-use abroad where there is market for older side-loading vehicles which can no longer be economically supported.

Recommendations

That the Cabinet is recommended:

- i) To approve the tender received from Company A, being the most economically advantageous, as identified in the attached exempt Appendix 1 and award the contract.
- ii) To approve the disposal of the existing refuse collection fleet on the best market terms achievable.
- iii) To delegate authority to the Director of Community Services (or designated interim) to enter into a contract for the appointment of Company A and a requisite contract for the disposal of the existing fleet vehicles.

Reasons for recommendations

- i) To provide for a new refuse collection fleet to replace the existing fleet which has come to the end of its operational working life.
- ii) To provide authority to dispose of the existing fleet at the best market price achievable.

Background papers

Cabinet Report 24 November 2016.
Appendix 1- Tender Analysis

Wards affected: All Wards.

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Background Information

1 Introduction and background

- 1.1 The Council agreed on 24 November 2016 to implement Alternate Weekly Refuse Collections (AWC) from February 2018 and to procure a new refuse fleet to meet the future needs of the service and achieve significant revenue savings of approximately £270k for fleet operation and £730k for AWC.

2 Relevant Council policy

- 2.1 The change to AWC will contribute to delivering the following corporate priorities: Corporate plan priorities 2016-2019:
Efficiency- great value services by transforming our waste collection service.
Environment - Review waste services to maximise the efficiency of the Service.
- Plan to reach 50% recycling of household waste by 2020.

3 Details

- 3.1 Soft market testing meetings were held with all key vehicle body and chassis suppliers to establish what the market was able to offer; the degree to which the Council's requirements could be met and to gain an understanding of delivery times and production schedules. The average lead in time quoted for a complete vehicle averaged between 20 and 30 weeks.
- 3.2 It was determined that the fleet should be procured as a single lot, to leverage best value, through an existing pre-tendered EU compliant Framework agreement such as the Eastern Shires Purchasing Organisation (ESPO) or the Yorkshire Purchasing Organisation (YPO). Upon further examination the ESPO framework was selected as it would allow procurement as a single lot. All major suppliers are represented on this Framework and standard mini competition templates are in place which best reflect our desired quality and pricing evaluation criteria and that bidders/suppliers would be familiar with the tender format. Additionally the ESPO Framework was backed by a pre-agreed set of 'Call Off' terms which save resources by not having to establish contracts from scratch and which could lead to a protracted period of agreement and could impact on delivery.
- 3.3 The ESPO mini-competition template was adapted and weighted to meet reflect our specific needs and requirements as follows:

Price 50% weighted as follows:

- Vehicle price - 45%
- Basket of Spare Parts - 5% (Specimen basket of spare parts)

Non-Price 50% weighted as follows:

- Delivery lead times and contingency arrangements -15%
- Warranty work and impress stock system - 10% (Impress Stock system covers spare parts holding and stock replacement at Hop Oast depot to minimize vehicle downtime)
- Technical support for whole vehicle - 10%
- Service support - 2%

- Training support - 3%
- Environmental impact – fuel efficiency -5%
- Environmental impact – emissions - 5%

- 3.4 A procurement exemption was approved by the Cabinet Member for Waste and Recycling on 7 February 2017 to amend the Council's standard evaluation criteria from 70% Price and 30% Quality to a 50/50 split. As described above this reflected the existing ESPO mini competition criteria and gave due consideration to key non-price elements such as delivery lead times, overall support and fuel efficiency.
- 3.5 Following publication of the tender on the ESPO portal on 10 March 2017, five compliant tenders, meeting mandatory acceptance criteria, were received on 7 April 2017 and were subsequently evaluated individually and collectively by the Evaluation Team with the following results:
- Company A – 97.81%
 - Company B – 87.39%
 - Company C – 95.43%
 - Company D – 86.33%
 - Company E - 91.75%

The panel agreed that these scores accurately reflected their conclusions and that Company A should be recommended for selection as our preferred supplier.

4 Next steps

- 4.1 Following the approval to award the contract there will be a voluntary 10 day 'standstill period' to allow unsuccessful tenderers time to request feedback and scrutinise the award process. Once completed, the appointment can be ratified and legal formalities concluded.
- 4.2 The rear-end loading vehicle specification will be finalised in conjunction with the supplier and an order placed for approximately 18 vehicles to meet our prospective programme. The total number of vehicles to be ordered may vary by one or two depending on the results of the route optimisation exercise currently being undertaken. A verbal update will be given at the meeting. The delivery of the new refuse vehicles is required by the end of December 2017 prior to AWC roll out from February 2018.

5 Views of the Policy Development Advisory Group (PDAG) and outcome of consultations

- 5.1 The Waste, Recycling and Cleansing Policy Development Advisory Group have been kept informed of progress on eight occasions since June 2016 regarding the introduction of AWC and the requirement for a new refuse fleet. They have been kept informed on all stages of the fleet procurement process to date.
- 5.2 Members of the Policy Development Advisory Group considered the outcome of the fleet tender procurement process at their meeting on the 18th April 2017 and supported the recommendations in this report.

- 5.2 Comments from the Director of Corporate Resources, the Council Solicitor and the Director of Community Services are included in this report.

6 Other courses of action considered but rejected

- 6.1 An open Official Journal of the European Union tender process was discounted as it would not provide any additional pricing or quality benefit and combined with a much longer tender process, with the potential for a higher degree of challenge, this would not have been able to meet our delivery timescales.

7 Resource consequences

- 7.1 A capital budget for the replacement of vehicles was approved by Council on 15 February 2017, for the supply of a new refuse fleet. A capital budget of up to £3m is available for the new refuse vehicles.

8 Legal consequences

- 8.1 The Council has the legal authority to enter into a supply contract and a compliant procurement process has been carried out in accordance with the Council's procurement code and the Public Contracts Regulations 2015.

9 Risk assessment

- 9.1 The risk of not achieving the supply of a new refuse fleet by the target date of 29 December 2017 has been mitigated during the procurement process by requiring all potential suppliers to demonstrate their manufacturing and delivery programme. The preferred supplier has confirmed their ability to meet our timescales.
- 9.2 In the unlikely event that production and delivery were delayed beyond the end of the year the Council can exercise its rights to deduct from the contract cost the provision for replacement hire vehicles until the fleet order was fulfilled.

10 Other considerations

- 10.1 The Head of Service, Operational staff and the Transport Manager have been consulted on the vehicle specification for the new refuse vehicles as well as carrying out field evaluation of supplier demonstration vehicles.
- 10.2 As part of the procurement exercise the preferred supplier will provide all required training for drivers, loaders, technical and maintenance staff to ensure that the fleet is operated and maintained in a safe manner.