



HERTFORDSHIRE WASTE PARTNERSHIP

MEMBERS' GROUP 26th October 2009

Item 9: Packaging Consortium

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1 Purpose of Report

- 1.1 To introduce and update the Members' group on progress with setting up a new consortium for the sale of selected packaging materials including cans, glass and plastic bottles.
- 1.2 The new consortium is being put together by a procurement team consisting of the Partnership Development Manager, the Head of Client Environment Services from Welwyn Hatfield Borough Council, and the Welwyn Hatfield Procurement Manager.

2 Background

- 2.1 In June this year the Heads of Waste group (HoWG) received a report which proposed the establishment of a new framework agreement to replace the existing consortium contract for the sale of glass recycled by the constituent authorities. Following discussion the group requested that consideration be given to expanding the new consortium to cover cans and plastic bottles.
- 2.2 In addition the HoWG asked that the procurement process look to develop opportunities to recycle other packaging materials such as plastic bags and yoghurt pots etc.
- 2.3 To this end the HoWG agreed that Welwyn Hatfield Borough Council, (WHBC) will operate on behalf of the constituent authorities by acting as the main contracting authority with matching service level agreements between WHBC and each authority entering into the consortium to ensure that WHBC's liabilities are adequately covered.
- 2.4 As with the paper contract, the intention is to allow for staggered entries into the new consortium to accommodate existing contractual arrangements where applicable.

3 The Procurement Process

- 3.1 In contrast to the paper consortium this new procurement is different in that it is attempting to put together a solution for a range of materials which are not necessarily collected in the same manner across the County.
- 3.2 Taking the above into account it was decided early on by the procurement team that the final contract will be awarded to the bidder(s) that can offer the optimum balance between the best logistical solution and prices for individual materials. Therefore given the potential complexity of this process including not least the negotiations required to achieve a successful outcome the procurement team elected to use the Competitive Dialogue procedure.
- 3.3 Competitive Dialogue is a relatively new procedure introduced in the public sector procurement directive (2004/18/EC), which was implemented via the Public Contracts Regulations (SI 2006/5). It is for use in the award of complex contracts where there is a need for the contracting authorities to discuss all aspects of the proposed contract with candidates.
- 3.4 With the above in mind the timetable shown below was presented to and approved by the HoWG at their July meeting : -

Date	Contract Stage	Progress Report
16-6-09	Place OJEU notice inviting expressions of interest	Completed
24-7-09	Application return	Completed
14-8-09	Despatch Invitation to submit Outline Submission (ISOS)	Completed
11-9-09	Return of ISOS	Completed
14-9-09 to 25-9-09	Evaluation of ISOS and subsequent clarifications and negotiations	Completed
2-10-09	Despatch Invitation to submit detailed solution (ISDS)	Outstanding – delayed by 2 weeks
30-10-09	Return of ISDS	Outstanding
Mid Nov	Select Preferred bidder	Outstanding
Early Dec	WHBC Cabinet approval	Outstanding
Early December	Mandatory Standstill period	Outstanding
Mid December	Award Contract	Outstanding
1 st Feb 2010	Start of Contract	Outstanding

NB - taking direction from the HoWG meeting in June the OJEU notice to initiate the procurement was advertised in mid June to ensure a quick start to the process.

- 3.5 Following the placement of an OJEU notice a number of responses were received by 24th July 2009. In turn **Invitations to Submit Outline Solutions** (ISOS) were dispatched in mid-August with 6 responses received by the deadline on the 11th September 2009.

3.6 Clearly with the needs of 11 different authorities to consider it was always going to be highly unlikely that any procurement process would result in the optimum solution for everyone. Therefore to try and make the process as flexible as possible, the procurement was divided into lots with tenderers able to submit bids for only those lots they were interested in. This also meant that there was no compulsion on any tenderer to bid for each lot. The lots include :-

- plastic bottles – loose
- plastic bottles – bailed
- all plastic loose
- all plastic bailed
- glass – mixed
- glass – amber
- glass – flint
- glass – green
- mixed cans
- aluminium cans
- steel can
- plastic and glass
- plastic and cans
- glass and cans
- glass, cans and plastic

3.7 By the same token this approach will allow the procurement team to award the contract to either a single supplier or combination of suppliers that achieve the best solution which balances price against logistics.

4 Results So Far

4.1 The procurement team held a meeting on Friday, 18th September 2009 to discuss the submissions received in response to ISOS, following which meetings with 3 of the 6 tenderers were scheduled to go through their submissions in detail to see who would be taken forward into the final stage.

4.2 This included first and foremost confirming that the responses were based on a firm understanding of the tender process and the decision to use competitive dialogue.

4.3 Secondly it was important to try and establish the rationale behind the responses to assess whether the prices being offered were sustainable when considered together with the logistical implications.

4.4 All 3 meetings took place on Thursday, 24th September 2009 following which it was decided that all 3 would be invited to participate in the **Invitation to Submit Detailed Solutions stage** (ISDS).

4.5 Remembering that we are yet to enter ISDS, there appears to be a number of benefits arising from the procurement as discussed below.

4.6 Firstly, it could be possible as a result of this procurement to expand the range of plastics typically collected at the kerbside to include a wider range of packaging including the items shown below :-

- plastic shrink wrap
- plastic carrier Bags
- plastic yogurt Pots
- plastic flower pots
- plastic butter / margarine tubs
- plastic food trays

- 4.7 In addition to these materials negotiations during ISDS will also explore the possibility of adding tetra packs to this list. However, Members will appreciate that the end market for tetra packs is significantly underdeveloped compared to the other materials included in the consortium. Consequently, given the relatively small tonnages concerned when dealing with tetra packs the procurement team will need to strike a balance between trying to include this material whilst not undermining the rest of the consortium.
- 4.8 Secondly, early indications are that the procurement will be able to secure positive income streams for each of the lots detailed in paragraph 3.6; with individual prices for some lots significantly in excess of those currently being achieved by some constituent authorities. Prices are based on materials being collected from any location in Hertfordshire with each constituent authority (or their nominated representative) responsible for loading bidders' vehicles.
- 4.9 A report to the HWP Member meeting in January will provide further information with respect to the successful tenderer(s) along with which constituent authorities have entered the consortium and what tonnages have been committed. This will include an assessment of the anticipated financial (and any operational) benefits arising from this procurement.

5 Invitation to Submit Detailed Solutions

- 5.1 Following discussions on the 24th September 2009 there were a number of issues that became apparent which the procurement team is looking to address during ISDS.
- 5.2 This includes the need to recognise that some constituent authorities may wish to deliver materials direct as opposed to having their materials collected. To cater for this eventuality the remaining companies will be asked to quote for delivered prices with a clear anticipation that these will be higher than those already quoted for collection.
- 5.3 Tenderers will also be asked to provide prices for handling bulky plastic waste such as children's toys and garden furniture. This option will be developed to recognise the range of plastic materials typically presented at the Household Waste Recycling Centres for which the HWP does not have sufficient end markets. A draft specification for this lot is shown below :-
- plastic children's garden toys
 - plastic garden Furniture
 - plastic garden Hoses
 - plastic water butts
 - plastic storage containers
 - plastic large ingredient tubs
 - plastic bakery / bread trays
 - plastic wheelie bins & bottle banks
- 5.4 Further a 'lot' which combines the current range of plastics collected in Hertfordshire, together with those specified under paragraphs 4.6 and 5.3, will also be included to provide options for collection or bring schemes which due to limited capacity may wish collect all plastics including both packaging and non packaging materials together.

6 The Next Steps

- 6.1 The original intention had been that invitations for ISDS would have been sent out by 2nd October 2009. However, in retrospect it was felt prudent to report back to the HoWG with a view to giving them chance to comment on the progress so far and influence how the procurement team conducts negotiations during the final stage. This was completed on the 1st October 2009.
- 6.2 Consequently it was discussed and agreed with the 3 remaining tenderers that ISDS would not commence until 16th October 2009. The procurement team is confident that this delay can be recovered during the remainder of the process such that the contract can still start on the 1st February 2010 as previously agreed by the HoWG.
- 6.3 The constituent authorities were given from 1st October – 7th October to confirm their participation in the consortium and specifically what tonnages they wished to commit. Constituent authorities were also asked to indicate provisional start dates for each of the lots they were interested in.
- 6.4 For any authority who had not responded by 7th October it was assumed that they did not wish to take part in the consortium.
- 6.5 This information was then sent out as part of the information pack for ISDS thereby allowing the remaining tenderers to base their final submissions on the most up to date information possible.

7 Recommendations

- 7.1 That the Member group endorses the approach taken to date.
- 7.2 That a report be submitted to the HWP Member meeting in January 2010 with an update on the new consortium as outlined in paragraph 4.9.