

	<p style="text-align: center;">Executive 11 February 2013</p> <p style="text-align: center;">Report from the Director of Environment and Neighbourhood Services</p>
<p style="text-align: right;">Wards Affected: ALL</p>	
<p>Managing the Public Realm - contract award criteria and update</p>	

1.0 Summary

- 1.1 On 15 October 2012 the Executive gave its approval to invite tenders for a public realm contract. The Executive approved the advertising and the operation of a pre-qualification process without the approval of evaluation criteria and certain other pre-tender considerations subject to approval of such matters at a future Executive. This report updates the Executive on progress to date, explains the procurement process and sets out the proposed contract award criteria and other pre-tender considerations.

2.0 Recommendations

- 2.1 The Executive note the collaborative partners have changed and that the procurement is now proceeding with Brent Housing Partnership (BHP).
- 2.2 That the Executive agree the vision for the Public Realm Contract set out in paragraph 3.2.2.
- 2.3 That the Executive give approval to the evaluation of tenders in accordance with the pre-tender considerations set out in paragraph 3.4.2.

3.0 Details

3.1 Background and progress update

- 3.1.1 The council's current contract for waste, recycling and street cleaning ends on 31 March 2014. On 15 October 2012 the Executive approved the Council's participation in a collaborative procurement and service delivery exercise known as 'Managing the Public Realm' for the provision of waste, recycling, street cleansing and grounds maintenance services. The aim for the new contract is to improve resident satisfaction through greater joining up of services whilst delivering financial savings.

3.1.2 Since the Executive decision to support the collaborative project, the participants have changed. The collaboration with BHP has successfully continued. The London Boroughs of Barnet, Richmond and Hounslow have withdrawn from the collaborative project, mainly because the procurement and decision making timetables couldn't be aligned in time for Brent's 1 April 2014 deadline for commencement of services under the new contract.

3.1.3 The Public Realm contract now includes the following services:

- Waste collection and recycling services including how recycled material is managed
- Street cleansing and litter picking across Brent's highways, parks, open spaces and housing estates managed and/or owned by BHP
- Grounds maintenance across all Brent parks, cemeteries, open spaces and housing estates managed and/or owned by BHP
- Burial services
- Winter services (alternatively could be procured through the LOHAC contract for highway services)

3.2 Vision for the public realm contract

3.2.1 Councillors have highlighted the problems caused for residents when boundary issues affect the quality of service e.g. different people litter pick on street and in parks and different teams of people mow the grass in Brent's parks and on BHP estates.

3.2.2 Therefore, the contract aims to deliver a new vision for the Public Realm in Brent, bringing together a single contract that has total accountability for waste, cleansing and grounds maintenance. The council wishes to create a greater emphasis on improving the appearance of all public places and to help implement Brent's Place Making Guide. It is a holistic approach, allowing the elimination of boundaries and a coordinated programme of activity in line with key principles planned for maintaining Brent's public places to a good standard. The vision for this contract is to:

- Improve the way Brent 'looks and feels' to visitors, businesses and residents including good quality open spaces and a clean and tidy area
- Encourage greater consideration by residents and communities of how to generate less waste, emphasising reduction, reuse, recycling and composting;
- Promote a greater sense of civic pride and a stronger local identity.
- Make a positive impact on social, environmental and economic sustainability.

3.2.3 From this contract, the council is seeking to achieve the following objectives:

- Deliver good quality services and demonstrate continuous improvement, whilst seeking to achieve high performance throughout the life of the contract;
- Value for money services with on-going cost improvements year on year, particularly through maximising economies of scale and other efficiencies;
- Help the Council achieve its economic and social regeneration objectives through proposals such as apprenticeships, local recruitment, wage levels and supporting and developing the local supply chain.

- Deliver sustainable services which reduce the council carbon footprint by aiming for a carbon neutral service;
- A flexible contract, encouraging innovation and taking account of changing legislation and policy, particularly with respect to climate change;
- Change public perception and behaviours where ultimately residents and visitors will improve, and take pride in, the appearance of Brent's public places, reduce their carbon footprint, minimise the amount of waste they produce and maximise the amount of waste they segregate for reuse, recycling, composting and recovery.

3.3 Procurement process

- 3.3.1 The specification for the Contract will be output based with particular quality standards the Contractor will be required to achieve. An output specification sets out the high level expectations and asks all bidders to use their experience and innovation to tell us how best to deliver a high quality service at the best price. Then, during the competitive dialogue these proposals are extensively assessed and negotiated until the preferred standard specification and price is agreed. These detailed proposals then become contractual and can be enforced as part of the contract.
- 3.3.2 The Council has agreed to follow a competitive dialogue process which is broadly set out below:
- Pre-qualification stage – this will lead to a minimum of 3 bidders and up to a maximum of 5 bidders being invited for the next stage.
 - Invitation to Submit an Outline Solution (ISOS) - At this stage the output specification is sent out to the shortlisted bidders who provide their initial proposals to meet the specification. The proposals are then evaluated and it is envisaged that the top 3 scoring organisations are then taken forward to the next stage.
 - Invitation to Submit a Detailed Solution (ISDS) - The shortlisted bidders are invited to submit a detailed solution that are then discussed and fine-tuned. The ISDS is then evaluated and any shortlist for progressing to the next stage is agreed.
 - Close of Dialogue and Call for Final Tenders (CFT) - At this stage the council formally declares the Closure of Dialogue and requests final tenders. These are evaluated and the preferred bidder and reserve bidder announced. The council then finalises clarifications only with the preferred bidder.
 - The contract is awarded by the Executive.

3.4 Contract award criteria

- 3.4.1 Officers have considered a range of options to get the best price and quality for residents. Overall, Officers want to maintain quality but with the current budget pressures the council need to get the best possible price. To achieve this, the recommendation is:
- 60% quality and 40% price/commercial considerations split for ISOS and ISDS

- 40% quality and 60% price/commercial considerations for Final Tenders.

3.4.2 The table below sets out the full set of pre-tender considerations.

Ref	Requirement	Response	
(i)	The nature of the service	Waste collection service including how recycle materials are managed, cleansing, grounds maintenance, burial service and winter service.	
(ii)	The estimated value	Based on current budgets the contract value would be up to £16.1 m per annum. Based on the current budgets, over the full life of the contract the value is approximately £145m.	
(iii)	The contract term	Up to a maximum period of 16 years with an initial term of 9 years and a subsequent term of up to 7 years on condition of satisfactory performance. The contract will commence on 1 April 2014 for waste, street cleansing and recycling and 1 September 2014 for grounds maintenance.	
(iv)	The tender procedure to be adopted	Competitive Dialogue	
(v)	The procurement timetable	Adverts placed	17 th December 2012
		Issue of PQQ	17 th December 2012
		Bidders Day	8 th January 2013
		Deadline for PQQ submissions	21 st January 2013
		Shortlist drawn up in accordance with the Council's approved criteria	January/February 2013
		ISOS stage (including panel evaluation)	February 2013 to April 2013
		ISDS stage (including panel evaluation)	May 2013 to July 2013
		ISFT stage (including panel evaluation)	August 2013 to September 2013
		Report recommending	September/October 2013

Ref	Requirement	Response	
		contract award circulated internally	
		BHP tenant and leaseholder consultation	
		Executive approval	October 2013
		Award Contract	October/November 2013
		Mobilisation	October/November 2013 – March 2014
		Contract Start Date (Waste collection and street cleansing)	1 April 2014
		Contract Start Date (Grounds Maintenance)	September 2014
(vi)	The evaluation criteria and process	<p>Shortlists have been drawn up in accordance with Brent's Standing Orders and Contract Procurement and Management Guidelines namely the pre-qualification questionnaire and thereby meeting the Council's financial standing requirements, health, safety and environmental standards, technical capacity and technical expertise.</p> <p>The panel will evaluate the tenders against the following:</p> <ul style="list-style-type: none"> - For ISOS and ISDS the criteria will be 60% quality and 40% price/commercial considerations. <p>Price/Commercial 40%</p> <ul style="list-style-type: none"> • Price • Performance and payment mechanism • Cost certainty • Commercial innovation • Maximising efficiencies on services over the life of the contract <p>Quality 60%</p> <ul style="list-style-type: none"> • Demonstrating compliance with the specification • Proposed systems and working methods • Detailed operational and mobilisation plans • Proposals for enhancement of services • Demonstrating delivery of customer excellence 	

Ref	Requirement	Response
		<ul style="list-style-type: none"> • Approach to innovation and sustainability • Contract performance <p>- For the final tenders the criteria will be 60% price/commercial considerations: 40% quality.</p> <p>Price/Commercial 60%</p> <ul style="list-style-type: none"> • Price • Performance and payment mechanism • Cost certainty • Commercial innovation • Maximising efficiencies on services over the life of the contract <p>Quality 40%</p> <ul style="list-style-type: none"> • Demonstrating compliance with the specification • Proposed systems and working methods • Detailed operational and mobilisation plans • Proposals for enhancement of services • Demonstrating delivery of customer excellence • Approach to innovation and sustainability • Contract performance
(vii)	Any business risks associated with entering the contract	See paragraphs 3.4.4, 3.4.9, 3.4.11 of the 15 October 2012 report to the Executive.
(viii)	The Council's Best Value Duty	This procurement process and on-going contractual requirement will ensure that the Council's Best Value obligations are met.
(ix)	Any staffing implications, including TUPE and pensions	See Sections 7
(x)	The relevant financial, legal and other considerations	See Sections 4 and 5

4.0 Financial implications

- 4.1 A key objective of the contract is to demonstrate value for money and deliver efficiency savings. An independent evaluation of the current market for these services identified savings of at least £1.3m per annum. As a result, taking into account current annual budgets, the contract value will be up to £16.1m per annum (as set out below).

Current services budget	£m
Refuse collection & street cleansing	14.0
Grounds maintenance	2.9
Brent Housing Partnership	0.5
Total	17.4
Less one council savings target	(1.3)
Proposed contract value per annum	16.1
Proposed contract value 9 years	145.0
Proposed contract value 16 years	257.0

- 4.2 Costs incurred in delivery and management of the contract, ie one-off project costs, procurement and legal support, are to be met from the One Council programme. Redundancy costs are to be met from the Council's central redundancy provision. The financial model that underpins the savings assumption takes into consideration that the Council will provide a depot that will be run by the contractor.

5.0 Legal implications

- 5.1 Members are referred to the Legal Implications in the report to the Executive of 15 October 2012.
- 5.2 The report to the Executive of 15 October 2012 indicated that the Officers wish to procure the contract in accordance with the competitive dialogue procedure. The EU Regulations provide that the competitive dialogue procedure may only be used in for the procurement of particularly complex contracts where the council considers the use of the open or restricted procedure will not allow the award of the contract. Despite the fact that the number of organisations collaborating in the procurement has decreased, it is still considered that the contract will satisfy the description of a particularly complex contract in that the council is not able to properly define the technical means capable of satisfying its needs or objectives. In reaching this conclusion Officers have had regard to, inter alia, the requirement of the contract to achieve service alignments between the council and BHP with the complications of staggered start dates for the different services.
- 5.3 Officers are in the process of liaising with BHP to ensure there are effective inter-organisations arrangements in relation to the procurement and also in relation to the subsequent operation of the contract. Officers will need to ensure appropriate legal, financial and other relevant advice is obtained in establishing suitable governance arrangements, to include clear accountability and liability of organisations.

- 5.4 The Public Services (Social Value) Act 2012 was brought fully into force on 31 January 2013. Given that the procurement process for the public realm contract commenced in December 2012, its provisions will not apply. As indicated in paragraph 3.2.3 however, Officers are mindful of the need for the contract to help achieving economic and social regeneration objectives.

6.0 Diversity implications

- 6.1 No further diversity implications have been identified beyond those set out in the Executive report of October 2012.

7.0 Staffing / accommodation implications (if appropriate)

- 7.1 No further staffing implications have been identified beyond those set out in the Executive report of October 2012.
- 7.2 The Executive agreed on 15th October 2012 to the following recommendation:
“That the Executive agree to procure a new depot as set out in paragraph 3.7 of the report. If a suitable site is identified, due to the reasons set out in paragraph 3.7, that the final terms of any acquisition including the purchase price be delegated to the Director of Regeneration and Major Projects and the Director of Finance in consultation with their respective Lead Members.”
- 7.3 Officers have now acquired a site situated within an industrial location which will be made available to bidders during the procurement process and which is expected to serve the depot functions of the public realm contract.
- 7.4 The feasibility study undertaken by officers working alongside planning and highways consultants Peter Brett Associates has identified the following as achievable on site:
- parking bays for waste vehicles
 - car parking spaces for staff
 - warehouse/ vehicle/ plant storage
 - administration/ staff facilities
 - potential vehicle washing area
 - open area for outdoor storage

Background papers

Report to the Executive Managing the Public Realm - 15 October 2012

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