

**PROCUREMENT UPDATE****WDA/26/24****Recommendation**

That Members:

- 1 Agree to the recommendations set out in the report attached as an Appendix to this report in particular the:
  - Procurement of the project key advisors, notably:
    - Legal advisors
    - Financial advisors
    - Technical advisors
  - Recruitment of the Project Management Office, namely three temporary/fixed term officers (details to be confirmed)
  - Initiation of discussions around development of Inter-Authority Agreements
2. Agree to appoint a Procurement Director for the procurement

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**MRWA PROCUREMENT UPDATE****WDA/26/24****Report of the Chief Executive****1. Purpose of the Report**

- 1.1 Members will recall there have been two previous reports setting out the necessity of embarking upon a re-procurement as one of the Authority's key contracts, the Waste Management and Recycling Contract (the WMRC), which reaches its conclusion in 2029.
- 1.2 Since the earlier reports the Authority has engaged a Procurement Adviser on a short term contract to assist with setting out the key timeframes for the procurement and the administrative architecture that the Authority is likely to need to have in place to achieve a successful procurement.
- 1.3 This report seeks Members approval to proceed with the recommended actions from the Procurement Adviser.

**2. Background**

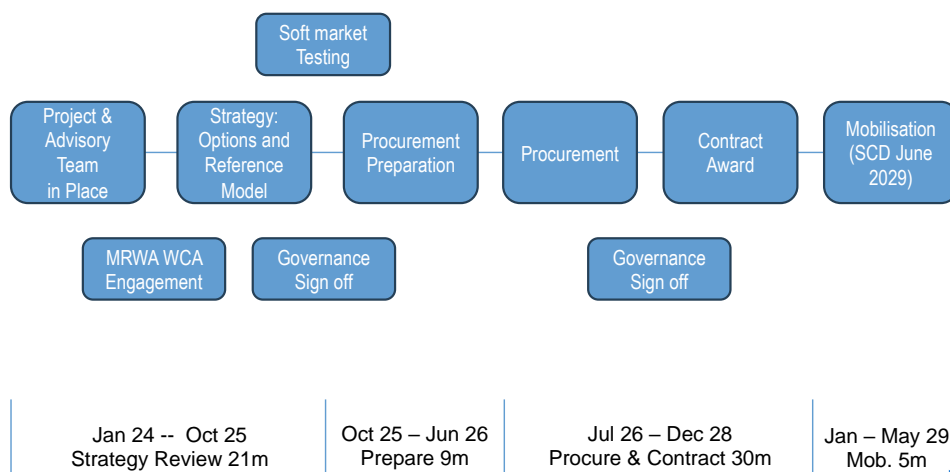
- 2.1 The WMRC commenced in 2009 and since then the contractor Veolia ES Merseyside and Halton (Veolia) has provided services for the Authority and for the people of the Liverpool City Region (LCR)
- 2.2 The contract secures the provision of 16 Household Waste Recycling Centres (HWRCs) as well as two Materials Recovery Facilities (MRFs), four Waste Transfer Stations as well as Waste Transport.
- 2.3 The contract is just over 5 years from reaching its conclusion, and whilst there is an option for an extension to the term it is right that the Authority also looks at re-procuring services under a new contract, that will reflect changes to the statutory framework and which may allow for more social value to be included for the LCR.

**3. Procurement Adviser's report**

- 3.1 The Procurement Adviser's report is set out in detail at Appendix 1 to this report and provides a detailed overview of the timeframes that the Authority should try to achieve if the procurement is to be successful. The report also identifies an administrative and governance structure that would be more likely to lead to a successful outcome.

- 3.2 Key issues identified in the report include proposals that identify:
- a suitable team structure taking into account internal and external resources;
  - a governance structure which both manages the programmes and takes into account MRWA processes and stakeholders (including WCAs);
  - the potential phases of the Programme, from the initial strategy review, through procurement and into mobilisation, supported by;
    - a high level Programme plan and timeline;
    - key issues which should feed into the strategy review;
    - procurement options which could be explored in more detail as part of the strategy review;
    - potential costs of the programme from start (anticipated to be January 2024) to completion (service commencement date); and
    - the process by which external advisors would be procured and the outline briefs for their input, and how the Contractor would assist MRWA in managing their input and costs.
- 3.3 The proposed programme timeframe is set out in the report but is included here for consideration.

## Key stages and timeline



3.4 The report makes a number of recommendations and these are summarised here and at section 11 of the report

1. *Section 4:*

- a. *The programme operates under a standard Programme governance which includes stakeholders and partners as set out in Section **Error! Reference source not found.**;*
- b. *The programme structure is established in Phase 0 of the programme (Jan to May 2024);*
- c. *An internal PMO, is established including an internal lead Programme representative as a day-to-day contact for the programme director;*
- d. *External Advisors are appointed for technical, legal and financial input to the programme; and*
- e. *Consideration is given to the role of IAA(s) in ensuring clarity between the MRWA and WCAs (and Halton) on the procurement and future operation of the contract.*

2. *Section 5 and 6: It is recommended that in the pre-procurement phase (Phase 1), the workstreams set out in this section are completed, taking into account the legislative changes foreseen in Section 5.*

3. *Section 7: Assuming a procurement route is required, MRWA will adopt the new Competitive Flexible Procedure.*

4. *Section 8: MRWA adopt the programme timing set out in Section **Error!** Reference source not found..*
5. *Section 9: MRWA allocate a budget of £7m to cover the entirety of the programme which stretches over six financial years (2024 to 2029);*

- 3.5 The report provides the Authority with a good route map of how to proceed through a procurement of this scale and nature. However, there is one element missing at present, the appointment of a Procurement Director for the duration of the project. Members will recall that the initial reports on the procurement recommended that a Procurement Director be considered. This? report now recommends that Members approve the process of tendering for and procuring an appropriate person to lead the Authority through the complexities of the procurement process.
- 3.6 The proposed Procurement Director post will not be full time initially, but will provide support and guidance as needed during the procurement process. The post will not be an addition to the Authority's establishment but will be provided on a contractual and temporary (albeit medium term) basis.

#### 4. **Risk Implications**

- 4.1 The following risks have been identified in relation to the development and implementation of the Authority's corporate planning processes:

<b>Identified Risk</b>	<b>Likelihood Rating</b>	<b>Consequence Rating</b>	<b>Risk Value</b>	<b>Mitigation</b>
Failure to agree a procurement approach – leading to delays and failure to achieve value for money in the contract procurement	2	5	10	The Authority should review the adviser's report and agree to the recommended way forward
Failure to appoint a Procurement Director – leading to delays and	2	5	10	The Authority should approve the appointment of the Procurement

potential misunderstanding of process leading to mistaken approaches.				Director to lead through to a successful procurement outcome
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## 5. HR Implications

- 5.1 If the recommendations from the procurement report at appendix 1 are accepted the Authority will seek to appoint a Project Manager for the project, together with up to two project support roles to ensure the administration of the project proceeds effectively. These posts will be temporary for the lifetime of the project and mobilisation of the contract.
- 5.2 If the appointment of the Procurement Director is approved the person appointed will not be added to the establishment on a permanent basis. The appointment would be for the duration of the contract procurement. The appointment will not initially be on a full time basis, but for a number of days each month initially. Further into the procurement the post will require full time, or almost full time working for longer periods.
- 5.3 Alongside the proposed appointments to support the Authority a review of staffing and workloads will be completed to identify where there are skills and capacity internally to support the procurement. It may be necessary to re-prioritise work and workloads for some staff to enable them to use their knowledge and expertise to ensure the procurement is successful.

## 6. Environmental Implications

- 6.1 A new procurement that considers not just the services being provided at present, but also the services that are likely to be required going forwards is likely to present different environmental implications than the present contract. As these become clearer Members will be updated and their views sought over how best to proceed for the Authority.

## 7. Financial Implications

- 7.1 The Authority has been provided with an estimate of the financial implications of the project within the draft report. The procurement adviser has used his expertise and experience of other similar contracts to advise that an overall cost for external advisers of some £7M over the next six years is likely to be around what the Authority will need to provide for. We will work with colleagues in District Councils to see how best this is to be funded over that period.

7.2 More narrowly, with a view on 2024-25 it is estimated that the Authority will need to set aside between £800k and £1M to provide for the costs of setting up an in-house team, for appointing a Procurement Director on a medium term basis and to meet the initial costs of external advisers who should be in place in 2024-25 so that the Authority can rely on their support. Members will be asked to consider the way that this part of the project will be funded from reserves as part of the budget report.

## **8. Legal Implications**

8.1 In pursuit of the procurement the Authority will need to ensure that it continues to meet current and future legislative requirements as the Government's approach to waste develops.

8.2 At the same time the Authority will need to demonstrate that any and all of the proposed appointments it makes fall properly within the legal guidelines for the procurement of each of the services.

## **9. Conclusion**

9.1 Members are asked to agree to the recommendations set out in the report attached as an Appendix to this report in particular the:

- Procurement of the project key advisors, notably:
  - Legal advisors
  - Financial advisors
  - Technical advisors
- Recruitment of the Project Management Office, namely three temporary/fixed term officers (details to be confirmed)
- Initiation of discussions around development of Inter-Authority Agreements

9.2 Agree to appoint a Procurement Director for the procurement



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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.