

## **CABINET**

### **GATEWAY 5 PROCUREMENT CONTRACT MANAGEMENT REPORT:**

#### **WASTE COLLECTION AND DISPOSAL, HOUSEHOLD WASTE RECYCLING CENTRES, TREE MAINTENANCE AND HIGHWAYS MINOR WORKS**

**17 DECEMBER 2013**

Portfolio Holders:	Councillor Alan Jarrett, Finance and Deputy Leader Councillor Phil Filmer, Front Line Services Councillor Howard Doe, Housing and Community Services
Report from:	Perry Holmes, Assistant Director Legal and Corporate Services
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#### **Summary**

This report provides details of a number of high risk Gateway 5 reports recently considered by Procurement Board.

#### **1. Budget and Policy Framework**

- 1.1 The Council's Contract Procedure Rules, as set out in the Constitution, require that all high risk Gateway reports are submitted to Cabinet for their consideration.
- 1.2 Any budget issues or concerns will be raised within each contract review set out in the main body of the report.

#### **2. Background**

- 2.1 As outlined above, the Council's Contract Procedure Rules require that high risk reports are submitted to Cabinet. Within the Gateway process, Gateway 4 provides for post-project appraisal reporting. Such reports are to be completed one year after the Gateway 3 contract award approval for termed contracts or post-delivery of one-off requirements. Gateway 5 provides for

comprehensive contract management reporting that must be completed annually.

- 2.2 The Procurement Board (a Cabinet Advisory Group) considers high risk Gateway 5 reports in detail with a summary being provided to Cabinet which sets out the key issues identified at this procurement stage. This will include performance information together with any budget issues and any further required approvals.
- 2.3 Procurement Board has considered each report individually on its own merit and has approved their submission to Cabinet for consideration.
- 2.4 All Procurement Board reports related to the contract reviews included in this report are available as background papers.

### **3. Contract Reviews**

#### **3.1 Household Waste Recycling Centres**

Household waste recycling is currently delivered through FCC Environmental which is operating effectively. Members are particularly asked to note that recycling rates have increased year on year overall, and that the relationship between Medway Council and the service provider is strong.

#### **3.2 Waste Collection and Disposal**

Waste Collection and Disposal is currently delivered through Veolia environmental services and is operating effectively. Members are particularly asked to note that weekly recycling collections have recently commenced and are thus far performing well. The relationship between Medway Council and the service provider continues to be strong.

#### **3.3 Tree Maintenance**

There are currently no issues with the tree maintenance contract. The Council has recently entered into the third year of the contract and has requested to negate further reporting as it is not deemed necessary. There have been no contractual issues to date. It was requested at Procurement Board that further savings were sought through discussions with the incumbent, due to the savings achieved at the retender of this contract, which saw the annual contract value fall from £350,000 to £279,000, however, it is not a viable option at the present time as further cost savings are unsustainable.

#### **3.4 Medway Highways Minor Works Contract**

The highways contract has entered into the seventh year of a ten-year contract with Volker Highways. There have been no contractual issues to date and the incumbent provider are continually performing on par or better than the Key Performance Indicators utilized from the offset of the contract. Monthly meetings take place between Medway Council and the service provider, which ensures a robust contract delivery. It is requested that annual reporting continues.

#### **4. Risk Management**

- 4.1 The Council's procurement gateway process ensures that a robust approach to risk management is adopted. The Council's Contract Procedure Rules state that the complexity of the procurement process (Category & Level) to be followed will vary in accordance with the value and risk of the requirement. This states that all high risk procurements will be considered by Cabinet.
- 4.2 Procurement risks are contained in each of the Gateway 5 reports considered by the Procurement Board.

#### **5. Financial and legal implications**

- 5.1 The existing contracts provide for the extension awards recommended and budget provision exists to cover the contracts in place. Additional legal and finance implications are contained in each of the Gateway 5 reports considered by the Procurement Board.

#### **6. Recommendations**

- 6.1 That Cabinet notes the Household Waste Recycling Centres contract review and agrees that it continues to be subject to annual reporting.
- 6.2 That Cabinet notes the Waste Collection and Disposal contract review and agrees that it continues to be subject to annual reporting.
- 6.3 That Cabinet notes the Tree Maintenance contract review and agrees that it no longer be subject to annual reporting, as set out in paragraph 3.3 of the report.
- 6.4 That Cabinet notes the Medway Highways Minor Works contract review and agrees that it continues to be subject to annual reporting.

#### **7. Suggested reasons for decision(s)**

- 7.1 Each Gateway 5 report has been submitted for consideration to Cabinet as it is high risk and as such has an annual Gateway reporting requirement.

#### **Lead officer contact**

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## Background papers

Description of document	Location	Date
Household Waste Recycling Gateway 5 report	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186</a>	4/12/13
Waste Collection and Disposal Gateway 5 report	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186</a>	4/12/13
Tree Maintenance Gateway 5 report	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186</a>	13/11/13
Medway Highways Contract Gateway 5 report	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11861&amp;PlanId=186</a>	13/11/13