



CABINET – 12TH NOVEMBER 2014

SUBJECT: HEADS OF THE VALLEYS (HOV) ORGANICS PROCUREMENT PROJECT – MEMORANDUM OF UNDERSTANDING

REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval to adopt a Memorandum of Understanding (MOU) between the existing HoV Authorities and Monmouthshire County Council prior to the preparation of an Outline Business Case.

2. SUMMARY

- 2.1 The HoV organics procurement project aims to secure long term (20 year) capacity for the treatment of organic waste for its member authorities, (at present Blaenau Gwent, Caerphilly and Torfaen County Borough Council's).
- 2.2 The original project commenced in 2009 but the recent withdrawal of the 2 remaining bidders has resulted in the procurement process closing. This has initiated discussions with Welsh Government and a revised approach to a new procurement process potentially involving an additional Authority (Monmouthshire County Council) to make a new partnership of 4 Authorities.
- 2.3 This common report (which is being considered by the executives of all partner authorities) therefore outlines the process that will need to be followed to include Monmouthshire County Council and seeks Cabinet approval for this process to commence with the adoption of a new memorandum of understanding.

3. LINKS TO STRATEGY

- 3.1 The Community & Leisure Services Divisional Service Improvement Plan contains specific objectives to meet a range of statutory and non statutory targets. A number of these objectives contribute to the "Greener" theme within "Caerphilly delivers" the Local Service Board Single Integrated Plan.

4. BACKGROUND

- 4.1 The Heads of the Valley Organics Project (HoV Organics Project) is a procurement project to secure long term (20 year) capacity for the treatment of food and green waste between three neighbouring authorities:

- Blaenau Gwent County Borough Council (BGCBC);
- Caerphilly County Borough Council (CCBC); and
- Torfaen County Borough Council (TBC).

- 4.2 An Outline Business Case was prepared in 2009 for the project and received approval from each of the authorities and Welsh Government. Approval of the Outline Business Case also resulted in the offer of funding support from Welsh Government to assist with the procurement of a preferred treatment solution.
- 4.3 Prior to the commencement of the procurement process, the working arrangements of the partnership were established and all authorities signed a legally binding Inter Authority Agreement.
- 4.4 The Inter Authority Agreement set out the governance structure for the project. This includes a Joint Committee of Executive Members from each authority overseeing a Project Board of senior officers from each authority.
- 4.5 The Project Board oversees the Project Team which is managed by a Project Manager and supported by officers from each authority together with support from specialist advisors.
- 4.6 A procurement process conducted via the Competitive Dialogue Procedure began in 2009 and progressed through a number of stages of dialogue where the number of tenderers was reduced from twenty eight to two.
- 4.7 During the Invitation to Submit Final Tenders stage of the procurement the two remaining tenderers notified the Project of their intention to withdraw from the procurement process and as a result a notice was issued to the market of the intention to close the procurement.
- 4.8 Following the closure of the procurement Welsh Government established a Regional Organics Procurement group consisting of Officers from a number of hubs across Wales and Local Partnerships.
- 4.9 Following the closure of the procurement Welsh Government established a Regional Organics Procurement group consisting of Officers from a number of hubs across Wales (in addition to Monmouthshire County Council who have asked to join the HoV hub) and Local Partnerships.

5. THE REPORT

- 5.1 A letter from Welsh Government has confirmed their commitment towards offering support for a new procurement approach together with gate fee and procurement support, subject to:
- The HoV Hub, with the potential addition of Monmouthshire, going back to the market with a single collaborative and streamlined procurement; and
 - The cost of the gate fee and procurement support being within the funding previously agreed for the project and within the affordability envelop of previous conditional awards to the authorities concerned.
- 5.2 To satisfy the WG requirement with regard to commitment of the authorities to delivery of the preferred option the project will undertake the following activities:
- Develop and agree a Memorandum of Understanding (MoU) between the HoV Project and Monmouthshire County Council (MCC) to confirm Local Authority commitment:
 - Develop a new four authority Outline Business Case; and
 - Develop and agree an IAA for a four authority partnership to carry out the procurement process.
- 5.3 The MOU is not legally binding on any party and will cover the activities required to complete the Outlines Business Case.
- 5.4 The MOU is a step towards the establishment of formal and legally binding arrangements between the authorities.

- 5.5 In conjunction with the preparation of the Outlines Business Case, a revised Inter Authority Agreement for a four authority partnership will be developed and presented to the authorities for approval.
- 5.6 At the Joint Committee meeting held on 8th October it was agreed that the Project Team would seek approval from each Authority to enable Monmouthshire County Council to join the partnership and enter into a Memorandum of Understanding.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no significant equalities implications associated with this report.

7. FINANCIAL IMPLICATIONS

- 7.1 Working collaboratively as a hub will enable the four Local Authorities to access funding support towards the procurement process and future support towards revenue costs for the preferred solution.
- 7.2 There are no financial implications arising directly from agreeing to the Memorandum of Understanding.
- 7.3 By partnering with other authorities the project will have the potential to attract greater market interest, the ability to share costs for the procurement process together with the potential to receive funding support from Welsh Government.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no staffing implications associated with this report. The staff and resourcing requirements for the project will be considered during the development of the Outline Business Case together with the four authority Inter Authority Agreement. These will be reported in accordance with the agreed governance structure at the appropriate time.

9. CONSULTATION

- 9.1 The report reflects the views of the listed consultees.

10. RECOMMENDATIONS

- 10.1 Cabinet approve the Memorandum of Understanding attached as Appendix 1 to this report.
- 10.2 The Senior Responsible Officer (Head of Community and Leisure Services) acting on behalf of Caerphilly County Borough Council as part of the project team is authorised to approve minor drafting amendments to the Memorandum of Understanding in consultation with the relevant Cabinet Member(s) as may be necessary.

11. REASONS FOR RECOMMENDATIONS

- 11.1 To facilitate the addition of Monmouthshire County Council to the project and to ensure compliance with the Welsh Government conditions relating to future financial support for the project.

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Consultees: Sandra Aspinall, Acting Deputy Chief Executive
Councillor D. Poole, Cabinet & Joint Committee Member
Councillor Barbara Jones, Cabinet & Joint Committee Member
Gail Williams, Principal Solicitor
David A Thomas, Senior Policy Officer (Equalities & Welsh Language)

Background Papers:
Heads of the Valleys Organics Procurement files – Community and Leisure Services, First Floor,
Pontllanfraith House.

Appendices:
Appendix 1 Memorandum of Understanding