

# PAPER NO. WRWA **23-18**

## WESTERN RIVERSIDE WASTE AUTHORITY

<b>MEETING</b>	14 <sup>th</sup> June 2023
<b>REPORT AUTHOR/ DATE</b>	Deputy General Manager (Rachel Espinosa-Tel 020 8871 8882) 6th June 2023
<b>SUBJECT</b>	Report by the Deputy General Manager on progress on the development of the WRWA Procurement Strategy.
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<b>STATUS</b>	Open
<b>BACKGROUND PAPERS</b>	<p>Paper No. WRWA 22-26 – September 2022</p> <p>Paper No. WRWA 22-37 – November 2022</p> <p>Paper No. WRWA 23-06 – February 2023</p> <p>Paper No. WRWA 23-10 – March 2023</p>

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## **EXECUTIVE SUMMARY**

1. The report provides an update of the work undertaken and ongoing to progress the Authority's Procurement Strategy, through development of an 'Outline Business Case' ("OBC").

## **RECOMMENDATIONS**

2. The Authority is recommended to:
  - (a) approve the placing of a Prior Information Notice in Contracts Finder, to engage with prospective suppliers and gain interest from the market;
  - (b) note the decisions scheduled for approval at the meeting of this Authority due in September; and
  - (c) otherwise receive this report for information.

## **INTRODUCTION**

3. WRWA, as a joint statutory waste disposal authority has a duty to undertake the waste disposal functions prescribed by the Local Government Act 1985 and the Waste Disposal (Authorities) Order 1985. Following its establishment in 1986, the Authority assumed responsibility for waste disposal on behalf of the four Constituent Councils. The Authority is therefore responsible for the onward management of residual waste and recyclable materials delivered to its sites by the Councils.
4. These services are provided through the Waste Management Services Agreement (WMSA), let to Cory until 2032. The Authority needs to prepare for the expiry of the WMSA and arrange for replacement services.
5. Prior to that, the Authority needs to understand the options available to it and develop a strategy for assessing the relative merits of the options. According to best practise set out in HM Treasury's 'Guide to Developing the Project Business Case' (2018) and 'The Green Book' (2022), it is recommended that these options are explored through development of an 'Outline Business Case' ("OBC"), that contains all the requirements for a deliverable procurement strategy.
6. At the February 2023 meeting of this Authority, a progress report (Paper No. WRWA 23-06) was provided on the procurement of Technical Advisors to support the delivery of a procurement strategy OBC. WSP were appointed to support the

development of the OBC. Paper No. WRWA 23-10 provides detail of the tenders received, the evaluation and the appointment process.

7. The consultants’ appointment was confirmed on 6th March 2023 by a committee of the Authority (see minutes elsewhere on this agenda). This report provides an update of the work delivered to date and upcoming work and Authority decisions expected at the next scheduled Authority meeting in September.

**ADDITIONAL INFORMATION**

**PROGRESS UPDATE**

8. An inception meeting was held with the consultant’s delivery team on 22nd March 2023 and following that the project plan was revised, with minor amendments to ensure it links with the dependent work of the Joint Municipal Waste Management Strategy.
9. WSP are currently progressing with a Stakeholder Engagement Plan, Market Analysis and Capacity Gap Modelling and preparations for an Early Market Engagement exercise. Table 1 below details the timetable and objectives of these tasks.

Table 1 – Procurement Strategy Progress

<b>Date</b>	<b>Task</b>	<b>Objective</b>
By 02/06/23	Stakeholder Engagement Plan	Stakeholder engagement with the CCs and other consultees (e.g. the GLA) will be an essential part of the work. The plan will encompass approach methods and programme for engagement with all stakeholders in relation to the Outline Business Case and the procurement steps beyond. The plan will identify the key stages in the delivery of the OBC at which stakeholder engagement would be beneficial and will highlight the advantages and risks of engagement.
	Market Analysis & Capacity Gap	To understand the market factors which will influence the opportunities and sourcing decisions that WRWA needs to make, including: understanding the principal characteristics of the waste management sector in London and the South-East; waste management markets and active participants; available infrastructure

		for residual waste treatment, materials processing, and the treatment of green and food wastes; identification of capacity of installed infrastructure, that being developed and that being proposed; provide an understanding of current and future capacity gaps for each waste stream of interest.
July 2023	Early Market Engagement	Proactive engagement with the market is essential to increase the opportunity for project success by identifying the optimal packaging of services, the most suitable procurement procedure, key risks and mitigation measures, and the potential use of lots. Market engagement seeks to understand: <ul style="list-style-type: none"> <li>* in-principal interest in the various services provided by the Authority</li> <li>* views on service packages and size of lots</li> <li>* views on contract periods</li> <li>* appetite for funding new infrastructure</li> <li>* information that would be required to take over existing assets</li> <li>* key strategic factors that may influence their decision to progress with future opportunities</li> <li>* any key issues the market would like to raise</li> </ul>
W/c 03/07/23	Publish PIN	Alerts the market to WRWA’s upcoming market engagement process.

**PRIOR INFORMATION NOTICE**

10. The Authority is recommended to approve officers to develop a Prior Information Notice (“**PIN**”) with support from WSP and publish it in the UK Government’s ‘Contracts Finder’ website.
11. This PIN would invite individuals and organisations to express an interest in the Authority’s tendering exercise only, and it is NOT a pre-qualification questionnaire, and is NOT part of any pre-qualification or selection process. The PIN is intended as an awareness, communication, and information gathering exercise. Similarly, an expression of interest is no indication of a commitment to participate in any future tendering process nor does it infer any preferential or special status on those individuals and organisations who participate.
12. As part of the process, an ‘Early Market Engagement’ questionnaire will be drafted that participants will be asked to complete prior to a 1-2-1 meeting.

## **OUTLINE BUSINESS CASE**

13. Comprehensive guidance for the development of an OBC is set out in the HM Treasury Green Book, which requires the preparation of five generic cases:

- The Strategic Case – setting out the need for change based on a thorough assessment of the existing services;
- The Economic Case – developing a long list of options, assessment to a short list and concluding on a preferred, achievable solution (the reference project);
- The Commercial Case – taking forward the reference project, describing the procurement routes available and options for service packages;
- The Management Case – providing appropriate governance, resources and management to deliver the reference project;
- The Financial Case – establishing the financial basis for the delivery of the reference project, including modelling detailed cash flows.

14. Successful delivery of the OBC requires a multi-disciplinary advisory team consisting of technical advisors (WSP), legal and financial advisors, alongside the WRWA team.

15. The Authority and its members will receive updates through that period so that they are able to make the milestone decisions and the CCs will be updated as part of the Stakeholder Engagement Plan referred to in Table 1, which is currently being developed.

## **UPCOMING TASKS**

16. The next phase of work will involve developing both a long list of future service delivery options and identifying critical 'success factors' for these options. It is expected that the Authority and its members will approve decisions required to determine these issues at the formal meeting scheduled for September 2023.

17. Following this, the long list will be assessed and will undergo an options appraisal to result in a short list of options for the replacement of the WMSA. Approval of the short list is expected at the meeting scheduled for February 2024.

18. The OBC work will progress during 2024 and work is expected to be completed by the Autumn 2024.

## **LINK TO JMWMS**

19. The Procurement Strategy timetable is inter-linked with the JMWMS work with regard to the expected waste quantities and composition to be collected and managed. As such, the 'whole system' waste flow model outputs from the JMWMS feed into the OBC.

## **COMMENTS OF THE TREASURER**

20. The costs of the technical advice will be met from within existing approved budgets as set out in the current approved budget paper (Paper No. WRWA 23-01).

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6th June 2023