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Partnership: A Rubbish Way to Procure?

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Introduction



- Background – Project W2R
- Main Procurement Features
- Partnership Working
- Why Partnership
- W2R Model
- Lessons Learned
- Final Comment

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Project W2R



- PFI Procurement
- Residual Waste Facility (300,000 tpa)
- Staffordshire Lead Authority and Client
- Partners – Warwickshire, Walsall and Sandwell

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Project W2R (Waste to Resource)



- Location – Four Ashes Industrial Estate, South Staffordshire
- Land – 4 ha of Brown-Field Development Land
- Planning – Full Planning Approved by Planning Committee in November 2008
- Technology – Energy from Waste (EfW)
- Size – 300,000 tonnes per annum
- Waste – Residual Waste Only After Kerbside Recycling (55%)
- Source
 - Staffordshire 125,000 tonnes per year
 - Warwickshire 35,000 tonnes per year
 - Walsall 55,000 tonnes per year
 - Sandwell 50,000 tonnes per year
 - Total 265,000 tonnes per year
- Other Waste 35,000 tonnes per year

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Main Features

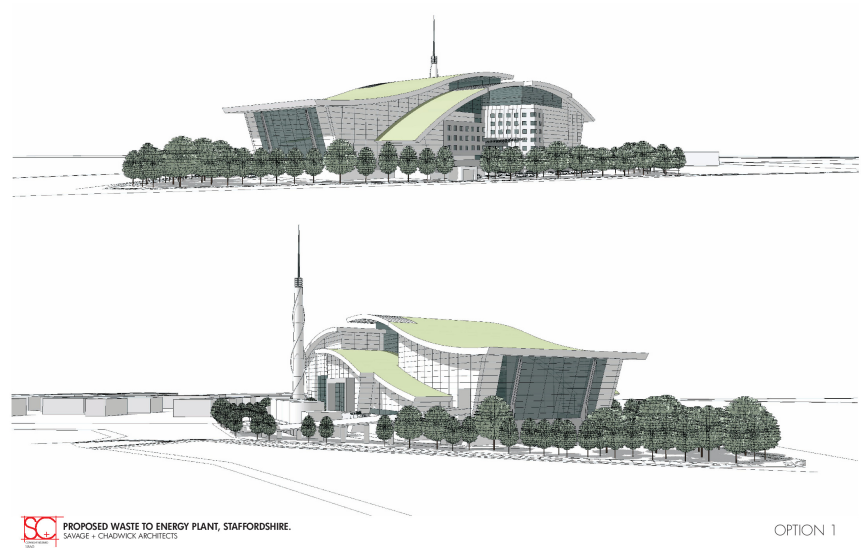
- CD Process
- PFI – Credits £122.4M
- Value of Contract -~ £600M
- Four Authorities in “Partnership”



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Partnership Working

Why Work in Partnership?
Pros and Cons



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Why Work in Partnership

- Cut Unit Costs
- PFI Credits or Other Support
- Helps Neighbours – Helps You
- Better Service
- Procurement Resources



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Cost Driven

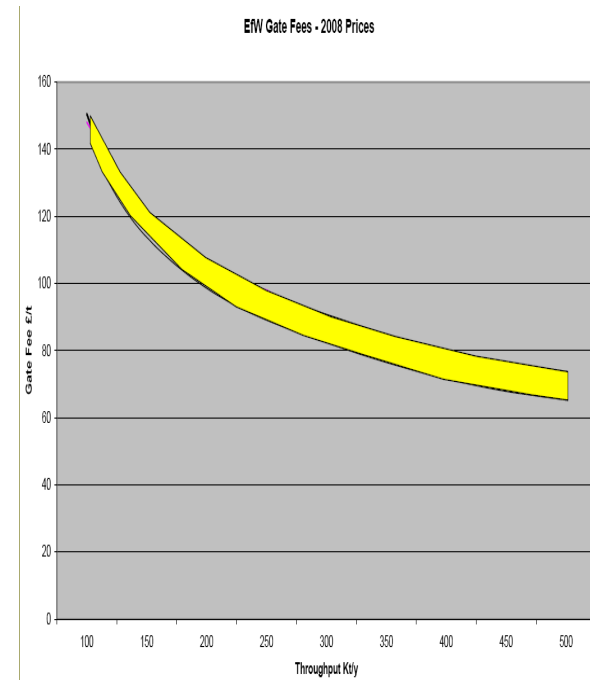
Staffordshire – 150,000 tonnes/year

Partners – 150,000 tonnes/year

Overall Cost Reduction of £20-30/tonne
(£93M over 25 years)

PFI Credits worth £124M

Procurement Costs (£5-6M)



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Partners – Who and Why

- Location
 - Geographical and Political Boundaries
- Size
 - Who Will Lead?
 - Gain vs Pain
- Attitude and Political Will
 - Commitment
 - Free Riders



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Traditional Partnership



- Issues
 - Decision Making (Paralysis by Committee)
 - Time Consuming
 - Cost/Resource Allocations/Commitment
 - Contract Issues – Contractor Resistance
 - Partnership Agreement
- Advantages
 - Shared Responsibility
 - Shared Costs/Resources

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W2R Partnership

- Commercial Contract
- Not a True Partnership – Partners are Sub-Clients



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W2R Partnership



- Advantages
 - Clear Leadership and Decision Making
 - Speed
 - Contractor Preference
 - Easier Contract
 - Easier Negotiations
 - Partner Resources and Costs

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W2R Partnership



- Issues
 - Procurement Costs and Resources
 - Responsibility and Risk
 - Partner Involvement and Communication
 - Funding (PFI)
 - Separate IAA
 - Final Decisions

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Lessons Learned

- Plagiarise!
- Communicate
- Lead But Do Not Dictate
- Focus – Project Clarity
- Longer and Costlier
- Keep it Simple
- Advisors



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Final Comment



A Partnership is only going to work if all the individual partners can perceive and then realise and advantage.

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Selection of Contractor



Competitive Dialogue Process (CD)

| | |
|-----------------------|-------------------------------|
| OJEU | 31 July 2008 |
| PQQ Returns | 22 September 2008 |
| Shortlist to 4-5 | October 15 th 2008 |
| Open Dialogue | Late October 2008 |
| ISDS | March 2009 |
| Shortlist to 2 | June 2009 |
| Call for Final Tender | March 2010 |
| Preferred Bidder | May 2010 |
| Award Contract | July 2010 |
| Operational | Autumn 2013 |

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