

# COUNCIL PROCUREMENT

Procurement means the acquisition of all goods, works and services. When local authorities (councils) tender out for a contractor to run a facility, such as a resource recovery centre, composting operation or transfer station, they must work through a procurement process. Sometimes terms such as Expression of Interest (EOI) will be used when councils procure services. This document aims to give you a quick introduction to the things you will need to consider if you are interested in becoming part of the procurement process and tendering for council services or contracts.

## WHY DOES PROCUREMENT HAPPEN THE WAY IT DOES?

The initial requirement of any procurement is to ensure that it is both suitable and of the appropriate quality for the service that is being supported by that procurement. It also means the proposed project that needs to be undertaken or the job that needs to be done - will get completed correctly and by a suitably qualified organisation or individual. The way councils run their procurement processes is governed by a number of considerations. There are strict policies and procedures that must be followed. And then there is the documentation. Some contracts can be hundreds of pages and the procurement process might involve staff from several departments of council.

All councils must conform to legislation within the Local Government Act 2002. It requires all councils to “meet the current and future needs of communities for good quality infrastructure, public services and performance of regulatory functions in a way that is most cost-effective for households and businesses”. Good quality has been defined as being efficient and effective and appropriate to present and future needs.

Auckland Council has two guiding documents related to any council procurement. There is a procurement strategy and a procurement policy. The procurement policy provides clear

information to staff, suppliers, contractors and the community on what is important to the council, including the achievement of best value for goods, services or works. Whereas, the procurement strategy provides direction for when a decision is to be made to procure goods, services or works in order to deliver on the objectives of Auckland Council.

The strategy and the policy must be adhered to and are mandatory for all council procurement, so it is best to read and understand any related documents for any council, prior to entering any procurement process.



This resource sheet was developed by CRN Aotearoa with support from Auckland Councils Waste Minimisation and Innovation Funding [www.communityrecyclers.org.nz](http://www.communityrecyclers.org.nz)

## PROCUREMENT FROM A COMMUNITY GROUP PERSPECTIVE

### PRE-PROCUREMENT ENGAGEMENT

Talk to your council about what your group is interested in achieving in your community and find out if there are opportunities for council to engage your services. There could be opportunities coming up in the future that might suit the skills and interest of your group. Form connections with the appropriate departments of council such as the solid waste or resource recovery team, community development team or the local boards if you have them. They may be able to notify you that council is looking to procure relevant services. You will need to prepare and gather the appropriate documentations before the formal process begins.

### SOCIAL PROCUREMENT

The best time to influence your council about their use of social procurement practices is well before a tender is publically released. Social procurement is the use of strategic procurement practice to generate social outcomes.

Social procurement involves choosing to purchase a social outcome when buying goods or services. For example, a local authority with high levels of unemployment in certain areas could strategically use their procurement to help address this issue by requiring successful tenderers to employ a percentage of their labour force from the local unemployed population. The contract could be for a recycling contract, grounds maintenance, cleaning, graffiti removal, leisure services, home help, community consultation, etc.

For a local authority, added value is created through the delivery of social benefits beyond the benefits of the products and services being purchased. The procurement they are realizing other goals and adding value that would not otherwise be achieved if it were not specified. For more information check out <http://socialprocurementaustraliasia.com>

### SOCIAL PROCUREMENT IN AUCKLAND

Auckland Council is an example of a council who have included elements of social procurement into their procurement processes for the resource recovery sector.

Their Waste Minimisation and Management Plan (WMMP)

has a zero waste goal and calls for an infrastructure that supports maximum resource recovery. The Resource Recovery Network (RRN) provides such an infrastructure. The long-term strategy for the RRN will see opportunities for community enterprises to enter the procurement process. Council will procure the services of Community Recycling Centre (CRC) operators through an open tender process. This procurement process is designed to include and support community organisations. It includes:

- Less focus on price
- More focus on diversion, innovation, local jobs, training opportunities etc
- A partnership approach - open book policy, profit sharing, technical support etc
- A roadmap to be financially self sustaining over time

All open market procurements go onto the Government Electronic Tendering Site (GETS). Community organisations interested in procurement opportunities with council should register to ensure they receive notifications when procurement is released – go to [www.gets.govt.nz](http://www.gets.govt.nz)



## CASE STUDY - WAIUKU COMMUNITY RECYCLING CENTRE

The tendering process can be a long and expensive one. The Waiuku Community Recycling Centre as an example of procurement between a community organisation and a council. The Waiuku procurement was out in the market for six weeks before the following timeline was undertaken. These are the steps and the time required to move this proposal for procurement through the system after the tender had closed. It took:

- 2-3 weeks for internal review and evaluation of applications
- 6-8 weeks for clarifications and negotiations
- 2-3 weeks for recommendations to be approved by the financial authority
- 1 week for contract creation and signing
- 2-3 months for mobilisation

It took approximately 9 months from start of the process to start of site operations. Not all tenders take the same amount of time, but community organisations that have never procured services from council in the past need to understand the process can take several months. If community organisations do not have a budget to cover costs for wages and salaries that could be incurred while putting together tender documents, they will find the process difficult and stressful. It can involve hundreds of hours of research, project development and writing time.

## THINGS TO REMEMBER

- Procurement is not something to take lightly. Council procurement processes can be a massive task, requiring the involvement of several people from your organisation, and it will take a great deal of time and monetary resources.
- It can be a very rewarding process. You might end up with a contract with a Council that gives you a steady source of income. Even if you are not successful with your first tender, the process can be useful in helping you to define your value proposition, as well as giving you an in depth understanding of what it is you need to do to get to your goal.
- There are other groups and peers that are likely to have been through procurement processes similar to those you are going through who will probably be happy to help you with any questions you've got about a tender document. CRN is a good first point of call as we can direct you to others if we can't answer your question ourselves.

You might consider that the process requires hiring someone from within CRN or its partner Envision to assist with the tendering process. This happened at Waiuku with a successful tender and contract awarded for 5yrs.

Once you have the contract there will be a requirement to furnish plans to Council and to form policy and procedures requiring forms and systems. As there are established groups/centres you might consider contacting them to see if they are prepared to sell some of their plans and systems. It is important not to underestimate the IP, its monetary value and that they have been passed by Auckland Council as meeting their requirements.

- Once a procurement process begins, Council staff will be limited in how they can interact with you. And you will be treated the same as any other participant in the process. Just because you are a community organisation, you still need to compete with other organisations and businesses when tendering and contracting to your council. They have to ensure there is good use of public money and that they are complying with all legislation including the Local Government Act 2002.

## UNDERSTANDING PROCUREMENT LINGO

There are different requests for procurements. Council could ask for a request for tender (RfT) or a request for proposal (RfP). Examples of each are illustrated below:

### **Tender (RfT):**

Council is looking for a supplier to meet 'exacting' requirements as provided, i.e. to construct a building from provided drawings and list of materials.

### **Proposal (RfP):**

Council is looking for a supplier to demonstrate what and how they would deliver requirements based off a more generic scope, i.e. the supplier would confirm how it proposes to deliver against the requirements provided to ensure delivery of the works.

Documentation is required in both instances, however council would provide some documentation and look at the organisation wishing to procure services to provide additional information.

Councils will likely provide information on the following: Terms, conditions, H&S requirements, timelines, work scope, requirements and attributes. Councils will be looking for a number of things from those responding, including:

- Acceptance and responses to terms, conditions, H&S, etc, or, what is not possible/acceptable and what is proposed alternative (if any).
- Answers to attribute questions – do not ignore any questions
- Pricing to meet and deliver upon the scope of works.

A contract with council to manage a CRC could be a document (contract) that has over 200 pages. This alone can be quite daunting for a community organisation to

comprehend and complete.

Organisations will need to understand concepts and terms such as the following:

- **Mobilisation Plan:** An outline of tasks to do/information needed to get the project ready
- **Continuity Plan:** Identification of risks and threats to the project and how you plan to deal with them
- **Health and Safety Plan:** Describing the hazards that are involved in the project and how they will be overcome and/or dealt with. Health & Safety is of HIGH IMPORTANCE to Councils and this plan needs to be comprehensive and follow best practice.
- **Quality Plan:** Describes the level of quality the project will achieve and how it will do that.
- **Operations Plan:** Establishes the activities to be undertaken, the resources required (a budget), and who will be involved in their implementation.
- **Business Plan:** Describes the operational and fiscal goals of the project, why they are achievable.
- **Environmental & Sustainability Plan:** Describes goals, objectives and actions that will be taken by your project to achieve good environmental outcomes eg. how your project is going to increase diversion
- **Asset Management Plan:** Describes how you will manage your infrastructure and other assets to deliver your intended standard of service
- **Community & Social Engagement Plan:** Describes how your project intends to interact with the local community and how it will achieve positive social outcomes eg. Employment outcomes, meaningful work
- **Innovation Plan:** Describes how are you going to encourage advancements in technology or the services provided.

## KEY RESOURCES FOR COMPLETING A COUNCIL PROCUREMENT PROCESS

- People with a good understanding and access to your organisations finances, mission, vision and policy & procedure documentation.
- Links to other organisations and partners, both formal (such as in a joint venture) and informal (such as with groups and individuals who will be able to write you letters of support or act as reference).
- Appropriate Insurances - such as Public Liability, Vehicle Insurance, Plant & Equipment Insurance and/or Professional Liability