



Wheelie Bin E-Auction

Who was Involved?

Warrington Borough Council was the lead authority

Bolton Metropolitan Borough Council

Bury Metropolitan Borough Council

Eden District Council

Liverpool City Council

North Warwickshire Borough Council

Staffordshire Moorlands District Council

Tameside Metropolitan Borough Council

Wirral Metropolitan Borough Council

Aim of the project

Several local authorities wanted to save money on buying wheelie bins. They worked together to buy the bins at the best possible price using an e-auction, in which suppliers compete against each other and bid prices downwards in a live, online event.

Background

Historically, procurement has been handled by the individual councils but they recognised that collaboration would bring greater savings through bulk buying.

Between them, the authorities wanted to set up a three-year contract for 450,000-plus wheelie bins, including delivery charges.

“Since the project started, several other authorities have come on board and in the first year alone more than 700,000 wheelie bins have been bought, still maintaining the 20% savings mark.”

Stuart Sykes, commissioning and procurement manager for Warrington Borough Council

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What they did and how they did it

Two companies, BT Transact and e-Three, were recruited to manage the e-auction, starting with an OJEC Expression of Interest and Pre-Qualification(PQQ) through Invitation to Tender (ITT) to the final pricing using an e-auction.

e-Three identified potential suppliers from across Europe including 11 from the UK, six from Italy and four each from Germany and Spain. In addition, 23 companies expressed an interest through the OJEC process although there was some overlap between the two lists.

Twenty companies were sent an online Pre-Qualification Questionnaire and, of the 14 who completed the document, two were eliminated at this stage. Eleven companies went forward to an ITT round and returned indicative pricing (pre-auction pricing).

How the North West Centre of Excellence helped

The event was supported by NWCE which paid for e-Three's work in staging the auction.

Results

The auction itself was held in Warrington and lasted four hours with 600+ bids and 43 minutes of extension time. At the end of auction, the savings amounted to 20% (£1.2M) of the anticipated spend (just over £6M) for the volume of goods purchased.

Benefits

During the two months of the project the consortium obtained a comprehensive picture of the capabilities of all suppliers including service levels, quality and pricing. In addition, a fully auditable, consistent process was developed which has set a benchmark for future wheellie bin projects.

Project highlights

Following the success of the project the participating councils are looking for other ways to collaborate and there is also a great deal of interest from councils elsewhere looking to participate in the wheeled bin contract.

Lessons learned

- Suppliers should undertake pre-auction training to establish the ground rules and ensure they set a realistic 'walk away price' in advance.
- Auction lot times to be kept reasonably brief (eg 15 minutes)
- Security must be tight, for example no mobile phones should be used while bidding is in progress

Contact

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