

Report of: Waste Management Contracts Manager

Report to: Chief officer Waste Management

Date: 8th July 2014

Subject: Allocation of Lot 1 Extension Tonnage

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The Interim Residual Waste Framework (LCC8818) is set to expire in December this year after the full 4 year term. A DDN was published in March 2014 to extend Lot 1 (kerbside residual waste) of that framework for up to a further 2 years due to exceptional circumstances:- the forthcoming commissioning of the PFI energy from waste facility planned for 2016.
2. In order to ensure value for money, at that time of offering the extension to all Lot 1 Framework contractors, a re-bid of prices was requested.
3. This DDN report and associated decision is now required to detail the allocation of tonnages amongst the framework contractors for the extension period subject to the modelling work that took place following those re-bid returns.

Recommendations

4. The Chief Officer Waste Management is recommended to note the content of this report and approve the allocation of tonnage for the extension period as highlighted in the confidentially marked Appendix 1.

1 Purpose of this report

- 1.1 This report aims to provide the Chief Officer Waste Management with sufficient detail to ensure that due process has been followed and value for money will be achieved for the extension period.

2 Background information

- 2.1 In December 2010 a framework Contract (Contract Ref: LCC8818) was awarded to deal with a range of waste streams collected by the Authority. This framework was let in lots whereby each material stream required separate prices and quality submissions.
- 2.2 That contract is set to expire in December 2014 and whilst other lots are being re-procured the pending LCC/Veolia energy from waste contract means that it is not viable to re-procure Lot 1.
- 2.3 A DDN Report and accompanying decision notice was published in March 2014 highlighting this course of action for the Council.
- 2.4 Existing framework contractors accepting the extension offer were also asked to re-submit their rates for the extension period.

3 Main issues

- 3.1 Following the return of contractors rates, contractual procedure dictates that before any tonnage allocation takes place contractors rates are added to “a cost model which will include the additional cost incurred by the Council in delivering that waste stream to the range of facilities, and from the range of areas/locations from where collections are undertaken”.
- 3.2 This process is undertaken by LCC Finance Officers with assistance from Waste Management Officers; the confidentially marked Appendix 1 of this report details the proposed allocations.
- 3.3 The proposed allocations, as detailed in Appendix 1, highlight the potential alterations in tonnage across the framework contractors, including use of contractors previously awarded no tonnage,
- 3.4 The above alterations to the, historically, largely stable contractor mix will have risk implications both from the perspective of new, previously unused contractors, and existing proven key contractors losing tonnage. These risks will be closely monitored and managed by the waste Contracts Team.

4 Corporate Considerations

4.5 Consultation and Engagement

- 4.5.1 It is not considered that the content of this report or the recommendations made will require a wide consultation process and the decision won't have a significant impact on any particular ward or community, however due to some local concerns around the Peckfield landfill site at Micklefield, consultation has previously been

undertaken with the affected Ward Members in Kippax and Methley and the Executive Board Member for Environment. Those consultees are satisfied that the proposed extension does not impact on our ability to continue effectively managing the issues of concern in their locality.

4.6 Equality and Diversity / Cohesion and Integration

4.6.1 It is not considered that the content of this report or the recommendations made will have any impact on any specific individual or group in terms of equality, diversity, cohesion and integration. An EIA screening form has been completed for this decision.

4.7 Council policies and City Priorities

4.7.1 It is paramount that procurements in the authority are undertaken with a view to ensuring openness, transparency and fairness. All appropriate governance arrangements have been followed throughout this award exercise.

4.7.2 The Best Council Plan for Leeds 2013-17 lists “Dealing effectively with the city’s waste” as a key objective. The aims of this priority objective are to deliver significant changes to ensure a safe, efficient and reliable waste and recycling collection service that meets the needs of residents, increases recycling and minimises waste to landfill (thus minimising future costs of landfill tax to the city).

4.7.3 The Council has set a new recycling target for household waste of 55% by 2016 and in the longer term it is our intention to exceed a recycling rate of 60%. The allocations made under this framework contract will assist the Council in reaching this goal.

4.7.4 The activities and actions discussed within this report and the tonnage we are looking to award will all have specific implications with regard to our environmental performance and the aspirations stated within our environmental policy where we are aiming for improved environmental protection. The following are all relevant contributors to meeting the needs of this Council policy:

- § Preventing pollution and minimising our environmental impact
- § Taking steps to reduce carbon emissions
- § Improving our resilience to current and future climate change.

4.8 Resources and value for money

4.8.1 By undertaking a formal Lot 1 re-pricing exercise as described in this report an additional element of competitiveness is introduced in the Framework and has helped drive down prices, and ultimately costs to the Council (See Appendix 1).

4.8.2 The modelling methodology used for allocating tonnage was developed in conjunction with Financial Officers supporting Waste Management Services with a view to ensuring we obtain value for money.

4.9 Legal Implications, Access to Information and Call In

- 4.9.1 Officers from Corporate Procurement/Legal and Democratic Services have been consulted throughout this exercise and as such all legislative requirements have been adhered to.
- 4.9.2 The decision will be open for inspection through the Delegated Decision Process. In addition Legal Services has recommended that a Voluntary Transparency Notice is published by the Council.
- 4.9.3 The Decision is exempt from Call-in.

4.10 Risk Management

- 4.10.4 The existing Lot 1 formal arrangement will expire in December 2014 and the terms and conditions currently applicable would be at risk of change without notice. If not allocated the Council would also be at risk of the quality of service being reduced and being without the protection and means of redress that a formalised arrangement provides.
- 4.10.5 As indicated in Paragraph 3.4 there are always risks associated with the use of a new waste contractor. This risk is mitigated through the due diligence process, tonnage award proposed, and will be closely managed thereafter by the waste Contracts Team.
- 4.10.6 As indicated in Paragraph 3.4 there is also risk associated with removing tonnage from well performing established contractors, in particular when these changes result in higher pricing bands. Again these issues have been considered and will be managed and mitigated, as far as is reasonably possible, by the waste Contracts Team

5 Conclusions

- 5.1 Whilst mindful of the risks highlighted in this report, the opportunity to utilise new, competitively priced contractors on the framework, provides the Council with an opportunity to make significant savings over the extension term.
- 5.2 In awarding tonnage as recommended in Appendix 1 the Council will look to mitigate the risks highlighted in this report.
- 5.3 The award of tonnage provides the Council with formal terms and conditions which provide the legal framework protecting service levels and prices etc.

6 Recommendations

- 6.1 The Chief Officer Waste Management is recommended to note the content of this report and approve the allocation of tonnage for the extension period as highlighted in the confidentially marked Appendix 1.

7 Background documents¹

- 7.1 In compiling this report no additional background papers were used.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.