

Report of: Waste Management Business Manager (Contracts)

Report to: Chief Officer for Waste Management

Date: 30th January 2015

Subject: Award of the Recycling and Composting Framework Contract

Contract Ref: 9KBA-M62F2H

Call Off Ref: 9SQV-SBPHKZ

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: Appendix 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

SUMMARY OF MAIN ISSUES

- 1 A procurement process to appoint organisations which can deal with garden waste and a range of other wastes and recyclates collected by the service has now been concluded.
- 2 Once awarded, the outcome will be a four year framework contract where a number of organisations will be appointed and the tonnages available will be allocated as detailed within this report according to the most cost effective and operationally viable model as determined by the evaluations.
- 3 An element of flexibility will be maintained such that the allocation of tonnages amongst those organisations on the framework may be reviewed on an annual basis and annual call-offs from the arrangement can be made throughout the duration of the framework. This mechanism also provides some flexibility at the back end of the contract in that once a call off is made then that call off can be fulfilled by the contractors beyond the actual expiry date of the initial contract term.

RECOMMENDATIONS

- 4 The Chief Officer for Waste Management is recommended to note the content of this report and approve the award of the framework contract to deal with a range of waste and recycle streams collected by the Council.
- 5 The Chief Officer is also recommended to approve the allocation of the first contract year tonnages arising for each Lot to the organisations as detailed within the confidential Appendix 1 attached to this report

1 PURPOSE OF THIS REPORT

- 1.1 Contract Procedure Rule 18.5 requires that a decision to award is made by the relevant Officer through the delegated decision process. The delegated decision should outline why any tenders were disqualified and the reasoning for the selection of the contractors.
- 1.2 The purpose of this report is to brief the Director on the processes adopted for the procurement and advise of the outcomes it has achieved in order to demonstrate that a fair and transparent process has been followed. The report further seeks to request approval for the award of the contract to the organisations detailed within this report and the subsequent allocation of tonnages among those organisations to the end of the first full contract year.

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 expired on 30th November 2014 and whilst steps were taken to extend lot 1 of that arrangement which deals with the black bin waste collected through the Council's kerbside residual waste collections, there was no justifiable reason to extend the lots which deal with the other materials on the framework and therefore this new procurement has been conducted with a view to replacing those arrangements.
- 2.3 The Lot 1 element of the previous contract was extended as it was always envisaged that the PFI facility would be available shortly after the original planned expiry and subsequently the extension was to secure outlets for that waste stream in the interim period.

3 MAIN ISSUES

3.1 Lots Tendered

- 3.1.1 The material outlets being procured were for the following waste streams:-

LOT 1

Garden wastes arising from the Council's domestic kerbside collections service, household waste sorting sites (HWSS's) and the Council's Parks and Countryside Service.

LOT 2

Residual wastes arising from the Council's HWSS's. This lot may from time to time also include street litter arisings and fly tipped materials.

LOT 3

Timber and miscellaneous wood and wood based materials arising from the Council's HWSS's.

LOT 4

Inert wastes including soil and rubble arising from the Council's HWSS's.

LOT 5

Plasterboard and gypsum arising from the Council's HWSS's.

LOT 6

Offensive waste arising from the Council's domestic kerbside clinical waste collection service. For clarity this is those wastes whose collection and disposal is not subject to special requirements in order to prevent infection (for example dressings, plaster casts, linen, disposable clothing and diapers)

LOT 7

Car, van and commercial vehicle tyres arising from the Council's HWSS's and transfer station.

LOT 8

Asbestos arising from the Council's Kirkstall transfer station.

3.1.2 The contract provides an arrangement where multiple service providers can be appointed to the framework for each Lot. There is no guarantee of any tonnages being delivered to all the organisations and the allocation of tonnages (call-off) is determined by a model which takes into account the gate fees offered, the performance in terms of landfill diversion, the locality of the sites offered and the subsequent cost of our own transport to them.

3.1.3 The above arrangement provides a good range of sites spread across and around the city to improve operational efficiencies and to afford a degree of flexibility and contingency when required.

3.2 Evaluation Process

Pre-Qualification Questionnaire (PQQ) Stage

3.2.1 PQQ's were received from the following organisations:-

- Associated Waste Management Ltd
- Biffa Waste Services Ltd
- Biowise Ltd
- Ecoganix Ltd
- Hydrotec (UK) Ltd
- Maltings Organic Treatment Ltd
- Skelton Waste Ltd
- T Shea Ltd
- Thompsons of Prudhoe Ltd
- Timberpak Ltd
- Yorwaste Ltd

3.2.2 Having evaluated those PQQ's, only Hydrotec and Ecoganix failed to meet the minimum scoring criteria that was required in order to be invited to the subsequent tender. The reasons why these two organisations were rejected is detailed within the confidential Appendix 1.

3.2.3 The remaining nine organisations were subsequently invited to tender.

Submitted Tenders

3.2.4 Of the nine organisations invited to tender, submissions were received from six with the following declining to submit:-

- T Shea Ltd
- Skelton Waste Ltd
- Thompsons of Prudhoe Ltd

3.2.5 Once the tender process is fully concluded and awarded it is the intention to seek feedback on what prevented these organisations tendering on this occasion.

3.2.6 This following table outlines the remaining organisations in the process and the delivery point offered against each of the lots.

Lot N°	Tenderer	Delivery Point Offered
Lot 1 (Garden Waste)	Biffa	• Skelton Grange landfill site, Newsam Green, Leeds
	Biowise	• Leeds Skip Services transfer station, Cross Green (As a sub –contractor)
	The Maltings	• South Milford composting facility, Near Sherburn
	Yorwaste	• Harewood Whin composting facility, Rufforth • Esholt waste water treatment site, Bradford • Mitchell Laithes waste water treatment facility, Dewsbury
Lot 2 (HWSS Residual Skips)	Biffa	• Skelton Grange landfill site, Newsam Green, Leeds • Low Mill Lane MRF, Dewsbury
	AWM	• Barnard Road transfer station, Bradford • Carr Crofts transfer station, Armley • Gelderd Road MRF, Gildersome • Valley Road MRF, Shipley • Stourton MRF, Leeds
	Yorwaste	• Harewood Whin landfill site, Rufforth
Lot 3 (Timber)	Biffa	• Low Mill Lane MRF, Dewsbury
	The Maltings	• South Milford composting facility, Near Sherburn
	Timberpak	• Cross Green Timber Processing Site, Leeds
	Yorwaste	• Harewood Whin composting facility, Rufforth • Esholt waste water and composting facility, Nr Bradford
		• Halton East transfer station Nr Skipton • Knostrop transfer station and waste water treatment site
Lot 4 (Inerts)	Biffa	• Skelton Grange composting facility, Newsam Green, Leeds
	Yorwaste	• Harewood Whin landfill site, Rufforth
Lot 5 (Plasterboard)	Biffa	• The Maltings, South Milford (As a sub-contractor)
	The Maltings	• South Milford composting facility, Near Sherburn
Lot 6 (Offensive)	Biffa	• Skelton Grange landfill site, Newsam Green, Leeds
	Yorwaste	• Harewood Whin landfill site, Rufforth
Lot 7 (Tyres)	Biffa	• Pennine Tyres, Wakefield (As a sub-contractor)
Lot 8 (Asbestos)	Biffa	• Demex, Dewsbury (As a sub-contractor)

Evaluation of Tenders

3.2.7 Bidders were advised that the evaluation we undertake would be a two stage process in that their bid would be evaluated solely on a qualitative basis initially in order to determine who would be appointed to the framework. This would then be followed by a second stage which would be on a quality/financial modeling exercise taking into account the prices offered and the financial impact created by our own operations and but also the quality of their bid in terms of environmental performance (Method Statement 4). The weighting applied in this second stage of evaluations was 70% price and 30% quality.

3.2.8 Within the quality element of the evaluations which is detailed below, bidders were required to meet minimum score thresholds for individual criteria and sub criteria. If bidders didn't meet the minimum threshold in any criteria then they were to be removed from any further consideration.

Method Statement 1: Contract Approach: (20 Points split across the following sub-criteria)

- Management Arrangements (10 Points)
- Engagement (10 Points)

Method Statement 2: Operational Interfaces (25 Points)

Method Statement 3: Resources and Plant Deployment: (35 Points split across the following sub-criteria)

- Vehicles and Plant (8 Points)
- Capacity (13 Points)
- Plant Availability (10 Points)
- Lead in Times (4 Points)

Method Statement 4: Environmental Performance: (95 Points split across the following sub-criteria)

- Waste hierarchy (75 Points)
- Carbon Impacts (5 Points)
- Nuisance Management (10 Points)
- Vehicle considerations (5 Points)

Method Statement 6: Processing Methods and Market Security: (50 points allocated across the following sub-criteria)

- Processing Method (25 Points)
- Market Security (25 Points)

Method Statement 7: Material Monitoring and Reporting: (40 Points split across the following sub-criteria)

- Materials Auditability (30 Points)
- Invoicing and reporting (10 Points)

Method Statement 8: Business Continuity (25 Points)

Method Statement 9: Corporate Social Responsibility (10 Points)

3.2.9 The confidential Appendix 1 details the scoring achieved throughout the evaluation process

4 CORPORATE CONSIDERATIONS

4.1 Consultation and Engagement

4.1.1 It is not considered that the content of this report or the recommendations made will have a significant impact on any particular ward or community, and as such no consultations have taken place.

4.2 Equality and Diversity / Cohesion and Integration

4.2.2 An Equality Impact Assessment has been completed and 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.

4.3 Council policies and City Priorities

4.3.1 It is paramount that procurements in the authority are undertaken with a view to ensuring openness, transparency and fairness. This procurement has been undertaken through a formal competitive exercise and the award will be based on an evaluation which achieves a cost/quality balance which subsequently offers best value to the authority. All appropriate governance arrangements have been followed throughout.

4.3.2 The issues being discussed within this report and the contract 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.

4.4 Resources and value for money

4.4.1 By undertaking a formal tender process as described in this report an element of competitiveness has been introduced in the market place and this helps drive down prices.

4.4.2 The evaluation criteria used for selecting service providers was developed in conjunction with the financial officer supporting Waste Management Services with a view to ensuring we obtain value for money.

4.4.3 The criteria in terms of price/quality split and the actual quality requirements were also presented to the Chief Officer for Waste Management for approval prior to tender.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Officers from Legal and Democratic Services have been consulted throughout this tendering exercise and as such all legislative requirements surrounding EU Public Procurements have been adhered to. The contract was advertised in the official Journal of the European Union (OJEU) as is required of a contract of this value and an open and transparent process has been followed.

4.5.2 The decisions to award contractors on the framework and to allocate tonnages are open for inspection through the Delegated Decision Process having been included on the Council's Forward Plan of Key Decisions as is required by the Council constitution.

4.5.3 The Decision is not exempt from Call-in.

Note that by virtue of Access to Information Rules 10.4.(3) The Appendices attached to this report are restricted as confidential. This is on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.

It is considered that the public interest in maintaining this information as exempt outweighs the public interest in disclosing the information, as disclosure may prejudice the outcome of the procurement process, whilst the details of the tender proposals within the appendices also contain the financial details/business affairs of individual companies.

4.6 Risk Management

4.6.1 If the recommendation to award as described within this report is not approved then the Council will risk being in a position where no formal contractual arrangements are in place for dealing with a number of waste and recycle streams collected by the Council.

4.6.2 Throughout the procurement a risk register has been developed and those risks have been adequately managed. The risk register will continue to be maintained in terms of the ongoing management of the contract once awarded and any high risks or escalating risks will be brought to the attention of the Chief Officer for Waste Management.

4.6.3 It is imperative that secure outlets are available for the materials collected by Environmental Services. The risk of not having those outlets secured is that any available capacity may be taken up by other organisations and/or prices and terms may be varied at short notice and without the consideration of the Council as a client.

4.6.4 The procurement we have undertaken will provide us with a range of legally binding contracts with the organisations on the framework and the terms of those contracts will protect the Council against adverse performance issues, site availability issues, health and safety concerns as well as protecting the rates agreed. Without the approval to award those contracts, those protections will not be realised and the Council will be operating under informal arrangements.

4.6.5 This procurement has been fairly complex in that we have invited bids for a wide range of material streams and requested that a large amount of information is submitted by tenderers in support of their bid. Without the approval to award this contract the Council may face challenge from tenderers with claims for costs incurred in putting their bid together.

4.6.6 The award of tonnages as identified within this report will contribute significantly towards easing the current budgetary position of the Council. This will be year on year savings compared to the current budget for the treatment and disposal of the materials being dealt with through this contract and if the recommendations of this report are not approved then those savings won't be achieved.

5 CONCLUSIONS

- 5.1 The procurement for the waste streams detailed within this report ensures the Council complies with EU Public Procurement Regulations and the Councils own CPR's. The requirement to seek competition in these circumstances is at the core of these rules.
- 5.2 A tender process has introduced competition which in turn has driven down prices and ensured that value for money has been achieved.
- 5.3 The award of the contract will provide the Council with formal terms and conditions which provides the legal framework protecting service levels and prices etc.

6 RECOMMENDATIONS

- 6.1 The Chief Officer for Waste Management is recommended to note the content of this report and approve the award of the framework contract to deal with a range of waste and recycle streams collected by the Council.
- 6.2 The Chief Officer is also recommended to approve the allocation of the first contract year tonnages arising for each Lot to the organisations as detailed within the confidential Appendix 1 attached to this report
- 6.3 The Chief Officer is to be satisfied that the award of this contract has been undertaken through following a fair and transparent process and with a view to achieving Best Value for the Council.

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.