

**Report of: Business Officer – Waste Management**

**Report to: Chief Officer Environmental Action**

**Date: 4<sup>th</sup> December 2015**

**Subject: Request to waive CPR 8.1 and 8.2 and enter into a contract with Big Belly Bins for the supply and maintenance of 17 Smart Bins.**

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: Appendix 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

1. No formal contracting arrangements exist for the provision of smart litter bins.
2. Research in to the products and the market has been conducted and has concluded there is not enough competition to justify a procurement exercise.
3. There is a supplier in the market, Big Belly Bins, with a proven track record both with Leeds City Council and other Local Authorities, who offers a deliverable product with clear benefits.
4. There is a commitment from operational teams to drive efficiencies and improvements and it is recognised that smart bins offer opportunities for both.
5. To let a contract without seeking competition, Chief Officer authorisation must be given to waive CPR 8.1 and 8.2.

### Recommendations

1. The Chief Officer Environmental Action is recommended to note the contents of this report, approve the waiver of CPR 8.1 and 8.2 for intermediate value procurements and authorise the purchase of 17 Big Belly Smart Bins with associated maintenance and software contracts.

## **1. Purpose of this report**

- 1.1 The report seeks to give the Chief Officer Environmental Action sufficient information to approve the waiver of CPR 8.1 and 8.2 Intermediate Value Procurements and enter into a contract with Big Belly Bins for the supply and maintenance of 17 smart bins. The Chief Officer should be satisfied that the recommended action delivers the most suitable arrangements but also offers value for money for the Council by forming a key component of the most appropriate overall strategy.

## **2 Background information**

- 2.1 Smart bins operate by compacting litter through a mechanism powered by a solar panel incorporated into the top of the bin. The bins include a telemetry function which communicates with a web based application to provide information on how full the bin is and sends out an alert when it needs emptying.
- 2.2 The City Centre Cleansing and Enforcement Team have been aware of the development of smart bins for the past 18 months, in that period work has been done to investigate what opportunities are available to the City Council. This has included:
- A market sounding exercise in June 2015 which attracted responses from Big Belly Bins and ESE.
  - A trial of the products offered by each supplier was conducted in Leeds City Centre. Big Belly provided 10 bins for a 3 month period and ESE offered 1 bin for 1 day.
  - Supplier meetings with both Big Belly and ESE to gather more in depth information on specific products and services.
  - Sharing of knowledge with other Local Authorities focused on lessons learned, particularly with Nottingham and Chester Councils as the main advocate and users of the product.
- 2.3 The culmination of this work has been a Business Case to formally record the research and make a recommendation that as the smart bin market needs to mature before true competition will exist it is not the right time for the City Council to conduct a procurement. However, there are clear benefits of the products and any funds that can be made available for investment will be of value to the service and will also help inform future activity in this area.

## **3 Main issues**

- 3.1 The smart bin market is extremely restricted and undeveloped. From the market sounding exercise, advertised through the Yortender portal, it is known there are only two suppliers who are interested in working with the City Council to progress our service, Big Belly Bins and ESE.
- 3.2 Supplier meetings were conducted as a follow up to the market sounding and were set up as a chance to gain more in depth information about the responses the two companies provided. Concerns that had been raised previously about how market ready the ESE product is were not closed out as they were still unable to appropriately demonstrate their product or service deliverability. At this stage considering ESE bins would be too much of a risk, particularly for a service area that is so well perceived by the people of Leeds.

- 3.3 However, the success of the trial of Big Belly bins on Briggate from Nov 14 to Jan 15 combined with the solid responses to in depth questions and the feedback from counterparts at other authorities make Big Belly a viable option.
- 3.4 The key points that make Big Belly bins feasible are:
- Collections reduced per bin from 4 to 1 – reducing staff time and liner costs
  - Accurate telemetry proven to work in LCC operation
  - Flexibility in services available
  - Proven solar panel technology
  - Established UK supply chain
  - Wider opportunities e.g. advertising
- 3.5 Although based on factual evidence and technical knowledge a lot of the consideration for future development involves hypothetical information and some factors are Leeds specific so are particularly difficult to gauge eg. Potential advertising revenue that the bins could generate. Ownership of a number of bins gives operational teams the flexibility to gather relevant, specific information generated through different situations which will be incredibly valuable in shaping the service going forward.
- 3.6 The proposal from Big Belly that will be accepted is detailed in Appendix 1. This option has evolved over a period of time and is deemed by the service to offer the best overall benefit to the city
- 3.7 The proposal is to purchase a number of smart bins. These will be able to be located and moved across a number of places in the city, including parks, as required.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 There has been a significant amount of consultation as part of the research done on the smart bin products. This has included consulting with the suppliers in the market and with other local authorities.
- 4.1.2 It is anticipated that most of the units will be located in the city centre, at least initially. There has been engagement with some key businesses as part of the Briggate trial and McDonalds in particular who have a longstanding relationship with the Council for managing litter in the area.
- 4.1.3 It is not considered that the recommendations made in this report will have a significant impact on a particular ward or community, and as such no consultations have taken place with residents or Councillors

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality, diversion, cohesion and integration screening form has been completed and is attached to this report. It is not considered that the recommendations made will have any impact on a specific individual or group.
- 4.2.2 The recommendation links to the wider cohesion and integration of communities through the city being clean and welcoming.

## **4.3 Council policies and City Priorities**

- 4.3.1 The City's Best Council Plan 2013 - 2017 sets out a key objective to deal with waste effectively. The waiver of CPR 8.1 and 8.2 in order to award a contract for a new type of service enables waste to be dealt with effectively by achieving efficiency in the use of resources.
- 4.3.2 It is paramount that procurements and contracts in the Council are undertaken with a view to ensuring openness, transparency and fairness. The publication of this report will serve as a visible record of the actions taken and the reasons for these.
- 4.3.3 The bins themselves as a solution contribute to the breakthrough project of 'Rethinking the City Centre', one of the 7 big ideas that will make a difference to the people of Leeds. The key links of the projects being:
- A welcoming and successful place at the heart of Leeds
  - Improving the public space
  - Focus on the pedestrian experience
  - Creating the right conditions for prosperity and economic growth.

## **4.4 Resources and value for money**

- 4.4.1 The issues of resource and value for money is being addressed through the service efficiencies of the smart bins themselves. This information will be monitored and analysed throughout the life of the products and will be used to shape a procurement when appropriate.
- 4.4.2 Officers have obtained value for money in the proposal that has been offered by maximising the number of units that can be secured whilst balancing other service demands such as maintenance.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 This is a significant operational decision which is not subject to call-in. The report contains exempt/confidential information at Appendix 1 which is Exempt/Confidential under Access to Information Procedure Rules 10.4(3), as it details the specific rates charged by the contractor for the provision of its services to the Council. It is considered that the public interest in maintaining the content of Appendix 1 as Exempt/Confidential outweighs the public interest in disclosing the information in the Appendix, as the rates charged relate to the financial/business affairs of the contractor, which if revealed may place the contractor at a commercial disadvantage when competing for other contracts .

## **4.6 Risk Management**

- 4.6.1 There is a risk of legal challenge in awarding a contract directly to Big Belly Bins. However, this is mitigated by the intelligence from research that indicates there are no

realistic rivals to the supplier in the market. This is further mitigated by the supply of a small number of bins not preventing a procurement exercise at a future date.

- 4.6.2 If the recommended course of action were not followed there would be no immediate risk to the Council or its service delivery. However, long term there is a risk if the service does not develop and progress and this risk would be realised if the Council were still in its current position when the appropriate time came to conduct a procurement. If the recommendation is followed then as a minimum there will be accurate relevant data to shape future projects.
- 4.6.3 A risk register has been drawn up as part of the Business Case and will continue to be maintained throughout the course of the contract. High or escalating risks would be reported at Chief Officer level.

## **5 Conclusions**

- 5.1 Waiving CPR 8.1 and 8.2 will allow the award of a contract to an established supplier and an opportunity to bring innovation and efficiency to a key service. Smart bins offer clear benefits to the operations of the City Centre Cleansing Team and are an investment for the future development of the service at a strategic level.

## **6 Recommendations**

- 6.1 The Chief Officer Environmental Action is recommended to note the contents of this report, approve the waiver of CPR 8.1 and 8.2 for intermediate value procurements and authorise the purchase of 17 Big Belly Smart Bins with associated maintenance and software contracts.

## **7 Background documents<sup>1</sup>**

- 7.1 N/A

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<sup>1</sup> 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.