

**Report of**     **Support Officer (Contracts)**

**Report to**    **Chief Officer Waste Management**

**Date:**        **1 February 2016**

**Subject:**     **Request to waiver CPR 8.1/8.2 and enter into a contract without seeking competition**

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

### Summary of main issues

1. The council operates a disposal/recycling service for tyres at the 8 Household Waste Sorting Sites (HWSS), the council does not currently have a formal contact in place for the disposal/recycling of tyres.
2. A procurement exercise for a Recycling and Composting Framework Contract, awarded in March 2014, included the provision of tyre recycling and disposal in one of the 'lots'. A single tender submission was received for this waste stream however the bid did not meet the minimum thresholds for quality so did not progress past the evaluation stage.
3. A further capacity building exercise demonstrates that there is a limited market for tyres and confirms that the arrangement currently in place with Credential offers both value for money and continuity of service.

## **Recommendations**

The Chief Officer Waste Management is recommended to note the contents of this report, approve the waiver of CPR 8.1 and 8.2, and authorise entering into a new 4 year contract with Credential Tyres Ltd, the existing provider of the service, for the treatment of tyres without seeking competition.

## **1 Purpose of this report**

- 1.1 This report aims to provide sufficient information to the Chief Officer of Waste Management to waive CPR 8.1 / 8.2 and enter into a contract agreement with Credential Environmental without seeking competition. The Chief Office should be satisfied that the recommended action delivers the most suitable arrangements but also offers value for money for the Council.

## **2 Background information**

- 2.1 Waste vehicle tyres are collected from the general public at the 8 household waste sort sites across Leeds. Although a relatively small waste stream at 54 tonnes in 14/15 they can also be considered a problematic waste as the options for recycling and disposal are restricted by both legislation and viable outlets.
- 2.2 The Council does not currently have a formal contract for the treatment of waste tyres and an ongoing arrangement has been in place with Credential Environmental Ltd for a number of years. This arrangement is performing well with no issues of significance being raised throughout the relationship.

## **3 Main issues**

- 3.1 Possible outlets for tyres are limited and it is not considered that a new procurement exercise would attract sufficient interest to achieve value for money for the Council or justify the procurement.
- 3.2 At the time of tendering the Recycling and Composting framework feedback from Credential Environmental Ltd was sought as to the reasons behind their decision to not submit a bid. The company cited the onerous documentation involved in making a submission not being in proportion to the value of the work involved. The explained that whilst they were keen to retain the business for the tonnage involved they could not justify the man hours that it would take for them to contribute to the process. This is likely to still be the case if a procurement were conducted and is also likely to affect other small/medium businesses.
- 3.3 In response to this feedback and to a generally poor standard of submissions in recent procurements the Waste Management Contracts Team ran a capacity building session. In line with the approach of supporting bidders more fully the supplier who submitted the unsuccessful framework tender were contacted with a view to improving the quality of their submission and stimulating competition in the tyre market. However quality issues could not be improved and the dialogue highlighted additional pricing issues with the submission.
- 3.4 The contract duration on approval of a waiver would be for 4 years with an option to extend for a further 2 years. It is not considered that there is any merit in running this contract concurrently with the existing recycling and composting framework as the scenario of small suppliers being put off by the documentation is likely to be repeated.

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

4.1.1 It is not considered that the recommendations made in this report will have a significant impact on any 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, Diversity, Cohesion and Integration Screening form has been completed, it is not considered that the recommendations made will have any impact on a specific individual or group.

### **4.3 Council policies and city priorities**

4.3.1 Recycling continues to be a high priority for the Council, with a Waste Strategy target of 50% of household waste recycled by 2020. The continued recycling of tyres will contribute to achieving this aim.

4.3.2 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 and the award of a contract agreement to Credential Environmental Ltd will both help to deal with waste effectively, and achieve efficiency in the use of resource and the delivery of the overall Waste Management Contracts Plan.

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

4.4.1 Officers will continue to seek to secure greater value for money for the Council through the negotiation of an improved pricing arrangement with Credential Environmental Ltd.

### **4.5 Legal implications, access to information and call in**

4.5.1 This decision is not subject to call-in as it is not a key decision. The decision is a significant operational decision and will be published by the Council. There are no grounds for treating the contents of this report as exempt from publication or confidential in terms of the Council's Access to Information Rules.

### **4.6 Risk management**

4.6.1 The main risks of awarding this contract without conducting a procurement exercise are that the Council may not be getting the best price and that the award is challenged by a competitor.

4.6.2 The risk of a potential challenge from a competitor is considered to be small due to the market being limited. Only one bid was submitted for the 'lot' when the procurement exercise for a Recycling and Composting Framework Contract was awarded in March 2014. This submission was a sub-contractor solution offered by a large organisation who tendered for all the other lots on the framework and support has been provided, unsuccessfully, to improve that bid. It could be argued

opportunity to provide a viable alternative to existing arrangements has been duly offered.

## **5 Conclusions**

- 5.1 Waiving CPR 8.1 and 8.2 will allow the award of an essential contract to the existing provider without seeking competition, thereby ensuring continuity of service and value for money. It is recommended the contract duration be set for 4 years with options to extend for a further 2 years.

## **6. Recommendations**

- 6.1 The Chief Officer Waste Management is recommended to note the contents of this report, approve the waiver of CPR 8.1 and 8.2, and authorise entering into a new 4 year contract with Credential Tyres Ltd, the existing provider of the service, for the treatment of tyres without seeking competition.

## **7 Background documents**

- 7.1 N/A