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**Report of Waste Management Business Manager (Contracts)**

**Report to Chief Officer Waste Management**

**Date: 13<sup>th</sup> March 2017**

**Subject: Call off from the Recycling and Composting Framework Arrangement  
Contract Ref: 9KBA-M62F2H**

Are specific electoral wards affected? If yes, 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 checked="" type="checkbox"/> Yes <input 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

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**Summary of main issues**

1. In 2015 the council established a framework arrangement to deal with garden waste and a range of other wastes and recyclates collected by the waste management service. The framework arrangement allows the council to call off from the framework on an annual basis and award tonnages to a range of providers based on a pre-determined evaluation criterion.
2. The second contract year under the framework arrangement expires in March 2017 and as such there is a requirement to call off from the framework and allocate tonnages for the third contract period (April 17 to March 18).
3. The allocation of tonnages under the framework arrangement is based upon the most cost effective and operationally viable model, which takes into account the location of the sites offered. No organisation on the framework is guaranteed any tonnage.

## **Recommendations**

1. The Chief Officer Waste Management is recommended to note the content of this report and:
  - Approve the reallocation of tonnages to organisations on the Recycling and Composting Framework Arrangement for the third contract year of the arrangement, which will run from April 2017 to March 2018.

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

1.1 This report is intended to meet the requirements as described in the council's Contract Procedure Rules (CPR's) with regard to the following two points in particular:

- Contract Procedure Rule 3.1.8 states that decisions to place a call-off under a framework agreement will not be treated as consequential decisions of the original award. A new Delegated Decision will be taken for each call-off;
- Contract Procedure Rule 21.7 states that variations also require a delegated decision process to be undertaken.

## **2. Background information**

2.1 In March 2015 a Recycling and Composting Framework arrangement was established to deal with the following waste streams:

- Lot 1 – Garden wastes from the HWSS's and kerbside collections;
- Lot 2 – Residual wastes from the HWSS's
- Lot 3 – Timber from the HWSS's
- Lot 4 – Inert wastes from the HWSS's
- Lot 5 – Plasterboard from the HWSS's
- Lot 6 – Offensive waste from the council's kerbside clinical collection service.

2.2 The four year framework arrangement permits indicative tonnages for each 'Lot' to be allocated on an annual basis to organisations appointed to the framework. The annual orders placed with each organisation form a contract for an indicative tonnage.

2.3 The annual tonnage allocations are carried out in accordance with a pre-determined evaluation methodology set out within the original tender documents and takes into account gate fees and the council's transport costs.

2.4 Within the contractual terms there is no guarantee of tonnages to any contractor for any of the 'Lots' they are registered against.

## **3. Main issues**

3.1 For the second contract year organisations on the framework were given the opportunity to offer a voluntary price reduction in their tendered gate fees to help drive down the prices that apply to the contract. There was no obligation on any organisation on the framework to offer a reduced rate, however the terms of the contract allow for voluntary reductions.

3.2 This exercise resulted in only very marginal price reductions being offered from a small number of organisations, with the majority of organisations on the framework arrangement not responding to the opportunity. This had a negligible impact on the re-allocation of tonnages to organisations on the framework.

3.3 Based on the knowledge of officers within Waste Management regarding current market conditions and the previous lack of voluntary price reductions, it is considered that offering this opportunity again would not result any notable savings for the council. As such the reallocation of tonnages for the third contract year will be undertaken using the prevailing contract rates.

## ***RPIx Indices***

- 3.4 The terms of the contract allow organisations to request a review of contract prices in line with the RPIx indices. This review is not automatically undertaken and organisations are required to formally request this within a given timeframe each year. The RPIx increases requested have not had an impact on the reallocation of tonnages for the third year call-off.

## **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 in this regard.
- 4.1.2 The Waste Management Contracts Team undertake due diligence audits at the operational sites of the organisations appointed to the framework to ensure that they are operating under the necessary permits and licences. As part of this process the Environment Agency and the relevant Local Planning Authority are consulted with to determine whether there are any concerns with the organisations.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 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 best council plan**

- 4.3.1 It is paramount that openness, transparency and fairness are adopted when dealing with contractors in formal contracting arrangements. This procurement was originally undertaken through a formal competitive exercise and the proposed reallocation of tonnages through this third year call off will be based on an evaluation which achieves best value to the authority. All appropriate governance arrangements have been followed throughout and it is not considered that the recommendations are in contravention of anything within the contract terms and conditions.
- 4.3.2 The issues being discussed within this report and the call off 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 contributions 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 It is considered that the prevailing contract prices represent value for money and that the opportunity to request voluntary price reductions would not enhance this

position. The opportunity to accept voluntary price reductions will be reviewed ahead of allocating tonnages for the fourth contract year (2018/19) to determine whether this would provide a benefit.

- 4.4.2 The evaluation process for selecting service providers was developed in conjunction with the financial officer supporting Waste Management Services with a view to ensuring that value for money is obtained and this process will be repeated once we receive any new prices.

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

- 4.5.1 The decision 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.
- 4.5.2 The Decision is not exempt from Call-in.

#### **4.6 Risk management**

- 4.6.1 If the recommendation to award tonnages is not approved then the Council will risk being in a position where no formal contractual arrangements are in place for the management of wastes included within the framework arrangement.
- 4.6.2 A risk register was developed during the procurement and this has been developed throughout the first two contract years. The risk register will continue to be maintained in terms of the ongoing management of the contracts for the third year have been awarded and any high risks or escalating risks will be brought to the attention of the Chief Officer for Waste Management.

### **5. Conclusions**

- 5.1 The allocation of tonnages for the waste streams detailed within this report ensures the council complies with EU Public Procurement Regulations and the council's own CPR's.
- 5.2 The prevailing contract rates, inclusive of RPIx increases where applicable, are considered to achieve value for money for the council however this position will be reviewed prior to the allocation of tonnages for the fourth contract year.

### **6. Recommendations**

- 6.1 The Chief Officer Waste Management is recommended to note the content of this report and:
- Approve the reallocation of tonnages to organisations on the Recycling and Composting Framework Arrangement for the third contract year of the arrangement, which will run from April 2017 to March 2018.

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

- 7.1 None.

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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.