

Report of: Waste Management Business Manager (Contracts)

Report to: Chief Officer for Waste Management

Date: 28/03/2017

Subject: Mineral Oil Collection Treatment Contract

Contract Ref:

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 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains 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. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

SUMMARY OF MAIN ISSUES

- 1 A procurement process has been conducted to appoint an organisation to provide the collection and treatment of waste mineral oil arising from Leeds City Council's 8 Household Waste Sort Sites (HWSS) and other relevant departments.
- 2 Once awarded, the outcome will be a five year contract with a single organisation that will carry out the services required within the contract to ensure Leeds City Council's sites requiring a mineral oil collection are serviced promptly whilst treating the waste to ensure as much recycling and recovery of the waste as possible.
- 3 Competitive tenders have been received and evaluated on a price only basis with Tenderers being asked to provide method statements for information and contract management purposes.
- 4 Avista Oil Services UK is the organisation recommended by the evaluation panel to be awarded the new contract, based on delivering the best overall option for the Council as determined by the price evaluation, appropriate method statements and a compliant Due Diligence audit.

RECOMMENDATIONS

- 5 The Chief Officer for Waste Management is recommended to note the content of this report and approve the award of the contract for collection and treatment of mineral oil from sites across Leeds to Avista Oils Services UK.

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 Chief Officer for Waste Management 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 seeks further to request approval for the award of the contract to Avista Oil Services UK.

2 BACKGROUND INFORMATION

- 2.1 The Council offers the provision for residents and other departments within Leeds City Council to dispose of their unwanted engine and vegetable oil at the HWSSs and sites across Leeds. The effectiveness of this service relies upon appropriate containment methods and reliable collections and outlets.
- 2.2 The current arrangements up to present have been through various informal quotation exercises due to a previous incumbent provider increasing prices without warning. This identified the need to formalise the service to provide Leeds City Council with the protection and security of a formal contract.

3 MAIN ISSUES

3.1 Main Features of the Contract

- 3.1.1 The contract is to be let for five (5) years. The quantities involved from the various sites within Leeds are low and the costs attributed to them, puts the procurement in the Low Value category according to Council CPRs.
- 3.1.2 The procurement followed an open procedure with bidders being asked to submit a Pricing Schedule and a non-scoring method statement providing details on; Processing Methods, Business Continuity, Health and Safety and Market Security.
- 3.1.3 The contract allows the flexibility to add and remove sites needing a collection to ensure the service is responsive to business needs.
- 3.1.4 The new contract offers 99% waste recycling with the waste oil material being refined and repurposed to manufacture hydraulic and lubricating oils.

3.2 Evaluation of Tenders

- 3.2.1 Tenderers were asked to complete a per litre pricing schedule for the collection and treatment of mineral oil – pricing per liter rather than per collection allows only the actual volume of collected oil to be invoiced for, which negates the need to adhere to any minimum collection quantities and avoids additional costs in instances of part collection.
- 3.2.2 The procurement attracted bids from three companies and was evaluated by price only, meaning the tender with the lowest price was awarded the contract – subject to satisfactory method statements.
- 3.2.3 There was one qualified/variant tender submitted and was therefore not considered within the evaluation process due to an alternative pricing schedule used.
- 3.2.4 The method statement provided by Avista Oil Services UK satisfied officers of their ability to fulfil the terms specified within the contract.

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

4.2.1 An Equality Impact Assessment was completed in May 2016 and it was 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 savings which also subsequently offers best value to the authority. All appropriate governance arrangements have been followed throughout.

4.3.1 The issues being discussed within this report along with 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 the successful service provider was designed to obtain and maximise value for money.

4.4.3 Subsequently, the tender exercise has resulted in a new contract that provides a saving against the previous arrangement.

4.5 Legal Implications, Access to Information and Call In

4.5.1 This decision is not subject to call-in and 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 rates tendered 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.

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 remaining in a position where no formal contractual arrangements are in place for managing the service for sites across Leeds.

4.6.2 If the service continues without a formal contract being in place the terms and conditions that currently apply would be at risk of change without notice. The Council would also be at risk of the quality of service reducing and being without the protection and means of redress that a formalised arrangement would provide.

4.6.3 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.

4.6.4 A Due Diligence duty of care audit has been conducted by officers within the Contracts Team and no issues were found against the audit criteria. Avista Oil Services UK will be added to the teams annual audit schedule to ensure ongoing compliance.

5 CONCLUSIONS

5.1 The procurement for the collection and treatment of mineral oil services detailed within this report ensures the Council complies with Public Procurement Regulations and the Council's governance procedures. 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.

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 contract for collection and treatment of mineral oil from sites across Leeds to Avista Oil Services UK.

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.