

Report of: Business Officer (Waste Management Contracts)

Report to: Chief Officer Waste Management

Date: 14th March 2018

Subject: Procurement of Plastic Wheeled Bins and Recycling Products

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
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?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3)		
Appendix number: Appendix 1		

SUMMARY OF MAIN ISSUES

1. The Council have been using a framework agreement set up by Warrington Borough Council for the purchase of wheeled bins, recycling products and liners. This contract expired in May 2017, and although the orders that have been raised against the agreement are still in use, new formal contracts to ensure continuity of service in an important area are needed from April 2018.
2. The market for liners has undergone significant disruption in recent months with the collapse of one of the biggest suppliers and by association the premature termination of the YPO framework for this product. Liners will be dealt with separately as it is expected new arrangements will be in place imminently.
3. The Councils CPRs requires the use of an established framework where a suitable one exists but also the vetting of all externally procured frameworks. YPO and ESPO both have suitable arrangements that could be used but a price benchmarking exercise has demonstrated that YPO is the most favourable for plastic wheeled bins and recycling products. A call off from ESPO for steel bins will also be dealt with separately as the benchmarking showed this to be the most advantageous option for the Council. This benchmarking is included as Appendix 1.
4. The Council will conduct a call of exercise from the existing YPO frameworks for plastic wheeled bins and recycling products incorporating LCC service specific evaluation criteria, physical testing and approved terms and conditions.

RECOMMENDATIONS

The Chief Officer for Waste Management is recommended to note the content of this report and approve the use of YPO frameworks to conduct call off exercises for plastic wheeled bins and recycling products.

PURPOSE OF THIS REPORT

- 1.1 The proposed approach set out in this report seeks to ensure compliance with CPR's in respect of:
- Approval to conduct a procurement using a third party framework
 - Approval to use a call off process to seek competition using the evaluation criteria detailed in this report;

2 BACKGROUND INFORMATION

- 2.1 LCC have used a framework procured by Warrington MDC to purchase waste containment systems since 2009. Although the Council had an input into the setup of the framework it has always been administered and controlled by Warrington. The most recent framework expired in May 2017 and due to a range of complications within Warrington MDC it has not been replaced.
- 2.2 Significant orders were placed against the framework before its expiry to provide some level of continuity while procurement options for a more sustainable solution were assessed. The spend for plastic wheeled bins has gone through a period of flux following the introduction of bin charging however it is an ongoing and substantial expenditure that needs to be formally and securely contracted.
- 2.3 Established frameworks with YPO and ESPO were identified as viable options for the Council to utilise for the plastic wheeled bin and recycling container requirement. Prices for key products were more favourable with YPO however there were a number of questions around the operation of the framework that needed to be resolved particularly regarding the flexibility for LCC to fully manage the call off. All issues were satisfactorily answered in a meeting with YPO's Business Manager for Waste Management.
- 2.4 One of the aspects that it was important LCC retained was the ability to undertake our own physical testing of products as part of the quality evaluation process, using our own vehicles, and with operational staff who use the items every day. This has been incorporated into the evaluation.
- 2.5 The call off exercise will make use of two separate YPO frameworks;
- YPO551 Plastic Wheeled Bins which expires 31st March 2019 with 2 x 12 month extension options
 - YPO707 Recycled Products which expires 28th Feb 2019 (the extension option has already been used).

3 MAIN ISSUES

3.1 Procurement Compliance Issues

- 3.1.1 CPR 3.1.8 requires a delegated decision process to be undertaken in order to obtain approval to proceed with procurements and any call-off from existing frameworks are also subject to this requirement. This report and associated delegated decision notice seeks to demonstrate this requirement is being met.

- 3.1.2 CPR 12.2 requires that any terms and conditions other than LCCs own will be approved in writing by the PPPU before they can be accepted. The Senior Project Solicitor has authorised the use of the framework subject to minor amendments that have subsequently been approved by YPO.
- 3.1.3 CPR 15.1 requires evaluation criteria to be predetermined and approved by the relevant Chief Officer. The inclusion of the proposed tender evaluation method as part of this delegated decision ensures compliance with this aspect of the Councils governance procedures.

3.2 Call Off

- 3.2.1 The proposed procurement strategy is to utilise the mechanism within the existing YPO framework to undertake a call for competition requiring those organisations on the framework to re-submit bids and allows the Council to benefit from any additional price reductions that bidders may offer. There will be no opportunity for bidders to submit increased bids.
- 3.2.1 To remain consistent with the Council's corporate approach of prioritising price in tender evaluations, in the call off exercise the price will be weighted at 60% with the remaining 40% being used to assess the quality of the bids. The suggested methodology from YPO mirrors this approach.
- 3.2.2 In terms of quality, the organisations on the framework will be re-issued with the original contract documentation however, the Council will also introduce service specific requirements and it will be this element where the quality of bids will be assessed.
- 3.2.3 A key requirement in order to pass minimum quality score thresholds will be for bidders products to be subjected to a physical testing process whereby their bins/containers will be inspected and exposed to intensified operating practices designed to reveal any production/quality flaws. If any bins do not meet the specified requirements then that particular product will be removed from further consideration.
- 3.2.4 The original procurement process invited submissions based on a number of separate lots as follows:
- Framework 551 Plastic Wheeled Bins
LOT 1: Plastic wheeled Bins (various sizes)
LOT 2: Collection and Delivery of Wheeled Bins and Ancillary Products (including buy back of redundant containers)
 - Framework 707 Recycled Products
LOT 1: Supply of Kerbside Boxes and Inner Caddies
LOT 2: Supply of Food Waste Containers (Caddies)
LOT 3: Supply of Mobile Unit (for material segregation)
LOT 4: Supply of Kerbside Recycling Bags
LOT 5: Supply of Bin Lockdown Frames

LOT 6: Supply of Waste Housing Units.

3.2.5 Leeds do not currently have any plans for any large scale roll outs of wheeled bins so under Framework 551 only Lot 1 will be part of the call off. Similarly the Council does not intend to introduce or replace kerbside boxes and inner caddies, mobile units, kerbside recycling bags or bin lockdown frames so under Framework 707 only Lot 2 will be part of the call for competition.

3.2.6 It is proposed that a 2 stage evaluation for each of the two Lots would be used as follows:

1ST STAGE will assess the “Product Details” element only, including the submission of the certificate of conformity with the relevant EN quality standard, and this will include a physical/practical testing of the products ensuring they meet minimum quality thresholds as determined by the testing methodology which will be published within the documentation. Only the bids that meet the required standard will be assessed in the second stage.

2ND STAGE will evaluate price and quality of all those meeting the minimum requirements of the physical testing process in the first stage. The quality element of this stage will include the scores achieved in the first stage and combine them with the scores achieved in the other quality aspects of stage 2 and the prices submitted on a 60% price/40% quality basis

3.2.7 The table below provides detail around the proposed quality weighting criteria for each Lot.

CRITERIA	TOTAL POINTS AVAILABLE	MINIMUM SCORE THRESHOLDS
1. PRODUCT DETAILS (Considered in Stage 1 & 2)		
A. Performance against the practical/physical testing schedule (The actual content of this physical testing will be different for different products and is included in Appendix 2)	300	60% of the score available
2. STORAGE AND DELIVERY (Considered in Stage 2 only)		
A. Guaranteed delivery time from placing of orders. (Bidders should take note of the specified minimum timescales however scores here will be based on the ability to improve on the specified timescales and the performance mechanism will be invoked if the commitment here is not met in practice)	35	N/A
B. Details of delivery practices including the following: i. Offloading procedures and facilities (5 points) ii. Delivery recording arrangements (5 points)	20 Note sub criteria scores	N/A

iii. Details regarding flexibility on batch sizes (5 points)		
iv. H&S considerations (5 points)		
C. Details regarding any guaranteed stock availability.	10	N/A
D. Product quality control protocols and procedures.	35	60% of the score available
TOTAL	400	

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.
- 4.1.2 Officers from PPPU legal team have been consulted to provide approval for the use of the framework and will continue to provide advice and recommendations throughout the procurement process to ensure compliance with CPRs.

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 City Priorities

- 4.3.1 It is paramount that procurements in the authority are undertaken with a view to ensuring openness, transparency and fairness. The framework was originally established through a formal competitive exercise and the award was based on an evaluation which achieved a cost/quality balance which subsequently offers best value to the participating authorities. A call off further enhances the competitive element and the best value benefits for Leeds.
- 4.3.2 All appropriate governance arrangements will be followed throughout and this report forms part of that process. A second report will be submitted once the process is concluded and in order to gain approval prior to award.

4.4 Resources and value for money

- 4.4.1 By undertaking a formal tender process as described in this report an element of market competition has been introduced and this helps to drive down prices.
- 4.4.2 The evaluation criteria used for selecting service providers was developed by YPO with a view to achieving a value for money arrangement for the participating authorities. The Chief Officer for Waste Management should be satisfied that the proposed evaluation criteria within this report for the secondary competition exercise will also achieve a value for money outcome.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Due to the annual value of the decision being estimated at approximately £560k this decision is being treated as a key decision and as such it has been posted on the Council's Forward Plan of Key Decisions. The Decision is not exempt from Call-in.
- 4.5.2 The decision to appoint contractors at the completion of the call off exercise will be reported to the Chief Officer for Waste Management once the process is concluded. The type of decision will depend on how the awards are split between suppliers but as a minimum appointing the supplier for 240lt bins will be a further key decision because of a value of £493k. CPR 3.1.8 stipulates decisions to place a call-off under a framework agreement will not be treated as consequential decisions.
- 4.5.3 Officers from PPPU Legal team have been consulted throughout this process. The original tender opportunity was advertised in the Official Journal of the European Union (OJEU) as is required for a procurement of this value. An open and transparent process has been followed and will continue to be followed throughout the mini competition exercise proposed.

Note that by virtue of Access to Information Rules 10.4.(3) Appendix 1 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 A risk register has been developed and 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.
- 4.6.2 It is imperative that a reliable quality source for wheeled bins is secured in order to maintain the collections infrastructure and a means for fulfilling our statutory duty to collect waste and recyclates from the kerbside of Leeds residents. The risk of not having this contracted arrangement secured is that the continued availability of wheeled bins and recycling products may be compromised, which will in turn affect the delivery of the front line collections service.
- 4.6.3 The mini competition process will provide a legally binding contract with the selected organisation on the framework and the terms of the contract will protect the Council against adverse performance issues, site availability issues, health and safety concerns, as well as securing the rates agreed.

5 CONCLUSIONS

- 5.1 The provision of wheeled bins and recycling containers is an important part of waste management infrastructure that needs to be properly managed to ensure effective and efficient services can be delivered. By conducting a call off from the YPO framework for these items the Council is using the most appropriate approach to put in place secure formal contracts that are compliant with internal governance.

6 RECOMMENDATIONS

- 7 The Chief Officer for Waste Management is recommended to note the content of this report and approve the use of YPO frameworks to conduct call off exercises for plastic wheeled bins and recycling products.

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.