

REPORT OF: Waste Management Business Manager (Contracts)

REPORT TO: Chief Officer Waste Management

DATE: 8th March 2018

**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: 10.4 (3) Appendix number: Two (2)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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 pre-determined evaluation criteria.
2. The third contract year under the framework expires on 31st March 2018 and as such there is a requirement to call off from the framework and allocate tonnages for the fourth and final contract period (1st April 2018 to 31st March 2019).
3. Appendix 1 attached to this report details the proposed allocation of tonnages. These tonnages are not guaranteed to any contractor and are indicative only.
4. The allocation of tonnages under the framework arrangement is based upon the most cost effective and operationally viable model, which takes into account the prevailing gate fees and the location of the sites offered.

RECOMMENDATIONS

1. The Chief Officer Waste Management is recommended to note the content of this report and associated Appendices, and approve the proposed reallocation of tonnages to organisations on the Recycling and Composting Framework Arrangement for the fourth and final contract year, which will run from 1st April 2018 to 31st March 2019.

1. PURPOSE OF THIS REPORT

- 1.1 This report is required in order to satisfy the requirement of the council's Contract Procedure Rule 3.1.8, which states that a formal delegated decision should be taken to approve any call-offs from framework contracts.
- 1.2 The report and appendices outline the proposed allocation of tonnages to contractors for the fourth and final year of this framework contract.

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 Household Waste Sorting Sites (HWSSs) 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 made 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 RPIx Indices

- 3.1.1 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.
- 3.1.2 Only AWM and Timberpack have requested the RPIx price uplift within the required timescales. The RPIx increases requested have not had an impact on the reallocation of tonnages for the fourth year call-off because even with the uplift these options remain the best overall in terms of price.

3.2 Lot 2 – HWSS residual waste

- 3.2.1 The majority of the Lot 2 waste is currently delivered to AWM's range of treatment facilities based on the outcome of the tender evaluation. However, these facilities have historically only been available Monday to Friday, and also Saturday mornings at AWM's Stourton facility.
- 3.2.2 Biffa Waste Services originally offered Skelton Grange Landfill as an option for Lot 2 (HWSS residual waste) and Lot 4 (Inert wastes). The landfill site is full and is scheduled to come to the end of its life at the end of March 2018, and will therefore not feature in the tonnage allocations for Lot 2 during this call-off period. However,

they will continue to accept Lot 4 wastes as this material will be used in the restoration of the site.

3.2.3 Skelton Grange was only allocated tonnages for Lot 2 to provide an outlet for this waste stream on Saturday afternoons and Sundays. Yorwaste were also allocated the Lot 2 waste from Thorp Arch HWSS based on their Harewood Whin landfill site's proximity to this HWSS and the associated reduced haulage costs.

3.2.4 With AWM now offering availability on Saturdays afternoons and Sundays at their Stourton site, an option included within their original tender, it is proposed that they will now be allocated the majority of the Lot 2 tonnage for the remaining year of the framework contract. It is proposed that the Thorp Arch HWSS residual waste continue to be delivered to Yorwaste based on the economies in haulage to their site and the bearing this has in the evaluation.

3.3 Harewood Whin Site Closure

3.3.1 Yorwaste offered Harewood Whin landfill site as an option for Lot 1 (Garden waste), Lot 2 (HWSS residuals), Lot 3 (HWSS timber), Lot 4 (Inert wastes) and Lot 6 (Offensive wastes).

3.3.2 As noted above, due to their price and more remote location, the evaluation process determined that Yorwaste would only be allocated materials arising from the Thorp Arch HWSS and kerbside garden waste collected from the Wetherby area, though they did win the entire tonnage for Lot 6 (Offensive wastes).

3.3.3 Similar to Skelton Grange, the Harewood Whin landfill site is now closed, though Yorwaste have continued to accept the materials allocated to them through their waste transfer station and they will continue to do so for this final contract year. The exception is the Lot 6 (Offensive waste). After 31st March they will no longer be able to accept this waste stream.

3.3.4 For Lot 6 (Offensive wastes) the only alternative site on the framework was Skelton Grange landfill site. Given this site is also closed post March, this Lot will not be allocated for this final contract year and will be redirected to the residual waste contract being fulfilled by Veolia at the RERF.

3.4 Charging for wastes

3.4.1 The recent introduction of charges for the public delivering some wastes to the HWSS's is expected to result in a reduction of inputs for Lot 4 (Inert waste) and Lot 5 (Plasterboard), and therefore the allocation of tonnages has been adjusted accordingly.

3.5 Garden Waste Rollouts

3.5.1 During the course of this final contract year it is expected that there will be a roll-out of additional garden waste collections from the kerbside. The number of properties affected has not been finalised at this time, and as such the additional tonnes expected to arise are not being allocated at this stage. This will be done once the information is available.

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 routinely consulted 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 screening has been undertaken 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 employed 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 fourth and final year call off will be based on an evaluation which achieves best value for 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 all contribute to ensuring a high level of environmental performance in the management of municipal waste in Leeds, including the following areas of the Council's environmental 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 The prices for each of the lots within this contract were obtained having conducted a formal competitive procurement and as such represent the prevailing market rate for waste disposal and recycling in this region.
- 4.4.2 The evaluations take into account the gate fees offered by each contractor as well as the logistical costs incurred through our own transport to each of the sites offered.
- 4.4.3 The evaluation criteria used 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.
- 4.4.4 The annual call off provides the opportunity to reallocate tonnages to different facilities to address the following scenarios:
- Price changes through the request to apply the RPIx uplift clause;
 - Price changes through increases in LFT which might make other treatment options more financially attractive;
 - Significant collection route changes/rollouts;
 - Fluctuations in projected tonnes due to service developments;
 - Closure of or new availability (where included in the original tender) of delivery sites.

4.4.5 Details of prices are provided within the confidential Appendix 2 attached to this report.

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

4.5.1 The decision to allocate tonnages is 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 will continue to be maintained in terms of the ongoing management of the contracts for this fourth year. 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 and the attached Appendix 1 ensures the Council complies with EU Public Procurement Regulations and the Council's own CPR's.

5.2 The allocation of tonnages to individual sites/facilities represents the best value for money model for the delivery of the various waste streams as detailed in Appendix 1.

6. RECOMMENDATIONS

6.1 The Chief Officer Waste Management is recommended to note the content of this report and associated Appendices, and approve the proposed reallocation of tonnages to organisations on the Recycling and Composting Framework Arrangement for the fourth and final contract year, which will run from 1st April 2018 to 31st March 2019.

7. BACKGROUND DOCUMENTS¹

7.1 None.

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.