

**Report of: Business Manager (Waste Management Contracts and Procurements)**

**Report to: Chief Officer Waste Management**

**Date: 28<sup>th</sup> January 2018**

**Subject: Procurement of Waste Containers**

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

**SUMMARY OF MAIN ISSUES**

1. The waste management service continues to require new waste containers for use at its waste transfer stations and household waste recycling sites (HWRC's). These containers are used to collect, store and transport a range of waste streams, and a capital sum of £35k per year has been allocated to fund an ongoing replacement programme which ensures the container fleet remains in a safe and serviceable condition. The ongoing replacement programme also reduces the level of maintenance which tends to be required on older containers.
2. An EU procurement to establish a Dynamic Purchasing System (DPS) to supply new containers going forward is being proposed and this report seeks approval from the Chief Officer to undertake this procurement exercise in order to satisfy the requirements of CPR 3.1.8. The actual award of the contract(s) following this exercise will be dealt with through a separate report and delegated decision.
3. Furthermore in order to satisfy the requirements of CPR 3.1.10 which requires the agreement from the Chief Officer for the evaluation methodology to be used, the report also seeks approval to award contracts based on a 100% price evaluation with the specification being robust enough to ensure a quality product is supplied.

**RECOMMENDATIONS**

4. The Chief Officer for Waste Management is recommended to note the content of this report and approve a formal procurement exercise leading to the development of a "Dynamic Purchasing System" (DPS) which can be called off when containers are required.
5. The Chief Officer is also recommended to agree to DPS call off bids being evaluated on a 100% price basis.

## **1 PURPOSE OF THIS REPORT**

- 1.1 This report provides a rationale for the proposal to spend an agreed budget and to gain approval for the service to commence a procurement project which will seek competition for the provision of a range of new waste containers for use on waste transfer stations and HWRC's. It also outlines the DPS process and the intention to award based on a 100% price evaluation.

## **2 BACKGROUND INFORMATION**

- 2.2 A capital provision of £35k within the Service budget exists to support an ongoing annual replacement programme for containers. This funding was approved in order to rectify a position where the container fleet within Waste Management was in a particularly poor condition and large numbers were deemed uneconomical to repair and/or in need of significant investment in order to effect the repairs necessary to ensure they were fit for purpose and safe to use.
- 2.3 Three separate procurement exercises have been undertaken since this capital provision was made available and these have been conducted using the low value corporate procurement templates.
- 2.4 In order to avoid any challenge based on a wrongful assumption that the authority has deliberately attempted to disaggregate the procurements in order to avoid the application of EU regulations with regards to high value procurements, it is right that the opportunity be now advertised in OJEU.
- 2.5 The Council has consulted other existing framework agreements, and also consulted with other local authorities on existing framework agreements for the purchase of hook lift containers. There were no framework agreements open for use by the Council.

## **3 MAIN ISSUES**

- 3.1 To comply with Contract Procedure Rules, Waste Management Services are seeking approval from the Chief Officer to enter into a formal procurement to establish a DPS for the supply of waste containers.
- 3.2 A DPS is a relatively new procurement procedure and one which hasn't been used within Waste Management to date. The process is somewhat similar to a traditional framework arrangement in that a number of potential suppliers can be appointed to the DPS and then all organisations on the DPS can be invited to participate in a competitive exercise as and when required.
- 3.3 Some added features/benefits with a DPS are as follows:
- A DPS can be in place for more than the 4 years, which traditional frameworks are limited to. In this particular case a term of eight (8) years is being proposed.
  - The DPS remains open for new potential suppliers to join at any time during the period when the DPS is in place.
  - Once organisations join, having successfully met the requirements of a selection questionnaire, they can then be included in any subsequent call for competition. This provides the flexibility to take advantage of new and emerging suppliers who may be able to challenge the existing markets.

- There are no limits on the number of suppliers who can be appointed to the DPS.
- All suppliers who meet and pass the exclusion and selection criteria within the selection questionnaire must be admitted to the DPS.
- Any potential supplier who fails the exclusion and selection criteria within the selection questionnaire will be allowed to address the areas of concern and then re-apply.
- A DPS can be amended (extended, shortened, terminated) subject to notification on the relevant OJEU standard form. This provides useful flexibility if the authority's circumstances change, or developments in technology, markets, etc. mean the DPS as originally set-up outlives its usefulness.

3.4 The DPS will be established as a means of providing a list of suppliers who are able to provide the supply of new containers for the Waste Management Transfer Station and HWRC's. Those potential suppliers will be selected based on a selection questionnaire similar to a traditional pre-qualification questionnaire (PQQ). This questionnaire will be a self-certifying document which will be validated prior to any contract being awarded

3.5 Once the annual requirement for containers is established in terms of numbers and sizes etc. then a call for competitive bids will take place inviting all suppliers on the DPS at that time.

3.6 The specification for each container type will already be in place which will be very robust in terms of detail whereby it will include the required dimensions, technical drawings, specific material quality requirements and photographs of key design features which must be provided, subsequently it is considered that only the price element needs to be considered when competitive bids are being evaluated.

## **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**

4.2.2 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 procurements in the authority are undertaken with a view to ensuring openness, transparency and fairness. This procurement will be undertaken through a formal competitive exercise and the award will be based on a price only evaluation in order to try and drive down prices and achieve value for money for the Authority. All appropriate governance arrangements will be followed throughout.

4.3.2 The procurement of these containers will contribute towards the ability of the service to meet the key objective of “dealing effectively with the city’s waste” which is within the Best Council Plan.

#### **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 is introduced in the market place and this helps drive down prices.

4.4.2 The selection of the preferred supplier will be determined through a price only evaluation. The quality of the containers required will comply with a detailed specification.

#### **4.5 Legal Implications, access to information and call In**

4.5.1 This decision will be an Administrative Decision and therefore it will not be published and nor will it be subject to Call-in.

4.5.2 The subsequent decision to actually award contracts will be dealt with through a separate delegated decision process once the detail of prices is known and evaluations have taken place.

#### **4.6 Risk management**

4.6.1 The decision to undertake a procurement of this type and having advertised the opportunity in OJEU will remove any risk of suggestion that the Authority is disaggregating the procurement of containers in order to avoid the application of EU procurement rules.

4.6.2 Without procuring the required containers the Council will be in a position where the Service does not have an appropriate number of containers which are fit for purpose to enable the service to run efficiently or at full capacity. It would potentially result in the need for extra vehicle/driver resources to keep up with waste inputs on sites and the lack of capacity to effectively segregate some materials. Furthermore there would be an increase in cost relating to the ongoing maintenance of an older container fleet.

### **5 CONCLUSIONS**

5.1 The procurement of new waste containers is essential in order to ensure that sites within the Service can fully function and deal with the volumes of wastes delivered. Without sufficient containers there would be the potential for insufficient capacity on site and increased vehicle movements and operational costs in order to maintain waste flows.

### **6 RECOMMENDATIONS**

6.2 The Chief Officer for Waste Management is recommended to note the content of this report and approve a formal procurement exercise leading to the development of a “Dynamic Purchasing System” (DPS) which can be called off when containers are required.

6.3 The Chief Officer is also recommended to agree to DPS call off bids being evaluated on a 100% price basis.

## **7 BACKGROUND DOCUMENTS<sup>1</sup>**

7.1 In compiling this report no additional background papers were used.

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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.