

Report of: Business Officer (Waste Management Contracts)

Report to: Deputy Chief Officer Waste Management

Date: 29th May 2019

Subject: Commencement of a procurement for a scrap metal, LAB (Lead Acid Batteries) and WEEE (Waste Electrical and Electronic Equipment) Recycling Contract.

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 checked="" type="checkbox"/> Yes	<input 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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

SUMMARY OF MAIN ISSUES

1. The existing contracts that deal with the recycling of scrap metal, lead acid batteries (LAB) and waste electrical and electronic equipment (WEEE) are due to expire at the end of September 2019. These are key waste streams at the Household Waste Recycling Centres (HWRC's) that represent a significant income for the Council and provide a range of environmental benefits.
2. The extension options available have already been used which means to ensure all the waste streams are appropriately contracted a replacement agreement is required. In order to comply with Contract Procedure Rule (CPR) 3.1.6 Deputy Chief Officer approval is needed to commence the procurement process.
3. The contract itself will be a combination of a standard collection and processing contract which is used for other materials at the HWRC's but will also include additional requirements for WEEE recycling as this waste stream falls under a PCS (Producer Compliance Scheme) which is run at zero cost to the Council but has enhanced evidence reporting obligations.
4. CPR 3.1.8 requires Deputy Chief Officer approval of the evaluation criteria that will be used to assess bidders. This is also included in this report.
5. The outcome of the procurement exercise discussed in this report will be the award of a contract to a single supplier for each of the waste streams tendered. A subsequent report will be presented to the Deputy Chief Officer to provide the detail of the evaluation process including a recommendation for award based on the conclusion.

RECOMMENDATIONS

The Deputy Chief Officer for Waste Management is recommended to note the content of this report and under CPR 3.1.6 and CPR 3.1.8 approve the commencement of a competitive tender process for the collection and recycling of scrap metal, LAB and WEEE using the evaluation criteria outlined. The contract has a projected income of £280,000 per year.

1 PURPOSE OF THIS REPORT

- 1.1 The report aims to provide the Deputy Chief Officer with sufficient information to endorse the proposed approach in procuring a collection and recycling contract for scrap metal, lead acid batteries (LAB) and WEEE. The report also ensures compliance with CPR's by obtaining formal authorisation for the commencement of the procurement exercise and the evaluation criteria that will be used to assess bidders.

2 BACKGROUND INFORMATION

- 2.1 In 2013 the existing scrap contract was established to deal with scrap metal and LAB. It was let in Lots whereby each material stream had separate price and quality submissions. The Lots were:

Lot 1: Scrap metal

Lot 2: LAB

Lot 3: Vehicle wheel rims

- 2.2 The Council have an agreement in place with the Environment Agency (EA) which permits the inclusion of large domestic appliances (LDAs), a sub stream of WEEE, to be included in our normal scrap metal skips rather than segregating. Operationally this saves space on HWSS and minimises manual handling. Financially, as the only WEEE category with an inherent value across the stream they sit well with scrap and generate an income for the Council.
- 2.3 Because of the overlap between scrap metal and WEEE any contractor bidding for Lot 1 was required to be registered with the EA as an Approved Authorised Treatment Facility (AATF) which effectively allows them to produce formal evidence notes for the recycling of WEEE. The contract also imposed an obligation for this evidence to be made available to the Council's PCS.
- 2.4 In 2014 the existing WEEE contract was established. It is a zero cost contract as the aim of the PCS system is for producers to cover the costs of the recycling process. This limits potential suppliers to a pool of Government authorised/regulated WEEE collection companies who must operate according to a clear Code of Conduct.
- 2.5 The extension option under the WEEE contract was utilised in 2017 and was deliberately aligned with the scrap contract so that both could be procured as a complete service at the next opportunity, thus exploiting any synergy benefits that weren't being accessed.

3 MAIN ISSUES

- 3.1 Procurement Compliance Issues

- 3.1.1 This report ensures procurement compliance in respect of:

CPR 3.1.6 Delegated Decision to undertake the procurement.

CPR 3.1.8 Approval of methodology and evaluation criteria.

- 3.1.2 An additional report will be provided on the conclusion of the tender evaluation to make recommendations to formally award the contracts.

3.2 **New Contracts**

3.2.1 There will be 4 separate contracts covered by the new procurement:

Contract 1: Scrap metal (skips including LDAs and steel vehicle rims)

Contract 2: LAB

Contract 3: Vehicle rims (alloys only)

Contract 4: WEEE and Household Batteries

3.2.2 The WEEE collected under Contract 4 would be all WEEE streams with the exception of the LDAs. This will comprise cooling equipment, display equipment, lamps and small mixed WEEE. The alloy rims under Contract 3 are currently collected on a trial basis and there is the potential to not award this contract if it is not cost effective to separate the waste stream. This intention will be made clear to bidders in the tender documentation.

3.2.3 The contract documents used will follow a similar structure to the previous contracts but will be updated and improved based on lessons learned over the course of the previous contracts, for example with operational information from running trials for segregating high value elements of the WEEE.

3.2.4 A contract will be awarded for each of the waste streams tendered to a single contractor for the full contract duration. Suppliers may tender for 1 or more contract but by segregating the streams, maximum value for the waste can be achieved. For example it is envisaged that the same suppliers would be interested in contract 1 and 3, as they are just different types of scrap, but the cleaner material of contract 3 should attract a higher income for the Council.

3.2.5 The duration of the contracts will be 4 years with extension options of 2 x 2 years. By offering a contract for a significant period of time any bidders who will need to invest in infrastructure (i.e. skips) would not be put off from tendering but the break points offer flexibility for WEEE compliance schemes who work under the cycles of WEEE regulations which have the potential to change.

3.3 **Evaluation**

3.3.6 The evaluation of contracts 1-3 will be on a 60% price 40% quality split. Contract 4 will be evaluated 100% on quality as it will be restricted to being delivered by a PCS. That may be a PCS who bid only for this contract or may be a scrap company who bid for all contracts and have a partner PCS who can fulfil the associated obligations. The same quality criteria will be used for all contracts but will be weighted differently:

Evaluation Criteria	Contracts 1-3	Contract 4
Service Delivery <ul style="list-style-type: none">• Vehicles and Plant• Site Availability	130 points	325 points

<ul style="list-style-type: none"> • Contract Approach • Management 		
Business Continuity <ul style="list-style-type: none"> • Facility • Storage • Contingency 	100 points	250 points
Measurement and Recording	20 points	50 points
Recycling <ul style="list-style-type: none"> • Processing • End Markets • Hierarchy 	100 points	250 points
Health and Safety	50 points	125 points
Total	400 points	1000 points

3.3.7 The tender documentation will be used to make the differences between the contracts clear. The documents will also highlight that however the contracts ultimately end up being awarded, successful suppliers will have obligations across scrap and WEEE that will require co-operation and information sharing.

3.3.8 The different responses expected from bidders will also be made clear. As a PCS effectively delivers a broker service, with the actual operations being provided by other companies, the quality submission for Contract 4 will be significantly more comprehensive and involved than for Contracts 1-3, which is as it should be considering quality is the only opportunity to identify differences between this group of bidders.

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 has been completed and potential impacts have been identified as a result of changes in suppliers. The screening document includes measures that will be employed during the procurement and contract management stages to control impacts on individual or groups in terms of equality, diversity, cohesion and integration.
- 4.2.2 The principal impact comes from the potential for new suppliers to be delivering services following the conclusion of the tender exercise. This could have impacts in terms of both the nuisance factor from new operational sites but also any social value impact from a change in the support given to the third sector through the PCS.

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 will be undertaken through a formal competitive exercise and the award was based on an evaluation which achieves a cost/quality balance which subsequently offers best value to the authority.
- 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.
- 4.3.3 This contract supports the priority to deliver sustainable infrastructure and a low carbon economy by efficiently recycling what would otherwise be considered waste.

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 improve the prices the Council can achieve. The procurement is for an income generating waste stream that currently provides in the region of £280,000 per year. The rate is market tracked so this figure has the potential to fluctuate over the course of the contract.
- 4.4.2 The pricing for Contract 1-3 is tracked against market indices which offers bidders security to competitively bid as any market downturns are effectively shared with the Council but conversely this also ensures the Council shares in the benefits of a buoyant market.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The report does not contain any confidential information. It is a Key Decision and is eligible for call in.
- 4.5.2 Officers from the Procurement Legal Team will be consulted throughout this tendering exercise and as such all legislative requirements surrounding EU Public Procurements will be adhered to. The procurement route will be an open procurement with multiple contract awards.
- 4.5.3 The decision will be 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. The Decision is not exempt from Call-in.

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, any high or escalating risks will be brought to the attention of the Deputy Chief Officer for Waste Management.
- 4.6.2 If the recommendation to tender as described within this report is not approved then the Council will risk being in a position where no formal contractual arrangements are in place for dealing with a number of recyclate streams collected by the Council.
- 4.6.3 The existing formal arrangements will expire in September and the terms and conditions currently applicable would be at risk of change without notice. The Council would also be at risk of the quality of service being reduced and being without the protection and means of redress that a formalised arrangement provides.

5 CONCLUSIONS

- 5.7 The commencement of a procurement for the waste streams detailed within this report will ensure the Council complies with EU Public Procurement Regulations and the Council's own CPR's. The requirement to seek competition in these circumstances is at the core of these rules.
- 5.8 A tender process will introduce competition which in turn should increase income and ensure that value for money is being achieved.
- 5.9 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

- 7 The Deputy Chief Officer for Waste Management is recommended to note the content of this report and under CPR 3.1.6 and CPR 3.1.8 approve the commencement of a competitive tender process for the collection and recycling of scrap metal, LAB and WEEE using the evaluation criteria outlined.

8 BACKGROUND DOCUMENTS¹

- 8.1 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.