

**Report of: Business Officer (Waste Procurements and Contract Management)**

**Report to: Deputy Chief Officer Waste Management**

**Date: 6<sup>th</sup> March 2019**

**Subject: Extension of Street Sweepings Recycling Contract - 9J7C-MX60Q2**

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: <b>10.4(3)</b> Appendix number: <b>Appendix number 1</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**SUMMARY OF MAIN ISSUES**

1. The contract currently held by the Council for an organisation to deal with the street arisings from the council bulk transfer station at Kirkstall Road and skips from various sites around Leeds expired on 30<sup>th</sup> March 2019.
2. There remain options under the contract to extend these arrangements for 2 further years to 30<sup>th</sup> March 2021.
3. A market sounding has been undertaken ahead of any decision making around whether we extend the arrangements or not. The responses received from the market sounding indicate that the current provider remains value for money.
4. Acumen who are the incumbent service provider dealing with the Council's street arisings have throughout the contract term provided a good and reliable service.
5. Before expiry, Acumen along with LCC officer indicated that they are keen to continue providing the service as they do now, and as such are agreeable to formally extending the arrangement for the 2 years.
6. The Council's Contract Procedure Rules (CPR's 21.1 and 21.2) state that Chief Officer approval is required to enter into any contract extensions.

**RECOMMENDATIONS**

1. The Deputy Chief Officer for Waste Management is recommended to note the content of this report and approve the full 2 year extension of the Contract which

deals with the council's street arisings and gully emptyings, securing the arrangements to 30th March 2021.

## **1. PURPOSE OF THIS REPORT**

- 1.1 This report seeks approval from the chief Officer for Waste Management to formally extend the arrangements for the street arisings and gully emptyings collected by the council. The Council's Contract Procedure Rules (CPR's 21.1 and 21.2) state that Chief Officer approval is required to enter into any contract extensions.

## **2. BACKGROUND INFORMATION**

- 2.1 In March 2016 Acumen won the competitive tender to deal with the council's street arisings for a period of 3 years with the option to extend for a further 2 years.
- 2.2 Ahead of any formal extension the Council have undertaken an informal market sounding whereby waste management companies were invited to provide information on their appetite to enter into a formal arrangement with the Council, their ability and capacity to deal with the waste stream, and their indicative prices.
- 2.3 There hasn't been any RPI indexation applied during the 3 year contract term, as such, Acumen have indicated that in order to keep the same level of service they will have to raise their current prices by 6%.
- 2.4 Prior to expiry, it was agreed by both parties that subject to council governance and results of the market sounding that the 2 year extension would be agreeable to both parties.

## **3. MAIN ISSUES**

### **3.1 Market Sounding**

- 3.1.1 The Contracts Team have advertised a market sounding process to try and determine the appetite for tendering for any future arrangement and to get a current snapshot of the potential cost of any future service. This process was advertised on the Council's electronic tendering website and therefore all relevant parties would be automatically contacted asking for responses.
- 3.1.2 The market sounding results (confidential appendix 1) show that although there is market appetite for the core service, some organisations are unable to provide the requirements needed for a skip service.
- 3.1.3 One respondent indicated they would be able to provide all the required service elements within the vicinity Leeds, which would be advantageous to the council, but would not be operational until 2020.
- 3.1.4 Although not as reliable as full tender exercise, indicative prices provided by potential service providers indicate that in all cases the service would be more expensive than Acumen, even when considering the 6% price rise.

### **3.2 Service reliability and continuity**

- 3.2.1 Acumen have dealt with all the Council's street arisings and gully emptyings under contract since 2016. Throughout this period they have consistently provided a good and reliable service, also at times, have provided flexibility in the arrangement to the advantage of the Council.

3.2.2 No contractual or service performance issues have been identified or raised during the past 3 years of Acumen delivering the service.

## **4. CORPORATE CONSIDERATIONS**

### **4.1 Consultation and engagement**

4.1.1 As described above, the Service has consulted with service managers from Cleaner Neighbourhoods Team and from Officers from Waste Management and are happy for the incumbent provider to continue the service.

4.1.2 Organisations in the Waste management sector have been contacted through a market sounding process. Four organisations responded within the timeframe in what is a limited sector in the market.

### **4.2 Equality and diversity / cohesion and integration**

4.2.1 Awarding the proposed extension provides certainty and security for the service for the next 2 years through defined terms and conditions, service expectations at a market leading price. The extension enables the continuity of service to ensure street arisings and gully emptyings are able to be collected in the city contributing to the cities amenity.

### **4.3 Council policies and best council plan**

4.3.1 It is paramount that procurement activity in the authority is undertaken with a view to ensuring openness, transparency and fairness. All appropriate governance arrangements will be followed throughout the implementation of the extension and the procurement of the new framework.

4.3.2 Using an extension ensures key waste streams are appropriately contracted which aligns with Council policies to manage waste effectively and minimise its impact on our environment.

### **4.4 Resources and value for money**

4.4.1 Awarding the proposed extension provides certainty and security for the service for the next 2 years through defined terms and conditions, service expectations and price.

4.4.2 Results from the market sounding show that despite a 6% increase in price to continue providing the service, Acumen continue to provide the council with value for money.

4.4.3 The current Waste Management disposal budget for 2019/20 includes a 2.7% RPI Up lift on all disposal contracts

4.4.4 The revised price submitted for street arisings based on a 6% uplift will cost the authority, annually an additional £19k pa.

4.4.5 This will be funded from within the current disposal budgets in waste management which will not require additional funding from the council's budget in the current or future years.

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

- 4.5.1 This decision is subject to call-in as it is a key decision due to the annual value of the contract and it will be published by the Council.

**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 proposal within this report is not approved then the Council will risk being in a position where no contractual arrangements are in place for dealing with what is a significant waste stream from the city.
- 4.6.2 The terms and conditions applicable out of contract would be at risk of change without notice and the Council would risk the quality of service being reduced without the protection that the condition of contract within a formalised arrangement provides.
- 4.6.3 A risk register is maintained for each of the disposal/recycling contracts held by the service and any risks which are seen to rise throughout its term will be escalated

## **5. CONCLUSIONS**

- 5.1 The current arrangements for dealing with street sweeping and gully emptyings through the incumbent contractor are entirely satisfactory.
- 5.2 The market for the collection, treatment and processing of Street sweepings is limited. A market sounding has identified that there are limited outlets available to deal with all aspects of the service the council requires for this waste
- 5.3 Acumen are willing and able to enter into a 2 year extension with the Council as per the provision within the contract. Acumen have indicated that a price rise is necessary to provide current service levels.
- 5.4 The results from the market sounding indicate Acumen still provide the council with value for money.

## **6. RECOMMENDATIONS**

- 6.1 The Deputy Chief Officer for Waste Management is recommended to note the content of this report and approve the full 2 year extension of the Contract which deals with the council's street arisings and gully emptyings, securing the arrangements to 30th March 2021.

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

- 7.1 None.

---

<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.