



Report of: Business Officer (Waste Management Contracts)

Report to: Deputy Chief Officer Waste Management

Date: 24th October 2019

Subject: Establishing a Garden and Food Waste Recycling DPS (Dynamic Purchasing System) and Awarding Contracts through the Further Competition Process.

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- The existing contract that deals with garden waste processing is due to expire at the end of February 2020. There is an extension option of 1 month that will need to be utilised. A new procurement is required to put in place formal new arrangements for April 2020.
- The existing food waste contract is due to expire at the end of March 2020. There is a 12 month extension option under the contract which is non-compulsory.
- A DPS offers the Council the security and continuity of service of a standard contract with the ability to access a pool of pre-qualified suppliers and the added benefits of the flexibility for new suppliers to join the DPS at any time and take part in further competition exercises. It can run longer than the maximum 4 years which is normally allowed under a traditional framework agreement, and although the period of the DPS validity must be set out in the original OJEU contract notice this can be subsequently extended, reduced or terminated.
- By using a DPS, which will be split into Lots, the Council are making the most of opportunities in a market going through a period of change and are not restricting future possibilities for internal service developments. The Lots will be:
 - a. Lot 1 Garden Waste only

- b. Lot 2 Garden and Food Waste combined
- c. Lot 3 Food Waste only
- Under CPR 3.1.6 and 3.1.8 Deputy Chief Officer Approval is needed to commence the procurement, approve the evaluation criteria and the subsequent awards under further competition.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The appropriate contracting of key waste services supports the delivery of sustainable infrastructure under the Best Council Plan with the specific aim of reducing waste and increasing recycling.
- This procurement for a robust long term garden and food waste processing solution also indirectly supports a number of other priorities. Appropriate waste collection services help to avoid anti-social behaviour and environmental crime issues which allows safe, strong communities and friendly city priorities to be met.
- Ensuring continuity in the recycling of garden and food waste forms part of the Council's efforts to address the climate emergency situation which has been declared in Leeds, and contributes towards the Council's aspiration of becoming a carbon neutral city by 2030.

3. Resource Implications

- The completion of the procurement exercise and the subsequent contract management of awarded contracts will be undertaken by the Waste Management Contracts Team. The requirements of which have been identified in the Waste Management procurement strategy.

Recommendations

- a) The Deputy Chief Officer for Waste Management is recommended to note the content of this report and under CPR 3.1.6 and 3.1.8 approve establishing a 12 year DPS for garden and food waste from 1st May 2020 to 30th April 2032 using the process outlined in this report and the evaluation criteria that has been specified. The contract is split into four 3 year Call Offs and has a current value of £12.4 million over the possible full 12 year term and an annual value of just over £1 million.
- b) The Deputy Chief Officer for Waste Management is also recommended to approve the acceptance onto the DPS of all suppliers who successfully pass the Standard Selection Questionnaire (SSQ) and the subsequent award of contracts to those suppliers who are successful in the further competitions under the DPS as detailed in this report.

1. Purpose of this report

- 1.1 This report aims to provide the Deputy Chief Officer with sufficient information to endorse the proposed procurement approach in establishing a DPS for garden and food waste processing. The report also ensures compliance with the Council's CPRs by obtaining formal authorisation for the procurement exercise, the evaluation criteria and the basis of award. The specific details of the award will be included in a subsequent delegated decision report which will be treated as a direct consequence of this decision.

2. Background information

- 2.1 Garden waste has been formally contracted under the Recycling and Composting Framework since 2015. The extension options under this contract have been utilised because of satisfactory performance from suppliers but also because the garden waste market on a local level has been going through a period of change.
- 2.2 As a result of the challenging market conditions a Garden Waste Market Sounding exercise has been conducted to help scope the details of the DPS. The results showed limited facilities available for direct deliveries and a preference in the market for the council to move away from annual calls for competition so as to provide contractors with longer-term certainty.
- 2.3 Food waste is contracted in a separate stand-alone contract. In terms of tonnage food is a small waste stream as it is only collected in a trial area of 12,000 properties in the South East of the city, this has the potential to change in the future in response to the National Waste Strategy.
- 2.4 A DPS works by effectively creating a list of prequalified organisations who have successfully passed questions contained within a selection questionnaire (SSQ). The organisations are then invited to bid for specific contracts under a further competition process which incorporates a service specific evaluation, for example in this case impact on efficiencies for the refuse collection will be a key element of the financial evaluation. Suppliers are not obliged to bid.

3. Main issues

- 3.1 The DPS that will be used offers the most flexible but appropriate solution for the current market conditions whilst showing consideration to the council position. Organisations who submit a request to participate will be required to complete the SSQ with added, but not onerous, compliance elements at the same time as viewing the 'overarching' specification, evaluation criteria and Terms and Conditions.
- 3.2 It is intended that every three years the Council will then invite all organisations who have been admitted to the DPS list (i.e. have passed the SSQ) to submit a tender under a call for competition. The Council will then award specific contracts for delivery to the tenderer(s) that best meet the respective mini competition criteria. Tonnages are banded so organisations may bid for part or all of the tonnage available. Up to 6 organisations, per Lot, will be awarded contracts.
- 3.3 There are 3 lots under the DPS; Lot 1 Garden waste only, Lot 2 Garden and Food Waste combined and Lot 3 food waste only. Suppliers may bid for 1 or more Lots.
- 3.4 There will be the ability for the Council to move tonnage between the Lots over the course of the DPS as operational service requirements change. For example, the initial award may be solely for Lot 1 (garden only) and Lot 3 (food waste only). However, if Lot 2 (garden and food combined) were then required for kerbside collections a break clause would be activated and the DPS could continue with all 3 Lots being utilised. Alternatively, Lot 2 may never be required.
- 3.5 The call for competition itself will be evaluated taking into account both the pricing element (weighted at 70% i.e. 700 scoring points) and the quality of the submission (weighted at 30% i.e. 300 scoring points)

- 3.6 The price evaluations will use the prices submitted by tenderers but also the Councils own service costs including operational impacts for change of contractors.
- 3.7 The following approach to the quality evaluations including individual criteria weightings will be adopted:
- Contract approach **(20 points)**
 - Operational interfaces **(25 points)**
 - Resources and plant development **(35 points)**
 - Environmental performance **(95 points)**
 - Processing methods and market security **(50 points)**
 - Monitoring and reporting **(40 points)**
 - Business continuity **(25 points)**
 - Social Value **(10 points)**
- 3.8 Following the evaluation of method statement submissions the price and quality elements are combined and this will be used for the award recommendation to allocate tonnages to successful bidders. Contracts would be awarded to the most suitable mix of contractors available at the point of tender evaluation. Location of the facilities offered will be critical in the price evaluation element of the process because of the impact on the deliverability of the refuse service. The outcome of the evaluation and the successful tenderers will be identified in a subsequent award report.

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 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 the 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 procurement of the DPS contract.

- 4.3.2 The DPS ensures key waste streams are appropriately contracted, which aligns with Council policies to manage waste effectively and minimise its impact on our environment.
- 4.3.3 Contracts will be established through a formal competitive exercise and the award based on an evaluation which achieves a cost/quality balance offering best value to Leeds.

4.4 **Climate Emergency**

- 4.4.1 This contract is needed to maintain the Waste Services provided by Leeds City Council. The emphasis in contracts of this kind is to maximise adherence to the waste hierarchy where re-use and recycling is selected as the preferred method for dealing with wastes ahead of other waste disposal or treatment technologies.
- 4.4.2 Ensuring continuity in the recycling of garden and food waste forms part of the Council's efforts to address the climate emergency situation which has been declared in Leeds, and contributes towards the Council's aspiration of becoming a carbon neutral city by 2030.

4.5 **Resources, procurement and value for money**

- 4.5.1 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. A DPS encourages competition because it is easier for local suppliers to get on the DPS and join at any time throughout the duration of the DPS and new suppliers will not be frozen out of the market.
- 4.5.2 The evaluation calculation used for selecting contractors will be developed in conjunction with the Financial Officer supporting Waste Management Services with a view to ensuring that value for money is obtained.

4.6 **Legal implications, access to information, and call-in**

- 4.6.1 As a Key Decision this Delegated Decision Report is subject to Call-In and will be published on the register of decisions.
- 4.6.2 CPR 3.1.6 and CPR 3.1.8 requires authorisation to approve the commencement of a competitive tender process using the evaluation criteria outlined.
- 4.6.3 Officers from the Procurement and Commercial Services will be consulted throughout this procurement exercise and as such all legislative requirements surrounding EU Public Procurements will be adhered to. The Council will make it clear that suppliers will be required to accept the terms and conditions of the Council when bidding for contracts under the DPS. These terms and conditions will be included as part of the procurement documents made available when the DPS is first advertised and the Council will make it clear that it will be the then current version of such terms and conditions (as at the point of tender) that will apply to any contracts let pursuant to the DPS.

4.7 **Risk management**

- 4.7.1 A risk register has been developed and will continue to be maintained in terms of the ongoing management of both the extension and the procurement exercise. High

risks or escalating risks will be brought to the attention of the Deputy Chief Officer for Waste Management.

5. Conclusions

- 5.1 Garden and food waste collections are a key waste management function that need to be properly managed to ensure effective and efficient services can be delivered. By establishing a DPS a robust but flexible long term solution for the service is being put in place.

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 3.1.8 approve establishing a 12 year DPS for garden and food waste from 1st May 2020 to 30th April 2032 using the process outlined in this report and the evaluation criteria that has been specified. The contract is split into four 3 year Call Offs and has a current value of £12.4 million over the possible full 12 year term and an annual value of just over £1 million.
8. The Deputy Chief Officer for Waste Management is also recommended to approve the acceptance onto the DPS of all suppliers who successfully pass the Standard Selection Questionnaire (SSQ) and the subsequent award of contracts to those suppliers who are successful in the further competitions under the DPS as detailed in this report.

9. Background documents¹

- 9.1 No background documents were used in compiling this report.

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.