



Report of: Business Officer (Waste Management - Contracts and Procurement)

Report to: Deputy Chief Officer Waste Management

Date: 16th January 2020

Subject: Award of Paper and Cardboard Collection and Recycling contract (DN431207)

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: 10.4 (3) Appendix number: Appendix 1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SUMMARY

1. Main issues

- A procurement exercise has taken place to appoint an organisation to carry out Paper and Cardboard Collection and Recycling service and has identified the successful tenderer.
- Contract Procedure Rule (CPR) 18.6 requires that a decision to award is made by the relevant Officer through the delegated decision process. The decision should outline why any tenderers were disqualified and the reasoning for the selection of the contractors.
- Once awarded the contract will be for a period of 8 years starting 1st February 2020 until 31st January 2028.

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

- The collection and subsequent recycling of paper and cardboard from bring sites and HWRC is a contributor to the recycling rate in Leeds with this being one of the KPIs for the sustainable infrastructure commitment from 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.

- Appropriate and efficient 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.

3. Resource Implications

- As a replacement contract for existing arrangements the services have been adequately budgeted for the duration of the contract.
- The completion of the procurement exercise and the subsequent contract management of the awarded contracts will be undertaken by the Waste Management Contracts Team, and the requirements of this 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 agree to Award the Paper and Cardboard Collection and Recycling contract to Saica Natur Ltd stating from 1st February 2020 until 31st January 2028.

1. PURPOSE OF THIS REPORT

- 1.1 The purpose of this report is to brief the Deputy Chief Officer on the processes adopted for the procurement and advise on the outcome it has achieved.
- 1.2 Contract Procedure Rule (CPR) 18.6 requires that a decision to award is made by the relevant Officer through the delegated decision process. The decision should outline why any tenderers were disqualified and the reasoning for the selection of the contractors.

2. Background information

- 2.1 The collection of paper and cardboard through bring sites and Household Waste Recycling Centre (HWRC) is an integral part of the recycling service offered in Leeds. There are collection banks and skips at each HWRC in addition to 52 bring sites to collect these materials from supermarkets and community centres etc.
- 2.2 From January 2018 China has banned the import of mixed paper and card. Historically, China has taken the bulk of the global recovered paper and board leaving recyclers to find alternative outlets/reprocessors for the materials.
- 2.3 The uncertainty and increased volume of material now saturating the market has caused market prices to tumble – for context in March 2017 the price per tonne for mixed paper was £93, currently the price is hovering at around just £10 per tonne at the time of writing. The net result of such a dramatic decrease has caused a sudden swing from the council receiving an income for the materials to now, having to pay for the paper bank service.
- 2.4 Cardboard historically and more recently, has fared a little better in the volatile market and retains better value than paper albeit at a vastly reduced value from 2017/18.

3. MAIN ISSUES

Procurement

- 3.1 As a response to the advert published on Yortender the following bids were received; Lot 1 (Paper) – Saica Natur UK Ltd and HW Martin Ltd. Lot 2 (Cardboard) – Saica Natur UK Ltd and HW Martin Ltd. Although disappointing to receive just two bids for each Lot, currently the market for paper and cardboard has downturned considerably in last 6 months and so a lack of bids had been anticipated. Officers will still seek feedback from companies that were initially interested in bidding as to the reason why they didn't submit a bid to see if there are lessons to improve the procurement of future waste contracts.
- 3.2 The bids comprised of a completed Standard Selection Questionnaire (SSQ), a Method Statement with detailed responses to questions in the quality element, and a Schedule of Rates. The vetting process has not identified any issues with any of the bidders so far with only references currently outstanding.

Evaluation

- 3.3 The SSQ also assessed the ability of organisations in respect to financial status, technical ability and professional integrity. Only organisations passed at this stage would be evaluated at the tender stage.
- 3.4 An evaluation panel of Officers from the Waste Contract and HWRC operation Teams was established. An officer from Finance assisted with the evaluation of price.
- 3.5 Evaluation was conducted on a consensus basis with the panel reaching an agreed score for each aspect of the evaluation criteria, at a meeting following independent review.
- 3.6 Within the quality element bidders were required to meet a minimum overall score threshold of at least 50%. If any bidders failed to meet the threshold then they were removed from the process.
- 3.7 The confidential Appendix 1 details the scoring achieved throughout the quality evaluation process. All bidders passed the minimum scoring thresholds.
- 3.8 The quality evaluation criteria focused on the following elements;
- Capacity and Resources
 - Service Delivery and Contract Approach
 - Processing Methods, market security and Duty of Care
 - Environmental Performance
 - Business continuity
 - Measurement and reporting
 - Social Value
- 3.9 After both quality and price scores have been evaluated and added together, Saica Natur's tender provides the council with the best overall option for the service. Being

the incumbent service provider there are no issues with transition or TUPE to consider.

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 screening 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 procurements and related procedures in the authority are undertaken with a view to ensuring openness, transparency and fairness. All appropriate governance arrangements have been followed throughout.

4.3.2 The issues being discussed within this report and the subsequent contract that is being extended have specific implications with regards the Councils environmental performance and the aspirations stated within our environmental policy where we are aiming for improved environmental protection. The following are all relevant contributors to meeting the needs of this Council 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 Climate Emergency

4.4.1 Paper and Cardboard manufacture alongside the extraction of the constituent raw materials of these products are major contributors to carbon emissions and climate change. This contract helps to maintain Leeds City Councils ambition to reduce the emissions associated by the subsequent use of these materials as a raw material that can replace the need and reliance of virgin and finite materials. This use of recycled materials to manufacture replacement/new products moves the production chain from a linear one of consumption and replacement to more of a circular one where materials are recycled to be used again.

4.4.2 The emphasis in procurements of this kind and for these waste streams is to maximise adherence to the waste hierarchy and circular economy where Re-use and recycling is selected as the preferred method for dealing with this waste ahead of other waste disposal options.

4.4.3 Ensuring continuity in recycling 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 The contract is set up to ensure the Council will continue to receive at least the market value for these materials. The values can go up or down depending of various market factors. Currently the Paper and cardboard recovered materials are seeing the lowest prices for a number of years which has in turn an impact on the service budget.
- 4.5.2 The financial implications of the new contract can be found in confidential appendix 1.

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

- 4.6.1 This decision is a significant operational decision and isn't subject to call in however, the decision will be published by the council.
- 4.6.2 **Appendix 1 is exempt from publication under access to information rule 10.4(3) (information relating to the business affairs of any person including the Council). The appendix includes detailed pricing information which, if disclosed, would prejudice the commercial arrangements of the supplier. There is a public interest in disclosing details of how the council's contracts are priced but in this case it is considered that there is greater public interest in the council being able to enter into confidential pricing discussions with suppliers. Disclosure of this information would seriously impact on the Council's ability to achieve value for money on this and future contracts.**

4.7 Risk management

- 4.7.1 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 households and a valuable contributor to the City's recycling rate and income stream.
- 4.7.2 The existing contract if left to expire, terms and conditions currently applicable would be at risk of change without notice. The Council would also be at risk of the quality and cost of service being affected and being without this protection and therefore any means of redress that a formalised arrangement provides.
- 4.7.3 A risk register is maintained for this contract held by the service and any risks which are seen to rise throughout its term will be escalated to the Deputy Chief Officer for Waste Management.

5. CONCLUSIONS

- 5.1 The procurement for the waste streams detailed within this report ensures the Council complies with EU Public Procurement Regulations and the Councils own CPRs. Saica Natur's tender for both lots provides the best overall option for the council.

6. RECOMMENDATIONS

- 6.1.1 The Deputy Chief Officer for Waste Management is recommended to note the content of this report and agree to Award the Paper and Cardboard Collection and Recycling contract to Saica Natur Ltd stating from 1st February 2020 until 31st January 2028.

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.