

Termination of Lot 2 (240lt wheeled bins) under the Plastic Wheeled Bin Supply Contract (DN512564), a Call Off from ESPO Framework 860-18, followed by a new further competition exercise for the Lot.

Date: 17th May 2022

Report of: Business Officer (Waste Management Contracts)

Report to: Chief Officer Environmental Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- A contract for the provision of plastic wheeled bins was awarded in November 2021 with a 1st December contract start date. The contract is split into lots based on bin size. The successful supplier for Lot 2 (240lt bin), which is a standard household bin and therefore the highest usage area for the Council, was One51 ES Plastics (UK) Limited.
- The contract is set up to allow suppliers to review their prices on an annual basis. This was incorporated into the tender because prior to award the wheeled bin market saw some instability due to a shortage of polymer in Europe. This mechanism helps to protect the Council from risk pricing and benefits suppliers through increased flexibility.
- One51 ES Plastics (UK) Limited trading as IPL have written to the Council advising that because of the situation in Ukraine, and their commitment to not accept any material that could supply revenue to the Russian war effort, they can no longer hold the tendered rate for these bins with immediate effect. They have requested a price increase until the next price review point in December 2022. The impact of this change for the Council would be £42K.
- Through relationships with other suppliers on the framework Waste Management Officers have confirmed the reasoning and need for change is genuine but has not necessarily had the same impact on all suppliers so there are more competitive rates, than the increased IPL price, available. The IPL request for a price increase has been refused.
- As the Lot 2 Call Off contract is now untenable it needs to be terminated. Because of the circumstances that have led to this position the Waste Management service feel that this should be by mutual agreement, which IPL accept. The provision of household wheeled bins is an integral function of Waste Management and the priority for the service is to put a new contract solution in place. This will be done through a replacement Call Off contract that will run up to the next price review point in December 22.
- Chief Officer approval is required to terminate a contract under CPR 22.1. Additional approval is also needed to conduct a further competition exercise for the existing providers on the framework and award a Call Off contract to the lowest price supplier.

- The appropriate contracting of key services supports the delivery of sustainable infrastructure under the Best Council Plan with the specific aim of reducing waste and increasing recycling.
- The termination of the existing contract and establishing a new call off contract also indirectly supports a number of other priorities. Appropriate waste containment helps to avoid anti-social behaviour and environmental crime issues which allows safe, strong communities and friendly city priorities to succeed.

Recommendations

The Chief Officer for Environmental Services is recommended to note the contents of this report and under CPR 22.1 approve the termination of Lot 2 (240lt bins) under the Plastic Wheeled Bin Supply Contract (DN512564) held by One51 ES Plastics (UK) Limited. The Chief Officer for Environmental Services is further recommended to approve establishing a replacement Call Off contract for this Lot through a supplementary further competition exercise with all suppliers on the framework. The Call Off contract will run from 1st June 2022 until 30th November 2022 and has an approximate value of £240k.

Why is the proposal being put forward?

- 1 The proposal being recommended is to maintain wheeled bin supply and to provide the Council with the security and value for money offered by a formal contract.

What impact will this proposal have?

Wards Affected: None

Have ward members been consulted? Yes No

- 2 The proposal allows services to be maintained across the city.

What consultation and engagement has taken place?

- 3 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 the only consultation to date has been with the Chief Officer for Environmental Services and officers from Procurement and Commercial Services.

What are the resource implications?

- 4 The services under the framework have been adequately budgeted for over the duration of the framework contract and a cautious budget had been set in response to the instability in the wheeled bin market. The Finance Business Partner for Waste Management will be kept up to date with supplier information that may influence price and will be able to advise the wider resource strategy accordingly.
- 5 The completion of a new Call Off exercise and the subsequent contract management of the awarded contract will be undertaken by the Waste Management Contracts Team, the requirements of this have been identified in the Waste Management Procurement Strategy.

What are the legal implications?

- 6 Officers from Procurement and Commercial Services have been consulted throughout this process and have confirmed the agreed approach, as described in this report, represents an appropriate course of action for the Waste Management Service in current circumstances. Procurement and Commercial Services will continue to be consulted to ensure all legislative requirements surrounding EU Public Procurements have been adhered to.
- 7 As a Significant Operational Decision this Delegated Decision Report is not subject to Call-In but will be published on the register of decisions. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

What are the key risks and how are they being managed?

- 8 If the recommendation to terminate and then award a replacement contract as described within this report is not approved, then the Council will risk being in a position where a key contract can not be used to deliver security and value for money and instead the Council is part of a legal dispute, or that no formal contractual arrangements are in place for the provision of a key product needed to deliver frontline operational services.
- 9 A risk register has been developed and will continue to be maintained throughout both the Call Off contract and framework beyond. interim contract and the longer-term procurement. The main risk for this contract at the moment is market volatility and the subsequent risk pricing that may occur. High or escalating risks will be brought to the attention of the Chief Officer for Environmental Services.
- 10 It is important that a reliable provider that guarantees pricing and maintains service standards is delivered. The risk of not having appropriate arrangements has both an operational impact considering front line services and a financial one in terms of spot pricing and lack of contract security.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 11 An appropriate wheeled bin contract is needed to maintain the frontline services provided by Leeds City Council's Waste Management Team. The emphasis in contracts of this kind is to provide infrastructure to allow 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.
- 12 This demonstrates efforts made to combat 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.

Options, timescales and measuring success

a) What other options were considered?

- 13 The alternative to terminating this contract is to pay the increased rate proposed by IPL which does not represent value for money for the Council.

b) How will success be measured?

14 Success will be measured through the lack of disruption for the provision of key services and through the budget pressure for this area being minimised.

c) What is the timetable for implementation?

15 The Call Off contract will cover 1st June 22 to 30th November inclusive.

Appendices

16 None

Background papers

17 None