

Award of Supplementary Call Off from Lot 2 (240lt wheeled bins) of the Plastic Wheeled Bin Supply Contract (DN512564), a Call Off from ESPO Framework 860-18, to One51 ES Plastics UK Limited T/A MGB Plastics.

Date: 11<sup>th</sup> July 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

## Brief summary

- An additional Call Off exercise has been conducted for 240lt wheeled bins following the termination of an untenable contract with One 51 ES Plastics UK Limited T/A MGB.
- The same supplier has been successful in the new Call Off so has needed to demonstrate their ability to reliably deliver under the contract.
- Following this piece of work the Chief Officer for Environmental Services is recommended to approve the award of the Call Off contract to One 51 ES Plastics UK Limited T/A MGB.

## Recommendations

- a) The Chief Officer for Environmental Services is recommended to note the contents of this report and approve the appointment of One51 ES Plastics UK Limited T/A MGB Plastics under the Lot 2 (240lt bins) supplementary further competition exercise (53668) from Wheeled Bin supply contract (DN512564). The contract will run from 1<sup>st</sup> June 2022 until 30<sup>th</sup> November 2022 and has an approximate value of £234K.

## **What is this report about?**

- 1 A contract for the provision of plastic wheeled bins commenced in December 2021. 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.
- 2 The contract with One51 ES Plastics (UK) Limited was mutually terminated in May 2022 following a price increase request from the supplier due to the situation in Ukraine adversely affecting their ability to deliver the contract.
- 3 This contract is set up to allow suppliers to review their prices on an annual basis. The mechanism helps to protect the Council from risk pricing and benefits suppliers through increased flexibility. The first annual review is due to take effect in December 2022 which leaves a contract gap for Lot 2 for June to November 2022 inclusive.
- 4 The provision of household wheeled bins is an integral function of Waste Management and a priority for the service was to put a new contract solution in place. A supplementary Call Off to cover June to November was offered to all suppliers on the framework.
- 5 The Call Off is evaluated on price only with all previously submitted Method Statements remaining unchanged. An Invitation to Tender was issued via Yortender on 23/05/22 and following closure of the opportunity on 08/06/22 bids were received and evaluated from Craemer UK Limited and One51 ES Plastics (UK) Limited.
- 6 One51 ES Plastics (UK) Limited provided the most competitive tender with an estimated overall cost for the 6-month period of £234K. The tendered rate was lower than the rate proposed in the price increase request received that led to contract termination.
- 7 Following the tender submission, which was surprisingly low in the context of previous discussions with the supplier, Officers from Waste Management took legal advice and worked with One51 ES Plastics (UK) Limited to understand their approach to pricing. The legal advice was based on the fact that because the Call Off was evaluated on price alone there was no discretion to award on any other basis. As a result of this, Officers sought reassurances from One51 ES Plastics (UK) Limited that the price would be held until the next review point and highlighted that a mutually agreed termination would not be recommended by the service in the event the price was not held for a second time.
- 8 Because the Call Off utilises the original tender documentation the Council benefit from the protection this delivers. This includes the quality element of the contract ensuring bins meet BSEN840 and are manufactured in accordance BS EN ISO 9001 and all carry a minimum of 7 years warranty. This is further backed up by the contract Terms and Conditions which include mechanisms for Critical Service Failure.
- 9 The Chief Officer for Environmental Services is recommended to approve the award of this supplementary Call Off to One51 ES Plastics (UK) Limited in line with Contract Procedure Rule (CPR) 18.6.
- 10 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. Establishing a new call off contract also indirectly supports a number of other priorities. Suitable waste containment helps to avoid anti-social behaviour and environmental crime issues which allows safe, strong communities and friendly city priorities to succeed.

## **What impact will this proposal have?**

- 11 The proposal allows essential frontline services to be maintained across the city.

## **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 12 An appropriate wheeled bin contract is needed to maintain efficient and effective frontline services provided by Leeds City Council's Waste Management Team for the kerbside collection of household waste. The emphasis in contracts of this kind is to provide the necessary infrastructure to maximise carbon savings through 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.
- 13 This approach supports 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.

### What consultation and engagement has taken place?

Wards affected: N/A

Have ward members been consulted?

Yes

No

- 14 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 officers from Procurement and Commercial Services.

### What are the resource implications?

- 15 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.
- 16 The Finance Business Partner for Waste Management will be kept up to date with supplier information that may influence price for the remainder of the contract duration and will be able to advise the wider resource strategy accordingly. The Business Partner is comfortable that the Call Off prices can be delivered in the current budget and represent value for money for the Council as not awarding to One51 ES Plastics (UK) Limited would result in significant extra cost to the Council due to the prices submitted by other bidders.
- 17 The 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 key risks and how are they being managed?

- 18 If the recommendation to 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 cannot be used to deliver security and value for money and instead the Council has no formal contractual arrangements in place for the provision of a key product needed to deliver frontline operational services. This is not an option since the Council would be in breach of their own CPRs and also the Public Contract Regulations due to the contract value.
- 19 A risk register has been developed and will continue to be maintained throughout the Call Off contract, the framework and the longer-term procurement strategy. 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.

20 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.

### **What are the legal implications?**

21 Officers from Procurement and Commercial Services have been consulted throughout this process and will continue to be consulted to ensure all legislative requirements surrounding Public Procurement Regulations have been adhered to.

22 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.

## **Options, timescales and measuring success**

### **What other options were considered?**

23 The alternative to awarding a supplementary Call Off for the next 6 months is to run that period without formal contract arrangements in place. In this scenario the council does not have the protection that a contract provides and will be vulnerable to poor service standards and spot pricing.

### **How will success be measured?**

24 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.

### **What is the timetable and who will be responsible for implementation?**

25 The contract will run from 1<sup>st</sup> June 22 until 30<sup>th</sup> November 22

### **Appendices**

- none

### **Background papers**

- none