

Authority to commence a second Further Competition Process under the Garden and Food Waste Recycling DPS (Dynamic Purchasing System) DN448278.

Date: 27th January 2023

Report of: Business Officer (Waste Management Contracts)

Report to: Chief Officer for Environmental Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- A 12 year DPS was established in 2020 for the processing of food and garden waste collected at the kerbside and through the Councils HWRC (household waste recycling centres).
- The first further competition exercise under the DPS established a contract from May 2020 until April 2023 so a replacement contract is needed.
- A second further competition exercise under the DPS will offer the security and flexibility needed by the Waste Management service.

Recommendations

- a) The Chief Officer for Environmental Services is recommended to note the content of this report and under CPR 3.1.7 and 3.1.8 approve commencing a second further competition exercise under the Garden and Food Waste Recycling DPS (DN448278) using the process outlined in this report and the evaluation criteria that has been specified. The Call Off contract will run from 1st May 2023 until 30th April 2029 and has an annual estimated value of £1.1m.

What is this report about?

- 1 The garden and food waste collected by LCC is currently contracted under a DPS that was established in 2020. The first further competition process under the DPS established Call Off contracts from May 2020 until April 2023. A DPS was chosen as the procurement route due to the increased flexibility that was needed by the authority in challenging market conditions.
- 2 The DPS was set up, in collaboration with Bradford Council, with 3 lots: Lot 1 garden waste only, Lot 2 garden and food combined and Lot 3 food waste only. At the point of award only Lots 1 and 3 were progressed as there wasn't a service need for Lot 2. The tender documents, however, include options to move tonnage between the lots during the course of the contract as the future for food waste collections for both authorities was, and remains, somewhat unclear.
- 3 As the current contract is expiring new arrangements need to be put in place. A second further competition exercise is being recommended as the procurement route as it offers the security and flexibility still needed by both authorities. The future of food waste collections has still not been determined due to delays at a central government level so the option to move tonnage between lots will be retained as will a break clause which may be needed for significant city wide service changes. The second further competition will establish 6 year contracts from 2023 until 2029 with a view to going beyond inevitable changes to food waste, this means the mechanisms for change in the contracts are even more important.
- 4 The further competition will follow the LCC corporate price separator approach for evaluation with the same quality criteria used as in the first further competition exercise:
 - Contract Approach **(75 points)**
 - Operational Interfaces **(100 points)**
 - Resources and Plant Development **(100 points)**
 - Environmental Performance **(250 points)**
 - Processing Methods and Market Security **(150 points)**
 - Monitoring and Reporting **(75 points)**
 - Business Continuity **(150 points)**
 - Social Value **(100 points)**
- 5 Contracts will be awarded on a price separator approach with the successful bidder being the lowest priced submission of those who meet the minimum quality threshold. Following the evaluation of method statements the lowest priced option for each authority for each service scenario will be recommended for award. Contracts will be awarded to the most suitable overall 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 of the deliverability of the refuse service. The outcome of the evaluation and the successful tenderers will be identified in a subsequent award report.

What impact will this proposal have?

- 6 The report will allow key waste services to continue to be appropriately contracted, which in turn protects the Council's service standards and budgets. The procurement approach recommended also protects the ability of the Council to respond to legislative changes to food waste services.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 7 This contract is needed to maintain the frontline services provided by the Council's Waste Management Teams. The emphasis in contracts of this kind is to provide infrastructure to allow maximum 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.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 8 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.

What are the resource implications?

- 9 As the procurement is delivering a continuation of key services, they have been appropriately reflected in the budget for the duration of the DPS. Any service changes that may impact on resources are being considered in wider pieces of work around how new burdens for legislative changes will be delivered by central government.
- 10 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.

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

- 11 A risk register has been developed and will continue to be maintained throughout the procurement and into contract management stages. High or escalating risks will be brought to the attention of the Chief Officer for Environmental Services.
- 12 The main risk for the contract is the unknown future of the food waste service. This is being mitigated by Officers staying up to date with industry news and engaging with industry bodies such as Defra to allow informed decision making to be made at a local level. The future proofing elements of the DPS offer some control measures for this risk.

What are the legal implications?

- 13 As a Key Decision this Delegated Decision Report is subject to Call-In and will be published on the register of decisions.
- 14 CPR 3.1.7 and 3.1.8 requires authorisation to approve the commencement of a competitive tender process using the evaluation criteria outlined.
- 15 Officers from Procurement and Commercial Services will be consulted throughout this procurement exercise and as such all legislative requirements surrounding Public Procurements will be adhered to.
- 16 The Council will make it clear that suppliers will be required to accept the terms and conditions when bidding for contracts under the DPS and that the current version of terms and conditions will apply, as included in the procurement documents, at the point of tender.

Options, timescales and measuring success

What other options were considered?

17 The alternative to a second further competition exercise is to conduct a procurement outside of the DPS or to run services without any formal contractual arrangements in place. A procurement outside of the DPS will deliver security but will not necessarily offer the same level of flexibility as can be provided by the recommended procurement route. Running key services for any significant period without formal contractual arrangements and a breach of the Council's responsibilities.

How will success be measured?

18 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. The contract has a performance related incentive mechanism which will be used to ensure service standards are maintained as part of the contract management function.

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

19 The second further competition will procure a contract for 1st May 2023 until 30th April 2029 and will be implemented by Environmental Services.

Appendices

- Equality Assessment

Background papers

- None