

Authority to establish a Household Waste Recycling Site (HWRS) DPS (Dynamic Purchasing System) for residual waste, timber, inerts and plasterboard.

Authority to award contracts under the first Further Competition exercise of the same DPS.

Date: 6<sup>th</sup> September 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

- The existing contractual arrangements for key waste streams collected at the Council's Household Waste Recycling Sites are expiring and need replacing.
- A DPS would offer the Council increased flexibility compared to a traditional framework and the Council has an increased need to be agile as changes in the waste industry are having direct impacts on waste management collection services.
- The first further competition exercise under the DPS is for a duration of 4 years and the evaluation of these contracts incorporates service specific criteria.

## 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 establishing a 12 year DPS (Dynamic Purchasing System) for the processing of a range of wastes (residual, timber, inerts and plasterboard) collected at the Councils HWRS (Household Waste Recycling Sites). The DPS will run from April 2024 until March 2036 and will be set up using the process outlined in this report.
- b) The Chief Officer for Environmental Services is also recommended to approve the acceptance onto the DPS of all suppliers who successfully pass the Standard Selection Questionnaire (SQ) and the subsequent award of contracts to those suppliers who are successful in the first further competition exercise according to the process outlined in this report and the evaluation criteria specified. The first further competition exercise will be for a duration of 4 years and has an estimated value of £21.5 million.

## What is this report about?

- 1 Residual waste, timber, inerts and plasterboard collected at the HWRS have been formally contracted under a framework since 2019, this contract expires in March 2024. There are no extension options available and so replacement contract provisions are needed to protect the Council from inflated pricing and unsatisfactory service standards. A DPS is recommended as the most favourable procurement route as it offers flexibility in a period of changing waste legislation affecting Council collection services, particularly regarding POPs (persistent organic pollutants).
- 2 A DPS works by effectively creating a list of prequalified organisations who have successfully passed compliance questions contained within a selection questionnaire (SQ). The organisations are then invited to bid for specific contracts under a further competition process which focuses on a service specific evaluation. Suppliers are not obliged to bid. The DPS is for a duration of 12 years with the first Call Off contract being for 4 years, subsequent contracts will be detailed at the point of tendering.
- 3 There are 6 lots under the DPS:
  - Lot 1 – General Waste not containing POPs (persistent organic pollutants)
  - Lot 2 – General Waste containing POPs
  - Lot 3 – Timber and wood-based material
  - Lot 4 – Inert soil, rubble and Hardcore
  - Lot 5 – Plasterboard and gypsum products
  - Lot 6 – Haulage for Lots 1-5
- 4 The Council will award specific contracts for delivery to the tenderer(s) that best meet the further competition evaluation 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 and suppliers may bid for 1 or more Lots.
- 5 The call for competition will be evaluated taking into account both the pricing element and the quality of the submission. The price separator approach will be used so of all the bids that meet the minimum quality scoring thresholds, the cheapest option will be used.
- 6 The following approach to the quality evaluations including individual criteria weightings will be adopted:
  - Contract Approach (50 points)
  - Operational Interfaces (150 points)
  - Resources and Plant Deployment (100 points)
  - Environmental Performance (250 points)
  - Processing Methods and Market Security (150 points)
  - Monitoring and Reporting (100 points)
  - Business Continuity (100 points)
  - Social Value (100 points)
- 7 The price evaluations will use the prices submitted by tenderers but also the Council's own service costs which may result in a split of tonnage between contractors. Contracts will be awarded to the most suitable mix of contractors available at the point of tender evaluation. The outcome of the evaluation and the successful tenderers will be identified in a subsequent award report.

### What impact will this proposal have?

- 8 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 waste services.

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

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 9 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: None

Have ward members been consulted?       Yes       No

- 10 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?

- 11 As the procurement is delivering a continuation of key services, they have been appropriately reflected in long term budgets 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 at both a national and local level.
- 12 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 this have been identified in the Waste Management procurement strategy.

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

- 13 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.
- 14 The main risk for the contract is the service impacts of managing and processing POPs. This is being mitigated by Officers staying up to date with industry news, lessons learned from colleagues in other authorities 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?

- 15 As a Key Decision this Delegated Decision Report is subject to Call-In and will be published on the Council's Decision Register.

- 16 CPR 3.1.7 and 3.1.8 requires authorisation to approve the commencement of a competitive tender process using the evaluation criteria outlined.
- 17 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.
- 18 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?**

- 19 The alternative to establishing a DPS is to utilise a different procurement route or to run services without any formal contractual arrangements in place. An alternative procurement approach will still deliver the security of a formal contract but will not necessarily offer the same level of flexibility as can be provided by a DPS. Running key services for any significant period without formal contractual arrangements breach the Council's Contract Procedure Rules.

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

- 20 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?**

- 21 The overarching DPS will run from April 2024 until March 2036 and the further competition exercise will procure a contract for 1<sup>st</sup> April 2024 until 31<sup>st</sup> March 2028. Both will be implemented by Environmental Services Contracts Team.

## **Appendices**

- None

## **Background papers**

- None