

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

Date: 3rd October 2024

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 garden and food waste collected at the kerbside and through the Councils HWRC (household waste recycling centres).
- The Council needs to meet the requirements of Simpler Recycling legislation and collect food waste at the kerbside by 2026. Co-mingling garden and food waste offers significant advantages in meeting these obligations.
- By starting the food waste service as soon as is practicable the Council are building information to allow effective decision making ahead of national deadlines coming into force.
- Utilising the existing DPS to conduct a stand alone Call Off for co-mingled garden and food waste delivers both security and flexibility, which are priorities for the Waste Management Service.
- The contract would be for a period of 5 years from April 2025 to March 2030 with an option to extend for a further 2 years until 2032.

Recommendations

- a) The Chief Officer for Environmental Services is recommended to note the content of this report and under CPR 3.1.7 approve commencing a further competition exercise under the Garden and Food Waste Recycling DPS (DN448278) for the processing of co-mingled food and garden waste utilising the procurement process outlined in this report. The Call Off contract would run from 1st April 2025 until 31st March 2030 with an option to extend until 31st March 2032. The contract has a total estimated value of £23.7m.

What is this report about?

- 1 The Garden and Food Waste Recycling 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 the original award in 2020 only Lots 1 and 3 were progressed as there wasn't a service need for Lot 2. At the point of award for the second further competition exercise in 2023 only Lot 1 was progressed.
- 2 A DPS was chosen as the procurement route for these waste streams due to the increased flexibility that was needed by the authority in challenging market conditions. The DPS includes options to move tonnage between the lots during the course of the contract and to trigger a break clause to terminate contracts if necessary.
- 3 This flexibility also makes the DPS the most appropriate procurement route as the Council navigates legislative changes to introduce kerbside food waste collections. The existing DPS can be utilised to conduct a further competition exercise for a stand-alone Call Off contract for the processing of a co-mingled waste stream of food and garden waste. Utilising the existing DPS preserves the original benefits that the procurement route offers and thus minimises the risk to the Council.
- 4 The further competition exercise would establish a 5 year contract with the option to extend for a further 2 years. This is considered to be the optimum duration that offers suppliers a significant contract in which they could invest in delivering services but also ties in with the expected lifetime of vehicles needed by the Council to make corresponding collections.
- 5 Any Contract would be awarded on a price separator approach with the successful bidder being the lowest priced submission of those who meet the minimum quality threshold. Evaluation Criteria will be approved separately by the Chief Officer for Environmental Services.
- 6 Following the evaluation of method statements the lowest priced option will be recommended for award. This recommendation will be made in the context of the overall strategy for waste services, for example if none of the options presented are operationally viable or capable of realising the full benefits of diverting food waste from the current residual stream then the Council reserves the right not to award at all. The outcome of the evaluation will be identified in a subsequent award report.

What impact will this proposal have?

- 7 The decision will allow key waste services 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

- 8 This contract is needed to deliver key 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 are selected as the preferred method for dealing with wastes ahead of other disposal or treatment technologies.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 9 It is not considered that the content of this report or the recommendations made will have a significant impact on a particular ward or community. Consultation to date has been internal with the Director for Communities, Housing and Environment, the Executive Member for the Environment and with the Scrutiny Chair for Environment, Housing and Communities.

What are the resource implications?

- 10 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 and these would be modelled fully at a local level ahead of any award. The main benefit of co-mingling food and garden waste is that existing infrastructure can be utilised to deliver services, but this needs to be offset against the co-mingled gate fee cost which offers both benefits in savings for food compared to residual waste rates, but also disadvantages in garden waste compared to green waste rates.
- 11 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?

- 12 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.
- 13 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 all stages of the process. The future proofing elements of the DPS offer some control measures for this risk.

What are the legal implications?

- 14 As a Key Decision this Delegated Decision Report is subject to Call-In and will be published on the register of decisions.
- 15 CPR 3.1.7 requires authorisation to approve the commencement of a competitive tender process.
- 16 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.
- 17 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?

- 18 The alternative to a 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 working within the existing DPS. Running key services for any significant period without formal contractual arrangements are a breach of the Council's responsibilities.
- 19 Timing wise a procurement could be delayed to be conducted to closer to statutory deadlines but this limits the Council's ability to gather information and deliver well thought out informed services and exacerbates practical restrictions, such as the availability of food waste caddies.

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 further competition process will procure a contract for 1st April 2025 until 31st March 2030, with an option to extend until 31st March 2032, and will be implemented by Environmental Services.

Appendices

- EDCI

Background papers

- None