



EXECUTIVE BOARD DECISION

REPORT OF:

Executive Member for Environment

LEAD OFFICERS:

Director of Environment and Leisure

DATE:

12 October 2017

**PORTFOLIO/S
AFFECTED:**

Environment

WARD/S AFFECTED:

All

KEY DECISION:YES NO **SUBJECT:****Award of the contract for the management of household waste recycling centres (HWRCs) 2017-2022****1. EXECUTIVE SUMMARY**

This report recommends the award of the above contract.

2. RECOMMENDATIONS

That the Executive Board: approves the above 5 year contract awarded to the highest scoring bidder, taking into account price and quality.

3. BACKGROUND

The requirement for the provision of a Household Waste Recycling Centre (HWRC) service is a statutory duty on the local authority, acting in its capacity as a Waste Disposal Authority (WDA). The OJEU tender process was completed via the Chest procurement portal (with the Council Procurement team). The evaluation was based on a 60%price and 40% quality model.

Under direction and guidance of the Council's Procurement section and in consultation with colleagues in legal and finance, the Council issued an OJEU notice via the Chest, inviting bids to manage and operate the Council's 2 HWRCs, following the expiry of the existing contract. Bids were required to be submitted on or before 19th May 2017.

The contract covers all aspects of day to day management of the Council's 2 HWRCs, plus arranging for the transport and disposal/recycling/recovery of all materials from the centres (with the exception of non-recyclable landfill and green waste, where the Council has existing contracts).

Two bids were received and evaluated by a panel of officers. Both bids were evaluated and scored according to the evaluation matrix. The unsuccessful bidder's submission was considered but after scoring, was rejected based on MEAT (most economically advantageous).

Evaluation Process and Model

Following the receipt of tenders from 2 bidders an evaluation exercise was carried out by Officers

from within the Environment Department, supplemented by colleagues from Procurement.

Tenderers needed to satisfy the financial, company information, technical, equal opportunities, environmental, and health and safety questions that make up the Company Questionnaire, before being considered for the full evaluation process, which then scores their submission on price and quality. An element of the specification relates to achievement by the contractor, of the diversion of materials away from landfill. In essence, below 68% diversion and a fine is imposed on the contractor, above 72% and a bonus is paid.

Tenderers were asked to price for the full contract term, broken down for each year of the contract, with options available for differing hours and days of operation.

Bidders were also required to price separately from the management fee, for the disposal of inert waste. This was due to Lancashire County Council (and others), who have been able to secure financial savings from managing the amounts of inert material coming in to their sites. If the Council wished to take up this option at any time in the future, the contract needed to have the flexibility to pass some of these savings back to the Council.

The tender documents did not allow bidders to submit variant bids.

The evaluation of bids was based upon a 40% quality, 60% price split. This split was designed to reflect the fact that :-

- a) the service is high profile amongst residents and as such service quality is important
- b) price is also an important criteria because of the need to deliver the service within tight financial constraints

The impact of the new contract for residents

The opening hours will remain unchanged. The contract does allow the provision of a transfer to a new HWRC facility, should one become available during the term of the contract.

Contract performance management

The contract requires the Contractor to provide the Council on a regular basis a wide variety of information. This is recognition of the Council's duty of care and strategic objectives in other areas. For example health and safety compliance, staff training and development, site licence compliance etc.

Moreover, landfill diversion from the sites will be closely monitored (see specification targets outlined above). Any bonus payments made to the contractor for landfill diversion above 72% will be contained within the waste disposal budget, as a saving will be made in landfill disposal to offset increased recycling.

4. KEY ISSUES & RISKS

The Council require a supplier for the provision of the above statutory service. An OJEU tender process has been carried out through the CHEST procurement system, with the price/ quality model identified as a 60/40 split and includes for business continuity plans formed part of the evaluation process.

Describe the impact of this subject on our partners – none, the service will largely continue in its present form, at both sites, aside from there being an increase in the recycling target, which will require the contractor to increase the recycling rate.

Issues arising from Inspections or Audits – the contractor is required to provide data in a form and quality, which the Council is required to report to government. Health, safety, and environmental issues are comprehensively covered in the specification and evaluation process.

Other issues

The service will continue to be provided at both sites within the Borough, as it is at present. The Council is aware that both sites may no longer fit for purpose and a separate project is under way to identify site that meets the existing and future needs, not only for the service users, but the Council's wider corporate objectives.

The service addresses many environmental issues of the Council, principally resource recovery and reduced carbon emissions from reduced need for landfill.

5. POLICY IMPLICATIONS

None. The procured service is part of the Council's statutory legal obligation as a Waste Disposal Authority (WDA).

6. FINANCIAL IMPLICATIONS

There is an existing budget for the service. A budget pressure has been raised for the service, as a result of the procurement exercise.

Bidders were asked to price for the full term of the contract.

The value of the service is in the region of £747,000 per annum at present, with the cost for 2017/18 likely to be £852,000, if the contract commences 1st October 2017, some £105,000 over budget. The annual cost will vary in the future, in line with the submitted price per contract year and of course contractor performance over the 72% recycling target or below the minimum 68% recycling target (bonus payment due or fine levied for under and over performance, which will not cost the Council any extra, as there will be savings in the waste disposal budget for over performance and under performance fines will offset any cost for additional waste disposal).

The highest scoring bidder scored highest overall in terms of price and on quality.

Affordability

The table below identifies the affordability of the service (under the cost centre 6376 previously DDE 309)

2016/17 contract management cost	2017/18 contract management cost	2017/18 cash limited budget
£672 000	Previous contract price to end September 2017 : £378,000 New contract price October 2017 to March 2018 : £474,000 Combined cost for 2017/18 =£852,000	£747,300

The costs for the contracted service (including an assumed 3500 tonnes per annum of construction waste for disposal), per annum for future years is:-

2018/19 - £946 948
2019/20- £970 642
2020/21 - £994 895
2021/22 - £1 019 762

7. LEGAL IMPLICATIONS

The proposed arrangement is compliant with Public Contracts Regulations 2015 and the Council's Contract Procurement Procedure Rules.

8. RESOURCE IMPLICATIONS

None. The contract will be managed as previously, by existing staff. No further resources are required.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

10. CONSULTATIONS

The Council is a signatory to the Lancashire Municipal Waste Management Strategy, which has been produced and revised, incorporating extensive consultation with, stakeholders, although it is due for review in the next 12 months.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	1
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CONTACT OFFICER:	Tony Watson, Head of Environment and Public Protection
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DATE:	10th August 2017
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BACKGROUND PAPER:	Held with the author of the report
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