



# EXECUTIVE BOARD DECISION

**REPORT OF:** Executive Member for Environmental Services

**LEAD OFFICERS:** Director of Environment and Operations

**DATE:** 13 February 2020

**PORTFOLIO/S AFFECTED:** Environmental Services

**WARD/S AFFECTED:** All

**KEY DECISION:** YES  NO

**SUBJECT:** Contract for the sorting and processing of kerbside collected recyclables

## 1. EXECUTIVE SUMMARY

1.1 To update the Executive Board on the procurement of the sorting and processing of kerbside collected recyclables and to seek the Executive Board to approve the appointment of the successful bidder as the contractor for the service and make relevant changes to the revenue budgets.

## 2. RECOMMENDATIONS

2.1 That the Executive Board:

- Approves the appointment of Bidder 2 as the successful bidder
- Notes that the Council shall review options to minimise costs and report the outcome to Finance Council

## 3. BACKGROUND

3.1 The existing kerbside recycling collection and processing contract (begun in 2010) with BIFFA is due to end on 30<sup>th</sup> April 2020. As Members will be aware, the collection service will be moving in-house and a procurement process was followed to secure sorting and subsequent processing of the collected materials. As a Waste Disposal Authority (WDA), the Council has a legal duty to arrange for disposal of municipal waste and recycling from the Borough, and hence this contract is required.

3.2 The Council entered into a 10-year contract with BIFFA in 2010 for collection and processing and this contract will end in 2020. Following soft market testing, a procurement exercise was undertaken to procure a new collection and processing contractor. However for various factors, this did not yield any bids and the decision was taken to bring the collection service in house, and to progress with a sorting and processing contract.

3.3 Market conditions have markedly changed since 2010 and waste management companies all expressed the same view that they are no longer able to accept market risk on commodity prices for recyclables. They also required the Council to take risk (disposal costs) arising from non-recyclable items placed in recycling bins by residents. Reflecting this current and likely ongoing market uncertainty, the Council decided to procure a shorter 3 year contract, with an option to extend the

contract for up to 3 further years.

3.4 The scope of the contract is the acceptance of delivered loads of kerbside collected recyclables and the subsequent haulage, processing and end market reprocessing of the treated materials.

3.5 Soft market testing also indicated that the Council would likely benefit from increased market interest, bids, and lower contract costs if an option was included which collected fibre (paper and card) separately from glass, cans and plastic (DMR). This is because of the now restricted end markets available to fibre 'contaminated' with glass and/or with a higher moisture content (from the other DMR items), as well as the lower subsequent processing costs.

3.6 The Council received 2 bids in response to the contract notice by the closing date of 22<sup>nd</sup> November 2019, from Bidder 1 and also Bidder 2. Bidder 1 was a non-compliant bid. The remaining and winning bid, from Bidder 2, was evaluated and obtained a high quality score of 34% (out of a possible 35%), a further 4% were allocated to Social Value (out of a possible 5%).

3.7 The bid from Bidder 2 was also evaluated on price and being a compliant bid, was scored a maximum mark of 60, giving them a total score of 98%.

3.8 Council Officers met with representatives from Bidder 2, to clarify their bid in a number of areas, affecting pricing and processing, with the resultant feedback satisfactory to the Council.

3.9 The Executive Board recommendation is to award the contract to Bidder 2.

3.10 The bid contains a number of options for the service that could result in savings for the Council which will be explored and reported back to Finance Council.

#### **4. KEY ISSUES & RISKS**

4.1 The Council was aware that the tender may only attract a small number of bids, since the waste management companies who can provide the service needed, are small in number, as they would be required to have a site within or local to the Borough, and a network of off-take contractors available to take the materials into various reprocessing facilities across. The Council was not and is not in a position to provide a transfer station for the use of all interested bidders, in order to attract more bids.

4.2 The Council was also aware that many Councils are placing contracts on the market at this time and hence bidders have to pick and choose carefully where they allocate their limited procurement resources.

4.3 Under the terms of the contract, the service cost will be adjusted with the contractor every 3 months in line with the payment mechanism. The key determinants will be the commodity prices, as measured and published independently by Letsrecycle.

4.4 The Council is aware that if it fails to minimise contamination (non-recyclable materials) being placed in the recycling bin, it will see the costs of recycling increase.

#### **5. POLICY IMPLICATIONS**

5.1 The Council is undertaking its procurement in line with council policies, its statutory duties and seeking to divert waste from landfill.

#### **6. FINANCIAL IMPLICATIONS**

6.1 The current contract price with BIFFA includes kerbside collection as well as sorting, haulage and processing. Moreover, the pricing mechanism and contract terms are different, hence a direct comparison with the new contract rates is not directly possible.

## 7. LEGAL IMPLICATIONS

7.1 The Council is acting in its capacity as a Waste Disposal Authority.

7.2 The procurement process was in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procurement Procedure Rules.

7.3 All contracts and contract variations will be in a form approved by legal officers in the Contracts and Procurement team.

## 8. RESOURCE IMPLICATIONS

8.1 The existing resources within the council will administer this contract.

## 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

10.1 Soft market testing consultations were undertaken with a number of potential service providers prior to the commencement of the procurement process.

## 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**

<b>CONTACT OFFICER:</b>	Tony Watson
<b>DATE:</b>	22 January 2020
<b>BACKGROUND PAPER:</b>	Held by the author, but including the Lancashire Municipal Waste Management Strategy