

WASTE & RELATED SERVICES CONTRACT AWARD

Summary: Having followed an EU procurement process, two compliant bids have been assessed against the award evaluation criteria. This report recommends the award of the contract and makes recommendation in respect of the costed option of food waste and other provisional items.

Options considered: Options considered include whether it was viable to introduce a food waste collection service from first commencement date.

Conclusions: There is a statutory duty to provide waste collections and to separately collect recycling. The award of this contract for waste and recycling collection will ensure the statutory duty is met.

The procurement has been undertaken jointly with Breckland Council and King's Lynn and West Norfolk Borough Council as a single contact covering the three Councils

A full OJEU procurement process has been followed for this procurement and all legal obligations have been met. External legal support was provided by Bevan Brittan for the procurement and preparation of the contract.

A costed option has been obtained for the introduction and delivery of food waste collections.

The award of contract must be to the most economically advantageous tender.

- Recommendations:**
- 1. That the most economically advantageous tender for the contract for the provision of waste and related services submitted by Bidder B is accepted, subject to formal contract and satisfactory conclusion of the statutory standstill time.**
 - 2. Cabinet do not approve the implementation of a food waste collection at service implementation.**
 - 3. That Cabinet delegate authority to the Head of Environmental Health, to implement provisional items in relation to clinical waste collections and garden waste disposal.**

**Reasons for
Recommendations:**

To ensure the continued delivery of waste and recycling collections, other collections services, street cleansing and grounds maintenance services across the district. Bidder B offers the most economically advantageous tender.

The additional cost implications of introducing a food waste collection service make it unviable at first Commencement date.

Provisional items within the contract allow for the smooth running of the contract and options to secure the most cost effective delivery method. To provide sufficient flexibility for the effective management of the contract implementation in respect of provisional items, relating to clinical waste collection and garden waste disposal, should be delegated to the Head of Environmental Health

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Cabinet Member(s) Cllr Nigel Lloyd, Environment

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1. Introduction

- 1.1 The Council currently has a contract with Kier Environmental Services for the provision of waste and recycling collection services, street cleansing and grounds maintenance service, due to end 31st March 2020.
- 1.2 On 5th June 2017, Cabinet approved proposals to procure the waste and related services contract jointly with North Norfolk District Council and West Norfolk and Kings Lynn Borough Council, with the aim of achieving better value for money and improved competition.
- 1.3 An Inter Authority Agreement (IAA) was signed by the three Councils in January 2019, committing the Councils to the procurement process.
- 1.4 The waste and related services contract consists of one contract for all three Authorities, aligning the specification and requirements, but retaining and ensuring all local authority needs are met.
- 1.5 The specification for the contract is output based, and includes specific quality standards that the Contractor will be required to achieve.
- 1.6 Officers worked closely to ensure that the specification requirements did not diminish the standard below a level that would be acceptable to any one Council.

2. Procurement Process

- 2.1 Competitive Procedure with Negotiation (CPN) was used as the requirements of the contract were clearly defined from the outset, and it allowed the Authorities to award the contract to a supplier once all proposals had been evaluated, but offered the flexibility to enter into negotiations if necessary.
- 2.2 The first stage of the CPN invited Tenderers to submit an initial tender. In theory it was possible at this stage for the Councils to make an award decision, but they were not able to do this as from the two bids received, neither bid was compliant, failing to fully meet the requirements, so the procurement progressed to CPN stage two, where both bidders were invited to participate in three rounds of negotiation with the Authorities.
- 2.3 The negotiation meetings enabled the strengthening of areas where improvements in proposals were identified, and allows for financial aspects of the bid to be more competitive. The process gives the Authorities the opportunity to optimise its requirements in light of the discussions with bidders.
- 2.4 Bidders submitted their final tenders based on the initial tenders they submitted and reflecting the negotiated position reached with the Authorities at the end of the negotiation stage.
- 2.5 Final tender responses comprised of:
- Part 1 – all tender responses except vehicle pricing
 - Part 2 – vehicle pricing only
- 2.6 This two stages submission was required as bidders made Authorities aware that vehicle suppliers are only able to commit to/offer vehicle pricing for a period of 30 days. Creating a two staged submission process provided bidders with sufficient time to obtain and submit final tenders on the basis of vehicle pricing to which they will be held for the purpose of tender evaluation.
- 2.7 Final bids submitted were assessed according to published criteria, with scores being weighted to reflect a 50 to 50 cost to quality ratio.

50%	Cost	Total Contract Cost
		Contractor Risk Position
50%	Quality	Mobilisation
		Contract Management
		Health & Safety
		Customer Care
		Depot Management
		Plant & Resourcing
		Maintenance Plan
		Household Recyclables Collection Service
		Household Residual Waste Collection Service
		Other Household Collection Services
		Commercial Waste Collection Service
		Street Cleansing Services
Grounds Maintenance Services		

- 2.8 Vehicles will be financed and owned by the Authorities respectively, utilising the bidding power of the contractor to secure best value.
- 2.9 All bids assessed are to provide services that retain core elements of the current service provision.
- 2.10 Waste collection services; alternate weekly collection of residual and mixed dry recyclables, using similar containers and methodology, other non-domestic waste and recycling collection, household bulky waste collections and other ancillary services.
- 2.11 Cleansing services; mechanical and manual cleansing, market towns, beach cleansing, designated roads, removal of fly-tipped materials, seasonal leaf management, litter and dog bin management, car park cleansing, dead animal removal, special event cleansing and other ancillary services.
- 2.12 Grounds maintenance services; grass cutting and maintenance, horticultural features, weed treatment and vegetation control, arboriculture management, and other ancillary services.
- 2.13 Bidders' proposals to work with organisations from the third sector in service delivery were assessed as part of the quality assessment. Both bidders made proposals that would see suitable materials from the bulky household waste stream diverted to a third sector organisation.
- 2.14 Both bids offered modern ICT solutions that would allow collection of comprehensive service performance data, with communication in near real time between front line service provision in the field and customer interface, and interaction between Council systems and the contractor's management system. This would mean Officers would be able to see progress on collection rounds; vehicle crews could report a problem with a planned collection electronically as it happened, and upload photographs if required; supervisors could update crews with new instructions as issues arose.
- 2.15 This would allow the Council to deal far more quickly and easily with customer enquiries, and further development by the Council of a range of electronic self-service options such as booking bulky waste collections, reporting missed bins, and getting localised information about service issues, such as delays caused by icy weather.
- 2.16 Better access to management data allows contractors to regularly review operations to ensure that optimum use is made of vehicles and human resources, which helps to minimise carbon impact and costs, resulting in more competitive tenders.
- 2.17 Pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) ('TUPE'), and subject to approval in accordance with the recommendations within this report, the staff will transfer from Kier Environmental Services Ltd to the selected bidder, when they commence provision of the waste and related services contract. No staff will transfer from or into the Authorities, and therefore the obligations imposed by these Regulations will fall upon Kier Environmental Services Ltd, as the 'Transferor Employers' and the selected bidder as the 'Transferee Employer'

3. Costed Options/Provisional Items

- 3.1 Most of the items within the specification of the works are included as core items of the contract, in that they have to be delivered by the contractor. Some items in the specification have been included as provisional items. Provisional items are those which the authorities can choose to implement at the start of the contract or during the lifetime of the contract.
- 3.2 By including these items in this way, it allowed bidders to provide a price for this element of the service, which the authorities can use to determine whether they wish to implement the service or not.
- 3.3 The inclusion of costed options as provisional items within the contract protects the authorities from the potential of having to go through a re-procurement exercise which is required by the Procurement Regulations in the event that the contract requirements change significantly.
- 3.4 Except for those provisional items within the contract that allow a mechanism for the expansion/contraction of the services, the three main costed options are as follows:
- 3.5 Household Food Waste Collection
- 3.6 There is currently no statutory requirement to collect food waste from households. Some authorities make a separate collection for food waste as this diverts a relative heavy element of the residual waste stream from landfill. There is an additional cost associated with food waste collections as these are typically undertaken weekly and require additional capacity either on the collections vehicles providing other collections or through additional fleet provision.
- 3.7 Composition analysis indicated that around one third of the weight of a residual waste bin is made up of food waste. Removing this element of the residual waste stream would reduce the amount of waste sent for disposal and reduce associated greenhouse gas emissions
- 3.8 Balanced against this would be the need to undertake a separate weekly collection with associated vehicle movements. There are limited disposal points and so transport of material to treatment facilities is likely to require significant journeys.
- 3.9 The details of cost of providing a food waste collection service are provided in the exempt appendix to this report. This is a net cost as, removing food waste from this stream will reduce the resources needed to deliver the Household Residual Collection service.
- 3.10 If implemented there would be a one off cost for the provision and distribution of receptacles and a capital sum required for the provision of additional collection vehicles which would be required for the first year after implementation.
- 3.11 The Council receives recycling credits from Norfolk County Council, as Waste Disposal Authority for material which is diverted from landfill. Recycling credits would apply to food waste collections. These credits would reduce the overall cost of providing the service.

- 3.12 In October 2018 the Norfolk Waste Partnership considered a report which looked at future funding models for recycling credits produced by Eunomia, a consultancy firm specialising in Environmental issues such as waste and recycling. In this report, Eunomia modelled the introduction of food waste collections and proposed a number of alternative models for the payment of credits in respect of these collections. This included specific figures for North Norfolk. By extrapolating these figures against those provided by the bidders it is possible to estimate the net cost of delivering food waste collections. It should be noted that the figures used in the Eunomia report assume a certain level of participation by resident and experience in other Local Authorities is that participation usually tails off and requires ongoing campaigns to maintain.
- 3.13 Including household food waste as a costed option within the contract allows for an informed decision, based on actual cost, to be made on whether to include this service within the contract from day one.
- 3.14 The estimated net cost figures using the Eunomia modelling update with Bidder B pricing is included in the exempt Appendix B.
- 3.15 The Government produced the Resources and Waste Strategy, consulted on a number of measures designed to reduce the amount of waste being disposed of, including the introduction of a mandatory food waste collections for all England by 2023.
- 3.16 Whilst it is far from clear whether the Government will do so, in the event that the collection of Household Food Waste is mandated in 2023, it has been indicated that this will be accompanied by new burdens funding. It is not clear if this funding would be available to authorities who had introduced this service prior to the requirement being imposed.
- 3.17 If the service is not included from day one of the contract, and Household Food Waste collection is mandated by Government from 2023, the authorities will have a clear understanding of the service design and cost of delivering that service element.
- 3.18 The Council is supporting a number of initiatives, including community fridges and signing the Courtauld Commitment, to promote the reduction in food wastage to residents and businesses, which reflects the waste hierarchy approach.
- 3.19 The officer recommendation is that, based on the additional financial burden placed on the Council, food waste collections are not implemented.
- 3.20 Clinical Waste Collection
- 3.21 Household clinical waste refers to two types of clinical waste:
- Group A – All human tissue including blood soiled surgical dressings, swabs, and other soiled waste from treatment areas,
 - Group B – Used hypodermic needles.
- 3.22 Historically the NHS has made arrangements through dispensing surgeries for patients to return sharps boxes to them. The responsibility for the collection of household clinical waste lies with the local collection authority.

The NHS is withdrawing this pharmacy based facility, and it will be for the local authorities to arrange collection from households in the future.

3.23 Recognising this issue, the Norfolk Waste Partnership has been undertaking a procurement exercise in order to create a clinical waste collection framework which authorities can choose to enter or not.

3.24 At the time of this procurement, it was not certain what would be included within this clinical framework and whether to enter the framework, all services had to be taken, or if it was possible to select some services.

3.25 To preserve the authorities position to be able to secure best value for the services, the clinical waste elements of the contract were made a provisional item.

3.26 Treatment of Garden Waste

3.27 The green waste collected from the Councils garden waste subscription services is sent for composting at a composting facility.

3.28 There are a number of sites across Norfolk which provide composting treatment facilities, and bidders have been asked to include a provisional cost for the treatment of the collected green waste.

3.29 The authorities are paid recycling credits by Norfolk County Council, as Disposal Authority, on the waste collected through the garden waste services. As part of their budget savings exercises the county council have identified the recycling credits on garden waste as being an area which councils charge for and therefore may be appropriate to apply a different model than the existing credits system.

3.30 One option being considered by Norfolk County Council is a model where the Disposal Authority makes arrangements to process material collected by Collection Authorities. The Disposal Authority pays the gate fee to process the material, and the Collection Authorities are obliged to use the arrangements, with no requirement for recycling credits to be paid to the Collection Authorities.

3.31 The inclusion of the treatment of garden waste as a provisional item only allows the authorities flexibility should this model be the one chosen by the Disposal Authority.

4. Conclusion

4.1. There is a statutory duty to provide waste collections and to separately collect recycling. The award of this contract for waste and recycling collection will ensure the statutory duty is met.

4.2. The procurement has been undertaken jointly with Breckland Council and King's Lynn and West Norfolk Borough Council as a single contact covering the three Councils

4.3. A full OJEU procurement process has been followed for this procurement and all legal obligations have been met. External legal support was provided by Bevan Brittan for the procurement and preparation of the contract.

- 4.4. A costed option has been obtained for the introduction and delivery of food waste collections.
- 4.5. The award of contract must be to the most economically advantageous tender.

5. Implications and Risks

- 5.1. There is a risk of legal challenge to the award from either an unsuccessful bidder, or a bidder who chose not to participate in the process. A successful procurement challenge could have significant financial implications for the authorities. Officers have sought advice from external technical and legal advisors specialising in the field, to ensure the contract process has been compliant at all stages with the Public Contract Procurement Regulations 2015, and the principles of fair procurement set out in the EU Directive.
- 5.2. A specialist procurement company has been handling the issue of documents and the receipt of bidder's submissions. This reduces the risk of error and the risk of challenge to any part of the contract process.
- 5.3. In the event of a procurement challenge, officers are confident that this could be robustly defended.
- 5.4. There is a risk of some disruption at commencement of the service, but this will be mitigated with careful planning through the mobilisation stage, and close working with the new contractor.
- 5.5. Sufficient resources must be allocated during contract mobilisation, both to configure Authorities systems to maximise service benefits and ensure a smooth transition, and to effectively communicate with residents and businesses to maximise awareness of change.

6. Financial Implications and Risks

- 6.1. The specific financial information relating to this report, including financial implications are contained in the confidential Appendix B

7. Sustainability

- 7.1 Where possible in the design of the specification of works sustainability has been incorporated as a requirement of the contract.
- 7.2 In respect of the tender submissions, bidders have been encouraged to incorporate design solutions which reflect best practice in terms of environmental impact.

8. Equality and Diversity

- 8.1 There is not expected to be any impact on equalities and diversity from the award of this contract. The equalities policies and practices of the preferred contractor will be reviewed as part of the standard contract monitoring.
- 8.2 The provision of services such as assisted collections will continue to be provided as they are under the existing contract.

8.3 IT proposals promise enhanced choice, efficiency and effectiveness in customer interactions.

9. Section 17 Crime and Disorder considerations

9.1 There are no identified Crime and Disorder considerations arising from the procurement of this contract.