

Report to Cabinet

24 November 2022

By the Cabinet Member for Recycling and Waste

DECISION REQUIRED



**Horsham
District
Council**

Partially Exempt

Appendix 1 exempt under Paragraph 3 of Part 1 of the Schedule 12A to the Local Government Act 1972

Procurement for Commercial Waste and Mixed Recycling Disposal Tender Award

Executive Summary

The purpose of this report is to approve the award of contracts for the Commercial Waste and Mixed Recycling Disposal Tender Award following a comprehensive tender process (still in progress).

In 2017 we tendered to dispose of commercial waste from a different provider than WSCC where we were tipping all of our waste. The reason for this was due to looking to minimise disposal costs which were rising at the time. Britannia Crest were successful in their tender for commercial residual waste and card paper. This was for a 5 year period with a 5 year extension clause. We still take our commercial mixed dry recycling to WSCC contractors.

Over the last 5 years the service has grown and changed and we have also introduced bulky bags. Due to procurement regulations, we were required to put of the services for tender again. The tender is worth approx. £5m (£1m per year) over a 5 year contract term with the option to extend for 2 years.

The service requirements were broken down into Lots which were as follows

- General Trade Waste
- Commercial mixed dry recycling
- Commercial paper and cardboard only
- Wood Waste
- Commercial Food Waste
- Bulky Bags

Recommendations

That the Cabinet is recommended:

- i) To approve the award of the contracts for commercial waste to the highest scoring tenderer(s), on the terms recommended, as detailed in Appendix 1 (exempt).
- ii) To delegate authority to the Director of Community Services in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into contract with the highest scoring tenderer(s) for the commercial waste contracts.

Reasons for Recommendations

Under the current Public Contracts Regulations (2015) the Council is legally required to competitively tender if the value of the goods or services exceeds the current threshold of £213,477 (inclusive of VAT).

The service has grown and changed over the period of the current contract, with the inclusion of bulky bags and due to procurement regulations and we are now required to re tender for the services again. The Tender is worth £5m (£1m per year) over a 5 year contract term with the option to extend for 2 years.

Background Papers - None.

Wards affected - All wards.

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Background Information

1 Introduction and Background

- 1.1 The Council currently collects general commercial waste, commercial mixed dry recycling, commercial paper and cardboard, commercial wood waste and bulky bags which are for commercial and residential use. In 2017 we tendered for business waste to dispose of commercial waste from a different provider than WSCC. Britannia Crest were successful in their tender for residual waste and card and paper. The contract period was for a 5 year period with a 5 year extension clause. The commercial mixed dry recycling is delivered to WSCC contractors.
- 1.2 We have carried out a pre-market engagement questionnaire which took place on 12th August. We had three interested parties. This was to gain some idea of how we can ensure we are getting the best value for money out of our specification by enabling our specification to mirror effective markets.
- 1.3 We will be awarding the contract on 9th December 2022 to start on 1st February 2023.

2 Relevant Council policy

- 2.1 The approaches are compliant with the Council's Procurement Code and supporting policies such as the Sustainable Procurement Charter and sought to obtain value for money supplies/services for the Council.
- 2.2 As part of the procurement process, the organisations which submitted a tender for each contract were assessed on the basis of their approach to a number of factors including health and safety and sustainability.

3 Details

- 3.1 A pre-market engagement questionnaire took place on 12th August. There were three interested parties. The objective of the pre-market engagement was to understand the current market conditions and to ensure we were getting the best value for money out of our specification by enabling our specification to mirror effective markets.
- 3.2 The Open Tender was released on Friday 23rd September with the tender Submission Deadline on Monday 24th October. The Council received one tender for commercial waste (including bulky bags), one tender for wood waste and no tenders for paper and cardboard or food waste.
- 3.3 Appendix 1 (Exempt) details the outcome of the evaluation process.
- 3.4 The tender documentation included a contract in a draft form which, informed the tenderers of the Council's contractual requirements
- 3.5 During the tender preparation processes, suppliers raised clarification questions, which were answered. Clarification information was shared with all bidders through the procurement portal.

- 3.6 Tenders for the Lots that received tenders were evaluated on the basis of the Most Economically Advantageous Tender (MEAT), which combines price and quality. The financial viability of the bids received was assessed by authorised officers after they independently evaluated each tenderer's quality submission.
- 3.7 The individual quality scores were presented at a moderation meeting by the service representatives from the Council, which was attended by the Senior Procurement Officer, The Commercial Waste Manager, the Head of Service and Procurement Project Support Officer. The moderation meeting was also attended by a Senior Contracts Solicitor, to advise on any legal and contractual questions that arose during the meeting. The scores were moderated and agreed at the meeting held on 4 November 2022.
- 3.8 The price scores were added to the quality scores to identify the preferred tenderer(s).

4 Next Steps

- 4.1 Director of Community Services to award and enter into contracts with the winning tenderers, as detailed in Appendix 1 (exempt).

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 Key managers including the Commercial Manager and The Head of Service responsible for overseeing these contracts were part of the project team and were responsible for defining the requirements.
- 5.2 The Director of Community Services and Cabinet Member for Recycling and Waste were consulted on and approved the approach for each tender.
- 5.3 The information on the proposed tender process was presented to the PDAG for Recycling and Waste on 21st September 2022 and an update was given on Wednesday 9th November 2022 and the process was supported
- 5.4 The Head of Legal and Democratic Services (Monitoring Officer) and Director of Resources have been consulted, and any recommendations have been incorporated into the report.

6 Other Courses of Action Considered but Rejected

- 6.1 We could continue with our current contract with Britannia Crest but due to the value we would be acting contrary to the Procurement Regulations and the Council's Procurement Code.

7 Resource Consequences

- 7.1 The impact on the revenue budget in 2022/23 is minimal, as the new contract will start on 1 February, so only two months will be affected by the new prices. Overall, compared to current prices, there would theoretically be less than a £5k increase in costs for these two months. However, there an underspend on disposal as the

volume has fallen slightly compared to that envisaged when the budget was set. This would therefore soak up any additional cost in this financial year. Budgets for 2023/24 will be re-set during the 2023/24 budget setting process.

- 7.2 The Council is not expecting any significant cost increases in the future but external market factors may lead to an increase in the cost of raw materials. Any request for a price increase due to inflationary increases or increases in the pricing of raw materials outside of the supplier's control will be on an annual basis and any increase will be at the Council's discretion.

8 Legal Considerations and Implications

- 8.1 The approaches are compliant with the council's Procurement Code and the Public Contract Regulations and were undertaken by the council's Shared Procurement Service.

9 Risk Assessment

- 9.1 It is considered that there is a low risk of HDC not being able to tip at the winning tenders sites and there are contingency processes in place.
- 9.2 There is a risk as the paper and cardboard Lot received no tenders, so officer will need to negotiate tipping these materials with WSCC as well as the dry mixed recycling. This could come at an increased cost or have an impact on the operational running of the current service.

10 Procurement implications

- 10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported from a Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 The tender documentation and contract ensure that the resulting contractor has a duty to comply with all equalities legislation and pays due regard to any possible future impacts on human rights.

12 Environmental Implications

- 12.1 Suppliers were assessed on their approach to sustainability (for example carbon reduction and neutrality, waste, etc.) as part of the quality evaluation process for each tender.

13 Other Considerations

- 13.1 Prospective suppliers had to demonstrate robust Safe Working Method Statements and how we would access data showing tonnages tipped and also end of life destinations for all waste streams.