

REPORT TO: Cabinet

DATE: 27th January 2011

SUBJECT: Green Waste (Composting) - Award Of Contract

WARDS AFFECTED: All Wards

REPORT OF: J G Black
Operational Services Director

CONTACT OFFICER: Gary Berwick,
Cleansing Services Manager - 0151 288 6134

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To award the Green Waste (Composting) Contract to establish an outlet for compostable waste collected during the period 1st April 2011 to 31st March 2013.

REASON WHY DECISION REQUIRED:

To establish a 'new' contract for the period 1st April 2011 – 31st March 2013.

RECOMMENDATION(S):

That Cabinet agree to award a contract to tendered bid number 1 for the period 1st April 2011 to 31st March 2013, with an option to exercise an additional 1 year extension, subject to satisfactory performance.

KEY DECISION: No

FORWARD PLAN: N/A

IMPLEMENTATION DATE: N/A

ALTERNATIVE OPTIONS:

None. Due to the costs involved a decision must be agreed to commence on April 1st 2011.

IMPLICATIONS:**Budget/Policy Framework:****Financial:**

None. The successful tender can be contained within existing budgetary provision.

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Prudential Borrowing				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: N/A

Risk Assessment: None

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities	√		
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

Background

1. The current contract for the Provision of a Green (Composting) Waste outlet expires on 31st March 2011. In order to maintain service provision and continue to provide an outlet for composting of green waste, the current contractor will be used until the current contract expires.

Procurement Process

2. Following liaison with the Finance Department's Central Purchasing Unit, it was agreed that Sefton would enter into a formal OJEU (Tendering) contract renewal exercise, as the combined volumes of materials to be procured should encourage tenders and produce beneficial prices. The anticipated joint expenditure across the Authority, for the duration of the contract, is likely to exceed the applicable European Procurement Supplies threshold. Therefore, Sefton's Central Purchasing Unit utilizing the 'Open Procedure', which in turn fully satisfies Sefton's Contract Procedure Rules, conducted an EU compliant tender exercise. This resulted in the submission of 6 bids from companies, listed alphabetically below:

Armstrongs
Hightown Composting
John Cooper
White Moss Ltd & Veolia
Widnes Skip & Recycling (WSR)
WRS (Walkers Organic Solutions)

3. Of the six bids submitted, two were found to be non-compliant, the tender's having not complied with the applicable terms and conditions of the Tender or failing to meet the Council's financial 'equifax' rating system. A further one tender was found to be a part bid. Therefore out of six bids, three failed at the initial stage of evaluation.
4. The remaining three compliant bids were first analysed in respect of price against the specified evaluation process and estimated volumes of green waste. A formula (developed by Sefton Council's Head of Procurement) was applied to transform the prices into scores.
5. All of the six bids were scored in respect of the non-price related criteria of:
 - Environmental Impact and Health & Safety
 - Viability & Sustainability
 - Commercial & Technical Sustainability
 - Sefton's 'Needs' & Added Value

6. The evaluation was conducted, over a period of two weeks, by officers in the Central Purchasing, Finance Department and Cleansing, Operational Services Department. The staff involved put the non-price related criteria into use and scored each section against the agreed criteria. The scores from the evaluation teams were then added into the overall bid scoring. The final scoring result can be seen in Appendix A.
7. The highest scoring bid was Tenderer No 3. However, the Finance Officer, who evaluated Tender No 3, cautioned against awarding a contract to this Company of more than £400,000, due to being assessed by the Finance Department as an 'amber equifax' credit rating by Finance Officers. The value of the contract for Tender No 3 would be ~£1 million. The advice from Finance Officers is not to award a contract of this value to this tenderer. References submitted for Tender 3 were found to be for ad hoc work and not formal contracts; this was viewed as a risk for the Council given the nature and volume of green waste arising within the contract and the financial outlay over a 3-year period
8. The evaluating officers then moved to the second highest scoring bid, Tender number 1. Finance Officers were content with the Company's 'green equifax' credit rating and references were subsequently sought in respect of this bidder, which proved to be very positive, these were supplied from Wirral and Warrington Borough Councils.
9. A full financial assessment has been undertaken based upon current volumes and anticipated expenditure over the next three years. The tendered prices obtained will result in a small overall increase in costs per year in comparison to current gate fees. However part of this may be offset by a saving in fuel costs, due to the location of the green waste transfer station stated in tender number 1, the service may achieve efficiencies in relation to fuel usage. In any event costs incurred as a result of this contract will be contained within the current budget provided for recycling collection services.

Appendix A – Scoring Summary

Final scoring following evaluation of tenders by officers at the Finance Department (Central Purchasing) & Operational Services Department (Cleansing)

Rank	Tender No.	Quality Score out of 40	Price Score out of 60	Overall score out of 100
1	3	29.02	60.00	89.20
2	1	34.40	53.49	87.89
3	6	36.00	48.49	84.49
4	5	33.10	51.13	84.23
5	4 *	35.60	49.52	85.12
6	2 *	37.20	43.46	80.66

* Tenders ranked 5 & 6 have received 'Red' Equifax ratings by Finance and whilst an evaluation was undertaken, tenderers 2 & 4 were not considered financially acceptable for a tender of this value