

**Report to:** Cabinet

**Date of Meeting:** 27<sup>th</sup> February 2014

**Subject:** Procurement of Green (Garden) Waste Composting Outlet

**Report of:** Director of Street Scene

**Wards Affected:** All

**Is this a Key Decision?** Yes

**Is it included in the Forward Plan?** Yes

**Exempt/Confidential** No

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### **Purpose/Summary**

The purpose of this report is to seek approval for an EU-compliant tender exercise to be conducted, in collaboration with Other Merseyside Councils, for the provision of a green (garden) waste composting outlet. Approval is also sought to delegate the final awarding of the contract to the Director of Street Scene.

### **Recommendation(s)**

#### **That Cabinet:-**

[1] Authorises the Director of Street Scene to conduct an OJEU Open Procedure tender exercise, in collaboration with other Merseyside Councils and with Sefton being the lead authority for the tender exercise, for a new contract to run for a period of two years from 1st November 2014, with the option of three one-year extensions;

[2] Approves the basis of evaluation of tenders as set out in paragraph 2.2 of the report;

[3] Authorises the Director of Street Scene to approve the contract award to the highest scoring tenderer in accordance with the approved basis of evaluation and to report on the outcome to the Cabinet Member for Communities and Environment.

#### **How does the decision contribute to the Council's Corporate Objectives?**

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

## Reasons for the Recommendation(s):

The contract is currently held by White Moss Horticulture, and will expire on 31<sup>st</sup> October 2014.

Approval to undertake a Collaborative Tender exercise with other Merseyside Councils for the new contract will realise benefits and economies of scale by combining the different requirements under the one contract.

The tender exercise will be required to follow an OJEU Open Procedure in collaboration with the Merseyside Councils.

## What will it cost and how will it be financed?

### (A) Revenue Costs

The current cost of disposing of green compostable waste is approximately £320k per year. This is currently financed by a combination of revenue budget and recycling credits received via the Merseyside Waste & Recycling Authority (MWRA). It is expected that there should be little or no impact upon financial requirements as it is expected that the current disposal cost is likely to remain the same. As such, the continued service contract will be funded from existing revenue budgets

### (B) Capital Costs      None

## Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

### Legal:

The Council requires a legal agreement to dispose of green compostable waste collected from residents. Sefton Council is acting as the lead body amongst the other Merseyside Authorities in this collaborative procurement exercise. Sefton Council has to tender for the provision of disposal facilities by November 2014. Therefore, there is no additional procurement resource required as the tendering exercise would be undertaken by officers in any case. All other Authorities have been required to obtain political approval for this collaborative exercise, thereby reducing the risk of any procedural issues arising at a later date.

### Finance:

The Council currently spends approx £320k in 'gate fees' to dispose of the green compostable waste collected over the year. Following discussions with our existing supplier, it is expected that if the existing company is successful in the proposed collaborative tender exercise, the price which we would pay is likely to remain the same, due to the increase in volume presented to the contractor. This would be against a backdrop of rising disposal costs across the industry. However, even if another company were to be awarded the contract it is likely to be on the basis that they have offered a cheaper unit cost, thereby saving additional revenue for the Council.

<b>Equality</b>		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

### **Impact on Service Delivery:**

In terms of current service delivery there will be no impact.

### **What consultations have taken place on the proposals and when?**

Consultations have taken place with 4 other Merseyside Councils (commenced in September 2013) and also with Merseyside Waste & Recycling Authority.

Consultations have taken place with Sefton's Central Procurement Unit, who will assist with the Tender process.

The Head of Corporate Finance and ICT has been consulted and has no comments to make. (FD 2808/14)

Head of Corporate Legal Services (LD 2114/14) has been consulted and comments have been incorporated into the report

### **Are there any other options available for consideration?**

If approval is not given for the collaborative tendering process, Sefton Council will be required to undertake such an exercise on its own in order to have a contracted disposal outlet in place by November 2014. It is likely that the disposal cost per tonne would increase if the Council were to undertake the exercise alone.

### **Implementation Date for the Decision**

Following the expiry of the "call-in" period after the publication of the Cabinet decision.

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### **Background Papers:**

None.

## Introduction/Background

1. The contract for disposal of green waste within Sefton is currently held by White Moss Horticulture and will expire on 31<sup>st</sup> October 2014. The original contract commenced on 1<sup>st</sup> November 2011 until 31<sup>st</sup> October 2013, with options to extend for a further 1 year period. The Council has responsibilities to dispose of green waste for composting relating this service, and the provisions must therefore continue.
2. The contract covers a range of green waste composting, including disposal of garden waste, leaf fall and Christmas trees. The current cost for the contract is circa £315,000 per annum and is funded by the Council and from recycling credits from Merseyside Waste & Recycling Authority (MWRA).
3. In order to realise efficiencies in the final contract, a collaborative tender exercise between Sefton, St Helens, Knowsley & Wirral Councils is being proposed. Currently each Council tenders for its green waste disposal / composting arrangements separately.
4. Due to the expiry of the existing composting contract in October 2014, it is necessary for Sefton Council to negotiate an outlet for its green waste. Sefton Council currently produces approximately 20,000 tonnes of green waste in a year. When combined with the other participating authorities, it is expected that there will be approximately 48,000 tonnes to dispose of.
5. Due to the necessity to have an outlet for the disposal of our green waste by November 2014, Sefton Council is acting as the lead authority in this tender exercise. Each Authority will be required to operate to the terms of the contract, pay their own bills, and generally maintain their own contractual relationship with the successful tenderer. However, in order to provide the best price for disposal, Officers have arranged for a collaborative exercise to be undertaken which will see a price per tonne being provided for a collective Merseyside total of 48,000 tonnes, as opposed to the 20,000 tonnes generated by Sefton Council.
6. It is expected that the net effect of the collaboration will be to maintain the disposal cost at the same level as that currently enjoyed. This is against a backdrop of rising disposal costs in general, with organisations who have entered into such disposal contracts in recent years paying significantly more than the rate per tonne currently paid by Sefton Council. Based on the average disposal costs per tonne currently paid by other authorities, it is estimated that the disposal costs for Sefton Council could rise by £50k per year if the Council were to tender on a 'stand alone' basis.
7. Other authorities may participate after the contract is awarded and this has been confirmed within the proposed tender documentation. There is also no minimum tonnage guaranteed to the contractor and therefore the price paid to dispose of green compostable waste will not vary should tonnages drop across the region for any reason during the contract period.

## Tender Method

8. The tender exercise will follow an OJEU Open Procedure in collaboration with the 4 other Merseyside Councils, with Sefton taking the lead.
9. The basis of the quality/price evaluation to be applied would be 70% price and 30% quality.
10. The new contract will run for a period of two years from 1<sup>st</sup> November 2014, with the option of three further one-year extensions.
11. The following timetable will be followed during the procurement process:

Period up to 20 <sup>th</sup> March 2014	Finalise the I.T.T. Finalise Spec, Method statements , T's and C's etc
21 <sup>st</sup> March 2014	Publish in OJEU and on the chest, Open process.
2 <sup>nd</sup> May 2014	I.T.T. Return date
2 <sup>nd</sup> May to 20 <sup>th</sup> June 2014	Evaluate bids
20 <sup>th</sup> June 2014	Evaluation complete
W/C 23 <sup>rd</sup> June 2014	Scoring moderation session
27 <sup>th</sup> June 2014	Commence Alcatel stand still
8 <sup>th</sup> July 2014	Alcatel expires, Award contract subject to planning permission.
8 <sup>th</sup> July to 31 <sup>st</sup> Oct 2014	Contract implementation/ Mobilisation
1 <sup>st</sup> Nov 2014	CONTRACT START DATE

## Post Tender Award

12. Following the award of the contract to the successful tenderer, each participating authority is responsible for dealing on an individual basis directly with the contractor. Each authority is also responsible for all individual financial and contractual matters, payments and queries. Sefton will therefore only have any responsibility for issues relating to the disposal of green compostable waste from Sefton properties. There are no additional or ongoing liabilities associated with this proposed contract.
13. Sefton will have only been responsible for leading the procurement exercise, as there is a requirement for Sefton to do so individually anyway in advance of the current contract cessation on October 31<sup>st</sup> 2014. By taking lead responsibility for the process, officers can ensure as much as is possible that the Council benefits

from the most economically advantageous disposal rates for the duration of the proposed new collaborative contract.