

Procurement of Waste and Cleansing Contract

Report to: **Hub Committee**

Date: **27 October 2015**

Title: **Procurement of Waste and Cleansing Contract**

Portfolio Area: **Commercial Services and Contracts**
Cllr R F D Sampson

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny External Committee**

Urgent Decision: Approval and clearance obtained: **Y**

Date next steps can be taken: **Wednesday 4 November 2015**

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Recommendations:

1. That the Committee approves the recommendation to commence the tender process for the waste and cleansing contract;
2. That the procurement process is overseen by the Waste Working Group and reports regularly on progress to this Committee; and,
3. That any changes considered necessary to the terms as highlighted are delegated to the Lead Specialist Recycling and Waste (Strategy & Commissioning) in consultation with the Lead Hub Member for Commercial Services.

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1. Executive summary

The current waste and cleansing contract terminates on 31 March 2017. The contract includes the collection of all domestic waste from households and recycling banks within the borough, along with street cleansing, litter and dog bin servicing, and public toilet cleaning. The anticipated value of the contract is above the threshold for goods and services, referred to in the Public Contracts Regulations 2015. In order for the Council to be legally compliant and not at risk of challenge the procurement process needs to begin during late 2015. This does not compromise the parallel work which will be carried out over the few months relating to alternative delivery options. The initial work will be similar for any option and so does not incur duplication of resource input.

In initially commencing the external procurement process it is proposed that a new waste and cleansing contract is procured by the competitive dialogue process and that the contract should run for an initial period of 7 (seven) years with an ability to extend, subject to procurement advice.

Potentially, the service can be delivered through an alternative delivery mechanism, including trading solutions, which will be the subject of a separate report to Council early in the New Year. In the meantime, this procurement process must be started in order to adhere to the Council's Contract Procedure Rules and to ensure enough time is allowed to deliver the desired outcomes.

2. Background

2.1 The current waste and cleansing contract terminates on 31 March 2017. The contract includes the collection of all domestic waste from households and recycling banks within the borough, street cleansing, litter and dog bin servicing, and public toilet cleaning.

2.2 The current contract costs the Council around £1,870,000 annually. The contract was let in 2010 at a time when the financial markets were such that a very competitive deal was achieved. This is not anticipated in the current financial climate and whilst markets for recyclable materials are suppressed.

2.3 For a contract of this nature and size, the procurement process needs to begin immediately in order to secure a service that meets the needs of residents and secures best value.

2.4 The anticipated value of the total contract over the 7 year period is above the threshold of £172,514 for goods and services, referred to in the Public Contracts Regulations 2015. Contracts with a total contract value in excess of the threshold must be procured in accordance with the Regulations otherwise the Authority may be presented with a legal challenge on the basis of a breach of legislation.

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3. Options available and consideration of risk

3.1 Potentially the service could be delivered through partnering or trading solutions. A recommendation on the various options for delivery of this service will be presented to Council in early 2016 once market testing has been undertaken. In the meantime, this procurement process must be started in order to adhere to the Council's Contract Procedure Rules as detailed in 5. *Implications*, and to ensure enough time to deliver the desired outcomes.

3.2 The initial part of the competitive dialogue process can be run co-terminus with other options in the first instance. Once the direction of travel is confirmed, which is expected to be early in 2016, the preferred route would be adopted. If subsequently an alternative delivery solution is approved, the public procurement can be terminated.

4. Proposed Way Forward

4.1 It is proposed that a new waste and cleansing contract is procured by the competitive dialogue process and that the contract should run for a period of 7 (seven) years with the ability to extend, subject to advice.

This fits with the following corporate priority:
Excellent Customer Services

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>Contract Procedure Rule 2.1.2 requires officers to take a report to the Hub Committee for all contracts over £50,000 to consider whether it is appropriate to retender the contract on the same basis.</p> <p>The collection of domestic waste from households is a legal requirement as set out in the Environment Protection Act 1990.</p> <p>The anticipated value of the total contract over the 7 year plus period is above the threshold of £172,514 for goods and services, referred to in the Public Contracts Regulations 2015. Contracts with a total contract value in excess of the threshold must be procured in accordance with the Regulations otherwise the Authority may be presented with a legal challenge on the basis of a breach of legislation.</p>

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Financial		<p>Current revenue cost of the waste and cleansing service is approximately £1,870,000 per year. Any new contract procured on the open market is expected to cost significantly more than current costs for a similar level of service. The expected costs are currently being explored through market testing.</p> <p>A cost pressure of £80,000 has been built into the Medium Term Financial Strategy for 2016-17 for a specialist resource for the waste and cleansing options review and delivery. This is a one-off cost pressure for 2016-17.</p>
Risk		<p>Periods of the procurement timetable in this case are based on the legal requirements of Public Contracts Regulations 2015. There is a risk that if the procurement process is not started now, it would not be completed in time for letting of a new contract on 1 April 2017 which would put the Council at risk of legal challenge.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices: None

Background Papers: None

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes

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