

Somerset Waste Board meeting
29 March 2019
Report for decision

Recycle More & Collection Contract Procurement: Update

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Forward Plan Reference:	SWB/18/12/02
Summary:	<p>This report summarises progress in procuring a new collection contractor (and hence delivery of Recycle More). It accompanies a confidential paper where the Board will make a decision on the preferred bidder for the Collection Contract. It is expected that the identity of the preferred bidder will be announced on 13 May 2019. The preferred bidder will commence delivering services on 28 March 2020.</p>
Recommendations:	<p>It is recommended that the Board:-</p> <ol style="list-style-type: none"> 1. Notes the progress made in procuring a new collection contract. 2. Agrees the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached confidential report and its appendices in confidence, as they contain commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information. 3. Subject to the approval of recommendation (2) above, agrees to exclude the press and public from the meeting for the consideration of the attached confidential report and its appendices where there is any discussion at the meeting regarding exempt or confidential information. 4. Considers the recommendations contained within the confidential report. 5. Subject to approval of the recommendations above, authorise the Managing Director to notify the preferred bidder (and unsuccessful bidders) and take such actions are necessary to progress through to contract award and service mobilisation. 6. Agrees that the Somerset Waste Partnership reserves the right to not proceed with the award of a contract should new information come to light during the

	<p>standstill period and/or before entering into a contract. In this instance, it is recommended that the Managing Director and Administering Authority's Director of Corporate Affairs be given joint delegated authority to take any necessary action in relation to the conclusion of the contract to protect the Waste Partnership's interests - this could include a decision not to enter into a contract and go back out to market.</p>
<p>Reasons for recommendations:</p>	<p>To ensure that progress with the procurement of a new collection contractor is transparent, whilst maintaining the commercially confidential nature of the Somerset Waste Board (SWB) decision to appoint a preferred bidder.</p> <p>The accompanying confidential report contains commercially sensitive information relating to the contract and the Council's financial and business affairs. Officers recommend that this is treated as exempt information. "Exempt information" is defined by Section 100 of the Local Government Act 1972, by Schedule 12A to that Act. Much of this information will be provided to the Board by way of a verbal update (as moderation of ISDS submissions will have been undertaken in week commencing 29 October).</p>
<p>Links to Priorities and Impact on Annual Business Plan:</p>	<p>The procurement delivers Task 5.2 within the SWB Approved Business Plan 2018-23 concerning the implementation of future collection arrangements.</p>
<p>Financial, Legal and HR Implications:</p>	<p>In addition to delivering the significant environmental benefits of Recycle More a new collection contract aims to deliver significant savings to all partners, through reduced contract costs, lower disposal costs and additional recycling credits for district partners – estimated in total at up to £1.7m. The confidential paper accompanying this report will set out the result of the financial evaluation (60% of bidders total score), affordability, the likely capital requirements and the business case for Local Authority borrowing.</p> <p>A robust procurement process has been developed to realise these benefits, enable potential suppliers to propose innovative solutions to meet our environmental and financial objectives, and ensure that risks are shared appropriately. The stages following the appointment of a preferred bidder are set out in section 4 of this report. The expert legal, financial procurement and technical and commercial advisors who have been fully involved in the project to date will continue to provide support in these crucial stages. Our target is to have progressed to contract award on 13 May 2019. This timetable reflects the need for the standard contractual standstill period following notification to bidders of the results of the procurement process.</p>

	Collection Contractor staff will TUPE transfer to the new contractor on 28 March 2020. SWP have held meetings with all staff at each depot in recent weeks to keep them updated on the process, and engagement with collection contract staff will be key part of the mobilisation period.
Equalities Implications:	An Equalities Impact Assessment is attached to this report. This impact assessment has been updated at key milestones throughout the procurement project and will continue to be updated as we progress through to service commencement and Recycle More roll-out.
Risk Assessment:	The risks related to the procurement of a new collection contractor and Recycle More have been reviewed and are set out in SWP's updated risk register (summarised in our performance report). The procurement implications of potential Brexit scenarios have been considered and are reflected in SWP's 'no deal Brexit' risk register.

1. Background

- 1.1. A progress report on the procurement of a new waste and recycling collection contractor was presented to the Board in February 2019, summarising:
- the 50/50 risk sharing mechanism developed and agreed
 - the establishment a 'Somerset Waste Enhanced Environmental Performance' fund (SWEET) which will be jointly funded by SWP and our future collection contractor through a top-slice of 2% of the recycling income due to partners and 2% due to the contractor – around £140,000 each year
 - the final work undertaken ahead of issuing final tender documents on 30 January
 - the reasons for scheduling on 29 March the Board meeting to decide upon the preferred bidder

Recycle More will enable the public to recycle even more at the kerbside, adding in the following materials to the weekly collection (with additional containment provided – likely to be a reusable sack):

- Plastic pots, tubs and trays (including black plastic)
- Food and beverage cartons (e.g. tetrapaks)
- Small electrical equipment (e.g. a kettle or toaster)
- Household Batteries

This is in addition to what can already be recycled every week – food, paper, glass, cans, aerosols, plastic bottles, cardboard, foil, textiles and shoes. Garden waste, clinical waste, bulky waste and assisted collections will be continued broadly as they are now.

It will maintain the kerbside sort system that is so crucial to the excellent environmental performance that SWP already achieves, with over 90% of our materials reprocessed in the UK each week. With so much more recycled each

week, the frequency of residual waste will be reduced to every three weeks. For communal properties additional materials that residents will be able to recycle each week will be plastic bottles, plastic pots, tubs and trays (in addition to the paper, glass, cans and aerosols they can already recycle). We will work in partnership with our new contractor to enable residents of communal properties to use the full range of kerbside services for recycling.

2. Progress to date

- 2.1. Final tenders were returned by bidders on 27 February. With support from the SCC Procurement team, a team of SWP officers, finance, representatives from partners (e.g. ICT and customer service) and our commercial and technical advisers have been evaluating the bids during March, with scores moderated in week commencing 18 March.

On 22nd March SWP met with senior officers from partners authorities (Strategic Management Group and s151 Officers/Finance Directors), the New Service Member Task and Finish Group. Confidential updates were also provided on 22nd March to other key stakeholders, for example the chair of the Joint Waste Scrutiny Panel and Support Services for Education (through whom we deliver services to schools).

A meeting of the Joint Waste Scrutiny Panel on 27th March considered this paper and the confidential paper. Due to the deadline for publishing papers, any recommendations from the Joint Waste Scrutiny panel will be verbally fed through to the SWB before they make their decision on the preferred bidder.

The method statements are the same as those used at the ISDS (detailed solutions submitted by bidders in Autumn 2018), though some changes have been made to the detail (for example question and, word-count) as we learnt from the ISDS stage. Method statements are as follows:

Criteria	Method Statement
Mobilisation & Efficiencies	Service Mobilisation Plan
	Transition to Recycle More (Roll Out)
Customers & community	Social Value
	Monitoring
	Customer Services
Resources, assets and facilities	Management & Organisational Structure
	Waste Flows
	Resources - Labour
	Assets
	Depots and Facilities
	Robustness of Financial Model
Collection Approach	Scheduling & Route Planning
	Collection Methodology - kerbside services
	Collection Methodology - communal bin collections and Schedule 1 Collections (schools & certain businesses)
	Bulky Waste Collections
	Clinical Waste Collections
	Collection Container Management
	Processing & Marketing of Dry Recycling

ICT	Information, Communications Technology
Health & Safety	H&S Policies & procedures
	H&S Assessed Solution (operation of assets)
	H&S Assessed Solution (other)

3. Issues to be addressed in confidential discussion

3.1. Appointment of preferred bidder

In confidential session the board will decide upon the preferred bidder. The preferred bidder will be the 'most economically advantageous tender' (MEAT), with 60% of the score on the price and financial evaluation and 40% on quality.

How the preferred bid deliver's the Business Case

In addition to considering this, the board will consider the capital funding requirements, the business case for local authority borrowing, and the extent to which the procurement project has delivered the detailed aims as set out in the Business Case in October 2017:

- Optimising the likelihood of delivering the level of financial savings to SWP that was originally planned in December 2016 (£1,677k in total)
- Improve our environmental performance by reducing residual waste and increase our recycling rate. SWP's target was that that once rolled out, Recycle More will help increase our recycling rate up to 60%
- Deliver a transition from the existing service specification to Recycle More (a contractual requirement)
- Reduce the amount of residual waste sent to landfill (whilst our target was to reduce residual waste by up to 23%, the Resource Recovery Centre currently being constructed at Avonmouth will be operational in April 2020 so we will no longer be sending our residual waste to landfill).
- Implement improvements to service quality (for example by improved use of technology), support behavioural change and deliver social value

4. Next steps

- 4 The table below shows the next stages beyond the decision on a preferred bidder. It will be crucial to progress rapidly through to contract award given the lead-time for vehicle build and depot construction:

Action	When	Comments
End of call-in period	8 April	Governance requirement on all SWB decisions – we can't notify bidders until this has finished
Contractual standstill period	To 18 April	Mandatory period in procurement process.
Public announcement of contract award	13 May	Planned date of public announcement of new contractor and target date for contract award

Mobilisation	To end March 2020	New provider gears up to provide the services including procurement of vehicles, plant and equipment. Close engagement with staff and comms planning
Service Commencement	28 March 2020	The first collections by the new provider will be on Monday 30 March 2020.
Complete roll out of Recycle More	End of March 2022	The specification requires that Recycle More must be rolled out in 5 phases within 2 years of commencement, including a bedding in period of 3 months and allowing for a period of learning and reflection in March and April 2021.

5. Background papers

5.1. Previous papers:

- Report to SWB “Recycle More” 16th December 2016.
- Report to SWB “Contractual Negotiations for Recycle More” 30 June 2017,
- Confidential Report to SWB “Contractual Negotiations and Procurement Strategy for Recycle More” 3 November 2017.
- SWP Business Plan 2018-23 Approved by SWP on 15th December 2018.
- Report to SWB “Recycle More & Collection Contract Procurement: Update” 23 February 2018
- Report to SWB “Recycle More & Collection Contract Procurement: Update” 29 June 2018
- Report to SWB “Recycle More & Collection Contract Procurement: Update” 28 September 2018
- Report to SWB “Recycle More & Collection Contract Procurement: Update” 2 November 2018, Confidential Report to SWB “Recycle More & Collection Contract Procurement: Consideration of ISDS submissions and approach to final tender specification” 2 November 2018.
- Report to SWB “Recycle More & Collection Contract Procurement: Update” 14 December 2018, Confidential Report to SWB “Recycle More & Collection Contract Procurement: Consideration of ISDS submissions and approach to final tender specification” 14 December 2018.
- Report to SWB “Recycle More & Collection Contract Procurement: Update” 15 February 2019

5.2. Equality Impact Assessment

