

CABINET

21 January 2020

Title: Procurement of Refuse / Recycling Wheeled Bins and Bags	
Report of the Cabinet Member for Public Realm	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Colin Bartlett - Head of Operations, Public Realm	Contact Details: Tel: 020 8227 5123 E-mail: colin.bartlett@lbbd.gov.uk
Accountable Director: Robert Overall, Director of My Place	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary <p>This report presents proposals for the procurement of Domestic and Commercial Refuse and Recycling Bins including Refurbishment, Refuse and Recycling Sacks/Bags by running a mini-competition under the auspices of the Eastern Shires Purchasing Organisation Framework 860_18 Refuse and Recycling Products.</p> <p>The proposals for part of the Council's bid to reduce waste as detailed in the Waste Strategy 2016-2020 report. The report outlines steps to reduce, reuse and recycle waste by 2020 which, in turn, will reduce the volume of waste, increase reusage rate, increase recycling and increase operational efficiency boroughwide.</p> <p>A recent study showed that LBBD produces approximately 90,000 tonnes of residual waste a year. This is the highest waste production level across all London Boroughs. The study also found that LBBD was one of the lowest performing boroughs in recycling rate across London. Although some of the borough's waste is recycled, some of it is reused, some diverted for energy recovery and some of it sent to landfill, having suitable receptacles across commercial and domestic services is key to operational efficiency. With this variety of wheeled plastic and metal bins being utilised, waste will be gathered, stored, collected and transported.</p> <p>This procurement will provide a more compliant, cost effective and efficient way for the council to achieve some of the targets set in the Waste Strategy Report thus alleviating some of the concerns regarding waste collection and disposal frequently highlighted by the residents.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <p>(i) Agree the procurement of domestic and commercial refuse and recycling bins, including refurbishment, refuse and recycling sacks / bags, via the Eastern Shires Purchasing Organisation Refuse and Recycling Products Framework, in</p>	

accordance with the strategy set out in the report; and

- (ii) Delegate authority to the Director of My Place, in consultation with the Cabinet Member for Public Realm and the Director of Law and Governance, to carry out the procurements and award the contract(s) to the successful bidder(s).

Reason(s)

To complete a procurement process so that the operational requirements for the supply of Refuse and Recycling Bins including Refurbishment, Refuse and Recycling Sacks/Bags are captured under a contract. This procurement will ensure that the Council's operations and services can be provided with outcomes achieved which supports the Waste Strategy Vision for 2020 - 'We want to reduce waste, increase re-use, increase recycling and provide effective, efficient and customer-focused waste services that demonstrate value for money.'

The objectives of the Waste Strategy are;

- To reduce the quantity of waste produced by the borough.
- To minimise the amount of waste that goes to landfill through increased reuse, recycling, composting and energy recovery.
- To provide an excellent waste containment and collection service to residents and businesses.
- To ensure that the Council's waste collection services are cost effective.
- To determine the best approach to reuse and recycling.
- To fully participate in the East London Waste Authority (ELWA), joint management of disposal and collection operations and the preparation for future contractual arrangements.

This procurement will provide a more compliant, cost effective and efficient way for the council to achieve some of the objectives above as set in the Waste Strategy Report, thus alleviating some of the concerns regarding waste collection and disposal frequently highlighted by the residents.

1. Introduction and Background

- 1.1 A recent study showed that the London Borough of Barking and Dagenham (LBBD) produces approximately 90,000 tonnes of residual waste a year. This is the highest waste production level across all London Boroughs. The study also found that LBBD was one of the lowest performing boroughs in recycling rate in the London boroughs. Although some of the borough's waste is recycled, some of it is reused, some diverted for energy recovery and some of it is sent to landfill; having suitable receptacles across Commercial and Domestic services is key to operational efficiency. With this variety of wheeled plastic and metal bins being utilised, waste will be gathered, stored, collected and transported.
- 1.2 A Procurement Strategy report was presented and approved at Procurement Board on 20 May 2019 for Bins. Since then bin volume requirements have been checked against actuals as the volumes previously presented were estimates. The outcome is the estimated volumes were much lower than the actuals. This has had an effect on the contract values and the strategy now requires Cabinet approval for the procurement to proceed.

- 1.3 LBBD's strategy for the procurement of refuse bags has also been included into this report as it falls under the same category as bins.

2. Proposal and Issues

2.1 Timetable (envisaged)

Procurement Board Strategy Approval	16 th December 2019
Cabinet Approval	21 st January 2020
Issue Mini Competition	w/c 27 th January 2020
Deadline for responses to Further Competition	w/c 17 th February 2020
Evaluate Further Competition	February 2020
Award	March 2020

2.2. Outline specification of the works, goods or services being procured.

Bins - Various steel and plastic wheeled bins color coded of varying sizes to suit location, collection method and to identify different types of waste collection (Trade or Commercial) and to facilitate the separation of waste types e.g. recycling.

Sacks/Bags – Red/Blue Refuse bags/sacks delivered on Pallets and distributed to locations around the borough to facilitate refuse collection and recycling.

2.3. Estimated Contract Value, including the value of any uplift or extension period.

The total value of all the combined contracts is estimated at £756,874 over 4 years.

Bins

Over 4 years based on the following which includes a 3% uplift each year from year 2 on the two main plastic wheeled bins ordered;

Contract values by category:

Plastic wheeled bins £145,657

Steel wheeled bins £385,877

Refurbishment of steel wheeled bins £65,340

Sacks/Bags

The total Contract value is estimated at £160,000 over a 4-year contract based on the following projections;

Year 1 £40,000

Year 2 £40,000

Year 3 £40,000

Year 4 £40,000

2.4 **Duration of the contract, including any options for extension.**

Each contract will be let for 4 years from date of commencement

2.5 **Recommended procurement procedure and reasons for the recommendation.**

It is recommended to proceed with the procurement of Domestic and Commercial Refuse and Recycling Bins (including refurbishment), Refuse and Recycling Bags by carrying out a separate Mini-Competition for each area, under the auspices of the Eastern Shires Purchasing Organisation (ESPO) Framework 860_18 Refuse and Recycling Products.

Bins – Lots 1A, 2 and 3

Lot 1A – Supply of Plastic Wheeled Bins (2 Wheeled)

Lot 2 – Supply of Steel Wheeled Bins

Lot 3 – Bin Maintenance and Repair

Sacks/Bags – Lot 11 – Supplier of Plastic Refuse Sacks

The council's waste management strategy has set objectives to be achieved by 2020 and the bags will make a huge contribution to achieving these objectives.

The ESPO Framework provides the best route to market due to the following reasons.

- Frameworks are well established in this area of supply with the ESPO framework covering more of the key suppliers than any other framework available. This means that the key suppliers have already been shortlisted for use providing a time and resource advantage to the Council reducing cost when compared to an open market tender.
- The framework covers refurbishment of steel wheeled bins which other frameworks do not cover
- The Council also intends to utilise the same framework for the provision of refuse sacks which will also be governed by a common set of terms & conditions allowing contract management advantages.
- Running a Mini competition for LBBDs specific requirements and projected volumes for the next four years will appoint providers who have assurance that they will receive our business for the next 4 years. This advantage of assured business (with no volume guaranteed) should result in better pricing and service from the successful provider.

2.6 The contract delivery methodology to be adopted.

ESPO Terms and conditions shall apply. The suppliers on the framework have all signed the terms already and are used to operating under them.

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.

LBBB currently procures the bins and sacks/bags utilising the “call off pricing” from various agreements, it is expected that advantageous pricing will be received compared to current prices being paid. Service planning and operational efficiencies should be achieved as a result of the longer-term arrangement and closer relationship with the appointed providers. A section regarding added value and innovative ideas will be added into the tender which it is hoped may encourage and yield additional value or innovation from the appointed suppliers. It will also provide a more compliant, cost effective and efficient way for the council to achieve some of the targets set in the Waste Strategy Report thus alleviating some of the concerns regarding waste collection and disposal frequently highlighted by the residents

2.8 Criteria against which the tenderers are to be selected and contract is to be awarded

Price 80%, Quality 20% for all mini-competitions

With a tight specification of the provision of bins and bags, which is already heavily standardised, a strong weighting on cost can be used.

2.9 TUPE, other staffing and trade union implications.

Not applicable

2.10 How will the procurement address and implement the Council’s Social Value policies?

The provision of wheeled bins and bags assists in securing the vision of the Waste strategy 2020 - ‘We want to reduce waste, increase re-use, increase recycling and provide effective, efficient and customer-focused waste services that demonstrate value for money.

All objectives above provide environmental social value to residents and businesses in LBBB.

3. Options Appraisal

3.1 Option 1 (Rejected) – Open market procurement. This would extend the project timeframes associated with the project and is the most labour intensive and therefore costly option. The Council would have to run the procurement process starting from advertising to the open market, selection of providers, financial assessment, vetting etc. through to final award. This increases costs associated with, legal, procurement and officer time constructing and running a compliant tender from scratch and running the complete process end to end. With a choice of

well-established existing Framework encompassing the key suppliers in this area of supply this option was discounted.

- 3.2 **Option 2 (Rejected)** – Continue using “Call off framework Pricing” from the various agreements available. LBBB has been using call off pricing for the last 2 years plus. This is no longer advisable as the volumes are in excess of those recommended under the frameworks. Utilising the framework in this way provides some value for money however a mini competition utilising LBBB’s specific projected volumes over a four year period should provide better pricing and service than this option therefore this option was rejected.
- 3.3 **Option 3 (Rejected)** – Conduct a Mini competition using the Yorkshire Purchasing Organisations frameworks. This consist of two Frameworks one for metal bins one for plastic bins. This agreement was discounted as it doesn’t cover as many of the key providers and it does not provide for the provision of refurbishment of bins.
- 3.4 **Option Four: (Recommendation)** - It is recommended to proceed with the procurement of Domestic and Commercial Refuse and Recycling Bins (including refurbishment), Refuse and Recycling Sacks/Bags by running separate Mini-Competition’s under the auspices of the Eastern Shires Purchasing Organisation Framework 860_18 Refuse and Recycling Products.

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Sacks/Bags – Lot 11 – Supplier of Plastic Refuse Sacks

The Council’s waste management strategy has set objective to be achieved by 2020 and these bags will make a huge contribution to achieving these objectives.

The ESPO Framework provides the best route to market due to;

- Frameworks are well established in this area of supply with the ESPO framework covering more of the key suppliers than any other framework available. This means that the key suppliers have already been shortlisted for use providing a time and resource advantage to the council reducing cost when compared to an open market tender.
- The framework covers refurbishment of bins which other frameworks do not cover
- The Council also intends to utilise the same framework for the provision of refuse sacks (a separate lower value contract) which will also be governed by a common set of terms & conditions allowing contract management advantages.
- Running a Mini competition for LBBBs specific requirements and projected volumes for the next four years will appoint providers who have assurance that

they will receive our business for the next 4 years. This advantage of assured business (with no volume guaranteed) should result in better pricing and service from the successful provider

4. Consultation

- 4.1 The Director of My Place and Cabinet Member for Public Realm were consulted on this report in February and April 2019
- 4.2 The proposals for LBBB's bin requirements were considered and endorsed by Procurement Board on 20 May 2019.
- 4.3 This report required further Procurement Board approval due to the change in the contract value. Approval was obtained on 16th December 2019.

5. Financial Implications

Implications completed by Tony McNamara, Finance Business Partner

- 5.1 The reports primary aim is to formalise the procurement of the domestic, commercial refuse and recycling wheeled bins purchasing contract to improve waste collection in line with LBBB's waste strategy. The report highlights the 4 year cost at £757k which should be contained within existing budgeted resources or through additional internal and external recharges for use of commercial bins.

6. Legal Implications

Implications completed by: Graham Marlow, Contracts and Procurement Solicitor.

- 6.1 The Public Contracts Regulations 2015 ("the Regulations") and LBBB's contract rules require that a competitive tender be utilised for procurements of this nature.
- 6.2 Due to the fact that the four separate procurements are to be treated as separate procurement exercises, the legal requirements for the different lots vary due to the expected value of each of the four.
- 6.3 Refurbishment of steel wheeled bins (value: £65,340), purchase of plastic wheeled bins (value £145,657) and purchase of sacks/bags (value: £160,000) are each below the financial threshold which would otherwise require a full competitive tender under the Regulations. However, LBBB's contract rules still require a competitive tender of a less rigorous nature than as set out in the Regulations.
- 6.4 Purchase of steel wheeled bin (value: £385,877) is above the financial threshold which requires a full competitive tender in accordance with the Regulations.
- 6.5 In any event, the proposal to run mini-competitions under the ESPO framework for each of the four procurements meets the requirements of both the Regulations and LBBB's contract rules.
- 6.6 As a consequence, the recommended route for these procurements meets the necessary legal and governance requirements and so, if the recommendation is approved, then it is legally permissible to proceed down this route.

7. Corporate Procurement Implications

Implications completed by Sam Woolvett, Corporate Procurement

- 7.1 This report outlines the intention to use the ESPO framework agreement as the preferred route to market running a mini competition for LBBD's specific requirements forecast for the next 4 years. This route to market is compliant with the Councils procurement rules and with the EU Procurement regulations.
- 7.2 Running a full open market tender would appear to be more labour intensive than the proposed route to market which on balance should result in the best overall value for money of the available options.
- 7.3 The award criteria are stipulated by the framework owners however with this agreement provision has been made to allow the customer to tailor the weighting to the specific requirement when running a mini competition. The weightings selected should drive the cost aspect to receive competitive pricing, a very detailed specification will be required to ensure that quality and service aspects are at the levels required.

8. Other Implications

- 8.1 **Risk Management** – In order to ensure that the bins are of the right quality and price, a detailed specification of each bin type will be included in the tender coupled with a high weighting on price should mitigate risk and achieve the required outcomes.
- 8.2 **Contractual Issues** -ESPO's terms and conditions will be used for all mini-competitions.
- 8.3 **Corporate Policy and Equality Impact** - To assist in service improvement of providing a quality and efficient value for money service to all customers and residents within the LBBD. To promote a clean and safe environment through containerisation of waste.
- 8.4 **Property / Asset Issues** - Improper collection and disposal of refuse causes environmental issues and further highlights concerns of the lack of proper waste management by the council. This also hinders the councils bid to achieve its waste strategy objectives

Public Background Papers Used in the Preparation of the Report:

Waste Strategy 2016 – 2020 Reduce, Reuse and Recycle

<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MID=8805#AI64166>

List of appendices: None.