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Report of: *Executive Director of Place*

Report to: *Cabinet*

Date of Decision: *15 January 2020*

Subject: **Procurement of the Tipping and Collection of Waste Materials, (including appropriate Treatment, Recycling and Disposal), to support Council Housing Services, Repairs and Maintenance and Parks and Countryside.**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Councillor Mark Jones - Cabinet Member for Environment, Streetscene and Climate Change		
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing Scrutiny Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 723		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Purpose of Report:

To seek approval for Procurement and contract award of a Tipping and Collection of Waste Service, (including appropriate Treatment, Recycling and Disposal), to support Council Housing Services, Repairs and Maintenance and Parks and Countryside.

Recommendations:**That Cabinet:**

1. Approves the re-tendering of the Tipping and Collection of Waste Materials as detailed in this report:
2. Delegate authority to the Executive Director of Place, in consultation with the Director of Financial & Commercial Services and Director of Legal and Compliance, where there is no existing authority to:
 - a. Agree the procurement strategy;
 - b. Agree and thereafter award the new contracts to the successful providers;
 - c. Take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in this report.

Background Papers:

No background papers

Lead Officer to complete:-

1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Paul Schofield
		Legal: Henry Watmough-Cownie
		Equalities: Anne Marie Johnston
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		

2	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Councillor Mark Jones</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
Lead Officer Name: <i>Jill Hurst</i>		Job Title: Head of Housing Repairs and Maintenance
Date: <i>06/01/2020</i>		

1. PROPOSAL

1.1 Background

In April 2015, following a competitive tender process, the Council Housing Service, (CHS), awarded the following two contacts:

1. Provision of Tipping Facilities for Waste Materials – provision of an appropriately licenced waste / recycling facility within the Sheffield City boundary to accept collected fly tipped and other waste materials (including hazardous and non-hazardous materials) taken for processing in an environmentally responsible manner (including the appropriate treatment, recycling and disposal of waste) by SCC operatives (dropped off on a daily basis).
2. Collection and Disposal of Waste Materials – provision of a waste collection and disposal service to include hazardous and non-hazardous waste from key specified locations within the City (materials generally categorised as WEEE, household and similar waste materials collected on an 'as required' basis).

The above contracts expired 31/03/2019.

In 2017 the Housing Repairs and Maintenance (HRM) and Corporate Statutory Serving Services (CSSR) awarded a similar contract for the provision of:

3. Waste Management Services - The service included:
 - Provision of a Tipping Facility enabling Council personnel to transport and transfer waste for recycling/recovery
 - Collection and Disposal of hazardous and non-hazardous waste materials, including construction and asbestos;
 - Bulk collection of segregated waste both hazardous and non-hazardous at the Council's Waste transfer station at Manor Lane

The above contract expires 31/03/20.

In addition to the above there is also a requirement for ad-hoc skip hire from various services across the council. The current arrangements are that services obtain quotes and no formal arrangements or contracts are in place.

A review of these services during 2019 has indicated opportunities for consolidation which we anticipate will generate savings and efficiencies should the requirements for both service areas be amalgamated.

The combined spend currently across all the above is circa £930,000 per annum. Over a 4 year contract term this would total £3.6 million. As such this falls under the scope of The Public Contracts Regulations 2015 which places a requirement on the council to advertise the opportunity

via a competitive tendering exercise.

1.2 Proposal

The review of the current provision and following consultation with the services indicates there is a need to re-procure and to continue to provide the services on behalf of the council.

The reasons being are:

- The waste collected cannot be incorporated in to the domestic waste arrangements
- The existing arrangements have expired across 2 of the 3 contracts currently
- If left the waste would accumulate and provide a hazard from both an environmental and public health perspective

As requirements across CHS and HRM are the same and in order to provide economies of scale it is our recommendation that the requirements are combined to enable the council to operate on a more strategic level and provide increased cohesion across our waste management services.

Due to the volumes of requirements across both the tipping and waste it is proposed we undertake a competitive tender exercise and that our requirements be divided in to different lots as follows:

Lot 1 – Tipping Facility (an appropriately licenced waste management and recycling facility for ongoing provision of a tipping facility to enable Council staff to drop off collected waste from a variety of sources including fly-tipping).

Lot 2 – Collection Facility (provision of a collection and disposal service for hazardous and non-hazardous waste materials from various storage sites)

Lot 3 – Skip Hire (provision of a Skip delivery and collection service which can be utilised as and when required by council staff)

No restrictions will be placed on the number or type of lots a single bidder can apply for but by breaking it down it is anticipated that this will attract SME's.

Award criteria will be based around bidders having the capacity and appropriate licences to ensure we meet our environmental obligations. It will also include Social Value measures including consideration of CO2 emissions.

The Council is currently scoping possible options for managing its own waste.

The proposed timescales for the contract through this proposed

procurement are such as to fit in with any scoping and development works for this.

It is proposed the contract term will be up to 4 years.

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 The Corporate Plan sets the Council's direction, priorities and common goals. This proposal specifically support the priorities around:

Strong economy as supporting local business and local employment

Thriving neighbourhoods and communities -reducing carbon foot print and local facilities to assist in easy waste disposal and keeping the city clean

There are benefits as to why we should consolidate the spend/suppliers on the above mentioned contracts including:

- Reduced costs in purchasing and process i.e. procurement process and contract management/administration (fewer suppliers, ordering and billing efficiencies etc)
- Improved supplier service and support (strategic contract for supplier)
- Improved quality (potential for a seamless service as same/similar approach and systems)
- Improved economies of scale

This report is to seek approval of re-tendering and contract award for the ongoing provision of Tipping and Waste collection as separate 'lots' and also for the provision of skip hire and collection specifically for Council services.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 No external consultation is required or has taken place as the tender is to support the internal service provision.

3.2 This report has been jointly developed in consultation with relevant stakeholders in the Council Housing Service, Repairs and Maintenance, Parks and Countryside and Waste Management Service.

3.3 A soft market test was undertaken in September 2019 to establish if there were suppliers who could accommodate our requirements. A number of positive responses were received.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 There are no equalities impacts, positive or negative, from this proposal. This should benefit services through reduced costs in purchasing and process, improved supplier service and support, improved quality and economies of scale.

4.2 Financial and Commercial Implications

- 4.2.1 As set out in paragraph 1.1, the total value of contracts to be considered in this report will be up to £3.6 million.

The proposed new contract term will be up to 4 years including the provision of a break clause at year 2 and 3.

The Council has a duty to ensure that all of its procurement is based on value for money principles, achieving the optimum mix of quality and effectiveness for the least outlay. In addition to this duty and the overarching EU Treaty Principles relating to transparency and equality of treatment, the value of the services in scope is above the OJEU threshold and so requires a number of specific procedural steps to be followed.

In undertaking an OJEU compliant tender process, the Council will ensure compliance with the necessary legal and regulatory provisions relating to procurement, whilst encouraging innovation and competition from the market and allowing the Council to choose the optimum solution based on a balance of quality and price.

The contracts will not provide any guarantees in relation to volumes or a value committed to supplies over the course of the arrangement, and so provides flexibility for the Council to carry out ongoing reviews of its needs and amend its requirements where necessary.

- 4.2.2 Sheffield City Council is committed to ensuring a high standard of ethical practice across our supply chain

The Council expects all internal staff, partners and suppliers to work to these augmented standards which assure we will:

- Trade with those who comply with an Ethical Code of Conduct
- Exclude suppliers committing acts of Grave Misconduct
- Improve Social Outcomes for the citizens of Sheffield
- Increase the power of procurement and its local economic impact.

- 4.2.3 There may be financial implications if the submitted tender prices are substantially different from the existing budgetary provision in the general fund and Housing Revenue Account budgets.

4.3 Legal Implications

- 4.3.1 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need.

When the Council delivers services it is subject to the ‘best value duty’. This requires the Council to ‘make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The procurement of any goods, works or services by the Council must be undertaken in accordance with all relevant provisions of the Council’s Constitution including its Contracts Standing Orders and all applicable Procurement rules.

Successful providers/suppliers chosen by the Council will be required to enter into formal written legal agreements with the Council.

- 4.3.2 Section 34 of The Environmental Protection Act 1990 imposes a duty of care on persons concerned with handling waste, to which any provider will have to have full regard to such statutory obligations.

4.4 Other Implications

- 4.4.1 None

5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The council can continue to operate the Tipping and Waste on the same basis with 3 distinct contracts that sit across the services as we do now. This would not provide us with potential for savings to be achieved from a consolidated approach from a supply perspective or efficiencies relating to contract management.

There would still be a requirement to re-procure the services to comply with PCR 2015 and the Council’s Constitution including Standing Orders.

- 5.2 We have explored the potential use of Veolia’s Energy Recovery Facility but this would result in the waste all being incinerated for energy recovery without any material being removed for recycling. Putting the waste through processing sites that divert large volumes to recycling would have a positive impact. Colleagues in Waste Management have confirmed that they will be looking to scope options for how the Council may be able to manage its own waste without the need for these external arrangements in the future.

6. REASONS FOR RECOMMENDATIONS

6.1 The procurement will enable the Council to:

- Have a compliant mechanism in place to meet the service requirements.
- Continue to meet its obligations in regard to Waste collection and disposal.

Benefits of consolidating requirements across the service areas include:

- Reduced costs in purchasing and process i.e. procurement process and contract management/administration (ordering and billing efficiencies etc)
- Improved supplier service and support (strategic contract for supplier)
- Improved quality (potential for a seamless service as same/similar approach and systems)
- Improved economies of scale

The advantages of splitting the contracts in to specific lots are:

- Increased competition as more/new suppliers
- Increased innovation due to more suppliers
- Spreads risk, diverse supply chain
- Supports SME's

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