

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 11/09/18**

<b>Subject:</b>	Procurement - To manage the Household Waste & Recycling Centre (HWRC)		
<b>Corporate Director(s)/ Director(s):</b>	Andy Vaughan – Corporate Director of Commercial & Operations		
<b>Portfolio Holder(s):</b>	Councillor Sally Longford – Portfolio Holder for Energy & Environment		
<b>Report author and contact details:</b>	Carl Pendleton - Waste Disposal Manager, Utilities Team, Energy Services, Commercial and Operations t: 0115 8765639 e: carl.pendleton@nottinghamcity.gov.uk		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision: £2.25m (c. £450k pa.)</b>			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> TBA		
<b>Relevant Council Plan Key Theme:</b>			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input checked="" type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>The council has a statutory duty under section 51 of the Environmental protection act 1990 to provide place(s) at which persons resident in its area may deposit their household waste, usually bulky in nature.</p> <p>Household Waste Recycling Centres (HWRCs) continue to have a significant role in enhancing the recycling and waste management services that local authorities provide for the public. They accept significant tonnages of waste and can achieve high recycling rates, providing a valuable service to local residents. These sites also provide residents with an alternative to kerbside collections for the responsible disposal, recycling or re-use of their household waste, particularly for items that are not collected or are costly to collect at the kerbside. These centres provide a readily available means for disposing of waste not normally but in the bin and means of disposing of excessive waste. Recycling centres are open every day of the year except Christmas Day, Boxing Day and New Year's Day.</p> <p>Historically this service has been out sourced. A high-level analysis carried out on the possibility of providing this service provision in-house has shown no benefit at this time of doing so. As a result, a procurement exercise needs to take place in order to continue to provide an essential service in a compliant manner.</p>			

**Exempt information:****State 'None' or complete the following.**

None

**Recommendation(s):**

- |          |   |
|----------|---|
| <b>1</b> | To approve the undertaking of an EU compliant procurement for this service. This option allows the authority to fulfil both statutory obligations and secure the continued operation of the facility. |
| <b>2</b> | To further delegate authority to the Director of Energy Waste & Highways, to award the contract to the successful bidder, in conjunction with legal and procurement colleagues advice.                |

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 To allow the council to discharge a statutory duty through a tendering exercise for a contract to manage and operate the Household Waste & Recycling Centre.
- 1.2 To procure via a competitive tendering exercise, enabling value for money and ensure high levels of recycling and diversion from landfill.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The Council has a statutory duty under Section 51 of the Environment Protection Act (EPA) 1990 to provide places at which persons resident in its area may deposit their household waste. The EPA requires that each place provided is open at all reasonable times including at least one period on a Saturday or Sunday. The Council has discretion to determine the number of these facilities, the location of such facilities and the opening hours. The Council currently provides one HWRC for its residents.
- 2.2 Historically this service has been out sourced, adhering to financial and EU procurement rules. High level work on the merits of bringing this service provision back in-house have been under taken. Circumstances are not currently favourable to bring this back in-house, as a large part of the inherent cost lie in the disposal/sale of recyclables. Currently we do not have any scalable advantage in the sale of recyclables. With the current instability in the secondary commodity markets, we would likely be significantly disadvantaged on such a small scale.
- 2.3 The Make or Buy Option - The authority has adopted and embraced the commercialisation agenda by looking to insource services & retain value within the authority. In order to understand how in sourcing the operation and management of this service would fit with this ethos and overall value for money. A high-level business case study has been carried out, with the aid of the business development and commercial innovation team. Currently this analysis did not produce any financial benefit. Notably due to the absence of any expansion possibilities, adding value, and lacking any ability for economies of scale. Wider longer-term aspirations for waste management will shape the direction of this service. Once this is clearer, the business case for, insourcing may be potentially more favourable in the future.
- 2.4 Contract Value - The current annual contract value is circa £450k with the estimated value for a five-year contract likely to be £2.25m, excluding any inflationary pressures. An EU compliant procurement process therefore needs to be carried out. Currently there is budget provision allocated for this service, at this level of expenditure.

- 2.5 Re-tendering (Contract length) - Letting a short-term contract would not offer value for money. Initial capital investment and other one off costs, over a short period would be disproportionate. This could distort competition. As such a five year contract period with a break clause after 3 years is appropriate, in order to allow competitive competition.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Do nothing. This approach would not enable the Council to fulfil its statutory duties. This option should be rejected.
- 3.2 Look to manage by insourcing this activity. Although this option may have longer-term possibilities, in the immediate term this is not likely to realise any financial savings, and likely to be more costly. This option should be reviewed as and when circumstances change. As a result this option should be rejected for now. Although submitting an internal reference bid may be an option.
- 3.3 To undertake an EU compliant procurement for this service. This option allows us to fulfil both statutory obligations and secure the continued operation of the facility.

### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The total value of this decision is estimated to be **£2.250m** for the period of 5 years with a break clause included at 3 years. There is current base budget provision to cover this estimated decision value.
- 4.2 However, should the new contract exceed £2.250m, the additional contract cost would need to be contained within the Energy Services existing budget provision.
- 4.3 This decision aligns with the Commercial & Operations Department Business Plan 2018/19, key objectives d & e (pg 11).

Tania Clayton Pérez, Commercial Business Partner, 8 Aug 2018

### **5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 Procurement colleagues will assist with the tendering exercise to ensure that a fully compliant, value for money contract is awarded.

Paul Ritchie, Lead Procurement Officer 07/08/2018.

- 5.2 The Council must comply with its statutory duty under s.51 EPA 1990. As an in-sourced option is not currently viable an EU compliant procurement process must be followed. Legal Services support the decision to go out to tender and will provide legal support throughout the process and in the preparation and conclusion of contract documents.

Naomi Vass, Senior Solicitor 10 August 2018

### **6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED**

**INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)**

6.1 N/A

**7 SOCIAL VALUE CONSIDERATIONS**

7.1 By securing best value the service provision to authority and its citizens, helps toward meeting its budget obligations and allow the service to continue. A service, which is in great demand by the residents of Nottingham supplied free at the point of delivery.

**8 REGARD TO THE NHS CONSTITUTION**

8.1 N/A

**9 EQUALITY IMPACT ASSESSMENT (EIA)**

9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

The report does not contain any proposals for new or changing policies, services or functions. The service it's self is universal to all residents.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 Commercial and Operations Department Business Plan 2018/19

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 None