

**DIRECT AWARD OF TWENTY SEVEN 6 MONTH INTERIM RECYCLATE CONTRACTS AND THE CREATION OF A DYNAMIC PURCHASING SYSTEM FOR THE DELIVERY OF RECYCLATE SERVICES FOR THE HOUSEHOLD RECYCLING CENTRE SERVICE**

<b>Cabinet Date</b>	20 July 2016
<b>Finance and Change</b>	Cllr Ray Theodoulou
<b>Key Decision</b>	Yes
<b>Background Documents</b>	Cabinet Report 20 April 2016 - Options to deliver the Household Recycling Centre (HRC) Service <a href="http://glostext.gloucestershire.gov.uk/documents/s28965/Item%2018%20-%20Household%20Recycling%20Centre.pdf">http://glostext.gloucestershire.gov.uk/documents/s28965/Item%2018%20-%20Household%20Recycling%20Centre.pdf</a>
<b>Main Consultees</b>	Gloucestershire Joint Waste Committee Shadow Members
<b>Planned Dates</b>	21 <sup>st</sup> June 2016 – Joint Waste Committee 19th July 2016 – Shadows 7 <sup>th</sup> August – Contract start date
<b>Divisional Councillor</b>	All
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<b>Purpose of Report</b>	To seek Cabinet approval to: <ol style="list-style-type: none"> <li>1. Direct award twenty seven 6 month interim recyclate contract to each of the incumbent contractors for the period 7th August 2016 to 31<sup>st</sup> January 2017; and</li> <li>2. Establish and operate a five year EU compliant Dynamic Purchasing System for the delivery of recyclate services to the Household Recycling Centre Service with an estimated total value of £5m.</li> </ol>

<p><b>Recommendations</b></p>	<p>That Cabinet authorises:</p> <ol style="list-style-type: none"> <li>1. the Commissioning Director: Communities and Infrastructure, in consultation with the Cabinet Member for Finance and Change to: <ol style="list-style-type: none"> <li>a. direct award 6 month interim recycle contracts to each of the incumbent contractors set out in paragraph 2.3 of this Report for the period 7th August 2016 to 31st January 2017 with a total estimated value for all the contracts of £0.52m;</li> <li>b. conduct an EU compliant competitive tender process for the creation of a 5 year Dynamic Purchasing System (DPS) for the provision of recycle services to the Household Recycling Centre Service commencing on the 1st February 2017 with an estimated total value of £5m over its term;</li> </ol> </li> <li>2. the Commissioning Director: Communities and Infrastructure: <ol style="list-style-type: none"> <li>a. throughout the term of the DPS to admit or remove contractors to the DPS in accordance with the required selection criteria or any revised selection criteria set out in the DPS;</li> <li>b. to procure recycle services from contractors under the DPS and award contracts for recycle services up to the value of £499k in respect of any single contract; any contract with a value of £500k or more must be the subject of a separate Cabinet decision;</li> <li>c. to report back to Cabinet on an annual basis throughout the term of the DPS detailing the total value of the contracts let under the System for that year and cumulatively.</li> </ol> </li> </ol>
<p><b>Reasons for recommendations</b></p>	<p>It is necessary to implement the recommendations to maintain the HRC service ensuring compliance with the Council's statutory duty under s51 of the Environmental Protection Act 1990 and to meet the Council's obligations for letting contracts.</p>
<p><b>Resource Implications</b></p>	<p>The expected overall value of the contracts to be let under the DPS on a per annum basis is estimated to be around £1m. The budget to support these contracts remains within the existing waste budget level although the procurement will aim to generate efficiencies.</p>

## MAIN REPORT CONTENTS

### 1. Background

- 1.1 On 20th April 2016 Cabinet approved the award of a contract to Ubico Ltd to operate the HRC service. Although the contract with Ubico Ltd is to operate the HRCs there are a number of other contracts that are required to ensure the service runs smoothly. These contracts are for the removal of materials brought in by the public for recycling, some of these materials have a value e.g. scrap metal, and some of have a cost to recycle e.g. wood. This means that to maintain service continuity the County Council has to let a range of additional contracts to ensure these materials are removed from the Household Recycling Centres by reprocessors on a regular basis.
- 1.2 The range of materials that will be covered by the contracts is set out in table 1 below.

**Table 1: Materials collected separately at HRCs for recycling**

Material	
Asbestos	Paper
Bikes	Plasterboard
Books	Plastic bottles
Bric-a-Brac	Plastic Rigid
Cans	Printer Cartridge
Car Batteries	Scrap Metal
Cardboard	Soil
Chemicals	Soil Conditioner
DIY Waste	Spectacles
Gas Bottles	Textiles
Glass	Tyres
Household Batteries	Vegetable Oil
Mineral Oil	Wood
Mobile Phones	

### 2. Options

- 1.3 There are a number of purchasing options available these include; the use of a framework, advertising contracts as they become available, operating a dynamic purchasing system or direct award. Some of these options have more limitations than others. Frameworks would not allow new entrants to the market to be added and advertising contracts as they become available will increase the administrative burden on both the council and bidders. Due to the short amount of time until the start of the HRC contract with Ubico, directly awarding contracts is considered as the only option in the timescale. In the longer term, a dynamic purchasing system is considered to offer advantages over the other options. A dynamic purchasing system will give us the flexibility to respond to changes in market conditions in order for us to maintain the best value for the service.

- 1.4 It will take about six months to tender and set up the dynamic purchasing system which will enable the contracts for the reprocessors to be let for the longer term. In the meantime short-term contracts will need to be put in place from 7<sup>th</sup> August 2016 to ensure the continuity of the service.
- 1.5 We need to directly award 27 contracts, one to each of the incumbent contractors as listed in Table 2 because there is insufficient time to carry out a formal tender process for the award of these interim contracts. By directly awarding these short term 6 month contracts we will ensure the service can operate from 7<sup>th</sup> August until 31<sup>st</sup> January and smoothly transition from the current operator Kier to Ubico Ltd.
- 1.6 The interim contracts all range in value though no individual contract exceeds the relevant EU procurement threshold under the Public Contracts Regulations 2015 (PCR 2015). These are short-term interim contracts and contractors will be able to apply to join the DPS in due course. The impending award of the main HRC contract to Ubico Ltd means that these contracts need to be awarded urgently.

**Table 2: Existing service providers as at 6<sup>th</sup> August 2016**

<b>Service Provider</b>	<b>Material for recycling or disposal</b>
Grundon Ltd	Asbestos
EnviroWales Ltd	Automotive Batteries
G & P Batteries	Household Batteries
D S Smith Recycling	Cardboard
Chemtech	Chemicals
Living Fuels	Cooking Oil
Envik Waste	Gas Bottles
Smiths (Glos) Ltd	Soil, Glass, Cans & Paper
EMR Ltd	Ferrous & Non Ferrous Metals
Plasterboard Recycling Solutions	Plasterboard
Printwaste	Plastic bottles
Thamesdown	Plastic bottles & Rigid Plastic
Recyclafone	Mobile phones
J M P Wilcox	Textiles
Credential Environmental	Tyres
Eco-Oil	Engine Oil
S W Wood Ltd	Wood
M Bennion Ltd	Soil Conditioner
Cory Environmental Ltd	DIY Waste
Repic	Waste electrical items
Recolight	Bulbs and fluorescent tubes
Greenworld Trading	Automotive Batteries
Gloucestershire Bike Project	Bicycles
British Heart Foundation	Books
W H Papps	Bric a brac
Sims	Ferrous & Non Ferrous Metals
Tony Webb	Bric a brac

- 1.7 A Dynamic Purchasing System is an electronic procurement approach for setting up and maintaining a list of contractors. It will need to be established in accordance with PCR 2015, given its value and will be open throughout its duration for the admission of any contractor who satisfies the selection criteria.
- 1.8 The benefits of utilising a Dynamic Purchasing System are:
- It allows new contractors to be added during the lifetime of the system and for contractors to improve their pricing with each contract they tender for under the DPS.
  - The market place can remain competitive in terms of cost and quality
  - The market place can grow and develop over the lifetime of the system with new contractors being able to join which encourages the market to develop.
  - Prices can remain current
  - As contractors are able to join at anytime this allows GCC access to potentially new innovative solutions.
- 1.9 As part of the introduction of the proposed DPS the Joint Waste Team in partnership with the Commercial Unit will undertake a large scale supplier engagement process to encourage contractors to join the system and offer services to the council, thus increasing competition.
- 1.10 The flexibility offered by a DPS will encourage increased competition for contracts which should deliver downstream cashable benefits.

### **3. Risk Assessment**

- 3.1. It is essential that the interim direct award contracts for contractors as outlined in this report are in place by 7<sup>th</sup> August 2016. Failure to have these contracts in place will result in either recyclable waste having to be landfilled or the sites having to close.
- 3.2. The interim direct award contracts will be let using a standard set of terms and conditions and a tailored specification, which will ensure that the sites are serviced as required and that materials are recycled where possible.

### **4. Officer Advice**

- 4.1. Having considered the options available within this timeframe and due to the urgent need to have contracts in place by 7 August, it is recommended that 27 short-term contracts are directly awarded. We also recommend that the Commissioning Director: Communities and Infrastructure is authorised to set up a dynamic purchasing system in consultation with the Cabinet member for Finance and Change from 1 February 2017.

### **5. Equalities considerations**

- 5.1. A due regard statement is not needed because no material impact on any of the nine protected characteristics was identified relating to awarding these contracts. Any changes to the contracts will need to be considered separately.

## **6. Performance Management/Follow-up**

- 6.1. The spending on these contracts will be closely monitored and reported to the appropriate Director on a monthly basis and an annual report will be presented to Cabinet to show the spend using the Dynamic Purchasing system.

<b>Report Title</b>	Direct award of twenty seven 6 month interim recycle contracts and the creation of a Dynamic Purchasing System for the delivery of recycle services for the Household Recycling Centre Service
<b>Statutory Authority</b>	Environmental Protection Act 1990 (EPA 1990); 51. Functions of waste disposal authorities. (1) It shall be the duty of each waste disposal authority to arrange— (b) for places to be provided at which persons resident in its area may deposit their household waste and for the disposal of waste so deposited;
<b>Relevant County Council policy</b>	Joint Municipal Waste Management Strategy
<b>Resource Implications</b>	The cost of the service will remain within the existing budget although the procurement will aim to generate efficiencies.
<b>Sustainability checklist:</b>	
Partnerships	Gloucestershire County Council is a member of the Gloucestershire Joint Waste Committee together with Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council and Tewkesbury Borough Council.
Decision Making and Involvement	This decision is made by the Cabinet.
Economy and Employment	Awarding these contracts will benefit the economy and employment by keeping materials flowing in the recycling system.
Caring for people	No effect
Social Value	The contracts add social value by ensuring that some recyclable materials are passed to local charities e.g. bicycles.
Built Environment	No effect
Natural Environment' including Ecology (Biodiversity)	No effect
Education and Information	The sites are used to host visits by schools and others to educate and inform about recycling and the positive benefits it can deliver.

<b>Tackling Climate Change</b>	Carbon Emissions Implications? Positive Vulnerable to climate change? No
<b>Due Regard Statement</b>	Has a Due Regard Statement been completed? No
<b>Human rights Implications</b>	No effect
<b>Consultation Arrangements</b>	A verbal briefing on this Cabinet paper was presented to the Joint Waste Committee on 21 <sup>st</sup> June.