

WIRRAL COUNCIL

CABINET

7 JULY 2014

SUBJECT:	GARDEN WASTE CONTRACT AWARD: OUTCOME OF THE JOINT PROCUREMENT FOR THE TREATMENT OF GARDEN WASTE
WARD/S AFFECTED:	ALL
REPORT OF:	KEVIN ADDERLEY, STRATEGIC DIRECTOR FOR REGENERATION AND ENVIRONMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR BERNIE MOONEY ENVIRONMENT AND SUSTAINABILITY
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 On 7 November, 2013, Cabinet approved Wirral Council join an existing green waste composting contract between April and October 2014, currently let by Sefton Council. This enabled Wirral Council to take part in a collaborative procurement exercise with all other Merseyside districts (Minute 95 refers). At that time, Members requested officers to report back to Cabinet on the outcome of the procurement exercise as well as the outcome of exploring an in-house option. These requests pre-date the revision of the Council's Contract Procedure Rules that came into force December 2013. This report details the outcome of that procurement exercise and recommends Members accept the preferred bidder tender. It also concludes that an in-house option to compost our own garden waste is not viable at this time. The value of the tender to Wirral over the two year core contract period is approximately £600k (depending on tonnage variations). Accepting the preferred bidder will ensure that Wirral enjoy the "economies of scale" of a large contract and limit the impact of increased processing costs that this industry has experienced over recent years.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Wirral is projected to produce around 13,000 tonnes of garden waste per annum. This must be composted to PAS100 standards to enable the Council to claim recycling credits and add this tonnage into Wirral councils recycling performance figures. The current national median gate fee price for windrow treatment reported by WRAP is £24 per tonne (excluding haulage). Due to the absence of composting sites on the Wirral, it is necessary to transport all of Wirral's kerbside collected garden waste to a reprocessing facility, or for bidders to offer a bulking and transfer station locally.

2.2 Wirral Council joined a collaborative green waste processing contract (previously let by Sefton Council in November 2011) in April 2014 which will run to 31st October 2014. The incumbent contractors are White Moss Horticulture Ltd, which is a family owned business and producer of horticultural products based in Kirkby. In addition, White Moss also carries out the bulking and haulage element of the process under a separate agreement with Wirral using a subcontracted local waste transfer station.

3.0 OUTCOME OF THE COLLABARATIVE PROCUREMENT EXERCISE

3.1 Procurement Process

Officers from the Waste and Environmental Services Division and Corporate Procurement have worked with officers from the other three named Merseyside Local Authorities (Sefton, St Helens and Knowsley Councils) in order to seek economies of scale from the letting of a collaborative green waste composting tender. Sefton Council are the procuring authority.

The Chest portal was used, and an advert was placed in the Official Journal of the European Union (OJEU). The tender exercise has been undertaken using an OJEU Open Procedure.

The basis of the quality/price evaluation to be applied was 70% price (life-cycle cost over 2 year core period to include haulage and other transport costs) and 30% quality. The closing date for tenders to be submitted was 2nd May 2014. Two compliant bids were received. The two participants were White Moss Horticulture Ltd and James Heyes Ltd. Both companies are based within Merseyside, thereby minimising the environmental and financial impacts of transportation.

3.2 Procurement Outcome

Both bids have been evaluated by the panel of officers made up from each participating council. The results for the two companies are detailed in Table 1.

Table 1: Price/Quality evaluation scores

	RANK.	PRICE SCORE	WEIGHTED SCORE	QUALITY SCORE	WEIGHTED SCORE	SCORE
Preferred Bidder	1	100	70.00	84.44	25.33	95.33
Second Bidder	2	59.62	41.73	43.70	13.11	54.84

The preferred bidder provides the most economically advantageous tender from both a financial and quality perspective. Wirral officers were highly satisfied with all aspects of the preferred bidder tender, reflected in the high quality score awarded.

The direct deliver gate fee offered by both bidders is substantially lower than the median national gate fee. The total cost of utilising the preferred bidder composting site, including transportation from Wirral is also highly competitive.

4.0 RELEVANT RISKS

- 4.1 Awarding the contract to the preferred bidder in this report will result in the most competitive gate fee price for Wirral being secured. There are minimal risks associated with the mobilisation of the contract as it is not a frontline or customer related service. Adequate time for mobilisation of the new contract has been afforded.

5.0 OTHER OPTIONS CONSIDERED

- 5.1 An options appraisal was carried out prior to the onset of the procurement exercise and reported to Cabinet on 7th November 2013 (Minute 95 refers).
- 5.2 The report outlined a second viable option relating to in-house service delivery. Officers were instructed to carry out a feasibility study to determine the viability of this option. Restricted timescales meant that only sites with existing planning consents for Windrow Composting could be considered. Only one site on privately owned land has such consent within the Wirral boundary. Discussions with the landowner have since taken place and despite the land owner's flexibility around the future use of the site, officers determined that a joint venture with the land owner was unlikely to result in any significant savings when compared to the anticipated gate fee price arising from the procurement exercise. The land owner would have expected an annual leasing fee for the site and to be paid per tonne for any garden waste brought onto site, in return for redistributing the arising compost on neighbouring farmland as a soil improver.
- 5.3 If ran in-house, this type of operation would be best undertaken by the Parks and Countryside Service, who are currently going through a modernisation programme. It was deemed to be an inappropriate venture at this current time due to a lack of skills and resources to mobilise quickly, in time for November 2014 when the current contract expires.
- 5.4 Officers also concluded that in order to make such a venture financially viable, it would be necessary to utilise the Council's existing land/ assets. Income opportunities may also be possible by attracting third party green waste tonnage from the private landscaping and gardening industry and other local stakeholders such as housing associations and statutory land owners. It was not possible to carry out market research to quantify this in the time available.

6.0 CONSULTATION

- 6.1 A number of meetings have been held with all Merseyside Districts, the MRWA and Halton Council in order to develop the concept for a joint procurement.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are no negative implications for voluntary, community and faith groups.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 Budget provisions for green waste processing were increased in the 14/15 budget in anticipation of the Council being exposed to an increased gate fee as a result of a new tender exercise. The preferred bidder gate fee price arising from this procurement is less than the maximum anticipated value. Therefore a procurement revenue saving of £22.5k will be realised from the 14/15 waste provisions.
- 8.2 The whole life-cycle costs of the preferred bidder tender for Wirral, including bulking and haulage to the composting site compares favourably to the latest published national median gate fee for England of £24/tonne, which refers predominantly to direct deliver gate fees. The direct deliver gate fee specified by the preferred bidder is substantially less than the national median. This indicates that the collaborative procurement exercise has resulted in a very competitive tender price, offering each participating district value for money.
- 8.3 There are no staffing, IT or Asset implications.

9.0 LEGAL IMPLICATIONS

- 9.1 The collaborative procurement has been completed within OJEU rules and regulations. Sefton Council are the lead authority and are responsible for contract award.
- 9.2 Wirral Council will enter into a separate contract with the successful tenderer which will be based on the prices and terms contained in documents in or in response to the invitation to tender under the collaborative procurement process.

10.0 EQUALITIES IMPLICATIONS

- 10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no relevance to equality.

11.0 CARBON REDUCTION IMPLICATIONS

- 11.1 In order to ensure the garden waste we send for treatment can be classified as “recycled” it must be treated to “PAS 100” standards. Both participants meet this standard of reprocessing.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 12.1 There are no planning or community safety implications arising from this report.

13.0 RECOMMENDATIONS

- 13.1 Cabinet is requested to:

- (i) Authorise the Strategic Director of Regeneration and Environment to liaise with Sefton Council’s Director of Streetscene and conclude the procurement exercise with the intent of entering into contract with the preferred bidder for the period of 2 years, plus 3 x one-year extension options, commencing 1st November 2014.

- (ii) Note the revenue saving of £22.5k from 2014/15 reflecting the surplus funds arising from this procurement exercise.
- (iii) Note the future possibility to carry out the composting process in-house as outlined in Section 5.1 of this report and request that the commercial viability of operating a windrow composting facility be explored within the lifetime of the new contract.

14.0 REASON/S FOR RECOMMENDATIONS

14.1 The total amount of garden waste tonnage due to be processed through a joint contract is around 60,000t, compared to a maximum of 12,000t from Wirral acting alone. Therefore the collaborative procurement provides economies of scale in the form of a competitive gate fee. Notwithstanding this, it is recognised that the complete absence of a Windrow Composting facility on the Wirral Council provides a potential opportunity to explore the wider commercial benefits of setting up such a facility in the future (utilising its own assets) in order to limit the financial and environmental impacts of collecting and treating Wirral's kerbside collected garden waste.

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APPENDICES

None

REFERENCE MATERIAL

OJEU notice 183347-2001-EN (10/06/2011) <http://ted.europa.eu/TED>

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Wirral Council Cabinet: Green Waste Processing Options Appraisal	7 th November 2013
Sefton Council Cabinet : Procurement of Green (Garden) Waste Composting Outlets (Item 15)	27 th February 2014