

4 SEPTEMBER 2019

REPORT TITLE	ACCEPTANCE OF TENDER AND AWARD OF CONTRACT – GARDEN WASTE COMPOSTING SERVICE
REPORT OF	INTERIM DIRECTOR HIGHWAYS & STREETSCENE

REPORT SUMMARY

This report recommends acceptance of a tender from SED Services Ltd and award of a contract for the provision of a Garden Waste Composting Service for the Liverpool City Region (LCR) for participation by Sefton, Wirral, Knowsley and St. Helens. Sefton Council have acted as the lead Authority for this procurement exercise and contractual agreement.

The fundamental purpose of the contract is to provide an efficient, cost effective and reliable Garden Waste Composting Service throughout the contract term, with a key objective of producing a compost end product capable of resale or beneficial reuse. The contract will be for a period of 5 years commencing on 1st November 2019 with the option to extend for up to a further 2 periods of 12 months (at the Council's sole discretion).

This contract supports the delivery of the Wirral Plan Pledge 'To Create an Attractive Local Environment for Wirral Residents' and specifically Managing our Waste Strategy Priority 02 'To support joint working and establish common approaches for the Liverpool City Region's waste management'.

The contract delivery site for the transfer of Wirral's garden waste will be Veolia's waste recycling site at Bidston Moss. SED services will then transport the waste to their composting facility site in High Town, Formby.

This report is a Key Decision and relates to a service provided to residents in all wards.

RECOMMENDATIONS

The Cabinet Member for Community Services is requested to:

- 1) Accept the Wirral element of the tender for the Garden Waste Composting Service for the Liverpool City Region, submitted by SED Services Ltd to Sefton Council on 15 March 2019; and
- 2) Approve the award of the Wirral element of the contract to SED Services Ltd, with a value of £588,000 over the initial 5 year contract term.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATIONS

- 1.1 The tender from SED services Ltd represents the most economically advantageous tender received, is fully compliant and is within allocated budgetary provision.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 An alternative approach would have been for Wirral Council to procure this contract directly for the Wirral Borough area. Working in partnership with other LCR Districts has enabled efficiencies to be achieved in the staff resourcing of the procurement process in addition to likely economics of scale and improved value for money from the city region tender received.

3.0 BACKGROUND INFORMATION

- 3.1 Tenders to provide a Garden Waste Composting Service for the Liverpool City Region were invited via The Chest on 15 February 2019. Tenders were received from two suppliers by the due date of 15 March 2019. Both bids were evaluated with moderation of the process by the joint authority evaluation board. The result was as follows:

<u>Tenderer</u>	<u>Price</u> (per 2yr fixed term)	<u>Quality</u>	<u>Total Score</u>
SED Services Ltd	£588,000.00	20.63%	90.63%
Tenderer 2	£882,900.00	21.56%	72.05%

The contract is now at the stage of being awarded to the winning bidder by Sefton MBC as lead Council for the LCR and is awarded based on the Most Economic Advantageous Tender (MEAT) through the evaluation and weighted scores as detailed below:

Evaluation, Award Criteria and Weighting

(Total Lifecycle Cost 70% Quality/Method statements 30%)

CRITERIA	WEIGHTING
Selection Questionnaire (Part 1, 2 & 3)	Pass or Fail
Lifecycle cost	70%
Quality Submission	30%
TOTAL	100%

- 3.2 Consequently the tender from **SED Services Ltd** is the most economically advantageous and is recommended for acceptance.
- 3.3 The fundamental purpose of the contract will be to provide a licensed garden waste composting facility that is able to receive all delivered garden waste from the LCR District Authorities. This contract is primarily for delivery of a service to Council establishments in Sefton, Wirral, Knowsley and St. Helens and Sefton Council will act as lead Authority for the contractual agreement.

There is a possibility that Halton, Liverpool and Cheshire West Councils may join this contract during the term.

The composting requirement for all four participating Councils is currently estimated at 46,500 tonnes per annum. The breakdown per Council is approximately 19,000 tonnes for Sefton, 13,500 tonnes for Wirral, 7,000 tonnes for St Helens and 7,000 tonnes for Knowsley. The tonnage values provided in this report are approximations and cannot be guaranteed. The four Authorities will, however, offer contract exclusivity for Garden Waste arising for the duration of the contract.

4.0 FINANCIAL IMPLICATIONS

4.1 The evaluation below shows the cost value of the contract for the respective districts and overall cost of the contract per the 2yr fixed value, allowing for risk and contingency. The works can comfortably be delivered within the overall budget available and the current cost of the service under the incumbent contractor is valued at £328,500pa. The winning tender allows for a saving per annum in comparison to Wirral's current allocated budget as indicated below:

	SEFTON	ST HELENS	KNOWSLEY	WIRRAL
TONNAGE PER ANNUM	19000	7000	7000	13500
HAULAGE COST PER ANNUM	£0.00	£41,447.04	£28,753.20	£0.00
HAULAGE COST PER 2 yr FIXED PERIOD	£0.00	£82,894.08	£57,506.40	£0.00
GATE FEE	£15.00	£15.00	£17.00	£27.00
GATE FEE PER ANNUM	£285,000.00	£105,000.00	£119,000.00	£294,000.00
GATE FEE PER 2 yr FIXED PERIOD	£570,000.00	£210,000.00	£238,000.00	£588,000.00
TOTAL PER ANNUM	£285,000.00	£146,447.04	£147,753.20	£294,000.00
TOTAL PER CORE PERIOD	£570,000.00	£292,894.08	£295,506.40	£588,000.00

Based on the annual costs of the contract the first two years are fixed. The overall life term of the contract includes an increase per year on the 3rd, 4th and 5th year in line with CPI value. However, to minimize the overall cost the contract specifies a 2% limit capped increase. This contingency is calculated below:

Yr1 = £294,000

Yr2 = £294,000

Yr3 = £299,880

Yr4 = £305,877

Yr5 = £311,995

Total for full 5-year term = £1,505,752.

5.0 LEGAL IMPLICATIONS

- 5.1 Wirral Council was represented and performed an integral part of the procurement and tendering exercise for the region's new Garden Waste Composting Service for Liverpool City Region Contract. The tendering process was hosted, on behalf of the City Region's Waste Management Partnership, by Sefton Council. Sefton Council's Legal Services Team were consulted about the tendering process and provided legal advice to the exercise and recommendation for appointment.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no additional resource implications for Wirral Council. The contract will be managed by existing Council officers in partnership with their Liverpool City Region Waste Management Partnership colleagues.

7.0 RELEVANT RISKS

- 7.1 There are several risks that have been identified in relation to the appointment of a new contractor for the delivery of the Garden Waste Composting Service Contract for the City Region. These mainly relate to the contractor's ability and capacity to effectively handle and treat the City Region's garden waste. The mitigation to such risks is the due diligence carried out by the tendering team, on behalf of the Waste Management Partnership, on the contractor to be recommended and references acquired from existing customers.
- 7.2 During the term of the contract the lead Authority will monitor the contractors performance and report any low levels of performance to the other collaborative Authorities. Levels of low performance are subject to default measures within the terms and conditions of the contract. These measures are defined as critical and non-critical defaults and are subject to a formal Default Notice being issued to rectify any poor operational compliance. The Default Notices set out a reasonable time period to remedy any low performance levels, however, further measures can be applied to escalate any unresolved levels of poor performance and are subject to Warning Notices prior to deductions being made from the contract price or termination of the contract in accordance with the terms and condition clauses.
- 7.3 In the event that the contractor is served with more than 2 (two) Warning Notices within any continuous 18 (eighteen) month period the Lead Authority shall be entitled to terminate the contract in whole or in part in accordance with the provisions of the contract specification. Should any of the collaborating Authorities wish to make written representation to the Lead Authority to suspend or terminate the services of the contract, the other collective authorities shall be entitled to abate the Contract Price by such amount as is necessary for the Contracting Authorities to perform the Services itself or to engage a third party to do so.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Council's Environmental Services Streetscene Manager will meet regularly with the Contractor and the other District Councils over the contract period to achieve continuous improvement in the quality and delivery of the Contract. Sefton MBC who are overseeing the delivery of the contract on behalf of the LCR, will ensure that the Contractor provides monthly reports to the District Lead Officers partnering the Contract.

8.2 Post contract, the LCR group will hold quarterly contract liaison meetings with the Contract lead at Sefton MBC and the Contractor. Relevant operational expectations, KPI reports, Health and Safety and any other contractual matters arising from the meetings will be recorded and communicated to all relevant stakeholders and Authority Cabinet members.

9.0 EQUALITY IMPLICATIONS

There are no implications resulting from this Contract for the treatment of the City Region's garden waste.

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APPENDICES

None

BACKGROUND PAPERS

Commercial tender information held by Sefton MBC procurement section.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	