

LONDON BOROUGH OF BRENT

Executive - 14 February 2005

Report from the Director of Environment

For action

Wards affected:
ALL

Report Title: Award of contracts in relation to the Council's Organic Waste Collection Service

Forward Plan Ref: ES-04/05-293

1.0 Summary

- 1.1 This report seeks the approval of the Executive to award a contract for the delivery of specified household waste to a Composting Facility in relation to the Council's proposals to expand the Organic Waste Collection Service, thus.

2.0 Recommendations

- 2.1 That the Executive notes the tendering process for the delivery of specified household waste to a Composting Facility and approve the evaluation criteria in paragraph 3.4.
- 2.2 That the Executive approves the award of the Composting Facility Contract to West London Composting Limited.

3.0 Detail

- 3.1 At its meeting on 15th November, 2004 the Council's Executive approved recommendations to commence three tendering processes for:
- A. The delivery of specified household waste to a Composting Facility;
 - B. The purchase of up to 7 (seven) refuse collection vehicles;
 - C. The purchase of 15,000 wheeled bins and 60,000 kitchen bins.
- 3.2 On 19 January 2005 the Chief Executive used his delegated powers under Part 4 of the Council's constitution to award the contract for the refuse vehicles (tender B) as the award was extremely urgent in order to secure production slots for the vehicles. Officers have the delegated

power to award the contract for the wheeled and kitchen bins (tender C) and the process for that contract will be concluded shortly. Therefore this report relates only to Tender A above.

The tender process

- 3.3 Advertisements were placed in the Official Journal of the European Community (OJEU) on 14th November 2004 to seek initial expressions of interest. Four contractors contacted the Council in response to the advertisements. Tender packs were despatched to the 4 contractors and the intended EC Procurement Restricted Procedure was effectively changed to an Open Procedure as the shortlisting phase was omitted. Although technically this was not in strict compliance with the EU Regulations Officers consider that no company was prejudiced by the change in process as all 4 companies which indicated they were interested in the contract were invited to tender.
- 3.4 The tendering instructions stated that the contract will be awarded on the basis of the most economically advantageous offer to the Council and that in evaluating tenders, the Council would have regard to the following:
- (a) The Tenderer's experience of providing comparable services;
 - (b) The Tenderer's technical capacity to deliver the services. The Council will give due consideration to the professional and technical qualifications and experience of the managers and staff who will be responsible for delivering the Contract;
 - (c) Completeness of proposals in terms as set out in the Tender;
 - (d) The appropriateness and effectiveness of the Tenderer's proposed systems and working methods as set out in its Method Statements;
 - (f) Ability to achieve continuous improvement and any consequential qualitative improvements for financial savings which are set out in the Tender;
 - (g) Understanding of and commitment to the Council's service delivery objectives;
 - (h) The Contract Price and its component parts and an evaluation of these sums during the Contract Period;
 - (i) Demonstrable value for money; and
 - (j) The relative costs of the pricing alternatives requested or permitted in the Tender Documents.

3.5 The Executive should note that these criteria are different from that approved by the Executive on 15 November 2004. The approved criteria were:

- experience in the services tendered
- the appropriateness and effectiveness of the Tenderer's proposed systems and working methods as set out in its method statements and tender submission generally
- ability to achieve continuous improvement
- quality of service proposals
- price

However, the new criteria generally address the same broad issues as the criteria approved by the Executive.

3.6 All tenders had to be submitted no later than 13 January 2005.

3.7 Tenders were opened on 13 January 2005 and 2 tenders were received. The other two companies which initially indicated an interest in the contract advised that they were not intending to pursue their interest due to (1) being a plant and equipment manufacturer (based in Holland) and with no land to carry out the composting process; and (2) being a company that had land in Dorset, but without the plant & equipment infrastructure, planning permissions or licensing.

Evaluation process

3.8 Following publication of the evaluation criteria officers determined the weightings to be applied to each of the criteria. These weightings are set out in the evaluation matrix in Appendix 1.

3.9 The two companies which submitted tenders were Cleanaway Ltd and West London Composting Ltd. Officers discounted the Cleanaway tender on the basis that it was qualified and therefore non-compliant. The tender was qualified in the following respects:

- The tender was subject to Cleanaway Board approval;
- The wording of the Performance Bond was been queried and subject to negotiation with their surety;
- Amendments were requested to the price increase formula;
- The tender was subject to the company receiving planning permission for its site at Rainham, Essex; and
- Extensive alterations were been made to the Council's Form of Tender. In particular 11 out of 13 of the provisions in the Form of tender were deleted rendering the tender unavailable for acceptance by the Council

- 3.10 Environmental Services' officers proceeded with the evaluation of the one remaining compliant bid by West London Composting Limited on 20 January 2005.
- 3.11 The scoring matrix for the evaluation and the scores received by West London Composting Limited against each of the evaluation criteria are set out by the are included in Appendix 1 of this report.
- 3.12 The prices tendered by West London Composting (WLC) are as thus:

| Tender Ref. | Tenderer | Price per tonne (Garden Waste Only) | Price per tonne (mixed waste) |
|-------------|----------------------------|-------------------------------------|-------------------------------|
| Tender A1 | West London Composting Ltd | £29.50 | £34.50 |

- 3.13 The evaluation of the tender has been carried out by officers and has been concluded. The results of this are shown at Appendix 1.
- 3.14 WLC's proposals have been submitted in accordance with the specification for the service. No further approval within the company is required.
- 3.15 WLC's current Facility at Harefield, Middlesex is currently used by Brent through a short-term arrangement that has been in place since August 2004. WLC have planning permission, as well as an Environment Agency (EA) Licence for the receipt of green garden waste, and Category 3 catering waste.
- 3.16 As stated, Brent currently delivers compostable waste to the West London Composting Facility at Harefield, Middlesex. There are no additional mileage or other costs, and the existing rounds are able to be completed within the scheduled working day.
- 3.17 Officers recommend the approval of the tender proposal submitted by WLC.

4.0 Financial Implications

- 4.1 Brent's achievement of our Statutory Target (percentage of household waste recycled and/or composted) is dependent on being able to compost a wider mix of material than just green garden waste, The addition of kitchen waste is crucial.
- 4.2 The tendered prices are shown at paragraph 3.8. The direct financial effect for Brent is 'NIL', as the payments to WLC are reimbursed in full to Brent by the West London Waste Authority (WLWA).
- 4.3 The level of payments to WLC that are reimbursed to Brent will depend on the tonnage delivered. Initial capacity for Brent is up to 12,000

tonnes per annum, and at £34.50 per tonne represents an annual sum of £414,000. WLWA have confirmed their intention to reimburse these costs.

- 4.4 As noted at paragraph 3.1 the Organic Waste Collection Service is being expanded and will provide a weekly collection of organic waste to around 60,000 households.
- 4.5 The additional revenue costs for supporting this service expansion have been estimated at £940k, and this sum is the subject of revenue budget proposals for 2005-06.
- 4.6 The sum of £940k has been offset by:
- the reduction in the Section 52(9) “waste disposal” budget of £280k;
 - a saving in the sack based collection service of one (out of 3) rounds, thus £69k;
 - the receipt of the Government’s ‘Waste Performance and Efficiency Grant’ of £232k.
- 4.7 This process leaves a sum of £359k to be met from revenue budgets. Officers advise that there is already Agreed Growth of £500k in the Environment Directorate’s cash limit for 2005-06, and this will cover the above revenue sum as well as the £17k referred to at paragraph 4.7.
- 4.8 If the revenue growth of £359k is not agreed as part of the 2005-06 budget process then the revenue costs of the expanded service will have to be met from within the total Environment Revenue budget by making savings in other areas. In addition if the capital proposals are not agreed as part of the 2005-06 budget process any shortfall will have to be found either from substitution within the agreed capital programme or from the total Environment budget.

5.0 Legal Implications

- 5.1 The Procurement process for the Composting Facility Contract is subject to the EU regulations for Supply Contracts and the Council’s Standing Orders for High Value Contracts.
- 5.2 The procurement process inadvertently deviated from Standing Orders and the EU Regulations in a number of respects, namely:
- (i) The intended and advertised procurement procedure (the Restricted procedure) was effectively changed to an open procurement procedure as the shortlisting phase was omitted
 - (ii) The Executive approved the evaluation criteria for procurement of a Composting Facility on 15th November 2004. However, the evaluation criteria published and

advised tenderers differed from that approved by the Executive.

- 5.3 In relation to (i) above, although the change in process is technically not in compliance with the EU Regulations it is unlikely that anyone has been prejudiced by the change in procedure as all of the companies which expressed an interest in the contract were invited to tender for the contract. A shortlisting phase would simply have enabled the Council to eliminate interested parties which did not meet the Council's minimum criteria. A challenge on the basis of the change in procedure would be unlikely.
- 5.4 In relation to (ii) above the EU requirements require tender evaluation to be undertaken on the basis of the published criteria advised to tenderers. Therefore, officers have carried out the evaluation on the basis of those criteria. The Executive is asked to note and approve the new criteria (as set out in the evaluation matrix in appendix 1) which generally addresses the same broad issues as the criteria which was originally approved by the Executive.

6.0 Diversity Implications

- 6.1 The proposals in this Report have been subject to screening by officers, who consider that there are no specific diversity implications.

7.0 Staffing/Accommodation Implications

- 7.1 There are no staffing or accommodation issues arising from the recommendations in this Report.

8.0 Environmental Implications

- 8.1 These proposals will directly address the Council's Environmental Policy.
- 8.2 Securing an expanded service for the collection of the Borough's green and other compostable waste will not only secure a sustainable disposal route for this waste, but also help the Council deliver its wider environmental objectives.
- 8.3 Composting waste reduces the Borough's Climate Change contribution, and helps close the materials loop. Landfill waste releases CO₂ and methane, both powerful "greenhouse gases".
- 8.4 New materials must also be processed to replace the landfilled waste. The composting process reduces gas emissions and also significantly reduces processing new materials, avoiding all accompanying environmental impacts.

8.5 The implementation of this proposal will, perhaps most importantly, help reduce the amount of household waste being sent to landfill.

9.0 Background Papers

9.1 Details of documents:

- (i) Environmental Policy Statement, 20th October 1998
- (ii) Report to Executive 5th November 2002 titled "Extension of the Materials Recycling and Associated Services Contract"
- (iii) Report to Executive 18th November 2002 titled "Bid to Capital Waste Minimisation and Recycling Fund"
- (iv) Report to Executive 31st March 2003 titled "Organic Waste Collection Service"
- (v) Report to Executive 14th September 2004 titled "Proposed expansion of the Organic Waste Collection Service"
- (vi) Report to Executive 15th November, 2004 titled "Invitation for Tenders for the Council's Organic Waste Collection Service"

Contact Officer:

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EVALUATION RESULTS

| Criteria | Weighting | West London Composting | |
|--|-----------|------------------------|-----|
| | | Score (See note) | |
| Experience | 5 | 2 | 10 |
| Technical Capacity – delivery time / meets specification | 35 | 2 | 70 |
| Competencies of Proposal (Proximity) | 5 | 2 | 10 |
| Systems & working Methods | 5 | 2 | 10 |
| Continuous improvement | 5 | 2 | 10 |
| Contract Price | 40 | 2 | 80 |
| V for Money | 5 | 2 | 10 |
| Price alternative requested | n/a | n/a | |
| TOTAL | | | 200 |

Note:

- 0 Does not meet
- 1 Partly meets
- 2 Fully meets
- 3 Exceeds expectations