

 Brent	Decision of Strategic Director of Regeneration & Environment 25 October 2021
	Report from the Strategic Director of Regeneration & Environment
Integrated Street Cleansing, Waste Collections and Winter Maintenance Services Contract Award Criteria	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Oliver Myers Head of Environmental Strategy & Commissioning Oliver.myers@brent.gov.uk 020 8937 5323

1.0 Introduction

- 1.1 In August 2021, Cabinet agreed the final Redefining Local Services delivery model, “specialist contracts with low to moderate levels of insourcing”, and approved inviting tenders for the Integrated Street Cleansing, Waste Collections and Winter Services contract (“The Integrated Contract”). Cabinet delegated authority to the Strategic Director for Regeneration & Environment, in consultation with the Lead Member for Environment, to decide the price/quality ratio for the Integrated Contract and the evaluation criteria and to approve officers evaluating tenders.
- 1.2 This report now proposes the price/quality ratio and the evaluation criteria for the Integrated Contract ahead of publication of the Contract Notice and Invitation to Tender in early November 2021.

2.0 Recommendations

That the Strategic Director for Regeneration & Environment, having consulted the Lead Member for Environment:

- 2.1 Approves the price/quality ratio and evaluation criteria as set out in paragraphs 3.9 and 3.10 of this report.
- 2.2 Approves Officers evaluating the tenders for Integrated Street Cleansing, Waste Collections and Winter Services Contract above on the basis of the evaluation criteria referred to in paragraph 2.1 above.

3.0 Detail

3.1 The procurement strategy for the Integrated Contract was included in Section 6 of the August 2021 Redefining Local Services report. The scope of the contract includes street cleansing, waste and recycling collections and winter maintenance services.

3.2 The Integrated Contract will provide economies of scale, operational efficiency and value for money in the following ways:

- Street cleansing can be optimised in relation to waste collections
- Flexible resource for fast response to litter bin emptying, fly-tip removal and emergencies
- Greater resilience to the impact of sharp reductions in driver availability and the ability to respond to surges in demand for staff
- Improved waste handling/landfill diversion rates compared to separate contracts
- Improved response to exceptional circumstances like snow, pandemic, extraordinary events
- Winter gritting can be shared across HGV drivers and streets' operatives

3.3 Recyclates reprocessing will be procured as a separate contract to provide the Council with the opportunity to change providers on a more frequent basis (for instance two yearly, to allow adjustment for market changes) rather than including this with the waste collections contract as currently.

3.4 Grounds maintenance (GM) in parks, housing and highways will also be procured as a standalone contract. Outsourced delivery in London is dominated by specialist green services companies, with these companies serving 14 of the 17 boroughs that have outsourced provision. Boroughs' Good Parks for London scores are on average higher for boroughs served by specialist contractors than for boroughs that have GM integrated with other environmental services.

3.5 The vision for the Integrated Contract is to:

- Improve the way Brent 'looks and feels' to residents, businesses and visitors including good quality street scene and a clean and tidy area

- Encourage greater consideration by residents and communities of how to generate less waste, emphasising reduction, reuse, recycling and composting
 - Promote a greater sense of civic pride and a stronger local identity
 - Make a positive impact on social, environmental and economic sustainability
 - Maximise opportunities arising from the Environment Bill
- 3.6 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations for the procurement of the Integrated Contract were set out in Section 6 of the August 2021 Cabinet report.
- 3.7 The Integrated Contract will run from 1 April 2023 for a maximum of 16 years, with an initial term of eight years and the option for mutually agreeable extensions of up to eight additional years. The procurement process will follow the Competitive Dialogue Procedure.
- 3.8 The decision on the price/quality ratio and evaluation criteria were delegated to the Strategic Director for Regeneration & Environment in consultation with the Lead Member for Environment.
- 3.9 The proposed price/quality ratio (including an allocation for social value and commercial and risk) and the tier 1 evaluation criteria for the Integrated Contract are set out below:

Tier 1 Criteria	Tier 1 Weighting
Quality/Technical	40%
Social Value	10%
Commercial and Risk	5%
Pricing Schedule	45%

- 3.10 The proposed tier 2 evaluation criteria for quality and technical for the Integrated Contract are set out below:

Quality/Technical Tier 2 Criteria
Mobilisation Plan
Contract Management Plan
Quality, Health & Safety and Environmental Management Plan
ICT, Management Information System & Customer Care Plan

Quality/Technical Tier 2 Criteria
Plant & Resourcing Plan
Premises Plan
Maintenance Plan
Collection Services Plan
Street Cleansing Services Plan
Winter Maintenance Services Plan

4.0 Financial Implications

- 4.1 The Council will receive a number of bids, some with higher and some with lower quality scores, and with different prices. If bidder A had higher quality and cost less than bidder B, then bidder A would win the tender. However, if bidder A had higher quality and cost more than bidder B, then the price quality ratio and price score mechanism would determine who would win.
- 4.2 The higher the price weighting %, the more likely bidder B (lower quality, less expensive) is to win.
- 4.3 The sensitivity of the price score also has a significant impact. The more sensitive the price score, the more likely bidder B (lower quality, less expensive) is to win.
- 4.4 Equivalently, the price/quality ratio and evaluation criteria determine how much the Council is willing to pay for bids with higher quality points compared to bids scoring lower quality points.
- 4.5 The proposed price weighting is 45%, with the remaining weighing for quality (40%), Social Value (10%) and Commercial and Risk (5%).
- 4.6 The proposed method for determining the price score is broadly similar to the method used in the last tender for the Public Realm contract. It is more sensitive than the most standard mechanism used in procurements. This means that the % weighting for price can be lower than it would be under the most standard price score method. In particular, bids priced at more than 30% than the lowest bidder score nothing on price points. This reduces the risk that the winning tender is unaffordable for Brent.
- 4.7 The question that the price quality mechanism is answering is 'how much higher does the quality of a bid have to be in order for that bid to win, even if it is more expensive?'
- 4.8 As an illustration, the effect of the proposed price/quality weighting and the price score mechanism is that roughly:

If bidder B scored 6/10 on quality,

4.8.1 Bidder A would win if the bid scored an average of 7/10 on quality and cost around 8% more than bidder B;

4.8.2 Bidder A would win if the bid scored an average of 8/10 on quality and cost around 16% more than bidder B;

4.8.3 Bidder A would win if the bid scored an average of 9/10 on quality and cost around 21% more than bidder B;

If the cost differential was higher, bidder B would win.

5.0 Legal Implications

5.1 The Integrated Contract falls within the definition of a 'public services contract' under the Public Contracts Regulations 2015 ('PCR 2015') and is above the procurement threshold for services (currently £189,330). As such, the procurement is subject to the full application of the procurement rules under PCR 2015. The contract is also categorised as a high value contract under the Council's contract standing orders and accordingly is subject to the Council's rules for high value contracts.

5.2 For High Value Contracts valued over £5 million for services, Cabinet must approve the pre-tender considerations set out Standing Order 89 and the inviting of tenders pursuant to Standing Order 88.

5.3 In August 2021 Cabinet approved all but one of the pre-tender considerations for the procurement of the Integrated Street Cleansing & Waste Contract. Cabinet resolved to delegate authority to the Strategic Director for Regeneration & Environment in consultation with the Lead Member for Environment to decide the price/quality ratio for the Integrated Street Cleansing & Waste Contract and the evaluation criteria and approve officers evaluating tenders.

5.4 Accordingly, the Strategic Director for Regeneration & Environment has delegated authority to approve the evaluation criteria and approve officers evaluating tenders for the Integrated Street Cleansing & Waste Contract.

6.0 Equality Implications

6.1 We will develop an equality impact assessment ("EIA") for the Integrated Street Cleansing & Waste Contract during the competitive dialogue process as we start to gain an understanding of any potential changes to the specification and this will be completed in time to inform the contract award report scheduled for September 2022. The proposed consultation with the public during autumn 2021 on potential specification changes will assist in carrying out this EIA and identifying whether there are adverse impacts and what such impacts are. The EIA will identify if there are any adverse impacts on those with protected characteristics from the proposals and if there are, to decide what acts (if any) should be carried out to mitigate any identified adverse impacts on equalities arising from the proposal(s).

7.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

7.1 Staffing and resources, use of premises and environmental sustainability will all be assessed through the proposed evaluation award criteria.

Report sign off:

ALAN LUNT

Strategic Director Regeneration & Environment