

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** AWARD OF CONTRACT FOR THE PROCESSING OF MIXED DRY RECYCLABLES

**REPORT OF:** MANAGING DIRECTOR

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 21 June 2019

**SUMMARY OF REPORT:**

This report seeks Members' approval to award two contracts for the processing of Mixed Dry Recyclables. Each contract is for a 6-year period with the option of extending the contract period on up to four occasions for a maximum period of 4 years by mutual agreement of the parties.

**RECOMMENDATIONS:**

The Authority is recommended to agree the award of the contract for eight (8) lots to Bidder A, and two (2) lots to Bidder B as set out in section 4 of this report and detailed in Appendix 2 of this report.

**SIGNED:**



**Managing Director**

**DATE:** 11 June 2019

## 1. BACKGROUND

- 1.1. The Authority currently has contracts with Biffa Waste Services Ltd ("Biffa") and Bywaters (Leyton) Ltd ("Bywaters") for the processing of Mixed Dry Recyclables (MDR) collected in the Authority area. The contract commenced on 1 October 2009 with a 5-year extension period that was applied and will terminate on 15 December 2019.
- 1.2. The current contract operates on the following basis:
  - 1.2.1. Biffa receive and process circa 80,000 tonnes per annum.
  - 1.2.2. Bywaters receive and process 30,000 tonnes per annum.
  - 1.2.3. In 2018/19, in addition to the above tonnage, 4,000 tonnes were rejected and sent for disposal without processing.

## 2. TENDER PROCESS AND ASSESSMENT

- 2.1. In line with the decision at the February 2018 Authority meeting, officers commenced a procurement process, using the competitive procedure with negotiations, for a new Mixed Dry Recyclables Processing Contract which would take effect from 16 December 2019 and last until 15 December 2025, subject to extension by mutual agreement of the parties, for a maximum period of four years (i.e. to 15 December 2029 at the latest).
- 2.2. The contract notice was advertised on 20 November 2018 in the official Journal of the European Union and it was published on Contracts Finder.
- 2.3. The Authority tendered for 10 "Lots", each offering between 9,000 tonnes and 15,000 tonnes of MDR per annum. The Authority opened the opportunity for all recycling and resource management companies to tender for the services.
- 2.4. The procurement timetable is below:

Table 1: Procurement Timetable

EVENT	DATE
Publish Selection Questionnaire	15 November 2018
Selection Questionnaire Response Deadline	19 December 2018

EVENT	DATE
Issue Invitation to Submit Initial Tenders	11 January 2019
Initial Tenders Response Deadline	22 February 2019
Issue Invitation to Participate in Negotiation	5 April 2019
Negotiation Period	8 April 2019 to 24 April 2019
Issues Invitation to Submit Final Tenders	8 May 2019
Final Tenders Response Deadline	22 May 2019
Issue Notification of Contract Award Decision	28 June 2019
"Standstill" Period	29 June 2019 to midnight on 8 July 2019
Confirm Award of Contract	9 July 2019
Contract Commencement Date	16 December 2019

2.5. Key developments to the contract specification compared with the current contract are:

- 2.5.1. Loads which contain between 15% and 25% contamination are to be sorted to remove non-conforming items and then processed through the MRF. Previously all loads containing more than 15% contamination were rejected for disposal.
- 2.5.2. Materials sales income is to be indexed directly against a national publication in order to increase transparency and improve the Authority's ability to project income. Previously we relied on the contractor to evidence the prices they received, which is administratively burdensome to verify.
- 2.5.3. The Authority is taking an increased share in the material values by retaining 80% of the income, an increase from than 50% previously. This reflects feedback from market testing that, given recent uncertainty in the market for placing materials, bidders would be likely to take a very cautious view (and under-price the upside) if they took a high share of income from sales.

- 2.5.4. All staff working on the contract will be required to receive at least London Living Wage. This is a new requirement.
- 2.6. The non-negotiable minimum requirements of the service are:
  - 2.6.1. The Contractor shall receive, weigh, sort and market the MDR collected from households and a small number of commercial waste customers across the Authority Area by the Boroughs in accordance with the Contract Conditions and the Specification.
  - 2.6.2. The Contractor shall entirely at its own cost provide a Materials Recovery Facility (MRF) for the receipt and processing of the MDR. The Contractor shall be responsible for providing all resources, plant, equipment, staff and materials required for the delivery of the Services.
  - 2.6.3. Where a Contractor provides a Transfer Station, they shall be responsible for the running and onward transportation costs of that Transfer Station. The Contractor must store all MDR undercover and segregated from any other wastes which are received at the Transfer Station.
  - 2.6.4. The Contractor shall at the Delivery Point have a fully functional calibrated weighbridge staffed and available for use during all Delivery Point Opening Times, accurate to +/- 20 kg and maintained in accordance with all regulatory authorities, policies and requirements.
  - 2.6.5. The Contractor must maintain a capacity of at least 15,000 tonnes of MDR per annum throughout the Contract Period per Lot awarded.
  - 2.6.6. The Contractor shall complete the WasteDataFlow Report template in accordance with the Specification for each month.
  - 2.6.7. Monthly WasteDataFlow Reports shall be emailed to the Authority no later than 10 Working Days after the last day of the month to which it relates. For the purposes of the Monthly WasteDataFlow Report a month shall be a calendar month.
  - 2.6.8. Reporting requirements have been specified in order to ensure the Authority receive prompt and accurate data on a monthly basis which can easily be transposed into the Authority reporting requirements.
- 2.7. The evaluation criteria in the invitation to tender comprised quality criteria (weighting 50%) and price criteria (weighting 50%) as follows:

2.7.1. Quality criteria: the quality score was evaluated on the responses to seven method statements as listed below:

Table 2: Quality Criteria

Quality Criteria and Sub-Criteria		Criteria Weight (Level 2)	Sub-Criteria Weight (Level 3)
1	Marketing of Materials	80	
	1.1	Legislative compliance	30
	1.2	Maximising value	30
	1.3	Marketing approach	20
2	Recording and Provision of Data	80	
	2.1	Data recording	25
	2.2	Daily, weekly and monthly data reports	25
	2.3	Monthly WasteDataFlow report	30
3	MRF Operations	110	
	3.1	MRF facility and Transfer Station (where applicable) operations	35
	3.2	Load inspection procedure	30
	3.3	Flexibility of materials grades produced	30
	3.4	Maintenance of MRF equipment	15
4	Legislative Compliance	80	
	4.1	Health and Safety Compliance	35
	4.2	Environmental Management Systems	15
	4.3	Quality Management Systems	10
	4.4	Data Protection	10
	4.5	Risk Assessments	10
5	Business Continuity	80	
	5.1	Contingency provisions	25

Quality Criteria and Sub-Criteria			Criteria Weight (Level 2)	Sub-Criteria Weight (Level 3)
	5.2	Business Continuity Plan draft		35
	5.3	Working Plan draft		20
6	Contract Management		40	
	6.1	Key personnel		10
	6.2	Mobilisation period		20
	6.3	Performance Management		5
	6.4	Partnership working		5
7	Added Value		30	
	7.1	Communications Plan		10
	7.2	Social Value		10
	7.3	Any additional value offered		10
TOTAL			500	500

2.8. Price criteria: pricing scores were separated between Acceptable Loads and Non-Conforming Loads using the criteria described below:

Table 3: Price Criteria

Price Category	Contents	Available Points
Acceptable Loads	Gate Fee Process Rejects Fee Bulking and Transport costs Projected Recyclate Sales Income	450
Non-Conforming Loads	Downgraded Loads (90%)	

Price Category	Contents	Available Points
	Rejected Loads (10%)	50
Total Price Score		500

### 3. CONTRACT MONITORING

- 3.1. Officers developed a series of new Key Performance Indicators (KPIs) in order to monitor the performance of contractors.
- 3.2. The Authority can recover extra expenses incurred as a result of the KPI targets are not being met and the contract allows for performance to be managed in order avoid persistent failure to meet the targets.
- 3.3. The KPIs included are as follows:

Topic	Description	Target
MRF Performance	The material grades produced from the MRF must be in line with those identified by the Tenderer in Section B of Schedule 4 (Price Schedule)	The percentage of the following grades achieved should not be lower than the figure input by the Contractor at Section B of Schedule 4: <ul style="list-style-type: none"> <li>• News and Pams</li> <li>• Mixed Glass</li> <li>• Clear and light blue PET</li> <li>• Coloured PET</li> <li>• HDPE natural</li> <li>• HDPE mixed colour</li> <li>• Aluminium Cans</li> </ul>
MDR Acceptance	The Delivery Point should be available to receive MDR at all times specified in the Contract.	Zero occurrences of the Delivery Point being unavailable.
Delivery Point Turnaround Times	During working hours all vehicles delivering the MDR to the	The average turnaround time for Borough Council

Topic	Description	Target
	<p>Delivery Point should be able to enter the site, offload the MDR and exit the site without undue delay.</p> <p>The turnaround time shall be calculated as the difference in minutes between the weigh in time and the weigh out time.</p>	<p>vehicles in a month must not exceed 20 minutes.</p> <p>The average turnaround time for Transfer Station vehicles in a month must not exceed 45 minutes.</p>
Contingency Arrangements	<p>In the event that the Tenderer's MRF or Transfer Station is unavailable, the contingency arrangements identified by the Tenderer in their response to Method Statement 5 must ensure continued acceptance and processing of the MDR.</p>	<p>Zero occurrences of the contingency arrangements being unavailable.</p>
Accidents and Incidents	<p>The Tenderer should put in place robust systems to prevent accidents and incidents.</p>	<p>Lost time injury frequency rate of no more than two (2) per annum</p>
Environment Agency Inspections	<p>The MRF and (where applicable) Transfer Station should be managed in a manner which is acceptable to the Environment Agency.</p>	<p>Each Environment Agency Inspection must result in a maximum OPRA score of 10 points.</p>



Topic	Description	Target
Data Reports	All weighbridge tickets and weekly and monthly data reports are to be provided in the formats and timescales identified in Section 10 of the Specification.	Zero occurrences of the Tenderer failing to provide, in the required format, a report within the timescales identified in the Specification.
WasteDataFlow Report	The WasteDataFlow report should be provided within the timescales specified in Section 10 of the Specification and must include full address and licence information of all initial material off-takers and onward destinations to the point at which the material is reprocessed.	Zero occurrences of the Tenderer failing to provide the WasteDataFlow report to the required level of detail within the timescale identified in Section 10 of the Specification.
Complaints	The Services should be performed in a manner which does not attract complaints from stakeholders.	No more than three (3) complaint each month.

#### 4. RECOMMENDATION

- 4.1. Following evaluation of the tenders in accordance with the evaluation criteria detailed in Tables 2 and 3 above, Bidder A achieved a total score of 878.00 and Bidder B achieved a total score of 798.33 as detailed in the Part 2 report.

Therefore, in line with the award criteria, it is recommended that:

- 4.1.1. A contract for eight lots of Mixed Dry Recyclables Processing services be awarded to Bidder A; and

4.1.2. A contract for two lots of Mixed Dry Recyclables Processing services be awarded to Bidder B;

both contracts commencing from 16 December 2019 to 15 December 2025, with the option of extending to 15 December 2029.

4.2. Officers will implement Members' decisions and will work with borough councils to communicate any changes before the new contract takes effect so that residents are aware of the services available to them.

## **5. EQUALITIES**

5.1. Tenderers were required to provide their Equalities Policy to their Selection Questionnaire response to be able to submit tenders. The Equality Policies of both Bidder A and Bidder B were assessed as meeting the Authority's requirements Prior to the issue of the invitation to tender.

5.2. The Authority has set a requirement in this contract - which is not in the current contract - for staff to be paid at least London Living Wage. This will protect north London workers against low pay.

## **6. COMMENTS OF THE LEGAL ADVISER**

6.1. The contract value is above the EU threshold for public services contract (currently £181, 302). The Public Contracts Regulations 2015 (PCR 2015) and the Authority's Contract Standing Orders (CSOs) will apply. The Head of Legal and Governance was consulted throughout the procurement which was carried out in accordance with the PCR 2015 and the CSOs. Following award, a standstill period will be observed, and a contract award notice will be published on the Official Journal of the European Union and on Contracts Finder.

6.2. The Public Services (Social Value) Act 2012 further requires contracting authorities to consider at the pre-procurement stage of any services contract how what is proposed to be procured may improve the economic, social and environmental well-being of their area and how during the procurement it might act with a view to securing that improvement. The tenders received included proposals on social value on tackling contamination, apprenticeships and training, social inclusion and payment of London Living Wage to staff used for the delivery of the contract.

## **7. COMMENTS OF THE FINANCIAL ADVISER**

7.1. The Financial adviser has been consulted in the preparation of this report and all comments have been incorporated.

**List of documents used:**

Tenders received (under commercial confidence)

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