

Meeting:	Cabinet
Date:	10 April 2008
Subject:	Framework Agreement for the disposal of co-mingled recyclables
Key Decision:	Yes
Responsible Officer:	Andrew Trehern
Portfolio Holder:	Councillor Susan Hall
Exempt:	The financial details of the bid are exempt (paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) – Information relating to the financial or business affairs of any particular person). Bid details are set out in Appendix A
Enclosures:	Part 2 - Appendix A. Financial information

Section 1 – Summary and Recommendations

This report sets out to explain the requirement for a new framework agreement of 4 years duration for the collection and transport of co-mingled waste from the CA site to a bona fide Material Recycling Facility (MRF) for sorting and resale.

Recommendations:

Cabinet is requested to approve the letting of a framework agreement to:
Grosvenor Waste Management
Greenstar
Greencycle

Reason: (For recommendation)

The London Borough of Harrow needs to replace the existing interim agreement with a formal contract in line with EU requirements.

Section 2 – Report

Introductory paragraph

Between Feb and May 2007 the Council changed from a green box, segregated collection to a co-mingled waste collection policy for dry recyclable materials. All households have been issued with a 240 litre blue 'wheelie bin'. The Council collects the bins fortnightly and the contents are deposited at the Civic Amenity site. A service provider collects the waste from the site and transports it to a Materials Recycling Facility (MRF) for separation, processing and resale, with a small percentage of contaminants being consigned to landfill (average of 3 to 4%). The Council pays the service provider for this service on a 'per tonne' basis.

The Council currently collect approx. 20,000 tonnes of dry recyclables a year.

During 2007/8 the council's recycling rate has increased from 27% (2006/7) to 39%, which is one of the best levels in London.

Options considered

Cabinet is requested to consider whether to approve the letting of a framework agreement to Grosvenor Waste Management, Greenstar and Greencycle.

Background

EC procurement rules require certain services above specified contract values to be advertised to allow open and fair competition. Previous reports to Cabinet have set out the need to procure a contract for a Materials Recycling Facility.

The Council advertised the requirement in the OJEU to be let as a 4-year framework agreement, using the Restricted Procedure.

[Note: A framework agreement is a general term for agreements with suppliers/service providers that set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The framework agreement may, itself, be a contract to which the EC procurement rules apply. A framework agreement allows for the appointment of more than one service provider under common contract terms and conditions. Prices offered by service providers may vary but service levels requirements must be common.]

Capita was commissioned to run the process.

Current situation

An interim contract was let to Grosvenor Waste in July 2007. This arrangement runs until May 31st 2008.

The waste collected by the blue bin is deposited at the council's Civic Amenity Site. The site was designed to handle 20,000 tonnes a year but currently handles double this. Managing the throughput of waste is critical to the smooth operation of the site. Therefore, an important consideration in the award of this contract is the reliability and delivery of the transport operation.

The site is uncovered, which means that, during wet weather, the paper becomes wet. Processing of wet paper can be problematic for MRFs. Assurances have been sought and received from the three companies that their price includes the recycling of paper when it is wet.

Another important consideration for the council is the end market of the material. This is a matter of significant public concern with regular stories in the press that recycled waste is being land-filled. A situation that does not apply to Harrow. However an incident of this type, if confirmed, would have a significant impact on the reputation of the council's service and could have the effect of discouraging people from participating in the collection scheme. Assurances have been sought from the three companies that they have end-markets for the materials and they have provided audit trails to demonstrate this. The contract includes provisions for the council to carry out audits to ensure that this issue is being properly monitored.

Why a change is needed

- A permanent arrangement needs to be established.
- Continuation of the interim arrangement could lead to challenge.
- The interim contract is light on service level agreements and devoid of any service credits regime.
- The new agreement will introduce competition between service providers.

Recommendation:

It is recommended that the new contract be let to the three short-listed Tenderers: - Grosvenor (the incumbent); Greenstar; and Greencycle.

- Awarding the framework agreement to these three tenderers should ensure lack of challenge to the decision to award.
- Under the framework mechanism the award does not require the Council to guarantee any specific quantity of work to any of the appointed tenderers.

It is proposed that, initially, the council will continue to use Grosvenor for the bulk of this work on the basis that the existing system meets the council's operational requirements at the civic amenity site and works well. The cheaper suppliers will be trialled to establish that they are able to meet these requirements. If these trials prove successful, the service will be migrated towards them over the period of the contract.

The new agreement does not require an increase in the revenue budget and offers the prospect of additional savings in the future. Letting this contract in the way recommended reduces risk as:

- Three service providers are being appointed
- The terms & conditions of the contract allow the Council redress for any performance issues without adversely affecting service long term.

Note: Both Greenstar and Greencycle would allow the council to include plastic/carrier bags in the blue bin scheme. Once the council is satisfied that the new suppliers have the processing and operational capacity to meet its requirements this change could be introduced. This would allow up to 120 tonnes of additional waste per year to be collected for recycling.

Legal Implications

Contained in the body of the Report

Financial Implications

The 2008/9 budget for processing blue bin waste has been established at a base level of £24/tonne. Based on the continued use of Grosvenor, savings will be generated from day 1 of the contract. Additional savings will be generated as and when the service is migrated towards the other suppliers – following their demonstration of capability and capacity. However, the council will have to treat with extreme caution on the lowest bid, ensuring that the contractor is operating and environmentally viable before waste contract is awarded.

Performance Implications

Current recycling performance is one of the best in London. The proposal should enhance the council's opportunity to improve performance further

Section 3 - Statutory Officer Clearance

Name: ...Sheela Thakkrar....	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 4 April 2008		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 2 April 2008		

Section 4 – Performance Officer Clearance

Name: ...Mala Kripalani.....	<input checked="" type="checkbox"/>	on behalf of the* Divisional Director (Strategy and Improvement)
Date: 2 April 2008		

Section 5 - Contact Details and Background Papers

Contact: Andrew Baker – 020 8424 1779
Jerry Hickman – 020 8424 1901

Background Papers: None