

To: City Executive Board.

Date: 31st March 2010.

Item No:

Report of: Head of Procurement and Shared Services.

Title of Report: Award of Contract for the Provision of a Materials Recycling Facility (MRF) to manage the sorting and onward transmission of Oxford's dry recyclate.

Summary and Recommendations

Purpose of report: To seek approval from the City Executive Board to award a contract to Community Waste Recycling Ltd to process and manage the onward transmission of the dry recyclate collected from properties and businesses in Oxford.

Key decision: Yes

Executive lead member: Councillor John Tanner

Report approved by:

Finance: Penny Gardner – Head of Finance

Legal: Lindsay Cane – Law and Governance

Policy Framework: Oxford City Council Corporate Plan Fundamental Service Review and revised recycling and waste collection scheme.

Recommendation(s): Cleaner, Greener City

- 1) That the City Executive Board approves the award of contract to Community Waste Recycling Ltd to process and manage the onward transmission of the dry recyclate collected from properties and businesses in Oxford. The contract will be for 7 years with an option solely at the Council's discretion to extend for up to a further 7 years.

1. Background

- 1.1 The Council has an agreed programme of fundamental service reviews. This programme includes market testing some of the Council's services.
- 1.2 A market testing exercise to assess the external market against our in-house Recycling and Waste Collection Service commenced in January 2009.
- 1.3 This review also included a review of the dry recycling collection arrangements and the range of material that could be recycled now and in future.
- 1.4 A tender to source a supplier that could manage, process and sell on Oxford's dry recycling commenced in January 2009. This tender used the EU Competitive Dialogue procedure. At the time of advertising this contract the Council had not decided which recycling collection method would be best for Oxford. By using the competitive dialogue process the Council has been able to review the market and better understand the different options for processing and the onward transmission of dry recycle.
- 1.5 On 15th December 2009 the City Executive Board approved a report recommending that the Council should move to a co-mingled dry recycling collection method. This enabled the tender dialogue process to focus in the final phase on awarding a contract to a Materials Recycling Facility (MRF).

2. Tender Process and Evaluation Criteria

- 2.1 The tender evaluation criteria were set out at the start of the tender process and are given below.

Criterion	
Gate fee, transport and additional costs	40
Commercial issues	24
Range of materials to be recycled	20
Carbon reduction	16
Total	100

- 2.2 Fourteen tenderers completed a Pre- Qualification Questionnaire. Eight tenderers were then invited to participate in the dialogue. Two tenderers

withdrew from the process and one tenderer had to withdraw as they were unable to provide a MRF that could also take glass.

2.3 Five tenderers participated in the final stage of the dialogue process and all five tenderers submitted final tenders.

2.4 During the dialogue the detailed discussions took place with all the tenderers to ensure that they would each be able to offer the MRF facilities that would be required and to be able to meet the following targets:

- A maximum 5% materials rejection rate
- Minimum levels of glass being sent for aggregate. At least 50% glass going to re melt
- A carbon reduction plan for the facility with carbon reduction targets which will form part of the performance framework
- A commitment for MRF employees to be paid a living wage. The Council considers this to be a minimum of £7.19 an hour
- To be able to provide continual guarantees regarding the onward movement of our recyclate and to ensure as much as possible remains or is re-used in the UK
- Ability to demonstrate where our dry recycling is taken and the onward transmission arrangements

3. Range of Materials to be Recycled

3.1 A detailed list of the minimum range of materials that we require to be recycled was provided to all tenderers.

3.2 All tenderers were then asked to provide full details of the materials they were able to recycle. A copy of the full list that Community Waste Recycling Ltd can offer is attached in Appendix 3.

3.3 Most tenderers were able to offer a similar range. This is now the standard that most new MRFs can recycle.

4. Carbon Issues

4.1 The carbon footprint of the MRF is a key consideration and the tender evaluation criteria have been weighted so as to ensure that an award takes into account the carbon impact of the MRF and proposals to reduce carbon during the life of the contract, plus the onward transmission arrangements. Community Waste Recycling Ltd calculate their “processing” carbon footprint annually. For 2008/9 MRF activity created a carbon footprint of 10.7kg CO₂ per tonne.

- 4.2 Community Waste Recycling Ltd has set five carbon reduction objectives with targets for the MRF operation. The targets include the use of 100% green energy at the MRF by 2011. All five targets will be monitored annually.
- 4.3 Community Waste Recycling Ltd are also able to send nearly all dry recycle to re-processors in the UK. The only exception to this is Tetrapak which is taken to Sweden as there is currently no UK outlet for recovery..
- 4.4 Community Waste Recycling Ltd are also in discussions with
 - a. the food industry regarding the recycling of crisp packets and sweet wrappers, and
 - b. a Canadian company Knowaste regarding the recycling of nappies, incontinence pads and feminine hygiene products.

5. Living Wage

- 5.1 All tenderers were asked to confirm that all staff employed at the MRF will be paid in accordance with our policy. All tenderers confirmed a commitment to this in their tender submissions. This has also been set as one of the KPIs in the contract and will be monitored throughout the life of the contract.

6. Financial Implications – Fixed Gate Fee versus Risk and Reward Fee

- 6.1 The tender prices received varied widely. The costs taken into account in the tender evaluation include any additional bulking and transport costs plus additional costs incurred by the Council through lost productivity.
- 6.2 Tenderers were invited to provide a fixed gate fee and an option of a gate fee that allowed us to share the risk and or reward in any changes in the wholesale material re-sale prices.
- 6.3 The tender evaluation scores for both options are provided in Appendix 1 (attached). Community Waste Recycling Ltd is tenderer number 5 and provides the lowest price (gate fee) and best quality score for either a fixed gate fee arrangement or a shared risk gate fee.
- 6.4 The best overall offer to the Council is a fixed gate fee. This provides the Council with a gate fee price that provides significant savings to the Council and provides the Council with the benefit of being able to keep within budget. Community Waste Recycling Ltd has however also offered an option to improve on this offer through an annual review arrangement at the discretion of the Council.

- 6.5 The overall budget implications for the revised recycling and waste scheme will not be known until the market testing of the collection service is completed. However the gate fee offered by Community Waste Recycling Ltd is below the break even point for the current arrangements and will contribute to the overall saving for this service.

7. Legal Implications

- 7.1 This tender has been carried out in accordance with the EU Competitive Dialogue tender process. The contract award will require Community Waste Recycling Ltd to agree to all of the targets and proposals as required by the Council and work to an agreed performance framework which will be part of the monitoring arrangements for this contract. The contract will be for 7 years with an option at the Council's discretion to extend for up to a further 7 years.

8. Risk

- 8.1 The risks associated with the award of this contract are shown in Appendix 2 attached. Community Waste Recycling Ltd have committed to the provision of a fully operating MRF at Enstone by 1st October 2010 which is able to take the full range of materials listed in Appendix 3. They will also be able to bulk the materials at Enstone and transfer them to their Milton Keynes MRF in the event that the Enstone MRF cannot provide the full facility requirements at any time in the future due to maintenance.

9. Tender Award Recommendation

- 9.1 The City Executive is requested to approve the award of a contract to Community Waste Recycling Ltd for the provision of an MRF facility and onward transmission of the Council's dry recyclate from 1st October 2010 for 7 years with an option to extend for up to a further 7 years.

Recommendation(s):

- 1) That the City Executive Board approves the award of contract to Community Waste Recycling Ltd to manage the sorting and onward transmission of the dry co-mingled recycling collected from properties and businesses in Oxford for re use. The contract will be for 7 years with an option solely at the Council's discretion to extend for up to a further 7 years.**

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List of background papers:

Appendix 1 - Tender scores.

Appendix 2 - Risk Register.

Appendix 3 - Range of Materials to be re cycled.