

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: CABINET
Report of: CORPORATE DIRECTOR – PLACE
Date of Decision: 13th February 2018
SUBJECT: PROCUREMENT STRATEGY FOR WASTE MANAGEMENT SERVICES IN SUPPORT OF THE WASTE STRATEGY FRAMEWORK 2017 – 2040
Relevant Forward Plan Ref: 004374/2017

Key Decision: Yes
If not in the Forward Plan: Chief Executive approved
(please "X" box) O&S Chair approved

Relevant Cabinet Member(s): Councillor Lisa Trickett, Cabinet Member for Clean Streets, Recycling and Environment
Councillor Majid Mahmood, Cabinet Member for Commercialism, Commissioning and Contract Management

Relevant O&S Chair: Councillor Victoria Quinn, Chair of Housing and Homes O&S Committee
Councillor Mohammed Aikhlaq, Chair of Corporate Resources and Governance O&S Committee

Wards affected: All Wards

1. Purpose of report:

1.1. The purpose of this public report is to inform Cabinet of the proposed procurement strategy. The accompanying report on the private agenda seeks authority to proceed with the procurement of contractual arrangements for Waste Management Services and contains commercially confidential information which cannot be disclosed on the public agenda.

2. Decision(s) recommended:

That Cabinet :-

2.1 Notes the contents of this report.

Lead Contact Officer(s): Darren Langley – Procurement Manager
Corporate Procurement Services
Strategic Services Directorate

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3. Consultation

3.1. Internal

The Waste Programme Board consists of key Members and officers who have been involved in the preparation of this report.

Officers from Finance, Legal Services and Procurement have been involved in the preparation of this report.

3.2 External

Informal market sounding has been undertaken with key market players to assess the market's ability to respond to the Council's high level requirements. The results of this consultation have been used to shape the procurement strategy.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 This procurement strategy has been developed on the basis that the current weekly collection schedule is maintained and is intended to achieve outcomes consistent with the principles described in the outline Future Waste Strategy Framework and the Cleaner, Greener Communications Strategy. The strategy will also tie in with and support the Waste Prevention Plan.

The City Council's priorities in the Council Vision and Forward Plan 2017+ are:

Children – a great City to grow up in,
Housing – a great City to live in,
Jobs and Skills – a great City to succeed in,
Health – a great City to grow old in

- 4.1.2 In particular the outcomes of the waste strategy address a number of the issues defined as cross-cutting including:

Reduction in percentage of households in fuel poverty:

The waste strategy and this procurement strategy is predicated on retaining the Tyseley Energy Recovery Facility (ERF) and to invest in that asset to achieve residual life to 2034, which provides a direct means to generate power (heat and electricity).

Improved cleanliness - streets and public spaces:

The emerging Waste Strategy, and in particular the procurement strategy will provide the means for the Council to deliver the cost effective treatment and disposal of all waste streams. This will ensure that waste collected by street cleansing and the parks services can be treated at lowest cost, and therefore will ensure that service budgets can be targeted at frontline delivery.

Improved air quality:

By investing in existing waste infrastructure across the city, and where possible, locating any new facilities e.g. a potentially new council-owned Materials Recovery Facility (MRF), within the footprint of the Tyseley Environmental Zone, the Council is seeking to minimise “waste miles;” i.e. the distances covered in transporting the waste to its final destination for treatment.

- 4.1.3 Furthermore, the proposed procurement will set out the Council’s desired aims around Social Value. Bidders will be required to set out proposals for delivering the objectives of the Birmingham Business Charter for Social Responsibility and Social Value which will form part of the final evaluation of bids.

The Charter covers key issues that will help contribute to the delivery of our Waste Strategy including:

- Reduction in waste produced by the contractor (Green & Sustainable - Sustainability)
- Supporting community waste projects (Partners in Communities – Community Engagement)
- Supporting the local supply chain (Buy Birmingham First and Ethical Procurement)

- 4.1.4 The procurement will also tie into the Council’s Green Fleet Strategy. In particular there is an opportunity to assist in achieving the aims of the strategy through a number of features of this procurement:

- Ensuring that all vehicles used in the performance of this contract meet European standard 6 for Diesel & 4 for petrol at a minimum but ideally be ultra-low or zero emissions and future proofed for the length of any contract
- Continuous improvement of transport and logistical arrangements to ensure fewer road vehicle movements, particularly in peak hours

- 4.1.5. The Council is absolutely committed to preventing and taking action against identified slavery and human trafficking in its corporate activities, its supply chains and the wider community, and ensuring these are free from slavery and human trafficking.

The Council requires all contractors and supply chain personnel to adhere to the highest standards of ethics and policies. Procedures and training are in place to ensure awareness of their responsibility with regard to safeguarding and modern slavery and this must be completed as soon as possible. Contractors must also ensure they have appropriate policies in place and show due diligence in relation to preventing slavery and human trafficking in their business and supply chains, including completion of adherence statements.

The Council acknowledges its duty to notify the Secretary of State of suspected victims of slavery or human trafficking

4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

- 4.2.1 The proposed procurement strategy and process set out in this report supports the Waste

Strategy Framework 2017-2040 approved by Cabinet on 3rd October 2017. That report outlined the current Long Term Financial Plans for waste disposal and proposals for capital investment – the procurement strategy recommended in this report will enable the City Council to progress towards the award of contracts which will be fully evaluated to demonstrate value for money against approved cash limits (including electricity income) and the recognition of continuing pressures on the Council's finances over the medium term.

- 4.2.2 Resources of £1.5m have been set aside (including the Flexible Capital Receipts Policy) to fund the costs associated with the development of the Waste Strategy and complete this major procurement.(this includes £0.49m in 2018/19). Spend and commitments against this amount will be closely controlled. Any additional costs will have to be funded by the Waste Service as there are no further additional resources currently provided for in the Council's financial plans. .

4.3 Legal Implications

- 4.3.1 The Council has a duty to act as both a Waste Collection Authority and Waste Disposal Authority under the Environmental Protection Act 1990.

Under S.111 of the Local Government Act 1972, the Council is entitled to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council has a best value duty under the Local Government Act 1999 to improve the efficiency, economy and effectiveness of the services it delivers.

All proposed procurement activity will be undertaken in compliance with the Public Contracts Regulations 2015

4.4 Public Sector Equality Duty

- 4.4.1 The Public Sector Equality Duty Statement and Equality Analysis are appended to the report – Appendices B and C.

5. Relevant background/chronology of key events:

- 5.1 On 3rd October 2017 Cabinet noted the report of the Corporate Director – Place and delegated approval of the finalised Future Waste Strategy the Cabinet Members for Clean Streets, Recycling and Environment and for Value for Money and Efficiency (now Commercialism, Commissioning and Contract Management) jointly with the Corporate Director, Place

Market Engagement

- 5.2 In order to determine that the strategy set out in this report will deliver a robust competitive process the Council has undertaken soft market testing.
- 5.3 The Council published a notice on 18th October in publications including the Official Journal of the European Union (OJEU), Contracts Finder and the Find It In Birmingham web site seeking the views of the waste market on aspects of this procurement strategy. All participants who expressed an interest were invited to complete a questionnaire covering the following key topics:

- Packaging options
- Funding asset investment
- Procurement timetable
- Commercial considerations including pricing and performance guarantees
- Key project data
- Managing refurbishment works

A copy of the questionnaire is included as Appendix A.

- 5.5 A summary of the results of the market engagement process and the impact on the proposed procurement arrangements is set out in the private report.

Outline Procurement Strategy

- 5.6 The proposed packages are as follows:

Package 1 – Tyseley ERF and the co-located HWRCs and WTS

Operation and Refurbishment of Tyseley ERF and the co-located Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTS) at Tyseley, Kings Norton and Perry Barr for a term not exceeding a total of 15 years.

Package 2 – Independent HWRCs and Re-use Centres

Management of Independent HWRCs for a term of 3 years with an option to extend for up to 2 years. Total contract term 5 years.

Package 3 – Organic Waste

Processing of Organic Waste for a term of 5 years with an option to extend for up to 2 years. Total contract term 7 years.

Package 4 – Dry Mixed Recycling

Processing Dry Mixed Recycling for a term of 3 years with an option to extend for up to 2 years. Total contract term 5 years.

Package 5 – Paper and Card

Processing of Paper and Card for a term of 3 years with an option to extend for up to 2 years. Total contract term 5 years.

Package 6 – Residual Waste

Treatment of Residual Waste for a term to be determined by the refurbishment of the Tyseley ERF facility – maximum of 3 years.

Package 7 – Miscellaneous Waste Packages

Miscellaneous packages to include

- Treatment of Clinical Waste
- Removal of Fly Tipping

- Treatment of Wet Waste

The private report provides further details of the proposed procurement timetables.

6. Evaluation of alternative option(s):

6.1 Consideration of how best to deliver value for money waste disposal and treatment services were considered in accordance with the principles set out in the 3rd October 2017 report to Cabinet.

7. Reasons for Decision(s):

7.1 To enable the commencement of procurement processes for the provision of Waste Treatment Services as set out in this Procurement Strategy.

Signatures

Date

Councillor Lisa Trickett Cabinet Member for Clean Streets, Recycling and Environment
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Councillor Majid Mahmood, Cabinet Member for Commercialism, Commissioning and Contract Management
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Jacqui Kennedy Corporate Director, Place
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List of Background Documents used to compile this Report:

1. Report of the Corporate Director – Place “Progress on Waste Strategy” noted by Cabinet on 28th June 2016.
2. Report of the Corporate Director - Place “Waste Strategy 2017 – 2040” noted by Cabinet on 3rd October 2017.

List of Appendices accompanying this Report (if any):

- A – Market Engagement Questionnaire
- B - Public Sector Equality Duty Statement
- C – Equality Analysis

Report Version

Dated

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) age
 - (c) disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) race
 - (g) religion or belief
 - (h) sex
 - (i) sexual orientation