

Report to	Cllr Barry Mellor, Lead Member for Environment and Transport
Date	12/09/2022
Lead Officer	Tony Ward, Corporate Director: Environment and Economy
Report author	Lowri Roberts, Project Manager
Title	Container Procurement for Waste Remodelling Project

1. What is the report about?

- 1.1. This report recommends the direct award of contract to deliver the new dry recycling containers ('Trollibocs') for the roll-out of the new waste service model (kerbside sort) from Autumn 2023.

2. What is the reason for making this report?

- 2.1. To inform and seek Lead Member backing of a direct award of contract to enable an order to be placed for the new dry recycling containers and supplementary items as detailed in Appendix 1 (Part 2 Item).

3. What are the Recommendations?

- 3.1. That the Lead Member approves the award of a contract to the preferred supplier for the Trollibocs units and the supplementary items at a total cost of **£1,916,750**.
- 3.2. That the decision is implemented immediately given the need to place an order with the supplier by the 23rd of September. A delay in placing the order will result in unit costs increasing given market / inflation uncertainties, this will result in further cost pressures. Additionally, a delay in placing the order beyond September 2022 will not guarantee the delivery dates to begin the new service roll out in Summer 2023, a lead in time of 3-4 months prior is required to roll out the units to all households.

- 3.3. That the Lead Member confirms that the Well-being Impact Assessment (Appendix 3) has been read, understood and taken into account.

4. Report details

- 4.1. Initial cost estimates contained in the original business case for the procurement of the Trollibocs units was £1.8million, this was based on the procurement of 45,000 units only. The revised costings are now £1,916,750 for 47,000 Trollibocs units plus spare items such as the recycling boxes, lids and wheels at the current unit price, which if approved now will be fixed for 3 years.
- 4.2. Following completion of the new collection rounds in early December 2021, it was confirmed that there are approximately 43,833 households that will require a Trollibocs unit. A small number of those 43,833 households currently use the sack service but will move to Trollibocs' in the medium term. It is now considered that the original estimate of 45,000 does not leave sufficient units as spares, additionally extra capacity items for large households may be required (i.e. additional 70L box) and these items have now been accounted for in the revised supplier quotation (See Appendix 1).
- 4.3. A Pin Notice was placed on Sell2Wales in March 2022 to ascertain the level of interest in the market for this contract. Two companies expressed an interest, both supplier's products were reviewed, one supplier was found to fully meet the technical requirements of the authority. The contract will be a direct award as no other supplier who responded to the PIN Notice can meet the requirements set out by the service. The PIN does reduce the risk of a legal challenge being received but does not completely mitigate against it. See Appendix 2 Exception Report.
- 4.4. Due to the uncertainty in the market and the current economic climate, the supplier can only hold their current prices until the 23rd of September 2022. Therefore, the quotation provided will expire in a number of weeks and the unit price will increase after this time. This will result in a significant budget pressure for the project going forward should the order be delayed.
- 4.5. Due to the large volume of units that the organisation is ordering, there is the additional risk that a later order will mean that the supplier cannot deliver all the required units within the timescales for the service change and roll out in summer 2023. This risk has been confirmed by the supplier.

- 4.6. As part of the contract, and to reduce the overall unit price, the provider will collect and recycling the existing blue bins. In addition, the contract will include fixing the current unit price for Trollibocs for 3 years, to protect us from increases in raw material costs.
- 4.7. The overall budget for containers (not limited to the Trollibocs purchase but inclusive of all containers required to support the service change is £3.4M. Due to changes in the market unit costs, and revision made by the operational team to ensure there is sufficient items available, there is an overall funding gap / pressure of £210k within the funding allocation however please see the Chief Finance Officer Statement for further information.

5. How does the decision contribute to the Corporate Priorities?

- 5.1. Although not directly mentioned within the current Corporate Plan, the planned changes to household waste collection will have a positive on the Corporate Priority, "Environment: Attractive and Protected, supporting well-being & economic prosperity". It will increase the quantity and quality of recycling collected from households, and increase opportunities for closed loop recycling. It will also enable the potential expansion of local businesses, leading to employment opportunities and economic growth.

6. What will it cost and how will it affect other services?

- 6.1. The cost of the contract award is a total of **£1,916,750**. Please see Appendix 1 (Part 2) for details of budget and funding and the CFO statement in section 9 of this report.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1. This report is seeking approval for the award of Trollibocs containers for the waste service redesign. Please see Appendix 3 for further detail of WBIA undertaken for the overall Waste Service Remodelling within which the development of a new Waste Transfer Station is a key element to support the proposed new service model. The overall outcome of the Well-being Impact Assessment is positive.

8. What consultations have been carried out with Scrutiny and others?

- 8.1. The Project Board, chaired by the Corporate Director – Environment and Economy (who acts as the Project Executive) meets approximately monthly and at each Project Board updates on risk and the latest position costs are presented for review and action as required.
- 8.2. The overall principle of moving to a new waste delivery model, inclusive of delivery of new kerbside sort recycling containers, was originally approved at SIG and Cabinet in December 2018 and subsequent updates have been presented at Communities Scrutiny in October 2019 and May 2021 and Cabinet Briefing in March 2021.

9. Chief Finance Officer Statement

- 9.1. The decision to award this contract will create a pressure on the capital budget of the project of approximately £209k. However, following a further review of the ongoing revenue business case (following an increase in projected income) I am comfortable that the prudential element of that budget can be increased to accommodate these additional capital costs. Therefore, the costs can be contained within the overall project envelope. On that basis, and in recognition of the importance to the success of the project this award represents, the decision is fully supported.

10. What risks are there and is there anything we can do to reduce them?

- 10.1. Risk that suppliers are unable to deliver the Trollibocs containers within the required timeframe. The market is currently strained due to the economic climate and global shortages of materials. Suppliers may also be impacted by other external pressures. Impact would be high, therefore we propose to award the contract immediately should this be approved by Cabinet.
- 10.2. Risk that the ongoing fast-changing global market pressures places future pressures on costs and risk that procurement of the containers will exceed the current indicative costs hence the recommendation to implement the decision immediately.

- 10.3. Cost pressures are being realised within the project and within the container budget of £3.4M. Rising unit costs and review of operational requirements have meant that the budget now has a funding gap of approximately £210k. There are further items to be procured in addition to this award, the service will shortly be in receipt of quotations for these items but this will present a further cost pressure.

11. Power to make the decision

- 11.1. Powers delegated to the Lead Member as outlined in Appendix 2(b) to Section 13 of the Council's Constitution- the Members Scheme of Delegation.