

Homes and Neighbourhoods
Town Hall, N1 2UD

Report of: Acting Corporate Director of Homes and Neighbourhoods

Date: 13 November 2023

Wards: All

Subject: Procurement strategy for an estate recycling site enclosures framework agreement

1 Synopsis

- 1.1 The procurement strategy report sets out a proposal to procure an estate recycling site enclosures framework agreement for a period of three (3) years from 1st April 2024 to enable the delivery of Islington's estate recycling improvement programme. The framework agreement is worth up to £2m and is funded through capital funding allocated as part of the Medium Term Financial Strategy 2023/24.
- 1.2 The procurement of this framework agreement will be completed in accordance with rule 2.8 of the Procurement Rules (the "Rules").

2 Recommendation

- 2.1 To approve the procurement strategy for the estate recycling site enclosures framework agreement for a period of three (3) years from 1st April 2024 with a value of up to £2 million as outlined in this report.

3 Date the decision is to be taken

- 3.1 13 November 2023.

4 Background

- 4.1 **Nature of the service**
- 4.2 Islington Council's (the "Council") Waste Reduction and Recycling Plan (the "Plan") was agreed in March 2023. The Plan sets out how the Council will increase recycling rates on

Islington estates through a programme of investment and behaviour change focussed on improving recycling sites and site infrastructure.

4.3 This Plans involves the installation of new enclosures for bins at a number of sites and on various estates to improve the look and feel of sites and to make the process of recycling more convenient and appealing to residents.

4.4 This procurement will establish a framework agreement with up to (6) six suitable manufacturers, suppliers and installers of bin enclosures with a term of three (3) years as funding is available for a three (3) year period. The enclosures will be available in a variety of formats depending on need. For example, some enclosures in close proximity to buildings need to be fire resistant. Others may benefit from a green (living) roof, or a particular style of cladding to fit in with the estate environment.

4.5 This will enable individual estate based projects to be planned and delivered in a way that meets the needs of residents on individual estates and key stakeholders (including Councillors, resident associations etc) and takes into account the nature of the estate and it's environment, fire safety requirements, bio diversity and using framework suppliers and designs that meet the requirements of each project. The process of selection of supplier and design of the framework agreement will be at the sole discretion of the Council.

4.6 **Estimated value**

4.7 The value of the procurement is up to £2m over three (3) years. Funding has been allocated as part of the Council budget process, with £2m allocated as capital funding between 2023-24 and 2025-26. The value of each call-off from the framework agreement will vary depending upon the size of each project.

4.8 **Market Testing**

4.9 A range of market testing has been undertaken, including bidder feedback following a recent, smaller contract let via an ESPO procurement framework mini tender. Other experience has been gained through the Council's New Build Team about potential project suppliers.

4.10 A framework agreement enables a range of different enclosure types to be made available. Residents will be consulted over the specific type and design to be used on each estate, based on those available via the framework.

4.11 **Timetable**

4.12 An estimated timetable for the delivery of this procurement is as follows:

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| • Authority to procure | 18 November 2023 |
| • Publish procurement documents | November 2023 |
| • Tender submissions | December 2023 |
| • Evaluation complete | January 2024 |
| • Award of contract | March 2024 |
| • Expected start date of framework agreement | April 2024 |

4.13 The framework agreement will run for a period of three years.

4.14 **Options appraisal**

- 4.15 Do nothing – this option would mean estate recycling site procurements costing more than certain procurement thresholds could not be commissioned without breaching procurement rules.
- 4.16 Individual project procurements - Competitive tendering for each individual estate based project (potentially several dozen different commissions) would be too lengthy and time consuming a process, both for the Council and for potential suppliers.
- 4.17 In-house service delivery - There are currently no in-house teams able to manufacture these bin enclosures. The option to provide the installation service via an in-house team will be included within the specification and pricing mechanism. However, this is known to not be an option for some suppliers due to warranty issues and the complexity of installation.
- 4.18 Use of existing procurement framework - There are no available procurement frameworks that meet all the Council's requirements in terms of produce and include all of the potential suppliers for this work and that do not require a further mini tender to be undertaken.
- 4.19 Collaboration with other Boroughs – this option would require a full tender in addition to lengthy exploration and consultation with Local Authorities to identify interest, need, budget and approvals within each Borough. This option would delay the programme and deliver limited, if any cost benefits.
- 4.20 An open competitive tender route enables any suitable supplier to submit a tender and enables a single framework agreement to be established which will enable the full delivery of the infrastructure improvement element of the estates recycling improvement programme.
- 4.21 **Key Considerations**
- 4.22 Social value benefit will be focussed around support for initiatives in Islington that increase levels of material reuse and repair by residents. This could be in the form of direct financial support for reuse and repair events (such as repair cafes and workshops, clothes 'swishing' events, school programmes), or through direct delivery of such events on behalf of and in partnership with Islington. These events directly support Islington's commitments in the Plan and our Net Zero Carbon strategy.
- 4.23 London Living Wage will apply to this framework agreement.
- 4.24 An Environment Impact Assessment has been completed in relation to this procurement. The main impacts from the manufacture of the products and specifically the steel frames. Bidders will be asked to provide details of their manufacture process and how carbon emissions are minimised. This will form part of the quality evaluation questions and scoring.
- 4.25 An Equalities Impact Assessment has been completed in relation to this procurement. There are no negative impacts. Recent work undertaken by officers to develop more accessible options for recycling bins will be incorporated into this agreement, leading to a positive impact on equalities.
- 4.26 There are no TUPE, Pensions and Staffing implications.
- 4.27 **Evaluation**
- 4.27.1. The tender will be conducted in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure

includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

- 4.27.2. The Council's award decision will be made on the basis of the most economically advantageous tender (MEAT). MEAT will be identified using 30% price and 70% quality.
- 4.27.3. Bidders will be asked to provide prices for a selection of different enclosure types that meet the specification, and for enclosures for one to six bins. Price will be evaluated based on a total price scenario consisting of a pre-determined combination of enclosures of different sizes and type to represent installations across a range of different estate environments. Total prices for each bidder and type of enclosures will be scored as a percentage of the lowest qualifying total price. Each type of enclosure will have a quality and price score, and therefore bidders may have products included and some excluded from the framework agreement.
- 4.27.4. Bidders will be asked to provide method statements in response to quality questions. There will be five quality questions with each of these having individual weightings as follows (subject to minor amendments):

- Product specification (15%):
- Product quality (15%):
- Product delivery, construction and installation (10%):
- Sustainability and circularity of products (10%):
- Social value (20%):

4.28 Each quality method statement will be evaluated individually using a standard rating of 0 (there is no response) to 5 (the response will add significant value and exceeds the requirements). Bidders must score at least 3 for each question. If a bidder does not score at least 3 for every question they will be excluded from the procurement.

4.29 Call-off contracts will be awarded on a case by case basis by matching the needs of the individual project (see 4.5 above) with the products available under the framework agreement, based on design requirements and the prices submitted by the supplier under the framework agreement. If the supplier with the lowest prices for the relevant enclosures for the project cannot meet the delivery times the Council will approach the supplier with the second lowest prices for the type of enclosures for the project and so on.

4.30 **Business risks**

- 4.31 The establishment of a framework agreement including more than one supplier mitigates against the risk of a sole supplier failing to provide reliable and consistent service.
- 4.32 The procurement will appoint up to six (6) suppliers to be potential suppliers, mitigating against the risk of suppliers going out of business. In addition, payment is made only after completion of each individual commissioned project. Depending on the length of each project this could cause a cash flow issue for suppliers.

- 4.33 Price will form 30% of the overall evaluation process of the framework agreement and the prices submitted by the suppliers who are appointed to the framework agreement will be used to determine the successful supplier for an individual project.
- 4.34 Suppliers will be engaged with fully prior to the commissioning of individual projects to ensure delivery timelines are reliable. Delays in delivery of individual projects may impact on the selection process for further project commissions. This will mitigate against the risk of products not being available.
- 4.35 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.
- 4.36 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	Provision of estate recycling site enclosures via a t framework agreement. See paragraph 4.1
2. Estimated value	The agreement is proposed to run for a period of three (3) years. The framework agreement has a value of up to £2m of Council spend. See paragraph 4.2
3. Timetable	<ul style="list-style-type: none"> • Advert November 2023 • Shortlisting December / January 2024 • Award March 2024 See paragraph 4.3
4. Options appraisal for tender procedure including consideration of collaboration opportunities	As set out in the body of the report. The recommended option is competitive tender using the Open Procedure. See paragraph 4.4

<p>5. Consideration of:</p> <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	<p>Social value clauses will aim to support reuse and repair programmes in Islington.</p> <p>LLW shall apply.</p> <p>No other implications.</p> <p>See paragraph 4.5</p>
<p>6. Award criteria</p>	<p>30% cost and 70% quality (of which Social Value is 20%).</p> <p>The award criteria price/quality breakdown is more particularly described within the report.</p> <p>See paragraph 4.6</p>
<p>7. Any business risks associated with entering the contract</p>	<p>As set out in the body of the report</p> <p>See paragraph 4.7</p>
<p>8. Any other relevant financial, legal or other considerations.</p>	<p>As set out below</p> <p>See paragraph 5</p>

5 Implications

5.1 Financial Implications

- 5.2 The budget from 23/24 to 25/26 (approved as part of the 23-24 budget setting cycle) for works on Housing Revenue Account (HRA) Council Estates relating to Recycling Site Improvements & Recycling and Refuse Bin Storage Improvements, totals £2.399m.
- 5.3 The revised budget for 23/24 totals £0.466m which includes £0.099m of approved slippage from 22/23. Future years approved budgets are as follows; 24/25 £0.967m 25/26 £0.966m.
- 5.4 As part of the 23/24 budget setting cycle this project was included in the General Fund's (GF) capital programme with a view that it would be financed from GF borrowing. However, these works will be carried out on HRA estates and as such cannot be financed from GF borrowing therefore the £2.399m of GF borrowing resource will be replaced by (swapped with) £2.399m of Community Infrastructure Levy (CIL) funding which can be used to support the financing of both GF & HRA projects.
- 5.5 The estimated framework agreement start date is April 24 and has an estimated value of up to £2 million and is therefore within the budget allocation. The agreement will cover the improvement of recycling and waste bin area infrastructure on HRA estates, involving the installation at a number of sites of new enclosures for bins, to improve the look and feel of sites and to make the process of recycling more convenient and appealing to residents.

5.6 1 FTE will be allocated to this project at a cost of circa £50k per year so over the life of the project staffing costs are anticipated to total around £100k.

5.7 Legal Implications

5.7.1 The value of the call-off contracts to be procured under the proposed framework agreement is below the threshold at which the Public Contracts Regulations 2015 (as amended) ("the Regulations") applies to the procurement of works contracts (currently £5,336,937). As such, the Council is not required to procure the framework agreement fully in accordance with the Regulations, although as a public body should procure in accordance with the principles in the Regulations of transparency, equality and proportionality. The framework agreement and call-off contracts are also subject to the Rules.

5.7.2 The commissioning proposal is to appoint up to six (6) suppliers and each type of enclosure detailed within the framework will have a quality and price score. It may be the case that the suppliers appointed to the framework are not appointed to provide all of the types of enclosures required for a particular project. The Council will award call-off contracts on the basis of the lowest prices for the relevant enclosures required for each project, and if the supplier with the lowest price cannot meet the delivery times the Council will approach the supplier with the second lowest price for the type of enclosures for the project and so on. A supplier will only be awarded a call-off contract where they have been appointed to the framework to provide all of the relevant types of enclosure required for the particular project. Provided that the Council ensures that its procurement documents are entirely transparent as to its intention this approach is permissible.

5.7.3 Procurement Rule 24.2 states that all contracts over £24,999 will need formal conditions prepared or agreed by the Legal Services Team. The Council's Legal department will prepare the terms of this framework agreement and call-off contract terms and conditions to ensure they comply with the Rules relating to contract provisions. Following award, the contract and details of the award must be published on Contracts Finder. All contracts with a value above £500,000 will need to be sealed.

5.7.4 The value of the proposed call-off contracts under the framework agreement will vary as detailed in paragraph 4.7 of the report. A Corporate Director has responsibility to award contracts paid for using revenue money of up to £2,000,000 of spend and contracts paid for using capital money of up to £5,000,000 of spend (Rule 18.1.1). Therefore, although the appointment of suppliers to the framework does not involve contract spend, as the value of the call-off contracts under the framework agreements are anticipated to have a value of up to £2 million the decision to appoint suppliers to the framework agreement would appear to be the responsibility of the Corporate Director of Homes and Neighbourhoods whether the spend under the call-off contracts is revenue or capital. The officers responsible for awarding the call-off contracts will depend upon the value of the call-off contracts.

5.7.5 The Local Government Act 1999 requires the Council to make arrangements to achieve Best Value in the exercise of its functions when considering service provision.

5.7.6 The Council has power to enter the contract under section 111 of the Local Government Act 1972 and section 1 of the Local Government (Contracts) Act 1997 which enable the Council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions, and to enter contracts accordingly.

5.7.7 This report is for determination by the Corporate Director of Homes and Neighbourhoods and is not required to be presented to the Executive. The Corporate Director for Homes and Neighbourhoods can approve the Recommendations contained in this report provided they are satisfied with the contents of the report and they consider the award represents best value for the Council.

5.8 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

5.9 Environmental Impact Assessment has been reviewed and approved by the Energy Services Team. There are minimal impacts. Impacts arise from the manufacturer of the products, primary steel frames. Bidders will be asked about, and partially evaluated on the basis of their response to a question about their manufacturing process and how emissions are minimised.

5.10 **Equalities Impact Assessment**

5.11 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Due to the value of the proposed contract and the duration, a full Equalities Impact Assessment was agreed on 9 August 2023. There are no negative implications. The results of recent work to develop more accessible recycling facilities will be incorporated into the contract. The full Equalities Impact Assessment is attached as Appendix A.

6 Conclusion and reasons for the decision

6.1 The procurement of a framework agreement for three (3) years from 1st April 2024 for estate recycling site enclosures will enable the full estates recycling programme to proceed, including the commissioning of a range of recycling site improvements on estates across Islington, while adhering to the Rules.

6.2 The approach to this procurement outlined in the report is considered to be the best route to achieving best value and quality of service for the Council and its residents.

7 Record of the decision

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Approved by: Acting Corporate Director of Homes and Neighbourhoods

Date: 13 November 2023

Appendices:

- Appendix A - Full Equalities Impact Assessment

Background papers:

- None

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