

## Delegated Cabinet Member Decision Report Bulky Bob Contract Extension Report

<b>Decision Maker and Portfolio area:</b>	Cllr A Ur-Rehman (Cabinet Member for Neighbourhood Services)
<b>Date of Decision:</b>	14 <sup>th</sup> January 2020
<b>Subject:</b>	Bulky Bob Contract Extension
<b>Report Author:</b>	Mark Husdan (Operations Manager – Waste Management Service)
<b>Ward (s):</b>	N/a

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<b>Reason for the decision:</b>	To seek approval to award Bulky Bobs with a year long extension to their current contract.
<b>Summary:</b>	<p>Oldham Council awarded Bulky Bob with a two plus one plus one (2-1-1) year contract in 2018/19 to provide a bulky item collection service.</p> <p>The report seeks approval to extend the contract with Bulky Bob into financial year 2020/2021.</p> <p>The initial contract with Bulky Bob's runs from 1<sup>st</sup> January 2018 until 31<sup>st</sup> March 2020 with built in optional yearly extensions ending March 2021 and March 2022.</p>
<b><i>What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):</i></b>	<ol style="list-style-type: none"><li>1) Do not extend the current contract with Bulky Bob and undertake a new procurement process.</li><li>2) Extend the current contract with Bulky Bobs into financial year 2020/21.</li></ol>
<b>Recommendation(s):</b>	Extend the current contract with Bulky Bob into financial year 2020/21.

## Implications:

*What are the **financial** implications?*

This contract has an annual value to the supplier of approximately £243k. This includes £163k of Council funding and a balance of £80k met from fee income collected from service users and passported on to the supplier.

As the result of on-going dialogue between the Council and the supplier Bulky Bob's, the supplier has confirmed in writing that it will:

- Repay a minimum sum of £10k to the Council in respect of the current financial year.
- Cap its net profit earned from this contract to 8% p.a. from 2019/20 onwards. (Should the capping mechanism produce a profit of more than £10k in 2019/20, then the higher amount will be paid in its place).

The cost of this contract to the Council in 2019/20 will, therefore, not exceed £153k (£163k less £10k refund). This underspend will be used to offset other spending pressures within the Waste management Service.

By extending the contract for a further year (2020/21), the Council's maximum outlay in that year will be £163k with the potential for further reductions arising due to the profit capping mechanism.

The Council has adequate resource within the Medium Term Financial Strategy to meet the cost of a one year extension to this contract.

(Nigel Howard)

What are the **procurement** implications?

To extend the contract represents the best commercial solution at this time. The extension which has been built into the original contract will ensure seamless uninterrupted delivery and allowing time for Bulky Bob's to grow which would in time reduce spend in this area. During the extension year the service delivery will be monitored closely which will shape the future delivery of the contract.

(Emily Molden – 03.01.20)

What are the **legal** implications?

There is provision within Rule 17.1 (a) of the Council's Contract Procedure Rules to permit a modification of a contract in circumstances where the original tendered contract contains clauses allowing for modifications provided that the clauses list the scope and nature of the possible modification as well as the conditions under which they may be used and do not provide for modifications that would alter the overall nature of the contract. The original tendered contract did make provision for two further annual extensions of the contract and therefore the modification of the contract is within the scope of the Council's Contract Procedure Rules and Regulation 72.1(a) of the Public Contracts Regulations 2015.

There are further modifications to the contract which have arisen as a result of the negotiations with the contractor. However, these are not significant within the terms of the definition in Rule 17.2 of the Contract Procedure Rules and Regulation 72.1 of the Public Contracts Regulations 2015 and therefore are permitted under Rule 17.1 (e) of the Contract Procedure Rules. A deed of variation to the contract will be required to specify the variations to the price mechanism. (Elizabeth Cunningham Doyle)

What are the **Human Resources** implications?

None

**Equality and Diversity Impact Assessment** attached or not required because (please give reason)

None

What are the **property** implications          None

**Risks:**

**Co-operative agenda**                          None

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Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?                          Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?                          Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council?                          No

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<b>Report Author Sign-off:</b>	
Mark Husdan	
<b>Date:</b> 19 <sup>th</sup> June 2019	

**Background:**

Oldham Council has a statutory duty to ensure the provision of a bulky waste collection service within the borough of Oldham. 'Bulky waste' is defined in the Controlled Waste Regulations 1992 as:

- any article of waste which exceeds 25 kilograms in weight; and/or
- any article of waste which does not fit, or cannot be fitted into a bin

The Council has historically contracted out the delivery of this service (i.e. the actual collection of bulky waste) whilst retaining the customer-facing and back office elements of the service (i.e. the booking and paying for collections).

## **Contract Structure:**

Under the current contract, Oldham Council pays Bulky Bob an annual, pre-determined fee over the duration of the contract.

Each year the Council will set the charges for customers using the service however the income generated through charges will be passed on to the contractor, in addition to the fixed yearly fee i.e. the contractor will keep all income earned through collections.

The contract will be 2 years with + 1-year extension + 1-year extension option to provide this service to customers in Oldham.

The contractor will provide a collection, re-use, recycling and disposal of service.

The annual payments from the Council will be fixed for the first 2 years of the contract and subject to negotiation if both parties (Council and contractor) wish to take up the extension options.

As part of contract extension negotiation, the council may take into consideration factors such as:

- Contractor's profit and loss position over the duration of the contract;
- Changes in the legislative and/or policy environment;
- Other contracts won or lost by the contractor over the 2-year initial contract duration;
- Significant changes in demand for the domestic service
- Any partnership working agreements that have developed over the 2-year initial contract duration (i.e. Council led initiatives that generate business for the contractor)
- Onwards processing and disposal of goods collected through growth of the business

Signed: (Helen Lockwood - Deputy Chief Executive – People and Place)



Date: 15 January 2020