

Delegated Cabinet Member Decision Report

Bulky Bob Contract Extension Report

Decision Maker and Portfolio area:	Cllr B Brownridge (Cabinet Member for Neighbourhood Services)
Date of Decision:	5 Jan 2021
Subject:	Bulky Bob Contract Extension
Report Author:	Mark Husdan (Operations Manager – Waste Management Service)
Ward (s):	N/a

Reason for the decision: To seek approval to award Bulky Bobs with an extension to their current contract.

Summary: Oldham Council awarded Bulky Bob with a two plus one plus one (2-1-1) year contract in 2018/19 to undertake bulky item collections on behalf of the Council. Please note that providing a bulky item collection is a statutory duty.

The report seeks approval to extend the contract with Bulky Bob into its final year (financial year 2021/22).

The initial contract with Bulky Bob's ran from 1st January 2018 until 31st March 2020 with built in optional yearly extensions ending March 2021 and March 2022.

During the extension period a review of the service will take place followed by a procurement process with a new contract in place for the 1st April 2022.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

1) Do not extend the current contract with Bulky Bob and undertake a new procurement process. This has the potential to push us out of contract with BB resulting in risk and an inability for the Council to deliver on its statutory duties.

2) Extend the current contract with Bulky Bobs into financial year 2021/22. This will allow the service time to review the current contract and potentially procure a more financially and operationally efficient service.

Recommendation(s):

Extend the current contract with Bulky Bob into financial year 2021/22.

Implications:

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

This contract generates gross annual income to the supplier of approximately £255k. This includes £165k of Council funding plus a balance of £90k earned from fee income collected from service users and passported on to the supplier.

As the result of dialogue between the Council and its supplier, Bulky Bob's 2015 Limited, the supplier formally agreed to the following contractual changes from 2019/20 onwards:

- To cap its net profit earned from this contract to 8% p.a;
- To repay a minimum sum of £10k p.a. to the Council. (Should the capping mechanism produce 'excess' profits of more than £10k, then the higher amount would be paid in its place).

It should be noted that, to date, this contract has not generated profits above 8%. In consequence, the Council is presently receiving the minimum payment of £10k p.a.

The cost of extending this contract by one year (covering the whole of 2021/20) will, therefore, not exceed £155k (£165k less £10k refund).

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 allow time to review the service offering and subsequent procurement process with the potential to find efficiencies and savings. The Commercial Procurement Unit will work alongside the Waste Management Team during this process to ensure it is carried out in accordance with the Council's Contract Procedure Rules and UK Government Guidelines.

(Emily Molden)

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.

(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

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

Report Author Sign-off:	
Mark Husdan	
Date: 05 January 2021	

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 : Deputy Chief Executive:

Date: 5 January 2021