

Report to CABINET

Bulky Collections & LWP Contract

Portfolio Holder: Cllr Hannah Roberts, Cabinet Member for Neighbourhoods

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Cabinet – 23 January 2023

Reason for Decision

The report is seeking approval to award a new bulky waste collection and local welfare provision (LWP) contract to start 1st April 2023. The new contract is attempting to combine these two Council services, which are currently being operated under separate contracts. The main aims of the new contract will be to develop financial and resource efficiencies whilst at the same time maximising the flow of bulky collected pre-loved furniture and white good items into the LWP scheme. The new contract will improve the Council's ability to help and support the needs of vulnerable residents (in furniture poverty) when trying to establish or maintain a home in the borough.

Recommendations

To award a new bulky collection and LWP contract to FRC Group following the outcome of the evaluation of bids as a result of the competitive tender process.

1.0 Bulky Bobs Ltd Background

- 1.1 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.
- 1.2 The Council has contracted out its statutory duty to collect bulky waste since 2005 (17 years) due to the financial and social value benefits this model creates. Our current contractor Bulky Bobs Ltd has held this contract throughout this time.
- 1.3 Bulky Bobs Ltd, carry out approximately 6,000 collections a year on behalf of the council.
- 1.4 Under the current contract, all residents who have qualified for the Council's assisted waste collection service receive a free bulky waste collection per year (this will continue under the terms of the proposed new contract).
- 1.5 The cost for a bulky collection (2022/23) is £20 for 3 items and £7 for each item collected thereafter. The charges for bulky collections are agreed within the Council's annual fees and charges report.

2.0 Local welfare provision (LWP) background

- 2.1 The Welfare Reform Act 2012, ended the provision of Community Care Grants and Crisis Loans for living expenses under the Discretionary Social Fund administered by the Department for Work and Pensions (DWP).
- 2.2 Funding was transferred from the DWP to Local Authorities (LAs) from 1 April 2013 to provide a locally administered scheme to aid vulnerable residents in the Borough.
- 2.3 There was no statutory duty requiring LAs to deliver a scheme, but Oldham Council considered it to be in the best interests of the residents of the Borough to operate a scheme. As a result of the reduction in funding, the Council administered a scheme in a way that ensures the funding provides support to Oldham's most vulnerable residents.
- 2.4 Oldham's scheme is known as the Local Welfare Provision (LWP) scheme. Please see the Council's LWP policy (2021) at Appendix 1 of the report.
- 2.5 The purpose of the Local Welfare Provision Scheme is to provide support to meet short term emergency/immediate support needs of vulnerable residents. To assist vulnerable residents to establish or maintain a home in the community.
- 2.6 Examples of the types of residents and the circumstances where an LWP award may be considered are:

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- Care Leavers under the age of 25
 - People who have suffered a disaster/crisis such as fire or flood
 - Families under exceptional financial pressure, including the impact of COVID 19
 - People who are homeless or rough sleepers
 - Vulnerable older people
 - People fleeing domestic violence
 - People moving out of institutional or residential care
 - People moving to supported accommodation/independent living
 - People who are leaving prison or detention centres
 - People who are chronically or terminally ill
 - People with alcohol or drug issues
 - People with learning difficulties
 - People returning to work after a short term on benefits

3.0 A combined bulky and LWP contract model

The following section details the Council's main aims within the new combined contract.

3.1 To maximise the number of collections within the bulky waste collection service.

The current bulky contract undertakes approximately 6,000 collection jobs per year. The new contract will endeavor to increase this number, to improve the amount of income raised within the contract and the number of pre-loved items which can be used within the Council's LWP scheme.

3.2 To maximise the number of pre-loved items available in the first instance to the Council's LWP scheme, and secondly, to other associated organisations within Oldham (e.g. charities, community welfare organisations etc).

The Council's current bulky collection operation produces many pre-loved items. The new contract will use as many of these pre-loved items within the LWP scheme, reducing the need for new items to be bought. Where there is a healthy stock of certain items within the contract, these can then be offered to other organisations that help and support Oldham residents.

3.3 The efficient supply of new items within the LWP scheme.

When pre-loved items are not available, the new contractor will supply new items to the LWP scheme. This will require adequate and appropriate management of supply chains.

4.0 Contract procurement

The following section details the Council's procurement process.

- 4.1 In May 2022, the Council started a procurement process to combine its current bulky collection and LWP contracts into one new contract model. Please see full procurement timetable provided in Appendix 2 of this report.
- 4.2 Three potential suppliers submitted initial bids and after a dialogue session, two suppliers submitted final bids, Calico Ltd and FRC (Bulky Bob)
- 4.3 Evaluation of the two submitted final bids shows that FRC submitted the most economically advantageous tender.
- 4.4 The revenue contract contributions of the waste management service and LWP programme have started but are yet to be concluded. The LWP programme will be required to contribute a percentage of their future cost savings back into the bulky collection element of the contract. For this contribution they will receive a number of future benefits outlined in section 5.0. All internal financial arrangements will be agreed and finalised for the proposed contract start date (1st April 2023).

5.0 Benefits of a combined contract with FRC Group

The following section highlights the main benefits of operating a combined contract.

- 5.1 **Cost savings/mitigation** – initial cost figures show that combining the two contracts will save money. This is in an environment where many third-party Council contracts have seen significant increases due to high levels of inflation, material costs, supply and demand issues. This financial position will be actively monitored through agreed quarterly financial reporting and contract management.
- 5.2 **Growth potential** – the intention within any new combined contract will be to develop and grow the current operations and systems within both current contracts to benefit both parts of the business. Increasing collection numbers within the bulky side increases income and items available to the LWP scheme. Better reporting systems and internal communication improves the flow of collected pre-loved items to new owners/homes within the Borough. Growth work will also include a fresh look at opportunities and partnership working with housing associations, private landlords, third sector collaboration and commercial bulky item collections.
- 5.3 **Operational efficiencies** – monitoring of the operation, the working environment and the performance figures may allow further efficiencies, opportunities and savings to be achieved within contract.
- 5.4 **Increased number of items available to LWP scheme** – the Council's current LWP scheme is based around the supply of approximately 20 key items (i.e. beds, sofas and white goods). The existing bulky collection service is currently collecting over 150 items which could be made available to LWP scheme applicants.

5.5 **Profit cap** – within their submitted bid, the FRC group has offered a 5% profit cap within any contract they are awarded. Any new contract would, therefore, be based on financial transparency on the part of the supplier (i.e. open book accounting, with associated profit and loss clearly identifiable).

5.6 **Environmental benefits** – increasing the number of bulky collected pre-loved items into the LWP scheme will produce significant environmental benefits. The main one being the reduced need to supply new items, which, negatively impact the environment through their production, manufacture and transportation. LWP activity being managed from the Bulky Bob depot in Oldham will save on the transporting of goods from Trafford Park and new electrical reuse activity planned for the new contract will save items which have been previously sent for disposal. All the above activity will contribute to the Council's environmental and carbon neutral policies moving forward.

6.0 Risks and mitigations

The following section highlights the main risks of operating a combined contract.

6.1 **Flow of items into LWP scheme** – there is a financial saving in combining the two Council contracts currently being operated separately. This saving is based on increasing the flow of pre-loved items into the LWP scheme replacing the requirement to purchase new items. The figures submitted by bidders within the procurement process have been forecasted, meaning that these figures may not prove to be entirely accurate. There is a risk, therefore, that should the predicted flow of pre-loved items not be achieved then the savings figure may reduce. This could cost the Council more money in terms of new items being required for purchase (rather than pre-loved items being used) or reduce the number of approved applications that the LWP scheme would be able to process.

6.2 **External factors** – a new bulky collection and LWP contract will be vulnerable to external factors and influences. As a logistical operation, there are ongoing issues with the costs and availability of vehicles, fuel and HGV drivers. There are also supply and demand issues being faced within many of the product items being purchased by the LWP scheme. Whilst the FRC group have provided assurances and comprehensive resilience plans, there is still a risk that external factors could impact any new contract. These external factors could increase costs within the contract or remove/delay the availability of certain new LWP items throughout the contract lifespan. Please note, however, that these external influences would be the same if the contracts were operated combined under the reports proposals or separately moving forward.

6.3 **LWP funding** – the Council has only agreed LWP funding up until 2024/25 with no agreed new funding stream currently identified. There is, therefore, the potential for the LWP programme funding to stop and this would impact on any new combined contract. Whilst this is right to be flagged as a risk, there is comfort that should this happen within contract, there is potential for the LWP element to be removed and the contract to revert to a bulky collection only operation/contract. This would remove all LWP associated costs from within the combined contract (i.e. number of staff, vehicles, activity etc). A new combined contract would also benefit the LWP

programme as the current LWP supply contract is out of date and so a new one is required to cover the level of spend currently within the programme. This would save the LWP undertaking any further procurement work. Combined contracts would also reduce the current costs within the LWP programme, which, in turn, would hopefully extend the life of the current funding.

7.0 Options/Alternatives

The following section details the options available to cabinet.

7.1 **Option 1** – to approve a new combined bulky collection & LWP contract be entered into with FRC (Bulky Bob's).

7.2 **Option 2** – to not award FRC a new contract and undertake a new procurement process with the aim of awarding two new separate contracts. There are no perceived operational benefits to this model.

7.3 **Option 3** – to not award FRC with a new contract and continue as we are. This is not a viable option as both the current Bulky and LWP contracts require renewal and due to the costs associated, compliant contracts are required.

8.0 Preferred Option

8.1 **Option 1** – to approve a new combined bulky collection & LWP contract be entered into with FRC (Bulky Bob's).

9.0 Consultation

None.

10.0 Financial Implications

10.1 The Local Welfare Provision (LWP) is funded from reserves and based on the current trajectory of spend the reserve will be fully utilized by 2024/25. The combined contract is to commence in 2023/24 and is for 3 years with an option to extend by a further 2 years.

10.2 The intention with the letting of this contract is to recycle used items rather than buying new which should extend the funds held in reserve. It is assumed that the contract will have no financial detriment to the Council and that if funds are depleting the LWP policy will need to be revisited. This is to be managed by the Head of Customer Services.

10.3 Any potential overspends would have to be managed from with the Customer Services budget. (Nicola Harrop – Finance Manager)

11.0 Legal Services Comments

The tender process has been conducted in accordance with Contract Procedure Rules, incorporating the Public Contract Regulations 2015, and it is proposed that a contract is entered into with the tenderer who submitted the most economically advantageous offer. Provided the tender evaluation team is satisfied that all tenders have been evaluated in accordance with the advertised award and scoring criteria, there are no known legal implications to the proposed option (Sarah Orrell – Commercial & Procurement Solicitor).

12.0 Co-operative Agenda

The proposed combining of contracts will increase the amount of furniture and white goods available for re-use and redistribution through the Council's Local Welfare Provision. This is in line with the Council's Co-operative Agenda in supporting the development of Thriving Communities and Co-operative Services (Amanda Richardson).

13.0 Human Resources Comments

None.

14.0 Risk Assessments

N/A

15.0 IT Implications

No immediate implications for IT. Should the service be looking for efficiencies through web form integration for bulky collections with on-line payments, then this could be picked up as a separate requirement at a later stage (Lindsey Al-Basri (Head of IT Projects)).

16.0 Property Implications

None

17.0 Procurement Implications

The Commercial Procurement Unit supports the recommendation outlined in the report. Competitive dialogue was the chosen procedure as it would allow conversations to be had with bidders on their approach, delivery and costing of the contract given combining the two separate contracts was something relatively new for the market and the Council. This process was managed by the Procurement team and undertaken in line with the Public Contracts Regulations 2015.

Social value was included in the quality aspect of the evaluation criteria and the successful bidder committed to delivering a number of social value commitments ranging from local training and employment opportunities, liaising with education settings, volunteering and supporting local organisations. Delivery of these

commitments will be monitored using the Social Value Portal and reviewed during contract review meetings. (Emily Molden)

18.0 Environmental and Health & Safety Implications

18.1 Within the past three years, there have been no prosecutions or notices recorded on the Health and Safety Executive (HSE) enforcement website against:

- Furniture Resource Centre Limited
- Bulky Bob's 2015 Limited

18.2 Health and Safety critical documentation such as risk assessments, safe systems of work etc. have not been assessed by the health and safety service as these checks must be undertaken by the relevant project manager as should relevant supervisory checks of any contractors/works (Matthew Hill).

19.0 Equality, community cohesion and crime implications

19.1 N/A

20.0 Equality Impact Assessment Completed?

20.1 N/A

21.0 Key Decision

21.1 Yes

22.0 Key Decision Reference

22.1 NEI-17-22

23.0 Background Papers

23.1 None

24.0 Appendices

24.1 Appendix 1 – Local welfare provision policy 2021