

Procuring new contracts

When procuring new contracts for bring recycling services, there are a number of issues to consider early in the process to ensure that the service and contract meets your authority's requirements. These include examining the options available for servicing the bring sites, clearly defining the services and performance standards required and providing an unambiguous process for contract management and monitoring. Clarity in these areas will enable contractors to submit appropriately designed and costed tenders that address your requirements and are sufficiently flexible to respond to changing demand.

This fact sheet focuses on the key issues to consider when specifying and procuring a new service contract. For more information on why contracts are important for bring site service provision, and a summary of relevant EU procurement rules and guidance, see the separate sheet Role of contracts and procurement.

Issues to consider

Procurement planning

Key areas to consider when planning a new procurement are:

- What service is to be tendered and are different services to be packaged together under one contract?
- When does the procurement need to be completed by and new contract in place? Once you have confirmed this date, you will need to plan the procurement exercise to allow sufficient time for prospective contractors to respond and for you to evaluate tenders.
- Does your authority wish to partner with another local authority/ies?
- Does the value of the contract exceed EU procurement threshold? If so, you will need to follow EU procurement procedures and decide which of these procedures will be used. If not you will have to follow your own authority's procurement process and requirements.
- Which companies are likely to tender? How is it best to attract interest and bids?
- Could the procurement requirements deter/exclude third sector organisations from bidding? E.g. requirements associated with financial standing. If it is Council policy to encourage tendering from smaller local suppliers, investigate the availability of local collection contractors and ensure that the specifications allow smaller businesses to tender. For example, if there are businesses that specialise in a single material; the specification may need to be set up in a way that allows sub-contracted elements.
- Could you gain from running a soft market testing exercise first to test your initial ideas? This might include investigating the material mixes you prefer, the containers to use, how frequently operators can guarantee to empty containers, how they handle risk associated with changing material values, and income sharing arrangements.

Contract specification

The service specification and conditions of contract will ultimately govern the effectiveness of the contract and will aid continuous improvement and the ability to make changes during the contract period. When preparing a specification for bring site recycling services, consider the following:

Service provision

- What services are required – for example, provision of containers, materials to be collected, servicing, cleaning and maintenance?
- Do you want to define the type/style and number of containers?
- Do you want to define the service schedule, or set a performance standard?
- If the contract is for servicing containers, will it be a requirement of the contractor to remove material deposited outside the containers or left on the ground?
- If sites are to be serviced by more than one contractor, how will cleaning requirements be defined?

Financial

- Who takes ownership of the materials collected and who is responsible for finding suitable outlets? How will this affect contract risk and therefore the contract cost?
- Do you want a revenue-sharing arrangement based on the income received for the recyclables? One option is to set trigger levels for material values above which a revenue-sharing arrangement applies, as a means of ensuring the contract is fair to all parties.
- How will the costs for the service requirements (materials, servicing/cleaning schedules/standards) be handled?

Risk management

- What incentives/defaults do you want to include in the contract? For example, if a contractor fails to meet the specified servicing/cleaning standards, will there be a financial penalty, will they need to put in place an improvement plan, etc.?
- How is contamination to be defined? If the contents of a container are contaminated, who is responsible for the disposal of the unsuitable materials? Is there potential for secondary sorting, and who will pay for it if required?
- How will liabilities (such as the cost of clearing fly-tipping on private land) be addressed?
- What levels of insurance are required?
- Will the contract make allowance for ad hoc servicing, so that costs are kept reasonable while a high standard of cleaning and appropriate emptying frequency are maintained?
- How should issues at sites be reported to the authority?

Communications

- Who will be responsible for promoting the bring sites, labelling containers and providing on-site signage? What branding/logos/iconography will be used on the containers and signs?

Integrated collection contracts

If bring recycling services are to be included as part of the kerbside collections contract, then many of the same considerations apply. However, there are likely to be some additional considerations around a joint service including:

- Does the requirement to service the bring containers have implications for the vehicle fleet, or vice versa? For example, will it require a different type of lifting mechanism on vehicles or should containers be chosen to fit with vehicles for the kerbside service?
- Can the servicing of the bring sites be managed within the kerbside rounds?



Consider whether bring containers can be collected as part of the kerbside collection – this may reduce costs, but have additional implications for existing rounds/vehicles

Contract length

Contract length for bring recycling services can be affected by a range of factors including:

- whether the bring services are being tendered with other waste services;
- the scope of the services required, i.e. whether the contract is for the whole bring bank service or just for one material;
- the value of the contract;
- any capital investment required and the expected lifespan of those items – contract length may be aligned with the depreciation period;
- if you are considering a joint procurement with another authority. In this case, contract lengths may need to reflect end dates of the other authority's existing contracts; and
- potential for variations in market prices for recyclables, which may affect the value of the contract or payment terms.

Annual contract payment uplifts, using relevant indices, needs to be considered and reflect the costs of delivering the contract.

Contract monitoring and data requirements

Data capture is essential to support effective performance management and improvement. Provisions should be set out in the contract for data capture and reporting so that the contractor and the authority can both assess whether the terms of a contract are being met. Key points to consider for bring site recycling contracts include:

- What tonnage information/container fill rates do you require the contractor to monitor and report on? Overall tonnages by material, or tonnage data supported by fill level information, by site/container/material (for more details, see the *Data recording and reporting* fact sheet).
- How will servicing/cleaning schedules or standards be defined, measured and monitored?
- How should data be supplied – what level of detail is required and in what format?
- What is the appropriate reporting frequency? This will depend on whether servicing/cleaning schedules or standards are being used, payment mechanisms and your authority's data needs.

Contract review and variation

Contracts should incorporate a review procedure at set intervals, and the terms and conditions should include a process for managing change. The inclusion of a review procedure can prevent disputes having a negative impact on the overall service. Key points to consider for bring recycling contracts include:

- setting a frequency for reviews. This will depend on the scale and nature of the contract and the parties involved;
- the initial scope/specification should allow for the addition of new materials and locations: if you do not mention this in the scope, it could require a further tendering process;
- a periodic review of material prices should be included to allow payment mechanisms to be adjusted to match changes in commodity prices. Again, frequency will depend on the scale of the contract and who is involved – a third sector organisation may want to review prices more frequently than a waste management company.

Frequently asked questions

How detailed does a specification need to be?

The specification defines the service you require a contractor to provide. Therefore it needs to be sufficiently detailed to allow the contractor to understand your requirements and to allow you to monitor the contractor's performance. Any ambiguity within the specification could result in additional contract management time to resolve any issues and potentially additional costs.

Should changes to a contract be recorded?

Yes, any changes that vary the service specification or contract terms should be documented in accordance with change management conditions within the contract. Failure to record changes could result in disputes later in the contract. In addition, when you come to specify a future contract, being able to draw on well documented changes in your contract will be very helpful.

Checklist

- Develop a procurement plan that sets out what is to be achieved and by when.
- Ensure you follow procurement rules, including EU procurement procedures if applicable.
- Develop an unambiguous specification.
- Set an appropriate contract length.
- Incorporate contract monitoring and data requirements within the specification and the terms and conditions of the contract.
- Ensure the scope of the contract and the terms and conditions allow for contract variation.