

CAPITAL INVESTMENT BUSINESS CASE

Garden Waste Composting



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

Garden waste is collected separately from several sources and delivered to Chelson Meadow Waste Management facility where it is stored in a specific garden waste area. Currently, the garden waste is shredded on site by a third party where it is then transported to their site to be composted.

The previous contract for processing garden waste has expired and there is currently no formal agreement in place to compost this material.

The proposal is to secure a contract to collect and compost garden waste arising from PCC's activities for a period of 5 years by way of a competitive tender process.

The value of the contract is estimated at £245,000 per year for 5 years based on current costs to deliver this service. This cost is funded from the revenue budget.

Key Risks:

1. Insufficient budget to fund the service

The Revenue budget is currently based on historical tonnages and charges which are unlikely to rise significantly as a result of securing a long-term contract to provide this service. Any additional cost related to commercial garden waste composting can be recovered by increasing charges.

2. No bids received for the service

It is very unlikely that no bids are received to provide this service. There has been ongoing interest from the market since the current contract expired in 2021. The market will be engaged at an early stage to ensure they participate in this process.

3. Increased costs for collection and recycling above current spot price

It is expected that the prices obtained through a competitive procurement process will be comparable to the current price.

4. Mobilisation of service in the event of a new provider

Tenderer's plans for mobilisation of the contract will be requested and assessed during the tender process to ensure an effective transition of service provider.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£245,000 per annum for 5 years Revenue	Contingency (show as £ and % of project value)	£24,500 per annum, 10%
Programme	Waste	Directorate	Place
Portfolio Holder	Cllr Tom Briars-Delve, Environment and Climate Change	Service Director	Philip Robinson (Street Services)
Senior Responsible Officer (client)	Philip Robinson	Project Manager	Deven Distin

Address and Post Code	Street Services Plymouth City Council Ballard House West Hoe Road Plymouth PL1 3BJ	Ward	Citywide
Current Situation: <i>(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)</i>			
<p>Garden waste is collected from households in Plymouth as an opt-in chargeable service. This service runs April – November on a bi-monthly schedule. Garden waste is also collected separately at PCC's two HWRC sites; Chelson Meadow and Weston Mill. Members of the public can visit these sites and place their garden waste into designated containers. Lastly, commercial waste sources also bring garden waste to the Chelson Meadow.</p> <p>Once the Garden waste is at Chelson Meadow, a third party shreds the waste on site and transported to their own facilities.</p> <p>The current contract for composting garden waste has expired and the proposal is to tender a contract to compost the garden waste from Chelson Meadow.</p>			
Proposal: <i>(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)</i>			
<p>Garden waste is collected from households in Plymouth as an opt-in chargeable service. This service runs April – November on a bi-monthly schedule.</p> <p>Garden waste is also collected separately at PCC's two HWRC sites; Chelson Meadow and Weston Mill. Members of the public can visit these sites and place their garden waste into designated containers. Lastly, commercial waste sources also bring garden waste to the Chelson Meadow.</p> <p>The total quantity of garden waste collected separately is approximately 7,000 tonnes per year. This material can be diverted from disposal options to a more sustainable option, namely composting. Composting is also cheaper than disposal and can provide PCC with significant budgetary savings. (approx. £58/t which equates to £406,000 of savings per year).</p> <p>The proposal is to tender a contract to compost the garden waste from Chelson Meadow. The last contract expired in 2021 and the continued service has been by way of contract exemption. This process will ensure that the services can be compliantly procured in accordance with the Council's Contract Standing Orders and achieve best value for money.</p>			
Why is this your preferred option: <i>(Provide a brief explanation why this option is preferred) and (Explain why this is a good capital investment and how this would be an advantage for the Council) and (explain how the preferred option is the right balance between the risks and benefits identified below).</i>			
<p>This will provide best value for money and ensures compliance with the Council's Contract Standing Orders.</p>			

Option Analysis: (Provide an analysis of 'other' options which were considered and discounted, the options considered must be a 'do Nothing' and 'do minimum' and 'viable alternative' options. A SWOT – Strength, Benefit, Opportunity, Threat analysis could be attached as an appendix).	
Do Nothing Option	
List Benefits:	No need for tendering process, less space, no collection service needed
List Risk / Issues:	Would result in garden waste being incinerated which would reduce recycling rates and increase costs.
Cost:	Increased cost for general waste disposal, decreased costs for garden waste vehicles/operatives
Why did you discount this option	Recycling garden waste aligns with the Plymouth Net Zero Action plan
Do Minimum Option	
Continue as is with current Contractor	
List Benefits:	No tendering process
List Risk / Issues:	Council is non-compliant with its own contract standing orders, no formal Contract in place, and at risk of potential commercial challenge.
Cost:	Neutral
Why did you discount this option	Because it puts the council at risk of challenge
Viable Alternative Option	
One year contract	
List Benefits:	Compliance with council's contract standing orders
List Risk / Issues:	Limit competition due to reduced period for return on investment i.e. site developments. Would have to redo tender process in 12 months.
Cost:	Neutral
Why did you discount this option	Issues listed above

Strategic Case:	
Which Corporate Plan priorities does this project deliver?	a clean and tidy city
	a green sustainable city that cares about the environment

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
April 2024	May 2024	April 2029

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Insufficient budget to fund the service	Low	Low	Low

Mitigation	Sufficient allowance has been made for household garden waste in the revenue budget. Commercial Garden waste costs are recovered from customers through a charge.	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£	Risk Owner	Phil Rudin	
Risk	No Bids received for the service	Low	Low	Low
Mitigation	Ensure all potential bidders are engaged prior to tender documents being released. Interest has already been received from potential service providers. Can continue with current contractor	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£	Risk Owner	Phil Rudin	
Risk	Increase Costs of collection and composting	Low	Medium	Low
Mitigation	Potential to increase charge for commercial customers to reflect any price increase	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£	Risk Owner	Phil Rudin	
Risk	Mobilisation of service in the event of a new provider	Low	Low	Low
Mitigation	Engage with successful bidder at an early stage to ensure mobilisation is planned effectively. Include the requirement for a mobilisation plan in the tender returns	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£	Risk Owner	Phil Rudin	

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:

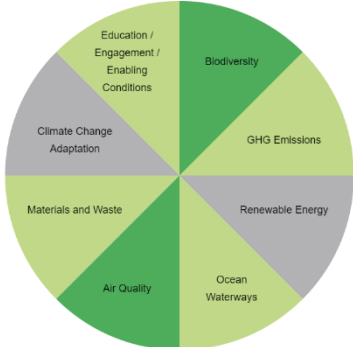
Best market price for the service – we are the paying for the most favourable rate for the service

Non-financial outcomes and benefits:

Compliant contract to compost Garden Waste generated by PCC – PCC are compliant with their contract standing orders

SECTION 3: CONSULTATION

Does this business case need to go to CMT	No	Date business case approved by CMT (if required)	
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Climate Impact Assessment	
<p>Upload Climate Impact Wheel</p>	
<p>Summary of the anticipated impact of the proposal on the climate (including any proposed mitigations and impacts beyond 2030)</p>	<p>The renewal of the garden waste composting shouldn't provide too much variance to what is currently in place. There are certain aspects of the process which will increase the carbon impact and offsetting however, the majority will have either slight increases or a neutral output.</p>

Have you engaged with Procurement Service?		Yes
<p>Procurement route options considered for goods, services or works</p>	<p><u>Procurement Options</u></p> <p>In line with the Council's Contract Standing Orders, this requirement is classed as a High Value / High Risk Procurement, and as such, the estimated value exceeds the relevant Public Contract Regulations threshold and is subject to the full public procurement regime as set out in the Public Contract Regulations 2015 (PCR 2015) and Public Procurement (Amendment etc.) (EU Exit) Regulations 2020.</p> <p>Of the six procurement procedures available, two procurement procedures are appropriate and have been considered for this requirement as follows:</p> <p><u>Open Procedure</u></p> <p>With the Open Procedure, any interested bidder may submit a bid. The Council is free to use this procedure, which can be applied to both contracts and framework agreements. However, in some cases it can be beneficial to choose a procedure (such as the Restricted procedure) where the number of bidders can be reduced at the selection stage based on their capability and capacity, especially if the Council does not have enough resources (such as time) to conduct a full Open Procedure.</p> <p>The Open Procedure is best used where the requirements are typically straight forward, with a relatively simple selection and award process, or it is anticipated that only a small number of suppliers will respond to the advertised Contract Notice.</p> <p>The practicality of the Open Procedure will depend upon the potential number of bids received and the nature of the evaluation criteria. If the Council receives many bids, the evaluation of all compliant bids is likely to be time consuming.</p>	

	<p><u>Restricted Procedure</u></p> <p>This is a two-stage procedure. Stage 1 is a pre-selection stage (SQ) and its purpose is to select a shortlist of five (or more) suppliers which are likely to meet the tender requirements. Stage 2 is the tender stage where shortlisted suppliers which meet the SQ stage are then invited to tender and is used to determine a successful supplier to whom a contract will be awarded. A minimum of five suppliers must be invited to tender (Stage 2) and in any event the number of suppliers invited shall be sufficient to ensure genuine competition. The Restricted Procedure should be used for procurements where market analysis has indicated many bidders are likely to be interested in participating. In this case it is beneficial to use this procedure where the number of bidders can be reduced at the selection stage based on their capacity, capability, and experience to perform the contract. Like the Open Procedure the Council are free to use this procedure, in any circumstances and for any type of contract. The contract will be awarded to the most economically advantageous tender (MEAT).</p> <p><u>Timescales to Consider</u></p> <p>Time limits for the receipt of tenders must take account of the complexity of the contract requirement and the time required for the marketplace to compile and submit tenders.</p> <p>For the Open Procedure, the minimum time limit for the receipt of tenders is 35 days from the date on which the contract notice is sent for publication within the Find a Tender Service (FTS).</p> <p>Time limits for receipt of tenders may be reduced by five days where submission by electronic means is allowed.</p> <p>If requirements are urgent, and a longer time limit is impractical as a result then the tender period may be reduced to 15 days.</p> <p>For the Restricted Procedure, the minimum time limit for Stage 1 – receipt of SQ is 30 days from the date on which the contract notice is sent for publication within the Find a Tender Service (FTS).</p> <p>If requirements are urgent, and a longer time limit is impractical as a result then the tender period may be reduced to 15 days.</p> <p>For Stage 2 – Tender Stage, the minimum time limit from Invitation to Tender to receipt of Tenders is 30 days.</p> <p>Time limits for receipt of tenders may be reduced by five days where submission by electronic means is allowed.</p> <p>If requirements are urgent, and a longer time limit is impractical as a result then the tender period may be reduced to 10 days.</p>
<p>Procurements Recommended route.</p>	<p>Following research of the current marketplace for this requirement and understanding the approach from other Local Authorities the recommended procurement route for this opportunity is to adopt the use of the Open Procedure. If there is, a change in circumstances and the recommended procurement route cannot be undertaken or no longer represents best value for the Council any subsequent</p>

Service area revenue cost							
Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)							
Total Revenue Cost (A)			245,000	245,000	245,000	245,000	245,000
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)			- 245,000	- 245,000	- 245,000	- 245,000	- 245,000
Has the revenue cost been budgeted for or would this make a revenue pressure							
Which cost centre would the revenue pressure be shown						Has this been reviewed by the budget manager	Y
Name of budget manager		Phil Rudin					
Loan value	£	Interest Rate	%	Term Years		Annual Repayment	£
Revenue code for annual repayments							
Service area or corporate borrowing							
Revenue implications reviewed by							

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


Author of Business Case	Date	Document Version	Reviewed By	Date
Deven Distin	16/11/2023	v 1.0		00/00/2020
Deven Distin	17/01/2024	v 2.0		00/00/2020
	00/00/2020	v 3.0		00/00/2020
	00/00/2020	v 4.0		00/00/2020
	00/00/2020	v 5.0		00/00/2020

SECTION 5: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the **Cabinet Member for Environment and Climate Change:**

1. Approves the Garden Waste Collection & Recycling Business Case;
2. Authorises the commencement of the procurement process required to deliver a contract to collect and compost garden waste;
3. Delegates the authority to award of the contract to the Service Director for Street Services where they would not already have the authority to award it within the scheme of delegation.

Councillor Briars-Delve		Anthony Payne (Strategic Director for Place)	
Either email dated:		Either email dated:	17/01/2024
		Signed:	
Or signed:			
Date: 19/02/24		Date:	