



Mayor and Cabinet

Contract award for the provision of a textile collection bring bank service

Date: Dec 2021

Key decision: Yes

Class: Part 1

Ward(s) affected: All

Contributors: Luke Ellis (Senior Development Officer), Wendy Nicholas (Strategic Waste and Environment Manager), Sorcha Rooney (Senior Procurement Officer), Mia Agnew (Senior Lawyer), Shola Ojo (Strategic Finance Business Partner)

Outline and recommendations

This report provides an update on the procurement of a framework for the provision of a textile collection bring bank service. Mayor and Cabinet are recommended to award this contract to LMB Textiles Ltd. for 4 years (3+1) with a total value of £1,341,419.

Timeline of engagement and decision-making

May 2020 – Internal discussions around interim arrangements begun with the central procurement team

July 2020 – Resource London declined support on creation of a new consortium

February 2021 – Interim arrangements with current contractor, LM Barry, formalised and signed off by Executive Director.

July 2021 – Mayor and Cabinet approved a temporary extension to interim arrangements, and approved permission to procure a new framework

1. Summary

- 1.1. The Council's contract for the provision of a textile collection bring bank service expires January 2022. This contract does not incur any expenditure to the Council, instead, it generates income every quarter. The total value of this framework is estimated at £1,341,419, with approximately £50,000 in income for Lewisham.
- 1.2. Following a one-stage open procurement process, which resulted in 15 expressions of interest, 6 tenders were submitted. After evaluation of six tenders, LMB Textiles Ltd. is now recommended for acceptance.

2. Recommendations

- 2.1. Mayor and Cabinet are recommended to award this framework to LMB Textiles Ltd. for the provision of a textile bring bank collection service, based on their tender, for 3 years with a possible extension of 1 year upon Mayor and Cabinet agreement to commence on 1st February 2022.
- 2.2. Mayor and Cabinet are recommended to award a call-off contract to LMB Textiles Ltd for the provision of a textile bring bank collection service for 3 years, with a potential extension of 1 year upon Mayor and Cabinet agreement to commence on 1st February 2022.

3. Policy Context

- 3.1. The Waste Strategy for England "Our Waste, Our Resources: A Strategy for England" was published in December 2018. This strategy states that by 2035 65% of municipal waste should be recycled.
- 3.2. In May 2018, the Mayor of London published his London Environment Strategy. The Strategy sets out objectives, targets, and policies for the effective management of London's municipal waste and to accelerate the transition to a circular economy. The Strategy's waste objectives, targets, and minimum service levels for London are:
- 3.3. Objective 7.1 – drive resource efficiency to significantly reduce waste focusing on food waste and single-use packaging
- 3.4. Objective 7.2 – maximise recycling rates
- 3.5. Objective 7.3 – reduce the environmental impact of waste activities (greenhouse gas emissions and air pollutants)
- 3.6. Objective 7.4 – maximise local waste sites and ensure London has sufficient infrastructure to manage all the waste it produces
- 3.7. London-wide targets:
- 3.8. To cut food waste and associated packaging waste by 50 per cent per person by 2030
- 3.9. To achieve a 65 per cent municipal waste recycling rate by 2030, including a 50% recycling rate for local authority collected waste (LACW) by 2025
- 3.10. To send zero biodegradable or recyclable waste to landfill by 2026
- 3.11. London to manage net 100 per cent of all the waste it produces by 2026
- 3.12. Minimum level of household waste recycling service:
- 3.13. Strategy proposal 7.2.1.a sets a minimum level of service for household waste recycling that waste authorities should deliver by 2020, being that all properties with kerbside recycling collections should receive a separate food waste collection service and that all properties should receive a collection of, at a minimum, the six main dry materials; glass, cans, paper, card, plastic bottles and mixed rigid plastics (pots, tubs,

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and trays).

- 3.14. In addition, the GLA Act 2007 provided the Mayor of London and the GLA with new powers and roles, which meant that London's waste authorities will be required to be in "great conformity" with the Mayor's municipal waste management strategy, backed up by the Mayor's power of direction.
- 3.15. In our corporate strategy, the council committed to making Lewisham greener. Successfully making Lewisham greener involves taking better care of our local environment and the planet. Efficiently dealing with the boroughs textiles will help the council to deliver this outcome.
- 3.16. The context for the above is the EU Waste Framework Directive introduced in 2009 and revised in 2010, which provides the legislative framework for the collection, transport, recovery, and disposal of waste. The Waste (England and Wales) Regulations 2011 were introduced to deliver on the 2008 Directive and the Waste (England and Wales) (Amendment) Regulations 2012 replaced the earlier version to address the 2010 revision of the Directive. The regulations require member states to take appropriate measures to encourage the prevention or reduction of waste production and to adhere to the waste hierarchy when disposing of waste.
- 3.17. Increasing the participation and effectiveness of the recycling collection services are considered an essential element of the Council's approach to managing waste and recycling. Through this contract, the Council expects the successful provider to fully support the Council's education and awareness-raising initiatives and help the Council explore opportunities to improve recycling services.
- 3.18. Lewisham, along with other Local Authorities, has engaged with and recently provided input into the 4 recent Government consultations around recycling. We responded to the consultations around the Deposit Return Scheme, Consistency across boroughs, End Producer Responsibility, and Plastic Tax. As these proposals have a wide-ranging impact on local authorities, it was important that local authorities took the opportunity to help the Government implement a set of policy measures that are ambitious, transformative, and will deliver in practice.
- 3.19. The proposals set out in this report will assist the Council to deliver against this policy context, and help contribute to a circular economy.

4. Background

- 4.1. Lewisham's current arrangement for the disposal of textiles is with LMB Textiles Ltd as part of a consortium of several London boroughs. Following the decline of support from Resource London, officers decided to approach London boroughs, and have now formed a new consortium of 6 boroughs, these are:
 - Lewisham
 - Hammersmith and Fulham
 - Waltham Forest
 - Royal Borough of Greenwich
 - Sutton
 - Harrow
- 4.2. The initial idea was to create a commercially appealing offer for contractors, as by joining with other boroughs, there would be a significant volume of textiles to collect. Officers have been able to deliver on this by joining together in a consortium, as the framework provides exclusive access to one contractor. To capitalise on this offer, contractors who tendered for the framework were asked to apply a percentage

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increase on the income for each participating authority.

- 4.3. The main objectives of this procurement of a textiles bring bank service are to:
- 4.4. Increase tonnage diversion from disposal (either landfill or other) whilst maximising reuse;
- 4.5. Maximise income for the Council and other Participating Authorities who participate in the Framework Agreement;
- 4.6. Expand London's textile bring site provision;
- 4.7. Deliver a high-quality service;
- 4.8. Realise social benefits.
- 4.9. The procurement for the textile bring bank service requested bidders to provide information in the following areas:
- 4.10. Service Delivery;
- 4.11. Quality and Operational Competence;
- 4.12. Service Development;
- 4.13. Health and Safety;
- 4.14. Social Value;
- 4.15. Environment and Sustainability;
- 4.16. Climate Change.

5. Procurement arrangements

- 5.1. Following the advertisement of the opportunity on London Tenders Portal, the Council received 15 expressions of interest, and 6 returned tenders. These tenders were therefore considered for the award.
- 5.2. Companies were asked to provide information on how they would deliver the service and were measured against several areas as listed below, with the respective weighting towards their final score.
 - Financial: 60%
 - Service Delivery: 13%
 - Quality and Operational Competence: 12%
 - Service Development: 5%
 - Health and Safety: 3%
 - Social Value: 5%
 - Environment and Sustainability: 2%
 - Climate Change (For information only): 0%
- 5.3. These criteria have been weighted 60% for financial and 40% for non-financial matters, to reflect the need to secure services that are the best value for income generation. To secure service quality standards, a minimum score was required in key areas.
- 5.4. All tenderers were asked to complete a Standard Selection Questionnaire, for which all six companies passed on all relevant questions asked.
- 5.5. Non-financial criteria
- 5.6. Per best value, the specification produced for the contract was 'output based'. Tenderers were asked to submit a description of their proposals in the form of Method

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Statements, to test tenderers' understanding of the requirements of the service.

- 5.7. These method statements were assessed under the non-financial criteria and those provided by the successful tenderer will form part of the contract documentation against which their performance will be monitored.
- 5.8. Financial criteria
- 5.9. For the financial criteria, the Council set out in the Pricing Schedule how the income to the Council and Participating Authorities will be calculated per tonne for the textiles collected. This is called the Income Rate. The Income Rate is based on the Let's Recycle Price Index ("Index"). The Index gives a range of prices per tonne for textiles each month. As set out in the Pricing Schedule, the Council will take the highest price per tonne from the Index each month over 3 months and use the average highest price to calculate the Income Rate to the Council. A working example of this is included below:

Month	Price Index (£ per tonne)
December 2020	40 – 100
January 2021	50 – 125
February 2021	60 – 130

Highest Rate Average $[(100+125+130) / 3] = 118.33$

Quarterly fee payable to the authority = £119 per tonne

*Please note, in any incidence of decimal points, the authority will always **round up** to the nearest whole number.*

- 5.10. In addition to the Income Rate, the successful tenderer will also pay to the Council and Participating Authorities an annual payment which is a percentage of the total Income Rate received by each authority calculated by reference to the total tonnage collected by the Contractor across all boroughs that use the framework agreement. Bidders were asked to set out a percentage of the total Income Rate that they would pay depending on the total tonnage collected. An example of how the payment will be calculated is included below:

Bidder A submitted the following percentages for Year 1:

Band	Volume	Year 1 percentages
A	0 – 50 tonnes	5%
B	51 – 100 tonnes	5%
C	101 – 150 tonnes	5%

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D	151 – 200 tonnes	8%
E	201 – 250 tonnes	10%
F	251 – 375 tonnes	10%
G	376 – 500 tonnes	12%
H	500+ tonnes	15%

Annual income based on Income Rate:

Council - £12,600

Participating Authority A - £7,500

Participating Authority B - £19,100

Participating Authority C - £17,800

Participating Authority D - £27,000

Participating Authority E - £9,000

Total annual tonnage across all 6 authorities = 700

700 tonnes fits within Band H. If you've submitted a 15% Band Rate for Band C then the Contractor will pay the following amounts:

Council – 15% of £12,600 is £1,890. Therefore the Contractor will pay the Council an additional £1,890 at the end of the contract year.

Participating Authority A – 15% of £7,500 is £1,125. Therefore the Contractor will pay the Council an additional £1,125 at the end of the contract year.

Participating Authority B – 15% of £19,100 is £2,865. Therefore the Contractor will pay the Council an additional £2,865 at the end of the contract year.

Participating Authority C – 15% of £17,800 is £2,670. Therefore the Contractor will pay the Council an additional £2,670 at the end of the contract year.

Participating Authority D – 15% of £27,000 is £4,050. Therefore the Contractor will pay the Council an additional £4,050 at the end of the contract year.

Participating Authority E – 15% of £9,000 is £1,350. Therefore the Contractor will pay the Council an additional £1,350 at the end of the contract year.

6. Tender Evaluation

- 6.1. All of the participating authorities were invited to participate in the evaluation and moderation of the tenders. Out of all the participating authorities, the London Borough of Harrow and the London Borough of Hammersmith and Fulham agreed to participate. The evaluation of the submissions for the Textile Bring Bank service was undertaken

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by a panel consisting of the following members:

- Luke Ellis (LB Lewisham)
- Wendy Nicholas (LB Lewisham)
- Paddy Swift (LB Lewisham)
- Conor White (LB Lewisham)
- Ellie Dell'Aglio (LB Lewisham)
- Sorcha Rooney (LB Lewisham)
- David Hayes (LB Harrow)
- Sara Aweis (LB Hammersmith and Fulham)

6.2. A full synopsis of the bids received is outlined within Section 6 of the Part 2 report.

7. Financial implications

- 7.1. This report is seeking the approval of Mayor and Cabinet to award a single supplier framework to LMB Textiles Ltd. for the provision of a textile bring bank collection service, and enter in to a call-off contract with the supplier for three years with the option to extend for a period of up to one year.
- 7.2. The total contract value is estimated at £1.3m and will generate income of approximately £50k for the Council over the 4-year contract period, based on the income rate and estimated tonnage. The Council will also receive each year from the contractor, an additional amount of up to 15% of the annual income generated. There are no direct costs to the Council relating to this contract.
- 7.3. A credit safe report for LMB Textiles Ltd has been attached in part two of this report. The company is considered to be credit worthy with an overall score of 41 (any score over 30 is considered to be credit worthy).

8. Legal implications

- 8.1 This report recommends that the single supplier framework agreement be awarded to LMB Textiles Limited and to enter into a call-off contract with the contractor. This is a concession contract, which means that the Council do not pay for the service. The contractor receives payment from a third party. The Council will receive an income from the Contractor over the duration of the contract. The value of the contract falls below the financial threshold, therefore the Concession Contracts Regulations 2016 do not apply.
- 8.1. Concession contracts are still subject to competition in accordance with the Contract Procedure Rules ("CPR"). This framework agreement has been externally and openly advertised as required by the Council's CPR.
- 8.2. The report explains the evaluation approach and process applied to the bid and the reasons for recommending the successful bid for approval. The Invitation to Tender set out that tenderers had to reach specified scores. The process followed, including exclusion of tenderers who did not reach the minimum score, was in compliance with the advertised and required procedures. Once the framework agreement has been awarded and entered into, the Council may enter into a call-off contract for the provision of services with LMB Textiles Limited.
- 8.3. In taking this decision, the Council's public sector equality duty must be taken into account. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of

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its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not.

- 8.4. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 8.5. The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.

9. Equalities implications

- 9.1. The winning contractor has indicated that they will operate with accessible bins. There are no other direct equalities implications arising from this report.

10. Climate change and environmental implications

- 10.1. The Council's environmental objectives are addressed in the contract documentation and are a part of the tender evaluation criteria. By providing this service, the Council will be working towards their wider climate objectives by significantly reducing waste that would otherwise be sent for landfill.
- 10.2. The winning contractor has provided information on how they plan to minimise their carbon footprint with investment in their fleet. Zero waste is sent to landfill as a result of this contract.

11. Crime and disorder implications

- 11.1. There are no direct crime and disorder implications arising from this report.

12. Health and wellbeing implications

- 12.1. This contract allows for the proper disposal of textiles, which would otherwise have no alternative route for disposal. This contract also ensures that zero waste is sent to landfill, aligning with the Council's priorities to deliver a greener Lewisham.
- 12.2. Recycling textiles significantly reduces the amount of waste sent to landfill. Currently, Lewisham send zero waste to landfill and it is imperative that this is maintained wherever possible to adhere to the waste hierarchy and align with the Mayor of London's expectations.
- 12.3. By decreasing the amount of waste sent to landfill, this will significantly impact the

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borough's collective carbon footprint as the textiles are either re-used or recycled. This is a progressive step in working towards a sustainable future for the borough.

13. Social Value implications

- 13.1. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.
- 13.2. Bidders were therefore asked to submit a method statement that has a weighted score of 5%. Bidders needed to demonstrate how the service will contribute to the key social value outcomes, including how the organisation works with the local community and how – where applicable – local employment can be utilised.
- 13.3. Tenderers were asked to complete the employment, skills and business target schedule, indicating the added value in terms of social value they will deliver.
- 13.4. The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Mayoral priorities and deliver added value for the borough as a whole.
- 13.5. Once contracts have been awarded the Social value delivery and monitoring be formally reported on the KPI Performance report.

14. Contract Management Monitoring

- 14.1. A Contract Classification is determined by a combination of the level of contract risk, criticality and financial value. The classification for this contract is Tier 1, requiring a minimum of monthly contract management meetings with the provider and quarterly meetings for output monitoring.

15. Background papers



Textile collection
bring bank service.pdf

15.1.

16. Report author and contact

- 16.1. Luke Ellis
- 16.2. 020 8314 7624 | luke.ellis@lewisham.gov.uk
- 16.3. Comments for and on behalf of the Executive Director for Corporate Resources
- 16.4. Shola Ojo (Strategic Finance Business Partner)
- 16.5. 020 8314 7778 shola.ojo@lewisham.gov.uk
- 16.6. Comments for and on behalf of the Director of Law, Governance and HR
- 16.7. Mia Agnew (Senior Lawyer)
- 16.8. 020 8314 7546 | mia.agnew@lewisham.gov.uk

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