

INVITATION TO TENDER

07 June 2016

Cost of contamination toolkit: Reference 2016/17 - 08

1. Overview

This invitation to tender is issued by the London Waste and Recycling Board (LWARB) ('the Customer') on behalf of the Resource London programme. The tender is for the provision of consultancy services ('the Service Provider') to develop a toolkit which London's waste authorities can utilise to calculate the true cost of contamination of the co-mingled dry recycling stream. This forms part of a wider package of support that Resource London will be providing to London's waste authorities to reduce contamination, improve recycle quality and increase London's recycling rate.

2. Background to Resource London

Resource London is the new, jointly funded support programme for London waste authorities delivered in partnership by the London Waste and Recycling Board and WRAP, the UK's resource efficiency body.

Its primary goal is to help local authorities across London achieve 50% recycling by 2020. The stated objectives of the programme are to:

- achieve the Mayor of London's (current) target that London recycles 50% of local authority collected waste by 2020;
- make an effective contribution to the Mayor of London's (current) CO₂ emissions performance standard; and
- make a significant contribution towards England achieving its 50% household waste recycling target in 2020.

More information about Resource London can be found on our [website](#).

3. Background to the requirement

In 2014-15 London's household recycling rate fell by 0.8 percentage points to 33.1%.

Resource London's local authority support managers met with every London borough and waste disposal authority during 2015/16 to discuss their waste management services and the key challenges they were facing in delivery these. One of the most common service issues cited by each authority was the high contamination of recycle. The recycling stream is being contaminated with both non-targeted recyclables (i.e. those the MRF cannot accept, such as plastic film) and non-recyclable items, such as nappies or food waste.

In early 2016, Resource London conducted a survey with London boroughs, to try and ascertain the financial effect of contamination in the recycle stream, as well as the impact on recycling rates. 15 local authorities and one waste disposal authority responded. Questions asked included what the cost of contamination was to the authorities and how this was calculated as well as how they calculated their contamination rate. It was clear from the information received, that many responders only considered the extra cost of disposal for rejects from the back end of the MRF, rather than the various service and support costs incurred before the waste gets to that point.

There was a distinct lack of consistency on how the authorities measure and record both the cost and the level of contamination. Therefore the actual effect on London's recycling rate and the true financial implication for individual waste authorities is unknown. A summary of the responses is attached in Appendix 2.

In partnership with LROG (the London Recycling Officers Group), Resource London ran a workshop in May 2016 with London's recycling officers to discuss household recycling contamination. This confirmed our assumption that officers do not understand the full costs of contamination.

Hidden costs that had not been considered included:

- Impact on gate fees;
- Loss of recycling income or the increased cost of disposal vs recycling;
- Operational costs;
 - Recycling crews visiting properties, only to leave the container behind as it is contaminated;
 - Refuse crews returning to clear contaminated containers at the kerbside or at flats;
- Communications to contaminators (tags, stickers, postcards, letters, visits, bin removal);
- General communications on contamination/ quality;
- Chasing managing agents;
- Replacing containers for communal settings, either using containers with apertures or even removing recycling containers and replacing them with more residual capacity;
- Rejected load penalties;
- Cost of disposal of rejected loads;
- Corporate costs – levy paid out of one pot but income (or reduced income) paid into another pot;
- Inefficiencies e.g. food waste in the dry means the food waste collection is not running efficiently; and
- Staff time to manage the issue – may include:
 - Contact center
 - Crew supervisors
 - Recycling team

Another issue that came to light was that many officers do not regularly report the issue of contamination to their Members. It may be that they genuinely do not appreciate how much extra it is costing the council for dealing with contamination. If this cost could be better directed it could support greater service improvements.

Resource London is keen to address the issue of high contamination in the household dry recycling stream, with the aim of saving the boroughs money and increasing London's recycling rate. Resource London would like to develop a tool to assist London's waste authorities to calculate what the true cost of contaminated recycle is to the authority and where possible¹ to run a cost benefit analysis of implementing interventions to tackle the issue. The outputs should enable officers to provide elected members with a more accurate calculation of the cost of contamination to the borough and improve the officers' potential to receive funds to implement interventions, with an estimation of the invest to save opportunity.

¹ NB Neither Resource London or WRAP have run any pilots to measure the impact of interventions to tackle contamination. We anticipate this project being able to estimate certain costs of interventions such as communications and crew training.

This project is being developed in partnership with the London Environment Directors Network (LEDNET) and the Local Authority Recycling Advisory Committee (LARAC). Whilst this project is primarily for London's waste authorities, it is envisaged the toolkit will be made available nationwide.

4. The specified requirement

A service provider is required to develop a toolkit to calculate the true cost of contamination in the household recycling stream. The aim of the calculator is two fold:

- i) to calculate the total costs to the service of the recycling stream being contaminated; and
- ii) to estimate the cost of implementing interventions to deal with the issue.

We anticipate the boroughs being able to utilise the tool to evidence a more accurate cost of contamination in order to secure support to deal with the issue. However we are not requesting the Service Provider to develop a toolkit that acts as a service review or is too onerous for users to complete.

The service provider will be expected to work with a steering group (recruited by Resource London) including local authority officers (and representatives from LEDNET and LARAC) to ensure the inputs such as stages where such costs are incurred and cost assumptions are realistic.

5 The project deliverables are:

5.1 Attendance at a project inception meeting with Resource London on Wednesday 29 June 15:00-16:30 at the Resource London's office 169 Union Street, London SE1 0LL or by conference call. This meeting will provide an opportunity to discuss the proposed methodology; outputs; agree timelines; project management; as well as the steering group and workshop.

NB: The Service Provider is to take notes of the meeting and provide them to Resource London within five working days of the above meeting.

5.2 Facilitate a workshop with a small steering group on Tuesday 5 July (room booked 14:00-17:00) to:

- 5.2.1 Discuss all the stages where costs can occur when recycle is contaminated and where applicable, potential intervention measures for each;
- 5.2.2 Agree a final list of stages which should be included in the calculator;
- 5.2.3 Agree which stages should have a generic cost against them for the calculator, and which stages the boroughs should be able to input their own known costs;
- 5.2.4 Discuss how the generic costs will be calculated by the Service Provider; and
- 5.2.5 Agree the final list of interventions and how these will be costed.

The output of the workshop should be consensus on the stages that will be costed up in the model; which stages will contain open fields for the user to input actual costs; and the final list of interventions.

NB The service provide is expected to manage the workshop, but Resource London will recruit the working group. The Service Provider should provide an agenda for this meeting in time for Resource London to disseminate.

5.3 Provide Resource London with the final list of costed stages and interventions to be signed off by the working group. Please allow a two week turn around to coordinate feedback.

5.4 Production of a draft report toolkit. The toolkit should include a user guide and a summary of assumptions for the fixed costs.

5.4.1 We envisage the toolkit to be in Excel format, to be hosted in the resources section of the Resource London website, but available for download if required. However we would welcome alternatives to this suggestion within the tender submission.

5.4.2 At this stage, the Service Provider will facilitate a session with two or three London Boroughs working through the toolkit to test it.

5.4.3 The Service Provider will utilise feedback from this session to make the required improvements to the final toolkit.

5.5 Production of the final toolkit, incorporating feedback from the above session.

5.5.1 The Service Provider will attend a meeting with the steering group to present the final toolkit at Resource London's office.

5.6 Throughout the project the Service Provider shall provide regular project updates by email, telephone or in person (whichever is appropriate at the time of the project) with the Resource London project officer. This will be agreed at the inception meeting.

6 Timetable

The timetable below gives an indicative timeline for this project. Bidders are advised that, with the exception of the tender submission date, this timetable is not binding and may be changed if necessary.

Bidders are asked to note the timescale for delivery and in their tender submission they should set out how they propose to complete the work within this timescale and identify key dates where they would expect input from the Council's project team.

Milestone	Date
Invitation to Tender issued	Wednesday 8 June 2016
Deadline for clarification questions	Midday Thursday 16 June 2016
Tender return deadline	Midday Friday 24 June 2016
Contract signed	By Friday 1 July 2016
Inception meeting	Wednesday 29 June 2016
Steering group workshop	Tuesday 5 July 2016
Submission of assumptions (5.4)	TBC
Testing of draft toolkit (5.5)	TBC
Presentation and submission of final toolkit	September 2016

7. Interface/ Contract management

The main point of liaison between the Service Provider and the Customer will be Beverley Simonson, Local Authority Support Manager, Resource London.

beverley.simonson@resourcelondon.org / 020 7960 3679

8. Quality of Service

The Service Provider shall provide the services in a competent, timely manner in accordance with recognised industry quality standards. The Service Provider shall ensure an adequate supply of suitably qualified and competent personnel are available to fulfil the requirements of the Contract.

9. Delivery Personnel

Resource London requires Bidders to nominate Key Personnel with appropriate skills to perform the service for the duration of the contract.

Bidders shall provide a CV for Key Personnel as part of their submission. The CV shall demonstrate the individual's experience, competence and capability and their role in the project and should be no more than 3 pages.

The Service Provider shall ensure any changes to the Key Personnel be undertaken with minimal negative impact to the service and at no additional cost to Resource London.

Resource London may at its discretion request that the Service Provider remove and replace any Key Personnel from the service that Resource London considers in any respect unsatisfactory in the delivery and performance of the contract. Resource London shall not be liable for the cost of replacing any Key Personnel.

Bidders may include other specialists ("Sub-contractors") in their Delivery Teams. However, the Service Provider will remain entirely responsible for the performance of the service. Such Sub-contractors must act in accordance with the terms and conditions of the contract entered into between LWARB and the Service Provider.

10. Submissions

Bidders are requested to submit:

- Details of their suitability to fulfil the contract, how the contract is to be managed and their approach to delivering the required specification within the timeline indicated in 6 above. To include examples of relevant project experience, in particular experience of developing toolkits. Bidders should also include a brief description of how they anticipate the toolkit will look like and the users' experience. **Maximum 10 sides of A4** (excluding project experience and CVs which can be included as an Appendix).
- Details of the personnel comprising the Delivery Team, including CVs (should be no more than 3 pages) and a description of their role in delivering the contract
- A Pricing Schedule giving day rates and anticipated number of days for nominated personnel (see Appendix 1) to **include VAT and expenses**.

Bids must be submitted by 12:00 midday on Friday 24 June 2016 with the reference "LWARB tender: 2016/17- 08"

11. Contract

The contract will be let by the London Waste & Recycling Board, as the contracting organisation.

The following special terms shall apply:

Travel and Expenses

All fees shall be inclusive of any travel and subsistence incurred to locations in Greater London.

Where additional expenses* are incurred, the following rates will apply:

SUBSISTENCE	
Hotel accommodation	Value for money must be sought at all times. Cost should not exceed £200 per night in Greater London and £175 per night elsewhere. Extras such as newspapers, minibar costs and entertainments will not be reimbursed. Prior approval should always be sought before hotel stays are booked.
TRAVEL	Actual costs incurred only may be claimed.
Public Transport (Train, tube, tram, bus, light rail)	Rail travel must be standard class. Upgrades to First Class travel may be paid personally but are not reclaimable.
Taxis	Taxis are only to be used in exceptional circumstances when other public transport is unavailable or impractical Actual costs only may be claimed.
Mileage	You can only use your car where reasonable public transport is not available and you have a valid business insurance cover. HMRC approved rates are applied

**additional expenses to be agreed with Resource London prior to being incurred.*

12. Evaluation

Resource London must be satisfied that each potential contractor has the appropriate capabilities and resources available to undertake the work to our requirements and provide the necessary services. The process we use to select contractors is a competitive one. Your tender submission will be evaluated by both Resource London and steering group member(s) by looking at the following criteria:

Evaluation criteria	Weighting
Price ²	30%
Methodology including a demonstration of the understanding of the project objectives and requirements; an approach and timeline that will deliver	35%
Authority of allocated personnel, their skills and technical capability including that of options modeling for local authority household waste collections.	25%
Project management including evidence of managing multiple stakeholders	10%

Scoring	
Outstanding - cannot be faulted	100
Excellent	90
Very good	80
Good	70
Above average	60

² This will be assessed by deviation from the lowest compliant tender

Average	50
Below average	40
Poor	30
Very poor	15

Responses will be evaluated based on written submissions, but in the event of a high response rate and numerous submissions, a shortlist of two or three Service Providers will be drawn up and presentations required. These presentations will not ask for any additional development, but rather a face-to-face presentation of your submission.

13. Acceptance of bids

In issuing this invitation to bid, Resource London is not bound to accept the lowest or any bid and reserves the right to accept the whole or any specified part of the bid unless the bidder expressly stipulates otherwise.

Resource London will not enter into discussion with non-selected potential suppliers, or justify its decision. Potential suppliers are deemed to have accepted these conditions by the act of submitting their quote. The selected preferred supplier cannot assume they have been granted the contract until a formal contract is signed.

14. Period for which bids shall remain valid

Unless otherwise stipulated by the bidder, bids shall remain valid for 30 days from the closing date for receipt of tenders.

Appendix One Pricing Schedule

Specification for the provision of consultancy services Ref 2016/17 - 08

An example breakdown table is shown below. Whilst this format is not mandatory, the breakdown you provide should include at least this information. Provide the breakdown as a separate Excel spreadsheet file in addition to a static form in your main tender document.

Role:	Project Director	Project Manager	Senior Consultant	Consultant	Junior Consultant	Total days	Total cost
Name:	Joe Bloggs	John Smith	Name	Name	Name		
Day rate (incl VAT):	£850	£720	£650	£520	£420		
Task							
<u>Project Management</u>							
Initiation meeting	1	1				2	£1,570
Monthly progress reports		20				20	£14,400
Quarterly meetings	6	6				12	£9,420
<u>Task 1 - Scoping</u>							
Develop delivery plan			3			3	£1,950
....						0	
Total days	7	27	3	0	0	37	
Total Fees	£5,950	£19,440	£1,950	£0	£0		£27,340
						Expenses incl. VAT	£0

Please ensure all day rates are inclusive of VAT and inclusive of travel costs to and within Greater London.

Bidders should provide their best estimate of total price to deliver the specification outlined in 3 and 4 based on the day rate and days input for each of the nominated personnel.

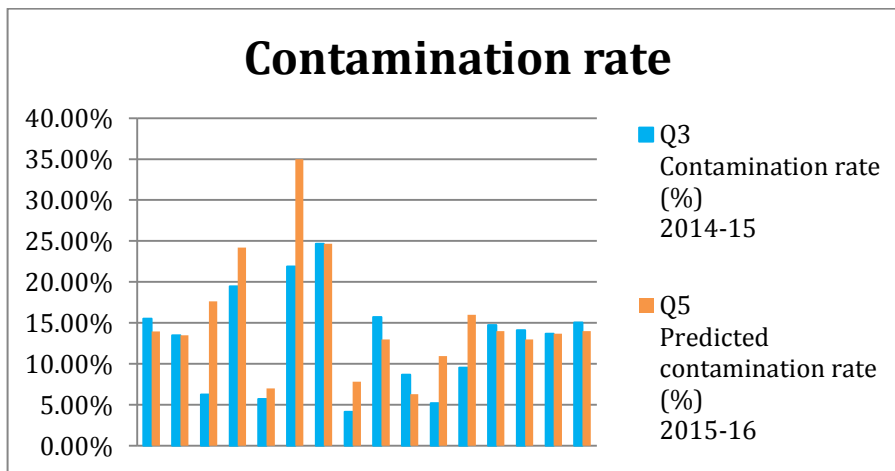
Appendix two – key findings from the London wide borough contamination survey

Contamination Data – Survey Key Facts

In early 2016 Resource London sent out a contamination survey to all London Waste Authorities and 16 responded. Resource London wanted to get a better picture of the levels of contamination, trends and its impact on recycling rates and budgets. The results of the survey are detailed below.

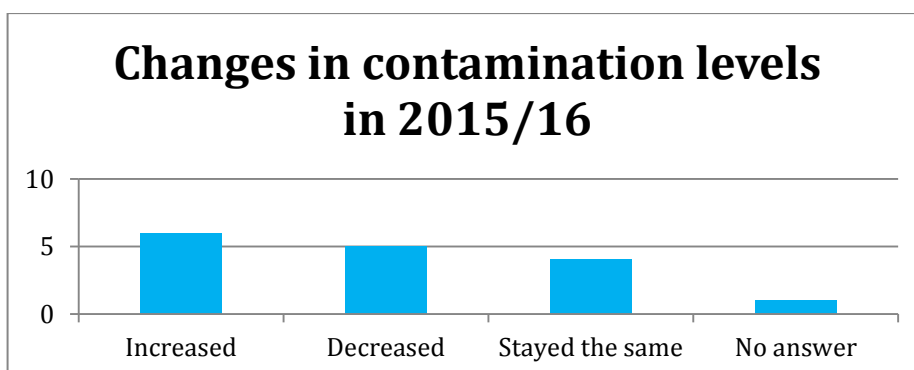
Contamination rate

- All respondents were able to provide the contamination rate for their authority for 2014/15 and predictions for 2015/16; however only 5 out of 16 were able to break it down further into % non-target recyclable, % reject, tonnage of front end reject and % of loads rejected.



It is evident from the data gathered that the contamination rate varies greatly from one authority to the other. The average contamination rate among respondents is 13% for 2014/15 and 15% for 2015/16, with the highest for 2014/15 being 24.7% and 35% for 2015/16.

- All respondents operate a fully co-mingled collection.
- The majority of respondents have observed a change in the amount of contamination 2015/16.



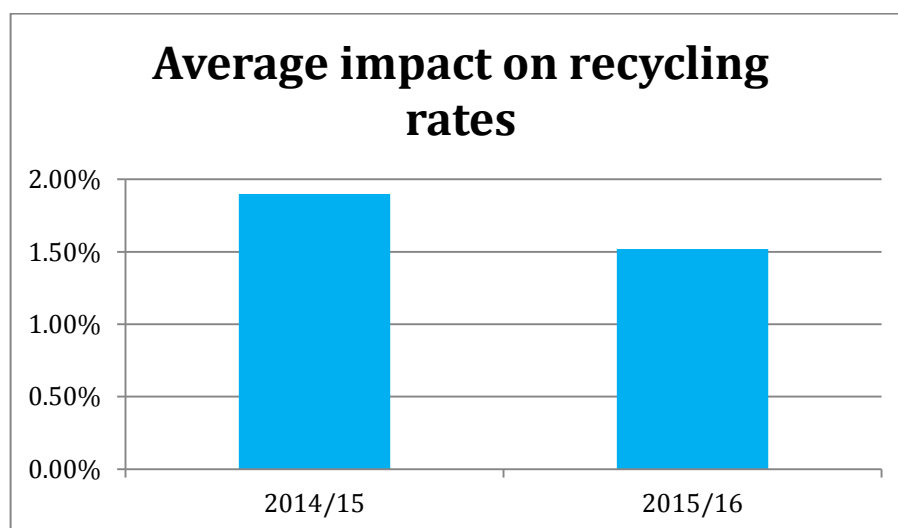
The majority of the authorities (9 out of 16) forecast either a decrease or no changes to their contamination rate for 2015/16.

Factors that impact on contamination rate

- The majority of respondents do not consider changes in MRF(s)/MRF contracts or the input specification to impact on their contamination rate.
- The majority of respondents felt that the implementation of the Environmental Permitting Regulations (MRF Code of Practice) had no impact on their contamination rate.
- High density and high transient areas are the ones authorities identify as the worst for contamination. These factors seem to have a bigger impact on contamination than changes in contracts or regulations.

Impact on recycling rate

- 12 respondents out of 16 were able to provide the impact of contamination on their recycling rate.



Impact on recycling rates varies from 0% up to 4.8% both for 2014/15 and 2015/16.

- 6 respondents provided an explanation of how the impact on recycling rate was calculated. The main methodology involves subtracting the amount of tonnages rejected by the MRF from the tonnages delivered to the MRF. Obviously this does not take into account the recycling containers rejected at collection point by the crew.

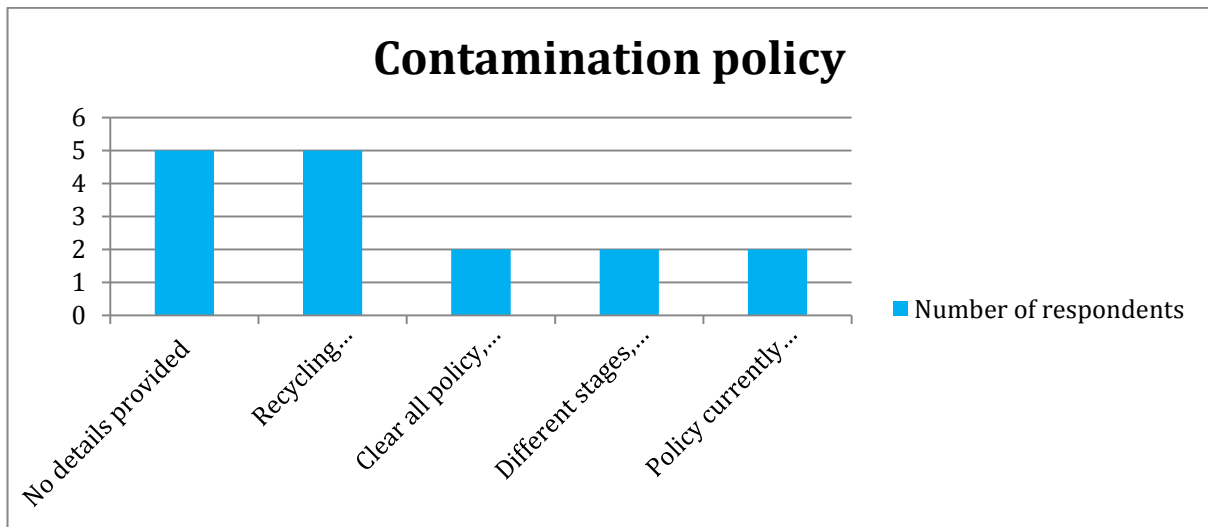
Financial implications of contamination

- Costs to authorities varies from no costs at all up to figures of about £360K pa.
 - Some authorities will pay fines to their MRF, others will have their income from the sales of recyclates reduced, others will pay the disposal gate fees in addition to the MRF gate fees.
 - Some MRFs will take on the risk of contamination or will only issue fines if the contamination levels go over a certain agreed percentage.
 - It is evident from the results of the survey that there is no common thread on how the contamination rate translates into costs to the authorities.
- Authorities also calculate the contamination costs in different ways, however the majority of them stated that their contamination costs are taken care of by the MRF.
- Contamination costs are calculated by:
 - Subtracting residual gate fees from MRF gate fees.
 - Subtracting standard gate fees from higher gate fees (these vary depending on level of contamination).

- Taking into account MRF gate fees only as the disposal costs would have been paid anyway.
- Adding up the amount of fines issued by the MRF.
- No authority considers the additional costs of picking up the recycling containers rejected at collection point in their calculations.
- Only 6 out of 16 respondents stated that they do budget forecasts for contamination costs.

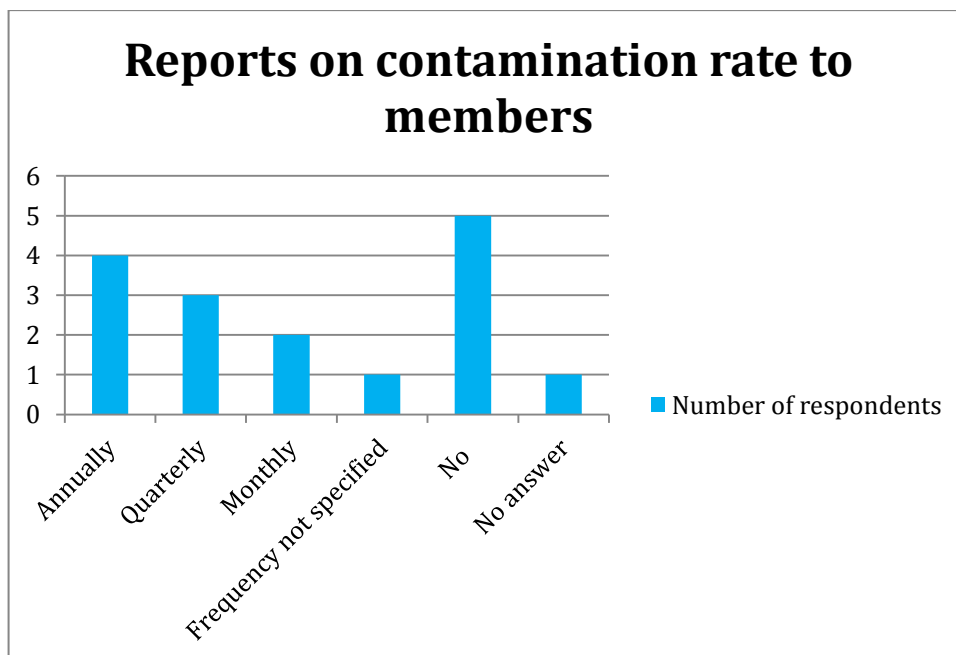
Contamination policies

- Contamination policies vary among the respondents but the most common involves the rejection of recycling containers at collection point.



Members involvement

- The majority of the authorities report their contamination rate to members.



- The minority of the authorities report the financial impact of contamination to their members.

Reports contamination costs to members

