

Finance and Resources Committee

10.00am, Thursday, 28 September 2017

Framework Agreement – Reception, Handling and Transfer of Waste

Item number	7.8
Report number	
Executive/routine	
Wards	All wards

Executive Summary

This report seeks the approval of the Committee to appoint four Suppliers to a Framework Agreement for the Reception, Handling and Transfer of Waste for a period of 13 months with the option to extend for a further 12 months subject to when the Council's new waste facility becomes operational. The estimated value is £2,982,714.

Framework Agreement – Reception, Handling and Transfer of Waste

1. Recommendations

- 1.1 It is recommended that the Committee approves the appointment of the following Suppliers to a Framework Agreement (Framework) for the Reception, Handling and Transfer of Waste for a period of 13 months from November 2017 with the option to extend up to a further 12-month period to:
- Viridor Waste Management Ltd;
 - Biffa Waste Management Ltd;
 - NWH Group; and
 - William Tracey Group.

2. Background

- 2.1 The Council has a statutory obligation under Section 45 of the Environmental Protection Act 1990 to provide a collection and disposal service for domestic waste generated by residents. In addition, the Council has three Community Recycling Centres where residents can deposit recyclable and residual domestic waste.
- 2.2 Following the unforeseen closure of the Powderhall Waste Transfer Station in November 2016, the Council's Waste and Cleansing Services put in place temporary arrangements to ensure continuity of service and allow an appraisal of Powderhall to be carried out.
- 2.3 These temporary arrangements were approved by the Finance and Resources Committee on 23 February 2017 pending this formal procurement process.
- 2.4 It is currently anticipated that the Millerhill Zero Waste Project Energy from Waste facility (Millerhill EfW) will begin to accept the Council's waste in October 2018 and be fully operational in December 2018, at which time the requirements of this Framework will cease. Should the opening of the Millerhill EfW be delayed, a period of extension will be considered.
- 2.5 Prior to Millerhill EfW becoming operational, the Council intends to develop waste transfer stations at Seafield in the East of the city and at Bankhead in the West. It is anticipated that the Seafield site will be operational in May 2018 and Bankhead in September 2018; the combined capacity of these two sites is expected to be sufficient to accommodate the handling and transfer of all the City's landfill waste.

However, so long as waste continues to be transported to Dunbar landfill, there may be a requirement for Framework Supplier's haulage of waste from Seafield/Bankhead to Dunbar up to December 2018 (though the requirement for transfer and handling facilities will have ceased). The specification includes a caveat to that effect.

- 2.6 The Framework will last for a period of 13 months (from November 2017 to December 2018) with the option to extend for up to a further 12 months (to December 2019) and will provide reception, bulking and transportation of an estimated 115,000 tonnes of municipal solid waste annually to landfill at Dunbar or any such other site as the Council nominates during the contract period.
- 2.7 The Framework was advertised with an estimated total value of £2m (for the full contract period and optional extension) considering historic pricing and tonnages. To maximise capacity needed the Framework was set to accept up to five Contractors.
- 2.8 The outcome of the appraisal of Powderhall is the subject of a separate report.

3. Main report

- 3.1 On 17 June 2017, Commercial and Procurement Service published a contract notice on the Public Contracts Scotland portal and the Official Journal of the European Union inviting interested parties to bid for inclusion on a Framework for the Reception, Handling and Transfer of Waste.
- 3.2 A total of four tenders were submitted through the portal by the closing date on 21 July 2017. A summary of the procurement process is detailed at Appendix 1 - Summary of Tendering and Tender Evaluation Processes.
- 3.3 All tenderers met the contract specific mandatory criteria, including level of insurance, licences and permits related to waste and pollution controls, planning permissions and other key contractual requirements.
- 3.4 Following completion of the quality analysis, Tenders were subject to a cost analysis designed to establish the estimated full price of Tenders (by applying tendered prices to a published scenario). Further due diligence was undertaken on low scoring Tenders to ensure specification requirements were met.
- 3.5 A cost/quality ratio of 70/30 was then applied with a 30% quality ratio applied to the weighted quality scores. The lowest priced bid was then allocated the 70% cost ratio with all other bids scored on a prorated basis against the lowest bid. Scores from the quality analysis were then combined with the scores for the cost analysis to establish a combined score for each Tender submission as follows:

Company	Price Score (Weighting 70%)	Quality Score (Weighting 30%)	Total Score (Weighting 100%)
Viridor Waste Management Ltd	70	25.88	95.88
Biffa Waste Services Ltd	63.37	24.38	87.75
NWH Group	57.82	14.63	72.45
William Tracey Group	52	13.13	65.13

3.6 The contracts awarded will have fixed tonnage rates for the duration of the requirement. Cost, location, capacity and operating hours will be considerations when allocating business through the Framework.

4. Measures of success

- 4.1 Formally awarding these contracts will enable the Council to:
- comply with its obligations under the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016;
 - successfully maintain uninterrupted services to residents and Council buildings; and
 - meet its statutory obligation under the Environmental Protection Act 1990 “to provide a collection and disposal service for domestic waste generated by residents”.

5. Financial impact

- 5.1 By applying tendered prices to historical data (tonnages and proportion of waste currently handled by each Supplier) it is estimated that the total estimated Framework value for the full contract period including optional extension is £2,982,714.
- 5.2 It should be noted that there will be some variation in the outcome costs dependent on operational patterns, tonnages and the proportion of waste handled by each Supplier during the Framework period.
- 5.3 The contract costs will be met from the Service Area’s waste disposal budget.
- 5.4 The tendered prices offered for waste handling ranged from £6.50 to £11 per tonne and for haulage from £9 to £13 per tonne, which is consistent with market rates.

- 5.5 The costs associated with procuring this contract are estimated at between £10,000 and £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 Were the services to be disrupted the Council would risk:
- failure to meet its statutory obligation under the Environmental Protection Act 1990;
 - Significant additional cost in transporting waste directly to the Council's contracted landfill site; and
 - reputational damage.
- 6.2 The risks of disruption to the services will be mitigated through the appointment of the recommended suppliers to deliver the services concerned.

7. Equalities impact

- 7.1 No equalities or rights impacts have been identified in relation to this report.

8. Sustainability impact

- 8.1 Were the services to be disrupted the sustainability impact would be:
- waste collection vehicles would be required to deliver waste directly to the contracted landfill site in Dunbar which would result in significant additional road mileage and vehicle emissions; and
 - an increased number of vehicles would be required to continue to provide the same level of service to residents.
- 8.2 Community Benefits to be delivered include the employment of modern apprentices in the Edinburgh area and the delivery of an educational programme in local schools with a view to influencing children's attitude towards waste and recycling.

9. Consultation and engagement

- 9.1 Waste and Cleansing Services are the Lead Authority on the Edinburgh and Midlothian Councils Zero Waste Project and will continue to engage to inform Council contract needs.

10. Background reading/external references

- 10.1 Report to the Finance and Resources on 23 February 2017 entitled Waiver – Transfer of Waste. (B agenda)

Paul Lawrence

Executive Director of Place

Contact: Andy Williams, Waste and Cleansing Manager

E-mail: andy.williams@edinburgh.gov.uk | Tel: 0131 469 5660

11. Appendices

Appendix 1 - Summary of Tendering and Tender Evaluation Process

Contract	Framework Agreement for the Reception, Handling and Transfer of Waste - CT2186
Contract Period (including extensions)	13 months + 12-month optional extension
Estimated Value	The Framework has a total estimated value of £2,982,714 (for the total contract period including possible extensions).
Contract Standing Orders Observed	<p>3.1 - Director retains responsibility for selecting and appointing suppliers for their directorate, but shall seek guidance as appropriate from the Chief Procurement Officer.</p> <p>5.1 - Tenders evaluated on the basis of most economically advantageous and best price-quality ratio.</p> <p>5.3 - Tenders evaluated by a tender evaluation panel comprising officers with sufficient knowledge and technical ability to enable them to evaluate detailed tenders appropriately.</p>
Advertising Portal	Public Contracts Scotland
EU Procedure Applied	Open
Notes of Interest	13
Tenders Returned	Four
Recommended Suppliers	<ul style="list-style-type: none"> • Viridor Waste Management Ltd • Biffa Waste Management Ltd • NWH Group • William Tracey Group
Primary criterion	Most economically advantageous tender
Evaluation criteria and weightings and reasons for this approach	<p>The Service Area determined that a 70/30 cost/quality ratio should be applied considering the importance of delivering value for money and that Suppliers of these services are required to meet mandatory licensing criteria and to this extent are already quality controlled by the licensing body SEPA.</p> <p>The quality element of the scoring was broken down as follows:</p> <ul style="list-style-type: none"> • Delivery of the Contract - 25% weighting

	<ul style="list-style-type: none"> • Availability of Resources - 25% weighting • Reporting, Monitoring and Collaboration - 15% weighting • Staff, Training and Supervision - 10% weighting • Quality Assurance - 10% weighting • The Environment - 5% weighting • Fair Work Practices - 5% weighting • Community Benefits - 5% weighting
Evaluation Panel	Officers from Waste and Cleansing Services