

Finance and Resources Committee

10.00am, Thursday, 21 January 2021

Contract Award for the Transfer of Waste to Disposal Outlets

Executive/routine	Executive
Wards	All
Council Commitments:	18 and 25

1. Recommendations

- 1.1 This report requests Finance and Resources Committee:
- 1.1.1 approve the appointment of NWH Waste Limited and Enva Scotland Limited to the Framework Agreement for the Transfer of Waste to Disposal Outlets for an initial period of two years and seven months, with options to extend for two further periods of up to 12 months each; and
 - 1.1.2 approve the commencement of the Framework on 1 May 2021, at a total maximum estimated cost of £4,044,516.

Paul Lawrence

Executive Director of Place

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Contract Award for the Transfer of Waste to Disposal Outlets

2. Executive Summary

- 2.1 This report seeks approval to appoint NWH Waste Limited and Enva Scotland Limited to the Framework Agreement for the Transfer of Waste to Disposal Outlets, to commence on 1 May 2021 for an initial period of two years and seven months, with options to extend for up to two further periods of 12 months each, at a total maximum estimated cost of £4,044,516.

3. Background

- 3.1 The City of Edinburgh Council has a requirement to transfer of dry mixed recyclates and general waste materials arising to appropriate disposal outlets.
- 3.2 The Council has a statutory obligation to ensure all waste is processed in an efficient and ethical manner. The Council does not have the resources and infrastructure to carry out the processing and recycling of this waste stream 'in house' and so appropriate contractors are required to haul the waste to licensed disposal outlets in line with Council policy.
- 3.3 The current Framework arrangement has already been extended and is scheduled to end on 30 April 2021.

4. Main report

- 4.1 No suitable framework currently exists and so Commercial and Procurement Services (CPS) conducted a new 'Open' procurement exercise in order to establish a framework consisting of two Lots (namely 'Edinburgh East' and Edinburgh West') specifically for this purpose and identify appropriate contractors.
- 4.2 Although the general supply market for haulage contractors is relatively buoyant, market analysis confirmed that only a handful of contractors currently operating in the Edinburgh area are active in the waste sector.
- 4.3 It had been hoped that up to four contractors would be appointed to each Lot of the framework but only two tender bids were received for each.

- 4.4 Tenders were evaluated on the basis of Most Economically Advantageous Tender (MEAT). In the case of Quality, tenderer's responses to a total of eight question topics were evaluated and scored. In the case of price, tenderers were evaluated and scored on the basis of proposed prices in respect of a range of three specified journeys for each Lot. Appendix 1 provides a breakdown of the various weightings applied.
- 4.5 Increasingly stringent national and international environmental policies and legislation relating to the transfer, disposal and recycling of waste materials has put pressure upon the market and has inevitably impacted the costs for these services.
- 4.6 As a result of the Household Recycling Charter developed jointly by the Scottish Government and COSLA, it is possible that future policies may impose even stricter requirements.
- 4.7 The specification requirements and contract terms and conditions stipulated that contractors must ensure appropriate insurance arrangement (including Employers' Liability Insurance, Public and Products Liability Insurance and Third Party Motor Vehicle Liability Insurance) are in place and maintained throughout the duration of their appointment to the framework.
- 4.8 The Driver and Vehicle Standards Agency (DVSA) is involved in general regulation of the haulage industry, with additional regulation and 'policing' of hauliers involved in the waste industry sector by the Scottish Environment Protection Agency (SEPA), thus ensuring only appropriately qualified contractors are permitted to operate in the market. Therefore, taking these factors into account and with the intention of securing best value for money, a cost:quality ratio of 60:40 was deemed appropriate.
- 4.9 The table below shows details of the weighted scores awarded to each tender:

	Tenderer	Cost (Max. 60%)	Quality (Max.40%)	Total	Ranking
Lot 1	NWH Waste Limited	60.00	29.30	89.30	1
	Enva Scotland Limited	50.67	34.50	85.17	2
Lot 2	NWH Waste Limited	60.00	29.30	89.30	1
	Enva Scotland Limited	50.75	34.50	85.25	2

- 4.10 The tenderers are to be appointed to each Lot of the framework in ranking order, with subsequent contracts for delivery of the service allocated accordingly. If, for any reason, the first ranked contractor is not in a position to handle the Council's requirements at that time, the second ranked supplier would be offered the contract.
- 4.11 However, it is important to note that the quality of service provided by contractors will be closely monitored and managed on an ongoing basis. In the event of any

consistently poor performance, the offending contractor will be 'relegated' in the ranking for that Lot, with subsequent work offered to the 'promoted' contractor.

- 4.12 Both NHW Waste Limited and Enva Scotland Limited are the incumbent contractors on the current Framework.

5. Next Steps

- 5.1 Subject to approval, the services will commence on 1 May 2021 and will assist the Council in meeting its statutory obligations with regards to the treatment and disposal of waste materials.
- 5.2 The Contracts and Grants Management team (CAGM) will engage with the Waste and Cleansing service Contract Manager to ensure that effective contract management is delivered throughout the contract lifecycle. A Contract Management and Handover Report, detailing the necessary steps and measures, will be produced and agreed. It is envisaged that proactive contract management (to include robust monitoring of all appropriate management information, key performance indicators and budget tracking) will help deliver an effective and efficient service for the city of Edinburgh throughout the duration of the contact.

6. Financial impact

- 6.1 The maximum anticipated contract value is estimated at £4,044,516 over the maximum contract period (i.e. including potential extensions). These costs will be met from the Waste and Cleansing service budget.
- 6.2 Prices tendered by the number 1 ranked contractor represent average savings of 8.6% and 5.9% in respect of Lots 1 and 2 respectively. However, although prices tendered by the number 2 ranked contractor in respect of Lot 2 are unchanged compared to current rates, their prices in respect of Lot 1 represent an average increase of 10%.
- 6.3 The costs associated with procuring the proposed contract are estimated to be between £10,000 and £20,000.

7. Stakeholder / Community Impact

- 7.1 In common with all contractors in this market sector, NWH Waste Limited and Enva Scotland Limited are regulated and licenced by DVSO and SEPA to ensure compliance with strict requirements on health and safety, environmental governance and regulatory requirements.
- 7.2 The framework award will assist with realisation of Council Commitment numbers 18 (to "improve Edinburgh's air quality and reduce carbon emissions") and 25 (to "increase recycling to 60% from 46% during the lifetime of the administration").

- 7.3 Both of the recommended contractors have undertaken to provide appropriate Community Benefits, amounting to the value of 1% of the cumulative total value of their contracts. Examples of project benefits offered include community engagement events, working with schools to offer work experience and/or educational and professional advice, and free organic compost for community garden projects.
- 7.4 Both recommended contractors have also confirmed that they intend pay workers (including any agency or sub-contractor workers) the Real Living Wage.
- 7.5 The procurement process followed is compliant with all relevant regulations as well as the Council's Contract Standing Orders. The risk of legal challenge relating to this procurement has therefore been minimised.

8. Background reading/external references

- 8.1 [The proposed service will contribute to the success of Council Commitments 18 and 25](#)

9. Appendices

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Transfer of Waste to Disposal Outlets - ref: CT0819	
Contract period (including any extensions)	Maximum of 4 years 7 months - initial period of 2 years 7 months, with options to extend for up to 2 additional periods of 12 months each.	
Estimated Maximum Anticipated Contract Value (inc. extensions)	£4,044,516	
Procurement Route Chosen	Open Procurement exercise	
Tenders Returned:	Lot 1	Lot 2
	2	2
Recommended Contractors (in ranking order):	Lot 1	Lot 2
	1. NWH Waste Limited 2. Enva Scotland Limited	1. NWH Waste Limited 2. Enva Scotland Limited
Price / Quality ratio	Price 60%	Quality 40%
Price / Quality ratio rationale	DVSA is involved in general regulation of the haulage industry, with additional regulation and 'policing' of hauliers involved in the waste industry sector by SEPA, thus ensuring only appropriately qualified contractors are permitted to operate in the market. Therefore, taking these factors into account and with the intention of securing best value for money, a cost:quality ratio of 60:40 was deemed appropriate.	
Evaluation criteria and weightings	Price	60%
	Quality , of which: 1. Delivery of The Contract 2. Availability of Resources 3. Reporting, Monitoring & Collaboration 4. Staff, Training and Supervision 5. Quality Assurance 6. The Environment 7. Fair Work Practices 8. Community Benefits 9. Fair Work Management Information	40% 25% 25% 15% 10% 10% 5% 5% 5% n/a – for information only
Evaluation Team	Three officers from the Waste and Cleansing Service.	