

Finance and Resources Committee

10.00am, Thursday, 20 May 2021

Contract Award Recommendations Report in respect of 'Receipt and Composting of Garden Waste'

Executive/routine	Executive
Wards	All
Council Commitments:	25

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 approves the award of contract to Forth Resource Management Limited in respect of the 'Receipt and Composting of Garden Waste' and;
 - 1.1.2 approves the commencement of the contract on 1 July 2021 for an initial period of two years, with options to extend for up to two further periods of 12 months each, at a total estimated cost of £2,400,000.

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Executive Director of Place

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Report

Contract Award Recommendations Report in respect of 'Receipt and Composting of Garden Waste'

2. Executive Summary

- 2.1 This report seeks approval to award the contract for 'Receipt and Composting of Garden Waste' to Forth Resource Management Limited, to commence on 1 July 2021 for an initial period of two years, with options to extend for up to two further periods of 12 months each, at a total estimated cost of £2,400,000.

3. Background

- 3.1 The City of Edinburgh Council has a requirement for the receipt and composting of garden waste.
- 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 infrastructure to carry out the processing and recycling of this waste stream 'in house' and so an appropriately licenced contractor is required.
- 3.3 As part of the procurement process it was considered whether, as a longer-term plan, the Council could process their own, and perhaps other local authorities', garden waste into compost to generate income. This might be achieved by setting up an Arms Length External Organisation (ALEO) to run as a commercial operation, however further financial analysis would be required to evaluate the viability in terms of the potential returns versus infrastructure, setup and operating costs.
- 3.4 In the case of this procurement, the successful contractor will carry out receipt, processing and composting of garden waste with the purpose of extracting all compostable material. This is in line with Council policy and the Garden Waste scheme.

4. Main report

- 4.1 Rather than conducting a new 'Open' procurement exercise, Commercial and Procurement Services (CPS) utilised Scotland Excel's Organic Waste Framework Agreement for this procurement. This approach is expedient and cost effective.

- 4.2 The Organic Waste Framework was established in 2016 and is comprised of three lots, Lot 2 of which relates specifically to the treatment and processing of garden waste. At the point at which tenders were invited, Scotland Excel had appointed a total of eight contractors to Lot 2. Prior to their appointment, all contractors were 'pre vetted' in order to ensure they satisfy the requirements necessary for the delivery of these services, including licencing by the Scottish Environmental Protection Agency (SEPA) in respect of Planning Consents, Waste Management Licences, Waste Carrier Licences etc., and Police Scotland checks regarding any known associations with serious organised crime groups.
- 4.3 The Council has a requirement to limit the number of miles travelled to deliver the garden waste to a contractor for processing. On this basis, the proximity of the contractors' facility to Council Household Waste Recycling Centres (HWRCs) played a role in identifying their suitability, along with the rates for the processing the material. Of the eight contractors appointed to the Scotland Excel framework, only two are within 30 miles of the Edinburgh area with one contractor being 28.6 miles from the city centre and the other having not one but two reception points within seven miles of the city, the latter being the incumbent. The two reception points allow W&CS operations to optimise their routes city-wide with positive impact to miles travelled and the time taken to complete the routes. Thus, there would be significant impact to W&CS operations if Council vehicles do not have access to two reception points for garden waste deliveries.
- 4.4 The analysis carried out demonstrates that direct award to the geographically closer of the two, Forth Resources Management Limited, is appropriate as the only other option is operationally and financially non-viable. Direct award is permissible under the Scotland Excel framework on the basis of proximity. Additionally, the intended contractor also has lower processing rates for the garden waste material. It should be noted that Forth Resource Management Limited are the incumbent.
- 4.5 While the Scotland Excel framework documentation sets out wider requirements related to the processing of organic waste, a specification, tenderers submission and pricing schedule specific to the requirements of the Council were drawn up, along with instructions for completion, and issued to Forth Resource Management Limited via Public Contracts Scotland.
- 4.6 The evaluation exercise took account of both the Quality and the Price of Forth Resources Management Limited's tender submission. In the case of Quality, responses to a total of five questions/topics were evaluated on a pass/fail basis. In the case of Price, the submission was evaluated on the basis of proposed prices per tonne in respect of receipt and treatment of the waste, inclusive of any 'Gate Fees' chargeable. It should be noted that Forth Resource Management Limited achieved a pass on all set Quality criteria. Appendix 1 provides a breakdown of the Quality and Price criteria.
- 4.7 Increasingly stringent national and international environmental policies and legislation relating to the disposal and recycling of waste materials has put pressure upon the market and has inevitably impacted the costs involved.

- 4.8 As a result of the Household Recycling Charter developed jointly by the Scottish Government and COSLA, future policies may impose even stricter requirements in terms of the content and volume of disposable waste.

5. Next Steps

- 5.1 Subject to approval, the services will commence on 1 July 2021 and will enable the Council to meet its statutory obligations with regard to the treatment and disposal of this waste stream.
- 5.2 The Contracts and Grants Management team (CAGM) within CPS will engage with the Waste and Cleansing 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 throughout the duration of the contact.
- 5.3 As Forth Resource Management Limited are the current incumbent, a relatively seamless contract implementation is anticipated.

6. Financial impact

- 6.1 The contract value is estimated at £2,400,000 over the maximum contract period (i.e. including potential extensions). This can be met from the existing Waste and Cleansing budget.
- 6.2 The waste industry is heavily regulated and 'policed' by SEPA, ensuring only appropriately qualified organisations are permitted to operate in the market. All contractors have also successfully undergone a pre-vetting process prior to their appointment to the Organic Waste Framework by Scotland Excel. Furthermore, the financial analysis carried out demonstrates Forth Resource Management Limited are the only viable option both in terms of having the lowest rates and their proximity to the Council operations.
- 6.3 The costs associated with procuring the proposed contract are estimated to be up to £10,000.

7. Stakeholder/Community Impact

- 7.1 In common with all contractors in this market sector, Forth Resource Management Limited are regulated and licenced by the SEPA to ensure compliance with strict requirements on health and safety, environmental governance and regulatory requirements.

- 7.2 The award of contract will help ensure that Council Commitment 25 (to “increase recycling to 60% from 46% during the lifetime of the administration) is realised.
- 7.3 The Sustainable Procurement Policy was considered and applied through the request of community benefits. Forth Resource Management Limited will be required to deliver Community Benefits in line with the value of work awarded by the Council; benefits to be delivered will be agreed at the contract commencement and monitored throughout the life of the contract by the contract manager.
- 7.4 Forth Resource Management Limited, while not currently accredited, have stated they pay all staff the Real Living Wage and they will sign up to the Scottish Living Wage prior to contract commencement. They have also stated they do not use zero hours contracts, that they have and enforce an equal opportunities policy, train and develop their staff and are committed to protecting the environment.
- 7.5 The close proximity of Forth Resource Management Limited will be beneficial in minimising vehicular emissions.
- 7.6 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](#).

9. Appendices

- 9.1 Appendix 1 – Summary of the Procurement Process.

Appendix 1 - Summary of the Procurement Process

Contract	Receipt and Composting of Garden Waste - ref: CT0882		
Contract period (including any extensions)	Maximum of 4 years - initial period of 2 years, with options to extend for up to 2 additional periods of 1 year each.		
Estimated Net Contract Value (incl. extensions)	£2,400,000.		
Procurement Route Chosen	Direct Award utilising Lot 2 of the Scotland Excel Organic Waste Framework (ref: 0816)		
Tenders Returned	1		
Recommended Supplier	Forth Resource Management Limited		
Supplier Submission			
Price Criteria	A. Cost per tonne for the receipt and composting of garden waste	B. Cost per tonne for treatment of contaminated material	
Quality Question Criteria	1.	THE ENVIRONMENT	Pass/Fail Result: Pass
	2.	CONTRACT MANAGEMENT	Pass/Fail Result: Pass
	3.	LICENSING / REGULATION	Pass/Fail Result: Pass
	4.	COMMUNITY BENEFITS	Pass/Fail Result: Pass
	5.	FAIR WORK PRACTICES	Pass/Fail Result: Pass
	6.	BUSINESS CONTINUITY - COVID-19	Information only
	7.	FAIR WORK MANAGEMENT INFORMATION	Information only
Evaluation Team	3 officers from Waste & Cleansing Services		