

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Contract Award Recommendations in respect of 'Receipt and Processing of Dry Mixed Recyclates'

Executive/routine	Executive
Wards	All
Council Commitments:	25

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1 Approves the award of contract in respect of the 'Receipt and Processing of Dry Mixed Recyclates'; and
 - 1.1.2 Approves the commencement of the contract on 29 November 2020 for an initial period of three years, with options to extend for up to two further periods of twelve months each, at a total estimated net cost of £7,875,000.

Paul Lawrence

Executive Director of Place

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Contract Award Recommendations in respect of 'Receipt and Processing of Dry Mixed Recyclates'

2. Executive Summary

- 2.1 This report seeks approval to award the contract for 'Receipt and Processing of Dry Mixed Recyclates' to Biffa Waste Services Limited, to commence on 29 November 2020 for an initial period of three years, with options to extend for up to two further periods of 12 months each, at a total estimated net cost of £7,875,000.

3. Background

- 3.1 The City of Edinburgh Council has a requirement for the receipt and processing of dry mixed recyclates arising from waste collection.
- 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 an appropriately licenced contractor is required.
- 3.3 The successful contractor will be responsible for processing and diverting as much of the material as possible from landfill so that it can be recycled, in line with Council policy.

4. Main report

- 4.1 Rather than conducting a new 'Open' procurement exercise, Commercial and Procurement Services (CPS) utilised Scotland Excel's Dynamic Purchasing System (DPS) for this procurement. This approach is expedient and cost effective.
- 4.2 The DPS was established in 2019 and is comprised of 22 Lots, Lot 1 of which relates specifically to the treatment and processing of dry mixed recyclates. At the point at which tenders were invited, Scotland Excel had appointed a total of 32 contractors to Lot 1. 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 to any known associations with serious organised crime groups.

- 4.3 In line with the DPS requirements, all contractors appointed to Lot 1 were invited to tender via a mini competition conducted via the Public Contracts Scotland web portal.
- 4.4 Although the supply market for waste processing is fairly large, market analysis confirms that only a handful of contractors currently operate in the Edinburgh area. This is borne out by the fact that, of those 32 contractors appointed to Lot 1, a total of only four tender bids were received.
- 4.5 Tenders were evaluated on the basis of Most Economically Advantageous Tender (MEAT). In the case of Quality, tenderer's responses to a total of 12 questions /topics were evaluated and scored. In the case of Price, tenderers were evaluated and scored on the basis of proposed prices in respect of 'Gate Fees' chargeable, as well as proposed price rebate percentages in respect of income generated from recycled materials. Appendix 1 provides a breakdown of the various weightings applied.
- 4.6 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.
- 4.7 As a result of the Scottish Government and COSLA Household Recycling Charter future policies may impose even stricter requirements in terms of the content and volume of disposable waste.
- 4.8 Prior to inviting tenders, it was identified that the Waste and Cleansing service will be the sole user of the proposed service and however some additional special arrangements with other service areas will be required. This was reflected in the Specification requirements.
- 4.9 In addition, Scotland Excel have imposed suitably robust blanket insurance requirements, including Employers' Liability Insurance, Public & Products Liability Insurance and (where appropriate) Third Party Motor Vehicle Liability Insurance.
- 4.10 The table below shows details of the weighted scores awarded to each tender:

Tenderer	Cost (Max. 70%)	Quality (Max.30%)	Total
Biffa Waste Services Limited	53.05	19.73	72.78
Tenderer 2	47.45	20.93	68.38
Tenderer 3	43.63	21.11	64.74
Tenderer 4	38.70	23.93	62.63

4.11 Note that Biffa Waste Services Limited are the current incumbent.

5. Next Steps

- 5.1 Subject to approval, the services will commence on 29 November 2020 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) will work with the Contract Manager in 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 of Edinburgh throughout the duration of the contact.

6. Financial impact

- 6.1 The contract value is estimated at £7,875,000 over the maximum contract period (i.e. including potential extensions).
- 6.2 The contractor's chargeable 'Gate Fee' will be fixed of the initial year of the contract and represents a saving of approximately 10.5% compared to the current standard rate payable. Thereafter, from year two onwards, Gate Fees will be set by contamination levels determined by analysis of waste composition and will therefore be subject to potential fluctuation (being potentially higher or lower) from time to time.
- 6.3 As outlined in paragraph 4.5, it is anticipated that the sale of recovered materials which are suitable for recycling will generate income, a proportion of which the Council will receive in the form of a rebate from the contractor. All income generated from such recycling will, of course, be subject to market prices prevailing from time to time and will therefore be subject to fluctuation throughout the duration of the contract.
- 6.4 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 DPS by Scotland Excel. Therefore, taking these factors into account and with the intention of securing best value for money, a cost:quality ratio of 70:30 was deemed appropriate.
- 6.5 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, Biffa Waste Services Limited are regulated and licenced by 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. Specifics contained within the contract that aim to increase the range and rate as which materials are recycled include: introduction of improved technology over lifespan of contract, increased range of materials that can be recycled i.e. plastic film, bubble wrap, robust processes for identifying, reporting and disposing of ‘contaminated/rejected’ loads and support to CEC by providing workshops and employee/resident engagement sessions to raise awareness on the importance of correct waste management and recycling.
- 7.2 Biffa Waste Services Limited have undertaken to provide a variety of Community Benefits, amounting to the value of 1% of the contract value. Examples of benefits offered include delivery of educational workshops and training sessions for communities and schools with a focus on recycling issues, hosting placements, supporting workshops to improve employability, and sponsorship of CEC lead local sporting events.
- 7.3 Biffa Waste Services Limited have also confirmed that they pay workers (including any agency or sub-contractor workers) the real Living Wage, and that they are an accredited living wage employer.
- 7.4 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 Commitment 25 to “increase recycling to 60% from 46% during the lifetime of the administration”:
<https://www.edinburgh.gov.uk/council-commitments/delivering-sustainable-future>

9. Appendices

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

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Receipt and Processing of Dry Mixed Recyclates - ref: CT0753	
Contract period (including any extensions)	Maximum of 5 years - initial period of 3 years, with options to extend for up to 2 additional periods of 1 year each.	
Estimated Net Contract Value (inc. extensions)	£7,875 000.	
Procurement Route Chosen	Mini-competition utilising Lot 1 of the Scotland Excel Dynamic Purchasing System for Treatment and Disposal of Recyclable and Residual Waste (ref: 27 / 17)	
Tenders Returned	4	
Recommended Supplier	Biffa Waste Services Limited	
Price / Quality ratio	Price 70%	Quality 30%
Price / Quality ratio rationale	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 DPS by Scotland Excel. Therefore, taking these factors into account and with the intention of securing best value for money, a cost:quality ratio of 70:30 was deemed appropriate.	
Evaluation criteria and weightings and reasons for this approach	Price , of which: Gate Fee Material / Price Rebate	70% 70% 30%

	<p>Quality, of which:</p> <ol style="list-style-type: none"> 1. Contract Implementation 2. Resources 3. Acceptance of Materials 4. Logistical Considerations 5. Recovery and Treatment 6. Management Information 7. Quality Assurance 8. Business Continuity 9. The Environment 10. Continuous Improvement 11. Fair Working Practice 12. Community Benefits 13. Fair Work Management Information 	<p>30%</p> <p>5%</p> <p>10%</p> <p>23%</p> <p>5%</p> <p>17%</p> <p>10%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>5%</p> <p>n/a – for information only</p>
Evaluation Team	3 officers from Waste & Cleansing Services	