

# Finance and Resources Committee

10.00am, Thursday, 3 December 2020

## Award of Contract for the Treatment and Disposal of Bulky Waste

<b>Executive/routine Wards Council Commitments:</b>	<b>Executive All 23 and 25</b>
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### 1. Recommendations

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- 1.1 Finance and Resources Committee is asked to:
  - 1.1.1 Approve the award of contract for the treatment and disposal of bulky waste; and
  - 1.1.2 Approve the contract terms to begin on 18 January 2021 for an initial period of three years, with the option to extend for up to two further periods of 12 months, at a total estimated net cost of £1,583,400.

**Paul Lawrence**

Executive Director of Place

Contact: Lesley Sugden, Contract Manager, Waste and Cleansing Services

E-mail: [lesley.sugden@edinburgh.gov.uk](mailto:lesley.sugden@edinburgh.gov.uk) | Tel: 0131 469 5764

# Report

## Award of Contract for the Treatment & Disposal of Bulky Waste

### 2. Executive Summary

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- 2.1 This report seeks approval to award a contract for the treatment and disposal of bulky waste to Hamilton Waste and Recycling Services Limited. The contract would begin 18 January 2021 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 £1,583,400.

### 3. Background

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- 3.1 The City of Edinburgh Council has a requirement for the receipt and processing of bulky waste arising from waste collections and street cleansing. Prior to inviting tenders for this contract, other Council service areas were consulted on their needs in respect of this contract to ensure that a Council-wide approach to the procurement was taken. This concluded that the Waste and Cleansing service will be the sole user of the proposed service.
- 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 carry out receipt, treatment, recovery and/or disposal of bulky waste with the purpose of extracting all recyclables and reducing the amount of waste destined for landfill, with the preferred end destination for any non-recyclable or reusable material being Energy from Waste (EfW). This is in line with Council policy.

### 4. Main report

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- 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, with Lot 11 specifically for the treatment and processing of bulky waste.
- 4.3 At the point at which tenders were invited, Scotland Excel had appointed a total of 31 contractors to Lot 11. 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 and Police Scotland checks to identify any known associations with serious organised crime groups.
- 4.4 In line with the DPS requirements, all contractors appointed to Lot 11 were invited to tender via a mini competition conducted through the Public Contracts Scotland web portal.
- 4.5 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 31 contractors appointed to Lot 11, only two tender bids were received.
- 4.6 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 questions /topics were evaluated and scored. In the case of Price, the tenders were evaluated and scored on the basis of proposed prices of cost per tonne for both receipt and treatment of the waste inclusive of any 'Gate Fees' chargeable. Appendix 1 provides a breakdown of the various weightings applied.
- 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 associated costs.
- 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.
- 4.9 In addition, Scotland Excel have imposed suitably robust blanket insurance requirements, including Employers' Liability Insurance, Public and 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
Hamilton Waste & Recycling Limited	70.00	25.88	95.88
Tenderer 2	Not evaluated	17.25 (Quality threshold failure)	17.25

- 4.11 It should be noted that Tenderer 2 failed to meet the 60% threshold of the quality element and, as laid out in the tender documentation, their cost element was not evaluated.

## **5. Next Steps**

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- 5.1 Subject to Committee approval, this contract will commence on 18 January 2021 and will enable the Council to meet its statutory obligations with regard to the treatment and disposal of this waste stream. The contract will run for an initial period of three years, with options to extend for up to two further periods of 12 months each
- 5.2 The Contracts and Grants Management team (CAGM) within CPS 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 by Waste and Cleansing (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.
- 5.3 Hamilton Waste & Recycling Limited are the current incumbent and so a relatively seamless contract implementation is anticipated.

## **6. Financial impact**

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- 6.1 The contract value is estimated at £1,583,400 over the maximum contract period (including potential extensions). This represents a saving of £156,600 over the contract period (£31,320 annually).
- 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 DPS by Scotland Excel. Therefore, taking these factors into account and with the intention of securing best value, a cost : quality ratio of 70:30 was deemed appropriate.
- 6.3 The costs associated with procuring the proposed contract are estimated to be up to £10,000.

## **7. Stakeholder/Community Impact**

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- 7.1 In common with all contractors in this market sector, Hamilton Waste & Recycling 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 proposed service will contribute to the success of Council Commitments:
- 7.2.1 implement improvement plans for Waste and Cleansing Services to improve street cleanliness in every ward. Reintroduce a free bulky item collection service to tackle fly tipping; and
  - 7.2.2 increase recycling to 60% from 46% during the lifetime of the administration.
- 7.3 The Sustainable Procurement Policy was considered and applied through the request of community benefits. Hamilton Waste & Recycling 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 Hamilton Waste & Recycling Limited, while not accredited, have demonstrated an understanding and have a policy of fair pay. They have also stated they do not use zero hours contracts, that they work to build stability into contractual arrangements and have flexible working available to staff.
- 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**

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- 8.1 None.

## **9. Appendices**

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

## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

<b>Contract</b>	<b>Treatment &amp; Disposal of Bulky Waste - ref: CT2697</b>	
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 (incl. extensions)	£1,583,400.	
Procurement Route Chosen	Mini-competition utilising Lot 11 of the Scotland Excel Dynamic Purchasing System for Treatment and Disposal of Recyclable and Residual Waste (ref: 27 / 17)	
Tenders Returned	2	
Recommended Supplier	Hamilton Waste & Recycling Limited	
Cost / Quality ratio	<b>Cost 70%</b>	<b>Quality 30%</b>
Cost / 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	<b>Cost</b>	<b>70%</b>
	<b>Quality, of which;</b>	<b>30%</b>
	1. Technology & Treatment	20%
	2. Outputs	10%
	3. Contract Management	20%
	4. Waste Reception	15%
	5. Licensing / Regulation	10%
	6. Contingencies	15%
	7. Community Benefits	5%
	8. Fair Work Practices	5%
	9. Business Continuity – COVID-19	For information only
10. Fair Work Management Information	For information only	
Evaluation Team	3 officers from Waste and Cleansing Services	