

Finance and Resources Committee

10.00am, Thursday, 10 October 2019

Treatment and Disposal of Waste (Street Cleaning and Mechanical Street Sweeping) – Extension to Contract

Executive/routine	Routine
Wards	All wards
Council Commitments	23 , 24 , 25

1. Recommendations

- 1.1 To approve to extend this contract, via waiver of the Contract Standing Orders, for the treatment and disposal of waste from street cleaning and mechanical street sweepings. This will ensure continuity of service provision until the new contract for mechanical street sweepings can be implemented and arrangements are put in place to receive street cleaning waste at Council owned transfer stations with disposal via the Millerhill Energy from Waste Plant.

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Executive Director of Place

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2. Executive Summary

- 2.1 The Council has an existing contract with Levenseat Ltd to provide services relating to treatment and disposal of waste from the Council's street cleaning and mechanical street sweeping activities. The purpose of this report is to seek retrospective approval to extend this contract for a short period, by waiver of the Council's Contract Standing Orders, to ensure continuity of service and allow time to deliver these services via a different approach.
- 2.2 The procurement of a new mechanical street sweeping and gully waste contract is close to completion, with a new contract expected to be in place from 1 December 2019. It is expected that from 1 December 2019 street cleaning waste will be received at the Council's transfer stations and disposed via the Millerhill Energy from Waste Plant.
- 2.3 The value of this extension is approximately £300,000.

3. Background

- 3.1 Levenseat Ltd was awarded the contract for receipt and processing of street cleaning litter and mechanical street sweeping waste in November 2013 to facilitate efficient processing of waste and improve recycling rates.
- 3.2 This contract expired on 24 November 2018 and, in advance of this, it was the Council's intention to procure future provision via the newly established Scotland Excel Framework for Recyclable and Residual Waste on the basis this national framework will likely offer best value and commercial efficiency in provision. The publication by Scotland Excel of this framework was slightly delayed and, as such, the Council previously undertook a short extension of the contract, via a waiver of the Council's Contract Standing Orders, to ensure continuity of service and ensure the Council could meet its statutory duties. Whilst the initial waiver ended on 31 July 2019, Levenseat Ltd continued to provide the service and therefore the service is seeking retrospective approval to cover the period 1 August to 31 November 2019.

4. Main report

- 4.1 The existing contract with Levenseat Ltd has provided services relating to treatment and disposal of waste from the Council's street cleaning (Lot 2) and mechanical street sweeping activities (Lot 3) as part of a Framework set up in November 2013 to facilitate efficient processing of waste and improve recycling rates.
- 4.2 As part of contract planning for future provision of mechanical sweeping activities, the Council identified that a new national framework agreement was being put in place by Scotland Excel for 'Recyclable and Residual Waste'. This is considered to provide the services required, and, as a national contract, is expected to offer commercial efficiency via economies of scale and thus best value to the Council.
- 4.3 The publication for use of this national framework was delayed until April 2019 and, as such, the Council required to undertake a short extension to the existing Levenseat contract to allow time for the new framework to be available for use and a subsequent tender process undertaken.
- 4.4 This contract expired on 24 November 2018 and was initially extended via waiver, initially under Delegated Authority and subsequently at Finance and Resource Committee ([March 2019](#)) until 31 July 2019. The estimated value of the waiver in totality was £550,000.
- 4.5 The disposal and treatment of mechanical street sweeping and gully waste is currently being procured via the Scotland Excel Framework for Recyclable and Residual Waste, as previously planned. Award of contract is expected early October with an implementation date of 1 December 2019.
- 4.6 As part of reviewing street cleaning service provision, with the Millerhill Energy from Waste Plant becoming operational in April 2019 and the opening of the Council's new waste transfer stations this summer, it was noted that street litter could now be disposed of via this route thus negating the need for a new contract to be put in place. It is anticipated that by disposing of this litter via the Millerhill Energy from Waste Plant, this would offer financial savings to the Council as the cost of disposal would be expected to reduce.
- 4.7 It is expected that there will be a cost reduction for the disposal of street litter in the region of £20 per tonne, equating to an annual saving of circa £120,000 based on current annual tonnage.
- 4.8 It is expected there is also potential for additional savings associated with the rebate mechanism from Millerhill Energy for Waste plant for the ferrous and non-ferrous metal elements of these waste streams. This has not been quantified at this time.
- 4.9 Based on the expected financial savings noted above and the need for continuance of service provision, it is in the best interests of the Council to extend the current contract for a further short period of time to allow these changes in service provision.

5. Next Steps

- 5.1 The services will continue to be provided by the existing provider until the new contract for mechanical street and gully waste is implemented via the Scotland Excel Framework and the Waste and Cleansing Service develop and implement a programme to commence accepting and transferring street litter to Millerhill Energy from Waste Plant. These are expected to be in place by 1 December 2019.

6. Financial impact

- 6.1 The cost of this service is dependent on the level of activity and volume of waste acquired, however the estimated maximum value of this contract extension from 1 August to 30 November 2019 is £300,000. This will be contained within the Waste and Cleansing revenue budget. As noted above, it is expected the Council will make an annual saving in the region of £120,000 through the change in service provision for disposal of street litter once this is implemented towards the end of 2019.

7. Stakeholder/Community Impact

- 7.1 The Council has a statutory obligation under Section 89 of the Environmental Protection Act 1990 to ensure that the land and roads for which it is responsible are, so far as is practicable, kept clear of litter and refuse. Should this contract not be extended the Council could fail to meet this statutory obligation.
- 7.2 Risk of challenge from other suppliers has been assessed as low as the contract extension period is short term to allow for completion of the tender process and provision of a new contract for mechanical street sweeping waste and for the services relating to street litter to be brought 'in house', however it cannot be excluded.
- 7.3 Contract Standing Order 9 provides an option to waive the Contract Standing Orders where the requirement is in the Council's best interest having regard for best value, risk, principles of procurement and the impact upon service users. The publication of the award of business along with the other factors reported will help to satisfy these requirements.
- 7.4 The Council has a statutory duty to report 'non-compliance' of procurement regulation in line with the changes brought in by the Procurement Reform Act 2014. This will be reported within the Council's annual report to the Scottish Government.
- 7.5 Any disruption to service provision would offer risk in relation to Health and Safety, statutory obligations and Council reputation.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.