

To: Procurement Sub Committee

On: 13 May 2015

Report by:

**Joint Report
by
Director of Finance & Resources and Director of Community Resources**

CONTRACT AUTHORISATION REPORT – RESIDUAL WASTE & BULKY WASTE

1. Summary

- 1.1 The purpose of this paper is to request authorisation from the Procurement Sub Committee to award two contracts to William Tracey Limited for the provision of treatment of residual waste and the treatment of bulky waste.
- 1.2 These contracts will be commissioned under the following lots within the Scotland Excel Framework for the Treatment of Recyclable and Residual Waste:
 - Lot 1:- Treatment of Residual Waste, Approx 39,000 tonnes per annum
 - Lot 2:- Treatment of Bulky Waste, Approx 600 tonnes per annum.
- 1.3 A contract strategy document for the Treatment of Residual Waste and Bulky Waste was signed in April 2015 by the Procurement Manager and Director of Community Resources.
- 1.4 The contract for the treatment of residual waste requires William Tracey Limited to operate the Council owned waste transfer station at Linwood with residual

waste received at the transfer station then being transported in bulk to a Refuse Derived Fuel (RDF) processing site in Holland or Sweden or sent to landfill.

1.5 Bulky waste is also processed and sorted into recyclable material with any remaining material going to RDF or Landfill.

1.6 The current contracts for the treatment of residual and bulky waste are with William Tracey Limited.

2. Recommendations

It is recommended that the Procurement Sub-Committee:

2.1 Authorise the Head of Corporate Governance to award the following contracts under the Scotland Excel Framework for the Treatment of Recyclable and Residual Waste (Contract Schedule Number 14-13):

- Treatment of Residual Waste to William Tracey Limited. Spend on this contract will not exceed £16,497,000 over the maximum four year contract duration; and
- Treatment of Bulky Waste to William Tracey Limited. Spend on this contract will not exceed £252,000 over the maximum four year contract duration.

2.2 Authorise that both contracts will commence on 5 July 2015 to 4 July 2018 with an option to extend for up to 12 months subject to contract performance and agreement on cost.

3. Background

3.1 Scotland Excel established a framework agreement for the Treatment of Recyclable and Residual Waste in July 2014. All 32 Local Authorities in Scotland have the opportunity to participate in this framework agreement. The framework offers a suite of compliant treatment options for a host of waste materials commonly collected by councils via their existing individual collection services, including metals, cans, glass, paper, textiles, plastics and wood. Furthermore, options are included for the treatment and disposal of the material remaining when all other possible reusable or recyclable material has been removed, commonly referred to as “residual” waste.

3.2 Scotland Excel advertised the requirement for the framework in the Official Journal of the European Union and the Public Contracts Scotland portal. The tender process was conducted using the Public Contracts Scotland tender system (PCS-Tender).

3.3 The procurement process undertaken to establish the framework agreement was the open tender procedure and was conducted in compliance with the EU Procurement Legislation.

- 3.4 An evaluation of offers was undertaken by Scotland Excel and a User Intelligence Group, which included representation from the Council. Thirty five suppliers were awarded onto the framework agreement across the twenty three lots.
- 3.5 The Scotland Excel Framework for Treatment of Recyclable and Residual Waste provides the facility to make direct award of contract to a supplier where best value can be demonstrated. The Council considered the framework rates, existing volumes and transportation costs to run a comparison exercise with suppliers on Lot 1 of the framework for the treatment of residual waste and Lot 2 of the framework for the treatment of bulky waste. This analysis demonstrated that William Tracey Limited provided best value for the Council for both the treatment of residual waste and the treatment of bulky waste.
- 3.6 The contracts recommended for award within this report, includes a rate for the treatment of residual waste and a rate for the treatment of bulky waste. Also incorporated within the overall treatment cost is a RDF fee which will increase in line with landfill tax and an annual inflation rise based on the Consumer Price Index (CPI).
- 3.7 The Council's anticipated spend under the framework until 4 July 2019 is approximately £16,749,000 however this figure may vary depending on the tonnage of residual and bulky waste collected from households and any increase in landfill Tax / RDF and CPI. It is anticipated that the contract spend will not exceed £16,749,000 with spend being met from the Community Resource's revenue budget. There is an annual saving in the region of £179,400 based on current tonnages for the treatment of residual waste and an annual saving in the region of £1,434 for the treatment of bulky waste.
- 3.8 Award of these contracts to William Tracey Limited will provide continuity of employment for 10 Renfrewshire residents. In addition, William Tracey Limited have committed to delivery of the following additional community benefits:
- William Tracey Limited are signed up to the Council's Invest in Renfrewshire Programme and aim to recruit a modern apprentice, following the Invest in Renfrewshire Modern Apprenticeship event scheduled to take place on 20 May 2015;
 - £65,000 financial support to St Vincent Hospice, Johnstone to build a sensory garden;
 - Provide financial support for various community groups throughout Renfrewshire;
 - Provision of work experience placements via the local job centre, one placement has already been secured to assist work with William Tracey Limited carbon and sustainability team for 8 weeks. Where possible, these placements will lead to a full time position;
 - Provision of a 3-6 month contract for a University student or Graduate regarding a project relating to carbon reduction; and
 - Supporting the Council's charity events, including the Council Ball in aid of classrooms for Malawi.

Implications of the Report

1. **Financial** – Financial costs will be met from Community Resources revenue budget for waste. The handling cost per tonne of residual waste offered by William Tracey Limited under the Scotland Excel framework is approximately 19% lower than the current cost per tonne. An additional saving of 2% has also been achieved on the cost per tonne for bulky waste. The overall total annual saving amounts to £180,834. It is intended that this saving will be redirected into the waste reserve budget to offset the cost of treating other waste streams.
- 1.2 The financial status of William Tracey Limited was assessed, and satisfied the Council's requirements
2. **HR & Organisational Development** – None
3. **Community Planning** – William Tracey Limited have committed to delivery of community benefits as outlined in Section 3.8 of the report.
4. **Legal** – The procurement exercise has been carried out in compliance with Council Standing Orders and EU Procurement legislation requirements.
5. **Property Assets - Property Implications**

The Linwood Transfer Station will continue to be leased to William Tracey Limited. All costs associated with operation of the site (utilities, rates, etc) will be borne by the William Tracey Limited, who are also responsible for securing all waste management licensing for the site.

William Tracey Limited has committed to vacating this site prior to the contract end date to allow the Council to undertake renovation works in advance of the Council handing the transfer station over to the Clyde Valley Waste Management Solution. The Council will liaise with William Tracey Limited to develop an exit plan to manage this handover.
6. **Information Technology** – No ICT implications.
7. **Equality & Human Rights** – William Tracey Limited Equality & Human Rights has been assessed under the Scotland Excel Framework for the Treatment of Recyclable and Residual Waste and confirmed their compliance with their statutory obligations in respect of Equality and Human Rights.
8. **Health & Safety** – William Tracey Limited Health & Safety has been assessed under the Scotland Excel Framework for the Treatment of Recyclable and Residual Waste to ensure that they met the minimum requirements regarding Health & Safety.

9. **Procurement** – The procurement procedure outlined within this report shall ensure that the Council meets its statutory requirements in respect of procurement procedures, efficiency and Modern Government.
10. **Risk** – None
11. **Privacy Impact** – Not Applicable

List of background papers

- (a) None

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