

**Scotland Excel****To: Executive Sub Committee****On: 30 June 2017****Report  
by  
Director Scotland Excel****Tender: Treatment of Organic Waste****Schedule: 08/16****Period: 1 August 2017 until 31 March 2020 with an option to extend for a further 12 month period****1. Introduction and Background**

The current framework for Treatment of Organic Waste expired on 31<sup>st</sup> March 2017. The provision of an informal extension was arranged to bridge the interim period until the 30<sup>th</sup> July 2017. This proposed renewal framework will operate from 1<sup>st</sup> August 2017 until 31<sup>st</sup> March 2020 with an option to extend for a further 12 month period until 31<sup>st</sup> March 2021.

This renewal is a second generation framework arrangement for this service, and will assist councils in delivering their statutory obligation to provide an essential waste management service in line with the Waste (Scotland) Regulations 2012, Zero Waste Scotland's Zero Waste Plan (2010) and Circular Economy Strategy for Scotland (2016). Under the current regulations, local authorities in Scotland are required to provide a minimum level of service covering key recyclable materials, including garden and food waste for householders.

**2. Scope, Participation and Spend**

As part of the strategy development, the User Intelligence Group (UIG) confirmed general high levels of satisfaction with the current framework services, and endorsed retaining three lots as summarised in Table 1. This strategy is designed to closely align with council requirements, whilst also recognising the current structure of the market place, as well as maximising opportunities for SME participation.

**Table 1: Lotting Structure**

Lot Number	Description	Estimated % of Spend
Lot 1	Food waste	22%
Lot 2	Garden waste	40%
Lot 3	Co-mingled food and garden waste	38%

As detailed in Appendix 1, 21 councils have confirmed their intention to participate in this framework. In addition, Perth & Kinross Council and South Lanarkshire Council, have made awards under the last framework for a period that will take them beyond the future framework period.

The following councils have indicated no present need to use this new framework for the following reasons:

- Aberdeen City Council waste management services are managed by SUEZ as part of a long term arrangement until 2025.
- Comhairle Nan Eilean Siar, Fife Council, Orkney Islands Council and Shetland Islands Council: have their own in house arrangements to treat organic waste.
- Dumfries and Galloway Council, East Ayrshire Council, Moray Council and North Ayrshire Council: have pre-existing own contract arrangements in place and do not currently intend to participate, but they reserve the right to access it during the lifetime of the framework.

To ensure that all 32 councils had the option to use the framework, however, all councils were listed in the Contract Notice for the framework.

The forecast annual spend for participating councils is £10m per annum, equating to an estimated £40m over the term of the framework. A key objective of the framework is to attract service providers for the treatment of organic waste and to ensure flexibility and growth for all councils. To this end, a contingency was incorporated into this framework to allow increased expenditure and the framework was advertised at £48m for the full 4 year term.

### **3. Procurement Process**

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 15<sup>th</sup> September 2016. In addition, a working group of technical and procurement representatives was formed to review technical specifications and participate in the evaluation.

A Prior Information Notice (PIN) was published on 8<sup>th</sup> August 2016, which resulted in expressions of interest from 28 organisations. As a result of this considerable and very positive interest, meetings were held with potential bidders, including both incumbent and new providers, during which a number of areas were covered, including ability to service, servicing processes, market trends, community benefits and sustainability.

Thereafter, in order to ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the framework.

The Contract Notice was published via the Official Journal of the European Union and the Public Contracts Scotland portal (PCS) on 27<sup>th</sup> February 2017 with the tender documentation being made available for immediate download from 1<sup>st</sup> March 2017, via the Public Contracts Scotland Tenders (PCS-T) system.

The procurement process followed a two stage tendering procedure. At the first stage, tender European Single Procurement Document (ESPD) responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award. At the second stage, offers were evaluated against the following criteria and weightings.

Technical	25%
Commercial	75%

Bidders could bid to service one or more lots with up to 3 offers per lot. The additional bids were encouraged to ensure sufficient geographical coverage, available capacity and to ensure that the councils have the choice of waste treatment facilities and/or reception points where waste could be delivered. Each lot and each offer was evaluated on its own merit.

Within the technical section, bidders were required to evidence their knowledge and experience by submitting method statements which covered a number of areas including: sustainability, community benefits and fair work practices. Bidders also had to complete a method statement describing how they would deliver the service, including:

- 1) Site details and future plans;
- 2) contract management and mobilisation;
- 3) reception, bulk collection and haulage;
- 4) treatment process, outputs and
- 5) contingencies and reporting information.

Within the commercial section, bidders were invited to offer on a lot by lot basis. Fixed pricing for 12 months was required for all lots. Bidders were also invited to offer early settlement discount for payments received prior to 21 days from date of receipt of invoice.

#### **4. Report on Offers Received**

The tender document was downloaded by twenty organisations, with eleven tender responses received. A summary of all offers received is provided in Appendix 2.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received was carried out. Appendix 3 sets out the scoring achieved by each bidder.

#### **5. Recommendations**

Based on the evaluation undertaken, and in line with the criteria and weightings set out above, it is recommended that a multi service provider framework arrangement is established with eleven service providers across the three lots as outlined in Appendix 3.

These eleven recommended service providers offer best value for all geographical areas and a range of choice and capacity for council members.

#### **6. Benefits**

##### **Savings**

Scotland Excel has conducted a benchmarking exercise based on current tonnage forecast of councils comparing current contractual direct call off rates with the contractual direct call off rates submitted for the new framework.

Rates are in the form of a “gate fee” which includes, but is not exclusive to, the costs of handling and processing waste from reception to completion of the treatment process.

The benchmarking exercise took the current providers’ rates for each lot and compared them to the providers’ rates for each lot submitted for the new framework.

The result of this benchmarking is listed in Appendix 1. Based on the rate comparison data and the spend information available, the projected average additional cost across all participating councils is 1.4%. However, this is derived from a broad range of projected values from a circa 32% saving to a circa 16% cost. The key influencing factors within this range are the preferred processing

mechanisms, the lot selected from the framework and the contamination level that exist.

These costs / savings for each council area are largely dependent on council operational requirements, geographical location of processing facilities to minimise both logistic costs and degradation of organic materials, treatment type and market demand for output material.

The key influence on the current pricing is the combination of the volume of the organic waste which requires treatment coupled with the availability of treatment capacity. The tonnage of organic material for treatment has increased due to the change in legislation which requires higher degree of separation of waste stream and therefore separate treatment requirements. Treatment facilities charging mechanisms correlate with the level of contamination that exist within the waste stream with higher contamination attracting higher processing fees.

It should be noted, however, that each individual council could achieve additional savings through conducting mini-competitions.

The success of this framework will be measured on participation, level of actual spend, level of service and the convenience of a framework option from which councils can draw down that allows the delivery of treatment services that assist in councils meeting their legislative requirements and recycling targets.

### **Price Stability**

All service providers have agreed to the 12 month fixed price period at the start of the framework. Provision thereafter is for price reviews every 12 months to accommodate market fluctuations. All requests for price increases will be evaluated against prevailing market conditions and supporting documentary evidence.

### **Sustainable Procurement Benefits**

Within the technical section of the tender, the sustainability method statement assessed bidders in relation to their corporate approach to sustainability and how they promote recycle, reuse and reduce initiatives to minimise the impact of their service on the environment. A range of sustainable measures were outlined by service providers including;

- Reduction of waste footprint by the recycling of all general waste, reducing energy consumption in operational processes.
- Sustainability and innovative initiatives in processes and use of machines powered by green energy.

- Carbon management including management of routes, efforts to reduce vehicle emissions from haulage by using local supply base and adoption of the latest model delivery vehicles with Euro 5/6 engines.

### **Community Benefits**

Bidders were also asked to detail and demonstrate their commitment to providing community benefits, and this will be further discussed during framework mobilisation and reported through ongoing contract management returns. Results reported on community benefits will be disseminated to councils on a six monthly basis. A range of community benefits were offered by bidders including:

- Assisting with Yearly Household Waste & Recycling Service awareness raising campaigns.
- Open Door experience for general public and local school children.
- Provision of printed materials for waste awareness events.
- Recruitment of apprentices.
- Donation of prizes to school prize events linked to the waste industry e.g. Chemistry or Biology.
- Provision of weekly and monthly work experience placements to pupils or council apprentices.
- New graduate intern position created for a university graduate.
- Recruitment of new members of staff.
- Sponsorship and support of charities, local sports teams, community projects and events.
- Career events for schools/colleges.
- Provision of an educational workshop for local farmers on the benefits of PAS100 compost compared to other fertilisers.
- Mentoring SMEs.
- Donation of compost to householders and community groups.

### **Fair Work Practices including the Living Wage**

Bidders were asked a question on their approach to fair work practices and the Scottish Living Wage status. Of the 11 recommended service providers, 8 confirmed payment of the Living Wage to their workforce:

- 3 are accredited Living Wage Employers.
- 1 has committed gaining accreditation over the initial two year period of the framework
- 4 are not accredited Living Wage Employers but pay the Living Wage to all employees (except volunteers, apprentices and interns).

Scotland Excel includes monitoring Fair Work Practices including the Living Wage within its contract and supplier management programme. Scotland Excel

will encourage all awarded providers who do not yet pay the Scottish Living Wage to achieve this.

## **7. Contract Mobilisation and Management**

Each service provider will be invited to a mobilisation meeting to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments. All service providers and participating members will be issued with a mobilisation pack containing all required details to launch the framework.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

## **8. Summary**

This framework for the treatment of organic waste aims to maximise collaboration, support local authorities waste management strategies and activities in compliance with the Zero Waste Plan and the Waste (Scotland) Regulations 2012 and their delivery of best value. The essence of this framework is to make the most efficient use of resources by maximising recycling and recovery of resources instead of treating them as waste. A range of benefits can be reported in relation to savings, price stability and community benefits.

The Executive Sub Committee is requested to approve the recommendation to establish this framework by making awards to the tenderers as detailed in Appendix 3.



## Appendix 1 – Participation, Spend and Savings Summary - Treatment of Organic Waste 08/16

Member Name	Participate In Framework	Participation Entry Date	Validated Spend	Source of Spend	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	No						
Aberdeenshire Council	Yes	Contract Start	£818,000	Council Confirmed	-5.1%	-£41,500	Benchmarked Current Contract
Angus Council	Yes	Contract Start	£159,400	Council Confirmed	25.2%	£40,200	Benchmarked Current Contract
Argyll & Bute Council	Yes	Contract Start	£126,739	Council Confirmed	3.1%	£3,869	Benchmarked Current Contract
Clackmannanshire Council	Yes	Contract Start	£150,775	Council Confirmed	10.0%	£15,075	Benchmarked Current Contract
Comhairle nan Eilean Siar	No						
Dumfries & Galloway Council	No						
Dumfries City Council	Yes	Contract Start	£120,780	Council Confirmed	31.8%	£38,430	Benchmarked Current Contract
East Ayrshire Council	No						
East Dunbartonshire Council	Yes	Contract Start	£272,108	Council Confirmed	7.9%	£21,624	Benchmarked Current Contract
East Lothian Council	Yes	Contract Start	£372,875	Council Confirmed	-4.4%	-£16,281	Benchmarked Current Contract
East Renfrewshire Council	Yes	Contract Start	£493,400	Council Confirmed	7.5%	£37,150	Benchmarked Current Contract
Edinburgh City Council	Yes	Jan-18	£625,000	Council Confirmed	-5.0%	-£31,250	Benchmarked Current Contract
Falkirk Council	Yes	Apr-20	£199,250	Council Confirmed	25.2%	£50,250	Benchmarked Current Contract
Fife Council	No						
Glasgow Council	Yes	Contract Start	£1,430,000	Council Confirmed	-15.4%	-£220,000	Benchmarked Current Contract
Highland Council	Yes	Contract Start	£102,000	Council Confirmed	-1.7%	-£1,700	Benchmarked Current Contract
Inverclyde Council	Yes	Contract Start	£184,994	Council Confirmed	-9.7%	-£18,000	Benchmarked Current Contract
Midlothian Council	Yes	Contract Start	£212,500	Council Confirmed	-5.0%	-£10,625	Benchmarked Current Contract
Moray Council	No						
North Ayrshire Council	No						
North Lanarkshire	Yes	Contract Start	£249,063	Council Confirmed	25.2%	£62,813	Benchmarked Current Contract
Orkney Islands Council	No						
Perth & Kinross Council	No						
Renfrewshire Council	Yes	Contract Start	£588,944	Council Confirmed	6.0%	£35,168	Benchmarked Current Contract
Scottish Borders Council	Yes	Contract Start	£185,999	Council Confirmed	-15.6%	-£29,012	Benchmarked Current Contract
Shetland Islands Council	No						
South Ayrshire Council	Yes	Jul-18	£326,000	Council Confirmed	-4.5%	-£14,750	Benchmarked Current Contract
South Lanarkshire Council	No						
Stirling Council	Yes	Sep-18	£518,078	Council Confirmed	-1.7%	-£8,722	Benchmarked Current Contract
Tayside Contracts	No						
West Dunbartonshire Council	Yes	Apr-19	£283,700	Council Confirmed	-4.8%	-£13,600	Benchmarked Current Contract
West Lothian Council	Yes	Contract Start	£229,550	Council Confirmed	-3.4%	-£7,916	Benchmarked Current Contract
<b>TOTALS</b>			<b>£7,649,153</b>		<b>-1.4%</b>	<b>-£108,778</b>	



## Appendix 2 - SME Status

Bidder's Name	SME Status	Location	Lots Tendered
Barr Environmental Limited	Medium	Glasgow & Strathclyde	1,2,3
Billy Bowie Special Projects Limited	Medium	Glasgow & Strathclyde	1,2,3
Energen Biogas Ltd	Medium	Glasgow & Strathclyde	1
Forth Resource Management Limited	Small	Edinburgh & Lothians	1,2,3
GP Plantscape Limited	Medium	Glasgow & Strathclyde	1,2,3
Keenan (Recycling) Ltd	Medium	Aberdeen & North East	1,2,3
Levenseat Limited	Medium	Edinburgh & Lothians	1,2,3
Scottish Water Horizons Ltd	Medium	Glasgow & Strathclyde	1
Earnside Energy Ltd	Small	England	1,2,3
William Tracey Limited	Large	Glasgow & Strathclyde	1,2,3
William Munro Construction (Highland) Limited	Medium	Highlands & Islands	2



### Appendix 3 - Scoring and Recommendations

Lot 1 - Food Waste	Offer	Score
Energen Biogas Ltd	Offer 1	99.00
Earnside Energy Ltd	Offer 1	90.82
Scottish Water Horizons Ltd	Offer 1	84.33
Levenseat Limited	Offer 1	69.80
GP Plantscape Limited	Offer 1	65.97
William Tracey Limited	Offer 2	60.94
William Tracey Limited	Offer 1	60.56
Barr Environmental Limited	Offer 1	59.48
Barr Environmental Limited	Offer 2	59.48
Keenan (Recycling) Ltd	Offer 1	56.60
Barr Environmental Limited	Offer 3	55.11
Keenan (Recycling) Ltd	Offer 2	54.48
William Tracey Limited	Offer 3	46.07
Forth Resource Management Limited*	Offer 1	46.04
Billy Bowie Special Projects Limited	Offer 1	37.21

Lot 2 - Garden Waste	Offer	Score
Keenan (Recycling) Ltd	Offer 2	91.87
Forth Resource Management Limited	Offer 1	81.85
GP Plantscape Limited	Offer 1	79.26
Earnside Energy Ltd	Offer 1	76.12
Barr Environmental Limited	Offer 1	74.25
Barr Environmental Limited	Offer 2	74.25
Levenseat Limited	Offer 1	71.14
Keenan (Recycling) Ltd	Offer 1	67.20
Keenan (Recycling) Ltd	Offer 3	66.83
Barr Environmental Limited	Offer 3	65.54
William Tracey Limited	Offer 2	63.69
William Tracey Limited	Offer 1	62.82
William Munro Construction (Highland) Limited	Offer 1	55.15
William Tracey Limited	Offer 3	42.69
Billy Bowie Special Projects Limited	Offer 1	38.99

Lot 3 - Co-mingled food and garden waste	Offer	Score
Levenseat Limited	Offer 1	95.43
GP Plantscape Limited	Offer 1	94.70
Earnside Energy Ltd	Offer 1	87.94
Barr Environmental Limited	Offer 1	87.47
Barr Environmental Limited	Offer 2	87.47
Forth Resource Management Limited*	Offer 1	82.50
William Tracey Limited	Offer 2	81.84
William Tracey Limited	Offer 1	80.96
Barr Environmental Limited	Offer 3	79.83
Billy Bowie Special Projects Limited	Offer 1	79.06
Keenan (Recycling) Ltd	Offer 1	76.27
Keenan (Recycling) Ltd	Offer 2	74.15
William Tracey Limited	Offer 3	60.10

\*Award deferred until bidder has obtained all necessary consents for its site(s)