

Finance and Resources Committee

10.00, Thursday, 16 January 2014

Award of Contract for the Receipt and Composting of Garden Waste

Item number	7.17
Report number	
Wards	All wards

Links

Coalition pledges	P49 ; P50 ;
Council outcomes	CO18
Single Outcome Agreement	SO4

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Executive summary

Award of Contract for the Receipt and Composting of Garden Waste

Summary

This report seeks the approval of the Finance and Resources Committee for the award of a contract for the receipt and composting of garden waste. This would result in the contract being awarded to the current contractor, therefore there would be no change in provider.

The contract is a collaborative contract with Midlothian Council (which will be undertaking its own approvals and contract award process for its portion of the contract).

The term of the contract will be two years with an option to extend for a further two 12 month periods.

Recommendations

It is recommended that the Finance and Resources Committee approve the appointment of Forth Resource Management Ltd (subject to agreement between the Council and the contractor on the final terms of the contract).

Measures of success

Environmental benefits

This contract has the potential to provide environmental benefits by continuing to divert an estimated 19,844 tonnes of waste from landfill annually (79,376 tonnes in total over the full contract period including extensions). This will maintain approximately 24% of the City of Edinburgh Council's recycling rate.

Community benefits

The recommended contractor has demonstrated a commitment to work with the Council to deliver a range of Community Benefits including the provision of:

- 100m³ compost (for each Council) for the use of educational and community organisations.
- A DVD of the green waste recycling process (from collection to end use) to all schools in the Edinburgh and Midlothian area for educational purposes.

- Ongoing work experience, training, development and employment opportunities for the local community (working in conjunction with the social enterprise Growing Forth).
- Education about garden waste contamination for residents.
- Hosting organised visits to their facilities for schools, community groups etc.

Financial impact

Current and tendered costs

The following table shows the current costs and tender costs against 2012/13 usage tonnages.

Current Cost (effective from 1/4/12)	PRICE PER TONNE	ANNUAL TONNAGE	ANNUAL COST
£23.58 per tonne for uncontaminated garden waste x 13,102 tonnes *	£23.58	13,102	£308,945.16
£28.30 per tonne for contaminated garden waste x 6,742 tonnes *	£28.30	6,742	£190,798.60
		TOTAL	£499,743.76
Tendered Cost	PRICE PER TONNE	ANNUAL TONNAGE	ANNUAL COST
£25.00 per tonne for uncontaminated garden waste x 13,102 tonnes	£25.00	13,102	£327,550
£30.00 per tonne for contaminated garden waste x 6,742 tonnes	£30.00	6,742	£202,260
		TOTAL	£529,810
		Estimated Annual Increase	£30,066
		Estimated 4 Year Increase	£120,265

* Note: A higher price is paid for loads that are contaminated with more than 5% non compostable material.

Although the tendered cost is an increase on the current costs, the following benefits have been achieved:

- Tendered costs are fixed for the duration of the contract (including extensions) in order to protect against future increases;
- Tendered costs will continue to apply if any variations in waste volumes occur during the contract period (including extensions);
- Tendered costs will continue to apply if a contingency situation arises during the contract period (including extensions); and
- Tendered costs are comparable with national average market prices (£24 per tonne for uncontaminated garden waste).

Landfill costs

The current landfill disposal cost is £100 per tonne for which 19,844 tonnes would equate to £1,984,400 per annum at current tonnages/rates. Putting a contract in place that continues to divert garden waste from landfill will maintain the savings provided by the current contract. This equates to a continued estimated annual saving of £1,454,590, amounting to an estimated total of £5,818,360 over the four years of the proposed contract.

Equalities impact

There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

Sustainability impact

This contract will contribute to the Council's ongoing commitments to:

- Increase the volume of materials recycled and decrease the amount of waste consigned to landfill; and
- Meet greenhouse gas reduction targets, including the national target of reducing greenhouse gas emissions by 42% by 2020.

Furthermore, the following requirements were included in the selection criteria for this contract:

- All materials must be managed in accordance with all relevant EU and UK legislations and be in line with industry best practice;
- The contractor must guarantee that all of the material delivered through this contract will be composted or otherwise recycled for the duration of the contract;
- The contractor's composting process and the resulting output shall comply with the requirements of the British Standards Institution's Publicly Available Specification for Composted Materials (BSI PAS 100);
- Where the export of materials cannot be avoided, the contractor shall ensure that the supply chain is robust;
- All transportation must comply with relevant EU and UK trans-frontier shipment legislation;
- The end use must be auditable and comply with legislation;
- The contractor must use suitably licensed facilities to deliver the contract;

- Contractors must have in place a robust and relevant Environmental Management Policy and demonstrate an ongoing commitment to environmental management; and
- Contractors must provide benefits to the community in the course of delivering the contract.

Consultation and engagement

The Council's Waste Services and the Commercial and Procurement Unit consulted with the Edinburgh and Midlothian Council's Waste Operations when designing the specification for this requirement. This was to ensure that the Council's requirements were accurately reflected with a view to delivering a fit for purpose contract.

A business case approving the procurement of this contract was received by the Commercial and Procurement Unit on 24 October 2013.

Background reading / external references

N/A

Award of Contract for the Receipt and Composting of Garden Waste

1. Background

- 1.1 The City of Edinburgh Council's Waste Services (jointly with Midlothian Council) currently has a contract with Forth Resource Management (FRM) for the Receipt and Composting of Garden Waste. The contractor takes garden waste from the City of Edinburgh and Midlothian Councils' kerbside garden waste collections, as well as green waste from Midlothian's Community Recycling Centres (CRCs). This contract now requires to be re-tendered.
- 1.2 It is estimated that annually 28,874 tonnes of garden waste will be subject to this contract, broken down as follows:
 - City of Edinburgh - 19,844 tonnes delivered to the contractor by council vehicles, from the Council's kerbside garden waste collections for composting.
 - Midlothian - 9,030 tonnes delivered to the contractor by council vehicles, from the Council's kerbside garden waste collections and CRCs for composting.
- 1.3 Garden waste from the City of Edinburgh Council's 3 CRCs (estimated at 3,000 tonnes per annum) will be the subject of a separate contract for composting with a third-sector organisation.
- 1.4 It is known that 100% of garden waste can be recovered or diverted.

2. Main report

- 2.1 The Council's Commercial and Procurement Unit, in conjunction with Waste Services, undertook a mini competition utilising the Scotland Excel Framework Agreement for Treatment of Organic Waste for the Scottish Public Sector.
- 2.2 On 4 November 2013, tenders were invited from the five organisations on the framework agreement who offered the contracted services in the required geographical area.
- 2.3 Two tenders were received by the tender closing date of 22 November 2013.
- 2.4 The tenders were evaluated by a panel consisting of two officers from the City of Edinburgh Council's Waste Services and one from Midlothian Council, overseen by an officer from the Commercial and Procurement Unit.

- 2.5 The evaluation panel used the following published evaluation methodology which placed an emphasis on quality as well as cost with the aim of selecting the tender which represented the best overall value for money.
- 2.6 STAGE 1 (Selection Criteria) - The aim of the Stage 1 evaluation was to allow the identification of suitably qualified and experienced tenderers in terms of compliance with mandatory criteria.
- 2.7 To successfully pass Stage 1 and be considered at Stage 2, tenderers were required to pass all of the specified selection criteria.
- 2.8 STAGE 2 (Award criteria) - The aim of the Stage 2 evaluation was to select the tender which represented the best overall value for money. The evaluation included an emphasis on quality as well as cost.
- 2.9 In a mini competition situation it is necessary to reapply the original cost quality ratio that was used when tendering the overarching framework agreement. Therefore a cost quality ratio of 85% cost and 15% quality was utilised.
- 2.10 The Stage 2 quality analysis was based on the answers provided in response to the weighted award criteria questions which were scored using the published scoring matrix.
- 2.11 Following completion of the Stage 1 analysis, one of the two tenders received was found to be non-compliant in terms of the mandatory criteria.
- 2.12 The remaining single compliant tender was then subject to the Stage 2 analysis and deemed to be acceptable for the following reasons:
 - The tenderer scored a quality score of 32 out of a possible 40 achieving a good or excellent score for each question; and
 - The tendered price is deemed to be competitive.

3. Recommendations

- 3.1 It is recommended that the Finance and Resources Committee approve the appointment of Forth Resource Management Ltd (subject to agreement between the Council and the contractor on the final terms of the contract).

Mark Turley

Director of Services for Communities

Links

Coalition pledges	P49 -	Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill.
	P50 -	Meet greenhouse gas targets, including the national target of reducing greenhouse gas emissions by 42% by 2020.
Council outcomes	CO18 -	We reduce the local environmental impact of our consumption and production.
Single Outcome Agreement	SO4 -	Edinburgh's communities are safer and have improved physical and social fabric.