

**WEST DUNBARTONSHIRE COUNCIL**

**Report by Strategic Lead – Resources**

**Tendering Committee: 27 February 2019**

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**Subject: Contract Authorisation Report – Treatment of Organic Waste**

**1. Purpose**

- 1.1** The purpose of this report is to seek the approval of the Tendering Committee to authorise the Strategic Lead - Regulatory to conclude the award of the contracts for the Treatment of Organic Waste: Lot 1 - Food, Lot 2 - Garden and Lot 3 - Co-mingled Waste.

**2. Recommendations**

- 2.1** It is recommended that the Tendering Committee:

- a) Authorise the Strategic Lead - Regulatory to conclude on behalf of West Dunbartonshire Council (the Council), the direct award of three contracts under the Scotland Excel Framework Agreement (FA) (08-16) for the Treatment of Organic Waste:
- Lot 1 - Food Waste to Barr Environmental Limited;
  - Lot 2 - Garden Waste to Barr Environmental Limited; and
  - Lot 3 - Co-mingled Waste to Barr Environmental Limited
- b) Note that each contract shall be for a period of four years. The annual estimated value of Lot 1 - Food Waste is £24,000; Lot 2 - Garden Waste is £25,850 and of Lot 3 - Co-mingled Waste is £200,025. The overall estimated value of the contracts over the four year period, will be £999,500 (excluding VAT).

**3. Background**

- 3.1** The budget for the Treatment of Organic Waste / Disposal is part of the waste disposal budget agreed by Council annually as part of the budget setting process.

- 3.2** The current contracts are due to end on 27 February 2019. The incumbent contractor, Barr Environmental Limited, has agreed to maintain service provision at the current rates to prevent the waste spend going out of contract. The new contracts require to be in place for 28 February 2019.
- 3.3** From January 2021, there is a ban on biodegradable municipal waste going to landfill. The Council requires a competent contractor(s) to provide a reception facility and allow for the treatment process of organic waste for the three waste streams to comply with the Waste (Scotland) Regulations 2012 and to meet Government targets for recycling.
- 3.4** Currently, the three waste streams are collected separately to recycle in a different manner by the Council's incumbent supplier, Barr Environmental Limited. Lot 1 - Food Waste is collected from the high rise and tenement properties, Lot 2 - Garden Waste is collected at the civic amenities sites and Lot 3 - Co-mingled Waste is collected at kerbside. The below tables show the trend analysis for the three waste streams over the past 3 years:

Year	Cost per Tonne	Tonnage	Cost
<b>Trend analysis for Food Waste (Lot 1)</b>			
2015-16	£48.00	449.94	£21,597.12
2016-17	£48.00	515.74	£24,755.52
2017-18	£48.00	474.48	£22,775.04
<b>Trend analysis for Green Garden Waste (Lot 2)</b>			
2015-16	£25.85	1114.1	£35,035.00
2016-17	£25.85	1110.8	£28,714.18
2017-18	£25.85	906.4	£23,448.97
<b>Trend analysis for Co-mingled Waste (Lot 3)</b>			
2015-16	£44.45	4742.98	£210,825.46
2016-17	£44.45	4630.04	£205,805.28
2017-18	£44.45	4484.74	£199,346.69

- 3.5** This procurement exercise has been conducted in accordance with the Council's Standing Orders and Financial Regulations and the Public Contracts (Scotland) Regulations 2015 for Services. A Contract Strategy document was also approved by the Business Partner for Strategic Procurement (Place) on 11 January 2019.

#### 4. Main Issues

- 4.1 There are 11 suppliers on the Scotland Excel FA (08-16) for the Treatment of Organic Waste. The Council has considered that a reasonable travel time and mileage to deliver waste should be less than 15 miles from Milton, Dumbarton G82 2UA. This resulted in two possible contractors who could take the Council's waste:

	<b>Barr Environmental Limited</b>	<b>William Tracey Limited</b>
Mileage Distance (Single Journey)	5.1 miles	13.4 miles
<b>Lot 1 - Food Waste</b>		
National Gate Fee per Tonne	£48.00	£70.00
Contaminated Fee per Tonne	£71.00	£120.00
<b>Lot 2 - Garden Waste</b>		
National Gate Fee per Tonne	£25.85	£55.00
Contaminated Fee per Tonne	£46.50	£120.00
<b>Lot 3 - Co-mingled Waste</b>		
National Gate Fee per Tonne	£44.45	£75.00
Contaminated Fee per Tonne	£68.00	£120.00

- 4.2 Due to the timescales for the new contracts to be in place, 28 February 2019; it is recommended that the Council progresses the Direct Award route (a contract is awarded to a supplier on a FA without further competition) to Barr Environmental Limited of Killoch, Ochiltree, Cumnock KA18 2RL for Lot 1- Food Waste, Lot 2 - Garden Waste and Lot 3 - Comingled Food. The estimated four year term value of the contracts is £999,500 ex VAT. The value of the contracts has been approved by all participating Services. The duration of the contracts shall be from 28 February 2019 for a 4 year period. This will guarantee budget security, continuity of service provision and allow Barr Environmental Limited to invest further at the Auchincarroch facility securing local employment,
- 4.3 As well as the Best Value route for this Council, contracting with Barr Environmental Limited would minimise the cost of disruptions and change. Including all of these wastes streams together will improve efficiencies with regards to data flow information, consolidated invoicing and removes the need for the Council to procure and manage multiple suppliers.
- 4.4 Barr Environmental Limited has committed to follow Fair Working Practices by paying the Scottish Living Wage and is also accredited to the Scottish Business

Pledge. Barr Environmental Limited's commitment to the Scottish Business Pledge was formally recognised in October 2016 by the Cabinet Secretary for the Economy, Jobs and Fair Work, Keith Brown MSP.

**4.5 Barr Environmental Limited have committed to delivery of the following range of social benefits:**

- Employment, Skills and Training: Will support Communication / Waste Awareness initiatives within schools, talks at events and arrangement of site visits;
- Sustain 1 full time equivalent and 1 indirect member of staff;
- 80% of their employees are living within the Council's area; and
- Support a "Compost to Go" scheme where they have created a clearly branded and designated area within their recycling facility which contains the PAS100 compost they generate from the treatment of garden waste. This material is made available to the public for free.

**5. People Implications**

**5.1** There are no people implications.

**6. Financial and Procurement Implications**

**6.1** Financial costs in respect of these contracts will be met from the approved revenue budgets of Regeneration, Waste Services. The budget for 2019 / 2020 is £285,000 for the 3 Lots, therefore over the 4 years the total current budget is £1,140,000. Using the 2017/2018 tonnage; the estimated value for the 3 Lots over 4 years, is £999,500. This is therefore expected to generate an annual saving of £35,000.

**6.2** This procurement exercise was conducted in accordance with the agreed Contract Strategy produced by the Corporate Procurement Unit in close consultation with Regeneration, Waste Service officers and the provisions of Standing Orders, the Financial Regulations and relevant procurement legislation.

**7. Risk Analysis**

**7.1** The successful supplier has no known links to Serious and Organised Crime which would have significant political and reputational ramifications for the Council.

**7.2** Should the Tendering Committee decide not to proceed as recommended then this will delay the projects, may have financial implications and may result in legal challenge.

## **8. Equalities Impact Assessment (EIA)**

**8.1** A screening has been carried out and it determined that no EIA was required.

## **9. Consultation**

**9.1** West Dunbartonshire's Waste Services have been consulted regarding the contents of this report.

## **10. Strategic Assessment**

**10.1** The treatment of organic waste across the Council will contribute to the delivery of the Council's strategic priorities by supporting the provision of efficient and effective frontline services that improve the everyday lives of residents.

**Name:** Stephen West

**Designation:** Strategic Lead - Resources

**Date:**

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**Appendix:** None

**Background Papers:** 1. The Contract Strategy; and  
2. EIA Screening

**Wards Affected:** All