

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a saltire, top-right: a stag's head, bottom-left: a sailing ship, bottom-right: an eagle), and a banner at the bottom with the motto "A NE FOR A".

Agenda Item 7

Residual Waste Contract Strategy

Falkirk Council

Title: Residual Waste Contract Strategy
Meeting: Executive
Date: 22 February 2022
Submitted By: Director of Place Services

1. Purpose of report

- 1.1 This report sets out the proposed contract strategy for the procurement of a new residual waste contract for prior consideration by the Executive in line with Council Contract Standing Order 6.2(ii) relative to major contracts.

2. Recommendation(s)

- 2.1 The Executive is asked:

- (1) to approve the contract strategy for the procurement of a residual waste treatment solution as outlined in section 4 below with an initial term of 10 years and an option to extend for up to a further 5 years; and
- (2) to delegate to the Director of Place Services the scope to make appropriate changes to the contract strategy as circumstances develop, and where the changes are considered material, to do so in consultation with the Leader of the Council and the Leaders of the main Opposition Groups.

3. Climate Impacts

- 3.1 Outputs within this report will have a positive impact on the organisation and national climate change targets. By prioritising non-landfill solutions in lieu of extending the current landfill provision, this will reduce council carbon emissions associated with waste treatment.

4. Background

- 4.1 Falkirk Council is the waste collection authority and the waste disposal authority under the Environmental Protection Act 1990 and as such required to have in place proper arrangements including for the disposal of residual waste. Residual waste is the waste that is left after segregation processes to take out for example recyclable materials. The residual waste is approximately 38,000 - 40,000 tonnes per annum.
- 4.2 Residual waste currently goes to landfill. The Council's current landfill contract arrangement, with Avondale Environmental Ltd which was procured in 2017 through the Scottish Brokerage is scheduled to terminate on 1 October 2022. There is scope to extend the contract for up to two additional years. The preference is not to extend but to move to a non-landfill solution as early as

possible. This aligns to the Council's climate agenda i.e. minimising carbon impact by the non-landfilling of waste which cannot be reused or recycled.

- 4.3 A key driver in the development of non-landfill solutions for the treatment of residual waste is the forthcoming ban on sending biodegradable waste to landfill which will come into place 1 January 2026 Waste (Scotland) Regulations 2012,
- 4.4 Falkirk Council is collaborating with Perth and Kinross, Stirling and Clackmannanshire Councils in the development of contract strategies and in the procurement process. This is supported by Scottish Government via Zero Waste Scotland who have commissioned specialist technical support and advice to assist the Councils.

5. Considerations – Contract Strategy

Contract Period

- 5.1 The technical advice and soft market testing supports a relatively long term contract of 10 years with the option for up to a further 5 years. The contract would include detailed contract change provisions to account for market or regulatory changes during this period.

Estimated Contract Value

- 5.2 The estimated contract value is the value used in the publication of the contract notice advertising the procurement. The annual value is estimated at £5m which gives an estimated contract value of £75m over the 10 plus 5 years.

In broad terms the prices comprise all inclusive gate fee. The prices will be subject to appropriate indexing on an annual basis which is still being worked through with the technical experts.

Contract Packaging

- 5.3 Residual waste will be presented to the market in two Lots. Lot 1 being black bag waste – kerbside collections and Lot 2 being bulky waste e.g. carpets, mattresses. Separate Lots has resulted as not all treatment solutions can accommodate bulky waste items. Separate Lots therefore provide opportunity to secure best value for Falkirk Council and maximise market interest.

As the Council does not own/operate a Waste Transfer facility, our requirement is to enable collected waste to be delivered immediately post collection, by Council vehicles, to the treatment facility. Should this not be available, the successful supplier(s) would be required to provide a Waste Transfer facility for Falkirk Council local use within the Falkirk boundary for Lot 1 (black bag waste). For Lot 2 an alternative solution is for the Contractor to uplift waste from the Council's Household Waste Recycling Centre (HWRC) sites at Kinneil and Roughmute.

The expert advice is that an exclusive contract arrangement is necessary to ensure market commitment and is preferable to offering guaranteed quantities.

Selection Criteria

5.4 The open procedure is the proposed procurement route.

The technical ability will be assessed against:

- relevant experience of delivering waste service contracts within the last three years
- quality management systems (including health and safety procedures) and environmental management systems

Economic and financial standing requirements appropriate for a contract of this size and nature are still being worked through with the technical experts. A credit reference check would also be undertaken.

Award Criteria

5.5 Tender documentation and tender evaluation criteria are currently being finalised. A weighting based on price 70% with quality 30% is proposed

The quality criteria and weightings proposed are:

- Deliverability of solution – facility plan and readiness to divert waste from landfill (30%)
- Landfill Diversion and Environmental Performance(15%)
- Waste reception and vehicle interface (10%)
- Monitoring and reporting of contract waste (10%)
- Contingency arrangements (10%)
- Environmental management and compliance (5%)
- Carbon management (10%)
- Fair Work First and Community Benefits, (10%)

Contract and performance monitoring

5.6 A programme of contract monitoring meetings and schedule of monitoring reports will be established.

Contract Timetable

5.7 The technical advice is a that a fairly lengthy tender preparation period of four months is required for tenderers including a clarification process. Whilst the aim is to meet the October 2022 deadline, as a contingency, the Council will explore the possibility of a short extension with the current provider.

Waste Services in conjunction with legal and procurement colleagues continue to work with the technical advisors, to develop the Invitation to Tender (ITT), contract documentation and selection criteria. To secure an October 2022 commencement date, the intention is to publish a prior information notice by the end of February 2022. Current indications are that Perth & Kinross Council will adopt a similar timetable to ourselves.

6. Consultation

- 6.1 In April 2021, a soft market testing involving 11 market suppliers, identified that there are a sufficient number of contractors to provide competition and solution in the tender exercise for the Councils involved.

7. Financial Implications

- 7.1 The financial implications on the service will be dependent on the gate fee secured through procurement and is likely to be higher than current landfill disposal costs. Until the tendering exercise has been completed, it is not possible to provide further detail, however, an annual contract value of £5m is estimated.
- 7.2 Current year projected charge to Council of £4.1m based on circa 38,600 tonnes of waste.

8. Legal

- 8.1 An alternative to a landfill contract is required for the Council to be ready for the ban on sending biodegradable waste to landfill from 1 January 2026

9. Risk

- 9.1 The soft market testing exercise determined that market providers are at varying states of readiness, with build and commissioning of treatment facilities occurring over a protracted timescale. Securing early contract arrangements will ensure the Council meets its forthcoming statutory requirements. It is also anticipated that pre 1 January 2026, landfill tax will increase significantly from current level of £96.79 p/t.

10. Equalities

- 10.1 None

11. Sustainability/Environmental

- 11.1 Falkirk Council require the procured solution to provide a treatment facility or waste transfer arrangements within the Falkirk Council boundary. An alternative to landfill solution will provide significant carbon savings to the Council.

12. Climate Change Impact

- 12.1 The move away from sending biodegradable waste landfill in line with the ban coming into force from 1st January 2026 will have positive effect on the Council's carbon footprint.
- 12.2 In 20/21 Falkirk Council sent 39,306 tonnes of waste to landfill. This resulted in emissions of 17,192 tCO₂e. These emissions comprise of 90% of the councils waste footprint (currently sitting at 47% overall).

- 12.3 Waste treatment solutions which avoid landfilling will subsequently have a significant positive impact on the Council's carbon footprint and help the council toward achieving national NET Zero targets.

13 Conclusions

- 13.1 The expiry of the initial term of the current landfill contract arrangements in October 2022 together with the need to secure an alternative to landfill treatment solution before 1 January 2026 provide the opportunity and drive to undertake a new procurement at this time. In formulating the proposed contract strategy the Council has benefited from working in collaboration with other Councils alongside Zero Waste Scotland and their appointed advisers.

Director of Place Services

Author – Carl Bullough, Head of Environment and Operations

Date: 10 February 2022

Appendices

None

Background Papers

None