

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: OUTCOME OF TENDER PROCESS FOR WASTE MANAGEMENT & RECYCLING SERVICES FOR BLUE BIN KERBSIDE CO-MINGLED DRY RECYCLATE (CDR) MATERIAL
From: EXECUTIVE DIRECTOR OF REGENERATION & ENVIRONMENTAL SERVICES		
Date: 12 AUGUST 2014	Ref: KW/HM/AMK	

## 1 Purpose of the Report

- 1.1 The purpose of this report is to seek Committee approval for the award of a Waste Management & Recycling Services contract for co-mingled dry recyclate (CDR) material, collected via the Council's blue bin kerbside recycling service.

## 2 Background

- 2.1 North Lanarkshire Council's previous existing contract for the processing of blue bin CDR material was with Shanks Waste Solutions, which had a contract end date of 31<sup>st</sup> March 2013. This was a 5 year contract with a maximum of 16,000 tonnes of material per annum, which throughout the duration, North Lanarkshire Council paid £15 per tonne to dispose/recycle the material. Half way through this contract, Waste Management Services anticipated that there would be additional CDR tonnage which would exceed the original 16,000 tonnes per annum contract. Following a procurement exercise by Waste Management Services in June 2012, a contract was awarded to Shanks Waste Solutions, which included a rebate of £35 per tonne for this additional tonnage. In July 2012, Shanks Waste Solutions ceased trading in the co-mingled recycling market, leaving Waste Management Services no option but to implement short term interim arrangements to dispose/recycle of their CDR material.
- 2.2 From the tender procurement exercise in June 2012, there was an indication that the then current market was offering a rebate, as opposed to a gate fee, to dispose/recycle CDR material. Working with Corporate Procurement, a 'first of its kind' concession contract was created in response to the fluctuating co-mingled recyclate market. The concession contracts returned on 29<sup>th</sup> July 2013 produced only 2 compliant bids. Following the completion of these tender evaluations, both of the bids were proven to be uneconomically viable to the Council. Accordingly, the outcome of this procurement process was inevitably, not to award.
- 2.3 Working closely with Corporate Procurement and paying close attention to the waste market, and considering North Lanarkshire Council's requirements, a new tender document was put together which reflected the current demands and targets to be achieved, set by the Scottish Government's Zero Waste Plan.
- 2.4 The ITT for Waste Management & Recycling Services for Blue Bin Kerbside Co-Mingled Dry Recyclate (CDR) material was published on Public Contracts Scotland and OJEU on 6<sup>th</sup> February 2014, with a return date of 20<sup>th</sup> March 2014.

### 3 Tender Evaluation

- 3.1 On the 20<sup>th</sup> March 2014 at 12 noon at Civic Centre, Motherwell, 5 submissions were returned from bidders, for the CDR disposal/recycle contract. Prior to these bids being formally evaluated, initial checks showed that all 5 of the tender submissions were compliant.
- 3.2 A tender evaluation panel was established, consisting of three managers and a support assistant within the Waste Management Services Section of Environment & Estates, with all managers fully engaged at all points throughout the evaluation process. A further evaluation outcome meeting was subsequently convened, at which a representative from the Council's Corporate Procurement Service attended.
- 3.3 The period of the Contract Award is from September 2014 until September 2016, (two years, plus two (2) one year additional extensions, up to September 2018). The tender evaluation award outcome was published as being the "Most Economically Advantageous Tender" to the Council, which would be determined using a price/quality ratio of 70/30.
- 3.4 During the evaluation outcome meeting, it was established that 3 of the 5 submissions would not pass the selection stage D of the tender. After seeking legal advice and taking into consideration past experience, Waste Management Services advised Corporate Services to inform these companies that their bid would not be taken any further in the procurement process. These letters were issued in June 2014. Oran Environmental Solutions Ltd and Viridor Waste Management Ltd, were the 2 companies who qualified for the award stage of this tender process.
- 3.5 Numerical clarification was sought with Viridor Waste Management Ltd, in order to allow proper comparison and evaluation of the tender in accordance with the Council's Contract Standing Orders. In addition, legal opinion was sought after the evaluation process was completed.
- 3.6 The table below provides the detail of the outcome of the tender evaluations following the price quality ratio being applied to all bids. This takes cognisance of all clarifications sought during the evaluation process:

<b>FINAL Scoring Lots 1 &amp; 2</b>		<b>Weighted Financial Scoring 70%</b>	<b>Weighted Qualitative Scoring 30%</b>	<b>TOTAL SCORE</b>	<b>Ranking</b>
<b>Bidder</b>	<b>Value (£)</b>				
Oran Environmental Solutions Ltd	£2,338,918.00	-7.27%	29.31%	22.04%	2
Viridor Waste Management Ltd	£1,111,723.50	70%	30.00%	100.00%	1

- 3.7 From the above, the preferred bidder has been identified as Messrs Viridor Waste Management Ltd, for both Lots 1 and 2.

#### **4. Recommendations**

- 4.1 It is recommended that the Committee approve the outcome of the tender process to award the Waste Management and Recycling Services of Blue Bin Kerbside Co-Mingled Dry Recyclate (CDR) Material to Messrs Viridor Waste Management Ltd.

A handwritten signature in black ink, appearing to read 'K. Wilson', with a long horizontal flourish extending to the right.

**KENNETH WILSON  
HEAD OF ENVIRONMENT & ESTATES**

Local Government Access to Information Act: for further information on this report, please contact: Andrew MacKenzie, Assistant Business Manager: Telephone No 01698 506274