

North Lanarkshire Council Report

Environmental and Climate Change Committee

Does this report require to be approved? Yes No

Ref: NLC-CPT-22-036

Date: 09 November 2022

Procurement of the Provision of the Recycling & Treatment of Kerbside Collected Glass, Metal & Plastics

From Head of Regulatory Services and Waste Solutions

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Executive Summary

The Environment and Climate Change Committee (the "Committee") is asked to acknowledge the variation / modification to the current contract for the Recycling & Treatment of Glass, Metal & Plastics and to approve the award of a new contract for the Recycling & Treatment of Kerbside Collected Glass, Metal & Plastics (the 'Contract') to Levenseat Limited.

The modification to the current contract was undertaken in accordance with regulation 72 of the Public Contracts (Scotland) Regulations 2015 to extend the originally tendered term of the Contract to allow the re-procurement process to be undertaken.

The award of the new Contract is for an initial period of 36 months anticipated to commence on 16 January 2023. The Council reserves the right to extend the Contract for additional periods up to a maximum of a further 24 months in two 12-month periods.

This Contract will generate an income to the Council of approximately £1,833,544.38 over the 5 year period.

Recommendations

It is recommended that Committee:

- acknowledge the decision taken by the Head of Regulatory Services and Waste Solutions to apply a modification to the current contract; and
- approve the award of the new Contract to Levenseat Limited with the Contract generating approximately £1,833,544.38 of income over the 5 year period.

The recommendations follow processes undertaken in accordance with the relevant internal procedures and procurement regulations with the award of the new Contract recommended

to the tenderer that has been evaluated as providing the most economically advantageous tender in terms of cost and quality for the Council.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition Statement (17) Ensure we keep our environment clean, safe, and attractive

1. Background

- 1.1 The Council is responsible for the receipt, segregation, recycling, treatment and disposal of glass, metal & plastics collected via its kerbside refuse collection service. Circa 18,000 tonnes of glass, metal & plastics is collected via the Council's kerbside collection service for recycling annually.
- 1.2 The kerbside collection of glass, metal & plastics is one of several services operated by the Council's Waste Solutions team and compliments the weekly domestic kerbside collection services and household waste recycling centres that are strategically located throughout North Lanarkshire.
- 1.3 The current contract, approved for award by the Policy & Resources Committee on 21 June 2017, commenced on 01 October 2017 and was due to expire on 30 September 2022 following expiration of all extension periods permitted.
- 1.4 The Council intended to commence a new contract award procedure to re-procure requirements of the Contract before it was due to initially expire. However, due to a review of market conditions given their volatility, and an appraisal to identify and better understand the application of a new pricing model in the re-procurement process that could potentially enable an income to the Council rather than an expenditure, the re-procurement procedure was late in commencing.
- 1.5 To enable continuity of the Council's glass, metal & plastics collection service between the period when the current contract was due to expire and when the new Contract was due to commence, action was taken to extend the current contract to cover this period.
- 1.6 In accordance with condition 38 of the Council's General Contract Standing Orders, advice was requested from the Head of Asset and Procurement Solutions and the Head of Legal and Democratic Services to proceed with the variation via Regulation 72 of the Public Contract (Scotland) Regulations 2015 (the "Regulations").
- 1.7 Following dialogue with Corporate Procurement and Legal Services, and receipt of associated advice from the Head of Asset and Procurement Solutions and the Head of Legal and Democratic Services as per above, the Head of Regulatory Services and Waste Solutions progressed with modifying the Contract in accordance with Regulation 72(1)(e) of the Regulations as the modification was determined to not be substantial as per the conditions listed within the Regulations.
- 1.8 Accordingly, the current contract term was extended by a further three and a half months to 15 January 2023 by way of varying / modifying the Contract. Applying this modification to the current contract ensured continuity of service for the Council's kerbside collected glass, metal & plastics collection service until such time as the new Contract was approved for award and implemented.
- 1.9 Following communication with the incumbent provider, they agreed to the proposed extension to the current contract through the modification proposed. The incumbent provider also confirmed their agreement to continuing with the original terms and conditions of the current contract whilst also confirming that their existing rates would continue to be applied.

- 1.10 The value of the current contract modification is not expected to exceed Two Hundred and Thirty Thousand Pounds Sterling (£230,000.00) exclusive of VAT. The costs associated with modification will be contained within the Waste Solutions revenue budget for 2022/23.
- 1.11 Committee is being notified of the action taken by the Head of Regulatory Services and Waste Solutions to modify the current contract in accordance with conditions 15.3 and 15.4 of the Council's Financial Regulations.

2. Report

- 2.1 For the new Contract, a user intelligence group (the 'UIG') of technical and procurement representatives was formed to review technical specifications, discuss trading processes, market conditions and trends, appraisal of pricing approach, ways to maximise community benefits and sustainability, and to agree the procurement strategy that would deliver maximum benefit for the Council via the Contract.
- 2.2 The identified procurement procedure (route to market) dictated that the procurement procedure be undertaken in accordance with the Public Contracts (Scotland) Regulations 2015.
- 2.3 The procurement procedure was undertaken as a "Mini Competition" from the Scotland Excel Treatment and Disposal of Recyclable and Residual Waste (27/17) Dynamic Purchasing System, Lot 1 - Co-Mingled Mixed Recyclate.
- 2.4 The Contract award recommendation is made on the basis of the tenderer who submitted the most economically advantageous tender.
- 2.5 The tender submitted by Levenseat Limited has been evaluated as representing the most economically advantageous tender for this Contract.
- 2.6 Appendix 1 confirms the scoring achieved by each tenderer, further details of the procurement procedure is provided in Appendix 2 and the SME status and location of all tenderers is located within Appendix 3.
- 2.7 Any costs associated with contract delivery will be contained within the revenue budgets for Waste Solutions.

Price Savings / Increases

- 2.8 This Contract has moved from an expenditure of circa £580,000 per annum to generating an income to the Council of approximately £1,833,544.38 over the 5-year Contract term. This is due to waste materials collected from Council residents holding substantive value which is sold on by Levenseat Limited at profit to third-parties for recycling. Accordingly, the Contract now provides a pathway for the Council to receive a fixed percentage of all its waste sold by Levenseat Limited.
- 2.9 It should be noted however, that although this Contract is in a very positive position at present, it is very much dependant on market forces (as detailed below) which can

move very rapidly in a negative direction. Accordingly, any potential saving / income which will come from the Contract will be used to offset current service burdens and contribute towards the overall savings proposals for the Council over the next three years.

Price Stability

- 2.10 The percentage of income that the Council could receive from Levenseat Limited for the material sold on to third-parties shall be set by the monthly “mid-point” price per tonne as set by the industry recognised “[Lets Recycle](#)” online benchmarking platform.
- 2.11 However, associated handling and contamination fees submitted will remain fixed and unchangeable for first twelve (12) months of the Contract. Subsequent to that initial period, there is provision within the Contract for Levenseat Limited to request annual reviews of these prices however any review of these prices are not permitted to be greater than the National Retail Price Index at the time of the request. It will be at the sole discretion of the Council whether to accept or reject any pricing amendment proposed for handling and contamination fees.
- 2.12 Additionally, the national [Deposit Return Scheme](#) (DRS) is due to be implemented on 16 August 2023 by Zero Waste Scotland. The impact the DRS will have on kerbside collected drinks containers via the Contract is not yet known and will not be fully known until the scheme goes live. Should the DRS have a significant impact on collected materials, and costs / rates via the Contract, the Council reserves the right to review the pricing model applied within the Contract.

Community Benefits

- 2.13 The Council is committed to maximising the delivery of community benefits. The procurement included a community benefit requirement, this approach is designed to deliver local community benefits where possible.
- 2.14 Within their tender, Levenseat Limited committed to deliver the following community benefits within the Contract where possible:

Community Benefit Type	Quantity Committed
New Job for an Individual not from a Priority Group (Full Time)	1
Educational Visits	5
Work Experience Placement to obtain a "Foundation Apprenticeship"	1
Financial Support for a Community Project / Organisation	1

- 2.15 The community benefits delivered as part of the Contract does include the creation of a job and an apprenticeship.

Fair Work First

2.16 Within their tender submission, Levenseat Limited advised that they have committed and/ or will commit to the following areas of the Scottish Governments “Fair Work First” initiative:

- accredited Living Wage Employer;
- appropriate channels for effective voice, such as trade union recognition;
- investment in workforce development; and
- offer flexible and family friendly working practices for all workers from day one of employment.

Contract Strategy

2.17 Officers from Regulatory Services and Waste Solutions will be responsible for managing the Contract which will be undertaken in accordance with the Councils agreed approach to contract and supplier management.

3. Measures of success

3.1 The Contract will deliver the following outcomes:

- The appointment of a service provider who has the experience and capability to deliver a high quality and responsive service to segregate, recycle, treat and disposal of Glass, Metal & Plastics collected via the Council’s Kerbside Collection that will deliver the minimum delivery targets within the Contract;
- The contract award procedure is compliant with the procurement legislation and internal procedures;
- That best value is both demonstrable and achieved;
- That the Contract secures a range of community benefits;
- That the Contract secured a number of “Fair Work First” initiatives;
- That the Contract performance is proactively managed against a number of local Key Performance Indicators and national targets; and
- A collaborative approach to the procurement of the requirement, minimising the burden on internal resource and leveraging the economies of scale.

4. Supporting documents

Appendix 1	Summary of Tender Evaluation Process
Appendix 2	Summary of Procurement Process
Appendix 3	SME Status and Location of All Tenderers



Andrew McPherson
Head of Head of Regulatory Services and Waste Solutions

5. Impacts (<http://connect/report-template-guidance>)

5.1 Public Sector Equality Duty and Fairer Scotland Duty

Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?

Yes No

If Yes, please provide a brief summary of the impact?

If Yes, has an assessment been carried out and published on the council's website?
<https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments>

Yes No

5.2 Financial Impact

Does the report contain any financial impacts?

Yes No

If Yes, have all relevant financial impacts have been discussed and agreed with Financial Solutions?

Yes No

If Yes, please provide a brief summary of the impact?

North Lanarkshire Council has a statutory obligation to provide a kerbside collection for Glass, Metals and Plastics wastes. This has been built into the revenue budget of Waste Solutions service.

5.3 HR Policy Impact

Does the report contain any HR policy or procedure impacts?

Yes No

If Yes, have all relevant HR impacts have been discussed and agreed with People and Organisational Development?

Yes No

If Yes, please provide a brief summary of the impact?

5.4 **Legal Impact**

Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?

Yes No

If Yes, have all relevant legal impacts have been discussed and agreed with Legal and Democratic Solutions?

Yes No

If Yes, please provide a brief summary of the impact?

5.5 **Data Protection Impact**

Does the report / project / practice contain or involve the processing of personal data?

Yes No

If Yes, is the processing of this personal data likely to result in a high risk to the data subject?

Yes No

If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk

Yes No

5.6 **Technology / Digital Impact**

Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?

Yes No

If Yes, please provide a brief summary of the impact?

Where the impact identifies a requirement for technology, has an assessment been carried out (or scheduled) by the Enterprise Architecture Governance Group (EAGG)?

Yes No

5.7 **Environmental / Carbon Impact**

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes No

If Yes, please provide a brief summary of the impact?

This contract is for recycling/reuse of this waste stream. This will have a positive impact on the carbon emissions.

5.8 **Communications Impact**

Does the report contain any information that has an impact on the council's communications activities?

Yes No

If Yes, please provide a brief summary of the impact?

5.9 **Risk Impact**

Is there a risk impact?

Yes No

Low risk as Levenseat Limited put in a contingency as part of their tender plus there are other contingency measures available to the Council if Levenseat Limited was unable to fulfil the Contract to enable continuous service delivery in accordance with the applicable procurement regulations.

Appendix 1 – Summary of Tender Evaluation Process

Final Rank	Tenderer Name	Total Tender Score (%)	Recommended for Contract Award (Y / N)
1	Levenseat Limited	93.20	Yes
2	Hamilton Waste & Recycling Limited	-336.04*	No

*The total tender percentage score for Hamilton Waste & Recycling Limited is showing as a negative as their submitted tender price would have been an expenditure to the Council whereas Levenseat Limited's submitted tender price was an income to the Council.

Appendix 2 – Summary of Procurement Process

	Response			
Procurement Procedure Utilised:	Mini Competition			
DPS Owner	Scotland Excel			
DPS Title	Treatment and Disposal of Recyclable and Residual Waste			
DPS Reference Number	27/17			
DPS Lot Reference	Lot 1 – Co-Mingled Mixed Recyclate			
Governing Legislation / Regulations:	Public Contracts (Scotland) Regulations 2015			
Date Contract Strategy Approved:	16 September 2019 (Overarching Strategy for the Scotland Excel Treatment and Disposal of Recyclable and Residual Waste (27/17) Dynamic Purchasing System)			
Date ITT Documents Published:	16/08/2022			
Number of Companies Invited to Take Part:	31			
Tender Return Deadline:	05/09/2022			
Number of Tenders Received:	2			
Tenders Received from SME's:	2			
Tenders Received from NLC Based Tenderers:	0			
Number of Non-compliant Tenders:	0			
Number of Compliant Tenders:	2			
Number of Recommended Tenderers:	1			
Basis of Contract Award (Both Lots):	Quality:	30%	Price:	70%
Evaluation Team:	Officers from Waste Solutions			
Anticipated Contract Start Date:	16 January 2023			
Total Contract Period (Months):	36 + 12 + 12			
Maximum Total Contract Value:	Income generated			

Appendix 3 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Levenseat Limited	Medium	South Lanarkshire
Hamilton Waste & Recycling Limited	Medium	East Lothian