Positive Procurement

Initial Meeting – 9th March 2021

Scottish Government
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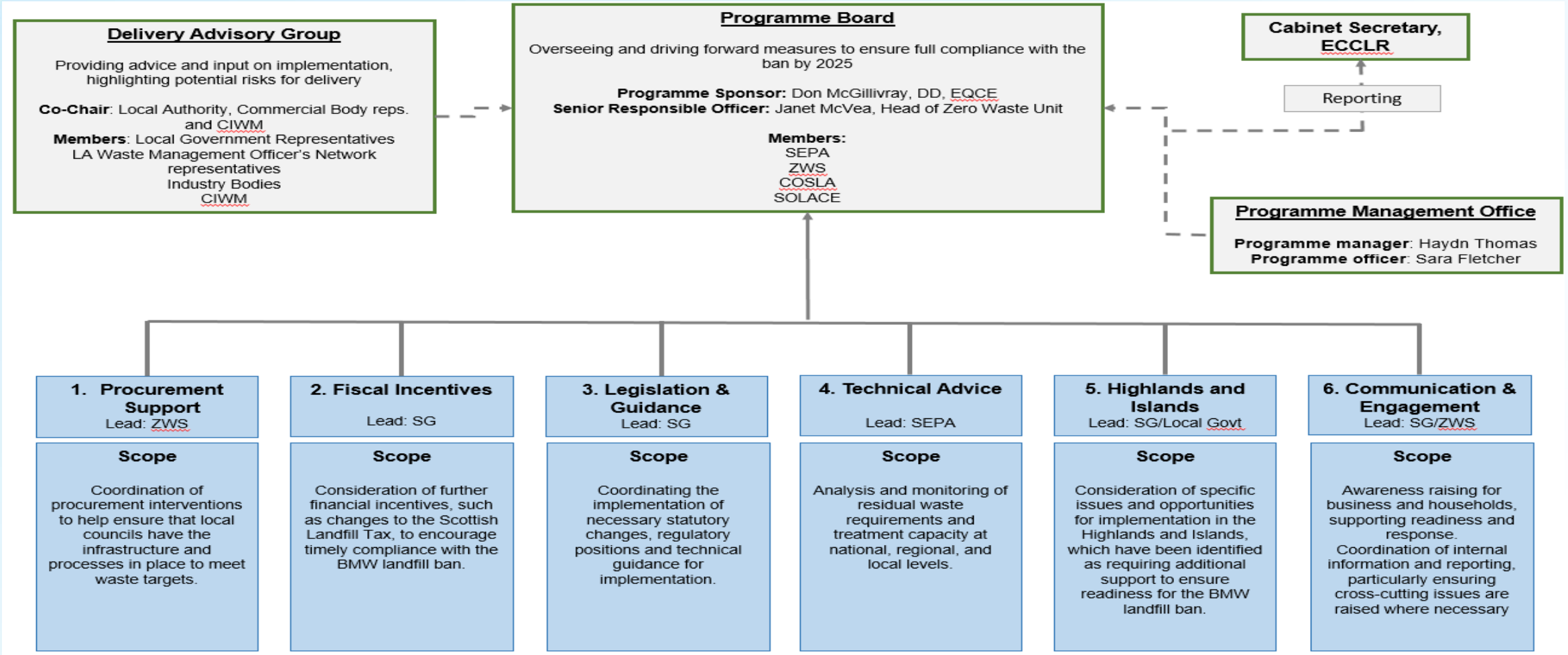
Scottish Government Update

BMW Landfill Programme Structure



Purpose of this Session

- To understand the current position across Councils
- To identify knowledge/time/data gaps in the Business Case
- To consider synergies and potential joint working opportunities

- Output = a Gap report for the group & structure for future sessions.

Council Update

Background Info

Lessons Learned

- Every waste contract is bespoke. Understand your potential bidders and their likely needs.
- Spend the time fully defining requirements before going to market. Be clear on what you need and what you don’t.
- The more flexible, the higher the cost.
- Consider dedicated team (secondment or external). Too much work for Officers with day jobs.
- The goalposts will change over time. Be prepared.

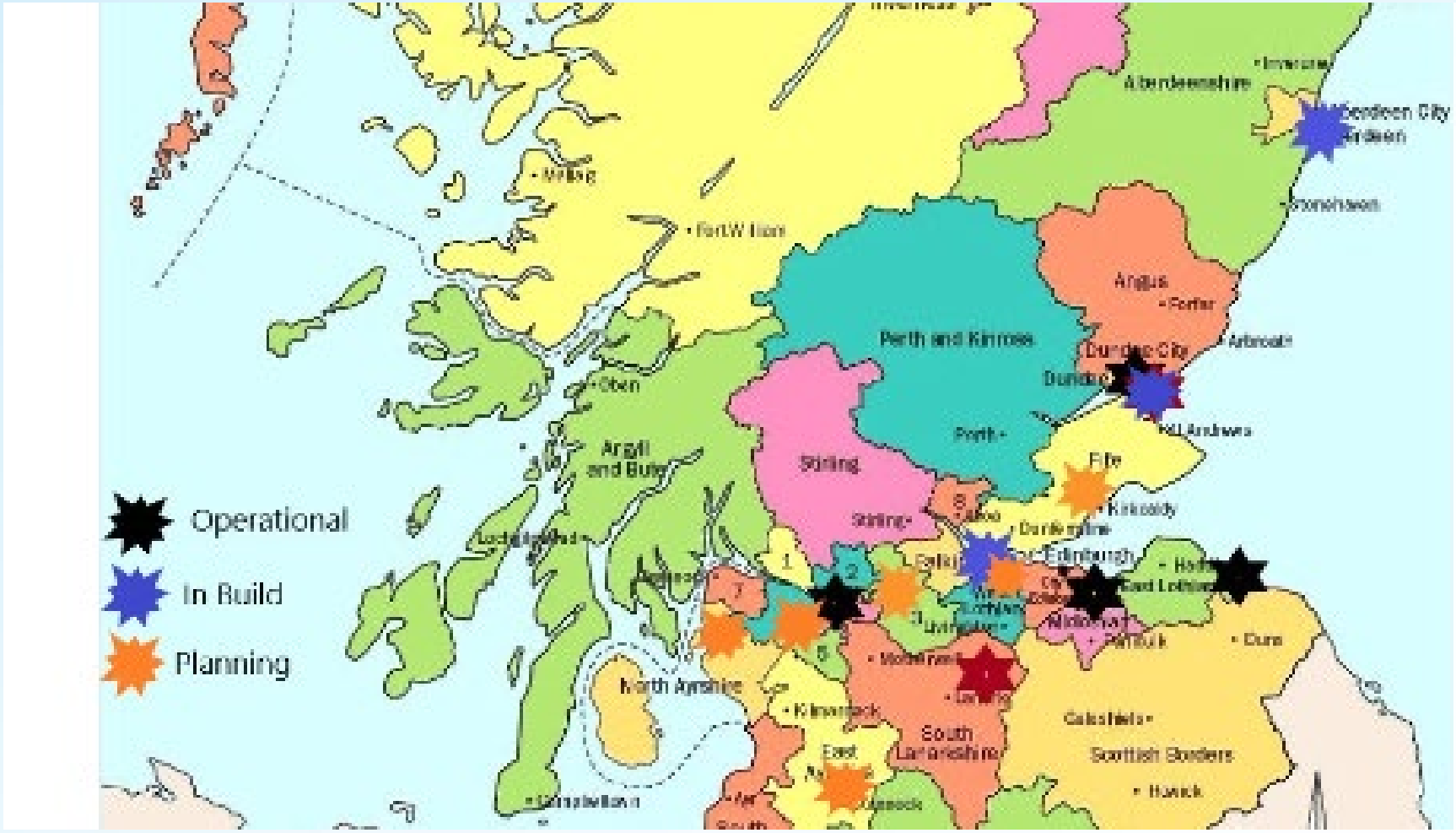
Current EfW Landscape

- Eunomia Report – Around 2.4 million tonnes required (2024/25)
- As of February 2021
  - 738,000 Operational
  - 105,000 In Commissioning
  - 496,000 Under Construction
  - 1,351,900 with Planning Permission
  - 530,000 Planning apps being determined
  - 250,000 Prospect pre planning
- Potential Total = 3,470,900 million tonnes

Potential Timeline

Most of this could be built by end of 2025 but likely to depend on contracts won

Where are the EfW's?



Procurement Timescales

- Preparation Time
  - 3 to 6 Months (depending on current status)
  - More preparation will reduce time in Tender

- Tender Period
  - Open Tender or Framework – approx. 6 to 9 months
  - Competitive Dialogue (single stage) –18 to 24 months

Workshop Sessions

Defining your Requirements

- EfW really only suitable for carbon based wastes.
- Waste Acceptance Criteria will exclude some large or inorganic wastes
  - Tighter requirements for non-mass burn plants
- A shredder may be required
- Thermal Treatment Guidelines mean pretreatment or Council exemption

Defining your Requirements

- Which waste streams do you need to divert from landfill?
  - Residual household/trade rounds
  - HWRC residual
  - Bulky Uplifts
  - Litter & Fly Tipping
- What is the maximum/minimum projected quantity?

Maximising Competition

- >10 year supply contract typically required to support investment in new plant
- Ideally up to 60% of capacity but any guaranteed waste is valuable to investment decision making
- Existing EfW's may need smaller volumes of "top up" waste
- How well do you know your Bidders?
  - Soft Market Test/RFI?

Maximising Competition

- How long do you want a contract to last?
- When should it start?
  - What are your current arrangements and when do they end?
- Deliveries/Location
  - Should the Contractor collect from transfer stations?
  - Can you transport in bulk?
  - Do you want to direct deliver?
  - How far can you travel? Haulage costs can be significant.

Ownership and Risk

- Do you want to own or operate an asset?
  - Transfer Station or Treatment solution?
- Do you want to make a capital contribution to lower gate fees?
- Do you want to benefit from heat/electricity from a plant?
- Do you want an income stream from selling metals, heat, electricity?

Financial Mechanisms

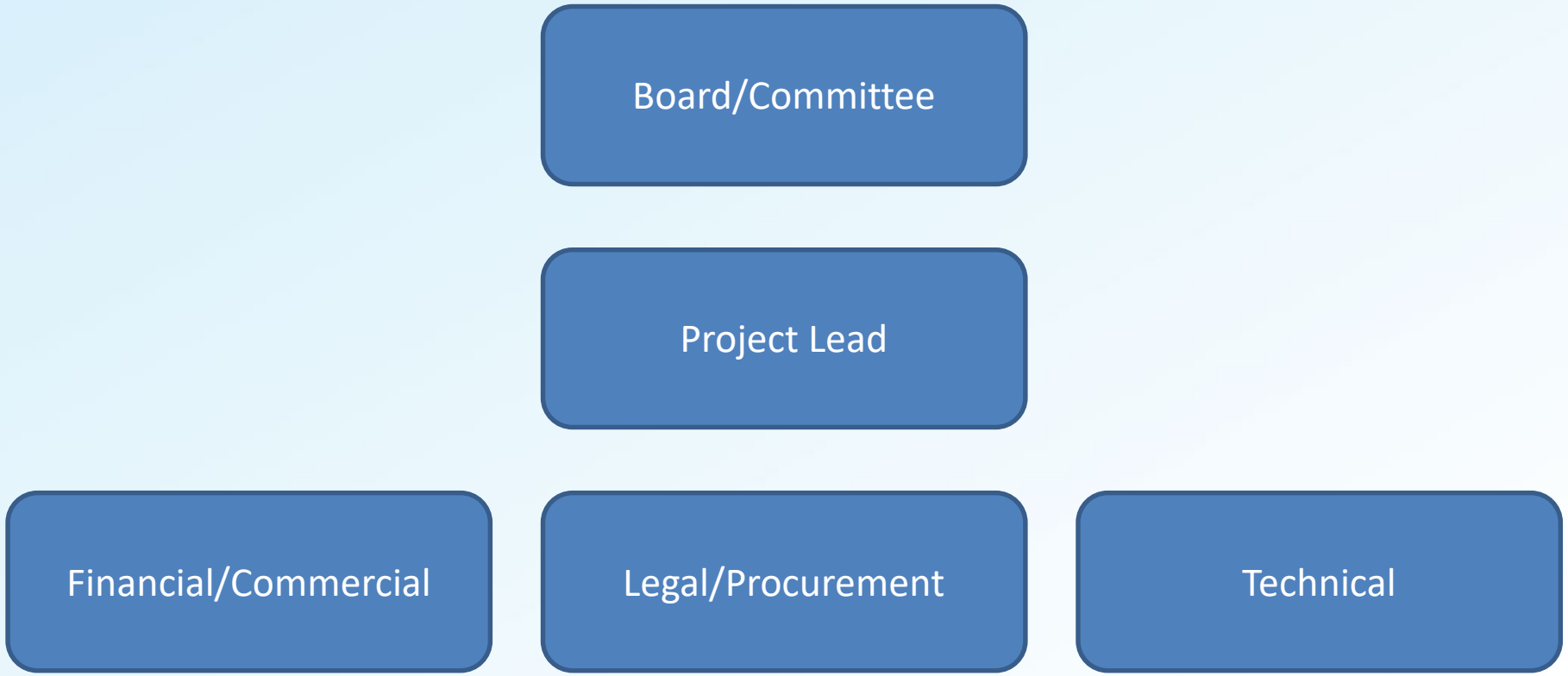
- Straight Price per Tonne indexed?
- Should Contractor provide Contingency when main facility closed for maintenance?
- Performance Deductions?
  - Turnaround times?
- Security Package?
- Contractor Default?

The Contract

- Council Standing Orders rarely contain level of liability acceptable to waste market.
- Develop contract through discussion?
  - Leads to use of Dialogue
- Utilise previous waste contract?
  - Make sure fit for purpose as will have been bespoke.
- Different procurement structures have different timescales
  - 6 months to 2 years

Capabilities and Governance

- Typical Waste Procurement Team Structure



Capabilities and Governance

- Who has the necessary skills and capacity?
- Who will lead the procurement?
  - Dedicated resource/Project Manager
  - Officer
  - Scotland Excel
- Who will sign the Contract?
  - Lead Authority
  - Joint Committee
  - Scotland Excel
- Who will manage the Contract?

Inter Authority Working

- Are your requirements aligned?
- Do you want to have a joint budget for procurement support?
- Does a Council have particular skills available?

- Inter Authority Agreement/Memorandum of Understanding can be formal or informal
- Secures commitment from those involved

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