

**ITEM No ...3.....**

**REPORT TO: FAIR WORK, ECONOMIC GROWTH & INFRASTRUCTURE COMMITTEE - 23 SEPTEMBER 2024**

**REPORT ON: FOOD WASTE TREATMENT PROCUREMENT SOURCING STRATEGY**

**REPORT BY: EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES**

**REPORT NO: 249-2024**

**1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to present a sourcing strategy for the procurement process for the treatment of food waste. The proposed contract term is two years plus a one year optional extension.

**2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee approves the sourcing strategy to make a direct award to Energen Biogas in accordance with the framework call off rules from the Scotland Excel Organic Waste Framework – 0220.

**3.0 FINANCIAL IMPLICATIONS**

3.1 The cost of food waste treatment is met from the Neighbourhood Services revenue budget. The financial implications associated with this report are the estimated cost of the contract to be awarded. The total cost of the contract is anticipated to be in the region of £150,000 for the 3 year contract, including the optional extension.

3.2 It is recommended that Energen Biogas Limited, is awarded the contract as the nearest supplier and treatment facility, located at Glenfarg, Perthshire, to minimise the haulage costs for Dundee City Council. This minimises vehicle journeys and to limit corresponding CO<sub>2</sub> emissions.

**4.0 SOURCING STRATEGY SUMMARY**

4.1 Food waste is collected from householders and transported to the transfer station at Marchbanks. Collection vehicles tip into a specifically designed skip for bulking. The containers once full are hauled using council skip vehicles for onward transfer and treatment. Food waste has been collected and transported in this manner since 2015. Energen Biogas Limited are the incumbent contractor.

4.2 Food waste is taken to an Anaerobic Digestion plant. This waste is retained in an enclosed unit know as a fermenter where the food waste breaks down. The breakdown of the organic material produces biogas. The biogas produces fuel for the onsite combined heat and power system. The electricity generated goes to the national grid and the heat recovered is used for the digesters. After this process the remaining digestate is composted and used by local farmers. Food waste accounts for approximately 8% of the council's overall recycled tonnage.

4.3 This Sourcing Strategy seeks approval to progress with an appropriate compliant process via the Scotland Excel Framework Agreement 0220 for Organic Waste Treatment through Lot 1, Model A, as detailed within the framework agreement. This model allows for Dundee City Council to deliver the goods to the site.

## 5.0 RISK ANALYSIS

- 5.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contracts regulations and leaving the Council open to a legal challenge.

Description of risk	Actions to be taken to manage risk
<b>Commercial Risk</b> – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Low Risk - the contract will be awarded through a compliant direct award from a Framework Agreement, through which all costs have been considered.
<b>Technical Risk</b> – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	Low Risk - the contract will be awarded through a compliant procedure.
<b>Performance Risk</b> – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	Low Risk – a contract management process will be put in place with the use of Key Performance Indicators.
<b>Contractual Risk</b> – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Low Risk – Dundee City Council are contractually protected via the contract terms and conditions. The contractor shall be proactively managed during the term of the contract.
<b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules.	Low Risk – this is a regulated contract.

## 6.0 SUMMARY

- 6.1 It is recommended that the Committee approve this Sourcing Strategy as outlined.

## 7.0 POLICY IMPLICATIONS

- 7.1 This report has been subject to the pre-IIA screening tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an integrated impact assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## 8.0 CONSULTATIONS

- 8.1 The Council Leadership Team have been consulted on the preparation of this report and agree with its contents.

**9.0 BACKGROUND PAPERS**

9.1 None.

Tony Boyle  
**Executive Director of Neighbourhood Services**

Date: 28 August 2024

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