
Meeting: Executive
Date: 3 July 2012
Subject: Residual Waste and Recycling Treatment and Disposal Contracts

Report of: Cllr Brian Spurr, Executive Member for Sustainable Communities

Summary: This report seeks approval for expenditure for two new contracts to continue (1) the treatment and disposal of residual waste and (2) the treatment and disposal of recycling collected by Central Bedfordshire Council (CBC).

To facilitate the continuation of the residual waste disposal duty, a short term contract is required to cover the interim period between the end of the current contract and the commencement of the Central Bedfordshire Energy and Recycling (BEaR) Project solution.

The initial term of the current recycling contract is drawing to an end at a time when the market for recyclable materials is extremely buoyant. On this basis, the contract for recycling is also being included in the procurement exercise to take advantage of the current market conditions.

The estimated total contract value, for both of these contracts, based on current costs is £4.425m per annum (pa) however, this procurement is expected to make savings on the current spend for the service.

Advising Officer: Alan Fleming, Acting Director of Sustainable Communities
Contact Officer: Tracey Harris, Head of Waste Services
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision No
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

The action supports the CBC priorities of providing:

- Great universal services – bins, leisure and libraries and
- Value for money – freezing council tax

by providing suitable, value for money treatment and disposal of household waste collected by the Council.

Financial:

1. As an ongoing statutory service, adequate finance is provided for in base budgets for 2012/13 and will continue to be included within budgets for subsequent years. This procurement is expected to provide savings against current spend and contribute towards the achievement of Efficiency SC34 as set out in the Medium Term Financial Plan.

Legal:

2. Pursuant Section 1 of the Refuse Disposal (Amenity) Act (RDA) 1978 and section 51 of the Environmental Protection Act (EPA) 1990 the Council has a statutory duty to provide for places for disposal of household waste and to dispose of the waste it collects.
3. The initial periods of the current residual waste treatment and disposal contract in the north and SLA in the south end on 30 September 2012. The BEaR project will provide the longer term waste treatment solution for CBC, however the extension periods applicable to the contract and SLA do not extend as far as the likely commencement date of the BEaR solution and an interim contract is necessary to cover the interim period.
4. The initial period of the current recycling treatment and disposal contract ends on 13 January 2013. Disposal of recycling is not a constituent part of the BEaR Project and two single year extensions are available on the contract however, the market for recyclates is currently very buoyant so it is opportune to go out to tender at this time to achieve potential savings.
5. Due to the total value of the contracts a full EU procurement process is being carried out.

Risk Management:

6. The Council has a statutory duty to provide treatment and disposal of the waste it collects under section 1 of the RDA 1978 and section 51 of the EPA 1990. Kerbside and Household Waste Recycling Centre collections would be at risk of suspension if disposal facilities for the collected waste were not provided.

Staffing (including Trades Unions):

7. Not Applicable.

Equalities/Human Rights:

8. Not applicable, any issues arising from non provision of the service would impact on all residents.

Public Health:

9. The health and wellbeing of residents would be negatively impacted if treatment and disposal facilities were unavailable for an extended period of time. Ultimately waste collections would be suspended and over time accumulated waste would present a risk to public health from vermin, litter and odours.

Community Safety:

10. As above.

Sustainability:

11. The new contracts will ensure that waste is managed in line with the updated waste hierarchy contained within the EU Waste Framework Directive 2008. Waste will be treated to the highest level in the waste hierarchy as is financially and practically feasible. The solution will also take account of the target to reduce biodegradable waste sent to landfill as set out in the Waste and Emissions Trading (WET) Act and the Landfill Allowance Trading Scheme (LATS) targets contained therein.

Procurement:

12. The procurement team is actively supporting the tender process. The procurement is being undertaken utilising this Councils' Procurement Procedures.

Overview and Scrutiny:

13. This matter has not been considered by Overview and Scrutiny.

RECOMMENDATIONS:**The Executive is asked to:**

1. **Approve expenditure for two new contracts to continue:**
- (a) the treatment and disposal of residual waste; and**
 - (b) the treatment and disposal of recycling collected by Central Bedfordshire Council (CBC).**

Reason for Recommendations: So that the treatment and disposal of residual waste and recycling can continue in line with our statutory duties

Executive Summary

14. This report seeks approval for expenditure for contracts to (1) continue the treatment and disposal of residual waste and (2) the treatment and disposal of recycling collected by the Council.

15. A short term residual contract is required to cover the interim period between the end of the current contract and the commencement of the BEaR Project solution.
16. It is also considered to be a useful opportunity to tender the contract in relation to recycling due to the fact that there is currently a buoyant market for recyclable materials.
17. The estimated total contract value, for both of the proposed contracts, based on current costs is £4.425m per annum; however, this procurement is expected to make savings on the current spend for residual waste and recycling treatment and disposal. Therefore, the total financial commitment is expected to be lower than £4.425m per annum.
18. The procurement exercise is being carried out in conjunction with Bedford Borough Council (BBC) and Milton Keynes Council (MKC) on a "lot" basis. CBC's Procurement Procedures are being adhered to and Industry Standard Terms and Conditions and Performance Monitoring Standards are being utilised.
19. The PQQ stage has been completed and 10 bidders have been invited to submit tenders by the closing date of 25 June 2012. The preferred bidder for each lot will be identified through the evaluation process and recommended to the Director of Sustainable Communities who, in line with the Constitution, will be able to award the contracts in July.

Current Residual and Recycling Treatment and Disposal Contracts

20. The current contract in the North and Service Level Agreement in the South for the treatment and disposal of residual waste end on the 30 September 2012. The BEaR Project will provide CBC with a long term solution for residual waste disposal. The extension periods within the current contract and SLA are not of sufficient length to fill the interim period before the commencement of the BEaR Project solution and, therefore, a new short term contract is required to ensure the continuation of the service.
21. The current contract for the treatment and disposal of recycling ends 13 January 2013. Disposal of recycling is not a constituent part of the BEaR Project and so will not be transferred to the project at any time in the future. The current contract provides an opportunity for two single year extensions, however, the market for recyclates is currently very buoyant so it is an opportune time to re-tender to secure potential savings.
22. The current contract for the Materials Transfer and Recycling Facility at Elstow which ends in 2021, will continue to receive and bulk residual waste from the North of CBC and transfer it to the newly contracted treatment and disposal facility for residual waste. It will also continue to sort a minimal amount of the recycling and bulk and transfer the majority of recyclable material to the newly contracted treatment and disposal facility for recycling.

Procurement Process

23. An EU procurement process commenced on 14 March 2012 in conjunction BBC and MKC. The tender process was authorised by the Director of Sustainable Communities, the Executive Member for Sustainable Communities and the Deputy Executive Member for Waste. The joint approach has been taken in order to gain economies of scale from offering potential providers the combined tonnage from all three authorities.
24. A “lot” system is being utilised to enable the contract for each lot to be held directly by the relevant authority. This system also allows tenderers to submit prices for joint lots in addition to single lots. All three Councils have the flexibility to award to the ‘best’ bidder for their lot regardless of whether a combined lot is the ‘best’ bid for the other party. The lot approach also allows CBC to continue the process to award a contract should BBC or MKC decide, for whatever reason, to withdraw from the process at any time.
25. There are 6 lots in total, the three lots for CBC are listed below:
 - **LOT 2- CBC Residual North** (Approx 26ktpa - approx value £2.05m pa excluding bulking/haulage at Shanks, including landfill tax @ £64/t) 2.5 year term plus 18 months extension in monthly increments.
 - **LOT 3- CBC Residual South** (Approx 23ktpa- approx value £2.2m pa including haulage and landfill tax @ £64/t) 2.5 year term plus 18 months extension in monthly increments.
 - **LOT 5- CBC Recycling** (Approx 15.3ktpa- approx value £175k pa excluding bulking at Shanks) 5 years plus 3 years extension.
26. The procurement process is being conducted in two stages. The Pre-Qualification Questionnaire (PQQ) stage was completed on 25 April 2012 when the evaluation panel, consisting of officers from Waste and Procurement from all three authorities, agreed to take 10 of the potential 17 providers through to the Invited To Tender (ITT) stage which commenced 11 May 2012.
27. The date for tender submissions is 25 June 2012 after which the final stage of evaluation will be completed. In line with the Councils’ Procurement Procedures the Councils’ standard evaluation matrix will be utilised. Officers from CBC will commence evaluation of submitted tenders from 29 June 2012 and the panel of officers from all three authorities will then moderate the scoring and identify the preferred bidder for each lot by 13 July.
28. The preferred bidder for each of CBC’s lots will be recommended to the Director of Sustainable Communities who is able, in accordance with the Council’s constitution, to award the contract. The latest date for contract award is 27 July 2012.

Lot Specifications

Residual Lots 2 and 3

29. The specification for the two residual waste lots require the proposal of a solution which fulfils the Councils obligations, under the final year of the Landfill Allowance Trading Scheme, to landfill only the permitted tonnage of biodegradable waste in 2012/13 and therefore will offer treatment for at least part of the residual waste. CBC is open to different types of treatment such as Energy from Waste and Mechanical and Biological Treatment, however, in line with Council policy, mass burn incineration will not be considered.
30. The timescales have been set to allow for flexibility with the commissioning stage and full commencement date of the BEaR Project solution. The initial two and a half year term is followed by 18 single month extensions which can be agreed in blocks of multiple months. A six month notice period enables the progress of the BEaR Project solution to be closely monitored and ensures a smooth transition to the new provider at that time.

Recycling Lot 5

31. The specification for the recycling lot guarantees that the materials currently accepted in the kerbside recycling scheme can continue to be recycled. These include paper, cardboard, cartons, tins, cans, foil, all plastic packaging and worn out textiles. The specification also gives the opportunity to add additional materials to the recycling including, in particular, glass bottles and jars, which are now able to be processed by a greater number of recycling facilities.
32. The timescales have been set for an initial 5 year period which will give longer term security to bidders and should encourage more attractive pricing. The end of the three year extension period is set to coincide with the end of the Shanks contract in 2021; thus enabling a full retender of the bulking, transfer and sorting of all CBC's kerbside collected recycling at that time.

Contract Terms

33. With the support and approval of Legal Services, Industry Standard "Terms and Conditions" provided by the Chartered Institute of Waste Management have been utilised alongside a "Performance Standards and Incentives Mechanism". These have been adapted for use with this contract to ensure a clear and robust set of conditions.

Conclusion and Next Steps

34. This procurement will provide CBC with continued treatment and disposal facilities for residual waste and recycling collected by the authority in order to fulfil its' statutory duty to dispose of household waste.

35. The closing date for tender submissions is 25 June 2012; following which the evaluation process will be undertaken and the preferred bidder for each lot will be identified. A recommendation will be made to the Director of Sustainable Communities who, in line with the constitution, will be able to award the contracts.
36. Executive is, therefore, asked to approve the proposed expenditure of £4.425m per annum, which will be incurred upon the entering of the two new contracts explained above.

Appendices:

None

Background Papers: (open to public inspection)

None