
Meeting: Executive
Date: 18 March 2014
Subject: Waste Procurement Strategy
Report of: Cllr Brian Spurr, Executive Member for Sustainable Communities – Services

Summary: The report proposes the Executive approve the provision of delegated authority to the Community Services Director, in consultation with the Executive Member for Sustainable Communities – Services, to initiate a project to deliver the required services based on the recommendations set out below.

Advising Officer: Marcel Coiffait, Director of Community Services
Contact Officer: Tracey Harris, Head of Waste Services
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

The recommendations of this report support Central Bedfordshire Council (CBC) in delivering the following priorities:

Better infrastructure – The redevelopment of the Household Waste Recycling Centres (HWRCs) will provide improved access and throughput. The provision of a Waste Transfer Station (WTS) will provide a tipping point for residual waste within the Authority area reducing road movements. The recommendations provide CBC with sufficient waste infrastructure to manage its own waste effectively in the medium-term.

Great universal services – Undertaking this project will facilitate the harmonisation of collection services between the north and south with the collection of kitchen waste in both areas and will also deliver significantly improved HWRC's with better access for all.

Value for money – Updated Market Sounding has led to the development of a strategy for securing the required services and infrastructure in the most cost effective way whilst improving services to customers.

Financial:

1. The Authority is facing significant financial pressures in the coming years and in light of this it is essential that Value for Money is a key deliverable of the Project alongside environmental and performance considerations.
2. The Authority will be seeking to deliver the replacement services and infrastructure within the costs identified in the latest Medium Term Financial Plan (MTFP) thereby limiting the impact of waste service on the Authority's budget.
3. The capital funding to deliver any infrastructure required to service the treatment / disposal contracts has already been allocated and approved within the Capital Programme. These funds will be sufficient to deliver the infrastructure proposed within this report. Following Executive approval to proceed with this strategy a feasibility study will be undertaken to determine the approximate costs of the infrastructure which in turn will allow the release of any capital that is no longer required.

Legal:

4. CBC is a Waste Disposal Authority (WDA) under Sections 51 and 55 of the Environmental Protection Act 1990 and is under a duty to dispose of controlled waste collected within its administrative area. Undertaking this project will allow CBC to develop the necessary infrastructure and services to meet these duties. The redevelopment of the HWRC facilities will also enable the Authority to meet its obligations in terms of access to the sites and the regulatory standards set by the Environment Agency through the Operating Permit.
5. In delivering the procurement for this project, the Authority will act in accordance with EU Procurement Directives and ensure that all procurement activity is conducted in compliance with the Public Contracts Regulations 2006.

Risk Management:

6. The Authority has a statutory responsibility to dispose of the waste collected within its administrative area under Sections 51 and 55 of the Environmental Protection Act 1990 and Section 1 of the Refuse Disposal Amenity (RDA) Act 1978. The waste procurement strategy will mitigate the risk of not discharging its statutory responsibilities.
7. The Authority will be seeking the appropriate balance between transferring risk to the Contractor leading to increased costs and taking on more risk itself. A commercial approach will be taken considering where a risk most appropriately sits and which party is best placed to manage the risk with value for money being the ultimate target.
8. The key risks to the Authority that will be mitigated through the delivery of this procurement include:
 - i. legislative change increasing the requirement to divert waste from landfill or increase recycling rates;
 - ii. contracts expiring with only high cost replacement services available;

- iii. HWRC site closures due to failure to meet regulatory requirements set out in the Environmental Permit; and
 - iv. to minimise any possible health and safety issues at the HWRC's by providing sites with improved access.
9. As part of the Project a robust risk management process will be put in place in order to ensure that risks are regularly monitored and mitigated where possible. Key risks will be continually reviewed by the Project Board.

Staffing (including Trades Unions):

10. Under TUPE regulations the employees from the existing HWRC contractor will be subject to TUPE transfer if a new contractor is successful in bidding for the operation and management of the sites. TUPE regulations will be observed and the selected contractor will bid on the basis of having been provided with full details of the transferring staff.

Equalities/Human Rights:

11. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
12. Access will be given key consideration in the design of the HWRC's which will require the provision of access for the elderly and people with disabilities. The procurement process will be undertaken with full consideration of the requirements of equality legislation, ensuring a suitable contractor is selected.

Public Health:

13. The redevelopment of the HWRC's will improve safety at the sites and provide better access for all. The full impact upon Public Health of the new infrastructure proposed to be delivered by the Project will be assessed through the normal permitting process.
14. The weekly collection of food waste in the South to align services with the North will reduce bin odour and the risk of pests in residual bins in warmer months.

Community Safety:

15. The HWRC's provide residents with a facility to dispose of waste safely and legally and supports reductions in environmental crime such as fly tipping. The redevelopment of these sites will provide an improved service for residents with reduced waiting times and improved access and safety.
16. The Authority has a statutory duty to do all that it reasonably can to reduce crime and disorder in the Authority's area. The inclusion of full CCTV at the HWRC's will allow the monitoring of the sites for both safety and criminal activity.

Sustainability:

17. Landfilling waste leads to the release of substantial amounts of methane, a potent greenhouse gas with over twenty times the climate change potential of carbon dioxide. Through this project the Authority is seeking to maintain high landfill diversion performance and where possible further minimise the tonnages of waste being landfilled.
18. The provision of an in district tipping point will help the Authority to reduce the mileage travelled by the collection fleet in the south and therefore reduce the carbon impact of collection vehicles. By reducing its carbon footprint the Authority is reducing the risk of incurring fines in the future if carbon charging is applied to Local Authorities.
19. The provision of a re-use shop and a commercial waste recycling centre at the HWRC sites will contribute to the diversion of waste higher up the waste hierarchy therefore minimising its environmental impact. The redevelopment of the sites will also ensure that the infrastructure is updated to effectively manage the sites within the EA's Environmental Permitting regime.
20. The provision of a Food Waste Treatment contract will facilitate the roll out of Food Waste collections to the South CBC area, diverting more food waste from the residual waste stream and maximising the environmental benefits by producing a soil improver and energy from this waste stream.

Procurement:

21. In delivering this procurement, the Authority will act in accordance with EU Procurement Directives and ensure that all procurement activity is conducted in compliance with the Public Contracts Regulations 2006.
22. The internal procurement team will be engaged in the process throughout and a full audit trail will be put in place covering the entire exercise which will be kept as a record of the process for the required period.
23. Evaluation criteria will be set from the outset with input from Elected Members to ensure that the evaluation is focused on the key requirements of the Authority.

Overview and Scrutiny:

24. This matter has not been considered by Overview and Scrutiny. Overview and Scrutiny will be involved in the development of the proposed contracts where appropriate.

RECOMMENDATIONS:

The Executive is asked to:

1. **approve the proposed approach to procuring the waste disposal services as set out within this Executive Report; and**
2. **approve the development of the required waste facilities by the Authority as set out within this Executive Report.**

<i>Reason for Recommendation(s):</i>	<i>To enable the Community Services Director in consultation with the Executive Member for Community Services to procure waste disposal services and deliver waste facilities as set out in this report to a suitable timetable, ensuring that adequate contracts are in place to meet the Authority's statutory obligations.</i>
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Executive Summary

25. Central Bedfordshire Council needs to deliver a sustainable waste management solution which will meet the needs of its growing communities delivering high levels of landfill diversion, meeting government targets, minimising the future costs of waste disposal on the Authority's budgets, minimising the Authority's carbon footprint and enhancing the Authority's existing waste infrastructure.
26. With recycling and composting rates in excess of 50% the Authority has already achieved the Waste Strategy (2007) 2020 target of 50%, 6 years ahead of the target date. The Authority's ambition is to achieve 60% recycling/composting by 2020, and where it provides value for money the Authority will look to increase recycling rates through this project.
27. The key drivers of this project are to:
- Secure treatment capacity for the medium term (residual waste stream) at an affordable cost to the Authority.
 - To develop the Authority's infrastructure including the redevelopment of the HWRC network and the provision of an in district Waste Transfer Station (WTS).
 - Achieve high levels of landfill diversion.
 - Where it provides value for money, facilitate a further increase in recycling and composting rates.
 - Minimise the carbon impact of waste management in Central Bedfordshire.
28. Based on recent comprehensive market sounding, a procurement strategy has been developed for each waste stream. Market intelligence has demonstrated that the strategies set out below provide the best opportunity for delivering the requirements of the Authority at an affordable level.
29. Residual Waste Disposal:
- Procurement strategy – Restricted (The Restricted procedure requires a notice to be placed in the Official Journal inviting expressions of interest. Questionnaires or applications are sent to all those expressing a wish to be invited to tender. These are evaluated in accordance with the agreed criteria and a shortlist of approved applicants is drawn up. Tenders are then sent to all those on the shortlist).
 - Length of contract – 10 years plus the option of a 5 year extension.

- Contract style – likely to be a merchant offering, with an Operation and Maintenance (O&M) contract for waste transfer included if required.
- Authority to separately deliver a WTS at Thorn Turn if required.

30. HWRC's:

- Procurement strategy – Restricted.
- Length of contract – 7 and a half years (approximately) with the option to extend for a further 7 and a half years.
- Contract style – O&M.
- HWRC redevelopment being undertaken by the Authority.

31. Food Waste:

- Procurement strategy – Restricted.
- Length of contract – 5 years plus the option of a 5 year extension.
- Contract style – a merchant contract utilising existing local capacity.

32. Green Waste:

- Procurement strategy – Restricted.
- Length of contract – 5 years plus the option of a 5 year extension.
- Contract style – a merchant contract utilising existing local capacity.

33. Waste Facilities (facilities to be delivered by the Authority):

- WTS at Thorn Turn.
- Refurbishment of 3 existing HWRC's (Amphill, Biggleswade and Leighton Buzzard).
- Decommissioning of Dunstable HWRC and a new site developed at Thorn Turn.

Purpose of Report

34. This report sets out the proposed strategy to deliver the required waste contracts and infrastructure to enable the continuation and improvement of the current waste disposal services provided by the Authority. The report provides a clear rationale for the approach set out for each individual waste stream and also sets out the case for the direct provision of new and improved waste facilities by the Authority.
35. A decision is required from the CBC Executive for the Community Services Director to progress with the development of this Project to deliver the strategy set out within this paper.

Background Information

36. Following the abandonment of the BEaR Project, the Authority has been considering its options for delivering the waste disposal services required over the coming years. This has included a number of market sounding meetings with key providers from the waste industry with significant experience of residual and organic waste treatment and HWRC operation. Analysis of the detailed information extracted from the market sounding meetings was followed by a scenario testing exercise to develop a proposed way forward.
37. The terms of the current waste treatment / disposal contracts which were deliberately aligned to provide flexibility in the delivery of longer term solutions and allow for new procurements to be delivered in a timely manner are set out below for each waste stream:
- Residual Waste: Initial term to 31st March 2015, plus 3x6 month extensions.
 - Food Waste: Initial term to 31st March 2015 plus 24 months flexible extension.
 - Green Waste: About to enter second and final year extension to 31st March 2015.
 - HWRC Operation & Maintenance: Current term to 31st March 2014 plus 1 year flexible extension.

Market Sounding Results

38. The Authority carried out market sounding meetings with 12 companies between the 28 January and the 4 February, all of which had experience in delivering the required services.
39. The key messages from the market sounding meetings are set out below.
- A disaggregated approach is likely to yield better competition for each of the waste streams as most contractors will not be well placed to deliver all of the services and will be required to partner / subcontract leading to additional costs.
 - A merchant solution (i.e. use of an existing or planned facility) is likely to provide an affordable solution for CBC for each of its waste streams.
 - Spare capacity is likely to be available at existing / planned Merchant facilities within an acceptable haulage distance of CBC for Residual, Green and Kitchen waste streams for the medium term. (Appendix A sets out the existing and planned residual treatment facilities in proximity to CBC).
 - Longer contract terms will generally provide better value to the Authority as this provides certainty to the market of a secured waste stream. The Authority needs to balance this against the concerns of being locked into a long term contract.

- In order to take advantage of merchant capacity, an in district transfer station will be required to support the existing transfer arrangements at Elstow. This will provide a localised tipping point for collection vehicles, with waste then being bulked for onward transport to treatment / disposal.
 - The Authority is likely to achieve better value for money if capital works are undertaken internally, independent of disposal. This will enable the Authority to secure planning for any development whilst the procurement for the operational contractor is being undertaken.
 - The Authority is likely to achieve best value by maintaining the separate collection of organic material (food and green waste) rather than co-mingling this material.
40. In order to deliver contracts that offer best value for the Authority, the advice provided by the waste industry has been taken into account when developing the procurement strategy set out below.

Overall Procurement Strategy

41. The project will seek to procure treatment / disposal contracts for the Residual, Food and Green waste streams as well as letting Operation & Maintenance (O&M) contracts for the Authority's network of HWRC's and a new WTS at Thorn Turn.
42. In order to achieve best value, each of the waste treatment / disposal elements required will be procured on an individual basis, either through the use of lots or completely separate procurement exercises, rather than pursuing an integrated contract. This approach will allow greater flexibility, with specific contracting terms being identified for each waste stream. Subsequently a more detailed specification can be drafted for each stream leading to a more focused, shorter and cheaper procurement process. The proposed procurement timetable is provided at Appendix B.
43. Working in parallel with the procurement process for the treatment / disposal elements, the Authority will seek to achieve planning permission for the development of waste facilities at Thorn Turn, including a new HWRC to replace the Dunstable site and a WTS to bulk Residual Waste collected in the area. Planning permission will also be sought for the redevelopment of Biggleswade, Leighton Buzzard and Ampthill HWRC's.
44. The Authority will manage the delivery of this infrastructure internally under the Capital Projects Team (Assets), to enable the completed sites to be handed over to the selected Operating contractor once both the construction and the procurement processes are complete. This strategy allows the development process to get started immediately without waiting for an operating contractor to be selected first. A high level delivery programme for the infrastructure is provided at Appendix B.

45. The redevelopment of the HWRC's into split level sites will provide an improved service for residents with reduced waiting times, as well as improving access and safety, thereby increasing recycling and reducing maintenance costs. The current Dunstable site will be decommissioned due to issues relating to subsidence and capacity and will be replaced by a facility at Thorn Turn that will be sized sufficiently to take future housing development into account.

Residual Waste Treatment / Disposal Procurement Strategy

46. Residual Waste consists of the following elements, however the suitability of the inclusion of all of these elements within the specification will consider whether value for money may be achieved through a separate contract:
- Residual waste collected at the kerbside;
 - Residual waste collected at the HWRC sites;
 - Street sweepings, litter and dog waste bins;
 - Flytipped waste;
 - Bulky waste collections; and
 - Clinical waste.
47. The preferred contracting strategy for the Residual Waste stream, together with suitable justification for the selection of the strategy is set out in Table 1 below. The proposed timetable for delivering this procurement is provided at Appendix B.

Table 1 – Residual Waste Treatment / Disposal Procurement Strategy

Contracting Option	Selected Option	Justification
Contract length	10 years plus the option of a 5 year extension.	Market sounding has demonstrated that a minimum contract term of 10 years is attractive to the market due to medium term capacity availability in proximity to CBC and the certainty of waste deliveries for the contractor. This should lead to good competition in the procurement and value for money. The five year extension period provides a degree of flexibility to the Authority.
	Variant bid 15 years plus the option of a 5 year extension.	Allowing a variant bid to extend the contract term will establish if this provides sufficiently reduced gate fees to mitigate concerns of being locked in to a longer contract term.

<p>Contract Style</p>	<p>Use of existing facility (Merchant Solution) with provision of a WTS if required.</p>	<p>Market sounding has demonstrated that a merchant offering is likely to offer value for money due to the number of existing and proposed facilities with spare capacity within reasonable haulage distance. The forecast Residual Waste tonnage is insufficient to develop a bespoke treatment facility within the Authority's short term affordability limits.</p> <p>Dependant on the location of the selected Residual Waste solution, the Authority may need to deliver a WTS at Thorn Turn to allow the bulking and onward haulage of waste to the selected treatment facility (see table 5). Providing a WTS will open up the procurement to those providers outside direct delivery distance by the collection fleet, therefore increasing competition (see Appendix A).</p> <p>The O&M of the WTS will be packaged with the Residual Treatment solution under the procurement and will also include the provision of haulage between the WTS and the treatment solution. This will allow the contractor to manage waste deliveries from the WTS.</p>
<p>Procurement Approach</p>	<p>Restricted procedure</p>	<p>During the development of the specification the Authority will consider how firm it would like to be on its requirements. If the requirements are clear and sufficiently detailed the Authority can utilise the Restricted Process which has the benefit of being simple and quick (Anticipated duration - 6 months).</p> <p>The Authority will review this approach if it feels that there are areas where innovation or added value could be delivered by Bidders. If this is the case the Authority has the option of utilising a shortened Competitive Dialogue procedure to allow discussion to take place with Bidders (Anticipated duration – 9 to 12 months).</p> <p>When finalising the procurement strategy the use of an E-Auction for the pricing element of the contract will be investigated. This approach may drive down pricing as bidders are in direct competition and can view the prices being offered by other bidders.</p>

Contractor Guarantees	Additional Income	If there is the potential for additional income at any Residual Waste Treatment facility from the sale of electricity or increasing recycle prices. Bidders will be encouraged through the evaluation to share any excess income with the Authority.
	Performance	As is standard in these contracts the contractor will be required to guarantee a level of diversion performance and other parameters set out in a performance framework and will be penalised if these are not met.
CBC Guarantees	Guaranteed Minimum Tonnage (GMT)	<p>Market sounding has indicated that providing a GMT or Exclusivity over the Authority's Residual Waste will drive down gate fees.</p> <p>If a GMT is offered by the Authority it will be set at a level the Authority is confident it will be able to deliver over the term of the contract, taking waste growth and increasing recycling in to account.</p>
Joint Working Opportunities	Neighbouring Authorities	<p>The Authority is also discussing the potential for partnership working with other Local Authorities in proximity to CBC including Milton Keynes, Bedford Borough and Luton Borough Councils.</p> <p>Joint working opportunities could include:</p> <ul style="list-style-type: none"> • Conducting a joint procurement process working on the basis of lots for each Authority's requirements, thereby allowing each Authority to have its own contract with the benefit of procurement costs being shared; and • Utilising spare capacity at treatment facilities that have been delivered specifically for other Authorities Residual Treatment contracts.

Green Waste Treatment / Disposal Procurement Strategy

48. Green Waste consists of the following streams:

- Garden Waste collected at the kerbside.
- Garden Waste collected at the HWRC's.

49. The preferred contracting strategy for the Green Waste stream, together with suitable justification for the selection of the strategy is set out in Table 2 below. The proposed timetable for delivering this procurement is provided at Appendix B.

Table 2 – Green Waste Treatment / Disposal Procurement Strategy

Contracting Option	Selected Option	Justification
Contract Length	5 years plus the option of a 5 year extension.	<p>Market sounding has demonstrated that a minimum contract term of 5 years is attractive to the market leading to good competition in the procurement and value for money. The five year extension period also provides a degree of flexibility to the Authority.</p> <p>There is a possibility that legislation around the treatment of green waste may change in the future leading to a risk of a longer term contract. By providing a break point at 5 years the Authority is well protected from this legislative risk.</p>
	Variant bid of 10 years plus the option of a 5 year extension.	<p>Allowing a variant bid to extend the contract term will establish if this provides sufficiently reduced gate fees to mitigate the concerns associated with being locked in to a longer contract term as set out above.</p>
Contract Style	Use of existing Windrow Composting facilities (Merchant Solution).	<p>Central Bedfordshire has a reasonable number of green waste treatment providers in the local area offering Windrow Composting. Feedback from market sounding has indicated that utilising local providers is likely to achieve best value for the Authority. Local facilities will facilitate the direct delivery of green waste by the kerbside collection fleet and HWRC vehicles, therefore avoiding the need to incur any additional bulking and haulage costs.</p> <p>Currently the Authority does not foresee any change in legislation that will impact the ability to utilise Windrow Composting solutions in the short to medium term. This will however be monitored as a key risk.</p>

Procurement Approach	Restricted procedure	<p>Due to the relatively straight forward nature of this service, the Authority can provide a clear and detailed specification setting out its requirements. The restricted procedure can therefore be utilised which has the benefit of being simple and quick (Anticipated duration - 6 months).</p> <p>When finalising the procurement strategy the use of an E-Auction for the pricing element of the contract will be investigated. This approach may drive down pricing as bidders are in direct competition and can view the prices being offered by other bidders.</p>
Contractor Guarantees	Performance	As is standard in these contracts the contractor will be required to guarantee a level of composting performance and other parameters set out in a performance framework and will be penalised if these are not met.
CBC Guarantees	Guaranteed Minimum Tonnage (GMT)	<p>Market sounding has indicated that providing a GMT or Exclusivity over the Authority's Green Waste will drive down gate fees.</p> <p>Any GMT will be set at a level the Authority is confident it will be able to deliver over the term of the contract taking waste growth in to account.</p>
Joint Working Opportunities	Unlikely	Due to the very local nature of the solutions the benefits of joint working are limited for the provision of Green Waste disposal.

Food Waste Treatment / Disposal Procurement Strategy

50. Food Waste consists of food scraps and other organic material collected separately at the kerbside. The preferred contracting strategy for the Food Waste stream, together with suitable justification for the selection of the strategy is set out in Table 3 below. The proposed timetable for delivering this procurement is provided at Appendix B.

Table 3 – Food Waste disposal / treatment Procurement Strategy

Contracting Option	Option Selected	Justification
Contract Length	5 years plus the option of a 5 year extension.	<p>Market sounding has demonstrated that a minimum contract term of 5 years is attractive to the market leading to good competition in the procurement and value for money. The five year extension period also provides a degree of flexibility to the Authority.</p> <p>Limiting the initial term to five years will also offer flexibility to the Authority if alternative solutions for treating food waste are developed or more facilities are developed in proximity to CBC leading to increased competition and lower prices.</p> <p>A hybrid approach may also be considered whereby the Authority's ability to break at year 5 is limited to certain circumstances thereby providing the market with some certainty over the extension period.</p>
	Variant bid of 10 years plus the option of a 5 year extension.	<p>Allowing a variant bid to extend the contract term will establish if this provides sufficiently reduced gate fees to mitigate the concerns associated with being locked in to a longer contract term.</p>
Contract Style	Use of existing Anaerobic Digestion or In-Vessel Composting facilities (Merchant Solution).	<p>Feedback from market sounding has indicated that the forecast Food Waste arisings within CBC are insufficient to develop a bespoke treatment facility at a cost that falls within the Authority's short term affordability limits. Therefore utilising existing local providers is likely to achieve best value to the Authority.</p> <p>There are a limited number of merchant kitchen waste treatment providers within reasonable proximity of Central Bedfordshire, however more plants are proposed or under construction.</p> <p>Local facilities will facilitate direct delivery of the kitchen waste therefore avoiding any bulking and haulage costs. However, offering transfer at the Thorn Turn site (see table 5) would open up the procurement to more distant providers who may be able to offer a value for money solution.</p>

Procurement Approach	Restricted	Due to the relatively straight forward nature of this procurement the Authority can provide a clear specification of its requirements; therefore the Restricted process will be followed (Anticipated duration - 6 months).
Contractor Guarantees	Additional Income	Income is generated at Anaerobic Digestion facilities from the sale of electricity created during the process. Bidders will be encouraged through the evaluation to share any excess electricity income with the Authority.
	Performance	As is standard in these contracts, the contractor will be required to guarantee a level of composting performance and other parameters set out in a performance framework and will be penalised if these are not met.
CBC Guarantees	Guaranteed Minimum Tonnage (GMT)	Market sounding has indicated that providing a GMT or Exclusivity over the Authority's Food Waste will drive down gate fees. Any GMT will be set at a level the Authority is confident it will be able to deliver over the term of the contract taking waste growth and the roll out of the food waste collection scheme to the South of the Authority in to account.
Joint Working Opportunities	Unlikely	No opportunities for joint working have arisen at this time, however the Authority will continue to actively investigate any opportunity for Joint Working during the finalisation of the procurement strategy.

Household Waste Recycling Centres – Operation & Maintenance Procurement Strategy

51. The preferred contracting strategy for the operation and maintenance of the HWRC's, together with suitable justification for the selection of the strategy is set out in Table 4 below. The proposed timetable for delivering this procurement is provided at Appendix B.

Table 4 – HWRC Operation & Maintenance Procurement Strategy

Contracting Option	Option Selected	Justification
Contract Length	7.5 years plus the option to extend for a further 7.5 years.	<p>7 – 8 years is the typical duration of a HWRC operation contract due to the lifecycle replacement of the equipment and vehicle fleet utilised in the provision of the service.</p> <p>By proposing a 7.5 year extension this strategy facilitates the alignment of the HWRC contract with the full term of the Residual contract (including extension) should a contractor elect to bid for both elements. However the Authority would have the right to re-tender at 7.5 years.</p>
Contract Style	Operation & Maintenance	<p>Market sounding demonstrated that there was limited appetite from HWRC operators to undertake the redevelopment of the sites and also that the integration of these two elements would be unlikely to achieve any cost savings.</p> <p>The redevelopment of the existing sites and the provision of a site at Thorn Turn to replace the Dunstable site will therefore be undertaken internally by the Authority</p> <p>By undertaking the redevelopments internally the Authority will be able to pursue planning applications for the sites during the procurement of the O&M contract allowing the works to commence earlier.</p> <p>Member input will be sought whilst creating the designs for the sites to ensure all specific requirements are met. The successful O&M contractor will also have the opportunity to feed in to the detailed design process following planning to ensure the sites can be operated safely and effectively.</p> <p>By taking on the management of the works internally, more control and flexibility will be retained by the Authority. This work can be delivered utilising existing resource within the Capital Projects Team (Assets).</p>

		Capital has already been set aside in the capital programme to undertake the redevelopment of the sites and to develop a new site for Thorn Turn.
Procurement Approach	Restricted	<p>During the development of the specification the Authority will consider how firm it would like to be on its requirements. If the requirements are clear and sufficiently detailed the Authority can utilise the Restricted Process which has the benefit of being simple and quick. Variant options may be considered to allow some innovation (Anticipated duration - 6 months).</p> <p>The Authority will review this approach if it feels that there are areas where innovation or added value could be delivered by Bidders. If this is the case the Authority has the option of utilising a shortened Competitive Dialogue procedure to allow discussions to take place with Bidders (Anticipated duration – 9 to 12 months).</p>
Contractor Guarantees	Recycling Income	Significant income is generated at the HWRC sites annually from the sale of recyclable and re-use materials. The split of this with the contractor must be carefully considered. In order to provide best value it is anticipated that the Authority will share all income on a 50/50 basis with the Contractor; however a variant may be allowed to consider an innovative proposal.
	Performance	As is standard in these contracts the contractor will be required to guarantee a level of recycling performance and other parameters set out in a performance framework at the sites and will be penalised if these are not met. The awarding of additional performance will be linked to the recycling income share position.
CBC Guarantees	Not applicable	Given the nature of the contract the Authority will not be offering any guarantees such as a GMT to the contractor.

Joint Working Opportunities	Under investigation	<p>There are potential opportunities to undertake a joint procurement exercise with other Authorities in order to save procurement costs.</p> <p>The Authority will continue to actively investigate any opportunity for joint working during the finalisation of the procurement strategy.</p>
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Waste Infrastructure – Design, Build & Finance Delivery Strategy

52. The infrastructure required to be delivered to service the above treatment / disposal contracts consists of:
- A Waste Transfer Station at Thorn Turn (if required as part of the Residual treatment solution);
 - A new Household Waste Recycling Centre at Thorn Turn (replacing Dunstable); and
 - The redevelopment of the Amphill, Biggleswade and Leighton Buzzard HWRC sites.
53. The preferred delivery strategy for the Design, Build and Finance of the waste infrastructure required to service the above contracts, together with suitable justification for the selection of the strategy is set out in Table 5 below. A high level delivery timetable is provided at Appendix B.

Table 5 – Waste infrastructure – Design, Build & Finance Delivery Strategy

Delivery Option	Option Selected	Justification
Integrated / Non-Integrated	Thorn Turn Infrastructure Delivery - Non-Integrated	<p>Market sounding has indicated that potential Bidders for the disposal services element are generally indifferent about the inclusion of the works element within an integrated contract. The works element would largely be subcontracted by bidders and its inclusion would be unlikely to have a beneficial impact on the revenue cost of the service.</p> <p>Delivering the transfer element independently will allow the Authority to start the delivery process ahead of the award of the Residual Waste Treatment contract, therefore speeding up the delivery timescales.</p>

		<p>It is therefore proposed that the infrastructure required at the Thorn Turn site (WTS and HWRC) is delivered independently of the service contracts and the new facilities are handed to the successful contractors to operate and maintain.</p>
	<p>HWRC Redevelopment - Non-Integrated</p>	<p>Market sounding has indicated that potential Bidders for the HWRC O&M element are generally indifferent about the inclusion of the works element within an integrated contract. They do however have a vested interest in the design of the new sites as this will directly impact performance guarantees. The works element would largely be subcontracted and its inclusion would be unlikely to have a beneficial impact on the revenue cost of the service.</p> <p>Delivering the HWRCs element independently will allow the Authority to start the delivery process ahead of the award of the HWRC O&M contract, therefore speeding up delivery timescales.</p> <p>It is therefore proposed that the redevelopment of the HWRC sites is delivered independently of the service contracts and the existing / new facilities are handed to the successful contractors to operate and maintain.</p>
<p>Internal / External delivery</p>	<p>Thorn Turn Infrastructure Delivery - Internal</p>	<p>The wider development of the Thorn Turn site by the Assets Team for commercial use means that the Authority would be best placed to manage the delivery of the waste infrastructure proposed for the site internally via the Capital Projects Team. This will ensure that the delivery of the site takes full account of the Authority's wider aspirations and can be done on a collective basis leading to savings.</p> <p>Internal delivery can begin immediately utilising existing internal expertise reducing delivery timescales.</p>

		<p>A large amount of ground investigation work has already been undertaken at the site by the Authority as part of the BEaR Project that can be utilised going forward.</p>
	<p>HWRC Redevelopment - Internal</p>	<p>Due to the public facing nature of the HWRC sites and the impact on the service during the closure of the sites for redevelopment it is considered that the work to redevelop the sites is best undertaken internally via the Capital Projects Team.</p> <p>Internal delivery can begin immediately utilising existing internal expertise reducing delivery timescales.</p> <p>Member involvement in the development of the new site designs will be essential.</p> <p>A large amount of ground investigation work has already been undertaken at the site by the Authority as part of the BEaR Project that can be utilised going forward.</p>
<p>Joint Working Opportunities</p>	<p>Unlikely</p>	<p>No opportunities for joint working have been identified to date, however the Authority will continue to actively investigate any opportunity for Joint Working during the finalisation of the strategy.</p>

Conclusion

54. To ensure the continuation of the current waste service a robust procurement strategy must be developed and delivered by the Authority in conjunction with the redevelopment of the HWRC network and, if required, the provision of a WTS at Thorn Turn to provide an in district tipping point.
55. Following the collection and analysis of market advice and interest, this report has set out the procurement strategy considered to deliver best value for the Authority as well as offering a degree of flexibility in response to an ever changing waste market.

56. By undertaking the design and build work required for the new Thorn Turn HWRC and WTS (if required) and the redevelopment of the remaining HWRC's internally, the Authority will be able to progress the planning and design stages during the procurement of the service contracts, therefore allowing construction work to begin earlier than if the service contractor was tasked with undertaking the design and construction of the required infrastructure.
57. The Executive is requested to approve the recommendations set out in this report to enable the Director of Community Services in consultation with the Executive Member for Sustainable Communities – Strategic Development and Economic Development to deliver the above strategy.

Appendices:

Appendix A – Plan of potential Residual Waste merchant capacity.

Appendix B – Proposed Waste Contracts & Infrastructure Delivery Programme

Background Papers: N/A