

BABERGH DISTRICT COUNCIL

From: Head of Natural and Built Environment	Report Number: L98
To: STRATEGY COMMITTEE	Date of meeting: 3 November 2011

Procurement of waste transfer and recycling services

1. Purpose of Report

- 1.1 This report explains the proposal for the joint procurement of waste transfer and recycling infrastructure services which is being recommended by the Suffolk Waste Partnership as being the best approach to delivering value for money and optimum solutions for all the Suffolk authorities from April 2014, in respect of the recovery and subsequent disposal of waste.
- 1.2 The details contained in this report are being considered by all authorities of the Suffolk Waste Partnership. The report seeks to secure support from each of the partner authorities to commence the proposed procurement process.
- 1.3 The Suffolk Waste Partnership (SWP) comprises the 7 Waste Collection Authorities (WCAs) together with Waste Disposal Authority (WDA), Suffolk County Council

2. Recommendations

- 2.1 That a joint approach to procurement of waste transfer and recycle marketing services for all of the Suffolk Waste Partnership authorities, led by Suffolk County Council be approved.
- 2.2 That the recommended approaches to procurement as set out in paragraph 8.13 and 8.15 of this report in relation to “contract packaging” and in Appendix A in relation to the “Waste Transfer Project Final Recommendations” be approved.
- 2.3 That the commencement of the recommended procurement process with Suffolk County Council as the lead authority be approved and that the Strategic Director (Corporate) in consultation with the Waste Management Strategy Champion be authorised to agree terms and conditions that best protect the Councils’ interests.

The Committee is able to resolve this matter

3. Financial Implications

- 3.1 A joint procurement exercise of this scale is expected to deliver significant economies of scale, both in undertaking the procurement exercise and in subsequent operation.

- 3.2 The total annual value of the contract is estimated to be in excess of £5m, with some 80% of that figure representing WDA costs. In securing a contract drawing on economies of scale, efficiencies derived from one single procurement exercise and the bringing together of operations that currently fall separately within the responsibilities of the Waste Disposal and Waste Collection authorities, the overriding objective will be to benefit the council tax payer as a whole. The objective will be to ensure all partners receive equal benefit from savings and efficiencies and that there are no 'winners and losers' arising from the final arrangements.
- 3.3 The cost of these contracts must be met through the collective Suffolk waste budgets. The exact cost of the proposed new transfer and recycling infrastructure will not be known with certainty until bids are returned. The procurement has been designed to encourage the most competitive bids. In broad terms the new system is not expected to be more expensive than the present system, with savings possible through more efficient and joined up contracts.
- 3.4 Suffolk County Council has identified the need for transfer of household residual waste in the Energy from Waste business case and current best estimates suggest that the proposed new infrastructure is within budget projections.

4. Risk Management

- 4.1 This report is most closely linked with the Council's Corporate / Significant Business Risk Nos 2, 3, 4, 5 &6. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Joint procurement fails to deliver savings	Significant	Critical	Packaging of contract to produce maximum industry interest and ensure best competitive tendering exercise
Failure of all Partners to sign up to shared service delivery	Low	Critical	Long history of shared service provision (Recycling Consortium) – joined up approach to Waste Management Strategy means all partners are committed to outcomes.
Capacity – limited 'in-house' expertise to procure and manage a large contract	High	Critical	Utilise SCC resources to procure contract on 'Lead Authority' basis. Proceed with partnering arrangements or necessary to adopt and implement a local solution
Protection of current waste diversion and recycling performance	Significant	Critical	Need to provide effective and efficient facilities to transport waste to final point for processing. Essential to secure joint arrangements through partnership procurement.

5. Consultations

- 5.1 The recommendations of this report have arisen from the work of a joint officer group over 12 months. This group has regularly submitted progress reports to The Suffolk Waste Partnership Directors' Group and to the SWP Member's Group.
- 5.2 As part of the process, an Industry Engagement Day was held involving a wide range of waste industry stakeholders who informed the way the final proposals have been structured.
- 5.3 There are no direct staff issues arising from the recommendations in this report, although appropriate consultation will be undertaken should subsequent award of contract involve TUPE or have other employment implications.

6. Equality Analysis

- 6.1 There are no equality impacts associated with this report or the services provided. The proposals do not impact directly on residents or affect service received at the point of delivery.

7. Shared Service / Partnership Implications

- 7.1 The proposals are a partnership initiative, involving all District/Borough Councils and the County Council. Failure of any one of the partnership to adopt the principles proposed will have significant implications for both the partnership and the individual Council.
- 7.2 In the event that WCAs are unable to support this proposal, the WDA has 'powers of direction' under the Environmental Protection Act 1990 to ensure waste is delivered at points provided by the WDA.

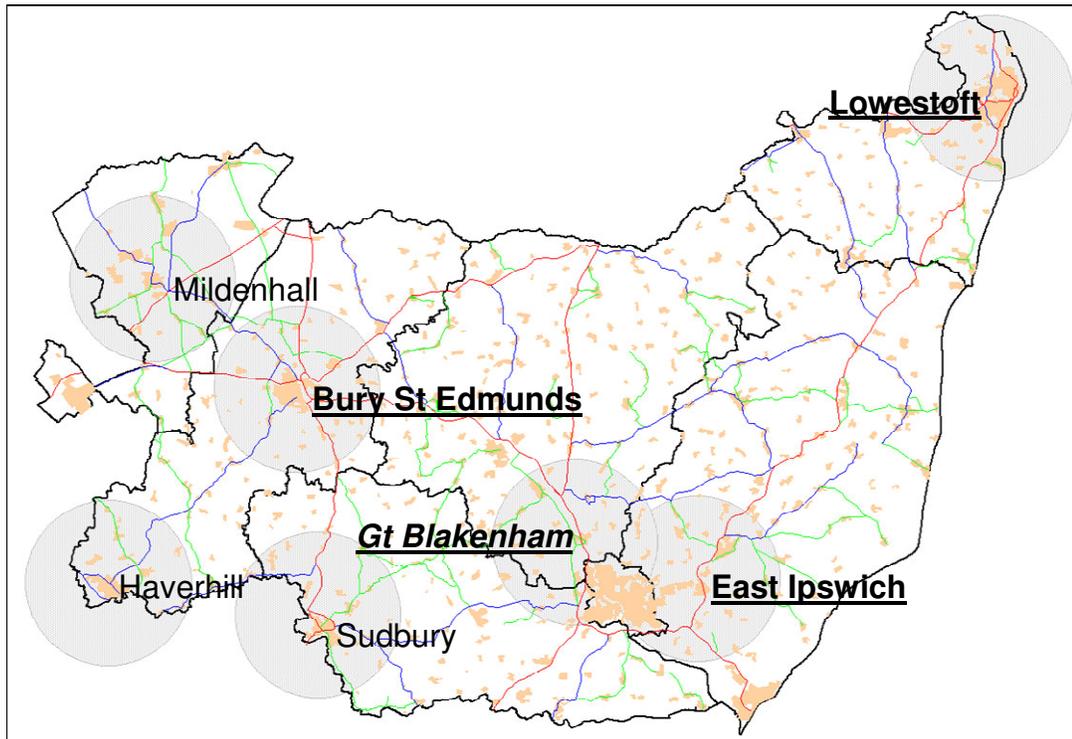
8. Key Information

- 8.1 The Suffolk authorities have been working together through a joint officer project team to assess future waste infrastructure needs. Suffolk County Council must consider waste transfer requirements for transporting residual waste from where it arises to the energy from waste facility from December 2014.
- 8.2 There is also a need to consider the sorting and marketing of mixed dry recyclate when the current Suffolk Recycling Consortium contract arrangements expire in March 2014, and in order to secure arrangements for Waveney District Council.
- 8.3 The county, district, and borough councils have a shared desire for transfer stations to form part of an integrated infrastructure potentially handling all municipal waste streams. This includes provision for receiving road sweepings, clinical waste, bulky goods and organics collections which may include garden and food waste, as well as residual waste and recyclate.
- 8.4 The current arrangements for waste transfer and recycling involve use of a number of separate contracts and facilities procured at separate times by different authorities in different locations. Separate contracts for recyclate and residual waste held by the collection and disposal authorities respectively mean that the materials are handled through different locations in some authority areas.

- 8.5 For residual waste Suffolk County Council holds contracts which include transfer of residual waste in Foxhall, Haverhill, Red Lodge, and Thetford; with disposal at one of five landfill sites. In the future locations for waste management will change because the diminishing viability of landfill means that rather than disposal at a number of landfill sites across the region, all waste will need to be transported in to the single energy from waste facility in Great Blakenham.
- 8.6 Under the Suffolk Recycling Consortium contract, authorities in the west send recyclate through a separate transfer station in Lackford. The SRC contract also allows Suffolk Coastal District Council to deliver recyclate to Foxhall transfer station. This is then processed at a central location in Great Blakenham, at a Material Recycling Facility established in 1999. Waveney District Council has separate recycling facility arrangements located in Norfolk. Waveney District Council chooses to hold its own contract for transfer of residual, recyclate and organic wastes at Lowestoft transfer station.
- 8.7 The project has allowed the Suffolk Waste Partnership to take an holistic view of the waste management needs of the county and the recommended procurement (described in the following sections) therefore offers a number of opportunities to achieve best value for money.
- Offer a large contract which will be more attractive to market
 - Procure a countywide contract which will return economies of scale
 - Optimise provision of transfer stations across Suffolk
 - Include procurement of facilities for the sorting, recovery and marketing of recyclate using the most modern technology and techniques, potentially offering recovery of a wider range of materials than at present
 - Improve operational performance
 - Procure a network which is resilient to planned or emergency changes
 - Minimise carbon emissions resulting from the transfer network
 - Market test the cost/benefit of increasing the range of materials recycled at the kerbside

Location of Transfer Stations

- 8.8 In determining the ideal number and location of transfer stations, analysis focused on lowest total cost to the public purse i.e. a transfer station adds cost through gate fees but can minimise travel and reduce collection costs – the net effect of this was considered. This allowed the ideal solution with greatest benefit to the SWP as a whole to be determined.
- 8.9 The aim was also to minimise carbon emissions from collection, transfer and onward haulage, as well as considering local factors and operational issues.

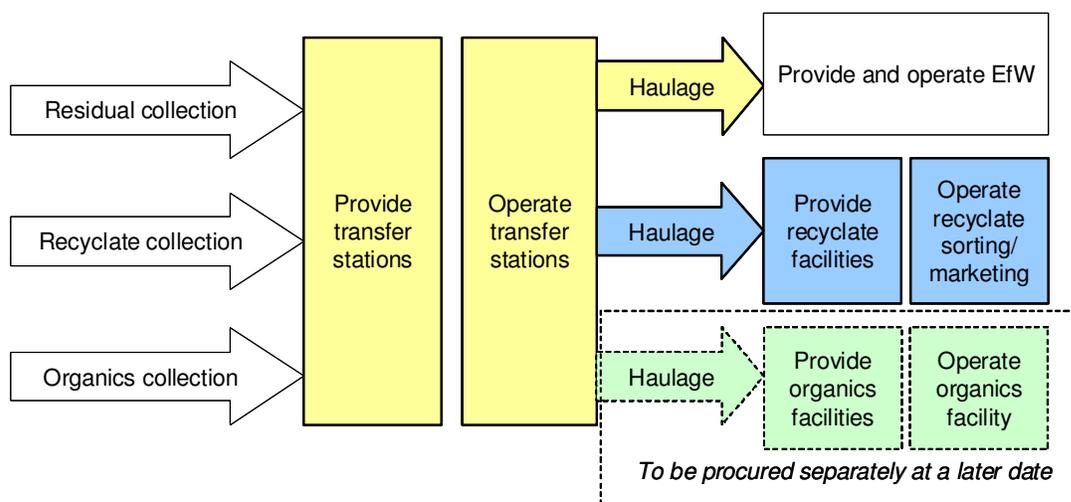


- 8.10 At a minimum it is suggested that transfer stations should be located in 'Key' locations of Lowestoft, Bury St Edmunds and East of Ipswich. A further transfer station may be required in the Great Blakenham area to ensure that authorities delivering residual waste directly to the EfW facility can also deliver recyclate to the same location if the MRF were no longer located near Great Blakenham.
- 8.11 Analysis also showed potential benefit to be gained from locating transfer stations in 'Desirable locations' of Sudbury, Haverhill and Mildenhall if the financial business case can be proven. Bidders would be encouraged to propose other locations where a benefit to the Suffolk Waste Partnership can be demonstrated.
- 8.12 It is not proposed that the location of recyclate sorting facilities is specified to bidders. The packaging of recyclate haulage with the recyclate sorting contract rather than with the transfer station contract means that bidders may propose use of facilities outside of Suffolk but will have to account for the travel distance in their price. This allows a wider range of bidders and encourages competition.

Proposed Contract packaging

- 8.13 The preferred option is to procure the services in two parallel lots: 1) transfer and loading for all wastes, haulage for residual waste, 2) haulage and sorting/marketing of mixed dry recyclate. This option enables smaller companies to bid for either one of the elements if they do not feel able to bid for both elements, while also allowing larger companies to offer both elements as a combined contract. This will widen the range of suppliers able to bid directly; minimises the costs associated with sub-contracting; allows direct relationships with all contractors; and allows the authorities to select the best combination of bidders for the various contract elements.

Schematic Representation



8.14 It was concluded that organic waste services should be procured separately at a later date because the companies are more specialist, market feedback indicated a preference to tender separately, the SWP is in the processes of clarifying its aspirations with regard to organic waste collections, and the current contracts do not expire until after 2014.

- Countrystyle at Parham 31.03.16
- Greenview (Countrystyle) at Lackford 31.03.15
- Anglian Water at Cliff Quay 2016
- County Mulch (Countrystyle) at Creeting St Mary - no formal contract

Transfer stations will be required to include scope for handling organic wastes in order to give the authorities flexibility of service in the future.

Procurement Process and Timescales

8.15 It is proposed that the procurement be carried out using a Competitive Dialogue process which means that the authorities can negotiate the best solution with bidders. Preparation for procurement must start as soon as possible in order for services to be in place when current contracts expire in 2014.

8.16 During October and November 2011, all eight partner authorities will be seeking approval to commence the procurement exercise as outlined in this report. As the lead authority providing the procurement resources, Suffolk County Council is beginning preparation in October 2011 in order to meet the deadline for issue of tender documents at the beginning of February 2012.

8.17 The interests of all eight authorities will be represented throughout the process, with governance and financial arrangements to be agreed separately.

8.18 Dialogue with bidders will take place during 2012, with evaluation by representatives for all authorities taking place in December 2012 to select the preferred bidder.

- 8.19 Approval to close the contract with the preferred bidder will be sought from all partner authorities in April 2013.
- 8.20 Construction (if necessary) and mobilisation to incorporate collection route/round reorganisation and the possible introduction of additional material to the recycling system will take place between April 2013 and March 2014, with the new contracts becoming operational from April 2014.

9. Appendices

Title	Location
(a) Waste Transfer Project Final Recommendations	Attached

10. Background Documents

- 10.1 Final Report of the Waste Infrastructure Network Project Team – September 2011

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APPENDIX A –

Waste Transfer Project Final Recommendations

- 1. It is recommended that the Success Criteria are considered when developing tender documents and evaluation criteria in the subsequent procurement exercise.**
- 2. It is recommended that the authorities procure a) waste transfer services and residual waste haulage separately from b) recycle haulage and sorting/marketing services.**
- 3. It is recommended that both elements a) and b) are procured simultaneously with the option for bidders to bid for both elements.**
- 4. It is recommended that organics processing services are procured as a separate lot, probably at a later date, but with the option for organic processing services to be included within the transfer (and/or recycle) contract.**
- 5. It is recommended that the procurement exercise specifies the location of transfer stations within the proximity of Lowestoft, Bury St Edmunds, East Ipswich, (and Great Blakenham, subject to location of MRF).**
- 6. It is recommended that bidders are encouraged to locate additional transfer facilities in the areas of Sudbury, Haverhill, and Mildenhall (subject to evaluation of cost). It is recommended that bidders be permitted to submit variant bids offering transfer stations in other locations which will be evaluated in the procurement.**
- 7. It is recommended that transfer stations are procured as a single countywide contract including all locations.**
- 8. It is recommended that recycle services are procured as a single countywide contract including haulage of material from all of the transfer locations across the county.**
- 9. It is recommended that a decision on the geographical packaging of organic waste treatment facilities is made following further investigation regarding the preferred collection and treatment methods.**
- 10. It is recommended that transfer stations accept all local authority collected residual wastes and mixed dry recycle; with the following exceptions:**
 - It is recommended that the transfer station in Lowestoft also accepts organic wastes which should be hauled by the transfer station operator to the treatment facility (Countrystyle at Parham until March 2016).**
 - It is recommended that the transfer station at Great Blakenham as a minimum need only accept local authority collected mixed recycle, and non regular residual wastes.**

- 11. All transfer stations should also be capable of accepting organic wastes, household waste recycling centre wastes, bring bank material and other collected recyclate (and Great Blakenham should be capable of accepting all residual wastes) if required.**
- 12. It is recommended that the recyclate service should at a minimum accept all materials currently accepted the Suffolk Recycling Consortium kerbside collection system.**
- 13. It is recommended that further investigation is carried out into the costs and benefits of additional materials to be added to the mixed recyclate collections across the county.**
- 14. It is recommended that procurement of organic waste treatment services is postponed until after the Suffolk Waste Partnership has determined the preferred approach to organic waste management for the future**
- 15. It is recommended that the Suffolk Waste Partnership authorities consider securing land to offer to the market in Lowestoft, Bury St Edmunds, Great Blakenham, and East Ipswich.**
- 16. It is recommended that the Suffolk Waste Partnership authorities investigate the option to secure existing public sector land holdings in Sudbury, Haverhill, and Mildenhall with a view to offering the land (to be determined through dialogue with bidders).**
- 17. It is recommended that transfer station and recyclate contracts are operational from April 2014.**
- 18. It is recommended that the transfer station and recyclate contracts are each procured for a minimum of 7 years, up to 15 years with possible extension.**
- 19. It is recommended that organics contract(s) are operational from the expiry of existing contracts in March 2015, Jan 2016, and March 2016.**
- 20. It is recommended that budget requirements for transfer, haulage, and recyclate sorting/marketing services be investigated through market research.**
- 21. It is recommended that the authorities model the impact of potential tender outcomes for the Suffolk authorities.**
- 22. It is recommended that the Suffolk Waste Partnership authorities fully consider the impact on the recommendations made in this report of any decisions made in the interim period.**