

8 March 2017		ITEM: 13 (Decision 01104412)
Cabinet		
Procurement of Future Waste Disposal Contracts		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor Pauline Tolson, Cabinet Member for Environment		
Accountable Head of Service: Julie Rogers, Head of Environment		
Accountable Director: Steve Cox, Corporate Director of Environment and Place		
This report is Public		

Executive Summary

Thurrock Council disposes of in excess of 78,000 tonnes of waste material generated by 66,000 households per year. Waste is collected at kerbside on a weekly basis by the Authority's waste collection service, deposited by householders at the Civic Amenity Site and collected through street cleansing and grounds maintenance activities undertaken by the Authority's environmental teams.

To ensure that the Council's waste management requirements are met there are currently 6 waste contracts in place. These include recycling, landfill and in-vessel composting. Five of the current contracts are due to expire in the next 12 months, each of which will require replacement.

In order to ensure that the re-procurement of these contracts meets the Authority's strategic needs, public procurement legislation and demonstrates best value a formal EU-compliant procurement process will need to take place. This Cabinet paper requests formal approval to invite tenders and let the required contracts.

1. Recommendation(s)

- 1.1 To delegate authority for the tender and subsequent award of waste disposal contracts as set out in para 2.4 to the Corporate Director of Environment and Place in consultation with the Cabinet Member for Environment for a period of up to 7 years, to the aggregate value of approximately £16-18 million.**

2. Introduction and Background

2.1 The Council currently manages 6 waste management contracts worth in the region of £6.7 million in 2016/17. The contracts are for the disposal, treatment, processing and recycling of waste with one contract in place for the management of the Civic Amenity Site (CA Site) at Linford. The current contracts in place are as follows:

Table 1: Current Thurrock Council Waste Management Contracts

Current Contract	Contractor	Forecast Spend PA	Contract End Date*	In scope of report (yes/no)
Mixed Dry Recycling	Bywaters	£560-580k	Open ended post 30/09/16*	Yes
In Vessel Composting	Biffa	£560-580k	12/04/2017*	Yes
Composting	Veolia	£30-40k	12/04/2017*	Yes
Landfill	Veolia	£930-950k	12/04/2017*	Yes
CA Site	Veolia	£450-460k	07/06/2017	Yes
Treatment of Residual Waste	FCC	£4.10-4.15m	31/03/2024	No
Total		£6.63-6.76m		

* Contract end dates are in the process of being extended as per cabinet decision 01104353

2.2 To ensure that the Council has suitable waste management arrangements in place which meet its requirements and to ensure that the rates reflect best value a full procurement process in line with European Union procurement legislation is required. In order for the new contracts to run concurrently with the end dates of the existing contracts, the Council is proposing the commencement of a formal procurement process in April 2017.

2.3 A full review of the Council's Waste management requirements has been undertaken with Council officers being supported by a specialist external waste disposal consultancy. In line with our ongoing commitment to weekly bin collections, the waste collection and disposal streams do not vary greatly and it is therefore proposed to award contracts for:

- Residual disposal (Landfill), Wood Waste and Mixed Dry Recycling for a three year term with the option for a further 2 year extension should both parties agree.
- In-vessel Composting and Composting for a three year term with the option for a further two year extension should both parties agree
- Haulage of various waste and recyclates associated with the operation of the Council's civic amenity site.

2.4 To meet the Council’s future waste management requirements it is recommended that it procures and awards 6 contracts. (The treatment of residual waste contract currently with FCC will continue as-is, expiring in 2024. The 6 contracts that form the proposed procurement exercise are as follows;

Table 2: Proposed Waste Management Contracts

Proposed Contract	Source of Waste	Expected Annual Market values	Proposed Contract End Date
Mixed Dry Recycling	Households and CA Site	£580-600k	07/01/2023 <i>(07/01/2025 if 2 year extension option is taken up)</i>
In Vessel Composting	Households	£570-590k	07/01/2021 <i>(07/01/2023 if 2 year extension option is taken up)</i>
Composting	CA Site and Municipal	£30-40k	07/01/2021 <i>(07/01/2023 if 2 year extension option is taken up)</i>
Waste Disposal	CA Site and Municipal	£930-950k	07/01/2023 <i>(07/01/2025 if 2 year extension option is taken up)</i>
Wood Waste Processing & Disposal	Civic Amenity Site	£200-210k	07/01/2021 <i>(07/01/2023 if 2 year extension option is taken up)</i>
Haulage	Civic Amenity Site	£170-180k	07/01/2021 <i>(07/01/2023 if 2 year extension option is taken up)</i>
Total		£2.48-2.57m	

2.5 The Council has a statutory obligation under the Refuse Disposal (Amenity) Act 1978 to provide residents with a facility for the disposal of bulky household waste. Thurrock Council currently provides a single site located in Linford. The current site is operated under contract by Veolia with that contract expiring in June 2017. The site at present is not of a sufficient operational capacity to meet the current and projected borough population. Additionally, the site design / infrastructure is not in keeping with modern standards.

2.6 In view of Veolia’s decision not to extend the existing contract we anticipate that should the Council invite tenders to operate the site “as-is”, the procurement will not deliver a solution that represents best value. Taking this into account, a capital bid has been put forward to carry out essential works to the site to better manage demand. A review of the site is underway and a further report to Cabinet anticipated in the summer to consider whether the site should be further developed, taking into account future growth and demands on the service and potential for income generation. Cabinet will also

be asked to consider whether the site should remain an in-house service or managed via contract. In the short term from 4th June 2017 the site will be managed directly by the Council for the duration of the redevelopment as a minimum. To better reflect the activity on the site when rebranding the site to illustrate Thurrock Council logo, the name will be changed to Household Waste and Recycling Centre.

3. Issues, Options and Analysis of Options

3.1 Option A: Do Nothing

This is not an option. The Council is required to dispose of household waste collected at kerbside or presented at the CA Site. Due to the value of the proposed contracts the Council is legally required to undertake a formal procurement process. This will ensure that any contract let meets the authority's requirements and that contract rates are as competitive as possible.

3.2 Option B: Extend existing waste disposal contracts

The existing contracts (except the CA Site) are in the process of being extended to January 2017 in order to facilitate the proposed procurement of new contracts. No further extension would be permitted within the terms of the contracts.

3.3 Option C: Undertake a formal procurement process; *the recommended option.*

Issuing formal invitation to tender and progressing through a full procurement process will ensure that the process is compliant with the Council's Constitution and the Law.

4. Reasons for Recommendation

4.1 Initiating a formal procurement process will ensure that the future disposal contracts meet the Council's service requirements, that contract rates represent best value and that the contracts are let in line with both legal and constitutional requirements.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The proposed contracts will not result in any alterations to service delivery.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The Council's recycling performance is monitored as a key performance indicator. National Targets are in place to require Local Authorities to meet a target of 50% recycling by 2020. The Council's present performance sits at

39.4%. In order to contribute towards increasing recycling performance the following measures have been proposed as part of the procurement process:

- Maintain the current breadth of recyclable materials with contractors being positively evaluated within the tender process for increasing the range of recyclable material accepted.
- The Council currently lets a landfill contract whereby all residual waste deposited at the CA site or collected through Municipal streams is sent for landfill. The proposed procurement process will call for a 'disposal contract' which will require those tendering to propose sorting residual waste to divert from landfill towards treatments and recovery/recycling avenues. This is intended to reduce disposal costs and increase the volume of waste recycled.
- In-source of the CA Site will allow for greater control of on-site operations. Improved segregation of materials on-site by staff, improving signage and waste receptacles to increase recycling and should therefore reduce the overall amount sent to landfill.

7. Implications

7.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager

The Council currently manages 6 waste management contracts worth in the region of £6.7 million pa. Of this, contracts with a current value of £2.5 million pa are being retendered. The proposed contract breakdown (Table 2) shows expected spend to continue to be in the region of £2.5 million pa, £17.5 million over the 7 year life of proposed contracts. Spend will be contained within Environment Service budgets.

Entering into a formal procurement process will ensure that the bids received represent market value. Economic uncertainty in the short term has the potential to impact on disposal and processing prices with the potential for inflation leading to circumstances where contract rates may increase at a greater than anticipated rate year on year. Key to reducing overall waste management cost is the diversion away from more expensive waste disposal options towards cheaper reuse and recycling avenues.

7.2 Legal

Implications verified by: **Kevin Molloy**
Solicitor

This report is seeking approval from Cabinet to delegate authority to tender and award the contracts noted in the report. The proposed procurements being considered are estimated at above EU thresholds for service contracts. This means that there is a legal requirement to competitively tender the contracts via the Official Journal of the European Union (OJEU). Legal Services note that the tenders will be conducted in accordance with the Public Contract Regulations 2015 (the 'Regulations')

7.3 Diversity and Equality

Implications verified by: **Becky Price**
Community Development Officer

This proposed procurement process will not see any material impact on the delivery of services and therefore there are no Equality and Diversity Implications.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- Not applicable.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- 10 February 2016 Cabinet Paper 'Waste Disposal Contracts'
<http://democracy.thurrock.gov.uk/documents/s6919/Waste%20Disposal%20Contracts.pdf>

9. Appendices to the report

- None

Report Author:

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