

## **CABINET – 3 November 2015 EXECUTIVE SUMMARY OF AGENDA ITEM 5**

**Report title: Waste Treatment Procurement**

**Wards affected: All**

**Strategic Director: Alison Comley – Strategic Director Neighbourhoods**

**Report Author: Pam Jones - Service Manager, Environment and Leisure Operations**

### **RECOMMENDATION for the Mayor's approval:**

- To delegate authority to the Strategic Director Neighbourhoods, in consultation with the Assistant Mayor, to commence the procurement of a Waste Treatment Contract as set out in this report
- To delegate authority to the Strategic Director Neighbourhoods to award the Waste Treatment Contract to the successful bidder, on the Council's standard terms and conditions, amended as appropriate.

### **Key background / detail:**

#### **a. Purpose of report:**

This paper seeks permission to procure a Waste Treatment Contract that will divert waste away from landfill and capture some recycling from the residual waste collected at kerbside that was previously sent to landfill.

#### **b. Key details:**

1. The value of the contract over the contract period means that it is considered a Key Decision and so authorisation is being sought to carry out a procurement process.
2. The Specification will ensure that it enables the most flexibility to deal with rising or falling tonnages, that it accommodates any future changes; for example, the use of material by the Bristol Energy Company, improvements in kerbside collection, changing legislation, other procurements such as the next West of England waste treatment contract, existing contract options (North Somerset Contract if they are cheaper / better performing). This flexibility will also allow the council to take advantage of any future developments in waste treatment technologies whilst considering the most environmentally sound options with ensuring that best value for money is achieved.
3. The waste treatment contract will require the contractor to develop / use a treatment process that will divert 90% of the material away from landfill through its treatment process.
4. The contract will require the contractor to capture some recycling from the waste. Those offering more recycling will score better in the evaluation process.
5. The Council will exclude any bidder from the process offering Mass Burn as a solution to treating the waste
6. The contract is envisaged to commence in the second half of 2016.

**BRISTOL CITY COUNCIL**

**CABINET**

**3 November 2015**

**REPORT TITLE: Waste Treatment Procurement**

**Ward(s) affected by this report: All**

**Strategic Director: Alison Comley – Strategic Director Neighbourhoods**

**Report author: Pam Jones / Service Manager Environment and Leisure Operations**

**Contact telephone no. x 23240  
& e-mail address: pam.jones@bristol.gov.uk**

**Purpose of the report:**

**To seek approval to procure a Waste Treatment Contract which will be awarded on the basis of considering the most environmentally sound options with ensuring that the best value for money is achieved. The proposal will aim to deliver a net environmental improvement on current arrangements.**

**RECOMMENDATION for the Mayor's approval:**

To approve the following recommendations –

- To delegate authority to the Strategic Director Neighbourhoods, in consultation with the Assistant Mayor, to commence the procurement of a Waste Treatment Contract as set out in this report
- To delegate authority to the Strategic Director Neighbourhoods to award the Waste Treatment Contract to the successful bidder, on the Council's standard terms and conditions, amended as appropriate.

**1. Context – the current waste situation**

- 1.1 The council's strategy is clear that in priority order, it needs to prevent, reduce, reuse and recycle waste. Work is continuing on these very important areas, and we have just ended the collection and street cleansing contract with Kier and commenced with Bristol Waste Company.
- 1.2 Once all of these options have been exhausted, and waste has been minimised as much as it can be, what waste is left will then need to be treated/disposed of.

- 1.3 The New Treatment Contract is the specific subject of this report today.
- 1.4 This paper seeks to take another step in the programme set out to deal with the Councils waste; this is shown in Appendix A the 'Waste Story'.
- 1.5 Waste Services have regular discussions with their counterparts in Energy Management to ensure that flexibility is built into any of the waste contracts to allow waste to be able to provide material to the Bristol Energy Company if and when they require it to generate energy.

## **2. Summary**

- 2.1. This paper seeks permission to start a tender process to procure a Waste Treatment Contract that will divert waste from landfill and capture some recycling from the residual waste collected at kerbside that was previously sent to landfill.
- 2.2. The value of the contract over the contract period means that it is considered a Key Decision and so authorisation is being sought to commence with a procurement process.
- 2.3. This paper also seeks to obtain delegated authority to award the contract (including any possible extensions allowed under the contract) to the successful bidder following evaluation of bids.
- 2.4. The decisions made in building the Specification have been taken to ensure that it enables the most flexibility to deal with rising or falling tonnages, to accommodate the use of material by the Bristol Energy Company, improvements in kerbside collection, changing legislation, other procurements such as the next West of England waste treatment contract, existing contract options (North Somerset Contract if they are cheaper / better performing), to take advantage of any future developments in waste treatment technologies whilst considering the most environmentally sound options with ensuring that best value for money is achieved.

## **3. Background**

- 3.1. The Council has a legal duty to collect and dispose of any municipal and household waste. The Council is a Unitary Authority; this means it acts as both a Waste Collection Authority and Waste Disposal Authority.
- 3.2. The Council currently deals with over 100,000 tonnes of residual material that is sent for further treatment or disposal. The make-up of the 100,000 tonnes consists of black bag waste, cleansing waste, fly tip, bulky collections, HWRC and trade wastes.
- 3.3. The Council has two current waste treatment contracts in place with New Earth Solutions and North Somerset Council (Boomeco) that deal with between 85,000 – 94,000 tonnes of the city's waste.
- 3.4. When the North Somerset Council Contract was agreed at Cabinet it was for a period of a year, whilst we procured a longer term contract meaning there is a requirement in the second half of 2016 to have a replacement treatment contract (permission to procure this replacement contract being sought in this paper).

- 3.5. Failure to procure a replacement treatment contract will result in either having to utilise a landfill contract or to extend the use of the North Somerset Contract.
- 3.6. The Council has a landfill contract with SITA that will end in March 2016, a subsequent landfill contract is being sought to deal with a portion of the waste 6,000 – 15,000 tonnes not planned to go through other treatment contracts.
- 3.7. Bristol City Council's Neighbourhoods and Place Scrutiny Commissions have hosted Inquiry Days on 26th November 2014 and 18th March 2015 where they considered; 'What are the current waste technologies and processes and how can Bristol best utilise these?' and aspects relating to 'managing the city's waste.' These two days helped identify what direction the Council should take when treating its waste and has helped in the development of the Specification of this contract.
- 3.8. The Specification for the proposed treatment contract also adheres to the various requirements set out in the Councils adopted Waste Strategy.

#### **4. Waste Treatment Contract**

- 4.1. The waste treatment contract is proposed as an initial term of 5 years, primarily to link in with the Bristol Energy Company and their planned developments, with an extension option period of a further 5 years and will commence from mid 2016 to coincide with the end of the current North Somerset Council contract period. The annual value of the current treatment contract is in the region of £2.5M to £3.5M.
- 4.2. The waste treatment contract will require the contractor to develop / use a treatment process that will divert 90% of the material away from landfill through its treatment process.
- 4.3. The contract will require them to capture some recycling from the waste, those offering more recycling will score better in the evaluation process.
- 4.4. The contract will commit the Council to deliver 30,000 tonnes of material during the first year with a mechanism to review this annually (up or down). This review mechanism will enable the Council to allow for adaption in the future.
- 4.5. The Council will exclude any bidder from the process offering Mass Burn as a solution to treating the waste.
- 4.6. The contract will be tendered via the Council's e-procurement portal and will be evaluated using the most economically advantageous tender (MEAT) approach, with 80% of the marks awarded for the overall price to the council and 20% of the marks awarded on quality. We expect prices to be keenly competitive and so the 20% on quality is likely to be a differentiator between bidders.

#### **5. Finance**

- 5.1. The volume of material being tendered was previously disposed of via landfill and cost the Council in the region of £3M to £4M per annum to dispose of; It is anticipated

that the cost of the new contract could be in the same region. The same volume being treated via the North Somerset Contract is currently costing in the region of £2.5M to £3.5M. It is difficult to predict what costs the council will incur but it is likely to cost no more than the previous landfill contract and it could be as low as the North Somerset Contract, subject to market conditions and competition at the time.

## 6. Recommendations

6.1. To approve delegated authority for the procurement of the Waste Treatment Contract.

6.2. To approve delegated authority to award the contract, on the basis of the Council's standard terms and conditions, amended as appropriate.

## 7. Consultation and scrutiny input:

### 7.1. Internal Consultation:

Waste Management Officers.

Neighbourhoods and Place Scrutiny Commissions – Two separate Enquiry Days have been held which reviewed waste strategy and options available to the Council which included independent speakers from the waste industry providing expert advice. These days have helped inform on the requirements needed for future waste decisions and through further consultation with the Neighbourhoods Scrutiny the Specification of this proposed contract has been drawn up and agreed.

Further meetings have also been held with Scrutiny to get their views and comments, as well as getting responses to the draft specification for the new contract.

### 7.2. External Consultation: None

## 8. Other options considered:

8.1. All options are detailed in this report.

## 9. Risk management / assessment:

<b>FIGURE 1</b>							
<b>The risks associated with the implementation of the (subject) decision :</b>							
No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	The cost for the new contract could be more expensive than currently paying or more than the current North Somerset Contract option.	<b>Med?</b>	<b>Med</b>	A commitment of 30,000 tonnes is only offered during the first year giving the option to stop this in subsequent years via the review mechanism.	<b>Med</b>	<b>Med</b>	

**FIGURE 2**

**The risks associated with not implementing the (subject) decision:**

No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	Not taking will force the Council to utilise either the landfill contract or the North Somerset Contract.	Med	High	To utilise the North Somerset Contract	Med	Med	

### **Public sector equality duties:**

### **Equalities Impact Assessment**

See Appendix B

**Anneke Van-Eijkern – Equalities Officer**

### **Eco impact assessment**

This proposal is to treat waste currently managed via a short-term contract with North Somerset Council. The eco impact assessment for the current arrangement is available at [https://www.bristol.gov.uk/committee/2015/ua/ua000/0602\\_5.pdf](https://www.bristol.gov.uk/committee/2015/ua/ua000/0602_5.pdf)

### **The significant impacts of this proposal are:**

This proposal does not specify the treatment technology or location, other than to exclude mass burn incineration or landfill. There is potential for a wide range of positive or negative impacts, which will depend on the treatment technology ultimately chosen. The areas of impact are set out in the checklist.

### **The proposals include the following measures to mitigate the impacts ...**

As it is not possible to accurately assess the environmental impact of the proposal prior to procurement, the following principles will be included with the procurement process:

1. The proposal will aim to deliver a net environmental improvement on current arrangements, with a minimum requirement of being no worse.
2. Assessment of net impact shall include climate changing gases, transport impacts, resilience, waste hierarchy and air quality
3. Environmental criteria will be built into the specification and quality criteria in the contract to ensure delivery of these aims.

### **The net effects of the proposals are...**

The mitigation measures proposed should ensure that the net effects are positive or neutral.

**Advice given by Steve Ransom – Environmental Programme Manager**

**9/9/15**

## **Resource and legal implications:**

### **Finance**

#### **a. Financial (revenue) implications:**

" Revenue costs are not expected to exceed budget and may even fall below it, depending on the outcome of the procurement process"

**Advice given by Robert Hamilton, Finance Manager Neighbourhoods & Place**  
9/9/15

#### **b. Financial (capital) implications:**

There will be no impact on Capital budgets as a result of this decision

**Advice given by Robert Hamilton, Finance Manager Neighbourhoods & Place**  
**Date**

#### **c. Legal implications:**

The Council should ensure that the procurement of the waste treatment contract complies with the Public Contracts Regulations 2015, as well as its own procurement rules. The Council should also consider whether TUPE may apply and whether it is necessary to obtain contractor employee information to assist bidders in assessing any consequential impact on their bid price.

**Advice given by Kate Fryer – Solicitor**  
**Date 17 September 2015**

### **HR**

This proposal is for the procurement of services to the Council there are no HR implications as a result of the decision made.

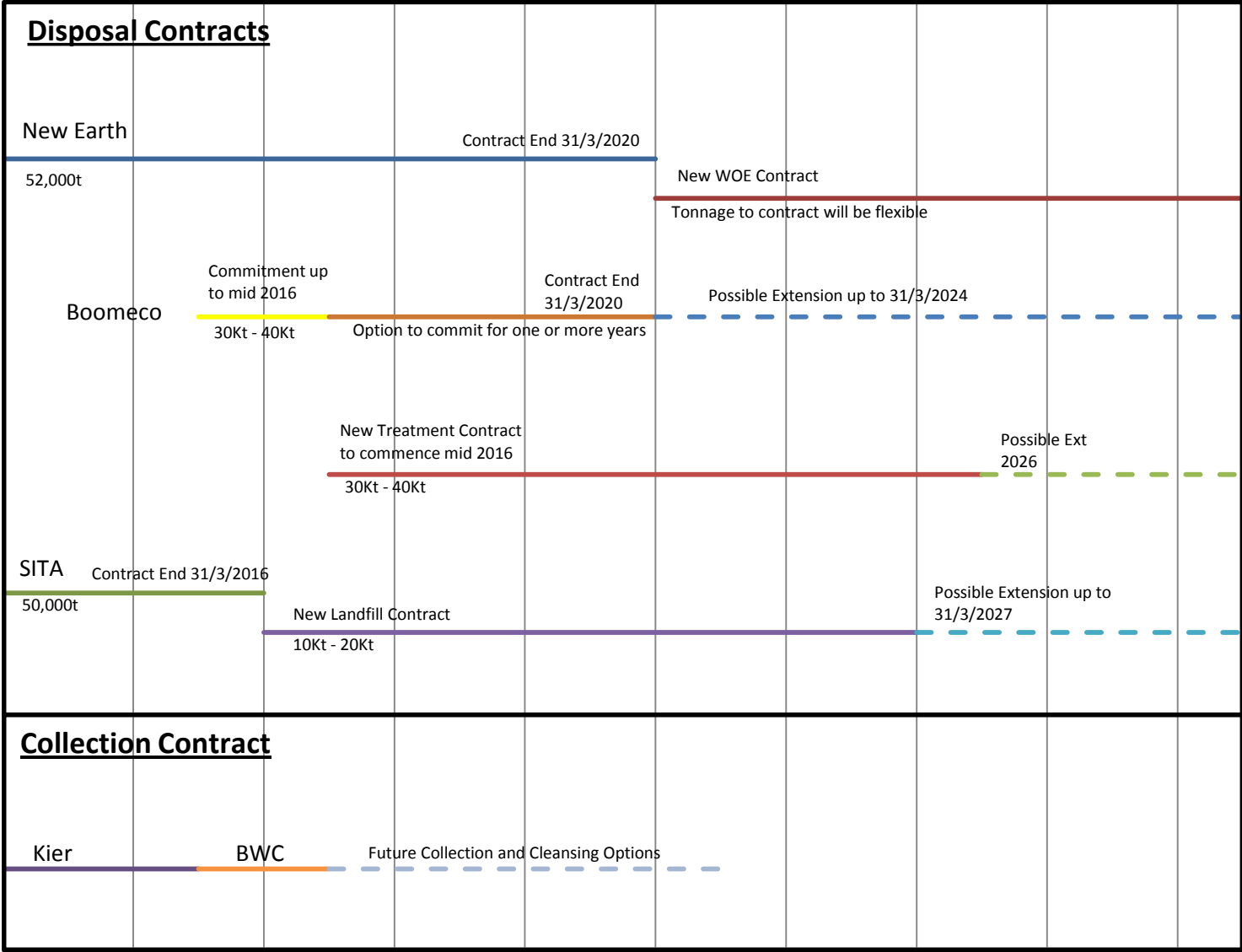
**Advice given by Celia Williams, HR Consultancy Manager**  
**Date 17 September 2015**

### **Appendices:**

Appendix A - Waste Story

Appendix B – Equalities Impact Relevance Check

# The Waste Story





## Appendix B

### Bristol City Council Equality Impact Relevance Check



This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

<b>What is the proposal?</b>	
Name of proposal	Waste Treatment procurement
Please outline the proposal.	Seeking permission to start a tender process to procure a Waste Treatment Contract that will treat waste to avoid landfill.
What savings will this proposal achieve?	The gate fee paid by the Council to treat waste to the successful bidder will be determined via the tender process, and so it is currently impossible to know what the financial costs / savings could.
Name of Lead Officer	Pam Jones

#### **Could your proposal impact citizens with protected characteristics?**

(This includes service users and the wider community)

Please outline where there may be significant opportunities or positive impacts, and for whom.

This is a process that occurs at the end disposal point of household waste collected from members of the public. This will not result in any changes to the current waste disposal or recycling collections so no positive impacts are anticipated.

Please outline where there may be significant negative impacts, and for whom.

This is a process that occurs at the end disposal point of household waste collected from members of the public. This will not result in any changes to the current waste disposal or recycling collections so no negative impacts are anticipated

#### **Could your proposal impact staff with protected characteristics?**

(i.e. reduction in posts, changes to working hours or locations, changes in pay)

Please outline where there may be significant opportunities or positive impacts, and for whom.

The use of this new process will not affect Council staff or BWC staff so no positive impacts are anticipated.

Please outline where there may be negative impacts, and for whom.

The use of this new process will not affect Council staff or BWC staff so no negative impacts are anticipated.

#### **Is a full Equality Impact Assessment required?**

Does the proposal have the potential to impact on people with protected characteristics in the following ways:

- access to or participation in a service,
- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living) ?

<p>Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.</p>	<p>No – there will be no change to services to the public and working terms and conditions for BCC and BWC staff will remain unchanged.</p>
<p>Service Director sign-off and date:</p>	<p>Equalities Officer sign-off and date: Anneke van Eijkern  17<sup>th</sup> Sept 2015</p>