



Decision Pathway Report

PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 March 2019

TITLE	West of England Waste Treatment Procurement 2020		
Ward(s)	All		
Author:	Ken Lawson	Job title:	Waste Strategic Client Manager
Cabinet lead:	Cllr Steve Pearce	Executive Director lead:	Colin Molton
Proposal origin: <i>BCC Staff</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report: To notify Cabinet of the outcome of the West of England residual waste treatment procurement process and to seek approval for the award of contracts and the agreement of an accompanying inter-authority agreement with the other West of England authorities.			
Evidence Base: Bristol currently generates approximately 103,000 tonnes of residual waste each year that is not recycled or reused. The current contracts for managing this waste expire as follows: <ul style="list-style-type: none">• New Earth Solutions – treats circa 54,000 tonnes per annum of residual waste and expires in 2020;• SUEZ Resource and Recovery – treats circa 33,000 tonnes per annum of residual waste and expires in 2020; and• Ad-hoc landfill arrangements. The New Earth Solutions contract was originally procured by the West of England Partnership on behalf of the four councils (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire). This contract and other waste disposal contracts held by the four councils are all expiring at the same time. As a result there was a need to re-procure residual waste treatment contracts. The West of England Partnership was considered the most effective route for the four councils to re-procure their treatment contracts, for the following reasons: <ul style="list-style-type: none">• If the four councils went to market separately they would be competing against each other for the same capacity;• One procurement with Lots will offer the greatest economies of scale; and• It will take advantage of any spare capacity available. Bristol was involved in the procurement process from scoping and soft market testing through to final tender evaluations. Under the new arrangements it is anticipated that the Bristol Waste Company would be made party to any agreements.			
Cabinet Member / Officer Recommendations: That Cabinet: <ol style="list-style-type: none">1. Approve the award of Contracts set out below for treatment of residual waste for a period of 10 years (with			

an option to extend up to a further 10 years),

- Contract with Viridor Waste Management Limited for treatment of up to 120,000 tonnes of residual waste;
 - Contract with SUEZ Recycling and Recovery UK Limited for treatment of up to 50,000 tonnes of residual waste; and
 - Contract with ETM Recycling Limited for treatment of up to 45,500 tonnes of bulky residual waste
- Conditional on the Inter-Authority Agreement referred to in recommendation 2 being agreed and entered into by BCC and the other Authorities prior to BCC entering into the Contracts.

2. Delegates Authority to the Executive Director: Growth and Regeneration, in consultation with the Cabinet Member with responsibility for waste, to negotiate and enter into all necessary legal agreement relating to the operation of Contracts including an Inter-Authority Agreement to deal with arrangements for extensions, tonnages and termination.
3. To note the proposed change in arrangements for BWC managing waste and any impacts on the Council will be mitigated.

Corporate Strategy alignment:

Wellbeing Key Commitment 2 - Keep Bristol on course to be run entirely on clean energy by 2050 whilst improving our environment to ensure people enjoy cleaner air, cleaner streets and access to parks and green spaces.

Reducing our environmental impact by using clean energy, improving air quality and reducing waste and pollution. The West of England procurement was undertaken to secure a reliable long term waste treatment solution which has high landfill diversion and some recycling. The preferred provider's solutions will reduce secondary movements of waste in Avonmouth, helping reduce vehicle emissions, produce energy which potentially can be purchased by Bristol Energy closing the loop and will enable BCC concentrate on reducing waste and increasing reuse and recycling.

City Benefits:

Increased diversion of waste from landfill.

The contracts will be awarded to local facilities and employers supporting employment and training opportunities. Opportunity for treatment facilities to provide heat and electricity.

Consultation Details:

The waste industry was consulted during an extensive soft market testing exercise. Informal consultations include providing regular updates on the procurement process with the Cabinet Member, Bristol Waste Company and officers.

Revenue Cost	<i>Total annual value (BCC) £9.3m</i> <i>Total contract term value (BCC) £93m* will be subject to annual indexation,</i>	Source of Revenue Funding	Waste revenue budget.
Capital Cost	£ 0.00	Source of Capital Funding	Not applicable.
One off cost <input type="checkbox"/>		Ongoing cost <input checked="" type="checkbox"/>	
		Saving Proposal <input checked="" type="checkbox"/> Income generation proposal <input type="checkbox"/>	

Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice: This proposal seeks approval for the Council to negotiate and enter into contract(s) jointly at WoE level regarding regional waste disposal.

The proposed contracts with the preferred bidders will commence from 1st April 2020 for 10 years. These contracts

will meet up to 215,000 tonnes of residual waste (black bin) and bulky waste disposal demand for the region. The two preferred bidders will split the regional demand due to available site capacities. These contracts exclude costs of associated transportation of wastes which are met under the teckal contract with Bristol Waste Company (BWC) for Bristol.

Bristol's contribution of demand in these waste disposal contracts are up to 95,000 tonnes per annum in total, subject to further work /negotiation to establish the currently year baseline before formally awarding the contracts. The table below illustrates the total demand from both WoE and Bristol's perspectives:

Contract Type / Contractor	WoE Tonnage (up to)	Bristol Tonnage (up to)
WoE Main Contract		
Black Bin Waste / Contractor A	120,000	30,000
Black Bin Waste / Contractor B	50,000	50,000
Bulky Waste / contractor C	45,500	15,000
Total WoE Contract Demand	215,500	95,000
Residual Demand		
Residual / Contractor D		8,000
Total	215,500	103,000

As shown above, it is currently estimated that there will be c. 8,000 tonnes of residual demand outside the WoE main contract. BCC (via BWC) will need to separately enter into contract with the spot market to meet this demand.

The proposed combined contract value is £21.2m p.a. plus RIP, and the Bristol element is up to £9.3m plus RIP. Comparing to the current contract arrangement, the new contracts with the preferred bidders are estimated to result in c. £120k p.a. savings on the Council's waste disposal budget under the MTFP going forward.

The proposed contracts will provide an allowance for a 5% year on year contract volume reduction. This will facilitate the implementation of the Council citywide waste minimisation strategy. As a teckal company of the Council, BWC is leading on the implementation of these strategies on behalf of the council through a number of initiatives widespread in the communities, some of which are already bearing fruit. It would be essential for BWC to continue leading on the waste minimisation strategy. BCC should seek to mandate BWC's status in the proposed contract arrangement as the teckal company acting on behalf of BCC under the WoE contract.

Finance Business Partner: Tian Ze Hao

Date: 8 February 2019

Legal Advice:

The aggregate value of the Contracts is in excess of the relevant threshold and therefore they must be procured via a process that complies with the Public Contracts Regulations 2015. South Gloucestershire and North Somerset Councils have lead on the procurement. Due to BCC joining the procurement late, BCC's legal services have not been involved in the procurement and so cannot comment on its compliance. The terms of the contract have though been reviewed and are acceptable. The Contracts are for an initial term of 10 years with the option to extend for a further 10. The details of how the WoE Partnership will operate the Contracts will be agreed in an inter-authority agreement, along with how any of the 4 councils may terminate the Contracts and amount to be paid/liabilities should this occur, contract management etc. BCC signing the Contracts prior to the inter-authority agreement (IAA) being agreed/signed could generate risks should the parties not agree on any issue under the Contracts prior to the IAA being signed; however it is understood that the authorities are in agreement as regards the necessity of the IAA being executed prior to the Contracts.

Legal input will be provided in supporting the possibility of BWC being made a party to the contract.

Legal Team Leader: Sinead Willis

Date: 7 February 2019

Implications on ICT: There are no identifiable IT Implications at this stage of the project. However, some IT requirements such as transfer of data or interfacing to BBC IT systems may become apparent or be required once implementation of any new provider of systems is initiated. If so, these will need to be addressed at the appropriate time in the project lifecycle

ICT Team Leader: Ian Gale

Date: 10th December 2018

HR Advice: There are no anticipated HR considerations at this stage; all parties have confirmed there are no employee or TUPE implications. Internally the BCC waste client does not need additional resource to manage and administer the contract.

HR Partner: Celia Williams

Date: 12th December 2018

EDM Sign-off	Louise Baker	28 th November 2018
Cabinet Member sign-off	Cllr Steve Pearce	
For Key Decisions - Mayor's Office sign-off	Mayor's Office	4 th February 2019

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers	
Appendix J – Exempt Information	NO
Appendix K – HR advice	NO
Appendix L – ICT	NO