

North Somerset Council

Report to the Executive

Date of Meeting: 08 February 2023

Subject of Report: Commissioning and Contract for operation of the waste transfer station and optional outward haulage

Town or Parish: All

Officer/Member Presenting: Councillor Mike Solomon, Executive Member for Neighbourhoods and Community Services

Key Decision: Yes

Reason: The decision is over £500K and affects more than 2 wards

Recommendations

- To delegate to the Executive Member for Neighbourhoods and Communities, the authority to award the waste transfer station and haulage contract to NSEC (North Somerset Council's wholly owned arm's length company) via the Teckal exemption, providing their business case provides a best service delivery option for the council and is costed within the budget envelope listed in exempt item section 5 "Financial" in its entirety.
- Should the NSEC business case not provide the best service delivery option for the council and/or falls outside of the budget envelope listed in exempt item – section 5 "Financial" in its entirety, power is delegated to the Executive Member for Neighbourhoods and Community Services to approve the commissioning and procurement plan for this contract.[Click here to enter Recommendation]

1. Summary of Report

- 1.1 The Council has a statutory duty to collect and arrange for the receipt and disposal of household waste and other waste arising within North Somerset. The operation of the waste transfer station and outward haulage to treatment/ disposal sites is currently included within this arrangement.
- 1.2 In a wider piece of work supported by market experts Eunomia, it is proposed that the current waste disposal and operation of the transfer station contract arrangement be broken up, with the operations of the waste transfer station and outward haulage being grouped as one distinct element.
- 1.3 The below diagram shows the current contract arrangements. Contracts due to end and included in this piece of work are highlighted in GREY.

	Food waste	Residual waste – kerbside		Residual waste – HWRC's	Garden waste
Collection location for haulage	Winterstoke Road (site owned by NSC) Operating contractor: NSEC	Aisecombe Way (site owned by NSC) Operating contractor: Enovert Ending: 29/2/2024		Aisecombe Way (site owned by NSC) Operating contractor: Enovert Ending: 29/2/2024	Aisecombe Way (site owned by NSC) Operating contractor: Enovert Ending: 29/2/2024
Haulier contractor	NSEC Ending: option to include	Enovert Ending: 29/2/2024		Enovert Ending: 29/2/2024	Enovert Ending: 29/2/2024
End disposal contractor/ location	Aisecombe Way (site owned by Biogen) Contractor: Biogen Ending: 29/2/2024	Avon-mouth Contract or: Viridor (WoE) Ending: 2030 (+10)	Gloucestershire Contract or: Enovert Ending: 2024	Ashton Gate, Bristol Contractor: ETM (WoE) Ending: 2030 (+10)	Gloucestershire Contractor: Enovert Ending: 29/2/2024

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- 1.4 This report proposes that should the comprehensive business plan and pricing schedule provided by NSEC offer (in no particular order):
- Best value for money
 - Maximises benefits to the Council
 - Best quality submission
 - Alignment with the Council's strategic, financial and climate objectives

The contract will be direct awarded to them using the Teckal exemption.

NSEC was formed by NSC in 2020, principally to deliver the authority's household waste and recycling collection service and manage NSC's three Household Waste and Recycling Centres (HWCS). However, the company also has objectives to expand the business, including through delivery of additional services to NSC (subject to best value).

NSEC already operates a dry recycling and food waste transfer station at Winterstoke Road, and therefore they have demonstrable experience of successfully running similar (and arguably more complex) waste sorting, transfer station and haulage operations. Therefore, there would be minimal operational risk in NSEC running the Aisecombe Way Waste Transfer Station (WTS).

The results of market engagement also indicates that there are significant advantages to procuring the WTS and haulage contracts together. This would be so that the WTS operator can have greater control over key issues such as access, scheduling, safety and outflows, in order to facilitate smooth running of the WTS

If NSC's depot development strategy progresses and NSEC's Winterstoke Road operation is moved to Aisecombe Way, then there are significant advantages in all transfer operations being managed by the same operator at the same site. These include, but are not limited to:

- **Operational efficiency:** With all transfer station and HWRC operations being managed by one contractor, supervision can be easily shared, and a greater pool of staff can be called upon to cover sickness and holiday alongside any late running or weekend opening required at certain time of the year.
- **Consistent and joined up approach to health and safety:** Transfer stations are inherently extremely dangerous places to work due to the number of vehicle movements in, out and around the site. With one operator in place traffic management plans are more cohesive, training is more consistent, and any breaches of the site management plans can be more easily dealt with.

1.5 The time period within which the decision to either approve the award of the contract to NSEC or approve the procurement and commissioning plan for going to the market with the procurement falls within the pre-election period when there are no executive meetings. This forms the basis for the request for the delegation of the decision to the Executive Member. The decisions will be on the forward plan and be published to ensure transparency. It is essential that the decision is taken within this timescale in order to optimise the mobilisation period required for this contract, and in particular, allow for the purchase the necessary vehicles, plant and equipment required to run a smooth and cost-effective operation. Continued engagement with the Executive and Place Scrutiny Panel will be undertaken to share the evaluation of the NSEC business plan.

2. Policy

- 2.1 The exploration to contract this work to the Council's wholly owned arm's length company, NSEC, via the Teckal exemption will support the council's wider ambitions for North Somerset to provide:
- Welcoming, safe and has clean neighbourhoods
 - Professional, efficient, effective services
 - Collaborate with partners to deliver the best outcomes
 - Embrace new and emerging technologies
 - Manage our resources and investing wisely
- 2.2 The plan is underpinned by:
- The [Recycling and waste strategy 2021-2030](#)

3. Details

Current contract arrangement

- 3.1 North Somerset Council currently has a contract with Enovert Ltd for the delivery of the following services:
- Management of the North Somerset owned Aisecombe Way Transfer Station (WTS) for the receipt and onward transport of various waste streams including residual waste from kerbside collections, that deposited at our three recycling centres, garden waste and street cleansing waste.
 - Haulage of the waste streams to various treatment and end destination locations.
 - Treatment of:
 - Food waste, circa 7,500 tonnes per annum (treatment is undertaken by Biogen at their Aisecombe Way facility, under subcontract to Enovert)
 - Garden waste, circa 16,000 tonnes per annum

- Some residual waste which does not meet the acceptance criteria of the Viridor Energy from Waste (EfW) plant at Avonmouth and requires an alternative outlet such as landfill. This contract expires on 29 February 2024, with no further option for extensions.
- 3.2 In preparation for the waste disposal and transfer station contract expiry, the council commissioned Eunomia Research & Consulting Ltd to undertake market research and provide a desktop financial and qualitative analysis in order to shape a commissioning strategy for these service functions, which aligns with the authority's strategic, financial and climate objectives.
- 3.3 This report recommendation has taken the findings of the Eunomia report and supported by the NSC Waste Team, enabled NSC officers to enter into discussions with NSEC with regards the waste transfer station (WTS) and haulage elements of the contract and for NSEC to prepare their business case to provide these services within the financial envelope. Following the evaluation of their proposal in early 2023, should the decision be made not to award the WTS and Haulage to NSEC we will commence procurement these services on the open market during late Spring 2023.

4. Consultation

4.1 External

- Eunomia, market specialists in the waste and recycling industry
Contracted by the NSC Waste Team to conduct market engagement and desktop analysis on: contract grouping options and to cost the operation of the waste transfer station
- Enover (existing service provider)
Formal and informal discussions around the upcoming end of contract arrangements, tender exercise and groupings for the tender of contract elements
- North Somerset Environment Company (NSEC)
Engagement with senior officers, NSEC board and shareholder to scope their appetite for the inclusion of this contract into the company's portfolio. Further engagement by Head of Waste Services, sharing of service delivery information to inform business case and discussions.

4.2 Internal

- Executive Member for Neighbourhoods and Community Services
Engaged from the start of this project to identify key drivers and links to other council wide initiatives, further updates on progress at key milestones, including consultation on the approach for this particular contract element for the delivery of the waste transfer station operations and haulage
- Executive Member for Climate Emergency
Initial engagement at the beginning of the project to identify key drivers from the council's climate objectives. Further updates shared ad hoc at key milestones
- CLT/ Informal Executive
Briefing on report recommendations - 12 January 2023
- Place Scrutiny
Engagement with the scrutiny panel on two occasions since the project began, to give updates on key milestones
- Waste Board (advisory board)
Monthly briefings on the projects progress and overview of the risk register. The board includes: Assistant Director of Neighbourhoods and Transport, Place

5. Financial Implications

This part of the report is not for publication by virtue of paragraph 3 of schedule 12A of the Local Government Act 1972.

The financial implications are detailed in appendix 1.

6. Legal Powers and Implications

6.1 Statutory duty

The Council has a statutory duty to collect and arrange for the receipt and disposal of household waste and other waste arising within North Somerset.

6.2 Teckal exemption

The Teckal exemption allows the council to direct contract award to NSEC without a procurement process, subject to it being proven best value

7. Climate Change and Environmental Implications

A Climate Emergency Risk Assessment will be produced to identify any environmental risks or opportunities. This outcome will be outlined in the Contract Award decision notice.

8. Risk Management

Description	Impact	Mitigation
Risk NSEC's business case does not prove best value for money	Requirement to go out to tender, impact on contract mobilisation period especially for haulage	Clear communication with NSEC on contract objectives Workshops with client/ NSEC to discuss any queries ahead of submission
Risk of impact to mobilisation period for NSEC if contract award goes to June 2023 Executive	Known delays on supply chain for vehicle orders. This could impact reliability, efficiency and cost effectiveness of the service as interim measures would need to be initiated	Delegation of powers to Executive Member to award the contract, so this can be done prior to the June 2023 Executive
Risk if necessary to go out market – no interest from contractors	Limited or no tender returns	Pre-procurement market engagement carried out by Eunomia and Project Team and a satisfactory level of interest from the market was demonstrated
Risk if necessary to go out to market – mobilisation period between contract award and contract start date are insufficient	Known delays on supply chain for vehicle orders. This could impact reliability, efficiency and cost effectiveness of the service	Delegation of powers to Executive Member to award the contract, rather than wait for the June 2023 Executive

	as interim measures would need to be initiated	
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9. Equality Implications

An Equality Impact Assessment has been undertaken.

10. Corporate Implications

N/A

11. Options Considered

- a) Extend the current contract arrangements with Enoverit
Contract extension has already been used, no option to extend available
- b) Go out to full market tender
Research by Eunomia and our own assessment suggested using our teckal owned company, NSEC, to deliver this function would achieve the best outcomes for the council. NSEC was set-up with the intention of using the teckal exemption to award complimentary contracts to their portfolio, where proven best for the council's service delivery needs.
- c) Do nothing
The Council has a statutory duty to collect and arrange for the receipt and disposal of household waste and other waste arising within North Somerset
- d) Evaluate a detailed business plan and pricing schedule from NSEC – if proven best value, direct contract award, if not go out to tender
To mitigate timing impacts due to the elections in April/May 2023 it is necessary to delegate powers to the Executive Member. This will be supported by further engagement with the informal Executive once the NSEC business case has been received and evaluated by the waste board members and they have a recommendation. If the business case is insufficient, the contract will go out to tender, ensuring the maximum mobilisation period available.

The Eunomia report along with the Waste Project team, with support from the Waste Board, recommend option 4 as the best way forward to mitigate any risks to the service delivery and offer the best outcome for the council.

Author:

Gemma Dando, Assistant Director of Neighbourhoods and Transport

Appendices:

- Exempt item from section 3

Background Papers:

- Waste Transfer Station, haulage and disposal commissioning by Eunomia, September 2022