

North Somerset Council

Report to the Executive

Date of Meeting: 06 September 2023

Subject of Report: Commissioning & Procurement plan for the treatment/disposal of Residual Waste

Town or Parish: All

Officer/Member Presenting: Councillor Annemieke Waite, Executive Member for climate, waste and sustainability

Key Decision: Yes

Reason: The decision will involve expenditure in excess of £500k and affects more than 2 wards

Recommendations

That the commissioning and procurement plan for the treatment and disposal of residual waste be approved.

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 disposal of residual waste is currently included within this arrangement.
- 1.2 In a wider piece of work supported by market experts Eunomia, it was proposed (in earlier Commissioning & Procurement Plans) that the current waste contract arrangement be broken up:
 - Operation of the Waste Transfer Station and outward haulage to various treatment facilities
 - Food waste treatment
 - Garden waste treatment
 - Residual waste contingency
- 1.3 This report addresses:
 - the contingency arrangements for residual waste when the council's main residual waste facility is unavailable (for example due to unplanned outages) circa 6,000 – 12,000 tonnes per annum
- 1.4 It is recommended to co-procure this residual waste arrangement with Bath and North East Somerset Council. Given the uncertainty of tonnage amounts due to this being a contingency arrangement, a joint procurement with another authority will increase the attractiveness of this contract.

2. Policy

- 2.1 This commissioning and procurement plan will support the council's wider ambition 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 invest wisely
- 2.2 The plan is underpinned by:
- The [Recycling and waste strategy](#)

3. Details

Current contract arrangements

- 3.1 North Somerset Council (NSC) currently has a contract with Enovert Ltd for the delivery of the following services:
- Management of its Aisecombe Way Transfer Station (WTS) for residual waste and garden waste.
 - Haulage of its waste streams to their various treatment 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
 - Residual waste on a contingency basis when NSC's main residual waste treatment facility is unavailable
- 3.2 This contract expires on 29 February 2024, with no further option for extensions.
- 3.3 In preparation for the Waste Disposal and Transfer station contract expiry, North Somerset Council commissioned Eunomia Research & Consulting Ltd to undertake market research and a desktop financial and qualitative analysis in order to shape a commissioning strategy for these services, which aligns with the authority's strategic, financial and climate objectives. Findings from Eunomia's report have been used to shape this commissioning and procurement plan in particular the route to market and evaluation criteria.
- 3.4 The operation of the Waste Transfer Station and outward haulage to treatment facilities was awarded to NSEC in April 2023 following the submission of a detailed business case and pricing submission. This contract is due to start 1 March 2024 with preparations already underway to ensure smooth transition.
- 3.5 Tender submissions for the treatment of Food Waste closed in April 2023, the successful contractor will be awarded in August 2023 with the contract due to commence on 1 March 2024.
- 3.6 The project team are now focusing on the remaining waste procurements.

Treatment of residual waste

- 3.7 The council operates three contracts for residual waste, with the two main contractors (Viridor and ETM) being part of a West of England partnership arrangement. These contracts are both due to end in 2030 and have an optional 10-year extension clause.

	Residual waste – kerbside		Residual waste – HWRC's
End disposal contractor	Viridor (WoE), Avonmouth	Enovert Gloucestershire	ETM (WoE) Bristol
Contract end date	2030 (+10)	29 February 2024	2030 (+10)

- 3.8 The current contingency contract with Enovert is due to end at the end of February 2024 giving the council two potential options:
- go out to tender for another single provider, long term contract which whilst offering stability to the service, may not be the most financially advantageous.
 - create a dynamic purchasing system which would offer a flexible approach to this top-up service.
- 3.9 It is not anticipated that TUPE will apply to this contract.

Requirement

- 3.10 This contract is for the receipt and treatment of residual waste on a contingency basis only.
- 3.11 Waste will be directed to this contractor on a contingency basis when NSC's main residual waste treatment facility is unavailable. This could be due to unplanned outages or when it will not take certain residual waste streams.
- 3.12 Previous years usage of the Enovert contract estimates circa 6,000-12,000 tonnes per annum will go through this contract.

Zero waste to landfill

- 3.13 The Council is aiming for zero waste to landfill as soon as possible, so it is important to procure a contingency residual waste arrangement that avoids landfill.
- 3.14 Eunomia reported that some of the residual going to landfill is undesirable to EfW plants, such as highly mixed fly tipping to EfW plants. It was noted that it is possible to introduce processes to eliminate contaminated loads – such as shredding. It was recommended to explore this within the procurement process and any innovative contract control mechanisms.

What is an EfW?

An Energy from Waste (EfW) is a facility where non-recyclable waste is burned, with the resulting steam powering a turbine, which generates electricity. Some EfW plants are also able to provide direct heating for local properties. The waste going to an EfW would otherwise have been disposed of in a landfill site.

- 3.15 The contract term will commence on 1 March 2024.

Contract Structures and Values

- 3.16 With consideration to the current market, it is anticipated that the value of this contract is likely to be c£1m for a 4-year term (£252k per annum) for North Somerset.
- 3.17 It is proposed that the initial term be 4 years, with the options to extend by a further 2 years which will coincide with our main waste contract with Viridor which ends in 2030.

Lessons Learned from previous projects

- 3.18 Findings in the Eunomia report suggested that due to the nature of the residual waste top-up provider contract, co-procurement with a neighbouring council would be the best route to market and potentially attract more competitive bidders.
- 3.19 The team met with colleagues at Bath & North East Somerset on 23 May 2023 alongside the council's joint Head of Procurement to discuss a joint approach to the procurement of the contract.

Market

- 3.20 Leading industry experts, Eunomia, were engaged in the project in preparation for the end of the residual waste (contingency) contract. The team undertook market research and a desktop financial qualitative analysis, this included testing the market appetite for this type of contract and any potential complications.
- 3.21 In early July 2023, the project team released a PIN which attracted 11 expressions of interest. Of those, five businesses requested a meeting to further discuss the contracts.
- 3.22 All suppliers involved in the market engagement sessions expressed interest in delivering the residual waste contract.
- 3.23 Unknown tonnages for residual waste are the norm, with little or no advance warning needed to accommodate deliveries. It was welcomed that the opportunity would be for two neighbouring authorities. Importantly all suppliers were committed to the goal of zero waste to landfill.

4. Route to Market

- 4.1 It is proposed to run an Open Tender process (one stage evaluation) following the Find a Tender Service (FTS) requirements. This decision is based on the research of the marketplace as outlined above with an open tender process considered the most appropriate route.
- 4.2 Whilst it is our intention to procure on behalf of BANES, we intend to procure regionally with lots, which may result in different suppliers. However, the opportunity for economies of scale should benefit both authorities and therefore could result in one supplier winning both areas.

4.3 Following contract award it is the intention to manage each authority's requirement separately and therefore each authority will have their own contract arrangement in place.

5. Programme

Action	Timing
Market Engagement	July 2022
Commissioning/Procurement Plan - Executive	06 September 2023
Formal FTS advert	21 September 2023
Tender advertised on the portal	September 2023
Tender Closes	November 2023
Evaluation of tenders	November 2023
Contract Award	December 2023
Contract Commences	March 2024

6. Governance

6.1 This Commissioning and Procurement Plan will be subject to approval by Executive.

7. Evaluation Criteria

It is proposed that a **60/30/10%** price/quality/Social Value split is used.

The rationale for the criteria is based on the following factors:

1. A clear minimum standard for all elements of the service will be set out in the specification which will ensure suppliers understand the requirements of the contract.
2. A scoring threshold on the quality questions will be used. A tenderer who fails to meet the minimum required score for those questions will have their tender submission declined. This ensures that the winning tender meets the required minimum standard of quality whilst ensuring the competitive pricing of the contract.

Pre-qualification stage

There are a number of pass/fail requirements as part of the pre-qualification assessment, Selection Questionnaire (SQ). These include:

- Financial Viability
- Health & Safety
- Equalities & Diversity
- Insurances
- References from similar contracts

All suppliers that pass the initial pre-qualification checks will have their remaining tender evaluated for both their price and their qualitative assessment.

Qualitative and pricing Evaluation

Pricing Evaluation – 60%

For evaluating the overall price from each supplier, it is proposed to use the standard cost evaluation method, which is widely used within the Council.

The tender with the lowest total price will receive the maximum score of 100 and the prices of all other tenders will be expressed as a percentage of the maximum score.

Pricing Schedule

The disposal of residual waste will be evaluated based on a price per tonne. Prices will be requested based on several tonnage ranges to allow for variable rates (an estimate on tonnages will be provided in the specification and used to calculate an annual cost). The pricing schedule will also include haulage costs.

The pricing schedule will allow for bidders to offer a saving based on bidding and winning both authorities Lots.

Quality Assessment – 30%

The quality evaluation criteria are proposed as:

- Part one – delivery of the service including treatment process, compliance with regulations, business continuity, capability, and capacity to deal with fluctuating volume, the output materials and how they might be reused/sold.
- Part two – operations and management including, management of incoming deliveries, measurement and turnaround targets.
- Part three – monitoring and added value including customer care and communication, carbon management, energy generation and environmental control.

Social Value Evaluation – 10%

In accordance with the Council's Social Value Policy, 10% of the overall weighting will be for bidders to propose their tangible social value commitments.

Suppliers will be asked to complete a TOMs (Themes, Outcomes & Measures) spreadsheet of commitments, a widely used social value framework. The project team on this occasion will evaluate the responses outside of the Social Value Portal. The Contract Manager will also need to manage the commitments made by the winning supplier during the term of the contract. This decision has been made based on the nature of these contracts being framework arrangements with a potential fluctuation of spend and usage.

Evaluation Panel

The evaluation panel will consist of:

North Somerset Council

- Head of Environment and Safer Communities
- Waste and Cleansing Contracts Manager

Bath and North East Somerset Council

- Head of Waste and Recycling Services
- Contract Management & Projects Officer

With regards the pre-qualification sections of the SQ, whilst Procurement will take the lead, advice will be sought from the following officers if required:

- Health & Safety Manager
- Finance
- E & D Manager
- Climate Emergency Project Manager

The evaluation moderation session will be facilitated by a member of the Procurement team.

Contract Management

Once the contract is in place, the contract (North Somerset Lot) will be managed by the Head of Environment and Safer Communities and the waste team. Regular meetings will be held with the winning providers to ensure compliance with the contract, the specification and the KPIs.

A Contract Management Plan will be created following award by the Strategic Procurement Lead and passed over the Contract manager to use during the term of the contract as a live document. This will include a summary of the Social Value, Quarterly performance reviews will be held between procurement and the contract lead and fed back to Place Quarterly DLT.

4. Consultation

Stakeholder	Consultation
Enovert	Contract management meeting updates regarding the contract end date with no option to extend. Timescales shared for future contract tender
Local market suppliers	Soft market testing through Eunomia consultation Further engagement by Project team and colleagues from Bath and North East Somerset with 5 suppliers to gauge interest Timescales shared for future contract tender
Exec Member/ Climate Exec Member	Monthly briefings on project progress and discussion of risk register
TCC Scrutiny	Overview of project and key drivers

5. Financial Implications

Costs

The residual waste contingency contract is anticipated to cost c£1m for a 4 year term (£252k per annum), with the option to extend for a further 2 years.

This value has been estimated based on our existing price per tonne plus an allowance for an increase based on what is happening in the market.

It should be noted that tonnages for this contract are an estimate only as this is a contingency arrangement for the council's main Viridor contract.

Funding

The existing revenue budget for the residual waste contingency contract is £210k per annum. This budget is however part of a much larger budget for waste disposal and haulage.

Any costs over and above the existing revenue budget are expected to be funded through savings made elsewhere in the budget on other elements of the existing contract which are being reprocured.

There may also be a saving on haulage since the distance travelled could reduce under a new arrangement.

6. Legal Powers and Implications

The Environmental Protection Act 1990 states that it is the duty of the waste disposal authority to arrange for the disposal of the controlled waste collected in its area by the waste collection authority

The procurement process will follow procurement legislation as laid down by the PCR 2015.

7. Climate Change and Environmental Implications

A Climate Emergency Risk Assessment has been produced to identify any environmental risks or opportunities. The outcome of this was that both the specification and quality section have been developed to reflect the requirement for minimal environmental impact through this project.

Suppliers will also be asked how they will mitigate negative and enable positive environmental impacts throughout the term of the contract.

As part of the Social Value TOMS section, suppliers will be encouraged to provide social value commitments relating to the outcome of reducing negative and promoting positive environmental impacts.

The contract will be overseen by the Head of Environment & Safer Communities and his team, who will ensure adherence with the specification, including carbon management, sustainability, and mitigation of environment impacts.

8. Risk Management

A full risk register has been produced. No significant risks have been identified, with only amber risks including:

- Lack of appetite from the market
Mitigation: pre-tender release soft market testing with suppliers to gauge interest and use information to inform the contract specification
- Contract cost increase
Mitigation: soft marketing testing and known implications for RPI against the current contract value, alongside future tonnage forecasting.

A copy of the full risk register is available on request.

9. Equality Implications

A stage 1 EIA has been completed.

10. Corporate Implications

N/a

11. Options Considered

There is no option to extend the current contract with Enover. The only viable option at this stage is to go out to tender.

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Appendices:

Climate Risk Assessment

Background Papers:

Waste Strategy 2021-2030
Eunomia Report