

**Forest Heath District Council
St Edmundsbury Borough Council**

**WEST SUFFOLK WASTE
AND STREET SCENE
SERVICES JOINT
COMMITTEE**

28 OCTOBER 2011

REPORT NO

C185

**Report of the Strategic Director (Services) (FHDC)
and the Corporate Director (Economy & Environment)
(SEBC)**

PROCUREMENT OF WASTE TRANSFER AND RECYCLING SERVICES

Synopsis:

This report explains the proposal for the joint procurement of waste transfer and recycling infrastructure services which is being recommended by the Suffolk Waste Partnership as being the best approach to delivering value for money and optimum solutions for the Suffolk authorities from April 2014. The details contained in this report are being considered by all authorities of the Suffolk Waste Partnership. The report seeks to secure support from each of the partner authorities to commence the proposed procurement process.

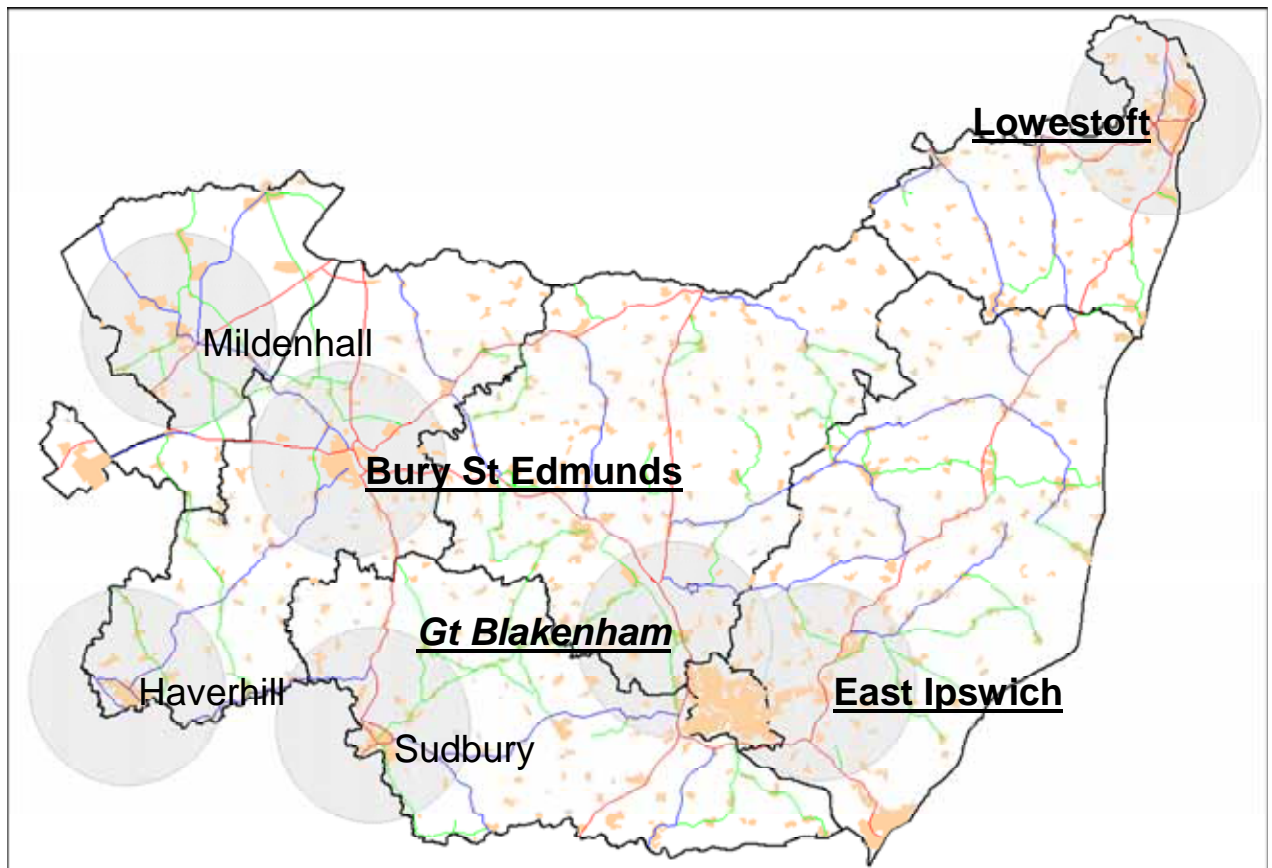
Background

1. The Suffolk authorities have been working together through a joint officer project team to assess future waste infrastructure needs. Suffolk County Council has a need to consider waste transfer requirements for transporting residual waste from where it arises to the energy from waste facility from December 2014.
2. There is also a need to consider the sorting and marketing of mixed dry recycle when the current Suffolk Recycling Consortium contract arrangements expire in March 2014, and in order to secure arrangements for Waveney District Council.
3. The county, district, and borough councils have a shared desire for transfer stations to form part of an integrated infrastructure potentially handling all municipal waste streams. This includes provision for receiving road sweepings, clinical waste, bulky goods and organics collections which may include garden and food waste.
4. Although this has proved to be an immensely complex project with many inter-related variables, it has allowed the Suffolk Waste Partnership to consider all of these issues together, with the potential to benefit from contractual synergies and economies of scale.

5. The current arrangements for waste transfer and recycling involve use of a number of separate contracts and facilities procured at separate times by different authorities in different locations. Separate contracts for recyclate and residual waste held by the collection and disposal authorities respectively mean that the materials are handled through different locations in some authority areas.
6. For residual waste Suffolk County Council holds contracts which include transfer of residual waste in Foxhall, Haverhill, Red Lodge, and Thetford; with disposal at one of five landfill sites. In the future locations for waste management will change because the diminishing viability of landfill means that rather than disposal at a number of landfill sites across the region, all waste will need to be transported in to the single energy from waste facility in Great Blakenham.
7. Under the Suffolk Recycling Consortium (SRC) contract, authorities in the west send recyclate through a separate transfer station in Lackford. The SRC contract also allows Suffolk Coastal District Council to deliver recyclate to Foxhall transfer station. This is then processed at a central location in Great Blakenham, at a Material Recycling Facility established in 1999. Waveney District Council has separate recycling facility arrangements located in Norfolk. Waveney District Council chooses to hold its own contract for transfer of residual, recyclate and organic wastes at Lowestoft transfer station.
8. The project has allowed the Suffolk Waste Partnership to take an holistic view of the waste management needs of the county and the recommended procurement (described in the following sections) therefore offers a number of opportunities to achieve best value for money:-
 - (a) offer a large contract which will be more attractive to market;
 - (b) procure a countywide contract which will return economies of scale;
 - (c) optimise provision of transfer stations across Suffolk;
 - (d) include procurement of facilities for the sorting, recovery and marketing of recyclate using the most modern technology and techniques, potentially offering recovery of a wider range of materials than at present;
 - (e) improve operational performance;
 - (f) procure a network which is resilient to planned or emergency changes;
 - (g) minimise carbon emissions resulting from the transfer network; and
 - (h) market test the cost/benefit of increasing the range of materials recycled at the kerbside.

Recommended Transfer Station Locations

9. In determining the ideal number and location of transfer stations the analysis focused on lowest total cost to the public purse i.e. a transfer station adds cost through gate fees but can minimise travel and reduce collection costs the net effect of this was considered. This allowed the ideal solution with greatest benefit to the SWP as a whole to be determined.
10. The aim was also to minimise carbon emissions from collection, transfer and onward haulage, as well as considering local factors and operational issues.
11. At a minimum it is suggested that transfer stations should be located in 'Key' locations of Lowestoft, Bury St Edmunds and East of Ipswich. A further transfer station may be required in the Great Blakenham area to ensure that authorities delivering residual waste directly to the EfW facility can also deliver recyclate to the same location if the MRF were no longer located near Great Blakenham.



12. Analysis also showed potential benefit to be gained from locating transfer stations in 'Desirable locations' of Sudbury, Haverhill and Mildenhall if the financial business case can be proven. Bidders should be encouraged to locate in other locations where they can demonstrate a benefit to the Suffolk Waste Partnership.

13. An exact radius around these locations has not been specified in order to allow flexibility to bidders. All proposals will be assessed on their ability to provide collection cost savings and operational benefit. In addition to the Key locations, bidders will be offered the opportunity to submit bids for facilities in alternative locations where a benefit to collection costs and operations can be demonstrated.

Recommended Approach to Recyclate

14. It is not proposed that the location of recyclate sorting facilities is specified to bidders. The packaging of recyclate haulage with the recyclate sorting contract rather than with the transfer station contract (as described in paragraphs 15 to 17) means that bidders may propose use of facilities outside of Suffolk but will have to account for the travel distance in their price. This allows a wider range of bidders and encourages competition.

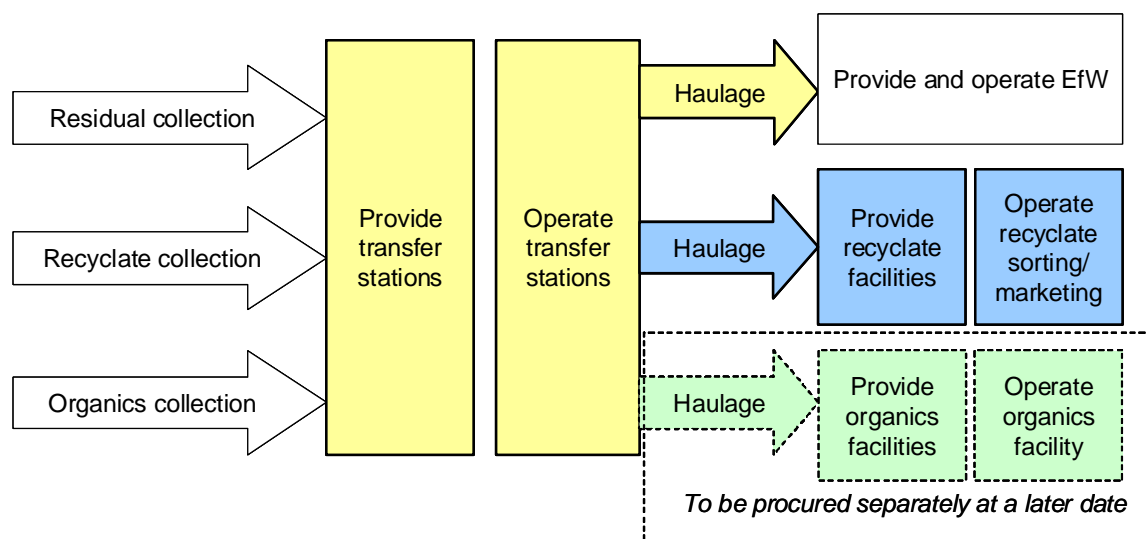
Recommended Contract Packaging

15. The preferred option is to procure the services in two parallel lots: 1) transfer and loading for all wastes, haulage for residual waste, 2) haulage and sorting/marketing of mixed dry recyclate. This option enables smaller companies to bid for either one of the elements if they do not feel able to bid for both elements, while also allowing larger companies to offer both elements as a combined contract. This will widen the range of suppliers able to bid directly; minimises the costs associated with sub-contracting; allows direct relationships with all contractors; and allows the authorities to select the best combination of bidders for the various contract elements.

16. It was concluded that organic waste services should be procured separately at a later date because the companies are more specialist, market feedback indicated a preference to tender separately, the SWP is in the processes of clarifying its aspirations with regard to organic waste collections, and the current contracts do not expire until after 2014, as follows:-

- Countrystyle at Parham 31 March 2016
- Greenview at Lackford 31 March 2015
- Anglian Water at Cliff Quay 2016
- County Mulch at Creeting St Mary no formal contract

17. Transfer stations will be required to include scope for handling organic wastes in order to give the authorities flexibility of service in the future.



Procurement Exercise and Timetables

18. It is proposed that the procurement be carried out using a Competitive Dialogue process which means that the authorities can negotiate the best solution with bidders. Preparation for procurement must start as soon as possible in order for services to be in place when current contracts expire in 2014.

19. During October and November 2011, all eight partner authorities will be seeking approval to commence the procurement exercise as outlined in this report. As the lead authority providing the procurement resources, Suffolk County Council is beginning preparation in October 2011 in order to meet the deadline for issue of tender documents at the beginning of February 2012.

20. The interests of all eight authorities will be represented throughout the process, with governance and financial arrangements to be agreed separately.

21. Dialogue with bidders will take place during 2012, with evaluation by representatives for all authorities taking place in December 2012 to select the preferred bidder.

22. Approval to close the contract with the preferred bidder will be sought from all partner authorities in April 2013.

23. Construction (if necessary) and mobilisation to incorporate collection route/round reorganisation and the possible introduction of additional material to the recycling system will take place between April 2013 and March 2014, with the new contracts becoming operational from April 2014.

Finance/Budget/Resource Implications

24. The cost of these contracts must be met through the collective Suffolk waste budgets. The exact cost of the proposed new transfer and recycling infrastructure will not be known with certainty until bids are returned. The procurement has been designed to encourage the most competitive bids. In broad terms the new system is not expected to be more expensive than the present system, with savings possible through more efficient and joined up contracts.
25. Suffolk County Council has identified the need for transfer of household residual waste in the Energy from Waste business case and current best estimates suggest that the proposed new infrastructure is within budget projections.
26. The collection authorities currently pay for the recycle transfer within their recycling contracts and so a new contract would replace this current budget expenditure. Recycle material values are currently high, making this a good time to procure the service. Countywide contracts offer economies of scale and are expected to be more attractive due to contract size.
27. The recommended procurement includes a number of elements which aim to secure best value for money:-
- (a) contract package of two simultaneous elements allows wider range of bidders while also allowing attractiveness of larger joint contract;
 - (b) large contracts generally result in economies of scale;
 - (c) provision of Key transfer stations provides greatest coverage at lowest cost to SWP;
 - (d) location of additional transfer stations encouraged where cost effective;
 - (e) facilities with potential to handle all waste streams offer greater economies of scale, operational ease and resilience;
 - (f) number and location of transfer stations provides resilience to emergency or planned facility closure;
 - (g) number and location of transfer facilities minimises carbon emissions from collection, facility operation, and haulage;
 - (h) procurement will market test cost of improving recycle service by adding materials, and improved technology; and
 - (i) offer of land by the SWP opens competition to more players.
28. In securing a contract drawing on economies of scale, efficiencies derived from one single procurement exercise and the bringing together of operations that currently fall separately within the responsibilities of the Waste Disposal and Waste Collection authorities, the overriding objective will be to benefit the council tax payer as a whole. The objective will be to ensure all partners receive equal benefit from savings and efficiencies and that there are no 'winners and losers' arising from the final arrangements.
29. The authorities of the Suffolk Waste Partnership will be working between October and December 2011 to consider how costs and benefits will be shared equitably between the authorities.
30. The authorities will shortly undertake a detailed benchmarking study to assess likely contract costs and provide information against which tenders can be compared.

Environmental Impact and Sustainability

31. Part of the evaluation of tenders will be based on environmental and sustainability criteria. Decisions will need to consider the impact of rising fuel costs which are likely to increase well ahead of inflation and continue to increase in proportion to other costs.

Policy Compliance/Power

32. The procurement project supports the vision and actions of the Joint Municipal Waste Management Strategy for Suffolk.

Performance Management Implications

33. There is no perceived or planned detrimental impact to our current performance management. The procurement project is intended to support the waste hierarchy and seeks to improve recycling performance

Legal Implications

34. the procurement process will be fully compliant with EU Procurement Regulations.

Human Rights Act and Diversity Implications

35. there are no human rights and diversity implications from the proposed procurement.

Crosscutting Implications

36. There will be a significant amount of crosscutting between the Suffolk Waste Partnership authority members. A well established system of governance will be in-place to control the procurement project.

Risk Assessment

37. The geographical location of waste transfer stations will be important to waste collection services in West Suffolk and will need to be carefully assessed when tenders are received. There is a risk that collection vehicles will have to travel further, which could result in more fuel, vehicle assets and labour cost.

38. The apportionment of costs and benefits will need to be carefully agreed in order that no authority is advantaged at the expense of another.

Council Priorities

39. The effective management of waste supports the following council priorities:

Forest Heath District Council:

- Community safety; and
- Street scene and environment.

St Edmundsbury Borough Council:

- Raise standards and corporate efficiency;
- Improve the safety and well being of the community; and
- Secure a sustainable and attractive environment.

Recommendations:

40. It is recommended that:-

- (a) a joint approach to procurement of waste transfer and recyclate marketing services for all of the Suffolk Waste Partnership authorities, led by Suffolk County Council, be supported;**
- (b) the recommended approach to procurement, as detailed in Appendix 1 and within the timescales outlined in paragraphs 18 to 23 of Report C185, which recommends two lots each procured as countywide contracts, let either individually or in combination where a further discount can be offered: 1 - Waste transfer & residual waste haulage, 2 - Recyclate haulage and processing, be supported; and**
- (c) commencement of the recommended procurement process, with delegated authority for Suffolk County Council to proceed up to the stage of recommending award of contract to all partner authorities, be supported.**

Documents Attached

Appendix 1

Background Papers

None

Nigel McCurdy / Sandra Pell
Strategic Director (Services) / Corporate Director (Economy and Environment)
28 October 2011

CONTACT OFFICERS

Mark Walsh

Waste Transfer Project Final Recommendations

1. *It is recommended that the Success Criteria are considered when developing tender documents and evaluation criteria in the subsequent procurement exercise.*
2. *It is recommended that the authorities procure a) waste transfer services and residual waste haulage separately from b) recycle haulage and sorting/marketing services.*
3. *It is recommended that both elements a) and b) are procured simultaneously with the option for bidders to bid for both elements.*
4. *It is recommended that organics processing services are procured as a separate lot, probably at a later date, but with the option for organic processing services to be included within the transfer (and/or recycle) contract.*
5. *It is recommended that the procurement exercise specifies the location of transfer stations within the proximity of Lowestoft, Bury St Edmunds, East Ipswich, (and Great Blakenham, subject to location of MRF).*
6. *It is recommended that bidders are encouraged to locate additional transfer facilities in the areas of Sudbury, Haverhill, and Mildenhall (subject to evaluation of cost). It is recommended that bidders be permitted to submit variant bids offering transfer stations in other locations which will be evaluated in the procurement.*
7. *It is recommended that transfer stations are procured as a single countywide contract including all locations.*
8. *It is recommended that recycle services are procured as a single countywide contract including haulage of material from all of the transfer locations across the county.*
9. *It is recommended that a decision on the geographical packaging of organic waste treatment facilities is made following further investigation regarding the preferred collection and treatment methods.*
10. *It is recommended that transfer stations accept all local authority collected residual wastes and mixed dry recycle; with the following exceptions:*
 - *It is recommended that the transfer station in Lowestoft also accepts organic wastes which should be hauled by the transfer station operator to the treatment facility (Countrystyle at Parham until March 2016).*
 - *It is recommended that the transfer station at Great Blakenham as a minimum need only accept local authority collected mixed recycle, and non regular residual wastes.*
11. *All transfer stations should also be capable of accepting organic wastes, household waste recycling centre wastes, bring bank material and other collected recycle (and Great Blakenham should be capable of accepting all residual wastes) if required.*

- 12. It is recommended that the recycle service should at a minimum accept all materials currently accepted the Suffolk Recycling Consortium kerbside collection system.**
- 13. It is recommended that further investigation is carried out into the costs and benefits of additional materials to be added to the mixed recycle collections across the county.**
- 14. It is recommended that procurement of organic waste treatment services is postponed until after the Suffolk Waste Partnership has determined the preferred approach to organic waste management for the future**
- 15. It is recommended that the Suffolk Waste Partnership authorities consider securing land to offer to the market in Lowestoft, Bury St Edmunds, Great Blakenham, and East Ipswich.**
- 16. It is recommended that the Suffolk Waste Partnership authorities investigate the option to secure existing public sector land holdings in Sudbury, Haverhill, and Mildenhall with a view to offering the land (to be determined through dialogue with bidders).**
- 17. It is recommended that transfer station and recycle contracts are operational from April 2014.**
- 18. It is recommended that the transfer station and recycle contracts are each procured for a minimum of 7 years, up to 15 years with possible extension.**
- 19. It is recommended that organics contract(s) are operational from the expiry of existing contracts in March 2015, Jan 2016, and March 2016.**
- 20. It is recommended that budget requirements for transfer, haulage, and recycle sorting/marketing services be investigated through market research.**
- 21. It is recommended that the authorities model the impact of potential tender outcomes for the Suffolk authorities.**
- 22. It is recommended that the Suffolk Waste Partnership authorities fully consider the impact on the recommendations made in this report of any decisions made in the interim period.**