

West Suffolk Waste and Street Scene Services Joint Committee 17 January 2014

Update on the Procurement of Waste Transfer and Recycling Facilities

1. Summary and reasons for recommendations

- 1.1 Previous reports considered by the Joint Committee since October 2011 have outlined the proposals and developing plans for a joint procurement of waste transfer infrastructure and recycling infrastructure services in Suffolk as recommended by the Suffolk Waste Partnership (SWP).
- 1.2 The last report E27 (exempt) dated 14 June 2013 outlined the developments and some of the potential risks for the West Suffolk Waste Collection Authorities (WCAs). Specifically, these were associated with the new arrangements for dealing with the county's residual waste, the new Materials Recovery Facility (MRF) procurement and the future provision of transfer station infrastructure. The report also described how, through the negotiation of a new Inter Authority Agreement (IAA) for waste, many of the risks identified could be mitigated.
- 1.3 This report seeks to update Members on the adoption of a new IAA, progress with the MRF procurement and the latest developments concerning transfer station provision in West Suffolk.

2. Recommendations

- 2.1 It is **RECOMMENDED** that the Joint Committee:
 - (1) notes the contents of Report E231; and
 - (2) a further report be submitted to the Joint Committee to update Members on progress.

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3. Corporate Priorities/Strategic Priorities

3.1 The recommendations meet the following, as contained within the Corporate Plan/Strategic Plan:

Forest Heath District Council (FHDC)

- (a) An effective and efficient Council
- (b) Maintaining quality services

St Edmundsbury Borough Council (SEBC)

- (c) Working together for prosperous and environmentally responsible communities
- (d) Working together for an efficient council

4. Key issues

Background

- 4.1 Several of the current arrangements for the collection and disposal of waste in Suffolk are coming to an end. When the current arrangements for waste were introduced a decade ago, they heralded a period of high performance and, from our perspective, increasingly stable and cost effective operations.
- 4.2 A new Energy from Waste (EfW) facility will become operational in 2014 providing Suffolk County Council (SCC) with a new route for the disposal of the county's residual (black bin) waste. This new facility and contract will also require new arrangements for the transfer of waste in the outer reaches of the county as the current facilities we use are tied to contracts for residual waste disposal (predominantly landfill).
- 4.3 The current Material Recovery Facility (MRF) contract for the recovery of recyclable (blue bin) materials also ends in October 2014. These arrangements are currently provided through a contract with Viridor who operate a dedicated facility at Great Blakenham near Ipswich. A procurement exercise is currently underway to establish a new contract from November 2014 for the ongoing separation and marketing of recyclable materials collected at the kerbside in Suffolk.
- 4.4 A new Inter Authority Agreement (IAA) between Suffolk's Waste Disposal Authority (WDA) and the seven Waste Collection Authorities (WCAs) has been under development and negotiation for some time. This new agreement, which has now been formally adopted by all the WCAs and WDA, establishes the basis on which waste authorities will continue to work together on waste and development arrangements across the county in future. The IAA is a modular and developing agreement which establishes respective commitments and responsibilities (strategic, operational and financial).

Transfer Station Update

- 4.5 Following a significant piece of work between WCA officers and the waste team at SCC it was established that, at this juncture, it is only cost effective to secure three core (SCC owned) transfer stations in Lowestoft, east of Ipswich and in or close to Bury St Edmunds.

- 4.6 For West Suffolk we are also keen to secure additional, already commercially available transfer facilities near to the Mildenhall and Haverhill depots. Having waste transfer stations close to the major population centres where the waste is collected from, close to waste depots where collection vehicles are based and operate from and adjacent to suitable road networks helps to ensure optimum efficiency from the waste collection perspective. It has therefore been agreed that a tender for additional transfer station facilities in Suffolk will be let at the same time as the tender for managing and operating the three core sites. It is hoped (but cannot at this stage be guaranteed) that this will prove to be cost effective when balanced against the extra collection costs that would be required if we were to have a single transfer station near Bury St Edmunds.
- 4.7 Following an extensive site selection process the existing Household Waste Recycling Centre (HWRC) and adjacent land at Rougham Hill in Bury St Edmunds were identified as a potentially suitable option for a combined HWRC and transfer station operation. At the meeting of this Joint Committee on 14 June 2013, Members resolved that, subject to obtaining planning consent, SEBC should lease additional land adjacent to the current HWRC at Rougham Hill to allow its development to proceed (Minute 8, 14 June 2013 refers). This was subsequently reported to Cabinet on 9 July 2013 (Report E55 refers).
- 4.8 Suffolk County Council's Development Control Committee approved the planning application (as the responsible Waste Planning Authority) on 17 October 2013. This decision was in spite of objections from St Edmundsbury Borough Council's Development Control Committee, acting as consultees, on 3 October 2013. Some local residents and businesses also objected to the planning application and are now seeking leave for a Judicial Review of the decision to grant permission.
- 4.9 In order that the site is ready once new waste arrangements commence from 1 November 2014, SCC intend to start developing the site in the early part of 2014. However, at the request of SEBC, SCC has agreed to hold the start of this development pending a new review of alternative larger sites in or around Bury St Edmunds which could potentially co-locate the new transfer station with a future new waste depot. This would potentially facilitate any potential future development of the Olding Road site in Bury St Edmunds where the current waste depot is located. Future co-located arrangements of this type, which could comprise other services, are likely to offer medium to long term benefits through operational efficiencies. Whilst there are no immediate plans to relocate the current Bury St Edmunds waste depot, this action would secure an alternative site to relocate the Bury depot to once development proposals and an appropriate business case supported such a move.
- 4.10 Whilst a number of larger potential sites are currently being investigated by County and Borough waste and planning officers, locating a suitable alternative site to potentially house these future requirements is unlikely to be straightforward. However, given the potential future advantages, parties have agreed that this pause and review is prudent and justified. If a potentially suitable alternative site cannot be found by the end of January 2014, SCC has signalled their likely intention to continue to develop the Rougham Hill site so that suitable arrangements are ready for late 2014.

MRF Procurement Update

- 4.11 The MRF procurement is now underway through an EU compliant process. Pre-qualification stages have been completed and the qualifying prospective bidders

have been invited to submit tenders for the new contract that will begin on 1 November 2014. These tenders are due in January 2014 after which will follow a period of review. The location of the facility is not specified in the tender and could be within the county or elsewhere.

Inter Authority Agreement (IAA) Update

- 4.12 The new IAA has been adopted by the WDA and WCAs in Suffolk and specifically FHDC Cabinet on 15 October 2013 (Report CAB13/109 refers) and SEBC Cabinet on 6 November 2013 (Report E155 refers). This new IAA supersedes the previously expired Memorandum of Understanding and provides a framework for Waste Authorities in Suffolk to work within.
- 4.13 As previously reported, this new and modular IAA provides WCAs and the WDA with a framework to work within to establish the detailed arrangements for allocating respective responsibilities, both operational and financial. Several of these cannot be accurately determined until the current procurements are concluded. Charges for WCA residual trade waste disposal in 2014/2015 have also been agreed as part of the approved IAA.

5. Other options considered

- 5.1 The procurement processes and discussions outlined in this report still contain options that remain under consideration. These include the number and location of transfer stations, the range of materials recycled in the blue bin collection scheme and the detailed basis of sharing future costs and benefits, subject to the outcome of ongoing procurements.

6. Community Impact

6.1 Crime and Disorder Impact *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 There are no crime and disorder implications from the proposed procurement.

6.2 Diversity and Equality Impact *(including the findings of the Equality Impact Assessment)*

- 6.2.1 There are no human rights and diversity implications from the proposed procurement.

6.3 Sustainability Impact *(including completing a Sustainability Impact Assessment)*

- 6.3.1 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 ahead of inflation and continue to increase in proportion to other costs.

- 6.3.2 The procurement project is intended to support the waste hierarchy and seeks to improve recycling.

6.4 Other Impact *(any other impacts affecting this report)*

- 6.4.1 Potential options for transfer infrastructure mainly impact West Suffolk as the status quo, in terms of impact to waste collection operations, is likely to be maintained elsewhere in Suffolk.

7. Consultation (what consultation has been undertaken, and what were the outcomes?)

7.1 No direct external consultation has taken place however tenders will be reviewed against evaluation criteria. This will ensure that services adopted suit the SWPs requirements, across its diverse range of stakeholders.

8. Financial and resource implications (including asset management implications)

8.1 The cost of the MRF contract and the design, construction and operation of transfer stations 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 and construction costs are finalised. The exact impact to individual Councils in terms of reduced or increased costs is as yet unknown.

9. Risk/Opportunity Assessment (potential hazards or opportunities affecting corporate, service or project objectives)

| Risk area | Inherent level of Risk (before controls) | Controls | Residual Risk (after controls) |
|---|--|---|--|
| There is a risk that collection vehicles will have to travel further which could result in more fuel, vehicle assets and labour cost. | High | Review, challenge and negotiate cost estimates and models robustly with SCC. IAA protects WCAs in terms of residual waste. Some residual risk relating to recyclable waste. | Medium |
| A more complex fragmented procurement process could make it more difficult to agree financial arrangement between parties. | High | Continue to consider and track potential costs and implications under the no winners / no losers principle | Medium |
| Market prices for MRF may not be as low as expected given trends in material prices | Medium | Seek most competitive procurement for new MRF services | Low |

10. Legal and policy implications

10.1 The procurement process is fully compliant with EU Procurement Regulations.

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

11. Wards affected

11.1 All wards across both Councils.

12. Background papers

12.1 Reports C185 (28 October 2012), C312 (27 January 2012), JWC12/047X (15 June 2012), JWC12/049X (19 October 2012), E27 (14 June 2013), CAB13/109 (FHDC Cabinet 15 October 2013) and E155 (SEBC Cabinet 6 November 2013)

13. Documents attached

13.1 None.