

NORTH LINCOLNSHIRE COUNCIL

CABINET

**RESIDUAL MUNICIPAL WASTE TREATMENT –
PROCUREMENT AND DELIVERY STRATEGY**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Cabinet has previously resolved to implement a solution intended to deliver lowest short and long term costs.
- 1.2 A Procurement and Delivery Strategy ('Strategy') is now drafted. The 'Waste 2' project can be terminated.

2. BACKGROUND INFORMATION

- 2.1 Cabinet has previously considered the issues associated with securing a suitable solution for the treatment of our residual municipal waste, with the following outcomes :
 - resolved to implement a solution intended to deliver lowest short and long term costs
 - approved a Procurement and Delivery Position Statement ('Position') and the actions contained within it
- 2.2 Progress achieved to date includes:
 - Soft Market Testing exercise completed
 - determination that no specific update is required to the Municipal Waste Management Strategy
 - work commenced on most appropriate way of providing a Waste Transfer Station
 - drafting of procurement documents commenced
- 2.3 The Soft Market Testing exercise reviewed the council's position, informing the completion of a draft Strategy. Implementing the Strategy should obtain the lowest cost and the best value for money short and long term solution. It should move the council up the Waste Hierarchy. A draft strategy is attached at appendix 1 to this paper. It is in line with the principles of the council's Municipal Waste Management Strategy.

- 2.4 The council can now terminate the 'Waste 2' project. An alternative solution is available aimed at providing the lowest cost and best value for money solution available. It is best fit with the council's revenue and capital budget position and also responds positively to current market conditions.

3. OPTIONS FOR CONSIDERATION

- 3.1 Option 1 – approve the Strategy. Approve all the actions in the Strategy. Terminate the 'Waste 2' project. Approve implementation of the Strategy and an alternative procurement project.
- 3.2 Option 2 - do not approve the strategy.

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 is consistent with the direction previously agreed by Cabinet. It should deliver lowest short and long term costs. It should move the council up the Waste Hierarchy. It is in line with the principles of the council's Municipal Waste Management Strategy.
- 4.2 Option 2 would not achieve any of these outcomes.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 Financial – details are set out in appendix 1.
- 5.2 Staffing – there are no staffing implications.
- 5.3 IT – there are no direct IT implications.
- 5.4 Property – use of a council owned site and some associated development works is required to provide a Waste Transfer Station.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 There are no adverse impacts.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 The Waste Project Board agree with this report.
- 7.2 There are no known conflicts of interest to highlight.

8. RECOMMENDATIONS

8.1 That Cabinet approves:

- The Procurement and Delivery Strategy for the treatment and disposal of the Council's Residual Municipal Waste and the associated actions contained therein
- The termination of the 'Waste 2' project
- The progress of an alternative procurement aimed at securing the lowest cost and best value for money solution available for the treatment of our residual municipal waste

DIRECTOR OF PLACES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Nolan Bennett
Date: 10 June 2014

Background Papers used in the preparation of this report

- Report to Cabinet of 28 January 2014, titled 'Residual Waste Treatment Facility - Consideration of Other Solutions'
- Report to Cabinet of 1 April 2014, titled 'Residual Municipal Waste Treatment – Procurement and Delivery Position Statement'

North Lincolnshire Council

Procurement and Delivery Strategy for Treatment and Disposal of the Council's Residual Municipal Waste.

June 2014 - issue 0.1

Introduction.

On 1 April 2014 Cabinet approved a Procurement and Delivery Position Statement ('Position Statement') intended to secure the best value for money short and long term solutions for the treatment and disposal of the council's residual municipal waste. Following engagement with the market via a Soft Market Testing exercise based on the council's Position Statement, this document has been drafted. This document is the council's Procurement and Delivery Strategy for the Treatment and Disposal of the Council's Residual Municipal Waste ('Strategy').

What are the Guiding Principles of the Strategy?

The broad objective procurement position of the council is to seek to ***deliver a quick, straightforward, low cost, reasonably achievable procurement that ensures a technically appropriate, lowest cost short to medium term solution to the council's residual municipal waste treatment and disposal requirements in a legally compliant manner.***

In approaching this, the council has an aspiration for ***any solution to move the council up the 'Waste Hierarchy'***, consistent with the requirements of the Waste Framework Directive 2008 and the Waste (England and Wales) Regulations 2011.

Given the council's current landfill arrangements, in practice any other solution with the possible exception of incineration should have this effect. Particularly advantageous would be solutions which produce energy (fuels, heat and power) and materials from waste.

In considering the above and the operational needs of the council, it is important that any solution derived from this strategy seeks the most advantageous combination of:

- minimal procurement and delivery costs
- a solution that is available for when the council needs it (latest Services Commencement date April 2016, earlier if possible)
- ensures the solution is integrated with the council's wider Waste Management arrangements – both current and emerging

- the lowest cost, reasonably achievable, which is technically and legally compliant with the councils Municipal Waste Management Strategy

How should this be delivered?

The following will be key factors for any solution derived from this strategy.

- Appointment of a single supplier to collect the council's untreated residual municipal waste and subsequent treatment and disposal of the waste (the 'solution').
- A requirement for the supplier to collect the waste from a single collection point identified by the council. This will require the council to provide a Waste Transfer Station facility.
- The council retaining an appropriate degree of control of Waste Management facilities to ensure integration of the solution with the council's wider Waste Management arrangements.
- The council benefitting from enhanced flexibility in how it deals with future Waste Management arrangements.
- The solution satisfying the council's aspiration to move the up the 'Waste Hierarchy'.
- optimal allocation of risk, with all aspects of operational delivery of the solution transferred to the contractor appointed to deliver the solution
- The contract value should be based on the application of an 'all in' cost per tonne of waste, with separate identification and indexation of treatment/disposal, haulage and special waste costs.
- the solution being based on a five year initial contract term from Services Commencement, with options to extend beyond by a further three and two years if the council should wish to do so.

Procurement Process.

Consideration of the foregoing allows the council to define a clear and specific set of requirements to form an offer to market. Significantly, the requirements do not require negotiation with bidders. Consequently, an EU 'Restricted Procedure' should be used for the procurement. It is essential the councils offer to market be 'fixed' prior to commencing the procurement process with no scope/need for variation of requirements. Competitive tension in respect of cost should be optimised by evaluating tenders received on a 'Most Economically Advantageous Tender' basis with an 80% weighting on cost.

Interdependent Actions outside of the Procurement Project.

The council will need to provide a Waste Transfer Station facility. **Work should be completed to determine and implement the most appropriate way of providing a Waste Transfer Station facility**, including determining the costs of a Waste Transfer Station facility and consideration of wider Waste Management arrangements – both current and emerging.

Timescale.

The following outline timescales could apply, subject to further review.

Activity	Timescale
Approve Procurement and Delivery Strategy, formally terminate 'Waste 2' project and approve alternative procurement project to deliver a lowest cost, best value for money solution	End June 2014
Issue OJEU Notice	Start August 2014
PQQ return	Mid September 2014
ITT issue	December 2014
Complete ITT evaluations	End February 2015
Sign contract	End March 2015

Cost and Budget

Procurement stage (up to Services Commencement) – funding has been allocated within the councils budget for 2014/15 to support the progression of a treatment and disposal solution for the council's residual municipal waste. This funding should be used to progress work set out in this Strategy up to Services Commencement.

Delivery – for successful delivery of a solution as described in this Strategy, it is important to note that some capital expenditure will be required during the period 2014/15 to 2015/16 for the construction of a Waste Transfer Station, as noted above. This is a critical interdependency and assumes use of a suitable council owned site with no opportunity cost. This interdependency, and the efficiencies to be derived from it, should be taken into account within a Business Case for a Waste Transfer Station or other potential facilities.