

## **NORTH LINCOLNSHIRE COUNCIL**

### **NEIGHBOURHOOD ENVIRONMENT AND COMMUNITIES CABINET MEMBER**

#### **PROCUREMENT OF ORGANIC WASTE TREATMENT FACILITY**

##### **1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 The object of this report is to obtain approval to withdraw from the procurement exercise in respect of organic waste treatment facilities, and also to obtain approval to commence a procurement exercise for interim organic waste treatment.
- 1.2 The key points in this report are:
- The Council began the procurement project with a Contract Notice on 19 March 2009.
  - The organic waste fraction was advertised as Lot 2.
  - Four bidders were selected to develop detailed solutions for organic waste treatment; one bidder withdrew before the submission deadline.
  - None of the Bids received were assessed as being affordable solutions.

##### **2. BACKGROUND INFORMATION**

- 2.1 Existing contracts for the delivery of waste management services for the Council terminate on 31 March 2011. The Council has decided to procure separate contracts for recycling services including management of household recycling centres and for treatment and disposal of residual and organic wastes.
- 2.2 At its meeting of 11 March 2009 Cabinet approved the procurement strategy. A Contract Notice was issued on 19 March and the contract was advertised in two lots; Lot 1 for residual waste and Lot 2 for organic waste. Thirteen prospective bidders passed pre-qualification. Of these, eight submitted outline solutions, some organisations making submissions for both Lots 1 and 2. Four organisations were invited to have further dialogue with the Council in respect of each Lot and then submit detailed solutions. Three bidders submitted solutions for Lot 2 and one bidder withdrew during the dialogue discussions.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 The Lot 2 submissions that were received at the Invitation to Submit Detailed Solution (ISDS) stage were assessed in accordance with evaluation criteria previously approved and published. In terms of financial impact, the assessment of the Bids showed them to be in excess of the Council's affordability criteria, particularly in the early years of the prospective contract.
- 3.2 Although the existing arrangements are due to expire on 31 March 2011, there is the potential to procure short-term interim arrangements for treatment of organic wastes based upon a low technology lower cost solution. This would require the existing procurement to be cancelled in respect of Lot 2. The published procurement documentation enables the Council to withdraw from the procurement at any stage, for any reason.
- 3.3 The likely solution to an interim procurement is some form of open-air windrow composting which has limitations in respect of a medium to long-term solution to deal with the Lot 2 waste stream. However, such a solution is likely to be within the Council's affordability envelope in the short term. Other options may include the offer of capacity in an existing merchant facility such as an in-vessel composting plant.
- 3.4 The decision is of an urgent nature to allow for the existing procurement to be formally terminated which will enable the interim procurement to commence. This needs to happen at the earliest opportunity to have arrangements in place on 1 April 2011 or as soon as practicable thereafter.

### **4. ANALYSIS OF OPTIONS**

- 4.1 To continue with the procurement exercise is likely to result in a treatment solution which would cost significantly more than the Council's forecast affordability position. This would require additional resources to be allocated to the future treatment of organic wastes.
- 4.2 If the existing procurement was to be cancelled in respect of Lot 2, this would allow the Council to procure a lower cost interim solution and to consider the longer term treatment options in the light of developing environmental and financial considerations.

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

- 5.1 The Bids received at ISDS stage all indicate a financial commitment in excess of that determined to be the Council's affordability position in the early years of the contract.
- 5.2 An additional procurement exercise is likely to result in additional short-term procurement costs, however these additional costs are

outweighed by the potential short-term savings when compared to the cost of continuing the procurement exercise.

## **6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 Higher technology, more complex treatment solutions for organic waste have the advantage of being compliant in terms of animal by-products regulations and are also likely to produce additional benefits in terms of reduced greenhouse gas emissions to atmosphere and the potential production of heat and energy.

## **7. OUTCOMES OF CONSULTATION**

7.1 The Service Director – Finance has been consulted on this report and is in agreement with the recommendations.

7.2 The Service Director – Legal and Democratic has been consulted on the issues raised in this report and confirms that these options are available to the Council.

## **8. RECOMMENDATIONS**

8.1 That the Council cancels the existing procurement exercise for the treatment of organic wastes.

8.2 That the Council embarks upon a new procurement exercise for the treatment of organic wastes in the short-term, such contract to commence on 1 April 2011, or as soon as practicable thereafter, for a period of two years with an option to extend.

SERVICE DIRECTOR NEIGHBOURHOOD & ENVIRONMENT

The Angel  
BRIGG  
North Lincolnshire  
DN20 8LD

Author: Keith Ford  
Date: 11 May 2010

### **Background Papers used in the preparation of this report**

Previous Cabinet reports on same subject