

NORTH LINCOLNSHIRE COUNCIL

CABINET

RESIDUAL MUNICIPAL WASTE TREATMENT – PROCUREMENT AND DELIVERY POSITION STATEMENT

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 Position Statement has now been drafted for consultation with the Market.

2. BACKGROUND INFORMATION

- 2.1 On 28 January 2014 Cabinet resolved to proceed with the development of an appropriate Procurement and Delivery Strategy.
- 2.2 A Procurement and Delivery Position Statement for the Treatment and Disposal of the Council's Residual Municipal Waste has now been drafted. It is included at appendix 1 of this paper. It includes information relating to the review and updating of the Municipal Waste Management Strategy as required and specific detail of the type of procurement project that may be required.
- 2.3 The Procurement and Delivery Position Statement sets out the councils developing approach to implementing a solution to the councils Treatment and Disposal of Residual Municipal Waste needs. It will be used to inform the Procurement and Delivery Strategy.

3. OPTIONS FOR CONSIDERATION

- 3.1 Option 1 – approve the Procurement and Delivery Position Statement, including the actions contained within it, for the Treatment and Disposal of the Council's Residual Municipal Waste.
- 3.2 Option 2 – do not approve the Procurement and Delivery Position Statement for the Treatment and Disposal of the Council's Residual Municipal Waste.

4. ANALYSIS OF OPTIONS

4.1 Option 1 meets the council's requirements consistent with the Cabinet decision taken on 28 January 2014.

4.2 Option 2 would not meet this requirement.

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

5.1 Financial – details are set out in appendix 1 of this paper.

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 together with some associated development works for use as a Waste Transfer Station could be required.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An Integrated Impact Assessment has been undertaken. There are no adverse impacts.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 The Waste 2 Project Board agree with the content and recommendations in this report.

7.2 There are no declared conflicts of interest requiring consideration.

8. RECOMMENDATIONS

8.1 That Cabinet approves the implementation of option 1 intended to deliver lowest short and long term costs, including approval of the Procurement and Delivery Position Statement and the actions contained within it.

DIRECTOR OF PLACES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Nolan Bennett
Date: 24 March 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'

Appendix 1 - Procurement and Delivery Position Statement for Treatment and Disposal of the Council's Residual Municipal Waste.

North Lincolnshire Council

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

March 2014 - issue 1.0

Introduction.

On 28 January 2014 Cabinet approved the identification of an appropriate procurement and delivery strategy to secure the best value for money short and long term solutions for the treatment and disposal of the council's residual municipal waste (the 'strategy').

What should the Guiding Principles of the Strategy be?

As a broad objective any procurement position for the council should 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 is required by the Waste Framework Directive 2008 and the Waste (England and Wales) Regulations 2011 to take into account the aspiration for ***any solution to move the council up the 'Waste Hierarchy'***.

Given the council current landfill arrangements in practice any other solution with the possible exception Incineration should have this effect. Particularly advantageous would be solutions could be based on anaerobic digestion, incineration with energy recovery, gasification and pyrolysis 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 the 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 councils 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?

In developing a Procurement and Delivery Strategy, consideration should be given to, amongst other things, the following factors:-

- whether to appoint a single supplier to collect the council's untreated residual municipal waste and subsequently treat and dispose of the waste (the 'solution').
- whether this supplier should be required to collect the waste from a single collection point identified by the council. This could require the council to provide a Waste Transfer Station facility.
- the best way to retain an appropriate degree of control of Waste Management facilities to ensure integration of the solution with the council's wider Waste Management arrangements.
- the best way for the council to benefit from enhanced flexibility in how it deals with future Waste Management arrangements.
- how to maximise the compliance with the council's aspiration to move the up the 'Waste Hierarchy'.
- the optimal allocation of risk associated with all aspects of operational delivery of the solution transferred to the contractor appointed to deliver the solution
- whether the contract value should be based on the application of an 'all in' cost per tonne of waste.
- whether the solution should be based on a three year initial contract length from Services Commencement, with for example the option to extend by a further two plus two years (total maximum of seven years).

- whether other limitations should be applied to scope of the solution.

Procurement Process.

Consideration of the foregoing would allow the council to define a clear and specific set of requirements to form an offer to market. Significantly, the requirements would not require negotiation as such with bidders, although further understanding of the market position in respect of its ability to fully meet the council's requirements should be sought.

Should this prove to be possible a 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 needs to validate that the market has the capability and preparedness to deliver a solution. To achieve this, a short **Soft Market Testing exercise should be undertaken**. The council's position may subsequently need to be modified if the markets capability and preparedness to deliver cannot be validated or if the market indicates a more appropriate means of the council obtaining a technically appropriate, lowest cost solution.

Any solution must be consistent with the councils Municipal Waste Management Strategy (MWMS). The council's current strategy was issued in May 2012 and does not reflect the current and emerging Waste Management environment and legislation. **The council should update the MWMS as required**, specifically but not exclusively focused on issues affecting treatment and disposal of the council's residual municipal waste. The outcomes of the Soft Market Testing exercise and other consultations throughout its period of review will be critical in locating the MWMS review in 'real time, deliverable' context.

Implementation of a solution may require the council to provide a Waste Transfer Station facility. **Work should be initiated to determine and implement the most appropriate way of providing a Waste Transfer Station facility**, including consideration of wider Waste Management arrangements – both current and emerging.

Timescale.

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

Activity	Timescale
Soft Market Testing	April 2014
MWMS Review as required	April – June 2014
Commence drafting procurement documents	April 2014
Consideration of whether to approve Procurement and Delivery Strategy and formally terminate 'Waste 2' project	Mid July 2014
Issue OJEU Notice	Mid July 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 Position Statement up to Services Commencement. Work is ongoing to forecast the total cost of the procurement stage cost.

Delivery – for successful delivery of a solution as described in this Position Statement, it is important to note that capital expenditure totalling £1.5m may 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 the Business Case for a Waste Transfer Station or other potential facilities.