

NORTH LINCOLNSHIRE COUNCIL

**CABINET MEMBER FOR
NEIGHBOURHOOD ENVIRONMENT AND
COMMUNITIES**

PROCUREMENT OF INTERIM ORGANIC WASTE TREATMENT SERVICE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The object of this report is to obtain approval to revise the procurement strategy to treat the Council's organic waste stream.
- 1.2 The key points in this report are:
- The Cabinet Member has approved the commencement of a procurement exercise for the organic waste fraction that was previously advertised as Lot 2 under the residual and organic waste treatment and disposal contract;
 - This procurement was necessary because none of the Bids received for the former Lot 2 were assessed as being affordable solutions;
 - The procurement process has commenced and twelve expressions of interest have been received and are being evaluated;
 - Following the re-classification of the organic waste stream that was advertised for the contract, it can no longer be treated in open windrow technology;
 - The recommendation is to cease the current procurement and re-start with an organic waste stream that is compliant for low cost treatment solutions such as windrow technologies;
 - With the need to cease the current procurement exercise, notify bidders accordingly and the need to commence with a new procurement process, it is necessary to deal with this matter as an urgent item.

2. BACKGROUND INFORMATION

- 2.1 The current contract for the provision of organic waste management services for the Council terminates on 31 March 2011. The Council included the organic waste fraction as Lot 2 within the contract for the

treatment and disposal of residual and organic wastes but had to abandon the organic element as none of the Bids received were assessed as being affordable solutions.

- 2.2 At a meeting of 28 July 2010 the Cabinet Member approved the commencement of a separate procurement for a short term contract for the treatment of the organic waste stream previously advertised under Lot 2.
- 2.3 The procurement process began with a contract notice being submitted to the European Union on 17 August 2010.
- 2.4 Twelve expressions of interest and completed pre-qualification questionnaires were submitted by the deadline of 16 September 2010. These are currently under evaluation to reduce the numbers for a shortlist due to be considered by the Cabinet Member no later than 5 November 2010.
- 2.5 The waste stream advertised under the procurement has been re-classified by Animal Health as falling under the Animal By-Products Regulations (ABPR) 2003.
- 2.6 This means that the fruit and vegetable peelings that the Council advise residents to dispose of in their organics waste bin require the waste to be classified as ABPR which limits the treatment technologies that can accept it. These are more costly than the open windrow solution that was formerly used.
- 2.7 The aim of the procurement was to secure the lowest cost treatment for the waste stream. Advising residents to place all food waste into the residual waste bin from the start of the contract will ensure compliance. A revised procurement based on green waste only is therefore recommended.
- 2.8 The Service Director: Finance and the project's Finance Manager propose that the financial evaluation criteria for the Pre-Qualification stage be changed so that it becomes a pass or fail test to reflect the financial stability of the applicant.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Council can continue with the procurement.
- 3.2 The Council can cease the procurement and start again with a waste stream that is exempt from APBR.
- 3.3 That revised evaluation criteria be approved to enable the Council to better assess the financial stability of the applicants at the Pre-Qualification stage and simplify the evaluation of financial matters.

4. ANALYSIS OF OPTIONS

- 4.1 If the organisations who have expressed an interest cannot offer an ABPR compliant treatment process then the contract may not be able to be awarded and the Council will have to start again.
- 4.2 The cessation and re-start of the process will add three months to the timetable for the project. Cost is a key driver for the procurement and this will enable low cost open windrow technologies to compete.
- 4.3 Revised evaluation criteria at Appendix A remove the percentage scores for the financial elements at the Pre-Qualification stage and replace them with a simpler pass or fail test.

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

- 5.1 The main aim of the project is to procure a short term service contract at the most cost effective price to treat the organic waste stream in a legally compliant way. Until an EU compliant contract can be awarded and a new service commenced the Council are paying additional costs to the current contractor to take the waste to an ABPR compliant treatment facility.
- 5.2 The team created to procure the original residual and organic treatment contract will undertake this project.

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

- 6.1 The project will satisfy the statutory requirements placed upon the Council and will ensure the Council's organic waste stream is treated in full compliance with waste management and environmental legislation.

7. OUTCOMES OF CONSULTATION

- 7.1 The Service Director: Finance and the Waste Contracts Project Board have considered the issues outlined above and support the procurement strategy recommended in this report.

8. RECOMMENDATIONS

- 8.1 That the Council ceases the current procurement of an interim contract for the treatment of its organic wastes.
- 8.2 That the same contract be re-advertised with a revised waste stream that will not require ABPR compliant treatment.
- 8.3 That the timetable for the project is extended by three months and the contract duration remain unaltered.

- 8.4 That the evaluation criteria for the pre-qualification and final tender stages in Appendix A be approved.
- 8.5 That, as a result of the requirement to notify bidders at the earliest opportunity, this matter be dealt with as an urgent item.

SERVICE DIRECTOR NEIGHBOURHOOD & ENVIRONMENT

The Angel
BRIGG
North Lincolnshire
DN20 8LD

Author: John Coates
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Background Papers used in the preparation of this report

Previous Cabinet Member reports on same subject