



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Environmental Services
LEAD OFFICERS: Director of Environment and Operations
DATE: 14 November 2019

PORTFOLIO/S AFFECTED: Environmental Services

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: Waste disposal contract

1. EXECUTIVE SUMMARY

- 1.1 To update the Executive Board on the procurement of the waste disposal tender
- 1.2 to seek the Executive Board appointment of the successful bidder as the contractor for the service

2. RECOMMENDATIONS

That the Executive Board:

- 2.1. Approves the appointment of Bidder 1 as the successful bidder.

3. BACKGROUND

3.1 The existing waste disposal and treatment interim contract with SUEZ is due to end on 1st April 2020. As a Waste Disposal Authority (WDA), the Council has a legal duty to arrange for disposal of municipal waste from the Borough, and hence a new contract is required

3.2 Executive Board members will be aware that The Council entered into a 10-year Section 101 agreement with Greater Manchester Waste Disposal Authority (GMWDA) in 2015, for GMWDA to provide the Council's waste disposal function for residual burgundy bin waste. However, in January 2018 GMWDA served notice to terminate the agreement with BwDBC from 31st March 2018, under the Force Majeure terms in the Agreement.

3.3 BwDBC met with SUEZ and an agreement was reached to dispose of all the Council municipal waste tonnage via the Council's existing disposal contract with Suez.

3.4 Discussions with Lancashire County Council on joint working opportunities for waste and recycling took place (their contract for disposal expires in 2025) and a decision was reached for BwDBC to issue a short term interim waste disposal contract beyond 2020, to allow for the possibility of a joint procurement with Lancashire County Council for waste disposal beyond 2025.

3.5 Soft market testing took place in October and November 2018 with interested parties to discuss both the waste disposal and recycling contracts. Feedback was obtained on the preferred procurement methods and details of the contracts from major waste management companies including Biffa, FCC, Suez and Viridor.

3.6 As a result of the above, a separate tender exercise for waste disposal was entered in to for a period of 3 years (commencing 1st April 2020) with an option to extend year by year, for up to a further 3 years.

3.7 The waste disposal contract specification identified that a high level of diversion from landfill was required (85%) and a preference for thermal treatment with energy recovery. The scope of the contract included receipt, handling, storage, haulage and disposal of the Council's municipal waste, requiring the contract to provide all the resources required.

3.8 The Council received 2 bids in response to the contract notice by the closing date of 25th July 2019, from Bidder 1 and also Bidder 2. Following evaluation, it was deemed that Bidder 2 provided a non-compliant bid. The winning bid, from Bidder 1, was evaluated and obtained a high quality score of 26.6% (out of a possible 35%, a further 1.5 marks were allocated to Social Value out of a possible 5).

3.9 The winning bid from Bidder 1 was also evaluated on price but being the only compliant bid, was scored a maximum mark of 60, giving them a total score of 87.9%.

3.10 Subsequent negotiations have resulted in a lower price based upon a lower diversion from landfill figure of 70%, which is more economically more favourable for the authority.

3.11 The Executive Board recommendation is to award the contract to Bidder 1.

4. KEY ISSUES & RISKS

4.1 The Council was aware that the tender may only attract a small number of bids since the waste management companies who can provide the service needed are small in number as they would be required to have a site within or local to the Borough, a landfill site and existing contracts into various waste disposal facilities across the UK. The Council was not and is not in a position to provide a transfer station for the use of all interested parties, in order to attract more bids.

4.2 The negotiated agreement of a slightly lower threshold of landfill diversion will not see any conflict with waste legislation.

5. POLICY IMPLICATIONS

The Council is undertaking its procurement in line with council policies and also looking to divert waste from landfill.

6. FINANCIAL IMPLICATIONS

6.1 The current disposal price per tonnes varies between waste to energy and landfill. The Council

currently disposes of approximately 41,160 tonnes of waste per annum

6.2 If this same tonnage is disposed of in 2020/21 at the new negotiated rate within the contract, the costs are comparable to the costs in 2019/20. However, this comparison doesn't take account of a likely 3% price indexation increase that would have been incurred had the existing contract been able to be extended.

7. LEGAL IMPLICATIONS

7.1 The Council is acting in its capacity as a Waste Disposal Authority.

7.2 The procurement process was in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procurement Procedure Rules. The amendments agreed are considered to be within the parameters permitted by Section 72 of the Public Contracts Regulations 2015.

7.3 All contracts and contract variations will be in a form approved by legal officers in the Commissioning and Procurement team.

8. RESOURCE IMPLICATIONS

The existing resources within the council will administer this contract.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

10. CONSULTATIONS

10.1 This report has been produced following discussions with existing service and potential future providers and discussions with Lancashire County Council (our partner in the Lancashire waste Strategy) and Greater Manchester Waste Disposal Authority.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted

by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION: 1

CONTACT OFFICER: Tony Watson

DATE: 13/09/2019

BACKGROUND PAPER: Lancashire Municipal Waste Management Strategy, Our Waste, Our Resource: A Strategy for England, Contract tender documents.