

Forward Plan reference number: FP/850/10/20

Report title: Award of Bio-Waste Service Orders	
Report to: Cabinet	
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Date: 15 December 2020	For: Decision
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County Divisions affected: All Essex	

This report includes a confidential appendix which is **NOT FOR PUBLICATION** because it includes exempt information by virtue of paragraph 3 of schedule 12A to the Local Government Act 1972.

1. Purpose of Report

- 1.1. Essex County Council (ECC) established a framework agreement in January 2019 for the treatment and disposal of bio-waste streams to fulfil its obligation as a waste disposal authority.
- 1.2. This report seeks approval to award eight service orders to multiple bio-waste treatment and transport providers following a mini-competition conducted pursuant to the Bio-Waste Disposal Framework Agreement (0554).

2. Recommendations

- 2.1 Agree to award service orders to the bio-waste service providers identified in paragraph 3.6 for the amounts and sites listed in the table.

3. Summary of issue

- 3.1 In accordance with the previous Cabinet Decision (FP/944/09/17) a bio-waste framework agreement was procured (the “Framework Agreement”) and is now in place for use by ECC and Southend on Sea Borough Council (SBC) for
 - Lot 1: Green Garden Waste Treatment
 - Lot 2: Food Waste Treatment
 - Lot 3: Mixed Food and Green Garden Waste Treatment
 - Lot 4: Transfer and Transport
- 3.2 Following the setting up of the Framework Agreement, a number of mini-competitions have been run and service orders awarded to meet the bio-waste treatment needs of ECC and SBC. The current service orders for the treatment and management of separately collected food waste and mixed food and garden waste are due to expire on 31 March 2021 and need to be replaced to ensure statutory waste disposal obligations can be fulfilled.

- 3.3 A mini-competition has been run across the Framework Agreement lots detailed below to ensure that appropriate solutions could be identified to meet the anticipated future needs of ECC and SBC.

Lot 2: Treatment of food waste

Lot 3: Treatment of mixed garden and food waste

Lot 4: Transfer and transport

- 3.4 Bids under Lot 1 (treatment of green garden waste) have not been sought as sufficient arrangements are in place for this waste type until 2023.
- 3.5 All due diligence of provider disposal facilities was carried out during the procurement of the Framework Agreement in 2018. The mini-competition evaluation is based 100% on price and evaluated using an award model based on a whole system cost, ensuring the total cost is considered when awarding service orders. This evaluation approach is consistent with the terms of the Framework Agreement.
- 3.6 Following evaluation of all mini-competition bids received, the providers detailed in Table 1 offered the most economically advantageous tenders for the required service need and are accordingly recommended for award of service orders to ensure that ECC can meet its obligations as the waste disposal authority.

Table 1

Lot	Provider	Location	Tonnage Award
Lot 2: Food Waste	Severn Trent	Colney Heath	5,000 - 10,000
	Biogen	Halstead	5,000 - 10,000
	East London Bio-gas	Dagenham	20,000 - 30,000
	Saria Re-Food	Dagenham	0 – 5,000
	Severn Trent	Longcross	0 - 5,000
Lot 3: Mixed Food and Garden	Envar Composting	Huntingdon	40,000 – 50,000 (Year 1) 15,000 – 20,000 (Year 2)
Lot 4: Transfer and transport	Hadleigh Salvage	Hadleigh	20,000 – 30,000 (Year 1) 0 – 5,000 (Year 2)
	James Waste	Rochford	0 – 5,000

- 3.7 Guaranteed Minimum Tonnage (GMT) applies to the lower end of each tonnage range and obligate ECC to either provide this amount of material to the provider for treatment per annum or pay the equivalent gate fee charge as if this amount had been delivered. The GMT has been set at a level based on historic bio-waste arisings to minimise the risk of insufficient material being available for treatment.
- 3.8 Tonnage awards are per annum for the period April 2021 to March 2023 unless otherwise indicated as applicable to year 1 (April 2021-March 2022) or year 2

(April 2022-March 2023). The differing tonnage awards across year 1 and 2 reflect anticipated future service changes impacting biowaste arisings for the service order periods.

4. Options

4.1 Option 1 – Do Nothing:

This is not recommended. By doing nothing and not awarding new service orders, ECC would not have an outlet for the disposal of separately collected bio-waste beyond March 2021. A do-nothing approach would place the Council at a high risk of being unable to meet its statutory obligations as Waste Disposal Authority or would necessitate the use of higher cost disposal routes.

4.2 Option 2 – Award Service Orders:

This is the recommended approach. By awarding service orders as detailed in paragraph 3.6 the required capacity will be secured to ensure that ECC is able to fulfil its statutory waste disposal obligations for the next 24 months with respect to food and mixed food and garden bio-waste streams through an optimised value for money route.

Next steps

- 4.3 Subject to approval of this decision, ECC will enter into the services orders with the relevant providers identified in paragraph 3.6.

5. Issues for consideration

5.1 Financial implications

- 5.1.1 The financial evaluation of treatment options for bio-waste cannot be based solely on the disposal price per tonne and cannot be evaluated in isolation as they are linked to contractual haulage payments made through the Integrated Waste Handling Contract. These are known as whole system costs upon which the evaluation is based.
- 5.1.2 In order to try and secure the best price from off-takers, guaranteed minimum tonnage has been offered by ECC where possible for the 24 month period. However, some contingency arrangements are needed where offering a guaranteed minimum tonnage is not appropriate.
- 5.1.3 The cost of the award for each service order is set out in the confidential Appendix. The treatment cost for the anticipated tonnage arising during the contract period totals £3.3m, with the GMT at £2.6m. For this calculation, it is assumed that any service orders awarded without a GMT are awarded on a contingency basis and receive zero tonnes during the service order period.

- 5.1.4 The proposed cost award is in line with anticipated expenditure in the current Medium Term Resource Strategy (MTRS) and will be contained within the approved service budget. The 2021/22 existing MTRS allocates £2.858m to the disposal of this provision. The total award based on forecast tonnages under this procurement would cost £2.917m (c.£60,000 more). The service will offset this pressure via a small benefit in the residual waste procurement. The inflationary increase incorporated into the MTRS would alleviate this pressure for 2022/23, based on the tonnage forecast assumptions.

5.2 Legal implications

- 5.2.1 The Framework Agreement was procured and implemented in accordance with the Cabinet Decision (FP/944/09/17) and the published tender documents.
- 5.2.2 The Framework Agreement provides for mini-competitions to be carried out when services are needed by ECC. The mini-competition has been conducted in accordance with the published procedures for awarding service orders under the Framework Agreement and notification letters will be issued to successful bidders pending approval of this decision. Under the Public Contracts Regulations 2015, a standstill period is not required for awards under a framework agreement.
- 5.2.3 Subject to approval of this decision, service orders will be completed in order to allow providers sufficient mobilisation time prior to commencement of the service orders.

6. Equality and Diversity implications

- 6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

7. List of appendices

- 7.1 Equality Impact Assessment
- 7.2 Confidential Appendix – Service Order Values

8. List of Background papers

Framework agreement