

Forward Plan reference number: FP/546/10/19

Report title: Award of Bio-Waste Service Orders	
Report to: Cabinet	
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Date: 17 December 2019	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This report includes a confidential appendix which is **NOT FOR PUBLICATION** because it includes exempt information by virtue of paragraph 3 of schedule 12A to the Local Government Act 1972.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. The Council is the waste disposal authority for its area and is required to maintain suitable arrangements for the treatment and disposal of Local Authority Collected Municipal Waste. A framework agreement, pursuant to the Cabinet decision of the 23 January 2018 (FP/944/09/17), has been established to enable the Council to secure capacity for the treatment and disposal of bio-waste streams.
- 1.2. This report seeks approval to award five Service Orders to multiple bio-waste treatment providers following a mini-competition conducted pursuant to the 0554 Bio-Waste Disposal Framework agreement.

2. Recommendations

- 2.1 Agree to award five Service Orders under the framework for a period of 36 months commencing on 1 April 2020 as set out below:

Provider	Location	Tonnage Award p.a*
Birch Airfield Composting Services	Birch, CO5 9XE	40,000 – 50,000
Biogen (UK) Ltd	Chipping Ongar, CM16 6RZ	15,000 – 20,000
Veolia ES (UK) Ltd	Rainham, RM13 9YB	5,000 – 15,000
Material Change Composting Ltd	Creeping St Mary, IP6 8ND	0 – 5,000
FCC Waste Services (UK) Ltd	Haverhill, CB9 8QP	0 – 5,000

*GMT (Guaranteed Minimum Tonnage) applies to lower end of tonnage award quoted.

3. Summary of issue

- 3.1 In accordance with the previous Cabinet Decision a bio-waste framework was procured, for use by ECC, consisting of the of the following Lots:
- 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 mini-competition was run in 2018 resulting in the award of Service Orders to successful bidders to meet the bio-waste disposal requirements of ECC and Southend on Sea Borough Council under Lots 2,3 and 4 until 31 March 2021. A mini competition for Lot 1 (Green Garden Waste) was not run at that time as arrangements had been secured under a previous Framework Agreement for Lot 1 waste until 31 March 2020. Replacement arrangements are needed to ensure the waste disposal obligations of ECC can be fulfilled after that date.
- 3.3 A mini-competition has been run for Lot 1 to secure future arrangements for the treatment of green garden waste separately collected by Essex Councils.

Lot 1: Green garden waste Treatment

- a. This will be used for the treatment of green garden waste collected by Essex Waste Collection Authorities via kerbside collections and bring banks and Essex County Council via the Recycling Centres for Household Waste
- b. Anticipated tonnage available for disposal is circa 80,000 tonnes per annum
- c. Guaranteed Minimum Tonnage (GMT) will be offered to suppliers as required to secure necessary disposal capacity and value for money

- 3.4 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.
- 3.5 Following evaluation of all mini-competition bids received the providers set out in paragraph 2.1 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 waste disposal authority.
- 3.6 Service orders containing a GMT (Guaranteed Minimum Tonnage) 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 green waste arisings to minimise the risk of insufficient material being available for treatment.

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 green garden waste beyond March 2020. As the current service orders cannot be extended 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 3.5 the required capacity will be secured to ensure that ECC is able to fulfil its statutory waste disposal obligations for the next 36 months with respect to green garden waste through an optimum 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 3.5.

5. Issues for consideration

5.1 Financial implications

- 5.1.1 The financial evaluation of treatment options for green 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 thirty-six-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 total £5.45m, with the GMT at £4.2m. 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.

5.2 Legal implications

- 5.2.1 The Framework Agreement was procured and implemented in accordance with the Cabinet Decision taken in January 2018 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