

Forward Plan reference number: FP/914/12/20

Report title: Integrated Waste Handling Service Delivery – Bulk Waste Haulage Procurement	
Report to: Cllr Simon Walsh - Cabinet Member for Environment and Climate Change Action	
Report author: Samantha Kennedy - Director Environment and Climate Action	
Date: 15 January 2021	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To provide information about Essex County Council's (ECC) arrangements, as the Waste Disposal Authority (WDA), to ensure suitable arrangements for the onward transfer of municipal waste from Essex County Council (ECC) Waste Transfer Stations (WTSs) or other nominated locations.
- 1.2 To seek approval for the proposed procurement approach for bulk haulage of materials delivered to WTSs by District and Borough Councils and ECC.

2. Recommendations

- 2.1 To agree that ECC will go out to the market to appoint a contractor to provide Bulk Waste Haulage services using the open procurement procedure.
- 2.2 To agree the proposed evaluation criteria of 65% price, 35% quality of which 5% will be allocated to social value.
- 2.3 To agree the contract length of 4 years from services commencement with the potential for extension up to a further 4 years at ECC's discretion.

3. Summary of issue

- 3.1 ECC, as WDA for Essex, must provide RCHW services, and ensure that suitable arrangements are in place to treat and dispose of all Local Authority Collected Waste (LACW). Such waste arises from the kerbside waste collections undertaken by the Essex Waste Collection Authorities (WCA) and from the RCHWs. As part of this service, ECC provides WTSs where LACW is bulked for more efficient onward transport.
- 3.2 Cabinet decision FP/803/09/20 on 24 November 2020 approved that after the expiry of the current Integrated Waste Handling Contract on 31 March 2022, the Council will assume responsibility for operating RCHWs and WTSs using a Hybrid Sourcing Model. This will include the direct delivery of the service by

ECC while haulage, plant and equipment and the marketing of materials would be procured for delivery by contractors.

- 3.3 The decision also delegated authority to the Cabinet Member for Environment and Climate Change Action in consultation with the Cabinet Member for Finance to approve the procurement approach, evaluation criteria, contract length and terms of the award for Bulk Waste Haulage Services.
- 3.4 Existing Bulk Waste Haulage services are provided by the Integrated Waste Handling Contract with Veolia. The existing contract arrangements with Veolia end on the 31 March 2022 and a new contract agreement needs to be in place by this time to coincide with the implementation of the new Hybrid Sourcing Model.
- 3.5 The procurement of Bulk Waste Haulage services will ensure that Essex County Council will have suitable arrangements in place for the transport of LACW to and from nominated and potential waste collection and delivery points across Essex.
- 3.6 The proposed contract value is approximately £20 million for the full 8-year contract duration, including the potential extension period.
- 3.7 Tenders will be evaluated on the basis of price (65%), quality (35%) of which 5% will be allocated to social value.
- 3.8 The price weighting has been selected due to the high value of the contract and the importance of achieving the most economically advantageous tender to mitigate future budget pressure. This contractual requirement is standard for the industry and the services are highly regulated and therefore bidder must comply industry standards, for that reason the evaluation has been more heavily weighted in favour of price. The quality aspects of this evaluation will assess the robustness of bidder's responses for mobilisation, operational delivery, contingency plans, environmental improvement, and social value. These will include minimum standards to ensure that bidders are of sufficient quality.
- 3.9 To ensure that the contract meets ECC's future aspirations for carbon reduction and environmental improvement, the contract will include a requirement for vehicles to be of the latest emissions standards and to provide an Environmental Management Plan. This plan will require annual reporting of total mileage, fuel consumption, vehicle, and engine types in order to monitor environmental impact. Additionally, there will be a requirement for the successful bidder to identify ways to improve the environmental performance throughout the life of the Contract.

4. Options

- 4.1 The following options were considered for the development of this recommendation:

Option A –Do Nothing (not recommended)

- 4.2 This option is not recommended as it would mean that ECC, as the WDA, will fail to meet its statutory duty by not having suitable arrangements in place for the transfer of municipal waste for onward treatment or disposal.

Option B – Procurement: Open Procedure (recommended)

- 4.3 This option is the recommended approach comprising a one-stage procurement process to appoint a contractor to manage bulk haulage of materials delivered to ECC WTSs by District and Borough Councils and ECC.
- 4.4 The use of the open procurement procedure would allow for a successful bidder to be appointed quickly to give the new contractor the longest time possible for the mobilisation of new vehicles and trailers.
- 4.5 The open procedure does pose a risk that a high number of bidders could submit tenders which would result in a higher workload for the team at evaluation stage. However, market testing has already identified that a manageable number of potential suppliers would be interested in bidding for this work, which mitigates this.
- 4.6 The benefit of a longer mobilisation period for the successful contractor outweighs the risk of using the open procedure, as it is imperative that the successful contractor has vehicles and trailers available for the start of the new contract on 1 April 2022.
- 4.7 The proposed contract term would be for period of 4 years from services commencement with the potential for extension up to a further 4 years at ECC's discretion. The initial contract term has been selected to align with the median vehicle life associated with this type of service following market engagement in late 2020. Aligning the typical vehicle life with the contract term will give bidders the best opportunity to depreciate assets over the term of the contract, thereby maximising value for money for ECC.
- 4.8 The payment mechanism for the contract will consist of the following:
- a) monthly payment for all loads hauled from specified WTSs to ECC's contracted treatment or disposal facilities according to an agreed schedule of rates for all known journeys with annual indexation for variances in the agreed fuel and labour cost elements;
 - b) pre-defined additional haulage rates for loads (based on distance) to allow for the introduction of new (presently unknown) treatment or disposal facilities; and
 - c) trailer rental costs, where applicable.

- 4.9 In order to evaluate the quality element of the proposals, Bidders will be asked to provide method statements addressing the following critical areas for effective contract delivery:
- a) Mobilisation Plan
 - b) Vehicle and Driver Plan
 - c) Haulage Plan
 - d) Business Continuity Plan
 - e) Environmental Improvement Plan

Option C – Procurement: Restricted Procedure (not recommended)

- 4.10 This option is not recommended due to the timescales surrounding mobilisation of the contract.
- 4.11 The restricted procedure would require a two-stage process which involves bidders submitting a Standard Selection Questionnaire (SSQ) before being selected to take part in the Invitation to Tender (ITT). The SSQ stage adds an additional 30 days to the process, which would leave a shorter mobilisation period for bidders to purchase any vehicles and trailers, so this creates a risk that these would not be ready for services commencement in April 2022.
- 4.12 The benefit of a two-stage process is to reduce the number of bidders taken through to the ITT and reduce the potential amount of evaluation required. However, market engagement has shown this will have limited benefit to the process.
- 4.13 This approach would also be more time consuming for officers, whose resources are better deployed on the other procurements that are required for mobilisation on the new Hybrid Sourcing Model.

Option D – In-house Delivery (not recommended)

- 4.14 This option is not recommended due to the complexities and risks involved in providing Bulk Waste Haulage Services.
- 4.15 The management of Bulk Waste Haulage requires technical expertise that ECC do not currently possess and this element of the service is currently sub-contracted by the existing contractor.
- 4.16 ECC would not be best placed to run these services as it would not be as efficient as the private sector. The private sector achieves optimal efficiency by accessing work from other customers to reduce the operational costs of their fleet. These customers are likely to cover a wider geographical location than just Essex and will require significant resource to co-ordinate (ECC does not have this). Additionally, ECC is not established in this market and therefore would need to purchase a fleet of vehicles to match its peak

requirements and then compete with private sector operators for work to reduce costs. ECC's changing requirements throughout the year for both tonnage and destinations, means that an in-house operated service would be inefficient, when compared to a private operator.

- 4.17 As a private contractor can deliver the service in a more flexible way whilst maintaining efficiency, the option of operating this service in-house is not recommended

5. Issues for consideration

5.1 Financial implications

- 5.1.1 As the "Option A" scenario is not a viable option for the Authority, no financial implications have been reflected or considered.
- 5.1.2 For the recommended procurement (Option B) a total cost evaluation will be conducted post tender on a whole system cost, based on a theoretical tonnage to named disposal points identified by the service, with a recommendation to award for the most economically advantageous bidder.
- 5.1.3 A review of the Medium Term Resources Strategy (MTRS) implications will be carried out once the procurement exercise has been completed.

5.2 Legal implications

- 5.2.1 Option A, "do nothing," would leave ECC unable to comply with statutory obligations and would be unlawful.
- 5.2.2 The procurement must be conducted in accordance with the Public Contracts Regulations 2015 and ECC's internal policies and procedures.
- 5.2.3 The recommended option of the open procedure means that there will be no "pre-qualification" or shortlisting and all bids that meet minimum requirements must be evaluated.

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

Appendix 1 – Equalities Impact Assessment

8 List of Background papers

8.1 November Cabinet paper - Integrated Waste Handling Contract Service Delivery (FP/803/09/20)

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Simon Walsh, Cabinet Member for Cabinet Member for Environment and Climate Change Action	27 January 2021

In consultation with:

Role	Date
Councillor Christopher Whitbread, Cabinet Member for Finance	01 February 2021
Executive Director, Finance and Technology (S151 Officer). Stephanie Mitchener on behalf of Nicole Wood	26 January 2021
Director, Legal and Assurance (Monitoring Officer) Paul Turner	21 January 2021