

Forward Plan reference number: FP/162/09/21

Report title: Integrated Waste Handling Contract Service Delivery - Materials Marketing Procurement	
Report to: Councillor Malcolm Buckley, Cabinet Member for Waste Reduction and Recycling	
Report author: <i>Samantha Kennedy - Director Environment and Climate Action</i>	
Date: 29 September 2021	For: Decision
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County Divisions affected: All Essex	

Confidential Appendix

This report includes a confidential appendix which is **NOT FOR PUBLICATION** because it includes exempt information by virtue of paragraph 3 of schedule 12A to the Local Government Act 1972.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

- 1.1. To inform the Cabinet Member for Waste Reduction and Recycling of the results of the competitive procurement undertaken for the Materials Marketing Contract which forms part of the new In-house waste service to replace the Integrated Waste Handling Contract (IWHC) with Veolia Environmental Services Ltd, which expires on 31 March 2022.
- 1.2. The new contract will ensure that materials collected at the Recycling Centres for Household Waste ("RCHW") and certain materials from District and Borough Council depots are appropriately marketed and sent for recycling, recovery and reuse to maximise landfill diversion. This will support Essex Council Council's ("ECC") aims to minimise waste disposal and support the Essex Climate Action Commission's Net Zero targets, as well as delivering ECC's Ambition to develop our County sustainably and provide a high quality environment in line with the Everyone's Essex strategy.
- 1.3. To obtain approval to progress to award a contract for Materials Marketing to the winning bidder following the procurement process.

2. Recommendations

- 2.1 Agree to award the contract for Materials Marketing to Plan B Management Solutions Ltd, for a period of 3 years commencing 1 April 2022 with the option to extend for up to a further 3 years.

3. Summary of issue

- 3.1. ECC, as Waste Disposal Authority (“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 (“WCAs”) and from the RCHWs. In respect of the RCHW element of this award, the contract would ensure that all materials from the sites other than the residual and green waste would be appropriately marketed and treated.
- 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, whilst 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 Materials Marketing Services.
- 3.4. Existing Materials Marketing services are provided by the Integrated Waste Handling Contract with Veolia. The existing contract arrangements with Veolia expire on 31 March 2022. Therefore, the new contract agreement needs to be in place by this time to coincide with the implementation of the new Hybrid Sourcing Model to ensure that materials collected at the RCHWs and certain materials from WCA depots are appropriately marketed and treated.
- 3.5. A replacement service is required to ensure ECC and WCAs can recycle or reuse the widest range of materials, whilst maximising income and minimising cost to ECC. Failure to put in place these arrangements would lead to circa 50,000 tonnes of waste per annum being landfilled rather than recycled. This aligns directly with ECC’s strategic aims to minimise waste disposal and support the Essex Climate Action Commission’s Net Zero ambition.
- 3.6. It is recognised that Waste Management needs to play a part in supporting climate change initiatives. This contract will be a key element by embracing the Circular Economy model and ensuring adherence to the Waste Hierarchy.
- 3.7. Regular benchmarking throughout the contract duration will ensure services continue to represent best value in the market. This will be achieved by ensuring income is maximised and treatment costs are minimised.
- 3.8. The new arrangements also provide the opportunity to promote working with partner organisations, volunteer groups and charities to provide improved social benefit within Essex.

4. Links to our Strategic Ambitions

4.1 This report links to the following aim in the Essex Vision:

- to Develop our County sustainably.

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

- Improved waste diversion from landfill through the implementation of new recycling and reuse initiatives at the RCHWs will help to lower emissions from ECC's contracted landfill sites.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A high quality environment

5. Procurement

5.1. Cabinet decision FP/913/12/20 on 19 March 2021 agreed to go out to the market to procure a 3 year contract for Marketing materials using the competitive procedure with negotiation (CPN). The CPN procedure was chosen due to the complex nature of the services needed. The provision of these services has a number of interactions with the RCHW operation, particularly capacity for recyclable materials, compliant disposal routes and haulage provision. It was therefore important to retain the option to negotiate to address any potential issues that were identified. Three bidders completed and passed the Standard Selection Questionnaire at stage one, all three were invited to submit full tenders.

5.2. In accordance with the guidance under Section 67 of the Public Contracts Regulations 2015 (PCR) this tender was evaluated on a price-quality ratio assessing qualitative, environmental and/or social aspects alongside the cost element.

5.3. Two full tenders were received in response to the Invitation to tender. These were evaluated according to the agreed criteria. Tenders were scored on the following weighting: 40% Price, 60% Quality of which 5% was Social Value.

5.4. Both tenders received were of sufficient quality and did not raise any operational concerns and further negotiation was not required. As a result, it is the intention to award on initial tender submissions

5.5. Following moderation Plan B Management Solutions Ltd were shown to offer the most economically advantageous solution.

6. Options

Option 1: Award the contract (recommended)

- 6.1. It is recommended that ECC award the contract to Plan B Management Solutions Ltd on the basis that their bid exceeded the minimum quality requirements and was the most economically advantageous tender using the agreed scoring criteria.
- 6.2. This solution ensures waste is disposed of according to the waste hierarchy incentivising the contractor to improve recycling rates across our county and rewarding innovative solutions that improve services to our residents.
- 6.3. Plan B Management Solutions Ltd committed to deliver significant social value by supporting local employment, minimising the environmental impact of service and providing opportunities for the local supply chain. They have identified local community groups that they are able to partner with to deliver both social and environmental benefits to the county. Commitment was made as part of their Social Value Plan through the Essex Themes and Outcomes Measures ("ToMs") as well as innovative proposals outside of the listed measures contained in the ToMs. Further information regarding the financial value of this offer can be found in the confidential appendix.

Option 2: Do not award contract (not recommended)

- 6.4. This is not a viable option as services need to be delivered from 1 April 2022 due to the expiry of the current contract between ECC and the incumbent provider on 31 March 2022. Delays to the award of this contract put at risk the mobilisation of these services ahead of the commencement of the in-house services.
- 6.5. Not awarding a contract in respect of this service will adversely affect waste disposal services across the county of Essex which would impact on ECC's ability to maintain the statutory services provided by RCHWs and the WCAs for certain waste types. This would result in materials that are suitable for recycling being disposed of to landfill, which would affect ECC's recycling and landfill diversion performance and have a negative environmental impact.

7. Issues for consideration

7.1. Financial implications

- 7.1.1. As demonstrated in section 1.2 of the confidential appendix Plan B Management Solutions Limited bid the most economically advantageous solution. The estimated annual net income based on the assumptions underpinning the financial modelling is £10,400. This is based on firm prices secured for the purchase of the various waste streams by third parties and estimated costs, including an annual management fee, disposal costs and haulage costs. Any variance away from the assumptions included in the financial modelling will lead to a higher or lower annual net cost/ income. The estimated annual net income can be contained within the existing budget

allocation set out in the Council's Medium Term Resource Strategy (MTRS) for the administration, management and operation of the RCHWs (£13.3m 2022/23).

7.2. Legal implications

- 7.2.1. ECC are under a statutory duty to dispose of Essex residents waste and if they do not award a contract to replace the existing services in 2022 then this would mean ECC are unable to comply with its statutory obligations and would be unlawful.
- 7.2.2. ECC as a contracting authority are required to undertake a procurement exercise that is compliant with the Public Contracts Regulations 2015 and ECCs internal policies and procedures. A procurement process has been conducted in line with the regulations and ECC are able to award the contract to Plan B Management Solutions Ltd

8. Equality and Diversity implications

- 8.1. 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.
- 8.2. 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).
- 8.3. 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

9. List of appendices

Appendix A - Equality Impact Assessment
Appendix B – Confidential Appendix

I approve the recommendations set out above for the reasons set out in the report.	Date
Councillor Malcolm Buckley, Cabinet Member for Waste Reduction and Recycling	20.10.2021

In consultation with

Role	Date
Councillor Christopher Whitbread, Cabinet Member for Finance	20.10.2021
Executive Director, Finance and Technology (S151 Officer) Stephanie Mitchener on behalf of Nicole Wood	19.10.2021
Director, Legal and Assurance (Monitoring Officer) Laura Edwards on behalf of Paul Turner	29.09.2021

Appendix A – EQIA Attached Separately

Appendix B – Confidential Appendix Attached Separately