

**REPORT TO:** Executive Board  
**DATE:** 24th May 2012  
**REPORTING OFFICER:** Strategic Director – Communities  
**PORTFOLIO:** Environmental Sustainability  
**SUBJECT:** Waste Treatment Services Tender  
**WARD(S):** Borough-wide

**1. PURPOSE OF REPORT**

To seek Members approval to proceed with a tender exercise to test the current market and, subject to the financial implications from any tender submissions received, seek to appoint a contractor to divert residual waste from landfill for the period up to 2015.

**2. RECOMMENDED: That:**

- 1) Members approve the tender procedure outlined within the report; and**
- 2) on completion of the tender exercise a further report be presented to the Members in accordance with part 2 of current Procurement Standing Orders.**

**3. BACKGROUND**

3.1 The Council currently has in place contractual arrangements for the reuse, recycling, composting or disposal of municipal waste produced in Halton. These contracts have either been directly procured by the Council or secured in partnership with the Merseyside Recycling and Waste Authority (MRWA). These contracts include;

3.1.1 Waste Management and Recycling Contract – A 20 year contract, which commenced in June 2009 and provides facilities for the recycling and composting of waste, as well as the management of the Council's two Household Waste Recycling Centres.

3.1.2 Landfill Services Contract – A contract for the disposal of residual waste, which commenced in February 2008 and is due to expire in October 2013. The contract does allow for a three year extension, in 12 month increments, subject to agreement between the parties.

3.2 In partnership with the MRWA, the Council is currently involved in the procurement of a Resource Recovery Contract (RRC) for the diversion of residual waste from landfill. It is anticipated that the RRC will commence

in 2015 and, once in place, all of Halton's residual waste will be committed exclusively to this contract.

- 3.3 Halton's current Landfill Services Contract ensures that the Council has in place arrangements to deal with residual waste up until the commencement of the RRC. The increasing costs associated with waste disposal (as a result of the Landfill Tax) means that a continued reliance on landfill as a means of dealing with residual waste will impose an increasing and significant financial burden on the Council's budgets over the coming years.
- 3.4 Landfill Tax is currently £64 per tonne and, as a result of a built in £8 per tonne escalator, this will increase to £72 per tonne from April 2013 and £80 per tonne from April 2014. The Council currently sends approximately 35,000 tonnes of residual waste to landfill for disposal and, whilst plans are in place to increase recycling and reduce waste to landfill, over the next 3 years the Council's waste disposal costs could increase by over £800k as a result of Landfill Tax.
- 3.5 As a result of the projected increases in landfill disposal costs, it is proposed to test the current market in order to establish whether there are more cost effective alternatives to the Council's current landfill disposal arrangements. The current Landfill Contract does not require a guaranteed minimum tonnage to be delivered by the Council and therefore diversion of residual waste to other forms of treatment is allowed. Legal advice has been sought and confirms that waste that is not intended for landfill can be diverted to alternative forms of treatment prior to the end of the initial Landfill Services Contract period in 2013.
- 3.6 Although securing a more cost effective interim solution cannot be guaranteed, it is recommended that a procurement exercise is undertaken to secure capacity at residual waste treatment facilities to divert residual waste from landfill. Any new residual waste treatment contract would be for the period from October 2012 up to the commencement of the Resource Recovery Contract in 2015.

#### **4. SUPPORTING INFORMATION**

##### Duration:

- 4.1 The initial contract period is expected to be 3 years, or up to the proposed operational start date of the Merseyside and Halton Resource Recovery Contract (RRC), whichever comes sooner. It is anticipated that the services provided under the Resource Recovery Contract will commence in 2015.

##### Extensions:

- 4.2 In the event that the RRC start date is after the 3 year initial contract period, there shall be an option for the Council to extend up to the revised operational start of the RRC. This option to extend shall be a requirement

of the successful contractor in order to ensure that the Council will maintain arrangements for the receipt and treatment of residual waste produced in Halton prior to the commencement of the RRC.

Description of services:

- 4.3 The provision of services for treatment and diversion from landfill will be for residual municipal solid waste ("MSW") collected by the Council or delivered to the borough's two Household Waste Recycling Centres by the public.

Procurement standing orders:

- 4.4 The procurement shall be in accordance with Part 2 of the Council's procurement Standing Orders concerning contracts exceeding £1,000,000 in value.
- 4.5 As the likely total value of the contract over a 3 year period will exceed £5,000,000, any tender acceptance shall be subject to a decision by Members following a report and on the outcome of the procurement exercise.

Project timescale:

- 4.6 The proposed time scale for the procurement project is shown in Appendix 1.

**5. FINANCIAL IMPLICATIONS**

- 5.1 There will be no additional costs incurred as a result of the proposed procurement exercise, which is being undertaken to ensure that the Council continues to deliver 'best value' by dealing with residual waste through the most cost effective solution available.

**6. POLICY IMPLICATIONS**

- 6.1 There are no policy implications as a result of this report.

**7. OTHER IMPLICATIONS**

- 7.1 There are no other implications arising from this report.

**8. IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

**8.1 Children and Young People in Halton**

None identified.

**8.2 Employment, Learning and Skills in Halton**

None identified.

### **8.3 A Healthy Halton**

None identified.

### **8.4 A Safer Halton**

None identified.

### **8.5 Halton's Urban Renewal**

None identified.

## **9.0 RISK ANALYSIS**

- 9.1 The key risk is that should the Council fail to test the market, it may miss the opportunity to secure more cost effective waste treatment services than it currently has in place and, in failing to do so, unnecessary costs may be incurred.

## **10.0 EQUALITY AND DIVERSITY ISSUES**

- 10.1 There are no equality and diversity issues as a result of this report.

## **11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

- 11.1 There are no background papers within the meaning of the Act

## APPENDIX 1

### PROJECT TIMETABLE

<b>CONTRACT TITLE</b>	<b>Waste Treatment Services Tender</b>
<b>TYPE OF CONTRACT</b>	<b>Open Procedure</b>
<b>PERIOD OF CONTRACT</b>	<b>3 years with option for up to 2 extensions, each of one year duration.</b>  <b>Proposed Commencement date - 1<sup>st</sup> October 2012</b>

<b>ACTION</b>	<b>DATE</b>
Report to be prepared for SMT and Executive Board	24 <sup>th</sup> May 2012
Specifications and Contract to be prepared and shared with Procurement	May 2012
Draft Advert, Mandatory Information Questionnaire, and Tender documents	April - May 2012
Advertise Contract on OJEU	2 <sup>nd</sup> July 2012
Advertise Contract on The Chest	2 <sup>nd</sup> July 2012
Receive Expressions of Interest and issue automatic Mandatory Information Questionnaire and ITT for download	2 <sup>nd</sup> July 2012
Closing date for questions relating to Mandatory Information Questionnaire ITT	3 <sup>rd</sup> August 2012
Deadline for Mandatory Information Questionnaire and ITT submissions	6 <sup>th</sup> August 2012
Evaluate Mandatory Information Questionnaire	7 <sup>th</sup> to 10 <sup>th</sup> August 2012
Waste Management to evaluate technical elements of Mandatory Information Questionnaire	13 <sup>th</sup> and 14 <sup>th</sup> August 2012
Financial Checks carried out by Procurement	15 <sup>th</sup> August 2012
Evaluation and moderation of tender documents (Service Proposal and Cost) with Panel	16 <sup>th</sup> to 21 <sup>st</sup> August 2012
Mandatory stand still period	24 <sup>th</sup> August 2012
Contract award	7 <sup>th</sup> September
Proposed operational start	1 <sup>st</sup> October 2012
<b>Award Notice to be published on the OJEU -</b>	<b>48 days from date of award</b>

**These dates are indicative and may be subject to change**