

Cabinet

10 November 2022

Approval to tender for waste management contract

Recommendations

That Cabinet

1. authorises the undertaking of a procurement exercise for the treatment and/or disposal of municipal residual waste as set out in this report.
2. authorises the Strategic Director for Communities, in consultation with the Portfolio Holder for the Environment, Climate and Culture, to award the contract and to enter into any legal agreements necessary to implement the contract on terms and conditions acceptable to the Strategic Director for Resources.

1. Executive Summary

- 1.1 The Council seeks to minimise waste and then to reuse, recycle and compost as much of the remaining waste as possible thereby reducing residual waste in Warwickshire that must be disposed of. The Council manages in the region of 130,000 tonnes of residual waste a year. Approximately 100,000 tonnes of this residual waste is sent to energy from waste facilities (as laid out in 4.1) where energy is extracted from the waste in the form of electricity and/or heat. The remaining 30,000 tonnes is disposed of via landfill. The Council has two contracts for landfill disposal, one of which expires in March 2023.
- 1.2 The Council therefore needs to secure a treatment or disposal service for the municipal residual waste (predominantly in the East of Warwickshire) that is currently disposed of under the expiring contract.
- 1.3 The best value for money is likely to be achieved through tendering a service as the Council does not own a site for treatment or disposing of the waste itself.
- 1.4 The procurement will be undertaken in accordance with Warwickshire County Council's Contract Standing Orders and in compliance with procurement legislation. A project team as laid out in 4.5 will manage the project.
- 1.5 The new contract is in line with Warwickshire's Municipal Waste Management Strategy and is expected to complement and provide resilience to the existing contracts for treatment and disposal that the Council already has.

- 1.6 It is anticipated that approximately 10,000 tonnes per annum could be disposed of under the new contract but there will be no minimum tonnage guarantee. This will reduce the financial risk to the Council and enable waste to be managed in line with the waste management hierarchy, the emerging new national resources and waste strategy and all appropriate legislation and guidance.
- 1.7 It is proposed that the contract will have a medium-term duration with an initial term of 3 years, and a further extension period not exceeding 24 months.

2. Financial Implications

- 2.1 The contract value is estimated to be in the region of £5,500,000 over the maximum 5 years of the contract. This is a robust estimation and has been calculated using historical tonnage data and the estimated costs of treatment and/or disposal based on market insights. The anticipated cost of the contract is covered by the service's existing budget.
- 2.2 It is expected that this contract will offer better value for money than the options already available to the Council under existing contracts as laid out in section 4.1. As part of the procurement strategy the Council has chosen to consider variant bids where a compliant bid has been submitted and this gives suppliers the flexibility to offer innovative and better value solutions to the Council. For example, if the best value solution for the Council would be achieved by changing the structure of the 5-year term, the Council will be able to consider this opportunity as part of the procurement process.
- 2.3 If no contract was procured the residual waste would be disposed of under existing contracts and it is likely that this would be more expensive based on the current and anticipated contract pricing.

3. Environmental Implications

- 3.1 This contract will ensure the safe and environmentally sound management of municipal residual waste arising in Warwickshire from its acceptance at the delivery point and throughout the treatment and/or disposal process.
- 3.2 This procurement process will not specify the treatment or disposal method and will allow tenderers to submit their best environmental solution, thus ensuring the waste hierarchy can be implemented where appropriate.
- 3.3 This contract will not detract from our ability to reduce, reuse, recycle, compost, and recover value from as much of our municipal waste as possible and therefore will not hinder the further reduction of our carbon footprint.

4. Supporting Information

- 4.1 To manage municipal residual waste in Warwickshire, the Council has two Energy from Waste (EFW) contracts (Waste to Resources (W2R) EFW operated by Veolia in Staffordshire and the Coventry and Solihull Waste Disposal Company (CSWDC) EFW in Coventry) and a long-term contract with the company FCC Environmental to use the Bubbenhall Landfill site, which is located on the border of Stratford-on-Avon District and Rugby Borough. The two EFW contracts are meeting their maximum tonnages and the Bubbenhall contract is meeting its minimum tonnage.
- 4.2 The Council also has a medium-term contract with Veolia to use Ling Hall landfill site in the Rugby area that will come to an end on 31 March 2023. It is this contract that is being replaced by the new procurement. The contract is presently used to accommodate waste from Rugby Borough Council and some waste from the Household Waste Recycling Centres both of which will continue to be included in the new contract. The contract also provides resilience in the event that the Bubbenhall Landfill site becomes unavailable for any reason.
- 4.3 Suppliers will be required to submit a bid to provide adequate reprocessing capacity at a site (or sites) to accept deliveries of municipal residual waste.
- 4.4 It is proposed the tender process followed will be an open procedure and the award criteria will include environmental and financial implications.
- 4.5 A project team will be established consisting of staff from waste management, commissioning support unit, procurement, legal and other key stakeholders such as our waste collection authority partners such as Rugby Borough Council.

5. Timescales associated with the decision and next steps

- 5.1 The proposed timetable is to go to tender in December so the new contract can commence 1st April 2023.

Appendices

None

Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): Not applicable as this is a county wide waste solution.

Other members: Councillors Clarke, Chilvers, D'Arcy and Fradgley