

Portfolio Holder Decision

Approval to procure contracts for the reprocessing and haulage of separately collected food waste

Portfolio Holder	Portfolio Holder for Finance and Property
Date of decision	12 May 2023
	Signed

1. Decision taken

That the Deputy Leader:

1. Authorises the undertaking of two procurement exercises, one for the reprocessing of separately collected food waste and one for the haulage of separately collected food waste
2. Authorises the Strategic Director for Communities to award contracts and to enter into any legal agreement necessary to implement the recommendations in this report on terms and conditions acceptable to the Strategic Director for Resources

2. Reasons for decisions

- 2.1 The purpose of this report is to gain approval to start two procurement exercises. The Council needs to secure two services; the reprocessing of separately collected food waste and the haulage of separately collected food waste in Warwickshire. The procurement for the reprocessing of separately collected food waste will be carried out first, followed by the procurement for haulage of separately collected food waste. The current contracts both expire in January 2024.
- 2.2 The Council needs to secure services for the reprocessing and haulage of separately collected food waste from Stratford and Warwick District Councils and these services need to be in place by February 2024. The contracts will include the scope to process separately collected food waste from the other waste collection authorities in Warwickshire.

- 2.3 These services are key in supporting the processing of separately collected food waste across Warwickshire.
- 2.4 Soft market testing with suppliers has been carried out and indicates a good level of interest from the market. It is currently proposed that the reprocessing contract will have a maximum total duration of 10 years with appropriate review and break clauses. The haulage contract has a proposed maximum total duration of 4 years.
- 2.5 Each procurement will be undertaken in accordance with the Council's Contract Standing Orders and in compliance with procurement legislation. A project team has been established consisting of staff from waste management, the commissioning support unit including contract management and procurement, legal and other key stakeholders.

3. Background information

- 3.1 Stratford-on-Avon and Warwick District Councils started a new joint collection service in August 2022, which includes weekly collections of separately collected food waste. Interim arrangements have been in place as a result of supply chain issues and in order to continue to facilitate the treatment of the separately collected food waste the Council needs to procure a contract in for both the processing and haulage of separately collected food waste in Warwickshire.
- 3.2 As it is possible that North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council and Rugby Borough Council may implement separate food waste collection within the term of the proposed contract, scope to process food waste from these areas will also be included in the procurement to ensure robust capacity is available.
- 3.3 It is expected that treatment capacity for separately collected food waste will be in high demand as more councils move to this collection method and it is therefore sensible to secure this capacity now.
- 3.4 The procurement strategy for the new contracts proposes letting separate contracts for the processing and the haulage elements. It is considered that this will secure greater market interest and secure best value.
- 3.5 The Council does not own a site or equipment suitable for reprocessing food waste. In addition, haulage of food waste is a specialist area. Whilst the Council does operate some waste transport services but it is not currently in a position to take on the transport of food waste.
- 3.6 The proposed timetable sees tenders commence in May 2023 for the reprocessing contract and September 2023 for the haulage contract. Procuring the haulage service once the delivery point is known, will reduce the risk to the haulier and will ensure best value for the Council. This timetable will ensure that continuous services are provided without interruption.

- 3.7 Soft market testing has been undertaken and a detailed procurement plan is being prepared which will address such issues as how to approach indexation on food waste processing and haulage so this can be both fair and affordable.
- 3.8 As the total value of the contracts combined could exceed £2,500,000 over the life of the contracts, a decision is requested of the Deputy Leader in line with Contract Standing Orders. It is not anticipated that costs will exceed £3,000,000.

4. Financial implications

- 4.1 From market knowledge the rates for food waste processing could vary greatly from an income of £25 per tonne to a fee of £10 per tonne. The total cost of processing for a term of 10 years could be approximately £1,000,000; however, it could generate an overall income.
- 4.2 The cost of haulage will depend on the location of the delivery point(s) and therefore when awarding the food waste processing contract, it is important that haulage costs are also taken into account. This will be allowed for within the procurement methodology and fully explained to bidders.
- 4.3 The total maximum cost of a four-year contract for the haulage of separately collected food waste for the whole of Warwickshire is not expected to exceed £1,600,000.
- 4.4 The cost of the existing contracts is covered by the service's current budget. The separate collection of food waste takes food waste away from more costly residual waste disposal, potentially leading to savings in respect of disposal costs. The full budget implications of the new contracts will be reassessed during tender evaluation and award.

5. Environmental implications

- 5.1 These contracts will ensure the safe and compliant reprocessing and haulage for separately collected food waste in Warwickshire. The contracts will help ensure organic material is not sent to landfill or incinerated and is processed in line with the waste hierarchy and the developing Resources and Waste Strategy for England. Separately collected food waste is currently sent to anaerobic digestion where it is used to produce biogas which is either exported or used to produce electricity and heat on site. A valuable fertiliser is also produced. Anaerobic digestion will not be specified in the contract; however, it is expected to be the favoured technology offered by the market.
- 5.2 Processing separately collected food waste by way of anaerobic digestion reduces the Council's carbon footprint and helps achieve our climate change ambitions.

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Urgent matter?	No
Confidential or exempt?	No
Is the decision contrary to the budget and policy framework?	No

List of background papers
None

Members and officers consulted and informed
<p>Portfolio Holder – Councillor Peter Butlin</p> <p>Corporate Board – Mark Ryder</p> <p>Legal – Harminder Nagra</p> <p>Procurement – Thomas Richman</p> <p>Contract Management & Quality Assurance Service – Jordan Newman-Chatwin</p> <p>Finance – Andy Felton</p> <p>Equality – n/a</p> <p>Democratic Services – Isabelle Moorhouse</p> <p>Councillors – Warwick, Birdi, Boad, Phillips and W Roberts</p> <p>Local Member(s): N/A</p>