

WASTE TRANSFER SERVICE**AGENDA NO: 5**

Cabinet Date	18 th April 2018
Fire, Planning and Infrastructure	Cllr Nigel Moor
Key Decision	Yes/No
Background Documents	<ol style="list-style-type: none"> 1. Cabinet decision 19th July 2006 to award the County Council's Waste Management Services Contract to Cory Environmental (Gloucestershire) Ltd. 2. Cabinet Decision 14 September 2011 to extend the County Council's Waste Management Services Contract with Cory Environmental Ltd. 3. Cabinet Decision 27th September 2017 to extend the County Council's Waste Management Services Contract with Cory Environmental Ltd.
Location/Contact for inspection of Background Documents	<ol style="list-style-type: none"> 1. http://glostext.gloucestershire.gov.uk/Data/Cabinet/20060719/Agenda/To%20approve%20award%20of%20a%20contract%20for%20bulking,%20transfer,%20landfill%20and%20organic%20waste%20treatment%20of%20household%20waste%20LOT%203.pdf 2. http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&MId=7034&Ver=4. Decisions Item 5 3. http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&MId=8410&Ver=4. Decisions Item 13
Main Consultees	Joint Waste Committee approved the procurement as part of its Business Plan for 2018-21, agreed on 20 th February 2018.
Planned Dates	Delivery of a Waste Transfer service to commence from March 2019.
Divisional Councillor	All

Officer	<p>Nigel Riglar - Commissioning Director: Communities and Infrastructure, nigel.riglar@gloucestershire.gov.uk</p> <p>Judith Harper – Interim Contracts Manager Judith.harper@gloucestershire.gov.uk</p>
Purpose of Report	<p>This report seeks approval to carry out:</p> <p>(a) a procurement process for (i) the haulage and delivery of residual waste to Javelin Park or other contracted treatment facility from Forest of Dean D.C, Cotswold D.C, Cheltenham B.C and Tewkesbury B.C and (ii) the bulking and haulage of food waste and garden waste to the contracted treatment facilities described in Paragraph [3] of this Report; and</p> <p>(b) a cost evaluation exercise, in consultation with each of Cheltenham Borough Council and Tewkesbury Borough Council, to determine the estimated cost of delivering residual waste direct to the Javelin Park EfW;</p> <p>and to compare the cost of each option before determining which of them provides the most cost effective solution.</p>
Recommendations	<p>That Cabinet delegates authority to the Commissioning Director, Communities and Infrastructure to:</p> <p>(i) conduct a legally compliant procurement process for the provision of waste transfer services divided into the 3 Lots described in paragraph 17 of this Report, to enable (a) the bulking and haulage of residual waste from Forest of Dean, Cotswold, Cheltenham and Tewkesbury districts to the Javelin Park EfW; and b) bulking and haulage of food waste and garden waste to respective treatment facilities identified in paragraph 3 of this Report as required (together comprising the “Waste Transfer Services”). The advertised term of the contracts to be awarded (subject to paragraph (iii) below) in respect of such Lots shall be 3 years, with an option to extend each contract by a further 3 year period;</p> <p>(ii) carry out a cost evaluation exercise, in consultation with Cheltenham Borough Council and Tewkesbury Borough Council, to determine the estimated cost to GCC of the WCAs delivering residual waste direct to the Javelin Park EfW; and</p> <p>(iii) A further report be brought to determine the way forward following the conclusion of the competitive tender process described in paragraph (i) and the cost evaluation exercise described in paragraph (ii).,</p>
Reasons for recommendations	<p>To enable (a) the haulage and delivery of residual waste to Javelin Park from Forest of Dean D.C, Cotswold D.C, Cheltenham B.C and Tewkesbury B.C, and (b) the bulking and haulage food and garden waste to respective treatment facilities on the basis described in this Report.</p>
Resource	<p>The proposed contracts will be funded from the existing budgets for waste management as it is largely the continuation of an existing service</p>

Implications	<p>arrangement for Forest of Dean and Cotswold D.Cs. There is an option to change from direct delivery by Cheltenham and Tewkesbury B.Cs to the treatment/disposal point to the use of a transfer station.</p> <p>The budget for Waste bulking and haulage is currently £1.537 million. Additional budget may be required which will only be known following the procurement process and the cost evaluation exercise described above. However it is anticipated that funding for this will be drawn from the existing Waste budgets and through the use of the Energy from Waste reserve.</p>
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PROCUREMENT OF A WASTE TRANSFER SERVICE

Background & Policy Context

1. Gloucestershire County Council (GCC) is the statutory Waste Disposal Authority (WDA) under the Environmental Protection Act 1990 and therefore has responsibility for the arrangements for treatment and disposal of household waste within the County. The WDA can direct the Waste Collection Authorities (WCAs) where to deliver the household waste collected by them.
2. Current treatment/disposal locations for residual waste comprise of landfill at Hempsted near Gloucester and at Wingmoor Farm near Bishops Cleeve. Hempsted landfill site is due to close in 2018/19, having no further capacity, with Wingmoor Farm becoming the sole disposal point for Gloucestershire.
3. Due to the geographical size and spread of the county the WDA has longstanding arrangements for the provision of a network of 'satellite' Waste Transfer Stations (WTSs) – at Lydney and Cirencester – to serve the more remote/distant parts of the county, to which the WCAs are directed to deliver their waste. This waste is then transferred to landfill. Food and Garden waste collected by Cotswold D.C is also delivered to the Cirencester WTS, before being transported to a treatment facility (near Dymock). Where the waste treatment/disposal point is within the Waste Collection Authority (WCA) boundary or close to it, the WCA vehicles can travel direct to the treatment/disposal point (termed "direct delivery") without the need for transfer, i.e. bulking into larger vehicles for efficiency and haulage over the longer distance.
4. These WTSs are provided under a contract for waste management services with Enover (formerly Cory Environmental) which involves the operation of WTSs (receipt and loading of WCA waste deliveries) together with the bulking, haulage and delivery of the waste to their landfill sites (the "disposal point"). This contract is due to expire in January 2020.
5. The services provided under the current Waste Management Contract are: (1) landfill of residual waste; (2) composting of garden waste; (3) the bulking and haulage of garden waste, mixed food and garden waste, and residual waste; and (4) the monitoring of three closed landfill sites. The contracts for which authorisation is sought in this report only address item (3) bulking and haulage. Item (1) landfill will be replaced by treatment at Javelin Park and separate projects will be set up for items (2) & (4).
6. With the closure of Hempsted landfill site due in 2018/19, there is a need to consider the options for transfer arrangements. This would have been necessary if

the Council had continued to landfill or had chosen a technology other than Energy from Waste. If residual waste disposal had continued at Wingmoor landfill then this would have required the consideration of options for Stroud and Gloucester.

7. Any new approach will need to align with the service commencement for the new Residual Waste Contract at Javelin Park Energy from Waste Facility (EfW), which will become the single disposal point within the County. Satellite WTSs will still be required to provide a delivery point for the waste collected by Forest of Dean D.C and Cotswold D.C. Stroud D.C and Gloucester C.C will direct deliver to Javelin Park instead of Hempsted. Options need to be considered for the Cheltenham/Tewkesbury area from March 2019 to facilitate deliveries of waste to Javelin Park from Cheltenham and Tewkesbury B.Cs.
8. As Stroud D.C will deliver direct to the Javelin Park EfW Facility, GCC will no longer have to pay a 'tipping away' payment (as described in paragraph 9 and 10 below) to the council for delivery outside its boundary.
9. Under Section 52(10), the EPA, requires the County Council as the WDA to "pay to a WCA a reasonable contribution towards expenditure reasonably incurred by the WCA in delivering waste ...to a place which is unreasonably far from the WCA's area".
10. The 'Tipping away' payment is the generally accepted term for such payments made by the WDA to the WCAs in respect of unreasonable costs incurred for delivery of waste as provided for under the EPA. The payment of these fees will be dependent upon the distance deemed unreasonable. There is a nationally accepted formula for the calculation of tipping away fees which incorporates the number of vehicle journeys, the average speed, vehicle operating costs, and distance considered unreasonably excessive.

Options Analysis

11. Options were identified to provide contract arrangements to deliver residual household waste to Javelin Park from Forest of Dean D.C and Cotswold D.C and Cheltenham B.C /Tewkesbury B.C from March 2019 onwards.
12. Stroud D.C and Gloucester C.C are able to deliver residual waste direct to Javelin Park. These WCAs are therefore excluded from further consideration in the project and, by consequence thereof, this Report.
13. The journey from Forest of Dean D.C and from Cotswold D.C to Javelin Park would be around 20-25 miles (variable depending on route) with a travel time of at least 40 minutes. WTSs currently service these two districts and would need to continue if the need for refuse collection vehicles (RCVs) making the journey for direct delivery

is to be avoided given that they are not well suited or efficient for transporting waste over longer distances.

14. The journey for Cheltenham and Tewkesbury B.Cs to Javelin Park would be around 13 miles or 20-30 minutes (based on Swindon Road depot). The council therefore proposes to explore provision of transfer and haulage costs versus direct delivery by the WCAs.

15. Constraints for provision of WTSs are that:

- From July 2019 (March 2019 for commissioning) all Gloucestershire's residual waste has to be delivered to Javelin Park.
- GCC is not in a position to make the existing WTSs available to participants as they are privately owned and will remain so on expiry of the Enovert Contract.
- GCC is not currently in a position to make development sites for new WTSs available to bidders as it does not own any such suitable sites and could not acquire such sites, should they be available, within the necessary timescales.
- Development of any new sites is expected to take a minimum of three years (due to the time taken for acquisition, obtaining planning permission and appropriate permits, and for construction) so could not be delivered by the required date of March 2019.

16. The procurement would therefore require bidders to provide their own sites, which would need to be operational as WTSs from March 2019 to be able to deliver commissioning waste. Longer term, GCC could consider the opportunity to acquire development sites to offer to bidders or to operate in-house.

17. Following market feedback from suppliers and consideration of the geographic area and requirements, in order to maximise participation in the proposed procurement it is recommended that the procurement exercise is conducted in three lots reflecting the geographical areas of the WCAs as follows

- Forest of Dean district (Lot 1)
- Cotswold district (Lot 2)
- Cheltenham and Tewkesbury districts combined (Lot 3)

18. The options considered are as follows, given that doing nothing is not an option considering the expiry of current contracts and the change in treatment/disposal location:

- I. **No WTSs** - Direct delivery to Javelin Park by all WCAs.

- II. **Three WTSs** – a WTS for (1) Forest of Dean D.C, (2) Cotswold D.C, and (3) Cheltenham B.C and Tewkesbury B.C combined (one WTS serving both boroughs).
- III. **Combination of WTSs and direct delivery** –(a) A local WTS for Forest of Dean D.C; (b) a local WTS for Cotswold D.C; and (c) direct delivery (to Javelin Park) by Cheltenham/ Tewkesbury B.Cs.

Discussion

Option I – No WTSs

- 19. Residual household waste collected in Forest of Dean and Cotswold D.Cs is currently delivered to local WTSs before it is then bulked and hauled to landfill. Direct delivery to Javelin Park would be a round trip of approximately 40 miles and approx. 90 minutes travel time from each. This would require additional resources by the WCAs, including a complete restructuring of the collection rounds to account for the additional travel time from tipping at a much more distant location. The restructuring would involve change for local residents. Delivery by the WCAs to a location beyond its boundary would result in the need for GCC to pay ‘tipping away’ charges to cover the additional costs.
- 20. Residual household waste collected in Cheltenham and Tewkesbury is currently delivered direct to Wingmoor Farm, a round trip of 10 miles. These WCAs could continue to direct deliver, but to Javelin Park, a round trip of 26 miles. This would require additional resources by the WCAs, including restructuring of the collection rounds to account for the travel time and location. The restructuring would involve change for local residents.
- 21. Residual household waste collected in Stroud and Gloucester is currently delivered direct to Hempsted Landfill site, a round trip of 25 miles and 7 miles respectively. Following the closure of Hempsted these WCAs will need to deliver to an alternative treatment/disposal facility. The journey to Javelin Park will be a reduction in distance for Stroud D.C and a slight increase for Gloucester C.C so provision of a WTS is not required (although it is likely to have been required for a treatment/disposal facility located elsewhere).
- 22. Given the distances involved, particularly for the Forest of Dean D.C. and Cotswold D.C. and the associated cost implications, changes to services and negative impact on the environment, this option is not recommended.

Option II - Three WTSs

23. Residual household waste collected in Forest of Dean district and Cotswold district has been delivered to local (i.e. within the district council boundary) WTSs for many years (pre-2002) and transported out of the districts to landfill. There are existing WTSs and potential options for new/alternative WTSs within these districts.
24. Similar arrangements could be provided for Cheltenham and Tewkesbury B.Cs. This would reduce the costs for Cheltenham B.C. and Tewkesbury B.C. involved with direct delivery and be more environmentally friendly. However the cost of this to GCC is unclear and delivery of a new WTS provision for Cheltenham/Tewkesbury may be difficult to achieve in such a short timescale.
25. Provided the existing and/or alternative WTS facilities are tendered, it could be both a practical and cost-effective option, which would be subject to evaluation by GCC following the conclusion of the proposed procurement process and the cost evaluation exercise (to be carried out by GCC in consultation with Cheltenham Borough Council and Tewkesbury Borough Council) described in this Report.

Option III - Combination of WTSs and direct delivery

26. Residual household waste collected in Forest of Dean district and Cotswold district would be delivered to local WTSs as currently and described in paragraph 19 above.
27. Residual household waste collected by Cheltenham and Tewkesbury BCs is currently delivered direct to Wingmoor Farm landfill, a round trip of 10 miles. These WCAs could continue to direct deliver, but to Javelin Park, a round trip of 26 miles. This would require additional resources by these WCAs and a restructuring of the collection rounds to account for the additional travel time and change of tipping location. Any restructuring would involve change for local residents and the WCA; 'tipping away' charges would be payable by GCC to the WCAs.
28. Residual household waste collected in Stroud and Gloucester is currently delivered direct to Hempsted, a round trip of 25 miles and 7 miles respectively. Following the closure of Hempsted these WCAs will need to deliver to an alternative treatment/disposal facility. The journey to Javelin Park will be a reduction for Stroud D.C and a slight increase for Gloucester C.C so provision of a WTS is not required. Tipping away charges will no longer be payable to Stroud DC.
29. This option would result minimal change for Forest of Dean D.C and Cotswold D.C as they could continue with the same or similar arrangements. However for Cheltenham and Tewkesbury BCs this would result in service changes and an increase in costs due to the need for additional vehicles, additional staff and higher

transport and associated costs. GCC would have to pay 'tipping away' charges to Cheltenham and Tewkesbury B.Cs.

30. This could be both a practical and cost-effective option which would be subject to evaluation by GCC following the conclusion of the proposed procurement process and the cost evaluation exercise (to be carried out by GCC in consultation with Cheltenham Borough Council and Tewkesbury Borough Council) described in this Report.

Other considerations

31. WTSs are needed to service the residual waste contract until the end of the contract term which is a minimum period of 25 years. There are potential options for new/alternative facilities, which could be developed to offer suitable, cost effective long term solutions, but these cannot be delivered within the current time constraints.

32. The Waste Partnership is looking to integrate its services more closely in future, which could involve combined facilities for collection and street cleansing depots, recycling storage & transfer and residual waste transfer in the longer term. This could bring further economies. In some areas highways operations could also be potentially combined.

33. It is therefore recommended that a short term/interim solution for a minimum of three years is put in place to enable time for other opportunities to be explored for cost effective long term arrangements. Such a long term strategy needs to be determined and put in place before the expiry of the new short term waste transfer service arrangements, taking account of the time required for site acquisition, planning and permit applications (if required), design, construction and mobilisation.

Soft Market Testing Exercise

34. A soft market testing (SMT) exercise was undertaken during January 2018 to explore the contract options for waste transfer services and potential market interest in these. 10 responses were received from a wide range of national and local suppliers.

- Whilst all respondents favoured long term contracts; there was some interest in short-term contracts.
- There was general preference for a combined bulking and haulage service, and some preference for a single contract but all were also interested in geographical lots
- There is interest in development of new WTS sites, particularly if GCC were to provide some sites, but some respondents are also prepared to do their own site search.

- There are some existing sites, with and without operational WTS facilities, with potential to service Cheltenham BC and Tewkesbury BC.
35. Based on feedback from the market, bulking and haulage will be combined as an integrated service. The procurement will be offered in three geographical lots to encourage interest from a wider range of potential suppliers and possible sites.
36. Based on the timescales required to deliver a longer term strategy, these interim contracts will have 3 year duration with up to 3 years extension if required.
37. Following the procurement process, options will be reviewed and the most financial advantageous option implemented.

Risk Assessment

38. There is a risk that the procurement will not be completed with contractors mobilised to enable the waste transfer service to commence by March 2019. This has been mitigated for Forest of Dean D.C and Cotswold D.C waste deliveries by the extension of the Enover (formerly Cory) contract up to January 2020 to enable time for re-procurement.
39. There is a risk that the delivery of a facility for Cheltenham and Tewkesbury B.Cs may not be completed by March 2019. Mitigation will involve undertaking an efficient procurement process, maintaining the project schedule and exploring and evaluating direct delivery to Javelin Park in parallel to the procurement.
40. Given the limited number of suitable WTS sites within/around the county there is a risk of limited competition, which might have an adverse effect on VfM. This can be mitigated by separating the service into geographical contract lots enabling contractors with more limited capabilities to bid for parts and by proactive engagement to improve interest in the services.

Financial

41. There is an existing waste transfer service for Cotswold D.C and Forest of Dean D.C. Funds are already allocated in the budget for this service and costs are expected to remain similar.
42. Residual waste from Cheltenham B.C and Tewkesbury B.C is currently delivered direct to landfill by the WCA. These transport costs are met by the WCAs. From March 2019 this residual waste will need to be delivered to Javelin Park. In the event of a decision being made for such WCAs to direct haul to Javelin Park, the WCAs would pick up the transport costs and any associated costs such as additional vehicles and staff required. However GCC would be required to reimburse the districts through 'tipping away' charges. In the event of a WTS being provided, GCC would pick up the (new) transfer and haulage costs.

43. Whether by direct delivery or via a WTS there will be an unavoidable additional cost to deliver residual waste from Cheltenham and Tewkesbury to Javelin Park. Such costs are inevitable with a change of tipping location or disposal site.

44. The budget for Waste bulking and haulage is currently £1.537 million. Clearly, the future costs of the waste transfer services for the four districts will not be known until the proposed procurement process and the cost evaluation exercise described in this Report is completed, however we anticipate using existing Waste budgets and the Waste Reserve to meet these costs.

Officer Advice

Officers recommend that options II and III are pursued in order to present appropriate advice on the best solution for GCC.

Equalities considerations

There are no equalities considerations associated with the recommendation.

Consultation feedback

The Joint Waste Committee was consulted and approved the procurement as part of its Business Plan for 2018/21, agreed on 20th February 2018.

Performance Management/Follow-up

N/A

Report Title	Procurement of a Waste Transfer Service
Statutory Authority	Waste Disposal Authority
Relevant County Council policy	Joint Municipal Waste Management Strategy 2007-2020 Waste Core Strategy
Resource Implications	<p>The proposed contracts will be funded from the existing budgets for waste management as it is largely the continuation of an existing service arrangement for Forest of Dean and Cotswold D.Cs. There is an option to change from direct delivery by Cheltenham and Tewkesbury B.Cs to the treatment/disposal point to the use of a transfer station.</p> <p>The budget for Waste bulking and haulage is currently £1.537 million. Additional budget may be required which will only be known following the procurement process and the cost evaluation exercise described above. However it is anticipated that funding for this will be drawn from the existing Waste budgets and through the use of the Energy from Waste reserve</p>
Sustainability checklist:	N/A
Partnerships	Gloucestershire Joint Waste team
Decision Making and Involvement	N/A
Economy and Employment	TUPE will apply in respect of any change of facility for Forest of Dean D.C and Cotswold D.C. Provision of a new facility for Cheltenham and Tewkesbury may create additional new employment.
Caring for people	N/A
Social Value	<p>Social value seeks to maximise the additional social, economic and environmental benefits to the local area by procuring goods and services above and beyond the benefits of merely the goods and services themselves.</p> <p>Active consideration has been given to the question of how the proposed procurement process might improve the economic, social and environmental wellbeing of</p>

Built Environment	Gloucestershire's residents. N/A
Natural Environment' including Ecology (Biodiversity)	N/A
Education and Information	N/A
Tackling Climate Change	Carbon Emissions Implications? Positive/ Neutral / Negative Vulnerable to climate change? Yes / No/ Maybe
Due Regard Statement	Has a Due Regard Statement been completed? Yes/No The provisions do not apply to this matter
Human rights Implications	N/A
Consultation Arrangements	