

**PROCUREMENT AND AWARD OF CONTRACT(S) FOR THE BULKING, HAULAGE
AND TREATMENT OF GARDEN WASTE**

Cabinet Date	19 June 2019
Environment and Planning	Cllr Nigel Moor
Key Decision	Yes
Background Documents	n/a
Location/Contact for inspection of Background Documents	n/a
Main Consultees	District, Borough and City Councils within Gloucestershire. Waste Management companies
Planned Dates	Commence procurement July 2019 Conclude procurement November 2019 Contract commencement 1 st February 2020.
Divisional Councillor	All
Officer	Andy Pritchard – Waste Strategy & Development Manager andy.pritchard@gloucestershire.gov.uk
Purpose of Report	To approve the procurement strategy and authorise the award of contract(s) for the bulking, haulage and treatment of garden waste.
Recommendations	That Cabinet: 1. Approves the procurement strategy set out in this report to deliver bulking, haulage and treatment for Gloucestershire’s separately collected garden waste. 2. Authorises the Head of Joint Waste Management following consultation with the Chief Executive and the Cabinet member for Environment and Planning to: a) conduct a legally compliant competitive procurement process for the purpose of awarding contract(s) of 7 years plus an extension of 3 years

	<p>for the provision of bulking, haulage and treatment in respect of Gloucestershire’s separately collected garden waste.</p> <p>b) award such contract(s) (following the conclusion of the said procurement process) to the highest scoring tender(s) or, in the event that they are either unable or unwilling to enter into the proposed contract(s), to award such contract(s) to the next highest scoring tenderer(s).</p>
<p>Reasons for recommendations</p>	<p>The current contract for the bulking, haulage and treatment of garden waste expires on 31st January 2020. Gloucestershire County Council (GCC), as the Waste Disposal Authority (WDA), has a statutory duty to manage and dispose of all household waste. In line with the waste hierarchy garden waste separately collected at Household Recycling Centres and by the Waste Collection Authorities (WCAs) at the kerbside should be composted. This is environmentally preferable to residual waste treatment and disposal options and will also offer the most financially advantageous solution compared to landfill or Energy from Waste treatment. Organic waste composting is also important in maintaining the natural nitrogen cycle of garden waste.</p>
<p>Resource Implications</p>	<p>GCC will bear the cost of the procurement, and managing the contract(s) within budget. Whilst it is anticipated that total system costs (inclusive of gate fee(s) and transfer fee(s)) will not exceed current expenditure of around £1.95M, there remains a risk that some budget growth will be required, dependent upon the prices received from the tendering process. This will not be confirmed until tender receipt and evaluation has taken place. If additional budgets are required they will be funded from within existing Communities and Infrastructure revenue budgets.</p> <p>The procurement process will be designed to minimise the risk of a price increase by splitting the service into geographical lots, combining the evaluation of treatment and transfer prices, and offering a contract of sufficient length to encourage good value bids from the widest possible market.</p>

PROCUREMENT AND AWARD OF CONTRACT(S) FOR THE BULKING, HAULAGE AND TREATMENT OF GARDEN WASTE.

1. Background

- 1.1 All district councils (as WCAs) in Gloucestershire offer a separate kerbside collection of garden waste to residents. This is in addition to the facilities provided for the disposal of garden waste at each of the five County Council Household Recycling Centres (HRCs) and at Cheltenham Borough Council's Swindon Road recycling centre.
- 1.2 With the exception of garden waste collected by Cotswold District Council (CDC), all garden waste is windrow composted at local facilities. In the case of CDC, garden waste is mixed with food waste at the point of collection and this has necessitated an alternative in-vessel-composting treatment solution. However, from November 2019, CDC will offer separate food and garden waste collections which will allow garden waste from all sources to be composted at windrow facilities.
- 1.3 In addition to the collection services offered across Gloucestershire, the County Council also provides low cost home composting bins and accessories and promotes home composting through a network of local trained 'master composters'. This support helps to reduce the amount of garden waste entering the waste stream, but there remains a significant demand for kerbside and HRC collection services.
- 1.4 As the WDA, GCC has a duty to provide facilities for the disposal of waste, and where these facilities are located some distance outside a waste collection authority area additional bulking and transfer facilities are provided in order to minimise the travel distances of the collection vehicles. The composting of garden waste avoids the need for landfill disposal or Energy from Waste (EfW) treatment. Composting provides the best solution in terms of environmental impact by maintaining the natural nitrogen cycle of the organic material and remains the least cost option. The composting of garden waste contributes around 18% to Gloucestershire's recycling rate.
- 1.5 The current contract for the bulking, haulage and composting of garden waste has been in place since 2006 and expires on 31st January 2020. This contract is in place with a single service provider using licenced facilities within the county. In March 2019 informal discussions took place with a number of potential future contractors who have expressed an

interest in tendering for future contracts. This indicates that there is sufficient interest within the marketplace to support a competitive procurement process.

2. The requirement

2.1 Current separately collected garden waste amounts to around 50,000 tonnes per year. Table 1 presents actual tonnages collected from each source in 2017/18 and 2018/19.

2017/18	
HRCs	9,404 tonnes
Cheltenham Borough Council	7,128 tonnes
Cotswold District Council	10,578 tonnes (estimated)
Forest of Dean District Council	7,368 tonnes
Gloucester City Council	5,818 tonnes
Stroud District Council	3,074 tonnes
Tewkesbury Borough Council	6,021 tonnes
Total	49,391 tonnes
2018/19	
HRCs	8,864 tonnes
Cheltenham Borough Council	7,379 tonnes
Cotswold District Council	10,653 tonnes (estimated)
Forest of Dean District Council	7,383 tonnes
Gloucester City Council	5,622 tonnes
Stroud District Council	3,328 tonnes
Tewkesbury Borough Council	6,036 tonnes
Total	49,265 tonnes

Table 1. Garden waste arisings 2017/18 and 2018/19

2.2 The amount of garden waste collected throughout the year varies, with greater tonnages collected in the growing season between spring and autumn. Other variations such as weather (a dry summer will produce lower tonnages than a wet summer) and collection schedules (Stroud do

not collect between November and February) will also impact upon tonnages at various points in the year.

- 2.3 It is not envisaged that the overall tonnage will change significantly in the short term, but due to growth in housing stock and population there is a likelihood that gradual year-on-year growth will be seen. Any future changes to national waste policy may also impact upon the tonnages collected. The recent government consultations on the Resources and Waste Strategy have mooted the idea of local authorities being required to provide a free of charge garden waste service in future. It seems likely that local government would oppose such a policy and it is too early to say whether such a policy will be introduced or not. It is therefore necessary that a future service is flexible enough to accommodate reasonable changes in tonnage due to these external influences.

3. Service Options

- 3.1 GCC has a number of service options available, which are discussed in turn;

3.2.1 There are three options available:

- Option 1 - Do nothing – disposal of garden waste with residual waste.
- Option 2 - Construction of the council's own haulage, bulking and on-ward transfer and garden waste treatment facilities
- Option 3 – procure a service from the market – this would involve bulking, transferring and treating garden waste at facilities operated independently by the private sector.

Option 1

- 3.2.2 Disposal of garden waste with residual waste would not be in accordance with the Joint Municipal Waste Management Strategy. It would be neither environmentally or financially sustainable, eliminating the nitrogen cycle benefit gained through composting and increasing waste treatment costs . Householders sign up to the kerbside service for this waste to be composted.

Option 2

3.2.3 There are lengthy timescales for the identification, funding and purchasing of suitable sites for both transfer and treatment, estimated to be around 2-3 years once sites are identified. In addition, the timelines associated with planning, construction, permitting and output marketing required to ensure operational readiness and suitable compost market outlets prevent this option from being deliverable by 1st February 2020. A greater lead-in time would be required for this option to be viable, which is also best considered as part of wider, long term investment strategy for waste transfer and treatment.

Option 3

3.2.4 Under option 3 the waste industry would provide infrastructure to bulk, transfer and compost garden waste. Merchant capacity is available in and within reasonable proximity of Gloucestershire. This is the council's established approach to the handling and treatment of garden waste, with compost products being sold by current contractors via existing arrangements within the market place.

Conclusion

3.2.5 Based on the factors outlined above, the preferred approach is option 3 – the utilisation of existing private sector providers in and around Gloucestershire. Option 1 is unaffordable and does not comply with the waste hierarchy. Option 2 is undeliverable within the required timescale.

3.3 *Procurement route*

3.3.1 The procurement process will follow the procurement procedures prescribed under the Public Contracts Regulations 2015. In order to attract new entrants into the market and increase competition, a minimum contract length of 7 years has been identified during informal discussions with the market in order to support any new infrastructure investment requirements.

3.3.2 There are unlikely to be any new technological advancements during the term of the proposed contract(s), hence a shorter term contract would not provide any commercial advantage for the council; windrow (and in-vessel) composting are widely established as the best available technology for the bulk composting of separate garden waste.

3.3.3 The length of the contract will be 7 years with an option to extend for an additional 3 years based on a service commencement of 1st February 2020. GCC may provide exclusivity to the bidders with no tonnage guarantee, if this is considered the best value for money approach.

3.3.4 The proposed service requirement will specify that bidders shall provide one or more composting treatment facilities, and where these facilities are located some distance outside any collection area (thereby making direct delivery impractical), to also offer bulking and transfer within that collection area. Contracts will be evaluated and let in 4 geographic lots, each lot to include the treatment of HRC and kerbside garden waste arising in that area and, where the proposed treatment facility is outside the lot area, the provision of bulking and haulage within the lot area. Currently, HRC garden waste is delivered directly by the HRC service operator to a facility for composting, therefore no bulking and transfer is used for HRC collected garden waste. This arrangement will be subject to review as part of the tender evaluation process. The four proposed geographic lots are:

- Forest of Dean District area
- Cotswold District area
- Cheltenham and Tewkesbury Borough areas, and
- Gloucester and Stroud District areas.

3.3.5 Bidders may bid for one or more lots, ensuring each lot bid for includes the provision of at least one composting treatment site. Where this site is not located within the specified area for that lot, the provision of local bulking and transfer must also be included as part of that bidder's tender submission.

3.4 *Output specification*

3.4.1 The following key outputs will be required;

- The provision of a suitably licenced and consented composting treatment process for all separately collected household garden waste within Gloucestershire.

- The production of compost that meets end of waste criteria, contributes to the county's recycling performance and is sold to sustainable end markets.
- The provision of either a composting treatment site or, where this is outside the collection area, a bulking and haulage site for garden waste within each lot bid for.
- Flexibility in order to handle seasonal fluctuations in tonnages.
- The optional provision to allow GCC to buy bagged compost (approx. 30 tonnes per year) for sale to the public at HRCs in 25kg bags.

4. Procurement evaluation

4.1 Bidders will be invited to submit their tenders in response to an Invitation To Tender. Responses will be scored using an evaluation methodology/framework. The evaluation framework will evaluate tenders using technical and financial criteria and allocate scores in the ratio of 30% technical and 70% financial. Financial robustness, acceptance of the contract terms and legal compliance will be pass/fail requirements.

5. Resources

5.1 The current costs of bulking, hauling and composting garden waste are contained within the waste management budget at around £1.95M per year. This is based upon the current haulage routes and configurations of all collected garden waste, including an estimate for the garden waste proportion of total mixed food and garden waste collected in Cotswold district area. It does not include the non-contracted elements of the overall service such as direct delivery and the cost of collection itself, both of which are funded by the district councils via subscription payment from the participating householder.

5.2 The procurement aims to gain further price efficiencies in terms of contract costs through a competitive procurement process.

5.3 The costs of undertaking the proposed procurement exercise and managing the contract(s) arising therefrom are expected to be met within the existing waste management budget. However there remains a risk that new contract prices will exceed this, but this will be not known until

the tenders have been received and evaluated. In this instance, a way forward would be required depending upon the level of impact. In all likely scenarios it is expected that garden waste composting will remain more financially beneficial than other garden waste treatment or disposal options.

6. Timeline

6.1 It is intended that the procurement process will follow the timeline set out in table 2 below. Service commencement will coincide with the expiry of the current contract.

OJEU advert and issue ITT	July 2019
Return of tenders	September 2019
Evaluation of tenders	October 2019
Contract standstill period	October 2019
Contract award	November 2019
Mobilisation	November 2019 – January 2020
Service commencement	1 st February 2020

Table 2. Indicative timeline for procurement.

7. Risk Assessment

7.1 The key risks identified in the project relate to the availability of garden waste, market interest, and affordability.

Availability of garden waste

7.2 Garden waste arises from sources across the county, and whilst seasonality will determine available tonnage at any point in time, there remains a significant and constant flow of garden waste that is collected separately from other household waste and which will therefore require a composting solution. Minimum tonnages will not be guaranteed in the contract, but exclusivity to treat the available material will be given. The handling of any contamination within the garden waste feedstock (for example, any remaining food waste found within Cotswold feedstocks) would be defined within the contract(s).

Market interest

- 7.3 Initial discussion with the market during face to face meetings has indicated there are several companies who will be interested in bidding for this contract, providing a number of options using existing facilities and offering the potential to develop new ones. Whilst there are limited numbers of existing licenced facilities locally, by letting a contract of 7+ years it is anticipated that maximum market interest will be stimulated.

Affordability

- 7.4 The procurement will be approached on the basis that a new contract will operate in a similar budget range to the current contract (around £1.95M per year), although it is hoped that the competitive process and a relatively long contract term will deliver savings on this. There is a risk that prices could be higher, requiring budget growth, but by awarding the contract on the basis of overall best value, with an emphasis on price, we will ensure that the chosen contractor/s will represent the most affordable option. The alternative would be to dispose of garden waste along with residual waste, at significantly higher cost.

8. Officer Advice

- 8.1 That Cabinet approve the recommendations set out on page 2 of this report.

9. Equalities considerations

- 9.1 There are no equalities considerations associated with the recommendations as the proposals will have no greater or lesser impact on people sharing any of the nine protected characteristics.

10. Consultation feedback

- 10.1 The procurement strategy and recommendations in this report have been discussed amongst the Joint Waste Team's Senior Management Team, comprising officers from district councils and the County Council. This procurement forms part of the 2019/20 Joint Waste business plan, approved by all partners, and updates on this are provided at each Joint Waste Committee meeting, at which all districts are present. This also provides an opportunity for further discussion throughout the process.
- 10.2 The composting of garden waste forms part of the organics strategy within the Joint Municipal Waste Management Strategy. This was consulted

upon widely amongst members of all partner authorities and the public during it's adoption.

10.3 Discussions have been held with a number of potential service providers in order to outline our desired service specification, to gauge market interest and to understand the factors of most importance to the market. These discussions have informed the content of this report.

11. Performance Management/Follow-up

11.1 Performance monitoring will be an inherent part of the ongoing contract and budget management.

Report Title	Procurement and award of contracts for the bulking, haulage and treatment of garden waste.
Statutory Authority	Environmental Protection Act 1990; s48, s51 and s52
Relevant County Council policy	Joint Municipal Waste Management Strategy 2007-2020 Waste Core Strategy
Resource Implications	<p>GCC will bear the cost of the procurement, and managing the contract(s) within budget. Whilst it is anticipated that total system costs (inclusive of gate fee(s) and transfer fee(s)) will not exceed current expenditure of around £1.95M, there remains a risk that some budget growth will be required, dependent upon the prices received from the tendering process. This will not be confirmed until tender receipt and evaluation has taken place. If additional budgets are required they will be funded from within existing Communities and Infrastructure revenue budgets.</p> <p>The procurement process will be designed to minimise the risk of a price increase by splitting the service into geographical lots, combining the evaluation of treatment and transfer prices, and offering a contract of sufficient length to encourage good value bids from the widest possible market.</p>
Sustainability checklist:	

Partnerships	The Joint Waste Committee and supporting officer team are consultees
Decision Making and Involvement	This is covered within the body of the report
Economy and Employment	This is an existing service which offers employment and local economic opportunities. The award of a new contract will ensure that this is maintained.
Caring for people	The contractor would be expected to meet all relevant fairness and diversity principles.
Social Value	By removing this material from the residual waste stream, composting produces a nutrient rich product for use on land, making best use of this resource and impacting positively on environmental and sustainability concerns.
Built Environment	Planning considerations will be evaluated as part of the procurement.
Natural Environment' including Ecology (Biodiversity)	Any facility(ies) will be required to have planning permission and an environmental permit, both of which consider the natural environment. The choice of composting over disposal with residual waste will ensure that the nitrogen cycle associated with this material is maintained and is in keeping with the waste hierarchy.
Education and Information	If selling back the compost to the public, we are demonstrating the benefits of composting and 'closing the loop' by returning this resource back to the householder.
Tackling Climate Change	Carbon Emissions Implications? Positive Vulnerable to climate change? No, although changes in the growing season caused by variable and extreme weather patterns will impact upon the amount of garden waste produced at different times of the year.
Due Regard Statement	Has a Due Regard Statement been completed? No

	The provisions do not apply to this matter
Human rights Implications	N/A
Consultation Arrangements	Discussed in the main body of the report.