



REPORT TITLE: Provision of Food Waste Transfer Services

Cabinet Date	21 st July 2021
Cabinet Member	Cllr David Gray, Cabinet Member for Environment and Planning
Key Decision	Yes
Purpose of Report	To consider future options for the provision of food waste transfer services for the delivery of food waste from districts to the central treatment facility, and to seek approval to put in place the preferred option for the award of a contract for these services to commence 1 st October 2021.
Recommendations	<p>That Cabinet:</p> <ol style="list-style-type: none">1. Awards a contract for the provision of Food Waste Transfer Services in Gloucestershire to the local authority owned and controlled “Teckal” company known as Ubico Limited in which Gloucestershire County Council (GCC) is a shareholder. The proposed contract shall continue for an initial period of 8 years (commencing 1st October 2021) and include an option to extend its term for a further period of not more than 2 years; and,2. Delegates authority to the Executive Director for Economy, Environment and Infrastructure, in consultation with the Cabinet Member for Environment and Planning to determine whether to exercise such option to extend on the expiry of the initial 8 year term.
Reasons for recommendations	To comply with the Councils statutory duties as a Waste Disposal Authority.
Resource Implications	<p>The contract award described in this report will be undertaken using existing staff and financial resources.</p> <p>The annual contract value will vary depending upon the amount of food waste collected and the haulage distances from each collection point. Notwithstanding this, the estimated total value of the proposed contract shall be £1.6M for the initial term and a further £400k if the council elects to exercise the above-mentioned two year extension option.</p> <p>The cost of implementing the recommendations set out in this report will be met from within existing budgets.</p>

Background Documents	<p>The requirement for the continued provision of food waste transfer services arises from a previous decision by Cabinet in March 2021 to award a contract for the treatment of food waste:</p> <p>https://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=1622</p>
Statutory Authority	Environmental Protection Act 1990 s.51(1) and Waste (England and Wales) Regulations 2011 regulation12
Divisional Councillor(s)	All
Officer	<p>Name: Andy Pritchard Tel. no: 01452 427014 Email: andy.pritchard@gloucestershire.gov.uk</p>
Timeline	Contract commences 1 st October 2021.

Background

1. The separate collection and treatment of food waste is an established service throughout Gloucestershire. All 6 district councils offer a weekly kerbside collection service to householders, whilst the County Council provides the treatment facility and any necessary haulage from district depots to the treatment facility, located in Bishops Cleeve. In 2020/21 the service collected and treated a total of 24,400 tonnes of food waste.
2. In order to deliver maximum efficiency in the service, food waste from Stroud District, Gloucester City, Cotswold District and Forest of Dean District is bulked before being transferred to the treatment facility. This amounted to 17,000 tonnes in 2020/21. Due to the proximity of the treatment facility to Cheltenham Borough and Tewkesbury Borough, food waste from these areas is delivered directly by the collection vehicles at no additional cost to the County Council.
3. Current food waste haulage arrangements are in place with a number of local private sector operators. Each arrangement was established separately over the past decade at the time when district council food waste collections commenced. Four different providers are used to service the four district depots currently served, meaning that the council has a good understanding of the local market and the costs associated with the delivery of this service.
4. Following a formal tender process, a new contract for the continued treatment of food waste has recently been awarded to the incumbent provider (Andigestion, at Bishops Cleeve) and will run for up to 10 years (an initial 8 year term, with a 2 year extension). This ongoing commitment to divert food waste from the residual waste stream will necessitate the continued provision of food waste haulage from all areas except Cheltenham and Tewkesbury Boroughs.
5. Food waste transfer arrangements are required to be renewed in Stroud District, Gloucester City and Forest of Dean District by 1st October 2021. Current arrangements to transfer food waste from Cotswold District will continue until November 2025, after which time a two-year contract extension may be exercised or a new arrangement will be required.
6. Options for the delivery of food waste haulage services are discussed below.

Options

7. **Option 1 - Do nothing** - This is not a viable option as the provision of these services is a statutory obligation under the Environmental Protection Act 1990 s51. Failure to provide separate collections and treatment for food waste would mean this waste would instead be treated as residual household waste. This would not be in keeping with national or local policy on reducing residual waste and would also result in significant additional costs to the council.
8. **Option 2 – Enter into an agreement with Ubico Ltd to deliver Food Waste Transfer Services (Recommended)** - The County Council retains a

shareholding in Ubico Ltd. This means the council may direct award the proposed contract to Ubico Limited under the Teckal exemption codified in Regulation 12 of the Public Contracts Regulations 2015, rather than procure the required services from the open market. The said Teckal exemption is available to the council in view of the fact that Ubico Ltd is a local authority owned and controlled company. This direct contract award would save procurement costs in the region of £25-30k.

- 9 The contract would include transfer of food waste from Stroud District, Gloucester City and Forest of Dean District collection areas from the commencement date. Food waste transfer from Cotswold District collection area would be included once the current arrangements expire. Cheltenham Borough Council and Tewkesbury Borough Council would continue to deliver food waste directly to the treatment facility without the need for the County Council to provide a transfer service.
- 10 The contract would be delivered at cost and the council would not pay a profit margin, which would need to be charged by a private sector provider. Ubico has provided a quotation based on service information supplied by the council's waste management team. It will provide the service without an increase in managerial overheads, which would be achieved by using the existing HRC and fleet management services provided to the council. The anticipated cost of the proposed contract with Ubico Ltd would be lower than that currently paid; this may be a 20% reduction on existing costs achieved over the life of the contract. There may also be an opportunity to explore further efficiencies and optimisation across the wider Ubico portfolio, for example through combined fleet provision with the HRC service. This would offer greater flexibility and resilience to both the food waste transfer and HRC haulage arrangements in future.
- 11 Aligning contract length/s with the existing food waste treatment contract (up to 30th September 2029, plus an option to extend up to a further two years) would ensure continuity of service throughout this period.
- 12 **Option 3 - Procure the service from the commercial market by way of a competitive procurement process** - There remains an option to go to the market to re-procure the service. This option would involve the setting up of a project team to deliver a procurement exercise which would require legal, technical and financial advice.
- 13 There is a viable local market for the provision of suitable private sector haulage services. This includes local haulage companies and waste services operators. Current arrangements for the provision of these services are in place with a number of these commercial operators. These arrangements have generally been reliable over the years, but a recent service failing meant that the council had to instruct Ubico to step in for a short period of time, when the existing contractor was unable to fulfil its obligations due to a driver shortage. Ubico proved during this short period that it was able to mobilise quickly and deliver the service to the required standard.

- 14 Contract/s could be procured from one or more commercial operators and the duration of these could be aligned with the food waste treatment contract. This procurement exercise would cost in the region of £25-£30k and the cost of the resulting services would include a profit margin that would need to be charged by the commercial operators. A comparison of costs charged by the council's existing private sector hauliers against the quotation provided by Ubico suggests that this option is more expensive, with a differential of around 20% possible over the life of the proposed contract.
- 15 **Option 4 – Instruct districts to deliver food waste direct to the treatment facility** – Direct delivery of food waste is currently undertaken by Cheltenham Borough Council and Tewkesbury Borough Council due to the close proximity of these collection areas to the treatment facility. The County Council provides a waste transfer service to all other districts from their collection round areas.
- 16 There is a theoretical option to require all waste collection authorities to deliver food waste direct to the treatment facility. This would require the County Council to make a 'reasonable payment' to the district as a contribution to the costs they incur. In 2019 the County Council adopted a 'tipping away policy' to guide this process in the event that it is utilised. However, in the case of food waste, there are overriding practical problems with this, as described below.
- 17 Food waste collections are often undertaken with other recycling collections, resulting in a mix of materials being carried on one collection vehicle. By requiring the waste collection authorities to drive to multiple locations to tip (typically with relatively small tonnages of each material), waste collections would be significantly disrupted due to the additional drive times involved. Waste collection logistics are based upon local delivery points and it would be unreasonable to require these vehicles to dispose of food waste outside their collection areas. In addition, kerbside collection vehicles are not configured to undertake bulk haulage. This option would increase the number of journeys made by collection vehicles and add significant additional cost to district council collections. It would represent a major disruption to their current operations as well as increasing the environmental impact of the service. It would not be deliverable within the necessary timescales and would be strongly opposed by district councils.
- 18 There are therefore two viable options to consider in delivering this service; a direct award to Ubico (option 2) or procurement from a commercial operator (option 3). A direct award to Ubico is likely to deliver the most financially beneficial outcome in terms of service costs and offers the potential for further efficiencies.

Risks

- 19 Haulage services are well established and the transfer of food waste from the collection points to the treatment facility is low risk. Ubico is an established vehicle operator that consistently achieves a "green" rating from the regular inspections undertaken by the Vehicle and Operator Services Agency. Ubico runs a fleet of some 450 vehicles, including a fleet of hook-loader vehicles for

the council's HRC service. A similar vehicle would be dedicated to the food waste haulage service.

- 20 The transfer service can be flexible in order to respond to changing amounts of waste. Food waste is bulked at the collection point. And only full containers of waste will be transferred at any one time. The frequency of transfer requirements can be set up to respond to this. A direct contract award to Ubico Ltd, allows the food waste haulage and HRC materials haulage operations to be combined. This provides the food waste service with access to a greater number of vehicles and drivers to call upon in the event of any unforeseen circumstances such as vehicle breakdowns or sickness absence.
- 21 There is always a small risk that transfer is disrupted by road closures. These are generally temporary, and in most cases an alternative route can be used. This is therefore considered be a low risk. This risk would apply to any chosen provider.

Financial implications

- 22 The provision of food waste transfer is a fundamental requirement of the food waste collection and treatment process, and this service has been in place for many years with the commercial market. As a result, the budget exists to provide the service without the need to seek additional funding. Our current operations are paid at commercial rates, and with this market knowledge it is anticipated that the recommended option would provide good value, with a quotation received from Ubico demonstrating a potential saving of up to 20% overall. In addition, by awarding to Ubico a further £25k in procurement costs would be avoided. By combining the bulk haulage fleet with the HRC operations, there is a potential for further savings to be realised over the life of the contract as well as increased resilience and flexibility to respond to changing circumstances without recourse to contract negotiations with external providers.

Climate change implications

- 23 The provision of these services ensures that the benefits of separate food waste collection and treatment are maximised. By transferring bulked amounts of food waste, the numbers of haulage journeys are kept to a minimum, thereby reducing the overall haulage miles and emissions which would arise from direct delivery using lower capacity waste collection vehicles.

Equality implications

- 24 Has an Equalities Impact Assessment (EIA) been completed? No

Data Protection Impact Assessment (DPIA) implications

25. No Data Protection Impact Assessment implications.

Social value implications

- 26 As a local employer, Ubico have a good track record of training their staff and providing promotion opportunities; in this instance a driver training programme that allows operations staff to train as HGV drivers. This provides staff with development opportunities, benefits the local economy and also helps us overcome a national shortage of drivers.

Consultation feedback

- 27 Consultation has taken place with Ubico, the Lead Cabinet Member and Senior Officers in the preparation of this report.

Officer recommendations

- 28 That Cabinet
- Awards a contract for the provision of Food Waste Transfer Services in Gloucestershire to the local authority owned and controlled “Teckal” company known as Ubico Limited in which Gloucestershire County Council (GCC) is a shareholder. The proposed contract shall continue for an initial period of 8 years (commencing 1st October 2021) and include an option to extend its term for a further period of not more than 2 years; and,
 - Delegates authority to the Executive Director for Economy, Environment and Infrastructure, in consultation with the Cabinet Member for Environment and Planning to determine whether to exercise such option to extend on the expiry of the initial 8 year term.

Performance Management/Follow-up

- 29 Performance will be measured in terms of haulage efficiency, service cost and service availability. These metrics are monitored on an ongoing basis, with costs being reported within the monthly forecasting for the relevant cost centre. Ubico services are already reviewed regularly, with formal reporting and review taking place on a quarterly basis. This new transfer operation would be included as part of this exercise.