

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Discretionary	Be entirely within Cabinet's powers to decide	NO	
		Need to be recommendations to Council	YES	
		Is it a Key Decision	NO	
Lead Member: Cllr Ian Devereux E-mail: Cllr.Ian.Devereux@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr Brian Long		
		Other Members consulted:		
Lead Officer: Barry Brandford E-mail: Barry.Brandford@west-norfolk.gov.uk Direct Dial:01553 782074		Other Officers consulted: Ray Harding, Chris Bamfield, Lorraine Gore, Sam Winter, Becky Box		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment NO If YES: Pre-screening/ Full Assessment	Risk Management Implications YES
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				

Date of meeting: 2019

FOOD WASTE AND GARDEN WASTE TREATMENT PROCUREMENT

Summary

Cabinet previously decided that this council should enter in to a procurement for the provision of a single waste collection contract with North Norfolk District Council and Breckland District Council (Cab 39 dated 1 August 2017 refers). The contract covers collecting all waste but not the treatment of collected garden waste and food waste. The council in preparation of the implementation of any contract awarded under the current procurement must also procure the arrangements for the treatment of any collected food waste and garden waste. These will be procured separately to maximise the economic benefits to the council.

Recommendation

Cabinet recommends to Council that the Executive Director for Commercial Services is authorised to commence two procurements for the Borough Council's treatment of separately collected food waste and separately collected garden waste and grounds maintenance wastes.

- a) Food Waste treatment (anaerobic digestion) is procured in the within the existing Joint Venture arrangements.
- b) Garden Waste treatment (composting) is procured in the open market

Reason for Decision

The potential for savings in the procurement of the two treatment contracts for the separate waste streams was not delivered in previous procurement and by the very nature of the wastes local sites are required for the receipt of these wastes for treatment. The joint venture company NEWS Ltd operates

the only well placed transfer station available for the receipt of food waste and has experience in the receipt and arrangements for the treatment of food waste through anaerobic digestion.

1. Background

- 1.1 The current waste contract procured by the Council in 2009 Included for collection and treatment of organic waste by the successful contractor. In the current joint procurement each Council is to make their own arrangements for the treatment of garden waste and food waste. BCKLWN is currently the only council collecting food waste. Separating out the treatment of garden waste and food waste will be more cost effective for the Borough Council allowing it to deal directly with suppliers.
- 1.2 To meet the procurement timescale for the availability of treatment services at the start of a new collections contract in 2021 procurement activities show now be commenced. The garden waste treatment (composting) contract will also be responsible for the receipt and treatment of grounds maintenance wastes collected by the council's in house operations.

2. Options Considered

- 2.1 Three options for delivery of the two treatment services have been considered:
 - Direct placement of the service with the Joint Venture Company (NEWS)
 - Individual procurement of new contracts for each individual waste stream.
 - Invite Norfolk County Council to provide these services as provided for by the Environmental Protection Act.

2.2 Direct placement of the service with the JV Co

The council is a partner in the NEWS Joint Venture company and can place work directly with NEWS Ltd as a company that operates as if it were part of the public sector but at arm's length. However, the model used in the JV may not provide the best priced outcome for the each waste stream. NEWS Ltd may engage in a competitive procurement and through this it is possible to test if its offer is the most economically advantageous to the council.

NEWS Ltd are very well placed to provide food waste treatment services because of the need to use a waste transfer station to receive and combine individual loads of collected food waste for transport to treatment facilities.

They should be able to offer a comprehensive service, including providing plastic caddy liners to the council for delivery to householders to maximise the amount of food waste captured. This route maximises the environmental benefits and reduces the financial burden of providing the service.

The use of the transfer station to receive garden waste is however unlikely to offer the most economically advantageous outcome as this is generally achieved by direct delivery of the waste to a treatment site.

2.3 Individual procurement each individual waste stream

Individual contract award offers the opportunity to gain the best available price for the treatment of each of the two waste streams where competition exists.

For food waste there is no facility currently available for direct delivery and treatment. Therefore the procurement of the food waste treatment service will require a suitable transfer station to receive the waste for transfer to a treatment plant.

For the composting of garden waste a facility already exists in the borough and competition may deliver new service providers or the use of existing waste management facilities with new permits to undertake the composting of garden waste delivered on behalf of the council. The competition should deliver savings compared to the current price paid under the contract with Kier.

2.4 Provision of the services by Norfolk County Council

It is possible that Norfolk County Council and provide these services, as allowed for within the Environmental Protection Act, and that they pay all of the costs of the treatment of the waste. If they did this they would be substantial holders of the risk but gain all of the financial rewards of reduced costs as they would no longer have to pay this council Recycling Credits as required by law.

However, the County Council would then be able to direct the borough council as to the delivery point for each of the waste types and this may not be operationally viable. This is evidenced in their previous decisions on residual waste which have cost this council £300,000 each year since April 2016.

The partners in the collections contract have included the treatment of collected garden waste within their contract specification but because vehicles collecting garden waste are expected to work across the administrative boundaries of the councils a shared system of cost allocation will be applied. The deviation from a locally procured arrangement would create significant differentiation between the councils and lead to friction in delivery of the collections services.

2.4 Preferred Options

It is considered that maintaining local control of price and delivery points and maintaining the current legal arrangements where the Waste Disposal Authority pays Recycling Credits to the borough as well as keeping in step with our collection contract partners outweighs the benefits of having the County Council make treatment arrangements. Maintaining a frictionless arrangement with our partners in the collections contract is a priority.

Therefore the option preferred is to undertake two procurements for the receipt and treatment of food waste and garden waste as a replacement for the services currently provided under the contract with Kier which expires in 2021.

3. Garden Waste Tender

- 3.1 The council collects 10,000 tonnes of garden waste from circa 26,000 customers across the borough. The service currently runs at a surplus which helps offset the cost of the general waste and recyclables collections.
- 3.2 The current garden waste treatment is carried out at Greenworld Sales Ltd, located on the northern edge of King's Lynn.
- 3.3 It is proposed to carry out a standard tender for garden waste treatment but with a specific requirement for tipping point to be within 7 miles of King's Lynn. Charges for garden waste treatment are £280,000 per year, a saving of circa £50,000 is anticipated from a tender arrangement.

4. Options

- 4.1 There are no viable alternative options for garden waste treatment other than for this to be done locally at a point that is central for the borough.
- 4.2 The County Council could within its powers specify a tipping point for garden waste and arrange treatment itself. In this event it would pay the cost of treatment but would not be required to pay recycling credits to any of the councils collecting garden waste. Within current budget estimates the cost to this council would be circa £330,000 per annum reducing the surplus excluding overheads and council management costs to £670,000.

5. Food Waste

- 5.1 The council collects 3,200 tonnes of food waste from circa 25,000 properties who regularly participate in the scheme. The service currently runs at a substantial cost.
- 5.2 As with garden waste any tipping arrangements for food waste need to be fairly central for the borough area to reduce any non-productive vehicle/staff time and high travel costs.
- 5.3 The current arrangements involve food waste being tipped into containers at the Council's depot and then taken in bulk by NEWS to a treatment plant in Hertfordshire. The Council pays a fixed fee of £304,000 per year, it receives recycling credits of £60 per tonne. This gives the overall cost of £112,000 p.a.
- 5.4 The Waste Joint Venture (JV) with NEWS (County Council 51% Norfolk District Councils 49%) would enable the Council to make arrangements for treatment of food waste without a tender exercise. Officers have held discussions with NEWS who have provided initial budget proposals that would enable food waste to be continued to tip at the depot and a cost effective arrangement for this Council. The proposals would be a reduction of circa £175,000 from the current cost.

- 5.5 The JV has been experiencing substantial losses in its income from falling/fluctuation receipt from recyclable materials. If the JV was to collapse it would have a very negative impact on the dealing of waste and other services in Norfolk. Reaching an arrangement through the JV would seem to be a win win for both this council individually and with a broader view as a participant in the JV. NEWS would share their treatment cost information with this council for full transparency.
- 5.6 The council currently only has one option in West Norfolk for the tipping of food waste at the current depot and through the licences held by NEWS.
- 5.7 It is therefore proposed that the Council enters into a three year contract with the options for an added one year with NEWS for the receipt and treatment of food waste. This would last until 2024/25 allowing consideration of any alternative options as part of the broader treatment/collection of recyclable materials in Norfolk.

6. Financial Implications

- 6.1 The Council's current budget forecast assumes a cost of £304,000 for the treatment of food waste. This would reduce to £128,000 if the proposals are agreed a net saving of £175,000.
- 6.2 A new tender for garden waste will generate a saving of circa £50,000.
- 6.3 The overall impact of the saving of £225,000 can be utilised to contribute towards the cost of the overall waste collection contract that are expected to increase substantially.
- 6.4 The provision of caddy liners within the procurement should increase the participation in the food waste collection scheme and therefore generate further income. The exact extent of any increase can not be fully quantified. An increase in 1,000 tonnes of collected food waste would generate an additional £20,000 of income.

7. Policy Implications

- 7.1 The procurement of the services ensures that cost effective waste treatment services can be delivered to the council at potentially lower cost whilst retaining local control of service provision. This approach entirely adheres to the Councils Corporate Priorities to keep Council Tax increase at or below inflation and to deliver quality and cost effective services.
- 7.2 The procurement of the treatment services whilst in timeframe of the collections procurement provides certainty for bidders, who may also compete for the work, as the period for mobilisation following award commences.
- 7.3 Issues do exist in respect of waste collected across borders but this can be resolved in the specification of the treatment contracts and will be addressed in the Specification and Contract Terms.

8. Financial Implications

- 8.1 Undertaking two procurement exercises will reduce the cost of procurement due to the simplicity and has the potential to deliver more competitive tenders from the market. The budgets for the cost of the procurement will need to be identified.
- 8.2 The cost of procurement is estimated at £10,000 spread over the two financial years (2018/19 & 2019/20).
- 8.3 Norfolk County Council as the Waste Disposal Authority could be requested to make arrangements for the treatment of these wastes but they would then not be required to make payments of Recycling Credits. This would mean a loss of £780,000 in receipts by this council but a reduction in cost of £300,000 a net loss of £480,000 to this council.

9. Personnel Implications

The procurement process will have no staffing implications and it is expected that the process will not require additional staff resources. The implications of the proposed arrangements for back office and contract management resources have not been examined at this point in time as the Borough Councils existing contract runs until 2021. Officer time and expertise will need to be placed in to the procurement exercise this will include legal, procurement and finance as well as waste management.

10. Statutory Considerations

Processing of collected food waste and garden waste is a function for which this authority has competency and any failure to provide a service will require direct or alternative methods of delivery. Given the lead time for the mobilisation of the collections contract it is necessary that timely decisions are made.

11. Risk Management Implications

- 11.1 The Council is the waste collection authority for King's Lynn and West Norfolk by virtue of section 30(3) of the Environmental Protection Act 1990. The Council's functions as a waste collection authority includes the opportunity to arrange for the treatment of recyclable household waste in the district and to treat commercial waste from business premises if collected on request.
- 11.2 Treatment of food waste by anaerobic digestion and composting of collected garden waste is recycling.
- 11.3 The council is responsible for the treatment of its grounds maintenance wastes where collected.
- 11.4 All of the services delivered as part of the contracts are significant in terms of the Council's reputational risk and finances. It is important, especially where such significant support services are to be tendered, that due care is taken in

the detail and timing of the contract process, especially where environmental outcomes are highlighted as a key concern of local residents.

11.5 The proposed procurement process will comply with the requirements of the Public Contracts Regulations 2015, and the Official Journal of the European Commission.

11.6 There are a number of more general risks associated with the delivery of a procurement project, such as a lack of competition through the procurement process. These risks will be recorded and managed through the project with oversight and governance from the Executive Director.

Declarations of Interest / Dispensations Granted

Background Papers

(Definition : Unpublished work relied on to a material extent in preparing the report that disclose facts or matters on which the report or an important part of the report is based. A copy of all background papers must be supplied to Democratic Services with the report for publishing with the agenda)

None

Equality Impact Assessment (EIA)

(Pre screening report template attached)

None

Pre-Screening Equality Impact Assessment

Borough Council of
**King's Lynn &
West Norfolk**



Name of policy/service/function	Procurement of Food waste and Garden waste treatment contract				
Is this a new or existing policy/ service/function?	Existing (delete as appropriate)				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	Procure a new waste processing contracts, process is rigidly constrained by statutory obligations				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability			x	
	Gender			x	
	Gender Re-assignment			x	
	Marriage/civil partnership			x	
	Pregnancy & maternity			x	
	Race			x	
	Religion or belief			x	
	Sexual orientation			x	
Other (eg low income)					
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No				
5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name	Barry Brandford				
Job title Waste & Recycling Manager	Date 10 April 2019				