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**Somerset Waste Board meeting****25<sup>th</sup> September 2015****Report for decision****Paper G2****Item No. 7****New Project Task & Finish Group Update**

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<b>Forward Plan Reference:</b>	SWB/15/06/02
<b>Summary:</b>	<p>This report confirms the progress made in relation to the future waste treatment/disposal options and sets out the recommendations of the Task and Finish Group to proceed to issue the OJEU Notice to formally commence the procurement process.</p> <p>The confidential element concerns withholding the location of potential sites to offer to the market as “contract reference” sites for Waste Transfer Stations so as not to prejudice commercial negotiations for the acquisition of the sites.</p>
<b>Recommendations:</b>	<p><b>That the Somerset Waste Board:</b></p> <ol style="list-style-type: none"> <li><b>1. Approves the choice of the ‘contract reference’ Waste Transfer Sites,</b></li> <li><b>2. Agrees to issue the OJEU Notice for the provision of a landfill alternative service,</b></li> </ol>
<b>Reasons for recommendations:</b>	To seek competitive and affordable arrangements for the transfer, haulage and treatment of residual waste and to meet MTFP savings targets from 2016/17 onwards.
<b>Links to Priorities and Impact on Annual Business Plan:</b>	SWB Business Plan 2015-20 Action 1.1 is to seek economically viable alternatives to landfill.
<b>Financial, Legal and HR Implications:</b>	<p><b>Financial Implications</b></p> <ul style="list-style-type: none"> <li>• The Board is seeking to make savings of £570k in</li> </ul>

	<p>2016/17 and a further £760k in 2017/18.</p> <ul style="list-style-type: none"><li>• A budget of £100,000 has been set aside for external technical and legal advice.</li></ul> <p><b>Legal Implications</b></p> <ul style="list-style-type: none"><li>• Following a selection process involving three potential suppliers with relevant experience by SCC's Legal Advisor and the Managing Director, Addleshaw Goddard have been appointed as legal advisors to the project. The indicative costs are £34,500.</li></ul>
<p><b>Equalities Implications:</b></p>	<p>There are no general equalities implications arising from the project.</p> <p>Any relevant considerations regarding potential impact of facilities on residential or business properties will be considered as part of the planning consent process.</p>
<p><b>Risk Assessment:</b></p>	<p>Whilst the securing of 'contract reference' waste transfer stations has been achieved within the expected timeframe, the primary risk is that the secured sites may not obtain planning permission or Environment Agency consent.</p> <p>There are also risks around delays to the remainder of the procurement process.</p> <p>Any delay to the timetable as outlined in section 2.3, will result in delay to savings, which are intended to commence in 2016/17.</p> <p>The magnitude of savings cannot be determined prior to the procurement process.</p>

## 1. Brief background with reference to previous reports

- 1.1. As described in the background documents, the Board has followed the prescribed process set out in the Strategic Partnering Agreement (SPA) to work with Viridor to develop firm proposals to divert waste from landfill in such a way as to meet its wider strategic objectives and reduce treatment and disposal costs from 2016/17.

After consideration and rejection of Viridor's proposals the Board have exercised a contractual prerogative to suspend Viridor's exclusive right to manage Somerset's municipal residual waste for disposal and to consider offering the service to the wider market.

- 1.2. Although Viridor's exclusivity rights are now suspended, they are still contractually obliged to take our waste until such other time as we direct it to a third party. Members have previously noted that Viridor can come back to the

Board with a revised proposal at any time.

- 1.3. A resolution of the June Board was to proceed to a formal procurement process for the provision of residual waste treatment / disposal services.

## 2. Progress to date

- 2.1. Since the last update report brought to the Board in June 2015, work has progressed to identify 2 suitably available locations to provide as reference sites within the contract documents for the siting of Waste Transfer Stations. This on the basis of one site servicing the East of the County and one site handling the residual waste arising in the West.

From a short list of 10 sites (including one under the control of SCC) in the West of the County and 7 (including one under the control of SCC) in the East, those considered as most appropriate in terms of availability, appropriately sized, in a position to most effectively service the waste collections fleet with likelihood of gaining planning and permitting consent and cost are:-

- East – Redacted Commercially Sensitive Information
- West – Redacted Commercially Sensitive Information

Both sites would be available at estimated annual rental cost of circa Redacted Commercially Sensitive Information per annum, inclusive of option agreements to withdraw from the lease arrangements should the successful tenderer indicate a preference to use an alternative site or sites.

However it should be noted that while the Redacted Commercially Sensitive Information site is preferred for the West and expected to become available in the medium term, it is subject to some uncertainty linked to a current short term use agreement with a third party. This might mean it is will not be available in our time window. Discussions are, at the time of preparing this report, ongoing to see if this can be resolved.

In the event that this uncertainty cannot be reduced to an acceptable level, a fall-back option would be land on the former Saltlands landfill site in Bridgwater, adjacent to the existing Recycling Centre. This land is owned by SCC and is therefore (subject to a formal approval process within SCC) attractive in terms of both acquisition and rental. During informal exploration of planning and highways implications no obvious barriers have emerged but this site would involve more vehicle movements through the centre of Bridgwater compared to the Redacted Commercially Sensitive Information option.

On this basis it is recommended that, despite the additional annual rental cost, the Board approve the Redacted Commercially Sensitive Information site as the preferred “contract reference site” option with Saltlands as the fall-back.

- 2.2. Following the successful supplier day event and a good response to a follow up questionnaire to those organisations that expressed an interest in the day, the majority of replies supported our procurement approach and confirmed that;

- Procurement Procedure – the Competitive with Negotiation process is viewed by suppliers as both necessary and beneficial, creating flexibility whilst striking a good balance between competitive dialogue and restricted processes.
- Phasing of the Procurement Process - suppliers responded to the two phased procurement approach positively, recognising the method will help to deliver a wide range of competitive solutions. Suppliers identified a range of factors critical for achieving successful delivery, whilst additionally raising concerns around Phase 1 of the procurement process and indicated some key questions to address before entering Phase 2.
- Lot Structure - the proposed lotting strategy of East and West, with further subdivision of lots is viewed positively by suppliers, signifying that this opens the process up to a wider field of bidders. Suppliers indicated areas where lot breakdown should be reviewed, whilst highlighting concerns and risks of not having a fully integrated system in place.
- Term and Exclusivity - many suppliers were happy with the idea of contractual waste exclusivity, suggesting the need for the inclusion of a clear definition of this. Whilst the majority of suppliers would bid for all three contract lengths, the two shorter terms received criticism and the longest term was viewed as the most suitable for achieving best value.
- Timescales - the timescales for the contract, expected to commence in 2017 are viewed as ambitious but achievable by the market. However, as it is a complex procurement, there is a need for the process to be adequately resourced in order to run to the expected timescales.

Since the last Board update, work has progressed to construct the contract tender pack, with the Pre Qualification Questionnaire (PQQ), Specification, Evaluation Model, Invitation to Tender and Conditions of Contract nearing completion.

Should the report recommendations be approved, the OJEU Notice & PQQ will be issued in early October. At this point the decision on which contract reference site to include for the in the West will need to be confirmed.

### **2.3. The expected contracting timetable;**

- Issuing of the OJEU Notice and PQQ in October, this will follow the 'competitive with negotiation' process that is expected to last approximately 6 months. During this period planning permissions and Environment Agency permits will be sought for the provision of the two identified Waste Transfer Stations.
- Although the procurement timescale is tight, should we achieve a successful conclusion to the procurement process, it is expected that a recommendation to award the contract would be brought to the March 2016 Board.

- Should it be agreed to award the contract in March 2016, it is anticipated that to build the waste transfer station infrastructures (if required) would take up to 6 months, full mobilisation of the plants and the other associated contractual elements (haulage & treatment/disposal) taking a further 3 months post build.
- If achieved, the new contracted service would commence in December 2016/January 2017, with the associated MTFP savings commensurate from that date.
- December 2016 is provided within the tender documents as the backstop delivery date, with financial drivers included to encourage earlier delivery.

### **3. Proposed Next Steps**

- 3.1.** To complete the rental option agreements with the landowners of the proposed contract reference Waste Transfer Stations.
- 3.2.** To issue the OJEU Notice and PQQ documentation once rental agreements have been finalised and signed.
- 3.3.** Commence the waste planning and permitting process for the proposed Waste Transfer Stations.
- 3.4.** Complete the 'Invitation to Submit Initial Tender' documents that will be required following the PQQ evaluation.

### **4. Background papers**

- 4.1.** Report to Somerset Waste Board of 28<sup>th</sup> March 2014, Paper E, Item No 9 – Extension of Strategic Partnering Agreement with Viridor
- 4.2.** Report to Somerset Waste Board of 20<sup>th</sup> June 2014, Paper F, Item No 11 – Viridor New Project Task & Finish Group
- 4.3.** Report to Somerset Waste Board of 19<sup>th</sup> December 2014, Paper G, Item No 10 – New Project Task & Finish Group – Quarterly Update & Consideration of the Preliminary Stage Project Proposal
- 4.4.** Report to Somerset Waste Board on 20<sup>th</sup> March 2015, Paper E, Item No 9 – New Project Task & Finish Group – Update on the New Project Approval Process (NPAP) and Consideration of Options
- 4.5.** Report to Somerset Waste Board on 19<sup>th</sup> June 2015, Paper I, Item No 14 – New Project Task & Finish Group Update