



**CABINET – 20<sup>TH</sup> NOVEMBER 2020**

**RESIDUAL WASTE PROCUREMENT**

**REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT**

**PART A**

**Purpose of the Report**

1. The purpose of this report is to advise the Cabinet on progress with the procurement of a residual waste treatment, including the future key milestones.

**Recommendations**

2. It is recommended that progress with securing capacity for residual waste treatment for Leicestershire and the intended procurement timetable as set out in the report is noted.

**Reason for Recommendations**

3. The Director for Environment and Transport was authorised to procure and secure capacity for residual waste treatment / disposal from April 2020 and undertook to keep the Cabinet informed of progress with this work.

**Timetable for Decisions (including Scrutiny)**

4. Subject to the procurement programme proceeding as planned the Contract Award would be made from March 2021 and service commencement would take place between April 2021 and April 2023.
5. The Chairman and Spokespersons of the Environment and Transport Overview and Scrutiny Committee have been briefed on the content of this report.

**Policy Framework and Previous Decisions**

6. The Leicestershire Municipal Waste Management Strategy (LMWMS) was adopted by the County Council in 2012 and sets out how the Leicestershire Waste Partnership (consisting of the County Council and seven Leicestershire district councils) intends on managing waste up to 2020.

7. The Waste Disposal Authority Plan (2018) which runs up to 2030, supports the Council's waste management procurement plans and other decisions ahead of a full review of the LMWMS.
8. The County Council has a statutory duty as a Waste Disposal Authority (WDA) to arrange for the treatment and disposal of waste collected in Leicestershire under the Environmental Protection Act 1990 (as amended) (the Act).
9. In December 2016, the Cabinet considered options for the treatment and disposal of waste in Leicestershire after 2020 and agreed that the Council should seek to enter into medium-term (i.e. up to 2028-2031) merchanting arrangements to utilise available waste treatment and disposal capacity within the marketplace.
10. In November 2017 the Cabinet agreed to purchase a share in the Coventry and Solihull Waste Disposal Company Limited and to enter into a waste disposal arrangement with that Company in order to divert more waste from landfill, reduce costs and generate savings.

### **Resource Implications**

11. This procurement contributes towards a wider savings target of £840,000 by 2023/24, linked to managing the County's residual waste within the current Medium Term Financial Strategy 2020 to 2024 (approved by the Council in February 2020).
12. The Director of Corporate Resources and Director of Law and Governance have been consulted on the content of this report.

### **Circulation under the Local Issues Alert Procedure**

13. None.

### **Officers to Contact**

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## **PART B**

### **Background**

14. The County Council has a statutory duty as a WDA to arrange for the treatment and disposal of waste collected in Leicestershire under the Environmental Protection Act.
15. The County Council had circa 168,000 tonnes of residual household waste not sent for recycling, reuse or composting in 2019/20.
16. In line with the national Resources and Waste Strategy the County Council is looking to reduce the amount of waste sent to landfill. Reducing waste to landfill will also help the County Council meet its commitments in its Environment Strategy 2021-2030, the Leicestershire Municipal Waste Management Strategy, and the Waste Disposal Authority Plan.
17. Since December 2016 the following key developments have occurred:
  - i. Since the closure of the Mechanical Biological Treatment (MBT) facility (located at Cotesbach) in February 2017 the Council has lost access to a strategic, non-landfill, weather resilient disposal outlet for residual waste. The closure of this facility has caused a greater reliance on landfill disposal. Landfill disposal is not an environmentally sustainable method of managing waste, moreover it is expensive (due to landfill tax) and provides limited service resilience because during high winds landfill sites are required to close.
  - ii. The County Council's resilience has further reduced with the closure of a number of local landfill sites, adding pressure to existing treatment contracts/capacity.
  - iii. The County Council has purchased a share in the Coventry and Solihull Waste Disposal Company which operates an Energy from Waste facility in Coventry and awarded a Service Level Agreement (SLA) to the Company. The share purchase has provided increased resilience, increased landfill diversion and further cost avoidance. The SLA aligns with the approach agreed by the Cabinet in December 2016 for managing residual waste including enabling the option of future joint working with appropriate partners.
  - iv. This Residual Waste Procurement process is the next step in securing treatment capacity for the remaining balance of waste thereby moving away from landfill as a disposal option for the County's waste and improving our resilience and environmental performance.

### **Procurement Process and Key Milestones**

18. The procurement method being used is a Competitive Dialogue Procurement Process.

19. An OJEU notice was published in July 2019. (This advertises, to the European public at large, a contracting authority's intention to let a contract, and is compulsory for procurements regulated by the Public Sector Procurement Direct). The potential value of the contract published on the OJEU notice was up to £465m over a potential 25-year contract term. Simultaneously, the Selection Questionnaire was issued and included some further background information regarding the current political, social and geographical characteristics of Leicestershire.
20. The Selection Questionnaire stage (collecting information to help decide which suppliers should be selected to participate in a tender exercise) was completed in August 2019.
21. In September 2019, Invitation to Submit Outline Solutions was issued. This included a document pack that informed the bidders how the procurement process would operate, how the bids would be evaluated, and information on the objectives and requirements of the procurement. Dialogue meetings with the bidders began in October 2019.
22. Outline solutions were submitted in January 2020 and evaluated by officers in accordance with the procurement process.
23. The Invitation to Submit Detailed Solutions was then issued in March 2020. Further dialogue meetings with bidders took place during May, June and July. Due to the lockdown restrictions in place from COVID-19, these were conducted using Microsoft Teams.
24. Detailed solutions were returned on 28 August 2020 and are currently subject to evaluation and moderation in accordance with the principles published in the document pack.
25. It is intended that selection of Preferred Bidder to be in February 2021 and Contract Award made soon after. The commencement date is subject to the particular solution proposed and, as per the Council's Minimum Requirements, contract commencement could be any time between 1<sup>st</sup> April 2021 and 31<sup>st</sup> March 2023.
26. Officers from Legal, Commissioning Support, and Finance have been fully involved in the process, ensuring the procurement and evaluation is legal and compliant.

### **Procurement Objectives and Minimum Requirements**

27. The Objectives of the procurement are:
  - To provide a reliable service to treat the County's residual waste that is resilient to unavailability as far as reasonably possible.
  - To contribute towards the delivery of the savings line; 'ET17 Future Residual Waste Strategy' in accordance with the Medium-Term Financial Strategy (MTFS) 2020 to 2024.

- To minimise the amount of waste landfilled through the use of waste treatment and to improve the environmental impacts of the waste disposed of by the Council by moving it up the waste hierarchy, i.e. move from a reliance upon landfill disposal; which is considered the lowest tier and the least sustainable means of managing waste to some form of treatment which produces energy during the recovery process.
- The Contract Period must align with the approach agreed by the Cabinet in December 2016 for managing residual waste. This procurement will manage the County's residual waste using merchanting arrangements in the medium-term whilst enabling collaborative working with appropriate partners in the long term to be explored.

28. Bidders must comply with a number of Minimum Requirements which include:

- A commitment to landfill diversion rates of over 85%.
- Solutions must be for waste treatment, not landfill disposal.
- A demonstrable commitment to meeting the County Council's aims of improving the social value for residents of Leicestershire as set out in its "[Social Value Policy Statement](#)" and the "[Leicestershire County Council Environmental Strategy 2018-2030](#)".

### **Equality and Human Rights Implications**

29. There are no equality or human rights implications arising from the recommendation in this report.

### **Background Papers**

Report to the County Council on 23 May 2012: Leicestershire Municipal Waste Management Strategy Update 2011

<http://politics.leics.gov.uk/ieIssueDetails.aspx?IId=31065&PlanId=0&Opt=3#AI31186>

Report to the Cabinet on 13 December 2016: Waste Post-2020

<http://politics.leics.gov.uk/ieListDocuments.aspx?CIId=135&MIId=4608>

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