

REPORT TO: Executive Board
DATE: 19 January 2017
REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources
SUBJECT: Waste Treatment Services
PORTFOLIO: Environmental Services
WARD(S): Borough-wide

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is;
- 1.1.1 To retrospectively report to Members details of a Waiver of Standing Orders that was authorised by the Chief Executive using his Emergency Powers;
- 1.1.2 To provide Members with details of contingency arrangements that are proposed to be put in place for the treatment or disposal of Halton's collected residual waste and to make recommendations as to how such arrangements should be secured, and;
- 1.1.3 To ask Members to approve the undertaking of a Tendering Exercise for the provision of a waste transport service that is expected to exceed £1m.

2. RECOMMENDED: That

- 1) Members note the Waiver of Procurement Standing Orders by the Chief Executive, on the grounds of an emergency, and the subsequent appointment of WSR Recycling Limited to carry out a service for the treatment/disposal of Halton's residual household waste during the period 30th November 2016 to 9th December 2016;**
- 2) the Strategic Director – Enterprise, Community & Resources be authorised, in consultation with the Executive Board Member for Environmental Services, to determine all matters and take all steps necessary to secure contingency arrangements for the treatment/disposal of Municipal Waste in the event that Halton is unable to deliver its Waste to the Resource Recovery Contract, including any procurement arrangements and contract award up to the value of £1m; and**
- 3) In accordance with Standing Order 2.1.1 of the Council's Procurement Standing Orders, Executive Board approve that a Tendering Exercise be carried out for the provision of a service for the bulk transport of residual Municipal Waste to the Resource Recovery Contract as set out in the report.**

3. SUPPORTING INFORMATION

Waiver of Procurement Standing Orders

- 3.1 The arrangement between Halton and the Merseyside Recycling and Waste Authority (MRWA) for all of Halton's collected residual waste to be treated under the Merseyside and Halton Resource Recovery Contract (RRC) commenced on 1st October 2016. From this date, Halton began delivering its waste, via bulk transport arrangements, to a Rail Transfer Loading Station (RTLS) in Knowsley where it was subsequently transported by rail to an Energy Recovery Facility at Wilton in Teesside.
- 3.2 Due to an unexpected operational problem, the Energy Recovery Facility was unable to accept waste for a short period from 30th November. As a result, the Council was required to put in place alternative arrangements for dealing with Halton's during the period that the Facility was not operating. Given the unanticipated nature of the problem there was no opportunity to secure alternate waste treatment arrangements via normal procurement routes and, due to the immediate and absolute need to have an outlet for Halton's residual waste, an Emergency Waiver of Standing Orders was sought.
- 3.3 In accordance with Standing Order 1.14.1, authorisation to waive the Council's Procurement Standing Orders can be approved by the Chief Executive where urgent action becomes necessary as a result of an unforeseen emergency. Given the circumstances set out in para 3.2 above, a request was made to the Chief Executive for approval to be given to appoint WSR Recycling Limited to deal with Halton's residual waste for the period of the Energy Recovery Facility unavailability. The anticipated value of the service to be carried out during this period was below EU Threshold. Having considered the circumstances and the justification for appointing WSR Recycling Limited, the Chief Executive approved the waiver request. Prior to the waiver request being approved, the Portfolio Holder for Environmental Services was consulted on the proposed action and was supportive.
- 3.4 Members are advised that Halton was able to recommence deliveries to the RRC from 12th December and that the total expenditure incurred in dealing with Halton's waste under the terms of the waiver approved by the Chief Executive was £88,983.40.

Contingency Arrangements for Dealing with Waste

- 3.5 For some time, Halton's residual waste had been committed to be sent to the RRC from 1st October 2016. On this basis, the Council's previous contractual arrangements for dealing with residual waste expired to coincide with this date. This means that should further operational difficulties be experienced with the Energy Recovery

Facility in Teeside, the Council could be left in a position where it has no arrangements in place for dealing with its residual waste. For this reason, it is requested that approval be given for contingent arrangements for the treatment or disposal of Halton's waste to be secured.

- 3.6 Given the limited time available for officers to consider the Council's options at the time of writing this report, it is recommended that the Strategic Director – Enterprise, Community & Resources, in consultation with the Executive Board Member for Environmental Services, be authorised to take all steps necessary to ensure that the Council has in place arrangements for the treatment/disposal of Municipal Waste in the event that Halton is unable to deliver waste to the Resource Recovery Contract.

Transportation of Waste to the RRC

- 3.7 At its meeting of 15th September 2016, Executive Board approved arrangements for the bulk transport of Halton's residual waste to the Rail Transfer Loading Station (RTLS) in Knowsley for the period 1st October 2016 to 31st March 2017. Members were advised that the cost of directly delivering waste to the RTLS would be more expensive than the cost of having a third party transport it on the Council's behalf. Furthermore, and notwithstanding the financial advantages, in reaching their decision Members had also considered that the bulk delivery of Halton's waste to the RTLS would;

- Maintain current performance levels
- Result in no alteration to current waste collection schedules
- Result in no disruption to members of the public
- Mean that no costs would be incurred in preparing new schedules or advising members of the public of new collection days
- Provide flexibility and better contingent arrangements to deal with operational changes or disruptions to service; such as breakdowns or inclement weather
- Ensure a reduced carbon footprint from less vehicle movements

The transportation of waste to the RRC will contribute towards the achievement of the Council's overall waste related objectives.

- 3.8 For the reasons set out above, the bulk transport of Halton's residual waste to the RTLS remains the best and most financially advantageous option for the Council. To this end, it is recommended that a procurement exercise be undertaken to maintain such waste transportation arrangements beyond 31st March 2017. A soft market testing exercise carried out earlier this year revealed that a longer contract term for this service will attract more competitive rates. It would result in the value over the life of the contract exceeding £1m.

3.9 In accordance with Standing Order 2.1.1 of the Council's Procurement Standing Orders, Executive Board are asked to approve that Officers undertake a tender exercise to procure services for the bulk transport of Halton's residual waste to the RTLS. If approved, it is expected that;

- The Contract Term will be 5 years, plus the option to extend at the Council's discretion for up to a further 5 years in 12 month increments.
- Based upon current estimates, the total contract value, assuming the award of the full 5 year extension period, will be circa £3m.
- The Contractor will be selected through an 'open' tendering process and the contract will be based upon an 80% Price/20% Quality evaluation scoring process.

3.10 The estimated costs associated with this contract will be met from the Council's contingency budget.

3.11 Project risks and controls will be managed through the procurement process and will be built into the Tender documentation; which will also include ensuring that the successful contractor complies with all relevant regulatory requirements. Having an initial contract term of 5 years, with the option not to pursue the contract thereafter, will provide financial control.

3.12 This report contains all of the information required under Procurement Standing Order 2.1.2.

4. FINANCIAL AND RESOURCE IMPLICATIONS

4.1 The financial implications are covered within the report.

5. POLICY IMPLICATIONS

5.1 There are no policy implications as a result of this report.

6. IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None identified

6.2 Employment, Learning and Skills in Halton

None identified

6.3 A Healthy Halton

None identified

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

None identified.

7. RISK ANALYSIS

Waste Treatment Contingency Arrangements

- 7.1 Should the Council fail to put in place contingency arrangements for the treatment or disposal of collected residual waste in the event of the non-availability of the RRC, there is a risk that the Council would be unable to collect waste from households within the borough and it would fail to carry out its statutory functions as a Waste Collection and Disposal Authority.

Waste Transport Arrangements

- 7.2 Should the Council choose not to procure services for the bulk transport of waste to the Rail Transfer Load Station in Knowsley there is a risk that, in directly delivering its waste, the Council will incur significantly increased costs. Additionally, it would likely have resource and operational implications.

8. EQUALITY AND DIVERSITY ISSUES

- 8.1 There are no equality and diversity issues as a result of this report.

9. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Executive Board Report 15 th September 2016 – Waste Treatment Services	Municipal Building Kingsway	Angela Scott