

REPORT TO: Executive Board Sub Committee

DATE: 25th January 2007

REPORTING OFFICER: Strategic Director - Environment

SUBJECT: Invitation to Tender for Waste Management
Related Contracts

WARD(S): Boroughwide

1.0 PURPOSE OF REPORT

- 1.1 To seek authority to carry out all necessary steps in relation to the procurement of the following contracts:

Contract A - Landfill Disposal

Contract B - Interim Arrangements for the Management and
Operation of Recycling and Household Waste Centres
(Civic Amenity Sites)

2.0 RECOMMENDED: That;

- 2.1 The Operational Director, Environmental & Regulatory Services (OD-ERS), be authorised in consultation with the Portfolio Holder for Environment Leisure and Sport, to proceed with the procurement process as outlined in the report and take all steps deemed appropriate (including the selection of tenderers) up to the point of receipt of tenders;
- 2.2 The tenders be reported back to the Executive Board for decision;
- 2.3 Should negotiations with the MWDA result in a conclusion that the subject matter of the proposed Landfill Disposal Contract (Contract A) could be included within arrangements being entered into by the MWDA, the OD-ERS shall be authorised, in consultation with the Portfolio Holder for Environment Leisure and Sport, to negotiate with the MWDA on that basis and shall be authorised to proceed with Contract A on the basis of the same contract period as proposed for Contract B.; and

2.4 Subject to the sanction of the European Commission to the non-application of the Public Procurement Rules, authority is given to negotiate extensions to contracts A and/or B.

3.0 BACKGROUND INFORMATION

- 3.1 The Councils contractual arrangements for Landfill Disposal and the Management and Operation of the Civic Amenity Sites end on 31st January 2008 and the Council now seeks to put in place contractual arrangements for these services as from 1st February 2008.
- 3.2 At its meeting of the 21st September 2006, the Executive Board resolved that a formal partnership with the Merseyside Waste Disposal Authority be established for the procurement of appropriate waste treatment and disposal for services and facilities (EXB 40/2006 refers). The Council is to be included in the joint procurement arrangements for the Management and Operation of the Councils Civic Amenity Sites as from October 2008, but not the Landfill Disposal Contract as the Mersey Side Waste Disposal Authority (MWDA) have already issued an OJEU notice and PQQ for landfill disposal.
- 3.3 The Council's consultants have not finalised their advice to the Council as to future arrangements with the MWDA. This means that a number of contingencies have to be provided for as explained later in this report. The time-scales are such, however, that the authorisations sought in this report must be dealt with before the advice from the Council's consultants has been finalised.

4.0 SUPPORTING INFORMATION

Contract A – Landfill Disposal

- 4.1 The Landfill Disposal Contract will commence on 1st February 2008. Halton will seek to participate with the MWDA on joint Landfill Disposal arrangements at the first opportunity. Given the review periods within the MDWA contract, the period of the Contract A could be between 5 years & 8 months, and 8 years & 8 months.
- 4.2 The estimated value of Contract A (excluding landfill tax) is shown below;

Estimated annual value - £621,000

Estimated value for 5 years and 8 months - £3.90 million

Estimated value for 8 years and 8 months - £6.98 million

Contract B - Provision of Interim Arrangements for the Management and Operation of Recycling and Household Waste Centres (Civic Amenity Sites)

- 4.3 The Council has a statutory duty to provide facilities for members of the public to deposit household waste and this contract is for the management and operation of the Council's 2 current facilities at Johnson's Lane in Widnes and Picow Farm Road in Runcorn.
- 4.4 Interim Arrangements for the Management and Operation of the Councils Civic Amenity Sites are required from 1st February 2008 for a period of 8 months.
- 4.5 The estimated value of Contract B is £690,000 (excluding landfill tax), based on the existing specification.

Procurement Process

- 4.6 As Contract A is over £1million then Part 2 of Procurement Standing Orders applies, and as Contract B is under £1million, Part 3 of Procurement Standing Orders could apply. However, both contracts exceed EU thresholds and will be treated in the same way (i.e. both under Part 2)
- 4.7 Given the EU thresholds involved, The Council will be using EU Procurement Regulations and the method of tendering being asked for is the Restricted Procedure.
- 4.8 Consultants have been appointed to carry out the procurement process on the Council's behalf due to their links with the Merseyside documentation used.

Contingency Arrangements

- 4.9 The first two recommendations in this report deal with the actions, which the Council will need to take based on information known at the date of preparing the report. However, despite the position set out at paragraph 3.2 above (which represents the current advice given to the Council) the Council's consultants are still evaluating the process of integrating into the arrangements being prepared by the MWDA. There are a number of possible outcomes of that evaluation which could impact on the Council's proposals for either of both of the contracts, which are the subject of this report.
- 4.10 First, the advice could be that Contract A could be included within the MWDA arrangements in the same way as Contract B. Should this happen Contract A would only need to be for the same short interim period as Contract B. This contingency is dealt with in recommendation (3).
- 4.11 Secondly, the advice could be that the Council's existing contracts (or at least, Contract B) could be extended (by mutual consent) for the short period between their contractual end dates and the beginning of the MWDA arrangements. This contingency would not apply to

Contract A, unless the advice in paragraph 4.10 above is that Contract A could be included within the MWDA arrangements. The contingency of extending contracts would be highly desirable in view of the short length of the proposed contracts. Unfortunately, simply extending the existing contracts would contravene EU procurement rules. The Council's consultants have therefore been requested to seek consent from the European Commission. This contingency is dealt with in recommendation (4).

5.0 FINANCIAL, POLICY AND OTHER IMPLICATIONS

- 5.1 The estimated contract values are indicated above. Costs would be met from existing Waste Management Budgets, subject to budget approval.
- 5.2 There are no Policy or other implications as a result of this report.

6.0 RISK ANALYSIS

- 6.1 This is not a new project but is the continuation of meeting Halton's statutory obligations since becoming a Unitary Authority. The risks associated with this project are no different from those associated with the current contracts. Risk control measures will be updated using new contract documentation, and strengthened by the options contained within the report recommendations.

7.0 LINKS TO CORPORATE OBJECTIVES

- 7.1 These contracts will contribute towards the Council's Priorities in relation to Corporate Effectiveness & Business Efficiency, and Halton's Urban Renewal and enable the Council to meet the requirements of its Municipal Waste Management Strategy

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

Document	Place of Inspection	Contact Officer
Working Documents	Lowerhouse Lane	Andy Horrocks