

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Corporate Director for Place  
to  
**Cabinet**  
on  
**18 March 2014**

Report prepared by: Dipti Patel (Head of Public Protection)

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**Essex and Southend Waste Partnership Programme  
Bio-Waste Treatment Report  
Executive Councillor: Councillor T. Cox**

**A Part I Public Agenda Item**

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## **1. Purpose of Report**

- 1.1** To update the Cabinet of the outcome of the procurement exercise for a long term bio-waste treatment contract and to seek agreement for Essex County Council to award the contract to the preferred bidder.

## **2. Recommendations**

- 2.1** The Cabinet agree for Essex County Council to award the “Bio-waste Treatment Contract for long term bio-waste treatment to the preferred bidder.
- 2.2** The Cabinet agree Essex County Council to sub-lease of 5.4 hectares of the Courtauld Road site to the preferred bidder for the construction and operation of a bio-waste treatment facility.
- 2.3** The Cabinet agree to include the food waste treatment for Southend Borough Council in the Joint Working Agreement between Essex County Council and Southend-on-Sea Borough Council.
- 2.4** Cabinet agree to delegate authority to the Head of Public Protection and Waste in consultation with the Head of Assets and Resources and the Head of Legal and Democratic Services and Essex County Council’s Head of Commissioning Sustainable Essex Integration and Waste to finalise the Joint Working Agreement in consultation with Head of Finance and Legal Services.
- 2.5** Members are asked to agree to the award of the contract, but because the terms are subject to notification by ECC the details of the award are contained in a confidential Part II appendix which will be circulated at the Cabinet meeting.

### **3. Background**

- 3.1 The Essex Waste Partnership comprises Essex County Council, Southend Borough Council and the Essex waste collection authorities.
- 3.2 A Member Waste Project Board was set up to deliver the 2009 Outline Business case and this Council's representatives on the Board are: the Deputy Leader; the Portfolio holder for Public Protection, Waste & Transport; and the Portfolio holder for Planning. This Board is supported by an Officer Project Delivery Board.
- 3.3 Essex County Council (ECC) and Southend-on-Sea Borough Council (SBC) as waste disposal authorities have a legal obligation under the Environmental Protection Act 1990 to manage the treatment and disposal of waste collected by the waste collection authorities within their boundary. ECC and SBC must manage the disposal of collected waste in order to comply with the European Landfill Directive 1998.
- 3.4 The Outline Business Case (OBC) was produced, and agreed by both Authorities in 2009 which was approved and accepted by DEFRA. The Business Case is based upon a single treatment site solution which was subsequently agreed by both Council's together with the appropriate funding in the respective budgets.
- 3.5 DEFRA is also a partner to the 2009 OBC as circa £100 million of PFI Credit funding has been offered for the Residual Waste Treatment Facility (RWTF) project. It should be noted that PFI Credits have recently been renamed Waste Infrastructure Grant (WIG). A Final Business Case (FBC) was produced and submitted to Defra in March 2012 outlining the procurement journey, cost and quality outcomes for the Bio-waste Treatment Contract. This document supported the Partnerships application for the expected Waste Infrastructure Grant funding. The FBC was approved by Southend Borough Council at both Cabinet and Council in March 2012.
- 3.6 The Outline Business Case 2009 is an infrastructure delivery programme which includes:
- A mechanical biological treatment facility within Essex, which removes recyclables from the residual waste [black sacks] and the reduced outputs will be burnt as a Refuse Derived Fuel (RDF).
  - An Anaerobic Digestion [AD] facility within Essex to treat food waste. The facility will produce a compost and methane to generate heat and 'green' electricity.
  - A network of waste transfer stations to deliver waste to these treatment facilities. The transfer station for Southend is at the Council's, Central Cleansing Depot, in Eastern Avenue.
- 3.7 ECC appointed UBB (Essex) Ltd in May 2012 as its contractor for the construction and operation of a Mechanical Biological Treatment (MBT) facility for the processing of residual waste collected by the waste collection authorities within the Essex.

- 3.8 Southend Borough Council has entered a Joint Working Agreement (JWA) Contract with Essex County Council which is a contractual document between both authorities that details the obligations on both parties.
- 3.9 The MBT facility is currently under construction in Basildon and is anticipated to start accepting and processing waste in July 2014.
- 3.10 The Bio-Waste facility will be the full responsibility of Essex County Council to manage with the contractor. Southend Borough Council will only be required to pay a 'gate fee' as agreed within the procurement contract for using the facility to treat Southend food waste.

#### 4. Procurement Contract Timetable

4.1 The stages of the project are detailed as follows:

| Action  | Date                           |
|---|--------------------------------|
| Issue of OJEU advertisement – expressions of interest invited and 11 Bidders responded  | 18 <sup>th</sup> December 2012 |
| Issue of Invitation to Submit Outline Solutions to 6 Shortlisted Bidders following evaluation of Pre-Qualification Questionnaires | 14 <sup>th</sup> June 2013     |
| Issue of Invitation to Dialogue to 4 shortlisted Bidders following evaluation of Outline Solutions                                | 14 <sup>th</sup> October 2013  |
| Close of Dialogue and issue Invitation to Submit Final Tenders  | 20 <sup>th</sup> December 2013 |
| Submission of Final Tenders   | 16 <sup>th</sup> January 2014  |
| Preferred Bidder Notification   | 17 <sup>th</sup> March 2014    |
| Southend-on-Sea Borough Council Cabinet meeting to agree Preferred Bidder   | 18 <sup>th</sup> March 2014    |
| Waste Collection Authorities informed of outcome and impacts for them, press release  | 19 <sup>th</sup> March 2014    |
| ECC Commercial Savings Project Board  | 23 <sup>rd</sup> April 2014    |
| ECC Cabinet Decision  | 20 <sup>th</sup> May 2014      |
| Key Decision call-in period ends  | 23 <sup>rd</sup> May 2014      |
| Alcatel Period ends   | 30 <sup>th</sup> May 2014      |
| Contract Award  | W/C 2 <sup>nd</sup> June 2014  |
| Planning Approval Date (Courtauld Road) and Financial Close   | November 2014                  |
| Planned construction and commissioning completion at Courtauld Road   | June 2016                      |
| Planned Service Commencement Date   | July 2016                      |

4.2 The preferred bidder will be notified on 17 March 2014 by ECC. The contract will be awarded by ECC following their Cabinet, which will be held on 20 May 2014.

#### 5. Other Options

5.1 The indicative costs identified do offer value for money to the authority compared to the existing waste framework agreement. However, there is provision to hard market test food waste treatment provision to determine value for money. This can be explored at any time during the contractual term of the bio-waste contract and this is covered within the Joint Working Agreement.

## **6. Reasons for Recommendation**

- 6.1 To secure a long term disposal arrangement for food waste as an alternative to landfill as defined within the MBT strategy both achieve savings on landfill and providing an environmentally sound solution.

## **7. Corporate Implications**

This proposal is consistent with the Council's aims because it is a partnership arrangement which aims to deliver value for money and protect the environment. The MBT Contract forms part of the delivery of the Joint Municipal Waste Management Strategy (JMWMS) which sets out the approach for the development and delivery of local authority waste management. SBC has a Joint Working Agreement with ECC which manages SBC's contribution to the contract obligations.

### **7.1. Contribution to Council's Vision & Corporate Priorities**

Reduce overall household waste growth, increase recycling, minimise landfill, deliver a "long term" solution to waste disposal and minimise our impact on the natural environment.

### **7.2 Financial Implications**

It will be financially prudent to take Southend's household food waste to the facility at an agreed gate fee rate which falls within the affordability range within the Financial Business Case for Southend Borough Council.

The costs are comparable to that currently paid under the existing framework agreement.

### **7.3. Legal Implications**

The Joint Working Agreement document which was agreed by the Council in May 2012 will be updated to reflect Southend legal responsibilities in respect of Bio Waste.

### **7.4 People Implications**

None

### **7.5 Property Implications**

Under the terms of the Joint Working Agreement SBC will have to pay an annual lease, which will be based on the proportionality of the food waste volume that is sent to the plant by SBC.

### **7.6 Consultation**

The infrastructure build for the facility would have included public consultation under the Waste Development Document to obtain waste planning development permission. This was undertaken by ECC, who is the Waste Planning Authority.

## **7.7 Equality and Diversity implications**

In making this decision the Council must have regard to the public sector equality duty (PSED) under s.149 of the Equalities Act 2010, ie have due regard to the need to: A Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. B Advance equality of opportunity between people who share a protected characteristic and those who do not. C Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The PSED covers service users, staff and members of public as a whole who are potentially affected by the proposals addressed in the Report.

The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s.149. It is only one factor that needs to be considered and may be balanced against other relevant factors. It is, however, important to demonstrate that it has been considered.

This decision was screened for Equality and Diversity issues as part of the award of the MBT Contract on 21<sup>st</sup> March 2012, and it is not considered that the recommendation to procure and award a Refuse Derived Fuel Disposal Contract will have a disproportionately adverse impact on persons who share any relevant protected characteristic. Therefore a Section 2 Equality Impact Assessment is not considered necessary.

## **7.8 Risk Assessment**

Southend Borough Council has a contractual obligation under the Joint Working Agreement with Essex County Council, which identifies the risks and implications for both authorities.

## **7.9 Value for Money**

The indicative costs identified do offer value for money to the authority compared to the existing waste framework agreement. Future value for money assessments can be explored during the contractual term of the bio-waste contract and this is covered within the Joint Working Agreement.

## **7.10 Community Safety Implications**

None

## **7.11 Environmental Impact**

An Environmental Impact Assessment was completed which formed part of the process in obtaining planning permission for the infrastructure build and

subsequent waste treatment & transfer. This was undertaken by Essex County Council, who is the Waste Planning Authority.

## **8. Background papers**

- 8.1 ECC Joint Municipal Waste Management Strategy – <http://bit.ly/1cNQadM>
- 8.2 Southend-on-Sea Borough Council Municipal Waste Management Strategy – <http://bit.ly/HJ3CBh>
- 8.3 Residual Waste Treatment Contract, May 2012.
- 8.4 Cabinet Decision for ECC/SBC Waste Partnership – JWA.

## **9. Appendices**

To be circulated at the Cabinet meeting as a Part II Appendix.