

**DECISION OF:** EXECUTIVE MEMBER FOR NEIGHBOURHOODS AND COMMUNITY SERVICES.

**WITH ADVICE FROM:** DIRECTOR OF PLACE, S151 OFFICER AND HEAD OF STRATEGIC PROCUREMENT

**DECISION NO:** 22/23 DP 543

**SUBJECT:** CONTRACT AWARD FOR WASTE TRANSFER STATION OPERATIONS AND OUTWARD HAULAGE

**KEY DECISION:** YES

This decision is not listed in the April Forward plan. Access to information rules have been followed.

**REASON:**

The decision is over £500,000 and affects more than 2 wards.

**BACKGROUND:**

1. The Council has a statutory duty to collect and arrange for the receipt and disposal of household waste and other waste arising within North Somerset. This function is currently carried out through a contract with Enovert which expires on 29<sup>th</sup> February 2024. The operation of the waste transfer station (WTS) and outward haulage to treatment/ disposal sites is currently included within this contract. Full details of the current arrangements, option analysis and the recommendation for the future delivery of the service are contained within the executive report presented at the meeting of 8<sup>th</sup> February 2023 and provided as a background document to this report.
2. At the Executive meeting on 8th February 2023 the Executive made the following resolution:  
“To delegate to the Executive Member for Neighbourhoods and Communities, the authority to award the waste transfer station and haulage contract to NSEC (North Somerset Council’s wholly owned arm’s length company) via the Teckal exemption, providing their business case provides a best service delivery option for the council and is costed within the budget envelope listed in exempt item section 5 “Financial” in its entirety.”
3. On receipt of a full business case and pricing submission from NSEC, officers undertook a detailed evaluation, alongside advice from industry experts. This evaluation determined that the business case from NSEC was a very good quality submission in terms of service delivery, and financial analysis concluded that the proposal was affordable within the wider budget envelope for waste transfer and

disposal, and furthermore represented best value for the council. Further details of the evaluation are provided in appendix 1.

4. The financial analysis and subsequent negotiation has enabled the cost of the delivery through the NSEC business case to be delivered for within 101.5% of the agreed financial envelope. It is estimated that in the commercial market this would be likely to cost in excess of 10% above the established budget for the service. The NSEC submission at 1.5% above budget is not a significant deviation from the budget envelope set in section 5 of the 8 February 2023 report (an exempt item due to commercial sensitivity) and the small amount of additional budget required can be covered by adjusting the overall budget for all transfer and haulage services. Therefore, the award of the contract to NSEC is recommended.

### **DECISION:**

That the contract for the waste transfer station operations and outward haulage be awarded to North Somerset Environment Company for a term of 7 years from 1 March 2024, with the option for extending for another 7 years.

### **REASONS:**

- The current contract with Enovert is due to end 29<sup>th</sup> February 2024 with no option to extend.
- NSEC already delivers the council's waste collection service and research by Eunomia indicated benefits from the same contractor running the operation of the WTS.
- The NSEC shareholder board have included the expansion of the company, specifically to run the WTS, in their business plan which has been agreed.
- Evaluation of the NSEC business case and pricing model was found to be of best value in terms of cost and service.
- Research by Eunomia suggested that going out to full tender now could cost the council a lot more than the budget envelope due to the increase in fuel costs and other market factors.

### **OPTIONS CONSIDERED:**

- Use the Teckal exemption to direct award the WTS operations and outward haulage to NSEC, providing their business case and contract cost show best value for money.
- Produce a commissioning and procurement plan to go out to market. At this stage in the project timeline, it would severely impact on the contract mobilisation and potentially cost more than budgeted.

### **FINANCIAL IMPLICATIONS:**

#### Cost:

The full-service NSEC contract cost has been agreed as £ 9,505,916 for 7 years (which is equivalent to £1,357,988 per annum).

It should be noted that the contract value is based on a 2022/23 delivery cost and therefore will require an inflation mechanism to be agreed to uplift the price in preparation for the 2024 start date; this will be reflected within the MTFP for 2024/25.

### Funding:

The budget envelope identified for the contract is £1.340m – this is the existing budget currently allocated to the Enovert contract and does not yet include inflation for 2024/25.

As noted above the full-service NSEC contract cost is £1,357,988, which is £17,988 over the identified budget envelope. It is anticipated that this funding shortfall can be met by underspends elsewhere within the Waste service budgets, however if required can be drawn down from the Waste reserve ZXB410 in the short-term, until a sustainable funding solution is identified by the service.

### **GOVERNANCE ARRANGEMENTS**

Reporting/ monitoring will be undertaken by the Head of Service at monthly contract meetings to be held with the Managing Director and Operations Director of NSEC.

Day-to-day contract issues will be monitored and resolved between the NSEC and NSC Waste and Recycling contract team.

Any significant change to service that would be considered; financially, politically or reputationally sensitive will follow our current governance arrangements and with engagement through the Executive Member, Scrutiny and Executive Panel as appropriate.

### **LEGAL POWERS AND IMPLICATIONS**

N/a

### **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

Under NSEC's management, the Waste Transfer Station and Haulage will operate in-line with Council's aim to reduce, where practicable, the carbon footprint.

### **CONSULTATION**

#### External

- Eunomia, market specialists in the waste and recycling industry
- Enovert (existing service provider)
- North Somerset Environment Company (NSEC)

#### Internal

- Executive Member for Neighbourhoods and Community Services
- Executive Member for Climate Emergency
- CLT/ Informal Executive
- Place Scrutiny
- Waste Board (advisory board)

## RISK MANAGEMENT

Risk 1	Contract award decision sign off to NSEC impacting mobilisation period. <ul style="list-style-type: none"><li>• Impact: known supply chain for machinery orders which could result in us needing interim measures (hire fees) ££</li><li>• Mitigation: use agreed delegation from February 2023 Executive and contract award in April 2023, giving NSEC 10 months lead time</li></ul>
Risk 2	Decide to go out to market. <ul style="list-style-type: none"><li>• Impact: time to write and sign off commissioning and procurement plan, along with tender process and evaluation would impact mobilisation (as noted in Risk 1)</li><li>• Mitigation: aim for the June 2023 Executive for sign-off and closely monitor timeline to avoid delays, look for further budget to support any interim arrangements</li></ul>
Risk 3	Decide to go out to market. <ul style="list-style-type: none"><li>• Impact: the contract tender responses come back more expensive than the cost model proposed by NSEC due to the increase in fuel costs</li><li>• Mitigation: Review the NSEC bid in light of this - shortfall can be met by underspends elsewhere within the Waste service budgets</li></ul>

## EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes

## CORPORATE IMPLICATIONS

None

## APPENDICES


Appendix 1 Eunomia scoring and evaluation of NSEC business model and pricing submission.

## BACKGROUND PAPERS

[Executive Member report - 08 February 2023 - Commissioning and Contract for operation of the waste](#)

**SIGNATORIES:**

**DECISION MAKER:**

**SIGNED:**  Executive Member for Neighbourhoods and Community. In accordance with delegation EXE 83. 8 February 2023 Executive


Date: 2 May 2023

**Signed:**  Director of Place

Date: 2 May 2023

**Signed:**  S151 Officer

Date: 2 May 2023

**Signed:**  Head of Finance. On behalf of Head of Strategic Procurement. In accordance with delegated authority 22/23 CSD 127

Date: 2 May 2023