

## **Cabinet Meeting on Wednesday 21 July 2021**

### **Waste Management – Retender for the Disposal of Sweepings and Gully Waste**



**Cllr Simon Tagg, Cabinet Member for Environment, Infrastructure and Climate Change said,**

“As a county council, we are committed to caring for our environment and how we manage waste goes hand in hand with this.

‘This procurement exercise will allow us to explore all the options for managing waste from our roads and get the best deal for taxpayers’ money.’”

#### **Report Summary:**

Staffordshire County Council (SCC) is undertaking a procurement to provide treatment facilities for sweepings (street cleaning residues) collected by Staffordshire Waste Collection Authorities (WCAs) and gully waste collected by Amey LG (Amey) on behalf of SCC. All references to sweepings in the text should be assumed to include gully waste.

Sweepings collected by Staffordshire WCAs are currently treated under arrangements procured by Warwickshire County Council, and involving, in addition to Warwickshire, SCC, Leicestershire County Council, Worcestershire County Council and Coventry City Council. The current arrangements will end on 2 January 2022 and there are no further extensions available.

Warwickshire County Council intend to re-procure for sweepings treatment on a partnership basis. SCC had expressed interest in potentially joining such a partnership arrangement. The outcome of Warwickshire County Council’s procurement will however not be known until November 2021. If the Warwickshire procurement does not provide an acceptable solution for the treatment of Staffordshire’s sweepings, there would be insufficient time between November 2021 and January 2022 for SCC to procure an alternative service.

In order therefore to ensure that SCC is not exposed to the risk of a potentially less than optimum arrangement for the treatment of sweepings, SCC will undertake a separate procurement exercise to provide sweepings treatment designed expressly to meet Staffordshire’s requirements.

It is anticipated that the aggregate value of this contract, assuming all of SCC’s sweepings plus Amey gully waste, over a total term of 7 years would exceed £2.5M.

## **Recommendation**

I recommend that Cabinet:

- a. Delegate authority to the Director for Economy, Infrastructure and Skills, in consultation with the Cabinet Member for Environment, Infrastructure and Climate Change, to let a contract (or contracts) between SCC and the successful tenderer (or tenderers) in the event that a combination of service providers provides the optimum solution.

<b>Local Members Interest</b>
N/A

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#### **Recommendations of the Cabinet Member for Environment, Infrastructure & Climate Change**

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#### **Report of the Director for Economy, Infrastructure and Skills**

##### **Reasons for Recommendations:**

##### **Service History**

1. Prior to 2012, all the sweepings collected in Staffordshire were disposed of to landfill. Between March 2008 and April 2011 Landfill tax increased from £24 per tonne to £56 per tonne. This increase prompted the waste management industry to develop sweepings treatment facilities as a more financially competitive and environmentally beneficial alternative to landfill. In 2011/12, following a procurement exercise undertaken by Warwickshire County Council, Suez designed and constructed a new sweepings treatment facility at Neachells Lane in Wolverhampton.
2. The format of the procurement exercise undertaken by Warwickshire County Council enabled other authorities to enjoy the benefits of the Suez treatment facility on equal terms and conditions. Over a period of two years as the development of the plant and its capacity increased, more and more of SCC's sweepings were treated by Suez. In 2016, Suez opened a second treatment facility at Coleshill, and agreed that existing customers could have access to the new plant under the existing terms and conditions.
3. As of the date of this Report, all sweepings collected by the WCAs in Staffordshire, and gully waste collected by Amey on behalf of SCC, are treated under the contractual arrangements between SCC and Suez Recycling and Recovery UK. This treatment contract will end on 2 January 2022.
4. Three of the Staffordshire WCAs direct deliver their sweepings to the Suez treatment facility at Neachells Lane in Wolverhampton. Sweepings collected by the

remaining five WCAs are bulked up at different locations before transfer either to the Suez facility at Neachells Lane, or to the Suez facility at Coleshill.

5. In addition to the costs of treatment, SCC incurs transfer costs in respect of sweepings from 7 of the 8 waste collection authorities.

### **Proposed Service Provision**

6. The combined annual total of sweepings and gully waste treated under the existing contractual arrangements is approximately 12,500 tonnes, of which total approximately 1,200 tonnes is gully waste. As a result of the considerable geographic spread between the Staffordshire WCAs there are a variety of different sweepings handling and transfer arrangements in place for sweepings from different WCAs. A summary of the existing arrangements is provided in paragraphs below, followed by an overview of the proposed procurement process.
7. Four of Staffordshire's WCAs have secure long term access to transfer facilities, from where their respective sweepings are currently transferred to Suez:
  - a. Newcastle-under-Lyme Borough Council: Knutton Lane Depot, Newcastle
  - b. Staffordshire Moorlands District Council: Leek Transfer Station, Leek
  - c. Tamworth Borough Council: Sandyway Depot, Tamworth
  - d. Stafford Borough Council: Stone sweepings dewatering facility, Stone HWRC, Stone
8. East Staffordshire Borough Council (ESBC) sweepings are bulked at a transfer facility located in Burton on Trent. The sweepings are then transferred to the Suez treatment facility at Coleshill as part of an entirely separate haulage contract with contract term ending on 31 March 2024.
9. The primary purpose of this haulage contract is to transfer ESBC's domestic waste to the Staffordshire Energy Recovery Facility (ERF) at Four Ashes. The requirement for a transfer facility for ESBC's waste will therefore continue until 2039, and the transfer of sweepings could potentially continue to be accommodated at such a transfer facility.
10. Lichfield District Council (LDC), Cannock Chase District Council (CCDC) and South Staffordshire District Council (SSDC) all direct deliver sweepings to the Suez sweepings treatment facility at Neachells Lane. This method of delivery is operationally practical due to the close proximity of the Suez treatment facility to these WCAs, but would be impractical with a more remote treatment facility. SCC makes tipping away payments to LDC and CCDC in respect of their sweepings deliveries.
11. In the short term, there is no transfer facility available at which LDC, CCDC and SSC could bulk up their sweepings for subsequent transfer to a remote treatment facility.
12. If following this procurement it became necessary to develop a transfer facility for sweepings from LDC, SSC and CCDC, SCC could develop such a facility on the

lower level at Cannock HWRC. It is worth noting that, subject to compliance with the conditions in the Environment Agency's Regulatory Position Statement 65, there is no requirement for an Environmental Permit for the storage and dewatering of street sweepings.

13. A number of options were considered for the format of the proposed tender, including collected prices from existing transfer stations, collected prices from as yet unidentified transfer facilities provided by tenderers, and/or collected prices from a variety of HWRCs. With eight sources of sweepings, potentially multiple treatment facilities and collection points, the assessment process would easily become unwieldy and opaque.
14. It was determined that tenderers should be asked to submit a Gate Fee for treatment of sweepings delivered to their chosen facility. The assessment process will include internal costs, i.e. any costs incurred in delivering sweepings from the point of collection to a treatment facility.
15. The tender documentation will make clear that the assessment process will include both the submitted Gate Fee and SCC's internal costs.
16. The tender documentation will also state that SCC reserves the right to appoint more than one service provider where this option provides the most economically advantageous solution.

### **Alternatives**

17. As detailed in paragraphs 31 and 32, WCAs have a statutory duty to keep land and highways for which they are responsible clean and clear of litter and refuse.
18. As detailed in paragraphs 31 and 32, SCC has a statutory duty to arrange for the disposal of controlled waste collected by the WCAs.
19. It is therefore not an option for SCC to fail to provide a treatment or disposal route for sweepings.
20. The sweepings treatment facilities developed and operated by the waste management industry provide the most economically and environmentally beneficial treatment or disposal route for sweepings, and result in 35% of sweepings being recycled and 65% being beneficially recovered via restoration.
21. There are two potential alternative disposal options, both of which are more costly than treatment, and neither are straightforward:
22. Dewatered sweepings could in theory be disposed of to landfill but would attract Landfill Tax at the active rate of (2021/2) £96.70 per tonne plus disposal costs of circa £20 per tonne. This cost is substantially above the anticipated £30 to £35 per tonne Gate Fee for sweepings treatment. Disposal to landfill would result in zero recycling or recovery of any material from the sweepings.

23. Dewatered sweepings could theoretically be disposed of at an ERF, but the residual moisture content would adversely affect the cross validation (CV), the significant (and recyclable) aggregate content of sweepings would not burn, and the organic matter currently put to beneficial use in land restoration would be lost.

### **Risks Identified**

24. The provision of a treatment or disposal route for sweepings collected by Staffordshire WCAs is a statutory obligation for SCC. The service provision that is the subject of this report is therefore neither optional, new nor politically contentious. An equivalent service has been operating successfully by the incumbent contractor since 2012.
25. If Cabinet decided not to grant delegated authority to the Director of Economy, Infrastructure & Skills in accordance with the recommendations of this report, the lead times for submission of a report to Cabinet are such that the existing contract will have ended. Staffordshire County Council would then be unable to provide the WCAs with a contracted disposal route for sweepings.
26. There is a finite sweepings treatment capacity available in the West Midlands. The current service provider, Suez, is well aware of the end date for the existing contract. The current Warwickshire County Council contract and related arrangements provide treatment capacity for more than 25,000 tonnes per annum from various local authorities. Suez will therefore be keen to secure continuity of sweepings feedstock to their facilities following the end of the existing contract term. If Staffordshire is last in the queue for contracting with treatment facilities, there is a risk that the local treatment capacity will already be committed elsewhere.

### **Legal Implications**

27. Under Section 89 of the Environmental Protection Act 1990 (EPA) it is the duty of each local authority to ensure that any land or highway for which it is responsible is kept clean and clear of litter and refuse. In the context of this procurement the term "local authority" refers to each of the eight Staffordshire WCAs.
28. Under Section 51 of the EPA it is the duty of the waste disposal authority to arrange for the disposal of the controlled waste collected in its area by the WCAs. In the context of this procurement SCC is the waste disposal authority.
29. The potential value of spend for the services lends the procurement process to strictly follow the Public Contract Regulations 2015 (the Regulations). The implications of any process failing to follow these Regulations could lead to serious legal challenges to SCC with the probable halt by a court on any contract award. We are not aware of any other legal implications at the time of writing this report.

### **Resource and Value for Money Implications**

30. The annual combined tonnage of sweepings and gully waste collected varies but for budget purposes and average of 12,500 tpa is a reasonable estimate. The Gate Fee under the current contract in 2021 is £32.95 per tonne. If it is assumed that the

Gate Fee under the new Contract will be in the range £30 to £35, the budget cost for a 7 year contract term (5 years initial plus 2 x 1 year optional contract extensions) would be between £2.6M and £3.1M.

31. The internal cost element will depend on where the treatment facility or facilities are located. Currently the equivalent internal costs range between £20 per tonne (using a third-party transfer facility) and zero for direct delivered sweepings. Assuming a median cost of £10 per tonne, the additional internal costs would be of the order of £0.9M
32. This service is budgeted for within the Waste Budgets.

### **Conclusion**

33. SCC has a statutory duty to provide treatment or disposal for sweepings collected by WCAs in Staffordshire.
34. The existing contractual provision will end on 2 January 2022. In order to ensure that SCC is not exposed to the risk of a potentially less than optimum arrangement for the treatment of sweepings procured by Warwickshire County Council, SCC will undertake a separate procurement exercise to provide sweepings treatment designed expressly to meet Staffordshire's requirements.
35. The contract or contracts resulting from the procurement will both provide continuity of an existing service and enable SCC to meet statutory obligations as required by the EPA 1990. The proposed procurement and the resulting service provision are therefore neither optional nor politically contentious. This report therefore recommends that Cabinet grant the Director of Economy, Infrastructure and Skills delegated authority to let a contract or contracts for the treatment of sweepings.

### **List of Background Documents/Appendices:**

Community Impact Assessment – Summary Document

### **Contact Details**

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