

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Cabinet
18 July 2023

Report Title: Separate Food Waste Processing Contract

Submitted by: Service Director of Sustainable Environment

Portfolios: Sustainable Environment

Ward(s) affected: All

Purpose of the Report

For Cabinet to approve the award of a contract for the processing of separately collected food waste collected from the Councils kerbside food waste collection service.

Recommendation

That

1. **The contract for processing separately collected food waste is awarded to bidder C with a contract start date of the 1st August 2023, for a two year term, with an option to extend by a further two year extension, subject to satisfactory performance as deemed by the Council.**

Reasons

It is vitally important to have robust and sustainable contracts and arrangements in place to process food waste collected by the Councils separate food waste collection service

1. **Background**

- 1.1 Newcastle under Lyme Borough Council has separately collected food waste since 2010, and was one of the first authorities in the Country to do so. Separate collections of food waste are mandated in Wales and Scotland, and will be mandated in England and Northern Ireland from 2025, as part of the Consistency in Collections part of the national Resource and Waste Strategy (RAWS).
- 1.2 The current contract was procured in 2015, and is in place until the end of August 2023, with potential extension taking it up to July 2024.
- 1.3 The Council is an active member of the Staffordshire Waste Partnership (SWP), which reports through to the Staffordshire Sustainability Board (SSB). With separate collections of food waste being mandated by government, SWP chose to use the opportunity to combine going out to procurement for the Councils separate food waste contract, to provide a framework contract which would allow the other Waste Collection Authorities (WCA's) in Staffordshire to have arrangements in place for processing food waste ahead of them having to introduce separate collection services.

2. Issues

- 2.1 The market for processing separate food waste is currently very competitive, with plenty of capacity especially in the midlands to take separately collected food waste from local authority collections as well as food waste from the retail and commercial sector. As Anaerobic Digestion Plants (AD) create renewable energy from the process of treating food waste, they have benefited from higher energy prices experienced over the last couple of years. With capacity existing in the system, food waste going to AD can attract an income from the supplier, rather than a traditional gate fee being paid to treat the material.
- 2.2 With all LA's having to separately collect food waste moving forward, the capacity existing in the market currently will be quickly absorbed, and therefore potentially changing the favourable economics to suppliers currently being experienced. With this in mind a decision was made to go out to procurement sooner and not taking the option of the further extension available in the existing contract.

3. Proposal

- 3.1 The procurement process has been undertaken on behalf of the SWP by the County Councils Procurement team, and was broken down into 2 individual lots. This Council was lot number one. Tenderers were asked to provide costs / income for haulage from Knutton Lane Transfer station, as well as processing costs.
- 3.2 The procurement documents stated evaluation would take place on a split between quality and price, with price being awarded 80% of the marks and quality 20%.
- 3.3 Five bidders in total put in tenders for the Councils lot 1. The five bidders for the Council will be referred to as bidders A, B, C, D, & E.
- 3.4 These bids have been fully evaluated and moderated, with the outturn scores given in the table below. –
- 3.5 Outcome table

	Compliance	Quality	Quality Q9.3	Quality Q9.3	Price	Total	RANK
Percentage Available	Pass / Fail	20%	Pass/Fail	Pass/Fail	80%	100%	
Bidder A	Pass	16	Pass	Pass	10.01	26.01%	3
Bidder B	Pass	15	Pass	Pass	-61.60	-46.60%	4
Bidder C	Pass	16	Pass	Pass	80.00	96.00%	1
Bidder D	Pass	8	Pass	Pass	42.00	50.00%	2
Bidder E	Fail	16	Pass	Pass	-184.80	-168.80%	5

- 3.6 From the full evaluation process bidder C has the highest score and therefore it is recommended that they are awarded the contract for the processing of separate food waste from August 2023.

4. **Reasons for Proposed Solution**

- 4.1 It is vitally important to have robust and sustainable contracts and arrangements in place to process separately collected food waste collected as part of the Councils kerbside recycling collection service
- 4.2 The new contract will allow for additional food waste quantities, as the Council increases participation, and introduces collections to flats and commercial premises.

5. **Options Considered**

- 5.1 The Council has the option for a further one year extension with the current contractor, however, waiting a further year will mean the Council would be going out to procurement at the same time as many other local authorities, as they prepare for having to legally separately collect food waste, and therefore the Council would not necessarily be able to achieve best value.
- 5.2 Following evaluation of the procurement for a new contract, the Council will be better of transferring to the winning bidder, C, from that process.

6. **Legal and Statutory Implications**

- 6.1 The procurement process has been conducted to meet the requirements of the Public Contract Regulations 2015. It also meets the Councils requirements to secure Best Value.
- 6.2 The Council will have a legal duty under the Environment Act to separately collect food waste separately from 2025 from all households.
- 6.3 The contract will be awarded individually to each local authority lot, and managed by those authorities individually.

7. **Equality Impact Assessment**

- 7.1 The food waste collection service had a full Equality Impact assessment undertaken as part of the service design and implementation project.
- 7.2 Awarding the processing contract does not have any direct impact on equalities.

8. **Financial and Resource Implications**

- 8.1 The proposed change in contract and approved process for the sale of fibre are all within existing budgets.
- 8.2 The gross gate fee for the processing of DMR is actual slightly dearer than that paid to the current contractor, however the haulage is less.
- 8.3 The table below details the as is costs of processing DMR and the sale of fibre with the proposed costs tendered by the preferred bidder.

8.4 Comparison table. –

	Current Costs/ income	Proposed Costs / income
Collected Food Waste Tonnage 2,880t (1)	N/A	N/A
Gross gate fee / income.	£0	(£36,000.)
Bulk haulage from Knutton Lane	£42,394.	£0 - included in above
Recycling Credit Income Food Waste (2)	(£177,782)	(£177,782)
Net cost total	-(£135,388)	-(£213,782)
Notes:- 1 – Food Waste tonnage calculated from 2022/23 outturn 2 – Recycling Credit income, current income based on current payment of £61.73p/tonne		

9. **Major Risks**

- 9.1 Not having robust contractual arrangements in place for the processing of separately collected food waste puts the council at potential significant financial risk in a currently volatile market situation.
- 9.2 These risks are identified and monitored through the Councils corporate risk management system.

10. **UN Sustainable Development Goals (UNSDG)**

- 10.1 Processing recycling materials to allow them to go into remanufacture of goods and packaging fully supports UN sustainable development goals, and the Councils actions under its Climate Emergency Plan.
- 10.2 In particular this decision supports the following actions of the UN Sustainable Development Goals. –



11. **Key Decision Information**

- 11.1 The proposal and recommendation set out in this report is a key decision as defined in the Council's Constitution.

11.2 The proposal and recommendation is included in the Cabinet's Forward Plan for the period in which the meeting is to take place.

12. **Earlier Cabinet/Committee Resolutions**

12.1 None

13. **List of Appendices**

13.1 None

14. **Background Papers**

14.1 None