

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

19 JUNE 2018

### JOINT REPORT OF THE CORPORATE DIRECTOR COMMUNITIES AND THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

#### PROCUREMENT OF WASTE MANAGEMENT SERVICES PROVIDED AT THE MATERIALS RECOVERY AND ENERGY CENTRE (MREC) AT CRYMLYN BURROWS, NEATH PORT TALBOT

#### 1. Purpose of Report

- 1.1 The purpose of this report is to update Cabinet on Bridgend County Borough Council's (BCBC) waste management services and to seek approval to:
  - 1.1.1 accept, subject to Neath Port Talbot (NPT) entering into the new Appointment and the expiry of the Voluntary Ex-Ante Transparency Notice ("VEAT notice") and there being no notification of challenge, the offer submitted by Walters Plant Hire Limited in May 2016.
  - 1.1.2 delegate authority to the Corporate Director Communities in consultation with the Interim Head of Finance and Section 151 Officer and Group Manager Legal Services to negotiate and settle the final terms of the new Appointment and thereafter authorise the Group Manager Legal Services to enter into the said Appointment and any associated documentation.
  - 1.1.3 delegate authority to the Group Manager Legal Services to agree with NPT Council to issue a Voluntary Ex-Ante Transparency Notice ("VEAT Notice") in the Official Journal of the European Union.

#### 2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priority:

**Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure schools are focused on raising the skills, qualifications and ambitions of all people in the county. This report seeks to achieve that by ensuring the most efficient and cost effective disposal of 'residual' domestic household waste and other waste from the County Borough's Community Recycling Centres, and achieving financial savings as set out in the Council's Medium Term Financial Strategy ("MTFS").

#### 3. Background

- 3.1 The Council has an existing and long standing contractual position with Neath Port Talbot Council ("NPT") in respect of the Materials Recovery and Energy Centre ("MREC") situated in the County Borough of Neath Port Talbot, which has over 10 years left to run. Certain waste disposal functions are discharged by NPT on behalf of Bridgend, as set out in an inter-authority agreement ("the Original Appointment")

entered into by the two authorities at the time of the original waste management Private Finance Initiative (“PFI”) contract in 2000, and as varied by an agreement dated 8<sup>th</sup> September 2010 (“the Variation Agreement”). Neath Port Talbot (Recycling) Limited (“NPTRL”), a wholly owned subsidiary of Neath Port Talbot Waste Management Company Limited, which in turn is wholly owned by NPT, currently manages and operates the MREC. While Bridgend currently disposes of its household domestic residual waste, Community Recycling Centre (“CRC”) waste and commercial waste at the MREC, NPT also use the MREC to sort and dispose of their various household domestic waste recycling streams.

- 3.2 The current disposal charge levied by the MREC facility is significantly above accepted market rates. Therefore both Bridgend and Neath Port Talbot Councils as part of their medium term financial plans have identified savings against the operational cost attached to the MREC facility. To achieve these savings both parties have agreed to terminate the existing arrangements between the contracting Authority (NPT) and the MREC and to replace this with a new market tested contract, again with NPT as the contracting Authority and to replace any previous appointment/contract between BCBC and NPT to reflect these new arrangements. The governance for this procurement was set out in a memorandum of understanding (“MOU”) between the parties agreed in 2013.
- 3.3 A procurement exercise was undertaken, led by NPT on behalf of both Authorities, which failed to secure a new operating contractor. At the time the bidding contractors failed to submit a compliant tender, citing risk transfer as a barrier to accepting the Council’s contract as drafted.
- 3.4 With no compliant tenders received and the termination of the tender exercise the Councils were free to consider a number of procurement options.
- 3.5 This included the use of the negotiated procedure without prior publication in line with regulation 32 (2) (a) of the Public Contract Regulations 2015. The use of this procedure is permitted where:
  1. No tenders or no suitable tenders have been submitted in response to a previous tender exercise
  2. The original terms of the proposed Waste Service Agreement offered in the ‘failed’ tender exercise have not been substantially altered; and
  3. That a report is sent to the European Commission if requested.
- 3.6 Offers were therefore invited based on the original tender documents. Two companies expressed interest and submitted bids. Technical and financial advice was then sought on the bids received. During October 2017 NPT received confirmation from one of the bidders that due to changes in market circumstances they no longer were pursuing the contract.

#### **4. Current Situation / Proposal**

- 4.1 The remaining bidder is Walters Plant Hire Limited (“Walters”). They confirmed in late 2017 that they wish to continue to be considered for the contract award in line with their tender bid.

The following points summarise the bid compared to the existing arrangements:

1. The tender exercise set out a minimum 6 year waste services agreement period with an option for the Council to terminate annually thereafter up to year 12. As we are now more than 2 years on from the start of the procurement process, Walters have been informed that the waste service agreement period will be for a minimum of 6 years with a potential annual extension to a maximum period of 10 years.
  2. Meets or betters the minimum financial and technical benchmarks that were set out in the original tender exercise
  3. Proposes to receive all NPT and Bridgend residual waste for derived fuel (“RDF”) for use at off site waste to energy facilities.
  4. To only treat that amount of residual waste that both Councils require in order to meet their statutory waste recycling targets, with all other residual waste being sent to landfill provided that is the most cost effective option
  5. Proposes to receive all NPT recyclables at the MREC site; and provides for provisional items in respect of Bridgend waste streams not currently sent to the MREC.
  6. The new contractual arrangements do not include a fixed price and a level of ‘minimum tonnage’ to be delivered to the MREC, instead each Authority will be charged for the actual tonnage delivered to the facility
- 4.2 The MOU sets out the agreed way forward with regards to the procurement process, which together with the stated objective to put in place a new waste services contract, also agrees to put in place a new simplified Appointment between both Councils. Correspondingly, a new Appointment is currently being prepared. This will be finalised upon signing of the Waste Service Agreement.
- 4.3 The Variation Agreement included a settlement payment from Bridgend Council to NPT. The payment of any outstanding amount will continue to be payable by Bridgend Council and provision for payment will be superseded by a provision for two equal and separate instalment payments within the new appointment.
- 4.4 Officers of this Council have met regularly with officers from NPT and have agreed that NPT members will receive recommendations in line with those set out in this report. We now understand that a cabinet report on this matter is due to be presented in NPT in July.
- 4.5 As with all such procurements, there is always a risk of challenge. However, NPT and Bridgend intend to mitigate such a risk by publishing a VEAT Notice to remove the risk of the contract being set aside once it has been entered into and any associated risk of fines (but not the risk of a damages claim if there is a subsequent

challenge). Under Legislation, there must be a period of at least 10 days between the date the VEAT Notice is published and the Waste Services Agreement is entered into. To ensure further protection to both parties it is proposed that the Waste Services Agreement will be entered into 30 days from the date of publication of the VEAT Notice.

- 4.6 In addition there are a range of other issues that NPT will also need to deal with as owners of the MREC site.
- 4.7 At the same time as entering into the waste services agreement, it is proposed that NPT and Walters enter into a lease for the MREC site. The proposed lease will be coterminous with the waste services agreement and will require the operating contractor to pay an annual rent of £200,000 to NPT (subject to annual review on 1<sup>st</sup> April of each year following the 5<sup>th</sup> anniversary of contract commencement). The proposed lease will also require the operating contractor to pay an additional rent of £4 per tonne based on the total tonnage of residual waste processed at the site (NPT, Bridgend and any third party waste all counting). Money accumulating from this levy will be set aside to cover, for example, amongst other things, liabilities associated with the winding up of Neath Port Talbot Recycling Limited (NPTRL) and any residual liabilities which may arise at the end of the Waste Services Agreement.
- 4.8 Any liabilities associated with existing known ground and ground water contamination will be retained by NPT as landowner and an up to date contamination survey has been undertaken by NPT to identify what liabilities could be present.
- 4.9 Currently, plant and equipment at the MREC is variously owned by either NPT or NPTRL. NPT wishes to own certain assets (“retained assets”) which will be let to the operating company as part of the Lease. These assets will return to NPT in the event that the Lease falls. Retained assets are plant and equipment which will allow the site to operate as a transfer station in the event that the Waste Services Agreement and/or Lease fall. NPT also wishes to sell certain other assets (“transferring assets”) to the operating company as part of the Waste Services Agreement. The bidders were required to include a payment of £1,220,000 to NPT Council to acquire these assets. In order to do this, NPT must buy the assets. The purchase and the sale of the assets by NPT will be simultaneous, and not need to be funded by NPT Council. There is no impact from these proposals for Bridgend Council.
- 4.10 NPTRL will remain in occupation of the MREC and undertake waste management services until the Service Commencement Date (to be agreed between NPT, Bridgend and Walters). Arrangements with NPTRL for the provision of waste services will terminate upon the commencement of the services to be provided by Walters. At which point the Directors of NPTRL will be required to wind the company up. This process is anticipated to take at least nine months during which time the Directors will finalise the closing balance sheet. As a limited company NPTRL may wind-up with outstanding debts. The Directors of NPTRL have requested indemnities from NPT to cover any personal liabilities that they may face as a result of the Council making a decision to award the waste services contract to another party resulting in the winding-up of NPTRL. Accommodation for NPTRL will

be provided elsewhere in NPT by NPT to deal with the winding up process and relocate its files etc. The level of any NPTRL outstanding debts are at this time unknown and so this remains a risk.

4.11 The Waste Services Agreement identifies a service alignment period, during which time the contractor will be required to set in place all the necessary arrangements to provide the services. Certain of these arrangements will require the cooperation of NPTRL, including:

- The transfer of the Environmental Permit;
- The transfer of all other permits, licenses and approvals necessary for the operation of the facility; and
- The transfer of staff.

4.12 The offer from Walters is on the basis that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) applies, and as such the welfare of the transferring staff will be provided for under TUPE by Walters.

## **5. Effect upon Policy Framework & Procedure Rules**

5.1 There is no impact on the Council’s policy framework and procedure rules.

## **6. Equality Impact Assessment**

6.1 There are no equalities implications as a result of this report.

## **7. Well-being of Future Generations (Wales) Act 2015 Implications**

7.1 The recommendations in the report are intended to ensure that the Council achieves the most efficient and cost effective arrangements for the disposal of its household domestic residual waste, community recycling centre waste, commercial waste and street litter. The beneficial impacts of this on future generations will be:

The Council anticipates that the new waste services contracts will allow it to dispose of its waste at a considerable cost saving compared to the current arrangements, particularly in view of the significantly reduced overall projected waste tonnages the Council will take to the MREC following the substantial increase in the recycling of waste that has been achieved since the commencement of the new waste collection contract with Kier just over a year ago. This saving will mean that other Council services can then be better protected for the benefit of future generations.

7.2 A copy of the completed Well-being of Future Generations (Wales) Act 2015 Assessment is attached at **Appendix 1**.

## **8. Financial Implications**

8.1 Walters have submitted prices per tonne for each of the different waste streams they would be required to treat or manage under the Waste Services Agreement. Where the Councils set minimum financial benchmarks for tender evaluation, Walters submitted equal to or better than those benchmarks.

- 8.2 A value for money comparison in respect of the residual waste treatment cost is offered by the All-Wales Residual Waste Treatment Procurement Framework. The rate submitted by Walters is comparable to the rate in the All-Wales comparison.
- 8.3 The procurement of waste management services is included in the Council's MTFS, with total required savings of £200,000 for 2017/18. Assuming the continuation of existing waste streams collected at the kerbside, this submission will be able to deliver all of these savings as well as make a significant additional contribution to future years of the MTFS.
- 8.4 A financial appraisal based on the evaluation tonnages set out in the tender document shows a combined £1,500,000 per year saving for NPT Council and Bridgend, when compared to current costs. A detailed financial appraisal of savings is given in a separate private report.
- 8.5 One area of risk to NPT Council is that on winding-up NPTRL there may be insufficient funds available to pay off all the company's liabilities. It is not possible to know the amount of any net liability in this regard until the financial trading position of NPTRL is declared and Members of both councils will be kept informed as the final balance sheet becomes clearer. Although at this point in time this is not considered to be a major risk. Also, as mentioned previously, liabilities associated with ground and groundwater contamination will remain with NPT Council, as will the residual liabilities to clear the site at the end of the Waste Services Agreement.
- 8.6 Through the Lease, Walters will pay a rent to NPT Council of £200,000 per annum fixed subject to review, which is equal to the rent currently paid to NPT Council by NPTRL.
- 8.7 In addition Walters will pay to the Council, through the Lease an additional levy of £4 per tonne in respect of all residual waste processed at the site (NPT Council, Bridgend and third party residual waste all counting). Money accumulating from this levy will be set aside to cover, for example/ amongst other things, liabilities associated with the winding up of NPTRL and any residual liabilities which may arise at the end of the Waste Services Agreement.
- 8.8 There are clearly risks both in proceeding with the award of a new Waste Services Agreement but also significant financial risks associated with the status quo. A summary risk management assessment is set out as **Appendix 2**.

## **9. Recommendations**

It is recommended that:

- 9.1 Cabinet accepts, subject to NPT entering into the new Appointment and the expiry of the VEAT notice and there being no notification of challenge, the offer submitted by Walters Plant Hire Limited in May 2016.
- 9.2 The Corporate Director Communities be delegated authority in consultation with the Interim Head of Finance and Section 151 Officer and Group Manager Legal Services to negotiate and settle the final terms of the new Appointment and thereafter authorise the Group Manager Legal Services to enter into the said Appointment and any associated documentation.

9.3 The Group Manager Legal Services be delegated authority to agree with NPT Council to issue a Voluntary Ex-Ante Transparency Notice (“VEAT Notice”) in the Official Journal of the European Union

**MARK SHEPHARD**  
**CORPORATE DIRECTOR COMMUNITIES AND**  
**GILL LEWIS**  
**INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER**  
**June 2018**

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**Background documents:**  
None

## Appendix 1

### WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015 ASSESSMENT

#### Project Description (key aims):

Provision of a new Waste Services Agreement with regard to the disposal of Bridgend County Borough Council household domestic residual waste (residual waste), and other waste from the Community Recycling Centres, (other waste) at the Materials Recovery and Energy Centre (MREC) at Crymlyn Burrows, Neath Port Talbot, to achieve the financial savings identified in the Council's Medium Term Financial Strategy (MTFS).

#### Section 1

Complete the table below to assess how well you have applied the 5 ways of working.

#### Long-term

(The importance of balancing short term needs with the need to safeguard the ability to also meet long term needs)

#### 1. How does your project / activity balance short-term need with the long-term and planning for the future?

The proposal seeks to make short term significant financial savings for the disposal of the Council's residual waste and other waste while also ensuring that it keeps open the options after 6 years of entering into an alternative regional procurement for the disposal of residual waste which may be both potentially financially and environmentally advantageous. The proposal and approach has regard to the Welsh Government's statutory targets with regard to the percentage of waste that is recycled and the fact that the Council envisages that the total tonnage of residual waste it will take to the MREC over time will fall and therefore the flexibility of paying only for the tonnage it delivers to the MREC rather than a fixed annual price will be beneficial in the long term.

#### Prevention

(How acting to prevent problems occurring or getting worse may help public bodies meet their

#### 2. How does your project / activity put resources into preventing problems occurring or getting worse?

The decrease in overall tonnage of residual waste that the Council delivers to the MREC since the waste collection changes implemented as part of the new Kier contract in April 2017, and the subsequent increase in recycling, has meant that because the current MREC contract requires a fixed price annual sum to be paid the actual cost per tonne has risen to be by far the most expensive in Wales. The new contract will therefore address and resolve this matter.

objectives)	
<b>Integration</b> (Considering how the public body's well-being objectives may impact upon each of the wellbeing goals, on their objectives, or on the objectives of other public bodies)	<p data-bbox="539 233 2007 304"><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p data-bbox="450 325 2007 507">The proposed new contract is intended to deliver significant financial savings to the Council but in addition seeks to continue to avoid taking residual waste to landfill providing environmental benefits. The overall anticipated savings will ensure that the Council will be better able to protect other services and provide other social and cultural benefits to our local communities that might otherwise be compromised if comparable substantial financial savings had to be found from elsewhere.</p>
<b>Collaboration</b> (Acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives)	<p data-bbox="539 679 1872 751"><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p data-bbox="450 772 2007 879">The Council has worked closely in collaboration with NPT Council to bring forward a new Waste Services Agreement and Contract to dispose of waste at the MREC. The proposal seeks to TUPE transfer existing staff who work at the MREC to the new provider thereby safeguarding their existing jobs.</p>
<b>Involvement</b> (The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves)	<p data-bbox="450 999 1962 1070"><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p data-bbox="450 1075 2007 1219">The disposal of the Council's waste has an impact on all of the County Borough's residents as waste collection and disposal is a universal service provided to all of our residents. Previous budget consultations with the general public have shown support for making savings in this area but these need to be balanced in a sensitive way against other key objectives, for example, protecting the environment.</p>

Section 2		
Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals (use Appendix 1 to help you).		
Description of the Well-being goals	How will your project / activity deliver benefits to our communities under the national well-being goals?	Is there any way to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?
<p><b>A prosperous Wales</b> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>The new waste contract will ensure far more cost efficient disposal of the Council's residual waste and other waste from the Community Recycling Centres. It will also ensure the waste is disposed of safely and in a way that meets all environmentally acceptable standards.</p>	<p>Indirectly the anticipated financial savings from the new waste contract will mean that other public services will be better able to be protected for the benefit of future generations.</p>
<p><b>A resilient Wales</b> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>	<p>Continuing to ensure the Council's waste is disposed of in a safe way and minimising the amount of waste taken to landfill and therefore limiting issues with the natural environment and the contamination of land.</p>	<p>The contract length of a minimum of 6 years with the potential to extend up to a maximum duration of 10 years ensures that a long term affordable and sustainable solution to the Council's waste disposal is secured.</p>
<p><b>A healthier Wales</b> A society in which people's physical and mental well-being is maximised and in</p>	<p>The proposals ensure that the Council's waste is disposed of in a manner meeting all relevant environmental licensing and</p>	<p>The proposed arrangement is part of the</p>

<p>which choices and behaviours that benefit future health are understood.</p>	<p>permitting requirements and in a manner that seeks to minimise the long term impact on the environment and on public health.</p>	<p>Councils overall strategy for the disposal and treatment of household waste materials. The arrangements seek to maximize the amount of material which is reused or recycled while minimizing waste sent to landfill. These arrangements support the wider behavioral changes that are required to improve the long term wellbeing of future generations.</p>
<p><b>A more equal Wales</b> A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p>	<p>The collection and disposal of household waste is a universal service impacting on all of the County Borough's residents. It is important that the Council's waste contracts are efficient and effective to allow for all domestic waste to be treated appropriately. The new contract will bring the Council's waste disposal contract in line with the cost of similar services elsewhere in Wales thereby providing greater equality.</p>	<p>The net saving achieved through the new appointment will permit the Council to reallocate resources and maximize levels of services in areas which have a positive contribution inclusion at a time when austerity is forcing cuts to frontline services.</p>
<p><b>A Wales of cohesive communities</b> Attractive, viable, safe and well-connected communities.</p>	<p>The proposal seeks to continue to provide the equivalent level of service as currently provided but at a much more attractive and financially sustainable price. It therefore potentially allows greater financial investment in other Council services which will help contribute to more cohesive, attractive, viable, safe and well connected communities.</p>	<p>The net saving achieved through the new appointment will permit the Council to reallocate resources and maximize levels of services in areas which have a positive contribution on street scene, the public's perception of safety and accessible transport links, while minimizing the impact that would otherwise occur in the absence of the savings being achieved.</p>
<p><b>A Wales of vibrant culture and thriving Welsh language</b> A society that promotes and protects</p>	<p>A requirement shall be placed on the Contractor to comply with the Welsh</p>	<p>During the monthly operational meetings with the Contractor, they will be reminded</p>

<p>culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p>	<p>Language Standards imposed on BCBC by the compliance notice served under the Welsh Language (Wales) Measure 2011.</p>	<p>of their duty to comply with the Welsh Language Standards.</p>
<p><b>A globally responsible Wales</b>  A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p>	<p>Continuing to seek to increase overall levels of waste recycling while also dealing with residual waste as safely and in an environmentally friendly way as possible, has a positive impact on the economic, social, environmental and cultural well-being of Wales and on the reputation of Wales as a country with a successful, proactive and environmentally friendly approach to its treatment of waste.</p>	<p>The treatment and disposal of household domestic waste, which has been generated in wales, by a local Welsh Company, maximizes the economic benefit to Wales; the social opportunities arising from employment; and promotes a strong Welsh culture, while minimizing the impact of carbon on the environment from the haulage and transport of materials over greater distance for treatment or disposal.</p>

<b>Section 3</b>		<b>Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts</b>	
Protected characteristics	Will your project / activity have any positive impacts on those with a protected characteristic?	Will your project / activity have any negative impacts on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age:			
Gender reassignment:			
Marriage or civil partnership:			
Pregnancy or maternity:			
Race:			
Religion or Belief:			
Race:			
Sex:			
Welsh Language:			

There is no particular impact on any age group, disability group, gender or race as the service provided impacts equally on all residents as domestic waste collection and disposal is a universal service provided to every household in the County Borough

<b>Section 4</b>	<b>Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive Members and/or Chief Officers</b>
Cabinet	
<b>Compiling Officers Name:</b>	Mark Shephard
<b>Compiling Officers Job Title:</b>	Corporate Director Communities
<b>Date completed:</b>	12 <sup>th</sup> June 2018

## **APPENDIX 2**

### **RISK MANAGEMENT ASSESSMENT**

#### **Financial Risk**

(1) No award

Based on tendered waste volumes NPT and Bridgend will not realise combined savings in the order of £1,500,000 per annum.

(2) Award

The actual savings or contract costs will be subject to a number of factors. Private sector contractors are driven by profits and will look for opportunities to increase profits, including costs associated with service changes.

This has been mitigated as far as possible, there are no guarantees regarding the volume or composition of the waste, however waste is often changing to meet increasing performance targets, changes in legislation etc. Any request to change the service might be an opportunity for the private sector contractor to increase costs.

If there is insufficient money in the Waste Services Agreement, this may put pressure on the client/contractor relationship.

Ultimately there is a risk that the contractor, or sub-contractor, could go into administration. This eventuality has been mitigated as far as possible through a provision for NPT to step-in and operate the MREC as a transfer station pending longer term arrangements being entered into.

#### **Service Security**

(1) Award

If the Waste Services Agreements fails or the contractor goes out of business, NPT will need to step-in to operate the contract. NPTRL will continue to operate if contract award/service commencement does not occur.

Unlike the current arrangements, the proposed Waste Services Agreement will be one of a number of business areas for Walters.

#### **MREC**

Award/No award

- (1) Whether there is an award of a new contract or not the building and the site remain the property of NPT and ultimately all liabilities relating to it rest with NPT.
- (2) No Award

Some of the plant and machinery for processing waste is now more than 15 years old and it is considered that significant investment would be required for continued operation. Much of the key plant is now either: mobile plant; substantially within its design life (drying tunnels); or has been replaced fairly recently (reception shredder and primary trommel).

(3) Award

The current planning approval and Environmental Permit provides for the plant to accept up to 260,000 tonnes of waste each year. (It currently accepts less than 100,000 tonnes per year). Hence additional waste could be delivered to the site by other customers.

The operating permit will be transferred from NPTRL to Walters.

During the term of the Waste Services Agreement NPT will be unable to develop the site in the context of its wider service needs without the permission of Walters.

There are known issues with the current capacity of the site to handle NPT 's recyclate. The limited capacity impacts on the time taken to off-load recyclate. Whilst this issue could not be fully addressed before award, due to the conditions of the procurement route, it has been mitigated by a requirement on the Contractor to meet a maximum turn-around time.

## **Procurement**

(1) No award

This is now the fourth procurement process since the end of the original waste management PFI contract in 2000. It is possible the market may take the view that it will be a waste of their time taking part in any further procurement.

(2) Award

There may be a risk of a challenge from other contractors to the Procurement. However, the Councils have undertaken mitigation in this regard through the intention to publish a VEAT notice.

## **Bridgend**

(1) No award

The MOU between NPT and Bridgend recognised the differences between the two councils under the current arrangements. The current relationship dates back to the Original Appointment as varied in 2010. Waste deliveries, risk and liabilities have changed since then.

Waste deliveries by BCBC have recently reduced. Under current arrangements BCBC pay a lump sum for the treatment and disposal of waste. As a result of the changes to tonnage deliveries the "equivalent" price per tonne has increased significantly.

(2) Award

The award of the Waste Services Agreement will coincide with a new appointment between the two Councils, which will reflect the current relationship. The proposal will provide BCBC with the best available arrangements based on the current circumstances and the potential for significant financial savings