



Birmingham City Council's *Future Waste* Strategy

October 2017

Waste Procurement Soft Market Testing

This paper aims to provide information to and requests feedback from the waste market about aspects of the Council's procurement strategy for:

- the treatment and disposal of residual waste,
- the management of waste transfer stations and household recycling services, and
- the processing of a range of recyclable materials and other associated services.

The purpose of issuing this paper is to capture the views of the waste market to ensure that the implementation of our procurement strategy will achieve value for money for the Council.

Appendix A provides some relevant information about Birmingham and how we manage our waste currently. This is provided in order to assist you in preparing your response. A report regarding the Council's future waste strategy was also discussed with the Council's cabinet committee on 3 October 2017. This report entitled "Waste Strategy 2017 – 2040" is publically available and can be found [here](#).

Instructions on how to submit your response to the Council are included in the final section of this paper.

1. Packaging Options

The Council is seeking to procure a range of services and works covering the following:

- operate and manage the Tyseley Energy Recovery Facility, including the clinical waste incinerator (Tyseley ERF),
- undertake refurbishment works to the Tyseley ERF to ensure (once refurbished) a continued operational life of 15 years,
- process and dispose of associated bottom ash and APC residues from the Tyseley ERF,
- operate and manage three co-located waste transfer stations and household recycling centres,
- operate and manage two 'stand-alone' household recycling centres,
- undertake refurbishment works to the portfolio of waste transfer stations and household recycling centres to ensure (once refurbished) a continued operational life of 30 years,
- process and/or provide suitable off-take arrangements for dry mixed recyclables, paper and card, garden waste, and street cleansing arisings, and
- provide a residual waste treatment service during any refurbishment work.

At this stage, the Council considers that the future waste services should be structured into the following contract packages:

Package 1 - Waste Treatment, Transfer Station and HRCs	Package 2 - Independent HRCs	Other Separate Packages
<p>Refurbishment and management of Tyseley ERF (including clinical waste incinerator)</p> <p>Refurbishment and management of the:</p> <ul style="list-style-type: none"> • Tyseley transfer station and HRC • Perry Barr transfer station and HRC • Kings Norton transfer station and HRC <p>Residual waste treatment service (during refurbishment)</p>	<p>Refurbishment and management of the independent HRCs at:</p> <ul style="list-style-type: none"> • Castle Bromwich • Sutton Coldfield 	<p>Separate contracts for:</p> <ul style="list-style-type: none"> • Dry mixed recycling, paper and card • Garden waste • Miscellaneous waste streams
Commencement - January 2019	Commencement - January 2019	Commencement - January 2019
Contract period - 5 to 7 years	Contract period - 3 to 5 years	Contract periods – various short term contracts

The contract periods for Packages 1 and 2 are based on the Council funding the investment required. This is currently estimated to be circa £30 million¹. The Council is considering whether it is able to fund some or all of this investment need and this will be confirmed as part of any formal procurement processes.

Question 1 - What is your view of Package 1, which combines the refurbishment works for the Tyseley ERF and transfer stations/HRCs, along with the provision of a non-landfill waste treatment solution for residual waste?

Question 2 – The Council is keen to avoid a long term contract for Package 1. Is a contract period of between 5 and 7 years reasonable for Package 1?

Question 3 – Should Package 1 be separated into 2 contracts, with the Tyseley ERF refurbishment works in one contract and the transfer stations/HRCs refurbishment works in a separate second contract?

Question 4 – If the answer to Question 3 is yes, how should the residual waste service be delivered to the Council? Should this be combined with the Tyseley ERF refurbishment works or the transfer stations/HRCs refurbishment works?

¹ The Cabinet Paper “Waste Strategy 2017-2040” makes reference to investment of c£44.2m including potential capital expenditure relating to a new build Materials Recycling Facility (MRF). For the purpose of this note the MRF investment is excluded in the figures quoted above and is not included in the relevant table describing the scope of the contract packages.

Question 5 – If the answer to Question 3 is yes, then this creates a number of interface risks. What are these interface risks? How should these risks be best managed and by whom?

Question 6 - Should Package 1 be combined with Package 2 to enable all the assets to be refurbished and managed under one contract?

Question 7 - Should all the proposed packages be combined into one comprehensive package (as per the current contract)?

Question 8 - Please provide any other comments on the proposed packaging arrangements.

2. Funding Asset Investment

As discussed above, circa £30 million of capital investment is required in the assets to support current levels of performance and to importantly drive future improvements. The Council may be able to fund this investment through prudential borrowing. However, the Council is interested in exploring alternative funding options and structures for the overall project.

Question 9 – Would you be able to provide the funding for some or all of the refurbishment works needed for both Packages 1 and 2? If so, please provide details of the potential funding options (corporate, debt, equity, construction phase etc.)?

Question 10 – In order to secure the funding for some or all of the refurbishment works what commercial risk position will be required from the Council?

Question 11 – If you were providing the funding for some or all of the refurbishment works, what impact would this have on your answers to each of Questions 1 to 8?

Question 12 - What (if any) advantages could be realized if you were funding some or all of the refurbishment works?

Question 13 - What are the implications on your appetite to bid for either Package 1 or 2, if the Council requires you to fund some or all of the refurbishment works?

Question 14 – Please provide any other comments on the funding or structuring options (PPP, joint ventures etc.) for the delivery of the project and which may maximize value for money for the Council.

3. Procurement considerations

The Council will be using the competitive dialogue (CD) procurement procedure for Package 1 and envisages issuing an OJEU before the end of 2017.

Question 15 – As the current contracting arrangements are due to expire in January 2019, how should the CD process be structured/optimized to ensure the new service arrangements can commence in January 2019?

Question 16 – Please identify any other measures the Council should take to mitigate the risk of not achieving the January 2019 timetable?

Question 17 – In the event of any unexpected delay to the new service arrangements commencing on time, would you be interested in operating all the current assets (including the Tyseley ERF, transfer stations and HRCs) on a straight forward O&M basis from January 2019 under a short term arrangement (e.g. 6 months to 2 years)? If so, what commercial risk profile would be acceptable to you under such an O&M arrangement?

4. Commercial Considerations

It is acknowledged that a number of key factors will inform a contractor's decision whether to bid for Packages 1 and 2. In order to ensure that competition and value for money are maximized, the Council is keen to ensure that key terms around the basis for pricing the services and works are likely to be acceptable to potential bidders.

The starting place for the Council is that Package 1 should be structured as a Waste PPP project and be based on the Waste Infrastructure Delivery Programme standard form contract (WIDP Contract). Bearing in mind that Package 1 involves the refurbishment of an ERF, the Council is keen to understand from the market how the WIDP Contract should be developed to maximize value for money. A copy of the WIDP Contract can be found [here](#).

In relation to questions 19 to 24 below, please respond in each case with an answer based on the Council funding and the private sector funding the refurbishment works:

Question 19 – Would you be able to provide a fixed price for all the required refurbishment works and the delivery of the services under Packages 1 and 2?

Question 20 – Would you be able to guarantee acceptance and diversion of waste at the Tyseley ERF, including accepting WIDP based non-acceptance and diversion deductions?

Question 21 – What level of guarantee could you provide on electricity generation output from the Tyseley ERF?

Question 22 - What contractual certainty may you require from the Council in relation to waste tonnages, CV and composition?

Question 23 - What mobilization period is required for introducing the new service arrangements under packages 1 and 2? What impact may any proposed mobilization period have on the WIDP Contract risk allocation during the mobilization period?

Question 24 - What amendments may be required to the WIDP Contract for the purposes of Packages 1 and 2?

5. Key Project Data

Question 25 - The Council would welcome views on the range and scope of key information required to develop a fully priced bid for each Package. In order to reduce bidder costs and mitigate timetable delay, what information or work (if already undertaken by the advisors engaged by the Council) should be made available to bidders as part of the procurement process.

6. Managing the refurbishment works programme

The Council has identified a potential programme of refurbishment works that will require the Tyseley ERF to either undergo an extended 'shut down' or to operate at a significantly lower level of availability (i.e. operate one line only) for the period of the refurbishment works.

Question 26 - How will you maintain and maximize availability of the Tyseley ERF when faced with the need to undertake a major programme of refurbishment and replacement works?

Question 27 – What non landfill residual waste treatment solution can you provide (location, availability and capacity) during the refurbishment works, including during any extended 'shut-down' of the Tyseley ERF?

Question 28 - How will you maintain optimized waste feedstock for the Tyseley ERF during the period that refurbishment works are taking place at the waste transfer stations?

7. Wider Project Opportunities

Question 29 - The Council is keen to understand from the market the scope for delivering a range of wider financial and non-financial benefits that may arise from issues not explicitly covered in this paper. Examples could include where you have worked with local small and medium sized businesses as part of your supply chain, supported local community groups in developing ways of minimizing waste, implemented innovative communication techniques to promote waste reduction and re-use

Notes on completion and submission

This document has been prepared in order to support a conversation between the Council and the Waste market across a number of critical issues that will influence the proposed procurements. Any information provided will be kept confidential to the Council and its advisory team. Any responses will not form any part of the evaluation of any contractor's subsequent tender submission(s).

Whilst we are seeking feedback on all the issues covered in this note it is not a requirement that all sections are completed by all respondents. What is more important is that your response provides enough detail to the issues raised. The Council is seeking market feedback and does not commit to embarking on one or more procurement exercises on any specific basis.

BCC will be using its e-tendering system (in-tend) for the administration of this soft market engagement and providers must register with the system to be able to express an interest. The web address is: <https://in-tendhost.co.uk/birminghamcc>

Registration and use of In-Tend is free. All correspondence for this procurement process must be via the In-tend correspondence function. If you are unable to register with In-tend please either email cps@birmingham.gov.uk or call 0121 464 8000.

If you are interested in responding, please click on the following link to access Birmingham City Council's Portal: <https://in-tendhost.co.uk/birminghamcc/> and submit your details to register as an interested party. We will send you a log on and password so you can download the soft market engagement documentation. Requests to participate must be by way of response to the soft market engagement document no later than 15:00 hours (GMT) on 3rd November 2017 using the Supplier Portal. **Please note that your response may be uploaded before the closing date and BCC will begin to review responses as they come in.**

Appendix 1:

Managing waste in Birmingham in 2017

Population & Housing

Population 1.1 million

Households 438,500

Households projected to grow by 45,000 new homes across the city by 2031

Average of 2.56 people per household compared to 2.36 UK average

6th most deprived local authority district

Collection Arrangements

Week One: 240l wheeled bin residual waste , 240l wheeled bin mixed dry recycling including paper and card ‘pod’

Week Two: 240l wheeled bin residual waste, 240l wheeled bin garden waste

Household Recycling Centres

The Council operates five Household Recycling Centres (HRCs) located in Castle Bromwich, Kings Norton, Perry Barr, Sutton Coldfield and Tyseley, which can be used free of charge by householders.

The sites accept a wide range of materials including: green garden waste, cardboard, paper, glass, metal, wood and wood-based products (MDF, chipboard, etc.), engine oil, car batteries, fridges and freezers, textiles, shoes, TVs & CRT monitors, fluorescent tubes, gas bottles, soil, hardcore and rubble.

Three HRC sites (Perry Barr, Kings Norton and Tyseley) also include waste transfer station operations.

Waste Arisings

Kerbside Collected Household Waste (tonnes)

Stream	2014/15	2015/16	2016/17
Kerbside Co-mingled	17,632	23,358	28,135
Kerbside Paper	21,480	23,440	23,612
Kerbside Green	13,294	15,493	17,435
Total kerbside recycling			
Kerbside Residual	230,125	250,351	240,756
Total Collected Waste	282,531	312,642	309,938

Household Recycling Centre tonnage

Stream		2014/15	2015/16	2016/17
		(tonnes)	(tonnes)	(tonnes)
Non-recyclable	Residual	33,524	39,438	41,397
	Rubble	18,383	19,966	15,334
	Non-recycled WEEE	429	500	532
	Non-recyclable total	52,336	59,904	57,263
Recyclable	Green	20,375	17,697	17,550
	Wood (to biomass)	11,145	14,921	13,495
	Recycling	5,662	5,858	6,209
	Rubble (reused)	2,972	2,388	0
	Recyclable total	40,154	35,006	37,254
Totals		92,491	100,767	94,517

Other waste streams

Stream	2014/15	2015/16	2016/17
	(tonnes)	(tonnes)	(tonnes)
Commercial Waste	80,098	58,861	59,225
Charity Waste	2,165	1,119	1,063
Street Cleansing	19,743	20,147	22,571
Markets Waste	997	3,147	3,053
Net Housing Waste	2,012	2,025	2,085
Fly Tipping	2,284	1,949	623
Total	107,299	87,248	88,620

Treatment and disposal arrangements

Birmingham's waste is currently treated via the following facilities:

- Tyseley Energy Recovery Facility (ERF)
- Materials Recovery Facility
- Windrow Composting
- Street Sweeping Plant
- Wood waste used for energy recovery via a Biomass Plant
- Landfill