

**HERTFORDSHIRE COUNTY COUNCIL
ENVIRONMENT DEPARTMENT - WASTE MANAGEMENT UNIT**

Extension of Residual Local Authority Collected Waste Disposal Arrangements

1.	Purpose of Report
1.1	To advise the Chief Executive and Director of Environment of the decision to extend the contract for Waterdale waste transfer station.
2	Background
2.1	The County Council owns the Waterdale waste transfer station in North Watford. The transfer station has been operated by FCC since January 2011. The contract (HCC0902680) was for seven years and one month with a natural expiry of 28 th January 2018.
2.2	The contract contains provisions for the County Council to extend, at its sole discretion, the contract for one year, if the contract extension is exercised by the County Council then the contract terms shall be the same terms and conditions with the exception of the pricing.
2.3	The actual value of the contract is dependent on the tonnage throughput of the transfer station and haulage costs to the disposal points, the anticipated value of the contract for 2017/18 c.£2.4m per annum.
2.4	Currently Waterdale deals with c.160,000 tonnes of waste which is transferred by road to Edmonton ERF, North London, Ardley ERF, Oxfordshire, Greatmoor ERF and Bletchley landfill in Buckinghamshire for disposal.
2.5	The County Council has a long term contract in place with Veolia for the development of an ERF at Rye House, Hoddesdon. The planning application has been submitted to the Waste Planning Authority and determination is expected in autumn 2017. Should planning permission be granted the facility will be fully operational in early 2021.
2.6	The decision on whether the contracts should be accepted appears in the Forward Plan of Key Decisions as a Chief Officer decision item B030/17 .
3.	Analysis
	Extend the contract by one year as per the provisions in the contract
3.1	The contract contains the provision for a one year extension, up to 28 th January 2019, negotiations with FCC have resulted in the agreement of a continuation of the same rates for the management element of the contract pricing and minor adjustments to the haulage rates.

	Re-procure the contract for operation of Waterdale transfer station
3.2	Re-procurement of the contract will be necessary; however there are a number of considerations to take into account which would be afforded by the one year extension.
3.3	The extension allows time for the Waste Planning Authority to determine Veolia's planning application for the Rye House ERF. Therefore more certainty may be able to be provided on disposal locations, either Rye House or less proximate alternative facilities, which would provide the market with greater surety on which to bid. Uncertainty is often priced into any bid and being able to provide clarity is likely to enable greater value to be drawn from the procurement process.
3.4	Indication from the market is that there are currently lengthy lead times on any successful bidder being able to procure the necessary vehicles for a haulage contract of this nature. Therefore the procurement timetable will need to factor in additional mobilisation time or there is a risk that the cost of 'hire vehicles' would have to be factored into the bid, an increased cost that would pass through to the County Council.
3.5	A one year extension would extend the timetable in which the procurement could be carried out and enable sufficient time for a pre-procurement market engagement exercise to be undertaken to establish if/what additional value/operational benefits can be drawn out of the process.
4.	Summary
4.1	A one year extension would allow a continuation of the current arrangement with only minor adjustments to the current pricing schedule.
4.2	Delaying the procurement process by extending by one year would allow for the some level of certainty to be provided over future disposal locations and allow for a lengthier procurement process enabling a pre-procurement market engagement exercise to be undertaken and a longer mobilisation period post contract award.
5.	Recommendations
5.1	To extend the contract for the operation of Waterdale transfer station, with FCC, until 28 th January 2019.