

scrutiny

focus on performance

Regeneration and Neighbourhoods Overview and Scrutiny Committee

Response to Recommendations arising from the scrutiny of Waste - by Councillor Jim Smith, Executive Member for Environment

17th July 2013

1. Recommendations

- 1) That the Committee recommend the Council look to establish a merchant facility for the boroughs waste treatment solution.

Portfolio Response:

A PIN for the EU Procurement Journal is being prepared, to explore the potential merchant opportunities further, as part of a market testing exercise.

- 2) That the Executive Member starts a procurement process as soon as feasible to take advantage of current low waste disposal prices due to over capacity in the North West.

Portfolio Response:

It is hoped to have the PIN will be lodged for August at the latest.

- 3) That the Council sets its contract for a merchant facility with the lowest possible tonnage limit to mitigate risk to the Authority.

Portfolio Response:

Guaranteed tonnages will be minimised, as they were for the previous tender exercise. A lesson learnt from the previous tender exercise is that there is a fine balance between guaranteed tonnages and gate fee price escalation. The lower the minimum guaranteed tonnage, the higher the risk factor for the solution provider, who will price for that risk accordingly in the setting of their gate fee and tender return. However, the PIN will enable the council

to identify the position of potential bidders in relation to tonnage levels.

- 4) That the Executive Member ensures that a clause is inserted in any contract issued of a merchant facility, that guarantees the Council a competitive rate during the length of the contract.

Portfolio Response

Respective price evaluation and break clauses will be considered within any contract to ensure that the Council achieves value for money.

- 5) That a maximum charge per year be agreed at the beginning of the contract again to minimise risk to the Council.

Portfolio Response

This was applied in the previous tender exercise and would again be the case for any future tender.

- 6) That the Executive Member utilise best practice and value for money on the procurement of a merchant facility and consider a contract of a minimum of 10 years,

Portfolio Response

The PIN market testing exercise will fully explore the contract length with potential bidders. Previous informal feedback from a number of merchant waste treatment and processing companies has indicated that a minimum of 10 years is a suitable timeframe. This has been corroborated as an industry norm by DEFRA.

- 7) That the Committee encourages the Council to work with Defra and its advisors on further increasing the Council's recycling rates to drive additional save in the disposal costs for the Borough's waste.

Portfolio Response

Dialogue has already been established with DEFRA, who have assigned a representative to work, at no cost, with the council, pending agreement of a Memorandum of Understanding (MoU) between the 2 parties. The MoU is being discussed at present.

- 8) That the Council highlight to residents the financial benefits to the Borough of recycling vs. disposal (currently £10 per ton).

Portfolio Response

Opportunities to maximise recycling tonnage are being discussed and progressed at present, with all options being considered within available budgets. Examples of actions are the installation later this month, of new signage being placed on refuse vehicles to highlight recycling benefits. Additionally, the council's contractor, Biffa, is also being asked to support the council in developing a structured

education programme, given their countrywide experience in recycling maximisation.

- 9) That where possible the Council consider environment issues when any decision is taken any decision is taken.

Portfolio Response

The Waste and Resources Assessment Tool for the Environment (WRATE) was applied to the previous tender process and will be a requirement of any future tender. An overview of WRATE can be found at:-

<http://www.environment-agency.gov.uk/research/commercial/102927.aspx>

- 10) That once a decision has been taken by the Executive Member and the Council, a report be brought to the first available meeting of the Regeneration and Neighbourhoods Overview and Scrutiny Committee on the decision and reason for the decision.

Portfolio Response

In accordance with the Council's governance process, a decision paper will be brought at the earliest opportunity.