

EXECUTIVE MEMBER DECISION



REPORT OF:	Executive Member for Environment
LEAD OFFICERS:	Director of Environment and Operations
DATE:	8 February 2019

PORTFOLIO/S AFFECTED:	Environment	Environment
WARD/S AFFECTED:	All	

SUBJECT: Contracts for the disposal of municipal waste and the collection, sorting and processing of kerbside recyclables from 1st April 2020.

1. EXECUTIVE SUMMARY

The Council's existing contracts for 2 key services – waste disposal and kerbside collection – are due to expire on 31st March 2020. These are core Council services and combined, have an annual spend of over £6.2M per annum, a figure which is rising every year with increases in population, the number of households in the Borough, cost of waste treatment and other cost pressures.

2. RECOMMENDATIONS

That the Executive Member approves the tendering of the waste disposal and kerbside collection service for commencement on 1st April 2020, to ensure continuity of services across the Borough.

3. BACKGROUND

The Council has a statutory duty to provide waste collection and disposal services and facilities.

The Council has an existing contract for the disposal of waste to landfill which expires on 31 March 2020. It also has a contract for the kerbside collection and processing of recyclables which also expires on 31st March 2020. Neither of these contracts can be extended (legal advice confirms this), and hence a tender process is required to put in place new contracts for these services, to ensure seamless service delivery.

Waste disposal

In common with many English Waste Disposal Authorities, the Council has never and does not own or operate any of its own landfill or waste treatment facilities. As such, the Council needs to contract out this service to the market, as it has done since 2003 (with the exception of the section 101 agreement it held with Greater Manchester Waste Disposal Authority for 2 years).

Following soft market testing, the Council has determined that a contract of 3 years with an annual option to extend for up to another 3 years (2020-2026), offers the best approach at this time since it meets our short term requirement but also allows the option for the Council to jointly procure this service with Lancashire County Council (LCC) from 2025 when their existing waste disposal contract terminates.

Kerbside recycling collection and treatment

In common with all English Waste Collection Authorities, the Council provides for a kerbside collection of 'dry recyclables', in line with UK and EU legislation to increase the amount of municipal solid waste (MSW) that is diverted to recycling and away from landfill or waste treatment.

This service, which commenced in 2001, has been contracted out to several providers over the years, the existing contractor being Biffa Waste Services, who acquired Verdant, the company who was the successful bidder when the service was last contracted out in 2010.

Following soft market testing, the Council has taken the view that an 8 year contract is best, since this falls in line with vehicle replacement programmes (collection is a key component of the service). Following major global moves in recent years in waste treatment and the market for recyclables – especially fibre, plastics and textiles – a tender process which involves negotiation with bidders, seems the most likely route to secure a contract that provides best value.

4. KEY ISSUES & RISKS

The Council, in its capacity as a Waste Disposal Authority (WDA) and a Waste Collection Authority (WCA) has a statutory obligation to provide a waste collection and disposal service. If the Council does not have a waste disposal service available, the Council will have to cease **all** waste collections and close the household waste recycling centres (HWRCs), with immediate effect from 1st April 2020.

If the Council does not have a kerbside recycling collection and processing contract in place, this service would also cease with immediate effect on 1st April 2020.

5. POLICY IMPLICATIONS

A robust and competitive tendering process is required for both contracts, in order to achieve best value for the Council. For this reason, the Council has undertaken a soft market testing exercise, to ensure the specification of both contracts meets the needs of the Council, but provides for what the market can provide.

The Council has a statutory duty to provide waste collection and disposal services and facilities. The strategy supports all existing Council policies on waste.

6. FINANCIAL IMPLICATIONS

The cash limited budget for waste disposal in 2018/19 is £4.6M and for kerbside recycling is £1.4M.

The total cost for waste disposal will inevitably rise over the life of the contract, taking into account projected rises in population and households. This is compounded further without a step change in waste legislation, since the majority of household waste is not subject to 'producer responsibility' and has few recycling outlets to divert this material away from disposal. The government has also yet to announce the level of landfill tax beyond 2019.

The collection of kerbside recyclables and subsequent sorting of the collected tonnage in a material recycling facility (MRF) is not anticipated to be subject to major cost pressures. However, the end market for the separated materials, is now subject to global trading conditions, as moves by the Chinese government has recently shown: it is for this reason that the tender process needs to involve an element of negotiation for the Council to decide what risk element it is prepared to accept

Bids for both contracts will be subject to an evaluation based on 40% marks for quality and 60% marks for price, to reflect the importance attached to affordability.

7. LEGAL IMPLICATIONS

The Council is acting in accordance with its duties as a WDA and WCA. The procurement process for each contract will be conducted in accordance with the Public Contracts Regulations 2015 and the Council's Contract and Procurement Procedure Rules.

All contracts and any variations will be in a form approved by legal officers in the Commissioning and Procurement team.

8. RESOURCE IMPLICATIONS

There are no resource implications, aside from those referred to under Financial Implications above.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

The Council has undertaken soft market testing with interested bidders via the Chest procurement portal.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

VERSION:	1
-----------------	----------

CONTACT OFFICER:	Stuart Hammond, Contracts Policy and Performance Manager
-------------------------	--

DATE:	6 th February 2019
--------------	-------------------------------

BACKGROUND PAPER:	None
--------------------------	------