

Decision notice (Executive Function)

Decision date: May 2013

Background

New Recycling and Refuse Collection Service

This service sets out to reduce the reliance of landfilling waste by bulking material and transporting mixed recycling (glass, plastics and tins) to a Material Recycling Facility (MRF). As part of the project we undertook a joint procurement exercise with Guildford Borough Council (GBC) to procure a service provider to collect and process the materials. The contract was awarded, following evaluation, to Viridor with an income of £5 per tonne inclusive of transport. The successful bidder, Viridor, undertook processing at their Crayford MRF.

Materials were collected and delivered to Crayford MRF from July to September 2012 without any loads being rejected. A representative from Viridor visited the Earlswood Depot to inspect materials, at source, and was satisfied with the condition and content of the recyclates. In September and October 2012 we received a communication from Viridor stating that the materials being delivered were of "Poor Quality", due to the high content of plastic bags in the recycling stream. We challenged both notifications as the tenderer's submission clearly agreed to process plastic bags.

In November Viridor served a "Non Conformance" notice to RBBC for loads that had been delivered on 3 consecutive days. Having received the notice we arranged to meet a representative from Viridor to address contamination and inspect the rejected loads at the MRF.

Following this meeting we arranged for pre-sorting to commence at the Earlswood Depot to remove any contaminants and split recyclates that had been placed in bags by residents. Unfortunately, this intervention was not sufficient and Viridor served another notice and began rejecting all loads.

Having discussed the situation and the level of contamination with Viridor it became apparent that they would not be accepting any further materials until it was clean and had 4% contamination and no "unacceptable" waste. This situation could not continue as materials were still being collected and the Earlswood Depot bulking areas were very near to maximum capacity.

Having liaised with Surrey County Council (SCC) Officers and the Recycling Officer at GBC we diverted all mixed recyclate to SITA's Mitcham plant for Energy to Waste processing, avoiding sending material to landfill.



To resolve the issue with the processor the Streetscene Manager and Yard Supervisor visited Viridor's Crayford plant to discuss our contracted position and review the quality control operation of materials being delivered. From this visit it was apparent that the material contamination from the co-mingled recyclates that we were collecting was in excess of the contamination levels they would accept for processing. It was also obvious that the Crayford site was congested and that large amounts of unprocessed material were stored on site.

During December loads were conveyed to several other MRF's to ascertain the level of contamination and suitability of the mixed recyclates for processing at these locations. The BIFFA MRF at Edmonton was the only facility that was stratified with the material and agreed to process the materials and pay an income to the council.

In mid January we approached Viridor for a contract meeting to discuss a way forward, but unfortunately they were unavailable until the end of March. A mutual agreement was eventually reached between RBBC and Viridor's respective legal departments, to treat the contract as "frustrated" effectively terminating the contract as of 2nd May 2013.. A letter of the same date was received from Viridor confirming their agreement and we are now in a position to progress the matter.

The risks of fluctuating recycling markets and providing a recycling service of mixed recycling that contained glass and excluded paper was considered and agreed as part of the Executive Report for the implementation of the new service.

Options

Option 1 – Approve the award of the mixed recyclate contract to BIFFA

This is the recommended option for the reasons set out above.

Option 2 – Request a new tender process be undertaken for Reigate & Banstead only

This is not recommended due to the time and cost of a procurement process. There is no reason to suspect that a separate tender would provide any improvement in price or quality of quotes from the supplier;

Financial Implications

It has been agreed with SCC that a payment will be maintained for the materials that were not landfilled through the "Landfill Diversion Credit Mechanism" which is the same price per tonne as the existing "Recycling Credit". The transitional agreement with BIFFA is less favourable than the Viridor contract as transportation cost is being met by the Council. Therefore, the cost implication is approximately £10.54 per tonne transportation cost.

Unfortunately, this current arrangement is the most desirable position we can achieve as there are only two bidders in the market for our recyclate materials. Should we decide to retender this contract there is a risk that the Council will not receive an income but be charged a gate-fee.

Future Cost Implications 2013 onwards

Cost per tonne to date for transportation	£ 10.54
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Possible transportation costs 2013-2014			
No of Loads (7 per week)	364	£ 235.00	£ 85,540.00
Current budget for recycle transport			40,000.00
Nett change to budget			£45,540.00

Decision:

- (i) To seek an exemption to the Contract Procedure Rules under paragraph (m) which provides “orders for goods, services or works required in an emergency. An emergency is where immediate action is necessary to prevent significant loss to the Council or danger, injury, hardship or to comply with public health requirements. In such circumstances, the best practicable means of obtaining value for money should be used.” This is categorised as a high value procurement and therefore requires approval of the Head of Service in consultation with the relevant executive member and the executive member for finance” ; and
- (ii) The Head of Neighbourhood and Parking Services enter into an agreement with BIFFA for the provision of mixed recycle contract for the Council. That the transportation element of this contract be re-negotiated with BIFFA to achieve the most cost effective solution and reduce the financial implications.

Reason for decision:

To ensure the Council achieves value for money and continuity of service from its sale of mixed recycles and transportation to the Material Recycling Facility.

Consultation

The Legal Services Manager, and Finance Manager have been consulted.

Formally consulted: Councillor A. Kay, Executive Member with responsibility for Recycling and Street Services

Signature:

Date:



Formally consulted: Councillor V.W. Broad, Executive Member for Finance

Signature: 

Date: 29/5/2013

Authorised by the Head of Service

Signature: *N. Martlew*

Date: 29/05/2013.