

Chichester District Council

THE CABINET

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Award of Contract for Business Waste and Recycling Disposal

1. Contacts

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2. Recommendation

2.1 That the contract for the disposal of business waste and recycling for the period 1 September 2018 to 31 August 2023 be awarded to Supplier A.

2.2 That authority be delegated to the Director of Residents Services to:

(1) make any minor contractual changes during the contract term

(2) extend the contract by mutual agreement, for up to five years should the contract remain economically advantageous and the supplier perform satisfactorily.

3. Background

3.1 Chichester District Council (CDC) operates a business waste and recycling collection service. The material collected (general waste, mixed recycling, card/paper) is transported to the transfer station at Westhampnett and disposed of by West Sussex County Council (WSCC). CDC is not legally bound by any agreement with WSCC to use this site.

3.2 Disposal charges are paid, per tonne, to WSCC and at the end of 2017/18 these charges totalled £874,925 and accounted for 57% of the total revenue received.

3.3 Any fluctuation to the disposal charges significantly impacts the financial return to the Council and at the end of 2017, WSCC confirmed that charges for general waste will increase by 12% by 2020. Based on current waste tonnages collected, disposal charges could be in excess of £1,030,000 by 2020. This would leave the service £128,000 in deficit. In order to maintain a financially viable service, alternative, less expensive providers for disposal have been sought.

3.4 Soft market testing was undertaken which concluded that a tendering exercise was required to secure the most cost efficient disposal charge.

3.5 An EU notice inviting tenders was published on 20 April 2018 and a total of two completed applications were received.

4. Outcomes to be Achieved

4.1 A new disposal contract with Supplier A provides an approximate saving of £180,000 for the first full year of contract. This saving incorporates the reduction in disposal charges alongside the additional operating costs as a consequence of transporting the material to a new facility.

4.2 A reduction in disposal charges restores the financial viability of the Business Waste and Recycling Service and increases the annual net return of the service for the lifetime of the contract.

4.3 The service has considered the end destination of the material to ensure the Council maintains its commitment to quality of service together with a genuine and demonstrable concern for the environment. Supplier A offers 100% diversion from landfill to be achieved through its energy from waste facility which not only provides a sustainable solution for non-recyclable waste; it also mitigates against annual increases in landfill tax. This is achieved as the energy recovery process produces products which are all diverted from landfill.

5. Proposal

5.1 Each tender application was scored against the criteria specified in the tender documents and scoring was split 70:30 between price and quality.

5.2 The results are set out in the table below and the tender prices submitted are identified in the confidential Part II exempt appendix to this report:

Evaluation	Supplier A	Supplier B
Price	70%	63.96%
Quality	26.50%	19.50%
Total	96.50%	83.46%
Supplier Ranking	1	2

5.3 It is therefore recommended that the Cabinet award the Business Waste and Recycling Disposal contract to Supplier A. The duration of the contract will be for five years and is extendable to a further five years subject to agreement and satisfactory performance.

5.4 The contract needs to be formally offered to Supplier A based on their submission. There will be a formal ten-day period of standstill. The contract is anticipated to commence on 1 September 2018 or as soon thereafter.

5.5 Charges will be fixed for the first 12 months of contract and subject to annual indexation based on RPI thereafter. The Council and the contractor will meet at least every three months for the first year of contract, to review contract performance and ensure the continued smooth operation. Performance monitoring will include matters such as the length of time refuse vehicles have to queue at the facility, waste reduction, and health and safety compliance. Key performance indicators will be finalised with the supplier as part of the contract mobilisation process.

6. Alternatives Considered

- 6.1 Officers have considered options that could offset the increase in disposal costs; however considering waste disposal costs could be in excess of £1,030,000 by 2020, finding an alternative, less expensive mechanism for disposal is needed urgently in order to maintain a viable service.
- 6.2 Should a viable disposal route not be secured, an options appraisal would need to be developed to assess whether to commit to the service, or prepare to sell it for a capital receipt or outsource. The appraisal would need to demonstrate the full potential impact on the Council's finances should a decision be made to cease the service.

7. Resource and Legal Implications

- 7.1 Additional running costs will be approximately £30,000 per annum. This is based on the annual number of return journeys from the Council's depot to Supplier A's facility, vehicle running costs (vehicle fuel efficiency and cost per litre) and anticipated staff overtime. This cost has been incorporated into the expected savings to be achieved.
- 7.2 It is anticipated that *ad hoc* use of the WSCC transfer station will be required where it is more practical to do so, although this will be limited as far as possible. The expected savings to be achieved incorporates an assumption of 15% of the general waste continuing through WSCC's disposal route.
- 7.3 There is no legally binding agreement or legislation with WSCC with regard to the disposal of business waste.

8. Consultation

- 8.1 The procurement process has been carried out in compliance with the Council's Standing Orders and following advice from both Procurement and Legal Services.
- 8.2 Corporate Health and Safety has supported the tender evaluation process by considering compliance with Health and Safety standards to ensure a safe working environment for the Council's staff when at site, and by completing a satisfactory visit of Supplier A's transfer station.
- 8.3 The preferred supplier has been checked and approved by Financial Services.
- 8.4 The proposal to tender was supported by the Business Improvement Programme Board on 22 March 2018.

9. Community Impact and Corporate Risks

- 9.1 The contract allows the Council flexibility to determine the most cost effective route for disposing of business waste which reduces the risk of the service becoming unviable.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity The proposed contract will process the waste and ensure that it is not landfilled.	X	
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Other (please specify)		X

11. Appendix

11.1 Submitted Tender Prices – confidential Part II exempt material

12. Background Papers

None