

DECISION-MAKER:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT		
SUBJECT:	RENEWAL OF GLASS PROCESSING CONTRACT FOR SOUTHAMPTON CITY COUNCIL AND ALL AUTHORITIES IN HAMPSHIRE		
DATE OF DECISION:	17 APRIL 2018		
REPORT OF:	SERVICE DIRECTOR - TRANSACTIONS & UNIVERSAL SERVICES		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
<p>Southampton City Council (SCC) are part of a Hampshire wide glass processing and disposal contract procured by Portsmouth City Council on behalf of Project Integra in late 2010. This was a five year contract with a two year extension, which has been further extended to cover the procurement of a new contract, which should come into effect 6 July 2018. This contract is currently being retendered and arrangements to dispose of glass will continue in similar way.</p>	
RECOMMENDATIONS:	
(i)	To agree and accept new glass processing and disposal contract procured by Hampshire County Council as the managing authority in order to dispose of glass effectively.
(ii)	To delegate authority to the Service Director: Transactions and Universal Services to do what is necessary to implement recommendation (i) above.
REASONS FOR REPORT RECOMMENDATIONS	
1.	Continue with a Hampshire-wide glass processing and disposal contract in order to provide a consistent approach to glass disposal and a stable income source.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	None, as it would not be cost effective for SCC to procure a new contract separately from partners.
DETAIL (Including consultation carried out)	

3.	The current contract is between Project Integra and Veolia for the processing of glass collected from bring sites, kerbside and household waste recycling centres. The contract was let by Portsmouth City Council and was subsequently novated to Hampshire County Council (HCC), who manage the contract on behalf of partners for a nominal fee.
4.	The glass processing contract will expire in July 2018 and a new contract is being procured on behalf of authorities by Hampshire Council, who are the lead and managing authority for this contract. The new contract will commence 6 July 2018.
5.	A partnering agreement between all councils underpins the relationship between HCC as contract manager and the partners as users of the service. This partnering agreement will continue with the new contract.
6.	The new contract is for a period of two years with the option to extend the contract in three annual periods until 5 July 2023.
7.	<p>Glass income per tonne currently received is generally above the UK average and our glass is of good quality. The example below sets out how the rate of income will be calculated:</p> <p>If the rate of income in any given quarter is £15 per tonne, the bulk bay fee is £1.50 per tonne, and that the management fee is £350 per month.</p> <p>For “Authority X” which delivers 600 tonnes of glass to a Bulk Bay in the quarter, the quarterly income would be calculated as follows:</p> <ul style="list-style-type: none"> • Gross Income = 600 tonnes x £15 per tonne = £9,000 • MINUS bulk bay fee = 600 tonnes x £1.50 per tonne = £900 • MINUS management fee = £350 per month x 3 = £1,050 = £75 per party (£1050/14) • Net income = £9000 - £900 - £75 = £8,025
8.	<p>The glass collection and disposal process will be:</p> <ul style="list-style-type: none"> • SCC collects glass from householders from the kerbside, via bring banks and from the Household Waste Recycling Centre for recycling. • Glass collected is delivered to the contractor and the contractor collects the glass, processes it to improve the quality and sells it. • The contractor passes an agreed amount per tonnage from the sale of glass to the managing authority under the terms of the contract and SCC and each authority receives an apportioned share of the income. • SCC and other Hampshire authorities already work together through the Project Integra partnership and have agreed to join together for the purposes of obtaining the best value from the sale of glass collected.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	SCC needs to dispose of the glass generated by residents. There are no capital implications as the infrastructure is already in place to dispose of the glass. Disposal of glass generates an income to the Council. The rate of income per tonne for glass is set by the market, not through the contract. The letting of the contract therefore does not impact on the gross income received.

	The contract cost of processing the glass is borne by Hampshire County Council, and the partnership organisations are charged a proportion of the contract cost as a management fee. If there is a variation in the price of the new contract, the management fee may change. This will not be known until after the procurement exercise has been completed.
<u>Property/Other</u>	
10.	No property implications are identified.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	The Environmental Protection Act 1990 sets out the Council's powers and duties to make arrangements for the collection and disposal (and sorting of recyclable materials) for household waste within its administrative area. The proposals for glass recycling and disposal under the proposed contract are wholly in accordance with the Council's powers and duties as a waste disposal authority under the EPA 1990.
<u>Other Legal Implications:</u>	
12.	The procurement must be carried out having regard to and in compliance with UK Procurement legislation and the Council's duty to secure Best Value under the Local Government Acts.
RISK MANAGEMENT IMPLICATIONS	
13.	This is a low risk contract. The glass market is mature and there is still a high demand for new glass products in UK and Europe along with a strong circular economy. It is not impacted by restrictions in China as it uses European based recycling infrastructure.
POLICY FRAMEWORK IMPLICATIONS	
14.	No policy framework implications are identified.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All wards
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	
2.	

Documents In Members' Rooms

1.	
2.	
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	