

DECISION-MAKER:	CABINET		
SUBJECT:	ACCEPTANCE OF GLASS PROCESSING INTO WASTE DISPOSAL SERVICE CONTRACT FOR SOUTHAMPTON CITY COUNCIL (SCC), WHICH INCLUDES ALL AUTHORITIES IN HAMPSHIRE		
DATE OF DECISION:	18 SEPTEMBER 2018		
REPORT OF:	CABINET MEMBER FOR TRANSPORT AND PUBLIC REALM		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
Following approval by Cabinet in April 2018 a procurement exercise took place led by Hampshire County Council (HCC) to retender the Hampshire wide glass processing and disposal contract.	
It is now proposed to incorporate the glass processing and disposal contract into the wider Waste Disposal Service Contract (WDSC) with Veolia until December 2030.	
The budget for 2018/19 is £32,000 for income from sale of glass. 2017/18 income received from sale of glass was £65,250. If tonnages remain constant, income is expected to remain at approximately £65,000, exceeding the budgeted income target.	
	(i) To agree to accept glass processing and disposal into the Waste Disposal Service Contract, which is managed by Hampshire County Council on behalf of SCC and Portsmouth City Council (PCC) 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.	To 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 the approved procurement exercise has been completed and 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 the local authority partnership Project Integra (PI) and Veolia for the processing of glass collected from bring sites, kerbside and household waste recycling centres. HCC manage the contract on behalf of partners for a nominal fee.
4.	The glass processing contract expired in July 2018. The PI Executive led a procurement exercise supported by HCC legal and procurement teams utilising the OJEU open procurement procedure. Two tenders were received, but only one was evaluated as compliant by the panel. HCC has reviewed the outline financial position that would result if the contract were awarded; and established that compared with the current level of income derived it would result in a 50% reduction for all PI partners and recommends rather than awarding the tender it should be included in the WDSC. The rate of income per tonne for glass is set by the market, not through the contract.
5.	The procurement only attracted 2 tenderers, one of which was non-compliant illustrating that there was limited market interest in the contract. This also indicates that there is very limited procurement risk with bringing glass into the WDSC. 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.	Including glass in the WDSC, which is in place until 2030, harmonises disposal arrangements by having them in one contract. The proposal submitted to include glass into the WDSC is very similar to the existing contract with Veolia proposing to market the glass on the most economically advantageous basis with the Authority retaining a share of the price.
7.	All other details would remain the same as they currently are, with HCC managing the relationship with Veolia and distributing the income to the WCAs based on the tonnage delivered. The County Council would continue to deduct the bulk fee costs (costs associated with handling of glass) from the income as per the current arrangements.
8.	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: By putting glass into the WDSC, there will be no additional management fee. If the rate of income in any given quarter is £16 per tonne, the bulk bay fee is £1.50 per tonne. The example below indicates how income is calculated: For "Authority X" which delivers 600 tonnes of glass to a Bulk Bay at the transfer station in the quarter, the quarterly income would be calculated as follows: <ul style="list-style-type: none"> • Gross Income = 600 tonnes x £16 per tonne = £9,600 • MINUS bulk bay fee = 600 tonnes x £1.50 per tonne = £900 • Net income = £9600 - £900 = £8,700 In 2017/18, SCC generated approximately 4,500 tonnes of glass, which based on the above calculation generated £65,250. With the disposal

	contract in place until December 2030, this would generate, based on £16 per tonne and similar tonnages, approximately £815,624.
9.	<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. <p>SCC and other Hampshire authorities already work together through the PI partnership and have agreed to join together for the purposes of obtaining the best value from the sale of glass collected.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	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. Putting glass into the WDSC therefore does not impact on the gross income received.
<u>Property/Other</u>	
11.	No property implications are identified.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	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>	
13.	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	
14.	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. By accepting glass into the WDSC, there is low risk of damage to Council reputation or service delivery. The WDSC is well managed and income should remain steady.
POLICY FRAMEWORK IMPLICATIONS	
15.	No policy framework implications are identified.

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	All wards	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	None	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) 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.	None	