

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 17 OCTOBER 2017**

Title of report	<b>SALE OF RECYCLABLES</b>
Key Decision	a) Financial Yes b) Community Yes
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Purpose of report	To update Members on progress following the outcome of the LCC procurement for the treatment of dry recyclables AND to seek Members approval to delegate the subsequent award of contract(s) for the sale of recyclables to the Director of Place in consultation with the Portfolio Holder.
Reason for decision	To ensure best value for the Council from the sale of recyclable materials
Council priorities	Value For Money Green Footprints Homes and Communities
Implications:	
Financial/Staff	Financial impltions contained within report
Link to relevant CAT	Green Footprints
Risk Management	The competitive process will be undertaken in line with corporate procedures
Equalities Impact Screening	None discernible
Human Rights	None discernible

Transformational Government	Not applicable
Comments of Deputy Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Finance Department (accountancy and procurement sections), Legal Services
Background papers	LCC – Procurement of treatment facilities for dry recyclable material
Recommendations	<p><b>THAT CABINET;</b></p> <ol style="list-style-type: none"> <li><b>1. NOTES THE COUNCIL’S SUCCESS IN LEICESTERSHIRE COUNTY COUNCIL’S WASTE TREATMENT AND DISPOSAL PROCUREMENT</b></li> <li><b>2. IS INFORMED THAT NWLDC WILL UNDERTAKE A COMPETITIVE PROCESS FOR THE SALE OF DRY RECYCLABLES FOLLOWING AWARD OF THE LCC PROCUREMENT</b></li> <li><b>3. GIVES DELEGATED AUTHORITY TO THE DIRECTOR OF PLACE IN CONSULTATION WITH THE PORTFOLIO HOLDER TO ENTER INTO AND AWARD CONTRACTS FOR THE BEST VALUE OFFERS RECEIVED FOR THE DRY RECYCLABLES</b></li> </ol>

## 1. BACKGROUND

- 1.1 In September 2017 Leicestershire County Council awarded the contract for the treatment and disposal of dry recyclable material collected by the district to the Council. This followed a competitive exercise in which the Council competed against private sector bidders for the right to treat and dispose of our recycling. This contract will come into effect from 1 April 2018 for a period of 7 years with the potential to extend to a maximum of 10 years.
- 1.2 As has been previously reported to Cabinet, there was a real risk that, if the Council had not won this contract, it would be faced with the cost of collecting recycling but would have to hand the collected material over to a third party and therefore not get the revenue generated by selling this material. The income from selling recyclables typically approaches £600,000 per annum (see paragraph 5 below).

- 1.3 The Council currently collects approximately 7,000 tonnes of dry recyclable material from the kerbside each year from approximately 43,000 households. Materials are collected separately and include clear glass, green/amber glass, paper, card, and mixed rigid plastics, steel cans, aluminium cans, and textiles.

## **2. THE PROCUREMENT PROCESS**

- 2.1 The Council currently sells the recycling in what is known as a 'spot sell' arrangement whereby materials are sold as seen to reputable recycling reprocessors who are contracted on a short term basis.
- 2.2 It has been assessed that the best financial option for the Council is to continue to operate selling material on short term contracts. This provides conditions which attract a greater number of prospective bidders thus attracting the highest market rates by increasing competition. It has also been found that shorter term contracts also provides for greater contractor performance during the contract period.
- 2.3 Waste Services, in conjunction with Procurement and Legal Services, have established procedures that can be used to demonstrate the best possible return for the Council for the sale of recyclable materials on an ongoing basis.
- 2.4 The new commercial contracts for the sale of recyclables will operate on a three-monthly basis to provide contractors with the opportunity to submit the highest prices and remain flexible to meet the needs of the Council.

## **3. LEGAL IMPLICATIONS**

- 3.1 Although each individual spot-selling contract is unlikely to exceed £100,000 in value, officers see the large annual value of selling recyclable materials (stated in paragraph 5 below) as significant enough to warrant Cabinet approval of the proposed disposal methodology as a Key Decision.
- 3.2 In relation to selling Council assets such as the recyclable materials, the Council's Contract Procedure Rules require officers to seek advice from Finance and have regard to the provisions of the Financial Procedure Rules. Officers have fulfilled this requirement in developing the proposed disposal methodology and will continue to fulfil this requirement as the methodology is implemented.
- 3.3 Cabinet is therefore requested to give delegated authority to the Director of Place in consultation with the portfolio holder for the placing of the short term contracts as described in this report.

## **4. RESOURCES REQUIRED**

- 4.1 There are no additional staffing resources required in setting up the new procedures.
- 4.2 The administration of the sales income will be managed by the Waste Services Team within existing resources.

## 5. PROJECTED INCOME

- 5.1 The projected income based on the commodity prices and tonnage collected in 2016-17 is as follows:

<b>Commodity</b>	<b>Annual sales income 2016-17</b>
Cardboard	£180,000
Paper	£200,000
Plastics	£90,000
Steel cans	£16,000
Aluminium cans	£56,000
Glass bottles and jars	£50,000
Textiles	£2,000
<b>TOTAL</b>	<b>£594,000</b>

## 6. NEXT STEPS

- 6.1 It is intended to communicate the success of the bid to residents on the Council website and on the annual collection calendar to explain the environmental and financial benefits of source separated collections.
- 6.2 It is intended to enter up to 3 monthly contracts with bidders from 1 December 2017.