

Cabinet – 18 November 2009

Extension to Contract for Household Waste Recycling Centres & Transfer Station

Portfolio: Councillor Flower, Environment

Service: Street Pride

Wards: All

Key decision: Yes

Forward plan: No

1. Summary of report

This report is to inform members of the outcome of discussions with May Gurney regarding the option to extend the existing Household Waste Recycling Centres (HWRCs) and Transfer Station Contract for a term of three years bringing about financial savings as detailed in the report.

2. Recommendations

- 2.1 Cabinet is recommended to authorise officers to enter into a three year extension to the existing contract with May Gurney for the management of the Council's Household Waste Recycling Centres and Transfer Station.

3. Background information

- 3.1 As a Unitary Authority, Walsall Council has the responsibility for both waste collection and waste disposal. As a Waste Collection Authority (WCA) and Waste Disposal Authority (WDA), Walsall Council has a number of statutory obligations. These include:

- (i) A duty under Section 45 of the Environmental Protection Act 1990 (EPA 1990) to collect household waste and, if requested, commercial waste within Walsall.
- (ii) Responsibility under Section 48 of the EPA 1990 to arrange and provide places for the disposal of waste collected by Walsall Council within its function as a WDA.

The management of HWRCs is currently contracted out to May Gurney (formerly known as ECT Recycling) for the period up to 31 March 2011. The Council may, by notice in writing to the Contractor given no later than twelve months prior to

the end of the Contract Period, request an extension of the duration of up to three years. Any such request shall be binding on the Contractor and the Contractor shall continue to provide the Services (as varied in accordance with the provisions of this Contract) for the period of any such extension.

May Gurney have approached the Council and advised that if a three year extension to the contract was offered at this time, operational savings could be made. It is acknowledged that a tendering exercise for the operation of the HWRC sites and transfer station could generate savings but this is not guaranteed. A tendering process could determine that the contract would be more expensive. Overall, it is considered that the council is receiving a satisfactory service from May Gurney and it is therefore considered appropriate to extend the current arrangements at a reduced cost without incurring the additional costs of a tendering process.

4. Resource considerations

- 4.1 **Financial:** Details of the current gross budget for management of the HWRC's and the estimated income generated from recycled materials for these sites are as follows:

2009/10 Budget	£
Management fees	1,069,044
Transport costs	469,893
Less: reduction in management fee charge for negative Retail Price Index (RPI) adjustment 2009/10 (offered as saving for 2010/11)	(60,000)
Adjusted gross budget 2009/10	1,478,937
Income generated from HWRC sites 2009/10	
Batteries	(3,000)
Textiles	(36,450)
Scrap metal	(85,000)
Card	(14,100)
Total income	(138,550)

Agreement has been reached with May Gurney that, subject to a 3-year contract extension, annual efficiency savings of £79,492 will be delivered by the contractor which amounts to 5.4% of the adjusted 2009/10 gross budget. This saving would take effect in 2010/11 (the remaining year of the current contract) and would continue for a further three years thereafter. This savings is made up of the following components:-

Item	Value
Plant – efficiencies derived through commissioning new site plant and equipment	£13,884
Reduction in roll-on-off haulage charges	£25,608
Management Charge reductions	£40,000
Total annual saving from 1 April 2010 to 31 March 2014 (remaining year of current contract and a further three years extension)	£79,492

This would bring about a total **£317,968** saving over the four year period. In return, it has been agreed that, at the contract's next scheduled point of uplift, should RPI be negative, May Gurney would not expect a reduction in rates as this has already been taken into account in the savings offered. Conversely, if RPI is positive, May Gurney would forgo the increase in the next financial year 2010/11. From 2011/12 onwards, normal RPI increases/decreases will be applicable. In addition, further discussions are in progress that may deliver further financial efficiencies in the extension years of the contract.

Cabinet should note that the savings identified have been offered up as part of the savings options for 2010/11 in anticipation of the contract extension being approved.

4.2 **Legal:** Legal Services have been consulted and have no issues with this proposal.

4.3 **Staffing:** None arising from this report.

5. **Citizen impact**

There is no direct citizen impact arising from this report. It should be noted however customer satisfaction has generally been good with the management and operation of the HWRC sites by May Gurney.

6. **Community safety**

None arising from this report.

7. **Environmental impact**

Landfill waste produces landfill gases which contribute to global warming and impacts on the environment. The contract will set out specific targets and performance measures to ensure landfill diversion targets are met and recycling and composting performance is maximised.

8. **Performance and risk management issues**

A decrease in the amount of municipal and household waste is essential as the UK is under a legal obligation under the European Landfill Directive to make a significant reduction in the amount of biodegradable municipal waste (BMW) sent to landfill. The Landfill Allowance Trading Scheme (LATS) came into effect in April 2005 and sets allowances that all Waste Authorities must adhere to or pay fines of £150 per tonne. Walsall needs to seek more sustainable means of waste disposal in order to meet its obligations for the medium term.

The HWRCs play a key role in reducing the amount of waste we send to landfill and maximising the amount we recycle. The table below shows how the amount

of waste we have recycled at the HWRC sites has increased over the last three years and in comparison how there has been a downward trend in waste being sent to landfill since the commencement of contract.

Year	Recycling Percentage	Reduction in waste to landfill
2006/07	40.6%	12,143.39 tonnes
2007/08	51.0%	9,395.37 tonnes
2008/09	54.3%	8,473.66 tonnes

Year-on-year increases in recycling performance and a reduction in waste being sent to landfill demonstrates May Gurney's performance against the existing contract and contributing towards Walsall's waste strategy.

Over the contract term, the two sites have improved in a number of ways:

- Site presentation and cleanliness
- Site signage
- Staff assistance to residents
- Restriction of unauthorised trade and business waste

9. Equality implications

None arising from this report.

10. Consultation

Background papers

Cabinet Report dated 15 July 2009 - Contract for Household Waste Recycling Centres & Transfer Station

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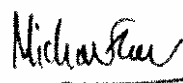
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Jamie Morris
Executive Director



5 November 2009

Councillor Mike Flower
Portfolio holder



9 November 2009