

Design and Build of a new Household Recycling Centre (HRC) in Fengate and subsequent provision of the Management and Operation of the Facility

Councillor Gavin Elsey, Cabinet Member for Waste and Street Scene

August 2017

Deadline date: N/A

Cabinet portfolio holder:	Councillor Gavin Elsey, Cabinet Member for Waste and Street Scene.
Responsible Director:	Simon Machen, Corporate Director Growth and Regeneration.
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/05SEPT16/02
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES The Exempt Annex is NOT FOR PUBLICATION in line with paragraph 3 of Schedule 12A of Part 1 to the Local Government Act 1972 in that they contain information relating to bidders' final tenders, the outcome of the evaluation process and prices, all of which contain commercially sensitive information affecting the respective business positions and where they are ranked in the procurement process. The public interest test has been applied to the information contained in the Exempt Annex and it is considered that the need to retain this information as exempt outweighs the public interest in disclosing it because to disclose it could compromise the Council's position in any future procurement activity for similar works.

RECOMMENDATIONS

The Cabinet Member is recommended to approve the award of the contract to FCC Waste Services (UK) Ltd* for the Design and Build of a new Household Recycling Centre (HRC) facility in Fengate and subsequently for them to provide the Management and Operation of the new HRC to Peterborough City Council (PCC) for an initial period of 10 (Ten) years from the opening of the facility, with an option to extend for up to a further 5 (Five) years. The total value of the construction and initial 10 (Ten) year operational period contract is £7,428,469.00.

*Typographical error corrected January 2018

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks approval from the Cabinet Member for Waste and Street Scene to award the contract for the Design and Build of a new Household Recycling Centre (HRC), including Management and Operation of the new HRC for a period of 10 (Ten) years following its

opening. This report contains one exempt annex which provides the results of the evaluation and the reasons for the scoring.

2. DETAILS OF DECISION REQUIRED

- 2.1 To approve the recommendation to make an award of the contract for the Design and Build of a new Household Recycling Centre (HRC), including Management and Operation of the HRC to FCC Waste Services (UK) Ltd for a period of 10 years from opening of the facility.
- 2.2 The current HRC at Dogsthorpe is operated by HW Martin Waste Ltd, the current service contract was awarded in 2015 and is intended to operate until the new HRC is fully operational after which Dogsthorpe HRC will close.
- 2.3 Provision of this facility and the service it offers residents is part of the council's statutory duty pursuant to its Waste Disposal Authority function and it is not permissible to fail to make adequate provision for such facilities.

3. PURPOSE OF THIS REPORT

- 3.1 This purpose of the report is for the Cabinet Member for Waste and Street Scene to consider exercising his delegated authority under paragraph 3.4.8 of Part 3 of the constitution in accordance with the terms of his portfolio at paragraph (a), to approve the recommendations set out above.
- 3.2 The attached exempt annex is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to financial and business affairs, namely details of the tender rates submitted and the commercial positions provided by the Bidders. This information is commercially sensitive, and to release it at this time would compromise the Bidders' submissions. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as it could compromise the Council's position in any future procurement activity for similar works.

4. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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5. CONSULTATION

- 5.1 Consultation has been undertaken with the relevant internal departments and the council's procurement partner Serco has been fully engaged in the procurement process.

6. ANTICIPATED OUTCOMES

- 6.1 In the event the recommendation is approved, there would be a number of outcomes, including:
- (i) the continued delivery of this very important service to Peterborough residents; and
 - (ii) compliance with the statutory duty to provide a recycling service.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 The Council has a statutory obligation to provide a 'civic amenity site' (i.e. a Household Recycling Centre) for use by residents so they can dispose of waste free of charge. This obligation is imposed on the Council under the Environmental Protection Act 1990.

- 7.2 The current contract for the operation and management of Dogsthorpe Household Recycling Centre with HW Martin Waste Limited comes to an end on the 31 October 2017 and can under exceptional circumstances only be extended for a maximum of a further 12 months. A separate CMDN has been approved to provide a short term stop gap operation to allow the completion of the build of the new Fengate facility, whilst meeting the Council's statutory duty to provide a HRC.
- 7.3 The Dogsthorpe Household Recycling Centre site is not owned by the Council and the Council leases the site from FCC Waste Services (UK) , the current lease expires on the 31 October 2017 with the option to extend for a further 2 years. This option to extend has been secured for the purpose of supporting an orderly transition to the new Fengate facility as the landlord has alternative uses for the Dogsthorpe site.
- 7.4 The new Household Recycling Centre will be located on a site in Fengate that is owned by Peterborough City Council. The new, purpose-built site will have a number of improvements over the existing site on Welland Road, Dogsthorpe. The new site is over twice the size of the current site with the majority undercover, it will include a one-way system and a convenient layout which will make it much easier to use, and reduce the likelihood of queues.
- 7.5 The Dogsthorpe Household Recycling Centre site is not sufficient to cope with the volumes of waste generated at present by residents in the City and therefore is unsuitable for providing the required service in the next 20 years.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The following options were considered:

Option	Description	Reason for Rejection
1	Do nothing	This is not an option as the Council is obligated to provide a Household Recycling Centre under the Environmental Protection Act 1990. As the Council is a Waste Disposal Authority, it is required by statute to provide a recycling Facility.
2	Conduct an EU procurement to manage and operate the HRC at Dogsthorpe and not transfer to the new site in Fengate	It is not possible to extend the current contractual term with HW Martin Waste Limited for more than one/two more years. In addition, the current HRC facility at Dogsthorpe is not fit for purpose and will not provide the required capacity to deal with the waste generated by the growing City in the next 20 years.

9. IMPLICATIONS

- 9.1 Finance/budget
- 9.1.1 The existing revenue budget provision for the management, operation and haulage of material from the HRC at Dogsthorpe is £420k per annum and this provision will transfer and form part of the finance for the new Fengate facility.
- 9.1.2 Budgetary provision for the capital financing of up to £3,471,468 is included in the Medium Term Financial Strategy, part of which would have been supported by borrowing which has a subsequent revenue implication.
- 9.1.3 The reduced capital requirement for the successful tender will allow the transfer of funds which would have supported the repayment of borrowing to the revenue account to fund the higher than budgeted operational elements of the service.
- 9.1.4 There remains a small shortfall in allocated funding of circa £40k per annum and this will require resolution in the budgetary settling process for future years to align budget provision with actual service costs. The new Household Recycling Centre is considerably larger in order to meet the future needs of the City and as a result the management and operational

costs are higher than the existing budget to operate the current site at Dogsthorpe.

9.2 Legal and Procurement

- 9.2.1 The Council has a statutory obligation to provide a 'civic amenity site' (i.e. a householders recycling facility) for use by residents so they can dispose of waste free of charge. This obligation is imposed on the Council under the Environmental Protection act 1990 and the Civic Amenity Act 1967.
- 9.2.2 The procurement exercise has been undertaken by the Serco Procurement Team and has been procured and awarded to FCC Waste Services (UK) Ltd in accordance with the Public Contracts Regulations 2015.

10. **DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

None.

11. **BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

None.