

DECISION TITLE: Treatment of Dry Mixed Recycling Contract Award
Councillor Mohammad Jamil– Cabinet Member for Environment and Transport
July 2024
Deadline date: July 2024

Cabinet portfolio holder: Responsible Director:	Councillor Mohammad Jamil – Cabinet Member for Environment and Transport Adrian Chapman – Executive Director for Place and Economy.
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/01JAN24/02
Is this decision eligible for call-in?	Yes
Does this Public report have any annex that contains exempt information?	Yes

RECOMMENDATIONS	
<p>1. The Cabinet Member is recommended to authorise the council to enter into a contract with Re-Gen Waste Management for the haulage, sorting, onward processing and sale of recyclable materials collected by Peterborough City Council (PCC) for an initial period of 5 (Five) years, with an option to extend for up to a further 2 (Two) years. The total value of the contract is based on predicted tonnages over the full contract period and is £9,000,000 over the 7 (Seven) year contract term.</p>	

1. PURPOSE OF THIS REPORT

- 1.1 This report is for Cabinet Member for Infrastructure, Environment and Climate Change to consider exercising delegated authority under paragraph 3.4.2 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph 3.4.9
- 1.2 The attached background information is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial of business affairs of any particular person (including the authority holding that information. 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 to do so.

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO
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3. BACKGROUND AND KEY ISSUES

- 3.1 Peterborough City Council has a requirement to collect and treat the Dry Mixed Recycling (DMR) collected in the green recycling bins arising in the Peterborough Authority area. A procurement process has been undertaken in the open market with the RECAP Waste Partnership (Cambridge City Council, Cambridgeshire County Council, East Cambridgeshire District Council, Huntingdonshire District Council, Fenland District Council, Peterborough City Council and South Cambridgeshire District Council) to determine the lowest price to appoint suppliers to undertake this service. The RECAP Waste Partnership works together to continuously improve waste services, increase recycling and reduce waste, finding cost effective and environmentally responsible ways to meet the needs of local communities across Cambridgeshire and Peterborough.

The initial procurement was abandoned on affordability due to costs received being outside the budget allocated for this contract as only 2 bidders could accommodate the full 82,000 tonnes of Dry Mixed Recycling within the RECAP partnership. Therefore, a new restructured contract procurement was undertaken with smaller tonnage lots with the aim to receive a wider range of bids from bidders with tonnage capacity in that range.

This was successful as 6 (six) compliant tenders were received and after the financial and quality evaluations it is recommended that the Contract be awarded to the highest scoring bidder for the Lot allocated to Peterborough, Re-Gen Waste Management Ltd, who provided the most economically advantageous tender for Peterborough. This decision will ensure Peterborough City Council has a contractual agreement during the period 1st Sept 2024 – 31st August 2029, with the option to extend for a further 2 year period.

The Council's current contract will end on 31st August 2024 and there is no further provision to extend this contract. Therefore, awarding a new contract is essential to avoid any gaps in service.

4. CORPORATE PRIORITIES

4.1 This directly links to the following corporate priorities:

Sustainable Future City Council – by ensuring that we share and learn from best practice in order to deliver the best and most efficient services possible.

The Economy and Inclusive Growth – by ensuring that the services we deliver are as environmentally sustainable as possible.

5. CONSULTATION

5.1 Consultation has been undertaken with the relevant internal departments and the council's procurement team has been consulted on the procurement process which has been managed by Cambridgeshire County Council on behalf of all the RECAP authorities.

6. ANTICIPATED OUTCOMES OR IMPACT

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 waste treatment service.

7. REASON FOR THE RECOMMENDATION

7.1 This recommendation has been made to ensure the Council is able to effectively deliver the Dry Mixed Recycling Contract and continue to have an outlet for the Dry Mixed Recycling collected in the green bins in Peterborough.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Do nothing was considered as not acceptable as the current arrangement for treatment of Dry Mixed Recycling expires 31st August 2024 with no further option to extend.

Sending this material to the Energy Recovery Facility (ERF) was considered unacceptable as it can negatively impact on facility performance and would also increase the cost of treating said material by £875,000 per annum.

9. IMPLICATIONS

Financial Implications

- 9.1 The existing revenue budget provision for the treatment of the Dry Mixed Recycling for the remainder of the 24/25 year is £400k per annum. In 2025/26 the budget required to treat the Dry Mixed Recycling will have to increase to £1,200,000, increasing with indexation each year to a total of around £9,000,000 over the full 7-year contract term, this is due to increased costs of treating the Dry Mixed Recycling. This increase is expected to be partly offset by income from the "Extended Producer Responsibility" packaging scheme, however the extent to which this additional income will cover the increased costs is not yet known. An estimate of this will be factored into the 2025/26 MTFS following indicative data from Government expected in November.

Legal Implications

- 9.2 A contract must be in place in order for the Council to fulfil the legal requirement under the Controlled Waste (England and Wales) Regulations 2012 (CWR) and the Environmental Protection Act 1990 (EPA) to arrange free disposal of waste from householders.

As stated in clause 3.1, the current contract is ending in August. Not having a new contract in place will create a gap in services and may constitute a breach of the Council's statutory duty.

The legal team has not yet reviewed the contract terms and conditions. Once instructed, legal will review the contract and provide comments. Legal has not yet reviewed the contract terms and conditions. Once instructed, legal will review the contract and provide comments on the contract.

Equalities Implications

- 9.3 There are no equality implications associated with this contract award.

Carbon Impact Assessment

- 9.4 The award of a contract with Re-Gen Waste Management Ltd for the haulage, sorting, onward processing and sale of recyclable materials collected by Peterborough City Council will impact emissions due to an increase in transport emissions to Re-Gen's MRF. This impact includes a significant increase in transport emissions as the Materials Recycling Facility (MRF) is in Northern Ireland. Re-Gen propose to backload the recyclable materials in vehicles already returning to Northern Ireland through their current operations which involve transporting processed materials to re-processors in the UK and Europe. Re-Gen are also committed to switching to more sustainable fuel sources such as Bio diesel, HVO, and Hydrogen. This planning will minimise costs, fuel, and carbon for this contract. Furthermore, Re-Gen plan to commission a MRF in the Midlands area of the UK which would be operational during this contract term. This would lower the rise in fuel use and resultant carbon emissions.

Additionally, the Ren-Gen MRF can significantly increase recycling capture due to investment in new technology. Automated robotics can achieve a 99% recycling rate of all recyclable materials processed through the plant. This can reduce the use of virgin materials by increasing recyclable materials on the market, therefore limiting carbon emissions.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 10.1 *Declarations by any cabinet member consulted by the decision maker and any dispensation granted by the Monitoring Officer or Constitution & Ethics Committee.*

Note, the Monitoring Officer can grant a dispensation where the member concerned has a disclosable pecuniary interest and wishes to be able to take part in discussion of the matter at a meeting but not vote, whereas the Constitution & Ethics Committee may grant a dispensation for a member to speak and vote where they have a disclosable pecuniary interest.

11. BACKGROUND DOCUMENTS

- 11.1 *None*

12. APPENDICES

- 12.1 *Appendix 1 - Exempt Annex*