



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED DECISION BY THE LEADER

TOPIC – Partnership Agreement - Sale of Glass Collected For Recycling

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Corporate Director (Governance), the Chief Executive and the Head of Finance are consulted together with Chairman and Vice Chairman of the Principal Scrutiny Committee and all Members of the relevant Scrutiny Panel (individual Ward Members are consulted separately where appropriate). In addition, all Members are notified.

Five or more of these consulted Members can require that the matter be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Committee Administrator by 5.00pm on Wednesday 20 October 2010.

Contact Officers:

Case Officer:

David Boardman, Tel: 01962 848 477, Email: dboardman@winchester.gov.uk

Committee Administrator:

Nancy Graham. Senior Democratic Services Officer. Tel: 01962 848235. Email: ngraham@winchester.gov.uk

SUMMARY

The existing contract to process the glass bottles and jars collected by Hampshire Authorities, which is currently with Recresco, expires in February 2011. Following detailed discussions within Project Integra (PI) it has been decided that a single contract should be let for all the glass collected by all Authorities. It was agreed that Portsmouth would be the lead authority and would therefore let the tender and act as the managing authority for this new contract.

This Decision Notice gives details of the proposal to let a new contract for the sale of glass collected through bring and other sites operated by Winchester City Council. Delegated authority is sought to enter into a partnership agreement with Portsmouth City Council for this purpose.

Detail

This new contract will look to maximise the amount of glass that is processed back into new glass containers and to minimise the amount that is sent to aggregate. The contract will be for the acceptance of both colour segregated glass as well as glass where the colours are mixed. Recycling glass into new containers saves up to 315kg of CO₂ equivalent per tonne recycled, whereas aggregate does not provide any benefit.

It was agreed that the contract would be for 5 years, with the option of a two year extension and that to maximise income it should be based on a profit share arrangement. The rationale for this is that glass is a very stable market and was unaffected by the recent market crashes that affected other recyclable materials during the recession.

Under the terms of the current agreement all authorities in Hampshire sell their glass collected from the kerbside direct to Recresco Glass Company who process and sell the material on behalf of each authority. A separate fee is taken for administration and handling the glass whilst stored at local depots before being transported to a Central bulking facility at Southampton. Income is paid to the City Council after the deduction handling storage and administration costs.

Portsmouth City Council have named all 14 Hampshire authorities in the tender documents and agreement to supply glass into this new contract will be via a partnering agreement which each authority is required to sign. A draft partnering agreement has been reviewed by the Head of Legal Services and comments have been sent back to Portsmouth City Council.

The contract is for the processing and selling of glass for a period of five years with a possible extension of two years. The contract has been procured by Portsmouth City Council on behalf of the Project Integra Partners in accordance with the "Open Tender Procedure". The contract procurement is close to completion and the contract will be awarded shortly. The contract award is on the basis of a combination of price (70%) and quality (30%).

The Partnering Agreement that authorises Portsmouth City Council to act on behalf of the Authorities in Project Integra has been sent out to authorities for signature. All partners will be required to sign the agreement prior to the contract being awarded. It is intended that the contract be awarded by mid October with a view to commencement in February 2011.

The Managing Authority under the Partnership is Portsmouth City Council.

Rule 2.3 b) of the Winchester City Council's Contract Procurement Rules (CPRs) provides that the CPRs do not apply to a procurement carried out on the Council's behalf by another authority as part of a partnership involving the City Council provided that authority's procurement rules are being complied with (as is the case in this instance).

Risk Evaluation

There are a number of potential risks associated with this contract that need to be taken into account, namely:

Risk Mitigation - Loss of Income: whilst the sale of glass is a relatively modest income compared to the Council's overall budget the partnering agreement procures the best level of income and reduces markets risks.

Future Demand: the contract allows for the disposal of any additional glass collected in future years due the expansion of bring sites or in the event of the City Council introducing kerbside collection.

Disposal Routes: entering into this partnership arrangement should reduce the risk of inadequate disposal arrangements arising in the event that markets deteriorate in future years. This could lead to an increase in landfill as this is a cheaper disposal option.

PROPOSED DECISION

1. That the entering into of a Partnership and Income Share Agreement with Portsmouth City Council for the disposal of glass, as outlined in the Decision Notice, be approved.
2. That delegated authority be granted to the Head of Legal Services (in consultation with the Head of Environment) to agree the detailed terms of the Partnership Agreement.
3. That in accordance with Section 101 of the Local Government Act 1972 those City Council functions which are to be discharged by the managing authority under the Partnership Agreement be formally delegated to Portsmouth City Council or such other authority as may be appointed to be the managing authority under the Agreement, subject to the provisions of the Agreement.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Other procurement options have been considered and evaluated by the Project Integra Board and the option chosen was shown to be that which was most financial, economical, delivered the best income and most reduced risk.

The new arrangements were approved by the Project Integra Management Board after evaluating several different procurement options including:

1. Separate contracts for each authority as is the case now;
2. Incorporating glass disposal into the long term disposal contract;
3. Standalone contract with a lead authority;
4. Each authority makes its own arrangements.

The option selected (option 3) maximises the potential income, reduces the administration and other costs associated with the procurement of a separate contract and overall minimises risks associated with contract procurement and disposal of the materials collected. Income expected from the sale of glass is expected to be in the region of £20 - 25 per tonne but this is dependent upon markets conditions.

RESOURCE IMPLICATIONS:

Currently the Council collects an average of 1,900 tonnes of glass per year and the net income is forecasted at £40k pa after the deduction of administration charges. This level of income has already been planned for in future baseline budgets

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

The proposals have been approved by the PI Project Board and by the PI Scrutiny Panel.

FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE

N/A

DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED

N/A

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

None

Approved by: (signature)

Date of Decision

Councillor Kelsie Learney - Leader of the Council