



To: Executive Councillor for Environmental and Waste Services: Jean Swanson

Report by: Jen Robertson – Waste Strategy Manager

Relevant scrutiny committee: ENVIRONMENT 8TH OCTOBER 2013  
SCRUTINY  
COMMITTEE

Wards affected: All Wards

## **Joint Materials Recycling Facility (MRF) procurement process**

### **Key Decision**

#### **1. Executive summary**

- 1.1 Cambridge City Council currently has a contract for the bulking, sorting and onward processing/sale of recyclable materials, collected from blue bins. This contract expires at the end of November 2014.
- 1.2 The Council needs to procure a new contract before the current expiry date and various options, included in the Joint MRF Common Paper attached at Appendix 3, have been analysed.
- 1.3 Officers consider that a joint procurement with the relevant RECAP partners (see Background - Section 3) is likely to result in an overall net saving for the partners and represents the best overall option.
- 1.4 Collaborative procurement is an important part of the Whole Systems Approach Programme agreed by the RECAP partners, which should provide gains for all partner authorities involved.
- 1.5 Work has commenced on market testing and putting together an Invitation to Tender (ITT) with a view to contract award taking place in March 2014.

#### **2. Recommendations**

The Executive Councillor is recommended to:

- 2.1 Approve the 'RECAP Partnership Charter', as attached at Appendix 1, including approval of the additional Schedule 2 Governance Agreement relating to the operation of the Joint MRF contract, commitment to participating in the joint contract and the inclusion of kerbside recyclate materials in the contract.

- 2.2 Commit the Council to the appointment of a Contractor to deliver Joint MRF services for bulking, sorting and onward processing/sale of recyclable materials for all RECAP participating partners, unless all participating partners agree not to appoint.
- 2.3 Agree delegation of authority to the Director of Environment, in consultation with the Executive Councillor for Environmental and Waste Services plus the Chair and Spokes of ESC, to approve the final Invitation to Tender (ITT) and to award the Contract for Cambridge City Council.
- 2.4 Agree that Peterborough City Council (as lead authority for the joint procurement exercise) will nominate, in collaboration with and on behalf of the participating RECAP partners, a preferred supplier for the contract of providing the services of bulking, sorting and onward processing/sale of recyclable materials. The contract would be awarded to the contractor who submits the Most Economically Advantageous Tender to the partners as a whole.
- 2.5 Agree the approach to compliance with the Waste Framework Directive regarding source separation of recyclate, as agreed by the RECAP Board on 4<sup>th</sup> September 2013 and as attached at Appendix 2

### 3 Background

- 3.1 The Cambridgeshire and Peterborough Waste Partnership, known as RECAP, is a well established partnership bringing together the five district councils of Cambridgeshire, Peterborough City Council and Cambridgeshire County Council. The purpose of the Partnership is to improve the management of municipal waste across the area. Recently the focus has been on working more closely together in order to:-
  - **Increase value for money.** Achieving sustained value for money, not at the expense of customer service and satisfaction.
  - **Increase service improvement.** Improving services for local areas based on what local communities say and need.
  - **Improve environmental performance.** Reducing the carbon impact of service delivery and waste management.
  - **Level-up services.** Achieving consistently high quality services across the partnership area.
- 3.2 This Joint MRF Procurement project is a key workstream identified as part of the Whole Systems Approach Programme agreed by RECAP in autumn 2012 and endorsed by Cambridgeshire Leaders and Chief Executives as a 'flagship collaboration'. The programme seeks to develop an optimum waste management system across RECAP in

Cambridgeshire and Peterborough through a collaborative approach that:

- Reduces the overall expenditure to the public purse;
- Increases the overall income to the public purse; whilst
- Improving services for the customer, which would include levelling-up services across Cambridgeshire and Peterborough to achieve consistently high quality services across the partnership area; and
- Improving environmental performance

3.3 By working collaboratively and procuring jointly, it is assumed that maximising the collective offer (in terms of tonnage) to the market of recycle materials across the RECAP Partnership, will help achieve best value. The assumption is that maximising the amount of material available under the contract will increase the attractiveness to the market and drive competition, which in turn will drive costs down and income up and benefit the public purse and the participating partnership authorities. This particular project does not include Cambridgeshire County Council as it does not have a requirement for this type of contract.

3.4 The timescales for this procurement are very tight, with the ITT to be sent out by 24 November 2013 in order to meet the required award of contract scheduled for March 2014. Implementation of services for each partner under the contract will be phased to coincide with the different expiry dates of partners' existing contracts. Cambridge City Council's existing contract with Viridor expires at the end of November 2014, although it includes an option to extend by 2 years (which will not be exercised). Peterborough City Council's current contract expires in June 2014.

3.5 An officer Task Group has been set up with representatives from each partner authority. This group reports to the Senior Officer Group who in turn report to the RECAP member Board. Cambridge City Council's representative on the Board is Executive Councillor Jean Swanson. There is also a link to Cambridgeshire Public Service Board through the Chief Executive of South Cambridgeshire DC, Jean Hunter who is the overall Programme Sponsor.

3.6 It is essential that cross party support is gained for this Partnership procurement and the associated RECAP Partnership Charter, which will commit the authority to sending all its kerbside recycle material through this jointly procured contract. Withdrawing from the procurement, post tender bidding, would not only potentially negate the process, but also fundamentally prejudice the service continuity for the remaining Partners and risk irrevocably fracturing the Partnership.

- 3.7 A soft market testing exercise has been carried out to help inform the nature of the contract, the mix of materials (including likely impacts on values), the pricing mechanism and quality requirements.
- 3.8 The Waste and Resources Action Programme (WRAP), a government funded advisory body, has also been consulted and involved in developing the best approach to the marketplace, including provision of industry intelligence and a project peer review.
- 3.9 The MRF procurement does not require changes to services or collection systems. However, it may provide opportunities for some authorities to add additional materials to their existing collection arrangements.
- 3.10 A separate Whole Systems Approach workstream, the Optimum Service Design, will consider possible changes to collection services. This workstream is probably the most appropriate vehicle to consider how the RECAP partners should address the requirements of the Waste Framework Directive (WFD) and the Waste (England and Wales) Regulations, which transpose it into UK law. A duty to collect specific waste streams separately comes into force in January 2015. The WFD/TEEP (Technically, Environmentally and Economically Practicable) paper (Appendix 2) sets out how RECAP intends to address and broadly comply with these requirements. The legal position (clarified by Judicial Review) is that collection of paper, metal, plastic and glass separately from one another is required only if it is both practicable and necessary. The aim of the WFD is to achieve “High Quality Recycling”, the benchmark for which is that resulting from separately collected single waste streams. The MRF procurement will focus on achieving the required quality with existing collection methods, thereby demonstrating that separate collection is not ‘*necessary*’. The OSD will address considerations of ‘*practicability*’. This approach has been agreed by the WSA Programme Board (1st August 2013) and by the RECAP Board (4<sup>th</sup> September 2013)
- 3.11 A pricing mechanism will be developed which seeks to minimise processing cost, maximise materials income and help manage risk. The agreed model will seek to achieve a balance between cost certainty and the potential to take advantage of market volatility in order to maximise income.

## **4. Implications**

### **(a) Financial Implications**

One of the objectives of the project and reasons for the joint procurement is to maximise the tonnage to the market, which should provide a more

attractive tender to the market and result in increased competition and better value.

It is intended that the contract pricing mechanism will help manage the financial risks of market volatility thereby reducing risk to the authority, whilst still allowing the authority to benefit from market upturns in material value.

**(b) Staffing Implications** (if not covered in Consultations Section)

There are no staffing implications for Cambridge City Council.

**(c) Equal Opportunities Implications**

An Equality Impact Assessment has not been carried out, but if one is required it will be carried out as part of the tendering process.

**(d) Environmental Implications**

The blue bin service provides residents with an easy way to separate material for recycling. This contract provides for the sorting of this material so that it can be made into new products. It avoids the use of landfill and uses existing resources which has a high positive impact on the environment.

**(e) Procurement**

The procurement will be subject to the Public Procurement Regulations 2006 and thus falls under the ambit of the 'OJEU/European Procurement' regime. An Open (one stage) tender process will be used. Peterborough City Council will act as lead authority for the procurement exercise on behalf of all participating partners and will ensure the process is OJEU compliant. The contract will be awarded to the Most Economically Advantageous Tender to the partners as a whole. The approach being used is fully in keeping with the City Council's own Contract Procedure Rules.

**(f) Consultation and communication**

Consultation with potential bidders has been carried out in the form of a Soft Market Testing Exercise. The results of this will be used to inform the ITT.

There will be communication with residents in the form of press releases and an article in Cambridge Matters once the contract has been let.

**(g) Community Safety**

There are no Community Safety issues.

## **5. Background papers**

This background paper was used in the preparation of this report and is also attached at Appendix 3:

Joint Materials Recycling Facility (MRF) Procurement Common Paper for RECAP Partners Decision-Making Processes - September 2013

## **6. Appendices**

Appendix 1 – RECAP Partnership Charter and Schedule 2 Joint MRF Procurement Governance Agreement

Appendix 2 - Compliance with the Waste Framework Directive and Waste Regulations 2011- Recyclate Materials Streams Collections (TEEP)

Appendix 3 - Joint Materials Recycling Facility (MRF) Procurement Common Paper for RECAP Partners Decision-Making Processes - September 2013

## **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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