

RECAP Partnership Joint Materials Recycling Tender and Contract

1. This report seeks the agreement of the Shared Waste Head of Service, on behalf of Cambridge City Council, to undertake a joint procurement and award of Materials Recycling Facility (MRF) services for bulking, sorting, onward processing and sale of recyclable materials with other Recycling in Cambridgeshire and Peterborough (RECAP) partners.

Background

- 2.1. The RECAP Waste Partnership is a longstanding and effective partnership made up of all 7 authorities across Cambridgeshire and Peterborough.
- 2.2. Cambridge City Council, as part of Greater Cambridge Shared Waste Service (GCSWS), is currently party to a jointly procured contract, expiring August 2024, for sorting and onward sale of the blue bin recycling materials collected from domestic and commercial premises in Cambridge. The bulking and transfer services within the contract were not exercised by GCSWS due to the location of the MRF services being close to the GCSWS Operations Depot.
- 2.3. Working collaboratively and procuring jointly with other local authorities in this way has increased the financial benefits of the previous waste recycling contract due to the increased combined quantity of recyclable material presented to the market and therefore its potential value.
- 2.4. This best value approach can only be achieved by partners committing to a collective tender process at this stage and to award any subsequent contract on the basis of collective agreement.
- 2.5. It is proposed by the RECAP partners that Cambridgeshire County Council's Procurement Team will be used for the procurement process, acting on behalf of the partner authorities.
- 2.6. It is anticipated that any final contract would be awarded by March 2024.

3 Recommendations

- 3.1. Agree that the Council is committed to the procurement and appointment of one or more Contractors, to deliver Joint Materials Recycling Facilities (MRF) services for bulking, sorting, onward processing and sale of recyclable materials for all RECAP participating partners.**
- 3.2. Understand that the GCSWS Shared Waste Head of Service will have authorisation of the final Invitation to Tender (ITT), to award the contract, in consultation with the relevant Executive Cabinet Members.**
- 3.3. Understand that the resulting contract will likely require an updated TEEP (Technically, Environmentally and Economically Practicable) assessment of the recycling service provision provided by GCSWS which will be presented following the first stages of the procurement exercise.**

4 BACKGROUND AND INTENDED OUTCOMES

- 4.1 The Recycling in Cambridgeshire and Peterborough (RECAP) Waste Partnership is made up of Fenland District Council, Cambridge City Council, Cambridgeshire County Council, East Cambridgeshire District Council, Huntingdonshire District Council, Peterborough City Council, South Cambridgeshire District Council.**
- 4.2 Cambridgeshire County Council is a member of the Partnership and involved in this process, however it will not be party to this joint Materials Recycling Facility (MRF) procurement, as recycle materials received by the County Council via its Household Waste Recycling centres are already dealt with through the existing PFI contract.**
- 4.3 Critical to realising the potential benefits to the public purse that are expected from this joint procurement and collective offer of Partners' materials, is the need for all Partners to agree, in advance of the actual tender process itself, to present their respective recycle materials to the market jointly and collaboratively, thereby securing greatest influence over best value in processing cost and potential income.**
- 4.4 It is recommended that the Council makes a commitment to this Joint Procurement of services for bulking, sorting and onward processing and sale of recyclable materials with**

relevant RECAP partners. This will commit the offering of all the recycle materials collected by GCSWS in Cambridge City, and each Partner Council, into common contracts across Cambridgeshire and Peterborough.

- 4.5 Current legislation requires that waste collection authorities not separately collecting prescribed recycling materials (paper, metal, plastic and glass) perform a Technically, environmentally and Economically Practicable Assessment (TEEP) to determine compliance with regulations. The anticipated changes in legislation and the provision of the contract will make a revised TEEP assessment necessary prior to September 2024.
- 4.6 TEEP Assessment - The Waste (England and Wales) (Amendment) Regulations 2012 impose a duty on waste collection authorities like South Cambridgeshire District Council when making arrangements for the collection of domestic and commercial waste to ensure that those arrangements are by way of separate collection, unless it is technically, environmentally and economically practicable (TEEP) to perform them otherwise.

5 REASONS FOR RECOMMENDATIONS

- 5.1 With anticipated changes in legislation and the increased value of recyclable materials as a resource, local authorities were previously incurring costs for services to bulk, sort and process such materials have been receiving an income - although it should be noted that the market for recyclable materials fluctuates and income is consequently volatile. Joint working in this area has been shown to increase financial benefits to local authorities, for example, by increasing the quantity of recyclable material presented to the marketplace and therefore its potential value. It can also remove duplication of effort depending on the partnership approach and benefits can be derived from combining learning and expertise.
- 5.2 The MRF procurement is intended to maximise existing volumes/materials with more materials moving into existing bins, where technically, economically, environmentally, and financially practicable.

6 CONSULTATION

- 6.1 The RECAP Board of elected Members monitors annual work streams, of which the Joint MRF Procurement is one.
- 6.2 Consultation was undertaken in December 2022 with a wide spectrum of the companies currently operating in the business of recycling, sorting, bulking and transportation of recyclable materials via a Soft Market Test process. This feedback will help inform the nature of the contract, the mix of materials within the recyclate basket (including likely impacts on values), the pricing mechanism and also quality requirements.
- 6.3 The Waste and Resources Action Programme (WRAP), a government funded advisory body, has also been consulted and involved in developing this approach to the marketplace, including provision of industry intelligence.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Contracting independently of neighbouring authorities was deemed to be expensive and would not offer the economies of scale of a joint procurement.
- 7.2 There was investigation in relation to the legality of a continued extension to the current contract, but this was not deemed legal and the current contractor has made clear that their plant needs extensive investment thus prohibiting any short-term extension.

8 IMPLICATIONS

8.1 Legal Implications

- 8.1.1 The Council, at approving the ITT, will be agreeing to enter into the resulting contract with the preferred bidder from 01 September 2024 for a minimum period of 5 years, with the option to extend to a maximum of 10 years, albeit if other options are presented through the procurement process these will be considered.
- 8.1.2 Government has yet to clarify the details of Extended Producer Responsibility implications for local authorities from April 2024 which could place an increased burden on sampling at Material Recovery Facilities within the life of this contract.

8.2.3 The Government's Deposit Return Scheme, expected in England and Wales from October 2025, could have an impact upon the materials collected within this contract, however the market is aware of this and will respond.

8.2.4 Coming to the market whilst there is still some uncertainty around the Government's plans does create risk for potential bidders. Unfortunately the contract has been extended to the maximum of 10 years and all options have been explored. In light of this, the partnership authorities will use expert legal opinion to determine the most effective means of procuring the contract to ensure that bidders can have confidence in the contract they are bidding for.

9.2 **Financial Implications**

9.2.1 The existing contract, which was an initial five years, with a five-year extension, has provided security to GCSWS and the RECAP partners during some periods of real instability in the recycling materials markets and as a result somewhat protected the authorities from the increased costs seen elsewhere.

9.2.2 GCSWS annually processes approximately 28,000 tonnes of mixed dry recycling materials between domestic and commercial with a gate fee of £39.45 per tonne and the market supplement of an additional £11 per tonne. With an anticipated increased gate fee by RPI (capped at 3%), the current estimated gate fee costs annually will be approximately £1.1m plus market supplement and then the material rebate is deducted.

9.2.3 With the currently low levels of material values, the anticipated changes in legislation and increasing costs for contractors, we do not expect to see these levels in future contracts. The results of the soft market testing demonstrated that contractors are no longer willing to take the same level of risk related to market volatility and we should expect a different approach to gate fees and profit share from those in 2013/14. However, the procurement exercise utilising 'competitive dialogue' will enable a comprehensive development of the financial mechanism for the contract.

9.2.4 Defra has made a commitment through the Enhanced Producer Responsibilities (EPR) that from April 2024 producers will pay local authorities for collecting and treating packaging materials recycled which presents an additional income source for local authorities.