

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 13<sup>th</sup> July 2015

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**WARD(S):** All

**PORTFOLIO:** Commissioner for environment and open spaces  
Cllr Satpal Parmar

### **PART I** **KEY DECISION**

#### **PROCUREMENT OF WASTE TREATMENT CONTRACT**

##### **1 Purpose of Report**

To request approval from Cabinet to commence procurement of a waste treatment contract to meet the requirements of the disposal of residual waste, recycling materials, clinical and hazardous municipal waste streams.

##### **2 Proposed Action**

The Cabinet is requested to resolve that the Council commence procurement of a waste treatment contract in August 2015.

##### **3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

Slough Borough Council has stated through the Joint Wellbeing Strategy in the Environment and Regeneration section that it will pursue steps to:

Move up the waste hierarchy to increase the amount of waste recycled, reduce the overall amount of waste produced and reduce dependency on landfill for final waste disposal. The council will encourage home composting and continue to provide a dedicated scheme to collect green garden waste.

Furthermore it also states that the council will:

- Reduce, reuse and recycle your waste whether at home or around the town
- Support volunteer for community clean up campaigns
- Support compost your food and garden waste at home

##### **3b. Five Year Plan Outcomes**

*The Five Year Plan's outcomes the proposal will help to deliver are:*

- ***Outcome 1 - Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay***

**Ensure that the gateways to the town, prominent places and green spaces are clean and well maintained**

Waste Disposal is a key service entwined with Street Cleaning which contributes towards maintaining the gateways to the town, prominent places and ensuring green spaces are clean and well maintained.

- ***Outcome 7 - The Council's income and the value of its assets will be maximised***

**Ensure that a revolutionised approach to household waste collection is in place**

The Waste Treatment contract is key to the provision of disposal of materials collected from waste collection service that provides a residual waste, recycling, commercial and green waste kerbside service. The waste treatment contract is vital to the provision of clinical waste disposal from the kerbside collection and the provision of hazardous materials disposal from the Household Waste Recycling Centre.

**Ensure that no household waste will be disposed of in landfill sites**

A key statement of intent for the Council is that Slough will strive to become a zero landfill Council. A waste treatment contract is going to be essential to enable the delivery of this outcome for the Council.

**We will seek to maximise the financial value of recycling collected by improving the quality of recycling collected.**

Engagement with the market for waste and recycling is through the medium of a contract with a waste treatment contractor. Therefore, the waste treatment contractor will be the vector to improving and enhancing the value and receipt of resources collected by the Council. The Subject Matter Expert / Client will work with the contractor to achieve best value for the Council from the contract.

**4 Other Implications**

**(a) Financial**

The financial implications of a waste treatment contract are significant. Currently, the waste treatment budget for Slough Borough Council is £4.2 million, and costs vary annually by inflation and the amount of waste sent for landfill, Energy from Waste and for recycling. The procurement of a fit for purpose waste treatment contract holds significant financial implications for the Council from 2018/19 onwards, particularly with regard to the type of residual waste treatment method procured for contract and the 'drivers' that affect the annual costs.

Recycling material values fluctuate according to market value and therefore working in contract and partnership with a waste management contractor can mitigate financial exposure particularly by improving and enhancing recycling rates.

**(b) Risk Management**

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	<p>The obligation to set up separate collections of paper, metal, plastic and glass from 2015 is only necessary where it is technically, environmentally and economically practicable ("TEEP");</p> <p>A duty to collect Household waste within Slough;</p> <p>Responsibility as a statutory function to arrange and provide places for the disposal of waste collected by SBC under its function as a WDA;</p> <p>SBC have consulted internally with the legal team and the contract cannot be extended;</p>	<p>Provision of contract to ensure a robust approach is made to TEEP.</p> <p>Provision of services delivered through contract will meet statutory functions.</p>
Property	N/A	
Human Rights	N/A	
Health and Safety	N/A	
Employment Issues	N/A	
Equalities Issues	N/A	
Community Support	N/A	
Communications	N/A	
Community Safety	N/A	
Financial	Robust forecasting model currently in place which can incorporate sensitivity changes in tonnage, growth and price changes.	Contractual change to provide transformational and stepped change to existing contract to how residual waste currently sent to landfill is processed.
Timetable for delivery	Early procurement to engage with market in advance of	
Project Capacity	Technical Advisory to support composition of specification and procurement process	
Other		

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

There is no identified need for the completion of an EIA.

**5 Supporting Information**

- 5.1 As a Unitary Council Slough Borough Council is responsible for collection, management and disposal of all municipal waste generated within the borough and all street cleaning, gully and channel sweeping, litter picking and detritus sweeping operations within the borough. The Environmental Services contract covers Waste Collection, Waste Management, Waste Disposal, Highways, Street Cleaning and Grounds Maintenance and delivered by Amey which concludes in November 2017.
- 5.2 The current contract for waste disposal is a back to back contract between Slough Accord (now Amey) and Grundons for the treatment of waste. This means that Amey dispose of the waste for treatment through Grundons facilities and Grundons charge Amey who then in turn charge the Council. This is known as 'brokering' arrangement and is common in waste management practice.
- 5.3 The current treatment contract has a 'matrix' of waste and recycling materials. This is known as the Annex 1 – Grundons Price Matrix. This matrix contains general waste, household hazardous waste, clinical waste, recycling and landfill costs per tonne. These are increased with their respective taxes and indexation annually.
- 5.4 As part of the procurement recommended the Council would procure the contract for the waste treatment and would anticipate a similar brokering arrangement to be in place for the future Environmental Services contractor for select waste treatment streams. It is anticipated however that some payments will be directly between the treatment contractor and the Council and that the Council will have a direct contractual relationship with the waste treatment contractor to ensure delivery of the outcomes of the Five Year Plan and the Waste Strategy 2015 – 2030.
- 5.5 Since the introduction of landfill tax the landscape for waste management and waste disposal has changed prolifically. With an escalator tax appended to disposal via landfill - the traditional method of waste disposal, Councils have had to scramble for vastly enhanced recycling rates and / or investment into an EfW plants / contracts to divert as much waste as possible away from landfill.
- 5.6 Central to the urgency to procure a new waste treatment contract is the presence of a 'capacity gap' between the amount of waste produced regionally and the infrastructure available to dispose of the waste particularly with regard to the disposal of non-recyclable (residual) waste. Next year projects a 17.8% net residual capacity gap between total residual waste arisings and total energy recovery from operational capacity.
- 5.7 Slough Borough Council must ensure that it has a fit for purpose a guaranteed waste treatment contract in place for when the current contract expires in 2017. It is the recommendation to procure in advance of this date due to the competitiveness of the market for residual waste treatment as capacity is sought not only from public bodies but also commercial and industrial entities.
- 5.8 The recommendation is made based on the commissioning of the service undertaken through the Strategic Commissioning Group chaired by the Strategic Director –

Resources, Housing & Regeneration and the approval to recommend commencement of procurement made through the Contracts Reprovision Board chaired by Strategic Director – Customer and Community Services.

- 5.9 An initial desktop review of the very high level options including a 'Best Practical Environmental Option' has been conducted to identify the best available preference for the treatment of residual waste in Slough. Currently there is a preference for the treatment of both residual waste and recycling but the procurement process shall ensure that alternative technologies and suppliers are considered.
- 5.10 A flexible service for the treatment of recycling materials will be requested so that Slough can ensure and accommodate any changes that might need to be made through their TEEP Assessment. The TEEP Assessment holds a requirement to separate collect recycling from the kerbside unless it is not technically, economically or environmentally practical. It will also incorporate the ability to incorporate costs for adding recycling materials to the current kerbside recycling service.
- 5.11 Cabinet to note the possible impact of proposal of Heathrow Third Runway on Lakeside Energy from Waste Plant which is the waste treatment plant for residual waste under the current contract.
- 5.12 The key drivers formulating the outcomes of the waste treatment contract are as following:
- Need to mitigate budgets allocated and subsequently spent on both Waste Disposal, Waste Management and Waste Collection which currently stand at approximately £3,550,000, £1,638,000 & £4,167,000 respectively;
  - Ensuring that a migration from Waste Management to Resource Management where the Local Authority recognises and implements collections systems that work in accordance with the Waste Hierarchy;
  - Ability to continue to meet statutory functions and build flexibility to work with future partners;
  - Reducing waste arising through waste prevention, encourage reuse, produce higher quality recycle while reducing the amount of waste sent for recovery and eradicating where possible the use of landfill for final disposal;

## 6 **Comments of Other Committees**

None.

## 7 **Conclusion**

The Cabinet is requested to resolve that the Council commence procurement of a waste treatment contract from August 2015.

The Cabinet is requested to note the importance of this contract is delivering several key outcomes of the Five Year Plan.

## 8 **Background Papers**

None.