

Report to Cabinet

22nd September 2016

By the Cabinet Member for Waste, Recycling and
Cleaving



DECISION REQUIRED

Not Exempt

Exempt Appendix 1 under paragraph 3 Part 1 of
Schedule 12A of the Local Government Act 1972

Commercial Waste Disposal – Preferred Supplier

Executive Summary

Horsham District Council currently disposes of commercial (trade) waste collected from businesses across the district. The waste collected is then transported to Burgess Hill Transfer station which is operated by Viridor Waste Ltd on behalf of West Sussex County Council. The purpose of this report is to seek Cabinet approval to award a five year contract with a total value of over £250,000 for the disposal of trade waste.

For many years the Council has incurred higher disposal costs which has impacted in the commercial competitiveness of the service. Horsham District Council is not legally bound by any agreement with West Sussex County Council as the Waste Disposal Authority, however a reasonable period of notice is required to withdraw or amend current arrangements with West Sussex County Council; intention of such was made in November 2015.

Soft market testing was undertaken which concluded that a tendering exercise was required to secure a preferable disposal tariff set against a range of waste and recycling materials, with preferred options available for selection based on a best price basis. In addition to this the tender included the need for each supplier to consider any logistical benefits linked to transfer site locations which would offer reduced carbon footprint and to minimise transport costs.

Recommendations

That the Cabinet is recommended:

- i) To accept the tender and award the contract to Company A as identified in the exempt Appendix 1
- ii) To delegate to the Director of Community Services any minor contractual changes during the contract term.

Reasons for Recommendations

- i) The contract for disposal of commercial waste was offered to a number of suppliers. This exercise elicited only one bid. The bid submitted will deliver a significant saving to the Council compared to existing disposal arrangements with West Sussex County Council.

Background Papers- none

Wards affected: All wards

Contact: John McArthur - Head of Waste, Recycling, Street Scene.

Background Information

1. Introduction and Background

- 1.1 Trade waste generates significant income for the Council with a market share of 11.3% in the district.
- 1.2 88.6% of all businesses in the Horsham district are mainly Micro (0-9 employees) which is our target market given that our main competitors, prefer larger companies with national contracts.
- 1.3 The service has many unique selling points which give Horsham an advantage over their competitors such as:
 - Free advice on legal obligation such as duty of care and transfer of waste
 - Registered carrier of waste
 - Daily collection service available
 - All-inclusive prices
 - Flexible charging schedule to suit customer budgets
 - Local service
- 1.4 Horsham District Council has disposed of commercial waste via the West Sussex agreement at Burgess Hill for a number of years. The agreement has no legal standing given that West Sussex County Council are not bound by the Environmental Protection Act 1990 to provide a disposal route for Commercial Waste
- 1.5 The cost for disposal has always been high when compared to alternative disposal routes. The cost of disposal significantly impacts on the financial return to the Council.
- 1.6 Alternative disposal providers have been sought to take the commercial waste the council collects from business premises. This exercise compliments the work identified in 2014 by the Trade Waste Scrutiny Working Group (TWWG).
- 1.7 The tender exercise was facilitated via the OJEU contracts notice which is a recognised mechanism which already includes pre-tender requirements to ensure compliance and due diligence.
- 1.8 By entering into a new disposal contract we receive a much improved disposal charge and in addition gain a logistical benefit all of which enables the Council to offer an improved service both on cost and carbon footprint.
- 1.9 The proposal allows the council to take the best disposal cost option from both the existing and new suppliers' agreements respectively.
- 1.10 The Council has the opportunity to take advantage of a new contract with an alternative supplier whose facilities are closer than Burgess Hill. This will support expansion of the current service and improve the income return to the Council. It will also assist expanding the commercial portfolio targeting businesses in Crawley and Mid Sussex. In addition, we will, look to retain disposal options via West Sussex County Council albeit at a higher tariff which may still make sense dependent upon where materials are being collected from.

2 Relevant Council policy

- 2.1 Horsham District Corporate Plan Priorities 2016-2019. – Ensuring commissioning principles are applied to our service delivery to secure quality and value which will deliver efficiencies and objectives of the Medium Term Financial Strategy.

3 Details

- 3.1 The Council's requirement was advertised in the Official Journal of the European Union (OJEU) providing all suppliers the opportunity to submit bids to provide a disposal route for a range of materials that Horsham District Council collect on behalf of commercial enterprises across the district
- 3.2 The bid submitted by the preferred supplier offers logistical benefits that also has the potential of opening up new markets in Crawley
- 3.3 The Council has a growing market share within the district. In addition, we are already offering a service outside of the district boundary. The new contract will serve to enhance market share in this sector.

4 Next Steps

- 4.1 The contract needs to be offered formally to Company A based on the tender submission. There will be a formal 10-day period of standstill.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Cabinet Member's Policy and Development Advisory Group (PDAG) has considered the proposal and are supportive of the recommendation.
- 5.2 The Councils Monitoring Officer and Director of Corporate Resources have been consulted and their comments have been incorporated in to this report.
- 5.3 We have consulted with West Sussex County Council and the existing supplier to make them aware of the alternative provisions being made for the disposal of materials

6 Other Courses of Action Considered but Rejected

- 6.1 The Council could continue disposing of commercial waste at a higher tariff and incur further costs for transport making the service less competitive. If we carry on disposing of our commercial waste via the existing agreement, we lose the opportunity of the financial benefits set out in the report.

7 Resource Consequences

- 7.1 The financial outcome benefits the Council by approximately £50,000 per annum which will allow a revised schedule of charging or enhanced margin of profit based on the disposal costs received via the tender.

8 Legal Consequences

- 8.1 The procurement process has been carried out in compliance with the Council's procurement code.
- 8.3 There is no legally binding agreement or legislation with West Sussex County Council with regard to the disposal of commercial waste.

9 Risk Assessment

- 9.1 The contract will allow the Council the flexibility to determine which is the most cost effective route for disposing of commercial waste which will reduce the risk of the contract.

10 Other Considerations

- 10.1 The proposal does not impact on Crime and Disorder, Human Rights or Equalities and Diversity.
- 10.2 The award to a new supplier will have a positive impact on sustainability by reducing the carbon emissions and reduced fuel consumption. More competitive pricing may encourage more trade waste recycling.