

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	23 April 2019
Title:	Glass Contract Update
Report From:	Director of Economy, Transport and Environment

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1. Recommendations

- 1.1. That the approval given by the Executive Member for Environment and Transport in September 2017 with respect to contractual arrangements for glass processing is amended, such that the service is delivered through the existing Waste Disposal Service Contract with Veolia, and the duration for contractual arrangements is consequently extended to 31 December 2030, with revised income estimates of £9.51 million, of which £713,000 relates to Hampshire County Council.
- 1.2. That authority is delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Environment and Transport and the Head of Legal Services, to make all necessary arrangements to vary the associated partnering agreement with Project Integra partners.

2. Executive Summary

- 2.1. The purpose of this paper is to outline the rationale for bringing glass processing into the waste disposal service contract and highlight the financial implications.
- 2.2. This paper seeks to:
 - a) Set out the context behind the glass processing contract.
 - b) Set out the reasons for moving glass processing into the waste disposal service contract (WDSC).
 - c) Outline the financial impacts of the change.

3. Contextual information

- 3.1. This paper seeks to extend both the timeframe and value of the glass processing contract in light of the move to take up the option that exists within the WDSC with Veolia to bring that material into the contract. This move means

that the previously approved duration and value are not sufficient for the new arrangement and the paper outlines what changes are sought.

- 3.2. In September 2017 a paper was brought to the Executive Member for Environment and Transport to procure a 5-year concession contract for glass processing with a total anticipated income of £3.96 million over the duration of the term, of which £297,000 related to Hampshire County Council.
- 3.3. Prior to the procurement process, a market engagement exercise was undertaken, which identified potential suppliers and sought their input to help inform the contract specification to provide the best chance of attracting a number of bids.
- 3.4. Despite this, only two tenders were received, one of which was non-compliant as it did not conform with the pricing schedule. This was in spite of the fact that during the market engagement all potential suppliers were asked to comment on the proposed pricing mechanism and all agreed with the approach.
- 3.5. The only compliant tender was evaluated against the criteria set, and it met the minimum standard required. However, the level of income proposed was 56% less than had been achieved under the previous contract, despite the market prices for glass remaining the same.
- 3.6. Project Integra partners were presented with the commercial implications of entering into the contract and approved the proposal to bring glass into the long term Waste Disposal Service Contract with Veolia which runs until December 2030.
- 3.7. As set out in the September 2017 paper, the WDSC already envisaged that glass would form part of that contract and that it would only require a deed of variation to make this arrangement.
- 3.8. A deed of variation has been agreed and entered into with Veolia, and each of the waste disposal authorities, Hampshire County Council, Southampton City Council and Portsmouth City Council.
- 3.9. The Waste Disposal Service Contract is due to come to an end on 31 December 2030, and the glass processing element will mirror this end date.

4. Finance

- 4.1. The terms of the agreement with Veolia for glass processing within the WDSC mirror those of the previous contract in that Veolia are responsible for marketing the material and receive a percentage of the income with the Authorities receiving the remaining share.
- 4.2. The income share is done based on a sliding scale which incentivises Veolia to seek to achieve a higher price for the glass as this increases the share that they receive. The income values estimated are at least equivalent to those achieved under the previous contract.
- 4.3. The value of the contract overall, subject to market fluctuations, is £9.5 million over the duration of the contract. However, the majority of this relates to material that the Waste Collection Authorities (WCAs) collect through their bring banks and kerbside collections. The County Council has glass banks at each of

its HWRCs which it is estimated will generate income of £713,000 over the contract term.

5. Next Steps

- 5.1. In Hampshire glass is collected by each of the WCAs either from the kerbside, bring banks or both. This material is delivered into the waste disposal infrastructure and then from there on to be processed and recycled.
- 5.2. A partnering agreement is used to set out the way in which the glass should be managed and delivered as well as the financial arrangements which are managed by the County Council with income then being distributed to each of the WCAs on a quarterly basis, based on the tonnage of glass they have delivered.
- 5.3. A partnering agreement has been drafted and completed under delegated authority in line with the previous procurement approval. This was drafted by Hampshire County Council and signed by all of the Project Integra Partner authorities and will need to be varied to take account of the revised arrangements.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	no

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Processing of Glass Services Procurement	19/09/2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
N/A	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The decision to procure a new glass processing contract has no impact upon frontline services provided by Hampshire County Council or the District Councils. It will not affect the glass recycling services already provided at kerbside, bring sites, and Household Waste Recycling Centres. The procurement will have a neutral impact on groups with protected characteristics.

2. Impact on Crime and Disorder:

2.1. No impacts identified.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

A new contract will allow for glass collected in Hampshire to continue to be recycled, which has a positive impact on carbon footprint.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

There is no known potential adverse impact of climate change on this service.