

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Environment and Transport
<b>Date:</b>	19 September 2017
<b>Title:</b>	Processing of Glass Services Procurement
<b>Report From:</b>	Director of Economy, Transport and Environment

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### 1. Executive Summary

1.1 The purpose of this paper is to seek approval to procure in respect of the concession contract for glass processing of up to 5 years duration with income estimated at £3.96m of which £297,000 relates to Hampshire County Council. This paper seeks to set out the background to the project including alternative options.

### 2. Contextual information

2.1. There is a Project Integra (PI) contract, currently held by Veolia, for the processing of glass collected from bring sites, the kerbside, and Household Waste Recycling Centres. In practice the key function is to manage and market the glass. The contract was let by Portsmouth City Council in 2010-11, but subsequently novated to Hampshire County Council, which manages the contract on behalf of partners for a nominal fee. A Partnership Agreement between all councils underpins the relationship between Hampshire County Council as contract manager and the partners as users of the service.

2.2. PI partners receive 90% of the income from sale of mixed glass, with the contractor retaining a fixed 10%. The level of income received is highly dependent on the market conditions and the tonnages that are collected.

2.3. The original contract term was 5 years, which came to a close in 2016. By agreement at the Project Integra Strategic Board in February 2015, this was extended by a further 2 years. The PI Strategic Board has identified that the priority going forward is a glass processing service which:

- 1) Delivers maximum levels of income to partners.
- 2) Allows all partners to participate, maximising the economies of scale.
- 3) Handles glass in a manner that preserves its quality and value to ensure maximum use as re-melt feedstock.
- 4) Is reliable and does not cause operational difficulties at glass delivery points.

- 2.4. The PI Strategic Board considered two options at its June 2017 meeting:
- Option 1 - Re-tender the contract, on broadly the same basis as the existing service
  - Option 2 - Incorporate glass processing into Hampshire's main Waste Disposal Contract
- 2.5. Hampshire County Council was the only PI partner to offer to lead the procurement exercise.

### **3. Finance**

- 3.1. The total income from the sale of glass that will be sent for processing during the 5 year period is estimated to be around £4 million, between 5 and 10% of which would be due to the County Council, with the remainder being shared among PI partners according to tonnages collected. These estimates are based on current tonnages and market rates.
- 3.2. The cost of the legal and procurement support required to procure the new service, as well as future contract management costs, will be shared among all PI partners. The exact formula for splitting the cost among partners will be agreed at the next PI Strategic Board meeting.

### **4. Performance**

- 4.1. Glass makes a significant contribution to recycling rates in Hampshire, and it is important to maintain services via a new processing contract beyond 2018.
- 4.2. Success can be measured by the income earned from sale of glass and how this income compares to national average values, which will be regularly monitored.

### **5. Type of Procurement**

- 5.1. It should be noted that this contract is distinct from the main Hampshire County Council/Portsmouth City Council/Southampton City Council waste disposal contract. The contract comes under the scope of the Concession Contract Regulations 2016 (CCR):
- (3) A "services concession contract" means a contract—
    - (a) for pecuniary interest concluded in writing by means of which one or more contracting authorities or utilities entrust the provision and the management of services (other than the execution of works) to one or more economic operators, the consideration of which consists either solely in the right to exploit the services that are the subject of the contract or in that right together with payment; and (b) that meets the requirements of paragraph (4).
  - (4) The requirements are—
    - (a) the award of the contract shall involve the transfer to the concessionaire of an operating risk in exploiting the works or services encompassing demand or supply risk or both; and
    - (b) the part of the risk transferred to the concessionaire shall involve real exposure to the vagaries of the market, such that any potential estimated

loss incurred by the concessionaire shall not be merely nominal or negligible.

- 5.2. This type of contract has a maximum 5 year term.
- 5.3. It is likely that a ratio of 70% for price and 30% for quality will be applied in tender evaluation of the items approved. This is subject to agreement by PI partners, and will form part of the overarching procurement and pricing strategy designed to obtain best possible value for the County Council and its partners.

## **6. Recommendations**

- 6.1. That the Executive Member for Environment and Transport gives approval to procure in respect of the concession contract for processing of glass services of up to 5 years duration
- 6.2. That authority is delegated to the Director of Economy, Transport and Environment to make all necessary arrangements to procure the contract, including any minor variations to the approach set out in the report.

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

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

**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.)

DocumentLocation

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 by Hampshire's 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. Not applicable

### **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.