

Committee: Environment

Agenda Item

Date: 17 March 2011

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Title: **Appointment of a contractor to negotiate a co-mingled recyclable materials gate fee under the exception provision in contracts procedure rules**

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Summary

1. An independent company with expertise knowledge and contacts within the recycling market is needed to procure a contract on the council's behalf with a materials recycling facility to buy our recyclable materials. A particular company has been identified with up to date knowledge with the current market in the region and already has established contacts with the recycling companies. It has negotiated a potential contract for another local authority enabling that council to sell its co-mingled recyclables at an attractive rate per tonne. Using this company would enable the council to negotiate a similar contract.

Recommendations

- 2. White Young Green be appointed to procure a contract on the council's behalf with a materials recycling facility to buy our recyclable materials

Financial Implications

3. The costs need to be established but estimates suggest that the initial fees would be recouped by a significant multiple in year, consequently there is an option of the external consultant taking a percentage of the income, with an agreement that the arrangement be rolled forward annually for the same percentage of the income achieved from a re-negotiated rate, but otherwise on a no fee basis. Irrespective of the option chosen, there would be a contractual requirement to secure the best terms. In the unlikely event of net costs being incurred, the consultancy fees would be met from the Waste Management Reserve.

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Impact

5.

Communication/Consultation	
Community Safety	
Equalities	
Health and Safety	
Human Rights/Legal Implications	The Council's Contract Procedure rules are framed within the context of EU procurement directive guidelines, but in this case the fees are estimated to lie within the £10K to £50K range. The council's rules require quotations to be invited from 3 separate persons or bodies. No exceptions are permitted unless this is of necessity and justified by special circumstances.
Sustainability	
Ward-specific impacts	
Workforce/Workplace	

Situation

6. We have secured a contract reducing our gate fees in the last 12 months from £19 to £9 per tonne and now to zero. There is a clear trend showing that the market is changing in our favour and we have recently been advised that White Young Green has had success in negotiating potential contracts with the recycling companies to buy recyclable material resulting in the service being able potentially to secure a substantial income stream. It is an approved supplier under the Office of Government Commerce (OGC) Buying Solutions Technical Assurance Services Framework. The council's requirement falls within the scope of this framework. The current amount of co mingled recyclable material is approximately 8,500 tonnes, and if we secured a contract we would anticipate a contract agreement of between 3 and 5 years.

Risk Analysis

7.

Risk	Likelihood	Impact	Mitigating actions
Appointment of a contractor without	2 There are sound	2 Costs associated	Open consideration of the grounds for using

following competition procedure may attract challenge	grounds for using the exception provision in the council's contracts procedure rules	with rebutting a challenge, and if unsuccessful, any costs award	the exception provision
The market for recyclables may weaken in the future	2 Although markets can be cyclical, current prospects are for continued strengthening	1 Professional fees associated with engaging White Young Green would be recouped in the short term	Explore option of no fee but % of income achieved. Seek a 3 to 5 year contract

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.