

Report to the Cabinet



Report reference: C/051/2006-07.

Date of meeting: 4 September 2006.

**Epping Forest
District Council**

**Portfolio: Customer Services, Media, Communications and Information
Technology.
Environmental Protection.**

Subject: Waste Management Contract – Fleet and Recyclates.

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Democratic Services Officer: Gary Woodhall (01992 – 56 4470).

Recommendations:

That the following recommendations of the Portfolio Holder Advisory Group on the Waste Management contract be agreed:

(a) the fleet should remain as a responsibility of the waste management service provider; and

(b) the marketing of and responsibility for collected recyclates shall in principle remain with the waste management service provider, subject to a later review following the soft market testing exercise.

Report:

1. The present waste management contract places the responsibilities for fleet provision and the marketing of recyclates with the waste management service provider. This was done to ensure that:
 - (a) the service provider was fully responsible for the fleet and its maintenance and therefore also for service failures relating thereto; and
 - (b) the Council was not exposed to the vagaries of the recyclate market through the life of the contract, with the service contractor being required to build the relevant market risks into their service tender.
2. There are benefits and disadvantages to these approaches, but on balance the Portfolio Holder Advisory Group took the view that the balance was in favour of the service provider taking the risks. However, with respect to the marketing of recyclates, it may be prudent to accept that decision in principle but await the soft market testing exercise which will enable potential service providers to discuss with the Council the options around the collection and marketing of recyclable materials, since an alternative approach may have significant financial advantages to the Council.
3. These decisions are required now so that the potential service providers attending the soft market testing event can be aware of the Council's approach to these matters.

Statement in Support of Recommended Action:

4. The recommendation regarding the fleet is a continuation of existing contractual arrangements, although these have been affected by the collapse of the last contract. The ability of the Council to maintain the fleet even when the contract fell into difficulty

does demonstrate that in the event of an emergency it is possible to deal with the situation without any long-term damage to the service.

5. The Council has preferred in the past to be risk averse in respect of the marketing of recyclates. In past years this has proven to be a sound approach, with the Council being protected from large fluctuations in market prices and being able to maintain collections when in some instances other Councils were forced to suspend them because of the financial consequences of continuing. However, the market is changing and it may be premature to make that judgement at this time. Whether a recyclable material has a disposal value or cost depends on how it is collected, with mixed recyclables (as currently collected) generating a cost whereby source separated materials may generate income. However, source separation is a slower and therefore more expensive collection process and these costs have to be set against the income stream. The Advisory Group took the view that it was prudent to remain, as far as possible, risk averse, but discussions since that meeting indicate that it may be prudent to wait before committing to that decision, and await discussions with contractors and other councils who are marketing recyclates.

Other Options for Action:

6. None other than set out in the report.

Consultation undertaken:

7. No external consultation undertaken.

Resource implications:

Budget provision: Nil at this stage.

Personnel: Nil.

Land: Nil.

Community Plan/BVPP reference: N/A.

Relevant statutory powers: None.

Background papers: None.

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A.

Key Decision reference (if required): N/A.