

Joint Contracts

Report of the Chief Officer for Highways, Infrastructure Development and Waste

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation: It is recommended that:-

- (i) the Committee notes the overall success of the majority of joint contracts for the sale of glass, paper and textiles and bulk haulage;
- (ii) supports the proposal to not proceed with joint contracts for cardboard and plastics at this current time;
- (iii) seeks to explore other opportunities for joint procurement of products or services.

1. Summary

The report details the position in relation to current joint contracts and a proposal for the sale of plastic and card from the councils.

2. Introduction

The councils have for many years (since 1992) had joint contracts in place for the sale of paper, glass, textiles, and bulk haulage. The main benefit of joint contracts is that the accumulated tonnage can result in better rates from processors. In addition contractors are obligated to accept the local authorities' material at the contract price regardless of the market situation, which creates stability and reliability in difficult times, rather than relying on spot prices.

Joint contracts usually rely on a Memorandum of Understanding with the County Council who administers the contract on behalf of the Districts and Torbay. Sometimes authorities find that they cannot join a contract due to their own contractual circumstances. However, given the general success of these joint contracts for the sale of materials consideration has been given as to whether to embark on new joint contracts for plastics and cardboard.

3. Existing contracts update

The councils have for a long time had joint contracts for paper, glass, bulk haulage and textiles. The table below shows the current details.

Contract	Contractor	Contract start	Contract End	Partner Councils	Approx Annual Tonnage	Notes
Paper	Palm King's Lynn	Jan 2014 3 years + 2 year extension	Dec 2018	East Exeter Mid North Teignbridge Devon	14,900	Price reviewed each quarter using MRW market prices

Glass (+ haulage)	Berryman's West Yorkshire	Jan 2014 3 years + 2 year extension	Dec 2018	East Exeter Mid North Teignbridge Devon	15,250	Material price reviewed each quarter using MRW market prices
Textiles	Salvation Army	April 2016 2 years + 2 year extension	April 2018 or 2020	East Exeter Mid North South Hams Teignbridge Torrige West Torbay Devon	580	80+ bring banks and 4 stockpiles of kerbside collections (East, Mid, North, Teign)
Paper haulage	Gregory's	April 2014	April 2019	East Exeter Mid Teignbridge	11,100	Prices reviewed every quarter using agency fuel prices

The County Council Marketing and Media contract with RH is also available for all the authorities to use and provides access to the best media buying in rates available locally and other services to support authorities' communications campaigns.

4. Plastics and cardboard

Discussions have been held to ascertain whether the authorities would benefit from joint contracts for the sale of plastics (approximately 4,800 tonnes per annum) and cardboard (approximately 6,100 tonnes per annum).

There are currently 6 types of plastic collected by districts including PET, HDPE, PVC, LDPE, PP and Mixed. The market rate for each plastic varies almost daily. The quality of material collected varies depending on the method of collection and this would need to be consistent if supplied to a single contractor. It is a complex situation. Similarly cardboard is collected in a variety of ways (with garden waste (one District), thick corrugated type, and/or thin cereal type). Once again price will vary depending on type of cardboard and quality. Hence it would be very difficult for each District to collect a consistent feedstock and as such it is considered not appropriate to pursue a joint contract for either material at this time. This position may change particularly as more District Councils move towards the Devon aligned collection scheme.

Exeter City Council currently offer a brokering service to Mid Devon District Council whereby Mid Devon let them know their quantities of plastic, card and metals on a regular basis, and for a fee Exeter search the market on their behalf for the best deal. Having higher tonnages helps Exeter's negotiating position. Exeter have agreed that they could potentially act as broker on behalf of the other districts. All districts other than Torbay and Torrige are considering the merits of this proposal. Torbay Council are currently locked into their Joint Venture contract with TOR2 and Torrige District Council are currently assessing their options for future waste collection service so neither are able to consider this option at present.

5. Future areas for consideration

A number of authorities are also working together on joint procurement initiatives. Currently the County Council and Mid Devon District Council are jointly procuring a Waste Transfer Station for their mutual benefit. Consideration could be given to joint procurement of other products or services including vehicle maintenance, recycling containers, wheeled bins, agency staff, PPE and healthcare waste. This could potentially give enhanced value for money due to economies of scale & should be explored further.

6. Consultations/Representations/Technical Data

Discussions have been held between all the authorities in order to consider the benefits of entering into further joint contracts.

7. Conclusion

It is concluded that whilst markets are so unstable, quality variable and materials too mixed for card and plastics there is little to be gained by investigating joint contracts further. However, working with Exeter City Council to extend the brokering service they are currently offering does provide an attractive alternative and authorities will pursue this option as appropriate.

8. Financial Considerations

Entering into joint contracts can offer value for money and can generate higher incomes than individual authorities acting alone. This is due to higher tonnages fetching higher rates. However, the advantages cannot always be realised if the material market is volatile and the quality of the material is not consistent. Occasionally circumstances can result in a district losing money when material prices are low and transport costs are high but this happens infrequently.

If it is mutually financially advantageous for authorities to work with Exeter City Council to achieve a better income this should prove to be an economical way forward.

9. Sustainability Considerations

Recycling card and plastic is in line with the waste hierarchy and getting the best price possible for the materials adds value to the overall waste service.

10. Carbon Impact Considerations

Recycling schemes can contribute toward reducing carbon emissions globally diverting waste from Energy Recovery Facilities and landfill.

11. Equality Considerations

There are no equality considerations associated with this report.

12. Legal Considerations

There are no legal considerations associated with this report.

13. Risk Management Considerations

There are no risks arising from the proposals in this report.

14. Public Health Impact

Effective management of waste reduces the negative implications for public health.

David Whitton
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Electoral Divisions: All

Local Government Act 1972: List of Background Papers

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Background Paper	Date	File Reference
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Nil

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