



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and Date of Committee	EXECUTIVE – 11 SEPTEMBER 2024
Subject	DRY MIXED RECYCLING BULKING AND HAULAGE CONTRACT
Wards Affected	All
Accountable Member	Councillor Lidia Arciszewska – Executive Member for Environment email: lidia.arciszewska@westoxon.gov.uk
Accountable Officer	Bill Oddy – Assistant Director, Commercial Development email: bill.oddy@publicagroup.uk
Report Author	Simon Anthony – Business Manager, Environmental Services email: simon.anthony@publicagroup.uk
Purpose	To seek approval to enter into a contract with N+P Group for bulking, haulage and processing of recycling collected as part of the residential kerbside and business waste collections.
Annexes	Exempt Annex A – Financial Assessment
Recommendations	That the Executive resolves to: <ol style="list-style-type: none">1. Agree to enter into a Dry Mixed Recycling Bulking and Haulage Contract with N+P for 2 years from 1 October 2024;2. Delegate authority to the Assistant Director for Commercial Development, in consultation with the Executive Member for Environment and the Director of Finance, to award a Glass Recycling Bulking and Haulage Contract with the preferred bidder for up to 2 years from 1 October 2024, following a procurement exercise.
Corporate Priorities	<ul style="list-style-type: none">• Putting Residents First• A Better Environment for People and Wildlife• Responding to the Climate and Ecological Emergency
Key Decision	YES

Exempt	Annex A – Financial Assessment
Consultees/ Consultation	None

1. BACKGROUND

- 1.1** The Council has a statutory duty Under Section 45A(3) of Environmental Protection Act 1990 to collect at least two recyclable materials from residential householder in the district. The Council fulfils and exceeds this requirement by collecting paper, card, glass, cans and plastic, as well as other peripheral materials from all domestic residential properties in West Oxfordshire. Under agreements between the Council and Oxfordshire County Council, responsibility has been devolved to West Oxfordshire District Council to arrange disposal of material collected has part of kerbside recycling collections. The Council are paid recycling credits (financial compensation) from the County Council for any tonne of material recycled.
- 1.2** Since 2020 the council has contracted with Suez for haulage and recycling of kerbside collected material. On 30th September 2024 this contract will finish and there is no option to extend it. Suez have been informed that 30th September 2024 will be the last day of this contract.
- 1.3** The Council collects material in a twin stream process. This means glass is collected separately on collection vehicles from other recycling materials which are collected mixed, this includes paper, cardboard, plastic and cans. This paper considers disposal management of the mixed recyclable material which is referred as dry mixed recyclables (DMR) and separate management of glass which is collected separately from DMR.

2. MAIN POINTS

Dry Mixed Recyclables

- 2.1** In late 2023 the Council's Environment Team began initial investigations into opportunities for a future contract for DMR. As part of this work the opportunity arose to be named on a similar contract with Oxford Direct Services (ODS) who were procuring DMR collected by Oxford City Council. Being named on ODS' procurement documents (as well as Cherwell District Council) did not commit the Council to contract with ODS' preferred supplier, although it did give the Council freedom to enter into a contract if the conditions were favourable. This approach was taken to The Publica Procurement Board in December 2023 and was considered an acceptable approach.
- 2.2** Between January – May 2024 ODS undertook procurement of DMR with the Council's DMR tonnage included as a potential element could be included at the Council's discretion.
- 2.3** Following this procurement N+P Group were preferred bidder. In summary N+P will collect recyclable material from the Council's depot in Witney and process the DMR in their Materials Recycling Facility (MRF) in Kent. N+P then separate DMR into constituent parts including steel and aluminium, HDPE, PET plastic etc and then sell to market. N+P 'net' off income from material from processing and haulage costs and invoice the Council accordingly. Although material prices will fluctuate throughout the life of this contract, this contract will be a cost to the Council. It should be noted that this contract is subject to the usual basket of indices including fuel, average weekly earnings and inflation, these are reviewed each year.

- 2.4 As well as standard materials the Council collects at the kerbside, this contract can also process clean flexible plastic (e.g. bubble wrap and carrier bags) and plant pots. Although glass is separated at the kerbside this contract does allow for the processing of glass, although at a much lower rate than a rate that could secured for separately collected glass elsewhere.

Glass Recycling

- 2.5 As the Council collects glass separately from other dry mixed recyclables and ODS collects glass with all other recyclables the N+P contract does not provide preferable economic returns for WODC in terms of disposal of glass. Under the N+P contract, which handles glass with all other recyclables the contract offers approximately £20 per tonne, from initial soft market testing separately collected glass could achieve at least £80 per tonne. The Council generates approximately 1,000 tonnes of glass a year, this could therefore generate circa £80,000pa.
- 2.6 A procurement exercise is currently underway for all glass, all Oxfordshire local authorities are named on the procurement should they wish to be part of the contract at a later date. The procurement exercise is due to conclude in late August 2024, therefore delegated authority is being requested to award the contract which would provisionally be for up to 2 years and be conterminous with the N+P contract.

3. ALTERNATIVE OPTIONS

- 3.1 The Council could hold its own procurement exercise for the Council's DMR only. This option would lose the economies of scale generated by the current proposed contract and would be unlikely to achieve bids which are as financially beneficial to the Council. Given the timescales, the market would be aware of time pressure the Council would be under and this could further elevate the price.
- 3.2 For glass recycling, the Council could recycle glass through the N+P contract although this would mean approximately £60,000pa loss of a potential income.

4. CONCLUSIONS

- 4.1 Following a rigorous procurement exercise, the Council has the opportunity to appoint a contractor to provide a recycling bulking, processing and haulage contract at a significantly lower cost than the current supplier, this is outlined in Annex A. This contract has the required flexibility as it has a short initial term of two years should the Council wish to review its collection service. The contract offers the opportunity to recycle additional material.
- 4.2 Following a further procurement exercise the Council will be in a position to award a contract for glass recycling which could achieve additional income and efficiencies.

5. FINANCIAL IMPLICATIONS

5.1 The anticipated annual cost of the contract with N+P is outlined in Annex A and which is within the budget envelope. In addition, the anticipated income of the glass recycling contract is between £50,000 and £90,000. The full financial benefit of the new contracts will not be fully realised until 2025/26 as the current contract does not expire until the end of September and therefore part year costs will still be incurred in the current financial year 2024/25. A full financial breakdown is within Annex A.

5.2 Financial Risks

Market Volatility

5.3 Whilst some elements of the contract price will give the Council a reasonable level of certainty over the life of the contract, other elements of the contract are variable and heavily dependent on the recycling market.

5.4 The recycling market is volatile and driven by forces that are outside of the Council's control such as changes in legislation, war and conflicts, disposable income and oil prices. The table below shows the movement in the average price across the previous 12 months for three of the most prevalent recycling materials within The Councils dry recycling collection:

	Average Market Price Per Tonne											Movement		Average	
	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	£s	%	Market Price
Mixed Paper	£33.50	£33.50	£34.50	£40.00	£48.00	£41.00	£34.50	£22.50	£22.50	£28.50	£44.00	£52.50	£19.00	56.72%	£36.25
Cardboard	£85.00	£81.00	£81.50	£82.50	£88.50	£81.50	£79.50	£69.50	£73.00	£80.00	£92.50	£105.00	£20.00	23.53%	£83.29
Glass	£1.50	£1.50	£1.50	£5.00	£10.00	£20.00	£20.00	£23.00	£24.00	£24.00	£25.00	£20.00	£18.50	1233.33%	£14.63

Source: Lets Recycle

5.5 Whilst the above table shows increases in market prices overall, it is clear that there are in year opportunities that have occurred. The structure of the contract with N+P will allow the Council to benefit from any favourable movements in market prices.

Contamination Tolerance

5.6 The contract is based on the composition of the Councils dry recycling waste which includes a tolerance limit for contamination. Any contaminated waste will be disposed of via landfill or energy from waste plants where available. This not only has a negative impact on the recycling rate but also on the financial cost. Contamination rates will continue to be closely monitored with the collection operators to ensure that this risk is minimised.

6. LEGAL IMPLICATIONS

6.1 Legal services have supported preparation of the contract which is ready for signing and sealing following approval.

7. RISK ASSESSMENT

- 7.1** The Government is planning to bring changes in future years which may impact on value derived from this contract. An Extended Producer Responsibility (EPR) scheme could put pressure on local authorities to improve material capture, or review collection arrangements with a view to becoming more efficient. There are a significant number of unknowns with EPR and as this contract has a two-year initial term contract there is flexibility in the future to adjust or re-procure as needed. The contract also contains a change in law clause which gives the council an opportunity to negotiate contract terms if required.
- 7.2** The risks identified with the recommended approach as detailed in the main body of the report.

8. EQUALITIES IMPACT

- 8.1** Not Applicable

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 9.1** The new provider is approximately 22 miles further away than the current facility which will mean DMR loads have further to travel, and therefore there will be increased Carbon emissions. This impact can be offset by recycling the additional materials outlined in the report.

10. BACKGROUND PAPERS

None

(END)