

EXTENSION TO THE CONTRACT FOR THE TREATMENT OF GARDEN WASTE

Councillor Ashley Yeates Cabinet Member for Climate Change & Recycling

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| Date: | 7 th September 2021 |
| Agenda Item: | 6 |
| Contact Officer: | Nigel Harris |
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| Email: | nigel.harris@lichfielddc.gov.uk |
| Key Decision? | YES |
| Local Ward Members | All |



CABINET

1. Executive Summary

- 1.1 Lichfield District Council hosts a contract on behalf of the Joint Waste Service for the treatment of garden waste collected from the kerbside.
- 1.2 The contract which is with Greener Composting Ltd is due to expire in October 2021 but there is provision to extend the arrangement for a further three years.
- 1.3 The site provided by the company is in Lichfield District and is ideally located to serve the districts of both Lichfield and Tamworth who are our partners in the Joint Waste Service. This helps to maintain a high level of operational efficiency and reduce collection costs. The contractor has performed well, providing a reliable, responsive and flexible service. Therefore, it is proposed that the contract be extended until October 2024.

2. Recommendations

- 2.1 It is recommended that Cabinet approve:
 - An extension to the existing contract for the treatment of garden waste with Greener Composting Ltd for a period of three years from 13th October 2021.

3. Background

- 3.1 The Joint Waste Service provides a chargeable garden waste service to the residents of both Lichfield and Tamworth. Approximately 55% of residents subscribe to the service which results in over 12,000 tonnes of garden waste being recycled each year.
- 3.2 Once collected, the garden waste is taken to a windrow composting facility in Wall where it is turned into a soil improver for use on farmland and in landscaping projects. The site is located halfway between the Burntwood Depot and Tamworth plus it is close to the A5 and the A38. This makes it the ideal location for serving both Districts, thus reducing the cost of travelling and the impact on the environment.
- 3.3 The site is owned by Greener Composting Ltd who are a company based in Lichfield District and they have had a contract with Lichfield District Council to treat garden waste on behalf of the Joint Waste Service since October 2014. The contract is due to expire on 12th October 2021 but there is provision to extend the arrangement for a further three years. The contractor has performed extremely well, able to take flexible amounts of waste and also accept loads on Saturdays when operational issues have required collections to be extended.
- 3.4 The Joint Waste Service has to pay a gate fee to Greener Composting for the service that they provide. The gate for 2021/22 is £22.01 per tonne and is adjusted in accordance with CPI each April. However the

company have agreed to forego the adjustment for the duration of the contract extension which should generate a saving for the Joint Waste Service.

- 3.5 With the guarantee of a fixed gate fee for three years plus an ideal location tipping it is very unlikely that retendering the contract would produce a more economically advantageous outcome. This is also the only garden waste disposal facility within either Lichfield District or Tamworth Borough.

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| Alternative Options | <ol style="list-style-type: none"> The re procurement of the contract is not advised given: <ul style="list-style-type: none"> The advantageous price already achieved. The willingness of the contractor to forego the CPI increase. That the contractor is local – within the District. The extent of the other service changes being undertaken by JWS; a degree of service stability is essential. |
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| Consultation | <ol style="list-style-type: none"> Tamworth Borough Council as our partners in the Joint Waste Service. Greener Composting Ltd. |
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| Financial Implications | <ol style="list-style-type: none"> The total spend on garden waste disposal is dependent on the tonnage collected from both districts. This can vary from one year to the next because of weather conditions. The approved Medium Term Financial Strategy budgets for garden waste disposal for the contract period are shown below together with a modelled scenario with higher tonnage and the new gate fee: <div style="text-align: center;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00a651; color: white;"> <th colspan="5">Approved Budget</th> </tr> <tr style="background-color: #e1f5fe;"> <th></th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25 (part year)</th> </tr> </thead> <tbody> <tr> <td>Budgeted Tonnage</td> <td>11,851</td> <td>11,913</td> <td>11,974</td> <td>10,464</td> </tr> <tr> <td>Budgeted Gate Fee</td> <td>£22.01</td> <td>£22.45</td> <td>£22.90</td> <td>£23.36</td> </tr> <tr style="background-color: #e1f5fe;"> <td>Joint Waste Service</td> <td>£260,840</td> <td>£267,440</td> <td>£274,200</td> <td>£244,410</td> </tr> <tr style="background-color: #ffe0b2;"> <td>Lichfield DC Share</td> <td>£152,070</td> <td>£155,920</td> <td>£159,860</td> <td>£142,490</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00a651; color: white;"> <th colspan="5">Modelled Scenario</th> </tr> <tr style="background-color: #e1f5fe;"> <th colspan="5">Higher Tonnage and New Gate Fee</th> </tr> <tr style="background-color: #e1f5fe;"> <th></th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25 (part year)</th> </tr> </thead> <tbody> <tr> <td>Higher Tonnage</td> <td>12,800</td> <td>12,800</td> <td>12,800</td> <td>11,135</td> </tr> <tr> <td>New gate Fee</td> <td>£22.01</td> <td>£22.01</td> <td>£22.01</td> <td>£22.01</td> </tr> <tr style="background-color: #e1f5fe;"> <td>Joint Waste Service</td> <td>£281,730</td> <td>£281,730</td> <td>£281,730</td> <td>£245,080</td> </tr> <tr style="background-color: #ffe0b2;"> <td>Lichfield DC Share</td> <td>£164,250</td> <td>£164,250</td> <td>£164,250</td> <td>£142,880</td> </tr> <tr style="background-color: #ffe0b2;"> <td>Lichfield DC Share Variance to Budget</td> <td></td> <td>£8,330</td> <td>£4,390</td> <td>£390</td> </tr> </tbody> </table> </div> In the event the total tonnage collected exceeds the budget allowance, then the additional cost will be offset by the Recycling Credit which the Service receives from the County Council. The Recycling Credit is £32.08 per tonne in 2021/22 and £25.58 per tonne in 2022/23. The figures for 2023/24 and beyond haven't yet been agreed with the County Council but as long as the Recycling Credit stays higher than the gate fee then there will be no budgetary pressure should tonnages rise. | Approved Budget | | | | | | 2021/22 | 2022/23 | 2023/24 | 2024/25 (part year) | Budgeted Tonnage | 11,851 | 11,913 | 11,974 | 10,464 | Budgeted Gate Fee | £22.01 | £22.45 | £22.90 | £23.36 | Joint Waste Service | £260,840 | £267,440 | £274,200 | £244,410 | Lichfield DC Share | £152,070 | £155,920 | £159,860 | £142,490 | Modelled Scenario | | | | | Higher Tonnage and New Gate Fee | | | | | | 2021/22 | 2022/23 | 2023/24 | 2024/25 (part year) | Higher Tonnage | 12,800 | 12,800 | 12,800 | 11,135 | New gate Fee | £22.01 | £22.01 | £22.01 | £22.01 | Joint Waste Service | £281,730 | £281,730 | £281,730 | £245,080 | Lichfield DC Share | £164,250 | £164,250 | £164,250 | £142,880 | Lichfield DC Share Variance to Budget | | £8,330 | £4,390 | £390 |
|--|---|-----------------|-----------------|------------------------|--|--|--|---------|---------|---------|------------------------|------------------|--------|--------|--------|--------|-------------------|--------|--------|--------|--------|----------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|--|--|--|--|---------------------------------|--|--|--|--|--|---------|---------|---------|------------------------|----------------|--------|--------|--------|--------|--------------|--------|--------|--------|--------|----------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------|-----------------|-----------------|-----------------|-----------------|--|--|---------------|---------------|-------------|
| Approved Budget | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 (part year) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Budgeted Tonnage | 11,851 | 11,913 | 11,974 | 10,464 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Budgeted Gate Fee | £22.01 | £22.45 | £22.90 | £23.36 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Joint Waste Service | £260,840 | £267,440 | £274,200 | £244,410 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lichfield DC Share | £152,070 | £155,920 | £159,860 | £142,490 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Modelled Scenario | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Higher Tonnage and New Gate Fee | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 (part year) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Higher Tonnage | 12,800 | 12,800 | 12,800 | 11,135 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| New gate Fee | £22.01 | £22.01 | £22.01 | £22.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Joint Waste Service | £281,730 | £281,730 | £281,730 | £245,080 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lichfield DC Share | £164,250 | £164,250 | £164,250 | £142,880 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lichfield DC Share Variance to Budget | | £8,330 | £4,390 | £390 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Approved by Section 151 Officer | Yes |
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| Legal Implications | <ol style="list-style-type: none"> The proposal complies with Public Procurement Policy and legislation. |
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| Approved by Monitoring Officer | Yes |
| Contribution to the Delivery of the Strategic Plan | 1. The provision of the Joint Waste Service plays a key role in assuring we have a clean, green and welcoming place. |
| Equality, Diversity and Human Rights Implications | 1. There are no equality, diversity and human right implications associated with the contract extension. |
| Crime & Safety Issues | 1. There are no crime and safety issues associated with the contract extension. |
| Environmental Impact | 1. The contract is essential for ensuring that the garden waste is recycled in a way that minimises the impact on the Environment. |
| GDPR / Privacy Impact Assessment | 1. A Privacy Impact Assessment has not been undertaken because extending the contract does not involve the handling of any personal data. |

| | Risk Description & Risk Owner | Original Score (RYG) | How We Manage It | Current Score (RYG) |
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| A | Plant closure due to loss of permit, business failure or catastrophic event Owner: General Manager Joint Waste Service | Likelihood: Yellow Impact: Red Severity of Risk: Yellow | Regular site visits and contract monitoring. | Likelihood: Green Impact: Yellow Severity of Risk: Green |
| B | Decrease in the value of the Recycling Credit for 2023/24. Owner: General Manager Joint Waste Service | Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow | Discussions/negotiations with the County Council | Likelihood: Green Impact: Yellow Severity of Risk: Green |

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| | Background documents 1. Contract for the Treatment of Garden Waste with Greener Composting Ltd – October 2014. |
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| | Relevant web links Any links for background information which may be useful to understand the context of the report |
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