

EAST RENFREWSHIRE COUNCIL

CABINET

15 May 2014

Report by Director of Environment

RECYCLING POINTS PROVISION OF SERVICE: VARIANCE IN EXPENDITURE

PURPOSE OF REPORT

1. To seek approval in accordance with Financial Regulation 8.3 from Cabinet to allow the contract value for the Recycling Points Provision of Service Contract to be increased from £58,000 to £150,000, as the original cost of the contract was underestimated due mainly to a significant fluctuation in the recycle market. The Contract is for the servicing of the Council's recycling sites. The increase in cost can be met from within existing resources.

RECOMMENDATIONS

2. It is recommended that Cabinet approves a variation in the contract increasing its value by £92,000 to allow the continuation of the scheduled servicing of recycling points throughout the area by the current supplier.

BACKGROUND

3. The Recycling Points of Provision Service Contract commenced on 1 October 2012 for a period of 24 months with an option of a 12 month extension. The contract was awarded to the most economically advantageous Tenderer, Viridor Waste Management Ltd, trading as Viridor.

REPORT

4. When estimating the contract value of £58,000, officers based their assessment on the number of uplifts x number of containers x estimated cost per uplift, at the price of £5 (for mixed dry recyclates) and £6 (colour segregated glass) which was the current cost at that time.

5. All bids returned exceeded previous contract prices and the contract was awarded to the most economically advantageous tender but even then the cost per uplift increased by 440 per cent (dry recyclates) and 132 per cent (colour segregated glass) respectively. The cost variation was unforeseeable at the time of letting of the tender and occurred due to substantial fluctuations in the recyclates markets during that period.

6. In addition efforts continue to increase our recycling rates. A number of sites have benefited from supplementary containers and increased frequency of uplifts to meet the increasing demand for recycling, particularly as a result of the roll out of Phase 2 of Managed Weekly Collections to communal residences. This has also increased the contract expenditure but will have a positive effect on the Council's recycling figures. More recently recycling point provision has been increased to meet the Waste (Scotland) Regulations 2012.

7. As a result of the above issues the proposed contract spend is now projected to exceed the original contract value of £58,000 by £92,000.

FINANCE AND EFFICIENCY

8. The original estimate for the contract period was £58,000. Current expenditure is around £107,000 and the total outturn over the 2 year term is expected to be around £150,000.

9. This increase will be managed within existing resources.

10. The option to extend the contract for a further 12 months will not be exercised and there is sufficient time to facilitate a new contract.

CONSULTATION

11. The report has been prepared following consultation with Corporate Procurement and Finance Services.

PARTNERSHIP WORKING

12. The Council is working in partnership with Viridor to deliver this important service to residents. A good relationship has developed and the Council liaises regularly with the contract manager to ensure that the recycling points are being serviced at the correct frequency which avoids overflowing. This has resulted in a reduction in customer complaints and service requests.

IMPLICATIONS OF THE PROPOSALS

13. There are no financial or other implications resulting from this report. The existing budget provision within the Waste Management Account covers the additional costs identified.

CONCLUSIONS

14. Due to fluctuations in market prices, the Councils efforts to expand its recycling services and the implications of the Waste (Scotland) Regulations 2012 the likely outturn for the contract is likely to be around £150,000 against an original estimate of £58,000.

15. A new procurement exercise will be undertaken prior to the conclusion of the current contract.

RECOMMENDATIONS

16. It is recommended that Cabinet approves a variation in the contract increasing its value by £92,000 to allow the continuation of the scheduled servicing of recycling points throughout the area by the current supplier.

Director of Environment

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KEY WORDS

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