



**ON-FARM COMPOSTING CONTRACT EXTENSION
REPORT OF CHIEF OFFICER (ENVIRONMENTAL HEALTH)**

WARDS AFFECTED: ALL

1. PURPOSE OF REPORT

To seek Executive approval for an extension to the On-Farm Composting contract with J & F Powner Ltd (Powners) to March 2017 to enable future provision of the service to be determined.

2. RECOMMENDATION

That Executive approves an extension to the On-Farm Composting contract with J & F Powner Ltd to March 2017 under 4.2 of the Contract Procedure Rules.

3. BACKGROUND TO THE REPORT

HBBC currently collects garden waste across the borough and has its own contracts with two contractors for the disposal of the garden waste through the On-Farm Composting Contracts. Leicestershire County Council (LCC) has stated that it intends to cease the payment of recycling credits for green waste from 1 April 2015. It has also advised that it will give direction as the Waste Disposal Authority to HBBC to use facilities under its own recently tendered green waste disposal contract from this time. Their appointed contractor operates from the same site at Grendon as currently contracted to HBBC for 1,000 tonnes of green waste mainly from the western parishes. Officers have discussed with LCC the continued use of a local facility currently under contract to HBBC at Powners site at Aston Flamville due to its close proximity to the main collection area. To deliver all green waste to the LCC appointed contractor at Grendon would significantly increase costs and due to the long transit time requiring additional vehicles and crews. LCC has indicated that as long as there is no cost increase to the disposal authority, they will agree for HBBC to continue the existing contractual arrangement at Aston Flamville for 2015/16 and 2016/17. LCC will repay to HBBC the disposal costs (gate charges) incurred instead of recycling credits. There will still be the net loss to the Council's waste management operational budget of approximately £350,000 which has been the subject of other reports to Executive and Council.

Discussions and possible public consultation relating to the future provision of the green waste service including possible charging for green waste is unlikely to be completed until next summer at the earliest. This would cause problems in tendering for future provision. To enable these discussions to take place and to provide certainty as to disposal arrangements for the present and any future service, it is requested that the existing contract with J & F Powner Ltd is extended from November 2015 to March 2017. Negotiations have secured a reduction in the gate fee charged to match that of the LCC contract and therefore this will be cost neutral to the authority. It is also lower than the current contract price. Therefore a request is made under the Contract Procedure Rules to extend the contract (see Legal Implications below for further detail).

4. FINANCIAL IMPLICATIONS [SJE]

- 4.1 If the contact extension is granted, budgets will be built and approved as part of the budget setting process for 2015/16.

- 4.2 It is envisaged that approximately 9,000 tonnes of garden waste would be collected in a financial year. The contracted price per tonne will match the County rate. Therefore, an expenditure budget would be required of approximately £160,000 to pay for gate charges.
- 4.3 As County have agreed to reimburse these costs, an income budget would be required also for £160,000. Therefore, financially, there would be no overall impact on the Council as a result of this contract extension.

5. LEGAL IMPLICATIONS (SB)

The existing contract with Powners can be extended within its current terms to 22nd November 2015.

Under paragraph 4.2 of the Contract Procedure Rules, a contract can be further extended without inviting tenders where the proposed extension is at a value not greater than the original contract sum plus RPI, and it is considered that a further tendering process is unlikely to result in a reduced contract sum. This is subject to Executive approval.

The extension will be achieved legally through a variation to the existing contract, which will ensure that the extension is on the same terms as already agreed with the supplier, but will also capture the reduced cost agreed and extended term.

6. CORPORATE PLAN IMPLICATIONS

Green waste collections contribute to Cleaner and Greener Neighbourhoods.

7. CONSULTATION

Discussion with LCC

8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 8.3 Details of significant risks and opportunities are provided below. It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

Risk Description	Mitigating actions	Mitigation Owner
Increased costs due to direction to use LCC disposal location	Provision of disposal contract for HBBC	Darren Moore

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

This will be considered in full as options are further developed.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: None

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Executive Member: Cllr Bill Crooks

Appendix 1

Estimated impact of revised Green Waste Proposals

	Option 1 Current with new Demand	Option 2
Service Type	Free Service	Chargeable
Charge	N/A	25
% properties take-up	84.00%	41.00%
Tonnes (based on Av Tonnes/Household) (average Green tonnes in 2011/12 and 2012/13)	10,306	5,308
No of Properties	38,640	18,860
INCOME		
Income from Recycling Credits (£47.10 per tonne)	485,413	249,985
Income from 2nd bin rental in 2012/13	14,293	N/A
Income Bin Rental from new options	N/A	471,500
Income at DD Price (nil)		0
Income at price for Benefit recipient (nil)		0
Income from Bin Rental	14,293	471,500
Total income	499,706	721,485
Gate fee for Disposal @ £18.56	191,279	98,508
Estimated collection costs of old Bins	0	70,000
Income from sale of old bins @ £180/tonne	0	(49,846)
Internal charge for invoicing	0	107,502
Cost of 3 Green Waste crews		
(a) Salaries for 3 x crews of 3	192,000	192,000
(b) Vehicle lease, repairs and fuel	179,340	179,340
(c) Agency	32,000	0
(d) Additional Transport Costs	59,760	
Total Expenditure	654,399	597,504
Income less Expenditure	(154,694)	123,981
Exclude one off Costs of bin collection and disposal		20,154
Net annual (cost) / income	(154,694)	103,827
Internal Invoicing reduction in charges to other Services		51,000
Additional income for authority		154,827

Appendix 2: Data from other East Midlands Councils

Performance of existing schemes in the East Midlands are provided below:

Authority	Avg Annual Household Income*	Price charged per Bin	Chargeable Take-up	Free Service Take-up previously
Gedling (GDC)	£32,586	£34	16%	Charged for a number of years
Melton (MBC)	£34,147	£32	30%**	72%
Charnwood (CBC)	£32,311	£26 (£15 DD)	41%	Charged for a number of years
Rushcliffe (RDC)	£40,387	£25	57%	86%
Blaby (BDC)	£34,320	£20	42%	Charged for a number of years
<i>Hinckley HBBC</i>	£31,980	TBD	TBD	84%

2011/12 Data

* Office of national Statistics 2007/08 Neighbourhood Statistics

** based on part data for 2012/13