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| Report to: | Community Resources Committee |
| Date of Meeting: | 3 June 2008 |
| Report by: | Executive Director (Community Resources) |

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| Subject: | Trade Waste and Civic Amenity Site Contract Extension |
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise on action taken, in terms of Standing Order No 36(c) because of the timescales involved, by the Executive Director (Community Resources) in consultation with the Chair and an ex officio member, to extend both the Trade Waste and Civic Amenity Contracts for a period of three years.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the following action taken, in terms of Standing Order No 36(c), by the Executive Director (Community Resources), in consultation with the Chair and an ex officio member, be noted:
- ◆ approval of an extension for a period of three years from 8 June 2008 of the Civic Amenity Site contract with Viridor Waste Management.
 - ◆ approval of an extension for a period of three years from 1 October 2008 of the Trade Waste contract with Viridor Waste Management.

3. Background

- 3.1. A key element of the Waste Management Best Value Service Review in 1999 was to differentiate core activities and non-core activities. Trade Waste and Civic Amenity Services were identified as non-core activities and the proposal to explore the potential of externalisation of these services.
- 3.2. An advert was placed in the Official Journal of the European Community and by the closing date six expressions of interest were received.
- 3.3. A Briefing Document was prepared and forwarded to all six interested parties with a deadline to submit their proposals by 1 December 2000 and subsequently present their proposals on 13 December 2000.

Two companies, EnviroScot Ltd (now Viridor Waste Management) and Shanks Waste Solutions, submitted and presented their proposals by the due dates.

The final positions from both companies were received on 24 January 2001 and were evaluated based on the following criteria:

- ◆ financial benefit to the Council
- ◆ landfill diversion targets
- ◆ commitment to applying TUPE
- ◆ pricing policy proposals

- 3.4. An evaluation panel scrutinised the submissions for Trade Waste and Civic Amenity Services. EnviroScot, scoring the highest points, were the preferred contractor.
- 3.5. The Civic Amenity Services contract commenced 8 June 2001 for a seven year period with an option to extend for three years and the Trade Waste contract commenced 1 October 2001 for a seven year period with an option to extend for three years.

4. Civic Amenity Sites

- 4.1. The contract for the Civic Amenity sites covers three sites Larkhall, Strathaven and East Kilbride. An annual management fee, covering landfill tax, disposal, processing and site running costs, is paid to Viridor on a quarterly basis and is subject to annual increases linked to RPI and landfill tax. The management fee in 2007/2008 is £949,134 equating to £52.08 per tonne, including a disposal rate of £9.16 per tonne.
- 4.2. It should be noted that the disposal rate which would be applied if the contract were to be re-tendered would be based on current disposal rates. The contract for the disposal of residual waste was awarded in March 2007 at a disposal rate of £23 per tonne plus tax.
- 4.3. It is estimated that if the contract were to be re-tendered the management fee for 2007/2008 would be £1,187,634 equating to £65.16 per tonne including a disposal rate of £23.00 per tonne.
- 4.4. Viridor guaranteed to achieve a minimum 40% recycling in their submission. The recycling rate achieved in 2006/2007 was 63.9% and there have been very few complaints from users of the sites.
- 4.5. In order to obtain Best Value, it was, therefore, considered that Viridor should be invited to take up the offer of extending the Civic Amenity Site contract for three years.

5. Trade Waste Contract

- 5.1. The contract covers the uplift of trade waste from all South Lanarkshire Council and South Lanarkshire Leisure Limited properties.
- 5.2. Council officers have worked with Viridor to establish routes around school start times and break times and have agreed a procedure for service requests for additional uplifts outwith school terms.
- 5.3. Viridor was requested to introduce a recycling collection service, at no extra cost, from South Lanarkshire Council properties in October 2007. This scheme is in its initial stages and assists in meeting the Council's objectives within the Sustainable Development Strategy.

- 5.4. The charge from Viridor is based on the number of uplifts and size of bin(s). The charge per uplift from Viridor covers collection and disposal costs and the cost of the Waste Transfer Note, a statutory requirement for each property.
- 5.5. All other commercial waste companies charge an annual one-off fee of approximately £60 per premise to cover the Waste Transfer Note. This would equate to an additional annual cost of £28,140.
- 5.6. South Lanarkshire Council had an agreement with charitable organisations which allowed the organisation a free collection service. As part of the contract, Viridor agreed to continue with this working arrangement. Approximately 200 bins are uplifted per week with an annualised value of approximately £90,000.
- 5.7. The contracts for the disposal of residual waste and recyclate material were tendered in 2006 and both contracts were awarded to Viridor In March 2007.
- 5.8. In order to obtain Best Value, it was, therefore, considered that Viridor should be invited to take up the offer of extending the Trade Waste contract for three years.
- 6. Employee Implications**
- 6.1. There are no employee implications regarding the proposal.
- 7. Financial Implications**
- 7.1. Financial implications will relate to annual inflation and increases in landfill tax. This is included within existing budgets.
- 8. Other Implications**
- 8.1. Work with others to develop a Lanarkshire Sustainable Waste Management System.
- 9. Equality Impact Assessment and Consultation Arrangements**
- 9.1. There are no equality issues arising from these proposals.
- 9.2. Community Resources has consulted with Legal Services regarding these proposals.

Norrie Anderson
Executive Director (Community Resources)

31 March 2008

Link(s) to Council Objectives and Values

- ◆ Sustainable Development
- ◆ Improve the Quality of the Physical Environment

Previous References

None

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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