

FALKIRK COUNCIL

**Subject: VARIATION OF THE CONTRACT FOR THE PROVISION OF A
KERBSIDE COLLECTED RECYCLING BOX SERVICE**
Meeting: EXECUTIVE
Date: 7 May 2013
Author: DIRECTOR OF DEVELOPMENT SERVICES

1. INTRODUCTION

- 1.1 This report advises members of the requirement to vary the existing kerbside box contract held by FCC Environment to incorporate the statutory requirement to collect food waste. In addition the report advises of the need to consider further the current opt out provision for food waste collection due to the increased cost implications for the Council.

2. KERBSIDE COLLECTION CONTRACT & VARIATION DETAILS

- 2.1 The original contract award for the Council's kerbside collection service was agreed at the Policy and Resources Committee on the 9 March 2010. The contract length was for 5 years and had an estimated annual value (prior to indexation increases) of £452,517 with a total contract value of £2,262,585. The original service requirement was for the contractor to provide a collection of the Council's black box service which collects; glass, textiles, small WEEE (Waste Electrical and Electronic Equipment) and batteries.
- 2.2 Since the award of the original contract, new statutory duties have been placed on the authority through the Waste (Scotland) 2012 Regulations. These mean that the Council has to provide a food waste collection service to residents. In order to establish the most cost effective method to collect this material, officers in conjunction with Zero Waste Scotland (ZWS) completed a business case to review potential collection options. That review highlighted that the best option was to expand the material collected through the existing kerbside box collection.
- 2.3 During the drafting of the original contract notice and specification it was acknowledged that the materials the Council would require to collect could expand over time so provisions were made for this allowing the authority to vary the original contract.
- 2.4 The proposed variation has been discussed with colleagues from legal services and procurement who confirm that the original specification and contract notice offers the authority the scope to vary the contract to incorporate the new requirements.
- 2.5 The requirement to collect food waste now means that the resources FCC need to carry out this service function have increased since their original tender submission. This will see the following additional resources being required:
- I) 4 additional vehicles and associated costs

- II) Increase in staffing levels to operate the collection
- III) Increase in frequency of collection to collect food waste weekly in line with funding criteria

- 2.6 As a result of the additional resources required to operate this service the original contract value is no longer viable and therefore needs to include the additional costs of food waste collection. To reflect this variation, FCC submitted costs for the additional works required. The submitted proposal from FCC for the enhanced service will see an annual increase over the original submission of £279,466pa, which equates to £758,737 for the remaining 2.7 years of the contract.
- 2.7 Officers have reviewed this proposal and consider that this is a fair reflection of the additional costs associated with the new requirements and as such offers best value to the Council.

3. IMPLICATIONS

Financial

- 3.1 The variation would see the total estimated annual value of the contract increase to £747,178.65 (this includes annual indexation increases since 2010) with a total contract value £2,017,380.90 for the remaining contract term. The variation to the contract would commence on 1 June this year and the additional cost can be contained within existing Development Services budgets. Ongoing costs will require to be considered in relation to the anticipated costs for waste disposal currently the subject of a review by the Council.
- 3.2 At Council on the 23 January 2012 members agreed to introduce the food waste collection to residents to ensure the authority remained compliant with the Waste (Scotland) 2012 Regulations. Within the same report officers highlighted that food waste collection would cost additional money. The costs detailed above for this enhanced service will require consideration of the impact this will have on future budgets. The Council was successful in applying for £776,280 funding through ZWS to help with the introduction of this new service. This grant terminates in 2014/15 resulting in a requirement for the Council to meet the full costs of the service from its budgets for waste collection. The funding and ongoing implications on the Council are detailed below:

	De-Minimis Funding From ZWS	Cost To Be Met By Falkirk Council	Total Cost Of Food Waste Collection
Period	£	£	£
2013/14	164,000	115,466	279,466
2014/15	93,280	186,186	279,466
2015/16	0	279,466	279,466

- 3.3 In order for Falkirk Council to reduce the cost of the food waste collections, it must aim to increase the percentage of food diverted from the green residual bin into the grey food caddy. The reason the cost of treating food waste separately is c£40 per tonne cheaper than treating through a residual recycling facility. The amount to be diverted roughly equates to the approximate tonnage as detailed below:

	Cost To Be Met By Falkirk Council	Approximate Tonnage Required To Be Diverted From Green Bin Into Grey Caddy
Period	£	Tonnes
2013/14	115,466	2,894
2014/15	186,186	4,247
2015/16	279,466	5,479

- 3.4 Based on initial findings the estimated performance of the scheme is likely to only achieve a diversion of 2,200t per annum and as such the Council must improve the participation in the food waste scheme to reduce the overall cost burden on the authority. This suggests that the Council should consider further measures relating to food waste collections, urging increased participation in the scheme. It is suggested that measures be considered in a further report to the Committee.

Legal

- 3.5 None
Policy

- 3.6 None
Personnel

- 3.7 None

4. RECOMMENDATIONS

It is recommended that the Executive Committee:

- 5.1 approves the formal variation of the contract held by FCC Environment to incorporate the new statutory requirement to collect food waste with an additional annual value of £279,466 to April 2015.
- 5.2 notes the requirement to significantly improve performance in the food waste collection service.

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Director of Development Services

Date: 24th April 2013

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LIST OF BACKGROUND PAPERS

- 1 Policy & Resources Committee Report 2010
- 2 Falkirk Council Report January 2012
- 3 Waste (Scotland) Regulations 2012
- 4 Food Waste Collection Business Case
- 5 * Tender documents (2009)

* Item not for publication on the grounds that it involves the disclosure of exempt information as defined in, paragraph 10 of part 1 of Schedule 7A of the Local Government (Scotland) Act 1973