

# Finance and Resources Committee

10.00am, Thursday, 20 May 2021

## Collection and reprocessing of communal glass

Executive/routine	Routine
Wards	All
Council Commitments	25

### 1. Recommendations

---

- 1.1 It is recommended that the Finance and Resources Committee:
  - 1.1.1 approve a 117-week extension to current waiver to the Contract Standing Orders (CSO) (waiver number 2445) with Viridor Waste Management Ltd for the collection and reprocessing of mixed glass from communal glass banks and supermarket glass banks;
  - 1.1.2 note the value of the 117-week extension of the current waiver would be in the region of £505,000;
  - 1.1.3 note the total value of this waiver including the 117-week extension would be in the region of £745,000;
  - 1.1.4 note this will ensure the continuity of service provision until a new contract for collection and reprocessing can be procured; and
  - 1.1.5 note the potential impact at the commencement (anticipated to be July 2022) of the Deposit Return Scheme on volume of glass collected from households.

**Paul Lawrence**

Executive Director of Place

Lesley Sugden, Contracts Manager, Waste and Cleansing Services

E-mail: [lesley.sugden@edinburgh.gov.uk](mailto:lesley.sugden@edinburgh.gov.uk) Tel: 0131 469 5764

## Collection and reprocessing of communal glass

### 2. Executive Summary

---

- 2.1 This report seeks approval for a 117-week extension to the current Contract Standing Orders (CSO) waiver (2445) with Viridor Waste Management Ltd for the collection and reprocessing of mixed glass from communal glass banks and supermarket glass banks. This new arrangement will be subject to updated contract Terms and Conditions and a revised performance management framework for Viridor Waste Management Ltd.
- 2.2 The current CSO waiver for the collection and reprocessing of communal glass expired on 1 May 2021. The waiver was previously approved via Delegated Authority for the period September 2020-May 2021 to allow time for an options appraisal of the service.
- 2.3 An options appraisal was conducted to investigate the opportunity to bring the collection of communal glass bins 'in house'. This entailed a routing exercise to ascertain how many vehicles and staff would be needed to service the bins in house.
- 2.4 The outcome of this appraisal identified that there would be no cost savings and there were Transfer of Undertakings (Protection of Employment) (TUPE) implications for City of Edinburgh Council if the service was to be delivered in-house. On that basis, it is recommended that the Council should continue to use an external contractor to deliver this service, and, as such it is necessary to extend the current CSO waiver until the Deposit Return Scheme (DRS) is in place and a future contract specification can be fully designed.

### 3. Background

---

- 3.1 The Council has a statutory obligation under Section 45 of the Environmental Protection Act 1990 to provide a collection and disposal service for domestic waste generated by residents. In addition, the Council has three Household Waste Recycling Centres (HWRCs) where residents can deposit recyclable and residual domestic waste.
- 3.2 The Waste (Scotland Regulations) 2012, require the Council to provide segregated collection services for a number of materials including glass.

- 3.3 The contract with Viridor Waste Management Ltd expired in May 2020 and was extended via CSO waiver until 1 May 2021 to allow time for an options appraisal to be carried out into bringing the collection of communal glass 'in-house'.
- 3.4 At the point in which the previous CSO waiver was extended it was anticipated the Scottish Government's DRS would be introduced around July 2021. However, due to COVID-19 the implementation has been delayed until July 2022 at the earliest.
- 3.5 The outcome of the appraisal has been completed and the conclusion reached that there would be no savings to be made by collecting glass 'in-house'.
- 3.6 The options appraisal also identified there would be TUPE implications for Viridor Waste Management Ltd staff currently working on this contract. This would result in an increase in staff numbers for the Waste and Cleansing service with potential future redundancy risks depending on the impact of DRS.

## 4. Main report

---

- 4.1 The contract for the collection and reprocessing of glass from communal glass banks was awarded to Viridor Waste Management Ltd in 2016. The contract was for two years with the option of two one-year extensions. The contract expired in May 2020.
- 4.2 CSO waiver 2445 was approved under Delegated Authority by the Executive Director of Place in September 2020, for a period of seven months and estimated value of £240,000.
- 4.3 An options appraisal was conducted during this period to identify savings by terminating the outsourcing of the collection of communal glass and bringing the service 'in-house'.
- 4.4 The option appraisal has concluded that there are no savings associated with bringing this service 'in-house'.
- 4.5 The operational cost of bringing the service in house was estimated to be at least £270,000 per annum based on two vehicles.
- 4.6 There were also TUPE implications for the Council, with at least four members of the contractor's staff potentially transferring over to the Council. This would increase the size of the existing workforce at an additional cost of at least £112,000 per annum.
- 4.7 The rollout of the new communal bin service commences in Summer 2021. As part of the new service 2,000 additional communal glass bins will be introduced.
- 4.8 The rollout of additional bins will lead to more vehicles and staff being needed to service them. It is essential that the impact of these additional bins on tonnages and collection resources is understood in order to design a future contract specification.
- 4.9 The current arrangement with Viridor Waste Management Ltd is based on tonnes collected, not the number of vehicles used to collect the glass or the number of bins.

- 4.10 Revised Terms and Conditions will be issued to the contractor on approval of the recommended Contract Standing Orders waiver. The revised Terms and Conditions will include a suite of Key Performance Indicators (KPIs) aimed at improving performance, with a focus on festive collections, which historically have been problematic.
- 4.11 Monthly contract meetings will be held to address any performance issues and improve the quality of the service.
- 4.12 Household waste and recycling collections are subject to a number of live policy changes at a national level which collectively have implications for how these collections, including glass collections, will be shaped going forward.
- 4.13 The introduction of the DRS, planned for July 2022, could have a significant impact on the tonnages the Council collects at the kerbside and communal glass bins.
- 4.14 Zero Waste Scotland estimate that up to 90% of glass containers will be covered by the DRS and that 90% of this will be diverted from household waste streams as a result of the DRS (i.e. 81% overall) although there is some concern that this may prove optimistic.
- 4.15 In addition, the development of revised extended producer responsibility legislation for packaging waste has significant implications for how the Council's waste collection services will be funded and how these will be delivered. This will result in the producers of the waste (manufacturers, importers and retailers) being required to pay most or all of the costs of collecting and managing these materials. These costs are likely to be subject to quality and performance standards which may require current collection systems to be reshaped.
- 4.16 The implementation of changes to the Waste Framework Directive is expected to still apply in the UK and may extend the range of materials collected at the kerbside.
- 4.17 There is significant uncertainty around the timing and detail of these changes at the current time, and the impact these will have on glass collections specifically. It is likely that dry mixed recycling collections could be phased out across the UK and replaced with separate collections of paper/cardboard, and cans, plastics and drinks cartons ("mixed containers" or "MPT").
- 4.18 Once these legislative changes are introduced, it could potentially be possible or appropriate to move to collecting glass jars and the remaining glass bottles alongside the mixed containers stream, but it is also possible that glass may need to remain as a stand-alone stream to avoid cross contamination of the other materials with broken glass.

## **5. Next Steps**

---

- 5.1 Subject to approval of this waiver, a contract will be put in place and enhanced contract management arrangements will be implemented.

## **6. Financial impact**

---

- 6.1 The cost of the contract extension (£505,000) will be met from the service area's waste disposal revenue budget for financial year 2021/22 and 2022/23.
- 6.2 Viridor Waste Management Ltd have agreed to hold the current price for the duration of the proposed extension.

## **7. Stakeholder/Community Impact**

---

- 7.1 There is no impact to existing stakeholders as a result of the 117-week extension to this contract.
- 7.2 There are no equalities impact arising from this contract extension. The risk of successful procurement challenge is considered to be low.
- 7.3 The delivery of comprehensive recycling services helps to reduce the overall environmental impact of household waste and helps the Council to achieve its carbon reduction targets.

## **8. Background reading/external references**

---

- 8.1 None.

## **9. Appendices**

---

- 9.1 None.