

Written statement of a key decision
Cabinet member contracts and assets

Title	Variations to the waste management services contract
Decision maker	Cabinet member contracts and assets Information about cabinet, including the names and contact details of the cabinet members, can be found here: http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251
Date of decision	25 October 2018
Report exemption class	Open
Reason for being a key decision	<p>This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.</p> <p>This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.</p>
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	<p>Authorisation is sought to explore options, with our partners Worcestershire County Council, to extend or conclude the joint Waste Management Services Contract and to assess if such options could provide value for money to the councils.</p> <p>In parallel to exploring options to extend the contract, authorisation is sought to assess alternative options for provision of the services when the contract ends. It is important that this work is undertaken alongside assessment of an extension option to allow the council to assess the respective merits of all the options to inform any decision.</p>

	<p>Any proposals for extending the contract identified and assessed against the alternatives will be subject of a further report, and determined as appropriate. It is expected that the council will have proposals and an assessment in early 2019, for determination in March 2019.</p> <p>If the option to extend the contract proves unfavourable, the council will progress identifying alternatives for providing the waste disposal service on expiry of the contract.</p> <p>In addition to considering future options a number of changes to the contract in its existing term are being considered. These changes seek to maximise savings/revenue for the council, reduce risk, minimise environmental impact and comply with legal requirements, they are:</p> <ol style="list-style-type: none"> I. Consider the option of expanding the capacity of the energy from waste facility in order to generate additional revenue for the councils. II. To implement a variation to the contract to amend the annual price adjustment mechanism in order to reduce the risk of an unforeseeable price change caused by future revisions of the Gross Domestic Product (GDP) deflator. III. To implement a variation to the contract to reflect a change to the method of treatment of residues, Incinerator Bottom Ash (IBA) and Air Pollution Control Residues (APCr), from the energy from waste facility. Residues are being recycled instead of landfilled as specified in the contract at a reduced cost. A variation to the contract is required to reflect the change in treatment and amend the payment mechanism to reflect the reduced costs. IV. To implement a variation to the contract to comply with the legal requirements of the Environmental Permitting (England and Wales) Regulations. The regulations require Materials Facility (MF) operators to sample materials sent for recycling to measure and report on the quality of materials processed.
<p>Decision</p>	<p>That:</p> <ol style="list-style-type: none"> (a) The Acting Director for Economy and Place be authorised to explore future options for provision of the council’s waste disposal services at the end of the current joint contract with Worcestershire County Council. (b) The Acting Director for Economy and Place be authorised to explore options with our partners, WCC, to expand the capacity of the Energy from Waste (EfW) facility, allocating £15,000 towards preparing for

	<p>the change;</p> <p>(c) The Acting Director for Economy and Place be authorised to agree and implement a variation to the Waste Management Service Contract (WMSC) to amend the annual contract price review mechanism to remove risk of future revision of GDP deflator;</p> <p>(d) The Acting Director for Economy and Place be authorised to agree and implement a variation to the WMSC to reflect a change in treatment of residues from the EfW facility;</p> <p>(e) The Acting Director for Economy and Place be authorised to agree and implement a variation to the WMSC in order to meet the requirements of the Environmental Permitting (England and Wales) Regulations, to sample mixed recycling accepted by Materials Facilities.</p>
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at</p> <p>http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50027148</p>
Options considered	<ol style="list-style-type: none"> 1. The cabinet member could decide not to consider options for extending the WMSC at this time. This is not recommended, considering and assessing options to extend the WMSC will provide the council with a better understanding of its merits and implications and inform decision making in a timely manner. 2. The cabinet member could decide not to identify and assess options for providing the services on expiry of the existing services. This is not recommended, without considering the councils' options and assessing the relative merits of those options the council will be unable to make an informed decision on how best to provide the services on expiry, or if an extension to the existing contract is desirable. 3. The cabinet member could decide not to consider the option of expanding the capacity of the EfW facility. This is not recommended, the EfW has the potential to process additional waste which could generate additional income from gate fees and electricity sales. The options should be considered and assessed to allow the council to make an informed decision on whether to implement this change. 4. The cabinet member could decide to make no change to the annual contract price review mechanism. This option would mean that the council would be exposed

	<p>to unforeseen price changes caused from future revisions of the Gross Domestic Product (GDP) deflator which is used to calculate contract inflation. The recommended approach is to amend the mechanism to avoid the risk of any unforeseen price change.</p> <p>5. The cabinet member could decide not to agree a variation to the contract to reflect the change in processing of EfW residues. This is not recommended as the change benefits the councils financially as processing of residues through recycling is less costly than the specified route of sending them to landfill.</p> <p>6. The cabinet member could decide not to agree a variation to the contract to introduce material sampling and reporting measure to meet the requirements of the Environmental Permitting (England and Wales) Regulations. This is not recommended as the councils are obligated to agree a variation to the contract to meet the requirement of this change in law.</p>
Declarations of interest (see below)	
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	31 October 2018

Councillor: Cabinet member contracts and assets (Councillor H Bramer)	Date 25 October 2018
--	----------------------

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;
- and
- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.