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| Report to | Cabinet |
| Date of meeting | 19 December 2023 |
| Lead Member / Officer | Cllr Barry Mellor (Lead Member for Highways & Environment) / Tony Ward (Corporate Director for Environment & Economy) |
| Head of Service | Paul Jackson |
| Report author | Simon Lammond, Waste and Recycling Manager |
| Title | Contract for haulage, sorting and brokerage of Dry Mixed Recycling (DMR) |

1. What is the report about?

- 1.1. This report provides Cabinet with background and additional information about the accompanying report requesting an exemption from Contract Procurement Rules.

2. What is the reason for making this report?

- 2.1. The Council's contract for the processing of DMR (blue bin recycling) has reached its end date but the new recycling collection service is not now expected to commence until Q1 of financial year 2024/25. The Council therefore needs to make a new interim arrangement until the new service starts.

3. What are the Recommendations?

- 3.1. That Cabinet considers the content of the accompanying Contract Variation Report. **(Appendix 1)**
- 3.2. That Cabinet approves an extension to the contract for the reasons given, i.e. the brevity and uncertainty of contract period, best use of resources and the degree of confidence that the terms offered by the supplier offer value for money.

4. Report details

- 4.1. In 2018 Cabinet agreed that the Denbighshire waste collection model would change from a co-mingled recycling model to a new kerbside sort system. The Waste Team aligned the duration of the DMR processing contract with the expected start date of the kerbside sort service (with a contingency period).
- 4.2. Despite the in-built contingency, the final extension period of the contract for DMR processing ended in August 2023 and the Council is now out of contract.
- 4.3. Given the financial cost of the DMR processing service (approx. £1 million annually), it is desirable to be in a formal contract with a supplier for the assurance this gives over costs and service levels.
- 4.4. Officers believe a full procurement in line with CPRs would place a disproportionate demand on staff resources given current demands on the team for the successful roll-out of the new kerbside sort service and the new Workplace Recycling Regulations.

In addition, officers believe that:

A contract of uncertain duration (but projected to be of less than 12 months) would be unattractive to the market.

- Tenders would therefore be expected to be limited in number and priced highly
- The offer made by Shotton Mill is price competitive in comparison with the last tender (in 2021) and with a current WRAP cost benchmarking study
- That Shotton Mill understand and accept the uncertainties the Council faces and have adopted a constructive stance

4.5 Officers therefore recommend that Cabinet approve that the current contract with Shotton Mill is extended to the fullest amount permitted.

5. How does the decision contribute to the Corporate Themes?

- 5.1. The implementation of the new waste service is linked with the corporate priority 'A Greener Denbighshire'. Maintaining the Council's current recycling arrangements on an interim basis contributes to this aim.

6. What will it cost and how will it affect other services?

- 6.1. The costs of maintaining the DMR collection service and the costs of this contract will be met from existing revenue budgets until the new service changes are implemented.
- 6.2. In itself, the contract would have no impact on other services. However, the need for the contract means that impact of the new recycling service on Customer Services, the Communications Team etc. is going to be delayed.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1. The overall outcome of the Well-being Impact Assessment is positive
- 7.2. **(Appendix 2)**

8. What consultations have been carried out with Scrutiny and others?

- 8.1. None

9. Chief Finance Officer Statement

- 9.1. The proposed way forward will ensure stability in service provision. Value for money has also been taken into account. The report is supported.

10. What risks are there and is there anything we can do to reduce them?

- 10.1. At this point, the Council has three options with respect to DMR processing; a full procurement, an exception from CPRs and direct award or to continue buying the service on a non-contractual basis. Officers believe the exception route offers the lowest risk to the Council as it is the quickest route to obtaining the assurances offered by having a contract.

10.2. The risk of entering into a contract when uncertain over the term is minimised by the adoption of a six-monthly rolling contract. However, confirmation of a commencement date for the new service should remain a priority.

11. Power to make the decision

11.1. Section 21 of the Local Government Act 2000

11.2. Section 7 of the Council's Constitution.