

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** MANAGEMENT OF RECYCLATES FROM THE LONDON BOROUGH OF ENFIELD

**REPORT OF:** HEAD OF STRATGEY AND SERVICES

**FOR SUBMISSION TO:** AUTHORITY MEETING

**DATE:** 9 FEBRUARY 2023


**SUMMARY OF REPORT:**

This report provides an update on the potential for Dry Mixed Recycling and Organic materials collected by the London Borough of Enfield to be managed by the Authority.

**RECOMMENDATIONS:**

The Authority is recommended to:

- A. Note the update provided;
- B. Note the effect on borough levies under the menu pricing arrangements;
- C. Delegate to the Managing Director, in consultation with the Chair and Vice Chairs, the authority to vary the existing contract with Biffa Waste Services Ltd for the inclusion of Enfield Recyclate.

**SIGNED:** .....  ..... Head of Strategy and Services

**DATE:** 30 January 2023

## **1. PURPOSE OF REPORT**

- 1.1. The report updates Members on planning for the likelihood that the London Borough of Enfield will require the Authority to make arrangements for the treatment of the borough's recyclable materials.

## **2. BACKGROUND**

- 2.1. The London Borough of Enfield (LB Enfield) is the only Authority constituent borough that has its own contractual arrangements for the disposal and treatment arrangements for Dry Mixed Recycling (DMR), Green Garden Waste (GW), and Food Waste (FW) together referred to as recyclates.
- 2.2. LB Enfield's current contract for the treatment and processing of DMR, GW and FW) comes to an end in September 2023.
- 2.3. LB Enfield Officers have requested information from the Authority which included a financial comparison model, as part of a detailed procurement options appraisal which they have been conducting to determine the optimum solution for the management of LB Enfield's recyclates. The Authority's current contracts for managing recyclate have taken effect from late 2019. As a result of the Authority's scale, current Authority arrangements for treatment of recyclates have a number of advantages compared with LB Enfield's. These include:
  - 2.3.1. A wider range of materials are in scope of the DMR contract
  - 2.3.2. A higher share of income is gained from sale of recyclates
  - 2.3.3. The Authority contract provides for more favourable treatment of DMR loads with a degree of contamination. This means that fewer lorryloads of recyclate are rejected as being unsuitable for treatment
  - 2.3.4. Excellent and improved value arrangements for food, and continued value for garden waste disposal.
- 2.4. In addition, if LB Enfield join with the Authority's contract the transition is straightforward as Enfield's recyclates will be delivered to a site within the LB of Enfield.
- 2.5. The inclusion of LB Enfield within the Authority's contract with Biffa will enhance the Authority's position when in engagement with Biffa. Officers will continue to explore the scope for future partnership benefits with Biffa, as the inclusion of LB Enfield's waste would increase the extent to which the Authority has Biffa's largest national local authority recycling contract. For example, Biffa does not have a contractual obligation as regards recyclate destinations, but in dialogue and partnership with the Authority, they have been pursuing a voluntary approach of

seeking to increase the materials which are processed in the UK and have moved away from far east destinations.

- 2.6. Section 51 of the Environmental Protection Act 1990 (EPA) places a duty on Waste Disposal Authorities to make arrangements for the disposal of controlled waste collected in their areas by Waste Collection Authorities. Section 55 of the EPA gives Waste Disposal Authorities the power to recycle waste. Under Section 48 of the EPA, Waste Collection Authorities are entitled to make their own arrangements for the recycling of waste if they choose to do so; otherwise they must deliver that waste to the Waste Disposal Authority.
- 2.7. LB Enfield published a report for Cabinet Member decision on 12 January 2023 recommending that responsibility for managing the treatment of recyclates collected by the LB Enfield be transferred to the Authority from 1 April 2023. On 19 January this report and its recommendations were approved by LB Enfield's Cabinet member for the Environment.
- 2.8. LB Enfield's Overview and Scrutiny committee can 'call-in' a decision which has been made by the Cabinet or Cabinet Member but not yet implemented. This enables them to consider whether the decision is appropriate. This decision was not recalled during the call-in period which ended on the 27 January 2023 and as such the decision is enactable from 30 January 2023.

### **3. PROPOSAL**

- 3.1. Authority Officers have been working with LB Enfield colleagues and with contractors to be able to bring into operation appropriate arrangements for the management of LB Enfield recyclates.
- 3.2. DMR from Enfield will be incorporated into the Authority's existing Materials Recovery Facility contract with Biffa. This variation to the existing contract for additional material would be done on exactly the same operational, performance and financial terms as the existing contract.
- 3.3. The end destinations for FW and GW are currently secured under contract by LondonEnergy on behalf of the Authority. Existing suppliers of these services do not have sufficient capacity to manage this material together with potential increase in FW from the London Borough of Barnet during 2023/24.
- 3.4. The Authority therefore intends to send GW and FW to be treated by Biffa at the facility in Edmonton, adjacent to the EcoPark.
- 3.5. The net cost of treating GW and FW at Biffa is exactly comparable to the Authority's existing suppliers, as set out in table 1 below.

	Estimated gate fee (Biffa) 2023 £	Estimated gate fee (via LEL) 2023 £
Green Garden Waste	51.89	51.89
Food	-5.85	-5.85

- 3.6. Table 2 below sets out the additional cost and revenues expected by the Authority for the treatment of LB Enfield recyclates. The gross budgeted cost for managing recyclates in 2023/24 excluding Enfield tonnage is £10.098m. The additional Enfield tonnage represents a 21.7% increase in overall cost, well below the 50% threshold described in section 6.13 of this report.

	<b>2023/24</b> <b>£000s</b>
Mixed Dry Recycling	
Accepted tonnage	1,696
Downgraded	118
Rejected tonnage	67
Income from sale	(813)
	<u>1,068</u>
Food	(46)
Green Garden	348
	<u><u>1,369</u></u>

- 3.7. The increased tonnage will be handled by the Authority without any need for increase in Authority staff or other resources. Therefore there is a benefit in redistributing overhead costs to reduce the cost per tonne of recycling for non-Enfield boroughs. Table 3 sets out the change.

	Barnet £000s	Camden £000s	Enfield £000s	Hackney £000s	Haringey £000s	Islington £000s	Waltham Forest £000s	Total £000s
Allocation of Overheads due to additional tonnage	(149)	(91)	630	(111)	(97)	(88)	(94)	-

#### 4. NEXT STEPS

- 4.1. Should LB Enfield require the Authority to manage their recyclates, it will need to write formally to the Managing Director of the Authority setting out the waste types in scope, expected tonnage and a date for the transfer.
- 4.2. Members are therefore recommended to delegate authority to the Managing Director of the Authority to vary the existing Biffa Recycling Contract to include

additional Authority recyclates delivered by LB Enfield, in the event that LB Enfield make a formal request to manage its recyclates.

## **5. EQUALITIES IMPLICATIONS**

5.1. There are no equality implications associated with this report.

## **6. COMMENTS OF THE LEGAL ADVISER**

6.1. Contracting authorities are entitled to vary contracts pursuant to regulation 72 of the Public Contracts Regulations 2015. This regulation sets out a number of circumstances where an authority can vary a contract without entering into a full procurement process. One of these circumstances is set out in regulation 72(1)(c) which permits an authority to vary contracts where the each of the following conditions is fulfilled:

- 6.1.1. the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;
- 6.1.2. the modification does not alter the overall nature of the contract; and
- 6.1.3. any increase in price does not exceed 50% of the value of the original contract or framework agreement.

## **7. COMMENTS OF THE FINANCIAL ADVISER**

7.1. The Financial Adviser has been consulted in the preparation of this report and comments have been incorporated.

### **List of documents used:**

Conformed Settlement Agreement

### **Contact officer:**

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