

CABINET MEETING – 14 SEPTEMBER 2021

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Variation of contract for the management of the Household Waste and Recycling Centre at Beach Street

Author:

Executive Director of Neighbourhoods

Purpose:

The purpose of the report is to seek Cabinet approval to vary the existing contract for the management of the Household Waste and Recycling Centre (HWRC) at Beach Street, Deptford

Description of Decision:

Cabinet is recommended to authorise the Executive Director of Neighbourhoods, in consultation with the Deputy Leader, to vary the contract for the management of the Household Waste and Recycling Centre (HWRC) at Beach Street, Deptford, to extend the contract term until the site ceases to operate.

Reasons for the Decision:

To ensure continuity of service provision and the availability of a HWRC within the City it is necessary to continue to operate the HWRC at Beach Street until the new HWRC at Pallion is operational. The value of the contract variation may exceed £250,000 should the opening of the Pallion HWRC be delayed into 2022.

Alternative options to be considered and recommended to be rejected:

Two alternative options have been considered and are recommended to be rejected:

- i. Decide not to vary the existing contract and cease operation of the HWRC at Beach Street at the end of the current contract term on 31 September 2021. This option would result in no HWRC facilities in the City until the new Pallion HWRC facility was operational.
- ii. Retender and award a new short-term contract for the operation of the Beach Street HWRC based on submitted tenders. This option is commercially unsound as any change in service provider would cause staffing and service disruption and increased costs which is likely to result in a significant annual over-spend in the allocated budget for the remaining term of the operation of the site.

Impacts analysed;

Equality
Privacy
Sustainability ☒
Crime and Disorder

Is the Decision consistent with the Council's co-operative values? **Yes**

Is this a “Key Decision” as defined in the Constitution?	Yes
Is it included in the 28 day Notice of Decisions?	Yes

REPORT OF THE EXECUTIVE DIRECTOR OF NEIGHBOURHOODS

VARIATION OF CONTRACT FOR THE MANAGEMENT OF THE HOUSEHOLD WASTE AND RECYCLING CENTRE AT BEACH STREET

1.0 Purpose of the Report

- 1.1 To seek Cabinet approval to vary the existing contract for the management of the Household Waste and Recycling Centre (HWRC) at Beach Street.

2.0 Description of Decision

- 2.1 Cabinet is recommended to authorise the Executive Director of Neighbourhoods, in consultation with the Deputy Leader, to vary the contract for the management of the Household Waste and Recycling Centre (HWRC) at Beach Street, Deptford, to extend the contract term until the site ceases to operate.

3.0 Background

3.1 Contract for Management of the Household Waste and Recycling Centre

- 3.1.1 The Council has a statutory duty to provide facilities where residents can deposit household waste free of charge (commercial and industrial waste is excluded). Household Waste and Recycling Centres are provided for Sunderland residents to use at Beach Street, Deptford, operated by the Council, and at Campground, Wrekenton operated by Gateshead Council.
- 3.1.2 In July 2013, Cabinet approved changes to the operation of the Beach Street HWRC facility which involved transferring the management of the facility to a waste management company, SUEZ, who were awarded a contract after tendering through a competitive tendering exercise. The current contract will end on 30 September 2021.
- 3.1.3 Cabinet approval was obtained in September 2019, to proceed with the development of a Household Waste and Recycling Centre (HWRC) at Pallion Industrial Estate to replace the existing HWRC at Beach Street.
- 3.1.4 Build timescales for completion of the Pallion HWRC have slipped to 1st November 2021, however this is still subject to change with regards to market conditions. The effects of the Covid-19 pandemic, Brexit and a construction boom are combining to cause a major shortage in essential construction materials. The Government's strategy to drive growth across the economy is widely supported but the global pandemic, coupled with the impact of Brexit, is significantly affecting production and delivery of key building materials such as steel and timber. Demand for these materials has inevitable risen yet supplies have slipped resulting in longer delivery/lead-in times.

- 3.1.5 Consequently, it is deemed necessary to continue to operate the Beach Street HWRC until the new Pallion facility is operational.

3.2 Proposals to vary existing HWRC Contract

- 3.2.1 The Council has the option to vary the existing HWRC contract which is due to expire on 31 September 2021, to allow SUEZ to continue to provide the management services at Beach Street.
- 3.2.2 SUEZ have been approached regarding the contract extension proposal and have confirmed their agreement to an extension up until 31 December 2021, on the same terms as the current contract. SUEZ have indicated that they would consider a contract extension beyond 31 December 2021, however it is considered unlikely that the Pallion site shall be delayed beyond this date.

4.0 Reasons for Decision

- 4.1 To ensure continuity of service provision and the availability of a HWRC within the City it is necessary to continue to operate the HWRC at Beach Street until the new HWRC at Pallion is operational. The value of the contract variation may exceed £250,000 should the opening of the Pallion HWRC be delayed into 2022.

5.0 Alternative Options Considered and Rejected

- 5.1 Two alternative options have been considered and are recommended to be rejected:
- i. Decide not to vary the existing contract and cease operation of the HWRC at Beach Street at the end of the current contract term on 31 September 2021. This option would result in no HWRC facilities in the City until the new Pallion HWRC facility was operational.
 - ii. Retender and award a new short-term contract for the operation of the Beach Street HWRC based on submitted tenders. This option is commercially unsound as any change in service provider would cause staffing and service disruption and increased costs which is likely to result in a significant annual over-spend in the allocated budget for the remaining term of the operation of the site.

6.0 Impact Analysis

- 6.1 **Sustainability Impact Assessment (SIA):** This proposal will ensure that the HWRC continues to be operated in accordance with best practice and in compliance with conditions set out in waste planning and environmental permits.

7.0 Other Relevant Considerations / Consultations

- 7.1 Financial Implications:** The costs of the contract extension would be in line with the current contract costs and would be met from the existing revenue budget for this service.
- 7.2 Legal implications:** The Assistant Director of Law and Governance has been consulted on the content of this report in order to ensure that the proposal is in accordance with the Public Contracts Regulations 2015 and the Council's Procurement Procedure Rules.
- 7.3 Project Management Methodology:** The replacement Pallion HWRC is being managed using appropriate construction project management practices and is governed by the Project Board representatives. Technical support is provided by officers from the South of Tyne Waste Management Partnership.
- 7.5 Procurement:** The Procurement Team has provided advice and guidance on the proposal on behalf of the Senior Manager of Procurement.

