

ANGUS COUNCIL

INFRASTRUCTURE SERVICES COMMITTEE – 3<sup>RD</sup> MARCH 2009

BUYERS CONTRACTS – RECYCLED GLASS CULLET AND RECYCLED NEWSPRINT & PAPER PRODUCTS

REPORT BY THE DIRECTOR OF INFRASTRUCTURE SERVICES

**ABSTRACT:**

This report highlights the advantages of the Council being contracted to supply recyclable items collected to recovery & reprocessing outlets and seeks to extend existing contracts.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Committee agree:-

- (i) To the Council entering into a further 3 year (1<sup>st</sup> April, 2009 – 31<sup>st</sup> March 2012) contract to supply and deliver all colour separated waste glass container cullet as collected by the Council through its various recycling systems, to OI Manufacturing UK Ltd.
- (ii) To the Council entering into a further 3 year (1<sup>st</sup> April, 2009 – 31<sup>st</sup> March 2012) contract to supply and deliver post consumer waste paper (PCWP) as collected by the Council through its various recycling efforts to Stirling Fibre Ltd, Croy, Kilsyth.

**2. INTRODUCTION**

- 2.1 Something in the order of 3000 tonnes of glass bottles and jars and 4000 tonnes of newsprint and paper products are collected/recovered each year by the Council through a network of recycling centres, bottle banks and kerbside collection of recyclables from households and businesses.
- 2.2 Angus Council takes pride in such achievements as a top recycling authority in Scotland. Key to this is the availability of sustainable markets and outlets to reprocess recycled materials. Scotland and Angus in particular, is invariably distant from such markets and establishing such outlets continues to be an important task for Council officials.
- 2.3 During this particular period of recession and the down turn in the markets worldwide it is vital that Angus secures reprocessing outlets for recyclable materials and at the best deal possible.

**3. BUYER/MARKET CONTRACTS FOR RECYCLED MATERIAL**

- 3.1 While establishing markets for our recyclates can be difficult enough, securing and maintaining these is vital in relation to Angus Council's longer term strategy for recycling/waste minimisation and the sustainability of the service we offer to the public.
- 3.2 Scotland has a limited processing capability for dealing with recycled glass cullet with the nearest plant at Alloa. For well over two decades the Council has dispatched all

its recycled glass to this plant under a contractual agreement which will lapse at the end of March 2009.

- 3.3 Similarly with the fluctuations of the post consumer paper and newsprint market prompted the Council in the past to take measures to seek a guaranteed market / outlet for its recovered paper products. This was secured a number of years ago by entering into a contract with Stirling Fibres Ltd as the major Scottish outlet for waste paper, a contractual agreement which will lapse also at the end of March 2009.
- 3.4 Both these outlets have produced a first class service to the Council, paid premium market determined rates for a quality product as produced by the Council and maintained capacity. This justifies extending the contracts.
- 3.5 The major advantages of the contracts on offer includes: -
- A guaranteed market/outlet
  - A guaranteed minimum price
  - Buyers with the processing capacity and continuity of service required by Local Authorities.

#### **4. FINANCIAL IMPLICATIONS**

##### **4.1 Glass:-** OI Manufacture UK Ltd will pay

White flint	-	£26 per tonne delivered (approx 1500T per year)
Amber	-	£23 per tonne delivered (approx 400T per year)
Green	-	£16 per tonne delivered (approx 1200T per year)

- 4.1.1 Prices are subject to an annual review at which time the council has, in terms of the contract/agreement, an option to test the market and on proof of a better purchase price from another outlet, can seek to have OI Manufacturing match the price and continue the contract or terminate.
- 4.1.2 Using the projected tonnage in a full year it is expected that there will be an annual income of approximately £67,000.

##### **4.2 Paper Products:-**

- 4.2.1 Stirling Fibre will pay £40 per tonne for post consumer waste paper with a minimum price at review of £20 per tonne for the duration of the contract. Prices will be reviewed quarter yearly, adjusted by the same percentage movement in the market price of waste paper as published in "Recovery Fibre News Report" The maximum price will be £70 per tonne.
- 4.2.2 A projected tonnage in a full year in the order of 4000 tonnes will result in an annual income of approximately £80,000 at the minimum price paid.
- 4.2.3 There is an expectation in the E & C P budget that the income above will be realised in year 2009/10.
- 4.3 Without a contract in place, the buyers are likely to apply a differential pricing structure between contracted and non contracted suppliers, with the former given a price and market advantage. If the Council is not to be disadvantaged then it is essential that a new contract is progressed without delay.
- 4.4 The Council's Financial Regulations primarily deal with procedures for contracts being let by this Council and not for situations where the Council itself is contracted to provide services. However, it is considered that renewal of this contract with the current partners falls within paragraph 16.22.4 (b) (iii) of the Financial Regulations which remits to committee the authority to exempt a contract from normal tendering

arrangements where the services required are “the subject of long standing agreement which proves advantageous to the Council.” Therefore it is recommended that the committee provide such an exemption so that a new contract can be entered into with OI Manufacturing UK Ltd, Alloa previously known as British Glass Recycling Company. For glass cullet and Stirling Fibre Ltd, Kilsyth for post consumer paper products, newsprint etc.

## **5. HUMAN RIGHTS**

5.1 There are no human rights implications arising as a result of this report.

## **6. EQUALITIES IMPLICATIONS**

6.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

## **6. SINGLE OUTCOME AGREEMENT**

6.1 This report contributes to the following local outcome(s) contained within the Single Outcome Agreement for Angus.

- Reduction in waste through a sustained increase in recycling and reuse of wastes.

## **7. CONSULTATION**

7.1 The Chief Executive, Director of Corporate Services, Head of Law and Administration and Head of Finance have been consulted on the contents of this report.

**Eric S Lowson**  
**Director of Infrastructure Services**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

**E&CP/IW/GK**  
**02/02/2009**