NORTH LONDON WASTE AUTHORITY

REPORT TITLE: DRY MIXED RECYCLING ARRANGEMENTS

REPORT OF: HEAD OF STRATEGY AND SERVICES

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 05 DECEMBER 2024

SUMMARY OF REPORT:

This report provides results from a recently concluded market testing exercise with recommendations on the future arrangements for the processing of Dry Mixed Recycling

RECOMMENDATIONS:

The Authority is recommended to:

A. Note the results of a benchmarking exercise included within the Part II Appendix;

B. Note the commercial case for awarding a full four-year extension for the separation and processing of Dry Mixed Recycling materials collected by the seven constituent Borough's contained within the Part II Appendix; and

C. Delegate authority to the Managing Director to extend the existing Dry Mixed Recycling Contract (excluding organics) with Biffa Ltd for a further four years from December 2025 to the contract's full term ending in December 2029.

SIGNED: .... Head of Strategy of Services

DATE: 25 November 2024

1. BACKGROUND

1.1. The existing contract with Biffa Ltd to receive and process the Authority's Dry Mixed Recycling (DMR) came into operation on 16 December 2019 and runs initially to 15 December 2025. It includes provision for it to be extended by up to four years at the Authority's discretion. Any extension can be applied in annual increments or for the full four years but cannot exceed the ultimate end date of 15 December 2029, i.e. 10 years after the contract began.

1.2. A decision to extend needs to be notified at least one year before 15 December 2025.

2. THE CURRENT DMR CONTRACT

2.1. The existing DMR contract requires NLWA to deliver DMR collected by its constituent boroughs directly to a Biffa-operated Materials Recycling Facility which is situated adjacent to the Edmonton EcoPark in Enfield.

2.2. The Authority pays a gate fee for materials accepted into the facility to be separated into constituent materials before being baled and sold. The Authority retains 80% of the revenue associated with recyclate sales, the price for materials is determined by the Letsrecycle materials price index. Taking account of the cost of treatment, offset by income from selling of materials, the net cost to the Authority for the treatment of DMR is forecast to be £7.4m in 2024/25.

2.3. The contract provides that even if loads are delivered into the facility with up to 25% contamination, the material will be processed so that recycling is not lost. This compares with an industry norm that loads with more than 15% contamination are normally rejected in full. This element of the contract secures an outcome for north London in which only around 2 in every 100 loads are rejected.

2.4. When the contract was let in 2019, the procurement was organised on the basis of nine separate lots in order to maximise potential competition, with operators able to bid for individual or multiple lots. Taking account of actual bids and post-tender dialogue with bidders, all lots were awarded to Biffa Ltd. The contract provides that an extension will cover all lots on the basis that they were originally awarded without the ability to split these between extending and retendering.

2.5. Members have indicated a strong desire for all DMR to be sold and recycled within the UK. This is not a contractual obligation, however since 2020 significant progress has been made in all areas with the notable exception of fibrous products where only 32% of Mixed Paper and 17% of Card are treated within the UK market.

3. BENCHMARKING

3.1. In considering whether to propose extension of the Biffa contract, officers undertook benchmarking to ensure there was a strong comparison with other arrangements. The team consulted London Waste Disposal Authorities and received detailed responses back from East London Waste Authority, West London Waste Authority, Western Riverside Waste Authority. A summary of these responses is included in the Part II Appendix.

3.2. Additionally, officers invited the market to indicate the type of service and terms that they might offer if they were asked to formally tender for some or all of the available tonnage (Circa 125,000 tpa). Responses were received from SUEZ, Veolia, and Bywaters.

3.3. Details of the benchmarking suggest that the current commercial arrangements compare well with those achieved in the Public Sector.

4. RECOMMENDATION

4.1. After giving careful consideration to the commercial, social value and environmental implication set out in Part II Appendix, officers recommend that the Authority delegates to the Managing Director the authority to enter a full four-year extension with the incumbent contractor (Biffa) starting in December 2025.

5. EQUALITIES IMPLICATIONS

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

6. COMMENTS OF THE LEGAL ADVISER

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

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.

Contact officer:

Michael Clarke
North London Waste Authority
Unit 1b Berol House
25 Ashley Road
London N17 9LJ
Michael.Clarke@nlwa.gov.uk