

**ROTHERHAM METROPOLITAN BOROUGH COUNCIL**

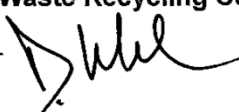
**RECORD OF OFFICER EXECUTIVE DECISION**

Date of Decision:	21 <sup>st</sup> June 2018 (with affect from 1 <sup>st</sup> April 2018)
Decision Maker: (Including Job Title)	Damien Wilson Strategic Director (Regeneration and Environment)
Subject Matter	Kerbside collected paper and cardboard treatment and disposal contract (Newport Paper). <ul style="list-style-type: none"> <li>• Variation to contract (price per tonne)</li> <li>• Take up of contract extension for 6 Months 1<sup>st</sup> August 2018 to 31<sup>st</sup> January 2019</li> </ul>
Brief Description of Decision:	To accept a reduction in the contract price that Newport Paper pays the Council for its kerbside collected recycled paper and cardboard, from £60 to £25 per tonne with affect from 1st April 2018  To issue a contract extension of six months to Newport Paper to run from August 2018 to January 2019 at an agreed price per tonne of £25.
Reasons for the Decision:	<p>In February 2018 the Council received a request from Newport Paper PLC for a reduction in the contract price they pay the Council for kerbside collected recycled paper and card. This was due to the restriction of China's import markets, the subsequent glut in paper available in the internal and European markets and a drastic fall in price paid by processors of mixed paper. All these factors have put Newport Paper into a loss-making position should they continue paying the current contract price of £60 per tonne.</p> <p>It has previously been agreed, via a Commissioners report that approved the original awarding of the recycling contracts, that the Director of Environment and Development Services (now Director of Regeneration and Environment) had delegated powers to review any re-assessment of the price mechanism for recycling contracts if required.</p> <p>The Council's Waste Management department has negotiated with Newport Paper over their requests, as well as negotiating with other paper recyclers to obtain the best price per tonne for our recyclable paper for the short and medium term, up to the introduction of changes to the waste service due January 2019.</p> <p>Current analysis of the markets through leading industry publications (WRAP's Monthly Materials Pricing Report) and websites (www.letsrecycle.com) collaborates that over the early months of this year the market has depressed, seeing mill prices for mixed paper dropping from an average of £50 per tonne to £5 per tonne with a current downward trend</p> <p>The price of mixed papers at £5 is well below our original contract price of £60 and below the new offered price of £25. Newport will obtain higher prices for News and Pams, and Grade cardboard</p>

	<p>when separated from the material collected, but when factoring in their outlay for sorting, bulking, haulage and contamination disposal, and benchmarking against other quotes from the market, their offer of £25 per tonne is reasonable in the current climate.</p>
<p>Details of alternative options considered and rejected:</p>	<p>To ensure best value for the Authority and to check the validity of Newport's claims Officers undertook a market sounding to see what other prices could be obtained. This also ensured that the Authority had options to be able to continue to provide a recycling collection and disposal of our residents recycling should Newport fail in their contractual obligations and walk away from the contract.</p> <p>Through negotiation with the market we managed to obtain three alternative disposal options.</p> <p><b>KCM Metals and Skip Hire, Rotherham</b></p> <ul style="list-style-type: none"> <li>• £18 per tonne</li> <li>• Direct Delivery in Rotherham town centre</li> <li>• Our current disposal point</li> </ul> <p><b>Veolia Environmental</b></p> <ul style="list-style-type: none"> <li>• £19.50 per tonne</li> <li>• Direct delivery to Beighton. Rotherham</li> <li>• Acceptable to Collection crews logistically</li> </ul> <p><b>Palm Paper</b></p> <ul style="list-style-type: none"> <li>• £35 per tonne</li> <li>• RMBC would need to source a disposal point</li> <li>• Require to hire space at a transfer station @ circa £15+ per tonne taking net price down £20 per tonne or below</li> <li>• No guarantee of a site suitable for direct delivery by collection crews</li> </ul> <p>After obtaining these alternative disposal options, it is clear that Newport proposed a new price of £25 per tonne, fixed and guaranteed from April 2018 through to January 2019 is our best option.</p> <p>Forcing the current contractual obligations on Newport would see them walking away from the contract and force us back to the market and obtain a worse financial position than the proposed new price from Newport Paper.</p>
<p>Conflicts of interest declared by any Executive Member consulted by the decision maker which relates to the decision:</p>	<p>None</p>
<p>Dispensations Granted: (If any)</p>	<p>None</p>
<p>Reports or parts of reports considered</p>	<p>Newport Paper price amendment report.</p>

**I certify that this is a true record of the executive decision in relation to Procurement of Household Waste Recycling Centres (HWRC)**

Signed by the Decision Maker



Dated

28/6/18