

# Cabinet report



7 June 2022

## Wheeled Bin Procurement and Storage

Name of Cabinet Member	<b>Councillor Lauren Townsend</b> Cabinet Member for Public Realm
Report sponsor	<b>Stuart Proffitt</b> Director Environment and Property
Report author	<b>Nicholas Hannon</b> Head of Environment and Waste

Exempt / confidential / not for publication	<b>No</b>
Council Plan reference	<b>Commitment 15: Bring forward the future operational models for waste and landscaping services beyond the end of the current contracts in 2023.</b>
Wards affected	<b>All wards</b>

### Executive summary

The new borough wide waste collection service for 2023 was approved on 23 March 2021 by Delegated Decision and will provide a cleaner, greener, and safer service. It will improve recycling quality and quantity, creating a greater financial return for the recycling material..

It has been designed to allow sufficient capacity for refuse and recycling to be put out by residents, whilst enabling the benefits of containerisation; keeping the materials dry for recycling and reprocessing.,

This urgent decision is to consider and approve the updated position of the wheeled bin and waste receptables procurement and financial approvals to secure the current price for wheeled bins considering extreme market volatility.

The economic crisis is hitting all supply chains. Significant price increases are arising from the manufacturing supply chain, including that of plastics. In addition, the Ukraine conflict has led mitigations to be put in place to source new and sustainable polymer markets other than from Russia. These factors have meant that the cost budgeted for bins from the procurement framework we are using has had to increase.

## 1. Decisions to be made

### 1.1 That Cabinet:

- a) approve the revised resource allocations and amended capital programme for the purchase of wheeled bins (as set out in section 2.3 of the report); and
- b) approve the 18 month lease of the site at The Wheelhouse in Wolverton for the temporary storage of wheeled bins, in preparation for the start of the new Environmental services contract.

### 1.2 That authority be delegated authority to the Director of Environment and Property, and the Director of Finance and Resources (s151 officer), in consultation with the Cabinet Member for Public Realm to reallocate further resources (either via budget virements or from reserves) up to a maximum of 10% of the amended capital and revenue budget should further market pressures or price volatility impact delivery of the programme.

Note: Decision 1.2 does not include the appointment of the new service provider, which will be subject to a further executive decision.

## 2. Why is the decision needed?

### 2.1 To deliver the new waste collection service in 2023, the Council will procure over 300,000 wheeled bins. The tender for the purchase of wheeled bins has been sought from a nationally used framework.

### 2.2 The price offered for budget purposes initially through the framework was £14.65 per bin. Due to conflict in Ukraine the successful suppliers have, in line with Government action, decided to halt any business whatsoever with any supplier that may be trading Russian polymer. While the wheeled bins are partially recycled there is some virgin polymer in them and the purchasing pool for non-Russian virgin polymer is smaller and therefore procurement prices have increased. The revised price per bin is now £17.51. Please note that the plastic sacks currently used are comprised solely from virgin polymer.

### 2.3 In the current capital programme as approval for £5.236m which was based on the estimated costs on the framework in November 2021. It is now requested that the capital project value is increased to £6.240m.

### 2.4 Manufacture will commence in the summer 2022 and bins will then be delivered as they are built. Market assessment considers that around 7,000 bins could be manufactured in a week, and these will then be stored at the proposed site. It will take over 30 weeks to manufacture the bins to be stored at the site. It is not possible

to roll out bins as they are manufactured as otherwise properties will have bins for up to 30 weeks before the service commences.

- 2.5 In light of 2.4 a dedicated place to store all bins is required as they are manufactured. An Architect has completed a space planning assessment to consider the size of the storage site. At a time of unprecedented interest in logistics space in Milton Keynes the cost for leasing this space continues to increase.
- 2.6 Initial approval was based on securing three bays and a yard. Since then, the company leasing the other three bays has rescinded. A large multi-national company has expressed a strong interest in the whole site. The agent approached our Property Team and asked whether we would take on the whole site. The Council has discussed with the agent to take the whole site, inclusive of six bays and the yard. This is inclusive of rent, business rates, utilities, service charge and buildings insurance.
- 2.7 The additional space will be used to host the Councils new waste, cleansing and landscaping fleets as they are purchased and this will be outlined in the forthcoming delegated decision for the Fleet Procurement Plan.
- 2.8 Warehouse / storage sites are in high demand in the current market and are especially difficult for a short term let. It is considered that the proposed site for lease provides an acceptable market rent and is in a good location to the Environmental Services Depot and in close proximity to the Authority based at Milton Keynes Waste Recovery Park (MKWRP).

### 3. Implications of the decision

Financial	Y	Human rights, equalities, diversity	N
Legal	N	Policies or Council Plan	Y
Communication	N	Procurement	Y
Energy Efficiency	N	Workforce	N

#### a) Financial implications and further service risks

There are currently several projects being delivered within the capital programme to transform the waste service and introduce new ways of service delivery. Savings against estimated costs have previously been identified in other areas of the programme, and the increase in the capital value of the wheeled bins project of £980,450 will be funded from a virement from these projects. The source of funding of the waste programme is capital receipts and the New Homes Bonus.

The lease of land for bin and new fleet storage will be met from £375k accumulated S106 contributions for waste receptacles and £525k from the Strategic Development Fund reserve.

## b) Legal

The Council has a duty, under section 45(1)(a) of the Environment Protection Act 1990, to arrange for collection of household waste from premises. Under section 46 of the EPA 1990, the Council may by notice require occupiers to place the waste in receptacles of a kind and number specified.

Section 89 of the EPA 1990 makes MKC responsible for keeping the land within our control clear of litter and refuse and our highways clean as far as is practicable.

Local Authorities have a general power of competence to enter into property leases in order to enable us to carry out our duties.

## c) Policies or Council Plan

This decision supports the Council Plan: Commitment 15: Bring forward the future operational models for waste and landscaping services beyond the end of the current contracts in 2023.

## d) Communication

Keep Britain Tidy (KBT) conducted a survey of the entire city area from October 2019 through to January 2020 to confirm the ability of residents to receive wheeled bins or other receptacles

A dedicated wheeled bin and service change communication and engagement programme is currently being collated which will maximise targeted engagement with residents across a multitude of different mediums and opportunities to see/hear. This will also be used to refresh the KBT work, with the support of KBT. Consistent branding, taglines and facts are being compiled including a blend of instructional and motivational messages. However, the supply chain in the wheeled bins is not profiled to be communicated specifically.

## e) Workforce implications

None.

## 4. Alternatives

4.1 Option 1: Do Nothing – If we do not increase the budget then there will be insufficient budget for all the wheeled bins required for the services. This will not marry with the resource profile for vehicles that have been ordered and will cause significant disruption both in the roll out of the new service and provision of a critical frontline service to residents.

4.2 Option 2: Accept cost increase – While the increases in cost are outside of the control of the Authority they come having made significant efficiencies elsewhere in transforming our waste services. Therefore, they will be funded from a virement from these project efficiencies. **This is the recommended option.**

4.3 Option 3: Negotiate on price – The initial position on the wheeled bin increase was to enter a negotiation. However, as the price was procured via a framework then a negotiation is unable to take place but also risk the production window, creating significant programme risk. The Council has already negotiated on the lease for the wheeled bin storage and achieved a price efficiency on the asking price of £75K. As such, the default position is now to pursue Option 2.

## 5. Timetable for implementation

Following the approval of this report then the initial order for wheeled bins will be made, including the confirmation of the total order, as well as the initial offer (subject to contract) for the lease of the property for wheeled bins and the new fleet storage prior to rollout prior to service commencement.

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### **List of Annexes:**

None

### **List of Background Papers:**

None