



HERTFORDSHIRE WASTE PARTNERSHIP

MEMBERS GROUP 26th January 2009

Item 8: Herts Recycling Newspaper Consortium

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1 Purpose of Report

- 1.1 To update the Members' group on progress with the establishment of a framework agreement (Partnership Consortium) for the sale of newspaper collected in banks and via the kerbside from Hertfordshire Councils.
- 1.2 Please note this report has been amended from the version that was presented to the Director's group on the 15th December 2008. Commercially confidential information specific to the tender is now detailed in a separate Part 2 paper which is available from the Partnership Support Officer on request.

2 Background

- 2.1 Hertfordshire is a recognised Pathfinder and has an established Waste Partnership with an agreed Waste Strategy. The ethos of the Partnership is closer working so as to improve performance and where possible gain cost savings. Welwyn Hatfield Council is lead authority for the newspaper bank service, bottle bank service and the sale of newspaper from the banks.
- 2.2 Newspaper sale contracts for Hertfordshire authorities vary in termination date, with three Councils terminating at the end of November 2008 and others not ending until 2012.
- 2.3 Welwyn Hatfield has completed a tender process, which attracted interest from 11 businesses. The tender document asked interested parties to quote for the value of payment they would pay for each tonne of paper. The successful bidder, Newport Paper, was chosen following a series of negotiations which resulted in the paper consortium securing a price significantly above the market average. Newport Paper has agreed that Councils can join the framework agreement over a limited period of time and Councils can independently make billing arrangements.

3 Explanation

3.1 Councils in Consortium :-

3.2 Every Hertfordshire authority has agreed to join the paper consortium. However, specific start dates and tonnages vary between different authorities. The table below provides details of when each authority will commence supplies to Newport Paper and from what source. Two councils are unable to supply newspaper from their kerbside sourced material due to existing contracts.

COUNCIL	MATERIAL SOURCE	BULKING FACILITY LOCATION	NEWPORT START DATE
BROXBOURNE	Banks	CHAS STORER	DEC 2008
	kerbside	CHAS STORER	DEC 2008
DACORUM	Banks	DACORUM COUNCIL	APRIL 2009
	kerbside	DACORUM COUNCIL	APRIL 2009
EAST HERTS	Banks	CHAS STORER	APRIL 2009
	Kerbside	NOT APPLICABLE	NOT APP
HERTS COUNTY	Banks	WATERDALE & CHAS	APRIL 2009
	kerbside	NOT APPLICABLE	NOT APP
HERTSMERE	Banks	CHAS STORER	APRIL 2009
	kerbside	NOT APPLICABLE	NOT APP
NORTH HERTS	Banks	TO BE ARRANGED	APRIL 2009
	kerbside	BUNTINGFORD	DEC 2008
ST ALBANS	Banks	ST ALBANS COUNCIL	MAY 2010
	combined kerbside	ST ALBANS COUNCIL	MAY 2010
STEVENAGE	Banks	STEVENAGE COUNCIL	AUG 2009
	combined kerbside	STEVENAGE COUNCIL	AUG 2009
THREE RIVERS	Banks	CHAS STORER	NOV 2009
	kerbside	WATERDALE	NOV 2009
WATFORD	Banks	CHAS STORER	APRIL 2009
	kerbside	ST ALBANS COUNCIL	APRIL 2009
WELWYN HATFIELD	Banks	CHAS STORER	APRIL 2009
	kerbside	PEARCES	APRIL 2009

4 Evaluation

- 4.1 Newport Paper offered the highest price as well as passing the Council's financial evaluation and providing an acceptable technical solution. The proposal from Newport Paper involves them collecting up to 40 lorry loads a week from different bulking points across Hertfordshire and transporting the paper to the Stora Enso mill in Belgium. Newport Paper has a fixed price from Stora Enso for the duration of the contract. A financial evaluation also took place on Stora Enso that they satisfactorily passed.
- 4.2 The contract with Newport Paper includes two additional clauses to assist prompt payment. They are that any invoices not paid within 30 days are subject to be increased by base rate + 4%. Also any disputed invoices will be passed for payment immediately and the dispute settled on future invoices.
- 4.3 Traditionally Councils have sold their newsprint via long term fixed price contracts to guarantee price certainty. However it is possible to sell paper on the spot market. This has the potential of generating additional income, however, it is felt that there is more risk attached to this option and also it is more resource intensive. Also research has shown that this is probably the best time to market the paper and is probably the peak of prices :-
- Newsprint prices have fallen 2% since tenders were returned (source letsrecycle.com).
 - Recently a large Chinese mill has closed. A large percentage of newsprint from the UK is sent to China. The closure of this mill will decrease the amount of paper exported from the UK, creating greater supply and resulting in prices in the UK falling.
 - The sudden downturn in the commodities market is likely to affect the price of newsprint.
- 4.4 Councils that have agreed to join the consortium must join for the duration of the contract period. Welwyn Hatfield Council will contract directly with Newport paper and will have service level agreements with the other consortium members that will protect the Council's interests.

5 Financial benefits to the Hertfordshire Waste Partnership

- 5.1 The financial benefits to be realised from the new contract are detailed in a Part 2 document which is available from the Partnership Support Officer.

6 Equality and Diversity

- 6.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals that are set out in this report as no inequalities could be identified.

7 Risk Assessment

- 7.1 A risk assessment of the haulage and bulking of the newspaper will be undertaken by the contractor.
- 7.2 Risk of non-payment to the Councils. A financial evaluation has taken place on both the purchaser and the mill. There are contractual clauses explained earlier in this report that will give greater protection to the Councils.
- 7.3 Obtaining greater income by marketing on the spot market. This will be an ongoing risk as there is no certainty on the (spot) market price in future years. However, for the reasons mentioned above prudence indicates that now is a good time to enter into a fixed price contract.

8 Recommendations

- A. Members note the report.