

REGENERATION, COMMUNITY AND CULTURE OVERVIEW AND SCRUTINY COMMITTEE

29 JULY 2008

OPTIONS APPRAISAL FOR WASTE COLLECTION SERVICES

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Summary

This report sets out options and the permutations of various waste services available to the Council for inclusion in future contract arrangements.

1. Budget and Policy Framework

- 1.1 The tendered prices of future waste services are estimated to be in excess of the current cost of the services, however, the anticipated contract start date is September 2009 and any differences will, therefore, be taken into account in the budget setting for the relevant year.
- 1.2 The information obtained and provided in this report is in support of the recommendations of the Council's Waste Strategy and to assist in preparing for and obtaining future waste collection contract(s).
- 1.3 It will be crucial for the waste collection services required to be advertised as part of the procurement arrangements by July 2008 in order to allow for the procurement process to be completed and for a workable lead in period to be given for the new services.

2. Background

- 2.1 The Council is required to let a new contract(s) for various waste services to commence on 29 September 2009. These services will include:

- Household refuse and garden waste collections
 - Dry recycling collections
 - Street cleaning
 - Collection and processing of school waste and dry recycling
 - Management of the Household Waste and Recycling Centres and the haulage of waste to disposal or processing facilities
 - Collection and disposal of clinical waste.
- 2.2 On 20 February 2007 a report was submitted to Cabinet titled Procurement of Waste Services and fulfils the decision number 44/2007 of that report noting the need for a “further Options Appraisal in respect of waste collection.” Approval was given to segregate collection services from those on disposal. This was due to a number of reasons one of which was because the procurement process for disposal needed to follow the new EU Competitive Dialogue route and would, therefore, be different to that intended to be used for the collection services. Furthermore, the disposal arrangements were likely to be more problematic because the Council would be reliant upon either the disposal facilities currently available or on what new facilities could be constructed within a relatively short timeframe that would enable the Council to comply with its obligations under the Landfill Allowance Trading Scheme (LATS).
- 2.3 With the options appraisal for disposal services completed the procurement process for these services commenced shortly after the relevant cabinet report. The process has reached the stage where an invitation to submit detailed and priced solutions is scheduled to take place imminently.
- 2.4 The scope of the collection services is quite broad with the result that there are a significant number of permutations and options to consider for the future. In addition, new recycling targets and a year on year reducing allowance to be able to dispose of waste in landfill mean that changes will have to be made to the existing collection services to meet these requirements as well as seeking alternative methods of disposal.
- 2.5 In order to ensure the options appraisal was completed in accordance with the procurement timetable and that the extent of the permutations in each service was fully investigated external consultants (White, Young and Green (WYG)) were engaged under an Office of Government Commerce framework arrangement to provide the information needed for Members to make an informed decision on future collection services for Medway.
- 2.6 A copy of the consultants report is attached as exempt Appendix B.
- 3. Business Case**
- 3.1 Business Case Summary**
- 3.1.1 An outline business case covering all the waste services to be obtained was submitted as part of the Gateway 1 report to Cabinet on 20 February 2007.

3.2 Strategic Context

- 3.2.1 The procurement process is overseen by a Project Board which is chaired by a Director. Reports have been submitted to the Project board at the appropriate stages for the Board's approval and regular updating reports have been submitted to the Corporate Management team.

3.3 Whole Life Costing/Budgets

- 3.3.1 See comment in paragraph 2.1 and the section contained in the exempt item contained in Appendix C.

3.4 Risk Management

- 3.4.1 The following is an update on the risk register submitted with the earlier report on all waste services. Risks associated with the disposal of waste have been removed. Nevertheless, the aggregated scores for the risks on collection services remain high for this project.

Risk Register

(1 = lowest risk, 4 = highest risk)

| No | Risk | Probability (P) (score 1-4) | Impact (I) (score 1-4) | Overall Score P x I | Action to avoid or mitigate risk |
|----|---|--------------------------------|---------------------------|------------------------|---|
| 1 | Insufficient resources to deliver the project. | 1 | 3 | 3 | Advance planning and action when required. Monitor regularly. |
| 2 | Invitations to tender fail to stimulate a response from the market. | 2 | 4 | 8 | Ensure contract requirements are packaged appropriately to invoke sufficient interest. Avoid restricting the market by packaging services to make contracts larger under the belief it will derive economies of scale. |
| 3 | Response from the market is inappropriate to meet our needs. | 1 | 3 | 3 | Use relevant procurement procedure. Reduce potential by packaging services into more discreet units and take account of the information provided during PIN discussions in contract documents. |
| 4 | Changes in government regulations. | 4 | 4 | 16 | Incorporate into the contract that which is likely to be a known change. Prepare clear ground rules to be incorporated into the contract conditions for negotiating future changes in law. |

| No | Risk | Probability (P) (score 1-4) | Impact (I) (score 1-4) | Overall Score P x I | Action to avoid or mitigate risk |
|----|---|--------------------------------|---------------------------|------------------------|--|
| 5 | Tendered prices unacceptable to council | 3 | 3 | 9 | Build in to each service contract a pricing mechanism with a PC sum arrangement for certain services which allows them to be removed or modified to meet budget constraints. |
| 6 | Awarding a contract with limited notice period to start of collection contracts can lead to poor service delivery initially, | 3 | 3 | 9 | Well packaged services generate good responses with options to use hire vehicles as an interim arrangement. Contingency plan to be agreed. |
| 7 | Changes and difficulties caused if extending current contract. Increase in contract cost and effects on current expressions of interest of postponing further procurement action leading to probable loss of interest. | 1 | 3 | 3 | Prepare for a likely significant increase in contract costs. Avoid any extension or keep it to a minimum. |
| 8 | Street cleaning Lack of interest if service dealt with independently | 1 | 3 | 3 | Often difficult to obtain good competition for this service. Will need to be linked to other services to ensure sufficient tenders are obtained. |
| 9 | Refuse Collection Lack of interest due to unfamiliar conditions or payment mechanism | 1 | 3 | 3 | Ensuring the payment mechanism is such that the bidders are familiar with and use to the system proposed. |
| 10 | CA Sites Lack of competition if service included with others. Difficulty with licencing. | 1 | 3 | 3 | Service providers now being found outside of the larger well known waste service companies so competition improving. Set realistic targets and ensure clear disposal solutions in place. |

| No | Risk | Probability (P) (score 1-4) | Impact (I) (score 1-4) | Overall Score P x I | Action to avoid or mitigate risk |
|----|---|--------------------------------|---------------------------|--|--|
| 11 | School Waste Interpretation of legislation means Council may be responsible for the cost of disposal of the waste. | 3 | 4 | 12 | Seek clarity of interpretation from Government. Retain system as is in the meantime but allow for future changes to be incorporated. Include budget provision for possible reimbursement claims. |
| 12 | Failure to respond adequately to new legislative requirements | 2 | 3 | 6 | Ensure approach to new legislation developed sufficiently well in advance. |
| 13 | Non-household waste entering MSW waste stream or waste incorrectly dealt with according to its category. | 2 | 4 | 8 | Robust monitoring arrangements for checking/validating wastes and issuing appropriate defaults. |
| 14 | MRF only: Failure to minimise Biodegradable Municipal Waste (BMW) increasing Council's exposure to extra LATS costs. | 1 | 3 | 3 | Promote BMW reductions by funding council initiatives and including appropriate incentives in the contract. |
| 15 | Failure of waste management services contractor to meet contract standards for service delivery to the Council. | 2 | 4 | 8 | Adequate contract monitoring and enforcement in relation to operations. In appropriate cases by including provisions in the contract for deductions where these standards are not met. |
| 16 | Interruption of availability of some facilities | 2-3 | 2-3 | 4 – 9 Dependent on extent and duration of event | Adequate contract monitoring and enforcement in relation to maintenance, security, health and safety, staff training. Contractual provision of back-up equipment and facilities. Fire insurance. In appropriate cases by including provisions in the contract for deductions where such interruptions occur. |

| No | Risk | Probability (P) (score 1-4) | Impact (I) (score 1-4) | Overall Score P x I | Action to avoid or mitigate risk |
|----|--|--------------------------------|---|---|--|
| 17 | Capacity at Materials Recycling Facility (MRF) fails to be made available. | 1 | 2 | 2 | Contract to allow for Council to use alternative plants at no extra cost . |
| 18 | Overpayment to contractor | 1 | 2 | 2 | Robust contract procedures for checking contracts , validating invoices and recovering any overpayments. Staff training. Internal audit. |
| 19 | Contractor/employee fraud or corruption | 1 | 1-2 dependent on the nature of the fraud | 1-2 dependent on the nature of the fraud | Robust contract provisions for controlling payments and assets. Adequate supervision and transparency for contract management and negotiations. Staff training. Internal audit. |
| 20 | Budgeted net expenditure exceeded | 1 | 2 | 2 | Prudent budgeting. Robust arrangements for management within budget. Prompt and accurate assessment of unbudgeted proposals and developments. |
| 21 | MRF only: Risk of loss on LATS trading | 1 | 2 | 2 | Establish clear procedures for trading, including arrangements for spreading trading risks over maximum time. |
| 22 | Termination due to default by the contractor | 1 | 4 | 4 | Adequate contract provision to enable the Council to take effective action when necessary. |
| | | | | 120 | |

3.5 Market Testing (Lessons Learnt/Bench Marking)

- 3.5.1 A Prior Indicative Notice (PIN) followed by interviews with the 37 respondents provided a guide to the market and demand for various waste services. It also provided insight to the changing technologies and methods of operation within the waste industry.
- 3.5.2 In the preparation of the waste strategy and in the procurement of waste services there has been consultation with other councils and in certain cases joint procurement arrangements are being considered.

3.6 Stakeholders Consultation

- 3.6.1 Prior to preparing the Council's Waste Strategy a survey was conducted in which 5,000 residents were asked to complete a questionnaire on waste collection and disposal issues. There was a 35% response to this survey that was deemed to be an excellent result.
- 3.6.2 One of the key summaries in the survey was that 93% of respondents preferred a weekly collection of residual waste to any other arrangement. Accordingly the options in section 6 are based on a weekly collection of residual waste.
- 3.6.3 The survey was in addition to an earlier postal survey of 1,500 members of the citizens panel and it preceded a series of Citizens workshops involving stakeholders and Local Strategic Partnership members.
- 3.6.4 The surveys mentioned above were also supplementary to the statutory opinion poll and discussions with members of the public at special events or "road shows" on waste issues.
- 3.6.5 All of the above surveys were reported in detail in the Environment and Front Line Services Overview and Scrutiny report on 24 November 2005 and subsequently referred to in the Council's Waste Strategy.
- 3.6.6 In 2007 the Council held interviews with 37 prospective contractors of waste services to identify their views on future services following their response to an indicative notice of our requirements place in the Official Journal of the European Union.

3.7 Other Issues

- 3.7.1 IT systems already exist for these services. There will need to be links provided to the relevant future service providers.

4. Procurement impact assessments (PRIMAS)

- 4.1 All impact assessments have been completed for the previous report. Many of the services are provided to every household and visitor in the borough. Contract documents and tender bids are reviewed by independent assessors to ensure the relevant requirements are met.

5. Permissions/Consents

- 5.1 The service contractor(s) and/or the Council might require to apply for planning permission and/or obtain relevant waste licences in order to provide the service or to make available sites from which the contractor operates.

6. Options appraisal

6.1 Success criteria/key drivers/indicators

6.1.1 As a reminder for members, the Council's recycling rate finally accepted by Department for Environment, Food and Rural Affairs (DEFRA) for 2006/07 was 32.6% and it will be in the region of 33.5% for 2007/08. This comprises the figures for both recycling and composting and exceeds a statutory current target of 30% for Medway. Under the government's new waste strategy the recycling target will change to 40% in 2009/10, 45% by 2015 and 50% by 2020. The estimated achievable recycling rates shown in section 6 below represent a minimum overall recycling rate that should be achieved as a result of the different collection options. Taking into account the opportunities to improve the recycling and recovery rates at the Household Waste and Recycling Centres (HWRCs) officers believe there is the potential to further increase these overall recycling rates.

6.1.2 The figure for the amount of waste collected per head of population for 2006/07 was 525 kgs and for 2007/08 it is likely to be finalised around 511 kgs (BVPI 84). This represents an increase of around 5.5% in comparison with the waste collected per head in 2001/2. There is a new target in the form of the Local Area Agreement (LAA) National Indicator 191 that has been set. Minimising waste substantially affects this figure.

6.1.3 New recovery rate targets have been introduced by DEFRA in their waste strategy 2007. The target is now 53% to be achieved by 2010, 67% by 2015 and 75% by 2020. At the present moment we are recovering only what we recycle and compost hence the current recovery figure for Medway is 32.6% (latest annual figure).

6.2 Options appraisal

6.2.1 The report prepared by the consultants took into account the results of their review of the services outlined in paragraph 4.1 except for that provided to the schools.

6.2.2 The consultants also considered a number of other factors that could affect the ability to provide the service efficiently or the quality and flexibility of the services that could be provided. This included the requirement for there to be an operational depot and waste transfer station.

6.2.3 It is worth stating the criteria that were taken into account by the consultants in the appraisal of the service options in their report. These were as follows:

- Minimising costs
- Ensuring reliability of service delivery
- Complying with statutory targets and other aspirations of the Council
- Improving services by making them more responsive
- Reducing environmental impacts of the service
- Minimising health and safety risks
- Protecting local amenities.

6.2.4 The key points made in the consultants evaluation of each of the current services investigated and any specific recommendations made by them are as follows.

6.3 Refuse Collection

6.3.1 The main issue raised by the consultants is that a future payment mechanism for this service should be based on one that is familiar to, and has been accepted by, a broad section of the industry. The payment mechanism under the current contract is subject to a formula based upon the volume (tonnage) of waste collected. The consultants advise that the mechanism should rely on the number of properties in the borough adjusted throughout the contract period on a regular basis rather than rely on the tonnage of material collected. This, they maintain, would make the contract (s) more attractive to companies and would result in more competitive prices being submitted.

6.3.2 The opinion of the consultants in respect of bulky waste is that a charging mechanism for all collections, even at a low level, enables the income to be invested to ensure a rapid response to demand is fulfilled. This negates the opportunity to use a delayed service to account for increased fly tipping. Officers' recommendation is to continue with our current free bulky waste collection of one free collection every six months.

6.3.3 Collections of waste from flats need to continue on the basis of multiple collections each week where necessary and that recycling facilities are enhanced as required by the existing contract.

6.4 Dry Recycling Collections

6.4.1 The tonnages of recycling collected kerbside and from bring sites in Medway is, at the current rate of 164 kgs per household per year, on the low side of average. The Council, through the letting of new contract(s) will have an opportunity to increase this rate to an upper average around 200 kgs.

- 6.4.2 From the best waste analysis study available and apportioning this to the overall volume of waste collected it appears that the Council is collecting, kerbside, around 32% of the dry recycling that is potentially available in the waste stream which is considered to be on the low side for residents' participation. NB this percentage is quite different to the overall recycling rate.
- 6.4.3 A survey of the residents in Medway in September 2004 revealed that a high proportion (70%) of those surveyed believe their property was suitable for wheeled bins, a greater proportion (93%) however preferred a weekly collection of waste than any other alternative arrangements.
- 6.4.4 The amount of glass collected in Medway compares favourably with other authorities that are not collecting this material kerbside. From an analysis of the waste stream, however, there are, potentially, further quantities of glass of up to 6% of the waste stream that could be made available for collection.
- 6.4.5 The provision of bring sites should continue although the efficiencies of each site need to be established more accurately than at present so detailed tonnages collected from each suite and for each material can be established.
- 6.4.6 As with the refuse collection services the payment mechanism recommended for the collection of recyclable materials should be based on the number of properties rather than the tonnage collected. In the case of the bring sites this would translate into a price being established for emptying each recycling bank on each occasion.

6.5 Garden Waste Collections

- 6.5.1 The amount of garden waste being collected is running at 152kgs per household per annum that is relatively high but could still be capable of achieving 200kgs, a figure deemed to become an average in the future. Disallowing and preventing garden waste from being put into the residual waste stream would provide an automatic double effect on percentages by reducing residual waste and increasing the amount of material composted. An increase in the overall recycling rate of around 1.8% is predicted as an example that emanated from Guildford when garden waste was banned from being disposed of in the residual waste stream.
- 6.5.2 As compensation the consultants consider that the Council could offer to provide an additional brown bin to residents on a payment basis if they had a need to dispose of more garden waste than could be placed in a single bin. The alternative would be for residents to continue to take extra garden waste to the HWRCs.

6.6 Collections (General)

- 6.6.1 The view of the consultants is that any recycling containers or wheeled bins issued to residents should, for any future contract, be the responsibility of the Council to maintain and replace unless the contractor has damaged or

disposed of them. It is considered that this would enable more accurate tendering to be made for the other services. The estimated costs for the Council to maintain/replace bins has been given as £25,000 per annum, however, it is considered that this should be taken as an absolute minimum due to the high number of properties expected to be built in Medway over the next 10 years and the potential increase in the number of containers being used.

- 6.6.2 It has been suggested in the consultant's report that for new properties the Council could adopt a policy of making the developer pay for new containers. Existing or new properties such as terraced housing that might be unsuitable for wheeled bins would require the occupants to use sacks. If any limit were ultimately to be placed on the amount of waste put out for collection the Council would need to consider supplying sacks of a particular colour and/or identity to each property unable to use wheeled bins in order to maintain the limits. The procedure for dealing with waste from flats should remain unchanged with certain groups of this type of property having up to three collections each week.
 - 6.6.3 The report recommended that the assisted collection arrangements should be continued for all the collection arrangements. As part of good management practice there would need to be an annual review of the list to ensure the occupants at the addresses retain the need for this service.
 - 6.6.4 Whilst Medway Council require collections to take place in the same week as a bank holiday occurs the consultants advise that the Council also obtains prices in the future for working on the bank holiday itself to compare with the current practice of adjusting the days, usually making collections one day later for the rest of the week. Collections, however, would not be possible for the Christmas and the New Year holidays where separate arrangements would have to be made.
 - 6.6.5 The consultants advise that any contractor wishing to engage in commercial waste collections should be informed clearly that such services are kept entirely separate to all municipal collections.
- 6.7 Street Cleaning
- 6.7.1 A snapshot view after random inspections of the ten land use classifications set out in BV 199 concluded that the Council's August to November score of 7% is reflective of street cleansing standards which is good in comparison with other authorities. Dealing with cleansing under grates in retail areas and graffiti in recreation areas and alleyways would improve the scores for BV199a although this indicator is already satisfactory in comparison with other authorities.
 - 6.7.2 Industrial areas inspected revealed very good levels of cleansing being achieved and in residential areas there was no build up of any litter or detritus.

- 6.7.3 The current costs paid for the service represents good value for money although in terms of the next contract bids received for the service could be higher or lower than is currently paid. The consultants do not recommend that the specification standards be reduced because the overall street cleaning performance in Medway is approximately in the mid range compared with other unitary authorities. A reduction of the specification standards would be likely to result in a reduction in Medway's overall street cleaning performance. The quality of the street scene is one of 198 National Indicators that will be considered as part of the LAA.
- 6.7.4 The consultants recommend that the Council does not abandon frequency based cleansing and they supported the use of a response-based system to interim deterioration similar to the system the council uses in the current cleansing arrangement. They suggest that an appropriate and applied performance management system with accurate base data is a key requirement to ensure contractor compliance.
- 6.7.5 All emergency response teams should be retained and their duties very clearly ring fenced to prevent the contractor using such teams for his own back up. It was recommended that definitions be included in a future contract for street washing and rates obtained for this work on a call off basis. In the course of letting the current contract prices were sought for this type of service that was scheduled for specific areas. However, the prices submitted were too expensive and this option was not taken forward.
- 6.7.6 The consultants maintained that market waste should continue to be removed and disposed of by the market traders and recommended that if the street cleansing contractor is employed to additionally clean up at the end of the day the cost should be charged back to the market traders. Care would need to be exercised here to ensure there was not a substantial amount of residual waste being collected which would have a negative affect on the Council's recycling performance and on its LATS obligations. The consultants also suggested that the cleaning of multi storey car parks be separated from street cleansing services due to the different nature of this requirement.
- 6.7.7 The consultants recommended that consideration be given to dealing with traffic management and weed control as separately priced items so that other external contractors could be involved in providing competitive prices for the work.

6.8 Management of the Household Waste and Recycling Centres (HWRCs)

- 6.8.1 For a total population similar to that in Medway the provision of three HWRCs is considered to be quite generous. Many of the London boroughs for example have just one and there are some district councils such as Tonbridge and Malling that have no sites provided in their borough by the County.
- 6.8.2 Even though new branded signage has been installed at these centres it is considered by the consultants that the levels of recycling carried out by the public are relatively low and that the majority of waste brought into the sites is

deemed by the public to be general waste. It was noted however that the garden waste bins were used significantly.

- 6.8.3 The overall recycling rate at the HWRC sites is around 45%. That is relatively low in comparison with many other sites in the south-east. It will be crucial to improve on this figure in the future and the new service could include stepped incentive targets for recycling.
- 6.8.4 The consultants considered that the specification should include a “meet and greet” process to encourage staff at the sites to deal directly with the public as they enter the site to ensure that as much material as possible is recycled and to ensure that sufficient numbers of staff are employed on the contract for the purpose. The consultant considered that the level of staff currently at the sites could adequately perform this service.
- 6.8.5 It is considered unusual for a Council to accept tyres and gas bottles at HWRC sites because these items are not deemed to be household waste. Continuing to accept soil and hardcore should also be considered. The amount currently taken in at the sites is around 6,000 tonnes and several councils have now ceased to accept this material or do so at a fee for restricted amounts.
- 6.8.6 There is a significant space constraint at the sites that would hinder the development of recovery facilities that would help to reduce the amount of waste that has to be disposed of. It has been suggested that a scheme, possibly involving arrangements with a Non Government Organisation (NGO), be included in the future management of the sites but this might involve improvements or even enlargements to one or more of the sites.
- 6.8.7 The consultants noted that there was quite significant use of the HWRC sites from householders living outside of the borough. Whilst there are continuing checks to monitor this, and to ensure Medway Council is financially remunerated, by the County for such usage by their residents, there might also be a need to consider introducing a permit system to prevent the waste being deposited in the sites in the first place. It is considered the Automatic Number Plate Reading (ANPR) system, if used for urban traffic management, could be used to facilitate this.
- 6.8.8 The consultants consider there might be a case for increasing the opening hours of the HWRCs in summer months until 8pm to reduce some of the queues at peak times. At present two of the sites are opened on a Monday up until 6.30pm from April to September but the true demand in Medway for a further extended opening period could only be established from a survey. Any increase in the requirement would be likely to require planning permission and waste licence modification and there would be an increase in cost to staff the sites for any additional periods.
- 6.8.9 It was recommended by the consultants that the investment in the infrastructure of the HWRCs continues to remain with the Council and that general maintenance forms part of the contractual arrangements.

6.8.10 The consultants recommended that an uniform height barrier clearance be maintained at all three sites and to assess the implications of having the same lower height clearance as the sites operated by Kent County Council.

6.9 Clinical Waste

6.9.1 The main advice on this service is to continue to seek to link the requirements in Medway with those of other councils and to contract out on a larger basis to achieve economies of scale and improved health and safety. Work is currently being undertaken to progress this.

6.9.2 A number of district councils and the County have expressed some interest in a joint arrangement but the timing of their contract termination dates will have an effect on their ability to combine requirements.

6.9.3 It is proposed that Medway Council takes contract action for its own requirements at the appropriate time.

6.10 General Issues

6.10.1 The consultants confirmed that the concept of integrated contracts could prove to be an expensive option. The two main service areas for collection with street cleaning and management of the HWRCs interest different sectors of the market and, therefore, will attract different bidders. A combined arrangement would reduce the number of bidders.

6.10.2 One of the key issues that the consultants were required to advise on was whether the Council should retain ownership of the recyclables, garden waste and bulky waste collected. Their response indicated that in general terms it is best for the Council to accept ownership because this will attract better competition and because the collection contractor has little control over what is presented for collection. In the case of the HWRCs however they maintain that it is appropriate to transfer ownership of certain materials to the HWRC contractor to incentivise recycling performance.

6.10.3 In terms of contract length the consultants suggest that the period should coincide with the lifespan of the major asset that in the case of collections services would be the vehicles. The contract period was therefore suggested as 7 years.

7. Preparation of the next stage of procurement

7.1 EU Implications

7.1.1 The latest timetable in respect of the collection services is attached at Appendix A.

7.2 Resources and Project Management

7.2.1 These already exist.

7.3 Contract Documents

7.3.1 Documentation is currently being prepared in accordance with the timetable.

7.4 Contract Management

7.4.1 Comment upon how the contract will be managed with reference to initial thoughts on client and contract management, performance indicators and how you will know what success looks like.

8. The Portfolio Holder for Front Line Services comments

8.1 This report seeks to take forward the procurement process for waste collection services. The report is based on information obtained in a report on collection services commissioned from external consultants and considers the overall costs of various waste collection options after taking account of their effect on potential disposal arrangements.

9. Waste Contract Task Group

9.1 The Waste Contract Task Group met on 21 July 2008 to discuss the content of this report and exempt appendices. Officers introduced the proposals and answered questions about the proposed changes to the various collection services.

9.2 The task group agreed to endorse Option 4f as the recommended option for the committee to forward to Cabinet.

10. Financial, procurement and legal comments

10.1 Details of three of the options from the consultants report are set out below. The disposal solution eventually selected by the Council will have an impact upon the cost of any of the collection solutions covered in the consultant's report.

10.1.1 **Option 1C** is based on a weekly collection of refuse in a wheeled bin where such bins can be accommodated by the resident, a fortnightly collection of garden waste only in the brown bin and a fortnightly collection of recycling using a wheeled bin to include glass separated into a box by the resident.
Estimated recycling rate 35.5% to 39.5%.

10.1.2 **Option 4f** Based on weekly collection of refuse in a wheeled bin, a fortnightly collection of garden and kitchen waste in a wheeled bin (kitchen waste being placed in the normal refuse in intermediate weeks) and recycling collected fortnightly in a wheeled bin with glass collected at the same time from a separate box.

Estimated recycling rate 38.9% to 41.9%.

10.1.3 **Option 6b** Based on a weekly collection of refuse in sacks, a fortnightly collection of garden waste in a wheeled bin and recycling collected fortnightly using a sack but excluding the collection of glass.

Estimated recycling rate 32.3% to 36.9%.

Paragraphs 10.1.4 to 10.1.18 provides detailed financial information on the implications of each option which is set out in the exempt document Appendix C.

10.2 Legal Implications

10.2.1 Under the Environmental Protection Act 1990 the Council is required to make arrangements for the collection and disposal of municipal waste.

10.2.2 Council's Contract Rules require compliance with the Public Contracts Regulations 2006 and both will be followed.

10.2.3 Any human rights implications will be considered and taken into account in developing any later options and recommendations.

10.2.4 The next key decision will be awarding the contract(s). This is expected at the circa April/May 2009 Cabinet meeting, subject to satisfactory progress. At that time the budget for 2009/10 may not have been approved.

10.3 Procurement Implications

10.3.1 Procurement are actively supporting this project and the Head of Procurement sits on the Project Board which provides overall direction to the project.

10.3.2 The overall project risk has been assessed as High and this was agreed by procurement. The EU restricted process has been identified as the appropriate procurement route. Procurement sign off to the proposed procurement documents is required but this will be given by way of the Head of Procurement's involvement in the Project Board."

11. Recommendations

The following recommendations will be presented to Cabinet on 5 August 2008. The Regeneration, Community and Culture Overview and Scrutiny Committee is asked to comment on these recommendations at this stage:

- 11.1 agree to the contract payment mechanism for the collection of refuse and recyclable materials from domestic properties being based upon the number of properties in Medway established through the Council Tax database.
- 11.2 not accept garden waste if placed within domestic residual waste but accept only as part of the garden waste collection scheme.
- 11.3 consider offering a second brown bin for composting garden waste at a cost to be paid by the householder.
- 11.4 accept that all recycling containers become the responsibility of the council to maintain and replace unless it is due to the fault of the collection contractor.
- 11.5 consider adopting a policy requiring developers to pay for all waste and recycling containers for new residential properties. This may be done under the provisions of Section 106 of the Town and Country Planning Act 1990 (as amended).
- 11.6 agree to the incorporation of separately priced items within the street cleaning contract to cover traffic management and weed control.
- 11.7 continue to obtain recompense from the County for imported household waste and to continue to seek redress over the LATS permits rather than introduce a resident permit system to prevent use of the Council's HWRCs by householders from outside the borough as proposed by White, Young and Green.
- 11.8 continue with the current free bulky waste collection of one free collection every six months.
- 11.9 combine the requirements for clinical waste with those of other councils that are interested in a joint arrangement where this is facilitated by the termination dates of their contracts.
- 11.10 deal with refuse, recycling and garden waste collections and street cleaning as an individual contract but that the management of the HWRCs and the collection of clinical waste arrangements be separated to invite maximum interest from bidders specialising in these services.
- 11.11 make provision for the ownership of residual waste and recycling materials collected to be retained by the Council except for certain recycling materials collected at the HWRCs that may help to incentivise the recycling opportunities at these sites.
- 11.12 agree that the duration of the collection contracts continue to be for 7 years with an allowance to extend if and where appropriate by up to a further two years.
- 11.13 determine the collection option for the new contract(s) taking account of the comments of the community and value for money.

Report Originating Officer: Andy Mcgrath
Chief Finance Officer or deputy: Mick Hayward
Monitoring Officer or deputy: Deborah Upton
Head of Procurement or deputy: Robert Marsh

01634 331376
01634 332220
01643 332133
01643 332450

Background papers

The following documents have been relied upon in the preparation of this report:

| Description of document | Location | Date |
|---|---|------------|
| Cabinet report | Cabinet Office, Gun Wharf, Dock Road, Chatham | 20/02/2007 |
| Regeneration and Development Overview & Scrutiny report | | 08/02/2007 |

APPENDIX A

Timetable for collection services.

Waste Timetables

| Actions | Collection Street Cleaning Schools | CA Site & Haulage | MRF |
|--|--|----------------------|-----------|
| Issue OJEU and other adverts | | 30-Jun-08 | 30-Jun-08 |
| Close date for expression of interest and PQQ completion 37 days min | | 8-Aug-08 | 8-Aug-08 |
| Close date for return PQQ | | 14-Aug-08 | 14-Aug-08 |
| Seek references | 18-Aug-08 | 18-Aug-08 | 18-Aug-08 |
| Close date for refs | 1-Sep-08 | 1-Sep-08 | 1-Sep-08 |
| Advise firms outcome | 27-Oct-08 | 27-Oct-08 | 27-Oct-08 |
| Issue ITT | 3-Nov-08 | 3-Nov-08 | 12-Jan-09 |
| Close date for ITT 40 days min | 26-Jan-09 | 26-Jan-09 | 3-Mar-09 |
| Evaluation complete | 9-Mar-09 | 9-Mar-09 | 10-Apr-09 |
| Complete recomd report | 30-Mar-09 | 30-Mar-09 | 30-Apr-09 |
| Report to board etc by | 6-May-09 | 6-May-09 | 3-Jun-09 |
| Notify firms | 8-May-09 | 8-May-09 | 5-Jun-09 |
| Award contract | 20-May-09 | 20-May-09 | 17-Jun-09 |