

REPORT TO: CABINET

DATE: 23 MARCH 2017

TITLE: PROCUREMENT OF DOMESTIC WASTE AND RECYCLING COLLECTION SERVICES

PORTFOLIO HOLDER: COUNCILLOR DANNY PURTON, PORTFOLIO HOLDER FOR ENVIRONMENT

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This is a Key Decision
It is on the Forward Plan as Decision number I007054
Call-in Procedures may apply
This decision will affect no ward specifically

RECOMMENDED that:

- A** The Council commences procurement of a domestic waste and recycling collection contractor as set out in paragraphs 13 to 20 of the report.
- B** Authority to approve all necessary procurement documentation be delegated to the Head of Place in consultation with the Portfolio Holder for Environment.
- C** Cabinet receive a further report on the outcome of the procurement process and the appointment of a preferred bidder.

REASON FOR DECISION

- A** Domestic waste collection is a statutory function currently carried out by an external service provider under contract to the Council. The contract expires at the end of June 2018 and cannot be further extended. To comply with statutory requirements the procurement process must be commenced at this time to ensure continuity of service beyond June 2018.

BACKGROUND

1. The Council is required by the Environmental Protection Act 1990 to collect household waste, and Essex County Council is required to make arrangements for its disposal. Effective services can make a significant contribution to delivery of environmental performance goals, locally and at

county partnership, national and international levels. Domestic waste collection and disposal services operate within a number of regulatory constraints, while the Inter Authority Agreement (IAA) between the Council and Essex County Council supports a collection methodology calculated to best align with available disposal options, notably mechanical and biological treatment. Income received under the IAA, arising from avoided disposal costs to the Waste Disposal Authority, makes an important contribution to meeting the Council's costs in service delivery.

2. Future service design must take account of these constraints to fulfil statutory responsibilities whilst achieving the most appropriate balance between environmental performance cost and service quality.
3. A review of the current approach and a future service options appraisal has been carried out. A detailed report setting out this context, reviewing performance of the current approach, and considering options to inform the Council's choice in securing service beyond 2018 is attached at Appendix A.

ISSUES

4. The core elements of the Council's current approach are alternate weekly collection of residual waste one week and dry mixed recyclables the next week, using wheelie bins with generous capacity for recyclables, and sufficient capacity to accommodate residual waste if reasonable attention is given to removing recyclables. Alternate weekly collection was quite innovative when implemented in Harlow but is now mainstream collection practice. A review of this approach shows it is well-tuned to international, national and Council environmental objectives, local circumstances, and Essex Waste partnership goals, as reflected in the IAA. The implication is that it should form the basis for future service provision.
5. Extending the period between collections can in principle reduce collection costs and may improve diversion of recyclate by placing still more emphasis on separation to minimise build-up of residual waste between collections. A number of collection authorities have introduced or trialled periods of longer than three weeks, however adverse public reaction to perceived reduction in convenience and service quality has been notable. Market intelligence suggests that changing to a three-weekly residual collection service might offer a small reduction in overall service costs in Harlow, of the order of a few percent. However, the likelihood of public acceptance, significant logistical issues such as changing all wheelie bins to offer enough capacity, communicating new arrangements effectively, and the impact of introducing new and unfamiliar rounds across the town, would need to be weighed against any cost benefit.
6. Collecting garden waste is not a statutory requirement. Where garden waste

can be composted on site, this is the most appropriate option with regard to the environmental impact. The Council currently offers the choice of an occasional bookable service for bagged material, or a regular subscription service using wheeled bins. Charges for both contribute towards the cost of service provision. Market intelligence suggests that ceasing the ad hoc service would increase efficiency in delivery of a regular subscription service. This would allow charges to be reduced which is likely to attract more users, generating a greater income and overall reducing service costs. This may increase administrative work. Service providers may be able to offer administrative support to the Council's advantage.

7. The current contractor provides bookable bulky waste collection services for the Council. The Council makes a charge for bookings which are lower than those made by comparator councils. Charges may affect demand and the resources a contractor would have to provide. If the Council is minded in future to align its bulky waste collection charges with those of comparator councils, this may have some effect on bids.
8. Food waste collection from flats has in recent years been provided with the help of specific fixed term Government funding of approximately £270,000 per year. This funding will not be available beyond expiry of the contract. The capture rate of food waste per premises is relatively low in flats, perhaps because it is relatively inconvenient for residents. Ceasing to offer separate food waste collection from flats might, subject to approval under the IAA avoid the budget pressure that would result from cessation of Government financial support, with modest impact on diversion performance. This would however mean returning to providing a different service to people living in flats.
9. Voluntary sector organisations may assist the Council in delivering its waste minimisation objectives, and already some useful diversion of reusable items from the bulky waste stream is achieved in this way in Harlow. A procurement exercise offers the opportunity to maximise opportunities for such contributions.
10. Financing waste collection vehicles will form a substantial component of the operational cost in delivering waste collection services. The Council may as a public body be able to finance vehicles more cost effectively than a private sector contractor, with a resulting benefit in reducing costs.
11. Contract duration is often influenced by the expected life of capital assets with current operating circumstances it may be reasonable to expect a vehicle life of as long as ten years, and this consideration is likely to shape bids.
12. ICT systems have developed significantly since the existing contract was put in place and it is reasonable for the Council to expect crews to be equipped

with mobile technology that can gather real-time service data and for contractors' back-office systems to be capable of interfacing with the Council's systems to allow better customer service and possibilities for self-service.

PROPOSALS

13. The Council's service specification will reflect decisions taken on issues outlined above, and will in other respects reflect the existing core service, with the expectation of collection frequencies and container types matching current provision.
14. Subject to Cabinet approval, the Council will invite bids for a subscription based garden waste collection service without an option for ad-hoc booked collections. The procurement process will explore the potential benefits of administration by the service provider.
15. The Council will also invite bids based on the expectation that it will in future align its bulky waste collection charges with the average of comparator authorities.
16. The Council will invite bids based on the expectation that it will not necessarily require separate collection of food waste from flats.
17. The Council will require bidders to demonstrate how they will maximise the contribution that can be made by working with organisations, particularly in bulky waste collection and reuse and potentially in delivery of garden waste services. The Council will engage with relevant voluntary organisations to understand local capabilities and opportunities, to inform the selection of a preferred bidder
18. The Council will invite bids that identify the financial benefit to the Council if the Council were to finance capital requirements such as collection vehicles.
19. The Council will expect contract duration to be from eight years to ten years with advantages of bidders' proposals as to contract length to be identified in bids.
20. The extent to which bidders' ICT offers can effectively integrate with Council systems to enhance customer experience will be reflected in the Council's bid quality assessment criteria.

IMPLICATIONS

Place (includes Sustainability)

Contained within the report.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

The waste collection contract represents a significant annual cost to the Council. Although it is anticipated that the collection arrangements set out in the service specification and detailed in this report will be largely unchanged from the current contractual arrangements, there is the possibility that the cost of any new service provision could be higher than the current charges. If this was to be the case then it may be necessary to reconsider the specification in order to reduce the costs or to consider additional budget pressures being reflected in the Council's Medium Term Financial Strategy to accommodate any price increase.

Author: **Simon Freeman, Head of Finance**

Housing

As outlined in the body of the report.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

As contained within the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

The Council is the statutory Waste Collection Authority under s.30(3) Environmental Protection Act 1990.

The undertaking of a competitive procurement process will ensure the lawful award of a new contract and preserve the Council's position (and funding) under the IAA. In addition the process will identify and settle any TUPE and pensions arrangements arising.

In the event that the Council will act as funder, the appropriate commercial terms must be applied to any advance to avoid offending State Aid principles.

Author: **Julie Galvin, Assistant Solicitor on behalf of Brian Keane, Head of Governance**

Background Papers

None.

Glossary of terms/abbreviations used

IAA – Waste Inter-Authority Agreement with Essex County Council

Appendices

Appendix A – Harlow District Council: Report Regarding the Procurement of a

Contract for Domestic Waste and Recycling Collection and Allied Services