

APPENDIX J

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 7 SEPTEMBER 2010

Title:

**CONSULTANCY SUPPORT: STREET CLEANSING AND REFUSE AND
RECYCLING COLLECTION SERVICES**

[Portfolio Holder: Cllr Bryn Morgan]

[Wards Affected: All]

Note pursuant to Section 100B (5) of the Local Government Act 1972

The EXEMPT ANNEXE to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

To seek approval of the appointment of WYG Environment to provide specialist consultancy support with the re-specification and procurement of the waste, recycling and street cleaning services beyond 2012, and to seek approval of the use of LPSA Performance Rewards Grant to finance this work.

How this report relates to the Council's Corporate Priorities:

The report addresses the Council's 'Environment' priority, specifically, the plan to contribute to tackling climate change by "working with partners to increase the recycling rate to 45% by April 2010 and to 55% by 2015".

It also contributes to the Council's 'Value for Money' priority by proposing the appointment of consultancy support to identify measures to ensure the Council achieves its key delivery targets, performs well against the relevant National Indicators, and achieves value for money in the services it procures.

Equality and Diversity Implications:

None.

Climate Change Implications:

None arising directly from this report, except that any new contract[s] for these services would be expected to improve carbon performance, eg improved emissions and fuel consumption of vehicles and plant.

Resource/Value for Money Implications:

It is proposed that a supplementary estimate of up to £20,000 be approved, funded from the Council's LPSA Performance Rewards Grant funding. Members have agreed to transfer the balance of the grant to a new earmarked fund to finance one-off initiatives. Members have recently approved £73,000 from these funds to pay for street cleaning improvements, leaving a balance of £104,027.

The Waste Management Contract is one of the Council's single largest items of expenditure, with an aggregate value over its first seven years of approximately £25m. It is felt that external advice is therefore vitally important if we are to ensure we secure the best value service going forward.

Legal Implications:

The procurement process for contracts of this nature and size is tightly regulated by European and national legislation. In addition it is important to ensure that any contractual relationship between the Council and the contractor[s] delivers what was intended – from the outset and throughout the life of the contract.

Background

1. The first 7 years of the Council's (7 + 7 year) Waste Management (waste, recycling and street cleaning) Contract with Veolia is due to expire in November 2012, and a decision will need to be made over the coming months as to whether the Council wishes to retender the service or renegotiate an extension with Veolia.
2. Regardless of whether it is decided to retender or renegotiate this contract, the design of the current collection system needs to be reconsidered, with the aim of maximising participation in, and yield from, our recycling service going forward.
3. Officers are currently in the process of exploring the Council's options, both in terms of specification and procurement route. They are carrying out a range of activities including Members' workshops, stakeholder engagement and public consultation, discussions with potential partners (county council, other boroughs and districts, and town and parish councils), and with the market.
4. To complement these in-house activities, consultancy advice has also been obtained from Improvement & Efficiency South East (IESE) at no cost to the Council. They are currently in the process of benchmarking the Council's existing contracts against a range of others, as well as exploring with the Council the possibility of taking a 'Framework' approach to procurement in 2012.
5. As well as raising complex issues and there being numerous options open to the Council, there is only a limited time available to the Council to consider and evaluate the contractual and procurement options and then to work up its preferred route. A programme has been prepared to meet the contract expiry date of October 2012. In order to keep to that date and to protect all its options, the Council needs to have a clear view on its service specifications

and preferred procurement route by the end of February 2011. This time pressure reinforces the importance of having expert market intelligence and operational and financial advice available both at the key decision points and to allow the Council to effectively respond to changing circumstances during the decision-making process.

6. Among other things, it is felt that such assistance would be key in delivering the following:
 - a. A review of the current street cleaning contract specification and proposed revisions/ amendments considered necessary to achieve the desired level of cleanliness following contract renewal in 2012.
 - b. An assessment of the current contract documentation, including the level of flexibility and opportunities for variations built into the contract, and exploring the options for contract extension, giving examples of contract extension changes made elsewhere.
 - c. A remodelling exercise to assess possible options for refuse and recycling collections following contract extension or retender in 2012; looking at the initial outputs from the food waste trial, taking into account any previous modelling of the service, any long term material reprocessing agreements the Council has (such as with Aylesford Newsprint), and the outcomes of the above assessments of options for contract extension
7. It is recommended that up to £20,000 be allocated as a provision to finance this work.
8. The Council's Contract Procedure rules would normally require three competitive quotations to be sought. However, approval is sought to waive Contract procedure rules to not go out to competitive tender but to commission this work directly from WYG Environment in recognition of their specific and relevant experience in Waverley and all the Surrey districts who have recently procured new contracts, and their specialised knowledge of the Borough.
9. Officers have now obtained a proposal from the consultants WYG Environmental covering these elements of work.
10. WYG has unparalleled experience in delivering waste consultancy services across Surrey and the South East and has demonstrated its ability to negotiate substantial cost savings on those services. The consultancy has a 'head-start' with extensive current market knowledge and experience of waste management in Surrey and the relationship between the County and the Districts.
11. Furthermore, it is very familiar with Waverley, having led on recent reports that include the Borough [e.g. garden waste and mixed plastics] and also advised the Council at the previous contract award to Onyx (now Veolia). Also, over the past 18 months WYG has, among other projects.

- d. Assisted with the re-negotiation of the contract extension at Surrey Heath to take account of a variation in service; used benchmarking techniques to ensure value for money; documented the contract changes; and assisted with the mobilisation of the new service (Surrey Heath is now one of the top two recycling/composting performers in England).
 - e. Assisted with the re-negotiation of the contract extension at Elmbridge to take account of a variation in service, using benchmarking techniques to ensure value for money.
 - f. Assisted with a tendering exercise for the new waste service at Woking, including drafting of contract documents, modelling of options, and tender evaluation.
12. Waverley, as a member of the Surrey Strategic Partnership, has received an LPSA Performance Reward Grant Allocation for meeting targets on minimising non-biodegradable waste going to landfill, for cleanliness and abandoned vehicles, and for air quality.
 13. Members have agreed to transfer the balance of this grant to a new earmarked fund to finance one-off initiatives, and it is proposed that this project be financed from this fund.
 14. The Council's Environmental Services team has further proposals for this fund, which it intends to bring to the October meeting of the Executive for approval.

Recommendation

It is recommended that Executive: -

1. agree a waiver under Contract Procedural Rule 3.1 as set out in paragraph 12 above and to appoint WYG Environment to provide specialist advice on the Environmental Services contract[s] procurement process; and
2. agree that the capital costs be met from the unallocated LPSA revenue reward allocation.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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