

**REPORT TO: SPECIAL ENVIRONMENT AND COMMUNITY COMMITTEE**  
**DATE: 8 JULY 2008**  
**TITLE: WASTE AND RECYCLING CONTRACT**  
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## **SUMMARY**

- 1 This report sets out the findings of the Member Waste Contract Renewal Working Party and makes recommendations on the procurement of a new waste and recycling contract.

### **RECOMMENDED that**

- A Option 8 be agreed as the preferred collection methodology for the new Waste and Recycling Contract with the inclusion of a weekly nappy / incontinence wastes collection service, subject to the acceptance of variant bids.
- B The contract specification key principles, as set out on Appendix B, be approved.
- C Invitations to tender be issued to the short listed tenderers.

Subject to A, B, and C that

- D The above decisions be exempt from call-in as any delay that may result from call-in would be prejudicial to the interests of the Council as set out in paragraphs 19 and 20 of this report.

## **BACKGROUND**

- 2 In preparation for the procurement of a new Waste and Recycling Contract following the expiry of the current contract in April 2009, a project group was set up comprising of Officers and a cross-party Member Working Group, (MWG), of three Members. The MWG has met regularly since October 2007 to consider each stage in the process, and it is intended to continue meeting in the longer term to oversee the implementation of the new contract. Minutes of the MWG meetings are reported to this Committee. To support the project group and the MWG, Indecon Ltd was appointed.
- 3 There are a number of key drivers that needed to be considered for the new contract arising from increasing pressure to reduce waste, re-use and recycle. This comes from depleting landfill sites, increased cost of landfill, European Directives, and National and local Waste Strategies. In summary they are :-
  - a) The Government's National Waste Strategy for England contains higher targets for recycling and composting of household waste with at least 40% by 2010, 45% by 2015 and 50% by 2020.

- b) The Essex Draft Joint Municipal Waste Management Strategy contains waste reduction targets too 310kg in 2010, 270kg in 2015 and 225kg in 2020. To achieve the final target Essex would have to achieve the equivalent of 57-60% recycling outputs. The Essex Strategy aims at least to meet the National Waste Strategy Recycling targets. However, the aspiration in the joint strategy is to deliver 60% Recycling rate by 2020.
  - c) The Landfill Allowance Trading Scheme, (LATS) requires reduction of biodegradable waste sent to landfill by 2010 to reduce to 75% of the 1995 level, by 2013 to reduce to 50% of the 1995 level and by 2020 to reduce to 35% of the 1995 level.
  - d) The three new National Performance Indicators reinforce waste reduction, reuse, recycling and consequently reduction in the amount of waste sent to land fill. They are NI 191 – the weight of residual household waste collected per household, NI 192 - % of household waste sent for reuse, recycling and composting and NI 193 - % of municipal waste sent to land fill.
- 4 For these reasons, disposal authorities like Essex County Council are seeking new ways of treating waste. Essex County Council is planning to procure new multi-million pound disposal plants to treat waste and will require clear indications from District Councils as to the forecast materials and tonnages they predict will be sent to the plants in the future. It is expected that the County Council will be seeking formal agreement to these waste forecasts through an Inter Authority Agreement (IAA) in 2009, which will be the subject of a future report to this Committee.

### **PROJECT OBJECTIVES**

- 5 The objectives of this project were to :-
- a) Secure a new waste and recycling contract that delivers high recycling and reduces waste to landfill.
  - b) Address littering problems associated with current collection methodology.
  - c) Achieve Value for Money through competitive tender.
  - d) Complement Essex County Council's Draft Joint Municipal Waste Management Strategy.
  - e) Ensure full and appropriate engagement with the residents in the roll-out and implementation of a new system.
  - f) Ensure a seamless transition from the current contract to the new contract.

### **COLLECTION SYSTEM OPTIONS**

- 6 There are numerous potential permutations of waste collection methodologies each with advantages and disadvantages. A wide range of different collection systems was considered incorporating different receptacles in a variety of combinations.
- 7 The use of wheeled bins was considered as one of the container types for the following reasons:-
- a) Wheeled bins would greatly alleviate littering problems caused during collection.
  - b) A wheeled bin for residual waste would contain the waste effectively and prevent spillage of contents caused by animals and vermin.

- c) There are some officially designated wheeled bin properties across the Town, and there is inequity as some residents want wheeled bins in other areas who can't have them as the Council currently operates a mainly sack service. This is problematic as some residents have purchased their own wheeled bins and present these for collection.
  - d) A large bin for recyclable material, combined with a smaller residual (non-recyclable material) waste bin encourages waste minimisation.
- 8 However, it was recognised that because of Harlow's unusual geographic design, there may be difficulty introducing more wheeled bins into the Town. Therefore, a property audit was commissioned with the aim of establishing which dwellings in the Town could accommodate wheeled bins.
  - 9 The MWG considered 14 different collection system options which were modelled against the property audit to identify the indicative cost and performance returns, (see Appendix A). Such is the extent of the consideration of suitability of systems for Harlow, that there have been approximately 33 different permutations of modelling based on these 14. For reasons of commercial confidentiality, a separate confidential Appendix A containing the indicative costs is included in the confidential agenda papers.
  - 10 The MWG unanimously short-listed the 14 options down to initially three options, options 3, 7 and 8 which were rigorously evaluated, resulting in Option 8 being considered as the preferred option with a weekly nappy collection service to be provided. It was also agreed that in addition to seeking tenders on the preferred option, variant bids would also be permitted to encourage innovation and provide an opportunity for the short listed companies to submit alternative proposals. Tenderers who submit a variant bid must also submit a compliant mandatory bid.
  - 11 Option 8 comprises the collection of dry recycling from a 240 litre wheeled bin one week, and residual waste from a 180 litre wheeled bin the next week, from an estimated 22,686 low rise properties. The remaining estimated 4,425 low-rise properties would have dry recycling collected from their existing boxes and bags (white sacks and untied plastic sacks that aren't black) one week, and residual waste from black sacks the next week. All properties, including flatted properties, will have a collection of kitchen waste.
  - 12 7,395 flats that currently have communal bins will continue on the same current system for residual waste and recycling, i.e. weekly collection of residual waste and fortnightly collection of dry recycling from communal bins.
  - 13 There has been widespread publicity about the risk of smells and pests from fortnightly residual waste collections. This has been considered very carefully and at length and there are a number of factors that mitigate this risk:-
    - a) The majority of dwellings would have rigid containers to prevent vermin reaching the waste.
    - b) If residents operate this system correctly, there should be no smelly waste in the refuse container, other than nappies and incontinence waste which are being dealt with separately.

- c) The kitchen waste would be stored in external rigid containers that are like large buckets with handles that pull down to secure the lid.
  - d) Other smelly items such as meat trays and cans should be rinsed by the residents before being deposited in the container, and this will be the subject of in-depth promotional campaigns. Some items can be washed in a dishwasher if residents have one.
  - e) For those residents with sacks for refuse that will be collected every fortnight, the above actions should minimise smells and risk of vermin.
  - f) It is proposed that refuse sacks will be provided for those residents who can't have wheeled bins and sack strength will be specified so that it is of a suitably robust quality.
- 14 The specification for the new contract will include the continuation of the existing limited bookable kerbside green waste collection service. The Member Working Group noted the potential impact if the Council was to operate a full kerbside green waste collection service, but were unanimously against the introduction of such a system in view of the impact of carbon footprint and that home composting should be encouraged.
- 15 The Council advertised for expressions of interest in the contract from suitably qualified contractors in the Official Journal of the European Union (OJEU). The Council received 16 expressions of interest out of which 12 returned pre-qualification questionnaires. Pre-tender checks were undertaken to determine technical ability and financial and economic standing and the following 8 companies were short-listed to be invited to tender by the MWG:- Biffa Waste Services Ltd, Cory Environmental Municipal Services Ltd, MRS Environmental Services Ltd, Enterprise Ltd, Focsa Services UK Ltd, Kier Support Services Ltd, Serco Ltd, Sita UK Ltd and Veolia ES (UK) Ltd.
- 16 An Industry Day was held on 5 June 2008, with the short listed companies to consult and familiarise them with the preferred collection methodology, a tour of the Town and key contractual considerations.

## **VALUE FOR MONEY**

- 17 Detailed comparisons have been undertaken with top quartile performing Councils and the audit family group of similar Councils. However, on a cost perspective it is difficult to compare with the other authorities as available data is not presented on a like for like basis, but the data does confirm that the preferred option in the absence of a full-scale kerbside green waste collection service should provide significantly higher recycling levels than currently achieved.
- 18 The MWG also considered whether the Council should procure the vehicles and bins itself. However, financial modelling identified that there was no financial benefit in the Council procuring these separately, but it was agreed that the vehicles and bins should pass to the Council's ownership at the end of the contract, or in the event of the contract being terminated.

## PROJECT TIMETABLE

19 Set out in the table below is the key stages of the procurement timetable and mobilisation period for the commencement of the new contract. Following the advice of the Council's Section 151 Officer that the notification of the award of the contract must be undertaken after the Council has determined its budgets for 2009/10, the MWG agreed that a two month extension of the Council's current contract should be sought in order to provide sufficient time for mobilisation, and for the successful tenderer to procure the vehicles.

20 The key milestones in the project timetable are:-

July	Issue Invitations to Tender
5th September	Return of Tenders
September / October	Officer clarification and preparation of a ghost bid
November	Officer evaluation of tenders
December	MWG consideration tender evaluation
January 2009	Committee recommendation on award of contract
February 2009	Budget decision and award of contract
2 <sup>nd</sup> March 2009	Procure fleet
29 <sup>th</sup> June 2009	Start Contract

Indicative dates for rollout of new scheme:

End of September 09	Phase 1 New Scheme
End of November 09	Phase 2 New scheme
Beginning of February 2010	Phase 3 New scheme

21 The Council is obliged to comply with the prescribed timescales stipulated by the European Procurement Regulations and must also ensure that sufficient time is allowed to evaluate the returned bids, hold bid clarification meetings if required, arrange contract award and complete all formalities. The mobilisation period must be sufficient to allow enough time for the contractor to procure new vehicles and bins (current industry supply rates dictate that a minimum period of six months should be allowed). In the unlikely event that none of the bids are acceptable sufficient time has also been allowed in the timetable for the Council to consider and prepare other delivery options.

22 Failure by the Council to successfully award the contract by February 2009 would mean that the Council would have to consider either a) bringing the service in-house permanently or temporarily or b) undertaking a new competition to procure a short term contractor. Either of these circumstances is time consuming and very likely to incur additional costs for the Council.

23 Consequently, the Committee is asked to approve exempting the recommended decisions from the Council's call-in procedure. Failure to do this would seriously jeopardise the Council's ability to meet the timetable.

## CONTRACT SPECIFICATION KEY PRINCIPLES

24 As part of the contract specification it is necessary to set out key principles upon which the contract would operate. Set out at Appendix B are the key principles that the MWG have approved for inclusion in the specification. The Committee is asked to formally approve these.

## **PAYMENT MECHANISM AND PERFORMANCE MANAGEMENT**

- 25 A key element of the specification is how the Council will pay the successful partner and what penalties would apply should performance fall below the required levels. The MWG have approved the following principles:-
- a) The successful partner will receive a guaranteed core payment for the service payable monthly in arrears.
  - b) There will be an element of payment “at risk” to the successful contractor associated with performance delivery e.g. number of missed bins. This means that the Council can deduct a proportion of payment for poor performance and reinforces the fact that the Council expects routine performance to specification standards, rather than paying a “bonus” for hitting standards that should be achieved in any case.
  - c) Performance will be monitored through a “Scorecard” system. Although self-monitoring by the successful partner will be required, the Council’s Client team will undertake random monitoring checks using the Scorecard system.

## **ENGAGEMENT WITH THE COMMUNITY**

- 26 Learning from other Councils illustrates the critical importance of ensuring sufficient resources are deployed in engaging with the community on the implementation of the new collection system. It is intended to undertake significant promotional campaigns with the local media, through road shows, door stepping, as well as providing help lines, guidance and support, particularly for disadvantaged residents.
- 27 It is sometimes the case that customer satisfaction can temporarily decrease when waste minimisation policies are introduced. However, strong promotional activity and education should help raise awareness for the need for change and high customer satisfaction levels will still be aimed for as part of implementation of this contract.

## **CONTINUATION OF THE MEMBER WORKING GROUP**

- 28 It is intended that the Member Working Group will continue to meet through to the implementation of the new contract. Future topics to be considered by the Group include:-
- a) Engagement with the Community.
  - b) Enforcement policy.
  - c) Customer interface.
  - d) Detailed aspects of implementation arising from the specification e.g. livery of vehicles, uniforms etc.

## **OTHER COLLECTIONS**

- 29 Bring banks – it is intended that this element of the service is incorporated in the waste contract. The aim is to achieve a consistent approach to Bring Banks, to review style and

scope, and to incentivise performance, (both financial and percentage recycling), by sharing income with the contractor.

- 30 Kerbside textile service – this is currently funded by the Council. The current scheme operates well, but it is intended to include this service in the contract to ensure value for money is obtained and to enable economies of scale to be exploited. Where appropriate, the use of social enterprise organisations as sub-contractors will be encouraged and supported.
- 31 Kerbside battery collection scheme - this is grant funded through WRAP, (Waste Resources Action Programme). Grant funding has only been approved until the end of September 2008, therefore it is intended to include this function within the specification, subject to the requirements of the forthcoming implementation of the Batteries Directive.
- 32 Bulky waste reuse scheme – this commenced in October 2007, with the aim of diverting bulky waste from landfill that would normally be collected by the Heavy Squad. The current provider has a retail outlet in place for reusable items. There is no funding for this to continue in 2008. Contractors will be asked to provide method statements of how this service could be continued / improved at a net nil cost to the Council.
- 33 “Shoe Friends” and textile collections from schools – these collections are made by a company that processes the material and it is intended this arrangement continues unchanged.
- 34 Furniture reuse scheme – this is operated by an independent charitable organisation independently of the Council
- 35 Nappy and incontinence wastes – the contractors will be asked to submit a method statement providing for appropriate separate weekly bookable collections of nappy and incontinence wastes, based on a price per household.
- 36 Clinical Waste – it is intended that the existing collectionthe separate contract and system will continue.

## **IMPLICATIONS**

### **Social Inclusion**

It is imperative that all parts of the community are fully informed of the new waste collection system and help is provided for those who are disadvantaged.

(Author: Lynn Seward)

### **Equal Opportunities**

The proposals aim to be as inclusive as possible, and it is important that promotional campaigns are as wide reaching and diverse in design as possible. (Author: Lynn Seward)

### **Finance**

Specific implications are set out on the appendix contained in the confidential agenda papers. It is recognized that the anticipated full costs shown in the exempt appendix to this report are indicative. Further comparison will be available through the “Ghost Bid” that is being prepared. It is also noted that there are likely to be growth bids for 2009/10 and 2010/11 for example for promotional activity that will be necessary to ensure the successful implementation of this project.

It is anticipated that a further report will be made available to the Policy and Resources Committees which will propose how any additional costs will be met before a decision to award a contract is made.

(Author: Sunil Modaley)

### **Human Resources**

The successful partner will be required to comply with the Transfer of Undertakings (Protection of Employment) Regulations 2006 and ODPM Circular 3/2003 appendix D [Code of Practice on Workforce Matters in Local Authority Service Contracts] should the current partner be unsuccessful in securing the new contract.

(Author: Nigel Delbarre)

### **IT**

It will be necessary for the contractor to ensure there is a method of interfacing with the Council's customer care system. (Author: Keren Mallinson)

### **Legal**

The legal implications are contained in the report. (Author: Mike White)

### **Sustainability**

The new waste and recycling contract provides a rare opportunity for the Council to provide community leadership on an important and growing subject. It is, therefore, important that the Council ensures that the new contract is able to fulfil today's and tomorrow's likely demands and requirements whether they are statutory or community led. (Author: Graeme Bloomer)

**BACKGROUND PAPERS:** None

**CONTRACT SPECIFICATION KEY PRINCIPLES**

It is proposed that the following statements shall form part of the contract specification.

**1 Receptacle Determination**

- 1.1 The Contractor, on the Council's behalf, will determine, supply and allocate the most appropriate containers for the collection of household waste in accordance with a household's capacity to store containers. Whilst the contractor is to determine the appropriateness of containers suggested in the property survey, exceptions are to be agreed with the Council.
- 1.2 For the majority of households the approved container for the collection of residual waste will be a 180 litre wheeled bin, unless agreed otherwise with the Council.
- 1.3 For the majority of households the approved container for the collection of recycling will be a minimum capacity of a 240 litre wheeled bin.
- 1.4 For residents of multiple occupancy homes, (e.g. flat blocks), the approved container for the collection of residual waste will be an 1100 litre wheeled bin or a 950 litre paladin provided by the Council.
- 1.5 For households where there is a reduced capacity to store a wheeled bin, the use of plastic sacks may be approved by the Council for the collection of residual waste and 55 litre boxes for recycle, and canvas bags or untied sacks, (not black sacks), for recycle.
- 1.6 For residents of multiple occupancy homes (e.g. flat blocks) the approved container for the collection of recycle will be 240 or 1280 litre wheeled bins provided by the Council.
- 1.7 For those properties on residual waste sack collections, only those sacks provided and delivered by the Contractor on behalf of the Council, (equivalent to 1 sack per week), and which will be black in colour will be collected.
- 1.8 Kitchen waste shall be collected in containers to be specified by the Council and procured via the contractor. To include external and internal containers.
- 1.9 Nappy and incontinence wastes are to be collected in sacks via a bookable weekly kerbside collection service.
- 1.10 Green waste is collected from the kerbside via a limited bookable collection service, currently 70 collections a day during the week, and 50 on Saturdays. Residents provide their own sacks, (plastic or material sacks – the latter are returned to the boundary).
- 1.11 Householders will be advised through a Notification Card delivered through the letter box by the Contractor of the reason for any non- collections. Wording to be agreed with the Council.

- 1.12** The Contractor will collect waste from households in containers that conform with the specification set out by the Council. In particular, sacks for residual waste will be of sufficient robust quality.
- 1.13** The Contractor will collect waste from households in containers that confirm with the specification set out by the Council. In particular

## **2 Collection Point**

- 2.1** The Contractor will collect waste from households in containers that conform with the above specifications, normally at the following collection points only:
- **Low rise properties** - the property boundary at the end of the front of house path.
  - **Multiple occupancy dwellings** - the communal refuse disposal point or where no disposal point exists, the front door of the flat, or location agreed with the Council.
- 2.2** Where it is agreed with the householder that front boundary access is not suitable an alternative collection point will be determined as recommended by the Contractor in agreement with the Council.
- 2.3** Residents are required to put out waste by 0700 hours on the nominated day of collection and not before 1800 on the evening before the collection day.

## **3 The volume and type of waste**

- 3.1** The Contractor shall only collect domestic waste as described in the Code of Practice / Environmental Protection Act. For residual waste collected from wheeled bins, no side waste will be collected. A maximum of 2 sacks per dwelling will be collected every 2 weeks unless agreed otherwise with the Authority. For recycle, wheeled bins will be collected, and boxes / any number of sacks from those properties that can't have wheeled bins, provided they are untied and not black sacks. Bundled cardboard will be taken from next to the bin.
- 3.2** The Contractor shall collect separately through the Special Collections, (Heavy Squad), bulky items that will not fit into the above nominated containers and collection points.
- 3.3** Recycling waste that has been rejected will be collected as residual waste on the next collection day.

## **4 Contamination**

- 4.1** Residual waste that is contaminated with waste that does not conform with the Code of Practice / EPA definition of domestic waste, will not be collected, and the Council is to be informed accordingly.
- 4.2** No commercial waste shall be collected using domestic waste collection vehicles.

## **5 Complaints and Missed Collections**

- 5.1 Customer complaints will be investigated in accordance with Council standards.
- 5.2 Rectifications reported before 1500 hours, other than a missed collection, will be undertaken the same day, or the next working day thereafter.
- 5.3 Where a collection is missed and the Council is notified before noon, the waste will be collected the same day.
- 5.4 Where a collection is missed and the Council notified later than noon, the waste will be collected the next day. Except when the missed collection is on a Friday when the waste will be collected that same day.
- 5.5 All complaints and notifications of missed collections will be subject to the Council's Customer Services complaints and missed collection procedures.

## **6 Assisted Collections**

- 6.1 Exemptions to the use of the normal or agreed collection point will be authorised by the Council.
- 6.2 In special circumstances, the Council may nominate an assisted collection for operational reasons.
- 6.3 The Council shall maintain the list of Assisted collections, (eg for infirm or disabled residents).

## **7 Customer Communications**

- 7.1 Methods of consultation shall be in agreement with the Council, and this may comprise, for example, through nominated user groups, the local media and where appropriate direct written communication.

## **8 Replacement Bins**

- 8.1 The following principles will be adopted for replacement bins:-
- 8.2 A general principle will be that a household will be given 1 replacement bin free of charge.
- 8.3 If further replacements are requested the resident will be charged.
- 8.4 A charge will not be levied if damage has been caused to the bin by the crew or the lifting mechanism on the vehicle, (even if a free replacement has already been provided), unless this was not the fault of the crew or the lifting mechanism, (e.g. if the bin was too heavy or was not a Council-authorized bin).
- 8.5 If a resident's bin is damaged or goes missing by any other means, the resident will need to pay for the second and subsequent replacements, unless there are exceptional circumstances.

**8.6** New residents moving into existing dwellings will be provided with containers free of charge if the existing containers are missing.

**9 Dealing with enquiries and complaints**

**9.1** The contractor will arrange a method of interfacing with the Council's Customer Care system.

**10 Collection times**

**10.1** Waste collections shall not commence before 0700 hours and shall terminate before 2200 hours.