

BRIDGEND COUNTY BOROUGH COUNCIL

SCRUTINY REPORT

COMMUNITY ENVIRONMENT & LEISURE OVERVIEW AND SCRUTINY COMMITTEE

28 JULY 2016

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

WASTE SERVICES PROVISION

1 Purpose of Report

- 1.1 To set out for consideration by Overview and Scrutiny Committee the progress made on the procurement for the provision of residual & recycling collection services and provision of services at the Council's Community Recycling Centres (formally Household Waste Amenity Sites).
- 1.2 The report will also bring to the attention of the Overview and Scrutiny Committee changes to the level of service provided as part of the Council's current procurement exercise for waste management arrangements, in order to meet the performance targets for recycling set by the Welsh Government.
- 1.3 The Overview and Scrutiny Committee are asked to note that changes to the level of service are necessary in order to meet the Welsh Government target for recycling set out in its Blueprint for waste "Towards Zero Waste" and its Municipal Sector Plan, and that a significant financial penalty (£200/tonne) can be imposed by the Welsh Government where the target is not achieved by Councils.

2 Connection to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 The provision of Waste Services forms part of the portfolio of responsibilities allocated to the Corporate Director Communities. The proposals to re-procure the provision of waste collection and civic amenity site management services embrace and recognise the objectives detailed in the Corporate Plan under Priority 3 – (Smarter use of resources), ensuring that all our resources (financial, physical, human and technological) are used as effectively and as efficiently as possible, and supporting the development of resources throughout the community that can help deliver our aims.

3 Background

- 3.1 The Domestic Waste Collections Service and Household Waste Amenity Sites (HWAS) have been delivered via contracted provisions since 2003 and 2004 respectively. On the 31 March 2010 both contracts were brought together following a competitive dialogue procurement exercise into a single integrated contract for the provision of waste and recycling services which was awarded at the time to May Gurney but is now operated by Kier, The current contract term is seven years with a contract provision to allow the extension of this contract, subject to agreement between the parties, for a further period of up to seven years.

- 3.2 A decision was taken by Cabinet to market test the service by competitively tendering the work.

4 Current Situation

Procurement Progress

- 4.1 Tenders for the provision of waste services were made available for bidding contractors to view on the 31 May 2016. A programme outlining the anticipated time scales attached to the procurement exercise is presented for information in **Appendix A**.
- 4.2 To date a number of contractors have registered an interest in tendering for the work. However, it is too early in the process to confirm to Overview and Scrutiny Committee how many of these expressions of interest, will translate into compliant bids for the work.
- 4.3 Overview and Scrutiny Committee are asked to note that a number of risks are attached to the procurement process, which is currently ongoing. Procurement rules set by UK and European legislation provide highly prescriptive guidance on how procurement exercises are to be run and managed, that in themselves represent risks to the successful delivery of the project and to the time scales indicated in **Appendix A**. It is also common practice in the waste management sector for bidding contractors to include as part of their tender submissions amendments to the contract terms which through the procurement process will be negotiated to arrive at an acceptable position for both parties. Again at this time it is not possible to advise Overview and Scrutiny Committee on the level of such amendments or to give an indication of the likely impact on the procurement programme.

Waste Levels of Service

- 4.4 To support the Medium Term Financial Strategy (MTFS) 2016-17 to 2019-20 it is of paramount importance that the new service provision from 2017 represents best value. This is also provided that the quality of service is assured and the service model chosen places the Council in a position to meet the Welsh Government (WG) recycling targets as it moves forward.
- 4.5 The current level of recycling of Council municipal solid waste is projected to just meet the 58% target required by the Welsh Government (WG) for 2015/16. However, it is understood from recent modelling work undertaken in partnership with the Waste Recourses Action Programme (WRAP is funded by Welsh Government to give local authorities “hands on” practical expertise, advice and financial help), and from experience of the current collections system, that achieving the target set for 2019/20 of 64% will not be possible without changes to the way in which the service is delivered. The Bridgend recycling performance was amongst the best in Wales when the current contract was rolled out in 2010, however, each year since more other authorities pass Bridgend’s performance as they change their service and restrict residual waste collections.

- The WG recycling rate targets moving forward are:

2015/16 until 2018/19 – 58 %

2019/20 until 2023/24 – 64 %

2024/25 onwards – 70 %

- 4.6 On the basis of the above, with no change to the current collections methodology, the Council would inevitably fall increasingly behind the recycling targets required, with the potential consequence of fine levels at £200 per tonne for material not recycled. For clarity if the Council were to miss the recycling target by 1%, this may result in fines of around £150,000. There is also the potential that special measures may be imposed by WG. Therefore retaining the status quo collection methodology has considerable financial implications.
- 4.7 In seeking to set levels of service which achieve these targets, and in particular the target for 2019/20 of 64%, Overview and Scrutiny Committee will recall the recent public consultation exercise undertaken over an eight week period from 14 December 2015 to 8 February 2016, and the decision of Cabinet taken on the 15 March 2016 to approve the collection of residual waste on a fortnightly basis and to restrict the amount of residual waste that can be presented by the household to two bags per collection.
- 4.8 Included in this Cabinet report were also proposals for the collection of absorbent hygiene products (nappies etc.). As part of the proposed changes to the collection arrangements it is proposed that the absorbent hygiene products collection service will coincide with the collection of black bags to support families and residents who use such products. Measures have been included within the current procurement to recycle these materials but the final option on whether to recycle or to treat the materials by other means will need to take into account the relative costs of each option. This will not be known until the procurement exercise has been concluded.
- 4.9 Also included in the report to Cabinet were proposals to change the way in which the Council's Civic Amenity Sites operate. The sites will now be rebranded as Household Recycling Centres and householders who wish to dispose of bagged mixed materials will be asked to sort the recycling into separate streams for the appropriate containers prior to arrival at the sites before disposing of any small amounts of residual waste remaining.
- 4.10 The changes detailed above will come into place on 1 April 2017. There will be a three month bed in period with engagement and education for residents prior to enforcement of compliance.
- 4.11 More detailed explanation on the exact details of the recycling collection system which will be rolled out from the 1 April 2017 when the new contract is due to go live are as yet unavailable. In order to secure best value under the current procurement, the contractor has been given the option to continue with the existing range of bags and boxes to deliver the service or to present alternative proposals for consideration. In considering his method of service delivery the Contractor will need to take into consideration the requirement of European and WG legislation in the waste area. This places controls on the way that recyclates are presented and collected at the kerbside and require the four main waste streams, paper, glass,

plastics, and metals to be collected separately. There are exceptions to this where it can be demonstrated that it is not technically, environmentally, and economically practicable to do so or where the comingling of recyclable materials result in an equivalent quality of product for processing.

Service Requests

- 4.12 Under the current contractual arrangements the responsibility for responding to requests for service and complaints from the public is split in various proportions between the Council and the Contractor. In the case of complaints, these are currently received by the customer contact centre who will try and respond to the customer's complaint at the point of contact. Where they are unable to do this, the complaints are referred to the contractor or passed to the Cleaner Streets Teams in Civic Offices to investigate and respond. In many instances the contact centre, Cleaner Streets Team and the Contractor are all involved with responding to a complaint. Under the new contract, it is proposed that all requests for service and complaints are referred directly to the Contractor as first responder. However, matters which the Contractor has not been able to fully resolve will be dealt with by the Council's contact centre or Cleaner Streets Team. To ensure that appropriate checks and balances are in place and that matters of financial probity and transparency are properly considered the Contract will be managed going forward through exception reports presented at appropriate frequencies by the Contractor at operational meetings. These reports would contain the relevant detail required by the Council on performance and delivery of the service.

Dispensation Proposals

- 4.13 During the public consultation exercise, the public raised a number of questions regarding the operation of restrictions on the collection of residual waste to two bags per household. While matters relating to absorbent hygiene products, as detailed above, were considered as part of the process and subsequently reported to Cabinet for consideration, other matters relating primarily to capacity were not fully considered. The following questions were raised by householders during the consultation: -

How will,

- Households with a high number of occupants manage?
- Households that dispose of ash from coal or other solid fuel central heating systems manage?
- Households that dispose of waste arising from pets manage?

- 4.14 To address these questions it is proposed to, subject to Cabinet approval, proceed in August 2016 to undertake a further public consultation exercise to seek the wider views of the public. A further report will be brought forward for consideration by Cabinet on the findings of this public consultation, which will seek their views on the detail of any policies to be adopted in these areas.

- 4.15 It is important to note that the views of the public gained through the consultation process will need to be considered in conjunction, both with the cost of any

dispensation to be granted, as well as the likely effect a dispensation would have on the overall recycling rate. For example giving an extra bag to households with pets would result in 60% of the households in Bridgend not having to comply with the two bag limit. This would have significant waste disposal cost implications and negatively impact on the recycling rate projection.

- 4.16 During the public consultation exercise a number of consultees raised comments on the potential for the proposed restriction on the number of black bags placed at the kerbside for collection, to be flouted or abused by householders not wishing to comply with the scheme.
- 4.17 The comments listed amongst the concerns included the potential for householders to place additional bags against neighbouring properties, or for those who present their waste in communal areas to put out for collection as many bags as they want due to the difficulties that the Council would have in identifying the households or individuals concerns. As a means of addressing these concerns and overcoming some of the anticipated behaviour of some of the Borough's householders, it will be necessary to review the Council's approach to enforcement and the levels of resources allocated to this function. The result of this review will be brought forward for consideration by Cabinet prior to the end of the 2016 calendar year. This could include employing an external company to assist with enforcement activity in the waste and street cleaning areas as a number of our neighbouring authorities have recently trialed.

5 Effect upon Policy Framework & Procedure Rules.

- 5.1 There are no effects on the Policy Framework and Procedures Rules.

6 Equality Impact Assessment

- 6.1 Equality Impact Assessments have been undertaken at the appropriate stages in the process.

7 Financial Implications

- 7.1 Where available the financial implication of any proposal to introduce dispensation to the Council's proposed restriction on the presentation of residual waste, will be presented to Cabinet for consideration, alongside any proposed policy or procedure resulting from the public consultation exercise.
- 7.2 A further report on the outcome of the financial implications from the tendering process for the new waste services collection contract will be placed before Cabinet for Cabinet's further consideration.

8 Recommendations Scrutiny Committee is recommended:

- 8.1 To provide comment on the content of the report.

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Background documents: Cabinet Report 15th March 2016
Current tender documents for provision of waste service
provision.

Appendix A

Procurement Programme

Event	Without Negotiation	With Negotiation
Tender Submission / Return – consisting of the following: <ol style="list-style-type: none"> 1. <u>Qualification Questionnaire (Compliance Questions).</u> 2. <u>Qualification Questionnaire (Bespoke (Scored) Questions).</u> 3. <u>Initial Tender Submission: (And all required documentation).</u> 	09/08/16 – 12:00 Hrs	
Evaluation - (Qualification Questionnaire (Compliance / Bespoke (Scored) Questions)	16/08/16	
Opening of Initial Tenders (ISIT Document)	17/08/16	
Evaluation of Initial Tenders - completion	05/09/16	
Start of Negotiation Period (provisional)		06/09/16
End of Negotiation Period (provisional)		20/09/2016
Submission of Final Tender (provisional)		04/10/2016
Notification of Intent to Award a Contract Start of 10-day Standstill Period.	Start: 06/09/16 End: 19/09/16.	Start: 18/10/16 End: 31/10/16
Contract Award Date	20/09/16	01/11/16