

FORWARD PLAN SELECT COMMITTEE

28TH FEBRUARY, 2006

Retendering of the Waste Management Contracts

BRIEFING NOTE

SUMMARY:

This purpose of this Report is to provide the Forward Plan Select Committee with an overview of issues being considered through the Retendering of the Waste Management Contracts. These include how the Contract will reflect customer services needs and options for recycling provision.

1.0 Background

- 1.1 The existing Waste Contracts expire on 31st March, 2007. There are currently two contracts, placed with separate service providers. The contractors and range of services in the respective contracts are as follows:

Onyx (UK) Ltd

Household Waste Collection (i.e. waste not for recycling)

Bulky Household Waste Collection (known locally as Special Collections)

Household Clinical Waste Collection

Street Cleansing

Winter Maintenance

Bring Bank Recycling Collection (for certain material only)

ECT Recycling Ltd

Kerbside Collection of Dry Recyclables

Kerbside Collection of Organic Waste

In-house

Graffiti Removal

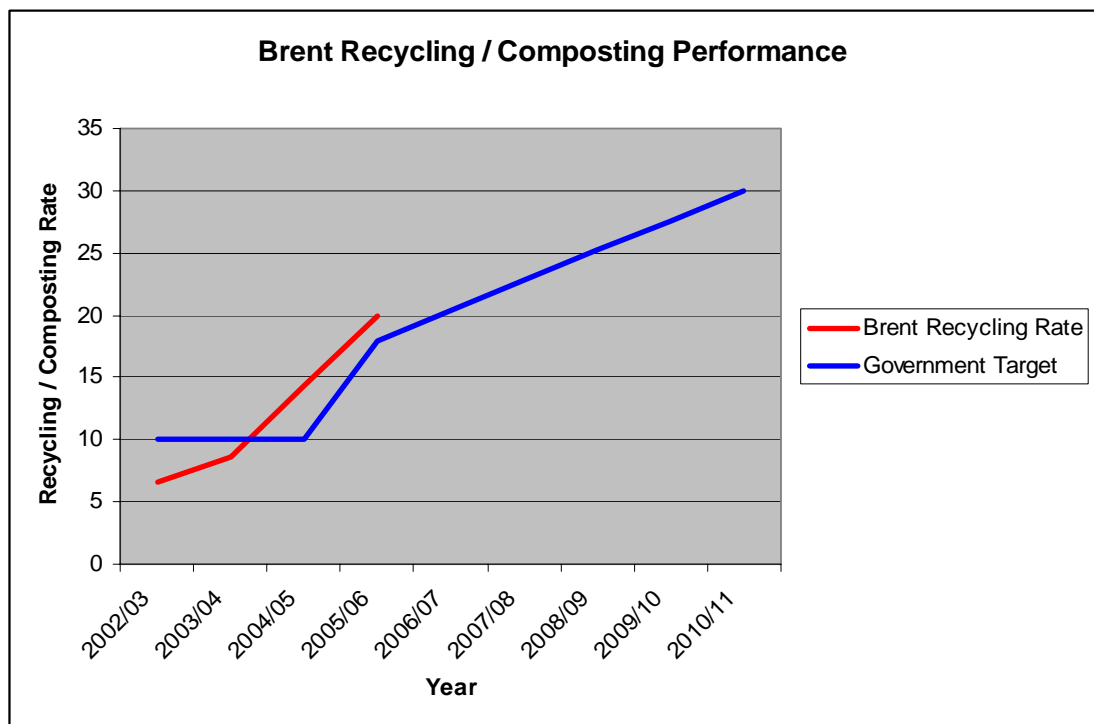
Highways Emergencies

Other Cleaning - Pavements, Street Signs, Street Furniture, and Toilet Cleaning

- 1.2 The procurement process also considers whether the above range of contracted services can be changed through either, bringing some services in-house, or adding any existing in-house services to the new Waste Contract package to be tendered, as well as setting the direction for the management of the Borough's municipal waste over the next 5-7 years.

2.0 The National and Local Contexts and Key Drivers

- 2.1 There are a number of influences and key drivers behind the procurement process. These are more fully discussed in Brent's Draft Municipal Waste Management Strategy that has recently been consulted upon and which was approved by the Council's Executive at its meeting on 13th February, 2006. Amongst the major influences and key drivers are the following.
- 2.2 The Borough has been set targets for recycling and composting of household waste. Interim targets include 18% recycling/composting by 2005/06 (Best Value Performance indicator, BVPI Targets) and 30% by 2010/11 (Government Waste Strategy 2000) targets. These have been framed to address EU and National Government objectives to see a more sustainable approach to waste management, and the 'Quality of Life' agenda that has seen new legislation introduced including the Clean Neighbourhoods and Environment Act 2005.
- 2.3 The Chart below shows Brent's improving recycling/composting rate compared with Government targets:



- 2.4 Other major drivers for improvement include the annual Landfill Tax increase set at £3 per tonne as from 2005-06, which will increase Landfill Tax from its current level of £18 per tonne to at least £35 per tonne. In addition, the Government has introduced the Landfill Allowance Trading Scheme (LATS) which will significantly limit the amount of municipal waste that can be disposed of to landfill. Failure to reduce the landfilling of waste to a level within an agreed allocation could see the Waste Disposal Authority, West London Waste Authority (WLWA) and in turn Brent Council being subject to significant fines.

- 2.5 As an indication of the significance of the disposal costs, in 2005-06 (with Landfill Tax at £18 per tonne) the Council will pay a Waste Levy of £5.8m and additional disposal charges (through Section 52[9]) of around £1.2m. This total of £7m will allow for disposal of approximately 115,000 tonnes, and the anticipated rise in Landfill Tax alone (i.e. from £18 to £35 per tonne) would incur extra costs of around £2m per annum. The WLWA has estimated that the effect of LATS could be to produce a disposal cost of between £150 and £200 per tonne.
- 2.6 A further example of the broader context of this procurement process is that Brent schools generate waste that the Borough needs to manage on a sustainable basis, and the efforts to date to introduce recycling facilities and promote good waste management generally can now be built upon.
- 2.7 A new Waste Contract affords the opportunity to re-focus not just on our strategic direction, but also on new and challenging targets that we can strive towards through the re-specification of waste services, and through working in closer partnership with our future waste service provider to meet these new aims, objectives and targets.
- 2.8 Another example is the Best Value Performance Indicator (BVPI 199a) for street cleanliness, where we have a timely opportunity through re-tendering to re-specify our contract consistent with the BV199a measurement system and achieve consistently high performance levels that could move us from our current performance of 32% into the London upper quartile of performance aspiring to 15% or better.
- 3.0 Consideration of Options
- 3.1 The procurement of the next Waste Contract has provided the opportunity to consider alternative approaches to a number of strategic, organisational, and operational matters.
- 3.2 At strategic level, the GLA Mayor has expressed an intention to establish a single Waste Disposal Authority for London to replace the current mix of Borough based Waste Disposal Authorities and Statutory Joint Waste Disposal Authorities (SJWDA). A firm timetable for this proposed transition is not yet established.
- 3.3 However, uncertainty over this change and the uncertainty of our own SJWDA – West London Waste Authority (WLWA) has meant that little investment of firm forward planning has taken place on the disposal front, other than that made by individual constituent Boroughs such as Brent.
- 3.4 Brent has invested significantly in its waste services and has introduced new services and expanded existing services that has seen a significant rise in recycling and composting, and an improvement in street cleansing performance. Recent public satisfaction surveys have also shown an increase in public satisfaction in our waste services, reflecting the Council's investment and bold decisions.
- 3.5 A prime example of a decision by Brent is the agreement to secure a 'disposal' outlet for organic waste that could process not just green garden waste, but also

kitchen vegetable and food waste. Such outlets are in very short supply across the UK in general, but particularly so in the London region. The Council's commitment to making real in progress in recycling and composting resulted in Brent securing an initial 12,000 tonnes capacity locally for mixed organic waste – the principal factor in our substantial improvement in our recycling and composting rate.

3.6 Similarly, around £2m of revenue investment and almost £1m of capital investment has seen street cleansing standards improve and, as stated in paragraph 3.4, an improvement in public satisfaction.

3.7 Satisfaction levels compared with the last three years are shown in the following table:

Table 1

Satisfaction with:	2003 Survey	2003 Upper Quartile	2005 Survey
Waste Collection	73% (14 th in London)	77% (top score was 82%)	77%
Recycling	51% (18 th in London)	60% (top score was 70%)	57%
Waste Disposal (CA Site)	50% (23 rd in London)	70% (top score was 80%)	58%
Cleanliness of public space	51% (13 th in London)	57% (top score was 73%)	58%

4.0 The consultation process

4.1 A consultation programme has been developed so that as wide a range of people and organisations can contribute their views on how Brent's next Waste Contract should be framed.

4.2 The consultation process started during the latter part of 2005 when a number of potential private sector providers, including our two current contractors, were invited to offer views to officers from Environment & Culture and the Council's Procurement Team.

4.3 This has been followed by consultation with the Council's "client" staff and through the Council's website. A copy of the Consultation Questions is shown at Appendix A.

4.4 Further consultation is taking place through:

- A. The 5 Area Consultative Forums
- B. Resident Associations
- C. The network of local Street Watchers

- D. The GLA Mayor
- E. Adjacent London Boroughs
- F. West London Waste Authority
- G. The Council's BME Forum
- H. The Council's Lesbian, Gay, Bisexual and Transgender Forum
- I. Brent Association for Voluntary Action (BrAVA)
- J. Ward Working Meetings
- K. Senior Citizens Forum
- L. Park Royal Partnership
- M. Area Health Forums
- N. Disability & Mental Health Forum

4.5 The outcomes of these consultation arrangements will help inform the development of the contract specification.

5.0 What will be new / what will be different / what will better?

5.1 This Report has described a number of 'key drivers' and influences for change. Recent history with this Contract has shown that it is now essential that we re-specify a Contract that performs to a high level, avoids potential for service failure and/or criticism, and achieves high levels of public satisfaction.

5.2 The following paragraphs outline the most significant changes between our current service specification(s) and those proposed in the new Contract to address the questions about what will be new/different/better:

Refuse, Recycling, and Composting Collections

- (a) We propose to change to same day collections for these services.
- (b) We propose to include plastics in our kerbside collection system. This is not currently available.
- (c) We propose introducing tougher targets for failing to collect on the scheduled day of collection.

Special Collections

- (d) We will specify that once a visit has been carried out, the crew will report to the contractor's office (via radio or hand-held device) that the job has been carried out/ not carried out. Where a job has not been able to be completed, the contractor's office will contact the customer and explain why, and update the system database with these details immediately. Where necessary to complete a Special Collection, an appointment will also be made for completion of the job within one working day unless a later date is agreed with the customer.
- (e) We will introduce stringent financial defaults for service failure in any respect – be it missed collections, or failure to update the (shared) database record.

Street Cleansing

- (f) We will consolidate the existing enhancements for Town Centre and Secondary Area Cleansing within our new Specification.
- (g) We will specify our street cleansing schedules over a 7 day, rather than 5 day week, whilst not inconveniencing residents.
- (h) We propose to increase the cleansing frequency in our Industrial Areas from a maximum of two visits per week, to a daily sweep or 'every other day' sweep. These Areas are amongst our worst performers at present.
- (i) We are considering sweeping our residential areas two or three times per week, and will ask tenderers to quote for both frequencies in case the costs of the latter are excessive.
- (j) We will clearly define the term 'sweep', and reduce litter picking as the predominant cleansing regime.
- (k) We propose to specify cleansing zones that are more applicable to Brent, than the broad-brush Environmental Protection Act (EPA) zoning system.
- (l) We will tighten up remedial times across all zones, and ensure these are more demanding than the existing remedial periods.

6.0 Recommendations from E&C Officers

6.1 A number of options have been considered so far, and these are summarised in the table below together with the recommendation of Environment & Culture Officers. These may change to reflect the results of the consultation described in the previous section, and other questions raised.

OPTION	RECOMMENDATION FROM E&C OFFICERS
Depot Provision. Should the Council seek to obtain a site for use as a Depot?	Yes. Not having a depot is a major impediment to our current and future contracting options as well as limiting operational flexibility within contract periods. Even small sites could provide operational advantages as satellite depots.
What is the optimum Contract length?	5 years, with an option to extend for a further two years. HOWEVER, a straight 7 year term may provide for lower annual costs due to the "pay back" period for capital items being claimed over 7 rather than 5 years. We could decide to ask contractors to price for both contract periods, and see the difference between annual costs.
Should we consider PFI/PPP as contract options?	No. The fact that this is a "collection only" waste service [and thus, not providing disposal arrangements or physical infrastructure], makes the scope of the service unattractive and unsuitable for a PFI/PPP.

<p>Should we explore an “Open Book” Service Contract or stay with a “Traditional” Service Contract?</p>	<p>Currently leaning towards “Open Book”, though this needs further investigation with a lead from BFS to see how this is working in adjacent Boroughs.</p> <p>However, given this is a fairly new concept, if doubts about how it will operate remain, then E&C Officers recommend a Contract based on an annual price increase, though based on RPI rather than the current Baxter Index.</p>
<p>Should the Borough seek to re-introduce a Trade Waste Collection Service having divested itself of this service some time ago?</p>	<p>No. There is no guarantee that there is a market for our service, given our absence for some years and the fact that one of our likely bidders (Onyx) already has an established private trade waste presence.</p> <p>We could then effectively be asking Onyx to compete [on behalf of Brent] with themselves [for their own thriving private sector business].</p>
<p>Should the Council bring the Street Cleansing service in-house?</p>	<p>No. Reasons include lack of experience and skills in managing this type of service; costs and risk of HR issues, in an area with traditional high sickness absence levels; pensions issues.</p>
<p>For residual (i.e. landfilled) waste, should the Council provide smaller bins to encourage waste minimisation?</p>	<p>Yes. The provision of smaller bins will assist with the Council’s promotion of minimising waste.</p>
<p>Should we specify same-day collections for all waste collection streams?</p>	<p>Yes.</p>
<p>Should we collect side waste (i.e. bagged or loose waste left beside wheelie bins)?</p>	<p>Yes.</p>
<p>Should dry recyclables continue to be collected and sorted at the kerbside, or should we specify co-mingled collections from households for subsequent sorting at a Materials Recycling Facility (MRF).</p>	<p>E&C Officers are concerned that there is not adequate local capacity for co-mingled collections at present and that we should allow tenderers to present different options for this and other systems. An independent research study by Business ECO Network into local capacity for co-mingled recycle concluded that “there are no existing facilities for the recovery of co-mingled kerbside recycle within a reasonable distance of Brent without the use of a transfer or bulking facility”.</p> <p>Different collection systems also carry differing costs and incomes. Initial calculations suggest that a co-mingled system could cost Brent around £0.5m extra per annum, compared with the existing system.</p>

	Officers strongly recommend, therefore, that our options remain open as to the 'dry recyclables' collection system and invite tenderers to offer proposals and costs for either method, so that Brent can determine the best deal as part of tender evaluation.
Should we include recycling of plastics in the kerbside collection system whilst retaining capacity at Bring Banks?	Yes.
Should we continue to plan for all high rise properties to have a recycling collection service of one form or another?	Yes, as despite logistical problems the Council should make this service available to all households. This is also a requirement of the GLA Mayor's Waste Strategy.
Should we synchronise waste collection schedules with street cleansing schedules to ensure the latter follows the former?	Yes, wherever possible.
Should we continue to promote home composting now that we have an extensive kerbside collection service?	Yes, as it supports the waste hierarchy in terms of waste minimisation.
Should we continue to place the risk of recycle values and the responsibility for securing end-markets principally with the contractor, or do something different?	<p>Yes. This has been our approach to date but we <u>must</u> require evidence of the end use of material collected for recycling and composting if we are to avoid having our Statutory Performance Indicators challenged or qualified by audit.</p> <p>In addition, the expertise of the private sector and their contacts & access to markets is likely to be better than an individual local authority trying to establish itself with no track record.</p>
Should street cleansing be specified as a full 7 day per week service across the Borough rather than in certain (e.g. high profile) areas only?	Yes. The nature of our Borough is such that major events and thriving night time and weekend economies make the Borough unsuitable for a Monday to Friday approach to street cleansing.
Zone 1 Cleansing – should we (continue to) specify a high level of service?	Yes. Recent investment has shown that only by specifying a high input, can we achieve high standards. The Street Cleansing Specification will be drawn up to build upon the success of this investment in our busiest areas.
Should we continue to specify "Intensive Cleans" to supplement scheduled cleansing arrangements?	Officers propose that an Intensive Cleaning Service be specified at the outset, and separately costed at two or three frequencies as options.

	This will allow changes to be made through the term of the Contract, for example, if we feel the scheduled service is performing to high enough levels without these supplementary arrangements.
Should we provide for the contractor to be required to supply evidence from fly tips to provide pointers to the culprits?	Yes. This is a way to try and reduce fly tipping through partnership working.
Cleansing of adjacent private land areas. Should we specify that the contractor must cleanse a certain extent of adjacent private land areas?	Yes, up to 2 metres, unless Legal advise that in doing so the Council is at financial risk for claims or any other reason.
Special Events. Should we specify our requirements and require a separate cost that may then be charged back to the event facilitator?	Yes. Event Plans are being developed and recharging will occur whenever possible.
Household Clinical Waste. Should we continue to require our Waste contractor to provide this service?	Yes. The list of customers must, however, be carefully managed to prevent commercial organisations avoiding their responsibility to pay for the service.
Should winter maintenance continue to be part of the specification for this Contract?	Yes. The Council has no other alternative provider at present, and it is likely to be problematic to try and find one.
Should the Graffiti Removal Service and associated cleaning functions be retained in-house?	Yes. The Service is popular, effective, and assists with other promotional and preventative work, as well providing a flexible pool of staff to contribute towards management of events at the new Wembley National Stadium, and Arena, as well as other Borough events.
Should the Gully Maintenance Service be retained in-house?	Yes. The Service is able to be more flexible if retained in-house, especially as the employees also currently form part of a flexible pool of staff providing the Borough's overnight Highway Emergency Response Team and contribute towards management of events at the new Wembley National Stadium, and Arena, as well as other Borough events. This flexibility will be difficult to specify in an essentially waste contract.
Should the new Contract require standby for Out Of Hours emergencies?	Yes, but subject to review about exactly what type of emergency response is likely to be required.

FOR CONSIDERATION

CONSULTATION QUESTIONS

Refuse Collection

1. At present, wheeled bins are provided for refuse collection, alongside separate collections for recyclable (green box) or compostable (green bin) waste.

Do you prefer:

- a. Keeping wheeled bins, as now?
- b. Keeping wheeled bins, but having smaller bins?
- c. Replacing wheeled bins with refuse sacks?
- d. No preference / I don't mind

2. At present, there is no relationship between the day that your refuse is collected and the day that your green box / green bin is collected.

Do you prefer:

- a. Things to continue as now?
- b. Same day collections for refuse collections and other collections from the green box and green bin services?
- c. No preference / I don't mind

Recycling Collections

3. At present, our Kerbside Recycling Service collects certain types of material. We now have the opportunity to collect other types of material when the new Contract starts in April 2007.

Would you like additional material to be collected at the kerbside?

- a. Yes
- b. No
- c. No preference / I don't mind

If Yes, what additional material would you like to see collected?

- a. Plastics
- b. Cardboard
- c. Otherplease specify

4. Do you think that Brent provides residents with enough information about what material can be put out for recycling or composting?

- a. Yes
- b. No

5. Do you think that Brent provides residents with enough information about what material can be put out for recycling or composting?

- a. Yes
- b. No

6. What could the Council do to encourage you to recycle (or recycle more)?

Bring Banks

7. We have the opportunity to change how recyclable materials are collected from street based "bring banks". Please indicate from the following options which is your priority:
- Fewer "bring banks"
 - More "bring banks"
 - Litter bin sized "bring banks" on high streets and similar areas, to replace larger "bring banks"
 - Don't make any changes
 - No preference

Public Holidays

At present, we try to organise collection arrangements for public holidays so that they cause minimal disruption for residents compared with normal collection days.

8. How would you like to be notified of changes to the normal schedule (please tick those you prefer)?

Do you agree that refuse, recycling, and organic waste collections should take place – where at all possible – on:

- | | |
|--------------------------|------------------------------|
| a. Local newspaper | b. Brent Magazine |
| c. Internet | d. Sticker placed on bins |
| e. Local radio | f. Community & Faith Centres |
| g. Other, please specify | |

Street Cleaning

9. Which of the following statements most closely reflects your opinion? (tick one only)
- It is important to me that I know when my street is scheduled to be cleaned.
 - It is important to me that my street is clean, whatever it takes.
 - No particular view as street cleaning is ok and not a problem in my street.

General

10. Are you satisfied with current arrangements for reporting problems through the StreetCare Call Centre (i.e. telephone 020 8937 5050)?
- Yes
 - No

If No, what is your preference?

- Be able to speak directly with the contractor's office?
- Be able to speak with the Council officer responsible for the street?
- Other, please specify