

Title: **Refuse Collection Contract**
Portfolio Holder: **Cllr Brown – Environmental Services**
Reporting Officer: **Kevin Gibbs – Interim Commercial Services Manager**
Key Decision: **No**

Purpose

The purpose of this report is to provide information about the current contract for household waste collection, which expires in March 2007. The report does not suggest a recommended option at this stage.

Cabinet is being requested to note progress and recommend any further issues or approaches to be taken into account.

Background

The existing five year refuse collection contract with Cleanaway commenced in February 2002 and will expire in March 2007. At the time that the contract was awarded the Council operated a weekly single bin waste collection service.

For the duration of the contract Cleanaway have used the Council depot at Riverway. The contract permits this and there is an agreed set of charges for the privilege.

In 2004 the Council introduced green bins and alternating weekly collections to Trowbridge and Melksham. The remaining three towns will have the twin bin (grey and green) service by the spring of 2006.

Wiltshire County Council through their contract with Hills Waste provides customers with a black recycling box. By the end of the green bin rollout coverage in the district with green bins and black boxes will be in excess of 95%.

Key Issues

In looking at the process of re-tendering the contract a number of issues have been identified that will influence how the service is delivered in the future and the way in which a new contract is written.

1. Depot Issues

It has yet to be decided whether Commercial Services will occupy the Riverway depot in the long-term. The Council's Asset Management Plan will address this issue.

Plans to enter into joint contractual arrangements for grounds maintenance and street cleansing in 2007 may result in a reduced dependence on the depot.

As a result of the above the commercial services staffing structure post 2007 may be smaller and may be relocated, further reducing the dependence on the depot.

Preliminary discussions with potential contractors suggest that maintaining a Council depot would be more attractive to bidders, would almost certainly result in lower cost bids and would allow greater flexibility when it came to future contract change.

There may be scope to share depot facilities with partners, thereby maintaining flexibility and potentially reducing costs.

A new contract would probably need to build in flexibility around the provision of a depot.

2. Potential for cost increases

The current contract provides good value for money and it is possible that there will be an increase in the cost of waste collection following re-tendering.

The current waste collection cost in West Wiltshire is the lowest per household in Wiltshire at £27.50. A comparison with local and national figures is shown below.

Wiltshire Average	£32.63
Wiltshire Highest	£40.10
Regional Average	£36.20
National Average	£38.70
Average By Authority Type	£38.90

There are approximately 53,000 households in West Wiltshire.

3. Combining waste collection with kerbside recycling

The current arrangements involve two contractors collecting waste and recyclable materials. The household waste contractor (Cleanaway) collects the grey and green bins and is employed by WWDC. The second contractor (Hills Waste) is employed by WCC and collects dry recyclable material in the black boxes. This contract runs until 2016.

A more joined up service could be provided if one contractor collected all waste and recyclable materials.

4. Improvements to the existing contract

The existing contract no longer accurately reflects the current collection regime or indeed recent changes in legislation and other Council initiatives such as CRM (customer relationship management). A new contract will include many changes based on lessons learnt over the past 5 years.

Suggested Way Forward

The following actions are suggested.

1. New contract

We commence the procurement process, which will include an Official Journal of European Union (OJEU) advertisement and re-writing the existing contract and specification. We will also include changes that will improve the service provision and bring it up to date with current legislation and business / customer needs.

We are currently consulting with the industry to get their views on the scope of contract, timing of the tendering process and to gauge the degree of interest with potential contractors.

2. Options

We will undertake further work to establish which option is most suitable going forward and provides the best value for money whilst maintaining flexibility both now and in the future.

Some of the options are:

- No extension of the existing contract **or** retendering on the basis of an extension of (say) seven months (until October 2007).
- Assuming a depot will be made available and providing scope within the contract for the location to change, **or** assuming no depot will be made available.
- Integrating collection of black boxes (dry recyclables) with other refuse collection (grey and green bins), **or** maintaining a separation of the two services (as now and as reflected in existing County Council contract arrangements).
- Integrating refuse collection with grounds maintenance and street cleaning so that the Council lets one combined contract, **or** maintaining a separate grounds maintenance and street cleaning contract.

3. Combining Contracts

Due to the long-term nature of the contract between WCC and Hills Waste it is unlikely that we will be able to simply take the dry recyclable collection out of their contract without some adverse consequences.

Continuing grounds maintenance and street cleaning with refuse collection may not be compatible with the aspiration to join up the contract arrangements for grounds maintenance (in particular) with the Housing Society and the County Council. A joint approach to grounds maintenance and street cleaning with our partners is deemed to be an overriding priority.

Financial Implications

The current contract provides excellent value for money as evidenced by the cost benchmarking carried out. It is possible that the cost of household waste collection will increase following re tendering of the contract.

Detailed costs will not be known until the contract is re-tendered. In the meantime, benchmarking against recently let contracts in other councils will be pursued.

A service bid of £10K has been submitted to fund consultancy support to put a new contract together.

Legal Implications

We will either need to go to tender or extend the existing contract. . The value of the contract means European Procurement rules will apply.

There is a question about whether we can indeed extend the contract as no provision is made for this course of action in the existing contract. Legal advice will be obtained prior to the meeting and reported orally.

Human Rights

The Human Rights implications of the actions recommended in this report have been considered.

Recommendations from Scrutiny Committee Meeting of 18 January

- To consider further information on the future of the depot.
- The timetable for the contract tender exercise should be put into sequence.
- That consideration is given to extending the contract to October 2007 to allow time to consider the longer-term proposals in more detail.
- Priority should be given to drawing up the specification.

Recommendations

It is recommended the Cabinet:

- Notes this report and the issues under consideration.
- Requests that the recommendations from Scrutiny Committee be taken into account.
- Requests a further report in April outlining the preferred option and clarifying the legal and financial implications of extending the existing contract.

Authors

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Background Papers

Background papers are available in the Corporate Directors office and at Riverway Depot with the Interim Service Manager.

Plain English

This report has been checked for plain English.