

EAST HERTS COUNCIL

ENVIRONMENT SCRUTINY COMMITTEE – 23 FEBRUARY 2016

REPORT BY EXECUTIVE MEMBER FOR ENVIRONMENT AND
PUBLIC SPACE

WASTE AND STREET CLEANSING CONTRACT – FUTURE SERVICE
DESIGN CONSIDERATIONS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To invite the Committee to set up a Task and Finish Group to consider the future objectives and outcomes expected from the Waste and Street Cleansing Contract and to inform contract design.

RECOMMENDATION FOR ENVIRONMENT SCRUTINY COMMITTEE:

That:

(A)	a Task and Finish Group be set up to consider the future objectives and strategic outcomes for the next waste and street cleansing contract.
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1.0 Background

1.1 The combined Refuse, Recycling and Street Cleansing contract was awarded to Veolia Environmental Services for a period of seven years, with a possible extension of up to seven years, in November 2010 and commenced on the 9 May 2011. The contract value is approximately £4m per annum.

1.2 The contract delivers the following functions:

- Domestic refuse, recycling and organic waste kerbside collection, totalling 4.7 million collections and 54,000 tonnes of waste per annum.
- Commercial waste collection services to over 700 customers generating over £600,000 gross income per annum.

- Clinical (healthcare) waste collections (domestic and commercial)
- Street cleansing of around 9,000 km roads and 5000km channels per annum.
- Public convenience cleaning (3 sites)
- Minor services e.g. graffiti removal; smaller fly tips; market stall erection; pavement washing; management of recyclable materials.

- 1.3 It should be noted that there are a number of other waste related in-house and external functions and contracts performed outside the main waste services contract, including customer services; contract and environmental inspection; environmental crime enforcement; promotion and media; recyclable material re-processing; bring site banks collection; abandoned vehicles removal; specialist fly tips and graffiti removal. These are performed either by in-house staff; through specialist or local contractors; or through Hertfordshire consortium contracts.
- 1.4 The initial seven year period of the contract comes to an end on 8th May 2018. It is usual for the Council to conduct a review of the service at the 5 year point in order to determine whether to extend or tender the contract and if the current objectives for the service should be retained or modified.
- 1.5 As Members will be aware this review is complicated by the fact that the Council has been developing a business case for a Shared Service with North Herts District Council. A high level 'strategic' case was agreed last July and a full 'Outline Business Case' is due to be presented to both authorities in May/June 2016.
- 1.6 Whether or not the two authorities agree to a shared service, there is still a requirement for East Herts Council to consider and set strategic objectives for the new contract which will inform the design of contract documentation and the procurement process.
- 1.7 North Herts District Council will also be undertaking a similar process this year and, if both authorities agree to proceed with a shared service, the objectives of the two councils will be brought together in the combined contract. As has previously been discussed, there is no requirement for East and North Herts services to residents to be exactly the same, but greater financial efficiencies will be derived from commonality through contractor economies of scale.

2.0 Report

2.1 The purpose of this report is to request that the Committee agrees to set up of a Task and Finish Group to review current service performance and recommend objectives that can be built into service design and contract documentation.

2.2 It is not the intention that the Task and Finish Group consider whether the Council should enter into a shared service at this stage. This will be carried out by both councils later in the year once the full business case has been completed and on that evidence base.

2.3 While the end of the current contract is over 2 years away, the timescales to develop and procure a waste collection contract are considerable due to the lead-in time for contractors to procure infrastructure (vehicles, plant and possibly land/sites). Extra time also has to be allowed for the decision making processes involved in agreeing a shared service, if that is the preferred route.

2.4 It is usual for the following areas to be considered as part of the process of reviewing a major contract.

- Objectives of the services and contract.
- Service scope (what is included in the current service and should this be the case in future).
- Current and past service performance.
- Contract standards (required performance of the contractor).
- Customer service standards (required performance of the client when dealing with residents and businesses).
- National and local waste legislation, current and future targets, future trends.
- Financial and economic environment (e.g. local and national pressures; international commodities markets and their impact on future income streams).
- Opportunities to deliver efficiencies and / or better services.
- Procurement options for the council (s) and associated risks.

- 2.5 Draft terms of reference for the project have been attached at **Essential Reference Paper B**. Subject to the views of the Committee, these would be considered and agreed by the Task and Finish Group at its first meeting.
- 2.6 It is anticipated that the work will need 4 to 5 meetings over a three month period and will be completed in May /June 2016. The work will conclude with consultation with North Herts Council to share views and integrate with NHDC Member processes, should a shared service be agreed.
- 2.7 The final report will be recommended to the Executive for approval and inform contract design.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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