

COMMITTEE:	SCRUTINY
DATE:	11 NOVEMBER 2002
SUBJECT:	CLEANSING CONTRACTS
REPORT OF:	COUNCILLOR JON HARRIS, CHAIRMAN, CLEANSING CONTRACTS PROJECT MANAGEMENT BOARD
Ward(s):	All
Purpose:	To advise Members on progress with the procurement of the Council's Refuse Collection and Street Cleansing Contracts; Public Convenience Cleansing and Attendant Services Contract; and Dog Litter Bins and Associated Signs Contract which are to commence on the 1 April 2003.
Contact:	Mark Probyn, Head of Amenities, Telephone 01323 415240 or internally on extension 5240.
Recommendations:	<p>Members are invited to</p> <p>(a) scrutinise any aspects of the procurement processes for the subject Contracts;</p> <p>(b) scrutinise contract documents concerning the subject Contracts to ensure that they will be delivered in accordance with Council Policy and in accordance with the outcomes of the best value reviews for these services;</p> <p>(c) scrutinise in particular the refuse collection and recycling service proposed and to acknowledge that in the short term although the service proposed should enable the Council to meet statutory performance targets set by Government, in the longer term set targets will not be able to be met without further investment by the Council; and</p> <p>(d) be aware of the intention to</p>

1.0	<u>Background</u>	
1.1	<p>The Council's Refuse Collection and Street Cleansing Contracts; Public Convenience Cleansing and Attendant Services Contract; and Dog Litter Bins and Associated Signs Contract will terminate at the end of March 2003. The Council has considered the need to provide these services through its Best Value Reviews of Public Conveniences and Cleansing Services, prior to engaging in a procurement process that would enable Contracts to be awarded and to commence on the 1 April 2003.</p> <p>Reports and all other information concerning the Best Value Reviews referred to in this paragraph are available as Background Papers.</p>	
1.2	<p>In December 2001 the Council commenced a tender process for the following contracts: (a) Public Convenience Cleansing and Attendant Services (b) Dog Litter Bins and Associated Signs (c) Street Cleansing and (d) Refuse Collection, with the objective of awarding these contracts prior to Christmas 2002.</p>	
1.3	<p>The process is being lead by a Project Manager, Mark Probyn, Head of Amenities who is responsible as lead officer of a Project Team. The Project Team consists of Paul Marsden, Cleansing Contracts Manager, Diane Linsdell, Financial Strategy Accountant and Peter Mulholland, Solicitor. The Project Team is responsible to a Project Management Board. The Project Management Board consists of Councillor Jon Harris (Chairman), Councillor Barry Taylor (Chairman, January - 1 May 2002), Sue McHugh, Director of Finance and Corporate Services and Norman Kinnish, Director of Planning, Regeneration and Amenities. Both Project Team and Project Management Board have defined responsibilities and the process is being managed in accordance with the principles of Prince II, Project Management framework.</p>	
1.4	<p>The Agendas, Minutes of Meetings and other Papers presented to the Project Management Board are Background Papers to this Report.</p>	
2.0	<u>Contracts and Progress</u>	
2.1	<p>All contracts were put out to tender in early March 2002 further to which an initial evaluation/selection of tenderers was undertaken. Negotiations are now in progress with tenderers for these contracts.</p>	
2.2	<p>The Cabinet received a Report from the Director of Planning, Regeneration and Amenities on progress with the procurement of these contracts in October 2002 and resolved issues fundamental to the effective continuation of the procurement process for these contracts. These issues are included at Appendix A.</p>	

2.3	<p>Public Convenience Cleansing and Attendant Services</p> <p>A 'basic' service was tendered consisting of frequency cleansing of public conveniences and provision of attendants at selected sites. This is consistent with the current contract.</p> <p>Further to this, tenderers were invited to offer an alternative to the 'basic' service which includes modified cleansing frequencies which reflect usage patterns in public conveniences in both Winter and Summer periods.</p>	
2.4	<p>Having received tenders for these services in May 2002, negotiations have been progressed with two tenderers and best and final offers were received from both Contractors on the 28 September 2002.</p>	
2.5	<p>Further to best and final offers, members of the Project Team have received further clarification from tenderers on their bids and it is anticipated that the formal evaluation of tenders, on the basis of the following criteria (in no particular order of importance)</p> <ul style="list-style-type: none"> (i) Price (ii) Quality of service offered; and (iii) Technical and Functional merit, <p>will be completed within the first or second week of November.</p>	
2.6	<p>Further to this evaluation, it is proposed that the Project Team will recommend to the Project Management Board a preferred Contractor. With the endorsement of the Project Management Board the Project Team would expect to negotiate the outstanding details with the preferred Contractor. Further to this it is intended that the Project Management Board would then be in a position to recommend to the Cabinet on the 5 December 2002 that the Contract be awarded to the Contractor at a price to be included in the Report.</p>	
2.7	<p>The Specification and other Contract Documents for the Public Convenience Cleansing and Attendant Services Contract are Background Papers to this Report.</p>	

2.8	Arising from the Best Value Review of Cleansing Services, endorsed by Council in January 2002, it was hoped that cost savings may have been available through running this service in conjunction with one or more of the other services referred to in this Report.	
2.9	Through the tender process such savings have not been realised. However, it is apparent further to negotiations with the tenderers and from an initial evaluation of the bids received for their best and final offers that the potential annual contract sum is unlikely to show any significant increase over and above the current annual sum.	
2.10	Because it may be necessary to continue the negotiations with these tenderers to ensure the best terms for the Council, particularly at this stage of the negotiations on price, the Project Management Board is of the opinion that the detailed bids should not be disclosed through this Report.	
2.11	<p>Dog Litter Bins and Associated Signs</p> <p>A 'basic' service was tendered consisting of the emptying of dog litter bins located throughout the Borough and the provision of dog litter bins and litter bin signs in additional locations.</p>	
2.12	All tenderers for this Contract returned significantly higher tenders than the current Contract value. Cabinet therefore agreed at its meeting on the 3 October 2002 that although negotiations would continue with tenderers, subject to satisfactory negotiations with the current Contractor the current Contract may be extended for a period of two years. This being subject to there not being a more favourable tender received from the original tenderers. In that event this would extend the current Contract from the 31 March 2003 until the 31 March 2005.	
2.13	Further to the Cabinet Meeting on the 3 October 2002, negotiations have taken place with the present Contractor and agreement has now been reached on terms and conditions for a 2 year extension to the Contract Period.	
2.14	Because it may be necessary to continue the negotiations with tenderers for the tendered Contract, should the present Contractor decide not to agree the contract extension, the Project Management Board is of the opinion that the detailed bids, and sum negotiated with the Contractor, should not be disclosed through this Report.	

2.15	<p>Refuse Collection and Street Cleansing</p> <p>The procurement process for the Council's Refuse Collection and Street Cleansing Services has been influenced and informed by the outcome of the Council's Best Value Review of Cleansing Services undertaken in 2001.</p> <p>–</p>	
2.16	<p>The outcome of this Review clearly indicated the issues Council required to be considered through the procurement process for these Contracts. The issues relevant to these Contracts are included at Appendix B.</p>	
2.17	<p>These included the need for the Council to encourage a reduction of household waste whilst increasing, significantly, its recycling rates against stringent targets set by Government, which the Council resolved to address through the procurement of a new Refuse Collection Service to be implemented in 2003.</p>	
2.18	<p>Recognising that if the Council's should continue with its recycling activities at the current rate of some 7.5% per annum this would not enable the Council to meet the statutory performance targets set of 12% in 2004/05 and 18% in 2005/06.</p>	
2.19	<p>The service proposed below for Refuse Collection in 2.25, with waste reduction proposed in 2.26, is believed to be able to meet these targets. It is accepted however that education and significant motivation of the residents of the Borough towards reduction, recycling and reuse of waste will be required to ensure these targets are met. It is believed, however, that the higher targets of 30% by the years 2010 and 35% in 2015 are unachievable without the introduction of some other processing of waste which may include the recycling or reuse of green waste.</p>	
2.20	<p>For this, it is proposed that the Council set in place a document which clearly defines the Council's objectives in terms of waste strategy, waste minimisation and recycling for future years further to which appropriate resources will be required to be identified. This is referred to in 3.4 below.</p>	
2.21	<p>In terms of the Contract Services a 'basic' service was tendered for Street Cleansing based on the Environmental Protection Act (EPA) standard for litter collection with a complimentary frequency sweep for all streets and other identified areas. This is consistent with the current Contract for this service. Tenderers have not put forward any alternative proposals for street cleansing.</p>	

2.22	A 'basic' service for Refuse Collection was tendered based on the current 'backdoor' collection service. Variations of this service have been provided by tenderers including boundary collection identified in alternative bids. A wheeled bin collection service is also identified in the alternative bid from all tenderers.	
2.23	Similarly with recycling for which the 'basic' service is identified as a 'kerbside' recycling box collection service to some 34,000 properties.	
2.24	Further to Briefing Sessions held with Cabinet Members and Opposition Shadow Cabinet Members in August 2002 the Project Management Board was then able to progress with best and final offers from tenderers for a curtilage collection point weekly wheeled bin service, with fortnightly recycling box service for some 34,000 households.	
2.25	Arising from these Briefing Sessions it was also agreed that there would be assistance given to the elderly and infirm or where site constraints may not permit the use of a wheeled bin collection service and/or a recycling bin service. This will also apply to many blocks of flats within the borough and also houses in multiple occupation. The Cabinet endorsed this approach at their meeting on the 3 October 2002.	
2.26	At that meeting The Cabinet also endorsed that to encourage a reduction in the waste stream, and the use of the recycling box service, that the collection of 'side waste' (waste that is not located within the wheeled bin) would be actively discouraged.	
2.27	Best and final offers were received from the three tenderers for the Refuse Collection and Street Cleansing Contracts on the 11 October 2002.	
2.28	<p>As with the Public Convenience Cleansing and Attendant Services Contract referred to above, further to best and final offers received members of the Project Team have sought further clarification from the tenderers on their bids and it is anticipated that the formal evaluation of tenders, on the basis of the following criteria (in no particular order of importance)</p> <ul style="list-style-type: none"> (iv) Price (v) Quality of service offered; and (vi) Technical and Functional merit, <p>will be completed in the first or second week of November.</p>	

2.29	Further to this evaluation it is proposed that the Project Team will recommend to the Project Management Board a preferred Contractor who with the endorsement of the Project Management Board would be recommended to The Cabinet on the 5 December 2002 for the award of these Contracts.	
2.30	Because it may be necessary to continue the negotiations with these tenderers to ensure the best terms for the Council, particularly on price, the Project Management Board is of the opinion that the detailed bids should not be disclosed through this Report.	
3.0	<u>Further Cabinet Endorsement</u>	
3.1	At their meeting on the 3 October the Cabinet were advised that the Project Management Board had instructed the Head of Amenities to prepare a bid for submission to DEFRA in late September, against a £140 Million Waste Minimisation and Recycling Fund. Cabinet was further advised that the success of this bid should be known in December 2002 for funding for the year 2003/04. In the event of being successful with this bid for £170,000, part of this sum would be put to purchase recycling boxes proposed to be funded by the Contractor and identified within each tenderers bid for the Refuse Collection Contract.	
3.2	Other funding was sought within the bid for additional staffing necessary to implement the new contracts in 2003/04 and also a small sum for educational/promotional work within the communities. There is no guarantee however that the bid will be successful.	
3.3	At the same meeting, the Cabinet also resolved that on the cessation of the Cleansing Contracts Project Management Board, when the subject Contracts are let, the establishment of a Management Board which will, within defined objectives, specifically oversee the work prior to and during the implementation of the new Refuse Collection and Street Cleansing Contracts.	
3.4	And, also resolved to set in place a Strategy which clearly defines the Council's objectives in terms of waste strategy, waste minimisation and recycling for future years further to which appropriate resources will be required to be identified.	
4.0	<u>Consultation</u>	

4.1	<p>Consultation on the services referred to in this Report has taken place over many months and in a variety of ways.</p> <p>This includes by public survey, best value reviews and more recently with representatives of some 35 community groups within the Borough at which significant support was shown towards recycling, wheeled bins and the minimisation of waste.</p>	
4.2	<p>Additionally, a further 85 representatives from business organisations and community groups within the borough have also been consulted specifically on environmental issues for the community, through the Council's co-ordinated Environmental Community Forum.</p>	
4.3	<p>The Director of Finance and Corporate Services has been consulted and her comments are included below.</p>	
5.0	<u>Human Resource</u>	
5.1	<p>With the exception of the bid to DEFRA in 3.1 above the content of this report does not address any human resource issues. The Cabinet is aware of the need for the Council to review its staffing arrangements and to set in place an appropriate staffing arrangement that will support the appointed contractor for the Refuse Collection and Street Cleansing Contracts in implementation of a wheeled bin collection service and recycling box service.</p>	
6.0	<u>Financial Implications</u>	
6.1	<p>The Financial Implications for the Council will not be completely clear until best and final offers have been fully evaluated and negotiations in relation to each of the four contracts (dog litter bins, public conveniences, refuse collection/street cleansing) are complete.</p>	
6.2	<p>It is anticipated that the contracts for dog litter bins and public conveniences can be secured at values not significantly higher than the current budgets for these services, whilst allowing for some element of service improvement. Members have been aware for some time that new Refuse Collection/Street Cleansing Contracts incorporating recycling arrangements which are required to meet government targets will cost significantly more than the current budgets for these services.</p>	

6.3	The service standards set and the method of delivery (i.e. wheeled bins) will affect the eventual contract price. However, from the negotiations to date it is clear that whatever specification is sought the cost increase will be major. A full evaluation will be provided once final bids have been received and it was intended that this information should be available as part of this report to Scrutiny and subsequently to Cabinet in December. Unfortunately, however, because negotiations are still continuing with these tenderers, at the time of writing this Report, the Project Management Board is of the opinion that the detailed bids should not be disclosed through this Report.	
6.4	<p>It is therefore proposed that this information can only be provided in the form of a confidential Addendum Report to this Report subject to the completion of negotiations with the Contractors concerned.</p> <p>It is therefore proposed that Committee Members will be provided with a verbal update on progress with the negotiations at their meeting, should it not be appropriate or possible to disclose final costs in the form of a Confidential Addendum Report at the Meeting.</p>	
7.0	<u>Environmental, Youth and Anti-Poverty Implications</u>	
7.1	Through the proposed Refuse Collection Contract the Council will seek to address the need to reduce the household waste stream through waste minimisation and recycling. By proposing the introduction of a wheeled bin collection service and recycling box service the Council is demonstrating its commitment to meeting the challenging targets set by the Government for recycling, particularly through waste minimisation.	
7.2	Beyond this it is anticipated that the Council will set in place a waste strategy which clearly defines its objectives in terms of waste minimisation and recycling for future years. This will enable the Council to identify necessary resources, which may include funding for developments in the proposed recycling service and/or the introduction of a green waste collection service and other initiatives.	
8.0	<u>Summary</u>	
8.1	This report provides a position statement on progress with the letting of the Council's Cleansing Contracts, including Public Convenience Cleansing, Dog Litter Bin Collection Service, Refuse Collection and Street Cleansing. Scrutiny Committee is asked to note progress with the tendering process for the Contracts referred to in the Report and to seek further information and or clarification on such matters as may be required.	

Mark Probyn	
Head of Amenities	

Background Papers:

The Background Papers used in compiling this report were as follows:

Best Value Review of Cleansing Services - Scrutiny Committee, 12 December 2001 (with Addendum Report).

Best Value Review of Public Conveniences – Scrutiny Committee, 18 December 2000.

Cabinet Report – 3 October 2002 – Cleansing Contracts

Public Convenience Cleansing and Attendant Services Contract - Specification and other Contract Documents

Dog Litter Bin and Attendant Signs Contract - Specification and other Contract Documents

Refuse Collection Contract - Specifications and other Contract Documents

Street Cleansing, Specifications and other Contract Documents

Project Management Board, - Agendas and Minutes of Meetings, Risk Evaluation Log; and other Report's on specific items

(document reference) Reports/11 November 2002 Scrutiny Committee

Appendix A

<p>That the Cabinet</p> <p>(a) notes progress with the procurement of the Council's Refuse Collection and Street Cleansing Contracts; Public Conveniences Cleansing and Attendant Services Contract; and Dog Litter Bins and Associated Signs Contract;</p> <p>(b) agrees that subject to satisfactory negotiations with the current Contractor for the Dog Litter Bins and Associated Signs Contract that the current Contract may be extended for a period of two years, should a more favourable tender not be received for this Contract through the procurement process referred to in (a);</p> <p>(c) agrees that the Council's Refuse Collection Contract and Street Cleansing Contract should be let to one Contractor;</p> <p>(d) agrees subject to receiving an acceptable tender for the Refuse Collection Contract the introduction of a borough wide wheeled bin service for the weekly collection of household waste;</p> <p>(e) agrees subject to receiving an acceptable tender for the Refuse Collection Contact the introduction of a borough wide recycling box service for the fortnightly collection of recyclables from households;</p> <p>(f) agrees subject to receiving an acceptable tender that where practicable, or where an exemption may not be justifiably given, households within the borough will be provided with a wheeled bin and a recycling box of suitable dimensions for the storage and collection of their waste;</p> <p>(g) agrees that commensurate with the introduction of the wheeled bin service and recycling box service that the collection of 'side waste' will be actively discouraged;</p>
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(k) requires the Director of Planning, Regeneration and Amenities to advise the Director of Transport and Environment, East Sussex County Council (ESCC) of the Council's intention to improve its recycling service in order that the Director may inform the current process for the letting of the Integrated Waste Management Services Contract to be let jointly by Brighton and Hove City Council and ESCC for the disposal of the County's waste; and

(l) endorses the setting in place of a Project Management Board to oversee the implementation and monitoring of the Refuse Collection and Street Cleansing Contracts to which the Cabinet Spokesperson and Opposition Spokesperson for the Environment, The Director of Planning, Regeneration and Amenities, The Director of Finance and Corporate Services and a nominated Director of the appointed Refuse Collection and Street Cleansing Contractor, will constitute the Board.

Appendix B

The Review Team has decided that:

- (a) Recognising the complexities, the Council's future Cleansing Services Contract should be determined through a negotiated tender process.
- (b) It would not be appropriate for the Council to make an 'in house' bid at the present time for the Council's future Cleansing Services Contract but that such a bid should be considered at a future date dependent upon the changing needs and structure of the Council.
- (c) The duration of the next Cleansing Services Contract should be a term that will be to the best advantage of the Council recognising the likely increase in costs, particularly for recycling that may include the need for capital investment.
- (d) The phased achievement of Performance Targets should be included in the tender process, particularly for recycling, within the Cleansing Services Contract.
- (e) Best Value Indicators should be included in the tender process for the Cleansing Services Contract.
- (f) The evaluation of tenders should be set against minimum service quality criteria that is then subject to cost evaluation.
- (g) The Environmental Protection Act Standard (EPA) plus minimum frequency sweep is considered to be the best option for street sweeping and should be considered in the tender process for the Cleansing Services Contract.
- (h) A robust Action Plan for recycling is to be determined through the tender process for the Cleansing Services Contract that should integrate and be compatible with the Council's environmental policies.
- (i) In order to achieve recycling targets set by the Government and in response to public demand a wheeled bin collection service should be considered in the tender process for the Cleansing Services Contract.
- (j) Waste minimisation is key to the achievement of recycling targets and it is necessary for the Council, through the tender process of the Cleansing Services Contract, to consider imposing limitation on the capacity of storage facilities and collection for household refuse. (Consideration should be given to accommodating provision for an increase in waste likely to arise from larger households).
- (k) Waste minimisation and education of all residents on this and recycling is paramount.
- (l) The frequency of collection for refuse and recyclables should be determined through the tender process

for the Cleansing Services Contract.

(m) The current arrangement of refuse collection from a back door collection point could be moved to boundary point collection should it be determined through the tender process for the Cleansing Services Contract that there are significant overall benefits to the outturn cost of the Cleansing Services Contract.

(n) There would be no objection in principle to a six day working week for refuse collection in the Cleansing Services Contract.

(o) The number and disposition of litter bins should be determined through the tender process for the Cleansing Services Contract. (The Cleansing Contracts Manager is to undertake investigation work on this in 'trial' locations.)