

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Discretionary	Be entirely within Cabinet's powers to decide	YES	
		Need to be recommendations to Council	NO	
		Is it a Key Decision	NO	
Lead Member: Cllr Ian Devereux E-mail: <i>Cllr.Ian.Devereux@west-norfolk.gov.uk</i>		Other Cabinet Members consulted: Cllr Brian Long, Cllr Mrs Elizabeth Nocklolds, Cllr Alistair Beales; Cllr Richard Blunt, Cllr Mrs Kathy Mellish, Cllr Peter Hodson		
		Other Members consulted:		
Lead Officer: Barry Brandford E-mail: <i>Barry.Brandford@west-norfolk.gov.uk</i> Direct Dial: 01553 782074		Other Officers consulted: Ray Harding, Chris Bamfield, Lorraine Gore, Sam Winter, Becky Box		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment NO If YES: Pre-screening/ Full Assessment	Risk Management Implications YES

Date of meeting: 1 August 2017

## WASTE & RECYCLING COLLECTION PROCUREMENT

### Summary

Discussions have been held with neighbouring councils in Norfolk to consider the most cost effective and economically advantageous approach to the procurement of the waste and recycling function and the review has identified that the most cost effective service will best be achieved through a joint procurement of the service.

A similar approach was taken in 2009 which successfully established the framework for the existing contract which was effective in attracting a range of bidders but provided for local decisions on the detail of service delivered.

The best available opportunity for progress is through joining North Norfolk District Council, along with Broadland and potentially one other. North Norfolk are about to commence a procurement exercise for their next collection contract. The inclusion of the Borough Council of King's Lynn and West Norfolk Borough Council and others in the official notices will lead to the potential for improved savings to all councils

### Recommendation

Cabinet recommends to Council that the Executive Director for Commercial Services is authorised to commence a joint procurement for the Borough councils refuse and recycling contract undertaken with North Norfolk District Council and other potential partners

### Reason for Decision

The potential for savings in the procurement of a collection contract for waste and recycling are more likely to be achieved by joint procurement and savings will also be made through the sharing of the costs of procurement. The decision is urgent as official procurement notices are due to be published as

part of North Norfolk District Council's existing process.

## **1 Background**

The procurement of joint services ensures that cost effective waste and recycling services can be delivered to householders at potentially lower cost whilst retaining local control of service provision. Discussion have been held with senior officers at North Norfolk and other councils. North Norfolk and Broadland are about to commence a procurement exercise for their own collection contract and agreement has been reached subject to member approval to enter into this process jointly.

To meet the procurement timescale for North Norfolk and Broadland, particularly as the contract falls under OJEU requirements, an advert for interested contractors will be placed in the autumn.

A further report will be presented on the Contract Specification.

Contract alignment, in terms of end date, and any future formation of a Unitary Authority can also be addressed in the procurement improving the potential for co-operative work in the future.

Core waste services included in the procurement will be

- North Norfolk - AWC, Charged for Brown Bin
- Broadland – AWC, Weekly Food Waste, Charged for Brown Bin
- King's Lynn – AWC, Weekly Food, Charged for Brown Bin

Other services to be included will be

- North Norfolk – Grounds Maintenance, Street Cleansing, Office Cleaning
- Broadland - Grounds Maintenance , Street Cleansing

Services which will not be included

- Brown Bin Administration
- Trade Waste Administration

Current contract end years

2019 – North Norfolk & Broadland

2021 - KL&WNBC & 1 other

## **2 Options Considered**

The option for delivery of the service which have been included in the decision making process includes:

- In house delivery through an arms length company
- Direct placement of the service with the Joint Venture Company (NEWS)
- Individual procurement of a new contract at a later date

The primary reasons for discounting the options are associated with cost of the procured service over the term of the contract.

### In house arms length company

The provides degrees of flexibility but could not be delivered at the same cost as the existing contract and has none of the benefits of cross border working, procurement savings of vehicle purchases. All of the risks of the service are held by the council. It is cheaper in terms of procurement costs.

### Direct placement of the service with the JV Co

The council can place work directly with NEWS Ltd as a company that operates as if it were part of the public sector but at arms length. However, the model used in the JV may not provide the best priced outcome for the council. NEWS Ltd may engage in a competitive procurement and through this it is possible to test if its offer is the most economically advantageous to the council. The single award of a service based solely on the needs of the borough will not provide for any cross border efficiency savings. There would be some minimisation of procurement costs.

### Individual procurement at a later date

The cost of the procurement for this option is the highest and the ability for a single council to attract the attention of the most sophisticated companies in the market is limited. Where interest and competition are limited prices may be higher. A procurement based solely on the boundaries of the borough do not provide for cross border savings in terms of contract management and vehicle efficiencies.

### Joint procurement of a contract

The opportunity to participate in a joint procurement has a number of benefits to the council including:

- a reduction in the cost of procurement
- greater attractiveness to potential suppliers
- increased opportunity for minimising the cost of a service
- produces opportunities for the sharing of service costs such as contract management
- increasing the opportunities to align end dates for future contract and governance arrangements.

Therefore the option is the preferred option for the borough to proceed in providing a contract for the replacement of the service currently provided under the contract with Kier which expires in 2021.

## **3 Policy Implications**

The procurement of joint services ensures that cost effective waste and recycling services can be delivered to householders at potentially lower cost whilst retaining local control of service provision. This approach entirely adheres to the Councils Corporate Priorities to keep Council Tax increase at or below inflation and to deliver quality and cost effective services.

The combination of four authorities with commencement dates falling in two years and the longer shared borders mean that greatest operational efficiencies are reflected in the letting of the contract in two lots.

Issues do exist in respect of bin colours across borders but opportunities do exist on items such as Brown Bins for charged garden waste.

#### **4 Financial Implications**

Undertaking a joint procurement exercise will reduce the cost of procurement to all authorities and has the potential to deliver more competitive tenders from the market.

The cost of procurement is estimated at £75,000 spread over the two financial years (2017/18 & 2018/19). This is half of the expected cost of an individual procurement for the Borough only.

As reported in the February 2017 budgetary control monitoring report £200,000 was transferred to reserves to fund one off set-up costs of cost reduction and invest to save projects. These funds are to be brought back from reserves to be used in the 2017/2018 budget as required. The costs of the joint procurement exercise can be met from the reserve.

#### **5 Personnel Implications**

The procurement process will have no staffing implications and it is expected that the process will not require additional staff resources. The implications of the proposed arrangements for back office and contract management resources have not been examined at this point in time as the Borough Councils existing contract runs until 2021. Officer time and expertise will need to be placed in to the procurement exercise this will include legal, procurement and finance as well as waste management.

#### **6 Statutory Considerations**

Waste collection is a statutory function and any failure to provide a contracted out service will require direct or alternative methods of delivery. Given the lead time for collections vehicles it is necessary that timely decisions are made.

#### **7 Equality Impact Assessment (EIA)**

(Pre screening report template attached)

None

#### **8 Risk Management Implications**

The Council is the waste collection authority for North Norfolk by virtue of section 30(3) of the Environmental Protection Act 1990. The Council's functions as a waste collection authority include an obligation to arrange for the collection of household waste in the district and to collect commercial waste from business premises if requested to do so.

All of the services delivered as part of the contract are significant in terms of the Council's reputational risk. It is important, especially where such high profile services are to be tendered, that due care is taken in the detail and timing of the contract process, especially where local environmental quality is highlighted as a key concern of local residents.

There is also a potential risk that the existing contractor's performance may drop off following the formal commencement of the procurement process or in the final months of the existing contract should they bid for the work and not be successful. This has been the experience with other Councils and contractors elsewhere. Whilst uncertainty amongst contractor's staff etc. may give rise to such issues the contractors own reputation is also at stake. However, the Council can utilise the rectification and default clauses within the existing contract to manage performance.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to any staff employed on the current waste collection contract.

The proposed procurement process will comply with the requirements of the Public Contracts Regulations 2015, and the Official Journal of the European Commission.

Each of the partners is seeking approval to commence procurement through their appropriate decision making processes. There is a risk that one or more of the potential partners may choose not to progress with the joint procurement.

The complexity of joint procurement and a joint contract will increase as the number of authorities involved increases, which represents a risk to both the procurement timetable and contract management processes. There are a number of more general risks associated with the delivery of a procurement project, such as a lack of competition through the procurement process and then during the transition period between the mobilisation of the incoming contractor and expiry of the current contracts. These risks will be recorded and managed through the project with oversight and governance from the project board.

## **9 Declarations of Interest / Dispensations Granted**

None

## **10 Background Papers**

None

# Pre-Screening Equality Impact Assessment

Borough Council of  
**King's Lynn &  
West Norfolk**



Name of policy/service/function	Procurement of waste collection contract				
Is this a new or existing policy/ service/function?	Existing (delete as appropriate)				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	Procure a new waste collections contract, process is rigidly constrained by statutory obligations				
<b>Question</b>	<b>Answer</b>				
<p><b>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</b></p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability			x	
	Gender			x	
	Gender Re-assignment			x	
	Marriage/civil partnership			x	
	Pregnancy & maternity			x	
	Race			x	
	Religion or belief			x	
	Sexual orientation			x	
	Other (eg low income)				
<b>Question</b>	<b>Answer</b>	<b>Comments</b>			
<b>2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?</b>	No				
<b>3. Could this policy/service be perceived as impacting on communities differently?</b>	No				
<b>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</b>	No				
<p><b>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</b> If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<b>Actions:</b>			
		<b>Actions agreed by EWG member:</b> .....			
<b>Assessment completed by:</b> <b>Name</b>	<b>Barry Brandford</b>				
<b>Job title Waste &amp; Recycling Manager</b>	<b>Date 22 June 2017</b>				

**Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.**