

BABERGH and MIDSUFFOLK DISTRICT COUNCILS

From: Assistant Director Environment and Commercial Partnerships	Report Number: JOS/17/8
To: Joint Overview and Scrutiny	Date of meeting: 15 February 2018

WASTE SERVICES SCOPING REPORT

1. Purpose of Report

- 1.1 To identify future dates when there will be an opportunity for Overview and Scrutiny to examine specific aspects of the joint Council's waste service.

2. Recommendations

- 2.1 Officers to report to Joint Overview and Scrutiny in October / November, prior to the Cabinet report, on the outcomes of the review and possible extension of the Joint Waste Contract.
- 2.2 Officers to report to Joint Overview and Scrutiny in December on the outcome of the MRF procurement process.

3. Financial Implications

- 3.1 There are no financial implications involved with this specific report.

4. Legal Implications

- 4.1 There are no legal implications involved with this specific report.

5. Risk Management

- 5.1 There are no specific risks associated with this report.

6. Consultations

- 6.1 There are no consultations with this specific report.

7. Equality Analysis

- 7.1 There are no equality issues with this specific report.

8. Shared Service / Partnership Implications

- 8.1 The waste service is a joint service and the waste contract with Serco is a joint contract.

9. Links to Joint Strategic Plan

- 9.1 The joint waste service aligns to those strategic priorities within An Enabled and Efficient Organisation.

10. Key Information

Serco Joint Waste Contract

- 10.1 The joint waste contract (JWC) we have with Serco has been running since 1st April 2007, the contract is set to run for 14 years to 31st March 2021. The contract has an annual joint spend of £3.755 Million however considering the impact of the income generating aspects of the waste service i.e. Trade Waste & Garden Waste services and recycling payments from Suffolk County Council result in a joint net waste budget of £1.274 Million.
- 10.2 The table below highlights the main income and expenditure elements of the waste budget.

	BDC	MSDC
Expenditure		
Salaries	£161,000	£161,000
Serco contract payments	£1,859,000	£1,896,000
Garden waste - gate fees	£122,000	£169,000
MRF (recycling) - gate fees	£78,000	£89,000
Commercial waste - gate fees	£223,000	£148,000
Income		
Recycling Performance Payments (SCC)	-£743,000	-£819,000
Garden waste service charges	-£669,000	-£683,000
Commercial Waste Service	-£570,000	-£400,000
Other Income (Bulky / New Bins / Sacks)	-£59,000	-£112,000

Waste Contract Review

- 10.3 The Joint Waste Contract with Serco has the option to be extended for a further 7 years from the 1st April 2021 until 2028 on agreement of the contract parties. There is a review mechanism within the contract that is triggered during year 12 (2018/2019) with a 2-year notice period for the extension or termination from 1st April 2019.
- 10.4 With the formal review period starting from 1st April this year Serco are currently undertaking a comprehensive service delivery appraisal. This will look at 2 elements: the delivery of the service up to 2021 and the optimisation of the current collection rounds (this element is not directly linked to the contract review) and then a longer-term plan to deliver the service through to 2028 allowing Serco to take a view on their business model for the delivery of the service.
- 10.5 The review process involves capturing all collection data; current round routes, information from the vehicles on board trackers, number of bins emptied & weight of waste collected, vehicle capacities and the road network. From this information the software will produce optimized collection rounds that ensure the service is delivered in the most efficient way. For the longer term this will incorporate areas of

planned growth and how this will be accommodated in the future and any additional resources required.

- 10.6 Following this review and any subsequent negotiations with Serco Officers we will be in a position to present proposals to either extending the contract or considering future delivery options.
- 10.7 As part of the contract review process being undertaken by with Serco Officers will carry out our own value for money analysis of the waste contract e.g. bench marking the contract costs against other local authority waste services.
- 10.8 Officers will also consider other delivery options as part of the review. This would include:
1. Retender Joint Waste Contract for a new contract from 1st April 2021 with a new provider
 2. Take service back in-house
 3. Partnership / Joint Venture with neighboring authority
- 10.9 The proposed service review and contract extension timetable is as follows:

Date	Action
Jan – March 2018	Review and optimisation of service rounds
Jan – August 2018	Review of service options
April – May 2018	Implementation of changes to current collection rounds
July – August 2018	Draft proposals from Serco for contract from April 2021 - 2028
August – October 2018	Negotiation of contract terms and establish final proposal
October – December 2018	Formal sign off if an extension is recommended
1 st April 2019	Start of 2-year notice period if extension is not agreed

- 10.10 Given the above timeline it would be recommended that Overview and Scrutiny could be involved in pre-Cabinet review of the outcome of both the Serco review and Officer review between October and November.

Other Key Waste Contracts

Suffolk Waste Partnership (SWP) 2019 Project

- 10.11 By design the key strategic Suffolk waste contracts that impact on the Counties Local authorities, except for the 25-year EfW contract Suffolk County Council have with Suez, end during 2019 although some have extension clauses for up to a further 2 years:
1. MRF (collected recycling) held by Viridor

2. Household Waste and Recycling Centres – Suffolk County Council Recycling Centres held by FCC
3. Organic Waste Treatments – (Garden and food waste) various contractors
4. Waste Transfer & Haulage – FCC

10.12 Of the above the MRF and Organic contracts have the most direct impact on our waste service. There is an opportunity for the Overview and Scrutiny Committee to review the approach and recommendations for both contracts. However, it needs to be stressed that the MRF contract is a countywide partnership contract.

MRF Contract

10.13 During 2016 a comprehensive review was undertaken by the SWP looking at our approach to Waste Collections across Suffolk; other service models used elsewhere, efficiency of services compared to others, value of recycled materials and opportunities, bench marking against national data, a business case for food waste collections, recycling performance and customer satisfaction.

10.14 The review concluded that current system provided the optimum value against recycling performance and customer satisfaction and a business case for food waste collections was not viable. Whilst this determined the way in which Suffolk would continue to collect household waste, residual collection bin and co-mingled dry recycling bin, the way in which the dry recycled material is processed and sorted was to be determined.

10.15 The current contract with Viridor to provide the service for receipt, processing and marketing of the collected recyclable material ends in May 2019 with the option for a further contract extension up to 2 further years.

10.16 Viridor have held the MRF contracts since the since of the twin bin system in 2005 and they own the facility in Great Blakenham. During 2017 the Suffolk Waste Partnership with the assistance of a leading Waste Management Consultant carried out a piece of work to review options for the delivery of this service; the comprehensive review looked at alternative delivery models e.g. status-quo or business as usual, in-house provision e.g. design & build, collaborating with other local authorities and joint ventures.

10.17 The report concluded that current system (the status quo) to be most financially beneficial. Officers are now undertaking negotiations with Viridor regarding potential extension options and market engagement before deciding on a final procurement strategy. The timetable is as follows:

Date	Action
Feb – April 18	Industry Engagement, Negotiation with Viridor
April – June 18	Determine Procurement Strategy
June 18	OJEU Notice

July – November 18	Procurement process
December 18	Evaluation of tenders and award subject to sign off by SWP authorities
May 2019	Contract commencement

A report of the outcome of the tender process could be presented to Overview and Scrutiny in December prior to Cabinet report.

Organics – Garden Waste Processing and Composting

10.18 Babergh and Mid Suffolk's current contract was let after a joint Suffolk Wide procurement process carried out by the SWP with the contract ending in 2019 but with an option to extend for further 2 years. The contract is held with Material Change Ltd. with all BMS garden waste delivering material into the composting facility in Creeting St. Mary, Stowmarket.

10.19 The current spend for organic treatment is as follows

Year	Price per tonne (£)		Total spend (£)	
	BDC	MSDC	BDC	MSDC
15/16	27.80	27.80	140,000	144,313
16/17	21.00	27.00	115,434	158,983
17/18	21.65	27.85	123,994	172,589

10.20 Currently we are working with the Suffolk Partnership to review the current contract arrangement, we will look at the options for the extension period and either come to a negotiated agreement on an extension or take the view to retender.

11. Appendices

Title	Location
Nil	

Authorship:
Chris Fry
Assistant Director Environment and
Commercial Partnerships

01449 724805
chris.fry@baberghmidsuffolk.gov.uk

Oliver Faiers
Corporate Manager Waste Services

01449 778621
oliver.faiers@baberghmidsuffolk.gov.uk