

Report to Executive

Agenda
Item:

A.3

Meeting Date: 31st May 2013

Portfolio: Environment and Transport

Key Decision: Yes: Recorded in the Notice Ref: KD.07/13

Within Policy and Budget Framework NO

Public / Private Public

Title: BRING SITES REVIEW

Report of: The Director of Local Environment

Report Number: LE 08/13

Purpose / Summary:

The Bring Site Service was in operation before kerbside recycling collections were introduced. Since the introduction of kerbside recycling, many customers now use it as a more convenient way to recycle and the use of bring sites has therefore reduced. It is now time to review the current level of service provision required to sit alongside the popular kerbside recycling collection.

The first step in the review was the recent internal audit review of the Councils Brings Site contract. The review suggests the contract does not provide value for money; the contract costs the Council £246,475 per annum. In addition, the contract is under achieving on the income. The under achieved forecast for 2012/13 is £30,000. The review has considered alternative options for delivery of a more cost effective Bring Site Service.

This report considers the options available to the Council and the costs and the risks associated with each option.

Recommendations:

That the Executive approve the following proposals:-

- a) Reduce the number of bring sites from 151 to 90, the detail of which to be delegated to the Director of Local Environment in consultation with the Portfolio holder for Environment and Transport

- b) Cease the adopt-a-site payments as of 1st July 2013
- c) Provide an in-house service for the collection of bring site materials as from the 1st April 2014 pending the wider procurement exercise in 2015
- d) Consider further the provision of an in-house skip service from April 2014

Also that the Executive approve the following proposals and make recommendations to Council to:-

- e) Make an invest to save bid for the new vehicles required to provide an in-house service and place orders for machinery with immediate effect (should the service be outsourced in 2015, the vehicle will be included within the specification for the contract)

Tracking

Executive:	31st May 2013
Overview and Scrutiny:	8th May 2013
Council:	16th July 2013

1. BACKGROUND

- 1.1** Cumbria Waste Recycling was awarded the bring site contract in June 2009. The contract expires on 1st April 2014. A recent audit review reports that the contract does not provide value for money. Carlisle City Council operates 151 bring sites; this is the largest number of sites operated by a district in Cumbria. The average number of sites per authority is 56. Allerdale Borough Council operates 85 and Eden District Council operates 88.

Negotiations with Cumbria Waste Recycling, the current contractor, have begun to consider options available to reduce the annual costs for providing this service. Cumbria Waste Recycling has submitted a proposal which is detailed in 1.3.

There are two significant contracts in waste services, the Bring Site service which is due to terminate in March 2014 and the Kerbside Box Recycling service which is due to terminate in March 2015. It would be desirable to consider both contracts concurrently in 2015 so this report looks at the options to either extend the contract with Cumbria Waste Recycling until 2015 or to deliver the service in-house to 2015 pending a wider consideration of waste service provision to be implemented from 2015. The re-tender of the contract in 2014 is therefore not considered in the report.

1.2 Option 1- Do Nothing

Carlisle City Council will continue to pay the current rate for the bring site contract in 2013/14. In 12 months time as this contract expires there will be no bring site provision and this will result in the ceasing of the service. The recycling collection via the bring sites will stop until the tender of both contracts in 2015.

Alternatively the contract could be re-tendered as a stand alone piece of work in advance of the end of the main kerbside recycling contract to commence from April 2014, potentially losing out on the benefits of having one service provider for all recycling services which are currently contracted out.

1.3 Option 2 Cumbria Waste and Recycling, Bring Sites Cost Savings Proposals

In addition to the option to increase textile recycling this year, Cumbria Waste Recycling has identified 2 target areas for savings:

1. Contract extension to April 2015
2. Reduction in number of sites/materials collected (proposal to remove plastic recycling from most of the bring sites)

Cumbria Waste recycling Proposals

	Savings (£)
Contract Extension	£30,000
Site reduction to 59 sites	£35,000
Total	£65,000 per annum

Proposed savings £65,000 per annum

The proposal has been considered and reviewed and it is concluded that the removal of 93 sites will have a significant impact in the recycling performance for the City Council and there will be a subsequent reduction in income received from the County Council in the form of recycling credits (based on the loss of approximately 942 tonnes currently collected at the proposed sites to be closed).

The following cost comparison includes the loss of recycling credits and the cost of providing the textile service:

Proposed savings	£65,000
Less loss of 742 tonnes in recycling credits	(£44,817) (general)
Less loss of 200 tonnes in recycling credits	(£12,080) (plastic)
Net savings	£8,103.00 per annum

Note this option also includes the removal of plastic recycling from most of the bring sites = 200 tonnes total.

1.4 Option 3 - In-house Service

The in-house bid is based on providing up to 90 bring sites throughout the district

	Savings (£)
In house bid to provide 90 bring sites from April 2014	£88,000
Less loss of 182 tonnes in recycling credits	(£11,000)
Net savings	£77,000

In the current contract, the sale of recyclate income does not benefit Carlisle City Council as the income is retained by Cumbria Waste Recycling as part of the contract. Therefore with an in-house service, the income from the sale of recyclate would come to the City Council providing the opportunity for additional income of up to £50,000. This additional potential cannot be substantiated as it is not yet known so is not included in the income set out below.

A summary of the three options is shown in the table below:

BRING SITES CONTRACT OPTIONS

	BASED ON 2013/14 BUDGETS			2014/15	2013/14	2 YEARS
OPTION	INCOME	COST	NET	(SAVING) / INCREASE	(SAVING) / INCREASE	(SAVING) / INCREASE
1. Do Nothing - CWR 151 Sites	(192,200)	246,500	54,300	0	0	0
2. CWR New Proposal 59 Sites	(135,300)	211,500	76,200	21,900	(8,100)	13,800
3. In House New Proposal 90 Sites - Recyclates	**	158,300	(22,700)	(77,000)	0	(77,000)
Recycling Credits	(181,000)					
4. Stop the Service	0	0	0	(54,300)	0	(54,300)

** income from sale of recyclates not yet known as rates per tonne will need to be agreed with a merchant

1.5 Skip Hire

Carlisle City Council currently hires skips from local hire companies; the Council has a duty of care to ensure that it correctly disposes of all wastes it creates. In the recent procurement exercise, it has not been possible to identify a cost effective skip hire service and this is a future area to consider. A modest in house skip service that would add value to the in house bring site service as set out in 1.6 will be explored.

1.6 Added Value

In addition to the cost savings, an in-house bring site service will bring the following important benefits to the Directorate and contribute significantly the **Love Where You Live campaign**; ensuring a cleaner Carlisle.

By having skips strategically located throughout the district for sweepings, and street cleansing waste, the following benefits can be realised:

- a) Allow the sweepers to spend more time sweeping the streets and improving the local environment.
- b) Reduce the amount of time spent travelling to and from the MBT plant
- c) Reduced maintenance costs

- d) Reduced wear and tear on the vehicle
- e) Reduced wasted fuel through travelling

2. RECOMMENDATIONS

2.1 That the Executive approve the following proposals:-

- a) Reduce the number of bring sites from 151 to 90, the detail of which to be delegated to the Director of Local Environment in consultation with the Portfolio holder for Environment and Transport
- b) Cease the adopt-a-site payments as of 1st July 2013
- c) Provide an in-house service for the collection of bring site materials as from the 1st April 2014 pending the wider procurement exercise in 2015
- d) Consider further the provision of an in-house skip service from April 2014

That the Executive approve the following proposals and make recommendations to Council to:-

- e) Make an invest to save bid for the new vehicles required to provide an in-house service and place orders for machinery with immediate effect (should the service be outsourced in 2015, the vehicle will be included within the specification for the contract).

3. CONSULTATION

- 3.1 Economy and Environment 8th May 2013
- 3.2 Receivers of adopt-a-site payments will be consulted in May 2013
- 3.3 Notices will be posted at all bring sites notifying of the proposed changes in May 2013 and information will be provided on the City Council web-site in May 2013 with feedback forms available
- 3.4 The consultation period on the reduced Bring site offer will extend to June 11th 2013.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 The in-house bid will save £77,000 in 2014/13 compared to £16,206 (£8,103 savings in 2013/14 and 2014/15) in the Cumbria Waste Recycling proposal.
- 4.2 The in-house service offers greater overall savings, provides an enhanced service, contributes to Love Where You Live campaign and supports a more cohesive cleansing service in local environment. An in-house service will provide

greater flexibility and direct control of the service, pending the wider procurement exercise in 2015

- 4.3** The current contract with Cumbria Waste Management does not offer value for money and should therefore not be extended

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1** An in-house service for the management of Bring Sites will bring the following benefits to the Directorate and contribute significantly to the Love Where You Live campaign; ensuring a cleaner Carlisle.

By having skips strategically located throughout the district for sweepings, and street cleansing waste, the following benefits could be realised:

- a) Allow the sweepers to spend more time sweeping the streets and improving the local environment.
- b) Reduce the amount of time spent travelling to and from the MBT plant
- c) Reduced maintenance costs
- d) Reduced wear and tear on the vehicles
- e) Reduced fuel consumption through reduced mileage travelled by street sweepers to off load

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

Audit report

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

Governance – The Council is subject to legislation and targets relating to the level and manner in which waste is collected and disposed. It is important that the manner of collection is as efficient as it can be to better able the Council to meet the demands placed upon it.

Local Environment –

Resources - The proposal to provide the bring sites service in house from 1 April 2014 pending a full review of recycling services in April 2015 will achieve minimum savings of £77,000 over the current contract cost. A full review of bring sites has been undertaken to ensure that only those sites that are used will be serviced from 1 April 2014, and bringing this service in house will achieve the best financial outcome for the Council. New vehicles will be needed to provide this service, and it is proposed that these are funded via the savings generated. If the review of recycling that will be carried out in 2015, decides that the service should be outsourced, the vehicles will be included in the tender specification so that any new provider takes responsibility for using these vehicles in the provision of the service. The savings achievable of £77,000 do not include any income from the sale of recyclates as prices would have to be agreed with merchants for their sale and a separate procurement exercise needs to be carried out in order to determine the rates that could be achievable per tonne of recycling.

HR implications – if staff currently work at the Bring Sites, transferring the sites to the City is likely to involve a TUPE transfer of those staff. Without knowing the likely liabilities, it difficult to determine any additional costs of this, but based on the “norms” in this type of industry, it is unlikely to cost more than employing the staff on the City Council terms and conditions. Reducing the number of sites so significantly is likely to bring about redundancy costs (which would be those the employees would receive if Cumbria Waste Management made them redundant).

EXCERPT FROM THE MINUTES OF THE ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL HELD ON 8 MAY 2013

EEOSP.29/13 BRING SITES REVIEW

The Director of Local Environment submitted Report LE.14/13 that considered options available to the Council and the costs and risks associated with each option. The Director gave a presentation that expanded on the issues raised within the report. She explained that the Bring Sites were in operation before kerbside recycling collections were introduced and relevant contracts were due to expire in 2014 and 2015. The use of Bring Sites had reduced as more people used the kerbside recycling. Therefore it was decided to undertake a review the current level of service provision required alongside the popular kerbside recycling collection and bring the contracts into line.

In considering the report Members raised the following questions and comments:

A Member was impressed with the proposal and believed that it would save money and create a better service. He suggested that supervision of the contract should be taken into account in any tender process.

The Director confirmed that an e-mail had been sent to all City Councillors advising them of the consultation on the bring sites review and the purple sacks review. With regard to the impact on education if sites were removed from schools, the Director advised that education would continue and children would be encouraged to convince parents to recycle more.

The Environment and Transport Portfolio Holder advised that the meeting of the Panel was the first discussion on the issues and there would not be time to feed back information from the consultation before the report was presented to the Executive for consideration.

The Director explained that sites that were performing well would be retained while those that were not used would be closed.

A Member agreed with the proposal in principle but queried whether distances between sites had or would also be taken into account.

The Director explained that Officers had looked at the provision of the service and those that were being used would be retained. The service began before kerbside recycling was introduced and a review should have been undertaken at that point as there was now an overprovision of service.

The Portfolio Holder confirmed that no decision had been taken and the provision of sites would be part of the consultation.

A Member was pleased that the Panel were being consulted at the start of the process as it gave the opportunity to scrutinise the proposals and make recommendations to the Executive.

A Member would have preferred to have had more information about the criteria for which sites would potentially be removed before the meeting.

The Director circulated a document that indicated which sites may be removed if the Executive approved the proposals.

A Member stated that if Members were not happy with the decision made by the Executive on 31 May 2013 their decision could be called in for further scrutiny.

The Director advised that the consultation period would end on 28 May 2013 and a summary of responses could be circulated to Panel Members prior to the Executive meeting.

The Portfolio Holder stated that the consultation period gave Members the opportunity to raise issues prior to consideration by the Executive.

RESOLVED – (1) That Report LE.14/13 – Bring Sites Review – be noted.

(2) That the Panel agreed with and supported the recommendations within the report. Following scrutiny of the evidence of the use of the Bring Sites, Members agreed that the criteria followed for the proposed closure of a site had been fair.