

<h1>Report to Council</h1>	Agenda Item: 20(viii)
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Meeting Date: 16th July 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: Release of Funding for Interim Provision of Bring Site Service
 Report of: The Director of Local Environment
 Report Number: LE 21/13

Purpose / Summary: The current Bring Site contract with Cumbria Waste Recycling expires on 1st April 2014. As 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 is desirable to consider both contracts concurrently in 2015 therefore the Executive decided to defer the tender of the Bring site service and bring the service in house pending a wider consideration of waste service provision to be implemented from 2015.

Recommendations:

That Council approve an increase to the capital programme in 2013/14 by £227,000, funded initially from capital receipts but repayable over 4 – 5 years from revenue savings, to fund the new vehicles required to provide an in-house service and place orders for machinery and ancillary equipment with immediate effect (should the service be outsourced in 2015, the vehicles and machinery 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

The Executive considered the Bring site review and decided to bring the service in house. In order to procure the vehicles and other equipment to deliver the service, Council is asked to approve the addition of £227,000 to the Capital programme in 2013/14. This will be funded initially from capital receipts but these will be repaid through revenue savings achieved as an invest to save scheme. The payback period will be four to five years.

1.1 Option 1- Not approve the release of funds

No release of funds will mean that the service cannot be provided so in 9 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.

1.2 Option 2 – Approve release of funds to enable the Interim In-house Service

Release of funds will enable the Council to bring the Bring Site service in house as an interim step pending the wider consideration of waste service provision to be implemented from 2015. This gives the benefit of having one service provider for all recycling services which are currently contracted out. Should the service be outsourced in 2015, the vehicles purchased to deliver the service in house will be included within the specification for the contract.

2. RECOMMENDATIONS

- 2.1 That Council approve an increase to the capital programme in 2013/14 by £227,000, funded initially from capital receipts but repayable over 4 – 5 years from revenue savings, to fund the new vehicles required to provide an in-house service and place orders for machinery and ancillary equipment with immediate effect (should the service be outsourced in 2015, the vehicles and machinery will be included within the specification for the contract).

3. CONSULTATION

3.1 Economy and Environment 8th May 2013

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 An in-house service will provide greater flexibility and direct control of the service, pending the wider procurement exercise in 2015. The cost of the vehicles will be met within the overall revenue cost of the service.

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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. The proposal within the Report enables the Council to deal with the expiry of existing contracts and move forward into a planned procurement process in accordance with the Public Contract Regulations 2006.

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, (after allowing for £49,000 invest to save savings to repay capital investment) 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 and other ancillary equipment 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 and equipment will be included in the tender specification so that any new provider takes responsibility for using these 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. The new vehicles and equipment required to deliver this service will cost £227,000, and it is proposed that these be funded from capital receipts in the first instance. This capital funding will be repayable from revenue savings over a period of 4 – 5 years, at £49,000 per annum.

HR implications -

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.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 31 MAY 2013

EX.54/13 BRING SITES REVIEW
(Key Decision – KD.07/13)

Portfolio Environment and Transport

Relevant Overview and Scrutiny Panel Environment and Economy

Subject Matter

The Environment and Transport Portfolio Holder reported (LE.08/13) that the Bring Site Service had been in operation before kerbside recycling collections were introduced. However, since the introduction of kerbside recycling, many customers now used it as a more convenient way to recycle and the use of bring sites had therefore reduced. She added that it was now time to review the current level of service provision required to sit alongside the popular kerbside recycling service.

The first step in the review had been the recent internal Audit Review of the Council's Bring Site contract considered by the Audit Committee on 15 April 2013. The review suggested that the contract did not provide value for money (the contract cost the Council £246,475 per annum). In addition, the contract was under achieving on the income (the under achieved forecast for 2012/13 being £30,000).

The Environment and Transport Portfolio Holder then outlined the following options for delivery of a more cost effective Bring Site service, together with the costs and risks associated with each option:

- Option 1 – do nothing
- Option 2 – Cumbria Waste and Recycling Bring Sites Cost Savings Proposals
- Option 3 – In-house service

In conclusion, the Environment and Transport Portfolio Holder moved the recommendations, which were seconded by the Deputy Leader and Economy and Enterprise Portfolio Holder.

The Environment and Economy Overview and Scrutiny Panel had, on 8 May 2013, considered the matter and 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.”

A copy of Minute Excerpt EEOSP.29/13 had been circulated.

The Chairman of the Environment and Economy Overview and Scrutiny Panel began by expressing her deepest sympathy on the death of Councillor Joe Hendry. She commended the Deputy Leader and Members of the Executive for continuing in such difficult circumstances.

The Chairman stated that she had not been appointed Chairman of the Panel (nor was she a Member) at the time of the Review. A number of recommendations had been made in response to the Review and the Chairman believed that Overview and Scrutiny should have the opportunity to discuss the outcomes from the consultation, since the end decision would have an impact upon both urban and rural communities.

In response, the Environment and Transport Portfolio Holder said that Overview and Scrutiny were well aware of the reasons behind the Bring Sites Review. She further emphasised that bring sites would be reviewed on usage and not geography, with those sites which were well used being retained.

The Environment and Transport Portfolio Holder confirmed that she stood by the recommendations.

Summary of options rejected Other Options identified in the report

Decision

That the Executive approved the following proposals:

1. 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
2. Cease the adopt-a-site payments as of 1 July 2013
3. Provide an in-house service for the collection of bring site materials as from 1 April 2014 pending the wider procurement exercise in 2015
4. Consider further the provision of an in-house skip service from April 2014
5. Recommended that the City Council 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 would be included within the specification for the contract)

Reasons for Decision

The in-house bid would 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

The in-house service offered greater overall savings, provided an enhanced service, contributed to the Love Where You Live campaign and supported a more cohesive cleansing service in local environment. An in-house service would provide greater flexibility and direct control of the service, pending the wider procurement exercise in 2015

The current contract with Cumbria Waste Management did not offer value for money and should therefore not be extended