

# Public Document Pack



West Devon  
Borough  
Council

Please reply to: Darryl White  
Service: Strategy & Commissioning  
Direct Dial: (01803) 861247  
E-mail address: Darryl.White@swdevon.gov.uk  
Date:

Dear Councillor

**WEST DEVON COUNCIL - TUESDAY, 24TH JULY, 2018**

I refer to the agenda for the above meeting and attach papers in connection with the following item(s).

**Agenda No    Item**

10.    **Waste Review (Pages 1 - 10)**

Yours sincerely

Darryl White  
Senior Specialist – Democratic Services

Encs

**This page is intentionally left blank**

# Agenda Item 10

Appendix 1 to this report is considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council. The public interest has been assessed and it is considered that, the public interest is better served by non-disclosure to the press and public.

Report to: **Council**

Date: **24 July 2018**

Title: **Frontline Services (Waste & Cleansing Procurement)**

Portfolio Area: **Commercial Services**

Wards Affected: **All**

Relevant Scrutiny Committee: **Council**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Immediately**

Author: **Helen Dobby & Jane Savage on behalf of the Waste Board** Role: **Group Leader (Commercial Services) & Commissioning Manager (Waste)**

Contact: **[helen.dobby@swdevon.gov.uk](mailto:helen.dobby@swdevon.gov.uk)**  
**[jane.savage@swdevon.gov.uk](mailto:jane.savage@swdevon.gov.uk)**

---

## Recommendations:

1. It is **RECOMMENDED** that Council note the progress of the project and endorse the recommendation of the Frontline Services (Waste Procurement) Project Board to continue to the next stage of the competitive dialogue process for waste collection, recycling and cleansing services.

## 1. Executive summary

1.1. Members requested that key decisions during the procurement process be brought before Council. The procurement process goes through a number of stages – Outline Solutions, Detailed Solutions and Final Solutions. This report deals with the Detailed Solutions Stage.

- 1.2. Bids have been received and evaluated for the Detailed Solution Stage and proposals have been assessed as offering better efficiency and quality against current service.
- 1.3. Appendix 1 (exempt) contains further information including a summary of any potential savings, and service improvements/benefits contained within the bids.
- 1.4. It should be noted that if the Council approve the recommendation, the procurement process will continue to the Final Solutions Stage and a final report will be brought before Council in December 2018.

## **2. Background**

2.1 Members requested that key decisions during the procurement process for recycling and waste collection, street cleansing and public toilet cleaning services be brought before Council.

2.2 The Recommendation have come from the Frontline Services (Waste Procurement) Project Board who have had full involvement in the procurement process.

2.3 This report details the Detailed Solutions Stage of the process. The Board have based their recommendation on whether it is of financial and/or environmental benefit to West Devon to continue with the procurement process. The recommendation has been prepared following full scrutiny of the evaluation process at this procurement stage.

2.4 If the recommendation is approved by Council, the procurement process will continue to the Final Solutions Stage and a further Award Report will be brought before Council in December 2018.

2.5 The procurement has been split into 3 lots as follows:

Lot 1: West Devon waste and cleansing services

Lot 2: South Hams waste and cleansing services

Lot 3: Lot 1 plus Lot 2

The service design for West Devon is the same for Lot 1 and Lot 3. The only difference in these two Lots is the price – if Lot 3 is awarded i.e. both Councils award contracts to the same bidder, then a discount to the price will be applied.

2.6 The procurement will not be affected by any decision by South Hams District Council to continue or not with the procurement process other than that explained in 2.5. West Devon must continue with the process in order to be compliant with the Public Contract Regulations 2015.

2.7 The contract documents have been written to specifically protect the services to the customer and to reflect a flexible partnership arrangement between the Council and the contractor. This has been carefully considered to ensure that risks and rewards are shared practically and that the Council is not disadvantaged during a contract term if there is a requirement to alter the service. Business continuity, quality, innovation and legislative change all form part of this consideration.

2.8 The contract specifications bring the services further in line with the Devon 'aligned service'. The Devon aligned service was agreed as a result of research from the Executive Waste Board which considered waste services across Devon as a whole. This work recognised that a uniform Devon wide collection system was not suitable and did not provide large economies of scale. It agreed however that a service design which delivered the optimum cost efficiencies, environmental benefits and improvements for residents whilst responding to changing legislation and retaining individual councils' identities could be achieved through an aligned service.

2.9 The aligned service design is very close to the existing service in West Devon. This procurement allows a further improvement by the inclusion of more materials to be collected from the kerbside such as rigid mixed plastics (plastic pots, tubs and trays). This will harmonise West Devon's service with most of the other Devon authorities and will help to mitigate the confusion caused by the range of different recycling schemes available.

A further benefit from the specification of this procurement is the ability to recycle foil and card beverage cartons. These, along with the ability to collect rigid mixed plastics, will deliver an improvement in West Devon's recycling rate and consequently an increase the income this provides.

### **3 Financial summary**

3.1 Appendix 1 shows the financial summary and key benefits to the Council which support the recommendation. To ensure commercial confidentiality of the bids and to maintain, for legal purposes, the integrity of the procurement process, actual costings cannot be disclosed in this report however the Project Board have been presented with background information to support their decisions.

3.2 Appendix 2 shows an analysis of waste collection and recycling costs which is taken from the revenue expenditure dataset published by the Government in July 2018. The data is collected by all 201 district authorities and reflects budgets for waste management set in 2018/19 and is included for background information.

### **4 Evaluation of Outline Solutions**

4.1 In compiling its recommendation, the Project Board have considered both the cost, and the quality, of service offered by the bidders. The evaluation at this stage is based on 60% cost and 40% quality. Quality is an important factor as it includes the provision for health and safety, service guarantees, and monitoring and management of the contract.

4.2 The evaluation team is made up of a range of specialists from waste and cleansing, finance, human resources, assets, and health and safety. Specialists evaluating the quality of the bids, were not privy to any of the financial information until after the quality evaluation was complete to ensure objectivity. The Internal Audit Manager from the Devon Audit Partnership was present and recorded the moderation sessions.

4.3 As set out in the evaluation criteria, the responses were sufficiently detailed to meet the Councils' requirements and offer elements of added value. All areas of both bids were scored as relevant and provide confidence that the bidders could provide the services.

4.4 To ensure a like for like comparison, proposals have been evaluated against current service costs taking into account considerations, such as depot usage, income from recyclables and customer support. There is a further dialogue stage which will refine exact specification of services and therefore whilst the comparison of pricing against existing costings cannot be absolutely finalised at this stage, an indication of current delivery costs against the solutions proposed is provided.

4.5 The next stage of the procurement involves a final round of dialogue with bidders to discuss optimum solutions for each Council after which invitations to submit Final Tenders will be issued.

## **5 Options available and consideration of risk**

5.1 There is no material risk to the Council of continuing to the next stage of the procurement process. A further report will come before Council in December.

5.2 The Council is obliged to ensure compliance with the Public Contract Regulations 2015.

## **6 Proposed Way Forward**

6.1 It is proposed that Council endorses the recommendation of the Board to continue to the next stage of the competitive dialogue process for waste collection, recycling and cleansing services.

6.3 This recommendation fits with the corporate themes of Environment, Council and Communities.

## **7 Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council has a duty to arrange for collection and disposal of household waste. The legislative

		framework is to be found in the Environmental Protection Act 1990, Waste Framework Directive 2008, and Controlled Waste Regulations 2012. The procurement process is compliant with the Public Contract Regulations 2015. Any change in policy will need to be communicated to bidders so that they can consider the impact on their pricing strategy.
Financial	Y	Financial implications are set out in Appendix 1.
Risk	Y	The risks are set out at section 5 of this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	Not applicable
Safeguarding	N	Not applicable
Community Safety, Crime and Disorder	N	Not applicable
Health, Safety and Wellbeing	N	Not applicable
Other implications	N	None

### **Supporting Information**

#### **Appendices:**

Appendix 1: Financial Summary – **Exempt**

Appendix 2: Revenue Expenditure Analysis

#### **Background Papers:**

Council Reports of 31 October 2017 and 27 March 2018.

### **Approval and clearance of report**

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed	
SLT Rep briefed	<b>Yes</b>
Relevant Exec Director sign off (draft)	<b>Yes</b>
Data protection issues considered	<b>Yes</b>
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes

**This page is intentionally left blank**



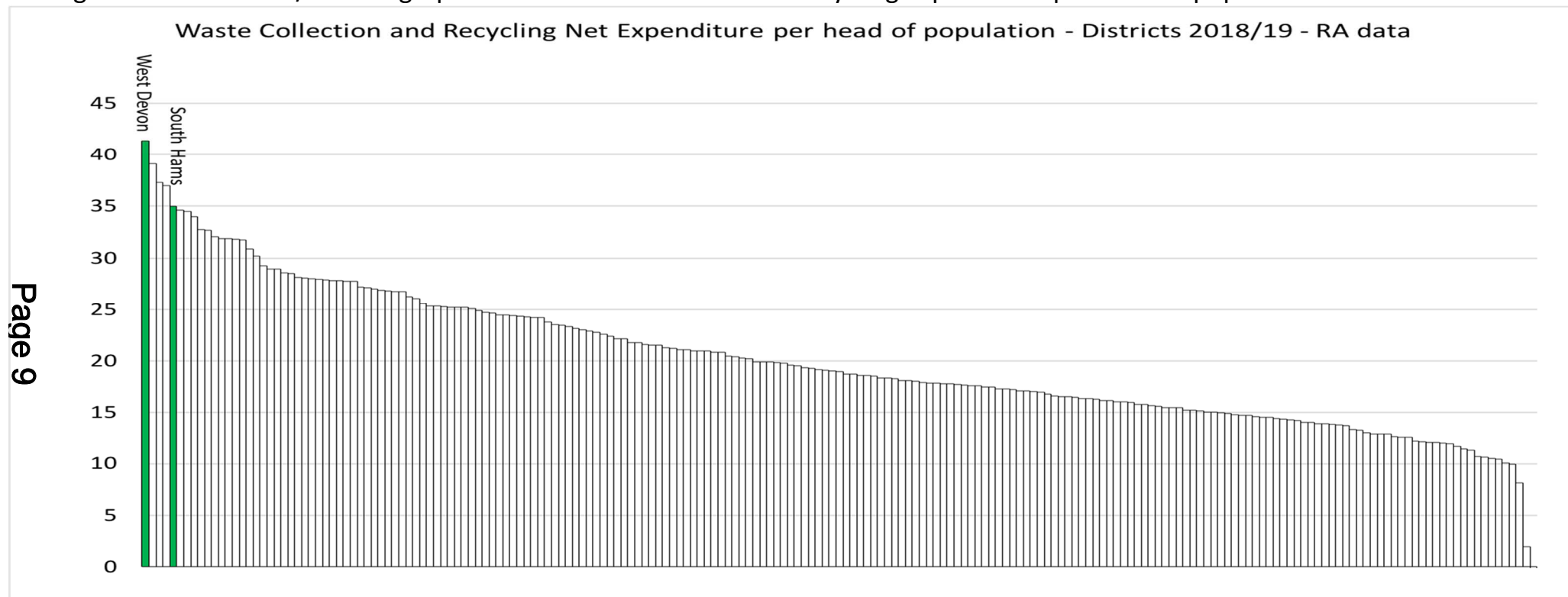
**Document is Restricted**

**This page is intentionally left blank**

## Frontline Services Appendix 2

### Revenue Expenditure Analysis of Waste Collection and Recycling Costs for 2018/19

The graph below shows an analysis of waste collection and recycling costs which is taken from the revenue expenditure dataset published by the Government in July 2018. The data is collected by all 201 district authorities and reflects budgets for waste management set in 2018/19. The graph shows waste collection and recycling expenditure per head of population.



The graph shows that West Devon has the highest budgeted spend per head on waste management in 2018/19 and that South Hams has the fifth highest of 201 district authorities. Costs at both authorities are higher than average due to the rural nature of both districts as well as the quality of service which is reflected in significantly higher than average recycling rates at both authorities. It should be noted that in terms of rural sparsity, West Devon is 3<sup>rd</sup> and South Hams 21<sup>st</sup> in the country.

The West Devon cost is particularly high due to the contract being a two year managed service contract prior to the agreement of a longer term contract.

**This page is intentionally left blank**