SUBJECT: ISLINGTON’S WASTE MANAGEMENT AND RECYCLING CONTRACT RENEWAL POST 2013

1. Synopsis
   1.1 This report sets out a proposed strategy for the borough’s future Public Realm Contract Services and elements of the care-taking role within housing estates.

   The Council's aim is to continue to provide sustainable waste management and cleaning services that meet the needs of residents, businesses and visitors and that are efficient, effective and value for money.

   Council has to make huge savings due to Central government cuts. The Council has to make savings of around £6 million pounds through modernising the future waste contract.

   In order to meet these requirements we will need to increase productivity.

   In future the Council wants our services to be provided by a workforce that is proud to work for Islington – a skilled and well paid workforce that is adaptable and flexible with opportunities to work across all Public Realm and care-taking role to get the job done.

   1.2 The report also considers the range of care-taking and associated services currently provided by Hfl that might be included in the scope of the contract to deliver service efficiencies, improvements and savings.

2. Recommendations
   2.1 1. To agree the proposed procurement strategy.

   2. To agree the timetable for the procurement of a joint venture contract and review progress at key milestones.

   3. To agree to include the refuse and street cleaning fleet, area response teams and enviro – crime team and elements of the caretaking, and mechanical cleaning teams into the scope of the contract procurement.
4. To agree the review of the current contract specification to deliver 2012/14 savings in accordance with the Council's Medium Term Financial Survey (MTFS).

5. To agree, in addition to 3 above, to the procurement of a contract for the provision of the Council's remaining transport fleet and fleet maintenance via the London wide framework agreement for fleet provision, and to secure prices, if it is economically beneficial for the Council to do so.

6. In consultation with the Executive Member to agree to delegate authority to the Corporate Director E&R to negotiate an extension to the current waste contract if it is in the best interests of the Council to do so and is value for money. And to negotiate an extension of the grounds maintenance contract (due to expire on 31st December 2012) so the grounds maintenance and waste contract becomes co-terminus in June 2013.

7. To agree that the new contract be for a period of seven years with discretion for the Council to extend for a further period of seven years dependent solely upon client requirements and value for money.

8. To agree exploration of the options for bringing the commercial waste client management back in-house to improve management, market share and invigorate commercial waste recycling if it is cost effective and in the best interests of the Council to do so.

9. To agree to offer the successful tenderer use of the Council’s depot and sub depots.

10. To agree to incorporate incentive payments and deductions into the payment mechanism for the new contract based on the contractor’s performance against key performance indicator targets, including resident’s satisfaction.

11. To agree to undertake a comprehensive review of the Council’s fleet and its use to support overall efficiency measures in accordance with MTFS.

3. **Background - Contract Scope**

3.1 The current waste contract with Enterprise Islington Limited (‘Enterprise’) is based on a 15 year PFI covering fleet, depot, refuse, recycling, street cleaning and associated service provision. The contract has an annual value of around £20million and is due to expire on June 29th 2013. The Council receives PFI credits annually in the sum of £2.84million.

3.2 Enterprise employs around 350 full time staff on the waste contract, and around 60 staff on the grounds maintenance contract, with this being augmented by the use of agency staff to cover holiday, sickness, seasonal peaks etc.

3.3 The fleet is under Enterprise management and comprises around 500 vehicles. This includes corporate and contract fleet on behalf of the Council, including Enterprise’s own refuse collection vehicles. A review of fleet requirements may reduce the number of vehicles.

3.4 Enterprise also manages the Commercial Waste Service on behalf of the Council under the PFI contract.

3.5 Grounds maintenance in parks, open spaces and on HfI land is provided by MRS Environmental Services Limited (an Enterprise group company). This contract is due to expire on 31st December 2012.

3.6 There are a small number of bespoke and important services that are managed by the Council that sit outside the Enterprise contract – these include the area response teams, enviro-crime team and clinical waste collections.

3.7 HfI provide a range of caretaking functions and employ 188 caretaking staff. The caretakers role is currently to undertake internal and external cleaning to an assigned block or estate.
to a frequency based specification. They are also be responsible for reporting repairs, incidents of ASB, changing light bulbs, making safe repairs items in an emergency such as broken glazing, fencing, doors, etc.), removing graffiti, moving bulk refuse, meeting new tenants, establishing good relations with tenants, providing appropriate advice and assistance with complaints and problems.

In addition resident caretakers are expected to be on call out of hours for emergencies and they currently undertake weekend working on a rota basis.

4. **Financial Implications**

4.1 The current contract costs around £16m per annum and is supported by PFI credit government grant of £2.837m per annum. When the contract expires in June 2013 the PFI credit will also cease and this pressure has been highlighted in the Medium Term Financial Strategy, with £2m of growth provisionally allocated from 2013/14.

4.2 As part of the Council’s savings programme there is currently £3m of savings allocated over the 2012-15 period that is expected to be delivered through a mixture of reducing the specification and contract efficiencies in the new contract.

5. **Legal Implications**


5.2 The report recommends the procurement of a contract covering waste management, street cleaning, grounds maintenance and elements of the caretaking role and a separate contract for fleet provision / maintenance procured via the London wide fleet provision framework agreement. The fleet is required to enable the council to discharge other statutory functions. The council has power to procure and enter into such contracts under section 1 of the Local Government (Contracts) Act 1997.

5.3 As the estimated value of the Waste Management Contract is above the financial threshold for the full application of the Public Contracts Regulations 2006, the procurement will need to be advertised in OJEU and undertaken in compliance with those regulations.

5.4 In reaching their decision on which option to pursue for the delivery of Waste Management Services and Fleet Management following the expiry of the current contract at the end of June 2013, members should have regard to all relevant factors in favour of and against each of the options as set out in the report and the detailed financial implications. In order to comply with their fiduciary duty and best value duty under section 3 of the Local Government Act 1999 to secure continuous improvement in the way their functions are discharged having regard to economy, efficiency and effectiveness, members must be reasonably satisfied that the option chosen will deliver value for money for the council by comparison with the other available options.

6. **Environmental Implications**

6.1 A full environmental implications assessment will be carried out as part of the procurement exercise. An environmental implication scoping exercise is being undertaken.

7. **Equality Impact Assessment**

7.1 The Equalities Input Assessment has been undertaken and will be reviewed throughout the procurement process as service changes are proposed.

7.2 London Living Wage has been identified as a key issue that needs to be addressed. A number of Grounds Maintenance staff and some agency staff are being paid below the London Living Wage. This issue will be addressed as part of the procurement process.
8. **Conclusion and reasons for recommendations**

8.1 The exempt part of this report explores the various procurement options available to the Council with regard to a number of Public Realm related contracts and elements of the caretaking role.

8.2 In the context of the financial pressures and the savings identified in the Medium Term Financial Survey, this report recommends that a number of Public Realm contracts and services across the Public Realm services are bought together to provide a workforce that is adaptable and flexible with opportunities to work across a range of services within the Council. It is expected that this will help to deliver substantial efficiency savings through economies of scale.

8.3 In conclusion, it is recommended that this new contract is procured and market tested using a Contract Model that will facilitate a joint integrated management team. It is envisaged that this will be delivered via a Joint Venture Contract.

**Appendices:** None  
**Background papers:** None

**Final report clearance:**

**Signed by:**

[Signature]

Executive Member for Environment  
Date: 24 June 2011

**Received by:**

Head of Democratic Services  
Date

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