

 Overview and Scrutiny Committee – 5th February 2019		Agenda Item No. 8
Title	Public Realm Contract Re-let Process	
For further information about this report please contact	Gary Charlton Contract Services Manager gary.charlton@warwickdc.gov.uk 01926456315	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	21.1.19	Bill Hunt
Head of Service	18.1.19	Rob Hoof
CMT	21.1.19	Chris Elliott
Section 151 Officer		Mike Snow
Monitoring Officer	21.1.19	Andy Jones
Finance		Mike Snow
Portfolio Holder(s)	19.1.19	Councillor Moira-Ann Grainger
Consultation & Community Engagement		
None.		
Final Decision?	No	
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1. This report seeks to update the Overview and Scrutiny Committee on “the direction of travel” of the renewal of waste and recycling, street cleansing and grounds maintenance contracts.

2. Recommendation

- 2.1. That the Overview and Scrutiny Committee note the content of this report and comment as appropriate.

3. Reasons for the Recommendation

- 3.1 At its meeting in September 2018 the Committee requested that officers provide a written update on the contract renewal process.
- 3.2 Officers from Neighbourhood Services will present this report to the Overview and Scrutiny Committee on the 5th February 2019.
- 3.3 The three existing service contracts (waste and recycling, grounds maintenance, and street cleansing) commenced in April 2013 and have an 8 year term up to March 2021. Within all the contracts there was the option to extend the contracts for a further 8 years, should both the Council and the contractor agree to do so. Legal advice has negated the option to extend with the contractor’s as significant price increases are expected on all three contracts which exceed the statutory limits within Contract Law.
- 3.4 There are a number of reasons why the contracts values are likely to increase. The 2013 contract terms state the inflator mechanism is RPI minus 1%. The contractors have had to take the full cost liability for all National living wage increases, as the contract conditions protect the Council from any price increases resulting from general legislative changes. The unexpected fall in recycle prices and volatility in tonnages has had a significant impact on the waste contractor’s income, as they take 100% of the risk on income derived from the sale of recycle.
- 3.5 A detailed options appraisal considered a number of delivery for the services and concluded that, the best overall value for money and lowest level of risk is to continue with the outsourced services. The anticipated cost increase may be mitigated to some degree by service quality / service frequency changes, although significant cost reductions would require fundamental changes to the type of services that are provided.
- 3.6 Over the next 6 months the Council will need to decide the desired quality of services, any alternative service options and the budget required.
- 3.7 In preparation for the last tendering process in 2013, a cross party Members Working Group was established to give officers an indication on the quality of services that were to be set out in the contract specifications. This approach worked well and helped to establish the core level of service to be provided, as well as areas where services could be enhanced.
- 3.8 The Portfolio Holder for Neighbourhood Services has requested to group leaders that a cross party Members working group should be established. The remit over this group will be similar to the process followed in 2013.

4. Policy Framework

4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
Not required, information paper	Not required, information paper	Not required, information paper
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
None.	None.	None.

4.2 **Supporting Strategies**

Not required at present as this is an information paper only.

4.3 **Changes to Existing Policies**

This report does not seek to change policy.

5. **Budgetary Framework**

- 5.1 The individual cost for Waste Collection is £2,195,000, Street Cleansing is £1,776,600 and Grounds Maintenance is £1,013,900. The total costs for all of the services is £4,985,500, although to the reasons stated in 8.2 there is an anticipated increase to the contracts of circa £1.6million which is a 30% increase.

6. **Risks**

- 6.1 A continued risk associated with waste collection services is the volatility of the market for recyclable materials. As part on the 2013 Contract re-let all the income from material sales was transferred to the contractor for a reduced tender price. For the moment the Council has protected itself from this financial impact although it is anticipated that any new contract would not be as favourable.
- 6.2 The procurement process of the major contracts which includes recycling is due to commence formally in August 2019. Over the next 6 months the Council will need to review the quality of services, alternative service options, budget, and engage with a number of stakeholders to ensure procurement timescales are met.

7 **Alternative Option(s) considered**

- 7.1 Not applicable due to the nature of this report.

8 **Background**

- 8.1 Please refer to the briefing note and minutes from the September 2018 Overview and Scrutiny Committee.