

# ***Report to the Council***

**Committee:** Cabinet

**Date:** 25 July 2006

**Portfolio Holder:** Councillor S Metcalfe

**Item:** 5

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## **3. WASTE MANAGEMENT SERVICE**

### **Recommending:**

- (1) That the receipt of notice from Cory Environmental bringing to an end the "Interim Provisions" phase of the Novation Agreement be noted and that consideration be given to a report in private session setting out the consequences of this action;
  - (2) That a formal procurement exercise be commenced in respect of the waste management service and as part of that exercise a review of the alternate weekly collection of residual waste be undertaken;
  - (3) That a Portfolio Holder Advisory Group be established to advise the Customer Services, Media, Communications and ICT Portfolio Holder on the procurement arrangements and the service levels to be included in the contract specification;
  - (4) That the Group Leaders of each political group represented on the Council be invited to nominate a representative to serve on the Portfolio Holder Advisory Group; and
  - (5) That the agreement of the Chairman of the Overview and Scrutiny Committee under paragraph 17 of the Council's Access to Information Rules to the taking of the key decision set out in (2) above on grounds of special urgency in order to continue refuse collection arrangements without interruption be noted.
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### **The Novation Agreement with Cory Environmental**

3.1 Following South Herts Waste Management (SHWM) going into administration in April 2006, the Council negotiated temporary arrangements with Cory Environmental which came into effect, through a Novation Agreement, on 15 May 2006. That Agreement provided two distinct payment methodologies:

- (a) for the first three months Cory would be paid the same contract sum as SHWM plus a further amount for managerial and related overheads; that three month period was intended to enable the Council and Cory to negotiate a longer term contractual arrangement this was known as the "Interim Provisions" phase;
- (b) in the event that the negotiation could not be satisfactorily concluded the agreement enabled either party to serve one week's notice bringing the "Interim

Provisions” phase to an end, following which Cory would be paid on an open book basis the actual audited cost of providing the service plus a lesser managerial fee; this is known as “Cost Plus”.

3.2 Unfortunately it has not been possible to conclude satisfactorily negotiations and Cory have served notice upon the Council in accordance with the Novation Agreement and the “Cost Plus” provisions will commence with effect from Tuesday 25 July 2006.

3.3 Two consequences follow from this action:

- (a) the need to commence a formal procurement process for the provision of the waste management service; and
- (b) the need to seek a supplementary estimate to meet the additional costs of the “Cost Plus” arrangements.

3.4 In view of the nature of the need to maintain contractual confidentiality and to ensure that the future procurement exercise is not compromised, the details and recommendations relating to the procurement and supplementary estimate are dealt with in a further report to be considered in private session.

### **Current service issues**

3.5 The current spell of very hot weather has brought with it considerable resident disquiet regarding the alternate weekly collection of residual waste. Whilst there remain concerns regarding the capacity of the standard size wheeled bin, the primary concern at present, reflected either in calls and visits to Environmental Services or via the Portfolio Holder’s help line, is in respect of problems relating to smells, maggots and flies. It must be stated that this was not wholly unexpected. All councils which have adopted alternate weekly residual collection as their approach to achieving high levels of recycling have had similar experiences. All have adopted the same approach in providing advice and guidance on how to avoid these problems, but it remains the case that despite the availability of this advice, the problem still remains.

3.6 Consideration has been given to reinstating a weekly residual collection service for the remainder of the summer (say until the end of September). However, it became clear that the costs of such an arrangement were prohibitive and alongside Cory serving notice it was not a practical or cost effective proposition. It is important, however, that the Council recognises these public concerns and commits itself to reviewing the nature of the alternate weekly service provision as part of the procurement process. Options may include:

- (a) a reversion to all year round weekly collections;
- (b) the provision of a summer only weekly collection; or
- (c) the provision of a weekly collection of food waste;

all of which will inevitably add to the costs of the waste management service.

3.7 Given the need to commence a formal procurement process, Members may wish to consider including each of these options, alongside the current base service, when seeking competitive bids.

### **Portfolio Holder Advisory Group**

3.8 It is proposed that a Portfolio Holder Advisory Group be established to advise the Portfolio Holder on the procurement arrangements and the service levels to be included in the contract specification.

### **Key Decision**

3.9 This matter constitutes a key decision. Paragraph 17 of the Council's Access to Information Rules provides for the waiving of the normal procedure before taking a key decision. In accordance with that paragraph, the Chairman of the Overview and Scrutiny Committee has agreed to the taking of the decision set out in recommendation (2) above on grounds of special urgency in order to continue refuse collection arrangements without interruption.