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30 August 2016

S U M M O N S

MEETING: Community Board
DATE: 7 September 2016
TIME: 6pm
PLACE: Council Chamber, Town Hall, Gosport
Democratic Services contact: Vicki Stone

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE BOARD

The Mayor (Councillor Mrs Hook) (ex-officio)
Chairman of the Policy and Organisation Board (Councillor Hook) (ex-officio)

Councillor Burgess (Chairman)
Councillor Murphy (Vice Chairman)

Councillor Mrs Batty
Councillor Bateman
Councillor Earle
Councillor Mrs Huggins
Councillor Hylands
Councillor Mrs Jones

Councillor Miss Kelly
Councillor Mrs Morgan
Councillor Ronayne
Councillor Scard
Councillor Mrs Wright
Councillor Wright

FIRE PRECAUTIONS

(To be read by the Chairman if members of the public are present)

In the event of the fire alarm sounding, please leave the room immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

IMPORTANT NOTICE:

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

NOTE:

- i. Councillors are requested to note that, if any Councillor who is not a Member of the Board wishes to speak at the Board meeting, then the Borough Solicitor is required to receive not less than 24 hours prior notice in writing or electronically and such notice shall indicate the agenda item or items on which the member wishes to speak.
- ii. Please note that mobile phones should be switched off or switched to silent for the duration of the meeting.
- iii. This meeting may be filmed or otherwise recorded. By attending this meeting, you are consenting to any broadcast of your image and being recorded.

AGENDA

1. APOLOGIES FOR NON-ATTENDANCE

2. DECLARATIONS OF INTEREST

All Members are required to disclose, at this point in the meeting or as soon as possible thereafter, any disclosable pecuniary interest or personal interest in any item(s) being considered at this meeting.

3. MINUTES OF THE MEETING OF THE COMMUNITY BOARD
HELD ON 29 JUNE 2016

4. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Board is required to receive a deputation(s) on a matter which is before the meeting of the Board provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Monday 5 September 2016. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Board is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Board provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Monday, 5 September 2016).

6. ENVIRONMENTAL SERVICES CONTRACT REVIEW AND
EXTENSION

To advise the Board of the outcome of the Environmental Services Contract 5 year review; and obtain the recommendation of a five year extension to the existing Contract Period, from 1st April 2021 to 31st March 2026.

PART II
Chief Executive

7. ANY OTHER ITEMS

-which the Chairman determines should be considered, by reason of special circumstances, as a matter of urgency.

AGENDA ITEM NO.06

Board/Committee:	COMMUNITY BOARD
Date of Meeting:	7 SEPTEMBER 2016
Title:	ENVIRONMENTAL SERVICES CONTRACT REVIEW AND EXTENSION
Author:	CHIEF EXECUTIVE
Status:	FOR DECISION

Purpose

To advise the Board of the outcome of the Environmental Services Contract 5 year review; and obtain the recommendation of a five year extension to the existing Contract Period, from 1st April 2021 to 31st March 2026.

Recommendation

The Board recommend approval of a 5 year extension to the existing Environmental Services Contract between the Council and Urbaser Ltd, from April 2021 to March 2026.

1 Background

- 1.1 In 2011 following a full tendering process, Urbaser Ltd were awarded a 10 year Contract to provide Environmental Services to Gosport Borough Council via an open book contract. The tender process involved candidates submitting proposals for a 5 year extension beyond the initial term should the Council take up this option. The services provided consist of:
 - i) Kerbside waste and recycling collections
 - ii) Servicing of recycling banks
 - iii) Street Cleansing
 - iv) Public Convenience Cleansing
 - v) Cleansing of sports pavilions and the cemetery chapel
- 1.2 The Contract commenced in April 2011 and currently runs until March 2021 with provision for the Contract Period to be extended by a further five years to a maximum of 15 years from commencement.
- 1.3 Each year a 'target price' is set for the Contract which consists of actual operating costs, overheads, a fixed profit element for the Contractor, a variable profit element and provision for planned increases in spend in the next 12 month period. At the end of the financial year any profit is split between the Council and the Contractor or reversely any deficit has to be paid by both.
- 1.4 Through the 'open book' arrangement, all costs incurred on the Contract are scrutinised on a monthly basis at a finance meeting which consists of representatives from Streetscene who manage the

Contract, Finance and Internal Audit. This has proved successful allowing both parties the opportunity to have a full understanding of not only the financial element of the Contract, but the operational contributing factors that each partner incurs that puts pressure on the annual financial outcome of the Contract.

- 1.5 All vehicles used on the Contract are leased. Refuse and recycling collection vehicles have a working life span of 7 years. The existing vehicles are in their 6th year and the service is starting to be impeded on a regular basis, due to vehicles being off the road due to wear and tear.

2 Report

- 2.1 Whilst the Environmental Services Contract is managed on a monthly basis, Gosport and Urbaser agreed to hold a 5 year review with input from both partners on 26 April 2016.
- 2.2 A number of changes and improvements have been made over the past five years. The first significant change implemented resulted from a HSE inspection in 2012. In order to reduce manual handling of domestic waste the HSE requested a ban on additional sacks collected from beside wheeled bin be put in place. The management team at Urbaser has changed with 3 posts of Supervisors all seeing new personnel and a new post of Assistant Manager created to support the Contracts Manager.
- 2.3 Performance levels have continued to increase over the five years with customer satisfaction levels rising across all areas of service provision. This may partly be as a result of improved standards of street cleanliness being achieved.
- 2.4 Financial Review - The Contract Sum in year one of the Contract was £2.2m and has risen over the 5 years to £2.3m. Additional services, higher fuel costs, the living wage and bank holidays that fall on weekends have all contributed to the rise in costs. Working in partnership, considerable savings have been realised within the Contract which has resulted in an income for the Council in each of the last 2 financial years. In 2014/2015 £19,992 was returned and in 2015/2016 this figure rose significantly to £58,460.
- 2.5 Going forward, the savings realised from a reduction in the vehicle fleet will be maintained year on year worth an estimated £175,000 over 5 years. This will unfortunately need to be offset against the increase expected from the living wage estimated at £198,000 over the same period.
- 2.6 A number of opportunities have been identified for further investigation which will have benefits to all customers and financially for the Council. Two of those identified are:

- i) New vehicles with integrated 360° cameras and technologies
 - ii) 5 year extension for years 11 - 15.
- 2.7 360° cameras will improve customer service by documenting service provision that can be reviewed to answer service delivery disputes or complaints and can be used to protect against or prove insurance claims. These technologies are cheaper to fit at point of manufacture of a vehicle rather than retro fitting after build.
- 2.8 The life expectancy of a refuse collection vehicle is seven years and this is the period over which they are leased. As a vehicle moves to its last years it is inevitable that wear and tear will start to impinge on the service delivery as is currently the case. To lease vehicles over a shorter period would increase monthly costs considerably as they are being depreciated over a much shorter period, as would trying to extend a refuse collection vehicle beyond seven years as maintenance and repair costs will increase alongside downtime on the vehicles.
- 2.9 To optimise a further seven year lease on the collection vehicles, the Contractor has asked if the existing Contract Period can be extended for a further five years to 31st March 2026. In order to provide for an 18 month manufacturing lead in, the lease for the next refuse and recycling collection vehicles will have to be placed by the end of September 2016. Hence the requirement for this approval by the Board at this stage of the Contract Period.

3 Risk Assessment

- 3.1 If the Contract were to expire on the initial 10 year term the Council would have to undertake a full retendering process, which would commence in 2019 and the Council would need to fund and resource the cost of this process. This will be at a time when it is predicted significant savings will be required for the Council to meet its' budget.
- 3.2 There is a risk of increased contract costs being paid during the period 2021 - 2026 with an alternative supplier. An extension to the existing Contract provides the ability to set the absolute maximum budget for this period.
- 3.3 Requiring the existing refuse/recycling collection vehicles to be used for a further four years, may increase downtime and increase repair costs. This will have a negative effect on the Contract not just financially but also in terms of customer satisfaction levels.
- 3.4 Should vehicles be leased over a three year period till 2021, this will incur much higher leasing costs again having a negative impact on the financial position.

- 3.5 Establishing the lease costs now will provide for financial stability for the contract in a period of financial uncertainty for the Council.
- 3.6 A delay in this Contract extension decision process will put extra pressure on existing budgets through increased maintenance costs.

4 Conclusion

- 4.1 There is a provision within the existing Contract with Urbaser to extend the Contract Period from April 2021 to March 2026.
- 4.2 An extension of the existing Contract Period will negate the expense of a retendering process.
- 4.3 An extension will build on financial savings already made and those identified for the future which is managed through the open book Contract, taking account of actual costs.
- 4.4 A positive partnership has been developed between the Council and Urbaser Ltd.

Financial Services comments:	As contained in the report
Legal Services comments:	The Contract provides an option for the Council to take up a 5 year extension to the initial 10 year contract period.
Crime and Disorder:	No comments
Equality and Diversity:	All waste services are universally provided to all residents of Gosport.
Service Improvement Plan implications:	Outcomes of the Key Actions which require significant input to and/or implementation of activities in Gosport will be included in the Service Improvement Plan as required.
Corporate Plan:	The recycling and waste minimisation activities within the Contract contribute to Places, Responding to the challenges of Climate Change.
Risk Assessment:	Refer to section 3 above
Background papers:	None
Appendices/Enclosures:	None
Report author/ Lead Officer:	Angela Benneworth (5548)/Stevyn Ricketts (5282)