



---

## Report of the Director of Environment and Neighbourhoods

Executive Board – 22<sup>nd</sup> July 2009

Subject: Way Forward Review of Waste Collection Services

---

### Electoral Wards Affected:

All

Ward Members consulted  
(referred to in report)

### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

---

## EXECUTIVE SUMMARY

There are many reasons why the Council needs to change and improve the efficiency of its waste collection services. Detailed work has taken place to assess the state of the waste collection service and found that, although the service is not failing, there is significant scope for improving it.

Officers outlined the position to both the Trade Unions and the workforce via a series of meetings and staff briefings. Further meetings were held to determine whether the Trade Unions and workforce were in agreement to work with the Council to deliver a range of service improvements and efficiencies. At these meetings it was made clear that failure to reach agreement by the end of June 2009 would lead to a recommendation to Executive Board that the Council market test the waste collection service. The pay and grading review has adversely affected refuse collection staff and this has made the changes more challenging to implement. The Trade Unions and staff have made it clear that they are willing to look at service improvements but these are dependent on the Council closing the gap between protected levels of pay and new, post pay and grading, rates. The Council and Trade Unions have worked hard to come to an agreement, and although talks have been constructive, we have not been able to reach agreement on the condition to close the pay gap for refuse collectors.

Given the above, there is no clear prospect of achieving efficiencies through improvements to our in-house arrangements, and therefore it is now recommended that improvements with regard to cost, efficiency and quality will be made through an invitation to tender.

## **1.0 Purpose Of This Report**

- 1.1 This report provides an outline of the issues surrounding improvements to waste collection services in Leeds. It summarises the findings of the Way Forward Review of waste collection services, and of the subsequent market sounding and packaging options appraisal work for the service.
- 1.2 The report identifies the areas where improvements could be made to the in-house service, and sets out the approach to delivering them. It describes the process that the Council has gone through to seek support from Trade Unions and the workforce to deliver these improvements. The report describes the outcome of this process and recommends the next steps to deliver improvements in waste collection services.

## **2.0 Definition of Waste Collection Services**

- 2.1 For the purposes of this report waste collection services are defined as the:
  - collection of household waste and recycling at the kerbside, including clinical waste collections;
  - collection of bulky household waste by appointment;
  - the maintenance, replacement and delivery of wheeled bins and peripherals.
- 2.2 They do not include street cleansing, graffiti, or needle picking services, grounds maintenance or Household Waste Sorting Sites.

## **3.0 Background**

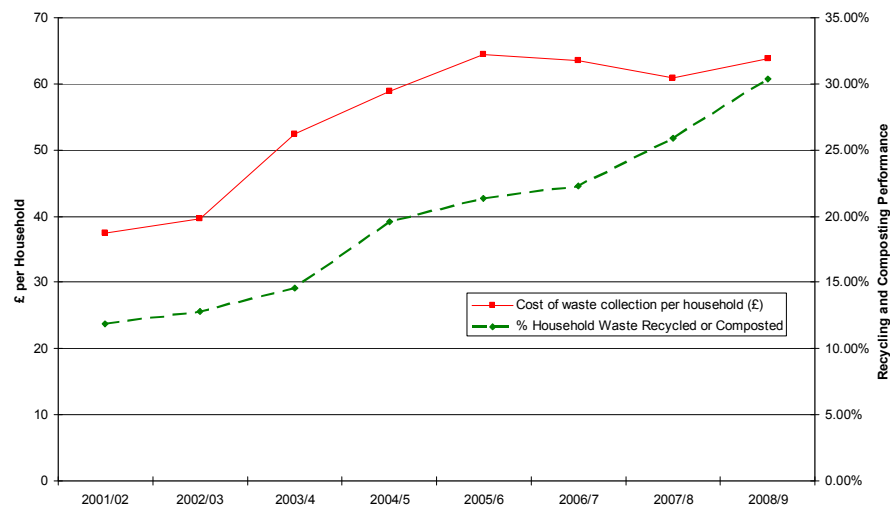
### **3.1 Strategic Drivers**

- 3.1.1 The Integrated Waste Strategy for Leeds (2005-35) sets out our long-term vision for dealing with the city's waste and includes detailed plans of how we intend to achieve this vision. Ultimately, we aim to be recycling over half of Leeds' waste by 2020. The forward strategy for increasing the amount of waste recycled in Leeds was agreed by Executive Board in September 2007. The strategy includes: increasing the collection frequency of recyclables to every fortnight and the introduction of kerbside garden and food waste collections.
- 3.1.2 Alongside these enhanced services is the continued aim to provide all appropriate households in Leeds with a kerbside collection of recyclable waste, which could require significant changes and innovation in the way that we collect recycling and waste from households where traditional collection regimes are not viable.
- 3.1.3 Over the last few years, customer expectations for access to recycling services have risen immeasurably and the way in which residents want to use our services has also changed. Any future service will need to be equipped to meet these needs.
- 3.1.4 The Council is in the process of procuring a Residual Waste Treatment Facility to deal with the waste that is not recycled and prevent it from going to landfill, which will fundamentally change the way in which we deal with residual waste. Our future collection services therefore need to be planned in a way which gets the most efficiency from any new waste management infrastructure and to support the complex interfaces between different parts of the end to end waste management process.

## 3.2 Historic Performance and Resource Utilisation

3.2.1 Performance against our recycling and composting indicators is positive, with the proportion of household waste recycled or composted rising for the last eight years. This performance is almost wholly attributable to the rollout of further kerbside collection services and improvements to the Household Waste Sorting Sites. As the graph below demonstrates, increases in recycling performance have been linked to a significant increase in financial investment in these services.

**Figure 1 - Comparison of Cost per Household and Recycling Performance (Refuse Collection and Waste Sorting Site Costs)**



3.2.2 The increase in the number of households with access to a kerbside collection of recyclables has also increased alongside the rollout of new services. To deliver improvements to the rate of waste recycled we have made significant investment in new collection services, for example garden waste collection. However there is still a need to ensure that all appropriate properties have access to kerbside recycling collections. The Council will seek to extend kerbside recycling coverage to all appropriate households in Leeds, possibly using different methods of collection where necessary and appropriate.

3.2.3 Future developments in terms of recycling provision at the kerbside and the ongoing implementation of these services to new houses, or to those existing households who do not have access to these services, will require ongoing financial and human resources.

3.2.4 If we are to deliver the Waste Strategy and meet the needs of our customers we therefore need more efficient services and better, more imaginative, use of the financial and human resources that we have in place.

## 3.3 Future Resource Challenges

3.3.1 As outlined above, waste collection services will continue to change over the years ahead. The implementation of further planned recycling collection services will require further resource input. Any new services will require more staff, vehicles, collection containers, and could result in increase in treatment costs, depending on the type of waste collected and the availability of processing and treatment facilities for it.

- 3.3.2 Over the next few years the Council has committed to delivering the agreed collection strategy as described in 3.1.1. The cost of fully implementing the agreed strategy across the city amounts to an extra £5 million per annum, and the authority has yet to identify the budget to deliver this.
- 3.3.3 The information and communications technology infrastructure, which supports waste services, is in need of significant modernisation and improvement. However, this investment may be difficult to identify given the current financial climate and so will need to be found from efficiencies and savings in the cost of service delivery.
- 3.3.4 The need for waste collection services to reduce costs and to be as efficient as possible in order that funding is available to expand services into other areas is an important consideration for the future. Any efficiency that we make now would apply to any future expansion of services, whilst any inefficiency that remains in the service would also be maintained in the future service.
- 3.3.5 As already highlighted above, innovation and flexibility in service delivery are key to the successful future delivery of waste collection services. The need to expand kerbside collections to all appropriate properties in Leeds is enshrined within the Household Waste Recycling Act 2008. If we are to meet this statutory requirement we will need a more innovative approach to waste collections and flexibility of human resources within the service to change.
- 3.3.6 The reduction in Neighbourhood Renewal Funding (NRF) to the Council will lead to gaps in provision for street cleansing services. Street Cleansing and Enforcement services have seen a reduction in NRF funding in 2009/10 of nearly £900k with a further £1m of grant due to fall out in 2010/11. Although short term funding has addressed the budget issue for 2009/10, there is a £1.9m budget problem in 2010/11 which will need resourcing if the improvements that have been achieved, particularly within the most deprived areas of the city, are to be maintained.

#### **3.4 Pay and Grading Context**

- 3.4.1 The Way Forward Review of waste collection services has been carried out with pay and grading review as a backdrop. This has presented particular challenges to the service review process and meant that although the review was not driven by pay, the issues around pay and changes to the service have been almost impossible to separate from one another.
- 3.4.2 The 1997 Single Status Agreement set out to harmonise pay and terms and conditions of service for former blue collar and white-collar employees. The Agreement required authorities to carry out a pay and grading review using the principles of job evaluation.
- 3.4.3 The National Joint Council for Local Government Services 2004 Pay Agreement set a specific deadline of 1<sup>st</sup> April 2007 for the implementation of a revised pay and grading structure and the full implementation of the Single Status Agreement. In addition, changes to Equal Pay legislation in 2003, regarding back pay, further emphasised the need for the prompt review of the Council's pay structure.
- 3.4.4 The Council explored a number of pay structures and potential pay models designed to eliminate as far as possible the Council's potential to be challenged under Equal Pay legislation, to minimise disruption and to maximise stability for employees. Whilst this process has led to the improvements in starting salaries for all new Council employees, due to the deletion of spine points 4 and 5, and improvements to the

salaries of 6,799 women in the Council by an average of £516 per annum, there are a number of jobs where salaries have fallen.

- 3.4.5 Streetscene Services have seen a large number of losers from the pay and grading review process. When pay protection ceases, refuse collectors currently stand to lose around £4,500 per annum from their basic salary. This has already led to a series of industrial disputes, with three separate days of full strike action in April and May 2008, punctuated with continuous industrial action short of a strike.
- 3.4.6 The Trade Unions have previously argued that employees in largely female groups who have had their jobs evaluated or who are doing work of equal value to largely male groups should have their salaries levelled up to their comparators. This would cost the Council around £45 million in the first year alone. Incremental progression and cost of living pay awards would see this increase in future years. The cost of this would be unaffordable for the Council and would lead to significant reduction or deletion of necessary services and a consequent deletion of posts.
- 3.4.7 In February 2008, Executive Board agreed a new pay structure for those staff within phase 1 of the pay and grading review and pay protection arrangements for those staff adversely affected. The agreed arrangements were as follows:

*“Pay protection for a period of no longer than 3 years protection for those staff whose grade changes adversely as a result of the job evaluation exercise. This protection would continue to attract annual pay awards and increments in line with the NJC for Local Government service pay agreement effective from 1 February 2008. In the 4<sup>th</sup> year, staff would move directly to the maximum point of the new substantive grade/pay range.”*

## **4.0 Main Issues**

### **4.1 Opportunities for Improvement**

- 4.1.1 As part of a programme of internal service efficiency and improvement reviews a review of waste collection services was completed in 2008. It looked at waste collection services in terms of service quality, cost and other measures to gauge the efficiency and effectiveness of the service provided to the residents of Leeds. In summary, its main conclusions were:
- a) The waste collection service is not a failing service, but there is scope for substantial improvement in terms of cost, efficiency and quality.
  - b) That market testing could be a driver for improvement, but that further work needed to be undertaken to assess the market, appraise packaging options and quantify the resources needed to deliver the exercise, before a decision to market test is made.
- 4.1.2 The review and subsequent work has identified several areas where improvements could be made. Table 1 summarises our estimate of the possible financial savings.

**Table 1 – Estimated financial savings with agreed improvements**

<b>Description</b>	<b>Estimated Saving (per annum, 2009/10)</b>
Reduction in absence from 30 days to 12.8 days per FTE	£560,000
Increased productivity, route review, review of the current six day working week	£700,000
Fleet management savings	£300,000
Christmas catch-up saving	£100,000
<b>Total</b>	<b>£1,660,000</b>

- 4.1.3 Levels of absence within the service are much higher than most other areas of the Council and in comparison with refuse services under the management of the private sector. The average number of 7.4 hour days absence per full-time employee (FTE) amongst refuse collection staff was 28 days for 2008/09. Soft market testing suggests that a rate closer to 12, 7.4 hour days per FTE would be more commensurate with the rest of the waste management industry. Our financial estimates suggest that, a reduction from 28 days absence per FTE to 12.8 days per FTE would result in a saving of approximately £560,000 per annum. Over the last year a concerted attendance management action plan has been implemented which has improved absence levels in the first three months of the year. However, there is still some way to go to improve absence levels to levels commensurate with the industry at large.
- 4.1.4 Absence within waste collection services must be covered in order to maintain required levels of service. Absence is covered by a combination of agency cover and by mainstream staff on overtime meaning there is little incentive to reduce absenteeism, or peer pressure on those who are absent. The Way Forward Review has recommended a thorough review in relation to resource management and associated practices in this area.
- 4.1.5 The current collection routes have not been fundamentally reviewed for several years. As a result there are now significant inequalities in terms of workload with certain collection days having many fewer households than others, and some taking much longer than others to complete. Whilst productivity levels in terms of the collection rate per hour are reasonable, the number of hours worked is variable and this reasonable level of productivity needs to be maintained across the full working day. A few years ago a route rationalisation exercise was completed but not implemented due to staff resistance that culminated in unofficial industrial action. Going forward we need acceptance that routes can be regularly reviewed to reflect recycling service rollouts and the consequent impact of differential participation rates. Other issues such as new housing developments and demographic changes also necessitate a flexible approach.

- 4.1.6 The average productivity for authorities outside Leeds that we have information for, is around 6,500 households across a 37-hour week (176 households per contracted hour including time for breaks and travel.) Leeds' current average productivity equates to 7,769 over a 55.5-hour week (140 households per contracted hour including time for breaks and travel.) Regardless of the hours worked, it appears that Leeds current productivity based on household numbers is 25% below those authorities which we have information for.
- 4.1.7 It should be noted that productivity based on the number of households is dependent on the policies that authorities have in place with regard to the number of bins allowed and whether side waste is or is not collected. However, even if this is taken into account, Leeds productivity could be increased. With this in mind we estimate that a 20% average increase in productivity should be possible across the routes.
- 4.1.8 Refuse collection staff are contracted to a 37-hour week, excluding statutory breaks, which is worked Monday to Saturday, on a four over six-shift pattern. This effectively means that staff are paid to work a 9.25-hour day. Waste and recycling is collected six days per week from households in Leeds and on bank holidays, excluding Christmas Day, Boxing Day and New Year's Day. This shift pattern leads to extra costs because of the extra overtime associated with Saturday and bank holiday working.
- 4.1.9 The service could be made more efficient by removing Saturday working, moving to either a four or five day working week, reviewing routes and increasing productivity. Our initial analysis suggests that this could save the Council around £700,000 per annum. Not only would this save money, but it would mean that the same crew picked the same bins up every week, creating more ownership over any ongoing collection issues.
- 4.1.10 The current shift pattern also means that vehicles are constantly in use and it is difficult to take them off line for maintenance, therefore a significant spare fleet is required. The removal of Saturday working could also afford us the opportunity to review the level of spare fleet provision and the use of external hire. A broad saving of £300,000 per annum from the service's £4.2 million total transport costs (excluding fuel costs) could be possible. Environmental benefits of using fewer vehicles more efficiently would also accrue. Saturdays could also be used for catch-up or other overtime related duties where appropriate and where they were of benefit to the Council.
- 4.1.11 The Council needs to be able to agree a Christmas working regime well in advance of Christmas to allow effective and efficient communications with residents. Should the Council agree with Trade Unions and the workforce to the same regime for Christmas catch-up arrangements as in December 2008, a further £100,000 saving will be made in 2009/10, which would be carried into subsequent years.
- 4.1.12 In 2004, routes were revised in order to yield efficiencies and, although extensive Trade Union and staff consultation took place over an extended period of time, the implementation resulted in unofficial industrial action and to the service reverting back to the old routes. Given the need to look at differentiated service delivery and be flexible with our resources, the agreement from Trade Unions and the workforce to be less rigid in terms of working practices is essential for the sustainability of the service.

- 4.1.13 As part of the future implementation of new waste collection services, there are a series of detailed policies that need to be developed. This would mean a consistent approach by all collection crews, making it easier to monitor productivity rates and plan routes effectively and setting clear expectations for residents in terms of the service they can expect.
- 4.1.14 A full assessment of the ICT requirements for waste management as a whole has recently been undertaken. This sets out improvements that are required to systems to enable better management of customer information, better management and planning of routes and improvements in reporting. The improved tracking of collections and better front to back office integration of systems would improve the customer experience and reduce avoidable contact, resulting in cost savings.

## 4.2 Assessment of the Market's Ability to Deliver Improvements

- 4.2.1 Although much work has taken place to identify areas for improvement, this has resulted in no large-scale changes to the service. As a consequence we have looked at the potential for delivering improvements through market testing. An appraisal of packaging and procurement options and a soft market testing exercise in relation to waste collection services took place between October 2008 and March 2009. This piece of work included talking to several key players in the waste management market and an assessment of the advantages and disadvantages of an in-house bid, should the service be market tested.
- 4.2.2 The exercise confirmed that any package that Leeds offers to the market is likely to meet with significant private sector interest and result in what would probably be the largest single waste collection contract in the UK.
- 4.2.3 Notwithstanding the current economic climate a range of potential private sector providers have been engaged with and all have expressed not only a significant interest in the service, but also the ability to secure the relevant funding to resource a service for Leeds. Whilst a number of potential providers have expressed interest in a wider range of services, they have all confirmed that a single waste collection contract the size of which Leeds would offer would be of significant interest in its own right.
- 4.2.4 In terms of the length of any future relationship, the majority would favour a longer-term relationship (probably at least a minimum of 7 years) and some have expressed interest in even longer relationships. Nevertheless some comments have come forward to suggest that even shorter periods of contract life would be of interest provided issues around the vehicle fleet to be used could be resolved.
- 4.2.5 The market have shown a good level of understanding of the wider outcomes envisaged through the Integrated Waste Strategy for Leeds, and a desire to work towards delivering our outcomes in a flexible way, using output based contracts, and incentivising innovation.
- 4.2.6 All the companies interviewed demonstrated experience in the innovative use of ICT systems to improve the customer experience through integration with the Council's customer relations systems, and would bring this experience and the investment required to any contract.



- 4.2.7 Market intelligence suggests that, at this stage, an equivalent of 10% of the direct cost to the service could be saved, whilst at the same time seeing significant improvements in service outcomes. This would amount to a saving of around £1.7 million per annum. In addition to bringing in the efficiencies that we are currently recommending, around absence, productivity and the review of routes, a large private sector contractor may be able to bring in further efficiencies, such as increased buying power or using resources across other commercial areas.
- 4.2.8 In conclusion, the market testing of the waste collection services represent a viable option for the Authority.

## **5.0 Consultation with Trade Unions and Staff**

- 5.1 The evidence we have suggests that market testing of the service is likely to deliver improvements to the service, allow changes to be made to make the service more flexible and deliver savings on direct costs. However, the Council wanted to explore the options for improving the in-house service, and to have presented these to the Trade Unions and the workforce, before a decision was taken. Beyond the wish to give its own workforce the opportunity to agree to improvements, there are advantages in terms of avoiding the costs of procurement and speedier implementation of reforms were negotiations to be successful.
- 5.2 The Council has identified several opportunities for improvement to the in-house service, to improve service quality and deliver efficiencies (see section 4.1). It is clear that the levels of savings that could be achieved by improving the in-house service are similar to those that could be achieved through market testing. However, if we are to deliver the necessary improvements to the in-house service it is essential that we take staff and Trade Unions with us. The support and commitment of Trade Unions and staff to make the required changes and to work with us to improve is essential if we are to be successful.
- 5.3 Officers met with Trade Unions – Unison, Unite and GMB – to seek agreement to the package of improvements on 7th April 2009. From the outset it was made absolutely clear that these were improvements that had to be made, and that if Trade Unions and staff could not support them, officers would recommend to Executive Board that the Council look to invite the private sector to bid for waste collection services in Leeds. The presentation set out eight required improvements:
1. To work with the management of the service to reduce absence to around 12 days per employee per year, with a commitment to support further improvement in future years.
  2. A fundamental review of overtime policies and practices.
  3. To increase productivity levels, in terms of the number of households per route, by 20%.
  4. To agree to a regular review of collection routes and an initial fundamental review to equalise productivity across routes.
  5. To review task and finish conditions, in line with agreed performance outcomes, and all other local agreements to make sure that they are fit for purpose in future.
  6. The removal of Saturday collections and the introduction of a four or five day working week.

7. The agreement to the introduction of more information technology, both in back office and on vehicles, to improve supervision and information management.
  8. A sign up to the waste strategy outcomes, and to flexibility of workforce resources across the service.
- 5.4 The outcome of this meeting was an agreement to undertake consultation with the full refuse collection staff group, in conjunction with the Trade Unions. Between the 22<sup>nd</sup> and 28<sup>th</sup> April 2009, management and Trade Unions delivered 14 briefings covering all refuse collection staff (including managers and supervisors), outlining the proposals as above and setting out the Council's position in terms of the market testing of the service. Trade Unions were given time after each meeting to discuss the proposals with their members. The briefings were productive with good attendance and constructive contributions across the entire staff group. The main issues focused on productivity levels, and pay.
- 5.5 Staff and Trade Unions were broadly in agreement to support improvements to the service, subject to negotiations on the detail of the package. However, across all the briefings, the clear message was that this was subject to the Council closing the gap between the current, post pay and grading, salaries and employee's previous (currently protected) salary levels (see section 3.4).
- 5.6 A further meeting was held with Trade Unions on 11<sup>th</sup> May 2009 to receive feedback from their mass meeting with the workforce, to give further details about the timescales for the improvements, and to receive a response from the Trade Unions to the proposals. The clear view from the Trade Unions at this meeting was that they were willing to negotiate about improvements, but that, again, this was subject to the Council committing to close gap between pre and post pay and grading salary levels.
- 5.7 At this point the Council made a commitment to work with the Trade Unions until the end of June 2009, to attempt to resolve the situation. Officers were clear that at the end of this period, regardless of the position with pay and grading, Trade Unions would need to agree to support the improvements to the service, or there would be a recommendation to Executive Board to invite the private sector to bid to run waste collection services in Leeds.
- 5.8 An operational service review has been undertaken with initial involvement from Unison and T&G/UNITE and latterly from GMB. The purpose of the review was to fundamentally review the way that Streetscene Services are delivered and look to bring about significant change and improve services to residents. The Trade Unions were particularly keen to see that the work of the service review led to an improved position in terms of those staff seen as 'losers' as a result of phase 1 of the pay and grading project.
- 5.9 The Council under the pay and grading review agreed to work with the unions to seek to avoid individual loss wherever possible but made it clear that this could not be guaranteed. The new pay rates for refuse staff have been determined following a job evaluation exercise carried out across the whole of phase 1 of the Council's workforce and the new pay structure for phase 1 is based on the outcome of these evaluations. The job evaluation scheme is based on principles of equality for staff across the workforce and has been agreed and operated jointly with the Trade Unions. The Council cannot in isolation simply increase the pay of some staff without good reason and without considering the impact on other Council staff. Increasing rates of pay cannot happen without reference to the job evaluation scheme and can only happen if

there are service based reasons for changing job descriptions which in turn merit pay increases following an assessment under the job evaluation scheme. Throughout this process the Council has been absolutely clear that any changes to job descriptions for the service needs to be justified and deliver real and realistic improvements to the delivery of services.

- 5.10 A great deal of work has been undertaken to review the service with serious consideration being given to different and innovative ways of working. Reviewed job descriptions which would bring about improvements to the service and which are justified under the job evaluation scheme were produced. These were assessed through the joint Council and Trade Union job evaluation panel process. After quality assurance, the proposed changes to the service did not close the gap between protected salaries and new, post pay and grading pay rates for refuse collectors (226 staff). However, the pay gap for refuse drivers (104 staff) was closed significantly.
- 5.11 Traditionally, the Council may have been expected to be able to exert a degree of flexibility around dealing with individual staff groups in order to come to an agreement on pay levels. The law around pay and grading does not allow the Council this flexibility. The Council cannot artificially seek to inflate job descriptions to meet the requirements of individual groups within its workforce, without exposing itself to significant legal and financial consequences.
- 5.12 It is also worth noting that, if the service stays as it currently is, and none of the identified improvements are implemented, the pay gap for refuse collectors would still not be closed out. The improvements to the service need to be seen as separate to the pay issue, in terms of the required changes to make the service sustainable for the future.

## **6.0 Conclusion**

- 6.1 The Council has undertaken a detailed review of waste collection services and identified clear areas where improvement could be made to improve efficiency and service quality. Although there have been constructive negotiations to deliver the required improvements, it is clear that the successful implementation of any changes is dependent on the Council closing the pay gap for refuse collectors.
- 6.2 The Council and Trade Unions have worked hard to come to an agreement, and although commitment has been strong on both sides, the Council and Trade Unions have not been able to achieve agreement on the condition to close the pay gap for refuse collectors. The Council is therefore in a position where the desired improvements to the service are best able to be achieved through the market testing of the service. Given this, the Trade unions are unwilling to enter into negotiations about improvements.
- 6.3 Trade Unions have now signalled their intention to ballot the workforce over industrial action. In the event that the workforce votes to take action, the Council will seek to mitigate any adverse effects on Leeds residents. However, the Council cannot change its position with regard to pay and grading as a result of industrial action.
- 6.4 In the event that the workforce instruct Trade Unions to accept the package which is on offer, officers will immediately report back to Executive Board to review the position.
- 6.5 It is proposed at this point, however, to commence the preparation for a procurement, leaving open the opportunity for either support from the workforce or fresh proposals to change the position.

## **7.0 Suggested Procurement Approach**

- 7.1 We estimate that a full procurement process will take in the region of 10-12 months from the point of issuing the invitation (OJEU) notice to the point where the contract is signed. This assessment does not include any time prior to the beginning of procurement to develop policies and specifications or the time for mobilisation of the service once contract has been awarded. We estimate that approximately three months will be required for procurement preparation at the start of the project. Waste management companies involved in the soft market testing exercise told us that it would take four to six months for them to mobilise following contract award. From a start date in July 2009, this would therefore mean contract award in autumn 2010 with the service being up and running by early 2011.
- 7.2 Should a decision to market test waste collection services be taken, a negotiated procedure procurement route would be followed, as this is felt to be the most appropriate route in terms of negotiating and agreeing with experienced and knowledgeable contractors, such that Leeds secures the best service for the residents of the City going forward. We have looked at options for a single or multiple contractor approach and feel that a single citywide contract with one contractor provides the most benefits and least risks.
- 7.3 Given that we have been unable to secure agreement to change and improve the in-house service there is little point in allowing an in-house bid, which would reflect current service delivery. There are also additional risks to the procurement in allowing an in-house bid, including the message that it would send to the market, uncertainty within the service, the resources required to undertake an in-house bid whilst maintaining service delivery, and the ability to effectively compare bids between the in-house and external bids.

## **8.0 Impact on Other Council Services**

- 8.1 The potential market testing of Refuse Collection has considerable implications outside of the service. The waste collection service is currently integrated with Street Cleansing into Streetscene Services, and any externalisation would require the formation of a separately managed street cleansing service. A detailed piece of work to identify a suitable structure for managing these services in future would therefore be undertaken.
- 8.2 Transport Services' current projected turnover is £12.6m (2008/9), of which charges to Refuse Collection account for £4.8m (38%). Significantly, there is an estimated £1.2 million of staff costs within Transport Services, which are recovered from charges to Refuse Collection. There are also currently over £1.1 million of Central Establishment Charges (CECs or 'overheads') charged to Refuse Collection (2008/09.) Assessing the impact of the procurement upon these services will form part of the work programme going forwards.

## **9.0 Resource Implications**

- 9.1 A complex procurement such as this will require significant resource input from the Council, both to let the contract and to manage it once it was awarded. A detailed specification will need to be developed in consultation with all stakeholders and specialist legal and financial advice sought from the outset. Subject to this in principle agreement to move forward, a full project and resource plan will be developed.

## **10.0 Recommendations**

10.1 It is recommended that the Executive Board:

- Agree that the process of market testing a waste collection services be commenced.

## **11.0 Background Papers**

11.1 Leeds Waste Strategy 2005-2035