REPORTS FROM THE EXECUTIVE AND COMMITTEES TO COUNCIL

REPORT OF THE REVIEW COMMITTEE

1 WASTE & RECYCLING CONTRACT

1.1 This item of business was referred by the Review Committee on 3 September 2019 to Full Council with a recommendation on the provision of a budget that up to £40,000 is made available for consultancy to assist with the procurement process and to help inform the working group. An extract of the key elements of the report of the Assistant Director, Place & Environment to the Committee is attached at Appendix A.

1.2 In response to questions it was noted that:

- Assistance for residents who are elderly or infirm would be included in the equalities implications aspect of the contract specification. Currently there were 500 assisted collection households.

- Aspects of the service provision, including the type of waste vehicles used, timing of collections and the length of the contract would be looked at by the Member Working Group.

- The issue of bins not being returned to the same position by the waste collection crews could be addressed as an aspect of the contract specification and considered by the Working Group. There needed to be a balance between quality and cost when procuring a contract of this nature.

- The closest suitable facility for processing the mixed recyclates collected every two weeks was the one currently used by the Council and run by Viridor. There are closer facilities, but these do not offer such a comprehensive capability to separate streams of recyclate.

- There is a separate contract with the Inter-Authority Agreement (IAA) for residual waste, which is due for renewal in the next 12 months. The IAA would put this out to tender shortly; it is anticipated that this will be a short-term contract that will run to the end of the existing waste & recycling contract with Suez Environmental.

- Viridor has a transparent and traceable audit trail. Its aim is to minimise the volume of rubbish being sent to landfill; a breakdown of where the District's rubbish ends up finally could be provided.

- Bring banks in carparks that are well used would remain in place; they can be removed if they are underused or where there are issues with

antisocial behaviour. Information on how often the car park bins are emptied could be provided.

- Prior to determining the specification of the new contract, an external independent consultant would undertake an assessment to show that the Council can demonstrate that separate collections would not be technically, environmentally or economically practicable (TEEP) and the Council's collection of materials in a single 'co-mingled' stream fulfils the requirements of the Waste Regulations.

- The District Council was eligible for a bonus payment of £69,000 each year from Essex County Council as long as the Rochford District Council achieved in excess of a specified tonnage of recycling. Although this payment was set to reduce to zero by 2020, there would still be a fixed payment to the Council for dry recyclate.

- Going forward, references in reports/documentation to 'caravans' would be amended to 'mobile homes'.

- During consideration of the contract specification the Council would keep abreast of new and developing legislation. This may include consideration of future charging for garden waste collection and having a separate food collection. Different options would be costed.

- There was unlikely to be any significant impact of any changes in public behaviour around recycling (for example, returning food packaging to shops) on the cost of waste collection as it was unusual for this to be based on tonnage alone. An impact would only be felt if there was a significant shift and the point was reached where an additional waste collection vehicle was needed; however, this was unlikely to happen in these circumstances.

- Although it was acknowledged that, with the volume of new housing being built in the District, there may be a need for an additional waste collection vehicle, it was hoped that capacity could be found from existing resources and further efficiencies built into the contract.

- The viability of using electric waste vehicles could be looked at by the working group, as well as how the community could get involved in projects aimed at lowering the volume of waste created. Other Councils had made the decision to convert their diesel vehicles to electric.

- A work plan would be drawn up for the working group so that it could consider aspects of the new waste and recycling contracts in detail. The Assistant Director, Place & Environment would attend meetings of the working group to provide more detailed information where required and an officer group would also be looking at the requirements for the contracts and be available to respond to questions from the working group.

- The average life span of the current waste vehicles is 7-8 years, with a maximum of 10 years. Although these vehicles may still be available when the new contract is awarded, the contractor was unlikely to take them into account when determining the price of the contract.

- The proposed budget of up to £40,000 for expert consultancy to assist with the procurement process was based on the experience of other authorities that had been through a similar process. The consultant appointed would provide expert advice throughout the process on the variables of the contract, using current market prices, prior to the contract going out to tender. The contract procedure rules would have to be followed and the total amount broken down into stage payments over the course of 18 months.

2 RECOMMENDATION

2.1 It is proposed that Council **RESOLVES** that a budget of up to £40,000 is made available for consultancy to assist with the procurement process and to help inform the working group.

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WASTE & RECYCLING CONTRACT

1 PURPOSE OF REPORT

1.1 To give an overview of the current waste and recycling service and a summary of the considerations required for reviewing and developing the future service.

2 INTRODUCTION

2.1 The waste management and street cleansing contracts with Suez Environmental, after 14 years with the Council, finishes in April 2022. The waste management contract has a current value of just over £2 million and the street cleansing contract has a current value of £701,000; both are set to increase by CPI (Consumer Price Index) each April.

2.2 The current contract with Suez covers waste refuse and recycling collections and street cleansing. This report intentionally only considers the waste collection aspect of the contract. Decisions, however, will also need to be taken about how the future street cleansing service is operated, well before the contract ends in March 2022.

2.3 The recommendation is for a standalone review of street cleansing in order to report to Review Committee in February 2020. This would look at the specific issues relating to street scene and complete an appraisal exercise of the operational costs, risks and benefits of different delivery options for the street cleansing service.

2.4 A February 2020 reporting date would still allow adequate time to provide an opportunity to combine the street scene contract with the main waste contract as part of one procurement exercise, if this was considered the best approach. Alternatively, it would allow sufficient lead in time for the procurement of plant and vehicles if the service was in-sourced in some way.

3 BACKGROUND

The Need to Provide a Waste Collection & Recycling Service

3.1 Under the terms of the Environmental Protection Act, 1990, Rochford District Council (the “Council”) is classed as a Waste Collection Authority and, as such, has a statutory duty to collect household waste from all domestic properties in the District. Under Section 46 of the above Act, the Council can specify what ‘receptacles’ (wheeled bins) should be used for recycling and waste collections, and that a charge can be made for the specified containers.

3.2 The revised Waste Framework Directive (2008) requires the United Kingdom to take measures to promote high quality recycling. This requirement to set up separate collections has been implemented in England and Wales by the

enactment of Regulation13 of the 2011 Waste Regulations, as amended by the Waste Regulations 2012. The Regulations, which came into effect for businesses and councils from 1 January 2015, stipulate that materials such as paper, metal, plastic and glass must be collected separately if it is necessary to encourage high quality of the recycling material.

3.3 Councils may continue to collect the materials in a single 'co-mingled' stream, if it is possible to demonstrate that separate collections are not technically, environmentally or economically practicable (TEEP).

3.4 Non-compliance with the Waste Regulations 2011, as amended by the 2012 Waste Regulations, could lead to a legal challenge by an individual or enforcement action by the Environment Agency. It should be noted that the Environment Agency has not pursued any challenge relating to TEEP to date. The Council has previously undertaken the necessary TEEP assessment to demonstrate that the existing co-mingled collection is an acceptable method of collection. This will need to be reviewed, preferably by an independent technical expert, as part of the new contract procurement process.

3.5 To summarise, there is a legal requirement to collect waste and to ensure that there is a separate recyclable collection stream as part of the waste and recycling service.

Inter-Authority Agreement

3.6 In 2009, Rochford, together with ten other waste collection authorities in Essex, signed a 25-year legal agreement with Essex County Council (ECC) that provided both capital and ongoing revenue funding to support local recycling schemes. This agreement was required by the County to enable them to secure Private Finance Initiative (PFI) funding for a new treatment plant. The Council currently receives revenue funding of £426,000 per year (index linked), plus a bonus payment of £69,000 per year (set to reduce to zero by 2020).

3.7 As stated previously, the Council has the power to dictate the type and number of receptacles for the collection of household waste, and the type of waste it chooses to recycle. However, to conform with the IAA, it must notify and seek approval, of any changes to Essex County Council (in its capacity as the Waste Disposal Authority) with reference to an agreed recycling plan. ECC may object to the Council retaining waste for recycling where ECC has already made arrangements to dispose or recycle that waste. Presently, as part of that recycling plan, there is an expectation to ensure that food waste is collected separately from the general refuse. The Council satisfies this expectation by providing a mixed garden and food waste service.

4 CURRENT SERVICE PROVISION

4.1 The waste collection service in Rochford District has developed over the last 14 years. The service is provided to around 33,650 households, and 2,350 flats. The current kerbside collection consists of three waste collection steams:

- a non-recyclables collection (180 litres) which is collected every two weeks;
- a recyclables collection (180 litres) which is collected every two weeks; and,
- a compostables collection (140 litres) for food and garden waste which is collected every week.

4.2 This varies for flats and caravans, and individual circumstances.

4.3 The garden waste service is free of charge and operates all year and is combined with the food waste collection service.

4.4 The kerbside dry recycling service is currently collected from approximately 35,800 properties across the Council's administrative area. There are also facilities available to residents for recycling other materials, including plastics and garden waste, at the ECC Household Waste Recycling Centre (HWRC) at Castle Road, Rayleigh; alongside various recycling points (bring banks) which also take recyclates, including plastics and paper across the Council's administrative area.

4.5 The recycling material that is collected is currently processed by Viridor at the Crayford Mixed Recyclates Facility, Kent. The contract will be due for renewal within the next 12 months, and this will need to be factored into the implementation of any final agreed specification of the waste contract. The present contract for the treatment and separation of the dry recyclables with Viridor, costs approximately £400,000 per annum, and will end on 3 November 2020.

4.6 Summary of Collection Service

Operational procedure	**Policy details/comments.**
Hours and days of operation	Collections from 7:00 am Monday to Friday;
Alternative weekly/ fortnightly/ seasonal collection	Contractors have obligation to collect; to cover alternate weekly collection, alternate fortnightly collection for recycling streams, Christmas and Bank Holiday alternate collections.
Side waste policy	Contract states no side waste to be collected for any waste container; however, some residents expect a

	side-waste collection for recycling, and consequently recyclate side-waste is still being collected; Waste container lids must be closed; and other excess waste will be placed back into empty bin for next collection.
Plastic materials collected	Pots, tubs, trays and bottles will be collected as a minimum. Other materials such as films, tetrapak, carrier bags and hard plastic will be introduced if the disposal technology allows this to be done efficiently in the future.
Missed collection	Any collection missed by Council's waste collection crew needs to be reported within 2 working days; and will return to collect within a further 2 working days.
Waste container specification	The Council has a duty to collect waste but ability to stipulate the type of containers to be used.
Additional waste capacity (medical and large family)	Recycling - families of 5 or more get an extra 120 litre capacity; (i.e. 360 litres bin); Refuse – 2 or more children in nappies, or adults in incontinent pads, larger bin will be provided; If there is a medical need, extra bins are provided (dependant on circumstances) free of charge; Application process and assessment; a review of all current recipients on an annual basis when resources allow.
Assisted collection	Medical requirements (infirm, impaired movement), Collection of all bins from property and return to same position by the Council's waste collection crews. Application process and assessment; a review of all current recipients on annual basis when resources allow.
Waste containers storage and management	Residents' responsibility to store, secure and manage their own containers; Bins owned by the Council: require storage on resident's property where available. Responsibility not to block pavement or cause obstruction; and present bins at the kerbside on collection day (unless assisted collection) by 7.00 am.
Replacement bin policy	Bin swap – free replacement for homes with no bins to swap but will be issued with old returned bins. If the resident prefers a new bin, a fee is payable for any new replacement bins or supply of bins to new property. All new build property owners / developers will need pay for the bins. Any bins that are lost or damaged will need to be paid for by the resident (resident's responsibility to manage and secure bins);

	The first time a bin is stolen it will be replaced for free. After that the charge will apply. Any bins that are damaged by the Council's crew or collection vehicle will be replaced free of charge. The crew will report any bins damaged by them.
Flats/HMOs/ restricted size properties	Request for alternative bins will be considered on an individual basis, taking account of the household and also the dwelling / available storage / access. Flats and complexes will be individually assessed.
Contamination	No waste to be collected if any of the waste collection containers/bins are contaminated; residents will be informed; Residents need to remove contamination; Return policy for collection once contamination removed - next collection.

5 FACTORS INFLUENCING FUTURE SERVICE PROVISION

Number of Households

5.1 The projected increase in households in the Rochford District is in the region of 4,000 houses in the next 10 years. This will generate more demand for the waste and recycling service in the Council's administrative area, potentially adding to the costs of providing a waste collection service, particularly if the number of collection rounds must be increased to accommodate the growth.

5.2 To minimise potential increases in service costs, the collection rounds and routes require modelling to ensure optimum efficiency in the collection of waste is being achieved. This will require technical expertise and resource that is not available within the Council.

Council Medium-Term Financial Strategy

5.3 The 2019/20 Medium Term Financial Strategy forecast suggests a potential budget deficit of approximately £1 million by the 2023/24 financial year. At present there is an assumption that the waste and street scene contracts will cost, once inflation has been accounted for, broadly the same in future years.

5.4 Following a review, undertaken by the Review Committee during the 2013/14 municipal year, the recycling and street cleansing contracts were extended from April 2015 for another 7 years, following the initial 7-year term, taking the contract up to the finish date of April 2022.

5.5 As part of the contract extension, a variation was negotiated to allow a reduction in the annual contract price in return for the Council financing and purchasing the required vehicles to service the contract. £2.3 million was allocated in the 2015/16 Capital Programme to purchase a fleet of waste and street scene vehicles for the recycling and street-cleansing contracts.

5.6 Any future contract will either have to accommodate the purchasing of a new replacement fleet at the start of the contract or the Council will have to undertake a similar procurement exercise as previously undertaken, whereby the Council purchases the fleet of vehicles for the servicing of the contract. The former proposal will likely represent a significant increase in the contract cost and thus an additional pressure upon the Council budgets; whereas the latter will require a significant drawdown from Council reserves or an alternative form of financing to fund the capital purchase. Both proposals will have significant financial implications for the Council in the medium term.

5.7 Therefore, it is imperative that the contract review seeks to identify potential cost-saving opportunities wherever possible, either through efficiency savings or a review of the contract specification. This will require expert knowledge of the current market conditions and detailed cost analysis to predict the likely overall service cost. Independent technical expertise will be required to assist the Council to develop the necessary business models.

Government 25-Year Strategy

5.8 The recently published 'Resources and Waste Strategy' sets out the UK Government's ambitions for higher recycling rates, increased resource efficiency, and a more circular economy. These ambitions require changes in how we produce and consume products and materials, as well as how we treat and dispose of them at end-of-life.

5.9 DEFRA is now in the process of consulting on the commitments outlined in the Resources and Waste Strategy, with a view to taking a Bill forward in early 2020. In summary, the proposals to improve recycling from households in England put forward in the consultation are:-

- to collect the same core set of dry recyclable materials from households;
- to have separate weekly food waste collections from households;
- whether waste collection authorities should provide a free garden waste collection service for households with gardens;
- how to achieve greater separation of dry materials in collections, especially paper and glass to improve the quality of dry recyclables collected from households;
- whether statutory guidance on minimum service standards for waste and recycling services should be introduced;
- how to develop non-binding performance indicators to support local authorities to deliver high quality and quantity in recycling and waste management;

- how to support joint working between local authorities on waste; alternatives to weight-based targets; and having standardised bin colours for waste and recycling.

5.10 Any future proposals in the Bill may potentially have a significant impact upon how the waste and recycling service is delivered; therefore, it is recommended that the finalised procurement process is delayed until there is more certainty over any future legislative requirements regarding the collection of household waste.

Agenda 2030: Delivering the Global Goals

5.11 This paper sets out the UK Government's approach to delivering the Global Goals that will shape the approach to growth and sustainable development until 2030. Key themes of waste reduction, air quality and low carbon energy sources could all potentially play a role in influencing the specification of the contract. For example, the adoption of an all-electric fleet to seek improvements in local air-quality.

5.12 A separate report is to be discussed at Review Committee on how the Council can contribute to the environmental aspects of the Agenda 2030 aspirations. The review of the waste and recycling contract will need to be mindful of the conclusion of that separate review.

6 FURTHER FACTORS TO CONSIDER IN CONTRACT SPECIFICATION

Garden waste collection service

6.1 Garden waste collection is a discretionary service rather than a statutory service. The data from the Waste and Resource Action Programme (WRAP) indicates that in 2016-2017 a total of 177 local authorities [in England] (53%) operated a subscription-based garden waste collection service. The introduction of a chargeable garden waste service could lead to reduced collection costs and generate enough revenue to cover the costs of introducing a chargeable garden waste service.

6.2 If food is split out from collection, this approach will bring the Council into line with most of the local authorities in Essex. Any changes of this nature to the collection, as previously stated, would require approval through the IAA. Previous discussions with Essex County Council has suggested that such a request for approval would be viewed favourably. However, any such considerations would need to be mindful of the Government's developing Resources and Waste Strategy.

Introduction of separate kerbside collections for glass, paper & plastics

6.3 The collections of materials at the kerbside as separate waste streams would be likely to increase the Council's recycling rates and the quality of recycled

material collected. There are further advantages to separating the collection of different types of recyclate. Firstly, the value of the re-sale of that waste stream is usually higher due to lower levels of cross-contamination from other waste streams; and, secondly, the cost of sorting materials into the different waste streams for re-sale is considerably lower as there has been an initial sorting of materials by residents at kerbside. For example, glass and paper are collected in two separate collections, rather than co-mingled with all the other recyclates.

6.4 The two significant disadvantages are the increased complexity of the recycling scheme and the level of participation by residents. Secondly, there are increased costs of running a larger number of vehicles to collect and dispose of these separate waste streams; this also potentially increases vehicle emissions. The savings gained from the increased sale value of the recyclates may well be offset, or exceeded, by the increased cost of running a larger fleet of refuse vehicles.

6.5 As outlined earlier (para 3.4), the previous TEEP assessment concluded that the collection of separate waste streams was not viable for the current service, a further TEEP assessment will be required at the point of developing the future service.

Flats

6.6 There are approximately 9,500 flats and multi occupancy dwellings in the District. These represent a variety of accommodation types, containers and infrastructure differences which would require consideration if a change in service model is introduced.

6.7 Any bin swap proposals and any changes would need to consider the following:

- Restricted bin storage;
- Unsecure/unmanaged bin storage;
- Estate infrastructure;
- Fire risk; and
- Anti-social behaviour.

6.8 The contract review will require properties to be identified to enable individual proposals to be developed (rather than adopt a one size fits all view).

Introduction of changes to staff shift patterns

6.9 The aim of this approach is to make more efficient use of vehicles and staff. Consideration can be given to the possibility of changing the length of shifts, the use of split shifts to increase the working day, or reducing the number of collection days to minimise service disruption for routine maintenance and repairs to the fleet allowing a set non-collection day for such works.

6.10 However, more work needs to be undertaken to establish the practicality of introducing this approach in Rochford.

Equalities Implications

6.11 A full equality impact assessment will need to be undertaken as there is the potential that the elderly and people with a disability may be affected in moving the bins due to mobility constraints. Presently, to mitigate this the Council will continue to help such residents via its assisted domestic waste collection policy.

6.12 For residents where English is their second language, and for those who have difficulty reading or understanding written information, this can be mitigated by putting a sticker with pictograms on bins, showing what can and cannot go in each bin. If changes to the service are made, additional resources will need to be allocated to the Council's Waste and Recycling team to provide outreach visits to community groups and households supported by the Council's Communications Team.

6.13 Targeted support will need to be considered so as to provide specific communities with assistance with any potential transition and ensure a sustainable improvement in recycling rates. Currently there are a number of households across some communities that do not fully comply with the requirements of the existing waste collection service determined by the Council. It is proposed that a range of options, including face to face engagement, would need to be developed early in the implementation phase to assist householders living in these areas to more easily achieve good levels of recycling performance.

7 OPTIONS FOR CONTRACT DELIVERY

7.1 The risks and benefits of each service delivery options can be summarised as follows: -

- Outsourced – This is the option that the Council has the most experience of managing. It would allow the Council to access private sector expertise for what is a complex service, as well as the economies of scale of a large supplier. Service performance risk is often dependent on the quality of the contractor, the contractual remedies that can be actioned and the financial

viability of the bid/operating model if it can be sustained over the length of the contract.

- Insourced – The principal benefit of operating the service in-house is having direct control over the operations. In-house costs are generally expected to be higher than procuring an external contractor, mainly due to higher pension on-costs and lack of economies of scale/opportunities for efficiencies. For the Council the major risks would include setting up a new service from the ground up including a major capital outlay to procure new vehicles and plant, attracting experienced management staff to oversee service delivery and the steep learning curve associated with operating a new service.

- Teckal or Local Authority Owned Waste Company – The number of Teckal waste companies has grown in recent years, possibly due to concerns around limited competition in the market. It should be noted these can take different forms, ranging from a joint company that commissions and procures its own service contracts, through to a joint waste collection and waste reprocessing company that directly delivers the services in-house, as well as offering its own services to the commercial sector. The nearest equivalent the Council has in terms of an operating model would be Green Gateway, although a LATCO waste company would be a much larger undertaking. In terms of risks these are similar to an insourced service in terms of establishing the new service, with the added legal complexity of operating within a company structure

7.2 It is recommended that a full options appraisal is undertaken, once the specification and nature of the service has been defined. This will allow a meaningful cost-benefit analysis of the different delivery options to be considered.

8 CONCLUSION

8.1 The Waste & Recycling Contract represents a significant financial commitment for any Council, which, combined with the service complexities of delivery, requires a detailed options appraisal to be undertaken to ensure that once the current contract ends there is continuity of service to residents whilst maximising value for money for the Council overall.

8.2 Further work is required to develop a project plan that sets out a co-ordinated and logical approach to how these different aspects of the waste service can be given detailed consideration before developing an overall service specification. As in the 2013/14 review, the Review Committee would be able to consider all aspects of the Waste Contract to form a recommendation to Council.

8.3 As one of the main contributors to the Council's carbon footprint, this work would link into other themes that the Committee has scheduled to investigate.

8.4 This undertaking will require additional resource since independent technical advice of waste and recycling markets will need to be secured to ensure accurate financial modelling of the different service options.

9 RISK IMPLICATIONS

9.1 The main risk at this stage of the review process is that adequate resource is not allocated to ensure that a comprehensive review is undertaken.

9.2 The review must demonstrate that any concluding service options are TEEP compliant; a failure to do so could result in legal challenge to the chosen service model. The review must also provide service options that are accurately costed to ensure the service is deliverable within the budgetary constraints; a failure to so could impact significantly upon the Council finances for the Medium Term.

9.3 To ensure the above risks are addressed it is recommended that an independent technical expert is appointed to assist in the review process.

10 RESOURCE IMPLICATIONS

10.1 As per paragraph 8.4 there will be a cost associated with buying in expert consultancy/technical advice to work up an options appraisal in detail. This advice will be procured in line with the Council's procurement rules and the relevant approvals sought where necessary. The anticipated cost is expected to be in the region of £40,000 and approval will be sought to draw this down from reserves. As this is the largest contract the Council operates, at a value is £2.7m per annum, it is essential that the Council ensures it achieves best value for money in its future service delivery, and therefore a one-off investment of this amount represents sound financial sense.

11 LEGAL IMPLICATIONS

11.1 None.

12 EQUALITY AND DIVERSITY IMPLICATIONS

12.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.

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