

CABINET
14 November 2023

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: WASTE, RECYCLING AND STREET CLEANSING CONTRACT SERVICE DESIGN

REPORT OF: SHARED SERVICE MANAGER – WASTE MANAGEMENT

EXECUTIVE MEMBER: CLLR AMY ALLEN, EXECUTIVE MEMBER FOR RECYCLING AND WASTE

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

Cabinet agreed the service design for the new waste, recycling and street cleansing contract on 25 October 2022, along with new aims and principles of the Shared Service, based around delivering services which are both financially and environmentally sustainable.

Officers are currently undergoing a competitive dialogue procurement and are seeking a decision from Cabinet on further service design options that can be considered in order to achieve the long-term financial sustainability of the service and the Council.

2. RECOMMENDATIONS

- 2.1. That the Service Director of Place in consultation with the joint Waste Project Board be delegated the authority to agree the waste and recycling service design changes identified in 8.2 of this report, subject to them being the most financially sustainable solution for the Council.
- 2.2. That the Service Director of Place in consultation with the joint Waste Project Board be delegated the authority to agree the street cleansing service design changes identified in 8.2 of this report, subject to them being the most financially sustainable solution for the Council.

3. REASONS FOR RECOMMENDATIONS

- 3.1. The competitive dialogue procurement process allows the Council to explore service design options which may present benefits to the Council. The process so far has identified that significant cost increases are likely from the waste, recycling and street cleansing services in the next contract.

- 3.2. Officers have considered the initial offers from bidders and discussed opportunities for specification changes with them, which are aligned with the Council's aims for high performance, but that will reduce the costs to the Council with minimal impacts on perceived performance.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. See Part 2 report

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Independent workshops were held with a small group of administration Councillors from East Herts Council (EHC) and North Herts Council (NHC) in September 2023 to discuss potential options for changes to the service specification on both waste and recycling and street cleansing. The findings from these workshops were then identified to Project Board on 2 October 2023.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on 13 October 2023.

7. BACKGROUND

- 7.1. East Herts Council (EHC) and North Herts Council (NHC) entered into a Shared Service arrangement in 2017 and a joint contract was let which commenced in May 2018.
- 7.2. The service comprises a 'client' management structure located at the Buntingford Depot and two operational hubs comprising separate contractor management teams and separate contractor workforces for East and North Herts Councils.
- 7.3. The current service covers the requirements for the collection of waste and recycling from approximately 124,000 households and over 1920 commercial customers as well as street cleansing services across East and North Hertfordshire.
- 7.4. In 2014, the Councils agreed to progress from a Strategic Outline Case to an Outline Business Case for the shared service specifically exploring potential additional savings in joint contracts, savings in client overheads including depot costs, governance and management proposals and jointly agreed policies to form the basis of a joint specification.
- 7.5. Prior to the formation of the shared service client team in December 2017, both Councils made unilateral decisions on the service offering to residents for waste, recycling and street cleansing services which formed the basis of the joint contract with Urbaser.
- 7.6. The independent decision making at each authority led to different decisions being made by North Herts Council and East Herts Council regarding the provision of services to residents.

- 7.7. At their respective Executive/Cabinet meetings on 19 April 2022 and 22 March 2022, new aim and principles for the shared service were agreed, focusing on efficient services which are environmentally and financially sustainable. The aim and principles are attached in Appendix 1.
- 7.8. At the respective Executive/Cabinet meetings on 25 October 2022 the service design for the new waste, recycling and street cleansing contract was agreed and minor changes to the specification were delegated to the Service Director of Place for NHC and Head of Operations for EHC, in consultation with Project Board.
- 7.9. On 21 October 2023 the government published its response to its consultation on the resources and waste strategy and resulting in proposed legislative and statutory guidance changes. Officers are in the process of reviewing the information and will be responding to a further consultation on the statutory guidance aimed at supporting the governments 'simpler recycling' proposals.
- 7.10. Some elements of the governments legislative and statutory guidance changes are not aligned with the current contract specification but at this stage there is insufficient clarity to make any further formal decisions. It is expected that further decisions will be required in late 2024 once more detail is known.
- 7.11. Officers will work with consultants Eunomia and legal representatives Sharpe Pritchard to ensure that the procurement exercise can progress on its current timeline and provide sufficient opportunities for any necessary changes required to the specification.

8. RELEVANT CONSIDERATIONS

- 8.1. Officers have been in dialogue with bidders to explore options regarding changes to the specification requirements, which may bring forward savings against the bid prices.
- 8.2. Officers are therefore seeking approval to consider alternative service design options in consultation with project board. The options being considered include:
 - a) A change from source separated paper to fully commingled dry mixed recycling
 - b) The monthly (four weekly) collection of separated paper
 - c) The three weekly collection of separated paper and cardboard predominantly in boxes and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle)
 - d) A removal of the continuous street cleansing presence in town centres and back to standard by 9am (including SLA changes identified in '1' below).
 - e) A removal of approximately 30% of litter bins from predominantly outside the town centres
 - f) A removal of the requirement to pay for traffic management for high-speed road cleansing, with this cost liability being with the Council.
 - g) A change to an input* specification for high-speed road cleansing to once per year
 - h) A change to an input* specification for high-speed road cleansing to twice per year
 - i) Removal of additional seasonal leaf fall clearance.
 - j) An extension of the bin delivery/repair SLA to from 5 days to 9 days.

- k) An extension of missed bin rectification SLA from 5pm the next working day to 72 hours with the exception of missed whole streets which will remain 5pm the next working day.
- l) A change in all of the following street cleansing SLAs

Type	Current Specification	Proposed
1 Cubic Metre fly tipping	2 working days	5 working days
10 Cubic Metre fly tipping	10 working days	10 working days or by agreement with the Supervising Officer
Grade B - Medium intensity Retail	6 hours	Remove rectification requirement for grade B.
Grade B - High Intensity Retail	3 hours	5 hours
Grade C - Medium Intensity Housing	48 hours	3 working days
Grade D - Medium Intensity Housing	24 hours	48 hours
Grade C - Low Intensity Housing	3 working days	5 working days
Grade D - Low Intensity Housing	48 hours	3 working days

** In an 'input' specification the Council prescribed the frequency of cleansing which may or may not meet the needs of an area but limits the resource requirements and cost liabilities of the contractor. In an 'output' specification which is as currently drafted the contractor must ensure that cleansing standards are maintained regardless of the resource requirements and the full cost liability sits with the contractor.*

- 8.3. A final decision on the specification will be made once dialogue is completed and this will be presented to Project Board for a decision to be made. Due to extremely tight timescales, it will not be possible to bring a further report to Executive and Cabinet.
- 8.4. This report does not contain full detail on the implications of each element of these potential changes, but this detail will be provided to Project Board, for a final decision to be made.

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet has authority to decide to proceed with a Competitive Dialogue procurement for the waste & recycling collection and street cleansing contract. Cabinet terms of reference at 5.7.36 state that Cabinet may exercise the following functions: *“To determine those procurement matters reserved to Cabinet by the Contract Procurement Rules.”* The recommendation contained within this report will allow officers to consider alternative service design options within that Competitive Dialogue process in consultation with the Waste Project Board. Additionally, Cabinet has authority at 5.7.15 to *“oversee the provision of all the Council’s services other than those functions reserved to the Council.”*
- 9.2 Otherwise, see Part 2 report

10. FINANCIAL IMPLICATIONS

- 10.1. The Council's budget and Medium Term Financial Strategy has had a core assumption that the new contract would be in line with the current budget. That was on the basis that:
- There was no better information to go on, especially with unknown Government proposals in relation to consistent collections, Deposit Return Scheme and Extended Producer Responsibility.
 - We have already put in place measures in the new contract specification that should help reduce costs (e.g. three weekly collections), but the exact financial impact was unknown.
 - Whilst the Council does not provide capital funding for contract vehicles, it does capitalise the cost of the vehicles (this is in line with accounting regulations). This use of capital funding reduces the revenue cost of the contract. This revenue saving is currently added to a reserve for future vehicle funding. To help balance the budget the Council could choose not to fund the capital cost of the vehicles in this way.
 - In addition to the core assumption, a risk was highlighted that there could be a risk of higher costs with the contract. This risk is what has now happened.
- 10.2. As detailed in the risk section, there are uncertainties in relation to the recent announcement from DEFRA regarding frequency of residual waste collections. If it was not possible to extend the frequency of residual waste collections, then that would increase contract costs. Those costs could be higher than they would have been if DEFRA do not provide certainty as soon as possible. The availability of New Burdens funding for weekly food collection would help the Council's budget forecasts, but the amount of any funding is unknown and may not be known until later in 2024.
- 10.3. There are decisions that can be made in relation to waste services that affect the budget position, but do not relate to the contract specification (e.g. levels of fees and charges). These will have to be considered at some stage, but are not within the scope of this report.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 On 21 October 2023, DEFRA released details of their proposals in relation to 'simpler recycling' collections. It was positive that there was confirmation that there would be local choice on the extent to which recyclable materials could be commingled, as that reduces the risk in relation to the contract. However, there was an unexpected announcement that there would be a consultation on residual waste collections having to be at least fortnightly in frequency. That is a risk in relation to increased costs for service provision, but also adds complexity and risk into the contract procurement process. Officers are working with consultants Eunomia and legal advisors Sharpe Pritchard to mitigate these risks.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. An Equalities Impact Assessment was completed in October 2022 based on the current proposed service specification for the waste contract from 2025. Households producing large quantities of child or adult nappies will be supported by the provision of policies allowing for these properties to remain on fortnightly residual waste collections. A further assessment will need to be carried out depending on the nature of the final service specification options taken forward prior to contract award.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. As the recommendations in the report relate to a contract above the WTO GPA threshold, Social Value has been included by an evaluation model allocating 10% weighting for social value. This will result in a sufficiently high consideration of social value at tendering.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. Overall, to date there are forecasted to be positive environmental impacts from changes to the waste contract for East and North Herts. These come, amongst other things, as a result of proposals to reduce frequency of general refuse collections from fortnightly to three weekly, meaning a reduction in emissions for NHC and a mitigation of emissions for EHC resulting from refuse freighter journeys, and an anticipated increase in resident recycling rates over time. Whilst outside the scope of the decisions being made, it is clear that there would be negative environmental implications if there was a Government decision to require at least fortnightly collection of residual waste.
- 14.2. The proposed introduction of a Waste Awareness Officer will also allow us to run more campaigns and events to support residents to reduce their waste and develop greater understanding of which items are recyclable. This will help residents to adapt to the contract changes which include a proposal to introduce plastic film into the recycling bin.
- 14.3. An environmental impact assessment was carried out in October 2022, based on the current proposed service specification for 2025 onwards. A further assessment will need to be carried out depending on the nature of the final service specification options taken forward prior to contract award.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. There are no direct human resource implications as a result of this report.

16. APPENDICES

- 16.1. Appendix 1 – Aims and Principles of the Shared Waste Service

16.2 Appendix 2 – See Part 2 Report

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 Other than those referred to above, and confidentially in the Part 2 report, none