

**CABINET  
30 JULY 2019**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: WASTE COLLECTION FROM MULTI OCCUPANCY PROPERTIES**

REPORT OF THE SERVICE DIRECTOR - PLACE

EXECUTIVE MEMBER FOR RECYCLING & WASTE

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

- 1.1 For Cabinet to consider and decide to either retain the current weekly service for residual waste or move to a fortnightly collection service for Multi-Occupancy Properties (MOP) in accordance with the existing contract that started in May 2018. Retaining weekly collections would be a variation to the waste contract and Urbaser's claim is shown as appendix A.
- 1.2 The recent Audit of MOP has concluded that there are significantly less MOP that have the capacity to go to fortnightly collections without significant impact on either the Landlord/Managing agent or the Council.
- 1.3 Officers would not recommend a two tier collection system for NHDC MOP as this would not provide parity and equality for our residents. The contractor would require a reduction of one vehicle and a crew to make any savings and this would require the majority of MOP to move to fortnightly collections.

**2. Recommendations**

- 2.1 For Cabinet to approve a variation to the waste contract with Urbaser, to retain the existing weekly collection service for residual waste from MOP in accordance with appendix A.
- 2.2 For Cabinet to approve an increase in the revenue budget for 2019/20 of £68k to fund these additional costs.
- 2.3 For Cabinet to note that the £164k increase in expenditure budget required annually to retain weekly collections from MOPs will be incorporated in the draft revenue budget for 2020/21.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To prevent resident dissatisfaction, contamination of waste streams, side waste and costly enforcement action against landlords and managing agents for non compliance that would likely occur in the event fortnightly collection of residual waste at MOP was implemented in accordance with the waste contract obligations.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Continue to implement the agreed fortnightly collection of residual waste from MOP in accordance with the contract
- 4.2 Provide a two tier system where some MOP receive residual weekly & others fortnightly collection at MOP

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 To date there has been no consultation with MOP residents, Landlords or managing agents on this matter, but will do so if the decision is to retain the currently agreed terms of the contract for fortnightly collections of residual waste from MOP for commencement in Nov 2019.
- 5.2 The Executive Member for Recycling and Waste has been fully briefed and involved in detail of this report and supports the recommendation. A breakdown of the financial details is commercially sensitive because release of such detail would prejudice Urbaser's competitiveness in the market. The Executive member is happy to explain what the details comprise of and is satisfied that Finance, Operational and Legal have scrutinised and accept the figures.
- 5.3 Overview and Scrutiny has called in this report for consideration prior to Cabinet on the 19 July 2019
- 5.4 All members were informed through MIS of the Executive Member decision for delaying the implementation of fortnightly residual collection of waste from MOP until the beginning of November 2019 in May 2019.

#### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st June.

#### **7. BACKGROUND**

- 7.1 Cabinet at their meeting on the 19<sup>th</sup> Dec 2017 resolved:

##### **74. JOINT WASTE COLLECTION AND STREET CLEANSING POLICY AND CUSTOMER CHARTER**

##### **RESOLVED:**

- (1) That the Waste Collection and Street Cleansing Policy Statements, as set out in Appendix to the report, be agreed;

*The following is the relevant extract from appendix 2*

*Policy 3a: Multi occupancy properties- NHDC frequency change of residual waste at flats will change to fortnightly from weekly. It is currently weekly due to DCLG funding which has now ended.*

- 7.2 The tender for the waste collection and street cleansing contract included an option for weekly food waste collection for all premises across the District. The Council selected this option and therefore a weekly food waste collection from flats is within the current contract price. Accordingly, this report only relates to the issues and considerations regarding transition from weekly to fortnightly residual waste collection.
- 7.3 In 2018 and in line with the end of the Veolia contract term NHDC tendered a new joint waste and street cleansing contract in partnership with EHC. As part of NHDC agreed specification tenderers were asked to include a fortnightly collection of residual waste from MOP in the District in their bid. The contract documentation stated that this move from a weekly to fortnightly service would start at the commencement of contract in May 2018.
- 7.4 Another part of Urbasers bid was to introduce efficiencies and therefore savings in other waste streams (Phase 2). These efficiencies were due to begin in November 2018 but were not introduced due to disruption in the service. A revised Phase 2 implementation date of May 2019, at Urbasers expense was agreed and allowed time for services to bed in sufficiently. This gave NHDC some confidence that round efficiencies could be made without causing further significant disruption to services and residents. As part of Phase 2 Urbaser were expecting to make a reduction of four collection rounds. If MOP fortnightly collections, in accordance with the contract, commence in November Urbaser will only achieve a reduction of three collection rounds.
- 7.5 The Outline Business Case for the new joint contract estimated between £300k p.a. to 700k p.a. of savings for NHDC but has actually delivered circa £1.9m p.a. of savings, meaning a total saving of £13.3m over the seven year contract term.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 In April 2019 Urbaser produced a phase 2 implementation plan for agreement which included details of round efficiencies. Whilst affecting the majority of the District the main efficiencies centred on the time in the day in which waste and recycling is collected. Although these changes are far reaching and affect most low rise properties in the District no day changes or other fundamental changes were suggested and therefore this element was agreed by NHDC.
- 8.2 In line with the tender requirements Urbaser detailed a plan to move from a weekly to fortnightly residual waste collection for MOP across the district. This is clearly a fundamental change in service provision and one that would potentially affect circa 450 blocks and 6000 properties across the district.
- 8.3 Following discussions with Urbaser an Executive Decision Notice was published in MIS announcing a further delay of four months (until 1<sup>st</sup> November 2019), for the following reasons:
- The MOP waste stream is a particularly hard one to manage with the majority of residents using communal bins. This can discourage residents to recycle responsibly.
  - If residual waste bins are full residents can leave excess waste around bins which is unsightly and can cause further issues around public health i.e. smells and vermin.
  - A summer start is not seen as the ideal time for such implementation due to hotter weather creating associated smells and known issues.
  - The effects of last years service issues are still being felt in some quarters and should the introduction of a fortnightly service not go smoothly then grievances may be exacerbated.

- There is a requirement to carry out a full detailed audit of all the MOP to determine the potential issues surrounding capacity and the ability to move the majority of MOP to a fortnightly residual waste collection service.
- Allow sufficient time for consultation with residents, landlords and managing agents
- Procure sufficient number of new bins for increased capacity requirements

8.4 A detailed audit of all the MOP has been undertaken over the past few months. The table below gives a summary of total MOP split into a traffic light system,

Green acceptable – no change  
 Amber border line – would require purchase of bins (circa £4k)  
 Red unacceptable – number of issues including insufficient capacity of bins (new bins circa £45k). For some MOP there may be further modifications required including access and associated infrastructure

Traffic light on MOP	Qty	%
Red	295	51%
Amber	61	10%
Green	225	39%
Total Main Sites	581	100%

51% of MOP are considered not in a position to go fortnightly services due to lack of existing storage capacity. A combination of Amber and Green gives a 49% of MOP which could potentially go fortnightly.

- 8.5 As part of phase 2, Urbaser included a reduction of a MOP residual waste collection round and therefore no saving can be made unless the majority of MOP can move to a fortnightly residual waste collection service.
- 8.6 It would not be equitable or provide parity to have half of the MOP on weekly residual waste collection service and the other half on fortnightly. This could lead to dissatisfaction and complaints from those residents affected (6k properties).

## 9. LEGAL IMPLICATIONS

- 9.1 Under subparagraph 5.6.1 of Cabinet's Terms of Reference in the Constitution, Cabinet has responsibility to *"to prepare and agree to implement policies and strategies other than those reserved to Council."* Updating the Council's waste collection policy would be Cabinet's responsibility under this subparagraph.
- 9.2 Given the value of the proposed contract variation, under subparagraphs 28.9 and 5.6.36 of the Council's Contract Procurement Rules and Cabinet's Terms of Reference respectively, Cabinet has responsibility to approve the required contract variation to give effect to the change in waste collection policy.
- 9.3 The Council's tender confirmed *"The Provider must also set out how they will support North Hertfordshire District Council with the transition of services from Weekly collections to Fortnightly collections. This will be for collection of Residual Waste and Food Waste from Flats and other multiple occupancy residential properties only, and will take place at Contract Commencement."* Further, the price schedule confirmed as follows regarding residual waste collection from flats.

*"Two units will be calculated where collections are weekly"*

Therefore the Council left open the option to continue with weekly residual waste collections from flats if transition to fortnightly collections was not feasible and accordingly officers consider that the contract variation is permitted under Section 72 (1) (a) of the Public Contracts Regulations 2015.

- 9.4 In any event, the change of collection policy and contract variation are necessary because the Council has identified the difficulties and barriers in transitioning from weekly residual waste collection from flats to fortnightly collection. There would also be substantial cost duplication and significant inconvenience if the additional service was provided by an independent contractor due to significant loss in economies of scale (particularly regarding labour, infrastructure and vehicles) and also the management of a fragmented waste collection service. Therefore officers consider that the contract variation would be permissible under sections 72 (1) (b) and (c) of the Public Contracts Regulations 2015

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The additional annual revenue cost of £164k for the variation to the contract to retain weekly collections is in accordance with Urbaser's claim shown in appendix A. The variation would commence from November 2018 and therefore the additional expenditure incurred in 2019/20 would be £68k.
- 10.2 While not affecting the contract variation amounts paid to Urbaser shown in Appendix A, the retention of weekly collections ongoing may require an increase in the number of vehicles held by Urbaser under long term lease arrangements. As the Council will make substantial use of these vehicles through the performance of the contract, the leasing costs embedded within the contract are charged as capital expenditure and funded from the Council's capital funding sources rather than the General Fund. Any resulting changes to capital and revenue expenditure will be highlighted in future finance monitoring reports.
- 10.3 To move to fortnightly collections a capital budget of circa £50k would be required to purchase more and larger bins to meet the additional capacity needs within the MOP. In accordance with the Council's Financial Regulations, new capital expenditure of less than £100k can be authorised by the Executive Member for Finance and IT.

## **11. RISK IMPLICATIONS**

- 11.1 The risks of not agreeing to retain weekly collections:
- Council's reputation
  - Increase in residents and landlord complaints from a high percentage of our residents living in multiple occupancy properties. Different treatment may be required for different MOP, if storage capacity does not allow for fortnightly collections.
  - Further service disruptions and pressure on the service and the Council,
  - Significant enforcement costs requiring additional resources
  - £40k one off capital budget for increased number and size of bins
- 11.2 Although officers consider that the proposal to vary the contract is permissible under procurement regulations, the interpretation and application of legislation is always a matter of judgement.

## **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 It is clear that disparity would arise and inequality of service provision if the proposed implementation of fortnightly collections proceed. It is acknowledged that a high percentage of MOP would on a weekly collection. Changes to the existing service would require careful consideration of the impacts to the community and mitigating actions to alleviate the impacts.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 The Social Value Act and “go local” policy do not apply to this report because this report relates to the variation of an existing contract
- 13.2 Officers consider that retaining weekly food waste will promote social value by promoting greater recycling and thereby reducing the amount of waste going to landfill.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 If planned changes from weekly to fortnightly collections don't go ahead there won't be a surge in calls about the changes to the CSC and Urbaser and with less change affecting staff in the Urbaser teams should lead to less staff dissatisfaction.

## **15. APPENDICES**

- 15.1 Appendix A: Urbasers financial claim to retain weekly collections except recycling.

## **16. CONTACT OFFICERS**

- 16.1 Vaughan Watson, Service Director - Place  
[vaughan.watson@north-herts.gov.uk](mailto:vaughan.watson@north-herts.gov.uk); Ext 4641
- 16.2 Jamie Sells, Service Manager – Joint Waste Contract  
[jamie.sells@north-herts.gov.uk](mailto:jamie.sells@north-herts.gov.uk), Ext 4339
- 16.3 Antonio Ciampa, Accountancy Manager  
[antonio.ciampa@north-herts.gov.uk](mailto:antonio.ciampa@north-herts.gov.uk), Ext 4566
- 16.4 Gavin Ramtohal, Legal Commercial Team Manager and Deputy Monitoring Officer  
[gavin.ramtohal@north-herts.gov.uk](mailto:gavin.ramtohal@north-herts.gov.uk) Ext 4578
- 16.5 Reuben Ayavoo, Policy and Community Engagement Manager  
[reuben.ayavoo@north-herts.gov.uk](mailto:reuben.ayavoo@north-herts.gov.uk) Ext 4212
- 16.6 Kerry Shorrocks, Corporate Human Resources Manager  
[kerry.shorrocks@north-herts.gov.uk](mailto:kerry.shorrocks@north-herts.gov.uk) Ext 4224

## **17. BACKGROUND PAPERS**

*Waste & Street Cleansing Contract*  
*Executive Decision May 2019 MIS*

Joint Audit of MOPS for waste streams and capacity for fortnightly collection of residual waste