

Report of:	Meeting	Date	Item no.
Cllr Paul Moon, Chairman of the Waste and Recycling Collection Services task group and Marianne Hesketh, Service Director Performance and Innovation	Cabinet	18 October 2017	5

Waste and Recycling Collection Services task group – final report

1. Purpose of report

- 1.1 To report the work of the Waste and Recycling Collection Services task group to the Cabinet.

2. Outcomes

- 2.1 An effective and efficient waste and recycling collection service that meets the needs of residents and the council.

3. Recommendations

- 3.1 That the council re-tests the market before making a decision about the provision of the waste and recycling collection service beyond April 2020.
- 3.2 That any future arrangement for the delivery of the waste and recycling collection service takes into account the requirements of the Local Plan including, in particular, the impact of additional properties planned for the borough.
- 3.3 That the box currently used for dry recyclates be replaced by a bin.
- 3.4 That a four-bin system for a two-stream collection on a four-weekly cycle be introduced.
- 3.5 That all options for driving up recycling rates be considered, and implemented as appropriate.

4. Background

- 4.1** In 2009 and 2011 scrutiny task group reviews were carried out to investigate the arrangements for the delivery of waste and recycling collection services.
- 4.2** In line with the main recommendation of the 2011 scrutiny review a tender exercise, incorporating a detailed evaluation process, was carried out. The council's waste management contract was awarded to Veolia ES (UK), now renamed Veolia, delivering efficiency savings of £1.4m which was in excess of the £850,000 originally anticipated. -
- 4.3** The contract commenced on the 1 April 2012 for 8 years, with an option to extend this period for a further 8 years.
- 4.4** The council currently provides an alternate weekly collection of waste to over 90% of households, with residual waste collected one week and recycling materials collected the following week, in receptacles as follows:
- Cardboard and paper – co-mingled in a 140 or 240 litre blue lidded wheeled bin
 - Glass, cans and plastic bottles, with textiles in a carrier bag – kerbside box
 - Green and food waste – 240 litre green lidded wheeled bin
 - General waste – 240 litre grey lidded bin

The collections are made on the same day each week and the quantity of residual waste is restricted to 240 litres per fortnight, unless the householder qualifies for additional capacity according to the council's collection policy.

- 4.5** In November 2005 Cabinet agreed that the council should enter into the Property Based Payment Agreement (cost sharing) with Lancashire County Council. The contract was subsequently approved in February 2006. The Cost Sharing Agreement was introduced as an enhanced system to the former recycling credits to enable districts that signed up to it to invest in kerbside recycling collections to help reach the Lancashire Waste Strategy Target of 90% of households receiving a three-stream waste collection service. The Agreement contained a number of conditions to which the council had to adhere. The Agreement will terminate in March 2018.

5. Key issues and proposals

- 5.1** Veolia have met their contractual requirements and since 2012 have provided a service that has been excellent in terms of performance against agreed KPIs and cost. The council's relationship with Veolia has been very positive.
- 5.2** The impact of the additional properties planned for the borough needs to be taken into account in any future arrangement, with links made to the Local

Plan. Such an arrangement would need to be future-proofed for a further sixteen years.

- 5.3 Testing the market again would ensure that the council has the opportunity to secure the best possible service provision, which may or may not involve the current contractor. A new contract could be awarded from April 2020 for which the procurement process would need to commence in April 2018.
- 5.4 It is not anticipated that Lancashire County Council, as the disposal authority, would impose any changes to collection methods, but future Government regulation are a possibility, particularly once the need to abide by European legislation is no longer relevant.
- 5.5 The use of a kerbside box for glass, cans and plastics has been unpopular with residents from the outset. The box was often too small for a household's fortnightly recycling and in windy weather the boxes were frequently blown away and damaged. The introduction of a fourth bin for these recyclates would be preferable, but there is likely to be a cost in excess of £1.2m to replace the boxes with bins.
- 5.6 The introduction of a fourth bin would necessitate new vehicles to be leased to accommodate the collection rounds and a move to a two-stream collection on a four-weekly cycle, which is feasible although may result in resistance from residents.

Financial and legal implications	
Finance	<p>To replace the kerbside box with a bin would be an additional cost to the council in excess of £1.2m. There is currently no provision in the Medium Term Financial Plan (MTFP) or the Capital Programme for the replacement of the boxes for a new wheeled bin. Nor is there any allowance in the MTFP for an increase in the revenue cost of the contract, above current inflation, caused by changes to service provision. The funding gap in the MTFP by 2020/21 currently stands at £2.4m and any additional ongoing cost would worsen the forecast.</p> <p>Excluding externally funded schemes, the capital programme is principally funded from the disposal of assets which represents a limited source of funding. The capital investment reserve is currently earmarked for investment in our buildings based on a prioritised review of condition surveys and current needs exceed the value of the reserve. If a decision was taken to prioritise the replacement of the boxes for bins then the likely impact would be that other schemes would need to be delayed until funding could be sourced or no-longer taken forward and further disposals would be required unless savings were identified elsewhere.</p> <p>A full business case would need to be developed to consider all the options both for the one-off replacement of containers</p>

	and the ongoing impact of any service changes on revenue budgets.
Legal	Soft market testing is not part of regulated procurement and is not subject to any detailed procedures or rules. However it is important that the process remains transparent and that suppliers are treated with fairness and equality and also that the process is formally documented.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	✓
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	✓
data protection	x

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix A Waste and Recycling Collection Services Task Group – Final Report

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**Waste and Recycling Collection Services
Task Group**

- Final Report -

Chairman:

Councillor Paul Moon

Task Group Members:

Councillor Ian Amos
Councillor Rita Amos
Councillor Howard Ballard
Councillor John Hodgkinson
Councillor John Ibison
Councillor Tom Ingham
Councillor Patsy Ormrod
Councillor Ann Turner

**Overview & Scrutiny Committee
Chairman: Councillor Michael Vincent**

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Introduction

Wyre Council has a contract with Veolia for waste and recycling collection services which was initially for eight years from 2012, with an option to extend for a further eight years from April 2020.

The Overview and Scrutiny Committee commissioned a task group to consider options for the delivery of the waste and recycling collection services beyond April 2020. If any changes are to be made to the contract, or if it is to be re-tendered, a lengthy lead-in period will be required, hence the need to commence those discussions now.

Aims of review

The aims of the review, as specified in the scoping document (see Appendix 1), were as follows:

- To review the current arrangements for the collection of waste and recycling materials in Wyre
- To review the performance of the current contractor, Veolia
- To consider other options for the collection of waste and recycling materials
- To identify potential improvements in the current service
- To identify opportunities for further efficiencies

The review process

The task group has interviewed Councillor David Henderson (Street Scene, Parks and Open Spaces Portfolio Holder), Mark Billington (Service Director People and Places), Ruth Hunter (Waste and Recycling Manager), Clare James (Head of Finance) and Alan Fitzpatrick (Waste and Recycling Officer).

Other witnesses who attended a meeting were Steve Scott (Head of Waste Management, Lancashire County Council) and two representatives from Veolia, namely Shaun Donohue (Regional Operations Manager) and Damian Bigley (Contract Manager).

Councillors were also made aware of the following documents by way of background and contextual information:

- Annual Performance Review April 2015 – March 2016
- Waste and Recycling Survey 2016 (Customer satisfaction survey)
- Waste and Recycling Service Policy
- The Waste (England and Wales) Regulations 2011 (amended 2012) Review of Waste Collection Arrangements – Portfolio Holder report, 15 January 2015

Summary of evidence provided by Councillor David Henderson, Street Scene, Parks and Open Spaces Portfolio Holder, Mark Billington, Service Director People and Places and Ruth Hunter, Waste and Recycling Manager

The task group was reminded of the work undertaken by two previous scrutiny task groups that took place between 2009 and 2011 which resulted in the current arrangements for the delivery of waste and recycling collection services.

There are a number of key dates and milestones that officers need to meet in order to be in a position to continue to deliver a service after April 2020 when the eight-year contract term with Veolia expires. There is, however, an option for the contract to be extended for a further eight years and this is one of several options to be considered.

The key dates are as follows:

April 2020 – ensure a delivery provider is secured

July 2019 – date by which custom-made new vehicles would need to be ordered ready for April 2020

April 2018 – if the decision is made to test the market again a procurement process will need to begin, with a view to awarding a contract from April 2019

A number of questions might helpfully be considered by the task group, including:

- Are changes to containers required?
- Would bins be preferable to boxes for plastics, glass and tins?
- Does the frequency of collections require changing?
- What are the implications for vehicles?
- What efficiencies might be identified (although it was likely that there were no large potential savings to be achieved this time)?

The current cost-sharing agreement with Lancashire County Council will end in March 2018.

Changes that have been initiated by Lancashire County Council have had implications for the current contractor, including the moth-balling of the green waste facility at the Hillhouse site which has necessitated green waste being taken to Scronkey (near Pilling). Residual waste still goes to Hillhouse, but on a reduced service. These changes have had an impact the council's agreement with Veolia and their costs.

Veolia has provided a service that is excellent in terms of performance against agreed KPIs and cost. The communication and two-way flow of information at a number of different levels has also been very good which has facilitated a positive working relationship.

The key question is whether Wyre wishes to opt for a contract extension of a further eight years, which would give both parties the chance to make some changes to the

way in which the service is delivered.

Other points to note include:

- Veolia have had some problems with the bodies of their vehicles, primarily caused by the abrasive effect of glass, which has meant that they are not lasting as long as expected.
- Split-body vehicles would not necessarily be the preferred option in the future.
- Future Government regulation is a possibility, which could require the separate collection of materials, as well as the collection of food waste, leading to an increase in the number of receptacles.
- The contract states that Veolia will continue to absorb the costs of a reasonable number of additional properties being built.
- There does not currently appear to be any benefit in seeking to deliver a service jointly with any other local authority although such an option should not be completely ruled out; it would be helpful if the task group would look at this option even if it was only to discount it.
- Lancashire County Council has the power of direction which could influence decisions taken by Wyre.

Summary of evidence provided by Steve Scott, Head of Waste Management, Lancashire County Council

Lancashire County Council's Head of Waste Management, Steve Scott, attended the meeting to answer six specific questions from councillors.

Question 1

What is LCC's vision for the future in terms of (i) processing and disposal methodologies and (ii) locations?

Both the Farington and Thornton facilities are still open and processing waste and there are plans to increase the amount of waste dealt with.

The mechanical biological treatment (MBT) system previously employed is very expensive, particularly the biological element which is also subject to a high level of regulation. The process was originally implemented to meet legislative requirements, but that legislation has recently been withdrawn. A simpler process for the production of refuse derived fuel (RDF) is now planned, without compost as a product. In order to be able to process more waste additional RDF markets need to be secured, however, and outlets are currently being procured. The current market has been muddied by Brexit and the drop in the value of the pound sterling against the euro.

Within twelve months it is hoped that the Thornton facility will be receiving approximately the same amount of waste as it was previously, with about the same amount as previously being sent to landfill. The same can be said for the Farington facility.

It is unclear whether Lancashire will have any landfill capacity beyond 2025, with several options under consideration for what might replace it.

Question 2

Do you foresee changes to the way in which Districts will have to collect waste and, if so, what might they be?

Supplementary: Do you foresee LCC being able to accept additional recyclable materials e.g. mixed plastics and tetra paks – about which our constituents ask frequently?

It is not anticipated that Lancashire County Council will impose any changes to what is collected, although it is possible that the Government might. As soon as the requirement to abide by European legislation is no longer relevant, change will become a possibility. Mr Scott does not foresee the delivery points closing, nor does he expect additional recyclable materials to be accepted.

Question 3

In the light of the cost-sharing agreement ending, how do you see the two-tier system working to maximise diversion from landfill and to provide the most cost-effective service for tax-payers?

In Mr Scott's view, the cost-sharing agreement was a means to an end at the time but it is not necessary now.

In Lancashire there has been a 5% overall increase in residual waste. The national figures show that recycling has decreased for the first time in many years, a trend replicated in Lancashire. One possible explanation is that younger families might not have been educated about recycling in the same way that people were five or more years ago.

The key is to drive up recycling again. It is essential to reduce residual waste and increase recycling and the only means to do this is likely to be by changing collection methods, either by reducing the number of collections or reducing the size of bins.

Question 4

Wyre currently achieves a 51% diversion from landfill rate. With the changes that LCC have made to the facilities, how do you see the county meeting the stretch targets set out in the Lancashire Municipal Waste Strategy?

It is unlikely that the stretch targets set out in the Lancashire Municipal Waste Strategy will be met, for two reasons. First, a third facility has not been built, as had originally been planned, and second that changes in waste composition have been such that the facilities did not recover what it was thought that they would. The Strategy is now out of date, as was widely recognised.

A new strategy needs to be agreed.

Question 5

We are aware of the previous rationalisation programme for Household Waste Recycling Centres (Garstang, for example, now only accepting recyclables or items for re-use, and not general household waste). Do you have plans for further rationalisation and, if so, what might they be?

It is not possible to answer this question as it will depend upon the views of the new Lancashire County Council administration, elected in May 2017.

The decision was taken by the County's Cabinet in March to bring the fifteen household waste recycling centres back in-house, with effect from 1 April 2018. LCC is determined to make best use of re-use, not for profit or to

make savings, but simply to get usable items back to people who could use them for minimum cost. LCC want to create a Social Store by working closely with other organisations for the benefit of people in need (victims of flooding, domestic abuse, etc.) The intention is to move from recycling to re-use.

Question 6

How do you assess the impact of the introduction of a permit scheme at Household Waste Recycling Centres (HWRCs)? We have concern about bins of inert waste being abandoned as a result.

The County Council has always recognised the potential for this to happen, but there has been no evidence of an increase in inert waste in bins. As far as LCC is concerned this has not been a major problem.

Summary of evidence provided by Shaun Donohue, Regional Operations Manager, and Damian Bigley, Contract Manager, Veolia

Veolia's Regional Operations Manager, Shaun Donohue, and Contracts Manager, Damian Bigley, attended the meeting to respond to five specific questions from councillors.

Question 1

In response to a number of comments that have been made by residents and councillors over quite a long period, would it be possible to consider replacing the plastic collection boxes for tins, plastics and glass with a bin? Assuming it is possible, what would the implications be?

The replacement of the green box with a bin is a possibility. A date would need to be agreed to implement the new process which would take into account the fact that Veolia has leased its vehicles for a period of five years and nine months, until December 2017. The new service could commence in January 2018. If that deadline is missed the vehicles could be leased for a further twelve months, to allow for a service commencement any time after December 2018; it is preferable to make any changes to the contract to tie in with these lease deadlines.

If new vehicles are leased, to accommodate the extra bin it would be necessary to move to a four-weekly paper and dry recyclates collection in order to absorb the cost. Trafford Council has already made such a change, and the collection arrangements with Chorley Council have also recently been altered. Veolia's investment in new vehicles would have to be linked to an 8-year extension of the contract from the new service commencement date. If the council purchased the vehicles there would be significant savings on the contract price due to preferential finance rates available.

If the decision was made to move to an additional bin significant capital investment, well in excess of £1m, would be required by the council.

Question 2

Do you have any ideas or suggestions about how to improve or enhance the service and/or get better value for money e.g. different collection systems or frequency of collections?

In Mr Donohue's opinion, a new bin and a move to a four-weekly cycle of collections would be the best option.

Other possible options could include a 3-weekly residual waste collection which had been introduced successfully at Bury Council, but this would not generate significant savings on service cost.

Question 3

How do you see that we can increase diversion rates of dry recyclates?

Providing a bin rather than a box for co-mingled recyclates would be beneficial, as people generally prefer an increased level of privacy in what they recycle. Increased privacy encourages people to recycle more.

The introduction of a smaller bin for general waste could also be considered, so that more had to be recycled. This could be done in conjunction with the issue of a fourth bin for co-mingled waste.

Question 4

Do you think there would be any efficiencies if Veolia were to manage the recyclates?

The only circumstances in which a local authority might benefit in this way would be if a Materials Recovery Facility (MRF) was located nearby. The nearest MRF to Wyre is in Liverpool so the contract would need to be renegotiated in order to take into account the income received by Veolia which would be offset by the significant cost of transporting materials to the MRF.

An additional difficulty is that the market price for recyclates varies greatly and Veolia would not be prepared to shoulder any of the risk involved.

Question 5

If we were starting again with a blank canvas what arrangements, in your view, would offer the best for Wyre Council, the customer and diversion rates?

Mr Donohue's preference would be for a four-bin system with a two-stream collection on a four-weekly cycle. An alternative would be to move to a fully co-mingled service which would be more expensive due to transport and processing costs.

Summary of evidence provided by Alan Fitzpatrick, Waste and Recycling Officer

The council's relationship with Veolia has been very good indeed. Veolia have been open and honest and there have not been any significant issues that have required addressing. Veolia have met the contractual standards, as required. On some performance measures they had actually over-performed.

Testing the market would be a good idea in order to help deliver better value for money or to consider innovative practices.

A four-weekly cycle of collections, with a bin replacing the box, would be beneficial, although there would be a significant capital cost in doing so. The option to bring the service in-house was not necessarily advantageous, there being no reason to significantly change something that has been working well.

Summary of evidence provided by Clare James, Head of Finance

Clare James confirmed her support for soft market testing, and indicated some reluctance about bringing the service back in-house.

A contract extension would be looked upon favourably although there are issues that will require changes to the current contract. For example, consideration will need to be given to the additional properties planned in the borough, and links will need to be made to the Local Plan to take into account what is known about potential growth and the consequent impact on the service provider. Any changes agreed will need to be future-proofed for a further eight years.

A proposal to re-tender appears to make good sense. It is unlikely that additional major savings will be made, although a move to a three-weekly collection of residual waste could save around £100,000 per annum, based on work undertaken by WRAP (consultants) on behalf of Lancashire County Council and the districts. Such an arrangement would have implications for a separate food waste collection, however, which would be an additional cost.

Conclusions

1. The council's relationship with Veolia has been very good indeed. The relationship has been open and honest and without any significant issues that have needed to be resolved.
2. Veolia have met their contractual requirements and have provided a service that has been excellent in terms of performance against agreed KPIs and cost.
3. Any future arrangement would need to take into account the impact of the additional properties planned for the borough, with links made to the Local Plan. Such an arrangement would need to be future-proofed for a further eight years.
4. Testing the market again would ensure that the council has the opportunity to secure the best possible service provision, which might or might not involve Veolia. A new contract could be awarded from April 2020.
5. There are no significant savings to be made, although there remains some limited scope for efficiencies.
6. To reinvigorate the drive to recycle, and hence meet the urgent need to reduce residual waste, collection methods need to be changed, either by reducing the number of collections or reducing the size of bins.
7. It was unlikely that Lancashire County Council would impose any changes to collection methods, but future Government regulation was a possibility, particularly once the need to abide by European legislation was no longer relevant.
8. The Lancashire Municipal Waste Strategy is out of date and needs to be renegotiated.
9. It is be preferable to replace the green box with a bin for plastics, glass and tins.
10. The cost of providing a fourth bin would be well in excess of £1m.
11. If new vehicles are to be leased to accommodate the extra bin, it will be necessary to move to a four-weekly paper and dry recyclates collection in order to absorb the cost.
12. With a four-bin system a two-stream collection on a four-weekly cycle would be the best option. For example:

Week 1	General waste	
Week 2	Paper and card	Green
Week 3	General waste	
Week 4	Plastics, tins, glass	Green

13. A contract extension is the preferred option, subject to the outcomes of any further market testing, which would give both parties the chance to make some changes to the way in which the service is delivered.

Recommendations

1. That the Council re-tests the market before making a decision about the provision of the waste and recycling collection service beyond April 2020.
2. That any future arrangement for the delivery of the waste and recycling collection service takes into account the requirements of the Local Plan including, in particular, the impact of additional properties planned for the borough.
3. That the box currently used for dry recyclates be replaced by a bin.
4. That a four-bin system for a two-stream collection on a four-weekly cycle be introduced.
5. That all options for driving up recycling rates be considered, and implemented as appropriate.

Councillors' attendances

There were four meetings of the task group.

Name	Meetings attended (maximum 4)
Councillor I Amos	4
Councillor R Amos	4
Councillor Ballard	2
Councillor Hodgkinson	4
Councillor Ibison	4
Councillor Ingham	4
Councillor Moon	3
Councillor Ormrod	4
Councillor A Turner	2

List of Appendices

Appendix 1 Waste and recycling collection services task group – Scoping Document - FINAL

18 September 2017

**Waste and recycling collection services task group –
Scoping Document - FINAL**

Review Topic	Waste and recycling collection services	
Chairman	Councillor Paul Moon	
Group Membership	Councillors Ian Amos, Rita Amos, Howard Ballard (Vice Chairman), Tom Balmain, Mike Barrowclough, John Hodgkinson, John Ibison, Tom Ingham, Patsy Ormrod and Ann Turner.	
Officer Support	Peter Foulsham, Scrutiny Officer	
Purpose of the Review	To consider options for the delivery of the waste and recycling collection services beyond April 2020	
Role of Overview and Scrutiny in this Review (mark all that apply)	Holding Executive to account – decisions	<input type="checkbox"/>
	Existing budget and policy framework	<input type="checkbox"/>
	Contribution to policy development	<input checked="" type="checkbox"/>
	Holding Executive to account – performance	<input checked="" type="checkbox"/>
	Community champion	<input type="checkbox"/>
	Statutory duties / compliance with codes of practice	<input checked="" type="checkbox"/>
Aims of Review	<ul style="list-style-type: none"> • To review the current arrangements for the collection of waste and recycling materials in Wyre • To review the performance of the current contractor, Veolia • To consider other options for the collection of waste and recycling materials • To identify potential improvements in the current service • To identify opportunities for further efficiencies 	
Methodology	Interviewing witnesses at task group meetings Comparisons with other local authorities	
Scope of Review	The review will be limited to consideration of the options for the delivery of a waste and recycling collection service beyond April 2020	
Potential Witnesses	<ul style="list-style-type: none"> • Street Scene, Parks and Open Spaces Portfolio Holder • Service Director People and Places • Waste and Recycling Manager • Lancashire County Council • Veolia 	

Documents to be considered	<ul style="list-style-type: none"> ○ Annual Performance Review April 2015 – March 2016 ○ Waste and Recycling Survey 2016 (Customer satisfaction survey) ○ Waste and Recycling Service Policy ○ The Waste (England and Wales) Regulations 2011 (amended 2012) Review of Waste Collection Arrangements – Portfolio Holder report, 15 January 2015
Risks	
Level of Publicity	Low
Indicators of a Successful Review	Clear recommendations to the Cabinet about improvements to the waste and recycling service with effect from April 2020.
Intended Outcomes	An efficient and effective waste and recycling collection service in place from April 2020.
Approximate Timeframe	6 months
Projected Start Date	8 March 2017

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