

Eden District Council
 Overview & Scrutiny Committee

15 July 2021

**Options for the Delivery of Waste, Recycling and other
 Front Line Services**

Portfolio:	Services
Report from:	Chair of the Waste and Recycling Task and Finish Group
Wards:	All Wards
Open Public Item (Appendix 3 not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)	

1 Purpose

- 1.1 To consider the recommendation of the Waste and Recycling Task and Finish Scrutiny Group in respect of options for the delivery of waste, recycling and other front line services.

2 Recommendations

- 2.1 It is recommended that Overview and Scrutiny consider the views of the Task and Finish Group and report the outcome to the Executive and subsequently to Council.

3 Background

- 3.1 During 2019/20 a Task and Finish Scrutiny Group on Waste and Recycling was established to consider and make recommendations on:
- the options for how waste, recycling and other front line services could be delivered; and
 - the configuration of waste and recycling collections.
- 3.2 The first issue regarding how services are delivered was prompted by the existing contractual arrangements being set to end in March 2022 if not extended. The second issue was prompted by the Government consulting on a new national Resources and waste strategy and Waste Strategy focused on standardising collection systems. The Task and Finishes Group were supported by consultants Ricardo Energy and Environment in gathering the evidence.
- 3.3 On 4 June 2020 the Overview and Scrutiny Committee considered a report from the Chair of Task and Finish group on their finding on these two issues. In respect of service delivery options the report set out that the Task and Finish group had examined in detail 3 main alternatives:
- Bring Waste and Recycling in-house through establishing a Direct Service Organisation (DSO);

- Re-procure private sector provider;
- Establish a Local Authority Trading Company (LATCo) with a sub-option of delivering this in partnership with an existing LATCo established by Norfolk County Council called Norse Ltd.

The Task and Fish Group identified working with Norse to establish a LATCo as their preferred option.

- 3.4 Around that time however, two factors emerged influencing taking this recommendation forward. Firstly the Council was fully focussed on responding to the COVID pandemic resulting in no available capacity to carry out the necessary development work. Secondly discussions had already begun with Government ministers on possible Local Government Reorganisation (LGR), further diluting capacity as well as changing the dynamic on some of the factors that the Task and Finish Group considered when identifying their preferred approach. For example the cost of establishing a LATCo had been identified as being in the region of £150,000, a sound investment in the longer term, but perhaps not if the LATCo would have limited longevity post LGR.
- 3.5 Therefore Ricardo were recommissioned to re-evaluate how the changed circumstances have impacted upon the options previously considered. The Council current contractual arrangements for these services have the potential to be extended for a further five years from April 2022 and this additional option was added to the evaluation. The Task and Finish Group was re-established in June 2021 to consider the outcomes.

4 Findings of the Task and Finish Group

- 4.1 The Task and Finish Group met on 8 July 2021 to consider the evaluation that Ricardo carried out. The notes of the meeting are attached at Appendix 1. The information provided examined the costs, quality, deliverability and capacity aspects of each of the options. This is summarised visually in Appendix 2 and shows that extending the existing contractual arrangements balances these aspects best.
- 4.2 Extending existing contracts was also identified as having the lowest cost. This information is provided in Appendix 3 and summarised below.

Rank by lowest cost	Option	% difference in Cost
1	Extend Current Contracts	
2	LATCo	+4.7%
3	Re-procure private sector provider	+10.7%
4	In-house DSO	+13.0%

- 4.3 Having considered the information presented, the Task and Finish Group identified extending existing contracts as their preferred option, and make this recommendation to Overview and Scrutiny Committee.

5 Policy Framework

5.1 The Council has four corporate priorities which are:

- Sustainable;
- Healthy, Safe and Secure;
- Connected; and
- Creative

5.2 This report relates Sustainable and Healthy, safe and secure corporate priorities.

6. Consultation

6.1 The Task and Finish Group is the appropriate internal consultation body.

7 Implications

7.1 Financial and Resources

7.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council in November 2019 and the medium term Financial Plan as agreed by Council in February 2021.

7.1.2 An impact on resources regarding the final decision is anticipated and will be accommodated in future budgets.

7.2 Legal

7.2.1 Scrutiny Committees are not decision making bodies. Any changes that may come from this review would need to be considered by the Executive and Full Council.

7.3 Human Resources

7.3.1 Any Human Resources implications will be considered in the full report to Council.

7.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	To be considered under a future report to Full Council
Health, Social Environmental and Economic Impact	To be considered under a future report to Full Council
Crime and Disorder	None arising from this report.
Children and Safeguarding	None arising from this report.

7.5 Risk Management

Risk	Consequence	Controls Required
Reputational risk to Council – Scrutiny Committees cannot alter Contracts,	The suggested changes could be contrary to those of other Ward Members and the Executive	The final decision will rest with Full Council

8 Other Options Considered

- 8.1 It is recommended that Scrutiny consider the views of the Task and Finish Group and report the outcome to the Executive and subsequently to Council. No other options have been considered.

9 Reasons for the Decision/Recommendation

- 9.1 The Waste Contract Review is a major decision which the Council will have to make, and it is appropriate that Scrutiny be given an opportunity to put their thoughts forward on future Council policy.

Background Papers: Report No: G11/20 - Waste and Recycling Contract Review, Overview and Scrutiny Committee, 4 June 2020

Appendices: Appendix 1 - Notes of the Waste and Recycling Task and Finish Group Meeting 8 July 2021
Appendix 2 - Service Delivery Options Appraisal
Appendix 3 - Modelled Costs - Combined Waste, Recycling & Street Cleansing Contracts

Contact Officer: Les Clark, Deputy Chief Executive

Appendix 1

Waste and Recycling Task and Finish Group

Notes of a meeting held on 8 July 2021 at 4.00 pm via MS Teams

Present:

Councillors: M Eyles (T&F Group Chair), P Baker, J Raine, D Ryland, A Ross, D Wicks

Officers: L Clark (Deputy Chief Executive), H Donaldson (Democratic Services Officer)

External Officers: J Woodruff (Ricardo Energy and Environment)

Item

1. Service Delivery Options for Waste Services

John Woodruff of Ricardo Energy and Environment presented his report to the Group. The report is attached to these notes for information, and it provides an update to Ricardo's initial consultation work carried out in 2019, on an analysis and cost comparison in respect of the various service delivery options for waste services in Eden District. The update had become necessary in the light of the possible effect of local government reorganisation, which would require the Council to re-consider its waste management contract options in the event of it forming a unitary authority with neighbouring authorities in the near future.

2. Task Group Questions

Following the presentation, the Deputy Chief Executive and Mr Woodruff provided the following answers to the Group's questions:

Continuous service without disruption had been maintained on the waste collection services. There had been some minor delays in relation to grounds maintenance services due to disruption caused by Covid, but overall, both elements of the contract had performed to expectations.

Neighbouring local authorities had a variety of waste management contractual arrangements including retention of in-house services (Carlisle City) and a recent LATC set-up followed by an ongoing review (Allerdale).

'Open book' accounting would be applicable to variations to the current contract wherever mutual agreement could be reached between client and contractor. An example cited was the possibility of extending garden waste collections to more of the outlying villages.

A number of local authorities had commenced food waste collection ahead of government legislation, and a question had been raised about whether they would receive a cost rebate from central government for doing so. DEFRA's estimated costs for food waste collection applied from 2023-24 onwards which would appear to indicate that government 'burden funding' would be triggered with the event of a legislative requirement and not sooner. In the future, funding would also be available for packaging collection, but as yet it was not known what methodology the packaging industry would adopt, and what the legislation would require regarding the separation of materials. This would make early local government investment in the initiative difficult, and it could be a further two years before a definitive strategy emerged.

Refuse collection vehicle lifespans were due to expire for both of the Council's waste contractors and both would need to invest in new fleet vehicles. This would form a key element of capital expenditure. Much of the fleet would be made to order to cover specific elements of the service delivery, and the process would take up to nine months. An early indication of the Council's chosen option for future service delivery was therefore paramount in order to further effective procurement.

In addition, contractors would be required to take account of the 'sustainable' strategic priority in the Council's Corporate Plan, and in view of this, a variety of fleet options would be considered including electric refuse collection vehicles, and vehicles running on biofuel made from food waste.

3. Informal Discussion and Recommendation to the Overview and Scrutiny Committee

The Group raised the following points in discussion:

The updated options appraisal carried out by Ricardo indicated that the key drivers in existence when the Waste and Recycling Task Group carried out its initial work in 2019-20, were no longer present due to the forthcoming event of local government reorganisation, and the effects of Covid.

Whereas previously the creation of a LATC might have been preferable, the estimated set-up cost in the region of £100,000 would not be the most cost-effective solution in the shorter-term and could no longer be justified. In addition, there was potential for a shortage of drivers and other staff, which could add further challenges to this option.

The service delivery route options appraisal and associated analysis indicated that the contract extension option presented the best case in terms of the costs, risks and benefits it afforded. This option carried the additional merit of an already-established relationship with the contractors and was likely to present the best value for Eden District residents.

It was important to press for the maximum possible benefit in terms of sustainability and carbon footprint reduction.

One Group Member expressed concerns about possible future pricing issues and whether re-tendering might lead to greater costs savings, and for this reason, felt unable to express a final opinion on the best option.

RECOMMENDATION the Overview and Scrutiny Committee:

That the option of extending the existing contracts for waste services is the preferred option for the reasons given during the Group discussion above. In addition, the Group requests that the extension of contracts takes account of any service delivery improvements possible within the 'open book' accounting arrangement, and presses for the maximum possible benefit in terms of sustainability and carbon footprint reduction in order to satisfy the Corporate Plan's 'sustainable' strategic priority .

Appendix 2 - Service Delivery Options Appraisal

	In-House DSO	Teckal LATC	Outsourcing	Extending
	Costs –The service needs to provide value for money			
Procurement Competition	Red	Red	Green	Red
Staff Equality	Green	Green	Yellow	Green
Capital	Yellow	Yellow	Green	Green
Management	Red	Red	Green	Green
Gross Operating Cost	Yellow	Yellow	Yellow	Green
Procurement Cost	Red	Red	Red	Green
	Quality- The service needs to perform its function efficiently			
Performance	Green	Green	Yellow	Yellow
Experience	Yellow	Yellow	Green	Green
Service Integration	Green	Yellow	Yellow	Yellow
Flexibility	Green	Green	Yellow	Green
Contingency	Yellow	Yellow	Green	Green
	Deliverability Risk- The service needs to limit risk to the Council			
Flexibility	Green	Green	Yellow	Green
Mobilisation	Red	Red	Green	Green
	Capacity- The service will require operational experience and staff with skills necessary to prepare, manage and deliver the service			
Staff Development	Green	Green	Yellow	Yellow
Skills	Red	Red	Green	Green
Experience	Red	Red	Green	Green
Management	Red	Red	Green	Green
ICT	Yellow	Yellow	Green	Green
Infrastructure	Red	Red	Yellow	Yellow
Timescales	Brown	Brown	Brown	Green

