

# Cabinet Meeting

## 22 February 2017

<b>Report title</b>	Review of Waste and Recycling Service	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Steve Evans City Environment	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Ross Cook; City Environment	
<b>Originating service</b>	Public Protection	
<b>Accountable employee(s)</b>	Andy Jervis	Head of Public Protection
	Tel	01902 551261
	Email	Andy.jervis@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Place Leadership Team 06/02/2017 Strategic Executive Board 07/02/2017	

---

### Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Approve the progression to implementation of the proposed service changes as summarised in section 3.4.
2. Agree to receiving a further report setting out the proposed Waste and Recycling Strategy and proposed revised Service Specification at an appropriate time.
3. Delegate authority to the Cabinet Member for City Environment, in consultation with the Strategic Director; Place, to approve the issuing of a Notice of Variation under the Waste Disposal Contract requiring the changes to the service detailed in this report.

## **1.0 Purpose**

- 1.1 The report summarises the work that has been undertaken to review the current waste and recycling service, including a public consultation exercise and the development of a draft Waste and Recycling Strategy in conjunction with consultants Amec Foster Wheeler and service delivery partner Amey.
- 1.2 Secondly, in section 3.4, the report seeks approval in principle for proposed revisions to the existing waste and recycling service to achieve the savings target within the Medium Term Financial Strategy (MTFS), to be implemented through the contract variation process during the first half of 2017/18. The report seeks authority for the Cabinet Member for City Environment, in consultation with the Strategic Director; Place, to approve the issue of a Notice of Variation.
- 1.3 Finally, the report seeks approval to progress with the implementation of the proposed service changes, whilst also seeking approval to submit a further report at a future date setting out in more detail, the final proposed Waste and Recycling Strategy and revised Service Specifications and Standards after they have been finalised.

## **2.0 Background**

- 2.1 The Council's waste management and recycling service is highly complex with many inter-relationships between multiple waste streams, legislative requirements and partner organisations including Environmental Services, Fleet Management and Corporate Landlord as well as being highly visible to residents, the commercial sector and visitors to the city. The service is delivered by Amey (formally Enterprise Managed Services), under the terms of a 14 year public-private partnership agreement commenced in 2007.
- 2.2 The Council has reviewed payments made under the current contract and is investigating whether all sums have been at an appropriate level.
- 2.3 In addition, there are significant financial target savings linked to the delivery of the service that need to be achieved within a defined time period. The MTFS includes a previously agreed £1.2 million target saving for the waste and recycling service and further savings of £1.2 million were subject to consultation, giving a total of £2.4 million (£1.8 million for 2017/18 and £300,000 for each of 2018/19 and 2019/20). In addition to this there is an assumed saving of £500,000 relating to the delivery of a new Household Waste Recycling Centre (HWRC), in 2019/20, to replace the two existing sites at Shaw Road and Anchor Lane as part of depot rationalisation.
- 2.4 In order to move forward in respect to the delivery of the required savings it has been necessary to negotiate on a formal basis with Amey, in relation to both the proposed service variation and the previous payments. The service variation piece of work is being led by City Environment and is an ongoing work stream within the service. The full and effective implementation of the proposed service changes will involve a joint approach with the contractor Amey, to the development of a robust implementation action plan. As soon as the strategic direction can be agreed (through this report), work on this plan can also pick up pace.

- 2.5 Additionally, in order to make progress in respect to the possible replacement of the two HWRCs with a single 'Super Site' it is necessary to undertake a series of preliminary feasibility studies and options appraisals. Currently the preferred site location is in the 'Hickman Avenue area' and work is underway to determine the feasibility of co-locating a number of waste and highway functions including a HWRC, office accommodation, vehicle workshops, vehicle storage, materials storage, waste transfer station in the same place. This piece of work is being led by Corporate Landlord as part of the East Park Gateway programme. Amey will also need to feed into this work stream.
- 2.6 On 23 March 2016 Cabinet approved an indicative timeline for the development of a revised 'Waste Strategy' in conjunction with consultants Amec Foster Wheeler, service delivery partner, Amey and subject to public consultation.
- 2.7 The main purposes of this report are therefore to summarise the work that has been undertaken to review the current waste and recycling service, propose revisions to the existing waste and recycling service to be implemented through the contract variation process, and to seek approval to progress with the proposed service changes to achieve the savings target within the Medium Term Financial Strategy (MTFS). The report also requests approval to submit a further report setting out the final proposed Waste and Recycling Strategy and revised service specification following final consideration of all related issues including anything relevant arising from the ongoing service change negotiations.

### **3.0 Progress Update**

- 3.1 Amec Foster Wheeler (AFW) commenced work on the production of the waste strategy on 1 March 2016. The methodology utilised stakeholder workshops that focused on the production of a bespoke options appraisal process on which to base a recommended strategy, service standard and specification together with the generation of a Strategic Environmental Assessment which was subject to a separate statutory consultation process in October 2016.
- 3.2 The workshop element of the AFW led work included input from the Cabinet Member for City Environment and representatives from the Council and its partners around priorities, proposed service alternatives and matters relating to the contractual and practical aspects of implementing the finalised strategy and service alterations.
- 3.3 The public consultation was led by Strategic Finance as part of the Council's overall budget consultation process. In addition to the consultation events forming the budget consultation exercise, further consultation meetings were arranged with representatives of the city's Equalities Forum and the Youth Council. A report summarising the outputs and findings of the consultations was considered by Cabinet (Resources) Panel on 7 February 2017 and a further report is to be considered at this meeting prior to the final budget ratification at full Council meeting on 1 March 2017.

- 3.4 The comments made during the consultation process have been extremely valuable in the formulation of the final proposed service changes. These are based primarily on the AFW led strategy development work and further informed through our ongoing engagement with key stakeholders and principally with Amey. The proposed service changes are outlined in the table below.

Service Change	Implications / detail
Introduction of fortnightly residual waste collections to replace the current weekly service.	The cost of treating dry recyclates is £41.00 per tonne lower than that for residual waste. The Council would be able to realise a saving by encouraging households to recycle more of their waste. In addition, there would be a reduction in the number of vehicles required to deliver the service.
An 'opt-in' for any household wishing to have a larger brown residual bin (240L) and households of seven or more (360L bin) would be available.	Although larger bins will be made available on request, the Council's approach will be to encourage and support residents to try to manage with as small a bin as possible. It is anticipated that this in turn may also enable the Council to ultimately achieve the 50% recycling target.
Cessation of the food waste collection service.	A survey has identified that the participation rate for this service is 15% - 20%, which equates to a maximum of 21,000 households across the city. The participation rate has remained static for the last three years. The additional cost of providing this service is approximately £450,000 per year and does not represent value for money. Alternative means of disposing of food waste could be offered through subsidising home composting bins.

Service Change	Implications / detail
<p>Introduction of a subscription service for an extended (42 week) garden waste service. A charge of £35 p.a will apply. Concessions will be available to those on Council Tax / Housing benefits for the first bin.</p>	<p>The collection of garden waste is not a statutory requirement and over 40% of English councils have either introduced or are considering the introduction of a charged for garden waste service. Currently in Wolverhampton, the service is regularly used by a third of households but paid for by all.</p>
<p>Targeted support in specific communities to assist with the transition and ensure a sustainable improvement in both recycling rates and quality as well as some of the incidental street scene issues that have blighted these areas in previous years.</p>	<p>Currently there are a number of households across the city that do not comply with the requirements of the waste collection service determined by the Council. There are three specific collection rounds that consistently have high numbers of recycling bins (in excess of 60% for the total number of bins left uncollected) that are un-emptied because non-recyclable waste is being put into the bins. It is envisaged that a range of options could be developed to assist householders living in these areas more easily achieve good levels of recycling performance.</p>
<p>Enhanced bulky item and asbestos collection service.</p>	<p>The digital transformation team have developed proposals to improve the customer experience including easy selection of preferred collection date and digital payment options.</p>
<p>Rationalisation of the HWRC's (development of a new 'supersite' and subsequent closure of the two existing sites)</p>	<p>The consolidation of HWRCs from two to one would both enhance the customer experience and reduce existing operating costs. The co-location of related recycling functions would also assist both the Council and the contractor generate a number of efficiencies.</p>
<p>Enhanced re-use and recycling options at the new HWRC (e.g. re-use shops)</p>	<p>In addition to a better layout and useability that would reduce the current traffic congestion, there would be an opportunity to extend opening hours / days to suit citizens who currently find it hard to access these facilities during the day; and also to introduce a 're-use shop'.</p>
<p>Option for a charged trade waste service at the new HWRC</p>	<p>A new facility could also accept trade waste from local businesses which would provide an additional income stream for the service. It is envisaged that such a facility will also reduce waste disposal costs for trade users who only have small amounts of waste and who currently have to use more expensive disposal options.</p>

3.6

As stated in sections 1.3 and 2.7 above, a further report detailing the proposed City of Wolverhampton Waste and Recycling Strategy, Service Standards and Specifications will be submitted for approval by Cabinet at a future meeting

#### 4.0 Financial implications

4.1 There are significant budget reductions and income generation targets linked to the transformation of the waste service totalling £2.9 million to be achieved by 2019/20. The Medium Term Financial Strategy approved in March 2016 assumed a budget reduction and income generation target of £1.2 million for the reconfiguration of the residual waste collection and £500,000 for depot rationalisation (a reduction in the number of sites and Household Waste and Recycling Centres). A further budget reduction and income generation target for 2017/18 of £1.2 million was presented to Cabinet in October 2016 seeking approval to proceed to the formal consultation and scrutiny stages of the budget setting process.

4.2 The 12 week budget consultation period ended on 14 January 2017 and consultation responses were presented to Cabinet (Resources) Panel on 7 February 2017 with approval to the final budget being sought at this Cabinet meeting through a separate report and Council on 1 March.

4.3 The profile of the budget reduction and income generation targets linked to the transformation of the waste service currently assumed are shown in the table below.

<b>MTFS Targets</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Service transformation	1800	300	300	2400
Depot rationalisation	-	500	-	500
	<b>1800</b>	<b>800</b>	<b>300</b>	<b>2900</b>

4.4 Financial modelling on the proposed service outlined in this report indicates that full year savings in the region of £2.4 million could be achieved and are further summarised in the table below. Further to this, it is important to note, that all figures are subject to verification from Amey.

	Current service cost	Proposed service cost
	£000	£000
Service cost (subject to Amey verification)	11,508	9,400
Garden Waste income from those;		
Receiving maximum council tax support (free)	-	-
Receiving partial council tax support (50% reduction)	-	(15)
Not receiving council tax support (£35)	-	(315)
	-	(330)
Revenue impact of capital investment	-	51
<b>Net service cost</b>	<b>11,508</b>	<b>9,121</b>
Potential on-going savings	-	(2,387)
One-off capital investment	-	476
One-off revenue investment	-	1,200
Payback period		6 months

- 4.5 Garden waste income shown in the table above models the proposed annual charge of £35 on a takeup of 15% (12,000 households) and includes an element of income collected at a concessionary rate. For their first bin, those on full benefits will qualify for a free subscribed service and those on partial benefits will qualify for a 50% reduction (£17.50) to the subscribed service charge.
- 4.6 Cabinet (Resources) Panel, on the 13 September 2016, approved one off revenue costs in the region of £1.5 million to be funded initially through the Efficiency Reserve with an analysis to be undertaken to determine whether it is appropriate to seek permission from Full Council, at a later date, to use the Government announced capital receipt flexibility instead. These costs reflect additional staffing requirements associated with the implementation of the waste strategy, including the extended Household Waste Recycling Centre opening hours.
- 4.7 The approved capital programme includes a budget of £500,000 for the acquisition of new bins. This level of capital investment assumes that 20,000 new 240L brown bins will be provided, on an 'opt in' basis, and 2,000 new 360L brown bins will be provided to those households with seven or more occupants.
- 4.8 If a greater number of households 'opt' for a larger 240L brown residual bin then additional capital investment will be required. Each 240L bin costs in the region of £20, therefore each additional 5,000 bins required will require additional investment in the region of £100,000 with borrowing costs in the region of £12,000 per annum reducing ongoing savings. Approval to such additional investment will be the subject of future reports to Councillors.

- 4.9 If all households were to 'opt in' this would require significant capital investment totalling in the region of £1.7 million with associated borrowing costs of £180,000 per annum, which will reduce ongoing savings and ability to achieve the £2.4 million budget reductions and income generation targets linked to the transformation of the waste service.
- 4.10 Redundancy costs may be incurred by Amey as a result of service reconfiguration and some of these may be passed onto the Council under contractual obligations. These will be additional to the costs shown in the table above. Estimates for the level of these costs are not currently available and will be subject of future reports to Councillors. Any on-going additional costs required to manage the new waste service will need to be met from the remaining budget of the waste service. Discussions are ongoing with Amey in respect to this issue.
- 4.11 The Council's capital programme does not currently include the replacement cost of the 19 waste vehicles for the residual waste collection service. Early indications suggest a total replacement cost in the region of £45,000 per vehicle per annum over a seven year period. Work is underway to understand the full impact of this on the service if the current configuration of 19 vehicles remains and any resulting budget pressures. The outcome of which will be subject of future reports to Councillors.  
[TT/09022017/W]

## **5.0 Legal implications**

- 5.1 In order to achieve the variations to the service through the current contract, the Council must serve a formal notice of variation setting out the variations required in sufficient detail. An estimate must then be provided within 30 business days. It is likely that a significant change to the service would need to be formalised by a Deed of Variation.  
[TS/01022017/W]

## **6.0 Equalities implications**

- 6.1 A full equality analysis and consultation on the options related to the waste and recycling services has identified that the elderly and people with a disability may be affected in moving the bins due to mobility constraints. To mitigate this, the Council will continue to provide assistance to such residents via its Assisted Domestic Waste Collection Policy.
- 6.2 For residents where English is their second language, and for those who have difficulty reading or understanding written information, this will be mitigated by putting a sticker with pictograms on bins, showing what can and can't go in each bin. In addition to this Amey's Community Engagement Team provides outreach visits to community groups and households supported by CWC's Communications Team. Messages will be available to all using a range of media appropriate to the target audience.
- 6.3 Regarding a new super household waste recycling centre site the accessibility of the site for disabled people who can't drive and who therefore cannot use the facility needs to be taken in to consideration.

## **7.0 Environmental implications**

- 7.1 The Strategic Environmental Assessment led by Amec Foster Wheeler described the most relevant potential effects of the waste strategy and provided recommendations where appropriate regarding mitigation. These have been incorporated into the proposed Waste Strategy and service delivery model.
- 7.2 In particular, it is possible the service changes may have a temporary adverse impact on recycling rates. This is anticipated and measures are being developed to minimise this adverse impact in the short term and facilitate improvements to both the quality and rate of recycling in the medium and longer terms.

## **8.0 Human resources implications**

- 8.1 There will be a number of voluntary and / or compulsory redundancies and other vacancy / redeployment issues as a result of the proposed changes. Some of the individuals affected may be Amey Employees who were TUPE transferred across to the company. Discussions and consultations with Amey will be required to agree criteria.
- 8.2 In these cases, the council is required to meet the redundancy costs.

## **9.0 Corporate landlord implications**

- 9.1 There are no immediate direct corporate landlord implications arising from this report. Once the preferred options for the new service, including the proposed new HWRC have been confirmed, it will be possible to review the capacity and operations of the existing waste management facilities used by the service. These issues will form part of the considerations of the East Park Gateway Programme.

## **10.0 Schedule of background papers**

- 10.1 Cabinet Report: Waste and Recycling Strategy. 23 March 2016
- 10.2 Vibrant and Sustainable City Scrutiny Panel Report: Waste and Recycling Consultation Strategy Consultation, 1 December 2016
- 10.3 Cabinet (Resources) Panel Report: Budget 2017/18 – Outcome of Consultation, 7 February 2017