

# Report to Scrutiny Board

<b>Name of Scrutiny Board</b>	<b>Place</b>
<b>Meeting Date</b>	<b>September 14<sup>th</sup> 2023</b>
<b>Subject</b>	<b>Waste and Recycling Services</b>
<b>Wards Affected</b>	<b>All</b>
<b>Report of</b>	<b>Assistant Director, Neighbourhoods</b>

## Why is it coming here?

The report provides information around the design of the waste and recycling collection service (what's collected, how and when) whilst also considering how this could best be delivered (through a tendered service, a joint venture arrangement or in-house etc.) This will give members of the Scrutiny Board an opportunity to help shape the future of this important service which is provided to all households in the borough.

## What are the key points?

Evidence from work carried out by consultants show that the current design of the Waste & Recycling service scores very well when evaluated against a set of key criteria, and against other potential configurations.

However, there is also a need to decide who the service will be delivered by in the future and a Waste Service Delivery Group has been established to consider the various options, which are summarised in the report.

## Possible courses of action.

The views of the Scrutiny Board are sought on how the waste and recycling collection service can be best delivered for local residents when the current contractual arrangements with Suez end in 2026.

## Contact Officer

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## Should this report be exempt?

No

## **1. Background**

The Waste & Recycling Collection contract was awarded to Suez in 2015 and commenced on August 1<sup>st</sup>, 2016, for an initial term of 8 years, with an option to extend for up to a maximum of a further 8 years.

The contract provides Waste & Recycling collections from all Calderdale residential properties, with recycling being collected weekly and general waste fortnightly. In addition, there are a number of ancillary services, including paid for garden waste and bulky household waste collections, clinical waste collections, and bin/container deliveries.

The contract covers seven operational sites: A Transfer Loading Station (TLS) at Halifax where waste is bulked up for onward transportation for further treatment; a Materials Recycling Facility (MRF) at High Level Way where recycling is bulked up prior to delivery to re-processors; and five Household Waste Recycling Centres (Halifax, Brighouse, Todmorden, Elland and Sowerby Bridge) where residents can take a wide range of materials for recycling or disposal.

The contract introduced some key changes, with the overall aim being to reduce waste and increase reuse and recycling, including the ability to recycle additional items, new and improved vehicles, and in-cab technology to allow real-time reporting by crews. It also introduced a chargeable garden waste collection service and a re-use shop at Brighouse Household Waste Recycling Centre.

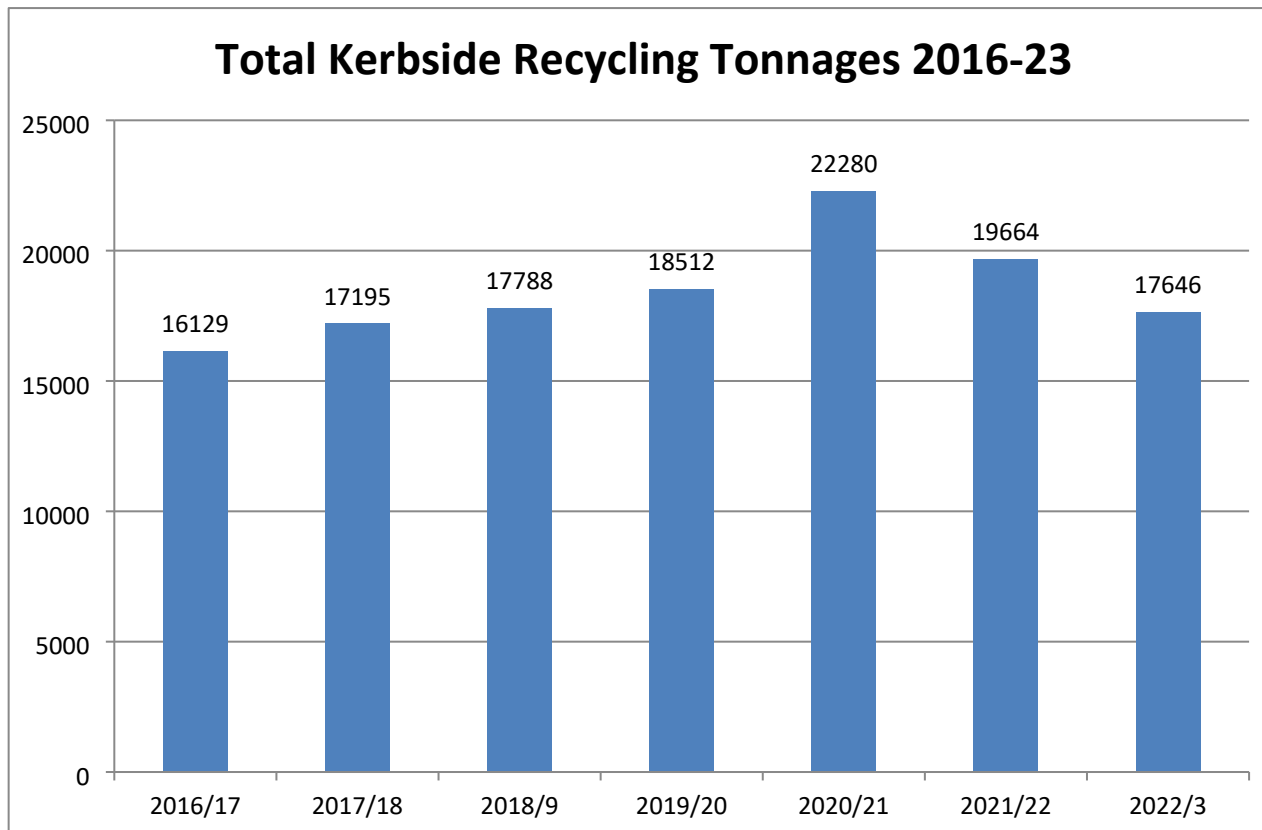
Over the last couple of years work has commenced which explores how the future service could look along with considering how it could be provided. This report updates this position and follows on from a previous report to scrutiny from December 2021.

## **2. Performance**

The contract includes performance targets in respect of both tonnages collected and the number of missed collections each week.

The following table shows that throughout the contract the amounts of recycling collected rose steadily initially, before a big increase, largely due to the Covid pandemic and associated lockdowns occurred in 2020-1.

The contract includes a target of 18,000 tonnes of recycling to be collected annually, a figure Suez have exceeded in three of the last four years, with the recent downturn in tonnages due to the cost-of-living crisis. This performance is more impressive when considered against the backdrop of a marked decrease in the amount of paper recycled in Calderdale, caused by the shift to online reading of newspapers/magazines and the switch to weekly publication of the local paper.



In respect of missed collections, the contractual targets for these are that there should be **no more than 105 missed collections each week that are not rectified within 24 hours** (from 143,500 collections offered, so equates to a tolerated 'failure rate' of 0.07%)

The average weekly missed collections since the contract started are as follows:

- 2017 - 18: **81** missed collections / week
- 2018 - 19: **65** missed collections / week
- 2019 - 20: **71** missed collections / week
- 2020 - 21: **220** missed collections / week
- 2021 - 22: **147** missed collections / week
- 2022 - 23: **95** missed collections / week
- 2023 - 24: **63** missed collections / week (first quarter figures)

Throughout the contract period there have been ups and downs with service delivery, particularly around recycling collections. At the start of the contract significant issues arose whilst operatives became familiar with new vehicles, different routes, in cab technology and the addition of new materials to be collected.

However, the onset of the Covid Pandemic created challenges to reliable service delivery for a variety of reasons, ranging from sickness/isolation absences, increased tonnages presented for collection, problems with access to streets and, in more times, due to the nationwide HGV driver shortage. As the data suggests, these issues severely impacted performance between 2020-22, but there has been a return to the normal, within contract tolerance levels since February 2022, with the current service running at a very stable and reliable level.

### **3. Service Design**

During 2021/2 a successful bid was made to WRAP (Waste Action Resources Programme), who appointed a specialist consultancy firm (Circulogic) to collaborate with the Authority. This work entailed gathering baseline information from the current service and comparing it with a series of different options such as:

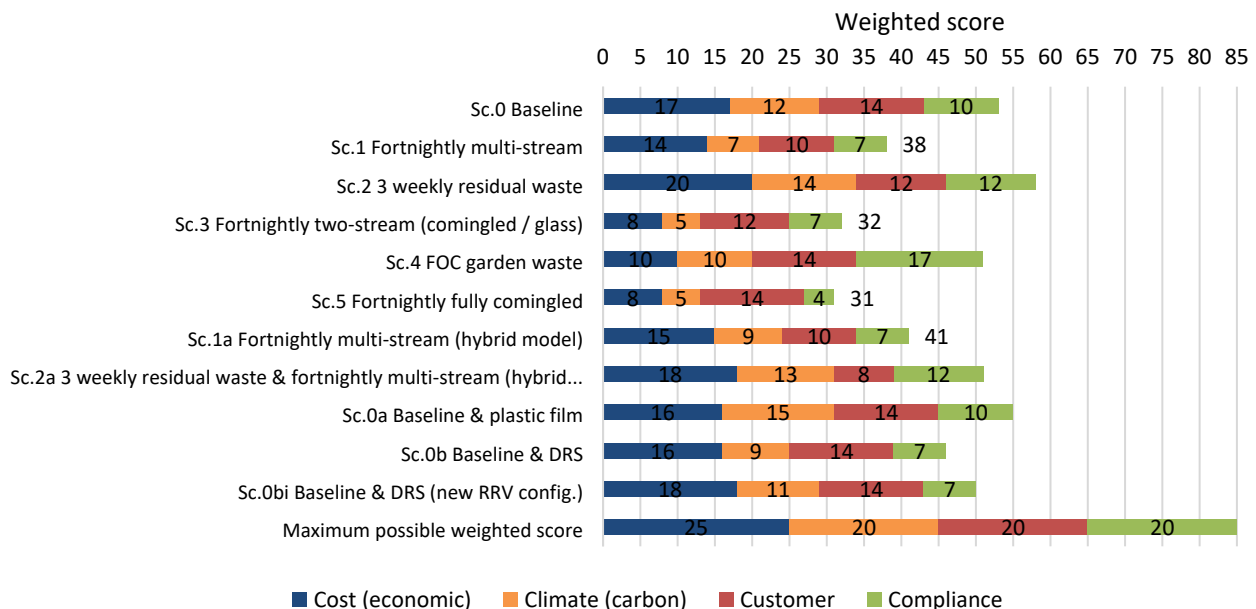
- Fortnightly recycling (source segregated) but weekly food waste.
- Fortnightly recycling fully comingled
- Weekly recycling with three weekly refuse
- Fortnightly recycling (twin stream (comingled & glass))
- Free of charge Garden Waste

In some of the options Circulogic included variants to assess whether this provides a better overall solution – this could be through different use of vehicles to maximise efficiency of collections or alternatively with additional materials to be collected in line with the expected outcome of the National Waste Strategy Consultation that is currently in progress.

The options and their variants were then quantitatively and qualitatively assessed against four key criteria:

- **Cost:** the overall service cost of each option, covering both collection and disposal charges along with implementation costs
- **Climate:** the carbon performance is assessed along with the impact on the local air quality
- **Customer:** this covers the quality of service in respect of the number of collections and the ease of use for residents
- **Compliance:** this looks at the overall recycling rate for each option whilst also assessing them against the expected requirements of the National Waste Strategy

The results of this work showed that the baseline service (i.e., current service design as provided by Suez) fared very well, scoring the third highest of the eleven options and variants assessed, as can be seen in the chart below.



The table below provides further outcomes through measuring the cost, carbon emissions and recycling performance of the options against the baseline service. This again shows the current service to positive effect, although it does highlight the potential benefits in respect of the potential for financial savings, increased recycling and significant carbon emission reductions that a move to three weekly waste collections could achieve.

The carbon emissions reductions are particularly interesting as they suggest this switch could lead to a decrease of over 1000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) - for context, a switch to electric powered refuse or recycling vehicles could provide between 30-40

tCO<sub>2</sub>e per vehicle per year, which means a three weekly frequency of refuse collection would potentially provide the same Carbon reduction as 25-30 eRCVs each year.

	Sc.0	Sc.1	Sc.2	Sc.3	Sc.4	Sc.5	Sc.1a	Sc.2a	Sc.0a	Sc.0b	Sc.0bi
	Baseline (current service)	Fortnightly multi-stream	Three weekly residual waste	Two-stream recycling	Free of charge garden waste	Comingle d recycling	Fortnightly multi-stream recycling (hybrid model)	Three weekly residual waste & fortnightly multi-stream recycling (hybrid model)	Baseline & plastic film	Baseline & DRS	Baseline & DRS (new RRV configuration)
Options assessment score	53	38	58	32	51	31	41	51	55	46	50
Whole system costs impact vs. baseline (£'000s)	£0	£616	-£190	£949	£1,461	£1,072	£13	-£540	-£27	-£139	-£447
Whole system recycling rate impact vs. baseline (%)	0.0%	-2.2%	4.9%	-2.4%	8.4%	-2.4%	-2.2%	3.4%	0.4%	-1.9%	-1.9%
Carbon impact vs. baseline (tCO <sub>2</sub> e)	0	1433	-1043	2236	227	2226	1358	-216	-634	635	635

A switch to wheeled bins for recycling is often queried with Officers and as such a couple of options where bins would be used were assessed by Circulogic – a two stream system(Sc.3) where one bin was used for comingled recycling and another one was used for glass, and a fully comingled system (sc.5) where all recycling was collected in one bin. The table shows that both these systems scored poorly across the board, with vastly increased annual costs, lower recycling rates and higher carbon emissions when compared with the current baseline service, and also had the two lowest options assessment scores.

The findings of the work support the view that Calderdale's Kerbside-sort system is the preferred type of service within the industry, as it allows a better quality of recycling to be captured, avoiding many of the contamination issues facing authorities with co-mingled collections who then face additional disposal costs.

In terms of frequency, Calderdale offers far more collections to residents than most other authorities, due mainly to the weekly recycling collections - 78 Waste and Recycling collections are

scheduled per property per year, which is 50% more than residents in Bradford, Kirklees, Leeds and Wakefield receive. Even a switch to three weekly refuse collection would maintain this, albeit at a slightly lower rate (33% more collections than neighbouring authorities).

#### **4. Industry Uncertainties**

The Environment Act 2021 contains several pieces of legislation that could have a marked impact on the Waste & Recycling service, with provisions which are due to be introduced over the next few years. Unfortunately, timescales are constantly altered, further adding to the uncertainty this is creating. The three key areas are: consistent recycling collections, deposit return scheme and extended producer responsibilities:

##### **Consistent municipal recycling collections:**

Local authorities will be mandated to collect a consistent range of dry materials (paper, cardboard, glass, plastic and metal) from households across England, a weekly separate food waste collection and a garden waste collection. The improved material segregation and consistent approach to waste disposal across England will help to make it easier for households, businesses and public organisations to recycle and, in turn, drive up recycling rates beyond current levels.

This area of the changes is still awaiting the formal government response to the consultation process (which closed in July 2021), although mandatory food waste collections are still expected from 2025/6. At a recent forum with LA's, Defra could not commit to a date for release even when queried whether this would be prior to the General Election. As we currently collect food waste on a weekly basis along with source segregated recycling it is unlikely these elements will have much impact on our collection system. The one possible impact would be if a free garden waste collection were mandated (it is currently charged for in Calderdale and it is likely that a free service would lead to much greater take-up and, hence, cost).

##### **The extended producer responsibility for packaging scheme (EPR)**

This will require companies that produce packaging or sell packaged products in the UK to cover the full costs of collecting and sorting household packaging waste for recycling. Defra intends that the scheme will include variable fees, depending on the recyclability of the

material used. The scheme was initially due to come into place during 2024 but Defra recently announced in July that EPR is to be pushed back until October 2025.

This should have a positive impact in that there will be funding that is fed back into Calderdale finances to cover the costs of dealing with the packaging, although there is still ambiguity as to how this will be calculated. There is also potential for a switch in the amounts and types of packaging collected as producers move to materials that are more easily recyclable, which then has potential to affect optimum vehicle configuration.

### **The deposit return scheme in England (DRS)**

This will place a redeemable deposit on all single-use plastic and metal drinks containers up to three litres in volume. The financial incentive offered to consumers for returning their drinks containers to designated return points provides an incentive to increase recycling, and will improve the quality of the recycled material whilst also minimising the number of littered drinks containers in the environment. Defra have announced an indicative commencement date of October 2025.

This has the potential to markedly decrease the amounts of plastic and cans that are collected by the recycling vehicles, thereby again potentially affecting configuration required for any future service. It could also decrease revenue from recycling materials as the prices for aluminium and steel cans are the highest received for the materials we collect.

### **Other Uncertainties**

The Covid pandemic had a significant effect on the Waste & Recycling service, both in terms of operational delivery and the increased tonnages of recycling presented for collection.

However, there is a need to understand the enduring impacts or what the “new normal” will be, particularly home working which has the potential to produce higher levels of recycling and lead to continuing access issues with more cars parked on residential streets during collection times.

This could require more narrow/limited access vehicles to facilitate collections, and as these have lower storage capacities then more



vehicles may be needed overall to maintain current collections schedules.

So, as well as the uncertainties from the Environment Act mentioned above, there are other unknowns that will only become more evident over the next few years.

## **5. Contract Extension**

A Waste Services Delivery Group was set up in January 2023 to explore the future service options. This group involves colleagues from such areas as Legal, Finance, HR, CAFM, Procurement, Risk, Transport, Waste along with the Director and Assistant Director of Public Services and the Portfolio Holder.

The first task of the group was to deliver a paper to Cabinet seeking authorisation to extend the current contract with Suez. An extension allows continuity through the period of uncertainty mentioned above as the implications of a Deposit Return Scheme, Extended Producer Responsibilities (a 'tax' on packaging) and potential changes to how local councils are required to collect waste work their way through the system. To try to 'second guess' the impact of these changes would be imprudent and could result in considerable financial disadvantage if things need to change in the future.

Similarly, 'soft market testing' has indicated that new bidders would be wary of this uncertainty and would reflect this in their pricing (and, indeed, may choose not to tender for the work at all). This means the council would be in the disadvantageous position of facing limited market competition and 'risk pricing' from any bidders, and so a more sensible approach is to wait until stability returns to the market.

An extension also allows consideration to be given to alternative provision of the service. It may be that the council wishes to see this type of service run by the public sector rather than being delivered by a commercial organisation and the hiatus provided by a short extension will allow these options to be explored fully and with due diligence.

A report was taken to Cabinet in May 2023 which approved the extension and delegated negotiations around it to the Interim Chief Financial Officer, with 2 further reports to be taken to Cabinet later in the year, the first being the outcome of the extension negotiations, and the second being a report which investigates the options for service delivery post-extension.

## 6. Next Steps

As mentioned above, the Waste Services Delivery Group are now working on a report to Cabinet which explores three options for future service delivery:

- New Procurement Exercise for an outsourced service:

The service has been tendered on the open market since the mid 1990's and the introduction of compulsive competitive tendering. The last two procurement exercises took place in 2007 and 2015 and resulted in contract awards to Suez.

- Joint Venture Partnership / Local Authority Trading Company:

A joint venture partnership with another Local Authority has the potential to offer some of the strengths offered by both in and outsourced services. As it is a public/public partnership there is more flexibility in being able to make service changes through the contract term without the need for costly variations; having board membership would also allow a greater amount of control than would be seen in an outsourced service, whilst also not having the full reputational risk an insourced service would bring.

- Insourced Service

This would be achieved through transferring the current workforce across to the council. Calderdale last ran an insourced Waste & Recycling service in the early 1990's, so it is therefore unlikely there are any staff still employed who have experience of working during this time.

A fourth possibility of a joint service with a neighbouring Authority was ruled out due to the major differences in the way Calderdale and neighbouring authorities deliver the service, and the difficulty in agreeing a single collection system across two or more areas.

Colleagues within the Waste Services Delivery Group are considering the three options and the deliverability of each from their own service's point of view. Examples of this could be Transport colleagues focusing on the significant lead times for vehicles being a potential issue, whilst CAFM officers could highlight problems with depots and a requirement for additional sites in the near future.

## **7. Conclusion / Issues for Scrutiny**

The outcomes of the consultants' work, along with industry opinion and expectations of the pending legislation suggest that the design of the Waste & Recycling service in Calderdale needs little alteration. The fact we are collecting all the targeted materials on a weekly basis stands the service in good stead, with the evidence from the assessments against other options showing that the current service performs well against the four "C" key criteria (Cost, Compliance, Climate and Customer).

However, the views of the Scrutiny Board are sought both on how the service might be designed in the future, as well as how it could best be delivered, i.e. in-house, joint venture or outsourced to a commercial operator.

## **8. Appendices & Background Documents**

*Please list any supporting documents and reference where they can be found or requested from.*

N/A