

Joint Scrutiny Panel of Somerset Waste Board

Thursday 6 December 2018

10.00 am Monmouth House, Blackbrook
Park Avenue, Taunton TA1 2PX



To: The Members of the Joint Scrutiny Panel of Somerset Waste Board

Cllr Aldridge, Cllr P Bradshaw, Cllr N Cottle, Cllr C Goodall, Cllr Gunner, Cllr M Lewis, Cllr L Leyshon, Cllr D Loveridge, Cllr Mansell, Cllr Parbrook, Cllr L Perry and Cllr M Wales

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk - 28 November 2018

For further information about the meeting, please contact Carol James 01823 356859, CDJames@somerset.gov.uk or Jamie Jackson on 01823 359040, jajackson@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Section 100A (4) of the Local Government Act 1972.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers



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AGENDA

Item Joint Scrutiny Panel of Somerset Waste Board - 10.00 am Thursday 6 December 2018

****Public Guidance notes contained in agenda annexe****

1 **Apologies for absence**

2 **Declarations of Interest**

Details of all Members' interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Democratic Services team.

3 **Minutes from the previous meeting held on 23 July 2018** (Pages 5 - 10)

The Committee is asked to confirm the minutes are accurate.

4 **Public Question Time**

The Chairman will allow members of the public to ask a question or make a statement about any matter on the agenda for this meeting. **These questions may be taken during the meeting, when the relevant agenda item is considered, at the Chairman's discretion.**

5 **SWP Business Plan 2019-24** (Pages 11 - 30)

To receive the report.

6 **Viridor Core Services Contract Extension** (Pages 31 - 50)

To receive the report.

7 **Recycle More Update** (Pages 51 - 58)

To receive the report.

8 **Date and Chair for next meeting**

Potential date for next meeting Wednesday 13 February 2019 at 2pm.
The panel is asked to elect a Chair for the next meeting.

9 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

Agenda Annexe

Guidance notes for the meeting

1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Carol James on Tel: (01823) 356859 or Email: Democraticservices@somerset.gov.uk They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

3. Minutes of the Meeting

Details of the issues discussed and recommendations made at the meeting will be set out in the Minutes, which the Committee will be asked to approve as a correct record at its next meeting.

4. Public Question Time

If you wish to speak, please tell Carol James the Committee's Administrator - by 5pm, 3 clear working days before the meeting (Friday 30 November 2018). All Public Questions must directly relate to an item on the Committee's agenda and must be submitted in writing by the deadline.

If you require any assistance submitting your question please contact the Democratic Services Team on 01823 357628.

At the Chairman's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the Agenda for this meeting may be taken at the time when each matter is considered.

You must direct your questions and comments through the Chairman. You may not take direct part in the debate. The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely. If an item on the Agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, normally to two minutes only.

5. Exclusion of Press & Public

If when considering an item on the Agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

6. Committee Rooms & Council Chamber and hearing aid users

To assist hearing aid users the following Committee meeting rooms have infra-red audio transmission systems (Luttrell room, Wyndham room, Hobhouse room). To use this facility we need to provide a small personal receiver that will work with a hearing aid set to the T position. Please request a personal receiver from the Committee's Administrator and return it at the end of the meeting.

7. Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone wishing to film part or all of the proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chairman can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

JOINT SCRUTINY PANEL OF SOMERSET WASTE BOARD

Minutes of a Meeting of the Joint Scrutiny Panel of Somerset Waste Board held in the Monmouth House, Blackbrook Park Avenue, Taunton, TA1 2PX, on Monday 23 July 2018 at 10.00 am

Present: Cllr Aldridge, Cllr P Bradshaw, Cllr M Lewis, Cllr L Leyshon and Cllr J Parbrook

Apologies for absence: Cllr N Cottle, Cllr C Goodall, Cllr Gunner, Cllr D Loveridge, Cllr L Perry, Cllr A Sully and Cllr M Wale

18 **Declarations of Interest** - Agenda Item 2

There were no declarations of interest.

19 **Minutes from the previous meeting held on 08 March 2018** - Agenda Item 3

The minutes of the meeting on 08 March 2018 were accepted as being accurate by the Panel.

20 **Public Question Time** - Agenda Item 4

There were no public questions.

21 **SWP Board Governance** - Agenda Item 5

The Panel considered a report which set out the planned 2018/19 meeting dates for the Somerset Waste Board and outlined key governance and constitutional matters.

The Panel noted changes to the Board’s membership, highlighted in sections 1.4 and 1.6. They were also informed of planned constitutional changes in relation to the future amalgamation of Taunton Deane Borough Council and West Somerset Council. Following this amalgamation, the Board membership will reduce from 12 members to 10 members with the new authority entitled to two representatives.

Panel members questioned whether Panel meetings could be held before Board meetings to enable scrutiny to take place before decision making. The Managing Director, SWP responded to say that this would be arranged where possible for the remaining meetings in 2018. The aim will be to have scrutiny meetings before or as close to Board meetings in 2018 but this is not always possible. This will be particularly relevant for the Oct and March Board meetings which will consider key procurement decisions. Panel Members were reassured that 2019 meetings will be arranged to ensure that scrutiny is able to take place before decisions.

The Committee noted the report.

22 **Finance** - Agenda Item 6

The Panel considered a report which detailed the 2018/19 financial outturn of the Somerset Waste Board and proposed use of balances.

The report highlighted that the Partnership underspend was £1.1m, 2.6% of the original budget. This was mostly attributed to collection variations and disposal variations. The Panel heard the new permit system at recycling centres has had a significant impact resulting in a downward in disposal tonnages. A member questioned where this waste is going instead. If the waste is commercial, people should be paying to dispose of it or they may be choosing to re-use it. Fly-tipping has been monitored carefully and the Partnership is confident that it is not causing an increase in fly-tipping. Where county borders are concerned, waste should be disposed of in the correct county.

It was clarified that new vehicles cannot be ordered until the procurement decision has been made as different contractors may prefer different vehicles. It was confirmed that a long lead-in time has been built in to support this process and build slots will not be booked until the Partnership is confident. It is essential that we get this correct.

It was clarified that there will be a ten-year contract for new vehicles to coincide with the ten-year collection contract. A member questioned whether there is a risk if the contractor doesn't own the vehicle and was reassured that the contractor must be satisfied with the vehicle if they are to take ownership of it. This will be done in partnership between SWP and the contractor. The Panel heard that the vehicles are likely to be built in the UK or ROI but the parts may come from elsewhere. It was observed that Brexit may have an impact on import costs.

23 **Performance** - Agenda Item 7

The panel considered this report which summarised the key performance indicators for the period April 2017 – March 2018 and compared these to the same period in 2015/16 and 2016/17.

The report highlighted that waste figures have reduced, predominantly due to the permit scheme at recycling centres. Recycling figures have largely plateaued and it is hoped that Recycle More will improve rates. Fly-tipping rates have also reduced by 5%.

The report provided an update on the current kerbside collection service performance issues and the actions being taken to address these. The Panel heard that there has been some service degradation since it was agreed to end the contract with Kier and this has resulted in the implementation of contractual penalties. A service stabilisation plan has been agreed at a recent meeting with directors and the contractor and SWP have worked together to increase security at depots. The contractor is working in a challenging market and is beginning to make improvements.

Members questioned how residents are informed when their missed collection will be collected, and it was clarified that this is not possible on an individual basis. Where a missed collection can be predicted, the Partnership tried to be proactive and will contact residents via Facebook. It was agreed that some missed collections won't be reported. Members queried whether a variance in drivers contributed to missed collections. An inconsistent workforce does make missed collections more likely but also there is currently no in-cab technology. This will be used in the new contract and should drive improvements.

The Panel were informed that Performance and Health & Safety reports will be amalgamated for future meetings.

The Panel noted the report.

24 **Recycle More** - Agenda Item 8

The Panel considered this report which provided an update on progress to procure a new collection contractor to deliver Recycle More.

The Panel heard that a key project milestone was achieved on 20 April 2018 when a contract notice was published in the Official Journal of the European Union. Potential suppliers had until 25 May 2018 to submit a pre-qualification questionnaire (PQQ) and five submissions were received. The PQQ's will be evaluated and moderated by the project team and the Board has granted the Managing Director delegated authority to select the longlist of potential suppliers that would be invited to engage in dialogue and submit detailed solutions at its meeting on 03 November 2017.

The report set out the process for the competitive dialogue and submission of detailed solutions stages. These must be submitted by 24 September and will be evaluated between 24 September and 12 October. It was highlighted that suppliers proposed methods of working, resource levels, vehicle selection and depot plans will not be known until these submissions are received. A timeline of the remaining stages of the procurement was shared with the contract being awarded at the February 2019 Board meeting.

The Panel were informed that the Partnership is still looking for a new depot site to future-proof the service and is looking to see if any communal collections can be moved to kerbside collection.

During the discussion it was clarified that plastic pots and trays can be recycled at recycling centres but not at the kerbside yet. Members raised that the change in opening hours at recycling centres can be problematic and has caused queues. The Partnership has tried to retain as broad a network as possible but within the resources available. Queue cameras have been installed but are not well-used. It was also highlighted that residents are concerned that recycling will go to landfill because China is no longer accepting it. It was clarified that historically Somerset has been less exposed to this risk than other areas because 94% is recycled in the UK and 50% of that is recycled in Somerset. Only around 3% is sent to China. There is a plan to re-communicate this to the general public once this year's data has been analysed.

The Panel noted the report.

25 **SWP Risk Update** - Agenda Item 9

The Panel considered this report which provided an update on changes to the SWP risk profile. The Partnership maintains a risk register of known risks and opportunities. This is maintained quarterly in-line with Board meetings and provides an opportunity to alert Board members to newly identified or escalating risks that may have a significant impact on service delivery.

The report highlighted Opportunity 5 as significant progress has been made with the promotion of plastic reduction initiatives including the launch of the SWP Pledge Against Preventable Plastic. Leaflets about this will be distributed through schools and the Partnership is happy to provide leaflets to any interested parties.

Several risks were also identified including: changes to the Board membership following the amalgamation of West Somerset and Taunton Deane Councils; planned redundancies for SWP staff; risks around the introduction of in-cab technology; a known issue regarding settlement of outstanding pensions; Kier reporting increased difficulties in recruiting staff; break-ins at two depots and three recent incidents where crew members were endangered and/or injured by other road users whilst working.

It was clarified that any money raised through contractual penalties is being re-invested in mitigations to improve service, for example, investing in CCTV to combat depot break-ins.

The Chair took this opportunity to thank the Business and Governance Manager for his contribution to the Partnership and wished him well for the future.

The Panel noted the report.

26 **SWP Vision and Strategy** - Agenda Item 10

The Panel considered this report which set out Somerset Waste Partnership's (SWP) revised vision and plans to develop a long-term waste management strategy.

SWP has not reviewed its vision since 2013 and has no current over-arching long-term strategy. A new vision and strategy is needed to reflect the significant service changes planned by SWP along with changes to national policy and Somerset's demography.

The new SWP vision was agreed by the Board at its June meeting and centres around the core values of: collaboration; quality; insight and innovation.

The SWP Waste Management Strategy will set out a framework for resource efficiency and waste management for domestic waste in Somerset for the next 25 years (until 2042). This length of time aligns with National Government's 25 year Environment Plan (published in Spring 2018) and the expected focus of the national Resources and Waste Strategy (expected in Autumn 2018). The proposed objectives for the strategy are:

1. Sets ambition for the future and key milestones
2. Provides clarity as to whether we're on track to achieve our goals
3. Shapes what we and our partners do (and don't do)
4. Is understood by staff and stakeholders
5. Reflects how we expect Somerset and our sector to change

It is proposed that the Strategic Management Group of senior officers from each partner authority will act as the project board. Members will be consulted through the Somerset Waste Board and the Joint Waste Scrutiny Panel. To support the development of the strategy an expert advisory panel will also be established to shape the development of the strategy. This will include representatives from industry, local green groups, local communities, SWB representative, and potentially local MPs.

Members asked how the importance of public relations will be taken into account as part of the strategy. A suggestion was made that a kitemark scheme could be used to encourage businesses to reduce packing and contribute to waste prevention. It is hoped that the national strategy will include enhanced producer responsibility in new policies so that manufacturers do need to be more mindful of their packaging.

Members questioned how successful the plastic bag charging scheme has been at reducing plastic. This will depend on what you measure as carbon reduction, waste reduction and energy reduction will all produce different data.

The Panel noted the report.

27 **Any other urgent items of business** - Agenda Item 11

It was agreed to circulate a date for the next meeting to be held before the October Board meeting. It was agreed that Cllr Mike Lewis would Chair the next meeting.

(The meeting ended at 12.00 pm)

CHAIRMAN

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Somerset Joint Waste Scrutiny Panel
6 December 2018
Report for decision

Draft SWP Business Plan 2019 - 2024

Lead Officer: Mickey Green, Managing Director

Author: Mickey Green, Managing Director

Contact Details: mickey.green@somersetwaste.gov.uk (01823) 625707

Forward Plan Reference:	
Summary:	<p>The Somerset Waste Board is required to annually approve a rolling five-year business plan (covering the period 2019 to 2024). Our Business Plan explains how we will work towards our Vision over the next five years, with a particular focus on current year actions. The Business Plan contains three areas of focus, beneath which sit a range of activities. The three areas of focus are:</p> <ul style="list-style-type: none"> • Delivering excellent services • Changing behaviours • Building our capability <p>The actions set out are the most significant set of changes to Somerset’s waste services since SWP’s inception in 2007, covering all aspects of our services. We are also expecting the most significant set of changes to national resources and waste policy for a generation, and the environmental impact of waste has a public profile higher than ever before. The scale of policy change expected will have significant impacts upon our future business plans.</p>
Recommendations:	That the Joint Waste Scrutiny Panel approves the Draft Business Plan.
Reasons for recommendations:	<ul style="list-style-type: none"> • Approval is required to set a clear mandate for SWP delivery of business activities for the period. • An approved Business Plan is a constitutional requirement. • Feedback from the joint Waste Scrutiny Panel and other partner consultations will inform the Somerset Waste Board decision on 14 December to approve the Business Plan
Links to Priorities and Impact on Annual Business	As a rolling five-year business plan, the draft Business Plan for 2019-2024 represents an evolution from the current Business Plan.

Plan:	
Financial, Legal and HR Implications:	Many actions within the business plan will require significant specialist input, including financial, legal, HR and procurement specialist advice.
Equalities Implications:	Equalities Impact Assessments will be carried out as appropriate with the development of each Business Plan activity prior to proceeding with that activity. In most cases the decision to proceed based on the outcome of the impact assessment will be delegated to the Managing Director and Senior Management Team of SWP. Where significant issues are identified through the assessment process that would have implications for major projects or programmes the decision to proceed will return to the Board prior to commencing development.
Risk Assessment:	Failure to approve a Draft Business Plan for consultation with the partners will result in difficulties meeting the constitutional timescale for the process and in setting a viable budget.

1. Background

- 1.1. The Board's business planning cycle usually requires a draft report to be approved by the Board in December and circulated to partners for comment prior to the adoption of the Board's Annual Budget the following February. As agreed by the Board in September 2018 the timetable for approving this plan will change for this year, with the Draft Business plan presented for Board Approval in November 2018, scrutinised by partner authorities in November and early December and presented for final approval at the December Board meeting. Once approved or noted by all partners, the plan will be formally adopted by the Board to provide a framework within which the Board can make decisions and steer the delivery of Waste Partnership services.
- 1.2. The process of review is continuous but the Business Plan contains a snapshot of where we are now, those things that have a major impact on us, resources available, summary of the budget and priority work areas.
- 1.3. The Board is almost exclusively funded from contributions from partners and, apart from one-off funding bids, has no automatic block grant from Central Government or any general reserves. It is therefore dependent on agreement between partners on the level of funding provided by each of them in line with the cost sharing formula. Business planning and budget setting are therefore usually part of the same process but, due to the revised timetable, this year the Business Plan will be approved in December 2018 and the Budget finalised in February 2019. The budget presented in this report will remain draft and for one year only.
- 1.4. The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this can be achieved.
- 1.5. Under the terms of the Inter Authority Agreement, the Board cannot make a decision that has an adverse financial implication on any partner without that

partner's agreement. Recognising the need for partners to make difficult savings decisions, the Board does have discretion to determine how any savings targets handed down can be delivered, provided all partners sign up through approval of this draft plan.

- 1.6. The SWP Risk Register is included as an appendix to this report, and key issues and challenges are summarised within the draft Business Plan. The expected publication of a national Resources and Waste Strategy, and subsequent consultations and potential fiscal measures, represents a significant set of potential changes. The draft Business Plan seeks to reflect this uncertainty without second guessing the nature of the changes. SWP remains closely engaged with Defra to inform and understand these potential changes.

2. Options Considered and reasons for rejecting them

- 2.1. The SWP Business Plan is a constitutional requirement and no other option is available.

3. Consultations undertaken

- 3.1. Recycle More collection arrangements have been subject to previous consideration by the Somerset Waste Board.

4. Implications

- 4.1. The SWP Business Plan is a constitutional requirement. Failure to approve the plan will result in difficulties as outlined above.

5. Background papers

- 5.1. Appendix A - Draft SWP Business Plan 2019 - 2024
- 5.2. SWP Draft Risk Register 2019 - 2024
- 5.3. Waste Board Constitution_
<http://democracy.somerset.gov.uk/mgCommitteeDetails.aspx?ID=196>

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SWP Business Plan 2019 – 2024

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Change History	
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2/10/18	First draft
15/10/18	Second draft following SMG and SWP review

1. About Somerset Waste Partnership

1.1 Our vision and values

Who we are:	Somerset's Local Authorities working together as the Somerset Waste Partnership, ensuring that our household waste is reduced, collected, reused, recycled and effectively treated.
What we do:	<ul style="list-style-type: none">• Preserve our environment by making every effort to ensure our household waste is not waste but reused as a valuable resource.• Deliver excellent customer service and value for money to create a more sustainable Somerset.
What we are aiming to become:	An exemplar for how we manage waste as a resource, work with others and support our residents to manage their household waste and make our service the best it can be.
Our values:	<ul style="list-style-type: none">• Insight: Working with our partners to understand how and why people behave as they do and use this knowledge to shape our service.• Collaboration: Treating everyone we work with as an equal, knowing we have greater success when we work together.• Innovation: Learning from others and constantly looking at new ways of working to give the best service we can.• Quality: Focusing on excellent customer service and making the best use of the waste we collect.

1.2 Background to SWP

Somerset Waste Partnership (SWP) was established in 2007 to manage waste services on behalf of Mendip, Sedgemoor, South Somerset and West Somerset District Councils, Taunton Deane Borough Council and Somerset County Council. This made it the first county-wide waste partnership in the country.

SWP is accountable to the Somerset Waste Board (SWB), which consists of two members from each of the partner authorities. For further information about Somerset Waste Partnership and the Somerset Waste Board please visit www.somersetwaste.gov.uk. SWP has delegated authority to deliver household waste and recycling services throughout Somerset, including management of kerbside collections, recycling sites and disposal sites. These duties are in turn contracted to Kier (collection services) and Viridor Plc (recycling sites, landfill sites and treating food, garden and residual waste).

Recycle More (even more weekly recycling services, including addition of plastic pots, tubs, trays and packaging, cartons, small electrical items and household batteries; with so much capacity freed up that refuse collections are only needed every three weeks) remains the agreed model for SWP's future collection services, and any significant change to this would require SWB and partner approval.

4. Key Challenges and Opportunities

Theme	What it means for SWP
Political	National legislative/policy change: An ambitious Resources and Waste Strategy is expected in late 2018, which will have significant implications for SWP through policy e.g. on Extended Producer Responsibility, a Deposit Return Scheme, consistency and more. It is likely to be followed by a number of consultations. It may be preceded by financial instruments in the budget (e.g. incineration tax).
	Brexit: Brexit may lead to policy uncertainty, any changes to migration may affect labour availability and cost, exchange rate fluctuations or import restrictions may have cost implications for our vehicle procurement, depot construction, recycle market.
	Global policy: Other countries are following China's lead and restricting imports of recycle. Whilst over 90% of our material stays in the UK it does affect global recycle prices and demand.
	Local Government Reorganisation: Whilst SWP already acts as a single integrated service across Somerset, any changes to the structure of local government would have implications for SWP (especially if any new boundaries are not contiguous with the current county boundaries)
Economic	Financial pressure on partners: The pressure on local government finances has not abated and is particularly acute on SCC.
	Recycle risk: SWP will need to share the risk around recycle value (volume and price) under a future collection contract. This will be a significant change for District partners and require careful budget management.
	Full employment: Somerset has near full employment, especially due to the impact of the Hinkley C construction project. This creates challenges for the labour market, and pressure on housing could mean that homes are built without having waste in mind.
Social	Demographic change: Somerset's demography continues to change, in particular with an ageing population with multiple health needs. This needs to inform all aspects of what we do, remembering that our staff can potentially play a part in supporting the most vulnerable
	Driver shortages: The average age of HGV drivers is increasing and there is a shortage of suitable qualified drivers
Technological	Social media: Increasing use of social media presents an opportunity to reach more people, but also raises expectations about the speed of response (noting that not all of our public are users of social media)
	Big data: the technology available to the waste industry has radically changed, meaning that we can improve our ways of working. Our data can be a powerful tool, especially when combined with other (e.g. socio-economic) data.
Legal	Procurement/legal challenges: With the scale of contracts we let there is always a risk of legal challenge.
	Enforcement: Clamping down on trade waste abuse (and working with Districts on the scourge of fly-tipping) remain important. Ensuring residents recycle appropriately is likely to be increasingly important.
Environmental	Public awareness: there is increasing public awareness of environmental issues (especially around plastics)
	New materials: the emergence of new materials which promise the public they are degradable or compostable (when the reality is they often aren't) may cause confusion

5. Approach to Business Plan

Our Business Plan explains how we will work towards our Vision over the next five years, with a particular focus on current year actions. The Business Plan contains three areas of focus, beneath which sit a range of activities. The three areas of focus are:

Area of focus	Delivering excellent services	Changing behaviours	Building our capability
Desired outcome	<i>The services we deliver ensure our household waste is effectively collected, reused, recycled and treated.</i>	<i>People recognise that waste is a resource, and fully play their part in reducing, reusing and recycling waste</i>	<i>SWP has the capability and resources to even more effectively deliver the Board's vision</i>
Activity (see below for specific actions)	Transition to a new service model	Focus on plastics	Transforming ICT systems
	Moving away from landfill	Campaigns	Strategy & Influence
	Improving services	Changing behaviours through Recycle More	Ensuring homes are built with waste in mind
	Reviewing services	Community Engagement	Improving Performance Monitoring

The actions currently underway remain the most significant set of changes to Somerset's waste services since SWP's inception in 2007, covering all aspects of our services. We are also expecting the most significant set of changes to national resources and waste policy for a generation, and the environmental impact of waste has a public profile higher than ever before. The scale of policy change expected will have significant impacts upon our future business plans. The three areas of focus set out the actions which reflect this but need to work together for maximum impact. For example, our transition to the Recycle More service model is set out under 'delivering excellent services', but this will not be a success unless we support this by 'changing behaviours', and 'building our capability' is vital to enabling us to achieve this.

In addition to the actions set out in the Business Plan, SWP propose to adopt two charities - a local and a national charity – to support through staff fundraising and volunteering:

Local Charity	National Charity
RAFT (Refugee Aid from Taunton)	WasteAid
RAFT provide aid through donations to help refugees and displaced people wherever and whenever they are able, regardless of colour, culture and religion. It demonstrates an innovative approach to reuse and hence aligns well with SWP's vision and the waste hierarchy.	70% of the plastic in the oceans comes from places with no waste management. WasteAid helps people turn their waste into useful products, sharing recycling skills to create green jobs, improve public health and protect the environment. It works with community based organisations to help develop waste collection and recycling businesses.

1. Delivering excellent services			
What		When	Why
1.1	Transition to a new collection contractor and new service model		
1.1.1	Mobilisation of new contractor	April 2019 – March 2020	To ensure that new contractor hits the ground running
1.1.2	Active management of current collection service contract	Now – March 2020	To manage the risk of service degradation and ensure a seamless handover
1.1.3	Deeper engagement from SWP with collection contractor staff	Now – March 2020	To support a seamless handover and ensure that our collection staff are involved in the transition
1.1.4	Procuring a new fleet of vehicles	Spring/Summer 2019	To replace the ageing recycling and refuse vehicle fleet to be fit for a new service model, with further replacements of vehicles likely in 2024
1.1.5	Developing depot infrastructure	Now – Winter 2020/2021	To ensure we have the right depot network to support the future service model and housing growth
1.1.6	Rolling out a new service model (Recycle More)	Summer 2020-2022	To effectively manage the transition (in phases) of moving over 250,000 households from one service model to another, in a way which delivers excellent customer service and minimises missed collections
1.1.7	Manage major distribution of new recycling containers	Now - 2022	A new service model will trigger demand for new containers and replacement containers, and we will need to ensure effective methods are in place to distribute these
1.1.8	Recycling credits review informed by Recycle More rollout	Summer 2019 – Spring 2020	In light of a new collection contract and the rollout of Recycle More
1.2	Moving away from landfill		
1.2.1	Oversee the development of transfer stations at Walpole and Dimmer	Now – Autumn 2019	To enable the move away from landfill so that waste can be bulked up and that movements of waste are effectively managed
1.2.2	Oversee the development of a Resource Recovery Centre at Avonmouth	Now – Autumn 2019	To ensure that this is ready on time and to standard
1.2.3	Testing and commissioning of Resource Recovery Centre	Autumn 2019 – April 2020	To ensure this works as planned

1.2.4	Implementing changes at HWRCs to align with acceptance criteria	Autumn 2019 – April 2020	To ensure that we optimise (environmentally and financially) the way we treat waste
1.3	Improving services		
1.3.1	Revising opening hours at Household Waste Recycling Centres (subject to a board decision on a contract extension with Viridor)	Now – April 2019	To better match opening hours to need and demand, whilst retaining all sites open
1.3.2	Potential improvements to Recycling Centres	Ongoing	To seek opportunities to improve our recycling centres, subject to development of viable solutions and robust business cases. Frome & Minehead Recycling Centres are top priorities.
1.3.3	Working together with Support Services for Education to optimise the future schools waste & recycling service	Now – Autumn 2019	To consider how we could work differently to support schools to recycle more and waste less, whilst delivering excellent service and VFM
1.3.4	Health and safety and contract management	Ongoing	Effective management of our contracts and the significant health and safety risks inherent in this industry is a key building block of our success
1.4	Reviewing services		
1.4.1	Review of opening hours and charges at Dulverton and Crewkerne Community Recycling Centres	Autumn 2019	To review ahead of latest date for removal of charges (Spring 2020)
1.4.2	Undertake further review of van/trailer permit scheme at Household Waste Recycling Centres	Spring/Summer 2019	To ensure that this is delivering the desired outcomes and to identify potential improvements
1.4.3	Review waste service fees and charges, including Garden Waste, Bulky Waste, Recycling Centre charges	Spring/Summer 2019	To reflect any legislative changes and different costs and operational approaches of a new collection contractor
1.4.4	Undertake a review of signage at Household Waste Recycling Centres	Summer/Autumn 2019	To ensure that we are communicating with the public as effectively as we can
1.4.5	Anaerobic Digester contract review	April 2020	Financial review ass per contract timetable
1.4.6	Collection contract review	2022/2023 - tbc	To review the contract following the roll-out of Recycle more & major potential legislative change
1.4.7	Assisted collection review	2019/2020	Regular review of our assisted collection database to ensure that it is up to date

2. Changing behaviours			
What		When	Why
2.1	Focus on plastics		
2.1.1	SWP coordinating Refill campaign in Somerset	Now - 2024	To encourage businesses to offer free refills should support people to use a reusable container rather than substitute Single Use Plastic for another single use material
2.1.2	Encouraging take-up of PTT at recycling centres	Now - 2022	To enable those who wish to do more to do their bit & encourage people to see the difference this makes ahead of rolling out kerbside PTT collection
2.1.3	PTT at kerbside (in addition to tetrapaks, small electrical items and batteries)	July 2020 – March 2022	Phased roll-out of these major changes to kerbside collections to over 250,000 households, with intensive marketing and face to face support to drive behaviour change
2.1.4	Promote the Pledge against Preventable Plastic	Ongoing	To encourage people do take effective actions to reduce their reliance on plastic
2.1.5	Continuing to work with partners to phase out single use plastic	Ongoing	To support District and County Council and other Local Authority/Community partners in their ambitions to phase out Single Use Plastic (as SWP are also doing)
2.2	Campaigns		
2.2.1	Tackle food waste: stickering and behaviour change campaign (noting that the previous campaign was grant funded and SWP has a constrained marketing budget)	TBC	Whilst SWP has a high participation in food waste recycling (check c65%), a quarter of our residual waste, on average, is food waste. Further work is needed to understand the most effective way of addressing this, especially given the move to 3 weekly residual waste collection
2.2.3	Build trust in how we recycle and what happens to SWP recycling	Ongoing	To ensure people understand the benefit of separating their waste, what happens to their recycling and residual waste, and the financial and environmental benefits this brings.
2.2.4	Increasing our reach, in particular on social media and through our website		Social media and our website provides a cost effective means to communicate with people, and to enable them to communicate with us (especially when we enable on-

			line missed collection reporting). Developing high quality digital content will become increasingly important.
2.2.5	Enforcement of service rules and householder support	Ongoing (in particular as we move to a new service model – Recycle More)	SWP’s Waste Management and customer service teams work closely with contractors and partners to resolve complex issues, investigate complaints, find solutions to problems and clamp down on abuse (including trade waste abuse & side/excess waste). Enforcement remains the last option, but in some cases is the only way to resolve issues (including flytipping – albeit this has been declining).
2.2.6	Schools against Waste	Now - Spring 2021	Three year programme to reach all Somerset primary schools, develop schools against waste programme for secondary schools, & explore ways to support schools to increase recycling. An evolved programme is likely to continue after 2021.
2.3	Changing behaviours through Recycle More		
2.3.1	Developing a robust costed communications and marketing plan for the Recycle More rollout (working closely with partner authorities)	Now - 2022	Effectively planning a comprehensive campaign will ensure that everyone is ready for Recycle More, takes advantage of the benefits it brings, and manages the transition to the new service model effectively. This will draw on the socio-economic analysis in the participation and composition analysis, enabling us to effectively target people in an appropriate way
2.3.2	Prepare Somerset for Recycle More	Now – Summer 2020	Ensure that – ahead of commencing the rollout of Recycle More – all households understand what we’re doing, when we’re doing it and why we’re doing it, and that they and us are ready for it
2.3.3	Phased support as Recycle More is rolled out	Summer 2020-2022	Targeted campaign (including additional front-line staff e.g. Waste Doctors undertaking door-knocking/targeted support) working closely with contractor and partner customer services
2.3.4	Learning from each phase of roll-out	Summer 2020-2022	Undertaking a lessons learned exercise after each roll-out phase so that we continually improve. There is a

			period of learning and reflection in Spring 2021 when the roll-out will be paused to ensure we can take stock of phases to date
2.5	Community Engagement		
2.5.1	Developing partnerships	Ongoing	With limited resources, we need to develop strong partnerships with others in order to ensure that we cost-effectively drive people to change behaviours. Developing strategic partnerships with others (be it housing associations, oneteams, third sector organisations, business organisations) is a crucial means to do this.
2.5.2	Review food waste and compost champions	2019/20	With our scarce resources we need to ensure that the activities we undertake are delivering value for money
2.5.2	Promote and refresh newsletters	2019/20	SWP publish a monthly newsletter which is circulated to all parish council clerks and the Sorted e-newsletter which Somerset residents can subscribe to.
2.5.3	Attending face to face events	ongoing	Attending parish meetings and meetings of environmentally motivated groups is a key part of ensuring we remain close to our communities. With our scarce resources we need to ensure that the activities we undertake are delivering value for money
2.5.4	Refresh our approach to reuse:	2019/20	Working with Viridor, a new collection contractor (especially with regard to Reuse) and local partners (particularly VCSE) to improve reuse across Somerset

3. Building our capability			
<i>What</i>		<i>When</i>	<i>Why</i>
3.1	Transforming ICT systems		
3.1.2	Implementing a new customer service system	Now – Autumn 2019	To ensure that we have a fit for purpose CRM system, integrated with all partner authorities
3.1.3	Enabling web self-service	Autumn 2019	To enable customers to undertake transactions online, improving the customer experience and diverting demand away from call centres
3.1.4	Launching a mobile app	Winter 2019	Ahead of moving to Recycle More we aim to have launched a mobile app which enables to remind people of their collection day and to report issues. This will be a crucial part of making the move to 3 weekly refuse easier for Somerset residents.
3.1.5	Integrating in-cab technology	Spring 2020	In-cab technology (and 360 cameras on all vehicles) will be critical to improving our service reliability and to protecting and supporting our hardworking crews. It will also transform the effectiveness of on-line reporting.
3.1.6	Making best use of new technology	Ongoing	Changing our processes and ways of working to make best use of new technology, including how we can use ICT to support localities
3.1.7	Improve technology for making payments	Ongoing	Ensuring SWP has the capability to take automated payments over the phone, and hence is capable of supporting District Councils with certain charges for services, if desired
3.2	Strategy and influence		
3.2.1	Develop SWP long term strategy	Now – 2019/20	It is crucial that SWP has a long-term strategy, and preliminary work has commenced on this, though it will be significantly informed by the changes that may result from Central Government's Resources and Waste Strategy and Brexit.
3.2.2	Seeking to influence policy decisions at Central Government and working with partners within the	Ongoing	With a number of major government consultations expected from central government, it will be crucial that

	South West to further SWP's vision		SWP uses its reputation as a sector leader. Working with partners across the region may enable SWP to achieve things that are not possible through working solely at the County level.
3.2.3	Review how SWP supports local businesses	TBC	SWP currently only provides a waste collection and disposal service to those businesses who cannot get a commercial service from elsewhere. We need to review how we can work with businesses (for example supporting collaborative procurements for market towns which enable businesses to get a better financial and environmental outcome)
3.3	Ensure homes are built with waste in mind		
3.3.1	Working with planning authorities to ensure that residential development planning proposals have adequate provision of waste and recycling facilities	Ongoing	SWAP is currently supporting SWP in understand what we can do to ensure that SWP developer guidance has teeth and is followed
3.3.2	Ensure that waste and recycling services are implemented effectively when new developments are built and occupied	Ongoing	SWAP is currently working with SWP to identify how we can improve processes to manage this process, ensuring that we take advantage of this opportunity to change behaviours
3.4	Improving performance monitoring		
3.4.1	Improving carbon monitoring	Ongoing	SWP currently only understand their carbon impact on an annual basis, when Eunomia undertake comparative modelling across England. SWP propose to utilise the Scottish Government's carbon modelling to analyse this more frequently. Note that this is likely to be an area focussed on in forthcoming central government policy.
3.4.2	Improving end use monitoring	Ongoing	SWP were the first to publish an annual report showing exactly what happens to everything we collect for recycling. Given the increased importance of what happens to our recyclate, SWP will review the frequency and content of this, and how we can more effectively communicate it to the public
3.4.3	Customer service	Ongoing	SWP's refreshed vision highlights the importance we

			place on excellent customer service, and we will accordingly place a higher priority on how we monitor this (and hence drive improvement)
3.4.4	Regular participation and composition analysis	Ongoing	Understanding behaviour will be crucial to target interventions, and regular participation and composition analysis is crucial to this. We currently have funding to undertake this every 3 years.
3.4.5	Ensure complete and accurate data in respect of container types and services is held by SWP	Ongoing	Ensuring we have robust, detailed and up to date data will enable us to target improvements more effectively.
3.4.6	Developing Insights	Ongoing	The ICT improvements we are making, together with more regular participation and composition analysis and deeper engagement with contractor staff will make a step change in the data we have available. Our focus on the circular economy also will require us to track even more effectively where our recyclate goes. We need to improve our capability to develop insights from this data.

6. SWP Budget 2019 - 20

The following table shows the projected year budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year will be brought to the December meeting of the Somerset Waste Board, with the final budget due in February 2019.

6.1 Revenue Not Included

Control of income from residents for waste related services is retained by the collection authorities and is therefore not shown in this paper. The most significant portion of this is annual Garden Waste subscriptions, which will generate income for the district council of around £56.90 for each wheeled bin subscription in 2019/20. This is a significant offset of the cost of providing the service. Other income streams are Bulky Waste collection fees and sale of Garden Waste sacks.

6.2 Recycle More Implementation

Contributions to the Recycle More Earmarked Reserve from all partners currently totals £645,745. Spend to date on the procurement phase is £177,926. It is expected that the current level of the reserve will be adequate to cover the costs incurred during the procurement and mobilisation period (April 2019 – March 2020), noting that these do not include capital costs related to depots or vehicles. In 2016 the roll-out costs agreed by the board were estimated at £2.2m (primarily due to the cost of new containers, cost of communications and transition support, but not including the costs of procurement). The estimated roll-out costs are being reviewed and updated, but are not expected to have significantly changed. The costs will not be finalised until we have procured a new collection contractor and will cover the Transition Period (April 2020 – June 2020) and the Implementation Period (July 2020 – Summer 2022).

The Board agreed a set of financial principles for Recycle More on 18 December 2015, and these remain in place. Key principles are:

- District collection partners should not be penalised or rewarded for when they roll out within the programme.
- Sharing of the additional costs of roll out will be based on household numbers unless there is a District-specific cost.
- SWP will hold a central earmarked reserve for Recycle More and any balance (positive or negative) on the roll out process at year end to be kept centrally by the SWP to be used or recovered in future years. Any savings will initially be used to continue the roll-out. It is envisaged that no allocations will be made back to partners until the roll-out is complete, unless it becomes clear that a repayment can be made earlier.
- Funding arrangements for the additional containers (initial roll-out of new boxes and sacks, additional requests for other bins) will initially be funded through SWP's earmarked reserve. As this may not be sufficient, District partners will be free to fund this from revenue or reserves as best suits their needs. Once full rolled out, this will come through the normal Cost Sharing Agreement.

6.2 Full Draft Budget Summary 2019/20

Summary Annual Budgets 2019/2020						
Rounded £000s	Total	SCC	MDC	SDC	SSDC	SWaT
Expenditure						
Salaries & On-Costs	1036	471	120	119	168	158
Other Head Office Costs	255	116	28	30	42	39
Support Services	126	55	14	15	22	20
Disposal - Landfill	12132	12132				
Disposal - HWRs	9861	9861				
Disposal - Food waste	1533	1533				
Disposal - Hazardous waste	238	238				
Composting	1994	1994				
Kerbside Recycling	9478		1945	1948	2903	2682
Green Waste Collections	2690		514	650	719	807
Household Refuse	6371		1309	1307	1942	1813
Clinical Waste	124		25	27	37	36
Bulky Waste Collection	87		19	16	24	28
Container Maintenance & Delivery	237		51	47	74	65
Container Supply	465		98	99	142	126
Pension Costs	69		2	2	63	2
Depot Costs	186		37	40	56	53
Village Halls	5			5		
Transfer Station Avoided Costs	331	331				
Recycling Credits	2567	2567				
Capital Financing Costs	231		52	41	78	60
Total Direct Expenditure	50016	29298	4214	4346	6270	5888
Income						
Sort It Plus Discounts	-80		-16	-17	-24	-23
Transfer Station Avoided Costs	-331		-67	-71	-100	-93
May Gurney Secondment Saving	-44		-20	-5	-7	-7
Recycling Credits	-2538		-534	-509	-783	-712
Total Income	-2993	-20	-622	-602	-914	-835
Total Net Expenditure	47023	29278	3592	3744	5356	5053

Summary Draft Annual Budgets

	2019/20	2020/21	2021/22	2022/23	2023/24
Rounded £000s					
Expenditure					
Salaries & On-Costs	1036	1046	1057	1068	1079
Other Head Office Costs	255	255	255	255	255
Support Services	126	126	126	126	126
Disposal - Landfill	12132	12696	13280	13890	14528
Disposal - HW/RCs	9861	10240	10639	11054	11485
Disposal - Food waste	1533	1613	1698	1786	1880
Disposal - Hazardous waste	238	253	268	285	302
Composting	1994	2151	2321	2504	2702
Kerbside Recycling	9478	9842	10220	10614	11021
Green Waste Collections	2690	2792	2899	3010	3125
Household Refuse	6371	6616	6870	7133	7407
Clinical Waste	124	129	134	139	144
Bulky Waste Collection	87	91	94	98	101
Container Maintenance & Delivery	237	246	255	265	276
Container Supply	465	483	502	521	541
Pension Costs	69	69	69	69	69
Depot Costs	186	186	186	186	186
Village Halls	5	5	5	5	5
Transfer Station Avoided Costs	331	341	351	361	372
Recycling Credits	2567	2644	2723	2805	2889
Capital Financing Costs	231	231	231	231	231
Total Direct Expenditure	50016	52055	54183	56405	58724
Income					
Sort It Plus Discounts	-80	-80	-80	-80	-80
Transfer Station Avoided Costs	-331	-340	-351	-361	-372
May Gurney Secondment Saving	-44	-44	-44	-44	-44
Recycling Credits	-2538	-2615	-2693	-2774	-2857
Total Income	-2993	-3079	-3168	-3259	-3353
Total Net Expenditure	47023	48976	51015	53146	55371
Assumptions					
This is a continuation budget and does not include the impact of recycle more or a new contractor					
1% annual pay award for all years					
1% housing growth for all years					
Collection contract inflation 3% in all years					
Disposal contract inflation between 2.5% & 4.25% (for different contract areas), annually in all years					
Tonnage growth 1.5% annually for all years					

Somerset Joint Waste Scrutiny Panel
6th December 2018
Report for information

Core Services Contract Extension – Viridor Ltd
 Lead Officer: Mickey Green, Managing Director
 Author: David Oaten, Contracts Manager, Treatment & Infrastructure
 Contact Details: 01823 625721

Forward Plan Reference:	SWB/18/09/02
Summary:	<p>To note that on the 2 November the Somerset Waste Board agreed to extend the Core Services Contract held with Viridor Ltd, for up to an additional 9 years (to 31st March 2031 from its current end date in March 2022). The negotiating strategy was agreed with Somerset County Council which aimed for a significant level of savings whilst keeping all sites open. Based on the negotiations with Viridor, the extension offers a savings profile which delivers significant savings now (as opposed to only realising savings from 2022 onwards should we procure). Pennon (Viridor's parent company) endorsed the extension prior to the November Somerset Waste Board.</p> <p>The savings profile is;</p> <ul style="list-style-type: none"> • £300k in 2018/19 • £500k in 2019/20 • £700k in 2020/21 • £900k in 2021/22 • £1.3m per annum from 2022/23 to 2030/31 • Total savings package of £14.1m <p>Most of this savings package will be delivered through non-customer facing contractual changes. The only proposed change that is customer facing relates to the rescheduling of the opening hours at the recycling sites. We will continue to provide all 16 recycling sites, offering longer weekend opening hours across the network and opening hours better aligned to public use (longer Summer hours) whilst providing value for money through the extended contract term.</p>
Recommendations:	<p>That the Joint Waste Scrutiny Panel notes:</p> <ol style="list-style-type: none"> 1. the extension of the Core Services Contract with Viridor Ltd to March 2031, 2. the modification of the recycling site opening hours in line with Appendix 1, with effect from 1st April 2019

	<p>3. the use of the savings identified from the modification of the closed landfill management criteria to safeguard the continuance of the Community Sector Integration Plan for the extended contract term</p> <p>4. the monitoring of future use of the Crewkerne & Dulverton Community Recycling Sites during the period April to September 2019 with a view of potentially removing the entrance fee charges from October 2019 to offset the significantly reduced operational hours at these sites</p>
<p>Reasons for recommendations:</p>	<p>It is believed that all the initial project objectives have been either met or exceeded;</p> <ul style="list-style-type: none"> • best value (compared to Somerset’s peer authority group in terms of service provision and where possible comparable costs), - although cost comparable data is not readily available it is believed the Viridor offer achieves this objective • capable of delivering Somerset County Council’s savings requirements (both now and any reasonably foreseeable potential future requirements), • in line with SWP’s vision, the implementation of Recycle More and doesn’t shunt costs to other SWP partners, • expected to meet the forecast recycling site need of Somerset’s residents and better aligning the network hours to the way the public wish to use the sites, • not likely to suffer a successful legal challenge, • delivering an appropriate level of social value.
<p>Links to Priorities and Impact on Annual Business Plan:</p>	<p>Business Plan 2018-2023 – 5.3 Maintaining Services & Operational Effectiveness</p>
<p>Financial, Legal and HR Implications:</p>	<p>Financial; The contract extension delivers a savings profile that is acceptable to Somerset County Council</p> <ul style="list-style-type: none"> • £300k in 2018/19 • £500k in 2019/20 • £700k in 2020/21 • £900k in 2021/22 • £1.3m per annum from 2022/23 to 2030/31 <p>In totality this has a financial benefit of £14.1m from 2018/19 to 2030/31.</p> <p>Legal; SCC legal and procurement colleagues reviewed the original discussion document and were content that the current contract drafting allows for the proposed extension, mitigating the prospect of a challenge from prospective market bidders.</p>

	<p>As the Waste Disposal Authority for Somerset, SWP must ensure that its policy on availability of Recycling Sites complies with its duty in section 51 of the Environmental Protection Act 1990 (EPA). Under that section it is the Waste Disposal Authority's duty to provide sites for Somerset residents to deposit their household waste which are reasonably accessible, open at reasonable times, and available free of charge (Community Recycling Sites are provided outside of the section 51 requirement and are therefore currently able to charge an entry fee). It is believed that as the proposals within this report reflect changing operational hours to better reflect public use rather than site closure, that the EPA requirement continues to be met.</p> <p>HR; No personnel implications for SWP or the partner authorities. Viridor believe that the revised recycling site opening schedule can accommodate all current permanent site staff. There are no TUPE implications unless the offer is rejected, and the recommendation is to proceed to the market</p>
<p>Equalities Implications:</p>	<p>An Equalities Impact Assessment is attached at Appendix 2 – referring specifically to the proposed changes to the recycling site opening hours as this represents the only customer facing impact of the proposed contract extension</p>
<p>Risk Assessment:</p>	<ul style="list-style-type: none"> • The Viridor offer may not represent best value compared to what the market could offer, although all indicators suggest that the market would seek to place a proportion of (up to 100%) commodity value risk on Somerset County Council • Innovation opportunities may be lost through not tendering the service, although Somerset has a long-standing reputation for being innovative in the waste services it provides • Legislation change may occur that places an additional financial burden (valued at up to £347kpa) on Somerset County Council through the removal of 'non-household' waste commodity charging (noting that this would likely be the case with any contractor) • A legal challenge to the contract extension is brought by a prospective market bidder, mitigated by legal and procurement advice • The Pennon Board may not have approved the terms of the contract extension ahead of the 2 November Board meeting. Whilst SWP understand that this risk is low, at the time of writing formal approval had not been received.

1. Background

- 1.1. The Core Services contract held with Viridor Ltd is currently due to expire on 31st March 2022, although it contains an option to extend, by written notice beyond the initial term, for a period of up to nine (9) years (to 31st March 2031).
- 1.2. The Core Services contract covers Somerset's recycling sites, composting, haulage, hazardous waste and closed landfill management. Residual waste and food waste treatment were not impacted by this contract review as Walpole Anaerobic Digestion Plant is contracted to 31st March 2031 & Avonmouth Resource Recovery Centre/Dimmer & Walpole Transfer Stations are contracted to 31st March 2045.

The table below shows that the in-scope budget for potential saving totalled £7,648,000 (excluding composting, haulage and hazardous waste);

Service Area	Budget 2017/18	Core Services		Rationale
		Budget	Savings Potential	
AD Food Treatment	£1,453,000	x	x	Already contracted to 2031 – no additional savings
Core Services	£9,776,000	✓	✓	Recycling site in scope budget £7,648,000
Residual Waste	£14,009,000	x	x	Already contracted under NWTF2 – no additional savings
Total Waste Budget		£25,238,000		
Total Core Services Budget		£9,776,000		
Total with savings potential		£7,648,000		

- 1.3. In recent years a number of initiatives have been implemented as part of the Core Services contract to either enhance the level of service provided or to make financial savings for Somerset County Council, these include;
- Introduction of a contractual prepayment regime – payments made quarterly in advance
 - Community Recycling Site entrance fee charging
 - Commodity charging, inclusive of asbestos & plasterboard
 - Van & Trailer permits – the first scheduled review of the permits scheme is included within the SWP Business Plan and will be presented separately to the Board during 2019
 - Provision of 10 sites accepting commercial waste
 - Amendment to site operational hours
 - Recycling scheme for street sweeping residues
 - Introduction of the Walpole Anaerobic Digestion Plant
 - Alternatives to landfill
- 1.4. The main areas of the Core Services Contract that were considered as part of the negotiations with Viridor were;

- Recycling Site Opening Schedule
- Contract Management Fee Calculation
- Contract Minimisation Fee Calculation
- Relaxation of Contract Standards
- The Cost of Future Legislative Change

Other factors considered prior to the contract extension negotiation were;

- Benchmarking: comparison to Somerset's peer authority group to understand what might be achievable in the market/best value
- Forecast of future recycling site need and demand which included projected housing growth to 2035, a review of site by site capacities, visitor numbers and patterns of use, tonnages and costs
- Review of innovation within the industry across the UK and overseas
- Utilisation of the change mechanisms within the core services contract (e.g. to ensure the recycling site network meets future need and legislation)

1.5. At the conclusion of negotiations;

- Viridor agree to amend the recycling site opening schedule to that detailed in Appendix 1, with effect from 1st April 2019
- Viridor agree to reset the waste minimisation fee calculation to a tonnage based on 2017/18
- In line with standard industry contractual drafting and as expected, Viridor will not accept the cost of any future legislative change
- The contract performance framework will be subject to temporary minor amendment that, whilst ensuring contractual standards are maintained, will provide a degree of protection against contractor default termination, this in lieu of pre-extension period savings
- Viridor (due to be endorsed by the Pennon Board prior to the November Somerset Waste Board) offered a savings profile that is acceptable to Somerset County Council

1.6. Other areas of contract tidying that arose during negotiations;

An opportunity to reduce the management requirement on the former closed landfill sites that are still the responsibility of Somerset County Council

- Viridor have agreed to take responsibility for the grounds maintenance requirements for Chard & Highbridge recycling sites
- Viridor have delivered the acceptance of plastic pots, tubes and trays (PTT) at the recycling sites early and at limited (additional collections) extra cost
- Viridor have agreed to discuss further opportunities to expand the reuse options across the network of sites and inclusive of utilising the third sector
- The proposed redevelopment of Frome Recycling Site remains on hold but SWP are continuing to explore future options for this area
- A desire to maintain the Community Sector Integration Plan, which is the contractual mechanism for the contractor to provide a fund to support local waste publicity campaigns and to support educational waste programmes to local communities and within schools. It is considered

vital to continue to enable public engagement such as the schools programme throughout the proposed extended contract term

- It is intended to use the savings identified from the closed landfill management rationalisation to fund the Community Sector Integration Plan and thereby safeguard further development of the school's programme and other suitable schemes. Compared to our peers, our behaviour change budget is very low, meaning the continuance of the Community Sector Integration Plan is vital

1.7. As Members will note from the proposed revised recycling site opening schedule detailed in Appendix 1, we have attempted to better align the availability of the sites to current and future usage patterns, allowing longer operational hours in the summer, adding back Sunday afternoons at all sites all year round, moving the opening and closing times to better utilise those hours we have, to increase opening at those sites where we struggle to cope with demand and to reduce the opening at sites where we aren't currently getting value for money from the existing opening schedules.

For example, the average cost of waste entering a recycling site is (based on 2017/18 contractual costs) £129.96 per tonne, whereas the cost per tonne at the less well used sites such as Crewkerne is £252.38 and at Dulverton even higher at £418.21, for the larger more heavily used sites the cost per tonne is below average (e.g. Bridgwater at £95.81 & Yeovil at £107.28). This above and below average cost relationship is also borne out when the focus switches to the cost per visit – average £5.57, Crewkerne £17.55, Dulverton £28.86, Bridgwater £4.15 & Yeovil £4.77.

Our current weekly opening hours, across the network of recycling sites, is broadly in line with our peer authority group (720 hours compared to the peer group average of 710 hours) the proposed amendment to opening hours to 657.5 hours per week represents only a 9% reduction in service provision. The weekly hours within our peer group range from 324 hours to 1,088 hours, meaning our revised proposal maintains its median position.

With regards to the proposed opening and closing times, we have few visitors during the first hour of the day (8 to 9am), representing just 7.5% of the total overall site visitors and even fewer after 5pm (0.85% of visitors in the Winter and 1.23% in the Summer). For this reason, the proposal seeks to move the opening time at all sites to 9am every day and the closing time during the week to 5pm in the Winter and 6pm in the Summer.

Analysis of visitor trends over recent years show that there are c49,600 (45%) more visitors per month on average in Summer months (April – September) compared to Winter months. For this reason, we, like many other authorities, will have longer opening hours in Summer compared to Winter. Visitor trends show that a third of all visitors currently visit our sites at the weekend, and informal feedback from the Board, from the public and from site staff has also shown the importance of longer opening hours at the weekend. The proposed changes mean that every site will be open all weekend (9am-4pm) all year round, reflecting this demand. Adding Sunday afternoon opening at every site to the weekend opening pattern in addition to continued promotion of quieter times (for example with queue cams online) – should help to better manage peaks in demand.

Whilst all of the proposed recycling site opening amendments are justified based on cost, current & predicted future demand and are believed to still make adequate site provision under section 51 of the Environmental Protection Act 1990, the two existing Community Recycling Sites (Crewkerne & Dulverton) will see a significant reduction in availability, with Dulverton reducing to a weekend only facility and Crewkerne to a 3-day opening pattern. This is considered the best way to ensure their continued viability following the enforced removal of the entrance fee charging due to come in to effect from April 2020.

It is proposed that we monitor usage at these two sites for the period April to September 2019, to ensure the revised opening schedule remains fit for purpose, and should that be the case, the entrance fee charges be removed from October 2019 in lieu of the substantial reduced availability for the local communities. Should the current usage trends (kg per visit) at the two sites continue, we could accommodate 35 visitors per hour at Crewkerne and 16 visitors per hour at Dulverton.

This early cessation of entrance fee charging would place an additional cost burden on the County Council (circa £22k net of VAT) of running the two facilities during 2019/20, with a further reduced income (circa £34k net of VAT) falling in 2020/21. Without early removal of the entrance fees the full 'lost income' impact (circa £56k net of VAT) would fall in 2020/21.

- 1.8. As part of the contract negotiation, Viridor were asked to consider a revised methodology for applying future contractual savings. The current contract drafting allows Viridor to take 50% of any savings made through contractual amendment. It is worth remembering that Viridor have always forgone their savings share in the past but that is not guaranteed in the future.

Viridor are content with a new approach where Somerset County Council take 100% of savings to the value of £500k, and then share any additional savings on a 50:50 basis. This on the basis that savings will be derived from Viridor's avoided costs resulting from Council proposed changes of service.

2. Options Considered and reasons for rejecting them

- 2.1. **Undertaking a procurement of an alternative service provider:** This option has been rejected because the proposal from Viridor meets our objectives (and they are a valued strategic partner), and because any financial savings would be delayed until 2022 under this scenario and there would be a one-off cost of c£200k to undertake the procurement. As such it would not meet SCC's savings requirements. The likely impact of going to the market would be that potential bidders would seek to place recycle commodity value risk on to Somerset County Council. There would also be no guarantee that the savings level offered by Viridor through the contract extension negotiation would be reached through a procurement exercise
- 2.2. **Closure of a number of recycling sites:** This option has been rejected because the proposal from Viridor meets our objectives and closing sites would not deliver immediate savings, may result in Viridor seeking 50% of the savings, may require investment in larger 'super sites' which less well meet

local demand, would negatively impact the roll out of Recycle More, wouldn't meet public demand in terms of providing locally convenient disposal points and would increase congestion and user complaint across the remaining network.

- 2.3.** Alternative options for when to implement opening hours changes have been rejected. Delaying changes beyond April 2019 was rejected because this would delay the realisation of savings. Making Summer & Winter opening hours changes aligned to British Summer Time & Greenwich Mean Time was rejected following discussion with Viridor and consideration of how this may complicate the message to the public. It is considered that having set changeover dates (1st April & 1st October) will be easier to communicate to site users and therefore less likely to impact abortive site visits and potential fly tipping incidents
- 2.4.** Other savings profile options offered by Viridor were rejected because they did not meet SCC's savings requirements.

3. Consultations undertaken

- 3.1.** In order to try and understand why our residents choose to use the recycling sites rather than the other waste services we provide, a small sample public survey has been undertaken at six of our sites. The results suggest that two thirds of visitors use the sites to dispose of their bulky household items (63%) and garden waste (26%) and because they are local and convenient (70%). We also know that less than 5% of site visitors use more than one of our facilities, suggesting that most people use their local site exclusively.
- 3.2.** In order to assess the current performance against our peer authorities we have considered site catchment areas, site usage patterns, site capacity compared to hours of operation, likely future population & housing growth, age demographic of potential site users and the drivers behind why our residents choose to visit and make use of our sites. We compared Somerset to Devon, Dorset, Gloucestershire, Norfolk, North Yorkshire, Suffolk and Worcestershire (the most similar areas to Somerset).
- 3.3.** Public consultation is not deemed necessary on the proposals contained within this report as all sites are to remain open. However, a comprehensive communications plan has been developed to ensure that site users are fully aware, in advance, of the proposed changes in operational hours, particular focus to be given to those communities to be most impacted by the proposals. This has been confirmed with SCC's Consultation Manager. A comprehensive communications plan is necessary to inform the public and explain the changes. Many of the changes to sites (more hours in Summer, weekend opening, removal of charges, simpler opening hours pattern, alignment of opening hours to local need) are positive changes.
- 3.4.** Viridor have informed their recycling site staff that a change to the network opening hours are likely to commence from April 2019 and will undertake formal consultations should the extension offer be accepted. It is expected that this consultation exercise will have been concluded by the end of 2018
- 3.5.** The partner authorities Senior Management Group, the Somerset Waste Board

and SCC Members representing those areas most impacted by the revised Recycling Site opening hours schedule have been briefed on the proposed changes.

4. Implications

- 4.1. The recycling site network would, with effect from 1st April 2019, open on a revised pattern as outlined in Appendix 1. Site staff and site users would receive targeted advance warning of the revised opening pattern. All 16 sites (including the two Community Recycling Sites) would remain operational. A comprehensive communications plan will be developed, agreed and shared in advance with partner authorities.
- 4.2. The County Council would secure savings to the sum of £14.1m, including £300k in the current financial year.
- 4.3. Cost shunting, in the form of additional fly tipping, to Partner Authorities would be minimised through targeted advertising of the revised site opening patterns and the continued existence of the compensatory arrangements for additional fly tipping incidents, caused by changes at the sites.
- 4.4. Currently there are fourteen recycling sites in Somerset provided under the County Council’s statutory duty (as Waste Disposal Authority) to “*arrange for ‘places’ to be provided at which persons in their areas may deposit their household waste*”. The number of ‘places’ required is not defined in legislation, case law or guidance. There are a further two non-statutory community recycling sites at Crewkerne and Dulverton, where an entrance fee is currently levied. Introducing charging at other sites is ruled out by a Government order introduced in 2015 and all entrance, exit or use charging at sites must cease by 1st April 2020. Charges are currently made for certain types of non-household and industrial waste (asbestos, plasterboard, gas bottles, tyres, soil and hardcore). Central Government have indicated their desire to prevent charging for what they refer to as ‘DIY waste’ but there is as yet no confirmation if and when this will happen, though clarity is expected later this year. The financial impacts of both legislative changes are shown below.

Possible Additional Costs – Legislation Changes	Likely Budgetary Impact
CRS Entry Fees	+ £56,000
Commodity Charging (rubble, tyres etc)	+ £60,000 to + £280,000
Asbestos & Plasterboard	+ £67,000
Total Potential Cost	+ £183,000 to + £403,000

- 4.5. Restrictions on certain types of vehicles & trailers and permits for other commercial vehicles were introduced in 2016 to reduce trade waste and cross-border abuse of Somerset’s facilities. The permit scheme is scheduled for review during 2019 and will be reported separately to the Board in the Spring/Summer, ahead of the second permit phase, currently due for release from October 2019.

5. Background papers

5.1. Appendix 1 – Recycling Centre Demand Led Opening Hours

Appendix 2 – Impact Assessment

SWB 2018-2023 Business Plan Report

Recycling Centre Demand Led Opening Hours - Appendix 1

Current Opening Hours	Chard RC	Cheddar RC	Crewkerne CRS	Dimmer RC	Dulcote RC	Dulverton CRS	Frome RC	Highbridge RC	Minehead RC	Poole RC	Priorswood RC	Saltlands RC	Somerton RC	Street RC	Williton RC	Yeovil RC	Total / Average	
All Year	Monday	8am to 7pm	8am to 7pm	8am to 7pm	8am to 7pm	8am to 7pm	8am to 7pm	8am to 7pm	8am to 4pm	8am to 7pm	8am to 4pm	8am to 4pm	8am to 7pm	8am to 7pm	8am to 7pm	8am to 4pm		
	Tuesday	Closed	8am to 4pm	8am to 4pm	8am to 4pm	Closed	8am to 4pm	Closed	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	Closed	8am to 4pm	8am to 4pm	8am to 4pm		
	Wednesday	Closed	8am to 4pm	8am to 4pm	8am to 4pm	Closed	8am to 4pm	Closed	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	Closed	8am to 4pm	8am to 4pm	8am to 4pm		
	Thursday	8am to 4pm	Closed	Closed	Closed	8am to 4pm	Closed	8am to 4pm	8am to 4pm	8am to 4pm	Closed	8am to 4pm	8am to 4pm	Closed	Closed	8am to 4pm		
	Friday	8am to 4pm	Closed	Closed	Closed	8am to 4pm	Closed	8am to 4pm	8am to 4pm	8am to 4pm	Closed	8am to 4pm	8am to 4pm	Closed	Closed	8am to 4pm		
	Saturday	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	8am to 4pm	
	Sunday	8am to 1pm	8am to 1pm	8am to 1pm	8am to 1pm	8am to 1pm	8am to 1pm	8am to 4pm	8am to 1pm	8am to 4pm	8am to 1pm	8am to 4pm	8am to 4pm	8am to 1pm	8am to 1pm	8am to 1pm	8am to 4pm	
	Total Hours	40	40	40	40	40	40	56	40	56	40	56	56	40	40	40	56	720
Key Site Statistics Based on Current Opening Pattern	Visitors	137,846	51,731	26,268	40,623	88,885	7,956	103,821	140,045	104,537	97,538	254,085	185,433	57,385	86,385	63,420	169,215	1,615,173
	Tonnage	4,976	2,429	1,827	2,339	4,073	549	5,797	5,545	3,248	4,321	10,147	8,037	2,931	3,498	1,979	7,523	69,219
	Weight Per Visit (kg)	36	47	70	58	46	69	56	40	31	44	40	43	51	40	31	44	43
	Cost Per Visit	£4.79	£7.35	£17.55	£11.11	£5.08	£28.86	£7.13	£5.91	£3.49	£5.60	£4.94	£4.15	£5.84	£4.98	£4.52	£4.77	£5.57
	Cost Per Tonne	£132.57	£156.45	£252.38	£193.00	£110.86	£418.21	£127.62	£149.33	£112.35	£126.32	£123.65	£95.81	£114.34	£123.02	£144.70	£107.28	£129.96
Potential Opening Hours to Match Usage (Including Housing Growth Projections)	About Average Cost Per Tonne	Above Average Cost Per Tonne	Well Above Average Cost Per Tonne	Above Average Cost Per Tonne	Well Below Average Cost Per Tonne	Well Above Average Cost Per Tonne	About Average Cost Per Tonne	Above Average Cost Per Tonne	Well Below Average Cost Per Tonne	About Average Cost Per Tonne	Below Average Cost Per Tonne	Well Below Average Cost Per Tonne	Well Below Average Cost Per Tonne	Below Average Cost Per Tonne	Above Average Cost Per Tonne	Well Below Average Cost Per Tonne		
	Visitors Currently 19% Over Capacity	Visitors Currently 12% Over Capacity	Visitors Currently 48% Under Capacity	Visitors Currently 36% Under Capacity	Visitors Currently 29% Over Capacity	Visitors Currently 71% Under Capacity	Visitors Currently 5% Over Capacity	Visitors Currently 31% Under Capacity	Visitors Currently 37% Under Capacity	Visitors Currently 24% Under Capacity	Visitors Currently 4% Under Capacity	Visitors Currently 20% Under Capacity	Visitors Currently 7% Under Capacity	Visitors Currently 3% Over Capacity	Visitors Currently 32% Under Capacity	Visitors Currently 14% Under Capacity		
Winter	Monday	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	Closed	9am to 5pm	Closed	9am to 5pm	Closed	9am to 5pm	9am to 5pm	Closed	9am to 5pm	9am to 5pm	9am to 5pm	
	Tuesday	9am to 5pm	9am to 5pm	Closed	9am to 5pm	Closed	Closed	9am to 5pm	Closed	Closed	Closed	9am to 5pm	9am to 5pm	Closed	9am to 5pm	9am to 5pm	9am to 5pm	
	Wednesday	Closed	9am to 5pm	Closed	Closed	9am to 5pm	Closed	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	Closed	9am to 5pm	Closed	9am to 5pm	9am to 5pm	
	Thursday	9am to 5pm	Closed	Closed	Closed	9am to 5pm	Closed	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	Closed	Closed	9am to 5pm		
	Friday	9am to 5pm	Closed	Closed	Closed	9am to 5pm	Closed	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	9am to 5pm	Closed	Closed	9am to 5pm		
	Saturday	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	
	Sunday	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	
	Total Hours	46	38	22	30	46	14	54	38	46	38	54	46	38	38	30	54	632
Summer	Monday	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	Closed	9am to 6pm	Closed	9am to 6pm	Closed	9am to 6pm	9am to 6pm	Closed	9am to 6pm	9am to 6pm	9am to 6pm	
	Tuesday	9am to 6pm	9am to 6pm	Closed	9am to 6pm	Closed	Closed	9am to 6pm	Closed	Closed	Closed	9am to 6pm	9am to 6pm	Closed	9am to 6pm	9am to 6pm	9am to 6pm	
	Wednesday	Closed	9am to 6pm	Closed	Closed	9am to 6pm	Closed	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	Closed	9am to 6pm	Closed	9am to 6pm	9am to 6pm	
	Thursday	9am to 6pm	Closed	Closed	Closed	9am to 6pm	Closed	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	Closed	Closed	9am to 6pm		
	Friday	9am to 6pm	Closed	Closed	Closed	9am to 6pm	Closed	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	9am to 6pm	Closed	Closed	9am to 6pm		
	Saturday	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	
	Sunday	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	9am to 4pm	
Total Hours	50	41	23	32	50	14	59	41	50	41	59	50	41	41	32	59	683	
Weekly Average	Total Hours	48	39.5	22.5	31	48	14	56.5	39.5	48	39.5	56.5	48	39.5	39.5	31	56.5	657.5
s & Implications	Extra Day Opening	Still 5 Day Opening	2 Extra Day Closures	Extra Day Closure	Extra Day Opening	3 Extra Day Closures	Still 7 Day Opening	Still 5 Day Opening	1 Day Closure	Still 5 Day Opening	Still 7 Day Opening	1 Day Closure	Still 5 Day Opening	Still 5 Day Opening	Extra Day Closure	Still 7 Day Opening		
	Meets Extra Demand	Better Summer Availability	Keeps the Site Open & Viable post CRS	Still Meets Visitor Demand	Meets Extra Demand	Keeps the Site Open & Viable post CRS	Better Summer Availability	Better Summer Availability	Still Meets Visitor Demand	Better Summer Availability	Better Summer Availability	Still Meets Visitor Demand	Better Summer Availability	Better Summer Availability	Still Meets Visitor Demand	Better Summer Availability		

s & Implications

Proposed opening hours based on 2017/18 site capacity & usage plus ONS housing growth to 2035 - site surveys suggest public use is due to convenience/locality, with the majority (95%) only using the one site
 Limited use of sites between 8am to 9am and after 5pm in the Winter & 6pm in the Summer so opening times moved for all sites (every day) from 8am to 9am and closing times to 5pm in the Winter & 6pm in the Summer
 All sites move to having the same weekend opening times - 9am to 4pm (including adding back Sunday afternoons to 11 of the sites) - maintains work/life balance for site staff and reflects customer demand
 Reduces the current network opening hours by circa 9%

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Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

Version	SWP001	Date	10th August 2018
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Description of what is being impact assessed

To consider the financial worth of extending the Core Services Contract held with Viridor Ltd, for up to an additional 9 years (to 31st March 2031 from its current end date in March 2022).

Currently there are fourteen recycling sites in Somerset provided under the County Council’s statutory duty (as Waste Disposal Authority) to “*arrange for ‘places’ to be provided at which persons in their areas may deposit their household waste*”. The number of ‘places’ required is not defined in legislation (section 51 of the Environmental Protection Act 1990), case law or guidance. There are a further two non-statutory community recycling sites at Crewkerne and Dulverton, where an entrance fee is currently levied. Introducing charging at other sites is ruled out by a Government order introduced in 2015 and all entrance, exit or use charging at sites must cease by 1st April 2020.

The proposed changes to the opening hours at the Recycling Sites minimise the impact on Somerset residents from the financial savings package, whilst continuing to provide value for money through any extended term. The majority of savings realised are non-customer facing. The revised Recycling Site opening schedule attempts to better align the availability of the sites to current and future usage patterns, allowing longer operational hours in the summer, adding back Sunday afternoons at all sites all year round, moving the opening and closing times to better utilise those hours we have, to increase opening at those sites where we struggle to cope with demand and to reduce the opening at sites where we aren’t currently getting value for money from the existing opening schedules.

Whilst all of the proposed opening amendments are justified in relation to present and forecast future usage patterns and it is believed will still comply with the legislation for providing such sites, the two existing Community Recycling Sites (Crewkerne & Dulverton) will see a significant reduction in availability, Dulverton reducing to a weekend only facility and Crewkerne reducing to a 3 day site. This is considered the best way to ensure their continued viability following the enforced removal of the entrance

fee charging due to come in to effect from April 2020. This will reduce the public subsidy provided to these sites and thereby question their continued viability without significantly reducing their opening pattern.

It is proposed that we monitor usage at these two sites for the period April to September 2019, to ensure the revised opening schedule remains fit for purpose, and should that be the case, the entrance fee charges could be removed from October 2019 in lieu of the substantial reduced availability for the local communities.

Evidence

What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset's Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#),, should be detailed here

These charges would apply to the residential population of Somerset. Those communities in and around Crewkerne & Dulverton will be most impacted by the revised Recycling Site opening schedule, however these impacts would be less than those experienced through site closures

In order to assess the current performance against our peer authorities we have considered site catchment areas, site usage patterns, site capacity compared to hours of operation, likely future population & housing growth, age demographic of potential site users and the drivers behind why our residents choose to visit and make use of our sites. We compared Somerset to Devon, Dorset, Gloucestershire, Norfolk, North Yorkshire, Suffolk and Worcestershire (the most similar areas to Somerset).

Our current weekly opening hours, across the network of recycling sites, is broadly in line with our peer authority group (720 hours compared to the peer group average of 710 hours) the proposed amendment to opening hours to 657.5 hours per week represents only a 9% reduction in service provision. The weekly hours within our peer group range from 324 hours to 1,088 hours, meaning our revised proposal maintains its median position.

In order to try and understand why our residents choose to use the recycling sites rather than the other waste services we provide, a small sample public survey has been undertaken at six of our sites. The results suggest that two thirds of visitors use the sites to dispose of their bulky household items (63%) and garden waste (26%) and because they are local and convenient (70%). We also know that less than 5% of site visitors use more than one of our facilities, suggesting that most people use their local site exclusively.

Public consultation is not deemed necessary on the proposals contained within this report as all sites are to remain open.

However, a comprehensive communications plan has been developed to ensure that site users are fully aware, in advance, of the proposed changes in operational hours, particular focus to be given to those communities to be most impacted by the proposals. This has been confirmed with SCC's Consultation Manager. A comprehensive communications plan is necessary to inform the public and explain the changes. Many of the changes to sites (more hours in Summer, weekend opening, removal of charges, simpler opening hours pattern, alignment of opening hours to local need) are positive changes.

Who have you consulted with to assess possible impact on protected groups? If you have not consulted other people, please explain why?

The SWP Senior Management Group, the Somerset Waste Board and Partner Authority Members have been briefed on the proposed changes. The site contractor (Viridor Ltd) have also been consulted as part of the decision making process with regards to impact to potential site users and their staff.

Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> As a disproportionately high number of retired people live in the most impacted communities this change may have an impact on this group. A significant amount of publicity will be required in the period before the introduction of the opening hour changes to ensure residents understand and are aware of the change. Site staff will monitor increased complaint levels. 	□	□	☒

Disability	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage and civil partnership	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<ul style="list-style-type: none">• No specific impacts have been identified.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Sexual orientation	<ul style="list-style-type: none"> No specific impacts have been identified. 			□	⊗	□
Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> This change may have an impact in rural areas if there is a consequent increase in fly tipping. This may have a specific impact on landowners (farmers, conservation charities etc) who would pick up the cost of clearing the waste from their land. This will be monitored through reported instances of fly tipped. Residents will be made aware of what to do with fly tipped waste and the consequences of fly tipping. 			□	⊗	□
<p>Negative outcomes action plan Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.</p>						
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete		
Ensure the new opening pattern is well publicised in advance of the change to avoid confusion to potential site users and increased fly tipping events	01/04/2019	SWP	Fly tipping reports will be collated and reported by District Council Partners.	□		
<p>If negative impacts remain, please provide an explanation below.</p>						
<p>Further publicity and communication will be implemented if the expected short term spike in the number of fly tipping incidents (whilst residents adapt to the revised opening hours) is exacerbated in any way.</p>						

Completed by:	David Oaten
Date	10th August 2018
Signed off by:	Mickey Green
Date	10th August 2018
Equality Lead/Manager sign off date:	Mickey Green
To be reviewed by: (officer name)	David Oaten
Review date:	30th September 2019

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Somerset Joint Waste Scrutiny Panel
6 December 2018
Report for decision

Recycle More & Collection Contract Procurement: Update
Lead Officer: Mickey Green, Managing Director
Author: Mickey Green, Managing Director
Contact Details: 01823 625707

Forward Plan Reference:	
Summary:	This report summarises progress in procuring a new collection contractor (and hence delivery of Recycle More).
Recommendations:	<p>It is recommended that the Joint Waste Scrutiny Panel:-</p> <ol style="list-style-type: none"> 1. Notes the progress made in procuring a new collection contract. 2. Should there be the need (in response to questions) to discuss matters of a confidential nature then it is recommended that the Joint Waste Scrutiny Panel:- <ol style="list-style-type: none"> a. Agrees the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached confidential report and its appendices in confidence, as they contain commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information. b. Subject to the approval of recommendation (2) above, agrees to exclude the press and public from the meeting for the consideration of the attached confidential report and its appendices where there is any discussion at the meeting regarding exempt or confidential information.
Reasons for recommendations:	To ensure that the Somerset Waste Board is kept up to date with this major procurement exercise and has the opportunity to shape the approach taken.
Links to Priorities and Impact on Annual Business Plan:	The procurement delivers Task 5.2 within the SWB Approved Business Plan 2018-23 concerning the implementation of future collection arrangements.
Financial, Legal and	

HR Implications:	In addition to delivering the environmental benefits of Recycle More a new collection contract aims to deliver significant savings to all partners, through reduced contract costs, lower disposal costs and additional recycling credits for district partners – estimated in total at up to £1.7m. It has been evident from soft market testing and dialogue that all potential suppliers are becoming more risk averse, and that there is considerable uncertainty in the markets for recycled materials. A robust procurement process has been developed to realise these benefits, enable potential suppliers to propose innovative solutions to meet our environmental and financial objectives, and ensure that risks are shared appropriately. Getting risk share arrangements right will be crucial to securing best value. Staff will TUPE transfer to the new contractor, and SWP aims to proactively engage with staff throughout the procurement process.
Equalities Implications:	None.
Risk Assessment:	The risks related to the procurement of a new collection contractor and Recycle More have been reviewed and are set out in the updated risk register.

1. Background

- 1.1. A presentation and verbal update will be provided to the Joint Waste Scrutiny Panel to update them on progress (in public session), and in particular on the decisions the Somerset Waste Board made on 2 November with regard to the approach to the final tender stage of the procurement process.

2. Progress to date

- 2.1. The ‘Detailed Solutions’ response documents were returned on 8 October. Bidders were required to submit a compliant Recycle More bid, in a way which enabled SWP to understand the necessity and value of securing such an additional 3 acre depot site in the west of the County depot. Additionally, each bidder had the option of submitting two variant bids:
- 1) Service methodology: Varying the containment, frequency and mixing of materials (i.e. not the Recycle More kerbside sort specification which the Board and partners have previously approved)
 - 2) Recyclate risk share: Varying the proposed payment mechanism in relation to how the income (price and volume) of recyclate was shared, given the

A team of SWP officers, finance, representatives from partners (e.g. ICT and customer service) and our commercial and technical advisers have been evaluating the bids during October, with scores moderated in week commencing 29 October. Bids will be evaluated on the ‘most economically advantageous tender’ (MEAT) basis with 60% of the score on the price and financial evaluation and 40% on quality (with a total word limit on each bidders’ two compliant bids of 100,000 words), covering the following areas:

Tier 1 Criteria	Method Statement
Mobilisation & Efficiencies	Service Mobilisation Plan
	Transition to Recycle More (Roll Out)
Customers & community	Social Value
	Monitoring
	Customer Services
Resources, assets and facilities	Management & Organisational Structure
	Waste Flows
	Resources - Labour
	Assets
	Depots and Facilities
	Robustness of Financial Model
Collection Approach	Scheduling & Route Planning
	Collection Methodology - kerbside services
	Collection Methodology -communal bin collections and Schedule 1 Collections (schools & certain businesses)
	Bulky Waste Collections
	Clinical Waste Collections
	Collection Container Management
	Processing & Marketing of Dry Recycling
ICT	Information, Communications Technology
Health & Safety	H&S Policies & procedures
	H&S Assessed Solution (operation of assets)
	H&S Assessed Solution (other)

3. Issues considered by the Board on 2 November (update to be provided to the Joint Waste Scrutiny Panel through a presentation)

3.1. Service Methodology

Recycle More was approved by the Somerset Waste Board on 16 December 2016 following consultation with all partner authorities. Recycle More retains the kerbside sort service which has been so successful in Somerset (financially and environmentally), adding in additional recyclable items (plastic pots, tubs and trays, food and beverage cartons, small electrical items and batteries). With so much recycling being collected each week, refuse collections will reduce to once every three weeks. In addition to delivering environmental benefits, Recycle More aims to deliver significant savings to all partners – estimated in total at up to £1.7m.

To be compliant, all bidders have to submit a bid which delivers Recycle More as specified by SWP and approved by the Board and partners. Whilst SWP believe that Recycle More offers the most financially and environmentally beneficial outcome, affordability is a key issue in this procurement. SWP recognised that suppliers may be able to offer solutions to the dry recycling service that may deliver additional financial improvements. The procurement process therefore allows (but does not require) bidders to submit a variant bid which varies the frequency, containment and mixing of dry materials (though does not allow a fully co-mingled solution which mixes glass with fibres). It requires them to set out the full cost of changing service model and requires a high standard of evidence that proposals will not adversely affect environmental outcomes – these being at the heart of what SWP does.

The Board are not bound to accept a variant bid approach, and will be mindful of the financial and environmental factors and risks in deciding whether to allow any variant bid to progress to the next and final stage of the procurement. Should the Board decide to do so, then this would result in SWP opening up the specification for final tenders to allow for such solutions alongside compliant Recycle More bids. Political approval from all partner authorities would be required, and this has been made clear to bidders throughout.

3.2. Risk Share Mechanism

Our current collection contract was let in 2007, with the winning supplier taking 100% risk on quantity and unit prices for dry recycling. Dry recycle is currently worth approximately £3m each year. Partner authorities have not historically experienced budgetary change in relation to the overall value of dry recycling. Throughout the existing Contract the marketing of materials has worked well for the partnership.

Ahead of commencing this procurement SWP and the Board were clear that we would need to move to a risk sharing mechanism in the new collection contract – the market has changed substantially since 2007 and it would simply not be possible to secure a new contractor who took on all dry recycling risk. SWP tested out their ideas through Soft Market Engagement, and this contributed to establishing the fundamental principles we have used in designing the procurement process and a risk sharing mechanism.

SWP recognise that the value of dry recycling fluctuates over time and that this comprises mostly of unit value changes (commodity markets) but also due to changes in quantities. We want to have a fair apportionment of this risk and, as a general principle, would allocate risk proportionately to whoever can best control it. However, on dry recycling incomes we recognise that neither SWP or the partners or suppliers are able to completely control the risk. However, we do believe that suppliers can mitigate risk to a degree through utilising a well thought out marketing strategy and ensuring the effective delivery of collections to ensure satisfaction and participation in recycling services. We therefore believe suppliers have an important role in this matter to deliver an excellent service and utilise their professional resources to prepare materials for market and to sell those materials. Through Soft Market Engagement we determined that a proportionate risk sharing mechanism would be volume and unit price shared on a 50/50 basis, based on published index prices for materials.

SWP believe this to be a fair, proportionate and reasonable approach, and the Board have endorsed the principles of this mechanism. We have required that all bidders have to submit a bid on this basis. However, we also recognised that it is possible that bidders may be able to deliver better value to SWP through changes to this mechanism. For that reason we have discussed this area intensively during dialogue, and the process allowed (but did not require) bidders to submit a variant bid, explaining very clearly how it would work through the contract and how payments would be altered.

SWP have been clear to all bidders throughout that we wanted to listen to their ideas and to see the detail of these in their bids. In confidential session the Board will then consider if SWP's objectives are better met by making changes to the risk share mechanism as currently set out. SWP have made clear to bidders that if we are to

do this we will then discuss this in post-submission dialogue with them, and will develop a consensus mechanism, so that all bidders at the final stage are bidding on a level playing field. S151 officers from all partners will be closely involved in these considerations, as clearly it is vital that all partners fully understand the implications of the final risk share mechanism.

3.3. New authority depot

SWP currently operate its collection services from five depots across the County. As with any collection contract, effective use of operational depots will be crucial to delivering affordability. The procurement process is designed to ensure that SWP see evidence that suppliers have selected the optimum number and location of depots to deliver value to the partnership. SWP had initially expected to have secured a new larger depot (serving the west of the County) by this stage of the process, however it has not been possible to make progress at the pace we originally hoped.

Bidders are required to base their methods of service delivery (for compliant and variant bids) and prices on the five existing authority depots and/or their own (contractor) depots. However, in addition to this, in order to understand the impact a new authority depot will have on the overall service costs we have also required bidders to submit additional prices and relevant method statements based on a new depot “scenario” as a mandatory variant proposal. This will enable SWP to better understand both the potential need and the potential value in securing a new depot.

SWP are continuing to explore potential site options and remain hopeful that a new authority depot site will be developed. A key area that the Board will be considering in confidential session is the extent to which a new authority depot is essential and whether it offers value for money.

4. Next steps

4.1. The flowchart below shows the whole procurement process. We are currently undertaking 'further detailed dialogue'.



An outline of the remaining stages of the procurement process is provided in the table below:

Phase	Time	Comments
Consultation with partners	2 Nov – 14 Dec	Having brought forward the SWP Business Plan consultation timetable, this period will include an update to partners on the procurement and/or potential consultation with partners on any changes to the approach agreed by the Board in confidential session on 2 Nov
Dialogue with bidders on final tenders	12 Nov – 17 Dec 2018	It is at this stage that we will be able to negotiate on commercial, legal and waste technical matters identified at ISDS to improve outcomes. This will include feeding back on ISDS submissions and any changes to the final specification that resulted from the variant bids.
Review revised risk share approach		Meetings with Task and Finish group & s151 officers to ensure that the Board and finance officers from partner authorities are closely involved in the process.
Somerset Waste Board Meeting	14 Dec 2018	Review of procurement process ahead of final tender
Invitation to submit final tenders (ISFT)	4 Jan 2019	Publication of final specification reflecting the previous stages of the process
Submission, evaluation & moderation of final tenders	4 Feb – 29 Feb	This includes all activity necessary to identify the most economically advantageous tender, including meeting with SMG (project board)
SWB decision to award contract	14 Mar 2019	A decision by SWB to award is followed by a statutory alcatel (standstill) period before it is made public.
Mobilisation	May 2019 – end March 2020	This is the period in which the new provider gears up to provide the services including procurement of vehicles, plant and equipment, and close engagement with staff.
Service Commencement	28 March 2020	The first collections by the new provider will be on Monday 30 March 2020.
Complete roll out of Recycle More	End of March 2022	The specification requires that Recycle More must be rolled out in 5 phases within 2 years of commencement, including a bedding in period of 3 months and allowing for a period of learning and reflection in March and April 2021.

5. Contingency plan: Local Authority Company (LAC)

- 5.1. As previously reported SWP have commenced work to explore this option as a contingency. However, with strong bidders competing to win the SWP contract it is not currently considered necessary to escalate the contingency plan beyond the research phase.

6. Background papers

- 6.1. Report to SWB “Recycle More” 16th December 2016.
- 6.2. Report to SWB “Contractual Negotiations for Recycle More” 30 June 2017.

Confidential Report to SWB “Contractual Negotiations and Procurement Strategy for Recycle More” 3 November 2017.

- 6.3. SWP Business Plan 2018-23 Approved by SWP on 15th December 2018.
- 6.4. Report to SWB “Recycle More & Collection Contract Procurement: Update” 23 February 2018

- 6.5.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 29 June 2018
- 6.6.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 28 September 2018