

Somerset Waste Board meeting

20 December 2019

Report for information

New Collection Contract Mobilisation Update

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<p>Forward Plan Reference:</p>	<p>SWB/19/10/01</p>
<p>Summary:</p>	<p>This report summarises progress in mobilising our new collection contractor (SUEZ Recycling and Recovery UK) and hence delivery of Recycle More. It updates the board on what has happened since the last Board meeting in September 2019, and what will be happening next. It includes a commercially confidential appendix which summarises progress on the finalisation of the contract.</p>
<p>Recommendations:</p>	<p>It is recommended that the Board:</p> <ol style="list-style-type: none"> 1. Notes the progress made in mobilising a new collection contract. 2. 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. 3. 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. 4. Notes the progress set out in the confidential report.
<p>Reasons for</p>	

<p>recommendations:</p>	<p>To ensure that progress with the procurement and mobilisation of our new collection contractor (SUEZ) is transparent, whilst ensuring that value for money is maintained by allowing the Somerset Waste Board (SWB) to consider commercial issues in relation to the collection contract in confidential session.</p> <p>The accompanying confidential report contains commercially sensitive information relating to the contract and the Council's financial and business affairs. Officers recommend that this is treated as exempt information. "Exempt information" is defined by Section 100 of the Local Government Act 1972, by Schedule 12A to that Act.</p>
<p>Links to Priorities and Impact on Annual Business Plan:</p>	<p>Task 1.1 within the SWB Approved Business Plan 2019-24 concerns the transition to a new collection contractor and new service model.</p>
<p>Financial, Legal and HR Implications:</p>	<p>Revenue: In addition to delivering the significant environmental benefits of Recycle More, a new collection contract will deliver significant savings to all partners - total forecast savings are over £2m per annum once Recycle More is rolled out. This does not mean that year 1 costs will be lower by this amount, as SWP will incur roll-out costs before savings can be realised, and savings are not realised until Recycle More is fully rolled out in 2022.</p> <p>Capital: As set out in the commercially confidential appendix there has been a small (just over 1%) increase in expected total capital costs, with an expected increase in depot costs of c.£0.3m to £24.9m. Vehicle related capital expenditure remains as forecast at £17.8m. The additional capital borrowing will be undertaken by SCC on the same terms as other borrowing (PWLB +1%). Over the 20 year write down of this additional capital, this only impacts on annual revenue costs by around £15k. Additionally, SCC have taken a key decision to approve bilateral funding arrangements with District Council partners – which simply formalises the arrangements between partners to undertake the borrowing that all partners have planned.</p> <p>Legal: SWP and SUEZ have extended their Letter of Intent to the end of December 2019 to ensure that mobilisation progresses ahead of contract signature – this has allowed orders for key parts of the new fleet of vehicles to be placed, and for costs related to depot improvement to be undertaken. At the time of writing this report there are still some outstanding legal issues to be finalised before contract signature can take place, but both SWP and SUEZ aim to have a signed contract ahead of the December Board meeting. An update on some of these issues is</p>

	<p>set out in the confidential appendix.</p> <p>HR: Collection Contractor staff will TUPE transfer to the new contractor on 28 March 2020. Drop-in sessions have been undertaken at all depots, as have meetings with unions. Formal engagement with unions and staff about measures (i.e. changes when SUEZ take over) commenced at the beginning of December. Training sessions for all staff, including familiarisation with new vehicles/technology, will take place in the new year.</p>
Equalities Implications:	An Equalities Impact Assessment was attached to the 29 March Board report. This impact assessment has been updated at key milestones throughout the procurement project and will continue to be updated as we progress through to service commencement and Recycle More roll-out.
Risk Assessment:	The risks related to the mobilisation of a new collection contractor and Recycle More are maintained in SWP's risk register and a specific project risk register. Key risks we are focussed on at the moment relate to ensuring that the construction programme at our 5 depots progresses in a way which enables us to roll-out Recycle More as planned.

1. Background

- 1.1.** On 29 March 2019 in confidential session the Board decided upon SUEZ Recycling and Recovery UK as the preferred bidder, informed by the feedback and support from the Joint Waste Scrutiny Panel. The public announcement of SUEZ as the preferred bidder was made on 13 May 2019, with existing collection staff being the first to be told.

SUEZ will roll out our new collection service model (Recycle More) in phases. This will enable the public to recycle even more through the kerbside sort system, adding in the following materials to the weekly collection:

- Plastic pots, tubs and trays (including black plastic)
- Food and beverage cartons (e.g. TetraPaks)
- Small electrical equipment (e.g. a kettle or toaster)
- Household batteries

This is in addition to what can already be recycled every week – food, paper, glass, cans, aerosols, plastic bottles, cardboard, foil, textiles and shoes. A 60litre weighted reusable sack will ensure residents have space for all their extra recycling. With so much more recycled each week, the frequency of residual waste will be reduced to every three weeks. This change is crucial to us being able to respond to public demand to recycle more, to nudge those that aren't recycling fully at the moment, to support our aim to see waste treated as a resource.

For communal properties (e.g. flats) additional materials that residents will be able

to recycle each week will be cardboard and plastic bottles, pots, tubs and trays. This is in addition to the paper, glass, cans and aerosols they can already recycle. Over time we will work in partnership with our new contractor to enable residents of communal properties to use the full range of kerbside services for recycling.

We expect this to take our recycling rate to around 60%, and reduce the amount of residual waste from around 480 kg/household to 418kg per household – with this residual waste being used to create Energy from Waste rather than going into landfill.

- 1.2.** In the September Board progress report the Board heard from Steve Holgate, Director of Municipal Services for SUEZ Recycling and Recovery UK, discussed the positive environmental impact of the new fleet we have ordered (and our plans to further improve when reliable technology exists), the plan to first roll-out Recycle More in Mendip in June 2020. The main focus of discussion in September was the substantial communications and engagement plan SWP are developing, with the Board endorsing the approach set out, our plans to expand the Schools Against Waste Programme, and the approach we intend to take to support those households that utilise nappies or adult hygiene products.

2. Progress to date

2.1. Update on mobilisation

The mobilisation programme is currently on schedule with no major areas of concern other than delays to the construction programme at Evercreech. Planning permission has been secured for the construction of a new area at Evercreech, but a number of issues (in particular related to water mains, electrical connections, drainage and ground conditions) mean that it is not now expected that the construction programme will be completed until September 2019. SWP have worked closely with SUEZ and are confident that this construction delay will not impact upon the day to day service or the roll-out of Recycle More

The first new recycling vehicles are expected in Somerset in early December, and will have their livery applied in a temporary building constructed on an additional temporary vehicle parking area within Somerset. The trial of electric supervisor's vans that SUEZ were undertaking is not giving confidence that the vehicles will have adequate operational range to be viable on the Somerset contract – SWP are working with SUEZ to explore options to ensure that we can still benefit from electric supervisor's vans as soon as possible (e.g. not purchasing diesel equivalents but potentially leasing them so we have more flexibility).

The launch of My Waste Services has been delayed until after Christmas (at partner request and to avoid a clash with the date of the general election). As has previously been highlighted to the board, this is probably the most challenging element of the mobilisation, particularly given the complicated interface with different partner

systems, differing partner priorities and pressures, and the challenges inherent in upgrading antiquated ICT systems. Testing of the system is progressing well so far, and a verbal update will be provided to the board on further progress with testing since the writing of this report. This change in launch date is not anticipated to have any knock-on implications on the mobilisation of the SUEZ contract (as we build integration with their in-cab technology). Enabling people to do it online will require modifications to the SWP website, and SWP will be refreshing its website in stages. The launch of this new system is a key component in transforming the customer experience.

2.2. Roll-out phasing

Every time SWP has rolled out a major service change it has phased the changes as it is not practical or desirable to make a change to 250,000 households recycling and waste collection services at one time. As the board are aware and has been reflected in our communications, it has always been planned to roll Recycle More out in phases in order to:

- Allow 3 months from the start of the contract on 28 March for SUEZ to fully embed themselves in the new contract and ensure that the crews are used to the new vehicles and new technology.
- Allow us to phase the significant programme of work at all 5 of SWP’s depots (not least because whilst we overhaul our depot network we still need to continue with the ‘day job’).
- Reflecting the complexity involved in changing every waste round in the County (and distributing 250,000 new bags and tens of thousands of recycling boxes) whilst ensuring that service quality is maintained.
- Avoiding certain times of the year, such as the depths of winter (when bad weather can cause service disruption).
- Most importantly to ensure that we can provide the focussed communications, engagement and customer support necessary to make each rollout phase a success – it is behaviour change that increases recycling and reduces waste, not service change.

The proposed phasing of the roll-out of Recycle More programme has been informed by the need to ensure roll-out phases are a manageable size (balanced with our desire to deliver recycle More as quickly as is realistically possible), to align as much as possible with District Council boundaries, to reflect the different parts of the County served by each of our five depots (which do not reflect District Council boundaries in order to maximise efficiencies), and crucially to align with the significant programme of work planned to improve our depots whilst ensuring there is no disruption to services during this construction programme. The proposed phasing of roll-out is set out below in figure 1.

<i>Phase</i>	<i>Date</i>	<i>Total properties</i>	<i>Properties by District/area</i>	<i>Depot</i>
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1	29 June 2020	50,392	Mendip	50,392	Evercreech
2	28 Sept 2020	60,434	SSDC (east)	60,434	Evercreech & Lufton
3	June 2021	71,336	SSDC (west)	16,129	Bridgwater (vehicles)/ Taunton (recycling)
			SWAT (central/east)	55,207	
4	Sept 2021	56,351	Sedgemoor	54,246	
			Mendip	1,376	
			SWAT	729	
5	February 2022	17,337	SWAT (West Somerset)	17,337	Williton

Figure 1: Proposed phasing for Recycle More roll-out

As set out to the Board in September, each phase is preceded by a significant communications and engagement programme, with support ongoing during the months after roll-out. Each phase of the roll-out is followed by a lessons-learned exercise to ensure continuous improvement.

2.3. Garden Waste

Garden waste is the only aspect of services that has a significant change on the first day of collections of the new contract (30 March 2020). Services will change in that:

- Garden waste collections will remain every other week but will no longer necessarily be on the same day as refuse/recycling collections. 21% of households subscribe to the garden waste service, and removing the constraint to be on the same day as refuse/recycling collections makes it possible to route the service much more efficiently (reducing the number of trucks on the road, reducing costs – and hence prices, and reducing emissions).
- Garden waste sack collections will need to be pre-booked, rather than our vehicles having to drive every road on the off-chance a garden waste sack is left out. The garden waste sack collections services is signed up to by less than a quarter of one percent of households (based on 2018/19 subscriptions).

Communicating with subscribers about this change will be vital. Key elements of the communication plan are:

- Making changes to the service very clear in the renewal letters that are issued to all current subscribers in early February.
- Confirming the day of garden waste collection clearly (and providing a calendar) when sending garden waste stickers to new subscribers.
- Writing to all customers of the garden waste sack collection service and those customers in SSDC on the second year of a two-year subscription.
- Promoting the changes through social media, website, press releases, member information sheets, briefings and other channels.
- Providing all partners and key stakeholders with a briefing pack so that we

provide consistent messages to customers no matter how they contact us.

- Implementing My Waste Services ahead of renewal letters being sent out so that customers can sign up and pay online much more easily than many of them can do now.
- Encouraging garden waste service subscribers to sign up to My Waste Services so that they can have collection day reminders sent to their mobile phone.

In some previous years temporary 'amnesties' of a few weeks have been put in place to provide a continuation of the garden waste service for those customers that have not renewed ahead of 1 April. With collection days changing it is not going to be practical for such an amnesty to be provided this year, and from 1 April 2020 the service will only be provided to those customers who have subscribed for financial year 2020/21. These changes make it particularly important this year that District Council partner follow SWP template letters when writing to customers.

2.4. Schools Service

SWP provide recycling and rubbish collection services to 273 of Somerset schools – 213 primary schools, 36 secondary schools and 24 specialist education centres. Schools overall recycling rates languish at 20% despite being able to recycle food, paper, cardboard, plastic bottles and cans. Support Services for Education (SSE – a trading arm of SCC) currently manage the schools service with minimal role for SWP.

SSE, SWP, SUEZ and schools are all committed to improving this recycling rate, and this has driven a major rethink about how this service is provided and how we support schools to Recycle More. Key aims are to:

- Incentivise recycling and discourage rubbish.
- Support schools to make best use of the recycling services on offer.
- Address the barriers to better recycling that schools have identified.
- Provide value for money to schools but without subsidy.

Changes proposed to the service are:

- To reduce service prices reflecting the better value secured through SWP's new contract with SUEZ
- Include funding for bins and boxes, inside and outside of the school, within the charges schools pay, as schools tell us that not having the right infrastructure can be a barrier to recycling
- Providing additional support to schools from SWP's operational team, whilst maintaining SSE's crucial role in marketing and invoicing. As we know from the kerbside, behaviour change requires resources to support it.
- Undertaking a one-year pilot to incentivise schools to recycle more, but providing funding to cover eco-schools assessments.
- Giving a clear message to schools that if recycling rates don't improve then we

will make more radical changes to the pricing structure to make refuse relatively much more expensive than recycling.

It should be noted that none of these changes result in any subsidy to schools from District Council partners, and they should result in reduced disposal costs for the County Council.

3. Background papers

- 3.1.** All previous board papers on Recycle More are available on the SWP website.
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