

Somerset Waste Board
Friday 15 February 2019
10.00 am Library Meeting
Room, Taunton Library, Paul
Street, Taunton TA1 3XZ



To: The Members of the Somerset Waste Board

Councillor Derek Yeomans, South Somerset (Chair)
Councillor Nigel Woolcombe-Adams, Mendip (Vice-Chair)
Councillor Nigel Taylor, Mendip
Councillor Patrick Berry, Taunton Deane
Councillor Hazel Prior-Sankey, Taunton Deane
Councillor Martin Dewdney, West Somerset
Councillor Brenda Maitland-Walker, West Somerset
Councillor Jo Roundell Greene, South Somerset
Councillor Gill Slocombe, Sedgemoor
Councillor Dawn Hill, Sedgemoor
Councillor David Hall, County Council
Councillor Mike Pullin, County Council

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk - 7 February 2019

For further information about the meeting, please contact Julia Jones or Scott Wooldridge or 01823 359027 or jjones@somerset.gov.uk / 01823 357628 or swouldridge@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 Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

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 Somerset Waste Board - 10.00 am Friday 15 February 2019

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

1 **Apologies for Absence**

2 **Declarations of Interest**

3 **Minutes from the meeting held on 14 December 2018** (Pages 5 - 12)

The Board is asked to confirm that the draft minutes of the previous meeting are accurate or to agree any amendments that are necessary.

4 **Public Question Time**

The Chair will allow members of the public to present a petition on any matter within the Board's remit. Questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered (see guidance notes).

5 **Resource and Waste Strategy** (Pages 13 - 18)

To consider the report

6 **Financial Performance Update 2018/2019 and Final Budget 2019/2020** (Pages 19 - 28)

To consider the report

7 **Recycle More Project Update** (Pages 29 - 34)

To consider the report

8 **Somerset Waste Board Forward Plan** (Pages 35 - 38)

To review the latest version and items of business for future meetings.

9 **Information Sheets Issued Since the Last Meeting**

This is an opportunity for Members to raise matters contained in the following information sheets issued since the last meeting. A compendium of information sheets will be available for members to inspect at the meeting.

10 **Any other urgent items of business**

The Chair may raise any items of urgent business.

1 Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the agenda should contact Julia Jones on tel. (01823) 359027 or 357628, fax. (01823) 355529 or email jjones@somerset.gov.uk

2 Notes of the Meeting

Details of the issues discussed and decisions taken at the meeting will be set out in the Minutes, which the Board will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions taken can be obtained from Julia Jones or Scott Wooldridge in the Community Governance Team on tel. (01823) 359027 or 357628, fax. (01823) 355529 or email jjones@somerset.gov.uk

3 Public Question Time

At the Chairman's invitation you may ask questions and/or make statements or comments about **any matter on the Board's agenda**. You may also present a petition on any matter within the Board'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.

If you wish to speak or submit a petition, **then you will need to submit your statement or question in writing to Julia Jones by 12noon on the Tuesday prior to the meeting.** You can send a fax to (01823) 355529, send an email to democraticservices@somerset.gov.uk or send post for attention of Julia Jones, Community Governance, County Hall, Taunton, TA1 4DY.

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 three minutes only.

4 Hearing Aid Loop System

These work in conjunction with a hearing aid in the T position,

5 Emergency Evacuation Procedure

In the event of the fire alarm sounding, members of the public are requested to leave the building via the signposted emergency exit, and proceed to the collection area outside. Officers and Members will be on hand to assist.

6 Somerset Waste Board Forward Plan

The latest published version of the Forward Plan is available for public inspection at County Hall or on the County Council web site at:

<http://democracy.somerset.gov.uk/mgListPlans.aspx?RPId=196&RD=0>

Alternatively, copies can be obtained by telephoning (01823) 359027 or 357628.

7 Excluding the Press and Public for part of the meeting

There may occasionally be items on the agenda that cannot be debated in public for legal reasons (such as those involving confidential and exempt information) and these will be highlighted in the Forward Plan. In those circumstances, the public and press will be asked to leave the room while the Cabinet goes into Private Session.

8 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 it 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 who wishing to film part or all of the proceedings. No filming or recording will 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 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.

SOMERSET WASTE BOARD

Minutes of the Meeting of the Somerset Waste Board held in the Council Chamber, South Somerset District Council, Brympton Way, Yeovil, on Friday 14 December 2018 at 10.00am.

PRESENT

Cllr P Berry	Cllr H Prior-Sankey
Cllr M Dewdney	Cllr J Roundell-Greene
Cllr D Hall	Cllr N Woolcombe-Adams (Vice Chair)
Cllr D Hill	Cllr D Yeomans (Chair)
Cllr J Parbrook (substitute)	
Cllr M Pullin	

Other Members Present: Cllr M Lewis

Apologies for Absence: Cllr B Maitland-Walker (Cllr Parbrook substituting), Cllr G Slocombe, Cllr N Taylor

511 **Declarations of Interest** – agenda item 2

Members of the Waste Board declared the following personal interests:

Cllr D Yeomans	Member of Curry Rivel Parish Council
Cllr H Prior-Sankey	Member of Somerset County Council
Cllr M Pullin	Member of Mendip District Council

512 **Minutes for the meeting held on 28 September and the Extraordinary Meeting held on 2 November 2018** – agenda item 3

The minutes of the meeting of the Board held on 28 September 2018 and the Extraordinary Meeting held on 2 November were taken as read and following endorsement by the Board they were signed as a correct record by the Chair.

513 **Public Question Time** – agenda item 4

There were no public questions.

514 **Waste Board constitution and membership 2019/20** – agenda item 5

The Chair invited the Strategic Manager for Governance and Risk, Scott Wooldridge, to outline the report which set out the proposed revisions to the Waste Board's constitution and membership for 2019/20 as a result of the forthcoming creation of the new Somerset West and Taunton local authority on 1 April 2019.

Mr Wooldridge explained the proposed changes to the constitution and board membership require the Board to recommend to all partner authorities the agreement to establish a new Waste Board with an amended constitution to reflect the revised membership.

The Chair moved the recommendations.

Somerset Waste Board **RESOLVED** unanimously to:

1. **Endorse the proposed revision to the draft Constitution (Appendix A) for the Somerset Waste Board and recommend this for approval by all partner authorities and the new Somerset West and Taunton Shadow Authority by 1 April 2019.**
2. **Delegate authority to the Board's Treasurer in consultation with the Administering Authority's Monitoring Officer to update the Inter-Authority Agreement (IAA), as set out in Appendix B, to reflect the various changes agreed previously by the Board.**
The Board is further requested to agree for the amended IAA to be recommended for approval by all partner authorities and the new Somerset West and Taunton Shadow Authority by 1 April 2019.
3. **Recommend to the partner authorities and the new Somerset West and Taunton Shadow Authority that with effect from 1 April 2019 the current Board and its membership (comprising six partner authorities) is dissolved and to then agree the formation of a new Somerset Waste Board (comprising five partner authorities) and appoint members to that Board.**
4. **Delegate authority to the Monitoring Officer of the Administering Authority to take forward the above recommendations in conjunction with the partner authorities and Somerset West and Taunton Shadow Authority.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

515 **Financial Performance Update 2018/19 and Draft Budget 2019/20 - agenda item 6**

The Chair invited SWP Finance Officer Martin Gerrish to explain the report which set out the financial performance against the approved Annual Budget for the first 7 months of the current financial year from April to the end of October.

The Board was also updated on the draft budget situation for the annual budget for 2019/20 and were asked to note the current financial position with regard to funding available for the Recycle More project.

Mr Gerrish also explained that there was a potential windfall for the districts this year. There was a budget set aside of £262,000 for the provision of vehicles that used to be leased and this had been kept in the budget as the fleet was elderly and there was a possibility that one or more of them would need replacing. However, if this was not required for the year there could be the potential of this being able to be used to put into the Recycle More project.

He also explained that there was a decent underspend on the disposal side. Many of the reasons for this were one off such as estimating the tonnages in March which were estimated at one level and turned out to be almost non-existent. It was

the officer's view that there was still enough money in the pot to deal with the procurement and mobilisation period for the Recycle More project up to March 2020 when the project was due to go live. However, there would still be a big lump sum payment to transition to Recycle More.

He also gave an update on the truck cartel situation and reminded members that SWP had been seeking to get agreement with about 200 local authorities to carry out a joint legal action against a number of truck firms that cartelled for 14 years to ramp up truck prices. There was hope that in the next month or two that this could be proceeded with no risk to the Board to get the additional money back on the vehicles that were purchased at ramped up prices.

Other points discussed raised included:

- In the budget there was an increase for the individual collection partner organisations.
- The main reasons for this was that the garden waste numbers were up on 6% on what was budgeted for this year.
- Landfill tax estimate for next year was just under £11m.
- The County Council has requested a number of savings from the Waste Partnership and asked for additional £225,000 – the majority of this could come from in-year savings agreed in September at little risk to the partnership.
- Any budgetary risk on disposal is wholly the County Council's and it would have to meet it if it if SWP couldn't make the difference.

There was a request for more information about the truck cartel claim and Mr Gerrish explained that this involved a lot of the big-name truck manufacturers who from 1997 to 2011 agreed to ramp up the gross list price for a truck which all the truck prices are based on. They have already been fined 1 billion euros collectively and most of them paid up. Therefore, anybody who bought or leased trucks during this time have paid a premium that should not have been paid. SWP leased trucks in this period and the contractor would have also passed on some the costs to SWP. SWP does not have the legal resources to fight a battle on its own but an investment firm is willing to fight this on behalf of about 200 local authorities for a percentage of the return. The truck firms have already settled a lot of claims including a very large sum with the Royal Mail.

There was further information about Kier and members were informed this was in the public domain already. Investor confidence in Keir is concerned about the level of debt they hold which had risen from £186m net debt in June to £624m by October. Kier had sought to address this by giving existing shareholders the opportunity to buy more shares and explaining if they don't it is likely the price per share will go down. It was hoped to raise about £250m this way to reduce the debts. Since this time, they have lost 40 per cent share value and are no longer part of the FTSE 250 index. Members were assured SWP was watching the situation closely and that Kier were still trading and it was business as usual. Mr Gerrish reminded members that SWP did own all the vehicles and had access to all the depots should the anything detrimental happen to Kier but he did not think this likely.

The Chair moved the recommendation.

Somerset Waste Board **RESOLVED** unanimously to:

- **note the summary financial performance to date as contained in this report, and how this will impact on the budgetary requirements for 2019/2020.**
- **approve a Draft Budget of £46,111,300 for 2019/2020 as set out in paragraphs 2.6-2.7 below, taking into account the potential savings requests from the County Council as set out in paragraph 2.7.**
- **note the financial position to date with regard to the Recycle More project, and affirms the position on capital financing of vehicles and depot infrastructure as set out in paragraph 2.4 below.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

516 **Somerset Waste Partnership Business Plan 2019 – 2024** - agenda item 7

Members were reminded that the Draft Business Plan for partner consultation was approved by the November 2018 meeting of the Board. This report updated the board on the partner consultation and sought approval to the business plan.

SWP Managing Director Mickey Green said that there had been no recommended changes from the partners and there had been some really good conversations about this. The expected Resources and Waste Strategy was highlighted along with the significance of that. When this is published members would be given further information including what SWP needed to do in relation to this. Other points made included planning and how future housing developments needed to be built with waste in mind, the ongoing plastics debate and the support for the schools' programme.

There was a question about garden waste and the plans to reduce this in black bins. Members were informed that this would be promoted in the run up to Recycle More. This was also being looked at in relation to fees and charges with a possible move to a rolling year system for this. There were other plans to try and reduce costs for garden waste collections which might lead to an ability for SWP to reduce garden waste collection fees.

The Chair moved the recommendations.

Somerset Waste Board **RESOLVED** unanimously to:

1. **note and considers feedback from the partner consultation process as set out in paragraph 3.2, and as verbally updated for those meetings that occurred after this paper was finalised (on 4 December)**
2. **approve the Business Plan 2019-2024, subject to any amendments arising from the feedback.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASONS FOR DECISION: As set out in the officer report and as debated at the meeting.

517 **Performance Report - April 2018 to June 2018** – agenda item 8

The report summarised the key performance indicators for the period from April 2018 to September 2018 and compared these to the same period last year where relevant. The new format, previously agreed by the Board, aimed to give a more rounded view of performance. Key headlines were:

- Recycling: The hot dry summer led to a significant reduction in garden waste, and there was a small drop in dry recycling (mostly street sweepings, and the ongoing trend in less paper). This led to a small drop in recycling rate to 54.1% (down 0.72% compared to the same period in 2017).
- Residual household waste: This fell slightly by 1.02% (2.49kg per household) compared to the same period last year. SWP remains on track to move away from landfill by 2020.
- Recycling sites: The number of visitors in July – September fell significantly (down 8%), probably due to the poor growing season. Tonnages also fell, the largest reduction being in garden waste.
- End use: around 90% of what is collected in the UK is recycled, with the proportion recycled in Somerset falling slightly due to lower levels of garden waste.
- Missed collections: Whilst not yet back to target levels, there has been a steady improvement, underpinned by Kier addressing some of the underlying issues (e.g. driver shortage). This would continue to be closely monitored.
- Fly tipping: A 9% reduction in the number of fly tips was seen compared to the previous year.

The report also highlighted the main risks which included inefficiencies due to customer services and partners IT systems not being joined up, lack of resources and complexity around implementation of new customer service system and reduction in contractor's management team or frontline staff. Members were informed these were being managed by increased senior management oversight, additional SWP resources, including increased ICT and legal support, partner ICT involvement in collection contract procurement process, joint working with partners to identify options on CRM system implementation. In addition, other options being pursued included working closely with Kier on recruitment and retention, increased direct engagement with front-line staff by SWP, continued secondment of experienced staff to Kier.

Members were also informed of the latest health and safety figures for Kier and Viridor.

Accidents to Kier operational staff is up by 10 to 33, with the trend from reporting to the Somerset Waste Board in the graph below. There were no injuries involving members of the public.

The number of accidents per 100,000 hrs worked has risen to 7.1, its highest for 2 years, but still well below the figures previously seen on the SWP contract.

Near Miss / Hazard Spot reports, used to identify potential hazards for review and any possible action required, has risen substantially again to 1,837, a further increase of 858, from 979 in June 2018. There were no RIDDORS, Environmental Incidents, or Dangerous Occurrences reported.

Viridior reported that accidents to members of the public increased to 10 (up by 1), including one trip injury, notified under the Reporting of Injuries Diseases & Dangerous Occurrences Regulations (RIDDOR). The ratio of accidents remained near constant at around 1 accident per 100,000 visits. Near miss reporting is up to 107 (+30%). There were 2 environmental incidents: both fires inside containers attended by the Fire Brigade, one in a metal container that ignited during compaction and the other inside a garden/organic waste container, assessed as having combusted due to the high summer temperatures.

Further discussion included:

- Successful promotion of SWP and its projects particularly on Facebook
- The use of fines regarding missed collections and getting the balance of this right.
- Ways of being able to improve collection at multiple occupancy residences through a programme of action – this was reflected in the business plan. SWP was nearer the end of the contract with Kier so would need to be realistic on what it could achieve.
- Processing of cardboard abroad and why 100 per cent of this was not in the UK.

The Chair moved the recommendation.

The Board RESOLVED unanimously to note the performance results in the Second Quarter Performance Management.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASONS FOR DECISION: As set out in the officer report and as debated at the meeting.

518 Recycle More Recycle More & Collection Contract Procurement: Update – agenda item 9

A progress report on the procurement of a new waste and recycling collection contractor was presented to the Board in November 2018. This report provided a summary of progress since then. The Board had previously reviewed the outcomes of the evaluation and moderation of the permitted and variant bids received from the three bidders who submitted bids. It had been agreed that the service methodology should remain as it was and that SWP would not secure an additional depot. The risk share principle of 50/50 should be maintained, but amended to reflect the better value for partners that can be obtained by reflecting proposals from some bidders.

A number of dialogue sessions were being held with all bidders in this stage of the procurement to feedback on their bids, on the key issues around service methodology and depots, and to agree a consensus recycle risk share

mechanism which was consistent with the 50/50 risk share principle but reflected some of the proposals from bidders that would enable SWP to realise better value. This stage of dialogue was crucial to ensure that bidders proposals were robust and to secure the best value for money solution possible.

Other progress included refining the contractual and procurement documents to ensure that the procurement process is optimised to deliver the best value solution to partners.

The Chair moved the recommendations to move into confidential session so that further information could be given (see confidential minute).

Somerset Waste Board **RESOLVED** to:

- 1. agree 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.**
- 2. 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.**

Following a presentation and further discussion on this issue, the meeting was then brought back into public session.

The Chair then moved the recommendations and Somerset Waste Board **RESOLVED** unanimously to:

- note the progress made in procuring a new collection contract, in particular the proposed approach to sharing risk around recycle income**
- agree the recommendations contained within the confidential report.**
- authorise the Managing Director to progress the procurement of a new Collection Contractor.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

519 **Somerset Waste Board Forward Plan** – agenda item 10

The Board were updated by the Governance Manager on the latest position of the forward plan.

The Board RESOLVED to note the latest version of the Forward Plan.

520 **Information Sheet Issues Since the Last Meeting** – agenda item 11

There were none since the last meeting.

521 **Any Other Business of Urgency** – agenda item 12

The Chair formally acknowledged the hard work of Martin Gerrish who had been with Somerset Waste Board from the very beginning and was now leaving his position. He was thanked for all the good advice and business acumen over the years and members wished him all the best for future.

(The meeting ended at 12.30)

**COUNCILLOR DEREK YEOMANS
CHAIR OF THE SOMERSET WASTE BOARD**

Somerset Waste Board meeting
15th February 2019
Report for information

Resources and Waste Strategy Update

Lead Officer: Mickey Green, Managing Director

Author: Julie Searle, Development and Monitoring Officer

Contact Details: 01823 625717

Forward Plan Reference:	SWB/19/01/02
Summary:	<p>The Resources and Waste Strategy was released in December 2018. It is the first major piece of guidance for the waste industry since 2013 and will form the basis of policy for the next few years.</p> <p>Most of the policies are subject to consultation and we are expecting consultations on Extended Producer Responsibility, Deposit Return Schemes and Consistency in Recycling early in 2019. Changes are not likely to be brought in until 2023 and until policy is finalised the overall impact for Somerset and for SWP is hard to assess.</p>
Recommendations:	<p>That the Somerset Waste Board notes the contents of this report and discusses the implications of the proposed policies.</p>
Reasons for recommendations:	<p>To ensure the board are kept up to date with developments in the waste sector. The Strategy will provide the basis of future policy which will affect all authorities in Somerset, and SWP will be responding to consultations on the key proposals.</p>
Links to Priorities and Impact on Annual Business Plan:	<p>Business Plan 2019-24</p> <p>1.4 Reviewing Services - Recycling centre material charges 2.1 Focus on Plastics - Reducing reliance on single use plastic, carrier bag charges 2.2 Campaigns - Food waste, increasing quality recycling 2.5 Community Engagement - Developing partnerships with others 3.2 Strategy and Influence - Developing SWP's strategy, responding to consultations 3.3 Ensure homes are built with waste in mind – Linking planning policy with the strategy 3.4 Improving performance monitoring – A move from weight-based targets, carbon reporting.</p>

Financial, Legal and HR Implications:	<p>Information update only.</p> <p>There are major potential financial implications from key policies such as Deposit Return Scheme and Extended Producer Responsibility, and significant potential legal changes such as the possibility of free garden waste collections and charging for materials at Recycling Centres, but we do not have the details of these policies yet, so the implications are still uncertain.</p>
Equalities Implications:	<p>N/A – Information update only.</p>
Risk Assessment:	<p>The Risk Register has been updated with the risks relating to the strategy. Key risks include the loss of valuable material through a DRS scheme, potential implementation of free garden waste collections, changes to charges at Recycling Centres. There may also be opportunities with Extended Producer Responsibility – particularly if it extends to other difficult to recycle materials such as carpets, furniture and mattresses.</p>

1. Background

- 1.1. The Resources and Waste Strategy is the first major piece of guidance for the industry since the 2011 Waste Review and the 2013 Waste Prevention Programme.
- 1.2. England has lagged behind Wales and Scotland in the form of waste policy and the current recycling rate for England is at 44.8% (having largely stagnated for a few years) compared to 62.7% for Wales and 45.6% for Scotland. SWP's 2017/18 recycling rate was 52.3%.
- 1.3. SWP is recognised in the Strategy (under 'Better waste collection and recycling') for its commitment to collecting quality materials for recycling through its kerbside collection service, how much it recycles in the UK (over 90%), and its innovation in bringing in separate food waste collections. SWP is honoured that it's the only Local Authority case study in the whole of the Government's strategy, recognising our commitment to quality.

Key areas of the strategy:

- Extended Producer Responsibility (producers to pay the full cost of recycling and disposing of their packaging)
- Reducing reliance on single-use plastics and increasing the carrier bag charge
- Deposit Return Scheme for beverage containers
- Separate food waste collections for all, and possibly free garden collections for all.
- Consistency in recycling and improving quality
- Developing Reuse
- Reviewing charging arrangements at Recycling centres

- Reviewing recycling credits
 - Aligning national planning policy with the waste strategy
 - Moving away from weight-based targets with a change in focus from waste to resources
 - Focus on waste crime and development of a national fly-tipping toolkit
 - Potential for a tax on energy from waste if other measures are not successful.
- 1.4. The strategy states that local authorities will receive additional resource to meet set up and ongoing costs of implementing the policies in the strategy but does not provide any further detail at this stage.
- 1.5. The industry reaction to the strategy has been broadly positive, but there is a lack of detail around the key policies as they will be subject to consultation. We expect consultations on Extended Producer Responsibility, Deposit Return Schemes and Consistency in collections early in 2019. Changes are not likely to be brought in until 2023 and until policy is finalised the overall impact for Somerset and for SWP is hard to assess.

Policies potentially affecting kerbside collections

- 1.6. Extended Producer Responsibility should result in businesses and manufacturers paying the full cost of recycling and disposing of their packaging – this is clearly a top priority for Government. We do not yet have detail on how these funds may flow to Local Authorities. This is a potential game-changer as it should drive industry to invest in and develop more sustainable packaging, and that which is easier to recycle.
- 1.7. A Deposit Return Scheme (DRS) on drinks containers is likely to increase national capture rates of drinks containers and reduce littering, but this could have a negative financial impact on SWP because aluminium is one of the more valuable kerbside materials, so removal of aluminium beverage cans would remove a significant amount of value from recyclate. Plastic bottles are a high-quality material and removal of some of these through a DRS would leave a larger proportion of low quality, lower value pots, tubs and trays in the recycling stream. As yet we are unclear about which materials are included, so will look for further detail when the consultation is launched.
- 1.8. To increase high-quality recycling and reduce food waste to landfill, all households and appropriate businesses to have separate food waste collection by 2023 (subject to consultation). The consultation will also explore whether free garden waste collections should be provided to households. The provision of free garden waste collections could have a significant impact on district incomes. Garden waste is estimated to be 7% by weight (15% by volume) of the existing residual bin in our 2018 waste composition analysis, but the provision of free collections may reduce the number of people taking garden waste to Recycling Centres or home composting (which is the best environmental option) so kerbside yields would likely increase significantly. Again, there is no detail in the strategy about how this may be funded. We will try and quantify the potential worst-case impact.

- 1.9. Consistency: a core set of materials to be collected by all LAs and Government to consider which collection systems would be most effective at preserving material quality. This is subject to consultation, likely to be parallel with EPR/DRS consultation in early 2019. SWP expect that kerbside sort (SWP's system) will be a recommended approach, given the strategy's emphasis on quality and SWP's inclusion as a case study.
- 1.10. Recycling Credits: Government will review recycling credits and two-tier cost sharing, and also how to improve joint working in two tier areas. There is no further detail about this yet, but we have an action to review this in the Business Plan (1.1.8) post-Recycle More implementation.

Policies potentially affecting Recycling Centres

- 1.11. Government will review the charging arrangements in the Controlled Waste Regulations and Recycling Centre services and amend them subject to consultation. This could have a negative financial impact on SWP (SCC) and the many other local authorities who currently charge for non-household waste (e.g. rubble).
- 1.12. The strategy also indicates that Government are considering minimum service standards for Recycling Centres. There is no clarity on what this might cover, but it may include setting standards for Recycling Centres per population.
- 1.13. Government want to increase reuse through Recycling Centres possibly through contracts with charities and encouraging more reuse shops at Recycling Centres (like SWP has at Priorswood). Legislation will be amended to make this easier, and possible reuse targets for LAs.

Other proposals:

- 1.14. There is a welcome focus on reuse and repair, including support for Refill (which SWP coordinates for Somerset), a potential performance assurance scheme for remanufactured items, changes to national planning policy to support reuse and repair, and potentially schemes for companies to be able to report on their reuse and repair and recycling activities.
- 1.15. It is welcome that Government recognises the crucial role that EfW plays in a responsible waste management system. There is a clear drive to improve the efficiency of EfW plants, including through encouraging heat networks. There remains a threat that if the new measures proposed (DRS, EPR, increased recycling etc) do not provide the required results, an incineration tax will be considered. Clearly this would be a very significant financial burden on SWP, and we consider it unlikely to achieve the desired policy objectives.
- 1.16. Businesses will be required to present recycling and food separately from residual waste and publish or make available information on what is recycled. Subject to consultation, food waste reporting will be made mandatory for businesses of a certain size and Government will seek powers for mandatory food waste prevention targets and surplus food redistribution obligations. All 'appropriate businesses' will be required to have separate food waste collection by 2023 (subject to consultation). Shared services will be investigated to help reduce costs – this is an area SWP is interested in exploring with local areas.

There is also a commitment to work with transport hubs, hospitals and universities to promote high quality and on the go recycling.

- 1.17. Government commits to reviewing recycling provision in urban areas, engaging with landlords to promote recycling in HMOs, aligning the National Planning Policy for Waste and planning practice guidance with the Resources and Waste Strategy. Given SWP's focus on ensuring that buildings are built with waste in mind this is very welcome. The Waste Management Plan for England will be reviewed in 2019 and this and National Planning Policy for Waste to reflect policies in this Strategy.
- 1.18. A continued focus on reducing our reliance on single-use plastics. In addition to EPR and DRS, this will include (subject to consultation) government increasing the carrier bag charge to a proposed 10p and extending it to all retailers. The carrier bag charge consultation is currently running and ends on 22nd February 2019. <https://consult.defra.gov.uk/environmental-quality/extending-the-single-use-bags-charge/>
- 1.19. Food waste is a clear area of focus, where Government recognises that Anaerobic Digestion is the best way of treating food waste (as SWP do at Walpole, near Bridgwater). In addition to focussing on household and business food waste collections, proposals include setting up a pilot scheme to reduce food waste through redistribution, creating a new 'Food Standard' will for NHS hospital trusts with sustainability and food waste as key priorities, developing and promoting WRAP guidance in schools, and incorporating food waste messages into wider communications on topics such as health and education.
- 1.20. Government commits to continuing to work with partners to develop a shared vision and improve data collection. This will include developing new metrics and indicators for measuring impacts, moving away from weight-based targets. It will also aim to change from a focus on waste to a focus on resources, including measuring waste higher up the waste hierarchy. SWP welcomes this and will seek to work with Government on this. We are already looking towards carbon reporting for our waste services using the Scottish Carbon Metric.
- 1.21. There is a welcome focus on waste crime, including creating a national fly tipping toolkit will be created to help LAs work together, share good practice and advice.
- 1.22. Overall SWP is well-placed to deal with many areas of the strategy. We already offer food waste collections to the majority of households and offer a high-quality kerbside sort recycling collection. A deposit return scheme and the potential for free garden waste collections are a concern, as is the possibility of removal of charges for non-household waste at Recycling Centres and an incineration tax. However, there may be opportunities with the introduction of extended producer responsibility which may extend to other difficult to recycle items such as carpets, mattresses and furniture as well as packaging. We will look for further details and respond to the consultations as they arrive.

2. Options Considered and reasons for rejecting them

- 2.1. N/A - Report for information purposes only

3. Consultations undertaken

- 3.1. Discussed at SMG in February.

4. Implications

- 4.1. Report for information purposes only – no implications recorded.

We will be responding to consultations and working with all partners to do so. We will also work across the SW and with LA partners nationally to influence the policies.

5. Background papers

- 5.1. The Resources and Waste Strategy - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765914/resources-waste-strategy-dec-2018.pdf

Somerset Waste Board meeting
15 February 2019
Report for decision

Financial Performance Update 2018/2019 and Final Budget 2019/2020
Lead Officer: Mickey Green, Managing Director and Sarah Rose, Finance Officer
Author: Sarah Rose, Finance Officer and Martin Gerrish
Contact Details: serose@somerset.gov.uk

Forward Plan Reference:	SWB/18/12/01
Summary:	<p>The report sets out the financial performance against the approved Annual Budget for the first 9 months of the current financial year from April to the end of December (with January updates where available), and how this has impacted on a forward budget for 2019/2020.</p> <p>The Board is asked to approve a final Annual Budget for 2019/2020 in accordance with its Constitution and Inter Authority Agreement. (Both documents are available on the SCC internet or from the author).</p>
Recommendations:	<p>That the Somerset Waste Board:</p> <ul style="list-style-type: none"> • notes the summary financial performance to date as contained in this report, and how this will impact on the budgetary requirements for 2019/2020. • agrees to add any remaining vehicle lease budgets to the Recycle More earmarked reserve, towards the costs of delivering the project (paragraph 2.2 below). • approves the waste disposal savings set out in paragraph 3.2 of this report. • approves the attached final Annual Budget for 2019/2020 (totalling £46,243,485) as set out in Appendix 1. • approves that the Managing Director negotiates any final requirements with the relevant contractors in accordance with this Annual Budget Report.
Reasons for recommendations:	<p>The Board needs to be aware of the financial performance of the Somerset Waste Partnership as it delivers the approved Business Plan and delegated waste service functions, to ensure that it is being managed appropriately.</p>

	<p>There is a requirement within the revised Constitution for the Board to agree a final Annual Budget for the following year by the end of the previous February.</p> <p>Partner authorities will need final budget figures for their overall financial planning processes.</p>
<p>Links to Priorities and Impact on Annual Business Plan:</p>	<p>The Annual Budget is entirely linked to the Annual Business Plan and sets out the financial resources required to deliver the Plan and the waste collection and disposal services that have been delegated to the Somerset Waste Board. Financial monitoring will show how the Partnership is managing its resources as it delivers the Annual Business Plan.</p>
<p>Financial, Legal and HR Implications:</p>	<p>Any in-year underspends attributable to partners against the Annual Budget are traditionally made available for return or for reinvestment. Conversely, failure to stay within the Annual Budget for the Somerset Waste Partnership will directly impact on the partner authorities, who would be required to make good any shortfall at year end.</p> <p>When considering the Annual Budget for 2019/2020, current trends in demographic growth, service uptake and waste tonnages arising in 2018/2019 are a key contributory factor in shaping the forward budget.</p> <p>The Annual Budget, once finally approved, will become the new measure for our financial performance for 2019/2020.</p> <p>We will continue to share the costs amongst partners as set out in our Cost Sharing Agreement.</p> <p>There are no legal or HR implications.</p>
<p>Equalities Implications:</p>	<p>Members attention is drawn to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed. Members have a duty to review the impact assessments of budgetary proposals.</p> <p>Duties placed on public bodies do not prevent difficult decisions such as reorganisations and service reductions being made, nor does it stop decisions which may affect one group more than another. What the duty does do is require consideration of all the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.</p> <p>The proposed waste disposal savings have previously been in-year savings agreed by the Somerset Waste Board.</p>

	Therefore, there are no equalities implications that the Board will have to consider in approving these savings in the Annual Budget.
Risk Assessment:	Members will be aware from previous reports and presentations that the waste budget and actual costs, particularly disposal volumes, remain highly volatile.

1. Background

- 1.1. The Annual Budget for 2018/2019 was originally set at the Board meeting of 23rd February 2018 at £45,145,256.

Subsequently, the Board has agreed a number of in-year budget reductions and a drawdown from earmarked reserves on the disposal budget at the September meeting. In addition, the Board agreed the extension to the Viridor contract at the November 2018 meeting, which brings a saving from 2018/2019 onwards. Following these decisions, the 2018/2019 the Waste Board budget now stands at £44,445,260.

Partners contribute to the overall costs in accordance with our Cost Sharing Agreement. Individual contributions are based on key cost drivers such as household numbers, sparsity and garden waste customer numbers. As the waste disposal authority, all such costs fall to the County Council.

- 1.2. Our Annual Budget is predominantly spent on making payments to our main contractors – Viridor and Kier.

2. Current Financial Position

- 2.1. The table below shows the variations from budget on all our major expenditure areas. **For the avoidance of doubt in the table above, negative figures shown in brackets are underspent budgets. Figures not in brackets are overspent budgets.** (A zero figure indicates that the line is on budget, or that it is not a budgetary responsibility of that partner. Figures are rounded to the nearest £000).

Summary of budget variances

	SCC £'000	MDC £'000	SDC £'000	SSDC £'000	TDBC £'000	WSC £'000	Total £'000
Head Office	(28)	(7)	(7)	(10)	(7)	(2)	(61)
Disposal Costs	(987)	0	0	0	0	0	(987)
Collection - Recycling	0	0	0	0	0	0	0
Collection - Refuse	0	0	(0)	(0)	0	(0)	(0)
Collection - Garden	0	35	4	75	21	15	150
Collection Costs	0	1	1	1	1	1	5
Recycling Credits	(35)	8	6	12	5	3	0
Container Purchase & Delivery	0	(17)	(4)	(6)	(11)	(2)	(40)
Other	(0)	(5)	(17)	(22)	(6)	(2)	(51)
	(1,049)	16	(17)	50	4	12	(984)

Overall, the end of December position shows the Somerset Waste Partnership budget is forecast to be **underspent by £984,000** (2.21% of the current budget). By way of comparison, the overall underspend forecast was £933,000 (2.09% of the current budget) when previously reported to the December Board.

2.2. Waste Collection

The waste collection budgets have moved from a £25,000 overspend position to a £65,000 overspend, a movement of £40,000.

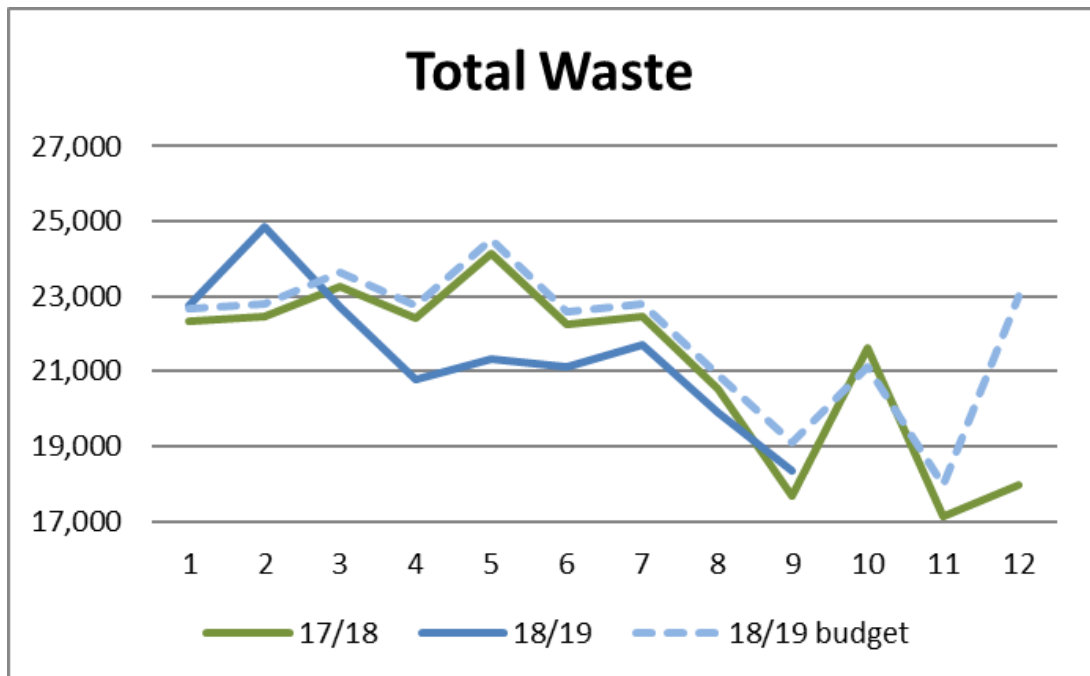
As was mentioned at the December 2018 Board meeting, there was some further work required to verify the garden waste numbers, where operational systems appeared to be reporting different customer numbers. This has now been completed, and the increase forecast in garden waste of £65,000 accounts for the majority of the variation in Quarter 3. Members are reminded that although the costs within the Somerset Waste Board budget have increased, particularly with regard to South Somerset, this is more than compensated by the amount of income raised locally. This has also been reflected in the 2019/2020 budget requirement below.

In addition, the position is improved by an estimated reduction in container purchase and delivery costs, Head Office costs and “Other”, which includes vehicle financing and contractor pension costs.

The December Board also noted that the budget line for lease repayments (for Sort It Plus vehicles) has not been spent (£262,430). Members will recall that although the primary lease costs for these vehicles had expired, that we had agreed to keep this budget line in case elements of our elderly fleet needed early replacement. With only a small proportion of the year remaining, it is now expected that this budget will largely not be required, and therefore is a one-off windfall saving. Officers propose that this amount be added to the earmarked reserve for Recycle More, to support the roll-out costs from April 2020.

2.3. Waste Disposal

The waste disposal figure for the Board at the end of December showed an underspend of £1.049m, which is an improvement on the last budget report to the Board (£0.958m). Members will recall that the trends in the waste disposal budget have been downwards for the current financial year, although some of the savings are one-off caused by year end estimating and the severe weather in March 2018. The graph below shows that actual waste volumes have been closer to the budgeted figures in the latest quarter.



Overall, we are assuming the current trend continues until the end of the year, which would result in approximately a 1.9% reduction in tonnages overall from 2017/2018. Officers have also taken this trend in tonnages into consideration when proposing the budget for 2019/2020.

2.4 Recycle More project funding

The budget figures reported above do not include any drawdown of the earmarked reserve for Recycle More. Available funds at the start of 2018/2019 stood at £616,106, (including the County Council funding, but excluding any approved increase from the lease budget proposed above). It has been agreed by the Board that we keep this funding separate from the continuation budget, and report on it separately. Section 151 officers have wanted clarity between the on-going budget requirement and the one-off project funding.

Up to the end of December, only £152,613 of this earmarked reserve has been spent, although further costs will be incurred with the on-going support for Eunomia (our technical consultants) and specialised external legal support. Additional support has come from procurement, legal and finance staff at the Administering Authority.

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 exact roll-out costs will depend on the winning contractor and agreed roll-out methodology and communications.

3. Annual Budget 2019/2020

The February Waste Board is where our Constitution and Inter Authority Agreement require us to agree Annual Budget for the next financial year. It is also important that partners receive the necessary information to allow them to build any additional costs into their local budget requirements.

The detailed line by line budget requirements for each partner are set out in Appendix 1.

3.1. Final budget figures – collection

The total budget requirement for each collection partner is set out below, together with the reasons for the movement from the 2018/2019 budget. For the avoidance of doubt, a positive number in the table below represents an increase in budget requirement, and a negative figure (in brackets) represents a decrease in budget requirement.

		MDC	SDC	SSDC	SWaT
18/19 Final Budget		3,463,461	3,609,494	5,166,003	4,842,898
Inflation - Collection	3.28%	125,021	129,047	184,409	175,183
Household Growth	0.87%	34,823	16,917	27,143	41,488
Garden Waste	11.85%	48,669	17,471	91,754	54,326
Recycling Credits		(16,578)	(14,598)	(20,305)	(22,519)
Salaries	2.00%	2,030	2,154	3,026	2,841
Staff Secondment		4,806	5,075	7,130	6,719
Pension Deficit		0	0	0	0
Transfer station offset		(1,950)	(2,059)	(2,894)	(2,727)
New Authority changes		(3,039)	(3,488)	(4,652)	24,907
Bulkies / Containers		(9,291)	6,008	7,389	(4,105)
Proposed Savings		0	0	0	0
19/20 Budget		3,647,950	3,766,020	5,459,003	5,119,011
Increase / (Decrease)		184,490	156,526	293,000	276,113
Percentage		5.3%	4.3%	5.7%	5.7%

Members will recall that a number of cost drivers were already fixed by the December 2018 Board meeting. However the contract inflation has been amended slightly to 3.28% from the previously reported 3.27%.

However, a number of amendments have been made to the collection contract requirement, detailed below. These total approximately £120,000, which is a 0.67% movement since the Draft Budget. This increase is almost entirely due garden waste, which is a continuation of the issue noted above in the 2018/2019 financial position, and for which income will continue to accrue to the relevant District.

Amendments have been made in relation to household growth (now 0.87% across the whole of Somerset) and the latest recycling credit volumes. Members are reminded that collection partners only pay for the actual household growth in their own Districts, and that there is an automatic 3% uplift in the rate paid for each tonne of recycling credits.

Household numbers have been provided by the individual districts. The growth figures for each area are as follows;

Mendip	1.18%
Sedgemoor	0.64%
South Somerset	0.68%
SWaT	1.04%

3.2 Final budget figures – disposal

As with every Draft Budget reported in December, the disposal budget is less fixed. Inflation indices are not finalised until February's figures are published, and will be estimated to provide a final Annual Budget as usual.

At present, the estimated average inflation across a number of disposal indices is 3.71%. The inflation uplift required is £621,400.

Landfill Tax rates from 1 April 2019 have been confirmed by the Treasury as £91.35 per tonne. This is an increase from £88.95 of 2.70% on the 2018/2019 rate. Based on the projected current tonnages budget, this would cost an additional £287,400. The total landfill tax estimate for 2019/2020 is now £10.99 million.

Assuming volumes continue as currently forecast, there will be a reduction in the budget requirement of approximately £16,000.

In total, the estimated disposal uplift required is now £892,800. This remains unchanged from the figure estimated in December.

The Viridor HWRC contract extension, approved by the Board in November, will also provide an additional £200,000 of savings in 2019/2020.

In addition, the County Council is requesting further savings from the Somerset Waste Board of £225,000. To meet this target, the Managing Director proposes to continue a number of in-year savings that were already agreed by the Board at its September 2018 meeting, or where base budgets can be relatively safely reduced.

For ease, these are set out below:-

- 1) Reduction in clinical waste disposal budget: £40,000
- 2) Reduction on Recycling Site waste minimisation bonus: £40,000
- 3) Reduction in Closed Landfill monitoring: £10,000
- 4) Reduction in Recycling Site permitting costs: £15,000
- 5) Reduction in fly tipping payments: £20,000

For the additional £100,000 of savings, this will need to come from the continued downward volumes of waste. Whilst the direction of travel is clearly positive, this is a potential risk and is not controllable by the Somerset Waste Partnership. However, members are reminded the County Council is wholly responsible for all disposal costs and bears this risk if the trend changes.

It is confirmed that an Equalities Impact Assessment is not required for any of these savings proposals.

The total net waste disposal uplift required, taking into account all of the above is £467,800.

- 3.3. With the combined disposal and collection contract uplifts as set out in paragraphs 3.1 and 3.2 above, the Annual Budget requirement for 2019/2010 is £46,243,485.

4. Consultations undertaken

- 4.1. The Senior Management Group receives a summary financial management report on a regular basis, and regularly covers financial topics on their agenda.
- 4.2. Financial implications relating to Recycle More were discussed in a meeting with District section 151 officers in December.

5. Implications

- 5.1. Potential over and underspends as in section 2 above, if trends continue, would result in these figures at outturn for the individual partners.
- 5.2. When the Board reaches a decision and approves the Annual Budget, it will represent the financial contributions required of all partners for 2019/2020. The total increase required for the next financial year is slightly in excess of £1.798m (an increase of 4.05%).
- 5.3. The budgeted cost **per household** for the Somerset Waste Partnership for 2019/2020 is now £179.27 per annum or about **£3.44 per week**. (This is excluding garden waste income and one-off Recycle More costs. In 2018/2019 this was £3.33 per week based on the revised budget). This breaks down into approximately **£2.10 per week for disposal**, and **£1.34 per week for collection**.

6. Background papers

- 6.1. Previous Financial Performance and Annual Budget reports to the Somerset Waste Board (all available on the website or from the report author).

Annual Somerset Waste Board Budget 2019/20

2018/19
Price Base

SCC

MDC

SDC

SSDC

SWaT

Expenditure

Single Client Group							
Salaries & on-costs	926,690	945,220	432,533	103,838	109,644	154,049	145,157
Salaries pension deficit	84,500	84,500	38,667	9,283	9,802	13,772	12,977
MDC customer services impact	6,630	6,760		6,760			
WSC business Case							
Travel & Subsistence	51,770	51,770	23,690	5,687	6,005	8,437	7,950
Admin, training, meetings & IT	85,420	85,420	39,088	9,384	9,909	13,921	13,118
Advertising & campaigns	47,000	47,000	21,507	5,163	5,452	7,660	7,218
Office rent & accommodation	70,380	70,380	32,206	7,732	8,164	11,470	10,808
Support Services							
Legal	10,400	10,400	4,759	1,143	1,206	1,695	1,597
Insurance	5,280	5,280	2,416	580	612	861	811
Finance	81,490	81,490	37,290	8,952	9,453	13,281	12,514
Internal Audit	10,920	10,920	4,997	1,200	1,267	1,780	1,677
Human Resources	5,200	5,200	2,380	571	603	847	799
ICT	5,360	5,360	2,453	589	622	874	823
Democratic Services	6,960	6,960		1,410	1,488	2,091	1,971
Direct Services							
Waste Disposal							
Disposal - Landfill includes clinical disposal	11,590,866	11,181,815	11,181,815				
Disposal - HWRCs	9,500,960	9,941,250	9,941,250				
Disposal - food waste	1,457,820	1,484,330	1,484,330				
Disposal - Hazardous waste	224,520	231,310	231,310				
Composting	1,847,970	1,872,280	1,872,280				
Kerbside Recycling							
Sort it+ SP5 all districts	9,047,500	9,411,080		1,940,710	1,927,649	2,879,137	2,663,584
Communal Recycling SP5	79,330	82,520		13,698	19,043	22,885	26,894
Garden	2,563,800	2,856,110		553,647	656,133	798,473	847,857
Garden sticker admin	14,000	18,000		3,502	4,150	5,061	5,287
Household Refuse							
Fortnightly	5,749,950	5,981,010		1,233,376	1,225,076	1,829,774	1,692,784
Refuse - Communal SP5	279,900	291,150		58,583	58,975	78,176	95,417
Assisted Collections	95,290	99,120		20,440	20,303	30,324	28,054
Assisted Collection Review	10,000	10,000		2,062	2,048	3,059	2,830
Clinical Waste	119,640	124,450		25,206	26,615	37,394	35,235
Bulky Waste Collections	83,830	87,330		18,427	16,767	25,500	26,636
SWB Directed Collections	3,120	3,250		658	695	977	920
Day Works	8,070	8,400		1,701	1,796	2,524	2,378
Container Maintenance	57,610	59,930		12,138	12,817	18,007	16,968
Container Delivery	170,180	177,290		35,972	35,121	56,485	49,712
Container Supply	447,320	466,020		92,086	103,596	148,614	121,724
Admitted Body Pension Costs							
Base pension cost	60,380	60,380				60,380	
Incremental pension cost	8,620	8,620		1,746	1,843	2,590	2,441
Depot Costs	186,040	186,040		37,680	39,787	55,900	52,673
Village Halls	5,500	5,500			5,500		
Inter Authority Transfers							
Transfer Station Offset Cost	321,050	330,680	330,680				
Payment in lieu of Recycling Credits	2,464,740	2,538,740	2,538,740				
Third party Recycling Credits	28,260	29,110	29,110				
Advance Payment Saving	- 31,900	- 31,900		- 6,461	- 6,822	- 9,585	- 9,032
Lease Repayments - Sort It Plus Vehicles	262,430	262,430		58,580	47,800	87,160	68,890
Total direct expenditure	48,054,796	49,192,905	28,251,500	4,266,041	4,363,120	6,363,572	5,948,672
Income							
Kier Discount all Districts on SP5	- 80,000	- 80,000		- 16,203	- 17,109	- 24,038	- 22,650
Kier Secondment Saving	- 43,750	-		-	-	-	-
Wilton Transfer Offset	- 321,050	- 330,680		- 66,975	- 70,719	- 99,361	- 93,625
District Recycling Credits	- 2,464,740	- 2,538,740		- 534,913	- 509,271	- 781,170	- 713,386
Total income	- 2,909,540	- 2,949,420	-	- 618,090	- 597,100	- 904,569	- 829,661
Total net expenditure	45,145,256	46,243,485	28,251,500	3,647,950	3,766,020	5,459,003	5,119,011
Budgets 18/19		45,145,256	28,063,400	3,463,461	3,609,494	5,166,003	4,842,898
Total variance			188,100	184,489	156,526	293,000	276,113

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Somerset Waste Board meeting
15 February 2019
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:	SWB/18/10/03
Summary:	This report summarises progress in procuring a new collection contractor (and hence delivery of Recycle More).
Recommendations:	It is recommended that the Board notes the progress made in procuring a new collection contract, in particular the reason for the change in date of the March Board meeting, and the proposed contingency plan should there be any further delay to the procurement programme.
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:	<p>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. Collection Contractor staff will TUPE transfer to the new contractor.</p> <p>On Thursday 2 May 2019 elections will be held for all of the District Councils in Somerset. This will include the elections to the new Somerset West and Taunton Council, which will replace the</p>

	current Taunton Deane and West Somerset Councils from 1 April 2019. The pre-election period starts on Monday 18 March and will run until Election Day on Thursday 2 May. Advice from community governance has been taken and reflected in the proposed decision-making timetable set out in paragraph 3.1.
Equalities Implications:	An Equalities Impact Assessment was undertaken when the Board approved Recycle More, and SWP updated this ahead of the procurement. It will be updated and provided to the Board when they are making a final decision on the preferred contractor in March 2019.
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. The procurement implications of potential Brexit scenarios have been considered, though clearly there are wider risks to SWP from Brexit.

1. Background

- 1.1. A progress report on the procurement of a new waste and recycling collection contractor was presented to the Board in December 2018, and in confidential session the Board approved the approach to the dry recycling risk share mechanism consistent with a 50/50 risk sharing principle, and delegated authority to the Managing Director to finalise the mechanism. The mechanism has been finalised in line with the approach discussed with the board. Through discussion in dialogue sessions all Bidders are content with the proposed risk share mechanism.

Recognising SWP's commitment to improving environmental outcomes, the Board also agreed in December 2018 to establish a 'Somerset Waste Enhanced Environmental Performance' fund (SWEEP). This will be jointly funded by SWP and our future collection contractor through a top-slice of 2% of the recycling income due to partners and 2% due to the contractor – around £140,000 each year. The fund will deliver behavioural change work within Somerset with the objective of increasing reuse and recycling of municipal waste and achieving the environmental improvements associated with increased recycling and reuse. A Joint Management Board (involving contractor senior managers and SWP officers and members) will oversee the fund and monitor the impact and cost effectiveness of activities undertaken. This is in addition to the social value expectations that SWP already had through this procurement exercise.

2. Progress since the last update

- 2.1. The planned dialogue sessions held before Christmas with bidders focussed on resolving the remaining issues necessary to ensure that all bidders could submit value for money bids. This included ensuring all parties were comfortable with a small number of remaining legal issues and further consideration of some of the issues in relation to Depots. The focus of SWP officer work has accordingly been finalising the suite of contractual documents which it was intended to circulate in early January 2019. The finalisation of drafting, in particular related to the depot

works rather than the waste services elements of the contract, necessitated expert external legal advice and took longer than anticipated. Concluding this work, sharing it with bidders, and scheduling an additional dialogue session with bidders in late January means that SWP were not in a position to close dialogue and issue final tender documents until 30 January

3. Next Steps

- 3.1.** The additional work necessary on the contractual documents means that it is no longer possible to have completed the evaluation and moderation of bids ahead of the planned 15 March Somerset Waste Board meeting. Accordingly, a number of changes to the timetable have been made, and it is proposed to reschedule the 15 March Board meeting to 29 March. It is expected that at this meeting the board will be in a position to appoint a preferred bidder, exactly as was planned for the 15 March meeting. The identity of the preferred bidder will not be made public at that point, because we will then enter the contractual standstill period before we can award the contract and publicly announce the successful bidder, expected to be in mid-May. Consultation with SCC Community Governance has confirmed that this decision can be taken in the District Council pre-election period because it is part of a planned contract award, there will be no public announcement until after the contractual standstill period, and because all of the key political decisions have already been taken, i.e. to outsource, to agree recycle more, the approach to sharing risks, and to agree the target level of savings.

The timetable to complete evaluation and moderation in time to publish board papers ahead of the 29 March meeting is incredibly tight. Any further delays or unforeseen issues arising will mean that the Board may not be in a position to take a decision to appoint a preferred contractor on 29 March. Should this risk arise, then the fall-back option is that the Board will be updated on where we have got to in the evaluation process and will be asked to delegate decision making to the SWP Managing Director (in consultation, for example with the Chair and Vice-Chair) to select a preferred bidder, providing it is compliant and affordable. Whilst an undesirable fall-back option, if there is further delay then this may be the only option to ensure a smooth mobilisation and service commencement because:

- we cannot realistically schedule a SWB meeting after 1 April as no members from TDBC or WSDC will be able to attend (in effect those authorities do not exist from 1 April), and no members for the new authority will be in place until after elections to Somerset West and Taunton Council on 2 May
- Delaying a decision until after District Council elections would realistically mean that a decision could not be taken until the 28 June Board meeting, as it will take time for each partner authority to confirm its waste board members. Such a delay would have consequences for the mobilisation period (for example when orders for new vehicles could be placed) and hence put the effective handover of services from Kier to a new contractor in 2020 at risk.

Meetings of the member New Service Task and Finish Group (non-decision making), and partner officers (through both the Strategic Management Group and meetings of s151 officers) will be scheduled for 22 March ahead of finalisation and circulation of a confidential decision paper to the SWB ahead of the 29 March meeting. The timetable going forward is as follows:

Phase	Time	Comments
Invitation to submit final tenders (ISFT)	30 Jan 2019	Publication of final specification reflecting the previous stages of the process
Deadline for submission of final tenders	27 Feb	This gives bidders the same amount of time that they previously had to finalise their tenders, and all bidders are aware of the proposed timeline
Evaluation & moderation of final tenders	To 21 March	This includes all activity necessary to identify the most economically advantageous tender. This timetable has already been reduced to the minimum viable period.
Partner meetings	22 March	Meetings with task and finish group, SMG and s151 officers ahead of sharing confidential paper with SWB
SWB decision on preferred contractor (confidential)	29 Mar	Affordability considerations will be key to the Board, and an Equality Impact Assessment will be part of the decision papers. A public paper will put as much information in the public domain as is possible, but this will not include information specific to individual bidders. Following the board decision bidders will be notified of the outcome and the standard contractual standstill period will be undertaken.
Public announcement of contract award	13 May	Expected date of public announcement of new contractor. Clearly if there are any concerns over the affordability of the bids then this may be delayed. Further clarity on borrowing may be required ahead of contract award.
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.

4. Background papers

- 4.1.** Report to SWB “Recycle More” 16th December 2016.
- 4.2.** 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.
- 4.3.** SWP Business Plan 2018-23 Approved by SWP on 15th December 2018.
- 4.4.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 23 February 2018
- 4.5.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 29 June 2018
- 4.6.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 28 September 2018

- 4.7.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 2 November 2018, Confidential Report to SWB “Recycle More & Collection Contract Procurement: Consideration of ISDS submissions and approach to final tender specification” 2 November 2018.
- 4.8.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 14 December 2018, Confidential Report to SWB “Recycle More & Collection Contract Procurement: Consideration of ISDS submissions and approach to final tender specification” 14 December 2018.

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Somerset Waste Board and Somerset Waste Partnership Forward Plan of Key Decisions

The Somerset Waste Board and Waste Partnership are required to set out details of planned key decisions at least 28 calendar days before they are due to be taken. This forward plan sets out key decisions to be taken at Waste Board meetings as well as individual key decisions to be taken by an Officer. The very latest details can always be found on our website at:

<http://democracy.somerset.gov.uk/mgListPlans.aspx?RPId=196&RD=0>

Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 defines a key decision as an executive decision which is likely:

(a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates; or

(b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.

Waste Board meetings are held in public at County Hall unless the Board resolve for all or part of the meeting to be held in private in order to consider exempt information/confidential business. The Forward Plan will show where this is intended. Agendas and reports for Board meetings are also published on the County Council's website at least five clear working days before the meeting.

Individual key decisions are shown in the plan as being proposed to be taken within a ten day period, with the requirement that a report setting out the proposed decision will be published on the County Council's website at least five working days before the date of decision. Any representations received will be considered by the decision maker at the decision meeting.

In addition to key decisions, the forward plan set out below lists other business that is scheduled to be considered at a Board meeting during the period of the Plan, which will also include reports for information. The Plan is updated on a weekly basis and the latest version is published on the Council's website usually on a Monday (except where this is a bank holiday). Where possible the Board will attempt to keep to the dates shown in the Plan. It is quite likely, however, that some items will need to be rescheduled and new items added as new circumstances come to light. Please ensure therefore that you refer to the most up to date Plan.

For general enquiries about the Forward Plan:

- You can view it on the County Council's website at <http://democracy.somerset.gov.uk/mgListPlans.aspx?RPId=196&RD=0>
 - You can arrange to inspect it at County Hall in Taunton.
 - Alternatively, copies can be obtained from Scott Wooldridge or Julia Jones in the Community Governance Team by telephoning (01823) 359027 or 357628.

To view the Forward Plan on the website you will need a copy of Adobe Acrobat Reader available free from www.adobe.com
Please note that it could take up to 2 minutes to download this PDF document depending on your Internet connection speed.

To make representations about proposed decisions:

Please contact the officer identified against the relevant decision in the Forward Plan to find out more information or about how your representations can be made and considered by the decision maker.

The Agenda and Papers for Somerset Waste Board meetings can be found on the County Council's website at:
<http://democracy.somerset.gov.uk/ieListMeetings.aspx?CId=196&Year=0>

Weekly version of plan published on 4 February 2019

FP Refs	Decision Date/Maker	Details of the proposed decision	Documents and background papers to be available to decision maker	Does the decision contain any exempt information requiring it to be considered in private?	Contact Officer for any representations to be made ahead of the proposed decision
SWB/18/12/01 First published: 7 December 2018	15 Feb 2019 Somerset Waste Board	Issue: Annual Budget 2019/20 Decision: To consider the report			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823 625707
SWB/18/10/03 First published: 15 October 2018	15 Feb 2019 Somerset Waste Board	Issue: Recycle More Project Update Decision: To consider the report		Part exempt	Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823 625707
SWB/19/01/04 First published: 22 January 2019	15 Feb 2019 Somerset Waste Board	Issue: Resource and Waste Strategy Decision: To consider the report (information only)			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823 625707
SWB/19/01/02 First published: 7 January 2019	15 Mar 2019 Somerset Waste Board	Issue: Performance Update Q3 2018/19 including risk and health & safety update Decision: To consider the report			David Oaten, Contracts Manager - Treatment and Infrastructure Tel: 01823 625721
SWB/18/12/02 First published: 7 December 2018	15 Mar 2019 Somerset Waste Board	Issue: Recycle More Preferred Bidder Decision: To consider the report			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823 625707
SWB/19/01/01 First published: 7 January 2019	15 Mar 2019 Somerset Waste Board	Issue: Finance Update 2018/19 Decision: To consider the report			Sarah Rose, Finance Manager Tel: 01823359643

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FP Refs	Decision Date/Maker	Details of the proposed decision	Documents and background papers to be available to decision maker	Does the decision contain any exempt information requiring it to be considered in private?	Contact Officer for any representations to be made ahead of the proposed decision
SWB/18/12/03 First published: 7 December 2018	28 Jun 2019 Somerset Waste Board	Issue: Financial Outturn and use of balances 2018/19 Decision: To consider the report			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823 625707
SWB/18/12/04 First published: 7 December 2018	28 Jun 2019 Somerset Waste Board	Issue: Performance Outturn 2018/19 Decision: To consider the report			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823 625707
SWB/18/12/05 First published: 7 December 2018	28 Jun 2019 Somerset Waste Board	Issue: Constitutional matters and 2019/20 Board membership and meeting dates Decision: To consider the report			Scott Wooldridge, Strategic Manager Governance & Risk and Council's Monitoring Officer Tel: 01823 359043
SWB19/01/03 First published: 22 January 2019	28 Jun 2019 Somerset Waste Board	Issue: Recycling Site Van & Trailer Permit Review Decision: To consider the report			Terry Richards, Somerset Waste Partnership - Senior Operations Officer Tel: 01823625724