

# Joint Scrutiny Panel of Somerset Waste Board

Monday 23 July 2018

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



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

Cllr Aldridge, Cllr P Bradshaw, Cllr N Cottle, Cllr C Goodall, Cllr Gunner, Cllr M Lewis, Cllr L Leyshon, Cllr D Loveridge, Cllr Parbrook, Cllr L Perry, Cllr A Sully and Cllr M Wale

Issued By Julian Gale, Strategic Manager - Governance and Risk - 13 July 2018

For further information about the meeting, please contact Lindsey Tawse on 01823 355059, [ltawse@somerset.gov.uk](mailto:ltawse@somerset.gov.uk) or or Jamie Jackson on 01823 359040, [jajackson@somerset.gov.uk](mailto:jajackson@somerset.gov.uk)

Guidance about procedures at the meeting follows the printed agenda.

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

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



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# AGENDA

Item Joint Scrutiny Panel of Somerset Waste Board - 10.00 am Monday 23 July 2018  
**\*\*Public Guidance notes contained in agenda annexe\*\***

1 **Apologies for absence**

2 **Declarations of Interest**

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

3 **Minutes from the previous meeting held on 08 March 2018**

The Committee is asked to confirm the minutes are accurate.

4 **Public Question Time**

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

5 **SWP Board Governance** (Pages 5 - 8)

To receive the report.

6 **Finance** (Pages 9 - 26)

To receive the report.

7 **Performance** (Pages 27 - 38)

To receive the report.

8 **Recycle More** (Pages 39 - 46)

To receive the report.

9 **SWP Risk Update** (Pages 47 - 54)

To receive the report.

10 **SWP Vision and Strategy** (Pages 55 - 62)

To receive the report.

11 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

# Agenda Annexe

## Guidance notes for the meeting

### 1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Lindsey Tawse on Tel: (01823) 355059 or 357628 or Email: [ltawse@somerset.gov.uk](mailto:ltawse@somerset.gov.uk) They can also be accessed via the council's website on [www.somerset.gov.uk/agendasandpapers](http://www.somerset.gov.uk/agendasandpapers)

### 2. Members' Code of Conduct requirements

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

### 3. Minutes of the Meeting

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

### 4. Public Question Time

**If you wish to speak, please tell Lindsey Tawse the Committee's Administrator - by 12 noon the (working) day before the meeting.**

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

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

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

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

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

## **5. Exclusion of Press & Public**

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

## **6. Committee Rooms & Council Chamber and hearing aid users**

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

## **7. Recording of meetings**

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

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

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

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

## **JOINT SCRUTINY PANEL OF SOMERSET WASTE BOARD**

Minutes of a Meeting of the Joint Scrutiny Panel of Somerset Waste Board held in the Monmouth House, Taunton, TA1 2PX, on Thursday 8 March 2018 at 10.00 am

**Present:** Cllr Aldridge, Cllr P Bradshaw, Cllr C Goodall, Cllr Gunner, Cllr M Lewis, Cllr D Loveridge, Cllr L Perry, Cllr A Sully and Cllr M Wales

**Apologies for absence:** Cllr N Cottle, Cllr T Lock and Cllr Parbrook

### **12 Declarations of Interest - Agenda Item 2**

There were no declarations of interest.

### **13 Minutes from the previous meeting held on 11 December 2017 - Agenda Item 3**

The minutes of the meeting on 11 December 2017 were accepted as being accurate by the Panel.

### **14 Public Question Time - Agenda Item 4**

There were no public questions.

### **15 Recycle More & Collection Contract Procurement Update - Agenda Item 5**

The Panel received a report from the Managing Director, Somerset Waste Partnership (SWP), which updated Members on the progress in procuring a new collection contractor to deliver the Recycle More contract. The current contract with Kier will end 18 months early, allowing Recycle More to begin from March 2020.

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.

SWP has a full suite of advisors engaged in the project. Enomia Research and Consulting have been retained to provide commercial and technical advice throughout the procurement process. Procurement, legal and financial advice is being provided by relevant experts from SCC (SWP's administering authority). Together with SWP officers and Adrian Gardner (SDC), these form the project team. The Strategic Management Group (one senior officer from each partner) is acting as a project board, with a Member New Service Task and Finish Group providing a political steer. The project timetable remains on track but, as previously indicated, it remains very tight.

SWP held a number of one-to-one soft market engagement sessions in November and December in order to gauge the likely level of interest from the market, seek their views on our proposed approach, and to understand any specific areas of concern or complexity which we may need to explore through

the dialogue phases of the procurement procedure. These sessions proved incredibly valuable, and give SWP confidence in the likely level of market interest and the approach we propose but also highlighted a number of challenging areas we will have to work through in the process. It is evident from the soft market testing that all potential suppliers are becoming more risk averse, and the ripple effect of China's restrictions on low quality recycle imports is creating uncertainty in the market.

A local authority Company remains a contingency plan should suitable bids not be forthcoming from the market. SWP believe that there may be efficiencies from operating services for the west of the county from a single depot rather than continuing to use separate Bridgwater and Taunton depots. SWP are currently working closely with partners to assess a number of sites which may be potentially suitable (although there will be no certainty of whether such a facility is required until final tenders have been received).

The report detailed a timescale for the next phases of work in the procurement process.

The Panel questioned the recycling of batteries and mixed plastics. It was confirmed that it is hoped to collect all types of batteries but to particularly target lithium batteries. Car batteries can be recycled at recycling centres but not at the kerbside. It was clarified that different parts of plastic containers e.g. lids can be made from different polymers to the main body. The Panel raised the adoption of single use plastic policies by some authorities following recent media campaigns and it was agreed to circulate the Plastic Update report from the February Board meeting.

It was clarified that SWP are only responsible for household waste. District Councils are responsible for commercial waste and street bins and they may operate in different ways with regard to recycling waste.

The panel commented that the public need to feel responsible for their own recycling but that they need to be informed and have time to adjust to new policies.

The Panel noted the report.

## 16 **Performance Report Q3 - April 2017 to December 2017 - Agenda Item 6**

The Panel received a report which summarised the key performance indicators for the period from April 2017 to December 2017 compared to the same period in the last two years. Performance is stable with no significant changes to trends.

The Panel also considered a presentation outlining the main findings of an in depth service review of missed collections (called a deep dive). This was carried out as the quarter 2 performance data highlighted missed collections as areas of concern.

The Panel considered the definition of a missed collection, performance data and the causes of missed collections.

Members were informed that the contractor, Kier, has already taken action to improve performance and is developing an action plan to address this further moving forward.

This includes rebalancing rounds, providing training to staff and the recruitment of three new supervisors. SWP are monitoring performance daily with weekly management team review and performance deductions will be applied from April 2018 if there is insufficient progress.

The Panel noted the report.

17 **Any other urgent items of business** - Agenda Item 7

Cllr Mike Lewis agreed to Chair the next meeting, anticipated in July 2018.

**(The meeting ended at 10.55 am to commence a site visit to the Walpole Anaerobic Digester Plant)**

**CHAIRMAN**

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Somerset Waste Board  
29 June 2018  
Report for information

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**Constitutional matters, Waste Board membership and meeting dates 2018/19**

Lead Officer: Scott Wooldridge, Monitoring Officer and Strategic Manager for Governance and Risk

Author: Scott Wooldridge, Strategic Manager for Governance and Risk

Contact Details: 01823 357628

<b>Forward Plan Reference:</b>	SWB/18/03/02
<b>Summary:</b>	The report sets out the Board's meeting dates for 2018/19 together with the County Council, District and Borough Council membership of the Somerset Waste Board from May 2018 to the next Annual General Meeting in June 2019. The report also outlines future constitutional matters for the Waste Board in relation to the future amalgamation of Taunton Deane Borough Council and West Somerset Council.
<b>Recommendations:</b>	<p><b>That the Somerset Waste Board:</b></p> <ol style="list-style-type: none"> <li><b>1. Notes the Board's membership for 2018/19 set out in Section 1.</b></li> <li><b>2. Agrees the Board meeting dates for 2018 and 2019 set out in Section 2.</b></li> <li><b>3. Supports the necessary work to be taken forward by the Administering Authority with partners to review the Constitution and Inter-Authority Agreement as set out in Section 3.</b></li> </ol>

**1. Somerset Waste Board Membership 2018-19**

1.1. The Board membership for 2018/19 is as follows:

**1.2. Mendip District Council**

Nigel Taylor  
Nigel Woolcombe-Adams

**1.3. Sedgemoor District Council**

Dawn Hill  
Gill Slocombe

**1.4. Somerset County Council**

David Hall  
Mike Pullin

**1.5. South Somerset District Council**

Jo Roundell-Greene  
Derek Yeomans

**1.6. Taunton Deane Borough Council**

Patrick Berry  
Hazel Prior-Sankey

**1.7. West Somerset District Council**

Martin Dewdney  
Brenda Maitland-Walker

- 1.8.** The Board is asked to welcome the appointments of Cllr Hazel Prior-Sankey and Cllr Mike Pullin to the Board. Cllr Pullin is a new Junior Cabinet Member and replaces Cllr Clare Aparacio-Paul.

**2. Board meeting dates for 2018 and 2019**

- 2.1.** The Board is requested to approve the following Board meeting dates for 2018 and 2019:

**2.2. 2018**

28 September (Library meeting Room, Taunton Library)

19 October (Sedgemoor Room, Sedgemoor District Council)

14 December (South Somerset District Council)

**2019**

15 February

23 March (reserve meeting)

28 June (AGM)

27 September

6 December

- 2.3.** All meetings to be held at 10am (unless stated otherwise above) and will be held at either Taunton Library meeting room, South Somerset District Council or other district council offices due to refurbishment works at County Hall from September 2018 for approximately 18 months. Agendas and papers will be published five clear working days before the meeting. Details of any proposed key decisions for consideration by the Board are published in advance via the Waste Board's Forward Plan which can be viewed on the County Council's website.

**3. Future constitutional matters for the Board**

- 3.1.** The Board received reports in 2017 regarding the proposed amalgamation of Taunton Deane Borough Council and West Somerset Council. In February 2017 the Board approved a consultation response to the Secretary of State regarding implications for the Somerset Waste Board.
- 3.2.** The Government has now approved the Structural Change Order relating to the

two councils which will lead to the formation of a Shadow Authority during 2018 pending the creation of a new single authority named Somerset West and Taunton in April 2019. Shadow Authority arrangements are designed to manage the transition from two councils into one. The Shadow Authority will consist of all 84 Members of both existing councils and will be an entity in its own right.

- 3.3.** Following the approval to the Structural Change Order, this triggers the need for Somerset Waste Partnership to progress work with Taunton Deane and West Somerset representatives to review the Inter Authority Agreement (IAA). The process for this is set out in clause 20 of the IAA and will result in the dissolution and replacement of the current Partnership and Board to coincide with the creation of the new authority. Further details regarding potential implications and proposed actions in relation to the IAA review are set out elsewhere on the Waste Board's agenda within the Financial Outturn and Use of Balances 2017-18 report.
- 3.4.** In addition to the IAA, there are a number of constitutional implications for the Partnership and the Board as a result of the formation of the new authority:
- The need to revise the membership of the Board to replace references to Taunton Deane and West Somerset councils with the new authority
  - The Board membership will reduce from 12 members to 10 members
  - The new authority will be entitled to two representatives
  - During 2018, in addition to Taunton Deane and West Somerset, the shadow authority will also need to be involved in the development of the 2019/20 Annual Budget and the Business Plan
  - The need to review the scrutiny arrangements and in particular the membership of the Joint Scrutiny Panel
  - Potentially revise the quorum requirements from six members to five members, with the requirement for at least one member from each of three (currently four) different Partner Authorities
- 3.5.** Section 16 of the Board's Constitution outlines that if it is agreed by all of the Partner Authorities that another local authority should be permitted to join the Board, then pursuant to Regulation 11(2)(c) of the 2000 Regulations, the Board shall be dissolved with a view to a new board being established and a replacement constitution on similar terms to the existing Constitution (as varied by agreement of the proposed Partner Authorities) being completed. In view of the Structural Change Order, it is proposed that this work is progressed by the Monitoring Officer for the Administering Authority in liaison with the Monitoring Officers of all partner authorities and a report recommending a new Constitution be presented to the Board during Autumn 2018.

## **4. Background papers**

- 4.1** Waste Board Constitution
- 4.2** Somerset Waste Partnership Inter Authority Agreement
- 4.3** The Somerset West and Taunton (Local Government Changes) Order 2018

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Somerset Waste Board meeting  
 29 June 2018  
 Report for decision

Paper  
 Item No.

**Financial Outturn and the Use of Balances**

Lead Officer: Mickey Green Managing Director and Martin Gerrish, Finance Officer

Author: Martin Gerrish, Finance Officer

Contact Details: [mgerrish@somerset.gov.uk](mailto:mgerrish@somerset.gov.uk) or (01823) 355303

<b>Forward Plan Reference:</b>	SWB/17/03/01
<b>Summary:</b>	<p>Although a change in legislation means that a Joint Committee such as the Somerset Waste Board is no longer required to produce full statutory accounts in accordance with the CIPFA Code of Practice and to undergo a full external audit, it has been agreed by the Board that we would bring a report and summary financial statements to the Annual General Meeting in June.</p> <p>As part of the end of year financial reporting, we ask the Board to approve the proposed use of balances held as at 31<sup>st</sup> March 2018, and an update on the 2 legal claims that are being pursued.</p> <p>Looking forward, the budget for 2019/2020 will be the first that the Board will set that will need to reflect the formation of a new authority to replace Taunton Deane and West Somerset. Work to update our current Cost Sharing Agreement will need to be undertaken ahead of the first draft budget reported back to the Board in September. This report sets out the principles that will underpin this work.</p>
<b>Recommendations:</b>	<p><b>That the Somerset Waste Board: -</b></p> <ol style="list-style-type: none"> <li><b>1. Notes financial outturn position of the Partnership overall and the individual partners' balances at year end, and the summary accounts for 2017/2018 as presented in Appendix A;</b></li> <li><b>2. Confirms the recommendations of the partner authorities, (as summarised in Appendix B), as to the use of the individual surpluses and deficits as at 31st March 2018.</b></li> <li><b>3. Notes the updates on the 2 respective legal claims being made on behalf of the SWB (paragraph 2.6 below).</b></li> <li><b>4. Re-affirms the underlying principles for the necessary amendments to the Cost Sharing Agreement as a result of the formation of a new</b></li> </ol>

	<p><b>authority to replace Taunton Deane and West Somerset (paragraph 2.7 below); and</b></p> <p><b>5. Authorises the Managing Director in consultation with the Senior Management Group to propose detailed changes to the Cost Sharing Agreement ahead of formal Board approval of the changes at the September 2018 meeting (paragraph 2.7 below).</b></p>
<p><b>Reasons for recommendations:</b></p>	<p>The Board, as those charged with governance, need to be aware of the final financial performance of the Somerset Waste Partnership for 2017/2018, and some of the key reasons behind the performance.</p> <p>It is for the Board to confirm recommendations of the partners as to the usage of any useable balances at the end of the financial year.</p> <p>The first draft budget for 2019/2020 will be considered at the September meeting, and reviewing the Cost Sharing Agreement is a necessary pre-requisite to allow a budget for the 5 as opposed to the current 6 partners to be prepared.</p>
<p><b>Links to Priorities and Impact on Annual Business Plan:</b></p>	<p>The request to retain the one-off income obtained from the rental and sale of vehicles ties into the Business Plan objective for implementation of Recycle More. The further request from the County Council to retain some of the underspend within the Partnership is a recognition of the further infrastructure costs that will be needed for the collection-disposal interface.</p>
<p><b>Financial, Legal and HR Implications:</b></p>	<p>If the recommendations in this report are approved, particularly with regard to balances, the impact on each partner is set out in Appendix B.</p> <p>There are no specific legal or HR implications of this report.</p>
<p><b>Equalities Implications:</b></p>	<p>There are no specific equality impacts of this report.</p>
<p><b>Risk Assessment:</b></p>	<p>The risks associated with these recommendations are primarily concerned with a situation where partners withdraw the vehicle income previously set aside. Previous papers brought to the Somerset Waste Board have indicated the need for one-off funds to be available for the implementation of Recycle More, and members have already agreed to retain this income within the Partnership for this purpose.</p>

## 1. Background

- 1.1. The Board set its Annual Budget for 2017-2018 (originally totalling £43,577,620) at its meeting of 24th February 2017. Individual partner contributions, and the income and expenditure that are subsequently charged to each partner, are prescribed within our Cost Sharing Agreement.

Our Annual Budget is predominantly spent on making payments to our main contractors – Viridor and Kier. These payments account for approximately 97% of our expenditure.

- 1.2. A number of assumptions are made in the setting of each Annual Budget, such as the tonnage arising, amounts going through each disposal option, household numbers, inflation, the amount of kerbside recycling achieved for recycling credits and the number of green waste customers. Some of these cost drivers are quite volatile and this will account for the variations from budget reported below.

## 2. Financial performance and options for balances

### 2.1. Summary outturn figures

The table below shows the variations from budget on all our major expenditure areas. **For the avoidance of doubt in the table below, 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	TDB C £'000	WSC £'000	Total £'000
Head Office	(67)	2	2	2	2	1	(59)
Disposal Costs	(1,025)	0	0	0	0	0	(1,025)
Collection - Recycling	0	(6)	(8)	(9)	(7)	(4)	(33)
Collection - Refuse	0	(1)	(1)	(2)	(2)	(0)	(7)
Collection - Garden	0	(1)	(2)	4	30	15	45
Collection Costs	0	3	3	4	6	1	16
Recycling Credits	(20)	13	1	10	1	(4)	0
Container Purchase & Delivery	0	(19)	(0)	(23)	(9)	0	(50)
Other	(7)	(5)	(5)	(15)	(5)	(2)	(40)
	(1,118)	(15)	(12)	(30)	16	6	(1,153)

New Collection Contract costs- funded from the earmarked reserve  
Earmarked reserve (prior years vehicle income)

51
(421)
(1,523)

Overall, if we exclude the in-year spend on the new collection contract, the total Partnership **underspend was £1,153,000** (2.656% of the original budget). This represents an improvement on the December position reported in February

(where we forecast to be underspent by £798,000 or 1.8% of the budget). The reasons for the variances reflect the position previously reported to the Board, and are set out in sections 2.2. and 2.3 below.

## **2.2. Collection variations**

The overall position for District partners has not changed significantly since the last Financial Update to the Somerset Waste Board in February 2018. At that point (Quarter 3), we were forecasting a total overspend of £69,000, (0.42% of the agreed collection budget) compared to a **final outturn underspend of £35,000** (0.21% of the agreed collection budget).

Excluding the garden waste performance, all Districts were underspent. (Members are reminded that the overspend on garden waste costs experienced by most partners are compensated by the income that the relevant District partner receives directly, so the reported overspends on Taunton Deane and West Somerset are effectively netted off).

There were minor changes in Quarter 4 on budget lines that members are familiar with, such as recycling credits and new containers. Final container costs, (which are a variable budget line), reduced slightly in the final quarter (costs down £16,000). Recycling credits improved slightly, and came much closer to budget as a result. At Quarter 3, we were estimating a shortfall of £60,000 across all the Districts combined, which was 2.5% of the recycling credits budget. By year end, this was only a £20,000 shortfall (0.8% of the budget). Looking back, achieving 99.2% of the recycling credits budget is the exactly the same performance against budget as for 2016/2017.

Head Office costs were generally underspent, although there were some additional pensions deficit contributions payable. Smaller savings were achieved across the collection contract, such as vehicle financing c£18,000, depot costs c£6,000 and contract pension payments c£9,000.

The “headline” figure above does not include any drawdown of the earmarked reserve for Recycle More (£421,284), which has been set aside for the project costs as reported in previous Board papers. By the end of the last financial year, £50,678 has been spent on the Recycle More project, leaving a balance of £370,606 for future years.

## **2.3. Disposal variations**

The disposal position improved again during Quarter 4, increasing the underspend on this budget area from £867,000 to £1,118,000 or 4.11% of the budget.

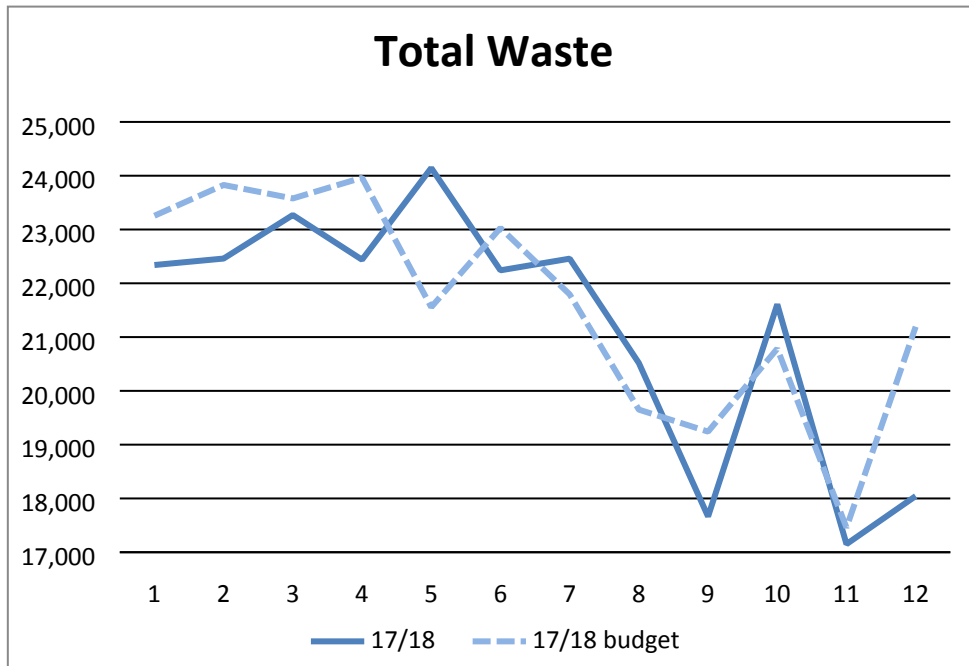
The downwards trend in disposal tonnages has been reported in previous financial and performance updates. This was particularly noticeable with the Recycling Centres, where the full-year effect of the permit system resulted in tonnages under budget in the first few months of 2017/2018. The tonnages then were closer to budget until month 12.

Obviously, the heavy snow during March led to a significant reduction in March at both the Recycling Centres (28% down on the previous year) and on the kerbside

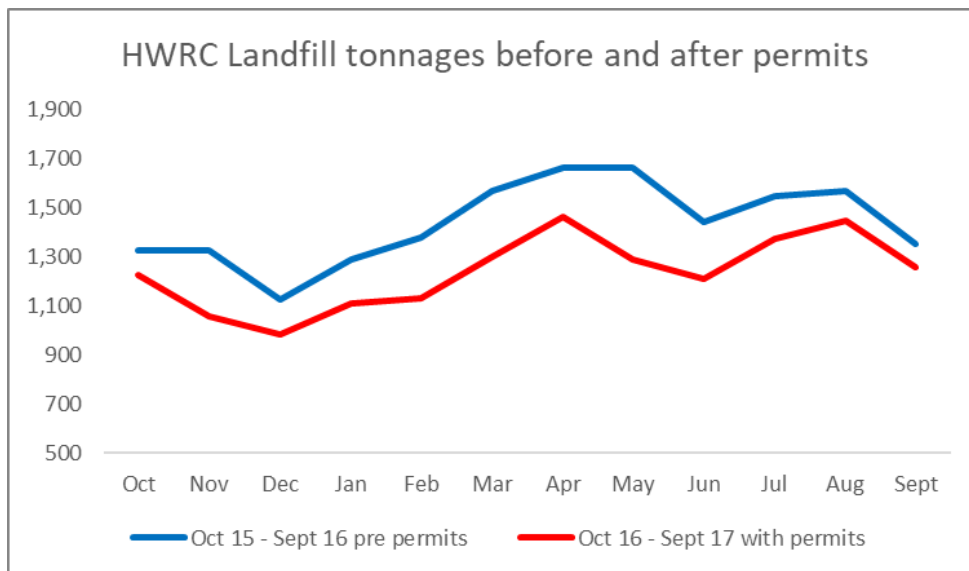


(16% down on the previous year). Tonnage figures to date cannot confirm whether or not there will be a corresponding upturn in the start of this financial year.

The first graph (Total Waste) below illustrates this point.



The graph below shows the impact of the permits over the 12 month period before and after their introduction (landfill tonnages only). This equates to a 14.5% decrease in tonnages.



## 2.4. Use of balances

In setting the Annual Budget for 2017/2018, it was already envisaged that funds would be required to pump-prime changes to the collection service. Recycle More will require a number of one-off pump-priming costs (in addition to any new

vehicles that will be capital financed). The District section 151 officers preferred that the on-going contract inflation be built into the Annual Budget 2017/2018, and it would be the one-off vehicle rental and sale income that could be made available for Recycle More.

Officers have previously reported the need for one-off funding for the Recycle More project, and reports on this project have set out where these costs could fall. Members are asked again to carry forward the rental and sale income from vehicles into the next financial year. The request for the use of District balances in Appendix B is made on this basis. The combined total of this income for the last 3 financial years now stands at £370,606.

Again, it is the officers' intention to bring forward other elements of the Business Plan that may require funding to the Board and when such needs arise.

In addition to the costs and earmarked reserves above, there is an additional request for £246,000 of the County Council disposal underspend to be carried forward within the Partnership. It is requested that this amount is carried forward for Recycle More, where there will be a need for disposal infrastructure such as delivery and tipping points. There is also a need for additional staffing support for the tendering and roll-out phases of the project, which will need one-off funding.

## **2.5. Preparation of financial statements**

Following the change in legislation for our financial years commencing 1st April 2015 and afterwards, and agreements at previous Board meetings, we no longer produce a full set of accounts under the CIPFA Code of Practice, and do not have to host (or pay for) a full external audit. External audit will naturally look at the waste position as part of their audit of the County Council, our Administering Authority. This saves several weeks of Finance time as a result, which has been used to provide further time to support the Recycle More project.

However, summary accounts are still prepared for the Annual General Meeting (Appendix A). These are prepared in accordance with the CIPFA Code of Practice, using standard accounting principles and practice, except that we sometimes provide greater detail for members.

Our Constitution and Inter Authority Agreement set out the earmarked reserves that we maintain for each of the Partners. These reserves and balances are set out in the bottom half of the Balance Sheet (£1,729,801).

In summary, the amounts held by the Partnership are the £1.523m figure referred to above (the underspend in 2017/2018), £0.181m of lease payments (simply a timing difference) and a small balance of £0.025m of West Somerset funding from 2014/2015 that it is not allowed to withdraw from the Partnership under the Sort It Plus funding agreement.

## **2.6. Legal claims**

During 2017/2018, the Board were updated on 2 claims that were being made on its behalf.

The national claim on “fluff” (whereby we contend that landfill tax should not be payable on disposal materials used for engineering purposes) has been the subject of a court ruling since the last Board meeting (Let’s Recycle link included below).

Biffa, Veolia and Devon Waste Management have lost their appeal against HMRC regarding whether black bag waste used as landfill ‘fluff’ is liable for landfill tax. The three companies argued that as the waste was being ‘used’, it was not being deposited as waste and therefore an exception and not liable for landfill tax as outlined in the Finance Act of 1996. Even though the HMRC representative accepted that the waste was “used”, the judge concluded that the court does “not consider the deposit in a landfill cell of black bag waste which is intended to remain there permanently to be one of those exceptions” even if it used to line landfill cells and protect the cell liners.

Biffa will be appealing the decision, but this is a grave blow for the Somerset Waste Partnership’s chances of recovering any money through its own claim.

The truck cartel claim is still being mapped out. The latest position is that the Local Government Association (which is co-ordinating the action of behalf of all interested authorities) has engaged an eminent QC to look at the funding proposals and to see how they could be amended to further protect the interests of participating Authorities. His response is being fed back to the legal firms who are proposed to take action on our behalf.

## **2.7. Cost sharing for the new council**

From April 2019, a new council will be in existence in Somerset, replacing Taunton Deane and West Somerset.

From a Somerset Waste Partnership financial perspective, this will impact on our budget preparation, and in particular on our Cost Sharing Agreement, which calculates individual partner contributions into the pooled budget. There are a number of formulae that split costs amongst collection partners in particular, based on factors such as households, customers and sparsity.

The first draft budget for 2019/2020 will come to the Board at its September meeting, and finance staff will need to have a basis for splitting collection costs in an appropriate manner between 4 as opposed to 5 collection partners.

Initial thoughts amongst finance officers and the Senior Management Group are that the **minimal amount of changes be made at this stage**, not least because there will need to review the whole Cost Sharing Agreement again ahead of Recycle More in April 2020.

Members are asked to agree that the Senior Management Group be tasked with proposing amendments to the Cost Sharing Agreement back to the Board in September.

**It is critical that these changes avoid any cost shunting, and that no authority is better off or worse off as a result of the new council.** The proposals will need to be mindful of the key principles in the Cost Sharing Agreement, and which we have always works to, such as: -

“costs . . . are shared on a fair and equitable basis”  
apportion costs in “the most logical and transparent way possible”  
“being mindful of the need to avoid any one Partner Authority subsidising another”

## **2.8. Capital approvals for Recycle More**

There is an update on Recycle More elsewhere on this agenda. Previously, partners have been willing to fund capital costs (primarily for vehicles) in return for a reduced cost from the contractor, and some have made provisions within their capital programme to do so.

It is still highly probable that this opportunity will still exist and provide a return to investing partners, and that capital monies set aside will still be required.

## **3. Consultations undertake**

- 3.1. The outturn position, use of balances and plans to incorporate the new council in our Cost Sharing Agreement have been discussed with the Senior Management Group.

## **4. Implications**

- 4.1. Should the use of balances be approved, District partners will be paid or be required to pay back the sums as set out in Appendix B.

## **5. Background papers**

- 5.1. **Somerset Waste Board Constitution and Inter Authority Agreement.**  
“**Annual Budget 2017/2018**” from the Somerset Waste Board meeting 24<sup>th</sup> February 2017.  
“**Financial Performance Update 2017/2018 and Final Budget 2018/2019**” from the Somerset Waste Board meeting 23<sup>rd</sup> February 2018.  
BIFFA case <https://www.letsrecycle.com/news/latest-news/waste-firms-lose-latest-landfill-fluff-case>
- 5.2. For any background papers, please contact the report author.

**Appendix A****SOMERSET WASTE PARTNERSHIP**

## Profit and Loss Account

(Period 1 April 2017 - 31 March 2018)

2016/17 £		WDA £	WCA £	Total £	2017/18 £	Notes
	<b>INCOME</b>					
27,007,900	Somerset County Council Contribution	27,211,900		27,211,900		1
3,250,758	Mendip District Council		3,337,570	3,337,570		
3,369,250	Sedgemoor District Council		3,478,809	3,478,809		
4,878,974	South Somerset District Council		4,988,964	4,988,964		
3,311,972	Taunton Deane Borough Council		3,421,569	3,421,569		
1,154,248	West Somerset District Council		1,174,402	1,174,402		
2,350,520	Recycling Credit Payments to Districts		2,403,414	2,403,414		
859,450	Other Income	372,463	414,161	786,624		2
148,344	Vehicle Sales and Rental		24,460	24,460		
113,730	Treasury Management	90,000	49,460	139,460		
	Drawdown from Recycle More reserve		50,678	50,678		
46,445,153		27,674,363	19,343,487		47,017,850	
	<b>EXPENDITURE</b>					
942,601	Staff	432,360	489,108	921,468		3
57,586	Admitted Body Pension Costs		59,510	59,510		
397,197	Admin & Support Costs (Client Group)	170,067	208,557	378,624		4
32,800	Projects	0	75,126	75,126		
8,636,565	Waste Collection - Recycled		8,822,832	8,822,832		
5,749,384	Waste Collection - Refuse		5,829,223	5,829,223		
2,355,539	Waste Collection - Garden		2,459,062	2,459,062		
592,110	Waste Collection - Other		569,408	569,408		
8,949,697	HWRC's	9,092,643		9,092,643		5
1,526,891	Composting	1,722,912		1,722,912		
1,338,864	Food Waste	1,384,385		1,384,385		
11,705,602	Landfill	11,049,004		11,049,004		
296,156	Hazardous Waste	280,929		280,929		
2,371,894	Recycling Credits	2,424,328		2,424,328		6
227,709	Depot Costs		215,437	215,437		
397,074	Container Purchases		398,208	398,208		7
171,573	Container Delivery		181,979	181,979		7
45,749,242		26,556,628	19,308,450		45,865,078	
<b>695,911</b>	<b>OPERATING SURPLUS FOR THE YEAR</b>	<b>1,117,735</b>	<b>35,037</b>		<b>1,152,772</b>	
<b>309,070</b>	<b>Balance unused of Recycle More reserve</b>		<b>370,606</b>		<b>370,606</b>	
<b>1,004,981</b>	<b>Total Surplus for the year</b>				<b>1,523,378</b>	

Notes to the Income and Expenditure Statement

1. Partner contributions are set as part of the Annual Budget approved by the Board prior to the commencement of the financial year in question.
2. Other Income includes depots recharges to Kier, transfers between partners, commercial income for landfill disposal, income received at Recycling Centres and staff time recharged to other Local Authorities. There was one external grant of £7,942 received in 2017/18 from the Department of Business.
3. The Waste Partnership has made a commitment to show Managing Director's remuneration as senior officers' pay is shown as part of the individual accounts of the partner authorities. This is set out in the table below.
4. Under the Inter Authority Agreement, the Waste Partnership buys in a number of support services from the Administering Authority and the South West Audit Partnership where it would not be practical for it to provide the expertise within its staff. This is set out in the table below. Other costs on this line include rent, running costs at Monmouth House and officer's travel.
5. The expenditure shown on the Recycling Centres line includes the costs of providing the sites to the residents of Somerset, and also the disposal of the waste passing through these sites, be it to landfill or to recycling.
6. Recycling credits paid out by the County Council include some to third parties, such as furniture reuse groups. Therefore, this amount will always be slightly higher than the figure paid to District partners, because of these payments.
7. Container costs split by District are shown below.

**Grant Income**

<b>Grant Income</b>	<b>2016/17 £</b>	<b>2017/18 £</b>
Waste and Resources Action Programme (WRAP)	-	-
Department for Communities and Local Government (DCLG)	-	-
Department for Business - WEEE Collection	-	7,942
WEEE Fund Grant	-	-
<b>Total</b>	-	<b>7,942</b>

**Managing Directors' Remuneration**

Post Holder Information	Salary (inc fees and allowances) £	Compensation for loss of office £	Benefits in kind £	Total wages and benefits but not including pension contributions 2016/17 £	Employer's pension contributions £	Total wages and benefits including pension contributions 2016/17 £
Managing Director	86,559.35	-	-	86,559.35	11,685.43	98,244.78

Post Holder Information	Salary (inc fees and allowances) £	Compensation for loss of office £	Benefits in kind £	Total wages and benefits but not including pension contributions 2017/18 £	Employer's pension contributions £	Total wages and benefits including pension contributions 2017/18 £
Managing Director	70,566.00	-	-	70,566.00	10,937.64	81,503.64

**Support Services Costs**

2016/17 £	Support Costs Breakdown	2017/18 £
20,674	Legal	22,230
6,686	Insurance	3,613
81,490	Finance	81,490
10,650	Internal Audit	10,650
69,681	Property Services	69,330
20,483	Other Services (including ICT),	8,352
235	Archiving of Records	275
<b>209,899</b>	<b>Total</b>	<b>195,940</b>

**SOMERSET WASTE PARTNERSHIP**

Balance Sheet as at 31 MARCH 2018

(Period 1 April 2017 - 31 March 2018)

2016/17 £		£	2017/18 £	Notes
	<b>CURRENT ASSETS</b>			
38,069	Inventories		49,695	1
1,524,689	Short Term Debtors & Payments in Advance		8,022,151	2
187,814	Cash and Cash Equivalents		(5,464,381)	
<b>1,750,572</b>			<b>2,607,465</b>	
	<b>CURRENT LIABILITIES</b>			
-	Cash and Cash Equivalents	-		
539,156	Short Term Creditors & Receipts in Advance	877,664		2
-	Provisions	-		3
539,156		877,664		
<b>1,211,416</b>	<b>NET CURRENT ASSETS</b>		<b>1,729,801</b>	
-	<b>LONG TERM ASSETS</b>		-	
-	<b>LONG TERM LIABILITIES</b>		-	
<b>1,211,416</b>	<b>NET ASSETS</b>		<b>1,729,801</b>	
	<b>Usable Reserves</b>			4
628,855	Somerset County Council Reserve	1,117,734		
123,131	Mendip District Council Reserve	136,114		
107,697	Sedgemoor District Council Reserve	122,038		
208,259	South Somerset District Council Reserve	210,856		
98,102	Taunton Deane Borough Council Reserve	94,177		
45,372	West Somerset District Council Reserve	48,882		
<b>1,211,416</b>			<b>1,729,801</b>	
-	<b>Unusable Reserves</b>		-	5
<b>1,211,416</b>	<b>TOTAL RESERVES</b>		<b>1,729,801</b>	



## Notes to the Balance Sheet

1. The only inventory carried by the Waste Partnership is a stock of various bins for the collection service. The balance sheet figure represents the amount of stock not yet distributed to District partners. Partners are not charged for bins until they are ordered and delivered to a household within their area. Stock purchases and issues are set out in the table below.
2. A breakdown of creditors and debtors is shown in the tables below. There are no exceptional items to note, and these represents a typical creditor and debtor list at any point in the year.
3. At the end of the financial year, finance staff consider whether there is any financial risk to the Waste Partnership's figures, and whether a provision is necessary to acknowledge a risk. (A typical provision would be a bad debt provision, if payment of monies owing was considered doubtful). Finance officers are content that no provisions are necessary. The Partnership has only ever experienced a single bad debt in its history, for less than £100.
4. All reserves held by the Waste Partnership are "usable", which means that they are cash reserves and can be applied as the Board and partners see fit. The Use of Balances Appendix B makes a request of the Board members to utilise these balances.
5. "Unusable" reserves would be for accounting adjustments, (such as asset revaluation), and it is unlikely that the Waste Partnership would ever require such reserves.

## **Stock Account**

	<b>Bins &amp; Containers</b>	
	<b>2016/17</b> <b>£</b>	<b>2017/18</b> <b>£</b>
<b>Balance outstanding at start of year</b>	<b>70,065</b>	<b>38,069</b>
Purchases	337,495	374,973
Recognised as an expense in the year	(369,491)	(363,347)
Written off balances	-	-
Reversals of write-offs in previous years	-	-
<b>Balance outstanding at year-end</b>	<b>38,069</b>	<b>49,695</b>

**Creditors and Debtors Analysis**

<b>Debtors and Payments In Advance</b>	<b>Debtor Accruals 2016/17 £</b>	<b>Debtor Accruals 2017/18</b>
<b>Central government bodies</b>	-	
<b>Other local authorities</b>		
Mendip District Council	-	-
Sedgemoor District Council	19,375	-
South Somerset District Council	-	-
Taunton Deane Borough Council	-	-
West Somerset District Council	7,650	7,650
OLA	-	-
<b>NHS bodies</b>	-	-
<b>Public corporations and trading funds</b>	-	-
<b>Other entities and individuals</b>		
Kier	1,392,021	1,451,894
Viridor	94,005	6,550,969
Other	11,638	11,638
<b>TOTAL</b>	<b>1,524,689</b>	<b>8,022,151</b>

<b>Creditors and Receipts In Advance</b>	<b>Creditor Accruals 2016/17 £</b>	<b>Creditor Accruals 2017/18</b>
<b>Central government bodies</b>	-	
<b>Other local authorities</b>		
Mendip District Council	-	-
Sedgemoor District Council	19,000	24,800
South Somerset District Council	18,000	17,000
Taunton Deane Borough Council	-	-
West Somerset District Council	26,136	26,136
Other	-	-
<b>NHS bodies</b>		
<b>Public corporations and trading funds</b>		
Department for Business		13,158
<b>Other entities and individuals</b>		
Viridor	146,798	481,570
Kier	154,130	258,000
Wessex Water	58,000	48,000
Other	117,093	9,000
<b>TOTAL</b>	<b>539,157</b>	<b>877,664</b>

Note : The large figures for Kier and Viridor under Debtor Accruals above are payments in advance we made at the end of March 2018. We do this to get a cashflow discount on the contract price.

**SOMERSET WASTE PARTNERSHIP**

Movement in Reserves Statement (MIRS)

(Period 1 April 2017 - 31 March 2018)

	<b>Balance at 31 March 2016</b> £	<b>Prior year balances repaid</b> £	<b>Current year balances</b> £	<b>Balance at 31 March 2017</b> £	<b>Prior year balances repaid</b> £	<b>Current year balances</b> £	<b>Balance at 31 March 2018</b> £
Somerset County Council Reserves	917,656	(917,656)	628,855	628,855	(628,855)	1,117,734	1,117,734
Mendip District Council Reserves	95,884	12,083	15,164	123,131	(2,207)	15,190	136,114
Sedgemoor District Council Reserves	46,312	52,032	9,353	107,697	2,824	11,517	122,038
South Somerset District Council Reserves	117,150	44,513	46,596	208,259	(27,503)	30,100	210,856
Taunton Deane Borough Council Reserves	75,706	21,914	482	98,102	11,581	(15,506)	94,177
West Somerset Council Reserves	45,506	4,405	(4,539)	45,372	9,773	(6,263)	48,882
<b>Total Earmarked Reserves</b>	<b>1,298,214</b>	<b>(782,709)</b>	<b>695,911</b>	<b>1,211,416</b>	<b>(634,387)</b>	<b>1,152,772</b>	<b>1,729,801</b>

Notes to Movement in Reserves Statement

1. This statement ties up the balances at the end of each financial year on the Balance Sheet, the surplus and deficits in each year from the Income and Expenditure Statement, and the decisions made by the Board to apply such balances. (A positive figure denotes where cash is held or when funds have come into the Partnership, such as an in year surplus. A negative number denotes where a balance is in deficit or where money leaves the Partnership, such as an in year deficit).
2. Columns headed "Current year balances" show the surplus or deficit for a given financial year attributable to each partner.
3. Columns headed "Prior year balances repaid" show where the Board has agreed a recommendation either to repay a partner, or to request it makes good a shortfall, or when it has released funds back to the Partnership to spend on specific projects.
4. West Somerset is not allowed to take balances out of the Partnership under the Board's previous agreement for other partners to support its roll out of Sort It Plus.

**Cash Flow Statement**

2016/17 £			2017/18 £	Notes
695,911	Net surplus or (deficit) on the provision of services		1,152,772	
-	Adjustments to net surplus or deficit on the provision of services for non-cash movements			
(572,971)	Add increase / less (-) decrease in creditors / RIA / Provisions	338,508		
(1,390,632)	Less (-) increase / add decrease in debtors / PIA	(6,497,462)		
31,996	Less (-) increase / add decrease in stocks and Work-in-progress	(11,626)		
(782,709)	Less (-) transfers from / add transfer to Earmarked Reserves	(634,387)		
			(6,804,967)	
(2,018,405)	Net increase or decrease in cash and cash equivalents		(5,652,195)	
2,206,219	Cash and cash equivalents at the beginning of the reporting period		187,814	
187,814	Cash and cash equivalents at the end of the reporting period		(5,464,381)	1,2

Notes to Cash Flow Statement

1. For the purposes of the Statement of Accounts, the contribution from Somerset County Council is shown as a cash inflow into the Somerset Waste Partnership. However, in its' capacity as the Administering Authority, Somerset County does not operate a separate bank account for the Somerset Waste Partnership, and income and expenditure for the Partnership goes through the main Somerset County bank account. Therefore, the Somerset County Council contribution is actually a budgetary allocation, which we treat as a notional cashflow in the accounts.
2. The cash at the end of the reporting period is lower for three reasons. Firstly, this figure is before any decisions that the Board may make in terms of Use of Balances (see Appendix B). Secondly, the debtors figure is much higher as the outstanding money owed to the Partnership has increased significantly. Thirdly, this is dependent on when we have made payments to contractors, i.e. 31<sup>st</sup> March or 1<sup>st</sup> April (as above). The negative cashflow position as at 31<sup>st</sup> March 2018 denotes that the Partnership had taken more from the County Council bank account than it had put in at the end of the financial year.

**Appendix B****Partners' recommendations for use of individual surpluses and deficits**

All District partners	To retain within the Somerset Waste Partnership the £370,606 balance of prior year unbudgeted income from the sale or rental of our aged refuse fleet for Recycle More.
Mendip DC	To return the remaining balance of £15,190 to the Partnership.
Sedgemoor DC	To return the remaining balance of £11,517 to the Partnership.
South Somerset DC	To return the remaining balance of £30,100 to South Somerset DC.
Taunton Deane BC	To repay the remaining balance of £15,506 to the Partnership.
West Somerset DC	To repay the remaining balance of £6,263 to the Partnership.
Somerset County Council	To request of the County Council that the following balances are retained within the Partnership:- <ul style="list-style-type: none"> <li>• £246,000 for one-off disposal costs associated with the roll-out of Recycle More, such as delivery and tipping points, plus additional staffing support.</li> <li>• To return the balance of £871,734 to the County Council.</li> </ul>

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Somerset Waste Board meeting  
29 June 2018  
Report for information

Paper  
Item No.

Performance Report - April 2017 to March 2018

Lead Officer: David Oaten, Contracts Manager – Treatment & Infrastructure

Author: John Helps, Performance Monitoring Officer

Contact Details: 01823 625705

<b>Forward Plan Reference:</b>	SWB/FP/18/03/04
<b>Summary:</b>	This report summarises the key performance indicators for the period from April 2017 to March 2018 and compares these to the same periods in 2015-16 & 2016-17. It also updates the board on the current kerbside collection service performance issues, the actions being taken to address these issues, and the changes proposed to the way we report performance in the future.
<b>Recommendations:</b>	<b>That the Somerset Waste Board notes the tonnage and performance results for the financial year 2017-18, the current kerbside collection service performance issues, the actions being taken to address these issues, and the changes proposed to future performance reporting.</b>
<b>Reasons for recommendations:</b>	Report for information only.
<b>Links to Priorities and Impact on Annual Business Plan:</b>	Transparency – Publishing Key Performance Indicators
<b>Financial, Legal and HR Implications:</b>	Report for information purposes only.
<b>Equalities Implications:</b>	Report for information purposes only.
<b>Risk Assessment:</b>	The risk of service degradation ahead of early termination of the collection service contract has been a key risk monitored through the SWP risk register.

## 1. Background

- 1.1. Reports with a full range of key performance indicators for services managed by Somerset Waste Partnership are presented to the Board in December (Quarter 2 performance) and June (Outturn performance).

## 2. Performance Findings

2.1. Headline figures to note for April to March 2018 compared to the same period in 2016-17 are shown in the table below.

National Indicators	Result	% Change	Appendix	Lines
Residual waste per household (NI 191) - kg/hh	479.72	-1.74%	<b>A1</b>	(39)
Recycling & reuse rate (NI 192) - %	52.28%	-0.45%		(40)
Waste landfilled (NI 193) - %	46.10%	0.22%		(41)
Waste Streams	Tonnes	% Change		
Total Reused, Recycled & Composted	133,309	-2.41%		(24)
Residual Landfilled	116,900	-0.95%		(27, 30, 31)
Recovery	4,991	4.15%		(28, 29, 32)
Total Household Arisings	254,985	-1.57%		(33)
Total Commercial Arisings	5,650	4.72%		(25, 35)

Kg/hh Headlines	Kg/hh	kg/hh + / -	Appendix	Lines
Garden Waste	172.21	-1.95	<b>A2</b>	
Recycled	276.33	-10.04		
Residual Landfilled	479.72	-3.12		
Total Household Arisings	1005.30	-16.09		

Missed Collections	No.	% Change	Appendix	Lines
Refuse	7,787	24.23%	<b>B1</b>	
Garden Waste	5,040	6.73%		
Recycling & Food	13,907	9.87%		
Repeat Missed Collections	5,837	26.10%		

Flytips	No.	No. + / -	Appendix	Lines
Total No.	4,662	-226	<b>B2</b>	

2.2. The headline tonnage figures, shown in Appendix A1, reflect a period where tonnages have continued to decline – a 1.57% (-4,080 tonnes) decrease in overall household waste arisings (line 33). Key points are:

- **2.41% (-3,287 tonnes) decrease in household waste reused, recycled and composted (line 24).** Key drivers for this are:
  - The amount of garden waste treated during this period at the recycling sites and at kerbside decreased by 1.12% (-495 tonnes - line 10),
  - A continued drop in the amount of paper collected, with a decrease of 7.58% (-865 tonnes - line 19),
  - A reduction in the quantity of wood recycled with a decrease of 5.42% (-333 tonnes – line 23),
  - A drop in the weight of sweepings that were recycled 9.65% (-740 tonnes – line 22),
  - A 4.76% (-250 tonnes) decrease in non packaging scrap metal (line 15),



- A 1.23% (-227 tonnes) decrease of food waste collected from households (line 7),
  - Water based paint recycling continues to show strong growth, with an increase of over 300% this year at 197 tonnes (line 18).
  - A decrease of 1.74% (-8.47 kg/hh) in residual household waste (line 39) and a 0.85% (-997 tonnes) decrease in household waste landfilled (line 34). Key drivers for this are:
    - Significantly, in light of the implementation of the permit scheme a 6.94% (-1,113 tonnes) reduction of residual waste sent to landfill from the recycling sites (line 31) and,
    - Also an insignificant increase of 0.01% (11 tonnes) of residual waste sent to landfill collected from the kerbside (line 30), suggesting that the majority of material displaced from the recycling sites has not been presented for collection.
- 2.3.** Appendix A2 shows that Somerset households produced less waste, when compared to 2016-17, with a reduction of 16.09 kg/hh, bringing the total waste arisings to 1,005.30 kg/hh. The majority of this decrease occurred at the recycling sites. Also of note is a slight drop in garden waste of 1.95 kg/hh, with a total of 172.21 kg/hh. This total is made up with an increase in kerbside collections of 2.40 kg/hh to 75.70 kg/hh, and a decrease at recycling sites of 4.35 kg/hh, a total of 96.51 kg/hh.
- 2.4.** Appendix A3 shows a total reduction of material through the recycling sites of 2,615 tonnes. There was a loss of 507 tonnes of dry recycling and 1,104 tonnes of garden waste, as well as decreases of 1,127 tonnes of residual waste, 97 tonnes of hardcore & soil and an increase of 220 tonnes of wood sent for recovery. The majority of these reductions are still thought to be related to the permit scheme.
- 2.5.** Appendix A3 also shows that the average recycling rate across the network is over 77% with only one site not exceeding a rate of 72%. The lowest performing site at 69.14% being Frome and the highest performing at 86.00% being Chard.
- 2.6.** Visits across the recycling site network have decreased of 25,330 (-1.54%), with 1,615,173 visits in the full year April to March. Again this is thought to be permit related. Key points to note are:
- The sites showing the biggest decreases in visitor numbers are Chard with a reduction of 8,168 (-5.59%), Taunton reduced by 7,934 (-3.03%) and Frome down by 6,442 (-5.84%).
  - Some sites actually saw an increase in visits, including Cheddar up by 10,007 (23.98%), Street an increase of 1,721 (2.03%) and Wells up by 486 (0.55%). The figure for Cheddar has been verified (as it is a very significant change in usage) and further work will be undertaken to determine the step change in visitor numbers at this site.
- 2.7.** Missed collections are an area of particular concern at the moment. Monitoring of contractor performance for missed collections continues as a priority to ensure levels do not return to those seen in previous years:
- Appendix B1 shows quarterly missed collection data for refuse, dry recycling/food and garden waste. Performance is measured by reported

'misses per 1,000 collections' as indicated on the charts. For most service areas, the level appears to be generally worse for 2017-18, compared to the same period in 2016-17. The exceptions to this are refuse collections for West Somerset, which are broadly the same and garden waste which show a slight overall improvement. Additionally recycling collections for South Somerset show a slight overall improvement.

- In February a deep dive on missed collections was reported to the board. This identified that, beneath the headline figures, there was a particularly unacceptable level of performance on missed assisted collections, garden waste, repeat missed collections and the speed with which missed collections are rectified. The actions Kier have taken to date have not led to sufficient progress – indeed performance has worsened in some cases. Whilst there are mitigating circumstances (e.g. the bad weather experienced in Q4) and valid reasons for some of this (e.g. the time it takes after making round changes in Sedgemoor before improvement is realised) this is not acceptable. The mitigating circumstances means that the deadline previously agreed with Kier before performance deductions will be imposed has been extended from the end of April to the end of May.
- More worryingly, there has been a degradation in the quality of service in a number of other aspects of the collection service contract – in particular in the collections for communal properties, the schools service and container delivery. Communal properties have seen significant delays in responding to missed collections, partly as a result of staff shortages within Kier. The risk of service degradation has been a key risk SWP have been monitoring ahead of early termination of our collection contract with Kier. Accordingly these service issues have been escalated by SWP to Director level at Kier. Kier have provided SWP with a written action plan and a weekly director level conference call has been put in place (in addition to the business as usual service monitoring) to track progress against this action plan. A verbal update will be provided to the Board at the meeting on the latest position.

**2.8.** Appendix B2 shows that the numbers of reported flytips across Somerset continue to decrease slightly compared to 2016-17. In Quarters 1 – 4, the total number of flytips has reduced by 226 (-4.62%). There were decreases in the numbers reported all districts, with the exception of Sedgemoor. It is worth remembering that whilst we report fly tipping numbers as part of this Board report, the Waste Partnership has little control or influence over the numbers being shown as the statutory function to manage fly tipping events still rests with the partner District authorities.

**2.9.** By material type, the major contributors to this reduction were other household waste, down 129 incidents (-5.60%), black bags - commercial, down 72 incidents (-66.06%), white goods, down 58 incidents (-20.79%) and other electrical, down 50 incidents (-37.31%). Unfortunately, there was an increase in the number of incidents reported as black bags - household, which amounted to an extra 128 (22.86%), tyres an additional 70 (22.01%) and other (unidentified), up 20 (26.67%) .

### 3. Future approach to performance reporting

- 3.1. In December 2017 the board endorsed the approach to incrementally improve the way we report performance. This included undertaking deep dives (the missed collection deep dive in February being the first such analysis), improving the alignment with the business plan (as this sets out the actions we are taking to improve performance) and bringing performance reporting together so that it gives a more rounded picture of performance.

It remains our intention to implement changes to the way we report performance to the board for the 18/19 financial year – with the first revised report being in September (when we present the first data for 2018/19). A further deep dive has not been undertaken for the June Board as our priority is to address the missed collection performance issues identified in February (as explained more fully in paragraph 2.7). A deep dive on participation in our recycling services and waste composition is proposed for the September Board meeting.

It is proposed that future board performance reports will provide:

- A very visual/at a glance way of reporting the performance metrics that matter most and which can be more easily understood by a wider audience (an approach used effectively by Dorset Waste Partnership)
- A dashboard which gives a rounded view of performance, including:
  - bullet point summary of areas of concern and areas of success
  - a traffic light (red/amber/green) status of actions within the three areas of the business plan (action on waste prevention, reuse, recycling and recovery; building capability; maintaining services and operational effectiveness) with the rationale for variances and a brief summary of progress on key projects
  - reporting on key metrics related to finance and risk, performance and environmental impact, customers and communications, workforce and partnership (with detailed reports as currently provided appended to the dashboard)
- A single performance report:
  - bringing together the currently separate performance, risk and health and safety reports.
  - Whilst headline analysis of key financial metrics will be included within this report, a separate finance report will continue to be produced given the significance to all partners of this
  - data related to communications and customers (complaints and service quality issues) will also be covered in this report, reflecting the importance of customer service in the proposed revised vision. This will include an annual survey of attitudes of people in Somerset to recycling (which Viridor are undertaking on our behalf at no cost, so we can benchmark results against others)
- It is proposed that further improvements will be made to performance reporting as a result of the work SWP propose to do on our strategy, and as a result of the national Resources and Waste strategy expected in the autumn. This is likely to include moving towards metrics which give a better assessment of our environmental impact than current weight based targets.

## **4. Consultations Undertaken**

- 4.1.** Consultation on findings in this report have been undertaken with SWP's Senior Management Group (officer representatives from partner authorities) and with SWP's Senior Management Team.

## **5. Implications**

- 5.1.** Whilst the performance report is normally for information only, the issues around service quality (in particular missed collections) have potentially significant implications:
- Customer dissatisfaction: If the service degrades further then we potentially risk losing the goodwill of the public in Somerset. We ask a lot of the public in Somerset so it is crucial that we fulfil our 'contract' with them to pick their recycling and refuse up on time, leave their environment tidy and resolve issues quickly and effectively. This will be particularly important as we implement the new service model and encourage and enable people to recycle even more.
  - Reputational damage: If service quality is not at an acceptable level then there is a risk for reputational damage for SWP, partner authorities and Kier. This could impact upon our effectiveness in working to change public behaviours.

## **6. Background papers**

- 6.1.** No background papers referenced for this report.
- 6.2.** The following appendices show 2017-18 performance, compared to 2016/17:
- Appendix A1 – shows tonnage by material type as well as the former key national performance indicators, for the Partnership, arranged in alphabetical commodity order and showing 3 comparative years.
  - Appendix A2 – shows headline kg per household performance, split between 'Collection Services' and 'Recycling Sites', with a combined Somerset Waste Partnership result.
  - Appendix A3 – indicates the weight and variation from 2016-17 of waste and recycling through the recycling sites, as well as the site recycling rates and total number of recycling site visitors.
  - Appendix B1 – shows the level of missed collections compared to all periods in 2016-17, as well as the level of repeated missed collections.
  - Appendix B2 – shows the level of reported flytips, broken down by waste type and District across Somerset.

## Tonnage Comparisons for April - March 2017-18 compared with the same periods in 2015-16 &amp; 2016-17

Material & Source	Tonnage Comparisons				
	April - March			Weight Variance	Percentage Variance
	2015-16	2016-17	2017-18		
1 Batteries	160	159	163	5	3.07%
2 Bric-a-brac (Reuse)	529	434	375	-59	-13.49%
3 Cans	2,162	2,117	2,251	134	6.33%
4 Cardboard	15,055	11,432	11,091	-341	-2.98%
5 Clothes and Shoes	1,922	1,894	1,903	9	0.48%
6 Cooking Oil	14	9	19	10	115.49%
7 Food Waste	17,913	18,456	18,229	-227	-1.23%
8 Fridges and Freezers	886	983	961	-21	-2.17%
9 Furniture	262	272	250	-22	-8.25%
10 Garden Waste	42,912	44,174	43,679	-495	-1.12%
11 Glass	15,138	15,184	15,263	79	0.52%
12 Miscellaneous materials	0	0	2	2	100.00%
13 Mineral Oil	64	36	22	-14	-39.68%
14 Mixed Paper and Cardboard	288	4,055	4,131	76	1.89%
15 Non Packaging Scrap Metal	5,163	5,241	4,991	-250	-4.76%
16 Other Electrical Goods	3,554	3,404	3,250	-155	-4.54%
17 Other Packaging (Cartons)	28	23	27	4	16.30%
18 Paint	0	47	197	150	317.84%
19 Paper	12,563	11,416	10,551	-865	-7.58%
20 Plasterboard (Non-Household)	929	231	260	29	12.75%
21 Plastics	3,070	3,448	3,214	-234	-6.79%
22 Street Sweepings	8,117	7,670	6,930	-740	-9.65%
23 Wood	6,148	6,143	5,810	-333	-5.42%
24 Household Reused, Recycled & Composted	135,949	136,596	133,309	-3,287	-2.41%
25 Non-Household Reused, Recycled & Composted	1,664	986	1,171	186	18.87%
26 Total Reused, Recycled & Composted	137,613	137,582	134,480	-3,102	-2.25%
27 Asbestos	332	118	101	-17	-14.18%
28 Incineration (With Energy Recovery)	4,520	4,544	4,776	232	5.10%
29 Incineration (Without Energy Recovery)	5	11	1	-10	-91.05%
30 Residual to Landfill (Collection Services)	99,742	101,870	101,881	11	0.01%
31 Residual to Landfill (Recycling Sites)	16,772	16,031	14,918	-1,113	-6.94%
32 Sweepings Converted to RDF	251	237	214	-23	-9.66%
33 Total Household Arisings	257,421	259,064	254,985	-4,080	-1.57%
34 Total Household Landfilled	116,483	117,795	116,798	-997	-0.85%
35 Non-Household Landfilled	5,441	4,409	4,478	69	1.56%
36 Bottom Ash (From Incineration) Landfilled	60	61	63	3	4.68%
37 Total LACW Landfilled	121,332	121,383	120,147	-1,236	-1.02%
38 Total LACW	264,526	264,554	260,633	-3,921	-1.48%
39 NI 191: Residual Household Waste per Household (kg)	483.84	488.19	479.72	-8.47	-1.74%
40 NI 192: Household Waste Reused, Recycled & Composted	52.85%	52.73%	52.28%		-0.45%
41 NI 193: LACW Landfilled	45.87%	45.88%	46.10%		0.22%

Key: Miscellaneous materials -

WEEE - Fluorescent tubes and other light bulbs  
Ink & toner cartridges

Performance Increase &gt;

&lt; Performance Decrease

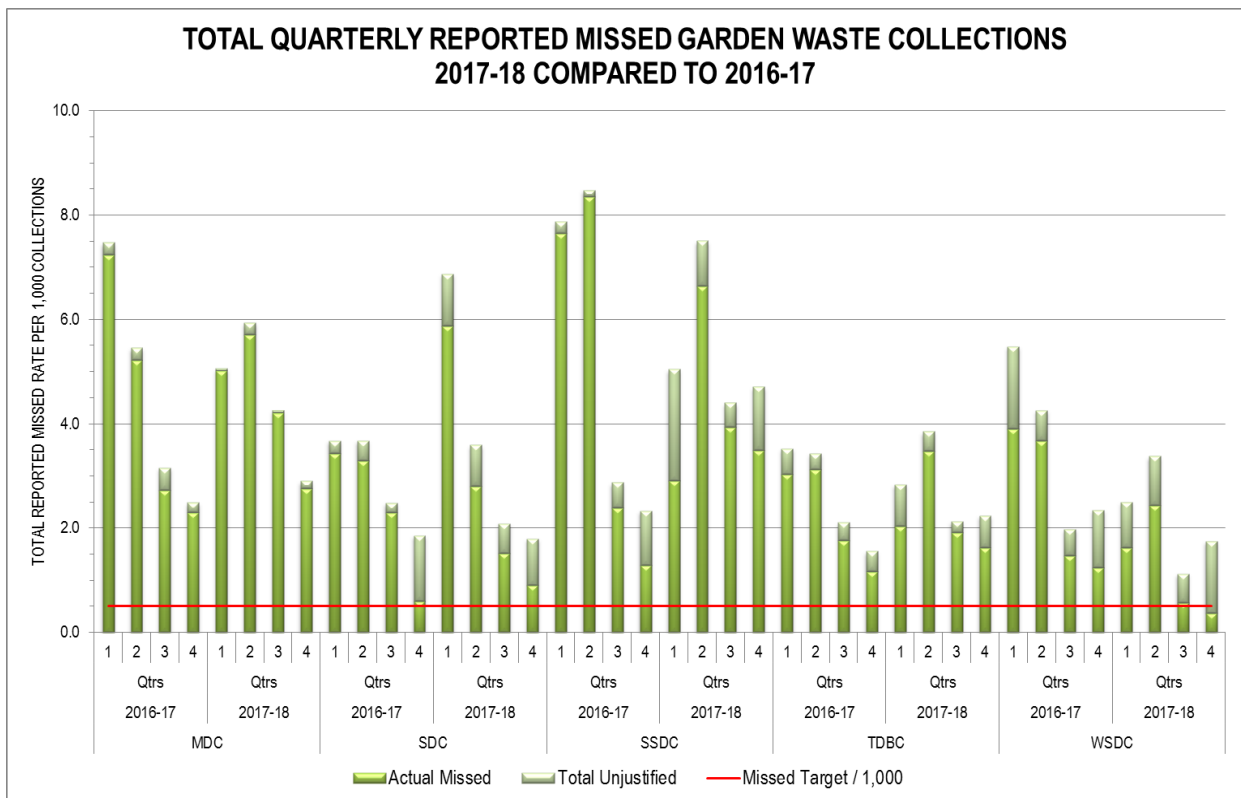
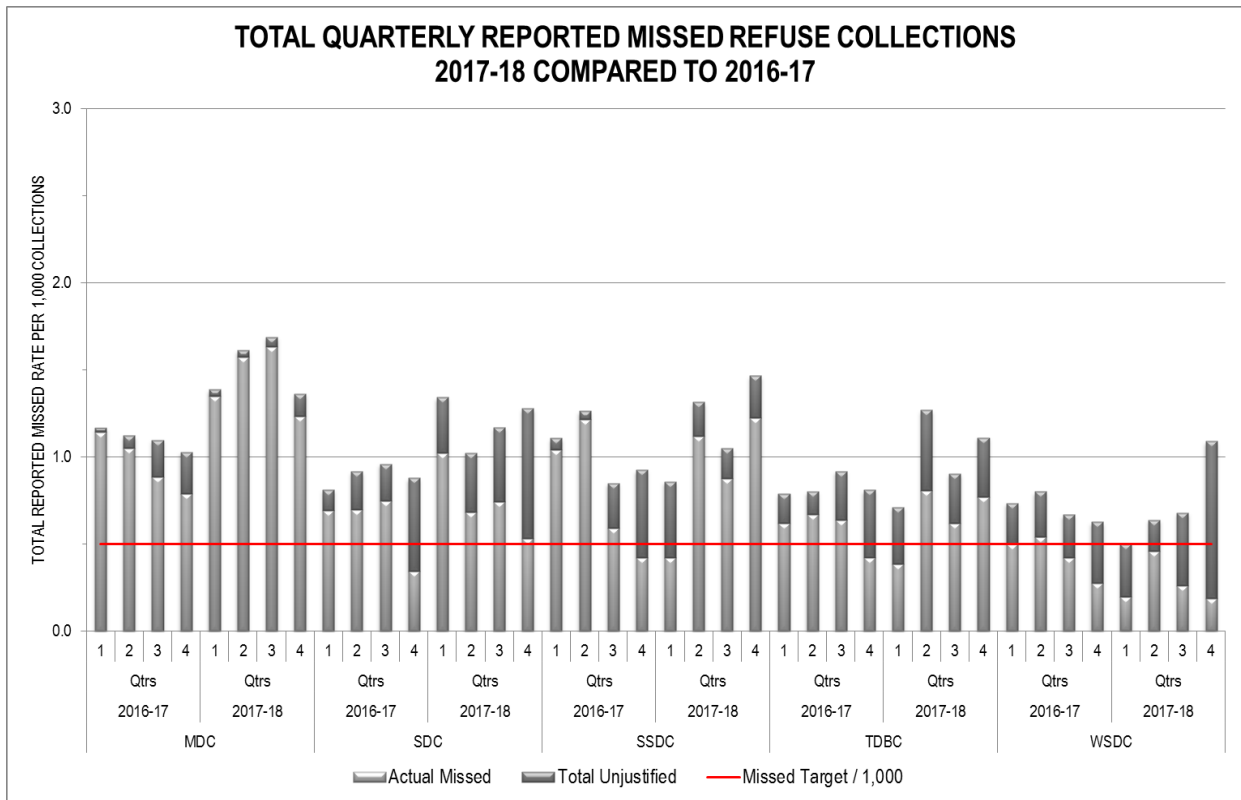
## Headline Variances kg/hh - April - March 2017-18 compared to the same period in 2016-17

Material and Source	Headline - kg/hh Variances					
	Collection Services		Recycling Sites		Somerset Waste Partnership	
	2017-18 kg/hh	Variance kg/hh	2017-18 kg/hh	Variance kg/hh	2017-18 kg/hh	Variance kg/hh
Food	71.87	-0.89			71.87	-0.89
Green Garden	75.70	2.40	96.51	-4.35	172.21	-1.95
Recycling	191.74	-7.97	84.59	-2.07	276.33	-10.04
Reuse	3.55	-0.03	1.62	-0.04	5.17	-0.08
Sweepings - Recycled	27.32	-2.92			27.32	-2.92
Total Reused, Recycled & Composted	342.86	-6.50	182.72	-6.47	525.58	-12.97
Household Residual Disposed	401.80	0.45	77.91	-3.58	479.72	-3.12
Sweepings (Converted to RDF)	0.85	-0.09			0.85	-0.09
Energy Recovery			18.78	0.87	18.78	0.87
Incineration (Without Energy Recovery)	0.00	-0.04			0.00	-0.04
Total Household Arisings	744.66	-6.05	260.63	-10.04	1,005.30	-16.09
NI 191: Residual Household Waste per Household (kg/hh)	401.80	-3.99	77.91	-4.48	479.72	-8.47
NI 192: Percentage of Household Waste Sent for Reuse, Recycling & Composting (%)	46.04%	-0.50%	70.11%	0.21%	52.28%	-0.45%
NI 193: Percentage of LACW Landfilled (%)					46.10%	0.22%
Performance Increase >	■					
< Performance Decrease	■					
Performance Headline	■					

## Recycling Centre Performance - April - March 2017-18 and Variations compared to the same period in 2016-17

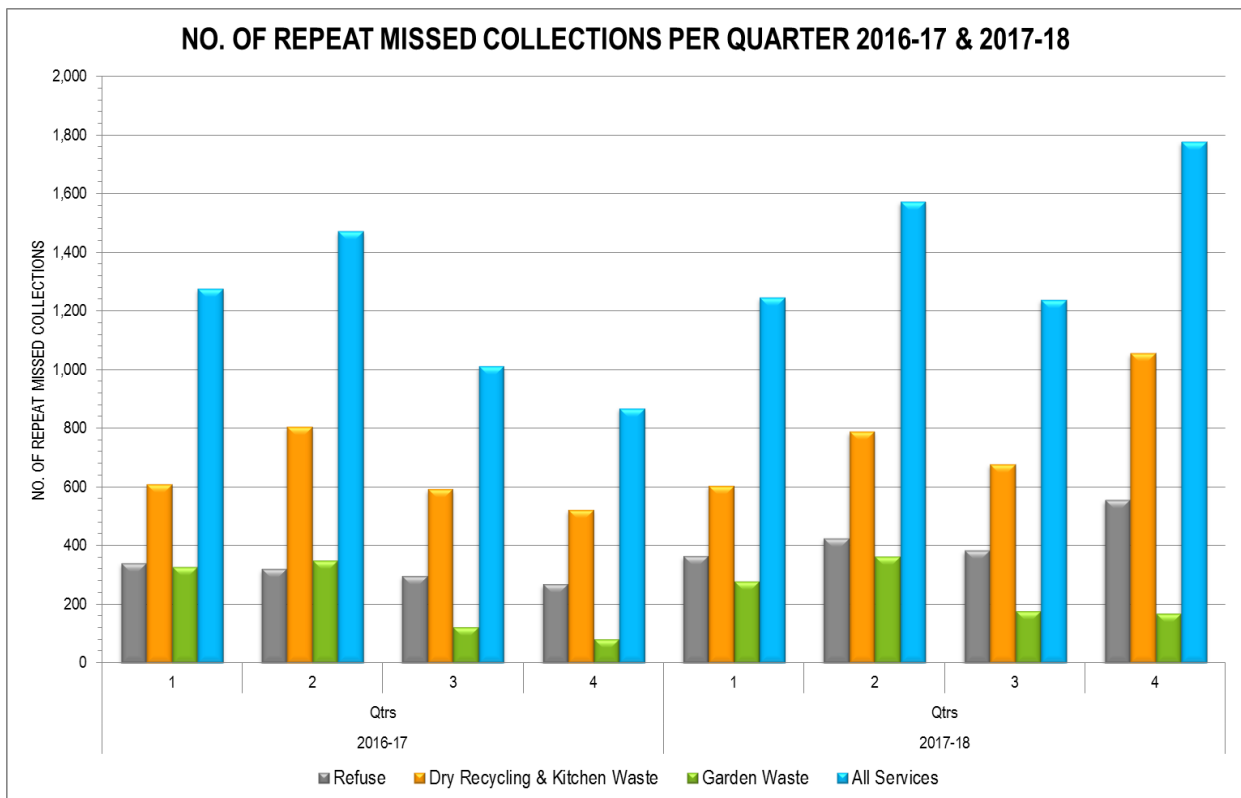
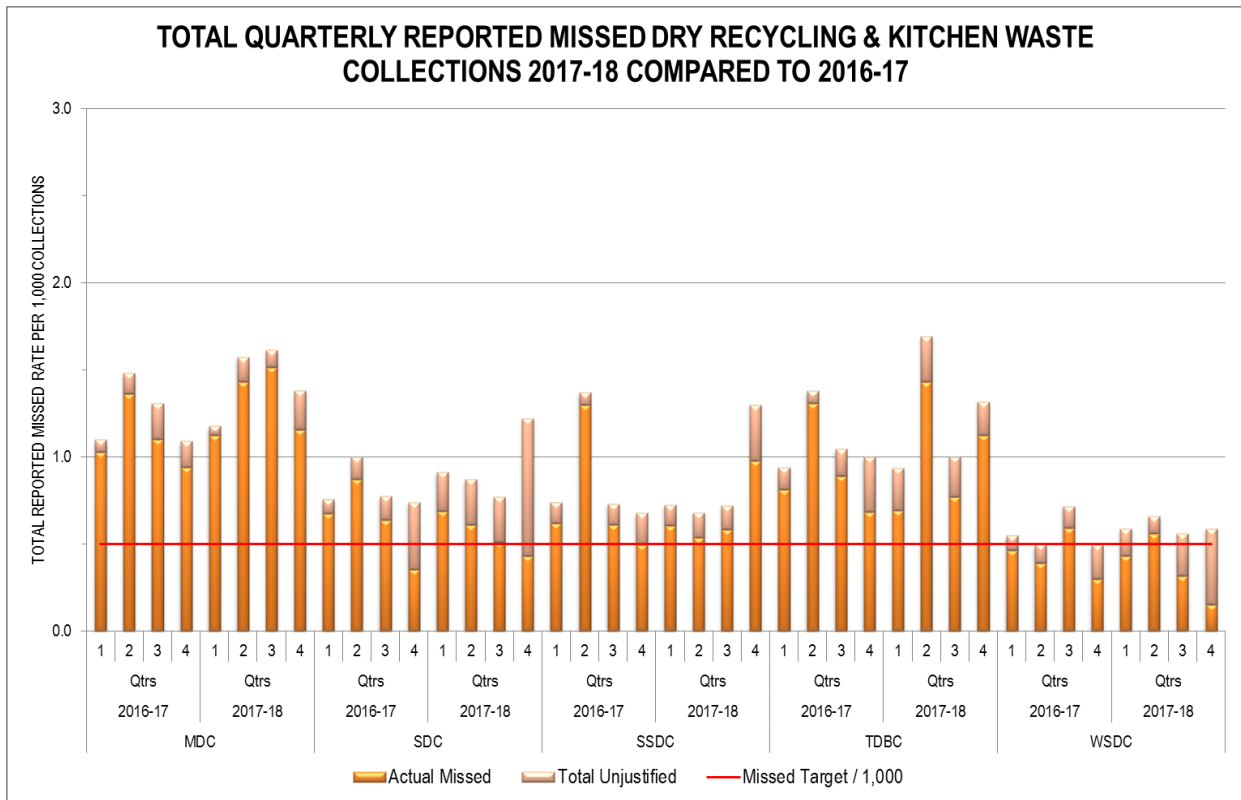
Recycling Centre	April - March 2017-18 Performance								Variation from April - March 2016-17							
	Dry Recycling & Reuse	Green Composted	Recovered	Residual	Hardcore & Soil	Total Arisings	Recycling & Recovery Rate (%)	Visitor Numbers	Dry Recycling & Reuse	Green Composted	Recovered	Residual	Hardcore & Soil	Total Arisings	Recycling & Recovery Rate (%)	Visitor Numbers
Bridgwater RC	2,669.62	2,528.50	735.75	1,772.47	321.66	8,027.99	77.00%	185,433	-169.75	-161.39	-16.22	-109.25	-10.65	-467.26	0.05%	-0.26%
Castle Cary RC	761.05	880.50	73.00	528.08	96.15	2,338.78	76.45%	40,623	12.99	-37.94	6.55	-23.96	16.15	-26.21	0.61%	0.28%
Chard RC	1,593.94	2,066.71	364.95	655.22	265.04	4,945.87	86.00%	137,846	38.36	-24.17	49.23	-100.61	2.74	-34.46	2.02%	-5.59%
Cheddar RC	772.98	890.53	174.37	517.78	73.46	2,429.12	78.02%	51,731	27.48	16.81	20.37	-9.18	-4.62	50.86	0.93%	23.98%
Crewkerne CRS	541.64	712.58	76.71	417.16	79.60	1,827.69	76.14%	26,268	-71.22	-61.98	-7.20	-73.55	-42.79	-256.74	1.15%	-9.92%
Dulverton CRS	187.29	173.82	35.90	125.29	26.96	549.26	76.01%	7,956	-21.39	-5.41	-0.35	-16.81	-6.22	-50.18	1.10%	-6.02%
Frome RC	1,645.53	1,925.13	277.49	1,717.91	210.26	5,776.32	69.14%	103,821	-58.32	-117.43	-12.23	-83.60	-12.71	-284.29	0.00%	-5.84%
Highbridge RC	1,672.11	2,101.02	472.05	1,127.87	152.88	5,525.93	79.01%	140,045	-89.03	-29.14	2.96	-103.39	6.94	-211.66	1.03%	-3.05%
Minehead RC	1,027.54	1,416.03	216.62	487.65	88.11	3,235.95	84.51%	104,537	-17.49	13.63	-5.02	13.12	3.73	7.96	-0.39%	0.13%
Somerton RC	810.56	1,250.91	141.28	598.88	129.20	2,930.83	78.62%	57,385	-11.99	-29.80	13.31	-107.48	9.96	-126.00	2.67%	-5.21%
Street RC	1,041.33	1,397.44	233.39	735.36	89.14	3,496.65	78.42%	86,385	24.07	-66.34	51.50	-121.02	-5.00	-116.79	2.75%	2.03%
Taunton RC	3,549.69	3,001.39	798.86	2,292.80	498.21	10,140.95	76.22%	254,085	-104.07	-246.13	3.32	6.57	-16.07	-356.39	-0.88%	-3.03%
Wellington RC	1,542.57	1,496.37	323.86	794.16	160.22	4,317.18	80.90%	97,538	-38.22	-76.72	23.82	-81.53	-28.92	-201.56	1.13%	0.11%
Wells RC	1,295.37	1,286.33	236.52	1,079.44	178.34	4,075.99	72.31%	88,885	-40.85	-181.56	12.25	-189.80	-17.16	-417.13	1.84%	0.55%
Wilton RC	649.57	830.91	128.11	285.46	74.30	1,968.35	84.93%	63,420	-16.12	0.09	8.72	-5.19	-8.30	-20.79	0.17%	0.44%
Yeovil RC	2,366.54	2,519.47	474.85	1,863.21	283.42	7,507.49	74.21%	169,215	28.88	-96.48	68.99	-121.51	15.47	-104.65	1.23%	-2.41%
<b>Totals</b>	<b>22,127.31</b>	<b>24,477.64</b>	<b>4,763.72</b>	<b>14,998.74</b>	<b>2,726.95</b>	<b>69,094.36</b>	<b>77.40%</b>	<b>1,615,173</b>	<b>-506.67</b>	<b>-1,103.96</b>	<b>219.99</b>	<b>-1,127.19</b>	<b>-97.45</b>	<b>-2,615.28</b>	<b>0.81%</b>	<b>-1.54%</b>

Missed Refuse, Garden Waste and Dry Recycling & Food Waste Collection Graphs - Qtr 1 - Qtr 4 2017-18 compared to 2016-17 & Repeat Missed Collections for Qtr 1 - Qtr 4 2017-18





Missed Refuse, Garden Waste and Dry Recycling & Food Waste Collection Graphs - Qtr 1 - Qtr 4 2017-18 compared to 2016-17 & Repeat Missed Collections for Qtr 1 - Qtr 4 2017-18



## Reported Fly-Tips - Quarter 1 - Quarter 4 2017-18 compared to the same period in previous years

	District	Fly-Tips (Full Year Data)		
		2014-15	2015-16	2016-17
Number of Reported Fly-Tips	Mendip District Council	2,042	2,078	1,757
	Sedgemoor District Council	1,088	1,117	1,177
	South Somerset District Council	1,160	1,083	1,150
	Taunton Deane Borough Council	864	785	664
	West Somerset District Council	87	198	140
	<b>Totals</b>	<b>5,241</b>	<b>5,261</b>	<b>4,888</b>

Material Type	Quarter 1 - Quarter 4 2016-17					
	Number of Incidents					
	MDC	SDC	SSDC	TDBC	WSDC	Totals
Animal carcass	2	4	7	2	1	16
Green	129	48	66	31	6	280
Vehicle parts	51	20	38	20	3	132
White goods	92	69	62	41	15	279
Other electrical	44	37	40	11	2	134
Tyres	130	69	87	18	14	318
Asbestos	0	0	5	1	0	6
Clinical	0	0	2	3	0	5
Construction / demolition / excavation	143	75	129	71	19	437
Black bags - commercial	56	0	37	12	4	109
Black bags - household	181	103	136	113	27	560
Chemical-drums-oil-or-fuel	21	24	20	5	4	74
Other household waste	831	728	420	281	44	2,304
Other commercial waste	77	0	52	29	1	159
Other (unidentified)	0	0	49	26	0	75
<b>Totals</b>	<b>1,757</b>	<b>1,177</b>	<b>1,150</b>	<b>664</b>	<b>140</b>	<b>4,888</b>

Material Type	Quarter 1 - Quarter 4 2017-18					
	Number of Incidents					
	MDC	SDC	SSDC	TDBC	WSDC	Totals
Animal carcass	5	1	3	0	1	10
Green	90	46	68	20	10	234
Vehicle parts	52	27	23	16	3	121
White goods	74	68	42	35	2	221
Other electrical	31	22	23	8	0	84
Tyres	151	104	96	27	10	388
Asbestos	0	0	2	0	1	3
Clinical	0	0	0	0	1	1
Construction / demolition / excavation	124	89	93	84	21	411
Black bags - commercial	19	0	8	8	2	37
Black bags - household	322	156	123	61	26	688
Chemical-drums-oil-or-fuel	12	15	18	4	0	49
Other household waste	786	715	346	285	43	2,175
Other commercial waste	68	0	29	13	1	111
Other (unidentified)	0	0	66	29	0	95
<b>Totals</b>	<b>1,734</b>	<b>1,243</b>	<b>940</b>	<b>590</b>	<b>121</b>	<b>4,662</b>

All data is now obtained from District Council WasteDataFlow entries.  
Due to reporting changes, data is now only available for quarterly periods.

Somerset Waste Board meeting  
29 September 2018  
Report for decision

Paper  
Item No.

Recycle More & Collection Contract Procurement: Update

Lead Officer: Mickey Green, Managing Director

Author: Bruce Carpenter

Contact Details: 01823 625710

<b>Forward Plan Reference:</b>	
<b>Summary:</b>	This report summarises progress in procuring a new collection contractor (and hence delivery of Recycle More) since the Somerset Waste Board agreed to end its kerbside waste and recycling collections contract with Kier in March 2020. A key project milestone was achieved on 20 April 2018 when a contract notice was published in the Official Journal of the European Union.
<b>Recommendations:</b>	<b>It is recommended that the Board notes the progress made in procuring a new collection contract.</b>
<b>Reasons for recommendations:</b>	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.
<b>Links to Priorities and Impact on Annual Business Plan:</b>	The procurement delivers Task 5.2 within the SWB Approved Business Plan 2018-23 concerning the implementation of future collection arrangements.
<b>Financial, Legal and HR Implications:</b>	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 is evident from soft market testing that all potential suppliers are becoming more risk averse, and the ripple effect of China's restrictions on low quality recyclate imports is creating uncertainty in the market. 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. Staff will TUPE transfer to the new contractor, and SWP aims to proactively engage with staff throughout the procurement process.

<b>Equalities Implications:</b>	None.
<b>Risk Assessment:</b>	The risks related to the procurement of a new collection contractor and Recycle More have been reviewed (see agenda item ---) and are set out in the updated risk register.

## 1. Background

- 1.1. A progress report on the procurement of a new waste and recycling collection contractor was presented to the Board on 23 February 2018 (Agenda Item 9). This report provides a summary of progress since then.

## 2. Progress to date

- 2.1. A key project milestone was achieved on 20 April 2018 when a contract notice was published in the Official Journal of the European Union (OJEU). This was the culmination of very busy period to prepare the tender pack that comprised the following documents:

- Contract Notice
- Document A: Instructions to Applicants: Pre-Qualification Questionnaire (PQQ)
- Document B: Pre-Qualification Questionnaire
- Document C: Instructions to applicants: Invitation to Submit Detailed Solutions (ISDS)
- Document D: Descriptive Document
- Document E: Contract Terms and Conditions:
  - Definitions
  - Payment mechanism and performance schedule
  - Assets
  - Authority depots and heads of terms (for leases)
  - First employees list (TUPE)
- Document F: Specification
- Document G: Response document
- Data Room
- Pricing schedule and financial evaluation mechanism

The documents were prepared and reviewed by the project team including our commercial/technical advisors, procurement and legal specialists.

- 2.2. As previously reported the content of the tender documents were informed by the soft market engagement sessions held in December. In response to these sessions the documents allow potential suppliers to submit variant proposals on the following issues:

- Managing risk on recycle: Our starting position on sharing risk on materials value is that suppliers must submit a compliant bid based on the 50/50 risk share mechanism set out in the tender documents. However, bidders also have the opportunity to make an alternative proposal as a variant bid.

- Service methodology: In addition to a compliant bid based on the specified kerbside sort collection model we have allowed suppliers to vary specific elements of the specification – around containment, frequency and materials collected.

Variant bids will only be allowable at the initial submissions stage of the procurement, and SWP will use these variant bids to inform the development of the final specification and our approach to final tenders. Our control over the final tender specification ensures we retain full control over what service specification is actually implemented – but with the benefit of having seen whether variants (or elements of them) will deliver better environmental or financial benefits. Members will receive a confidential report on the outcome of the ISDS stage at the additional meeting of the Board on 19 October.

### **2.3. Outline of the submission, evaluation and moderation process**

#### Pre-Qualification

Potential suppliers had until 25 May to submit the pre-qualification questionnaire (PQQ). This comprises a standard template but with the addition of scored questions. These were set by the project team and require bidders to provide case studies demonstrating their experience in key areas of the services:

- Delivering service changes
- Service improvement based on the use of data
- Delivering mid-term cost savings
- Improving productivity
- Marketing of materials
- Health and safety initiatives to mitigate key risks

We received PQQ submissions from five interested parties. At the time of writing this report the PQQs are being evaluated and moderated by the project team. However, we have been advised that the names of the potential suppliers should not be released for the time being in order to protect their commercial positions within the procurement procedure and to maintain competition.

The Board granted the Managing Director delegated authority to select the longlist of potential suppliers that would be invited to engage in dialogue and submit detailed solutions at its meeting on 3 November 2017.

#### Competitive dialogue and submission of detailed solutions

There will be two phases of dialogue, before and after the submission of detailed solutions. The purpose of the first stage of dialogue sessions is to provide clarification to bidders on the contract requirements and to ensure they fully understand what we are trying to achieve through the procurement process. These sessions will be conducted over two full days with each bidder. In addition, bidders will be invited to join a tour of the existing service depots. The intention at this stage is to reduce uncertainty and enable the suppliers to price confidently and competitively to deliver best value.

Please note that it will not be until we have received ISDS submissions that we

will see suppliers proposed methods of working, resource levels, vehicle selection and depot plans.

The ISDS submissions will comprise a completed pricing schedule, method statements (approximately 40,000 words) and various forms and certificates and must be submitted by 24 September. The project team, assisted by officers from partner authorities and specialists will evaluate the submissions between 24 September and 12 October. Moderation will take place between 15 and 19 October.

There will be no de-selection following moderation of ISDS.

#### **2.4. Appeals process**

If an appeal was received from a supplier following deselection at PQQ stage, it would be brought to the project team for a discussion to determine our approach. The grounds for an appeal would have to be considered on the relevant facts but it is difficult to envisage any such grounds in legal terms providing the evaluation criteria are applied as specified and that the deselection was on the basis of the criteria communicated to bidders at the time the PQQ was published.

Where a bidder appeals the decision to deselect where the evaluation criteria have been correctly applied, it would be necessary to determine if discretion should be used to accept the appeal. In these circumstances, acceptance of the appeal would in effect change the evaluation criteria and it would be necessary to publish the decision in OJEU and notify the other bidders. Alternatively, if the appeal is rejected on the basis that there are no legal grounds for the appeal then the procurement process could continue. This would also be the case if the applicant escalated the appeal to the courts.

Having said all this and to put it into context, the SCC procurement team have not had any appeals from deselected suppliers at PQQ stage on any other procurement projects.

### 3. Next steps

- 3.1 An outline of the remaining stages of the procurement project following moderation of the detailed solutions is provided in the table below:

Phase	Time	Comments
Dialogue on final tenders	Nov – Dec 2018	It is at this stage that we will be able to negotiate on commercial, legal and waste technical matters identified at ISDS to improve outcomes.
Final tenders	Feb 2019	This includes, evaluation, governance (ahead of pre-election period for DC elections in 2019) and standstill period. Contract award at February 2019 SWB meeting.
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.
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 2020.

### 4. Contingency plan: Local Authority Company (LAC)

- 4.1 SWP have commenced work to further explore this option. Research is being carried out on the implications of forming a LAC and a plan is being developed that identifies the actions and resources necessary at key milestones of the procurement project to ensure the contingency plan could be implemented .

### 5. Depot Options

- 5.1 Potential suppliers will be offered use of the depots that our kerbside collection services are currently primarily delivered through: 3 main depots (Bridgwater, Taunton, Evercreech) and 2 satellite depots (Roughmore in Williton and Lufton in Yeovil – refuse only).

However, feedback from soft market engagement with potential suppliers indicated that the number, size and location of these depots are not ideal and may prevent bidders from realising efficiencies and delivering best value to SWP. To mitigate this risk we have undertaken an extensive search for a new depot site to the west of the M5 motorway and identified a site that has potential to enable the consolidation of services provided from Bridgwater, Taunton and Williton. However the time available to evaluate the site, conclude negotiations with the current owners, gain the necessary consents and prepare for development is extremely tight. As a consequence Members should be aware that it may be necessary to incur some costs in order to carry out a preliminary investigation of suitability for development prior to securing an option on this the site.

We have also been considering options to reconfigure land in the east of the county that will be assigned to us at the expiry of the contract with Kier to make it more suitable for the type of operations we anticipate bidders will propose.

It is important that we obtain as much clarity as possible on these new depot options in the initial dialogue stage, although we will not have certainty whether such a facility is required until we have received final tenders.

## **6. Communal Collections**

- 6.1** The original proposals to introduce Recycle More through negotiation with Kier in 2017 included an expansion of the range of materials that could be recycled at communal properties. At present this is limited to newspaper and magazines, glass and food and drinks cans. Recycle More would add cardboard and plastic bottles, tubs and trays to this mix. However, as it was not possible to conclude the negotiations with Kier, these plans have been delayed. We have therefore been trying to develop an interim solution that would be cost neutral and could be implemented without an impact on the vehicle and plant resources provided by Kier for the communal service.

Provision of waste and recycling collections to communal properties is an essential area of the services that are currently provided to over 600 (and growing) blocks of residences. However, delivering the services to these properties is also complex and problematic. There is considerable variation in the size and type of communal properties varying from blocks of 10 residences to over 60 in some “high rise” blocks and up to 150 in retirement villages. These different types of property have different requirements in terms of storage capacity and frequency of collection and it is difficult to provide a “one size fits all” waste and recycling collection service. The use of large bins on constrained sites and in bin stores does not fit well with the services provided to other households. Many sites are prone to contamination of the recycling containers and side waste. Having said that, other sites perform well and residents are keen to do more.

To address these issues our approach is to:

- Encourage residents of communal properties to use the full range of kerbside services where possible. (That is, where they are able to store recycling and food boxes within a storage area or with reasonable access to the kerbside).
- Continue commercial negotiations with our contractor to increase the range of materials at selected sites to include cardboard and plastic bottles
- Engage with residents to resolve problems of misuse or contamination but, if all reasonable attempts to change behaviours fail, to consider the removal of recycling facilities at sites that have proved to be excessively expensive to service. This will also have to be considered in the context of the on-going contract performance issues.



## **7. Background papers**

**7.1.** Report to SWB “Recycle More” 16<sup>th</sup> December 2016.

**7.2.** 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.

**7.3.** SWP Business Plan 2018-23 Approved by SWP on 15<sup>th</sup> December 2018.

**7.4.** Report to SWB “Recycle More & Collection Contract Procurement: Update” 23 February 2018

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Somerset Waste Board meeting  
29 June 2018  
Report for information

Paper  
Item No.

**Risk Update**

Lead Officer: Mickey Green, Managing Director

Author: Mark Blaker, Business and Governance Manager

Contact Details: 01823 625720

<b>Forward Plan Reference:</b>	
<b>Summary:</b>	Update on changes to SWP risk profile.
<b>Recommendations:</b>	<b>That the Somerset Waste Board notes and comments on changes in the SWP risk profile as described.</b>
<b>Reasons for recommendations:</b>	Good practice in response to SWAP internal Audit recommendations.
<b>Links to Priorities and Impact on Annual Business Plan:</b>	Risk Register included within the Business Plan.
<b>Financial, Legal and HR Implications:</b>	N/A
<b>Equalities Implications:</b>	N/A
<b>Risk Assessment:</b>	(Inherent to purpose of report)

**1. Background**

- 1.1. This is a regular update to notify SWB members of changes to or developments within the annual SWP Risk Register, as included with the Annual Business Plan.
- 1.2. The Risk Update is a standing item on SWB agendas and is intended to provide an opportunity to alert Board members to newly identified or escalating risks that may have a significant impact on service delivery.
- 1.3. Incorporation of this item on SWB Agendas was a recommendation of SWAP internal Audit review.

## **2. New or changing Risks / Opportunities Identified and Mitigation Measures**

- 2.1.** The risk register (appendix A) has been updated.
- 2.2.** Opportunity 5 – Significant progress has been made with promotion of plastic reduction initiatives, with addition of recycling facilities for plastic pots, tubs and trays (PTT) at all sixteen recycling sites (including Cheddar, which previously had no plastic collection point of any kind); launch of the SWP Pledge Against Preventable Plastic; establishment of SWP as lead agency for Somerset in the national Refill campaign.
- 2.3.** Risk 1 and 2 – Changes to the membership of the partnership are underway with West Somerset and Taunton Deane combining to form a new authority and discussions commencing regarding a Somerset Local Government Reorganisation.
- 2.4.** Risk 3 – Redundancies are planned for two members of SWP staff, with a review of SWP staffing structures to follow to ensure SWP is well positioned for the organisational and technological challenges of the next few years.
- 2.5.** Risk 6 – Linked to Risk 3, SWP recognises the specific need to ensure we optimise the opportunities that will be presented by introduction of in-cab technology and other innovations. Our strategy will be to work more closely with IT teams from partner authorities to ensure solutions delivered are robust and effectively delivered.
- 2.6.** Risk 23 – Noting known issue regarding settlement of outstanding pension discussions.
- 2.7.** Risk 34 – Kier report increasing difficulties in recruiting staff as competition from Hinckley C intensifies and the impact of Brexit is felt. This is having a significant and growing impact on ability to recruit permanent staff, resulting in daily shortfalls in full staffing levels. SWP have introduced weekly conference calls with Kier Directors to ensure performance does not degrade. SWP also investigating opportunities for improved promotion and collaborative solutions with partner authorities.
- 2.8.** Risk 35 – Combined with Risk 34 it is important to manage to closing months of the contract to ensure service delivery is maintained.
- 2.9.** Risk 44 – There have been two service affecting break-ins at Colley Lane and Walford Cross depots in recent weeks, with thieves targeting batteries and fuel.
- 2.10.** Risk 46 – There have been two incidents reported recently, one in Street and one in Bridgwater, of vehicles mounting pavements while crews were loading recycling, rather than waiting for the road to clear. In one case a 4x4 ran over a crew member's foot, though fortunately no serious injury was sustained. SWP continues to take endangering of staff delivering services extremely seriously and support contractors pursuing legal action where necessary.

### **3. Consultations undertaken**

3.1. N/A

### **4. Implications**

4.1. Implications, benefits and opportunities of risk management are well understood and are embedded in SWP operational and strategic management approach.

### **5. Background papers**

5.1. SWP Annual Risk Register

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**SWP Strategic Risk Register**

SWP Strategic Risk Register												
Last Updated:		30th May 2018										
Ref	Business Plan Link	Cause	Description of risk	Consequence	Assess current risk		Risk rating	Change from last review	Control measures currently in place and additional mitigating actions/control measures planned	Target risk score		Target rating
					Likelihood	Impact				Likelihood	Impact	
<b>Opportunities</b>												
Op 1	Building Capability	We are a multi partner organisation working in a political environment	Opportunity to tackle new and emerging issues from an holistic and mutually supportive perspective	Economies of scale in analysis, planning and managing responses to new legislation or Govt policy or other changes in the operating environment.	4	4	16	↔	The Board is well established and well regarded with a good track record of financial management, value for money, innovation and a reputation for delivery. Maintain culture of innovation with support from Board. Seek / bid for external funding where possible. Develop Waste Minimisation Strategy.	5	4	20
Op 2			Opportunity to influence commercial waste and waste producers in Somerset	SWP, as a partnership, has a good reputation in the industry and could bring that to bear by creating links with local businesses and business groups.	3	3	9	↔	SWP will be considering opportunities as part of a recently initiated review of the Waste Minimisation Strategy. Opportunity will be developed through implementation of the new strategy.	3	3	9
Op 3		Financial Pressure on Partners	Opportunity to market experience internally & externally	Obtain income from marketing experience and advice	4	3	12	↔	SWP is open to secondment and consultancy opportunities, though focus on Somerset initiatives reduces capacity for this.	4	3	12
Op 4	Action on waste prevention, reuse, recycling and recovery	Householder behaviour	Opportunity: Encourage householders to save money individually by waste reduction and wider community to recycle.	Waste reduction and improved participation and capture rates.	3	3	9	↔	Directed Communications campaign. Promotion using variety of media	4	4	16
Op 5			Opportunity to capitalise on the 'blue planet' effect and increased awareness of the impact of plastic consumption	Opportunity to encourage households to change their consumption behaviours and encourage local producers to change their choice of packaging materials	3	3	9	↔	Acceptance of plastic pots, tubs and trays at recycling centres. Introduction of the 'Pledge Against Preventable Plastic' and adoption of lead role in local Refill campaign. Increased and ongoing communication programme.	4	3	12
Op 6		Recycle More Implementation	Opportunity to align Core Service review (see Business Plan) with refreshment of kerbside services.	Opportunity to ensure all public facing services are aligned so the complement each other and are more easily understood and used by residents.	3	3	9	↔	Detailed consideration of opportunities presented as part of integrated approach to the review.	4	4	16
<b>Risks</b>												
1	Building Capability	Financial Pressure on Partners	Membership of the Partnership changes.	Governance and cost sharing arrangements are out of date. Services must be maintained.	5	3	15	↑	West Somerset/TDBC merger. Local Government Reorganisation discussion. SWP reviewing impacts on Inter Authority Agreement and cost-sharing arrangements to ensure all areas where change is required are identified and managed in the spirit of the agreements.	4	2	8
2			Due to ongoing financial pressures one or more partners requires savings that impacts on existing services	Reduced performance and /or transfer of costs to others. Increased whole system costs	4	4	16	↑	Well established budget management processes are effectively maintained. Dialogue between Board members & Cabinet/Executive Colleagues on future service/savings requirements (SWB)	3	3	9
3			SWP Team does not have sufficient capacity and capability to be sufficiently effective, or is too reactive	Impacts on recycling performance, contractor performance and customer call centres	3	3	9	↔	To date team reduced by natural wastage and one redundancy plus one officer on secondment. Redundancy agreed for two further members of staff and planning for review of the team structure is underway.	3	2	6
4	Building Capability	We are a multi partner organisation working in a political environment	Loss of shared vision and trust between partners	Difficulty agreeing priorities, impact on reputation of partners. Focus becomes on managing negative relationships, not the business	2	4	8	↔	Involve all partners in the business plan process and continue to promote early dialogue about issues via SMG group and with individual partners as appropriate. Maintain awareness of partner pressures and aspirations via the Somerset Waste Board, SMG and formal/informal contact with all partners	1	4	4
5			Lack of member engagement and/ or frequent member turnover.	Potential failure within partners to understand basis and benefits of SWP. Diversion of attention to managing relationships not the business	2	4	8	↔	SWP to work with SWB to refresh the SWP vision. Induction Training for new members, involve all partners in the business plan and strategy development process, monthly member briefings, continue to attend and inform scrutiny committees and other local bodies including TCs/PCs	1	4	4
6			Lack of resources within SWP mean issues arise during implementation of new SWP Customer Service system	Use of legacy system (Wisper) is extended, increasing risk of failure and creating demand on support resource.	2	3	6	↔	New system (My Council Services) has been procured and significant work completed on development. Anticipate working system, with full connection with Echo live in September 2018. It is clear this is a challenging programme for SWP and discussions are underway with partner authority IT teams to find better ways of collaboration as we move toward more sophisticated collection contractor systems in 2020.	2	2	4
7			Inefficiencies due to customer relations IT not being joined up	More staff required to do same job, slower response to customers	3	3	9	↔	New customer service systems being introduced adding flexibility and efficiency. Review IT strategy. Plan and schedule next generation IT, including collection service "in-cab" and tracking systems in tandem with Recycle More procurement process. Create engagement with partner IT teams.	2	3	6
8			External agencies fail to understand us and penalise effective joint working (e.g. loss of partial VAT exemption).	Unexpected costs and/or time consuming and otherwise pointless changes to our contractual & governance arrangements	3	3	9	↔	Joint approach to briefing and lobbying at appropriate level. Act quickly and in a concerted way to any new threats (SMG)	2	2	4
9			Planning authorities agree new developments without consideration of waste requirements	Poor developments may not fit standard collections model and require different arrangements leading to increased costs and frustration for householders.	3	3	9	↔	SWP working with partners to incorporate developer's guidance into planning. SWP have worked closely with SDC planning team to try to improve solutions in Bridgwater town centre and have agreed a secondment with SCC planning team to provide expertise and capacity.	2	3	6
10	on waste prevention, reuse, recycling and recovery	Householder behaviour	Increase in material in refuse bins	Heavy material goes in kerbside bins not to Recycling Centres. Impacts on district recycling rate (not to Somerset overall).	4	3	12	↔	Waste composition analysis and participation monitoring. Directed Communications campaign, review messages to the public about how to use services sustainably. Promote cost effective disposal routes for business waste. Promotion using variety of media, encourage members to take ambassadorial role in promoting benefits of services (Comms Team, SWB Members)	4	2	8
11			Reduction in recycling materials	Loss of income while some costs remain fixed. Increase in disposal costs if put in refuse instead.	3	3	9	↔	Positive promotion of services. Promotion using variety of media as described in the Communication Plan (Comms Team)	2	2	4
12			Poor separation of materials by householder	Loss of income if material quality deteriorates. Reduced efficiencies due to increased sorting time.	3	3	9	↔	Review of waste composition and kerbside presentation analysis, with opportunity to develop targeted communication plan.	3	3	9

**SWP Strategic Risk Register**

SWP Strategic Risk Register												
Last Updated:		30th May 2018										
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					Likelihood	Impact	Risk rating			Likelihood	Impact	
13	Action		Reduction in existing or new garden waste customers	Loss of income while some costs remain fixed	2	3	6	↓	Positive promotion of services. Note that customer base has increased year on year in recent years. Promotion using variety of media Numbers holding strong, some service issues ongoing.	2	2	4
14	Action on waste prevention, reuse, recycling and recovery	Procurement of new collection contract	Lack of interest from bidders, uncertainty about RM service model or similar procurements going to market during the same period.	Bidders drop out and we fail to have a competitive process and deliver best value.	3	4	12	↔	Management of an effective pre-procurement phase and dialogue process. Liaise with other authorities procuring at the same time. Assessment of pre-procurement phase to gauge appetite of market for Somerset procurement. Go/No Go decision. Contingency plan is to establish a LAC	2	2	4
15			Bidders take a risk averse approach due to lack of experience with RM service	Bidders price high to mitigate risks.	3	4	12	↔	Management of an effective pre-procurement phase and dialogue process. Risk sharing on materials values and yields is likely to reassure bidders. Amended procurement approach following pre-procurement	2	2	4
16			Failure to achieve economic and efficiency objectives through the procurement.	Failure to achieve economic and efficiency objectives would impact on partners MTFPs. Reputational damage to SWP. Cuts to services may be necessary.	3	4	12	↔	Management of an effective pre-procurement phase and dialogue process. Assessment of pre-procurement phase to gauge likely outcomes of the procurement process. Contingency plan is to establish a LAC	2	3	6
17			Failure to achieve environmental and social objectives through the procurement.	Failure to achieve environmental and social objectives would impact on partners plans and strategies	2	2	4	↔	Management of an effective pre-procurement phase and dialogue process. Learn from procurement processes elsewhere for examples of addition of effective social value.	1	2	2
18			Procurement process takes too long.	Failure to have a contract in place	2	5	10	↔	Close involvement in the process by T& F group and "managed dialogue" approach to procurement, with specialist support, ensures all parties are engaged and process is understood. Plan for contingency LAC solution to ensure service maintained regardless of outcome.	1	3	3
19			Cost of procurement and external support exceeds budget	Fail to achieve best value for partners	2	2	4	↔	Budget monitoring	1	3	3
20			Legal challenge to the procurement process.	Could delay contract award if challenge is received. This could put commencement at risk. High costs if damages are awarded against SWP	2	3	6	↔	Procurement assurance role is built into project structure. Also, experienced external advisors will be used and internal legal oversight.	1	3	3
21			Depot network does not allow for efficient delivery of RM	Costs of inefficiency adds to bid prices	4	4	16	↔	Secure option on new depot site. Establish bidders preferences and optimum network during pre-procurement/ dialogue. Develop clear timetable for depot infrastructure development.	2	3	6
22			Changing demographics of Somerset population - increasing aging population.	Increasing emphasis on care in the home and care in the community leads to additional demand for clinical and assisted services.	2	2	4	↔	Regular review of assisted collection service requirements (every three years). Diversion of sanitary and hygiene waste to additional refuse capacity. Predicting demand through ongoing monitoring of key demographic changes to ensure effective service planning.	2	2	4
23			Former SSDC employee pension transfer. (This is a known issue, though there is uncertainty regarding final settlement, so included as a risk)	Financial liability for partnership.	2	3	6	NEW	Ongoing negotiation, including taking legal advice, to agree settlement of issue.	2	2	4
24			New vehicles are not available in time due to supply chain problems. Vehicles do not achieve design levels of productivity	Unable to deliver service as planned.	2	4	8	↔	Ongoing dialogue with vehicle suppliers. Bidders to produce contingency plans utilising alternative vehicles if supply issues are identified.	2	2	4
25	Action on waste prevention, reuse, recycling and recovery	Recycle More Implementation	Bidders are unable to find cost effective solution for pots tubs and trays (PTT inc black plastic) and cartons.	Reduction in quality of offering to customers.	3	3	9	↔	Current advice from WRAP is that black plastic should not be collected for recycling. There are possible technical solutions being developed. SWP to make clear ambitions in pre-procurement and dialogue and learn from market response	2	2	4
26			Transition between current service and RM takes longer than anticipated	Savings and diversion for residual waste/environmental benefits are delayed. Impact on partner MTFPs.	2	4	8	↔	Key area for dialogue and evaluation of bids. Effective pre-planning prior to service implementation	2	3	6
27			SWP capacity is insufficient to deliver transition to Recycle More	Transfer of resource to procurement may deplete support of current service. Increase in complaints. Sub-standard planning and implementation of new service.	2	3	6	↔	Ensure business case includes analysis of SWP resource requirements of new contract and transition. On-going review of SWP client team structure and priorities.	2	2	4
28			New vehicles for RM are inefficient for delivering current service prior to transition.	Low utilisation of vehicles, increase in 2nd tips and OT	1	2	2	↔	Pre-procurement and dialogue process will include fleet configuration and vehicle specification. Reduced fleet of RCVs to be maintained until after transition.	1	2	2
29			New packaging options (e.g. rigid compostable tubs) enter market without reprocessing route.	Public confusion and dissatisfaction. Complaints rise and reputational damage to SWP.	3	2	6	NEW	Work with current disposal contractor to ensure innovation. Lobby packaging industry to ensure "joined up" approach to packaging development.	2	1	2
30			Waste profile changes.	Vehicles/plant become inefficient. Materials value reduces	2	3	6	↑	Tracking of consultation processes and possible implementation to ensure vehicles specs are aligned with any changes.	1	2	2
31	Action on waste prevention, reuse, recycling and recovery	New Waste Treatment Facility	Delays in development of Energy from waste infrastructure	An alternative route would be required for disposal of residual waste.	3	2	6	↔	Contractual risk is with the contractor, who are wholly responsible for finding alternative disposal routes at no additional cost to SWP. The residual risk would be reputational and environmental only. Ensure progress is monitored and communications plans in place in event of anticipated delay. Currently on schedule	3	1	3
32			Risk of fire at Waste Transfer Station of Disposal site.	Waste Transfer Stations temporarily out of action.	3	3	9	↔	Landfill is monitored and transfer to Waste Transfer Station will improve capacity to monitor potential fires. Removal of small electrical items and possibly household batteries will reduce key cause of fires.	2	2	4



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Last Updated:		30th May 2018										
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					Likelihood	Impact				Likelihood	Impact	
33	Action on waste		Financial case for alternative to landfill is damaged and cost increases (e.g. due to legislative changes)	Tied into contract that is not best value in future due to changes in market costs.	4	3	12	↔	Break clauses in the contract provide opportunities to review options .Monitor market costs and technical developments to ensure effective planning through life of the contract. Some anecdotal feedback indicates it is a good deal.	3	2	6
34	Maintaining services and operational effectiveness	Contract management	Driver/loader shortages	Impact on service delivery if rounds not deployed. Quality of delivery suffers when inexperienced drivers are employed. This is an increasing risk due to impacts of Brexit (weak pound and uncertainty of future residency rights) and increasing competition from Hinckley C build.	4	4	16	↑	Work with contractors to ensure they maintain procedures for driver training and retention. Establish pay rates and identify areas of concern. Seek opportunities to collaborate on recruitment and improve role of drivers. Work with local colleges to promote driving as a career option.	4	3	12
35			Risk of under investment and deterioration of depot facilities if contractor loses interest as contract approaches end of term	Poor working conditions for staff, H&S risks, increased D/T on fixed plant. Backlog of R&M at contract end.	3	3	9	↑	Some evidence of service degradation. Currently being assessed at Senior Management level. Regular audits by ops staff, Development of action plans for essential works at each depot. Review contract management. Introduce quarterly strategic review meeting between senior SWP officers and senior contractor staff.	2	2	4
36			Aging sorting and baling plant becomes unreliable as contract approaches expiry.	Increased downtime on fixed plant, increased O/T, lack of storage space in yards possible impact on collections/unloading.	2	3	6	↔	Balers have been problematic. Regular updates on down time and remedial work at ops meetings. Deed of variation requires plant to be "safe and serviceable" in accordance with the contract. Ensure service performance is considered with newly introduced Strategic Partnership Board	2	2	4
37			Service degradation due to loss of interest as contract approaches expiry	Missed collections, container deliveries, complaints increase and are not dealt with.	4	4	16	↑	Regular monitoring (IT), KPI reviews at Ops meetings. Strategic partnering board established. Review contract management. Ensure service performance is considered with newly introduced Strategic Partnership Board. Framework for improvement presented to contractor and penalties to be imposed if improvements not forthcoming.	3	3	9
38			Aging fleet becomes unreliable as contract approaches expiry	Increased down time disrupts collection services - performance deteriorates	4	3	12	↑	Regular updates on down time and R & M at ops meetings. Deed of variation requires vehicles to be "safe and roadworthy" in accordance with the contract but also allows use of substitute vehicles from other contracts to improve resilience. Review contract management. Ensure service performance is considered with newly introduced Strategic Partnership Board	2	3	6
39			Maintaining services and operational effectiveness	Service impacts due to things outside of our direct control	Lack of preparedness or poor response to service disruption events e.g. weather	Lose control of situation resulting in high call loads; Loss of customer confidence and reputation; Loss of partner confidence in SWP.	2	4	8	↔	Business Continuity Plans (BCPs) in place for SWP and contractors. Draw on experience of cold weather events in 2008-11. Clear communications strategy approved by the Board's Severe Weather Sub Group. Further work intended to ensure that contractor and client side BCPs are joined up (MG & BC)	1
40	Drop in value of recyclate (e.g. due to changes in Chinese policies)	Impact on contractor bottom line and viability of contract; Loss of public confidence in recycling			4	3	12	↔	Monitor pricing index for mixed plastics. Maintain our emphasis on quality which provides the best buffer for this risk. Provide reassuring messages to the public in the event of further price drops	3	2	6
41	Legislation changes requiring different ways of handling materials (e.g. Hazardous wood)	Difficulties storing material separately, finding suitable reprocessors/implementing charges/refuse to accept			3	4	12	↔	Industry is lobbying the EA to clarify, work with contractor to ensure solutions found. Continue to monitor the situation	3	4	12
42	DCLG continues to challenge innovation in funding Recycling Centres (e.g. entry fees/material charges)	Potential to reduce services provided or lead to increased costs.			3	4	12	↔	Continue to base policy on performance, popularity, effectiveness and affordability. Work with members from all tiers of local government to seek flexibility to ensure continuity of services. Keep members, and particularly Board Members, informed especially following changes to administration or portfolio holders.	3	3	9
43	Increase in value of material or energy	Potential for income share with both contractors			3	3	9	↔	Continue to lobby govt for challenging packaging recovery targets and lobby industry for quality to be reflected in higher prices. Evaluate potential for risk/reward share in all future ventures including infrastructure development and addition of new materials	4	3	12
44	Thefts from depots	Services delayed or incompletd due to theft/vandalism			3	3	9	NEW	Improve security of depots. Liaise with landlord. Improve CCTV	2	2	4
45	Landfill site fires, primarily caused by hot ashes in waste, unwrapped broken glass acting as a magnifier, or lithium ion batteries in waste	Hazard for site staff, closure of landfill sites, operational delays for vehicles resulting in late kerbside collections			3	3	9	↔	Increase publicity relating to fire prevention, encouraging people to dispose of waste responsibly. Cease use of landfill sites for disposal of Somers's residual waste, transferring to disposal via Waste Transfer Stations.	2	3	6
46	Maintaining services and operational effectiveness	Issues inherent in working at roadside and/or with heavy vehicles manoeuvring in confined working areas.	Risk of serious injury or death to staff	Personal impacts; Potential fines, legal claims; intervention by HSE etc. Loss of reputation	4	5	20	↑	Health & Safety has a high profile within service and with contractors. Bi-annual reports to SMG and SWB on internal and contractor performance. H&S advisory Group meets quarterly. Collection activities were the subject of a routine HSE inspection in Nov 2011 and no major concerns were identified. On sites public separated from heavy plant movements. As a result of HSE recommendations, SWP are increasing frequency of crew monitoring by officers and resources to enable this to be done efficiently are being prepared. Level of accidents to public on sites are very low and generally self-inflicted. SWP to focus comms campaign on respecting safety of working crews. Work with contractor to seek closer liaison with police.	2	5	10
47			Risk of serious injury or death to member of the public	Personal impacts; Potential fines, legal claims; intervention by HSE etc. Loss of reputation	2	5	10	↔		1	5	5
48	Maintaining services and operational effectiveness	Financial pressure on Contractors	Qualitative and/or quantitative reduction in contractor's management team or front line staff	Deterioration in service, higher complaints, reduced satisfaction with service, more pressure on client, lack of capacity to innovate.	4	4	16	↑	Frequent programmed engagement with Senior Management Teams of both contractors. Direct engagement with front-line staff by SWP. Continued secondment of experienced SWP staff to Kier. Sign-off to significant changes. Develop improved regular liaison with new Kier Senior Mgmt. Team and attend staff meetings at depots. Maintain current arrangements with Viridor (MD and Chairman). Close monitoring of performance and implement contractual penalties if appropriate.	2	3	6
49			Contractor defaults or fails	Potential short term delivery implications, requirement for service review / procurement with associated costs of process and potential higher cost of delivering the service.	2	3	6	↔	Awareness of financial state of cos. through checks & regular contact with Senior Managers, networking within industry to get early warning of trends & pressures. Respond quickly to any relevant intelligence obtained, assess risks that ensue and act accordingly (MD and Team).	2	3	6

### Risk Assessment Matrix

When assessing a risk you should assume that action plans/controls are currently in place, so be guided by the information you have on the day of the assessment. The assessor should assign values for the identified 'likelihood' of occurrence (A) and the severity of the 'impact' (B). By multiplying 'A' and 'B' together you get the rating score, which gives an indication of how important the risk is. Proximity of the risk, although not scored in its own right may impact on your likelihood, impact or both when scoring.

An opportunity follows the opposite scale to the risks. A high risk score = negative, a high opportunity score = positive. On both scales green is positive and red is negative.

Risk		Likelihood (A)					Impact (B)				
		Very Likely 5	Likely 4	Feasible 3	Slight 2	Very unlikely 1	Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
LIKELIHOOD (A)	5	5 Low Review at least annually	10 Low Review six months	15 Medium	20 Very High	25 Very High					
	4	4 Low Review at least annually	8 Low Review six months	12 Medium	16 Very High	20 Very High					
	3	3 Low Review at least annually	6 Low Review six months	9 Medium	12 Medium	15 Medium					
	2	2 Low No need to record	4 Low Review six months	6 Low Review six months	8 Medium	10 Medium					
	1	1 Low No need to record	2 Low No need to record	3 Low Review six months	4 Medium	5 Medium					
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5					
		IMPACT (B)									

White/Green = Low risk
Yellow = Medium risk
Red = Very high risk

Opportunity		Likelihood (A)					Impact (B)				
		Very Likely 5	Likely 4	Feasible 3	Slight 2	Very unlikely 1	Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
LIKELIHOOD (A)	5	5 Low Review at least annually	10 Low Review six months	15 Medium	20 Very High	25 Very High					
	4	4 Low Review at least annually	8 Low Review six months	12 Medium	16 Very High	20 Very High					
	3	3 Low Review at least annually	6 Low Review six months	9 Medium	12 Medium	15 Medium					
	2	2 Low No need to record	4 Low Review six months	6 Low Review six months	8 Medium	10 Medium					
	1	1 Low No need to record	2 Low No need to record	3 Low Review six months	4 Medium	5 Medium					
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5					
		IMPACT (B)									

Likelihood of Occurrence (A)	Severity				
1 = Very unlikely (hasn't occurred before)	1 =				
2 = Slight (rarely occurs)	2 = Minor				
3 = Feasible (possible but not common)	3 =				
4 = Likely (has before, will again)	4 = Major				
5 = Very Likely (occurs frequently)	5 = Critical				

### Issue Assessment Matrix

Use the Issue Assessment Grid to identify the importance of a specific issue with regard to its priority and potential negative impact on the programme/project. An issue with high severity and critical priority is an urgent and critical issue; it may cause the programme/project to stop until the issue is resolved. In contrast if the issue is ranked as medium severity and medium priority, monitoring the issue management process should be sufficient. Low severity and priority issues should be handled outside the issue management process.

Issue severity will not change over the life of an issue, but the priority can be adjusted upward as time passes without a resolution. For example, an issue may have a high severity if not resolved, but its priority may be medium because there is enough time to resolve it. However, if the issue is not resolved in time, it may become a high priority.

SEVERITY ↑	May impact quality of a major deliverable or productivity of a large project staff segment	Low Priority High Severity	Medium Priority High Severity	High Priority High Severity
	May Impact quality of sub-components of deliverables or productivity of a smaller project staff segment	Low Priority Medium Severity	Medium Priority Medium Severity	High Priority Medium Severity
	Does not impact major deliverable. May affect smaller deliverables or productivity of small project staff segments.	Low Priority Low Severity	Medium Priority Low Severity	High Priority Low Severity
	Has no direct or immediate impact on deadlines. Resolutions may or may not be necessary (best efforts acceptable)	May impact future or less critical deadlines. Eventual resolution required.	Failure to resolve may result in critical deadlines being missed. Resolution required as soon as possible.	
	<b>PRIORITY →</b>			

Somerset Waste Board meeting  
29 June 2018  
Report for decision

Paper  
Item No.

Somerset Waste Partnership Vision and Strategic Direction

Lead Officer: Mickey Green, Managing Director

Author: Mickey Green

Contact Details: 01823 625707

<b>Forward Plan Reference:</b>	
<b>Summary:</b>	This report reviews the Somerset Waste Partnership's (SWP's) current vision and seeks approval to an updated vision. It also seeks approval to commence work on a long term household Waste Management Strategy for Somerset.
<b>Recommendations:</b>	<p><b>It is recommended that the Board:</b></p> <ol style="list-style-type: none"> <li><b>1. Approves the revised vision as set out in paragraph 2.3 of this report, subject to any suggested changes made at the Board meeting;</b></li> <li><b>2. Amends the action in section 5.2 the Business Plan 2018-23 (to refresh SWP's waste prevention strategy) to produce a longer term waste management strategy as outlined in paragraph 2.4 of this report.</b></li> </ol>
<b>Reasons for recommendations:</b>	To ensure that our vision clearly reflects who we are, what we value and what we want to become, and that we have a clear approach to realising our vision, informed by the national 25 year Resources and Waste Strategy (expected in Autumn 2018).
<b>Links to Priorities and Impact on Annual Business Plan:</b>	The proposal would impact on both section 3 of the SWB Approved Business Plan 2018-23 (SWP's current vision), and task 5.2 (the refresh of SWP's Waste Prevention Strategy).
<b>Financial, Legal and HR Implications:</b>	Our vision and strategy should shape everything we do and hence will have implications for the whole of SWP. The strategy is not predicated on a certain level of funding.
<b>Equalities Implications:</b>	None.
<b>Risk Assessment:</b>	The risk of not having a clear vision and strategic direction is that we are not clear on what success looks like, have unrealistic ambition or make sub-optimal decisions in the short term.

## 1. Background

- 1.1. SWP has not reviewed its vision since 2013, and has no current overarching long term strategy. We now plan to move away from landfill, to recycle even more at the kerbside, to introduce new technology to our services, to change our kerbside collection contractor, to review our Recycling Centre contract, and we're in the process of reinvigorating the way we engage with the public – from our schools against waste programme to our active social media presence. The world around us is also changing – the 'Attenborough effect' means the public mood is changing, industry (supermarkets and producers) have significant plans to move away from single use plastic, waste is back on the national policy agenda, and Somerset's demography continues to change.

SWP needs to refresh its long-term waste management strategy because we need to be clear about our long-term ambition in order to ensure our activities are as joined up as possible (internally and externally), and so that we are clear against what expectation we are tracking our performance. The first step in developing a long-term strategy is to ensure that we are very clear on our vision – who we are, what we value, and what we want to become.

## 2. Refreshing our vision

- 2.1. Our current vision (as set out in the 2018-23 and previous Business Plan) is to:

- *Drive material up the waste hierarchy and, where sustainable markets exist, into the circular economy\**
- *Avoid landfill and encourage high participation in waste avoidance, reuse, recycling and food waste collection schemes*
- *Engage with local people, support economic wellbeing and use efficient, sustainable and affordable solutions at every stage of the process*
- *Encourage and facilitate innovation, joined up strategy, policy and operations across the county*

\* A circular economy is one where resources once used are not disposed of, but become feedstock materials or energy for making new products, thus reducing reliance on raw materials and waste disposal. A "closed loop process" is a variation of this where recovered materials are recycled into the same product. The benefits of a circular economy include reduced energy consumption, resource security and lower environmental impacts. A circular economy works most effectively where there are clear incentives for all persons on the loop (manufacturers, retailers, consumers, local authorities, reprocessors) to move the material around the loop.

- 2.2. An effective vision needs to be widely understood and collectively shared, and only matters if it actually shapes what we do. It should describe who we are, what we do, what we value and where we're going. In a simple and clear way it should describe to stakeholders:
- *our reason for being*

- *how we aim to serve stakeholders (customers, workforce & partners)*
- *our values (beliefs and guiding principles)*
- *where we want to be in the future*
- *our purpose and aspirations: what we want to become*

**2.3.** Discussions with SWP staff, the Strategic Management Group, stakeholders and members have shown that our current vision doesn't do this as clearly as it might. Accordingly the following revised vision is proposed for SWP:

*Our reason for being:*

**We ensure our household waste is never wasted but given new life as a valuable resource. We deliver excellent customer service and value for money through our work to create a more sustainable Somerset.**

*Who we are:*

**Somerset's Local Authorities work together as the Somerset Waste Partnership to ensure our household waste is reduced, reused, collected, recycled and treated effectively.**

*What we want to become:*

**Through the passion, care, insight and expertise we bring to everything we do we will be seen as an exemplar for how we manage waste, how we work with others, and how we support people to change their behaviour.**

*What we value:*

<b><i>Collaboration</i></b>	<b><i>Quality</i></b>	<b><i>Insight</i></b>	<b><i>Innovation</i></b>
We treat everyone we work with as an equal, and know we have greater impact when we work with others	We focus on quality in the way we serve our customers and in the way we get the most of the resources we collect	We work with our partners to generate and share insights about how and why people behave the way they do, and use it to shape what we do	We innovate and learn from others, recognising that we learn even when things don't go to plan

## 2.4. Waste Strategy

SWP needs to refresh its long-term waste management strategy because we need to be clear about how we will deliver our vision and our level of ambition over the longer term. It should set out our shared ambition, identify the outcomes we wish to achieve, set high level targets and our over-arching approach to achieving these targets. It will not duplicate the detailed plans of what we will do to achieve our ambitions, which will continue to be set out in our Business Plan (which will remain on a rolling 5-year horizon). An effective waste management strategy won't sit on the shelf but inform the Business Plan and how we report our performance to the Somerset Waste Board.

A SWP Waste Management Strategy will set out a long term framework for resource efficiency and waste management for domestic waste in Somerset for the next 25 years (to 2042). This length of time aligns with National Government's 25 year Environment Plan (published in Spring 2018) and the expected focus of the national Resources and Waste Strategy (expected in Autumn 2018). SWP's strategy will also need to align with SCC's Waste Core Strategy 2013 – 2028 (currently being revised).

The following objectives are proposed for SWP's waste management strategy:

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

As part of this it will encompass:

- A strategic framework for how we approach service developments to improve waste reduction, reuse, recycling and treatment
- Our approach to delivering excellent customer service and support (underpinned by appropriate technology)
- How we approach behaviour change, communications and engagement
- How we engage with communities, businesses and schools
- How we work with partners on areas like littering, fly-tipping and enforcement

### **3. Next steps**

Whilst we can start work on SWP's strategy ahead of publication of the national Resources and Waste Strategy (expected in Autumn 2018), it would not make sense to conclude work on our strategy until after we have fully understood the direction of travel for national policy.

A key challenge for the strategy will be how we set realistic ambition when we cannot be certain of the level of funding for services in the future (or other changes beyond our control). It is proposed that the scoping phase of the project will explore scenarios of different levels of ambition, with the minimum trajectory being the EU circular economy package targets announced earlier in 2018, the high level target being 55% by 2025, 60% by 2030 and 65% by 2035. The zero waste strategies in Wales and Scotland may also provide useful benchmarks.

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

- June/July: To agree the scope and approach, and to explore ambition
- Autumn: To review the implications for Somerset of the national Resources and Waste Strategy
- Winter: To review (and endorse the final draft of the strategy)

### **4. Background papers**

#### **4.1. None**

## Appendix 1: Summary of National Government's 25 year Environment Plan

Theme	Ambition	Action/area of work
<b>Targets</b>	<b>Zero avoidable waste</b> by 2050	New <b>Resources and Waste Strategy</b> to be published in 2018 will set out UK's approach to reducing waste, promoting markets for secondary materials, incentivising producers to design better products and how we can manage materials at the end of life by targeting environmental impacts. Recognises need to stop producing so much waste, more efficient production processes, better designed products that reduce waste and use recycled/reused materials wherever possible, and that we must ensure that we are not simply exporting waste to other countries
	<b>Eliminate avoidable plastic waste</b> by 2042	
	Meet current targets & develop <b>ambitious new targets</b> and milestones	
	Work towards no <b>food waste</b> entering landfill by 2030	
<b>Plastics product lifecycle</b>	<b>Production stage:</b> encourage producers to take responsibility for the environmental impacts of their products and rationalise the number of different types of plastic	Working with industry
		Reforming and possibly extending producer responsibility systems
		Exploring whether other problematic materials with suitable alternatives should be banned, like microbeads have been
		Seeking to accelerate innovation of more sustainable materials
	<b>Consumption stage:</b> reduce the amount of plastic in circulation through reducing demand for single-use plastics	Removing all single use plastics from central gov't estate
		Extending the successful 5p plastic bag charge to small retailers
		Seeking to significantly extend refill points to top up water bottles
		Working with retailers to introduce plastic free supermarket aisles
	<b>End of use stage:</b> making it easier for people to recycle by	Continuing to support industry led on-pack recycling labelling system and encouraging take up
		Implementing voluntary & regulatory interventions to cut the amount of litter and improve recycling and packaging reuse
	<b>End of use stage:</b> Improve the rate of recycling	Working with the waste management industry and reprocessors to significantly increase the proportion of plastic packaging that is collected and recycled
		Develop a standard for biodegradable plastic bags
Develop a new cross-sector commitment to tackle plastic waste (applying circular economy principles), starting with packaging		
<b>Residual Waste</b>	Improving management of residual waste (particularly <b>Energy from Waste</b> )	Explore different options for managing residual waste beyond electricity (including the production of biofuels for transport)
		Increase the use of heat produced at waste facilities through better connection to heat networks
		Investigate ways to cut carbon dioxide emissions from EfW facilities by managing the amount of plastics in residual waste



<p style="text-align: center;"><b>Collections</b></p>	<p>Committed to supporting <b>comprehensive and frequent waste and recycling collections</b> which protect local amenity &amp; ensure that products are recycled as much as possible, returning high quality materials back to the economy</p>	<p>Accelerate the shift to consistency in materials collected through the WRAP Framework for greater consistency working with industry and local authorities to ensure that a consistent set of materials are collected by all local authorities (especially plastics)</p>
<p style="text-align: center;"><b>Litter</b></p>	<p><i>Continue to implement the Government's <b>Litter Strategy</b> for England (note that this is not SWP responsibility, but is of relevance)</i></p>	<p><i>Introducing new regulations to improve local authorities' enforcement powers, supported by new guidance on its proportionate use.</i></p> <p><i>Developing a national antilittering campaign, led by the government and funded by the private sector</i></p> <p><i>Distributing a £450,000 litter Innovation Fund to pilot, implement and evaluate small scale local research projects that could be replicated more widely</i></p>

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