

**Somerset Waste Board**  
**Friday 23 February 2018**  
**10.00 am Luttrell Room -**  
**County Hall, Taunton**



To: The Members of the Somerset Waste Board

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

Issued By Julian Gale, Strategic Manager - Governance and Risk - 15 February 2018

For further information about the meeting, please contact Julia Jones or Scott Wooldridge or 01823 359027 or [jjones@somerset.gov.uk](mailto:jjones@somerset.gov.uk) / 01823 357628 or [swooldridge@somerset.gov.uk](mailto:swooldridge@somerset.gov.uk)

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

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



**RNID typetalk**

# AGENDA

Item Somerset Waste Board - 10.00 am Friday 23 February 2018

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

1 **Apologies for Absence**

2 **Declarations of Interest**

3 **Minutes from the meeting held on 15 December 2017** (Pages 7 - 10)

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

4 **Public Question Time**

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

5 **Performance Monitoring Report Q3 April to December 2017** (Pages 11 - 30)

To consider the report

6 **Financial Performance Update 2017/2018 and Final Budget 2018/2019** (Pages 31 - 46)

To consider the report

7 **Risk Register Update** (Pages 47 - 52)

To consider the report

8 **Plastic Update** (Pages 53 - 58)

To consider the report

9 **Recycle More & Collection Contract Procurement: Update** (Pages 59 - 64)

To consider the report

10 **Somerset Waste Board Forward Plan** (Pages 65 - 68)

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

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

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

Item Somerset Waste Board - 10.00 am Friday 23 February 2018

12 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

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## 1 Inspection of Papers

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

## 2 Notes of the Meeting

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

## 3 Public Question Time

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

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

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

You must direct your questions and comments through the Chairman. You may not take direct part in the debate.

The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting.

**Remember that the amount of time you speak will be restricted normally to three minutes only.**

#### **4 Hearing Aid Loop System**

To assist hearing aid users, the Luttrell, Hobhouse and Wyndham Rooms have infra-red audio transmission systems. These work in conjunction with a hearing aid in the T position, but we also need to provide you with a small personal receiver. Please request one from the Committee Administrator and return at the end of the meeting.

#### **5 Emergency Evacuation Procedure**

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

#### **6 Somerset Waste Board Forward Plan**

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

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

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

#### **7 Excluding the Press and Public for part of the meeting**

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

#### **8 Recording of meetings**

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

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

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

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

## SOMERSET WASTE BOARD

Minutes of a Meeting of the Somerset Waste Board held in the Luttrell Room - County Hall, Taunton, on Friday 15 December 2017 at 10.00 am

**Present:** Cllr C Aparicio Paul, Cllr P Berry, Cllr M Dewdney, Cllr D Hall, Cllr D Hill, Cllr J Roundell Greene, Cllr G Slocombe, Cllr N Woollcombe-Adams (Vice-Chair) and Cllr Yeomans (Chair)

**Other Members present:** Cllr T Munt

**Apologies for absence:** Cllr B Maitland-Walker, Cllr S Ross and Cllr N Taylor

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

Cllr C Aparicio Paul	Member of South Somerset District Council
Cllr D Hill	Member of Cheddar Parish Council
Cllr D Yeomans	Member of Curry Rivel Parish Council

### 37 **Minutes from the meeting held on 3 November 2017** - Agenda Item 3

The record of the meeting of the Somerset Waste Board held on 3 November 2017 was taken as read and signed as correct.

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

There were none.

### 39 **Finance Performance Update Quarter 2 2017/18 and Draft Budget 2018/19** - Agenda Item 5

Finance officer Martin Gerrish introduced the report which set out the financial performance against the approved annual budget for the first 7 months of the current financial year from April to October 2017.

The current financial position shown at 2.1 of the report was highlighted with a forecast underspend of £702,000. The collection position was £69,881 overspent due to a number of underlying reasons including increases in collection costs of garden waste, recycling credits continued to be below budget, and high head office costs. For waste disposal, the position had slightly improved from the report in November, collectively £35,000 better, with the most significant change being the district household growth numbers.

There was a landfill tax claim and a vehicle cartel claim that were being pursued by Somerset Waste Partnership much of which was still subject to legal confidentiality. It was hoped that interest on the money already paid could be backdated if the claims were approved.

Cllr Roundell Greene proposed the recommendations and Cllr Dewdney seconded them.

**Somerset Waste Board RESOLVED to:**

- 1. note the summary financial performance to date as contained in this report, and how this will impact on the budgetary requirements for 2018/2019.**
- 2. approve the Draft Budget of £ 45,147,200 for 2018/2019 as set out in Appendix 1.**
- 3. note the landfill tax and vehicle cartel claims that have been made on behalf of the partner authorities.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer's report

REASON FOR DECISION: As set out in the officer's report

**40 Quarter 2 Performance Monitoring Report April 17 - September 17 -  
Agenda Item 6**

Contracts Manager David Oaten introduced the report which summarised the key performance indicators for the period April 2017 to September 2017 and compared them to the same period in the last two years. There had been very little change and it was a largely positive picture. Less waste (both residual and recycling) had been produced which had resulted in a slightly enhanced recycling performance. Recycling sites had lower tonnages following the introduction of the permit scheme. Missed collections for recycling, food and garden waste were down around 5% although missed collections for refuse and repeat missed collections had increased and actions were being taken to address this. Flytipping was down overall but up in Mendip.

Further points raised in the discussion included:

- There had been a change in the report format to make it clearer to read and this was welcomed.
- The possibility of Government changing the rules regarding the disposal of hazardous waste.
- Problems of a particular site with regard to flytipping in Mendip which was subject to legal discussions.
- Ongoing shortage of waste vehicle drivers but activities were taking place to encourage more people such as training and promotion events.
- More information was requested about missed collections and making use of new technology in future to assist with this.

**The Board RESOLVED to note the performance findings in paragraphs 2.1 and 2.2, together with the tonnage and performance results within Appendices A & B.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer's report

REASON FOR DECISION: As set out in the officer's report



41 **Somerset Waste Partnership Business Plan 2018-2023** - Agenda Item 7

Business and Governance Manager Mark Blaker introduced the report regarding the business plan for 2018-23. He explained that this had been through the consultation process around all the partner authorities and that it had been considered by the Joint Waste Scrutiny Committee also. Feedback from the process had led to a number of changes including further details of the budgets, more details regarding Recycle More, and updating the risk register. He also outlined the key aims and priorities for 2018/19 in the plan including developing systems such as an ICT strategy and new customer service systems. The summary draft annual budgets and risk register were also highlighted.

Further points discussed included:

- A small percentage of the recycling credits were paid to third parties such as scout groups
- The purple boxes on the risk register showed opportunities and where there were mitigation actions the opportunity was more likely.
- The effect of China not taking recycling should be added to the risk register although it was noted that 96% of recycling took place within the UK.

Councillor Dewdney proposed the recommendations which were seconded by Cllr Roundell Greene.

**The Board RESOLVED to:**

- 1. note and consider the feedback from the partner consultation process as set out in paragraph 3.2.**
- 2. approve the Business Plan 2018-2023 (attached at Appendix A).**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer's report

REASON FOR DECISION: As set out in the officer's report

42 **Health and Safety Update** - Agenda Item 8

Senior Officer Terry Richards introduced the report updating the Board on the health and safety in the first two quarters of the 2017/18 financial year of the two principal contractors Kier Environmental Services and Viridor (Somerset) Waste Management Ltd. Kier had seen accidents reduced further to 23 – the lowest level seen under the SWP contract. The number of near miss reports had reduced by 68% and there had been no notifications under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 2013 (RIDDOR). No incidents involving members of the public had been reported and only one environmental incident reported. Kier had also received a gold award from the Royal Society for the Prevention of Accidents (ROSPA) for its 2016 performance.

Viridor had experienced a rise in accidents by 4 to a total of 17, near miss reporting had reduced by 22%. One RIDDOR accident had been reported. There had been no dangerous occurrences reported. Nine incidents involving members of the public were reported and 5 environmental incidents.

There was some evidence that that near miss reporting was not always accurate and the contractors had been spoken to about this and were addressing the situation.

**The Board RESOLVED to note the contents of this report and its appendices.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer's report

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

43 **Somerset Waste Board Forward Plan** - Agenda Item 9

The Board were updated by the Governance Manager on the latest position of the forward plan and the planned business for the next meeting on 23 February 2018.

44 **Information Sheets Issued Since the Last Meeting** - Agenda Item 10

There had been two information sheets issued since the last meeting.

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

Managing Director Mickey Green brought an urgent report to the Board relating to the recent developments on the proposed merger of Taunton Deane Borough Council and West Somerset Council. Somerset Waste Partnership had been asked by the two councils to write a letter to the Secretary of State reiterating points made during the consultation process and the deadline for a response was imminent. Points to be made in the letter were shown in Appendix B to the report. Members were content with this and supported the recommendations.

**The Board RESOLVED to authorise:**

- 1. The Managing Director to write to the Secretary of State for Communities and Local Government**
- 2. That the content is drawn from sections 2,3, and 4.1 of the February report, extracted here as Appendix A.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer's report

REASON FOR DECISION: As set out in the officer's report

**(The meeting ended at 10.46 am)**

**CHAIR**

Somerset Waste Board meeting  
23 February 2018  
Report for information



Performance Report - April 2017 to December 2017

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

Author: John Helps, Performance Monitoring Officer

Contact Details: 01823 625705

<b>Forward Plan Reference:</b>	FP/17/11/07
<b>Summary:</b>	<p>This report summarises the key performance indicators for the period from April 2017 to December 2017 compared to the same period in the last two years. Key headlines are:</p> <ul style="list-style-type: none"> <li>• Less waste (both residual &amp; recycling) has been produced which has resulted in a slightly higher recycling performance</li> <li>• A continued trend of lower tonnages through the recycling sites, particularly for residual waste</li> <li>• The results of the in depth performance review of missed collections at Appendix C1</li> </ul>
<b>Recommendations:</b>	<b>That the Somerset Waste Board notes the performance results within Appendices A &amp; B, and the findings of the missed collections deep dive (Appendix C).</b>
<b>Reasons for recommendations:</b>	Report for information only. Whilst this report sets out specific actions being taken to address areas of concern, the business plan sets out how we focus on improving performance.
<b>Links to Priorities and Impact on Annual Business Plan:</b>	Transparency – Publishing Key Performance Indicators
<b>Financial, Legal and HR Implications:</b>	No direct financial, legal or HR implications.
<b>Equalities Implications:</b>	No equalities implications
<b>Risk Assessment:</b>	Areas of poor performance inform our overall risk assessment

## 1. Background

- 1.1. Reports with a reduced range of key performance indicators for services managed by Somerset Waste Partnership are presented to the Board in September (Quarter 1 performance) and for February (Quarter 3 performance).

## 2. Performance Findings

### 2.1. Headline performance figures

Headline figures to note for April to December 2017 compared to the same period in 2016 are shown in the table below. The RAG ratings indicate where trends are on track (green), not as desired (amber) or a cause for concern (red). A verbal update for any significant changes to these trends will be given at the Board.

National Indicators	Result	+ / -	Appendix	Lines
Residual waste per household (NI 191) – Kgs per household	366.28	-0.52%	A1	(38)
Recycling & reuse rate (NI 192) - %	53.63%	0.11%		(39)
Waste landfilled (NI 193) - %	44.84%	-0.35%		(40)
Waste Streams	Tonnes	% Change		
Total Reused, Recycled & Composted	107,166	0.09%		(25)
Residual Waste Landfilled	88,248	-0.84%		(26, 29, 30)
Recovery Material	3,791	4.93%		(27, 28, 31)
Total Household Waste Arising	198,157	-0.26%		(32)
Total Commercial Waste Arising	4,398	6.67%		(24, 34)

Kgs per Household Headlines	Kg/hh	+ / -	A2	
Garden Waste	156.18	5.94		
Recycled Material	188.78	-5.06		
Residual Waste Landfilled	366.28	1.91		

Flytips	No.	+ / -	B1	
Total No.	3,423	-87		

### 2.2. Analysis of performance drivers

#### 2.2.1. Overall tonnages

Appendix A1 shows tonnage by material type as well as the former key national performance indicators arranged in alphabetical commodity order and showing data for 2 comparative years. It shows data for the whole partnership (i.e. kerbside and recycling sites). The headline tonnage figures show that tonnages have declined during 2017. Key points are:

- A 0.04% (42 tonnes) decrease in household waste reused, recycled and composted (line 23),
- A 0.26% (552 tonnes) decrease in overall household waste arisings (line 32),
- A 0.74% (656 tonnes) decrease in household waste landfilled (line 33).

Appendix A2 shows that Somerset households produced less waste, when compared to the first nine months of 2016, with a reduction of 1.40 Kgs per household, bringing the total waste arising to 789.97 Kgs per household, this

reduction predominantly achieved at the recycling sites but offset by a slight rise of 2.42 Kgs per household in the amount of waste presented for collection at the kerbside.

### **2.2.2. Recycling and reuse**

Appendix A1 shows the materials recycled overall (both kerbside and recycling sites) and A2 shows headline Kgs per household performance for kerbside collection services and recycling sites.

Changes worthy of note include:

- A continued drop in the amount of paper collected, with a decrease of 8.68% (754 tonnes - line 18),
- A 0.31% (239 tonnes) increase of residual waste sent to landfill collected from the kerbside (line 29), suggesting that the majority of material displaced from the recycling sites (981 tonnes – line 30) has not been presented for collection.

### **2.3. Garden Waste**

The amount of garden waste treated during this period at both the recycling sites and at kerbside increased by 3.96% (1,491 tonnes - line 10). Increases in garden waste per household were 5.94 kg/hh, with a continued increase seen in kerbside collections of 5.73kg/hh to 68.61 kg/hh, and also by a slight increase at recycling sites of 0.21 kg/hh bringing the total through the sites to 87.57 kg/hh. The main driver for changes in garden waste remains the weather, with an additional 1,006 tonnes handled during the unseasonably mild weather in October.

### **2.4. Recycling Centres**

Appendix A2 shows headline Recycling Centre performance figures by Kgs per household.

It shows a reduction of material through the recycling sites of 3.82 Kgs per household. There was a loss of 1.33 kg/hh of dry recycling, as well as a decrease of 3.26 kg/hh (including asbestos) of residual waste. The majority of these reductions are thought to be related to the continued successful operation of the permit scheme.

### **2.5. Missed Collections Deep Dive**

As reported at the December Board meeting, the first area of service performance that has been made the subject of an in depth review is missed collections under the waste collection contract. The deep dive is contained within Appendix C and Members will receive a presentation and verbal update with regard to the main findings at the Board.

### **2.6. Flytipping**

Appendix B1 shows the level of reported flytips, broken down by waste type and District across Somerset. It shows that the numbers of reported flytips across Somerset continue to decrease slightly compared to 2016-17. In

Quarters 1 – 3, the total number of flytips has reduced by 87 (-2.48%) incidents. There were decreases in the numbers reported in South Somerset, Taunton Deane and West Somerset, with Mendip and Sedgemoor showing increases (5% & 8% respectively) in the number of incidents. As previously reported, whilst we include fly tipping numbers as part of this Board report, as the actions of the SWP can have an influence on flytipping, in reality, SWP 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.

### **3. Consultations Undertaken**

- 3.1.** 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.

### **4. Implications**

- 4.1.** Implications of the performance data are:
- The focused review of missed collection performance is contained within Appendix C of this report and once the recommendations are put in place, it is expected that missed collection statistics will be better founded, easier to manage and will subsequently reduce in number, leading to improved overall service performance.
  - Implementation of the permit scheme at the Recycling Sites continues to be monitored closely and appears to be having the desired impact

### **5. Background papers**

- 5.1.** No background papers referenced for this report.

## Tonnage Comparisons for April - December 2017 compared with the same periods in 2015 &amp; 2016

Material & Source		Tonnage Comparisons				
		April - December 2015-16	2016-17	2017-18	Weight Variance	Percentage Variance
1	Batteries	127	121	126	5	4.44%
2	Bric-a-brac (Reuse)	396	329	290	-39	-11.90%
3	Cans	1,581	1,554	1,678	124	8.01%
4	Cardboard	10,681	8,145	7,953	-192	-2.36%
5	Clothes and Shoes	1,464	1,405	1,432	27	1.89%
6	Cooking Oil	11	6	15	9	139.16%
7	Food Waste	13,087	13,666	13,593	-74	-0.54%
8	Fridges and Freezers	672	755	734	-21	-2.73%
9	Furniture	195	200	194	-7	-3.31%
10	Garden Waste	36,995	37,686	39,177	1,491	3.96%
11	Glass	11,180	11,163	11,222	59	0.53%
12	Mineral Oil	53	35	16	-19	-54.56%
13	Mixed Paper and Cardboard	240	3,037	3,021	-17	-0.55%
14	Non Packaging Scrap Metal	3,871	4,097	4,018	-79	-1.94%
15	Other Electrical Goods	2,553	2,567	2,459	-108	-4.20%
16	Other Packaging (Cartons)	22	18	20	3	14.89%
17	Paint	0	4	159	155	4073.42%
18	Paper	9,472	8,684	7,931	-754	-8.68%
19	Plasterboard (Non-Household)	668	172	200	28	16.20%
20	Plastics	2,291	2,551	2,417	-133	-5.22%
21	Street Sweepings	5,673	5,362	5,188	-174	-3.25%
22	Wood	4,683	4,937	4,639	-299	-6.05%
23	Household Reused, Recycled & Composted	105,247	106,323	106,281	-42	-0.04%
24	Non-Household Reused, Recycled & Composted	1,228	744	885	141	18.89%
25	Total Reused, Recycled & Composted	106,475	107,067	107,166	98	0.09%
26	Asbestos	262	91	84	-7	-7.87%
27	Incineration (With Energy Recovery)	3,295	3,438	3,629	191	5.54%
28	Incineration (Without Energy Recovery)	4	8	2	-7	-82.17%
29	Residual to Landfill (Collection Services)	74,401	76,411	76,650	239	0.31%
30	Residual to Landfill (Recycling Sites)	12,540	12,495	11,514	-981	-7.85%
31	Sweepings Converted to RDF	175	166	160	-5	-3.26%
32	Total Household Arisings	195,851	198,679	198,157	-522	-0.26%
33	Total Household Landfilled	86,929	88,818	88,163	-656	-0.74%
34	Non-Household Landfilled	4,267	3,378	3,513	134	3.98%
35	Bottom Ash (From Incineration) Landfilled	44	46	48	2	5.05%
36	Total LACW Landfilled	90,650	91,681	90,817	-865	-0.94%
37	Total LACW	201,346	202,881	202,555	-326	-0.16%
38	NI 191: Residual Household Waste per Household (kg)	360.78	368.19	366.28	-1.91	-0.52%
39	NI 192: Household Waste Reused, Recycled & Composted	53.79%	53.52%	53.63%		0.11%
40	NI 193: LACW Landfilled	45.02%	45.19%	44.84%		-0.35%
<i>Performance Increase &gt;</i>						
< <i>Performance Decrease</i>						

Headline Variances kg/hh - April - December 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	54.19	-0.29			54.19	-0.29
Green Garden	68.61	5.73	87.57	0.21	156.18	5.94
Recycling	122.30	-3.73	66.48	-1.33	188.78	-5.06
Reuse	2.74	0.09	1.12	-0.15	3.86	-0.07
Sweepings - Recycled	20.68	-0.69			20.68	-0.69
Total Reused, Recycled & Composted	268.52	1.10	155.18	-1.27	423.70	-0.17
Household Residual (Including Recovery)	305.70	1.35	60.57	-3.26	366.28	-1.91
Sweepings (Converted to RDF)	0.64	-0.02			0.64	-0.02
Energy Recovery			14.42	0.71	14.42	0.71
Incineration (Without Energy Recovery)	0.01	-0.03			0.01	-0.03
Total Household Arisings	574.22	2.42	215.75	-3.82	789.97	-1.40
NI 191: Residual Household Waste per Household (kg/hh)	305.70	1.35	60.57	-3.26	366.28	-1.91
NI 192: Percentage of Household Waste Sent for Reuse, Recycling & Composting (%)	46.76%	-0.01%	71.92%	0.90%	53.63%	0.11%
NI 193: Percentage of LACW Landfilled (%)					44.84%	-0.35%
Performance Increase >						
< Performance Decrease						
Performance Headline						



## Reported Fly-Tips - Quarter 1 - Quarter 3 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 3 2016-17					
	Number of Incidents					
	MDC	SDC	SSDC	TDBC	WSDC	Totals
Animal carcass	2	4	3	2	1	12
Green	117	42	52	27	6	244
Vehicle parts	29	15	22	12	1	79
White goods	75	51	43	34	14	217
Other electrical	27	25	24	8	2	86
Tyres	99	49	49	13	8	218
Asbestos	0	0	3	1	0	4
Clinical	0	0	2	3	0	5
Construction / demolition / excavation	106	60	82	50	16	314
Black bags - commercial	55	0	23	11	0	89
Black bags - household	122	72	106	97	20	417
Chemical-drums-oil-or-fuel	19	15	15	5	4	58
Other household waste	531	515	303	198	40	1,587
Other commercial waste	60	0	31	28	1	120
Other (unidentified)	0	0	41	19	0	60
<b>Totals</b>	<b>1,242</b>	<b>848</b>	<b>799</b>	<b>508</b>	<b>113</b>	<b>3,510</b>

Material Type	Quarter 1 - Quarter 3 2017-18					
	Number of Incidents					
	MDC	SDC	SSDC	TDBC	WSDC	Totals
Animal carcass	2	1	2	0	1	6
Green	84	39	56	18	5	202
Vehicle parts	42	18	15	10	2	87
White goods	52	55	32	27	2	168
Other electrical	26	17	16	5	0	64
Tyres	97	65	76	11	4	253
Asbestos	0	0	0	0	1	1
Clinical	0	0	0	0	1	1
Construction / demolition / excavation	77	58	81	52	13	281
Black bags - commercial	10	0	5	2	0	17
Black bags - household	234	120	91	48	15	508
Chemical-drums-oil-or-fuel	9	8	13	1	0	31
Other household waste	622	536	253	191	18	1,620
Other commercial waste	54	0	20	7	1	82
Other (unidentified)	0	0	48	20	0	68
<b>Totals</b>	<b>1,309</b>	<b>917</b>	<b>708</b>	<b>392</b>	<b>97</b>	<b>3,423</b>

All data is now obtained from District Council WasteDataFlow entries.

Due to reporting changes, data is now only available for quarterly periods.

WSC data is provisional (34 flytips for Qtr3), with the breakdown by waste type still to be determined.

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## **Appendix C: Missed Collections: Deep Dive**

### **Rationale for the deep dive**

In December's performance report to the board we identified that the only two performance indicators where performance was not as expected related to missed refuse collections and repeat missed collections. As this is an area which the public and board members have consistently flagged concerns, and given the importance of maintaining service quality in the run-up to early expiry it was felt appropriate to investigate missed collections further.

### **Purpose of the deep dive**

This deep dive should be seen in the light of the run in to rolling out Recycle More. Our kerbside sort system delivers high environmental quality, but we ask a lot of the public to achieve this. Part of the 'contract' with our customers should be that our customer service must become market leading. This report therefore focuses on:

- What is a missed collection and what causes them?
- How well are we performing and what level of performance should we reasonably expect?
- Have the actions taken to address areas of poor performance had the desired impact?
- What more should we do to improve performance and customer satisfaction?

### **Summary**

- SWP (and our collection contractor, Kier) get it right first 99.91% of the time on average. Because we undertake around 26 million kerbside collections each year this means, however that 23,648 household's collections are missed each year, which causes understandable customer dissatisfaction. SWP's performance appears to be broadly around average compared to other collection authorities, but reliable comparisons are difficult to identify. The issues identified at the last board meeting have been addressed.
- Missed collections occur for various reasons, and looking at average data for all services across the whole county can mask where we do have some performance issues. Management actions taken by Kier have been prompt and effective to date, and we have full confidence in their ability to achieve improvements and their commitment to maintaining service quality. Given our ageing fleet, lack of in-cab technology and the level of historical performance we do, however, need to be realistic about what level of performance we can reasonably expect.
- The deep dive has resulted in further action from Kier to address areas of particular concern, and identified areas where SWP can improve its processes and monitoring. However, the deep dive has revealed that there are a number of areas where performance remains at an unacceptable level (in relation to assisted collections, the speed with which missed collections are rectified, and garden waste collections). SWP have informed Kier that performance in these areas must improve by the end of the financial year (April 2018) otherwise the full range of performance deductions that our contract with Kier allows (c£20 – 40k over a 3 month period). Such performance deductions are not significant in the context of our overall contract, but do send a clear signal to Kier of the importance of our collection service quality in the final years of our contract with them.

## What is a missed collection?

A **missed collection** is any collection (refuse, recycling, food, garden, clinical or bulky) that is reported by a customer as missed over the phone or online. Both online and over the phone we can seek to weed out those where a collection hasn't actually been missed (e.g. containers not actually put out on the kerbside or put out on the wrong day), and support customer with advice and excess waste stickers if needed. Kier can 'unjustify' a missed collection however SWP will only allow Kier to not rectify a reported missed collection if sufficient data (including a photo) is made available to SWP – but given the lack of in-cab technology this evidence is rarely provided. The system fundamentally relies on customers honestly reporting missed collections.

If a missed collection isn't reported by a customer then we have no record of it having been missed, and we only record each log as one missed collection (even if a customer states that the whole street has been missed – as experience suggests such reports are often inaccurate). We also do not record incomplete collection rounds as a missed collection as a block – instead we liaise daily with Kier to ensure that incomplete rounds are completed quickly, and any customers that do contact us are logged as missed collections. People are less likely to report a missed collection when they see that their neighbours have also been missed.

So it is likely that there are more missed collections than we report, but that some of the missed collections we do report are not actually missed. What we are actually monitoring is 'reported missed collections'.

SWP measure **repeat missed collections** as any property that has had any previous report of a missed collection of any type in the last 12 weeks. Contractually a repeat missed collection is a collection of the same type which has been missed consecutively.

A **missed collection not rectified** is where a missed collection is not corrected within 48 hours. Whilst our contract requires a missed collection to be rectified the same day if it is reported before midday and within 24 hours if reported later, this contractual condition has not been implemented. However when we imposed penalties against the contract in the Autumn of 2014 these were based on the contractual requirements. Our contract only stipulates specific performance deductions if a missed collection is not rectified within this contracted time period or if it is a repeated missed or a repeat missed not rectified. Other deductions can be made for 'service failure' or 'service breakdown' but these are open to interpretation and could be subject to lengthy and costly dispute. This has been recognised as a weakness within the contract and the new contract will be much stronger in this area. This may of course have been partly due to originally having a community interest partner but this relationship has changed over the years due to acquisition and the nature of our contract partner has changed significantly over the last ten years.

**How well are we performing overall and compared to others?**

SWP (and our collection contractor, Kier) get it right first 99.91% of the time on average. However, given that we undertake around 26 million individual collections each year, this still means that there are around 23,648 customers who do not experience the level of service they expect.

Our contract does not stipulate any level of missed collections that is acceptable – i.e. assumes that there should be zero missed collections, and that performance deductions can be applied if they are not rectified within the contractually agreed time limit. However, SWP – like other waste collection authorities - have long accepted that in reality it is not practical to have no missed collections, given the nature of the service provided day in day out on Somerset’s roads. Since ECT provided services back in 2007, SWP have measured performance against a target of 0.5 missed collections per 1000 collections. Kier also recognise this as their internal performance target across all their contracts.

Looking at our performance over time (figure 1 below) shows that our average performance over the last 3 years has been 99.91% – almost twice our target. It also shows that there is a seasonal trend (worse in Summer and after Christmas), that there are significant spikes in performance caused by one-off issues that are normally rectified promptly

A review of other waste collection authorities has shown that there is no standard way of measuring or reporting missed collections (many don’t publicly report on this at all), and little best practice was identified. Whilst we cannot be certain that we are comparing like with like, other authorities missed reports ranged from 14 to 487 per 100,000 – an average of 79 per 100,000 when extremes are removed. This compares to Somerset’s average of 91 per 100,000 collections – meaning that our performance is just above average.

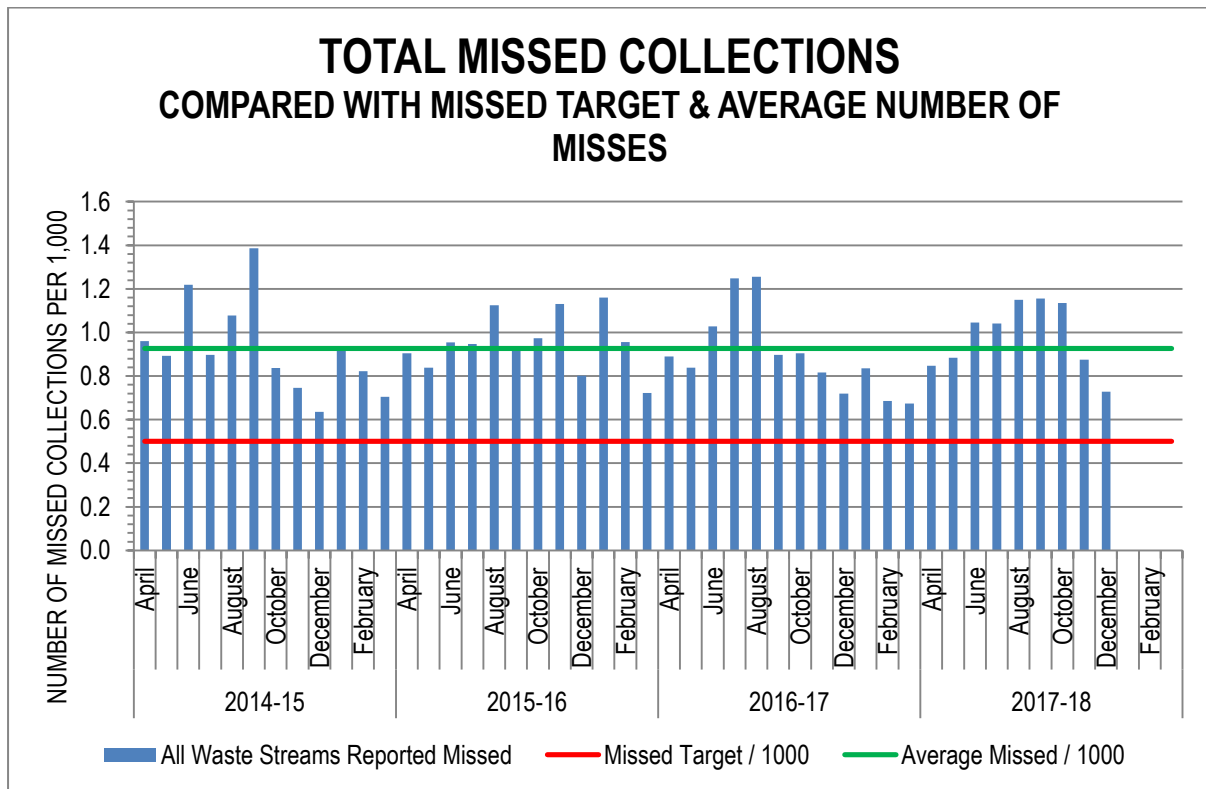


Figure 1: Total missed collections (all services county-wide) against our target and average.

## What causes missed collections and how are they managed?

Table 1 shows the key reasons that cause a single property or a number of properties to be missed, providing a narrative for some of the key trends in figure 2 - trends in missed collections over the last three years broken down by type of service (refuse, recycling, garden).

<b>Reason for a missed</b>	<b>When this led to spikes in missed collections (fig 2)</b>
<b>Seasonal spikes in demand</b>	Clearly the post-Christmas boom in recycling and refuse and other major events (Halloween pumpkins and food waste) create particular pressures on the service, and these significant increases in demand are generally well planned for and well coped with (as this Christmas was). However, it does lead to higher levels of missed collections. It is also evident that missed collections are much higher in the summer on our garden waste service (when demand is highest). Performance issues on garden waste have to an extent been masked by how we monitor and report the figures, and these issues are discussed in more detail later in the report.
<b>Recycling vehicle compartment(s) full (i.e. increased demand)</b>	Our ageing fleet was procured before the boom in on-line shopping and the significant reduction in reading of newspapers, and does not effectively match the amounts of waste generated. This can lead to some compartments being filled up whilst others have capacity, which can occasionally result in missed collections.
<b>Accident/parked car blocking access</b>	Unfortunately as we are all aware our roads and streets are becoming busier and more congested with a corresponding rise in access problems due to parked cars and road closures for our collection crews.
<b>Vehicle breakdown</b>	For example the summer 2017 spike in garden waste was in part driven by a sequence of vehicle breakdowns in South Somerset -
<b>Staff shortages</b>	Refuse performance in the current year has shown some concerning spikes (particularly at Lufton and Evercreech) driven by staff shortages. Recycling services in Taunton Deane this summer were affected by similar issues. These have been addressed by Kier improving agency recruitment and the ratio of full time to agency staff.
<b>Inexperienced crew on a round</b>	We do try and have at least one regular crew on a round but this is not always possible, information is paper based and wind, wet, gloves etc. all make this difficult to manage and things can get missed. Local knowledge 'that bin is always tucked just inside the hedge' etc. can get lost
<b>Changes to a round</b>	Evercreech (our largest depot) has consistently performed less well than other depots in certain areas and performance in Mendip in particular was worsening – peaking at 153 missed collections a week in October. This deterioration in performance required a restructure of rounds to tackle it, and whilst this led to a short term blip in performance as crews got used to the new rounds, by mid-December this had reduced to 35 missed collections per week.
<b>Lack of in-cab technology</b>	Garden waste and assisted collections would probably benefit most from in cab and other tech advances and a paper based

	system is a significant weakness in these areas but also more generally in delivering a service of this scale. Most of our current on the street operation uses technology more than a decade old.
<b>Crew behaviour</b>	Instances of crews deliberately not following instructions are very rare, but this did occur on the garden waste service in Spring in Bridgwater - robust management action was taken to address these performance issues.
<b>Depot culture</b>	Organisational culture can impact on service and there have been persistent differences in performance by depot, some of which we believe is due to culture. Kier are working hard to change some of the drivers of this behaviour – for example through implementing pay parity across depots and functions.
<b>Role of Supervisor</b>	Supervisors are a vital component in smooth and efficient operations. As with other positions we have churn in this area and it does take new supervisors time to get up to speed. When staff pressures lead to a shortage of drivers this often results in supervisors having to drive, and this does have a noticeable impact on service quality.

Figure 2: key drivers for missed collections

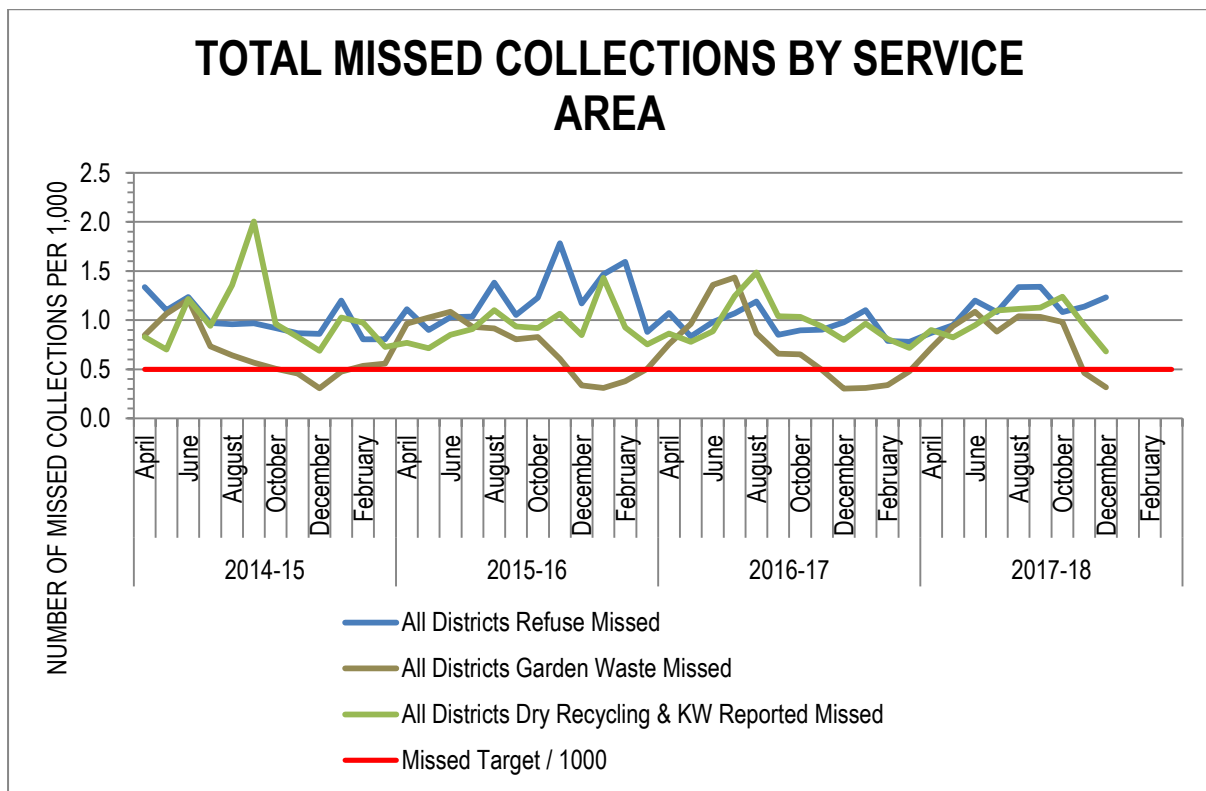


Figure 3: Missed collections over the last three years by type of service (refuse, recycling, garden)

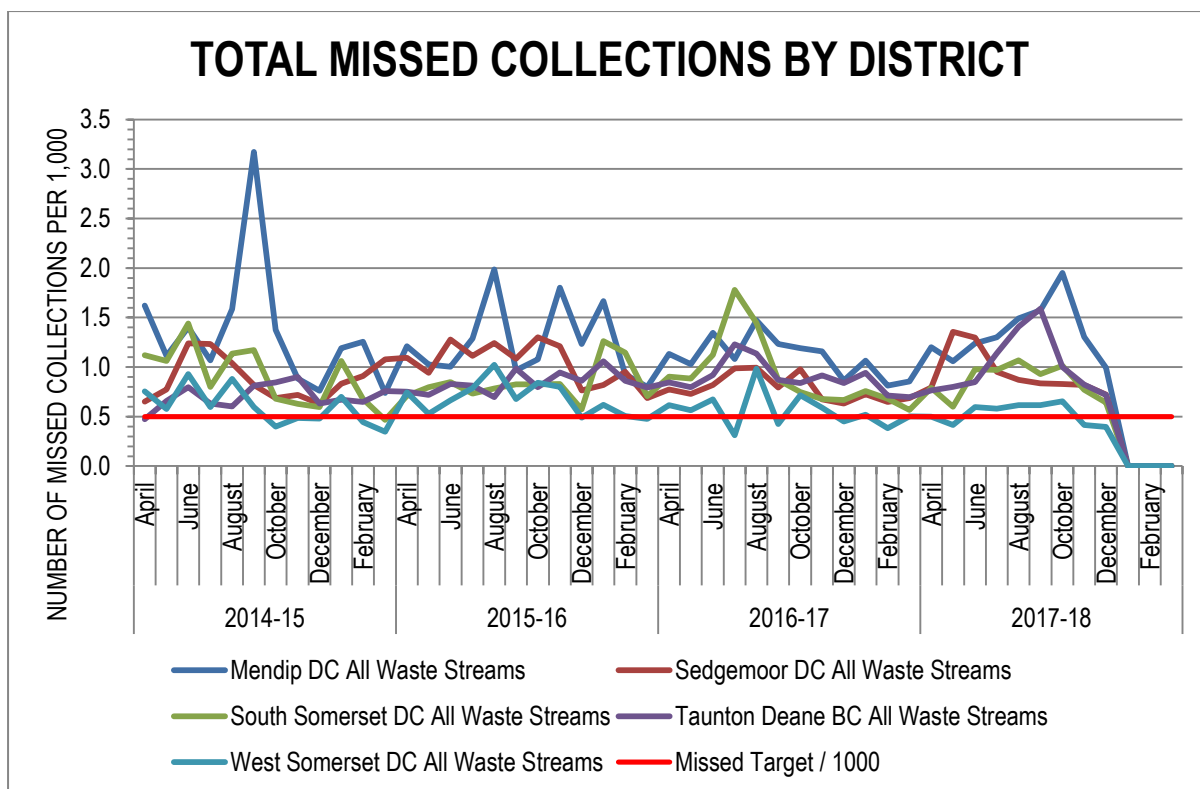


Figure 4: Missed collections over the last three years by District

#### Deeper dive into areas of particular concern

##### Garden Waste:

We have historically reported missed collections on garden waste compared to the total number of households. However, there are around 47,000 garden waste subscribers as opposed to over 250,000 households. When we look at garden waste missed collections as a proportion of garden waste collections the level of missed collections is significantly higher (0.41% as opposed to 0.08%). As one might expect with a seasonal service the highest amount of missed collections happen at the highest time of demand with 47% of missed collections happening between May and August. Whilst this isn't out of kilter with our wider performance, as this is a paid for service by customers this level of performance requires improvement, especially as most service issues happen when customers need it most (in the peak growing season). This is the service where a paper based system (as opposed to effectively using technology to ensure that routes pass all customers) has the greatest impact on service quality. Whilst exceptional, one customers experience was as follows:

*A customer recently joined the service and is the only person on this road who has joined the service. They have received a missed collection when they first presented the bin as the crew were clearly not used to going down this road. Despite rectifying the missed collection this continued to happen and has required intervention by a board member and SWP to resolve.*



## Assisted Collections:

People in receipt of assisted collections tend to be the most vulnerable in our community, and hence our tolerance for service failure for these customers should be significantly lower than other customers. The table below shows the numbers of missed collections for those in receipt of missed collections. As one would expect this mirrors our wider services highs and lows in performance (i.e. if there is a problem more generally with recycling collections from a particular depot then it will also affect those on assisted collections). However, the proportion of assisted waste customers who have a missed collection is 8 times higher than it is for other customers. Given the vulnerability of many of those receiving this service this level of performance is totally unacceptable and we will be concentrating our efforts on turning this service around. Kier have been informed that we expect the performance of the assisted collection service must improve by the end of this financial year or contractual performance deductions will be applied.

District	Month No.	1	2	3	4	5	6	7	8	9	10
	Month Ending	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-17
Mendip	Refuse	20	23	19	21	20	23	23	26	21	14
	Kerbside	34	38	46	47	42	39	81	49	17	42
	Garden	6	10	13	12	9	10	15	10	4	6
Sedgemoor	Refuse	11	17	18	15	9	16	22	21	16	18
	Kerbside	17	45	27	31	34	29	30	25	18	42
	Garden	12	13	30	21	12	17	8	10	2	1
South Somerset	Refuse	16	6	15	10	17	26	21	20	11	41
	Kerbside	40	18	35	42	28	34	35	34	16	47
	Garden	15	9	17	19	34	19	22	9	4	10
Taunton Deane	Refuse	15	12	22	14	24	12	13	18	10	12
	Kerbside	32	39	42	67	73	80	54	50	26	53
	Garden	12	11	15	7	5	20	13	7	3	2
West Somerset	Refuse	4	0	3	8	4	4	11	4	3	7
	Kerbside	3	2	11	11	16	15	34	6	7	7
	Garden	3	0	1	8	4	4	1	1	1	1
<b>Assisted Collections - All Districts &amp; All Service Areas</b>		<b>240</b>	<b>243</b>	<b>314</b>	<b>333</b>	<b>331</b>	<b>348</b>	<b>383</b>	<b>290</b>	<b>159</b>	<b>303</b>
<b>Assisted Collections - All Districts &amp; All Service Areas per 1000</b>		<b>7.449</b>	<b>6.856</b>	<b>8.474</b>	<b>9.843</b>	<b>9.339</b>	<b>9.819</b>	<b>10.806</b>	<b>8.182</b>	<b>4.700</b>	<b>8.177</b>

Figure 5: Number of missed assisted collections by district and service

### Clinical and bulky waste collections:

A review of performance of these services has not highlighted any particular issues – only 1 bulky collection has been missed so far this financial year, and clinical missed waste collections average around 1-2 per month.

### Repeat missed:

Whilst customers might understand that things like vehicle breakdowns might affect their service, they quite rightly will not accept preventable errors happening over and over again. We have been working with Kier to reduce the number of repeat problems and have highlighted the role of supervisors and adequate de-briefs at the end of the day. Our operations officers have also been sharing and assisting Kier staff to analyse the data available to identify repeat issues. This is ongoing (and appear to have addressed the particular problems in Mendip). Whilst the overall trend continues to improve, this is an area where most mistakes are preventable and we have an extremely low tolerance for failure. Kier have been informed that we expect the improvement in performance (i.e. elimination of preventable repeat missed collections) must continue or contractual performance deductions will be applied.

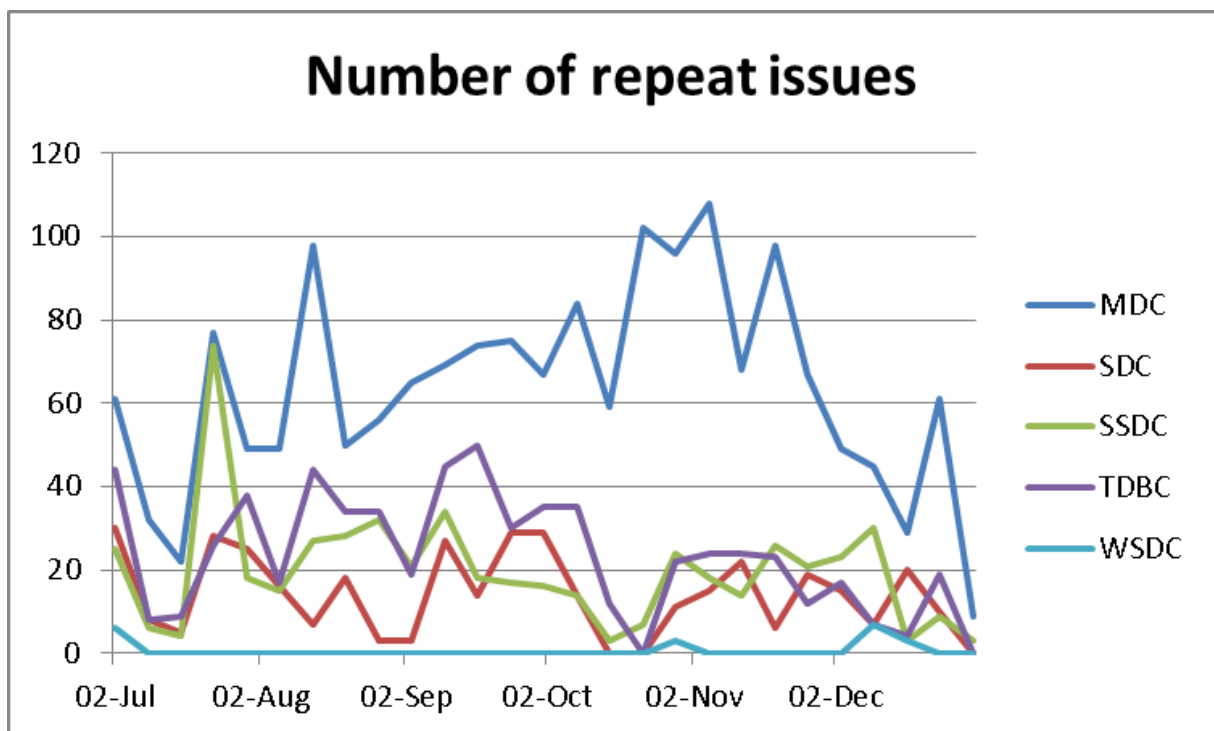


Figure 6: Repeat missed collections

### Speed of rectification of missed collection

The customer expectation (based on what call centres/website informs them) is that all missed collections will be rectified within 48 hours. This allows Kier more time to rectify missed collections than is contractually required, but it is not recommended to change this at this stage in the contract and given other higher priority areas of service that need improving. Figure 7 below shows that some depots in some months have rectified less than 50% of collections in line with customer

expectations, and many average below 70%. Whilst issues here may be because the collection is not recorded on Kier's systems promptly, it does appear to show performance far below what is acceptable (other than in West Somerset, which achieves this standard over 90% of the time). SWP have informed Kier that over 90% of missed collections must be rectified with 48 hours by the end of the financial year, or contractual performance deductions will be applied.

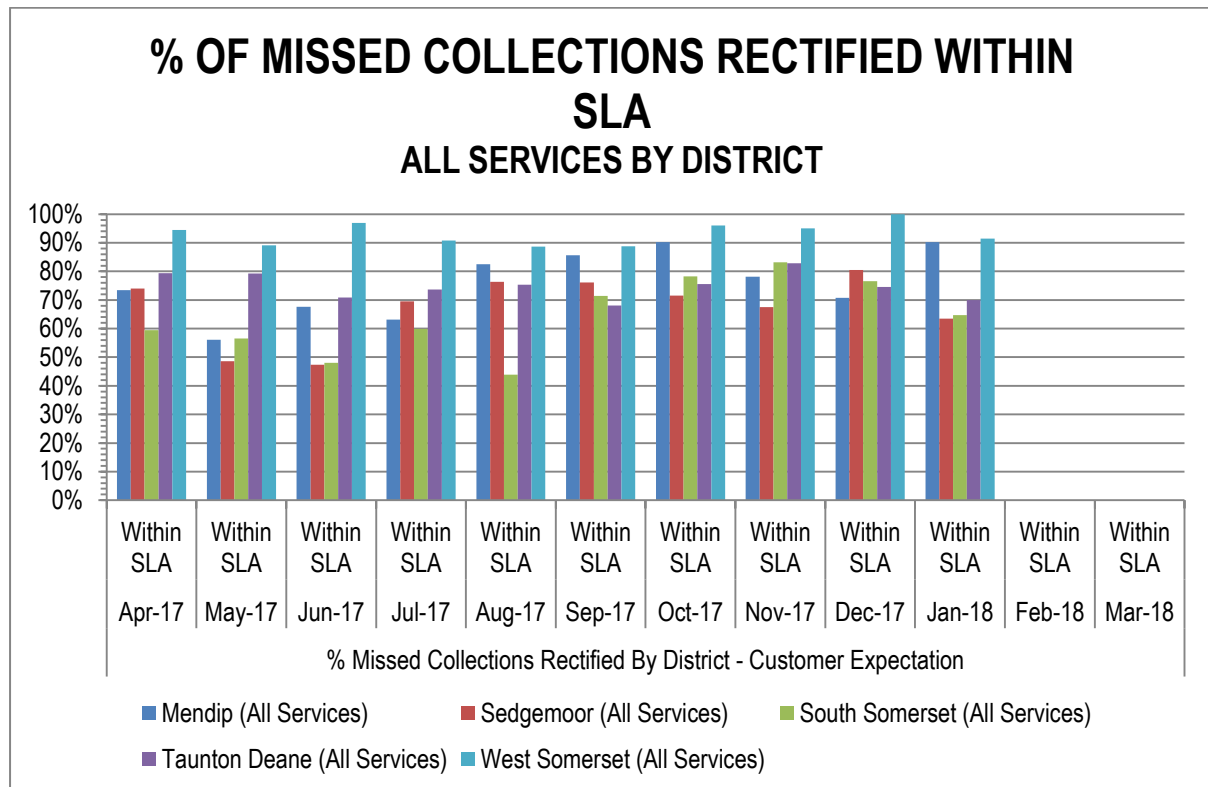


Figure 7: Missed collections collected within 48 hours

## Actions taken to date

Actions
Kier and SWP have been engaged in resolving the issue of attracting staff and reducing the reliance on agency cover. We have jointly promoted the employment opportunities and will be taking part in further employment fairs and promotional events with three in Taunton, Burnham and Bridgwater already booked in over the next few weeks. We have increased the reliability and ability to engage agency staff by expanding those companies who can provide to Kier and through promotional events. However on average Kier are still operating at an average of 27% agency cover across depots (excluding Lufton) which they are continue to try and reduce.
An Assisted Collection Review is contracted to take place every 3 years and the SWP sends out letters to all households on the service with a freepost return envelope as well as online options for the customer to confirm it is still required . The most recent review took place this year and cleared approx. 2000 people off the list unfortunately about 400 of those who still required the service did not respond and then report a missed collection impacting on the statistics. This readjustment took place in the 3 <sup>rd</sup> quarter of this year.
Since July 2017 SWP have introduced a greater detailed analysis of all missed assisted collections and Operations Officers use this list to work with their respective depots and supervisors to investigate causes in order to introduce long term solutions rather than continually repeating the same errors.
Again in July a similar process was introduced for repeat missed collections to achieve the same results- deeper analysis and engagement with the crews and public in order to find more effective solutions.
In the past significant round changes have been implemented by Kier without adequate input from SWP staff. This meant that on the ground local knowledge from SWP staff (and local Kier staff) was missed which could identify potential issues which may not be obvious to a round planning engineer based at the head office. This element of the planning of any changes has now been given greater importance and is now embedded in the process.
Resource problems and imbalances in rounds can lead to the same areas being vulnerable to problems if they are always done in the same way (i.e. repeated issues at the end of the round). Where resource issues or problems are identified early in the process Kier will reroute collections to try and ensure if there is a problem it is not the same properties who continually suffer.

## Actions to be taken as a result of this deep dive

Planned Actions
Kier have undertaken to improve the data provided to SWP which is being trialled over the next few months to refine and enable us to effectively interrogate missed collection data better.
Rather than using a separate resource to complete missed collections Kier where possible use the same crews who missed a property to return and correct which is hoped will identify any issues which need further investigation or ingrain the need to collect in those responsible for ensuring it is done in the first place.
SWP have informed Kier that performance is unacceptable on certain services (assisted collections, the speed with which missed collections are rectified, and garden waste collections). SWP have informed Kier that a plan to improve these aspects of the service must be instigated and the performance in these areas must improve by the end of the financial year (April 2018) otherwise the full range of performance deductions that our contract with Kier allows will be introduced until improvement is seen
There are missed collections that are not the result of failure by Kier or the SWP. A clear and accurate recording of these 'reported' missed collections will prevent a need to divert resources to rectify. Alternative options can be provided to the household – use of HWRC's and excess stickers for

example. It will also identify to SWP households who could benefit from more targeted advice and intervention.

We will be more proactive in using social media and ward and parish councils as well as our partners to distribute information on known issues where they arise .Although doesn't resolve the issue it can provide reassurance to customers that problems are known and will be addressed.

SWP and Kier are reviewing the content of toolbox talks and the induction process for new staff to seek improvement in the messages and effectiveness of the operations.

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Somerset Waste Board meeting  
23 February 2018  
Report for decision



Financial Performance Update 2017/2018 and Final Budget 2018/2019  
Lead Officer: Mickey Green, Managing Director and Martin Gerrish, Finance Officer  
Author: Martin Gerrish, Finance Officer  
Contact Details: mgerrish@somerset.gov.uk or (01823) 355303

<b>Forward Plan Reference:</b>	FP/17/11/05
<b>Summary:</b>	<p>The report sets out the financial performance against the approved Annual Budget for the first 9 months of the current financial year from April to the end of December (with January updates where available), and how this has impacted on a forward budget for 2018/2019.</p> <p>The Board is asked to approve a final Annual Budget for 2018/2019 in accordance with its Constitution and Inter Authority Agreement. (Both documents are available on the SCC internet or from the author).</p> <p>The Board is also asked to approve an improved approach to the use of our internal audit support from 2018/2019.</p>
<b>Recommendations:</b>	<p><b>That the Somerset Waste Board notes the summary financial performance to date as contained in this report, and how this will impact on the budgetary requirements for 2018/2019.</b></p> <p><b>That the Somerset Waste Board approves the attached final Annual Budget for 2018/2019 (totalling £45,145,256) as set out in Appendix 1.</b></p> <p><b>That the Somerset Waste Board approves that the Managing Director negotiates any final requirements with the relevant contractors in accordance with this Annual Budget Report.</b></p> <p><b>That the Somerset Waste Board approves the proposed approach to using our internal audit support as set out in Appendix 2.</b></p>
<b>Reasons for recommendations:</b>	<p>The Board needs to be aware of the financial performance of the Somerset Waste Partnership as it delivers the approved Business Plan and delegated waste service functions, to ensure that it is being managed appropriately.</p> <p>There is a requirement within the revised Constitution for the Board to</p>

	<p>agree a final Annual Budget for the following year by the end of the previous February.</p> <p>Partner authorities will need final budget figures for their overall financial planning processes.</p>
<b>Links to Priorities and Impact on Annual Business Plan:</b>	<p>The Annual Budget is entirely linked to the Annual Business Plan, and sets out the financial resources required to deliver the Plan and the waste collection and disposal services that have been delegated to the Somerset Waste Board. Financial monitoring will show how the Partnership is managing its resources as it delivers the Annual Business Plan.</p>
<b>Financial, Legal and HR Implications:</b>	<p>Any in-year underspends attributable to partners against the Annual Budget are traditionally made available for return or for reinvestment. Conversely, failure to stay within the Annual Budget for the Somerset Waste Partnership will directly impact on the partner authorities, who would be required to make good any shortfall at year end.</p> <p>When considering the Annual Budget for 2018/2019, current trends in demographic growth, service uptake and waste tonnages arising in 2017/2018 are a key contributory factor in shaping the forward budget.</p> <p>The Annual Budget, once finally approved, will become the new measure for our financial performance for 2018/2019.</p> <p>We will continue to share the costs amongst partners as set out in our Cost Sharing Agreement.</p> <p>There are no legal or HR implications.</p>
<b>Equalities Implications:</b>	<p>Members attention is drawn to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed. Members have a duty to review the impact assessments of budgetary proposals.</p> <p>Duties placed on public bodies do not prevent difficult decisions such as reorganisations and service reductions being made, nor does it stop decisions which may affect one group more than another. What the duty does do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.</p> <p>There are no specific savings contained within the 2018/2019 Annual Budget as presented in this paper, and therefore there are no new equalities implications for the Somerset Waste Board to consider.</p>
<b>Risk Assessment:</b>	<p>Members will be aware from previous reports and presentations that the waste budget and actual costs, particularly disposal volumes, remain highly volatile.</p>



## 1. Background

- 1.1. The Annual Budget for 2017/2018 was originally set at the Board meeting of 24th February 2016 at £43,577,620. Small amendments have subsequently been made in relation to pension deficits and postage on the County side only (as previously reported to the Board), bringing the current budget to £43,602,210. Partners contribute to the overall costs in accordance with our Cost Sharing Agreement. Individual contributions are based on key cost drivers such as household numbers, sparsity and garden waste customer numbers. As the waste disposal authority, all such costs fall to the County Council.
- 1.2. Our Annual Budget is predominantly spent on making payments to our main contractors – Viridor and Kier.

## 2. Current Financial Position

### 2.1. Summary of budget variances

	SCC £'000	MDC £'000	SDC £'000	SSDC £'000	TDBC £'000	WSC £'000	Total £'000
Head Office	(38)	8	9	13	9	3	4
Disposal Costs	(767)	0	0	0	0	0	(767)
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	47
Collection Costs	0	4	4	6	8	1	24
Recycling Credits	(60)	21	9	22	9	(1)	0
Container Purchase & Delivery	0	(14)	0	(18)	(4)	1	(34)
Other	(2)	(4)	(4)	(15)	(4)	(1)	(31)
	<b>(867)</b>	<b>9</b>	<b>8</b>	<b>0</b>	<b>39</b>	<b>13</b>	<b>(798)</b>

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

Overall, the end of December position shows the underlying Somerset Waste Partnership budget is forecast to be **underspent by £798,000** (1.8% of the current budget). By way of comparison, the overall underspend forecast was £702,000 (1.61% of the current budget) when previously reported.

### 2.2. Waste Collection

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. To date £39,661 has been spent on the Recycle More project.

The overall collection in-year position has not moved from the £69,000 overspend reported in December. However there have been a number of changes to the individual District positions, these have all been as a result of updated demographic information from partners or materials collected from Kier, our collection contractor.

As reported at the December Board, we were awaiting a final update on garden waste customer numbers from the Districts. These have now been received, and have increased in 4 of the 5 Districts. The most significant variances can be seen in Taunton Deane and West Somerset which are above the 2017/18 budgeted figures by 5.2% and 13.8% respectively. However, members are reminded that garden waste income is collected locally by the Districts. At present the income collected per new customer slightly outweighs the marginal costs, so the net position is actually good news for most partners.

Recycling credit figures are as at the end of November. The overall position for Districts has improved slightly since the previous Board report, but continues to be below budget by 2.5% (previously 3.26%).

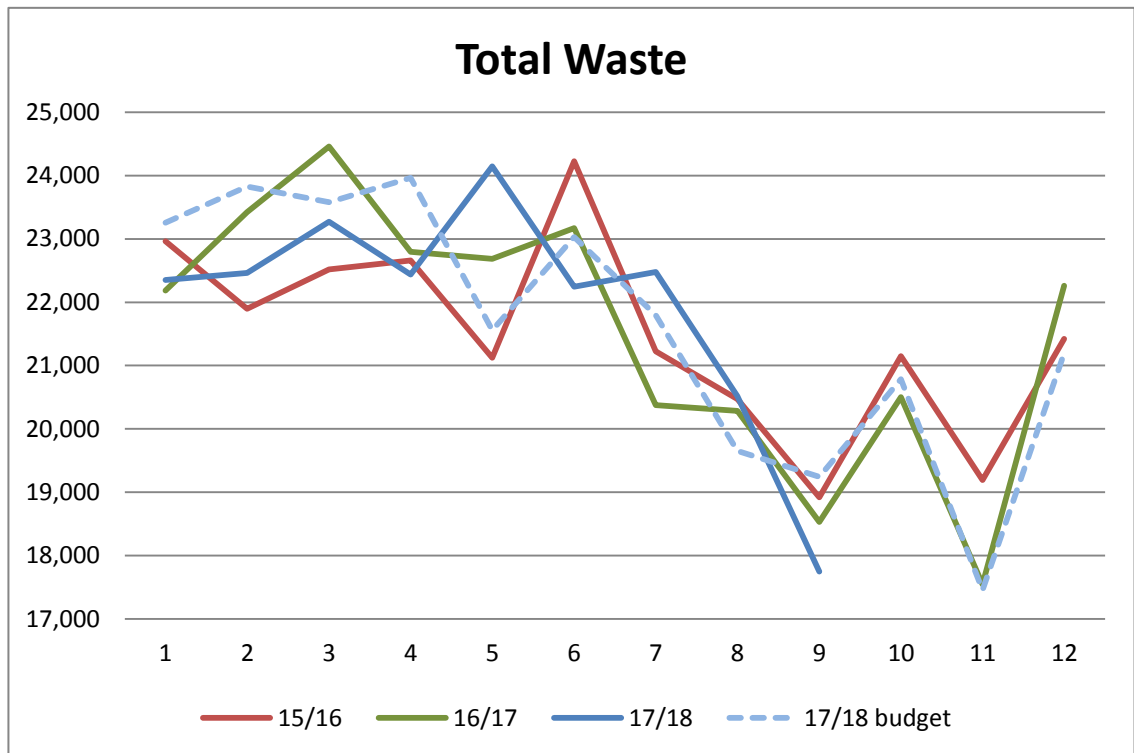
Container purchases and delivery estimates have fallen since being reported in December, with the majority of the underspend in Mendip and South Somerset.

### **2.3. Waste Disposal**

The position on waste disposal at the end of December is an underspend of £867,000, which is 3.2% of current disposal budget (compared to previously reported figure for October of £771,000).

The graphs below illustrate the position and trends when compared to previous years and to the in-year budget. The outturn forecast for the disposal budget is that these current trends continue for remainder of the year. Since month 6, the overall waste arisings have been much closer to our budget predictions than in previous months.

Detailed performance information and the reasons for the tonnage reduction can be found on a separate paper on this agenda. The mix of waste arisings also impacts on the financial predictions. Waste volumes at the recycling sites have reduced as a result of the permit scheme and these tonnages are more expensive due to haulage costs which are not incurred with kerbside collections. In addition there have been volume reductions in some of the more expensive waste streams, namely landfill and food waste.



### 3. Annual Budget 2018/2019

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

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

#### 3.1. Final budget figures – collection

Members will recall that a number of cost drivers were already fixed by the December 2017 Board meeting, such as the contractual inflation under the collection contract. However, there have been a number of movements affecting individual District partners. In particular:-

- Actual household figures were provided by Districts. These included some higher than usual increases from the estimated numbers provided for the December draft budget. Overall household growth increased from the predicted 0.77% to a final figure of 1.08%.
- Garden waste customers and recycling credit figures have been adjusted in line with the latest information, and officers have forecast a 3% growth for garden waste customers, but no growth for recycling credits. Recycling credits are, however, subject to a 3% annual price increase.
- Salaries have been increased to included the agreed 2% payaward as reported to the previous Board.

		MDC	SDC	SSDC	TDBC	WSC
17/18 Final Budget		3,337,563	3,478,809	4,988,964	3,421,569	1,174,401
Inflation - Collection	2.54%	92,674	95,550	136,718	94,551	33,126
Household Growth	1.08%	25,542	18,299	30,303	56,918	11,938
Garden Waste	3.00%	8,956	14,671	17,086	43,797	18,090
Recycling Credits		(61)	(10,073)	(7,562)	(14,881)	(9,163)
Salaries	2.0%	1,993	2,120	2,976	2,066	702
Pension Deficit		9,255	9,824	13,798	9,693	3,262
Transfer station offset		(1,888)	(2,004)	(2,815)	(1,977)	(666)
Bulkies / Containers		(13,312)	(607)	(17,547)	(2,538)	(1,826)
ICT Development		1,095	1,163	1,633	1,147	386
Waste Projects		1,643	1,744	2,449	1,721	579
Proposed Savings		0	0	0	0	0
18/19 Budget		3,463,461	3,609,494	5,166,003	3,612,067	1,230,831
<b>Increase / (Decrease)</b>		<b>125,898</b>	<b>130,685</b>	<b>177,039</b>	<b>190,498</b>	<b>56,430</b>
<b>Percentage</b>		<b>3.8%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>5.6%</b>	<b>4.8%</b>

### 3.2. Final budget figures – disposal

The figures for the disposal budget have not changed since the December Board. As reported above, the trend in recent months has been closer to the budgeted figures, and officers have used this as a base for future forecasting. It is not possible to finalise the inflation uplifts for the disposal contract in time for the Annual Budget setting, as these are not known until March at the earliest. Any inflationary adjustment requirement between our estimates and the final published indices is made in the financial year in question as in previous years.

For ease, the working assumptions set out in the December Board paper are set out below:-

**Contract inflation estimates** (depending on the contract index to be used, as there are several within the various disposal contracts) from 2% to 6.3%. The higher end of these estimates relates to the Baxter index (which is an industry standard). The Baxter index includes a significant fuel element, which is subject to quite large movements over time.

In addition there are also uplifts for recycling credits of 3%, staff pay award of 2% and some smaller head office costs. A total inflationary uplift of £743,900 is required.

**Landfill tax rates** are already published and will move from £86.10 to £88.95 (up 3.3%), that will cost £347,200 in total.

As a result of the estimated contract inflation uplifts, and the known increase in the landfill tax rate, **the total cost of disposal by landfill** will rise to approximately £110 per tonne in 2017/2018.

**Volumes** have reduced in the current year and even allowing for an additional 1.5% above the current year's forecast, there will be a budget reduction of £228,600.

The total demographic pressure for the disposal budget is therefore **£862,500**.

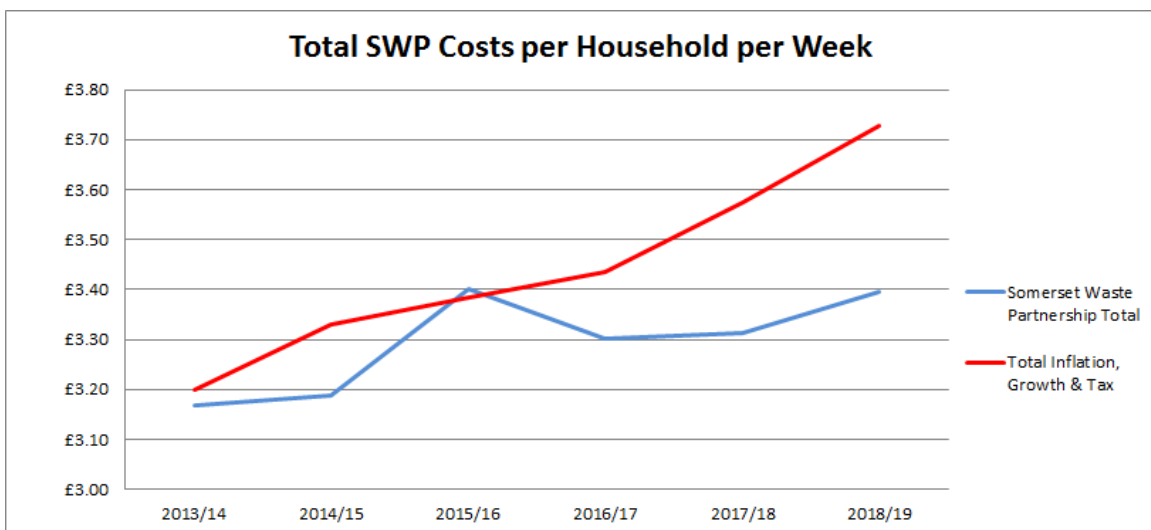
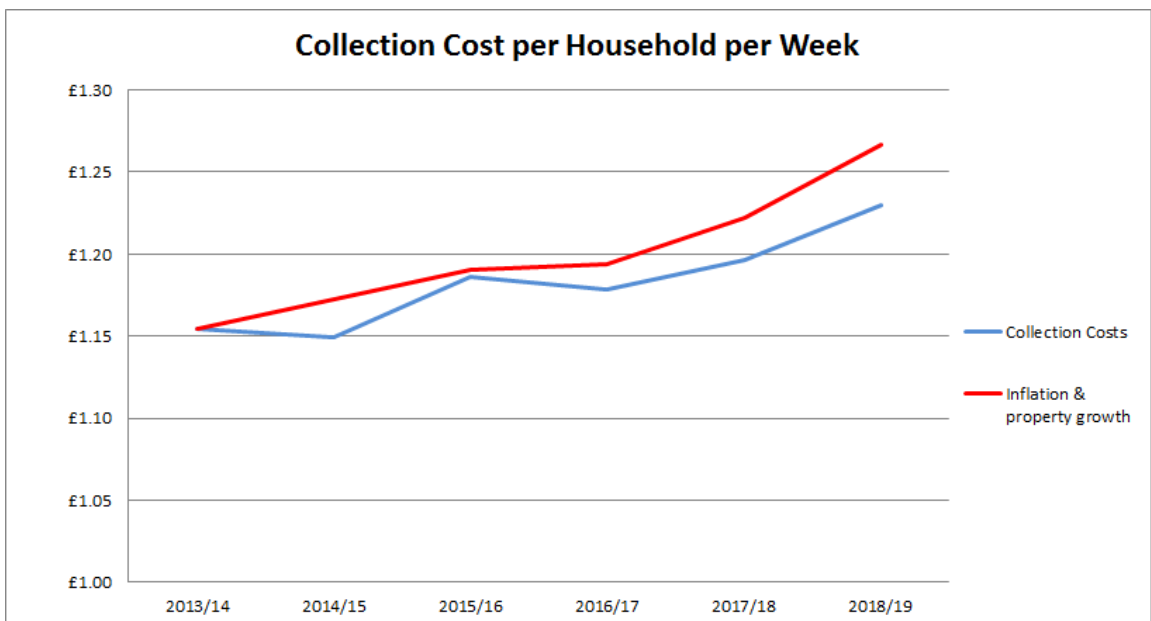
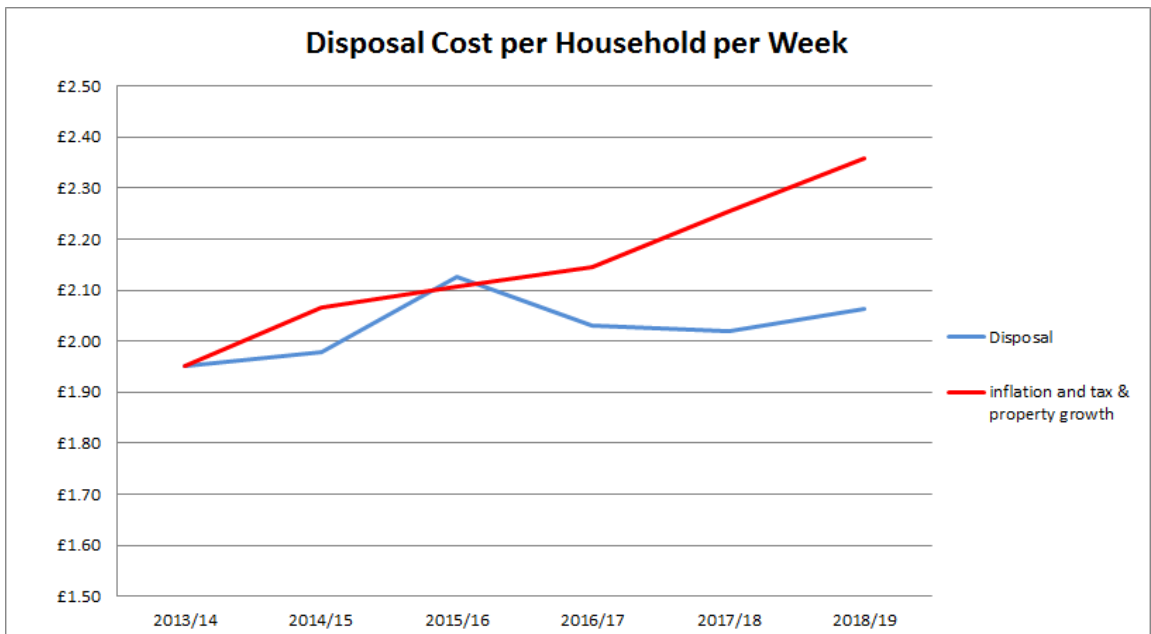
#### 4. Consultations undertaken

- 4.1. The Senior Management Group receives a summary financial management report on a monthly basis, and regularly covers financial topics on their agenda.
- 4.2. The in-year financial position and the potential budgetary requirement were considered at the Senior Management Group meeting in January 2018, and section 151 officers' were informed on 18<sup>th</sup> January 2018.
- 4.3. The proposed approach for the internal audit plan, with its emphasis on data quality and exchange were also endorsed by the Senior Management Group in January 2018.

#### 5. Implications

- 5.1. Potential over and underspends as in section 2 above, if trends continue, would result in these figures at outturn for the individual partners.
- 5.2. When the Board reaches a decision and approves the Annual Budget, it will represent the financial contributions required of all partners for 2018/2019. The total increase required for the next financial year is slightly in excess of £1.543 million.
- 5.3. The budgeted cost **per household** for the Somerset Waste Partnership for 2018/2019 is now £176.54 per annum or about **£3.40 per week**. (This is excluding garden waste income and one-off Recycle More costs). This breaks down into approximately **£2.12 per week for disposal**, and **£1.28 per week for collection** (although collection varies slightly for more sparse areas such as West Somerset). This figure does not include the income received directly by collection partners for garden waste income, and just includes the Somerset Waste Partnership's own budget.

For illustrative purposes, we have tracked the annual budgets in terms of £s per household per week against what might have been anticipated given the underlying contractual inflation, landfill tax escalator and property growth. Whilst this is not an exact science, it does illustrate that throughout the period in question the amount that we have asked for as partner contributions to the Somerset Waste Partnership have been lower than what might be considered the "norm". (Head Office has been excluded from the collection and disposal graphs, but is in the total SWP figure).



## **6. Background papers**

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

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## Annual Somerset Waste Board Budget 2018/19 - Appendix 1

	Budget Requirement	SCC	MDC	SDC	SSDC	TDBC	WSDC
<b>Expenditure</b>							
<b>Single Client Group</b>							
Salaries & on-costs	926,690	424,053	101,497	107,740	151,320	106,303	36,935
Salaries pension deficit	84,500	38,667	9,255	9,824	13,798	9,693	3,262
MDC customer services impact	6,630		6,630				
WSC Business Case		13,728	3,286	3,488	4,899	3,441	- 30,000
Travel & Subsistence	51,770	23,690	5,670	6,019	8,454	5,939	1,999
Admin, training, meetings & IT	85,420	39,088	9,356	9,931	13,948	9,799	3,298
Advertising & campaigns	47,000	21,507	5,148	5,464	7,675	5,391	1,815
Office rent & accommodation	70,380	32,206	7,708	8,183	11,492	8,073	2,717
<b>Support Services</b>							
Legal	10,400	4,759	1,139	1,209	1,698	1,193	402
Insurance	5,280	2,416	578	614	862	606	204
Finance	81,490	37,290	8,925	9,474	13,307	9,348	3,146
Internal Audit	10,920	4,997	1,196	1,270	1,783	1,253	422
Human Resources	5,200	2,380	570	605	849	597	201
ICT	5,360	2,453	587	623	875	615	207
Democratic Services	6,960		1,405	1,492	2,095	1,472	495
<b>Direct Services</b>							
<b>Waste Disposal</b>							
Disposal - Landfill includes clinical disposal	11,590,866	11,590,866					
Disposal - HWRCs	9,500,960	9,500,960					
Disposal - food waste	1,457,820	1,457,820					
Disposal - Hazardous waste	224,520	224,520					
Composting	1,847,970	1,847,970					
<b>Kerbside Recycling</b>							
Sort it+ SP5 all districts	9,047,500		1,860,177	1,857,450	2,773,298	1,837,690	718,885
<b>Communal Recycling SP5</b>							
Garden	2,563,800		488,684	618,076	689,175	638,157	129,708
Garden sticker admin	14,000		3,650	4,616		4,766	969
<b>Household Refuse</b>							
Fortnightly	5,749,950		1,182,197	1,180,463	1,762,512	1,167,906	456,872
Refuse - Communal SP5	279,900		56,319	56,696	75,155	80,052	11,678
<b>Assisted Collections</b>							
Assisted Collection Review	10,000		2,056	2,053	3,065	2,031	795
Clinical Waste	119,640		24,159	25,645	36,018	25,303	8,516
Bulky Waste Collections	83,830		18,275	15,257	23,556	19,532	7,209
SWB Directed Collections	3,120		630	669	939	660	222
Day Works	8,070		1,630	1,730	2,429	1,707	574
Container Maintenance	57,610		11,633	12,349	17,344	12,184	4,101
Container Delivery	170,180		36,912	33,168	53,641	38,273	8,186
Container Supply	447,320		94,340	95,056	137,059	100,423	20,443
<b>Admitted Body Pension Costs</b>							
Base pension cost	60,380				60,380		
Incremental pension cost	8,620		1,741	1,848	2,595	1,823	614
Depot Costs	186,040		37,567	39,878	56,008	39,346	13,242
Village Halls	5,500			5,500			
<b>Inter Authority Transfers</b>							
Transfer Station Avoided Cost	321,050	321,050					
Payment in lieu of Recycling Credits	2,464,740	2,464,740					
Third party Recycling Credits	28,260	28,260					
Advance Payment Saving	- 31,900		- 6,442	- 6,838	- 9,604	- 6,747	- 2,271
Lease Repayments - Sort It Plus Vehicles	262,430		58,580	47,800	87,160	45,930	22,960
Lease old Refuse Fleet - Discount	-		-	-	-	-	-
<b>Total direct expenditure</b>	<b>48,054,796</b>	<b>28,083,420</b>	<b>4,067,818</b>	<b>4,195,219</b>	<b>6,054,996</b>	<b>4,208,654</b>	<b>1,444,689</b>
<b>Income</b>							
Kier Discount all Districts on SP5	- 80,000		- 16,154	- 17,148	- 24,084	- 16,919	- 5,694
Kier Secondment Saving	- 43,750	- 20,020	- 4,792	- 5,087	- 7,144	- 5,019	- 1,689
Avoided Wiliton Transfer	- 321,050		- 64,829	- 68,817	- 96,653	- 67,899	- 22,852
District Recycling Credits	- 2,464,740		- 518,581	- 494,673	- 761,112	- 506,751	- 183,623
<b>Total income</b>	<b>- 2,909,540</b>	<b>- 20,020</b>	<b>- 604,357</b>	<b>- 585,725</b>	<b>- 888,993</b>	<b>- 596,588</b>	<b>- 213,858</b>
<b>Total net expenditure</b>	<b>45,145,256</b>	<b>28,063,400</b>	<b>3,463,461</b>	<b>3,609,494</b>	<b>5,166,003</b>	<b>3,612,067</b>	<b>1,230,831</b>
Revised Budgets 17/18	43,602,208	27,200,902	3,337,563	3,478,809	4,988,964	3,421,569	1,174,401
Total variance		862,498	125,898	130,685	177,039	190,498	56,430

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## Internal Audit Plan 2018/2019 – Appendix 2

### 1. Role of Internal Audit

- 1.1. The statutory basis for internal audit in local government is provided in the Accounts and Audit Regulations 2015, which states that:

*“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”*

In addition to the above, each Client’s Section 151 Officer has a statutory duty under Section 151 of the Local Government Act 1972, to establish a clear framework for the proper administration of the local authority’s affairs. To perform that duty the Section 151 Officer relies on, amongst other things the internal audit work for reviewing systems of internal control, financial management and other assurance processes.

Therefore the primary objective of Internal Audit is to provide assurance in an independent and objective manner. This means the span of work covers issues of risk management, control and governance and focuses on assessing how manager’s arrangements regarding these matters support the achievement of SWP’s objectives.

Somerset County Council, as the Administering Authority, still has the duty to provide the s151 requirements for the Somerset Waste Partnership, which includes the need for an "adequate and effective internal audit".

### 1.2. Previous decisions and resources available

At the December 2016 Somerset Waste Board, members agreed a change in approach for audit days for the Somerset Waste Partnership. Whilst there is still a requirement for some annual checks of key financial systems (payroll, creditors, debtors, SAP HR), the aim has been to move away from traditional audits, into more advisory type audits such as fly-tipping and the new customer IT system.

Since 2013, the Somerset Waste Partnership has a long history of governance, finance and contract based audits that have had either Substantial or Reasonable assurance (the two highest categories). Officers within the Partnership, and the wider Senior Management Group, do not see the need for “more of the same” audits in 2018/2019.

It was proposed that SWAP provided 15 days support on the Recycle More project during 2017/2018. Given the complexity of the project, and the need to move at great pace to meet the procurement timetable, both the SWP and SWAP recognise that this is not a practical use of the auditor’s time and that 15 days would be entirely insufficient to allow for a meaningful contribution to

be made. Members are reminded that the working group on Recycle More is drawn from a wide number of professional disciplines, including legal, procurement and finance, overseen by the Members' Task and Finish Group and with Eunomia as our technical consultants. There is not an obvious audit role to add to the group, although this does not preclude specific audit involvement or advice later in the project / roll-out phases.

As a result of this, an additional 15 days will be freed up to add to the 40 days in 2018/2019, giving 55 days of internal audit time available for the forthcoming financial year. There will be a need for some systems sampling work as noted above (estimated at 10 days including general advice), but this still leaves a reasonable resource for advisory work.

### 1.3. Themed approach

It is proposed that the internal audit work for 2018/2019 be centred on a theme of **process mapping, data quality and transfer of information between partners**.

SWP have identified that there have been a number of difficulties where data is collected in from partners (either differences in processes, variation from processes, data quality, timeliness or reconciliation) and from our contractors (in particular our collection contractor). This risks leading to inefficient working practices, decisions being made on incorrect/insufficiently up to date information, and not being able to address customer concerns as effectively as we might. These issues have been highlighted as we review processes ahead of implementing a new Customer Service System and procure a new collection contractor.

SWP propose to task the auditor with reviewing the processes used to share data and information between SWP, partners and contractors to ensure that they are efficient, effective and well controlled, providing us with the information SWP need when they need it. SWP anticipate that there are areas where our processes are not clearly mapped or understood, or where their robustness and timeliness could improve. This is a key area where the skills and experience of internal audit can assist SWP is therefore in developing optimised process maps in key areas.

Topics that are currently considered worth audit assistance include:-

- Customer information and service requests (including tackling missed collections) between the partners and the SWP, and with Kier
- Performance monitoring information, primarily with Kier (and how we use this more proactively to flag up potential issues to households, and ensuring we use this to effectively manage contractor performance).
- Demographic information that underpins budgetary and contract cost information, such as household numbers and garden waste numbers.
- Information received from planning and development about new houses being planned and occupied, to ensure that developers and residents

are aware of what they need to do.

- 1.4.** It is proposed that the Managing Director and the SWP's Resource Co-ordinator will be tasked with developing Terms of Reference for individual pieces of work with the auditor, where relevant agreeing the scope with partners (via the Strategic Management Group) and with contractors.

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Somerset Waste Board meeting  
23 Feb 2018  
Report for information



Risk Update

Lead Officer: Mickey Green, Managing Director

Author: Mark Blaker, Business and Governance Manager

Contact Details: 01823 625720

<b>Forward Plan Reference:</b>	FP/17/11/06
<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 will be 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 is a recommendation of SWAP internal Audit review.

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

- 2.1. The risk register (appendix A) has been updated following feedback from Board Members, segregating “Opportunities” in the first rows of the register.
- 2.2. The risk register has been reviewed by SWP staff and the Strategic Management Group (SMG) resulting in rescoring of Recycle More/Procurement risks. Changes to the risk profile from the last report are indicated in Appendix A through the new ‘Change from last review’ column.
- 2.3. There has been no significant change in risks associated with Kier driver shortages (Risk 41), previously highlighted to the Board. While there were some issues with recruitment of agency staff, performance in the Christmas and post-Christmas period does not appear to have been affected, with few widespread service issues noted. Pop up recruitment events in Taunton and Bridgwater town centres have proved a success, generating interest and leads.
- 2.4. The new restrictions on imports into the Chinese recycling market (Risk 38) have not interrupted the marketing of materials collected in Somerset, with materials largely redirected for domestic reprocessing due to the high quality of materials we collect separately at the kerbside. However, longer term, this is driving contractors to take a cautious approach to risk sharing arrangements and this will need to be factored into future procurement considerations.
- 2.5. The “Blue Planet effect” (Opportunity 5) has brought the issues of plastic waste reaching the natural environment to the fore, significantly increasing enquiries coming into SWP. While some public assumptions are under-informed (assuming recycling alone is the answer) this presents a good opportunity to capitalise on the conversation and promote opportunities for waste reduction.
- 2.6. A new risk, associated with implementation of SWPs new customer service system has been added (Risk 6)
- 2.7. The impact of the Government’s 25 year environment plan is difficult to assess until there is further detail, so no specific risks or opportunities have been included on this iteration of the register. However if there is an impact on the composition or volume of waste generated by households (particularly kerbside collections) adaptation will be required.

## **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



SWP Strategic Risk Register

SWP Strategic Risk Register												
Last Updated:		7th February 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.	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 Prevention 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	↔	Briefing sent to all partner authority members and to Parish and Town Councils in Somerset; increased emphasis on waste reduction in SWP social media messages and communication. SWP to encourage partner authorities to consider initiatives and policies that will minimise reliance on single use plastic, including pledge schemes	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	↔	Early consideration of review underway. 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.	4	3	12	↔	Governance impacts have been identified in readiness for review. Brief Board on implications and develop clear plan for governance and finance review	4	2	8
2			One or more partners requires savings that impacts on existing services	Reduced performance and /or transfer of costs to others. Increased whole system costs	3	4	12	↔	Well established budget management processes are effectively maintained. Dialogue between Board members & Cabinet/Executive Colleagues on future service/savings requirements (SWB)	3	2	6
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. Review of SWP staffing structure reflected in 2018-23 business plan (and review of Kier contract performance management)	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 on 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	↔	Induction Training for new members, involve all partners in the business plan process, monthly member briefings, continue to attend and inform scrutiny committees and other local bodies including TCs/PCs	1	4	4
6			**NEW** 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	Temporary system hosting has been agreed with SCC and TDBC IT teams; System procured is underpinned by robust support service. Continue to work closely with supplier to optimise quality of development; provide regular progress updates throughout design and build phases to allow early updates on progress.	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	2	3	6
8			External agencies fail to understand us and penalise effective joint working (eg 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.	2	3	6
10	Action 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	↔	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	↔	Positive promotion of services. Promotion using variety of media as described in the Communication Plan (Comms Team)	3	3	9

**SWP Strategic Risk Register**

SWP Strategic Risk Register												
Last Updated:		7th February 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	
13	Action c		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	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. Amend 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. Go/No Go decision? 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.	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.	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			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	↑	Bidders to produce contingency plans utilising alternative vehicles	2	2	4
24	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 learn from market response	2	2	4
25			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
26			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
27			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
28			Waste profile changes (particularly as a result of Deposit/Return Scheme or similar).	Vehicles/plant become inefficient. Materials value reduces	1	2	2	↔	Tracking of consultation process and possible implementation to ensure vehicles specs are aligned with any changes	1	2	2
29	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.	3	1	3
30			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
31			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.	3	3	9	↔	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.	3	2	6
32			Driver/loader shortages	Impact on service delivery if not all rounds deployed. Quality of delivery suffers when inexperienced drivers are employed. This is a developing risk due to impacts of Brexit (weak pound and uncertainty of future residency rights) and increasing competition from Hinckley C build.	3	4	12	↔	Work with contractors to ensure they have policies in place for driver training and retention. Establish pay rates and identify areas of concern. Create joint SWP/Kier working party to develop recruitment strategies. Seek opportunities to improve role of drivers. Work with local colleges to promote driving as a career option. Continue to monitor pay rates.	3	3	9

**SWP Strategic Risk Register**

Last Updated:		7th February 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	
33	Maintaining services and operational effectiveness	Contract management	Risk of under investment and deterioration of depot facilities if contractor loses interest as contract approached end of term	Poor working conditions for staff, H&S risks, increased D/T on fixed plant. Backlog of R&M at contract end.	2	3	6	↔	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
34			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	↔	Regular updates on down time and remedial work at ops meetings. Deed of variation requires plant to be "safe and servicable" in accordance with the contract. Ensure service performance is considered with newly introduced Strategic Partnership Board	2	2	4
35			Service degradation due to loss of interest as contract approaches expiry	Missed collections, container deliveries, complaints not dealt with.	2	4	8	↔	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	2	3	6
36			Aging fleet becomes unreliable as contract approaches expiry	Increased down time disrupts collection services - performance deteriorates	3	3	9	↔	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
37	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 eg 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	4	4
38			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
39			**NEW** Legislation changes requiring different ways of handling materials (e.g. Hazardous wood)	Difficulties storing material separately, finding suitable processors/implementing charges/refuse to accept	3	4	12	NEW	Industry is lobbying the EA to clarify, work with contractor to ensure solutions found. Continue to monitor the situation	3	4	12
40			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
41			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
42			National HGV driver shortage, exacerbated locally by competition from Hinckley C build.	Unable to adequately crew vehicles, resulting in incompletions.	3	4	12	↔	Contractor is ensuring pay rates remain competitive. Recruitment exercises across Somerset, supported by SWP comms team. Initiatives planned to improve promotion of waste services as an attractive career and to develop better pathways in to the jobs.	2	3	6
43			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 Somerset's residual waste, transferring to disposal via Waste Transfer Stations.	2	3	6
44	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	3	5	15	↔	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.	2	5	10
45			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
46	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.	3	4	12	↔	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
47			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

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Somerset Waste Board meeting  
23 Feb 2018  
Report for decision



Plastic Update

Lead Officer: Mickey Green, Managing Director

Author: Mark Blaker, Business and Governance Manager

Contact Details: 01823 625720

<b>Forward Plan Reference:</b>	It has not been possible to provide 28 days advance notification within the Forward Plan and therefore the General Exception procedure is being used to enable this matter to be considered (see Appendix A).
<b>Summary:</b>	<p>The issue of plastic waste reaching the natural environment is of significant public concern, stimulated by recent coverage of ocean pollution on BBCs Blue Planet Series.</p> <p>The following report provides an update on steps being taken by Somerset Waste Partnership to inform, participate in and respond to the public debate, and to support joined-up leadership across the public sector in Somerset.</p>
<b>Recommendations:</b>	<b>That the Somerset Waste Board considers, comment on and notes the update, and that the Strategic Management Group continues to work together closely to ensure a joined-up approach across the public sector in Somerset.</b>
<b>Reasons for recommendations:</b>	To recognise the important role Somerset Waste Partnership is playing in tackling the problem of waste plastic.
<b>Links to Priorities and Impact on Annual Business Plan:</b>	Action 5.2: Action on waste prevention, reuse, recycling and recovery.
<b>Financial, Legal and HR Implications:</b>	N/A – Information update only
<b>Equalities Implications:</b>	N/A – Information update only
<b>Risk Assessment:</b>	Opportunity 5 in the SWP Strategic Risk Register (opportunity to capitalise on the 'blue planet' effect and increased awareness of the impact of plastic consumption).

## 1. Background

- 1.1. SWP is well placed to inform and steer the public conversation around plastic waste. We are already engaging through social media, local media, and through the ‘Schools against Waste’ programme. The recently circulated briefing on the impact of plastic, particularly in light of recent regulatory changes in China, has been circulated to all town and parish councils and received well.

Going forward our approach is proposed to be:

<b>Leadership:</b>	SWP going single use plastic free (like some other partner authorities)
	SMG to seek to ensure consistency in how partner authorities bear down on single use plastics (and share learning)
<b>Influencing:</b>	Social media campaign
	Seeking opportunities through local press, local radio and TV
	Schools against Waste programme
<b>Supporting:</b>	Acting as the Somerset coordinator for the national <b>Refill</b> campaign
	Working with Viridor to trial collection of plastic tubs, pots and trays at more HWRCs
<b>Motivating:</b>	Launch a pledge against preventable plastic (and encourage take-up through partners as major employers in Somerset)
	Providing support on a dedicated page on SWP website for communities who want to go further (e.g. sharing guidance on plastic free towns)
<b>Reminding:</b>	All aspects of campaign emphasise that kerbside sort means nearly all our materials are recycled properly in the UK
	What can and can't be recycled in Somerset (and why)
	What Recycle More and moving away from landfill will achieve

The key messages are:

- Because of the effort that Somerset residents put into sorting their waste at the kerbside, we produce high quality materials that are still in demand
- SWP's approach means we use waste effectively as a resource, nearly all of which stays in the UK
- Until we implement Recycle More the only plastic we can accept at the kerbside is plastic bottles – the challenges that other authorities are currently facing in dealing with their mixed plastics shows the challenges we need to work through to maintain Somerset's focus on resource efficiency
- Whilst recycling is a key part of the solution, it cannot address the problems of plastic waste on its own. Everyone must play a daily part in reducing waste, and further action from producers, the waste industry and national government is needed

- 1.2. The Managing Director of the Somerset Waste Partnership, under his delegated authority, has taken a non-key decision that SWP as an office will go avoidable plastic free. This will include avoidance of items like plastic cutlery, single use cups, disposable stationery and plastic packaging. This is similar to decisions taken by a number of partner authorities, and SWP's Strategic management Group recognised that they are in a unique position to support all partner

authorities in addressing this consistently, sharing best practice and learning, in particular as we work together to eliminate other forms of avoidable single use plastic.

- 1.3. Recognising that the choices we make as individual consumers is likely to have the greatest impact on plastic waste, SWP (and SMG) staff will be the first to be offered the opportunity to sign up to our pledge against preventable plastic. Through SMG and the Somerset Waste Board we would welcome partner authorities sharing this with their staff and encouraging them to sign the pledge (and register this on SWP's website). With the public sector as a whole being the largest employer in Somerset we hope that this will provide a kick-start to a campaign to encourage all people in Somerset to sign up to this pledge:

## My Pledge Against Preventable Plastic

- Remember your *Things to Bring*:** Bag for life; reusable water bottle; coffee cup
- Ignore the *Straw*:** Sip from the glass
- Choose to *Re-use*:** No plastic cutlery; take condiments from a bottle or pot—never a sachet!
- Be a *Local Litter Hero*:** Organise a beach, street or park litter pick in your community; if you see litter on the road proudly pick it up and bin it.
- Say *Yes to Less*:** Only pick the packaging you really need; buy loose fruit/veg; never buy black plastic\*
- Lobby *Locally*:** Let local shops and businesses know what's important to you, ask them what they can do to help.

\* avoid hard to recycle black plastic

Somerset Waste Board and SMG will be updated once the marketing materials and webpage to support this campaign are up and running. It is proposed to produce this pledge as a postcard with a number of simple actions people can follow as they go about on their daily routine. The flip side will carry information about what can be recycled. This will be handed out at events, be available for local groups to distribute, and be given to school children during the Schools Against Waste visit. It will also be shared with our contractors (Viridor and Kier) as major employers in Somerset.

- 1.4. SWP are exploring the possibility of introducing a trial of dedicated mixed plastic deposit facilities at a wider range of Recycling Centres. These will be in addition to the facilities for single use cups rolled out to several sites in January. This trial is necessary because we need to understand the most effective way of managing these materials, not least because China's import restrictions are having a significant effect across the whole recycling market, and we therefore need to fully understand the financial and environmental implications before rolling this out more widely. It is proposed that this trial will:

- Run until the end of March, to enable us to factor the outcome into our contractual discussions with Viridor
- Continue with dedicated collection of PTT at the Taunton (Priorswood) and Wellington (Poole) Household Waste Recycling Centres
- Trial co-mingled plastic bottle/PTT collection at 3 other sites
- Promote this offer, but in a way that reflects our uncertainty about whether it will be feasible to continue after the trial.

**1.5.** The Refill campaign, which encourages retail outlets to refill visitors' water bottles at no cost, thus reducing the risk of single use plastic litter, has recognised Somerset Waste Partnership as its hub for the county. With the support the SWB and its partner councils, SWP will encourage a wide range of businesses and local organisations – chambers of trade, parishes, environmental charities etc – to come together to support this campaign, which has also won the backing of the water industry. Refill will be ready to launch in April in Somerset, and the board and partners will be provided with a further update ahead of launch. Ahead of this the Strategic Management Group are identifying key contacts within each partner authority who might be able to support with the promotion of this initiative (e.g. environmental health, trading standards, economic development). Wide member engagement will also be a crucial route to raising the profile and take-up of Refill.



Somerset County Council

**Notice of key decision**



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**The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 10**

In accordance with the Council's Access to Information Procedure, as set out in the Council's Constitution, notice is hereby given that the following Key Decision, which has not been included in a published version of the Somerset Waste Board Forward Plan for the required 28 days, is to be considered by the Somerset Waste Board at its meeting on 23 February 2018:

**PLASTIC UPDATE**

Contact Officer: Mickey Green – Managing Director, Somerset Waste Partnership  
Tel: 01823 625720

Reasons

It is proposed to take a key decision on this matter on the date shown above. It would be impracticable to defer the decision until it has been included in a published version of the Forward Plan for the required 28 days.

Circulation:

Somerset Waste Board members  
Monitoring Officers for each partner authority  
Public notice board at County Hall, Taunton

15 February 2018

Julian Gale  
Monitoring Officer

<p>For questions about this notice please contact Scott Wooldridge, Service Manager, Community Governance, County Hall, Taunton, TA1 4DY. Tel: 01823 356748 Email:SWooldridge@somerset.gov.uk</p>
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Somerset Waste Board meeting  
23 February 2018  
Report for decision



Recycle More & Collection Contract Procurement: Update

Lead Officer: Mickey Green, Managing Director

Author: Mickey Green

Contact Details: 01823 625707

<b>Forward Plan Reference:</b>	FP/17/11/04
<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 18 months early (now ending in March 2020).
<b>Recommendations:</b>	<b>It is recommended that the Board notes the progress made in developing the procurement strategy for a new collection contract – informed by soft market engagement and input from our commercial and technical, legal and procurement advisors.</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 proposal would impact on 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 the 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 will be necessary to realise these benefits, enable potential suppliers to develop 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>	<p>The risks related to the procurement of a new collection contractor and Recycle More are set out in the updated risk register and were reviewed by the Strategic Management Group in January 2018.</p>
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## 1. Background

- 1.1. In February 2017 all partner authorities agreed to adopt Recycle More – adding more materials to our weekly kerbside recycling collection and freeing up refuse capacity so that we only need to collect residual waste every 3 weeks. During the course of negotiating implementation of this with our current collections contractor (Kier) the originally expected environmental and economic benefits were not realisable, and the risk profile of migrating to the new service under the current contract changed.
- 1.2. Accordingly, on Friday 3rd November the Somerset Waste Board agreed to end its kerbside waste and recycling collections contract with Kier 18 months early. Ending this contract in March 2020 rather than September 2021 enables Somerset Waste Partnership to implement Recycle More as requested by all partner authorities, and align the contract start with the procurement of a new fleet of vehicles. The board thoroughly reviewed the alternative approaches, and concluded that procuring a service provided by an external waste services contractor would represent the best value for Somerset, while carrying lowest risk of service disruption and overspends. Developing a Local Authority Owned Company remains a contingency plan should proposals from the market not meet with our ambitions. The Board established a New Service Task and Finish Group consisting of one SWB member from each partner authority and the chair of the Board, in order to provide close member oversight of the project and to provide advice and guidance where required.
- 1.3. There remains significant public demand for additional recyclable materials to be collected at the kerbside (especially plastics). However, we will not be able to roll-out Recycle More until we have a new collections contractor in place, have procured a new fleet of recycling vehicles and have ensured our depots are suitable for the new fleet, new service and the additional amount of recyclable materials. 2020 therefore remains a very significant year for Somerset Waste Partnership – as we will reinvigorate the totality of Somerset’s waste services with a switch from landfill to energy from waste for the refuse that remains.

## 2. Progress to date

- 2.1. SWP has a full suite of advisors engaged in the project. Eunomia 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.

- 2.2. 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 session proved incredibly valuable, and give SWP confidence in the likely level of market interest and the approach we propose (for example validating our assumption that local authority financing of assets is likely to deliver best value), but also highlighted a number of challenging areas we will have to work through in the process. It also helped us better understand what we can do in order to secure best value from suppliers (e.g. undertaking a participation survey to demonstrate the quality of kerbside sorting in Somerset, and updating our waste composition analysis). As previously highlighted to the board, the number of suppliers with the scale and experience to achieve what SWP requires is limited, and numerous other procurements happening on a similar timescale to ours. Whilst the soft market engagement confirmed that our contract is attractive to the market, it also highlighted the need to ensure that we use the procurement process to work through these challenging areas to ensure that we develop solutions that are acceptable to SWP and to potential suppliers, that we manage the process in a way that encourages innovation from the market, and that we do not impose restrictions at too early a stage in the process which would prevent us from exploring these challenging areas with the market. Challenging areas include:

### ***Managing Risk on recyclate***

The board are already aware that the market has changed substantially since our current contract was let, and that suppliers are no longer willing to accept 100% of the risk on recyclate income (estimated to be worth around £3m per annum currently). This income is a product of:

- the price that recyclable materials fetch (which is very volatile and driven by international markets and is essentially outside of our control),
- the quality of recyclable material (which our kerbside sort system maximises meaning our recyclate is more likely to be in demand, more likely to be used in a 'closed loop' process, and which attract higher prices than lower quality material),
- the amount of recyclate collected (which we fully expect to increase when we introduce Recycle More, but cannot predict yields with absolute certainty).

In soft market engagement SWP set out to the market that that our view is that risk should be allocated to the party that can best control it, which was welcomed. Our starting position was that this should be shared 50/50 with suppliers, as both the actions of SWP and the actions of our supplier impact upon the level of this income, but that neither of us is able to control recyclate commodity prices.

It is clear that the recyclate market is in a substantial period of uncertainty at the moment. The impact of China's restrictions on recyclate imports have spread much further across the market than initially expected, and prices of recyclate are even more volatile than usual. This uncertainty is leading suppliers to be more risk averse and less willing to share risk, but also means that individual suppliers are

adopting different positions, and that their positions are changing as they respond to market changes.

As SWP expected, this will be a crucial area for us to work through in the dialogue stages with suppliers. Because each potential supplier is taking a different view on this, there is no single change we could currently make to our approach which would be acceptable to us and all potential suppliers. Instead our approach is likely to involve discussing this through dialogue, seeking formal submissions from suppliers, setting a benchmark risk share to ensure that we can evaluate all bids at the ISDS stage on a like for like basis, using the submissions from suppliers to finalise the approach to risk sharing ahead of requesting final tenders.

### ***Service Specification***

SWP remain very clear that a crucial element of our procurement is to secure a supplier who will roll out the Recycle More service to achieve the environmental and financial benefits we believe that this will drive:

<b>Recycle More</b>	<ul style="list-style-type: none"><li>• <b>Carry on collecting our current kerbside collection materials</b> – Paper; food and drink cans; glass bottles and jars, foil; cardboard; plastic bottles; textiles; shoes</li><li>• <b>Carry on collecting separated food waste every week</b></li><li>• <b>Add new materials to recycling collections every week</b>—plastic pots, tubs, trays, packaging, food and drink cartons, small electrical items and possibly batteries</li><li>• <b>Free up refuse capacity and reduce the frequency of refuse collections to every three weeks</b> so collections are only needed every three weeks.</li><li>• <b>Help where there is a genuine need</b>, for example people using nappies and adult hygiene products.</li><li>• Enhanced services (e.g. cardboard and mixed plastics) for people with <b>communal bin stores</b>, such as flats and communal properties</li></ul>
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As the board are aware, there are a limited number of potential suppliers with experience of this model. Whilst any supplier who proposes to bid for our contract must submit a bid that is compliant with this model, we believe that it is prudent to allow suppliers to submit variant bids that may vary specific elements of our specification – around the containment, frequency and materials collected. Whilst we remain confident that Recycle More will prove to deliver the greatest environmental and financial benefits, allowing this flexibility will allow the market an opportunity to demonstrate its innovation in achieving best value and environmental impact. Such variant bids will only be allowable at the initial submissions stage of the procurement, and SWP use these variant bids to inform the development of its final specification. 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.

### 3. Next steps

The next phases of work are:

Phase	Time	Comments
Document preparation	Nov– Mar 2018	To prepare all procurement documents (including the service specification, evaluation methodology, data room) and to undertake additional work which will ensure SWP are best placed to secure best value (e.g. by evidencing participation in kerbside sort)
Pre-qualification	Apr – May 2018	This is a mandatory phase and will ensure that a maximum of 5 suppliers with sufficient capability to deliver our requirements progress through to the resource-intensive dialogue stage
Dialogue on proposed solutions	June 2018 – end of Aug 2018	Focussed conversations on key issues: <ul style="list-style-type: none"> <li>• Technical and operational (including service specification, transition to Recycle More, technology, behavioural change)</li> <li>• Commercial (affordability &amp; risk share)</li> <li>• Legal (how we reflect what we learn in dialogue in final documents)</li> </ul>
Evaluation of proposed solutions	Oct 2018	Scoring and evaluation of compliant bids and consideration of variant bids and proposed risk-share mechanisms – fed back to potential suppliers and to inform final tender specification.
Dialogue on final tenders	Nov – Dec 2018	Focused conversations on commercial, legal and waste technical matters identified to improve outcomes.
Final tenders	Feb 2019	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	New provider gearing up to commence service. Note that a phased transition to Recycle More will be required from April 2020 onwards.

Two crucial related pieces of work are also underway:

#### ***Securing additional depot options***

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). 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. In order to

achieve best value for all partners it is crucial that we have clarity on a centralised depot in the initial dialogue stage (June 2018), though we will not have certainty whether such a facility is required until we have received final tenders.

***Contingency plan: local authority company***

The board noted that a Local Authority Company remains a contingency plan should suitable bids not be forthcoming from the market. SWP have commenced work to further explore this option, but the risk profile of the project means that a competitive dialogue procurement approach is still the recommended approach to achieve the board's objectives. As previously indicated to the board, this will be kept under review at key milestones in the project.

**4. Background papers**

**4.1.** Report to SWB "Recycle More" 16<sup>th</sup> December 2016.

**4.2.** Report to SWB "Contractual Negotiations for Recycle More" 30 June 2017.

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

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



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

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

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

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

- (a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.

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

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

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

For general enquiries about the Forward Plan:

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

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

To make representations about proposed decisions:

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

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

FP Refs	Decision Date/Maker	Details of the proposed decision	Documents and background papers to be available to decision maker	Does the decision contain any exempt information requiring it to be considered in private?	Contact Officer for any representations to be made ahead of the proposed decision
<b>SWB/17/11/03</b> First published: 21 November 2017	23 Feb 2018 Somerset Waste Board	Issue: Annual Budget 2018/19 Decision: To consider the proposed annual budget for 2018/19			Martin Gerrish, Strategic Manager - Financial Governance and Finance Officer for SWP Tel: 01823 355303
<b>Fp/17/11/04</b> First published: 21 November 2017	23 Feb 2018 Somerset Waste Board	Issue: Recycle More project update Decision: To receive an update on the project from the Managing Director			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823356897
<b>FP/17/11/05</b> First published: 21 November 2017	23 Feb 2018 Somerset Waste Board	Issue: Financial update Quarter 3 2017/18 Decision: To receive an update on the financial position as at the end of December 2017			Martin Gerrish, Strategic Manager - Financial Governance and Finance Officer for SWP Tel: 01823 355303
<b>FP/17/11/08</b> First published: 21 November 2017	23 Feb 2018 Somerset Waste Board	Issue: SWP Proposed internal audit plan 2018/19 Decision: to consider the proposed internal audit plan for 2018/19			Martin Gerrish, Strategic Manager - Financial Governance and Finance Officer for SWP Tel: 01823 355303
<b>FP/17/11/07</b> First published: 21 November 2017	23 Feb 2018 Somerset Waste Board	Issue: Performance Update Quarter 3 2017/18 Decision: To receive an update as at the end of December 2017 on the performance against key targets			David Oaten, Contracts Manager - Treatment and Infrastructure Tel: 01823 625721

FP Refs	Decision Date/Maker	Details of the proposed decision	Documents and background papers to be available to decision maker	Does the decision contain any exempt information requiring it to be considered in private?	Contact Officer for any representations to be made ahead of the proposed decision
<b>FP/17/11/06</b> First published: 21 November 2017	23 Feb 2018 Somerset Waste Board	Issue: SWP risk update Decision: to receive the regular risk management update			Mark Blaker, Business and Governance Manager, Somerset Waste Partnership Tel: 01823625720
<b>FP/17/11/04</b> First published: 21 November 2017	23 Mar 2018 Somerset Waste Board	Issue: Recycle More update Decision: to receive an update from the managing director on the progress with this project			Mickey Green, Managing Director - Somerset Waste Partnership Tel: 01823356897
<b>FP/17/11/06</b> First published: 21 November 2017	23 Mar 2018 Somerset Waste Board	Issue: SWP Risk update Decision: to receive the regular risk management update			Mark Blaker, Business and Governance Manager, Somerset Waste Partnership Tel: 01823625720