

East Herts Council Report

Executive

Date of Meeting: 24 November 2020

Report by: Executive Member for Environmental Sustainability

Report title: Waste Shared Service Alignment

Ward(s) affected: ALL

Summary:

- This report seeks to create efficiencies within the shared waste service by aligning elements of waste and recycling services with North Hertfordshire District Council (NHDC), in particular, in relation to pricing for services whereby the contract pricing allows this.

RECOMMENDATIONS FOR EXECUTIVE:

- A) To agree to the alignment in pricing and a common pricing structure for the shared waste service, for residual commercial and chargeable household waste; within the 2020-21 financial year. To agree to the introduction of charges for recyclable commercial and recyclable chargeable household waste in line with existing shared waste service charging; within the 2020-21 financial year;**

- B) To agree to a new pricing structure for chargeable household bulky waste collections; within the 2020-21 financial year;**
- C) To agree to the introduction of event waste management charges to align procedures in the shared service; within the 2020-21 financial year;**
- D) To agree to the introduction of new procedures for the management of fly-tipping, residual waste and recycling at flats to align procedures and charging within the shared service; within the 2020-21 financial year;**
- E) That the Executive endorses the delegation of decision making for setting the fees and charging regarding waste services, as set out in this report, to the Head of Strategic Finance and Property in consultation with the Executive Member for Environment Sustainability, through the Shared Service Waste Partnership Board, and to refer this decision to Council.**

1.0 Proposal(s)

- 1.1 The introduction of a new common pricing structure for services within the shared waste service.
- 1.2 The introduction of new procedures and charging for EHC regarding event waste management and the management of fly-tipping, residual waste and recycling at flats for the shared service.

2.0 Background

- 2.1 The shared waste service was formed in December 2017 in advance of the start of the shared waste contract with North Hertfordshire District Council (NHDC). At the time the shared service was formed an alignment of policies in relation to collection services was undertaken but an alignment of administrative functions and charging was not.

- 2.2 Work is ongoing to align the administrative functions of the shared service to provide greater consistency, efficiency and resilience and this report seeks to progress this work by ensuring consistency in charging whereby contract pricing permits this. This report is being progressed to further align services, providing greater efficiency and financial benefit to the authority in the management of its services.
- 2.3 Any delay to the alignment will increase the administrative burden of the client team and prevent efficiencies being made through system changes. Much of the change will ensure effective cost recovery and delay will impact further on losses being made by the service as well as impacting on the introduction of the new commercial recycling service.
- 2.4 East Herts Council as Waste Collection Authority (WCA) has a legal duty under the Environmental Protection Act 1990 (EPA) to make arrangements for the collection of household waste and commercial waste where requested by the occupier of a premises.
- 2.5 There is also a duty to collect dry recyclable waste where requested from commercial premises. For commercial waste the legislation places a requirement for businesses to pay a reasonable charge for collection services and also places a duty on the waste collection authority to recover this charge.
- 2.6 Under the Controlled Waste Regulations for some waste that is considered household waste, the local authority may recover a reasonable charge for collection. The Council already has charges for bulky waste collection. Charging structures have not been reviewed for a number of years.
- 2.7 Proposals around commercial waste and recycling charges were considered at the Joint Waste Partnership Board on 8th October 2020. The new charging structure is proposed to

come into effect from 1st December 2021 for all new customers. From the 1st April 2021 the new pricing structure will come into effect for existing customers and will include an uplift of CPI as at November 2020 plus 2%.

Commercial and chargeable household residual waste collections

- 2.8 Since the start of the joint contract and inception of the shared client team the commercial waste services have operated wholly separately which has created inefficiencies in the back-office service provision.
- 2.9 Contract costs for the authorities are the same and are based on per lift charges.
- 2.10 A review of the charges made by each authority has been undertaken. This has identified differences in the costs for customers with the same provision and therefore the profit margin for each authority. Pricing differentials also create additional administrative burdens in the determination of contract costs for customers.
- 2.11 Both Councils operate different charging rates for commercial premises and school/charities (chargeable household collections). This is predominantly due to reduced disposal costs due to their legislative classification, however there are also differing contractual collection costs for these premises.
- 2.12 At EHC an additional discounting system operates where customers have either additional bins or additional collections. The Council incurs the same costs for each collection of each bin and for each bin provided. This is an historical arrangement that represents net cost to the Council and has to be withdrawn to reflect current collection arrangements and contract costs.
- 2.13 It is proposed to align the charges for both authorities to

ensure consistency across the shared service. The proposal sees the higher charge made by either authority being used, as this better reflects the actual costs of collection under the contract. Predominantly NHDC have higher charges.

- 2.14 Due to the discounting system in place at EHC the uplift for some customers would be disproportionately high and therefore an impact assessment on EHC customers has been undertaken. As a consequence, any price rises for customers will be capped at 15% meaning that price alignment for these customers will be phased over two years, so as to reduce the financial burden on individual businesses.
- 2.15 All businesses impacted by higher than inflation price rises will be offered an audit of their waste collections and the offer of dry recycling collections which are a significantly cheaper charge. This will potentially save them money and increase recycling rates from businesses.
- 2.16 In order to ensure that customers have sufficient notice of price changes and that any contract cost changes are reflected in the pricing structure, it is recommended that the Executive endorses the delegation of decision making for setting the fees and charging regarding waste services, as set out in this report, to the Head of Strategic Finance and Property in consultation through the Shared Service Waste Partnership Board, and to refer this decision to Council. Such a change will be documented through an amendment to the Inter-Authority Agreement to reflect this delegation from both partner Councils.

Commercial and chargeable household dry recycling collections

- 2.17 The introduction of commercial recycling services in the East Herts area was written into the new contract. The

introduction of these services has been delayed by Covid - 19 and to effectively embed other elements of the contract.

- 2.18 The proposal is to introduce this service from January 2021, primarily to existing commercial and chargeable household customers. (Chargeable household refers predominantly to schools and charities). This will be on a town by town basis and services will initially be offered where the contractor has capacity on the existing fleet.
- 2.19 There will be a 'soft launch' with the existing customer base only being offered the service in order to ensure we have sufficient capacity but web pages will all be updated and existing customers will be contacted as part of a phased introduction. Although this is a new service for EHC, there are approximately 80 schools currently receiving recycling collections free of charge, as a result of recycling services not being offered commercially in East Herts. This has been resulting in a loss to the Council as a consequence of contract and disposal costs.
- 2.20 The intention is to continue to encourage recycling at schools and the proposed prices are affordable and competitively priced to ensure schools do not experience additional hardship as a consequence. Any schools currently receiving a free service will have an opportunity for an audit of waste collections to ensure their collection solution is the most cost effective for them before the introduction of charges in April 2021.

Bulky waste collections

- 2.21 Since the start of the contract there has been a steady rise in requests for bulky waste collections. This has implications on the resources to perform the service but also has had negative budget implications for some collections. The collection contract is priced to allow for up

to 6 items from individual premises to be collected. This means we pay the same contract price for the collection of 1 item as we do for 6 items from the same property. Under the existing pricing structure the charge for residents only requiring one item to be removed does not cover the current contract costs. Therefore, a loss is made for each of these collection types.

2.22 The budgetary implications are summarised in Appendix A, based on an estimate of 'pre-Covid 19' service levels the proposal estimates a net budget impact of £10,000, accounting for up to a 20% loss in service uptake. The new price structure will allow for up to 6 items to be collected under one charge, to align with the contract charge. This reduces the cost for residents who require the removal of more than three items but increases the costs for 1 or 2 items.

2.23 To align the charging with NHDC the proposal is from January 2021 the charge to be raised to £45 for up to 6 items, with an inflation rise in April 2021 of CPI (as at November 2020) plus 2%.

Number of Items	Current Price	Proposed Price
1	£29	£45
2	£40	£45
3	£50	£45
4	£62	£45
5	N/A	£45
6	N/A	£45
Small	£73	£73
Medium	£106	£106
Large	£160	£160
Cancellation Fee	£11	£11

Waste management at events

- 2.24 Waste generated by events is predominantly commercial waste, by definition. It is therefore considered necessary to bring charges forward to cover the contract costs and administration of bin provision for events and align with the services provided as part of the shared service.
- 2.25 The costs for event waste management cover the:
- delivery and collection of bins
 - emptying of bins
 - disposal of residual waste or recycling
 - washing of bins to return to our stock.
 - administration of the service
- 2.26 Waste collections of this type require 'Waste Transfer Notices' under the 'Duty of Care' requirements. This is an administrative burden for the team along with the setting up of the requirements for each event.
- 2.27 The event waste management service is currently provided free of charge by EHC. Consequently, there is currently a cost burden and the changes will be net positive to the budget. It is however difficult to predict this accurately whilst events are suspended due to the Covid-19 pandemic.
- 2.28 The purpose of this change is cost recovery of items identified in 2.25 and is in line with Council policy.

Fly-tipping and waste collections from flats

- 2.29 For approximately five years NHDC have been operating a partnership approach to the management of waste and recycling at flats. In 2017 they won a LARAC award for the initiative.
- 2.30 The management of waste and recycling at flats is

resource intensive not only for the client but also for the contractor. Contacts from residents regarding the 'mismanagement' of flats waste take up a significant proportion of Contract Officer time.

- 2.31 At the moment there is an expectation that the Council will continue to clear fly-tipping and empty contaminated recycling bins at flats and although this may resolve an immediate issue it does not manage the problem in the longer term and issues often recur.
- 2.32 The proposal is to take a more proactive approach in the first instance in the hope that this will encourage greater participation from managing agents and residents leading to efficiencies in the longer term in managing waste and recycling from flats. Where there are recurring waste management problems at a block of flats the waste team will engage with the managing agents and undertake an audit of the collection services on site and capacity of bins.
- 2.33 Information will be provided to residents and new signage fitted where necessary. As well as information on what can be recycled, the information will include contacting the managing agent in the first instance when there are problems at the flat block.
- 2.34 The managing agents will be required to participate in the management of waste and recycling in bin stores this includes but is not limited to ensuring access is restricted to residents and collection staff only.
- 2.35 Once the information and correct capacity is all in place the Council will facilitate a clearance free of charge to give the flat block a 'clean slate'. Managing agents will then be required to manage the use of the bins at flat blocks by managing fly-tipping around the bins, with EHC offering clearance services for a charge where managing agents can not facilitate this within their own staff.

2.36 The changes proposed above will still incur costs to the Council, however in instances where there are continued problems which require the Council to intervene in works other than scheduled waste collections. We will have a mechanism to recharge these costs to the managing agents.

3.0 Reason(s)

3.1 The shared service has been operating for some time and the client team seeks to align services to ensure greater efficiency and capacity to effectively manage the services and contract.

3.2 An impact assessment has been undertaken for the shared services to determine the most appropriate charging options for both EHC and NHDC. The impact assessment considered both Councils budgets and the impact on individual customers.

3.3 In some instances services are being provided free of charge where there are direct costs to the Council, resulting in a cost burden. In other circumstances charges are calculated in a 'matrix' style and have discounting for multiple bins or multiple collections. This discounting is not proportionate and does not reflect the structure of the contract costs to the Council.

3.4 In addition, there are also pricing structures where the contract costs are higher than the charges to residents resulting in a net loss to the Council.

3.5 A review of charging by other local authorities indicates that the majority charge for these services in a similar way to the proposals.

4.0 Alternative options considered

- 4.1 Consideration was given to keeping the charges the same. A full impact assessment has been completed and this is not considered the most efficient or consistent option for the shared service or EHC.

5.0 Risks

- 5.1 There is a risk that the commercial waste customer base will be affected by the changes to charges. However, commercial competitors all charge for these services and prices have been checked for competitiveness and therefore this risk is low.
- 5.2 Covid 19 has significantly impacted on the commercial customer base. The full outcome of this is as yet unknown. It is therefore likely that the current customer base reduces further impacting on the resultant budget position.

6.0 Implications/Consultations

- 6.1 The Chief Finance Officers at EHC and at NHDC have been consulted on the alignment of prices as well as the relevant Executive Members for both authorities.
- 6.2 The proposals were presented to the joint Waste Partnership Board on 8th October 2020.
- 6.3 The budgetary implications for commercial waste are summarised in Appendix A for commercial waste and based on the current customer base the proposal estimates a net budget impact of £70,000.
- 6.4 The budget impact for bulky waste collections for 20/21 currently indicates a net loss of approximately £8,800 per year based on the last 17 months of data. The budgetary implications for bulky waste collections with the new pricing proposals are anticipated to be net positive between £7000 and £9000 taking account of the price change impact on service use.
- 6.5 The budgetary implications for the introduction of commercial recycling and charges for event waste management are unclear but will be a net positive for the Council. The commercial recycling income target for 20/21 was proposed to be £25,000, due to the pandemic this work was put on hold.

Community Safety

Yes

Fly-tipping in bin stores presents a fire risk. New management procedures will help reduce this risk.

Data Protection

No

Equalities

No

Environmental Sustainability

Yes

Improved recycling provision at flats and improved recycling provision for commercial customers.

Financial

Yes

Net positive financial impact. Further information is within the body of the report.

Health and Safety

Yes

Fly-tipping in bin store poses a health and safety risk for users and staff. New management procedures will help reduce this risk.

Human Resources

Yes

The introduction of new services requires additional administration. However, efficiencies gained from service alignment with NHDC will in part facilitate the additional administration requirements.

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

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