

East Herts Council Report

Executive

Date of meeting: 11 July 2023

Report by: Councillor Tim Hoskin –Executive Member for Environmental Sustainability

Report title: Waste Shared Service: Client team and Corporate Support Arrangements

Ward(s) affected: All

Summary

- The report is based on outcomes from the Member lead joint working group between East Herts Council (EHC) and North Herts Council (NHDC) and workshops held for senior managers. It identifies the approach considered necessary to corporate support arrangements affecting the waste contract administration and management. The key drivers for the changes are to enhance the customer experience in line with transformation programmes by improving the efficiency and effectiveness of processes to support this. The report follows on from previous reports provided to overview and scrutiny and the Executive regarding the future management of waste.

RECOMMENDATIONS FOR EXECUTIVE

- (A) To note the comments from Overview and Scrutiny Committee held on 20th June 2023;**
- (B) To agree the updated waste service policy statements to come into force from May 2025;**

- (C) To agree that each council leads on their own customer service provision with one set of processes for customer interactions being developed and agreed with a focus on resolution at the first point of contact;**
- (D) To agree to further work to identify resources and costs to integrate the customer relationship management system with the waste management IT system; and**
- (E) To agree to the proposed minor updates and changes to financial management and governance arrangements and subsequent minor changes to the Inter Authority Agreement outlined in Section 3.**

1.0 Proposal(s)

- 1.1 To update waste service policy statements to those contained in **Appendix 2** to come into force from May 2025.
- 1.2 For each council to lead on their own customer service provision developing with the Shared Waste Service one set of processes for customer interactions with a focus on resolution at the first point of contact.
- 1.3 For further work to be carried out in advance of the budget setting to identify resources and costs to integrate the customer relationship management system with the waste management IT system to enhance the online self-service options for residents.
- 1.4 To make minor updates and changes to financial management and governance arrangements and subsequently minor changes to the Inter Authority Agreement outlined in Section 3.

2.0 Background

- 2.1 East Herts Council (EHC) and North Herts Council (NHDC) entered into a Shared Service arrangement in 2017 and a joint contract was let beginning in May 2018.
- 2.2 A Councillor led Joint Partnership Board for waste meets twice per year and monitors the performance of the contract.
- 2.3 The service comprises a 'client' management structure located at the Buntingford Depot and two operational hubs comprising separate management teams and separate workforces for East and North Herts Councils.
- 2.4 The current contract covers the requirements for the collection of waste and recycling from approximately 124,000 households and over 1920 commercial customers as well as street cleansing services across East and North Hertfordshire.
- 2.5 In 2014 the Councils agreed to progress from a Strategic Outline Case to an Outline Business Case for the shared service specifically exploring potential additional savings in joint contracts, savings in client overheads including depot costs, governance and management proposals and jointly agreed policies to form the basis of a joint specification.
- 2.6 The shared service has been in operation since 2018 and has successfully rolled out service changes for both authorities. The client team have worked to align processes and systems to ensure that the customer experience is broadly similar regardless of in which district a resident lives. The new contract which will mobilise for May 2025 will ensure further consistency between the authorities.
- 2.7 The shared service client team and corporate support arrangement operate under an Inter Authority Agreement

(IAA) which sets out the partnership arrangements which exist for and between the two authorities. In addition for the current contract procurement a Collaboration Agreement has been put in place to provide clarity on the roles and responsibilities in relation to the procurement and demonstrate the commitment to the procurement partnership.

- 2.8 At the respective East Herts Executive and North Herts Cabinet meetings on 19th April 2022 and 22nd March 2022 a new aim and principles for the shared service were agreed focusing on efficient services which are environmentally and financially sustainable. The aim and principles are attached in **Appendix 1**.
- 2.9 A report to the respective Executive/Cabinet meetings on 25th October 2022 also identified a need to provide additional detail regarding corporate support arrangements in a supplementary report.
- 2.10 The vision for the Transforming East Herts programme approved by the Executive on 6th July 2022 is 'By 2025 East Herts Council will be a customer focused, financially sustainable, effective organisation with flexible, empowered employees'.
- 2.11 The Transforming East Herts programme is split into 3 strands: Be digital, focusing on improving our processes and encouraging more self-service, Be agile, which is about our people and culture, aiming to maximise benefits from modern ways of working and Be Commercial, which is about being more financially sustainable and generating income. This report identifies elements spanning the be digital and be commercial stands.

- 2.12 To improve the services opportunity for operational efficiencies a number of options have been considered. If the service is aligned across both authorities the client team administration and management of the contract could be more efficient providing capacity to improve the customer experience and engagement.
- 2.13 It has been necessary to review the working practice of the client team and support services to ensure the shared service can operate as efficiently as possible and meet the principles agreed by Executive and Cabinet.

Resources and Waste Strategy

- 2.14 In December 2018 the government released its Resources and Waste Strategy. There have subsequently been a number of government consultations linked to this strategy. The industry is currently waiting for guidance to support the outcomes of these consultations and the full details of subsequent policy and legislative updates.
- 2.15 The Resources and Waste Strategy is expected to significantly change the way council's waste collection services are managed and funded. The final strategy launch has been delayed following the pandemic and specific details and timescales for some elements of the implementation are yet to be determined. However it is expected that additional administrative burdens will be placed on councils to demonstrate 'efficient and effective; services in order to receive funding.
- 2.16 The drafted policy documents in **Appendix 2** aim to support the principles of waste reduction and provide clarity to residents using the services. Should the outcomes and finalised guidance differ from our service design it may be necessary to further refine the policy statements.

3.0 Reason(s)

Customer Services

- 3.1. Customer service at each Council is currently delivered under different models, with differing administrative responsibilities, processes and key performance indicators (KPIs). EHC manage contacts related to waste and street cleansing services in-house as part of a corporate customer service team. At NHDC contacts are managed by the current collection contractor with a small proportion of contacts also being handled by the corporate team.
- 3.2. At the joint cross party member workshops, members explored options regarding the provision of customer services. Advantages and disadvantages were identified for both a council led customer service solution and an out-sourced customer service solution. In addition, indicative costs were provided for these. The preference from the working group was for a joint council led customer service solution as it was felt this would fit better with aspirations around an improved customer journey. At the Executive on 25th October 2022 it was agreed to have customer services delivered in house.
- 3.3. The customer services and call handling functions have consequently not been included in the specification of the next waste contract and it is therefore necessary to develop the structure for this support service from 2025.
- 3.4. Subsequent work has been undertaken with senior managers at both authorities to consider the viability of a joint customer service provision and this has resulted in a recommendation to Executive to keep the customer service functions separate, but delivered in-house by both councils.

- 3.5. Some potential benefits of separate customer service provision are identified below:-
- a. Knowledge of all council related processes and can therefore advise on other queries as a single point of contact
 - b. Greater resilience from a larger staff pool for each council.
 - c. Monthly quality monitoring in line with other in-house customer service provision at each council.
 - d. Training in line and consistent with each councils core values and objectives
 - e. Increased transparency for each authority over contact types and complaint logging
 - f. Increased transparency for each council on reasons for call handling performance e.g. staff resources, large contact volumes from other services.
 - g. Direct control for each council over phone lines, Interactive Voice Response (IVR) and email auto replies.
 - h. Direct control and monitoring of online self-serve contacts (see section 3.7)
 - i. Able to make effective use of council Customer Relationship Management (CRM) systems.
 - j. Service efficiencies (cost savings) can be realised more easily from individual council transformation programmes.
 - k. Direct control over payments to the councils and therefore no additional VAT auditing implications.
- 3.6. The waste client team will lead on a review of all processes to ensure consistency of services between each authority and to its residents, these processes will be aligned to support the application of the policy statements attached in **Appendix 2**.

Digital Services

- 3.7. The proposals in this report are aligned to the EHC transformation programme.
- 3.8. A number of services are already available online with full integration with back office systems including:
- Reporting missed bin collections (approximately 55% recorded online)
 - Subscribing to garden waste services (over 80% online)
 - New and replacement bin requests
 - Collection day look up

This means that there is almost no human intervention necessary from either customer service agents nor the client team in order for the service to be delivered.

- 3.9. There are a number of other services which can be reported online, however these webforms result in an email being sent either to customer service teams or the client team and therefore are not currently fully integrated, requiring additional administration to enter into back office systems and no immediate feedback is available to residents.
- 3.10. All current fully integrated online services are provided as part of the current waste contract. These online facilities will cease to function at the end of April 2025 and a new alternative solution is required to provide a seamless transition for residents.
- 3.11. Work has been undertaken to scope the requirements for digital service integration prior to the contract start in May 2025 and details can be found in **Appendix 3**. The majority of this work will take place in 2024 and early 2025 to ensure sufficient time to test systems prior to contract start.

- 3.12. Until a preferred bidder is chosen, which, based on the current timeline will be in early 2025 it is not possible to fully estimate the time and staff resource required to undertake the necessary integration.
- 3.13. Colleagues from IT departments will be involved in the dialogue with bidders to gauge the extent of the work required.
- 3.14. Once processes have been fully mapped time and resource estimates will be developed to determine the extent of any digital transformation work required in order to provide automated self-serve options for residents for all high contact waste and street cleansing services.
- 3.15. It is expected that estimated costs will be available for budget workshops in October.

Financial Management

- 3.16. Financial management of the waste contract is delivered separately for and by each authority creating a level of duplication, differing burdens and requirements for the client team. There is also a level of inconsistency in functionality for example NHDC can provide direct debits whilst currently EHC cannot, NHDC debtors processes are automated, while the EHC process is not.
- 3.17. Much of the financial management for the shared service is unaffected by the contractual provisions, however the incumbent contractor currently takes payment on behalf of both East Herts and North Herts for garden waste subscriptions and bulky waste collections on behalf of North Herts. This financial management service will not be provided in the next contract as it is directly linked to the decision to provide customer services in house and therefore alternative

provision needs to be made for direct debits, online payments and telephone payments in advance of 2025.

- 3.18. Each Council will independently manage income from chargeable services and although this does not reduce the duplication of work by the shared client team in this area it does provide a reduced auditing burden for each authority.
- 3.19. For NHDC this functionality broadly already exists, but it is not yet possible to transition these services due to the council procuring a new payment system and financial management system (FMS) and needing to align with this timeline. New setups and testing would still be necessary, as well as online integration for self-serve by residents. It is anticipated that this can begin after April 2024.
- 3.20. Subject to successful procurements it is anticipated that NHDC will transition garden waste direct debits (circa 21000) and payments (circa 8000) during 2024 in advance of the next subscription year in April 2025.
- 3.21. For EHC the delivery of direct debits and automated debt management processes are anticipated to be delivered by November 2023 and with necessary user testing it is anticipated that direct debits for garden waste (circa 25,000 for EHC) could be migrated to in-house systems by February 2024 in time for the next subscription year.
- 3.22. The move to in-house income management for garden waste is also dependent on successful integration with the existing garden waste portals and any subsequent re-procurement of these systems for each authority.
- 3.23. It is expected that a new contract will mean that both Councils will have the same contract costs for the servicing of garden waste collections. During the joint cross-party Member

working groups options for aligning the garden waste service were explored. Members recommended that we should seek to therefore have an aligned price for garden waste as we currently do for bulky waste and commercial waste collections which have the same contract costs.

- 3.24. At the Executive/Cabinet on 25th October 2022 the principle of aligning the charge for the two authorities was therefore approved.
- 3.25. NHDC has recently agreed to bring the NHDC charge for garden waste to £49 to match EHC and align the start date of the service to 1st April. The price increase will cover an extended subscription year for residents which will provide a cost saving to them in the first year. Each Council wishes to retain income receipts and therefore at this stage the use of one portal for both authorities is not proposed, but will be explored as an option when the portal provision is reprocured.
- 3.26. As a consequence of this alignment it is proposed that a mechanism for agreeing the garden waste charges be written into the Inter Authority Agreement (IAA). This will be based on the principle of cost recovery which is aligned to the agreed shared service principle of financial sustainability for the services.
- 3.27. As NHDC are the current lead authority for the shared service it is proposed that this arrangement continues to prevent the need for staff to TUPE. It is therefore also proposed that NHDC lead on the financial management of expenditure for the shared service as this would reduce the client teams need to duplicate financial management work and detail will be written into the IAA to identify auditing and governance of financial management. This will ensure some reduced administration and duplication of work for the shared service

yet still provide EHC with all necessary information for audit purposes.

- 3.28. In addition, NHDC will commit to providing a summary of contract spend, on behalf of both authorities, to the Partnership Board.

Communications and Marketing

- 3.29. Communications and marketing is delivered separately by each authority creating some inconsistencies in relation to corporate prioritisation of waste messages. The NHDC corporate service in terms of officer resource, is larger than at EHC, therefore there is potential benefit in aligning some aspects of comms.
- 3.30. The service changes will require a significant focus on comms with a need for additional resource to deliver more targeted campaign work. A new dedicated Waste Communications Officer post was identified and agreed at Executive and Cabinet on 25th October 2022 and this role will focus on non-corporate communications, such as targeted communications in relation to specific campaigns, targeted local communications in relation to low performing areas and the capture of certain materials in the recycling streams. This will also include working with local schools and community groups for face-to-face communications.
- 3.31. It is proposed to keep customer facing generic service related comms separate but NHDC to lead on design in consultation with EHC. There will be a continued regular liaison between the two communications teams to ensure messages are aligned and a protocol will be developed with regards press releases and media enquiries and cemented in the IAA.

Legal Services

- 3.32. Both authorities have ongoing recruitment challenges in relation to contract and procurement lawyers. The current procurement is therefore being delivered via an external provider. As a temporary solution this has been beneficial, but it is not sustainable in the long term due to the significant financial costs of external legal support. A decision is needed on how to proceed with legal advice moving forward in relation to the client relationship with the contractor. Each Council would continue to be expected to seek their own advice on any matters relating to the Inter Authority Agreement (IAA) or working relationship between the two authorities.
- 3.33. At this stage it is not possible to determine if either council will be able to recruit a permanent contract lawyer to support the services. It is therefore proposed that support for the shared service and waste contract will be considered at the point of need by the Head of Legal and Democratic Services /Service Director Legal and Community, who will agree a lead authority for each project based on available resource. Where no resource is available at either authority, external support shall be sought and procured by legal services on behalf of both authorities.
- 3.34. In relation to property matters each council will lead on their own properties in relation to the drafting and execution of any lease. It is however expected that property services/ estates teams will align the leases for Buntingford and Letchworth Depot (subject to the successful assignment for the current lease from Urbaser) as far as is reasonably practicable.
- 3.35. Work is ongoing to complete the heads of terms for the leases but it is anticipated that more facilities management responsibilities will pass to the waste contractor. This is to

ensure that the responsibilities for health and safety on site (which sit with the waste contractor) can be controlled more effectively and consistently across both depot sites. It is proposed that any remaining depot facilities management functions will be provided by EHC on behalf of both authorities.

Governance

3.36. Historically, some decisions have been taken independently by each authority such as the implementation of a chargeable garden waste service. Given the commitment from both authorities to align services and create effective and efficient administrative processes as a result, it is necessary to review the governance arrangements. The options for governance are:

- Retain model of partnership board and update the IAA
- Delete the partnership board and introduce a formal Joint waste committee
- Amendments to constitution and delegated decision making for officers to facilitate partnership arrangements with oversight by Partnership Board

3.37. It is proposed to retain the partnership board in its current format with some minor changes to the IAA to ensure decision making between the two authorities are aligned. The IAA will be strengthened to provide clarity on decision making processes and the consequences of unaligned decision making which has a financial burden on either authority.

3.38. The key aims and principles of the IAA will include:

- a) working in harmony to ensure decisions are aligned for effective and efficient running of the service to residents and customers

- b) achieving consensus between both authorities on recommendations for the Executive/Cabinet/Council or other delegated authority to officers
- c) sharing of information in a way that supports effective collaboration between the two authorities
- d) resolving any difficulties openly, quickly and honestly, before any such issues have a negative impact on the operation of the service or collaborative working
- e) providing information to each other that will (or could) impact each authority negatively

3.39. An invitation will be extended to attend partnership board (as and when required) to the Executive/Cabinet members for finance in each authority when there is a recommendation relating to financial implications.

3.40. Ensure there is a dispute resolution process in place with both Heads of Paid services should consensus or agreement not be achieved.

Policy Statements

3.41. Policy statements for the current waste and street cleansing services were agreed by both Councils at the meetings of Cabinet and Executive on 25th October 2022 and are considered fit for purpose. However minor updates will be required to support the transition to extended frequency residual waste collections by supporting increased recycling. The new proposed policy statements are included in **Appendix 2.**

4.0 Alternative Options

4.1. For customer services a joint customer service centre for waste was considered with one of the two authorities administering this on behalf of the other. This was discounted

due to complications with income management and to ensure that residents in EHC can experience a seamless customer journey through the Granicus CRM system. Details of the advantages and disadvantages of differing approaches are identified in **Appendix 4**.

- 4.2. For digital services a lead authority approach was considered but this was discounted due to the recommendation to keep customer services separate and as a consequence integration with both councils' CRM systems will be required.
- 4.3. For financial management the management of both income and expenditure by NHDC was considered but this was discounted due to additional auditing requirements for VAT.
- 4.4. For legal services procuring external support on an ongoing basis was considered but this was discounted as cost prohibitive.
- 4.5. A joint waste committee was considered however was discounted as unnecessary at this stage as service alignment has already been agreed.

5.0 Risks

- 5.1 There is a risk that each Council may progress with digital online self-serve at different speeds and that full integration may not be ready by 2025. This is being mitigated by early communication between all stakeholders.
- 5.2 There is a risk that integrated online self-serve will be cost prohibitive which would put additional pressure on the customer service teams.
- 5.3 There is a risk that the councils will have insufficient resources in corporate support services such as IT and finance to support the changes necessary for 2025. This is being

mitigated by early communication between all stakeholders. Additional consultancy support is being considered for IT.

- 5.4 There is a risk that the two garden waste portals will not be integrated into the financial management systems at each authority in time for the next subscription year and that income will not come direct to the councils. This risk is mitigated by the option to use a direct debit bureau in a similar way to how Urbaser do currently.

6.0 Implications/Consultations

- 6.1. A joint cross-party working group was established to consider the future service design. The terms of reference for the working group can be found in **Appendix 1**. Elected Members attended a series of workshops over two months looking at all aspects of the service design and consideration of corporate support arrangements.
- 6.2. With the recommendations contained in this report being internally focused (and not public facing) to ensure an effective management solution for the shared waste service; it is not anticipated that residents will be negatively affected and therefore a public consultation is not considered necessary.
- 6.3. A report outlining the options appraisals which had been completed when considering solutions for the future was presented to the Waste Partnership Board on 26 April 2023 where the recommendations were considered. These details are provided in **Appendix 4**.

Community Safety

No

Data Protection

Yes, data sharing agreements are in place and will require updating once a new IAA has been developed.

Equalities

Yes, with an increased push towards digital services there is a risk of digital exclusion for some residents. However, one of the primary focuses of the digitisation project is to ensure that phone lines are available for customers who are not able or confident enough to use online services.

Environmental Sustainability

No

Financial

Yes – the development of IT infrastructure and integration with back office systems is likely to require support from consultants in order to meet the necessary timeframes. The costs for this are anticipated to be available by the budget setting workshops.

The use of a direct debit bureau means that transaction and set up costs are paid to a third party it is expected that any additional administration resource required in-house to set up and process direct debits in the financial management system will be offset by the costs currently paid to the bureau.

Health and Safety

No

Human Resources

Yes – additional pressure will be put on existing staff to develop new processes and systems. At this stage no additional resource is proposed and this is linked to the risk identified in 5.3.

Human Rights

No

Legal

Yes – A new Inter Authority Agreement (IAA) is being drafted by external lawyers on behalf of both Councils.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

[Agenda for Executive on Tuesday 19th April, 2022, 7.00 pm - East Herts District Council](#)

[Agenda for Executive on Tuesday 25th October, 2022, 7.00 pm - East Herts District Council](#)

Appendix 1 – Terms of Reference for Joint Working Group and Aims and Principles of the Shared Waste Service

Appendix 2 – Proposed Waste Policy Documents for 2025

Appendix 3 – Scoping work for Digital IT integration work

Appendix 4 – Details of options appraisals presented to Partnership Board

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