

East Herts Council Report

Executive

Date of meeting: 21 December 2023

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

Report title: Waste, Recycling and Street Cleansing Contract Service Design

Ward(s) affected: All

Summary – Executive agreed the service design for the new waste, recycling and street cleansing contract on 25 October 2022, along with new aims and principles of the Shared Service, based around delivering services which are both financially and environmentally sustainable.

Officers are currently undergoing a competitive dialogue procurement and are seeking a decision from Executive on further service design options that will be taken forward with the intention of supporting the long-term financial sustainability of the service and the Council.

RECOMMENDATIONS FOR EXECUTIVE

- a) That the Executive agrees that the service changes described in 3.2 c) of the report relating to the three-weekly collection of separated paper and cardboard predominantly in bins and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle as described in Appendix 3) be implemented as part of the new waste recycling and street cleansing contract which commences in 2025, the implementation date confirmation shall

be delegated to the Head of Operations in consultation with Project Board, but shall be within four months of contract commencement.

- b) That the Executive agrees that in the event that the Council is required to make a decision to provide fortnightly collection of residual waste that the dry recycling service shall be fully commingled.
- c) That the Executive agrees to the service changes described in 3.2 d) of the report relating to the removal of the requirement for a continuous street cleansing presence in town centres and moving the back to standard time to 9am be implemented as part of the new waste recycling and street cleansing contract in 2025.
- d) That the Executive agrees to the service changes described in 3.2 e) relating to a removal of approximately 30% of litter bins from predominantly outside the town centres be implemented as part of the new waste recycling and street cleansing contract in 2025.
- e) That the Executive agrees to the service changes described in 3.2 f) relating to a change to an input specification for high-speed road cleansing to once per year be implemented as part of the new waste recycling and street cleansing contract in 2025.
- f) That the Executive agrees to the service changes described in 3.2 h) relating to an extension of the bin delivery/repair Service Level Agreement (SLA) from 5 days to 9 days being implemented as part of the new waste recycling and street cleansing contract in 2025.

- g) That the Executive agrees to the service changes described in 3.2 i) relating to an extension of the missed bin rectification SLA from 5pm the next working day to 72 hours except for missed whole streets which will remain 5pm the next working day, being implemented as part of the new waste recycling and street cleansing contract in 2025.
- h) That the Executive agrees to the service changes described in 3.2 j) relating to a change in street cleansing SLAs being implemented as part of the new waste recycling and street cleansing contract in 2025.
- i) That the Executive agrees to the service changes described in 3.2 k) relating to reducing the number of items collected as part of bulky waste services from six to three being implemented as part of the new waste recycling and street cleansing contract in 2025.

1.0 Proposal(s)

- 1.1 That the service changes described in 3.2 c) of the report and described in 3.25 to 3.35 and Appendix 3 of the report relating to the three-weekly collection of separated paper and cardboard predominantly in bins and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle) be implemented as part of the new waste recycling and street cleansing contract which commences in 2025.
- 1.2 That in the event that the Council is required to make a decision to provide fortnightly collection of residual waste that the dry recycling service shall be fully commingled as described in 3.24 due to the likely continued decline in paper tonnage.

- 1.3 That the service changes described in 3.2 d) of the report relating to the removal of the requirement for a continuous street cleansing presence in town centres and moving the back to standard time to 9am be implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.4 That the service changes described in 3.2 e) and 3.16 to 3.19 of this report relating to a removal of approximately 30% of litter bins from predominantly outside the town centres be implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.5 That the service changes described in 3.2 f) and 3.20 to 3.21 of this report relating to a change to an input specification for high-speed road cleansing to once per year be implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.6 That the service changes described in 3.2 h) and 3.36 of the report relating to an extension of the bin delivery/repair Service Level Agreement (SLA) from 5 days to 9 days being implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.7 That the service changes described in 3.2 i) and 3.36 of the report relating to an extension of the missed bin rectification SLA from 5pm the next working day to 72 hours except for missed whole streets which will remain 5pm the next working day, being implemented as part of the new waste recycling and street cleansing contract in 2025.

- 1.8 That the service changes described in 3.2 j) and 3.12 to 3.14 of the report relating to a change in street cleansing SLAs being implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.9 That the service changes described in 3.2 k) and 3.37 of the report relating to reducing the number of items collected as part of bulky waste services from six to three being implemented as part of the new waste recycling and street cleansing contract in 2025.

2.0 Background

- 2.1. East Herts Council (EHC) and North Herts Council (NHC) entered into a Shared Service arrangement in 2017 and a joint contract was let which commenced in May 2018.
- 2.2. The service comprises a 'client' management structure located at the Buntingford Depot and two operational hubs comprising separate contractor management teams and separate contractor workforces for East and North Herts Councils.
- 2.3. The current service covers the requirements for the collection of waste and recycling from approximately 124,000 households and over 1,920 commercial customers as well as street cleansing services across East and North Hertfordshire.
- 2.4. 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.

- 2.5. Prior to the formation of the shared service client team in December 2017, both Councils made unilateral decisions on the service offering to residents for waste, recycling and street cleansing services which formed the basis of the joint contract with Urbaser.
- 2.6. The independent decision making at each authority led to different decisions being made by North Herts Council and East Herts Council regarding the provision of services to residents.
- 2.7. At their respective Executive/Cabinet meetings on 19 April 2022 and 22 March 2022, 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.
- 2.8. At the respective Executive/Cabinet meetings on 25 October 2022 the service design for the new waste, recycling and street cleansing contract was agreed and minor changes to the specification were delegated to the Service Director of Place for NHC and Head of Operations for EHC, in consultation with Project Board.
- 2.9. On 21 October 2023 the government published its response to its consultation on the resources and waste strategy and resulting in proposed legislative and statutory guidance changes. Officers are in the process of reviewing the information and will be responding to a further consultation on the statutory guidance aimed at supporting the governments 'simpler recycling' proposals.

- 2.10. Some elements of the governments legislative and statutory guidance changes are not aligned with the current contract specification but at this stage there is insufficient clarity to make any further formal decisions. It is expected that further decisions will be required in mid 2024 once more detail is known.
- 2.11. Officers will work with consultants Eunomia and legal representatives Sharpe Pritchard to ensure that the procurement exercise can progress, as far as is reasonable practicable, on its current timeline and provide sufficient opportunities for any necessary changes required to the specification.
- 2.12 The initial tenders that were received identified that significant cost increases are likely from the waste, recycling and street cleansing services in the next contract. The competitive dialogue procurement process allows the Council to explore service design options which may present benefits to the Council.
- 2.13 Officers have considered the initial offers from bidders and discussed opportunities for specification changes with them, which are aligned with the Council's aims for high performance, but that will reduce the costs to the Council with minimal impacts on perceived performance.

3.0 Reason(s)

- 3.1. The initial tenders for the new contract have identified that the costs of a new contract will be significantly over budget and anticipated inflationary cost rises. Officers have therefore been in dialogue with bidders to explore options regarding changes to

the specification requirements, which may bring forward savings against their final bid prices.

3.2. Officers therefore considered alternative service design options in consultation with project board. The options considered included a variety of changes to the specification, most notably:

- a) A change from source separated paper to fully commingled dry mixed recycling
- b) The monthly (four weekly) collection of separated paper
- c) The three-weekly collection of separated paper and cardboard predominantly in bins and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle as described in Appendix 3)
- d) A removal of the continuous street cleansing presence in town centres and back to standard by 9am (including SLA changes identified in 'j' below).
- e) A removal of approximately 30% of litter bins from predominantly outside the town centres
- f) A change to an input* specification for high-speed road cleansing to once per year
- g) Removal of additional seasonal leaf fall clearance. (NHC Only)
- h) An extension of the bin delivery/repair SLA to from 5 days to 9 days.
- i) An extension of missed bin rectification SLA from 5pm the next working day to 72 hours with the exception of missed whole streets which will remain 5pm the next working day.
- j) A change in all of the following street cleansing SLAs

Type	Current Specification	Proposed
1 Cubic Metre fly tipping	2 working days	5 working days
10 Cubic Metre fly tipping	10 working days	10 working days or by agreement

		with the Supervising Officer
Grade B - Medium intensity Retail	6 hours	Remove rectification requirement for grade B.
Grade B - High Intensity Retail	3 hours	5 hours
Grade C - Medium Intensity Housing	48 hours	3 working days
Grade D - Medium Intensity Housing	24 hours	48 hours
Grade C - Low Intensity Housing	3 working days	5 working days
Grade D - Low Intensity Housing	48 hours	3 working days

k) To reduce the number of items collected as part of bulky waste services from six to three.

** In an 'input' specification the Council prescribes the frequency of cleansing which may or may not meet the needs of an area but limits the resource requirements and cost liabilities of the contractor. In an 'output' specification which is as currently drafted the contractor must ensure that cleansing standards are maintained regardless of the resource requirements and the full cost liability sits with the contractor. This liability and risk can lead to increased costs when the operational costs are high due to complexities in the operational resources needed and the extent of the work needed is unclear.*

3.3. A final decision is needed in order to progress with the procurement and not delay the mobilisation of the contract. Due to extremely tight timescales, it will not be possible to bring a

further report to Executive and Cabinet without delaying the procurement by a further three months. This would reduce the mobilisation time from approximately 13 months to around 10 months and impact on the successful mobilisation of the contract, including but not limited to the ability to procure new vehicles in time for contract commencement and sufficiently check data for new waste management IT systems and set up IT integrations.

3.4 See Part 2 Appendix 2 to this Report

3.5 See Part 2 Appendix 2 to this Report

3.6 See Part 2 Appendix 2 to this Report

Street Cleansing Proposals

3.7 During the week beginning 6th November officers met with bidders in dialogue to explore the affordability concerns of the Council and discuss the proposals described in 3.2 of this report to determine the benefits and disbenefits of the respective specification changes.

3.8 In the majority of areas the focus of officers has been to reduce the impact on the performance of the contract and the consequential appearance of the street scape by allowing more flexibility in operations from bidders.

3.9 Bidders have identified that by combining some of the elements in 3.2 they are able to use staff and vehicle resources more flexibly to deliver cost savings with minimal impacts on the appearance of streets.

3.10 For item 3.2 d) the removal of the continuous presence requirement does not necessarily mean there will be no continuous presence offered by bidders it merely means that

bidders can independently determine the necessary resource needed to deliver the standards required by the contract. The standards themselves have not changed.

- 3.11 For 3.2 d) the additional hour in the morning to bring town centres up to standard means that fewer early morning resources are required, and this also allows for the street cleansing standards required between 0900 and 1800 to be covered by one shift rather than it being necessary to operate two shifts. Footfall prior to 9am is generally lower than at other times of the day and dialogue with bidders has indicated that schedules would likely be built to tackle those areas with an extensive night time economy and early morning trading first but there are some risks of residents noticing a little more litter on their way to work.
- 3.12 In addition in 3.2 j) it is proposed to increase the Service Level Agreement (SLA) also known as the rectification time period from 3 hours for very low levels of litter (Grade B) in town centres to 5 hours. This again gives bidders the flexibility and the ability to best determine how to resource the contract and it will not always mean that it takes 5 hours to resolve minor problems as the contract standard remains requiring the standards to be maintained. It is also not proposed to change the response times in town centres for Grade C and D levels of litter and detritus which will be rectified more swiftly. The adjusted response times are still well within the guidance recommendations set out in the Code of Practice on Litter and Refuse (COPLAR).
- 3.13 In 3.2 j) other SLA changes are also proposed, these again allow bidders to have more resource flexibility. For example with fly tipping this gives more flexibility to operate zonally or use subcontractors for larger flytips rather than maintaining in house resources.

- 3.14 The proposed medium intensity SLA changes are not in line with COPLAR recommendations, however this does not mean that it will always take the maximum time for a resolution to a littering problem, nor does it prevent client officers requesting a more swift rectification. It is also important to note that these changes do not affect either parks and open spaces nor the response times necessary to rectify overflowing litter bins, which also vary depending on the area but are a maximum of 24 hours.
- 3.15 In 3.2 g) this proposes the removal of seasonal leaf fall. The predominantly affects NHC as EHC removed this requirement prior to the current contract. Any change in the provision of seasonal leaf fall management will be accompanied by other specification drafting to ensure that footpaths or roads which may become hazardous from slippery leaves or roads which are flood prone are effectively managed.
- 3.16 In 3.2 e) it is proposed to reduce the number of litter bins across the two districts by approximately 30%. This would equate to approximately 400 litter bins. This reduction would focus on street locations where there are two or more litterbins within close proximity and litter bins which have minimal use and would be supported by the new waste communications post who will be responsible for promoting the traditional 'take your litter home' messages. Officers are in the process of reviewing recent audit work to determine the locations most suited to removal.
- 3.17 It should be accepted that the removal of litter bins may have an impact in some streets, however some studies also show that litter bins can actually attract more litter than would otherwise be present.
- 3.18 It is not possible to sufficiently reduce contract resources and therefore contract costs associated with litter bins without a commitment to reducing litter bin numbers significantly.

Officers will use guidance from WRAPs Binfrastucture report to determine the most suitable locations for bins and this will remove the current differences across parishes and wards which have evolved and persisted through historical arrangements. In addition, the contract standards will remain for litter and the remaining litter bins.

- 3.19 Once officers are clear which litter bins are most suited to removal that Councillors be consulted to take account of local knowledge and help determine the final siting of remaining bins. The total number of bins in each area will be in line with the requirement to reduce the numbers across the district by 30%. Any changes will not affect bins in parks and open spaces.
- 3.20 Item 3.2 f) relates predominantly to dual carriageways but also some high-speed single carriageway roads where lane closures are required in order to undertake litter picking works safely. This work is extremely costly to the Council, whether provided in the contract or separately and we will require that where possible contractors will work together jointly to work on the road network both reducing impacts on road users and reducing costs to the taxpayer. Any change to this element of the specification would put the onus for meeting our statutory duties with the Council rather than our contractor. There are risks that public expectations and needs are in excess of the contractual requirements and consequently budgets and it would be necessary for councillors to accept that the high-speed roads may have periods where increased quantities of litter are visible. Officers will undertake regular assessments of the road network to determine if further work is needed between the scheduled cleanses.
- 3.21 It is not proposed to change the requirements for managing litter and litterbins in the laybys on high-speed roads.

Waste Management

- 3.22 Officers have explored with bidders three alternative service design solutions for waste and recycling collections identified in 3.2 a), b) and c), to determine if more financially sustainable alternatives exist. All three options explored will deliver collection contract cost savings.
- 3.23 The three options identified also impact on material sales and Material Recovery Facility (MRF) contracts. Paper entering the fully commingled stream has significantly less value (sometimes a significant cost) over paper collected separately in the current kerbside boxes. This is due to processing costs which are paid 'per tonne' for material sent to an MRF. The Part 2 Appendix 2 shows recent published domestic mill paper price indices. These are examples and are not based on our current contract prices which traditionally perform well due to high quality materials with low contamination.
- 3.24 The fully commingled option in 3.2 a) is a relatively simple solution for residents, however, will mean there are no bin collections on some weeks, only food waste caddy collections. It also presents risks around the achievability of savings due to the significant impact on the cost of processing paper through an MRF. It is likely however that paper capture will continue to reduce year on year due to consumer trends and more digital media. This could of course also increase the value of good quality source separated paper.
- 3.25 During the Executive report on 25th October 2022 a service solution in the event of a mandate for separate fibre was explored. Although the governments Simpler Recycling model has not mandated separate fibre officers have explored this model further as a cost saving option.
- 3.26 The service solution identified in 3.2 c) would mean residents would receive a weekly collection of food waste and a three

weekly collection of other recycling waste streams alongside the already agreed three weekly collection of residual waste. E.g.

Week 1 – Food, Containers & packaging e.g cans, plastics, glass

Week 2 – Food, Cardboard and Paper

Week 3 – Food, Residual waste

3.27 Garden waste would remain fortnightly for those residents who subscribe to the service.

3.28 This expanded extended frequency cycle would help to mitigate the costs of an additional bin collection as fewer rounds are required each week as well as reducing the additional carbon impacts of the introduction of the service as a whole. A more detailed summary of this proposal is provided in Appendix 3.

3.29 The capture of paper and cardboard could drop if these material streams were only collected via a box service. It would therefore be necessary to consider the roll out of wheeled bins, to the majority of the district.

3.30 The proposal is therefore to issue a new bin to all non-terraced houses. With maisonettes and terraced properties being offered an 'opt-in' choice whether they wish to have a bin or just utilise their existing box. The primary consideration for this proposal is that many terraced properties have only small frontages or front directly onto the road with no off street storage. There is an estimated Capital cost of £2,290,000 for providing new bins across the two authorities, based on the provision of 100,000 bins. Property numbers across the authorities are significantly higher than this but we estimate that there are approximately 26,000 flatted properties and 38,000 terraced properties and therefore this number is considered sufficient. Full details of the preferred solution from bidders is still to be discussed at dialogue and therefore there is opportunity for officers to refine the position on the provision of bins. There will also be an

ongoing cost for replacement/repairs and new build properties for the provision of a new bin.

- 3.31 In order to maximise the opportunity from issuing new bins it is proposed that in East Herts a new purple lidded 180L bin be issued which would become the new residual waste bin, with the existing residual waste bin becoming the commingled 'containers and packaging' bin and the existing commingled bin becoming the 'paper and cardboard' bin. (A similar change to that done in North Herts in 2013)
- 3.32 In North Herts a new blue lidded 240L bin would be issued which would become the new 'paper and cardboard bin replacing the box.
- 3.33 During the public consultation held during 2022 on waste services we asked questions regarding bin capacity 48.5% of North Herts residents and 85% of East Herts residents felt their recycling bin was full or overflowing, with 27% feeling they did not have enough recycling capacity. Under the existing system and existing proposed service solution for 2025 residents have a 240L bin and 55L box giving a recycling capacity of 885L over 6 weeks. Under the system proposed in 3.2 c) the capacity over 6 weeks would rise to 960L.
- 3.34 These changes would be supported by the previously agreed, at the 25th October 22 Executive/Cabinet, 'waste communications officer' post. It is however proposed to incorporate another temporary post into the service change directly responsible for 'fixing' issues which arise with containers. This staff member would be issued with a van and would assist with container swaps, delivery of ad hoc missing containers, restickering and resident run throughs to help residents adjusting to the change. Ad hoc deliveries/swaps can be expensive at the start of service changes when operating under a contract and therefore this is likely to be more cost effective than utilising the contract and

allows the contractor to focus on business as usual. It is proposed therefore to include for an additional post for initially 4 months and up to 6 months.

3.35 In addition officers will consider the benefits of utilising a phone app for service related reminders including bin collection days, sufficient details are not available for consideration in this report and therefore if proposed will be brought forward as part of the budget setting proposals in 2024.

3.36 Items 3.2 h) and i) relate to SLA changes to common contacts for the waste and recycling service. This will allow additional flexibility within the contractors resource to operate more zonally and we anticipate that extending the SLA for bin deliveries and repair will allow for more consideration of the repair requirements of the contract, when previously bin deliveries have been considered easier when meeting shorter SLAs. By adjusting the SLAs this will also likely reduce the risk pricing attached to the contract associated with the performance management regime (PMR).

3.37 It is proposed in 3.2 k) to reduce the number of items collected during bulky waste collections from up to six to up to three. This allows bidders to more effectively manage the efficiency of collections by not needing to allow time for tipping after every collection. In addition the Council is at liberty to consider changes to charges at a later date.

4.0 Alternative Options

4.1 Officers have considered the options regarding the service design described in 3.2 a) and b) in the report but these present either increased risks or the potential for increased overall costs when compared to the proposal.

4.2. Making no changes was considered but this would mean the council lost the expected financial benefits from this decision.

4.3 See Part 2 Appendix 2 to this Report

4.4 See Part 2 Appendix 2 to this Report

5.0 Risks

5.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

5.2 On 21 October 2023, DEFRA released details of their proposals in relation to 'simpler recycling' collections. It was positive that there was confirmation that there would be local choice on the extent to which recyclable materials could be commingled, as that reduces the risk in relation to the contract. However, there was an unexpected announcement that there would be a consultation on residual waste collections having to be at least fortnightly in frequency. That is a risk in relation to increased costs for service provision, but also adds complexity and risk into the contract procurement process. Officers are working with consultants Eunomia and legal advisors Sharpe Pritchard to mitigate these risks.

5.3 During dialogue meetings we have asked bidders to estimate the level of cost reductions that may arise from service and specification changes, as included in the part 2 report. These savings are estimates to support decision making but cannot be guaranteed. The final amounts could be lower or higher.

5.4 There is uncertainty over the take-up of a new paper and cardboard bin by terraced and maisonette properties. Therefore, the costs associated with the provision and future replacements of these new bins is uncertain.

5.5 See Part 2.

6.0 Implications/Consultations

- 6.1 Independent workshops were held with a small group of administration Councillors from East Herts Council (EHC) and North Herts Council (NHC) in September 2023 to discuss potential options for changes to the service specification on both waste and recycling and street cleansing. The findings from these workshops were then identified to Project Board on 2 October 2023.
- 6.2 Officers from Hertfordshire County Councils (HCC) Waste Department were consulted and are supportive of the council's aims to reduce residual waste. However, identified that the changes proposed around bulky waste collections may increase the use of recycling centres impacting on their capacity and residual waste captured at local sites. Although the number of items collected at a time will reduce under this proposal the council will not be limiting the number of collections which can be booked. Therefore, there will be a later consideration of the charges levied for this service which may more accurately reflect whether increases in the use of recycling centres may be expected.
- 6.3 Officers from Hertfordshire County Councils Highway Department were consulted and expressed concerns regarding any reduction in street cleansing impacting on damage to the road network and the build up of detritus in gullies. The Council has reassured HCC that the standards of the contract are remaining the same and a new 'winter preparation plan' is required in the contract which will aim to manage detritus in areas which may be prone to flooding.

6.4 Comments from the Overview and Scrutiny committee held on 30th November are contained in Appendix 4.

Community Safety

No

Data Protection

No

Equalities

No

An Equalities Impact Assessment was completed in October 2022 based on the current proposed service specification for the waste contract from 2025. Households producing large quantities of child or adult nappies will be supported by the provision of policies allowing for these properties to remain on fortnightly residual waste collections. A further assessment will need to be carried out depending on the nature of the final service specification options taken forward prior to contract award.

Environmental Sustainability

Overall, to date there are forecasted to be positive environmental impacts from changes to the waste contract for East and North Herts. These come, amongst other things, as a result of proposals to reduce frequency of general refuse collections from fortnightly to three weekly, meaning a reduction in emissions for NHC and a mitigation of emissions for EHC resulting from refuse freighter journeys, and an anticipated increase in resident recycling rates over time. Whilst outside the scope of the decisions being made, it is clear that there would be negative environmental implications if there was a Government decision to require at least fortnightly collection of residual waste.

The proposed introduction of a Waste Awareness Officer will also allow us to run more campaigns and events to support residents to reduce their waste and develop greater understanding of which items are recyclable. This will help residents to adapt to the contract changes which include a proposal to introduce plastic film into the recycling bin.

An environmental impact assessment was carried out in October 2022, based on the current proposed service specification for 2025 onwards. A further assessment will need to be carried out depending on the nature of the final service specification options taken forward prior to contract award.

Financial

Yes –

When the Council set its budget it assumed contract inflation of 4% in 2022/23 and 2.5% in the years after that. Actual contract inflation in 2022/23 will be £294k more than budget and with an estimated contract inflation of 18% next year will be a further spending pressure of £568k. These figures will add immediately to the savings totals the council has to make to balance its budget. Additionally, if council employee pay is settled at the national employer's offer to staff then this will add a further £312k corporate budget pressure in 2022/23 and in future years.

In the council's medium term financial plan a £1million increase is factored in to the waste budget from 2024/25 but inflation will erode this by at least £862k before new requirements of the government's mandated waste strategy are delivered. The proposed design of waste services were anticipated to lead to new pressures of circa £1.3 million as the amount set aside for the new contract will have been eroded by inflation. However information from bidders during the competitive dialogue phase of the procurement have indicated costs will be well in excess of this.

The net effect of inflationary pressures on the total amount of savings the council will need to find over the next 5 years is to increase the target figure to find from £1.6 million to £3.1 million. This is in addition to the £5.054 million in savings already built into the budget. This means that Members will face further hard decisions in order to balance the budget.

The Council's budget and Medium Term Financial Plan has had a core assumption that the new contract would be in line with the current budget plus £1.3 million for the implementation of food waste and inflationary pressures. That was on the basis that:

- There was no better information to go on, especially with unknown Government proposals in relation to consistent collections, Deposit Return Scheme and Extended Producer Responsibility.
- We have already put in place measures in the new contract specification that should help reduce costs (e.g. three weekly collections), but the exact financial impact was unknown.
- In addition to the core assumption, a risk was highlighted that there could be a risk of higher costs with the contract. This risk is what has now happened.

In addition to the contract costs an initial cost for the officer identified in 3.34 of the report has been identified as up to £8k (East Herts share).

In addition to the contract costs there is also the cost of new 180L bins. The cost of the bins themselves will be around £990k, plus there will be delivery costs estimated to be around £140K. The cost of the bins will be treated as capital expenditure. The Council has not previously capitalised bin delivery costs but will review whether this is allowed under accounting guidance.

There will also be an additional annual cost for paper and cardboard bins in relation to new properties and replacements where there are breakages. This is partly off-set by the reduction in costs for the

current boxes. The aim of the new contract is also to repair (rather than replace) more bins, which will also help reduce replacement costs. It is difficult to estimate the costs of replacements, but it is expected that they would start off low and then increase over time. The life of a wheeled bin should be at least 10 years, but replacement or repair is adhoc as required. The estimated costs are up to £4k capital with delivery costs estimated at under £1k for the first two years. Bins for new properties are not included in this total and will be funded through any developer contributions (where available) or growth in the Council Tax base.

As detailed in the risk section, there are uncertainties in relation to the recent announcement from DEFRA regarding frequency of residual waste collections. It is however unlikely that this will be mandated but may form part of statutory guidance. If it were not possible to extend the frequency of residual waste collections, then that would increase contract costs. Those costs could be higher than they would have been if DEFRA do not provide certainty as soon as possible. The availability of New Burdens funding for weekly food collection would help the Council's budget forecasts, but the amount of any funding is unknown and may not be known until later in 2024.

The purchase of new caddies for food waste has already been budgeted for in response to the report to Executive on 25th October 2022.

There are decisions that can be made in relation to waste services that affect the budget position, but do not relate to the contract specification (e.g. levels of fees and charges). These will have to be considered at some stage, but are not within the scope of this report.

Health and Safety

No

Human Resources

There are no direct human resources implications as a result of this report.

Human Rights

No

Legal

Yes – The Executive has authority to decide to proceed with a Competitive Dialogue procurement for the waste & recycling collection and street cleansing contract.

The proposals contained within this report will allow officers to consider alternative service design options within that Competitive Dialogue process in consultation with the Waste Project Board.

See Part 2 Report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix 1 – Aims and Principles of the Shared Service.

Appendix 2 – See Part 2

Appendix 3 – Summary of Extended Frequency 3,3,3 Service.

Appendix 4 – Comments from Overview and Scrutiny Committee.

[Code of practice on litter and refuse \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

['Binrastructure' - The right bin in the right place | WRAP](#)

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[Waste Service Design Report.pdf \(eastherts.gov.uk\)](#)

[Decision - Waste Service Contract Design - East Herts District Council](#)

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