

<b>Cabinet Meeting</b>	
<b>Meeting Date</b>	9 <sup>th</sup> June 2021
<b>Report Title</b>	Waste Collection and Street Cleansing – Future Provision
<b>Cabinet Member</b>	Cllr Julian Saunders, Cabinet Member for Environment
<b>SMT Lead</b>	Emma Wiggins, Director of Regeneration
<b>Head of Service</b>	Martyn Cassell, Head of Commissioning, Environment and Leisure
<b>Lead Officer</b>	Alister Andrews, Environment Services Manager
<b>Key Decision</b>	Yes
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To remain within the Mid Kent Waste Partnership.</li> <li>2. To retain an Alternate Weekly Collection (AWC) for co-mingled kerbside recycling and residual waste. To collect food waste weekly and to provide separate chargeable garden waste and bulk waste collection services. This is based upon current assumed costings and the assumption that a material recycling facility (MRF) continues to operate within an affordable distance. It is also dependent upon potential national legislative changes.</li> <li>3. To agree to keep the collection services contracted out as the preferred service delivery model and develop a waste collection specification to meet coalition priorities on climate emergency and recycling rates.</li> <li>4. To keep street cleansing contracted out but to adapt the future contract specification to improve flexibility of resource and improve service.</li> </ol>

## 1 Purpose of Report and Executive Summary

- 1.1 This report updates Members and asks for approval of the recommendations from the waste working group, ahead of tendering the service in the autumn of 2021. It is a report that sets a direction of travel rather than settling on specific details of the service specification and costings, which will be managed through the procurement process and then go through the usual contract award decision making.
- 1.2 After various workshops and the recent resident waste survey undertaken with residents, the Cabinet Member working group concluded that in order to reduce risk, increase resilience and keep costs in line with the medium term financial

plan, whilst still providing a valued and reliable service, the future of waste collection is still best delivered via an external contractor.

- 1.3 A co-mingled recycling collection model is recommended as it is the most affordable, popular and simplest collection system. It also prevents the need for additional containers and it enhances resilience to possible future changes and market volatility due to new legislation stemming from the government's Waste and Resources Strategy. However, this option may have to be reconsidered in the near future as the government progresses with consultations on a variety of changes including a desire to deliver national consistency in waste collections. The government may introduce amendments to legislation that make the current preferred options less favourable, or even prohibit them.
- 1.4 Members of the working group recognised that the street cleansing specification was fairly basic in the current contract. Town centres were on the whole good but rural and other high speed roads and residential areas often presented issues. Whilst acknowledging that increased specification would increase costs, Members wish to test the market and explore options to introduce more flexibility in the use of the resources.
- 1.5 The development of the specification should consider options to reduce carbon emissions based upon reasonable cost analysis and affordability. This could include a requirement for the contractor to reduce emissions within agreed timescales, as technology develops and becomes affordable.

## **2 Background**

- 2.1 The current Mid Kent Waste Contract is due to end in October 2023 after a 10-year period. The Mid Kent partner authorities (Ashford, Maidstone and Swale district councils) have been working with an external waste consultant to consider the current contract and future options.
- 2.2 The current contract has improved the recycling rates of the Borough (increasing from 32% in 2013/14 to just over 40% in 2019-20), adding a weekly food waste collection to the majority of properties in the Borough and increasing garden waste collections. Despite some challenges in recent years as vehicles have started to suffer, resident satisfaction with collections remains high, as shown in the waste survey data later in the report.
- 2.3 The consultant's review explained the available choices for waste collection and street cleansing and estimated costs for the different service delivery options.
- 2.4 It was agreed that a working group of Cabinet Members would review the available options via a series of workshops and presentations and make recommendations to the Cabinet for future service delivery. The group reported back to Informal Cabinet in January 2021 and this report formalises those recommendations.
- 2.5 The key decisions were identified as:

- What is our Strategy for Waste collection and Street Cleansing – what do we want to achieve over the course of a new contract term?
- Do we stay in the current Mid Kent Partnership?
- What collection model do we prefer – twin stream or comingled / reduced or enhanced frequency of collections?
- What delivery model – contracted, in-house or LATCo?
- Should we separate Street Cleansing?
- What would we like to change/add to the specification e.g electric vehicles, improved street cleansing standards etc?
- How should we engage/consult with residents over the choices?

2.6 The group created opportunities for residents and councillors to feed into these key decisions as the subject matter was raised at each of the Area Committees in November and December 2020. In addition, a waste survey document asked for views from residents. This survey ran for over 8 weeks and received over 1400 responses by the time it closed on 19<sup>th</sup> April 2021.

### 3 Proposals

3.1 The workshops reviewed significant evidence from a variety of sources. After discussion, the following table was agreed as an indicative representation of the administration’s top 5 priorities with regards to the waste collection and street cleansing contract:

Ref	Objective
1	Delivering a reliable waste collection service that meets all aspects of the recycling objectives in partnership with KCC
2	Reducing the carbon footprint of service
3	Sufficient flexibility and control that should allow for responses to legislative changes
4	Reliable street cleaning regimes with improved traffic management arrangements/ schedules
5	Minimising future service costs (or maximising income generation opportunities from disposal arrangements with KCC or legislation changes e.g. Deposit Recycling Schemes/ plastic tax income).

3.2 The Swale priorities listed in the table above clearly aligned with the separate priorities identified by Ashford and Maidstone. These shared objectives were a key factor when discussing Partnership options. The current agreement was recognised as a strong partnership which has been successful across a variety of areas including increasing recycling figures, cost savings (scales of economy and sharing resources), resilience and sharing best practice and ideas. Maidstone

and Ashford decision making committees have recently confirmed their intention to continue in the Partnership.

- 3.3 The research and modelling conducted by waste consultants has suggested that an expected new contract based upon the current standards will cost an additional £798,000 for Swale per annum. This is made up of an estimated increase of at least £547K for collections and £251K for street cleansing.
- 3.4 The working group considered the advantages and disadvantages of the current co-mingled recycling collection service, compared to KCC's preferred option of a twin stream service where paper and card are collected in a separate container. The addition of the extra container was not seen as a popular option for residents by Members. This is a view that has been shared widely at Area Committees and also reflected in the waste survey results. When asked if residents would be willing to accept and store an additional container for paper and card and separate these material prior to collection, 34% of residents would be willing but 66% showed a preference for the current co-mingled system where all dry recycling goes in a single container.
- 3.5 The current co-mingled system is easy to understand and it delivers some of the best dry recycling rates in Kent (it is also worth noting that the top three performing authorities in England all use the same collection method as Mid Kent). The evidence to suggest that a twin stream system could improve performance is limited. The markets for recyclables are volatile and consequently any cost benefits of separating this waste cannot be guaranteed, whereas the additional collection costs and container costs of implementing the new system will be certain.
- 3.6 Based upon the currently available data from KCC, the additional payment from KCC for a twin stream option will be outweighed by the predicted collection costs. Across the Mid Kent Partnership collection costs would rise by an additional £760k p.a. to implement a twin stream recycling collection (without associated on costs). This cost is a total of Ashford (£237k), Maidstone (£293k), and Swale (£230k). These figures are purely for collection costs and do not include the cost of staffing time to help with the rollout of the changes, advertising/education of the new system or the one-off cost for providing residents with new containers for separating the paper and card. The additional recycling containers for a twin stream system are estimated to cost over £200K for Swale (one off cost).
- 3.7 As the primary benefit of twin streaming is a reduction in waste disposal process costs, the partnership approached KCC to establish whether the rise in collection costs could be offset against disposal savings. KCC has advised that if Mid Kent chose to go to twin stream then it would recommend to KCC Members sharing financial benefits equally between our Authorities; the initial figure was just over £180k per Borough plus any other haulage savings and increases realised by

additional recycling. The offer however is subject to movement in processing costs and material prices and cannot be guaranteed.

- 3.8 At the time of writing, KCC have advised that if the Boroughs choose to retain comingled collections then existing enabling payments (£297,000) that we receive from them would be retained. This income is assumed in the current base revenue budget. It is understood that this would be coupled with a sharing mechanism where disposal benefits arising from increasing recycling rates above that achieved at the end of the current Inter Agency Agreement (IAA), would be shared with the Boroughs. This is not finalised yet, and the benefits are very much determined by future market rates for haulage, processing, and material values. This would be formalised in a new IAA prior to the new contract and will also be heavily dependent upon the national legislation changes as well.
- 3.9 At the time of writing KCC have just completed a soft market investigation into the provision of Material Recycling Facilities (MRFs) for Kent. The continuation of a co-mingled collection service in Mid Kent may rely upon the Waste Disposal Authority (WDA) identifying an affordable, local treatment facility. The enabling payments that KCC provide to mid Kent authorities may reduce if co-mingled waste cannot be treated locally as haulage costs and gate fees may increase for the WDA. The outcomes of the current consultation on consistency will affect these decisions. KCC will continue to engage with the Mid Kent partners and we look forward to the results of this investigation being made available.
- 3.10 The government set targets of 50% recycling for kerbside collections by 2020. In the last DEFRA reporting year (2019/ 2020) Swale Borough Council achieved 40.5% recycling. From 2035, there will be an expectation that we reach 65%.
- 3.11 As few Local Authorities reached the 50% target and recycling rates appear to have plateaued, the government is currently consulting on a range of changes to waste legislation. The current consultations include a Deposit Recycling Scheme (DRS) and an Extended Producer Responsibility scheme (EPR) where the producers of waste pay for the collection of it. The schemes (and payments) will be coordinated via an approved administrator. Although the impact of these decisions could be massive, details on these schemes are limited at the moment.
- 3.12 A further consultation has just been released to advise how the government will deliver consistency in waste collections across England. It is understood that any changes will be implemented through the Environment Bill and it may determine how all councils collect household waste and recycling. Without available information on future requirements and potential costs/ payments, all recommendations in this report are based upon the facts known up to this point. The timings of the consultations are unfortunate and they are certainly an added complication, but the future service provision process must start as per the project time plan, in order to have a service provider in place for when the current contract ends. The two-stage procurement process does allow for changes to occur and this will be vitally important with the timing of the Government consultations. The

service will likely need to adapt as details of legislative change and payments/ costs are provided to councils.

- 3.13 Our waste consultants assisted in presenting data to the working group on service delivery options. The pros and cons of each option were discussed and learning and examples from outside the borough were also considered. The table below shows the combined cost of collections and street cleansing as modelled by the consultants.

<b>Swale</b>	
Service Delivery method	Comingled
Contracted Out	<b>£4,245,942</b>
LATC	<b>£4,005,349</b>
DSO	<b>£4,286,237</b>
Difference Contracted Out to LATC	£240,593
Difference Contracted Out to DSO	<b>-£40,295</b>
Difference LATC to DSO	<b>-£280,888</b>

**Table 1 to show estimated costs of each service delivery model in Swale.**

- 3.14 The direct service (in-house), whilst providing the most control over the service, is the most expensive model and would have meant Swale going alone. This bought a huge amount of risk as evidence from other Council's bringing services in-house has shown that estimated costs soon rise and would have needed complete restructuring of departments in the Council and capital costs of providing depots and vehicles.
- 3.15 A LATCo would see the Council setting up a company similar to the housing company. Given the size of the operation it would need changes to staffing structures. The figures above show a potential cost saving based upon industry norms in terms of wages and pensions. However, after considering revised costs to reflect the administration's position on real living wages and pension contributions, the initial potential saving of a LATCo is completely eroded.
- 3.16 A LATCo may provide greater flexibility of service, however, it was agreed that the risk factors (and consequently the potential costs) were very much increased for the Local Authority Trading Company (LATCo) in the same way as the Direct Service Organisation (DSO) options. Most critically, for the LATCo to be of financial benefit it requires a joint effort by Maidstone and Ashford. These authorities have recently opted to contract out waste collections.
- 3.17 Amongst other benefits, the contracted out option provides the least risk to unknown financial increases and the current contractors' ability to continue with service delivery despite the pandemic and the Ashford waste depot burning down, demonstrated the benefits and resilience of outsourcing this work to a

larger specialist company. A carefully crafted specification combined with heavily scrutinised tenders should ensure that our intended objectives are achieved.

- 3.18 The recent Swale waste survey showed that over 72% of residents were 'very' or 'fairly' satisfied with their bin collections. 16% suggested that they were 'fairly' or 'very' dissatisfied.

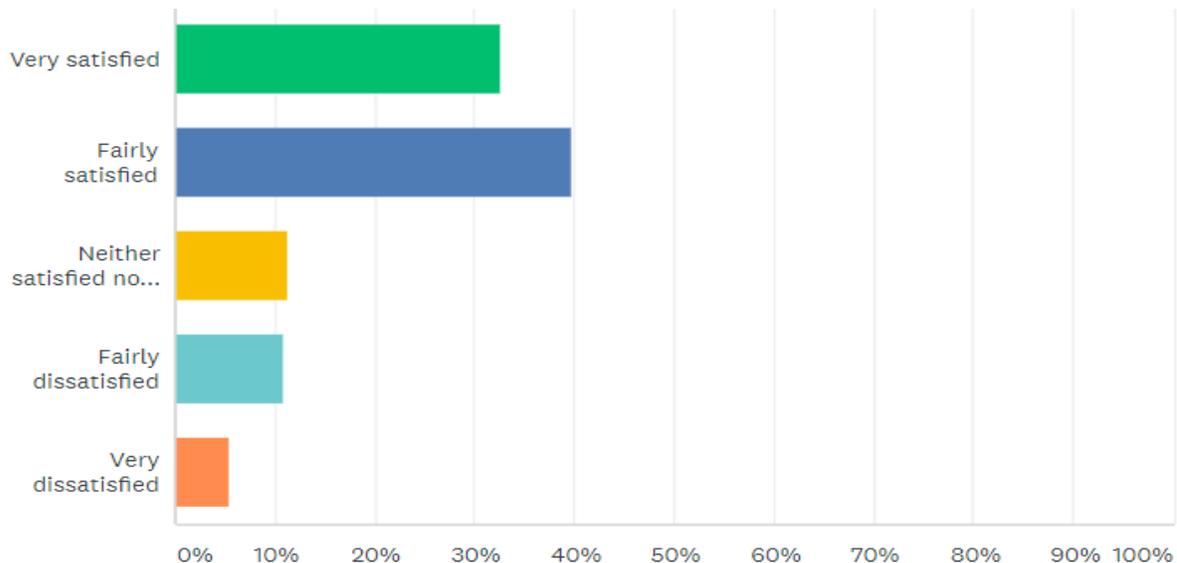


Figure 1 - Bar graph to show Swale resident satisfaction with bin collections.

- 3.19 The appropriate Cabinets and Committees at our Mid Kent partners have recently agreed to continue to contract out their waste collection services. Ashford Council will be outsourcing the street cleansing aspect of their service and Maidstone will be retaining their in-house street cleansing service.
- 3.20 As part of the waste service future options review, consideration was given to splitting the waste collection service from the cleansing service. However, there were significant barriers and risks associated with this approach. Separating the services would be likely to require separate depot facilities; increase management costs and remove the resilience and economy of scale that a joint service provides. Tendering a combined collection and cleansing service would also ensure there would be no split in responsibility for street cleanliness that can occur between different providers and the larger service would be more attractive to the private market.
- 3.21 The recent resident waste survey data and Area Committee discussions recognised that street cleansing was an area where focus was required. The recent waste survey reflected lower levels of satisfaction with street cleansing. 33% were satisfied and nearly 50% were dissatisfied with levels of cleanliness. However, it is interesting to note during the pandemic, litter levels have increased across the country. A recent CPRE study entitled 'Litter in Lockdown' suggested that *"Over the past nine months, littering has occurred in new ways and different places. The level has fallen dramatically in some places, such as town centres, and rocketed in others, such as parks and the countryside. We have seen new*

*types of litter — in particular personal protective equipment (PPE), such as disposable masks and gloves.”*

- 3.22 Street cleansing is provided on a “zoned basis” for the borough. This dictates that areas of higher footfall see a more frequent cleansing regime and a more frequent street litter bin emptying regime, based on need. The Member working group discussed the street cleansing monitoring mechanisms and it was agreed that an outcome-based model made more sense than a frequency-based contract. The use of technology and how this could enhance performance and monitoring was also considered as an opportunity for the future contract. The new specification will consider changing the zoning of roads in order to respond to the changing habits of littering mentioned above. The working group were also keen to rationalise litter bin emptying with all bins provided by Swale BC to be emptied by a single contractor. Work is already underway on this as part of the grounds maintenance contract renewal.
- 3.23 If further street cleansing improvements are required, then this will have further cost implications. The costs are difficult to predict and will depend upon the actual improvements required. An estimate to increase cleansing standards on many of the existing rural roads could cost between £118K and £295K per annum. As mentioned earlier, the financial implications of decisions will need to be formally discussed and approved once the pricing has been tested with the market and the procurement process will allow for us to choose options based on affordability.
- 3.24 There were many topics for discussion with regards to the changes/improvements that could be considered to any future contracts. Factors such as depot provision, technology and vehicle types kept coming back to the overarching theme of our carbon footprint. It was agreed that carbon emissions were a key factor for any future contract, but affordability and cost analysis were equally important. Refuse Collection Vehicles (RCV) in electric and hybrid versions are significantly more expensive than the current EU standard. Standard RCV's are approximately £200,000 and electric currently £400,000. Some reports suggest that these increased costs will be largely off-set over the period of a contract based upon fuel costs and reduced maintenance for electric vehicles.
- 3.25 The desire for bringing in green technology was reflected at the Area Committee discussions in late 2020. It is also interesting to note that in the waste survey results over 60% of residents felt that green technology was important as part of the next contract and only 8% rated green technology as a low priority. Many options for this topic have been discussed and realistic, affordable options for reducing carbon emissions will be tested through the development of the specification. The Working group propose to continue meeting whilst the specification is drafted.

## **4 Alternative Options**

- 4.1 The working group was set up to consider the alternative options for the three main considerations 1) Staying in Mid Kent Partnership, Changing the Recycling

Collection method and 3) Service delivery model. The body of the report discusses the pros and cons of the options.

- 4.2 Not preparing for the end of the current contract will ultimately lead to failure to deliver our statutory waste collection and cleansing duties.

## 5 Consultation Undertaken or Proposed

- 5.1 Five key areas for consideration for the new Waste contract were raised at the four Area Committees in late 2020. This gave all Members of the Council, Parish Councils and the public an opportunity to understand the principles being considered, ask questions and raise concerns prior to the working group submitting its recommendations. The responses received informed the recommendations within this report.
- 5.2 A resident waste collection and street cleansing survey was conducted earlier in the year, concluding on 19 April 2021. This received over 1400 responses see Appendix I for a full summary.
- 5.3 Continued liaison took place with officers at Ashford and Maidstone who fed back on the direction their Members were proposing. This identified that all parties wish to continue with the current arrangements. This has now been formally agreed at both other partner organisations.
- 5.4 A series of Member workshops will be held across the next 12 months to help all Members understand the Government changes to legislation around the waste industry and will also be used to show how these impact/benefit the Swale contract.
- 5.5 There is a detailed project plan for delivery of this contract, but some key time gates are identified below. This is the largest contract the Council operates, and it is extremely complex, so timely decisions will be required.

Action	Draft timetable
Member working group set up and meets regularly	From Sept 2020 - ongoing
Mid Kent Partnership agreement.	June 2021
Decision on service delivery model	June 2021
Develop specification – work with consultants, gather data and continue soft market testing	Sept 2020 – August 2021
Develop Inter Authority Agreement with KCC	March – August 2021
Begin procurement process – to include a number of stages including initial call for industry view on improvements and innovation, competitive dialogue, final submission of pricing	September 2021 – Summer 2022
Award contract / continue service mobilisation	December 2022
Service goes live	October 2023

## 6 Implications

Issue	Implications
Corporate Plan	<p>A new waste collection and cleansing service offers the opportunity to consider the priority ‘Investing in our environment and responding positively to global challenges’, with particular reference to 2.5 ‘Work towards a cleaner borough where recycling remains a focus, and ensure that the council acts as an exemplar environmental steward, making space for nature wherever possible.’</p>
Financial, Resource and Property	<p>Following our industry research, delivering the same standards as the current contract will result in higher costs for the Council. This is estimated at approximately £798,000. This is made up of an estimated increase of at least £547K for collections and £251K for street cleansing. Members need to consider this plus any improvements to the current standards as mentioned in the main report, in the context of the Medium-Term Financial Plan. The two-stage procurement process allows us to test the financial impact of changes to service before settling on a final specification.</p> <p>Consideration of a fleet with a reduced carbon footprint can also have financial implications. Standard RCV ‘s are approximately £200,000 and electric currently £400,000. These increased costs may be offset to some degree by savings in fuel and maintenance.</p> <p>The in-house and LATCo service delivery models were considered to present far greater levels of risk especially during uncertain times.</p> <p>There is a complex balance between the costs of the service and the income that can be obtained from external sources e.g. enabling payments from KCC as the disposal authority and garden waste subscriptions, bin sales and bulky waste collections which are paid for services managed by ourselves. This may be complicated further by the unknown effects of any new legislation under the government’s Waste and Resources Strategy e.g. the Government consultation asks about the implications of a free garden waste bins for all households.</p> <p>From the current DEFRA consultations, it appears likely that a ‘yet to be announced’ scheme administrator will regulate the EPR and DRS payments to local authorities. This will be a fundamental change to the way waste collection is funded. Ultimately the</p>

	<p>producers of the materials will fund the end collection of them. Any changes could start to be implemented within the next three years. The consultations for EPR and DRS will close on 4<sup>th</sup> June with the further consultation on waste collection consistency just released (closing date of July 4<sup>th</sup> 2021). This uncertainty regarding process and finance complicates the situation considerably.</p> <p>If the recommendations from the working group are accepted, there will not be property implications such as a depot or fleet purchases, which would have had implications for the Council's capital programme.</p>
Legal, Statutory and Procurement	<p>Delivering this service is a requirement under the Environmental Protection Act 1990. Failure to accept the recommendations without agreeing suitable alternatives may place the Council in breach of the Environmental Protection Act 1990.</p> <p>If Members agree the recommendations, Mid Kent Legal Services would lead on the legalities of the new contract and Ashford Borough Council would lead on the procurement process.</p>
Crime and Disorder	<p>Providing a clean environment which is free from litter and graffiti is known to contribute to how 'safe' an area feels to residents.</p>
Environment and Climate/Ecological Emergency	<p>The waste and street cleansing contract is the most significant contributor to the Council's carbon footprint and therefore any reductions in this are critical to achieving the Climate and Ecological Emergency Action Plan targets. This process will allow reductions in carbon emissions to be considered and built into any new specifications.</p> <p>Collection methods and materials, along with innovation to boost recycling figures will all have a positive impact on the environment ensuring the Council contributes to the Circular Economy process.</p>
Health and Wellbeing	<p>Providing a high-quality refuse, recycling and street cleansing service will support public health objectives through regular waste collections and the delivery of an attractive environment.</p>
Risk Management and Health and Safety	<p>The waste &amp; recycling collection services are a statutory requirement placed on the Authority. This report seeks confirmation of the Members preferred routes in providing them post 2023. Decisions on this report will allow Officers to proceed with that process, so ensuring that services are commissioned within required timeframe. The preferred course to minimise risk is to continue with contracted services as a collective as the Mid-Kent Joint Waste Partnership.</p>

	A risk assessment of any future changes to the service or delivery model will be carried out if required.
Equality and Diversity	The existing standards to ensure services are accessible to all residents will remain in place, regardless of the actual service provider. These include assisted collections for residents that require that support. As such, an Equalities Impact Assessment is not required.
Privacy and Data Protection	Data protection will be considered as part of the procurement and tender process and contract arrangements. Technology will hopefully play a key role in improving customer service of the waste collection and street cleansing service. Any changes to the way we operate will be accompanied Data Protection impact assessments as part of the contract award decision making.

## 7 Appendices

### 7.1 Appendix I - Waste Survey Summary

## 8 Background Papers

### 8.1 Litter in Lockdown study <https://www.cpre.org.uk/wp-content/uploads/2020/12/Litter-in-lockdown-summary-report-December-2020.pdf>