

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**REPORT TO CABINET**

**Date: 16<sup>th</sup> September 2015**

**Title:** Recycling and Waste Service 2016

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**Portfolio:** Environment and Recycling

**Ward(s) affected:** All

**Purpose of the Report**

- To highlight the processes associated with the development of the new Recycling and Waste Service from July 2016 onwards.
- To understand the requirement and availability of an appropriate capital budget.
- To highlight the risks associated with the provision of the proposed service.

**Recommendations**

1. That Cabinet note the good progress of the project and note potential project issues.
2. That Cabinet agrees to add the additional costs of the works to the depot and equipment, and the additional expenditure on vehicles, to the current capital programme in accordance with the Council's Financial Regulations.
3. That Cabinet note the financial implications in respect of the capital expenditure as outlined in paragraph 7.0.

**Reasons**

- To ensure continuity of service at the end of the current contract periods.
- To develop a service that provides residents an affordable, environmentally sound, excellent, and legally compliant service.
- To ensure approval is in place to undertake procurement in a timely manner.
- To provide the council with timely information regarding potential investment pressures and savings that will result from the adoption of a new service.
- To ensure that there is adequate time for review, consultation, procurement and implementation of the new service.
- To provide a stable platform to enable the Council to maintain and develop the recycling and waste service and to further increase its recycling rates.

## **1.0 Background**

In July 2014, Cabinet agreed the format of the new Recycling and Waste Service post July 2016. The agreed service was Weekly Kerbside Sort Recycling, Weekly Food, Fortnightly Residual and Fortnightly Garden waste collections.

- Three 55L box system for dry recycling collected weekly.
- Paper/Small Electrical appliances/Batteries/Textiles
- Card/Glass
- Plastic Bottles/Cans & Tins
- Food Waste collected weekly – in caddy
- Garden Waste collected fortnightly – 240L bin
- Residual Waste collected fortnightly – 180L bin
- Dry Recycling and Food Waste – Single pass with driver plus one or two porters with a kerbside sort vehicle,
- Residual/Garden Waste collected fortnightly – with standard collection vehicle

The Cabinet also agreed to the continued use of a Cabinet Panel on political proportionality, and chaired by the Portfolio Holder for Environment and Recycling. The Cabinet also agreed to the recommendation that the Cabinet Panel be given delegated powers to develop and agree the detail of the service and monitor progress of key tasks to be undertaken in the run up to the new service commencement. This includes:-

- Specification and procurement of vehicles,
- Procurement treatment contracts,
- Depot infrastructure reorganisation.
- Specification and procurement containers,
- Material resale arrangements,
- Collection schedules.
- Staff working patterns
- Expansion of the range of materials collected.

## **2.0 Issues**

The development of the new service is currently progressing in line with the project plan as agreed by the Cabinet Panel. Officers are currently working on a number of sub projects to ensure that the service is delivered on time. The following will provide an overview of sub projects and highlight issues for cabinet to address. From the four sub projects below, there are three areas that require funding approval from the Cabinet to ensure that the project is delivered on time. Full Council was made aware of this likely cost in the budget report presented at the 25<sup>th</sup> February 2015 meeting. This report is now seeking approval to start procurement and placement of orders for the following items due to the long lead in time these items attract

### **2.1 Staffing**

The service has completed the first stage of the service restructure, bringing all aspects of the Recycling and Waste Service under one service head. Discussions have been held with the current recycling contractor to develop a timetable to start the insourcing of the recycling operation to ensure all human resource (HR) issues are resolved prior to the new service starting. The contractor has been supportive with the process and talks with the contractor's staff about the implication arising from the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will begin in November 2015.

We are currently in consultation with operational staff in the Recycling and Waste service about changes to the current working practices and the move to a five day working pattern. This will need to be finalised in October 2015 for a July 2016 implementation to enable development of collection rounds. Failure to change working patterns will jeopardise the amount of saving this change will deliver.

## **2.2 Containers**

As part of the new service with the transfer from a bag to a box system, there is a requirement to purchase two additional boxes per household, totalling 100,000 boxes which will cost in the region of £495k.

As part of the pre procurement process officers have spoken to a number of box providers, all providers have advised that the council should start the procurement for containers in September 2015 with an award of contract in November 2015. Failure to award in November may not provide the manufacturer sufficient time for the manufacture of the boxes and deliver to Council for June 2016.

Currently there is no approved capital budget allocation for boxes in the 2016/167 budget. However, it was highlighted as a requirement for 2016/17 in the Revenue and Capital Budget report that went to full Council in February 2015. Whilst approval to place orders is required now, payment will not be required until June 2016 when the items are delivered to the Council.

## **2.3 Vehicles**

As part of the new collection service there will also be a requirement to replace the Council residual, trade and green waste collection vehicles as part of a scheduled replacement programme. The current fleet of vehicles will be in their seventh year of operation in July 2016. The Council will need to purchase collection vehicles for these types of collection at an estimated total cost of £1,935k, an increase of £60k on the estimate in the original project budget.

The lead time for a new collection vehicle is in the region of eight months. To ensure delivery of vehicles for a July 2016 start vehicles will need to be ordered in November 2015. Currently there is no approved capital budget allocation for all these vehicles in the 2016/17 budget. However it was highlighted as a requirement in the budget report to Council. Whilst approval to order is required now, payment will not be required until June 2016 when the vehicles are delivered to the Council.

## **2.3 Depot**

Officers from multiple areas of the council including Assets and Environmental Health have been working to develop a new layout for the Knutton Lane site to enable the new service to operate safely, efficiently and with minimum impact on adjacent neighbours.

As part of the physical restructure and installation of recycling material baling equipment there has been a requirement to submit a planning application and to change of site Waste Management Permit due to the change in operations involved. As part of this planning application there has been a requirement to undertake a noise survey, which has been undertaken by Environmental Health Officers. This noise survey has identified that some additional mitigation work will need to be undertaken to reduce any potential noise impact on neighbours. The initial estimated budget for works did not allow for these additional acoustic works which are expected to cost in the region of £100k in addition to the current approved capital budget. These additional measures break down in to two major areas:

- Re-cladding of the eastern elevation of the large shed at the depot removing the original glass walling and replacing it with insulated wall panelling. Additional acoustic perimeter fencing may also be required
- Amendments to the specification to the sorting and baling equipment to reduce noise generated. This will include changes to the specification to the hoppers, conveyor and the type of baling. Whilst these changes will incur additional capital expenditure, they are likely to lead to increased efficiencies in operations.

### **3.0. Proposals**

To ensure that the implementation of the new service is not delayed Cabinet is asked to agree budgets for the three areas identified above. Cabinet is also asked to note that only the additional finances for the depot work will be required in this financial year, the remainder of the costs being all in line with the budget report presented to Council on 25 February 2015.

The Portfolio Holder for Environment and Recycling and Recycling and Waste Cabinet Panel have been given authority to award the contracts for these items in line with previous delegation of powers.

### **4.0 Outcomes Linked to Corporate Priorities**

The proposals relate to the effective delivery of the improved collection and treatment arrangements for recycling and waste, which would contribute to the following:

- 5.1 A clean, safe, and sustainable Borough.
- 5.2 A Borough of opportunity.
- 5.3 A healthy and active community.
- 5.4 Becoming a co-operative council, delivering high value, community driven services.

### **5.0 Legal and Statutory Implications**

The Landfill Directive (99/31/EC) requires a reduction in bio-degradable waste to be landfilled by 75% in 2010, when compared against the 1995 level.

The Government's Waste Strategy requires 40% of domestic waste by weight to be recycled by 2010 and 50% by 2020. The waste strategy is designed to increase recycling and therefore meet the legislative requirements without incurring financial penalties from Europe.

The Environmental Protection Act 1990 empowers the Council as a Waste Collection Authority to direct householders how to present waste.

The Waste (England and Wales) (Amendment) Regulations 2012, which are transposed from the EU's revised Waste Framework Directive, including TEEP element.

### **6.0. Equality Impact Assessment**

During the development of the new service a equality impact assessment will be undertaken for each aspect of the development. It is anticipated that the comprehensive service design will make a significant positive equalities impact.

### **7.0. Financial and Resource Implications**

It has been previously reported that the new recycling and waste service would require capital funding of approximately £2.495m. which includes approximately £460k of one off

non-recurring works to Knutton Lane Depot. The project, as referred to in the budget report received by Council on 25 February 2015, includes the purchase of a new recycling vehicle fleet, together with depot alterations and equipment required to accommodate the new service.

The financing of the capital expenditure in 2016/17 outlined below is dependent on the timing of capital receipts from the assets disposal programme. The Council may have to enter into either short term temporary borrowing arrangements or longer term arrangements in accordance with the CIPFA prudential code for borrowing which would have an impact on the Council's General Fund Revenue account. In addition to the amount detailed in the Council budget report a supplementary approval of a further £160,000 is also required for the additional works and modifications required to the buildings and equipment at the depot to mitigate any potential noise arising from the activity and increases in expected vehicle tender costs.

The revised overall breakdown is as follows:

#### Capital budget 2015/16

- Knutton Lane Depot works (including material sorting/bulking equipment, bulking shed, transfer facilities and weighbridge) = £460k (one off cost)
- Estimated additional acoustic works for depot building and baling operations for noise reduction = £100k (one off cost)
- New Recycling (including food) collection vehicles currently provided through recycling collection contract = £1,540k

#### Capital budget 2016/17

- Scheduled replacement of existing collection vehicles on residual, green and trade waste rounds = £1,935k
- Recycling Containers (based on 3 boxes per household) =£495k

The revenue savings from the new service are estimated as £500,000 per annum.

### 8.0. **Major Risks**

The Recycling and Waste Service is a universal service provided to all households in the Borough and due to its size and scope there are a number of risks associated with the delivery of the service regardless of the method of delivery selected. One of the overarching risks is that the project suffers delays in the development and implementation of the new recycling and waste service resulting in the service not able to start in July 2016. To reduce elements of this risk it is proposed that the Cabinet Panel is given delegated authority to make decisions on the detailed delivery of the key tasks associated with the service development.

In additional to the overarching risk above the following are determined as major risks. It is recognised that these risks will change due the development and implementation of the new service:-

The major risks are considered to be:

- **Staff Participation**  
This service is heavily reliant of on staff to ensure that it is successful. The proposed service will involve the merging and integration of two large groups of staff. There will also need to be a number of changes to working practices.
- **Issues with transfer station development and planning**

One of the key elements of this new service is the provision of a new transfer station. It is proposed that this will be developed at Knutton Lane Depot, however this will require a change to the current Waste Permit the site holds and a change to the planning permission for the site.

- **Capital requirements**

As detailed within this report there will be a requirement for approximately £4.295 million of capital funding for the purchase of vehicles. Failure to purchase vehicles via outright purchase may require the vehicles to be funded via a different model which may affect savings in the revenue model.

## 10.0 **Key Decision Information**

- The decision is one that would affect all wards and has a significant positive budgetary implication for the Council. It has therefore been included on the Forward Plan.