

COMMERCIAL RECYCLING AND WASTE SERVICE

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Portfolio: Environment & Recycling

Ward(s) affected: All

Purpose of the Report

To present recommendations to develop the Councils Commercial Recycling and Waste Service to ensure it provides customers with a cost effective high quality service.

Recommendations

- (a) That Cabinet formally adopts the Staffordshire and Stoke-on-Trent Waste Boards' recommendations for a collaborative approach to develop the Councils Commercial Recycling and Waste Service with partner authorities in Staffordshire, to include the development of a trade recycling service.**
- (b) To agree the principle of common pricing structure across partnering authorities.**
- (c) To agree with the development of a collaborative marketing campaign for the service.**

Reasons

Commercial Recycling and Waste collections are one of the few areas where local authorities have the potential to provide additional valuable income and additional resources into their waste management service. However authorities working on their own are limited in their ability and capacity to develop effective and efficient services which deliver well respected services and positive revenue contributions.

1. Background

- 1.1 Last year (2011) saw the publication of the Governments Review of Waste policy in England, and contained, as one of its principle commitments, support to Local Authorities and the Waste Industry in improving the collection of waste from businesses through the removal of landfill allowance targets designed to encourage local authorities to collect commercial waste, with a particular focus on small and medium sized enterprises (SME's).
- 1.2 Under current arrangements it is difficult to see how individual authorities can help achieve this principle over and above what they are already doing, particularly in light of the Governments Comprehensive spending review and increasing pressure on competition for financial resources.
- 1.3 With the focus for many years being on increasing performance in recycling and composting of household waste, many authorities simply have not had the resources to develop their commercial waste services, although a number of local authorities nationally, and a few authorities in Staffordshire do provide commercial recycling services.
- 1.4 The Staffordshire Waste Officers Group (SWOG) identified that commercial recycling and waste collections needed to be developed, and therefore a project should be undertaken to include all the authorities within Staffordshire, including the County Council.

- 1.5 Although not a collection authority, The County Council have a role to play in terms of providing cost effective disposal which is not reliant on landfill, as well as being able to offer a service for small businesses, such as jobbing builders through their household waste recycling centres located throughout the County, all of which are licensed to accept household and commercial waste.
- 1.6 As part of the process SWOG agreed for Newcastle Borough Council to be the project lead, and in order to facilitate moving forward with the project the Council made a successful bid for £40k of funding from Improvement & Efficiency West Midlands (IEWM) to provide specialist resource to deliver the project.
- 1.7 The project itself has been divided into three phases, as detailed below:

Phase 1a

Phase 1a was to commission a report outlining the current position and future options for trade waste services in Staffordshire. This report is now complete.

The report looked at the following areas:-

The current trade waste services offered by the waste collection authorities in Staffordshire including:-

- Pricing structure
- Customer base
- Costs
- Service provision

The services provided by the private sector contractors; much of this information was gathered as a mystery shopper exercise:

- Pricing structure
- Customer base
- Costs
- Service provision
- Coverage of operation

The final part of the report was to develop a series of options for the future development of local authority trade waste services in Staffordshire.

Phase 1b

It would be intended to have agreement on a single pricing structure with options across Staffordshire, prior to budget setting for the fiscal period 2012/13, and the formal agreement by all partner authorities to allow cross border working.

It is also intended the all pricing will be treated as commercial sensitive by all member of the partnership, with pricing not being published on open fees and charges, as this would help level the playing field with the private sector as they do not publish their price list.

Phase 2

A marketing strategy will need to be developed along with a targeted action plan to increase market share, focusing on areas where a surplus capacity of resources has been identified from the mapping and vehicle optimisation exercise. Included within this is the potential for better utilisation of household waste and recycling sites provided by the City and County Councils for commercial customers at reasonable rates, which could have the added benefit

of helping reduce fly-tipping and make a further contribution towards landfill diversion as fly-tipped waste is currently taken to landfill. Reduction in fly-tipping will greatly assist in alleviating budget pressures in waste collection and disposal costs.

Phase 3

With these agreements in place, the partnership will need to consider operational and support resources required for a potential joint administrative arrangement, a good example of which already exists with Parking Enforcement Services within Staffordshire and Stoke-on-Trent.

The report was presented and adopted at October meeting of the Staffordshire and Stoke-on-Trent Waste Boards, and requested the Council further adopted the it recommendations.

2. Issues

- 2.1 The Council's commercial waste customer base of 850 is one of the strongest within Staffordshire, however with increasing competition from the private sector, and the fact the Council does not offer a commercial waste recycling service it is doubtful the current number of customers can be sustained unless the service is developed to meet customer needs.
- 2.2 Performance across Staffordshire and Stoke-on-Trent for commercial waste services offered by authorities, is mixed, ranging from authorities with healthy customer numbers, to ones not able to provide a service themselves, and signposting customers to their contractor, or private sector companies.
- 2.3 Marketing strategies within the partner authorities are limited and varied in terms of effectiveness, with only a small number having any dedicated resource for managing or promoting the service.

3. Options Considered

- 3.1 Comparisons have been made with services provided by authorities within Staffordshire & Stoke on Trent looking specifically at current resources employed, budget provision, customer base, level of service offered, and pricing schedules.
- 3.2 Information has also been obtained form private sector operators through a mystery shopper exercise, to determine pricing schedules and service provision they offer customers.
- 3.3 Consultation exercises have been undertaken by the partner authorities to determine what customers are looking for in terms of the service they receive currently and how this could be improve, for instance offering a recycling service by those authorities who currently don't offer one.
- 3.4 Officers have undertaken an exercise in challenging their services by comparing themselves with the data gathered and concluded the following options for commercial waste services.

Option	Description	Advantages	Disadvantages
Collaboration	Common charging structure Agreed service approach Stay within own boundaries	Common "look and feel" Reduced admin Paves way for future closer joint working Minimal risk	Reduces local flexibility Only a stepping stone Unknown and hard to quantify benefits
Informal joint working	Determined effort to promote Possible shared website Identification of spare resource and then pool Build towards dedicated rounds with shared vehicle(s)	Service efficiencies Assists with outlying customers Builds trust to move forward Can offer Staffs-wide contracts	Reputation/image confusion through LA s working in another's area Number of local agreements to manage/refresh
Joint Recycling Service	Offer common DMR system across area Resource collections using any spare capacity Fund either temporary trade officer or use consultant to promote service and organise	Improved service to local businesses "Greens" image of councils Increased income Low investment route	Pressure to get sign-up Large area to cover Customer disappointment/reputational damage if service doesn't succeed
Wholly Owned Company/Local Authority Trading Company	Exact approach to be defined, but single company to provide trade service across area. Run by board with all authorities represented Shared resources Staff not necessarily transfer, time recharged by LAs on agreed cost-recovery basis. Shared profits based on investment Aim to grow so greater contribution to budgets of partners (otherwise why bother)	Secure base to build joint service Clear definition Savings through economies of scale Dedicated operation not complicated by domestic work	When can be used? Need for detailed legal advice Serious commitment Partial FTEs that remain Redundancy costs Difficult access-still some contract-back Possible legal difficulties since no contracts allow for novation
Procurement	Joint procurement exercise to let	Share procurement cost	Procurement costs

	contract for whole area Could build in growth as requirement Establish recycling service	Retain lists Private sector help to carve out new business	Number of interested bidders? Complicated TUPE
Outright Sale	Sell the joint list	One-off injection of capital into all authorities Selling joint list more valuable than individual lists Service can focus on domestic issues	Possible legal difficulties since no contracts allow for novation Difficulty in agreeing individual contribution to valuation Handling new enquiries

4. **Proposal**

- 4.1 It is considered the most appropriate proposal at this time, is to agree a collaborative model for the partnership involving all authorities including the County Council.
- 4.2 For those authorities not currently providing a service, namely Stafford Borough Council, South Staffordshire Borough Council and Tamworth Borough Council, it is proposed that they allow the other partner authorities to provide commercial waste and recycling collections within their administrative area where it is economically viable to do so.
- 4.3 This approach provides a unified service offering to customers without any delegation of powers or the establishment of any formal institutions to undertake joint activities.
- 4.4 In customer terms this approach will appear to offer them a uniform service wherever they are in Staffordshire for those authorities who participate. By promoting a single "brand" the recognition of the service offered by each authority would improve.
- 4.5 From an operational point a key aspect would be an agreed service approach which would cover:
- Agreed Collection frequencies (daily, weekly, fortnightly, monthly)
 - Types of receptacles which can be provided
 - Agreed collection principles.
 - A common pricing structure.
- 4.6 In addition to the above it is necessary to develop a recycling collection service in those authorities who currently don't provide this service, and further enhance those who do.
- 4.7 It is accepted that this will require a significant effort in terms of promotional activity focused clearly on getting numbers of customers signed up so the risk of resourcing the service in terms of vehicles bins and staff is minimised. However the service could be launched using any spare resource of staff and vehicles from one or more authority.
- 4.8 Collaboration would identify where 'zoning' the overall area would be more effective than keeping within current authority boundaries. This aspect will clearly effect how as a

partnership we move forward. Initially it would be recommended to utilise broad zones particularly in rural area, or where urban conurbations between are shared between authorities as in the case of Newcastle and Stoke.

- 4.9 Phase two of the project is fundamental in developing an effective marketing strategy for those involved in the collaboration.
- 4.10 In line with the milestones agreed within phase 1 of the project, a common pricing matrix has been formulated for formal consideration by each individual authority wishing to be part of the collaborative approach.

5. **Reasons for Preferred Solution**

- 5.1 Collaboration will allow development of a shared vision for developing sustainable commercial waste services across Staffordshire, without losing individual authority identity.
- 5.2 Without a collaborative approach it is unlikely individual authorities working on their own will have sufficient resources to develop or maintain their commercial waste service.
- 5.3 Development of additional recycling services, and the inclusion of the County Councils HWRCs as a valuable facility for disposal of commercial waste not usually collected by districts WCA's, will provide customers with a more robust and effective service.
- 5.4 Increased marketing and promotional work would be likely to increase income generated from this business area, and without collaboration it is not possible for the Staffordshire and Stoke-on-Trent Waste Board for receive further funding from IEWM.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

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

A clean, safe and sustainable borough

- ❖ The negative impacts that the Council, residents and local businesses have on the environment will have reduced
- ❖ Our streets and open spaces will be clean, clear and tidy

A co-operative Council delivering high quality, community driven, services.

- ❖ High performing services will be delivered for all residents and customers.

7. **Legal and Statutory Implications**

- 7.1 Under section 45(b) of the Environmental Protection Act 1990, Waste Collection Authorities have a legal obligation to arrange commercial waste collection services in their area if requested, and in doing so are able to make a charge for collection if undertaken by that authority.
- 7.2 Potential cross border working between authorities would require legal agreement between those authorities.

8. **Equality Impact Assessment**

- 8.1 An Equality Impact Assessment has been undertaken with no issues being identified which would have a negative impact on equalities.

8.2 Collection of Commercial Waste is undertaken in-house in accordance with the Councils Equalities Framework.

9. **Financial and Resource Implications**

9.1 At this stage there will be no impact on the current budget for Commercial Waste Services, however post marketing phase, additional income should be developed for the Council.

9.2 The pricing matrix has been developed to work across those authorities working in collaboration. Proposals for prices will be formally presented as part of the Councils fees and charges setting process, and are expected to be broadly in line with the current pricing structure.

9.3 Failure to adopt a collaborative approach would remove the ability to obtain addition funding from IEWMs

10. **Major Risks**

There are no major risks to the Council, however full risk assessment has been completed.

11. **Key Decision Information**

11.1 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.

12. **Background Papers**

Report on the Future Options for Trade Waste Services in Staffordshire - This document contains commercially sensitive information and is available to Members by request to the Executive Director – Operational Services.