

Title: Waste Contract Update

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Portfolio Holder: Councillor Roberts

Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	10/11/24	Cllr Roberts
Finance		
Legal Services		
Chief Executive	10/11/24	Darren Knight (DCE)
Director of Climate Change		
Head of Service(s)		
Section 151 Officer		
Monitoring Officer		
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	No	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

Overview & Scrutiny Committee asked for a further update on the joint Waste Contract, following on from the previous report in October 2023 which reviewed the first 12 months of the contract. The committee submitted further questions to ascertain more information on the finances and the Customer Service function conducted by Stratford District Council's (SDC) Corporate Contact Centre.

The Committee requested that the SDC Head of Environmental & Neighbourhood attend the meeting to discuss the content of this report, as they were the lead officer at the time this contract was awarded, they declined the invitation and so the report will be presented by WDC's Neighbourhood Services Manager (NSM).

WDC's NSM has worked with the SDC Environmental and Operational Services Manager, who has provided the information in section 4 of this report.

Background to the Contract

In July 2020, SDC and WDC agreed a statement on a jointly commissioned review of local government across South Warwickshire, this included sharing contracts across the two authorities. A shared waste collection contract was particularly pertinent to both Councils at the time due to the end dates of both existing contracts in 2022. WDC existing waste collection contract was extended to end at the same time as the SDC contract.

On 17 November 2020, the Council Executive considered a report written by the joint Head of Neighbourhood Service regarding a joint waste contract. One of the recommendations set out that the committee agree to procure a joint waste contract with SDC, and that the collection arrangements changed to the '123+' model (1 for weekly food waste collections, 2 for fortnightly recycling collections, 3 for 3-weekly residual collections and + for an optional garden waste subscription).

In October 2021, the contract was formally awarded to Biffa plc, which provide collection, landfill, recycling and special waste services to local authorities and commercial clients across the UK. They are the second largest waste management company in the UK, they were also the previous waste collection contractor for SDC. There is a depot at Warwick and Stratford, where the respective contract managers and operatives are based.

An Inter Authority Agreement (IAA) was drawn up between SDC and WDC, which included the allocation of contract management responsibilities between the two authorities. It was agreed that SDC would deal with all initial telephone calls and email queries via their contact centre. Escalated complaints would be referred to WDC Contract Services team. The SDC contact centre had more resource to deal with the predicted high number of enquiries during the mobilisation period of the contract, and at the time this decision was made the two councils were still planning on merging.

August 2024 will be the second anniversary of the eight-year waste contract with Biffa, the contract is stable and there are the resources at the Council to run this 'in house', in line with our other 'Public Rheap' contracts. This will save the Council in the region of £100k per annum. A business case is being written by the NSM to recommend that customer services migrate back to WDC in August 2024, as part of the council's customer channel shift strategy.

1 Legal Implications

If the Council supports the business case, then legal advice is to be sought for altering the IAA between SDC and WDC in relation to how customer services are delivered in relation to the waste contract

2 Financial Implications

- 2.1 If the Council support the business case, then there will be one-off costs in the region of c£20k for the ICT integration work needed between WDC and Biffa to allow WDC to replicate the arrangements currently in place at SDC Contact Centre for handling waste related enquiries.

3 Waste Budget update

- 3.1 The O&S Committee specifically asked for more information on the budget expenditure and income position as follows:

- 3.2 Garden Waste subscriptions: SDC advised the assumption was 32k permits would be sold in Warwick District. However the cabinet report from February 2022 'Revenue and Capital Budget 2022/23' report by the then Head of Finance stated in section 1.15.5 in relation to the Garden Waste charges "with the charges not proposed to be charged until 1st August, in line with the introduction of the new waste collection service, the forecast has now been revised down to £64k in 2022/23, based upon the part year charge of £20 and a 5% take up to the service". The Council surpassed that forecast very quickly.

The 32k permit prediction was based on the take up at SDC was 48k, which has 'remained static' for the past 3 years as not all properties have gardens. The committee asked why there was such a difference in predicted sales, given that SDC has similar demographics. SDC advised that "The take up rate has nothing to do with demographics/population. There are three times more households in Warwick District without a garden (i.e. communal/flat properties, flats above shops etc.) compared to Stratford District. The chargeable garden waste service in Stratford District was a relatively 'mature' service as it was first introduced on 1 April 2021, whereas it was only introduced in Warwick District on 1 August 2022 (at the start of the waste contract), towards the end of the growing season".

The committee also asked how the contract structured to deal with an increase in garden waste take up rates, (i.e. what are the trigger points for needing an extra vehicle). SDC advised that 'the threshold value across both Warwick District and Stratford District is 1,000 properties, therefore, Biffa can request an additional vehicle when there are 81,000 subscriptions, on submission of a business case".

- 3.3 The split of waste contract costs between SDC and WDC: The committee asked several questions in relation to how the decision to split the costs 50/50 were agreed, including the number of properties, which is similar in the two councils. (WDC has slightly higher numbers by a small percentage, (less than 10%). SDC area covers 977.9Sq.km, WDC 282.9Sq.km. SDC area is 345% greater than WDC). SDC have advised that this was all agreed by the Joint Waste Contract Board at the time, members of the board were senior officers from both councils including the previous WDC Deputy Chief Executives and the previous Head of Finance, these members of staff have now all retired. The cost splits are also reflected in the IAA between SDC and WDC, noting that WDC calculated an aggregated whole contract split of 50.51% (WDC) 49.49% (SDC). This was an academic split, as the two councils intended to merge this was purely for accountancy purposes whilst the two councils had two separate

statements of accounts, for this purpose it was rounded to 50/50 by the previous Head of Finance (acting on behalf of both councils at the time).

- 3.4 Income from the sale of recycling: There was no income from August 2022 until late 2023. This was due to the fire that destroyed Pure Recycling at Ettington in July 2021, which was the facility SDC was using at this time and was the intended destination for WDC recycling from August 2022 until the new Material Recycling Facility (MRF) called Sherbourne Recycling opened in late 2023. Up until August 2022 WDC did receive income from the sale of recycling as part of the 'kerbside sort' contract with Suez. From August 2022 there has been no income and £1million was agreed to cover the costs of temporary arrangements for the sorting and transportation of recycling.
- 3.5 Now the MRF is open the Council anticipates annual income in the region of £1.05 million, however we have not received any to date as the new MRF only opened in late August 2023 and has been in the commissioning phase, although the first sales have now been made to various re-processors in the UK. The current 'gate fees' (fixed and variable) from the MRF are estimated to be in the region of £1.12 million. This will be monitored throughout the year; actuals v budget and reported in quarterly budget monitoring reports.
- 3.6 Recharges for SDC managing the service: in 2022/23 the total paid was c£250k and in 2023/24 c£225k. The proposed charges for 2024/25 are c£142k. These recharges include providing the Customer Service function, ICT costs and a proportion of SDC Officers' salaries – see section 7.

4 Current Customer Service Key Performance Indicators update

Unfortunately, there has been limited information or data shared with WDC regarding SDC call data and performance. SDC have advised it is difficult to split the data between WDC and SDC but have provided a spreadsheet that shows call statistics between July 2023 – November 2023 (Appendix 1 and 2). This does not reflect the duration of the contract and the NSM will continue to request this information from SDC

Between March 2023-April 2023 the Council received complaints about residents being unable to renew the Garden Waste Permit (which started on 1 April 2023). The Council switchboard and frontline customer services received complaints, as did Councilor's. To avoid this 'bottle neck' of calls into SDC, at a time when they are also dealing with their Council Tax bill enquiries and Benefit renewal letter enquiries it has been agreed that the 2024/25 Garden Waste Permits will go on sale in January 2024, and this will be promoted, residents will be encouraged to renew via the website if they can do so, to reduce pressure on calls for those without internet access.

5 Contract Management

As laid out in the IAA, SDC is responsible for the management and governance of the waste contract and will consult directly with Biffa about contract changes/variations, finance, and performance management and monitoring. The NSM and the Contract Operations & Performance Officer attend monthly contract operations meeting with SDC Officers and Biffa. There are also more senior quarterly contract partnership board meetings, which the Head of Assets & Neighbourhood attends with the NSM.

6 Benchmarking/performance and future Key Performance Indicators (KPI)

- 6.1 The contract is performing well, exceeding targets set, for example, missed collections reported (per 100,000) less than twenty reports per month since August 23, the target is ninety-five or less. KPIs are captured by Biffa using the system called Whitespace that records all customer interaction. These are tracked and shared at the monthly contract operations meetings and the WDC officers involved with the contract have no concerns about performance or delivery.
- 6.2 Since August 2022 when the new contract started the Councils recycling rate has increased from an average of 53% to 62%. This improvement is partly due to the change in collections (from kerbside sort to a comingled wheelie bin) and the introduction of a weekly food waste collection service. The Council receive recycling credits from Warwickshire County Council (the Waste Disposal Authority) these are funds paid by a Waste Disposal Authority to their collection authorities (District Councils) allowing savings in disposal costs to be passed back to cover the extra costs for recycling collections.
- 6.3 The Department for Environment, Food & Rural Affairs (DEFRA) publish annual results for local authority collection waste in England the most recent league table is from 2021/22 (before the new contract started) shows the highest recycling rate was 63.5%, WDC was ranked 45th out of 333 with a recycling rate of 54%, therefore we expect a continued improvement to be shown in the league table for 2022/23 when it is released. Once the latest league table is published, we will share with Members.

7 One change to improve performance

As there is limited call data, it is impossible to determine the level of service our residents are receiving. As the Council deals with all other customer service enquiries relating to other services managed within Contract Services, it is considered sensible for these calls to return to WDC by August 2024. This would provide the following benefits:

- Assess performance by calls offered, answered, and abandoned through regulator call monitoring reporting.
- Allow us to be better placed introduce future customer improvements e.g. self-service customer portal, text alerts etc.
- Make a financial savings during 2024/24 of c£50k based on SDC proposed recharges for contact centre staff in 2024/25.