

Part A

**Report to:** Cabinet

**Date of meeting:** Monday, 6 January 2020

**Report author:** Group Head of Community and Environmental Services

**Title:** Waste and Recycling contract variations

**1.0 Summary**

- 1.1 On 12 November 2018, Cabinet approved, in relation to the waste, recycling, streets and parks contract with Veolia, that we should request a contract extension for a further eight years from 1 July 2020, subject to detailed discussions on the contract and all other related matters, including budget implications. These detailed discussions have been concluded and consideration has also been given to the published national 'Our Waste, Our Resources: A Strategy for England'; the Watford BC Climate Emergency declaration; the community engagement exercise Watford BC has undertaken; a report from Veolia (see Appendix 1) and the council's overall budget position.
- 1.2 The council recognises that it is important to ensure residents have the opportunity to recycle as much of their household waste as possible, so that as little as possible is disposed of using less environmentally beneficial methods. This needs to be balanced with the cost of providing suitable statutory services for residents as well as complimentary services that are not statutory.
- 1.3 This report sets out the proposals, agreed with Veolia, for varying the contract and providing a different service delivery model for household recyclable and residual waste including the introduction of a subscription service for garden waste.
- 1.4 Research shows that around 70% of household waste can be recycled and, to help improve recycling rates, 248 out of 326 local authorities (76%) across England now collect residual waste fortnightly or less frequently.
- 1.5 The Budget report that has been prepared for Finance Scrutiny Committee and Budget Cabinet in January will highlight that the council's cumulative overall gap for the next three years amounts to approximately £3.2 million. After taking account of proposed funding changes, such as the introduction of a garden waste subscription service, the cumulative gap reduces to £2.0 million. It is therefore essential that the council considers all of its income generating options.

1.6 The introduction of garden waste subscription is a response to the financial challenges the council faces. By charging those who receive it, the council is protecting the service for those who want to use it whilst also protecting the delivery of other service areas for which it is responsible.

## 2.0 Risks

### 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Reputational risk to the council linked to service changes	Failure to understand the reasons for the change linked to the need to improve recycling rates, reduce waste sent for disposal and landfill (particularly food waste) and secure the council's financial model by ensuring the waste and recycling service is affordable.	Effective and robust communications to explain the changes to residents and ensure responsive and timely responses to any resident enquiry or issue.	Treat	Unlikely (3) x High (3) = rating of 9
Contractor does not deliver to the contract and service specification	The service is not available for residents and customers to use	Regular contract monitoring by the council to review the contract and KPI's requirements are being met by the contractor alongside and scrutiny by elected members	Treat	Unlikely (2) x High (3) = rating of 6
Contractor goes into administration	As above	As above  Regular review of contractors accounts	Tolerate	Unlikely (2) x High (3) = rating of 6

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Contractor is taken over by another company	Could have no impact on the service Or New company tries to alter the management fee, contract/SLA and KPI's which impacts on the service	As above  Option to terminate the contract early	Tolerate	Unlikely (2) x High (3) = rating of 6
Implementation of new contract arrangements and service specification requirements not fully understood or comprehended by the council and operator	The existing staff and partnership team continue following the old contract arrangements	Officers to set up a series of workshops for WBC and operator to develop the practical translation and implementation of the contract, service specification and KPI's framework before the start of the new service	Treat	Unlikely (2) x High (3) = rating of 6

### 3.0 Recommendations

3.1 That the contract with Veolia be varied with effect from 1 July 2020 in relation to waste and recycling services provided in Watford as set out below:

- a) The introduction of a weekly collection of food waste (with a new 23 litre kerbside brown bin provided to all households identified).
- b) Retention of a weekly collection of fully commingled recycling (using a blue-lidded bin).
- c) The introduction of a fortnightly collection of non-recyclable waste (using existing black bin)
- d) The introduction of a chargeable fortnightly collection of garden waste (using existing green bins), which is accessed via a yearly subscription.

- 3.2 That the charges for the fortnightly collection of garden waste is as set out below, the same charges also apply to each additional green bin. Residents are able to have up to a maximum of seven green bins per household:
- Standard annual charge of £45.00
  - Standard annual charge reduced to £40.00 if paid by direct debit
  - Customers in receipt of certain income based benefits will be entitled to a concessionary rate of £35 (no further reduction if paid by direct debit)
- 3.3 That agreement of the detailed operational changes required and agreement to the final terms relating to the variation of the contract with Veolia and all other matters arising from this service change be delegated to the Group Head of Community and Environmental Services.

**Further information:**

Alan Gough

alan.gough@watford.gov.uk

**Report approved by:** Manny Lewis, Managing Director

**4.0 Detailed proposal**

- 4.1 Watford Borough Council is the Waste Collection Authority for the Borough and has a legal duty under the Environmental Protection Act 1990 (as amended) (EPA) to make arrangements for the collection of household waste free of charge. Household waste is defined in section 75 of the EPA as waste from a building used wholly for the purpose of living accommodation. Any other waste that a householder generates such as garden waste the Waste Collection Authority is not legally obliged to collect and if requested by the householder to collect can levy a charge for that collection.
- 4.2 The council entered into a contract with Veolia in 2013 for Veolia to operate its waste, recycling, street cleaning and parks service. The contract was for seven years with the option to extend by agreement for a further eight years, which would commence in July 2020. In 2018 Cabinet agreed that the council should seek to agree to exercise that extension subject to suitable terms being agreed. As members are aware the financial climate of austerity continues to impact and the council's budget has reduced by 70% over the last decade, primarily as a result of the abolition of the rate support grant from government. The council, like all other local authorities, has had to make savings and look at ways to ensure statutory services can continue to be delivered and provide value for money for its residents.
- 4.3 The council also has a strong commitment to sustainability and full Council unanimously passed a climate change emergency motion in July 2019 that

committed the council to taking action to reduce its carbon footprint. The operation of its waste service has a part to play in furthering that agenda by encouraging recycling and sending less waste to landfill and other less environmentally beneficial disposal routes.

- 4.4 The council also recently undertook community engagement about the waste service and resident views on recycling. The main conclusions from the engagement are that local residents are keen to recycle, acknowledging its benefits to the local environment, the use of limited natural resources and generally seeing it as ‘the right thing to do’. Overall, there is a willingness to try to increase food waste recycling through the introduction of a dedicated bin for households to recycle this waste and a weekly collection of mixed dry recyclables. There was a more mixed response to the introduction of a subscription charge for the collection of green waste; not surprisingly those that use the service are less willing to see this proposal implemented than those who do not, who are predominantly younger people living in properties, many living with shared communal facilities and, therefore, no access to an individual green bin. Details of the results of the community engagement are set out in Appendix 3.
- 4.5 The council, for an urban authority, has been very successful in achieving over 44% of all household waste being recycled, which is higher than several other Hertfordshire local authorities. As the recycling rate has increased, the borough has also reduced the amount of residual waste per household, see tables below:

**Table 2: Changes in recycling and composting 2017/18**

<b>Authority</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Change</b>
Broxbourne	41.1%	41.8%	0.7%
Dacorum	<b>51.1%</b>	<b>52.5%</b>	1.4%
East Herts	51.2%	49.4%	-1.8%
Hertsmere	43.4%	43.6%	0.2%
North Herts	<b>58.9%</b>	<b>57.5%</b>	-1.4%
<b>St Albans</b>	<b>57.5%</b>	<b>59.5%</b>	2.0%
Stevenage	39.8%	38.3%	-1.5%
Three Rivers	<b>61.9%</b>	<b>62.4%</b>	0.5%
Watford	42.9%	44.3%	1.4%
<b>Wel/Hat</b>	<b>53.0%</b>	43.4%	-9.6%
Herts CC	<b>60.8%</b>	<b>56.3%</b>	-4.5%
<b>HWP</b>	<b>52.2%</b>	<b>50.9%</b>	-1.3%

*(source: Hertfordshire Waste Partnership)*

**Table 4: Residual waste per household (kgs)**

Year	Broxbourne	Dacorum	East Herts	Hertsmere	North Herts	St Albans	Stevenage	Three Rivers	Watford	Wel/Hat	Herts CC	H W P	WCA Average
2017/18	534	414	461	507	368	348	522	338	468	446	63	497.29	441
2016/17	544	438	434	512	358	369	519	346	491	386	57	489.68	440
2015/16	541	455	467	528	371	416	534	377	514	449	52	511.75	465
2014/15	604	476	458	522	359	431	550	350	499	484	67	534.47	473
2013/14	597	483	465	524	367	459	536	358	502	514	60	535.67	480
2012/13	608	477	474	535	458	505	532	353	500	523	47	542.33	496
2011/12	578	486	471	504	451	451	508	385	506	478	49	528.64	482

*(source: WasteDataFlow – includes updated figures for previous years where available)*

- 4.6 Whilst this is a very positive picture, there is more that can be achieved that would be beneficial for the environment. The council has explored proposals including: the introduction of a weekly food waste collection, the encouragement to recycle more of the dry recyclables, which are currently still disposed of in the residual waste bin and the collection of residual waste on a fortnightly basis. A recent analysis of Watford’s waste (see Appendix 2) showed that food waste was found to be the major component of residual waste (black bin) forming 30.5% of the total. 12.6% of collected residual waste could have been placed into the blue lidded recycling bins available. This means that 43.1% of the current waste in the residual bin could have been recycled under the proposed new service arrangements.
- 4.7 Research shows that around 70% of household waste can be recycled and, to help improve recycling rates, 248 out of 326 local authorities (76%) across England now collect residual waste fortnightly or less frequently. Households in Watford currently recycle over 44% of the waste they generate, and although not guaranteed, we envisage a significant improvement when the residual waste becomes fortnightly and weekly food recycling collections are introduced.
- 4.8 As stated above the collection of garden waste is not a statutory service the council has to provide. There are currently approximately 25 % of households in Watford that do not have sole responsibility for a garden. Also, as stated there has been reduced funding from central government to local authorities. Recent research (September 2019) shows that 311 local authorities in England currently offer a garden waste service, of which 65% charge an annual fee, with the average annual subscription fee being £44. To that end it is recommended that a fair approach would be to introduce an annual subscription. This would protect the service in

terms of still making it available to Watford residents, with those who want to use this service paying for it. The charge for this service should be set as described in paragraph 3.2 above. This charge is lower than the England average (when direct debit is taken into account) and lower than the East of England average, for those that charge an annual fee, of £48.

- 4.9 Officers have undertaken an equalities impact analysis (EIA) as this will be a change to the current way the waste collection service operates. The full EIA is set out in Appendix 4. Overall, the council believes that the changes will support an increase in recycling across the borough, which is of benefit to everyone given the acknowledged impact on the environment of items such as single use plastics and landfill. Further details of the EIA are in section 5.3.
- 4.10 For all the above reasons the council has concluded that, in order to encourage recycling, meet its sustainability objectives and also to assist the council to be able to balance its budget that it should ask Veolia to modify its current operation to introduce the changes set out in recommendation 3.1 with effect from 1 July 2020 when the contract extension period commences.

## 5.0 Implications

### 5.1 Financial

- 5.1.1 The Shared Director of Finance comments that there is £300k additional cost annually built into the MTFS in respect of the contract extension for Veolia.

Year	Additional Cost/(Saving) £'000	Within Current MTFS £'000	Change on Current MTFS
1	415	300	115
2 onwards	(35)	300	(265)

In addition there are £300k of one off additional costs that will need to be funded across 2019/20, which has been included in budget monitoring.

### Garden Waste Charging

The table below shows the financial impact of introducing the annual charge.

Garden Waste	2020/21	2021/22	2022/23	Total
	£000	£000	£000	£000
Net income	(295)	(445)	(445)	(1,185)

- 5.1.2 The Budget report that has been prepared for Finance Scrutiny Committee and Budget Cabinet in January will highlight that the council's cumulative overall gap for the next three

years amounts to approximately £3.2 million. After taking account of proposed funding changes, such as the introduction of green waste charging, the cumulative gap reduces to £2.0 million. It is therefore essential that the council considers all of its income generating options.

## 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that the contract with Veolia allows for an extension for a further 8 years with effect from 1 July 2020. As the Waste Collection Authority the council is under a statutory duty to make suitable arrangements to collect household waste free of charge. Household waste does not include waste from gardens and as such the council can, if it wishes, seek to charge for the collection of garden waste.

## 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 An EIA is appended to this report (see Appendix 4). The EIA addresses the council's public sector equality duty under s149 of the Equality Act 2010 and is intended to assist the council to have due regard in the exercise of its functions to: eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act, advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it and foster good relations between people who share a relevant protected characteristic and people who do not.

5.3.2 The EIA considers a range of potential negative impacts of the proposals that might be experienced by members of the community that share a protected characteristic. These include: the impact on households with larger families, parents with babies / children in nappies, those older members of the Watford community or with relevant disabilities who might find it difficult to access the online process for subscribing to the green waste service. The EIA acknowledges the mitigations the council has in place for the identified impacts and recommends that it keeps these under review during the implementation of the changes to assess whether the impacts are sufficiently mitigated or whether it needs to assess if further interventions are required.

5.3.3 The EIA does, however, note that the changes will have wider benefits to the community as they support the council's ambition to increase recycling across the borough and will help move Watford to becoming a more sustainable town. The introduction of garden waste subscription is a direct response to the financial challenges the council faces. By charging those who receive it, the council is protecting the service for those who want to use it whilst also protecting the delivery of other service areas for which it is responsible.

5.3.4 Data Protection Impact Assessment - as this is a new policy regarding the green waste service and a change to an existing policy delivery involving processing likely to result in a high risk to the rights and freedoms of individuals, a Data Protection Impact Assessment (DPIA) will be undertaken. The analysis of this assessment will be published on the council website before the start of the contract in 1 July 2020.

#### 5.4 **Staffing**

5.4.1 The introduction of a chargeable garden waste service will require additional staff to manage these arrangements. This has been factored into the estimated net income from the garden waste service.

#### 5.5 **Accommodation**

5.5.1 There are no accommodation issues arising from this report

#### 5.6 **Community Safety/Crime and Disorder**

5.6.1 Having had due regard to Section 17 of the Crime and Disorder Act 1998 it is considered there is likely to be a potential minor negative impact on crime and disorder in Watford due to these service changes e.g. possible increase in fly tipping incidents of garden waste across the borough. The council and its partner (Veolia) will monitor the reporting of fly tipping linked to garden waste over the next 12 months and put appropriate plans in place to mitigate these events.

#### 5.7 **Sustainability**

5.7.1 The introduction of a weekly food waste collection and the encouragement to make the recycling bin the bin of choice can only be beneficial for the environment.

### **Appendices**

Appendix 1. Watford: Waste Service Changes - Veolia

Appendix 2. Watford Waste Analysis - MEL

Appendix 3 Waste and recycling engagement overview. September 2019

Appendix 4 Waste and recycling contract variations EIA

### **Background papers**

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Our Waste, Our Resources: A Strategy for England – HM Government