

<b>Report to</b>	<b>Performance Scrutiny Committee</b>
<b>Date of meeting</b>	<b>18 March 2021</b>
<b>Lead Member / Officer</b>	<b>Cllr Brian Jones: Lead Member for Waste, Transport and the Environment / Tony Ward: Head of Highways, Facilities &amp; Environmental Services</b>
<b>Report author</b>	<b>Tara Dumas, Waste &amp; Recycling Manager</b>
<b>Title</b>	<b>Trade Waste and Recycling Review</b>

## **1. What is the report about?**

1.1. The Trade Waste and Recycling Service has undergone an external evaluation exercise (**Appendix 1** refers) in order to assess the health of the service in terms of financial viability and performance. This report presents key findings and recommendations of that evaluation, having appraised a number of future delivery models that would complement the wider service changes being introduced to householders in 2023. This report details the steps that the Waste and Recycling Service are taking to transform the service and take on board those recommendations.

## **2. What is the reason for making this report?**

2.1. To provide information regarding the future direction of the Trade Waste and Recycling Service, so that it may align to the new waste operating model and provide assurances that the Service is performing well and provides value for money. Most importantly, the commercial service must be transformed to ensure the Council is well placed to offer local businesses and organisations a compliant recycling service as required by the Environment Act (Wales) 2016.

### **3. What are the Recommendations?**

- 3.1. That Members consider the tasks, targets and timescales set out in “Trade Waste and Recycling Delivery Plan” (**Appendix 2** refers) in order to deliver key recommendations based on the findings of the WRAP Cymru Trade Waste Review Report (**Appendix 1** refers), and comment accordingly.

### **4. Report details**

#### **Trade Waste (Residual)**

- 4.1. The Residual Trade Waste Service has been outsourced to Veolia since August 2018. The contract period is due to expire in August 2021 and it has proved to be extremely reliable, having consistently met its Key Performance Indicator (KPI) targets through contract life (**Appendix 3** refers). The WRAP Trade Waste review shows the outsourced model to provides a greater income stream than operating the service in house, and this can continue in the new waste operating model as long as we seek to grow the Trade Service. Therefore, the service intends to let a new contract to March 2024, giving time for the service to grow its customer base, introduce a charge by weight pricing structure to incentivise recycling, and to provide continued reliability during the transformation of the in-house ran trade recycling service.

#### **Recycling Trade Services (Recycling)**

- 4.2. The in-house trade recycling service has a smaller profit margin and has been less reliable than its outsourced residual counterpart. There were 539 collection issue reports in 2019/20 and 69% of these related to the recycling service only, compared to 21% relating to the residual collections only.
- 4.3. This is symptomatic of a service that requires modernisation, i.e. one that is lacking in technology, weight data and the staffing resource to adequately manage all aspects of a commercially orientated service, including timely responses to customer enquiries. The dedicated Trade Waste Officer post was deleted several years ago and the existing team are not always able to cope with the demands of the service, further being challenged by a corporate invoicing system that does not permit us to invoice customers directly like our

competitors. The system limits our ability to meet industry standards and customer expectations as well as our ability to protect the Council from bad debt.

- 4.4. The Service was due to implement a Periodic Invoicing Management System in 2020, similar to that used to collect Council Tax, based on upfront annual invoicing and regular auto payments thereafter, which would have gone some way to reducing the resource intensiveness of routinely recovering income. However, this had to be put on hold due to the Covid pandemic. It cannot be adopted until businesses reopen and the likelihood of further lockdowns is very low as payments are taken monthly based on an end of year projection made at the start of each financial year.
- 4.5. We aim to introduce In-Cab Technology by March 2021/22, releasing officer time from undertaking unnecessary administrative processes and enabling the reinstatement of a dedicated trade waste officer. This will assist with the proactive marketing of the food waste service, which provides the best opportunity for growth and income generation due to our favourable treatment costs at the local Biogen Waen Anaerobic Digestion Facility and the countywide weekly household collection service.

### **New Waste Operating Model**

- 4.6. In order for our trade waste customers and ourselves to comply with the Environment Act (Wales) 2016, it is necessary to move to a source segregated recycling service. This requires customers producing food waste over specified quantities to recycle food, and a range of dry material streams to be collected separately. The Trade Waste Review appraised a range of delivery options to determine the most efficient. The new recycling service will see customers with large wheeled bins being co-collected with the householder Communal Bin locations across the county in two specialist vehicles both consisting of a pod for food or glass and a compaction compartment (**Appendix 4**). This was deemed the most efficient method of collection during the review, noting that smaller customers could be added to the household rounds using the new waste operating model “standard” offer of a weekly collection of one or more Trolley boxes (**Appendix 5**).

## **Recommendations of the Trade Waste Review**

4.7. A range of recommendations have been proposed in the external WRAP review in order to improve the current service and ensure a successful transition to the new waste operating model. These are detailed in the WRAP Summary Report (**Appendix 1**). The actions and timescales for the service to implement the recommendations are detailed in the Trade and Recycling Delivery Plan (**Appendix 2**).

## **5. How does the decision contribute to the Corporate Priorities?**

5.1. This report responds to Performance Scrutiny's request to review the Trade Waste Service, especially in light of the outsourcing of our Trade Residual Service in 2018, to ensure we deliver our services in a well-managed and efficient way, in line with the requirements of the Corporate Plan.

5.2. The service transformation detailed within this report will support the Council's ambition to reduce carbon emissions from Council assets by at least 15% by 2022, by continuing to partner with a private sector partner to co-collect our residual trade waste and therefore reducing overall miles travelled. Moving to a source segregated recycling service will improve the quality, and therefore recyclability of the recycling we collect ensuring valuable resources are retained within production chains, reducing reliance on diminishing raw materials. Plans to proactively promote our food waste recycling service will divert more commercially produced food waste from landfill and incineration.

## **6. What will it cost and how will it affect other services?**

6.1. The Trade Waste service has a large number of internal customers. The changes proposed for the service will ensure that these Council departments are able to continue to have their waste collected compliantly through the source segregated recycling service proposed at the earliest opportunity.

- 6.2. It is strongly recommended that the service is actively marketed and branded in order to attract a better balance of customers. The Service will seek to work with our internal communication team to develop this material.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

- 7.1. A Well-being Impact Assessment has not been carried out specifically for Trade Waste and Recycling Services as this is a smaller element of the overall service change (for which a well-being impact assessment has been conducted).

## **8. What consultations have been carried out with Scrutiny and others?**

- 8.1. The Trade Waste and Recycling Service has undergone a thorough external review by WRAP (funded by Welsh Government).
- 8.2. The findings of the review have been shared with the Waste Project Board and the Delivery Plan (**Appendix 2** refers) to transform this element of the service will be monitored regularly by the Project Board.
- 8.3. The Trade Waste Service is occasionally benchmarked by the Welsh Local Government Association (WLGA). We are awaiting the outcome of the latest benchmarking exercise, based on 2019/20 data that we have shared.
- 8.4. A recommendation of the WRAP review is that we consult with our customers on a number of service changes to test their appetite for new charging structures. This will be undertaken in 2021 in line with the Delivery Plan.

## **9. Chief Finance Officer Statement**

- 9.1 The recommendations of the Trade Waste Review aim to retain and potentially increase the current income stream to help offset the cost of the wider waste collection service. The service has committed that all costs to transform the service will be met from existing waste provisions. It is important that this is

monitored closely going forward by the service with their finance business partners.

## **10. What risks are there and is there anything we can do to reduce them?**

10.1. Three medium financial risks are detailed in **Appendix 6**, primarily based around the financial assumptions made in the WRAP Trade Waste Review. It is recommended that the Council lobby Welsh Government, along with other Local Authorities, to encourage them to actively enforce the Environment Act (Wales) 2016 Requirements, so that businesses are incentivised to pay more for recycling services so that Council and private waste operators are able to offer them without subsidy. This is the most effective way of ensuring valuable recyclable materials are not wasted through residual disposal routes, and carbon benefits of waste management operations are optimised.

## **11. Power to make the decision**

11.1. No decision is being sought by this report.

11.2. Scrutiny's powers are set out in Section 21 of the Local Government Act 2000. Sections 7.4.1 and 7.4.2 of the Council's Constitution outlines Scrutiny's powers and responsibilities with respect of policy development and review, as well as monitoring the Council's performance in delivering services.