



# Public Document Pack

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Committee Manager Helen Burt (Ext.37614)

11 May 2022

## ENVIRONMENT COMMITTEE

A meeting of the Environment Committee will be held in **Council Chamber, Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** on **Thursday 19 May 2022 at 6.00 pm** and you are requested to attend.

Members: Councillors Edwards (Chair), Staniforth (Vice-Chair), Bicknell, Chace, English, Goodheart, Huntley, Needs, Thurston, Warr and Worne

[Membership of the Environment Committee is subject to confirmation at the Annual Meeting of the Council on 18 May 2022]

**PLEASE NOTE:** Where public meetings are being held at the Arun Civic Centre, to best manage safe space available, members of the public are encouraged to watch the meeting online via the Council's Committee pages.

1. Where a member of the public wishes to attend the meeting or has registered a request to take part in Public Question Time, they will be invited to submit the question in advance of the meeting to be read out by an Officer, but of course can attend the meeting in person.
2. It is *recommended* that all those attending take a lateral flow test prior to the meeting.
3. Those attending the meeting will *not* be required to wear a face covering however, are encouraged to bring one along to cover instances where a meeting may have higher public attendance. Masks will be made available at the meeting.
4. We request members of the public do not attend any face to face meeting if they have Covid-19 symptoms.

Any members of the public wishing to address the Committee meeting during Public Question Time, will need to email [Committees@arun.gov.uk](mailto:Committees@arun.gov.uk) by 5.15 pm on Wednesday 11 May 2022 in line with current Committee Meeting Procedure Rules.

It will be at the Chief Executive's/Chair's discretion if any questions received after this deadline are considered.

For further information on the items to be discussed, please contact [Committees@arun.gov.uk](mailto:Committees@arun.gov.uk).

## AGENDA

1. APOLOGIES

2. DECLARATIONS OF INTEREST

Members and Officers are invited to make any declaration of pecuniary, personal and/or prejudicial interests that they may have in relation to items on this agenda, and are reminded that they should re-declare their interest before consideration of the items or as soon as the interest becomes apparent.

Members and Officers should make their declaration by stating:

- a) the item they have the interest in
- b) whether it is a pecuniary/personal interest and/or prejudicial interest
- c) the nature of the interest

3. MINUTES

(Pages 1 - 8)

The Committee will be asked to approve as a correct record the Minutes of the Environment Committee held on 10 March 2022.

4. ITEMS NOT ON THE AGENDA THAT THE CHAIRMAN OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES

5. PUBLIC QUESTION TIME

To receive questions from the public (for a period of up to 15 minutes)

6. START TIMES

The Committee is required to agree its start times for the year 2022/23.

7. COMBINED CLEANSING SERVICES CONTRACT (Pages 9 - 50)

This report outlines recommendations in respect of the future delivery of the Council's Combined Cleansing Services Contract which is due to expire at the end of January 2023.

Recommendations are based on alignment with the Council's adopted Vision; including a stated recycling target of 55% by 2025 and to 'ensure climate change and sustainability is at the heart of all council services'. Furthermore, recommendations seek to build on the success of the Council's recent 1-2-3 food waste trial, and the anticipated direction of Government Resource & Waste Strategy.

The results of an options appraisal which inform the recommendation are outlined in the report, with recommendations provided in full consideration of both current opportunities and industry risks.

[40 Minutes]

## **OUTSIDE BODIES - FEEDBACK FROM MEETINGS**

8. BOGNOR REGIS BEACH ACCESS WORKING PARTY - 09 MAY 2022 (Pages 51 - 56)

The Chair, Councillor Worne, will present the Minutes from the first meeting of the Bognor Regis Beach Access Working Party held on 09 May 2022.

The Committee is asked to consider a recommendation from this meeting in relation to the Working Party Terms of Reference, Scope, Meeting Dates and Work Programme (Minute 4)

[10 Minutes]

9. WORK PROGRAMME (Pages 57 - 60)

The Committee is required to note the Work Programme for 2022/23.

[5 Minutes]

Note : If Members have any detailed questions, they are reminded that they need to inform the Chair and relevant Director in advance of the meeting.

Note : Filming, Photography and Recording at Council Meetings – The District Council supports the principles of openness and transparency in its decision making and permits filming, recording and the taking of photographs at its meetings that are open to the public. This meeting may therefore be recorded, filmed or broadcast by video or audio, by third parties. Arrangements for these activities should operate in accordance with guidelines agreed by the Council and as available via the following link [Filming Policy](#)

# Public Document Pack Agenda Item 3

Subject to approval at the next Environment Committee meeting

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## ENVIRONMENT COMMITTEE

10 March 2022 at 6.00 pm

Present: Councillors Edwards (Chair), English (Vice-Chair for the meeting), Bicknell, Chace, Goodheart, Haywood [Substituting for Huntley], Needs, Thurston, Warr and Worne.

Councillors Pendleton and Stanley were also in attendance for all or part of the meeting.

### 730. APOLOGIES

Apologies for absence had been received from Councillors Huntley and Staniforth.

As Councillor Staniforth had sent apologies, Councillor English was nominated to stand in as Vice-Chair for the evening, which was agreed by the Committee.

### 731. DECLARATIONS OF INTEREST

Councillor Chace declared a Personal Interest in Agenda Item 8 as Chair of Friends of Brookfield Park, and also that he was a Member of Littlehampton Town Council.

Councillor English declared a Personal Interest in Agenda Item 8 as he was a Member of Felpham Parish Council, and was also a resident of Felpham.

Councillor Worne declared a Personal Interest in Agenda Item 9, as she was a Member of Yapton Parish Council and was on the Committee responsible for the Playground.

Councillor Haywood declared a Personal Interest in Agenda Item 8 as she was a Member of Middleton-On-Sea Parish Council.

### 732. MINUTES

The Minutes of the meeting held on 20 January 2022 were approved by the Committee. These would be signed at the end of the meeting.

### 733. PUBLIC QUESTION TIME

The Chair confirmed one question had been submitted, which is briefly summarised below:

1. From Councillor Glen Hewlett to the Chair of the Environment Committee, Councillor Edwards, regarding proposals to charge for car parking in Felpham.

A supplementary question was also asked.

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*(A schedule of the full question asked and the response provided can be found on the [Environment Committee Public Question Web page](#))*

The Chair then drew Public Question Time to a close.

734. OUTSIDE BODIES

There were no updates from Members regarding Outside Bodies.

735. SOLAR TOGETHER SUSSEX SCHEME

Upon the invitation of the Chair, the Principal Environmental Health Officer presented the report to the Committee, who explained that for the past 2 years the council had taken part in a Solar Together Sussex Project, which enabled residents to access a group buying scheme in relation to solar panels. There was a proposal for a further auction to take place and in addition to solar panels this would include battery storage and electric vehicle charge points. The scheme was run by West Sussex County Council (WSCC) and covered the whole of Sussex. Each participating district and borough paid WSCC for the mailout costs, for Arun this was £2521. The council would receive a commission for each installation. The aim was that it would be cost neutral to the council, and any surplus money would be put into the Your Energy Sussex Fuel Poverty Fund, which was explained further at paragraph 1.9 in the report. Paragraph 1.12 contained information from the auction that took place in 2020, which had been successful, and included 52 installations, which meant costs were recovered and there was a surplus which went into the West Sussex Fuel Poverty fund. Data was not yet available for the 2021 auction.

Members then took part in a question-and-answer session and the following points were made:

- Was the word auction misleading for the public or could alternative wording be used? It was suggested that the word 'tender' may be more appropriate. The Principal Environmental Health Officer would look into this.
- Clarification was sought around the figures in paragraph 1.9. This was provided.

The recommendations were Proposed by Councillor Thurston and Seconded by Councillor Worne.

The Committee

RESOLVED - That

1. Arun District Council's participation in the third Solar Together Sussex scheme auction be approved
2. The contribution that the council was due to receive for its initial investment to the Solar Together scheme of £2,521 continue to be

waived, to further support the Solar Together Sussex scheme for the mailout costs for the upcoming third auction.

3. Authority be delegated to the Group Head of Technical Services to approve Arun District Council's participation in future auctions, and to approve reinvestment of fees from the third and any future Solar Together auctions.

736. AMENDMENT TO OFF STREET PARKING ORDER TO INCLUDE RESTRICTIONS COVERING ELECTRIC VEHICLE CHARGING POINTS

Upon the invitation of the Chair, the Customer & Parking Services Manager presented the report to the Committee. He explained that the wording of the recommendation had changed slightly, which was now 'To approve that the amendments to the Councils Off Street Parking Order, as identified within the proposals, be put out for consultation, and to give delegated authority to the Group Head of Neighbourhood Services to make a final decision on these amendments once the consultation is complete'.

Members then took part in a question-and-answer session and the following points were made:

- The wording on page 20, paragraph 2.5 did not flow well. The Customer & Parking Services Manager explained that the wording needed to be very detailed in this way, and other councils had used very similar wording.
- Whether someone on a slow charge could remain in the parking bay all day.
- Whether bays would be allocated specifically for disabled users.
- It was imperative that Arun had multi-functional charging stations. The quantities and timeframes of the electronic charging bays were discussed. There was no fixed number, however this would be demand-led.

The recommendation was Proposed by Councillor Bicknell and Seconded by Councillor Needs.

The Committee

RESOLVED

That the amendments to the councils Off Street Parking Order, as identified within the proposals, be put out for consultation, and delegated authority be given to the Group Head of Neighbourhood Services to make a final decision on these amendments once the consultation is complete.

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### 737. VARIATION TO PARKING CHARGES

Upon the invitation of the Chair, the Customer & Parking Services Manager presented the report to the Committee. He explained that it had been agreed by the Committee in November that the proposed parking charges, shown in Appendix A, be put out for consultation. This had now taken place and the reports showed the results of the consultation. He highlighted that most of the comments received referred to the proposals to introduce charges to free car parks, in particular Grassmere, Links Avenue and Shrubbs Field. All of those responses were opposed to the introduction of charges. Felpham Parish Council and Middleton-On-Sea Parish Council were also opposed to this. With regards to increasing existing charges, most of the responses were opposed to the increases as was usually the case, however on this occasion 22% of the respondents were in favour of the increases. There were fewer objections to the seasonal car park charge increases, however those that did respond were opposed to the increases.

The Chair confirmed that questions and discussion would be taken on each recommendation separately.

A discussion then took place on Recommendation 1, and the following points were made by Members and non-Committee Members given permission to speak by the Committee:

- There was concern as a large amount of the car parking had been lost in Littlehampton town centre. Residents were unhappy with the current loss of parking, and charges should not be increased at this point in time.
- The Appendix D compared Arun with Worthing and Chichester, which were charging more and it was felt Arun should not be compared to the larger towns. People should be encouraged to come to Bognor and Littlehampton town centres and not deterred by higher parking charges.
- Other Members felt the comparisons in Appendix D highlighted that the costs should be increased, and that the rises were not large for the benefits this would bring to the Council.
- We were in a climate emergency and visitors should be encouraged to use public transport.
- Town centre footfall was not yet back to pre-pandemic levels, and it was felt that increasing car parking charges would not benefit the council or the town centres.
- Car parks needed to be maintained, and the money received from car park charges was required, which could also assist with investing in better solutions for the environment.
- It was a difficult choice as there was a very good disc scheme which provided 2 hours free parking to those that had the disc. Therefore regular town users may not be effected by a rise in charges, however visitors to the town did need to be encouraged.



A discussion then took place on Recommendation 2, and the following points were made:

- The council needed the income, the prices were fairly reasonable, if this was voted against the money would then need to be found somewhere else.
- It was hoped that the money could be used to make the car parks more attractive, and the residents would benefit from this.
- Would improvements be made to the car parks with the additional money? The Customer & Parking Services Manager explained that maintenance such as ensuring surfaces were level would be carried out. The appearances of the car parks would also be looked at, and where possible this would be done such as planting carried out.
- Was money made from car parking and parking fines ringfenced solely for car park improvements and maintenance? The Customer & Parking Services Manager confirmed that money received from parking fines was ringfenced (after the costs of enforcement were taken out), the surplus went towards paying for maintenance and improvement of car parks.
- It was asked whether the financial information could be broken down further in the reports to show exactly how much income each car park had generated in recent years and expected future income.

A discussion then took place on Recommendation 3, and the following points were made by Members and non-Committee Members given permission to speak by the Committee:

- There was concern regarding the costs of administering, ticketing and controlling charges in these car parks and whether costs would exceed revenues.
- There was concern that charging for the car parks could negatively impact the local sports teams who used them and the areas in general.
- Brookfield Park car park was a very small car park, and after installation of the machine it was felt very little money would be made.
- There was concern that people would instead park in the residential areas causing issues for the residents.
- It was asked why there was 2 hour free car parking in the village car parks, however only 1 hour in the rural areas where people may stay for longer if they went for long walks.
- Clarification was sought regarding the actual charges and how these would be implemented and enforced, which was provided by the Group Head of Neighbourhood Services.
- Members wanted to know the costs involved in installing a parking machine. The Customer & Parking Services Manager explained this depended on how many were purchased and it may be that some machines could be relocated from other car parks where they no longer required so many.
- There was concern that if the trial was not successful, the charges would be increased.
- Felpham Parish Council had paid contributions to maintain the car park for many years. The car park should not be described as a free car park, as it was

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something the residents of Felpham paid for with the contributions from the Felpham Parish Council.

- 2 hours was insufficient time to carry out activities for which people may want to park, such as going out for dinner.
- Littlehampton Town Council did not contribute towards Brookfield Car Park.
- How the electricity would get to the car park machines. The Customer & Parking Services Manager explained that the machines were solar powered and did not require mains electricity.
- It was suggested that the Parish Councils be approached to see if additional contributions could be provided by them after recovery from Covid.
- If parking charges were introduced to these car parks, the contributions from the Parish Councils would probably stop, and that income would be lost. The car parks were not free, it was just a different way of paying for the car park.
- There was concern around taking a decision with limited information regarding the costings.
- Arun was reliant on community groups and organisations around parks and gardens such as Friends of Bersted Brooks. If the recommendation was approved there should be consideration as to whether some sort of seasonal permits could be offered to these groups.
- There was concern that charging in these car parks would not generate significant income or offer value for money.

During the course of the above discussion, Councillor Haywood re-confirmed that she had an interest in the item as Chair of Middleton-on-Sea Parish Council. Cllr Chace also re-confirmed he had an interest as Chairman of Brookfield Park, and as Ward Councillor.

The recommendations were Proposed by Councillor Bicknell and Seconded by Councillor Edwards.

A recorded vote was requested and the recommendations would be voted upon separately.

Those voting for Recommendation 1 were Councillors Bicknell, English and Thurston (3). Those voting against were Councillors Chace, Edwards, Goodheart, Haywood, Needs, Warr and Worne (7). There were no abstentions. The vote was therefore lost.

Those voting for Recommendation 2 were Councillors Chace, Edwards, English, Thurston and Worne (5). Those voting against were Councillors Bicknell, Goodheart, Haywood, Needs and Warr (5). There were no abstentions. This being a tied vote, the Chair used his casting vote in favour, and the recommendation was declared carried.

There were no Councillors that voted for Recommendation 3. Those voting against were Councillors Bicknell, Chace, Edwards, English, Goodheart, Haywood, Needs, Warr and Worne (9). Councillor Thurston abstained from voting. The vote was therefore lost.

The Committee

**RESOLVED**

That the increase to the seasonal parking charges, as set out in Appendix A following consideration of the consultation responses, be approved.

Following earlier comments made by Members, the Chair suggested that Officers entered into discussions with the Parish Councils regarding their contribution amounts, and the Littlehampton Town Council who currently do not contribute. This was taken as an action by the Customer & Parking Services Manager.

**738. TRANSFER OF SECTION 106 FUNDING**

*At the beginning of this Item, Councillor Worne re-declared her Personal Interest in the Item, as she was a Member of Yapton Parish Council and was part of the Committee responsible for the Playground.*

Upon the invitation of the Chair, the Group Head of Neighbourhood Services presented the report and explained the recommendation to the Committee.

There were no Member questions, however it was highlighted how important this was for Yapton.

The recommendation was Proposed by Councillor English and Seconded by Councillor Chace.

The Committee

**RESOLVED**

That the Committee authorised the transfer of the Funds detailed below to Yapton Parish Council by way of a Deed of Agreement for the purposes set out below:

<b>Planning Ref</b>	<b>Location</b>	<b>Amount</b>	<b>S106 Agreed Spend</b>	<b>Parish Council Proposed Spend</b>
Y/30/13	Land South of Fellows Gardens	£45,009.39	For child play area contribution and public open space contribution, to make good a deficiency in public open space provision arising from this development	Yapton Parish Council intend to spend on the replacement of the play equipment and associated landscaping works on King George V Playing Field, Yapton

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Y/22/14	Land at Kings Close	£39,183.42	For children's play area and open space contribution, to make good a deficiency in public open space provision arising from this development	Yapton Parish Council intend to spend on the replacement of the play equipment and associated landscaping works on King George V Playing Field, Yapton
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739. WORK PROGRAMME

At the beginning of the Item, the Chair asked the Vice-Chair to take over as Chair for the duration of the Item.

The Vice-Chair in the Chair asked if Members had anything they wished to add to the 2022/23 Work Programme.

It was noted that the Environment Agency would be invited to provide a Member Seminar open to all Arun District Councillors.

Councillor Edwards requested the permission of the Vice-Chair in the Chair and the Committee, to make a statement regarding Bersted Brooks, which was an item on the Work Programme. Upon the invitation of the Vice-Chair in the Chair, Councillor Edwards went on to give his statement which was in response to a question that he had answered at Full Council the previous evening. He explained that by withholding the draft figures from his response given at Full Council, he had not intended to mislead anyone, however wanted to give an answer based on confirmed costs and not draft ones. With hindsight, he felt he should have supplied these draft figures as part of his response, and it had not been his intention to mislead Councillor Stanley or anyone else. If that was Cllr Stanley's perception, Cllr Edwards was happy to apologise unreservedly. He wanted to reassure Councillor Stanley and other Members that he had not been trying to hide anything and as soon as the actual costed figures and project timelines were available, they would be shared with Members.

Further detail regarding the Houses of Multiple Occupation Item was requested, which was provided by the Group Head of Technical Services.

It was requested that the Bognor Regis Beach Access Working Party be added to the Work Programme for information updates. It was confirmed the first meeting of this Working Party would take place at 9.30am on 9 May 2022 at Bognor Regis Town Hall.

The Work Programme was noted.

(The meeting concluded at 8.29 pm)

## ARUN DISTRICT COUNCIL

### REPORT TO AND DECISION OF ENVIRONMENT COMMITTEE ON 19<sup>th</sup> MAY 2022

**SUBJECT: Combined Cleansing Services Contract**

**REPORT AUTHOR: OLIVER HANDSON, Environmental Services & Strategy Manager**  
**DATE: 19<sup>th</sup> MAY 2022**  
**EXTN: 01903 737955**  
**AREA: NEIGHBOURHOODS GROUP, SERVICES DIRECTORATE**

#### **EXECUTIVE SUMMARY:**

This report outlines recommendations in respect of the future delivery of the Council's Combined Cleansing Services Contract which is due to expire at the end of January 2023.

Recommendations are based on alignment with the Council's adopted Vision; including a stated recycling target of 55% by 2025 and to 'ensure climate change and sustainability is at the heart of all council services'. Furthermore, recommendations seek to build on the success of the Council's recent 1-2-3 food waste trial, and the anticipated direction of Government Resource & Waste Strategy.

The results of an options appraisal which inform the recommendation are outlined in the report, with recommendations provided in full consideration of both current opportunities and industry risks.

#### **RECOMMENDATIONS:**

That subject to Policy & Finance/Full Council confirmation of the finance available, the Environment Committee approve:

1. The award of a three-year contract extension with modifications from the 1<sup>st</sup> February 2023 at an annual cost of £6,391 million (an additional annual cost of £297k on the current £4.918 million, plus a provisional £1.176 million for food waste and subject to indexation); To consist of service configuration C which comprises and alternate weekly residual collection, using provision of a 240 litre residual waste bin and with option of phasing in a weekly food waste collection service (subject to confirmed government funding for implementation and ongoing service provision) for all street level properties within the first twelve months.
2. To authorise the Director of Services to sign off a Deed of Modification to incorporate the service changes agreed at 1 above.
3. That authority be delegated to the Director of Services to procure the 240 litre residual waste bins required to deliver services, for a one-off capital sum of

£1.32million and a further capital sum of £300k for indoor/outdoor food caddies (subject to government funding) utilising an existing framework(s) for such procurement and to be completed in consultation with the Council's procurement advisors. (NB - This procurement is linked to but distinct from the extension of the existing waste collection contract and would be a procurement exercise in its own right)

## **1. BACKGROUND:**

1.1 Arun's Combined Cleansing Services Contract (CCSC) includes the delivery of residential waste collections comprising of weekly kerbside residual collection from sacks, a fortnightly dry mixed kerbside recycling collection and a fortnightly subscriber-based garden waste collection service. The contract also provides street cleansing services comprising litter collection, litter and dog bin collection, street sweeping and public convenience cleaning. The 3+3 year contract commenced in 2017 is currently operated by Biffa and is due to expire on 31 January 2023. The current cost of the contract is £4.918 million per annum.

1.2 Arun currently has a recycling rate of around 42% and this figure has remained relatively static for a number of years. This rate is comprised of approx. 26% dry mixed recycling and 16% garden waste.

1.3 Arun District Council's adopted 'Vision' 2022-2026 is to deliver a recycling target of 55% by 2025 and to 'ensure climate change and sustainability is at the heart of all council services' The recommendations contained within this report support the alignment of cleansing services with the Council's adopted vision.

1.4 In the last twelve months a ground-breaking 1-2-3 food waste trial has been delivered to approx. 1,350 properties in the district. This trial has demonstrated that change to waste collection services including the addition of food waste collections and reduction of residual collection frequency can be successfully introduced, whilst maintaining high resident satisfaction levels (85% food waste collection satisfaction, 73% residual collection satisfaction) alongside excellent participation (85%+).

1.5 The trial results presented to Environment Committee (20 January 2022) outlined the success to date, as well as the significant resources and planning required to deliver this success. Approval was given to continue the trial until February 2023.

1.6 There remains some uncertainty in respect of the national waste landscape. The Government commenced the first round of consultation on its 2019 Resource & Waste (RAWS) early in 2020 and has not, despite indications it would do so in 'early 2022' published its response to the second round in 2022. This is combined with market uncertainty, challenges with supply chains and rising wholesale and service costs due to the global situation.

1.7 The proposals in the RAWS strategy consultation will directly impact services provided by local authorities through 'consistency in collections' consultation, as well as consultation around key areas such as extended producer responsibility (EPR). The Environment Act 2021 published in November 2021 contains a duty for waste collections authorities to provide a separate weekly food waste collection to residents following the consultation.

1.8 It is also expected that all transitioning costs incurred by local authorities owing to service changes in aligning with the R&W Strategy will be funded through 'new burdens'

funding. The allocation of £295m capital to local authorities was indicated in the Government's Net Zero Strategy in October 2021 and in the Chancellor's Autumn Statement. Additionally, it is expected as part of other reforms in the RAWS that contributions will be made to local authorities for collection of packaging under proposals for Extended Producer Responsibility (EPR). These are intended to pass the costs of dealing with packaging through kerbside recycling collections and elements of litter collections to producers.

1.9 Despite some uncertainty the Council is required to take a decision now in respect of delivery of waste services, to ensure service continuity on expiry of the current CCSC.

1.10 It must be noted that investment is required to ensure the contract is sustainable, deliverable and efficient moving forward. The refuse collection vehicles currently used are beyond the end of their life expectancy (7 years) at almost 10 years old. This is leading to inefficiencies and major challenges concerning continuity of the service.

1.11 The recommendations in this report aim to balance all the national and local considerations and find a short term, yet progressive position which aligns with the Council's vision. This will be a position from which Arun can review a longer-term strategy in another 24 months. Data would then be available to assess and compare the respective performance of an alternate weekly residual and recycling service with weekly food waste (1-2-2) versus a 1-2-3 service.

1.12 A number of options and service configurations have been scrutinised by waste consultants Ricardo consulting (see table 1 and appendix reports) and procurement advisors (summary provided in 2 & 10 below) and the recommendations are presented following in depth discussions and analysis of viable options with both parties.

## **2. PROCUREMENT SUMMARY**

2.1 Early discussion with Arun's procurement advisors was focussed on the challenges and opportunities identified in the 'background' section above. Procurement support the recommendations being presented as the most appropriate procurement option in consideration of the all the factors outlined within this report. Full details are included within the implications section 10.

2.2 It is important to note that it will be necessary to conduct a separate procurement exercise to purchase appropriate bins. While this procurement is linked to the extension of the existing contract and necessary to support it, it is nevertheless a separate exercise, and its value has no bearing on the 50% value limit under Regulation 72(1)(b). It is anticipated that this procurement will be undertaken via an established framework, allowing the Council to take advantage of established pricing and quality verification.

2.3 In respect of the recommendation of a contract extension through the route of modification, a number of councils are extending existing contracts in similar ways as a holding position until clarity is provided through the R&W Strategy.

2.4 Ricardo have summarised the procurement options at a broad level (See appendix 1). It should be noted that whilst the move to a Direct Services Organisation (DSO) or 'Teckal' option is not feasible from a logistical and timing perspective at this stage; information is provided for context and comparison only.

### **3. FUNDING STREAMS - NEW BURDENS & EXTENDED PRODUCER RESPONSIBILITY (EPR)**

3.1 A full appraisal of potential funding streams is provided by Ricardo in the appendices **(see appendix 2)**

3.2 EPR is likely to cover the costs of recycling collections and elements of costs associated with dealing with street scene related litter. The consultation confirms that *“Payments to local authorities for the cost of managing packaging waste generated by households (both packaging waste that is collected for recycling and packaging waste disposed of in residual waste) will be made under the packaging Extended Producer Responsibility scheme”*.

Collections from “Street Bins” i.e. litter bins are included within collection schemes (described as on-the-go packaging). However, any costs of litter collection are not included.

3.3 New Burdens funding is likely to cover the transitioning and ongoing operational costs to new services as required under the RAWs, i.e. the cost of waste containers/vehicles. The consultation states; *“Given the additional costs involved in separate food waste collection, Government will ensure that local authorities are resourced to meet any new burdens arising from this policy, including up front transition costs and ongoing operational costs.”*

The proposed approach to roll out of food waste collections recommended in this report allows for further clarity to be provided and the roll out to be made in full consideration of the subsidy/costs involved. The Council must ensure the risk of government funding not meeting the additional cost is mitigated.

### **4. SERVICE CONFIGURATION**

4.1 Six service configurations have been considered, all consist of a fortnightly recycling collection as per current service;

- a) Weekly residual service from sacks (as per current service)
- b) Alternate weekly residual collection (AWC) with 240 litre bin provision for residents
- c) AWC with 240 litre bin provision for residents + weekly food waste for all street level properties
- d) 1-2-3 (Weekly food waste, fortnightly recycling, 3 weekly residual collection)
- e) Weekly residual + weekly food
- f) Weekly residual from a 240 litre bin

4.2 These configurations have been further assessed on the basis of 4 relevant criteria for illustrative purposes:

- Cost increase from baseline
- Recycling rate performance
- R&W Strategy alignment
- Operational deliverability/constraints for February 2023



4.3 **Table 1.** outlines the results of this exercise.

Service configuration	Recycling rate %	Annual core increase in revenue cost £'000	Annual Food Waste revenue costs* £'000	Capital Cost for 240l bins/food caddies (inc. bin delivery) *** £'000	Roll out constraints	Anticipated R&W Strategy alignment	Total 3 year additional revenue cost
a)As is	42	655	N/A	N/A	None	No	£1.97 million
b)AWC	44	297	N/A	1,320 (240l only)	None	Partly	£891k
c)AWC + weekly food	53	297	1,176**	1,320 + 300*	AWC none, Food waste within 12 months	Yes	£4.42 million*
d)1-2-3	61	200	1,176**	1,320 + 300*	Yes – not viable to mobilise in 6 months	Yes	£4.13 million*
e)Weekly residual sacks + weekly food	50	655	1,176**	300*	Yes – vehicle numbers and depot capacity	Partly	£5.50 million*
f)Weekly residual from 240l bin	<42	1,015	N/A	1,320	None	No	£3.045 million

\* before new burdens funding/EPR offset funding is considered

\*\* a maximum of 7 food rounds at £168k required to roll out to all street level properties

\*\*\* capital spending will incur revenue costs which will be assessed when Environment Committee's recommendation is considered by Policy and Finance Committee. NB Food waste caddy costs offset via new burdens/EPR

4.4 Summary of service configurations.

- a) **As is.** Recycling rate remains stagnant, costs increase associated with requirement for replacement fleet and increase in staffing costs
- b) **AWC** – two weekly frequency supports small increase in recycling rate due to natural diversion of material from residual stream due to less frequent collections and therefore total capacity. Costs are less than a weekly residual service due to

reduced vehicles/staffing costs

- c) **AWC + Weekly food** – recommended option on basis of recycling rate uplift to achieve stated targets of 50% currently and close to 55% by 2025. Reduced collection costs in comparison with weekly residual and operationally roll out of a food waste collection service within the first twelve months is achievable, assuming government funding is available.
- d) **1-2-3** – Provides the optimum recycling rate and cost option, however the 1-2-3 trial has highlighted the significant resource required for planning, communicating and rolling out this service to 1,350 properties which would be significantly increased for the whole of the district. Food waste would have to be ready to be rolled out fully on 01 February 2023 and regardless of the government position on funding, for all properties due to 3 weekly residual collection cycle, as opposed to phasing in over 12 months. There is also uncertainty as to whether the government will advocate a move to three weekly collections. Nevertheless, this option is not considered currently viable from a delivery perspective in the available timeframe due to the planning and communications resource required to implement. This option can be fully considered when the Council seeks to procure a long-term waste contract.
- e) **Weekly residual from sacks + weekly food.** This option is not viable due to the total number of vehicles required exceeding existing permitting allowances for the current depot site. Would require the ability to operate out of a new yard facility which would also add additional costs to services which are unknown but modelled to be in the region of £1 million, alongside increased revenue costs of a weekly residual collection. Unnecessary configuration, whereby the provision of weekly food negates the need for weekly residual collections.
- f) **Weekly residual with provision of 240 litre bin.** Costs increase by the equivalent of 2 additional rounds which are required as pass rates are reduced compared with a collection from sacks. Recycling rate may actually reduce as user inclination to use all available capacity.

#### **4.3 COST MODELLING**

Ricardo's modelling suggests that the current Biffa contract represents good value to the Council, in that the contract costs are less than the modelled rate. This is likely due to the indexation over time falling short of the additional costs Biffa have incurred during the contract period. Biffa's proposal for an extension represents an increase on their current price; however, in light of the current market issues due to the uncertainty created by the Environment Act and the Resource & Waste Strategy, staffing constraints and international supply line issues, the Council may consider the option of extending the current contract until the government clarifies their intentions as an approach which would minimise the risk of procuring in an evolving and uncertain marketplace.

The full options summary as provided by Ricardo can be seen in appendix 3 of the report

#### **4.3 CONTRACTUAL PROVISIONS FURTHER INFORMATION**

##### a. Food Waste Collections

Composition analysis has demonstrated that approx. 42% of residual waste by weight is currently food waste. Whilst capture/participation is expected to be less on 2 weekly residual service cycle than a three-weekly (as residual capacity is greater), the provision of a food waste collection service will provide an excellent opportunity for residents to divert

significant material from their residual stream and therefore support an increase in the Council's recycling rate.

Food waste collections comprise an indoor 5 litre caddie and outdoor 23 litre caddie.

The proposal is to phase in food waste collection for the majority of district properties (street level) over the first 12 months of the contract and then consider operationally how it could be extended for the remainder of properties within the 3 years. This is subject to New Burdens Funding being received. The roll out to street level properties will require a maximum of 7 rounds. This could be reviewed over time depending on participation/capture rates.

Flatted properties/HMOs often require a bespoke solution (as demonstrated by the 1-2-3 trial, depending on bin store layout, number of properties, number of residents etc) This is a piece of work that needs to be undertaken in due course with a view to implementation at a later stage.

#### b) Residual bin provision

240 litre bin provision provides adequate capacity for either a fortnightly service or a three weekly service should this be a consideration in the future and as demonstrated by the success of the 1-2-3 trial which used 240 litre residual bins.

Provision of a 240 litre residual bin will resolve issues around the placing of sacks on the kerbside and resultant animal interference and negative impacts to the street scene within Arun

#### c) Collections vehicles

Comprises a new hire fleet. Total costs for the service include the provision of required fleet. A hire approach is the most appropriate short-term solution due to the potential for further service reconfiguration upon government strategy finalisation and decisions relating to a longer-term strategy

#### d) Electric vehicles

At this stage all supervisor vehicles on the contract and one refuse collection vehicle (RCV) on the refuse round will be committed as electric vehicles.

Rolling out electric vehicles to the full fleet is not practical from an infrastructure or efficiency perspective at this stage but could be considered fully as part of a longer-term strategy. It is also cost prohibitive at this stage with an estimated increased cost of £1.4million per annum due to the costs of such vehicles.

#### e) Pay & conditions

All costed service options include a commitment to the real living wage for operatives on basic levels of pay and aligning all wages including drivers with market rates for the region which are negotiated on a national level. This is recommended on the basis that almost every one of the 120+ staff working on the contract are residents of Arun, as well as being necessary to sustain the contract and its future delivery.

#### g) Absorbent Hygiene Products (AHP)

Successfully rolled out as an opt in service as part of the 1-2-3 trial there is an additional per property cost to this service. Although the trial has proven it to be a valuable option on a three weekly residual service, at this stage it would not be considered viable or necessary from a cost/benefit perspective for an alternative weekly service.

#### h) Street scene services

This includes litter/bin collections, dog waste bin collections, street sweeping, public convenience cleansing. There are no proposed changes to these services with the exception of additional summer beachfront resources.

#### i) Annual indexation

Proposed change to a basket of indices based on the actual costs accrued in delivering the contract. 60% Labour, 10% Fuel, 30% Consumer Price Index based mechanism to better reflect shifts in market costs and uplifts. This is a more commonly seen indexation mechanism within the industry and local authority contracts. All costs quoted are subject to indexation at the point of a new contract. The first index will occur at the start of the extension period in February 2023 and will look back over the previous 24 months from February 2021 – February 2023. This is required to ensure that the starting position is correct on the extension commencement date.

#### j) Garden waste

Forms an integrated part of the contract. There is some potential implication from the R&W Strategy consistency in collections consultation and the potential for cost capping of subscriber fees at some point in future. This will be reviewed and reported to Members when appropriate. See appendix 2.

#### l) Properties remaining on a weekly residual collection

6,000 properties would be retained on a weekly residual collection round for the time being. This proposal seeks to recognise the challenges and bin capacity constraints of particular areas of the district and the importance of maintaining the street scene in these areas. Significant scoping work is required to develop sustainable solutions in areas such as South Terrace, Littlehampton, Arundel Old Town and Bognor and Littlehampton Town Centres.

### **5. CONSULTATION**

5.1 Resident engagement and results of the 1-2-3 trial provide an insight into customer satisfaction with food waste and reduced frequency residual collections. The trial areas were chosen specifically for their demographic and representative nature of the district as a whole. Resident satisfaction results were very positive which can be considered a reliable barometer for extrapolating based on the sample size and percentage. See background papers 1-2-3 report for full details of the trial including summary of the resident satisfaction survey.

### **6. PROPOSAL(S):**

To agree the proposed recommendations as set out in the report on the basis that they support the most appropriate short-term solution for the Council and delivery of the adopted vision.

### **7. OPTIONS:**

1. To agree an alternative service delivery option of:

- a. The retention of a weekly residual collection from sacks, no food waste, no residual bin provision (service configuration a)

<p>or</p> <p>b. An alternate weekly collection service only (service configuration b)</p> <p>or</p> <p>c. The retention of a weekly residual service, no food waste, but with provision of a 240 litre bin (service configuration f)</p>		
<b>8. CONSULTATION:</b>		
Has consultation been undertaken with:	<b>YES</b>	<b>NO</b>
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify) 1-2-3 trial residents. See section 5 above	✓	
<b>9. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 10below)</b>	<b>YES</b>	<b>NO</b>
Financial	✓	
Legal & Procurement	✓	
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability	✓	
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		
<b>10. IMPLICATIONS:</b>		
<b>FINANCIAL SUMMARY:</b>		
<ol style="list-style-type: none"> <li>1. Current contractual cost of £4.918 million per annum plus indexation</li> <li>2. Contractual indexation mechanism as outlined in the report to be applied</li> </ol>		
<b>BASED ON RECOMMENDATIONS (SERVICE CONFIGURATION C)</b>		
<ol style="list-style-type: none"> <li>3. Revenue budget implication of an additional £297k per annum plus indexation for an alternate weekly collection service and 1/6<sup>th</sup> of this figure for Feb/March 2022 £49.5k plus indexation</li> <li>4. One off capital expenditure of £1.020million (current cost) for 240 litre residual waste bins and bins for flats based on the move to an alternate weekly collection service. Delivery costs of 300k</li> <li>5. Additional £1.176 million (subject to indexation) for provisional food waste collections for all street level properties (7 x rounds at £168k) to be phased in over the first 12 months and subject to offsetting costs through government new</li> </ol>		

burdens/EPR funding

6. \*One off estimated capital expenditure of £300k for indoor/outdoor food caddies (current cost and subject to offsetting costs through government new burdens/EPR)

The recommended option from Environment Committee will require appropriate supplementary estimates. These will be reported to Policy and Finance Committee/Full Council as appropriate.

## **LEGAL**

This report recommends that the current combined cleansing contract is extended and modified. The original contract was a three year contract with provision to extend for three years (3+3). The contract commenced in 2017 and has been extended once and is therefore due to expire on the 31 January 2023. The report recommends that the contract is modified in two ways. Firstly by the move to alternate weekly collections and secondly by the option to add food waste collections on a phased basis. Legal Services has reviewed the advice given by the Council's procurement advisers that this contract can be awarded without prior publication of a contract notice because the modification is not considered to be substantial. Legal Services is in agreement with this advice. Accordingly, consideration will be given to publishing a VEAT notice (Voluntary Ex Ante Transparency Notice). A VEAT notice is used as a means of ascertaining and mitigating the risk of a procurement challenge

## **PROCUREMENT**

1. It is recommended that the current contract is modified in two ways. Firstly, by the move to alternate weekly collections and addition of food waste collections, and secondly to extend the current services for an additional three years.
2. Food waste collections were included in the original procurement for this contract with bidders invited to provide pricing and other information. Although this option was not taken up initially its inclusion does permit the contract to now be modified to include these collections under Regulation 72(1)(a).
3. The extension of the contract for delivery of the existing services is permissible under Regulation 72(1)(e) in that it is not considered a substantial modification within the meaning of the Regulations.
4. A modification is not substantial within the meaning of the Regulations where:
  - a) It does not render the contract materially different in character. In this instance although there is potential for a small revision to the way in which the services are delivered (i.e. collection frequency), the services remain essentially the same and therefore the contract is not materially different.
  - b) It does not introduce conditions which would have allowed for the admission or acceptance of other candidates or tender, or, would have attracted additional participants. While it is impossible to say for certain that no other party would have been interested had they been aware of the potential for a longer contract length this is a relatively specialised and small market so one can posit that this would be highly unlikely. As the services remain essentially unchanged the extension alone would not have allowed for the acceptance or admission of other candidates.
  - c) It does not change the economic balance of the contract in favour of the contractor in a way not provided for in the contract. In this instance while changes to collection

frequency may result in a small increase in the price paid to the contract this is relatively minimal in the context of the overall contract value and is attributable to additional costs incurred by the contractor for making those changes.

d) It does not considerably extend the scope of the contract. As stated above, in this instance the services remain essentially the same so there is no alteration to the contract scope.

5. Therefore, the modification to extend the current contract for an additional three years is permissible under Regulation 72(1)(e).

### **SUSTAINABILITY/ENVIRONMENT**

The Council has resolved a vision which prioritises a commitment to tackling climate change and sets a recycling target of 55%

The recommendations seek to reduce as far as reasonably possible (in consideration of finance/risk/deliverability) a solution which will reduce the amount of material in the residual waste stream, including material that can be collected as part of the DMR collection and a volume of food waste.

Separation at source allows the most effective and efficient recycling of such materials and will support deliverability of the Councils stated recycling targets.

Food waste collections can also serve to reduce food waste through residents becoming aware of the volume of food they throw away. Food production and distribution has one of the largest environmental impacts worldwide and therefore the introduction of a food waste collection provides an opportunity to reduce carbon emissions.

From a technological, logistical and deliverability perspective it should be recognised that the move to an electric collection fleet is not viable at this stage, but should be considered as part of a longer-term strategy over vehicle provision for this contract. Where practicable electric vehicles are utilised as part of street scene services.

### **11. REASON FOR THE DECISION:**

To determine the best short-term decision in respect of the Councils CCSC based on consideration of all factors outlined in the report

### **12. BACKGROUND PAPERS:**

1. [Vision – Full Council March 2022](#)
2. [1-2-3 Report to Environment Committee January 2022](#)

#### Appendices

1. Ricardo delivery options summary report
2. Ricardo EPR/new burdens summary report
3. Ricardo overall summary report

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## Future Cleansing Contract Service Delivery Options

Report for Arun District Council

**Customer:****Arun District Council****Customer reference:**

Consultancy Services: ADC Cleansing Contract Options

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**Date:**

04 April 2022

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# 1 Introduction

Arun District Council (the Council) engaged Ricardo Energy & Environment to undertake a review of the Council's current Cleansing Services, namely street cleansing and waste and recycling services (the Services) currently provided by Biffa. The current Contract will expire in February 2023. This review explores the options for the delivery of the services when the current Contract expires. The options under consideration are:

- Extending the current Contract with Biffa
- Procuring a new Contract for the provision of the Cleansing Services through a procurement exercise
- Bringing the Cleansing Services in-house (as a DSO – Direct Services Operation)
- Utilising a 'Teckal' approach (possibly through Norse Commercial Services Ltd (Norse Commercial Services are a Teckal company wholly owned by Norfolk CC Norse Commercial Services (part of the Norse Group, which is wholly owned by Norfolk County Council)) to provide the Cleansing Services.

The review thus looks to illustrate the risks, benefits and outline costs associated with delivering the Services either in-house through a DSO, by setting up a Local Authority Trading Company (LATCo) which would then be contracted by the Council to provide services back to the Council via a Service Level Agreement, or through the procurement of an outsourced Contract.

It should be noted that the procurement of an outsourced Contract(s) would require a full competitive procurement exercise in line with the public procurement regulations.

However, in the case of moving to a DSO, there is no procurement requirement. In the case of a LATCo, the Council would be able to apply the 'Teckal' exemption which allows the authority to transfer the Services to the LATCo without the requirement for a procurement exercise.

## EXTENDING THE BIFFA CONTRACT

The current marketplace for contracted out services may lead to an ineffective procurement exercise. A combination of an evolving market, the uncertainty created by the Environment Act and the Resource & Waste Strategy, staffing constraints, rising interest rates and inflation and international supply line issues may limit the number of bidders, leading to an inefficient or expensive procurement. Biffa have been asked to provide a pricing schedule for an extension; this exercise includes costings for current service provision and alternative collection methodologies (reflecting both the Council's ambitions and the potential changes to statutory collection services proposed by the government).

The process of extending the Contract provides certainty of service levels and cost. No additional procurement costs are required, the commitment of internal resources (a procurement or transition to a DSO or LATCo requires substantial resource commitment from teams including Waste, Finance, Legal, Procurement, HR and IT) are minimised and the potential disruption to services during the transition to a different service provider are avoided. The uncertainty of government funding for waste management (with potential New Burdens Funding for the introduction of food waste collections and Extended Producer Responsibility Funding for recycling collection) makes it difficult to provide certainty of service requirements (in terms of number and type of vehicles, collection frequencies and staffing numbers) and thus makes financial planning, for potential bidders or for the Council, extremely challenging over the next three years; in the case of Outsourcing a new Contract, this is likely to lead to risk pricing. The three-year extension period will provide the benefit of postponing the choice of service delivery options sufficiently for the current uncertainties surrounding service provision to be either resolved or more controllable, and government requirements and associated funding confirmed.

It should be noted that this report does not intend to provide specialist procurement advice, which is the function of the Council's procurement advisors, but advises on the deliverability/operational considerations of this option in the context of the current marketplace and legislative developments. This is summarised following more detailed considerations of the alternative options.

## OUTSOURCING

The process of outsourcing the Services involves the procurement of a third party to deliver the Services on behalf of the Council via a Contract. This would conventionally involve a Contract between the council and the service provider appointed following a competitive procurement exercise in line with the public procurement regulations. As with the current Contract, the Council would have no involvement in the day-to-day running of the organisation (or its ownership or governance structures), but would be able to influence the way the service is run through:

- The terms of the Contract
- The Specifications and Method Statements incorporated in the Contract documentation
- The payment mechanism, incorporating any financial mechanisms for performance payment
- Contract monitoring, including a regular monitoring and review process, including assessment of KPIs and other performance indicators

Pension arrangements would be the responsibility of the private sector provider. However, any qualifying staff from the current contractors would transfer to the new contractor under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations, maintaining the same terms and conditions, including pension arrangements.

It may also be the case that some Biffa staff have retained their LGPS arrangements having originally transferred from the public sector. The Fair Deal policy 2013 gave public sector employees who were transferred from the Council to external contractors under TUPE the right to remain in the same pension arrangement as before; if they have retained their membership of the LGPS, they will thus be entitled to the accrued benefits and continued membership should they transfer to a private sector contractor.

Similarly, where Biffa employees are currently in a pension scheme, TUPE requires that they are offered a similar provision by the employer they transfer to; this is complicated by the number of schemes available.

## DSO

Bringing the Services back in-house as a Direct Services Organisation (DSO) involves the Council employing and managing all staff involved in the delivery of the Services. The Council would also manage the vehicle fleet and organise the workload as well as undertaking the 'client' role and engaging with the public. With some in-house arrangements a 'client / contractor' split exists to clarify roles, but this is not essential and may add costs. Any staff joining the Council would be entitled to membership of the Local Government Pension Scheme (LGPS).

## LATCo / TECKAL

The 'Teckal' approach involves the Council setting up a Local Authority Trading Company (LATCo), which would then be contracted by the Council to provide services back to the Council via a contractual arrangement incorporating a Service Level Agreement. The Council may decide to apply the 'Teckal' exemption which allows the authority to establish a LATCo without the requirement for a procurement exercise. This is codified in the Public Contracts Regulations 2015, and in summary requires the Council to "control the vehicle as if it were an internal department, with there being no direct private share or ownership participation in the company (this is known as the control test) and for more than 80% of the LATCo's activities to be with its 'parent' Council (this is known as the function test)"<sup>1</sup>.

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<sup>1</sup>[Government Guidance webpage](#)

A key difference between the Teckal arrangement and the in-house arrangement is the terms and conditions on which staff are employed. As the LATCo would be a separate company, the qualifying staff from the current contractors would transfer to the LATCo under TUPE, maintaining the same terms and conditions, including pension arrangements. The same conditions would apply to any staff joining a LATCo from the Council (i.e current DSO staff).

The key advantages of the LATCo and DSO approaches are the direct control of the Services, through direct management (DSO) or through a Council appointed Board (LATCo). This enables the Services to be revised to adapt to changing needs, priorities, circumstances and policy or legislative developments.

#### Summary Conclusions: Overall Costs

The primary factors leading to differences between the costs of each service delivery option are:

- The private sector will include both corporate overheads and a profit margin in their tendered costs; this is generally in the region of 10% of Contract costs. This adds an additional cost burden to the services but does provide access to external expertise and contingency.
- No equivalent profit margin is required for the DSO option.
- The requirement for a limited company to achieve a profit means that a LATCo must be funded appropriately, and cannot be run at a loss.
- Pension costs will be the primary driver of differing cost implications for each of the delivery options. The Services are all heavily labour intensive; as a result, the higher level of LGPS pension contributions adds significantly to the DSO costs for direct labour and to the support services provided by the Council:
- Pension costs are modelled at 3% and NI at current rates for Contracted Out and LATCo;
- Pension costs are modelled at 20% and NI at current rates for DSO;
- The cost of support services (wider support from HR, IT, H&S, Finance etc departments) should be included for the DSO option, and depending on the structure, may need to be included for the LATCo option.

As indicated, the option of extending the current Biffa Contract provides certainty of cost, maintains current resource levels, minimises risk pricing and provides an opportunity for a greater degree of certainty regarding both service change and increased government funding for the services.

#### Summary Conclusions: Operational / Back Office Costs

If the Council considers the LATCo or DSO approach, it is important to assess the relative operational costs of 'managing' the service under each of the service delivery options.

At present, for the Services provided by Biffa, the Council's costs are concerned with the monitoring of the contractor's activities, the management of the payments to the contractor and the appropriate reporting of Contract outcomes (KPIs, statutory reporting requirements, reports to senior officers and Members etc).

The Contractor is responsible for the operational activities involved in carrying out the Services as required by the Specifications, in line with the Terms & Conditions and the Conditions of Contract. The Contractor is thus responsible for the costs of providing appropriate resources to facilitate the delivery of the Services. Operational issues will be dealt with by a dedicated local management team. However, the Contractor will utilise the benefits of being part of a large organisation (probably with multiple contracts across multiple local authorities) to utilise corporate or regional 'administration' staff, covering areas such as IT, HR, H&S, payroll, finance, industrial relations, maintenance & repair and other specialisms. This benefit also provides the capability to access equipment, staff and experience from other contracts in the case of emergencies, industrial disputes and during the mobilisation process.



Should the Council opt to re-procure an external contractor or extend the current Biffa Contract, these arrangements will remain unchanged:

- The Council's current internal costs associated with the Services remain unchanged if the Services are re-tendered;
- The Contractor's internal costs are incorporated within the annual contract cost of each of the services provided to the Council.

Should the Council opt to transfer the Services to a Council-owned LATCo or DSO, the management arrangements would be fundamentally altered.

In the first instance, the outgoing Contractor's staff may choose not to transfer to the LATCo or DSO. This could lead to a critical gap in skills and capacity, and thus recruitment of appropriately qualified and experienced staff to replicate the current management skills would be an urgent matter for consideration.

Neither the LATCo nor DSO will be able to take advantage of the Contractor's 'corporate' team of specialist staff to deal with issues such as IT, HR, H&S, payroll, finance, industrial relations, maintenance & repair. There would also be a requirement for staff to deal with waste-specific issues of procurement (vehicles, containers and equipment), licensing, environmental legislation, strategic development and industry-specific standards.

#### Summary Conclusions: Transition costs

As with all changes of service provider, the transition from the current service provider to either a different private sector service provider, a DSO or a LATCo requires appropriate resourcing and expertise.

This will include a range of operational and administrative requirements: Information and Communications Technology (ICT) integration; new service implementation; communications and public engagement, operational matters such as confirmation of round routes, obtaining keys and access codes and ensuring service continuity; TUPE; progress updates, and vehicle and depot arrangements etc.

Should the Services be outsourced, the new service provider will allocate a dedicated team to this exercise as a dedicated project. The cost of this will be incorporated in the service provider's tendered price. The transition team will commence this process several months in advance of the transition, ensuring the process is efficiently managed.

Similarly, either the LATCo or DSO would need a dedicated team to mobilise the service. The Council or the LATCo would thus need to procure or provide the expertise necessary to run the full range of the Services, and would almost certainly have to either rely on the capability of those managerial/supervisory roles which would be expected to transfer to the LATCo or DSO under TUPE regulations or on buying-in such expertise.

The timescale demands that this dedicated team would need to be in place in advance of the transition from the current contractor. This is to ensure familiarity with the key operational aspects of the Services in a manner which ensures the appropriate capacity and expertise required to manage the transition and mobilisation process.

These issues are postponed should the current Biffa Contract be extended, providing a manageable timescale for these issues to be considered in depth.

## 2 Risk

A key element of the consideration of Service Delivery options is the assessment of risk. This may be considered in terms of the risk of poor performance of the Services in terms of financial impacts, the quality of the Services provided, the contingency within the Services in terms of managing adverse

conditions or events or the capability of the Service provider. However, the initial process of developing each of the service delivery options must also be considered.

These risk factors vary depending on the Service Delivery option chosen for each Service.

## 2.1 Contracted Out

Perhaps the most beneficial aspect of a contracted-out approach is the ability of the private sector to bring their own specialist support services, particularly useful for Health & Safety and IT, which are increasingly crucial elements of public realm services. The potential for wider industry access to the innovative ideas, methodologies and research across the sector enables the re-design of services in light of successful implementation on other contracts.

Contractors are well versed in contract mobilisations and have the skills and capacity to deliver them. Additionally, large organisations with multiple contracts across multiple local authorities have the capability of drawing equipment, staff and experience from other contracts in emergencies and during mobilisation. Similarly, the private sector can provide staff at all levels with specialist knowledge, experience and qualifications specifically relevant to the operational and administrative requirements of the Services.

Against this must be considered the financial risk of the additional costs represented by a contractor's requirement for a profit margin and the addition of central (head office) overheads. The Contract may not be sufficiently flexible to take account of developing legislative requirements, financial constraints or changes to Council policies and priorities; whilst the Contract will incorporate a change mechanism, this may be cumbersome, subject to the contractor's agreement and may not lead to cost-effective solutions. The Council will also need to expend resources on the ongoing management and monitoring of the Contract.

### Procurement Constraints

The current marketplace for contracted out services may lead to an ineffective procurement exercise. A combination of an evolving market, the uncertainty created by the Environment Act and the Resource & Waste Strategy, staffing constraints, rising interest rates and inflation and international supply line issues may limit the number of bidders, leading to an inefficient procurement. Current issues include:

- R&W Strategy uncertainty: the government's Resource & Waste Strategy proposals have created a climate of uncertainty regarding the operational requirements which will need to be considered when bidding for Contracts. The uncertainty regarding recycling collections means that the most effective collection methodology cannot be confidently predicted. It is likely that Bidders will need to price up a variety of options with varying resource levels based on their understanding of the likely Strategy outcomes.
- Lack of competition: after a period of expansion, the private sector appears to be retrenching. Companies such as Urbaser who were expanding rapidly through extremely competitive bidding appear to be consolidating current contracts rather than bidding for more. The proposed merger between Veolia and Suez appears to be constraining their bidding activities. The lack of new entrants into the sector continues.
- Vehicles: The provision of vehicles represents a major capital cost for bidders. Private sector preference is for Councils to fund / provide vehicles, with contractors providing maintenance and repair. Lead times for vehicles are lengthening, due to world trading conditions. Due to the R&W Strategy, decisions on vehicles are subject to uncertainty.
- Containers: The statutory duty to collect food waste is likely to create bottlenecks in the supply of dedicated containers (caddies), particularly as many suppliers are in the EU.
- Staffing: The private sector continues to experience difficulties in the recruitment and retention of drivers. The issue is now impacting on loaders and street cleansing staff, due to the expansion of jobs in warehousing and distribution companies.

- Indexation: the issues with staff retention, fuel prices, capital costs and increasing interest rates are leading bidders to propose more complex price indexation, made up of appropriate dedicated indices. The flexibility of this approach is proving more expensive than the previous approach of RPI or CPI indexation.
- Margins: The industry has a history of pricing extremely competitively to maximise market share. However, this led to many contracts being let with tight margins, leading to contractors achieving very low profit margins and often making overall losses on contracts. As a result, bids over the last three years have focussed on achieving acceptable returns, with a combined overhead and profit margin of 10% appearing to be a requirement for bidding teams.

From the Council's perspective, a contracting out procurement exercise will require significant commitment for the Council; the uncertainty regarding the constraints the government may impose will increase the complexity of the process, which may require a longer timescale than previous experience would suggest. Complexities include:

- Structured Specification Preparation: development of a structured tender specification to cover the full range service requirements for the waste and recycling collection service and a structured tender specification to cover the full range service requirements for the street cleansing service. In light of the uncertainty regarding collection methodologies and frequencies in the Resource & Waste Strategy, bidders will need to be required to provide a range of priced options for service delivery methodologies. This may make bid evaluation complex and contradictory.
- Development of Key Performance Indicators (KPIs) and a service credits and defaults regime in the form of a Performance Measurement Framework (PMF)
- Incorporation of service changes or variations envisaged during the Contract term into the tender documentation and specified as optional services in the specification to ensure competitive quotes are obtained and to avoid future changes being considered a material Contract variation should the Resource & Waste Strategy require. Examples may include changes to container provision, frequency of collection or vehicle design.
- Development of pricing schedules to enable bidders to bid back their price for the services on a consistent basis and for the Council to receive a price for undertaking the core services as well as any variable items (e.g. non-core services, day works or in year fluctuations due to demographic growth, as relevant) and to receive an indicative price for any provisional items i.e. service options which may be taken up during the Contract term. This element will be challenging, due to the need to cover all service configurations which the Resource & Waste Strategy may require.
- Tender evaluation may be difficult due to the need to evaluate multiple options and cost matrices to reflect the potential requirements of the R&W Strategy.
- The relatively constrained timescale for the procurement of a new service provider may compromise the mobilisation/transition period. This is likely to be exacerbated by the current uncertainty surrounding vehicle requirements, with the current international supply line issues compromising contractor's timelines for provision of vehicles and containers.

## 2.2 DSO / LATCo

When insourcing a Service, the Council would be responsible for the costs and staff time involved in building the new service from the ground up; this would include the major capital outlay involved in the procurement of vehicles and plant, the recruitment of suitably experienced operational management, supervisory and support staff and the steep learning curve of operating the new service.



The change of the Council's role from a Contract monitoring to an operational function requires different skill and experience sets. Issues to be considered include:

- Experience – does the Council have sufficient and appropriate operational management knowledge and expertise?
- Mobilisation / Transition – is there experience and capacity within the Council to manage all of the issues involved in transferring the services and staff: TUPE, HR, payroll, accountancy; acquisition of assets; health and safety; etc.
- In the first instance, the outgoing Contractor's staff may choose not to transfer to the LATCo or DSO. This could lead to a critical gap in skills and capacity, and thus recruitment of appropriately qualified and experienced staff to replicate the current management skills would be an urgent matter for consideration.
- Neither the LATCo nor DSO will be able to take advantage of the Contractor's 'corporate' team of specialist staff to deal with issues such as IT, HR, H&S, payroll, finance, industrial relations, maintenance & repair.
- There would also be a requirement for staff to deal with waste-specific issues of procurement (vehicles, containers and equipment), licensing, environmental legislation, strategic development and industry-specific standards.

## 2.3 Summary

As illustrated, each of the Service Delivery Options represents risks in terms of costs, availability and suitability of resources, significant resource allocation and deployment, and in the case of outsourcing, the potential for an ineffective, time constrained procurement exercise.

A combination of an evolving market, the uncertainty created by the Environment Act and the Resource & Waste Strategy, staffing constraints across the industry (particularly drivers), rising interest rates and inflation and international supply line issues are causing issues for service providers whether private sector, DSO or LATCo.

The option of agreeing an extension to the current Contract with Biffa would only postpone the necessity of dealing with these issues in the medium term.

However, within this timescale, the uncertainty of government funding for waste management (with potential New Burdens Funding for the introduction of food waste collections and Extended Producer Responsibility Funding for recycling collection) will be resolved. This will not only provide visibility of the revised financial costs of waste service provision, but will also provide certainty of service requirements (in terms of number and type of vehicles, materials collected, collection frequencies and staffing numbers). The three-year extension period would thus provide the benefit of postponing the choice of service delivery options sufficiently for the current uncertainties surrounding service provision to be either resolved or more controllable, and government requirements and associated funding confirmed.

This would leave the Council well-placed to make a more informed choice of Service Delivery options in a less uncertain marketplace, and minimise the risks associated with either letting a new Contract or transitioning to a DSO or LATCo approach in a space which makes operational and financial planning, for potential bidders or for the Council, extremely challenging. This would also avoid the procurement costs and/or the commitment of internal resources from teams including Waste, Finance, Legal, Procurement, HR and IT at a time when the solutions to be sought are subject to uncertainty.



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## Defra Consultation Response on Extended Producer Responsibility

### Summary for Arun District Council

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An initial public consultation on the R&W Strategy was carried out in 2019, separately considering Collection Harmonisation, Extended Producer Responsibility for packaging and options for Deposit Return Schemes. Following assessment of the feedback, the Environment Bill 2020 was published by the Government, and further consultations on EPR, DRS and Collection Harmonisation were published between March and May 2021.

Eventually published in March 2022, Defra's response to the Extended Producer Responsibility (EPR) consultation confirms how the government intends to deliver their proposals to move the full cost of dealing with packaging waste from households away from local taxpayers and Councils to the packaging producers, applying the 'polluter pays principle'.

The response also touched on elements from the Collection Harmonisation, Extended Producer Responsibility for packaging and options for Deposit Return Schemes.

## 1. RESOURCE & WASTE STRATEGY CLARIFICATIONS

Some elements of the R&W Strategy were incorporated in the Environment Act 2021, granted Royal Assent in November 2021. However, whilst certain elements of R&W Strategy are set out in the Act (*Section 45A: recyclable household waste must be collected separately from other household waste for recycling or composting, recyclable streams must be collected separately, food waste must be collected weekly*) the majority of the proposals in the R&W Strategy consultation will be implemented through secondary legislation (the Act confirms that the Secretary of State may issue guidance about the duties imposed by sections 45 to 45AZD), and the details of the implementation of the Act thus remain uncertain. Defra is still working on the Deposit Return Schemes and Consistency in Household and Business Recycling consultation responses, which it has suggested will be published 'by the Spring'.

However, whilst focussed predominantly on EPR, the consultation response also confirms the government's considerations on elements from the remaining consultations.

These clarifications include actions to:

- ensure producers pay the full net costs of disposal or recycling of packaging they place on the market by extending producer responsibility;
- introduce a consistent set of recyclable materials collected from all households and businesses, and consistent labelling on packaging so consumers know what they can recycle, to drive-up recycling rates;
- ensure weekly collections of food waste, which is often smelly and unpleasant, for every household;
- introduce a deposit return scheme to increase the recycling of single-use drinks containers including bottles, cans, and disposable cups filled at the point of sale;

### KERBSIDE DRY RECYCLING

The consultation confirms that "Payments to local authorities for the cost of managing packaging waste generated by households, both packaging waste that is collected for recycling and packaging waste disposed of in residual waste, will be made under the packaging Extended Producer Responsibility scheme".

This aspect of the proposals covers household collection services, both kerbside dry recycling collections and residual collections, which deal with packaging waste. This means that the cost of collecting and reprocessing recyclable packaging waste will be covered by the EPR scheme. EPR will also cover the cost of managing (ie collecting and disposing of) packaging waste remaining in the residual stream.

*(NB: It should be noted that the response doesn't specifically address the issue of mixed waste paper. Mixed papers collected from households consist of newspapers, magazines and writing paper but also an element of packaging such as cereal boxes and small cardboard packaging. Under the current PRN system, the national mixed paper protocol which defines the amount of claimable packaging waste in the mixed paper grade defines 34.5% of mixed papers as counting as packaging materials in the PRN system. The response is silent regarding whether all mixed paper collection and reprocessing costs will be covered under packaging EPR.)*

Collections from "Street Bins" ie litter bins are included within collection schemes (described as on-the-go packaging). However, any costs of litter collection are not included.

The response states that Defra expects obligated producer costs to be around £1.7 billion each year. Around £1.2bn of this cost arises from managing household waste and currently falls on taxpayers, with around £800m household packaging recycling costs and HWRC costs, £300 million household packaging residual costs, while managing packaging in street bins is expected to cost £100m. Further systems administrations costs (including the costs of communications campaigns and regulator costs) are also expected to be around £100m. This will create a strong incentive for producers to reduce packaging and increase its recyclability, reducing the costs they incur under EPR.

The government considers that the EPR proposals are not expected to materially increase costs for consumers, based on their estimate of the total annual cost of EPR estimated at £1.7 billion, equivalent to £23-£48 per household per year.

#### TIMELINES

The response document confirms that Defra will implement EPR in a phased manner from 2024 (rather than 2023 as originally proposed).

This will focus on payments for household packaging waste and packaging in street bins managed by local authorities, with such payments being determined from 1 April 2024. EPR will subsequently be implemented in full in 2025.

A Scheme Administrator (SA) will be appointed. It will start to mobilise in 2023 and will be fully operational in 2024. The indicative view from HM Treasury is that the SA is likely to be classified as being within the public sector. The government is considering options to establish the SA within the public sector, but still aims to maintain significant industry involvement in the delivery of its functions. The final decision on the SA will be made by the four governments.

#### EXTENDED PRODUCER RESPONSIBILITY FUNDING

Payments to local authorities for the cost of managing packaging waste generated by households, *both packaging waste that is collected for recycling and packaging waste disposed of in residual waste*, will be made under the packaging Extended Producer Responsibility scheme, but limited to 'necessary costs'.

The response states that 'necessary costs' will apply to *the collection and management of packaging waste produced by households through consideration of effective and efficient services..* Costs in scope must be necessary in collecting, managing, recycling and disposing of household packaging and connected to the delivery of efficient and effective systems. Not all LA costs incurred will be necessary in that they could be considered unnecessary or unreasonable in delivering services in an efficient and effective way. This will depend on the circumstances in which that cost has arisen. The SA will determine which costs are necessary and reasonable in recycling and disposing of packaging waste, linked with their assessment of efficient and effective systems, in consideration of national policies and

local circumstances. The SA will also be required to engage with LAs, producers and other relevant stakeholders and seek agreement from Ministers where appropriate (dependent on scheme governance arrangements). Costs that go beyond those incurred by a LA in delivering their services related to packaging are not considered in scope (e.g. financial rewards or incentives).

#### PAYMENT METHODOLOGY AND ALLOCATION

The methodology for funding Councils' costs of collecting and recycling packaging through payments from packaging producers, brands or retailers is set out below. It should be noted that the SA will be expected to carry out extensive modelling of the costs and performance of 'efficient and effective systems'. Whilst a set of criteria is suggested, the methodology for assessing each LA's system is not clarified.

The response states that the SA will have the ability to model the costs of efficient and effective systems or use actual costs in future, where these relate to packaging waste management costs and reflect efficient and effective systems. However, no methodology for this extensive modelling is provided. This is likely to be an onerous task, and will need to be carried out annually.

The response also appears to suggest that poor performance will be penalised, and good performance rewarded. Payments to an LA may be increased where tonnages above modelled levels are collected, while there will also be a provision for the SA to adjust a LA's payment where they consider a LA is not delivering against reasonable cost and performance benchmarks of efficient and effective systems

This may result in those local authorities performing below peer-based cost and performance benchmarks receiving less than full net cost, and local authorities performing above these benchmarks receiving more than their full net costs.

The response doesn't address the issue of income received for recyclate, other than stating "We expect that a LA should receive their full net costs where they have taken all reasonable steps to establish effective and efficient systems." If this is the case, then presumably the value of collected materials would be subtracted or 'netted-off' from a local authority's payment. LAs contracting with material recycling facilities would thus continue to pay gate fees, but would need to record any income from material sales separately. This approach may mean that, as with collection costs, a local authority's modelled gate fees (net of income) costs could be higher or lower than the actual costs incurred, depending on the contractual arrangement they have with their material offtake contractor. This aspect may conflict with current MRF and disposal arrangements.

The full list of Defra decisions is:

- The SA will be required to distribute payments to LAs for the full net disposal costs of providing efficient and effective systems for managing household packaging waste and to demonstrate how these costs reflect local circumstances and policy outcomes in each devolved administration of the UK.
- In doing so the SA will be expected to monitor and report on the broad cost parity between comparable LAs in each devolved administration to ensure the fair treatment of producers and consumers across the UK.
- Defra will set in regulations a requirement for the SA to set out how it proposes to calculate costs associated with efficient and effective services, both for the recycling and residual household packaging waste streams, and what considerations should be made in assessing efficient and effective systems and LA performance (e.g. fair, objective, transparent, good practice waste management systems, local circumstances (geography, rurality, deprivation), and regulatory requirements and abilities of LAs etc).
- The SA will be responsible for determining the approach to calculating payments, in accordance with the regulations. The SA will have the ability to model the costs of efficient and effective systems or use actual costs in future, where these relate to packaging waste management costs and reflect efficient and effective systems.
- Where a LA collects tonnage above modelled efficient and effective performance benchmarks and incurs additional costs, Defra will make provision for the SA to review the LAs costs and

performance and agree to cover any additional necessary costs incurred by an LA in exceeding their benchmarks.

- Defra will make provisions for the SA to assess whether a LA is delivering an efficient and effective waste management system in calculating their costs. They will also make provision for the SA to adjust a LA's payment where they consider a LA is not delivering against reasonable cost and performance benchmarks of efficient and effective systems.
- Defra will make provisions in the regulations for an appeals process. The SA will need to demonstrate that they have engaged with individual LAs in assessing costs and calculating payments and provide them with support, guidance, and a reasonable period to achieve efficient and effective system performance benchmarks before adjusting payments to reflect the delivery of efficient and effective systems, in consideration of local circumstances and relevant national waste policy.
- Defra expect that a LA should receive their full net costs where they have taken all reasonable steps to establish effective and efficient systems. The SA will need to demonstrate that the method used to calculate performance benchmarks is sufficiently robust before considering adjustments. As a result, adjustments, where used, should not be applied in the first year of EPR implementation.
- Payments will be made directly to the LA that incurs costs associated with their waste management functions
- Disposal authorities in two-tier areas (England only) receiving the disposal cost element of the residual payment, unless other arrangements have been made between authorities.
- To ensure the SA has the data necessary to calculate LA payments, the SA will be able to request LAs to provide accurate and timely data to support their payment functions, with LAs able to recover reasonable costs in providing that data. Where an LA fails to provide this information, or the SA has concerns about the accuracy of the data provided (and the LA cannot provide sufficient evidence to address these concerns), the SA will have the ability to base payments on the data and evidence they have available.
- Defra will continue to engage and work with the sector and LAs in advance of the EPR implementation date to ensure the SA's proposed approach to modelling full net costs under conditions of effectiveness and efficiency is transparent, reliable, and reflective of local circumstances and actual costs borne by LAs.

## 2. Kerbside Recycling Collections

### DRY RECYCLING

The Consistency consultation stated that Government wants to provide clarity to local authorities on the specific materials they will be required to collect from households through regulations and will provide further detail through statutory guidance.

The consultation proposed that the following dry materials should be collected from households: Government intention is to specify these materials in regulations so that they are required to be collected by all Waste Collection Authorities.

- Glass bottles and containers – including drinks bottles, condiment bottles, jars
- Paper and card – including newspaper, cardboard packaging, writing paper (but excluding disposable paper cups as these items are largely consumed 'on-the-go' or away from home)
- Metal packaging – steel and aluminium tins and cans
- Plastic bottles – including clear drinks containers, high-density polyethylene (HDPE; e.g. milk containers), detergent, shampoo and cleaning products : Note Defra proposes to specify, in regulation, the type of plastic bottles that should be collected for recycling, with a view to



updating and amending the regulations over time, as required, when other types of plastic become widely recyclable and can be collected.

#### ADDITIONAL MATERIAL STREAMS – IMMEDIATE INCLUSION

The consultation proposed that Plastic film and flexible packaging should be included in kerbside collections from 2027. The EPR response confirms that this will be required.

The government intend to introduce a DRS for drinks containers in England and Wales into law via the Environment Bill, which will introduce powers that will enable a deposit return scheme to be implemented in England, Wales and Northern Ireland from 2023.

Aimed primarily at drinks containers – plastic, cans and possibly glass - the aim of a DRS is to reduce littering and increase recycling levels for these materials by incorporating a returnable deposit into the purchase price of the goods which would be redeemable through a network of return points.

### 3. Deposit Return Schemes

The government introduced a DRS for drinks containers in England and Wales into law via the Environment Act, which introduced powers that will enable a deposit return scheme to be implemented in England, Wales and Northern Ireland from 2023.

Aimed primarily at drinks containers – plastic, cans and possibly glass - the aim of a DRS is to reduce littering and increase recycling levels for these materials by incorporating a returnable deposit into the purchase price of the goods which would be redeemable through a network of return points.

However, the EPR consultation response confirmed that glass will be excluded from the scope of DRS in England. This means that the levels of glass collected through kerbside and bring bank schemes is likely to be unaffected.

### 4. Summary of Potential Impacts on Arun District Council from Harmonisation Consultation

#### FOOD WASTE

The Environment Bill requires (Section 45A) all Waste Collection Authorities (WCAs) in England to arrange for the collection of food waste, separately and at least once a week for recycling or composting. The consultation states that this requirement will be initiated from 2023/4. *“Given the additional costs involved in separate food waste collection, Government will ensure that local authorities are resourced to meet any new burdens arising from this policy, including up front transition costs and ongoing operational costs.”*

#### TIMESCALES

The Consultation states that this requirement will be effective from 2023/4; however, the Autumn Budget statement, whilst confirming funding for separate food waste collections, stated that “over £300 million will be invested into the implementation of the infrastructure across every local authority in England by 2025”, casting some doubt over the required timescale.

The Consultation also notes that the timescale could be extended to 2030/1 for local authorities with long term residual waste disposal contracts that may be affected by introducing a separate food waste collection (e.g. some Energy from Waste or Mechanical Biological Treatment contracts).

#### COSTS

Defra have estimated a total transition cost of approximately £74 - £138 million (over the 8 years from 2023 – 2030) to roll out separate food waste collections across England, covering the cost of additional containers and vehicles. They also estimate a further cost of £94 - £101 million to cover wider transition

costs such as project management, re-routing, communications and engagement and staff costs (although this figure covers the transition costs of all services).

The consultation states that “*Given the additional costs involved in separate food waste collection, Government will ensure that local authorities are resourced to meet any new burdens arising from this policy, including up front transition costs and ongoing operational costs.*”

In terms of the estimated ongoing operational costs, ‘Operating and Comms’ costs of £1,894 - £2,487 million have been allocated from 2023 to 2035. However, again, this is for all service changes, not just food waste. However, as noted, the Autumn Budget statement stated that “over £300 million will be invested into the implementation of the infrastructure across every local authority in England by 2025”, but doesn’t provide any breakdown regarding what costs will be covered or how the funding will be distributed.

## 5. Garden Waste

Garden waste is included in the Environment Bill as one of the six recyclable waste streams to be collected from households in England for recycling. Like food waste, it must be collected separately from other household waste and from other recyclable waste streams. It can, however, be collected together with food waste where separate collection of food waste is not technically or economically practicable or there is no significant environmental benefit from separate collection of food waste (see Section **Error! Reference source not found.**).

The consultation thus proposes that all local authorities will have to arrange for the universal separate collection of garden waste for recycling in the 2023/24 financial year.

Defra has not yet decided whether local authorities will be allowed to continue to charge for garden waste collections as permitted under The Controlled Waste (England and Wales) Regulations 2012. At present, 65% of local authorities operate a chargeable system.

Defra’s preferred model in their impact assessment is a free minimum garden waste collection service provided by local authorities to householders. Collections would be fortnightly utilising 240 litre wheeled bins. This preference is based on the positive carbon impacts of this approach.

Defra state that, if implemented, the costs of providing a free minimum service for collection of household garden waste (up to a specified capacity and frequency, with local authorities retaining the option to charge beyond this) would be covered through new burdens funding and subject to a new burdens assessment.

*However, it is unclear whether this funding would include the lost revenue from garden charging on current charge levels.* Examination of the impact assessment suggests that the lost revenue from garden waste charging (estimated as £110 million per year) will not be part of the new burden funding. This may be due to the assumption that, at present, the charge made by authorities for garden waste collections should only cover the cost of providing the service, plus associated administrative overheads. On the assumption that the new burdens funding covers the cost of providing the vehicles and containers and that the administrative costs associated with the charging process are no longer required, then Defra presumably consider that the new burden funding will cover the lost income.

From an Arun perspective, the potential requirement to provide a free garden waste service would impact the current service substantially, with the impact including both the lost income from the current charging structure and the additional cost of extending the schemes to cover all properties.

### ALTERNATIVE OPTIONS TO INCREASE RECYCLING OF GARDEN WASTE - UPDATED GUIDANCE ON REASONABLE CHARGES

Defra note that many local authorities in England currently levy a charge for garden waste collections services. Defra suggest that should they provide updated guidance on reasonable garden waste charges (it should be noted that that this is described as guidance rather than being prescriptive),

allowing for variations based on rurality and density of housing, this could allow the charging option to be continued, avoiding the significant increases in terms of greenhouse gas emissions that a universal free scheme would generate without leading to the high costs associated with introducing a free minimum collection service for garden waste.

## 6. Statutory guidance: Minimum service standards for the collection of residual waste from households

Defra are seeking views on statutory guidance including service standards for collection arrangements and frequency.

The consultation states “We support frequent and comprehensive residual waste collections and we will provide more information on this in statutory guidance.”

Defra note that as the quantity of materials collected for recycling increases, they expect the amount of residual ‘black bag’ waste to continue to decrease. Reductions already made in the amount of residual waste mean that many local authorities now provide alternate weekly collections of residual waste, with a small number of local authorities providing collections of residual waste once every three weeks.

The consultation states that “Government wants to ensure that householders are not inconvenienced by being able to get rid of putrescent or smelly waste weekly or having insufficient capacity to recycle or to remove residual waste”. The consultation notes that weekly separate food waste collection will be mandated, and also states that Defra “*will consider whether a recommended minimum service standard of alternate weekly collection for residual waste (alongside weekly food waste collection) might be appropriate, subject to an assessment of affordability and value for money*”.

Defra state that they will be seeking views on including this in the proposed statutory guidance on minimum service standards for rubbish and recycling, and that they will assess the costs for this when consulting on statutory guidance. *They specifically note that local authorities that currently collect residual waste on a fortnightly basis should not need to reduce their capacity of collection or frequency further as a result of consistency measures.*

This aspect of the consultation appears to focus on the frequency of residual collections rather than the capacity of containment provided. Defra’s approach also fails to consider the impact of reduced residual capacity on increasing recycling rates, the successful introduction of three-weekly collections or the financial savings resulting in reducing the frequency of collections.

The Environment Bill, at 45AZE, states “*The Secretary of State may issue guidance about the duties imposed by sections 45 to 45AZD. The guidance may in particular deal with.....the frequency with which household waste other than recyclable household waste which is food waste should be collected*”.

## 7. New Burdens Funding

Defra recognises that the new duties will impose additional costs on local government, and it will follow the New Burdens guidance<sup>1</sup> to ensure the costs of new statutory duties for local authorities are covered.

In the previous consultation and in Defra’s Resources and Waste Strategy, Defra committed to fund the net additional cost to local authorities of the new statutory duties placed on them. This would be done in line with Government guidance on new burdens.

New burdens are defined as any change in a central Government policy or initiative that imposes a net cost on local government and could lead to an increase in council tax.

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<sup>1</sup> [New Burdens Guidance](#)

(It should be noted that the new burdens guidance appears to date from June 2011 and is a Department for Communities and Local Government publication. Its underlying basis is “*In 2010, the Coalition Government agreed to freeze council tax in England for at least one year, and to seek to freeze it for a further year, in partnership with local authorities. It also agreed to give local residents the ability to veto any proposed excessive council tax increases. To deliver these agreements the Cabinet has agreed that **all new burdens on local authorities must be properly assessed and fully funded by the relevant department.** This guidance sets out the process that departments must follow when considering new burdens.*”

The guidance specifies “*To ensure that **the pressure on council tax is kept down, the net additional cost of all new burdens placed on local authorities (including parishes, police and fire and rescue authorities) by central Government must be assessed and fully and properly funded.***”

As part of the new duties imposed on local authorities in the Environment Bill, central Government will fund net additional capital costs (for example containers, vehicles), and transitional costs such as communications and re-routing vehicles, to implement the new consistent collection measures.

This would appear to cover the initial costs of revising collection methodologies ie capital costs of vehicles and containers along with any transitional costs (although the definition is vague). The subsequent costs of managing the waste appears to be covered by EPR. However, for non-packaging waste (food and garden waste) more clarity is required. Defra have been asked for clarification regarding the long-term funding of additional costs of collection and disposal, but as yet have not provided any clarity.

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## Waste Collections Modelling and Procurement Options

### Briefing Paper Arun District Council

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## 1. Introduction

This paper summarises the work carried out by Ricardo to explore a range of options to revise Arun's current waste collection methodology in line with the requirements of the government's Environment Act and Resource & Waste Strategy, to consider the viability of an extension to the current Biffa Contract beyond the current expiry date of February 2023, to consider the service delivery options for the provision of the Services once the current Contract expires and to assess the funding options proposed by the government in their Strategy consultation documents.

## 2. Outline of Project Requirements

The project considered four Options for collections methodology:

1. Moving to a fortnightly collection of residual waste
2. Introducing food waste collections
3. Fortnightly Collection of Residual waste and introducing food waste collections
4. As Option 3, but with electric vehicles
5. Three-weekly collection (1-2-3 approach) of Residual waste and Introducing food waste collections
6. As Option 3, with a larger food waste vehicle

This exercise explored the modelled cost and performance of each Option compared to the cost and performance of the current service methodology to support recommendations for decisions.

To provide a realistic context for both the Council's current services and the Options, benchmarking was carried out against Councils with similar ruralities, deprivation levels and service methodologies, both to understand the Council's current relative performance and to ensure the modelled options were based on achievable outputs. This approach allows any performance assumptions made following the introduction of a service change to be realistically modelled and measured against.

Ricardo provided a comprehensive analysis of the changes to the Council's waste collection methodologies required by the government's Environment Bill and the proposals in the Resource & Waste Strategy, as contained on the consultation documents for Collection Consistency, Extended Producer Responsibility (EPR) and Deposit Return Schemes (DRS). This analysis assessed the changes which the Council would be required to introduce to the current services, considered the compliance of the modelled Options with the government's requirements, and explored the funding streams which the government proposes to facilitate compliance with their requirements.

The Council provided extensive data regarding the operational and cost elements of the current service, which enabled the Baseline model to accurately reflect the current situation. This data included the current charges made by Biffa. This data enabled Ricardo to examine the current costs provided by Biffa and compare them with the cost outputs from the collections modelling exercise. Our proprietary collection cost model examines not just vehicles and staff costs, but also overheads and contractor-side profits; this enabled us to not only assess the current charges made by Biffa, but enables us to make an accurate prediction of the likely costs if the work was re-tendered. This analysis provided a benchmark against which Biffa's proposals for a Contract extension can be compared, enabling an assessment of the relative cost-effectiveness of their proposal.

Ricardo also provided an assessment of procurement delivery options, including a risk / benefit analysis of the service delivery options available: - procuring a new Contract, moving to a Direct Service Organisation (DSO) or adopting a Local Authority Trading Company (LATCo) approach.

### 3. Summary of service options modelling

The first step in the modelling process was to develop a Baseline – modelling the Council’s current service provision as closely as possible to understand the current resources, costs and performance to enable a comparative analysis against each of the options.

The Council provided extensive data regarding:

- Collected tonnages for each waste stream
- A waste composition analysis, including contamination rates
- Set-out rates for each collection service (indicating the average number of residents participating)
- Details of vehicle and staff resources, working hours, tipping points, depot locations and distances covered
- Costs for staff (by category), vehicles, containers
- Current Biffa Contract charges and details of Biffa’s proposed costings for Contract Extension

Analysis of the tonnages currently collected and the waste composition data enabled the calculation of the current capture rates in tonnages and percentages for recyclable and compostable materials. The capture rate refers to the amount of a material that is currently collected for recycling as a proportion of the total material arisings. This informs the modelling by ensuring that the performance of the Options in terms of additional recycle collected is realistic. This is shown in Table 1

**Table 1: Capture Rates by Material Stream**

Material	Collected for recycling/composting (tonnes/year)	Remaining in residual (tonnes/year)	Capture rate (%)	Remaining in residual (%)	Recycled/ Composted (kg/hh/yr)	Remaining in residual (kg/hh/yr)
Recyclable paper	5,659	903	86%	14%	74	12
Recyclable card & cardboard	1,350	953	59%	41%	18	12
Non Target Paper	-	1,352	0%	100%	-	18
Non Target Card	-	-	0%	100%	-	-
Liquid cartons	-	68	0%	100%	-	1
Plastic films	-	1,869	0%	100%	-	24
Plastic bottles	1,093	456	71%	29%	14	6
PTTs	192	659	23%	77%	3	9
Other dense plastic	183	528	26%	74%	2	7
Recyclable glass	5,133	1,034	83%	17%	67	13
non-target glass	-	92	0%	100%	-	1
Ferrous	296	789	27%	73%	4	10
Non Ferrous	534	432	55%	45%	7	6
Non target metals	-	-	0%	100%	-	-
Textiles	-	1,317	0%	100%	-	17
WEEE	16	233	6%	94%	0	3
Garden waste	9,577	551	95%	5%	125	7
Food waste	-	12,194	0%	100%	-	159
<b>Total</b>	<b>24,033</b>	<b>23,430</b>			<b>313</b>	<b>305</b>
<b>Overall Capture Rate</b>	<i>(excluding food and garden)</i>		<b>57%</b>			

Benchmarking the current service performance against Councils with similar ruralities, deprivation levels and service methodologies assists in understanding the Council’s current relative performance and further ensures the modelled Options are based on achievable outputs.

The results of the Baseline recycling and residual waste benchmarking are presented using quartiles. The description of the quartiles is given in the table below. For recycling, the higher the tonnage of recycling collected, the higher the quartile performance, but for residual waste, the reverse is true.

Q1 Upper Limit	Performance places authority in bottom 25% of authorities
Q2 Upper Limit	Performance places authority in lower half (26%-50%) of authorities
Q3 Upper Limit	Performance places authority in upper half (51%-75%) of authorities
Q4 Upper Limit	Performance places authority in top 25% of authorities

Table 2 shows the average performance data for Arun. The results show that Arun’s performance lies within the third quartile (Q3) for card, cans, plastic bottles, and mixed plastics. This represents above average performance for these materials. However, the capture rate for card suggests that only 59% of



the available card is being captured. For paper and glass, Arun's performance lies within the second quartile (Q2), representing average performance. However, the capture rates for paper (at 86%) and glass (83%) are very high, suggesting that the service is performing well in light of the waste composition in Arun. The total tonnage of dry recyclables lies within the third quartile, again representing above average performance.

The residual waste generation lies within Q1, meaning that the Council generates less residual waste than the average of the local authorities it was benchmarked against, representing above average performance.

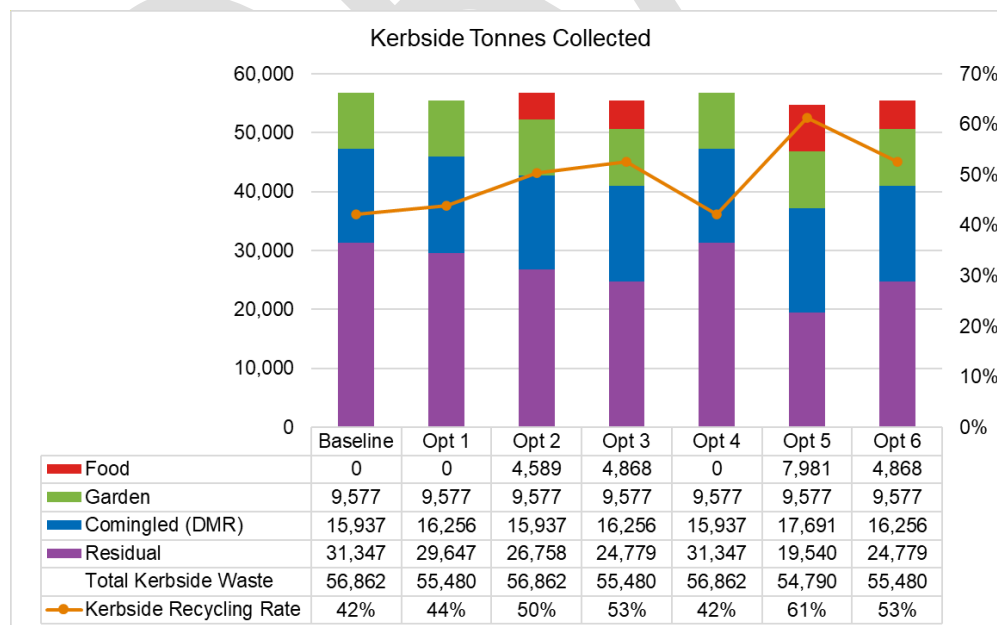
It should be noted that the benchmarking outputs are only indicative. When searching for comparators, we found only one other rurality 4 (mixed urban/rural, low deprivation) district with weekly residual and fortnightly recycling collections without separate food waste collections. In order to find sufficient comparators, we broadened the search criteria into a separate residual baseline (which included comparators that have different dry recycling schemes) and a dry recycling baseline (which included a broader range of ruralities). With only eight comparator authorities, it is thus important to also consider the current capture rates when considering the performance of the service; for example, the capture rates for cardboard, pots, tubs and trays and cans are low, whilst those for paper, glass and plastic bottles are high. This approach indicates where performance has room for improvement.

**Table 2: Benchmarked Performance**

Yields (kg/hh/week)	Paper	Card	Cans	Glass	Plastic bottles	Mixed plastics	Total	Residual waste
Q1 Upper Limit	77.6	27.4	8.4	39.5	12.0	4.8	170.0	403.4
Q2 Upper Limit	78.9	28.7	9.0	48.8	12.8	5.1	176.2	444.2
Q3 Upper Limit	81.1	29.3	9.6	51.0	13.0	5.1	185.5	446.6
Q4 Upper Limit	90.0	33.3	10.9	56.9	14.8	5.8	211.5	574.7
Arun	78.9	29.2	9.6	49.6	13.0	5.1	185.5	403.4

Table 3 shows the tonnages generated by each of the modelled Options, including the overall waste tonnage and the kerbside recycling rate. Note that the tonnages refer to kerbside collections only, excluding other waste generated (ie street sweeping).

**Table 3: Tonnage Impact of Options**



## 4. Summary of Cost Modelling

The data from the Options modelling is entered into our in-house Gross Collection Cost Model. This model combines the resourcing and tonnage information along with cost assumptions (utilising information provided by the Council where available, otherwise using a combination of internally agreed and industry standard costs) to generate the collection costs. The model outputs include vehicle costs, crew costs, container costs, and annual gross and net costs. This shows the estimated annual cost of each Option, enabling comparison with current costs (Baseline).

These outputs also provide data to inform key quantitative criteria used in the options appraisal further on in the process. The Baseline costs from this exercise also provide the basis for analysing the costs of the proposed Biffa extension, by illustrating the anticipated market price if the existing service were to be re-tendered on a like-for-like basis. This will enable decisions about future service provision to be undertaken with a clear understanding of what the “business as usual” model would look like. This would also allow an assessment of the appropriateness of Biffa’s current and proposed service charges.

- Option 1 provides an annual cost saving of £415, 598, but only increases the recycling rate by 2%
- Option 2 increases the annual cost by £1,432,068, but increases the recycling rate by 8%
- Option 3 increases the annual cost by £971,661, but increases the recycling rate by 11%
- Option 5 increases the annual cost by £901,651, but increases the recycling rate by 19%

However, if the government provides New Burden Funding for the cost of operating the Food Waste service, the additional annual costs for Options 2, 3 and 5 are reduced by £1,481,394.

This leaves Options 3 and 5 as the preferred options with annual savings compared to the Baseline of ~£510k and ~£580k respectively and recycling rates of between 53% and 61%.

**Table 4: Cost Impact of Options**

		Baseline	Fortnightly Residual	Weekly FW (Weekly Residual)	Fortnightly Residual + Weekly FW	Electric Fleet	Three-weekly Residual + Weekly FW	Fortnightly Residual + Weekly FW (12 FW Vehicle)
Cost Area	Line Item	Baseline	Opt 1	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6
Vehicles	Front line Vehicles	£1,158,450	£946,235	£1,450,108	£1,231,398	£2,330,918	£1,175,269	£1,385,397
	Ancillary and Spare Vehicles	£66,000	£66,000	£66,000	£66,000	£195,485	£66,000	£66,000
Staff	Drivers	£719,388	£588,590	£1,046,383	£915,585	£719,388	£915,585	£915,585
	Loaders	£963,092	£787,985	£1,400,862	£1,225,754	£963,092	£1,225,754	£1,225,754
	Ancillary Staff	£738,960	£681,360	£892,421	£800,972	£738,960	£800,972	£800,972
Containers	Container Capex	£0	£176,504	£47,373	£223,877	£0	£223,877	£223,877
	Container Replacement	£46,801	£82,102	£59,118	£94,419	£46,801	£94,419	£94,419
Overheads	Contract Operating Costs	£245,910	£214,324	£339,509	£305,585	£297,628	£299,015	£311,694
	Central Support Charges	£198,698	£178,602	£267,594	£245,370	£266,388	£238,060	£253,375
<b>Total Gross Costs</b>		<b>£4,137,300</b>	<b>£3,721,702</b>	<b>£5,569,368</b>	<b>£5,108,961</b>	<b>£5,558,662</b>	<b>£5,038,951</b>	<b>£5,277,074</b>
Difference from Baseline (Gross Costs)		£0	£-415,598	£1,432,068	£971,661	£1,421,362	£901,651	£1,139,774
New Burdens Funding (Food Waste Collections)		£0	£0	£-1,481,394	£-1,481,394	£0	£-1,481,394	£-1,481,394
<b>Total Net Costs</b>		<b>£4,137,300</b>	<b>£3,721,702</b>	<b>£4,087,974</b>	<b>£3,627,566</b>	<b>£5,558,662</b>	<b>£3,557,557</b>	<b>£3,795,679</b>
Difference from Baseline (Net Costs)		£0	£-415,598	£-49,326	£-509,734	£1,421,362	£-579,743	£-341,621
Kerbside Recycling Rate		42%	44%	50%	53%	42%	61%	53%

Note: The New Burdens Funding is based on an estimate of the operational costs of the service, including containers. For each option, the additional Contract Operational Costs are excluded from the potential government funding.

## 5. OPTIONS APPRAISAL

An Options Appraisal enables comparison of the current residual and recycling collection service models against the modelled options, using an agreed suite of evaluation criteria to include political risks, public acceptability, ease of implementation etc.

To assist the identification of preferred options, we have developed an interactive excel spreadsheet, which enables each criterion to be compared and if requested weighted, enabling the relative importance of each criterion to be calibrated. The tool provides transparent and auditable decision-making. Undertaking a full options assessment provides the Council with a clear picture of not only the



cost and recycling performance of the different options but also takes into account the risks and opportunities enabling the options to be understood in terms of the Council's risk appetite and local context.

Table 5 shows the results of the options Appraisal carried out for this project, utilising weightings agreed with Council officers. Note that Options 4 and 6 have not been evaluated at this stage, as they don't impact on the criteria utilised.

**Table 5: Weighted Options Appraisal**

Criteria		Scale	Baseline	Opt 1	Opt 2	Opt 3	Opt 5	Out of:
			Baseline	Fortnightly Residual	Weekly FW (Weekly Residual)	Fortnightly Residual + Weekly FW	Three-weekly Residual + Weekly FW	
Recycling rate	Relative scale		0.0	2.1	10.6	13.6	25.0	25.0
Cost (Collection)	Relative scale		0.0	20.4	2.4	25.0	25.0	25.0
Deliverability	Absolute scale		20.0	10.0	14.0	16.0	8.0	20.0
Future proofing (Alignment with R&WS)	Absolute scale		3.0	3.0	18.0	24.0	18.0	30.0
<b>Total Weighted Score</b>			<b>23%</b>	<b>35%</b>	<b>45%</b>	<b>79%</b>	<b>76%</b>	<b>100%</b>
<b>Ranking</b>			<b>5</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>2</b>	
<b>Ranking (exc. Baseline)</b>				<b>4</b>	<b>3</b>	<b>1</b>	<b>2</b>	

## 6. Summary of Procurement Delivery Options

The current Contract will expire in February 2023. This review explores the risks, benefits and cost implications for the delivery of the services when the current Contract expires. The options under consideration are:

- Bringing the Cleansing Services in-house (as a DSO – Direct Services Operation)
- Procuring a new Contract for the provision of the Cleansing Services through a procurement exercise
- Utilising a 'Teckal' approach (possibly through Norse Commercial Services Ltd (Norse Commercial Services are a Teckal company wholly owned by Norfolk CC Norse Commercial Services (part of the Norse Group, which is wholly owned by Norfolk County Council)) to provide the Cleansing Services.

### Summary Conclusions: Overall Costs

The primary factors leading to differences between the costs of each service delivery option are:

- The private sector will include both corporate overheads and a profit margin in their tendered costs; this is generally in the region of 10% of Contract costs. This adds an additional cost burden to the services but does provide access to external expertise and contingency.
- No equivalent profit margin is required for the DSO option.
- The requirement for a limited company to achieve a profit means that a LATCo must be funded appropriately, and cannot be run at a loss.
- Pension costs will be the primary driver of differing cost implications for each of the delivery options. The Services are all heavily labour intensive; as a result, the higher level of LGPS pension contributions adds significantly to the DSO costs for direct labour and to the support services provided by the Council:
  - at 3% and NI at current rates for Contracted Out and LATCo;
  - at 20% and NI at current rates for DSO;

- The cost of support services (wider support from HR, IT, H&S, Finance etc departments) should be included for the DSO option, and depending on the structure, may need to be included for the LATCo option.

A key element of the consideration of Service Delivery options is the assessment of risk. Ricardo's experience of recent procurements suggests that the current marketplace for contracted out services may lead to an ineffective procurement exercise. A combination of an evolving market, the uncertainty created by the Environment Act and the Resource & Waste Strategy, staffing constraints and international supply line issues may limit the number of bidders, leading to an inefficient procurement. Current issues include:

- R&W Strategy uncertainty: the government's Resource & Waste Strategy proposals have created a climate of uncertainty regarding the operational requirements which will need to be considered when bidding for Contracts. The uncertainty regarding recycling collections means that the most effective collection methodology cannot be confidently predicted. It is likely that Bidders will need to price up a variety of options with varying resource levels based on their understanding of the likely Strategy outcomes.
- Lack of competition: after a period of expansion, the private sector appears to be retrenching. Companies such as Urbaser who were expanding rapidly through extremely competitive bidding appear to be consolidating current contracts rather than bidding for more. The proposed merger between Veolia and Suez appears to be constraining their bidding activities. The lack of new entrants into the sector continues.
- Vehicles: The provision of vehicles represents a major capital cost for bidders. Private sector preference is for Councils to fund / provide vehicles, with contractors providing maintenance and repair. Lead times for vehicles are lengthening, due to world trading conditions. Due to the R&W Strategy, decisions on vehicles are subject to uncertainty.
- Containers: The statutory duty to collect food waste is likely to create bottlenecks in the supply of dedicated containers (caddies), particularly as many suppliers are in the EU.
- Staffing: The private sector continues to experience difficulties in the recruitment and retention of drivers. The issue is now impacting on loaders and street cleansing staff, due to the expansion of jobs in warehousing and distribution companies.
- Indexation: the issues with staff retention, fuel prices, capital costs and increasing interest rates are leading bidders to propose more complex price indexation, made up of appropriate dedicated indices. The flexibility of this approach is proving more expensive than the previous approach of RPI or CPI indexation.
- Margins: The industry has a history of pricing extremely competitively to maximise market share. However, this led to many contracts being let with tight margins, leading to contractors achieving very low profit margins and often making overall losses on contracts. As a result, bids over the last three years have focussed on achieving acceptable returns, with a combined overhead and profit margin of 10% appearing to be a requirement for bidding teams.

From the Council's perspective, a contracting out procurement exercise will require significant commitment for the Council; the uncertainty regarding the constraints the government may impose will increase the complexity of the process, which may require a longer timescale than previous experience would suggest. Considering these potential constraints and the tight timescale for procurement, with the current Contract ending in February 2023, an extension to the current Contract may prove a pragmatic approach. This is an approach currently being followed by a number of Ricardo client authorities.

## 7. Environment Bill and Resource & Waste Strategy

An initial public consultation on the R&W Strategy was carried out in 2019, separately considering Collection Harmonisation, Extended Producer Responsibility for packaging and options for Deposit Return Schemes. Following assessment of the feedback, the Environment Bill 2020 was published by the Government, and further consultations on EPR, DRS and Collection Harmonisation were published between March and May 2021.

Eventually published in March 2022, Defra's response to the Extended Producer Responsibility (EPR) consultation confirms how the government intends to deliver their proposals to move the full cost of dealing with packaging waste from households away from local taxpayers and Councils to the packaging producers, applying the 'polluter pays principle'. The response also touched on elements from the Collection Harmonisation, Extended Producer Responsibility for packaging and options for Deposit Return Schemes.

Some elements of the R&W Strategy were incorporated in the Environment Act 2021, granted Royal Assent in November 2021. However, whilst certain elements of R&W Strategy are set out in the Act (*Section 45A: recyclable household waste must be collected separately from other household waste for recycling or composting, recyclable streams must be collected separately, food waste must be collected weekly*) the majority of the proposals in the R&W Strategy consultation will be implemented through secondary legislation

Whilst focussed predominantly on EPR, the consultation response also confirms the government's considerations on elements from the remaining consultations.

These clarifications include actions to:

- ensure producers pay the full net costs of disposal or recycling of packaging they place on the market by extending producer responsibility;
- introduce a consistent set of recyclable materials collected from all households and businesses, and consistent labelling on packaging so consumers know what they can recycle, to drive-up recycling rates;
- ensure weekly collections of food waste, which is often smelly and unpleasant, for every household;
- introduce a deposit return scheme to increase the recycling of single-use drinks containers including bottles, cans, and disposable cups filled at the point of sale; However, the EPR consultation response confirmed that glass will be excluded from the scope of DRS in England. This means that the levels of glass collected through kerbside and bring bank schemes is likely to be unaffected.

### KERBSIDE DRY RECYCLING

The consultation confirms that *"Payments to local authorities for the cost of managing packaging waste generated by households, both packaging waste that is collected for recycling and packaging waste disposed of in residual waste, will be made under the packaging Extended Producer Responsibility scheme"*.

This aspect of the proposals covers household collection services, both kerbside dry recycling collections and residual collections, which deal with packaging waste. This means that the cost of collecting and reprocessing recyclable packaging waste will be covered by the EPR scheme. EPR will also cover the cost of managing (ie collecting and disposing of) packaging waste remaining in the residual stream.

Collections from "Street Bins" ie litter bins are included within collection schemes (described as on-the-go packaging). However, any costs of litter collection are not included.

### TIMELINES

The response document confirms that Defra will implement EPR in a phased manner from 2024 (rather than 2023 as originally proposed).

This will focus on payments for household packaging waste and packaging in street bins managed by local authorities, with such payments being determined from 1 April 2024. EPR will subsequently be implemented in full in 2025.

#### ADDITIONAL MATERIAL STREAMS – IMMEDIATE INCLUSION

The consultation proposed that Plastic film and flexible packaging should be included in kerbside collections from 2027. The EPR response confirms that this will be required.

#### FOOD WASTE

The Environment Bill requires (Section 45A) all Waste Collection Authorities (WCAs) in England to arrange for the collection of food waste, separately and at least once a week for recycling or composting.

The consultation states that “Government wants to ensure that householders are not inconvenienced by being able to get rid of putrescent or smelly waste weekly or having insufficient capacity to recycle or to remove residual waste”. The consultation notes that weekly separate food waste collection will be mandated.

The consultation states that this requirement will be initiated from 2023/4. “Given the additional costs involved in separate food waste collection, Government will ensure that local authorities are resourced to meet any new burdens arising from this policy, including up front transition costs and ongoing operational costs.”

#### GARDEN WASTE

Garden waste is included in the Environment Bill as one of the six recyclable waste streams to be collected from households in England for recycling. Like food waste, it must be collected separately from other household waste and from other recyclable waste streams.

The consultation thus proposes that all local authorities will have to arrange for the universal separate collection of garden waste for recycling in the 2023/24 financial year.

Defra has not yet decided whether local authorities will be allowed to continue to charge for garden waste collections as permitted under The Controlled Waste (England and Wales) Regulations 2012. At present, 65% of local authorities operate a chargeable system.

#### MINIMUM SERVICE STANDARDS

Defra state that they we will be seeking views on including this in the proposed statutory guidance on minimum service standards for rubbish and recycling, and that they will assess the costs for this when consulting on statutory guidance. Defra “*will consider whether a recommended minimum service standard of alternate weekly collection for residual waste (alongside weekly food waste collection) might be appropriate, subject to an assessment of affordability and value for money*”. The consultation also states that “*They specifically note that local authorities that currently collect residual waste on a fortnightly basis should not need to reduce their capacity of collection or frequency further as a result of consistency measures*”.

## 8. Conclusions

The Options appraisal exercise indicates that the most suitable Option is Option 3 – fortnightly residual waste and the introduction of food waste collections. This is less complex than Option 5 – three-weekly residual waste and the introduction of food waste collections, with Option 3 entirely in line with the current iteration of government guidance, based on the consultation documents issued by Defra (ie Defra’s suggestion that three-weekly residual collection may not be permitted).

However, uncertainty surrounds the government's likely requirements; the Government's response to the Consistent Collection consultation is unlikely to be released before June. This creates uncertainty regarding the flexibility regarding residual collection frequencies, the future of garden waste charges and the requirements for separate collection of recycling streams.

The potential funding streams, through New Burden and EPR funding have been confirmed. However, of particular importance is the uncertainty regarding whether food waste collection schemes introduced before the methodology for New Burdens Funding is confirmed will qualify for such payments. The Consistency consultation states that the requirement for Councils to provide food waste collections requirement will be initiated from 2023/4; it is thus advised that the introduction of any food waste scheme is phased in over the first 12 months of the new / extended contract post February 2023.

This uncertainty extends to the potential approach to procurement, with all service delivery options subject to the simple issue of a lack of clarity regarding exactly what services the Council is required to procure.

In light of this uncertainty, many authorities are looking to extend their collection contracts until the government has provided certainty regarding both collection service requirements and constraints and funding arrangements.

Ricardo's modelling suggests that the current Biffa contract represents good value to the Council, in that their current charges are less than our modelling suggests would be an appropriate market charge; this is likely due to the indexation over time falling short of the additional costs Biffa have incurred during the contract period. Biffa's proposal for an extension represents an increase on their current price; however, in light of the current market issues due to the uncertainty created by the Environment Act and the Resource & Waste Strategy, staffing constraints and international supply line issues, the Council may consider the option of extending the current contract until the government clarifies their intentions as an approach which would minimise the risk of procuring in an evolving and uncertain marketplace. This approach would also enable certainty regarding the requirement to replace the current vehicle fleet, as the current uncertainty regarding the government's preferred collection methodology, and thus the type of collection vehicles required, should be resolved by the government's final statutory guidance.

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# Public Document Pack Agenda Item 8

Subject to approval at the next Bognor Regis Beach Access Working Party meeting

1

## BOGNOR REGIS BEACH ACCESS WORKING PARTY

9 May 2022 at 9.30 am

Present: Councillors Brooks, Edwards, English, Needs, Staniforth and Worne

Phillip King and Marion Wells (nominated representatives from the Bognor Regis Town Council Access Group) were also in attendance.

[NOTE: Councillor English was absent from the meeting during Items 4 – 9, having given his apologies and left the meeting during Item 3]

### 1. APPOINTMENT OF CHAIR AND VICE-CHAIR

The Group Head of Technical Services opened the meeting and asked Members to elect a Chair and Vice Chair of the Working Party. Councillors Worne, English and Edwards all offered to assume the role of Chair. Councillor Staniforth offered to assume the role of Vice-Chair.

Upon voting, the Working Party

RESOLVED that

- 1) Councillor Worne be appointed as Chair
- 2) Councillor Staniforth be appointed as Vice-Chair.

### 2. DECLARATIONS OF INTEREST

Councillor Needs declared a Personal Interest in all items of the meeting as a Member of Bognor Regis Town Council and a potential future user of any beach access provisions.

Councillor Worne declared a Personal Interest in all items of the meeting as a potential future user of any beach access provisions.

Councillor Staniforth declared a Personal Interest in all items of the meeting as a potential future user of any beach access provisions.

Phillip King declared a Personal Interest in all items of the meeting as a potential future user of any beach access provisions.

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Councillor Brooks declared a Personal Interest in all items of the meeting as a Member of Bognor Regis Town Council and a resident of Bognor Regis.

Councillor English declared a Personal Interest in all items of the meeting due to unseen disabilities.

### 3. START TIMES

The Chair invited suggestions for Start Times of future meetings of the Working Party. Some Members expressed the view that morning meetings would be the most convenient. One Member asked for meetings to be fixed for the evenings due to work commitments in the daytime. It was noted that the next meeting may be a Call for Evidence, with members of the public giving evidence to the Working Party, and consideration should be given to this when setting the start time. Upon a vote the Working Party agreed to set its Start Times for the morning.

Councillor English gave his apologies to the Working Party and left the meeting as he would not be able to attend future daytime meetings.

A brief discussion was had around whether future meetings should be virtual or in person. Members felt the next meeting, with public attendance should be in person, however virtual meetings would be considered for the remainder of the meetings.

It was agreed that The Regis Centre met the requirements of the Working Party, and future in person meetings should be held there, where possible.

It was noted that Membership of the Working Party for the new municipal year was subject to confirmation at Annual Council.

Members agreed that a start time of 9.30am for future meetings would be an acceptable time for attendees. It was thought this would be especially beneficial for the next meeting which was expected to have involvement from the public, and the Working Party hoped to hear views from many people.

The Working Party

RESOLVED

That its Start Times be 9.30am.



4. WORKING PARTY TERMS OF REFERENCE, SCOPE, MEETING DATES AND WORK PROGRAMME

Upon the invitation of the Chair, the Group Head of Technical Services explained the purpose of the Report was to set the administrative arrangements by which the Working Party would conduct its business.

Members then took part in a discussion and the following points were raised:

- Had timescales for actioning anything that would be recommended been considered? This would be for the Environment Committee to consider alongside other priorities.
- The Working Party would consider all options when looking at how to make the beach more accessible to all.
- Expectations of the public should be managed and it was important not to give false hope of what could be achieved until this was fully explored.

The Terms of Reference of the Working Party were discussed and it was suggested 1a) should be changed to 'to consider the issues surrounding the provision of an access to the beach for ~~the disabled and elderly persons~~ **all** in Bognor Regis and to examine the options available for such an access'. It was agreed that this would be recommended to the Environment Committee.

Another change was suggested to the Terms of Reference at 1b) which was 'To determine what part of the beach to ~~improve~~ **achieve** access to (waterline or shingle etc) and to consider options for geographic location'. This change was not agreed by Members.

The Working Party

RESOLVED that

1. The Terms of Reference as Resolved by the Environment Committee at its meeting of 17 November 2021 be adopted
  - a) ~~to consider the issues surrounding the provision of an access to the beach for the disabled and elderly persons in Bognor Regis and to examine the options available for such an access~~
  - (b) To determine what part of the beach to improve access to (waterline or shingle etc) and to consider options for geographic location
  - (c) The Working Party will report to Environment Committee,
  - (d) Size of the Working Party – 6 Arun District Councillor seats with two further seats (without voting rights) to be offered to the Bognor Regis Town Council Access Group.

- (e) Nominations to the seats – Councillors Worne, Needs, Brooks, Staniforth, Edwards and English (as confirmed by the relevant Group Leaders, but subject to confirmation at the Annual Meeting of the Council on 18 May 2022).
- (f) The Chair of the Working Party would be elected at its first meeting
- (g) Proposals for the allocation of seats if vacancies occur – to be for the relevant Group Leader / Bognor Regis Town Council Access Group to fill the vacant seat as appropriate and this information to be reported this to the next Environment Committee meeting
- (h) The Working Party will take the form of a Task & Finish exercise and conclude in not more than 12 months from the date of the first meeting.
- (i) Timescale for the work to be undertaken – the first meeting of the Working Party will be in Spring 2022 with the site visit timed appropriately for sufficient daylight at around the time of Low Water.
- (j) Presentation(s) will be made by officers as soon as possible to enable the Council to progress with any recommendations it supports.

2. The Scope of the Working Party's business to be:

- a) to receive reports, invite representations and consider options for the provision of improved access the beach at Bognor Regis
- b) Consider costings and funding sources for any improved beach access
- c) Consider a draft report and make final recommendations, in the form of a Report, back to the Environment Committee

3. Hold three further meetings, 6 July, 13 September and 8 November 2022

4. The Work Plan of the Working Party to be:

- |                    |  |
|--------------------|--|
| Prior to Meeting 2 | Evidence gathering from relevant organisations and Members of the Public (on-line or in writing) |
| Meeting 2          | Receive 'in person' evidence   |
|                    | Post-meeting analysis of evidence (officer task)   |

Meeting 3	Review evidence and give direction for the final report Preparation and circulation of draft report to Working Party Members (Officer task)
Meeting 4	Presentation of Final Report for approval by the Working Party to be recommended to Environment Committee.

5. The format of the evidence gathering be agreed as per the report.

The Working Party also

RECOMMEND to the Environment Committee

Its Terms of Reference at 1a) be changed to 'to consider the issues surrounding the provision of an access to the beach for all in Bognor Regis and to examine the options available for such an access'

## 5. CALL FOR EVIDENCE

Upon the invitation of the Chair, the Engineering Services Manager presented the Call for Evidence draft to the Working Party. It was envisaged there would be a timed slot for people to come and give their evidence/views by appointment. This was supported by Members.

Members did not feel that the respondents' age should be included, as it was felt unnecessary.

A discussion was had regarding the location of any potential provision, and whether this should be included in the Call for Evidence, or whether there would be no choice regarding location because it would be restricted by necessity. The Engineering Services Manager explained that at this point, the exercise was to find out what people actually wanted.

Members asked questions regarding what the form would look like, how it could be completed, and whether it would be published across the whole of Arun. The Engineering Services Manager explained that he would liaise with the Public Relations department within the council, to seek advise on how best this could be done, but he expected this to be published on the Arun District Council Website, Facebook pages and cover the whole of Arun.

It was asked whether a version of the form could be tailored to people with a visual impairment. It was suggested an audio version could be recorded. The Engineering Services Manager would look into this.

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6. PRESENTATION FROM THE ENGINEERING SERVICES MANAGER

Upon the invitation of the Chair, the Engineering Services Manager gave his presentation to the Working Party. A copy of this presentation would be sent to Members after the meeting.

7. ANY OTHER BUSINESS

The Chair explained to the Working Party that Matthew Hall, Project Officer for Bognor Regis Town Council, was interested in the Working Party due to his role, and wished to be given Observer Status to the remainder of the meetings for the Working Party. Members agreed to Matthew Hall being granted Observer Status for the remainder of the meetings.

8. DATE OF NEXT MEETING

It was noted that the next meeting of the Bognor Regis Beach Access Working Party would take place at 9.30am on 06 July 2022.

9. SITE VISIT

The Working Party undertook a Site Visit along Bognor Regis Seafront, looking at various points along the way.

(The meeting concluded at 12.55 pm)

<u>Environment Committee</u>	<u>Report Author</u>	<u>Send to Gemma for CMT by 2pm Thurs</u>	<u>CMT Tues</u>	<u>Draft Reports to Committees</u>	<u>Agenda Prep Meeting</u>	<u>Agenda Prep Time</u>	<u>Room</u>	<u>Final Reports to Committees</u>	<u>Agenda Publish Date</u>	<u>Date of Meeting</u>	<u>Time</u>	<u>Full Council Meeting Date</u>
Cleansing contract May 2022  Update from the Beach Access Working Party (information update)	Oliver Handson			19 April	20 April	10 am		<b>2 May</b>	4.5.22	<b>19-May-22</b>	6pm	13.7.22
Key Stone update				15 June	21 June	10 am		<b>27 June</b>	29.6.22	<b>14-Jul-22</b>	6pm	14.9.22
Health & Safety Service Plan	Neil Williamson											
Food Safety Service Plan	Neil Williamson											
Houses of Multiple Occupation	Louise Crane											
Update from the Beach Access Working Party												

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(information update)												
Bersted Brooks County Park project Engineering Service Review Update from the Beach Access Working Party (information update)	Roger Spencer			24.8.22	31.8.22	10 am		<b>5.9.22</b>	7.9.22	<b>22-Sep-22</b>	6pm	9.11.22
Bognor Regis Skatepark	Joe Russell-Wells			17.10.22	20.10.22	10 am		<b>31.10.22</b>	2.11.22	<b>17-Nov-22</b>	6pm	18.1.23

<u>Environment Committee</u>	<u>Report Author</u>	<u>Send to Gemma for CMT by 2pm Thurs</u>	<u>CMT Tues</u>	<u>Draft Reports to Committees</u>	<u>Agenda Prep Meeting</u>	<u>Agenda Prep Time</u>	<u>Room</u>	<u>Final Reports to Committees</u>	<u>Agenda Publish Date</u>	<u>Date of Meeting</u>	<u>Time</u>	<u>Full Council Meeting Date</u>
Minor Works Contract  Update from the Beach Access Working Party (information update)	Louise Crane											
Parks / Green Space Strategy  Empty Homes Strategy  Update from the Beach Access Working Party (information update)	Oliver Handson  Louise Crane			3.1.23	9.1.23	10 am		<b>13.1.23</b>	16.1.23	<b>31-Jan-23</b>	6pm	15.3.23

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