

Decision maker:	Cabinet member commissioning, procurement and assets
Decision date:	Friday, 5 February 2021
Title of report:	To review and authorise a resourcing plan that will be required to take forward and implement the outcome of the waste management review
Report by:	Head of environment, climate emergency and waste services, Senior Project Manager

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

The purpose of this decision is to seek authorisation for expenditure of up to £821,000 to resource and implement the outcome of the waste review. The council is currently undertaking a waste management review whereby the council is likely to be responsible for delivering a significant change programme to deliver changes in the way that waste is collected and disposed of throughout the county.

There will be a need for expertise across waste contract procurement, public communications, strategic waste management and the capacity to implement change within the organisation

Recommendation(s)

- (a) **To authorise expenditure up to the value of £511,000 to fund temporary 3 year fixed term staff resources, anticipated to be 4 full time equivalent posts and to be reviewed throughout the time of the project, to carry out the necessary work as outlined in this report to renew both the collection and disposal contracts and implement a transformed new waste management service across Herefordshire Council;**
- (b) **To authorise initial expenditure up to the value of £250,000 to enable the Waste Transformation team to procure waste management options appraisals, specialist procurement advice and specialist technical advice as required for both the waste collection and waste disposal services, to enhance the successful design, contract renewal and delivery of the new services over the next 3 years;**
- (c) **To authorise expenditure up to the value of £60,000 to jointly undertake market research, engagement and assessments, waste flow analysis and to further explore joint working opportunities to extend the existing waste partnership with Worcestershire County Council;**
- (d) **Subject to the provisions of the Financial Procedure Rules, the Assistant Director for Regulatory, Environment and Waste be authorised to take all operational decisions required to implement the above recommendations.**

Alternative options

1. **Do nothing** - This is not an option as the current waste collection arrangements are due to expire in November 2023 and there is no further extension option. The waste collection and disposal services are a statutory service that the council have to provide so therefore its not an option to do nothing.
2. **To not invest in a Waste Transformation Team to deliver this significant change programme** - This is not recommended due to the significant workloads and limited time constraints associated with redeveloping and re-procuring these essential services. Investment in additional officer capacity to undertake and implement this review was a key recommendation of General Scrutiny Committee following the report produced by Waste Management Task & Finish group which the councils Cabinet accepted as an action it wished to pursue.

3. **To not secure external technical and procurement advice as required** - This is not recommended due to the need to redesign the service, carry out market testing and procure new collection and disposal services worth £15m per year to the council. Currently the council does not have the skills/experiences in-house as it is such a specialist/technical exercise.
4. **To not jointly fund and undertake market research, engagement and assessments, waste flow analysis and to further explore joint working opportunities with Worcestershire Council** – This is not recommended as joint undertaking of essential scoping and development works avoids duplication, offers better value for money and will consider and recommend further joint working and commissioning opportunities. Of particular note is need to jointly consider options for the future management and use of the Energy from Waste facility in Hartlebury which processes residual waste from both Herefordshire and Worcestershire and is jointly owned by the two authorities. This is also a key recommendation of General Scrutiny Committee following the report produced by the Waste Management Task & Finish group.

Key considerations

Background

5. In September 2020 the council's waste management task and finish group presented a report to the council's general scrutiny committee outlining the work that had reviewed the future of waste management options for Herefordshire. The report can be seen in appendix A.
6. A key concern and recommendation of the general scrutiny committee following the report produced by the task and finish group was to ensure that the Waste Management Team is augmented with the required staff and resource to plan, commission and implement new services and manage our new arrangements. The task and finish group recommended the creation of three new posts.
7. Following the recommendations received from the General Scrutiny Committee the Cabinet Member for Assets and Procurement authorised a paper recommending the council's intention to consult on the future of the collection service for Herefordshire. The council is currently consulting on transformational change for the service, suggesting two options which are both in line with the government's expectation as outlined in the Resource and Waste Strategy 2018 (RWS 2018), the expected change in legislation around the collection of food waste, the council's own commitments and objectives as outlined in the County Plan and in response to the climate and ecological emergency as declared by the council in March 2019.
8. Herefordshire Council is required to renew both its collection and disposal contracts by 2023. Currently the collection contract is worth £4m per year and the disposal contract is worth £11m per year.
9. The council's waste management team have been mapping out the work that is required to design, procure and implement a potential new waste management service and to review both its collection and disposal contracts. There is an exponential amount of work that is required to undertake this and to ensure the quality, capacity and transformation occurs the council is being asked to invest in a temporary transformation team that will hold the accountability to deliver the agreed changes and embed the cultural change across Herefordshire.

10. The council is also currently undertaking a public consultation with residents and businesses in Herefordshire which was launched in December 2020 and is due to finish in February 2021. The Waste Management service is expecting participation to be significant with high public interest in the service. The service needs to plan for Countywide transformation in terms of the way that the service is designed, procured and delivered for both collection and disposal.

Resource requirements

11. The identified roles are critical to the success of the proposed changes that are currently being consulted upon for the collection service. Whichever route the council decides to implement it is significantly different to the collection service that is currently provided so there will be whole scale change across the county of Herefordshire for residents and businesses. Accepting, educating, being part of the change and shaping the new service is a priority to the council so a Waste Communications officer is required to enhance the ability for the council to make this change. Whilst it is appreciated that specialist knowledge and direction may be required at certain points along the way, there is still the need to embed change over the next 3 years and that requires ownership.
12. Introducing changes to what is collected with a new pattern of collection frequencies from every household and the encouragement of change across the 2,000 business customers will require high levels of social media activity, literature tailored for the different collections required for the variety of housing types we have and continued communication with residents and business. This will require a consistent approach and continual commitment from the team to implement. The proposal is that the council invest in a temporary, three year fixed term, Waste Communication Officer to join the implementation team. This is proposed at a grade of HC8 in line with the existing Communications Officer posts.
13. The council will also have to consider how it procures its next collection contract. There are several options to consider which will also require review and evaluation. The council's current objectives set out in the County Plan are very clear around social value and investment in the local economy. Part of the cabinet's vision is to see the Herefordshire pound spent in Herefordshire and where possible we will ensure that local contracts are procured to enhance the local economy.
14. The council has a further dimension in terms of its future contract procurement objectives and demands. The council has declared a climate and ecological emergency, it is on a journey to becoming carbon neutral by 2030 so any new contracts that are procured will need contractors to be on the same journey as specific requirements will need to be offered by the contractors to enable the council to declare achieving carbon neutral by 2030.
15. There will be several workstreams over the next 3 years that will all have significant work loads mapped out within them. Whilst the waste management team will be critical for knowledge and experience, the current capacity in the team to implement such significant change needs expanding. The work streams include, but are not limited to, identifying data analysis and modelling, market intelligence and testing for sale or treatment of materials, depot review of locations across the county and potential for remodelling or reorganisation to maximise material capture and accommodate new collected waste streams, fleet option proposals, storage options, specialist equipment required, contract specification modelling and contract procurement. All of this will have to be managed whilst driving the change forward and continuing to manage the existing services.

16. Due to the workload and the short amount of time required to change waste management services in Herefordshire the proposal is to create two temporary, three year fixed term, Waste Transformation Project Officers to support the delivery of the review and the implementation of the new services. These posts are proposed at a grade of HC 8.
17. The final proposed post that is considered essential for the success of the review is a temporary three year fixed term Waste Transformation Business Change Manager. This post will report to the existing Waste Services Manager and will line manage and lead the day to day activities, work streams and cultural change work of the proposed Waste Communication Officer and Waste Transformation Project Officers. This post will be accountable for the successful delivery of any changes and contract renewals that are required in the next three years for both the collection and disposal contracts and the successful cultural change that will be required across the county.
18. The service has taken on board feedback from several briefings with senior officers and the cabinet member for Assets and Procurement. This notes the:
 1. requirement for specialist technical knowledge,
 2. the need to explore and consider all options through fully evaluating the current market and possible future changes and to ensure decisions are evidence based,
 3. and to gain specialist procurement knowledge as and when needed and to take Herefordshire Council on a journey of expertise to transform the service and implement all the recommendations outlined by the task and finish group made up of local members from across the county.
19. As the specialist knowledge base will be necessary periodically over the next 3 years the proposal is to allocate £250,000 of the dedicated Waste Reserve to the project and for this to be drawn down and spent as and when required with a project board decision.
20. Although at this point in time the service cannot be specific around those actual procurements, it is recognised by the current project board and senior officers that this will be a requirement. Council officers under the new corporate project management structure will need to act quickly to procure and produce evidence to make future decisions at the project board hence asking for this allocation of money to be set aside to enhance the implementation of future waste management changes.
21. The project team will follow the council's contract procedure rules should there be a requirement to procure specialist knowledge. The team will work with commercial services to put in place frameworks and call off contracts to ease future procurements ensuring that the corporate processes are followed and procurement is open and transparent in line with policy and process.
22. It is essential that the Council reviews the way in which it disposes of its waste in order to meet the local ambitions within the County Plan, the government's objectives outlined in the Resources and Waste Strategy, enabling a move towards a circular economy and to address the climate and ecological emergency.

Joint working opportunities

23. The council's current waste disposal contract is a joint partnership with Worcestershire County Council and is due to end in 2024 after being in place for 25 years. Due to the

current joint working arrangements, a review is required to consider any future joint working opportunities and to consider the future waste disposal options.

24. The current management of the joint disposal contract is led by Worcestershire with a team based in Worcester and working on behalf of both councils. This team has a vast amount of experience in waste market positions, contract procurement, contract management and having sound knowledge and experience of both Herefordshire and Worcestershire.
25. In addition to the joint waste disposal contract, both councils share a valuable Energy from Waste facility where residual waste is incinerated and energy is produced. Herefordshire Council has a 24.2% share in this asset.
26. Whilst the requirements and usage of the Energy from Waste facility may change in future as levels of residual waste reduce and recycling rates increase, this facility is a key asset for the waste disposal service. Here the future management arrangements for this facility will need to be negotiated and agreed with Worcestershire as joint owners of the asset.
27. Whilst there is potential for future divergence on some aspects of the joint waste management as Herefordshire looks to introduce changes to the collection services, there are still considerable opportunities for joint working which require further exploration. Key to this will be the future management and use of the Energy from Waste facility for residual waste.
28. As such it is strongly recommended that both Council's continue to working in partnership and continue to explore potential joint working opportunities and to utilise the existing joint expertise and involvement whilst reviewing the disposal contract.
29. The proposed recommendation is to contribute to new joint waste disposal re-procurement team with Worcestershire Council to enhance the knowledge, procurement experience and waste disposal skills required to produce vital pieces of work so that Herefordshire council can make informed evidenced based decision in terms of the future of its disposal contract.
30. The proposed team will consist of current members of the joint disposal team to ensure knowledge and expertise are maintained, with their respective existing posts back-filled to ensure the existing contract management work continues.
31. As we are currently consulting, exploring and considering the future collection service which will inform our future disposal requirements, the proposed recommendation is to agree an initial 6 month joint working arrangement with Worcestershire at a cost of £30,000 and to consider extending this for a further 6 months as required.
32. Here the proposed joint team will undertake a number of work streams which are required irrespective of our future service design and will include waste disposal market assessments and engagement, waste flow modelling and scenario testing, and asset condition studies.
33. It has been agreed with Worcestershire County Council that the investment is for the output of work required to evaluate options of the future procurement of the disposal contract only and Herefordshire does not accept responsibility for any employment rights associated with the employment posts relating to the joint team based in Worcestershire.

Community impact

34. The review of future waste management service will positively contribute towards the following local and regional strategic priorities, targets and legislation:
35. The County Plan (2020-24) priorities:
1. Protect and enhance our environment and keep Herefordshire a great place to live:
 2. Minimise waste and increase reuse, repair and recycling
 3. Build understanding and support for sustainable living
 4. Invest in low carbon projects
 5. Identify climate change action in all aspects of council operation
 6. Support the an economy which builds on the county's strengths and resources;
 7. Seek strong stewardship of the county's natural resource
 8. Develop environmentally sound infrastructure that attracts investment
 9. Support an economy which builds on the county's strengths and resources and spend public money in the local economy wherever possible
36. In March 2019, Herefordshire Council unanimously declared a Climate and Ecological Emergency and formally adopted commitments to lead a local response, aspiring for the county to become carbon neutral by 2030
37. Resource and Waste Strategy 2018
- The Resource and Waste Strategy 2018 (RWS 2018) introduces a raft of measures to adopt a circular economy approach. It is a strategy for England reflecting already enacted policy changes in Scotland and Wales.
- These include:
1. Consistent recycling collections (all local authorities collecting the same materials)
 2. Compulsory weekly food waste collection
 3. Separate garden waste collection
 4. Initiatives to encourage urban recycling
38. The Environment Bill is currently progressing through Parliament and is expected to make significant changes to environmental legislation. Whilst there are no currently proposed targets within the bill we anticipate the following targets as these are consistent with the EU Circular Economy Package (EU-CEP):
1. A preparation for re-use and recycling (including composting/anaerobic digestion) target of 55% of municipal waste by 2025;
 2. A preparation for re-use and recycling (including composting/anaerobic digestion) target of 60% of municipal waste by 2030;

3. A preparation for re-use and recycling (including composting/anaerobic digestion) target of 65% of municipal waste by 2035 (RWS 2018 Target);
4. A gradual limitation on landfilling of municipal waste, to 10% by 2035

Environmental Impact

39. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
40. The environmental impact of the different waste collection options have been fundamental to the review and the proposed options detailed within the Task & Finish group report seek to deliver positive changes to the waste management service.
41. The proposed options seek to treat waste as a resource, supporting a more circular economy for Herefordshire by reducing, reusing and recycling materials so that they stay in use for longer, offsetting use of raw materials and reducing carbon emissions.
42. Further consideration to minimise the environmental impact of the service will be integral to the subsequent service design of the preferred waste management service. Here the future commissioning will include appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the future contract management arrangements.

Equality duty

43. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
44. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.

45. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics'. In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes. The waste management service will ensure that equality is a key factor in the design and delivery of the new waste management contract, and that the service will be tailored to individual members of the public with specific needs (eg. assisted collection).
46. We will ensure that the new employees are recruited fairly and in line with council policies, and are made aware of their responsibilities to the diverse communities of Herefordshire.

Resource implications

47. The council currently spends £4m on its collection contract and £11m on its disposal contract. As both contracts are due for renewal in 2023 and 2024 respectively, it is essential that the council invest in the capacity and skills to deliver the renewal of these two contracts aligning with the Councils clear objective as set out in the County Plan and the need to transform to align with the climate and ecological emergency and new legislation that is expected in the next year from central government setting out clear requirements as to how Local Authorities will be expected to deal with their waste produced by residents and businesses.
48. The below table sets out the financial implications on resourcing a waste transformation team and the requirement to invest in a Worcestershire Council based team to provide a clear set of outputs to enable Herefordshire Council to make informed decisions for the future of the Waste disposal service.
49. The increase between the 3 years is the automatic SCP increase that happens after a year of service. It is also worth noting that these costs are based on the 21/22 pay scale, therefore if any pay inflation is decided for future years these costs would change again, however, these should be picked up during budget setting, or if there are any in-year changes, these should be picked up corporately

Revenue or Capital cost of project (indicate R or C)	2020/21	2021/22	2022/23	2023/24	Total
	£000	£000	£000	£000	£000
R: 1 x HC 10 Waste Officer		50.6	51.9	53	155.5
R: 2 x HC 8 Waste Officer		76.4	78.7	81	236.1
R: 1 x HC 8 Waste Communication Officer		38.2	39.3	41	118.5
R: Payment to Worcestershire Joint Waste Disposal Team	30	30			60
R: Professional Fee Budget for technical Expertise	30	110	110		250

TOTAL	60	305.2	279.9	175	820.1
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Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	2022/23	2023/24	Total
	£000	£000	£000	£000	£000
Waste Revenue Reserve	60	306	280	175	821
TOTAL	60	306	280	175	821

Legal implications

50. This report is concerned with resources and the creation of temporary posts. As these posts will be for a duration of more than 2 years any external appointees will acquire employment law rights which could include additional costs, for example, by way of redundancy at the end of the period. The provisions of the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 (SI 2002/2034) will also apply.

Risk management

51. The service transformation and how the council will achieve the transformation as set out in this paper poses some short, medium and long term risks.
52. The following table is highlighting the immediate risks to the delivery of any new waste management service that the councils decides to implement both around collection and disposal of waste in Herefordshire

<u>Risk / opportunity</u>	<u>Mitigation</u>
The council decide not to invest in a Waste Transformation Team. This will put the project at risk of delivery and the service being able to make significant change	The council invests in the proposals outlined in this report
The council decide not to increase the capacity to enable transformation then the service is unable to strengthen the accountability structure to deliver a large change programme	The waste management team will align capacity and accountability to deliver whole scale change
By not delivering the change the council is at risk of compliance with legislation and delivering on the climate environmental and emergency objectives and vision	The Waste Management team will work to align resources accordingly to be in a strong position to deliver change once capacity and skill is increased in the team

By not increasing capacity to deliver a change programme could result in an increase in expenditure required to extend the collection and disposal contract

By not investing in a communication lead for the cultural change the council is at risk of damaging its reputation and not receiving buy in from the residents and businesses of Herefordshire thus putting the success of the change at risk

By not using and investing in the specialist team at Worcestershire to help Herefordshire Council path a way forward for the future of waste disposal the council is at risk of losing 25 years of market intelligence and waste management knowledge / expertise for Herefordshire

The Waste Management team will develop a robust implementation plan to position the service to redesign and renew both the collection and disposal contract and the council invests in the proposals outlined in this report

The waste management team will work with the Head of Communications to plan and define exactly what is required in terms of the communication role and resource it accordingly

To continue working with Worcestershire Council for 6 month period with the option to extend a further 6 months to complete waste flow testing, market testing, to receive procurement expertise and advice and to receive business analyst expertise to allow Herefordshire Council make an informed decision on the waste disposal service post 2023

53. Assuming the recommendations are approved the above risks will be managed through the councils corporate project management structure with close alignment to the service transformation team. The risks will be owned by the service and reviewed in line with corporate process.

Consultees

54. The proposed changes to the Waste management Service Delivery and contract renewal process is of interest to almost everyone who resides in Herefordshire. There is political interest.

<u>Consultees</u>	<u>Comments</u>
Cabinet Member for Commissioning, Procurement and Assets briefing with senior officers	There have been several briefing and very regular meetings with the cabinet member for Commissioning, Procurement and Assets
Whole scale consultation with all members from across the County	This was very well received and gave all members the opportunity to discuss the project and ask questions to key officers. The session lasted one hour and was very well attended
Political Group Consultation	There was one comment received which was in favour the council investing in the waste management team to deliver transformational change

<p>Project Board Consultation with senior officers including the Councils Section 151 Officer and the Director of Economy & Place</p>	<p>This is a regular monthly meeting for the project team to discuss the project delivery with senior officers within the service and the section 151 officer for the council. The meetings discuss and review the delivery of the project.</p>
<p>Consultation with the residents and businesses of Herefordshire is currently running and the outcome of the consultation is expected in February 2021.</p>	<p>There have been a vast amount of responses received. The data analysis is due to be shared in March 2021</p>

Appendices

- Appendix A Task and Finish Group Report

Background papers

- None Recorded

Please include a glossary of terms, abbreviations and acronyms used in this report.