

## 6. Waste Management, Recycling and Street Cleansing Services Contract & Waste Management Strategy Update Review

REPORT OF: Assistant Chief Executive  
Contact Officer: Judy Holmes  
Email: [judy.holmes@midsussex.gov.uk](mailto:judy.holmes@midsussex.gov.uk) Tel: 01444 477015  
Wards Affected: All MSDC Wards  
Key Decision: Yes  
Report to: Cabinet  
27<sup>th</sup> March 2017

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### Purpose of Report

1. To consider the recommendations from the Scrutiny Committee for Customer Services and Service Delivery meeting on 8<sup>th</sup> February 2017 and 14<sup>th</sup> March 2017 on the Waste Management, Recycling and Street Cleansing Services.
2. Following the review of the Waste Management Contract, the Scrutiny Committee report, made recommendations to seek approval for the retention of Serco Ltd for the current Waste Management, Recycling and Street Cleansing Services Contract for the remaining contract term, which will run to completion on 31<sup>st</sup> July 2028. The Scrutiny Committee agreed with this recommendation.
3. Following a service modelling process, the Scrutiny Committee for Customer Services and Service delivery report dated 14<sup>th</sup> March 2017, made recommendations which will contribute to the Council's longer term waste strategy. The report also identifies additional work streams which will need to be undertaken in the near future to assist delivery of the waste management contract. The Scrutiny Committee agreed with these recommendations.
4. As part of this process a new Waste Regulations (TEEP) assessment has been undertaken by Ricardo AEA. The findings from the new assessment concludes that the Council should continue to carry out comingled recycling collections on both cost and environmental grounds. This supports the Scrutiny Committee's recommendations to retain the existing recycling service and frequency.
5. The report requests that Cabinet agree the recommendations from the recent Scrutiny Committee meetings.

### Summary

6. Mid Sussex District Council entered into a 21 year Contract with Serco Ltd which commenced on the 1<sup>st</sup> August 2007. The contract terms allowed for both the Council and Serco Ltd to review the Contract on its 7<sup>th</sup> and 14<sup>th</sup> anniversary. However following negotiations in 2011 the Contract review point was changed.
7. The Council is facing a considerable challenge to reach existing national recycling and composting targets by 2020. On this basis the Scrutiny Committee for Customer Services and Service Delivery on the 14<sup>th</sup> March considered an update to the Council's Waste Strategy. The strategy outlines a number of options which if implemented could assist to close the gap between existing performance and the statutory targets.

## Recommendations

### Cabinet are recommended

8. **a) To retain of the services of Serco Ltd for the remaining term of the Waste Management, Recycling and Street Cleansing Services Contract to 31<sup>st</sup> July 2028.**
  - b) To retain the existing comingled dry recycling service and frequency.**
  - c) To instruct Serco to reprocure the fleet on the basis of current service provision.**
  - d) Develop the business case for other work strands including waste reduction initiatives to enhance recycling and composting collections.**

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## Background

9. The drive to improve dry recycling quality and to ensure the Council can continue with the simple comingled dry recycling collections, the need to deliver high quality recycling collection service will remain a major challenge for the remainder of the contract. Furthermore the requirement to achieve statutory targets for recycling and composting will require service changes and collection of increasing amounts of recycling material, in the future.
10. To deliver continual efficiencies, optimised use of and integration with the new Customer Management System is essential. This will build capacity and enhance customer service, as it will enable processes to be automated and simplified and support live feedback. This will require a level of upskilling and change in approach for the contractor, as well as investment into technology such as In Cab solutions.
11. The current key drivers for the waste industry include the waste hierarchy which requires the Council in conjunction with the Waste Disposal Authority (West Sussex County Council) to get the best environmental outcome for each waste stream collected. Decisions on the type of material that can be processed are made within the remit of the West Sussex Waste Partnership, which is focussed on maximising the collection of dry recycling materials.
12. The Waste (England and Wales) Regulations 2011 sets out the requirement to collect the four elements of dry recycling (glass bottles, paper, card, metal cans and plastic bottles) in separate collection vessels unless the Council can prove that it can collect and process materials to the standard required by national processors. This was considered by this Council following a combined Technical, Environmental, and Economically Practicable (TEEP) review, undertaken in conjunction with the West Sussex Waste Partnership in February 2015.
13. The existing requirements for UK local authorities to meet the target of 50% dry recycling and composting by 2020, are driven by European Legislation and enshrined in English law.
14. The current position is a focus on meeting statutory national recycling rates based on tonnages collected and achieving a 50% recovery rate by 2020, focussing on the types of recyclate that are currently being thrown away rather than recovered. The Waste Management Contract needs to focus on that as a driver for change.

15. The quality of dry recycling has been one of the biggest challenges for both the Council and Serco, as the demands to meet the West Sussex Waste Partnership's input specification. Extensive work has gone into this single aspect of the service and will need to continue for the life of the Contract to ensure the end product meets the needs of the reprocessors / manufacturers. The introduction of mixed plastics into the dry recycling collections in April 2015 was well received and assisted with recycling quality.
16. Ricardo AEA have updated the Mid Sussex 2014 data for the Waste Regulations (TEEP) assessment compared against the options modelled for the waste strategy. This work considered all options including a fully source separated collection method, which requires separate collection boxes, bins or sacks for each statutory element (plastic bottles, glass, paper/card & metal cans) to obtain high quality recycling streams.
17. The Council through the West Sussex Waste Partnership has agreed to provide dry recycling material, garden waste material and residual household waste to approved standards and specification to ensure the processing plant has sufficient feedstock material to remain viable.
18. The existing Contract is for twenty one years. Therefore retendering is not necessary until 2026 ahead of a new Contract commencing on the 1st August 2028. The Contract has delivered good value for money, provided an efficient service to residents and partnering with Serco has provided resilience during difficult periods (severe weather and depot construction). Cabinet is recommended to continue with the existing contract as recommended by the Scrutiny Committee on 8<sup>th</sup> February 2017.
19. The Scrutiny Committee for Customer Services and Service Delivery on the 14<sup>th</sup> March considered a number of service options to improve recycling targets and recommended that Cabinet retain the current comingled dry recycling service and frequency of collections. It is also agreed to recommend that the Council instruct Serco to reprocur the fleet on the basis of current service provisions and to develop the business case for other workstreams aimed at enhancing recycling and composting collections and waste reduction initiatives, as follows:
  - Behaviour change programme;
  - Food waste collections;
  - Collection of textiles and small electrical items;
  - Bin replacement programme, including future wheeled bin storage requirements;
  - Enhanced cleansing of the A23 Trunk Road.
20. It is also anticipated that the Council together with Serco will continually review operational requirements and if new opportunities are identified, they will be considered if a business case supports such an opportunity, or if legislative changes require it.

## **Conclusions**

21. Serco is providing a good quality service which is meeting the Council's service delivery requirements. With such high volumes of customer transactions there will always be areas for improvement and the Council is satisfied that Serco are committed to improving customer service. The recent investment in the new CRM will also provide opportunities for improvements and efficiencies.

22. The general increase in housing numbers will require additional freighters and we will encourage Serco to build capacity into their fleet to tackle the larger blocks of flats and the difficult access issues, when looking at the provision of their new fleet.
23. The focus for the next ten years of the Contract is to improve efficiencies and customer service by employing new technology and adoption of new working practices. The Council will work closely with Serco to explore and implement such opportunities.

### **Financial Implications**

24. The value of the Waste Management Contract as at 1st August 2016 is £3,852,077 per annum.

### **Risk Management Implications**

25. Serco has a good reputation and relationship with the Council and their performance has been above average throughout the period of the first ten years of the Contract.
26. Failure to provide a collection service that copes with the tonnages and volume of dry recycling and garden waste materials needed to deliver a 50 % recycling and composting performance, thus leading to a risk of fines.
27. Potential legal challenge to comingled service delivery due to poor quality recycling.

### **Equality and Customer Service Implications**

28. The core household waste and recycling and street cleansing operations are a universal service and together with the “opt in” Garden Waste service has a very high public profile.
29. Recent development work on the new CRM systems enables the Council to develop “In-Cab” solutions and to implement this in future vehicles from 2018 onwards, which can enhance the Customer Service experience for residents.

### **Background papers**

27<sup>th</sup> February 2013 Full Council - Bridge Road Depot Project – Council approval of Budget and Service Plans 2013- 2014

Better Lives Advisory Group report 9<sup>th</sup> March 2011 - Commercial and Industrial Waste Strategy

Scrutiny Committee of Leisure and Community - Recycling Quality Project 29<sup>th</sup> November 2012, and 19<sup>th</sup> June 2012.

Scrutiny Committee of Leisure and Community - Waste Strategy Review Reports 6<sup>th</sup> July 2016, 2<sup>nd</sup> March 2016 and 9<sup>th</sup> February 2016

24<sup>th</sup> February 2016 Full Council Service Plans / Budget papers 2016 - 2017 – Extension of vehicle fleet / Garden Waste service price increases.

Scrutiny Committee for Customer Services and Service Delivery – 8<sup>th</sup> February 2017

Scrutiny Committee for Customer Services and Service Delivery – 14<sup>th</sup> March 2017