

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**STREET SCENE and ENVIRONMENT SERVICES ADVISORY BOARD**

**04 September 2018**

**Report of the Management Team**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Council Decision**

**1 WASTE SERVICES CONTRACT RETENDER**

**Summary**

**The current Waste Services Contract for refuse, recycling and street cleansing is due to expire at the end of February 2019 and is being retendered on a partnership basis with Tunbridge Wells Borough Council and in liaison with Kent County Council.**

**In Part 2 of these papers Members are recommended to award the new South West Kent Waste Partnership contract 2019 to the successful contractor. Subject to this recommendation being agreed this report recommends to Council the levy of an 'opt-in' garden waste charge, the capital funding for the purchase of new containers and the creation of a marketing/communications budget. It also makes recommendations to Cabinet including an Equality Impact Assessment, a Communications Overview, and the use of an appropriate purchasing framework for the new containers.**

**1.1 Background**

1.1.1 Further to previous reports to this Board, Members will be aware that the Council's Waste Services Contract is due to expire at the end of February 2019, and that Officers are currently working in partnership with Tunbridge Wells Borough Council (TWBC) and Kent County Council (KCC) on the future delivery of these services. The net cost of this Council's existing contract for refuse, recycling and street cleansing services is in the region of £4.3m per annum and provides a refuse and recycling collection service to over 52,000 households and a street cleansing service across the whole Borough. The desired outcome for the contract retender is to improve service delivery, meet customer expectations, improve levels of recycling performance, meet current and forthcoming legislation and at the same time, where possible, to make financial savings to the Council to help address the savings outlined in the Savings & Transformation Strategy.

1.1.2 At the June 2017 meeting of this Board Members approved the proposed recycling & refuse collection arrangements for an enhanced service, known as the

“NOM” (Nominal Optimal Method). The NOM will deliver a much improved service to residents and includes:

- Weekly Food Waste Collection;
- Fortnightly Collection of Residual Waste;
- Alternate Fortnightly Collection of Mixed Dry Recyclate (plastics, cartons, cans and glass) in a wheeled bin with a separate container for paper and card; and
- The separate fortnightly collection of garden waste (as an “opt in” charged service).

1.1.3 At the November 2017 meeting of this Board Members considered and agreed in principle the proposed Inter Authority Agreement and financial disaggregation arrangements between this authority and KCC.

1.1.4 At the last meeting of this Board in February 2018 Members agreed that a final Equality Impact Assessment be presented to this meeting and discussed in detail the importance of future communication with residents and the need for a proactive approach to marketing the new service. As a result it was agreed that a small Member Group be established to develop a Communications/Marketing Plan to include both traditional and newer forms of publicity and promotion.

## **1.2 Inter Authority Agreement**

1.2.1 The Inter Authority Agreement (IAA) is a legally binding agreement between this Council as the Waste Collection Authority and KCC as the Waste Disposal Authority. The aim of the IAA is to encourage increased levels of recycling by providing this Council with an incentive to maximise kerbside recycling, directly reducing the waste disposal costs for KCC.

1.2.2 The IAA, which has been developed to mutually benefit both authorities, will replace all existing arrangements in relation to all waste related payments made by KCC to this Council other than the contribution to the Saturday Freighter Service. The IAA sets out in detail the financial obligations of each partner.

1.2.3 At the November 2017 meeting of this Board Members approved the core principles for the IAA including the financial arrangements and implications relating to the new contract. It was agreed that a final draft of the IAA be reported to this Board for approval.

1.2.4 The proposed final draft IAA, which has been developed over recent months in liaison with KCC, is included in full in Part 2 of these papers for Member approval.

1.2.5 The IAA is an extremely important document and has been the subject of careful consideration and review by Officers. Key issues worthy of note include:-

- the IAA shall commence on the date the new contract is awarded until 31<sup>st</sup> March 2027 and can be extended by mutual agreement for up to a further 10 years in successive extensions (as the case may be) to mirror the duration of the new contract;
- for the duration of the IAA TMBC will maintain the Nominal Optimal Model of Service, and deliver recyclables to transfer points and facilities specified by KCC;
- KCC will retain responsibility for the haulage and disposal of all materials and will endeavour to maximise the value of income from the sale of waste materials, and;
- TMBC will purchase necessary containers to facilitate the new collection arrangements.

### **1.3 Joint Working Agreement**

- 1.3.1 A Joint Working Agreement (JWA) is being developed between this Council, TWBC and KCC. The aim of the Agreement, which is intended to be legally binding, is to commit all the parties to the most beneficial, economically advantageous and closest consideration possible in the delivery of Waste Services across the two boroughs. The Agreement enables cross border co-operation to improve efficiency and encourage increased recycling.
- 1.3.2 The JWA will supplement the IAA, by establishing the joint working arrangements and will make provision for the allocation of costs and liabilities on a fair basis between the parties.
- 1.3.3 The Agreement will be based on a number of core principles including openness and trust, developing and adapting reputation and standing, and reasonableness of decision making and actions. Within the Agreement it is intended that a Contract Partnership Manager will be appointed by the District Partner Authorities, who will be responsible for the administration of the contract and the production of an annual Service Plan for Member approval. The role of Partnership Manager will rotate between TMBC & TWBC on an annual basis. The production of a Service Plan to guide service delivery and monitor key performance outcomes is already being used effectively by the Communities & Housing Advisory Board in regard to the management of the Council's leisure facilities by the Tonbridge & Malling Leisure Trust. Following discussions with TWBC it is the intention that the role of Contract Partnership Manager will be undertaken by TMBC in the first year of the new contract.
- 1.3.4 Members are requested to delegate authority to the Director of Street Scene Leisure & Technical Services in liaison with the Cabinet Member for Street Scene & Environment to approve the final Joint Working Agreement.

## 1.4 Garden Waste Charges

- 1.4.1 At the October 2017 meeting of this Board Members were advised that the charging for garden waste collection (for those households who wish to opt in) is necessary to underpin the proposed service improvements. Local authorities have the power to charge for garden waste under The Controlled Waste (England & Wales) Regulations 2012 and it was noted at the meeting of this Board in October 2017 that the level of charge would be reported to this meeting of the Board as part of the award of the contract.
- 1.4.2 At the present time over 50% of local authorities nationally apply a garden waste charge ranging from £22 to £95 per annum. In addition to the annual charge some Councils also charge for the garden waste container, which then becomes the possession of the householder. In Kent, only this Council, Canterbury City Council, Medway Council and Tunbridge Wells Borough Council do not currently charge for garden waste, with an average charge across the county of £43.50 p.a. (Canterbury City Council do, however charge for the garden waste container).
- 1.4.3 Having undertaken a detailed review of different charging regimes the following proposal for the “opt in” garden waste service is brought forward for Members consideration:-
- Annual fee for fortnightly collection of garden waste from a 240 litre garden waste bin - £40.00. Initial introductory offer to be made to residents to encourage take up - £35.00 guaranteed for first 2 years.
  - Garden waste bin to be provided free of charge and remain in ownership of TMBC.
  - Neighbours will be entitled to share a garden waste bin so long as one of them takes out a subscription.
  - Residents can join the scheme at any time throughout the year. Payment options will include direct debit.
  - A subscription only sack service for those with no room for a bin will also be provided on a fortnightly collection - £40.00 for 3 ninety litre hessian sacks. Same introductory offer as garden waste bin to apply.
- 1.4.4 Members will note from the above that the proposed opt in garden waste scheme offers excellent value for money at under £1 a week for the service with an introductory offer to encourage as many people as possible to join the scheme. The introductory offer relates to 67 pence per week and is below the national and county average. The introductory offer would represent the lowest charge for this service in the county. It is recognised that the marketing of the scheme will be crucial to its success, particularly bearing in mind residents are currently receiving the service free of charge. The scheme needs to be recognised within the overall objectives of the new improved service arrangements and the marketing element

is addressed later in this report at sub-section 1.7. The proposed approach outlined above has taken into account good practice from other local authorities which have recently gone down this route. The proposed charge also takes into account the contract cost to deliver this service, the depreciation cost of the containers supplied free to residents, the administration costs of processing the application and the client costs associated with monitoring this aspect of the contract.

- 1.4.5 The success of the scheme will clearly have a direct impact on the financial implications of the new contract and the total income generated will be dependent on the take up of the scheme across the Borough. The financial impact of garden waste charging is addressed later in this report at sub-section 1.10, with a target take up of 30% used to determine the income generated. It is anticipated that, with an appropriate level of promotion & marketing resource, this level of take up should be achievable, and the charging strategy being proposed will assist in reaching the target.
- 1.4.6 Members are requested to recommend to Council the charging proposals for the collection of garden waste as outlined in the report. In making the decision it should be noted that Tunbridge Wells Borough Council may be applying a different level of charge, which is not considered to be an issue, subject to the matter being suitably addressed in the Operational Marketing Plan.

## **1.5 Purchase of new containers (capital expenditure)**

- 1.5.1 The new collection arrangements will require both District Partner Authorities to purchase new containers for residents in relation to internal and external food waste collection, and the opt in garden waste service. The selection of the new containers will be considered by the District Partner Authorities in close liaison with the successful contractor and a final decision will be undertaken by the Member Group established by this Board. A sum of £700,000 was set aside in an earmarked reserve specifically to meet the purchase cost of the new containers. There is a need for this project to be included within the Council's Capital Plan and attached at **Annex 1** is a completed Capital Plan evaluation pro-forma for Members' approval.
- 1.5.2 Members will note from **Annex 1** that the estimated cost is in the region of £600k based on published figures from the Eastern Shires Purchasing Organisation (ESPO) framework. This accounts for 51,000 internal and external food caddies, caddy liners and 20,000 240 ltr. wheeled bins for garden waste. Subject to final product selection and costings it is anticipated that the earmarked reserve will be adequate to fund the container purchase in full. The Council has used purchasing frameworks on a number of occasions, most recently for the purchase of the new car park ticket machines. Separate to the purchase of the new containers provision already exists in List A of the Capital Plan for the replacement of existing containers and the purchase of new containers due to growth in housing numbers.

This budget provision will need to be reviewed and adjusted as part of the Capital Plan Review later in the financial year.

- 1.5.3 Members are requested to recommend to Council the purchase of containers for the new contract be added to the Capital Plan, funded from the earmarked reserve.

## **1.6 Contract implementation/mobilisation**

- 1.6.1 The contract start date is 1<sup>st</sup> March 2019 with service commencement dates of 1<sup>st</sup> March 2019 for TMBC and 31<sup>st</sup> March 2019 for TWBC, delivering the services in accordance with the current arrangements. The new service model is required to be introduced across both District Partner Authorities between 1<sup>st</sup> July – 30<sup>th</sup> November 2019 with the contractor working in close liaison with the District Partner Authorities.
- 1.6.2 Subject to the award of the contract it is the intention for Officers from the District Partner Authorities to develop a detailed Mobilisation Plan to ensure the specific requirements of the contract are met. An essential element of the Plan will be providing clear and continuous communication with residents and this will be addressed alongside the Council's Operational Marketing Plan reported elsewhere in these papers. Members of this Board will be kept regularly updated on progress and will help ensure that a continuity of service is provided and service standards are maintained. The next two meetings of this Board are both in advance of the commencement of the new contract i.e. 5<sup>th</sup> November 2018 and 11<sup>th</sup> February 2019.

## **1.7 Marketing/Communication**

- 1.7.1 At previous meetings of this Board Members have stressed the need for a high priority to be given to communication with residents over the changes being made to the service. Members have also expressed a wish for a wide range of marketing techniques to be used to reach as many residents as possible, and for communication to start as early as possible. This issue has also been highlighted in the Equality Impact Assessment reported later in these papers at sub-section 1.11.
- 1.7.2 To assist in this regard, an external marketing consultant was appointed to develop a Strategic Communications Overview to guide the work of the Officer Team and Member Group. A copy of the Plan produced by Maxim PR and Marketing is attached at **Annex 2** and Members will note that it incorporates objectives, key messages, key communication principles, audiences, route to market, timings and risks. The Overview was considered in advance of this meeting by the Member Group established by this Board, and a number of detailed comments were received which will be incorporated in the Operational Marketing Plan.

- 1.7.3 In terms of delivering the Operational Marketing Plan a new temporary 18 month post of Waste Contract Officer has been created to work alongside the Officer Team and the Council's own Media Team. The new post holder, previously undertook an identical role for the Mid-Kent Waste Partnership when it changed its Waste Contract arrangements across Ashford, Swale and Maidstone, has worked in the private sector and is already progressing a number of actions recommended in the Overview. The post holder will also work closely with the Member Group established by the Board, ensuring that Members are kept fully up to date with progress.
- 1.7.4 To deliver a comprehensive Operational Marketing Plan will require an adequate budget. Whilst it is not possible at this stage to accurately specify a budget, as a number of initiatives may be delivered in partnership with the contractor or TWBC, it is worthy of note that WRAP (Waste & Resources Action Programme) suggests a minimum budget of approximately £1.50 per household for communication details of a new service which would suggest an overall budget of £100,000. It is therefore the intention to utilise the Invest to Save Earmarked Reserve to fund the implementation of the Operational Marketing Plan at this level, and report back to Members of this Board on a regular basis.
- 1.7.5 Members are requested to approve the Strategic Communications Overview at **Annex 2** to this report and receive regular update reports to future meetings of this Board.
- 1.7.6 Members are further requested to recommend to Council a budget of £100,000 funded from the Invest to Save reserve to implement the Operational Marketing Plan.

## **1.8 IT Considerations**

- 1.8.1 In order for the contract to be successfully mobilised and the NOM introduced efficiently & effectively, a number of IT-related projects will need to be undertaken both prior to contract start, and prior to the roll-out of the new services. Experience elsewhere indicates that without a significant investment of time & resource in implementing such changes there are real risks, not only of potential service failures, but also a high chance of public dissatisfaction, a lower level of uptake of the garden waste subscription service, and associated financial risks. There are a significant number of issues that need to be addressed. These include updated databases, reviewing GIS mapping data, testing of invoicing systems, development of garden waste subscription and payment systems and a review and update of the website. Partnership opportunities are currently being explored with Tunbridge Wells Borough Council and the Council's IT Services has identified the project as a priority within its work programme.

## **1.9 Legal Implications**

- 1.9.1 The Council has a legal duty to provide waste and street cleansing services. The procurement of the new contract has been undertaken in compliance with all

current legislation, including the Public Contract Regulations. Legal Services at both this authority and Tunbridge Wells Borough Council – together with Dartford Borough Council’s Procurement team - have been directly involved in advising the Project Team throughout the procurement process, including specific involvement with the Inter Authority Agreements, Conditions of Contract and giving legal advice on the procurement process. Legal advice has also been sought from specialist Solicitors on the procurement process as required during the project.

- 1.9.2 The adoption of the proposed recycling collection services is considered to assist the Council in meeting its requirements under the Waste (England & Wales) Regulations 2011, which are to provide separate collections where necessary to achieve high quality recycling.

## **1.10 Financial and Value for Money Considerations**

- 1.10.1 The financial implications of awarding the waste contract are set out in the Part 2 paper elsewhere on the agenda. This section sets out the financial implications of matters highlighted for Members’ attention within this public (Part 1) report. A summary of all the financial implications, assuming all recommendations are approved or supported, is appended to the Part 2 report.
- 1.10.2 The annual level of income in respect of the “opt-in” garden waste service is clearly dependent on the level of take-up of the service and the charge set. For the purpose of the financial model a take-up rate of 30% and a charge of £35 (see paragraph 1.4.3) have been used giving a gross income in the order of £550,000.
- 1.10.3 Inevitably, excluding any staff resources, there will be ongoing direct administrative costs for the Council in collecting the new stream of garden waste income (e.g. bank charges, correspondence, etc.). These non-staff costs will depend on the uptake of the garden waste service, but based on the assumption of a 30% take-up above, we estimate a cost of circa £25,000 per annum.
- 1.10.4 The Council will in future not have to make provision for the two recycling vehicles jointly owned with Tunbridge Wells Borough Council at an annual cost of £16,000 and for the replacement of bring banks at an annual cost of £3,000.
- 1.10.5 As noted in paragraph 1.5, subject to Members’ approval of the capital plan evaluation, the initial purchase of garden waste bins and internal and external food caddies at an estimated cost of £600,000 can be met from an earmarked reserve established for this purpose. Clearly, the estimated cost would increase were the take-up rate to be higher than the assumed 30%. There are a number of options as to how this potential increase in cost might be funded which will be the subject of further consideration in due course, as appropriate.
- 1.10.6 Quite apart from the imminent purchase of the new garden waste bins and caddies as set out above, we will need to make provision in our ongoing capital budget for new and replacement bins. In recognition of increased volumes, we estimate that an increase of £37,000 per annum needs to be provided for – and



this is set out in the capital plan evaluation at **Annex 1**. This aspect will be taken into account during the forthcoming capital plan review.

- 1.10.7 Finally, in relation to paragraph 1.7, Members are asked to recommend to Council that a 'one-off' marketing / communication budget in the sum of £100,000 is established in order to fulfil the Operational Marketing Plan. This can be funded from the Invest to Save earmarked Reserve subject to Member approval.

## 1.11 Equality Impact Assessment

- 1.11.1 Under the Public Sector Equality Duty (section 149 of the Equality Act 2010) the Council is required to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010; (ii) advance equality of opportunity between people from different groups; and (iii) foster good relations between people from different groups.
- 1.11.2 At the February 2018 meeting of this Board Members were advised that there are a number of individual specifications and service elements associated with the contract which deal with protected characteristics under the Equality Act. One example is the provision for a bin "pull out" service for those who require assistance such as disabled residents or those who are frail and elderly. At the meeting it was noted that a detailed EQIA was being undertaken with the assistance of Tunbridge Wells Borough Council's Corporate Governance Team. It was also noted that the intention of this Council was not to offer a concessionary reduction for the garden waste charge as being in receipt of Council Tax reduction is not in itself a protected characteristic within the Equality Act. It was also recognised that there are alternative methods of disposing of garden waste, such as home composting and using Household Waste Recycling Centres.
- 1.11.3 A copy of the final EQIA is attached at **Annex 3**. Members will note that the EQIA identifies three impacts to draw to the attention of the Board as follows:-
- i) The need for a supported service by those with a protected characteristic or disability who require assisted collections – this was built into the contract specification and allows for a possible increase in numbers over the duration of the contract. The successful contractor will be required to meet any requests for this assisted service.
  - ii) Communicate changes to the service to residents with the protected characteristics of age and disability – this issue has been addressed within the Strategic Communications Overview reported separately in these papers. The aim of the Operational Marketing Plan will be to reach all residents and all age groups within the Borough as far as it is practicable through a balance of traditional and more innovative forms of marketing/promotion.
  - iii) Monitor the delivery of the new contract to measure its success in improving levels of service including those with protected characteristics – regular monitoring reports will be reported to Members of this Board. This will involve

monitoring the provision of an assisted collection service to ensure it is meeting people's needs.

## **1.12 Policy Considerations**

1.12.1 Communications

1.12.2 Community

1.12.3 Customer Contact

1.12.4 Procurement

## **1.13 Conclusion**

1.13.1 The procurement of the new contract has been a major piece of work involving Officers from across the Council working in close partnership with colleagues from Tunbridge Wells Borough Council.

1.13.2 The new contract will offer real opportunities for service improvements which have been requested by residents over a number of years. The introduction of the kerbside collection of plastics and glass will help improve the Council's recycling rate which has remained largely unchanged over the last few years.

1.13.3 It is important to note, however, that the appointment of the successful contractor as set out in Part 2 is just another milestone within the delivery of the project, with a significant amount of work now required to ensure the successful mobilisation and implementation of the new arrangements. It has been recognised that good communication with our residents will be essential to the success of the new contract and this area will be the subject of ongoing liaison with Members.

## **1.14 Recommendations**

1.14.1 It is RECOMMENDED to **CABINET** that:-

- i) the details and style of joint branding to be used by the successful contractor be considered in liaison with the established Member Group and Tunbridge Wells Borough Council;
- ii) delegated authority be given to the Director of Street Scene, Leisure & Technical Services in liaison with the Cabinet Member for Street Scene & Environment to approve the final form of the Joint Working Agreement to be entered into;
- iii) the role of Partnership Manager be undertaken in the first year of the new contract by this authority;

- iv) the current Capital Plan provision for the replacement of existing containers and purchase of containers for new households be reviewed and adjusted as part of the Capital Plan review;
- v) the procurement of the new containers for the Waste Services Contract be progressed through an appropriate Purchasing Framework;
- vi) the Strategic Communications Overview included at **Annex 2** and approach to the development of a detailed Operational Marketing Plan included within the report be approved;
- vii) the actions to address the impacts identified in the Equality Impact Assessment as outlined in the report be noted.

1.14.2 It is RECOMMENDED to **COUNCIL** that:-

- i) the charging proposals for the new opt in garden waste charge as outlined in the report be agreed;
- ii) the provision of new containers for the Waste Services Contract be added to the Capital Plan, funded from the earmarked reserve, as set out in **Annex 1** to the report;
- iii) a marketing/communication budget be established to publicise and promote the new enhanced service in the sum of £100,000 funded from the Invest to Save reserve.

Background papers:

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Nil

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**for Management Team**