

South Hams Special Council



Title:	Agenda																														
Date:	Thursday, 13th April, 2023																														
Time:	11.30 am (or on the rising of the Executive, if later)																														
Venue:	Council Chamber - Follaton House																														
Full Members:	<p style="text-align: center;">Chairman Cllr Austen</p> <p style="text-align: center;">Vice Chairman Cllr Taylor</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Abbott</td> <td style="width: 33%;">Cllr Long</td> </tr> <tr> <td>Cllr Baldry</td> <td>Cllr McKay</td> </tr> <tr> <td>Cllr Bastone</td> <td>Cllr O'Callaghan</td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Pannell</td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pearce</td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pennington</td> </tr> <tr> <td>Cllr Chown</td> <td>Cllr Pringle</td> </tr> <tr> <td>Cllr Foss</td> <td>Cllr Reeve</td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Rose</td> </tr> <tr> <td>Cllr Hodgson</td> <td>Cllr Rowe</td> </tr> <tr> <td>Cllr Holway</td> <td>Cllr Smerdon</td> </tr> <tr> <td>Cllr Hopwood</td> <td>Cllr Spencer</td> </tr> <tr> <td>Cllr Jackson</td> <td>Cllr Sweett</td> </tr> <tr> <td>Cllr Jones</td> <td>Cllr Thomas</td> </tr> <tr> <td>Cllr Kemp</td> <td></td> </tr> </table>	Cllr Abbott	Cllr Long	Cllr Baldry	Cllr McKay	Cllr Bastone	Cllr O'Callaghan	Cllr Birch	Cllr Pannell	Cllr Brazil	Cllr Pearce	Cllr Brown	Cllr Pennington	Cllr Chown	Cllr Pringle	Cllr Foss	Cllr Reeve	Cllr Hawkins	Cllr Rose	Cllr Hodgson	Cllr Rowe	Cllr Holway	Cllr Smerdon	Cllr Hopwood	Cllr Spencer	Cllr Jackson	Cllr Sweett	Cllr Jones	Cllr Thomas	Cllr Kemp	
Cllr Abbott	Cllr Long																														
Cllr Baldry	Cllr McKay																														
Cllr Bastone	Cllr O'Callaghan																														
Cllr Birch	Cllr Pannell																														
Cllr Brazil	Cllr Pearce																														
Cllr Brown	Cllr Pennington																														
Cllr Chown	Cllr Pringle																														
Cllr Foss	Cllr Reeve																														
Cllr Hawkins	Cllr Rose																														
Cllr Hodgson	Cllr Rowe																														
Cllr Holway	Cllr Smerdon																														
Cllr Hopwood	Cllr Spencer																														
Cllr Jackson	Cllr Sweett																														
Cllr Jones	Cllr Thomas																														
Cllr Kemp																															
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																														
Committee administrator:	Democratic.Services@swdevon.gov.uk																														

1. Urgent Business

the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under 'Business Brought forward by the Chairman');

2. Exempt Information

to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;

3. Declarations of Interest

In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non-Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;

4. Waste and Recycling Services Update

1 - 20

Report to: **SPECIAL COUNCIL**

Date: **13 April 2023**

Title: **Waste and Recycling Services Update**

Portfolio Area: **Lead Member for waste and recycling services – Cllr Baldry**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Immediately following this meeting.

Author: **Steve Mullineaux** Role: **Director, Customer Service Delivery**

Sarah Moody **Assistant Director Waste, Recycling & Operations**

Contact: **Email: Steve.mullineaux@swdevon.gov.uk**

RECOMMENDATIONS:

That Special Council RESOLVES:

- (a) To utilise the Vehicle and Plant Earmarked Reserve and the one-off implementation budget, to purchase end of life fleet replacements and the fleet required for the roll out of the remaining properties onto the Devon Aligned Service (DAS) in October 2023 which is anticipated to cost £2.16million;**
- (b) To use internal borrowing of up to £0.5million to fund the improvements to the Torr Depot, with the associated revenue costs of £35,000 per annum for 25 years (the life of the asset) being financed by efficiencies and savings delivered by the service;**
- (c) To allocate £180,000 from the Revenue Grants Earmarked Reserve to fund additional project management capacity; and**

(d) That the setting of fees and charges for the waste and recycling service is delegated to the Director for Customer Service and Delivery, in consultation with the Leader of the Council, the lead Executive Member for waste and recycling and the Section 151 Officer.

1. Executive summary

- 1.1 This report updates Special Council on the progress and performance of the waste service since it returned to Council control on 3 October 2022.
- 1.2 It sets out the detailed work undertaken in the last 6 months following the successful transfer, to improve the service. Section 4 of the report illustrates the significant improvement in waste and recycling collection performance. The next steps to maintain this performance and improve all other aspects of the overall service such as street sweeping are detailed in Section 5.
- 1.3 The report details how the current 3 tier recycling system that is currently in place in the District, (Devon Aligned Service, Co-mingled, Blue and Clear plastic sacks), fails to:
 - meet the Environment Act 2021 requirements
 - meet the needs of our residents
 - and is financially unsustainable
- 1.4 Whilst there are operational and other risks associated with introducing the service in October 2023, which are detailed in the report, continuing with the current 3 tier service is not an option.
- 1.5 The vision of the Devon Aligned Service (DAS), which fully meets the requirements of the Environment Act 2021, can be extended from the current 50% of households to more than 98% of households in the District.
- 1.6 In doing so, the Council will meet the needs of residents by offering a:
 - Weekly food waste collection; and
 - Weekly recycling of paper, card, plastics, metal tins and glass.

This improvement in the service, will enable to the Council to increase recycling rates and contribute to the Councils climate change and biodiversity targets.

- 1.7 The Cross-Party Waste Working Group met on 30 March 2023 to review the service transition and consider the issues. The Group unanimously agreed with the recommendations and conclusions presented in the report.
- 1.8 A version of this report is also to be considered at the Executive meeting to be held earlier in the day on 13 April 2023.

2. Background

- 2.1. At its meeting on 14 July 2022, Council agreed to terminate the waste and recycling collection contract by mutual agreement, resulting in the transfer of all services provided under the contract back to the Council with effect from 3 October 2022 (Minute 24/22 refers).
- 2.2. At its meeting on 21 September 2022, the Executive recommended to Council (Minute E.33/22 refers) and on 22 September 2022 Council approved (Minute 35/22 refers), the approach to the transfer of the service set out below and the next steps to improving the service. The key priorities being:
 - a. The safe transfer from FCC to the Council on day one.
 - b. A period of stabilisation to ensure that residents receive a reliable service. (Known as the transitional period of up to 9 months).
 - c. To improve recycling collections within the district. (Known as the improvement phase which will last up to 18 months).
- 2.3. In January 2022, the Cross-Party Waste Working recommended to the Executive that in considering options for the service:
 - i. That the service provided to residents did not deteriorate further.
 - ii. That any service change resulted in minimum disruption to residents.
 - iii. That the existing workforce was reassured over the change in management and control.
 - iv. That it enabled the Council to deliver a consistent collection service following transfer as soon as possible.
 - v. That it improved the service and increased recycling rates in the South Hams.
- 2.4. The service successfully transferred on Monday, 3 October 2022 and all actions outlined in the Executive report of 21 September were completed on target. Actions undertaken since the transfer are detailed in Section 3 of this report.
- 2.5. At its meeting on 1 December 2022 (Minute E.60/22 refers), the Executive received a report that provided an update on:
 - i. The successful service transfer.

- ii. The approach to improving the service through the transitional period.
- iii. The work underway to build a comprehensive operating budget beyond the transitional period.

2.6. The Environment Act 2021

2.6.1. The Environment Act 2021 received Royal Assent in November 2021 and has come into force in stages since then. The Act sets out several initiatives to reduce residual waste and increase recycling. These impact manufacturers, retailers, waste disposal and collection authorities and their supply chain. The Act proposes amendments to the Environment Act 1990 relating to the separation of waste. When in force the amendments will require all collection authorities, which includes the Council, to collect the following materials:

- Glass
- Paper
- Card
- Metal
- Plastic
- Food waste (specified as weekly)

2.6.2. The amendments will also enable the Secretary of State to exempt or extend the materials to be collected separately and also to issue statutory guidance.

2.6.3. Through DEFRA (Department for Environment, Food and Rural Affairs) the Government has been consulting with manufacturers, retailers, waste disposal and collection authorities about how the new duties are to be discharged; the frequency and consistency of collections; the content of statutory guidance and transitional arrangements. The results of this consultation and how the Government intends to proceed have been expected since November 2022.

2.6.4. DEFRA have suggested that 'new burdens' funding will be available to support local authorities implementing a weekly food waste collection, however at this stage there are no firm proposals on the criteria, timeframes, or value.

2.7. The Devon Aligned Service

2.7.1. The Devon Aligned Service (DAS service) enables all Devon District Councils to collect the materials outlined in paragraph 2.6.1. Initiated ahead of the Environment Act 2021 the service aligns with the Act's goals and objectives.

2.7.2. The rationale being to improve recycling rates and reduce recyclable materials entering the residual waste stream, ultimately contributing to the national climate change targets.

2.7.3. The kerbside collection method means that materials are segregated at source reducing contamination and improving the quality of recycling. This results in more material being recovered for reuse and achieving a higher recycle value.

2.7.4. The Current materials are collected as shown on the following page:



2.8. South Hams Recycling schemes in operation

2.8.1. Currently approximately 22,500 households receive the full DAS service.

2.8.2. A further 8,000 households (approximately) are still on the old blue and clear sack recycling sacks. This service is a fortnightly service and limits residents to recycle the following materials:

- Plastics
- Cans
- Paper
- Card

These households cannot recycle glass without visiting one of the bottle banks and their food waste is mixed with their residual waste (Black bin) and is processed via incineration.

2.8.3. The remaining households (approximately 15,000) receive a weekly co-mingled collection. Residents receive a weekly collection that allows them to recycle all the materials as per the DAS service **with the exception of food waste**. Like those households described in 2.8.2, these residents must use their residual collection to dispose of their food waste which is incinerated.

2.8.4. The annual cost to the Council of haulage and processing of the materials for the recycling systems described in paragraphs 2.8.2 and 2.8.3 is in excess of £500,000 per annum.

3. Service Transition and Performance

3.1. The service successfully transferred on Monday 03 October 2022 and all actions outlined in the Executive report of 21 September were completed on target. Within 3 months, the Council's project team successfully:

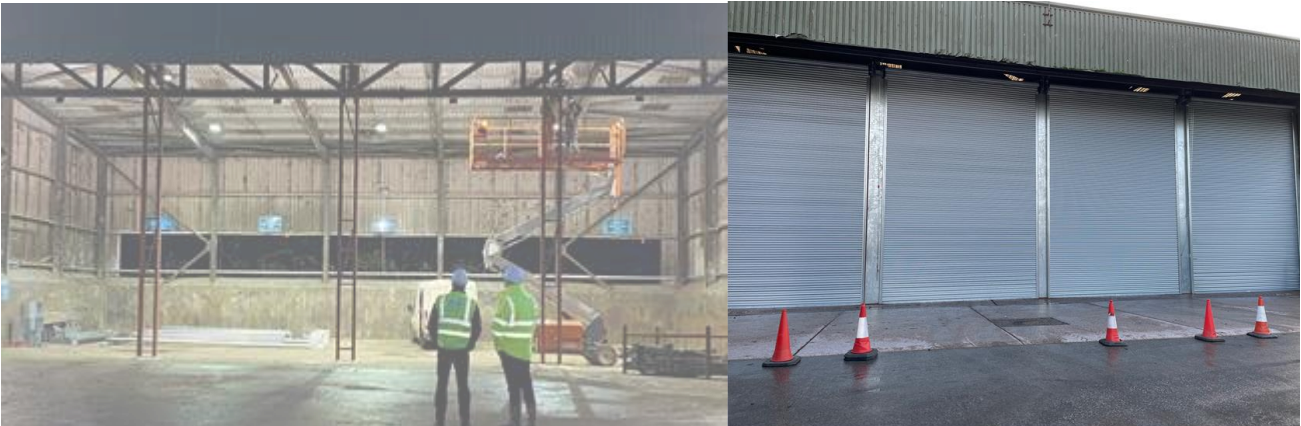
- Transferred waste operating permits and the transport O-licence to ensure the service could operate legally.
- Procured haulage, material reprocessing, vehicle maintenance and fuel contracts.
- Procured, configured, and installed the back office and customer IT systems, tablets and mobiles used by the crews.
- Negotiated and completed land agreements to ensure a safe operation.
- Identified and completed Health and Safety (H&S) improvements and repairs.
- Introduced Council H&S risk assessments, training and working procedures for staff.
- TUPE transferred all staff and secured 98% of the agency workforce, which on Day 1, represented 40% of the workforce.
- All staff received Council branded Personal Protection Equipment (PPE) and uniform.

3.2. By Day 3 (5 October) all collection rounds were successfully deployed and as of 23 March 2023, (almost 6 full months) have continued to be fully deployed.

3.3. During the intervening 6 months the team have undertaken key actions to stabilise and improve the service. These are detailed below:

3.3.1. **Torr Quarry Depot.** The depot has a large transfer station shed for the bulking and storing of waste before it can be transported onward for processing. The original door for the shed (which had been in place for over 20 years) broke shortly before the transfer of the service and despite the contractor's best efforts was unrepairable due to obsolete parts. Replacing the door was a key requirement for the Environment Agency permit regime to keep the site compliant and operational. A new and improved solution was procured (from a local contractor), designed and installed in under eight weeks. The new doors required a new electrical system, lighting was upgraded, and key structural repairs were also undertaken by the Council's property services team. During this refit period, waste had to be redirected to neighbouring facilities in Torbay

and Plymouth increasing pressure on the overall operation. Service performance was maintained, and the work completed on schedule, ahead of the Christmas period. The photographs that follow show some of the work undertaken.



3.3.2. Christmas holiday period. The second major challenge for the service was to maintain the service throughout the Christmas holiday period. Increased volumes across all waste streams plus the 3 bank holidays, necessitated staff working overtime over 3 consecutive weekends. Extra crews were deployed to collect cardboard ahead of the main recycling rounds ensuring that the main vehicles could complete their rounds without having to return repeatedly to the depot to empty the vehicle thus maximising their capacity. Every member of the management team also supported a round in collecting the high volumes of materials. No major issues occurred, and performance was maintained.

3.3.3. Staffing & Supervision. New depot managers and supervisors have been recruited to strengthen the team. Regular all staff meetings take place with the Assistant Director and Director on a bi-monthly basis. Recruitment of staff has been a continuous process and successful. The reliance on agency staff has been significantly reduced with less than 10% employed through external agencies, reducing costs and mitigating operational risks. Staff consultative forums have been reintroduced with staff side representatives providing a voice and a platform in which to suggest new initiatives, service improvement ideas as well as raise constructive concerns.

3.3.4. Pay and Reward. In consultation with unions and staff representatives, the Council has offered a new set of terms of conditions which offer additional benefits to operational staff and ensure the Council can continue to deliver the service. The new terms align pay rates to the local government pay scales ensuring that the Council can offer competitive pay rates to recruit and retain staff.

3.3.5. Culture. One of the fundamental key priorities has been to remove the previous management's 'us and them' culture. Making management accessible, approachable and a key part of the Council workforce. The depot staff facilities are being upgraded and offices made open plan. Managers and the Council's wider team now work alongside the operatives allowing for a more inclusive and collaborative working environment to improve the service for our residents. To date Ivybridge has been completed (see photographs below) and work has now commenced at Torr.



3.3.6. Health and Safety and Compliance. Incremental improvements continue to be made to ensure that safe working practices are embedded across the operation. The team undertook an enormous amount of work before the service transfer and particularly the weekend before go-live to ensure the safety of our staff and visitors to the waste sites such as depot line painting, reviewing, and creating risk assessments, and replacing signage. The team continue to build on these improvements. Environmental compliance has been improved in relation to the transfer stations with a recent unannounced inspection by the local Environment Agency inspector to our Torr Quarry site finding only 2 minor defects. The previous inspection prior to the service transfer day had identified 8 significant defects.

3.3.7. Garden Waste Service. Following the Council's decision to offer a subscription-based Garden Waste collection service, the team have designed, marketed, and successfully launched the service. The new routes were tested by managers and drivers to ensure that they were achievable and tweaked based on staff feedback. As a result, in the first 2 fortnightly cycles of operation, the Council only received 49 missed collection reports from customers, that were then revisited the following day.

By 23 March 2023:

- 11,356 households had signed up for the service
- Totalling 12,005 subscriptions
- Achieved the budgeted income target of £575,000.

The income is funding the cost of providing a garden waste service.

4. Service Performance

4.1. The cumulative effect of all the actions detailed in section 3 of this report, combined with the drive and commitment of the whole team to improve the service for our residents has been transformational in terms of service performance as illustrated by the following graphs. The industry standard measure of service performance is a target of no more than 80 missed bins per 100,000 collections.

4.2. Table 1 shows the performance of the service over the last 12 months.

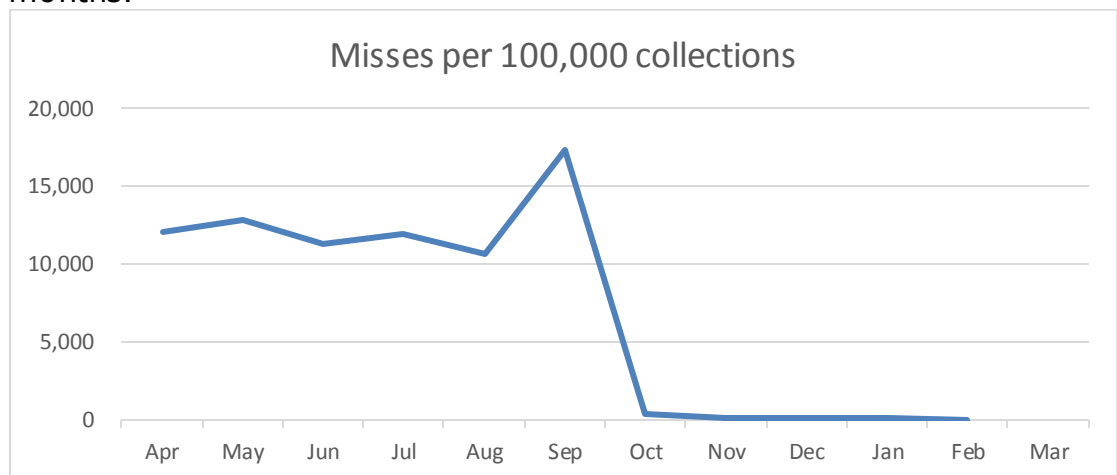


Table 1: Misses per 100,000 collections

4.3. Due to the scale, Tables 2 and 3 breakdown the missed collections for each period. **Note the vertical axis scale is significantly different.**

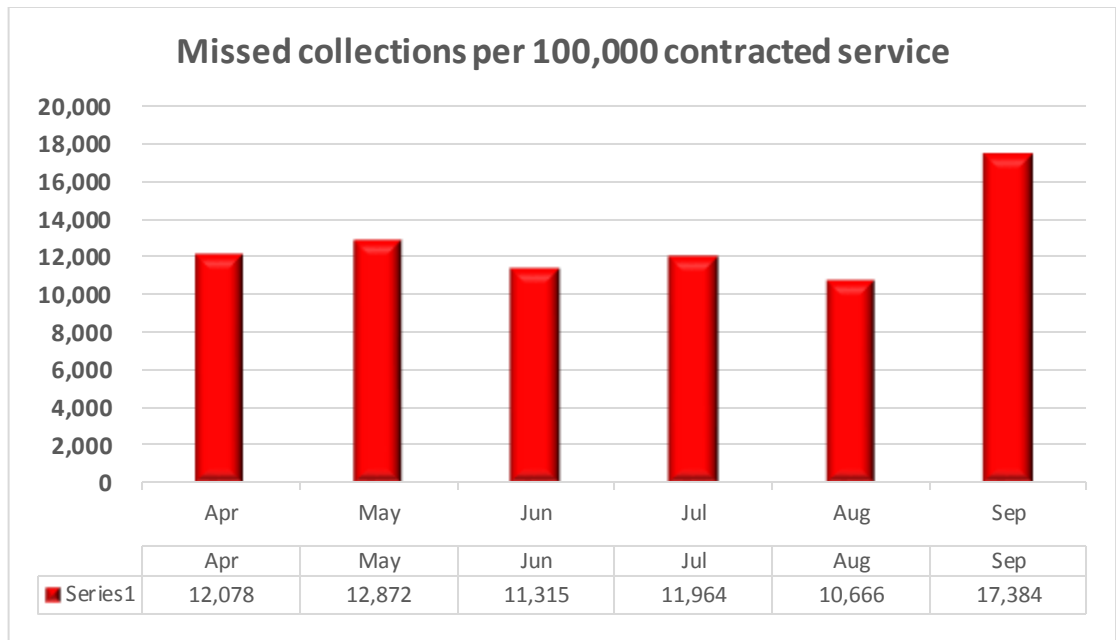


Table 2: Missed collections per 100,000 April to September 2022

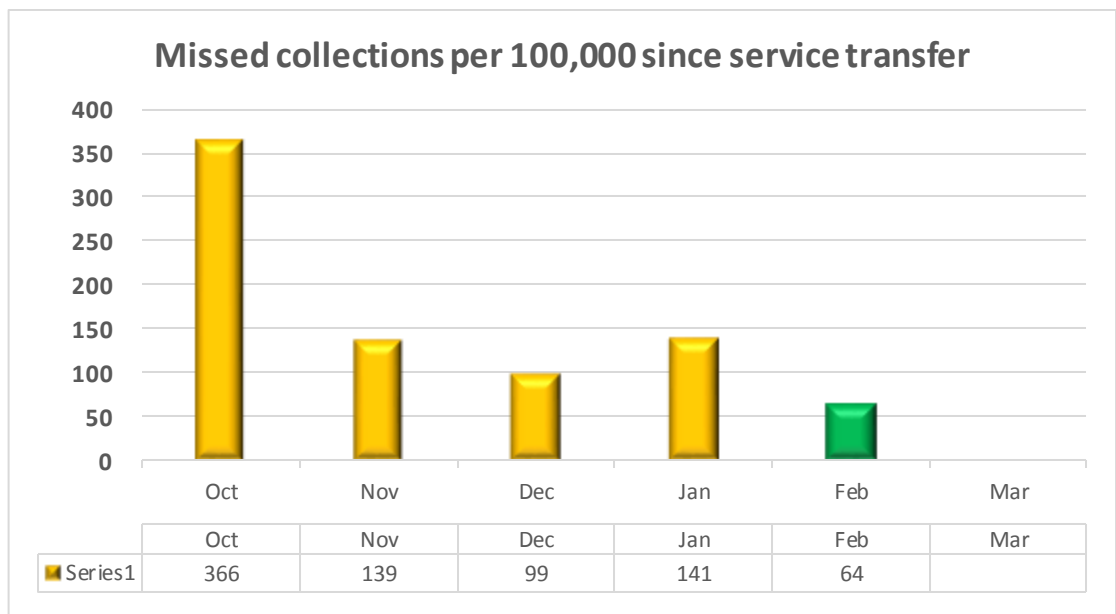


Table 3: Missed collections per 100,000 October 22 onwards

- 4.4. Tables 1-3 show a fundamental improvement in performance such that in February 23 for the first time in over 3 years the service achieved the national industry standard performance target.
- 4.5. In addition to improving the collection service and the launch of the garden waste service, the team have focussed on maintaining the delivery of the toilet cleaning, litter bin emptying, bottle bank emptying, bulky collection, trade waste service, replacement and repair of wheelie bins and recycling containers.

4.6. The team have also been working hard to ensure that the street cleaning service is operational and more details of this are included in section 5 of the report.

5. Service Continuity and Next Steps

5.1. Maintaining performance is clearly the primary objective but coupled with this are a key number of actions required to provide long-term stability to the service. These include:

- Strategic procurements of fuel, vehicle maintenance, material haulage.
- Transfer station compliance.
- Health and Safety.

5.2. **Street Cleansing Service.** As stated in paragraph 4.6 Street Cleaning is a key priority, work is underway to document all activity undertaken for the key services of:

- Street Sweeping
- Litter Bin Emptying
- Town Barrowman
- Robust monitoring

5.3. The large mechanical sweeper is now carrying out street cleaning across the district and a 6 weekly schedule has been devised to ensure that all key areas are covered whilst leaving capacity to carry out ad hoc sweeping as required.

5.4. The small mechanical sweepers are used in the main towns and their residential areas. Schedules are being designed around the priority zoning of priority and frequency. These sweepers are prone to breakdowns and require frequent emptying and a review is underway to assess their suitability against newer technology.

5.5. To improve the street scene, the team have been:

- Weeding key parts in the Towns to bring them back to a high standard.
- Assessing and prioritising replacement litter bins, repairs and deep cleaning activities.

5.6. **A38 and major roads.** The Council has commissioned a specialist highways company to carry out overnight litter picking on both sides of the 13 miles of the A38 that runs through the South Hams. This will include slip roads and should be completed by 13 April. In addition to this, the team are reviewing its Chapter 8 (H&S legislation form working safely on highways) staffing and training requirements.

5.7. **Holiday high season.** The team have been involved in planning resources to ensure that visitors see the best of the South Hams as well as considering supporting local events before and after.

5.8. We have also recruited a new Head of Operations (start date 06 April) who will be responsible for the Localities, Grounds Maintenance, Property Maintenance and Car Parking teams. One of the elements of the role will be to maximise joint working across these services and the waste operations team, delivering efficient and effective working to improve the street scene and environment across the district. Work has already started to improve collaboration with an event held on 28 March 2023 in which all Operational teams and Council wide support services met for the morning to network, set priorities for the summer, work together to unblock challenges, and understand how their roles, equipment and functions can support one another.

6. Full roll out of the Devon Aligned Service

- 6.1. The Council's overarching strategy since 2019 has been to roll out the DAS service to all households and to include a weekly food waste collection as set out in the Environment Act 2021.
- 6.2. In 2021 the Council's waste contractor initiated a phased roll out of the DAS service, but this was subsequently suspended with the contractor citing challenges around the rurality, access issues and not having sufficient/enough vehicles for delivery.
- 6.3. Since taking the service back on the 03 October 2022, Officers supported by external technical advisors have been reviewing the collections data, vehicle capacity and surveying the Council's waste depots to understand implications and considerations around the ability to implement the DAS service and understand any associated risks.
- 6.4. Officers have instructed Integrated Skills, who are a route optimisation company, to provide a high-level indicative indication of the number of routes and vehicles required to support the full roll out of DAS. Further detailed work to validate these assumptions is scheduled imminently which will include operational input from the depots and operatives.
- 6.5. Analysis of the routes indicates that the following additional vehicles are required:
- 8 x 7.5t smaller narrow access vehicles
 - 2 x 12t kerbside sort vehicles
- 6.6. Previously, as part of the contractor's proposals it was assumed that all the DAS service recyclable material would be tipped and bulked at the Council's Ivybridge depot. However, with the increase in vehicles required to roll-out the service, the site cannot support the additional vehicle movements safely which would result in increased wait times for vehicle tipping and would then significantly impact the ability to complete the rounds.

- 6.7. Officers are now exploring options to utilise the Council's Torr Quarry depot, however recent guidance announced by the Environment Agency around the use of exemptions on permitted waste sites creates new challenges that will require additional infrastructure works to be undertaken to work towards compliance. The Environment Agency will be looking to remove some exemptions from permitted sites with timescales currently unknown. Where exemptions are in place additional infrastructure is required to minimise the fire risk and risk of polluting the environment should one occur.
- 6.8. The Torr Quarry infrastructure works will introduce additional fire protection measures which will work towards achieving fire compliance as set out in the Environment agency's fire prevention plan guidance.
- 6.9. With significant lead times for the procurement, manufacture and delivery of the vehicle requirements as per section 6.5 and the infrastructure work described in section 6.8, the earliest operational window for the roll-out of DAS to the remaining households is October / November 2023. Due to winter and Christmas, the next window would be March 2024.
- 6.10. Coupled with the activities described in Sections 3, 4 and 5 of the report, this will provide an improved and resilient service framework that will enable the Council to consider alternative options of service delivery that reflect the needs of our communities and contribute to the Councils Climate Change and Biodiversity targets and ambitions.

7. Financial Summary

- 7.1. Considerable work has been undertaken to understand all the costs of the current service and a member of the finance team has been seconded into the waste team, to help build the current operating budgets and then prepare financial projections of the waste and recycling service beyond the transition phase (July 2023 onwards).
- 7.2. **On-going revenue costs of delivering the service in house.**
- 7.2.1. The financial implications of bringing the waste service back in house were referenced in the Council report on 22 September 2022 in Section 7 of the report. This set out that, based on advice from our technical advisor undertaking an 'external' assessment of the service based on waste industry norms, the on-going revenue costs of delivering the service in-house would be in the region of £1.25m per annum higher than the contracted cost. The £1.25m was approved as a cost pressure in the 2023/24 revenue budget (and the Medium-Term Financial Strategy). The Council has been operating the service in-house since October 2022 and now has a much

deeper knowledge of the actual costs and where there are opportunities for further efficiencies.

7.3. **Transitional budget (October 2022 to June 2023).**

7.3.1. The Council report (September 2022) also set out that during the transitional phase covering the first nine months (October 2022 to June 2023), it was anticipated operating costs would be £350,000 per month higher than the contract costs. In July 2022, Members approved the use of £3million of the business rates retention reserve, to fund the anticipated transitional costs of bringing the service back in house. The £3million had been calculated as being 9 months (the transitional phase) at an additional cost of £350,000 per month.

7.3.2. In the revenue budget monitoring report to the Executive on 2 March 2023, it was reported to Members that due to the operational efficiencies introduced since the service came in-house, including a substantial reduction in agency workers, the current costs average £290,000 a month since October 2022, so £60,000 a month less than the original forecast.

7.4. **One-off set up costs.**

7.4.1. The report to Council on 22 September 2022 also detailed the one-off set up costs of £1.25m. The one-off costs are financed from a contribution from the contractor towards the Council's set up costs and funding in the Council's Waste earmarked reserve (which contains the 2021/22 contractual performance deductions and also contains additional income from increased recycling credits and dry recycling income).

7.4.2. These costs included project management, external technical advice (such as to re-design the collection rounds), legal costs, external one-off costs (IT costs), health and safety (such as PPE costs), property repairs and maintenance, temporary additional staffing, and additional vehicles.

7.4.3. As set out below, the Council is now at a point where the new vehicles for the roll out of the Devon Aligned Service (DAS) need to be procured. The balance of £0.55m predicted to be remaining in this one-off set up costs budget is earmarked for vehicle purchases as below;

7.4.4. **Vehicle costs (capital cost).** The Council already has sufficient funding included within the Vehicle and Plant Earmarked Reserve, to finance the cost of the end of life replacement and additional vehicles needed to implement the new service. In order to roll out the Devon Aligned Service to the remaining properties in October 2023 based on the new round design, the Council needs to purchase the necessary vehicles to enable the new service to operate. The cost is

envisaged to be £2.16 million. It is recommended Council finance the cost of the vehicles from the Vehicle and Plant Earmarked Reserve which currently stands at £1.4m (together with £210,000 of the 2024/25 annual contribution of £550,000) together with the £0.55million remaining in the one-off set up costs budget.

7.4.5. Torr Quarry depot (capital cost). There is a need to spend up to £0.5million on improvements to the Torr Depot (such as drainage, water tank supply and fire systems). It is recommended to Council to internally borrow for the improvement costs of up to £0.5million, with the associated revenue costs of £35,000 per annum for 25 years (the life of the asset) being financed by efficiencies and savings delivered by the service. In the medium term (in the next 2 to 5 years), there is likely to be an additional capital investment needed in the depot of around £2million that the Council will need to consider complying fully with new and much stricter regulations affecting the operation of waste transfer station.

7.4.6. Staffing capacity (Revenue Grants Earmarked Reserve). The service requires additional capacity over and above core operating requirements to accelerate project-based work to develop and implement a new trade waste service and other changes to deliver cost efficiencies and to drive income generation within the service on an invest to save basis. This model of investing upfront has proved very successful to date. It is recommended to Council to spend up to £180,000 from the Revenue Grants Earmarked Reserve for extra capacity within the waste service in the short term.

7.5. The revenue costs of the waste and recycling service over the next three financial years.

7.5.1. The next operational window in which to roll out the new DAS service to the remaining properties is October 2023. This will improve the service for residents and help to increase recycling rates. Having a consistent operating system across the whole district will also reduce operating costs in particular the costs for processing blue and clear sacks and of operating the co-mingled system (see para 2.8.4). This will create a new revenue cost base for the service from November 2023. If this window is missed the next opportunity will be in Spring 2024, which will lock in additional and excess operating costs of £290,000 per month for a further 6 months minimum at an overall cost of £1.74m.

7.5.2. **2023/24.** As a result, based on current assessments, it is anticipated that the costs of the waste and recycling service will remain within the revenue budget allocated. This is contingent on the service being able to generate additional income and to deliver further efficiencies as indicated above.

7.5.3. There will be a need for a thorough review of all fees and charges within the waste and recycling service. To expediate this process, it is recommended to Council that the setting of fees and charges for the waste and recycling service is delegated to the Director for Customer Service and Delivery, in consultation with the Leader of the Council, the Executive Member for waste and recycling and the S151 Officer.

7.5.4. **2024/25 and 2025/26.** it is projected that there will be an additional cost of the service of £270,000 and £260,000 respectively. These are annual costs and not cumulative costs. This will be built into the next iteration of the Medium-Term Financial Strategy for 2024/25 onwards (an annual cost pressure of £270,000 from 1.4.2024). This assumes that in 2024/25 there will be a £300,000 one-off grant available from food waste new burdens funding (a government grant), in respect of the Environment Act. This funding has not yet been announced and therefore if this grant does not materialise there will be an additional cost of £300,000 in 2024/25.

7.5.5. There are additional costs but also significant opportunities to bridge the gap. There are a range of efficiencies and income generation opportunities including:

- Implementing operational efficiencies.
- A review of trade waste.
- Increasing income from CWR (Controlled Waste Regulations).
- Increasing garden waste subscriptions.
- Review of bulky item collections.

The detail of these elements will be worked up during Q1 and 2 of the 2023/24 financial year.

8. Risks

8.1. There are several risks that may have additional financial consequences and therefore need to be considered:

8.2. **Unbudgeted revenue costs.** The risk of delaying implementation of full DAS roll-out and of continuing the current 3 tier operation will lead to excess operating costs of £290k per month (see paragraph), £1.74m unbudgeted costs in 23/24 rising to £2.8m in the following financial year.

8.3. **Vehicle lead times.** There are a limited number of specialist manufacturers of kerbside recycling vehicles. In particular, 'narrow access' vehicles are not available to hire. Officers have issued a 'request for information' to these suppliers to establish delivery timeframes, prior to a formal procurement exercise being issued. The implications of the Environment Act 2021 could result in many

Councils requesting similar vehicles, resulting in extended delivery lead times. This in turn would mean continuing with a less compliant and effective recycling service at significantly higher costs. The October 2023 DAS roll-out is wholly dependant on the delivery of the vehicles.

- 8.4. **Environment Agency permitting requirements.** The 2018 consultation proposed amending the Environmental Permitting Regulations so that an exempt waste operation could no longer be carried out at a permitted waste site. The exemption currently listed at Torr Quarry falls under these proposals and will mean that it will now be removed at some point in the future. The timescales on removal are unclear at present, however indicative timescales suggest the phased implementation of all the legislative changes is due to commence in 2024 and be completed by 2025. Upon its removal, the standard rules permit that is currently held on the site will need to be varied which will almost certainly require a fire prevention plan to bring the site into compliance. Paragraph 7.4.5 highlights the estimated costs of ensuring that the Torr Quarry site is compliant. The Chief Executive and Director have recently met with the Environment Agency (EA) Regional Director to explain the issues the Council are facing and the EA have committed to work with the Council to manage this process.
- 8.5. **Operational risks around DAS implementation.** In addition to paragraphs 8.2, 8.3 and 8.4, there a number of operational risks that the team will continue manage through continued effective project management, with reporting through the Lead Executive Member to the Executive and Council. This is the approach that has successfully seen the transfer, transition and improvement of the service.

9. Recommendations

- 9.1. That Special Council be **RECOMMENDED**:

- 9.1.1. To utilise the Vehicle and Plant Earmarked Reserve and the one-off implementation budget, to purchase end of life fleet replacements and the fleet required for the roll out of the remaining properties onto the Devon Aligned Service (DAS) in October 2023 which is anticipated to cost £2.16million.
- 9.1.2. To use internal borrowing of up to £0.5million to fund the improvements to the Torr Depot, with the associated revenue costs of £35,000 per annum for 25 years (the life of the asset) being financed by efficiencies and savings delivered by the service.
- 9.1.3. To allocate £180,000 from the Revenue Grants Earmarked Reserve to fund additional project management capacity.

9.1.4. That the setting of fees and charges for the waste and recycling service is delegated to the Director for Customer Service and Delivery, in consultation with the Leader of the Council, the lead Executive Member for waste and recycling and the Section 151 Officer.

10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Environment Act 2021 and the changes that it will make to the way in which the Council will be obliged to collect waste and recyclables are summarised in the main body of the report.</p> <p>The use of Reserves over £100,000 requires Full Council approval and therefore the report contains a recommendation to Council on the use of earmarked reserves. The vehicles will be procured through a framework agreement and as such the procurement will comply with the Council's Contract Procedure Rules.</p> <p>The report recommends internally borrowing £0.5m for the Torr Depot improvements. This can be approved by the Executive but for completeness this is included within the recommendations to Council on the waste and recycling service.</p> <p>The report also asks for delegated authority to the Director for Customer Service and Delivery, in consultation with the Leader of the Council, the Executive Member for waste and recycling and the Section 151 Officer, for the setting of fees and charges for the waste and recycling service.</p>
Financial implications to include reference to value for money	Y	<p>The financial implications of the report are set out in section 7 (Financial Summary) of the report.</p> <p>The next operational window in which to roll out the new DAS service to the remaining properties is October 2023. This will improve the service for residents and help to increase recycling rates. Having a consistent operating system across the whole district will also reduce operating costs in particular the costs for processing blue and clear sacks and of operating the co-mingled system (see para 2.8.4). This will create a new revenue cost base for the service from November 2023. If this</p>

		<p>window is missed the next opportunity will be in Spring 2024, which will lock in additional and excess operating costs of £290,000 per month for a further 6 months minimum at an overall cost of £1.74m.</p> <p>As a result, based on current assessments, it is anticipated that the costs of the waste and recycling service will remain within the revenue budget allocated for 2023/24.</p> <p>In 2024/25 and 2025/26 it is projected that there will be an additional cost of the service of £270,000 and £260,000 respectively. These are annual costs and not cumulative costs. This will be built into the next iteration of the Medium-Term Financial Strategy for 2024/25 onwards.</p>
Risk	Y	See Section 8 (Risks) for a summary of the key risks.
Supporting Corporate Strategy	Y	Quality Council Services Natural Environment
Climate Change - Carbon / Biodiversity Impact	Y	Encouraging households to recycle more by increasing the materials they can recycle. Improving recycling rates and reducing residual waste.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	N	
Other implications	N	

Supporting Information

Appendices: None

Background Papers: None

This page is intentionally left blank