

TITLE: Waste and Street Cleansing Service Delivery Model

Committee: Operational Services

Date: 23 September 2024

Author: Director Operations

Report number: Z59

Contact officer: Isabel Edgar Director Operations

Isabel.edgar@eastcambs.gov.uk, 01353 616301, The Grange, Ely

1.0 Issue

- 1.1. To consider the outcomes of the waste service review Working Party (WP) to inform the decision on the future delivery method for provision of waste collection and street cleansing services.

2.0 Recommendations

- 2.1. Members are requested to recommend to Full Council:
 - i. Approve the decision to proceed with using East Cambs Street Scene Ltd (ECSS) as set out in section 4.7-4.8.
 - ii. Authorise the Director Operations to develop the service specification and, in consultation with Director Legal, prepare a new contracting arrangement to commence from 1 April 2026.

3.0 Background/Options

- 3.1 The management of household waste and street cleansing is one of the key functions of a District Council. It is a function that is important to every resident of the district and in that context, it is imperative that the Council delivers a service that is high performing, cost effective, contributes to the climate change agenda; whilst being sufficiently flexible to meet changing demands as the district grows and evolves. As an area that continues to see considerable sustained growth, the ability of services to adapt is even more important if the Council is to manage future cost pressures.
- 3.2 Over the last 6 years East Cambridgeshire residents have achieved their highest overall levels of recycling (58%) and lowest levels of residual waste. The Council has maintained its position as one of the top 25 authorities for recycling in England.
- 3.3 The Council entered into a Memorandum of Agreement (MoA) with its wholly owned company ECSS on 1 April 2018 for a period of 7 years.
- 3.4 ECSS empty around 360,000 bins and bags every month. Outside of periods of service interruption such as inclement weather, less than 0.05% of these collections result in a resident contacting the council because their bin was not emptied. In

2023/24, ECSS experienced significant challenges resulting from the pandemic, recruitment and retention and a complete round reconfiguration. The Council invested in the ECSS improvement plan: Project Street Smart, which has stabilised the service and resulted in significantly improved performance. The Street Cleansing service is continuing to improve also, although will occasionally see some reduction in performance, particularly around immediate response activities such as graffiti and fly-tipping removal.

- 3.5 The Government have introduced new waste legislation that takes effect from April 2026. To ensure there was no break in service between the MoA end date and the implementation of the new waste collection services in April 2026, the MoA was extended by Council in July 2024 for a further year. The MoA is now due to expire on 31 March 2026.
- 3.6 A Member Working Party (WP) was set up in November 2023 to shape the requirements for a new waste and recycling collection service and street cleansing service. As part of these proposals, the Council is required to agree the delivery model for the service from April 2026 (e.g. inhouse/contracted out/via ECSS).

4.0 Arguments/Conclusions

- 4.1 The WP reviewed the priorities for the next period and considered which delivery model can best achieve these and offer best value. The WP considered:
- i. The effectiveness of the current service delivery model and what other models could be considered.
 - ii. Waste management best practice.
 - iii. Future industry developments.
 - iv. How services could be packaged to achieve the optimum service performance for the council.
 - v. Priorities for residents and feedback from elected Members.
 - vi. Identifying opportunities for savings and efficiencies.
- 4.2 The Waste Consultants working on the modelling for the collections service, provided an overview of the pros and cons for different service delivery options to help inform the WP review. See appendix 1: Alternative Service Delivery Models.
- 4.3 The options reviewed were:
- 2.1. Outsource the service - Undertaking a full compliant procurement process to contract out the service to a commercial operator.
 - i. In-house the service – Set up a new Council department to provide the service.
 - ii. Continue the current arrangement albeit with changes to the service specification.
- 4.4 All the options assessed are ultimately achievable methods of delivering the service and subject to resources required. However, the time available, current economic circumstances and organisational capacity all have a bearing on the deliverability of the options considered for a service commencement date of April 2026.

4.5 The option to outsource was discounted for a number of reasons, including:

- i. There is no guarantee that a procurement process would result in a more efficient or cost-effective service being offered by another provider. It was noted that there had been concerns that the previous contractor was willing to incur fines for poor performance rather than invest in improving the service.
- ii. The current market conditions are not as competitive due to the consolidation within the provider market.
2.2. Potential bidders are likely to be more risk averse as the reasons behind the consolidation within the market and reduction in number of potential bidders has been at least partly due to the unprofitable nature of several Local Authority contracts which were previously let.
- iii. General inflation levels, which are currently much higher would also be reflected in any bids.
- iv. The cost of undertaking a procurement process could be around £100k for specialist advice and contract preparation.
- v. The timing of the procurement process would likely impact on the ability of the Council to implement the new collection service by 1 April 2026.

4.6 The option to in-house was a more favourable option, however, it was discounted primarily due to potential risks in relation to the workforce, with harmonisation of terms and conditions and the likely increase in costs due to pension strain. As well as risk of changing the delivery model at the same time as implementation of a new service.

4.7 The option to continue the current arrangements with ECSS has been assessed as the best option available at this time. The reasons for this include:

- i. It represents the best value for money and provides certainties over costs.
- ii. There are no additional implementation costs or disruption to service provision because of changing the delivery model.

4.8 Based on the analysis of a wide range of issues, including cost, inflationary pressures, organisational capacity, reputational risk and the time available, the WP unanimously agreed that the recommendation to Council should be to continue with ECSS to deliver the service under a new service specification and contract arrangement.

5.0 Additional Implications Assessment

Financial Implications NO	Legal Implications YES	Human Resources (HR) Implications NO
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA) NO	Data Protection Impact Assessment (DPIA) NO

NO		
-----------	--	--

Legal implications

5.1 A new service specification and contracting arrangement will need to be prepared to enter an arrangement for ECSS to collect Waste and Recycling and undertake Street Cleansing services for the next 7 years. The final specification and contract will need to be approved by Council in 2025.

6.0 Appendices

Appendix 1 – Alternative Service Delivery Model

7.0 Background documents

Notes of the Member Working Party November 2023 to July 2024