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**Report of:** *Laraine Manley*

**Report to:** *Cabinet*

**Date of Decision:** *17<sup>th</sup> April 2019*

**Subject:** *Waste Management Budget Savings 2019*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Cllr Lewis Dagnall –Member for the Environment and Transport</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing Scrutiny Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 418, 419, 421 and 442		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Appendix 1 is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).		

**Purpose of Report:**

The report details four proposals to realise a saving on the costs of providing waste services through the Integrated Waste Management Contract with Veolia.

The four proposed changes detailed in this report are:

- Making a charge for the provision of new recycling bins to new properties (and change of use properties) in the City
- Ending the subsidy for bulky waste collections
- Charging a rental for bulk bins provided to flats and maisonettes
- Alignment of the Integrated Waste Management Contract with the operation and maintenance of the Energy Recovery Facility to 2038.

**Recommendations:**

Cabinet receives the report and approves the policy changes to:

- i) Make a charge of £25 per container for the provision of recycling bins to new and change of use properties in the City
- ii) End the provision of subsidised bulky waste collections
- iii) Charge a weekly rental fee for the provision of bulk containers (where a one off payment has not been received for the provision of the container) on the basis of £0.50 per container per week for bulk bins provided for general waste and £0.30 per container per week for the bulk bins provided for recycling collections

Cabinet agrees to vary the Integrated Waste Management Contract as outlined in this Report such that the expiry of all services under the Contract will align with the currently agreed expiry date for the operation and maintenance of the Energy Recovery Facility of 31<sup>st</sup> July 2038.

Cabinet delegates authority to the Executive Director, Place in consultation with the Director of Legal and Governance to agree the final terms of the variation to the Integrated Waste Management Contract.

**Background Papers:**

- 1) Cabinet Report dated 18th January 2017 - Waste Management Policies
- 2) Cabinet Report dated 13th December 2017 Waste Contract Review – Next Steps
- 3) Individual Cabinet Member decision dated 6th March 2018 – Container Charges Review

<b>Lead Officer to complete:-</b>	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: Paul Schofield
	Legal: Sarah Bennett
	Equalities: Annemarie Johnston
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b> <i>Lorraine Manley</i>
3	<b>Cabinet Member consulted:</b> <i>Lewis Dagnall</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> <i>Gillian Charters</i>
	<b>Job Title:</b> <i>Head of Waste Management</i>
<b>Date:</b> 8 April 2019	

## **1. PROPOSAL**

### **1.1 Background**

- 1.1.1 Sheffield City Council has an Integrated Waste Management Contract (IWMC) with Veolia. The IWMC commenced in 2001, with the Council contracting with Veolia to deliver all household waste services on the Council's behalf to 2036.
- 1.1.2 The IWMC was amended last year to secure savings to the Council, as approved by Cabinet at their meeting on 13th December 2017. These amendments resulted in a number of changes, including in improvements to the recycling service; ending the collection of a box for recycling with the roll out of a brown bin.
- 1.1.3 In addition, the operation and maintenance of the Energy Recovery Facility (ERF) element of the contract, for the treatment of black bin/ residual waste was extended from previous expiry of 31<sup>st</sup> July 2036 to 31<sup>st</sup> July 2038.
- 1.1.4 Following the amendments to the IWMC and agreed savings being realised, the Council continues to be under significant financial pressures as the austerity agenda from central government continues to reduce funding to local authorities. The proposed further changes in this report ensure the Waste Management service contributes by reducing the direct cost of providing waste services.

### **1.2 Proposed savings**

#### **1.2.1 Charge for the provision of new recycling bins to new (and change of use properties) in the City**

- 1.2.1.1 The proposal is to introduce a charge for the provision of all bins to new households (and change of use premises), currently, there is charge for the black bin only. This policy change would mean payment of £25 per bin would be required for the brown and blue bins for the recycling service in addition to the black bin.
- 1.2.1.2 This policy would only apply to those households who are provided with their own containers for waste and recycling collections i.e. not households, like flats, that have shared bins.
- 1.2.1.3 The fee is proposed for new developments (or property change of use). The cost will include the delivery of all containers. Any further replacement recycling containers (but not garden waste) will be free of charge. Any replacement general waste (black bin) containers and green bins for garden waste collection will continue to attract a charge as per the policy approved in January 2017.

#### **1.2.2 Ending the current subsidy for bulky waste collection**

- 1.2.2.1 The proposal is to remove the current subsidy for the cost of bulky waste collections to households who receive a means tested benefit.
- 1.2.2.2 As a Waste Collection Authority, the Council is required to provide a service for the collection of bulky waste but may apply a charge for this service. Through the IWMC this service is provided by Veolia on behalf of the City Council. The charges for the bulky waste collection services are retained by Veolia for the

cost of providing the service.

1.2.2.3 The table below sets out the pricing structure for the bulky waste collection service, being varied by the number of items for collection. The table shows the price a customer receiving a means tested benefit pays and the corresponding subsidy the Council pays to Veolia for the collection.

Table 1. Bulky collection costs and subsidy

Number of items	Collection cost	Price customer on means tested benefit pays	Subsidy the Council pays towards the cost per collection
1 - 3	£21.90	£10	£11.90
4 - 6	£36.90	£15	£21.90
7 - 9	£51.90	£25	£26.90
10 - 12	£65.60	£35	£30.60

1.2.2.4 In the 12 month period between August 2017 to August 2018 there were 2,478 subsidised collections, approximately 15% of all collection undertaken in that period. Of these subsidised collections, approximately 69% of these were for 1-3 items. The lowest subsidised collection charge is £10 and the removal of the subsidy would mean customers who currently receive it would be required to pay an extra £11.90.

1.2.2.5 In addition to the Bulky Waste Collection Service, the Council provides five Household Waste Recycling Centres, across the city, for householders to take bulky and excess waste for recycling and disposal free of charge.

### 1.2.3 Charging a rental for bulk bins for existing properties

1.2.3.1 The Council is proposing to introduce an annual rental charge for bulk bins. This charge would replace the current one-off charge for the provision of these types of containers, and would be applicable to bulk bins to reflect the increased capital and the ongoing maintenance costs associated with these containers.

1.2.3.2 The rental charge will be applicable across all bulk bins at a rate of £0.50, per container per week for general waste bins and £0.30 per container per week for bulk bins provided for recycling collections.

1.2.3.3 The number of bins required at each development will continue to be determined by the Council as per its policies agreed by Cabinet on the 18<sup>th</sup> January 2017.

1.2.3.4 Where a charge has been applied for the provision of bulk containers for general waste, in accordance with the policy agreed by Cabinet on the 18<sup>th</sup> January 2017, the annual rental charge will not apply for those containers.

### 1.2.4 Collection and Disposal Contract Alignment Efficiency

1.2.4.1 The Council has secured an offer of a further annual saving from the cost of providing waste services through the IWMC with Veolia if the expiry of all aspects of the contract are extended to 31<sup>st</sup> July 2038.

1.2.4.2 The current position is that only the operation and maintenance of the Energy Recovery Facility, for the treatment of general waste, will continue to 2038.

1.2.4.3 This proposal would mean the full IWMC with Veolia would continue to 2038 and the risks associated with the logistics of operating collection services presenting waste to treatment/ recycling/ disposal facilities would continue to be managed wholly by Veolia, minimising possible disruption to customers.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The changes recommend in this report contribute to the 'Being an In touch Organisation' and 'Thriving Neighbourhood and Community' priorities identified in the Council's Corporate Plan 2015 – 2018. This is through reducing the cost to the Council of providing waste services and making the best use of public money to have the greatest impact for Sheffield. The changes also seek to be innovative through finding new approaches and being open to different ways of doing things and seeking out new ideas.
- 2.2 Waste Services are a cornerstone of the thriving neighbourhoods and communities' priority ensuring our city is clean and tidy.
- 2.3 Delivering a budget saving by altering how waste services are delivered will make a contribution to the Council's savings target, while improving the service offer.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There are no changes to services proposed through this report and as such no consultation has been undertaken. Due notice will be provided to landlords and managing agents prior to the commencement of the annual rental fee for the bulk containers.

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

- 4.1 Equality Impact Assessments have been undertaken for the proposed changes, the outcome of the assessments is detailed below;
  - 4.1.1 EIA 418 - Charge for the provision of bins to new properties in the City  
Overall, there are no significant differential, positive or negative, equality impacts from this proposal
  - 4.1.2 EIA 442 - Ending the current subsidy for bulky waste collection  
Overall there are no significant differential, positive or negative, equalities impact as a consequence of this proposal. There is a potential negative impact on older people, disabled people and those in poverty/financially excluded due to the removal of the subsidy. The service is still available but at a higher cost and waste can still be disposed of for free at one of Sheffield's Household Waste Recycling Centres.
  - 4.1.3 EIA 421 - Charging a rental for bulk bins  
Overall there are no significant differential, positive or negative, equalities impact as a consequence of this proposal.
  - 4.1.4 EIA 419 - Collection and Disposal Contract Alignment Efficiency

There are no equalities impacts from this decision.

## **4.2 Financial Implications**

- 4.2.1 The financial implications of the proposals detailed from paragraphs 2.1 through to paragraph 2.3.4 are demand driven and therefore variable on this basis.
- 4.2.2 Based on the number of black bins for general waste provided to new households over the last year, the income for the corresponding provision of brown and blue bins at £25 per would be £44,500.
- 4.2.3 During the last financial year the cost to the Council to subsidise bulky waste collections was £23,677.
- 4.2.4 At the end of the last financial year the Council was providing 3,595 bulk bins for general waste. The Council has had a programme of rolling out the full recycling offer so the number of bulk containers for recycling is to be finalised. From the general waste element only the income to the Council for bulk bin rental at £0.50 per container per week would be £93,470.
- 4.2.5 If the above assumptions in paragraphs 6.2 to 6.4 are realised the combined effect of these measures will achieve the budget savings assumptions.
- 4.2.6 In the 2019/20 Budget the Place portfolio also anticipated extending all elements of the IWMC with Veolia to 2038, to align with the already agreed termination for the operation and maintenance of the Energy Recovery Facility at 2038, the Council would save an additional £150,000 per year on the cost of providing waste services.
- 4.2.7 Please also see Appendix 1

## **4.3 Legal Implications**

- 4.3.1 In relation to the policy to make a charge for the provision of recycling bins to new/ change of use properties and also the rental charge for bulk bins; Section 46(1) Environmental Protection Act (EPA) 1990 provides that where the Council has a duty to collect waste, they are able to specify the kind and number of receptacles the occupier must put the waste into. S.46(2) EPA states that receptacle requirements set by the Council must be reasonable.
- 4.3.2 The Council may, with the agreement of the occupier, charge for the provision of the receptacles. This may be a single payment or a periodical payment (S.46(3) EPA). Charging for a new bin(s) for the recycling would constitute a single payment under this section. Charging a rental for a bulk bin would be classed as a periodical payment.
- 4.3.3 Alternatively, householders/ managing agents/ landlords are able purchase their own bins, but it must be at the capacity allocated for their household, of the correct colour, meet the specification set out by the Council, including the BS EN 840 quality standard, and the householder must agree to the Council's terms and conditions. If this bin does not meet these criteria it will not be emptied. Unsuitable bins may cause injury to staff and/or damage to the collection vehicle. Unless authorised by the Waste Management Service, household waste not contained within an approved container will not be

collected and will be treated as fly tipping.

4.3.4 With regard to ending the subsidy for bulky waste collections, whilst the Council has a duty to provide a bulky waste collection service, the Controlled Waste (England and Wales) Regulations 2012 provide that the Council may make a charge for this collection. There is no statutory requirement to provide a subsidised offer.

4.3.5 Please also see Appendix 1.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The Council could continue to provide waste services without the policy changes outlined above. This would mean the opportunities for income identified would not be realised and the waste service is unable to contribute to reducing the cost of providing services to ensure the Council is operating within the budget set for 2019/20.

5.2 The alignment of the expiry date of all of the IWMC services to 2038 provides a significant annual saving for the Council. If the Council does not agree to this proposal this saving cannot be realised and accordingly the Council would not be able to prioritise spending to services for caring for older and vulnerable people across Sheffield.

## **6. REASONS FOR RECOMMENDATIONS**

6.1 The recommendations to approve the policy changes and to approve the recommendation to align the expiry date of all of the Integrated Waste Management Contract services contribute to the Council operating within the budget set for 2019/20 without a reduction in the services provided.

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