

Runnymede Borough Council

COUNCIL MEETING – 22 APRIL 2010

Supplementary Summons – Item 9 (ii) – Recommendations of Committees

Corporate Management Committee – 8 April 2010

- a) Renewal of Kerbside Recyclables Collection Contract  
(Ref: Minutes of Leisure and Environment Committee, November 2008, page 456, para 321 and September 2009, page 272, para 298)

At its meeting on 18 March 2010, the Leisure and Environment Committee had considered the renewal of the Council's kerbside recyclables collection contract. Although the decision to award this contract rested with the Leisure and Environment Committee, it had previously been agreed that any changes to the frequency of refuse collections would be made by Full Council, following a recommendation from the Corporate Management Committee. Given that the decisions on both the recycling contract and future of refuse collections were interdependent, the Corporate Management Committee was therefore being requested to make a recommendation to Full Council.

The report to the Leisure and Environment Committee, which was noted by the Corporate Management Committee, compared the form of future kerbside collection of recyclables from a range of options, put forward recommendations for the award of the contract for the kerbside collection of recyclables, considered the implications for the refuse collection service and updated Members on the position relating to the current contract. The Corporate Management Committee also noted the Surrey district and borough recycling statistics, comments from staff and UNISON, an Equality Impact Assessment and confidential tender evaluation criteria, tenderers scores, tender analysis and details of four options for the new contract which were listed as Options A to D.

The current recycling contract was due to expire in February 2010. In November 2008, the Leisure and Environment Committee had approved an extension of the current contract for an additional period to explore potential partnering options with Spelthorne Borough Council. This had not been pursued as Spelthorne Borough Council currently favoured co-mingled collection of recyclable materials and Runnymede used the kerbside sort method. It was agreed that a co-mingled solution should not be adopted in Runnymede as there would be large capital costs in purchasing containers for co-mingled waste and the value of the co-mingled waste would also be reduced. The contract had subsequently been extended to 1 February 2011 to allow for completion of the re-tendering exercise. The Leisure and Environment Committee had agreed in June 2008 that the existing method of collection i.e. kerbside sorting of recyclable materials, would be maintained and that costs for both weekly and fortnightly collections, and an expanded range of materials would be requested from shortlisted tenderers for the new contract. A tender exercise had been carried out for the appointment of a recyclables collection contractor. An estimated lead in period of at least seven months was required for the new contract in order to provide time to procure vehicles and equipment. The Council's current contractor for kerbside recyclables had been placed into administration but had been taken over by another company which would continue to provide the service until the end of January 2011.

The European Community Waste Framework Directive placed a requirement on Councils to set up separate kerbside collection for paper including cardboard, plastics, metal and glass by 1 January 2015. As the requirements would take effect during the life of a new contract, the tender specification had included options for contractors to include these materials. The Government encouraged local authorities in England to consider separate collection of food waste. The Landfill Directive/Landfill Allowance Trading sought reduction in the amount of biodegradable municipal waste that could be deposited into landfill sites, with significant target reductions in the lifetime of the new recyclables collection contract. The Surrey-wide Memorandum of Understanding which included Runnymede and related to the implementation of the Joint Municipal Waste Management Strategy for Surrey (the Surrey

Waste Strategy) set out a commitment to achieving higher rates of recycling and composting in future years.

It was becoming increasingly expensive to dispose of waste as landfill tax increased annually and failure to meet landfill targets would result in very substantial financial penalties. There was far greater environmental awareness amongst the general public and a keenness to recycle more, which was evidenced in the amount of material brought to the 'bring' sites - especially material such as plastic bottles and cardboard which were not currently collected from households. A recent survey had confirmed that there was some interest in recycling amongst Runnymede residents.

Support was now being offered by Surrey County Council to provide three years of funding to assist with the set up and running costs of a food waste collection service. This was a one off lump sum of approximately £250,000 capital and a further £98,000 per annum revenue for three years. The support was conditional upon the food waste being beneficially recycled. Even if the sum remained for three years only when spread across the seven years of the contract, this would equate to £42,000 per annum. However, as with all time limited contributions, the Council would need to ensure that once the three year funding was over, there were alternative measures in place to ensure that the additional costs of running such a scheme were met by other means.

The Surrey Waste Strategy had targets of 40% recycling in 2010 (which across the county as a whole was already being exceeded, currently standing at 42%), and 50% in 2015. Runnymede's recycling rate, at 27%, was the lowest in the county and this had an effect upon the Council's Comprehensive Area Assessment. The Audit Commission had criticised Runnymede for its low recycling rates. Surrey County Council wished to increase the recycling rate further to 60% and possibly even 70%, taking Surrey from the bottom 25% of performers to the top quartile. Several Surrey Districts and Borough Councils had recently made changes to their refuse and recycling services, pushing up recycling rates to 50% or more. This included introducing food waste collections, collecting a wider range of recyclable materials and moving to fortnightly refuse collections. By the end of 2010, only Runnymede, Reigate and Banstead, and Tandridge were still likely to have weekly refuse collections. Officers at Councils including Elmbridge, Epsom and Ewell, Guildford, and Surrey Heath had all advised that their recent moves to fortnightly refuse collections alongside enhanced recycling and food waste collections had gone well. They had seen large increases in recycling rates with a corresponding reduction in the amount of residual waste.

The Leisure and Environment Committee had considered four options. Option A was the option of no change to the existing service of weekly collection of refuse and some recyclables. Option B was the option of weekly recycling (excluding food waste) and fortnightly waste collection. Option C was the option of fortnightly recycling and fortnightly refuse collection. While this was the most cost-effective of all the options it would be more difficult to gain public acceptance, as although the range of recycling material collected would greatly increase, the frequency of collection of both refuse and recycling would reduce. In addition, a move to fortnightly refuse collections needed to be accompanied by a separate food waste collection which removed many of the public's concerns about smells and vermin deriving from such waste remaining in wheeled bins for longer periods, but this would also reduce the saving for Option C.

Option D, which was the option favoured by the Leisure and Environment Committee, was the option of weekly recycling, including food waste and fortnightly refuse collection. If a weekly collection of recyclable food waste was desirable then it was logical to have a weekly collection of all recyclables. This could be financially supported by a move to fortnightly refuse collections. Option D was a weekly collection of paper, glass, cans, textiles, plastic bottles, other plastics, cardboard, tetrapaks, batteries, ink cartridges, mobile telephones and spectacles in addition to food waste, with refuse collected on a fortnightly basis. Given the wide range of materials collected weekly for recycling, provided residents participated in the recycling scheme, they would have no need to have residual refuse collected on a more frequent basis. This option could achieve a possible saving of £180,000 but had to take into consideration the one-off additional cost for all storage containers of £272,000, although most of this could be met from the Surrey County Council capital funding. Option D could

boost recycling rates locally to between 45 and 50%. In addition, the tenderer who had offered the best price for this option had indicated that it would recycle food waste. This meant that the Council would be entitled to recycling credits which could result in another £100,000 per annum of income towards the Council's savings target. In the new arrangements, the current wheeled bins and recycling containers would be provided, albeit with an additional container, and the existing arrangements for assisted collections for elderly and disabled residents would remain.

Having recommended that Option D should be pursued, the Leisure and Environment Committee had also recommended that the recycling contract be awarded to Biffa Waste Services, which was the tenderer that had achieved the highest evaluation score by some margin. The Council's pricing structures had been devised to enable the Council to share in the contractor's income from materials collected, whilst retaining an incentive for the contractor to continue to pursue the collection of high volumes of recyclable materials. In assessing the affordability of each tender submission, income projections had been based on average tonnages collected for a range of options and income from the sale of materials collected had been based on material prices from October 2009. Biffa was a leading nationwide integrated waste management business providing a range of environmental services to approximately 65,000 local, regional and national customers in the UK. This included a significant presence in the public sector consisting of various waste and recycling collection and disposal contracts at 20 local authorities including three in Surrey (Mole Valley District Council, Tandridge District Council and Woking Borough Council). Awarding the contract to Biffa Waste Services would contribute towards the Council's savings target by not calling on all of the additional money identified in the Council's Financial Forecast, and would provide a cushion should there be an adverse effect on the level of income generated.

The value of the current contract was approximately £167,000 per annum, after taking into account the income from sale of materials and recycling credits from Surrey County Council (for avoidance of disposal costs). A further £110,000 per annum was spent on servicing banks on bring sites throughout the Borough. The Leisure and Environment Committee had noted that consideration would be given to removing the banks for plastic bottles and cardboard when the new contract was in operation, therefore saving on some of these collection costs. The Corporate Management Committee suggested that removal of these bring sites might not be advisable.

The staff employed by the current recycling contractor would have their terms and conditions preserved under TUPE (Transfer of Undertakings (Protection of Employment) Regulations) legislation. In preparation for the new contract, and immediately after it commenced, there would be a need to employ temporary staff to enforce the current bin policy and inform the public in terms of recycling their waste. This would be part of the communications strategy which would be reported to the Leisure and Environment Committee in due course.

The refuse crews and UNISON had been consulted about possible changes and had concerns over heavier bins and whether recycling receptacles would be large enough. There was also concern about a reduction in jobs and whether this could be achieved through natural wastage and about any public anger regarding changes being directed against refuse crews. The Leisure and Environment Committee had agreed that it should receive a report on a communications strategy, or the way in which the new measures would be explained to the public. It had also been commented by staff that it would be necessary to re-arrange all remaining rounds to ensure equality of workload. Some concern had been expressed by staff about establishing working relationships with the new recycling contractor. The new regime would have to have adequate arrangements for properties that were difficult to reach and for flats. These were issues that would be addressed in the lead in period. The Corporate Management Committee registered its thanks to individual staff and UNISON for their comments on the Council's proposed changes to refuse and recycling arrangements.

Consideration had been given by the Leisure and Environment Committee to difficulties that older and disabled residents, visually impaired residents, wheelchair users, larger families, people without English as a first language and people without transport might experience as a result of the changes. Difficulties of using recycling boxes without lids had also been noted. The Corporate Management Committee considered that these points should be

borne in mind in implementing the new contract and putting together the communications strategy.

The Corporate Management Committee concurred with the conclusion reached by the Leisure and Environment Committee. By acting at this stage, Runnymede would be able to learn from the experience of other boroughs that had introduced fortnightly refuse collections. The Corporate Management Committee also suggested that, in the communications strategy, instead of focusing on fortnightly refuse collection, the amount of different materials that would be collected weekly should be emphasised. The strategy should also point out to residents that the new regime would enhance their opportunities to recycle.

**RECOMMEND that -**

**having considered the views of UNISON and individual staff,**

- i) the contract be awarded for the provision of a weekly recycling service for those materials in Option D at Exempt Appendix '2' to the Agenda, including a weekly collection of food waste;**
- ii) if the Council adopts recommendation i) above,**
  - a) the recycling contract be awarded to Biffa Waste Services commencing on 1 February 2011;**
  - b) the collection of refuse be introduced on a fortnightly basis commencing on 1 February 2011; and**
  - c) a further report outlining a communications strategy be brought forward to a future meeting of the Leisure and Environment Committee.**

b) Short and Long Term Budget Savings Plan

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a short term and longer term budget strategy and the investment which would be required to implement these strategies.

The Council's current five year financial forecast entailed the setting of the Council Tax at a 2.98% increase in 2010/11 and assumptions in future years that the Council Tax increase would be set at 2.5% in 2011/12, 2012/13, and at 3% in 2013/14 and 2014/15. Maintaining balances at the minimum level of approximately £1.5m would require new savings of £973,000 in 2011/12 increasing to a minimum of £1,048,000 in the next four financial years. These new savings were in addition to those identified for implementation in 2009/10 of £547,000. The Chief Executive had set a target longer term saving of £1.5m to cover other unforeseen challenges that may occur (e.g. further loss of revenue support grant). The aim was to make the Council more self sufficient than previously and less reliant on outside sources of income.

Over the next 2-3 years, the Council could expect that Government financial support would be severely restricted. Coupled with lower Council Tax increases than originally forecast, this would require the Council to consider all sources of income generation whilst continuing to make efficiencies in the management of its own services.

In order to meet this challenging target of reducing expenditure by another £1m in 2011/12 increasing to £1.5m in future years, a service review programme had commenced in January. Three of these reviews on vulnerable people, refuse and recycling and the leisure service had progressed significantly and progress reports on these were noted. All service

reviews were expected to be completed by late summer. However, it was clear that not all of the efficiencies proposed could be implemented within a one year time frame and that it was necessary to propose some short term savings pending a more detailed and considered view of future options.

The Committee agreed to recommend a short term savings plan to ensure that the Council had an adequate level of balances at the end of 2011/12, drawing on the results of the reviews so far and on other opportunities that had emerged. This plan included savings on the recycling contract, charging for advice for major planning applications, the establishment of a Leisure Trust to manage the Council's Leisure Centres, rearranging grounds maintenance at an outside facility, introduction of new working arrangements, the insourcing of a contract, and other measures in parks, reduced hours at Addlestone Leisure Centre, increased Careline charges and deletion of unfilled posts connected with Dial A Ride, and a review of Council structure and business process re-engineering. The current redundancies policy stated that compulsory redundancy would only be considered as a last resort. Preventing compulsory redundancy could not be guaranteed, but the best opportunity for avoiding this situation arose from the early implementation of the plan which would allow for some staff turnover. The Chief Executive was drawing up a new voluntary early retirement policy, under which staff over the age of 55 years could be permitted to retire early on the grounds of efficiency, if this was agreed to be in the best interests of the authority.

Where one off expenditure was required in order to progress an initiative this had been identified. It was envisaged that the short term savings plan would stay in place until the service review programme was fully completed (anticipated to be July) and the full extent of savings and income generation from a longer term plan could be realised. In the longer term, Officers were confident that the current budget pressures could be overcome and that this would give Members choice about the future level and type of service delivery. A longer term plan consisted of income generation opportunities, new ways of working including shared services and partnering arrangements and changes in the way the Council operated through restructuring, business process re-engineering and increased productivity.

In order to progress the establishment of a Leisure Trust, specialist legal advice and other set up costs were required. Officers were requesting a supplementary estimate in order to appoint an appropriate firm of solicitors now. It was anticipated that it would take 12 months to establish the Trust. Legal costs and the time frame for establishing a Trust were dependent upon the complexity of the arrangements sought and external factors, such as negotiation with the Charities Commission. The Council was looking for a Leisure Trust solution tailored to the particular requirements of Runnymede. While there would be expenditure in setting up a Leisure Trust, it should result in leisure services being provided more economically over the longer term.

Although the Surrey First Initiative on back office services was gaining momentum, savings were not anticipated for 2 – 3 years. Given this timescale, it was appropriate to look for greater internal efficiencies in the short term which would in no way constrain the Council in participation in the Surrey First initiative in the future. The business units to be examined were all parts of the Financial Services Department excluding Internal Audit, Environmental Protection, Planning and IT. This work would be carried out in house using existing resources.

The Council held a significant property portfolio. Plans were being drawn up to increase the yield from this portfolio, whilst also ensuring that other significant objectives (e.g. town centre regeneration) were met. Strengthening of the Property Unit through the recruitment of a further professional would be required. The Council would have the opportunity to decide whether to take capital receipts from regeneration or to seek partnerships with developers taking an ongoing revenue stream. The Committee noted the list of sites available for investigation and potential development. Not all sites would be capable of development due to planning and other constraints, but all sites would be investigated. For each site, a business case would be produced covering potential returns, investment opportunities and risk. Whilst a full report on resourcing this work would be submitted to Economic Development Committee in early summer (as well as Corporate Management Committee as part of the corporate re-structuring review), more capacity was needed now, especially to begin work on the revitalisation of Addlestone town centre. The Committee therefore agreed

to recommend that a supplementary estimate up to the sum reported be approved in order to recruit the required Valuer's section post. The Council would be looking to employ an Officer on a limited time contract, but a more permanent appointment could not be ruled out if this was necessary to secure the required quality and objectives. Whilst this entailed expenditure at this stage, it should result in a larger number of property related opportunities being realised.

Some Council services lent themselves to income generation. The first of these was Safer Runnymede which had the potential to take on new contracts for neighbouring boroughs and organisations within Runnymede and the details of possibilities being discussed were noted. The Council needed to bid for delegation of some services from Surrey County Council which included transport services, preventative services for older and vulnerable people and environmental services. Relocation of some other Surrey services to Runnymede was being explored and the Council was looking to make savings on procurement.

A number of the proposals put forward affected the staff and it would be essential to comply with all legal requirements and with the Council's own staff consultation policy. Detailed legal implications for individual proposals would be included in specific reports to the individual Committees. Where relevant, Equality Impact Assessments on individual proposals would be reported to the relevant Committees.

In terms of the Council's workforce, the aim was not to reduce remuneration of Council employees. There would be some concern that parks workers would be disadvantaged because of loss of overtime and cover arrangements. However, built into the proposals was a sum for compensatory payments, in return for more flexible working. Under a Leisure Trust, it was likely that staff would be entitled to transfer under TUPE arrangements to the new Trust on existing terms and conditions. None of the other proposals in the short term savings plan should have an adverse impact on staff. This was important in the context of staff accepting a pay freeze in the short term, as well as the suspension of Performance Related Pay. In terms of service implications, the one area which would experience a detrimental impact was the restriction of hours at Addlestone Leisure Centre. The Committee noted the issues.

UNISON had stated that the pace of the three semi-completed service reviews had been fast, input from UNISON minimal in the early stages, and meaningful engagement with staff equally brief until firm options had been shared that had staffing implications. UNISON requested Members to note the savings that had already been achieved across all service areas, and the efforts that staff had made to contribute and generate income. This was fully recognised by the Committee. The Council was already working with minimal staff numbers, where posts had not been filled and workload had increased. UNISON requested specific details with regard to areas of back office process re - engineering. UNISON had already made comments on the recycling contract and the potential consequences for the future of an in-house DSO and the potential job losses and service reductions if natural wastage did not accommodate the reduction of the main refuse rounds.

UNISON was concerned about the resources required to set up a Leisure Trust but welcomed the Chief Executive's commitment to ensure the protection of the Centres' staff terms and conditions when transferred to a Trust and looked forward to receiving further details in due course. In parks and open spaces, UNISON could see no benefits in introducing staggered hours in the manned parks, considering that this would lower service provision and quality, and increase the risks associated with lone working to staff and the public. UNISON urged the Council to look again at the savings that could be achieved without implementing these measures. UNISON welcomed proposals for a compensation package for the manned parks staff, whose loyalty and hard work had been much valued.

Concerning the Council's longer term plan, UNISON considered that much emphasis was being placed on generating income from the Council's property portfolio which had to deliver resources or otherwise there would be a need for reductions in other service areas. Regarding the Surrey First Initiative, UNISON had commented before that shared services did not necessarily mean better services. UNISON was in dialogue with the Chief Executive regarding revised early retirement and redundancy policies. The Committee recorded its thanks to UNISON for its comments on the proposals.

The Committee supported the proposals which it considered should be progressed as quickly as possible in order to reduce staff uncertainty and anxiety about the future.

**RECOMMEND that –**

- i) subject to compliance with all legal and consultation requirements, the short term savings plan be approved while noting that:**
    - (a) detailed reports on the implications will be submitted to service committees in due course; and**
    - (b) any additional items (those initiatives not yet quantified) may alter the shape of the savings plan;**
  - ii) the longer term savings plan be noted; and**
  - iii) supplementary estimates be approved in respect of:**
    - (a) recruitment of a qualified Valuer within the Property Unit at a salary cost not exceeding the sum reported to the Committee; and**
    - (b) one off costs to employ a firm of solicitors in the pursuit of a Leisure Trust, in the sum reported to the Committee.**
- c) Joint Committee For The Oversight of Delivery Of Surrey Public Authority Services

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 5 of Schedule 12A to Part 1 of the Act.

The Committee considered the setting up of a joint body with other Surrey Authorities to progress the "Surrey First" initiative.

The Council was committed to working jointly with others in the interest of securing improved services and outcomes for residents. Following the County Council elections in May 2009 the new Leader of the County Council had invited other public bodies across Surrey to come together to secure improved value for money and better outcomes for citizens through improved collaborative working. The Surrey Local Government Association (SLGA) had taken a lead role in exploring ways of improving collaborative working and had now reached a point where it considered that a more formal and empowered structure was needed to take the work forward. At its meeting on 20 January 2010 the SLGA approved a Memorandum of Understanding (MOU) which set a path for the establishment of a Joint Committee of public bodies, all Local Authorities in Surrey plus Surrey Police, to oversee collaborative working arrangements in a range of central functions and to develop the concept of a Joint Venture Company to undertake those collaborative arrangements which necessitated a formal company structure, recognising that in many case informal arrangements already worked well and could continue outside of any formal company structure.

It was now proposed that the Council should enter into the Joint Committee for the Oversight of Delivery of Surrey Public Authority Services. Surrey authorities had provided an initial project budget to develop improved collaborative arrangements, financed by the Surrey Improvement Partnership and by an equal contribution from each of the public authorities in Surrey. The MOU was noted by the Corporate Management Committee.

The Committee noted legal implications relating to the Joint Committee and the points remaining to be resolved. The Terms of Reference for the Joint Committee as proposed by the SLGA were to oversee joint working arrangements of the parties, to promote good joint working practice amongst the parties, to appoint such Task Groups or Sub Committees as it considered necessary, to identify the range of services which might be included in a Joint

Venture Company (JVC) in due course, to approve the draft Articles and Memorandum of Association of the JVC, to approve the draft revised Terms of Reference for the Joint Committee to provide for governance and oversight of the JVC, and to manage the project budget. Woking Borough Council had taken the leading role in establishing this Joint Committee.

It was proposed that each party to the Joint Committee appointed one representative. Each representative would have one vote and there would be no provision for a casting vote by the Chairman. Decisions of the Joint Committee would be determined by a simple majority of those present and voting. The SLGA proposed that no decision of the Joint Committee which might give rise to an adverse financial implication in excess of £10,000 for a party to the Joint Committee might be implemented unless the adversely affected party had confirmed acceptance of the adverse financial implication. Whilst it was proposed that the Joint Committee had authority to approve draft Articles and Memorandum of Association of the Joint Venture Company (JVC) and authority to approve the draft revised Terms of Reference for the Joint Committee to provide for governance and oversight of the JVC, it would not have authority to implement either. In order to establish the JVC and alter the Terms of Reference of the Joint Committee it would be necessary for the Council, and each other party, through respective normal executive arrangements, to resolve to participate, or not, when the terms and benefits of participation were established. Establishing the Joint Committee and participating in its deliberations would not bind the Council to join any Joint Venture Company (JVC), if established.

The Committee noted that the Joint Committee was at an early stage of development and further proposals would come forward. The risks of outsourcing had to be carefully assessed and a good business case established to do this. JVCs were not necessarily an appropriate mechanism. There were a number of different ways in which services should be shared. Job losses might result from combining services and clear lines of responsibility had to be put in place if functions were shared.

**RECOMMEND that –**

- i) approval be given to the establishment of the Joint Committee for the Oversight of Delivery of Surrey Public Authority Services;**
- ii) the terms of reference and governance arrangements of the Joint Committee be as set out above;**
- iii) Woking Borough Council act as the Accountable Body for the management of the Joint Committee's affairs;**
- iv) the Surrey Local Government Association Officers provide secretarial support for the Joint Committee;**
- v) the principal advisors to the Joint Committee be drawn from Surrey Chief Executives' Group;**
- vi) the Leader of the Council be appointed to the Joint Committee for the remainder of the 2009/10 Municipal Year; and**
- vii) the appointment of Members to the Joint Committee be made annually in accordance with the Council's normal procedures for the appointment of Members to Committees and outside bodies.**