

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Recycling and Waste Partnership Board held at Blackdown House, Honiton on 29 January 2020

Attendance list at end of document

The meeting started at 10.10 am and ended at 12.40 pm

25 Minutes of the previous meeting

The minutes of the Recycling and Waste Partnership Board meeting held on 23 October 2019 were confirmed and signed as a true record.

26 Declarations of interest

There were no declarations of interest.

27 Matters arising

It was noted that there had been no issues arising from the termination of the Woodbury paper sack trial.

28 SUEZ structural changes

The Director Fleet and Municipal Development gave a verbal update on senior personnel changes at SUEZ. SUEZ now had a more regional based structure, with municipal waste contracts falling regionally. He introduced James Pike, Regional Director South West, to the Board. It was noted that Matt Canning, Regional Manager South West, had been seconded to Somerset on a two-year long project and would therefore be replaced by Nick Tandy, Principal Commercial Manager.

He thanked the Board for all of its hard work and commented that it had been a pleasure to be involved in one of the best partnerships ever run. He thanked the Recycling and Waste Contract Manager for the amount of presentations he had given.

On behalf of the Board the Chairman thanked the Director Fleet and Municipal Development and the Regional Manager South West for providing such a good service on a successful partnership. Members were grateful for the way SUEZ had responded to challenges and their partnership working.

It was noted that the next stage of consultation on the Government's Waste and Resources Strategy was planned for April 2020. It was thought that the Government wanted to get the changes into the statute books for 2021, with implementation in 2022. The two key elements that would affect the partnership contract were:

- EPR (Extended Producer Responsibility) – 90-100% of the cost of packaging material being pushed back to the manufacturer.
- DRS (Deposit Return Scheme).

It was thought that it was likely that EPR would be introduced first, with DRS then extended out, in order to be able to determine the impact of each initiative.

RESOLVED: that Steve Holgate, Director Fleet and Municipal Development be replaced by James Pike, Regional Director South West, and Matt Canning, Regional Manager

South West, be replaced by Nick Tandy, Principal Commercial Manager, as SUEZ representatives on the Recycling and Waste Partnership Board.

29 **Joint contract and operational report**

The Recycling and Waste Contract Manager and the SUEZ Contract Manager gave the Board a joint report on a contract review and operational update. Due to thorough preparations the Christmas/New Year collection period had been well managed with crews working long hours to cope with the volumes. The Strategic Lead – Housing, Health and Environment reported that from East Devon's perspective the Christmas catch up period had gone very well, with record breaking tonnages being collected. It was noted that the partnership started planning for the Christmas period from July. The Chairman thanked SUEZ for the successful Christmas/New Year collection period.

Two significant growth milestones had been passed, meaning that over 500,000 regular collections were being made each month:

- Servicing 70,500 households.
- 11,400 green waste customers.

Quality issues remained a concern for some materials and the team was working hard to mitigate the effects of these. Driver retention was an increasing risk and focus was needed on this issue.

It was noted that there had been an overall reduction in health and safety statistics, which was very positive, particularly given the time of year. The operational results were also positive, more material being collected and less collections being missed (0.07% total missed collections rate). Contractor complaints had also improved with a reduction on 95 complaints from the previous period. The overall recycling rate was 61%.

The SUEZ Contract Manager reported that the partnership had sold 1360tonnes of materials during quarter 3, which was a reduction in 93tonnes from the previous quarter. Material value had remained stable and the partnership had received £208,961 from sales. There had been a reduction in cardboard value, which was expected to continue into February 2020. It was noted that there was no capacity to store on site, in order to be able to stock pile materials until they received a better value. Quality was more important than quantity. The Director Fleet and Municipal Development advised that there was movement between months and that it was therefore better to look at the overall quarter. There was a constant drop in residual collections, meaning that the quality of materials was absolutely paramount. Most of the quality and price issues were around textiles and paper. A lot of work was being done with crews and at the resource recycling centre, and a quality assessor from Palm paper mill had also provided very helpful advice. Due to the heavy rains experienced many of the textiles put out for collection became soaked and were then rejected by the Salvation Army. Constant communications with customers was required as often the quality of the materials was dictated by residents. A request was made for the figures of the value of textiles and paper to be presented to the next meeting of the Partnership Board.

Although the paper and textile problems had not been significant enough to affect the partnership's recycling rate they had had an impact on its commercial position.

The Recycling and Waste Contract Manager reported that the Alexa recycling skill had been formally launched in late November and promoted through the Christmas bin

hanger, press releases, social media and a BBC Radio Devon interview. Feedback from customers had been extremely positive and there were already over 600 users.

It was noted that East Devon had a high profile within the sector. They were often approached from other authorities seeking advice and guidance. Workshops had recently been run for Exeter City Council and New Forest District Council, as well as advice being given to a number of other authorities. An award for 'Best New Idea' had been won at LARAC 2019 in October, where East Devon jointly ran two workshops on the use of digital communications with Cloud 9 Technologies.

RESOLVED: that the figures for the value of textiles and paper be presented to the next Board meeting.

30 **Performance framework/penalty calculator**

The Board were presented with a detailed monthly performance report that the SUEZ Contract Manager and the Waste and Recycling Contract Manager used to monitor performance. Officers from EDDC and SUEZ met monthly to review these statistics, which were drove the regular action plan. Issues from the last quarter were highlighted to the Board and it was noted that the main influence was the number of working days in a month. The data was used forensically to identify trends, monitor performance and target crews.

It was noted that the number of missed assisted collections was high and needed to be addressed. Problems often occurred through the use of agency staff who did not have local knowledge. The retention of drivers was also crucial. Performance reduction points were rising and related back to drivers.

It was noted that the last waste analysis had been conducted in 2017 and that Devon County Council carried out a county wide composition analysis every five years. It was suggested that East Devon carry one out every three years. The Director Fleet and Municipal Development suggested that the partnership wait until April when more would be known about the Government's Waste and Resources Strategy. The Waste and Contract Manager reported that on a more informal level, there were waste and recycling officers on the streets at all times who were able to report issues.

31 **Risk register**

The Recycling and Waste Contract Manager advised that risk A3, lack of Strata design capacity to meet deadlines for communications materials, continued to be a risk. The service was very communications and a year's work programme had been planned with the designer, with work requests logged with Strata. Risk I4 indicated the volatility of markets and material price, which EDDC had little control of. Risk Q related to the Government's resources strategy, but this had not yet been scored as not enough information was known at present. Risk B4, LGV driver shortage and recruitment, was highlighted as a risk and would be discussed later in the meeting under a separate agenda item.

32 **Green waste - quarterly accounts update**

The Recycling and Waste Contract Manager thanked the Accountant for compiling the accounts and explained them to the Board, including the profit share for SUEZ and EDDC, which incentivised both parties to maximise income and minimise operating

costs. As of 1 April 2020 there would be four rounds. There was still growth in the green waste service, with more scope for sales. It was noted that positive feedback was received from users of the service.

The Recycling and Waste Contract Manager outlined the 2020 marketing plan:

- Early March – an all property door drop and an advert on the outside of the council tax envelope.
- May – repeat door drops in targeted areas; Lympstone and Budleigh Salterton.
- June, July & August – ‘One’ media magazine. Advert in three successive issues.
- September – an all property door drop.

Throughout this period marketing would be underpinned by regular social media posts and other advertising.

The Recycling and Waste Contract Manager then outlined the renewals process and explained that a direct debit facility was being investigated with Strata.

RESOLVED: that the green waste service accounts be noted.

33 **Tipping point/property growth projection**

The Recycling and Waste Contract Manager explained that the tipping point in the contract was 70,000 properties. An additional sum on the monthly base payment was due via agreement that the number of properties receiving recycling and waste collections in accordance with the contract was at or over 70,000 properties on 31 March. However if this occurred later in the year payments would not be made until 1 April 2020. This was a complex issue with a big data set. SUEZ and EDDC officers forensically examined the data and SUEZ had missed the tipping point by 24 properties in April 2019. SUEZ urged EDDC to be lenient as this additional sum on the monthly base payment would have a significant impact on SUEZ, which had not yet broken even on the contract. SUEZ felt that 24 properties discrepancy was an unfair situation from SUEZ’s financial point of view on the contract as an increase in payment would allow SUEZ to continue to invest in its partnership with EDDC. However, the Board were reminded that EDDC were not contractually obliged to pay any additional sums at present until the 70,000 properties at 31 March had been agreed, at which point there was a mechanism contained in the contract for payment. EDDC were facing a large funding deficit the following year and therefore it was very difficult to justify paying out on the contract if it was not contractually necessary. The additional payment had not been budgeted for in the existing financial year. EDDC had been good partners within the governance and financial constraints that it had.

The Recycling and Waste Contract Manager reminded the Board that there was another tipping point in the contract – a contract review at 73,000 properties. Projection based on property growth was that 73,000 properties would be reached around September 2022. This was a key period as a lot of other changes would likely be taking effect due to the Governments Waste and Resources Strategy. The contract would need to be renegotiated by September 2021 and if additional resource were to be required planning for this would need to be prepared by November. It was acknowledged that at this point there were a lot of unknowns, but some idea was needed in order to budget for it. It was possible that post Brexit and with Cranbrook phase four development, the 73,000 properties tipping point may come forward from the projected date of September 2022. Also if the Government changed the rules around waste and recycling, this would force the partnership contract to be changed. All the Government’s consultation issues were

likely to affect the EDDC contract and service, although the total impact would not be known until 2021.

It was suggested that more flexibility be brought into the renegotiated contract to allow for future negotiations. The Board agreed that the Government's Waste and Resources Strategy consultation and the contract tipping point renegotiation should become standard Board agenda items.

It was also suggested that the new MP for the area be briefed on the SUEZ/EDDC service and that he be involved as much as possible. Both MPs would be invited to visit the Greendale depot.

RESOLVED:

1. that the Recycling and Waste Contract Manager formally write to SUEZ to inform them that EDDC would not be paying an additional sum during 2019/20 as the tipping point of 70,000 properties had not been met at 31 March 2019, according to the terms of the contract.
2. that the following become standard Partnership Board agenda items:
 - i. Government's Waste and Resources Strategy consultation.
 - ii. Contract tipping point renegotiation.

34 **Driver pay**

The SUEZ Director Fleet and Municipal Development explained that due to public procurement rules and the way that the contract linked pay to inflation, the partnership were falling behind on driver's pay. SUEZ currently paid £9.94/hour, with the top rate for drivers being £13/hour and £11.50/hour being the market average. The SUEZ Somerset contract would pay £11.75 and it was likely that drivers would move across the border. Driver pay was a challenge that would have to be resolved as retention of drivers was a big problem. There was a danger that SUEZ could not put the necessary vehicles out as there were not enough drivers.

SUEZ were continually eight drivers short. They currently used agency staff, but did not like doing this for a number of reasons. SUEZ tried many ways of gaining drivers, including an apprenticeship scheme, but retention was becoming an issue as rates of pay fell short of the industry standard. EDDC's refusal to pay the tipping point sum in 2019/20 compounded SUEZ's problem as SUEZ were still not making any profit on the contract.

The SUEZ Regional Director South West reported that following a regional survey of competitive pay they had agreed a pay increase which should have a significant impact on the ability to recruit. A revised driver rate of £11.24/hour would result in a £150k/year increase in costs. A 50/50 split on this cost would need to be negotiated on this increase in costs, which both EDDC and SUEZ indicated they would be satisfied with.

The Service Lead Streetscene would produce a report for SMT recognising the importance of the partnership and the significance of the problem of driver pay and retention. It would look at ways of increasing income to part fund the increased driver pay and emphasise that not agreeing to this could impact on service delivery and ultimately EDDC residents not having their bins collected.

RESOLVED: that the Service Lead – Street Scene prepare a report to SMT on the problems of driver retention and the need to increase driver pay in the SUEZ contract.

35 **Paper sack trial**

The Recycling and Waste Contract Manager explained that the contracted paper reprocessors had warned EDDC about poor material quality, which led to a financial implication and the threat of rejected loads. SUEZ and EDDC had worked together since July 2019 to enhance crew engagement and knowledge as well as implement daily crew monitoring and yard material picking. Paper quality was paramount. EDDC's aim was to preserve its current position rather than trying to increase its position in a volatile global market.

A small-scale trial had been undertaken in the Brixington area of Exmouth (121 properties), to understand the use of an additional sack for paper recycling. The aim was to:

- Reduce the level of contamination in paper (from glass and card).
- Increase crew productivity.
- Encourage residents to further separate their recycling and prepare for increasing demand for quality material.

The areas was monitored for six weeks beforehand and six weeks after the sacks were delivered (during November and December 2019). The data showed:

- Crews were on average five minutes quicker with the sack.
- 81% of households who presented their recycling also presented the paper sack (high engagement).
- Overall participation rate was 92.56%.
- The amount of paper in each sack varied property to property and week to week.
- 22% of properties presented their paper sack but still had paper in the recycling box. Therefore regular communication and reminders would be necessary to ensure success of the new container.

Overall the crews were positive about the additional sack, there were no health and safety issues and residents embraced the trial. There had also been helpful information from the paper mill assessor. White paper had the highest value, therefore residents would be asked to put white paper in the separate sack and brown paper with cardboard in the green box. This complex communications message of improving recycling would need to be well managed.

Following on from the small, phase one trial, it was recommended that a larger second phase trial of an additional sack for paper be undertaken in the larger area of Brixington, Exmouth (647 properties) to understand if it:

- Reduces the level of contamination in the paper and improves quality to command good prices in a very competitive materials market.
- Increases crew productivity.
- Encourages residents to recycle more.
- Is beneficial to the future of the recycling service in East Devon.

The sacks for phase one of the trial were acquired free of charge, however as phase two was on a larger scale the sacks would need to be purchased. A small budget would also be needed for a communications plan. It was anticipated that the total budget required was in the region of £1,700.

The issue of Christmas wrapping paper and cards was raised. It was noted that most other authorities did not collect cards or wrapping paper, but EDDC chose to collect these. It was awaiting the paper reprocessor's report to determine quality issues. The

Recycling and Waste Manager advised that if EDDC decided not to collect Christmas wrapping paper and card this year a decision would be required by July 2020, before any communications materials were designed.

RECOMMENDED:

1. that phase two of a paper sack trial in Brixington, Exmouth be approved, with the necessary budget provisions.
2. that the results of the phase two trial be brought back to the Board to recommend whether to launch the additional paper sack district wide.

Attendance List

Board Members:

Councillors present:

T Wright
G Jung (Chairman)
D Bickley
P Faithfull

Officers present:

G Bourton, Recycling and Waste Contract Manager
J Golding, Strategic Lead Housing, Health and Environment
A Hancock, Service Lead StreetScene

Suez present:

S Holgate
H Mcleman, Contract Manager

Councillors also present (for some or all the meeting)

Officers in attendance:

John Hudson, Accountant
Alethea Thompson, Democratic Services Officer

Suez representatives in attendance:

J Pike
N Browning
R Boulton, Recycling Officer

Board Member apologies:

Nick Tandy, Principal Commercial Manager

Chairman

Date: