

<b>Meeting of:</b>	<b>SUBJECT OVERVIEW AND SCRUTINY COMMITTEE 3</b>
<b>Date of Meeting:</b>	<b>30 SEPTEMBER 2024</b>
<b>Report Title:</b>	<b>FUTURE WASTE SERVICE OPTIONS</b>
<b>Report Owner / Corporate Director:</b>	<b>CORPORATE DIRECTOR COMMUNITIES</b>
<b>Responsible Officer:</b>	<b>ZAK SHELL HEAD OF OPERATIONS – COMMUNITY SERVICES</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no impact on the Policy Framework and Procedure Rules.</b>
<b>Executive Summary:</b>	<b>Following the Subject Overview and Scrutiny Committee 3 meeting on 19<sup>th</sup> March 2024 and the Cabinet meeting on 16<sup>th</sup> April 2024 where additional information on the Local Authority Trading Company and In-house options were requested, this report shares the findings of a the second commissioned report by Eunomia Research and Consulting Ltd.</b>

## **1. Purpose of Report**

- 1.1 The purpose of the report is to share the findings of a second commissioned report from Eunomia Research & Consulting Ltd (Eunomia) on future recycling and waste options from April 2026, following the two-year contract with Plan B Management Solutions which ends on 31<sup>st</sup> March 2026.

## **2. Background**

- 2.1 The Council has outsourced its recycling and waste contract to a commercial contractor since 2003. The contract has been renewed every 7 years and the Council has had three contractors fulfil that service. The current outsourced waste contract was awarded to Plan B Environmental Solutions in April 2024. This contract will end at the end of March 2026.

- 2.2 The reasons for the short-term duration of the contract were twofold: -

- The contract would allow time for the development of the Ultra Low Emission Vehicles (ULEV) marketplace and considered future decisions to be made with regards to decarbonisation and the selection of future vehicle technology from 2026.

- The contract would allow time for Welsh Government future recycling targets and linked forthcoming relevant legislation to be published, thus informing service models and, in turn, fleet configuration from 2026.

2.3 In order to ensure continuity of service post 2026 when the Plan B contract ends, decisions are required on how the Council will provide the waste service in the future.

2.4 Members will recall the SOSC 3 meeting of 19th March 2024 where Eunomia presented a report on the advantages and disadvantages of three waste service delivery methods:-

- Bring the waste services in-house
- Transfer the waste collection into a Local Authority Trading Company (LATCo)
- Re-procurement of a waste services contract

2.5 In the meeting of 19th March, SOSC3 recommended that the LATCo model be explored further with the Authority looking at how it could be developed and grown over future years, to help provide a part-solution to the long term issue of annual budgetary constraints by generating profit.

2.6 Scrutiny members also discussed the findings with regards to the qualitative assessment and the in-house position. The assessment carried out by Eunomia had identified the market conditions to be favorable at the time of writing with a low probability of high risk in both operational and implementation and no difference in quality of service, however there was a financial risk based on the higher pension contributions that would be applicable should the service be brought in house, however there was also an opportunity to control, shape and develop that service. On that basis the Committee recommended that bringing the waste collection service in-house should also be explored in further detail.

2.7 The Committee recommended that a report be submitted to Cabinet either with the recommendations or shortly after, including a case study of best practice where these types of operations had been proven and were operating successfully, to demonstrate how they could potentially also work for Bridgend County Borough Council.

2.8 Cabinet met on 16th April 2024 and a report was presented to share the findings of the Eunomia report and Subject Overview and Scrutiny Committee 3 (SOSC3) recommendations on the preferred option for delivering the future waste services post 2026.

2.9 The Eunomia Report set out that either a re-procurement or the establishment of a Local Authority Trading Company were the least risk and operating cost option for the Council. SOSC3 recommended exploring the LATCo or in-house option further. No additional information was requested on re-procurement from the SOSC3. In view of the recommendations in the Eunomia report, the risks outlined and the Council's

current financial challenges, it was recommended by Officers that the Council re-procure a waste services contract post 2026.

- 2.10 Cabinet decided to not proceed with a procurement exercise for a new waste contract post April 2026 and that further work be undertaken on the LATCo and in-House models.
- 2.11 Eunomia have provided the second report with additional information as requested by the Committee and Cabinet and this is attached as **Appendix A**.

### **3. Current situation/ proposal**

- 3.1 Eunomia was commissioned by the Council to undertake a further detailed assessment of the LATCo and in-house commissioning options for future waste collection service delivery. The report, included as **Appendix A**, examines for the LATCo option the governance, structure and democratic processes along with experiences from where these have been implemented elsewhere. The report also explores the implications and structural arrangements that will be needed for an in-house service.
- 3.2 Officers will be in attendance at the meeting on 30 September 2024 and will provide a presentation to the Committee (outlining a summary overview of the second commissioned report from Eunomia).
- 3.3 Due to the tight timescales to implement and mobilise all options, there may be an opportunity to negotiate an extension to the term of the existing Plan B Management Solutions contract for a further year, but any contract extension must be fully compliant with the public procurement regulations.

### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. It is considered that there will be no significant or unacceptable equality impacts because of this report.

### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives, as a result of this report.

## 6. Climate Change Implications

6.1 There are no Climate Change Implications from this report.

## 7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

## 8. Financial Implications

8.1 **Appendix A** explores financial advantages and disadvantages of the various methods of waste service provision. The indicative annual and mobilisation costs for each option are detailed in the Eunomia report and a summary of this is shown in Table 1 below.

	Re-procurement	In-house	LATCo
Total Annual Costs	£9.03m	£9.37m	£9.02m
Mobilisation Costs	£0.53m	£0.77m	£0.97m
Total Costs over 14 years	£127.47m	£132.00m	£127.20m
Qualitative Risk Assessment	66.0%	58.0%	56.0%

Table 1: Modelled Costs for Each Option

8.2 The 2024-25 budget for the recycling and waste services contract is £8.130 million. Excluding any indexation increases, the total budget available over 14 years would be £113.820 million.

8.3 Of note the most recent annual waste finance all Wales summary provided by the Welsh Local Government Association (WLGA) for 2022/23 has identified that Bridgend County Council is the most cost-effective local authority collection in Wales of all 22 local authorities. In 2022/23 Bridgend County Borough Council was third in Wales. The figures for 2023/24 have not yet been published but Bridgend continues to perform well.

## 9. Recommendation

9.1 It is recommended that the Committee consider the contents of the report provided by Eunomia on the two options for delivering the Waste Services post 2026 and provide comments for consideration by Cabinet, prior to any decision being made.

## **Background documents**

None