



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>CABINET – 19 JANUARY 2022</b>
Report Number	<b>Agenda Item 8</b>
Subject	<b>WASTE &amp; RECYCLING FUTURE SERVICE MODELLING</b>
Wards affected	ALL
Accountable member	Councillor Norman MacRae, Cabinet Member for Environment; Email: <a href="mailto:norman.macrae@westoxon.gov.uk">norman.macrae@westoxon.gov.uk</a>
Accountable officer	Scott Williams, Business Manager – Contracts Email: <a href="mailto:scott.williams@publicagroup.uk">scott.williams@publicagroup.uk</a>
Summary/Purpose	To update Members on the risks associated with the current waste depot site provisions and in order to review the business case for a single waste depot, to recommend service design and cost evaluation work is brought forward to enable a more informed decision on site acquisition.
Annexes	None
Recommendation/s	It is recommended that Cabinet:  <i>a) Notes the risks set out in this report and endorse undertaking service design and cost evaluation work before a decision is taken on depot site acquisition.</i>  <i>b) Allocate revenue funding of up to £30,000 to appoint a specialist consultant, to undertake an evaluation of waste service options and a cost appraisal of each option, and provide an expert opinion on likely cost of each service from Ubico and the open market, together with the likely costs to acquire and develop land for mobilisation of an operational waste depot.</i>  <i>c) Allocate revenue funding of £1,000 to support a waste redesign consultation (if required).</i>  <i>d) Delegate the decision to award a contract for this consultancy work, following a procurement process, to the Head of Paid Service in consultation with the Cabinet Member for Environment</i>
Corporate priorities	Climate Action - Leading the way in protecting and enhancing the environment by taking action locally on climate change and biodiversity.

Key Decision	NO
Exempt	NO
Consultees/ Consultation	<p>The following people have all been consulted on this report and the detail contained within:</p> <p>Cllr Norman MacRae, Officers from the Senior Management Teams of the Council, Publica and Ubico, and the Environment Overview and Scrutiny Committee.</p>

## I. BACKGROUND

- I.1. WODC is a Waste Collection Authority (WCA) and has a contract in place with Ubico Ltd for the collection of refuse, recycling, food, garden waste, street cleansing, trade waste, bulky waste, bin deliveries and landscape services.
- I.2. Ubico currently operates from two main depots both in Witney - Downs Road (waste, recycling, food, trade, bulkies and bin deliveries) which the Council leases and Station Lane (garden waste, streets and grounds) which the Council owns. There are also two smaller sites at Greystones in Chipping Norton and Hensington Road Woodstock, which are used mainly for storage.
- I.3. The Council has identified that acquiring a single depot to house all of the operations and storage may provide operational efficiencies and opportunities to enhance services and generate financial savings.
- I.4. The decision to potentially acquire a depot has been made on the assumption that in order to obtain a competitive service in the future, it would be more advantageous to offer a single operational depot with workshop, vehicle and container storage, and dry recycling bulking facility to potential service providers.
- I.5. In 2015/16 the Council looked for a depot when planning to transfer services to Ubico from Kier. Carter Jonas were engaged to search for sites but came up with very little of adequate size (based on Ubico's stated requirements) or location. At that time, the Council ideally wanted to purchase but defaulted to leasing when nothing suitable could be found to buy.
- I.6. The Council's current Waste and Recycling Collection Contract with Ubico, ends in 2024, which coincides with the majority of current vehicles being 7 years old and therefore a service redesign also being due.
- I.7. There is a further extension period of up to 3 years available in the Ubico contract from 2024 until 2027, but after this point the Council would have to either enter into a new agreement with Ubico or procure a new contract with an alternative provider.
- I.8. The contract end and fleet renewal affords an opportunity to consider the future collection service design and assess the likely cost and performance of a range of waste and recycling collection options. This in-turn will help inform the fleet procurement choices (including low emission vehicles and alternative fuels) and the size, cost and location options of a depot/s, which would be required to support the services.
- I.9. Having declared a climate and ecological emergency, the collection options should also be assessed as to their CO2 equivalent impacts and environmental lifecycle costs of the environmental impact of collecting, transporting, bulking and storage, onward transfer and processing of recycling materials included in the assessment.
- I.10. In order to complete this work, it is recommended that external specialist consultant support is brought in to support the Council.

## 2. MAIN POINTS

- 2.1. There are a large number of factors which make an accurate assessment of the business case for and against purchasing a depot very difficult to make at this time.
- 2.2. Factors to consider in a business case:
  - Likely waste and recycling collection contract price if a depot is or is not available
  - Estimated depot purchase and development costs including an assessment of land currently owned by the Council
  - Savings or opportunities
  - Income potential in the short term (pre 2024) and beyond if any excess space is available on a site
  - Costs to progress – consultant and project management fees, planning permission etc
  - Future revenue costs to maintain depot, utilities, business rates etc
  - Cost of ownership prior to redevelopment (i.e. security, business rates)

### **Mitigating the uncertainty**

- 2.3. With so much uncertainty regarding the financial cost, benefit or loss if the Council acquires its own depot, it would be prudent to try and address as much of that uncertainty as possible ahead of a decision on depot acquisition or not. The risk being a decision to purchase a depot could cost the council significantly more money than simply leaving sticking with the current provision.
- 2.4. These issues all hinge on what the future service will look like, what materials will be collected, modelled tonnages and frequency of collection. Any work to model future contract costs based on the existing service will only be of relevance if there is no intention to make any changes to the service. As costs will change significantly based on materials and frequency of collections and this will also dictate site requirements for a depot.
- 2.5. It is recommended that work on service design therefore commences, so that a service model can be agreed by Council based on an assessment of cost, environmental and carbon benefits and performance. In order to do this there needs to be an in-depth piece of work to evaluate options based on current tonnages and likely future trends and statute, methods of collection, fleet and staffing requirements and then the financial and environmental costs. Methods of collection will include dual stream (currently used where one recycling material - glass is separated and the rest collected together) kerbside sort (where the majority of materials are pre-sorted by residents into different containers and placed into separate compartments on the collection vehicle), or fully comingled (unlikely to be legally compliant unless guidance changes).
- 2.6. The Council is committed to driving up recycling and reducing carbon so these factors will be embedded in the options appraisal.
- 2.7. The consultant would be asked to provide an estimate of the cost of each service option with a specific requirement to estimate depot costs. Ubico would also be asked to model the cost of the service to provide a comparative cost. Once this work is complete the options would be presented to Council for decision. This decision on service design and cost would then inform a decision on depot acquisition. The next steps would then be to

award a further contract extension or new contract to Ubico or procure the new service through open competition and to then purchase a depot and develop it if relevant.

- 2.8. This work on service design is not additional and would have been required before 2024 when the existing contract with Ubico ends. However, bringing this work forward helps to mitigate the cost risk associated with depot acquisition.
- 2.9. Member, Town and Parish Council and wider public consultation on preferences for service design may need to be conducted to help shape the service (if it were changing radically from the current provision). However, if required, this would be led by existing staff with a small additional budget of £1k, and not be undertaken by the consultant.

### **3. FINANCIAL IMPLICATIONS**

- 3.1. Allocating a budget of up to £30,000 will enable a specialist consultant to be appointed who will undertake an evaluation of waste service options and a cost appraisal of each option, and provide an expert opinion on the likely costs of a depot.
- 3.2. Allocating revenue funding of £1,000 will allow of a waste redesign consultation to be completed which will inform the options appraisal work.
- 3.3. The funding of £31,000 would be allocated from the general reserves.

### **4. LEGAL IMPLICATIONS**

- 4.1. The Council is required to collect domestic waste and undertake street cleansing and so the necessary depot provision needs to be in place, either through the current working practice, or by purchasing, developing and mobilising a new depot and contracting with Ubico or procuring a new arrangement through open competition.

### **5. RISK ASSESSMENT**

- 5.1. The capital and revenue costs to purchase and develop a depot are considerable, which would place a significant burden on the Council's finances, without any guarantee that the Council will see these costs sufficiently offset by a reduction in revenue expenditure through operational efficiency. Through this options appraisal, much of that uncertainty can be addressed and the Council will be able to make an informed decision on whether or not financing a new depot is the correct course of action.
- 5.2. The existing depot provision is adequate for the current services being performed, but with housing growth increasing year on year, the current capacity will come under increased pressure as time move forwards and the Council could be faced with having to offer additional provision in due course at greater expense.
- 5.3. There is a significant risk associated with taking a decision on land/depot acquisition when there are a number of unknown costs, which would factor in to the high level business case.

- 5.4. There is a risk that evaluating cost in 2022 for a service that will commence in 2024 will not provide accurate cost estimates. However, allowances will be made for cost increases and estimates now are purely to aid decision making on depot acquisition.
- 5.5. The Council could lease any spare capacity on an acquired depot site to third parties. However, it is not guaranteed that a tenant would be found or that a set income would be achieved.
- 5.6. Purchasing a depot builds operational resilience – if the Council owns the fleet and the depot it would be able to fairly rapidly mobilise a service if the incumbent provider ceased to operate.
- 5.7. Having a single depot in a strategic advantageous location could link in with Publica, Ubico or indeed other District partners and enable cross boundary working and greater sharing of resources to reduce overall revenue costs for the Council.

## **6. EQUALITIES IMPACT**

- 6.1. None associated with this report.

## **7. CLIMATE CHANGE IMPLICATIONS**

- 7.1. The Council is committed to driving up recycling and reducing carbon so these factors will be embedded in the option appraisal.

## **8. ALTERNATIVE OPTIONS**

- 8.1. As an alternative the Council can choose to:
  - Move now to purchase a depot, accepting the financial risks associated with it;
  - Conduct a service options appraisal closer to 2024 when there would be a greater degree of assurance on price, however, acknowledging that there would likely then be not a necessary time available to purchase and mobilise a new depot;
  - Continue with the current arrangement.

## **9. BACKGROUND PAPERS**

- 9.1. None.