



North Yorkshire Waste Management New Operating Model Business Case

Contents

Responsibilities for waste collection	
Waste Collection Service Provision	
Resources and waste strategy	
Local Government Reorganisation	
• New operating model – options	
• New operating model - timescales	
• Options Appraisal	
• Financial Appraisal	
Conclusion	
Selby Service Integration into new model	
Selby Service high level mobilisation plan	

Responsibilities for Waste Collection

The seven Borough and District Councils in North Yorkshire are Waste Collection Authorities (WCA's) and under the Environmental Protection Act 1990 have a duty to collect household waste from residential properties within their boundaries. North Yorkshire County Council (NYCC) is a Waste Disposal Authority (WDA) and under the same act has a duty to provide disposal facilities for waste collected by a WCA. City of York Council is a partner Authority for waste disposal with shared facilities. City of York is also a Waste Collection Authority that is not within the scope of this report.

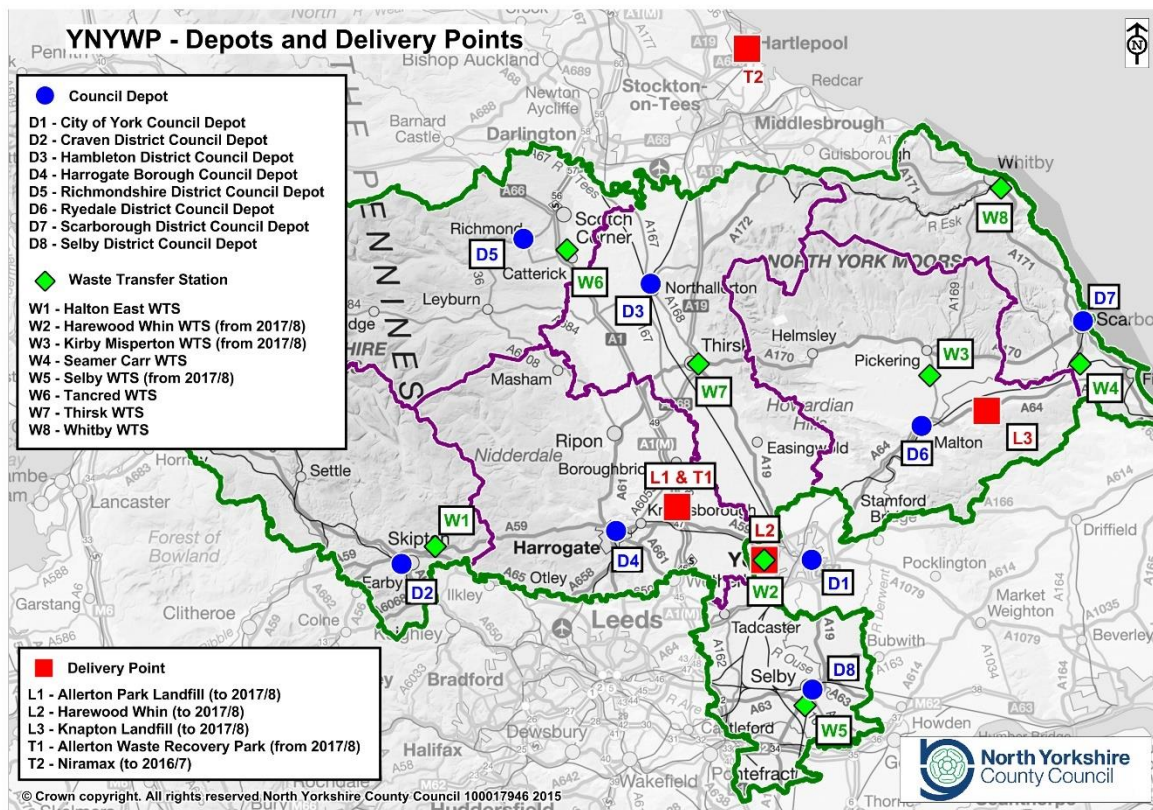
Waste Collection Service Provision

The collection services provided by the seven WCA's in North Yorkshire are summarised in the table below. All collections are fortnightly unless otherwise stated, and green waste collections are all subscription services with the exception of Selby.

WCA	Residual	Green Waste	Dry Recycling
Craven	240 litre grey bin	240 litre green bin	Co-mingled 240 litre blue bin
Hambleton	240 litre grey bin	240 litre green bin	Twin stream 240 litre grey bin with blue lid - paper/card/cans/plastic 55 litre black box - glass
Harrogate	240 litre grey bin	240 litre grey bin with brown lid	Twin stream 2 x 55 litre black box - glass/cans/plastic 2 x 60 litre bags - paper/card
Richmondshire	240 litre grey bin	140 litre green bin	Kerbside sort 55 litre blue box - cans/plastic 55 litre black box - glass 60 litre blue bag - paper/card Carrier bag for textiles
Ryedale	180 litre grey bin	240 litre brown bin	Kerbside sort 55 litre green box - cans/plastic bottles 40 litre black box - glass 60 litre blue bag - paper/card
Scarborough	240 litre green bin	240 litre brown bin	Co-mingled 240 litre blue bin
Selby	180 litre grey bin	240 litre green bin - no charge	Twin stream 240 litre blue bin - glass/cans/plastic 240 litre brown bin -

			paper/card Alternate fortnightly collection
--	--	--	---

The map below shows the geography of the current Council's, operational WCA depots, waste transfer stations and waste delivery points including such facilities within City of York boundary as some are used by the existing WCA's.



Resource and Waste Strategy 2018 (R&WS)

The R&WS contained potential impacts on waste collection and disposal. Chapters one to three contain the issues and potential plans if implemented that will affect collection and disposal services. The three themes of these chapters are: -

- Extended Producer Responsibility - EPR (Chapter One)
- Deposit Return Schemes - DRS (Chapter Two)
- Consistency of Collections – CoC (Chapter Three)

The initial consultations were in the spring of 2019 and findings of the consultations published in summer of 2019. Secondary consultations were issued in the spring of 2021, and it is anticipated the results and findings will be issued in 2022.

The secondary consultations contain key milestones and phased implementations in the documents but may change subject to consultation results.

The consultations provide a good indication of the future of waste management nationally and locally, it is therefore incumbent on us to plan for this now. The consultations contain a phased implementation from as early as 2023 with transitional arrangements during the implementation but are as yet undefined.

Summarised below are the key issues contained within the consultations for EPR, DRS and CoC.

Extended Producer Responsibility – consultation closed 4th June 2021

Key issues

- Mandatory recycling labelling
- Disposable cup take back / deposit
- Producer packaging fees to reflect recyclability of material
- Plastic film and packaging to be recycled by 2026/27
- Payments to LA's for collecting and processing packaging waste – *“Only local authorities which operate efficient and effective systems will have their full net costs recovered via a modelled approach based on the tonnage collected.”*
- Producer payments for littered waste
- Phased introduction 2023 to 2030

EPR Government Response – 26th March 2022

- EPR will be implemented although delayed from 2023 to 2024 and will be a phased roll out. Payments for household packaging waste are “determined” from 1 April 2024. Producers are responsible for costs relating to litter behaviour change communications and packaging in litter bins, but not for ground litter.
- EPR supports consistency in collections albeit the timing is unknown.
- Modulated fees based on packaging composition and volume begins April 2025 (delayed from 2024). 2024 fees are not modulated but reflect the cost per tonne to dispose of packaging.
- A Scheme Administrator (SA) will be appointed. The SA will start to mobilise in 2023 and will be fully operational in 2024. An indicative view from HM Treasury is that the SA is likely to be classified as being within the public sector.
- The EPR scheme will be reviewed after two years of its operation.
- Mandatory take back of disposable cups.
- Mandatory single format labels from 31/3/26 based on the recycle ‘swoosh’ and recycle/ do not recycle message.

- DRS is 'all in' so includes large 3 litre bottles and multi packs, but excludes glass.

LA payments:

- The SA is to decide on the scope of LA costs to reimburse in order to deliver efficient & effective systems..
- Unallocated payments will not support underachieving LAs. Instead the SA will liaise with underachieving LAs and adjust payments after suitable period of time.
- LAs are able to recover the cost of supplying data to the SA.
- LA will receive payments from SA quarterly in arrears.

Assuming producers pass 85% of costs to consumers, household costs will increase by 78p/wk, or £41/yr.

Deposit Return Scheme - consultation closed 4th June 2021

Key Issues

Four options under consideration

- Do Nothing
- All in (drinks containers up to 3 litres)
- On the go (drinks containers under 750ml)
- All in without glass
- 90% collection rate by a newly created deposit management organisation within 3 years
- Mandatory labelling
- Payments to LA's for material recovered through collection and street cleansing
- Phased introduction late 2024 to 2030

Consistency of Collection – consultation closed 4th July 2021

Key Issues

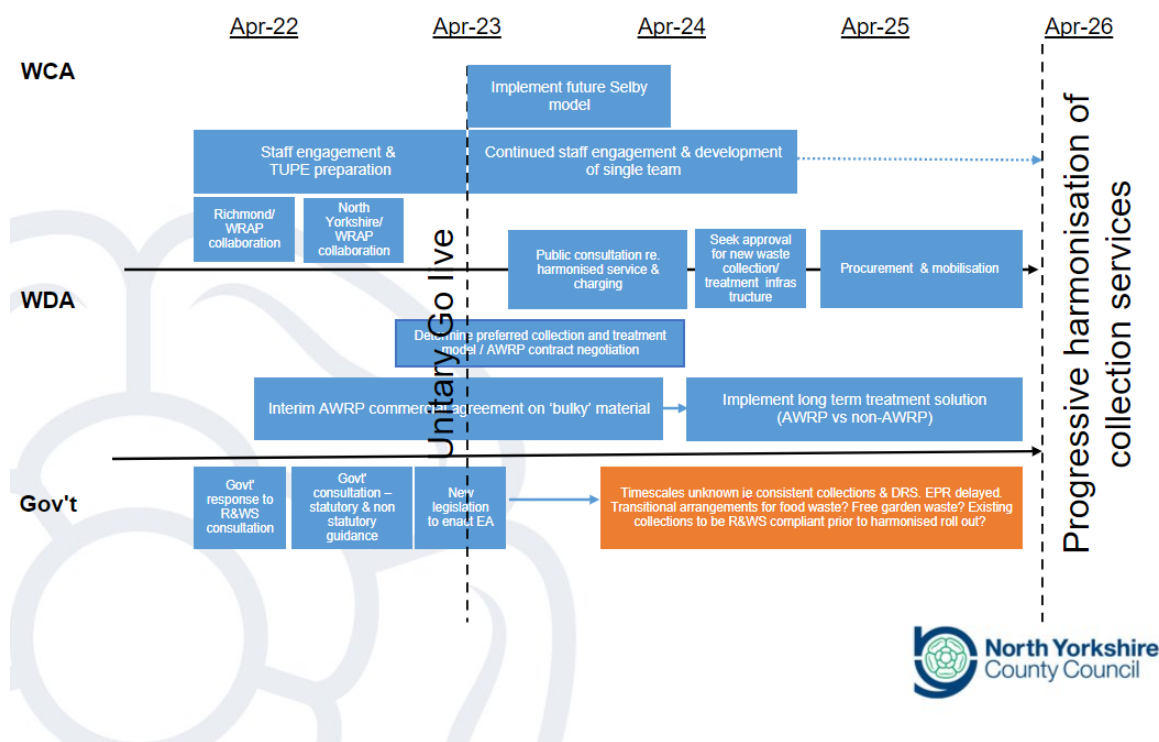
- LA's to collect consistent set of core materials for recycling
- Core materials include steel and aluminium cans, plastic pots, tubs and trays, plastic bottles, paper and cardboard, glass bottles and containers.
- Expansion of core set of materials to include cartons and plastic film
- Free weekly food waste collection
- Free garden waste collections
- Separate collection of recyclable materials where feasible
- Statutory guidance on minimum service standards
- Transparency on end destinations for materials
- Non-binding performance indicators
- Alternatives to weight-based metrics

- Joint working between local authorities
- Segregation and recycling of business waste
- Segregation of business food waste

Planning For Change

Government has not responded to its 2021 consultations relating to the Deposit Return Scheme or Consistency of Collections. However, it is clear the R&WS will impact municipal waste management services of collection and disposal and as such the potential impacts must be factored into any road map for service integration arising from LGR. Indicative timescales for projects and activities are shown below, to project how the new Unitary Authority could be in a position to progressively harmonise collection services from April 2026. Time scales are subject to vehicle procurement arrangements, capacity to roll out new services, and the new obligations on local authorities that Government are yet to confirm.

Indicative Timescales



Local Government Reorganisation (LGR)

Central Government announced in July 2021 that the County and Districts / Boroughs would be re-organised into a single unitary authority from April 2023 under a continuing Authority model.

The eight authorities are currently developing mobilisation plans to integrate services into a single unitary authority and summarised below are some key stages and dates in the legal and governance process.

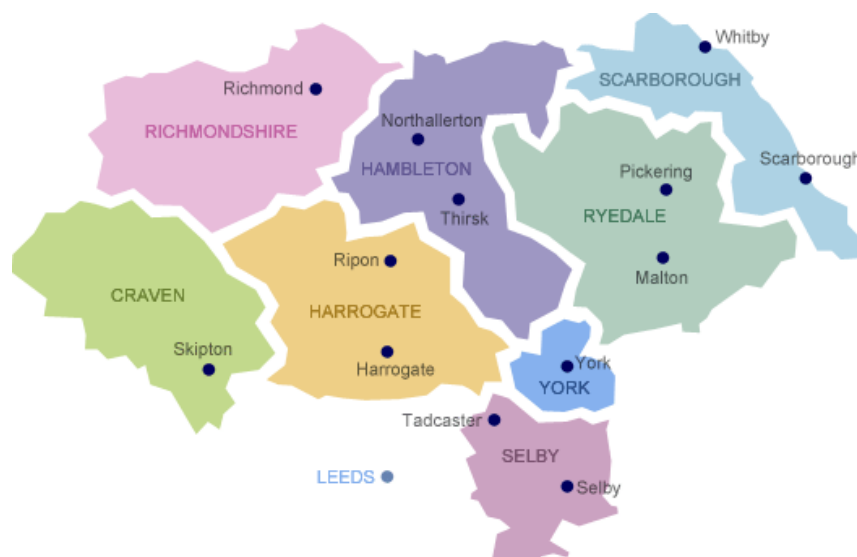
- Structural Change Order to constitute the new authority - March 2022
- Elections to new authority - May 2022
- New authority shadow political board set up - Autumn 2022
- New authority commences and current authorities cease - April 2023

It is anticipated the new unitary authority will have an impact on services and how they are provided across such a large geographical area, but at the moment no decisions have been made or are known. It is clear that all statutory services to residents must be maintained, and any changes must be well planned and seamlessly delivered. Legacy contractual arrangements such as Selby's Environmental Services Contract will be unaffected until natural expiry in March 2024, but any replacement arrangements will need to be mindful of any known or anticipated future changes to service delivery.

With particular regard to waste and recycling collections, street cleansing and ground maintenance, Selby District Council is the only WCA in North Yorkshire that has a contracted service with the private sector. The remaining six Districts / Boroughs all provide these services directly to a population of approximately 527,400 residents.

The new unitary authority has a boundary of the current North Yorkshire County Council which is England's largest County with a population of approximately 618,000, covering an area of about 8,000 square km. Much of the area is rural in nature with a population density of 0.1 person per hectare making it one of the most sparsely populated areas in England. Administratively the area currently consists of the five District Councils, two Borough Councils and a County Council. Waste collection is provided by the five Districts and two Boroughs, whilst disposal is provided by the County Council. The graphic below shows the current Districts / Borough and City of York. The City of York is not part of the new unitary authority but is included in the graphic as there are waste disposal facilities within its boundary that are used by some of the collection authorities.

Map of North Yorkshire Districts / Boroughs and City of York



New operating model

Mobilising a new operating model for waste services and providing a consistent service will take time to achieve. It is clear for day one of the new council, services must be safe and legal with no impact on collections to residents of North Yorkshire. Transitioning from several collection services to a single and consistent service will need careful planning across all aspects of service delivery. Selection of the new operating model will require a detailed mobilisation plan for the preferred option including the identification of key milestones. To achieve consistency of service will require political approval of a single delivery model for North Yorkshire that recognises the need to transition from the current mix of delivery between in house direct provision and contracted services. The contracted service timeline for the Selby contract will need factoring into the decision.

The timeline for LGR including the structural change order in March 2022, and election to the new Council in May 2022, means that any political decisions regarding the future provision of Environmental Services for the new Council may not be made until summer / autumn 2022. The Selby contract expires at the end of March 2024 with a contract termination notice period of up to 18 months meaning a termination notice could be served on the current contractor on 1st October 2022 at the earliest. Such notice would require the contractor to work with the Council to achieve a smooth service transfer as well as restrict the contractor in certain aspects of personnel management.

Delivery of the new operating model will require two mutually supportive mobilisation plans with parallel and consistent key milestones: -

- i) for service transfer from Selby's contracted service and
- ii) for delivering service consistency across the new North Yorkshire Council

The mobilisation plans will also need to recognise any changes arising from the impact of the R&WS on collection and disposal services.

There are three headline options that would need considering when determining the new operating model for waste services and achieving consistency of service provision across the geography of the new council.

New Operating Model – Timescales

The previous section refers to a new operating model as well as the provision of a consistent service. Whilst a consistent service is important, the timescales for achieving this may be different than the delivery of a new operating model. External influences such as the R&WS will impact service consistency and associated timescales.

In identifying the three headline options we have included an 'as is no change' option, but this does not provide a single service delivery model and therefore will not provide any foundations for delivering financial efficiencies. In addition this option would also require the re-procurement of a contract for Selby further hampering moving to a single service. Within the North Yorkshire case for change significant year on year revenue savings exceeding £50 million were identified and therefore any assessment of a new operating model will require a full financial assessment set out against the timescales for implementing each model.

Options 3 is presented as an option as a waste Teckal company already operates in North Yorkshire although any services provided by such an organisation would be provided under the terms of a contract which will take considerable time to develop. For example, the timescales for tendering, awarding and mobilising a replacement Selby contract is 18 months to two years where most of the required tendering information is readily available. To gather detailed service information and develop contract documents for collection services for the new authority will take considerably longer and require considerable consultancy support to achieve a contract commencement in three years. Assuming a decision is taken in September 2022 a new contract could be in place for September 2025. This is for contract commencement only and does not allow for any phased service take on that may be required by the Teckal company.

A soft market testing exercise was undertaken in November and December 2021 for a sector view on the Selby contract, as well as a larger countywide collection service contract. All market respondents were positive about the attractiveness of a larger countywide package, and all indicated a preference for a phased service take on. The respondents indicated a preference for a district-by-district mobilisation of two to three districts per annum that would take over two years to achieve a single service from contract commencement. Therefore, the indicative timescales for achieving a single service under Options 3 could be almost five years after vesting day. Such timescales would not stop any reorganisation and

re-configuration of services including any achievement of efficiency savings but at some point service changes would need capturing and feeding into the contract development including any amendments to the benefits realisation plan.

The timescales for delivering Option 2 are not dependent on developing contract documents and / or a tender process as six out of seven WCA’s deliver services directly. The Selby contract expires at the end of March 2024, so in theory a single delivery model could be achieved far quicker than Option 3. Although in a similar manner to Option 3 above, reorganisation and reconfiguration of services could take place in the first year after vesting day where practicable to achieve efficiencies. Subject to the timescales for re-configuring services in this option and the achievement of efficiencies this could be an interim operating model prior to moving to Option 3 at a point in the future.

New Operating Model Options Appraisal

1. As is, no change – Continue to provide collection services directly for six WCA’s within existing boundaries and re-tender Selby service when current contract expires.

2. Direct provision countywide service – Develop a consistent direct service across the new council geography.

3. Teckal company countywide service – Transfer service to an existing Teckal company to manage and operate WCA services.

Option 1 – As is, no change

Pro’s	Con’s
<ul style="list-style-type: none"> • No change to current services for residents • No capital costs to standardise containers, fleet or depots • No additional communications requirements 	<ul style="list-style-type: none"> • Would not provide basis for consistent service provision • Is not a single service model • ‘Postcode lottery’ of services and confusion for residents living in different localities • Duplication of management and support across seven delivery services • Little scope for efficiency • Little scope for depot and fleet rationalisation • Fragmented approach to impacts of the R&WS

	<ul style="list-style-type: none"> • Timescales and cost of developing service specification and contract model for Selby • Soft Market Testing feedback was not positive towards an early termination of the contract without compensation • Selby service would remain outsourced for a number of years, limiting future options for service integration across the county • Will need contract management resource • Will require ongoing contract negotiation and variations to reflect impact of R&WS 2018 • May not be as flexible to achieve and manage change • Is not consistent with unitary council services
--	--

Option 2 – Direct provision county wide service

Pro's	Con's
<ul style="list-style-type: none"> • Aligns service provision with all other WCA's across North Yorkshire • Agreed roadmap for change and achievement of service consistency • Simpler to reorganise services and integrate management and support • Would reduce duplication of management and support services • Maximise potential for service efficiencies and financial savings • Direct control of service provides flexibility to maximise consistency of provision. • Direct control simplifies service changes arising from R&WS 2018 • Service policy rationalisation is simpler to implement • A larger single service will support the development of support service specialism such as collection rounding etc 	<ul style="list-style-type: none"> • Selby contract would have to run to expiry on 31st March 2024 • Will need an agreed roadmap for change • Will require new direct contracts for bulking, hauling and processing of dry recyclates from Selby • Loss of corporate support from a national company such as vehicle routing and collection round optimisation

<ul style="list-style-type: none"> • Transition to a single waste IT system is simpler to achieve • Transfer of Selby services simpler to achieve with no additional costs for a contract re-procurement • Collection service integration could be achieved on a collection stream by collection stream basis ie residual, garden, recycling and commercial across the new geography. 	
--	--

Option 3 – Teckal Company County Wide Service

Pro's	Con's
<ul style="list-style-type: none"> • May deliver financial efficiencies from day 1 of service transfer. 	<ul style="list-style-type: none"> • Timescales and cost of developing service specification and contract model. • Selby contract would have to run to expiry on 31st March 2024 • Will need an agreed roadmap for change • Potential revision of Teckal company articles • Will need contract management resource • Will require agreed milestones for service integration and consistency of service provision • May require a phased service transfer and associated contract succession plan to achieve a single contract. • Will require ongoing contract negotiation and variations to reflect impact of R&WS 2018. • Full level of financial efficiency may not be achieved by new authority. • May not be as flexible to achieve and manage change • Trade union opposition to a privatised service

--	--

FINANCIAL APPRAISAL

The financial appraisal has focussed on the main areas of financial change from a service cost perspective when looking at the outsourced service compared with in house direct provision. The key cost factors assessed financially are summarised below.

- Employees
- Vehicles / fleet
- Depot
- IT systems
- Overhead and Profit
- Corporate management and support

All of the directly employed staff on the Selby contract will transfer under TUPE with a potential cost increase from entry to the local government pension scheme. However, it is anticipated that savings on corporate management and support will more than cover this aspect of the transfer. Payroll, HR and corporate management can be provided from North Yorkshire. Selby own the waste fleet and therefore there is no cost impact for this cost element. Selby also own the depot resulting in no cost change for this facility. There will be some additional costs for replacing IT systems and in cab fleet management but this can be funded from savings in overhead and profit. Overall the financial appraisal indicates that a service transfer from the current contractor to North Yorkshire would be cost neutral.

New Operating Model Conclusion

It is clear from the options appraisal and financial appraisals above that option 2 of direct service provision is the preferred model for waste services as this model provides direct control of resources, simpler change management and removal of duplication. Delivery of efficiencies will be quicker as well as utilising existing service management expertise to improve services. In addition, transferring services from a contracted service for Selby will be simpler to achieve within the given timescales.

Selby Service Integration into new model

Transferring the contracted service into the preferred new operating model should be relatively straightforward and similar to transferring a contracted service from one contractor to another upon contract expiry. Normal timescales for a service procurement and contract mobilisation includes a minimum 12 month contract mobilisation period. In determining the length of a contract mobilisation, a key aspect is the procurement and provision of a new waste fleet. Selby recently replaced the waste fleet as part of implementing a new recycling service in April 2020 and took delivery of a new waste fleet at

the end of 2020. As the owner of the waste fleet the new council will not have to procure vehicles as part of service mobilisation meaning time and resources can be focussed on a smooth service transfer. It is still recommended 12 months is allowed for service transfer.

Transferring a service can be broken down into various delivery aspects including, fleet, depots, staff, systems, supply chain, policies, services. It is important to understand that this will be a transfer of services and as such all staff currently engaged on the Selby services would transfer as would the depot and waste vehicles owned by Selby Council. So whilst complex, the current direct resources delivering the services will transfer, making it a simpler task overall.

The headline service transfer plan would commence with the issue of the relevant contract notice but no sooner than October 2022 to work with the outgoing contractor to develop the detailed plans for service transfer from 1st April 2024. A high level mobilisation plan is summarised below to provide a breakdown of tasks within project work packages for ease of understanding.

High Level Mobilisation Plan

Work Package	Task	By Date
Preliminary Arrangements	New Operating Model decision – Selby Executive and North Yorkshire Executive Decision	September 2022
	Issue Contract notice to Urbaser	31 st October 2022
	Appoint Transition Manager & Team	7 th November 2022
	Discuss and agree communication protocol with Project Sponsor	November 2022
	Develop Detailed Mobilisation Plan	March 2023

Work Package	Task	By Date
Depot Establishment	Undertake depot condition inspection and agree the subsequent condition report with the Project Sponsor	January 2024
	Establishment of all office, staff welfare facilities and other site facilities within allocated areas within the Depot.	April 2024
	Establishment of all depot policies and procedures to satisfy the administrative arrangements and site use instructions which will incorporate the Council's depot policies and procedures.	April 2024
	Prepare & Finalise vehicle inspections for transfer of owned vehicles	December 2023
	Establish other plant and vehicle requirements for day 1 service continuity.	April 2023
Vehicle and Plant Provision	Establish fuel arrangements.	January 2024
	Preparation of routine vehicle and plant maintenance service arrangements with fleet management.	January 2024
	Formalising of vehicle and plant support arrangements.	January 2024
	Insurance and taxation arrangements for all vehicles.	April 2024
	Operating Centre and 'O' license applications and approval.	January 2024
	Establishment of all administrative, operational and security facilities.	February 2024
	Source and install all relevant technology and equipment such as radio/telephone equipment.	April 2024
	Arrange for all vehicles and plant to be liveried with corporate logo's.	April 2024

Work Package	Task	By Date
	Arrange for all vehicles to be equipped with a system to facilitate interchangeable advertising notices on exterior panels. (if needed)	May 2024
	Source, purchase and store for issue, all material and consumable requirements for the service contracted suppliers.	March 2024
Purchasing	<p>Completion of all service documentation and systems including:</p> <ul style="list-style-type: none"> Administrative processes and procedures Work schedules Operational procedural documentation 	March 2024
Documentation and Systems	<ul style="list-style-type: none"> Communication networks IT equipment installation Health & Safety Quality Management processes Monitoring reports 	
TUPE Transfer of employees	Agreement with outgoing contractor organisations regarding a programme of transfer for current personnel and the transfer of all personal information payroll details.	March 2024

Work Package	Task	By Date
	Agreement with the outgoing contractor organisations in respect of access to staff which will be based on an agreed schedule of staff meetings and presentations	November 2023
	Arrange TUPE Transfer meetings with: Current Contractor Employee Representatives Employees	November 2023
	Presentations to the current workforce to advise and confirm all TUPE transfer matters	November 2023
	Arrangements for Council induction training for all new employees, transferred or otherwise.	March 2024
	Arrangements for personal interviews where required	March 2024
	Issue of all new personal protective clothing and uniform	March 2024
	Preparation and issue of all identity cards	March 2024
	Completion of a staff training audit and the planning of identified training programmes to ensure staff are suitably prepared for service commencement.	March 2024
	Instruction to all staff on Health and Safety matters.	March 2024
	The development, completion and distribution of a service operational manual to all operational staff which details the specific service operational requirements including relevant council policies.	March 2024
	Discover	November 2023
	Design	December 2023
	Develop	January 2024
	Deploy	April 2024

ICT Systems
Development

Work Package	Task	By Date
Operational Review Commence Service	Service Delivery	1 st April 2024
	Review current operational schedules and prepare future drafts for submission to and approval of the Project Sponsor	December 2023
	Service transfer Date	1 st April 2024