STRATEGIC OUTLINE BUSINESS CASE

(NEW PROJECTS)

The Strategic Outline Business Case sets out the preliminary thoughts regarding a proposed project. It should contain all necessary information needed to help the Council make the right decisions regarding which projects to support or reject and to achieve value for money over the whole life of the project. It considers:

1.	**Strategic**	Strategic fit and case for change
2.	**Economic**	Options
3.	**Commercial**	Procurement constraints/assumptions
4.	**Financial**	Estimated costs and/or savings / affordability
5.	**Management**	Resource requirements / achievability

Programme/Project Name:	**Waste Collection & Street Cleansing Contract Review Phase 1**		
Programme/Project Sponsor:	Mike Cockburn – Lead Commissioner, Environment		
Programme/Project Manager:	Kate Kindlen	**Contact Details:**	katekindlen@wirral.gov.uk
Finance Business Partner:	TBC		
Date approved by Change Advisory Board:	TBC		

Contents

1. EXECUTIVE SUMMARY

1.1 The Proposal and Why It Is Needed

Wirral Borough Council (WBC) has commissioned Eunomia Research and Consulting Ltd (Eunomia) to undertake a review of its waste collection and street cleansing contract in the lead up to the end of the current contract (August 2027). As the end of the contract approaches, the Council wants to thoroughly assess their options for waste collection and street cleansing service provision, which includes re-tendering the services, bringing the services in-house, or establishing a Local Authority Trading Company (LATCo) to manage these services, either together or separately.

The purpose of this review is to appraise the current and expected legislation in the context of WBC's services; review methods employed by similar councils; provide commentary on industry trends and innovation; consider the implications of the Council's Local Plan; plus consider various aspects of service delivery.

1.2 Benefits and Risks of Each Option

The following options were chosen as considerations for the outcome:

1. Outsourcing waste and street cleansing services
2. Delivering waste and street cleansing services in-house
3. Delivering waste and street cleansing services via a LATCo
4. Outsourcing waste services and delivering street cleansing in-house
5. Outsourcing waste services and delivering street cleansing services via a LATCo

The section below provides a summary of the options appraisal including the key benefits and risks of each option.

<table>
<tr><th colspan="2">Option A - Re-tendering all services</th></tr>
<tr><td colspan="2">Description:
To procure a new contract for delivering all services by an external service provider. This would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, operations, digital processes, terms and conditions etc.</td></tr>
<tr><td colspan="2">Resource Requirements:
245 FTEs</td></tr>
<tr><td colspan="2">Cost:
Transition and mobilisation costs - £4.41m
Total annual costs (2027) - £18.32m</td></tr>
<tr><td>Advantages
Highest scoring option on the qualitative assessment
Second cheapest option</td><td>Disadvantages
Any future changes (made in contract) to services will need to be negotiated through the formal contract change mechanism (e.g.</td></tr>
</table>

	changes to cleansing services which are not set out in the Specification) • Market conditions may mean reduced competition
Risks • The Council is unable to source suitable depot space and requires bidders to provide one instead which may restrict competition (the last time it was tendered the Council received two bids)	**Benefits** • Allows sharing of cost and performance risks with contractor including excess profit via a 'profit share' mechanism. • Low operational risk. • Address performance issues through a new specification and 'paymech'. Sharing of knowledge and best practice from other contracts.

Option B – Delivering all services in-house	
Description: To bring both the waste collection and street cleansing services in-house.	
Resource Requirements: 252 FTEs	
Cost: Transition and mobilisation costs - £5.34m Total annual costs (2027) - £18.71m	
Advantages • Greater service flexibility and opportunities for joint working with other services e.g. Grounds Maintenance • No market risk for service delivery	**Disadvantages** • High transition and mobilisation costs as a new depot(s) would have to be sought and/or upgrades to existing sites • Higher pension costs as staff would be entitled to LGPS
Risks • The Council is unable to source suitable depot space • The Council is unable to recruit suitable management personnel to mobilise and manage the service • Council has full exposure to all financial and performance risks • Higher operational risk as new in-house service for the Council • There may be differences in terms & conditions between TUPE'd staff and council employees which may cause issues.	**Benefits** • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Potential for greater service flexibility. • Spend is kept local e.g. supply chain.

Option C - Delivering all services via a LATCo	
Description: To bring both the waste collection and street cleansing services under a LATCo wholly owned by Wirral Council.	
Resource Requirements: 253.5 FTEs	
Cost: Transition and mobilisation costs - £5.71m Total annual costs (2027) - £18.06m	
Advantages • Lowest cost option • No market risk for service delivery • Pension costs are lower than an in-house service	**Disadvantages** • High transition and mobilisation costs as a new depot(s) would have to be sought and/or upgrades to existing sites and set up of the LATCo • Differences in pay and terms and conditions between LATCo and Council employees, with Council employees having a higher employer pension contribution through the LGPS at 18.7%. This may risk creating the impression of there being a 'two tier' workforce.
Risks • The LATCo is unable to source suitable depot space • The LATCo is unable to recruit suitable management personnel to mobilise and manage the service • LATCo has full exposure to all financial and performance risks • There may be differences in terms & conditions between TUPE'd staff and council employees which may cause issues.	**Benefits** • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Opportunity for income generation as long as 80% of its services are provided for Wirral • Spend is kept local e.g. supply chain • Any surplus associated with chargeable services could (after covering operational costs) be reinvested back into services • No Parental Company Guarantee or bond as the guarantor is the LA

Option D - Re-tendering waste and bringing cleansing in-house
Description: To procure a new contract for delivering waste services only by an external service provider and bringing street cleansing services in-house. The waste service would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, terms and conditions etc.

Resource Requirements: 253.75 FTEs	
Cost: Transition and mobilisation costs - £2.54m Total annual costs (2027) - £19.19m	
Advantages • Allows the Council to expand its in-house service operations with a lower profile service than waste collection i.e. lower risk to public satisfaction as street cleansing has less of a direct impact on individual residents • Street cleansing services could be accommodated in existing council-owned depots	**Disadvantages** • Differences in pay and terms and conditions between in-house and Contractor employees • Street cleansing staff entitled to LGPS Synergies between waste and cleansing may be difficult to manage
Risks • The Council is unable to recruit suitable management personnel to mobilise and manage the service • Council has full exposure to all financial and performance risks of the street cleansing service • Division of responsibility between waste and cleansing needs to be very clear • Lack of depot for waste and smaller contract may make it less attractive to the market	**Benefits** • Greater degree of control over service delivery and changes for street cleansing • Allows for greater visibility of street cleansing spend and greater control over budgets • For the in-house elements, the spend would be kept local e.g. supply chain

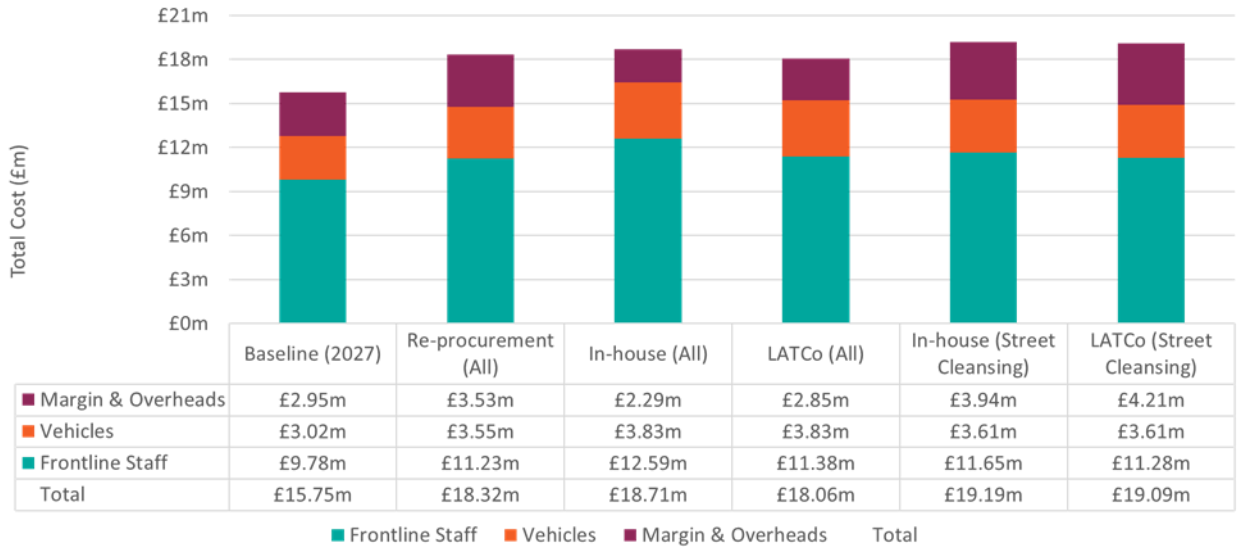
Option E - Re-tendering waste and bringing cleansing into a LATCo	
Description: To procure a new contract for delivering waste services only by an external service provider and bringing street cleansing services into a LATCo. The waste service would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, terms and conditions etc.	
Resource Requirements: 255 FTEs	
Cost: Transition and mobilisation costs - £2.94m Total annual costs (2027) - £19.09m	
Advantages	**Disadvantages** • Any future changes (made in contract) to waste services will need

• Allows the Council to implement a LATCo with a lower profile service than waste collection • No market risk for service delivery for street cleansing services • Pension costs are lower than an in-house service	to be negotiated through the formal contract change mechanism • Market conditions may mean reduced competition • Division of responsibility between waste and cleansing needs to be very clear • Synergies between waste and cleansing may be difficult to manage
Risks • The LATCo is unable to recruit suitable management personnel to mobilise and manage the street cleansing service • Waste collection bidders will have to provide a depot which may limit competition • A combined waste and cleansing service might be more attractive to service providers • LATCo has full exposure to all financial and performance risks	**Benefits (for the LATCo)** • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Opportunity for income generation as long as 80% of its services are provided for Wirral

1.3 Anticipated Costs, Qualitative Assessment and Recommendations

The anticipated costs vary depending on which options are chosen. Figure 1 demonstrates the total cost per option with food waste included, compared to the baseline. The main reason for the increase in costs compared to the baseline is the addition of food waste in all options. The results show that the LATCo is predicted to have the lowest total costs followed closely by re-procurement. The two hybrid options where street cleansing is brought in-house or into a LATCo are the most expensive options, as these options tend to result in some doubling up of some staff and management roles.

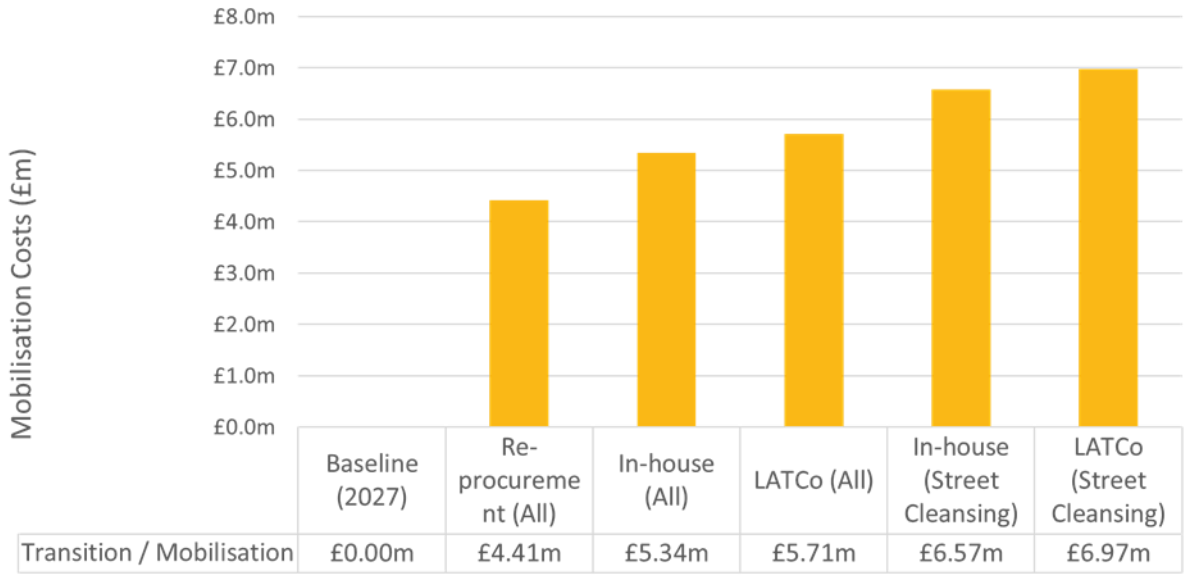
Figure 1: Summary of the Total Cost Per Option Compared to the Baseline



	Baseline (2027)	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Margin & Overheads	£2.95m	£3.53m	£2.29m	£2.85m	£3.94m	£4.21m
Vehicles	£3.02m	£3.55m	£3.83m	£3.83m	£3.61m	£3.61m
Frontline Staff	£9.78m	£11.23m	£12.59m	£11.38m	£11.65m	£11.28m
Total	£15.75m	£18.32m	£18.71m	£18.06m	£19.19m	£19.09m

Figure 2 shows the transition costs in 2027. In-house and LATCo mobilisation costs would only happen once (assuming that there is no other service delivery change in the future), whereas re-procurement mobilisation costs will happen every 7-10 years (depending on the contract term).

Figure 2: Costs Associated with Transition and Mobilisation



Alongside financial modelling, a qualitative risk-based evaluation of the future service commissioning options being considered by WBC was carried out. This involved assessing each of the commissioning options against an agreed set of criteria and scoring each element based upon a clear evaluation scheme. This score was then multiplied by the agreed weighting to give a weighted score, which was then added together with the other weighted scores to give a total for that option. The results of this evaluation are summarised in Table 1 below and can be seen in more detail in Section 6. The re-procurement option scored highest in the qualitative evaluation with 71% with the In-House and LATCo options in joint second with 54% each.

Table 1: Summary of Qualitative Risk-Based Evaluation Results

	Option A Re-procurement (All)	**Option B In House (All)**	**Option C LATCo (All)**	**Option D In-House (Street Cleansing)**	**Option E LATCo (Street Cleansing)**
Total Weighted Score	71%	54%	54%	42%	45%

Recommendations

In summary, the analysis showed that from a qualitative perspective, Option A (re-tendering all services) is the most favourable, followed jointly by Option B (bringing all services in-house) and Option C (bringing all services into a LATCo), with Options E and D receiving the lowest scores after this. However, the results of the financial modelling have shown that

Option C has the cheapest annual cost to the council, followed closely by Option A. When considering the combined costs over 16-years including mobilisation costs, there is a larger gap between the two options and Option C is approximately £8.5m cheaper than Option A. When the qualitative and financial elements are taken together, Eunomia would recommend that WBC considers either the re-procurement or LATCo options going forward and that these should be considered for the Full Business Case.

2. STRATEGIC CASE AND OUTCOMES

2.1 Business Need and Project Background

Wirral Borough Council (WBC) has commissioned Eunomia Research and Consulting Ltd (Eunomia) to undertake a review of its waste collection and street cleansing contract in the lead up to the end of the current contract. As the end of the contract approaches, the Council wants to thoroughly assess their options for waste collection and street cleansing service provision, which include re-tendering the services, bringing the services in-house, or establishing a Local Authority Trading Company (LATCo) to manage these services, either together or separately.

The purpose of this review is to appraise the current and expected legislation in the context of WBC's services; review methods employed by similar councils; provide commentary on industry trends and innovation; consider the implications of the Council's Local Plan; and plus various aspects of service delivery, including health and safety considerations, human resources, infrastructure, client function, information and communication technology (ICT), fleet management, procurement processes, implementation costs, and staffing adjustments that may be necessary with different delivery models.

The waste and resource management sector is going through a period of significant policy and legislative change which may impact services in the future. Whilst many of the changes are known (discussed in section 2.4 and in further detail in Appendix 1), the precise impact these may have on Wirral's services in terms of income and funding, resources, and service efficiency is not fully understood. However, whilst these are important considerations, the purpose of this OBC is to focus on the commissioning options for the services, not on specific waste collection methodologies. The ability to change services in the future has been factored into the qualitative assessment of each of the options.

The diagram in Figure 3 below illustrates the interdependencies of various strategies, legislations and polices for WBC.

Figure 3: Refuse Collection and Street Cleansing Interdependencies Diagram

Any changes should be made in accordance with WBC's strategic outcomes. According to the Wirral Plan 2023-27, the council priorities are:

- To deliver high quality efficient universal services to all residents
- To prioritise those with the greatest needs
- To deliver council services within the means of the council budget
- To be prepared to innovate and face the future
- To play our part in addressing the climate emergency and protecting our environment
- To work across communities with community, voluntary and faith organisations and partners to improve all residents' life chances
- To deliver our ambitious regeneration programme through increased investment, jobs and new businesses throughout the borough.

In addition, the future proposals need to support WBC in delivering the Liverpool City Region Zero Waste 2040 Strategic Framework. In terms of resource efficiency specifically the Framework sets out the following which are directly relevant to Wirral's services:

- Ensure future planning for housing development across the City Region identifies additional waste management costs
- Introduce separate food waste collections
- Promote zero waste building design and construction
- Collect more materials in recycling collections
- Align our infrastructure and operations to zero waste.

The purpose of this Outline Business Case to assess which options have the potential to deliver the best outcomes for the Council and align with Wirral's Council Plan and the wider Liverpool Region Zero Waste 2040 Strategic Framework. Alignment of each of the options with these strategic aims has been considered as part of the options appraisal in Section 6 of this document.

2.2 Current Contractual Position with Biffa

The current contract with Biffa commenced in 2006 and expires in August 2027 with no further options for extension. The Council has confirmed that Biffa owns the depot which the waste services operate from and that the Council does not presently own a suitable alternative site. It is understood that the Council is looking at potential other locations which the services could be operated from.

2.3 Affordability Envelope

Whilst WBC has not stated a specific envelope for its affordability, a service which costs significantly more than the current would be unaffordable to the Council.

2.4 Benchmarking and Legislation

The strategic case looks at the trends surrounding waste collection and street cleansing in Wirral and the upcoming legislative changes that could have a bearing on the service. In Appendix 1, Wirral's current waste collection service has been benchmarked across other similar authorities and the street cleansing service has been examined in the context of performance and resident satisfaction. An overview of the policy context is discussed here with more detail on each of the individual policies provided in Appendix 1.

2.4.1 Policy Context

The potential risks for WBC from upcoming policy changes are highlighted in **Error! Reference source not found.**Table 2**.** Upcoming policy changes predominantly focus on changes to waste collections, so this is the focus here, although there are some references to the impact on street cleansing, particularly for Packaging Extended Producer Responsibility (pEPR). The policy context and details of the individual policies has been discussed in more detail in the appendix, section 11.5.

Table 2: Potential Risks from Upcoming Policy

Packaging Extended Producer Responsibility (pEPR)	**Simpler Recycling**	**Deposit Return Scheme (DRS)**
WBC will receive funding for "efficient" and "effective" service delivery. If WBC's waste collection service or cleansing service (for public bins only) is not considered "efficient" and "effective", part of the payment for service delivery may be withheld and an	WBC will need to introduce weekly food waste collections, which is due before the expiry of WBC's existing collection contract. Though WBC is eligible for new burdens funding and has received confirmation of this, there is no guarantee this will cover all associated costs. WBC is in line with statutory guidance on fortnightly residual waste collections. Should WBC move to three-weekly collections they risk judicial review, although	WBC will see a loss in valuable recyclable materials collected, a decrease in recycling rate, and a loss in material revenue. WBC may see an increase in reprocessing contract costs due to increased MRF gate fees.

improvement plan would be required.	this is currently being consulted on by Defra.	
WBC will need to target recyclable materials not currently collected and recycled, requiring investment. Defra has stated that no funding will be provided to implement the collection of additional recycling streams to be compliant with Simpler Recycling. Where packaging EPR payments do not cover costs, WBC may face an affordability challenge.		
Investing in service changes before EPR and Simpler Recycling roll-out is a risk. However, WBC may face supply chain bottlenecks following roll-out due to continued delay in implementation. There also appears to be potential for conflict between Simpler Recycling and EPR targets and requirements.		

2.4.2 Impact on Wirral's Collection Service

The following table presents our RAG assessment of WBC's current service against what Defra has published as part of its plans, highlighting any areas of change that will be needed to WBC's currents services.

Table 3: RAG Assessment of WBC's Current Service Against Simpler Recycling Plans

Scope of Change	Impact	RAG Assessment
Collection of a Core Set of Dry Recyclable Materials at the Kerbside	The scope of materials that are included in the kerbside dry recycling stream will need to be expanded to include the following materials not currently collected at the kerbside: • plastic packaging, foil and aerosols • food and beverage cartons (Tetra Pak, etc.) WBC will need to discuss with the disposal authority the date from which these materials can be added to the kerbside collection service.	
Collection of Plastic Films at the Kerbside	The Council will need to make arrangements for the collection of plastic film by 2027. WBC will need to discuss with the disposal authority the date from which film can be added to the kerbside collection service.	

Food Waste Collections	A weekly food waste collection will need to be introduced for all households, including communal properties. WBC is eligible for new burdens funding for this service introduction and has received confirmation of this. The deadline for the introduction of separate weekly food waste collections is before the expiry of WBC's existing collection contract with Biffa. The Council's preference is to introduce the new services with the new contract; however, this would mean not adhering to the (proposed) statutory guidance. It is recommended that WBC discusses this with Defra, their legal advisors and Biffa. WBC will need to discuss with the disposal authority the date from which food waste could be separately collected.	
Garden Waste Collections	The charged garden waste collection system in place can continue to be operated as it currently is, provided the charges are reasonable. The Council will have to offer collections to households who request a service, including communal properties.	
Dry Recycling Collection Methodology	The method of dry recycling collections could continue to be operated as it currently is. Bigger bins may be required for some households to accommodate additional collected materials, but further modelling would be required to establish the extent of this.	
Residual Waste Collection Methodology	The residual waste collection system in place can continue to be operated as it currently is. However, should the Council wish to introduce three-weekly collections, legal advice may need to be sought as set out above and depending on the results of Defra's consultation.	

3. DIGITAL INVESTMENT

Depending on the option chosen, a new IT system may be required. This would include a management information system (MIS) with in-cab technology, such as Whitespace for managing the waste collection service and a similar application for the street cleansing service. The authority would need to purchase additional IT infrastructure and licences and mobilise and manage this on an ongoing process. There is an implementation risk surrounding IT systems as these would need to be specified, procured, and implemented to support day one operations.

The projected costs for the different options can be seen in Section 8.4 and a more detailed breakdown of costs is available in Table 35 and Table 36 in the appendix. The Council's IT team have been consulted throughout this process and have examined the costs projected in the model. A full process system flow has not been produced for the whole system in terms of integration with CRM, finance etc as it is out of scope of this project. However, it is likely that something of this nature will need to be carried out if the Council were to proceed with an in-house or LATCo option. The Waste Customer Experience Programme scope includes the production of all current and future process system flows regardless of delivery model chosen. For outsourced delivery model options (A, D and E) future system process flows will be produced in partnership with the new provider.

4. BENEFITS SUMMARY

WBC has begun the process of evaluating different options for the delivery of waste collection and street cleansing services, in the lead up to the end of the current contract in August 2027.

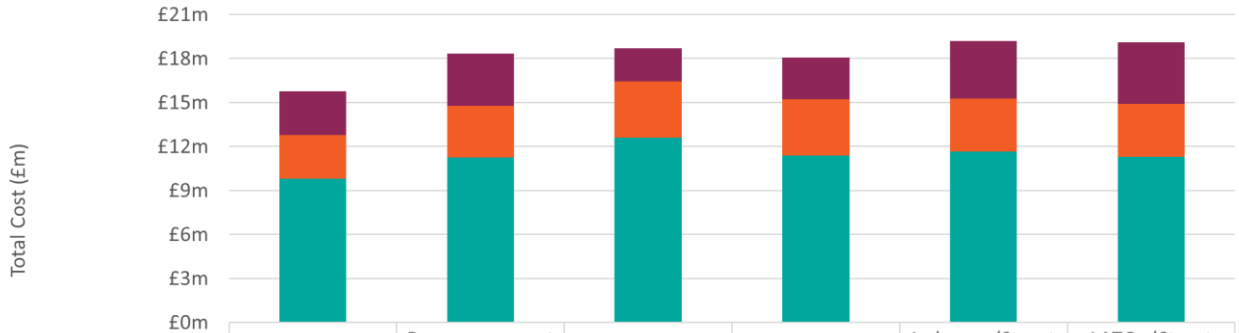
The Council's existing contract with Biffa, the current service provider, began in 2006 and is terminating in August 2027, with no further option to extend. As the end of the contract approaches, the Council wants to thoroughly assess their options for waste collection and street cleansing service provision, which include re-tendering the services to other providers, bringing the services in-house, or establishing a Wholly Owned Company to manage these services, either together or separately.

4.1 Financial Benefits

The key financial benefits of this project are derived from identifying the best value option for the delivery of waste collection and street cleansing services beyond August 2027. Figure 4 demonstrates the cost of each option compared to the baseline. In all options, the cost in 2027 is higher than the baseline cost. This is predominantly due to the introduction of food waste collections. As all options incur increased costs for the Council, the financial benefits do not reflect financial savings but identifying the most suitable option.

In the two options with a LATCo, an additional potential financial benefit is that the Council will gain the ability to deliver commercial and other services up to 20% of the total service value which could mean increased revenue in some areas.

Figure 4: Summary of the Total Cost Per Option Compared to the Baseline



	Baseline (2027)	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Margin & Overheads	£2.95m	£3.53m	£2.29m	£2.85m	£3.94m	£4.21m
Vehicles	£3.02m	£3.55m	£3.83m	£3.83m	£3.61m	£3.61m
Frontline Staff	£9.78m	£11.23m	£12.59m	£11.38m	£11.65m	£11.28m
Total	£15.75m	£18.32m	£18.71m	£18.06m	£19.19m	£19.09m

4.2 Non-Financial Benefits

The key non-financial benefit of this project is that it allows the Council to reconsider how services are to be delivered within the wider context of changes within the waste and resources industry. In doing so, it will enable the Council to:

- Design the best value service and service delivery option that enables them to meet current and expected legislation;
- Consider methods employed by similar councils and how best practice approaches could be employed at WBC to improve recycling performance or service quality;
- Consider industry trends and innovation; and
- Consider the implications of the Council's Local Plan.

5. OPTIONS

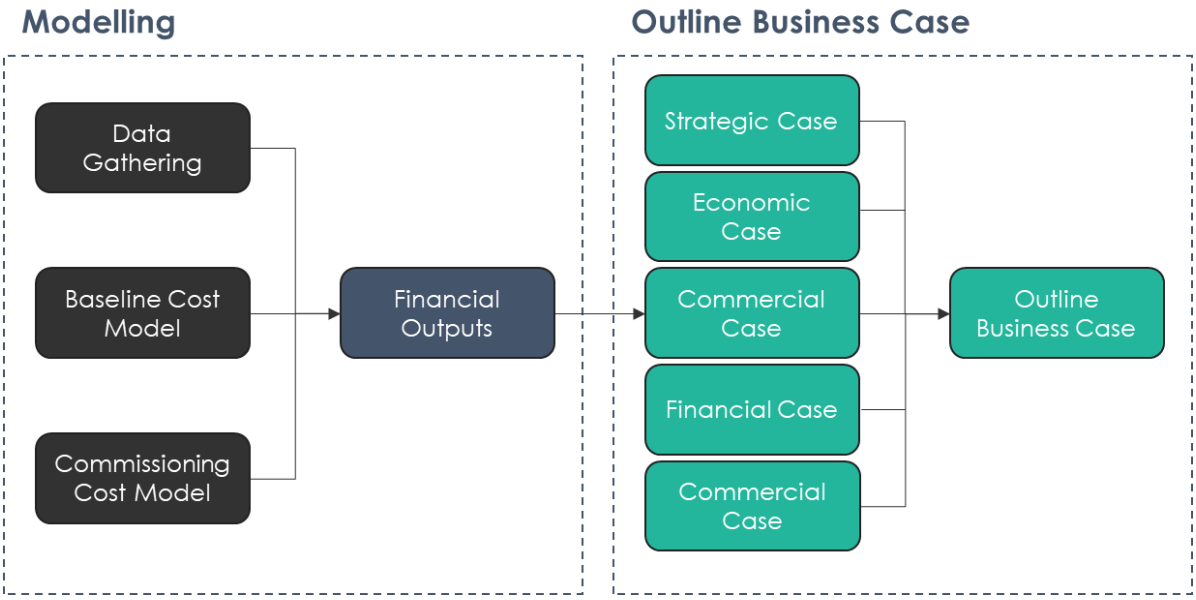
The following options are possible considerations for the outcomes outlined above:

1. Do nothing
2. Outsourcing waste and street cleansing services
3. Delivering waste and street cleansing services in-house
4. Delivering waste and street cleansing services via a LATCo
5. Outsourcing waste services and delivering street cleansing in-house
6. Outsourcing waste services and delivering street cleansing services via a LATCo

Option 1 has been disregarded in this assessment as the Council cannot continue with the current arrangement beyond August 2027. All future service options for waste collection include a weekly food waste collection.

The process for assessing the options is set out in Figure 5 below:

Figure 5: The Process for Assessing the Options



6. OPTIONS APPRAISAL

Waste, recycling and street cleansing services are the only function any authority delivers which every resident and visitor to the borough experiences daily. Therefore, the quality of these services and the value for money they represent to any Council is of paramount importance. As part of this project, Eunomia has undertaken a risk-based evaluation of the future service commissioning options being considered by WBC.

These are:

- Option A: Re-tendering all services.
- Option B: All services in-house.
- Option C: All services in a LATCo.
- Option D: Re-tender the waste service and bring cleansing in-house.
- Option E: Re-tender the waste service and bring cleansing in a LATCo.

The options are summarised below with the assessment of each option following this.

6.1 Options Appraisal Summary

Option A - Re-tendering all services
Description: To procure a new contract for delivering all services by an external service provider. This would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, operations, digital processes, terms and conditions etc.
Resource Requirements: 245 FTEs

Cost: Transition and mobilisation costs - £4.41m Total annual costs (2027) - £18.32m	
Advantages • Highest scoring option on the qualitative assessment • Second cheapest option	**Disadvantages** • Any future changes (made in contract) to services will need to be negotiated through the formal contract change mechanism • Market conditions may mean reduced competition
Risks • The Council is unable to source suitable depot space and requires bidders to provide one instead which may restrict competition (the last time it was tendered the Council received two bids)	**Benefits** • Allows sharing of cost and performance risks with contractor including excess profit via a 'profit share' mechanism. • Low operational risk. • Address performance issues through a new specification and 'paymech'. • Sharing of knowledge and best practice from other contracts.

Option B – Delivering all services in-house	
Description: To bring both the waste collection and street cleansing services in-house.	
Resource Requirements: 252 FTEs	
Cost: Transition and mobilisation costs - £5.34m Total annual costs (2027) - £18.71m	
Advantages • Greater service flexibility and opportunities for joint working with other services e.g. Grounds Maintenance • No market risk for service delivery	**Disadvantages** • High transition and mobilisation costs as a new depot(s) would have to be sought and/or upgrades to existing sites • Higher pension costs as staff would be entitled to LGPS
Risks • The Council is unable to source suitable depot space • The Council is unable to recruit suitable management personnel to mobilise and manage the service	**Benefits** • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Potential for greater service flexibility.

• Council has full exposure to all financial and performance risks • Higher operational risk as new in-house service for the Council • There may be differences in terms & conditions between TUPE'd staff and council employees which may cause issues.	• Spend is kept local e.g. supply chain.

Option C - Delivering all services via a LATCo	
Description: To bring both the waste collection and street cleansing services under a LATCo wholly owned by Wirral.	
Resource Requirements: 253.5 FTEs	
Cost: Transition and mobilisation costs - £5.71m Total annual costs (2027) - £18.06m	
Advantages • Lowest cost option • No market risk for service delivery • Pension costs are lower than an in-house service	**Disadvantages** • High transition and mobilisation costs as a new depot(s) would have to be sought and/or upgrades to existing sites and set up of the LATCo • Differences in pay and terms and conditions between LATCo and Council employees, with Council employees having a higher LGPS at 18.7%. This may risk creating the impression of there being a 'two tier' workforce.
Risks • The LATCo is unable to source suitable depot space • The LATCo is unable to recruit suitable management personnel to mobilise and manage the service • LATCo has full exposure to all financial and performance risks • There may be differences in terms & conditions between TUPE'd staff and council employees which may cause issues.	**Benefits** • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Opportunity for income generation as long as 80% of its services are provided for Wirral • Spend is kept local e.g. supply chain • Any surplus associated with chargeable services could (after covering operational costs) be reinvested back into services • No Parental Company Guarantee or bond as the guarantor is the LA

Option D - Re-tendering waste and bringing cleansing in-house	
Description: To procure a new contract for delivering waste services only by an external service provider and bringing street cleansing services in-house. The waste service would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, terms and conditions etc.	
Resource Requirements: 253.75 FTEs	
Cost: Transition and mobilisation costs - £2.54m Total annual costs (2027) - £19.19m	
Advantages • Allows the Council to expand its in-house service operations with a lower profile service than waste collection • Street cleansing services could be accommodated in existing council-owned depots	**Disadvantages** • Differences in pay and terms and conditions between in-house and Contractor employees • Street cleansing staff entitled to LGPS • Synergies between waste and cleansing may be difficult to manage
Risks • The Council is unable to recruit suitable management personnel to mobilise and manage the service • Council has full exposure to all financial and performance risks of the street cleansing service • Division of responsibility between waste and cleansing needs to be very clear Lack of depot for waste and smaller contract may make it less attractive to the market	**Benefits** • Greater degree of control over service delivery and changes for street cleansing • Allows for greater visibility of street cleansing spend and greater control over budgets • For the in-house elements, the spend would be kept local e.g. supply chain

Option E - Re-tendering waste and bringing cleansing into a LATCo
Description: To procure a new contract for delivering waste services only by an external service provider and bringing street cleansing services not a LATCo. The waste service would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, terms and conditions etc.
Resource Requirements: 255 FTEs
Cost: Transition and mobilisation costs - £2.94m

Total annual costs (2027) - £19.09m	
Advantages • Allows the Council to implement a LATCo with a lower profile service than waste collection • No market risk for service delivery for street cleansing services • Pension costs are lower than an in-house service	**Disadvantages** • Any future changes (made in contract) to waste services will need to be negotiated through the formal contract change mechanism • Market conditions may mean reduced competition • Division of responsibility between waste and cleansing needs to be very clear • Synergies between waste and cleansing may be difficult to manage •
Risks • The LATCo is unable to recruit suitable management personnel to mobilise and manage the street cleansing service • Waste collection bidders will have to provide a depot which may limit competition • A combined waste and cleansing service might be more attractive to service providers • LATCo has full exposure to all financial and performance risks	**Benefits** • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Opportunity for income generation as long as 80% of its services are provided for Wirral

6.2 Assessment of Each Option

Eunomia's approach to the risk assessment involved assessing each of the commissioning options against an agreed set of criteria. The criteria selected as the basis for the evaluation are based upon Eunomia's experience of the key factors which impact decision making regarding services of this type and scale. The criterion being assessed, and their weightings, were agreed with WBC and are outlined in Table 4 below.

Table 4: Risk Assessment Criteria, Assessment Question and Weighting

Primary Criteria	Secondary Criteria	Assessment Question	Weighting
Quality	Capacity and Capability	Does the entity delivering the service have the capacity/capability to do so to a high standard? Can this be acquired?	20.0%
	Financial Risk	Does the option pose an increased	15.0%

		financial risk to the authority?	
	Market Conditions	Are the market conditions supporting this option?	10.0%
	Operational Risk	Does the option pose an increased operational risk of failure to the authority?	15.0%
	Implementation Risk	Does the option present implementation risk?	15.0%
	Control and Ability to Change	Does the option allow WBC to control and develop services?	15.0%
	Service Quality	Does the option improve the quality of service offered to residents?	10.0%
		Total Score	100.0%

When assessing each commissioning option against the seven criteria, the score for each element was based upon a clear evaluation scheme to ensure transparency in how each option was assessed (provided in Appendix 12.0). This score was then multiplied by the agreed weighting to give a weighted score, which was then added together with the other weighted scores to give a total for that option.

The results of the risk evaluation and associated ranking of each option is outlined in Figure 6 below.

Figure 6: Results of the Risk Evaluation and Associated Ranking of Each Option

				Option A - Re-tendering all services		Option B - All services in-house		Option C -All services LATCo		Option D - Re-tender waste and in-house for cleansing		Option E - Re-tender waste and LATCo for cleansing	
Primary Criteria	Secondary Criteria	Assessment Question	Weighting	Score Awarded	Weighted Score	Score Awarded	Weighted Score	Score Awarded	Weighted Score	Score Awarded	Weighted Score	Score Awarded	Weighted Score
Quality	Capacity and Capability	Does Wirral BC have the capacity to deliver?	20.0%	5	20.0%	2	8.0%	2	8.0%	2	8.0%	2	8.0%
	Financial Risk	Does the option pose an increased financial risk to the authority?	15.0%	4	12.0%	1	3.0%	2	6.0%	2	6.0%	3	9.0%
	Market Conditions	Are the market conditions able to support this option?	10.0%	3	6.0%	5	10.0%	5	10.0%	2	4.0%	2	4.0%
	Operational Risk	Does the option pose an operational risk to the authority?	15.0%	4	12.0%	2	6.0%	2	6.0%	1	3.0%	1	3.0%
	Implementation Risk	Does the option present an implementation risk?	15.0%	2	6.0%	2	6.0%	2	6.0%	1	3.0%	1	3.0%
	Control and Ability to Change	Does the option allow Wirral BC to increase control and develop services?	15.0%	3	9.0%	5	15.0%	4	12.0%	4	12.0%	4	12.0%
	Service Quality	Does the option improve the quality of service offered to residents?	10.0%	3	6.0%	3	6.0%	3	6.0%	3	6.0%	3	6.0%
		Total Score	**100.0%**		**71.0%**		**54.0%**		**54.0%**		**42.0%**		**45.0%**
		Rank			1		2		2		5		4

6.3 Capacity and Capability

Capacity and Capability

Description:

When assessing the capacity and capability of the authority or another operator to deliver each option, we have considered the following key questions:

- Is there the necessary capacity within the Council or an outsourced waste contractor to deliver and manage these services?
- Will the transferring staff have the necessary capability, skills, and experience to deliver the service and is there a risk they will not transfer?
- Does the Council currently have the existing capability and capacity to deliver the services required?
- If the capability or capacity does not exist, can the organisation recruit this? If so, how is easy is this to do and is the time to recruit an issue?

Option	Score	Description
A	5	Re-tendering all services
B	2	Delivering all services in-house
C	2	Delivering all services via a LATCo
D	2	Re-tendering waste and bringing cleansing in-house
E	2	Re-tendering waste and bringing cleaning into a LATCo

Assessment

Option A has been given a score of 5, as an incoming contractor will have the capacity and capability within the organisation and transferring staff to manage the services in-scope. This would be tested through the procurement process.

Options B and C have both been given a score of 2. Currently WBC do not have the specialist capability or capacity internally to operationally manage these front-line services and substantial recruitment would be needed to support this change. This would include senior officers (Head of Service level as a minimum in the in-house option) and a dedicated Transport Manager would also be required as part of the mobilisation phase, which will be a specialist role. These posts would need to be in place at the beginning of the mobilisation period as it is likely that senior Biffa staff would not transfer. This poses a substantial risk to the authority. Where services are brought in-house, we have recommended the appointment of a Head of Operations (or similar) and in the LATCo a Managing Director and Operations Director. The skills and experience required to fulfil these roles are not common and these positions will be challenging to recruit into, though ultimately are felt to be achievable within the timeframes. Additionally, WBC do not currently have capacity within support services such as IT, HR, Health and Safety etc. to support these staff.

For similar reasons to Options B and C, Options D and E have also both been given a score of 2. This is because, even though it is only the street cleansing service being either brought in-house, or into a LATCo, WBC will require additional capacity and capability to manage this operationally complex service. Currently, WBC do not have the specialist capability internally to manage a large street cleansing service and would require specialist recruitment to roles as outlined above. As such, the same risks apply, even though this risk relates to only one service, as opposed to two.

6.4 Financial Risk

Financial Risk

Description:

When assessing the financial risks for the relevant options, we have considered the following key questions:

- What financial risks would be incurred by the authority as a result of this option?
- What is the severity of the financial risks faced by the authority under each option and are the risks acceptable?

Option	Score	Description
A	4	Re-tendering all services
B	1	Delivering all services in-house
C	2	Delivering all services via a LATCo
D	2	Re-tendering waste and bringing cleansing in-house
E	3	Re-tendering waste and bringing cleansing into a LATCo

Assessment

Option A is seen as the most financially beneficial option available to the council and has been given a score of 4 accordingly. Under this option, WBC can negotiate with the market and seek a potentially improved financial position compared to the existing contract, however this cannot be guaranteed. This will be made more achievable as during a competitive procurement, bidders are incentivised to provide commercially astute bids. WBC should anticipate a cost increase as bidder's costs have increased since the existing contract. It is worth noting that through a procurement process, bidders may deem that certain elements of the contract pose a risk to them. For example, if the KPIs are seen as punitive due to aiming for unrealistic standards. As such, they would be likely to 'risk price' against such items in their tenders. Whilst this is a possibility, such risk pricing can be reduced, or even completely removed, via the negotiation and dialogue phase (depending upon which procurement procedure is used). This has been achieved on a number of procurements Eunomia has led, where the risk pricing between initial and final tender stages has been drastically reduced as a result of the negotiation process.

Option B has been given the lowest score of 1, as it is seen as posing a high probability of high financial risk to the authority. This is because in this option all the financial responsibility and associated risks will be transferred directly to the council. This is a substantial shift in WBC's financial risk position, and includes issues such as staff shortages, sickness, vehicle damage and rising fuel costs, some of which the authority is currently protected from within the contract. The greatest shift in financial risk under this scenario will result from the requirement for the council to then pay into a Local Government Pensions Scheme (LGPS) for staff, which will represent a significantly higher contribution rate than the pension rates provided by contractors or in a LATCo.

In Options B and C, WBC will be directly responsible for delivery of a very large front-line service and all the budget uncertainty this brings. In addition, the authority would also need to purchase additional IT infrastructure and licences, and the mobilisation and on-going management of this, although budgeted as effectively as possible, is a financial risk. Options C and D have both been given a score of 2. In Option C, despite services not being in-house, the financial responsibility has still ultimately transferred to the authority, in this case via an arm's-length company. This still represents a substantial shift in WBC's

financial risk position, however, in this option the authority will not be liable for LGPS payments which lessons the financial costs to the authority compared to Option B. In Option C it removes the budgetary protection that can be achieved by outsourcing operations to an external provider. In Option D, the financial responsibility of the cleansing service will fall to the authority in the same way as in Option B, and the council will also be liable for LGPS payments. However, as this just relates to the street cleansing service, the financial risk is lessened when compared to Option B. Additionally, in Option D there will be a loss of efficiency, the council will be paying for two management teams for the two services which will increase costs to the council, this will also be relevant to IT and infrastructure where there will not be sharing between the services.

Option E has been given a score of 3. This reflects the fact that whilst there is an increase in financial risk due to bringing the street cleansing service into a LATCo (the same risk as with Option C), WBC are not liable for LGPS pensions (as they are under Option D) and this liability only extends to the street cleansing service, as opposed to both services. As such, the financial risk is lessened compared to both services being managed entirely by a LATCo.

6.5 Market Conditions

Market Conditions

Description:

When assessing the market conditions for the relevant options, we have considered the following key questions:

- Would this option interest the market and relevant market operators?
- What risks would this option pose to WBC should it be chosen?
- What perceived issues would this option pose to market operators?

Option	Score	Description
A	3	Re-tendering all services
B	5	Delivering all services in-house
C	5	Delivering all services via a LATCo
D	2	Re-tendering waste and bringing cleansing in-house
E	2	Re-tendering waste and bringing cleansing into a LATCo

Assessment

Options B and C have a score of 5 as there is no requirement to test these options within the marketplace.

Option A has been given a score of 3, as whilst the market is being formally tested through a procurement process, there is a substantial risk associated with the current depot situation. All bidders with the exception of Biffa (who own the current waste operational depot) would need to secure a site to operate the waste services from which may be challenging within the procurement timeframes. This may affect bidders' appetite to bid. Indeed, in soft-market testing Eunomia has conducted for an urban borough in recent years, bidders were very clear that the lack of a depot for that opportunity would deter them from participating in the procurement. There is also a small increase in risk that Eunomia would associate with any procurement exercise as WBC's position in the market, and the market's reaction to the opportunity has not been tested in a long time. However,

it is felt that the market would be readily able to facilitate and be interested in tendering for this contract due to it representing a large borough (and thus representing a significant contract value), so long as the timelines work and major clashes with busy procurement periods are avoided. With procurement timelines in mind, Eunomia have modelled a likely procurement timeframe should this option be chosen by the council (this can be seen in Appendix **Error! Reference source not found.**). This modelling has shown that should the council go out to procurement in July 2025, this will afford a ~10-month mobilisation window. Whilst bidders would ideally request a year to mobilise due to vehicle lead times, Eunomia feels that a 10-month window is feasible for this contract. Risks relating to vehicle procurement can be mitigated to an extent by using the existing fleet beyond the end of the current contract until the new fleet arrives (should the assets be in a road-worth condition and Biffa be willing to sell the assets to the council). Alternatively, the council could hire vehicles in the interim, though this would likely increase the contract cost for the council. It is worth noting that in the modelled procurement timeline, there may be room to shorten the pre-procurement work (e.g. sourcing technical and legal support, drafting of documents), which would then allow the council to commence the procurement sooner, and therefore extend the timeframe available for mobilisation. From the perspective of clashing procurements, as detailed in the Commercial Case, 2027 is a busy year with a number of significant local authority waste and street cleansing contracts expiring. These include Westminster, Haringey and Joint Waste Solutions. Such opportunities, given their size, would likely be of great interest to the market operators. However, given that Wirral is an integrated contract with a large, estimated contract value (as shown in the financial modelling below), this is not seen as a significant risk for Option A. However, the last time it was tendered, only two bids were received, and the market has consolidated since then. Finally, it should be noted that as of 12th December 2023, FCC Environment has formally agreed to acquire Urbaser's UK businesses. This means that the market for delivering waste collection contracts or combined waste and street cleansing contracts (should this acquisition be approved by the Competition and Markets Authority – which it appears to have been as of February 2024) will shrink to five major operators: Biffa, FCC, Serco, SUEZ and Veolia.

Options D and E have been given a score of 2. These options have received a lower score than Option A, even though the depot risk remains the same across the three. Eunomia would anticipate that the market's interest would be somewhat reduced for the latter two options as only the waste service is being reprocured. Bidders typically prefer integrated contracts as these contracts have a higher contract value. This risk is compounded by the fact that there are number of enticing contracts expiring in 2027 which would represent a more significant contract value to market operators as they will be integrated contracts (for example Westminster and Haringey). Furthermore, there is the potential that bringing the street cleansing service in-house or into a LATCo might give bidders the impression that the authority may plan to do this for the waste service in the future, which may reduce market interest slightly – though the authority can seek to appease this through early market engagement. Due to these additional risks (compared to Option A), Options D and E are seen as posing a significant risk regarding the market's interest in them.

6.6 Operational Risk

Operational Risk
Description:

When assessing the operational risks for the relevant options, we have considered the following key questions:

- What operational risks are likely to be incurred by each of the relevant options?
- How likely are the operational risks to lead to failure for WBC?

Option	Score	Description
A	4	Re-tendering all services
B	2	Delivering all services in-house
C	2	Delivering all services via a LATCo
D	1	Re-tendering waste and bringing cleansing in-house
E	1	Re-tendering waste and bringing cleansing into a LATCo

Assessment

Out of the options assessed, Option A received the highest score of 4. This reflects the fact that should the procurement lead to a new contractor delivering the services, there is a low probability of operational risk associated with a change in contractor. This is seen as a low probability of risk as the procurement process will allow the new contractor to be tested to provide the council with confidence in their ability to deliver the services. Should the procurement result in Biffa retaining the contract, this would raise no concerns as they are the incumbent provider.

Options B and C have both been given a score of 2. In both options the operational risk fundamentally shifts to WBC either directly or through a LATCo. Both options are subject to a key operational risk relating to the IT infrastructure which will be required to deliver the services. Should WBC not continue with the same systems as currently used by Biffa (Whitespace) from the start of the new operational model, this would increase the risk to the authority. Additionally, the Council does not have the capacity or an identified location to facilitate an in-house or LATCo waste collection fleet. Therefore, WBC will have to undergo site identification and optimisation in these options, increasing operational risk. Option D and E have also been given a score of 2 for operational risk as these options are seen as posing a high probability of high operational risk. This reflects the fundamental shift in operational risk to WBC (as with Options B and C) even though in these options it is only the street cleansing service being delivered in-house or via a LATCo, as opposed to both street cleansing and waste collections. There will be increased operational complexity as both entities will need to manage their infrastructure and operations efficiently whilst not disrupting the service delivery of the other. Furthermore, as both services are managed by different organisations, there is a loss of cross-working efficiency between the services, which may lead to some operational disruption.

6.7 Implementation Risk

Implementation Risk

Description:

When assessing the implementation risks for the relevant options, we have considered the following key questions:

- What implementation risks are likely to be incurred by each of the relevant options?
- How likely are the implementation risks to impact WBC?

Option	Score	Description
A	2	Re-tendering all services

B	2	Delivering all services in-house
C	2	Delivering all services via a LATCo
D	1	Re-tendering waste and bringing cleansing in-house
E	1	Re-tendering waste and bringing cleansing into a LATCo

Assessment

Option A has been given a score of 2. Should Biffa not be successful in the re-tendering process there is an implementational risk during the contract mobilisation whilst the new service provider beds in. Should the provider not change from Biffa then the risk would be reduced. Most importantly from an implementation risk perspective, the depot for the waste services is owned by Biffa, if the contract is not awarded to Biffa, then the council will have to source another site for the waste fleet during mobilisation (or require bidders during the procurement to provide an alternative depot, which may decrease competition), increasing the risk of implementation failure significantly.

Options B and C have also both been given a score of 2, low probability of high implementation risk, due to the bringing in-house, or into a LATCo, all of the services currently delivered by Biffa. Whilst most staff would TUPE from Biffa under these scenarios, there is the risk that senior staff would not. This risk can be reduced as senior roles can be recruited into either permanently or temporality as part of the mobilisation process. Within these options there is also a substantial implementation risk surrounding IT systems as these would need to be specified, procured, and implemented to support day one operations. The lack of depot for the waste services is also a substantial risk in this option as the council will have to find a new site for the depot. Furthermore, under these options, it should be noted that as Biffa will be aware they are losing the contract (and WBC would be unlikely to reprocure the contract in the near future), they may potentially be somewhat obstructive during the demobilisation of the contract. This would have to be managed carefully so as not to cause additional implementation risk and it should be noted that there is no guarantee that Biffa would act in this way.

Options D and E have been given the lowest score of 1, representing a high probability of high implementation risk, due to the transfer of a highly specialised service (street cleansing) in-house or into a LATCo whilst also undertaking a procurement exercise, which significantly increases the likelihood of implementational failure compared to the other options. Within these options there is also a substantial implementation risk surrounding IT systems (as outlined for Options B and C). The lack of depot for the waste services is also a substantial risk in this option as the council will have to find a new site for the depot.

6.8 Control and Ability to Change

Control and Ability to Change

Description:

When assessing the impact of each option on WBC's control over services and ability to change aspects of delivery, for the relevant options we have considered the following key questions:

- Do the options provide WBC with the same, more, or less control than currently?

Option	Score	Description

A	3	Re-tendering all services
B	5	Delivering all services in-house
C	4	Delivering all services via a LATCo
D	4	Re-tendering waste and bringing cleansing in-house
E	4	Re-tendering waste and bringing cleansing into a LATCo

Assessment

Option A has been given a score of 3. In this option, the relationship between the Council and the service contractor is managed via a contract. This means that should the Council wish to enact any change to the services, they must first negotiate and agree the changes with the service provider. It is anticipated that this would be managed via a 'Change' clause within the contract, which is assumed to be applicable for the outsourced contract. As such, this results in there being no change from the current operation.

Option B has been given the highest score of 5 as all services are directly managed by WBC and so the council has a high level of control over, and ability to change, the services.

Option C, D and E have all been given a score of 4. This reflects the fact that in all three options WBC would see an increase in their ability to enact change over the services – though to varying degrees.

With regards to Option C, whilst the services will be delivered by a LATCo which will be wholly owned by the council, the LATCo will still be a separate legal and commercial entity and any changes to the contract or services will still need to be negotiated, likely using the 'Change' clause in the contract (as with Option A). Nonetheless, this option is still seen as providing WBC with an increase in their ability to enact change compared to an external contractor.

Option D also represents an improvement in terms of WBC's ability to alter the services. In this option, the council will have full control over the cleansing service as it will be delivered in-house, however they will still have to negotiate contractual changes with the outsourced waste services. As such, it does not score as well as Option B. Option E has been given a score of 4 for very similar reasons as Option D. Whilst changes to both waste and street cleansing services would require negotiation and contractual changes, it is felt that as the street cleansing service will be delivered by a LATCo wholly owned by the council, the ability to enact change will be greater than if negotiation were being held with an external provider.

6.9 Service Quality

Service Quality

Description:

The quality of service delivered to residents is based upon the following factors:

- The training of staff.
- The quality and proactiveness of management and supervision.
- The ability of the contract or other KPIs to monitor and manage issues.

Option	Score	Description
A	3	Re-tendering all services
B	3	Delivering all services in-house

C	3	Delivering all services via a LATCo
D	3	Re-tendering waste and bringing cleansing in-house
E	3	Re-tendering waste and bringing cleansing into a LATCo
Assessment		
Within this assessment a score of 3 represents no change from the current position for WBC. It is not possible to confidently say that under these options the quality of the services delivered would be impacted. This is because the operational staff delivering these frontline services will directly transfer via TUPE and there is likely to be no difference to staff training, or the level of management or supervision. What may change in these options is the focus of the service on this, however, these are large and complex operational services and measuring improvement in service quality with the same resource base as currently will be difficult. As such, it is Eunomia's opinion that saying that service quality will ultimately improve (or worsen) under any of the options is impossible to say with any certainty due to the factors outlined above.		

7. COMMERCIAL CASE

7.1 Sector Trends

In-house
There are currently 185 authorities who run their waste collection service in-house. An In-house service may be seen as beneficial due to the level of flexibility and control over the services, for example having collection crews support on contamination campaigns without the need to agree additional costs, which they would likely need to do in a LATCo or outsourced. Additionally, there would not be a need for contractual negotiations such as in an outsourced service, when implementing changes, however discussions would be needed with unions. In-house authorities tended to have the view that implementing such changes on an outsourced contract would always incur additional cost to the authority. In Eunomia's experience this is not always the case and depends upon the change being made.

Another key element is that in an In-house option there are no requirements to make a profit on the in-house service in contrast to an outsourced arrangement.

For those authorities running in-house operations, the move to this operating model could be politically driven. Typically, when councils are under Labour control there is a drive to bring services in-house, and as such it would be unlikely that the authority would consider an alternative service delivery option.

LATCo
Over recent years, LATCos have become a more popular vehicle for providing local authority services. With regards to waste and recycling services, these have been established both at the end of existing contract terms (LB Hounslow, LB Redbridge) and following early contract exit (Bristol Waste Company, Cheshire West Recycling, North Somerset Environment Company). A LATCo is an independent legal entity which is wholly owned and ultimately controlled by one or more shareholding local authorities. The principal benefits of adopting this option include the ability to:

- Operate in a more culturally distinct way than many In-house services are able to do, perhaps including being more commercially driven and structured.
- Deliver services more flexibly compared to a contracted-out service.

- Offer workers membership of a lower-cost pension scheme, as opposed to the LGPS.

The legal framework under which LATCos can be established was primarily based on case law, but this has changed with the introduction of the Public Contract Regulations 2015, with updates included in the Procurement Act 2023 (which achieved royal assent in October 2023). This legislation clarifies the legal aspects of creating and managing a LATCo and provides important guidance on how to comply with the requirements of the law. Table 5 provides a summary of LATCo financial results in 2021/22 and 2022/23, illustrating that some LATCos make a significant profit, some make a small profit while others make a significant loss.

Table 5: LATCOs Financial Results[1]

Name	Services	21/22 Financial Results	22/23 Financial Results
Liverpool Streetscene Services	Waste collections, street cleansing, grounds maintenance, highways services	£1.4m loss	£1.6m loss
Cumbria Waste Management	Waste disposal and recycling services	£3.7m loss	£2.8m profit
Cheshire West Recycling	Refuse, recycling, and garden waste collections	£526k profit	£207k profit
Norse Environmental Waste Services (NEWS)	Waste collections for several LAs	£573k profit (£1.4m loss in 20/21)	£184k profit

Outsourced

The current marketplace for collections contracts is constrained to 5-6 main bidders and there is a substantial number of contracts being re-tendered across the next three years. Therefore, if this is an option WBC would like to move forward with, we would recommend a robust procurement strategy is developed to manage these risks. Furthermore, engagement with the market operators will be vital to ensure their interest and participation in any future procurement.

For those authorities who had outsourced their waste contract, a common view was that this brought with it up to date industry knowledge and expertise, including access to benchmarking information, as well as greater levels of innovation. Furthermore, it was noted that an outsourced arrangement can provide greater security for service continuity as the contractor can provide access to staff and vehicles from their nearby contracts. Multiple officers also noted that they feel an outsourced contract brings with it ancillary benefits such as social value impacts in the local area, for example though provision of a community benefit fund. Outsourcing (if done well) enables access to specialist resources and knowledge, as well as economies of scale that can lead to cost savings, increased market confidence and improved delivery of services. It can also offer increased resilience, flexibility, and innovation. However, it is important to consider the risks and challenges associated with the approach, such as legal and financial obligations, and ensuring effective contractual management.

[1] LetsRecycle (2024) LATCos post mixed financial results for 2022/23. Available here: LATCOs post mixed financial results for 2022/23 - letsrecycle.com

Outsourced services can offer better value for money and have, in certain situations, resulted in significant financial savings, particularly for those authorities with combined contracts. Such savings can be achieved due to economies of scale and greater purchasing power which market operators benefit from.

The outsourced approach allows the authority to hold the contractor to greater contractual and political account for the service delivery and issues that may arise with the waste service. This is done through contractual elements such as KPIs and related payment mechanisms. Interestingly, one officer from an In-House service expressed a similar view when contrasting their ability to manage a contract's efficiency compared to an outsourced service.

Service Delivery Arrangements

Table 6: Number of English and Welsh Authorities supplying In-house, LATCo, and Outsourced Waste Collections and Street Cleansing Services

	In-house	LATCo	Outsourced
Waste Collections	182	35	119
Street Cleansing	44	8	38

Table 7 demonstrates the split of major contractors of street cleansing and waste collection services. Of 32 local authorities within Eunomia's database that outsource both street cleansing and waste collections, 27 have the same contractor for both services whilst five local authorities outsource their collections and street cleansing to different contractors.

Table 7: Split of Major Contractors of Street Cleansing and Waste Collections in England and Wales

	Biffa	Suez	Veolia	Serco
Street cleansing contractor only	0	4	0	0
Waste collections contractor only	23	12	15	14
Same contractor for both services	2	4	16	2

Table 8: Number of Benchmarking Authorities supplying In-house, LATCo, and Outsourced Waste Collections and Street Cleansing Services

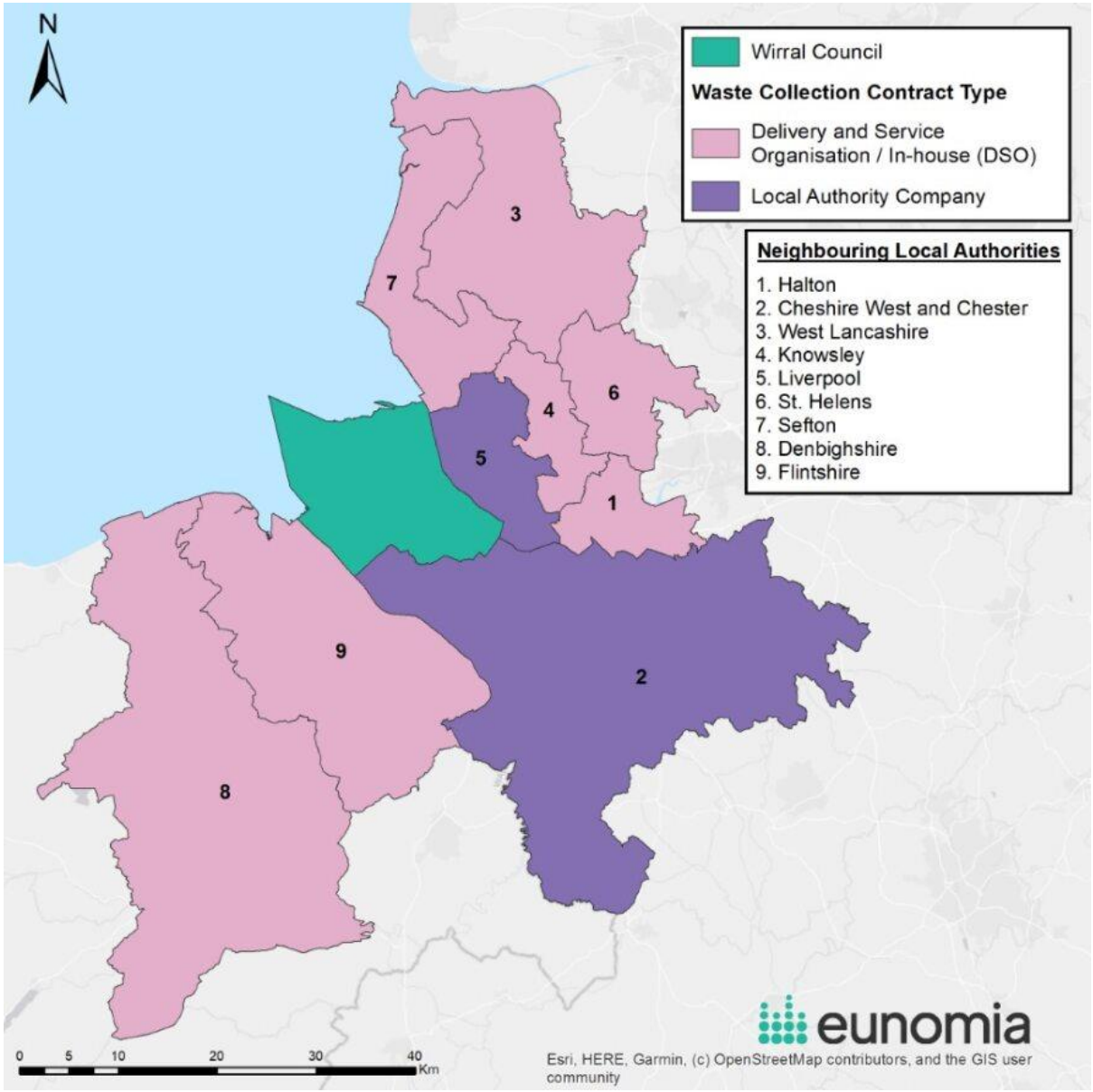
	In-house	LATCo	Outsourced
Waste Collections	34	1	6
Street Cleansing	2	0	1
Number of authorities using the same supplier for both services	6	1	1
Total	42	2	8

Eunomia's database only has both the street cleansing and waste collection contract information of ten of the benchmarking authorities (Bury, Calderdale, Darlington, Dover, Dudley, Kirklees, Northumberland, Redcar & Cleveland, Rotherham and Stockport). Of the ten, eight benchmarking authorities have the same supplier for street cleansing and waste collections. However, two local authorities have different suppliers/delivery methods:

- One local authority has in-house street cleansing and outsourced waste collections (Calderdale).
- Another local authority has in-house waste collections but outsourced street cleansing (Northumberland).

Figure 7 displays the contract type of the authorities neighbouring WBC.

Figure 7: Contract Type of Authorities Neighbouring WBC for Waste Collections



Technological Trends

Management Information System

The use of a Management Information System (MIS) is common in most authorities, however some in-house services or longstanding outsourced contracts may not have implemented one. The most commonly used systems are Whitespace, Bartec Municipal Technologies and Echo (by Selected Interventions). All aspects of collections can be managed from a single platform, from real time tracking to routing**.**

Underground Bins

There has been an increase in the use of underground bins in the UK, whilst common in the rest of Europe, they haven't been in the UK. The use of underground bins can greatly improve the look and feel of streets from the removal of multiple bins, the amount of storage

available in each container varies from system to system, with volumes normally ranging between 3,000 and 5,000 litres, meaning fewer bins are required than currently used; the 5,000 litre bin holds the equivalent of 20 wheeled bins. Access can either be open, with no restriction on who can use it, or restricted to a number of residents by the use of a swipe card, key pad or RIDF fob. It is recommended that a restricted system is used to reduce the risk of abuse by non-residents and in the case of recycling bins, to reduce the risk of contamination.

Additionally, hiding the waste underground greatly reduces any potential disturbances to residents by reducing the potential noise impact from residents rolling bins back and forth, and through a reduction in odour as the waste is enclosed underground. The system could also potentially allow bins to be placed in locations where above ground systems might be considered unacceptable to the community, such as conservation areas and parks. An example of this is Princess Street Gardens in Edinburgh, where 200 litterbins were replaced by 16 underground units.

One of the main disadvantages of underground bins is the potential high costs. If procuring a system as a single unit, costs would be considerable and any concerns justified. However, these types of systems are rarely installed in isolation and there are some possible economies of scale to be derived, which would need to be negotiated through any procurement process when looking at the implementation of a large number of units. Additionally, the current collection vehicles would not be appropriate for the collection of underground bins, and the procurement of a vehicle would be required along with a spare in case of breakdowns.

Dynamic Routing

The routing and collection frequency of properties, particularly communal properties and street bins is often difficult to set. A solution for this is smart bins. Smart bins are waste containers with an intelligent system that provides detailed insights into the amount of waste inside the bin and the types it receives. Fill-level sensors integrated inside a smart bin recognise when an item is deposited. Image recognition (via a camera sensor) and robotic technology are then used to identify and segregate different waste streams. Any contaminated items are assigned to the landfill bin, while recyclables (glass, metal cans, plastic, paper, etc.) are delivered to their corresponding bin through robot automation.

The sensors are IoT-enabled (Internet of Things) and report how full the bin is in real-time. This data is sent to a cloud-based monitoring and analytics platform to help waste management services streamline their schedule to save fuel and time.

Many smart bins also have an environmentally friendly compactor that allows them to house eight times more waste and avoid overflowing. The compactor runs off solar power and compresses the waste, meaning fewer bins are needed to collect the same amount of rubbish. Once the compactor has compressed the waste, another internal capacity measurement is taken (the sensor also measures capacity when placing rubbish into the container).

If that isn’t enough, intelligent safety sensors are also installed to stop compaction if it detects a hand, preventing accidental injuries. Smart bins can also identify fires, alert the monitoring station, and even extinguish flames to lighten the load on local fire brigades.

Smart bins can be a real asset to busy city centres and other high-traffic areas by offering the following benefits:

- A compaction system to maximise the capacity of the container.
- No overflowing bins, significantly improving public hygiene (no unpleasant smells, attracting pests, etc.).
- Optimised routes for waste collection services. Waste is only collected when the bin is full, which means less emissions, fuel use, workforce, and traffic congestion.
- An intuitive dashboard helps operators track diversion rates, spot trends, and make strategic decisions.

An issue reported is that residents can often place large, uncompacted items (such as a cardboard box) in the bins, and the sensor will think that the bin is then full, when it can take much more waste/recycling. Sensors can be retrofitted to existing waste bins; however these are often large and bulky due to the battery storage needed. Buying smart bins can be expensive, Manchester City Council spent £250,000 on 51 solar-powered smart bins to tackle rubbish in the city centre. Working out at just under £5,000 a bin, they are far more expensive to manufacture, install, and maintain than traditional rubbish bins. Their cost is often a pivotal factor for organisations with limited budgets.

Smart bins are often used in city centres for street bins, where there is high footfall. However, these areas are often visited frequently by street cleansing teams and overflowing/full bins can easily be reported through operatives instead of through a smart bin.

Tracking of Waste

The UK Government is planning on introducing mandatory digital waste tracking across the UK. The aim of this is to:

- provide a comprehensive way to see what is happening to the waste produced in the UK
- help support more effective regulation of waste
- help businesses comply with their duty of care with regards to waste
- help us move towards a more circular economy by enabling us to maximise the value we extract from our resources
- reduce the ability for waste criminals to operate and undercut legitimate businesses through their systemic mishandling of waste, illegal exports, and fly tipping.

Currently, waste tracking data is a mix of digital and paper-based, held mainly by private IT contractors with few centralised systems. As a result, it's difficult to determine what happens to our waste and whether it's been recycled, recovered or sent to landfill. The new system should therefore bring a new era of efficiency, accuracy and sustainability.
Waste contractors are currently concerned on what the implications of this will be on their current contracts.

7.2 Procurement Considerations

Should WBC decide to outsource again to the private sector, certain key elements must be considered. A brief summary has been provided below to highlight these considerations:

- Purchasing of vehicles:

- It is our understanding that the current vehicles are owned by Biffa and that at the end of the contract they will have all reached the end of their usable life. In reviewing the list of vehicles provided by WBC, there are only 11 vehicles which will be less than 10 years old at the end of the contract and none of these are waste collection vehicles. Of the 11, five are small mechanical sweepers which typically have a life of 5-7 years (and will be 4 to 7 years old at the end of the contract), and six 7.5t flatbed vehicles which will be 9 years old at the end of the contract. Therefore, we do not believe that Biffa owning the vehicles offers them a competitive advantage over other bidders as it is likely that all vehicles will need replacing at the end of the current contract term.

- In the in-house or LATCo options, the Council will need to ensure that vehicles are ordered in sufficient time that they arrive when the Biffa contract ends. Under a re-procurement scenario, the responsibility to have vehicles to deliver services from the contract commencement (whether or not they are funded by WBC) would sit with the Contractor.

- Timing of any re-procurement:

  - Due to the services currently being Outsourced, the Council will be under pressure to procure a new waste contract prior to the expiration of the current contract, which is 2027.

  - The timing of a procurement exercise is vital to ensure enough market interest is achieved. As has been seen recently in the case of the disintegration of the South London Waste Partnership contract, multiple procurements which have clashing timeframes can cause an issue for contractors as their bidding resources are limited. This leads to those opportunities which are seen as less appealing receiving less interest from the market, which reduces the competition and onus on those bidders in the exercise to price as effectively as possible.

  - There are currently 20 contracts due to expire in 2027. Of these, Amey has the most contracts expiring in 2027, with Serco and Veolia being second most impacted, and Urbaser having three contracts which also expire. The number of contracts each contract has expiring in 2027 is shown in Table 9 (a full list, as well as a commentary and rating of their likelihood to clash can be seen in Appendix **Error! Reference source not found.**).

Table 9: Contractor Contracts Terminating in 2027

Contractor	**Number of Contracts Terminating in 2027**
Amey	5
Biffa	3
Serco	4
SUEZ	1
Urbaser	3

Veolia	4
Total	**20**

- It is worth noting that Haringey have recently awarded a two-year extension to Veolia, which will place them with a contract expiration date of April 2027. As such, their indicative timelines will be similar to those mapped for Bracknell Forest. The same point stands for the joint contract which South Oxfordshire and Vale of White Horse hold with Biffa. FCC noted that whilst the contract currently is due to expire in June 2024, an extension was awarded to Biffa. Should a three-year extension have been awarded, this would place them on a similar timeline to that of Trafford and Derbyshire Dales.

- The South Oxfordshire and Vale of White Horse contract would possibly pose a more enticing opportunity to contractors than either Trafford or Derbyshire Dales due to it being a joint contract, and thus having a higher contract value. The same would also be true for Haringey vs Bracknell Forest, due to Haringey being a London authority, and thus generally having a higher contract value, as well as holding a certain prestige in the eyes of certain contractors (Veolia and Serco).

- Procurement procedure:

  - Bidders typically prefer the use of procedures which allow an element of negotiation to support open discussion about what the Council is asking for and the commercial impact of this. As previously mentioned, the Procurement Act 2023 has recently received Royal Assent. This Act aims to provide local authorities with greater flexibility in terms of the procurement procedure used, and advice would need to be sought on the most suitable procedure or approach to take. This is certainly something that would benefit from market operator input.

  - However, this negotiation/dialogue process creates a significant resource pressure on the Council due to their lengthy nature and periods of particularly intensive time requirements.

- Market engagement:

  - It is important to engage early with the market and utilise soft-market testing to seek the market's view on particular elements such as procurement procedure, timeline, and areas of commercial risk.

- Financial and commercial terms:

  - Should the Council decide to go out to market, the financial and commercial terms on which bidders are bidding must be carefully considered. Certain elements are known to be red-lines for bidders, with these including pension liabilities and performance mechanisms which are seen as unfair or punitive.

- Policy uncertainty:

  - At the moment, there is a high level of uncertainty within the market regarding key government policies, including EPR, DRS and 'Simpler Recycling'. When

procuring an outsourced waste service, ‘Change in Law and Qualifying Change in Law’ provisions within a contract will be seen as vital from a bidder’s perspective as they will want certainty on how certain elements of policy uncertainty are managed and where the associated risk sits.

- It is possible to request unmarked method statements from bidders regarding key elements of uncertainty e.g. free garden waste collections. This would allow the Council to review a proposed methodology and gain an understanding of likely costs should the ‘anticipated change’ be introduced during the course of the contract.

- Length of Contract:
  - The length of contract is typically linked to the life of a refuse collection vehicle which gives rise to an initial term of 7 to 10 years, with mutually agreeable extension provisions. Even where the local authority is funding the vehicles on behalf of the contractor, the preferred initial contract term is within this window. Contract procurements are a costly process for councils to run and bidders to participate in, and therefore shorter contracts are typically less attractive to the market. For the purposes of the modelling, we have chosen 8 years plus an extension of 8 years, giving a total term of 1.

8. FINANCIAL CASE

8.1 Methodology

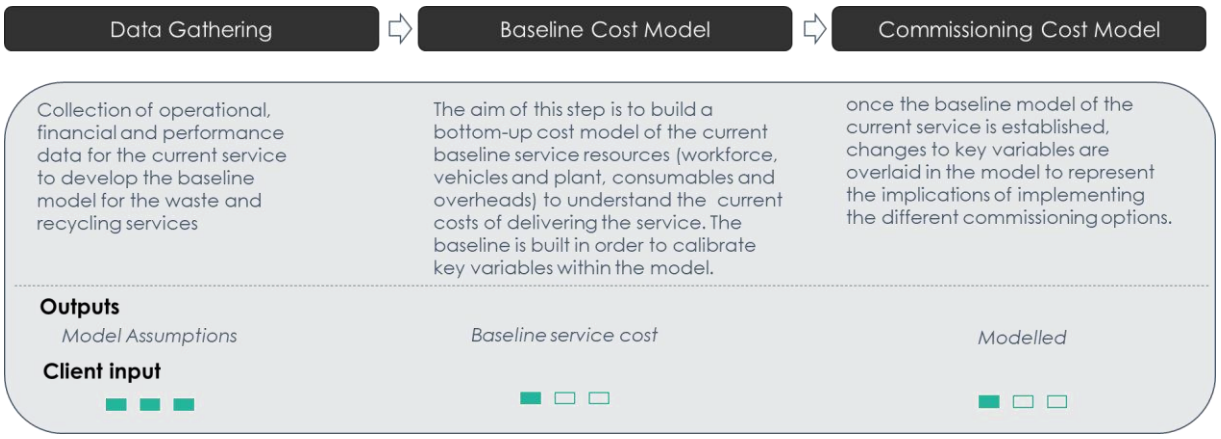
The objective of the financial modelling task was to understand the relative affordability of each delivery option in relation to the baseline (the existing Biffa budget).

In Eunomia’s experience, large financial savings are rarely observed unless the design of the service fundamentally changes. The outcomes of this options appraisal could lead to a fundamental change in the way in which services are delivered within the borough, and therefore a detailed, transparent, and robust financial analysis has been carried out.

Eunomia’s established service delivery options model firstly builds up operational costs from first principles to ensure that the nuance of cost in each option is fully reflected, and then compares the operational cost of each option to the current amount paid for the service (the baseline). This allows a comparison of resourcing levels within each option to understand where savings are made, or where additional cost centres created.

Figure 8 provides an overview of the cost modelling methodology.

Figure 8: Overview of Cost Modelling Methodology



Firstly, Eunomia worked closely with WBC and Biffa to gather detailed employee data and cost information regarding vehicle and overhead costs. All data provided by Biffa was clearly labelled within the model alongside Eunomia assumptions, and the basis for these assumptions. Detailed inputs and assumptions are included in Appendix 3.

The next step was to build a cost model of the current baseline service and calibrate the 2022/2023 baseline costs, in order to ensure that all costs are captured in the baseline as accurately as possible.

The final step in the process was to model each future delivery cost. Each future option was modelled for 2027, which matches the end of the current contract with Biffa. All costs were uplifted using indexation to reflect inflationary impacts between 2022/23 and 2027. It is important to note that the inflation rate between 2024 and 2027 was estimated and the future actual inflation may be higher or lower than the estimate. However, for the purpose of this project this is not a concern as a change in the inflation will not change the order of the financial results.

8.2 Baseline Service Cost

Using the data provided by WBC and Biffa, Eunomia modelled a baseline cost of £12.1m for the 2022/23 year, which excludes the margin and overheads applied by the contractor. Detailed modelled costs are presented in Table 10.

Table 10: Baseline 22/23 modelled costs (excluding margin & overheads)

Cost Category	Baseline 22/23 modelled costs	% of total
Staff Costs	£8,830,868	73.2%
Vehicle Costs	£2,583,230	21.4%
Depot and Other Costs	£657,851	5.4%
Total (excluding margin & overheads)	**£12,071,949**	**100%**

WBC provided us with the actual waste collection and street cleansing contract value, totalling £13.5m in 2022/23. A breakdown of the contract is presented in

Table 11.

Table 11: 2022/23 payments

Service	2022/23 Contract Value
Waste and Recycling Collections	£7,968,771
Garden Waste Collections	£947,013
Bulky Waste Collections	£144,964
Street Cleansing	£4,411,421
Total	**£13,472,168**

The difference between the total modelled cost (£12.1m) and the total actual 22/23 contract value (£13.5m) represents the margin and overheads applied by Biffa, modelled at 10.4% as shown in Table 12. We would usually expect this percentage to be around 12%, however it is common to see the margin and overheads erode throughout the years of a contract due to inflationary impacts.

Table 12: Modelled Margin

Item	Value
Baseline 22/23 modelled cost (exc. margin & overheads) (£)	£12,071,949
22/23 contract value (£)	£13,472,168
Modelled margin & overheads (£)	£1,400,219
Modelled margin & overheads (£)	10.4%

8.3 Cost Modelling Results

The results of the cost modelling are presented as total annual costs. The baseline and all future options were inflated to reflect 2027 costs. The changes in each of the five future options are detailed below:

- All future options include the introduction of food waste collections across the whole council, which explains why all future options are significantly more expensive than the baseline. The additional annual costs for the food waste service are approximately £2m. Frith undertook a modelling exercise on behalf of the Council in May 2023 resulting in an annualised figure of £1.73m. However, the modelling of the service differed in a number of ways; firstly Frith's model is based on 2023 costs whereas Eunomia's modelled costs have been uplifted to 2027 prices; secondly, Frith modelled 20 x 7.5t vehicles at a cost of £85,000 each depreciated over 7 years whereas Eunomia used Biffa's modelling which assumed 14 x 12t vehicles, which we have modelled at a cost of £100,000 to £115,000 each depreciated over 8 years. Both scenarios were based on a driver and 1 loader per round; however, we are unable to compare staff costs as these are not provided in Frith's report.

- **Option A: Outsourcing waste and street cleansing services (referred to as 'Re-procurement (All)'):** As TUPE applies, the terms and conditions of employment are maintained in this option. There are no changes to the management structure compared to the baseline. There is a 12% margin and overheads included, which is the average target margin and overheads for contractors in waste contracts. As the

current depot is owned by Biffa, the Council would need to find a new depot from which to base operations from in order to offer a levelled playing field for bidders. The Council could require bidders to provide a depot through the procurement exercise as it did during the last procurement, but this may limit competition to those who own a site within close proximity. This significantly increases the mobilisation costs for this option and is also a significant risk as no site has been identified of yet.

- **Option B: Delivering waste and street cleansing services in-house (referred to as 'In-house (All)'):** In this option, staff will be entitled to the LGPS, which increases pension costs significantly. In addition to this there is a change in management structure required which impacts costs, although these are somewhat offset by the absence of a margin being included. The Council would need to find a new depot from which to base operations from, which significantly increases the mobilisation costs for this option. It is also a significant risk as no site has been identified of yet.

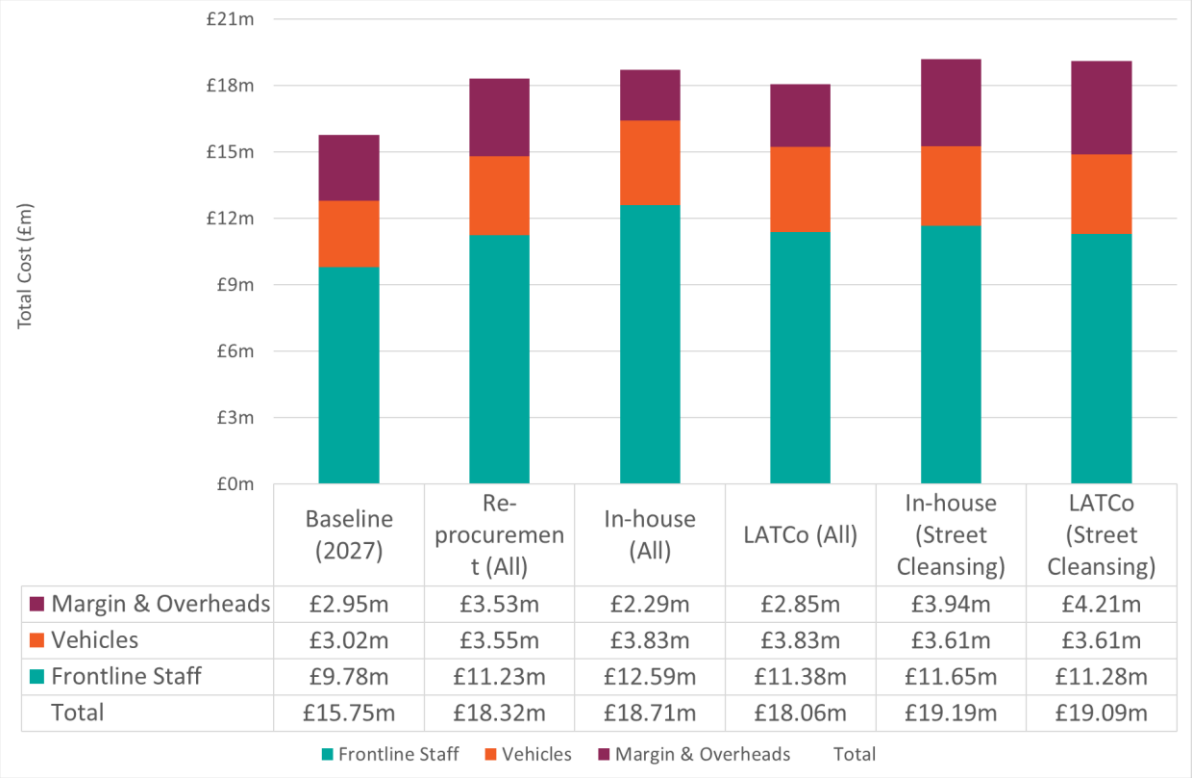
- **Option C: Delivering waste and street cleansing services via a LATCo (referred to as 'LATCo (All)'):** In this option there are no changes to the terms and conditions of employment, as staff will transfer across on TUPE terms and the working assumption is that the LATCo would operate with the same terms and conditions as the current contractor. As with the In-house option, there is a change to the management structure (for example the recruitment of a Managing Director and Operations Director) and a 3% margin has also been built in as contingency (which is not accounted for in the in-house option). The depot costs and risks identified for the in-house (all) option apply to this option as well. The LATCo could generate a level of profit/revenue but the extend of this is unknown at this stage.

- **Option D: Outsourcing waste services and delivering street cleansing in-house (referred to as 'In-house (Street Cleansing)'):** This option is a combination of Option A and Option B, where the waste collection services are outsourced, and the street cleansing services are brought in-house. This means that while there are no significant changes to the waste services, there are significant changes to the street cleansing services, including increased employer pension contributions and a new management structure. Under this option, the Council could use existing depots to base the street cleansing operation, which significantly reduces the depot risk identified in Option B and C, but increases the annual depot costs as multiple sites would need to be used.

- **Option E: Outsourcing waste services and delivering street cleansing services via a LATCo (referred to as 'LATCo (Street Cleansing)'):** This option is a combination of Option A and Option C, where the waste collection services are outsourced, and the street cleansing services are brought into a LATCo. This means that while there are no significant changes to the waste services, there would be a new management structure for the street cleansing and a 3% margin has also been built in as contingency. Similarly to Option D, annual depot costs increase due to the use of multiple sites.

Figure 9 provides a summary of the total annual costs for the baseline and the future service delivery options. Transition and mobilisation costs are not included as they are one-off costs. Transition and mobilisation costs can be found in section 8.4.

Figure 9. Modelled Annual Costs of Baseline and Service Delivery Options (2027)



	Baseline (2027)	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Margin & Overheads	£2.95m	£3.53m	£2.29m	£2.85m	£3.94m	£4.21m
Vehicles	£3.02m	£3.55m	£3.83m	£3.83m	£3.61m	£3.61m
Frontline Staff	£9.78m	£11.23m	£12.59m	£11.38m	£11.65m	£11.28m
Total	£15.75m	£18.32m	£18.71m	£18.06m	£19.19m	£19.09m

The main difference between the baseline and the re-procurement option is the introduction of food waste. The annual cost for the food waste service (staff and vehicles in 2027) is estimated to be £2.02 million. Frith undertook a modelling exercise on behalf of the Council in May 2023 resulting in an annualised figure of £1.73m. However, the modelling of the service differed in a number of ways; firstly Frith's model is based on 2023 costs whereas Eunomia's modelled costs have been uplifted to 2027 prices; secondly, Frith modelled 20 x 7.5t vehicles at a cost of £85,000 each depreciated over 7 years whereas Eunomia used Biffa's modelling which assumed 14 x 12t vehicles, which we have modelled at a cost of £100,000 to £115,000 each depreciated over 8 years. Both scenarios were based on a driver and 1 loader per round; however, we are unable to compare staff costs as these are not provided in Frith's report. As shown in Figure 9, the most expensive option at £19.19 million, is the re-procurement of the waste services and bringing the street cleansing services in-house (Option D: 'In-house (Street Cleansing)'). The cheapest option, at £18.06 million, is bringing the whole service into a LATCo (Option C: 'LATCo (All)').

A breakdown of the difference in costs is provided below.

<u>Frontline Staff:</u>

Option B ('In-house (All)') is the most expensive option, at £12.59m, this is primarily due to the contributions needed for the LGPS, for which the employer's pension is at 18.7%, compared to 3% in the LATCo and re-procurement options. Other staff terms and conditions, including staff pay and weekly hours, carry through for all future options as TUPE would apply.

Vehicles:

The vehicle costs are the lowest for Option A ('Re-procurement (All)'), at £3.55m. It was assumed in all future options that the Council would provide the capital for the vehicles, however in the re-procurement option the contractor would purchase the vehicles on behalf of the Council and would be able to use their buying power to leverage lower vehicles prices than if the Council were to purchase the vehicles directly, which would be the case in the in-house and LATCo options. A 15% uplift in vehicle capital costs was applied to both the in-house and LATCo options to reflect this. Under all scenarios we have assumed that the Council would fund the vehicle purchases using prudential borrowing.

Margins and Overheads

In this category the highest option, at £4.21m, was Option E ('LATCo (Street Cleansing'). Option B ('In-house (All)') was the lowest option at £2.29m, and Option C ('LATCo (All)') was slightly above this at £2.85m.

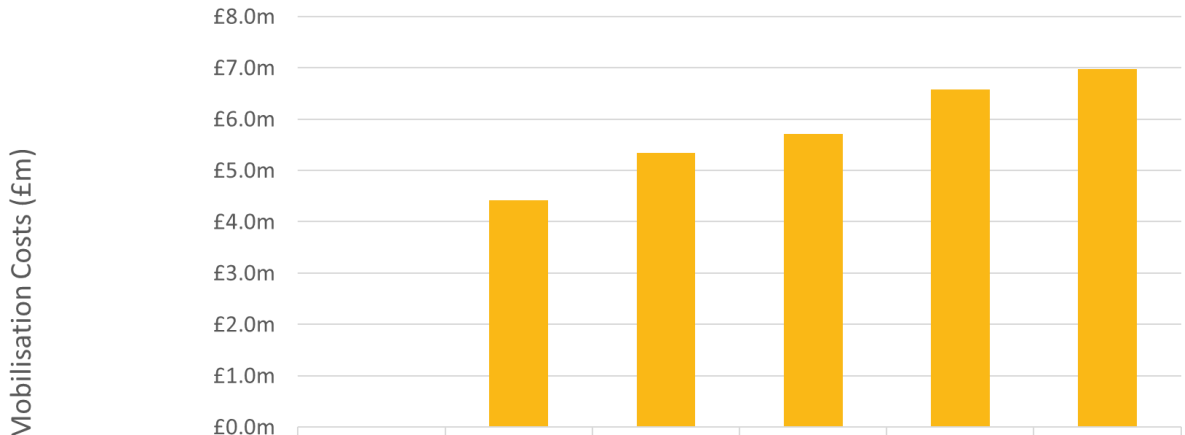
In the re-procurement option, a 12% margin has been applied which is the average target margin for contractors in waste contracts and includes profit and overheads such as payroll and other centralised functions. In the in-house option there is no margin, however there are changes in the management structure which impact the costs. Similarly, in the LATCo option there is a change in management structure, and a 3% margin has also been built in to account for any unplanned expenditure and to provide risk contingency. In the hybrid options (Option D and E), a 12% margin was applied to the waste collection service with no margin applied for the street cleansing service for Option D and a 3% margin applied to the street cleansing service for Option E.

There are also differences in the management structure for each of the options, which are set out in Section 9.

8.4 Mobilisation Costs

The costs associated with transitioning to the options and mobilisation costs, which are all one-off costs, have also been modelled. The outcome of this can be seen in Figure 10 below.

Figure 10. Costs Associated with Transition and Mobilisation



	Baseline (2027)	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Transition / Mobilisation	£0.00m	£4.41m	£5.34m	£5.71m	£6.57m	£6.97m

The costs associated with transitioning to the hybrid options (Options D and E) are the highest, with Option E at £6.97m and Option D at £6.57m. In all options, a whole new depot is required, for which the infrastructure investment was estimated at £3m which accounts for a large part of the mobilisation costs. In addition, for the hybrid options, there are infrastructure costs to upgrade the existing grounds maintenance depots owned by the Council to base street cleansing operations from there, which were estimated at £1m. All options except the re-procurement option include significant one-off costs for the mobilisation and integration of digital applications as well as resource costs to prepare the transition to a new service delivery model. In the LATCo options (Options C and E) a new entity is being created which will require a significant amount of legal support and other LATCo set-up costs such as development of a business plan and branding. Re-procurement mobilisation costs other than depot costs include legal and technical support for the re-procurement process.

8.5 Combined Costs

Table 13 provides combined annual costs and mobilisation costs over a 16-year period, assuming that the re-procurement options would run as two separate 8-year contracts. Recurring mobilisation costs refer to re-procurement costs that will be incurred before the start of each contract, whilst one-off mobilisation costs refer to in-house or LATCo set up costs that will only incur once, provided the Council does not change their service delivery method again in the future.

A LATCo (Option C) appears as the most cost-effective option over 16-years, with £8.5m savings over this period compared to the re-procurement option (Option A) which is the second cheapest option.

Table 13: Combined costs

Cost	A. **Re-procurement (All)**	B. **In-house (All)**	C. **LATCo (All)**	D. **In-house (Street Cleansing)**	E. **LATCo (Street Cleansing)**
Annual Cost	£18.32m	£18.71m	£18.06m	£19.19m	£19.09m
Mobilisation Cost - total	£4.41m	£5.34m	£5.71m	£6.57m	£6.97m
Mobilisation Cost - one-off	£4.03m	£5.34m	£5.71m	£6.25m	£6.59m
Mobilisation Cost - recurring	£0.38m	£0.00m	£0.00m	£0.32m	£0.38m
Total Over 16 years	**£303.16m**	**£304.68m**	**£294.70m**	**£318.43m**	**£318.10m**
Notes: Costs over 16 years are based on 2026/27 figures and are not indexed past this point. Essentially, it is calculated by multiplying the 2027 cost by 16.					

9. MANAGEMENT CASE

Each of the future service delivery options requires a specific management structure, which is outlined in Table 14. The number of additional FTEs required for each future option has been developed in partnership with the Council, taking into account the existing resources available within the Council.

New roles needed when setting up an in-house or LATCo service include HR staff, transport staff, finance staff, HSEQ staff and a performance manager. The HSEQ staff will be responsible for all health, safety, environment, and quality assurance on the contract. This includes safe working practices, route risk assessments, task-based risk assessments, arranging H&S training, ensuring correct levels of qualification and competence, any depot-based H&S requirements (e.g. fire plans, first aid, fire wardens, arranging fire equipment inspections etc., compliance with environmental permits if applicable, carbon emissions reporting, and ensuring environmental and H&S reporting requirements are met). The performance manager is responsible for monitoring and ensuring performance standards are achieved across the service including data analysis, looking for patterns and trends in performance, implementing improvement plans and ensuring value for money.

The managing director and operational director roles are new roles specific to a LATCo (Options C and E). The managing director is responsible for ensuring that the LATCo is performing well as a business while the operations director is responsible for the overall services operation. The team leader(s) are new roles specific to an in-house service (Options B and D). They are responsible for the overall services operation, similar to the

roles of team leaders of the services that are already performed in-house at WBC such as grounds maintenance.

The hybrid options (Options D and E) require the most amount of additional FTE. Indeed, management structures are somewhat duplicated in those options as there is a need for a contractor management structure for the waste services and for a council/LATCo management structure for the street cleansing services.

If the Council opted to implement Option C, it would need to develop a management structure for the LATCo and in doing so, it may be possible for the LATCo to procure some corporate functions from WBC via an SLA (for example HR, H&S, Transport and Finance functions). Any outstanding new roles would then need to be recruited ahead of the commencement of the services. The Council would also need to manage the TUPE transfer of employees from Biffa into the new LATCO. There is a possibility that key roles, such as the contract manager, may not opt to transfer to the LATCO which may lead to some loss of local operational knowledge and also requires the Council to recruit a replacement for this post.

Table 14. Staff Differences in the Options

Number of Staff	**Baseline**	**Re-procurement (All)**	**In-house (All)**	**LATCo (All)**	**In-house (Street Cleansing)**	**LATCo (Street Cleansing)**
STAFF - TUPE	216	216	216	216	216	216
Senior Business Manager – Management (Biffa)	1	1			1	1
LGV2 driver - Food Waste Collections		14	14	14	14	14
Operative - Food Waste Collections		14	14	14	14	14
LATCo Managing Director - Management				0.5		0.5
LATCo Operations Director - Management				1		1
HR Manager - Management			0.5	1	0.25	0.5
HSEQ Manager - Management			1	1	1	1
Finance Manager - Management			0.5	1	0.25	0.5
Performance Manager - Management			1	1	1	1
HR Advisor - Management			1	1	1	1
Assistant Transport Manager - Management			1	1	1	1
Finance Assistant - Management			0.5	1	0.25	0.5
Team Leader - Management			2		1	

Number of Staff	**Baseline**	**Re-procurement (All)**	**In-house (All)**	**LATCo (All)**	**In-house (Street Cleansing)**	**LATCo (Street Cleansing)**
HSEQ Officer - Management			1	1	1	1
Transport Manager - Street Cleansing - Management					0.5	0.5
Admin Manager - Street Cleansing - Admin					0.5	0.5
Admin assistant - Street Cleansing - Admin					1	1
TOTAL	**217**	**245**	**252.5**	**253.5**	**253.75**	**255**

10. PREFERRED OPTION

In summary, the analysis has shown that from a qualitative risk perspective, Option A (re-tendering all services) is the most favourable, followed jointly by Option B (bringing all services in-house) and Option C (bringing all services into a LATCo), with Options E and D receiving the lowest scores after this. However, the results of the financial modelling have shown that Option C has the cheapest annual cost to the council, followed closely by Option A. When considering the combined costs over 16-years including mobilisation costs, there is a larger gap between the two options and Option C is approximately £8.5m cheaper than Option A.

With Option A there is a key risk that must be mitigated prior to a re-procurement – the lack of an authority owned depot. As already highlighted in the qualitative risk assessment, should WBC re-tender the contract and not be able to offer bidders an authority owned depot to operate out of, it may deter market operators from participating, or at the least, may (if not managed carefully) give Biffa as the incumbent an unfair advantage. With regards to the modelled procurement timeline, WBC appears to have sufficient time to re-procure and mobilise. It is recommended that should WBC choose this option, work be started on the re-procurement as soon as possible, as 2027 will be a busy year for the market operators, with significant contracts ending which will clash with WBC's contract e.g. Westminster, London Borough of Haringey, Joint Waste Solutions.

With Option C, there are mobilisation and implementation risks associated with this option; yet it has a lower modelled cost than Option A. However, should the Council not be able to source a fit for purpose operational depot then reprocuring the contract may be a necessity.

Table 15**Error! Reference source not found.** provides an overall summary of the results. Using the council's standard weighting criteria of 30% quality to 70% price, the scores from the financial modelling and the qualitative risk assessment have been ranked. The scores in the table demonstrate that the re-procurement option is ranked first with the LATCo second. Therefore, when the qualitative and financial elements are taken together, Eunomia would recommend that WBC considers either the re-procurement or LATCo options going forward and that these should be considered for the Full Business Case. It should be noted though that the re-procurement option may be a necessity should the Council not be able to source a fit-for-purpose operational depot.

Table 15: Summary of Results

	Re-procurement (All)	In-House (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Total Annual Costs	£18.32m	£18.71m	£18.06m	£19.19m	£19.09m
Mobilisation Costs	£4.41m	£5.34m	£5.71m	£6.57m	£6.97m
Total Costs over 16 years	£303.16m	£304.68m	£294.70m	£318.43m	£318.10m
Qualitative Risk Assessment	71%	54%	54%	42%	45%

Combined Score/100 (30% quality, 70% price)[2]	89	84	86	77	78
Combined Evaluation Rank	1	3	2	5	4

[2] This score has been calculated for price using a lowest total sum calculation where '(Price ranking (70) – option total sum-lowest total sum) ÷ lowest total sum) * price ranking (70)). For quality, the qualitative risk result has been multiplied by 30%.

11. APPENDIX 1 – STRATEGIC CASE

11.1 Service Benchmarking

This section of the report benchmarks performance of WBC's service against statistically similar local authorities. The benchmarking considers WBC's current recycling performance, residual waste arisings and the yields of materials it could expect to see through food waste collections, the addition of pots, tubs and trays, carton, foil and aerosols and separate plastic film capture.

Benchmarking Group and Data

This section describes the approach taken to benchmarking WBC's current performance in comparison to other comparable authorities. Where possible, the impact of service change is drawn from similar authorities operating comparable collection systems. The benchmarking group is determined from analysis that compares authorities using socio-economic and demographic criteria from England, Scotland, and Wales. The most similar authorities to WBC and which are used in this analysis are shown in **Error! Reference source not found.**Table 16 (ranked from most similar, Torfaen, to least similar, Kirklees).

Waste tonnage data used for benchmarking was sourced from local authority WasteDataFlow (WDF) returns for 2021 (Scotland) or 2021/22 (England and Wales). This was the most recent year of data available unaffected by the Covid-19 pandemic at the time of carrying out the benchmarking. Waste collection system information, such as number of households and collection systems in place, for each local authority was collated from WRAP's LA Portal for the same year.

Adjusting for Missing Materials

Where a similar authority has a collection system of interest but is missing a material or has an additional material, recycling yields were adjusted based on WDF averages of yields within the comparator group for WBC, so the same range of materials are included for each authority.

WBC does not currently collect aerosols, foil and mixed plastic. Based on WDF data for authorities that do collect these material streams, it was estimated that the average yield for these items was **17 kg/hh/yr,** which as stated above is added into the overall dry recycling yields for WBC and other authorities that do not collect mixed plastics.

For authorities that do not collect glass, an average yield of **51 kg/hh/yr** was added to authorities dry recycling yields to compensate for the lack of kerbside glass collections.

Table 16: Similar Authorities to WBC (1 = Most Similar)

Rank	Authority	Rank	Authority

0	Wirral	26	Barnsley
1	Torfaen	27	Newark & Sherwood
2	North Lincolnshire	28	Erewash
3	North Tyneside	29	Chesterfield
4	Carmarthenshire	30	Wakefield
5	Wyre Forest	31	Rossendale
6	Bassetlaw	32	Neath Port Talbot
7	St Helens	33	Calderdale
8	Mansfield	34	Flintshire
9	Sefton	35	Caerphilly
10	Wigan	36	Kettering
11	Nuneaton & Bedworth	37	Dudley
12	Stockport	38	Isle of Anglesey
13	Gosport	39	The Vale of Glamorgan
14	Tamworth	40	North Warwickshire
15	Redcar & Cleveland	41	Carlisle
16	Fenland	42	Gedling
17	Bury	43	Warrington
18	Stockton-on-Tees	44	Rotherham
19	Adur	45	Pembrokeshire
20	Ashfield	46	Allerdale
21	Darlington	47	North East Derbyshire
22	Denbighshire	48	Dover
23	North East Lincolnshire	49	Wrekin
24	Northumberland	50	Kirklees
25	West Lancashire		

11.1.1 Recycling Performance

WRAP research from 2015, indicated that in isolation, a change of recycling collection system (either from a reduction in collection frequency or from changing the collection system) does not necessarily cause a change in yield of target materials collected. We therefore consider all dry recycling collection scheme types (co-mingled, two stream, multi-stream) together in this part of the analysis.[3]

Garden waste yields have also been removed from any total yields in this analysis as these yields generally fluctuate due to different drivers than dry recycling or residual waste performance e.g. charging structures and access to HWRCs.

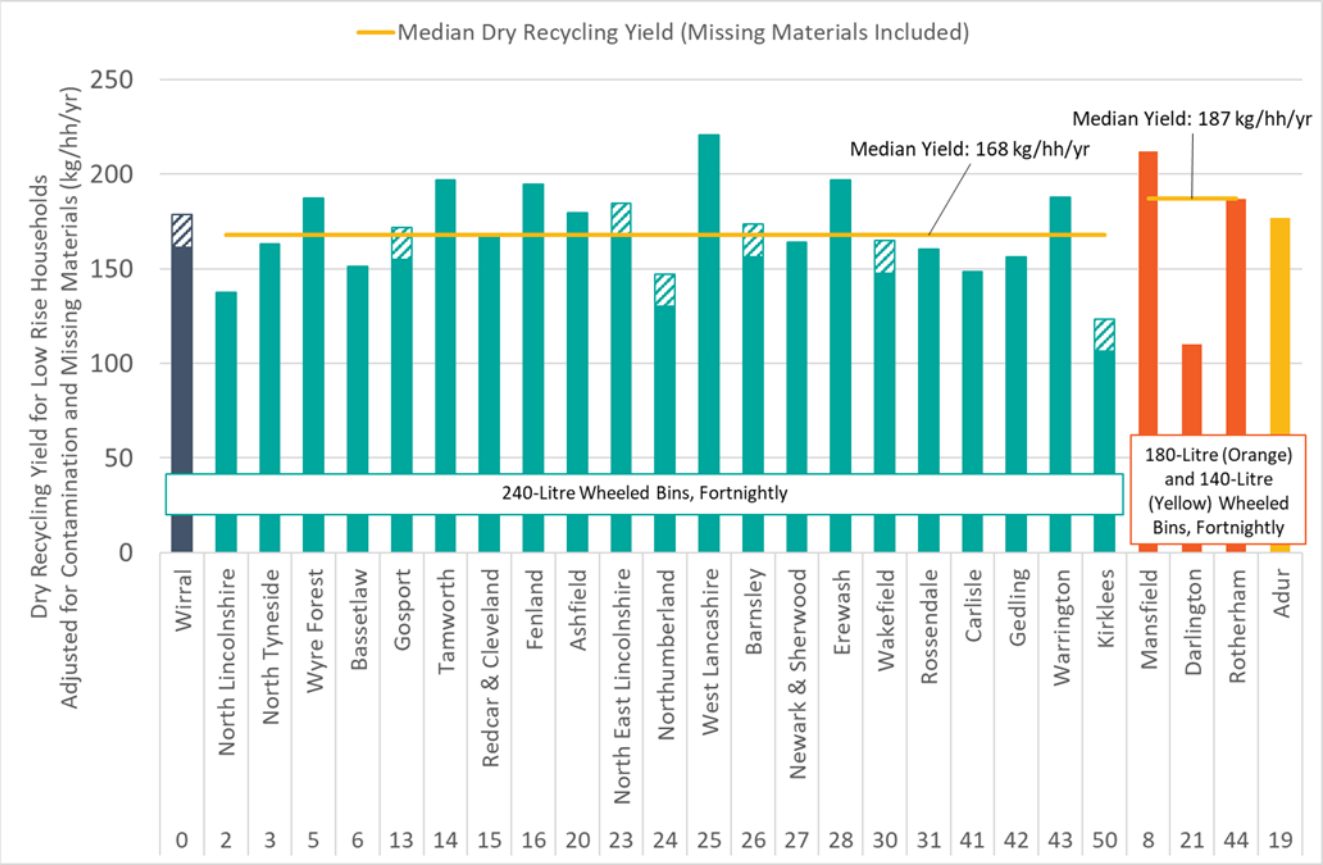
Dry Recycling Yields, Recycling Rate and Contamination

Dry Recycling Yields

Figure 11 shows the current dry recycling yield performance of WBC, compared to authorities operating fortnightly 240-Litre, 180-Litre and 140-Litre residual waste collections. None of the authorities operate a food waste collection system.

[3] WRAP (2015) Factors Influencing Recycling performance. Available here: https://wrap.org.uk/resources/report/factors-influencing-recycling-performance

Figure 11: Target Dry Recycling Yields for WBC Compared to Similar Authorities Operating Fortnightly 240-Litre, 180-Litre and 140-Litre Residual Waste Collections



WBC can be seen to be at just over the median dry recycling yield for target materials (162 kg/hh/yr) of the 240-Litre residual waste container group. Other authorities in this group do see significantly higher yields, such as Wyre Forest, Tamworth, Fenland, West Lancashire, Erewash and Warrington. WBC (and several other authorities) does not currently collect mixed plastics as part of its dry recycling system and even with this taken into account (presented as hashed lines in **Error! Reference source not found.**), the disparity between high performing authorities, as listed above, and the remaining authorities in this group is still significant.

Of the 180-litre and 140-litre residual bin capacity authorities included in the analysis, only Mansfield and Rotherham see higher target dry recycling yields than WBC, but Darlington sees considerably lower and is in fact the lowest of all authorities compared here. As will be seen in subsequent sections, Darlington is somewhat of an outlier, as although it sees poor recycling performance, its overall waste arisings are also the lowest of comparable authorities. Clear conclusions cannot be drawn from this authority group due to the small number of authorities, so we cannot say for certain whether these systems would result in higher target dry recycling performance or not. However, it is worth noting that where authorities have moved from a larger residual waste container to a smaller one, this can have a marked impact on recycling performance, provided that no side-waste and closed lid policies are in place.

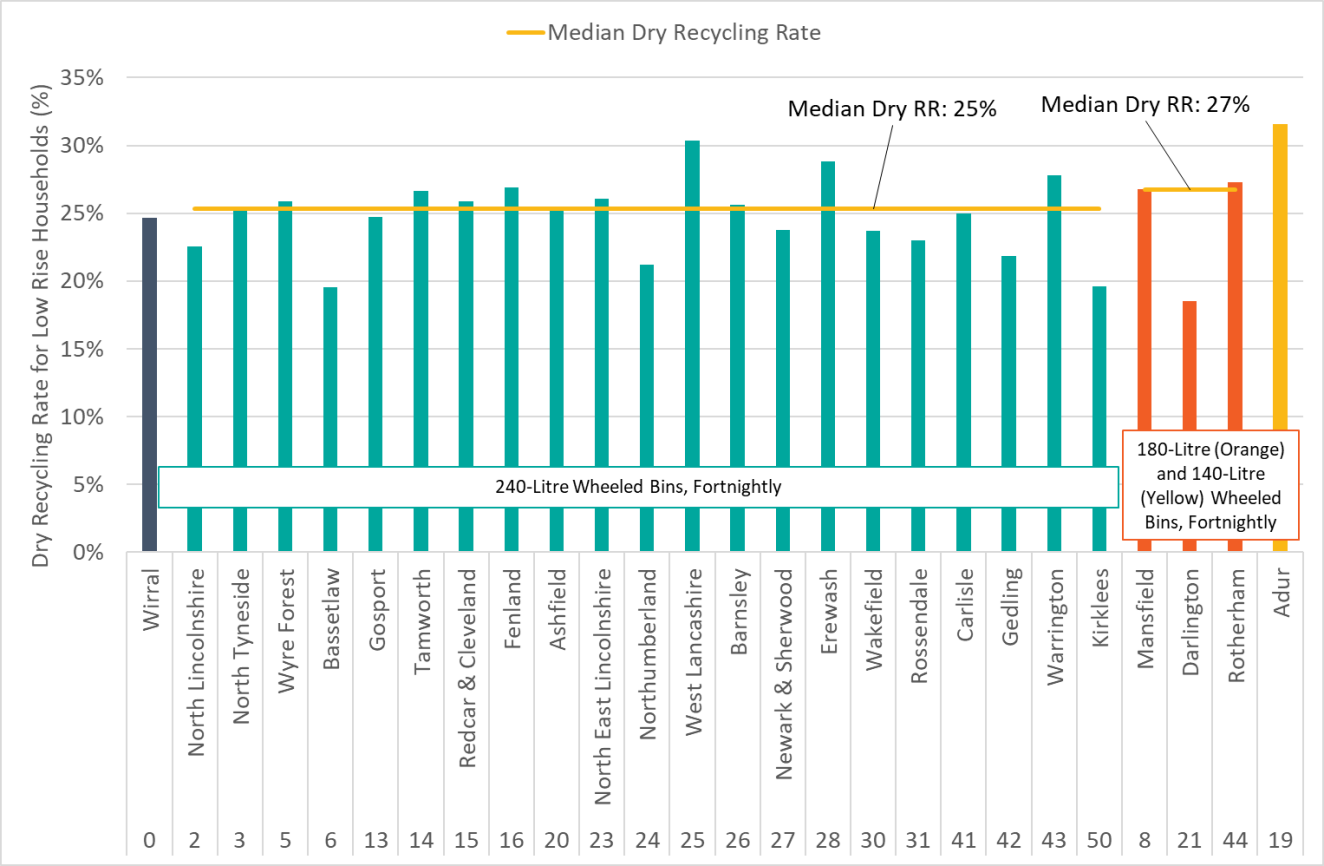
Dry Recycling Rate

When looking at the dry recycling rate (% of total waste arisings, excluding garden waste, that is target dry recycling material), the picture changes slightly. When viewing the current performance, WBC has a slightly lower dry recycling rate at, 24.6% than the median of 25.4%. Although, generally authorities with high dry recycling yields also have high recycling rates, this is not always the case. For example, Tamworth sees high target dry recycling yields in Figure 12 but only a slightly higher median dry recycling rate. Again, these recycling rates account for missing materials, which all apart from glass (assumed to be mainly collected in bring banks) are considered to be found in residual waste yields. When considering recycling rates without this additional yield added in, the median recycling rate drops, but WBC is still below the median level.

Authorities with 180-Litre and 140-Litre containers for residual waste collections do see higher dry recycling rates, especially Adur. Again though, because of the small pool of comparable authorities, it is not clear whether these authorities see higher recycling rates only because of smaller bin capacities, or whether there are other contributing factors. This observation though is in contradiction with data from case study authorities that have moved to smaller container sizes, which has shown that restrictions on residual waste capacity generally results in higher dry recycling performance. It could be the case, therefore, that the authorities in the 180 and 140-litre groups here are purely not highly performing authorities and not representative of the expected trends, or that the 240-litre group may contain multiple overperforming authorities.

It is likely that, due to EPR and Simpler Recycling reforms, as explained in more detail further on in this report (see Section 11.5), that both the target material dry recycling yield and dry recycling rate will increase as the range of items that are included in the target material stream is widened through Simpler Recycling and as EPR embeds in, resulting in more recyclable materials being placed on the market. We have not considered the impact of DRS due to uncertainties about its implementation.

Figure 12: Dry Recycling Rate for WBC Compared to Similar Authorities Operating Fortnightly 240-Litre, 180-Litre and 140-Litre Residual Waste Collections



Contamination

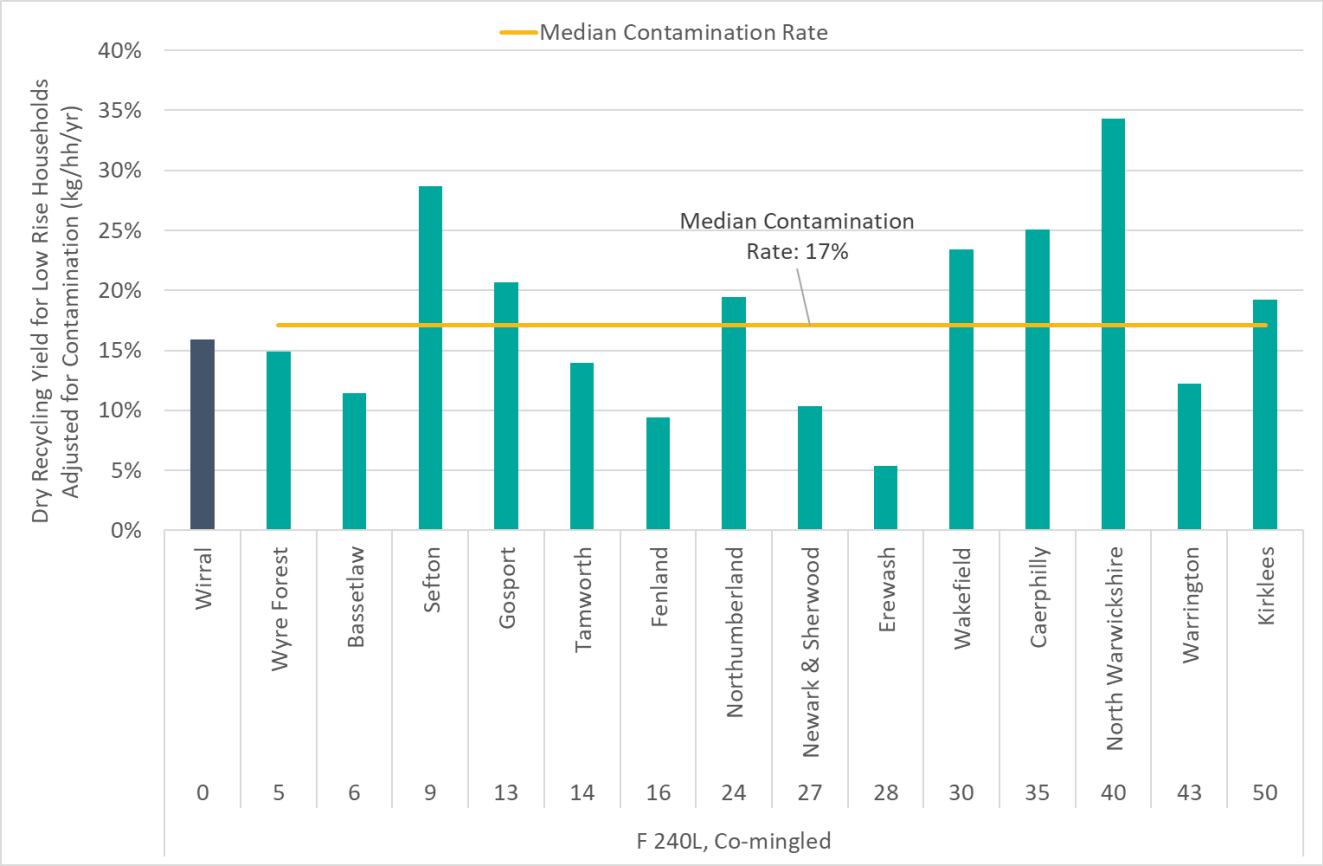
Figure 13 describes WBC's current contamination in comparison to similar authorities operating co-mingled collections. Contamination is defined as the percentage of non-target material in the total dry recycling yield. The figures presented here are based on the MRF reject rate as given in the authorities WDF data.

WBC operates at a contamination level just below the median for similar authorities. There is a substantial range in the performances of the authorities presented here, with North Warwickshire and Sefton seeing very high levels of contamination. Conversely, some authorities like Erewash and Fenland see considerably lower contamination levels compared to WBC.

With the introduction of Simpler Recycling Reforms and EPR (see Section 11.5), the range of target materials in the dry recycling stream will widen to include currently non-target materials (mixed plastics, aerosols, and plastic films). This would go some way in reducing the current contamination levels seen in WBC – 19% of the contamination, as identified in a 2021 compositional analysis for WBC, was non-target plastics. A further 23% being non-target paper and card, although a significant proportion was identified as tissue, kitchen roll

and shredded paper, the card fraction contained cartons with are included in the core set of materials under Simpler Recycling.[4]

Figure 13: Dry Recycling Contamination for WBC Compared to Similar Authorities Operating



In summary, the following observations are made about WBC's current dry recycling performance:

- WBC operates a relatively moderately well performing dry recycling system, placing around the median level in comparison to other similar authorities for dry recycling yield, dry recycling rate and contamination levels
- This means that there is still much room for improvement to the service to drive up recycling yields and recycling rate.
- Limited evidence is available within the comparator group which shows that reducing the residual waste container volume alone would result in increases in recycling yields, though case study data would suggest otherwise.
- Dry recycling yields and dry recycling rate may improve as a result of Simpler Recycling and EPR reforms, as a greater range of recyclables will be collected at the kerbside and producers strive to make packaging more recyclable. Diversion of drinks containers through DRS will slightly reduce recycling rates due to more of these materials being contained in recycling than residual waste.

[4] Merseyside Waste Disposal Authority (2021) Wirral Kerbside Waste Composition Analysis. Available here: https://www.merseysidewda.gov.uk/wp-content/uploads/2022/06/W21010-WIRRAL-WASTE-ANALYSIS.pdf

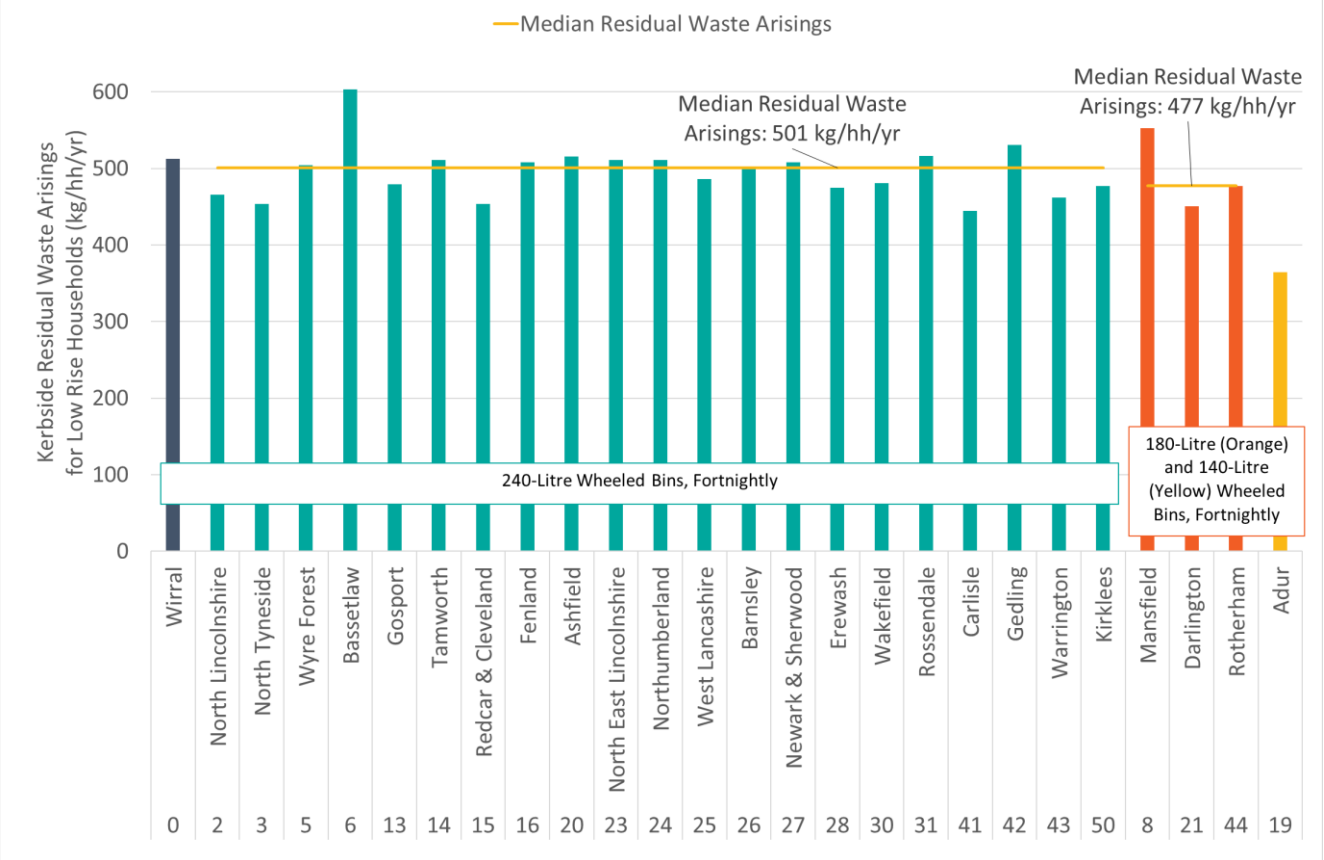
- Contamination levels would also likely see a decrease as a result of the reforms due to some of the current 'non-target' materials (e.g. film) being recycled.

11.1.2 Residual Waste Arisings

The same set of authorities analysed above are presented here for their residual waste arisings. This is presented in Figure 14.**Error! Reference source not found.**

WBC places just above the median level in the 240-litre group, although there is only one authority with noticeably higher residual waste arisings, Bassetlaw. Bassetlaw also has one of the lowest dry recycling rates of all the authorities (see Figure 12), meaning that it is likely an outlier in this comparator group.

Figure 14: Residual Waste Arisings for WBC Compared to Similar Authorities Operating Fortnightly 240-Litre, 180-Litre and 140-Litre Residual Waste Collections



The 180-litre group again does not see significantly lower residual arisings, though the median is lower than the 240-litre group. While Darlington and Rotherham have relatively low residual waste arisings, Mansfield sees the second highest arisings of all authorities in the figure. Adur (140-litre) on the other hand has the lowest arisings of all authorities, by a significant margin, which is likely the reason for its very high performing dry recycling rate, as depicted in Figure 14**Error! Reference source not found.**. The evidence in these similar authorities is not sufficient to say for certain whether reducing the effective residual waste capacity alone would necessarily translate into lower residual waste arisings. Again, the literature and case study analysis would suggest otherwise.

Simpler Recycling, EPR reforms and to some extent, DRS will go some way in driving down residual waste arisings. According to the 2021 compositional analysis, 16% of the residual waste arisings were made up of recyclable materials. With the incoming reforms and expansion of core materials, this percentage will likely increase from the current levels.[5]

11.1.3 Total Waste Arisings

Finally, the current performance of WBC in terms of the total waste arisings (excluding GW), combined with the dry recycling rate performance is compared against similar authorities in Figure 15. This allows an assessment of the overall performance of the authority to be made, combining the observations of the above sections:

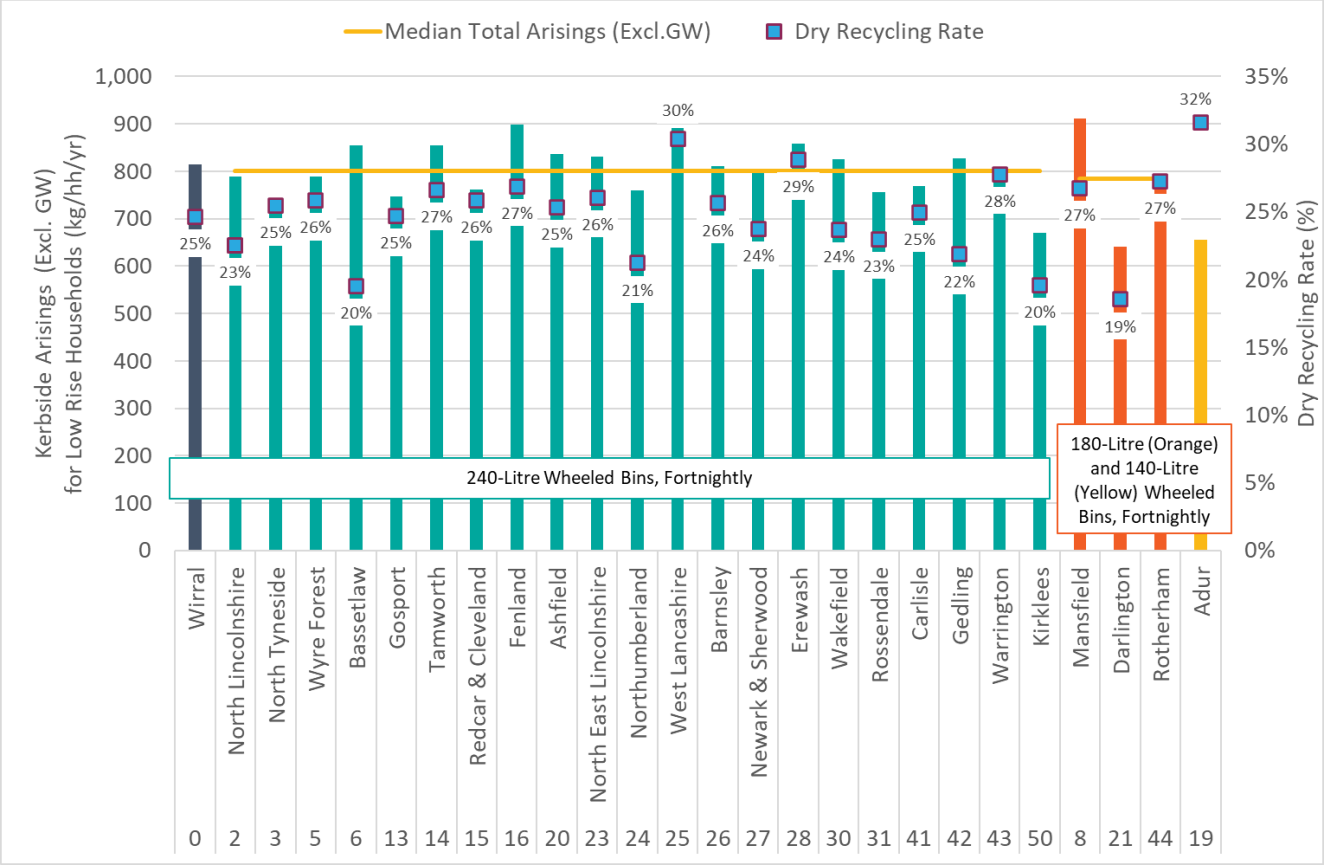
- Ideally, authorities would strive for low total waste arisings, and high recycling rates, as demonstrated well in the case of Adur.

- High total waste arisings do not necessarily mean poor recycling rate performance. West Lancashire sees both high total waste arisings but also the highest recycling rate of the 240-litre group, while Northumberland sees one of the lowest total waste arisings but also one of the lowest recycling rates. Darlington, in the 180-litre group is also a clear outlier in this trend – it sees both the overall lowest total waste arisings and lowest dry recycling rate.

- WBC places soundly in the middle of both the total waste arisings and the dry recycling rates, indicating that the there is an opportunity for significant improvements to the service performance.

[5] Merseywide Waste Disposal Authority (2021) Wirral Kerbside Waste Composition Analysis. Available here: https://www.merseysidewda.gov.uk/wp-content/uploads/2022/06/W21010-WIRRAL-WASTE-ANALYSIS.pdf

Figure 15: Total Waste Arisings and Dry Recycling Rate for WBC Compared to Similar Authorities Operating Fortnightly 240-Litre, 180-Litre and 140-Litre Residual Waste Collections

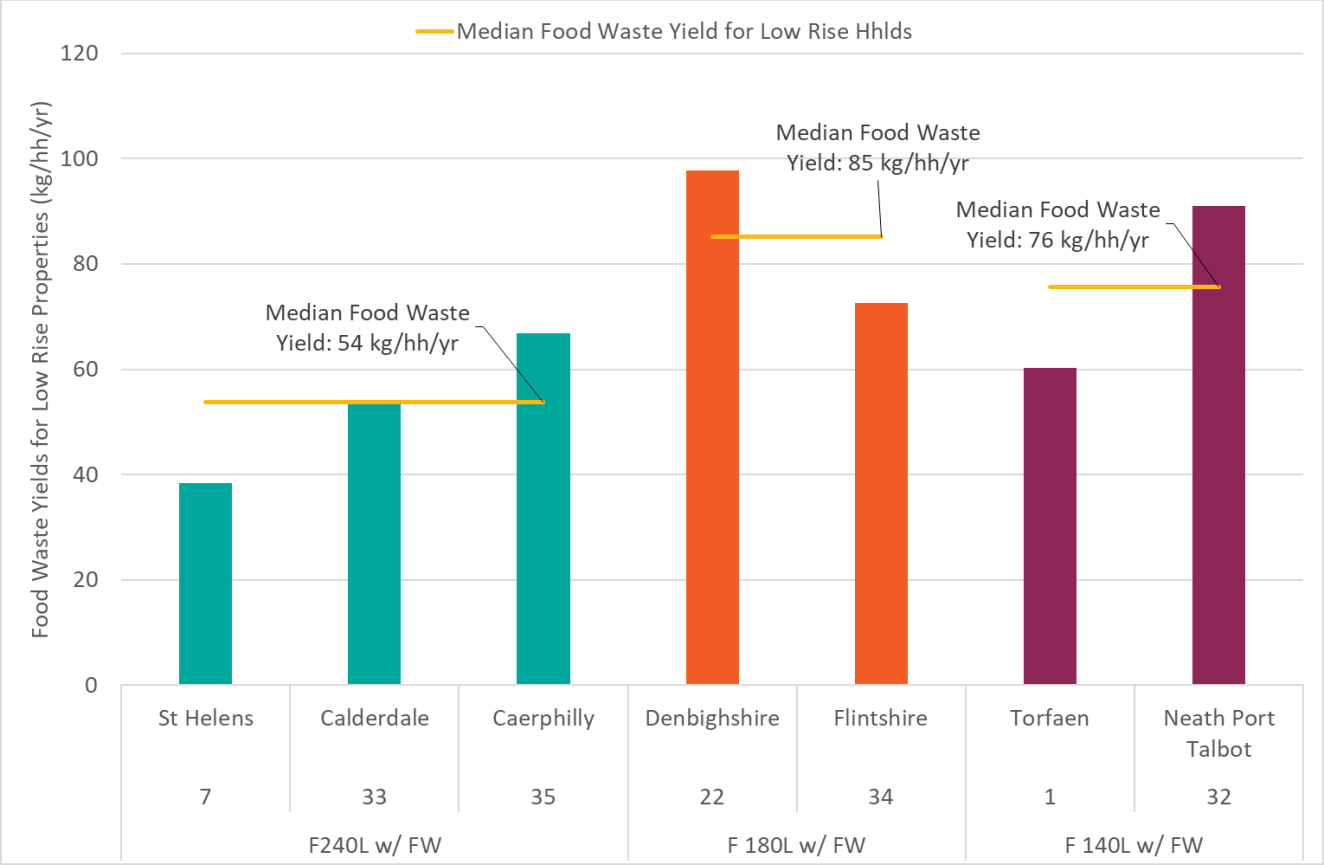


11.1.4 Food Waste

Similar authorities to WBC that operate a weekly food waste collection have been analysed to determine the likely yields of food waste that WBC could expect with a separate food waste collection system. Only authorities that are operating fortnightly residual waste collections have been included, including those using 240-litre, 180-Litre and 140-litre wheeled bins.

In total, only 7 authorities from these groups currently operate weekly separate food waste collections. The yields of which are presented in **Error! Reference source not found.**Figure 16.

Figure 16: Food Waste Yields for Authorities Operating Fortnightly Residual Waste Collections



There is a large range of yields in the authorities presented across all residual waste capacities. There does appear to be a correlation between the size of the residual waste container and food waste yields, with the 180-Litre and 140-Litre authorities seeing, on average, higher yields compared to the 240-Litre group. Although the sample size for each group is small, this does conform with the expected trends in yields when reducing the effective weekly capacity of residual waste collections.

Additionally, there does not appear to be a correlation between high yields and whether food waste caddy liners are supplied free of charge to residents – Caerphilly and Torfaen require residents to supply their own caddy liners, though the food waste yields seen in these authorities is around the average performance for all authorities. However, WRAP research does indicate that where authorities start supplying food waste caddy liners, the yields of food waste are expected to increase. Combining this, with residual waste container stickers discouraging disposal of food waste in the residual stream and handing out detailed leaflets to residents detailing how residents should use the food waste collection system, does see substantial increases in food waste yields.[6]

11.1.5 Summary of High Performing Authorities

In conclusion, there are a number of similar authorities to WBC who appear to be performing better. Those with a high recycling rate such as Flintshire, Denbighshire or Neath Port Talbot

[6] WRAP (2016) Household food waste collections guide. Available here: https://wrap.org.uk/resources/guide/household-food-waste-collections-guide/increasing-food-waste-capture

have weekly food waste collections, and this is likely driving the higher recycling rates. Other similar authorities that are high performing but don't have food waste collections are Adur, West Lancashire and Mansfield. Adur and Mansfield both use smaller residual bins and according to WRAP residual bin capacity has a significant influence on performance.[7] West Lancashire has a similar size residual bin to WBC but lower deprivation and so this could be an additional factor driving the good performance there.

It is notable that all the high performing local authorities have a higher rurality rating than WBC and WRAP report that contextual factors such as deprivation and rurality can significantly affect performance. They found that societal factors in urban environments are associated with lower recycling rates. These include transient populations, language and cultural barriers, higher levels of deprivation and property tenure (more properties being rented than owned). More rural authorities are often associated with higher recycling rates as a result of higher dry, organic and total arisings yields.[8]

11.1.6 Plastic Film Capture

There was no available case study evidence available at the time of writing on what capture rates might be expected for plastic film when mandatory film collections come into force in 2027. As a material which is difficult to store separately in households and often contaminated by food waste, we would not expect high captures, at least in initial rollouts of the service. However, a conservative estimate for the capture rate of plastic film, after separate plastic film collections are introduced, would be in the region of 10-20%, based on a small amount of trial data made available to Eunomia. Plastic film is a lightweight material with a low density so it would only account for a small proportion of tonnages.

In WBC's most recent waste composition, plastic films made up approximately 0.9% of total dry recycling weight for kerbside properties, or roughly 1.4 kg/hh/yr. In the residual waste composition, 4.4% of the total weight was films, or roughly 9.4 kg/hh/yr. A capture rate of 10-20% would mean that annual yields of the collection service would be in the region of 1.1-2.1 kg/hh/yr.

Data that is emerging from plastic film collection trials in Somerset and Fife indicate that yields of plastic film collected are in the region of 2.0 – 5.0 kg/hh/yr. In Fife, Cireco are using Tomra automated film sorting units for the sorting of plastic film and so are getting a high capture rate which may not be seen in manual processing.[9] The estimate for plastic film yields for WBC above therefore is towards the lower end of the range, though trial data is very limited, so it is difficult to say for sure whether these estimates are accurate or not.

11.2 Waste Collection Service Performance

According to historic data supplied by WBC, average missed collections for residual and recycling in 2022/23 were 30.83 missed collections per 100,000 collections. This is just slightly above WBC's KPI target of 30 per 100,000. There appears to be a significant improvement in performance with the average missed collections for 2023/24 at 23.83

[7] WRAP (2022) Recycling Tracking Survey Behaviours, Attitudes and Awareness Around Recycling: Spring 2022. Available here: Recycling Tracker March 2022 Report PDF.pdf (wrap.org.uk)

[8] WRAP (2018) Increasing Recycling in Urban areas. Available here: RCY104 Urban Project Report FINAL.pdf (wrap.org.uk)

[9] Tomra develop sensor-based waste sorting solutions to allow separation of recyclable materials to be fully automated. More information can be found here: Plastics - TOMRA - Material Sorting - Waste Recycling - TOMRA

missed collections per 100,000 collections. To put this into more context, WBC appear to have a relatively low rate of missed collections compared to other authorities and according to The Association for Public Service Excellence (APSE), average missed collections for WBC's family group was 76.15 per 100,000, meaning that WBC are significantly below the average.[10] Unfortunately, the average for missed organic collections increased from 117.83 per 100,000 collections in 2022/23 to 123.75 per 100,000 collections in 2023/24. However, this could be due to a number of factors including HGV driver shortages and other resource issues.

Looking at the APSE 'performance at a glance' report in more detail, WBC appear to perform better than the family group average and compared to 2021/22 for financial performance indicators. This includes investment in refuse collection service per head of population where they had a cost of £60.42 per household compared to an average of £69.54 per household. For the percentage change in total annual income generated vs previous year, WBC increased by 6.39% compared to a group average of 2.23%. However, in terms of customer service performance indicators and tonnages of waste collected, WBC is below the family group average range and has deteriorated since 2021/22 due to scoring low on the quality assurance and consultation process.[11]

Eunomia has undertaken a review of contract KPIs to understand the typical range of targets for missed collections per 100,000 and these are shown in Table 17.

Table 17: Range of Contract KPIs

Authority Type (WRAP Rurality Grouping)	Missed Collections per 100,000
Predominantly Rural, Low Deprivation	30
Predominantly Urban, Mid Deprivation	50
Predominantly Urban, Low Deprivation	40
Predominantly Urban, Low Deprivation	60
Predominantly Urban, Low Deprivation	115
Mixed urban/rural, low deprivation	80

11.3 Street Cleansing Service Performance

Street cleansing is also an important consideration although cannot be benchmarked in the same way that waste collection services can. Following the introduction of EPR, there may be more detailed data related to street cleansing and in particular litter bins, which could be used to benchmark these services more accurately in the future.

[10] APSE Performance Networks (2024) Performance Indicator Graphical Report. Supplied by WBC, not available online.
[11] APSE Performance Networks (2024) Issue 2: Performance at a glance. Supplied by WBC, not available online.

According to the street cleansing specification, street cleansing in WBC is undertaken at different frequencies depending on zones that have been ascribed in accordance with the Code of Practice on Litter and Refuse. These consist of the following:

- Zone 1 – Town centres, shopping centres, shopping Streets, major transport centres, central car parks and Locations adjacent to these;
- Zone 2 – High density residential areas, suburban car parks and transport centres;
- Zone 3 – Low density residential areas, other transport centres and areas of industrial estates;
- Zone 4 – All other areas.

Minimum cleansing frequencies required by the Council are provided for each zone and are shown in **Error! Reference source not found.**Table 18 below.

Table 18: Zones and Frequency of Street Cleansing

Zone	**Frequency**	
	Manual	**Mechanical**
1	Daily	Weekly
2	Weekly	Fortnightly
3	Monthly	Monthly
4	Monthly	Quarterly

One area which the Council could look to review for the services beyond the end of the current contract term is the frequency of street cleansing. Many authorities have switched from an input specification (frequency based) to an output specification (results and response time based) which allows for a greater degree of flexibility and can provide savings. Areas which have low footfall, and which do not experience high levels of litter and detritus, for example, could have a reduced frequency of cleansing relative to other areas within the same zone. It also reduces the likelihood of cleaning streets which still meet a more than acceptable standard. Some authorities operate a hybrid approach whereby high-profile areas have a resource or frequency input (e.g. a requirement for a continuous presence in the town centres between specific hours) and lower profile areas have an output-based approach.

Reported street cleansing and litter issues have increased over the last few years and the Council developed the Love Wirral Strategy to aim to address this. Members of the public can report instance of litter and dog fouling on the Council's website and the Council has also committed to continuing to support litter picking volunteers, through advice, providing kit and continuing the partnership with Biffa to pick up bags of collected litter. The Council is also developing educational resources including social media campaigns and signage at hot

spot locations and building on this in engagement campaigns. Enforcement action is sought where businesses and individuals continue to not comply.[12]

WBC carried out a residents' survey in 2017 to assess Wirral residents' opinions on key issues in the borough and could endeavour to carry out another similar survey in the near future. Residents' perceptions are an important indicator to service quality; however, they often incorporate other factors which are not directly related to street cleanliness such as street lighting and highway maintenance. APSE have also developed a Land Audit Management System that local authorities utilise for measuring street cleaning levels.[13] A number of authorities continue to use NI195 to measure street cleanliness, even though this ceased to be a statutory requirement in 2012. Finally, another means of measuring street cleanliness is through cross boundary inspection systems with other neighbouring councils.

Additional approaches that could be taken to enhance the specification include better use of technology to maximise efficiency whether through implementing smart litter bins, route optimisation, or automatic task allocation. Increased levels of mechanised sweeping and improved joint working between street cleansing and refuse collection teams could also be effective. Income generating schemes are another option including delivering services for town/parish councils, mechanical sweeping of cemeteries, parks and industrial estates, etc. for public/private clients and charging for clean-up services following an event.[14]

In their report 'The Right Bin in the Right Place',[15] WRAP have discussed key considerations for infrastructure design and deployment for avoiding litter. This covers guidance on bin design, to make them attractive to use and easy to service; siting of bins, to maximise the chance they are actually used and assure access for emptying; and share space design and maintenance to discourage littering. This, alongside improving understanding of the issues, may also feed in as a to means to enhance the specification.

The Wirral Residents Survey was last carried out in 2017 and the findings showed that only 18% of residents were satisfied with the cleanliness in the local area. This compares to 56% at a national level according to research carried out by the Local Government Association.[16] Additionally, APSE's 2022-23 Street Cleansing Performance Networks Report shows that satisfaction ranged from 68% to 96%, with an average of 82.60%.[17]

In APSE's report entitled *Trend Analysis 2022/23*[18] *– Street Cleansing* found that the cost of street cleansing services has continued to rise and now stand at £15.02 per head of population per annum. There has also been an upwards trend in the number of service requests for street cleansing and an increase in the total number of litter bins which have increased demands on street cleansing services. Public satisfaction with street cleansing services has continued to decline and some service managers have commented that the levels of litter seem to be increasing, as well as the expectations of the public. However, the

[12] Wirral Council (2021) Love Wirral Strategy. Available here: Enc. 2 for Love Wirral Strategy.pdf

[13] APSE (2024) Land Audit Management System (LAMs). Available here: Land Audit Management System LAMS - apse

[14] APSE (2022) State of the Market Survey 2022: Local Authority Street Cleansing Services. Available here: 22-11 State of the Market in Street Cleansing and Streetscene Services 2022.pdf (apse.org.uk)

[15] WRAP (2020) The Right Bin in the Right Place. Available here: WRAP-Right bin in the Right Place Final.pdf

[16] Local Government Association (2024) Polling on Resident Satisfaction with Councils: Round 37 Research Report. Available here: Resident Satisfaction Polling Round 37.pdf (local.gov.uk)

[17] APSE (2024) Performance Networks Street Cleansing Performance indicator graphical Report, 2022-23 Issue 1.

[18]APSE (2024) Trend Analysis 2022/23 Street Cleansing. Available here: 24-15 Street Cleansing Trend Analysis.pdf (apse.org.uk)

percentage of surveyed sites falling below an acceptable standard has decreased over time since 2018/19.

APSE's *Street Cleansing performance indicator graphical report 2022-23*[19] shows that Percentage of sites surveyed falling below grade b for cleanliness (England only) had an average of 4.6%. Looking at Wirral's family group (similar authorities) specifically, on average 3.05% of sites inspected failed to achieve an acceptable standard of cleanliness. When looking at cost data for cleansing services, the annual investment in street cleansing service per head of population was on average £13.89, compared to Wirral's at around £16.17 per head of population.

WBC have made reductions in the street cleansing budget from 2008-09 to 2022-23 and the changes made, and the budget implications are displayed in Table 19.

Table 19: Reductions in Street Cleansing 2008 to 2023.

	2008-09	2010-11	2013-14	2014-15	2022-23
Changes made	Removal of enhanced school cleansing programme. Reduced frequency on secondary retail premises.	Reduction in the large Mechanical sweeping resources from 6 to 5.	Reduction of workforce. Frequency cycle changes. Mechanical sweeping resources. Alleyway cleansing cycle changes. Extended working services. Further reduction to secondary retail premises.	Supervisory management. Alleyway cleansing: reverted. Removal of alleyway fly tipping investigation team.	Removal of key barrow operatives.
Budget Reductions from Previous	-£143,200	-	-£1.076,900	-£218,200	-£91,600

[19] APSE (2024) Performance Networks Street Cleansing Performance indicator graphical Report, 2022-23 Issue 1.

Budget Year					
Overall Budget for Year	£4,179,800	£4,263,400	£3,572,400	£3,790,600	£3,954,600

11.4 Consultations with Local Authorities – Learnings

As a result of the benchmarking work carried out, Eunomia contacted some of the higher performing authorities to establish if there was anything significant that they thought was driving their recycling rates. Six authorities were contacted and this included some that collected food waste and some that did not. Authorities that collected food waste that were contacted were Flintshire, Denbighshire and Neath Port Talbot. Authorities that did not collect food waste that were contacted were Mansfield, West Lancashire and Adur.

Responses were received from some of the authorities contacted and have been summarised in Table 20 **Error! Reference source not found.Error! Reference source not found.**below. Suggested ideas for improving performance can be seen as falling into either a 'carrot' or 'stick' approach, which was reiterated by Neath Port Talbot Council. Using a combination of these approaches can create actionable goals. A 'carrot' approach reflects action in the form of a reward, whereas a 'stick' approach could reflect a punishment or a negative consequence. Some of the suggestions relate to activities carried out or managed by the WDA, but they have been retained as potential suggestions WBC could put to Merseyside Recycling and Waste Authority.

Table 20: Summary of Consultation with Local Authorities

Residual	• 140 litre bins and alternate weekly collections are main reason for good performance. Also do waste audits for larger bins (Adur). • Have a side waste policy and don't allow it (Neath Port Talbot and Flintshire). • Shrunk residual bin to 140 litre (Neath Port Talbot). • About 10% of borough are on black bags with a maximum of 3 allowed per fortnight. In essence, residual restrictions are more effective where councils are on black bags – wheeled bins as can be regarded as 'mini-skips' but there are potential environment issues etc. with bag storage (Neath Port Talbot). • Most of the top performers in Wales allow (or are moving to) 'a bag a week' generally on three weekly collections (some are on fortnightly with two bags), so a three-weekly collection with 140 litre bin or like Conwy a 240 litre bin four weekly (Neath Port Talbot).
Recycling	• No limit on amount of recycling a resident can present each fortnight. 240 litre bins issued as standard and many households have more than one bin (Adur). • Collect a wide range of materials including plastic pots, tubs and trays and have recently added small electrical, batteries and vapes (Adur).

	• In partnership with West Sussex County Council have launched an app which enables residents to check what they can recycle, set reminders for collection days and send out service notifications (Adur). • Reminder that performance factor in Wales includes incinerator bottom ash in the headline recycling rate which does have a significant impact (Denbighshire). • Considering rolling out Absorbent Hygiene Product (AHP and WEEE collections – AHP collections are generally sought after if going beyond 3 weekly collections for residual. There was a previous arrangement to collect textiles but not a lot was forthcoming and the market was not good – could only recycle about a third of what they picked up so not a priority at moment but will look at this again at some point (Neath Port Talbot). • Provide a battery bag for batteries or a larger bag for WEEE which dictates what size products can be left (Neath Port Talbot). • Consider using section 46 notices to enforce recycling (Neath Port Talbot). • Bulky household item collections and the recycling of these 'arisings' as far as possible (Neath Port Talbot). • Sorting of fly tipping where possible (Neath Port Talbot).
Flats/ Communal	• Flats are allocated 120 litre of refuse and recycling. The council receive regular requests for additional communal bins but residents are provided with a letter reminding them to separate waste properly (Adur). • Make efforts to provide communal recycling facilities for properties of multiple occupancy where possible (Neath Port Talbot),
Garden Waste	• Garden waste service also contributes to recycling rate – subscription service but residents can also purchase paper sacks from retailers for collection (Adur). • Neath Port Talbot provide free green waste collections but just make residents pay for the reusable bags. (It is not a statutory service as is recommended in the Welsh Government's collections blueprint).
Food Waste	• Have good container deliveries/availability (e.g. food caddies and liners if you introduce food) (Neath Port Talbot).
Commercial/ Trade Waste	• Provide a comprehensive recycling service to traders where traders can't just have a residual service but must have residual and recycling or recycling. In Neath Port Talbot, other than dense town centre cores where space is a premium, trade collections are fortnightly and residual is integrated with household collections.
HWRCs	• Recommend having modern HWRC's with a booking system. The booking system helps to prevent commercial waste being

	emptied) along with people/waste from neighbouring boroughs. It can also prevent queue build ups (Neath Port Talbot).
	• Have a re-use shop at a least one of the HWRCs (Neath Port Talbot).
	• The role that HWRCs can play is significant:
	  ○ Sites can be re-arranged with recycling at the beginning and residual at the end.
	  ○ Waste presentation areas where mixed recycling can be removed from waste before its accepted at the site.
	  ○ Some Welsh councils take residual waste out of their HWRC sites all together (Neath Port Talbot).
	• Flintshire promotes reuse charity Refurbs Flintshire for bulky items and furniture waste. However, it also operates a household bulky item collection, which takes fridges and fridge freezers free of charge. A charge of £40 is required for the collection of up to five items of furniture, small and large WEEE, mattresses and more, with an additional £5 for every extra item.

Comms	• West Sussex County Council have been running a successful Think Before You Throw Campaign (Adur). • Increase community engagement including recycling awareness/promotions etc. (Neath Port Talbot).
Delivery Style	• Service is delivered in-house which allows some additional flexibility (Adur).
Street Bins	• Introduce recycling street bins and have litter pickers separate where possible. Alternatively, have collected street litter separated before Energy-from-Waste (Neath Port Talbot).

Sorting	• Consider MRF arrangements:
	  ○ Is the MRF private or council owned?
	  ○ What is the level of contamination?
	  ○ If private, does the council pay or the service provider?
	  ○ Is sorting done as a 'light' or 'deep' sort? How many pickers are on the line?
	• Consider whether any recycling is being lost due to it being mixed with residual.

Waste Disposal	• Consider whether waste goes to Energy-from-Waste with restriction on use afterwards. For example, residue not used for intermediate landfill cover but recycling of bottom ash.

11.5 Policy Context

11.5.1 Packaging Extended Producer Responsibility (EPR)

EPR brings the requirement for producers to cover the full net cost of recovery and onward treatment of packaging waste collected by local authorities through waste collection services and public bins.[20]

[20] Defined as all public, external bins managed by local authorities including these placed on, or accessible from, pavements, streets and other active travel routes and on publicly accessible open spaces such as beaches and parks. They also include but are not limited to, those that accept specific items (commonly

On 1 May 2024, the draft Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024 were sent to the European Union (EU) in respect of Northern Ireland under the Windsor Framework. The legislation will then be brought before parliament to come into force by the 1 of January 2025. The following key changes have been made:

- The addition of recycling targets for 2025-2030.
- Introducing a provision which ensures that if a DRS has not been established by 01 January 2028, producers of drinks containers made of PET plastic, aluminium and steel will be subject to the full range of pEPR obligations until a DRS is operational for this material.
- Amending the labelling provisions so that all labelling obligations will now come in to force on the 1 April 2027.
- The removal of provisions on binned waste and litter payments which will now be delivered through a separate regulation.
- The Scheme Administrator (SA) must now provide guidance on the methodology used and factors considered in assessing net efficient disposal costs and effectiveness.
- Revising the household packaging definition to widen the criteria which allows packaging to become exempt from being classified as household packaging, and therefore exempt from disposal cost fees. This definition mirrors the definitions in the relevant data reporting regulations in each nation.

Producers are required to report the amount of packaging they place on the market, for the period January to December 24. This reporting will be used to charge producer fees and pay local authorities for managing packaging waste for the period, April 25 to March 26. Producers will need to pay modulated fees according to the "environmental sustainability" of their packaging, which will include consideration of packaging recyclability.

The implementation of EPR will mean that WBC will receive funding for "necessary costs" of delivering an "efficient" and "effective" service. At the time of writing, Defra is working to model the necessary costs of an efficient and effective service based on factors such as sociodemographics and rurality. Local authorities whose services are not effective will be issued with an improvement plan and given a reasonable period to implement its recommendations. If the recommendations are not delivered within the specified timeframe, then funding will be reduced to no less than 80% of the net efficient disposal costs for that year. Whilst Defra is yet to publish its calculation methods for "effective" services, it is likely to include some measure of recycling performance. If we compare WBC's current performance to its nearest neighbours (which may differ from the local authority groupings used by Defra for EPR modelling), as shown in Figure 12, WBC's dry recycling rate, excluding garden waste is slightly lower (24.6%) than the median of 25.4%. This suggests that improvements in performance may be required in order for WBC to receive the full payment under EPR.

Should WBC's service not meet "effectiveness" criteria, there is a risk that the Scheme Administrator withholds a proportion of the payment for the service (up to 20% of the net efficient disposal costs). WBC would need to consider whether the cost of implementing the improvement plan outweighed the reduction in funding and the ongoing implications of a shortfall in funding to cover the cost of services.

recyclables e.g., plastic and paper) as well as mixed waste. They do not include bins inside buildings (e.g., town halls), bins managed by other duty bodies (e.g., hospitals, Highways England), household and commercial bins (even if used by the public when left out in the street), large skip-type recycling bins commonly found in supermarket carparks, and waste deposited around or on but not in the public bin.

Packaging material in scope of EPR, includes glass, paper and card, aluminium, steel, fibre-based composites, wood, and plastic covering all LA waste services including kerbside collections, HWRC collections, public bin services and sorting services. The EPR payments will provide more funding to WBC and help increase recycling services, and, in turn, recycling rates of packaging materials. WBC currently collects certain packaging types and materials in its fortnightly recycling stream, including cans, paper and card packaging, glass jars and bottles, plastic bottles and metal lids. However, certain packaging waste, such as plastic film, plastic packaging (other than bottles), plastic wrappers, polystyrene, and other metal packaging (other than cans), are currently not collected in the recycling stream and are disposed of in residual waste.

As part of the EPR scheme, producers will need to meet packaging recycling targets and therefore may want local authorities to implement service changes in the future to ensure that these targets are met. This would also mean that WBC will need to begin collection and recycling services for packaging types and materials not currently collected for recycling, which may require investments in equipment and infrastructure, though these services would theoretically be funded by the EPR payments. It is important to note that there will be no new burdens funding for the expansion of recycling services.

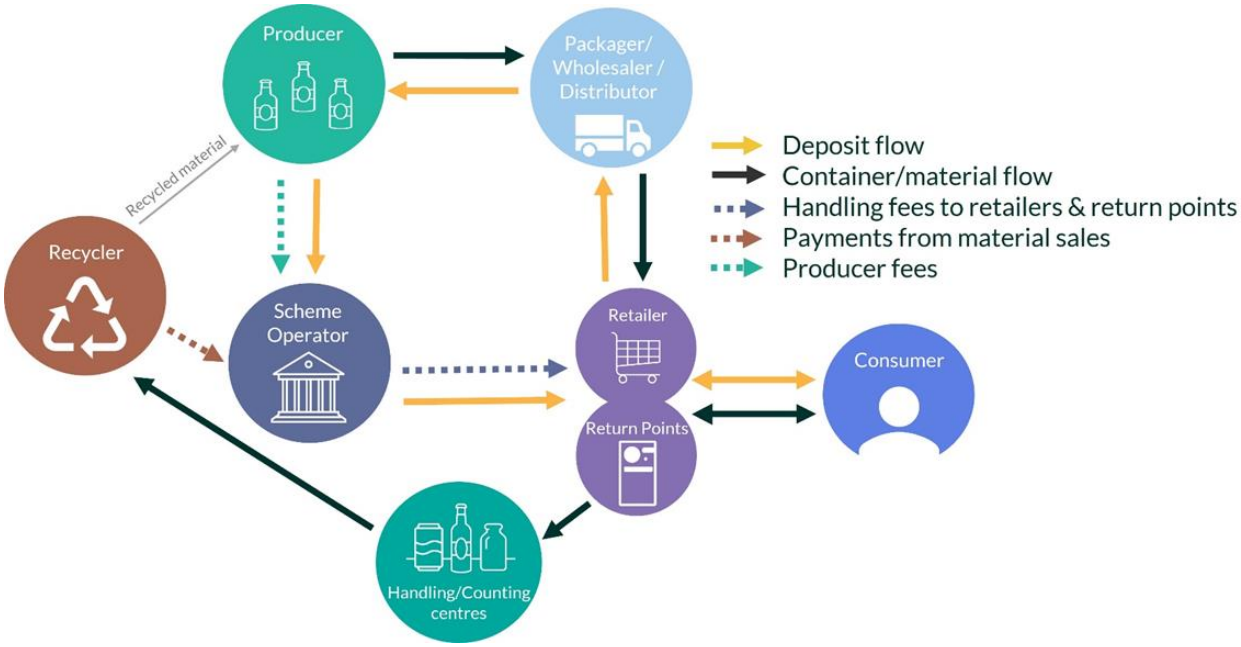
Merseyside Recycling and Waste Authority (MRWA) will have responsibilities under the EPR scheme relating to disposal costs, HWRCs and sorting arrangements with MRFs and thus will also be expected to provide an ‘efficient’ and ‘effective’ service.

Targeting a wider range of recyclable material would result in an increase in WBC’s recycling yield and rate. Additionally, it would reduce WBC’s contamination rates since the recycling collections would target a wider range of material. Finally, EPR would likely reduce WBC’s residual waste arisings given that a wider range of recyclable materials would be targeted and that producers are incentivised (through fee modulation and recycling targets) to produce more recyclable packaging.

11.5.2 Deposit Return Scheme (DRS)

DRSs are meant to increase capture rates of commonly littered material in the form of beverage containers. It works by placing a small redeemable deposit on a beverage container which consumers must pay when they buy the container, to incentivise consumers to return their containers to be recycled (see Figure 17**Error! Reference source not found. Error! Reference source not found.**for an overview). Within Europe, reverse vending machines (RVMs) are a common form of container takeback; however, where RVMs are not viable (spatially or financially), manual collection points are set up. The DRS process ensures high quality material suitable for container-to-container recycling, though it may also be sold for other uses. Cases in Europe have proven that a DRS, if implemented successfully, can yield high return rates, and therefore result in high yields of clean and high-quality material.

Figure 17: DRS Material and Financial Flows Overview



The revenue from DRSs is used to fund system operations and is generated through three avenues:

- material sales,
- unredeemed deposits, and
- producer fees that often fund the net cost of the scheme once materials sales and unredeemed deposits have been deducted.

The implementation of a DRS for England was scheduled to begin October 2025 but has now been delayed until October 2027. As described above, the DRS will require residents to return beverage containers in scope to dedicated collection points, likely to RVMs. According to the Government's response to its second consultation on introducing DRS, the scope of the English DRS will be:

- containers from 50ml up to 3L in size, and
- PET bottles, steel and aluminium cans.

England does not intend to introduce glass bottles within its DRS, though the Government response does clarify that glass bottles will be covered by the upcoming packaging EPR. However, part of the justification for the delay in implementation is to agree a unified approach across the UK.

The introduction of a DRS will see the diversion of most plastic bottles, aluminium cans, and steel cans from WBC's kerbside recycling and residual waste collections and from litter collections. This translates into a loss of valuable material, namely PET and aluminium, from recycling collections and thus a loss of revenue from material sales. WBC may therefore see an increase in the costs of their reprocessing contracts, due to an increase in MRF gate fees. Furthermore, this loss in highly recyclable material may generate a decrease in WBC's recycling rate. However, WBC will be able to claim deposits from any DRS materials it collects through kerbside collections.

WBC may also see a reduction in residual waste arisings from the diversion of in-scope beverage containers to a DRS. This may mean that WBC will see some savings from a reduced tonnage of residual waste sent to EfW. Reduce tonnages of recyclable material in residual waste would also deliver carbon savings to WBC, since the material will now be diverted to recycling. Additionally, due to a reduction in beverage container litter, WBC is also likely to make savings on litter clean-up costs following DRS implementation.

Reduced tonnages in plastic bottles and cans collected may mean some operational savings are made following the implementation of a DRS. However, given that the DRS excludes glass, these savings may not be particularly significant. WBC will still need to continue dry recycling collection rounds for materials not in scope of the DRS and for any in-scope materials that residents continue to present at the kerbside, though payments from the EPR scheme will fund the service for other packaging waste.

Some in-scope beverage containers may still end up in the collection service of WBC, which can contribute to the cost of delivering the collection and street cleansing service. Local authorities might be able to claim unredeemed deposits on in-scope used beverage containers that end up at waste facilities, including MRFs and waste transfer facilities. However, how to redeem these deposits is not made clear in the Government responses to date. Separation systems at waste facilities would need to be introduced to claim any in-scope beverage containers for a refund. Additionally, with a high capture rate, the amount of revenue made from these unredeemed deposits is unlikely to be particularly high and may not even offset the costs of establishing a separation system. Additionally, the recovery of any deposits would likely be made by MRWA as the disposal authority.

11.5.3 Simpler Recycling

In October 2023, Defra published its proposals for the forthcoming statutory guidance on "Simpler Recycling", the key points of interest for WBC are described in the following sections.

Dry Recycling Collections

A core set of recyclables will be required to be collected from households at the kerbside by 31st March 2026: paper and card, metal, glass bottles and jars, plastic pots, tub and trays, plastic tubes and Tetra Pak cartons. A full breakdown of the materials that are included in these core material types are found in the Government's consultation response (Government response - GOV.UK (www.gov.uk). Provision should be made by councils to collect plastic film packaging and plastic bags from the kerbside by 31st March 2027. There is currently no requirement that plastic films should be kept separate from other materials or contained within plastic bags so they can be easily sorted from other materials and specific collection arrangements will need to be determined by waste collection authorities in conjunction with their materials reprocessors/MRF.

Under the proposals put forward by Defra in November 2023[21], Councils will retain local discretion to choose how to collect the 'core' recyclables as they see best, with Defra stating:

> "*we propose to introduce exemptions to allow all councils in England to offer just 3 waste containers (bins, boxes or bags) – for dry recycling, food waste and residual (non-recyclable) waste."*

[21] Defra (2023) Consultation Outcome: Government Response. Available here: Government response - GOV.UK (www.gov.uk)

This includes a blanket exemption for authorities to retain co-mingled collections, so long as the Secretary of State is satisfied that the potential for material to be recycled is not diminished compared to collecting it in two or more streams. Defra stated in its response that there appears to be no difference in performance between the different recycling systems across the country. While this statement is true in terms of yields of dry recycling, there is sufficient evidence to say that the quality of collected recyclables is generally significantly decreased in co-mingled collections compared to two-stream and multi-stream collections.[22] Therefore, an authority collecting the core suite of materials could still not be regarded as efficient and effective if the services are delivering a poor level of performance or are very costly relative to similar authorities. It should be noted however, that the precise measures of "efficiency" and "effectiveness" are yet to be published.

The costs associated with introducing these service changes to the dry recycling collection service will not be subject to "new burdens" funding and any implementation costs will need to be covered by WBC; however, ongoing costs for meeting the requirements for packaging waste streams are expected to be met by EPR funding.

Organic Collections

All waste collection authorities will be required to provide a weekly food waste collection to all property types by 31st March 2026 and to businesses by March 2025. Where transitional arrangements are required due to long-term waste disposal contracts, these will be funded by Defra. However, these will only be available to disposal authorities where Defra is made aware of the need for these arrangements in order to avoid contract breaking. The Government will not compensate authorities who vary or break their contracts, nor will it compensate disposal authorities for financial penalties from the reduction of residual waste once food waste collections come into force. The response indicates no decision has been made on requiring councils to provide caddy liners – the Government will collect further evidence to decide on a policy which promotes 'the best environmental outcomes.' WBC has expressed that work is ongoing within the Partnership to clarify local authorities' legal obligations regarding the 2025 deadline; however, commencing a new collection service in the final year of its contract with Biffa may be challenging. It is recommended that WBC seek advice from Defra and a legal advisor, as well as discussing potential options with its incumbent contractor Biffa.

Councils received recently new burdens funding (where collections were not already in place by March 2023) for these collections, based on Defra's 'reasonable' modelled costs. WBC have now received this funding which is intended to cover capital expenditure (vehicles and containers), resource costs and other operational costs (from collection and disposal). However, Defra has not confirmed how long the funding for operational costs will continue for.

Under current proposals, food waste can still be collected together with garden waste, but this stream will need to be collected weekly by 31st March 2026, with Defra stating:

> *"We are consulting on providing an exemption to allow food and garden waste to be collected together in one bin. If using an exemption, waste collectors would not be required to produce a written assessment to co-collect."*

[22] Zero Waste Scotland (2023) The composition of household waste at the kerbside in 2021-23. Available here: mf-ejmegftx-1696500166d.pdf (zerowastescotland.org.uk) and London Waste and Recycling Board (2020) Improving the Quality of Household Recycling in London: Insights and Recommendations. Available here: LWARB-Tackling-contamination_2022.pdf (exactdn.com)

Additionally, the Defra response highlights that food waste should ideally be treated by anaerobic digestion.

The original requirement in the Consistency proposals for councils to provide free of charge garden waste collection services has been scrapped, as have plans to cap councils' charges for garden waste collections. Though, the reforms do state that garden waste collections should be offered to all households who request it, including communal properties and that charges should be 'reasonable'.

Residual Waste Collections

The reforms have outlined that the government's preferred approach to collecting household residual waste is for high frequency collections. The current version of the reforms strongly encourages that residual waste be collected no less frequently than fortnightly and preferably should be collected weekly as this would be seen to lead to the least impact on local amenities. There appears to be no compensation available to authorities who will have costs incurred from service changes due to the Government's ambition to have all authorities operating residual waste collections no less than fortnightly, meaning that any authority operating 3-weekly collections, or less frequent collections in some cases, will receive no funding.

26 UK authorities, including 8 in England, have moved to a residual waste collection less than fortnightly and it is a proven way to both drive up recycling and drive down costs, both by reducing collection costs and reducing disposal fees.

The Simpler Recycling proposals regarding residual waste have been subject to a further short consultation, the outcome of which is not yet known. We are aware that many authorities have responded objecting to the proposals around the minimum residual waste collection frequency; however, the government appears quite committed to requiring a minimum collection frequency, and so it seems probable that the government will opt to proceed with the current proposal.

However, it is notable that the requirement will appear only in statutory guidance, rather than as an amendment to the Environment Act, whereas the requirement to collect food waste weekly is a statutory requirement written into S57 of the Act. While authorities must have regard to statutory guidance, such guidance does not have the same force in law as statute does.

It appears likely that some authorities, having had regard to the guidance, may choose to continue or introduce three weekly residual waste collections – although having to go against guidance may increase the local political difficulty of introducing an already controversial change. Such a decision could leave an authority open to risk of judicial review, whether by government or by local activists.

Despite these risks, the significant benefits to authorities (especially those experiencing severe financial pressures) of introducing three-weekly residual waste collections may lead some to consider the risk worthwhile. If authorities are to continue down this path, it would appear prudent for them to:

1. set out a clearly evidenced case that demonstrates that they have had regard to the (proposed) statutory guidance and have compelling evidence that supports their decision to continue or introduce three-weekly residual waste collections. These reasons might include e.g. significant demonstrable financial savings, significant

reductions in residual waste tonnage, significant improvements in recycling rate, no or little impact on resident satisfaction scores and support from a local residents' survey.
2. obtain legal advice, either internally or externally, on deviating from statutory guidance. This is not something Eunomia can provide but we can provide support as an intermediary to legal advisors on the waste context.

It is also notable that no minimum collection capacity has been proposed for the fortnightly residual waste collections, so authorities could significantly restrict capacity of the containers provided or place caps on the number of sacks residents can present for collection (i.e. a 140 litre bin or even smaller). However, in our experience this is less effective than three weekly residual waste collections at driving up recycling yields, particularly of food waste, and has the added cost of bin replacement. It also reduces the potential for savings in collection costs, as vehicles must still make a fortnightly pass.

To reduce the upfront capital costs, a move to reduced residual waste capacity could be implemented gradually through replacing any damaged/lost bins with smaller bins rather than replacing all bins at once, or by having a more gradual roll-out of replacement containers. It should be noted, however, that purchasing fewer containers at a time can result in higher prices per container and that a phased approach will take much longer to realise the full benefit of the capacity restriction.

11.5.4 Potential Reforms to the Waste Electrical and Electronic Equipment (WEEE) Regulations 2013

The WEEE Regulations 2013 are based on the European Union WEEE Directive 2012/19/EU, which replaced the previous Directive 2002/96/EC. The Regulations require producers to finance WEEE collection and treatment costs based on the amount of EEE that they place on the market annually. Their financial obligations can be met either individually or collectively by joining a Producer Compliance Scheme (PCS). However, the current system is seen as complicated and has a high level of non-compliance and free riding from online retailers established outside the UK.

On 28 December 2023, the government published its consultation and call for evidence on reforms to the WEEE Regulations 2013, which will run until 7 March 2024.[23] The consultation seeks opinions on proposed policy reforms which primarily aim to improve WEEE collection, reuse, and recycling, with a particular focus on household WEEE. The proposed reforms also aim to ensure that EEE producers and distributors finance the full net cost of collection and treatment of WEEE and support the drive of designing EEE with a lower environmental impact.

Within the consultation, five overarching policy proposals are outlined. The policy proposals include:

1. increasing free-of-charge household collections of small and bulky WEEE across the UK through partnership style arrangements between producers and local authorities. The government proposes that collection schemes are financed and led by producers and facilitated through a producer-led Scheme Administrator. It is anticipated that the Scheme Administrator would contract with local authorities for them to integrate WEEE collections into existing kerbside rounds. However, the government clarifies

[23] Defra (2023) Consultation on reforming the producer responsibility system for waste electrical and electronic equipment 2023. Available here: https://consult.defra.gov.uk/product-regulation-and-producer-responsibility/consultation-on-reforming-the-producer-responsibil/

that they are not proposing to mandate Local Authorities to establish a WEEE household collection service or to regulate how this collection system may work.

2. increasing distributor collections infrastructure by strengthening arrangements of existing distributor take-back systems (DTS). Sub-proposals include more stringent take-back requirements for retailers, both in-store and online, including the requirement for large retailers, with over £100k turnover of electrical sales annually, to offer free takeback services for unwanted equipment in store, without the need to purchase new equipment.

3. introducing new producer obligations in the Regulations for online marketplaces and fulfilment houses.

4. introducing a new WEEE category in the Regulations for vapes, which are significantly more expensive to manage at end-of-life relative to other product categories, ensuring that producers pay the full cost of their collection and recovery.

5. changing current system governance by creating a new WEEE Scheme Administrator and performance indicators for the future WEEE EPR scheme. The Scheme Administrator would manage the provision of WEEE household collection services on behalf of producers (as mentioned in the first proposal) and potentially provide other key functions.

In WBC, WEEE is currently accepted at HWRCs and is not collected at the kerbside. Should the government adopt the first proposed reform, WBC is likely to see the inclusion of WEEE in its kerbside collection, which would be financed by EEE producers. The first proposal does not mandate that local authorities provide WEEE collection services, however the government anticipates that the producer-led Scheme Administrator is likely to contract local authorities and work in partnership to deliver a WEEE collection service. However, this is at the discretion of the Scheme Administrator, who may decide to deliver household WEEE collection another way.

Introducing producer obligations for online marketplaces and fulfilment houses, and introducing a new vape reporting category, will ensure that producers are fully financing WEEE end-of-life management and will likely lead to the delivery of a more effective collection and treatment system in WBC. Additionally, vapes contain valuable critical resources but are extremely expensive and difficult to collect and recycle, presenting a fire hazard and safety risk in bins and MRFs. WBC is likely to see an increase in vape collection and recycling rates following the introduction of the new reporting category.

Producers are allowed to discharge their obligation to provide take-back facilities and services by joining and paying a fee to a DTS. Payments to the DTS have been used as funding for local authorities who collect WEEE through HWRCs. Proposal two, if adopted, is therefore likely to affect the funding that WBC has been receiving for household WEEE collection at HWRCs. Additionally, WBC would see a diversion of material from its household collection services, though the Council will also likely be collecting a greater volume of high-quality WEEE material from kerbside.

The above proposed reforms would collectively improve WBC's WEEE reuse and recycling rates. Additionally, more convenient and widespread collection systems for householders would likely result in the collection of higher-quality WEEE for reuse and recycling.

11.5.5 Interfaces Between Government Policies

Interestingly, Defra has opted for an earlier introduction of Simpler Recycling for businesses than for households, which may pose a challenge for authorities that operate commercial waste services – especially those that co-collect these waste streams. The potential impact is that such authorities may have to bring forward the entire implementation to 2025. The 65% recycling target for municipal waste by 2035 may be a driver for going early on business waste given the potential scale; however, despite the requirements under Simpler Recycling and the Environment Act placing the obligation on businesses to separately present recycling for collection, without incentives for businesses to comply and waste collectors having the means to offer such collections, it is not apparent whether this will be enough to deliver the step change required.

The changes required from 2025 will likely also necessitate the enactment of change in law provisions where local authorities have contracted out services for collection or treatment, a process which may involve a drawn-out negotiation particularly where the additional costs involved in making such changes are outside the scope of new burdens funding. For WBC, there is a possibility that food waste collections will need to be introduced before the end of the current contract with Biffa necessitating use of the Contract's change in law provisions. As the Council does not currently provide food waste collections, it is eligible for new burdens funding and has received the funds from Defra for this, but there is no guarantee that this will cover all costs associated with making the change.

There also appears to be some potential for a conflict between Simpler Recycling and the goals of EPR. Councils will need to achieve higher levels of packaging recycling to enable producers to meet the packaging targets; however, the proposed targets haven't so far been revised downwards to account for the delay in publishing Simpler Recycling. The new requirements mean that local authorities aren't required to implement collections of the full range of recyclables to households until 2026 (except film which is 2027) but the targets announced in the EPR response to consultation apply from 2024.

Defra has stated that no funding will be provided to local authorities to implement the collection of additional dry recyclable streams to be compliant with Simpler Recycling; in WBC's case, the addition of mixed plastics (i.e. pots, tubs and trays), cartons, aerosols, foil and film. This could create an affordability challenge for WBC if the cost of making this change is prohibitive.

Under EPR, councils will only be paid their efficient costs for operating an effective service. Where authorities fail to deliver "effective" services, an Improvement Plan will be developed with the scheme administrator, and ultimately deductions can be made from EPR payments; it will be interesting to see whether any authorities decide that the cost of implementing an "effective" or "efficient" service is greater than the value of EPR funding they might forego. It is also possible that an authority could operate a compliant service under Simpler Recycling but not be considered "effective" and/or "efficient".

11.6 Local Plan Context

The Local Plan is a long-term plan for WBC that runs from 2021-2037. The plan aims to set out the vision for future development in the area to ensure that the right number of homes and employment floorspace are provided to meet forecasted needs to 2037. The Local Plan shows where development is planned and allows for planning of resources and possible additional infrastructure.

The aim of analysing the Local Plan is this context was to evaluate the impact of housing build projects and other implications on waste collection and street cleansing operations. According to the plan, 13,360 new homes are required from 2021-2037 and 5,000 new homes will be delivered by 2026. This equates to 835 dwellings each year.

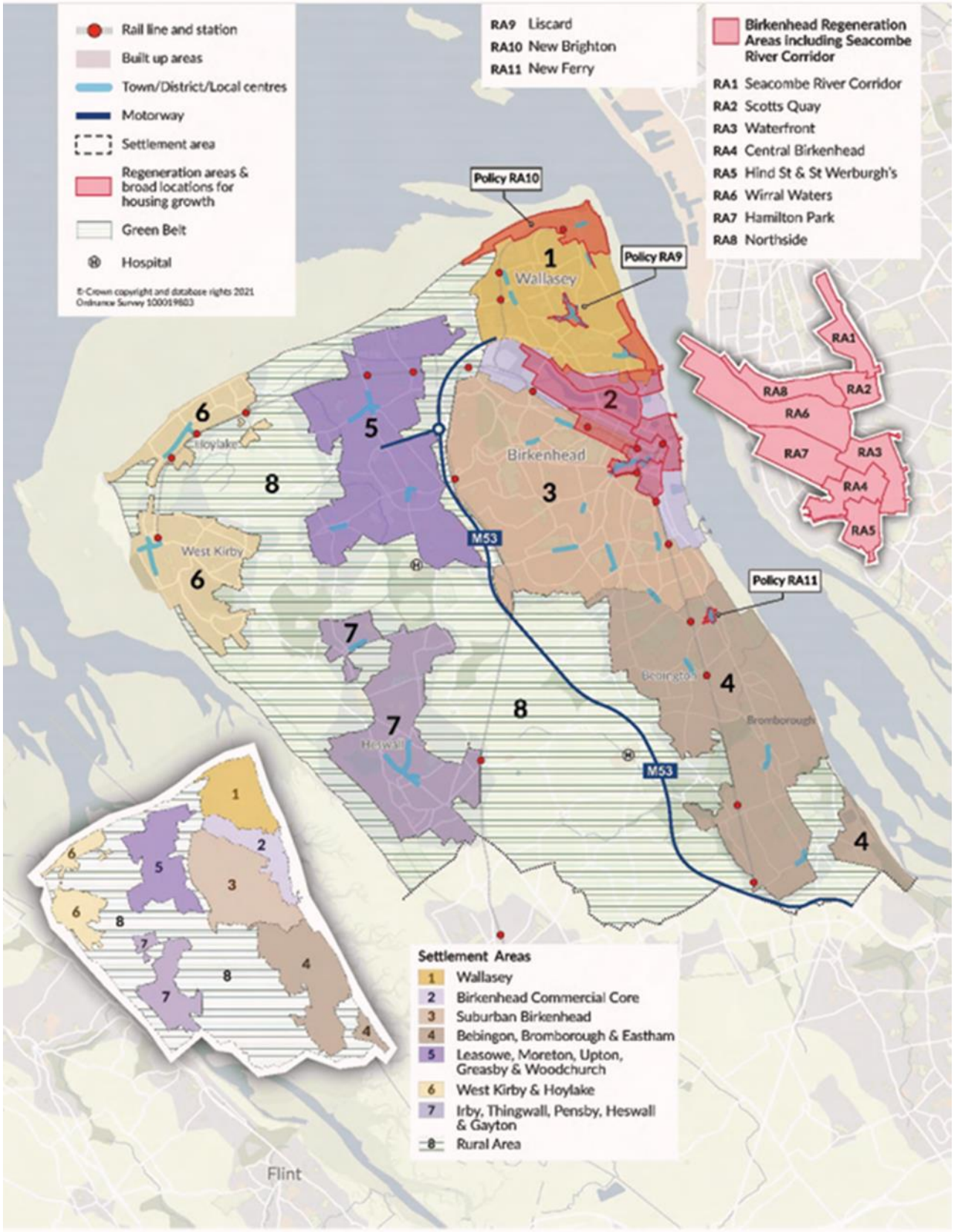
- 20% of newly built housing over the plan period should be affordable, with a lower requirement of 10% in urban areas in the east of the Borough.
- Increasing densities in areas where there is good access to shops, services and public transport has been shown to be the most effective built form to drive down carbon emissions. Four density zones with corresponding minimum densities have been identified and density will be a key component of ensuring the sustainable development of sites and premises.
- 11 regeneration areas have been identified as the focus for regeneration using new housing, infrastructure and employment activities and which will provide for additional dwellings. These mostly fall within the eastern part of the Borough and Birkenhead in particular is at the heart of the Local Plan strategy. There are plans for around 10,000 units in these areas.
- There are also 8 settlement areas that have been identified for regeneration and a policy development for each area has planned priorities. Over 2,440 dwellings have been planned for these areas so far and these areas are also detailed in Figure 18.**Error! Reference source not found.Error! Reference source not found.**
- Table 21**Error! Reference source not found.** provides an overview of the additional units and dwellings planned in the settlement and regeneration areas. There are also additional housing allocations of 1-9 units outlined separately in the Local Plan.

Table 21: Overview of Planned Additional Units and Dwellings in Regeneration and Settlement Areas[24].

Areas	Units/ Dwellings
Regeneration Areas	9,642 units
Settlement Areas	2,620 dwellings

[24] Wirral Council (2022) Local Plan 2021 to 2037 – Submission Draft. Available here: SD1 - Wirral Local Plan 2021-2037 Submission Draft May 2022 for Reg 19 Publication-Final 260422-compressed.pdf

Figure 18: Boundaries of Settlement Areas and Regeneration Areas



The Impact on refuse and recycling collection operations

An increase to the number of dwellings could have various potential impacts on refuse and recycling collections. Without knowing the round data in detail, it is difficult to estimate exactly what impact this will have, but an overview of some of the issues that should be considered is discussed below.

- Increased route time – adding additional properties to existing routes will likely increase the overall time it takes to complete rounds. This could mean routes take longer to finish or additional staff and vehicles are required.
- Route optimisation - A comparison of the key areas where new dwellings will appear, and the capacity of these rounds should be carried out. The increase of approximately 835 dwellings each year will potentially require re-routing of waste collection rounds to ensure the capacity of rounds is adequate to service these additional properties. The types of dwellings will be key in establishing whether communal or standard access rounds will be most affected, especially as the routing and collection frequency of communal properties can be particularly challenging.
- Increased waste volumes - Increasing population numbers will mean more waste being set out for collection. This increased volume could strain vehicle capacity and require more frequent tips. There will need to be a continued impetus on driving up recycling rates and minimising the amount of residual waste.
- Infrastructure wear – More stops and more waste could accelerate general wear and tear on waste collection trucks and equipment. Investment in new trucks or repairs could need to be done more frequently. This would particularly be the case if the Council decided to double-shift any vehicles.
- Staffing – Additional staff could be needed to handle the increased amounts of waste and new or bigger rounds created by added properties.
- Service disruption – Expanding or changing rounds and increased volumes could strain capabilities and lead to missed collections, especially during any transition periods before adjustments are fully implemented. Additionally, if day changes are required then it will take some time for residents and crews to become accustomed to the new collection arrangements.
- Logistics challenges – If dense new developments with communal bins are built, this could create logistic challenges in accessing these developments in a timely manner. This can be minimised by the Council's waste collection team working closely with planning officers during the planning application process.
- Admin - New dwellings will require containers, communications and need to be added to rounds. This will incur a small additional cost and also potentially require contact centre time if there are any issues with getting new properties set up.
- Budget impacts – All of these changes will potentially require additional labour, fuel, equipment, and other resources. This could increase the budgets and operating cost of waste collections.

Overall, effective planning, route optimisation and good communication will be required to minimise the impacts of this increase in dwellings. The Council should begin planning and assessing the impact this will have on certain areas.

The impact on street cleansing operations

Increase in population numbers and numbers of properties will also likely have knock-on effects on street cleansing operations. It is difficult to predict exactly what impacts this will have without knowing more detail about how street cleansing operations work, nor the

additional length of road that may need to be cleansed (following adoption) but some factors to be considered are discussed below.

- An increase in population numbers inevitably could mean more litter and waste. This greater volume would require greater cleansing and litter collections and therefore potential additional collection and disposal costs.
- The routing and collection frequency of litter bins and street cleansing rounds can be challenging and additional volumes of waste could mean this requires additional focus and planning.
- Higher service demands may result in increased staffing and resource requirements. This could be challenging amidst labour shortages and often a high turnover of staff in the sector.
- New housing developments may create additional roads, pavements, public amenities and green spaces that require regular cleansing and maintenance on top of existing street cleansing operations. Understanding the timing and scale of such additional areas and their plans for adoption by WBC will aid in forward planning of street cleansing resources.
- Increased cleansing and litter collection can accelerate wear and tear on sweepers and litter pickers. More frequent replacement may be necessary, increasing costs.
- Increased street cleansing requirements could create budget pressures in accommodating population growth and the impact on the local environment.

Overall, proactive planning, public education and adequate staffing can help to mitigate these impacts on street cleansing operations.

12. APPENDIX 2 – PROCUREMENT TIMELINE

Procurement timelines can be found in the attached file:

Wirral - Indicative Detailed & High-Level

12.1 Evaluation Scoring Guidance

***Table 22*: Evaluation Scoring Guidance**

Criteria	Question Being Asked	1	2	3	4	5
Capacity and Capability	Does Wirral BC have the capacity to deliver?	No, significant expertise required to manage the service - specialism of need will make this hard in time scales	No, significant expertise required to manage the service - this should be achievable in timescales	Yes, more extensive recruitment would be required to manage services	Yes, some recruitment required into existing teams	Yes, no concerns
Financial Risk	Does the option pose an increased financial risk to the authority?	Yes, high probability of high financial risk to the authority	Yes, high probability of low financial risk to the authority	Yes, low probability of low financial risk to the authority	No change from current operation	No, the risk position would be more favourable to the authority than current operations
Market Conditions	Are the market conditions able to support this option?	No, the market would not support the option	No, there would be significant concerns	Yes, although there are some substantial risks with approach	Yes, although there are some minor risks	Yes, no concerns
Operational Risk (post mobilisation and initial three months of the contract)	Does the option pose an operational risk to the authorities?	Yes, high probability of high operational risk	Yes, low probability of high operational risk	Yes, high probability of low operational risk	Yes, low probability of low operational risk	No, no concerns

Criteria	Question Being Asked	1	2	3	4	5
Implementation Risk (during mobilisation and the initial three months of the contract)	Does the option present an implementation risk?	Yes, high probability of high implementation risk	Yes, low probability of high implementation risk	Yes, high probability of low implementation risk	Yes, low probability of low implementation risk	No, no concerns
Control and Ability to Change	Does the option allow Wirral BC to increase control and develop services?	No, services would be very unlikely to increase Wirral BC's ability to control change	No, services would be unlikely to increase Wirral BC's ability to control change	No change from current operation	Yes, services would be likely to increase Wirral BC's ability to control change	Yes, services would be very likely to increase Wirral BC's ability to control change
Service Quality	Does the option improve the quality of service offered to residents?	No, quality of service would probably be negatively affected	No, quality of service would be affected slightly negatively	No, quality of service remains as current	Yes, quality would be slightly improved	Yes, quality of service would be strongly improved

13. APPENDIX 3 – MODELLING ASSUMPTIONS AND BASELINE RESULTS

13.1 Baseline Inputs and Assumptions

Table 23. Staff Numbers per Role Provided by Biffa

Staff Role	Baseline
1: Operative - Waste and Recycling Collections	53
2: Operative - Garden Waste Collections	14
3: LGV2 driver - Waste and Recycling Collections	45
4: LGV2 driver - Garden Waste Collections	7
5: 3.5 ton driver - Waste and Recycling Collections	2
6: Senior Business Manager - Management - TUPE	1
7: Transport Manager - Management - TUPE	1
8: Collections Manager - Waste and Recycling Collections	1
9: Street Cleansing Manager - Street Cleansing	1
10: Admin Manager - Admin - TUPE	1
11: Admin assistant - Admin - TUPE	3
12: Supervisor Collections - Waste and Recycling Collections	3
13: Supervisor Streets - Street Cleansing	3
14: 7.5 ton driver - Bulky Waste Collections	1
15: Operative - Bulky Waste Collections	1
16: Operative - Street Cleansing	43
17: WE Operative - Street Cleansing	6
18: 3.5 ton driver - Street Cleansing	12
19: WE 3.5-ton driver - Street Cleansing	4
20: 7.5 ton driver - Street Cleansing	6
21: LGV2 driver - Street Cleansing	4
22: Workshop Manager - Workshop	1
23: Workshop Fitter - Workshop	2
24: Workshop Apprentice - Workshop	2
TOTAL	**217**

Table 24. Staff Rates per Role Provided by the Council

Roles	Base Hourly Rates
LGV2 Driver	£14.70
Refuse Collector	£14.15
Street Cleansing Operative	£13.24

Table 25. Staff Rates per Role (Eunomia's Assumptions)

Roles	Hourly Rate	Weekly Hours	Annual Salary

Operative - Waste and Recycling Collections	£14.15	40	£29,432.00
Operative - Garden Waste Collections	£14.15	37	£27,224.60
LGV2 driver - Waste and Recycling Collections	£14.70	40	£30,576.00
LGV2 driver - Garden Waste Collections	£14.70	37	£28,282.80
3.5 ton driver - Waste and Recycling Collections	£14.43	40	£30,020.64
Senior Business Manager - Management - TUPE	£28.00	40	£58,240.00
Transport Manager - Management - TUPE	£19.23	40	£40,000.00
Collections Manager - Waste and Recycling Collections	£22.00	40	£45,760.00
Street Cleansing Manager - Street Cleansing	£22.00	40	£45,760.00
Admin Manager - Admin - TUPE	£14.50	40	£30,160.00
Admin assistant - Admin - TUPE	£13.00	40	£27,040.00
Supervisor Collections - Waste and Recycling Collections	£17.00	40	£35,360.00
Supervisor Streets - Street Cleansing	£17.00	37	£32,708.00
7.5 ton driver - Bulky Waste Collections	£13.50	37	£25,983.24
Operative - Bulky Waste Collections	£13.24	37	£25,473.76
Operative - Street Cleansing	£13.24	37	£25,473.76
WE Operative - Street Cleansing	£13.24	30	£20,654.40
3.5 ton driver - Street Cleansing	£13.50	37	£25,983.24
WE 3.5 ton driver - Street Cleansing	£13.50	30	£21,067.49
7.5 ton driver - Street Cleansing	£13.50	37	£25,983.24
LGV2 driver - Street Cleansing	£14.70	37	£28,282.80
Workshop Manager - Workshop	£16.00	37	£30,784.00
Workshop Fitter - Workshop	£13.24	37	£25,473.76
Workshop Apprentice - Workshop	£10.00	37	£19,240.00

Box 1. Bank Holiday Assumptions

- Assumed that **100% of frontline collection staff work** on Bank Holidays (except Christmas Day, Boxing Day and New Years' Day) – garden waste is Good Friday only
- Assumed **1 collections supervisor** works on Bank Holidays
- Assumed **20% of frontline street cleansing staff** work on Bank Holidays
- Assumed **1 street cleansing supervisor** works on Bank Holidays
- Assumed that management and administrative staff do not work on Bank Holidays
- Biffa's pay for Bank Holidays: 5 days pay, or 4 days pay and a day in lieu
    - **Assumed 5 days pay for modelling purposes**

Box 2. Overtime Assumptions

- Week and Saturday:
    - Assumed **3% of overtime for all frontline collections staff and supervisors** (except for garden waste)
    - Assumed **3% of overtime for all street cleansing staff and supervisors**
    - Applied Biffa's overtime pay of x1.5
- Sunday:
    - No overtime assumed for **collections staff and supervisors**
    - Assumed **3% of overtime for all street cleansing staff and supervisors**
    - Applied Biffa's overtime pay of x2

No overtime assumed for management and administrative roles

Table 26. Number and Type of Vehicles Provided by Biffa

Vehicle Type	Baseline
RCV 16T	1
RCV 18T	2
RCV 26T	26
RCV 32T	7
ROAD SWEEPER 2.6T	1
ROAD SWEEPER 4.5T	6
ROAD SWEEPER 15T	4
VAN 3.5T	14
FLAT BED 5.2T	1
FLAT BED 7.5T	7
CAGE TIPPER 7.5T	1
Spare RCV 26T	2
Hired Support RCV 26T	3
TOTAL	**75**

Table 27. Assumed Cost per Vehicle

Vehicle Type	Baseline
RCV 16T	£153,000.00
RCV 18T	£166,500.00
RCV 26T	£184,500.00
RCV 32T	£202,500.00
ROAD SWEEPER 2.6T	£58,500.00
ROAD SWEEPER 4.5T	£67,500.00
ROAD SWEEPER 15T	£144,000.00
VAN 3.5T	£33,300.00
FLAT BED 5.2T	£49,500.00
FLAT BED 7.5T	£58,500.00
CAGE TIPPER 7.5T	£54,000.00
RCV 26T (Hired)	£1,000/week

- *The prices listed above are 2017 prices as most vehicles were purchased in 2017 – the price was uplifted for vehicles that have been purchased more recently (a few vehicles were purchased in 22/23).*
- *Vehicles purchased more than 10 years ago were assumed to be fully depreciated and given a capital value of £0.*
- *Interest rate for* ***capital repayment applicable for Biffa assumed at 6.5% (Eunomia assumption).***

Table 28. Other Vehicle Costs

Type of Vehicle Cost	Assumption	Source of Assumption
Fuel	£1.18/L	Provided by the Council
Maintenance	8% of capital costs	Eunomia
Insurance	2% of capital costs	Eunomia

Table 29. Assumed Depot Costs (Eunomia's Assumptions)

Depot Costs	Baseline
Light, Power, Heating	£36,000
Rent Rates and Service Charges	£60,000
Depot Repairs & Maintenance	£10,000
Cleaning	£13,000

Table 30. Other Assumed Costs (Eunomia's Assumptions)

Other Costs	Baseline
CPC Holder	£1,200
Digital - End Use Compute (laptops, in-cab devices, etc.)*	£40,985
Digital - Depots	£24,882
Digital - Applications (Waste Management IT system, etc.)	£207,000
Uniform	£83,200
Street Cleansing tools & consumables	£125,584
H&S Equipment	£36,000
Hand tools - workshops	£20,000

***Assumes assets are replaced every 3 years*

13.2 Options Modelling Assumptions

Table 31. Assumed Salaries for New Roles

Roles	Annual Salary
LGV2 driver - Food Waste Collections	£30,576
Operative - Food Waste Collections	£29,432
LATCo Managing Director	£90,000
LATCo Operations Director	£70,000
HR Manager	£55,000
HSEQ Manager	£55,000
Finance Manager	£55,000
Performance Manager	£40,000
HR Advisor	£35,000
Assistant Transport Manager	£35,000

Finance Assistant	£35,000
Team Leader	£46,000
HSEQ Officer	£45,000
Transport Manager - Street Cleansing	£40,000
Admin Manager - Street Cleansing	£30,160
Admin assistant - Street Cleansing	£27,040

Please Note: pension, cover for planned and unplanned leave and employer's NI contributions are added in the modelling.

Table 32. Vehicle Cost Assumptions

Vehicle Type	Baseline (2017 Prices)	Re-procurement Options (New Prices)	In-house/LATCo Options (New Prices +15%)
RCV 16T	£153,000.00	£170,000.00	£195,000.00
RCV 18T	£166,500.00	£185,000.00	£212,750.00
RCV 26T	£184,500.00	£205,000.00	£235,750.00
RCV 32T	£202,500.00	£225,000.00	£258,750.00
ROAD SWEEPER 2.6T	£58,500.00	£65,000.00	£74,750.00
ROAD SWEEPER 4.5T	£67,500.00	£75,000.00	£86,250.00
ROAD SWEEPER 15T	£144,000.00	£160,000.00	£184,000.00
VAN 3.5T	£33,300.00	£37,000.00	£42,550.00
FLAT BED 5.2T	£49,500.00	£55,000.00	£63,250.00
FLAT BED 7.5T	£58,500.00	£65,000.00	£74,750.00
CAGE TIPPER 7.5T	£54,000.00	£60,000.00	£69,000.00
Food Waste RCV 12T		£100,000.00	£115,000.00
• *The interest rest on capital costs applied for the Council is 5.50%.*			

Table 33. Depot Costs (All/ Separate Collection)

Office/Depot Costs - All/Collections	Baseline	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Light, Power, Heating	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000
Rent Rates and Service Charges	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000
Depot Repairs & Maintenance	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Cleaning	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000
Total	**£119,000**	**£119,000**	**£119,000**	**£119,000**	**£119,000**	**£119,000**

Table 34. Depot Costs (Separate Street Cleansing)

Office/Depot Costs - Separate Street Cleansing	Baseline	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Light, Power, Heating	£0	£0	£0	£0	£27,000	£27,000
Rent Rates and Service Charges	£0	£0	£0	£0	£36,000	£36,000
Depot Repairs & Maintenance	£0	£0	£0	£0	£7,500	£7,500
Cleaning	£0	£0	£0	£0	£9,750	£9,750
Total	**£0**	**£0**	**£0**	**£0**	**£80,250**	**£80,250**
In the hybrid options the Council would utilise three existing depots which will be shared by street cleansing with other existing council services. It was assumed that 25% of the costs for each depot would be borne by the street cleansing service.						

Table 35. Other Assumptions

Other Costs	Baseline	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
HR *Includes leavers' costs, occupational health, payroll support and staff training (in the baseline and re-procurement option, those costs will be included in the margin and overheads, apart for the CPC holder costs)*	£1,200	£1,200	£242,927	£243,884	£87,121	£88,317
Digital - End Use Compute *Includes laptops, phones, in-cab devices, etc*	£40,985	£46,445	£64,943	£66,481	£59,460	£61,383
Digital - Depots *Includes CCTV, fire alarm, weighbridge, etc.*	£24,882	£24,882	£24,882	£24,882	£30,882	£30,882
Digital - Applications *Includes Waste Management IT System, asset and fuel management system, H&S system, etc.*	£207,000	£207,000	£207,000	£207,000	£310,500	£310,500
Uniform *Includes staff uniforms only, and Health & Safety Equipment include all PPE including gloves*	£83,200	£94,400	£94,400	£94,400	£94,400	£94,400
Graffiti & Cleaning consumables	£125,584	£125,584	£125,584	£125,584	£125,584	£125,584
Health & Safety Equipment	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000
Hand Tools - Workshops	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Other support costs - Stationery, Legal, expenses, etc.	£0	£0	£26,700	£26,700	£13,350	£13,350
Total	**£538,851**	**£555,511**	**£842,435**	**£844,931**	**£777,297**	**£780,417**

Table 36. Transition and Mobilisation Costs (before inflation is applied)

	Baseline	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Legal Support		£120,000	£0	£90,000	£95,000	£175,000
LATCo Set Up		£0	£0	£75,000	£0	£75,000
Procurement Technical Support		£100,000	£0	£15,000	£80,000	£95,000
Compliance		£0	£19,800	£19,800	£5,800	£5,800
Human Resources		£0	£30,000	£30,000	£20,000	£20,000
Digital		£0	£640,000	£640,000	£410,000	£410,000
Depot		£3,000,000	£3,010,500	£3,010,500	£3,980,000	£3,980,000
Contingency		£33,000	£555,045	£582,045	£688,620	£714,120
Resource Costs		£71,667	£311,208	£419,750	£341,563	£488,438
Total		**£3,774,667**	**£4,566,553**	**£4,882,095**	**£5,620,983**	**£5,963,358**