

17 OCTOBER 2019

COMMUNITY EXECUTIVE ADVISORY BOARD

17 October 2019

* Councillor John Redpath (Chairman)
Councillor Steven Lee (Vice-Chairman)

* Councillor Paul Abbey
* Councillor Andrew Gomm
* Councillor Gillian Harwood
* Councillor Diana Jones
* Councillor Ted Mayne

* Councillor Ann McShee
* Councillor Ramsey Nagaty
Councillor George Potter
* Councillor Jo Randall
* Councillor Deborah Seabrook

* Present

Councillors Joss Bigmore, Dennis Booth, David Goodwin, Gordon Jackson, John Rigg and Tony Rooth were also in attendance.

C17 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Steven Lee. There were no substitutes.

C18 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS

There were no declarations of pecuniary or non-pecuniary interests.

C19 MINUTES

The minutes of the meeting of the Executive Advisory Board held on 5 September 2019 were confirmed as a correct record, and signed by the Chairman.

C20 PROCUREMENT UPDATE

The Board was invited to note the Procurement Service Strategy 2019 – 2021 and covering update report regarding procurement at the Council, its importance and the planned approach going forward. The report highlighted the need for an effective commissioning, procurement and contract management function.

A supporting presentation was given by the Procurement Manager which explained that commissioning was a process of identifying the needs of a business area and assessing how those needs could be met and services provided, procurement was a system of buying goods, services or works and contract management was an ongoing oversight of a contract to ensure that it was delivered and that risks and opportunities were identified and managed. The presentation outlined the procurement cycle; addressed procurement history to date at the Council; identified key drivers for savings, efficiencies, alternative models for delivery and legal compliance; and covered social value and small to medium enterprises (SMEs).

The procurement cycle consisted of defining requirements, specifications, make or buy options, source identification and selection, contracting, receipt and payment, contract management, and de-commissioning and disposal.

In terms of history, the Council's approximate annual spend was £50 million. Procurement had progressed since the appointment of the first Procurement Officer in 2015 and was

17 OCTOBER 2019

transforming from an autonomous devolved model into a centralised commercial team with a work programme with 50 plus live projects. In addition to a Procurement Service Strategy, the service benefited from a Corporate Procurement Board which fulfilled the governance of the service. The dedicated Procurement Manager was assisted by an experienced Procurement Team (currently resourced by interim staff) who were working towards the delivery of a centralised category management model identifying savings under the Future Guildford programme.

The key drivers were effective procurement to deliver substantial savings and efficiencies and maximise commercial opportunities for the Council. Commissioning examined how services could be provided in different ways such as working collaboratively with neighbouring authorities (or other bodies) and alternative / innovative delivery models for goods and services. Compliance with legislation, mainly the Public Contract Regulations 2015 and the Local Government Transparency Code 2015, was a further key driver. Effective procurement would mitigate the likelihood of legal challenges due to lack of procurement compliance and procurement challenge was avoided through the systematic, equal opportunities treatment of suppliers at every stage of procurement. There were many forms of challenge, namely, legal challenge, the Cabinet Office Mystery Shopping Scheme, the Council's Corporate Complaints process and the Ombudsman. Receipt of a formal challenge could lead to severe consequences for reputation and meeting timelines.

Procurement could ensure that there was a commercial focus on Social Value and SMEs, assisting local suppliers to be more competitive. The Public Services (Social Value) Act 2012 required social value to be considered when procuring goods and services for the Council. Focus in local government was on building skills and employment opportunities in the local area such as the number of apprenticeships per £ million contract value. A strong procurement function within the Council could help to ensure that this focus was central to procurement activity across the organisation.

The Board was advised of the current top four procurement projects live in terms of spend and noted that the service area fell within Phase A of the Future Guildford programme and proposals around the new staffing structure were being considered. All contracts procured in excess of £5,000 were published onto the Council's website on a quarterly basis under the Transparency Agenda. Unsuccessful contractors could challenge the tender process. The Council had not been challenged to date and the team engaged with the Economic Development team to reach SMEs.

Arising from related discussion and questions, the following points were made:

- Environmental considerations formed part of the specification and the invitation to tender and therefore informed the procurement decision-making process although these were not specifically identified in the Procurement Service Strategy. The Strategy would be reviewed and amended to prioritise environmental issues.
- Final decisions relating to procuring goods, services or works rested with the Council following exploration of needs by service areas and the Procurement Team and the receipt of related tender estimates.
- The systemic category management approach to procurement was welcomed.
- Six to seven full time equivalent employees would be needed to make the Procurement Team fully effective.
- The Modern Slavery Act 2015 and numerous procedures ensured that contractors utilised ethical supply chains and paid employees a living wage.
- An organisational culture change would be required to embrace the move from a devolved to a central approach to procurement and this would be achieved through

17 OCTOBER 2019

clear messages from management, governance changes and the Procurement Procedure Rules.

- There was a procurement work programme and a register of contracts which were available for Councillors to inspect.
- There were examples of successful joint procuring which could bring efficiencies of scale.
- Procurement featured in the terms of reference of the Climate Change and Innovation Board which would invite the Procurement Team to attend one of its meetings to discuss sustainable development and encouraging suppliers to disclose their environmental credentials. A balance between contract value for money and environmental considerations would need to be identified when awarding contracts.

C21 REVIEW OF REFUSE AND RECYCLING SERVICE - PRESENTATION

The Waste Policy and Development Manager and Waste, Parking and Fleet Services Manager gave a presentation in respect of the above. The presentation covered the background to the service, consistency of collections, Deposit Return Scheme (DRS), Packaging Producer Responsibility Scheme (an extended producer responsibility (EPR) scheme), packaging tax, disposal, collection changes and the resulting impact on the Borough, future possible service models, progress update and summary.

In terms of background, the Government had published a Resources and Waste Strategy in December 2018. Between February and May 2019 four consultations were issued by the Government in respect of collection consistency, DRS, EPR and packaging tax and on 15 October 2019 the Government published the draft Environment Bill. The responses to the consultations and indicated direction of travel would also be published.

With regard to consistency of collections, core materials had been agreed in the form of glass; paper and card; plastic bottles, pots, tubs and trays; and steel and aluminium tins and cans. The inclusion of cartons and plastic film was under review. Free collection of garden waste, standardisation of bin colours, minimum refuse and recycling collection frequencies, and new Key Performance Indicators, likely to be carbon based, were being considered. Food waste would be mandated and there would be a requirement for the separation of waste. A minimum commercial standard would be set and businesses would be required to recycle waste.

Although DRS was expected to be introduced in 2023 following further consultation in 2020 regarding the related detail, the exact approach remained to be confirmed. The Government had commissioned a social research project that would consider the impacts on residents of recycling at home which would result in less material for the Council to collect.

The EPR scheme was also expected to be introduced in 2023 following further consultation in 2020. The scheme would require packaging producers to pay to place material on the market and to contribute to the costs of collecting and recycling it. Money could be claimed back by producers when they used recycled plastic driving the recycling market. The resulting impact on the Borough would be changes in the materials collected and contributions to collection costs.

The packaging tax was a tax on all plastic packaging with less than a set recyclable content. The 2019 budget would include further detail and HM Treasury would publish a technical consultation in respect of the tax design. Related draft legislation would be published in 2020 for implementation in 2022. This scheme would change the composition of the material collected by the Council resulting in collecting less packaging in volume and tonnage.

17 OCTOBER 2019

In terms of waste disposal, controls remained in place in China and its 2020 ban on imported waste was likely to occur. Indonesia would be introducing new restrictions which would prevent export to the second biggest market, whilst the Netherlands had implemented a flat rate tax on every tonne of Refuse Derived Fuel waste, increasing the cost of disposing of rejected recycling and refuse. Brexit was likely to result in challenges relating to waste exports and additional costs impacting on the income from waste streams. Financial pressures associated with Surrey County Council could determine a new method for collection or change to the material mix in the interests of economy.

Changes to waste collections would feature further analysis to inform EPR and DRS proposals and work with other local authorities to develop further consistency in recycling collections proposals. The next steps for plastic packaging tax were to be set out in the 2019 budget (October/November) and a technical consultation would follow in late 2019 or early-mid 2020. Second consultations in respect of the specific details of EPR, DRS and consistent recycling collections would be held in 2020 on a timescale to be agreed. Draft legislation for plastic packaging tax would be published during 2020 when a new EPR scheme, a DRS for drinks containers and measures in the consistency in recycling would come into effect.

The implications for the Council were the need to change how it collected waste to reflect the changes in what there was to collect and do before the market changed to ensure best value and to guarantee that there remained a market for collected waste.

The likely scenarios for future possible service models included separating paper with cans, plastics and glass together or separating glass and paper with cans and plastics together. The first proposal would retain material value, reduce contamination and require an additional container (bin, box or bag). The second proposal could possibly be mandated by Government and would also ensure that material retained value and contamination was reduced whilst requiring two additional containers (bins, boxes or bags) and potentially reducing the recycling rate.

With regard to progress to date, vehicle procurement was in the initial stages and the Council continued to monitor the market and respond to consultations and studies.

In summary, collection methods would need to change, materials to collect would be determined centrally and were not yet confirmed. There would be more consultations, Government responses to which were expected in summer 2020. By July 2020 the Council should have a clear direction of travel and options and proposals would be put before the Board to consider at that time. Vehicles were being procured to handle all options although additional fleet may be needed and delivery was expected in Autumn 2020.

The following points arose from related discussion and questions:

- Although there were numerous changes proposed in the field of refuse and recycling, the Council was in a strong position to respond to these in partnership with other Surrey local authorities whilst retaining services and expertise in-house.
- Sorting of waste by residents using their own receptacles was beneficial to minimise contamination.
- There were various options in respect of bin types and frequency of collection, for example, three-weekly collections would reduce costs. All options would be presented to Councillors to consider in the future.
- Refuse collection crews undertook bin lid lift exercises for check for contamination and, if found, the incident would be recorded and bins would be labelled and letters sent to alert residents to their errors.

17 OCTOBER 2019

- Some form of cleansing of all recyclables was required and it was possible that an entire load of recycling may be rejected in the event of severe contamination.
- Educational work, including that with the Surrey Environmental Partnership, continued and the Council supported campaigns such as that designed to reduce food waste. Communications took many forms including notices and bin hangers. The Council communicated with the University of Surrey which had an educational programme which aimed to encourage students to recycle.
- Annual collection calendars and leaflets would be circulated the following week. In the case of residents with English as an additional language, these could be translated on request and the use of pictorials in leaflets and on the website assisted. Large print communications were available.
- Although leasing of the waste collection fleet resulted in fixed costs and risks, the Council preferred to purchase its fleet as this gave flexibility, extended vehicle life and retained some vehicle value.
- As the Council's depot did not currently have a viable electrical infrastructure to support a fleet of electric refuse collection vehicles, the next generation of vehicles would not be electric. However, following some investment in the infrastructure, electric vehicles could be utilised in the future. There was a balance to be reached between finance and the environment as, although electric vehicles could be more costly to purchase, they could be cheaper to run and had environmental benefits. Methane and hydrogen fuel cells were possible alternative fuel sources.
- A gasification plant involving methane gas to produce electricity was being developed by Surrey County Council in the Spelthorne area.
- Surrey County Council was seeking to measure its carbon footprint and comply with its declared climate change emergency.
- Green waste was disposed of at various locations in the Borough and beyond. The export of organic matter was not known.

C22 EXECUTIVE FORWARD PLAN

The Executive Forward Plan dated October 2019 was noted by the Executive Advisory Board.

C23 EAB WORK PROGRAMME

The Executive Advisory Board agreed its work programme.

The meeting finished at 9.05 pm

Signed

Chairman

Date