

**WASTE MANAGEMENT PARTNERSHIP BOARD
MINUTES**

Date of Meeting: 06 April 2011
Location: Cabinet Office, Civic Offices, Epping
Time: 2.00 pm
Attending: Cllr Mrs M Sartin – Env. Portfolio Holder & Board Chairman (MS)
 Cllr Mrs D Collins – Leader of Council (DC)
 Cllr Sue Jones - Assistant Portfolio Holder (SJ)
 John Gilbert - Director, Environment & Street Scene (JG)
 Qasim Durrani - Assistant Director, Technical (QD)
 David Marsh - Waste & Recycling Manager (DM)
 Paul Madden, - SITA UK (PM)
 Vlad Velikoselskis - SITA UK (V V)
 Sebastian Rawski - SITA UK (SR)

Also present: Stella Forster (Minutes)

		Action
1.	Apologies for Absence - Steve Holgate	
2.	Declarations of Interest - None Councillor Sue Jones, Assistant Portfolio Holder, was formally welcomed to the meeting, and introductions were made.	
3.	Draft minutes of the meeting held on 12 January 2011 - Agreed	
4.	Matters arising P4: DC and MS both spoke about the many complimentary comments received from the public and from Members on the way that collections had been managed during the severe weather conditions. It was concluded that the correct procedure had been adopted. P6: PM had been unable to locate any local authority using text or email to pass information on to their residents. However, as technology improves this may become possible in the future.	
5.	Review of current contract performance (operational & financial) SR: As the March accounts have only just been finalised the report only covers the period to end of Feb 2011. P3: Recycling rates fell from 60.5% in Nov 2010 to only 53% in Feb 2011. These figures are mirrored by EFDC's. This is a seasonal drop and should improve when more green waste is collected as the year progresses. An encouraging 59% was recorded for March (not shown in the report). More recyclables and residual waste were collected in Jan than in Feb, due to it being a longer month and having 3 consecutive Saturday catch up days from Dec. Dry recyclables, usually very similar month by month, showed a slight drop from Jan to Feb. P4: At the last meeting the full contract showed a loss of £800k, or -5%. It has since improved by 1% to -4% and based upon this rate of progress it should take between 12-13 months to break even. For the EFDC contract there was a net profit of 3% over the last 12 months. Feb showed a 10% profit after the overhead margin, compared to 5% for Jan, mainly due to the costs of catch-up work after Christmas. Indexation has been agreed at 2.55%, slightly better than expected.	

P5: Contract costs over the last 12 months amounted to £5.8m, 45% of which was wages. Deductibles & insurance costs totalled £26k, despite a refund in July. Insurance costs for Jan were £8k, with only £2k for Feb when there was less damage to vehicles. Expenditure on insurance is high and although the amount of accruals set aside is of concern to the operations team it is accepted as a necessity. There are some 13 accidents still active, dating from 2008, but generally if there is no activity on a claim for several months some of the accruals are released.

P6: Costs in Feb were £38k lower than in Jan, mainly because of weekend working. Wages were less in Jan but this was due to £2k of bonuses being paid in Feb, as well as £3.7k for street cleansing H&S 'Chapter 8' training. Also, overtime in Jan was paid in Feb. Employees are now paid a monthly salary. Lucy & Martin's costs were £8k higher in Jan due to the costs of calendar distribution.

Fuel charges were higher in Jan due to increased working hours. Fuel is the major variable cost for the company; it is currently £1.14 per litre compared to 87p this time last year. Drivers are now being trained to drive in a more fuel efficient manner, and technology has been put in place to track the newer vehicles' movements - some of them are too old to receive it. Once the new vehicles have been received the staff training will become compulsory. V V has budgeted to save fuel this year and has estimated a cost of £1 per litre, which will be difficult to achieve even with the staff training and new technology.

The 'Other' part of the graph covers various items such as leasing vehicles, etc. and £10k which was spent on installing hands-free kits. Disposal costs cover gate fees etc. and are driven by tonnage - SR to let the Board have a breakdown.

P7: The missed bin graph shows an encouraging trend downwards, although there was a slight jump in Jan of 26 bins per 100,000 collections. There were just 14 in Feb.

P8: Following the suggestion at the last meeting SR introduced a new graph covering accidents and injuries. On average there are 8-9 accidents per month reported, but often these are alleged incidents and not SITA's responsibility. There were no personal accidents in Feb, and the one in Jan did not result in lost days. JG suggested that a 'Nil' return should be entered when none have been notified, as this would suggest a positive result.

V V prepares a monthly statistical report, parts of which he and DM thought may be of interest to the Board. He circulated his figures for March 2011 and the year to date. It was agreed that the non-technical pages of the report would be useful to see how the contract is being run, and perhaps a 3-monthly version could be presented at future meetings.

6. **Contract negotiations/extensions**

JG apologised for not having information available for circulation. In view of the requirement to make savings wherever possible, there were some items he would like to raise for consideration and discussion with SITA:

(a) Access to MRFs and commingled collections of glass. The price for raw materials is high at present, which is of benefit to SITA. JG would like the way in which recyclable matter is dealt with in the future to be evaluated. In particular, it may be possible to collect glass in the same vehicle as other recyclables (retaining the blue box), which would take several specialist vehicles off the road. Difficulties may arise with disposal, and SITA would need to have access to a MRF that would take commingled recyclables which included mixed glass.

SR

(b) Retention of street cleansing within the contract. During discussions with SH it was stated that SITA did not consider street cleansing to be one of their primary service areas, although they delivered it as part of overall waste management contracts. The option of taking this out of the contract post-2012 may be considered. The Council are under some pressure to reduce costs through shared services, which will not be possible for waste management as a whole. However, whilst SITA are doing a good job with street cleansing, if they are unopposed to relinquishing it, this may present an opportunity to share the service with another authority.

(c) Bulky waste collections. DM and others have prepared a report for Cabinet concerning furniture reuse. One option is to give complete responsibility to a charitable organisation. However, this may have an adverse effect on SITA's operational costs.

(d) Four-day week. Some authorities are now planning to make collections on a Tuesday-Friday basis and this could also be a subject for consideration. There are many issues to take into account, including access to disposal sites, but if County's future transfer service is used it will run for six days a week. However, this will not be available until at least 2013/14.

(d) Cost savings generally. The Council will be required to make a minimum of £1.3m savings in 2012/13, and as part of the process waste management will be under scrutiny to identify any savings that can be made before negotiations on the contract extension take place. There is some degree of urgency as if the extension is not deliverable a new, revised tender will need to be put together, starting almost immediately.

PM then gave his initial thoughts to JG's comments:

(a) Glass, which has remained static over the last few years, is the only recyclable that has decreased in price recently. The MRF that SITA currently uses is unable to accept glass, and although it may be possible in the future the final destination point would remain a problem in the short term. However, if savings must be made this would appear to be the easiest method.

(b) Although, as SH stated, street cleansing is not a SITA core service, it is one that they are delivering at a good standard and as costs are shared between the services it would be difficult to separate this from the rest of the contract. JG assured him that, if it can be concluded that SITA continuing with the service is the best way forward this can be resolved at an early stage.

(c) SITA are trialling a service to be introduced at Bracknell in August where they collect bulky waste but the British Heart Foundation take responsibility for its disposal. It is necessary to use closed-top vehicles, but there are cost-saving advantages and the furniture can be reused.

(d) The four day week has been working well in some areas, and may be worth consideration, especially in view of the proposed new transfer station.

JG: The transfer station will be located at Harlow and it may present some benefits to the future contract. County are in the process of procuring organic waste facilities for the north and south of Essex. The northern site will handle separated food waste only, whilst the southern one, which Epping would use, will accept commingled. Members are to be asked at Cabinet on 18 April what they intend the future of organic waste will be. Currently there is financial advantage to continuing as at present, but if haulage fees increase by more than 3% it will be of more benefit to use County's facility.

It was agreed that a separate meeting should be held between SITA and EFDC to discuss these issues in detail.

7. Olympic Games update

JG: Local plans for street scene improvements are still being developed, and meetings are increasing as the Games approach. Waste Service/SITA personnel have yet to meet their counterparts at Broxbourne, but once the high level plans have been finalised they will need to discuss the best way of co-ordinating the delivery of the service. A test event is to be held in July, running for 9 days. As there will only be 1,000 or so visitors, it will not impact upon any waste collections or street cleansing unless EFDC decides to join with Broxbourne in a trial run.

8. Health & Safety issues

MS reported that from personal experience it was evident that the bins where she lives in Roydon were not being tipped into the vehicles, but that bags were being taken from the bins and thrown manually into the back of the lorries. On one occasion the bag had missed and was left in the road, where she recognised it as one of hers. Also, several bins had not been replaced upright, but left on their sides. PM stated that this was unacceptable, and was against SITA's H&S policy. He gave his assurance that the issue will be reinforced to the crews on a more regular basis in future.

DC was concerned that a number of rural areas did not receive the new calendar when Lucy & Martin distributed them. DM stated that follow-up deliveries had been made by EFDC officers and it was understood that all households had now received the new schedules.

9. Depot relocation

JG's report will be going to Cabinet on 18 April. It will suggest that the most appropriate site for the new depot is at NWA, within the boundary fence. Some staff accommodation and car parking already exists and Waste officers and SITA are working together to ensure that as little as possible is taken to the site, but there are some service implications. As the area is Green Belt land there will be planning issues to overcome and if aviation is increased at the airfield this may also pose a problem. The report also makes it clear that some initial service costs will be required to transport SITA staff to the new site for the first 6 months. The Corporate Plan directs that the development is completed by the end of 2013, with a deadline of the end of this year to resolve any planning issues.

10. Any other business

QD: A Portfolio decision to purchase 7 new vehicles is set to be published this week, but will be open to call in within 14 days. A report in the new year will recommend that funds are made available from the capital programme for a further 7 vehicles next year. V V reported that one old vehicle requires a new gear box, but at a cost of £28k it was decided not to go ahead. There are currently sufficient spare vehicles to cover its loss.

MS asked if the vehicles could only operate on a certain grade of fuel, as it had been suggested that supermarket chains and other suppliers might offer a cheaper alternative. PM replied that low cost fuels were refined differently and were a lower grade than those at major distributors, which could cause engine problems in the long term. SITA have special arrangements with both Shell and Esso, and they have just carried out a tender exercise to identify the best deal. A recent development is that Esso's rigid tankers have now all been replaced with articulated vehicles, and for H&S and insurance cost reasons will no longer deliver where they have to reverse. The supplier now making deliveries at the premises affected charge an extra 5p per litre. The use of cooking oils etc has

been investigated but until technology improves this is unlikely to be an option.

SITA have gone into partnership with another company to derive diesel fuel from used/recycled plastics. Their first facility is situated in Ireland, but a second one in South London is being planned.

QD: Edwards Waste in Roydon have gone into liquidation and the administrators have asked for creditors and debtors to come forward. The Council no longer has dealings with the company, and PM will make enquiries if SITA are linked to them in any way.

V V requested clarity on financing the extra bank holiday for the Royal Wedding on 29 April. It was confirmed that the Council will only be expected to pay for additional overtime costs for the Saturday, at a rate of time and a half, as operational costs for the Friday would already have been covered.

Date of next meeting

16 June 2011 was suggested but not confirmed. An interim meeting to be arranged to discuss cost savings, as above.

PM

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