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Friday, 5 January 2018

To: The Members of the **Joint Waste Collection Services Committee**

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<b>Woking Borough Council</b>	<b>Councillor Beryl Hunwicks (Chairman)</b>
<b>Surrey Heath Borough Council</b>	<b>Councillor Vivienne Chapman (Vice Chairman)</b>
<b>Elmbridge Borough Council</b>	<b>Councillor Barry Fairbank</b>
<b>Mole Valley District Council</b>	<b>Councillor David Mir</b>
<b>Surrey County Council</b>	<b>Councillor Mike Goodman</b>

A meeting of the **Joint Waste Collection Services Committee** will be held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on **Monday, 15 January 2018 at 10.00 am**. The agenda will be set out as below.

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## AGENDA

	Pages
<b>1 Apologies for Absence</b>	
<b>2 Minutes of Previous Meeting</b>	<b>1 - 6</b>
To approve the minutes of the meeting of the Joint Waste Collection Services Committee held on 10 November 2017.	
<b>3 Declaration of Interests</b>	
Members are invited to declare any Disclosable Pecuniary Interests and non-pecuniary interests they may have with respect to matters which are to be considered at this meeting. Members who consider they may have an interest are invited to consult the Monitoring Officer or the Democratic Services Officer prior to the meeting.	
<b>4 Mobilisation Update</b>	
To receive a verbal update on the work taking place to mobilise the Joint Waste Collection Services Contract across partner authorities.	
<b>5 2018/19 Budget Proposals</b>	<b>7 - 12</b>
To consider a report setting out the proposed budget for the Joint Waste Services for the 2018/19 Financial Year.	
<b>6 Potential Expansion of the Joint Waste Collection Contract</b>	<b>13 - 34</b>

To consider a report setting out potential expansion opportunities for the joint waste contract.

Note

Annexes 1 and 2 are restricted under Regulation 4 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2012, Paragraph (3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Any substantive discussion of their content will require the Chairman to move the following motion:

That under Section 100A(4) of the Local Government Act 1972 (as amended) and Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

**Dates of Future Meetings**

Meetings of the Joint Waste Collection Services Committee have been scheduled to take place on the following dates:

Thursday 22 February 2018  
Thursday 17 May 2018  
Thursday 20 September 2018  
Thursday 15 November 2018  
Thursday 21 February 2019

All meetings will start at 10am.

**Minutes of a Meeting of the Joint  
Waste Collection Services Committee  
held at Council Chamber, Surrey Heath  
House, Knoll Road, Camberley, GU15  
3HD on 10 November 2017**

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+ Cllr Beryl Hunwicks (Chairman)

+ Cllr Mrs Vivienne Chapman (Vice Chairman)

+ Cllr Barry Fairbank  
Cllr Mike Goodman  
Cllr Josephine Hawkins

+ Cllr Malcolm Ladell  
Cllr Cllr David Mir

+ Present  
- Apologies for absence presented

Substitutes: Cllr Josephine Hawkins

In Attendance: Paul Anderson, Lee Brewin, Ismina Harvey, Pat Hindley, Anthony Jeziorski, Kelvin Menon, Tim Pashen, Jason Russell, Matt Smyth and Douglas Spinks

**6/JW Live Demonstration of Incab devices**

The Committee viewed a live demonstration of the Incab technology installed in a recycling vehicle parked outside the Council premises.

The process of the new technology and the web system was discussed and clarification was given with regard to logging and follow up on missed bins.

The Chairman commented that the crew were enthusiastic about the new equipment and there was a sense of ownership.

**7/JW Minutes of Last Meeting**

The minutes of the meeting held on 15 June 2017 were confirmed and signed by the Chairman.

**8/JW Performance Report (updated)**

The Committee was presented with a Quarterly Contract Service Report and discussed the lessons learnt. Members were asked to comment on the formatting and content of the report.

Some KPIs had not had satisfactory outcomes in Elmbridge for a number of reasons, including the number of staff who did not transfer across from the previous contractor and the difficulties in finding new drivers, the lower than predicted productivity of the crews and issues with the round data. Whilst performance had improved each month and the operation was now performing at a similar level to before Amey took over, this level was below contract requirements and an improvement plan was being implemented. . It was advised

that Amey believed the next step in performance improvement would come as a result of the introduction of incab technology over the next few weeks.

It was mentioned that the level of detritus on the streets in Elmbridge (KPI 15b) was higher than the contract requirement when Amey took over in June and a 6 week remedial action plan had been implemented to address this.

It was also noted that the most recent litter and detritus survey (LADs) in Elmbridge indicated that litter had increased. This was being looked into.

It was noted that the Woking mobilisation started well, with all staff transferring across to Amey and performance against all KPIs meeting contractual requirements.

Members discussed the KPIs and sought clarification on KPI3, 'missed collection not rectified'. Officers advised that the KPI standard was to collect misses reported in the morning in the afternoon and misses reported in the afternoon the next day once the in-cab technology had been installed. In advance of that, a 24 hour return is required.

Some Members sought clarification regarding some KPIs and the targets and performance figures as some KPIs refer to absolute figures and some are expressed per 100,000 collections.. Officers advised that the KPIs were agreed during the procurement process, however The data could be expressed differently in the quarterly report if this would be clearer.

The Chairman suggested, with regard to tonnage of garden waste, that data be collected on the tonnages for last year for comparison. Officers advised that tonnage performance data would become an increasing focus as the mobilisations bed in.

**Resolved that the report be noted.**

**9/JW      Lessons Learnt**

The Members discussed the lessons learnt with regard to the Elmbridge mobilisation. Issues were experienced due to:

- Loss of local knowledge – 18 staff did not transfer
- Initial productivity levels were lower than anticipated
- Data on Amey's ICT system had become corrupted – there had been three ICT systems for the data to move through which resulted in corrupt data. Checks had been built into the next mobilisations at every stage of the process.
- Managing expectations – with hindsight, a two phase mobilisation would have been beneficial for Elmbridge. In addition it was recognised that any new system would experience initial disruption.

The Chairman provided some observations from Woking in relation to the mobilisation there:

- Residents' expectations were heightened during a change
- Any issues had been quickly picked up by Joint Waste Solutions (JWS).
- Crews were positive about the new Incab technology
- Awareness of misleading press reports – the issues experienced at Elmbridge could be referred to when reporting on the Woking mobilisation. It was difficult to control the reporting by the press but there had been a meeting with the journalist to discuss the challenges of running a waste service and to offer time with the crews to see first hand how the operation is being run.
- Amey and JWS were working hard to get the mobilisation running smoothly

The Chairman commended the work carried out by the JWS team.

**Resolved that the report be noted.**

#### **10/JW Mobilisation Update**

The Committee received an update report on the mobilisation process. Members were advised that mobilisation for Woking would be in two phases and all data was being scrutinised for accuracy and quality.

The JWS website was up and running and resolutions had been carried out quickly partly due to the new Incab technology. The garden waste system was also set up on line and customers could renew subscriptions as well as new customers being able to sign up to the scheme on line.

From 11 September, Amey commenced receiving calls from Woking residents at their contact centre. There was a dedicated Amey Surrey telephone number. Hours of operation however, were not in line with the method statement and discussions were still taking place to agree a resolution.

Vehicles had been ordered for Surrey Heath and they would be delivered during the summer. Hire vehicles would be used in the interim.

Members agreed the priorities for the next two months:

- Introduction of Amey webforms in Elmbridge
- Resolve contact centre opening hours
- Workshop to programme how Surrey Heath garden waste customers can be transitioned onto the Amey garden waste service.
- Further development of JWS and contact centre processes

It was brought to the attention of the Committee that the online form for the garden waste scheme for Woking was lengthy. It was felt that this needed to be streamlined. This would be reviewed.

**Resolved that the report be noted.**

## **11/JW Communications**

Members received a report and a presentation on the Communications Strategy, which included a communications plan for the next financial year.

It was noted that service guides and calendars had been issued to residents at Elmbridge and Woking. In addition, a postcard mailshot had also been sent to residents which highlighted changes to the service. A WEE and textiles service had been introduced at Elmbridge and this had already been communicated to residents. Pat Hindley and her team were currently working on the communications programme for Surrey Heath.

Once all partners had mobilised individually, Amey will be looking at the most efficient way of delivering the service across the whole area. Whilst the timing and scale of this hasn't yet been agreed, budget has been allocated to communicate with all households prior to any changes.

The Committee discussed the following:

- Surrey Waste Partnership (SWP) and JWS alignment
- Recycling improvement
- Christmas recycling campaign
- Workshops with JWS staff to assess how they would prefer to be communicated with – ‘one team’
- updates for stakeholders:
  - Quarterly meetings of the Committee
  - Updates to Committee between meetings – recycling improvements and current activities
  - Newsletter to all Members in the partner authorities from the Committee – either by email or newsletter (using specialist software to include images).
  - Repeat the message regarding the £3 million savings
  - Short catchy campaigns, alternating the messages
- Wrapping of the vehicles – confident that a solution would be found with regard to the wrapping of the vehicles, at present Elmbridge and Woking vehicles were carrying out the rounds with no livery. There was an issue with finding a space large and warm enough to affix the new wraps to these vehicles. However, the food waste vehicles when delivered would already carry the livery. The Committee noted that it was important to have the livery on the vehicles as soon as possible. It was suggested, that in the spirit of partnership, that Surrey Heath could check with the army to see if they have a suitable space that could be used for attaching the livery.

### **Resolved that:**

- i) the communications strategy be agreed;
- ii) updates be received by the Committee between the quarterly committee meetings and disseminated to Members at each Authority; and

**iii) the format of the newsletter be agreed.**

**12/JW Budget Monitoring**

The Committee was advised that the CMO budget had been revised in line with expectations resulting in a proposal of £638,712 for the 2017/18 budget.

There had been issues related to VAT with regard to Surrey Heath invoicing the partner authorities for their share totalling £159,678. The Committee was informed that the VAT issues had been resolved and therefore Amey could invoice Surrey Heath on one bill and then Surrey Heath would invoice each partner authority separately.

More work was being carried out on the phased guarantee over the 10 years of the contract.

**Resolved that the report be noted.**

**13/JW New Joiners - verbal update**

The Committee was updated on the process for new joiners.

- Stage 1 – write with expression of interest to the Partnership Director.
- Stage 2 – the prospective new joiner would provide data to Amey and would then receive an outline price
- Stage 3 – the price would become legally binding and JWS would see the impact on the unit cost for existing partners
- Tier 1- the decision to admit additional partners would then be a Tier 1 decision.

**Tandridge**

Tandridge had received a stage 2 price. Members at Tandridge would make a decision next week whether to proceed to stage 3. Amey were working on the pricing. Tandridge's response had been positive. Their current contract would end 2018.

**Waverley**

Waverley had tasked a Member reference group and a consultant to investigate joining JWS. Data was being collected. Waverley had been asked formally by JWS whether they would like to proceed to Stage 2 of the process. It was explained that although Waverley had not been interested in joining the partnership initially, they were now exploring the venture. Members were advised that Surrey Heath Chief Executive would be meeting with the Chief Executive at Waverley to discuss the future with JWS.

**Resolved that the report be noted.**

**Chairman**



## 2018/19 Budget Proposal

**Author:** Matt Smyth, Director  
**Date:** 15 January 2018

### Summary

This 2018/19 budget proposal for Joint Waste Solutions has been created in line with the Inter Authority Agreement that governs this partnership. It has been agreed by the Contract Partnering Board in advance of consideration today by the Joint Committee. Once approved by the Committee, it will then be submitted to each Authority for final approval.

The draft budget is broken down into four sections:

- The Contract Management Office budget, which incorporates the costs of running the client function
- The Service Provider budget, which sets out the forecast payments to Amey
- Asset contribution
- Capital expenditure.

These costs are further broken down by authority, as set out in Annex 1.

The Committee is asked to agree the draft budget proposal, which will then be commended to the partner authorities for approval.

### Introduction

The proposed Joint Waste Solutions budget for 2018/19 has been discussed, refined and agreed by the Contract Partnering Board prior to consideration by the Joint Committee today. A number of assumptions and estimates have had to be made during the budget building process given the lack of historical data available, the fact that the contract is in the process of being mobilised and the ongoing work to establish the scope and function of Joint Waste Solutions.

Given these uncertainties, a precautionary approach has been used when building this budget in order to mitigate against additional funding requests during the course of the year. Details of what this means in practice and how costs may be reduced are set out in later sections of the report. It is important to note that every effort will be made to underspend against the proposed budget and partner authorities will pay a share of actual rather than projected spend on a quarterly basis.

### Impact of SCC functions joining JWS

The transfer of the partnership functions from SCC to JWS has now occurred and the third iteration of the Inter Authority Agreement is being updated accordingly. SCC has historically allocated £140,000 to deliver these activities, which are focused on delivering Surrey wide performance improvement.

The Inter Authority Agreement states that the Authorities shall establish (in equal shares), fund and operate a shared contract management office, which shall carry out the activities delegated to the Joint Committee. These activities now include the partnership functions.

In order to ensure that all five partner authorities are equally invested in JWS and the delivery of the full range of delegated functions, the cost of delivering these countywide activities is included in the draft budget. In return for transferring these costs to JWS, SCC will pay an equal share of the cost of running the Contract Management Office, as set out in Annex 1.

## **Proposed budget**

Annex 1 sets out the proposed budget for 2018/19 under a number of headings:

- Contract Management Office
- Service provider
- Asset contribution: depots
- Capital expenditure: vehicles.

### Contract Management Office

In line with the Inter Authority Agreement, these costs have been divided in equal shares across the five partner authorities, with the exception of staff transferred via TUPE to Surrey Heath who are paid for by the authority they came from. Staff that came from the county council have transferred to Surrey Heath via secondment rather than TUPE, therefore these costs are paid directly by SCC but are listed in the budget proposal for completeness.

More explanation as to what is included in each of the budget lines under this heading is included in Annex 1. A more detailed breakdown of the resident engagement budget proposal is included in Annex 2.

The resident engagement budget proposal endeavours to consider all possible spend requirements in 2018/19, some of which may not come to pass. It is also worth keeping in mind that the costs attributed to resident engagement in this proposal may have been attributed to other budget codes in partner authorities in previous years, for example postage.

There are a number of areas where resident engagement costs could be lower than projected in this proposal in 2018/19:

- Historically, the Surrey Waste Partnership has funded or part funded a number of improvement initiatives across the county. The budget and spend for the SWP is due to be approved early in 2018 for 2018/19, therefore at this stage, no income from the SWP is assumed in this budget proposal.
- The budget allows for addressed mail to each resident to inform them of service changes and for the delivery of the service guides. Unaddressed mail delivered by the Royal Mail on a postcode basis is significantly cheaper.
- The recycling and performance improvement costs can be scaled up or down depending on the investment that partners would like to make in this area.
- The cross boundary reorganisation costs may not be required if the timing coincides with the distribution of service guides.

### Service Provider

This has been created using the estimated quantities for 2018/19 from each authority, which will be finalised early in the New Year once housing growth projections have been confirmed.

The contract costs indexation will not be confirmed until early 2018. In line with guidance received from our Finance Advisor, at this stage a 3% indexation rate has been applied to the Service provider budget, which will be finalised once the 2018/19 indexation rate has been confirmed.

### Asset contribution: depots

The current costs against this budget line are the depot values for each authority adjusted pro rata according to the Partnership Share.

### Capital expenditure: vehicles

This is the capital expenditure due to be paid for new vehicles, in line with Schedule 27 of the contract.

### **Recommendation**

The Joint Committee is asked to consider and agree the draft 2018/19 budget for Joint Waste Solutions.

### **Next Steps**

Once agreed by the Joint Committee, the budget proposal will be commended to each of the partner authorities for approval in line with the Inter Authority Agreement.



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## Potential Expansion of the Joint Waste Collection Contract

**Author:** Matt Smyth, Director

**Date:** 15 January 2018

### Executive Summary

This report to the Joint Committee seeks approval to proceed with the potential admission of Tandridge District Council into the existing joint waste collection arrangements of Elmbridge Borough Council, Mole Valley District Council, Surrey Heath Borough Council and Woking Borough Council (the Partner Authorities). In the context of this request, the report describes the background to the joint arrangements, the process undertaken so far and the steps to be taken next.

### Background

At the beginning of 2017, the Partner Authorities entered into a Joint Contract for waste collection and street cleaning services (the Joint Contract) with Amey LG Limited (Amey). This means that the Partner Authorities are jointly and severally liable to Amey under the Joint Contract.

In addition to the Joint Contract, the Partner Authorities also agreed to enter into an Inter Authority Agreement (IAA), which sets out how liabilities, rights, duties, undertakings and responsibilities arising from or out of the Joint Contract will be shared and managed between them. It also provides the terms governing the Partner Authorities' joint working arrangements.

The Joint Contract was procured so as to enable all other Surrey district and borough councils to have the opportunity to join during the life of the contract should they so wish and there is a mechanism set out in the Joint Contract that governs how this happens. The IAA makes clear that the decision to admit a new authority rests with the existing Partner Authorities and should only occur where it is lawful to do so, there is a positive benefit to the Partner Authorities as a result of this, and the new joiner contributes towards the costs of the initial procurement, mobilisation and set up of the Joint Contract through a joining fee or other benefit.

Whilst the Joint Contract has been designed to provide each of the Partner Authorities with the same service specification, it makes some allowance for local choice and flexibility. For instance, each of the Partner Authorities may choose to buy some instead of all of the services included within the specification to suit its own requirements and circumstances. Furthermore, the specification for street cleaning enables each Partner Authority to tailor the quality of the street cleaning services in its area to reflect its needs and constraints.

### Tandridge District Council

Tandridge District Council (Tandridge) has expressed interest in becoming a party to the Joint Contract and has followed the relevant "extension of agreement" mechanism at Clause 4 of the Joint Contract, the steps of which are briefly summarised as follows:

- 1) Amey is served with an initial notice which includes relevant background information about the potential new joiner
- 2) Amey responds with an initial response, including outline plans and an impact statement setting out any ways in which existing services to the Partner Authorities will require adjustment, an indication of costs to the new joiner, and Amey's fixed one-off fee for preparing a full response should this be required

- 3) The potential new joiner may then provide further “Services Information”, expanding on information previously provided in its initial notice
- 4) Amey must then provide a full response based on its initial response, but augmented, confirmed and comprising of an offer capable of acceptance to be incorporated into a formal agreement
- 5) Within 6 months of receipt of Amey’s full response, the Partner Authorities are required to either notify Amey that the new joiner wishes to proceed, in which case all parties and the new joiner shall execute the IAA and the Joining Agreement; or reject Amey’s response and pay the “Full Response Fee”.

Amey have now prepared a full “Stage 3” report in relation to the potential admission of Tandridge into the Joint Contract, which includes how the additional service will be delivered and the cost of delivering it. The report is subject to Amey Group Board approval in January 2018,

Tandridge District Council’s Committee will consider the Stage 3 report on 15 January 2018 and resolve whether to request admission by the Partner Authorities to the Joint Contract or whether to procure a standalone contract of their own.

Legal advice confirms that it is lawful to admit Tandridge to the Joint Contract.

The geographical distance between Tandridge and the existing partnership area means that there would be no immediate contract savings for the existing Partner Authorities. However, there are medium term opportunities resulting in admitting a new member, including reducing contract costs, developing new services, reducing client overheads, as well as the strategic benefit of taking a further step towards creating a single waste entity to deliver all of Surrey’s waste services.

Most importantly, the Partner Authorities will be no worse off as a result of Tandridge joining – any increase in the blended rates in the Joint Contract payable by the Partner Authorities would be offset by direct payments made by Tandridge to the Partner Authorities. The mechanism for this principle would be similar to the guarantee in the first IAA signed in 2014 (Clause 7.4) that the initial Partner Authorities would save a set amount per year by reference to a base date. There will be a review of the unit costs in December 2018 based on actual costs and any changes would have to be mutually agreed (this is noted by Amey in the Impact Statement). The precise mechanism adopted and the way in which it is operated can be agreed between the Partner Authorities.

## **Joining Process**

- Joint Committee makes a recommendation to the Partner Authorities
- Tandridge decide whether to request admission
- Partner Authorities decide whether to admit them
- Joining the Joint Contract: all existing parties to the Joint Contract and Tandridge execute the Joining Agreement (incorporating the “Service Provider Full Response” provided by Amey and the “Services Information” provided by Tandridge) within 30 days unless a later date is agreed between them
- Joining the IAA: all the existing Partner Authorities and Tandridge enter a Deed of Admission in a form set out in Schedule 5 of the IAA

## **Recommendation**

The Joint Committee is asked to consider the case for extending the partnership and recommending to the Partner Authorities that should Tandridge District Council’s Stage 3 price demonstrate good value and it requests admission to the Joint Contract, this request be approved.

## **Next steps**

Each Partner Authority will need to seek its relevant approvals (by Executive or Council decision) before executing the Joining Agreement and Deed of Admission.

## **Annexes to Report (Part 2)**

The following Annexes are Part 2 as they contain commercially sensitive information.

Annex 1: Amey Impact Assessment

Annex 2: Schedule 2 (Pricing Schedule) Blended Rates

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