



Derby City Council

Council Cabinet
17 January 2018

Report of the Cabinet Member for Cohesion
and Integration

ITEM 12

Commercial Waste – Proposed Delegation of Service to Nottingham City Council

SUMMARY

- 1.1 Part of the ongoing development of the Derby-Nottingham Metro Strategy has included looking at areas with potential for greater service efficiency. One service under consideration has been Commercial Waste collection and disposal. A proposal to delegate the delivery of the service to Nottingham City Council is now put forward as a positive approach to developing our combined commercial waste services
- 1.2 The delegation would effectively see the responsibility for delivering the whole service in Derby transfer to Nottingham City Council. Staff, vehicles and the administration of the commercial waste service would all transfer and the service would be managed and directed by officers at Nottingham City Council. The combined service would have benefits of scale in what can be a competitive market and has a real potential to grow securing additional business and improving efficiencies.
- 1.3 Any decision to delegate the service to Nottingham will require a decision by Council and it is envisaged therefore that, subject to Cabinet approval, a report will be presented to full Council on the 24 January 2018.

RECOMMENDATION

- 2.1 To note and accept the work that has already been done in detailing a proposed delegation of the Commercial Waste service to Nottingham City Council.
- 2.2 To refer the proposed delegation for Full Council approval at its meeting on 24 January 2018

REASONS FOR RECOMMENDATION

- 3.1 The delegation of the service to Nottingham City Council will best support the development and expansion of commercial waste collection services in Derby.
- 3.2 The constitution requires that the decision to delegate the function to Nottingham City Council be made by Full Council.



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Report of the Strategic Director Communities and Place

SUPPORTING INFORMATION

- 4.1 The Environmental Protection Act (1990) requires Local councils to provide or arrange to provide a commercial waste service. While the collection of commercial waste is a service that businesses can choose to source from any licenced provider councils must provide a service if requested to do so. Some local council delivered services operate at a loss.
- 4.2 Nottingham's commercial waste service is highly developed, having benefited from a sustained and targeted approach to marketing, the allocation of in service resources and enforcement.
- 4.3 Discussions aimed at determining whether there were opportunities for shared working arrangements with Nottingham City Council commenced some months ago as part of the Metro Strategy. Initially the focus was to consider if there were opportunities to work in partnership to develop both services. However in considering the opportunities in more detail it became apparent that Derby's commercial and operational practices are less well developed than those in Nottingham and therefore it is proposed that the most viable option is for the service to be transferred and operated directly by Nottingham.
- 4.4 The estimated value of the commercial waste market within a half hour drive of Nottingham's Eastcroft Depot is between £18m and £20m per annum, of which Nottingham City Council have 22% share. A similar estimate of market value within the same distance of Stores Road Depot shows a market value of between £40m and £47m, of which Derby hold only a 3% share. This indicates the potential for the service to grow and delegating the service to Nottingham, whose current arrangements are more commercially mature, will provide real opportunity for both ourselves and Nottingham City Council.
- 4.5 The proposed detailed arrangements for the delegation of the service to Nottingham City Council are set out in detail in the confidential part of this report.
- 4.6 The combined service would be promoted as a 'Metro' service. Customers from Derby would not notice any significant change in the service that they receive with the collection team continuing to be based at Stores Road depot and using the same vehicles. The combined service would enable greater opportunities and the market share for commercial waste collection in Derby would be expected to grow considerably.

- 4.7 Subject to Cabinet approval of the proposed delegation and agreement of the detailed arrangements as set out in the confidential part of this report agreement for the delegation will be sought from Council at its meeting on 24 January 2018. The aim would be for the service to be delegated with effect from April 2018.

OTHER OPTIONS CONSIDERED

- 5.1 Do nothing. The current service operates on small margins and with limited resources but is largely stable and meets both the statutory requirements and the expectations of its customers.
- 5.2 Invest in the service and develop additional business. Engagement with officers from Nottingham has shown where areas of the current service could/should be improved. It would be possible to deliver improvement over time and to seek to generate additional business and income. This would likely take longer if the service is kept in house, rather than delegated to Nottingham, and would require upfront investment perhaps over several years.
- 5.4 Out source the service. Consideration has been given to outsourcing services across Streetpride functions. The potential market for outsourcing this limited service is quite small and it is not considered that sufficient interest will be generated to achieve longer term benefits,

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Emily Feenan Amanda Fletcher, Head of Finance David Gartside, Acting Director Strategic Partnerships, Planning and Streetpride
For more information contact: Background papers: List of appendices:	David Gartside 01332 641821 david.gartside@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Draft Heads of Terms -Confidential

IMPLICATIONS

Financial and Value for Money

- 1.1 Delegating the service to Nottingham will mean that they will receive all income derived from the service. The delegation includes arrangements for our existing service overheads, including management overheads, depot charges, vehicle repairs/maintenance etc, to be recovered.

Legal

- 2.1 Delegating the provision of the commercial waste service to Nottingham enables us to meet our legal obligations set out in the Environmental Protection Act. Delegation to another local authority can be achieved without the need to offer the service to the market. The ultimate responsibility for the service continues to rest with the Council and at the end of the period of delegation the service would need to be delivered directly by the Council or outsourced.
- 2.2 There are current agreements in place with Derbyshire County Council and RRS (Derbyshire) Ltd for the disposal of waste. These agreements define contract waste as waste delivered to the contractor. In this instance should we chose to delegate the collection and disposal of commercial waste to Nottingham then this element of waste will not form contract waste and will fall outside the scope of those agreements.

Personnel

- 3.1 Delegating the service to Nottingham will involve transfer of staff and for which TUPE would apply. To meet the required timelines for the delegation to be complete by the beginning of April initial engagement with affected staff will need to commence prior to any approval for the delegation being in place. Affected staff have been informed about the potential for changes to the service and made aware that discussions are taking place with Nottingham.

IT

- 4.1 None

Equalities Impact

- 5.1 None

Health and Safety

- 6.1 None

Environmental Sustainability

7.1 None

Property and Asset Management

8.1 The proposed delegation of the service to Nottingham requires agreement on the use of Stores Road depot as well as existing vehicles. Stores Road would be used as a local base for the service to continue to operate from and the service would initially use existing vehicles based and serviced at Stores Road. Agreement on the costs for these arrangements would need to be struck.

Risk Management and Safeguarding

9.1 The Council has liaised with Derbyshire County Council regarding potential changes to the disposal of commercial waste. Initial consultation relates to contractual obligations created from existing financial agreements for waste disposal across the city and county areas. External legal opinion provides confidence that redirecting commercial waste falls solely under the Council's purview.

Corporate objectives and priorities for change