

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET  
13<sup>th</sup> September 2016**

**REPORT AUTHOR: County Councillor John Powell  
Portfolio Holder for Waste and Recycling**

**SUBJECT: Cae Post Contract for Recycling Services**

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**REPORT FOR: Decision**

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**1.0 Summary**

- 1.1 In order to achieve the stringent statutory Welsh Government recycling targets, the Council has implemented a kerbside collection of recyclable materials following the blueprint as specified in the Welsh Government's Municipal Sector Plan. This is a kerbside sort system utilising a number of different boxes and the separate collection of food waste.
- 1.2 To maximise the effectiveness of this method of collection, bulking facilities are required at strategic locations within the County. These include the facility that has recently been refurbished in Brecon, the soon to be completed facility in Rhayader, and a further site in Montgomeryshire.
- 1.3 Cae Post, a social enterprise, has carried out waste and recycling operations on behalf of the Council since 2002 which have included the Materials Reclamation Facility, two recycling collection rounds, and the collection of cans and plastics from the Community Recycling (Bring) Sites. This contract ends on 31<sup>st</sup> March 2017.
- 1.4 Whilst the historical contribution that Cae Post has made to recycling in Powys is recognised, the overall county approach has evolved in order to maximise recycling in line with Welsh Government targets and minimise expenditure. The operations undertaken by Cae Post are unfortunately no longer compatible with this approach. An independent study carried out through the Welsh Government's Collaborative Change Programme has shown that the Council could save between £400k and £700k annually through more efficient alternatives.
- 1.5 Discussions have been held with Cae Post to explore opportunities to work together following the end of the contract, but unfortunately no financially viable options have presented themselves. Both Cae Post and the Council accept that the Contract will therefore end on the expiry date.
- 1.6 Cae Post currently provide placements to people with learning disabilities under a separate contract with the Council's Adult Social Care department. If this is no longer feasible due to the recycling contract coming to an end, other options will be identified for these service users.

- 1.7 The purpose of this report is to make Members aware of the current situation and confirm the decision to end the relationship with Cae Post for waste and recycling activities at the end of the contract.

## **2.0 Background**

- 2.1 The Council has implemented significant changes in the waste and recycling service in order to achieve the targets set out in the Welsh Government's 'Towards Zero Waste' strategy and made statutory in the Wales Waste Measure 2010. Failure to reach these targets may result in the Council being fined £200 for each tonne under the target.
- 2.2 These changes have included moving to the Welsh Government's 'blueprint' method of kerbside collection with high quality source separated recyclable materials. This method of collection is the most effective in terms of 'closed loop recycling' and requires minimal further sorting before materials are then sent for processing with maximum value obtained.
- 2.3 To maximise the efficiency of this method of collection in a county the size of Powys, it is essential to have strategically located bulking facilities to ensure that haulage costs to processors are reduced. These sites are in Brecon, Rhayader, and a site to be determined in central Montgomeryshire.
- 2.4 Cae Post currently carry out three operations as part of the contract: the Materials Recycling Facility (MRF) at the Trewern Depot; the collection of recyclables from 2,500 properties; and the servicing of the cans and plastics banks at the Community Recycling Sites. Each of these will be considered in turn:
- 2.4.1 **Materials Recycling Facility** – Cae Post operate a small scale MRF to sort materials collected from their own kerbside collections as well as material delivered by the Council from kerbside collections either directly from the kerbside vehicles or in bulk loads. This facility is not able to cope with the increased materials now collected at the kerbside which has resulted in recyclables being diverted to alternative facilities at additional cost to the Council as the facility at Cae Post has already been paid for and hence effectively the Council are paying twice for a service. Furthermore, now that a better quality material is being collected at kerbside, the requirement for such a sorting facility is removed. Even if the facility was adapted for the new collection methods, it is located at Trewern in the North East of Montgomeryshire which is not a strategically effective location and hence does not complement the Council's infrastructure requirements.
- 2.4.2 **Kerbside collections** – Cae Post originally carried out kerbside collections with European funding and when this funding ceased, the Council agreed to incorporate this into the existing contract and thus take on the cost. These rounds have changed to accommodate the full rollout of the new collection method, but are no longer cost effective to the Council as Cae Post are not able to take advantage of the economies of scale that are available to the Council by integrating these rounds into the countywide service.
- 2.4.3 **Collections of cans and plastics from Community Recycling Sites** – Cae Post service the Council's plastic and cans banks at these sites with the material being

processed at the MRF. With the rollout of the kerbside collection countywide, there is no requirement for these facilities. Furthermore it is imperative that the quality of material is maintained to maximise income from reprocessors which is not possible at these unmanned sites. As part of the bring site review approved by Cabinet on 12<sup>th</sup> April 2016, these banks will be removed before the end of the contract with Cae Post.

- 2.5 Cae Post also carry out a number of other functions including a trade waste and recycling collection, which whilst permissible under the contract is in direct competition with the Council and other service providers.
- 2.6 Under the Welsh Government's Collaborative Change Programme, WRAP Cymru commissioned a cost/benefit review of Cae Post looking at the services they provide compared to alternative options. This review showed that the Council would save circa £400k per year by bringing in house the kerbside collections and bring site servicing services carried out by Cae Post, and transporting recyclables from the bulking facilities direct to reprocessors. If baling equipment was installed at one of the bulking facilities and further sorting of material at the kerbside, savings of up to £700k could be achieved. With the removal of the cans and plastic banks at Community Recycling Sites, a further £95k can be saved.
- 2.7 A number of discussions have taken place with Cae Post to investigate potential options for them going forward. However, for reasons outlined in Section 2.4 above neither party has been able to propose a workable option. As a result it is accepted that the contract will end when it expires on 31<sup>st</sup> March 2017.

### **3.0 Proposal**

- 3.1 To end the relationship with Cae Post in terms of waste and recycling services when the contract expires on 31<sup>st</sup> March 2017.
- 3.2 Material that is currently taken to the MRF to be bulked at Welshpool and Newtown as it is currently and then transported on for reprocessing. Due to the increase in quality of the material collected there will be no requirement for a MRF.
- 3.3 The kerbside collection rounds to be brought in house and adapted as part of the route optimisation process thus realising additional savings.
- 3.4 The collection of cans and plastics from Community Recycling Sites will cease prior to 31<sup>st</sup> March 2017, with the Council owned containers utilised for alternative purposes.
- 3.5 Alternative placements to be sought by the Adult Social Care Team for the service users currently with Cae Post.

### **4.0 One Powys Plan**

- 4.1 One of the key priorities of the One Powys Plan is remodelling council services to respond to reduced funding.

## **5.0 Options Considered/Available**

- 5.1 The contract with Cae Post could be extended but this would result in additional expenditure of at least £400k per annum.
- 5.2 No further options other than the proposal are available.

## **6.0 Preferred Choice and Reasons**

- 6.1 To either end or bring the services in house and thus end the relationship with Cae Post on the contract expiry date of 31<sup>st</sup> March 2017.

## **7.0 Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc**

- 7.2 The activities currently carried out by Cae Post can be carried out more sustainably in alternative ways. The environmental impact can also be reduced through more efficient ways of working and maximising payloads of materials to reprocessors.
- 7.3 The proposal does not impact on Equality, Crime and Disorder, Welsh Language and other policies.

## **8.0 Children and Young People's Impact Statement – Safeguarding and Wellbeing**

- 8.1 The proposal does not impact on securing the safety and protection of children and young people and supporting the promotion of their wellbeing.

## **9.0 Local Members**

- 9.1 The Member for Trewern (the location of the MRF), Cllr Dawn Bailey has been informed of the position and made the following comment: “Following various correspondence, I now have a much wider insight into the background contractual arrangements together with a better understanding of the facts behind the recommendation to end the relationship with Cae Post when their contract expires in March 2017. It is always regrettable when circumstances dictate necessary change, however I do appreciate the council is now in a very different position with regards to efficient and cost effective management of recycling and waste than it was several years ago. I am pleased to note the extra information given by officers of Adult Social Care and assurances they will support and work with those service users with an assessed need in the event employment opportunities cease to exist upon expiry of the current contract. Historically Cae Post is very much part of the Trewern community and has been since its initial conception many years ago. From the days of the early ‘pioneers’ collecting plastic bottles, it has evolved into a much valued and respected social enterprise giving opportunities of meaningful work experience to those disadvantaged in some way. I note with interest the potential Community Asset Transfer application for the premises at Trewern. This could be a way forward allowing new opportunities for what remains to this day, a

forward thinking innovative social enterprise of which as a county we should be justifiably proud.

## **10.0 Other Front Line Services**

10.1 The operations carried out by Cae Post would either be ended or absorbed within existing arrangements with no requirement for additional management resource.

## **11.0 Support Services (Legal, Finance, HR, ICT, BPU)**

11.1 **Finance** – The Finance Business Partner Place notes the contents of the report, detailed costings are required to verify the indicative savings quoted in the report.

11.2 The Professional Lead-Legal has no comment on the proposal set out and notes that the appropriate time for ending such a contract is at the end of its contractual term as this has significantly less legal implications”.

11.3 **Procurement** – Consideration needs to be given to the TUPE implication against any parts of the service that will delivered by a different service provider, and, where the service will be delivered by the Council, consideration will need to be given on how this impacts on the anticipated savings, if at all. The contract register will need to be updated at the expiration of the contract.

11.4 **Human Resources** – The TUPE regulations may apply when the Council takes activities back in-house from the contractor provided the work is fundamentally the same. Human Resources will provide advice and support to managers in dealing with the people issues arising from the transfer of the service from the contractor back to the Council.

11.5 Comments from ICT and BPU are not required.

## **12.0 Local Service Board/Partnerships/Stakeholders, etc**

12.1 Adult Social Care have a current contract with Cae Post Social Enterprise to provide opportunities for people with learning disabilities to experience valued work related activity within the organisation. The service is currently supporting 18 service users and is run over 30 sessions per week. Service users participate in a variety of activities based on the processes within the organisation and also, if appropriate, undertake related vocational training. The service has been in place with some variation over time for over 15 years. The current cost of the contract is £56,150 excluding transport costs with an end date of December 2016 with the option to extend if required, subject to Council Standing Orders. Should Cae Post no longer be able to provide the services currently contracted Adult Social Care would work with each of the service users to identify other options which would be able to support their agreed outcomes and aspirations relating to undertaking valued occupation and activities within their local community.

12.2 In addition it is important to note that this service contract is included in the project to review and redesign Day & Employment Services for people with learning disabilities, therefore the long term options for the service have not yet been agreed

and will form part of Phase 3 of the project looking at future service provision in the North Powys area.

### **13.0 Communications**

- 13.1 Extensive communications will be carried out before any changes affecting the public are implemented. It has been agreed with Cae Post that a joint statement will be released following Cabinet approval.
- 13.2 The view of the Senior Communications Manager is that the report is of public and service user interest and requires use of news releases and appropriate social media to publicise the decision.

### **14.0 Statutory Officers**

- 14.1 The Solicitor to the Council (Monitoring Officer) has commented as follows: “ I note the legal comment and have nothing to add to the report
- 14.2 The Strategic Director Resources (Section 151 Officer) notes the comments made by the Finance Business Partner. The council will operate a different model and in discussion with the relevant officer and looking at the background paper the recommendation can be supported.

### **15.0 Members Interests**

- 15.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>To confirm that the contract with Cae Post will end on the expiry date of 31<sup>st</sup> March 2017</b>	<b>To ensure the provision of a consistent waste and recycling service and realise savings to the authority</b>

<b>Relevant Policy (ies):</b>	Powys Change Plan		
<b>Within Policy:</b>	Yes	<b>Within Budget:</b>	Yes

<b>Relevant Local Member(s):</b>	Cllr Dawn Bailey
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<b>Person(s) To Implement Decision:</b>	Nigel Brinn
<b>Date By When Decision To Be Fully Implemented:</b>	31 <sup>st</sup> March 2017

#### **Contact Officer**

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#### **Background Papers**