

Executive Board – 19th December 2023

Subject:	Establishment of a Waste Transformation Board
Corporate Director(s)/Director(s):	Colin Parr, Corporate Director for Communities, Environment and Residents Services Mary Lester, Director for Residents Services
Portfolio Holder(s):	Councillor Corall Jenkins, Portfolio Holder for Environment, Waste Management, Open Spaces and Parks
Report author and contact details:	Antony Greener, Head of District Heating and Waste Strategy antony.greener@nottinghamcity.gov.uk
Other colleagues who have provided input:	Mary Lester, Director for Residents Services mary.lester@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> for the provision of project resources and/or
(b)	Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: N/A
Total value of the decision:	financial resources to be allocated within the 2024-25 MTFP as detailed in the report
Section 151 Officer expenditure approval	Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not required Spend Control Board approval reference number:
Wards affected:	All wards
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Outcome:	
Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
The report seeks support from Executive Board to establish a Waste Transformation Board to oversee the development of critical statutory services and discretionary services comprising waste collection and disposal, district heating and the associated depot and fleet services implications.	

It sets out the principles upon which the transformation programme will determine preferred options for service development and identifies the resource requirements to enable the workstreams to progress. Delivery of waste management services directly impacts all citizens within the city serving 158,000 households in addition to c. 4,700 businesses. The District Heating Scheme serves c.5,000 domestic properties and c.80 commercial and public buildings.

Does this report contain any information that is exempt from publication?

An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose the information because it contains confidential information relating to the commercial interests of the parties which could prejudice those interests in this and other procurement exercises.

Recommendation(s):

- 1** To support the establishment, membership and resourcing of a Waste Transformation Board providing officer and external oversight and governance to the development of waste operations, waste disposal, depot, fleet and district heating services for the Council.
- 2** To approve the key principles upon which the Waste Transformation Board will consider, direct and recommend actions to develop these services within the formal decision-making processes of the Council.
- 3** To consider the future recommendations of the Board and to allocate appropriate financial resources within the 2024-25 MTFP to enable the activities and actions set out in the report to progress, cognisant of the critical programme path.

1. Reasons for Recommendations and Background

- 1.1 The Council is a statutory Waste Collection Authority (WCA) and Waste Disposal Authority (WDA), requiring it to collect and dispose of municipal waste, including household waste, within its administrative boundary. Its statutory obligation as a WCA/WDA extends to complying with specific regulations and statutory guidance which set out acceptable minimum standards of performance, but the Council also retains a level of flexibility in determining how to ensure that it complies with such obligations. Historically, WCA obligations have been delivered as an in-house service, whilst through legislative requirement, WDA functions have been externally commissioned.
- 1.2 Following extensive public consultation, in March 2023, the Council formally adopted a Municipal Resources and Waste Strategy setting out its key objectives in delivering its obligations as a WCA and WDA, including the delivery of high quality, customer focused waste management services that are accessible and inclusive. The Strategy also commits the Council to:
- Manage wastes as resources, using the waste hierarchy as a guide: to prevent wastes arising in the first instance; then reuse; then recycle / compost; then recover energy, and finally, to dispose of waste as a last resort.
 - To reduce the amount of waste landfilled, working towards zero waste to landfill.
 - Continually seek to reduce carbon emissions to improve performance and contribute to the City and Council ambitions on carbon emissions.
 - 'Lead from the front' and improve the environmental performance of activities within Council buildings and via services it provides, including the management of waste and resources.
 - Work in partnerships with the community sector, private sector or other public sector bodies to expand the resource and expertise available to the municipal waste management service and engage with the residents and the customers of the service to promote environmental awareness and improve participation in waste reduction, re-use and recycling schemes.
 - Ensure that options facilitate / integrate the management of commercial, industrial and other wastes where it is environmentally, socially and economically feasible to do so.
 - Seek efficiencies and economies of scale through partnering and procurement to retain a cost-effective service.
 - Utilise and improve existing infrastructure where it can contribute to sustainable waste management and innovate in the development of new infrastructure where required
 - Develop local solutions wherever practicable to minimise transport impacts of the service. The value of secondary raw materials / energy should be used locally where practicable.
- 1.3 Alongside the ambitions within the Strategy there are national drivers which require the Council to review how it collects and disposes of waste, both domestic and commercial:
- 1.3.1 The Environment Act 2021 presents new obligations on councils to deliver new minimum standards in delivery of their waste services.
- 1.3.2 The Department for Environment, Food and Rural Affairs (DEFRA) has produced statutory guidance under its "Simpler Recycling" plans which

obligate councils to introduce weekly food waste collections, extend the range of waste materials to be separately collected for recycling, and encourage adoption of a minimum frequency of collections of residual (non-recyclable) waste in return for New Burdens funding to support the delivery of the improvements set out.

1.3.3 District Heating growth opportunities through DESNZ appraisal to be completed

1.4 Local Drivers include:

1.4.1 Need to drive a Waste Policy that clarifies service standards and expectations of residents, on how waste is to be presented.

1.4.2 Review of where subsidy exists within the service, for example, exploring charging arrangements where there is not a duty to collect such as garden waste

1.4.3 Disposal contract arrangements and expiry dates (incinerator contract expires 2030) including option reviews for service independencies such as district heating

1.4.4 Requirement to understand procurement needs for future disposal options – green waste, recycling, Household Waste Recycling Centre (HWRC)

1.4.5 Workforce Transformation and Culture

1.4.6 Behavioural Change to optimise waste collections (the right waste in the right waste stream)

1.4.7 Member visibility of waste services

1.4.8 Future resourcing requirements, fleet, training, depot

1.4.9 Financial position of the Council

1.4.10 Market Testing delivery options across the range of waste and district heating services

1.4.11 Infrastructure investment is necessary as the existing District Heating Network heat station approaches the end of it's economic life and parts and maintenance skill approach obsolescence

1.4.12 To mitigate potential financial risks associated with the long term delivery of the city's District Heating Network and our obligations to the network's existing commercial and domestic customer base

1.5 The financial position of the Council requires a fundamental review of the waste service provision to ensure that ambition and delivery deliver best value and are best use of public funds.

1.6 A primary strategic driver for the programme will be mitigating the significant financial challenges that the execution of our statutory waste duties and obligations to customers to deliver District Heating will present to the Council in the next decade.

1.7 The recommendations will require dedicated project teams, with the assistance of appropriate expert advisors, to develop improvements in the delivery of key Council waste services within a robust governance framework to ensure that the Council secures Best Value in the future delivery of those services.

1.8 The establishment of a Waste Transformation Board will ensure that there is appropriate assurance that the options available for future service delivery have been robustly developed and reviewed in the context of the financial,

construction and technical risks of each option in the short, medium and longer term.

- 1.9 The strategic drivers for improving waste services resonate directly with the “One-Council” philosophy, requiring significant cultural change in the way that services are delivered and the way that service users access these essential services. Financial impact has traditionally driven decision making in the provision of waste services, such that whilst waste service costs are bottom quartile across English unitary authorities, service quality and recycling performance is also bottom quartile (least expensive per head of population). Consultation shows that 67% of customers are either very satisfied or fairly satisfied with all forms of household waste collections, whilst 71% are either very or fairly satisfied with the services received at the Household Waste and Recycling Centre.
- 1.10 The requirement to transform waste services to achieve Best Value will have direct implications for fleet and depot management, particularly the waste collection and street cleansing services currently operating out the Eastcroft Depot. Changes to the delivery model for waste collection, and the contracting arrangements for its disposal, require consideration of collection vehicle types and numbers, their associated fleet maintenance requirements and identification of other essential depot infrastructure required to ensure services are transformed to meet the objectives and principles set out in the report.

2. Proposals

2.1 The Board will support transformational change in the following areas:

- Service redesign including:
 - Collection strategy – increase recycling, reducing contamination
 - Side waste
 - Charging – bulky, garden waste
 - Missed bins
 - Commercial Waste
- Depots and fleet requirements
- Disposal contracts
 - Market appraisal of disposal options – residual, MRFs, food waste
 - Integration of disposal and collection contracts
- HWRC provision
- Communication and Engagement
- District Heating future operation and investment
- Enforcement
- Health and Safety

2.2 To develop a Waste Transformation Board who will have oversight over three core workstreams:

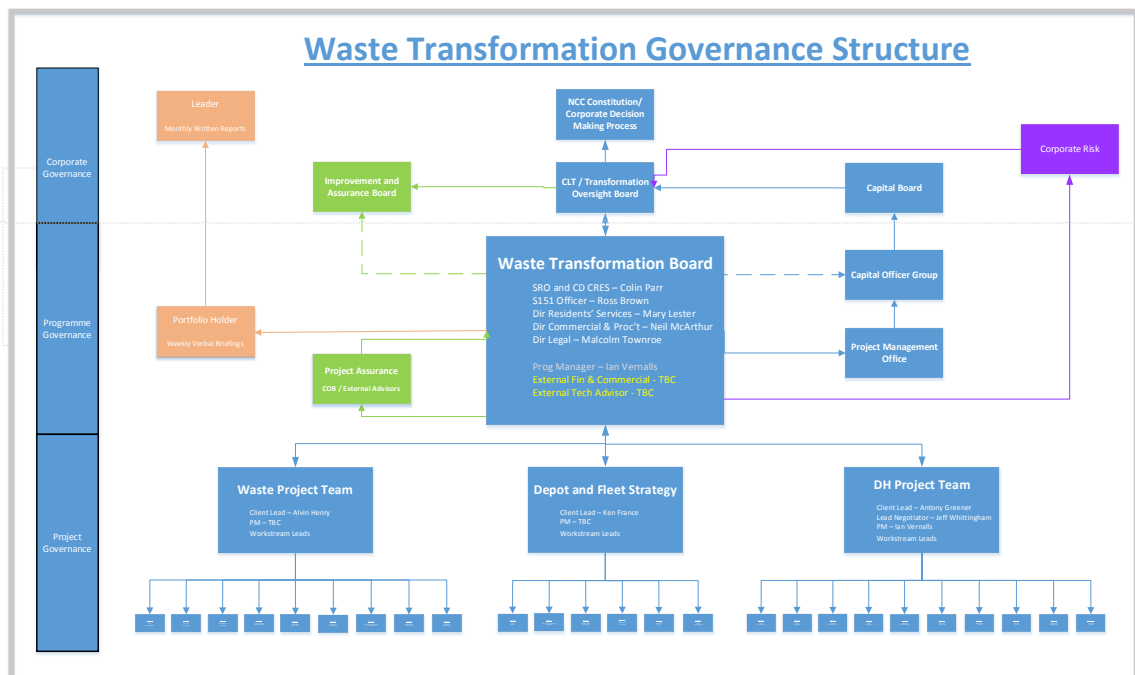
- Waste collection and disposal
- Fleet and Depot Infrastructure
- District Heating

There are clear interdependencies between the three workstreams forming the basis of a Waste Transformation Programme which requires robust

governance arrangements and oversight to ensure that development and delivery of these services are managed to serve the best interests of the Council's service stakeholders in the future. Decisions regarding these services must be taken in the context of all relevant corporate considerations including commercial, financial and risk management.

2.3 In decision making the Waste Transformation Board will be guided by the following five principles, forming its formal Terms of Reference:

1. The requirement to deliver affordable improvements to statutory Waste Collection and Waste Disposal Authority services cannot be compromised by determining the best outcome for the future of district heating in Nottingham. Therefore, decisions on the future development of waste management services cannot be influenced by the need for district heating to secure an energy source from Eastcroft EfW plant but must be viewed through a Best Value lense.
2. Whilst the Council recognises the District Heating Scheme as a valued infrastructure asset for the city, its retention as a discretionary Council service must be demonstrably affordable and deliver Best Value for the Council as a whole.
3. The Council will ensure that all decisions relating to the Waste Collection and Waste Disposal Authority services and decisions relating to the future of the District Heating network are taken within a robust and transparent governance framework which obtains independent assurance where necessary, and are consistent with the Councils Strategic Plan, Commercial Strategy, Risk Management Policy & Framework and other relevant policies. Decisions will be supported by expert assurance, with the role of the Council's Commercial Oversight Board clearly distinct from the role of the Waste Transformation Board.



4. If the District Heating Scheme requires investment or subsidy which proves to be either unaffordable or presents unsustainable and significant commercial and/ or financial risk or fails to fulfil the Council's Best Value duty, then the

Council will decommission the scheme, having explored all options including seeking government support. The business case for capital and revenue requirements must be clearly understood with sufficient contingent liabilities appropriately identified and adequately resourced.

5. The Council will seek to mitigate financial, construction and other technical risks through the procurement of an experienced district heating investment partner before determining whether retention of the District Heating Scheme presents an unacceptable financial burden on the Council.

2.4 Programme Resources and Critical Path

Delivering the programme of Waste Transformation requires dedicated resources. Key programme workstreams with milestones include, but are not limited to:

- Management of segregated waste streams to enhance and improve recycling performance:
 - Introduction of kerbside collections for new target materials for recycling including soft plastics, foil and cartons (tetrapaks®) before 2026
 - Introduction of food waste collections citywide before 2030
 - Improving income for chargeable waste collection services (bulky, garden waste etc.) before 2025
 - Improving collection efficiency to reduce operational costs through communication and enforcement of clear customer service standards regarding presentation of waste and making accessible, through promotion, the appropriate service to meet the relevant customer need
 - Improving education and enforcement to minimise waste, reduce misuse and improve waste segregation by service users
 - Assessment of the performance and cost of alternative waste collection proposals including their waste treatment requirements

- Review of the future waste disposal requirements to compliment any changes to waste collection including potential for integration to deliver economies of scale

- Development of a Depot Strategy to accommodate Waste Transformation alongside other critical depot services

- Further exploration of alternative heating solutions to serve existing customers if preservation of district heating proves not to deliver Best Value for the Council as a whole

- Commission design and build of a replacement heat station

- Securing an energy source for district heating beyond 2030

- Exploration of investment/divestment options to preserve and expand district heating through various potential financing solutions.

Investigation of some of the delivery models and options identified will require formal procurement activity to take place to provide the Council with commercial certainty in evaluating the cost-of-service transformation including the affordability of any investment needs.

2.5 Assessment of the additional resources required to deliver the programme of work set out, identifies a requirement for £1.7 million to be available within the 2024-25 MTFP. The funding will enable the delivery of Programme Management Office (PMO) function and wider project support to enable workstream support in the areas of disposal, operations, fleet, depot redesign and district heating; this resource will enable the Waste Transformation Board to secure internal and external resources to ensure waste collection, waste disposal and district heating options appraisals and reviews are completed

and that a robust options appraisal to meet future in-scope service requirements is completed and costed.

- 2.6 For internal resource requirements, data analysts, logistics specialists, additional project management support and enhanced communications to service users is identified together with the development of a Depot Strategy.
- 2.7 For more complex options and those requiring contractual agreement with strategic partners, specialist advisors for the technical, legal, commercial and financial aspects of such options are necessary so that the Council can confidently dismiss or pursue less, or more favourable options based on securing acceptable risk profiles and investment needs.

3. Other options considered in making recommendations

- 3.1 The option to not form a Waste Transformation Board was rejected on the basis that significant decisions would not be developed with appropriate corporate oversight and governance. The scale and significance of the decisions required for the services in scope are critical for the short, medium and long-term development of the Council's statutory waste service functions and for decisions to be taken regarding the longer-term future of district heating in Nottingham.
- 3.2 Not allocating the appropriate resources to develop business cases for Waste Transformation options will not enable the Council to make informed decisions regarding the future of these services, potentially exposing the Council to unknown and unsustainable future costs without the security of appropriate arrangements in place to deliver Best Value.

4. Consideration of Risk

- 4.1 Programme risks will be managed in accordance with the Council's Risk Management Policy and Framework, forming a key consideration of the Waste Transformation Board.

5. Finance colleague comments (including implications and value for money/VAT)

- 5.1 The formation and operation of the Waste Transformation Board will require funding. Following the issuing of the Section 114 Report, the Council is currently in the Prohibition Period and the request to approve funding will need to go through the s114 approvals process. Therefore, this paper is not requesting the Executive Board to approve any funding for the formation of the Waste Transformation Board

Ian McLellan, Strategic Finance Business Partner, 4th December 2023

6 Legal colleague comments

- 6.1 This report seeks authority to create a Waste Transformation Board ("WTB").
- 6.2 The report suggests that the WTB will not be a formal decision-making Board but will inform matters for consideration by the Commercial Oversight Board, the Capital Programme Board and the Corporate Leadership Team before

formal decision-making by the appropriate delegated decision-maker, in particular the Council's Executive Board.

- 6.3 It is proposed that there will be three main project workstreams, each covering various issues including legal risks. These are Waste collection and disposal, Fleet and Depot infrastructure and District Heating. Whilst, as the report notes, there are clear interdependencies between the three workstreams, each of these three areas are subject to a number of different legal obligations and regulation.
- 6.4 The report identifies a number of principles upon which the WTB will determine preferred options; care is required that the principles set out in the report are regularly reviewed and the risk (actual or perceived) of the discretion of the Council being fettered by unacceptable adherence to the principles is explicitly managed.
- 6.5 Clear Terms of Reference ("ToR"), based on the information in this report, setting out the role and remit of the proposed WTB, will be beneficial in ensuring that the members of the WTB are clear on what is expected of them and what role their work will play in the Council's wider governance and decision-making framework. The ToR should also assist in setting clear KPI's to allow the effectiveness of the Board to be measured beyond the proposed "improvements" set out in section 1.1. Following on, each main project workstream should have their own ToR that will reflect, for example, the different legal obligations and frameworks to be considered in each workstream.
- 6.6 Specialist external legal support is, and is likely to continue to be, required to support the Council in formulating a strategy and implementing that strategy – funding to cover such costs needs to be identified to ensure Council decisions are fully informed from a legal perspective.
- 6.7 In particular, any consideration of the option to decommission the District Heating Network will require considerable legal resource to understand and scope out the potential legal consequences and agree a strategy for addressing, as far as possible, the legal and financial risks to the Council. There is no resource presently available within Legal Services to undertake this work and no indication that funding will be made available to try to resource this requirement internally. This means funding for external legal support will need to be identified.

Anthony Heath, Senior Solicitor, Contracts and Commercial, 30th November 2023

7 Other relevant comments

7.1 Director of Commercial and Procurement comments

- 7.2 The Commercial Hub are fully engaged in the work around the Waste Transformation Board and will provide advice and guidance on all commercial matters. Specifically advice on Delivery Model Assessment to inform long term decisions about the waste transformation programme and support with Procurement to ensure any contracts required to support the programme are compliantly procured in line with Nottingham City Council's Contract Procedure Rules, the Public Contract Regulations 2015 and Utility Contract

Regulations 2015. Any decision to spend the budget outlined above will need separate approval in line with the relevant governance processes.

8 Crime and Disorder Implications (If Applicable)

8.1 Not Applicable

9 Social value considerations (If Applicable)

9.1 As detailed in the report

10 Regard to the NHS Constitution (If Applicable)

10.1 Not Applicable

11 Equality Impact Assessment (EIA)

11.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

12 Data Protection Impact Assessment (DPIA)

12.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because there are no relevant data protection issues resulting from the activities described in the report

Yes

13 Carbon Impact Assessment (CIA)

13.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because the carbon impact of operating waste collection, waste disposal and the District Heating Scheme are reported separately in the Municipal Resources and Waste Strategy adopted by the Council in March 2023, and the annual carbon impact statement published by Enviroenergy. The Nottingham District Heating Scheme offset 15,313 tonnes of CO₂e in 2022 through supplying low carbon heat and power to its customer base, by comparison to a standard supply to this same customer base through gas and power national grids.

Yes

14 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

- 14.1 i. [Municipal Resources and Waste Strategy for Nottingham 2023-2050.](#)
ii. [Strategic Council Plan 2023-27.](#)

- iii. [Nottingham City Council Commercial Strategy.](#)
- iv. [Risk Management Policy & Framework.](#)

15 Published documents referred to in this report

- 16.1 [Environment Act 2021.](#)

Waste Transformation Governance Structure

