



Report to: South London Waste Partnership (SLWP) Joint Waste Committee
Date: 17 December 2020
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Chair: Councillor Hilary Gander
Report title: SLWP Risk Report

Summary

This report summarises key risk areas which are facing the partnership boroughs in relation to the waste disposal functions of the Joint Waste Committee.

Recommendations

The Joint Waste Committee is asked to note the contents of this report.

Background Documents

A confidential risk register is held by the Interim Strategic Partnership Manager, Andrea Keys

1. BACKGROUND

- 1.1. This report summarises key risk areas for the waste management contracts overseen by the Joint Waste Committee, based on the South London Waste Partnership team's risk register. This report summarises the key risks that should be noted at committee level. The full risk register is considered at the SLWP's Strategic Management Group.

2. KEY RISK AREAS

- 2.1. Areas have been included in this report where they are considered strategically important, for example because they are high scoring in terms of impact and/or likelihood, or have changed significantly in score.
- 2.2. **Increase in Waste Volumes** - The risk register includes the following risks: Residual waste increases leading to increased disposal costs not covered in budgets; and cost of recycling increases beyond forecasted rates. The recent COVID19 pandemic has resulted in a 7% increase in residual waste tonnes and a 13% increase in recycling tonnes collected at the kerbside during the period April

to September 2020. This will result in higher levels of disposal and recycling costs.

- 2.3. Whilst lockdown measures have eased, we are not seeing a reduction in waste growth, and volumes have still not returned to pre-COVID19 levels. This risk will be monitored and further details presented as part of the quarter 3 report.
- 2.4. **Staff Shortages** - The COVID19 pandemic presents the risk of staff shortages due to sickness. This risk has been effectively managed by both Veolia and Viridor through a combination of communications, revised operational measures, a rapid response to reviewing and, where required, amending risk assessments, and delivering on-going staff training. Both contractors responded swiftly to the crisis and have maintained the staffing levels required in order to deliver the services. A local level, contract level, or even a site level outbreak of COVID still remains a risk so this item will continue to be tracked and presented.
- 2.5. **Cost, availability and reliability of Recycling markets** -This area continues to present a significant risk. Significant changes to global recycling material markets placed increasing pressure on the European markets. Recycling costs and incomes are built into the financial models of several of our waste management contracts and so contractors will also feel a budget pressure. This continues to present a risk and the impact of a worsening level of income for recycling will continue to be managed through budget and contract management processes.
- 2.6. As a consequence of the market changes, reprocessors remain increasingly strict on the level of contamination they will accept in the recycling material. Material which is too contaminated requires further sorting if any of the material is to be recycled. Extra sorting increases the reprocessing costs for recycling and so some impact on budgets continues to be expected, as above. The following summarises the actions undertaken to protect the quality of our recycling:
 - An increasingly harmonised approach to recycling across the SLWP area means that messages about what to recycle can be simple and effective across our whole region. All boroughs now follow broadly the same recycling regime.
 - A four-stage contamination awareness process for household (including bin tags, letters and door-knocking) has been formulated with Veolia.
 - Material which doesn't meet the contamination thresholds is being sent to specialist sorting facilities where the recyclable material is extracted.
 - The poorest quality material we collect typically comes from communal collection containers where it is difficult to identify who might be putting the wrong material in the wrong bin, which can make communications work hard to target; we're working with organisations and networks to look at what we can learn from others and what good practice we can share in this area.
 - The communal containers are typically collected on separate collection rounds which protects all the other recycling material we collect from unnecessary contamination.
 - We're closely monitoring the quality of the materials being collected for recycling and the processes being followed to manage contamination.

- The “Destination Recycling” films highlight the importance of sorting materials into the correct containers and these films are available on the SLWP website and have been promoted through the boroughs.
- The 2021/22 SLWP Communications Plan presented at the July 2020 JWC further builds on our work to reduce contamination.

2.7. **Impact on our contracts from recycling value changes** - Financial issues within contracts can have a significant impact on contract performance and the likelihood of contract disputes - ultimately contracts cannot operate unless they are financially sustainable. Pressures such as the current global recycling market must be carefully considered when we formulate our approach to procurement of contracts and services. The changes and unpredictability of the recycling markets, which affects all our contracts, mean that this continues to be a key focus for us at the present time.

3. **Defra strategy consultation**

3.1. As reported to previous committee meetings, following the publication of their Resources and Waste Strategy, Defra ran a consultation which closed in May 2019, and formal second stage consultations will now take place in early 2021. The key points are as follows:

- Reforming the packaging producer responsibility regulations in the UK
- Introducing a deposit return scheme for drinks containers
- Measures to accelerate consistency in recycling for both households and businesses in England

3.2. In addition, the Treasury is consulting on a plastic packaging tax. The SLWP team and the boroughs considered the proposals set out by Defra and continue to participate in the consultation process. SLWP will continue to manage any risks as well as opportunities that the proposals might present to the boroughs and the partnership.

4. **Brexit**

4.1. The UK is now in the ‘transition period’ until the end of 2020 while the UK and EU negotiate additional Brexit arrangements. Current rules on trade and travel will continue to apply and any new agreement will take effect on 1st Jan 2021. We will continue to monitor the impact of a ‘no deal’ scenario at the end of the transition period. Potential impacts, including those relating to the workforce, recycling markets and supply of consumables, will continue to be considered. We will continue to work closely with our contractors on the management and mitigation of any developing risks.

4.2. As before, we do not expect any type of Brexit to prevent us from being able to safely dispose of our residual waste because of the waste disposal arrangements we have within the partnership’s own area. Recycling markets and exports could be impacted by Brexit and in particular any scenario where transport movement through UK ports is affected.

5. RECOMMENDATIONS

- 5.1. It is recommended that the Joint Waste Committee note the contents of this report.

6. IMPACTS AND IMPLICATIONS

- 6.1. Legal - There are no legal considerations arising directly from the recommendation in this report.
- 6.2. Finance – There are no financial considerations arising directly from the recommendation in this report.