

# **WASTE SERVICES' RESOURCES: how councils and contractors may collaborate in response to the COVID-19 emergency**

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## **1 Introduction**

Guidance is being updated regularly by government and the waste management industry in relation to local authorities and waste and recycling. Critical advice and guidance may be found at these sources via:

- [Defra guidance](#) on prioritising waste collection services
- [Waste Industry Safety and Health Forum guidance](#) on waste management activities
- [CIWM briefing and guidance](#) for the UK waste management sector

In this briefing note, Local Partnerships seeks to provide further guidance for waste authorities with significant private sector partnerships that are experiencing difficulties in balancing waste services resources as a consequence of contracting arrangements that are coming under stress because of the COVID-19 pandemic.

## **2 Context**

Since the start of the COVID-19 emergency, we have seen a sharp and significant shift in the level of demand for particular segments of the waste services industry. Domestic purchasing patterns have changed, and residents have been sourcing more goods directly from online delivery services while working from home, increasing the volume of household waste. This has been exacerbated by the closure of Household Waste Recycling Centres (HWRCs) so that more waste is being collected by local authorities. In other areas, such as trade and commercial waste, we are already seeing a decline in demand, and this will continue while businesses remain closed.

This shift in demand is creating an imbalance in the amount of resources available to deal with different types of waste supply, with shortages of staff in some areas and under-utilisation in others.



At the same time, local authorities and private sector partners face further shortages of key staff as a result of the pandemic. Local authorities and their private sector partners are also obliged to take account of government advice on social distancing.

Within local authorities, there is an opportunity to redeploy underutilised staff from areas such as household waste and recycling or street cleansing to ensure household waste collection services are maintained.

One area that has seen tentative progress is the evolution of employee sharing arrangements, whereby underutilised contractor staff may be deployed into areas where there are local authority shortages. There are several benefits to this:

- it ensures essential waste services can be maintained
- there is a reduced risk of a backlog of waste arising at households
- supply chains to the wider treatment and recycling industry can be maintained
- it helps to sustain the economy and security of supply in the future
- it should mean that staff that might otherwise have been furloughed can remain in employment

### **3 Current situation**

The COVID-19 pandemic has impacted both local authorities and private sector waste providers. A summary of the current situation is provided below.

#### **3.1 Council staff shortages**

Council waste services have experienced shortages of drivers, loaders and other operatives as a result of staff absences, self-isolating and social distancing. This has meant that some waste collection services (such as garden waste and bulky waste collection) have had to be suspended or reduced. ADEPT's [waste survey](#) provides an up-to-date picture. Whilst staff shortages vary across the country and the problem appears to be easing, the average level of shortage appears to be around 20%.

#### **3.2 Private sector redeployment**

Local authorities that have their waste collected by the private sector have seen similar reductions in staff numbers to those in the public sector. In the main, the private sector has been able to mitigate this by transferring drivers and operators who would otherwise be engaged in the collection and disposal of commercial and industrial waste (and thereby avoiding furloughing these staff) to the public service.

#### **3.3 HWRCs**

Many HWRC sites have been closed either by the private sector contractor or under instruction from local authority clients (and in some cases, under instruction from the police). This means that there are HGV drivers and operatives who could be redeployed to other areas. This is particularly true where HWRC services are provided as part of larger integrated contracts, such as public private partnerships (PPPs) and Private Finance Initiative (PFI) funded partnerships.

In these situations, the drivers servicing the removal of waste and recycling from HWRCs can be moved within the contract (as the staff costs are already paid within this contract).



In some contracts, these staff are being “loaned” at a local level between councils to support the collection element of the waste service within districts. For example, there is such an arrangement between Woking Borough Council and Surrey County Council.

### **3.4 Treatment and disposal facilities**

There is underutilisation and spare capacity in treatment and disposal facilities as a result of the reduction in the collection of waste from commercial and industrial sources. These facilities are typically operated by the private sector as part of a PFI/PPP or other merchant contractual arrangements. Consequently, private sector contractors are seeking additional inputs from the public sector. There is some evidence that municipal solid waste (MSW) has increased and may increase further over time as the public are either at home or working from home and purchasing online, which may offset some of the shortfall in capacity noted above.

## **4 Opportunities for further cooperation**

We believe that there are a number of opportunities for further cooperation between local authorities and the private sector. With that said, local authorities should ensure they use the existing contractual structures whenever possible to record, approve and carry out these arrangements, so as to avoid any future disputes or liabilities over payments or regulatory issues. As a minimum, a record should be maintained of any agreements reached between the parties to ensure there are no future misunderstandings.

The long-term impact of the COVID-19 pandemic and the effects it will have on the economy and supply chains remains uncertain. Local authorities should be developing their contingency arrangements as further information and the timing of any resolutions becomes clearer. Many of the contracts with the private sector will have contingency arrangements already in existence and these should be utilised wherever possible.

We have set out some examples of further opportunities for collaboration and cooperation below.

### **4.1 Redeployment of resources across contract boundaries**

Where local authorities have the benefit of semi-integrated or fully-integrated waste contracts with the private sector, they should ensure that, if elements of the services are suspended (like HWRCs), drivers and operators should be redeployed to maintain other parts of the service. This could include providing underutilised staff to support the collection operation.

They should also encourage the private sector to utilise resource, currently without employment, from their commercial and industrial services to support these contracts. As the contractual provisions will already be in place (the obligation for the private sector to resource these contracts appropriately), there should be no impediment for these arrangements. These actions will assist both parties by supplying additional resource to the public sector and avoid furloughing in the private sector.

### **4.2 Use of spare capacity at recycling and waste treatment facilities**

Where recycling or treatment capacity has become available within the PFI/PPP assets, operated by the private sector on behalf of the public sector, there are opportunities within the public sector to use this spare treatment capacity. Indeed, this capacity may become available at favourable rates and may mean that other councils have the



opportunity to use it. They could, for example, move waste out of landfill to energy-from-waste (EFW), or to UK outlets and thereby avoid exporting waste.

This collaboration may be undertaken by administrative arrangements between councils using existing powers. Some investigation of individual contracts may be necessary to determine how local authorities can manage these arrangements and to inform any negotiations with private sector contractors.

Local authorities should ensure they are aware of any arrangements the private sector might be contemplating with other councils, and the rates that are being offered (which they will have a contractual right to see).

There may be good opportunities for local authorities to trade between each other and others within regional groupings, such as the one set up by the five Councils within the West Yorkshire Combined Authority. These types of arrangements should be encouraged as there are potentially longer-term economic benefits.

### **4.3 Direct services operations (DSOs) and collaboration**

DSO-operated collection services may assume that they are not able to mitigate shortages of staff by drawing in other resources from the council (for example, from parks and gardens or street cleansing). There may be opportunities for match-making between the DSO and the private sector who may have spare drivers and operators who might otherwise be furloughed.

A form of bespoke contractual arrangement may be required that can be adopted rapidly across the industry by all parties, embracing all of the key operational requirements like health and safety, licenses and training and insurance that is also able to deal with the key commercial factors like hours at work, day rates, etc.

A bespoke contractual arrangement might be based around something similar to the “agency style agreements” that both parties will be familiar with. The issue of union representation should also be considered.

## **5 Contract failure and continuity planning**

Whilst we hope there are none, there may be contract failures in the waste sector which means that some service providers may not survive the current crisis. Local authorities will need to ensure they have modelled alternatives to maintain continuity of supply.

Business continuity plans produced by local authorities for waste services probably didn't anticipate this type of event and the impact on staff availability. Best practice should be captured and used to inform future plans.

## **6 Further support from networks**

We have identified a number of commercial issues in this briefing paper where local authorities would benefit from support to navigate effectively around their existing contractual positions and to ensure any arrangement they enter into do not compromise their services further down the line.

We have also highlighted the issue where DSOs may want to develop a new arrangement whereby they could quickly obtain support from the private sector using a “standard form” type of contract similar to an “agency agreement”.

Authorities are encouraged to use local forums, based upon the various existing regional arrangements or combined authority groupings. They are also encouraged to take part in

Defra's [Waste Infrastructure Delivery Programme](#) (WIDP) network groups which, during the COVID-19 pandemic, are operating remotely via video-conferencing.

“Defra is grateful to Local Partnerships for sharing thinking and experience in this quickly moving area. The work will hopefully assist local authorities with insights as to what is happening in sections of the waste market and the various options local authorities can consider in these challenging times.”

Chris Preston, Deputy Director of Resources and Waste, Defra

## 7 Contact

For any support, guidance or advice in relation to the matters arising in this paper, please contact:

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