

GM WASTE AND RECYCLING COMMITTEE

Date: 16th January 2020
Subject: Brexit Preparedness – Part A
Report of: Paul Morgan, Head of Commercial Services, Waste and Resources Team

PURPOSE OF REPORT

To provide the Committee with an update on the:

1. Potential risks associated with leaving the EU with all rights and reciprocal arrangements with the EU ending (a “no deal” or “hard” Brexit); and
2. The measures taken to address these risks should they materialize.

RECOMMENDATIONS:

The Committee is recommended to:

1. Note and comment on the report, the work undertaken to date to plan for the management and mitigation of any risks impacts from a hard Brexit.

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Risk Management – detailed within the report.

Legal Considerations – detailed within the report.

Financial Consequences – Revenue – unknown

Financial Consequences – Capital – none expected.

BACKGROUND PAPERS: 0

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION

- 1.1 At the time of writing, there was still a possibility of the UK leaving the European Union without a withdrawal agreement resulting in an immediate change in the way the UK trades with the rest of the world. Aside from any wider potential impacts on UK life there may be impacts on the way Greater Manchester authorities and the GMCA itself delivers its services and the costs of doing so.
- 1.2 In the autumn of 2019, the Government made public its “reasonable worst case assumptions” (under the title “Operation Yellowhammer”) in the event that the UK ceases to be a member of the EU with all rights and reciprocal arrangements with the EU ending (commonly known as a “hard Brexit”). These assumptions covered many areas of life such as food, medicines, water and fuel supply, freight movements, data sharing, law enforcement, citizenship, healthcare, fishing etc.
- 1.3 It has to be remembered that the collection, treatment/disposal of household waste is a statutory responsibility for local authorities designated Waste Collection and Waste Disposal Authorities. This means that this activity cannot be arbitrarily ceased for any reason. However, it is generally recognized that in a time of emergency or disruption these statutory duties may have to be flexibly delivered.
- 1.4 For several months, senior officers from across the GMCA have been assessing the potential impacts of Brexit across all services and contingency plans have been developed. The Waste and Resources team has worked closely with Suez (who itself has been undertaking its own planning at a national and European level) to understand any risks within Suez’s operation that may have an adverse impact on municipal waste management across Greater Manchester. In turn, the GMCA has provided information to the district councils to assist in their own contingency planning.

2. POTENTIAL RISKS TO SERVICE DELIVERY

- 2.1 There are many potential risks to services and the nature and length of any disruption is difficult to predict. Those areas that may have a detrimental impact on the collection, treatment and/or onward transportation of household waste include:
- Delayed exportation of waste;
 - Importation of any goods (e.g. chemicals used in waste treatment, spare parts and equipment);
 - Access to fuel; and
 - Availability of staff.
- 2.2 The analysis of these risks, their impacts and potential mitigations has been informed by the work Suez has undertaken nationally and locally, experience from the ‘fuel blockade’ in 2000 and general contingency planning.

2.3 Delayed Exportation Of Waste

2.3.1 Risks And Impacts

A relatively small proportion of waste (recyclable materials) is currently exported as part of the GMCA's contract with Suez. A hard Brexit may have the following consequences:

- Delays at borders as outgoing loads are held up by new documentation/load checks;
- Back up of materials at GMCA facilities (either as a result of delayed collection at our or third party sites or the suspension of markets); and
- Additional costs as World Trade Organisation tariffs are levied on materials exported for treatment and processing.

The stockpiling of materials at GMCA facilities will put pressure on our ability to receive other waste streams. The Environment Agency has stated it will consider temporary permit relaxation for increased storage on a case by case basis but other consequences need to be considered carefully (such as the increased fire and environmental risks using storage areas not designed for that purpose) and this may result in reduced insurance coverage.

2.3.2 Mitigation

Very little Greater Manchester municipal recyclable material is exported from the UK by Suez. The company is an experienced exporter and is familiar with existing export processes and liaises nationally to understand the possible Brexit impacts.

This risk is modelled as a scenario in section 3 below but the local mitigations for this risk include:

- Identifying and using any storage space on GMCA facilities (subject to regulatory approval and asset protection assessments (e.g. fire, security etc.));
- To reduce the impact on handling and storage capabilities at GMCA facilities the amount of waste delivered could be reduced. This could be done by reducing the frequency of collection of that material in discussion with the WCAs. Clearly this may have impacts on residual waste quantities (as householders place the recycling into residual waste) and the resultant recycling performance. There may also be reputational impacts that could be partially addressed through communications; and
- If no fuel restrictions apply and storage options are exhausted then material could be sent directly to, or bulked for landfill disposal. This will result in additional costs and, potentially, reputational impacts.

2.4 Importation of Goods (Spare Parts, Equipment, Consumables)

2.4.1 Risks and Impacts

It is not always possible to source all equipment, supplies and spare parts domestically and inevitably, some have to be imported (either directly by Suez or by suppliers).

Some of these spare parts and consumables are critical to operations (such as chemicals required for the operation of pollution abatement equipment or parts for key pieces of waste treatment machinery). Finding that supplies cannot be sourced could result in (for example) having to cease thermally treating waste at the Raikes Lane Thermal Recovery Facility (TRF) or being unable to use a waste shredder – the consequences could include stockpiling of waste and if that was prolonged either diverting waste to other facilities or limiting collections.

2.4.2 Mitigation

Suez has planned for this risk and has put in place a number of measures:

- Risk assessed suppliers and worked with them to hold additional stock;
- Identified critical spare parts and arranged to have additions in stock;
- Identified alternative disposal points (e.g. landfill sites);
- Undertaken the planned shutdown at Raikes Lane TRF so that the facility has been serviced and inspected;
- Maintained the ability to run additional shifts at mechanical treatment plants;
- Identified mobile shredders if they are required; and
- Maximised the storage of chemicals where required.

2.5 Access to Fuel

2.5.1 Risks and Impacts

The Operation Yellowhammer document did not identify any direct risks to the manufacture of fuel. However, it did suggest that distribution and supply could be disrupted in areas where traffic may back up in trying to access ports. In other parts of the country the assumptions consider local shortages due to “customer behaviour” (i.e. panic buying).

In common with all waste management organisations, fuel is a crucial commodity in the collection, treatment and haulage of waste and recycling (whether by road or rail). A shortage of fuel will have a direct impact on the waste supply chain potentially limiting the ability to collect from households and businesses, in the first instance, to moving waste from transfer loading stations to treatment, processing and disposal points.

In the worst case this could result in:

- waste not being collected (or collected as frequently) from households as collection vehicles are limited on fuel; and
- delivered waste unable to be moved out of GMCA treatment facilities to end destinations requiring stockpiling and storage.

In either case there will be impacts on residents as they have to store waste at home or locally around facilities as the risk of environmental impacts increases (such as odour).

An additional risk is the ability of staff to be able to get to work (either at Suez-operated facilities or within the councils of Greater Manchester). This may result in some facilities (eg HWRCs) to be closed or collection services operated with fewer staff members.

2.5.2 Mitigation

Government advice is that any disruption to fuel supplies will be short lived whilst supply and purchasing patterns adjust and recover following a no deal exit. However, in the process of good contingency planning, actions have already been developed.

Waste collection vehicles operated by or on behalf of waste collection authorities receive priority treatment as regards fuel supply (after the emergency services). Many of Greater Manchester’s districts have their own fuel storage at depots and have contingency plans for managing supplies. If circumstances dictate they will also put in place prioritized arrangements for the collection of waste. Arrangements for managing fuel are summarized in the table below.

Requirement	Actions
Ensuring the maximization of fuel storage and supply	<ul style="list-style-type: none"> • Manage fuel stocks in storage tanks by increasing minimum levels for refilling • Keeping vehicle tanks topped up at the end of each day • Use of fuel cards and priority access to retail fueling locations if required
Efficient use of supplies	<p>The prioritization of collections in a hierarchy:</p> <ul style="list-style-type: none"> • Non-recyclable residual waste • Biowaste • Co-mingled recycling • Pulpables <div style="text-align: right; margin-right: 50px;">  </div> <p>This may mean that collection frequencies reduce to make fuel go further.</p>

Suez in general uses commercial forecourts to purchase fuel alongside some on-site storage. They understand their fuel usage and have provided the GMCA with an understanding of the impacts of any restrictions in supply and how that may affect transfer of waste materials out of the GMCA facilities.

Waste is also removed by rail from four GMCA facilities for thermal recovery in Runcorn. Suez has been in discussions with the rail service provider which has stated that no nationwide fuel shortages for rail are expected but it is assessing its suppliers’ ability to provide continuation of support and delivery of fuels.

2.6 Availability of Staff

2.6.1 Risks and Impacts

There are two levels to the risk of unavailability of staff:

- Impacts on foreign nationals and their right to work; and
- Inability to attend workplaces.

On the first, the waste industry, as with many others, is a source of skilled and unskilled employment that is potentially attractive to all nationalities. As a result, workforces can be diverse and many waste businesses have overseas nationals working in management, administrative, technical, operative and driving roles (for example). Any actual or perceived threat to their working status may result in staff leaving their roles at short notice.

On the ability to attend workplaces – as alluded to in the fuel supply section, some staff may not be able to attend work in fuel for cars and public transport is in limited supply. For office jobs, in the short term, this might not be a significant concern but for frontline staff a shortage may result in impacts to services such as site closures or collection disruption.

An additional risk is a shortage of HGV drivers. This is a sector that has a high proportion of overseas employees - that aside, if drivers are delayed at ports then the knock on could be that subsequent and other loads cannot be moved and/or qualified drivers are 'poached' from other driving jobs (such as refuse collection) to drive other loads.

2.6.2 Mitigation

In the run up to previous Brexit deadlines the Government ran publicity campaigns to encourage overseas nationals to obtain 'settled status' to minimize any hard Brexit implications. Suez has reviewed its workforce and is confident it will not lose staff. The company is seeking to reduce the number of staff from agencies so this further reduces the risk of staff availability.

3. SCENARIO PLANNING

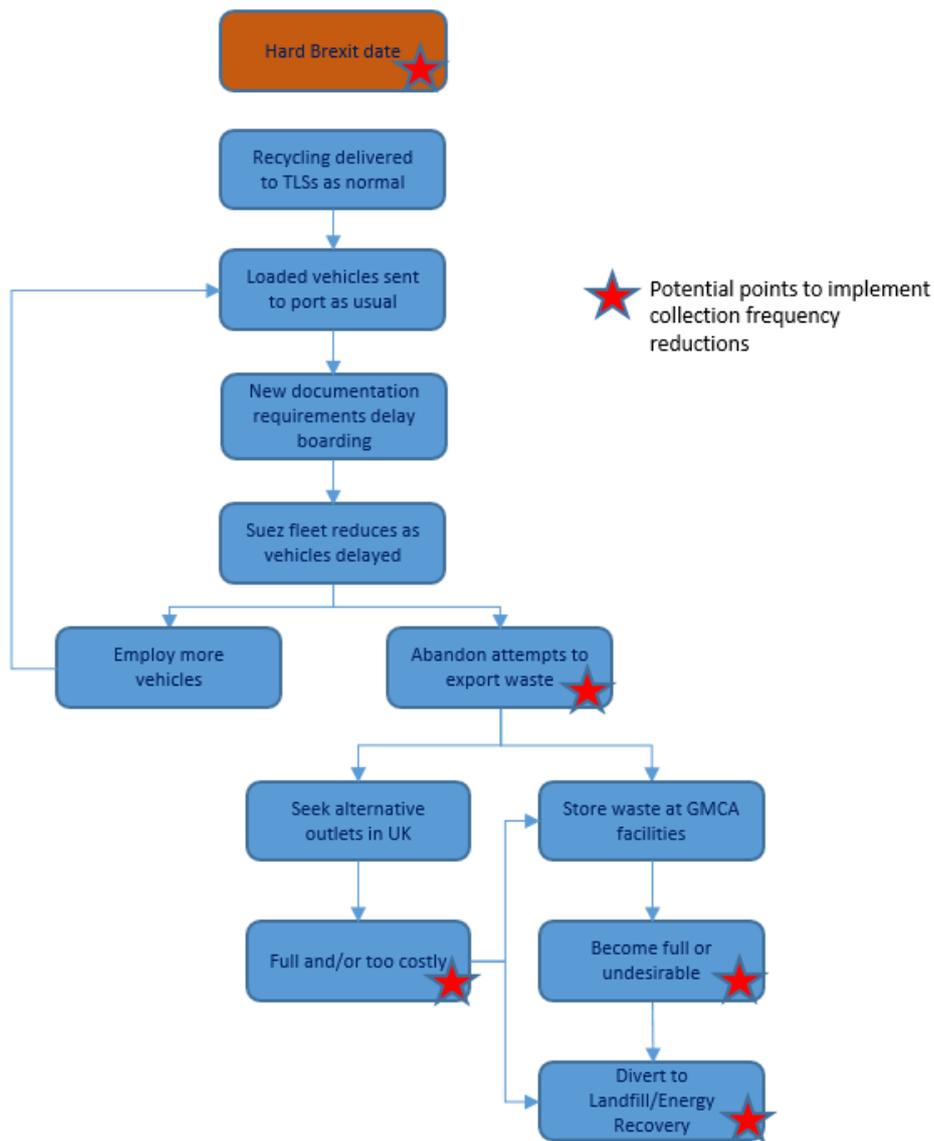
3.1 At the time of writing, the nature of Brexit is far from clear whether the UK will be leaving the EU with or without a deal at the end of January 2020 (or if later a trade deal is not successfully negotiated within time limits). The deadline may be extended further but planning will continue for all eventualities. To help decision-making and understand where pinch points might be, impact scenarios have been developed. At this stage we can only make informed estimates on what the impacts will be (both in terms of nature and scale) due to the number of potential permutations.

3.2 Two scenarios are presented below – these should be considered with caution as no-one can understand at the moment how long certain impacts will last and how other impacts will influence outcomes.

3.3 Delays In The Exportation Of Waste

As mentioned above a relatively small amount of Greater Manchester’s recycling is exported. If there is a hard Brexit, the continued export of these materials may be affected. The flowchart below illustrates the options that may be available for managing any previously exported waste.

Figure 1: Example impacts flow for delayed recycling exports

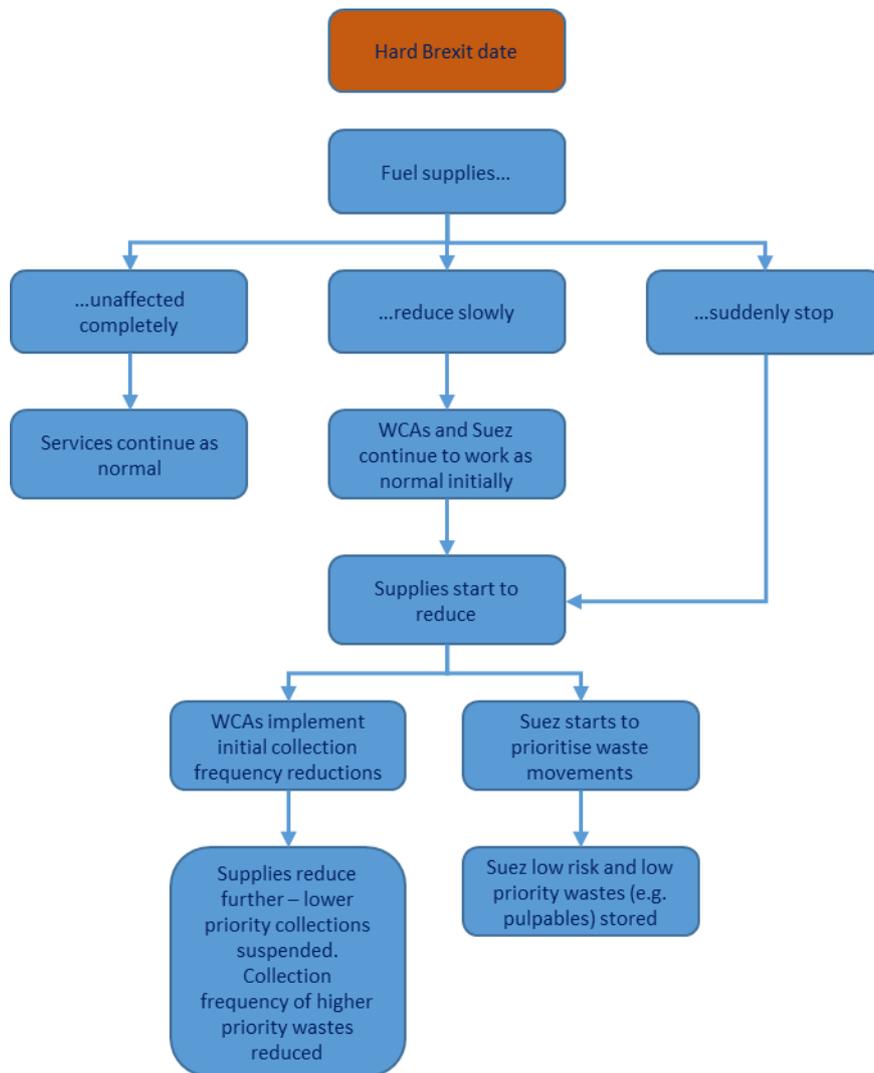


3.4 If districts are able to they could continue to collect waste at the same frequency but this would put pressure on ‘the system’ so at several stages (e.g. from the outset or when key pinch points become apparent) decisions could be taken to seek to reduce the input of materials by reducing collection frequencies. This decision will require sound judgement and be based on the advice of Government, regulators, trade bodies, contractors and suppliers amongst other organizations.

3.5 Disruption to fuel supplies – impact on waste collections and GMCA facilities

Planning for this scenario is a challenge – there are many “what if” questions to address. The example of how a scenario might play out is included below and can only provide an indication of thought processes and decision-making.

Figure 2: Example impacts flow for fuel supply issues



4. SUMMARY AND CONCLUSIONS

4.1 A hard Brexit brings a great many uncertainties to the collection, treatment, processing and disposal of waste. The GMCA, the Greater Manchester districts and Suez have done and are doing all the planning they can for foreseeable risks and impacts. However, this is very challenging as there are great many possible permutations of impacts as risk cross-over and interact with each. This makes mitigation planning equally as challenging.

- 4.2 It is believed that the most significant risks (the delayed exportation of waste, importation of any goods, access to fuel and availability of staff) have been considered, investigated and planned for on the basis of current knowledge and Government advice.
- 4.3 If a hard Brexit does come to pass and some if not all of the identified risks materialize there may well be disruption to services locally (and nationally) and these may or may not be felt by our residents. If disruption is likely to occur communications to Members, residents, businesses and other stakeholders will be provided to explain the impacts and what steps are required to assist.