

PART I

SUBJECT:	Future Waste Services Discussion Report
REPORT OF:	Officer Management Team - Director of Services Prepared by - Head of Environment

1. Purpose of Report

- 1.1 To present the background, estimated costs and operational implications of changing refuse and recycling services in the District in order to secure a preferred way forward from Members.

2. Links to Council Policy Objectives

- 2.1 This matter is related to the following local and national policy objectives:
- South Bucks Sustainable Community Strategy and Corporate Plan Key Theme - Sustainable Environment - protecting our heritage, protecting our future.
 - Council priority to continue to improve the street scene and cleanliness of the district as a key public services coordinator
 - The current Joint Waste Management Strategy for Bucks policies, including “to secure a long-term strategy for the management of wastes for which the member authorities are collectively responsible”.
 - The Council’s recycling/composting target of 60% by 2025 as part of the Joint Waste Management Strategy for Bucks. The national target of 45% by 2015 and 50% by 2020. There are no longer District specific targets.

3. Background

- 3.1 A report was submitted to this PAG in March of this year in which set out some of the challenges when considering proposals regarding future service changes. These can be summarised as:
- Awaiting the outcome of the Government’s waste Spelman review; - this is considered elsewhere on the agenda;
 - The lack of future local targets for the Council;
 - The national recycling / composting target of 50% 2020;
 - The Joint Waste Management Strategy for Bucks target of 60% by 2025;
 - The pressure on BCC to avoid landfill driven by high landfill tax and uncertainty of whether they could face fines for land filling too much biodegradable waste;
 - The effect of the proposed Localism Bill;
 - BCCs Municipal Waste procurement project including its timescales and uncertainty as to what infrastructure will be available by when;
 - If and when other Districts will be changing their collection services;
- 3.2 At the time of the last report the contract extension with Biffa (then Verdant) to 31st October 2021 was in the process of being signed. This has been completed.

Service Background

- 3.3 In South Bucks, paper, card, glass, cans, plastic bottles, foil and white goods are recycled, and textiles, shoes and books are reused or recycled from households, recycling litter bins or via a network of recycling bring sites. For every tonne of paper, card, glass, cans, plastic bottles and foil we recycle; Bucks CC save money because they don't have to landfill it. They therefore pay us £43.93 per tonne in statutory recycling credits. This amounts to over £200k per year. The amount paid increases by 3% per year, although landfill costs increase by £8 year in landfill tax alone.
- 3.4 With the exception of white goods, which incur disposal costs for Bucks CC (and therefore no income); foil, textiles, shoes and books are reused and recycled by charities. We receive no income but are able to count the tonnage recycled towards our target.
- 3.5 The remaining materials are recycled under several joint contracts. The income for all materials other than paper varies from month to month in line with national material values.
- 3.6 The above contracts will be in place until the joint CDC/WDC contract begins, with the exception of the sale of paper, which is in place until 2018 and the bring site glass collection contract (which is different from the sale of glass contract and the collection of glass from households by Biffa) which will end in April 2011. This latter service will be continued on a purchase order basis with the existing supplier for the six month gap between when it ends and is due to be incorporated into the joint CDC/WDC contract.
- 3.7 "Paper" and "Mixed paper and card" are collected together from households and paper banks and separated out at the Paper Sorting Facility (PSF) in Amersham. The PSF is owned and managed by Chiltern DC on behalf of all the three southern authorities. All three authorities invested capital funds to upgrade the facility in 2003/04 and receive a good rate of interest (8%) on this investment over a 20 year period (until 2023/2024).
- 3.8 The material sorted at the facility into two grades called 'news and pams' (e.g. newspapers, magazines, white paper, junk mail, white card) and 'mixed paper and card' (e.g. brown card, window envelopes, yellow pages). The former grade is sold to UPM Kymmene at their Shotton paper mill (hereafter referred to as the Shotton contract) in North Wales under a contract which will expire in 2018 and the latter grade is sold via a long-standing arrangement with a company based in Kent which can be terminated at any time. A majority of the income received from the paper mills pays for the cost of sorting it at the PSF.
- 3.9 The Shotton contract grants the contractor exclusive supply of our paper, which has to be sorted to their specification. The contract has given us a stable income for this material during times when the value was low, but has been of benefit to Shotton when the value is high. The value of unsorted paper and card is currently very high, and sorting our paper ourselves and selling it via this contract is only just profitable.
- 3.10 A limited plastic bottle collection service was launched on 22nd July to assess whether our recycling collection vehicles and crews can cope. This will be discussed in a separate report to the next PAG.

4. Bucks CC Matters

- 4.1 In order to achieve our joint aims, the District Councils have certain financial and procurement requirements of the County Council, and vice versa. In order for all authorities in Bucks to move forward and meet our targets, and in some cases contractual obligations in a financially secure manner, a long standing agreement to work together is required.

- 4.2 The principle of an Inter Authority Agreement (IAA) is to agree an open and collaborative partnership approach to providing future services to residents whilst ensuring infrastructure is in place to do this. This includes:
- Agree the responsibilities and commitments of the Waste Collection Authorities and the Waste Disposal Authority. E.g. Service Delivery Plans stating what, how and how much waste will be delivered by the Waste Collection Authorities to the disposal facilities and when;
 - Agree mutual targets and aims in line with the Joint Municipal Waste Management Strategy JMWMS, including that we maintain a recycling rate that will ensure we meet the 60% by 2025 target;
 - Agree financial arrangements and administration details for recycling credits and tipping away payments;
 - Agree the compensation, termination and mediation terms of the IAA;
 - Commit to the agreement for up to 30 years;
 - Sharing information in an open and transparent manner.
- 4.3 It will also be used to agree Avoided Disposal Savings (ADS), which will be a method of distributing some of the savings, or more correctly avoided future costs, made by Bucks CC if District Councils recycle and compost more waste. This is a similar principle to the recycling credits system explained in 3.3, although ADS will probably be calculated in a different way.
- 4.4 A draft IAA has recently been received from BCC. However this differs in a number of respects from an initial District proposal and will require further time to discuss and hopefully reach a mutually acceptable conclusion. It will be essential for all Districts to ensure that there is no unacceptable transfer of risks from the Waste Disposal Authority to the Waste Collection Authorities. In addition the length of the agreement, potentially up to 30 years, and the exit mechanisms will require careful consideration. It has also not yet been agreed how the ADS made by Bucks CC will be distributed to the Districts. It has not been decided whether Bucks CC will take the lead and decide how the money is distributed to the Districts, or whether they will require the Districts to agree this between themselves. Some possible ways the money could be distributed are:
- Based on how much less we landfill or how much more food waste we compost (i.e. based on actual tonnages);
 - Shared equally on a pre-agreed basis (e.g. a fixed annual proportion of available funds distributed on a per property basis);
 - A combination of the above which could take individual authority costs into account;
- 4.5 In order for the IAA and ADS to be successful, it will be necessary for Bucks CC to procure an anaerobic digestion food waste treatment facility. This is expected to take up to 3 years (including construction and commissioning) and will not be commenced by BCC until the IAA is signed and Districts commit to collecting food waste to “feed” the facility. It was hoped that the IAA would be presented to Cabinet on 4th October but this now looks unlikely.
- 4.6 Planning permission for an Energy from Waste (EfW) facility has been submitted and the preferred bidder, WRG are due to submit additional information requested following the first round of consultation this week. Following a further consultations stage the application is due to be considered by Bucks CC Cabinet Members in October or November and by their Development Control Committee in December or January.
- 4.7 Bucks CC have procured EfW capacity for treating the remaining 40% (circa 109,000 tonnes) of residual waste (after 60% is recycled or composted) from when it is operational, which is expected to be in Autumn 2014.

- 4.8 Waste Transfer Stations (WTS) for the transfer of residual waste that will be sent to the future EfW facility, are proposed at High Heavens (High Wycombe) and within the site of the depot we use on London Rd (Amersham). A planning application for the former location was submitted in July and an application for the latter in late August. They are due to be considered by BCC's Development Control Committee in November and December respectively. Neither site is currently expected to accommodate the separate bulking of other wastes such as food waste. Permission is not initially being sought for operations on Bank Holidays.
- 4.9 The London Road WTS will also be used for commercial waste and a few months ago Officers were informed that it was likely to be operational from December 2012 and that the facility could be made available for our use from this date at a cost. However the financial benefits of reduced landfill damage to our vehicles would be cancelled out by the estimated gate fee and at the time of writing it now looks as if the WTS will not be operational until later.
- 4.10 As mentioned above, there are currently no plans for Bucks CC to include a food waste transfer facility within their WTS. Bucks CC have indicated that if food waste bulking is required, that this will be arranged by the Districts elsewhere on the London Road site unless we request Bucks CC to source an alternative location through the IAA. If this is not possible and if we (SBDC) cease to use it as a depot we will need to consider bulking food waste at our alternative depot locations at Dropmore Road and on Bath Road. Therefore we cannot at this stage assume that we will be able to tip food waste and residual waste in the same location.
- 4.11 The composting facility we use at present (High Heavens) is at full capacity. Composting garden and kitchen waste together is more expensive than composting these wastes separately, because strict and costly procedures need to be in place to treat food waste (but not garden waste) to ensure the end product is safe. Bucks CC would look to procure facilities for the treatment of these wastes. This may be through using existing infrastructure or direct procurement of a new facility. Bucks CC will not commence procurement until we sign the IAA and they know how much waste they need to treat as discussed above. If we were able to procure reasonably priced food and garden waste treatment through Biffa, Bucks CC have indicated that they would pay for this.

5. Other District Council's Proposals

- 5.1 Aylesbury Vale DC collect refuse weekly from supplied wheelie bins in 96.3% of the district. In the remaining 3.7% waste is collected on alternate weeks with garden waste and cardboard. Unlike the other districts, side waste is collected. Paper and mixed cans, plastic packaging and cans are collected in separate baskets each fortnight and glass is collected every 4 weeks. The service is carried out "in house" rather than by an external contractor as elsewhere in the county.
- 5.2 Members have recently approved the introduction in Summer 2012 of co-mingled recycling collections in wheelie bins on alternate weeks with residual waste with a weekly food waste collection and chargeable garden waste service. This is similar to the service suggested in the consultant's report (although source separated recycling was recommended) and the potential services being discussed in this report.
- 5.3 Chiltern DC collect refuse from supplied black sacks weekly from approximately 55% of the District and fortnightly on alternate weeks with garden and kitchen waste from supplied wheelie bins in the remaining 45%. Paper and card are collected each fortnight and mixed glass is collected every 4 weeks from boxes. Their contract with

Biffa is due to expire on 31st October 2012 and is in the early stages of being retendered together with WDC. We currently share an operational depot with CDC because we share the same contractor.

- 5.4 Wycombe DC collect refuse from supplied wheelie bins weekly from 34% of the District and fortnightly on alternate weeks with garden and kitchen waste from supplied wheelie bins from 66%. Paper, card, cans and plastic bottles are collected each fortnight from boxes. Their contract with Veolia is also due to end on 31st October 2012. The service is operated from their depot at Booker in High Wycombe.
- 5.5 The competitive dialogue procurement method is being used and we do not expect to have an indication of potential service changes until early next financial year. With regards to service changes and timescales, they are likely to be considering similar options to us but are likely to introduce them as part of a phased approach over a period of time. It is expected that the joint contract will operate out of CDC's depot at London Road.

6. Paper Sorting Facility

- 6.1 As mentioned in paragraph 3.8 paper and card is sorted at the PSF to the specification required to meet our obligation under our supply contract with Shotton. The PSF can be closed if two of the three authorities withdraw from the agreement, and it is possible that CDC/WDC may do this as part of their new contract procurement process. If the PSF closes this will have implications for all of us due to the capital funds we committed in 2003/04.
- 6.2 Due to the high interest rate received, the actual investment has already been repaid, however this authority still expects to receive the full repayment. The money to repay our investment is raised from the sale of our paper and card. Generally we collect about 20.6% of the paper and card sorted in the PSF and our capital investment represents 20.2% of the total amount. If the agreement were to be waived it would be more complicated for CDC and WDC to resolve as their investment/usage ratio differs wildly in comparison to ours. It is unclear at this stage how this will be achieved if the facility closes.
- 6.3 If the PSF closes we are still obliged to supply all of our sorted high grade paper to the Shotton paper mill. Without the PSF to sort it we will have to pay for this material to be sorted elsewhere. Our contractor Biffa does not sort material to the specification required at any of their facilities, however they do supply unsorted material from elsewhere in the country to the paper mill where they sort it into different grades themselves. We would need to renegotiate the contract with Shotton and the other Districts so that we can supply unsorted paper and card to them either directly from the London Road depot as now, or the equivalent tonnage via Biffa. The option chosen would depend on whether we continued to collect paper and card separately from other recyclables or co-mingled. This may be further complicated if we collect recycling differently to the other two Districts in the future.

7. London Rd Depot and Dropmore Rd Depot

- 7.1 We currently operate our service from CDC's depot on London Rd and it is expected that WDC will also operate from this site when the new joint contract commences. It is possible that CDC will feel that either there is not enough room for us when WDC relocate operations there or that if Biffa do not win the contract that it is not feasible for two contractors to operate from the same offices.

- 7.2 In light of the above, planning permission has been sought and granted for the use of the Council's depot on Dropmore Road in Burnham. The annual loss in revenue from Dropmore Rd depot would exceed the amount we currently pay to use the London Road depot. The possibility of installing bulking bays for the storage of recyclate, subject to necessary planning and environmental consents, is being investigated.
- 7.3 Preliminary investigations into whether our other depot on Bath Rd in Taplow would also be a feasible site for this purpose are also in the early stages. Members are asked to note that there may be a small increase in the cost of fuel if the location where the vehicles are stored overnight differs from the tipping location.

8. Potential Future Service Options

- 8.1 As Members will be aware there are currently two types of waste collection service operating in the District. This situation has now gone on far longer than originally anticipated and needs to be resolved by the introduction of a uniform collection and recycling service for all our residents. In considering what type of service to introduce, Members will have to weigh up a number of factors as discussed below.
- 8.2 The type of service proposed by Officers and consultants as 'the optimal' way forward was:
- Fortnightly refuse collection from a wheelie bin
 - Fortnightly recycling collection (paper, card, glass, cans and plastic bottles)
 - Weekly food waste collections from a 25l "bucket"
 - Chargeable garden waste collection service
- 8.3 Based upon the experience of the similar extended trial and schemes elsewhere, it is forecast that the above service would achieve a 50-60% recycling rate. Whilst the above service design could be appropriate for the majority of our residents, as with any type of collection systems, some sympathetic local tailoring would be needed where appropriate, for example where a front door opens straight out onto a pavement with no rear access, a sack collection would likely be more appropriate than use of a wheelie bin.
- 8.4 The last widespread customer service survey was undertaken by the Contracts Services section in 2009. A survey was delivered to all properties via the South Bucks Report and 1,313 were returned by the deadline and analysed. Of the 871 respondents who made further comments, 29% wished to have plastics collected for recycling, 14% wanted green waste collections (garden and or food/garden), and 9% said they wanted to have a wheelie bin or keep their existing one.
- 8.5 Views from Members are sought as to what form of public consultation should take place with regards to future services.
- 8.6 An additional variance that has been discussed is around the chargeable garden waste collection service. AVDC propose to introduce this in 2012/13 and CDC is keen to do so too, but WDC Members have previously agreed to only consider a free service. SBDC Officers have discussed a chargeable service with Biffa which would be introduced on a profit share basis to help cover admin costs once subscribers reach a certain amount.
- 8.7 Food waste can either be collected in the same vehicle as residual waste (in a pod at the front of a modified refuse collection vehicle) and tipped in the same location, or in a separate collection vehicle to residual waste and tipped in separate locations. The former method is more cost effective due to vehicle costs, staff levels and mileage. The current uncertainty over where food waste can be bulked and if and when we

would be able to bulk it at the same location as residual waste, makes it difficult to accurately calculate the costs of rolling out this service.

- 8.8 If Members are still mindful to explore the above service option then a key decision is around how we would collect recycling. The three main methods of collecting recyclable material and their pros and cons are outlined in Appendix A.
- 8.9 Discussions about potential future services have taken place with representatives from Biffa since before the contract was extended until 2021. They have been based upon the option described in 8.2 with three variables. These are:
- Whether to collect recycling source separated or co-mingled;
 - Whether we can tip food waste in the same location as refuse or not;
 - Whether to start the new service in 2012 or 2014
- 8.10 The above options all assume the PSF will close even though this is currently unknown. Depending on what is agreed with Biffa, Shotton and the other Districts it is not known what price would be paid for sending unsorted mixed paper and card to the Shotton paper mill as discussed above. Depending on which collection method is chosen, this is estimated as either generating either no income at all, around £90,000 per year or £120,000 per year. For co-mingled collections no income is assumed, and for source separated £90,000.
- 8.11 The cost of introducing collections with the same tipping point for refuse and food waste in 2012 are more expensive than separate locations because of the annual charge for using the London Rd WTS early. The 2012 costs will therefore decrease in 2014 once we no longer have to pay this premium.
- 8.12 The best environmental and financial option may be to roll out a combination of the above recycling options: mixed cans, plastic bottles and glass and separate paper and card. The source separated options are also based on the current rather than potential future higher income received for glass, plastics and cans.
- 8.13 Members are asked to note that current (2011/12) values and prices have been used for comparative and indicative purposes and are also likely to change if or when a decision is implemented because:
- The actual amount we owe and the resale value of our current vehicles will only be known at the time they are sold.
 - Replacement vehicles purchased in 2012 will have to last 9 years instead of 7. This is more likely once we can use a transfer station as use of the landfill is responsible for a large amount of wear and tear.
 - The capital cost of bins has been assumed to be the same for both years as this fluctuates in line with oil prices and could go up or down in either year.
 - The annual indexed contractual increases vary slightly from year to year and have not been factored in. Any one of the costs used in calculations could differ by circa 10% each way.
 - The loss of income by relocating to Dropmore Rd depot if necessary has not been factored in because this is unknown and just as likely with all options. The capital cost of creating new hard-standing and building bulking bays at this depot have also not been factored in as this is not only less likely but also not known if this will be necessary. This cost will be relatively low in comparison to other capital costs.
 - Any costs associated with bulking food waste at the London Rd Depot or elsewhere have not been included.
 - The potential income from a chargeable garden waste service has not been included as this is not fixed or consistent. Depending on how much is charged this could be at least £30k; but it could take a year for any

income at all to be received as the service is likely to be rolled out in phases.

- If we recycle more or less than predicted, the assumed recycling credit payment will differ.
- The yet to be agreed avoided disposal savings provided by Bucks CC are based on 2013/14 figures and it is not clear if it will be available before then.

8.14 In addition to the above caveats, Members are asked to note the content of the risk register attached as appendix B.

9. Future Challenges

9.1 The Government is considering measuring recycled and compost waste in terms of the amount of carbon emissions saved. It is not yet known if or how this will affect us or whether it will lead to carbon trading between authorities.

9.2 The Government is expected to consult in 2012 on whether to ban waste wood from landfill. Following this they will look at the case for banning other wastes as a driver to move the management of these wastes up the waste hierarchy. In light of the already high diversion target we have committed to (60% by 2025) and the forthcoming EfW facility, this is unlikely to affect us.

10. Resource and Wider Policy Implications

10.1 Although indicative costs are available, full resource and policy implications will not be known until we commit to a service option and timescale. Further details are provided in the part 2 report.

11. Summary

11.1 Members are asked to:

- Note the content of this report
- advise the Portfolio Holder as to their preferred way forward with regards to the collection service described in para 8.2, (including whether a chargeable garden waste service should be introduced as part of these changes) or what further information or lines of enquiry they wish Officers to pursue in light of the options available;
- advise the Portfolio Holder as to whether a source separated or co-mingled recycling system is preferred, and whether new services should begin in 2012 or 2014;
- consider what methods of public consultation should be used and at what stage such consultations should be undertaken.
- recommend that Cabinet delegate responsibility for negotiating the Inter Authority Agreement including SBDC's share of the Avoided Disposal Savings allocations described in paragraphs 4.1- 4.3 above to the Portfolio Holder, in the event that the IAA can not be agreed at the October Cabinet meeting.

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Background Papers:	Working File
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