

PART I

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

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.

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.

Background

- 3.1 In September 2011 this PAG considered a comprehensive report presenting the background, estimated costs and operational implications of changing refuse and recycling services in the District with a view to establishing a preferred way forward for the future. It was agreed that the best all round service design for initial planning purposes would be:
- Fortnightly refuse collection from a wheelie bin
 - Fortnightly recycling collection
 - Weekly food waste collections from a 25l container
 - Chargeable garden waste collection service
 - A potential start date of 2014, since 2012 was likely to be unrealistic on both cost and technical grounds.
- 3.2 There were still several unknown factors that influenced this cost and it was agreed to await further information before discussing how recycling should be collected in the future. This will now be addressed in this report as well as providing an update on the likely timescale of a wholesale service change.
- 3.3 It was further agreed that there should be a programme of public consultation leading up to the change.

Update on Key Factors Affecting Service Options

- 4.1 Before discussing the proposed recycling collection service it is useful to provide some background information and updates on matters which have influenced calculations.

CDC and WDC Joint Collection Contract

- 4.2 This has been awarded to Serco and will have started on 4th March. SBDC vehicles have moved to the Dropmore Road Depot but will continue tipping recyclable material at London Road until either Dropmore Rd depot is redeveloped or, if necessary, an alternative site is found for this purpose (see paragraphs 4.10 - 4.11 below). Protracted negotiations with UPM (see below) has meant that service details were still being finalised up to the start date.

Paper Sort Facility (PSF) and UPM Contract

- 4.3 The PSF sorts the paper and card we collect from households and recycling bring sites into two grades which for simplicity will be referred to here as 'paper' (e.g. newspapers, magazines, white paper, junk mail, white card) and 'card' (e.g. brown card, window envelopes, yellow pages) at the London Road depot.
- 4.4 The PSF is currently operating as normal and we will continue to use it for the foreseeable future. Regardless of the long term future of the PSF, we are still contracted to supply all of our paper to a paper mill owned by UPM until March 2018. Without the PSF to sort it, we would either have to collect paper separately from households and bring sites or pay for this material to be sorted by UPM.
- 4.5 If the PSF closes or we cease to use it, UPM are willing to amend our contract with them so that they accept the paper and card unsorted, but will only do in a way that isn't financially disadvantageous to us if we agree to extend the contract until 31st October 2021.
- 4.6 Extending the contract until 31st October 2021 will bring it in line with the end of our contract with Biffa and provide additional income. UPM proposed a number of options that were used to evaluate whether it was financially advantageous for us to extend the contract. In order for it to be better financially to terminate the contract in 2018, we would have to earn what Officers cannot guarantee to be an achievable level of income for the period between 2018 and 2021. Therefore on financial grounds the Officer recommendation is for the contract to be extended until 2021.
- 4.7 The remaining option with regards to the UPM contract is, if in the future we no longer use the PSF on operational or financial grounds, whether to continue collecting paper and card in recycling boxes as we do now and for UPM to sort it, or just collect paper in the boxes (with card being collected with other mixed recycling).

Dropmore Road Depot

- 4.8 Matters relating to our planning application for the above site will be discussed in a separate report to this PAG.
- 4.9 Waste, recycling and street cleaning services began operating from the site on 1st March. No issues have been reported at the time of writing and a verbal update will be given if necessary.

- 4.10 Bulking of recyclable materials will continue to take place at London Rd and a gate fee for this is being charged by Serco.
- 4.11 SBDC should go out to tender for the above work being carried out by Serco. However because the work has to take place at the London Rd depot and Serco are the only company permitted to undertake these works at that site, the tender process would not be fair as no other company could bid. Therefore our Directors have used their powers of discretion to authorise that the order be placed in accordance with Contract Standing Orders 14.1 (c) which is when tenders need not be invited due to there being no scope for genuine competition. Members are asked to note this.

Future Recycling Service Options

- 5.1 Members have agreed the best all round service design for initial planning purposes as detailed in paragraph 3.1. Following this model a key decision is around how we collect recycling as this influences vehicle design/capacity, type of container, amount of material collected, public satisfaction and income/cost.

Recycling

- 5.2 With regards to earning income from recycling and ensuring we always have an end-market, keeping materials separate at source is advantageous as items are cleaner and therefore of a higher quality than those collected mixed together (co-mingled). This is particularly the case for paper and card as it is more likely to become wet, dirty and contain shards of glass when mixed with other materials. Certain groups feel so strongly about this that they are seeking a judicial review of the UK's interpretation of the EU Waste Framework Directive which they feel should state that recycling must be kept separate at the point of collection.
- 5.3 Although it is thought to be unlikely that the judicial review will find in favour of banning co-mingled collections, it may pay in the long run to keep the option of collecting waste like we do now open for the future. However for the foreseeable future, the collection costs of keeping all materials separate are becoming harder to justify and keeping card and/or paper separate is a good compromise operationally and financially.
- 5.4 With the above in mind and having costed this option out, the continuation of completely source separated collections will not be considered further in this report. However please note that the continuation of the current service was used as a baseline for future costs and savings.
- 5.5 Having started with a range of options, the service proposed is as follows:
- ❖ A wheelie bin for cans, aerosols, foil, rigid plastic packaging, glass bottles and jars and possibly card (see below)
 - ❖ Existing boxes (regardless of colour) for paper and possibly card (see below)
 - ❖ Small bags (see details below) for batteries
 - ❖ Loose small electronic and electrical items
- 5.6 As mentioned in section 4.7, if the PSF is no longer used it may be financially advantageous to ask residents to put card inside a wheelie bin with other packaging materials rather than continuing to put it in recycling boxes with paper. However the latter decision would come with the risk of contamination particularly from material collected at bring sites, extra publicity costs and the reconfiguration of our bring sites.

- 5.7 Small bags (or a single bag) for batteries would be delivered with publicity information on future service changes and it is proposed that public opinion is sought as to whether these are re-delivered annually at a cost or whether residents pick up their own from publically accessible locations. A small income will be received for battery recycling but it will be negligible and has not been included in the budget figures.
- 5.8 Small electrical and electronic items will be collected loose on recycling collection days and kept separate from other recycling by Biffa. A small amount of income will be received for this waste but we will incur sorting costs, so it is cost neutral on balance but will contribute to our recycling rate.
- 5.9 The calculated capital and revenue costs of the proposed refuse and recycling service changes are contained in Part II of this report.
- 5.10 Members are asked to note that it is proposed that we either purchase our vehicles ourselves or continue to capitalise the cost internally to reduce the burden on revenue budgets. Although the full vehicle costs will score against the Councils' Capital resources in the year of purchase, the council will only pay for these on a monthly basis throughout the life of the contract as part of the monthly contact payment. Revenue figures are based on taking a sample year of 2015/16 in order to give an indicative annual cost of full service changes to compare with current budgets.
- 5.11 There are some factors that could cause these costs to increase. These are:

Risk Factor	Mitigation	Risk level
The tipping location for food waste is not yet known. If this is far away it will cost us more in fuel	Working closely with Bucks CC and re-mapping rounds efficiently.	Yellow
The tipping location for residual waste when we cease using landfill is currently unknown. If the only currently known possible location of High Heavens in Wycombe is chosen, the extra cost of tipping there is not likely to be covered by the 'tipping away' payment offered by Bucks CC	As above. Contingency sum in budget.	Green
We will have extra collection rounds and the extra mileage will in part be offset by the move to Dropmore Rd Depot. The shortfall will not be known until all of the new routes are mapped.	Will remap rounds as efficiently as possible to reduce impact and have contingency sum in budget.	Yellow
The IAA is not signed and implemented.	Members would need to reconsider whether cost of service can be justified without this income.	Red

- 5.12 There are some factors that could cause these costs to decrease. These are:

- ❖ If we have two locations where we can tip food waste we can reduce our mileage which will be cheaper;
- ❖ If we are able to piggyback onto another Biffa order for vehicles we may be able to buy them more cheaply;
- ❖ If in 2014 when we also replace our litter vehicles we can buy these more cheaply than estimated in the cost model, overall contract costs will reduce;

- ❖ Good publicity, education, public meetings and customer visits are key to the success of service changes and should not be scrimped on, however the full budget for publicity and extra officer resources may not be required;
- ❖ The cost of replacing resident's wheelie bins is likely to increase over time as they wear out, so the cost budgeted is unlikely to be this high so early on but will rise. The cost of replacing bins could be reduced if residents are charged for replacements except for where crews are at fault for bin loss or damage (further report on this matter proposed);
- ❖ The contingency sum for rejected loads of recyclate may not be needed;
- ❖ We may receive more income than stated from garden waste collections which can be used to offset publicity costs.
- ❖ In due course the number of recycling bring sites may be able to be reduced. This would help operationally as this vehicle will have to collect from more flats than at present. Any spare capacity can be used to assist other collection rounds if they are over-capacity (e.g. if recycling levels increase more than predicted) or be used to generate income.
- ❖ An estimate of a 15% increase in recycling has been used to bring us to 50% recycling and composting. A higher increase would mean we achieve a higher level of income.

Refuse

- 5.13 It was agreed that refuse would be collected fortnightly from a wheeled bin. Currently the default bin supplied by SBDC in the trial area is a 240l bin with a smaller 140l bin available on request and a larger 340l bin for families of 5 or more. Some authorities provide a 180l bin as a default and Members may wish to consider this. Not all properties will be suitable for wheelie bins, for example where they front immediately onto the pavement and where a wheelie bin would block public access. Officers will perform a robust assessment of properties to identify such properties and it is proposed that an 'exception to collections' procedure is developed in consultation with the Director of Services and the Portfolio Holder for the Environment and be presented to this PAG at a later date.

Food Waste

- 5.14 The proposal costed out here is based on the assumption that food waste collected from households will be taken to one location. Small savings can be made if two locations are available.

Garden Waste

- 5.15 It was previously proposed that chargeable garden waste collections be provided through the Biffa Garden Waste Club where residents would be able to pay an annual subscription to Biffa for the collection of their garden waste. This is still an option and would have certain operational advantages for the Council. However Officers are looking into whether this service could earn more income for the Council if it were run under the current contract and administered by SBDC and it is proposed that the final decision be made by the Portfolio Holder for the Environment in discussion with the Director of Services. The income projection is therefore to be considered as indicative.
- 5.16 The subscription rate upon which previous calculations were made was £60 per bin per year. This will need to be revised in light of other Bucks authorities charging between £35 and £36 per year and a charge of £45 per year is proposed for 25 collections per year (2 week suspension over Christmas).

Timescale for service changes

- 5.17 It is proposed that the new service is rolled out between February and June 2014.

- 5.18 These months have been chosen as they avoid major holidays (service changes during the Easter week will be avoided), reduce the extra length of time the new vehicles will have to last over and above the usual 7 years and allow adequate time for the purchase of vehicles and equipment, publicity and public consultation.

Public Consultation

- 5.19 Councillors agreed that a programme of consultation is carried out with residents. It is proposed that the details of how this is undertaken are agreed with the Portfolio Holder and reported to this PAG at a later date. Suggestions are welcome and the broad subjects proposed at this stage are:
- ❖ What colour and size of wheelie bin, food waste bin and caddy should be supplied;
 - ❖ Whether to charge for lost, stolen or damaged bins (e.g where residents put hot ashes into them), including those that residents have over-filled and have fallen into the back of the vehicle
 - ❖ Whether a battery bag should be supplied annually (at a cost) or collected from parish councils, libraries and our offices by residents as required;

Other Issues

- 5.20 IAA negotiations with Bucks CC are ongoing and a draft agreement is in place with a letter of intent being sought. Until these discussions have been completed, it cannot be confirmed that the outcome of the IAA can be achieved.
- 5.21 The decision of whether to microchip or barcode bins will depend on what information we need and what we will use it for. There are no proposals to incentivise or penalise residents for recycling, so the purpose of barcodes/chips and on-board weighing would be to confirm that bins have been emptied (useful when residents re-fill a refuse bin and claim it hasn't been emptied and for the chargeable green waste service), to target campaigns and track real-time collections. This would add a cost of circa £1 per bin plus software costs but would be cheaper now than if retrospectively fitted.
- 5.22 Although this would be useful, Officers recommend that the opportunity to include chips or barcodes on bins not be taken this time on financial grounds.
- 5.23 The vehicles we have at the moment were purchased by Biffa and the cost of this is capitalised internally on a monthly basis to reduce the strain on revenue budgets. New vehicles are due to be purchased in November 2014 as this is the half-way point of our 14yr contract. Purchasing our own vehicles as proposed here and losing the low amount of interest we would have earned on our capital should be cheaper than paying Biffa's borrowing costs.
- 5.24 This would involve significant capital expenditure in 2013/14 when the refuse and recycling vehicles are purchased (for the services proposed in this report), and in 2014/15 when litter vehicles are replaced. It is therefore proposed that if purchasing our own vehicles is financially advantageous and, subject to agreement by the Resources Portfolio Holder in discussion with the Director of Resources and Head of Finance, that this approach is taken.

Conclusion

- 5.25 It is difficult to present the proposed service change simply because there are numerous factors that affect costs and operational matters. But by way of concluding and summarising the above information:

- ❖ The proposed changes to our refuse and recycling collection service outlined in sections 3.1 and 5.5 can be undertaken at a low cost to this authority should the IAA agreement progress as hoped and if contingency budgets are not required. Further savings could be made if the cost saving scenarios and suggestions outlined in section 5.12 come to fruition.
- ❖ Otherwise, and bearing in mind the risks outlined in the table in section 5.11, the annual revenue cost is calculated to cost as outlined in Part II of this report and Members may wish to consider whether to proceed until the agreement is signed or a letter of intent received.

Future Challenges

- 6.1 As the County Council's Energy from Waste (EfW) contract becomes closer to completion it has been brought to the District Council's attention that certain wastes that have until now been landfilled cannot be incinerated. This includes bulky waste (e.g. furniture), carpet and dog waste for example.
- 6.1 Although these changes won't affect us until the EfW is commissioned, it is important that Officers work together to ensure that the effects are mitigated and that where possible, waste that cannot be incinerated is reused or recycled.

Resource and Wider Policy Implications

- 7.1 Every effort has been made to calculate accurate resource implications based on budget forecasts and the previous experience Officers have of rolling out new services such as these; but they may vary by an estimated 5% either way due to reasons outlined in section 5.11.
- 7.2 A policy relating to exceptions where residents will have to have refuse sacks instead of wheelie bins will be agreed with the Portfolio Holder for the Environment and Director of Services in due course.

Recommendation

- 8.1 Members are asked to advise the Portfolio Holder as to:
- Whether, if we cease to use the PSF in the future, Members have a preference for card being collected in a box together with paper or in a wheelie bin with mixed recycling materials or whether they are content for the decision to be made by the Portfolio Holder in consultation with the Director of Services on financial grounds.
 - That the contract with UPM be extended from 2018 to 2021 to co-terminate with the Biffa contract.
 - That the recycling collection method outlined in section 5.5 is acceptable, namely:
 - ❖ A wheelie bin for cans, aerosols, foil, rigid plastic packaging, glass bottles and jars and possibly card
 - ❖ Existing boxes (regardless of colour) for paper and possibly card
 - ❖ Small bags for batteries
 - ❖ Loose small electronic and electrical items
 - That details regarding public consultation methods and content be agreed with the Portfolio Holder in consultation with the Director of Services.

- That an ‘exceptions to collections’ policy be approved by the Portfolio Holder in consultation with the Director of Services and presented to this PAG at a later date;
- Whether a preference for a 180l or 240l bin is held or whether this decision be delegated to the Portfolio Holder in consultation with the Director of Services;
- That wheelie bins are not chipped or barcoded.
- That the new service be rolled out between February and June 2014.
- That the decision of whether to purchase all future vehicles ourselves as outlined in 5.23 and 5.24 is taken by the Resources Portfolio Holder in discussion with the Director of Resources and Head of Finance.

Members are asked to note that the Council’s Standing Orders Procedure could not be adhered to with regards to the need to continue tipping recycle at London Road Depot.

This report will need Cabinet and Council approval.

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Background Papers:	Report to Environment PAG 5 September 2011