



## AGENDA ITEM: 11

### SUMMARY

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>23 July 2013</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Waste Strategy</b>
Contact:	<p>Cllr Julie Laws, Portfolio Holder for Environment and Sustainability</p> <p>Author/Responsible Officer : David Austin, Assistant Director Neighbourhood Delivery</p>
Purpose of report:	To outline proposals for changes to the waste collection service in the Borough of Dacorum and the reasons for these proposed changes.
Recommendations	<ol style="list-style-type: none"> <li>1. That Cabinet approves the new waste service as outlined in paragraph 3 of this report.</li> <li>2. That if approved, a further report be presented to Cabinet later this year detailing the implementation plan and supporting policies for the new waste service.</li> </ol>
Corporate objectives:	<ul style="list-style-type: none"> <li>• Safe and Clean Environment</li> <li>• Dacorum Delivers</li> </ul>
Implications:	<p><u>Financial</u> As detailed in this report in section 4 of this report.</p>
'Value For Money Implications'	<p><u>Value for Money</u> As detailed in this report , following an options appraisal and financial modelling by the Task and Finish Group - which has been subsequently been validated by an external specialist - the proposed service represents the optimum waste service configuration in Dacorum for the future.</p>
Risk Implications	The main driver for the changes to the waste collection service is the need to remove cardboard from the organic waste stream (Green Wheeled Bin). Failure to do this will result in organic waste being treated as 'contaminated' feedstock which

	would not go for recycling.
Equalities Implications	The equalities implications will be addressed in the subsequent report to Cabinet later this year with regard to policies if the new service is approved.
Health And Safety Implications	There are health and safety issues with the use of boxes for the collection of recyclables (noise, manual handling) so a move to a third wheeled bin would reduce the level of risk in this area.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>The Council has a duty to arrange for the collection of domestic waste. However, it is up to the Council to decide what level of waste service it will provide and how it will be operated in practice.</p> <p><b>Deputy S.151 Officer</b></p> <p><b>Capital</b></p> <p>The most recently approved version of the Capital Programme indicates that the Council will have a borrowing requirement commencing in 2014/15. The timing of the £1.7m capital expenditure on this project is likely to fall within 2013/14 and therefore it can be incurred without first needing to borrow. The possible £250k grant income from the Hertfordshire Waste Partnership is subject to the resubmission of a grant bid and will not be confirmed by the date of the Cabinet meeting.</p> <p><b>Risks</b></p> <p>Based on the financial modelling undertaken by WYG and Members' views on service delivery, the recommended option is the most cost-effective. However, Members should note that the Alternative Financial Model is subject to review and that the c£250k increased income from the Model is not guaranteed.</p> <p>Similarly, the potential c£170k pa savings indicated by the WYG financial model is subject to certain risks and future decisions the Council will need to make.</p> <ul style="list-style-type: none"> <li>• No redundancy costs have been assumed for the staff reductions that will contribute to the savings on the basis that Service managers will seek to achieve reductions through 'natural wastage' and redeployment rather than making redundancies. Given the 15-month lead-in time and the current freeze on recruitment the risk of incurring redundancy costs appears low.</li> <li>• The model does not include the provision of compostable bags by the Council for lining the kitchen caddies. Further work will be undertaken by Service managers and submitted to Members at a future point, but it is likely that a</li> </ul>

	<p>decision to continue supplying the bags on an ongoing basis would eradicate the majority of the potential £170k saving.</p>
<p>Consultees:</p>	<ul style="list-style-type: none"> <li>• <b>WASTE SERVICES Task &amp; Finish Group :</b></li> </ul> <p>Cllrs : Julie Laws , Gbola Adeleke, David Collins, Graham Sutton, Anthony Mckay.</p> <p>Officers : David Austin, Craig Thorpe, Sheila Chauhan, Duncan Jones (Hertfordshire Waste Partnership), Caroline Souto, Jodie Crebbin</p> <hr/> <ul style="list-style-type: none"> <li>• Spatial Planning and Environment (SPAЕ) Overview and Scrutiny Committee 12<sup>th</sup> March 2013.</li> <li>• Environment Corporate Working Group.</li> </ul>
<p>Background papers:</p>	<p>As appended and :</p> <ul style="list-style-type: none"> <li>• UK Top Recyclers 2010 - 2011</li> <li>• Waste Improvement Network – Subscription based services: Garden Waste</li> <li>• Hertfordshire Waste Partnership - Evidence of Experience and Performance</li> <li>• Top Recyclers, Worst Recyclers and Services in Similar Areas – 2011-2012</li> <li>• Policies and Procedures for Dacorum Borough Council Waste Collection</li> <li>• WYG Review of Kerbside Collection Schemes in the UK 2010/11</li> <li>• Case Study - WRAP Hertfordshire Waste Partnership Consortium</li> <li>• CIWM Jan 2011 – Hertfordshire Waste Partnership Article</li> <li>• Hertfordshire Waste Partnership Case Study 2011</li> <li>• How to be Successful in Procuring Joint Waste Services</li> <li>• Case Study - East Kent (Joint Arrangements Committee)</li> <li>• Case Study – Hart DC</li> </ul>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>WRAP – Waste Resources Action Programme  CIWM – Chartered Institute of Waste Management  WYG – Waste Consultancy Specialist  MRF – Material Recycling Facility  DCLG – Department for Communities and Local Government  HCC – Hertfordshire County Council</p>

## BACKGROUND

The Waste Service is facing increased pressure from three sources :

- Need to remove cardboard from organic waste collections from 2014/2015.
- Reduced income from the Alternative Financial Model (AFM); which is part of the Hertfordshire Waste Partnership Agreement.
- Reduced income from recyclable material due to drops in market value.

Given the above, a Task and Finish group was set up in January 2013 to investigate future strategic options for the Waste Service. The Task and Finish group considered a wide range of evidence to do this (as detailed in the Background Papers) and in particular focussed on options for frequency of collections, material collected and the container utilised. These options were then financially modelled to indicate the financial impact of each option as well as looking at other criteria such as resident acceptability , operational efficiency and impact on recycling performance. The main areas investigated were as follows :

a) Fortnightly Recycling Collection Service

When DBC introduced Alternate Weekly Collection in 2003, the savings were reinvested into a weekly box recycling collection service to ensure recycling was as convenient as possible for residents (and also particularly allowing for the volume of plastic).

A return to fortnightly collection services would lead to an operational saving. However, there is a high risk that this would result in a fall in the recycling rate (and subsequent further drop in income under the AFM).

RECOMMENDATION : The Group agreed this should NOT be taken forwards due to concerns over containment of recyclables and health and safety (due to additional weight of boxes).

b) 'Comingling' Dry Recycling Collection

The issue of 'comingled' or 'source separated' (as operated in Dacorum) is a continual source of debate within the industry.

In essence with comingled collections, you can gain operational savings (higher productivity with wheeled bins) but lose the material income. For example, DBC would lose about £520k per annum in material value if we moved to comingled collections. The advantage of this is that residents potentially find it more convenient (and we could more easily accommodate other material such as foil, tetrapacks etc).

RECOMMENDATION : The Group agreed this should be considered further (see next section of report).

c) Weekly Food Waste Collections

It is now 10 years since DBC first introduced Alternate Weekly Collections (AWCs) which has seen our recycling rate rise to 47/48%. The recycling rate

has now levelled off (and indeed decreased last year) which is mainly because of two issues :

- There are areas of low participation despite our ongoing awareness work.
- Around a third of residual waste continues to be food waste and waste audits elsewhere demonstrate that we are not capturing significant volumes of this 'waste' through the AWC system.

RECOMMENDATION : The Group agreed this should be considered further (see next section of report).

d) Commercial Waste Recycling

The current commercial waste service generates a small surplus. With the ongoing increases in landfill tax it is clear that the service must further develop its recycling 'offer' to businesses.

RECOMMENDATION : The Group agreed this should be considered further but delayed until the strategy for domestic waste is agreed.

e) Policies

Efficiencies could be obtained by reviewing the policies currently operated by the service. Areas that could be looked at include contaminated green bins, unjustified missed bins, properties that have additional grey bins etc.

RECOMMENDATION : The Group agreed these be considered further on the introduction of the new service configuration.

In addition to the above the Task and Finish Group also recognised that savings could be made from the new EDCS (Electronic Data Collection System) which will enable more efficient routes to be planned (through its route optimisation software) and from suspending garden waste collections through the winter (if the food waste option was progressed).

## 1) SERVICE CONFIGURATION

The Task and Finish group then initially modelled three main options (with variants within these options for the collection of garden waste) for the waste service.

The options were as follows :

**Option 1** – Cardboard removed from green wheeled bin and collected with newspaper in current box system.

**Option 2** – Cardboard removed from green wheeled bin and collected with newspaper in current box system and food waste also removed from green wheeled bin and collected weekly.

**Option 3** – All 'dry' recyclables collected together in wheeled bin with weekly collection of food waste.

The costs for each option were modelled by officers to provide a guide to how different options would perform in relative terms. **It is worth noting that Options 1 and 2 represented a significant increase in costs above the current operation and that Option 3 has the potential to be lower than the costs of the current operation.** Doing nothing is NOT an option as cardboard has to be removed from the organic waste stream.

These options were presented to SPAE Overview and Scrutiny Committee on 12<sup>th</sup> March 2013 and members recommended to the Portfolio Holder that **Option 3** would be the preferred option and that Officers be requested to do further work on this option.

## **2) THE PROPOSED NEW WASTE SERVICE**

A Waste Specialist (WYG) was appointed by Officers to do further work on Option 3 and their report is attached as Appendix A. The report was presented to the Task and Finish Group on 7<sup>th</sup> June 2013 and the recommendations of the report were broadly supported. For residents, if approved, this will mean the service from the Autumn of 2014 will consist of:

- **Weekly collection of food waste (with new kitchen caddy).**
- **Fortnightly collection of garden waste (using existing wheeled bin, no collections during winter months).**
- **Fortnightly collection of dry recyclables (using a new 'third' wheeled bin).**
- **Fortnightly collection of landfill waste (using existing grey bin).**

For residents living in flats (as their service is mixed with commercial waste collections for operational efficiency reasons) a new service will be introduced in early 2015. This will allow Officers to dovetail proposals for a new Commercial Waste Recycling Service in the Borough.

If approved, a further Cabinet report will be prepared before the end of 2013 to cover the following information :

- That the end market for the 'comingled' recyclables has been secured. The current figures are modelled on Hertfordshire Waste Partnership consortia but a new contract is currently being tendered.
- That a full implementation plan (including publicity programme) and supporting policies are developed. The figures for this are in the WYG report represent the minimum amount of resources requires to ensure an efficient rollout.
- That the new service will represent a fall in the number of employees required but a freeze on recruitment from now should mean that any redundancy implications are avoided.

### 3) Financial Implications

#### a) Revenue

As shown in section 4.4.7 of WYG's report the new service will generate savings of up to £170,000 per annum. There will also be additional payments under the AFM due to the additional material being diverted under the New Waste Service (comingled schemes generate higher levels of participation and the weekly food waste will divert significant additional tonnages). Also, the separate collection of garden waste will allow us to use a less expensive treatment process (called windrow ) which results in large disposal savings to HCC as currently this material goes to Cambridgeshire. Subject to HCC being able to meet their minimum tonnage requirements to Cambridgeshire (and officers have opened dialogue with HCC about this) this will mean a further amount of income being diverted to Dacorum under the AFM.

That said, the complexities of the AFM in that it not only relies on formulae linked to DBC's performance but also to the performance of other Hertfordshire authorities means it is difficult to predict additional income we could receive but it is unlikely to be less than £250,000 (on top of current budgeted level of £285,000 for the AFM) which in overall terms means the new service will give additional savings of up to £420,000 per annum.

#### b) Capital

As shown in section 4.4.10 of WYG's report, there will be a need for capital investment for the new service :

Additional Wheeled Bins	circa £1.2m
New food waste containers	£300k
Publicity Costs/Project Implementation	£150k
Depot Infrastructure	circa £50k
<b>TOTAL</b>	<b>£1.7m</b>

As can be seen, no allowance is required for vehicles as although the vehicle required for the new service (called a Twinpack) is more expensive than the current fleet we will need less of them. If Cabinet approve the new service in principle these vehicle costs will be modelled against the current capital vehicle replacement programme. Officers are also having initial discussions around procuring these vehicles alongside the 'out sourcing' of the Vehicle Repair shop. There may also be some residual value from 'old' vehicles and the MRF equipment.

Following DBC's unsuccessful bid to the DCLG Weekly Collection Support Scheme, DBC has been awarded £254,806 from the HWP Waste Infrastructure Capital grant which can contribute to the above capital costs. Officers have also contacted to DCLG to attempt to gain access to funds that have been returned by Authorities under this scheme.