

Wiltshire Council

Cabinet

6 November 2012

Subject: Future Delivery of the Waste Management Service

Cabinet Member: Councillor Toby Sturgis - Waste, Property, Environment and Development Control Services

Key Decision: Yes

Executive Summary

Considerable progress has been made on delivery of the Wiltshire Joint Municipal Waste Management Strategy. A harmonised service of waste and recycling collection which will enable the Council to achieve 50% recycling by 2014 is operating county-wide. Contracts awarded for the treatment of non-recycled waste at the Lakeside energy from waste plant and the mechanical biological treatment plant under construction in Westbury will enable the Council to reduce the waste sent to landfill to less than 25%.

The contract for collection of non-recycled waste, plastic bottles and cardboard and garden waste for the west Wiltshire area could terminate in 2014 or be extended by up to seven years. The contract for the collection of glass, paper, cans and textiles, the provision of landfill capacity, the provision of material recovery facilities and markets for dry recyclable materials, waste transfer stations, composting facilities, treatment of wood waste and management of the household recycling centres and mini recycling centres will terminate in 2016 with no option to extend.

While there are no proposals to change the collection service or the materials that residents separate for recycling at present, this provides an opportunity to review these services and the way in which they are delivered. To inform the review the strategy should be updated to reflect progress and confirm targets. Approval is sought of the draft Wiltshire Council Waste Management Strategy 2012.

In addition to reviewing existing services, opportunities are being sought to deliver budget savings for 2013-14. One option is to change the working patterns of drivers and loaders to ensure that services are delivered as efficiently as possible but without changing the range of services offered to residents. Approval is sought to work with trade unions' representatives and commence consultation with staff as their views will inform the outcome of this work.

It is proving difficult to obtain robust financial data to inform a decision about whether the collection service would be delivered more cost effectively in-house or by the private sector. Almost every collection service has some unique local issue which it has been designed to address making it difficult to benchmark our costs against those of other councils, regardless of whether the service is delivered in-house or by a contractor.

More work should be done with Finance to decide which overheads should be added to the cost of the service. If costs are included that would not be saved if the service were to be outsourced, then the possible savings would be misrepresented. In any event, if the Council decides capital investment would be needed from the private sector this would be key to informing this decision. Given the cost of borrowing for the private sector compared to the public sector, such a decision would help inform the length of contract periods to make the service as affordable as possible, given the increasing pressure on the revenue budget.

The decision to extend the contract for the west Wiltshire area will depend on whether the Council decides to deliver the service in-house or to outsource it. Bringing the service in-house would be counterproductive if it is demonstrated that the private sector delivers the service more cost-effectively. In this case, the contract would be extended to 2016 to be co-terminus with the Hills contract (which includes the black box kerbside collection service).

Awarding all collection services to one contractor or delivering them all in-house allows for the greatest flexibility and efficiency without artificial boundaries between collection services and geographical areas.

Landfill is now a much smaller and reducing area of the Council's waste management service. The quantity of waste sent to landfill should continue to reduce. This is a specialist area of waste management. The ability to provide landfill capacity might prohibit some potential contractors from tendering for other service areas, thus limiting competition for delivery of wider waste management services.

Given the geography and nature of Wiltshire it may be possible to develop a network of smaller, open windrow composting facilities. The garden waste collected in the south of the county has been successfully managed in this way for several years. There is an opportunity to build on this experience and, should this prove feasible, reduce the distances over which our garden waste is transported.

Provision of a materials recovery facility is difficult to specify at present. The level of sophistication required (and therefore the cost) varies depending on the method used to collect dry recyclable materials. If the recycling is separated at the kerbside, relatively little processing is required before the materials are bulked up and sent to re-processors. If the materials are co-mingled when collected, any materials recovery facility would have to achieve adequate separation of the recycling to ensure the Council could deliver materials of an acceptable quality to the re-processors. DEFRA is currently defending a judicial review brought by seven organisations representing the re-processing industry. It is seeking high quality materials for recycling and propose an end to co-mingled collections. Part of the response is the development of a materials recovery facility code of practice which will set quality standards for the materials produced, but this is not yet available. Further work to inform this decision is therefore required.

The location of transfer stations is key to the efficient delivery of the collection service which will increasingly focus on recyclable materials as well as residual waste. A facility is also required for chipping and bulking up wood waste for onward transportation to ensure we continue to keep this biodegradable waste stream out of landfill.

Servicing the household recycling centres and mini recycling sites also underpins our recycling performance so these elements of the service are working to deliver a common purpose.

In recent years the markets for recyclable materials have been relatively stable. Historically the Council has transferred the risk for such markets to our contractor and taken relatively little income for the sale of recyclables as a consequence (£800k for paper in 2011-12). The benefit has been that as recently as 2007 the Council maintained its recycling performance when some other authorities without secure long term contracts had to landfill recyclable materials. Given the stability of the markets tenders could be invited for providing a service at a gate fee to be paid by the Council with a percentage share of the income generated from the sale of recyclables. This would reflect the approach taken under the contract for the mechanical biological treatment (MBT) plant under construction in Westbury.

In light of the above, approval is sought for the development of business cases for delivery of those elements of the waste and recycling collection service and of the wider waste management service identified above.

Proposals

That Cabinet approves:

- (i) The draft, updated Wiltshire Council Waste Management Strategy 2012.
- (ii) The commencement of formal consultation with staff and relevant trade unions on the adoption of new working patterns for the waste collection service.
- (iii) Development of a business case for the waste collection service for:
 - (a) In-house service delivery
 - (b) An out-sourced service
- (iv) Development of a business case for:
 - (a) Terminating the FCC Environment waste collection contract in 2014
 - (b) Extending the FCC Environment contract to be co-terminus with the Hills contract in 2016
- (v) Use of a single service provider to deliver an integrated collection service from 2016.
- (vi) Development of the detailed business case to tender the provision of the following waste management services as three lots:
 - (a) Landfill capacity
 - (b) Garden waste composting facility
 - (c) Materials recovery facility, transfer stations, wood waste and servicing household recycling centres (rates to be invited for tender and a percentage share of income from sale of recyclable materials).

Reason for Proposals

To ensure that the Council continues to deliver sustainable and affordable statutory waste collection and waste disposal services and wider waste management services that will enable achievement of the targets confirmed in the updated Wiltshire Council Waste Management Strategy.

Tracy Carter**Service Director
Waste Management Services**

Wiltshire Council

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Purpose of Report

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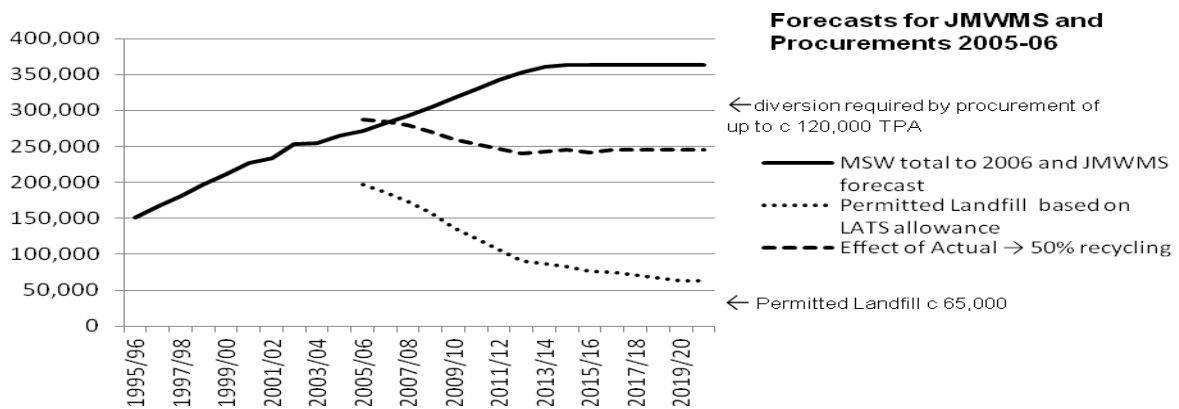
Background

2. In 1996 Wiltshire County Council commenced delivery of waste management services under a contract with Hills Waste Solutions. The contract covers provision of landfill, waste transfer stations, materials recovery facilities, composting facilities and household recycling centre, and bring site operations, together with kerbside collection of dry recycling. This contract terminates in 2016 and there is no option for a contract extension.
3. In 2004 Wiltshire County Council commenced a procurement process for the diversion of residual (non-recycled) waste from landfill. This resulted in the award of two contracts. The first was awarded to Hills Waste Solutions for the delivery of 50,000 tonnes per year of residual waste to the Lakeside Energy from Waste facility at Colnbrook, Slough. The Council delivers residual waste for this contract to waste transfer stations at Thorny Down, Winterslow and Lower Compton. Waste is then bulked up into larger vehicles and hauled to Lakeside by Hills Waste Solutions. The contract commenced on 1 February 2009 and runs for 25 years.
4. A second 25 year diversion contract with Hills Waste Solutions was signed in April 2011 for the treatment of 60,000 tonnes of residual waste per year in Wiltshire's first MBT plant. The facility is currently under construction at Northacre Park, Westbury in preparation for full operations to commence in September 2013. It is expected that the majority of the residual waste to be treated at this plant will be delivered directly by refuse collection vehicles operating in the west Wiltshire area, with any balance coming from waste transfer stations.
5. Wiltshire's joint municipal waste management strategy (JMWMS) was adopted by all the Wiltshire waste authorities during 2006. In 2009 the strategy was inherited by Wiltshire Council. The main drivers for the strategy in 2006 were rapid growth in municipal solid waste, the EU and government policy for a significant reduction in landfill and the Waste and Emissions Trading Act 2003 (WET Act) which introduced the landfill allowance trading scheme (LATS). This included large fines for local authorities who exceeded their landfill allowances. Since 2006, Wiltshire has achieved or experienced the following changes:
 - A significant slowing in the rate of growth of municipal solid waste (MSW), until 2011.
 - Growing public support for household waste minimisation, composting and recycling, supported by the efforts of the local authority and the Wiltshire Wildlife Trust, and the work of voluntary and local groups.
 - Sale of over 5,000 council-subsidised food waste digesters to Wiltshire residents.
 - Implementation of key changes in waste and recycling collections, to achieve harmonised services across the whole of Wiltshire, based on a fortnightly collection cycle and increased kerbside recycling and garden waste collections.
 - Significant increases in the proportion of household waste that is recycled or composted, from about 31.5% to about 43% in 2011-12.

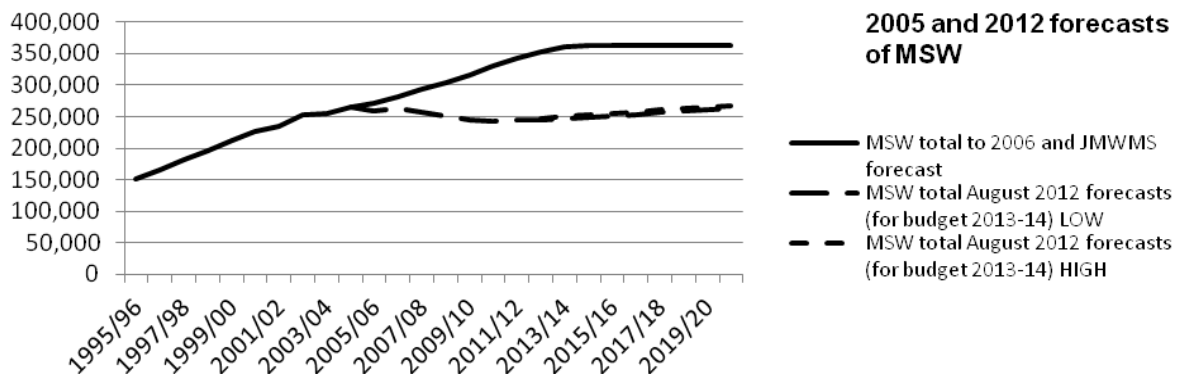
- Commencement of a contract to divert 50,000 tonnes a year of Wiltshire's non-recycled waste from landfill to energy from waste incineration (2009) and the signing of a further contract to treat up to 60,000 tonnes a year to produce refuse derived fuel (to commence during 2013).
- A reduction in the proportion of waste sent to landfill from 60.4% in 2006-07 (and over 80% in 2003-04) to 36.6% in 2011-12.

6. The change in forecast waste growth and its effect on the outcomes of the strategy to date is illustrated by Graphs 1 to 5 below. This has helped the Council to achieve better than expected progress in diverting waste from landfill and to adopt a corporate target of reducing landfill to less than 25% of waste by 2014.

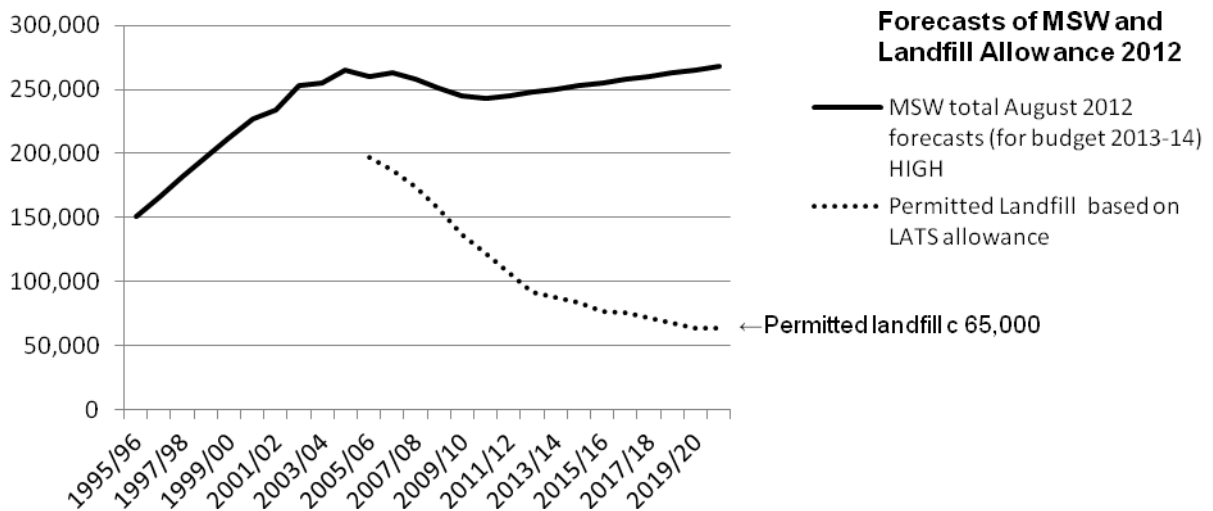
Graph 1 shows that when the JMWMS was prepared, growth in waste tonnage to over 350,000 tonnes per annum (TPA) by 2020 was forecast. The landfill permitted under the EU Landfill Directive targets plus an increase in recycling to 50% was forecast to leave a further requirement of about 120,000 TPA of non-recycled waste to be treated rather than landfilled. The procurement of the Lakeside and MBT contracts followed.



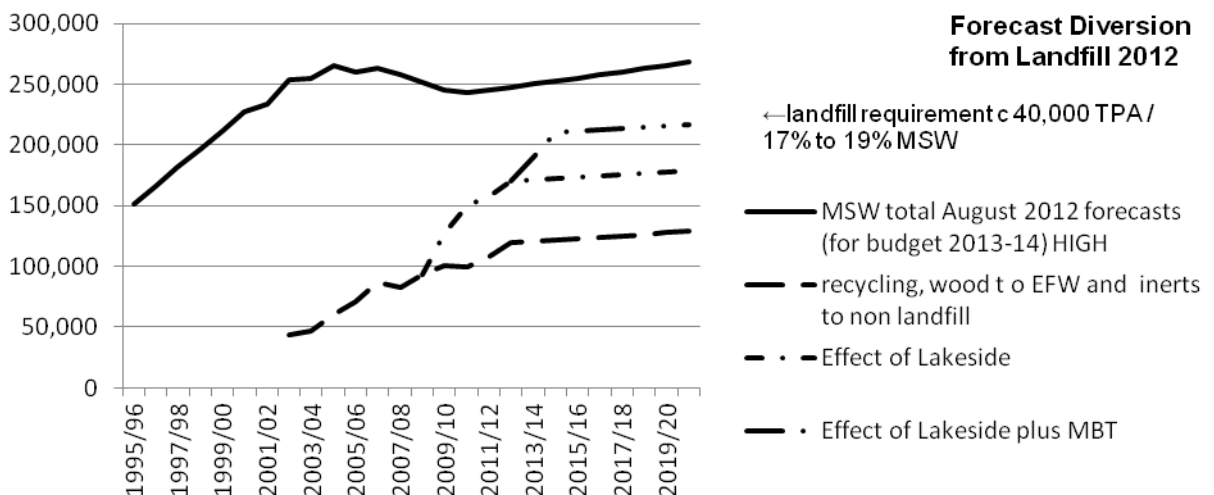
Graph 2 shows how forecasts of waste growth have changed. The JMWMS forecast of over 350,000 TPA by 2020 is compared with current forecasts of about 260,000 to 265,000 TPA by that date.



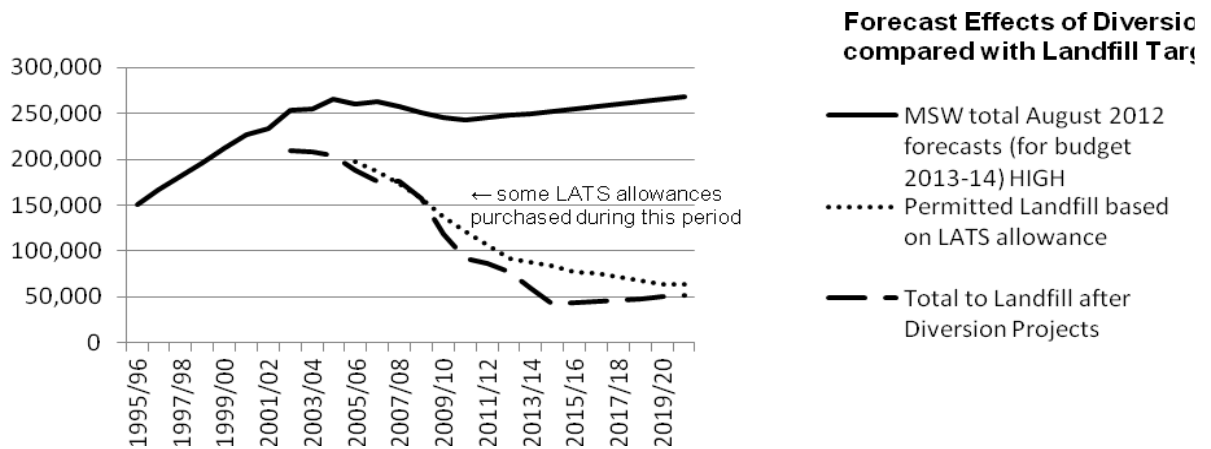
Graph 3 compares the current forecast of waste growth with Wiltshire's permitted landfill, based on the EU Landfill Directive target. Whilst the requirement to divert from landfill is less than previously forecast, it is still considerable.



Graph 4 shows how these requirements will be met. The target for 50% recycling, the Lakeside and the MBT projects will cumulatively reduce the need to landfill. The forecast for 2020 is that landfill may be reduced to less than 20% of Wiltshire's waste.



Graph 5 compares the total effects of diversion from landfill with permitted landfill based on the targets set out in the EU Landfill Directive. This confirms that forecast changes would enable the council to meet these targets.



7. Since 1 April 2012 a harmonised waste collection service has been delivered to residents across the county. This comprises fortnightly collection of:
 - (i) Residual waste
 - (ii) Plastic bottles and cardboard (co-mingled in a wheeled bin)
 - (iii) Paper, glass, cans, foil and textiles (kerbside sort from a black box)
 - (iv) Garden waste (opt-in non-chargeable service in a wheeled bin).

8. Collection services are provided through a combination of in-house and contracted out service delivery. Hills Waste Solutions deliver the black box service county-wide, under the contract described in paragraph 2 above. In the east, north and south of the county the residual waste, plastic bottles and cardboard and garden waste collection services are delivered by the Wiltshire Council in-house service. In the west of the county residual waste, plastic bottles and cardboard and garden waste are collected by FCC Environment (formerly Focsa) under a collection contract which runs until 2014, with the option of extending by up to seven years.

9. The in-house service collects residual waste from commercial waste producers across the county. Over 4,000 customers use the service at the current time. There is an ongoing review of this service which resulted in an increase in fees and charges for the current financial year. This is to ensure that council tax payers are not subsidising delivery of this service. There are limited trials of commercial recycling in parts of the county which are being operated as pilot schemes. The service review will continue throughout the current financial year.

10. The Council also provides the following collection services:
 - (i) A free of charge collection of clinical waste from domestic households, including sharps boxes and sacks of clinical waste.
 - (ii) A charged bulky waste collection of items from domestic households.

11. Wiltshire Council's recycling rate achieved in 2011/12 is 42.83%. Measures to improve this figure are being implemented in 2012/13, including the continuation of the rollout of communal recycling facilities to flats and further phases in our rollout of non-chargeable garden waste bins. The full effects of major changes to waste and recycling collections completed during 2011/12, including the move to fortnightly collections of waste and recycling across Wiltshire, will increase the recycling rate during 2012/13 and the following year.
12. The percentage of MSW sent to landfill in 2011/12 was 36.65%. When the MBT plant in Westbury is operational, and the full effects upon recycling performance of recent changes to collection services are experienced, our performance will improve further with waste to landfill forecast to reduce to about 20% per year. At the very least, by 2014 we expect our MSW to landfill to reduce to 25%, a target the Council is committed to in its corporate plan.
13. The Council's future service must enable us to meet both national and local targets. Any model of service delivery will be evaluated against how it will contribute to achieving the targets set out below:

Target	Source
Reducing waste to landfill to 25% of the total collected by 2014	Wiltshire Council corporate plan
Increase recycling to 50% by 2014	Wiltshire Council business plan (modifying the target in the Waste Framework Directive and JMWMS)
Reduce biodegradable municipal waste to landfill to 35% of 1995 levels by 2020	EU Landfill Directive
Maintain separate collections of at least the following materials from the household waste stream: paper, metal, plastic and glass	Revised Waste Framework Directive and DEFRA draft regulations February 2012 (currently achieved)

14. The Council also has a particular interest in encouraging waste prevention. A history of working closely with the Wiltshire Wildlife Trust (WWT) to promote messages about reducing garden and food waste in particular, to spread waste prevention and recycling messages in schools and to promote council recycling services has evolved into the current joint venture. This enables Council and WWT staff to work closely together to a business plan and annual work programme, funded in part by the Council and partly by grants secured by the WWT.
15. Landfill Tax is paid at two rates. There is a low rate of £2.50 per tonne paid on inert material - rubble and soil - which can be sent to landfills where only such materials can be accepted. There is a much higher Landfill Tax rate paid on most tonnage sent to landfill, because this has an organic content and has to go to landfills that are licensed to accept non- hazardous (i.e. organic rather than inert) wastes. This is the Landfill Tax normally referred to and is subject to a government policy of increases of £8 per tonne per year to a target of £80 per tonne by 2014/15. The £80 per tonne rate is a guaranteed minimum until 2020. This year the tax per tonne is £64. Most waste collected by councils incurs Landfill Tax at this rate.

16. During 2011/12 Wiltshire Council sent 78,000 tonnes of waste with organic content to landfill. In addition, almost 12,000 tonnes of inert waste was landfilled. By comparison during 2001/02 Wiltshire sent almost 192,000 tonnes of waste to landfill. Records for that period did not identify the inert waste tonnage separately, because the Council was in the early stages of working with Landfill Tax and the tax rates were very low. However, for the purpose of calculating the effect of the Council's work to reduce landfill and Landfill Tax, it is reasonable to assume that the inert waste tonnage was the same as in 2011/12, (figures for recent years indicate that this tonnage is fairly consistent.) Therefore, during the past ten years the Council has reduced tonnage liable for the higher rate of Landfill Tax by 102,000 tonnes. If the Council had still landfilled that extra 102,000 tonnes during 2012-13 our Landfill Tax bill would have been £6,528,000 higher. By 2014/15, when Landfill Tax will reach £80 per tonne, the avoided cost on this tonnage would be £8,160,000 during that year.
17. It is important to consider how the Council compares with other similar authorities on key measures of performance. Two related comparisons have been made. The tables at **Appendix 1** show how Wiltshire compares against the CIPFA Nearest Neighbour Audit Group Councils, and also against some geographically neighbouring local councils on the three former National Indicators (NI 191, 192, and 193). The tables also illustrate the service provision behind the performance. It was hoped that waste collection and waste disposal financial data could be added to the analysis, which would give a much more useful comparison. However, to date it has only been possible to obtain this from a small number of councils in the group. Further attempts to obtain financial information will be made in the coming months.
18. Without the financial data only limited conclusions can be drawn from these findings. Wiltshire may be able to benefit from this work in terms of adopting tried and tested ways of delivering the service more effectively. The aim therefore remains to establish which councils appear to deliver upper quartile performance with relatively low cost and to carry out further, more detailed benchmarking with these councils.
19. To gain a better understanding of the views and attitudes of the wider waste management industry a service delivery review was undertaken. The review took the form of a series of one to one meetings with service suppliers and the publishing of an electronic questionnaire that could secure responses from a wider audience. The review collated views on:
- The effectiveness of the current service delivery model and what other models could be considered by the Council
 - Waste management best practice
 - Future industry developments
 - How services could be packaged to achieve the optimum service format for the Council
 - How value for money might be demonstrated
 - Identifying opportunities for savings and efficiencies.

One of the weaknesses of Wiltshire's current delivery model that was identified during the review was the mixture of in-house and contracted-out waste and recycling collection services.

Main Considerations for the Council

Waste Strategy

20. The strategy needs to be updated, to address changes in waste growth, to look ahead over the remaining strategy period to 2020, and to provide some longer term guidance for services after 2016, including possible new contracts. In addition, changes in legislation and government policy need to be addressed. These include a switch from the landfill allowance trading scheme (LATS) to Landfill Tax as the main financial driver for councils. However, a full review is not recommended at this stage, due to a number of factors, as shown in Table 1.

Table 1: Factors influencing the future of the Wiltshire Joint Municipal Waste Management Strategy – 2012

Factors favouring a Formal Review during 2012	Factors Favouring an Update during 2012
The letter advising the Wiltshire Councils of their exemption from the WET Act requirement encourages exempt councils to <u>maintain and update</u> their strategy	The Council has continued to improve <u>recycling rates</u> , reaching an average of about 42.8% during 2011-12. This is considerably higher than the recycling rates required to achieve exemption from the WET Act.
	The Council is now a <u>unitary authority</u> , with all waste services reporting to a single service director.
	The Council now has a <u>Business Plan</u> , which provides strategic guidance on services. For waste management, the current Business Plan has updated and accelerated key targets for landfill diversion and recycling.
	The Council now has a draft <u>Energy Change and Opportunity Strategy</u> 2011-20, which sets out the underlying strategy for dealing with climate change and (with particular reference to waste) reducing the impact of landfill gas.
	The Waste Service's examination of forthcoming issues indicates that <u>many of the changes that need to be made are operational</u> , rather than strategic in nature.
	There has been <u>no change in the fundamental emphasis upon landfill reduction in EU and government waste policy</u> .
There is a need to provide <u>guidance beyond 2020</u> , to enable planning of services after contract terminations in 2014/2016 and the strategy end date of 2020.	On the other hand, the implications of recent changes – for example the government's "Review of Waste Policy in England 2011" which refers to " <u>landfill bans</u> " and the impact of recent changes following the introduction of the <u>Controlled Waste Regulations</u> April 2012 – are not yet fully understood.
	An information note issued by DEFRA in December 2009 advises local authorities required to have a JMWMS to consider carefully the timing of any review.
	The government is to produce a National Waste Management Plan for England by Spring 2013, to implement the revised Waste Framework Directive.
	Formal adoption or review of a waste strategy requires completion of a Strategic Environmental Assessment ¹ or Sustainability Appraisal. This is a relatively lengthy and expensive process, so timing needs to be optimised, to ensure best use of resources.

¹ Under the Environmental Assessment of Plans and Programmes Regulations 2004
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The draft updated Wiltshire Council Waste Management Strategy (WCWMS) 2012 is shown in **Appendix 2**.

21. The waste strategy continues to be based upon key principles, reflecting the Waste Hierarchy, which seeks to optimise the use of the most beneficial methods of landfill reduction. The Waste Hierarchy, as set out in the EU Revised Waste Framework Directive 2010, is:
 - (i) Prevention;
 - (ii) Preparing for reuse;
 - (iii) Recycling;
 - (iv) Other recovery - including energy recovery;
 - (v) Disposal.
22. Due to the emphasis in the revised Waste Framework Directive upon waste prevention and re-use, the completion of major service changes by the Council, and new contracts and developments achieved to date, there is a shift in emphasis in the updated strategy towards the upper levels of the Waste Hierarchy, and towards working with Wiltshire residents to build upon success to date in waste reduction, recycling and composting.
23. However, the need for further major waste treatment needs to be kept under review, given the uncertainties of any forecasts of waste growth, the possibility that further reductions in landfill may be required and opportunities to achieve broader benefits such as more local conversion of waste to resources.
24. The first three principles in the WCWMS 2012 are focused on the Waste Hierarchy. Principles 4 and 5 in the original strategy have been combined, to reflect the need for close integration of planning new capacity with the continuing aim of treating waste as close to source as is practicable. Key extracts from the updated strategy are set out below.

Principle 1 – Waste Prevention and Re-use

The Council will provide advice, education and where possible incentives, to encourage greater waste prevention and re-use by Wiltshire's residents.

The Council will pursue a target of reducing waste after recycling and composting from 606 kilos per household achieved in 2011-12 to 545 kilos per household² by 2015-16.

Principle 2 – Recycling and Composting

The Council will carry out the separate collection of recyclable and compostable waste materials from all accessible households, supported by publicity campaigns to encourage the use of these services by householders, to achieve a recycling rate of 50% of household waste by 2014.

² This improvement is forecast to be achievable as recent service improvements take full effect. Performance will be measured using the established methodology for National Indicator (NI) 191, which is still widely used for performance assessment and comparison
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The Council will carry out recycling and residual waste collections on a fortnightly cycle, to encourage residents to make best use of recycling services.

The Council will continue to promote collection of garden waste to achieve diversion of biodegradable tonnage from landfill. This is well established in Wiltshire and is the most cost effective way of diverting biodegradable waste from landfill.

The Council will not seek to establish separate collections of food waste, but will pursue established measures – waste prevention and energy from waste - to divert more of this material from landfill.

In the longer term, including beyond 2020, the Council will seek to achieve further increases in recycling and composting of household waste, by continuous improvement and adoption of viable step-changes to services.

This policy will be reviewed if required by changes to government legislation or financial factors.

Principle 3 – Further Diversion from Landfill

The Council will recover energy or otherwise divert from landfill sufficient tonnage of MSW, in addition to that diverted by recycling and composting, to achieve:

- A landfill rate of 25% or less of total MSW by 2014.
- A landfill rate equivalent to less than 35% of the biodegradable municipal waste tonnage landfilled at 1995 by 2019-20³.

In the longer term, beyond 2020, the Council will seek further measures to reduce landfill, as set out in Principle 4 below.

Principle 4 – Waste Treatment Capacity

The Council will monitor available capacity for diversion of MSW from landfill and, subject to the requirements of planning policies and procedures, will support any additional proposals required to meet targets and policies for landfill reduction (as set out in Principle 3), and to address the following:

- (i) The scope for developing re-use, recycling, composting and other treatment industries in Wiltshire, to avoid creating waste or convert it to resources, and to encourage treatment of waste at higher levels in the waste hierarchy.
- (ii) The scope for community-based action and/or public and private sector partnership action to convert waste to resources.
- (iii) The scope for local use of resources produced by local waste treatment, such as refuse derived fuel.

³ This is the target required by the EU Waste Framework Directive and by national waste policy.
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- (iv) Opportunities to develop additional landfill diversion capacity in the south and west of Wiltshire.
- (v) Identified gaps in the household recycling centre network.
- (vi) The scope to improve the carbon efficiency of waste collection, handling and treatment facilities.

In the longer term, the Council will pursue the goal of zero untreated waste to landfill and reduction of the environmental impact of waste treatment, by continuous improvement to waste collection and treatment services.

Application of new technology

- 25. Technological improvements have greatly influenced waste services and this can be expected to continue. The Council has now invested widely in technological solutions, via the Lakeside energy from waste and Westbury MBT contracts, which will together treat about 40 per cent of Wiltshire's local authority collected waste. In addition, the sorting of the plastic bottles and cardboard collection at Portemarsh, Calne employs new light based sorting equipment that enables not only cardboard to be sorted from plastic bottles, but for the latter to be sorted into two main types of plastic.
- 26. Currently, the main opportunity for possible further technological innovation is considered to be the sorting of co-mingled dry recyclable materials. This raises issues of compliance with the EU Waste Framework Directive, which are discussed at paragraphs 47 and 48 below.
- 27. Forecasts of waste growth are relatively low, limiting the need to apply other technology based solutions to new tonnage. However, there may be scope for further applications at a smaller scale, as part of continuous improvement.

Options for working patterns and collection rounds

- 28. In order to ensure that regardless of service provider the Council delivers the most efficient collection service, consideration should be given to the working patterns best able to support future service delivery. A project has recently started to look at the potential efficiency savings that could accrue from optimising collection rounds. Implementation is scheduled for 2013-14 which should allow the Council to make efficiency savings and also establish the most cost-effective and high quality collection design in advance of any procurement, thereby reducing future risk to the Council. In addition to optimising rounds, which over time become progressively unbalanced as new housing is served and new waste management facilities become operational, the additional impact of different working patterns will be modelled. Initial indications suggest there are some additional cost efficiencies to be gained, but the detailed evidence must first be gathered and analysed.

29. Currently, drivers and loaders mainly work their 37 hours per week over five days, Monday to Friday. Other patterns could include working 37 hours over four days per week from Tuesday to Friday, with the standard working day increasing from 7.4 hours to 9.25 hours. This would save the payment of overtime for working on at least four bank holiday Mondays each year and would provide time for vehicle maintenance and repair without having to pay overtime for the provision of these services.
30. In a variation on this pattern, some councils have introduced a pattern which has staff working four longer days, but with the service still being delivered over five days as staff work a rota system with different days off during the week. While the staff work for four days, the vehicles work for five days enabling a reduction in the size of the fleet.
31. Another option would be double shifting where (a reduced number of) vehicles would be used for two shifts per day rather than one, subject to ongoing compliance with planning permissions and environmental permits for depots and waste management facilities. Some concerns have been expressed about the health and safety implications of working more hours in darkness and also about the residents' acceptance of services being delivered earlier in the morning and later at night. A greater number of smaller vehicles may be required to enable access to streets where a higher number of cars are parked outside the normal working day.
32. A further option for the garden waste collection service is to introduce a system of annualised hours, where staff work longer days from April to October and shorter days from November to March. This reduces the need for overtime during the busiest period of the year.
33. Each pattern has a different benefit and risk profile and requires further investigation. The views of the staff should be sought on the possible options. Additional work will be done to develop these options prior to a decision on the preferred working pattern being sought. Potential changes to working patterns will require extensive discussions and negotiations with staff and trade unions, whose representatives have recently been advised that a review is underway. Approval is now requested to properly engage with staff by consulting on a short-list of options. It is proposed that this process commences in November with the next scheduled meeting with the trade unions' representatives.

Options for grouping of services

34. A key stage in defining future service delivery will be to decide how elements of the service might be best grouped together. This will in turn affect decisions about what elements of the service might be best delivered in-house or out-sourced. The strongest links exist within the following groupings:
 - Residual, garden waste and plastic bottle and cardboard collections
 - Plastic bottle and cardboard, and black box collections
 - Residual, commercial and other household waste collections for which a charge can be made, including chargeable recycling collections

- HRC operation, collections from HRCs and potential commercial recycling site operations
- Waste transfer, MRF, HRC and sale of recyclable materials and compost
- Landfill of non hazardous, inert and hazardous wastes, plus flytipping disposal and disposal of inert material to exempt sites
- Clinical waste collection and disposal
- Performance monitoring of all services.

35. Information gathered to date suggests that having a single provider of waste and recycling collection services enables the delivery of an efficient and cost-effective service. This removes any artificial geographical boundaries and offers the service provider the greatest flexibility for deployment of fleet and crews. The service could be delivered in-house by Wiltshire Council staff. Alternatively, provision could be procured from a single private sector service provider.

Options for Service Providers

36. An assessment was carried out of which factors were likely to be the main sources of strength or weakness when comparing in-house and contracted-out waste services. For in-house services some of the main strengths were considered to be (in descending order):

Control	For waste collections, transfer stations, waste treatment and landfill in particular
Customer contact and response	For waste collections in particular
Staffing	For waste collections in particular
Skills	In general
Reputational risks	In general

The main weaknesses were considered to be (in descending order):

Skills	For waste treatment and landfill in particular
Regulatory factors	Mainly for bring sites and transfer, treatment and landfill site management
Staffing	In general
Dealing with environmental permits and licensing issues	Sites in general
Reputational risks	For non universal collections in particular

For out-sourcing the main strengths were considered to be (in descending order):

Skills made available	For waste collections, HRCs, transfer stations, waste treatment and landfill in particular
Health and safety	For commercial, "schedule 2" and other non universal collections in particular
Dealing with environmental permits and licensing issues	For waste treatment and landfill in particular
Dealing with planning issues	For landfill in particular
Staffing	For commercial, "schedule 2" and other non universal collections in particular

The main weaknesses were considered to be (in descending order):

Control Customer contact and response Reputational risks	For waste collections in particular For waste collections in particular In general, but mainly waste collections
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37. The overall case for operating services in-house was perceived to be strongest for:

- Environmental work on closed landfill sites
- Monitoring of service performance
- Work to encourage residents to reduce, re-use and recycle

The case was perceived to be less strong, but apparent for:

- Waste collections and bring sites

The overall case for out-sourcing services was perceived to be strongest for:

- Landfill and waste disposal, including clinical waste

The case for out-sourcing was perceived to be less strong, but apparent for:

- Hazardous and inert waste disposal
- Waste treatment
- HRCs
- Waste transfer stations
- Processing of recyclates and compost

The approach to procurement

38. Consideration also has to be given to the procurement route to be used for any such contracts. If the Council is clearly able to specify the services it wants and the way in which it wants those services to be delivered, the restricted procedure is a more cost-effective and shorter process. If, however, the Council is only able to specify the outcomes it wants to achieve (this could be the case if complex financing arrangements are required) then the competitive dialogue process might be more appropriate which is generally a more expensive process and requires a longer time period for completion.

Options for waste and recycling collection

39. If a recommendation to deliver the collection service in-house is made and agreed in a final report to Cabinet in summer 2013 this should allow sufficient time to manage bringing the west Wiltshire service in-house from 2014, including dealing with staff transfers and working with the relevant trade unions. Consideration would be given to timing and programming during the development of the business case. Planning for harmonisation to begin delivering efficiencies in the west area from rounds optimisation and changes to working patterns would be implemented from the earliest possible start date after contract termination. These efficiencies are planned for delivery by the in-house service in north, east, and south Wiltshire during 2013.

40. If a recommendation to outsource waste collection is made the probable date for the award of a new contract would be summer 2014. This would imply an earliest possible start of spring 2015. Further consideration would be given to the procurement programme as part of the development of the business case for this option, particularly if the business case demonstrates that savings could be made from bringing the service in-house. Given that the arrangements for collection are firmly linked and dependent upon suitable disposal infrastructure it is necessary to specify the recycling and treatment operations and facilities prior to deciding the collection system. This will be particularly important if a decision is taken to change the method of collection of dry recyclable materials to a co-mingled system. In this case it may prove to be most cost-effective to commence a new collection contract from July 2016, when new waste management arrangements commence.

Options for management of waste and recyclable materials

41. The situation is potentially more complex when considering the recycling and disposal operations currently undertaken as part of the landfill and recycling contract with Hills. Although the current contract does not end until June 2016 sufficient time would be required by contractors for them to source appropriate sites, obtain the necessary planning consents, and construct and commission the infrastructure to ensure service continuity from July 2016. To plan for this, the aim is to award contracts or a contract as early as possible in 2014 to allow a period in excess of two years for this work to happen. This requires that the Council starts to plan and prepare for a potential procurement now so that an OJEU notice can be placed without delay in the summer of 2013 following Cabinet approval of the proposed business cases. It should be noted that if a final decision is not taken by this time, the Council will be increasingly exposed to the risk of services not being in place when current contracts expire.
42. Regardless of whether the service is delivered in-house or by private sector organisations under one or more contracts, there are a number of options to consider for the approach to management of each of the main waste streams, linked closely to the method of collection.

Kerbside collection of dry recyclable materials

43. Principle 2 of the proposed updated strategy seeks achievement of at least 50% recycling by 2014, and, in the longer term, including beyond 2020, further increases in recycling and composting of household waste, by continuous improvement and adoption of viable step-changes to services. There are no proposals to change the collection service or the materials that residents separate for recycling, at present. However, the procurement of new contracts provides an opportunity to consider whether these materials could be collected more efficiently.
44. Wiltshire Council currently operates two systems for kerbside collection of dry recyclable materials. Paper, glass, cans, foil and textiles are separated by residents and stored in a black box. Upon collection they are sorted at the kerbside and the materials are placed in separate compartments of the collection vehicle before being transported to the materials recovery facility (MRF). This system produces high quality recyclable materials with the reject rate from the MRF being less than 1%.

45. The Council also collects plastic bottles and cardboard, co-mingled, in a wheeled bin. The materials are collected in a standard refuse collection vehicle and taken to a different MRF which has more sophisticated equipment that enables the separation of the materials. The service has not yet been operating for a full year so it is not possible to report a reject rate. However, information to date suggests that the reject rate is relatively low (approximately 7% at present), although higher than for the black box, kerbside sort service.
46. The Council could continue with the existing systems or could consider changing them to collect more materials on a co-mingled basis. For example, cardboard and paper could be collected together from one container, with glass, cans and plastic bottles co-mingled in another container. Alternatively, the wheeled bin currently used for the collection of plastic bottles and cardboard could be used for all the materials currently collected in the black box as well. Such a system would reduce the number of vehicles and rounds, but would also require a far more complex MRF to separate the materials. There is evidence that reject rates from such a MRF would be higher and that the resulting recyclables are not of such a high quality as those collected using a kerbside sort service. However, reject rates for such a MRF have improved in recent years and figures of 5% and less can be achieved. There is evidence that residents recycle more when they do not have to sort the materials themselves and that this translates into increased tonnages of dry recyclables, with increases of up to 25% reported. Analysis of the performance of waste collection authorities reveals that 20 of the 30 top performing councils for recycling employed co-mingled collections. Moreover, 11 of the 15 highest improving authorities, between 2009-10 and 2010-11 achieved this improvement primarily by moving from kerbside sort to co-mingled collections.
47. However, there is a risk that such a co-mingled system would not enable the Council to comply with the requirements of the revised Waste Framework Directive (WFD). The WFD placed an obligation on member EU states to introduce separate collections of a range of dry recyclables, including paper, metal, plastic and glass, by 2015. However, it appeared to leave open the possibility of co-mingled collections (with subsequent separation at a MRF) subject to meeting “the necessary quality standards for the relevant recycling sectors”. This was challenged by the recycling industry when DEFRA attempted to transpose the EU requirements into UK law. DEFRA has now laid amendments before Parliament. These follow EU guidance notes and allow for local determination of the most appropriate collection and treatment systems – subject to achieving broadly equivalent quality standards. However, the claimants have now indicated they are still pursuing a judicial review of this interpretation and it is currently unclear when this will be clarified.
48. DEFRA has expressed confidence in its legal case and is moving ahead to pass this amendment into UK law. This introduces a test which an authority would have to meet in deciding to implement co-mingled collections. These would be acceptable as long as separate collections are not technically, environmentally and economically practicable and as long as the right quality of recyclable materials are achieved. There is a risk that the claimants may single out one or more councils for individual challenge in an attempt to create a precedent to facilitate a widespread challenge to the UK approach to recycling. If successful, this could expose affected councils to substantial sums. This risk may remain for another year or more until this is fully clarified. Part of the response is the development of a MRF code of practice which will set quality standards but this is not yet available.

49. Modelling work has commenced to assess the benefits to the Council of a future move to co-mingled collections. Results of this work will be reported next year, together with an update on the latest legal position and a recommended course of action.
50. In recent years the markets for recyclable materials have been relatively stable. Historically the Council has transferred the risk for such markets to our contractor and taken relatively little income for the sale of recyclables as a consequence (£800k for paper in 2011-12). The benefit has been that as recently as 2007 the Council maintained its recycling performance when some other authorities without secure long term contracts had to landfill recyclable materials. Given the stability of the markets tenders could be invited for providing a service at a gate fee to be paid by the Council with a percentage share of the income generated from the sale of recyclables. This would reflect the approach taken under the contract for the MBT plant under construction in Westbury.

Kerbside collection of garden waste

51. The opt-in free of charge garden waste service has been operating across the county since April 2012. A third roll out of garden waste bins has recently been completed and a fourth phase is being considered. The Council could continue to provide the service in this way. Some authorities (including three of the four Wiltshire ex-district councils historically) charge for the delivery of this service. While there is a risk that some of the garden waste (which is 100% biodegradable) enters the residual waste stream, there is evidence that this could reduce waste tonnages overall as people revert to home composting. Given the financial pressures that the Council is facing, introducing a charge for the service would reduce the costs of service delivery and generate an income. Consideration could also be given to restricting operation of the garden waste service to the busiest months of the year.
52. When Cabinet decided on the pattern of collections for the harmonised waste service in October 2010, options including a charged for garden waste service were considered and rejected⁴. Provision of a garden waste bin to all households who requested one was seen as a key part of the harmonised service, designed to maximise recycling of biodegradable waste that could be treated using the robust, relatively low cost method of open windrow composting. This is well established in Wiltshire and is the most cost-effective way of diverting biodegradable waste from landfill. A decision to charge for garden waste collection would have a significant impact on the strategy and its target for 50% recycling by 2014.
53. Given the geography and nature of Wiltshire it may be possible to develop a network of smaller, open windrow composting facilities. The garden waste collected in the south of the county has been successfully managed in this way for several years. There is an opportunity to build on this experience and, should this prove feasible, reduce the distances over which the collected garden waste is transported.

⁴ Cabinet October 19th 2010, Agenda Item 13. See Appendix 2 listing options and options 3 and 5 in particular.
CM09438/F

Food waste

54. Wiltshire Council's approach to food waste has been to focus on information campaigns about food waste minimisation and to promote home composting using subsidised food waste digesters. This is clearly the most sustainable approach to managing food waste and has wider environmental benefits than residual waste reduction alone. However, an increasing number of councils are introducing food waste collections. To do this would require a waste management facility to treat the food waste but a new contract would provide the opportunity to procure such capacity. In addition, there would be an opportunity to procure new collection vehicles with a separate compartment for the collection of the food waste.
55. When Cabinet decided on the pattern of collections for the harmonised waste service in October 2010, an option including a collection of food waste was considered and rejected⁵. The option was forecast to deliver higher recycling performance but to be more expensive than the harmonised service decided upon by Cabinet.
56. In the light of the 2010 Cabinet decision, the proposed updated strategy includes a policy to not seek to establish separate collections of food waste, but to pursue established measures – waste prevention and energy from waste - to divert more of this material from landfill. However, the strategy also states that this policy will be reviewed if required by changes to government legislation or financial factors.

Mini recycling sites

57. During 2011-12 the mini recycling sites contributed about 5% of the Council's overall recycling performance. Tonnages collected at these sites have been decreasing significantly and further reductions were expected following the expansion of kerbside collections, particularly for plastic bottles and cardboard. A project is currently nearing completion to reduce the number of bring sites (local recycling facilities) across the county, following the introduction of the new kerbside collection services. The changes will result in a smaller, strategic network of about 140 sites with public access and including a standard range of bins for paper, glass and cans.
58. Work has been carried out to compare Wiltshire's performance with that of other councils in the same family audit group on the numbers of mini recycling sites provided per head of population. The group of authorities includes those ranging from highly urbanised areas such as Solihull to very rural areas like Wiltshire and Northumberland. The results indicate that provision of mini recycling sites in Wiltshire is relatively limited, when compared with population and the mean result for the sample of local authorities with Wiltshire ranking ninth out of 15.
59. The proposed updated strategy includes a policy to monitor the performance of mini recycling sites. The intention will be to maintain a consistent local service backing up the expanded kerbside collections. A future option would be to remove more or all of these sites. The new network is at maximum for collection by one contractor vehicle and crew, so savings would only result from complete closure of the network, or reduction to a level where sites could be emptied by kerbside recycling vehicles.

⁵ Cabinet October 19th 2010, Agenda Item 13. See Appendix 2 listing options and option 7 in particular. CM09438/F

60. The latter approach might be assisted by changing a reduced network to co-mingled bins, if this was co-ordinated with a change to co-mingled kerbside collection of recyclables, which would enable collection using the same vehicles. However, there is a greater risk of contamination at bring sites, where there is no supervision and no ability to identify the waste source as household or commercial. Co-mingled collection might encourage more abuse of these sites.
61. A number of mini recycling sites also have bins serviced by charities, often for collection of textiles and shoes, and this material is traditionally what the public associates with charitable collections. Tonnages from these banks can be considerable and, as historic capture rate analysis work shows, there is still a considerable amount of textiles found in the residual waste stream, despite the collection of this material through the black box recycling collection service. It therefore appears viable to continue offering this service at mini recycling sites and engaging with the voluntary and community sector to improve tonnages collected.
62. Several charitable organisations service and collect from textile banks around the country, including Scope, British Heart Foundation, TRAIID, Oxfam, Salvation Army, Barnados and RTS Textile Recyclers, amongst others. Some local authorities have tendered for the textile bank collection service at their mini recycling sites exclusively to one or more charitable organisations. For example, Poole Borough Council tendered for contract for its textile banks, and TRAIID won the £60,000 per annum value contract through the competitive tendering process. There may, therefore, be scope to work more extensively with the voluntary and community sector or with individual communities to extend the use of remaining sites.

Household Recycling Centres

63. During 2011-12 Wiltshire's household recycling centres (HRCs) contributed about 44% of the Council's performance on wider recycling, when the diversion of wood, soils and rubble from landfill is added to the standard recycling performance figure. Servicing the HRCs underpins our recycling performance.
64. Work has again been carried out to compare Wiltshire Council's performance with that of other councils in the same family audit group on the numbers of HRCs provided per head of population. The results indicate that provision of HRCs in Wiltshire is a little above average, when compared with population and the mean result for the sample of local authorities. The proposed updated waste strategy includes a policy to maintain and seek to expand the network of HRCs subject to sites and funding being made available.
65. The proposed strategy update also includes policies to:
 - increase the range of recyclable materials collected at HRCs, where it is feasible and economic to do so, with a focus upon biodegradable and hazardous wastes and service to residents;
 - extend the scope of community re-use activities based at HRCs, provided these can be achieved safely and legally;
 - promote the development of licensed and permitted recycling centres for business waste, and to prevent illegal use of household recycling centres.

66. The HRCs are currently operated by Hills for use by residents of Wiltshire. The Council does not currently charge for any of the services delivered through HRCs and does not permit trade waste to be delivered to HRCs. Consideration could be given to allowing access for commercial waste on a charged basis, subject to gaining any necessary planning permissions and environmental permits. Alternatively, the Council could seek to reduce its costs by introducing enforcement at HRCs to minimise trade waste abuse.
67. Consideration could also be given to introducing charges for certain waste streams to generate an income from HRC operation. Somerset County Council has commenced charging for items not classified as household waste – namely soil, rubble, tyres and gas bottles. In addition Somerset also charges for entrance to four of its ‘community recycling sites’. The charges were introduced as a means of avoiding closing the sites.
68. If the decision is taken to deliver the complete collection service in-house (for all waste streams including commercial waste) consideration could be given to extending the range of services delivered directly by the Council. This could include management and servicing of the bring sites and the HRCs. In addition, the Council could procure the construction of waste transfer stations, a MRF and a composting pad and operate these through the in-house service. This would enable the Council to take the full benefit of any income raised from the sale of recyclables but would also mean that the Council carries the risks of finding sustainable markets for those materials, the risks of procuring the required facilities, including site purchase, planning and environmental licensing, and operational risks.
69. A further option to consider is for a voluntary or community sector organisation (VCS) to undertake running the HRCs on behalf of the Council or an external contractor. This option is a new idea, currently being spearheaded by Warwickshire County Council who determined via a soft-market testing exercise that Warwickshire Community and Voluntary Action (WCAVA) should operate two entire Household Waste Recycling Centres (plus their Re-use Shops) in the county, starting from April 2012. The risks of such an approach include ensuring consistent service provision, staff recruitment and retention and education and training. They are jointly endeavouring to address some of these matters through apprenticeships, Government-funded NVQs and QCFs, and a stipulation of a minimum level of site staffing of two full time members at each site provided by WCAVA.
70. There may also be opportunities for increasing use of the HRCs by working with the VCS, even though the actual sites are operated in-house or through a private contractor. There are examples of this where high levels of re-use are achieved through diversion of particular items through charity shops and increased recycling levels. This can be achieved by the VCS operating a ‘re-use shop’ at the HRCs, where residents who have items to dispose of which are suitable for re-use, such as white goods, bric-a-brac, bicycles and furniture, are directed to a specific unit at the HRC which is run separately by the VCS, under contract to either the Council or a private contractor. The VCS then refurbish the goods as necessary and sell the refurbished items at the unit back to residents who visit the HRCs. This reduces the cost for the Council of sending these items for disposal and increases the funds generated by the charity.

Commercial Waste

71. A commercial residual waste collection service is currently provided by the in-house service with three of the four operating depots providing the service across the county. Increased charges were introduced recently as a result of the first phase of a service review and these rises may have an impact on the number of customers who continue using our service. Waste officers are still dealing with queries about the new prices, so the data gathering phase is still in effect.
72. The proposed updated strategy includes a policy to review trade waste collection, to ensure that this:
- (a) is based on an approved business case, which takes account of identified demand and all identifiable revenue and capital costs, including those arising from waste disposal;
 - (b) provides accurate tonnage figures, preferably by separate collection, or alternatively by updated and regular test-weighing of bins;
 - (c) if feasible, includes a significant recycling element, that prioritises biodegradable materials such as paper, cardboard, or green waste , subject to the availability of treatment facilities, and the need to give priority to treatment of household waste tonnage;
 - (d) makes a sufficient financial contribution to the Council's disposal, treatment and Landfill Tax costs, to avoid being cross-subsidised by council tax payers.
73. Pilot schemes are in operation for the collection of commercial recycling in the east and south operational hubs. These pilots continue the recycling services offered by the former district councils in those areas. The feasibility of these services is under review and monitoring of how customers respond to newly structured charges for recycling is also taking place.
74. The Council could continue to provide the service in-house. Decisions on delivering commercial recycling services countywide will be based on the outcome of the pilot schemes. Another option would be to outsource this service, either as part of a wider outsourcing of the collection service or on a stand-alone basis.
75. A second phase of the review of the commercial waste service is underway. Analysis of our customer records for north and south Wiltshire⁶ shows that we have retained a loyal customer base over a substantial period: just under a third of customers in these areas have used our services for ten years or more and a further 23% have been with us for between five and ten years. Customers are still joining the service as well, with over 25% of current customers having joined us in the past 18 months. Further data will be gathered and analysed during the coming months as the review draws to a conclusion to help to assess the best means of service delivery in future.

⁶ Data stored in the Whitespace system
CM09438/F

Other paid for collections (former Schedule 2 services)

76. The Council currently makes charged collections for bulky waste and waste collected from a number of categories of non-domestic organisations (e.g. schools) for which a collection charge can be levied. The latter were formerly known as “schedule 2” customers⁷. The proposed updated waste strategy includes a policy to apply a similar approach to provision of services to other paying customers as that which applies to commercial waste customers, recognising that these customers should have access to a multi-material recycling collection. This service is closely related to the commercial waste service discussed above, so the current review of that service will influence how we deal with collections from non-domestic organisations classed as household waste producers who we can charge for collection.
77. The Council is currently in discussion with furniture refurbishment organisations based in Wiltshire to see a business case can be developed for one of them to trial delivery of the bulky household waste collection service. The Council already recommends their use through the website and when residents telephone to request this service. A successful trial would be a step towards a more formal arrangement.

Waste transfer stations and wood waste

78. The location of transfer stations is key to the efficient delivery of the collection service which will increasingly focus on recyclable materials as well as residual waste. They minimise the distance travelled by refuse collection vehicles to tip the waste or recyclables collected and enable the materials to be bulked up for transfer in more appropriately sized vehicles to the relevant waste management facilities or reprocessors. A facility is also required for chipping and bulking up wood waste for onward transportation to ensure the Council continues to keep this biodegradable waste stream out of landfill.

Landfill

79. Given the success of the Council’s strategy landfill is now a much smaller and reducing area of the waste management service. The quantity of waste we send to landfill should continue to reduce. This is a specialist area of waste management. The ability to provide landfill capacity might prohibit some potential contractors from tendering for other service areas, thus limiting competition for delivery of wider waste management services.

Waste Prevention and Education

80. Further consideration could be given to the way in which the waste management service works with the VCS on waste prevention and education. With the new National Waste Prevention Strategy due to be introduced during 2013, this work is likely to be increasingly important. The Council has considerable experience of working with the Wiltshire Wildlife Trust to deliver education on reducing, reusing and recycling waste. The reasons for working in partnership with a voluntary sector body are principally to encourage a wider, community-led approach. Programmes run by VCS which focus on waste prevention and education can attract funding from a wider range of sources.

⁷ This refers to Schedule 2 of the Controlled Waste Regulations. In Spring 2012 these regulations were updated, to provide more detailed guidance on categories from which charges for collection and, in some case disposal, could be levied.

81. A further alternative would be to seek tenders for this work to be carried out by a VCS body, working in partnership with a contractor delivering waste collection or waste management services. Alternatively, many councils carry out waste prevention and education work in-house.

Environmental and Climate Change Considerations

82. The business cases for the options proposed will contain details of environmental and climate change considerations. These will be reported to Cabinet when further decisions are sought.

Equalities Impact of the Proposal

83. There are no equalities impacts arising from the proposals. An equalities impact assessment will be carried out on the proposals to change working patterns within the waste collection service.

Risk Assessment

84. Specific risks are highlighted under main considerations above. A risk assessment for each proposal will be included within the business cases to be developed. There is a risk that if decisions are not taken to progress this work at this time, the Council would not have arrangements in place for service delivery when current contracts expire.

Financial Implications

85. One of the key factors in deciding whether the collection service should be delivered in-house or through outsourcing is the Council's ability to finance any capital investment (e.g. investment in the provision of depots, waste management sites and vehicles for waste collection) through the additional revenue costs of borrowing. If the Council cannot afford the level of capital investment required to invest in these assets, consideration has to be given to procuring services in order that the private sector will finance provision of fleet and sites. This would influence the way in which services are procured and the length of contract or contracts for service delivery. The contract period would have to be sufficient to enable a contractor to recover the investment at a rate which would be affordable for the Council, bearing in mind the additional costs this would put on the revenue budget.
86. It is proving difficult to obtain robust financial data to inform a decision about whether the collection service would be delivered more cost-effectively in-house or by the private sector. Almost every collection service has some unique local issue which it has been designed to address making it difficult to benchmark our costs against those of other councils, regardless of whether the service is delivered in-house or by a contractor.
87. More work should be done to decide which overheads should be added to the cost of the collection service. If the Council include costs that would not be saved if the service were to be outsourced, possible savings could be misrepresented. In any event, if the Council decides it needs capital investment from the private sector this would be key to informing this decision. Given the cost of borrowing for the private sector compared to the public sector, such a decision would help inform the length of contract periods to make the service as affordable as possible, given the increasing pressure on the revenue budget. Further work will be done on this as business cases are developed.

88. The decision to extend the FCC contract should depend on whether the Council decides to deliver the collection service in-house or to outsource it. Bringing the service in-house would be counterproductive if we demonstrate that the private sector delivers more cost effectively. In this case, the contract could be extended to 2016 to be co-terminus with the Hills contract (which includes the black box kerbside collection) enabling a new contract to be procured to commence in 2016.

Legal Implications

89. Procurement processes will be carried out in accordance with EU procurement rules and the Wiltshire Council constitution. A member of the corporate procurement unit will work with the waste management service to ensure that robust processes for managing this are put in place.
90. Advice would be sought from HR on the process for consultation on changes to working patterns within the waste collection service.
91. Regardless of whether the waste collection service is delivered in-house or by an external service provider there is likely to be transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006. Advice would be sought from HR and Legal Services to ensure that any procurement or transfer of services in-house would be carried out in accordance with the Council's obligations under these regulations.
92. Assessment of waste services by the Health and Safety Executive (HSE) includes an examination of the extent to which health and safety considerations are built into service specifications and the evaluation criteria for contract tenders. Work carried out to improve health and safety procedures and contract monitoring in the waste management service provides a solid basis for inclusion in any procurement processes. HSE advises that this should be done at an early stage.

Options Considered

93. The options considered are set out under main considerations in the body of the report above.

Conclusions

94. Considerable progress has been made on delivery of the Wiltshire Joint Municipal Waste Management Strategy. A harmonised service of waste and recycling collection which will enable the Council to achieve 50% recycling by 2014 is operating county-wide. Contracts awarded for the treatment of non-recycled waste at the Lakeside energy from waste plant and the mechanical biological treatment plant under construction in Westbury will enable the Council to reduce the waste sent to landfill to less than 25%.
95. The contract for collection of non-recycled waste, plastic bottles and cardboard and garden waste for the west Wiltshire area could terminate in 2014 or be extended by up to seven years. The contract for the collection of glass, paper, cans and textiles, the provision of landfill capacity, the provision of material recovery facilities and markets for dry recyclable materials, waste transfer stations, composting facilities, treatment of wood waste and management of the household recycling centres and mini recycling centres will terminate in 2016 with no option to extend.

96. Developing the business cases referred to in paragraph 1 above, considering the issues raised in the main body of the report should ensure that the Council makes informed decisions about the options for future service delivery. This should enable the Council to continue to deliver sustainable and affordable statutory waste collection and waste disposal services and wider waste management services that would enable achievement of the targets confirmed in the updated Wiltshire Council Waste Management Strategy.

Tracy Carter

**Service Director
Waste Management Services**

The following unpublished documents have been relied on in the preparation of this Report:

None

Appendices:

Appendix 1 - Benchmarking comparisons

Appendix 2 - Updated Draft Wiltshire Council Waste Management Strategy 2012