

WILTSHIRE COUNCIL

ENVIRONMENT SELECT COMMITTEE

30 AUGUST 2012

**Waste Management
Service Delivery Review**

Executive Summary

The report sets out a number of options for delivery of the waste and recycling collection services and the associated waste management services.

Proposal

That the Committee members:

- (i) Provide comments on the options for service delivery outlined in the attached report;
- (ii) Nominate a member of the Committee or of the Overview and Scrutiny Management Committee to work with the project team to deliver future waste and recycling services.

Reason for Proposal

To ensure Overview and Scrutiny Management engagement in the development of future service delivery models for waste and recycling services.

TRACY CARTER

Service Director, Waste Management

ENVIRONMENT SELECT COMMITTEE

30 AUGUST 2012

**Waste Management
Service Delivery Review**

Purpose of Report

1. To:
 - (i) Seek the views of Environment Select Committee on options for service delivery for waste and recycling collection and management.
 - (ii) Propose how Overview and Scrutiny Management Committee remain involved with, and add value to, the project.

Background

2. In 1996 Wiltshire County Council commenced delivery of waste management services through a contract with Hills Waste Solutions. This contract covers landfill, waste transfer station and materials recovery facility operations, kerbside collection of dry recycling, composting facilities, household recycling centres and bring sites. This contract ends 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 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 mechanical biological treatment (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. On 1 April 2009 Wiltshire Council inherited four different waste collection services from the former district councils. Since 1 April 2012 a harmonised waste collection service has been in operation 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 in a black box)
 - (iv) garden waste (opt-in, non-chargeable service).
6. Collection services are provided through a combination of in-house and contracted out service delivery. Hills Waste Solutions deliver the black box service countywide, 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.
7. 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.
8. 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.
9. 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.
10. 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.

11. The percentage of municipal solid waste (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% because the Council is committed to this target in its corporate plan.
12. 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) |

Main Considerations for the Committee

13. 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. The service could be delivered in-house by Wiltshire Council staff. Alternatively provision could be procured from a private sector service provider.
14. Regardless of whether the service is delivered in-house or by a private sector organisation there are a number of options to consider for the approach to collection of each of the main waste streams.
15. Wiltshire Council currently collects paper, glass, cans, foil and textiles from the kerbside. The materials 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 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%.

16. 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, although higher than for the black box, kerbside sort service.
17. The Council could continue with the existing system or could consider changing it 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 require a far more complex MRF to separate the materials and there is a risk 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% can be achieved. There is evidence that residents recycle more when they do not have to sort the materials. 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, as set out in paragraph 12 above.
18. The opt-in free of charge garden waste service has been operating across the county since April 2012. A second roll out of garden waste bins has recently been completed and a third phase is planned for the autumn. The Council could continue to provide the service in this way. Some authorities (including three of the four Wiltshire 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, with the crews working annualised hours, longer in the summer and shorter in the less busy months.
19. 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. 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.

20. A commercial residual waste collection service is currently provided by the in-house service. Pilot schemes are in operation for the collection of commercial recycling. 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.
21. In addition to the type of collection service the Council wants to deliver, consideration should also be given to the working patterns to support service delivery. These could include working 37 hours over four days per week from Tuesday to Friday, rather than five. 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. Another option would be double shifting where 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.
22. A project is currently underway to reduce the number of bring sites (local recycling facilities) across the county, following the introduction of the new kerbside collection services. Future options could be to remove more or all of these sites or to change them to co-mingled bring sites to reflect a possible move to co-mingled kerbside collection of recyclables, enabling them to be serviced using the same vehicles. There is also a greater risk of contamination at bring sites, where there is no supervision and no ability to identify the waste source.
23. The household recycling centres (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. Alternatively, the Council could seek to reduce its costs by introducing enforcement at HRCs to minimise trade waste abuse. Consideration could also be given to introducing charges for certain waste streams to generate an income from HRC operation.
24. 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.

25. Further consideration could be given to the way in which the waste management service works with the voluntary and community sector (VCS). The Council has considerable experience of working with the Wiltshire Wildlife Trust to deliver education on reducing, reusing and recycling waste. With the new National Waste Prevention Strategy due to be introduced during 2013, this work is likely to be increasingly important. Added to that, the best way to reduce the costs of the waste management service is to reduce the amount of waste to be collected by working closely with community-based groups.
26. There may be other opportunities for working with the VCS to deliver elements of the service. The Council is currently in discussion with furniture refurbishment organisations based in Wiltshire to see if we can develop a business case for one of them to trial delivery of the bulky household waste collection service. We already recommend their use through the Council's website and this would be a step towards a more formal arrangement. Another area which could be considered is the operation of HRCs. 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.
27. One of the key factors in deciding whether the 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.
28. 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.

Environmental and Climate Change Considerations

29. There are no environmental and climate change considerations arising directly from this report.

Equality and Diversity Impact of the Proposal

30. There is no equality and diversity impact of the proposal.

Financial Implications

31. There are no immediate financial implications arising directly from this report; however, as per paragraph 27, consideration will need to be given to any future implications for both capital and revenue regarding the options for Waste Service delivery.

Legal Implications

32. There are no legal implications arising directly from this report.

Conclusion

33. The above paragraphs set out a number of options for future delivery of waste management services which members of the Environment Select Committee are invited to comment on. In addition, the waste management service would welcome the nomination of a member of the Committee or of the Overview and Scrutiny Management Committee to receive regular briefings on progress with this project to work with the service on the further development of the options above and to act as the link between the project team and the Committee.

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

None

Appendices:

None