

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
18th JANUARY 2007

WASTE MANAGEMENT SERVICE
ANNUAL REVIEW 2005-06

Purpose of Report

1. To present to Members the Annual Review of the County Council's Waste Recycling and Disposal Contract.

Background

2. The Contractor is required to produce an Annual Review of the company's waste management service for the County Council, with particular reference to waste tonnages, Household Recycling Centres and Bring Sites ("Mini Recycling Sites"), recycling and composting performance, complaints and comments from the public, and action taken to advise the public about services.
3. The Annual Review of Service 2005-06 was circulated to Members with letter dated 15th November 2006 and is available on www.wiltshire.gov.uk. Further statistics on waste management performance are published on the Wiltshire Waste Partnership's website www.wasteinwiltshire.com (see Facts and Figures).
4. In 1996 the Council awarded a 20-year contract to Hills Waste Group Limited for the disposal of waste from Kennet, North Wiltshire and Salisbury Districts. A separate contract with Viridor Waste Management, which expired in 2004, covered the disposal only of waste from West Wiltshire District. To provide for the continued disposal of waste from West Wiltshire, a tendering process commenced in May 2001. This contract was also awarded to Hills and subsequently merged with the existing Hills contract to form a single, countywide, recycling and disposal contract between the Council and Hills Waste. Under the contract, continued use was made of the Westbury Landfill operated by Viridor until the site closed during 2004.

Main Considerations for the Council

Scope of the Contract

5. Hills Waste are required to provide facilities for landfilling residual waste, and to divert sufficient waste from landfill to enable the Council to achieve its statutory recycling targets. Diversion of dry recyclates from landfill is achieved by a network of 10 Household Recycling Centres (HRCs), approximately 300 local bring sites and kerbside collections provided by Hills Waste and Kennet District Council. Hills provide a Materials Recycling Facility at Lower Compton, near Calne, to support these collections. This site also has an expanding compost operation to deal with green waste collected at the HRCs and at kerbside by the District Councils.

Performance

6. Annual recycling targets are agreed between the County and Hills Waste based on the previous year's achievement, financial considerations and the need to meet Government targets.

7. The Contractor is required to provide details each month showing the weights of waste collected by District Councils and from Household Recycling Centres and Bring Sites, the recycling achieved and the weight of residual waste landfilled. The statistical data provides a clear indication of the growth of municipal waste and the Contractor's performance against the annual target. The data is audited independently.
8. During 2005-06 the key results were:-
 - (i) An increase in Best Value Performance Indicators (BVPI) recycling rate from 26.7% of household waste during 2004-05 to 31.6% during 2005-06. (See page 1 of the Annual Review) Members are advised that the ongoing BVPI recycling rate for 2006-07 is about 39%.
 - (ii) An increase in the tonnage recycled via the 10 Household Recycling Centres, from 47,348 tonnes during 2004-05 to 49,960 tonnes during 2005-06, despite further expansion of the kerbside recycling (black box) collections. During the year the HRCs collected 56% of all recyclates and the kerbside dry collection a further 18%. (See pages 2, 5 and 6 of the Annual Review.)
 - (iii) A decrease in tonnage collected at local Mini Recycling Sites, by 19% (see Page 2 of the Annual Review). These sites still contribute about 9% of all recyclates, but their use is declining with increased kerbside services. The Wiltshire Waste Partnership and Hills reviewed these sites during 2005-06 and have agreed to convert selected sites to collect plastic bottles and cardboard. The conversion will commence with 30 sites in West Wiltshire District in February 2007.
 - (iv) Development of markets for compost, aided by the award of the PAS100 Certificate by the Composting Association (See Annual Review Page 3). Composting increased to 25,000 tonnes, from 20,000 tonnes in 2004-05.
9. The Hills Waste Annual Service Review 2005-06 gives more detail for each of the services provided.

Environmental Impact of the Proposal

10. The County Council's Corporate Plan Wiltshire 2009 includes goal 12 "encourage the minimisation, re-use and recycling of household waste". The Wiltshire Strategic Board (WISB) has an aim to make Wiltshire the most waste efficient county by 2014. Both these aims reflect Government and EU guidance on the environmental priority of greatly reducing the amount of waste sent to landfill.
11. Landfill is a major source of methane, a greenhouse gas, produced when biodegradable materials such as paper, food and green wastes decompose in the absence of oxygen. For this reason the European Union Landfill Directive has set ambitious targets for the reduction of biodegradable municipal waste sent to landfill. In the UK targets have been set to reduce the biodegradable municipal waste landfilled to 35 per cent of that produced in 1995, by 2020. This will be implemented by Landfill Tax and the Landfill Allowances Trading Scheme (LATS).

12. The Hills Contract is playing a key part in pursuit of these aims, principally through the achievement of much higher recycling and composting rates. However, success depends not only upon the endeavours of the Contractor, but also upon partnership with the Waste Collection Authorities. During Spring 2006 the County and District Councils (the Wiltshire Waste Partnership) adopted a Joint Municipal Waste Management Strategy which includes the following targets:-
- Kerbside collection of multiple recyclates from 95% of Wiltshire's households by 2010/11 - *To date 86% receive a black box service and a further 12% receive a paper and card collection. In addition, garden waste collection services are expanding.*
 - All collections of residual household waste to be fortnightly by 2010/11 - *To date this has been achieved in two Districts - Kennet and West Wiltshire.*
 - Recycling to reach 40% BVPI by 2010/11 and 50% by 2020/21 - *To date a recycling rate of 39% (ongoing for 2006-07) has been achieved. Further improvements are committed for 2007-08.*

Risk Assessment

13. Waste Management risks include significant increased costs due to growth, higher statutory recycling targets, LATS penalties or Landfill Tax, lack of suitable landfill sites and the long term environmental impacts of closed sites.

Financial Implications

14. The costs of providing the waste management service are increasing each year due to the Waste Contract's provision for inflation, plus:
- (i) The growth of municipal waste - however the growth rate was much reduced during 2005-06.
 - (ii) Increased costs of waste disposal, particularly Landfill Tax which increased to £18 per tonne during 2005-06 and is now at £21 per tonne. Further stepped increases to £35 per tonne are proposed and the Chancellor's recent pre-Budget statement referred to the possibility of an even higher Landfill Tax.
 - (iii) During 2005-06 the Government commenced the LATS. This includes fines of £150 per tonne for biodegradable waste landfilled in excess of the Waste Disposal Authority's annual allowance. Annual allowances will decrease sharply from 2005-06 onwards. These costs are driving the efforts to achieve better waste minimisation, increased recycling and composting, and additional treatment of waste by methods such as incineration (the proposed contract with Hills/Lakeside) and Mechanical Biological Treatment (the proposed contract with Hills/Entsorga/Lafarge).
 - (iv) Higher cost per tonne of recycling or other treatment compared to landfill.
 - (v) Increasing costs of meeting statutory responsibilities for hazardous household wastes – for example the need to divert fridges, freezers and tyres from landfill and the need to dispose of electrical goods to a hazardous wastes landfill.
 - (vi) Costs of improving the management of closed landfill sites.

Options Considered

15. The Contract has a further 10 years to run and is delivering significant improvements in recycling performance in accordance with strategic priorities. Over time, these will deliver considerable savings in LATS fines. Costs are rising but are below average for shire county waste disposal. For these reasons, no significant changes are proposed. When the County Council's waste budget allows, negotiation of costed improvements through the quarterly meetings with the contractor can be sought.

Proposal

16. That Members note the Annual Review of the County Council's Waste Recycling and Disposal Contract.

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

None