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Leader of the Council



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5 June 2007

Wiltshire Waste Strategy - Financial Issues

Thank you for your letter dated 8 May. I note that you have written to Mr Conn, the County Council's Waste Services Manager, about the information supplied to you recently. I have asked Mr Conn to reply to the technical points raised in your letter. My response deals with the questions that you have asked about the strategic decisions taken by the County Council, in adopting the Joint Municipal Waste Management Strategy and in operating its waste contract with Hills Waste Solutions Ltd.

Whilst the adopted strategy is not acceptable to you, it has won widespread support and has achieved significant success. The Wiltshire Waste Authorities have worked in partnership, using the strategy, to double the average recycling rate in 4 years. The County Council has also taken positive action to divert more waste from landfill, in accordance with government and EU targets, and will continue to do so. However, your assertion that incineration "plays a key, even dominant role in the Strategy" is based on an incorrect analysis, as explained in Mr Conn's response.

I note that you have asked the County's elected representatives to review the strategy. I believe that you are aware that the strategy has been adopted by all five waste management authorities in Wiltshire. It is therefore not solely the responsibility of the County Council, as you state, but is jointly owned. The decision to review would therefore be taken by the Wiltshire Waste Partnership.

One fact that you may not be aware of is that the Wiltshire Councils are under no obligation to prepare a strategy at present. Whilst the Waste and Emissions Trading (WET) Act 2003 included a statutory duty on local authorities in two tier areas to adopt a joint waste management strategy, this was subject to exemptions. Following consultation by DEFRA during 2004, the Wiltshire Councils were informed that they were exempted from the duty to produce a joint strategy, due to their high recycling performance. The current strategy has therefore been adopted on a voluntary basis, to help drive forward waste minimisation, recycling and composting, and other service improvements. The members of the Partnership will need to review the Strategy in due course. However, there is no need to expend precious time and resources on a premature review of a Strategy which is still helping us deliver much improved recycling performance, and keep waste management costs under control.

The County Council does not consider that it is under any obligation to renegotiate its contract with Hills Waste. The contract has proved flexible enough to enable the significant improvements in recycling and composting services referred to above. The County Council's expenditure on waste remains close to average, whilst the District Councils' spending remains below average. Overall costs to the Wiltshire Council Tax payer are therefore competitive, whilst minimisation, recycling and composting targets are being exceeded. The County Council and the other authorities are therefore delivering the Best Value to which you refer.

Finally, the progress in recycling that the Wiltshire Waste Partnership is achieving has helped the County Council to achieve an excellent rating both as a whole and for its environmental services, following Government inspection. Much of this progress is due to the work of the County Council in providing, technical and financial support for service improvements. The foundation for this joint enterprise is the Waste Strategy.

From Waste Services Manager
To Mr S D Eades
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Date 30 May 2007

Dear Mr Eades

Wiltshire Waste Strategy - Financial Issues

I refer to your letter dated 28 April 2007 and received on 9 May.

My response to your complaint about the information that you received is as follows :-

1. you now have all the information used by Entec to prepare the reports used to determine Wiltshire's Joint Municipal Waste
2. my letter dated 30th March 2007 (as quoted by you) explained that we do not have the other generic information that you seek. The costs used by the County Council to analyse service improvements proposed in support of the strategy relate to the existing contract or the proposed new contracts and are therefore commercially sensitive.
3. This does not leave the County Council unable to assess the best value aspects of proposed service improvements. We use current information on the existing and proposed contracts.

My response to your criticisms of the Entec Reports are as follows:-

1. Entec have confirmed that the reference in section 7.2 of their main report was intended to indicate that Landfill Tax and Hazardous Landfill had been separately costed from the energy recovery plant, as they were rising at higher rates. They are included in the total cost analysis.
2. The Entec options made allowances for very substantial increases in recycling and composting, taking into account the prevailing situation in the County and in other local authorities, and the timescale imposed by EU targets. The recycling rates examined in the options were derived from clear modelling assumptions stated in section 4.2 of the supplied report "Analysis of Strategic Long Term Options for Wiltshire". The future recycling/composting rates were built up from first principles (e.g. waste composition, participation rates, separation rates), using waste compositional and collection scheme data. A statement that 75% is recyclable does not take into account operational realities; not all parts of these waste streams are suitable for recycling, there are always those who do not consistently take part in schemes, and even those who do take part do not always remember to put the right materials in the right place. To illustrate the effects of this on actual recycling performance, highly ambitious rates of about 85% of the waste stream being targeted, 85% recyclability, 85% participation and 85% recognition give a net recycling rate of just over 50%. It is reasonable that the County takes a pragmatic view of what is achievable in order that it does not have to deal with unexpected residual arisings, which could have serious consequences for compliance with the Landfill Directive, and physically managing the waste.

It was not considered appropriate for the options analysis to look at collection costs as the focus was on the treatment options, and collection systems were comparable between the groups of options. Indeed the consultant advises that it may have had a detrimental effect on the high recycling options to have included collection costs, as the reduced treatment and disposal costs in the high recycling options would have been offset by the higher marginal collection costs.

It is very difficult to actually work out how much it would cost to reach extremely high recycling rates, as there are few reference costs, and schemes encounter the effect of decreasing rates of return to extract the last few recyclables.

An additional consideration is that in practice, recycling may take a number of different forms e.g. kerbside collection, bring sites and household recycling centres, each with its different scheme costs. (All methods of collection will require higher unit costs to increase recycling returns, as explained above.)

A further consideration applicable to areas of two tier local government is that these costs may be differently apportioned to waste collection and disposal authorities.

All these factors join together to make it very complex to identify reasonably robust "unit costs" for recycling or composting, until actual schemes are proposed.

3. At note 2 on page 4 of your letter you make an erroneous statement about Wiltshire's Waste Strategy, namely the proposed targets for recycling/composting, energy from waste/other diversion and landfill by 2020. You previously made this statement in your letter to Mr Toby Sturgis dated 26th July 2006, and his reply pointed out the error to you (ref TS/AC/R20 August 2006 page 3, paragraph 6). The Strategy continues to include a target to recycle/compost 50% of our waste by 2020/21. Whilst this is expressed in terms of household waste (to reflect the normally quoted figures for recycling in response to government best value targets) our forecasts indicate that we should also be recycling/composting about 50% of municipal waste (51% to be precise). The reason is that the household waste/BVPI target excludes recycling of soil and rubble collected at household recycling centres, whereas this can be included in the calculation against municipal waste.

The adopted strategy is therefore much closer to some of options examined by Entec than you suggest.

4. At note 3 on page 4 you have also made errors in the tonnages of waste to be dealt with under the signed contract with Lakeside (50,000 TPA) and the proposed MBT contract (60,000 TPA). It appears that you have made these errors partly because of your incorrect assumption about recycling/composting.
5. I would not necessarily expect any of the options examined by Entec to exactly match the tonnages of proposed contracts. Reality is never as neat as that. However, the contracts clearly reflect Entec's overall conclusions and our own forecasts about the need for significant further diversion of waste from landfill, in addition to much increased recycling.

Analysis of recycling income

I do not consider that it would be useful to comment on the detail of your analysis of potential income from recycling. The County Council does not dispute that recyclates have a potential income. However, your conclusions do not take account of the realities faced by the Wiltshire waste authorities, some of which I have referred to above. The key difference between us, which I believe we have rehearsed on more than one occasion, is that the County Council works from the current position and realistic forecasts about what can be achieved by the local authorities. These forecasts reflect the advice of our consultants, Entec. We can make significant improvements in recycling and composting, but they will take time. Other technologies will be needed to divert waste from landfill to meet EU targets and avoid government penalties. The penalties affect us now; we cannot wait until 2020.

The current national debate about alternate weekly collection is a timely reminder that the progress made to increase recycling rates could be undermined, increasing the pressure for treatment by waste to energy technologies. I would be interested to know whether Friends of the Earth, either nationally or locally, is providing any support for waste collection authorities who have introduced alternate weekly collections as part of their efforts to improve recycling by residents.

Policy Issues

I note that you have also written to Mrs Jane Scott, Leader of the County Council, on this matter. I understand that she will reply to you about the broader policy issues raised in your letter, concerning the adopted Joint Municipal Waste Management Strategy and the County Council's waste management contract with Hills Waste Solutions.

Yours sincerely

Andy Conn
Waste Services Manager