

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
1st NOVEMBER 2007

WASTE MANAGEMENT SERVICE CONTRACT
ANNUAL REVIEW 2006-07

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 waste management service provided for the County Council, with particular reference to waste tonnages, Household Recycling Centres and local 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 2006-07 was circulated to Members with letter dated 21st September 2007 and is available on www.wiltshire.gov.uk. Further statistics on waste management performance are published on the Wiltshire Waste Partnership's website www.recycleforwiltshire.com (see Strategy and Performance/Performance).
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 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 2006-07 the key results were:-
- (i) The recycling¹ rate increased from 31.6% of household waste during 2005-06 to 38.1% during 2006-07. (See page 1 of the Annual Review). The 2004-05 performance was 26.7%.
 - (ii) The tonnage recycled via the ten Household Recycling Centres increased, from 49,960 tonnes during 2005-06 to 53,470 tonnes during 2006-07. During the year the HRCs collected 52% of all recyclates. (See page 2 of the Annual Review.) The 2004-05 performance was 47,348 tonnes.
 - (iii) The kerbside recycling (black box) collections were further expanded. By September 2006, coverage of Kennet and West Wiltshire District was completed. Currently the service is available to almost all properties in Kennet, North Wiltshire and West Wiltshire Districts. About half of Salisbury District is served. The service will be extended to the remainder of Salisbury District during November 2007. During 2006-07, kerbside services (including garden waste collections) collected almost 40,000 tonnes, compared with about 27,000 tonnes during 2005-06. Tonnages of both dry recyclates and garden waste collected at kerbside increased significantly (See Pages 2 and 10 of the Annual Review and the www.recycleforwiltshire.com website)
 - (iv) The tonnage collected at local Mini Recycling Sites fell by 2%, compared with a fall of 19% during 2005-06. These sites still contribute about 7% of all recyclates, but their use has been declining with increased kerbside services. The Wiltshire Waste Partnership and Hills reviewed these sites during 2005-06 and agreed to convert selected sites to collect plastic bottles and cardboard. During February 2007 30 local sites in West Wiltshire District were converted. Whilst there have been problems in keeping up with demand at a few sites, increased collection frequency and more checking for abuse by traders and fly-tippers is improving the situation. Figures for the first part of 2007-08 indicate an upturn in tonnages collected at Mini Recycling Sites (see Pages 2 and 3 of the Annual Review). This is due in part to the new plastic bottles and card collections.
 - (v) There has been continued development of markets for compost, aided by the renewed award of the PAS100 Certificate by the Composting Association (See Annual Review Pages 3, 5 and 9). Composting increased to about 28,700 tonnes, compared with 25,000 tonnes in 2005-06 and 20,000 tonnes in 2004-05. The action taken during spring 2007 to greatly reduce the cardboard, food and contamination content of the West Wiltshire garden waste collection should ensure that Wiltshire compost remains in demand.
 - (vi) During the year the total waste diverted from landfill into recycling and composting since the commencement of the contract exceeded 500,000 tonnes (see Page 5 of the Annual Review).

¹ The recycling rate is that used for comparison of local authority performance by the Government. This is the Best Value Performance Indicator (BVPI) 82a and b. This measure includes composting.

9. The Hills Waste Annual Service Review 2006-07 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. The increasing rate of Landfill Tax and the scope for the Government to impose fines under the Landfill Allowances Trading Scheme (LATS) will provide financial incentives for the Waste Disposal Authorities to achieve these targets.
12. The Waste 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. The County and District Councils (the Wiltshire Waste Partnership) have adopted a Joint Municipal Waste Management Strategy (JMWMS 2006), which includes the following targets:
- Achieve 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. By late November 2007 about 98% of households will be receiving the black box collection. In addition, garden waste collection services are expanding.
 - Convert all collections of residual household waste to fortnightly by 2010-11
To date this has been achieved in two Districts - Kennet and West Wiltshire.
 - Increase recycling to 40% BVPI by 2010-11 and 50% by 2020-21
To date a recycling rate of 38% for 2006-07 has been achieved.
13. Further improvements to recycling are being introduced and current figures for 2007-08 indicate that some increase may be achieved this year. However, a warning must be given that progress is not expected to be as rapid as during the past few years. The reasons for this are :
- (i) There is limited scope to further expand existing kerbside black box and garden waste services.
 - (ii) The proposal by Salisbury District Council to commence Alternating Weekly Collections has been postponed, whilst North Wiltshire District Council has announced that it will not implement this JMWMS proposal in the near future.

- (iii) Wood waste recycling is under threat due to a change in rules by DEFRA and the loss of a market for some of the wood.
 - (iv) New kerbside collection services for materials such as food waste, card and plastic bottles would yield relatively limited tonnages for a very significant investment.
14. Therefore the JMWMS proposal to achieve 50% recycling by 2020-21 is still a very challenging target.

Risk Assessment

15. Waste management risks include significant increased costs due to growth, higher statutory recycling targets, LATS penalties or Landfill Tax, changes to District Council policy for collection of recyclates and residual waste, lack of suitable landfill sites, and the long term environmental impacts of closed sites.

Financial Implications

16. 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 and remained below recent trend growth during 2006-07
 - (ii) Increased costs of waste disposal due to Landfill Tax and LATS
 - (iii) Higher costs per tonne of recycling or other treatment compared to traditional (i.e. pre-landfill tax and LATS fines) landfill
 - (iv) Costs of improving the management of closed landfill sites.
17. Increased costs of waste disposal are due largely to Landfill Tax and LATS. Landfill Tax has increased from £18 per tonne during 2005-06 to £24 per tonne during 2007-08. The most recent Budget confirmed that annual increases would be accelerated to £8 per annum, to achieve a new target of £40 per tonne, by 2009-10.
18. 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 signed contract with Hills/Lakeside) and Mechanical Biological Treatment (the proposed contract with Hills/Entsorga/Lafarge).

Options Considered

19. The Contract has a further nine 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 about 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

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

GEORGE BATTEN

Director of Environmental Services

Report Author

ANDY CONN

Waste Services Manager

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

None