

WASTE COLLECTION CONTRACT

PORTFOLIO RESPONSIBILITY: ENVIRONMENT AND STRATEGIC HOUSING

CABINET

31 JULY 2008

Wards Affected

County-wide

Purpose

To approve the principles of a specification of a new Waste Collection Contract to commence in 2009.

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service or function (shown as a line in the budget book) to which the decision relates but allowing for virements between budget heads and savings within budget heads of up to £500,000. It is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

It was included in the Forward Plan.

Recommendation(s)

THAT:

- (a) **A weekly refuse collection service is provided at the kerbside for all households in the county and that plastic sacks are used for this purpose.**
- (b) **The kerbside recycling service is extended to as near 100% of the county's homes as is practicable from the current level of c.75%.**
- (c) **The recycling service should collect mixed materials from the kerbside including glass, paper, cardboard, plastic and metal cans and that the collections should be made fortnightly. The Council will provide a rigid container (a wheeled bin) for the purposes of collecting and presenting the recyclables. Householders may choose an appropriate sized bin from a number that will be offered.**

Further information on the subject of this report is available from
Andrew Tector on (01432) 260

- (d) **Both services (waste and recycling) will offer to anyone who has difficulty presenting waste and recycling at the kerbside (whether through old age, disability or other reasonable cause) a collection from any agreed part of their property.**
- (e) **Officers, through the procurement process, explore all opportunities to add value to the new waste and recycling collection contract especially provision of additional services by contractor's staff whilst undertaking their main duties. For example, the collection and delivery of library books from vulnerable people, reporting road defects, carrying out automated road condition surveys, the delivery and collection of community equipment such as walking frames and other aids, and any other possibilities that become apparent.**

Reasons

- 1 The recommendations seek to ensure that Herefordshire Council will continue to provide a refuse collection service that meets its statutory duties and provides the best possible levels of service whilst minimising the risks of excessive increase in the contract cost but significantly improves recycling rates.

Considerations

The existing contract and waste strategy

- 2 The Council's current waste collection contract commenced in July 1999 and the Contractor is Focsa UK Ltd. The original contract was let as a six year contract with the scope to extend the contract for a further four years. The Council originally extended the Contract by 2 years up until July 2008 and have recently extended it by a further year, meaning it would end on the 31st July 2009. A further 3 month extension has been negotiated meaning the contract will now finish at the end of October 2009.
- 3 The expiry of the current contract is due to coincide with the opening of the new Commingled Materials Recycling Facility (CMRF) being commissioned in Worcester, as part of the Waste PFI Herefordshire Council shares with Worcestershire County Council and our contractor, Mercia Waste. The CMRF is due for completion in September 2009 although reports indicate there may be some slippage in the project.
- 4 The CMRF was commissioned to support the Joint Municipal Waste Management Strategy for Herefordshire and Worcestershire 2004 -2034 which was endorsed by Herefordshire Council's Cabinet on the 15th July 2004. The CMRF was seen as pivotal in supporting a vision for Alternate Weekly Waste Collection across both Herefordshire and Worcestershire. The Strategy closely followed the aims of national strategies in implementing the "Waste Hierarchy", which is making our principle aim waste minimisation followed by reuse, then recycling, recovery (e.g. energy from waste) and finally landfill.
- 5 The principle behind the CMRF is to enable the collection authorities to maximise the collection of recyclables by making recycling as simple as possible and removing the need for residents to sort recyclables and to collect mixed recyclables on a fortnightly basis. The CMRF has greater capabilities than the existing Material Recycling Facilities at Rotherwas and Evesham in that it will be capable of handling glass and other packaging.

- 6 Since the Strategy was agreed in 2004 there has been a substantial national backlash against “alternate weekly collection” and Officers were asked to explore alternative options.

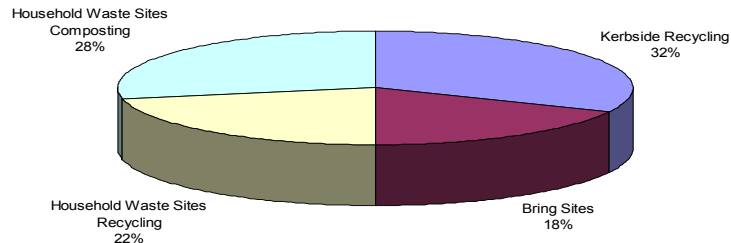
Current service

- 7 The Council has a statutory duty to provide recycling to all residents in its district. The current recycling scheme only provides recycling to 75% of residents. There are some exceptions to this duty principally where the provision of the service would be prohibitively expensive. It is clear that because of the rural nature of Herefordshire there will be a number of properties that fall into this category. These properties will be identified during the procurement process. The aim however is to provide as near to 100% coverage as reasonably possible.
- 8 The Council needs to continue to provide a refuse and recycling collection service that maintains or exceeds the public satisfaction of the current schemes (88% and 63% respectively) whilst improving recycling performance.
- 9 Recent waste analysis data indicates that the average black bag in Herefordshire contains at least 21% (by weight) items that could be recycled under the proposed scheme.
- 10 The strong view of the administration is that the best way of improving recycling rates is to make recycling simple and convenient. This means collecting all recyclable materials together in a single container from the kerbside. Due to the potential hazard from glass and some metals (e.g. can lids) to both residents and waste staff a rigid container must be used. The most commonly available (and therefore cost effective) of which is a wheeled bin. Wheeled bins are also available in a number of different sizes.
- 11 It is recognised that there are some properties where wheeled bins may not be appropriate and they may need to continue with a sack collection for recyclables. Work will need to be undertaken during the procurement process to identify such properties. However these will be the exception and the clear expectation for the vast majority will be for properties to use a wheeled bin for their recyclables.
- 12 Where residents, for reason of old age, disability or other reasons, are unable to present their waste and recycling at the kerbside then arrangements will be made on a household by household basis to collect both waste and recycling from an agreed location convenient to the resident.
- 13 If, despite encouraging rather than penalising residents, higher recycling rates are not achieved the consequences in financial terms will be considerable. For this reason it is important that the council reserves its right to introduce more rigid measures in the future should the need arise.

Current Recycling Performance

- 14 The Council’s current recycling performance is just over 30% and is broken down as detailed in the chart below.

Percentage Split of Current Recycling Performance



- 15 This performance demonstrates that the Council will need to make the Kerbside Recycling schemes work considerably harder than they currently do to meet the national targets especially as there are indications that these targets may well be moved up to 50% by 2020.
- 16 In addition to recycling targets the Council also has to meet its Landfill Allowance Trading Scheme (LATS) targets for the diversion of biodegradable waste from landfill. Whilst the relationship between kerbside recycling and LATS is not direct it is important that the Council minimises waste going to landfill. Herefordshire is now reliant on trading with Worcestershire and will only be able to meet the 2010 target by trading. Unless the two Councils and our contractors have built waste disposal facilities by 2013 Worcestershire will also need to trade LATS or move waste to disposal facilities outside the two counties.

Meeting National Targets

- 17 The Council, through its Local Area Agreement (LAA) has committed to reduce residual household waste per household from 852kg to 691kg by 2010/11 (NI191). Waste minimisation is key to this.
- 18 The Council, along with all other local authorities, has new targets set under the National Waste Strategy to recycle or compost 40% of its waste. Our current performance is approximately 30%. (NI 192) Whilst the 10% gap doesn't initially appear to be a big gap there are some inherent dangers in supposing this will be easy. At the moment the Council facilitates recycling in three ways, through the existing Kerbside schemes (both the Council's and the Rebox scheme in Ross), the Bring Sites and the Household Waste Sites.
- 19 The Cabinet Member, Director and senior managers have had discussions with EnviroAbility (who manage the Rebox scheme) with the aim of securing sustainable sources of work in the recycling area. These discussions have been very fruitful and both parties are committing resources to ensure the survival and expansion of this valuable and highly regarded social enterprise.

Contract duration

- 20 It is proposed that the contract be a seven year contract which is extendable for another seven years subject to review and agreement of both parties. A seven year contract maximises the contractor's capital investment in refuse vehicles which normally have a "write off" period of seven years.

Other Considerations

- 21 The provision of weekly waste collections and fortnightly recycling collections must be seen in the context of a wider logistics operation. Given the high cost (both financial and environmental) of running large vehicles all over Herefordshire it is essential that other tasks that could be undertaken by contractors staff are considered carefully, Through consultation with staff a number of possibilities have been put forward:
- a. Collection and delivery of library books to vulnerable people
 - b. Collection and delivery of community equipment such as walking frames etc
 - c. Reporting of road defects and other environmental issues
 - d. Using the refuse vehicles to carry automatic road condition survey equipment
 - e. Offering a free mailing service for correspondence from residents to the Council or PCT
- 22 All of these possibilities and more will need to be carefully considered along with any increase in costs albeit that other existing costs may be avoided by using the new contract in this way.
- 23 The current contract allows for backdoor collection of residual waste and kerbside collection of recyclables. Clearly this is quite an anomalous situation and it is evident that the vast majority of residents present their refuse and recyclables for collection at the kerbside. It is proposed that within new contract both refuse and recyclables are collected at the kerbside although there will be provision within the contract for assisted backdoor collections where appropriate (see paragraph 13).
- 24 Garden Waste – The waste PFI includes provision for the composting of garden waste through the Household Waste Sites. The costs of providing a garden waste composting collection service have, in the past, made this option too expensive to consider. In addition introducing such a scheme could increase the overall tonnages put through the contract by as much as 20%. This would substantially increase recycling performance but as well as the costs of providing the service it would radically alter the tonnage differentials between Herefordshire and Worcestershire, triggering costs to Herefordshire of at least £300,000 through the PFI contract. Garden Waste is a waste we have a duty to collect but for which we can make a charge. It is suggested the current policy continues and a charge continues to be made for garden waste to discourage residents from using the waste collection system to dispose of such waste. The County is extremely active in promoting home composting and has one of the highest take-ups of composting bins anywhere in England.
- 25 In addition, the Cabinet Member (with officer support) is actively exploring options for local composting facilities with the potential involvement of parish councils, housing associations and others.

Legal Implications

- 26 The principal legal issue is the requirement to provide kerbside recycling to all properties except where financially prohibitive.

Financial Implications

- 27 It is clear that as a minimum the Council needs to extend its current kerbside recycling scheme to at least another 20% of the County. It is too early to provide an accurate estimate of the potential increase in costs above the existing contract; however they are likely to be significant.
- 28 However, the procurement process should be highly competitive and the possibility of containing these costs, at least in part, should not be discounted. A new, modern fleet will offer certain advantages (for example fuel consumption and emissions levels) which may lead to better operating costs.
- 29 Normal contract inflation will be part of any new arrangements and volatility in fuel prices, for example, will be ultimately at the Council's risk.
- 30 Other costs that need to be considered are a failure of the collection contract to deliver diversion from landfill could lead to increased costs through Landfill Tax and the Landfill Allowance Trading Scheme – however these costs are extremely difficult to quantify.
- 31 The other principal concern would be the decoupling of Herefordshire's service from that agreed in the Joint Municipal Waste Management Strategy. If Herefordshire fails to restrict waste growth and Worcestershire does, the payment formula changes and every 1% difference in the growth of waste in Herefordshire from Worcestershire means Herefordshire has to pay an extra £300,000 in waste disposal costs.

Risk Management

- 32 The risks associated with this decision are detailed in the considerations element of this report. Essentially the risks fall into three categories
- a. Reputational – it is clear that Alternate Weekly Collection systems are particularly unpopular with the public. However they do deliver high levels of minimisation and recycling at relatively low costs. In light of the public consultation officers have been endeavouring to develop a scheme that has the widest levels of public approval whilst delivering (or is at least is capable of delivering) the best performance.
 - b. Financial - failure to minimise waste and increase recycling potentially exposes the Council to financial risks from Landfill Tax, the Landfill Allowance Trading Scheme and the Joint Waste Management PFI payment formula. There is currently no capability within existing budgets to meet any increases to the costs of this service, other than through the current underspend on the Waste PFI. Using the underspend from the Waste PFI Budget as a basis for funding collection is very high risk because there are expected to be pressures over the next few years as the costs of increased diversion (or failure to divert) from landfill of waste have to be met from the PFI budget and it is extremely unlikely that the current PFI budget is in itself capable of meeting our medium to longer-term commitments.

- c. Performance – at this stage failure to meet recycling targets would only pose a reputational risk and the performance of the Council against recycling targets however the LAA targets do carry the risk of penalty. A failure to deliver our recycling and LAA targets is not however the only risk with poor performance and the potential financial penalties are detailed in paragraph b above. It is clear that across the country other local authorities have used rigid containers to drive performance by trying to restrict the amount of residual waste collected, this is most easily done by providing rigid containers and adopting no side waste and closed lid policies which is relatively cheap to police. The principal risk for the authority is that if the Council continues to use sacks the principal method of improving recycling performance will be educational, not always 100% effective. The costs associated with moving from an educational process to a more restrictive collection regime, if behavioural changes do not take place, are likely to be high. Finally there are now strong indications that authorities will be given a statutory duty to minimise the waste it collects.

Alternative Options

- 33 There are a number of ways a new contract can be specified to deliver the waste collection contract. These options vary from the introduction of Alternate Weekly Collection to carrying on the service as it is currently provided.
- 34 Maintaining the status quo (i.e. continuing with a weekly sack based kerbside recycling system and weekly sack based residual collection for 75% of the County will not involve the authority in higher levels of expenditure. However, the Council's recycling performance is unlikely to improve significantly to reach the required 40%. Whilst the current scheme is relatively popular the authority is regularly criticised for not providing a kerbside recycling service to 25% of the County.
- 35 Unless we adopted the bulk delivery of sacks, complaints about undelivered/lost sacks will continue and these complaints form by far and away the largest proportion of service complaints. In addition, although the new commingled Materials Recycling Facility can handle glass, it is not possible to collect glass in polythene sacks for obvious reasons. Glass is a significant proportion of the waste stream and would produce relatively high tonnages and not collecting such recyclables would severely inhibit the Council's potential to increase recycling.
- 36 The costs of extending the existing scheme across the County are likely to be relatively expensive and are only likely to produce minimal improvement in recycling performance and leaves the authority with no way of minimising the levels of residual waste.

Consultees

- 37 Herefordshire Council sought the views of interested residents by placing advertisements in the Hereford Times and Hereford Journal (who also ran a positive front page story and editorial about the consultation) inviting people to sign up for an interactive web log (blog), phoning us or writing via email or conventional letter.
- 38 This is the first time a blog has been run by the Council and the consultation saw more than 200 people sign up to participate. Overall we received more than 500 responses. All of those who left contact details via email have received an email from the Cabinet Member thanking them for taking part and explaining that their views would be both taken into account and would inform both this report and the Cabinet's decision. When Cabinet have made a decision on this issue all

participants will be written to to inform them of the result.

- 39 The results of the consultation have shown that there is a distinct public aversion to any proposal to introduce alternate weekly collection for waste. The consultation has, however shown a much more divided view on the use of wheeled bins. Opinion does seem equally divided on whether or not wheeled bins are desirable.
- 40 Objections to wheeled bins appear to be based around three areas; firstly they are considered to be unsightly, secondly they are not suitable for all types of property and thirdly they are not suitable for those with limited mobility. Whilst there is no doubt that wheeled bins are not particularly easy on the eye no waste container is. One very helpful blogger posted details of a website where colourful transfers could be obtained for wheeled bins depicting a variety of scenes. The second two points are dealt with in this report.
- 41 Some concerns were raised about the future of the EnvrioAbility scheme – this is addressed in paragraph 20.
- 42 The summary report of the consultation may be found at Appendix 1 and the full information on which this is based is available as a background paper.

Appendices

Appendix 1 – Report of the Waste Collection Consultation

Background Papers

- Waste Strategy 2007
- The Joint Municipal Waste Management Strategy for Herefordshire & Worcestershire, 2004-2034
- Herefordshire Household Waste Analysis Comparative Seasonal Report December 2007