

Agenda Item No: 9.7 **Report No:** 86/15

Report Title: Outcomes of the Waste and Recycling Review

Report To: Cabinet **Date:** July 2015

Cabinet Member: Cllr Paul Franklin

Ward(s) Affected: All Wards

Report By: Gillian Marston, Director of Service Delivery

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Purpose of Report:

To advise Cabinet on the outcomes of the review of the Waste and Recycling service as conducted by Ricardo and to seek Cabinet approval as regards the options for the development of the service.

Officers Recommendation(s):

That Cabinet:

- 1** Consider the recommendations included within the Waste and Recycling review conducted by Ricardo and included as Appendix A to this report;
- 2** Agree that, should Cabinet decide to accept the findings of the review, proceed to develop the service in accordance with Option 2, defined in the report as:
 - a. Fortnightly refuse collection;
 - b. Weekly recycling collection with glass and paper collected separately from cans, plastics and card;
 - c. Weekly food waste;
 - d. Fortnightly opt-in green waste collection.
- 3** Agree to relocate the existing small MRF facility at North Street, Lewes to the new depot facility;
- 4** Allocate up to £2.2m from General Fund Revenues to fund start-up costs associated with implementing the changes to the service;

- 5 Authorise the Director of Service Delivery, in consultation with the Assistant Director of Corporate Services, to develop of a viability study for the establishment of a company to provide commercial operations, including a business case. This will enable members to take a further decision on the options for commercial operations;

Reasons for Recommendations

- 1 Lewes District Council operates an in-house Waste and Recycling service. The Council's recycling rate was 24.98% for the year 2013/14 where the national average was 44.2%. This places the Council within the bottom quartile of local authorities in the UK. There is an EU target for the UK to recycle at least 50% of waste generated by households by 2020¹.
- 2 In addition to this the Council's current waste facilities at North Street in Lewes and Robinson Road in Newhaven are due to be closed within the next 18 months as both sites have been identified as locations for the provision of affordable and private housing, a strategic priority for the Council.
- 3 The Council recently conducted a consultation on the provision of a green waste service in the District, a service which the Council does not currently provide. The results of the consultation were as follows:

Response	Numbers
Yes – the service is needed;	309
Yes – the service is needed but disagree with proposed charge of £60;	295
Yes – the service is needed but no charge should be made;	203
Total	807
No – the service is not needed	564
Total	564
Total Number of Responses	1371

A trial of the green waste service will be conducted in Seaford in August 2015.

- 4 The Council's current Waste and Recycling service was developed in 2000, and attitudes and behaviours towards recycling and refuse have dramatically changed in this period. In 2004, 45% of English householders classed

¹ "Statistics on waste managed by local authorities in England in 2013-14", Department for Environment, Food and Rural Affairs, November 2014
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/375945/Statistics_Novice_Nov_2014_Final_3_.pdf

themselves as “committed recyclers” and by 2011 this had risen to 70%. There is also evidence that the public would recycle more if this were supported and encouraged by the services offered by local authorities².

5 The Council is seeking to provide a service that encourages recycling, is flexible and easy to understand for residents, provides savings as well as potential commercial opportunities, and uses the Council’s current and predicted future workforce and facilities in the most efficient manner. The Council asked Ricardo to consider the following factors when developing options for the future service:

- 5.1 The frequency of refuse and recycling collections;
- 5.2 How residents are asked to sort recycling and the containers required;
- 5.3 The material quality of the recycling collected under different options;
- 5.4 The staff and vehicle requirements of each option;

The Current Waste and Recycling Service

6 The current Waste and Recycling service was originally developed in 2000 and 85% of residents have access to the recycling service.

	Receptacle	Material	Frequency	Vehicle
Refuse	Householder Provides	Refuse	Weekly	Refuse Collection Vehicle with Food Pod
Dry Recycling	Small Box	Paper	Fortnightly	Electric Vehicle
	Large Box	Cans and Plastic Bottles		
	Reusable Bag	Cards and Junk Mail		
	Reusable Bag	Glass Bottles and Jars		
	Single Use Sack	Texiles		
	Singe Use Bag	Small Household Batteries		

² “What people really think about the environment: an analysis of public opinion”, The Green Alliance, 2012 <http://www.green-alliance.org.uk/resources/What%20people%20really%20think.pdf>

Food Waste	Kitchen and Kerbside Caddies	Food Waste	Weekly	Refuse Collection Vehicle with Food Pod
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7 Since the service was developed, attitudes towards refuse and recycling have dramatically changed. A 2014 YouGov poll found that:

7.1 94% of people say that it is important to recycle;

7.2 60% of respondents say that they already separate out glass and a further 35% indicate they would be happy to do so if offered the option;

7.3 55% of respondents separate out organic waste (food and garden waste) and a further 36% indicated they would be happy to do so if a collection service was offered;

7.4 38% thought that the current EU target of 50% of all waste being recycled was too low, with only 8% thinking it was too high.

8 The table below indicates the amount of kerbside waste and recycling collected by the Council in the year 2013/14:

	Tonnes
Dry Recycling	4,078
Food Waste	1,130
Residual Waste	19,948
Total Collected Waste	25,156

9 The Council has a high level of resident satisfaction with its Waste and Recycling service and receives very few complaints. The Council uses its existing small Materials Recovery Facility (MRF) in Lewes to remove contaminants. The amount of material rejected from the MRF is very low, indicating a high level of material quality.

10 There are a number of constraints that limit the capacity of the current service to fulfil the strategic goals that Council has established. These constraints include:

10.1 The current service is complex with multiple containers, and there is significant onus on the resident to sort their recycling into the right containers. This is in addition to the complexity added by separate collection days for refuse, recycling and food waste;

10.2 Additional containers can only be provided on a request basis, and it has been felt that there is low awareness of the fact that residents can

request more containers, or request further collection services, such as cardboard (which is a service that has been added in the last two years);

- 10.3** The current service is not flexible for residents who live in flats that restrict recycling to only two streams, as there is not sufficient space to store multiple containers;
- 10.4** The current system places more emphasis on refuse collection which is weekly, than the recycling service which is fortnightly and opt-in rather than offered to all residents as a default service;
- 10.5** There is insufficient capacity at the existing MRF facility to bulk all of the materials collected, and the limited range of drop-off points for the recycling collection crews restricts the capacity for expansion of the kerbside recycling collection service.

The Options for Future Development

- 11** The Council asked Ricardo to produce and assess a number of options for the development of the Waste and Recycling service, with a focus on increasing both the frequency and capacity of the recycling collections, at the same time as assessing the viability and impact of reducing the frequency of refuse collections.
- 12** Only 6% of waste-collecting authorities continue to run a weekly refuse collection service, with the average time between refuse collections being 12 days³. A number of authorities have recently moved to a 3-weekly and 4-weekly refuse collection service, and we asked Ricardo to model both fortnightly and 3-weekly refuse collection services.
- 13** Ricardo developed the following 5 options for the development of the Waste and Recycling service. All of the options modelled result in an increase in the recycling rate from it's current level;

³ <http://www.localgov.co.uk/City-deems-weekly-bin-collections-too-expensive-despite-Government-fund/37942>

	Refuse	Dry Recycling		Food Waste	Garden Waste	Processing	New Recycling Rate	Cost per Tonne
Current Service	Weekly	Source Separated	Fortnightly	Weekly	Not Offered	LDC MRF	Current 24.98%	£759.35
Option 1	Fortnightly	Commingled Glass Separate;	Fortnightly	Weekly	Fortnightly	3 rd Party MRF	45%	£429.86
Option 1A	Fortnightly	Commingled Glass Separate;	Weekly	Weekly	Fortnightly	3 rd Party MRF	47%	£433.31
Option 1B	3 Weekly	Commingled ; Glass separate;	Weekly	Weekly	Fortnightly	3 rd Party MRF	50%	£426.21
Option 2	Fortnightly	Commingled ; Glass Separate; Paper separate;	Weekly	Weekly	Fortnightly	LDC MRF	47%	£373.62
Option 3	Fortnightly	Source Separated;	Weekly	Weekly	Fortnightly	3 rd Party MRF	42%	£433.76

Options 1A, 1B and 2 produce partially commingled collections. Commingled is where materials are mixed together in the vehicles that compact them, and are then separated later, usually at a Materials Recycling Facility (MRF).

Option 3 is the only fully source-separated option. Source separation is where materials are separated at the kerbside, usually into a specially designed lorry with different compartments for different materials.

Comparison of Options

- 14** The Council wishes to encourage recycling at the same time as reducing the amount of refuse material collected. Evidence has shown that all of the Top 10 Councils with the highest levels of recycling (see section 17) operate a fortnightly refuse collection service⁴. We have dismissed consideration of Option 1 and Option 1B for the following reasons:
- 14.1** Option 1 – The move to a fortnightly refuse collection without an increased recycling service is not in accordance with our aim of making the service easy to use for residents alongside encouraging recycling.
 - 14.2** Option 1B - the move from weekly to three-weekly refuse collection in addition to altering recycling arrangements may be too significant a change for residents.
- 15** Options 1A, 1B and 2 result in the highest yield of recycling material per household per year, as well as the lowest amount of residual waste (refuse) of the five options. Consideration of Option 3 is retained despite having the lowest recycling level as Ricardo believe it is the most flexible service and has potential for further development beyond its initial implementation.
- 15.1** Option 1B achieves the highest recycling rate because a two-stream recycling system is most accessible for residents living in flats or in residences with limited space for multiple containers. A three-stream service, like Options 2 and 3 can be boosted by organising specific services for flat complexes, although this would generate additional cost that has not been modelled.
- 16** The gross operational costs of Options 1A, 2 and 3 are included as part of the comparison. Option 3 resulted in the lowest gross operational costs but this Option also results in the lowest potential recycling rate. Option 1A has an operational cost above that of the current service, whereas Option 2 and 3 both produce a saving.

⁴ <http://www.letsrecycle.com/councils/league-tables/>

	Current Service	Option 1A	Option 2	Option 3
Kg of 5 widely recycled materials collected per household per year;	89.95	168.38	163.74	129.90
Kg of residual waste (refuse);	386.06	372.82	372.41	415.38
Gross operational cost;	£3,396,916	£3,369,547	£2,942,767	£2,960,309

Comparable Councils

17 The following tables indicate the highest performing Councils in the England in 2013/14:

Rank	Local Authority	Recycling Rate	System
1	South Oxfordshire District Council	65.71%	Commingled recycling;
			Fortnightly refuse;
2	Rochford District Council	65.47%	Commingled recycling;
			Fortnightly refuse;
3	Vale of White Horse District Council	65.27%	Commingled recycling;
			Fortnightly refuse;
4	Three Rivers District Council	62.44%	Commingled recycling;
			Fortnightly refuse;
5	Stockport Metropolitan Borough Council	61.11%	Commingled (paper and glass separate);

			Fortnightly refuse;
6	Calderdale Municipal Borough Council	60.09%	Commingled (paper separate);
			Fortnightly refuse;
7	Rutland County Council	60.02%	Commingled recycling;
			Fortnightly refuse;
8	Stratford-on-Avon District Council	59.06%	Commingled recycling;
			Fortnightly refuse;
9	Epping Forest District Council	58.58%	Commingled (glass separate);
			Fortnightly refuse;
10	North Somerset Council	58.14%	Source separated;
			Fortnightly refuse;

17.1 Calderdale Borough Council was the top performing English Council in Waste and Recycling in 2012/13 after they moved to weekly multi-stream kerbside recycling. The scheme resulted in a 17% point increase in recycling over 1 year;

17.2 Leicester Council retained a weekly refuse collection alongside a weekly recycling collection and experienced a 0.5% reduction in the amount of recycling collected.

18 There is varying evidence as to the comparative efficiency and cost-effectiveness of fully source-separated collections and commingled collections.

18.1 In a report sponsored by Biffa, Kier and others, the WYG Group, a research organisation, have stated:

“Where a local authority has access to a locally-based modern MRF, co-mingling or two-stream (e.g. paper or glass separately from the other materials that are co-mingled) is usually cheaper”.

18.2 Friends of the Earth believe that source separated collections result in lower contamination, lower fuel use due to local bulking and lower costs. They also argue that source separated collections prepare local

authorities for potential future circumstances where processors require higher quality materials⁵.

- 19** The Council currently produces a high quality of materials through its existing MRF. It is also fortunate in that its street and road infrastructure do not prevent source-separated collections.
- 20** The Council believes that Option 2 offers the advantages of both a largely commingled service which is easier for residents to use, with a partial source-separation system which preserves the quality of the most valuable recyclable material – paper and glass. In addition, the infrastructure and equipment that will be required to be purchased to proceed with Option 2 will be sufficiently adaptable that should legislation or service options change in the future, the Council could move to a source-separated service.
- 21** Option 2 also has the significant advantage in that it will allow the Council to process all plastic. Currently we ask residents to recycle only plastic bottles (such as milk bottles, shower and bath product bottles etc.) and we do not collect other plastics (such as food trays, yoghurt pots, margarine tubs and others). Option 2 has been modelled for the kerbside collections to include both types of plastics, which is not only more convenient for residents, it also decreases the amount of refuse produced and increases recycling.

Material Recycling Facility (MRF) Options

- 22** The Council asked Ricardo to model the business cases for three options in relation to the processing of the materials collected as part of the recycling service. The options the Ricardo considered in detail are:
 - 22.1** the Council delivering collected recyclables to a facility owned and operated by a third party;
 - 22.2** the Council operating a basic MRF facility at the new depot;
- 23** Ricardo assessed the potential for constructing a full MRF facility but this was ruled out as it was not economically viable.
- 24** Were the Council to utilise the MRF of another organisation, it would be expected to pay approximately £9-£10 per tonne for the processing of the waste. In addition to the cost of transporting the material to the only local MRF currently available (Hollingdean Lane, Brighton), Ricardo estimate the cost to the Council per tonne would be between £12.50 to £20. The costs of the transport and gate fees for the recycling for each option is modelled below:

⁵ “Recycling: Why it’s important and how to do it”, Friends of the Earth, September 2008 <http://www.foe.co.uk/sites/default/files/downloads/recycling.pdf>

	Current Service	Option 1	Option 1A	Option 1B
Cost per Tonne	£759.35	£429.86	£433.31	£426.21
Material Income	£279,000	£23,670	£25,272	£26,356

- 25** All options where the Council delivers the collected recycling materials to a third party MRF results in a net loss to the Council, although this does not consider any wider savings to the Council or income generated through the service development.
- 26** The Council currently operates a small MRF at the Lewes North Street facility which is predominantly used to raise the quality of the recycling materials collected before they are baled and sold. This is used to maximise the income gained from the sale of the materials.
- 27** Ricardo modelled a potential MRF facility based on the current processes and staff costs i.e. a manual picking system with staff working a 4 or 8 hour shift, five days per week. A manual picking system has the benefit of staff being able to be directed to pick materials in a different way in response to changes in market conditions (i.e. the increase/decrease in price of particular materials).

The costs of the development of an in-house MRF is included below (a MRF would not be required under Option 3):

	Two Stream		Three Stream	
	Option 1A	Option 1B	Option 2	
Ongoing Revenue Budget	£745,460	£745,924	£528,559 (Positive Picking)	£462,165 (Negative Picking)
Income	£550,336	£566,253	£264,805	
Net Income	£195,124	£179,671	£263,754	£197,360

Positive picking is where staff pick and accumulate for sale an identified material from a larger group of mixed recycled materials on a conveyor, leaving contaminants to collect at the end.

Negative picking is where staff leave an identified material to accumulate for sale at the end of a conveyor, whilst contaminants are picked and removed.

As the income that results from the negative/positive picking is the same, but the operation cost of positive picking is higher, future comparisons will focus on the cost of a negative picking operation.

28 The cost of constructing a MRF is dependent on the Waste and Recycling option selected (as they result in differing amounts of recycling materials generated). The construction costs for each Option are listed below (the building cost has been left out as the Council would construct the MRF inside the new facility as required by the closure of the two existing facilities);

28.1 The cost of constructing a MRF proportionate to the recycling material generated under Options 1A and 1B is £870,500.

28.2 The cost of constructing a MRF proportionate to the recycling material generated under Option 2 is £811,050.

28.3 The maintenance costs for both MRF facilities are between £104,000 and £110,000 per annum.

Ricardo believe that a building that co-located the depot and a MRF would result in operational and financial savings, although these have not been further modelled.

29 In addition to processing its own collected materials, the Council is interested in the potential of operating a commercial operation at any MRF constructed. Ricardo assessed the potential for neighbouring local authorities to send material to a LDC-operated MRF and concluded that there may be some scope for materials from East Sussex, although the LDC-operated MRF would need to offer competitive gate fees in order to obtain contracts.

30 The Council believes that there is significant opportunity for offering commercial refuse and recycling services to businesses in the District, and relocating the small MRF to the new depot would allow the Council to offer a range of services to both commercial and public sector organisations from collection, to sorting and baling of material.

31 The Council is interested in improving and expanding its commercial refuse waste service, which currently only captures 13% of the market share. WRAP recommend that Councils consider expanding commercial recycling services to their existing customers, and indicate that between 2007 and 2011, the number of local authority's offering commercial recycling services nearly doubled to 43%⁶.

32 Ricardo propose that the Council could offer an expanded food waste operation to the approximate 675 food and retail businesses in the District who could potentially use such a service. These potential sources of income have not been modelled further, and we would recommend that this is one of the areas that is undertaken as part of a more comprehensive MRF business-case should Cabinet recommend proceeding with this Option.

⁶ "Co-collection of household and commercial waste and recyclables", WRAP, 2011
http://www.wrap.org.uk/sites/files/wrap/Co-Collections_guidance.pdf

Summary of Options

33 A summary of the costs and income associated with each option, in addition to a number of important other factors, is included below.

	Baseline	Option 1A (Third Party MRF)	Option 2 (Own MRF, Negative Picking)	Option 3 (Source- separated)
Recycling Rate	24.98%	47%	47%	42%
Gross Operational Costs	£3,396,916	£3,369,547	£2,942,767	£2,960,309
Cost per tonne	£759.35	£433.31	£373.62	£433.76
Income	£374,706	£243,301	£414,800	£586,696
Quality of materials for sale;	Good quality;	Co-mingling including paper;	Co-mingling of containers and packaging only;	Source-separated (no co-mingling);
Ease of use for residents;	Significant sorting and organisation required by residents;	Minimal sorting required by residents;	Some sorting required by residents;	Significant sorting required by residents;
Potential for provision of commercial services;	Limited opportunities;	Unlikely to present commercial opportunities;	Potential opportunities;	Potential opportunities
Score (based on equal weighting of variables);		14	10	11

34 Based on this assessment, Option 2 and Option 3 offer the highest level of positive service development, cost savings and opportunity for income-generation.

35 Option 3 assumes higher levels of sorting by crews, but results in a higher quality of material collected and consequently a higher income from materials. However it produces the lowest recycling rate of all modelled Options.

- 36** Were the Council interesting in proceeding with constructing and operating a MRF facility at the new depot, Option 3 would not be suitable as the Council would arguably not have sufficient recycling material for sorting to justify its construction.

Implementation

- 37** The Council proposes implementing the new service concurrently with the relocation of the Waste and Recycling operations to the new depot.
- 38** All Options would involve a transition from weekly to fortnightly (or three-weekly) refuse collection. Councils who have moved to fortnightly refuse collection (alongside changes to their recycling services) have reported significantly higher yields of recyclables alongside only a small drop in resident satisfaction⁷.
- 39** A briefing note to Members of Parliament indicated that where fortnightly refuse collection was introduced alongside improved recycling services, and in particular food waste collection, opposition to it's introduction reduced to 23%⁸.

The same briefing note highlights concerns that moving from weekly to fortnightly refuse collections can pose health and safety risk to residents from waste remaining for two weeks. The evidence is that there is no increased health risk from a move to fortnightly collections, particularly where this is in conjunction with weekly food waste collections. Falkirk Council estimated that their implementation of a new refuse and recycling service resulted in a 300% increase in requests for caddies for food waste.

In addition, the briefing note highlights the positives of moving to a fortnightly refuse collection, which is that where services are well run, residents have a heightened awareness of refuse generated which results in a reduction in the overall amount of refuse produced.

- 40** Were the Council to move to the implementation of Option 2 or Option 3 to develop its Waste and Recycling services, there is significant scope for increased communications to residents about what can and cannot be recycled, alongside promotion of the Council's commercial, bulky waste and food waste services. All operational costs for the modelled options include £1 per household for marketing and communication activities;
- 40.1** As part of a survey conducted by WRAP in 2014, 25% of households say they put at least one category of item in the general rubbish bin that their local authority collects as recycling at the kerbside;
- 40.2** The survey also indicates that of those residents who effectively recycle (both recycling the right materials and ensuring little or no materials are diverted from recycling into refuse) have received information about their

⁷ Daventry District Council experienced a 45% increase in the yields of recyclables collected, alongside 85% of users being satisfied with the service;

⁸ "Bin collection – alternate weekly collection", Library of the House of Commons, Feb 2013, <http://researchbriefings.files.parliament.uk/documents/SN05988/SN05988.pdf>

local recycling services in the last year, indicating that frequent communications about the recycling services offered is effective⁹.

Financial Appraisal

- 41 The figures for operational costs quoted in this report are models based on assessments of the market and our current service and have been developed to allow for a thorough comparison of options for the development of the service. These figures cannot be used to set a budget for the future service at this time.
- 42 Start-up costs associated with implementing the changes to the service are provisionally estimated to be a maximum of £2.2m. This total includes the cost of establishing a MRF and replacing current Waste and Recycling vehicles.
- 43 The Council has £1.5m allocated vehicle replacements within the approved 2015/16 capital programme (funded from the vehicles reserve) and a further £0.3m is held within the Strategic Change Reserve for the development of the Waste and Recycling service. If Cabinet agree to proceed with developing the services, a further allocation of £0.4m could be made from the General Fund Monitoring reserves.
- 44 The cost of replacing vehicles and the MRF equipment is included within the modelled operational costs shown in paragraph 33. The modelling indicates that the operational costs of the new service will be £0.4m less than the current costs.

Legal Implications

The Legal Services Department has reviewed and contributed to this report.

- 45 The UK, together with all EU member states, is required to transpose into national legislation the requirements of the European Waste Framework Directive (Directive 2008/98/EC).

Article 4 of the Directive requires member countries to adopt a hierarchy of methods of dealing with waste where, for example, recycling will be preferable to disposal.

Article 10 of the Directive requires member states to operate a strategy of recovery of waste where this is “ technically, environmentally and economically practicable”.

Article 13 of the Directive requires member nations to deal with waste in ways that protect human health and the environment.

Under Regulation 13 of the Waste (England and Wales) Regulations 2011 (as amended), from 1st January 2015 ,a“ *waste collection authority (such as Lewes District Council) must, when making arrangements for the collection of waste*

⁹ “3Rs Tracking Survey 2014 Recycling attitudes and reported behavior”, WRAP, December 2014,
<http://www.wrap.org.uk/sites/files/wrap/3Rs%20Recycling%20Highlights%20-%202014%20-%20Final%20121214%20PUBLISHED%20-%20PDF.pdf>

paper, metal, plastic or glass ensure that those arrangements are by way of a separate collection". This duty is not absolute but is to be observed where it is "necessary to ensure that waste undergoes recovery operations in accordance with Articles 4 (the hierarchy of waste operations) and 13 (protection of health and the environment) of the Waste Framework Directive and to facilitate or improve recovery, and is technically, environmentally and economically practicable".

This legislation has not been subject to judicial interpretation in the courts as of the date of this report. The organisation LetsRecycle has summarised the aim of the legislation as follows:

"With the aim of increasing product quality, under the revised European Waste Framework, Directive Member States are effectively required to set up separate collections of recyclable materials where necessary and practicable from January 1 2015. But it does not automatically mean that Councils have to collect recyclable materials separately if they choose not, but in this case they will be required to explain where it is not necessary or practicable to collect separately".

By way of example, East Cambridgeshire County Council operates a weekly refuse and weekly fully commingled recycling service (all materials in a single container). Their assessment that their service was consistent with the Regulations was disputed by some of the organisations to whom they sold their materials to such as Aylesford News Print (no longer operating) who said that the materials were not of sufficient quality. East Cambridgeshire County Council claimed an exception under the economic impracticality of amending their service, providing evidence that changing their service from commingled would cost between £320,000 and £460,000 more than the current budget for the service (depending on the Option implemented). This assessment has not been challenged in the courts, so its assumptions as to whether exceptions can be granted on its evidence of economic impracticality of this magnitude and the ultimate quality of recyclable material (after MRF processing) cannot necessarily be relied upon.

The Regulations as currently interpreted form a backdrop against which the Ricardo report should be considered by the Council. In particular:

- All of the Options modelled by Ricardo are partially source-separated with only limited commingling. The organisation WRAP have indicated in their commentary to the legislation that only the commingling of glass and paper has been definitively ruled as unacceptable.
- The quality of recyclable materials after MRF processing may determine whether some commingling is acceptable.

46 One of the recommendations in this report is that the Director of Service Delivery, in consultation with the Assistant Director of Corporate Services takes all the necessary steps to investigate and evaluate the various options relating to the ongoing provision of a commercial waste collection service, including proceeding by way of the setting up of a trading company. The officers are then to make recommendations to members on a preferred way forward which, if

appropriate, will include a detailed business case for the establishment of such a company.

A local authority's ability to trade, prior to the arrival of the 2003 Local Government Act, was circumscribed and limited. Section 95 of the 2003 Act allows Councils to undertake commercial activities in relation to their ordinary functions. Such trading can only be undertaken through a company. The activities of such a company will be governed both by ordinary company legislation and Part V of the Local Government and Housing Act 1989.

This regime is intended to ensure that a level playing field is maintained between Council companies and private sector competitors – for example, local authority companies do not receive tax advantages they would otherwise have had over their private sector equivalents.

Central government wished to ensure that local authorities intending to engage in this substantial form of trading managed the associated risks effectively. Since the first of October 2009, the Local Government (Best Value Authorities)(Power to Trade)(England) Order 2009 (Statutory Instrument 2393 of 2009) has required that Councils prepare and formally approve a business case supporting the exercise of a proposed trading power.

Risk Management

47 The following areas of risk have been identified in relation to operational development in the area of Waste and Recycling, and they are identified alongside their proposed mitigations:

47.1 **Reputational Risk** – residents have a high level of satisfaction with their current refuse and recycling service. However the Council's current recycling rate represents a reputational risk to the organisation, particularly in comparison to our neighbouring authorities:

Local Authority	Percentage of household waste sent for reuse, recycling and composting (2013/14);
Lewes District	24.98%
Eastbourne Borough	33.49%
Wealden District	46.92%
Mid-Sussex District	42.67%
Rother District	44.41%

The new service provided as a result of the operational development outlined in this report will provide the same level of customer service to residents that they value in addition to a significantly easier-to-use recycling provision. The new service will also result in a considerably

improved recycling rate for the District as a whole. In regard to all of these factors, it is suggested that there is higher reputational risk in not undertaking any service development.

47.2 Operational and Implementational Risk – The implementation and operation of a new waste and recycling service is a significant undertaking and has a number of inherent risks. However, the Council has confidence in its Officer's previous experience of service development and implementation. The Council recently implemented a comprehensive internal transformation programme, which included property and office moves, new IT and phone systems, and service restructuring. This programme has been completed to schedule and has achieved the considerable savings that were identified as a projected outcome of the project.

47.3 Financial Risk – The indicative budget figures provided by Ricardo in their report are regarded as sufficiently robust to allow Councillors to make an informed decision about service development.

Equality Screening

48 An Equalities analysis process was undertaken for this report and no major changes are required. The service as proposed is robust and there is little potential for discrimination or adverse outcomes, and opportunities to promote equality have been taken.

Due regard was given to the general equalities duties and to the likely impact of the service on people with protected characteristics as set out in the Equality Act 2010.

The Council's Waste and Recycling service is provided equally to all households throughout the city irrespective of race, gender, disability, sexuality, age, or religion.

49 The Council currently operates an assisted collections service for households in the District. This service is provided for residents who are unable to take their refuse or recycling container to the kerb. Assisted collections will continue as part of the new service development, therefore the recommendations of this report will not have an impact on the Council's commitment to provide equal access to our services.