

Agenda Item No: 9.3 **Report No:** 118/16
Report Title: Waste and Recycling Service Review
Report To: Cabinet **Date:** 28 September 2016
Cabinet Member: Councillor Paul Franklin, Cabinet Member for Waste and Recycling
Ward(s) Affected: All
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Purpose of Report:

Lewes District Council (LDC) aims to establish a simple, sustainable and cost effective waste and recycling service which provides the best fit for local residents. To this end the waste consultancy company, Ricardo, was re-engaged to update and model a suite of options to inform the waste and recycling review, following last July's Cabinet report, number 86/15. Ricardo was asked to consider the relationship between recycling levels, ease of use, costs and meeting the requirements of the legislative framework. This report to Cabinet proposes a number of approaches to meeting strategic council objectives, taking account of the options appraisal provided.

Officers Recommendation(s):

- 1 That Cabinet authorises the Director of Service Delivery to undertake further due diligence tests against a focused band of options modelled, to test cost assumptions, projected recycling rates and operational impacts on the service, namely options 3, 6, 7 and 7a (see Appendix 1)
 1. Option 3 – Weekly fully commingled recycling, fortnightly residual waste, weekly food waste
 2. Option 6 – Fortnightly fully commingled recycling, weekly residual waste, no food waste
 3. Option 7 – Fully commingled recycling, alternate weekly collection, weekly food waste
 4. Option 7a – Comingled recycling with glass separate, alternate weekly collection, weekly food waste

The four options cover a range of collection and disposal methods, allowing a full assessment for consideration against the current method, all four being TEEP compliant (see 'Legal Implications', 8.2).

- 2 That Cabinet authorises the Director of Service Delivery to explore and implement changes to the current service in parallel to the tests conducted in 1 above, particularly in garden and food waste collection services
 - 3 That Cabinet approves the release of £10,000 for additional consultancy services through iESE to provide independent critical guidance to the next phase of the review
 - 4 That Cabinet requires the Director of Service Delivery to present proposals for achieving waste and recycling service objectives to Cabinet for decision in quarter 4, 2016/17
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Reasons for Recommendations

- 1 The objectives of the waste and recycling service review are to:
 - Improve recycling rates significantly
 - Simplify the collection system
 - Enhance service cost effectiveness
- 2 Ricardo plc was invited to model nine possible collection methods and this has provided a substantial amount of information.
- 3 Presenting these models to Scrutiny in July 2016 led to a range of comments regarding how collection methods would fit across the Lewes district to ensure full resident engagement and satisfaction with the service (see Scrutiny section and Appendix 5).
- 4 Of the nine options modelled, Ricardo identified several as good performers in terms of value for money and 'ease of use' for residents. Of these, officers propose to test four options further (3, 6, 7 and 7a), in particular on cost assumptions, recycling performance and impacts on operational service delivery (for residents and for ease of delivery for the service). In addition, the current method of collection will be reviewed to assess current and potential performance to ensure an appropriate baseline.
- 5 Testing these assumptions further will give confidence in LDC establishing a waste and recycling service fit for the future. It may be the case that a hybrid solution, taking the best from the options modelled, is arrived at through this process.
- 6 The collection system selected will need to be fit for purpose for the 10 year period dictated by the dedicated vehicle lifespan.
- 7 Other considerations will include the possible supply and size of wheelie bins, where appropriate. A further significant consideration will be disposal arrangements.
- 8 It would be prudent for any new service design to be a viable option for both Lewes DC and other providers. It will need to be scalable as well as affordable, and a service which is easy to use by the customer and straightforward to implement and operate.

1 Information

- 1.1** The council undertook the initial review in 2014/15, seeking to provide a service that encourages recycling, is flexible and easy to understand for residents, within existing budgets, as well as enabling potential commercial opportunities.
- 1.2** The LDC recycling rate is within the lower quartile of local authorities in the country (at 27% for 2015/16). The collection system is complicated and is likely to be a barrier for the many people who are not committed recyclers.
- 1.3** In July 2015, Cabinet agreed to proceed to develop the service in accordance with the following definition:
- Fortnightly refuse collection
 - Weekly recycling collection with glass and paper collected separately from cans, plastics and card
 - Weekly food waste
 - Fortnightly opt-in green waste collection
- 1.4** Since the July 2015 Cabinet report, based on the Ricardo options appraisal 2014/15, the market for recycling materials has dropped significantly, affecting the viability of the collection service selected last summer (see Financial Appraisal).
- 1.5** The markets for recycle have been uncertain for several years, with low prices, market crashes and corresponding impacts on revenues. As these fluctuations can have a significant impact on revenue, it is necessary to take market uncertainty into account when developing a long-term waste and recycling strategy. Given the changes in the market, officers were asked to pause the implementation of the July 2015 Cabinet decision.
- 1.6** This led to a review of the service, in the interests of securing the best fit for Lewes district.

2 Current Service

Garden waste service

- 2.1** Over the last year, LDC has offered the new garden waste service to over half of all households in the district, successfully rolling it out along the coastal strip to residents in Seaford, Bishopstone, Saltdean, Peacehaven and Newhaven with nearly 700 households signing up by August 2016. The charge is £70 for fortnightly collections through 10 months of the year.
- 2.2** Experience of other Local Authorities (LAs) is that garden waste contributes significantly to recycling performance. For example, West

Sussex County Council (WSCC) attributes 16% of its total 41.6% recycling performance to the range of garden waste collection services offered by districts and boroughs within its boundary.

- 2.3 Given the uplift in recycling performance that can be achieved through wide participation in a garden waste scheme, current plans to make the service available to all households in the LDC area by May 2019 will likely be expedited, subject to approval.
- 2.4 There are a range of models and scale of charging varies from free to part-subsidised to fully charged for. This is a price sensitive service, in that yield relates to price. There is scope to explore this further, as recommended by officers.

Food waste collection

- 2.5 When the food waste collection service was introduced in June 2013, the rate of participation resulted in 120.6 tonnes of food being collected per month, on average, in the first six months.
- 2.6 There was a significant drop off from six months after roll out (i.e. when the initial supply of bags ran out). Food waste performance has fallen to an average of 73.5 tonnes per month, which is 4.47% of recycling collected.
- 2.7 WSCC conducted a waste composition study for a 4 week period in September 2015 which evidenced that 26% of the household bin is made up of food waste. By implication, this would suggest that there is more we could do to improve the tonnage of food we recycle here in Lewes district.
- 2.8 Officers recommend a promotion of this aspect of the service, including distributing compostable bags and running an engagement campaign. The cost of a year's supply of compostable bags is approx. £60K. It will be necessary to measure the effectiveness of action taken to inform future choices.
- 2.9 Other LAs are turning to food waste collection for the marginal improvement it brings to recycling performance and, importantly, the reduction in residual waste tonnage going to landfill or incineration.
- 2.10 **Recommendation:** That Cabinet authorises the Director of Service Delivery to explore and implement changes to the current service, as above, subject to business case where appropriate

3 The National Picture

- 3.1 In the short to medium term the focus in the sector is on 50% recycling by 2020 with LAs taking a range of approaches (see below and table 1).

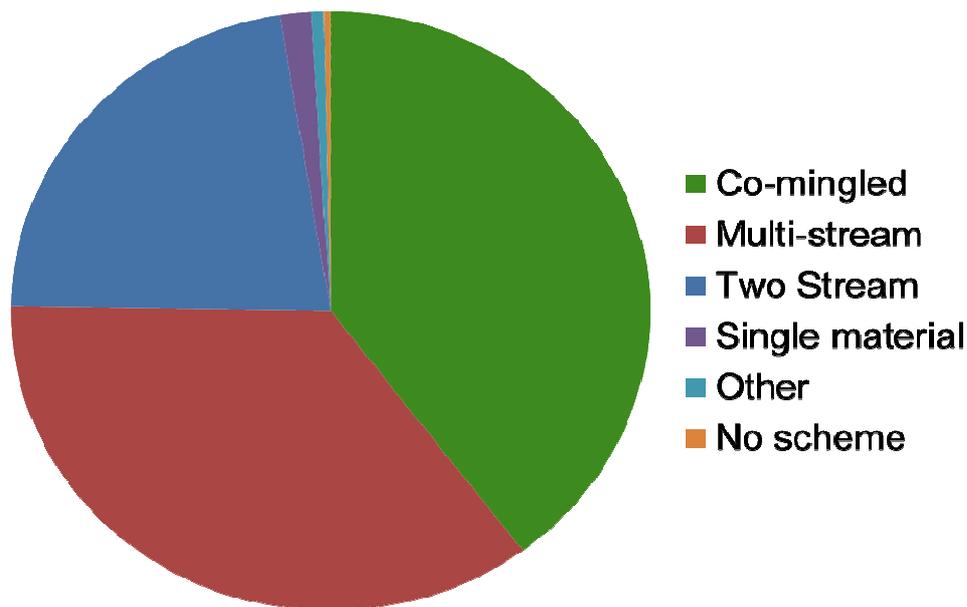
3.2 Over the longer term, there is likely to be a shift in regulatory emphasis from quantity to quality of materials (see Market Intelligence, below) in a time of resource depletion

3.3 In England and Wales:

- 274 councils provide co-mingled collections
- 102 councils provide a form of kerbside-sort
- 69% are collecting some form of mixed materials
- 20 of top 30 recyclers co-mingle
- 7% increase in co-mingled collection for recycling in 2013 (England), a continuing trend

3.4 Table 1 UK recycling collection schemes

UK Recycling Collection Schemes



4 Summary Options Appraisal

4.1 The nine options modelled by Ricardo are shown at Appendix 1. Note, 'AWC' refers to alternate weekly collections, that is, one week refuse, the next recycling.

4.2 Some options include a food waste collection service and in coming to a decision, consideration will be given to the best fit for Lewes district.

4.3 The table at Appendix 2 shows options rated for projected dry recycling rate (i.e., without the impact of food waste) against the

number of containers required. While this slide is useful to understand the relationship between modelled options in terms of the number of containers or bins and the dry recycling yield, the wider picture includes variables such as the need for local processing of the recycle. Work is underway to assess the implications of these related issues.

- 4.4** At Appendix 3, the options appraisal based on modelling outputs sets out some of these variables with a 'traffic light system' (red, amber, green) to indicate the relative merits of each option.
- 4.5** The graph at Appendix 4 shows high level indicative service costs against projected recycling performance, including current costs of service. This data is currently being validated internally to ensure accuracy.
- 4.6** According to Ricardo modelling:
- Option 3 is the top performer in terms of recycling and scores well on 'ease of use' although relatively high cost, ranked at 6th of the 9
 - Option 6 is third lowest cost and scores well on 'ease of use' although recycling performance is lower than other options;
 - Option 7 is fourth lowest cost, scores well on 'ease of use' and is the 2nd best performer in terms of recycling;
 - Option 7a is fifth lowest cost, slightly lower on the 'ease of use' score and performs well in terms of recycling.
- 4.7** By focusing on these four options, a number of factors can be fully explored and assessed over the coming weeks, such as the disposal of materials and an in-depth analysis of related costs. Different options require different vehicles, collection systems and sorting facilities.

Recommendation: That Cabinet authorises the Director of Service Delivery to undertake further due diligence tests on cost assumptions, recycling rates and operational impacts for options 3, 6, 7 and 7a

- Option 3 – Weekly fully commingled recycling, fortnightly residual waste, weekly food waste
- Option 6 – Fortnightly fully commingled, weekly residual waste, no food waste
- Option 7 – Fully commingled, alternate weekly collection, weekly food waste
- Option 7a – Comingled with glass separate, alternate weekly collection, weekly food waste

5 Scrutiny Committee, 1 July 2016

- 5.1** A number of points were raised by Scrutiny Committee on 1 July 2016, in relation to report 89/16 on the waste and recycling review and the Ricardo options appraisal, and a summary is included at Appendix 5.
- 5.2** Please note, the data referred to in this report and appendices is from the latest version of the Ricardo analysis, received 5 July 2016, and differs slightly from that presented to Scrutiny in its recycling projections.
- 5.3** The request for an independent assessment of proposals led in part to the request for funds for additional consultancy services from iESE
- 5.4** There were concerns about one model of service being applied across Lewes district and the variations in property type and location not being taken into account. These are routine operational matters (whereby for example, smaller vehicles are used for narrow access areas) and these factors come into play whichever strategic direction is chosen for the service as a whole.
- 5.5** Scrutiny agreed that best practice at other authorities should be considered. Best practice is reflected in the section of this report The National Picture (e.g. 20 of the top 30 recyclers co-mingle). Officers have been working with and learning from neighbouring authorities performing well in terms of efficient and effective waste and recycling services.

6 Market intelligence

- 6.1** Waste sector market trends indicate the market will increasingly be about materials:
- Ownership of materials along the value chain – strategic collection contracts to feed treatment and reprocessing facilities
 - Type of materials - mixed plastics and food waste in the short term and Waste Electronic and Electrical Equipment (WEEE) to extract critical raw materials in the longer term
 - Composition will change dramatically with paper reducing and cardboard increasing due to reduced newsprint uptake and increased internet shopping
 - Plastics (petroleum based) are likely to reduce in the longer term although this trend is closely linked to oil prices and an increase in plant-derived cellulose packaging
 - Infrastructure – development will focus on treatment and reprocessing
 - MRFs and ‘mini MRFs’ – will need to be technically advanced in order to sort to high quality standards

- Waste transfer and bulking sites – will be important as material volumes and segregation increases
- Reprocessing for plastics and for food waste – added value products and energy

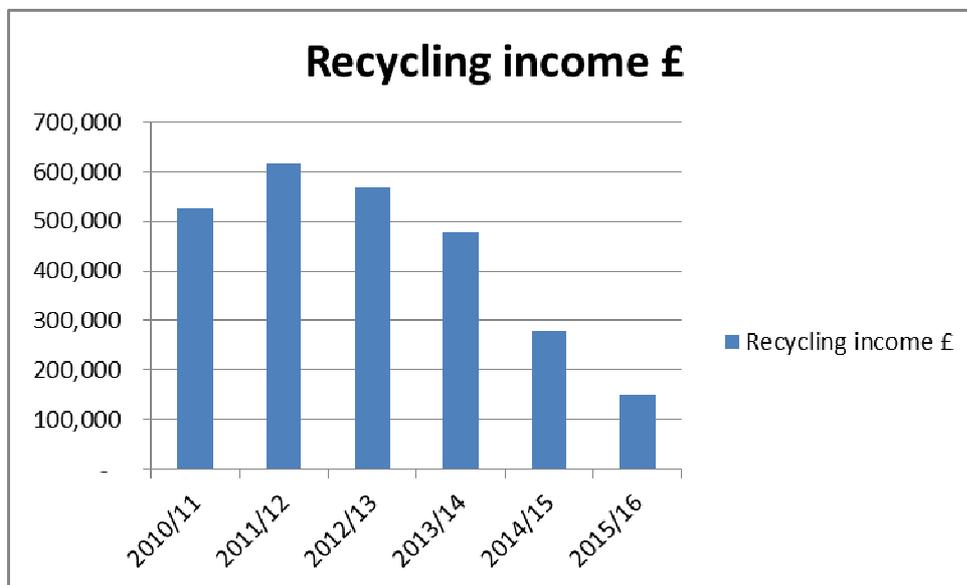
7 Financial Appraisal

- 7.1** Cabinet is invited to approve the release of £10,000 for additional consultancy services through iESE to provide independent critical guidance to the next phase of the review
- 7.2** With the exception above, there are no financial implications arising directly from this report.
- 7.3** The following table and graph show the change in income received by LDC for recyclable materials over the last five years including glass, paper, cardboard and aluminium. Changes in recycling income reflect the wider economy and price of raw materials and in future years could go up or down.

Table 2 Recycling income over the last 5 years

2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
£525,877	£616,181	£568,768	£478,438	£278,994	£159,000

Graph 1 Recycling income over the last 5 years



8 Legal Implications

- 8.1** There are no legal implications arising directly from this report.
- 8.2** Since 1 January 2015, by virtue of regulation 13 of the Waste (England and Wales) Regulations 2011, the council – as a waste

collection authority – has been legally obliged to collect four types of recyclable waste materials (namely paper, plastic, metal, and glass) separately where separate collection is both:

- Necessary, to produce high quality recyclates (the ‘necessity’ test)
- Technically, environmentally and economically practicable (TEEP, the ‘practicability’ test)

8.3 As the enforcement body for compliance with waste regulations, the Environment Agency has stated that where a council considers that co-mingling of certain materials is permissible, the Agency will expect to see that the council has reviewed the necessity and practicability of separate collection based on evidence and can present a clear audit trail of their decisions.

8.4 In essence, as the necessity test has embedded within it provisions regarding human health and environmental protection, there is a presumption that separate collection is required only if the effort and impact of doing so would be proportionate to the gain.

8.5 This is subject to further assessment by Ricardo, and a full TEEP report will be produced on the option chosen by Lewes District Council.

9 Sustainability Implications

9.1 There are no sustainability implications arising directly from this report. See section above regarding TEEP, which tests environmental practicability.

10 Risk Management Implications

10.1 There are no risk management implications arising directly from this report.

11 Equality Screening

11.1 There are no equalities implications arising directly from this report. An equalities appraisal will be appended to any future Cabinet report recommending a particular service option.

11.2 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 any 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.

12 Background Papers

12.1 None

13 Appendices

Appendix 1: The nine options modelled by Ricardo

Appendix 2: Options rated for projected dry recycling rate change based on residual waste capacity and the complexity of the collection system

Appendix 3: Red/amber/green options appraisal based on modelling outputs

Appendix 4: Total service cost and recycling rate

Appendix 5: Summary of points agreed at Scrutiny Committee, 1 July 2016