

Agenda Item No: 6 **Report No:** 89/16
Report Title: Waste and Recycling Service Review
Report To: Scrutiny **Date:** 1st July 2016
Cabinet Member: Councillor Paul Franklin, Cabinet Member for Waste and Recycling
Ward(s) Affected: All
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Purpose of Report:

To provide an update to Scrutiny Committee on the Lewes District Council (LDC) Waste and Recycling Service Review, taking account of a range of issues arising since the July 2015 Cabinet report, number 86/15

Officer Recommendation(s):

- 1 To note the report and invite comments in advance of Cabinet considering the review options
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Reasons for Recommendations

- 1 Since the first Ricardo options appraisal, 2014/15, the market for recycling materials has dropped, affecting the viability of the collection service selected last summer. These and other changes led to a review of the decision taken in July 2015.
- 2 LDC re-engaged Ricardo to update and model new options and this report sets out high level information and related issues for consideration. LDC officers are running due diligence tests on the Ricardo assessments, particularly the modelled costs and impacts on the service.
- 3 The objectives of the waste and recycling service review are to:
 - Improve recycling rates significantly
 - Simplify the collection system
 - Enhance service cost effectiveness

- Improve customer satisfaction
- 4 The collection system selected will need to be fit for purpose for the 10 year period dictated by the dedicated vehicle lifespan.
 - 5 It would be prudent for any new service design to be a viable option for both Lewes 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.
 - 6 Given the changing landscape, officers were asked to pause the implementation of the 2015 Cabinet decision (report number 86/15), in order to consider national trends, changes in the market and the local situation to ensure due diligence decision-making before embarking on significant investment in this universal service, in the interests of securing the best fit for Lewes District.
 - 7 As a result, a review of risks and opportunities associated with the above points was commissioned. Ricardo was asked to consider the relationship between recycling levels, ease of use, costs and meeting the requirements of the legislative framework. Results are under consideration, to be reported to Cabinet, September 2016.

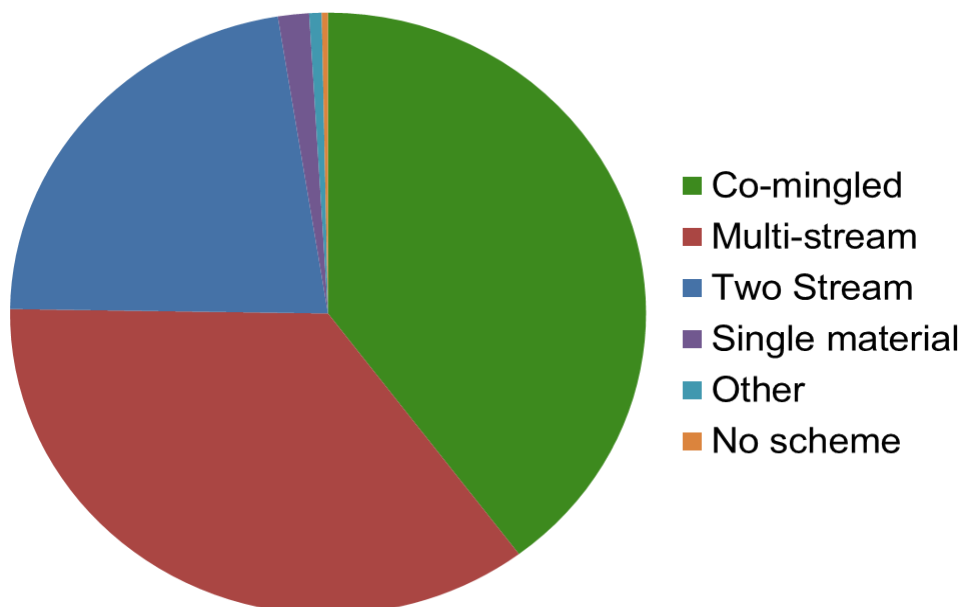
Information

- 8 The council undertook the initial review in 2014/15, seeking to provide a service that encourages recycling, is flexible and easy to understand for its residents, within existing budgets as well as enabling potential commercial opportunities.
- 9 The LDC recycling rate is within the lower quartile of local authorities in the country (at approx. 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.
- 10 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.
- 11 Cabinet also agreed to:
 - relocate the existing small material recycling facility (MRF) at North Street, Lewes to the new depot
 - allocate up to £2.2m from General Fund Revenues to fund start-up costs associated with implementing the changes to the service

- authorise the Director of Service Delivery, in consultation with the Assistant Director of Corporate Services, to develop 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
- 12** Since that Cabinet decision was taken, LDC has successfully rolled out the new garden waste service to around 550 households in Seaford, Bishopstone and Newhaven at a charge of £70 for fortnightly collections through ten months of the year.
 - 13** Experience of other Local Authorities (LAs) is that garden waste contributes significantly to recycling performance. A neighbouring LA offers a free garden waste collection service and achieves an associated 10% uplift in recycling performance.
 - 14** The LDC position is that by the end of 2016, garden waste collection will be made available to all households across the coastal strip (approx. 25,000 properties). Current plans are to make the service available to all households in the LDC area by May 2019.
 - 15** 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.
 - 16** The national picture suggests that in the short to medium term the focus in the sector is on 50% recycling by 2020 with local authorities taking a range of approaches (see below and table 1).
 - 17** 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
 - 18** 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
 - of top 30 recyclers co-mingle
 - 7% increase in co-mingled collection for recycling in 2013 (England), a continuing trend

19 Table 1 UK recycling collection schemes

UK Recycling Collection Schemes



Summary options appraisal

- 20 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.
- 21 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.
- 22 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.
- 23 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.
- 24 The graph at Appendix 4 shows high level indicative service costs against projected recycling performance. This data is currently being validated internally to ensure accuracy.

- 25** While Scrutiny Committee may wish to note these initial findings, a number of factors will need to be fully explored and assessed over the coming months, such as the disposal of materials and an in-depth analysis of related costs, as different options require different vehicles, collection systems and sorting facilities.

Market intelligence

- 26** Waste sector market trends indicate the market will increasingly be about materials:
- Quality of materials - higher value and regulatory compliance
 - 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
 - Export market for Refuse Derived Fuel (RDF) for the next 5-10 years

Financial Appraisal

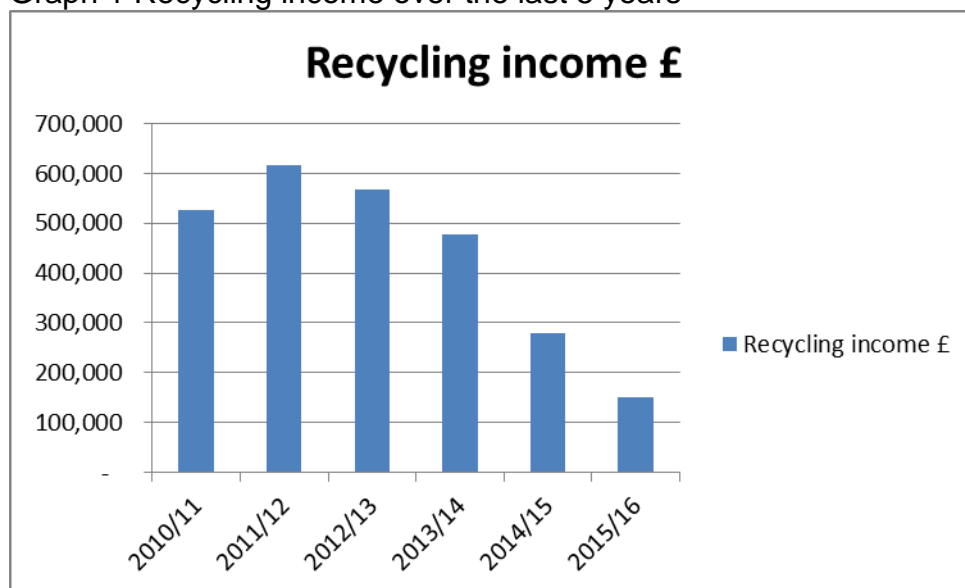
- 27** There are no financial implications arising directly from this report. As noted above, in July 2015, Cabinet agreed to allocated £2.2m to fund start-up costs associated with implementing changes to the service, for example the purchase of new vehicles. This allocation remains available. Modelling at the time indicated that the changes could reduce the annual operating cost of the service by £0.4m, contributing towards the council’s savings target.
- 28** The markets for recyclate 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.

29 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



Legal Implications

- 30** There are no legal implications arising directly from this report.
- 31** Since 1 January 2015, 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)
- 32** 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.
- 33** 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.

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

Sustainability Implications

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

Risk Management Implications

- 36** There are no risk management implications arising from this report.

Equality Screening

- 37** There are no equalities implications arising from this report. An equalities appraisal will be appended to a future Cabinet report.

Background Papers

- 38** None

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