

Report to: **Overview & Scrutiny Panel**  
Date: **18 May 2017**  
Title: **Waste Task and Finish Group Update Report**  
Portfolio Area: Commercial Services  
Relevant Scrutiny Committee: N/A

Urgent Decision: **Y / N** Approval and clearance obtained: **Y / N**

Date next steps can be taken: Recommendations to be presented to the next Executive meeting on 29 June 2016.

Author: **Helen Dobby/Neil Greenhalgh** Role: **Group Manager, Commercial Services/Operations Manager**

Contact: **Telephone/email: 01803 861272/  
helen.dobby@swdevon.gov.uk/neil.greenhalgh@swdevon.gov.uk**

---

**Recommendations:**

**It is RECOMMENDED to the Executive that:-**

- 1. the key findings of the task and finish group are noted & referred to the Joint Steering Group. They should also be used to inform the budget process for 2018/2019.**
- 2. the Council furthers, with immediate effect, discussions with Devon County Council related to disposal costs linked to service design and transfer station use**
- 3. efficiencies linked to current service delivery as outlined in the task and finish group scope and at 3.4 – 3.14 inclusive are delivered during 2017/2018 where proven to be operationally feasible.**

## 1. **Executive summary**

- 1.2 The Waste Task & Finish Group was asked to identify savings within Waste Operations following a report in late 2016. The report highlights areas that have been explored to try and identify savings with a focus on meeting the Council's obligations under the Devon Resource & Waste Management Strategy which look to align recycling and waste practices regionally and in line with best environmental practice. The scope of the Task and finish group is attached at Appendix A.
- 1.3 It is important to recognise that there are significant potential cost pressures attached to a 'no change' position. These could be in excess of £250,000 and as much as £510,000 in the short term. Costs will be higher if the council does not look to move to the aligned Devon service. Whilst these pressures may be countered by the other efficiencies after April 2019 they will present a pressure for the Council in 2018/19.
- 1.4 The most significant change recognised by the report is the efficiency potential of a separate collection of garden waste from food waste, assuming a charge is made for garden waste collection. This waste is currently collected co-mingled in brown wheeled bins across the District free-of-charge. The slides at Appendix B give greater detail of how such a service change could be configured, what other local authorities are currently doing and modelled costings for service changes.
- 1.5 In addition, the group also considered supporting waste policy and the introduction of charges for the provision and replacement of domestic wheeled bins. This cost offsets the capital cost of purchase as well as storage and delivery and could be introduced with immediate effect.
- 1.6 It is recognised that the efficiency options for waste services reflect a major change to customers. This is an issue which many councils are currently having to consider at the current time. The reputational impact of the service change will need to be balanced against the cost of maintaining the current service.

## 2. **Background**

- 2.1 The work of the Task and Finish Group explored the areas outlined in the scope at Appendix A.
- 2.2 From December 2016 to March 2017 Officers have been conducting a wide ranging strategic review of waste services in South Hams with the help of specialist consultants where needed (and within revenue budget) looking at the most viable and effective way of reducing the current revenue operating budget of £3,492,000. The scope of the Task & Finish Group has concentrated on projects, policies or changes that will have the greatest savings impact.

- 2.3 A number of factors have been taken into consideration, in particular the use of Torr Quarry Transfer Station, and the changes required to bring the Council into line with the Devon-wide policy on sustainable waste and recycling practice. This Devon-wide policy focused on good environmental practice and cost effective waste and recycling treatment. This has led to the promotion of collecting garden waste separately from food waste.
- 2.4 The report accepts that a number of operational efficiencies have been considered by Officers and the Task & Finish Group including round optimisation, procurement, promoting the efficient use of the Council's recycling sacks and maximising income from the sale of recycling materials. The most significant operational savings arise from the round optimisation and amount to £20,000 per annum and will be realised during 2017/18.
- 2.5 Having accepted these operational savings, the Task & Finish Group focused upon two key areas namely, garden & food waste recycling service changes and charging for waste containers.

### **3. Options available and consideration of risk**

- 3.1 The option which has the greatest ability to provide a contribution to the Councils overall budget shortfall is the separation of the garden waste from the food waste. This assumes a charge is made for the collection of the garden waste which does not statutorily have to be collected free of charge under the Environmental Protection Act 1990. The details of the option are attached on the slides at Appendix B and have been explored in detail by the task and finish group.
- 3.2 The scale and impact of the potential change is supported by the task and finish group and was further highlighted by the Member feedback from the informal topic session held on 27<sup>th</sup> April 2017. Rather than proceed with such a major change without consideration of wider organisational and customer impact the group recommends that the change is considered further by the joint steering group and via the budget process. This will ensure that:
- this efficiency measure is considered against other options Council wide
  - that any service change costings are fully market tested
- 3.3 The recommendation above however does have a financial impact on service for the short term. If South Hams does not look to align its' service to the Devon wide model then disposal costs will rise to reflect the treatment and haulage costs required to continue to provide a free of charge, co-mingled collection for garden and food waste. These costs are significant and at worst case could be between £750,000 and £1,000,000. If the council intends to move to charged garden waste then any delay would result in an annual

loss of income as outlined above in contrast to the chargeable garden waste solution which would provide a net income of £250,000 to the Council.

- 3.4 **Round optimisation** - The results of the modelling work shows a limited saving in overtime that is currently being paid. This is estimated at around £20,000 and relates to the overall re-balancing of rounds across the District.
- 3.5 **Recycling income** - The current contract for recycling materials is with Printwaste in Gloucestershire, a contract that expires in September 2017. Re-tendering of this contract could provide the best option for potential savings. Officers will be working with other local authorities in Devon and taking advice from WRAP (Waste Resources Action Programme) to secure long-term investment from industry and maximise our income. At this early stage it is difficult to predict whether any savings (increases in income) can be achieved in 2017/18 however, active dialogue with Printwaste will be undertaken to try and secure the best option in the short-term (up to September 2017).
- 3.6 Other materials that generate an income include glass and textiles. After evaluating options it has been decided to opt-in to the Devon County Council glass contract based on research of various reprocessors and haulage options. This contract is particularly favourable as prices track the market and include haulage. There is a guarantee that the price paid does not go below zero (even when haulage costs are higher than "market price").
- 3.7 The result of this will mean income from glass will increase above base budget by a relatively small amount in 2017/18 at current collection rates. Investigations are still ongoing in relation to textile banks in the District but at this early stage any increases in income that may arise are likely to be minimal in 2017/18.
- 3.8 In conclusion there is little financial gain from considering alternatives to the way our recycle is currently sold at this stage. However, officers will continue to maximise income through contract negotiation or procurement of the sale of the recycle currently collected.
- 3.9 **Increase recycling material range** - It is not considered viable or practicable at this stage to collect glass at the kerbside but it is recognised that the current bring bank system in use across the District provides relatively high yields. Promoting these more proactively could increase these yields. The loss of income from not collecting glass at the kerbside is however, minimal.
- 3.10 Cartons (commonly known as tetrapaks) and other types of plastics (pots and tubs e.g. yogurt and margarine tubs) are commonly found in mixed recycling schemes but have limited value. Negotiations during February 2017 have resulted in an agreement

with our current recycling processor accepting one of these items, cartons. This will be a valuable addition to the list of recycling waste that households can put in their recycling bags and will ultimately increase the recycling rate and overall income. Pots and tubs are less attractive at the current time and until market conditions change it is recommended that these elements continue to be excluded in the household recyclate we collect. It was therefore recommended to implement the change negotiated with our current recyclate processor to include cartons in our household recycling mix.

### **3.11 Recycling containment**

It is not considered viable or practicable at this stage to change the way the Council collects recyclate. It is noted however, that work is actively ongoing to maximise the number of outlets at which residents can obtain recycling bags and to deliver sacks on an annual basis if cost effective. Coupled with efforts to ensure the bags are not used for non-household recycling purposes, the Council can help reduce the current cost of recycling sack provision.

### **3.12 Other income generating measures**

An area where a significant number of authorities have considered income generation is from the provision and replacement of waste containers i.e. bins. Legislation allows for the reasonable recovery of costs associated with containers for waste and with a significant number of new properties expected to be built over the forthcoming years, there is increased financial pressure on the Council to provide the bins necessary for the containment of waste by householders.

- 3.13 It should be noted that the Council already has a charging policy for commercial waste customers in relation to the provision (or hire) of containers. With up to £30,000 per annum being spent on the provision or replacement of wheeled bins per annum by the Council (circa 1,500 bins) it is clear there is the potential to make a significant saving if charges were to be introduced for householders.
- 3.14 A charge of £35 per container including delivery would be a reasonable charge that would recover the cost of the purchase, storage, cleaning (where appropriate), delivery and repair of a standard 180 litre wheeled bin. Taking account of replacement bins that are the fault of the Council (bins falling into the back of refuse collection vehicles for example) the charging for replacement or new bins could generate income levels in excess of £10,000 per annum. Any new charging scheme will take some time to embed therefore the estimate of income would be £10,000 in initial years including 2017/18.
- 3.15 **Torr Quarry Transfer Station** – The Council currently makes use of a transfer station at Torr Quarry, a facility provided, managed and operated by South Hams District Council. This facility has

historically enjoyed the benefit of a subsidy from Devon County Council. This financial contribution varies and is dependent upon the amount of waste managed at the Transfer Station. In 2016/17 this amounted to £260,000.

- 3.16 The County Council have indicated it wishes to re-negotiate this subsidy as it has no binding legal requirement to support the facility as they provide a disposal facility very close to the District Council boundary (Plymouth energy-from-waste plant). Whilst the energy from waste plant is near to the South Hams boundary it is not as convenient as the local use of the transfer station. Negotiations relating to the relative costs and environmental benefits of both disposal solutions are due to start in early June 2017 between the County Council and South Hams District Council.
- 3.17 **Shared Disposal Savings** – early discussions with Devon County Council have indicated that should the Council move towards a separate collection of food and garden waste then the 'shared disposal savings' mechanism will be triggered. This is a legal agreement to share efficiency savings between the disposal authority and districts showing best practice in relation to new methods of recycling and waste collection within Devon which align to agreed Devon strategy. These savings could be as high as £150,000 for the District Council. The County Council is keen to stress that should South Hams District Council choose not to collect these materials separately, then the disposal savings income will not be realised.

#### **4. Proposed Way Forward**

- 4.1 It is proposed that the work of the task and finish group is noted and that the group refers its findings onwards as part of the joint steering groups programme, as part of the budget process and through service delivery as appropriate.
- 4.2 The scope of the group, the findings of the group and the recommendations of the group look to provide the most efficient service for the Council in line with the Devon Resource & Waste Management Strategy.
- 4.3 As is outlined above there are major financial, reputational and service impacts related to both service change and a position of 'no change'. Recommendation 2 recognises a major short term financial impact but has been considered against the feedback received and the ability to consider the service change in the wider organisational context.
- 4.4 It is suggested that the Council continues to engage with all members through informal sessions, question and answer surgeries and regular member bulletin updates given the scale of the potential service considerations and their financial impact.

## 5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>Schedule 1(4) of the Controlled Waste (England and Wales) Regulations 2012</p> <p>Environmental Protection Act 1990</p> <p>Section 93(30) of the Local Government Act</p>
Financial	Y	<p>The potential costs are set out both in the body in the report and in the slides attached at Appendix B. Further detailed costing would be presented through the work of the Joint Steering Group and through the budget process for 2018/2019.</p>
Risk	Y	<p>The report considers the balance of risk between the cost of the current service, the cost of the service if chargeable garden waste is not considered (1.3,3.3 and Appendix B) and the reputational impact of the potential changes required to bring South Hams in line with the Devon waste strategy.</p> <p>These risks not only have individual complexities but also need to be considered against the work streams for front line service delivery being considered by the Joint Steering Group and organisational budget options.</p> <p>The recommendation to integrate work into these work streams may have a short term budgetary impact but a longer term benefit built around a more sustainable set of delivery options for the South Hams.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		<p>There is none at this stage, however a change to any chargeable service would impact householders on low incomes.</p> <p>Anyone unable to present a container for collection due to health/disability issues would be eligible to use the assisted collection service.</p> <p>The system could be regarded as fairer as only those who wish to use the service would pay. Food waste would be collected more frequently.</p>
Safeguarding		None

Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		Any impacts on residents would be addressed through consideration of existing policy and via an extensive communications & publicity campaign.
Other implications		There are impacts relating to service changes in terms of additional workloads. Process change and resources are included to cover this. There are potential impacts on climate change which could be perceived as either positive or negative. Negative impacts may be mitigated by the quality of a targeted publicity campaign on home composting. This would give an overall net positive effect.

### **Supporting Information**

#### **Appendices:**

Appendix A – Scope of the waste review task and finish group

Appendix B – Informal Member session slide pack

#### **Background Papers:**

Detailed report of the waste review group from the Waste Manager (Operations)

Regional and national benchmarking information – WRAP

Devon Resource & Waste Management Strategy