



## Committee report

Committee	<b>CABINET</b>
Date	<b>TUESDAY, 21 JUNE 2011</b>
Title	<b>HOUSEHOLD WASTE COLLECTION ARRANGEMENTS</b>
Report of	<b>CABINET MEMBER FOR HIGHWAYS, TRANSPORT AND WASTE</b>

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### PURPOSE

1. To consider the implementation of revised waste collection and disposal arrangements intended to increase the amount of waste recycled and reduce the cost of landfill. The outcomes of the recent public consultation on this issue form part of this report in order to inform the decision making process.

### OUTCOMES

2. A decision by the Cabinet to implement the recommended option will increase the amount of household waste recycled ensuring a more environmentally sound approach whilst reducing cost over the remaining period of the integrated waste management contract.

### BACKGROUND

3. The integrated waste management contract between Island Waste Services and Isle of Wight Council commenced in 1997, was extended in 2000 and terminates in October 2015. The contract was signed prior to the Landfill Directive of 1999 and therefore does not take into account the need for the Council to meet current national targets as they did not exist at that time. As a consequence the targets in the contract relating to the proportion of waste diverted from landfill do not reflect the annual increases in landfill tax or the penalties which are now applied to the council if annual landfill allowances (LATS) are exceeded.
4. Whilst the contractor is incentivised to divert as much waste as possible from landfill through a bonus payment mechanism, the degree to which waste is diverted from landfill is largely reliant on the performance of the gasification facility. The operation of this facility has proved to be unreliable, limiting its effectiveness and failing to protect against the effects of increases in landfill tax and LATS penalties, which now represent a significant financial risk to the Council. In addition to this, the Council has no control over the gasification plant as it is operated under contract with Island Waste Services, not the Council.

5. It is imperative that a more effective waste disposal mechanism is determined to help meet current aspirations for a more environmentally sound approach to waste management and to reduce cost as well as improve resilience against the increasing cost of landfill. This can be achieved by changing the focus of household waste management on the Island to increasing the amount of waste which is recycled, thereby reducing reliance on gasification. The proposed service will make it easier for residents to recycle by introducing additional types of waste that can be recycled, providing a larger dedicated recycling wheeled bin and by ensuring that every household on the Island has access to recycling facilities. This is not currently the case, as the existing system entails an “opt in” approach to recycling whereby residents have to request access to recycling facilities.

### PROPOSED NEW SERVICE

6. The proposed new service is detailed in the table below and would comprise:
- Increasing the types of waste that residents can recycle from the current arrangement of glass bottles and jars, some types of papers and textiles to glass bottles and jars, all paper, all plastics, cardboard and metals.
  - Wheelie bins will be provided to residents for recycling which will be collected fortnightly reflecting the current collection arrangements for the black box scheme. Residents will continue to provide their own sacks and bins for non recyclable waste which will also be collected fortnightly.
  - Weekly collection of food waste, with provision of two caddies per household – one for the kitchen and one to leave out for collection.
  - A commercially operated garden waste collection service where residents can pay the contractor an annual subscription for a fortnightly collection of biodegradable garden waste for composting in wheeled bins.

The table below compares the existing service to the proposed new collection arrangements.

	<b>Existing service</b>	<b>Proposed service</b>
<b>Food waste</b>	Collected weekly	Collected weekly
	Small bucket	Two containers
	All cooked and uncooked food	All cooked and uncooked food.
<b>Recyclable waste</b>	Collected fortnightly	Collected fortnightly
	One 55 litre black box	One 240 wheelie bin
	Paper – some types Glass bottles & jars Textiles	Paper – all types Glass bottles & jars Tetra paks Plastics – all types Cans Card – all types

<b>Non Recyclable waste</b>	Collected weekly	Collected fortnightly
	Bag or bin provided by resident	Bag or bin provided by resident
<b>Garden waste</b>	Collected weekly	Collected fortnightly
	Charged for collection.	Charged for collection.
	Unlimited number of pre-paid garden waste sacks.	240 litre wheelie bin or bins.

## STRATEGIC CONTEXT

7. The household waste collection and disposal service is a statutory function which contributes to the safe and well kept Island, and the thriving Island themes of the Eco Island Sustainable Community Strategy.
8. The revised corporate plan for the council identifies the Waste Strategy as a strategic priority for the authority.
9. The proposals contained within this report, if agreed, reduce the impact of waste disposal on the environment and reduce costs. These proposals have to be considered in light of the current environmental and economic conditions.
10. The Government has been undertaking a review of waste policies in England, with the outcome of this process due to be announced by DEFRA shortly after the publication of this Cabinet paper. We do not anticipate that the outcomes of the Government's review will impact significantly on Council's proposals, and recent indications suggest that the likely national approach may broadly align with our intended way forward. If DEFRA's review is published, as anticipated, in advance of the Cabinet meeting at which this paper will be considered, the implications of the national review will be taken into account at that meeting.

## CONSULTATION

11. Consultation with residents on the proposed changes to the waste collection arrangements was undertaken from 8 April to 8 May 2011. The consultation was advertised on the council's web site, through 3 consecutive adverts in the local media and through press releases. The consultation was largely web based, with all information being presented on a dedicated web page with links to an on line survey for completion. Paper copies of the survey were also made available in libraries, help centres and county hall. Two drop in exhibition events were also held. In total 814 consultation responses have been received and 56 people attended the two drop in sessions.
12. The complete statistical data is reported in Appendix A, but can be summarised as follows:
  - 66% said that they would support the council in changing the waste collection service (10% neither agreed nor disagreed).

- 64% said that the proposed new service would make it easier for residents to recycle their waste (13% neither agreed nor disagreed).
  - 64% said that the alternative arrangements for those unable to keep a wheelie bin at home were sufficient to help everybody take part (21% neither agreed nor disagreed).
  - 82% said that weekly collections of food are an important part of the waste collection service (11% neither agreed nor disagreed).
  - 95% said that it is important or very important that the council reduces the amount of waste to landfill to protect the environment and save money.
  - 92% said that it is important or very important to collect more types of waste for recycling.
13. The evaluation of the comments made in response to the consultation is provided in Appendix B which identifies and responds to the main issues that were raised. These can be summarised as follows:
- Welcoming the proposed changes and increases in recycling.
  - Concerned about using wheelie bins in some types of property.
  - Preferring that non-recyclable waste continue to be collected weekly.
  - Concerned about the security of the food waste caddies against scavenging by animals.
  - Garden waste wheelie bin not being required all year and may be too big for some peoples needs.
  - Suggesting that the council do more to reduce household waste such as promoting home composting and contacting supermarkets to reduce packaging.

#### FINANCIAL / BUDGET IMPLICATIONS

14. The comparative service cost components are detailed in appendix C and summarised in the following tables assuming an implementation date of 1<sup>st</sup> February 2012 and reflecting the current contract period which terminates in October 2015

##### Option 1 – Current Arrangements

<b>Cost Element</b>	<b>Totals</b>
Landfill Tax and Bonus Payment	£14,710,599
LATS Liability @ £20/ tonne	£589,409
LATS Liability @ £150/ tonne	£4,420,583

## Option 2 – Proposed Approach

<b>Cost Element</b>	<b>Totals</b>
Landfill Tax and Bonus Payment	£13,231,112
50% of annual revenue cost of capital investment in wheeled bins and caddies (ongoing) IWS to fund the other 50%	£326,093
Recycling sacks (780,000 / annum)	£150,000
Communications	£100,000
Total	£13,807,204
LATS Liability @ £20/ tonne (to be paid by IWS)	£63,431
LATS Liability @ £150/ tonne (to be paid by IWS)	£475,721

## Budget

<b>Cost Element</b>	<b>Totals</b>
Total Budget (landfill tax + bonus payment) assumes escalator as draft MTFP	£14,079,155
Option 1 Budget Variance (excluding LATS Liabilities)	-£631,443
Option 1 Budget Variance (including LATS Liabilities @ £150 / tonne)	-£5,052,026
Option 2 Budget Variance (LATS Liabilities paid by IWS)	£271,951

15. When comparing these options it is important to note that:

- Both service options:
  - Retain the same contract cost not detailed above.
  - Assume a relatively low level of operation of the gasification plant, which is considered prudent given previous reliability issues.
- LATS liabilities calculated at £20/tonne relate to the current allowance trading value, whereas £150/tonne reflects the relevant penalty charge should landfill allowances not be secured through the trading scheme.
- There is currently no budget provision for LATS liabilities.
- Current indications are that the LATS scheme and associated penalties may be withdrawn in 2013. This is yet to be confirmed.

16. Although potential LATS penalties are demonstrated in the financial model, the business case for the change in collection arrangements is justified on the reduction in landfill tax payments alone. Therefore, should the landfill allowance penalty scheme be withdrawn by the government this will not affect the financial case for the proposed new service.

17. Island Waste Services has confirmed that if the proposed approach is implemented, they would accept the LATS liability provided that, in the event that the gasification plant fails, the council would share in the cost of an alternative diversion mechanism

for the waste that would otherwise have been sent to the plant. If the plant did not operate for a full year then this would cost the Council up to an additional £360k per annum.

18. Excluding landfill allowance penalties, the proposed approach saves approximately £900,000 over the remaining period of the contract. This level of saving will increase if the gasification facility operates consistently over the remaining period of the contract.

### LEGAL IMPLICATIONS

19. The council has a legal duty to arrange for the collection and disposal of household waste under section 45 and 48 respectively of the Environmental Protection Act 1990 (EPA). The provisions of this Act permit the authority to specify collection arrangements for householders including the type of receptacle to be used, where it needs to be placed and when.
20. Section 45A EPA as inserted by section 1 of the Household Waste Recycling Act 2003 places a duty on a waste collection authority to ensure that, unless the authority is satisfied that the cost would be unnecessarily high or comparable alternative arrangements are available, the arrangements it makes for the collection of waste under s45 EPA includes for the collection of at least two types of recyclable waste together or individually separated from the rest of household waste.
21. To implement the proposed service it will be necessary to vary the specification within the Integrated Waste Management Contract.

### EQUALITY AND DIVERSITY

22. An equality impact assessment has been completed and is attached in Appendix D.
23. The report concluded that the Council's assisted collection policy, which already applies to the waste collection service, should continue in order to ensure that any residents who cannot move their waste in any container to the required collection point receive the assistance that they require. Information about this policy and how to access it will be included with any literature sent to residents about the new service.

### SECTION 17 CRIME AND DISORDER ACT 1998

24. There are no direct crime and disorder implications arising from the recommendations of this report.

### OPTIONS

25. The options available to the council are:
  1. That no change is made to the current household waste collection arrangements.
  2. That the waste collection arrangements are changed with effect from 1 February 2012 to:

- Increase the types of waste that residents can recycle from the current arrangement of glass bottles and jars, some types of papers and textiles to glass bottles and jars, all paper, all plastics, cardboard and metals.
- Provide wheelie bins to residents for recycling which will be collected fortnightly reflecting the current collection arrangements for the black box scheme. Residents will continue to provide their own sacks and bins for non recyclable waste which will also be collected fortnightly.
- Provide weekly collection of food waste, with provision of two caddies per household – one for the kitchen and one to leave out for collection.
- Introduce a commercially operated garden waste collection service where residents can pay the contractor an annual subscription for a fortnightly collection of biodegradable garden waste for composting in wheeled bins.

## RISK MANAGEMENT

26. Continuing with the current waste collection arrangement represents a significant financial risk to the authority from escalating landfill tax costs and the potential for financial penalties for exceeding landfill allowances. The degree to which waste is diverted from landfill is largely reliant on the performance of the gasification plant which has not proven to be reliable.
27. If the gasification plant failed completely, a further 12,000 tonnes of waste per annum would potentially need to be diverted to avoid landfill tax and landfill allowance penalties on an increasing scale to a maximum of £2.28m in 2014/15. If the proposed change was implemented, Island Waste Services have established an alternative diversion mechanism at a cost of £60/tonne and require that the council meets half of that cost. In a worst case scenario this would cost the Council up to £360k per annum.
28. The business case is based on a conservative estimate of operational performance of the gasifier at 12,000 tonnes. However, there is a high level of confidence that at least this much waste will be processed in future years, and improving confidence in the consistent operation of the gasification facility which could see significantly more waste being processed by the plant.
29. To implement the proposed service it will be necessary to vary the specification within the Integrated Waste Management Contract. The business case has been developed in partnership with Island Waste Services who are in agreement with the revised approach and comfortable with the necessary revision to the specification.
30. There is a reputational risk to the council from negative publicity about the proposed service or how it is implemented. This has been mitigated by undertaking a public consultation and proposing a comprehensive communication plan to explain the introduction of the proposed service.
31. There is a reputational risk to the council from negative publicity if the council is not seen to take a more environmentally sound approach to its waste management responsibilities which would be avoided by implementing the proposed changes.

## EVALUATION

32. Continuing the service as it is will result in the council overspending on the waste budget by approximately £631,000 during the remaining contract term depending upon the performance of the gasification plant. Furthermore, the landfill allowances for the council are likely to be exceeded, potentially costing the council up to a further £4.42 million in penalties during the remaining term of the contract. This would be compounded if the gasification plant were to fail completely and demonstrates an unacceptable financial risk to the authority. Whilst there may be the ability to purchase LATS permits at a lower rate per tonne than the penalty charge per tonne, the cost of purchasing permits is unknown at this stage and would remain an unbudgeted for cost. The proposed service improves resilience against these increasing costs and the reputational issues associated with penalties for landfilling too much waste.
33. The business case for the proposed service is based on a low level of operation of the gasification facility. There is an increasing confidence that the plant can operate in excess of these assumptions and therefore divert more waste from landfill and reduce costs in excess of those set out in the business plan.
34. The waste hierarchy contained within the Waste Strategy for England 2007 gives the governments policy for waste treatment and disposal which states that before waste is used for the recovery of energy, all efforts should be made to reduce the volume of waste by minimisation and reuse, and to recycle waste. The proposed service is in accordance with this policy.
35. The results of the public consultation show that residents recognise the need for more waste to be recycled and generally support the introduction of the new service. A number of points of detail have been raised and these will be addressed in rolling out the revised arrangements.
36. The only issue which was raised which cannot be resolved is the request that non-recyclable waste is collected weekly. Two separate vehicles will be used to make the collection from every property. The general waste lorry will collect the non-recyclable waste and the food waste. The recyclable waste lorry will collect the wheelie bins of recyclable waste and food waste on the following week. To collect non-recyclable waste every week would require double the number of general waste lorries and crews. This additional cost would make the service unviable.

## RECOMMENDATION

37. That the waste collection arrangements are changed with effect from 1 February 2012 to:
  - Increase the types of waste that residents can recycle from the current arrangement of glass bottles and jars, some types of papers and textiles to glass bottles and jars, all paper, all plastics, cardboard and metals.
  - Provide wheelie bins to residents for recycling which will be collected fortnightly reflecting the current collection arrangements for the black box scheme.



Residents will continue to provide their own sacks and bins for non recyclable waste which will also be collected fortnightly.

- Provide weekly collection of food waste, with provision of two caddies per household – one for the kitchen and one to leave out for collection.
- Introduce a commercially operated garden waste collection service where residents can pay the contractor an annual subscription for a fortnightly collection of biodegradable garden waste for composting in wheeled bins.

#### APPENDICES ATTACHED

[Appendix A](#): Public consultation results.

[Appendix B](#): Public consultation responses.

[Appendix C](#): Comparative Service Costs

[Appendix D](#): Equality impact assessment.

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