

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

16 October 2012

Report of the Strategic Director – Environmental Services

NEW RECYCLING SERVICE – DERBYSHIRE DALES DISTRICT COUNCIL – POTENTIAL DIVERSION SAVINGS (TECHNOLOGY AND RECYCLING)

(1) **Purpose of the Report** Working in partnership with the County Council to improve recycling performance, Derbyshire Dales District Council (DDDC) has submitted a request for a financial contribution of £165,000 to purchase kitchen caddies for the implementation of their separate food waste collection service which is being rolled out as part of new collection services commencing in October 2012. This report outlines the potential financial savings the new service will generate through the diversion of waste from landfill and considers the proposal to allocate funding to support the new service and the improvement in recycling and composting anticipated.

(2) **Information and Analysis** DDDC's existing recycling service collects the following materials:

- dry recyclables (paper, cardboard, cans (in bags);
- garden and food waste (240 litre bin); and
- glass (boxes).

The materials are collected on an alternate weekly basis, with residual waste being collected weekly.

The new service to be delivered through their new waste contractor, SERCO, is as follows:

- residual waste to be collected alternate weekly (instead of weekly);
- dry recyclables to be collected fortnightly using a single bin with the addition of mixed rigid plastics and batteries;
- food waste to be collected separately on a weekly basis;
- garden waste to be collected separately on a fortnightly basis;
- green and food waste services to be increased to a further 6000 properties.

Table 1 details DDDC's estimated increase in tonnages for the individual waste streams over the next three years.

Table 1 Derbyshire Dales District Council Waste Forecasts 2012-2015

	Actual Tonnages	Forecast	Forecast	Forecast
Year	2011/2012	2012/2013	2013/2014	2014/2015
Recycling (tonnes)	5,759	6,641	7,972	7,972
Difference from previous year (tonnes)	480	882	1,331	0
Residual (tonnes)	18,452	15,259	10,266	10,266
Difference from previous year (tonnes)	1	-3,193	-4,993	0
Composting (tonnes)	7,427	9,139	11,535	11,535
Difference from previous year (tonnes)	-147	1712	2396	0
Overall Tonnage (tonnes)	31,638	31,039	29,773	29,773

To assess the business case for funding, an analysis of additional tonnage estimated to be diverted from landfill over the next two years and the potential cost savings has been undertaken. Tonnage data from WasteDataFlow together with an estimate of future performance, provided by DDDC, has been analysed.

(3) **Financial Considerations** In order to determine the potential cost savings that could be made by the County Council as Waste Disposal Authority, the existing collection scheme tonnages are being compared against the new scheme's estimated tonnages and multiplied by the relevant management costs.

It is assumed that if the existing collection scheme continued, it is unlikely there would be any significant increases in the amount of waste recycled/composted and diverted from landfill. However, there would be a significant increase in the cost of disposal due to the annual £8 per tonne increase in landfill tax. DDDC is forecasting that the new scheme will deliver an increase in dry recycling and composting (associated garden and food waste) and a decrease in residual waste in 2012/13 and 2013/14.

Table 2 sets out the financial impact of this performance.

Table 2 Potential Waste Disposal Cost Savings

	2012/2013 Waste Disposal Costs (£) (Based on current service and 2011/12 tonnages)	2012/2013 Forecast Waste Disposal Cost (£) (Based on new service)	2013/2014 Forecast Waste Disposal Cost (£) (Based on new service)
Recycled	272,977	314,783	389,193
Composted	378,517	465,769	615,219
Residual Waste	1,892,359	1,564,899	1,129,599
Total	2,543,853	2,345,451	2,134,011
Potential Net Annual saving	0	198,402	356,625
Potential Net Saving over 24 months	0	555,027	
Potential saving over 17 months (Assuming full service implementation from 1 November 2012)	0	439,292	
Proposed one-off contribution to DDDC	0	140,000	
Net Saving in Waste Disposal Costs over 17 months	0	299,292	

Based upon DDDC's forecasts, it is estimated that savings of approximately £439,292 could be made by the County Council over a 17 month period ending March 2014. This assumes full service implementation with effect from 1 November 2012. On the basis of an "invest to save" project, the business case for providing a financial contribution to DDDC from the Waste Management Revenue budget exists and offers a potential "win-win" for both Councils.

Similar applications for funding support for the implementation of initiatives to reduce the County Council's exposure to Landfill Tax and increase recycling and composting will be considered on their merits.

There is no guarantee, however, that DDDC's forecast improvement in recycling and composting, and thus the diversion of waste from landfill will be achieved, therefore it is prudent to assess the business case and the potential

savings if a more cautious approach were adopted. If the services delivered an improvement in recycling and composting performance, achieving only 50% of the forecast tonnages, the following potential savings, set out in Table 3, would be generated.

Table 3 Recycling and Composting Assuming 50% of Forecast Tonnages

	2012/13 Waste Disposal Costs (£) (Based on current service and 2011/12 tonnages)	2012/13 Forecast Waste Disposal Costs (£) (Based on new service)	2013/14 Forecast Waste Disposal Costs (£) (Based on new service)
Recycled	272,977	293,880	345,939
Composted	378,517	422,143	528,497
Residual Waste	1,892,359	1,697,913	1,375,973
Total	2,543,853	2,413,937	2,280,436
Potential Net Annual Saving		129,916	285,727
Potential Net Saving over 24 months	0	415,643	
Potential saving over 17 months (Assuming full service implementation by 1 November 2012)	0	339,859	
Proposed one-off contribution to DDDC	0	140,000	
Net Saving in Waste Disposal Costs over 17 months	0	199,859	

In this scenario, if a full contribution of £140,000 was provided to DDDC as requested, then the savings to the Authority would be £199,859.

On this basis, it is proposed a financial contribution be given to DDDC from the Waste Management Revenue budget to enable the purchase of kitchen caddies for the implementation of their separate food waste collection whilst also delivering savings for the County Council.

(4) **Legal Considerations** Section 1 of the Localism Act 2011 enables the County Council to do anything that individuals generally may do (the general power of competence, including the power to do it for the benefit of the authority, its area and residents).

The making of the contribution to DDDC will benefit the County Council by reducing waste disposal costs.

(5) **Environmental and Health Considerations** Through the Derbyshire Joint Municipal Waste Management Strategy, the County Council is committed to increasing sustainable waste management solutions across the whole County. The proposals will contribute to this ethos by helping to improve recycling services and reduce the amount of waste sent to landfill.

(6) **Property Considerations** There are no property considerations associated with this report.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources and transport considerations.

(7) **Key Decision** Yes.

(8) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(9) **Background Papers** None. Officer contact details – Claire Brailsford, extension 39775.

(10) **OFFICER'S RECOMMENDATIONS** That Cabinet:

10.1 Welcomes the changes in service proposed by Derbyshire Dales District Council and the potential improvement in recycling and composting, and cost savings the service change will generate.

10.2 Approves the allocation of £140,000 of funding to Derbyshire Dales District Council for the purchase of kitchen caddies for the implementation of their separate food waste collection and to aid an increase in recycling and composting performance.

10.3 Agrees to this funding being allocated in two stages:

- (i) An Initial payment of £70,000.
- (ii) The remaining payment based on satisfactory introduction of the new waste collection scheme by end of March 2013.

Ian Stephenson
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