

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

16 April 2013

Report of the Strategic Director – Environmental Services

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

(1) **Purpose of the Report** To consider a request from South Derbyshire District Council (SDDC) for a financial contribution of £250,000 to purchase wheeled bins with inner caddies for the implementation of its new recycling collection service which is scheduled to commence on 3 June 2013.

(2) **Information and Analysis** Currently, SDDC's recycling and composting service collects the following materials:

- dry recyclables (cans, foil, aerosols, glass bottles) (in green boxes)
- dry recyclables (paper) (in blue bags)
- dry recyclables (textiles, shoes and some accessories) (in red bags)
- organic waste (garden and kitchen waste) (in 240 litre bin).

The materials are currently collected on an alternate weekly basis, with residual waste and recyclables being collected one week and organic waste the other.

The new service will be delivered by a contractor, appointed by SDDC, as part of a new eight year contract and is as follows:

- residual waste to be collected fortnightly;
- dry recyclables to be collected fortnightly using a single 240 litre bin (glass, cans, foil, aerosols and plastics), with a 55 litre caddy inside (paper, cardboard);
- organic waste (garden and food waste) to be collected separately on a fortnightly basis;
- textiles to be collected in a bag.

The new service is scheduled to commence on 3 June 2013 and sees a fundamental change from a box and bag collection system with kerbside sorting to the provision of a third wheeled bin (with inner caddy) for the co-

mingled collection of recyclables. The service also sees the addition of two new materials, cardboard and plastics.

The capital investment required for the purchase of the wheeled bins and caddies by SDDC is approximately £1million and SDDC is seeking a 25% contribution towards this cost.

To assess the business case for funding, an analysis of additional tonnage estimated to be diverted from landfill up to 2014/15 and the potential cost savings has been undertaken. Appendix 1 details SDDC's estimated increase in tonnages for the individual waste streams up to 2014/15. Tonnage data from WasteDataFlow together with an estimate of future performance, provided by SDDC, has been analysed. Estimates of future performance assume all residents participate in the scheme.

In order to determine the potential cost savings in South Derbyshire that could be made by the County Council as Waste Disposal Authority, the previous 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 previous collection scheme had continued, it is unlikely there would have been 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 from 1 April 2013. SDDC is forecasting that the new scheme will deliver an increase in dry recycling and composting, and a decrease in residual waste in 2013/14 which will be maintained in 2014/15.

SDDC has been keen to emphasise that the scope for additional recycling is limited since the Authority has been the County Council's top performing Waste Collection Authority for a number of years and, therefore, the opportunity for improvement in recycling is less than other lower performing authorities who are working from a much lower baseline. County Council officers agree with this analysis.

Furthermore, SDDC has suggested that because the tendering process took place at a time when there had been significant reductions in the value of the recyclates market, tenders received significantly exceeded current and anticipated budgets (circa £188,000 per annum) leading to a funding shortfall. Whilst it is agreed there has been a reduction in the value of recyclates, arguably the scope of the procurement (which excluded residual waste collections) could also have increased the cost of tenders.

The additional revenue costs to SDDC over the eight year period of the contract will be approximately £1.5 million, this is in addition to the £1million capital investment required for the purchase of the wheeled bins and caddies.

Appendix 2 sets out the financial impact of SDDC's improved performance. Based upon the SDDC forecasts, it is estimated that actual savings in the order of £152,236 could be made by the County Council over the first year of the new service from which a financial contribution to SDDC could be made.

In the long term, over the eight year contract term, the project will help the County Council avoid increasing costs of landfill, estimated to be over £1million. On the basis of an "invest to save" project, the business case for providing a financial contribution to SDDC exists and offers a potential "win-win" for both Councils.

Based upon SDDC's previous record of success in improving recycling performance there is a high degree of confidence that their forecast improvement in recycling and composting, and thus the diversion of waste from landfill, will be achieved. The forecast tonnages have also been compared against the performance of Derbyshire Dales and North East Derbyshire District Councils, who have recently introduced new recycling services. This assessment has determined that the assumptions and forecasts made are reasonable, that the improvement in recycling and composting performance is likely to be achieved and therefore the potential savings set out in Appendix 2, would be generated.

If a full contribution of £250,000 was provided to SDDC, the actual savings generated in the first 12 months of operation would not meet this cost. However, the avoided cost of disposal over the 8 year period of the collection contract would be of the order of £1million and should be considered.

Taking account of this and SDDC's historical and continued high performance and commitment to waste recycling and composting, it is proposed that a financial contribution of £200,000 be given to SDDC from the Waste Management Revenue budget to support the purchase of wheeled bins.

As part of the contribution, it is proposed that SDDC be required to actively promote the County Council's contribution to the new service including acknowledgement on promotional literature.

Similar contributions to Derbyshire Dales District Council (£140,000) and Amber Valley Borough Council (£200,000) were agreed on 16 October 2012 and 22 January 2013 respectively to support the roll out of their new recycling collection services.

Future applications for funding support from other District and Borough Councils for the implementation of initiatives to reduce the County Council's exposure to Landfill Tax and increase recycling and composting, will be also considered on their merits.

(3) **Financial Considerations** The contribution of £200,000 can be met from the savings to be generated in the Waste Management Revenue budget, £100,000 of which would come from income forecast to be received from the new Waste Electrical and Electronic Equipment (WEEE) contract which commences on 1 April 2013.

(4) **Legal Considerations** Section 1 of the Localism Act 2011 confers upon local authorities a general power of competence which enables them to do anything which is not prohibited by legislation for the benefit of the Authority, its area or persons resident or present in its area. It is considered that the County Council can use the powers contained in Section 1 of the Act to make the contribution to SDDC referred to in the report, which will also 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** No.

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

(9) **Background Papers** Report to Cabinet 22 January 2013 (Minute No 11/13 refers), Report to Cabinet 16 October 2012 (Minute No 306/12 refers). Officer contact details – Claire Brailsford, extension 39775.

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

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

10.2 Approves the allocation of £200,000 of funding to South Derbyshire District Council to support the purchase of wheeled bins for the implementation of its new recycling service.

10.3 Agrees to this funding being allocated in two stages:

- (i) an initial contribution of £100,000, and
- (ii) the remaining contribution based on satisfactory introduction of the new waste collection scheme.

Ian Stephenson
Strategic Director – Environmental Services

Appendix 1

South Derbyshire District Council Waste Forecasts 2012-2015

	Actual Tonnages	Forecast	Forecast	Forecast
Year	2011/2012	2012/2013	2013/2014	2014/2015
Recycling (tonnes)	5,993	6,000	8,000	8,000
Difference from previous year (tonnes)	228	7	2,000	0
Residual (tonnes)	20,558	20,800	18,100	18,100
Difference from previous year (tonnes)	-486	242	-2,700	0
Composting (tonnes)	11,384	11,700	12,000	12,000
Difference from previous year (tonnes)	-1,210	316	300	0
Overall Tonnage (tonnes)	37,935	38,500	38,100	38,100

Appendix 2

Potential Waste Disposal Cost Savings

	Waste Disposal Costs (£) in 2013/14 Based on Current Service and 2012/13 Estimated Tonnages	Estimated Waste Disposal Costs (£) for the First Twelve Months of the New Service
Recycled	£294,385	£392,513 (In recycling credit payments)
Composted	£574,909	£590,100 (In recycling credit payments)
Residual Waste	£2,045,758	£1,780,203 (Cost of waste to landfill)
Total	£2,915,052	£2,762,815

Potential Net Annual Costs/Savings to Derbyshire County Council from June 2013 – June 2014	£152,236
---	-----------------