

Cabinet

18 September 2013



Review of the Waste Management Strategy

Report of Corporate Management Team

Report of Terry Collins, Corporate Director Neighbourhood Services

Cllr. Brian Stephens, Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships

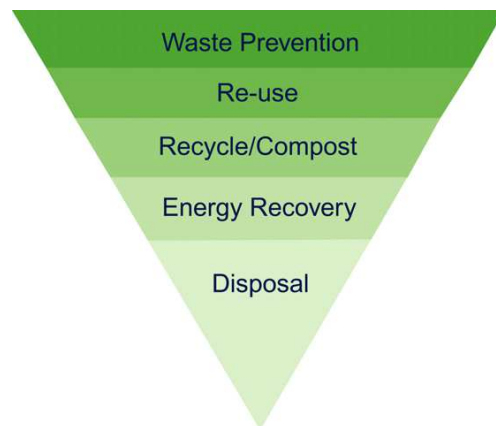
Purpose of the Report

1. The purpose of this report is to inform the Cabinet of the progress made against the County's Waste Management Strategy and set out a timetable for review.

Background

2. In March 2010, Cabinet agreed a strategic direction for the County's waste management service, set out in a document named the *Addendum to the Municipal Waste Management Strategy for County Durham*, (Addendum), which has acted as a transition document to aid the authority to embark on a full encompassing waste transition programme. This document reflected updated Government legislation and stated the commitments that the Authority would seek to achieve in relation to managing waste more sustainably until 2020.
3. There has been considerable activity in the re-shaping of the County's waste management service since the adoption of the Addendum, principally through the Waste Programme, which was initiated in 2010 to deliver these objectives. This activity includes the increased understanding of the public's views on waste management through the Waste Survey of 2011, the introduction of a harmonised waste collection system through the AWC project, the review of Household Waste Recycling Centres (HWRC) in 2012, the introduction of new contractual arrangements for HWRC operation and management, haulage and residual waste in June 2013 and the in-housing of the waste transfer station operations.
4. It is therefore timely to review the level to which this has delivered the objectives of the Addendum approved by Cabinet in 2010 and to consider the timetable for the future revision of this document.

5. Any revision to the waste Strategy must consider the national legislative context. Defra's Waste Policy Review in 2011 announced the continuation of aspirations to manage waste in accordance with the Waste Hierarchy (see figure1). The Review stipulates that waste should be managed as a resource and the concept of the circular economy is a strong theme which is emphasised by the Government. This national policy falls within the context of delivering the requirements of the revised EU Waste Framework Directive i.e.; 50% recycling and 75% landfill diversion by 2020.
6. Fig 1: The Waste Hierarchy



Source: Defra, Waste Policy Review 2011

7. In the current climate, local authorities are faced with a significant challenge for the provision of waste management services. Costs of delivery continue to rise, secondary materials markets remain volatile and the finance available is restricted through increasingly challenging local government financial settlements.

Waste Strategy Aims & Objectives

8. In March 2010, Cabinet agreed that the overall aim and objectives of the original Municipal Waste Management Strategy produced in 2006 through DEFRA funding (and which was subject to public consultation), still had significant relevance.
9. The Strategy has an overall aim and five objectives:

Strategy aim:

“To provide a framework for the delivery of a sustainable municipal waste management solution for the residents of County Durham, taking into account economic, environmental and social factors and with particular focus on the principles of the waste hierarchy.”

10. The waste hierarchy's fundamental principle is placing waste prevention at the top as the most desirable solution followed by reuse, recycling and composting, energy recovery and finally disposal as the least preferred option.

11. The overall objectives of the Strategy are to:

- Provide sustainable integrated waste collection and disposal services that protect human health and the environment
- Provide value for money in all waste management services while achieving and exceeding Government targets for waste
- Manage materials, as far as possible, in accordance with the waste hierarchy, maximising the amount managed at the higher levels of the hierarchy
- Manage municipal waste minimising transportation as far as possible
- Enable flexibility to allow for new technology developments and changing legislation

Waste Strategy Commitments

12. In addition to the aims and objectives described earlier, the Authority made the obligation that it would strive to meet the following commitments:

Durham County Council:

- welcomes the national policy aspirations for recycling, composting and recovery and as part of the Strategy review process, will set clear actions to work towards these new targets.
- will seek to quantify the carbon impacts of its waste services and look to set future targets and actions for reducing them.
- will seek to harmonise waste collection services across the County to maximise performance and ensure value for money.
- will seek to improve both the service provided and performance achieved at HWRCs through site and service rationalisation, harmonisation and improvement.
- will work with Defra, its waste management partners and the wider waste industry, to deliver a residual waste treatment solution that will seek to maximise landfill diversion and create value from residual waste

13. These commitments in the main have been achieved, and a summary is presented in Appendix 2, however it is recognised that in a changing environment, and as a result of budgetary pressures, further consideration to service provision in the future needs to be given.

Delivery of the Waste Strategy to Date

14. In March 2010 a Cabinet Report “Waste Project Update” set out the high level actions required to deliver the objectives of the Addendum along with a governance structure and scheme of delegations to do so. Since then significant progress has been made, including:

1. Harmonisation of services including the introduction of the alternate weekly collection scheme
2. Household Waste Recycling Centre rationalisation
3. Procurement of new waste contracts including residual waste treatment, HWRC management, haulage of municipal waste, and interim arrangements for dry recycling and green waste disposal.
4. In housing programme of four waste transfer stations and landfill site

Collection Arrangements

Introduction of an Alternate Weekly Collection Scheme

15. The Council has introduced a countywide alternate weekly collection (AWC) service to its residents. This followed a full public consultation which took place between November 2010 and January 2011. The consultation showed that 43.8% of residents were in favour of moving to a twin bin collection system (recycling collected one week and refuse the following week) while 34.1% would be against such a move.

16. The countywide implementation of this alternate weekly collection service to 235,600 households from June 2012 has enabled the Authority to save over £2m in operational and disposal costs.

17. Most recently public feedback was sought so that the authority could understand how people had been affected by reductions or changes to services so far. This was carried out via the councils 14 Area Action Partnerships, the Citizens’ Panel and targeted questionnaires. 1,500 people responded and the results revealed there is a high level of public understanding of how the authority has managed a very difficult process. Included in the responses received was the fact that some 40 per cent of people felt that the introduction of Alternate Weekly Collections for refuse and recycling had had a positive impact on them, with only 12 per cent reporting a negative impact. The remainder reported no impact at all.

Household Waste Recycling Centre Review

18. In advance of tendering new contracts for HWRC operation, the Council took the opportunity to review and rationalise the HWRC service provided to residents of County Durham.

19. Following two public consultation exercises conducted between October 2011 - January 2012 and May – June 2012 changes to the following have been introduced;

- the number of HWRCs in County Durham has reduced from 15 sites to 13,
- opening hours have been reduced to those most frequently used
- the type of vehicles being allowed on site (vehicle acceptance criteria) have been amended to better reflect site usage
- revision to the HWRC permit scheme to reduce the number of permits issued

20. All service changes to the HWRC provision came into effect on 1st June, 2013 and have been fully communicated to the residents of County Durham.

21. It should be noted however, that further review of the HWRC network which operates across County Durham, may be necessary.

Waste Procurement Programme

22. In March 2010, Cabinet approved the establishment of the Waste Programme as the means for determining how the authority would seek to deliver the Waste Strategy and ensure the achievement of the objectives and targets. The Waste Programme has made significant progress since 2010 and continues to oversee the procurement of new waste contracts.

23. New waste management contracts were required to replace the current long term integrated waste management contract with the Local Authority Waste Disposal Company (LAWDC) and Premier Waste Management (PWM). Procurement of these contracts has taken place in a phased manner to allow for a controlled and orderly handover from PWM to the new contractors while still allowing service to be maintained. The programme included the re-procurement of the following waste management services:

- Treatment and Disposal of Residual Waste
- Household Waste Recycling Centre (HWRC) Operating Contract
- Haulage of kerbside collected wastes from Waste Transfer Stations to waste facilities.
- Materials Recycling Facilities (MRF) for kerbside collected recyclables
- Green Waste Facilities for kerbside collected garden wastes

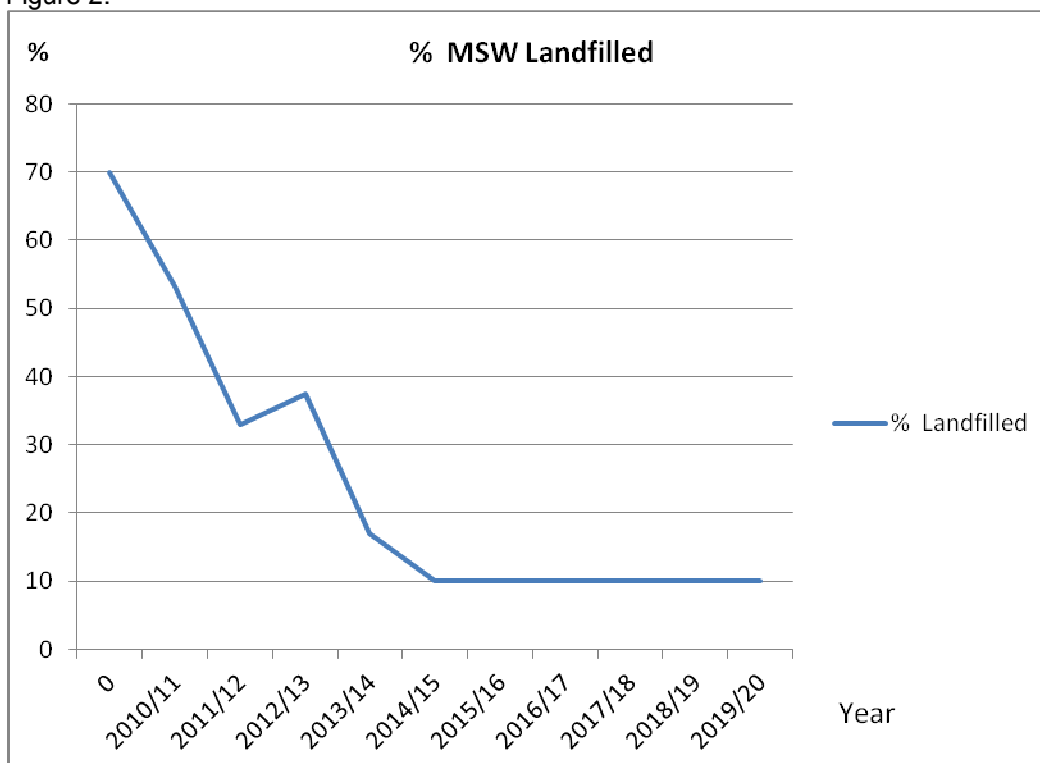
24. The Council has secured the following contracts:

Residual Waste Treatment

25. Durham County Council has awarded an eight year contract to waste management firm SITA UK to treat around 140,000 tonnes of residual household waste per annum. The residual waste treatment contract, which commenced 1st June 2013 is worth over £112m. The contract runs for 8 years with an option for up to two, 2 year extensions. The contract includes a target of up to 90% diversion of waste away from landfill, with landfill tax payment remaining a contractor risk.

26. Figure 2 below shows the percentage of Municipal Solid Waste (MSW) landfilled over recent years and how going forward. Durham County Council's reliance on landfill will be significantly reduced as a result of the implementation of the new waste contracts (90% diversion from landfill from 2014/15). This reduction provides considerable environmental as well as economic benefit.

27. Figure 2:



Operation, Management and Maintenance of Household Waste Recycling Centre (HWRCs)

28. From 1st June 2013, HW Martin have operated, managed and maintained the county's network of 12 Household Waste Recycling Centres (HWRCs) under a 5 year contract with an optional 2 year extension. The contract has a target for the diversion of waste from landfill at 90% of which at least 75% will be recycled.

Municipal Waste Haulage Service

29. Durham County Council has secured a haulage contract with SITA UK, which commenced 1st June 2013 to manage the loading and hauling of municipal waste from the waste transfer stations to designated delivery points in the region. The contract is for a 5 year timescale with possible extensions of up to 3 years.

Material Recycling Facilities

30. Interim arrangements for the disposal of mixed dry recycling and glass at Material Recycling Facilities (MRFs) has been put in place. This arrangement enables recyclate collected from the kerbside to be either directly delivered to MRFs in the region or for recyclate to be delivered into the waste transfer stations and then hauled to MRFs via a municipal waste haulage service. A full procurement for the MRF contract is due to take place in autumn 2013.

Green Waste

31. An interim arrangement for green waste composting has been put in place until November 2014. This allows green waste collected at the kerbside to be delivered directly to farms in the region for on-farm composting. The green waste service is currently under review and consideration for the charging on the service to residents is being given. A full procurement for green waste capacity will commence in autumn subject to this proposal going forward.

32. In procuring these services, the Authority will not only achieve value for money for the local authority, but provide a high quality waste management service to its residents. In addition, the procurement of these services will aid in the delivery of achieving the EU / national government target of 50% of waste from households by 2020 and 75% recovery. Figure 3 below shows the waste contract length commencing from 1st June 2013.

Figure 3: Contract Timetable

Contract	Contract Length	Year												
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Treatment and disposal of residual waste contract	(8yrs+2+2)													
HWRC contract	(5yrs+2)													
Haulage contract	(5yrs+1+1+1)													
MRF arrangement		-----	To procure Interim arrangement in place, full procurement to follow											
Green Waste arrangement		-----	To procure Interim arrangement in place, full procurement to follow											

In Housing Programme

33. Durham County Council has taken back into its direct control, the management of the four waste transfer stations. Managing these facilities directly, namely; Heighington Lane, Annfield Plain, Thornley and Stainton Grove waste transfer stations will allow the Council more flexibility over collection schedules and disposal arrangements.
34. The transfer stations are currently in poor condition from the former contractor however a capital improvement works programme due to commence in Autumn 2013 will address this issue.

Financial Implications

Contract Costs

35. The new contracts have changed the way the waste management service is paid for and has delivered considerable savings. The residual waste treatment and disposal contract alone is forecast to achieve savings of up to £1.1m in direct contract costs per annum. The new HWRC contract is also likely to reduce direct contract costs in this area by £900k per annum.
36. The new contracts have also removed the risk of landfill tax payments from the Council through a combination of guaranteed waste diversion and risk transfer. Landfill tax escalation previously increased Council costs by circa £1m every year (para 39-40).
37. In addition to the procurement savings, the Waste Programme has realised around £1m in operational savings from implementing the alternate weekly collection system and harmonising rounds, and the increased volume of recycling collected through the new system not only produces revenue but also avoids disposal charges (and avoided landfill tax) on these materials.
38. It is worth noting that these savings are based on current estimates of waste arisings. Should the trend in residual waste production reverse as economic conditions improve then the tonnage collected, and therefore disposal costs, will once again increase, albeit more slowly due to better contract rates. It is important not only to be aware of the risk that this presents but also to continue to encourage residents to habitually recycle and minimise residual waste.

MTFP and Landfill Tax

39. Further significant benefits have been derived through the revised estimates of landfill tax during the period of the waste programme to date and into the future.

40. Table 1 sets out the forward planning for increases in expenditure within the Council budget as a result of landfill tax and shows that planning for landfill tax payments required additional expenditure of £900k to £1.1m year on year. The new waste contracts allowed this to be adjusted so that current year budget increase is restricted to £171k as part payment to Premier, after which the allowance can be removed completely.

Table 1 Planned Increases in Landfill Tax included in successive MTFP's

MTFP	11/12	12/13	13/14	14/15	15/16	16/17
11/12 – 14/15	1,200	1,100	1,000	900		
12/13 – 15/16		1,070	1,011	964	917	
13/14 – 16/17			171	0	0	0

In-housing

41. Additional costs will be incurred through the in-housing of some of the functions of the old LAWDC, these include the waste transfer stations and old landfill sites.

42. The costs related to the transfer stations have been accounted for in the by the avoidance of the equivalent costs that would previously have been paid to Premier for this service. In addition, capital has been approved to deliver infrastructure improvements at the sites that will secure them as a strategic resource in the future.

43. The County is the owner of a number of closed landfill sites that have come back into direct control. Operational costs related to these sites will be offset by the income from the generation of electricity at three of the sites.

NEW STRATEGY

Performance & Targets

44. The Government Review of Waste Policy in England 2011 indicated a change of direction with regard to the requirements placed on local authorities in the development on Municipal Waste Management Strategies. In headline the most significant of these are:

- It is no longer a statutory requirement of local authorities to produce a Municipal Waste Management Strategy.
- The national Waste Framework Directive target that 50% of waste from households is recycled by 2020 remains as an indicator only.
- Other national indicators are withdrawn.

- As a result of the UK's success in meeting the Landfill Directive targets, there are no longer statutory performance targets on local authorities. With the abolition of the Landfill Allowance Trading Scheme there are now no financial penalties related to waste management performance.
- Although not a target related penalty, Landfill Tax remains a key incentive, with a floor level of tax set at £80 by 2014.
- There remains a statutory requirement to report and monitor waste tonnages to Defra through the national Waste Dataflow system.

Current Performance

45. The Council's current waste strategy sets targets as follows:

Table 2: Current Waste Strategy Targets

	2010	2015	2020
National Household Waste reuse, recycling and composting	40%	45%	50%
National Municipal Waste Recovery	53%	67%	75%

These form part of the Council's indicator set adopted in the Council Plan.

46. Performance against achieving these is good, in 2012/13 the Authority's reuse, recycling and composting performance was 44%, on track towards the 45% target in 2015.
47. It is important to recognise that under the current waste management arrangements and legislation, the achievement of the 50% target by 2020 is increasingly unlikely. Authorities that have achieved this level of recycling have done so by the introduction of food waste collection. The cost of doing this in County Durham is likely to remain prohibitive under current arrangements, and the application by the Council for government funding to run a trial in 2012 was not successful.
48. From 2014/15, the Authority will achieve 90% MSW diversion from landfill. The former national municipal waste recovery targets as identified in Table 2 above have been achieved over recent years and by 2020 the target of 75% will be superseded as a result of the newly implemented waste contracts. These contracts will not only achieve value for money for the Authority but will also result in significant environmental improvements in relation to managing waste sustainably.
49. Also reported through the Council's indicator set as "trackers", i.e. with no target are indicators relating to the percentage of recycling materials collected at the kerbside. This is important as it tracks the increased recycling performance contribution that is generated through the AWC scheme.

50. The Council has made significant efforts to raise awareness of waste issues; encouraging reduction, recycling and reuse within the County's municipal waste stream. Additionally, in recent years socioeconomic factors have also had a significant effect on the quantity of waste created. Overall waste arisings have decreased year on year, with, total municipal waste arisings decreasing from approximately 330,000 tonnes in 2008/09 to approximately 250,000 tonnes in 2012/13. The most significant drop was between 2011/12 and 2012/13 when arisings decreased by over 6%. It is anticipated that this drop was largely due to the economic climate and its impact on County Durham.

51. Figures 4 and 5 below shows how Durham County Council's performance in relation to managing diversion from landfill has improved over recent years.

Figure 4:

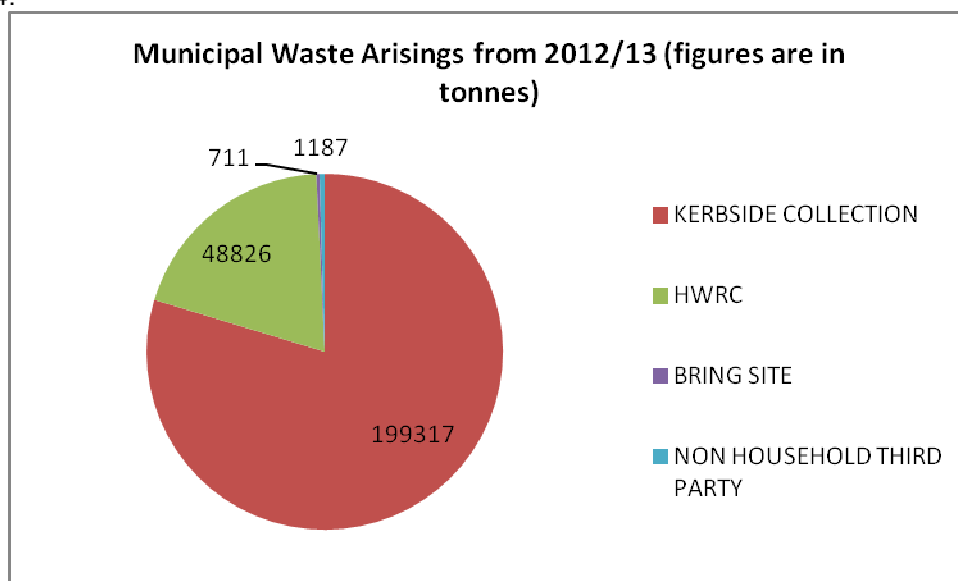
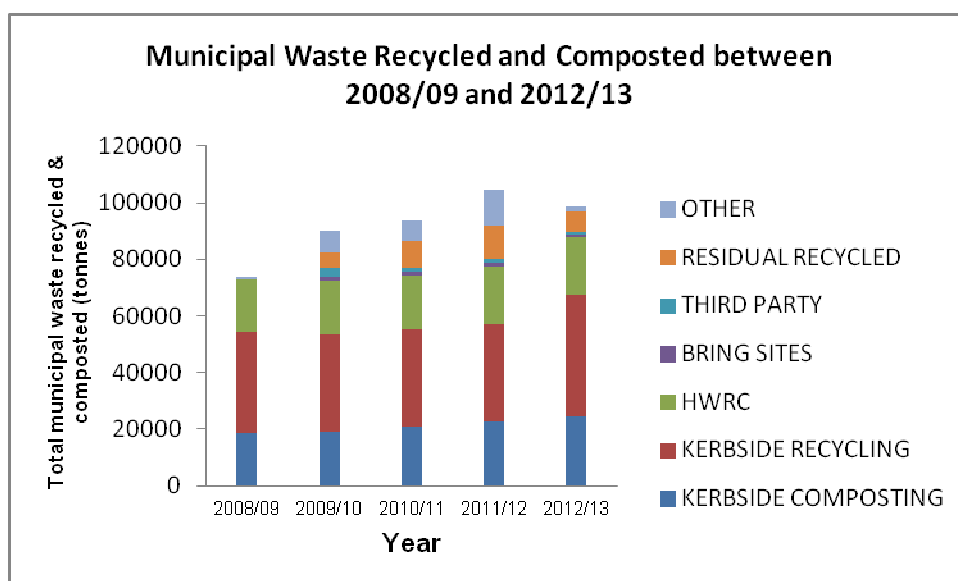


Figure 5:



Planning for the Future

52. The waste management arrangements described in this document will underpin the waste management service until 2020, however further actions need to be developed and put in place for beyond this date.
53. In addition the targets up to and beyond that date needs to be carefully considered. This is particularly with respect to the 50% recycling target for 2020. In doing so consideration needs to be given to changes in Government legislation, the views of residents in relation to service provision and the financial climate within which the service operates.
54. The delivery of challenging MTFP targets will remain central to the design and implementation of all services within the Council for the foreseeable future. This includes waste management. While the significant changes introduced by the Waste Programme to date have contributed to this, the future strategic direction and target setting should be mindful of reducing budgets in the delivery of the service.
55. The reducing volumes of residual waste being produced represent a success for the recycling and waste awareness initiatives of the Council and these efforts will continue, however it is recognised that economic factors have played into this significantly over the last 18 months and that this may reverse at the point when consumer confidence and activity increases.
56. The government has signalled that measurement of waste management activities and performance should change to reflect the environmental aspirations of the nation. Measurement of performance has traditionally been based on the weights of materials handled. Increasingly this does not represent the environmental impact of activities. Experiments with a carbon based system of performance measurement are currently underway in Scotland and it is likely that in time this will be adopted in England.
57. Emphasis will also be given by the Government in the near future to the waste prevention and reuse agenda which Durham County Council has a proven track record in delivering. At present Defra are producing a National Waste Prevention and Reuse Policy in line with the requirements of the Revised EU Waste Framework Directive. The deadline for the introduction of this policy is December 2013.

Recommendations and Reasons

58. It is recommended that:
 - a. That Cabinet note the considerable success to date in the achievement of the Waste Strategy Objectives set out in the Addendum to County Durham's Municipal Waste Management Strategy 2010.

- b. That the performance of the new arrangements continues to be monitored against existing waste strategy targets until 2015.
- c. That Cabinet approve the commencement of a review of the objectives and targets set out in the Addendum for beyond 2015 taking into account the Government's Waste Policy Review 2011 and the progress already made within County Durham. This review to result in a revised strategy for the period 2015 to 2020 and to be reported to Cabinet in the spring of 2014.

Background Documentation

Waste Strategy Addendum Document, March 2010

Contact: Alan Patrickson 03000 268165

Appendix 1: Implications

Finance -

The financial implications are included in paragraphs 35 to 42 of the report.

Staffing -

None

Risk -

None at this stage.

Equality and Diversity / Public Sector Equality Duty

None at this time

Accommodation –

None.

Crime and Disorder - None

Human Rights - None

Consultation – None at this stage

Procurement - None at this stage

Disability Issues – None at this stage

Legal Implications – None at this stage

Appendix 2 Progress against Strategic Actions

Strategy Commitment		Progress to Date	Further progress
<i>DCC welcomes the national policy aspirations for recycling, composting and recovery and as part of the Strategy review process, will set clear actions to work towards these new targets.</i>	✓	Action plan devised and implemented. Good progress towards targets, with targets for 2015 likely to be achieved early.	Targets for 2020 to be reviewed in light of current conditions before 2015.
<i>DCC will seek to quantify the carbon impacts of its waste services and look to set future targets and actions for reducing them.</i>		This action has not been implemented to date. Analysis would be redundant as new arrangements were put in place.	This action will be undertaken during 13/14 now that new arrangements are in place.
<i>DCC will seek to harmonise waste collection services across the County to maximise performance and ensure value for money.</i>	✓	This commitment has been achieved with the introduction of harmonised rounds, four day week, zonal working and alternate weekly collection in 2012.	Further refinement of AWC rounds as systems are bedded in and in-cab technology becomes universal. Review of garden waste collections.
<i>DCC will seek to improve both the service provided and performance achieved at HWRCs through site and service rationalisation, harmonisation and improvement.</i>	✓	HWRC review carried out in 2012. New operating contract with service standards and contractual performance levels (linked to payment) now in place.	Further reviews of HWRC numbers and locations may become necessary as financial pressures come to bear.
<i>DCC will work with Defra, its waste management partners and the wider waste industry, to deliver a residual waste treatment solution that will seek to maximise landfill diversion and create value from residual waste</i>	✓	Residual waste treatment solution is now in place through the Waste Programme providing landfill diversion and significant financial benefits.	Continue to work with new service provider to adapt to changing circumstances. Remain in touch with the industry and new developments within the north east.