

Report To:	Communities Scrutiny Committee
Date of Meeting:	25th October 2018
Lead Member / Officer:	Lead Member for Highways, Planning & Sustainable Travel Head of Highways & Environment
Report Authors:	Head of Highways & Environment/Waste and Recycling Manager
Title:	Proposed New Waste and Recycling Service Design

1. What is the report about?

- 1.1. Denbighshire County Council need to deliver waste and recycling services differently to meet future statutory recycling targets and to reduce the burden of increasing waste treatment costs. This report details a proposed new Waste and Recycling Service, and highlights the environmental and financial benefits arising from the proposed changes. The report also provides feedback from the “Recycle More, Waste Less” survey and other engagement activity that the service has undertaken to inform the proposal to move to a new operating system that collects separated recyclable waste streams weekly and the remaining residual waste stream 4-weekly.

2. What is the reason for making this report?

- 2.1. Following a Council Briefing session on 11th June 2018, Members requested further modelling to be carried out in pursuance of a new waste and recycling collection service design that would be fit for the future; maximise environmental benefits; and help tackle the c.£900K budget pressure in the service. It was agreed that the service design proposals would be presented to Scrutiny for consideration after the “Recycle More, Waste Less” survey and detailed modelling had been concluded.
- 2.2. This report is designed to enable Members to scrutinise the proposed new service design and the supporting draft waste collection policies (**Appendix I**). The preferred option will see the majority of residents in the county move to a weekly kerbside sort recycling service and a four-weekly service for the remaining non-recyclable waste. Should the service design be endorsed by the Scrutiny Committee, officers can finalise the capital and revenue implications, in order to present the proposals to Cabinet for consideration. Through Welsh Government’s Collaborative Change Programme (CCP), the preferred service change has been modelled alongside a range of options, using our own baseline data, and WRAP’s established Kerbside Analytical Tool (KAT), used extensively by other authorities to undertake changes of this scale. The model takes learning from other local authority service changes to provide projections on resource requirements, costs and performance.

3. What are the Recommendations?

- 3.1 That the Committee confirms that it has read, understood and taken account of the Well-being Impact Assessment (WIA) (**Appendix II**) as part of its consideration.

- 3.2 That the Committee note that the current projected revenue savings of £807,000 (**Section 6 refers**), achievable from implementation of the proposed Waste and Recycling service design, are higher than any other option modelled.
- 3.3 That the Committee note that the social benefits (**Appendix III [2] refers**) and financial implications (**Section 6.3 refers**) of utilising the third sector for the collection of textiles and WEEE (Waste Electrical and Electronic Equipment), and recommend the continuation and expansion of an arrangement with a Denbighshire based Social Enterprise for the collection, re-use and recycling of these materials.
- 3.4 That the Committee endorse the proposed new Waste and Recycling service design as outlined in **Appendix I [A]** to implement the preferred Welsh Government Blueprint for Waste Collections and to align recycling collection infrastructure with the other five North Wales Authorities.
- 3.5 That the Committee note that the draft Household Waste Collection Policy (**Appendix I [B]**) designed to support the implementation and regulation of the proposed service in order that revenue savings and environmental targets are met.
- 3.6 That the Committee note that Welsh Government have confirmed capital funding support of £4M in 2019/20 and a further £3M on 2020/21 for the implementation of a kerbside sort operation, and request the Head of Highways and Environment continues to work with Welsh Government and WRAP to secure all additional capital funds necessary to implement the new Waste and Recycling Service.
- 3.7 That the Head of Highways and Environment takes a report to Cabinet at the earliest opportunity (subject to recommendation 3.6 being achieved) to recommend the implementation of the new Waste and Recycling Service outlined in **Appendix I**.

4. Report details

- 4.1 As reported at Council Briefing on 11th June 2018, the waste service has a pressure of £700k in 2018/19, which will rise to at least £900k from 2019/20. The combined potential savings available from changing to a Kerbside Sort model for recycling and changing to 4-weekly residual collection is currently reported to be circa £807,000 per annum¹. This is predominantly achieved through collecting higher quality recycling which generates income that partially offsets collection costs.
- 4.2 'Towards Zero Waste' is the overarching waste strategy document for Wales that sets out the Welsh Government's high level policies and targets. The recycling targets for Local Authorities within the document are rendered statutory by the Waste Measure (Wales) 2010. Fines of up to £200 per tonne can be levied on Authorities failing to meet landfill allowance targets and the statutory recycling targets. The targets for the percentage of waste reused, recycled and composted are 64% in 2019/20 and 70% in 2024/25. The County met the 2019/20 target three years early, but recycling rates have since plateaued. A review of Welsh Government's waste collections Blueprint carried out by Eunomia in March 2016² recognises that for higher performing authorities (such as Denbighshire), the most

¹ The financial savings are estimates, based on the latest KAT Modelling, but subject to change due to the uncertainty of depot costs.

² Review of the Welsh Government Collections Blueprint, Eunomia (March 2016)

effective way of further increasing recycling performance is by implementing restrictions on residual waste, such as reducing the size of bins or reducing the frequency they are collected. Their reports concludes that it is “sensible” to investigate the inclusion of three or even four-weekly refuse collections into the standard” and argues that high quality material arising from a kerbside sort operation is also likely to support retention of material within the Welsh and UK economies – resulting in social and economic benefits in line with the objectives of the Well-Being of Future Generations (Wales) Act 2015.

4.3 Recent statistics from neighbouring Conwy (who have trialled both 3 and 4 weekly residual waste collection) indicate that 4 weekly collections led to the highest recycling rates (14% increase on 4-weekly collection vs. a 5% increase on 3 weekly collection)³. As reported at the Council Briefing session on 11th June 2018, the average increase in recycling performance from Welsh local authorities who have restricted residual waste collection is more than 8%.

4.4 The National Assembly for Wales (Environment and Sustainability Committee - a Cross Party Committee) published its Enquiry into Recycling in Wales in December 2014. In relation to increasing recycling and promoting waste reduction, the report stated a preference to restrictions on residual waste over enforcement and fines:

“Softer measures to encourage higher rates of recycling, such as reducing the frequency and volume of residual waste collections, can have a positive effect if managed properly. If a broad range of materials is collected for recycling and composting, then residual waste at a household level should be reducing. Scaling back residual waste collections should not impact on those households that are participating fully with the waste management approach in their area.”

4.5 At a Council Briefing session in June 2018, information was provided on five service design options. The modelling identified the combined Kerbside Sort recycling and 4-weekly residual collection option to yield the highest revenue savings (£780K), predominantly due to the injection of £7million Capital from Welsh Government to support the changes which significantly reduced the annualised capital investment required over a 7 year period. A 3.1% increase in recycling performance was also projected, although this is considered to be a conservative estimate. This option was recognised as the one most likely to bridge the revenue funding gap within the service. At the Council Briefing session on 11th June, 2018, officers committed to refining the costs and carry out further work on the service design to account for the challenges a 4-weekly residual service may pose to households that may struggle to adopt the “standard” collection model. The main changes have resulted in a small improvement to the revenue figure of £4K, or £27k if the decision is made not to continue the partnership with a local Social Enterprise for textile collection (**Section 6.3 refers**). They are detailed in **Appendix III** and summarised as follows:

- Change to delivery point for recycling in the north of the county (Positive financial impact);
- Increased resources for “non-standard” collections (e.g. HMO’s and sack customers) (negative financial impact);

³ Higher impacts in Conwy will be realised, compared to Denbighshire, due differences in service design baselines and historical performance.

- Confirmed service design, resource levels and policy for an AHP collection service (nappies and incontinence products) (Neutral financial impact on original draft modelling);
- Consideration of a pet waste service (Negative financial impact if implemented).

4.6 The service model deemed to be the most economically and environmentally advantageous to the Council is detailed in **Appendix I [A]**. The standard service offered to the majority of households is summarised in Table 1. This will also include a free opt-in weekly human hygiene waste (AHP) collection service.

4.7 Variants to the standard service will be offered to qualifying households in accordance with the draft Household Waste Collection Policy (**Appendix I [B]**).

4.8 Households will be given 57 litres more capacity every week for managing waste. This is the combined impact of having 67 additional litres per week for recycling, and 10 litres less per week for residual waste. Dry recycling will be increased to a weekly collection. In order to fund the increase in recycling collections, and to encourage households to separate their rubbish, non-recyclable waste will be collected every 4 weeks. Most households will qualify for a larger 240 litre bin, meaning non-recyclable waste capacity only reduces by 10 litres per week. Further information on the container size and qualifying households is detailed in the draft household waste collections policy, **Appendix I [A]**.

Table 1: Proposed new STANDARD service provision:

Household Waste Type	Container Provision	Frequency of collection (New Service)	Weekly Capacity (Existing service)	Weekly Capacity (New service)
Food Waste	Silver kitchen caddy / Orange kerbside Caddy / Compostable liners	Weekly (Kerbside Sort Vehicle)	23L	23L
Dry recyclables: Paper, Cardboard, Glass bottles and jars, cans/tins, plastic bottles and containers	Trolliboc stackable box system	Weekly (Kerbside Sort Vehicle)	120L	155L
Textiles/shoes	Red disposable sacks	Fortnightly (Collected by Social Enterprise on main recycling collection day)	35L <i>Not yet county wide or widely promoted</i>	35L
Small WEEE	Red disposal sacks	Fortnightly (Collected by Social Enterprise on main recycling collection day)	-	30L
Batteries	Present in own plastic bag	Weekly (Kerbside Sort Vehicle)	-	2L
Residual Waste	Black wheeled bin	Every 4 weeks	70L	60L
Garden Waste (Opt-In chargeable service)	Green Wheeled bin	Every 2 weeks	140L	140L
TOTAL			388L	445L

5. How does the decision contribute to the Corporate Priorities?

5.1 Environment: Attractive and Protected, supporting well-being & economic prosperity:

The proposed service model will increase the quantity and quality of recycling collected from households, reducing the Council's carbon footprint and working collectively with other Welsh Authorities and the Welsh Government to improve closed loop recycling manufacturing opportunities in the country. The draft Household Waste Collections Policy will enhance the monitoring and regulation of the service, in order to tackle households and locations that have historically shown non-compliance. This, together with the inclusion of "gull-proof" sacks will seek to improve Local Environmental Quality, particularly in town centre areas.

Partnering with a Denbighshire based social enterprise will secure and long term employment of at least 9 people and support for at least 18 people with learning difficulties within Denbighshire through the collection, cleaning and re-sale of textiles. An average of the Social Return on Investment estimates that every £1 spent via a social enterprise generates £3 within the local economy using the social, environmental and economic factors. This means the £23,000 value from the textiles creates at least £69,000 within the local economy.

5.2 Highways & Environment Service Objective - "*Efficient and Well Managed*":

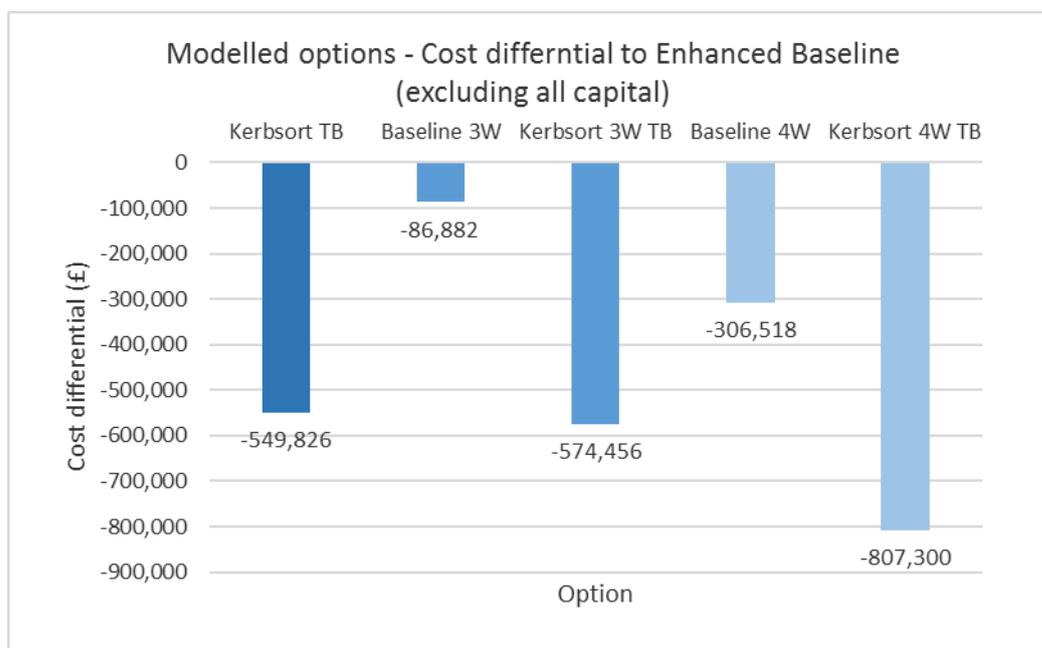
The proposed service design is the lowest cost option for the Council over a seven year period (minimum), due to available revenue savings and the capital funding support offered by Welsh Government. It will still be significantly cheaper than the current model beyond that initial (minimum) seven year period, although the savings will not be as great due to the cost of replacing the new fleet in 7-10 years' time. It will also result in the highest quality of material being captured, protecting income streams in the future. It should also be considered that Welsh Government may introduce greater producer responsibility obligations on manufacturers in future. Funding arising from a refreshed Producer Responsibility Scheme could contribute millions of pounds to support local authority collection schemes where local authorities are producing recycling of high enough quality by having a kerb-side sort recycling collection model.

6. What will it cost and how will it affect other services?

6.1 Welsh Government have confirmed capital funding support of £4million in 2019/20 and a further £3million in 2020/21 for the service change project, This funding is entirely dependent on Denbighshire implementing a kerbside sort operation for dry recycling. Final costs relating to the depot developments necessary to support the proposed model are yet to be finalised, but are expected to increase the overall capital costs beyond the existing £7million funding envelope. It should be noted that Recommendation 3.6 requires the Head of Highways and Environment to continue to work with Welsh Government and WRAP to secure all additional capital funds necessary to implement the model before asking Cabinet to approve the service change. Interdependencies with other services or Partnerships are outlined in **Appendix IV**. There are a number of interdependencies that impact, or have the potential to impact, on the financial modelling.

- 6.2 The net result of the latest modelling (**Table 2 refers**) has resulted in an increase in revenue savings (£27K) from the initial modelling reported at Council Briefing in June 2018, as the efficiencies generated from sharing depot facilities with Conwy for the north of the County fully offset the costs to improving the service design. It is important to note that current projected saving of £807K is subject to further refinement once depot costs (and confirmed locations) have been finalised, and any additional funding requirements have been identified. It is also important to note that these savings are based on a baseline of service costs relevant to the modelling work but pre 2018/19, in order to produce comparisons of a range of service delivery options. Further accounting is required once the modelling is finalised to calculate the actual savings in relation to the current cost of Denbighshire's entire waste collection service.
- 6.3 In all options, the current KAT modelling assumes textiles are collected by our own fleet and we retain the value from the sale of the material (£23,000 income). In Appendix III, officers outline the socio-economic benefits of working with a local Social Enterprise. This would mean the £23,000 income continues to be retained by the organisation that collects it. Members are requested to recommend the continuation of this Partnership under the new service design, recognising the overall impact would be a net reduction of revenue savings across all options (Recommendation 3.3). For the proposed option this would mean the current projected revenue saving falls to **£784K**.

Table 2: Current draft modelling: Projected revenue implications of all options based on current modelling assumptions



- 6.4 In the first year of rolling out the new service (2020/21) there will be one-off costs to mobilise the proposed service model not included in the KAT modelling. This will include wheeled bin recovery and roll-out, ICT time to design and amend online forms, additional call centre / waste technical team staffing resource and communications campaign budget. It is assumed these costs will be met from existing waste reserves.

6.5 A £3.1million waste reserve will support the Waste and Recycling budget from 2018/19 to 2020/21, in order to address the current budget pressure that exists within the service and to facilitate the implementation of a new lower cost service. The full year effect of any savings arising from these changes will not be realised until at least 2021/22. It is important to note that the waste reserves are not anticipated to be enough to support the service beyond 2020/21. Further delays to the decision to implement a new waste model could mean that there will be a shortfall of reserves. Therefore the identification of additional capital monies, and the finalisation of depot locations are critical to the affordability of this project.

7. **What are the main conclusions of the Well-being Impact Assessment?**

An assessment was undertaken by representatives of the Waste Project Board in July 2018 and reviewed by internal "Critical Friends" panel in September 2018. The Assessment was amended in October as a result of further consultation with organisations representing people with disabilities and vulnerable adults, and also with a social enterprise currently responsible for collecting textiles on behalf of the Council across the higher density areas. Overall, the proposed service changes have a net positive impact. Detail of the WBIA can be found in **Appendix II**.

8. **What consultations have been carried out with Scrutiny and others?**

The following consultation has been carried out to inform the proposed service design:

8.1 **Recycle More, Waste Less Survey and drop-in sessions**

This survey was promoted to Denbighshire residents in order to understand current capacity levels of existing waste containers and potential demand for larger bins and alternative services for hygiene waste and pet waste. We received 2300 on line survey responses and a further 150 hard copies, that had been made available in One Stop Shops and libraries. The survey was further promoted through a series of publicised roadshows held in libraries across the County. The detailed survey responses are shown in **Appendix V**. The key findings are:

- Residents report that current recycling bins get fuller than residual bins – based on current fortnightly collections, responses show 60% reported their Blue Bin was full and a further 25% reported it was overflowing; 46% reported their Black Bin was full with 18% reporting it was overflowing;
- Residents would like further details / clarity on what can be recycled – responses show 60% would like more information about what can be recycled;
- Residents would like additional recycling capacity – responses show 49% would like extra space in their recycling containers;
- Residents would like to be able to recycle a wider range of items – responses show 67% would like collection of more items that can be recycled;
- We were contacted by a number of residents currently on sack collections who were concerned that the new service would not meet their needs. Assurances were given to those respondents that households on sacks would be provided with an appropriate system to be able to separate their waste, and store their non-recyclable rubbish.

8.2 Well-being Impact Assessment Panel

Feedback from an internal Well Being Impact Assessment Critical Friends panel has informed the service design. In addition, targeted consultation with organisations representing disabled service users has been undertaken which identified the need to offer a range of recycling container types to suit individuals with different needs. Strong links have now been established to ensure that barriers to using the standard “Trolliboc” or alternative containers are minimised and mechanisms have been identified to provide service users with support whilst getting used to the new service.

8.3 Elected Member Involvement

The Lead Member for Highways, Planning & Sustainable Travel is a member of the Waste Project Board overseeing the development of the business case. Three separate reports/presentations have been taken to Cabinet Briefing in February, April and May 2018. A presentation was also given to all Members at a Council Briefing session on 11th June 2018. Drop-in sessions were widely communicated/promoted, and a number of Elected Members came to the sessions. This report to Scrutiny also forms part of the engagement process with Elected Members.

9. Chief Finance Officer Statement

9.1 The proposal demonstrates how recycling rates can be improved with a change in collection routines. The proposal should also address the existing budget pressure within the existing collection system. The pressure is being funded from reserves in the current and next financial year. Grant support from Welsh Government is vital in being able to deliver the capital changes required.

9.2 10. What risks are there and is there anything we can do to reduce them?

10.1 A risk register is being maintained and monitored by the Waste Project Board, and the current version (as of 11th October 2018) is attached at **Appendix VI**.

10.2 The greatest risk, which is most likely to prevent the project from being implemented, or cause significant delay is the risk relating to a capital funding shortfall due to the cost of depot infrastructure required to receive, sort and bail dry kerbside recyclables. The revenue savings outlined in this report have been based on delivering recycling to an existing bulking station in Abergele, Conwy to service the North of our County, which requires substantial modification and expansion. A new waste transfer and bulking facility is also being considered at Lôn Parcwr, Ruthin to receive all waste and recycling from the South, as the existing facility is not suitable.

10.3 Further work is being undertaken to firm up costs of the two facilities, as this currently includes heavily weighted contingency costs, as we await the outcome of site investigation works to understand the ground conditions and arising implications. In addition, Officers are pursuing other depot options to determine if there are any other lower cost options, and to determine which options could qualify for funding from the North Wales Residual Waste Treatment Partnership (NWRWTP) and/or further funding from Welsh Government. **Appendix VII** outlines the range of depot options under consideration at the time of writing.

11. Power to make the Decision

Section 21 of the Local Government Act 2000.

Section 7.4.2 of the Council's Constitution stipulates that Scrutiny can "make recommendations to the Cabinet and/or appropriate Committee and/or Council arising from the outcome of the scrutiny process"

12. List of Appendices

APPENDIX I [A]	Proposed Waste and Recycling Service Design
APPENDIX I [B]	Draft Household Waste Collections Policy
APPENDIX II	Well Being Impact Assessment Summary
APPENDIX III	KAT Modelling Report (Depots: Gofer, Conwy and Lôn Parcwr, Ruthin)
APPENDIX IV	Project Interdependences
APPENDIX V	Outcome of the Recycle More, Waste Less Survey
APPENDIX VI	Project Risk Register
APPENDIX VII	Depot Options summary

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