



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 16TH SEPTEMBER 2014

SUBJECT: VARIOUS WASTE MANAGEMENT ISSUES

REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To update the Scrutiny Committee in relation to progress with a number of waste management issues.

2. SUMMARY

- 2.1 This report outlines a range of key issues that the Waste Strategy and Operations Service is responding to.
- 2.2 Some of these issues have the potential to affect front-line service delivery to the public. These issues include:-
- Welsh Government Consultation on the separate collection of dry recyclables
 - Welsh Government Environment & Sustainability Committee investigation into recycling across Wales.
 - Organic Waste Procurement (Interim & Long-term)

3. LINKS TO STRATEGY

- 3.1 The Community & Leisure Services Divisional Service Improvement Plan contains specific objectives to meet a range of statutory and non statutory targets. A number of these objectives contribute to the “Greener” theme within “Caerphilly delivers” the Local Service Board Single Integrated Plan.

4. THE REPORT

4.1 Welsh Government Consultation on the Separate Collection of Recyclables

- 4.1.1 Over the last 2-3 years there has been a debate across the UK in relation to the EU waste framework directive (WFD), its transposition into UK law and the effect on collection systems across UK local authorities.
- 4.1.2 The 2008 WFD requires member states to take measures to promote high quality recycling and where it is necessary and technically, environmentally & economically practicable (referred to as TEEP) should accomplish this by setting up separate collections for 4 waste

streams namely: paper, metals, plastic and glass.

- 4.1.3 Although the WFD has been in existence for a number of years, the methods of member states complying with its provisions have been the subject of much debate.
- 4.1.4 In 2011, DEFRA and WG published the Waste (England & Wales) Regulations but a judicial review was then launched against Central Government by the campaign for real recycling. Although the judicial review did not achieve what it set out to do, it resulted in an amendment to the Regulations (the Waste (England & Wales) amendment Regulations 2012).
- 4.1.5 To set the “problem” in context, 50% of Local Authorities across England & Wales operate some form of co-mingled collection for dry recyclables where 2 or more materials are typically co-collected then separated and treated at a Materials Recycling Facility (MRF). The “co-mingling” authorities tend to be the highest performing in terms of recycling performance indicators.
- 4.1.6 In the Caerphilly context, a fully co-mingled collection system is operated using wheeled bins or boxes. This has been in operation since 2008/09, has resulted in continually high public satisfaction levels and Caerphilly consistently being one of the top performing Local Authorities in Wales.
- 4.1.7 As a result of the dilemma faced by the high performing Locals Authorities in England operating co-mingled collections, DEFRA has decided not to introduce statutory guidance on separate collections and to leave it to Local Authorities to decide whether the systems they operate are compliant with the regulations.
- 4.1.8 At a recent Waste WLGA/Cabinet Members/Environment Directors meeting with the (former) Environment Minister (Alun Davies), a very positive message was provided by the then Minister. In his introductory speech he outlined the need for collection systems to be easy to use, simple to understand and flexible enough to fit easily into the lives of the Welsh public. Cabinet Members from across Wales were encouraged by this as they thought it would allow for local decision making in delivering local services according to local need and would end the drive for prescription from the WG Environment Division.
- 4.1.9 In contrast, WG have developed draft statutory guidance and launched a consultation on 29th April 2014 (with a response deadline of 31st July 2014). Caerphilly has responded to this Consultation in a consistent format which was agreed with the other Welsh Authorities that collect waste using the same or similar system(s) to Caerphilly (A copy of Caerphilly’s response is attached as Appendix 1).
- 4.1.10 The 2011 Regulations (as amended) do not prohibit the use of co-mingled collections of the 4 waste materials from January 2015. However, they establish separate collection as the default position and set out the conditions under which waste collection authorities can deviate from that default position. However, the regulations set a “high bar” as part of the drive to achieve high quality recycling (the term quality means that the recycle is similar in quality and quantity to that which can be achieved with good separate collection ie: very effective MRF separation would need to be in place).
- 4.1.11 The draft WG guidance aims to not only increase the quantity but also the quality of the 4 recyclable streams and the requirement for separate collection is subject to 2 tests:-
 - (i) whether it is necessary to achieve high quality recycling and,
 - (ii) if it is technically, environmentally and economically practicable or “TEEP”. The guidance also stresses that there should not be a “one-off” application of these tests, but that the situation will have to be kept under review as conditions change.
- 4.1.12 In determining what is “necessary” Local Authorities will need to consider local conditions and look at what is achieved in comparable situations elsewhere in Wales and the rest of the UK.

4.1.13 In considering what is practicable, Local Authorities must think not only about whether achievement is possible by 2015 but also when change (if required) may become practicable – it is about what is feasible (not what is convenient).

4.1.14 Issues to be considered in determining what is TEEP include (but are not limited to):-

- Differences in capital and running costs between collection methods
- Property types and their effect on collection system practicality.
- Very dispersed communities
- Technical capability

However, the guidance makes it clear that “the definition of practicality does not allow for householder or business preferences about collection methods” – this statement totally contradicts the message delivered by the Minister at the recent Environment Directors and Cabinet Members meeting referred to in para. 4.1.8 above and is certainly contrary to any citizen centred service approach.

4.1.15 By January 2015 Local Authorities will need to consider how the duty and WG statutory guidance affects them. Where a Local Authority judges that it is not necessary or, if necessary it is not TEEP for separate collection to be introduced at that time, then it needs to document the judgement and its rationale/evidence base (taking account of each of the TEEP elements, etc.). Furthermore, the guidance stresses that the decision should be reviewed from time to time and action taken accordingly.

4.1.16 The WG appointed regulator will be Natural Resources Wales (NRW) and it will have the ability to issue either a compliance, stop or restoration notice to a waste collection authority that collects waste paper, glass, plastic or metal in contravention of the amended regulations.

4.1.17 Now that the WG Consultation period has ended, each Authority will need to undertake a written assessment and compile an evidence base to establish whether it thinks its current collection regime necessitates change (referred to as the “necessity” test) and if so what regime would be “TEEP” compliant.

4.1.18 This assessment and evidence base needs to be completed before January 2015 and will be quite a complex task if Caerphilly is to demonstrate that its cost effective, popular and very successful co-mingled collection system is to remain in place.

4.1.19 If Caerphilly is forced to change its recyclable collections back to a source segregated system, there are likely to be significant consequences in terms of performance against targets, public acceptability and satisfaction and not least cost.

4.2 **Welsh Government Environment & Sustainability Committee Inquiry into Recycling Across Wales**

4.2.1 At the same time as the consultation period outlined in section 4.1 above, the WG Environment & Sustainability Committee undertook an inquiry into recycling across Wales.

4.2.2 This inquiry involved the submission of written evidence by interested parties followed by 2 meetings of the committee where a selection of those stakeholders that submitted written evidence were invited to attend and answer questions posed by the Members of the Committee.

4.2.3 The Head of Community & Leisure Services submitted written evidence on behalf of the Authority and also attended the verbal evidence session to answer questions from Committee Members.

4.2.4 A copy of the written evidence is attached to this report as Appendix 2.

4.3 Long-Term Organic Waste Procurement

- 4.3.1 When the Authority introduced the collection of Food Waste in 2009 householders were provided with a caddy to collect and store their excess food although this fraction of waste was then co-collected on the same vehicle with the green waste. This collection method has served us well for the past 4 years as the materials (food and green co-mingled in the refuse collection vehicle) are subsequently treated at a local In Vessel Composting Facility (IVC).
- 4.3.2 IVC's are well suited to treating the materials co-mingled and as the facility is located within the borough it eliminates the need for Waste Transfer to a treatment facility outside of the County Borough. This method of treatment has also allowed us to utilise traditional Refuse Collection vehicles which maximises capacity whilst ensuring the vehicles are interchangeable with other collection vehicles in the fleet and this in turn has avoided the need for an additional collection round together with the associated additional costs.
- 4.3.3 The Authority has been working with Blaenau Gwent and Torfaen Councils (Heads of the Valleys Organics – HOV) in a Procurement Hub to procure a longer term contract (15 years) for the treatment of food and green waste. The treatment process preferred by the Welsh Government is Anaerobic Digestion (AD) of the food waste with this process being undertaken in sealed tanks to reduce emissions of odorous pollution to the atmosphere and produce electricity from the process which can be sold to the National Grid. The HOV procurement process has been part funded by the Welsh Government and as part of the funding package there will be a subsidy applied to the AD food treatment as this is considered to be the most environmentally effective solution for the treatment of this kind of waste.
- 4.3.4 The Heads of the Valleys (HoV) Organics Procurement commenced in 2008/09 and the project progressed to the Invitation to Submit Final Tenders (ISFT) stage with 2 bidders:-
- Shanks Waste Management
 - Viridor
- 4.3.5 In March 2014 Shanks Waste Management took a decision to withdraw from both the HoV and S. West Wales Organics Procurements. This has been followed by Viridor's official withdrawal with the result that the procurement has been terminated.
- 4.3.6 The procurement has been financially supported by WG and as stated above the anaerobic digestion solution (WG's preferred treatment technology for food waste) was planned to attract a WG gate fee subsidy.
- 4.3.7 The HoV Project Board has held meetings with senior WG staff and Local Partnerships (the WG transactors on all procurement projects) to examine the implications of the market withdrawal and options for the future.
- 4.3.8 These meetings have resulted in a joint scoping document being drafted which sets out the process for:-
- Identifying the options for securing and procuring replacement food waste recycling services.
 - Collecting the necessary information to appraise all options.
 - Approving options, including the assessment of risks, benefits, deliverability and potential for delivering value for money.
 - Identifying a preferred option(s), recognising that this may involve running one or more options in tandem.
 - Identifying the process for delivering the preferred option(s) and the actions required by each relevant party to make it happen and,

- Outlining a timetable for securing the preferred solutions as efficiently and expeditiously as possible.

4.3.9 The market for the treatment of municipal food waste via Anaerobic Digestion (AD) has changed significantly over the last 4-5 years due to other Welsh hubs delivering infrastructure and the market becoming more mature and competitive. In addition, there is a clearer steer from the market in relation to the required separation of food from green waste at the collection stage to achieve maximum benefit and competitive gate fees from anaerobic digestion facilities.

4.3.10 As a result of these market changes there is an opportunity to approach the market on a different basis to the Design, Build, Finance, Operate and Maintain approach previously employed.

4.3.11 WG are keen for the hub to continue to work together and on this basis will continue their gate fee subsidy commitment and funding support for a new procurement process.

4.3.12 The meetings with WG and Local Partnerships have identified a number of options as follows:-

- (i) Securing spare capacity at existing or planned AD facilities currently being delivered for other Welsh hubs.
- (ii) Securing spare capacity as a result of the expansion of the above facilities.
- (iii) Secure merchant capacity at an existing facility, at a site(s) either within Wales or elsewhere.
- (iv) Secure merchant capacity at a proposed facility, at a site(s) either within Wales or elsewhere.
- (v) Identify and make available a suitably located site(s) in public ownership, offering it to the market with the benefit of outline planning consent having been secured.
- (vi) Undertake a new Design, Build, Finance, Operate and Maintain procurement on a similar basis to that employed previously.

4.3.13 At the latest meeting between the HoV hub and Welsh Government it was concluded that a new procurement would commence this Autumn and that the maturity in the market was now capable of delivering any combination of the solutions outlined in 4.3.12, above. It was also agreed that all parties would aim to complete the procurement process within 12 months as the "traditional" competitive dialogue process would not be the procurement route.

4.3.14 In addition to the procurement process issues, Monmouthshire County Council have now formally asked to join the HoV hub which has been agreed at Project Board (officer) level but needs a Joint Committee decision before the new procurement process commences. The inclusion of Monmouthshire County Council will provide additional economies of scale and will further stimulate market interest in the hub procurement.

4.3.15 A further issue for the Authority to consider is the current collection regime where householder's present food & garden waste separately for collection but it is then mixed in the collection vehicle and taken for in-vessel composting treatment.

4.3.16 As stated above in 4.3.9 above, the AD market is now such that separate food waste is required for AD treatment (green waste can then be treated by the less complex, cheaper windrow composting process).

4.3.17 Consequently, before any long term HoV contract commences, the Authority will need to change its organic waste collection fleet to keep food and green waste separate. In this regard, officers are currently working with WG staff in accordance with the Waste Collaborative Change Programme (CCP) with the aim of securing WG CCP capital funding to make this change to its collection fleet (which is estimated at £1.3m over 3 years to introduce split bodied refuse collection vehicles for food and green waste rounds). In the long term this will be a more cost effective option than paying the premium rates suggested by the market for dealing with co-mingled food and green waste i.e. future cost avoidance.

4.4 Interim Contract for Organic Waste Treatment

4.4.1 The Authority has to procure an interim organic waste contract to provide us with suitable security of treatment capacity from the expiry of the current contract (November 2014) to the commencement of any new HoV hub contract.

4.4.2 The existing contract (which expires in November 2014) is with Bryn Compost Ltd. Expressions of interest are currently being sought from contractors interested in tendering for a new interim organic waste contract.

4.4.3 This new contract will provide the Authority with sufficient flexibility (ie: a 2-4 year contract) to allow for the uncertainty in relation to the new HoV procurement and resultant service commencement date.

4.4.4 The new interim contract will be awarded before the existing contract expires in November 2014.

4.4.5 The interim and longer term contract procurements, do however, carry risks in terms of the Authority's lack of Waste transfer Station (WTS) capacity for organic waste in the event of contracted solutions being outside the County Borough. This matter has been the subject of separate discussions and the recent consideration of a report by the Scrutiny Committee and Cabinet relating to the Dyffryn House site.

5. EQUALITIES IMPLICATIONS

5.1 There are no significant equalities implications associated with this report.

6. FINANCIAL IMPLICATIONS

6.1 There are no financial implications associated with the report in its current form although there are obvious, potential financial implications that could arise from:-

- The need to change the dry recyclable collection regime (if required by WG)
- Organic waste procurements
- Change to organic waste collection fleet.

6.2 The financial implications of these elements would need to be the subject of specific consideration at the relevant time.

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implication associated with this report.

8. CONSULTATIONS

8.1 The report reflects the views of the listed consultees.

9. RECOMMENDATIONS

9.1 The Scrutiny Committee is asked to note the contents of the report.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that the Authority is fully compliant with relevant waste management legislation and achieves value of money in service delivery.

11. STATUTORY POWER

11.1 Local Government Acts, Environmental Protection Act 1990.

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Appendices:

Appendix 1 Caerphilly CBC response to Welsh Government Consultation on Separate Collection of Recyclables.

Appendix 2 Caerphilly CBC response to WG Environment & Sustainability Inquiry into Recycling