



## REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 20TH SEPTEMBER 2016

**SUBJECT: WASTE COLLECTION REVIEW AND PROPOSED MINOR CHANGES TO  
CURRENT COLLECTION ARRANGEMENTS FOR FOOD/GARDEN  
WASTE**

**REPORT BY: CORPORATE DIRECTOR - COMMUNITIES**

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### **1. PURPOSE OF REPORT**

- 1.1 To update the Scrutiny Committee on progress made with the Collaborative Change Programme (CCP).
- 1.2 To advise members of the outcome of the recent Wales Audit Office Review of Waste Management.
- 1.3 To seek the views of members on proposed minor changes to the current collection arrangements for the food and garden waste prior to consideration by Cabinet.

### **2. SUMMARY**

- 2.1 The CCP has been established by Welsh Government to facilitate the delivery of more sustainable waste management services across Wales by offering strategic and tailored support to help local authorities achieve the outcomes of the Towards Zero Waste Strategy. Caerphilly has been engaged in the CCP since early 2015 and is currently reviewing its waste collection/disposal options. The CCP is not yet complete and there are no firm recommendations to consider at this present time, although considerable progress has been made.
- 2.2 In May 2016 the Welsh Audit Office (WAO) undertook a high level review of the Councils progress in considering changes to the waste and recycling service to meet future statutory targets. Based on the review WAO are *“reassured that the Council is taking a measured and mature approach in considering options for its waste and recycling service and recognised areas that require strengthening”*. The letter also addressed some areas for consideration.
- 2.3 The co-collected weekly food/garden waste collection service was introduced in October 2009, to co-incide with the transition to fortnightly residual waste collection. The service currently collects approximately 11,000 tonnes per annum (estimated split of circa 8,000 tonnes food waste and 3,000 tonnes of garden waste). This is currently processed via in vessel composting (IVC) at Bryn Compost Gelligaer. It is recognised that in the longer term food waste needs to be collected and treated separately via Anaerobic Digestion (AD) in accordance with WG policy. In January 2016, Cabinet agreed that the Authority would commence a food/garden waste treatment procurement. In the meantime, however, under our existing contractual agreement with Bryn Compost we have the opportunity to utilise their AD plant which has been operational since 2016, but to do so would involve a change to our current collection methods.

- 2.4 The current food waste participation rate is 38.1% and a recent study has shown that 28-30% of the residual waste collected is still food waste. In order to increase food waste participation a dedicated communication campaign is required.

### 3. LINKS TO STRATEGY

- 3.1 The Well-being of Future Generations Act (Wales) 2015 sets out a number of goals/principles which public bodies must apply in the strategies and services they deliver. These include:-

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of Vibrant Culture and thriving Welsh language
- A globally responsible Wales.

Sustainable Waste Management Services undoubtedly contribute to 7 of these 8 principles and there are particular economic and environmental benefits associated with the treatment of food waste by anaerobic digestion.

- 3.2 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.
- 3.3 Towards Zero Waste One Wales: One Planet, 2010, is the overarching Waste Strategy for Wales which sets out Welsh Government’s long term framework for resource efficiency and waste management including high level targets and outcomes. In 2011, this was supplemented by the publication of The Municipal Sector Plan Part 1 which outlines the Welsh Government’s recommended service profile for the collection of waste from households (Collection blueprint).

### 4. THE REPORT

#### 4.1 Collaborative Change Programme (CCP)

- 4.1.1 The Welsh Government CCP offers strategic and tailored support to help local authorities achieve the outcomes of the Towards Zero Waste Strategy. The support covers four key phases:-

- Business Planning Toolkit
- Identification of gaps and changes needed to achieve targets.
- Detailed Planning with forward cost forecast
- Implementation of the plan.

- 4.1.2 The Authority has been fully engaged in the process since mid 2015 and has been allocated support from Welsh Government via the Waste Resources Action Programme (WRAP) and their appointed consultants to undertake service reviews. A number of service areas across waste management are currently being reviewed and options being explored. These include:-

- i). Kerbside Collection – Recycling, Organics and Residual Waste
- ii). Commercial Waste Collections
- iii). Transfer Station/ Depot Infrastructure
- iv). Household Waste Recycling Centres.
- i). **Kerbside Collection – Recycling, Organics and Residual - In June 2015**

WRAP produced the first kerbside Analysis Tool (KAT) report which provided a starting point for a transparent and informed debate between WRAP and Council Officers on future service collection options. KAT is a publically available model which allows users to make projections of kerbside collection infrastructure and associated standardised costs using default and user defined values to key parameters. The purpose of the KAT modelling is to consider several collection options for recycling, residual and organics services including the current service configurations to ascertain the most cost effective, efficient and performance driven options for future service delivery to take forward to a more robust business planning stage.

A further KAT modelling report with reduced options was produced in December 2015. Officers have provided constructive challenge to the KAT modelling exercises throughout the process to ensure the Caerphilly local context is at the forefront of any consideration to service change recognising the high satisfaction levels with our current service configuration.

Officers still have a number of key concerns relating to the outcome of the KAT modelling and assumptions that have been made in areas such as material income, participation rates, round size and vehicle numbers. These along with further options will be presented to Members at a later date for consideration. Senior officers and cabinet have agreed that full Council will take the decision whether to make significant changes to the current service provision.

ii). **Commercial Waste Collections** - Amec Foster Wheeler was commissioned by WRAP to complete a review of the Authority's trade waste collection service. An initial report received in February 2016, outlined the Authority's potential to increase recycling from trade waste premises. Based on Amec Foster Wheeler's estimate the service currently has a recycling rate of 6.2% which could be increased. However, cost and income projections will need to be carefully considered. In addition, the service needs to be considered alongside any changes to the domestic service as both streams are currently co-collected. Officers have also asked for further clarification and provided supplementary information which will inform Phase 2 of the review which is yet to be completed.

iii). **Transfer Station/ Depot Infrastructure** - If there is a change from the current co-mingled recycling service to a twin stream/source segregated service the current depot/waste transfer provisions will not be sufficient. As part of the CCP process and to inform the KAT modelling and business planning stages WRAP have commissioned Resource Futures to undertake a review of current depot/waste transfer station infrastructure and future requirements if service changes are implemented. As part of this process several sites have been considered including Trehir, Full Moon, the former Severnside Site at Bedwas and the Parks depot at Penallta.

iv). **Household Waste Recycling Centres (HWRC's)** - WRAP have commissioned Resource Futures to undertake a review of HWRC provision across the County Borough. This will include a spatial assessment and high level performance review. An inception meeting was held on 24<sup>th</sup> May 2016 and officers are currently awaiting a project plan which will include timescales followed by a draft report.

- 4.1.3 Following the final reports from the above work streams a business plan will be prepared which will include a cost benefit analysis and identification of gaps/changes required to achieve future targets.
- 4.1.4 In recognition of the profile, cost and high satisfaction levels with the Authority's waste services the review has also been included as one of the Authority's Business Improvement Projects which will report to the Business Improvement Programme Board.

## 4.2 Wales Audit Office Review

- 4.2.1 In May 2016, as part of their 2015-16 Audit Plan, Wales Audit Office undertook a high level review of the Council's progress in considering changes to the waste and recycling services to meet future statutory targets.
- 4.2.2 A letter issued by WAO (Appendix 1) recognises that the Council is taking “a *measured and mature approach*” in considering options for its waste and recycling service by proactively engaging with WRAP as part of the CCP. It states that there is a clear understanding by officers and senior Cabinet members for the rationale for considering different options and recognises the clear governance arrangements in place. As acknowledged in the letter and mentioned in 4.1.2 Senior Officers and Cabinet have agreed that full Council will take the decision whether to make significant changes to the current service collection arrangements.
- 4.2.3 The review also recognises areas that require strengthening. These include the production of a detailed project plan to facilitate ongoing monitoring and implementation of key actions, timescales and decisions. It is recommended that the project plan includes a communication and engagement plan which will be vital if the Council considers changes to its collection arrangements in the future.
- 4.2.4 The recommendations outlined in the review are for consideration only but will be implemented as our engagement with the CCP develops. A draft project plan has been produced but this needs to be updated and expanded as information and timescales become apparent.
- 4.2.5 The review is complementary in recognising that the Council has not waited for the outcome of the CCP review to address any performance issues. It makes reference to the 7 sin recycling bin campaign which had a positive impact on the Council's recycling performance and refers to other areas where there are opportunities to make changes that could positively affect recycling performance. These include increasing participation in food waste recycling, improving trade waste, continuing with the 7 sin bin campaign and separate food and garden waste collections.

## 4.3 Food and Garden Waste

### 4.3.1 Current Service Provision and performance

- 4.3.1.1 The weekly food/garden waste collection service was introduced in October 2009, to co-incide with the transition to fortnightly residual waste collections. The service currently collects approximately 11,000 tonnes per annum (estimated split of 4,000 - 5,000 tonnes food waste and 6,000 – 7,000 tonnes garden waste) which is processed via an in-vessel composting (IVC) at Bryn Compost, Gelligaer. In its current co-collected format the service does not comply with WG policy and strategic direction referred to in 3.3 which favours separate food waste collections treated through anaerobic digestion (AD).
- 4.3.1.2 In May 2016, a monitoring exercise was undertaken to ascertain levels of public participation in the food waste service. The study, which was based on a sample of 7,000 properties, indicated an average participation rate (over a 3-week cycle) of 38.1%.
- 4.3.1.3 Data obtained from other 4 Welsh Local Authorities (Table 1. below) indicates that the participation rate experienced in Caerphilly is low.

**Table 1 – Participation data from other Local Authorities**

<b>Local Authority</b>	<b>Number of Properties</b>	<b>Participants</b>	<b>% Total Participation</b>
Cardiff	10355	5628	54.35%
Pembrokeshire	11832	5774	48.80%
Carmarthenshire	5520	2903	52.59%
Blaenau Gwent Pre- Communication Campaign			38.60%
Blaenau Gwent Post Communication Campaign			49.80%

4.3.1.4 In June 2016, WRAP Cymru released a report entitled “National Municipal Waste Compositional Analysis in Wales”. A compositional analysis of all municipal waste streams was carried out in all 22 local authorities and took place over two seasons – summer and winter 2015. The analysis looked at all waste streams including waste collections and household waste recycling centres.

4.3.1.5 The compositional analysis undertaken in Caerphilly demonstrated that the fortnightly residual waste stream contains 28-30% food waste despite a weekly food/garden waste service being in operation. This is slightly higher than the National average of 24.8% and indicates the potential for the Authority to increase its capture rate of food waste to contribute to the achievement of statutory targets.

#### 4.3.2 Future Service Configuration

4.3.2.1 As stated previously, the food/garden waste (although presented separately by the householder) is currently co-collected using refuse collection vehicles (RCV's) and treated via in-vessel composting at Bryn Compost, Gelligaer. It is recognised that food waste over the longer term needs to be collected and treated separately via anaerobic digestion (AD) in accordance with WG policy. In January 2016, Cabinet made the decision to withdraw from the HoV Organics collaboration and commence its own AD food/garden waste treatment procurement, which may also include food waste transfer infrastructure. This procurement will commence in the Autumn of 2016.

4.3.2.2 The current contractual arrangement with Bryn Compost expires in November 2016 with an option to extend for a further 2 years. Bryn has recently constructed an AD plant on its site which has been operational since early 2016. Under the existing contractual arrangements the Authority has the opportunity to utilise this facility but this would involve a change to our current collection methods to enable food waste to be collected separately.

4.3.2.3 Residents currently present their food and garden waste separately using 23 litre caddies and reusable garden waste sacks. It would not be necessary to change this container provision to facilitate a change of treatment methods. However, it would be necessary to review the current collection arrangements in relation to the vehicles used and round configurations to ensure that the two waste fractions are treated separately (Garden waste cannot be treated by AD). However, given the potential savings that could be realised, making this change at the earliest possible date is recommended.

Table 2. outlines food/garden waste tonnages collected in 2014/15 and 2015/16.

**Table 2 - Kerbside Food and Garden Waste Tonnage**

<b>Tonnage</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Total</b>
2015/16 (Total organic)	3,371	3,316	2,316	1,954	10,957
Food (estimate)	2,023	1,990	2,200	1,856	8,069
Green (estimate)	1,348	1,326	116	98	2,888
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2014/15 (Total organic)	3,663	3,482	2,302	1,958	11,405
Food (estimate)	2,198	2,089	2,187	1,860	8,334
Green (estimate)	1,465	1,393	115	98	3,071

Whilst it is anticipated that food waste remains fairly constant throughout the year, it can be seen from the table above that the quantity of garden waste in the winter period is negligible (circa 200 tonnes).

4.3.2.4 Currently, there are 7 RCV's which collect food/garden waste weekly. In order to collect food waste only, there are a number of options for future collection methods that need to be considered. These are outlined below for the committee to consider and recommend a preferred method to Cabinet.

**Option 1 – Winter suspension of Green Waste, Weekly Green Waste (Spring/Summer only) & All Year Round Weekly Food Waste Collection.**

The current 7 refuse collection vehicles used for collecting the mixed food and garden waste could be reduced to 5 during 2017/18 (this then allows collection rounds to be reconfigured over the 2016 winter)

However, each vehicle would be covering an increased amount of properties totalling approximately 3,000 per day. This may need to be reviewed over the longer-term if food waste participation increases significantly. The round configuration will lead to changes in collection days for some residents. However, the disruption will be minimised, and any changes communicated to residents in February 2017 in advance of implementation in March.

This option would involve the suspension of garden waste collection during the winter months i.e. November to February inclusive. However, in order to continue to collect garden waste weekly a further 5 vehicles would be required during the spring and summer, (commencing in the spring of 2017). The vehicle configuration moving forward would therefore be as follows:-

- Winter 2016 – Existing fleet of 7 vehicles collecting food only
- Spring/Summer 2017 – 5 food waste vehicles and 5 Garden Waste vehicles (the overall increase in vehicles from 7 to 10 for 8 months of the year is required to undertake two weekly collections for all properties within the Borough. Currently only one weekly collection is made).
- Winter 2017 – 5 Food waste vehicles

The suspension of the garden waste service would be implemented for 4 months with the last collection taking place on the last Friday in October then resuming on the first Monday in March. As this is a minor change to existing service provision, residents would be notified via Newline and other communication channels in advance. Residents would be able to dispose of garden waste at household waste recycling centres or through the Authority's chargeable bulky garden waste service.

This option would incur additional collection costs but would realise savings in treatment costs.

**Option 2 – Use of Twin Pack Collection Vehicles to collect Food and Garden Waste Weekly All Year Round.**

If the Authority was minded to purchase a fleet of twin pack collection vehicles (total capital cost circa £1.6m) then it could continue to provide a year round food and garden waste collection service while also achieving separation of the 2 waste fractions to enable the food to be treated via the WG preferred method of AD and garden waste to be windrow composted.

This system would operate with 7 front line twin pack collection vehicles (supported by 2 back-up vehicles to allow for downtime resulting from routine maintenance, inspection, etc.) with the result that there would be no increase in collection costs and additional savings being realised in treatment costs.

As a result of the geography of the County Borough it would be necessary to acquire narrow chassis twin pack collection vehicles. These are a relatively new development by collection vehicle manufacturers but unfortunately there is a 20-24 week build and delivery time from the date of order. Consequently, the earliest delivery date would be Spring 2017 and consideration of an interim option for the winter of 2016/17 is therefore required. There are 3 options relating to this interim 4 month period and these are outlined below as Options A, B and C.

**Option A** - Continued, weekly collection of food waste + Interim suspension of garden waste for the winter of 2016/17 followed by new twin pack collection to commence April 2017. This option does not involve any additional collection costs but there is a change required for residents.

**Option B** - Continued weekly collection of food waste + Implementation of an interim weekly collection of garden waste for winter of 2016/17 using 7 caged tippers + 14 staff followed by new twin pack collection to commence April 2017. This option involves additional collection costs although they are partially offset by treatment cost savings.

**Option C** - Continued weekly collection of food waste + Implementation of a “request only” collection service for garden waste for winter of 2016/17 using two refuse collection vehicles + 4 staff followed by new twin pack collection to commence April 2017. This option involves some additional costs but these are more than offset by treatment cost savings.

4.3.2.5 A summary of these options is included as Appendix 2 to this report. The detailed financial implications are included in section 6 below.

4.3.2.6 As part of the CCP, officers have further explored reducing the frequency of garden waste collections from weekly to fortnightly. However, this could lead to a reduction in our overall recycling/composting performance which could affect the Authority’s ability to achieve the WG statutory targets so is not recommended.

4.3.2.7 The Bryn Power anaerobic digester currently powers the plant itself, as well as the Bryn Compost Recycling Site and 3400 homes. This would be increased to an additional 1150 homes with the inclusion of food waste from the Authority. Bryn Compost has advised that this will also lead to the down-scaling and eventual closure of the IVC. Garden waste will be treated via windrow.

### 4.3.3 Education & Increasing Participation

- 4.3.3.1 In order to encourage participation in the food waste service a communication plan including a borough wide doorstepping campaign has been implemented from August 2016. A team of recycling advisors have been recruited on a temporary basis to undertake door to door visits. They are offering advice, guidance and encouragement as well as distributing information leaflets and food waste containers. The advisors are also placing “No Food Waste” stickers on the residual and recycling containers as a lasting reminder of the correct disposal option.
- 4.3.3.2 In order to assess the effectiveness of the campaign a follow up monitoring exercise will be undertaken. Whilst an increase in participation/tonnage cannot be guaranteed it is anticipated (based on previous doorstepping campaigns) that this form of communication has a positive effect on behaviour. From the experience in Blaenau Gwent (Table 1. above) a dedicated communication campaign increased participation from 38.6 – 49.8%.
- 4.3.3.3 Early signs from this campaign are encouraging with an increase in requests for food waste collection caddies. The tonnage of food waste captured will need to be kept under review as the round structure and proposed changes have been based on current participation levels and current tonnages captured.
- 4.3.3.4 Officers have contacted WRAP who have financially supported communication activity relating to food waste in other local authorities across Wales. As Caerphilly is not part of a collaborative AD Hub funding was declined.
- 4.3.3.5 In order to encourage participation further, officers are currently considering the implementation of a food waste incentive scheme. This could be on an individual, school or community basis. Further consideration will be given following the completion of the door stepping campaign and evaluation of the results.

## 5. EQUALITIES IMPLICATIONS

- 5.1 There are no potential equalities implications associated within this report for specific groups or individuals. Therefore there is no requirement for an Equality Impact Assessment to be undertaken.

## 6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications associated with the CCP review will be presented in a future report.
- 6.2 The full year financial implications associated with food/garden waste proposed service changes are as follows:

**Table 3 - Proposed Full Year Service Costs by Option**

	<b>Existing Service (£)</b>	<b>Option 1</b>	<b>Option 2</b>
<b>Labour</b>	549,360	680,610	549,360
<b>Vehicles</b>			
Hire	n/a	97,125	n/a
Fuel	100,875	125,875	100,875
Repair/Fleet Overhead/Licences etc.	200,119	200,119	200,119
Treatment	616,000	269,024	269,024
<b>Total</b>	<b>1,466,354</b>	<b>1,372,753</b>	<b>1,119,378</b>
		<b>Saving = £93,601</b>	<b>** Saving = £346,976</b>



**\*\* There is a potential further £50,000 per annum saving relating to Option 2 as purchase of a twin pack fleet will facilitate the off hire of an existing refuse collection vehicle within the CCBC fleet.**

- 6.3 Table 3 (above) illustrates the full year savings associated with the 2 main options and as can be seen there are significant savings associated with Option 2 (use of narrow chassis twin pack collection vehicles). This option will result in savings of circa £400,000 per annum as it facilitates the off-hire of a refuse collection vehicle in addition to the savings associated with the separate treatment of food and garden waste.
- 6.4 However, there is a capital expenditure requirement of £1.62m associated with the purchase of 9 No. narrow chassis twin pack collection vehicles. Members will recall that the 2016/17 budget report approved by Council on the 24th February 2016 included details of the Capital Programme for the period 2016/17 to 2018/19. The approved capital budget for 2016/17 included a capital earmarked reserve of £7.9m which was available through the release of General Fund balances; capital underspends in previous years and capital receipts. None of the £7.9m funding is currently committed so in the event of option 2 being the preferred option of Members, the Scrutiny Committee is asked to support a recommendation to Cabinet to utilise £1.62m of the £7.9m funding to purchase the 9 narrow twin pack collection vehicles.
- 6.5 As stated in 4.3.2.4 above the implementation of the twin pack collection method will require an interim solution during the winter of 2016/17 (November – March). The interim costs of these options are as follows:-

**Table 4 – Interim costs/savings (winter 2016/17)**

	<b>Option A – Interim Suspension of Garden Waste Collection</b>	<b>Option B – Maintenance of weekly service using 7 No. caged vehicles.</b>	<b>Option C – Request only Collection Service using 2 RCV's</b>
Labour	0	£120,693	£40,000
Vehicle Costs (Hire, fuel, o/heads. licences, etc.)	0	£37,247	£54,000
Treatment Saving	£95,000	£95,000	£95,000
Net Cost or Saving	£95,000 Saving	£62,940 Additional Cost	£1,000 Saving

- 6.6 The primary aim of making this change is to enable the Authority to process its food waste via the Welsh Government preferred method of Anaerobic Digestion. An additional cost saving benefit will result but the level of savings outlined above are based on a set of assumptions relating to the food/green split currently estimated and existing participation levels. Changes to any of these could affect the savings levels in a positive or negative way. For example, increases in food waste participation may incur additional collection costs but this may be offset by residual waste disposals costs. Officers will continue to review this position.
- 6.7 It is also worth noting that the above calculations are based on indicative tonnages of food waste as the exact quantities are not known. Additionally, the calculation does not include any increases in public participation/capture that may be achieved as a result of the communication activity.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 Personnel implications are dependent on the option selected. For example, Option 1 which involves the winter suspension of green waste would involve changes to round sizes and

potential changes in staff duties. In this case service managers would work with colleagues in HR and the relevant Trade Unions to manage these changes with staff in accordance with the Authority's HR policies. Option 2 would not involve any significant personnel implication as the twin-pack collection system would still utilise 7 collection vehicles and collection crews.

## **8. CONCLUSION**

8.1 As can be seen from the text above, there are significant benefits relating to the separate collection and treatment of food and garden waste. These include:

- Significant full year revenue savings
- Treatment of food waste via the WG preferred technology (AD) at a local site with current capacity for the Authority's food waste.

8.2 Given the potential scale of financial savings involved it is the view of officers that decisions on changes are taken in a timely manner so that the changes can be made at the earliest opportunity after taking account of vehicle acquisition/supply timescales.

8.3 It is the recommendation of officers that the existing collection system for food and garden waste is replaced by Option 2 (use of twin pack collection vehicles) and that interim Option C (a request only service for garden waste collection) is implemented for the interim period of November 2016 – March 2017 with weekly food waste collection being maintained for the same period.

8.4 In order to implement Option 2 at the earliest possible opportunity (April 2017) the twin pack collection vehicles will need to be procured urgently.

## **9. CONSULTATION**

9.1 The report reflects the views of the listed consultees.

## **10. RECOMMENDATIONS**

10.1 The Scrutiny Committee is asked to note the content of the update on the CCP review and the WAO letter received.

10.2 The views of the Scrutiny Committee are sought on the future options for food and garden waste collection and the recommendation of officers outlined in Section 8 of this report.

10.3 The Scrutiny Committee is asked to recommend a future collection option for consideration by Cabinet.

## **11. REASONS FOR THE RECOMMENDATIONS**

11.1 To provide the Scrutiny Committee with an update on the progress made with the Authority's involvement with the CCP and recent WAO review.

11.2 To seek the views of the Scrutiny Committee on the proposed changes to the kerbside food/garden waste service prior to consideration by Cabinet.

## **12. STATUTORY POWER**

12.1 Local Government Acts.  
Environmental Protection Act 1990.

Author: Mark S. Williams, Head of Community & Leisure Services  
e-mail: [willims@caerphilly.gov.uk](mailto:willims@caerphilly.gov.uk) Tele: 01495 235070

Consultees: Christina Harray, Corporate Director - Communities  
Tony White – Waste Strategy & Operations Manager  
Hayley Jones, Principal Waste Management Officer  
Councillor Nigel George – Cabinet Member for Community & Leisure Services  
Mike Eedy – Finance Manager  
Lynne Donovan, Acting Head of Human Resources and Organisational Development  
Equalities & Welsh Language Team  
Gail Williams, Interim Head of Legal Services & Monitoring Officer  
Steve Harris, Interim Head of Corporate Finance  
Nicole Scammell, Acting Director of Corporate Services & S151

Background Papers:

Towards Zero Waste – One Wales: One Planet

The Overarching Waste Strategy Document for Wales June 2010

<http://gov.wales/docs/desh/publications/100621wastetowardszeroen.pdf>

Municipal Sector Plan Part 1: Collections Blueprint March 2011

<http://gov.wales/docs/desh/publications/110310municipalwastebblueprinten.pdf>

Report to Cabinet - Collection of Food and Garden Waste – November 2008

Report to the Living Environment Scrutiny Committee – 23<sup>rd</sup> June 2009 -Towards Zero Waste One Wales: One Planet -Consultation on A New Waste Strategy For Wales

Report to the Living Environment Scrutiny Committee – 23<sup>rd</sup> June 2009 - Food Waste Collections – Practical Service Delivery and Communication Issues

Report to Regeneration and Environment Scrutiny Committee – 29<sup>th</sup> March 2016 - Update On Performance against Welsh Government Statutory Recycling Targets

Appendices:

Appendix 1 - WAO Letter, dated 27<sup>th</sup> July 2016

Appendix 2 - Summary of Options for the future collection of food and garden waste.



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Wales Audit Office / Swyddfa Archwilio Cymru

24 Cathedral Road / Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ

Tel / Ffôn: 029 20 320500

Fax / Ffacs: 029 20 320600

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Mr Chris Burns  
Chief Executive  
Caerphilly County Borough Council  
Penallta House  
Tredomen Park  
Ystrad Mynach  
Hengoed  
CF82 7PG

Reference ARM1603

Date 27 July 2016

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Dear Chris

As part of our 2015-16 audit plan, we undertook a high-level review of the Council's progress in considering changes to the waste and recycling service to meet future statutory targets. We undertook this review in May 2016.

Based on our review, we are reassured that the Council is taking a measured and mature approach in considering options for its waste and recycling service and has recognised areas that require strengthening.

In particular, we noted the following positive aspects to the Council's approach:

1. There is a clear corporate ownership amongst members and officers of the approach to date;
2. Officers and senior cabinet members clearly understand the rationale for considering different options. The rationale for considering changes to the services are as follows:
  - In 2014-15, the Council's recycling performance declined to 54.6 per cent. Whilst this was above the statutory target of 52 per cent, this was a decrease of 3 percentage points from the previous year and a drop in the Council's ranking from 5th to 15th, when compared to other Welsh councils. There were concerns that the Council would not meet the 58 per cent statutory target in 2015-16 and could face financial penalties from the Welsh Government as a result.
  - The poor quality and saleability of recycling material due to high levels of contamination.

- The Council did not attract a contractor when seeking to procure a Materials Recovery Facilities<sup>1</sup> contract in 2015. Therefore, the Council entered into a contract with the City of Cardiff Council, but this was expensive and not sustainable.
  - Resident's participation levels in food waste recycling is at approximately 40 per cent. The Council considers that more residents should be recycling food waste.
3. The Council has knowledgeable and experienced officers within the waste and recycling service.
  4. There has been early engagement of key senior officers, for example from finance and procurement, in consideration of different options and there is clear corporate ownership of the activities to date.
  5. The Council is actively considering the impact of any staffing changes and options to retain current officer expertise during any possible period of change to service delivery.
  6. Senior members demonstrate sound knowledge of the issues facing the waste and recycling service.
  7. The Council is pro-actively engaging with the Waste and Resources Action Programme (WRAP)<sup>2</sup>. In June 2015, WRAP produced the first Kerbside Analysis Tool modelling report, which provided a starting point for a transparent and informed debate between WRAP and Council officers on future service collection options. In December 2015, WRAP produced a second Kerbside Analysis Tool modelling report with reduced options.
  8. Officers have provided constructive challenge to the Kerbside Analysis Tool modelling exercises. This challenge is underpinned by the desire to ensure the Caerphilly local context is at the forefront of any consideration to service change recognising that satisfaction levels of residents and members with the existing service is good.

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<sup>1</sup> Materials Recovery Facility (or MRF) is a specialised plant that receives, separates and prepares recyclable materials for sale to end-user manufacturers. It is important that the materials which come out of the MRF are clean and properly sorted

<sup>2</sup> WRAP is a not-for-profit company established in 2000. It works with businesses and individuals to help them reap the benefits of reducing waste, develop sustainable products and use resources in an efficient way. WRAP is backed by government funding from England, Northern Ireland, Scotland and Wales.

9. Projected improvement in the performance of the statutory target of the percentage of municipal waste recycled, reused or composted has also been a key consideration for the Council. The Council has been challenging WRAP on the impact service changes may have on performance.
10. The Council's recycling performance was in the top quartile when compared to other Welsh councils in 2012-13 and 2013-14. The Council was ranked joint 2<sup>nd</sup> in 2012-14 and ranked 5<sup>th</sup> in 2013-14. However, there was a dip in recycling performance in 2014-15 when the Council's national ranking dropped to 15<sup>th</sup>.
11. The Council has not simply waited for the outcome of the work it is doing with WRAP to address its declining recycling performance. It has been proactive in addressing the problems associated with high levels of recyclate contamination, which contributed to its declining recycling performance in 2014-15. The Council implemented a 'seven sin bin' campaign in autumn 2015. The campaign sought to generate awareness, understanding and compliance across the Borough to what recycling materials can and cannot be recycled. It is evident that the campaign has had a positive impact on the Council's recycling performance. The 2015-16 provisional quarter three performance published by the Welsh Government in May 2016 shows a quarterly performance of 64 per cent, a 13 percentage point increase from the same quarter the previous year and a national ranking of joint 3<sup>rd</sup> for the quarter. The Council is on course to exceed the 58 per cent recycling target for 2015-16.
12. The Council has clear governance arrangements in place to oversee its waste and recycling activity including:
  - monthly Cabinet Member briefings by the Head of Service;
  - quarterly updates by the Head of Service to informal Cabinet meetings;
  - the establishment of a project team which includes a representative from WRAP and the Council's finance team;
  - waste and recycling has been included on the Regeneration and Environment Scrutiny committee work programme; and
  - waste management has been identified as one of the key strategic projects of the Council's Business Improvement Board (BIB)<sup>3</sup>, which will provide strategic overview and direction to the project.

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<sup>3</sup> The Council has established a Business Improvement Board to provide strategic overview and direction to its key projects. Membership of the BIB includes senior officers and the Cabinet Member for Governance.

13. The Council held an elected member seminar in March 2015, which provided members with options to decrease the contamination rate of the recyclate thereby improving the saleability of the materials and improving performance. Members actively engaged in this process by participating in facilitated discussions to suggest ideas for improving performance.
14. Whilst there has been limited engagement with the Regeneration and Environment Scrutiny committee to date, this scrutiny committee considered an update on performance in March 2016 and officers took the opportunity to provide a high-level update on progress and current issues. An update on the Kerbside Analysis Tool modelling exercise is on the scrutiny committee's forward work programme for September 2016 as the Council recognises the need to engage scrutiny prior to it taking any key decisions on its waste service.
15. Senior officers and Cabinet have agreed that full Council will take the decision whether to change the current service collection arrangements. This demonstrates a recognition and ownership that this is a whole Council rather than just a Cabinet issue.
16. Whilst there has yet to be any formal consultation with staff, the Council has made staff aware of the ongoing work with WRAP and the Council is trialling different vehicles in order to assess future options.
17. The Council is engaging with the Trades Unions and an action change workshop with WRAP, Trades Union and staff is planned for the summer.
18. Members and officers have been proactively learning from the experience of other councils that have undergone a change to their waste and recycling collection arrangements, developed a Waste Transfer Station and/or developed or expanded a Household Waste Recycling Centre.
19. The Council is part of the Prosiect Gwyrdd<sup>4</sup> collaboration and was part of the Heads of the Valleys<sup>5</sup> (HoV) Organics Procurement hub for the joint procurement of food waste and green waste contractors. However, the HoV procurement hub failed to move the procurement process beyond the detailed solutions stage as the only private sector bidder withdrew from the procurement process. The Council

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<sup>4</sup> Prosiect Gwyrdd is a partnership between Caerphilly Borough County Council, The County Council of the City and County of Cardiff, Monmouthshire County Council, Newport Council and Vale of Glamorgan Council. The combined municipal waste of the five authorities makes up 40 per cent of the total municipal waste of Wales. Prosiect Gwyrdd is committed to looking for the best environmental, cost effective and practical solution for waste after recycling and composting has been maximised in each area.

<sup>5</sup> Heads of the Valleys procurement hub: Blaenau Gwent County Borough Council, Torfaen County Borough Council and Monmouthshire County Council.

therefore sensibly reviewed its involvement in the hub and considered three options for the future treatment of organic waste. The three options considered were to remain in the HoV hub as it commenced on a second procurement process, to join Tomorrows Valley Hub<sup>6</sup> to transfer food waste to Bryn Pica anaerobic digestion plant, or to commence its own anaerobic digestion food and green waste treatment and procurement contract. In January 2016, Cabinet considered the advantages and disadvantages of each option and resolved that the Council commenced its own anaerobic digestion food and green waste treatment procurement. The Council is now initiating its own procurement but remains open-minded to any future joint procurement opportunities and for other councils to join its arrangements.

20. As the Council did not receive any tenders for processing its dry recyclables, the Council explored its options and in July 2015, entered into a Materials Recovery Facilities contract with the City of Cardiff Council for one year. This contract expires on 12 July 2016 and the Council has made provision within its Medium Term Financial Plan to renew a Materials Recovery Facility contract for two years in order to allow time to consider alternative arrangements.
21. The Council is currently identifying market interest for the Materials Recovery Facility contract. The Corporate Director Communities will make a decision on this future contract, following a report to the Corporate Management Team and informal Cabinet for information.

Our review identified the following areas, which we feel the Council would benefit from strengthening or developing further:

22. Although the Council has not had a detailed project plan to shape its activities to date, this has not hindered the Council's progress. However, a formal project plan would be beneficial as the Council approaches key decisions about its waste services to facilitate ongoing monitoring and implementation of key actions, timescales and decisions.
23. The Council has a draft project plan and this needs to be updated and expanded as information and timings becomes more certain. Public engagement and consultation will be vital if the Council is considering any changes to its collection arrangements. The Council recognises that it needs a communication and engagement plan to do this and we would urge the Council to develop this as part of its project plan.

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<sup>6</sup> Tomorrows Valley Hub: Rhondda Cynon Taf County Borough Council, Newport City Council and Merthyr Tydfil County Borough Council.



24. The Council recognised the need to ensure there is timely engagement with Members to prepare them for any decisions, particularly as local elections are scheduled for May 2017.
25. The Council should ensure there is a robust and detailed assessment of options, which evaluates the impact, risk, sustainability, projected performance and cost of each option. In November 2015, officers took the decision, in accordance with their delegated authority, to reduce the number of options identified in the June 2015 Kerbside Analysis Tool modelling exercise from 11 to four. WRAP was engaged in this consideration but the minutes of the meeting in November 2015 lack detail and do not articulate a robust assessment of the options. It is important that officers provide members with a full and robust options appraisal to enable them to make informed decisions on the future waste and recycling service requirements. Any options presented to members need to consider the requirements of the Well-being and Future Generations Act 2015.
26. In order to develop an alternative solution to the current MRF contract with the City of Cardiff Council, we understand the Council is currently considering taking a decision on whether to invest in a new Waste Transfer Station in autumn 2016. The draft project plan states that the Council will make a decision on whether to change the service collection arrangements in the autumn 2017. Ideally, the Council should consider taking these two key decisions on its waste and recycling activities at the same time. Future decisions on the Council's collection arrangements may influence the design of the waste transfer station. The Council needs to assure itself that it has considered all possibilities and implications of making these key decisions at different times. The Kerbside Analysis Tool modelling report only provides high-level costs for the development of a new waste transfer station and the Council recognises that it needs a more detailed business case.
27. WRAP and the Council have different views as to whether there is any outstanding information required from WRAP to complete the modelling exercise for the waste transfer station and service collection options. The Council should clarify the position with WRAP as the Council is delaying activity until it has received the full information from WRAP.

The Council's provisional 2015-16 quarter three performance is 64 per cent and the Council projects that its end of year performance will be between 61 and 62 per cent. The Council is therefore likely to exceed the statutory target of 58 per cent. We recognise that this latest performance may have an impact on the timing of the Council's decisions. The next statutory recycling target is 64 per cent in 2019-20 so the Council is already making significant progress towards meeting this target.

The Council recognises that there are other areas where there are opportunities to make changes that may positively affect its recycling performance without the need for significant service change. For example, increasing participation in food waste recycling, improving trade waste, continuing with its 'seven sin bin' campaign, and separating food and green waste collection. The Council needs to consider all the options and the impact each has on meeting future statutory performance targets and on sustaining performance.

At this time, our review has not taken into account the views of the Regeneration and Environment Scrutiny Committee.

The matters identified above are for your consideration. They are not intended to be formal recommendations or proposals for improvement requiring any specific actions to be reported to us. However, we assume that you will want to reflect on these and consider these matters as the Council continues to consider different options for the waste and recycling service.



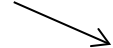
Yours sincerely

A handwritten signature in black ink that reads "Alan Morris". The signature is written in a cursive style with a large initial 'A'.

Alan Morris

Director, Performance Audit

**APPENDIX 2 – SUMMARY OF FOOD /GARDEN WASTE COLLECTION OPTIONS**

COLLECTION METHOD	COLLECTION COSTS (FULL YEAR £)	TREATMENT METHOD/COSTS (FULL YEAR £)	TOTAL ANNUAL REVENUE COST (£)	NOTES
<b>Current Collection –</b> Weekly Food/Green mixed on RCV all year round on 7 Rounds.	850,354	616,000 (In Vessel Composting – IVC)	1,466,354	<ul style="list-style-type: none"> <li>Residents present Food &amp; Garden Waste separately but we then mix in RCV.</li> <li>Mixed waste can only be treated by IVC</li> </ul>
<b>Option 1 –</b> Winter (Nov-March) Suspension of Green, Weekly Food (all year round) + Weekly Garden (Spring/Summer) 10 RCV Rounds Spring/Summer 5 RCV Rounds Winter	1,103,729	269,024 (Anaerobic Digestion – AD)	1,372,753	<ul style="list-style-type: none"> <li>Slight change for residents as No winter Garden Waste Collection.</li> <li>Enables early use of AD Plant at Bryn Compost. (Advantages – WG preferred treatment method).</li> <li>Savings of circa £94k per annum.</li> <li>Allows Bryn to proceed with closing IVC</li> </ul>
<b>Option 2 –</b> Use of Twin Pack collection vehicles to collect Food & Garden Waste all year round.	850,354	269,024 (AD)	1,119,378	<ul style="list-style-type: none"> <li>This would require circa £1.62m Capital Investment to purchase Twin Packs.</li> <li>Saving of circa £340,000 in collection and treatment costs.</li> <li>Potential further saving of circa £50,000 for off hire of one RCV currently in CCBC fleet.</li> <li>Twin Packs could not be delivered until April 2017.</li> </ul> <p>Consequently 3 Options require consideration for Winter 2016/17 collection of garden waste.</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p><b>Option A -</b> Suspend Garden Waste Collection</p> <ul style="list-style-type: none"> <li>Slight Change for residents</li> <li>Saving of £95,000 from treatment</li> </ul> </div> <div style="text-align: center;">  <p><b>Option B -</b> Implement Interim System for Winter of 16/17 using 7 x 3.5 tonne caged tippers + 14 staff.</p> <ul style="list-style-type: none"> <li>Net additional cost £65,000</li> <li>No change for residents</li> </ul> </div> <div style="text-align: center;">  <p><b>Option C -</b> Implement request only service using 2 RCV's + 4 staff.</p> <ul style="list-style-type: none"> <li>Collection service still available for residents on request.</li> <li>Small saving of circa £1,000</li> </ul> </div> </div>