

**CABINET**  
14<sup>th</sup> July 2015

**CORPORATE DIRECTOR**  
Report: CD1508

## **Future Provision of Refuse and Recycling Services**

### **1 Introduction**

- 1.1 The purpose of this report is to seek a decision from the Cabinet on the future specification for the waste and recycling services provided by the Council.

### **2 Background**

- 2.1 At its meeting on the 30<sup>th</sup> June 2015, Cabinet considered a report on the future service provision for refuse, recycling, street cleansing, grounds maintenance and toilet cleansing (Report: CD 1507).

- 2.2 The Cabinet approved the report, with the exception of the specification for refuse and recycling services. In this respect, Cabinet were asked to consider the service specification and specifically decide whether to:

- Retain the existing frequency of collection for residual waste
- Recommend to the full Council to change to alternate weekly collections (AWC) for residual waste
- Reduce the size of the residual waste bin and maintain existing collection frequencies

- 2.3 Following a proposal from the Leader of the Council, the Cabinet agreed that, given the significance of the matter:

- It was appropriate to defer a decision to give Cabinet an opportunity to more fully consider the matter, and
- To make it the principal agenda item at a special Cabinet meeting on the 14<sup>th</sup> July

- 2.4 Against this background, this report builds on the previous one and specifically addresses the issue of waste and recycling in the context of the Council's financial position and the need to address our poor recycling rate.

- 2.5 To assist the Cabinet in considering the matter, this report repeats much of the detail contained in the previous report, thus avoiding the need for cross-referencing between two reports.

### **3 Context for the Service**

- 3.1 Waste collected from households in Hampshire must be delivered to Hampshire County Council (HCC) as the waste disposal contractor. HCC has the power to direct which materials district authorities collect and how they are collected. This prevents the Council from altering the range of materials collected in the blue bins. This topic has been discussed a number of times

across Hampshire through the Project Integra Partnership and is currently under review again.

- 3.2 Waste management operations are governed by a comprehensive legislative framework that dictates the method by which waste is collected, the minimum range of materials to be collected, charges that are permitted and minimum quality standards that must apply to recyclables. This framework is largely driven centrally from the European Union and member states are set stretching targets for recycling and also for recovery operations. The current targets are summarised in the table below:

Year	Recycling & Composting Target
2020	50%
2030	70% (under consideration)
2030	80% of packaging waste (under consideration)

- 3.3 The implication of the UK missing any of these targets is unclear, but there is a risk that the EU could levy significant fines for any breach. These fines could be devolved at a local level to local authorities.

#### **4 Current Service Specification for Refuse and Recycling**

- 4.1 The waste and recycling contract with Veolia has performed very well since the outset in 2002. Missed collections are extremely low in number at around 20 / 100,000 collections. Additionally, the contractor has performed very well during severe weather to ensure continuity of service for residents. Public satisfaction with the waste and recycling collection service reflects this performance and is consistently high. However, the service is costly and recycling performance is poor. These two issues will be explored in further detail below. (Paragraphs 5 and 6.)

- 4.2 The service has evolved over many years, largely driven by:

- The introduction of wheeled bins, and
- The drive to reduce waste and recycle more

- 4.3 The Council introduced wheeled bin collections in around 1988. Prior to this, the Council collected waste in 90L bins, subsequently superseded by sacks. The new-wheeled bins were popular with residents providing 240L of capacity with added benefits in terms of minimising manual handling of bins and reducing littering.

- 4.4 At this time, recycling was in its infancy and catered for by a skip system where residents would bring their glass. Over the intervening years (as recycling began to become more popular), other material skips were added. In the early 90's, the proportion of waste recycled by this approach was in the region of 1% by weight.

- 4.5 In the mid-nineties, to meet the need to provide a better recycling service, the Council introduced the separate collection of recycling through using carrier

bags hung on hooks on the side of the wheeled bins. This material (along with that from Hart) was processed at the Council depot in Eelmoor Road. At this time, Rushmoor was viewed as one of the authorities leading the recycling drive in Hampshire.

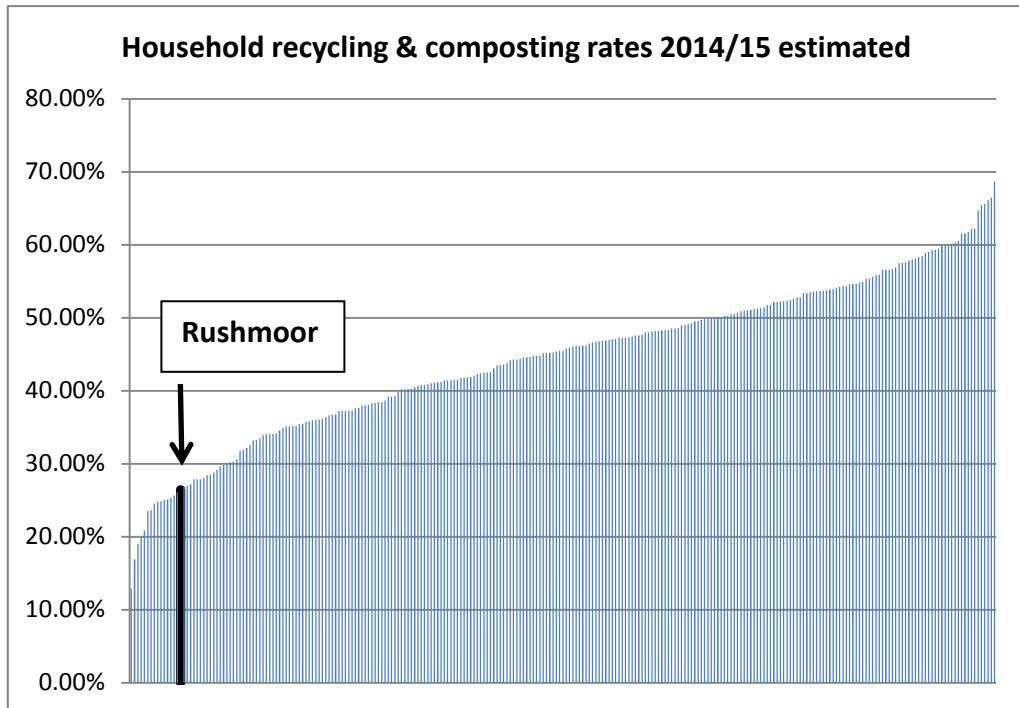
- 4.6 The bag and hook system was quickly superseded by second wheeled bins for recycling. These blue bins proved very popular with residents and provided them with a further 240L capacity, collected fortnightly. At this point, the weekly equivalent capacity for waste and recycling was 360L – some 270L greater than the “old” 90L refuse bin. The introduction of the blue bin saw a step change in the Council’s recycling performance, which rapidly climbed to around 20%. At this time, the Council was in the top quartile of authorities in terms of recycling rate and as part of Project Integra, was seen as one of the leaders in recycling.
- 4.7 As recycling became more popular, the demand by residents to be able to conveniently recycle more lead to the Council introducing its fortnightly kerbside glass collection service through the provision of 45L baskets, increasing the weekly equivalent capacity to 380L, more than four times that of the old dustbin.
- 4.8 These services have been supplemented by:
- A chargeable garden waste collection service, initially using bags, but the wheeled bin option is now by far more popular
  - A waste battery collection service

In addition, the local household waste and recycling sites provide residents with further recycling facilities, albeit on a bring basis.

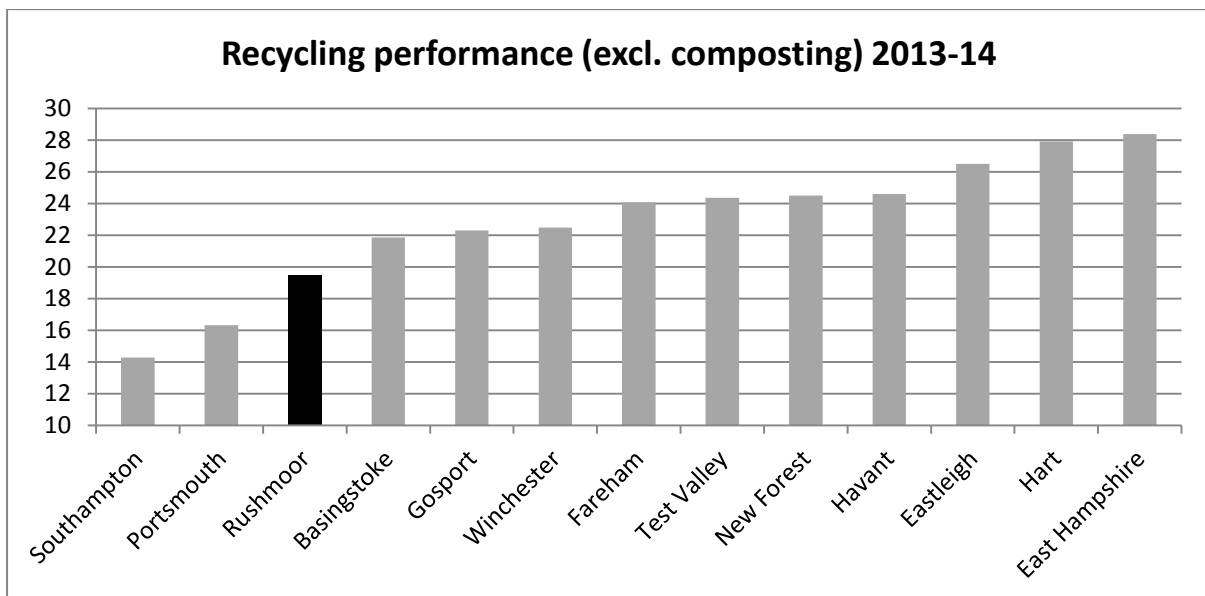
- 4.9 Since 2008, the Council has been providing all new and replacement bins as 140L capacity (except for large families) and this remains the current policy.

## **5 Recycling Performance**

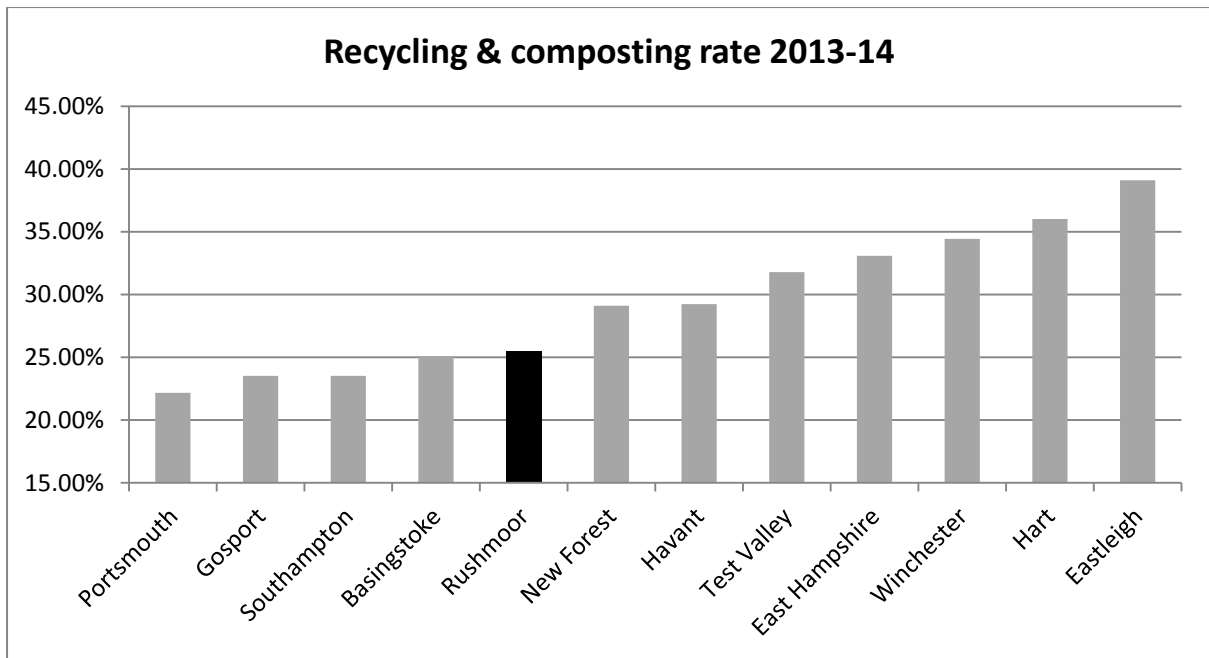
- 5.1 Despite these endeavours, the Council’s current recycling performance currently stands at around 26%, which falls well short of the UK target to recycle or compost 50% by 2020. The graph below shows Rushmoor in a national context. On investigation, most of the authorities with recycling rates lower than Rushmoor have challenging circumstances such as large areas of extremely high density housing which make waste and recycling collections more difficult.



5.2 Turning to the local Hampshire picture, in terms of recycling performance, the Council is the worst performing District Council in the County as shown below.

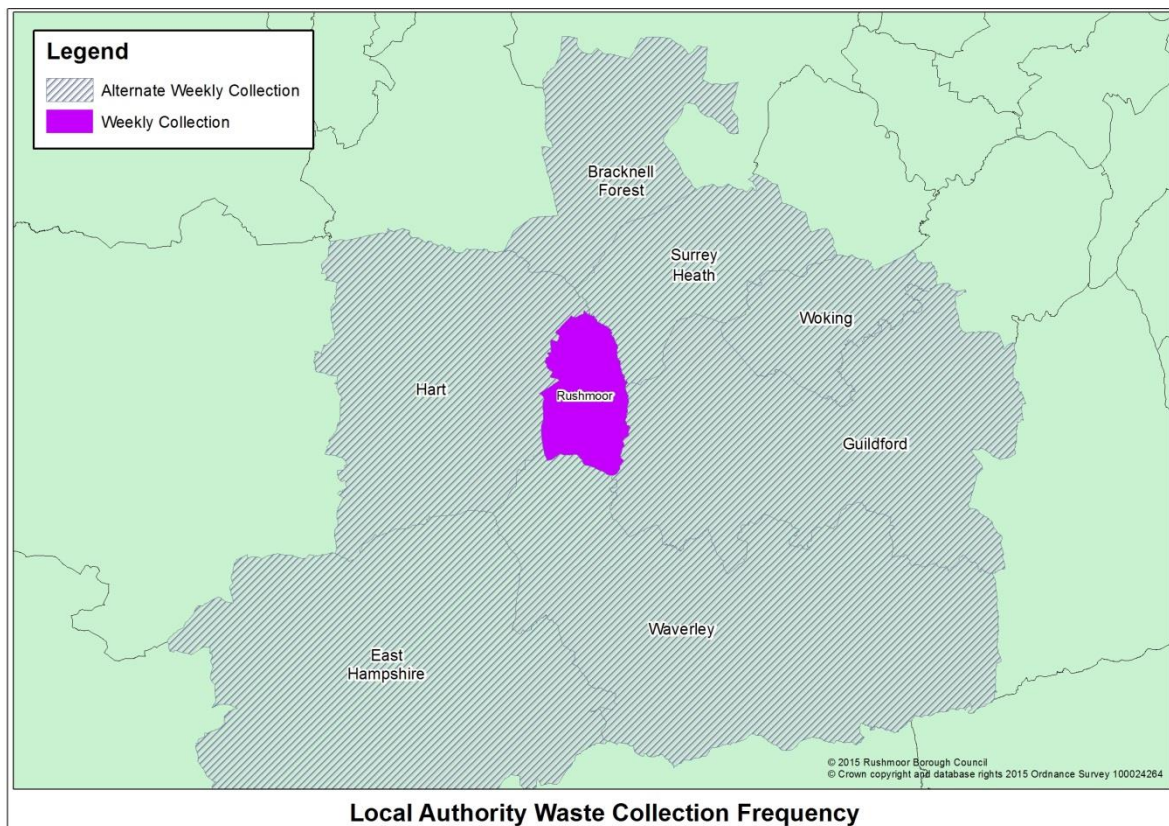


5.3 If composting is included, then the Councils position improves slightly, reflecting the success of our garden waste collection service.



5.4 Comparing waste collection methodology across Hampshire shows that eight out of the 13 authorities collect residual waste on a fortnightly basis and that the top six performers for recycling and composting across the County have adopted AWC.

5.5 Turning to our neighbouring councils, AWC is the preferred approach in Hart, Bracknell Forest, Surrey Heath, Woking, Guildford, Waverley and East Hampshire – as shown in the map below.



5.5 There are other options to improve recycling rates other than AWC. These include:

- ❑ Free garden waste collections - this would significantly increase the composting rate (by around 7%) but would, at the same time, significantly increase our costs (by around £500k per year)
- ❑ Incentive schemes – these have been introduced by a few councils, usually in conjunction with a service change making it difficult to assess their effectiveness alone, but is estimated to be quite marginal. Schemes are expensive involving the introduction of weighing equipment on board the freighters. An example where this approach is used is the London Borough of Ealing, with costs around £380k per year.
- ❑ Increasing the range of materials collected – at present we are unable to extend the range of materials collected to include for example tetrapaks, aluminium foil, yoghurt pots, as these fall outside the input specification for the Hampshire facilities. This is being reviewed but even with changes, would not increase the recycling rate significantly owing to the materials being lightweight in nature.
- ❑ Education – education programmes alone would not (based on experience in Hampshire) make a significant improvement in the recycling rate (likely to be around 1%). This is not to undermine the importance of education in terms of encouraging behavioural change and any recycling system change is best supported by an education campaign. A typical campaign for a Borough such as Rushmoor would involve employing four recycling advisors at a total cost of around £100k. We estimate this would reduce contamination by about 2% with an overall impact on the recycling rate of around 1%
- ❑ Volume restriction – restricting the volume of residual waste capacity has been shown to drive up recycling performance. This can be achieved in two ways:
  - reducing the frequency of collection (AWC), and for
  - reducing the volume of the residual waste bin

## 6 Cost of Service

6.1 The refuse and recycling element of the contracted services costs in the region of £2.1m. This followed a procurement process undertaken in 2001. The contract was subsequently extended by eight years in 2009, following soft market testing carried out by our consultants White Young Green (WYG).

6.2 Notwithstanding, we recently (2014) participated in a countywide benchmarking exercise. Rushmoor's service at £53.80 per household was the most expensive of the six contracting authorities, with the average being £41.11 per household and the lowest £32.09 per household. Based on the knowledge of our consultants about the current state of the market, we anticipate being able to make a substantial saving on the like for like basis on the existing service standard of around £100k.

- 6.3 Additional to the Council's cost of collection, the County Council spends approximately £4m per year in disposing of Rushmoor's waste. As the costs of processing recyclables are far less than for incineration and landfill, then any increase in the amount recycled reduces overall costs to them and therefore the Hampshire taxpayer. A large proportion of HCC's costs are fixed, but a 7-8% improvement in Rushmoor's recycling could save approximately £90k for HCC in terms of their variable costs.

## **7 Alternate Week Collection Trial**

- 7.1 For a number of years elected members have expressed the desire to improve recycling performance. As a result, the Council operated a trial of AWC across around one fifth of the Borough (6,500 properties) in 2007. The trial operated over a six-month period starting at the end of January and finishing in July accounting for both summer and winter months. The trial was successful in generating a step change in recycling performance from 23% to 36% in the trial area. Complaints were also low in number with 125 substantive complaints over the 6-month period of the trial and in the mobilisation period beforehand. To put this in context, in the trial area, the Council made over 170,000 collections over the 6-month period. Significantly, there was no evidence of increase in fly tipping or complaints about vermin.
- 7.2 The Council was able to learn a great deal about the service during the trial, including the impact of a reduced collection frequency on larger families (particularly those with children in nappies). Officers worked with such families to ensure that they were able to cope with the capacity of their bins and to ensure they were recycling all that they could. If residents found that whilst recycling correctly, they still had too much refuse, the Council committed to taking away what was left. This commitment was called the Rushmoor Pledge. Additionally, there are some blocks of flats that cannot accommodate sufficient bins to cope with a reduced collection frequency, therefore those in the trial area retained a weekly service. The Council also delivered a comprehensive communications campaign to support residents in the trial area. This included a number of letter and leaflet drops, press releases and dedicated recycling advisors to help advise residents on waste management issues.
- 7.3 At the conclusion of the trial in 2007, the Council surveyed all participating households to establish their views about the trial. With nearly 3,000 returned surveys, the response rate was 45% and sufficient to have confidence in the data. Overall satisfaction with the service was high with 84% of respondents satisfied with the recycling service and 72% satisfied with the refuse service. When asked if residents would prefer to adopt AWC permanently, or to retain a weekly collection with smaller bins (at higher cost), 51% opted to permanently switch to AWC.
- 7.4 At the time, the Council chose not to proceed with an extension of AWC across the Borough.

## **8 Residents Feedback 2014**

- 8.1 To enable the Council to get a better understanding of the public's attitude towards waste and recycling, the Council commissioned a series of focus groups that were held in October last year. Eight focus groups were held in total, with eight respondents in each taken from across the Borough and representative of the demographic. In each group, residents explored a range of topics relating to the waste service including motivations and barriers to recycling, recycling performance and residents views of system change.
- 8.2 Most respondents were actually surprised by the Council's low recycling performance, as residents believed that performance was much higher. Residents were also aware that performance in neighbouring areas is significantly better and articulated a desire to catch up. Most respondents felt that reducing the waste collection frequency would drive better recycling outcomes through increased awareness and necessity to recycle. Some, particularly those with children in nappies, were concerned about how to cope with a reduced frequency citing concerns about bin capacity, flies and vermin.
- 8.3 Overall, some residents were supportive of retaining a weekly collection service, but others felt that they would be content with a reduced collection frequency if they were to understand the benefits to them. Particularly, respondents felt there should be some form of benefit returned to the community in return for an improved recycling performance and this will be addressed through the member group and the contract negotiations.

## **9 Cabinet Working Group**

- 9.1 To assist the Cabinet in understanding the detail of the services to be procured, it established a working group. The group, which met on eight occasions, comprised of Councillors Roland Dibbs, Adam Jackman, John Marsh, David Clifford, Clive Grattan and Mark Staplehurst.
- 9.2 This group agreed the objectives of the procurement process as follows:
- Reduce costs in line with the 8-point plan
  - Maintain or improve service quality
  - Improve recycling performance
- 9.3 Given the requirement to generate savings and improve recycling performance through the contract procurement, the Working Group were presented with three options for the waste collection specification. These are listed below with likely impact on costs and recycling performance attributed to each:
- Retain weekly collections with current policy of rolling replacements of 140L bins:
    - very gradual improvement in recycling performance
    - no savings generated



- Retain weekly collections with Borough-wide 140L bins:
  - some improvement in recycling performance
  - no revenue savings
  - approximately £700k capital expenditure for new bins
- Move to AWC
  - step-change in recycling performance (expected performance in the region of 33-35%)
  - likely £400k per annum revenue saving

9.4 The working group discussed the above options and were divided in their opinion. Some members felt that savings should be explored through other areas such as changes to working patterns and times, better use of technology and any other innovative ideas that contractors can suggest. Other members of the group felt that the only way to achieve the procurement objectives was a move to AWC.

9.5 The working group's conclusion on the waste collection specification is set out below:

"Three members of the group preferred the following option, whereas two members wished to see fortnightly collection of residual waste introduced:

- Dry mixed recycling (blue bins) – fortnightly
- Glass (blue box) – fortnightly
- Residual waste (green bin) – weekly
- Garden waste (chargeable service) – fortnightly.

It was recognised that this option would not realise the £400k per year projected potential estimated saving from introducing AWC, nor would it meet the Council's requirement to improve the recycling rate. There was consensus that AWC would need to be introduced if it were deemed a financial imperative by the Cabinet.

Additionally, members were keen to explore other areas of saving that did not include reducing weekly household waste collection, such as reducing collection days and using technology to improve routes etc, although, as stated, this would not come close to the £400k savings. However, these issues would be picked up as part of the dialogue phase of the procurement process."

## **10 Financial Implications**

10.1 The overall cost of the waste service is currently £2.1m per year including routine and additional work, representing around one sixth of the Council's net spend.

10.2 The Council continues to face significant financial risk over the medium-term through the continuing deficit reduction programme of Central Government, uncertainty over future funding streams, general economic pressures and increasing demand for services. The Medium Term Financial Forecast,

presented to Cabinet in January 2015, indicated a requirement to save approximately £2.5m over the next three years. The Council plans to address this shortfall and move to a sustainable financial position by implementing its 8-Point Plan. The Plan consists of eight work-streams with key projects sitting within each stream, all of which contribute to reducing our net cost of services. The re-provision of this major contract is a key project under the 'Better Procurement' work-stream and has the ability to secure significant financial savings through:

- The procurement process, and
- Changes to the specification

10.3 In terms of local government finance, the planned budget statement by the Chancellor to be made on the 8<sup>th</sup> July 2015 may provide more information on the likely future financial position of the Council. As this detail is not available at the time of preparing this report, a verbal update will be given by the Head of Financial Services at the meeting.

10.4 Whilst it is not presently entirely clear, it would be remiss not to mention again in this section of the report, the possibility of EU fines being imposed on the Government for potential failure to reach the recycling targets set nationally. It is believed that if such fines were applied, the Government would legislate to pass these through to the waste collection authorities whose performance was deemed unsatisfactory. This would inevitably, on current performance, include Rushmoor.

## **11 Conclusions**

11.1 Rushmoor's costs for dealing with waste and recycling are high compared to other Councils and our recycling rate is one of the lowest nationally.

11.2 The working group established three objectives for this procurement:

- Reduce costs in line with the 8-Point Plan
- Maintain or improve service quality
- Improve recycling performance

11.3 This is in reality, a once in 10-year opportunity to review the services, as any significant changes during the contract period will be costly to make. As the contract is relatively long term the Council needs to have regard to the future, especially in terms of its finances over the medium term.

11.4 A key issue in meeting the current objectives is the approach to waste collection and recycling. Reducing the frequency of the residual waste collection presents an opportunity to meet the objectives of cost reduction (£400k) and improved recycling performance through the introduction of AWC. The scheme has been shown to work across the country with over 76% of UK authorities now operating the scheme. Indeed this was reflected in Rushmoor during the 2007 trial.

- 11.5 During the trial in 2007, the Rushmoor Pledge was successfully used to help people who continued to struggle with refuse capacity despite recycling correctly and if AWC were to be introduced, this could continue.
- 11.6 During the recent focus groups, residents expressed surprise at the Council's low recycling performance and were keen to see improvements. AWC were considered by the groups and whilst some residents expressed a desire to retain weekly collections of residual waste, most felt that they could cope. The concept of returning a benefit to the community for residents recycling efforts was popular.
- 11.7 It is recognised that there will be some opposition to any change to the residual waste collection frequency, but experience elsewhere has shown that this soon dies down and can be mitigated by intensive education and support for residents.

## **12 Recommendations**

- 12.1 Cabinet are recommended to consider the options for the future specification for refuse and recycling and specifically, to decide whether to:
- a) Retain the existing frequency of collection for residual waste, or
  - b) Change to AWC for residual waste. If agreed, this option would represent a significant change in service, and constitutionally, the matter needs the consideration of full Council
  - c) Reduce the size of the residual waste bin and maintain existing collection frequencies

**David Quirk**  
**Corporate Director**