



**COUNCILLOR
BERNIE MOONEY**

CABINET

27 June 2016

Domestic Refuse Collection Outline Business Case

Councillor Bernie Mooney, Cabinet Portfolio Holder Environment said:

“Ensuring an attractive local environment for this generation and the next is one of the most important pledges in the Wirral Plan. A fundamental part of this is making sure that Wirral meets its targets in relation to recycling.

“A lot of work has been done already to improve our performance and now we need to move onto the next stage. We want to hear the views of every resident as we investigate changes to how we collect waste to make sure the option we choose for the future is the one which puts us in the best possible position to become a greener, cleaner borough.”

REPORT SUMMARY

Cabinet approved the Council's Waste Management Strategy 2015 – 2020 in December 2015. The Strategy is one of 2 underpinning strategies established to deliver the Council's pledge to create an 'attractive local environment for Wirral residents.'

Cabinet were advised of the requirement to transform waste management arrangements through the Waste Management Strategy in order to achieve targets for recycling.

In particular the transformation of the Council's waste management arrangements is required to enable the Council to deliver the 2020 and legislative target for achieving 50% recycling of domestic waste.

The Council's current recycling performance is 37% and therefore significant changes will be required to existing arrangements in order to reach 50% by 2020. Officers have projected that over 16,000 tonnes of current residual (green bin) waste must be recycled in the future to achieve the 50% 2020 target.

Cabinet instructed officers to carry out an options appraisal exercise to consider options for future waste management arrangements that will achieve the 2020 target and to present recommendations for future waste management following the conclusion of the exercise.

The options appraisal exercise has involved a detailed assessment of a full range of options for the future. The exercise has centred on a series of workshops to identify waste management system options and to test these against critical success and deliverability factors.

Through the workshop exercise officers have identified a shortlist of 2 options; these options form the basis of the Outline Business Case.

It is intended to conduct a detailed technical assessment of the 2 remaining options in order to prepare the Full Business Case that determines the recommended option for the Council's future waste management provision.

This matter affects all Wards in the Borough and is a Key Decision.

RECOMMENDATIONS

Cabinet is recommended to:

1. Approve the Outline Business Case set out in this report and instruct officers to carry out further detailed work on the two short-listed options in order to prepare a Full Business Case and recommendations for future domestic refuse collections, to be reported to a future meeting.
2. Approve the proposed approach to public consultation on the short-listed options as set out in section 9 of this report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATIONS

- 1.1 The Council's current recycling performance is below the level required to meet 2020 targets and although the existing waste management system can be improved, such improvements will not meet the required targets alone. Cabinet approved the Waste Management Strategy in December 2015, the strategy sets out the medium term requirements for waste management legislation and the scale of the task required achieving and exceeding 50% recycling by 2020.
- 1.2 The options appraisal exercise has considered various options to identify waste management systems that can achieve targets as well as contribute to the Council's medium term financial plan. The options shortlist set out in the Outline Business Case will be subjected to a detailed technical assessment as part of the Full Business Case.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council's existing waste management arrangements and performance is improving and can be improved further. Levels of recycling have increased during 2015/16 through the delivery of a number of initiatives. Officers believe that through the continuation of such initiatives recycling performance will increase from 37% (2015/16 outturn) to 42% by 2018/19. However this will be an optimal level of performance and therefore the improvements to current waste management arrangements will not achieve the 2020 targets. Projected savings to waste disposal costs through improved recycling performance would also not be realised.

3.0 BACKGROUND INFORMATION

3.1 Wirral Council's Waste Management Performance

- 3.1.1 Over the past 10 years the Wirral has been one of the highest performing authorities on Merseyside for recycling, having invested some time ago in new infrastructure and making changes to collection arrangements that significantly increased participation in recycling. Wirral introduced alternating weekly collections (AWC) between recycling (grey bin) and residual (green bin) collections over a number of phases between 2006 and 2007. As a result of this major service change, Wirral's recycling rate increased from 12.4% in 2005/06 to 36.3% in 2008/09. A further recycling increase 4% was achieved in 2010/11, due to the introduction of street sweeping recycling, which brought Wirral's total recycling to just over 40% in 2011/12.
- 3.1.2 However since reaching this position the Council's recycling performance has levelled out and in recent years dropped. The introduction of a chargeable garden waste collection service in 2013 resulted in the quantity of garden waste tonnage collected reducing from 15% to 11%, with the garden waste previously collected being composted or in some cases put in the residual bin.

This has been the main cause of the drop in recycling performance, which has seen a 4% reduction from the peak in 2011/12 of just over 40% to 36% in 2014/15. However the Council's Garden Waste Collection service continues to grow attracting over 39,000 subscribers in 2015/16 and generating an income of over £1.2M

- 3.1.3 Wirral's recycling performance still compares well with other City Region authorities with the majority having lower performance levels, despite our performance trailing off recently.

3.2 Waste Management Options Appraisal Exercise

- 3.2.1 In order to achieve the target of 50% recycling by 2020 an additional 16,289 tonnes of current residual green bin waste will need to be recycled. The Waste Management Strategy approved in December, sets out the projections in waste collected required to achieve the 2020 target. New waste management arrangements will be needed to create the necessary shift from residual waste collections to other forms of recycling. The scale of task facing the Council is movement of over 16,000 tonnes of waste current going into green bins to be collected for recycling.

- 3.2.2 In order to carry out the options appraisal exercise a project team was established in January, along with a timeline setting out the key milestones of the exercise leading up to an anticipated commencement of new waste management arrangements in the spring of 2017.

- 3.2.3 Through the options appraisal exercise, officers have considered a range of solutions for enhancing existing waste management arrangements.

In total 11 options for future waste management arrangements have been considered, these were identified through a study of best practice and highest levels of performance across the country.

The longlist of waste management options, including a no change to current system, are set out in **Appendix 1** along with initially identified advantages and disadvantages for each option.

- 3.2.4 The critical success factors used to consider the longlist of options were as follows:

- 1) To achieve the objectives of the Wirral Plan
- 2) To support long term sustainable resource management objectives
- 3) Deliverability
- 4) Resident ownership and participation
- 5) Local environmental impact
- 6) Compliant with legislation
- 7) Flexibility and adaptability

The waste management system options were measured against the critical success factors using a 0 – 4 scoring system.

- 3.2.5 Workshops were held in January to determine an initial shortlist of 4 options using the scoring system above. During the workshops the Project Team were supported by a range of partners and colleagues including the Merseyside Recycling and Waste Authority and representatives from the Procurement, Policy and Transformation teams. The completed score sheet produced during the workshops to identify the initial shortlist is attached in **Appendix 2**.
- 3.2.6 The initial shortlist of options was further scrutinised through a third workshop in March. Officers were supported for this exercise by waste experts from the University of Central Lancashire (UCLAN) and the complementary use of the 'Wastecosmart' European Project Decision Support Tool. Through this exercise a further 2 options were eliminated to create the reduced shortlist for the Outline Business Case.
- 3.2.7 An overview of UCLAN's work and the Wastecosmart project, along with the scoring charts produced through use of the Decision Support Tool are attached in **Appendix 3**.

3.3 Options Shortlist

The options appraisal exercise has identified the following 2 options for future waste management provision. Both remaining options involve establishing weekly separate food waste collections and changing residual green bin collections, either by reducing capacity through a smaller bin (option 1) or reducing the frequency of collection (option 2).

The current fortnightly dry recycling (grey bin) and garden waste (brown bin) will continue as part of both options.

It is officer's view that both options achieve the 2020 recycling target.

OPTION	GREEN - RESIDUAL BIN	GREY - MULTI MATERIAL BIN	NEW FOOD BIN
1	NEW 140L EVERY 2 WEEKS	240L EVERY 2 WEEKS	23L EVERY WEEK
2	CURRENT 240L EVERY 3 WEEKS	240L EVERY 2 WEEKS	23L EVERY WEEK

4.0 OUTLINE BUSINESS CASE

4.1 Strategic Case

The Wirral Plan pledge to create an attractive local environment for Wirral residents includes the commitment to achieve 50% recycling by 2020. The Waste Management Strategy that sets out the required level of service change was approved by Cabinet in December. Cabinet have subsequently requested to receive recommendations for a waste management arrangement that will achieve the required increase in recycling performance.

4.2 Economic Case

Through the options appraisal exercise a longlist of options has been prepared through the identification of best practice and performance and then studied against a set of critical success factors. Details of the options appraisal longlist, including advantages and disadvantages of each is attached in **Appendix 1**.

4.3 Commercial Case

4.3.1 Variations to the Council's Waste Recycling and Street Cleansing Services Contract will be required to facilitate the introduction of new waste management arrangements. The contract with Biffa Waste Services Ltd has been extended and will now run until 2027, although there is a break clause window in 2023.

4.3.2 Food waste collections can be added to the range of contractual arrangements because the collection of organic waste was included within the scope of the contract's original OJEU notice.

4.4 Financial Case

The technical assessment to be delivered as part of the Full Business Case will include analysis of the financial implications of the remaining options. Both options will require significant initial capital expenditure to invest in the necessary infrastructure to establish new services which will then lead to future efficiencies and savings from this initial outlay.

The assessment will also study the potential savings in waste disposal and operational costs through each option.

4.5 Management Case

4.5.1 The implementation of new waste management arrangements will affect every Wirral household; it will involve the biggest service change since alternating waste collections were introduced in 2006.

4.5.2 The delivery of a mobilisation plan will have a significant impact on the capacity within services and partner organisations at the time of implementation and the Full Business case will set out the implications of this.

4.6 Full Business Case

The technical assessment to be completed as part of the Full Business Case will cover all aspects of waste management provision and the case for change including:

- Domestic refuse storage and collection arrangements for terraced properties and other locations requiring specific solutions.
- Visiting and learning from other authorities with similar provision to the waste options being considered.
- Recycling medium and long term performance projections
- Modelling of the operational arrangements and systems.
- Review of the Council's waste management policies and their enforcement.
- Mobilisation plan and resource requirements for establishing new waste management arrangements.
- Future proofing vehicle fleet provision including dynamic communication channels with residents.

5.0 FINANCIAL IMPLICATIONS

5.1 Transforming recycling performance to achieve the 50% target will provide the Council with savings, both in terms of reduced disposal costs through the waste levy and potentially operating costs from changed collection arrangements.

5.2 The cost of waste disposal is expensive with the Council's waste levy apportionment for 2016/17 being £15.4M. There also remains a potential for such costs to increase further unless changes are made to the way waste is managed.

5.3 It is difficult to predict the level of levy saving as the current levy apportionment is relative performance of other member authorities. The levy apportionment formula is due to be reviewed as part of the Liverpool City Region's strategic waste review due to be undertaken in 2016/17. Should the formula be changed to incentivise levels of recycling (rather than currently being based purely on tonnage generated), transforming the Council's performance would result in significant reductions to the Council's levy costs.

5.4 An illustration of how expensive waste disposal costs can be is Greater Manchester where one authority's waste disposal costs are £36m per annum, compared to our levy apportionment of £15.4M for this year. Such expensive disposal costs and an incentivised levy formula towards recycling have pushed Greater Manchester authorities into adopting new waste management arrangements in order to transform recycling performance.

- 5.5 The Full Business Case options will articulate the financial case for change and scale of benefit to the Council for each potential waste solution. The options being considered will require significant capital investment; officers will therefore set out 'invest to save' opportunities and medium and long term benefits coming in return from such initial investment.

6.0 LEGAL IMPLICATIONS

- 6.1 The E.U. Waste Framework Directive 2008 provides the legislative framework for the collection, transport, recovery and disposal of waste. The directive requires all member states of the EU to take the necessary measures to ensure waste is recovered or disposed of without endangering human health or causing harm to the environment and includes permitting, registration and inspection requirements. The Waste (England and Wales) (Amendment) Regulations 2012 were laid before Parliament and the Welsh Assembly on 19 July 2012 and came into force on 1 October 2012.
- 6.2 For local authorities, the Directive includes targets for member states to reuse and recycle 50% of household waste by 2020 and the EU is currently proposing that these targets increase to 65% by 2030. England's recycling rate for 2013/14 was 44.5% as confirmed by DEFRA. If the targets are missed, there are provisions in the Localism Act for any fines imposed by the EU to be passed down to local authorities.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 7.1 The technical assessment to prepare the Full Business Case will be delivered in-house with existing resources. The technical assessment of the 2 options will consider the full resource implications for the Council and its partners, in order to set these out in the Full Business Case.
- 7.2 The scale of the service change being proposed will require significant planning and resourcing. The Full Business Case will therefore set out details of the mobilisation plan to establish new services, along with timescales for implementation and overseeing governance arrangements.

8.0 RELEVANT RISKS

- 8.1 The development of the Outline Business Case has involved a detailed and thorough approach to the options appraisal project's management. Both the Outline Business Case and Full Business Case will be delivered in house and the project team are managing the risks associated with developing the recommendations for future waste management arrangements. However due to the importance of the decision to be taken, it has been recommended that an external third party be commissioned to validate the Full Business Case in order to provide assurance. Cabinet approved the use of external support for project validation in December 2015.

8.2 The Full Business Case will consider the risks associated with each of the remaining options. However headline risks associated with new waste management arrangements include the following:

- The new waste collection arrangements do not create the required capacity to facilitate the level of shift required from residual waste to recycling provision.

Control – thorough testing the recommended collection model prior to implementation.

- Participation levels in recycling fail to rise to the levels required to achieve the 2020 target.

Control – resident engagement through forums and door stepping exercises, detailed analysis of participation levels, ongoing follow up support to residents.

- Levels of fly tipped domestic refuse increase and increased levels of contamination within recycling provision.

Control – enforcement of waste policies and promotion of action taken.

9.0 ENGAGEMENT/CONSULTATION

9.1 It is recommended that the Council carries out a public consultation exercise regarding future waste management provision. The scale of service change being proposed to waste management arrangements means that all households will be affected.

9.2 It is therefore proposed to carry out a consultation exercise with residents on the options for future waste management and the reasons behind the need to change current arrangements.

9.3 The conclusions of the consultation exercise will be included within the Full Business Case to help shape the recommended solution for future waste management.

10.0 EQUALITY IMPLICATIONS

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because Equality Impact Assessments will be carried out as part of the Full Business Case for the remaining future waste management options.

REPORT AUTHOR: Mike Cockburn
Senior Manager (Waste & Environment)
telephone: (0151 606 2453)
email: mikecockburn@wirral.gov.uk

APPENDICES

Appendix 1 – Waste Management Options Appraisal Longlist
Appendix 2 – Waste Management Options Appraisal Shortlisting Scoring
Appendix 3 – UCLAN Wastecosmart European Project and Decision Support Tool

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Wirral Council Waste Management Strategy 2015 – 2020.	17 December 2015
Cabinet - Refuse and Environmental Streetscene Services Contract – Enhanced Contract Extension Offer Following Strategic Director Negotiations.	14 December 2014