

Report of	Meeting	Date
Director of People and Places (Introduced by the Executive Member for Places)	Executive Cabinet	24 November 2011

## WASTE CONTRACT UPDATE

### PURPOSE OF REPORT

- To provide an update on the performance of the waste contract and agree how we introduce food waste collections.

### RECOMMENDATION(S)

- The Council introduce food waste collections to those properties (37,500) with a garden waste collection (brown bin) in March 2012.
- That separate food waste collections from properties without gardens (8,500) are deferred for the duration of the contract (2019) which would save £70,000 per year.

### EXECUTIVE SUMMARY OF REPORT

- Veolia have continued to meet their monthly performance targets and Chorley achieved a recycling rate of 48.55% in 2010/11, the best in Lancashire.
- The new Farington waste technology park (WTP) has passed the acceptance test for composting food waste. Co-mingled food and garden waste collections to start in March 2012.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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<b>Key Decision?</b> Please bold as appropriate	Yes	No
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<b>Reason</b> Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	<b>4, Significant impact in environmental, social or physical terms in two or more wards</b>

## REASONS FOR RECOMMENDATION(S)

### (If the recommendations are accepted)

6. By starting co-mingled food and garden waste collections to properties with gardens in March 2012 the reputational risk to the Council will be reduced compared to starting these collections now when garden waste tonnages diminish over the winter months. There is the possibility we could experience disruption to collections if there was another period of severe winter weather. There are no additional costs, apart from initial publicity, in providing co-mingled food and garden waste collections and it has the potential to increase the recycling rate.
7. Lancashire County Council has indicated that separate food waste collections are no longer a requirement of the current cost sharing agreement. Therefore, by deferring food waste collections from properties without gardens for the remaining seven years of the contract the council will save £70,000 per annum (plus RPIX).

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. To introduce co-mingled food and garden waste collections now. There is the possibility of disruption due to severe weather and operational issues at Farington WTP over the winter months. It would seem prudent to delay the introduction of co-mingled food and garden waste collections until spring (March 2012) to ensure the scheme has a successful start.
9. Lancashire County Council do not require diversion all food waste for composting. Leaving some food waste in the residual waste will assist with energy generation at Farington WTP.

## CORPORATE PRIORITIES

10. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	X
Safe Respectful Communities		Quality Community Services and Spaces	X
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			X

## BACKGROUND

11. Veolia Environmental Services plc were awarded a ten year contract for collection of household waste and recycling following a competitive procurement exercise. The contract commenced in April 2009 and includes an option to extend the contract for another two years.
12. The Lancashire Waste Strategy, which the Council adopted, contains a commitment to providing food waste collections for composting. An update on food waste collections was presented to Cabinet on 17<sup>th</sup> February 2011. The recommendation to delay food waste collections to properties without gardens for a minimum of 12 months was accepted along with the need to report again to Cabinet once the facility at Farrington was available to compost food waste.

## **WASTE MANAGEMENT CONTRACTOR'S PERFORMANCE**

13. Veolia have met their monthly performance targets for keeping recycling bring sites tidy, kerbside collections, container deliveries and bulky household collections for the past 18 months. Veolia carry out over 5 million waste collections each year on the Council's behalf. Missed bin collections are currently running at 36 per 100,000. This equates to 99.96% of collections taking place as scheduled. Performance is monitored on a monthly basis and if a resident reports repeated issues with missed collections the Council's waste management team will visit the property and work with Veolia to resolve the issue.
14. The recycling target for 2010/11 was 50%; the recycling rate achieved was 48.55% which is the best in Lancashire. This is a 1% increase on the 2009/10 figure. Two Councils in Lancashire saw a slight decrease in their 2010/11 recycling rate compared to the previous year. It is suspected that the downturn in the economy may have resulted in a decrease in paper and card and the severe winter affected garden waste tonnages. Discussions are taking place with Veolia on how we can improve the recycling rate in 2011/12 and beyond.
15. Through on going effective contract management Veolia and ourselves have identified efficiencies in the current contract. Veolia had assumed in their tender submission that Buckshaw Village would be substantially complete by 2012/13 and had included costs for additional vehicles and crews in their pricing schedule. This is not the case and a new cost profile has been agreed with Veolia passed on trigger points of 600 new properties. The expected saving for 2012/13 will be £90,000. This figure will be subject to RPIX and the saving will decrease year on year as property numbers grow.
16. A one off saving of £75,000 has also been identified by delaying the replacement of six waste collection vehicles by a year to 2013/14. This saving takes into account additional maintenance costs. All household waste and recycling is now delivered to Farington WTP so all tipping takes place on hardstanding which reduces vehicle wear and tear. The residual value of the six replacement vehicles would remain with the Council at the end of the contract or could be passed to the new contractor.

## **FOOD WASTE COLLECTIONS**

17. The Council adopted the Lancashire Waste Strategy which contains commitments to collect food waste separately for composting and a target to recycle and compost 56% of municipal waste by 2015. Currently 4,500 properties in Mawdesley, Eccleston, Chorley and Astley Village participate in the food waste collection trial, which started in February 2009. Residents can co-mingle their food and garden waste in their brown bin for composting, participation rates average 84%. No caddies or compostable liners were provided to households on the trial.
18. South Ribble Borough Council and Preston City Council undertook trials collecting food waste separately from terraced properties. The participation rate was 35% for South Ribble and 40% for Preston City Council. As participation rates are lower when compared to properties with gardens the cost per tonne of food waste collected is significantly more expensive for these property types. Pendle Council suspended their separate food waste in October 2011 to 7,000 terraced properties partly because of the high cost of collection.
19. It is proposed to start collections of co-mingled food and garden waste from all properties with a brown bin (approximately 37,500 properties with gardens) from March 2012. Other than initial publicity costs, no additional costs for vehicles or containers are required for this scheme. As the Farington WTP only passed the acceptance tests for food waste in September it is prudent to wait until after the winter period before fully introducing co-mingled food and garden waste collections. Introducing the new changes in March 2012, at the start of the growing season, will ensure that residents will have significant amounts of garden waste to mix their food waste with and the service is unlikely to be disrupted by

severe winter weather. This will also allow sufficient time for publicity material to be prepared and distributed.

20. LCC no longer require separate food waste collections from all properties as part of the current cost sharing agreement. The cost of weekly food waste collections to properties without gardens (approximately 8,500 properties) is £70,000 per year. This figure will increase subject to RPIX and does not include the one off capital costs of £30,000 for purchasing the outdoor collection caddies. Leaving some food waste in the residual waste stream will assist the Farington WTP in energy generation.

21. **IMPLICATIONS OF REPORT**

22. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

23. The report sets out that through effective contract monitoring and partnership working a reduction of £165,000 in providing the service in 2012/13 will be achieved, with an annual saving thereafter. The new costs will now be factored into budget forecasts.

**COMMENTS OF THE MONITORING OFFICER**

24. The proposals do not place the Council in breach of any statutory or contractual duty.

JAMIE CARSON  
DIRECTOR OF PEOPLE AND PLACE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Jo Oliver / Jamie Dixon	5737 / 5250	21 October 2011	EC 24-11-2011 Waste contract update