

8. Strategic Review of Waste Management at Mid Sussex District Council

REPORT OF: HEAD OF LEISURE AND SUSTAINABILITY
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Wards Affected: All
Key Decision: No
Report to: Scrutiny Committee for Leisure and Community
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1.0 Purpose of Report

1.1 The purpose of this report is to provide an update and context for the current review of the West Sussex Joint Waste Materials Resource Management Strategy 2005 – 2035. The report also outlines the Waste Management issues which Mid Sussex District Council will need to consider during 2016/17 to enable the Council to specify the type of service that it wishes to deliver in the future.

2.0 Recommendation

The Committee is requested to

- a) Agree to principles within the revised Memorandum of Understanding (MoU) (schedule 6) and delegation of annually amended figures to the Head of Leisure and Sustainability and the Head of Finance;**
- b) Agree to establish a Members working group to assist with the development of options in the waste and recycling service to take forward to committee; and**
- c) Identify any specific questions within the waste and recycling collection service that Members would wish to have included within a public engagement process.**

3.0 Background

3.1 West Sussex County Council as the Waste Disposal Authority has commenced the early preparation for the Strategy review and is looking at the level and type of public consultation that would be appropriate for this process and are seeking views from the Waste Collection Authorities such as Mid Sussex, as to the type of issues that Collection Authorities would like to consult on. It is proposed to undertake a joint consultation exercise so that the Council can gain valuable information from stakeholders on local waste management issues.

3.2 Mid Sussex has benefited from being part of the West Sussex Waste Partnership with its joint strategy, rather than having a standalone strategy and having to negotiate every change to service. For example, we were able to launch a very simple and effective comingled recycling service as the infrastructure was being built to accommodate the processing of comingled recycle.

3.3 Underpinning the West Sussex Waste Partnership are two “MoU’s”. These have been reviewed and combined over the last 9 months and one of the more detailed aspects of this has been the financial payments made by the Waste Partnership to each District and Borough for recycling. This report seeks agreement to delegate the updating of the new MoU (schedule 6) which deals with payments to District and

Borough Councils to chief officers as the approach has already been endorsed by Council Portfolio Holders at the West Sussex Inter Authority Waste Group.

- 3.4 The Council's waste management contract (2007 – 2028) is nearing its mid-point and during 2016 it is intended to review the direction of the existing contract and to consider opportunities to revise the contract to keep pace with new waste targets and public expectations. Therefore there is an opportunity to engage with residents on the long term direction of the Waste Management service.
- 3.5 As this process will involve a number of meetings and reports whilst exploring a range of issues facing waste management in the coming year, it is suggested that a Members working group is re-formed to assist this process and to report back to the Scrutiny Committee.

4.0 Strategies

- 4.1 The West Sussex Waste Partnership's Waste Strategy for West Sussex (2004 -2009) was the first Joint Municipal Waste Management Strategy for the County. In 2005 the West Sussex Joint Materials Resource Management Strategy (2005 – 2035) was approved.
- 4.2 One of the Joint Waste Strategy's "daughter" strategies was the Joint Commercial and Industrial Waste Strategy (2010 – 2035) produced by the Waste Partnership and endorsed by each local authority in 2011. At Mid Sussex, the Council's Better Lives Advisory Group considered the report at its meeting on 9 March 2011.
- 4.3 West Sussex County Council wish to review the existing joint strategies following a decade since its formation and as part of this process will initially focus on the level and detail of public and stakeholder consultation required. The intention is to complete the review process by the autumn of 2016. Therefore, Mid Sussex has a well-timed opportunity to assist the shaping the future of Waste Management in West Sussex by contributing to this process.
- 4.4 The revised Waste Strategy will be looking to set out the strategic direction for waste i.e. diverting waste from landfill and improving the position of waste streams with reference to the waste hierarchy, but it will not make specific decisions for delivering the Strategy, as that will require individual business case decisions to be considered as they are developed and come forward.
- 4.5 As the strategy is likely to include a range of new waste policies across the Waste Partnership, this process will require a formal sign off process.

5.0 Major Contracts

- 5.1 Two major contracts have been let by West Sussex County Council following agreement to the Joint Strategy and its binding arrangements on Districts and Borough Councils who have signed up to the long term action plans.
- The Recycling and Waste Handling Contract (RWMHC).
 - The Materials Resource Management Contract (MRMC)
- 5.2 Following the implementation of those two contracts; two significant waste facilities have been built, including the Material Recycling Facility (MRF) at Ford, Littlehampton which opened in 2009 along with refurbished waste transfer stations

and bulking facilities across West Sussex. Secondly, the Mechanical and Biological Treatment (MBT) plant was constructed at Brookhurst Wood near Horsham, which opened in 2015.

6.0 Minor Contracts

6.1 There are additional minor contracts as part of the wider Waste Partnership, these include:-

- Clinical Collection and Disposal contract
- Abandoned Vehicle removal contract.
- Wastebuster school education contract.

7.0 Waste Partnership & Governance

7.1 Each major waste contract had a “MoU” signed by the Waste partnership first in 2005 and the second in 2009. The West Sussex Waste Partnership put governance arrangements in place with a Member led “Inter Authority Waste Group” (IAWG) supported by a Strategic Waste Officers Group (SWOG) which in turn were supported by operational input by the Waste Operations Services Group (WOSG) and a waste communications group.

7.2 The governance arrangements for the West Sussex Waste Partnership at Member, lead officer and operations & waste communications groups have been reviewed.

7.3 A summary of the structure of the “MoU” is set out in Appendix A to this report. As the new payment mechanism is updated on a yearly basis to keep pace with performance, agreement is therefore sought from the Committee to delegate the agreement to the schedule 6 updates to the Head of Leisure and the Head of Finance.

8.0 Mid Sussex Waste Management & Street Cleansing Contract

8.1 The current contract was let to Serco Ltd. and commenced on 1 August 2007 for a period of 21 years.

8.2 The waste contract was aligned to the requirements of the original waste strategy and enabled the introduction of the Alternate Weekly Collections known as “AWC” and comingled recycling collections through a simple two bin system. These steps gave Mid Sussex a significant step change in collection performance in the early years of the contract.

9.0 Emergent Issues

9.1 The Council is required to take into consideration the requirements of the Waste Hierarchy when making decisions about waste collection and processing. European Union policy on recycling has sharpened with new targets of 50% dry recycling and composting being set for 2020. This target has been adopted by England and could bring with it potential fines if the level is not achieved, but there is no legislative instrument to set out how that might be implemented. The European Union has also recently provided a directive on the Circular Economy December 2015; the implications of this are currently being reviewed to identify potential issues, which may need to be considered.

- 9.2 In January 2015, the Waste Regulations (England and Wales) 2011(amended 2012), English legislation was changed to take account of the European Union directives which requires the four key elements of dry recycling namely (paper, glass, plastics, metal cans) to be collected separately, unless the Council (Waste Collection Authority) can prove it can match or better the quality of the separate recycling through a comingled collection system. This process of undertaking a recycling quality compliance assessment is known as a “TEEP” assessment.
- 9.3 In addition, operators of Materials Recycling Facilities (MRF's) which process the dry recycling are now required by law, to increase sampling for individual waste streams to indicate the quality of the material being processed, furthermore to publish those results on an authority by authority basis.
- 9.4 The materials streams produced by recycling process are very much subject to international markets and since 2011, dry recycling materials being sold on English, European and International markets have taken a very marked downward trend in terms of value. Additionally, with the trend towards digital provision of newspapers, magazines and advertising media, the quantities of paper have reduced significantly. The impact of legislation to reduce producers packaging and the attempts by producers to reduce carbon emissions has also seen glass bottles being redesigned to reduce weight.
- 9.5 The potential imposition of fines to Councils failing to hit the 50% target by 2020 is subject to much debate. There has been no guidance whether the fine would be imposed on Waste Disposal Authorities or Waste Collection Authorities. Currently The Department of Environment Farming and Rural Affairs (Defra) has given no advice to the industry.

10. Preparations for the review of Waste Strategy

- 10.1 A number of projects have been undertaken in readiness for the review of the waste strategy and these include a number of projects which strengthen the Waste Partnership. It is intended that these will be brought before the Scrutiny Committee in future meetings.
- 10.2 Following the introduction of the Waste Regulations (England and Wales) 2011 (amended 2012) an initial “TEEP” assessment was undertaken on all dry recycling collections in 2014 by Waste Collection Authorities including Mid Sussex and was given Cabinet approval in February 2015. There are triggers which may necessitate re-running this process and they could include the acquisition of the new fleet of freighters for the second half of the Waste contract in Mid Sussex.
- 10.3 A Waste Composition Analysis project was undertaken by the Waste Partnership in September and October 2015, which will enable each collection authority to produce worked up business cases for collection of additional materials and for extracting recyclate which is being put in the wrong bin to be successfully collected in the future by tailoring future communications messages to their residents.
- 10.4 A recycling “Road Map” has been produced which suggests a series of options that might be explored and potential service changes that might be implemented to take the Council towards the new national targets, within the context of the Waste Partnership.
- 10.5 For Mid Sussex specifically, there is an opportunity to review the Waste Management and Street Cleansing Contract awarded to Serco Ltd. As we approach the mid-point

in the contract and have to make decisions on the shape and feel of the service for the second half of the contract 2018 - 2028, there are opportunities to modify or realign the contract to provide focus and resource in areas of future need depending on the business case.

11. Next steps

11.1 Stakeholder engagement

- 11.1.1 West Sussex County Council is seeking the Council's views on the public and stakeholder engagement process. A joint consultation would be beneficial so as to pick up on the strategic and local aspects to any future waste management strategy.
- 11.1.2 The Inter Authority Waste Group has agreed that the recycling "Road Map" options should be fully costed from a Waste Disposal Authority and Waste Collection Authority perspective, to enable future decisions to be made on those options.
- 11.1.3 Mid Sussex needs to understand how these suggested options and new services could operate in the field, and how the best performing Waste Collection Authorities achieve good recycling rates, whilst still delivering good value for money services.
- 11.1.4 Mid Sussex needs to review the direction of travel for the current Mid Sussex Waste Management contract with Serco, and undertake a fresh TEEP analysis ahead of specifying the contract and vehicle requirements in 2017 for delivery in January 2018. The Council may wish to seek independent waste management advice which will need to be procured to help the delivery of the Waste Strategy.

12. Conclusions

- 12.1 The "MoU" has been updated. The main change for Mid Sussex as a Waste Collection Authority is the new payment mechanism for dry recycling collected which enables recycling performance to be incentivised both for increasing dry recycling tonnage collected and by quality of the dry recycling. Any future alterations of the mechanism are recommended to be delegated jointly to the Head of Leisure and Sustainability and the Head of Finance.
- 12.2 The review of the Joint Waste Strategy will require public engagement and a joint approach is recommended to ensure local issues are captured and to avoid any public confusion. The suggested areas for consultation are set out in this report.
- 12.3 The formation of a members working group proved extremely helpful in formulations and delivery of Mid Sussex District Council Recycling Quality Project and such an input would be invaluable to take forward individual waste projects likely to come before the Council in the next two years.

13. Financial Implications

- 13.1 This report has no financial implications

14. Risk Management Implications

- 14.1 It is not considered that this report carries any particular risks to be reported.

15. Equality and Customer Service Implications

- 15.1 Future decisions arising from the implementation of the revised Waste Strategy will have customer service implications; however this report has no specific implications.

16. Other Material Implications

- 16.1 There are no legal implications as a direct consequence of this report.

17. Background papers

None.

Memorandum of Understanding

The two existing “Memorandum of Understanding” were reviewed and combined into one simpler document at the direction of the Inter Authority Waste Group.

The new document has been laid out in a simpler format and includes the following elements:-

- Main body and executive summary
- Schedule 1 (Recycling) with the details of the Recycling Waste Handling Contract.
- Schedule 2 (Residual / Landfill) with details of the Materials Resource Management Contract.
- Schedule 3 Service Requirements Planning process and mechanism for change.
- Schedule 4 Communications.
- Schedule 5 Minor contacts.
- Schedule 6 Payment mechanisms within the waste partnership.
- Schedule 7 Governance arrangements

Minor amendment work is still ongoing, but the substantive work has been agreed in principle. It is intended to bring a fuller report outlining the detail of the Memorandum of Understanding before the Scrutiny Committee as a future meeting.

Progress on Schedule 6

One of major changes to the new arrangement have been to renegotiate the terms of the recycling payment mechanism, which is embedded into the way the partnership has operated for the last ten years. The early mechanism was based on old and historic arrangements and despite reviews in 2007 and 2011 still had some inequalities in the approach.

However, following a series of negotiations during 2015, agreement has been reached across the West Sussex Waste Partnership which enables recycling performance to be incentivised both by increasing dry recycling tonnage collected and by quality of the dry recycling and the new mechanism is set out in Schedule 6.

This mechanism has been reviewed and approved by the Waste and Finance officers working groups and by Council portfolio holders attending the Inter Authority Waste Group. Subsequently, the initial payment figures to Waste Collection Authorities such as Mid Sussex have been included within the 2016/2017 year financial and service plans.

The key principles for the new recycling payment mechanism are as follows:-

Waste Collection Authorities will have a payment based on a number of sets of performance data and will have the data updated on an annual basis.

The payment will be based the number of properties within the service, the tonnage of dry recycling collected, the payment will also reflect the recycling “lost” through contamination either at the transfer stations due to serious contamination or through poor quality reaching the MRF and being considered out of the approved specification.

The mechanism has been projected forward for 5 years and will see a move away from household numbers to greater emphasis on performance and tonnage by 2020.