



**COUNCIL EXECUTIVE**

**SUSTAINABLE WASTE & RECYCLING COLLECTION SERVICE – BROWN BIN OPTIONS**

**REPORT BY HEAD OF OPERATIONAL SERVICES**

**A. PURPOSE OF REPORT**

To seek approval to deliver the approved savings with regards to the collection and processing for Garden Waste (Brown Bin) and Food Waste. The report provides the current position with respect to tonnages, market rates for processing, options employed by other authorities and the timescales involved in implementing the proposal. The market risks and tonnage variation are also explained within this report to provide context on the ability to guarantee savings levels.

**B. RECOMMENDATION**

It is recommended that the Council Executive:

1. Approve the proposal presented and the various impacts: financial, environmental, equality and staffing.
2. Notes the market and tonnage risks associated with this savings proposal.
3. Notes the 'do nothing' pressure that exists for 2018/2019

**C. SUMMARY OF IMPLICATIONS**

- |   |   |
|---|---|
| <b>I Council Values</b>   | <ul style="list-style-type: none"><li>• Focusing on customer needs</li><li>• Being honest, open and accountable</li><li>• Making best use of our resources</li><li>• Working in partnership</li></ul>   |
| <b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b> | <p>All activities within the Delivering a Sustainable Waste &amp; Recycling Collection Service ensure the council is complying with statutory requirements at Scottish, UK and EU level with respect to the collection, handling and processing of household waste.</p> <p>The proposals are all legally compliant with current interpretations of garden and food waste collections as deployed by a variety of Scottish Local Authorities.</p> <p>The combining of Food &amp; Garden waste would result in an equality of service issue as only those households that can accommodate a 240 litre Brown Bin will be able to continue to present food waste.</p> |

<b>III</b>	<b>Implications for Scheme of Delegations to Officers</b>	None
<b>IV</b>	<b>Impact on performance and performance Indicators</b>	<p>Reduction in recycling rates of varying degrees due to the potential drop off in participation and tonnage collected.</p> <p>Decrease in the net cost of collection due to reduced collection vehicles and staff or income, depending on option selected.</p> <p>Increase in the net cost of disposal due to combined Food &amp; Garden processing.</p> <p>Potential for increased complaints due to perceived reductions in the level of service offered.</p>
<b>V</b>	<b>Relevance to Single Outcome Agreement</b>	SOA 8 – We make the most efficient and effective use of resources by minimising our impact on the built and natural environment.
<b>VI</b>	<b>Resource - (Financial, Staffing and Property)</b>	<p>Scottish Government revenue grant funding is not sufficient to meet increasing costs and demand for services. Based on budget assumptions, the council faced a significant revenue budget gap of £65.3 million over the five year period.</p> <p>A budget reduction of £327,000 to be delivered from 1 April 2019 was approved by Council on 13 February 2018. The report notes that there was no FTE impact; however this was incorrect as the comingling of materials should have been noted as having a 23 FTE reduction in staffing, at the time.</p> <p>If no solution is provided to deliver savings from the current Brown Bin and separate Food Collection services there is a pressure in 2018/2019 of £166,000.</p>
<b>VII</b>	<b>Consideration at PDSP</b>	PDSP has considered and recommended approval on 30 October 2018
<b>VIII</b>	<b>Other Consultations</b>	Financial Management Unit

## **D. TERMS OF REPORT**

### **D.1 INTRODUCTION**

Council Executive on 6 February 2018 agreed that a proposal for charging for brown bin collections of £433,000 should be replaced by an alternative reduction measure which was subsequently agreed by Council on 13 February 2018. The alternative measure which was agreed was a reduction of £327,000 to be delivered from 1 April 2019 by co-mingling garden and food waste. As noted in the summary the Council report of 13 February 2018 notes a zero FTE impact, this was the case for introducing charging for collection; the comingling of garden and food waste, at the time, had a FTE reduction of 23.

In the period after the budget setting, further pressures have been noted within the Brown Bin and Food Collection activity area as well as variations in tonnage from growing season to growing season. There have been continuing increases in the market prices for processing of materials as the price of residual waste processing continues to drive the market along with a relative lack of capacity across Scotland. This in combination with the cessation of operations at West Lothian Recycling places a potential pressure on the original modelled saving proposal. However it is felt that in the current climate that the targeted sum could be saved by utilising a mini-competition off the Scotland Excel Framework to gain a more favourable processing price.

West Lothian Council currently offer the following organic waste collections to householders:

<b>Collection</b>	<b>Material</b>	<b>Households</b>	<b>Frequency</b>	<b>Tonnage per year (2017)</b>
<b>Brown Bin</b>	Garden waste	72,607	4 weekly	8,507
<b>Food Caddy</b>	Cooked and raw food	70,451	Weekly	4,987
<b>Recycling Centres</b>	Garden Waste	79,525	As needed	1,850
<b>NETs &amp; Other Council Services</b>	Garden Waste	-	As needed	1,660

Of these services only the collection of Food Waste and the general provision of a Recycling Centre for householders are statutory. Household Garden Waste Collections are not and as such are not delivered by some Scottish Local Authorities such as Scottish Borders or charged for by Angus, Perth & Kinross, Highland, Midlothian and Edinburgh.

Appendix 1 shows which options are employed, or about to be employed across the 32 Scottish Local Authorities in early 2018.

## **D.2 PROPOSAL**

Due to Brown Bin collections not being a statutory provision there is a potential to charge for its collection, however following a motion put to the Council Executive on 6 February 2018, officers were asked to not consider this and workup proposals for the co-mingling of garden waste and food waste in a single container where the collection are free of charge.

The summary below show the financial, collection and staffing implications of the proposed collection service based upon the current market prices paid and the actual 2017 tonnage, which was the lowest of the past 3 years and participation rates are based on available data from other Scottish Local Authorities adapted for the likely uptake within West Lothian. The 'Do Nothing' option is also shown for context.

### **Do Nothing**

Due to West Lothian Recycling ceasing operations the Recycling & Waste Services are required to find alternative capacity for processing garden waste generated by householders and other council services. The current market prices would suggest that a gate fee of £30.00 per tonne could be achieved. With this increase in gate fee of £9.92 per tonne and the loss of the annual dividend from West Lothian Recycling a revenue pressure of £166,000 would occur.

## **Co-Mingled Food and Garden Waste (no charge)**

This service is in place across 13 Scottish Local Authorities at present and enables a simplification in the fleet of collection vehicles as the material can be collected in adapted 26 tonne refuse collection vehicles, which offer a much greater payload than the smaller bespoke food waste vehicles.

The system simply involves collecting the Garden Waste and Food Waste within the same, 240 litre brown bin. The container would be collected fortnightly, in line with other Local Authorities co-mingling this material, to ensure material does not stay within the container for extended periods of time during warm weather.

The modelling of this type of collection is more difficult due to the significant variation in the density and volume of material throughout the year. Presentation rates can also vary significantly depending on how users engage with the process. There would be a reduction in the number of households able to participate due to only wheeled bins being suitable for this service, reducing the number of households where the service can be offered by around 800. The level of participation also tends to be less due to some residents not liking the idea of leaving food waste in a bin for a period of 2 weeks or the fact that liners that are not biodegradable would no longer be permitted due to the processing method changing.

The modelling of the option is based upon an uptake of the service of 100% of the garden waste currently captures still being collected but only 80% of the Food Waste, with the remainder finding its way into the residual waste (grey bin). The costs associated with processing are higher and for all of the tonnage as processors have to assume that all of the kerbside collected material contains food waste and has to be treated accordingly through In-Vessel Composting (IVC) or Anaerobic Digestion (AD)

There is an overall FTE reduction of 21.0 due to the removal of nine of the dedicated food waste crews offset by the addition of two Garden Waste Crews due to the change to collections being made every two weeks. Two food waste crews are retained to enable the collection of material from Schools and other council properties to continue.

Overall this option delivers a modelled saving of £327,000.

Due to some material being diverted into the residual waste stream there would be a potential drop of 0.7% in the household recycling rate.

It should be noted that this option and the prices modelled are based upon the 2017 actual tonnages and market prices. There is also an assumption that there is capacity within the market for the processing of around 13,000 Tonnes of material. At this time it is not guaranteed that capacity is available and this will be sought through soft market testing.

## **General Risks and Sensitivities**

In the case of all of the options proposed there is a risk in terms of the actual uptake levels and where the material ends up within the collection system. The service has endeavoured to use the most up to date information available from Authorities who have implemented this system but there are differences in terms of geographical and demographic context across the country which will only be full known once implemented.

The co-mingling of material presents risks in terms of the availability of capacity within the market, at reasonable delivery distances, which can fluctuate due to requirements from the private sector as well as Local Authorities who are also looking to change their collection methods. Whilst capacity can be created the current market situation where there is a limited

stated capacity enables processor to charge a higher market rate which is borne by the councils collecting the material. The council will always seek to achieve best value through its procurement processes but the ultimate market price is something that cannot be directly influenced or controlled by an individual authority.

In terms of the market price differences at present the table below shows the current situation across the providers within Scotland who bid for the Scotland Excel framework contract.

#### **Gate Fees from Scotland Excel (April 2018)**

	<b>Low</b>	<b>Average</b>	<b>High</b>	<b>Contamination (average)</b>
<b>Food Waste</b>	£29.80	£51.20	£70.00	£103.74
<b>Garden Waste</b>	£20.00	£34.48	£55.00	£98.32
<b>Co-Mingled</b>	£45.00	£53.84	£75.00	£104.68

\*all prices are per tonne at gate

Additionally there are variances in the household garden waste tonnages collected each year can be as high as 10,500 Tonnes and as low as 8,200 Tonnes, due to climatic conditions.

When you combine this variance in potential contract prices with the annual difference in tonnages there is scope for a budget variation from an underspend (saving) of £354,000 within a year to an overspend (pressure) of £354,000 within a year, based on the modelled co-mingling of Garden & Food Waste.

This variation is not something that can be directly affected by the council and its officers as the main contributing factors are weather conditions during the growing season and the processing market, which is run by private companies.

Additionally further uncertainty is ahead from 1 January 2019 when the quality standard for compost, PAS 100, is refined to lower the contamination level, with further lowering implemented over the following years. In discussions with processing companies and across the other 32 Authorities within the Waste Management Officer Network, it has been noted that this standard change could see processing cost increase between 50-100% due to the additional equipment required to meet the lower limit of plastic contamination. This could have an impact of increasing the processing cost between £300,000 and £600,000 per annum.

#### **Engagement Activities**

To inform residents of the impending changes the service intend to follow the format of the engagement plan used successfully in previous roll out projects, for separate Food Waste collections and the 140 litre landfill bin.

The service changes would be communicated over a period of weeks initially in the local press, on the council website and in Bulletin (if timing allows). This would be followed by a direct communication to each household, in partnership with information on social media.

The fortnight before the change in service, Recycling & Waste Services would hold information sessions for householders in each relevant area. The dates of these will be listed in the householder communication. The sessions allow householders the opportunity to talk to Recycling & Waste Services staff and address any concerns or ask any questions.

Running in parallel to the engagement with householders would be awareness raising with relevant staff and Councillors. Recycling & Waste Services would provide an information pack

for councillors and contact centre staff and carry out briefings for both Recycling & Waste Services as well as Contact Centre staff.

### **D.3 NEXT STEPS**

Once approved the service will commence to develop and design routes for the collection vehicles based upon a fortnightly co-mingled Garden & Food collection. This work takes a period of up to 6 months and will take place at the same time as engagement activities are undertaken within local communities, and online, in preparation for the roll out of the new service.

The indicative timeline takes account of the slippage from the original timescale in order to ensure that the system is implemented to avoid the peak periods of service demand, public holidays and the school holiday period would be as follows:

- December 2018 – Soft Market Testing for capacity
- December 2018 to May 2019 – Route design work and initial engagement
- September 2019 – New system operational avoiding the Easter and May Public/Bank Holiday period and peak summer holiday periods for residents.

### **E. CONCLUSION**

The modelled proposal for co-mingling Garden & Food waste enables the service to work towards the savings targets set. The tonnages received and market price are external risks to the delivery of the savings. The service does not have any alternative solutions which would increase this saving without resorting to the previously discounted proposal and as such it is important that members are made aware of this, the market risks and the slippage in timescale to allow a smooth transition to the new service.

### **F. BACKGROUND REFERENCES**

Environment PDSP – 30 October 2018

Appendices/Attachments:

Appendix 1: Organic Collection Services (Scottish Local Authorities)

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**4 December 2018**

## Appendix 1: - Organic Collections offered by Scottish Local Authorities

<b>Council</b>	<b>Mixed Garden &amp; Food</b>	<b>Garden Waste Charge implemented (or to be implemented)</b>
Aberdeen City	Yes	No
Aberdeenshire	No	No
Angus	No	Yes
Argyll & Bute	No	No
Clackmannanshire	No	No
Dumfries & Galloway	No	No
Dundee City	No	No
East Ayrshire	No	No
East Dunbartonshire	No	No
East Lothian	No	No
East Renfrewshire	Yes	No
Edinburgh City	No	Yes
Eilean Siar	Yes	No
Falkirk	No	No
Fife	Yes	No
Glasgow City	Yes	No
Highland	No	Yes
Inverclyde	No	No
Midlothian	No	Yes
Moray	Yes	No
North Ayrshire	Yes	No
North Lanarkshire	Yes	No
Orkney Islands	No	No
Perth & Kinross	Yes	Yes
Renfrewshire	Yes	No
Scottish Borders	NO SERVICE OFFERED	N/A
Shetland Islands	No	No
South Ayrshire	No	No
South Lanarkshire	Yes	No
Stirling	Yes	No
West Dunbartonshire	Yes	No
West Lothian	No	No
	<b>Total Mixed: 13</b>	<b>Total Charging: 5</b>