

**Wards Affected:**

All Wards

**ITEM 5****EXECUTIVE SCRUTINY COMMITTEE****29 MARCH 2017****Considered by Cabinet - 7 March 2017****APPROVAL OF THE DRAFT WASTE STRATEGY**

Responsible Cabinet Member: Councillors Gowans (Cabinet member for Public Realm)

Report Sponsor: Tom Blackburne-Maze (Service Director (Public Realm))

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**Executive Summary:**

This report requests the approval of a new waste strategy for the period 2017-2022. The strategy has 10 priorities including the implementation of a charge for the collection of household garden waste and prioritises further development of proposals to deliver further financial savings.

**1. Recommendation(s)**

- 1.1 That the Waste Strategy be approved.
- 1.2 That resource allocation and spend approval of £0.4m be approved as an addition to the 2017/18 Capital Programme.

**2. Issues**

- 2.1 The Council has had a waste strategy since 1999, which has been periodically updated and reviewed. A major review undertaken in 2005, triggered by new legislation, recommended a range of infrastructure improvements which are now almost complete. The strategy has had minor updates since, but a more fundamental review is now necessary due to the financial challenges facing the Council.
- 2.2 The Vision for the new strategy is therefore "To deliver a high quality waste service that provides value for money and costs substantially less than it did in 2016".
- 2.3 Two objectives are particularly important to:
  - (a) reduce the cost of waste services, contributing to improving the financial position of the Council in the medium term; and
  - (b) meet the Council's statutory duties for waste services, including the duty to have regard to the [waste hierarchy](#).

The strategy aspires, as far as possible, and providing that the above two objectives are met to:

- (a) Minimise negative impacts on customer satisfaction levels.
- (b) Reduce the carbon impact of waste services.
- (c) Contribute to making Milton Keynes a forward-thinking city, known for innovation and attracting inward investment.

2.4 The waste services are, for the most part, statutory, and the Council currently outsources them using a number of contracts. The two largest contracts - for waste collection and residual waste treatment - have a number of years to run, to 2023 and 2031 respectively. This places a constraint on the options being considered, since making significant changes could require contractual variations to be made or the breaking of contracts which could have significant financial implications to the Council.

### 3. Options

3.1 A wide-ranging [review of options](#) has been undertaken to identify and consider all waste-related services provided by the Council. This included refuse and recycling collections, bulky waste, civic amenity (CA) sites (known locally as community recycling centres or CRC's), hospital and clinical collections, graffiti removal, abandoned vehicles, street cleaning, flytipping, enforcement, weed-killing, mechanical sweeping, the processing of recyclable materials at the MRF, food and garden waste (FGW) treatment, and residual waste disposal (MKWRP). Initially over 150 options were generated to identify possible savings. In the area of waste collection, several of these can be combined, generating several hundred combinations. As some collection options savings can generate costs in other waste services, particularly disposal, many combinations did not show overall financial benefits. Fifteen combinations showed an overall benefit over the current situation. The greatest potential savings were from combinations which combined garden waste charging with reduced collection frequencies and increased contract length. However, they also had high capital costs due to the need to buy wheeled bins to accommodate the reduced frequency of collection and increased procurement risk associated with the contract extensions required.

3.2 Following legal advice the options including an extension to the existing contract durations were discarded. The current contracts have already been awarded their maximum possible extensions and any further extension would run a high risk of legal challenge.

3.3 The preferred waste collection option for the duration of this strategy is a combination which retains the current weekly pink and black sack collections, the current collection contract length and implements a system of charging for garden waste collection. This gives the best return on investment and has less risk than other options. It can also be brought in relatively quickly.

3.4 The best opportunity to improve financial savings in waste collection, but with less procurement risk, will come at the end of the existing waste collection contract in 2023. It is proposed to re-consider options with different collection methods, reduced collection frequencies and varying contract lengths within the re-commissioning of this service.

- 3.5 Options regarding the operation and management of the Council's CA sites were also considered. A recent re-procurement for the service resulted in all tenders returned being more expensive to the Council than the current service. Factors contributing to this were the reduced values of recyclables and the need for all three existing sites to be improved via investment. An option considering the replacement of the three existing sites with one new centrally-located "supersite" with improved access for residents and improved prevention on misuse by households outside Milton Keynes and non-household waste would provide the greatest financial benefits. This is likely to take a longer period to implement so it is proposed to look at this in greater detail.
- 3.6 Other options including the development of a trade waste service for small businesses, retendering of the MRF operation, retendering the FGW treatment contract and the possible use of microgeneration plants (which use refuse derived fuel from the MKWRP to produce local energy) are recommended.
- 3.7 The strategy also recommends the publication of all the Council's waste operational policies, and an improved waste education and communications plan, incorporating a publicity plan for reducing litter and fly tipping. This will minimise the impact on the recycling rate due to the probable loss of some garden waste from collections by aiming to improve the quality and quantity of all recycling streams and promoting reuse and correct waste management.
- 3.8 Other options recommended which will bring smaller financial improvements are the introduction of charging for hospital waste collection and disposal, changing the method of disposal of mechanical street sweepings and changes to the distribution of pink sacks and sacks at flats.
- 3.9 The [Overview and Scrutiny Waste Task and Finish Group](#) have scrutinised the preparation of the strategy and have produced a [report](#) which was submitted to the Scrutiny Management Committee on 25 January 2017. This was received by [Cabinet on 7 February 2017](#) and a full response is included within the agenda for March cabinet. The recommendations of the report have been taken into account in preparing the strategy.
- 3.10 The existing contractors, Serco, Amey and Viridor, have been consulted and have provided assistance in the development of options and financial estimates to assist with the assessment of the strategy.

#### 4. **Implications**

##### 4.1 Policy

- (a) The Council Plan places a high priority on securing a balanced medium-term budget.
- (b) The preparation of a waste strategy is in itself a priority in the Council Plan (Commitment 10.1.) Commitment 10.2 in the plan is also waste - related: "to further develop innovative waste treatment schemes to reduce landfill and support optimal recycling rates". The options appraisal has investigated some innovative ideas and of these the use of microgeneration plants warrants further investigation.

- (c) The strategy also contributes to Commitment 13.2 “Review our Low Carbon Strategy action plan by April 2018 to ensure MK is on track to be carbon neutral by 2050”
- (d) Previous waste strategies had 13 policies, most of which have now been replaced by statutory requirements. The new Waste Strategy recommends the development of operational policies into which the few remaining policies (concerning publicity, education and partnership working) can be incorporated.

#### 4.2 Resources and Risk

- (a) The financial resource implications of introducing garden waste charging are as shown below:

<b>Costs</b>	<b>£'000</b>
<b>Revenue changes</b>	
Increase in annual collection costs (including extra cost of collection, administration, and attrition of 23 litre food waste containers)	335
Net increase in annual disposal costs (extra material going to the MKWRP or to open air windrowing instead of in-vessel composting)	153
Income from garden waste charges (assumes 26% uptake at £33 household charge per year)	-820
<b>Total Annual Revenue Change</b>	<b>(332)</b>
<b>Capital Costs</b> (mostly purchase of 23 litre food waste containers for non-participants in the garden waste scheme)	400
<b>One-off Project Revenue Costs</b> (including setting up of Firmstep and Whitespace software to facilitate charging, helpdesk, communications and some temporary extra disposal costs; unwanted bins will not be collected in )	383
	<b>(877)</b>
<b>Net return to the council over contract term £'000</b>	
<b>Average annual overall return over contract term £'000</b>	<b>(175)</b>
<b>Return on Investment (ROI) in years</b>	<b>2.12</b>

The 2017/18 Budget included the New Homes Bonus for the implementation of the waste strategy. This funding will be used to meet the £0.383m one-off revenue costs and £0.4m capital cost of implementation of charging for green waste.

Resource Allocation and Spend Approval of £0.4m in the 17/8 Capital Programme is required for the introduction of food waste bins, for those households who opt not to participate in the garden waste scheme.

The current revenue budget includes an assumption of £0.4m cost reduction from changes in recycling containers (pink sacks), which was proposed in the 2016/17 Budget, but was deferred using one-off funding. This assumed cost reduction has also been offset with the use of one off funding in 2017/18. The outcome of this waste strategy will deliver additional income of £0.332m pa, which leaves a pressure of £0.068m which will need to be incorporated in the 2018/19 Budget.

There is a risk that charging for garden waste will change the flows of waste in ways different from those modelled. Prudent allowances have been made for increased use of the community recycling centres and some garden waste going through incorrect streams (flytipping, black bags) based on experience elsewhere. However, this will need to be evaluated once the scheme is implemented as the Milton Keynes impact may have a different dynamic to other places.

- (b) IT resources required for the introduction of garden waste charging are modifications to Firmstep to collect payments from the Council's website, which has been budgeted at £3,330 and the purchase of the Whitespace garden waste module at £11,900 to enable Serco to carry out administration and distribute the correct bin and information to residents.

Y	Capital	Y	Revenue	N	Accommodation
Y	IT	Y	Medium Term Plan	N	Asset Management

#### 4.3 Carbon and Energy Management

Previous strategies already move most waste collected by the Council from landfill to recycling, composting or energy recovery, giving great benefits in carbon savings. This strategy continues in our aim to be landfilling less than 5% of total waste disposed.

#### 4.4 Legal

The relevant legislation to enable the Council to charge for the collection of garden waste is:

Environmental Protection Act (EPA) 1990 Part II and the Controlled Waste (England and Wales) Regulations 2012.

Section 45 EPA 1990 provides that Councils have a duty make arrangements for the collection of household waste within its area and that no charges are to be made for such services except as permitted by the Secretary of State by regulation. The Controlled Waste (England and Wales) Regulation 2012 classifies waste which is produced from land which is mainly used for dwelling as household waste. Regulation 4 expressly provides that the Council may charge for collection of garden waste but prohibits a general charge for disposal of such waste save in limited circumstances.

This report seeks approval to adopt a waste strategy that involves charging for garden waste. This is permitted as above.

Although collection of household waste is not a discretionary service, the Council should be guided by the general principles of charging which is generally limited to cost recovery rather than profit making.

The proposed strategy does not change the way in which the current contractor collects waste and as such amendments to the contract if any would be minimal with low to nil procurement risks.

#### 4.5 Other Implications

- (a) Equalities - An [Equality Impact Assessment](#) was completed and recommended that the Cabinet should continue with this decision despite having identified some potential for adverse impact or missed opportunities to promote equality. The council has adopted the national policy guidelines which have sought to provide fairness for all users. However the service will continue to monitor who and how people could be adversely affected and report in 12 months about the workings of the new policy upon people with a disability and those on low incomes.
- (b) Sustainability - the strategy continues to contribute to sustainability by reducing the amount of waste landfilled to the lowest possible level and continuing to have higher-than-average recycling rates, though these may be reduced by the introduction of garden waste charging.
- (c) E-Government - Garden waste charging will require IT work to set-up the payments and administration systems.
- (d) Stakeholders - all residents are affected by this strategy. The Council's waste contractors are also affected.
- (e) Crime and disorder - the use of publicity to combat litter and flytipping contributes to reducing the fear of crime; however there could be a small increase in fly tipping which will be discouraged using publicity and enforcement where necessary.

Y	Equalities/Diversity	Y	Sustainability	N	Human Rights
Y	E-Government	Y	Stakeholders	Y	Crime and Disorder

Background Papers: Options Appraisal Report

Annex: Milton Keynes Council Waste Strategy 2017-22