

## **Report of the Director of Place to the meeting of Regeneration and Environment Overview and Scrutiny Committee to be held on 2<sup>nd</sup> October 2018**

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### **Subject:**

**Waste Management Finances**

### **Summary statement:**

**Following a referral from Corporate Overview and Scrutiny Committee, this report sets out the background to the budget pressures being faced within waste management, the current overspend projections, and the actions planned to address and recover the position.**

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### **Portfolio:**

**Cllr Sarah Ferriby**

### **Overview & Scrutiny Area:**

**Regeneration and Environment**

## 1. SUMMARY

Following a referral from Corporate Overview and Scrutiny Committee, this report sets out the background to the budget pressures being faced within waste management, the current overspend projections, and the actions planned to address and recover the position.

## 2. BACKGROUND

2.1 The Council's Waste Management service has statutory responsibilities for the following:

- kerbside collections of residual household waste from residents
- kerbside collections of recycling from residents;
- bulky waste collections upon request from residents (paid for service);
- clinical waste collections upon request;
- provision of Household Waste Recycling Centres (HWRCs) across the district; and
- provision of a network of community recycling sites known as Bring Sites.

In addition to the above, the service also provides the following non statutory services:

- Kerbside collection of garden waste (a non-statutory paid for service upon request);
- Chemical advisory services to residents;
- Trade waste services to commercial businesses (paid for service); and
- Clinical waste collections to commercial businesses (paid for service).

All the above services are provided by in house operations, which are supported by several external contracts with the private sector for treatment of recyclates, residual waste and disposal services. The primary contract is for the treatment of the Council's residual waste.

### 2.2 National Waste Targets

The service has statutory targets to meet in relation to the management of the collected waste:

- EU Landfill Directive  
The 2020 target requires that municipal waste sent for landfill disposal must reduce to no more than 35%;
- Value Recovery  
75% value recovery target for municipal waste in 2020;
- Recycling  
A target of 50% recycling of household waste by 2020 as measured by National Indicator NI 192 is required.

### 2.3 Residual Waste Treatment Contract

The withdrawal by DEFRA in February 2013 of financial credit support for the Waste PFI procurement for the treatment of residual waste resulted in the Executive decision on 4th February 2014 to cancel the PFI procurement, and for a new waste strategy to be developed which would lead to a new procurement. This new waste strategy (Municipal Waste Minimisation and Management Strategy – MWM&MS) was developed and subsequently adopted by the Executive on 13th January 2015. This strategy included the nature and scope of a new procurement to secure affordable, dependable and sustainable waste treatment and disposal services for the district's residual waste from 2017/18, when the present interim contract ended. A new procurement commenced in April 2015, and concluded in September 2017.

The new contract between the Council and the winning bidder AWM was formally signed on 21st September 2017, with an operational start date of 1<sup>st</sup> April 2018. The contract term is 12 years to 2030, worth £165m.

### 2.4 Kerbside Collections

The collection service moved during 2017 from a weekly collection of residual waste and a fortnightly collection of recyclates requiring 28 residual rounds and 13 recycling rounds: a total of 41 collection rounds, to an **Alternate Weekly Collection** regime (AWC) where residual is collected on one week, and recycling the next, requiring only 34 rounds, a saving of 7 rounds. Further details on AWC are given in 2.13 below.

### 2.5 Kerbside Recycling

As part of the move to AWC, there has been an increase in the types of recyclates collected at the kerbside, which has also dispensed with the caddy insert, meaning all the recycling is simply deposited by the householder into the grey coloured recycling bin, which makes Bradford's system one of the simplest for the householder to use.

### 2.6 Garden Waste Collections

This is a non statutory paid for service which commenced in June 2016, and has proved very popular, with an established customer base of around 35,000 customers signing up for the service. This service currently utilises 4 collection rounds using 26 tonne gross weight refuse collection vehicles. This provides a 12 x 4 weekly collection cycle, with no collections from early December to early January. The present annual charge for this service is £36 paid for up front. The collected green waste is sent for composting.

### 2.7 Bulky Waste Collections

This service is provided to domestic residents via a request system, for which an up-front charge is levied. The scale of charges relates to the number of items requiring removal, and a collection date is now provided at the point of service request. Collections are provided by a single team working Tuesday to Friday, with demand for the service remaining fairly consistent at some 10,000 requests producing around 1,100 tonnes annually.

## 2.8 Clinical Waste Collections (domestic)

The Council has a duty to collect certain clinical waste free of charge from residents who are treating themselves at home. The service uses a single driver/operative and a specialised collection vehicle.

## 2.9 Chemical Advisory Service

The chemical advisory service (via one operative and a van) provides to householders within the district an inspection, consignment, and transportation service to correctly collect and dispose of small quantities of unwanted hazardous wastes that may be found at domestic premises, such as:

- Chemicals;
- Pharmaceuticals;
- Herbicides;
- Poisons;
- Chemical reagents;
- Unidentified powders and liquids.

This service also collects hazardous waste (as listed above) deposited by the public into special purpose containers located at the Household Waste Recycling Centres (see below). The service also undertakes some commercial collections to other establishments within the district, such as Schools and Hospitals.

## 2.10 Household Waste Recycling Centres (HWRCs)

The Council currently provides household waste and recycling services to the district's residents at eight locations across the district. These sites are staffed and open 362 days per year, providing a wide range of containers to encourage recycling, and accepting waste not normally removed by the refuse collection service. A van permit scheme was introduced in 2006 to combat abuse of such sites by traders. In 2013 a residents' only permit scheme was introduced to control cross border activity. Originally permits had to be obtained from any of the 8 sites. By the end of 2016 some 90,000 permits had been issued. However this has now changed with every household in the district issued with a permit as part of the annual council tax papers sent to all 225,000 households in March 2017. This now makes HWRC permits universally available to all our residents, and encourages responsible management of domestic wastes and promotes greater recycling. This initiative was also important in supporting the move to AWC later in 2017.

Materials accepted at HWRCs include; residual waste, paper, cardboard, metal, glass, green waste, wood, plastics, cartons, tyres, shoes, textiles, books, oil (both engine oil and vegetable oil), paints, carpets, mattresses, plaster board, push bikes (which go to a reuse scheme) soil bricks and rubble, polystyrene, batteries, light bulbs, florescent tubes, electrical equipment and unwanted household chemicals. Certain HWRCs, with prior notice, also accept tyres, gas bottles and bonded asbestos waste from residents.

These sites also provide a local outlet for some precinct sweepers to reduce their travel time to tip.

### 2.11 Bring Sites

Bring sites are a network of mini-recycling sites which provide a series of recycling banks often located in public areas, such as supermarket car parks. There are 45 sites with varying numbers of recycle Banks across the district which provide facilities for residents to recycle glass bottles, jars, textiles, plastic bottles, paper, cans etc. The Bring Sites provide a valuable service to residents who do not have room for recycle bins, they also reinforce the message that Bradford Council is trying to make it as easy as possible for all residents to recycle.

### 2.12 The Bin Policy

The Domestic Waste & Recycling Policy (aka the Bin Policy) was successfully rolled out across the whole district in late 2015. The policy specifies how domestic waste and recycling will be collected by the Council, and formed an essential intermediate step to achieving AWC. The policy requires 1 residual bin per property, no side waste, recyclable materials to be placed in the recycling bin and follow up enforcement for non compliance. The policy continues to operate, its aim being to support the diversion of a greater percentage of recyclable waste from the residual (green) bin to the recyclable (grey) bin at the kerbside. The policy only allows the emptying of one 240L residual (green) bin per household, or one 360L (for a household with 7 or more residents) and no side waste or overfilled bins presented at the kerbside every other week.

### 2.13 Alternate Weekly Collection

To make the bin collection service more efficient by removing the need for 13 dedicated recycling rounds (leaving a net total of 28 rounds), boost recycling and reduce the amount of waste going to landfill, in October 2016 a trial of AWC across the Wyke Ward areas was undertaken, which was a great success, however the extra waste on the residual week required extra runs to the tip, which reduced the collection round productivity, and thus increased the number of collection rounds needed to service the whole district from 28 to 33. As such the trial demonstrated that all in one recycling worked, residual and recycling rounds could mirror each other, thus the same vehicle and crew could collect both the residual and recyclates using the standard 3 axle, 26 tonne gross weight, refuse collection vehicles with a driver and two loaders. Owing to property growth a further round has been established in 2018, giving a total of 34 rounds, a net saving of 7 rounds over the previous arrangement.

In order to assist residents in the preparation for the move to AWC, all in one recycling was introduced in February 2017 prior to the commencements of AWC across the Keighley areas on the 2nd May 2017, similarly all in one recycling was introduced in Bradford in May prior to commencement of AWC on the 2 July 2017.

This means all residents have the same collection day but on alternate weeks for both residual and recycling. The same crews and vehicles follow the same rounds each week just collecting a different bin which means we have a more consistent, efficient and cheaper waste collection service.

#### 2.14 MRF

In order to support the all in one recycling initiative, a sortation facility was required, and a Materials Recycling Facility (MRF) located at the existing Bowling Back Lane site was established and developed. A mix of mechanical and manual picking separates out various recyclates and contamination, to produce mixed glass, cardboard, mixed papers, steel tins/can, alloy tins/cans and mixed plastics, which are then sold to various recycling merchants for which an income is received.

#### 2.15 Engagement and behavioural change

Changing resident behaviours through education, engagement and enforcement is seen as key to increase recycling and reducing residual waste at the kerbside. Equally a systematic and consistent approach to communications across the district in respect to waste and waste management is also required. This is achieved through a wide range of formats i.e. leaflets/posters/letters/stickers/website/press/radio/CouncilAPP/Facebook/Twitter/Stay-Connected/ and Road shows held at various events throughout the district.

#### 2.16 Recycling Advisors

The promotion of recycling and waste minimisation is a vital part of reducing the amount of residual waste the Bradford District needs to dispose of. We have four Recycling Advisors who work across the District visiting households and advising them of how to manage their waste in line with the Bin Policy. This has proved to be an invaluable way of engaging with residents – the advisors will look at the households needs and advise them on how they can reduce the amount of residual waste they produce by simply recycling. They also advise on what items can be recycled and will order as many recycling bins as the residents need to manage their waste effectively. The recycling advisors will also visit residents who have requested a larger 360L residual bin to ensure the household meets the criteria of 7 or more residents in the property as set out in the Bin Policy.

#### 2.17 In cab technology

In-cab tablets have now been installed into the refuse collection vehicles. This allows the crews to view their rounds and input information that is then received directly into the contact centre in real time. This information enables the contact centre staff to deal with queries from residents with the most up to date information. The crews are also able to report any instances of residents not complying with the Bin Policy which enables a very efficient way of processing the information. This in turn supports the enforcement staff processing and tracking compliance with the Bin Policy. The technology also supports the Operational Managers to more effectively manage workload and respond much quicker e.g. when a collection vehicle breakdown occurs, to minimise disruption to services. We are now seeing a decrease in the number of reported missed bins and the need to return to collect as crew's record when bins are not put out/if there is side waste or extra bins which in turn assists with the Enforcement process of the Bin Policy.

### **3. OTHER CONSIDERATIONS**

In planning for the current and future delivery of waste collection and disposal, the service has to make assumptions and predictions about a number of variables that are not within the control of the service, all of which can have very significant budgetary implications.

#### **3.1 Tonnes of Waste**

The budget has an assumed level of tonnes to be managed, however levels of prosperity, economic growth, and increases in new properties all create upward pressures on waste, for example each additional household will create an additional tonne of household waste that needs to be managed.

Equally factors such as weather and national events (e.g. Football World Cup) significantly impact on volumes of waste produced. Additionally, and most importantly, resident behaviour dictates the quantities of waste produced and the proportion of such that is actually recycled. The Council can, and does try to influence such behaviour but it cannot control it.

#### **3.2 Commodity Prices**

The markets for recyclates is traded internationally, and are subject to a degree of volatility. The announcement by China at new year to limit inputs of recyclates has caused the market for many recyclables to become depressed, resulting in the required quality standards of recyclates going up whilst at the same time prices going down, this has affected negatively the budgeted income from recycle sales.

### **4. FINANCIAL & RESOURCE APPRAISAL**

#### **4.1 Performance against Statutory Targets**

The service has undertaken a number of initiatives, to meet or exceed statutory targets set for 2020, and achieve budget reductions.

- Waste Strategy adopted by the Executive in January 2015, AWC was not under consideration at that time.
- In 2016, a budget decision was taken to implement AWC when the DEFRA funding requirement ended.
- Introduced a bin policy as a necessary precursor to AWC in November 2015.
- AWC was devised, planned and rolled out within a 12 month time frame and commenced in May 2017 and fully completed by July 2018.
- With the exception of 400 City Centre domestic dwellings all other domestic dwellings have moved to AWC, 224,600 properties – unique compared to most other cities given the number of high rise properties.
- AWC develops behaviour change by limiting capacity to force residual reduction and thereby increase recycling.
- At the end of a 2 year procurement process, the new 12 Year Residual Waste Treatment contract commenced in April 2018.
- Introduced a chargeable Garden Waste Service in June 2016, now in year 3, with a stable customer base of circa 35,000 clients.

- Trade Waste Review undertaken to ensure income targets were achieved.
- A complete restructure of the Waste Service has just been completed to meet evolving future needs taking account of one of the fastest growing populations across the UK.
- Revised budget coding structures developed and implemented to make budgets more transparent in relation to spend and provide greater controls.

The outcome of these initiatives on statutory targets is largely a positive one.

**% waste to landfill – statutory target 35%**

The guaranteed landfill disposal performance under the Residual Waste treatment Contract is no more than 10% going to landfill, current performance 7.7%.

**% value recovery from waste – statutory target 75%**

Guarantees under the Residual Waste Treatment Contract will ensure this target is exceeded, current performance 92.3%

**% recycling of household waste – statutory target 50%**

Current performance 37%

The Residual Waste treatment Contract will guarantee a 6% contribution to this target, which when added to our upstream performance (which predominantly includes kerbside recycling and HWRC recycling) is expected to see our indicator exceed 40% at current performance levels for 2018/19.

However nationally (England) recycling targets have stalled over the last 3 years at 44%, and more effort will be needed to meet the 50% target by 2020. However the overall direction of travel for Bradford at the kerbside is positive as shown below:

**Increase Recycling – Kerbside**

- 2015/16 - 17,977 tpa (contamination evident but not measured)
- 2016/17- 20,603 tpa (contamination evident but not measured)
- 2017/18 - 29,536 tpa (of which 38% is contaminated)

**Reduce Residual - Kerbside**

- 2015/17 - 132,497 tpa
- 2016/17 - 127,437 tpa
- 2017/18 - 108,117 tpa

The outcome on budgetary savings is less positive, however it is much better than if the initiatives stated had not been implemented. The reasons for this are several and complex, but can be broken down and summarised as follows:

Contamination

Contamination levels of kerbside collected recycling were much higher than anticipated at 38%.. This is as a result of some residents inadvertently contaminating recyclates as well as what appears to be deliberate use of the recycling bin for the deposit of hidden residual waste.



### MRF Speed of Throughput

Significant levels of contamination have impacted negatively on the speed of the MRF, resulting in it being unable to process all of the district's recyclates. This has required a combination of an additional shift at the MRF plus use of a third party outlet. These costs were not foreseen and hence not budgeted for, however it was assumed that reduction in residual disposal costs would accommodate these costs.

### Trommel Purchase

Once the above position became clear, a trommel to take out contamination at the front end of the MRF was determined to be the most effective way of speeding up the capacity of the MRF. This in turn would enable the removal of the second shift as well as the necessity for a 3<sup>rd</sup> party outlet to the point where we would be able to handle "in house" all recyclates produced within the district and recover the value of such.

The Council entered into a procurement for such a trommel at the end of 2017 and it was due to be operational by September 2018, however the Contractor has been unable to deliver within the terms of the contract and it will not now be in place this financial year.

### Property Growth

The continued growth in new properties across the district creates its own challenges by creating increasing levels of both residual waste and recyclates that must be managed, this has, and will continue to create a need for additional refuse collection rounds. The District Plan target is to deliver 8,000 new homes by 2020, and the Local Plan Core Strategy adopted in July 2017, records 42,100 new homes are needed between 2013 and 2030.

## 4.2 Projected Budget Pressures

In summary, the above has created the following budget pressures for 2018/19:

Residual Waste Treatment Contract annual indexation increase is funded, but tonnages beyond planned budget are not.

Increased costs owing to increases in property growth including disposal and collection costs (which includes extra vehicles and staff). Each new household produces approx. 1 tonne of waste per annum at an approx cost of £100 p/t to manage.

Shortfall in projected savings in 2017/18 and 2018/19 of refuse collection rounds following introduction of AWC (only 7 rounds reduced rather than 13)

**£900,000**

Additional unbudgeted costs as a result of the trommel not being in place by September 2018 therefore requiring 2<sup>nd</sup> shift and 3<sup>rd</sup> Party transfers to continue into 2019/20

**£550,000**

Overall residual waste running at higher than predicted levels (10,000 tpa) made up of increases at HWRC and contaminated recycling bins. **£1,200,000**

Income from recyclates sales lower than budgeted due to global pressures on recycling markets. **£350,000**

#### 4.3 Planned Budget Recovery Actions

The Waste Management service has in response to the identified budget pressures determined the following actions aimed at bringing about reduced residual waste, increased recycling and reduced contamination of recyclates to a target of 20%

- Education - raising awareness and education campaigns regarding recycling continue with the Recycling Ambassador's launch due in conjunction with recycling week 24th September 2018.
- Continued enforcement - the number of S46 Enforcement Notices for contamination of recycling bins are currently Bradford – 3095, Keighley – 515. None have moved to stage 2 of the enforcement policy, however there are difficulties in controlling and easily identifying what may be buried within a recycling bin. Enforcement of the bin policy continues.
- In advance of a final decision on the future MRF/Trommel arrangements, reviewing alternative options to current MRF operation to increase capacity, reduce costs of utilising a 3<sup>rd</sup> party contractor and derive greatest income for the districts recyclates. 5 day x 24 hour operation and 7 day working are currently under consideration.
- Continue with “positive pick” of highest value recyclates at MRF to deliver high quality materials that enable spot marketing of recyclate contracts to outlets that deliver best price at a time when many authorities are struggling to find markets for their recyclates.
- A soft market test to identify third party interest in processing/sorting our kerbside recyclates (with indicative costs) has been undertaken and is currently being analysed. Findings will be used to inform decision on future MRF/Trommel arrangements within the Council and if control/processing of our own recyclates and derivation of value is the most cost effective approach.
- On-going review of undelivered trommel procurement to determine if it will proceed within procurement rules and budget parameters. Alongside this, a revised specification is under consideration in the event that we will need to go to the market for a new procurement.
- As part of the current review of the Council's Waste Strategy, we will consider opportunities afforded by the circular economy and scan the horizon for innovative approaches to Waste Collection such as “Binnovation”/FutureGov.

- Complete the roll out of “in-cab” technology to all operational waste vehicles and continue to exploit better use of IT to improve front facing operational services as well as back office efficiencies.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

Failure to stay within budget creates on-going pressures that must be managed. The Waste Service faces many challenges that are not within its control and that create budget pressures. Recovery plans need to be sufficiently flexible and responsive and constantly reviewed to ensure that the Council is responding as quickly as possible to dynamic waste changes and volatile markets for recyclates.

## **6. LEGAL APPRAISAL**

There are potentially commercial sensitivities which may form the basis of discussion when considering this report. This may require the Chair to consider at that point during any discussion, if the meeting should be adjourned and continued in private session.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

There are no negative equality and diversity implications apparent within the context of the report.

### **7.2 SUSTAINABILITY IMPLICATIONS**

The correct management of household waste contributes positively towards the sustainable agenda.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

The treatment and disposal of waste will create greenhouse gas emissions, it is important to minimise these, or mitigate their impact. This is best achieved by minimising the disposal of waste to landfill in favour of more sustainable means, e.g. the minimisation, recycling and recovery of value from wastes are all central to the activities undertaken within waste management, as can be seen from the performance values detailed in this report.

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

N/A

## 7.5 HUMAN RIGHTS ACT

N/A

## 7.6 TRADE UNION

There are no specific Trade Union implications arising from this report at this time. Employment issues could arise when the hours of operation of the MRF or changes to staff terms and conditions are subject to possible change however these would be fully consulted upon through the Councils normal IR arrangements at that time.

## 7.7 WARD IMPLICATIONS

There are no individual Ward implications.

## 7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

N/A

## 7.9 IMPLICATIONS FOR CORPORATE PARENTING

N/A

## 7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no known privacy issues arising from this report.

## 8. NOT FOR PUBLICATION DOCUMENTS

None

## 9. OPTIONS

This report is brought forward for consideration at the request of the Corporate Overview and Scrutiny Committee.

## 10. RECOMMENDATIONS

*Recommended –*

10.1 That Members consider the breadth and complexity of activities that go into delivering a comprehensive Waste Collection and Disposal service to the Bradford District.

10.2 That Members consider the significant work that has been undertaken thus far to deliver and embed an Alternate Weekly Collection Service for residual and recycled

materials.

- 10.3 That Members recognise the efforts of households within the district who recycle as much as possible of their household waste and urges all households to redouble their efforts.
- 10.4 That Members recognise that contamination of recyclates is an area that must improve and supports officers in undertaking all possible steps to support the public to recycle more whilst utilising appropriate enforcement where that is necessary.
- 10.5 That Members support officers in identifying and implementing options as quickly as possible to take the most cost effective control of the districts recyclates and reduce the pressures on the Councils Waste Budget.

## **11. APPENDICES**

None

## **12. BACKGROUND DOCUMENTS**

- Appendix 1 Executive Report 4 February, 2014 "Waste PFI"
- Appendix 2 Overview and Scrutiny Report 2 September, 2014 part 2 "Waste Strategy"
- Appendix 3 Executive Report Jan 2015 new "MWM&MS"
- Appendix 4 Overview and Scrutiny Reports 31 October, 2017  
- "Outcome of the Procurement for Waste Treatment Services"  
- "The management of waste and recycling activities with the District"
- Appendix 5 Overview and Scrutiny Report 21 November, 2017 "Performance Outturn Report for Waste Management 2016/17"