

APPENDIX A

Meeting	Cabinet
Date	4 April 2012
Subject	Waste Collection options for the future
Report of	Leader and Cabinet Member for Environment
Summary	A decision is required on Barnet’s future household waste collection methodology for residual waste, organic waste and dry recycling. This report sets out a proposed waste collection methodology for the future.

Officer Contributors	Lynn Bishop, Assistant Director – Environment, Planning and Regeneration, Nicola Cross, Environmental Services Manager – Waste Strategy, Michael Lai, Group Manager – Waste and Sustainability Team
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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1. RECOMMENDATIONS

- 1.1 To agree the implementation of Step 1 which is targeted communication work, enforcement of waste requirements except when certain criteria are met and provision of internal containers, with this work to start in 2012/13 once a communication plan has been agreed by the Cabinet Member for Environment.**
- 1.2 To agree the implementation of Step 2 which is; the provision of 240 litre wheeled bins to households for the collection of mixed dry recycling on a weekly basis, to replace the current black and blue boxes. The provision of internal and external kitchen caddies to households for the separate collection of kitchen waste on a weekly basis and the provision of a fortnightly garden waste collection using the current green 240 litre wheeled bins, with the changes to take place from the end of the May Gurney Recycling Contract on or after 4 October 2013.**
- 1.3 To agree that the mixed dry recycling will be:**
 - 1.3.1 consigned to the North London Waste Authority for processing from the end of the May Gurney Recycling Contract on or after 4 October 2013, provided that menu pricing is in place; or,**
 - 1.3.2 In the event that menu pricing is not in place, consigned to NLWA from the date that menu pricing is in place.**
- 1.4 To agree that the kitchen waste will be consigned to the North London Waste Authority for processing from the end of the May Gurney Recycling Contract on or after 4 October 2013.**
- 1.5 To agree that the garden waste will be consigned to the North London Waste Authority for processing from the end of the May Gurney Recycling Contract on or after 4 October 2013 provided that the garden waste is charged for at the market rate for an outdoor facility.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 North London Waste Authority – Inter Authority Agreement, Cabinet 3 November 2011. Cabinet agreed to the signing of the Inter Authority Agreement (IAA) and to authorise the Interim Director of Environment, Planning and Regeneration, in consultation with the Chief Finance Officer and the Cabinet Member for Environment to agree the final form of the IAA on the basis set out in the report. Cabinet also authorised the Interim Director of Environment, Planning and Regeneration, in consultation with the Chief Finance Officer and the Cabinet Member for Environment to agree Schedule 1 Part B and Schedule 2 Part B of the IAA as necessary to replace Schedule 1 Part A and Schedule 2 Part A in the IAA (decision item 8).**
- 2.2 North London Waste Authority – Inter Authority Agreement, Cabinet 14 September 2011, (decision item 9), which was that Cabinet agreed in principle to the signing of the Inter Authority Agreement, with the exception of Principle four, and that the Leader should write to the North London Waste Authority**

indicating such agreement in principle, subject to approval at a future meeting of the Cabinet.

- 2.3 North London Waste Authority procurement – PFI Outline Business Case Submission, Cabinet 23 October 2008, (decision item 5), which was that Cabinet agreed the Outline Business Case.
- 2.4 The Cabinet Member for Environment and Transport authorised sign-up to the North London Joint Waste Strategy on 29 August 2008, (Delegated Powers decision no. 626).
- 2.5 The Leader and Cabinet Member for Resources, and the Cabinet Member for Environment and Transport authorised sign-up to the Memorandum of Understanding – North London Waste Authority procurement on 31 August 2008, (Delegated Powers decision no. 630).

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The strands of the Corporate Plan (2011 – 2013) that relate to this work are 'Better Services, Less Money' and 'Sharing Opportunities, Sharing Responsibilities'.
- 3.2 Under the strand 'Better Services, Less Money' there are the strategic objectives to 'manage resources and assets effectively and sustainably across the public sector in Barnet'. The options proposed for future waste collections are designed to deliver better services and cost savings when compared with a 'do nothing' scenario.
- 3.3 Under the strand 'Sharing Opportunities, Sharing Responsibilities' there is a strategic objective to 'decrease overall levels of household waste whilst increasing the proportion of waste being recycled'. The options proposed for future waste collections are designed to decrease overall levels of household waste and increase the proportion of waste being recycled.

4. RISK MANAGEMENT ISSUES

- 4.1 The costs for treating residual waste are increasing, and forecasts show that these are likely to increase substantially, as beyond 2016 the Council will no longer have use of a cheap waste disposal outlet in the form of the Edmonton incinerator as it is projected to be coming to the end of its life.
- 4.2 Over the last four years, Barnet has made only incremental improvements in recycling performance and waste reduction. Barnet is currently 15th out of 33 London Boroughs in relation to the percentage of its household waste that is recycled, reused or composted. Barnet is currently 27th out of 33 in relation to the amount of household waste per household that is sent for disposal. Other authorities are overtaking Barnet in performance terms and projections show that without significant changes to our services there will be no step change in our performance. Therefore there is a reputational risk to the Council.
- 4.3 In order to keep future costs to a minimum it is financially beneficial to recycle, compost or reduce waste as much as possible. Greater resident participation

in the recycling and organic waste services is essential. In addition the Council's current Recycling Services Contract is in the later stages of its life, therefore it is an opportune time to review the services in anticipation of decisions on future service provision.

- 4.4 Once the Council has provided Schedule B information to NLWA the council will be committed to a defined way of working for the next 25+ years. It will be possible to make changes through the agreed IAA Change Procedure but it is not possible to know what the cost implications of any changes could be.
- 4.5 The NLWA procurement, the National Waste Strategy 2007 and European legislation (the Waste Framework Directive) seek to achieve a 50% recycling rate by 2020. There are currently no financial penalties for non-achievement of this target. However the more that is recycled and composted, the less Barnet Council has to pay for waste disposal.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Corporate Plan (2011-2013) sets out a commitment that major policies, functions and activities should be assessed for their equalities and diversity risks.
- 5.2 Although this report proposes a number of steps for the future, it is not envisaged that any option will result in a detrimental effect on any resident(s) with 'protected characteristics', over and above the effect on those without 'protected characteristics', due to the universal nature of the service being provided. The challenge to the Council is to ensure that the accompanying communications plan includes both targeted and general messaging mechanisms to ensure that people with 'protected characteristics' understand the proposed options as well as those from non-protected groups. The Council understands its obligation to pay due regard to the Equality Act 2010 and will do everything necessary to ensure that due regard has been paid. The Council remains committed to providing an efficient, user friendly and cost-effective service for the benefit of all residents.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Finance

Barnet pays the NLWA for the disposal of its waste through a statutory default levy. For 2011/12 Barnet paid a household waste levy of £8.3m and a non-household waste levy of £1.6m. In 2012/13 these costs are £7.337m and £1.478m respectively. It is currently estimated that these costs will increase by 45.37% in 2013/14, 4% in 2014/15 and 3.8% in 2015/16. In future years costs for waste disposal are predicted to rise further.

- 6.2 The combined refuse and recycling budgets were £8.436m for 2011/12. The savings identified in the Medium Term Financial Strategy for refuse and recycling are: 2012/13 - £100k, 2013/14 - £500k and 2014/15 - £440k. The budgets and savings have been taken into account in the modelling work undertaken.

	Implementation Cost (£000's)		Indicative additional revenue costs of each step (£000's)			Impact on performance		
	Capital	Revenue	2013/14	2014/15	2016/17	2013/14	2014/15	2016/17
"As is" scenario – for comparison	0	0		2,861	9,737		31%	31%
Step 1	390	294	206			38%		
Step 2	3,804	672		1,661	5,637		41%	43%

	Indicative revenue saving as compared to "as is" scenario (£000's)		
	2013/14	2014/15	2016/17
"As is" scenario – for comparison		2,861	9,737
Step 2		(1,200)	(4,100)

6.3 Procurement

The NLWA is leading the procurement in accordance with European regulations, implemented, in the UK, by the Public Contracts Regulations 2006 (as amended). The NLWA is procuring contracts to deal with the waste arising from its seven constituent authorities.

The One Barnet Wave 2 project is reviewing options for future service delivery in Barnet.

6.4 Performance and Value for Money

This report sets out the performance and value for money implications for a proposed way forward and for a 'do nothing' scenario.

6.5 Staffing

The One Barnet Wave 2 project is reviewing options for future service delivery in Barnet, taking into account the expiry of the existing Recycling Services Contract in October 2013 or within two years of this date, together with the staffing implications.

6.6 IT

There are no IT issues.

6.7 Property

There are no property issues.

6.8 Sustainability

The NLWA procurement seeks to achieve a 50% recycling rate by 2020, in line with the national waste target.

7. LEGAL ISSUES

- 7.1 The NLWA has the powers and duties of a Waste Disposal Authority (WDA) under the Environmental Protection Act 1990. The NLWA was created by Statutory Instrument, and it is an independent body with a separate existence from that of its constituent authorities. Such independence is underlined by the provisions of the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006 which make provision for issue of levies to constituent authorities, demands for payment and recovery of interest upon late payment. The constituent authorities are Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest. Constituent authorities do not have the powers of a WDA.
- 7.2 The IAA has been developed by lawyers acting for NLWA and has been negotiated with the constituent authorities. Officers are in the process of finalising the form of the IAA with the other constituent authorities and the NLWA. All constituent authorities have agreed to the signing of the IAA subject to minor amendments, but no constituent authorities have signed the IAA at the time of writing this report.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3, Responsibility for Functions. Section 3.6, Cabinet Resources Committee, approval of schemes not in performance management plans but not outside the Council's budget or policy framework, and Section 3.8, Cabinet, a decision to adopt, or recommend to Council for adoption, a plan or strategy reserved to Cabinet.

9. BACKGROUND INFORMATION

9.1 Background

- 9.1.1 Barnet Council provides waste services to all residents including collections of residual waste (refuse), organic waste (garden and kitchen waste) and dry recycling (paper, cans, glass, cardboard etc.). The collections of these waste streams are carried out by the Council and its recycling contractor (May Gurney), the composting of organic waste and the disposal of residual waste is carried out by NLWA.
- 9.1.2 The NLWA is currently progressing a procurement for future waste treatment and disposal facilities and services for the seven constituent north London boroughs from 2015. The NLWA is procuring two contracts; (1) a Waste Services Contract which is for the treatment of all the constituent boroughs' waste, including the treatment of waste for disposal, and the composting of organic waste, the majority of which would take place in the north London region and an outlet for dry recyclables (2) a Fuel Use Contract which is for the disposal of the outputs from the treatment of waste, which is not restricted to the north London area. It is anticipated that the length of the two contracts will be around 25+ years, with the two contracts to run concurrently. The procurement has recently entered the dialogue stage before bidders are asked

to submit their final tenders. There are two bidders remaining on both procurements.

9.1.3 The NLWA has sought an IAA between the eight authorities. The purpose of the IAA is to provide certainty to bidders to the procurement of the close working relationship and commitment between the boroughs, thus reducing the amount of risk bidders' price into their solutions. The IAA is a legally binding agreement which will govern the relationship between the NLWA and the constituent boroughs in the long term (i.e. the next 25+ years).

9.1.4 One of the key requirements of the IAA is the provision of schedules of information from the constituent boroughs relating to the types and quantities of waste to be collected for the next 25+ years, so that the right type and size of facilities can be procured. Once the trigger information has been provided by NLWA Barnet Council will have 3 months in which to provide this information.

9.2 Decision Making Timetable

9.2.1 On 13 January 2012 NLWA provided the trigger information, so Barnet Council must now notify NLWA of the types and quantities of waste that we intend to deliver to NLWA for the next 25+ years, for example source separated dry recycling or comingled dry recycling, by 12 April 2012.

9.2.2 A considerable amount of modelling of the cost and performance implications of different collection methodologies for the future has been carried out to date. In addition the council has worked with iMPOWER, one of the Council's delivery partners, since October 2011 on a Waste Behaviour Change Project to assess the council's current position and ambitions, gather residents' views on a number of potential changes to service arrangements, and quantify the projected cost and performance of a number of options.

9.2.3 This report seeks a decision on Barnet's future collection methodology for organic waste and dry recycling. This report does not cover the full range of future waste collections, such as the future of the clinical waste and trade waste services, which will be discussed and finalised by the Interim Director of Environment, Planning and Regeneration in accordance with the recommendation agreed at the 3 November 2011 meeting of the Cabinet.

9.3 Current Position of the IAA

9.3.1 Officers are in the process of finalising the form of the IAA with the other boroughs and NLWA. All boroughs have agreed to the signing of the IAA subject to minor amendments. It is NLWA's intention that the IAA is signed by all parties as soon as possible. It is in Barnet's interest that there is a signed IAA and that the information set out above is provided to bidders, so that bidders do not price unnecessary risk into their bids.

9.4 Barnet's current cost and performance

9.4.1 The costs for treating residual waste are increasing, and forecasts show that these are likely to increase substantially, as beyond 2016 the Council will no longer have use of a cheap waste disposal outlet in the form of the Edmonton incinerator as it is projected to be coming to the end of its life.

9.4.2 Over the last four years, Barnet has made only incremental improvements in recycling performance and waste reduction. Barnet is currently 15th out of 33 London Boroughs in relation to the percentage of its household waste that is recycled, reused or composted. Barnet is currently 27th out of 33 in relation to the amount of household waste per household that is sent for disposal. Other authorities are overtaking the Council in performance terms and projections show that without significant changes to our services there will be no step change in the Council's performance.

9.4.3 In order to keep future costs to a minimum it is therefore financially beneficial to recycle, compost or reduce waste as much as possible. Greater resident participation in the recycling and organic waste services is essential. In addition our current Recycling Services Contract is in the later stages of its life, therefore it is an opportune time to review our services in anticipation of decisions on future service provision for the street scene services.

9.5 Waste Behaviour Change Project

The Council has developed a range of opportunities to improve performance and reduce costs. The key activities of this work have included:

- Customer insight
The Council has conducted 120 telephone interviews and ran 6 discussion groups with Barnet residents from both flats and houses. Individuals were segmented into three 'values modes' groups - settlers, prospectors and pioneers - for these discussion groups.
- Financial modelling
A robust financial model has been built to analyse a range of scenarios. This has included research into a range of initiatives around the country to develop our assumptions and an opportunity assessment.

9.5.2 Resident Feedback

Some of the strong messages from the different groups of residents included:

Settlers	Prospectors	Pioneers
<ul style="list-style-type: none"> - Want clear & simple instructions - See public responsibility as a driver – recycling is a civic duty - Much more positive about change when it is described as normal 	<ul style="list-style-type: none"> - Want council to make it easier for them - internal containers, more plastics, clearer communications - Most positive of all the groups about household incentives - Keen on external recognition of good performance 	<ul style="list-style-type: none"> - Want to understand the system - where things go to be processed and the financial impact of recycling - Keen on doing right thing - also happy to sort recycling when understand positive outcomes. But still see benefits from dry comingled recycling in a single bin

9.5.3 Opportunity Assessment

There are a wide range of opportunities open to the Council, some of which are dependent on others whilst some are incompatible with each other. To manage this long list of opportunities, the following opportunity criteria were

developed and used to group the potential options into category groups. The information gathered from customer insight was used to inform target recycling increases, alongside industry intelligence.

Opportunity criteria:

- Target recycling increase (as a % of current tonnages)
- Confidence (including likely success by values modes group)
- Speed of implementation
- Cost of implementation
- Operational difficulty

The top opportunities were grouped into a number of scenarios and modelled to assess the impact on recycling rates and the budget. The steps proposed for the future are:

- **Step 1** - short term, relatively straightforward options - different approaches to communication and engagement, kitchen caddies and internal containers for dry recycling
- **Step 2** - as Step 1, plus dry recycling in a new 240 litre bin collected weekly, plus a move to separate weekly food collection and fortnightly garden waste collection.

9.6 Future Steps

9.6.1 Step 1

Actions that could be implemented from 2012/13 focus on communications work, enforcement of waste requirements (including trade waste agreements) except when certain criteria are met, and provision of containers (see table 1). It is calculated that the recycling rate for the kerbside collection services could rise from 31% to 36% by 2013/14 if all of these actions are implemented.

It is proposed that a communications plan is developed and agreed with the Cabinet Member for Environment.

It must be noted that savings shown below for 2013/14 take into account the 2-year time lag in the Council's levy payments to NLWA for the disposal of household waste. Therefore reductions in the amount of waste sent for disposal will take 2 years to deliver a reduced levy payment to NLWA, so the savings will be seen in 2015/16.

Table 1: Step 1

	Action	Full implementation year cost		2013/14 (first full year of impact)	
		(£000's)		Indicative revenue saving as compared to "as is" scenario (£000's)	Impact on performance
		Capital	Revenue		
Communications	Face to face campaign, doorknocking	0	130	41	1.06%

	Action	Full implementation cost (£000's)		2013/14 (first full year of impact)	
		Capital	Revenue	Indicative revenue saving as compared to "as is" scenario (£000's)	Impact on performance
	every household				
	Strengthening the role of community and faith groups	0	6	18	0.24%
	Clear instructions in direct mail to every household	0	14	9	0.24%
	Stickers on refuse bins (as part of wider campaign, eg. including articles in Barnet First, poster campaign)	0	7	14	0.35%
	Adapt language of communications. Stress the financial impact	0 – combined with other actions			
	Local monitoring for dry recycling, with direct mailing to households	0	33	17	0.24%
	Public pledges, Pledge Bank	0 – existing resources		5	0.18%
Enforcement	Enforcement of waste requirements (including trade waste agreements), except when certain criteria are met	0	44	64	1.17%
Containers	Providing all houses with an internal kitchen caddy and a sample roll of 10 biodegradable liners	180	20	Savings would be realised in 2016	0.94%
	Providing all households with a bag for storing recyclables	210	40	33	0.47%
TOTAL		390	294	201	4.89%

Note (1) – this saving is based on the May Gurney Recycling Services Contract being extended until 31 March 2014.

9.6.2 Step 2

This step (see table 2) includes:

- the activities set out under Step 1
- the provision of a new 240 litre wheeled bin for the collection of comingled dry recycling on a weekly basis. Therefore the kerbside sort recycling boxes would be replaced by wheeled bins. It is proposed that this would take place after the end of the existing May Gurney contract (the contract expires in October 2013, with an option to extend on one occasion for up to two years). It is proposed that the comingled dry recycling will be delivered to the NLWA for processing, provided that menu pricing is in place. In the event that menu pricing is not in place it is proposed that the comingled dry recycling will be consigned to NLWA from the date that menu pricing is in place.
- the collection of kitchen waste in an external caddy on a weekly basis from houses and flats, and the garden waste collected in a 240 litre bin as now except fortnightly. The majority of the organic waste collected in Barnet is garden waste, but as this is collected mixed with kitchen waste, it has to be processed indoors in a suitable facility. If kitchen waste were collected separately, this waste could be processed in such a facility, and the garden waste could then be processed in an outdoor facility at significantly lower cost. It is proposed that the separate kitchen waste and garden waste will be delivered to the NLWA for processing, provided that the garden waste can be treated and charged for at the market rate for an outdoor facility.

Table 2: Step 2

Action	Full year implementation cost (£000's)		2014/15		2016/17	
			Indicative revenue saving as compared to "as is" scenario (£000's)	Impact on performance	Indicative revenue saving as compared to "as is" scenario (£000's)	Impact on performance
	Capital	Revenue				
Step 2	3,804	672	1,200	41%	4,100	43%
"As is" scenario – for comparison	0	0	2,861 (additional cost compared to now)	31%	9,737 (additional cost compared to now)	31%

9.6.3 Summary

An outline of the proposed steps and the "as is" scenario is presented in table 3 below. It should be noted that the indicative savings shown are in comparison with projected additional costs in 2014/15 and 2016/17 associated with the "as is scenario" and are not savings against budget or current costs. For example in comparison to the "as is" scenario with overall additional costs of £9.7m in 2016/17, the overall additional costs if Step 2 was adopted would be £5.6m in 2016 /17.

Table 3: Summary of steps

Option	Implementation Cost (£000's)		Indicative revenue saving as compared to "as is" scenario (£000's)			Impact on performance		
	Capital	Revenue	2013/14	2014/15	2016/17	2013/14	2014/15	2016/17
Step 1	390	294	206			38%		
Step 2	3,804	672		1,200	4,100		41%	43%
"As is" scenario – for comparison	0	0		2,861 (additional cost compared to now)	9,737 (additional cost compared to now)		31%	31%

9.6.4 Financial modelling has taken into account the budget and savings for the refuse and recycling service (this is cost codes 10655 which is the refuse and organic waste collection budget, and 10656 which is the recycling budget, and the savings identified for these in the MTFs) and the amount currently paid to the NLWA for the levy. The 2011/12 to 2016/17 Capital Programme agreed by Council on 6 March 2012 includes a sum of £2.9m in 2012/13 and 2013/14 for refuse and recycling projects which will meet some of the capital costs of implementation; any additional capital costs will need to be profiled by financial year and included as a new bid in the 2013/14 finance and business planning process along with any additional one off and on-going revenue costs.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – SS
CFO – MC/JH