

**REPORT OF THE SERVICE DIRECTOR FOR TRANSPORT, PROPERTY AND
ENVIRONMENT****ASHFIELD DISTRICT COUNCIL GREEN WASTE INCENTIVE SCHEME****Purpose of the Report**

To approve the use of monies from the PFI Waste Contract reserve to support the introduction of a district wide green waste collection service in Ashfield as an invest to save initiative and approve the completion of a Service Level Agreement with Ashfield District Council if required by, and to the satisfaction of, the Group Manager for Legal Services to support the delivery of the initiative.

Information and AdviceBackground

1. The County Council has a PFI contract target of recycling and composting 52% of household waste by 2020, which aligns with the EU Framework Directive target of 50% by 2020. The Council's current recycling rate stands at around 43% and has plateaued in recent years highlighting the need for schemes that will significantly increase the recycling rate.
2. Environment and Sustainability Committee recently approved the Nottinghamshire County Council waste reduction, re-use, recycling and composting plan 2015/16, which has a key action of providing incentives to the Waste Collection Authorities for introducing new or improved kerbside green waste collection schemes in order to reduce the amount of residual waste collected, improve performance and save on waste disposal costs.
3. In 2014/15, kerbside collections across the County contributed over 33,000 tonnes of green waste, which equates to 9% of the current County Council recycling rate of 43%. This combined with garden waste collected at the County's recycling centres represents 16% of the recycling rate. Currently all districts (excluding Bassetlaw) run at least partial kerbside garden waste collections. These services are charged for with residents paying an annual fee for the collections.
4. In order to reduce residual waste and encourage recycling a number of other local authorities have implemented schemes where they have replaced their large 240 litre residual bins with smaller versions alongside new or improved recycling services. In several cases this has resulted in an increase in recycling

rates (Newport, Rochford, Dorset) along with significant reductions in residual waste tonnages, delivering associated financial savings.

5. In 2014/15 the County Council spent approximately £18.6 million on the disposal of residual waste, and with disposal of residual waste costing over twice as much per tonne as the disposal of dry recycling and garden waste the need to reduce the amount of residual waste and increase the recycling / composting tonnage is emphasised.
6. Following the launch of the County Council budget proposal for the introduction of smaller residual bins in 2014, Ashfield District Council approached the Council to look at the possibility of working together to see if there was any feasible way to link the previously approved incentives for green waste collections with the implementation of smaller residual bins to help improve recycling performance. In 2014/15 recycling and composting performance for Ashfield was 33%.
7. Officers from both authorities have worked together to develop proposals and several assumptions regarding the take up of the garden waste scheme and reductions and diversions of residual waste have been tested in order to develop a basic financial model. These assumptions were based on experience in other local authorities, and where smaller residual bins and/or garden waste schemes have been implemented.

The proposal

8. Senior officers have now agreed in principle a proposal for Nottinghamshire County Council to fund the purchase of new smaller 180 litre residual bins for Ashfield District Council, with the old 240 litre residual bins being repurposed for the collection of green waste. Ashfield District Council will then offer residents a free garden waste collection scheme for 2 years. The operational costs incurred by Ashfield will be funded by the County Council for this period, prior to the reintroduction of charges by Ashfield District Council to enable the scheme to be self-financing from year three. The County Council's liability for costs would cease at the end of year two.
9. The cost of the new 180 litre residual bins, any costs incurred in repurposing the existing bins for the collection of green waste, plus set up and year 1 and 2 revenue costs would be offset by savings in residual waste disposal, leaving the County Council meeting a modelled cost of £1.4million for year one (£1m capital and £0.4m of net revenue cost after disposal savings), and a further £0.2m (net revenue cost) in year two.
10. Revenue would be generated by Ashfield District Council through the reintroduction of the garden waste collection charge in year 3 to cover the operational cost of providing the service. Moving from a free service to a chargeable one, rather than introducing charges from day one, will help take up and retention. Modelling has taken a conservative view that 50% of residents would be retained on the scheme from year 3 onwards.
11. The County Council would take the full benefit of any savings through the shift of residual waste to other waste streams and all associated waste disposal savings, for the life of the service. The scheme is modelled to generate a surplus by the

end of year three, pay back the set up capital cost by year five, and to save the County Council a total of £6.2m in waste disposal costs (and generating a net saving of £3.4 million) over 10 years.

12. Recycling performance in Ashfield would also be improved by 14% during the free collection period and 11% once charges were reintroduced. This equates to 1.8% and 1.4% at the County level.
13. There are clearly various assumptions made in the model which carry risks, for example residual waste diversion not reaching the expected levels and possibly reducing the overall saving, however the professional view is that the savings within the current model remain conservative.
14. The leaders, executive members and chief executives from both the County Council and Ashfield District Council have been briefed and are supportive of the proposed scheme. Service Level Arrangements for the scheme, (exempt appendix 1) have been drafted and agreed by officers at the County Council and Ashfield District Council.
15. A more detailed financial model outlining the background to the headline figures noted above is included at exempt appendix 2.

Other Options Considered

16. There is an EU target in place requiring the UK to recycle and compost 50% of its waste by 2020, although this target has not yet been passed down to County/Unitary or District/Borough Council level, and there are currently no confirmed plans to do so.
17. Without statutory targets, and in the current austerity conditions prevailing in local government, Ashfield District Council and the other Waste Collection Authorities in Nottinghamshire, are unable to fund the implementation of improved recycling and composting services without incentive payments from the County Council.
18. The County Council could choose not to work with the Waste Collection Authorities to improve performance however there are clear environmental, performance and financial reasons why it should.

Reasons for Recommendations

19. Funding the capital and revenue costs for Ashfield District Council to deliver a free green waste collection to Ashfield residents for two years provides a solid basis for the introduction of sustainable charged for green waste collection services from year three, and delivers a significant saving to the County Council over a ten year period by reducing disposal costs. It will also increase recycling and composting performance towards the EU and PFI Contract targets.
20. The model proposed would be transferrable to Bassetlaw District Council and other district Councils in the County in due course, although for the borough authorities that utilise the Eastcroft Energy from Waste plant for waste disposal the payback periods would be extended considerably and may not be sufficiently attractive to the County Council due to the favourable gate fees enjoyed at the Eastcroft facility.

Statutory and Policy Implications

21. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

22. The costs of establishing the scheme and operating the scheme in years one and two, both revenue and capital, can be funded from the PFI reserve. The resultant savings over the term of the contract will reduce the requirement for future funding from the reserve and so enable this funding to be released to be invested in this initiative. As noted above the 10 year saving for the County Council is predicted to be £3.4million, with a payback period of 5 years.
23. The PFI reserve is a Corporate Reserve and so falls under the remit of Finance and Property Committee.

Legal Implications

24. The recommendations fall within the remit of the Finance and Property Committee by virtue of their terms of reference.
25. The Group Manager for Legal Services may require a Service Level Agreement to support the delivery of the initiative as included at Exempt Appendix 1.

Implications for Service Users

26. The introduction of district wide green waste collections in Ashfield will allow residents more choice in how they dispose of their waste, and hopefully ease pressure on the County Councils recycling centre network. The reintroduction of charges for the service in year three will not impact adversely, as a chargeable service is the current offering provided by the District Council, and mirrors the provision made by all other Districts and Boroughs in the County with the exception of Bassetlaw, where no green waste collection service is currently available.
27. Reductions in the size of the residual bins will drive changes in the recycling habits of residents, and will optimise the use of the existing kerbside collection services provided by Ashfield District Council (alternate weekly dry recycling, monthly glass, and now alternate weekly green waste) in order to improve overall recycling and composting performance and minimise residual waste production.
28. Ashfield will assess the requirements of larger families who are unable to cope with the reduced residual capacity, and will make alternative arrangements, similarly for residents who have significant quantities of non-infectious medical wastes (i.e. those who do not need a separate collection) additional capacity will be provided as required.

29. Ashfield District Council working with the County Council and Veolia will undertake focussed marketing and promotional campaigns to ensure residents are best able to utilise the services provided, and understand the benefits of increasing recycling to the local area.

Recommendation

30. That Committee:

- I. Approve the use of monies from the PFI Waste Contract reserve to support the introduction of a district wide green waste collection service in Ashfield as an invest to save initiative.
- II. Approve the completion of a Service Level Agreement with Ashfield District Council if required by, and to the satisfaction of, the Group Manager for Legal Services to support the delivery of the initiative.

Jas Hundal

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For any enquiries about this report please contact:

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Constitutional Comments (CEH 27.10.15)

The recommendations fall within the remit of the Finance and Property Committee by virtue of their terms of reference.

Financial Comments (TMR 22/10/2015)

The financial implications are set out in the report and exempt appendix 2.

Background Papers

None.

Electoral Divisions

All