

Waste Management - Sharing of Financial Savings through Collaborative Working with District Councils to reduce Treatment and Disposal Costs

Report of Head of Highways, Capital Development and Waste

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

- (a) that support is given in principle to develop a sharing of savings mechanism whereby a District Council (Waste Collection Authority), working in collaboration with the County Council (Waste Disposal Authority) to deliver a significant waste collection service change which leads to a reduction in overall costs for the County Council, benefits from the net savings generated;**
- (b) that an Agreement setting out the obligations of both parties be drafted and will be legally binding;**
- (c) that delegated powers be given to the Head of Service (Highways, Capital Development and Waste) to agree the details of both the sharing of savings mechanism and Agreement, acting in consultation with the Cabinet Member for Community & Environmental Services, the County Treasurer and the County Solicitor.**

1. Summary

Approval is sought in principle to develop a sharing of savings mechanism between the County Council as Waste Disposal Authority (WDA) and a District Council as a Waste Collection Authority (WCA) such that where a WCA introduces a significant waste collection service change that results in net savings to the WDA, these net savings are shared with the WCA.

2. Background/Introduction

It is widely acknowledged that working in partnership in waste management in two tier authorities can bring significant benefits including reduced treatment and disposal costs for the WDA. Both Somerset and Dorset have formed very successful waste partnerships which have delivered an improved single waste service across their areas. Efforts have been made over the previous three years to develop a similar single waste authority for Devon. This was supported by consultancy work to develop a sound business case but unfortunately this did not receive the necessary political support from enough authorities to enable a viable proposition to be progressed. However, the work did identify that significant savings could still be delivered by the WDA and WCAs working together without a formal partnership being in place.

The County Council Waste Management service has delivered over £5m worth of savings over the previous five years. These have arisen through retendering of contracts, and at Recycling Centres the introduction of charging for non-household DIY type waste, further restrictions on vehicles, and reduced opening hours including closure of some sites and exclusion of non-Devon residents at the Newton Abbot Recycling Centre. However, in this

difficult financial climate, there is a need to deliver further savings and this can only be done by working in closer collaboration with the District Councils.

3. Proposal

Changes could be made to the waste collection systems which could deliver significant benefits to the WDA by enabling waste to be either treated through a cheaper process or actually reducing the overall amount of waste collected. Currently, green waste is collected free of charge by a number of Districts and mixed with food waste. This is then treated through in-vessel composting facilities, which is relatively expensive when compared to treating separately collected food waste through an Anaerobic Digestion plant and green waste through open windrow composting. WCAs are considering changing their waste collection services to offer a charged for garden waste collection service and introduce a separate weekly food collection along with providing an improved kerbside recycling service. Teignbridge and Mid Devon District Councils have already made these service changes as well as introduce an improved recycling service collecting cardboard and mixed plastics. This has the benefit of reducing overall waste arisings but also increases the amount of waste recycled and reduces residual waste. Initial results from Mid Devon show an increase of dry recycling tonnage of 37% and a reduction in residual waste of 17%. East Devon have just let their new waste collection contract which will include the introduction of improved recycling along with a 3 weekly residual waste collection scheme as part of their new service. All of these changes can generate significant savings for the WDA through both lower treatment costs and less waste to manage.

In order to make changes to a waste collection service, significant investment is required by the WCA with potentially an increase in overall collection costs to collect waste separately, whilst the WDA will potentially derive significant savings through reduced treatment and disposal costs. The WDA recognises this and hence proposes a sharing of savings with the WCA such that both benefit from the changes made and the overall cost to the public purse is reduced. It is hoped that such a mechanism will encourage all WCAs to consider significant waste collection service changes which will deliver savings.

A shared savings formula will need to be developed such that net savings generated by the change in waste collection service delivered by the WCA can be evaluated. It is proposed that savings will only be shared where they are as a direct result of actions taken by the WCA and will need to allow for any additional costs that may have arisen for the WDA as a result of the WCA change of service. Both parties will require certainty - the WCA to invest in a new service and the WDA to let new contracts to manage the waste in a more cost effective manner. Hence, it is proposed that a sharing of savings mechanism be underpinned by a legally binding Agreement which will set out the obligations of both the WCA and WDA.

4. Consultations/Representations/Technical Data

Discussions have been undertaken with representatives from each of the WCAs to establish the principles behind the scheme and a WDA/WCA Officer Working Party has been set up to take this work forward. It is envisaged that this proposal will form part of the work programme for the new Devon Authorities Strategic Waste Committee to review the proposals. Development of a sharing savings mechanism to improve collaborative working and service efficiency fully accords with the principles underpinning the Heart of the South West programme.

5. Financial Considerations

The fundamental principle behind the proposed scheme is that only net savings will be shared and hence there should be no increase in costs to the County Council as a result. Average gate fees for more expensive treatment and disposal options range from around £76/ tonne for in-vessel composting to around £116 / tonne for landfill (including Landfill Tax). Cheaper waste treatment options currently range from around £37/ tonne to £57 / tonne. Consequently it can be seen that significant savings can be generated by treating waste through cheaper processes or moving from disposal to recycling. Preliminary work suggests that savings in the region of between £200,000 to £400,000 per year could be generated per WCA as a result of a WCA introducing significant service change. This could yield a share of the savings for the County Council of around £1 million across Devon should all WCAs sign up to the proposed scheme.

6. Environmental Impact Considerations

Encouraging separate collections of food waste, introducing further recycling and reducing overall waste arisings all help to ensure that waste is managed in a sustainable way and put to good use to recover value where possible.

7. Equality Considerations

Where relevant to the decision, the Equality Act 2010 Public Sector Equality Duty requires decision makers to give due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

taking account of age, disability, race/ethnicity (includes Gypsies and Travellers), gender and gender identity, religion and belief, sexual orientation, pregnant women/ new and breastfeeding mothers, marriage/civil partnership status in coming to a decision, a decision maker may also consider other relevant factors such as caring responsibilities, rural isolation or socio-economic disadvantage.

This may be achieved, for example, through completing a full Equality Impact Needs Assessment/Impact Assessment or other form of options/project management appraisal that achieves the same objective.

In progressing this particular proposal, an Impact Assessment has been prepared which has been circulated separately to Cabinet Members and also is available alongside this Report on the Council's website at: <http://www.devon.gov.uk/cma.htm>, which Members will need to consider for the purposes of this item/meeting.

Following the carrying out of the Impact Assessment, it is considered that this proposal would not discriminate against or disadvantage any group.

8. Legal Considerations

It is proposed that an Agreement be drafted setting out the obligations of both the WCA and the WDA which is legally binding on the parties. This will give the WDA certainty with regard to the contracts that need to be let to manage the waste and confidence to the WCAs to

invest in the required changes in collection infrastructure. A 10 year term is being proposed with a review after 3 years to ensure the scheme is working as the parties intended.

9. Risk Management Considerations

Only net savings generated by service changes made by a WCA will be shared with the WCA and hence there should be no overall increase in costs to the County Council as a result of this scheme. The Agreement will set out the obligations of both parties and should ensure collaborative working delivers net savings for both parties.

Flexibility across the overall waste budget may be reduced as a result of this proposal as essentially the budget for each WCA will need to be identified such that savings for each WCA can be measured.

10. Public Health Impact

There will be no impact on public health.

11. Discussion

In order for the County Council to make further savings on its waste management service, it needs to work in a more collaborative manner with its WCAs. Initial discussions with the WCAs suggest that this proposal will encourage them to consider introducing more cost effective waste collection services, which will deliver savings for the County Council, if they could benefit from the net savings generated.

This proposal will enable waste treatment and disposal savings to be measured on a WCA area and for those savings resulting from action by a WCA to be shared with them as an incentive to make those service changes.

12. Options/Alternatives

The ability to deliver further savings by working more collaboratively between the WDA and WCAs has been highlighted on both a national and local level, and was evidenced in Devon by the consultancy work to develop a single waste authority.

Whilst it has not been possible to develop a single waste authority, it is anticipated that the introduction of this proposal may deliver some of the potential savings identified through the earlier work undertaken.

13. Reason for Recommendation/Conclusion

This proposal could yield significant savings for the WDA on treatment and disposal costs by encouraging WCAs to make significant changes to their waste collection services. These changes are likely to reduce the volumes of waste produced, increase the volumes of waste recycled and/or enable the waste collected to be treated through cheaper processing facilities.

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Electoral Divisions: All

Cabinet Member for Community and Environmental Services: Councillor Roger Croad

Strategic Director, Place: Heather Barnes

Local Government Act 1972: List of Background Papers

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Background Paper	Date	File Reference
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Nil

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