



TO: **ALL CABINET MEMBERS**  
**(Copy to recipients of Cabinet Papers)**

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2 September 2015

Dear Councillor

**ST EDMUNDSBURY CABINET - TUESDAY 8 SEPTEMBER 2015**

I am now able to enclose, for consideration at next Tuesday 8 September 2015 meeting of the St Edmundsbury Cabinet, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>
5.	<b><u>West Suffolk Operational Hub (Pages 1 - 8)</u></b> Report No: <b>CAB/SE/15/050</b>
6.	<b><u>The Future of Organic Waste in Suffolk (Pages 9 - 28)</u></b> Report No: <b>CAB/SE/15/051</b>

Yours sincerely

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# Cabinet



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>West Suffolk Operational Hub</b>	
<b>Report No:</b>	<b>CAB/SE/15/050</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	8 September 2015
	<b>Council</b>	22 September 2015
<b>Portfolio holder:</b>	Peter Stevens Portfolio Holder for Operations <b>Tel:</b> 07775 877000 <b>Email:</b> <a href="mailto:peter.stevens@stedsbc.gov.uk">peter.stevens@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Mark Walsh Head of Operations <b>Tel:</b> 01284 757300 <b>Email:</b> <a href="mailto:mark.walsh@westsuffolk.gov.uk">mark.walsh@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	<p>To provide an update on the progress of the joint Forest Heath District, Suffolk County and St Edmundsbury Borough Councils development, including feasibility and deliverability, of a West Suffolk Operational Hub near Bury St Edmunds, to deliver a combined depot, waste transfer station and Household Waste Recycling Centre for West Suffolk.</p> <p>For Members to note that further community engagement across West Suffolk to give information, invite scrutiny and seek credible alternatives will take place before any planning application is made.</p> <p>For Members to recommend to full Council the allocation of funding to allow the project to progress.</p>	
<b>Recommendation:</b>	<p><b>It is <u>RECOMMENDED</u> that:</b></p> <p>(1) <b>the contents of Report No: CAB/SE/15/050, be noted;</b></p> <p>(2) <b>approval is given for a further six-week period of public pre-application consultation that will give an opportunity for suggestions for alternative sites and provide information for public scrutiny including the:</b></p>	

	<p>(i) case for a shared waste hub;  (ii) site selection criteria;  (iii) process of site selection;  (iv) sustainability appraisal; and</p> <p>(3) subject to the approval of full Council, funding of £220,000 (£112,000 FHDC and £108,000 SEBC), as detailed in Section 3 of Report No: CAB/SE/15/050, be approved, and for this to be allocated from the respective Council's Strategic Priorities and Medium Term Financial Strategy reserve to enable the project to progress.</p>		
<b>Key Decision:</b>	<p>Is this a Key Decision and, if so, under which definition?  Yes, it is a Key Decision - <input type="checkbox"/>  No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p>As approval for the funding element of the project is a full Council decision and not a Cabinet decision.</p>		
<p>The decisions made as a result of this report will usually be published within <b>48 hours</b> and cannot be actioned until <b>five clear working days of the publication of the decision</b> have elapsed. This item is included on the Decisions Plan.</p>			
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>Through pre-application consultation and any subsequent planning application.</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>Covered in previous reports.</li> </ul>		
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>Outlined in section 4.</li> </ul>		
Are there any <b>staffing</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
Are there any <b>ICT</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
Are there any <b>legal and/or policy</b> implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>Land transactions, procurement and planning process.</li> </ul>		
Are there any <b>equality</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
Planning consent or environmental permitting for the site is refused or significantly delayed and / or leads to high mitigation costs.	Medium	Develop a detailed planning strategy with supporting evidence. Engage early with stakeholders through pre-application consultation.	Medium
Ground and environmental elements (inc archaeology) leading to extra cost and delay.	Medium	Initial surveys of site undertaken. Engaging with appropriate experts to manage risk.	Medium

Escalating project costs.	Medium	Land costs fixed. Elemental cost plan developed to manage budget moving forward.	Medium
Lack of resource, skills and capacity to deliver project.	Medium	External support engaged and further support will be called upon as required. Sharing officer resources with SCC.	Low
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		<p>St Edmundsbury Borough Council report F51 dated 30 June 2014 - <a href="#">Hyperlink to report</a></p> <p>Forest Heath District Council report CAB/FH/15/001 dated 17 February 2015 - <a href="#">Hyperlink to reports pack</a></p> <p>St Edmundsbury Borough Council report CAB/SE/15/015 dated 10 February 2015 - <a href="#">Hyperlink to reports pack</a></p> <p>Suffolk County Council report to Cabinet dated 24 February 2015 agenda item 8 - <a href="#">Hyperlink to report</a></p> <p>St Edmundsbury Borough Council report CAB/SE/15/040 dated 23 June 2015 - <a href="#">Hyperlink to report</a></p> <p>Forest Heath District Council report CAB/FH/15/030 dated 14 July 2015 - <a href="#">Hyperlink to report</a></p>	
<b>Documents attached:</b>		None	

## 1. Background

1.1 The West Suffolk Operational Hub is one of a number of linked West Suffolk projects which aim to support the councils' strategic priorities through increasing public sector efficiency, making savings or generating income in order to continue providing services for people who live or work in West Suffolk. The previous Forest Heath and St Edmundsbury Cabinet reports on this matter (CAB/FH/15/001 dated 17 February 2015 and CAB/SE/15/015 dated 10 February 2015 respectively) provided information about the key drivers and benefits for a West Suffolk Operational Hub. These included:

- a) the changing nature of waste collection and disposal in Suffolk;
- b) relocating St Edmundsbury's ageing fleet depot from Western Way in Bury and enabling development on that site;
- c) relocating Forest Heath's Mildenhall depot and enabling that facility to be put to alternative commercial use;
- d) co-locating with Suffolk County Council's waste transfer station and Household Waste Recycling Centre (HWRC) increasing operational efficiencies;
- e) meeting the objectives of the Government's 'One Public Estate Programme';
- f) reducing fleet mileage and increasing capacity; and
- g) reducing running costs through using modern, efficient facilities on a combined site.

Further background can be found through links to the previous reports referenced in the 'Background Papers' section of this report above.

1.2 An initial round of community engagement in the form of a six-week pre-application public consultation took place from 6 March 2015 to 20 April 2015. The National Planning Policy Framework places particular emphasis on developers and prospective applicants engaging with the communities who lie close to or may be affected by their development proposals. Used in this way community engagement usually takes place at some point prior to the submission of a planning application.

1.3 There are many reasons for undertaking pre-application public consultation, including to:

- inform people about a proposed development prior to a planning application being submitted;
- engage communities and stakeholders in the planning process;
- give interested parties the chance to express their views on the proposed development;
- gain particular insight or detailed information which is relevant to the scheme;
- gauge local opinion; and
- identify ways in which a proposed development could be improved.

1.4 Pre-application public consultation is not a statutory requirement or a referendum and does not bind the developer to any particular course of action. However, whether the developer observes the findings of the process or not, they remain a material consideration in the determination of any related

planning application, as to the extent to which the developer has observed them.

- 1.5 Details of the initial phase of pre-application consultation and public feedback are available through the links in the 'background papers' section above.
- 1.6 Concerns raised included environmental impact issues like highways and traffic impact, noise, odour, landscape and visual impact. There were also questions raised concerning planning policy, the justification for a single site option, the site selection criteria and the process of site selection itself including understanding the locations considered and dismissed in favour of the current preferred option at Hollow Road Farm.

## **2. Next Steps**

- 2.1 A second six-week pre-application consultation is planned and a consultation plan will be published before it starts to enable people to understand what it will cover and relevant dates.
- 2.2 This second phase will make further documents available for public scrutiny including a sustainability appraisal, the case for co-locating facilities into a single site, site selection criteria and the process of site review and selection which identified the currently preferred location at Hollow Road Farm. This background detail will enable people to consider putting forward credible alternative sites.
- 2.3 It is important to stress that this would still be pre-application consultation and not a planning application for a specific site. Any planning application would only come forward from the partnership of developers (Forest Heath, Suffolk County and St Edmundsbury councils) after the results of this second phase of consultation have been analysed. A planning application would also trigger further public consultation by the Planning Authority which in this case would be the Development Control Committee of St Edmundsbury Borough Council.
- 2.4 The consultation plan is being prepared along similar lines to those used for Nationally Significant Infrastructure Projects (NSIP). Although not a national project, the West Suffolk Operational Hub is of high local significance to the nearby communities and also needs to ensure that all West Suffolk residents have the opportunity to make comments and suggestions. It will be published on the website ([www.westsuffolk.gov.uk/wsoh](http://www.westsuffolk.gov.uk/wsoh)) and will set out the background of the project and previous consultation, what is being consulted on, where people can get information, how people can provide feedback and timescales for the consultation and next steps. It will also help to ensure that questions can be answered in a timely way and with clarity.
- 2.5 Regardless of whatever site is ultimately selected, design work (much of it generic) will need to continue to develop in order to bring further clarity to our proposals, address some of the issues raised during pre-application consultation, provide further accuracy to cost estimates and develop a package of information for any planning and procurement process.

2.6 There are three distinct phases to this project:

1. feasibility (including planning)
2. procurement
3. construction

2.7 We are still in the feasibility phase of the project which includes site selection, developing a business case and seeking a planning consent. In order to prepare a business case and have the necessary information to make a detailed planning application, design will need to progress at the appropriate time and sufficiently to inform these elements of the project. The funding requested in this report will allow more detailed iterations of design and work on the required planning information to progress as and when the council is ready to do so. It is anticipated that elements of the design work could be replicated elsewhere if an alternative site is subsequently selected although it is worth noting that some site-specific, detailed and specialist work would always be required for any site before a planning decision could be taken.

### 3. Finance

3.1 To date, all costs during the feasibility and deliverability phases of this project have been shared equally with Suffolk County Council and St Edmundsbury Borough Council. St Edmundsbury provided initial funding of £100,000 (report F51 dated 30 June 2014). A further £20,000 of funding has been made available through the Cabinet Office under the One Public Estate Programme (OPEP) which aims to support projects to co-locate public sector assets.

3.2 In order for the project to progress, funding, in line with other equivalent projects, will be required to finalise a business case in the autumn. Estimated elements of further cost required are:

Project Management / Concertus	£40,000
Planning advice	£35,000
BREEAM advisors	£4,000
Images and visual impact studies	£6,000
Planning application and land option	£52,000
Legal advice	£13,000
Direct costs	£30,000
Communications	£30,000
Consulting engineers (surveys / design)	£180,000
Other / contingency	£50,000
Total	£440,000

3.3 The share of these costs for West Suffolk is anticipated to be £220,000. Appropriate arrangements need to be made to share these costs between Forest Heath District Council and St Edmundsbury Borough Council. An accurate basis on which to share these costs between the West Suffolk councils will be made for the business case. Until then it is recommended that they be shared on the standard 35:65 ratio and reconciled at a later date.

3.4 In order to reflect a 35:65 cost share between the West Suffolk authorities on both the current and future expenditure for this project, Forest Heath DC will be requested to make budget provision for £112,000 (35% of West Suffolk's

£320,000 share – net of £20,000 OPEP funding) and St Edmundsbury will be requested to make a further budget provision of £108,000 (65% of West Suffolk's £320,000 share – net of £20,000 OPEP funding, minus the £100,000 already approved report F51). Both amounts to be funded from each authority's Strategic Priorities and Medium Term Financial Strategy reserve.

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# Cabinet



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>The Future of the Organic Waste Service in West Suffolk</b>	
<b>Report No:</b>	<b>CAB/SE/15/051</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	8 September 2015
	<b>Council</b>	22 September 2015
<b>Portfolio holder:</b>	Peter Stevens Portfolio Holder for Operations <b>Tel:</b> 07775 877000 <b>Email:</b> <a href="mailto:peter.stevens@stedsbc.gov.uk">peter.stevens@stedsbc.gov.uk</a>	
<b>Lead officers:</b>	Mark Walsh Head of Operations <b>Tel:</b> 01284 757300 <b>Email:</b> <a href="mailto:mark.walsh@westsuffolk.gov.uk">mark.walsh@westsuffolk.gov.uk</a>	
	Mark Christie Service Manager (Business) <b>Tel:</b> 01638 719220 <b>Email:</b> <a href="mailto:mark.christie@westsuffolk.gov.uk">mark.christie@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	<p>To agree on the future of the brown bin scheme in West Suffolk following the recent Suffolk Waste Partnership review of organic waste management.</p> <p>The brown bin service was introduced in response to a number of local and national initiatives to stimulate recycling and waste diversion from landfill. This included statutory recycling targets, government funding incentives and the availability of local waste treatment, for which we have continued to receive an ongoing subsidised gate fee due to government financial investment.</p> <p>Support for the scheme has progressed and 19,000 tonnes of non-meat kitchen waste and garden waste are collected annually at a net cost of £584,000 (£30 per tonne). This scheme has been effectively subsidised by £1,070,000 per annum through the RPP (Recycling Performance Payments) payments from Suffolk County Council of £54.76 per tonne (£349,000 FHDC and £721,000 SEBC).</p>	

	<p>Financial pressures and a changing perspective have led to a rethink on the management of organics. Waste reduction has a progressively more prominent focus than recycling, diversion from landfill is no longer a key priority since the introduction of Energy from Waste and direct council recycling targets have been withdrawn. This combined with increasing budget pressures has focused the review of Suffolk’s annual £6.6 million budget for the management of organics.</p> <p>Waste services across Suffolk (collection and disposal) are integrated and are managed and coordinated through the Suffolk Waste Partnership (SWP). The options available are limited as the disposal options need to be agreed and operate at this countywide level. However, the implications for West Suffolk as a waste collection authority are significant. Following a review of Recycling Performance Payments received from Suffolk County Council (SCC) and an expected increase in organic waste treatment costs associated with the new contract, there will be an additional cost to West Suffolk of up to £500,000 per year to maintain a brown bin scheme, albeit collecting garden waste only.</p> <p>There is an increasing national focus on subscription based charging, which supports customer choice and will generate income to offset a greater proportion of service cost than currently. As part of this option, SCC has committed to maintain the current level of RPP if there is SWP agreement to share cost savings equally with SCC moving forward.</p>
<p><b>Recommendations:</b></p>	<p><b>It is <u>RECOMMENDED</u> that subject to the approval of full Council:</b></p> <ul style="list-style-type: none"> <li><b>(1) the exclusion of food/kitchen waste from the brown bin scheme - to commence following procurement of the new treatment contract, be agreed;</b></li> <li><b>(2) a subscription charge of between £35 and £50 per year for the brown bin service, as detailed in Section 1.4.3 to 1.4.8 of Report No: CAB/SE/15/051, be introduced; and</b></li> <li><b>(3) a future report be received outlining the results of the procurement exercise and the Suffolk Waste Partnership’s agreed actions to deliver recommendations 1 and 2 above.</b></li> </ul>

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i>	
		No, it is not a Key Decision - <input checked="" type="checkbox"/>	
		As it is a full Council decision, not a Cabinet decision.	
<b>Consultation:</b>		• N/A	
<b>Alternative option(s):</b>		• N/A	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • See Appendix B	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • See Appendix B	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • See Appendix B	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • See Appendix B	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • See Appendix B	
<b>Risk/opportunity assessment:</b>		See Appendix C	
<b>Risk area</b>	<b>Inherent level of risk (before controls)</b>	<b>Controls</b>	<b>Residual risk (after controls)</b>
Customer satisfaction will decrease.	High	Communications Plan	Medium
Increased cost of service	High (subject to preferred option)	Subject to option selected	Medium
Council reputation	High	Communications Plan	Medium
Variable service	High		Medium
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b>		None	
<b>Documents attached:</b>		<i>(Please list any appendices.)</i> <b>Appendix A</b> Agreed proposal from the SWP <b>Appendix B</b> Implications <b>Appendix C</b> Initial risk assessment <b>Appendix D</b> EU, UK and local policy drivers <b>Appendix E</b> Treatment options and procurement	

## 1. Key issues and reasons for recommendation(s)

### 1.1 Background

1.1.1 West Suffolk's organic waste collection and treatment started in the mid 1990s. Both councils were early adopters of this waste management system, followed by other Suffolk councils, in an attempt to respond to a number of emerging drivers, namely to:

- mitigate the environmental impact and cost of managing organic waste going to landfill;
- maximise 'recycling rate' performance under a regime of statutory targets;
- meet statutory restrictions on the amount of organic waste disposed of to landfill; and
- access DEFRA funding to introduce kerbside collection infrastructure.

1.1.2 West Suffolk councils currently collect approximately 71,000 tonnes of household waste per annum through kerbside collection schemes. This comprises:

- Residual Waste 32,000 tonnes (Black Bin)
- Recycling 20,000 tonnes (Blue Bin)
- Composting 19,000 tonnes (Brown Bin)

1.1.3 The introduction of a universal separate collection service for garden waste and non-meat kitchen waste enabled rapid increases in the recycling rate.

1.1.4 The service is provided to the majority of households across West Suffolk on a fortnightly basis and all year round, with the resultant material composted using an In Vessel Composting (IVC) process at Lackford, under a contract with Viridor Waste Management. The evolution of this service delivery model across Suffolk has resulted in a three different approaches:

FHDC / SEBC / IBC: Universal garden waste and green kitchen waste collected fortnightly; no subscription charge; In-Vessel Composting (IVC) processing.

MSDC / BDC: Opt-in garden waste only; subscription charge and windrow processing (open air compost heaps).

WDC / SCDC: Universal garden waste and full food waste collected fortnightly; no subscription charge and an IVC process resulting in higher quality compost products.

1.1.5 The cost of managing organic waste across Suffolk is £6.6m per annum (2013/14 costs) and is made up of two main components:

1. The cost of collecting and treating kerbside collected organics are over £5.7m. This is funded through:
  - a. Subscription income (£0.68m BDC & MSDC only);
  - b. RPP support from Suffolk County Council (SCC) (£3.5m); and

c. District/borough collection budgets (£1.53m).

2. The handling and treatment of organic waste delivered to the 11 Household Waste Recycling Centres (HWRCs) costs SCC £0.92m.

1.1.6 Within West Suffolk, the net cost of the brown bin service is focussed around three areas:

1. the cost of collection including vehicles, staff etc;
2. the cost of treating the organic waste i.e. the gate fee; and
3. income from SCC in the form of Recycling Performance Payments.

1.1.7 We have recently undertaken a collection round reorganisation that secured operational savings of £135,000 per year, the ongoing operational cost is relatively fixed. For every tonne of organic material that we collect, SCC currently pays us a Recycling Performance Payment (RPP) of £54.76 per tonne. This is a statutory payment to encourage the diversion of waste from landfill to recycling and significantly contributes to our current net service cost, as outlined below. (for noting, whilst the RPP value paid is flexible, there is a legal minimum value).

	<b>FHDC</b>	<b>SEBC</b>	<b>West Suffolk</b>
Annual tonnes collected (2014/15)	6,381	13,170	19,541
RPP from SCC @ £54.76 per tonne	-£349k	-£721k	-£1,070k

\*For noting, quantities collected varies year on year so for the purposes of this report, 2014/15 actual figures have been used throughout.

1.1.8 The third key cost area involves waste processing. The current contract was established over 10 years ago when the councils received central government funding which helped cover the cost of building the facility along with bins and collection vehicles.

1.1.9 Given that government funding helped to establish the West Suffolk facility, the gate fee that we currently pay to process this material into compost (£34.11 per tonne) is about £12 per tonne lower than the national median gate fee for IVC processing of this material (Waste and Resources Action Programme (WRAP) Gate Fee Survey 2014). This is reflected below:

	<b>FHDC</b>	<b>SEBC</b>	<b>West Suffolk</b>
Annual tonnes collected (2014/15)	6,381	13,170	19,541
Gate fee cost @ £34.11 per tonne	£218k	£449k	£667k

1.1.10 The overall net cost of the brown bin service for West Suffolk (2014/15 estimated outturn) is £585,000 per year.

	<b>FHDC</b>	<b>SEBC</b>	<b>West Suffolk</b>
Annual tonnes collected (2014/15)	6,381	13,170	19,541
Net cost of collection (unaudited figures 2014/15)	£203k	£381k	£585k

## 1.2 Why is there a need to change?

1.2.1 Members will understand from previous reports that the SWP has been

considering options for the future of organics for the past 2-3 years although securing a common and agreed approach has been difficult due to the different service characteristics offered by the various SWP members. However, the following key issues have prompted a rethink on the approach to organics:

- legislative framework;
- financial impact;
- behavioural changes; and
- waste treatment options available.

### **The legislative framework**

- 1.2.2 Historically, council targets and funding incentives were introduced by national government to stimulate recycling improvements and the diversion of biodegradable waste from landfill. This created a positive boost to recycling, particularly in West Suffolk as we developed kerbside collection services to deliver a recycling rate in excess of 50%.
- 1.2.3 In contrast, there is now an increasing emphasis on options to reduce the amount of waste being generated, incorporating waste prevention and minimisation. The current EU and national waste management plan is to work towards a zero waste economy using the "waste hierarchy" (see Appendix D) to ensure the way we deal with waste gives top priority to waste prevention followed by re-use, recycling (includes composting), recovery and finally disposal with landfill as a last option. In England, the waste hierarchy is both a guide and a legal requirement and over the past few years, there has been significant progress with waste and resource management with the national recycling and composting of household waste increasing to 43%.
- 1.2.4 In determining the approach to be taken, the government has put in place a number of initiatives but has stated that it is a matter for local authorities to develop fit for purpose local solutions. It is also not yet understood if the new Conservative government will make changes to current waste policy. From an operational perspective, the intention would be to encourage residents to reduce the amount of organic waste (e.g. through home composting) and/or self-manage it (e.g. through taking it to their local household waste recycling centre) as opposed to the council collecting it.

### **The financial impact**

- 1.2.5 In the current climate of year-on-year budget reductions we face difficult choices. As a result, the Suffolk Waste Partnership (SWP) has been debating the future organic waste service options with a view to minimising waste in the overall collection system, minimising the environmental impacts of waste management and reducing the costs of waste collection and treatment.
- 1.2.6 There are two particular challenges facing West Suffolk which will impact on our current position:
1. SCC need to achieve financial savings from waste management services and are planning to reduce the RPP to the legal minimum of £41.14 per tonne; a £13.62 reduction from the current level. Whilst they would reject any notion of cost shunting this will increase the cost liability for those councils that continue to provide a non-subscription organic waste service.

2. The SWP needs to identify an affordable treatment method for organic waste following the expiry of the current contract in April 2016. As previously highlighted, West Suffolk may face a higher treatment cost (gate fee) equivalent to £12 per tonne following the removal of the government subsidy.

1.2.7 A significant impact of the above to the current position is that we currently achieve a net benefit of £20.65 for each tonne of waste collected for composting (i.e. the difference between the gate fee paid and the RPP received). Using the estimated changes, we will achieve a net deficit of £5 per tonne, which means that we will be £25.51 per tonne worse off for every tonne of organics we collect based on our current position. The impact on West Suffolk budgets from April 2016 onwards are highlighted below:

	<b>FHDC</b>	<b>SEBC</b>	<b>West Suffolk</b>
Annual quantity (2014/15 actual tonnes)	6,381	13,170	19,541
Actual difference in SCC RPP (£13.62)	£87k	£179k	£266k
Estimated difference in gate fee cost (£11.89)	£76k	£157k	£232k
<b>Additional cost compared to current arrangement*</b>	<b>£163k</b>	<b>£336k</b>	<b>£498k</b>

1.2.8 If the brown bin scheme continues in its current format, West Suffolk will be faced with an estimated budget increase of £498,000 per year in comparison to current costs. This amount would need to be found in savings from elsewhere, with potential impacts on services across the councils.

### **Behavioural changes**

1.2.9 An emerging school of thought suggests that continuing to offer a universal non-charged garden waste collection service encourages more waste into the system, which costs money to deal with. This arguably runs counter to the EU waste hierarchy which seeks to encourage waste avoidance and re-use ahead of recycling or composting. More recently, SCC has departed from landfill disposal for the residual waste stream and this waste is now treated using energy recovery. This may therefore disincentivise SCC to seek diversion of this material from the residual waste stream, whilst recognising that the gate fee for Energy from Waste (EfW) is still significantly higher than composting (ignoring the separate collection costs).

1.2.10 Significant independent research by the Waste and Resources Action Programme also suggests that comingling food waste with garden waste is less efficient than other collection systems. This is now the agreed position of the SWP and any future joint procurement of organics treatment will be for garden waste only.

### **Processing**

1.2.11 The current processing contract was established 10 years ago when the councils received central government funding which helped cover the cost of

building the facility along with bins and collection vehicles. The contract was originally due to expire March 2015 but was extended to the end of March 2016 so that it would be co-terminus with other organic waste processing contracts in Suffolk, to enable the option of procuring a countywide contract.

1.2.12 Since the current Suffolk treatment contracts will expire in early 2016, decisions *must* be taken this summer to allow for a full procurement and mobilisation to be undertaken. If any member of the SWP chooses to continue with the inclusion of food waste, they will need to organise their own procurement exercise (understanding that this is likely to be a more expensive option).

### 1.3 What are the options?

1.3.1 In all areas of Suffolk, households currently have three key methods for composting their organic waste (excluding contracting private waste removal services):

1. compost it themselves in their garden;
2. take it to their nearest HWRC; or
3. use the council-provided collection service (whether this is subscription based or paid for as part of the council tax).

1.3.2 The relative merits of each options is highlighted below:

	Free Service (IBC/West Suffolk/SCDC/WDC)		Charged Service (BDC/MSDC)	
	Direction of Travel	Comments	Direction of Travel	Comments
<b>Reduction</b>		Collects additional garden waste which could be home composted		Encourages home composting
<b>Recycling/ Composting</b>		Maximises composting rate		Reduced composting rate. Diverts garden waste tonnes from kerbside collections to HWRCs
<b>Recovery</b>		Encourages composting rather than disposal		Increases residual waste arisings

1.3.3 In terms of our waste collection obligations, we have enjoyed a long and relatively stable period of high performance, customer satisfaction at reasonable and defined cost. Clearly, in deciding what to do we are faced with a number of options.

1.3.4 The proposal forming the basis of this report was developed jointly by senior officers of the Suffolk Waste Partnership in response to the Public Sector Leaders group. There are three options for future organics service provision,

each with differing pros and cons across the two-tier waste structure. They are:

1. Maintenance of the status quo
2. Cessation of organic waste collections
3. Introduction of a charged subscription based service

1.3.5 These options were evaluated by officers using a comparison of the projected cost and tonnage for each of the three aforementioned service models against a number of service drivers. These drivers were:

1. Would the option encourage waste reuse?
2. Would the option encourage waste recovery?
3. Would the option reduce costs across the whole waste service?

1.3.6 Members of the Suffolk Waste Partnership are persuaded that the status quo (universal IVC processed, non-charged service) isn't likely to be sustainable either environmentally (waste hierarchy) or financially when viewed across the two tiers of local government. Moreover, West Suffolk supports the waste hierarchy principles and arrangements are in place to provide subsidised compost bins.

1.3.7 Whilst it is agreed that composting at source is the most environmentally friendly and cost effective solution, there is a difference of opinion across Suffolk on the extent of the impact that this can have. In West Suffolk we consider that the majority of households could have a low tolerance towards home composting due to both practical considerations and in view of their current access to a dedicated brown bin collection service. However, we agree that home composting should be promoted to our residents as part of any programme of change.

1.3.8 Whilst we have an opportunity to investigate local options for organic waste treatment and pursue a Suffolk-wide default position, it is unlikely that this would result in treatment cost savings to offset the proposed reductions in RPP from SCC. Moreover, we are unlikely to secure efficiency savings from changing the way the service operates e.g. ceasing collections over winter etc. to offset the funding gap.

1.3.9 As previously mentioned, we have also considered widening the scope of the service to incorporate full food waste, thus increasing the amount of waste collected and diverted from disposal – thus improving collection efficiency. However, lessons learned from other councils suggest that commingling food will not significantly increase waste collected and a separate weekly food waste collection is the preferred approach; the waste can then be managed using Anaerobic Digestion technology.

1.3.10 In view of the above challenges, the options available to West Suffolk are:

- **Option 1:** Continue with the brown bin scheme in the current collection format (excluding food waste) at an increased cost to the councils of £498,000.
- **Option 2:** Cease the current brown bin service, saving £420,000.
- **Option 3:** Introduce an annual subscription charge and exclude food

waste generating an income of between £100,000 and £250,000 to ensure that the service is cost neutral.

1.3.11 All options are prone to risks as set out in Appendices B and C and have implications in relation to service delivery.

#### 1.4 **Implications and preferred option**

1.4.1 Option 1 will enable the continuation of the service albeit in a revised format to remove food waste. Recycling performance levels will continue similar to present and there will be minimum risk to both participation and customer satisfaction levels. West Suffolk will also continue to deliver services that support the national waste hierarchy. However there is a significant associated cost. This option will have a significant impact on the Councils budgets and Medium Term Financial Strategy by costing an additional £498,000 per year due to reduced RPP income and increased treatment costs.

1.4.2 Option 2 enables the West Suffolk councils to deliver an estimated saving of £420k per year (this is the estimated savings excluding fixed costs), minus one-off transitional costs. However, the increased costs to SCC for processing a significant increase of organic waste through the EfW facility could be higher to the Suffolk taxpayer overall. Also, we have an Inter-Authority Agreement (IAA) with SCC that prevents unilateral changes to collection schemes without understanding their wider impact and mitigation and agreement from the SWP. This is considered to be the least favoured option as while there is a cost saving, this is the only perceived benefit. Recycling performance will drop to around 24% to 29% - to that achieved in the late 1990s - and this will be matched by an increased risk of customer dissatisfaction. Whilst some residents will use the HWRC and home composting, organic waste may be diverted into the black bin. Reputation risks are high as this involves service removal, a retrograde step for both service users and support for the national waste hierarchy principles.

1.4.3 Option 3 is the preferred option. In its simplest form it allows continuation of the current scheme albeit in a revised format, continues respectable recycling performance (estimated between 40%-45% and will maintain a certain level of customer acceptance and support over time. This option also supports the national waste hierarchy and will also retain the current RPP level from SCC.

1.4.4 Option 3 also delivers the most cost effective solution to the Suffolk public purse and it is projected to save the Suffolk local authorities across the two tiers of local government approximately £1.4 to £2.4 million.

1.4.5 The impact of the change is variable as the implications of charging a subscription are varied as it influences participation (customer choice and garden size), which in itself affects the amount of waste collected (tonnes), which affects potential income (RPP and subscription) and costs (gate fee). Research however suggests that these schemes will continue to collect up to 70% of organic waste and attract participation around 30%-40% for a £35 per year subscription.

1.4.6 As a result, the SWP officers set out an agreed proposal (attached in Appendix A) in the belief that it meets the criteria set out by the Suffolk Public Sector

Leaders group. This is a proven policy approach and more than a third of Councils across England now charge to collect garden waste from households. The charges vary between £25 and £75 per annum and the frequencies again vary between 40 weeks (20 collections) and 50 weeks (25 collections) per annum.

1.4.7 It is agreed that the SWP will meet the full transitional costs of service change in their totality from savings generated for those authorities which choose to move to a subscription based garden waste service. Transitional costs could include for example collecting unwanted bins, reorganising collection rounds, communicating the new services and the promotion of subsidised home composters.

1.4.8 In view of the above, Portfolio Holders and Officers recommend pursuing Option 3 as it offers a positive budget position and enables the continuation of the service, albeit in a revised format.

## **1.5 The next steps**

1.5.1 As part of this delivering option 3, Officers will prepare detailed costs, a revised policy, method of delivery and mobilisation plan.

1.5.2 Officers will continue to engage in discussions and negotiations with the Suffolk Waste Partnership and with local reprocessing companies, albeit a decision on the way forward is required in order that plans and preparations can commence in order to be ready for the April 2016 contract commencement date (see Appendix E).

1.5.3 It is expected that a revised scheme would commence in April 2016 or at an agreed date thereafter. In terms of preparations, these include:

- Procurement
- Residents' notification and marketing
- Governance for revised policies and service standards
- Establishing a subscription administration process etc.

In terms of delivery:

- The scheme will be universal and offered to all residents in West Suffolk.
- Residents could purchase more than one bin.
- We would continue to promote home composting and use of the HWRCs.

## **Appendix A: The proposal of the SWP agreed by Suffolk Public Sector Leaders**

The proposal is:

- a) Waste Collection Authorities (WCAs) retain the right to self-determination and may choose to introduce a garden waste only subscription service on or before 1 April 2016. Should individual authorities' wish to introduce a subscription scheme prior to 1 April 2016, SWP officers will consider the operational, contractual and strategic practicalities of such a move.
- b) The County Council reduces its subsidy (the recycling performance payment or RPP) for garden waste to those authorities that choose to continue to provide a universal free garden waste service. The recommended fee being the 2015/16 statutory recycling credit rate of £41.14 per tonne. Those districts or boroughs that opt to continue a universal free service would have to find an alternative source of funding or make savings elsewhere to make up the budget shortfall.
- c) The County Council continues to pay the subsidy at the existing level of £54.76 per tonne to those authorities that choose to introduce or continue to provide a subscription based garden waste service. A financial review will then be undertaken on an open book basis at the end of the 2016/17, 2017/18 and 2018/19 financial years. The resultant whole waste system savings across the two tiers will then be shared in each financial year between the WCAs and the County Council on a 50/50 basis. This arrangement will only apply to those authorities that introduce a subscription based service.
- d) (NB: The above is based on authorities introducing a subscription scheme between £35 and £50 per annum. If a lower annual subscription fee is introduced, the financial implications would need further analysis and may affect the ratio of savings.)
- e) In addition to the point above, the SWP will review the system of financial reconciliation by the end of the 2018/19 financial year. This will allow any new subscription services time to bed in and provide SWP officers the opportunity to create an alternative financial system based on actual system performance and costs.
- f) It is recognised that Babergh and Mid Suffolk District Councils face unique circumstances, i.e. that they already have a subscription-based garden waste service. It is proposed that a separate discussion needs to take place regarding these councils.

## Appendix B: Implications for West Suffolk

Implications	Option 1 Do Nothing	Option 2 Cease the service	Option 3 Introduce a subscription charge Stop collection of food.
<b>Financial</b>	<ul style="list-style-type: none"> <li>Significant increase in service cost – up to £600k per annum due to gate fee and RPP changes.</li> </ul>	<ul style="list-style-type: none"> <li>Significant annual savings – over £400K per annum</li> <li>Increase in black bin service costs due to increased organics in the bin.</li> <li>Cost of removing, storing and disposing of wheeled bins no longer required by residents.</li> <li>Overall cost to Suffolk taxpayer likely to be higher due to higher residual waste treatment costs.</li> </ul>	<ul style="list-style-type: none"> <li>Potential to generate income – dependent upon subscription rate, capture rate of organic waste and subscription charge.</li> <li>Potential increase in black bin service costs due to increased organics in the bin.</li> <li>Cost of removing, storing and disposing of wheeled bins no longer required by residents.</li> </ul>
<b>Staffing</b>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>Redundancy of up to 10 FTE</li> </ul>	<ul style="list-style-type: none"> <li>Redundancy to reflect change in subscription</li> </ul>
<b>ICT</b>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>Require ability to support the corporate strategy for customer access through channel shift and self-serve.</li> </ul>
<b>Legal/Policy</b>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>Change in current policy.</li> <li>In contravention of the Inter-Authority Agreement in terms of needing SWP agreement which is unlikely to be given.</li> </ul>	<ul style="list-style-type: none"> <li>Need to serve notice on all residents.</li> <li>Green waste collection is a service for which the Council can at its discretion levy a charge.</li> </ul>
<b>Equality</b>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>Will impact equally on all service users, especially those unable to use the HWRC or compost at home.</li> </ul>	<ul style="list-style-type: none"> <li>Will impact those residents on lower incomes, residents in rural locations and those unable to travel to HWRC. The service would need to be restricted to locations that supported the introduction of efficient collection rounds.</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>No change</li> </ul>	<ul style="list-style-type: none"> <li>Significant drop in recycling performance – up to 50%</li> </ul>	<ul style="list-style-type: none"> <li>A drop in recycling performance – between 5% and 10%</li> </ul>

**APPENDIX C: Risk assessment and key issues**

RISKS			OPTION	IMPACT	MITIGATION OPTION
Political	Reputation	There are risks attached to the Councils reputation if the new service does not improve the performance currently achieved (both financially and waste recovery).	2,3	High	Tolerate and Treat.
		Contravention of SWP Inter-Authority Agreement	2	High	Treat
	National Waste policy	Charging for a previously perceived 'free' service may appear inequitable and may be regarded as a 'stealth tax' to generate income.	3	High	Treat or Transfer
		There is no information available about potential changes to current policy by the new government.	1,2,3	High	Treat
	Charging Policy	Limited take up; no means tested charging options.	3	Medium	Transfer and treat Tolerate or Treat
		Service improvement and national rankings	Both Councils have dropped positions in the national ranking for waste recycling performance. This will fluctuate due to the service option chosen and also the achievement of the expected participation by householders.	2,3	Medium To High
					Medium

RISKS			OPTION	IMPACT	MITIGATION OPTION
	Corporate Priorities	This is not a direct corporate priority but supports priorities relating to communities.	1,2,3		
Economic	Service Costs	There are cost implications associated with the options: Transition costs Additional revenue costs Reduced RPP income.	All 1 1,3	Medium Medium High	Tolerate Treat Treat/Tolerate
	<i>Gate Fees</i>	It is anticipated that these will increase with RPI and capital investment, albeit they will be cheaper than the cost of disposal. There are variable gate fees subject to the treatment option required. The gate fee will increase significantly from April 2016.	1,3	High	Treat/Tolerate
	<i>RPP</i>	The payments have been fixed for a number of years but in real terms have reduced. There is no guarantee that the payments will continue in their current form or financial value.	1,3	High	Treat or Tolerate
	<i>Contracts, Investment decisions and interest</i>	The financial implications of new contracts for organics processing is unknown and subject to market interest. Furthermore, the location and type of facilities is subject to the procurement and competitive dialogue.	1,3	High	Treat or Tolerate
Social	Income distribution	The introduction of a subscription charge is a viable way of enforcing the user pays	3	Medium	Treat or Tolerate

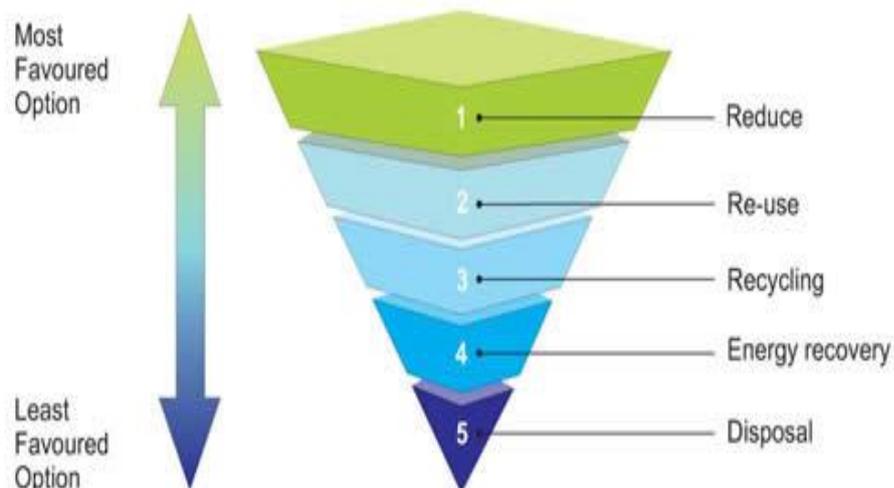
RISKS			OPTION	IMPACT	MITIGATION OPTION
	Behaviours	principle and generating income. However, the take up of the scheme will be limited to those able to afford it and a key risk is that householders decide that the money could be spent on something different or more personally important. The modelling assumption is a 40% take up of the scheme. There will also be costs associated with collecting unwanted brown bins (38,000 in SEBC) and monitoring and administrating the subscription service.	All	Medium	Treat
	Lifestyle Changes	The success of the different options is subject to the behaviours of all residents. Aligned with this is the risk that the level of diversion assumed is not realised or organic waste is disposed of in the black bin.	All	High	Treat
	Education Attitudes	Linked to making the transition to the different performance on the options is the requirement to ensure that all new messages are adequately communicated and sustained to change attitudes towards both recycling and particularly the diversion of organic waste.	All	High	Treat
Technology	Rates of obsolescence	It is important that processing capacity is available locally	1,3	Medium	Treat and Transfer



## Appendix D: EU, UK and local policy drivers

The cornerstone of both EU and UK waste policy is the waste hierarchy (fig 1 below) which encourages the minimisation of waste as its ultimate aim.

Figure 1: EU waste management hierarchy



In addition, successive UK Governments have driven progress in various ways, including: the introduction of a Landfill Tax in 1996 (which from the 1<sup>st</sup> April 2015 increased to £82.60 per tonne), which aimed to reduce landfill reliance and make alternatives more viable; and statutory recycling targets on local authorities in the early/mid 2000s. However, it should be noted that there are no statutory recycling targets set for local government at the current time, although EU member states are required to meet a 50% national target by 2020.

The 'recycling rate' is calculated by National Indicator 192 – which is the percentage of household waste reused, recycled or composted. To drive up performance, Government provided challenge funding in the early 2000s to support authorities in delivering a step change in recycling and composting, and the Suffolk councils successfully benefitted, attracting around £5million of support to introduce the kerbside recycling and composting collection services now in place across Suffolk.

The Suffolk Waste Partnership's joint municipal waste management strategy (JMWMS) is based upon the waste hierarchy and includes a target for recycling and composting of 60%.

## **Appendix E: Treatment options and procurement**

### **Treatment Options:**

So what are the various treatment options?

1. The basic process for mass composting of garden waste is in open-air 'windrows,' which is low-tech and costs around £25-30/tonne.
2. Mixed garden and food waste requires a more high-tech indoor process, 'in vessel composting' (IVC) to meet regulatory requirements and deal with this mixed feedstock. IVC typically costs £30-50/tonne.
3. Anaerobic digestion (AD) is an alternative high-tech process more suited to treating separately collected food waste only to produce a compost-like digestate and also a "bio-gas," which can be used to generate electricity or power vehicles, as a substitute for natural gas. AD prices are falling and currently the national average is £30 -40/tonne.

### **Contracts and Procurement Deadline:**

Suffolk's current organic waste processing contracts end on the following dates:

- Babergh and Mid Suffolk – No formal contract (arrangements reviewed annually)
- Forest Heath and St Edmundsbury – 31<sup>st</sup> March 2016
- Suffolk Coastal and Waveney – 31<sup>st</sup> March 2016
- Ipswich – June 2016

New contractual arrangements will therefore need to commence on 1<sup>st</sup> April 2016 (July 2016 for IBC). Processing arrangements can either be procured on a local basis by the districts or through a joined-up countywide procurement. Table 3 below outlines an indicative procurement and mobilisation timetable required to achieve a 1<sup>st</sup> April 2016 contract start.

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