



AGENDA ITEM

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**Household Recycling Charter:
Compliant Collection Service**

Title: Household Recycling Charter: Compliant Collection Service
Meeting: Executive
Date: 15 May 2018
Submitted By: Director of Development Services

1. Purpose of Report

- 1.1 The purpose of this report is to provide an update on the current situation in relation to the processing of the Council's blue bin material as well as present the next steps to provide a Household Recycling Charter (Charter) compliant service.

2. Recommendations

2.1 The Executive is asked to:-

- (1) consider the contents of the report and the other potential Charter compliant collection services having regard to both service and very significant financial consequences**
- (2) agree on a preferred Charter compliant collection service and authorise the Director of Development Services to submit a funding application to Zero Waste Scotland for equipment to provide the agreed service**
- (3) instruct the Director of Development Services to report back to Members following the outcome of the application process for a final decision on the service to be adopted.**

3. Background

- 3.1 In February 2018, a report was presented to the Executive which provided an update in relation to the processing and disposal of the Council's waste and recycling material and recommended a way forward to provide a charter compliant service.
- 3.2 In addition, feedback had been sought by the Executive from other Scottish Councils on their waste services arrangements. Details of the collection services provided by other Councils were contained in an appendix to the report.

- 3.3 The Executive noted the contents of the report and what other Councils are doing in relation to Charter compliant collection services, and agreed to request that the Director of Development Services develop Charter compliant collection service which best suits our needs.

4. Charter Compliant Collection Service

- 4.1 As previously advised, the Council needs to continue to mitigate against rising costs of processing recyclable material, due to issues of poor quality, by aligning the bin collection service with the requirements of the Charter in order to maximise the quality of recycle material collected and processed. The budget for treatment of the blue bin material is currently expected to be overspent in 2018/19 by c£1million and pressures are increasing.

- 4.2 The Charter requires the design of our household waste collection services to establish common collection systems, as appropriate, for paper, card, glass, plastics, metals, food and other commonly recycled materials deemed feasible (e.g. textiles, small electrical items, household batteries) across Scotland.

- 4.3 A Code of Practice (CoP) has been created alongside the Charter which aims to enshrine *“the current best practice to deliver cost effective and high-performing recycling services”*

- 4.4 Noted within the CoP document is the requirement for containers namely:






- “ a) Separate containers shall be provided to each property for the following:*
I. Paper and card;
II. Metals, plastics and cartons
- b) Collection of these containers shall take place from the kerbside or nearest safe point of collection close the property.*
- c) At the point of collection, the contents of each container will either be sorted into constituent materials (i.e. kerbside sort) or placed into separate compartments of a single vehicle or into separate vehicles for primary sorting at a site (i.e. transfer station or Materials Recovery Facility – MRF).*
- d) Separate containers for glass shall be provided to each property or alternatively within the community for communal use.*
- e) Separate containers shall be provided for food waste collection in all areas where the Waste (Scotland) Regulations 2012 require a collection.*
I. Where food is collected in the same container as garden waste, the Council shall not be required to separate the materials.
- f) The weekly volume of recycling to be provided to each property for each material where kerbside collection takes place should exceed the following:”*

Material	Weekly Volume
Paper/card	≥40 litres per week
Metals/plastics/cartons	≥70 litres per week
Glass	≥20 litres per week
Food waste	≥20 litres per week

There is no weekly volume requirement for garden waste as this is not a statutory service and requirements for its collection are not contained within the Charter or associated CoP.





- 4.5 The current collection service is not compliant with the Charter because paper, card, plastics, metals and cartons are collected in the same bin. The current collection service is presented below:

Current Collection Service

Food	Glass, Textiles, Small Electricals and Nappies/AHPs	Paper, Card, Plastics, Metals and Cartons	Garden Waste	Non-Recyclable Waste
				
Weekly	Every 2 weeks	Every 2 weeks	Every 2 weeks Apr to Sep. Every 4 weeks Oct, Nov, Mar. Request By Ward (Every 4 weeks) Dec, Jan, Feb.	Every 4 weeks

- 4.6 The report to the Executive in February 2018 noted the option of an additional bin to enable separate collections. Funding was available for the new collection system from Zero Waste Scotland and the system represented the most cost effective method of delivering a Charter compliant service.
- 4.7 Given the foregoing, and the agreement at the Executive in February 2018 to request that the Director of Development Services develop another Charter compliant collection service, further collection system options (which do not introduce an additional bin) are presented in the following paragraphs.

4.8 Option 1: Introduce a trolleybox (replacing the blue bin)

Food	Paper, Card, Plastics, Metals, Cartons, Glass, Textiles, Small Electricals and Nappies/AHPs	Garden Waste	Non-Recyclable Waste
			
Weekly	Weekly	Every 2 weeks Apr to Sep. Every 4 weeks Oct, Nov, Mar. Request By Ward (Every 4 weeks) Dec, Jan, Feb.	Every 4 weeks

- 4.9 In option 1, residents would receive a stackable set of kerbside boxes on a trolley that would replace the existing Council blue bin, with all materials from the blue bin being transferred to the new trolleybox service, together with glass. The existing black box would be retained for the remaining categories of waste (small electricals, nappies/absorbent hygiene products (AHPs), textiles). In this option, the time taken to collect the material is longer than collecting a wheeled bin due to the increased sorting at the kerbside. Accordingly, this option would be more expensive to operate than the current arrangement and require an increase to the existing annual service budget of approximately £713,500 (to account for increased numbers of staff and vehicle running costs).
- 4.10 The Council currently collects the blue bin and contracts out the collection of the black box together with the food waste caddy, textiles and AHPs. To implement this option the Council would require to either, undertake the trolley box collection service using in-house resources or add the material to its existing kerbside recycling contract. If conducted in-house, significant expenditure would be required for a change in the type of vehicles and additional staff. The costs for the new vehicles and equipment would be in the region of £3.2 million for vehicles and £2.5 million for the trolleyboxes which has a revenue consequence based on the cost of borrowing. This would have an impact on the Council's capital programme, as there would be a requirement for more collection vehicles, this would also impact on the cost of the replacement programme.
- 4.11 By bringing the black box service in-house, there would be implications for the current contract albeit FCC, as the current service provider, would retain the collection of the food waste.

- 4.12 If adding to the specification of the existing externally provided contract, the collection service would need to be re-tendered due to the significant variation from the current contract provision. Early termination of this contract would require to be negotiated as it currently runs to May 2022. This would also apply if the black box service were to be provided in-house earlier than 2022. This may involve further additional cost. There will also be TUPE implications for Council staff who would be transferred to the new provider. Should this service be provided by an external contractor the cost of vehicles would be met by the service provider and recharged to the Council over the period of the contract through the revenue charge.
- 4.13 Funding would be required to purchase the additional trolleyboxes which would be subject to an application to Zero Waste Scotland. The trolleybox option would also leave the Council with c70,000 surplus blue bins to market. There are significant considerations for the location and cost of storage for these surplus bins and also the additional containers during the service change. The existing refuse collection vehicles (approximately 10) would need to be sold at auction and the receipt would offset the capital spend described above. Based on experience, the market for second-hand refuse collection vehicles is limited and return value is extremely low.
- 4.14 East Ayrshire and some local authorities in Wales collect recycling material using a trolleybox system. Officers visited East Ayrshire to witness first-hand the use of the trolleybox and understand the implications for its introduction. It was noted that East Ayrshire already operated a collection using two boxes collected in house using vehicles designed for this purpose. Introducing the trolleybox has been perceived as an enhancement to the service because the two previously loose boxes are now held in a trolleybox system.
- 4.15 Option 2: Introduce a trolleybox together with moving to co-mingled garden & food waste

Paper, Card, Plastics, Metals, Cartons, Glass, Textiles, Small Electricals and Nappies/AHPs	Garden Waste & Food Waste	Non-Recyclable Waste
		
Weekly	Every 2 weeks	Every 4 weeks

- 4.16 In option 2, the implications are similar to option 1 however the food waste is placed into the garden waste bin.

4.17 It is noted that some other authorities in Scotland collect garden waste and food waste together. There are a number of disadvantages for this authority to pursue this at present namely;

- As there is no current treatment facility in the Falkirk area to directly drop the material, we would require a bulking facility in Falkirk at a capital cost of approximately £500,000 (with revenue cost based on borrowing) to ensure that it is compliant with Animal By-Products Regulations (in relation to handling food waste material). The material would then be transported for treatment outwith the district by an external contractor.
- We currently handle c8,000 tonnes of garden waste and c5,000 tonnes of food waste. The cost per tonne of treating the garden waste mixed with food waste is higher than treating the garden waste separately and all of the tonnage would be subject to the higher charge. The current treatment costs for the separate collections are approximately £320,000 per annum. The co-mingled material (c13,000 tonnes) would be required to be treated by In-Vessel Composting at a cost per annum of approximately £520,000 (an increase of approximately £200,000).
- The garden waste collection is non-statutory and could be a chargeable service (as per Controlled Waste Regulations). Co-mingling with food waste adds complexity with charging for this service as a food waste collection is statutory (as per Waste (Scotland) Regulations) and non-chargeable to residents.
- Food waste is currently collected weekly by a contractor. If food waste is placed in the garden waste bin, the proposal is to collect the co-mingled material on a fortnightly basis all year round and be collected using in-house resources. This would require additional budget of around £254,000 to cover the service during the period between October and March (this period currently has a reduced service provision) and additional presentation. Any household without a garden waste bin would retain a caddy or caddies.

4.18 If the trolleybox service is conducted in-house and the food waste collected in the garden waste bin this has implications for the current contract and requires consideration with respect to TUPE and redundancy for the contractor.

- 4.19 Option 3: Introduce a bin for paper and card only (with the current blue bin for plastics, metals, cartons only) together with moving to co-mingled garden & food waste and remove the black box for a separate glass collection within the community for communal use

Paper and Card	Plastics, Metals and Cartons	Garden Waste & Food Waste	Non-Recyclable Waste
			
Every 4 weeks	Every 4 weeks	Every 2 weeks	Every 4 weeks

- 4.18 In option 3, the implications for co-mingling garden waste & food waste are similar to option 2.
- 4.19 In addition, instead of a blue bin collection every 2 weeks for paper, card, plastics, metals and cartons, the blue bin is collected every 4 weeks and is only used for plastics, metals and cartons. A bin is introduced for paper and card only collected every 4 weeks. The staffing and vehicle arrangements would remain the same. The cost of an additional bin for 73,000 households would be approximately £1.5 million which would be the subject of a further bid to Zero Waste Scotland.
- 4.20 In relation to the black box, the Charter allows for the collection of glass from within the community for communal use. There are currently around 90 communal glass recycling points in the Falkirk district together with a kerbside glass collection. If the kerbside glass collection was to be removed, a review and potential doubling of the communal glass recycling points would be required to ensure it meets the requirements of the Charter. This has a potential capital cost for containers (c£135,000) and groundworks (c£90,000). This glass would also have to be collected with additional capital for vehicles (£300,000).
- 4.21 The collection of the black box (as well as the food caddy) is contracted out. By removing the black box for a separate glass collection within the community, this would have implications for the current contract and require consideration as this option also removes the collection of the food caddy and therefore has TUPE and redundancy implications for the contractor.
- 4.22 In addition, the contract allows for the kerbside collection of textiles, small electricals and nappies/AHPs. Alternative arrangements would need to be found for the disposal of these materials. Should an AHP collection be retained this would incorporate a further capital cost of £200,000 for vehicles, together with staff costs.

- 4.23 Overall, the revenue cost for this service is less than the current collection system due to a reduction in the items collected from the households. However, there is a potential risk that the capture of material would reduce by removing services from the kerbside with the associated risk of these not being recycled and corresponding increases in disposal costs.
- 4.24 The current Council collection system is predicated on using wheeled bins. It is noted that at least 7 local authorities in Scotland provide a 4 wheeled bin collection service including Dundee City, East Renfrewshire, Moray, Stirling, Fife, North and South Lanarkshire. Of these 7 local authorities, 4 are charter compliant (the other 3 co-mingle glass with metals/plastics/cartons).
- 4.25 Using a wheeled bin system would require a minimum of 3 wheeled bins for a charter compliant service (1 for non-recyclable waste, 1 for paper/card and 1 for metals/plastics/cartons). An additional wheeled bin would be required for the non-statutory collection of garden waste. Food waste can be placed in the garden waste bin however there are disadvantages for this Council to do this as presented previously in paragraph 4.17.
- 4.26 Recycling points are currently used to collect glass in Aberdeenshire, Dundee City, Fife, Highland, Perth & Kinross, Scottish Borders, Shetland Islands, South Ayrshire and West Lothian.

5. Deposit Return Scheme

- 5.1 In September 2017, the Scottish Government announced the introduction of a Scottish deposit return system, as part of the Programme for Government.
- 5.2 Zero Waste Scotland has been commissioned by the Scottish Government to develop one or more prototype systems which can be put forward for public consultation.
- 5.3 Officers intend to work alongside CoSLA, Zero Waste Scotland and the Scottish Government to develop a more detailed understanding of the potential impact of a deposit return on councils waste collection service, and the range of opportunities that exist for councils under the system.

6. Next Steps

- 6.1 Upon selection by the Executive of the charter collection system Members wish to pursue, officers will submit a funding bid to Zero Waste Scotland and report back at a future Executive meeting on the funding outcome and settled implications of the changes.

7. Consultation

- 7.1 None.

8. Implications

Financial

- 8.1 Until the charter compliant collection service is introduced, the budget for processing co-mingled dry recyclate will continue to be under significant financial pressure.
- 8.2 A summary per option of the cost implications is provided below:

Option 1: Introduce a trolleybox (replacing the blue bin)		
<u>In-House</u>		
Item	Capital	Revenue (per annum)
Collection Cost		+£669,000 (Refer to Appendix 1)
Trolleyboxes (Based on 10 year lifespan) (ZWS funding could reduce this cost)	+£2.5 million (Based on 73,000 households)	+£308,000
Collection Vehicles (Based on 7 year lifespan)	+£3.2 million (Based on 20 modular-type recycling vehicles and 2 vehicles for AHP collection)	+£533,000

Option 1A: Introduce a trolleybox (replacing the blue bin)		
<u>Externally Provided</u>		
Item	Capital	Revenue (per annum)
Collection Cost		+£1.007 million (Refer to Appendix 1)
Trolleyboxes (Based on 10 year lifespan) (ZWS funding could reduce this cost)	+£2.5 million (Based on 73,000 households)	+£308,000

Option 2: Introduce a trolleybox together with moving to co-mingled garden & food waste		
<u>In-House</u>		
Item	Capital	Revenue (per annum)
Collection Cost		+£323,500 (Refer to Appendix 1)
Treatment cost		+£200,000 (Refer to para 4.17)
Trolleyboxes (Based on 10 year lifespan) (ZWS funding could reduce this cost)	+£2.5 million (Based on 73,000 households)	+£308,000
Collection Vehicles (Based on 7 year lifespan)	+£3.2 million (Based on 20 modular-type recycling vehicles and 2 vehicles for AHP collection)	+£533,000
Bulking facility	+£500,000	+£62,000

Option 2A: Introduce a trolleybox together with moving to co-mingled garden & food waste		
<u>Externally provided (trolleybox) & in-house (co-mingled garden & food)</u>		
Item	Capital	Revenue (per annum)
Collection Cost		+£661,500 (Refer to Appendix 1)
Treatment cost		+£200,000 (Refer to para 4.17)
Trolleyboxes (Based on 10 year lifespan) (ZWS funding could reduce this cost)	+£2.5 million (Based on 73,000 households)	+£308,000
Bulking facility	+£500,000	+£62,000

Option 3: Introduce a bin for paper and card only (with the current blue bin for plastics, metals, cartons only) together with moving to co-mingled garden & food waste and removing the black box service <u>In-House</u>		
Item	Capital	Revenue (per annum)
Collection Cost	+£500,000 (Based on 2 vehicles for additional glass recycling points and 2 vehicles for nappies/AHP collection)	-£685,500 (Refer to Appendix 1)
Treatment cost		+£200,000 (Refer to para 4.17)
Wheeled bin (Based on 10 year lifespan) (ZWS funding could reduce this cost)	+£1.5 million (Based on 73,000 households)	+£185,000
Glass recycling points expansion including containers and groundworks (ZWS funding could reduce this cost)	+£225,000 (Based on doubling current number of points)	+£28,000
Bulking facility	+£500,000	+£62,000

8.3 An overall summary of the costs associated with each option is below:

Option	Capital	Revenue (per annum)
1	+£5.70 million	+£1.51 million
1A	+£2.50 million	+£1.32 million
2	+£6.20 million	+£1.43 million
2A	+£3.00 million	+£1.23 million
3	+£2.73 million	-£210,500
Original Option	+£1.47 million	+£181,000
Notes: 1. The costs exclude any implications with current contracts that may		

have to be altered.

2. All capital sums are subject to potential reduction based on availability of ZWS funding. However, this source is much reduced.

A charter compliant collection system was previously presented to the Executive in November 2018 with the additional capital costs related to the purchase of a standard sized bin to households of £1.47 million (which was covered by the funding allocation available at the time).

- 8.4 Any service change should be considered in the context of the Medium Term Financial Plan projected 5 year budget gap of c£60m.

Resources

- 8.5 There are implications for additional staff and vehicles as previously included in the report.

Legal

- 8.6 None other than already included in the report.

Risk

- 8.7 The funding available from ZWS is limited and will not cover the cost of vehicles. As other Councils submit their own applications to become compliant, the offer of funding may not cover the full cost for the equipment.
- 8.8 There is a potential that the requirement to change the collection system in line with the charter becomes mandatory and as a signatory of the charter, the authority's current co-mingled dry recycle collection would be contrary to this.

Equalities

- 8.9 None.

Sustainability/Environmental Impact

- 8.10 None other than already mentioned within the report.

9. Conclusions

- 9.1 Until a charter compliant service is introduced, the Council will continue to incur higher costs than necessary for processing co-mingled dry recycle at its Council operated facility, with further additional budgetary and processing pressures being experienced from the marketplace in the coming months due to the need for higher quality material required by the supply chain.

- 9.2 Two charter compliant collection systems has been presented in section 4. Selection of a preferred system moving forward would enable the authority to apply to access the funding available and determine all the implications of a service change and reduce the budgetary pressures of a co-mingled dry recycle collection.

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APPENDICES

Appendix 1- Collection Cost Summary

List of Background Papers:

None

Appendix 1 - Collection Cost Summary

	Material	Baseline	Option 1	Option 1A	Option 2	Option 2A	Option 3
Green Bin (Falkirk)	Residual	496,500	496,500	496,500	496,500	496,500	496,500
Blue Bin (Falkirk)	Co-mingled Dry Recyclate	993,000					
Food/Box (FCC)	Food Waste, Glass, Textiles, Small Electricals and AHP	1,200,000					
Brown Bin (Falkirk)	Garden Waste	460,500	460,500	460,500			
Flat Collection Service (Falkirk)		143,000	143,000	143,000	143,000	143,000	143,000
Rural Collection Service (Falkirk)		117,000	117,000	117,000	117,000	117,000	117,000
Trolleybox (Falkirk)	Paper, Card, Plastics, Metals, Cartons, Glass, Textiles and Small Electricals		2,145,000		2,145,000		
AHP (Falkirk)	Nappies (Absorbent Hygiene Products)		117,000		117,000		117,000
Food (FCC)	Food Waste		600,000	600,000			
Trolleybox (FCC)	Paper, Card, Plastics, Metals, Cartons, Glass, Textiles and Small Electricals			2,400,000		2,400,000	
AHP (FCC)	Nappies (Absorbent Hygiene Products)			200,000		200,000	
Brown Bin with Food (Falkirk)	Garden Waste and Food Waste				715,000	715,000	715,000
Blue Bin (Falkirk)	Plastics, Metals and Cartons						496,500
Grey Bin (Falkirk)	Paper and Card only						496,500
Glass - Bring Sites (Falkirk)	Glass						143,000
Household Recycling Centre	Textiles and Small Electricals						0
Total		3,410,000	4,079,000	4,417,000	3,733,500	4,071,500	2,724,500
	Revenue Difference on Baseline (per annum)		669,000	1,007,000	323,500	661,500	-685,500