

# **Cherwell District Council**

## **Executive**

**5 October 2015**

### **Recycling Strategy**

#### **Report of Head of Environmental Services**

This report is public

#### **Purpose of report**

To consider the future recycling strategy options which could be adopted to deal with the current environment of volatile commodity prices and potential changes to services delivered by Oxfordshire County Council.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To support the exploration of the possibility of more local transfer stations and/or sorting facilities for future dry recycling contracts.
- 1.2 To consider the principle of a new depot in Bicester with possible local transfer facilities and/or Household Waste Recycling facilities and to request a report back on this option at an appropriate future meeting.
- 1.3 To continue a dialogue with Oxfordshire County Council regarding the provision of Household Waste Recycling Centres (HWRCs).
- 1.4 To support the promotion of the current recycling scheme to bring both environmental improvements and financial benefits by increasing recycling rates towards 60%.

#### **2.0 Introduction**

- 2.1 The waste collection service was been in operation in its current format since 2009 when food waste recycling was introduced. Over the past few years the recycling rate has been in the range 54-57%.
- 2.2 Despite a number of developments such as the collection of kerbside batteries and small electrical items and a lot of promotion the recycling rate has remained fairly steady.

- 2.3 The large amount of recycling in the district has reduced the amount of waste sent to landfill. In 2002/03 54,000 tonnes went to landfill in more recent years this has reduced to around 26,000 tonnes. From 2015 this waste has gone to the Energy from Waste plant at Ardley so that the waste is converted into electricity.
- 2.4 Recycling prices in recent years have been very volatile. In 2003/04 when Cherwell District Council commenced commingled recycling collections the recycling processors were paid £30/tonne to sort the materials and the processors took the value of the individual materials. Over time this gate fee fell to low levels and from 2012 the Council started to receive significant income for the materials. Unfortunately prices have changed again and for contracts let at this time are likely to incur a significant gate fee.
- 2.5 Although the Council has a contract with UPM this expires in February 2018. Consequently, future arrangements need to be considered to ensure a contract is in place which delivers the best financial outcome after February 2018.
- 2.6 The County Council are looking to make substantial cuts to their services to meet their financial challenges. One area with a direct impact on the Council is the provision of Household Waste Recycling Centres. Currently there are two, Alkerton and Ardley. However in the future the County Council is looking for one site.
- 2.7 Consideration needs to be given to make it easy for residents to dispose of waste so that other problems such as fly tipping do not increase. This may be achieved through a combination of actions including working with the County Council and the possible expansion of some kerbside services such as the bulky waste service.

### **3.0 Report Details**

- 3.1 The waste collection service is a high profile service delivered to all 60,000 properties in Cherwell District Council. The services are popular with residents and show high levels of customer satisfaction.
- 3.2 Besides having high levels of satisfaction the service represents good value for money. The cost per property of the whole waste collection was below £48/property/year in 2013/14. The customer satisfaction survey results from summer 2015, again show high levels of satisfaction.
- 3.3 Despite a number of innovations to the service the recycling rates have not risen. Battery recycling, Waste Electrical & Electronic Equipment (WEEE), more glass banks etc have increased tonnages. However these rises have been offset by changes in legislation. For instance street sweepings were banned from composting by the Environment Agency. This reduced the Council's recycling rate by almost 2% as around 1200 tonnes of material went from being composted to going to landfill. Other examples including how rejection is calculated at the Materials Recovery Facility have meant rejection rates have risen and recycling rates have slipped back.

- 3.4 Blue bin sales have encouraged residents to recycle more. However falling newspaper sales and increasingly packaging being made more lightweight has led to increased volumes of recycling but reduced weights.
- 3.5 One of the significant waste streams in the green bins is the amount of food waste. However the way funding works between the Council and the County Council means that for each extra tonne of food recycled there is no financial benefit to the Council only a reduction in the County Council's disposal costs. Consequently any investment in promoting food waste recycling will only deliver the County Council savings. However a lost cost trial on 10,000 bins of a sticker which involved telling people to put food waste in the brown bin has been instigated and initial findings indicate there has been a small reduction in residual weights.

### **Commodity Prices**

- 3.6 In 2012, when this Council jointly with South Northamptonshire Council (SNC) and Aylesbury Vale District Council (AVDC) entered into a dry recycling contract with UPM, material prices were high. Since then material prices have fallen, particularly during autumn 2014. Some of the falls are related to the fall in oil prices. For instance, recycled plastic prices are strongly related to oil prices which determine the price of virgin plastic products. Other price falls such as paper have been related to other factors such as falling newspaper sales and the closure of one of the three newsprint companies in the UK. The changes in individual material prices are set out in Appendix 1
- 3.7 The prices paid by MRF operators for commingled recycling have ranged from income to councils in 2012 to charging £40/tonne at current market prices. This £60/tonne change could have an impact of up to £600k/year on this Council. In addition, due to the uncertainty on commodity prices MRF operators only want to bid for relatively short term contracts (1 to 2 years) and are increasingly looking for shared risk arrangements on commodity prices.
- 3.8 Consequently, in the future the value or cost of recyclables may fluctuate wildly from contract to contract. How this is handled from a financial planning perspective needs to be considered. In addition most MRF operators have indicated that future contracts must have an element of risk sharing on commodity prices. Consequently for future contracts the level of risk the Council is comfortable with sharing will need to be considered
- 3.9 Where commodity prices will be in the next few years is difficult to predict. Reductions in newspaper sales and the lack of newsprint recycling capacity means that prices in this area may be under pressure for some time. However after paper prices fell rapidly in early 2015, in June 2015 some of the fall was suddenly recovered. Future oil prices and the associated prices for materials are also difficult to predict. However, in the long term with increasing population and economic growth the demand for resources will increase which will impact on prices in a positive manner.
- 3.10 The current contract with UPM has moved into the three year extension period from the end of February 2015. There has been some tensions regarding prices but there are on- going discussions with UPM regarding the contract.

- 3.11 In the future when a new contract is let from February 2018 commodity markets could have recovered or alternatively may be still subdued. Where the market is, will have an impact on what income the Council receives or has to pay out. It is also likely that any future contract will have some form of risk sharing on commodity prices.

### **Recycling credits**

- 3.12 Recycling credits are paid in two tier council arrangements unless an alternative agreement is reached between the disposal authority and the waste collection authorities (WCA). In Oxfordshire recycling credits of £47/tonne (calculated from historical average landfill costs – but rising by 3%/annum) are paid for dry recycling. For garden waste/food waste the County Council provide the processing contract and pay for the gate fee. Consequently there is no recycling credit payable. The downside of this arrangement is that there is no financial incentive to increase the amount of food waste captured in the garden waste/food waste mixture.
- 3.13 In total, Cherwell District Council received over £0.65 million in recycling credits in 2014/15. The Council receives recycling credits for dry recycling including glass and bring bank tonnages. The Council collects around 18000 tonnes of garden/food waste but receives no recycling credit. This is because the County Council pay the gate fee – the gate fee and the recycling credit also match.

### **Transfer Arrangements**

- 3.14 In recent years, MRFs have embraced new technology to sort commingled dry recycling. This technology is often expensive and to make MRFs financially profitable, the size of MRFs have grown, often now being capable of processing 100,000 tonnes or more of recyclables.
- 3.15 Bigger MRFs mean that the materials have to be sourced from greater distances. The MRF used by this Council is located in Shotton, which is 155 miles from Helmdon Transfer Station. There is a cost in getting the materials to Shotton and as material values have fallen, the cost of transporting materials has become more significant. In addition to transport costs are the costs of operating a transfer station. The transfer station receives loads from refuse collection vehicles and then bulks them on to larger vehicles. Fortunately, in the current contract the transport costs lie with UPM. However in future contracts with most providers, the £15-20/tonne cost of transporting materials to a MRF may lie with this Council. For this Council and for SNC this onward transfer represents £300-400k/year
- 3.16 Consequently, reducing the distance materials need to travel to be separated could produce cost savings. If more local facilities could be used then there could be opportunities for financial efficiencies. These local facilities could include exploring working with the current transfer station to see if some material sorting could take place locally. Other possibilities include a potential new replacement depot which may be built in Bicester, which could include a transfer station and/or some form of sorting facility. Such a facility will require capital investment. With the current UPM contract due to run until February 2018 there is time to explore these and other possibilities

## **Household Waste Recycling Centres**

- 3.17 The County Council operates two Household Waste Recycling Centres in Cherwell, at Alkerton near Banbury and at Ardley near Bicester. The County Council is looking to rationalise and reduce the number of sites to achieve financial savings. The County Council would like to move to a single site in Cherwell. However finding land for a new Household Waste Recycling Centre which could serve Banbury and Bicester would be a great challenge.
- 3.18 The way Household Waste Recycling Centres (HWRC) are used has changed over the last decade. With this Council providing comprehensive kerbside services the need for residents to visit HWRC sites have diminished. With websites such as eBay and Freecycle more items can be reused rather than thrown away. Most retailers offer a take back scheme at a competitive rate for large items such as beds, furniture and large electrical items. In addition this Council offers a bulky waste collection service for large items and also a clear out service for those with a bigger project such as a garage or shed clearance.
- 3.19 The material with the greatest tonnage taken to HWRCs is garden waste even though this Council operates a free garden waste/food waste collection service.
- 3.20 Clearly it is important that residents can get rid of waste easily otherwise anti-social practices such as fly tipping can increase. Residents do have a number of options other than a trip to the tip including the use of reuse services and the Council's bulky waste service. With reduced HWRC facilities in the future it may be possible to re-design the bulky waste service so that residents' needs to visit a HWRC are minimised.
- 3.21 Meetings with the Head of Waste Management at Oxfordshire have taken place to discuss concerns regarding the closure of Ardley and to explore the possibility of operating possible joint facilities in the future. With a new expanded depot for Bicester required in the future to accommodate the increase number of collection vehicles, opportunities for recycling transfer facilities needed to be explored and now a need for HWRC facilities it may be possible to identify joint facilities

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 The waste hierarchy and the treatment costs for waste mean that the best financial outcome is usually achieved by reducing waste, reusing waste and recycling to very high levels.
- 4.2 Commodity prices are having an effect on recycling although for this Council the current contract insulates the Council from the full impact of commodity price falls. However, even if a gate fee were payable in the future, the best outcome for the taxpayer would still to recycle as much as possible
- 4.3 Residents having easy access to facilities to dispose of waste is important to minimise anti-social activities such as fly tipping. Currently the district is served by two Household Waste Recycling Centres (HWRCs) but in the future this may be reduced.

## 5.0 Consultation

South Northamptonshire Council  
Aylesbury Vale District Oxfordshire County Council

## 6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified

Option 1 : To approve the revised recycling strategy.

Option 2: To reject the revised recycling strategy

Option 3: To ask officers to consider alternative amendments.

## 7.0 Implications

### Financial and Resource Implications

7.1 There are no direct financial implications arising from this report

Comments checked by:

Paul Sutton, Head of Finance and Procurement

[paul.sutton@cherwellandsouthnorthants.gov.uk](mailto:paul.sutton@cherwellandsouthnorthants.gov.uk) - 01295 221634

### Legal Implications

7.2 There are no direct legal implications arising from this report..

Comments checked by:

Kevin Lane, Head of Law and Governance

[kevin.lane@cherwellandsouthnorthants.gov.uk](mailto:kevin.lane@cherwellandsouthnorthants.gov.uk) – 0300 0030107

### Risk

7.3 Volatile commodity prices can impact on the sustainability of recycling. Any major changes will be recorded via the risk register.

Comments checked by:

Ros Holloway, Performance Information Officer

[Ros.holloway@cherwellandsouthnorthants.gov.uk](mailto:Ros.holloway@cherwellandsouthnorthants.gov.uk) 01295 221578

## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** No

**Community Impact Threshold Met:** Yes

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

Cherwell: Safe, Green, Clean

### **Lead Councillor**

Councillor Debbie Pickford  
Lead Member for Clean & Green

### **Document Information**

<b>Appendix No</b>	<b>Title</b>
1	Material prices
<b>Background Papers</b>	
None	
<b>Report Author</b>	Ed Potter, Head of Environmental Services
<b>Contact Information</b>	0300 003 0105 ed.potter@cherwellandsouthnorthants.gov.uk