

HERTFORDSHIRE COUNTY COUNCIL

COMMUNITY SAFETY & WASTE MANAGEMENT CABINET PANEL

TUESDAY 6 SEPTEMBER 2016

WASTE MANAGEMENT PERFORMANCE MONITOR

Agenda Item No.

7

Report of the Chief Executive & Director of Environment

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1. Purpose of report

- 1.1 To allow the Cabinet Panel to review the performance of Waste Management for the first quarter of this year (April – June 2016) against the Environment Department Service Plan 2016-2020 including key performance indicators, major projects, contracts and identified risks.

2. Service Performance Summary

2.1 Waste Management

The Waste Management Unit provides three separate quarterly monitoring reports to update on the service specific Household Waste Recycling Centre (HWRC) contract, the high profile Residual Waste Treatment Programme (RWTP) and an overall assessment of the statutory Waste Disposal Authority (WDA) function of the county council in the form of three performance indicators.

3. Recommendation

- 3.1 The Cabinet Panel is invited to note the report and comment on the performance monitor for Quarter 1 2016-17.

4. Strategic Performance Indicators

- 4.1 The Waste Management strategic performance indicators, contracts and projects are listed below along with their data for Quarter 1 2016/17.

4.2 Hertfordshire Residual Waste Treatment Programme Project

RAG Status – Red

At this stage in the programme a number of risks have been reduced due to the control measures in place, however overall the status remains as red due to the high profile nature and high value of the programme.

The Council entered into a contract with Veolia ES Hertfordshire Ltd (VES) in July 2011 for the provision of residual waste treatment services including the design, construction, financing and operation of a Recycling and Energy Recovery Facility (RERF). Following a successful challenge to the initial decision on 16 July 2015 the Secretary of State turned down the planning application. Following Member approval a Revised project Plan (RPP) was requested from VES, who submitted their draft RPP on 7 July 2015. Following a lengthy and detailed evaluation, a report was taken to the 4 March Community Safety and Waste Management Panel. The decision was taken by Cabinet on the 14 March to accept the RPP in principle (subject to the conclusion of the formal legal drafting). VES are currently working on their planning application which they intend to submit in autumn 2016.

Key Achievements and Progress in Qtr 1 (April – June 2016)

- Completion of work with VES and external advisors on the legal drafting and ancillary documents required to bring the RPP into effect.
- The contract with VES was varied in June 2016 to extend the time to finalise the drafting required to vary the contract to implement the RPP from 30 June until 15 July. In light of the outcome of the EU referendum an extension was requested by the Council to undertake additional financial modelling and sensitivity analysis.

Key Issues, Risks & Risk Mitigations:

- The risk that the RPP no longer provides best value for money has been investigated by further financial modelling and sensitivity testing that confirms the RPP remains the best option for Hertfordshire.
- There is a risk that VES will not achieve planning permission for the RPP, should this happen the Council may terminate the contract and pay the capped sums (c. £1.2m).
- The key issues for the County Council at this stage are limited as VES bear the responsibility of planning risk. It is important to note that the County Council has Interim disposal Contracts which are in place until 2018, with possible extension to 2021.

4.3 Waste Disposal Authority (WDA) function (excluding RWTP) indicators

This quarterly update provides an overview of the key factors influencing the three annual performance indicators for the Authority in its role as Waste Disposal Authority (as set out below) and also highlights other key areas and matters related to the function of the Waste Disposal Authority. The performance indicators are reported annually and therefore this update includes the provisional outcome for 2015/16. The final outcome for 2015/16 will be presented at the next Community Safety & Waste Management Cabinet Panel on 1 November.

To ensure a compliant, high performing, economical and environmentally sound suite of waste disposal arrangements for Hertfordshire, the Authority uses the performance indicators shown in sections 4.4 to 4.6

All the Waste Disposal Authority performance indicators have shown improvement in the 2014/15 outturn compared with the previous year as can be seen as follows:

4.4 Total household waste per household in kilograms (**the lower the better**)

The total amount of household waste per household in 2014/15 was 1,046 kg which represents an improvement on the figure of 1,062 kg in 2013/14.

In 2015/16, it is expected that this indicator will improve further to circa 1,038 kg per household, as a result of the full year effect of kerbside changes in Dacorum and Three Rivers, and new service changes introduced by Broxbourne (reduced residual waste capacity).

This indicator is considered as a Green RAG rating.

4.5 Based on NI 192 – Percentage of Household Waste Recycled, Composted or Re-used (**the higher the better**)

The percentage of household waste recycled, composted or reused improved in 2014/15 to 49.8%, an increase on the 2013/14 total of 49.1%. This is comparable to the regional figure of 49.3% and above the England average of 43.7%.

As noted above this performance indicator is expected to improve in 2015/16 as a result of service changes in Dacorum, Three Rivers and Broxbourne as well as improved separation of wood grades at household waste recycling centres. It is expected that performance will exceed 50%.

This indicator is considered as a Green RAG rating

4.6 Based on NI 193: % of Local authority collected waste landfilled (the lower the better)

The proportion of Local Authority Collected Waste (LACW) landfilled in 2014/15 was 25%, a significant decrease (positive direction) on the 2013/14 total of 34.3%. This reflects the new suite of interim disposal contracts which focuses more on Energy from Waste (EFW) as opposed to landfill. This is expected to improve further in 2015/16 now that the new Greatmoor EFW facility is fully operational. The latest projections suggest a figure of circa 18% for 2015/16.

The indicator is considered as a Green RAG rating.

Key Achievements and Progress in Qtr 1 (April to June 2016)

- The new street sweeping recycling contract commenced in January 2016 providing facilities for all ten Waste Collection Authorities (WCAs) to recycle their mechanically collected street sweepings. The new contract processes street sweepings (predominately grit and sand) producing products used in the construction industry attracting a significantly lower gate fee as opposed to disposal. In Q1, 2015/16, 2,558 tonnes of street sweepings were collected in total across Hertfordshire, of which 72% was recycled. This is an improvement on the previous quarter when 1,940 tonnes were collected, of which 68% was recycled.

Good news/quick wins

- The FCC operated Greatmoor Energy Recovery Facility in Buckinghamshire is now operational and has been accepting waste from Hertfordshire since November 2015. This has had a positive impact for Q4 figures and will add significant economic and performance improvements for 2016/17.
- During 2015/16, there was a change in the way wood waste from the HWRCs is managed. This resulted in a significant proportion of recovered wood being recycled, thus improving the overall recycling rate.
- Agreement reached with the Hertfordshire Waste Partnership to reduce Inter Authority payments through the Alternate Financial Model from 2017/18.

Key Issues, Risks & Risk Mitigations:

- The ability to meet existing organic waste disposal contracts (for the processing of green garden and food waste) continues to be a potential issue. Three Rivers will start charging for green waste from July 2016 and if successful, a number of other Waste Collection Authorities may follow suit. The Waste Management Unit continues to

work closely with all Waste Collection Authorities and disposal contractors to ensure contractual arrangements are met where possible.

- Commodity market prices for recycled materials remain low which has impacted on the 2015/16 budget.
- Monitor proposals for potential European and national recycling targets which may impact at a local level, including proposals for a 65% recycling rate announced in December 2015 by the European Commission.
- The EU Referendum result adds further uncertainty to current and future waste disposal arrangements, as well as potential recycling targets and commodity markets.

4.7 Hertfordshire Household Waste Recycling Centre (HWRC) Service

Hertfordshire County Council (HCC) has a statutory obligation as a Waste Disposal Authority under the Environmental Protection Act 1990 to provide a HWRC service. AmeyCespa Ltd (Amey) took over the running of this service on 6 October 2014.

Amey continue to make improvements to the HWRC network and have addressed issues that have arisen as a result of the service changes last year. Residents appear to now be aware of the changes in closure days/hours and the van permitting scheme is being closely monitored and reviewed to minimise abuse of the network.

The indicator is considered to be as a green RAG rating.

Key Achievements and Progress in Qtr 1 (April – June 2016)

- Ongoing communications to raise awareness of the Household waste Recycling Service (HWRS), including advice on 'how to get the best' from the HWRCs, appeared in the spring edition of Horizons and local papers. This campaign was aimed to try to help smooth out the peaks and troughs in demand that the service experiences.
- The volume of complaints regarding the service changes continues to reduce and the 'spikes' experienced in response to the service changes in January 2015 have reverted to pre-change levels. This supports the view that the majority of residents are now aware of the changes.
- The improved site layouts implemented at the Letchworth and Hemel Hempstead sites to increase the throughput of traffic has helped to reduce pressure on both facilities. This included the introduction of high level signage to assist site users off load their waste to the

appropriate containers more efficiently. The number of complaints regarding queuing at both these sites has significantly reduced, with none being recorded during April to June 2016.

- Amey have processed 22,746 van permit applications until the end of March 2016, which includes 1,877 reapplications. This figure amounts to 9% of the total permits issued and implies that the vast majority of holders, have not yet used up their 12 visits. Minor changes have been made to the van permit scheme to address some abuse of the system. The application process is now more robust, provides better control and prevents multiple applications from the same user.
- HCC and Amey routinely conduct mystery shopping visits twice a month across the network, which look at customer service, cleanliness, site layout and staff helpfulness. The visits are conducted by HCC and Amey employees who are not associated with the service to be an objective perspective. Customer satisfaction in the April to June mystery shopping audits was recorded at 84%. This is an improvement on the 2015/16 average of 78% and is set against a contract KPI baseline of 80%. Both the mystery shopping and customer satisfaction surveys form part of a robust contractual Key Performance Indicator (KPI) framework to drive continuous improvements in the service.
- The projected tonnages of waste managed through the HWRS for 2015/16 was 78,535t over 72% of which was diverted from landfill (a modest improvement on last year). The reuse provision helped to divert 120 tonnes of material from disposal.
- Further improvements to the reuse provisions have been rolled out, with plans under consideration to construct larger reuse Centres at HWRCs which can accommodate them.
- A new enforcement policy to address aggressive behaviour at the centres and fly-tipping outside the gates was considered and subsequently agreed by Members of the Community, Safety & Waste Management Panel on 1st July.
- Following expiry of the county councils haulage arrangements for waste containers at the centres, the services were successfully transferred to Amey in June. The contractor has completed a tender process that is expected to deliver further efficiency savings in the service.

Good news/quick wins

- The required operational saving of £750k for 2015/16 was delivered.
- The new haulage arrangements are expected to deliver further efficiencies in the service.

- The risk of reduced income for recyclable materials marketed by Amey has fully transferred to the contractor in June 2016.

Key Issues, Risks & Risk Mitigations:

- Peaks in service demand for the centres have always generated complaints regarding queues and caused capacity issues at the sites. The level of complaints between April and June 2016 is much lower than the previous year as the public get used to the revised opening hours and the numbers of waste container movements taking place during advertised operational hours has reduced.
- A communications plan is on-going to encourage residents to improve their recycling habits in order to reduce the frequency of visits and to maximise use of their kerbside recycling provision.
- All operational procedures relating to the HWRC network continue to be thoroughly reviewed and monitored in partnership with Amey to ensure that they are as effective and efficient as possible.
- Use of the commercial waste facility at Amey's St Albans depot by traders continues to be very limited. This linked to the fact that Amey have not been awarded the waste collection contract for the St Albans City and District Council, which currently allows them the use of the depot, means that they are currently reviewing their approach to providing this element of the service.
- The county council's financial exposure to ongoing market volatility in prices paid for recycled materials from the HWRCs has reduced with a full risk transfer to Amey from June 2016.
- A number of facilities have long been identified as not fit for purpose and as needing relocation or redevelopment. Officers continue to work with Hertfordshire Property colleagues to find alternative options and site searches have been commissioned to identify potential new sites for Household Waste Recycling Centres in the Bishops Stortford, Welwyn / Hatfield and Hemel Hempstead areas

5. Risks

Waste Management has one corporate level risk which is as follows:

5.1 Residual Waste Treatment (Risk ENV0104)

Following Veolia ES Hertfordshire's failure to achieve a planning permission for their New Barnfield proposals, the Council requested and evaluated a Revised Project Plan for a facility at Ratty's Lane, Hoddesdon. A report was taken to the 4th March Community Safety

and Waste Management Panel and a decision was taken by Cabinet on the 14th March to accept the RPP in principle (subject to the conclusion of the formal legal drafting). VES are currently working on their planning application which they intend to submit in autumn 2016.

The overall risk score remains at 32 based on the control measures in place including the interim disposal arrangements and capped termination provisions in the contract (however the risk remains 'red' due to its high profile nature and value)

6. Financial Implications

6.1 There are no financial implications arising from this report.

7. Equalities implications

7.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equality implications of the decision that they are making.

7.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EQiA) produced by officers.

7.3 The Equality Act 2010 requires the County Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

7.4 No equality implications have been identified in relation to this report although Panel will not make a decision in respect of its contents.

8. Internal Audit

8.1 There were no internal audit reports received in Q1.

9. Background

9.1 None