



Appendix Three: Liverpool City Council District Council Action Plan



REGENERATION / ENVIRONMENT RECOMMENDATION

Recommendation Title: Merseyside Waste Disposal Authority Private Finance Initiative – District Council Action Plan

Report No: EDR/ /06

**Contact Officer: Chris Lomas
Contact No: 233 2005**

Meeting: Executive Member Bernie Turner

Date: 31 March 2006

Approved by Service Manager

Date:

Approved by Anne Ryans, Lead Finance Manager:

Date:

Approved by Divisional Head:

Date:

Approved by AED:

TARGET DATE:

Date:

Consultation with other Services/Directorates (indicate names of Officer/Service):

- 1. Merseyside Waste Disposal Authority**

Approved by Executive Director:

Date:

WARD - All
STATUS - PUBLIC

Portfolio: Neighbourhood Services	Executive Member / Executive Director: Bernie Turner / Ben Dolan
Date of submission: 31 March 2006	Subject: Merseyside Waste Disposal Authority Private Finance Initiative- District Council Action Plan
Report No. EDR/ /06	Contact officer: Chris Lomas EXT 233 2005

Executive summary

The ratification of a waste district action plan by Liverpool City Council and the four other Merseyside Councils is a fundamental part of Government's Waste Private Finance Initiative to demonstrate that the waste disposal authority and the collection authorities are working in partnership to achieve the Government's targets for recycling and diversion from landfill.

1. Background information

Members will be aware that the Merseyside Waste Disposal Authority (MWDA) has been working with the Merseyside District authorities to develop a joint strategy to tackle the waste management obligations that have been set by the Government and the EU.

At the end of 2003, MWDA engaged consultants (AEA) Technology to analyse waste management on Merseyside and to formulate proposals for a strategy to meet the obligations of the Merseyside area. It is clear that severe financial penalties will result from a failure to divert significant quantities of waste away from disposal to landfill. In order to achieve sufficient diversion the generation of waste must be minimised and as much value as possible recovered from the waste that is produced.

The MWDA in its Joint Municipal Waste Management Strategy for Merseyside sets out how they would work collaboratively with the five Merseyside Councils.

The strategy sets out how we will deal with our waste as efficiently and effectively as possible having regard to environmental, economic and social drivers. The long term aim being to comply with European and Government statutory targets for recycling and the diversion of bio-degradable municipal waste from landfill.

2. Progress to date

Liverpool City Council's Executive Board ratified a number of key reports in 2005 which signed up to the principles of working collaboratively to pool performance, risk and cost of the necessary collection and disposal infrastructure.

The four key Reports endorsed by the Executive Board were; Waste local

Development Document, Memorandum of Understanding, Waste Disposal Levy Apportionment Mechanism and the Joint Municipal Waste Management Strategy.

In December the Chief Executives' of the all the Merseyside Councils, signed a letter of support for an application for PFI funding for waste infrastructure. The letter on behalf of the Merseyside waste partnership was submitted to DEFRA and the Treasury.

3. Liverpool's Waste District Action Plan

MWDA have appointed Gordon Mackie Associates Ltd as consultants to the PFI bid. Their role is to support the Merseyside District Councils with the development of waste action plans to ensure that the City Council and other Councils are developing policies consistent with the Merseyside waste strategy. One of the major risks to MWDA's procurement project plan is the potential for the City Council to fail to implement local policies to support the strategic targets detailed in the Joint Municipal Waste Management Strategy. Any delays in the development of infrastructure for the disposal of waste will require the reliance on landfill for longer making Merseyside liable for punitive financial penalties which will have to be met through increases in the districts authorities disposal levy. The City Council by its population base accounts for the greatest tonnage of house hold waste in Merseyside and accordingly would be the liable for the biggest increases in its waste disposal levy.

A copy of the District Action Plan developed for the MWDA by Gordon Mackie Associates (GMA) is attached in the appendices. The plan details GMA's forecasts of recycling performance and waste disposal arrangements for the next fifteen years. The plan details their understanding of current contractual arrangements, proposals for the future and assumptions of recycling performance based on the current waste collection and recycling contract arrangements. The plan acknowledges the role the City Council's procurement strategy will play in determining the future waste collection services it provides. The plan does not prejudice the City Councils' proposed procurement of a new integrated refuse/ recycling contract and does not detail particular collection methods or frequencies.

Executive Member Bernie Turner / Executive Director Ben Dolan

Recommendation:

1. That Members endorse Merseyside Waste Disposal Authority's waste district action plan attached.

Key Decision?

Yes

<p>Forward Plan: Yes</p>
<p>Implementation effective from: With immediate effect</p>
<p>Timescale for action: The waste district action plan is fundamental to the submission of MWDA's outline business case for the PFI application process</p>
<p>Reason(s) for Recommendation: Failure to endorse the MWDA district action plan will jeopardise the Merseyside waste PFI application delaying the development of the infrastructure necessary to treat residual waste. This will increase the City Council's waste disposal costs.</p>
<p>Alternative options to be considered: The City Council commissioned a study by Shanks in 2004 to consider options for the development of its own facilities for the disposal of residual waste. That study did not show that all of the Council's baseline criteria could be met, the City Council has since determined that it will work in partnership with the other Merseyside Districts and the MWDA.</p>
<p>Consultation:</p> <ol style="list-style-type: none"> 1. Regeneration Finance Officers 2. Merseyside Waste Disposal Authority
<p>Financial implications: The current levy is approx £47.5m of which Liverpool City Council pays approximately 31%. (£14.8m). The basis of apportionment being fixed costs allocated on population and variable costs on the actual tonnages of waste disposed or recycled.</p> <p>However, if the growth in the waste stream is not halted by increased levels of recycling then cost estimates could exceed £60m per annum mainly due to the annual increases in the Landfill Tax of £3 per tonne and the introduction of the LATS scheme for non achievement of bio-degradable waste targets. This cost will ultimately fall upon the Council Tax.</p> <p>To reflect this increase all the Merseyside Authorities were advised in January 2005 to allow for significant increases of around 18% in their levy contributions in line with previous years. However MWDA have been able to secure LATS permits at a reduced costs limiting our increase this financial year to 7.9%</p>
<p>Best Value: The development of waste treatment infrastructure by the MWDA will benefit from economies of scale and limited financial risk to the City Council in that we currently only pay approx one third of the Waste Disposal Levy. The strategy aims to build MWDA and District Authorities ability to work in Partnership thereby sharing risk.</p>
<p>Equality implications: None</p>

<p>Corporate strategy: The adoption of the Waste Management Strategy will help towards Liverpool becoming a cleaner, greener, authority.</p>
<p>Budget and Policy Framework: The content of the report is consistent with the budget and policy framework of the City.</p>
<p>Community safety implications: None</p>
<p>Report attached: Yes</p>
<p>Background papers:</p>

Signature:
(Executive Member)

Signature:
(Executive Director)

Date:

Date:

Appendices

Liverpool City Council Waste District Action Plan

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Liverpool city council

Introduction

Liverpool City Council has a population of approximately 445,000 within 209,000 properties.

The Council's gross revenue budget for the year 2005/06 is £1.25 billion. Specific waste related budgets include the following annual costs:

- £7.5 million for refuse collection;
- £1.75 million for recycling;
- £900,000 for garden waste collections;
- £120,000 for the collection of recyclables at bring sites;
- £500,000 for bulky waste collections carried out by "Bulky Bob's".

In addition to standard refuse and recycling services the Council provides a unique, city-wide bulky waste collection service via a local community enterprise group, Bulky Bob's. The commodities collected on this service do not contribute significantly to the Council's recycling rate, due to the 'reuse' of the majority of collected materials as opposed to recycling. The service is, nevertheless, a valued local service, providing work opportunities for a number of disadvantaged groups, but is not considered in detail in this report due to its limited impact on overall recycling rates.

Strategic Aims

The key strategic aims of the Council, in relation to waste management, are as follows:

- Best value and value for money;
- Improving waste management performance, particularly in relation to recycling targets.

The Council ratified the JMWMS, its associated documents and the associated objectives and pooled targets at the Executive meeting on 6th January 2006.

Approval Process and Timescales

Depending on the content, approval of the action plan is likely to be made at the Executive Management Board level, which meets every fortnight. The approval process could take from four to eight weeks from submission of the action plan.

Current and Future Performance

The Council's most recent waste BVPI performance data, for 2004/05, and estimates for future years are shown in Table 1.1 below.

Table 1.1
BVPI Performance Data¹

BVPI	Description	2004/05 Outturn	2005/06 Targets	2006/07 Targets	2007/08 Targets
82a	% of household waste Recycled	7.6%	10%	12%	15%
82b	% of household waste Composted	0%	5%	8%	10%
82 (combined)	% of household waste Recycled and Composted	7.6%	15%	20%	25%
84a	Number of kilograms of household waste collected per person	437kg	455kg	470kg	480kg
86	Cost of waste collection per household	Not Listed	Not Listed	Not Listed	Not Listed
91	% of population served by a kerbside collection of Recyclables	84%	85.5%	86%	86.5%

Current Waste Management Services

The Council's core waste collection services, as considered in this study, are as follows:

- Household residual waste collection service;
- Kerbside dry recyclable collections;
- Kerbside compostable collections;
- Bring sites.

Household Residual Waste Collection

A majority of households use a 240 litre wheeled bin for the storage of residual household waste, with 30,000 properties using sacks. Residual waste is collected on a weekly basis. All presented waste (side waste) is collected in the interests of maintaining clean streets.

A private contractor (Onyx UK Ltd) provides the collection service using the following resources:

- 28 refuse collection vehicles;
- Driver and two operatives per wheeled bin collection round. Driver and four operatives per sack collection round. (30,000 households on sack collections).

The collection contract ends in October 2006 and the Council are currently considering future contract options.

The delivery points for the collected residual waste are at either Gilmoor or Huyton transfer stations or the St. Helen's landfill site.

¹ Liverpool City Council data

Kerbside Dry Recyclable Collections

Recyclables are collected using a 55-litre box, with the materials segregated in separate containers on stillage collection vehicle. Sacks are provided for paper and textiles.

A private contractor, Abitibi Consolidated Recycling (Europe), are contracted to provide the service on a fortnightly basis to approximately 185,000 households (89% of the total households). The service was expanded to this near borough wide level in 2003. The remainder of households consist mainly of multi-occupancy flats and apartments and are considered not to be suited to kerbside provision.

Abitibi sub-contract a majority of the kerbside collections to the logistics company PDL, with four rounds sub-contracted to the local community based organisations, Stanley Environmental and Energywise Recycling.

The recycling contract is due for renewal in June 2008 and is under negotiation at present to ensure its effective future delivery.

The materials collected from this service include:

- Paper- newspapers, magazines, yellow pages, junk mail and other;
- Cans- aluminium and steel cans;
- Glass- bottles and jars;
- Textiles- clothes and shoes.

The following resources are used to provide the collection service:

- 3 x 18 tonne stillage vehicles;
- 7 x 15 tonne stillage vehicles;
- 2 x 7.5 tonne stillage vehicles.
- One driver and two operatives per vehicle.

Collected materials are bulked at two sites, one to the north and one to the south of the city, in Kirby and Prince Edwin Street respectively. The sites are leased by Abitibi and the northern site is shared for Sefton collections.

Kerbside Compostable Collections

Kerbside collections of garden waste were introduced in July 2005 to 80,000 households. There are no current plans to expand the service.

The Council has contracted Abitibi to provide the collection service. Abitibi also subcontract the collection operations to PDL.

The following resources are used to provide the service:

- 6 x RCVs;
- One driver and two operatives per collection vehicle.

Collections are made using two 120 litre reusable sacks. The delivery point for collected materials is White Moss Horticulture in Huyton.

The Council is also supporting a small scale trial collection of kitchen waste from a limited number of households by a local community group. No information or data relating to the trial were available at the time of writing.

The contract is also under negotiation, in conjunction with dry recyclable collections, to ensure its effective future delivery.

Bring Sites

Details of the Council's bring sites are provided in Table 1.2 below.

**Table 1.2
Bring Sites²**

Material types	No of Sites	Collection Company
Glass	23	Glass Recycling (UK)
Cans	132	Abitibi and Alcan
Paper	226	Abitibi
Textiles	41	Salvation Army

The number of sites and types of materials collected are currently subject to a review by Council officers.

Future Plans - Summary

Residual Collections

The refuse collection contract is due for renewal in Oct 2006 although negotiations are currently ongoing. The new contract may include a combined refuse and recycling service.

An outline business case has been developed following a soft market testing exercise and a procurement project plan developed. The outline business case considers the relative merits of a variety of collection methods and frequencies. The Council does not wish to adversely influence the procurement process and, therefore, considers that the nature of services delivered will be dependent on the outcomes of the procurement process.

Kerbside Recycling

The recycling contract is due for renewal in June 2008 and is currently subject to detailed negotiation between the client and contractor. It is possible that the current contractor may withdraw from the present contractual arrangements at the end of April /May 2006, with collection operations continued by the present subcontractors or a new interim provider whilst the wider procurement process progresses.

Future service arrangements may also be included within a combined refuse and recycling contract in 2008.

The Council does not wish to adversely influence the procurement process and, therefore, considers that the nature of services delivered (including co-mingled or kerbside sort systems) will be dependent on the outcomes of the procurement process.

Compostable Collections

As with the kerbside dry recyclable collections, the contract for compostable collections is currently subject to detailed negotiation between the client and contractor. It is possible that the current contractor may withdraw from the

² Council Review Data, August 2005

present contractual arrangements, with collection operations continued by the present subcontractors in the short term.

Future service arrangements may also be included within a combined refuse and recycling contract in 2008.

The Council does not wish to adversely influence the procurement process and, therefore, considers that the nature of services delivered (including co-mingled kitchen and garden collections or separate kitchen waste collections) will be dependent on the outcomes of the procurement process.

Bring Sites

A review by Council officers has shown that a majority of the total tonnage collected at the sites is concentrated at a small number of sites.

As a result of this review, the Council is reviewing the number of these sites to determine which are no longer financially viable due to low tonnages and high incidents of vandalism.

The Council also plans to provide higher density bring facilities to multi-occupancy households. Energywise Recycling Ltd has commenced the roll out of this service to houses of multiple occupation with the aim of having complete coverage by the end of year 2006/07.

action plan

Introduction

This section outlines the potential developments in waste management services in Liverpool for each year of the JMWMS from 2006/07 until 2020/21.

The following key elements are considered for each year:

- Service levels (e.g. types of service, number of households served);
- JMWMS MSW recycling targets;
- Estimated performance levels (MSW recycling and composting rates);
- Procurement issues (e.g. procurement processes, potential co-operation with neighbouring authorities).

Service Provision and Performance

Table 2.1 on the following pages below identifies the following key service issues and assumptions for each year:

- JMWMS MSW recycling targets and assumed interim targets, showing progression towards key target years;
- Estimated performance levels (MSW recycling and composting rates);
- Potential service level details for kerbside dry recyclable, garden and kitchen waste collections (e.g. major changes to services, number of households served). Assumptions are based on the data in the associated waste flow diagrams and the levels of diversion required to achieve the JMWMS targets;
- Other relevant issues, for example the commencement of new contracts, changes to residual collections or the introduction of new residual waste containers

Table 2.1 Action Plan Summary Table

Year	2006/07	2007/08	2008/09	2009/10
JMWMS MWS Recycling Target	24%	26%	28%	30%
Estimated MSW Recycling Performance	11%	11%	15%	21%
Kerbside Dry Recyclable Collections	Participation rate (30%) for all materials	Participation rate (30%) for all materials	Participation rate (40%) for all materials	Plastic bottles potentially added to dry recyclable collections. Participation rate (60%) for all materials
Kerbside Garden Waste Collections	Participation rate (35%)	Participation rate (35%)	Service expanded to 95,000 households. Participation rate (40%)	Service potentially expanded to 100,000 households. Participation rate (60%)
Kerbside Kitchen Waste Collections	-	-	-	Service potentially introduced in phases to 123,200 households. Participation rate (40%)
Bring Sites	Tonnages reduced to 95% of previous year total due to reduction in number of sites.	Introduction of high density banks to multi-occupancy dwellings results in an increase of 5% to bring site tonnage.	-	-
Other (including changes to residual collections and procurement issues)	-	-	Combined recycling and refuse contract assumed to commence in October/November 2008.	Collection arrangements on line with revised service requirements and cost recycling and refuse assumed to be delivered April 2009.

Table 2.1 Action Plan Summary Table (contd)

Year	2011/12	2012/13	2013/14	2014/15
JMWMS Target	34%	35%	36%	37%
Estimated MSW Recycling Performance	35%	36.5%	37%	37.5%
Kerbside Dry Recyclable Collections	Participation rate (71%) for all materials.	Participation rate (72%) for all materials	Participation rate (73%) for all materials	Participation rate (74%) for all materials
Kerbside Garden Waste Collections	Participation rate (75%)	Participation rate (75%)	Participation rate (75%)	Participation rate (75%)
Kerbside Kitchen Waste Collections	Participation rate (65%)	Participation rate (70%)	Participation rate (73%)	Participation rate (76%)
Bring Sites	-	-	-	-
Other (including changes to residual collections)	-	-	-	-