



MERSEYSIDE RECYCLING & WASTE AUTHORITY

**MERSEYSIDE... A PLACE
WHERE NOTHING IS WASTED**



MRWA ANNUAL REPORT

2014/15



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INTRODUCTION

Welcome to the 2014/15 MRWA Annual Report. This is a new style document which will review what we said we would do against how we performed. The Report is split into the three principal aims of the Authority - Deliverability, Sustainability and Accountability. Essentially this means we promise to do our best for the people of Merseyside and the environment, we will innovate yet be sensible with our resources, and we will be responsible in all that we do.

These are challenging times. Not just for the public sector, but for all of us. We're all looking to get more from less – each one of us getting the maximum output from the minimum resource. Nowhere is this more apparent than in the waste sector, and nowhere is there more opportunity to do something about it than in our sector.

The very idea of turning something which has been thrown away into something new - of preventing valuable resources from being buried in the ground - is our bread and butter, the achievements we strive for every day. And we're good at it - we're an efficient and lean organisation. In the not-too-distant past, our job was simply to take people's rubbish and bury it. We know now that's just unacceptable. The last decade has seen a complete transformation in waste management on Merseyside – from machines which sort waste into streams for re-use, to garden clippings being turned into compost, and even the contents of a bin being heated and transformed into energy to power our homes, we've come a long way.

Throughout this document there are examples of how we are constantly looking for ways to help people reduce the amount of waste they produce, to recycle and re-use as much as we can, and to turn what's left into a useful resource, not to mention the people power that's needed to support these ventures.

As with all local authorities, there is more pressure on our resources than ever before, but with a clear vision and clever solutions I think we have made steady progress in the last year to deal with change as we continue to improve Merseyside's waste management performance.

With the effort of our dedicated staff, the help of our District Council partners and the support of the local public we have taken a step closer to making Merseyside a place where nothing is wasted.

Councillor Graham Morgan - Chairperson

THE DIFFERENCE WE'VE MADE

Without wanting to sound overly dramatic, this is probably the most important time in Merseyside's waste management history. As we speak, construction of our Energy from Waste Facility in the northeast continues apace. This cutting edge technology will deal with over 90% of the Merseyside's residual waste, diverting it from landfill and generating electricity to thousands of homes. Along with the new rail hub in Knowsley we are seeing a total revolution in our waste handling, not to mention at least £100m worth of savings to Merseyside over the life of the contract and the creation of dozens of jobs.

This is not to say our job is done, far from it. In fact one of our main challenges is to radically cut the amount of waste people are creating in the first place and to recycle as much of it as we can. One of our key targets is to recycle 50% of our household waste by 2020 which is tough but achievable. In the next section of this report you will see that as it stands the Merseyside recycling figure is currently at 42% so we are getting closer to our target. Improvements at kerbside level by our District Council partners along with investment in our Materials Recovery Facilities by ourselves and our contractor Veolia has seen the region's recycling rate improve markedly over the last few years.

Similarly, working together with Veolia we've made Merseyside's Household Waste Recycling Centres (HWRCs) some of the best in the country. And it isn't easy what with fluctuating prices for materials and markets opening up one day and closing the next. However we've surpassed our targets and are always looking for ways to make further progress. Nowhere is this better illustrated than in our new state-of-the-art HWRC in Old Swan, Liverpool, which we hope to open at the end of this year. Other achievements from 2014/15 include:

- Keeping the Levy we pass onto the District Councils at the same level it's been for the fifth year in a row (£65.5m)
- Transferring a £28.9m Waste Development Fund to the District Councils to help them meet our shared commitments in the Joint Recycling and Waste Management Strategy for Merseyside
- Providing grants worth £180,000 between 14 local groups from our Community Fund to help reduce waste and increase re-use and recycling
- Welcoming 6,500 people to our educational Recycling Discovery Centres at Gillmoss and Bidston

This is both a challenging and an exciting time and with that comes opportunity – to do more, create jobs, save money and help the environment. Working together I believe that everyone on Merseyside – local authorities, business and householder – can meet the challenge head on.

Carl Beer - Chief Executive

PLANNING FOR IMPROVEMENT

Our long term goals are influenced by a variety of factors including local pressures and national and international policy. Our planning process allows us to act relatively quickly to make short-term gains or take advantage of new opportunities. However, much of our work requires long term planning. The procurement of our major contracts has taken many years, for example, and we've had to take a long term approach to implementing changes that will have a significant and positive effect on waste management on Merseyside and Halton.

In terms of planning, we have two principal documents which capture our corporate aims and objectives. At the highest level, we have a Corporate Plan which sets out our long term aims whilst developing a Service Delivery Plan each year to set out how we intend to make the changes required to achieve those aims.

This Annual Report describes our progress in relation to both of these plans.

Corporate Plan

Our Corporate Plan establishes three corporate aims to reflect the main areas of activity as follows:

- Deliverability** How we will meet our statutory duties by procuring and managing our waste contracts and other operational activities.
- Sustainability** How we intend to promote and deliver sustainable waste management through the Waste Hierarchy in Merseyside.
- Accountability** What standards we set ourselves to ensure we act appropriately, take decisions properly and remain accountable to the people we serve.

It should be noted that the Corporate Plan was reviewed during 2014/15 and has changed significantly from the one that was in place at the beginning of the year. However, our new corporate aims remain a reflection of the work already being undertaken and this Annual Report measures the contribution made in the year towards the Authority's long term goals.



Strategies and Targets

Strategies are the key tools we use to make sure we know where we're going and how to get there. One of the most important strategies we have developed in partnership with all five Merseyside Councils, is the *Joint Recycling and Waste Management Strategy (JRWMS)*.

This important document aims to provide direction and a range of options for all the key partners to deliver sustainable waste and resource management on Merseyside, to meet potential new challenges and deal with future issues in a fast changing and resource hungry world. More importantly it has been produced with your views and opinions on how we can more effectively use waste as a valuable resource, reduce the waste we produce, or stop it being produced in the first place.



Key Aims, Objectives and Targets for the Strategy include:

Reducing the climate change/ carbon impacts of waste management: Demonstrate continuous improvement in the reduction of carbon emissions from the Local Authority Collected Municipal Waste management service on Merseyside and review our strategy every five years.

Maximise waste prevention: Reduce the total amount of waste arisings produced per household on Merseyside by 8% by 2030 (from 1,300kgs to 1,180kgs).

Maximise landfill diversion/ recovery of residual waste: Reduce the amount of Local Authority Collected Municipal Waste landfilled to 10% by 2020 and 2% by 2030.

Promote behavioural/cultural change that delivers the Strategy objectives: The Partnership will work to raise awareness of waste and resource management issues, to lead by example and encourage residents to get involved and make it easier to take part in waste prevention and re-use activities.

Achieve high recycling rates: Recycle 50% of household waste by 2020.

The Strategy also deals with the important role that we need to play to address broader environmental challenges such as sustainable waste management and resource efficiency,

climate change and reducing carbon emissions whilst providing value for money services in the current financial climate.

The full JRWMS is available here - <http://www.merseysidewda.gov.uk/waste-strategy/waste-strategy/resources-merseyside-2011-2041/>

Service Planning

Each year, plans are developed which set out how we will make the best use of our resources to improve performance and meet corporate objectives and targets.

The way in which we plan, monitor, review and report our performance has changed and this includes our annual planning processes. The improvements are ongoing and in 2015/16 we have introduced a Service Delivery Plan which makes clear our objectives in the year. This plan is available on the Authority's website at www.merseysidewda.gov.uk.

This Report, however, is all about what we achieved in 2014/15. The following pages take the objectives and targets we set ourselves and reports on how we performed.

DELIVERABILITY

The following section sets out how we have worked towards our long term aims in relation to Deliverability.

CORPORATE AIM 1 - DELIVERABILITY

We will ensure that the waste delivered to us is managed sustainably.

To achieve this, we will:

- Procure and manage our waste contracts to maximise the benefits to the Authority and the community it serves.
- Develop, maintain and operate our new and existing waste management facilities in a safe, efficient and sustainable manner.
- Continuously improve services to meet the needs of the local community and other stakeholders.

Project: Resource Recovery Contract

Objective: 'To complete the procurement of the Resource Recovery Contract (RRC) and mobilise the contract.'

Achievement: The £1bn Contract was signed in December 2013 and our first task was to build the facilities that will see almost all of Merseyside and Halton's residual household waste diverted from landfill. Construction of the Energy from Waste facility in Wilton (EfW - pictured right) began in January 2014 and a number of the key components have now been delivered and installed at the facility. The programme is scheduled to be completed in August 2016.



Before being transported by train to the EfW, waste will be delivered to the Rail Transfer Loading Station (RTLS) at Knowsley. Work on the RTLS is also progressing to programme and is expected to finish the commissioning process in May 2016.

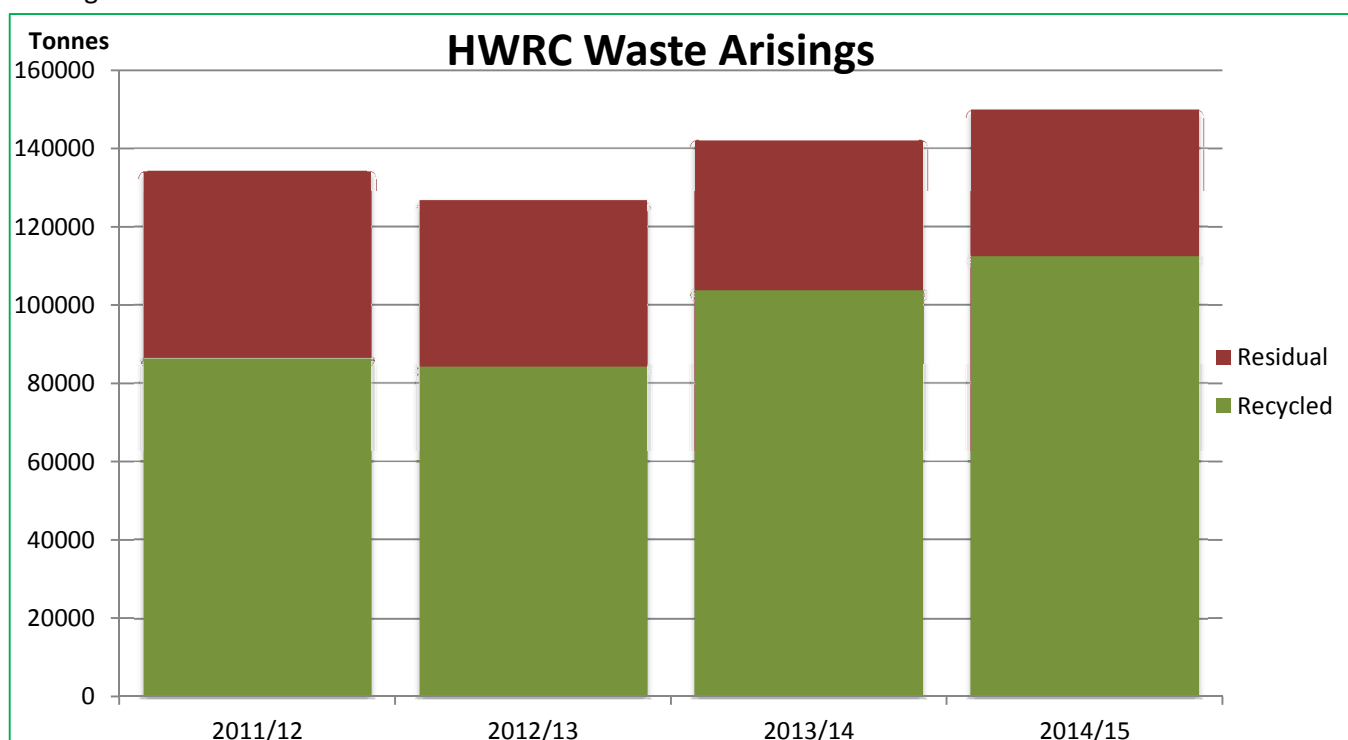
Project: Waste Management and Recycling Contract

Objectives: ‘To deliver the performance targets specified in the Authority’s waste contracts as a minimum, to include the following targets:’

	Target (%)	Actual (%)
Recycling and composting HWRC waste	52.91	68.27
Diverting HWRC waste from landfill	64.04	75.07
Diverting Kerbside Collected Recyclable Materials delivered to the Authority from landfill	90	94.11
Diverting Organic Waste (Garden & Kitchen) delivered to the Authority from landfill	95	99.82

Achievements: Different reprocessing companies take our sorted recycled items and materials to produce new everyday things like glass bottles and tomorrow’s newspapers and each type of waste collected has an identified end market. We have surpassed all our contractual targets for the year, and by some distance in two of the categories. We received over 140,000 tonnes of waste at the 15 Household Waste Recycling Centres across Merseyside and Halton (see chart below). 68% is currently recycled and 75% is diverted (including rubble). This excellent over-performance against a recycling target of 52.91% reduced our waste management costs by around £700,000.

We currently receive 84,000 tonnes of co-mingled kerbside waste each year from the Merseyside District councils and Halton. The material is processed at our Bidston and Gillmoss Materials Recovery Facilities - currently 94% of the materials are recycled. This is an excellent over-performance against a target of 91%.



Objectives: 'To review the provision of Household Waste Recycling Centres (HWRCs) to ensure effective coverage.'

Achievement: A review of the existing provision of HWRCs was conducted, which focussed upon three main aspects:

- Location of the sites
- Range of materials accepted at the sites
- Opening hours

The review took into account the development of an additional site in Old Swan, Liverpool, which was necessary to provide adequate service provision for residents in Liverpool. A further review is planned to assess the overall provision of services across Merseyside and to ensure we operate with modern, efficient sites.



In the examination of the range of materials at each site it concluded that there is an adequate provision for the range of materials in each District accepting that there are variations in individual sites. There has been an increase in the provision of the range of materials on many sites and in particular at the recently developed sites at Ravenhead, Huyton and Kirkby.

Through our Automatic Number Plate Recognition system the review highlighted peak activity times and consequently times at which the HWRCs are less busy. All sites experience variations in use but there is not a clear pattern across sites. It is the case that the summer opening hours, 8.00 am to 8.00 pm, has a lower rate of use at the extremes of operational hours.

The review also identified the opportunity for more effective reuse solutions at HWRCs. South Sefton HWRC was identified as a pilot site to introduce a Reuse Shop, which opened in June 2015. As a result of the environmental, financial and social impact of the pilot a Reuse Shop will be introduced as part of the new site in Old Swan.

Objective: 'To improve or maintain customer satisfaction levels year on year.'

Achievement: The region's Recycling Centres have posted almost perfect scores in a recent survey of 1500 Merseyside householders. Overall satisfaction with the sites scored 99% from visitors, with 93% being 'Very Satisfied' in the Veolia and MRWA Customer Satisfaction Survey earlier this year.

In other categories, visitors noted improvements in sites' layout and organisation, improved cleanliness and tidiness, and improved entrances and approach roads. Additionally, we have reviewed and updated our Comments and Complaints system and brought it under the management of our Corporate Services team.

Project: Interim Contracts

Objective: 'To reduce the amount of local authority collected municipal waste (MSW) landfilled to 10% by 2020.'

Achievement: We have several contracts which have and will continue to cut the amount of waste going to landfill. These interim agreements have seen 340,000 tonnes of waste material diverted from landfill, with savings of more than £3million, over the three years compared to landfill costs. The interim contracts are in place up until the commissioning stage of our Resource Recovery Contract begins accepting waste in 2016.



Project: Waste Facilities

Objective: 'To endeavour to achieve the BREEAM Excellent Standard for new build and Very Good for refurbishment.'

Achievement: As part of the building of the new Old Swan Recycling Centre we are working with our contractors Cheetham Hill Construction to achieve a top rating in the CEEQUAL sustainability assessment, rating and awards scheme for civil engineering. The CEEQUAL assessment takes into account a number of factors when judging the new Centre and these include:

- Ecology and biodiversity
- People and community
- Land use and landscape
- Energy and carbon.



The Old Swan facility would be our fourth to gain the CEEQUAL award following Ravenhead (pictured above right), Kirkby and Huyton Household Waste Recycling Centres.

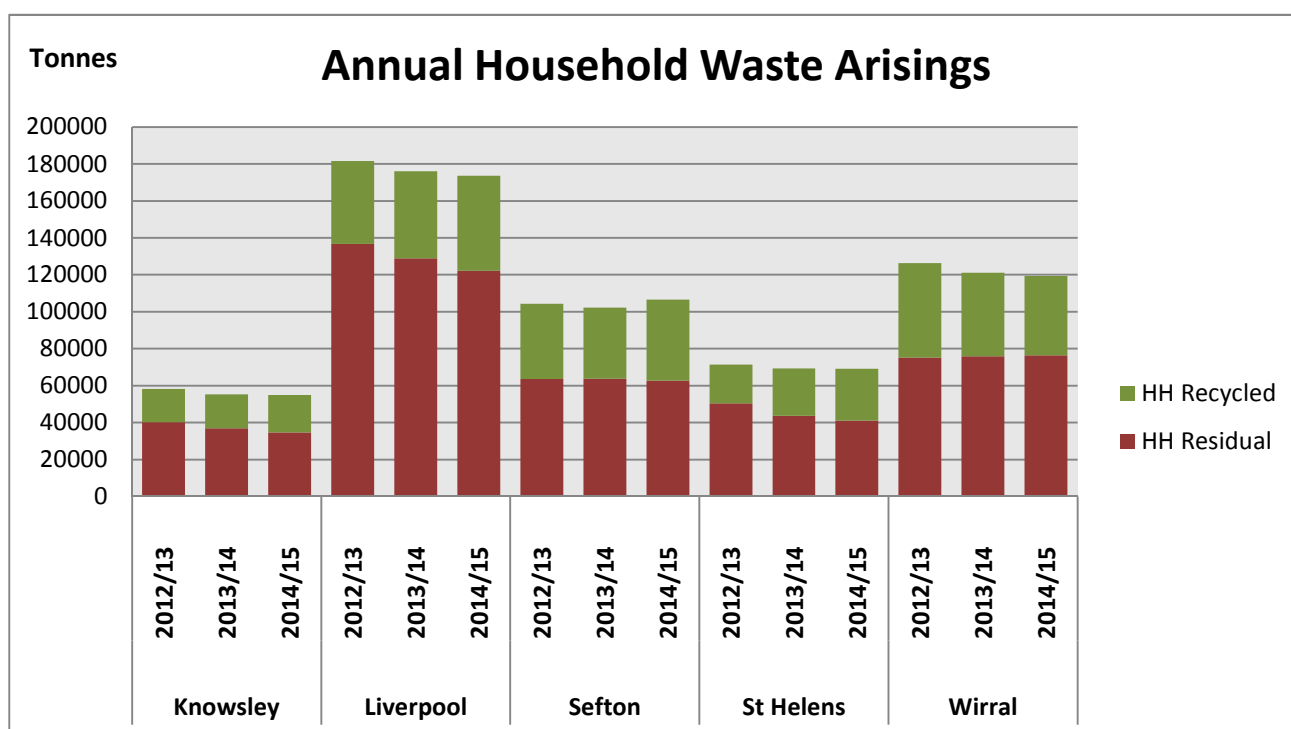
Objective: ‘To recycle 50% of household waste 2020.’

Achievement: Across Merseyside, there has been an overall increase in household recycling of over 2% and this is a significant step towards our 2020 target. Improvements in recycling have been a result of increased performance at our Recycling Centres and concerted efforts by the individual District Councils to improve their services. All councils now operate alternate weekly collections which has had a positive impact on recycling performance, while Wirral Council has introduced charging for green waste which may have contributed to a dip in their recycling performance.

	2012/13	2013/14	2014/15
	% Recycled	% Recycled	% Recycled
Merseyside	36.2	39.7	42.0
Liverpool	24.7	26.7	29.6
Wirral	40.4	37.4	36.0
Sefton	39.0	37.6	41.1
St Helens	29.3	36.8	40.6
Knowsley	30.9	33.1	36.7

Objective: ‘To reduce the total waste arisings per household to 1,180kgs by 2030.’

Household waste arisings have risen overall on Merseyside from 997kg in 2013/14 to 1004kg in 2014/15. Despite the increase, this level remains comfortably below the target of 1180kg by 2030, however, we will continue to promote waste prevention in an effort to decouple waste generation from economic growth.



A major element of our work to reduce waste levels and increase recycling is through our Waste Prevention Programme, most notably:

- Our 2014/15 events and festivals programme offered advice and help to householders throughout the City Region about waste prevention, re-use and recycling. Thirteen large events were attended by our staff where we engaged with 7,635 residents.

- In August 2014 we signed up to the Love Food Hate Waste initiative 10 Cities Challenge, which has seen a whole host of activities and initiatives take place to help the Liverpool City Region tackle the issue of food waste, including:



- Liquids Green Machine Launch engaged with over 1500 people in Liverpool (August 2014 – *pictured right*)
 - half a dozen cookery demonstration roadshows
 - 50 cookery skills classes by the Children’s Food Trust
 - an online tool to help people identify where they might be wasting food (via www.recycleformerseasideandhalton.com)
 - 180 banners promoting key messages on the sides of bin wagons throughout Merseyside and Halton
- The Merseyside Textile Forum (MTF - established in 2013) was set up to prevent the estimated 22,000 tonnes of the region’s clothes and textiles from ending up in landfill sites every year. The Forum has been developed by the Authority and set up for local charities and stakeholders who currently collect textiles, with support from all of Merseyside’s district councils and the national Waste and Resources Action Programme (WRAP). A summary of key achievements from 2014/15 include:
 - Textile diversion: 4.64 tonnes of textiles diverted from landfill, an increase from the 3 tonnes diverted last year;
 - Carbon savings: At least 27,400kg/CO2 have been saved through MTF projects;
 - Social Value: A new measure for this year, MTF members estimate the total value of the clothes received through donations to worth £3,799 (based on the current re-sale value in charity shops);
 - Reach: Direct engagement from MTF projects reached 2,225 individuals. In addition the MTF have made full use of social media channels both within the MRWA and amongst members. MTF members have also developed press releases that have been published in the local media;
 - Projects undertaken: Five new projects started up in 14/15 as well as the continuation of four projects from 13/14 including the provision of textiles banks on student campuses in the city.

Project: Re-Use Strategy

Objective: 'To develop and agree a Re-Use Strategy in 2014/15.'

Achievement: A Re-use Strategy was developed and then was approved by Authority Members in 2015. The key recommendations are:

- Establish Re-use shops at Household Waste Recycling Centres (NB. A YMCA-operated Community Re-use Shop was opened at South Sefton HWRC in June 2015 – *pictured below*);
- Develop re-use, repair and upcycling activities and support skills/training and volunteering opportunities in the Third Sector and in the community to influence behavioural change (e.g. Project Up *pictured right*);
- Support the development of a business resource efficiency programme;
- Develop an on-line Re-use Resource Exchange;
- Review recycling credit scheme and explore awarding discretionary re-use credit payments
- Increase communications through social media and the development of a Re-use for Merseyside and Halton website;
- Engage with Registered Social Landlords and residents and encourage re-use of household goods;
- Increase textile re-use by growing capacity in order to develop and resource projects;
- Investigate how to increase re-use of Trade Waste at Household Waste Recycling Centres.



Project: Working in Partnership

Objective: 'To agree an Inter Authority Agreement with Halton Council and to review the current Memorandum of Understanding with each of the constituent councils.'

Achievement: An Inter Authority Agreement was signed with Halton Council which formalised our joint working arrangements and ensures that our major waste contracts can benefit both Halton and Merseyside. In terms of our partnership working on Merseyside, a Memorandum of Understanding was signed by all parties, allowing the five Merseyside Councils to benefit from a Waste Development Fund of £28.9M.

We established the Waste Development Fund to support the delivery of each council's objectives under the Joint Recycling and Waste Management Strategy. It was created from a Sinking Fund that had been established over a number of years to smooth what was expected to be a significant Levy increase as new contractual arrangements for treatment and disposal of waste were developed. However, once these new contracts had been procured it became apparent that the Sinking Fund would not be needed and future Levy increases would be more modest than feared. The monies were distributed early in 2014/15 and an agreement that the Merseyside councils would report each year on how these funds were being used. In relation to 2014/15, we received the necessary assurance from each of the councils that the funds were being used in furtherance of the Joint Recycling and Waste Management Strategy.

Objective: 'To consult with partners through the City Region with a view to developing options for greater efficiencies, joint projects and marketing.'

Achievement: We have continued our work with partners – from district councils to local charities, the region's universities to agencies and organisations from around the UK and Europe. Examples include:

- Working with our contractor Veolia and all our District Council partners on the 'What's in your black bag?' communications and education campaign, which involved asking visitors to our Recycling Centres to think about what materials in their black bin bags could be recycled, instead of just going to landfill. The campaign provided members of the public the opportunity to learn more about what can and can't be recycled whilst encouraging people to sort recyclable materials at home.
- In October 2014 we hosted a conference about the future of global resource management, as part of our membership of the European Commission WASTECOSMART project. Established in 2013, the project is funded by the European Union's Regions of Knowledge programme, and is looking for its partners to collaborate and invest more in sustainable growth with an emphasis on reduction of waste, innovative waste management and resource efficiency.
- In July of 2014 we teamed up with Veolia, Liverpool City Council and their then contractors Amey to help increase street litter recycling by introducing hi-visibility bins at high traffic areas during events.
- The Merseyside Textile Forum has continued its work to prevent the estimated 22,000 tonnes of the region's clothes and textiles from ending up in landfill sites every year. The Forum is a partnership of

MRWA, local charities and stakeholders who currently collect textiles, with support from all of Merseyside's district councils and the national Waste and Resources Action Programme (WRAP). 2014/15 Achievements by the Forum can be read on Page 13 of this document.

Project: Community Fund

Objective: 'To review the Community Fund in terms of its effectiveness and value for Money'

Achievement: Since 2013, we have invested grants worth £525,000 into 40 diverse projects to reduce household waste by engaging residents, promoting economic growth and changing people's waste habits.

In 2014/15, a Community Fund of £180,000 helped more than a dozen local projects to cut food waste, and recycle or reuse everything from textiles to furniture. Six of the Merseyside and Halton-wide schemes each received up to £20,000 to put their ideas in to action, with a further eight sharing £67,000. Projects included cookery classes, recycling and reusing unwanted goods and repairing clothes and textiles. Contributions delivered by the scheme includes helping raise the region's recycling rate by 3%.

The innovations and interventions delivered clear environmental, social and economic outputs, including:

- Diverted almost 700 tonnes of material from landfill
- Directly engaged with over 40,000 people
- Created/safeguarded 99 jobs (or equivalents)

The £20,000 projects in detail:

• **Faiths4Change's innovative Sew Many Trees** (*pictured right*) - Over 30 schools/communities attended sewing skills and textile re-use workshops. Each group created a tree for a "textile forest" displayed as public artwork in July 2015.

• **Community Action Wirral's Donate and Create Change** - Four Wirral Community Shop pilots for short term rental to not for profit groups to raise funds whilst re-using goods and providing easy access for local people to affordable re-used goods. Dedicated Wirral Well website for local waste prevention projects/support. Co-ordinator and four volunteers trained to enable improved community engagement.

• **Emmaus Merseyside's Recycling Superstore** - Development of a new Recycling Superstore providing job and training opportunities to homeless people in recycling, repair and re-use. The facility provides a 28 bed Supported Housing Scheme and encourages the public to donate goods and become customers.



- **Neighbourhood Services Co at Larkin's Farm, Croxteth** - A new environmentally friendly Education Centre re-using waste wood. Offers school and community visits in a created wetlands environment. Engages and trains people with special educational needs including creating garden furniture and bird boxes from waste wood.

- **Bulky Bob's Fresh Start** - A support service providing 481 free furniture packages to vulnerable individuals or families in critical need. 1,272 preloved items donated for re-use. Delivered a *Free for All* event in Liverpool which assisted 60 families with 121 furniture items.

- **Children's Food Trust Mersey Waste Munchers** (*pictured right*) - Twenty new food clubs provided training on healthy eating and reducing food waste. Each trainer led five sessions and one local community event; 923 children and families directly involved with 2,049 wider beneficiaries; bespoke Activity packs provided to 117 Let's Get Cooking Clubs.



ACCOUNTABILITY

The following section sets out how we as an organisation aim to conduct our business. Much of what we do is similar to other public bodies and we are bound by many of the same rules and regulations that ensure we maintain high standards of governance and manage our obligations with openness and transparency.

CORPORATE AIM 3 - ACCOUNTABILITY

We will conduct the Authority's business effectively and efficiently and we will fulfil our obligations to the highest standards.

To achieve this, we will:

- Manage our business and finances with openness and transparency.
- Establish challenging targets for efficiencies and improvements and set out plans for delivery.
- Develop our staff and Members to ensure the Authority has clear direction and the skill sets to deliver our aims and objectives.

Project: Financial Strategy

Objective: 'To develop a financial strategy which considers the position of the constituent District Councils.'

Achievement: The strategy for 2014/15 was to minimise the impact of our costs on our District Council partners. The budget included provision for using £3M of the Authority's balances to mitigate this impact – the fifth year where the overall Levy did not increase.

Project: Joint Working

Objective: 'To evaluate the potential for shared support services with other organisations.'

Achievement: The Authority currently has service level agreements (SLA) in place to enable it to share certain services and optimise our service delivery more efficiently and effectively. These include our SLA's with Merseytravel for the provision of ICT, printing and postage and with St Helens MBC in respect of pensions, payroll, legal and estates management. These shared services are paramount to the Authority as they enable our staff to continue to deliver and meet our objectives despite a reduction in the overall workforce.

Project: Organisational Management

Objective: 'To review the Authority's resources to ensure it remains fit for purpose following the procurement of the RRC, including training and development.'

Achievement: A review of our current resources was undertaken which enabled us to revise our current structure. Through a voluntary redundancy process, we were able to reduce the current workforce by four posts, leaving the remaining structure at 30 posts. The Staff Development Scheme also produced a new structured training and development plan, with targeted training to ensure that remaining staff are equipped with the appropriate skills and competencies necessary to ensure the Authority continues to deliver its objectives.

Objective: 'To manage sickness absence to within the top quartile of local authorities.'

Achievement: Our sickness absence was 3.41% showing a slight improvement on last year's figure of 5.06%. However, this is still relatively high in comparison to our target of 2.76%. Good sickness absence management and targeted initiatives through our Health & Wellbeing Programme will continue to help reduce our overall sickness absence.

Objective: 'To maintain and improve staff satisfaction levels.'

Achievement: Early in 2015 we conducted a full staff survey focussing on our internal communications. 65% of staff said that internal communications keeps them Fully/Fairly/Adequately informed. When asked how satisfied they were overall with internal communications 37.5% said they were Very satisfied or Satisfied, 33.33% were neutral, and 29.16% were Dissatisfied or Very dissatisfied.



Objective: 'To provide training opportunities to all MWDA staff and elected Members on key waste strategy issues each year.'

Achievement: There is a Staff Development Scheme in place and a Training Plan identified for 2014/15. Our Member Training and Development Plan in 2014/15 included workshops on the Authority's budget, the Resource Recovery Contract and the Circular Economy.

Project: Corporate Governance

Objective: 'To ensure the Authority receives an unqualified opinion on all of its governance, performance and financial audits.'

Achievement: An unqualified audit opinion was received for the Authority's Statement of Accounts 2014/15. The Statement of Accounts can be found at <http://www.merseysidewda.gov.uk/transparency/statement-of-accounts/>

Objective: 'To maintain Environmental Management System accreditation and gain re-certification in 2015.'

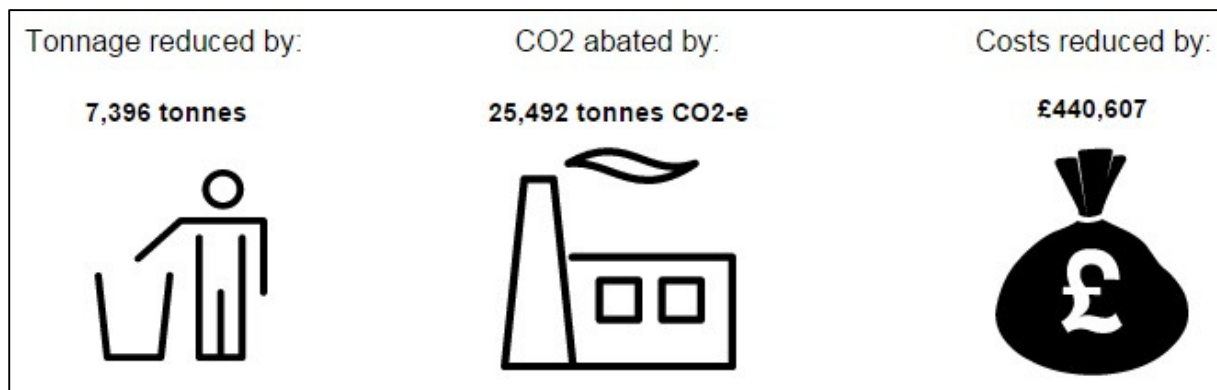
Achievement: Our Environmental Management System (EMS) is one way of demonstrating a commitment to reduce the impact that our actions have on the natural and built environment. In 2015 we renewed our accreditation of International Standard Organisation (ISO) 14001:2004 for our office and seven closed landfill sites (Bidston, *pictured right*).



Objective: 'To publish an annual report including Environmental and Corporate Social Responsibility performance each year.'

Achievement: To ensure that our actions, both direct and in-direct, have the least impact on the environment and society, we have a number of safeguards in place. Firstly, with regards to our own direct impacts, we have an accredited (ISO 14001) Environmental Management System in place (*see above*). Secondly, we engage with residents in order to influence behavioural change through our waste prevention campaigns (Love Food Fate Waste, home composting, 'Junk the Junk Mail') and support community projects and the Merseyside Textile Forum. Fig 1 illustrates that more than 7,000 tonnes of waste was diverted from landfill thus avoiding the emission of some 25,500 tonnes of carbon dioxide. Engagement and project support saved the Authority more than £440,000.

Fig 1. Waste arisings, carbon reduction and cost benefits of an active waste prevention campaign:

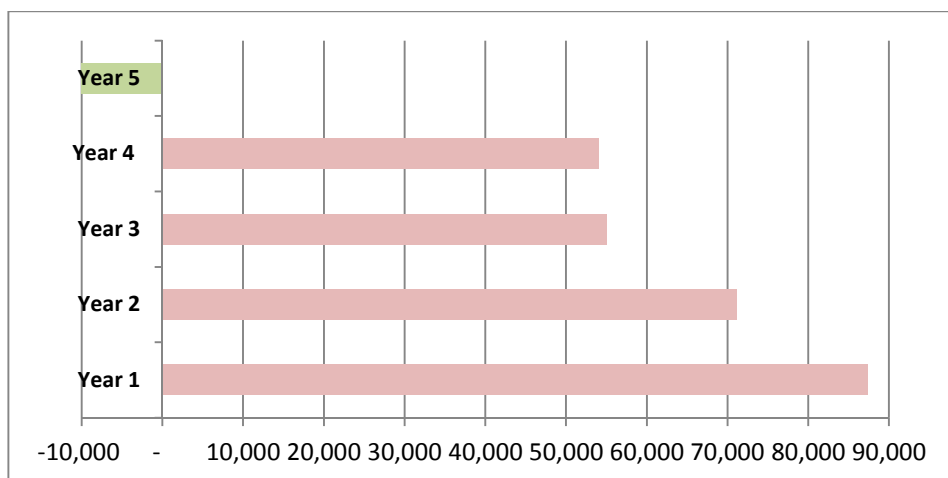


Our in-direct impacts (contractual) require our contractor Veolia to report on the carbon impact of its services and provide evidence of managing its corporate social responsibility.

Carbon Impact of Service provision

In contract Year 1, Veolia operational services emitted 87,000 tonnes of carbon dioxide equivalents into the atmosphere. In Year 5 (2014), there was a net benefit of 10,000 tonnes due to increased recycling offsetting primarily the methane impact of landfill disposal (see Fig 2 below).

Fig 2. Veolia carbon equivalent emissions (tonnes / year of contract service)



Corporate Social Responsibility

Veolia are required to report their corporate social responsibility using indicators developed by the Global Reporting Initiative (GRI). Specifically, Veolia complete the 'Lets Report' GRI Level C template for smaller organisations. Final reports can be self-declared or externally assured. Level C requires 10 indicators (including core indicators) to be reported on – progressing to 20 at Level B. to attain Level A, all core indicators must be reported on (see Fig 3 below).

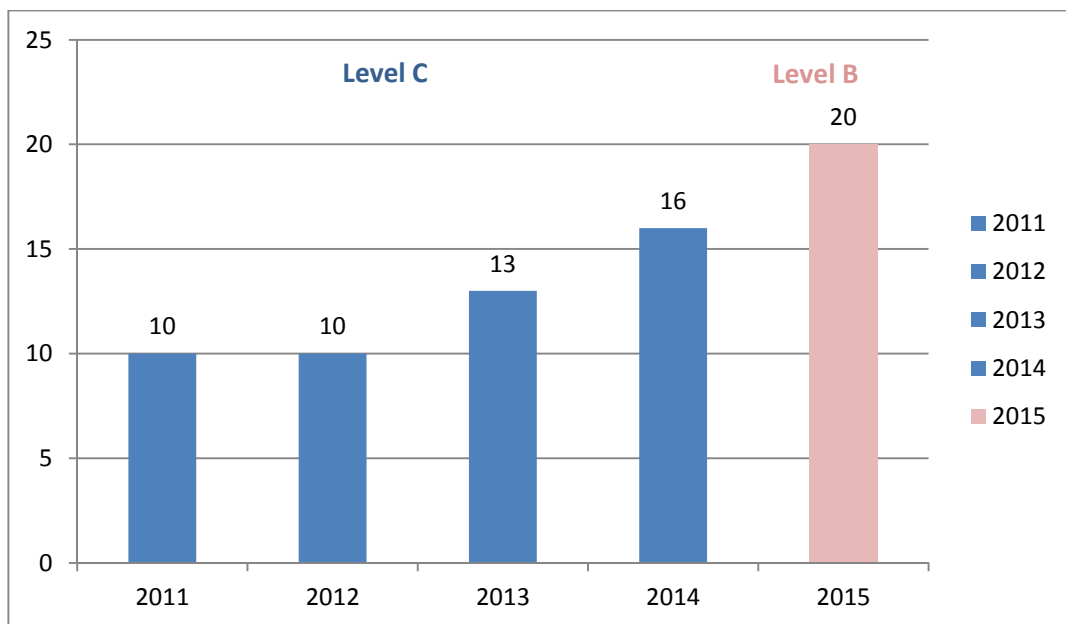
Fig 3. Self declaration (application Level)

		Report Application Level					
		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement in final version

In 2014, Veolia reported on 16 indicators (See Fig 4) and it is expected to reach 20 indicators and Level B in 2015.

Fig 4. Let's Report – Veolia – CSR indicator progress and forecast



Objective: 'To review the future of Mersey Waste Holdings Limited (MWHL).'

Achievement: MWHL's governance structure was reviewed by the company and the Authority during the year. The Articles of Association were amended and the Authority was given greater control over the company and its activities. Following this review it was agreed that when the Authority had paid the legal provision it had set aside then MWHL would seek to return an agreed amount of funds to the Authority in 2015/16. Meanwhile, MWHL will continue to be used by the Authority to access historic landfill contracts at beneficial rates. MWHL will also be used to manage former legal liabilities that remain and pension liabilities arising from the WMRC arrangements. The Authority agreed that MWHL should retain a development fund to enable it to establish whether there was scope for future service developments by the company that could generate an agreed rate of return which would ultimately go towards mitigating the Authority's costs.

Objective: 'To achieve level 3 (Practice) in the Sustainable Procurement Framework by 2013.'

Achievement: This was not taken forward due to budget and staffing reductions.

Project: Communication and Education

Objective: 'To review the Authority's Communications Strategy in order to strengthen communications and marketing.'

Achievement: A review pinpointed a number of improvements to help deliver all our communications, including establishing a Communications and Marketing Team headed up by the Chief Executive, plus the Corporate Services Manager and the two existing Communications Officers. A Marketing and Communications Strategy has also been developed which will support our Corporate Aims which will help inform, educate and promote positive changes.

Objective: 'To ensure that Veolia facilitate 6,500 visits to the Recycling Discovery Centres per year.'

Achievement: Our educational Recycling Discovery Centres at Bidston and Gillmoss welcomed 6,599 visitors during 2014. The Centres offer free waste education programmes for all ages where visitors can discover what happens to household waste after it has been collected and - at Gillmoss - experience the process of recycling from our large viewing platform and live CCTV images.



The Centres recently surpassed the 20,000th visitor mark since opening in 2009.

FINANCIAL OUTTURN

We are largely funded by a Levy on the Merseyside District Councils who, in turn, pass on those costs to residents through their Council Tax. In 2014/15, one of the biggest budgetary pressures we faced was a rise in Landfill Tax of £8 per tonne, taking it to £80 per tonne. In spite of this, we managed to ensure that in overall terms the Levy did not go up and remained at £65.6M. Adjusting for inflation, this was the fifth year in succession where the Levy has been maintained at the same level or has gone down. This has been achieved by making savings, for example through the procurement of interim contracts for waste treatment, as well as using £3M of General Reserves to cushion the impact of our cost increases on the District Councils.

Revenue Budget

The Revenue Budget is monitored throughout the year, and a revised budget was approved by our Members in February 2015 which identified an increase of £554k to be funded by an additional contribution from the General Reserve. At the end of the year, the final outturn was £32k higher than the revised budget.

As mentioned above, a contribution of £2.960M was made at budget setting time from General Reserves to help cushion the impact of unavoidable cost increases. This has increased to £3.547M at year end which impacts on our ability to cushion any future budgetary pressures.

The table below reports service specific information, showing a comparison between the revised estimate and the outturn for the year:

	Budget £000	Actual outturn £000	Variance £000
Establishment	2001	2058	(57)
Contract payments	56,755	58,495	(1740)
Closed landfill sites	333	227	106
Rent, rates etc	2195	1769	426
Recycling Credits	5842	5,924	(82)
Communications	39	31	8
Strategy & Resources	577	349	228
Contract procurement	110	(20)	130
Other costs	31	(773)	804
Interest	779	1040	(261)

The Authority's outturn report explains the variances in more detail, and while most of our services were delivered at below anticipated costs there were two areas where the position was not as good as the budget.

On the establishment line there is an overspend due to one off decisions that will save us money in the longer term; one off provisions for redundancies have been made which add to the in-year costs; and a decision was made to pay an additional pension contribution in one payment rather than over three years which meant our in-year costs grew but the we gained a discount by making the payment early.

For contracts, the overspending represents a 3% additional cost, but as the budget is such a large part of the Authority's costs the amount is significant. For most of the contract costs there is an underspend compared with the revised estimates, however, for the landfill tax there is an overspend. This is because one of the interim contracts that was put in place to divert waste from landfill at a lower cost did not perform as well as planned and so additional costs were incurred in landfill tax that had not been fully anticipated.

Capital Budget

We have a capital programme to fund major schemes and includes the maintenance of existing facilities, and the development of new ones. The table below shows the capital outturn compared with the revised estimate for 2014-15 along with commentary on the reasons for variances.

Scheme	Revised programme £000	Outturn £000	Variance £000	Commentary
Huyton HWRC	5	4	1	Minor works savings
Kirkby HWRC	3	2	1	Minor works savings
Ravenhead HWRC	7	4	3	Minor works savings
New HWRC development – Liverpool	446	60	386	Scheme development delayed
Foul Lane Closed site restoration	51	0	51	Planned works not commenced
Various minor works	86	7	79	Minor works scheme savings
	598	77	521	

We have an earmarked capital fund which was to fund the capital programme alongside £3,000 raised from the sale of an asset that was surplus to requirements. Once again we have not made any additional borrowing for 2014/15, and none is anticipated in the next financial year.

Medium term prospects

We have responded effectively to the financial pressures on constituent District Councils with either Levy reductions or a stable overall Levy in each of the last five years. The successful procurement of major waste management contracts has meant that the significant cost increases that were anticipated at the outset of the Authority's procurement programme are unlikely to arise. However, we have now reached a point where we have started to utilise reserves to cushion the impact of normal cost increases on the Levy.

Since the election, the Government has made it clear that their priority remains focussed on reductions in levels of national debt and so it is likely that the pressure on public spending and local government will continue.

We are not funded by Government, but our Levy directly impacts on the constituent District Councils. While our reserves may allow us to provide further cushioning of the Levy for Districts over the next two years, the distance between the Levy and the costs of the Authority's waste disposal activities continues to grow. When our reserves have been fully utilised, there is likely to be a significant gap between spending and income which would then result in a substantial increase in the Levy at a time when financial pressure on constituent District Councils is likely to be greater than ever.

In the face of this prospect we must continue to seek cost reductions and savings wherever possible. Over the medium term we will continue to develop plans to:

- Balance ongoing expenditure with income to deliver a viable financial position which allows it to continue to deliver its key objectives
- Maintain an appropriate level of reserves to protect the Authority against future budget challenges and continuing financial pressures
- Risk manage budget estimates to ensure they remain robust and in-year to ensure that the agreed budgets are managed and delivered as required
- Operate to appropriate financial management standards to ensure the Authority's finances are secure and that value for money is obtained, to ensure that professional standards are properly maintained and that quality review is embedded in all financial activity
- Investigate and develop savings opportunities for the Authority, especially ensuring that savings in one area do not move costs either to other, more expensive areas of the Authority's activity, and that potential savings at the Authority do not simply push additional costs back to District Councils

The challenge for us over the medium term is to keep the impact of the Levy on our District Council partners at the lowest possible level, while ensuring that services continue to be available.

We will need to work with colleagues in the Councils to agree to relatively modest levy increases over the next budget rounds, which together with the use of the Authority's balances will allow a very significant levy increase to be avoided in the near future. At the same time, we will carry on working together to ensure that waste continues to be moved up the waste hierarchy, moving it from the more expensive landfill and disposal, into recycling, re-use and prevention.



The onset of the Resource Recovery Contract, moving waste from Landfill into an Energy from Waste facility, will help us to stabilise costs in the medium to longer term, avoiding the otherwise inevitable increases in Landfill Tax. Elsewhere the planned development of the new Recycling Centre in Old Swan, Liverpool, will increase our operating costs for that contract, however, if waste is transferred from landfill/disposal into significantly more recycling then there will be environmental and modest financial benefits on the other side.

WHAT'S NEXT

Our plans for 2015/16 are included in our Service Delivery Plan which can be found at www.merseysidewda.gov.uk and sets out how we aim to build on the success of 2014/15.

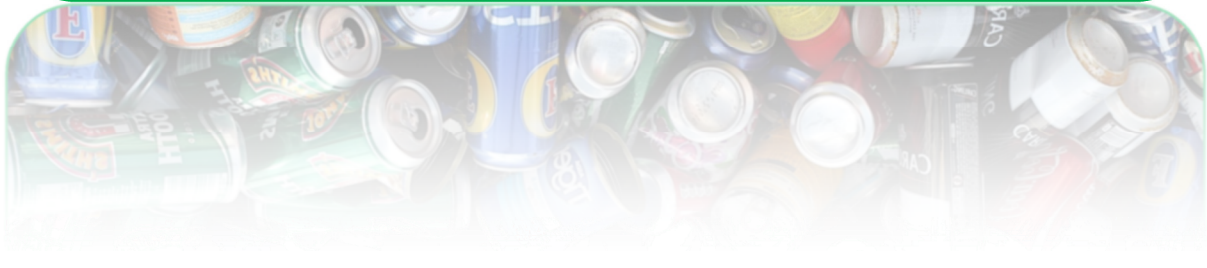


One of our major areas of focus is the construction phase of the Resource Recovery Contract which will use an Energy from Waste facility (*pictured above*) to divert over 92% of Merseyside's non-recycled waste from landfill – meaning around 430,000 tonnes of rubbish will be used to generate electricity to power thousands of homes. The project is running to plan and is expected open in 2016.

We are continuing to invest in our 13 Household Waste Recycling Centres and progress is being made on the new Centre in Old Swan which we hope to be able to open to the public later this year. As part of our continuing need to maximise our assets we are also reviewing the levels of service to identify potential areas of savings.

The 2015/16 Community Fund was launched in February this year with a funding pot of £110,000 shared between ten projects. Most projects will receive around £10,000 of funding and have the potential to recycle, upcycle and prevent waste, save money and avoid landfill.

We have some significant challenges ahead, delivering major improvements to the way we manage waste on Merseyside, containing costs and making savings where we can. Information on how we are meeting our 2015/16 can be found in our Seasonal Updates and will be reported in full in next year's Annual Report.



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MERSEYSIDE RECYCLING & WASTE AUTHORITY

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