

**REPORT TO:** Executive Board

**DATE:** 19<sup>th</sup> July 2007

**REPORTING OFFICER:** Strategic Director, Environment

**SUBJECT:** Waste Management – Inter Authority Agreement and Waste Action Plan

**WARD(S):** Borough-wide

## **1. PURPOSE OF REPORT**

1.1 This report sets out the way in which the Council intends to discharge part of its waste disposal functions and seeks approval to move forward with the development and implementation of enhanced waste recycling services in Halton.

## **2. RECOMMENDED: That;**

**2.1.1 The Council, acting under the authority of the Relevant Powers and in accordance with the Partnership Ethos, enter into an arrangement with the Merseyside Waste Disposal Authority (“MWDA”) for the discharge by the MWDA of the functions of the Council (in its capacity as Waste Disposal Authority) specified in this resolution (“the Arrangement”) to achieve the Purpose;**

**2.1.2 The Strategic Director – Environment, in consultation with the Strategic Director – Corporate & Policy, the Portfolio Holder for Environment, Leisure and Sport and the Portfolio Holder for Corporate and Policy, be authorised to take all actions and to make any decisions deemed appropriate in connection with and in the furtherance of the Arrangement (including entering into the Inter Authority Agreement referred to below), and any modifications to the Arrangement which may be agreed with MWDA from time to time;**

**2.1.3 In this resolution:**

**“the Relevant Powers” mean section 19 Local Government Act 2000, the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 and all other enabling powers allowed by law**

**“the Partnership Ethos”** means that in the discharge of the Arrangement the Council and MWDA shall act in a spirit of openness and trust in their dealings with each other and shall mutually support and co-operate with each other to ensure the success and performance of the Arrangement.

**“the Purpose”** means achieving the provision of the procurement; creation and administration of the Principal Contracts which will facilitate the delivery of the Council’s waste management targets. **“the Principal Contracts”** mean the contracts proposed to be entered into by MWDA and a contractor or contractors in relation to firstly, Waste Management and Recycling and secondly, Resource Recovery

**“the Inter Authority Agreement”** means the Inter Authority Agreement defined in paragraph 2.1.4

#### **2.1.4 “The Arrangement”:**

The Council delegates to MWDA that part of its waste disposal function as relates to the procurement of the subject matter set out in the Principal Contracts subject to the terms, restrictions and limitations contained or to be contained in a document entitled “Inter Authority Agreement” in respect of the procurement and management of the Principal Contracts, a draft of which has been produced to the Council

**2.2.1 Executive Board approve the principles of the Waste Action Plan and the delivery of the pilot study contained within it.**

**2.2.2 The financial expenditure required to deliver the enhanced recycling services, as contained within Halton’s Waste Action Plan, are considered following the monitoring of the pilot study, and during the budget setting process for 2008/09.**

### **3. BACKGROUND**

**3.1** At its meeting of 29<sup>th</sup> March 2007, the Executive Board considered a report on the developing partnership arrangements with the Merseyside Authorities. Members were informed of progress made with respect to the updating of the Council’s Waste Management Strategy, Halton’s Waste Action Plan, the Contract Procurement Strategy and Inter Authority Agreement (IAA) with the Merseyside Waste Disposal Authority (MWDA). The Executive board was advised that a Members’ Seminar was to be held on waste management issues.

**3.2** Members approved the Contract Procurement Strategy with the MWDA (Minute EXB 106/2007 refers). Members also noted progress towards the adoption of the Waste Action Plan, having agreed that the forthcoming Members’ Seminar would enable further and more detailed discussion to take place.

- 3.3 The Members' Seminar on waste management issues was held on 12<sup>th</sup> June 2007 and set out the proposed future strategic and operational plans, including the implementation of enhanced recycling services and the partnership arrangement with the MWDA. The seminar highlighted to Members the significant financial implications associated with Waste Management and the major investment required in both the short and long term.
- 3.4 The Executive Board are now asked to consider and approve the delegation of defined aspects of the Council's waste disposal functions to allow MWDA to procure contracts on behalf of Halton, the principles of which will be detailed within a formal Inter Authority Agreement (IAA) with the MWDA. Members are also asked to consider and approve Halton's Waste Action Plan, which has been updated following the Members' Seminar.

#### **4. SUPPORTING INFORMATION**

##### Inter Authority Agreement

- 4.1 As previously reported to members, the Council is required to agree and sign a formal Inter Authority Agreement (IAA) with the Merseyside Waste Disposal Authority (MWDA). The IAA is a document that will clarify and strengthen the roles and responsibilities of Halton in the Merseyside Waste Partnership (MWP) and define the formal relationship between Halton and the MWDA. The IAA will be a legally binding agreement between Halton and MWDA and will act as a formal interface between the two Disposal Authorities and provide a link to defined actions and targets for Halton. It sets out the MWDA obligations to deliver facilities in order to enable Halton to meet its future waste management related targets.
- 4.2 The IAA is designed to give effect to the principle that the Council will delegate defined elements (but not all) of its Waste Disposal Authority functions to MWDA under the authority of section 19 Local Government Act 2000. The IAA sets out those elements that will be delegated by Halton and are limited to the ambit of two Principal Contracts; the Waste Management and Recycling Contract and the Resource Recovery Contract.
- Waste Management & Recycling - This contract includes the Operation and Management of Recycling and Household Waste Centres (RHHWC's), the Management of Materials Recycling Facilities and the Management of Waste Transfer Stations as from 1<sup>st</sup> October 2008, for a contract period of between 15 and 20 years.
  - Resource Recovery - This contract includes the construction and operation of Residual Waste Treatment plants as from October 2008 for a period of 25 years.

- 4.3 The IAA is the method by which Halton's involvement in the procurement process with the MWDA can be facilitated. MWDA cannot move forward with the procurement of contracts on behalf of Halton without having such an agreement in place.
- 4.4 In terms of overall volume of waste, Halton makes up only 8% of the total waste produced by the Merseyside Waste Partnership. The MWDA will be the lead Authority for procurement and administration of the Principal Contracts, will have the final say on the appointment of a preferred bidder, and will be the sole signatory for both Principal Contracts. The Council does have influence in both the production and administration of the Principal Contracts and will have the ability to influence improvements if and when necessary during the life of the contracts. Halton's Officers sit on both the MWDA Procurement and Project Review Teams, are involved in the development of the contract specifications and are part of the tender evaluation process. Halton also has an Elected Member representative invited to attend meetings of the Merseyside Waste Disposal Authority Board as an observer and will have powers as nominated authorised officers under the contracts once awarded.
- 4.5 Any matter relating to the Council's waste disposal authority functions, which are not within the ambit of the Principal Contracts, is excluded from the delegation and is retained by the Council. The Council's waste collection authority functions are not affected by the delegation proposed within this report. It should be recognised that the Council will continue to have responsibility for government targets associated with waste recycling and diversion, associated with the waste to be treated under the Principal Contracts. In brief, waste disposal authority functions retained will include;
- Landfill Disposal Arrangements
  - Responsibility for the Landfill Allowance Scheme (LATS) targets, reporting, trading and reconciliation
  - Statutory duties for performance standards and BVPI reporting and compilation of data.
  - Direct management of contracts outside the scope of the delegated functions (e.g. Composting of Kerbside Collected Green Waste)
  - Neighbourhood Recycling Sites
  - Abandoned Vehicles Disposal
  - Enforcement Activities
  - Education and Promotional Activities
  - Waste strategy and local policies
- 4.6 As previously reported to Members, a paramount requirement is for the Council is to secure contracts for the delivery of new waste treatment services and facilities within the required timescales. A key factor in working with the MWDA was the greater certainty of deliverability of

such contractual arrangements, which Halton could not achieve as a waste disposal authority in its own right.

- 4.7 The current financial forecasts of the contract procurement strategy in partnership with the MWDA were presented to the Executive Board on 29<sup>th</sup> March 2007, and to Members at the Seminar on Waste Management Issues on 12<sup>th</sup> June 2007.
- 4.8 A further report will be provided to the Executive Board prior to the award of the Principal Contracts. Members are advised however, that should Halton refuse to take part in the Principal Contracts, the MWDA will expect the Council to indemnify it against any losses that may follow. Notwithstanding the financial consequences incurred as a result of such action, the Council would be left with no other partnership opportunities and would face severe consequences.

#### Waste Action Plan

- 4.9 As previously reported to Members, Halton commissioned consultants to produce a report that set out the Waste Management Division's aims for increasing recycling performance and contained plans for the further introduction of recycling services and facilities within the borough.
- 4.10 A draft Waste Action Plan was presented to the Executive Board on 29<sup>th</sup> March 2007, and attached as Appendix 1 is a revised Plan that has been updated following the Waste Management Seminar on 12<sup>th</sup> June 2007, when Members' views were sought, and taken into account, on the future proposals.
- 4.11 Essentially, the revised plan is to deliver enhanced recycling services by extending the current kerbside paper collection service to a multi-material collection. This will see plastic bottles, cans and cardboard added to the collection scheme. The aim is to encourage participation in the scheme and to increase the tonnage of recyclable materials collected.
- 4.12 The scheme would see the current 140 litre blue wheeled bins, used to collect paper, continue to be used to collect further recyclable materials. The frequency of collections of the blue bins will be increased from four weekly to fortnightly to accommodate the additional materials.
- 4.13 Initially, a pilot scheme will be undertaken in the Autumn of 2007. Approximately 6,000 properties will be included in the pilot. The areas for the pilot have been identified and will be finalised once the Elected Members in the relevant Wards have been consulted. Elected Members will be made fully aware of the details of the scheme, which will be supported by a comprehensive publicity and awareness raising programme. If successful, the multi-material kerbside recycling

scheme will then be rolled out across the Borough, commencing in the Summer of 2008, with completion in 2010.

- 4.14 Green and blue bins have been partially rolled out across the borough, however, there remain a number of gaps in the provision to suitable properties. The Waste Action Plan will also see the green waste collection service delivered to a further 10,000 properties and a further 5,000 properties, currently served by a sack collection service for recycling paper, will be provided with a blue wheeled bin.
- 4.15 Terraced properties, and other properties served by a sack collection for waste, will also receive the co-mingled recyclables service by the use of sacks for recyclable materials.
- 4.16 New and existing developments consisting of apartments and other high density housing, at various locations within Halton, will be provided with communal containers of sufficient capacity to enable the collection of dry recyclables. Collections will be built in to the existing rounds as new developments are completed.
- 4.17 The table below summarises the additional annual revenue costs identified in the revised Waste Action Plan for the introduction of the enhanced recycling services up to 2010/11.

Budget Year	Additional Annual Growth	Total Cumulative Growth
	(£'000)	(£'000)
2007/2008	£80	£80
2008/2009	£262	£342
2009/2010	£228	£570
2010/2011	£280	£850

- 4.18 The revenue costs contained within the above table are incurred as a result of additional refuse collection vehicles and crews required to collect the additional bins identified in paragraph 4.14, and the increased frequency of collections of the blue bins to facilitate the enhanced recycling services as indicated in paragraph 4.12.
- 4.19 Capital expenditure of £250,000 over the next 3 years is also required to provide the 15,000 blue and green bins to the remaining suitable properties in the borough to facilitate the enhanced and expanded recycling and composting collection services.
- 4.20 Financial studies to identify Halton's future waste disposal and treatment costs assume recycling and waste diversion levels achieved as a result of implementing the Waste Action Plan. The results of the studies, produced by external consultants and presented to the Executive Board on 29<sup>th</sup> March 2007, show that to not deliver improved recycling levels will significantly increase future waste disposal costs.

The adoption of the Waste Action Plan represents an investment to keep future costs down.

- 4.21 The Waste Action Plan will see Halton's current recycling performance of 25% increase to over 30% in 2010/11, and the authority will meet the requirements of that Household Waste Recycling Act 2003 to collect at least two types of recyclable waste from all households by 31<sup>st</sup> December 2010. Further details of the annual increases in performance are contained within Table 2.1 of the Waste Action Plan.

## **5. FINANCIAL ISSUES**

- 5.1 The relevant financial issues are covered within this report.

## **6. POLICY IMPLICATIONS**

- 6.1 The relevant policy implications are covered within this report

## **7. OTHER IMPLICATIONS**

- 7.1 There are no other implications arising from this report.

## **9. RISK ANALYSIS**

- 9.1 Failure to approve the Inter Authority Agreement (IAA) will jeopardise Halton's involvement in the procurement of waste treatment services and facilities with the MWDA and leave the authority vulnerable to the significant financial and other risks associated with failing to deliver facilities required to meet future waste management targets. Similarly, failure to adopt the Waste Action Plan and commit to the expenditure required to move forward with enhanced recycling services will also jeopardise the Council's ability to meet future recycling targets and increase the authority's exposure to such financial and other risks.

## **10. EQUALITY AND DIVERSITY ISSUES**

- 10.1 There are no specific equality or diversity issues as a result of this report.

## **11.0 REASON(S) FOR DECISION**

- 11.1 A formal partnership agreement with the Merseyside Waste Disposal Authority (MWDA) is required in order for Halton to be included in the procurement of Waste Treatment Services and Facilities by the MWDA.

## **12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 12.1 The options that have been considered, and led to a decision to work in partnership with the MWDA, are detailed in previous reports presented to the Executive Board.

### **13.0 IMPLEMENTATION DATE**

13.1 Implementation is expected by September 2007, following consultation between relevant Officers and Elected Members.

### **14.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

14.1 There are no background papers relevant to this report.