

Report of: Head of City Works
To: City Executive Board
Date: 22nd October 2008 **Item No:**
Title of Report: City Works Recycling for Flats, Maisonettes and Retirement Homes

Summary and Recommendations

Purpose of report: To seek project approval for business case in respect of recycling for flats, maisonettes and retirement homes

Key decision? No

Executive Lead Member: Councillor John Tanner

Report Approved by:

Legal: Lindsay Cane

Finance: Andy Collett

Policy Framework: Improving the environment in which we live and work.

Recommendation(s):

That the City Executive Board approves the Business Case in respect of recycling for flats, maisonettes and retirement homes

1. Introduction

1.1 In the budget for 2008/09 and subsequently at the June Council the following revenue bids were approved in respect of waste and cleansing:-

- Recycling for Flats, Maisonettes and Retirement Homes

1.2 The attached Business Case sets out the objectives to be achieved with these funds, how the monies will be spent and identifies risks and how they will be mitigated.

2. Equalities issues

- 2.1 There are no implications contained within the attached documents that are prejudicial against any individual or group.

3. Climate Change Implications

- 3.1 The projects make contributions to the corporate priority to tackle climate change and promote environmental resource management.

4. Legal issues

- 4.1 Where the implementation of the matters set out in this report require the Council to purchase goods or services, the Council will follow all relevant procurement procedures.

5. Financial Issues

- 5.1 The projects will have to be carefully presented and monitored to constrain delivery within the approved budgets.
- 5.2 The Business Case includes an outline of financial issues in respect of the projects.

6. Risk Management

- 6.1 Each Business Case includes an outline of major risks and mitigates in respect of the projects.

7. Options

- 7.1 The options open to the City Executive Board are:-
- Approve the Business Case and permit the project to proceed
 - Amend the Business Case and permit the project to proceed as amended
 - Reject the Business Case

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Background papers: None

Version number: 3

Business Case - Recycling for Flats, Maisonettes and Retirement Homes

Reference number:

Project Title: ***Recycling for Flats, Maisonettes and Retirement Homes***

Date: ***24-09-2008***

Responsible Board: ***Waste Board***

Executive Board Member: ***Councillor John Tanner***

Links to OCC Priority:

- ***Improve Oxford's environment, economy and quality of life***
- ***Tackle Climate Change and promote environmental resource management***
- ***Ensure more efficient and improved services***
- ***Be an open and responsive organisation***

Sponsor: ***Colin Bailey, Head of City Works***

Project Manager: ***Philip Dunsdon***

Project Administrator: ***Stewart Downs***

Version No: 1.0

Approvals: 1.
2.
3.

Distribution: 1.
2.
3.

1 Background

- 1.1 Since 2006/2007, the City Council has converted all houses to an alternate weekly collection scheme for refuse and recycling. We have consequently seen a significant increase in domestic recycling rates.
- 1.2 Since the implementation of these new services, officers have provided commingled recycling facilities to almost 5,000 flats and these sites have been converted to alternate weekly collection of refuse. This leaves approximately 10,000 flats (rising as new sites are being built) without commingled recycling facilities and remaining on weekly collections of refuse.
- 1.3 According to the Oxfordshire Waste Partnership (OWP) Joint Waste Management Strategy Policy 7, Oxford City Council (OCC) must increase participation rates for flats recycling.
- 1.4 We put this case forward to align the recycling rates of flats with those of houses and to provide equality and efficiency across our services.
- 1.5 OCC intend to make use of existing bin stores and hard standing where practical. We will continue to work in partnership with Oxford City Homes (OCH), private managements agents and housing associations to facilitate the provision of adequate storage for refuse and recycling.
- 1.6 OCC will continue to look at ways of reducing side waste. Other projects are already underway to deal with this problem, such as the Waste Collection Contingency/Hit Squads Business Case. This a £40,000 project that specifically targets areas with problems of refuse left in alleyways, localised fly-tipping and sidewaste. OCC will have resources in place to quickly and effectively provide contingency cover to crews, provide seasonal support when refuse levels are high and respond to emergency situations.

2 Project Objectives

- 2.1 Convert domestic flat sites to alternate weekly collections where provision of commingled recycling facilities and conversion to alternate weekly collection of refuse are categorised as easy or moderate following surveys.
- 2.2 Increase the rate of recycling.
- 2.3 Increase the income from recycling credits.
- 2.4 Contribute to diverting waste from landfill in order to meet our Landfill Allowance Trading Scheme (LATS) quota and reducing the impact of biodegradable waste on climate change.
- 2.5 Work closely with OCH to modify bin storage areas to support the changes.
- 2.6 Consider sidewaste and look at ways of reducing it.
- 2.7 Ensure equal access to services for all Oxford residents.

3 Project Benefits

- 3.1 Improved recycling facilities service to domestic flat residents.
- 3.2 Improved recycling rates and a reduction of residual waste in Oxford.
- 3.3 Improved service and customer satisfaction by providing flat residents with the same level of service as household residents.
- 3.4 Reduce risk of LATS penalties. If OCC does not fall within the LATS quota it could be charged £150 per tonne of waste. (There is a possibility OCC could buy some further LATS allowance quotas from other counties if available, at a lower rate).

4 Constraints

- 4.1 The main constraint is the finance required to modify existing flat site refuse storage areas.
- 4.2 A small percentage of sites may be extremely difficult to convert due to the design and age of the building, or poor provisions made for the storage of waste in the past. OCC Officers will consult with residents and landlords on a case-by-case basis and make every effort to include difficult sites in the recycling scheme in some way.

5 Risks and Uncertainties

- 5.1 The table below lists the risk and uncertainties associated with the project, the likelihood of risk, as well as the counter measures that are, or will be in place:

Risk & Description	Likelihood	Impact (High/Medium/Low)	Counter Measures
Lack of participation by residents results in tonnages recycled (and therefore income) being lower than projected	Low	High	Sites will be monitored as to how well they participate and actions taken where necessary to improve participation
Changes to Oxford City recycling scheme, including return to weekly collections	Weekly collections unlikely	High	Changes in the recycling scheme could require re-labelling or replacement of bins
Food waste collections, and commingling of glass	Food waste and glass commingling likely in the future	Low	Sites have been surveyed and the mix of containers should accommodate these changes
Lack of flat sites able to be converted without significant modification to refuse storage areas	Low	Low	Sites have been selected which can be converted without this difficulty
Converted flats do not use the containers correctly	Already exists to a very small degree	Medium	Local educational campaigns and enforcement are key

6 Financial Implications

- 6.1 This project covers the conversion of approximately 6,000 flats in financial year 2008/2009.
- 6.2 In the financial year 2008/2009, for every tonne of waste that is recycled we receive a recycling credit of £39.43.
- 6.3 We estimate we will recycle an additional tonnage of 515.4 by converting 6,000 flats over the financial year 2008/2009, based on the assumption that containers are filled to 40% of their capacity.
- 6.4 This will provide an income of £20,322 through the recycling credit scheme.
- 6.5 The table below details the tonnage, credits and income. Each delivery of containers (e.g. Delivery 1, Delivery 2 etc) is to 1,000 flats.

Financial Year 2008/2009		
Delivery	Tonnage	Credits
Delivery 1	163.7	£6,455
Delivery 2	123.2	£4,856
Delivery 3	100	£3,942
Delivery 4	71.4	£2,816
Delivery 5	42.8	£1,690
Delivery 6	14.3	£563
Total	515.4	£20,322

- 6.5 In subsequent full years we anticipate that an additional 800 tonnes per annum can be recycled as a result of this project and this would result in recycling credits in excess of £40 per tonne plus an incentive payment from the county of £20 per tonne provided we remain within our LATS quota.
- 6.6 This would amount to an additional £48,000 per annum in additional payments from the county and would enable us to recoup net costs in less than five years. (This may vary very slightly depending on the rise of the actual value of recycling credits and incentive payments over these years).
- 6.7 Revenue costs would not be increased to service these additional sites either within the current 2008/09 budget, or in any of the options currently under consideration in the review of recycling and refuse services. On the contrary, we could be more efficient by converting more sites to alternate weekly collections of refuse and including these within the commingled recycling service.
- 6.8 Residents of the flat sites identified under this proposal would enjoy equality of service with other residents in the city in accordance with the Oxford Waste Partnership and Oxford City Council's own policies.

7 Costs

- 7.1 The total cost of containers for the financial year 2008/2009 will be £186,540. The breakdown of these costs is detailed in the tables below. Each delivery of containers (e.g. Delivery 1, Delivery 2 etc) is to 1,000 flats.

Cost of Containers Over Financial Year 2008/2009 (£)			
Delivery	Refuse	Commingled	Glass
Delivery 1	17,645	12,795	1,853
Delivery 2	18,529	9,760	1,598
Delivery 3	18,087	11,278	1,726
Delivery 4	18,087	11,278	1,726
Delivery 5	18,087	11,278	1,726
Delivery 6	18,087	11,278	1,726
	108,522	67,665	10,353
Total	£186,540		
Prudential borrowing over 6 years	£210,000*		

* Equates to a total of £35,000 per year

7.2 Overhead costs for converting flats includes staffing for the preparation work (including meeting with management agents), on-going education, monitoring work and for the bin delivery periods, as well as rental of the 7.5 tonne delivery vehicle. There are no significant additional costs for Oxford City Homes in this round of recycling, within the period covered in this business case. See the table below for the breakdown of these costs:

Overhead Costs				
	Cost per week	Weeks needed	Total cost per delivery	TOTAL COST
Staffing - preparation (1 FTE)	£481	52	£4,169	£25,012
Staffing - preparation (1 FTE)	£481	26	£2,084	£12,506
Staffing - deliveries (2 FTE)	£769	6	£769	£4,615
Delivery vehicle hire	£274	6	£274	£1,645
Total Overhead Costs			£7,296	£43,778

7.3 A cost summary for the project is below:

	Financial Year	2008/9	2009/10	2010/11	2012/13	2013/14	2014/15
COSTS	Prudential Borrowing for Containers	£35,000	£35,000	£35,000	£35,000	£35,000	£35,000
	Overheads for container delivery & vehicle hire	£43,778	£0	£0	£0	£0	£0
INCOME	Credit Income from Recycling Credits and Incentive Payments	£20,322 (from 515.4 tonnes)	£48,000 (from 800 tonnes)	£48,000 (from 800 tonnes)	£48,000 (from 800 tonnes)	£48,000 (from 800 tonnes)	£48,000 (from 800 tonnes)
	BALANCE	-£58,456	-£45,456	-£32,456	-£19,456	-£6,456	£6,544

In subsequent years (2009/10 and 2010/11) we anticipate that an additional 800 tonnes per annum can be recycled as a result of this project and this would result in recycling credits in excess of £40 per tonne plus an incentive payment from the county of £20 per tonne provided we remain within our LATS quota (£48,000 per year).

[There is an additional £67,000 available in the 2008/09 budget that could fund the support of the 4,000 'difficult sites' that OCC cannot convert to this scheme and will therefore remain on weekly collections. See **Section 11 Options**].

8 Timescales

8.1 Project timescale is listed below:

Milestone	Start	Finish	Milestone/ decision point	Project Termination Point
Completion of 6,000 flats being converted	September 2008	March 2009	March 2008	March 2009
Conversion of all remaining suitable flat sites in Oxford (subject to a further business case)	April 2009	March 2011	March 2009	March 2011 (ongoing for new developments)

9 Interfaces

- 9.1 This project depends on the continuation of the existing policy of alternate weekly collections and commingled recycling. Should members decide to revert to weekly collections of waste from all flat sites there will be additional operational costs. It is estimated that a further two vehicles and crew will be needed to collect from these sites at an additional £300,000 per annum. Furthermore this will have a detrimental effect on recycling participation, our overall recycling rate and our position under LATS from April 2009. See **Appendix 1** for a detailed breakdown of the advantages and disadvantages of reverting to weekly collections.
- 9.2 Maisonettes under the current scheme are treated in general terms like flats that have not been converted; they receive weekly collections and have no commingled recycling facilities. At present some ground floor maisonettes that have adequate access, storage space and management agent consent, may be treated as standard domestic households and therefore receive 240 litre bins and or boxes, collected on alternate weeks. The vast majority of maisonettes are classed as 'difficult sites' to convert to the new recycling scheme and as such are assessed on a site-by-site basis. Under a new scheme and only with the agreement of the management agents, upper floor maisonettes and ground floor maisonettes with limited storage space or inadequate access will receive communal bins and have commingled recycling facilities, collected on alternate weeks. Ground floor maisonettes, already treated as standard domestic households, are likely to remain on these collections.
- 9.3 Other housing types, such as terraced housing that have front doors opening directly on to the street, have been considered for conversion under the new scheme, however, it is felt that this problem should be tackled separately under further proposals which will be brought forward under the new streamlined bin system.
- 9.4 Interfaces with other waste projects being managed by the Waste Board as a whole.

10 Whole Life Cost and Sustainability

- 10.1 **Environmental Impacts:** Conversion of flat sites to alternate weekly collections should improve the environment by increasing recycling rates and decreasing residual waste. This will be done without increasing Oxford's vehicle fleet or carbon footprint because the flats will be incorporated into existing domestic rounds, and the vehicles that pick up residual waste one week will pick up commingled recycling the following week. This will reduce the residual collections from weekly to fortnightly, reducing our overall carbon emissions.
- 10.2 **Economic Impacts:** As discussed above, the costs of bins for flats will be recouped within four to five years by increasing income from recycling credits. Additionally, there will be an economic benefit for the County by reducing landfill tax.
- 10.3 **Social Impacts:** This project will improve service for residents living in flats, bringing their recycling provisions in line with those residents who live in houses. By providing waste and recycling containers, we will eliminate sites where waste was simply disposed of in black sacks, improving the conditions around people's homes by reducing vermin and odours.
- 10.4 **Future proofing:** No flat site is converted onto the new recycling scheme if they are unable to store 14 days worth of residual waste, based on low to moderate recycling participation. Several sites have been converted with moderate to high participation where it is known that the residents have a history of recycling. Future possible changes to the waste collections are likely to be:
- 10.5 Glass will be included in the blue commingled container and sent to a modified recycling centre. This would not affect the proposed business case, as the glass container would be re-labelled as commingled in the short-term. The long-term solution would be to replace all older containers with one larger one in the future and remove the redundant glass container.
- 10.6 The introduction of a weekly food waste collection would be more of a challenge, but could be successfully completed if the introduction was timed to coincide with the transfer of glass into the flats commingled containers. This would allow for the redundant glass containers to be utilized for food storage. Space within the residual store may be an issue in some sites, and care would need to be taken in the specification of the type of food waste container used at flat sites.
- 10.7 There are no other known changes to the waste service at this time.

11 Options

1. The board grants approval of the project as per this business case and allows the necessary funding.
2. The board grants approval of the project as per this business case, but recommends a contingency sum from existing budgets to collect from difficult sites where participation in the recycling scheme is poor and may require periodic support from 'hit squad' collections.
3. The board does not grant approval and all conversions of flats and maisonettes to fortnightly collections stop. There is no subsequent participation in the recycling scheme by these sites. As a result no restrictions on the amount of residual waste going to landfill will greatly increase the risk that OCC will fail to meet LATS targets.

12 Recommendations

1. To note the plans to clean-up bin areas at OCH homes and to remove side waste from flats.
2. To agree to convert up to 6,000 further private, housing association and OCH flats to recycling and alternate weekly collections.
3. To note that about 4,000 flats are hard to convert and will remain on weekly collections.

4. To note that flat conversions to recycling will be made on a case-by-case basis, with full involvement of ward councillors.

Appendix 1

Advantages of reverting to weekly refuse collections from flat sites

- **Prevents overspill of refuse containers**

More frequent collections would reduce the risk of overspill from refuse containers.

- **Reduced capital costs**

Funding for modifications to refuse stores would be reduced, as there would be less additional containers to accommodate (but room would still be required for additional and food waste recycling containers).

- **Disruption to residents**

Residents would not be inconvenienced as they would not need to change the way in which they dispose of their waste.

Considerations arising from reverting to weekly refuse collections from flat sites

- **Commitments with management agents**

A great deal of work has been undertaken in partnership with OCH, private management agents, and housing associations to facilitate the provision of adequate storage for refuse and recycling. We have reached agreements with the majority of housing associations and management agents on the process to convert sites to AWC. Many commitments have been made on both sides to reach these agreements.

Considerable sums have been spent, and further sums have been committed for modifying storage areas to support the changes. Should we not be able to deliver the containers, there is the potential to harm the Council's reputation as we will not be able to meet our agreed commitments.

We have been working closely with our planning department to ensure that all future developments are provided with adequate storage arrangements in line with our Alternate Weekly Collections service.

- **Additional operational costs**

It is estimated that we would require an extra two RCVs and crews to service flat sites that have already been converted, were we to revert to weekly collections of refuse at these sites.

- **Rounds review**

Anticipated efficiencies from the proposed rounds review would not be realised because extra resources would be needed to service sites that had been reverted back to weekly collections.

- **Funding for containers**

There will still be an additional cost to provide refuse and recycling containers to all unconverted sites.

- **Participation**

Levels of participation will be greatly reduced as residents will have less incentive to recycle, there will

be no restrictions on the amount of residual waste going to landfill from these sites.

By converting to weekly collections of residual waste it is estimated that a potential loss of up to 1,500 tonnes of recyclable materials could go to landfill instead of being recycled. Under the new financial arrangements agreed by the OWP we would lose £60 per tonne for every tonne not recycled (£90,000 p/a).

- **LATS**

Under the Landfill Allowance Trading Scheme each county is allocated a quota of waste they can send to landfill. If this quota is exceeded local authorities can be fined up to £150 for every tonne landfilled over their quota.

- **Equality**

Residents of houses will not have equality of service with those in flats. Residents of HMOs will be particularly disadvantaged.

- **Three bin system**

There would be no incentive for residents of flats to participate in the 'three bin system' as they will be able to put their food waste directly into their refuse which will be collected weekly.

- **New flats**

If we move over to a weekly collection of refuse from flats this will have a detrimental effect on the introduction of this system, and will create storage issues for food waste containers.

- **Carbon footprint**

The Council's carbon footprint will be reduced by converting more flat sites. The need for the refuse and recycling vehicle to collect from a converted flat site will be reduced from 3 visits to 2 visits every fortnight.