



Review of Food Waste Agreements

Committee	Gloucestershire Joint Waste Committee
Committee Date	8 th October 2019
Significant Decision	No
Responsible Officers	Wayne Lewis, Gloucestershire Joint Waste Team wayne.lewis@gloucestershire.gov.uk
Main Consultees	Gloucestershire Waste Collection Authorities.
Purpose of Report	To update the joint committee on the progress of a review of the Food Waste Collection and Delivery Arrangements in place between Gloucestershire County Council (GCC) and Waste Collection Authorities (WCAs).
Recommendations	<i>It is recommended that the Committee:</i> I. Notes the progress of the current review, and; II. Offers feedback to GCC on the proposed payment model set out within this report ahead of a GCC cabinet decision on its adoption.
Resource Implications	GCC is seeking to reduce current levels of expenditure on the Food Waste Collection and Delivery Arrangements, meaning there is potential for reduced income to WCAs in future. The proposed payment model continues to provide a discretionary payment over and above statutory recycling credits. Payments to WCAs would increase when residual waste levels per household are reduced and decrease when residual waste levels increase.

1. Background

1.1 GCC reached a decision in June 2019 to serve 12 months notice on each of the Gloucestershire WCAs to terminate the existing Food Waste Collection and Delivery Arrangements and to conduct discussions with each authority with a view to entering new arrangements. Entering in to new arrangements will be a further key decision for GCC. Notices were issued to each WCA in July 2019.

1.2 At its meeting in June 2019, the GJWC noted that whilst the current arrangements provided a valued source of funding for WCAs, there was some disparity in the payments made: The payments vary between £25.75 and £73.86 per tonne of food waste recycled; Payment caps are in place for some WCAs, but not for others. It was also noted that GCC needed to reduce the overall value of payments made in response to continued revenue budget pressures.

1.3 The GJWC agreed that any future agreements should:

- Be equitable;
- Reward good performance;
- Incentivise continuous improvement; and
- Acknowledge that different levels of performance may result from social demographic factors.

1.4 The Joint Waste Team (JWT) has met regularly with the Senior Managers Group (SMG) to discuss a future payment system. Membership was extended to include the non-voting GJWC members; Gloucester City Council and Stroud District Council. A number of different payment models have been considered by the group, which has been able to shortlist these to a preferred option on which a broad consensus has been reached.

2. Proposed Payment Model

2.1 The proposed model is based on a three-part payment:

- i. A fixed payment, in recognition that all WCAs have invested in recycling and composting services and as a result have certain fixed or standing costs.
- ii. An incentive or performance payment, determined by a WCAs performance against a household residual waste target.
- iii. A partnership and communications match fund payment, where each WCA makes an agreed annual contribution that is matched by GCC.

2.2 Fixed Payment

2.2.1 All WCAs have invested in comprehensive recycling and composting collection services, including the collection of a wide range of dry recyclable materials, separate collections of food and garden waste, and controls on the amount of residual waste collected (such as “no side waste policies”). It is considered equitable that each WCA should receive a fixed sum as a proportion of the proposed payment model. The amount will be the same for each WCA.

2.3 Performance Payment

2.3.1 Despite similar levels of investment and broadly similar service configurations, performance levels vary. It is acknowledged that socio-demographic factors can influence waste and recycling performance. Areas with higher levels of social deprivation generally tend to be lower recyclers and higher residual waste producers. Housing stock can also have an effect, with urban areas typically being lower recyclers and higher waste producers than suburban and rural areas.

2.3.2 It is also considered important to recognise and reward good performance. WCAs that collect less residual waste per household help reduce the disposal costs paid by GCC, whilst those that collect more residual waste per household increase disposal costs. The second part of the proposed payment will reward low residual waste producers. It will make a payment to those that generate lower than average amounts of residual waste per household. WCAs generating higher than average amounts of residual waste per household will receive a lower payment (or no payment). An agreed unit payment would be made for each kilogramme per household per year (kg/HH/yr) by which a WCA exceeds its performance target, so that good performance is recognised and rewarded.

2.3.3 As outlined in paragraph 2.3.1, socio-demographic factors and housing stock can have an influence on the performance of waste and recycling collection systems. Consequently it is proposed that rather than each WCA being set the same residual waste performance target, that they are instead set a target adjusted for demographic factors (using the National Readership Survey (NRS) Social Grade classification or similar agreed system).

2.4 Partnership and Communications Match Fund

2.4.1 Regular, consistent and clear communications messages help residents to recycle the right materials more often, boosting recycling rates and reducing residual waste. WCAs and WDAs have a shared interest in this work area, with joint working on communications likely to form an important part of the future Resources and Waste Partnership for Gloucestershire (which is described in more detail elsewhere on today's agenda). The third part of the proposed payment system would see each WCA contribute a fixed sum to a new "partnership and communications fund", with GCC match-funding each WCA contribution. This will create an annual working budget for the new partnership that will help to further reduce waste and increase recycling. The allocation and expenditure of this fund would be managed by the new partnership. It will help ensure that clear, consistent, messages are communicated, whilst allowing for appropriate localisation of campaigns.

2.5 Targets and Indicative Payments

2.5.1 Table 1 sets out how targets for the performance based element of the payment model could be calculated. The adjusted target takes account of demographics. It has been calculated using WRAP's "food waste ready reckoner". This predicts the amount of food waste that councils can expect to collect for recycling based on the NRS social grade classification. The proportional differences between the predictions for each Gloucestershire WCA within the WRAP ready reckoner have been applied to household residual waste tonnages, so that WCAs with higher levels of deprivation are set a slightly higher residual waste target and vice versa.

2.5.2 Some further work on the relationship between residual waste figures and deprivation levels is being completed in order to check the validity of the application of the WRAP ready reckoner. So, whilst there is broad consensus that an adjustment to the performance target for demographic factors is desirable, the methodology to be used for this is yet to be finalised.

Table 1: Residual Household Waste Targets

	Residual HH Waste T/yr (18/19)	Households	Kg/HH/yr	Variance from Mean kg/HH/yr	Mean HH Residual Waste 2018/19 (Kg/HH/yr)	Adjusted Target (Kg/HH/yr)
Cheltenham	24,340	55,150	441	57	384	379
Cotswold	15,948	42,500	375	-9	384	366
Forest of Dean	14,905	37,980	392	8	384	402
Gloucester City	26,104	56,590	461	77	384	414
Stroud	13,497	52,480	257	-127	384	375
Tewkesbury	15,110	40,090	377	-7	384	372

109,906

Mean: **384**

2.5.3 Table 2 uses 2018/19 residual household waste figures to set out the indicative payments that would be made to each WCA under the proposed model. The unit payments for each part of the payment model are yet to be finalised, but SMG officers broadly agree that an appropriate split would be a:

- i. Fixed payment of £50,000 per WCA per year;
- ii. Performance payment of £50,000 per WCA per year for meeting an agreed household residual waste target, with £500 per kg/hh/yr added or deducted for each kg/hh/yr variance from the agreed performance target (with a floor payment of £0 and no ceiling payment); and
- iii. Partnership and communications matching contribution of £10,000 per WCA, by GCC.

Table 2 Indicative payments

Performance payment per kg/HH/yr: £ 500

	Fixed payment	Performance payment (based on Adjusted Residual Waste figure)	Communications match fund	Total
Unit Payments	£ 50,000	£ 50,000	£ 10,000	
Cheltenham	£ 50,000	£ 18,815	£ 10,000	£ 78,815
Cotswold	£ 50,000	£ 45,514	£ 10,000	£ 105,514
Forest of Dean	£ 50,000	£ 54,881	£ 10,000	£ 114,881
Gloucester City	£ 50,000	£ 26,383	£ 10,000	£ 86,383
Stroud	£ 50,000	£ 108,967	£ 10,000	£ 168,967
Tewkesbury	£ 50,000	£ 47,695	£ 10,000	£ 107,695
Total	£ 300,000	£ 302,254	£ 60,000	£ 662,254

2.5.4 The partnership and communications match fund would create a working budget for the proposed new Resources and Waste Partnership of up to £120k annually, with contributions of up to £10k per WCA and up to £60k from GCC.

3. Agreements

3.1 Subject to any feedback from the committee, the JWT will recommend to GCC that it agrees to adopt and fund the new three-part payment model, replacing the current Food Waste and Collection Agreements. The new payment continues to reward and incentivise WCA efforts to reduce waste and increase recycling; it also provides a mechanism by which greater partnership working, particularly on joint communications, can be resourced.

3.2 As has been the case with the existing Food Waste and Collection Agreements, an agreement would need to be reached between GCC and each WCA on the payment system. It is recommended that the same payment system be applied to each agreement between GCC and the WCAs (save for the adjusted residual waste performance targets as described in paragraph 2.5 of this report).

3.3 The agreements should set out the commitments of both parties and will be developed with support from legal services colleagues within GCC. It is recommended that the WCAs be required to commit to the continued delivery of comprehensive recycling collection services that continue to meet government guidance over time, which will include as a minimum:

- The collection for recycling of paper, card, cans, plastics and glass;
- The separate collection of food waste;
- The separate collection of garden waste; and,

- Limits on the amount of residual waste collected from the kerbside (of no more than 120 litres per week).

3.4 Similarly, GCC should commit to the continued provision of facilities for the anaerobic digestion of food waste and the composting of garden waste. All parties should commit to continue to work in partnership through the new Gloucestershire Resources and Waste Partnership to deliver a long term strategic direction for waste management in Gloucestershire and deliver joint projects and campaigns to reduce waste and increase recycling.

3.5 It is proposed that the new agreements have a minimum term of two years and after that period may be terminated by giving at least twelve months notice. This provides a minimum initial term of three years. There should be flexibility to revisit the value of the partnership and communications fund annually, with any changes mutually agreed.

3.6 It is proposed that a decision on the adoption of the new payment model be taken by GCC in December 2019, with Agreements to be reached with each WCA ahead of implementation of the new payment system in July 2020 (or earlier by mutual agreement).