

FOOD WASTE COLLECTION AND DELIVERY AGREEMENTS

Cabinet date	19 June 2019
Environment & Planning	Cllr Nigel Moor
Key Decision	Yes
Background Papers	Gloucestershire Joint Municipal Waste Management Strategy Food Waste Collection and Delivery Agreements with all WCAs
Location/Contact for inspection of Background Documents	https://www.recycleforgloucestershire.com/media/11218/jmwms-55580.pdf Contact andy.pritchard@gloucestershire.gov.uk for copies of the agreements.
Main Consultees	The Waste Collection Authorities in Gloucestershire, namely Cheltenham Borough Council, Forest of Dean District Council, Gloucester City Council Tewkesbury Borough Council, Cotswold District Council and Stroud District Council (the “Gloucestershire WCAs”). Discussions to commence immediately following the service of termination notices under the current food waste collection and delivery agreements. All authorities have been made aware that this decision is being considered.
Planned Dates	Service of termination notices under current food waste collection and delivery agreements with the Gloucestershire WCAs; June 2019; Entry into proposed new food waste collection and delivery agreements; June 2020.
Divisional Councillor	All
Officer	Andy Pritchard, Waste Strategy & Development Manager Tel: 01452 427014 Email: andy.pritchard@gloucestershire.gov.uk
Purpose of Report	To seek approval to: (a) serve 12 months’ notice on each of the Gloucestershire WCAs to terminate their Food Waste Collection and Delivery Agreements with Gloucestershire County Council (GCC). (b) conduct discussions with the Gloucestershire WCAs, with a view to entering into new Food Waste Collection and Delivery Agreements.

<p>Recommendations</p>	<p>That:</p> <ol style="list-style-type: none"> 1. the Head of Joint Waste Management is authorised to: <ol style="list-style-type: none"> (a) serve 12 months' notice on each of the Gloucestershire WCAs to terminate their existing Food Waste Collection and Delivery Agreements with GCC in accordance with the terms of those agreements. (b) conduct discussions, in consultation with the Chief Executive, with each of the Gloucestershire WCAs with a view to entering into new Food Waste Collection and Delivery Agreements on terms to be agreed PROVIDED that such new agreements will not be entered into until a further key decision has been taken.
<p>Reasons for Recommendations</p>	<p>Terminating the current agreements and establishing new agreements will ensure that incentive payment mechanisms are standardised with each of the six Gloucestershire WCAs, thereby ensuring consistency and equity in the calculation of these payments for all WCAs. Continuing to incentivise each of the Gloucestershire WCAs to collect food waste (for recycling) separately from residual waste will support the Joint Waste Strategy objectives of reducing residual waste.</p>
<p>Resource Implications</p>	<p>Costs associated with the Food Waste Collection and Delivery Agreements to reduce by approximately £300k/yr if the proposed new Food Waste Collection and Delivery Agreements are entered into on the basis described in this report.</p> <p>Officer time to review and amend the Agreements will be met within existing revenue budgets.</p>

MAIN REPORT CONTENTS

1. Background

- 1.1 Gloucestershire's Joint Municipal Waste Management Strategy was adopted in 2008. A key objective of this strategy was to widen the range of materials collected for recycling by the WCAs, including food waste. Each of the Gloucestershire WCAs has developed its services in line with this Strategy, and now collects food waste (for treatment) separately from residual waste.
- 1.2 Each of the Gloucestershire WCAs has entered into its own individual food waste collection and delivery agreement with GCC under which the WCA's are required to collect and deliver food waste separately from residual waste (the "Existing Food Waste Collection and Delivery Agreements"). Such agreements reflect a commitment by each of the parties to develop and maintain a high level of service performance, and define a mechanism by which a performance-based payment is made by GCC to each respective Gloucestershire WCA. This payment is based upon the principle of sharing the savings resulting from reduced landfill, and recognises the investment made by Gloucestershire WCAs in delivering food waste for separate treatment by the relevant Gloucestershire WCA. Such payment is discretionary under the Environmental Protection Act s52(A)2.
- 1.3 In addition to these payments, each Gloucestershire WCA receives recycling credit payments from GCC. This payment is statutory under section 52 of the Environmental Protection Act, and is paid on a per tonne basis for any material (excluding food and garden waste) collected separately and retained for recycling by the respective WCA. The payment of recycling credits by GCC to the Gloucestershire WCAs, which in 2017/18 totalled £3.48 million, would be unaffected by any decision to amend the existing Food Waste Collection and Delivery Agreements on the basis proposed in this report.

2. Current Performance

- 1.1 The Existing Food Waste Collection and Delivery Agreements were developed to support the Gloucestershire WCAs in introducing and maintaining their new collection services; specifically the introduction of food waste collections that are separate from residual waste collections.
- 1.2 Some differences exist between the Existing Food Waste Collection and Delivery Agreements entered into with the Gloucestershire WCAs in terms of the performance targets set and the level of payments made by GCC to WCA thereunder, which resulted in a wide variation in the payments made to each WCA per tonne of separately collected food waste. A performance payment cap of £100k per year is in place with Cheltenham Borough Council, Forest of Dean District Council, Gloucester City Council and Tewkesbury Borough Council, whereas Cotswold District Council

has a performance payment cap of £250k per year. The Stroud District Council Food Waste Collection and Delivery Agreement does not contain a performance payment cap. It uses a different payment mechanism to the others, based upon the residual waste arisings per head of population (whereas all other agreements have a payment based upon absolute tonnages generated).

- 1.3 Table 1 summarises the performance related payments made by GCC to the Gloucestershire WCAs under the Existing Food Waste Collection and Delivery Agreement in 2018/19.

Table 1: Food Waste Collection and Delivery Agreements

	Date of agreement	Performance Payment cap	2018/19 paid	Food tonnage 2018/19	Payment £ / tonne
Cheltenham Borough Council	1 st January 2011	£100k	£93k	3,128	£29.63
Cotswold District Council	1 st November 2008	£250k	£159k	3,679	£43.19
Forest of Dean District Council	1 st June 2011	£100k	£100k	2,520	£39.68
Gloucester City Council	1 st February 2010	£100k	£88k	3,405	£25.75
Stroud District Council	1 st February 2016	No limit	£378k	5,123	£73.86
Tewkesbury Borough Council	12 th April 2010	£100k	£100k	2,727	£36.67
Total			£918k		

- 1.4 Differences in the current incentive agreements also have the effect of rewarding each WCA with a different level of payment per tonne of food waste collected. Whilst payments are actually based upon avoided residual waste tonnage, the equivalent payment per tonne of food waste separately collected can be calculated as shown in table 1 above.
- 1.5 The Existing Food Waste Collection and Delivery Agreements were established for a minimum term of either two or three years, each commencing independently between

2008 and 2016 with no defined termination date thereafter. Each of those agreements has now exceeded the minimum period, and should termination be decided upon, this is subject to 12 months notice first being given.

- 1.6 The termination and review of the Existing Food Waste Collection and Delivery Agreements would enable new incentive payment models to be negotiated between GCC and the Gloucestershire WCAs which will reflect and reward the Gloucestershire WCAs based upon performance levels, whilst contributing savings to GCC's waste management budget. A new incentive payment model would also provide an opportunity to develop a more equitable payment system that is fairer to all parties, and to ensure that lower-performing authorities receive the support they need to increase food waste collections.

3. Options Analysis

3.1 Do Nothing

The Existing Food Waste Collection and Delivery Agreements could remain in place, with ongoing revenue expenditure by GCC estimated to be similar to the current expenditure set out within Table 1 (£918k for 2018/19). This option is not recommended as it would not contribute to GCC's required revenue budget savings from 2020/21 onwards. It would not address the issue of equity in the calculation of payments to each individual WCA.

3.2 Terminate the Food Waste Collection and Delivery Agreements and seek to agree new arrangements

Any new agreement will ensure each of the six Gloucestershire WCAs will receive payments based upon the same method of calculation, thereby ensuring equity and consistency in the application of these incentives. Continued food waste collections by each of the Gloucestershire WCAs will serve to reduce waste treatment and disposal costs for GCC.

A decision to retain a performance payment mechanism (under any replacement food waste collection and delivery agreements that may be entered into with each of the Gloucestershire WCAs) that is affordable to GCC will provide an ongoing incentive for Gloucestershire WCAs to continue to carry out food waste collections separately from residual waste collections.

By terminating the Existing Food Waste Collection and Delivery Agreements as recommended in this report and then negotiating new agreements to replace them, there are total projected annual savings of around £300k per year. This would require (a) GCC to provide 12 months' notice prior to termination of the Existing Food Waste Collection and Delivery Agreements and (b) replacement agreements to be entered into with each of the Gloucestershire WCAs. This means that a pro-rata saving would be gained in 2020/21 depending on when notice is served on the Gloucestershire WCAs.

4. Summary

- 4.1 The historical development of food waste collection and delivery arrangements with the Gloucestershire WCAs has enabled food waste to be collected separately from residual waste across Gloucestershire. This has helped to increase recycling performance and reduce waste disposal costs. The existing Food Waste Collection and Delivery Agreements reflect that the introduction of food waste collections created an additional cost for Gloucestershire WCAs, whilst generating savings for GCC.
- 4.2 It is important to recognise that the collection of food waste separately from residual waste is environmentally beneficial and also helps to reduce GCC's waste disposal costs. The collection of food waste on the said basis introduced additional costs for Gloucestershire WCAs, meaning that the continuation of an affordable discretionary and equitable performance based incentive payment mechanism (under the proposed new food waste collection and delivery agreements) remains appropriate in order to contribute to these costs.

4.2 Officer Recommendation:

- 4.2.1 That Cabinet takes the decision to deliver Option 3.2.

5 Financing

- 5.1 A decision to implement the option set out in paragraph 3.2 would result in revenue savings.
- 5.2 If Gloucestershire WCAs were to cease carrying out food waste collections separately from residual waste collections and such food waste instead entered the residual waste stream, then additional disposal costs would be incurred.

6 Risk Assessment

- 6.1 The proposal to reduce the level of performance related payments that will be payable under the proposed new agreements with Gloucestershire WCAs (ie, the agreements that will replace the Existing Food Waste Collection and Delivery Agreements), will impact upon the finances of the Gloucestershire WCAs. However, all performance related payments made to date have successfully contributed to the setting up and initial service investments made by those WCAs, along with providing an ongoing financial incentive for meeting agreed performance levels. A worse case scenario would be the cessation of separate food waste collections (ie, separately from residual waste collections) by one or more Gloucestershire WCAs, which would

result in additional costs to GCC that exceed any performance related payments that may be due and payable by GCC under the Existing Food Waste Collection and Delivery Agreements. The risk of this occurring will be mitigated by maintaining a level of performance related payment that is affordable to GCC, along with being flexible in order to provide an incentive to maintain and improve performance.

- 6.2 The recently published Resources and Waste Strategy for England outlines the government's blueprint for future waste collection arrangements. This includes (subject to consultation) the mandating of separate household food waste across England, with an indication that this may be effective from 2023. Whilst this may not influence food waste collection policies in the short term, it provides some clarity regarding the governments intended future configuration of household waste collections. Government has indicated it will fund any new burdens introduced through its Resources and Waste Strategy but it remains to be seen how this will be implemented

7 Equalities considerations

- 7.1 There are no equalities considerations associated with the recommendation.

8 Consultation feedback

- 8.1 Proposals have been discussed with district council officers and any new agreements will be developed in consultation with them.

9 Performance Management/Follow-up

- 9.1 The performance of the WCA services are monitored on an ongoing basis and regularly reported upon in accordance with the respective agreements.

Report Title	Food Waste Collection and Delivery Agreements
Statutory Authority	Environmental Protection Act 1990
Relevant County Council policy	Joint Municipal Waste Management Strategy 2007-2020
Resource Implications	<p>Costs associated with the Food Waste Collection and Delivery Agreements to reduce by approximately £300k/yr if the proposed new Food Waste Collection and Delivery Agreements are entered into on the basis described in this report.</p> <p>Officer time to review and amend the Agreements will be met within existing revenue budgets.</p>
Sustainability checklist:	
Partnerships	Gloucestershire WCA's will continue to be incentivised to perform their obligations to a high standard in accordance with a common performance based payment mechanism to be included in proposed new food waste collection and delivery agreements that are more affordable to GCC.
Decision Making and Involvement	N/A
Economy and Employment	N/A
Caring for people	N/A
Social Value	N/A
Built Environment	N/A
Natural Environment' including Ecology (Biodiversity)	N/A
Education and Information	N/A

Tackling Climate Change	Carbon Emissions Implications? Neutral (assuming no change to services) Vulnerable to climate change? No
Due Regard Statement	Has a Due Regard Statement been completed? No
Human rights Implications	None
Consultation Arrangements	Following the proposed termination of the existing food waste collection and delivery agreements with the Gloucestershire WCAs, GCC shall consult with WCA's with a view to agreeing the terms of the arrangements that will replace them.