



**Economic Prosperity, Environment and Highways Board
21 October 2015**

Shaping Surrey's Community Recycling Centres

Purpose of the report: Scrutiny of Services/ Policy Development

To enable scrutiny of proposals to change the service offered at the Community Recycling Centres (CRCs) to reduce costs and meet savings targets.

These proposals are due to be presented to Cabinet in November.

Introduction:

1. As a result of reduced funding the Environment Service has been asked to propose measures which would reduce the annual costs of managing waste by £6 million per year over the next five years.
2. It has been identified that £1.8 million could be saved from the operation of the CRCs by introducing a number of service changes. The remainder will be achieved through reducing disposal costs and increasing recycling collected by Waste Collection Authorities (WCAs).
3. This report will inform the board about the legal background to the provision of the CRCs, facts around the current provision, areas where savings could be made and to receive comments and prepare for a report to Cabinet in November 2015.

Legal Obligations of the Waste Disposal Authority

4. Surrey County Council (SCC) as Waste Disposal Authority has a legal duty to dispose of waste collected by the Surrey district and borough councils. In addition SCC must also provide places for residents to dispose of their own household waste free of charge (CRCs). In 2014/15 Surrey residents produced 572,000 tonnes of waste. Approximately three quarters of this waste was collected at the kerbside by district and borough council and one quarter was collected at the CRCs.

5. The majority of recycling that is collected at the kerbside by district and borough councils is 'retained' by them for recycling and the county council is required to pay a 'recycling credit' to a district and borough to reflect the avoided disposal cost. Disposal of residual waste collected by district and borough councils is the county councils responsibility.
6. Separate arrangements have been agreed between the county council and district and borough councils in respect of food waste and green waste collected at the kerbside.
7. The scope for savings with regard to the three quarters of waste collected at the kerbside is limited to securing better deals for the disposal of residual waste and working with district and borough councils to reduce arisings, increase recycling and negotiating changes to the current recycling credit payment system.
8. In contrast the county council have much more discretion in the level of service that has to be provided at the CRCs. The key elements of this obligation are set out as follows

Legal Requirement	Comments
To provide a place or places	The number of facilities is not prescribed
They must be provided for <i>persons resident</i> within the county	There is no requirement to provide any free facilities for residents who live outside Surrey
They must accept residents' own household waste free of charge	There is no requirement to accept any waste other than a residents own household waste free of charge. A number of wastes already accepted for free are not household waste
They must be reasonably accessible	There is no definition of what is reasonably accessible, both with respect to distance travelled and vehicle type accepted
They must be available at all reasonable times including during at least one Saturday or Sunday per week	There is no definition of reasonable times other than the availability for a period on a Saturday or Sunday.

9. It is worth noting that earlier this year the Department of Communities and Local Government (DCLG) introduced legislation to prevent further authorities from charging entrance fees at CRCs. A number of authorities were planning to do this in order to avoid site closures. This ruling lies separate from the ability to charge for non-household waste legislation which the government allows.

The Current Service

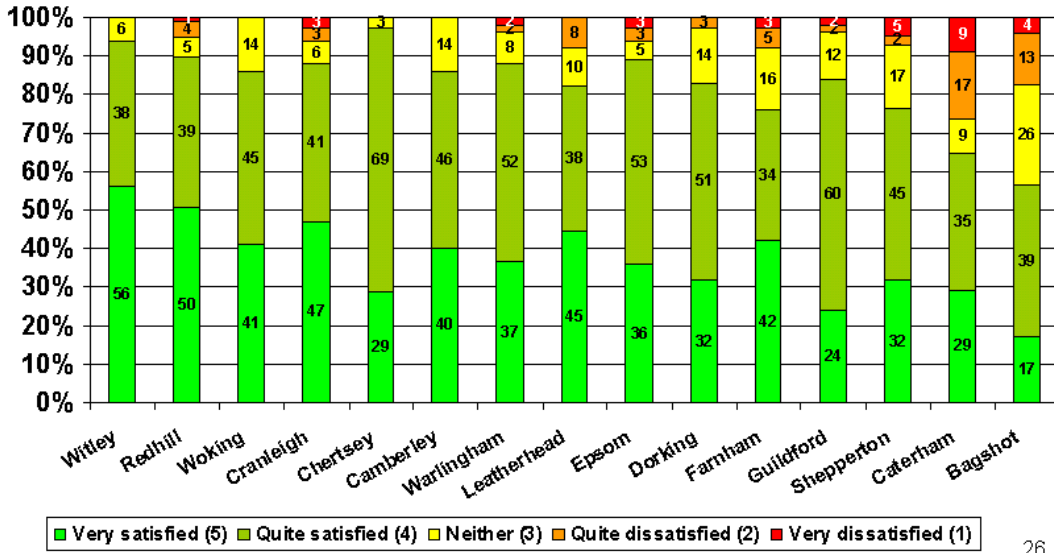
10. SCC provides 15 sites across the county. They manage 145,000 tonnes of material per year.
11. The service and sites have existed for around 40 years. Fourteen of the sites are open 7 days per week 362 days per year. The fifteenth site is open 6 days per week, 362 days per year.
12. Opening times vary with season. The sites open 8am weekdays and 9am weekends all year round, but close 4:15pm in winter and 5:15/4:45pm during summer.
13. In 2014/15, 64% of the materials collected at the CRCs were recycled. This does not include materials which are sent for energy recovery or other beneficial use.
14. When all materials are considered, the sites diverted 96% away from landfill in 2014/15.
15. Wood waste accounts for 15% of CRC tonnes but is classed as category C wood (heavily contaminated) and only fit for feedstock in Waste Incineration Directive (WID) compliant biomass burners. A number of trials have taken place over the years to try to extract clean timber but the volumes are so small that the trials have failed. WID compliant burners do not exist in Surrey and so all Surrey wood is exported by sea to Scandinavia or Scotland.

Customer Satisfaction

16. The CRCs are very popular with residents and attract more than 3m visits per year. The Quarterly resident surveys undertaken by SCC show that the CRC's are the highest rated service that SCC provides, with over 80% of respondents consistently stating that they are satisfied or very satisfied with the service.
17. Research undertaken by the county council in 2014 shows a similar picture although there are differences between the sites. The results of the 2014 survey are set out in the following table. Sites that residents are most satisfied with are on the left and least satisfied on the right.

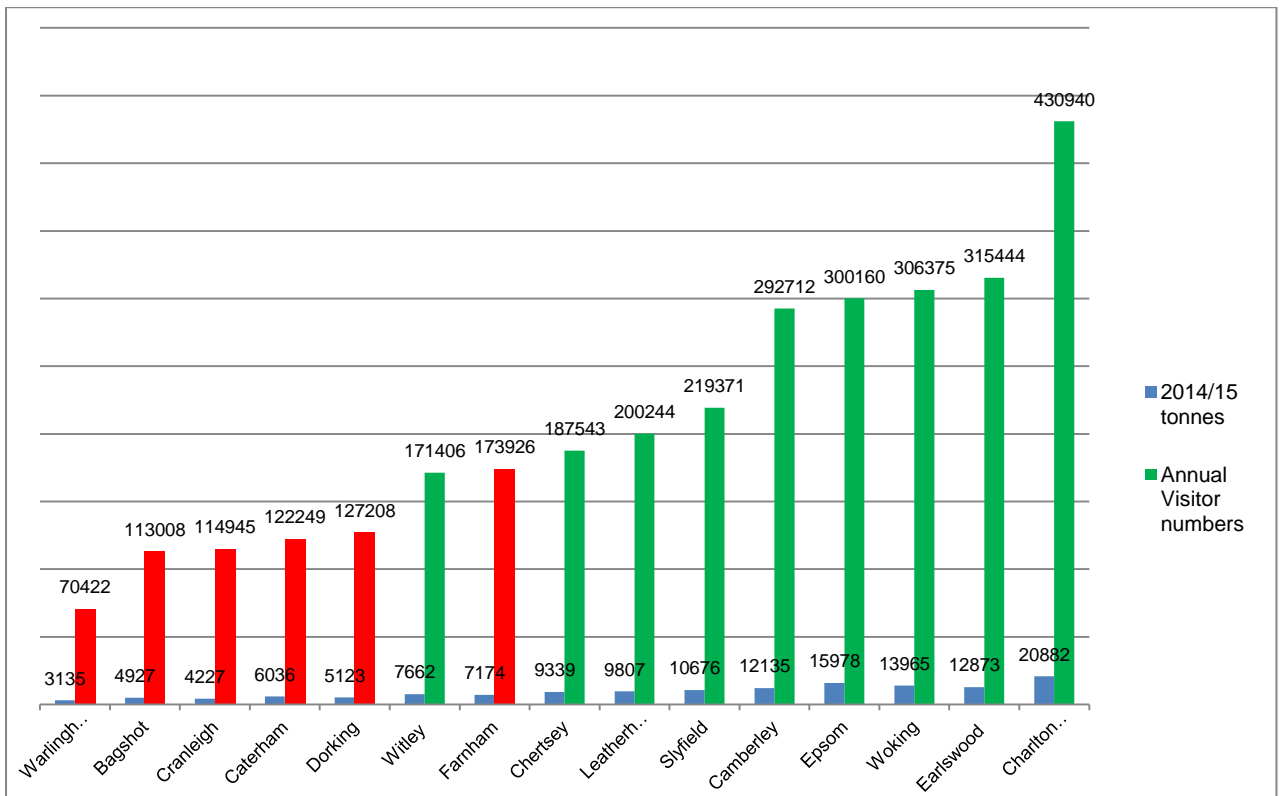
Overall satisfaction with each site (ranked in descending order)

Mean: 4.50 4.31 4.27 4.26 4.26 4.26 4.21 4.20 4.16 4.14 4.08 4.00 3.98 3.58 3.52



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- 18. Sites that have been redeveloped as part of the PFI contract are predominantly those with the highest satisfaction levels.
- 19. The graph below shows tonnages and visit numbers to CRCs from smallest and quietest on the left, to largest and busiest on the right. The tonnage is the lower of the two bars and ranges from just over 3000 tonnes at the smallest site in Warlingham, to over 20,000 tonnes at the largest site in Charlton Lane. Visitors range enormously from 70,000 at Warlingham to 430,000 at Charlton Lane.



Operational Improvements and efficiencies already implemented

20. As part of the long-term waste disposal contract with SITA over £9 million of Capital has been invested in upgrading 9 of the 15 CRCs.
21. It has been difficult to identify options for the 6 remaining sites, which operate on a single level and are too small to redevelop into modern split-level sites.
22. In 2007, Surrey County Council negotiated changes to the contract with SITA Surrey to improve customer service and recycling performance. As a consequence there has been a significant increase in recycling performance and landfill diversion as well as a significant reduction in complaints about the service.
23. A number of measures have already been introduced to improve the efficiency of the service. These measures are set out in the table below.

Cost saving measure	Commentary
Van permit scheme	All users of vans or trailers are required to have a permit and usage of the sites is monitored to prevent unauthorised use by traders.
Enhanced resident scheme (at 4 CRCs)	The use of four of our CRCs which is restricted to Surrey residents only.
Increased range of materials that can be recycled	Over 35 separate materials can now be recycled at all sites.
Extracting maximum value from materials	Outlets for materials are kept under constant review to ensure maximum income or lowest cost.
Black bag sorting	Recyclable materials are being separated from black bags resulting in savings of approximately £0.5m per year.
Enhanced security	In October 2015, we plan to introduce enhanced security measures at the CRCs to reduce the amount of unauthorised trade waste being delivered to the sites.

The drivers for change

24. As set out in the introduction to this paper, there is a need to find £1.8 million in savings from the operation of the service. In addition there are pressures relating to the operations of the sites which need to be addressed. Firstly we have seen increasing levels of non-household waste being deposited at the CRCs and secondly we have reached the point where further development of the CRCs is not possible due to space limitations.

25. Surrey is not unique in facing these challenges and officers have undertaken extensive research to understand what service changes other waste disposal authorities have been introducing to reduce the cost of operating this service. The results of this research are summarised in the table below.

Cost saving measure	Commentary
Restrictions and charging for non-household waste	Over two thirds of WDAs restrict non-household waste in some way with one quarter of authorities making a charge with or without minimum allowances.
Reuse shops	Other authorities such as Warwickshire receive income from reuse shops
Reducing staffing levels, opening hours and opening days	Authorities such as Leicestershire open their sites only 5 days a week and Hampshire have recently reduced opening hours.
Closing sites	other authorities such as Somerset and Oxfordshire are proposing to or have already closed some of their sites

Potential for further savings at Surrey's CRCs

26. Officers have identified a hierarchy of service changes which could be implemented to reduce costs. These are set out in a) to d) below:
- a) Contractual efficiencies
 - b) Efficiencies without affecting site availability
 - c) Efficiencies without closure of sites, but affecting site availability
 - d) Efficiencies with site closure.
27. A public consultation on potential changes to the CRC service ran from 15 July 2015 to 30 September 2015. The following proposals were included in the public consultation because all will have a visible impact on the service and require input from residents in order to inform the decision making process.
- a) Charging for non-household waste
 - b) Residual waste in clear sacks
 - c) Reuse shops
 - d) Reducing opening hours and days
 - e) Closure of some sites
28. The consultation was advertised online and in social media as well as the press. There was TV and radio coverage of the consultation. Information was made available at council offices, libraries as well as community recycling centres. Residents could complete an online survey or request a paper consultation pack from our contact centre. The resources have

been shared with district and borough councils and through the Surrey Waste Partnership.

29. 4581 people have responded to the consultation which compares well to the response rate that Hampshire achieved during their Summer 2014 consultation exercise, and the following are the most commonly expressed views.
- a) There is a strong desire to retain existing service and concerns that this choice was not an option in the consultation.
 - b) Concerns raised by residents that changes to the service could have the potential to increase fly tipping.
 - c) Concerns from districts and boroughs that additional material will end up in kerbside collections.
 - d) Residents suggest that council tax should cover service or service changes.

Detailed proposals for savings

A. Charging for non-household waste

Legal Position

30. As described earlier in this paper, the legal obligation of the Waste Disposal Authority is to provide places where residents can dispose of their **household** waste free of charge. However not all waste that arises from a residents' home is classified as **household** waste. For example construction and demolition waste from households and waste arising from excavations are not defined as **household** waste.
31. A number of different wastes are classed as non-household. It is legal for local authorities to charge residents for the disposal of these wastes and over two thirds of Waste Disposal Authorities already charge for or restrict these types of wastes.
32. Surrey County Council already charges for non-household waste delivered to sites in vans and trailers although it is estimated that this accounts for only 5% of the material affected by this proposal.
33. The proposal would be to introduce charges to residents for dealing with non-household materials, which would be solely to cover the costs of dealing with these materials, including the administration of the charging system.

Proposed charges

- i. Inert material - £3/20kg bag
- ii. Plasterboard - £4.50/sheet
- iii. Asbestos - £7.50/sheet
- iv. Tyres - £4/car tyre
- v. Gas bottles - £15.50/domestic heating bottle

34. The cost of dealing with these materials is currently £1.3 million per year, which accounts for 73% of the required £1.8 million per year savings.
35. The inert material collected at the sites is very poor in quality and heavily contaminated which limits outlets and results in processing costs.
36. There is a risk that some chargeable waste might end up in black bags or in kerbside bins. If 10% of this material disappeared into bins, this could affect recycling rates by 0.5% and cost £275,000 to dispose of.

B. Requiring residents to use clear sacks for residual waste

37. Staff are already extracting recycling from black bags, which is saving over £0.5m per year in disposal costs. Not all materials are currently captured and requiring residents to place their residual waste in clear sacks will assist capturing more recyclable as staff will be able to easily check the contents of a bag. This project would be implemented if a cost benefit analysis identified that there would be a net benefit in recycling income taking into account the cost of providing clear bags.

C. Reuse shops

38. If reuse shops were to be introduced then the potential income could be in the region of £300k per year, based on experience in Warwickshire. It is unlikely that shops could be introduced at all sites due to space constraints and they would need careful management to ensure that they did not lead to congestion on the CRCs. Planning issues will also need to be considered and planning applications may be required depending on the scale and potential impacts of this activity.
39. If £300k of income could be generated each year, this would amount to 16% of the required savings against the CRC budget.
40. A trial is to commence at Leatherhead Autumn 2015, which will provide income and intelligence on how to roll out and operate reuse shops at other suitable sites across the county

D. Site opening hours

- I. Savings of up to £110k could be achieved by opening one hour later and closing 15mins earlier on weekdays. This amounts to 6% of the required savings against the CRC budget.
- II. Savings of up to £175k could be achieved by closing every site one day per week. This is 9% of the required savings against the CRC budget.

E. Closure of CRCs

41. Savings of up to, on average, £200k per site might be achieved through full closures of a smaller single level site. This amounts to 11% of the required savings against the CRC budget. However the actual amount of saving would depend on the individual site operating cost.

42. Officers and SITA believe one closure would be possible without detriment to the network. More than one closure would affect service provision.
43. Site closures are an emotive issue and only the principal of closure is being raised for consideration. Further consultation would occur if the decision in principal was taken to close sites.

Proposals to address fly tipping

44. Those who responded to the consultation on proposed changes to the CRC service identified the potential for increased fly-tipping as concern if service changes were introduced.
45. The county council is already looking to direct resources to help reduce instances of fly tipping because dealing with it already represents a significant cost to both the boroughs and the county council.
46. It is important to note that fly tipping is undertaken by commercial and industrial operators as well as householders.
47. In 2014/15 fly tipping accounted for 2,700 tonnes out of 572,000 tonnes of municipal waste and recycling collected in Surrey.
48. Early indications in 2015/16 are that fly tipping may exceed 4,000 tonnes. The costs of disposal alone are likely to be in excess of £100 per tonne and therefore this represents a significant cost to Surrey County Council.
49. An information gathering exercise is currently underway to assess how the county council could best work together with district and borough councils, the police and the Environment Agency in order to reduce incidences of fly-tipping. Meetings have already taken place with the Police and Crime Commissioner for Surrey and district and borough council enforcement officers. Indications to date are that there would be a positive role for the county council in co-ordinating and supporting enforcement activities. This is a role that is already being successfully undertaken by Kent County Council.

Conclusions:

50. This paper sets out a series of proposals to reduce the cost of operating the community recycling centre service and meet the £1.8 million per year of required savings. The EPEH Board is requested to review the proposals being put forward and provide feedback prior to taking this paper to Cabinet in November 2015.

Recommendations:

51. The EPEH Board is requested to review the proposals being put forward and provide feedback prior to taking a report to Cabinet in November 2015.

Next steps:

52. A report will be brought to Cabinet in November 2015.

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