



**WASTE SCRUTINY TASK GROUP**

REPORT ON

**INTEGRATED WASTE MANAGEMENT STRATEGY**

## 1. INTRODUCTION

- 1.1 A Scrutiny Task Group was set up by the Environment & Public Protection Select Committee on 25 November 2003 to examine the background to the Integrated Waste Management Strategy adopted by West Berkshire Council in 2001 and the ensuing proposal to finance the development of this strategy over a 25 year period using a Private Finance Initiative (PFI).
- 1.2 In appointing the Task Group, the Select Committee was mindful that the Council's Waste Management Strategy, which had been developed shortly after the adoption of Unitary status, had not been subject to Council scrutiny. Further, it was recognised that waste management merited a higher profile given the development of Government policy and legislation since 2001. The Select Committee decided, therefore, that it would be prudent to ensure, given the anticipated duration of the PFI contract, and the very significant financial commitment – some £400+M, that all options had been considered and that the proposal represented Best Value for Money for the residents of West Berkshire.
- 1.3 This study, which documents the development of the Council's waste management strategy since West Berkshire assumed Unitary Authority status in 1998, provides a summation of both the many documents and meetings which led to the formulation of the present waste policy and the legislative background put in place by both the European Union and the United Kingdom Government. There could be merit, in historical terms, in completing the 'story' by recording the detail of the award and introduction of the new integrated contract in due course.
- 1.4 The Task Group (Cllrs Geoff Findlay, Irene Neill, Alex Payton and Tony Vickers) held its first meeting on Friday, 9 January 2004. Geoff Findlay was elected Chairman, Terms of Reference (Annex A) were agreed and the Group considered an introductory background briefing prepared by the Chairman on Waste Management in West Berkshire. The Task Group held further meetings on 23 January 2004, 13 February 2004 and 26 March 2004. Further research and the Chairman undertook the drafting/writing of the document.
- 1.5 The Task Group examined the decision making process, which led to the adoption of an Integrated Waste Management Strategy based on maximising recycling, and established an audit trail for both this policy, and the subsequent decisions to seek financial support through a PFI for the development of this policy. Whilst not attempting to second guess consultants hired to provide professional advice to the Council in the development of the Outline Business Case for the PFI, the Task Group undertook some numerical modelling on possible future waste scenarios and the likely effect in terms of landfill charges.
- 1.6 It was noted that the Outline Business Case prepared by the Council's Waste Management Consultants had been subject to detailed scrutiny by Partnerships UK Ltd (on behalf of the Treasury) in terms of the viability of the proposed strategy; its cost assumptions and affordability, together with an assessment of the technological, planning, environmental and performance risks, prior to endorsement of the application for Private Finance Initiative (PFI) Credits by the Department for Environment, Food and Rural Affairs (DEFRA). Accordingly, given the sensitivity of ongoing contract negotiations, and the additional costs which would have to be met, the Scrutiny Group did not feel it was appropriate to seek alternative external professional advice on the validity of the assumptions used in the financial appraisal presented to the Council or their translation into overall costings. The Chairman did, however, complete financial modelling on the cost of maintaining the present system of waste collection and disposal using criteria laid down in the Outline Business Case (OBC) for the PFI. Assessments were made of the cost over a period of 25 years.

1.7 Members of the Task Group are grateful to:

- John Ashworth (Corporate Director, Environment & Public Protection), Bill Jennison (Head of Service, Countryside & Environment) and Andrew Deacon (Waste Services Manager) for the documentation which was provided, including detailed waste management statistics for the 1999/2004 and subsequent information, and for their presence on 26 March when evidence was taken on a range of issues, including the background to discussions with neighbouring authorities during the development of the Council's Waste Strategy, and current arrangements for waste collection and disposal. The Chairman would also wish to record his personal thanks to Andrew Deacon who staffed the Draft Report commenting on matters of factual accuracy and providing updates on developments which have taken place since the Group completed its Scrutiny sessions.
- Cllr Owen Jeffery (Executive Member with responsibility for Waste) who sat in on meetings of the Task Group to respond to questions and comment on matters under discussion.
- Mr M Moon (Corporate Head of Environment) and Ms Yvonne Dawson (Waste Services Manager) of Wokingham District who met with the Chairman of the Group, and Cllr Chopping, to provide a background to the Central Berkshire PFI <sup>1</sup>.
- Cllr Hiliary Cox (Executive Member) and Mr Adrian Poller (Head of Waste Management Services), Dorset County Council, who briefed the Chairman of the Task Group on the County's 'Municipal Waste Management Strategy for Dorset, and to Mr David Blackburn (Contract Supervisor – Waste Management) who accompanied Cllr Findlay in viewing a number of the County's waste facilities. The Chairman also visited the Hampshire County Council's Integra North Energy Recovery Facility to learn more about both that County's integrated waste management strategy and the use of energy recovery by incineration.

1.8 The documents reviewed in the course of the Scrutiny are listed at Annex B.

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<sup>1</sup> Led by an Advisory Committee – the Joint Waste Disposal Board – of Wokingham District, Bracknell Forrest and Reading Borough Councils

## 2. Recommendations

- 2.1 The Council must fully recognise Waste Management as a corporate priority. It is recommended further, that the Executive Member with responsibility for Waste Management, and the Executive, give consideration to the following recommendations:

**Recommendation 1. Consultation - Urgent consideration should be given to initiating a campaign of active consultation with West Berkshire residents. The aim is creating a greater public awareness of waste issues and in particular, the need to minimise the production of waste and to take a regular part in the kerbside recycling collection.**

- 2.2 The success of the PFI, assuming the award of a satisfactory contract, will depend in large part on the cooperation of the public and increasing the recycling and composting rate significantly to meet Government targets. Failure to meet those targets will incur large financial penalties. Urgent consideration should therefore be given to initiating a campaign of active consultation with West Berkshire residents with the aim of creating a greater public awareness of waste issues and in particular, the need to minimise the production of waste and to take a regular part in the kerbside recycling collection. Given that the new contract will not be fully operational until well into 2006, it is essential that the campaign starts in the very near future. All available methods of publicity should be used regularly including press, radio and if possible TV. It will be a matter of finding appropriate news-worthy stories. Partnerships with Town and Parish Councils need to be established on waste matters with displays being mounted at as many events as possible which could provide contact with the public.

**Recommendation 2. The Council needs to ensure that as much information on waste matters as possible is placed in the public arena.**

- 2.3 The Council needs to ensure that as much information on waste matters as possible is placed in the public arena. Whereas there will undoubtedly be times during contract negotiations when discussions will be held under the Part II caveat, we do need to ensure that Members are fully briefed and appreciate their part in 'spreading the word'. In addition to knowing the facts, Members also need to fully appreciate the financial consequences of failing to meet future targets.

**Recommendation 3. That the Council ensures that during the busy contract period ahead, whilst existing contracts are maintained and monitored, and the new terms are negotiated, there is sufficient staff effort available to 'educate' in the broadest sense of the term, the attitude of the public on waste matters.**

- 2.4 The Council needs to ensure that during the busy contract period ahead, whilst existing contracts are maintained and monitored, and the new terms are negotiated, there is sufficient staff effort available to 'educate' in the broadest sense of the term, the attitude of the public on waste matters. There might well be a need to 'spend to save' in terms of achieving increased recycling. It is essential that the present very good flow of waste statistics is maintained and that information is readily available on which to base decisions. Once the Council's Government landfill targets for 2005/06 are announced, there will be a need to address those targets as a matter of urgency for 2005/06. Given that failure to meet landfill reduction targets by 1% will cost the Council some £130,000, it might well be argued that additional staff effort will be required.

**Recommendation 4. Improvements are undertaken to make the civic amenity centre at Pinchington Lane a more attractive, user friendly and safe site to visit.**

- 2.5 Despite repeated promises of reorganisation and improvements over the past year, the Pinchington Lane site is still far from satisfactory. Access is poor with traffic queuing at times on the adjacent road creating a road safety hazard and delaying the very residents whom the Council is trying to encourage to use the site. Whereas other authorities manage to provide recycling statistics, and make their civic amenity sites attractive to the visitor, a visit to Pinchington Lane is invariably an off-putting experience. The complaints from 'customers' about the difficulty of carrying green waste and heavy packs of paper and cardboard up flights of steps have been made regularly for more than a year. Whereas the presence of staff at times to assist those visiting the site is welcomed, such help is not always available. Further, the need to carry material up steps, and the absence of adjacent parking to those containers, causes delay both to the immediate user and those waiting. Improvements have been promised; they need to be made if we are to encourage greater use of the site.

**Recommendation 5. That Bring Centres throughout the district are better placed to serve the whole district.**

- 2.6 The present distribution of Bring Centres throughout the District is less than satisfactory in that the northern and eastern regions of West Berkshire are poorly served. Thought needs to be given to the location of sites so that appropriate service standards can be considered during contract negotiation.

**Recommendation 6. The provision of centralised recycling/collection facilities should be sought as a matter of course on all new multiple housing developments.**

- 2.7 The provision of centralised recycling/collection facilities should be considered by the Planning Service as a matter of course on all new multiple housing developments.

**Recommendation 7. The Council finds a solution to the removal of residential cardboard waste.**

- 2.8 Whereas arrangements are in place for the collection of large bulky household items, and old fridges etc can be collected by the Council, the cardboard containers in which new white goods are packed cannot be removed by the collection service. In many cases, householders have great difficulty in taking these large reinforced cardboard containers to the Civic Amenity Site. The packaging can be as difficult to get rid of as the replaced article. Thought should be given to solving this problem.

**Recommendation 8. Consideration be given to increasing the PFI credits granted to West Berkshire.**

- 2.9 Given that the ceiling of £25M, which was imposed by DEFRA on PFI credits when the West Berkshire application was being considered, has now been raised to £40M, and in some exceptional cases an even higher figure, thought should be given during the negotiation of the new contract to the possibility/advisability of an application to increase the £23.74M granted to West Berkshire.

### 3. Background to Waste Management in West Berkshire

3.1 This Section notes, by way of introduction, the background in terms of waste management plans, contracts and facilities when Unitary Authority status was adopted and sets this against the evolving National and European waste management legislative scenario.

3.2 When West Berkshire became a Unitary Authority on 1 April 1998, the Council:

- Became responsible for the collection and disposal of household waste, and commercial waste on request, within the District<sup>2</sup>.
- Had a duty to ensure that relevant land was, as far as practicable, kept free from litter and refuse<sup>3</sup>.
- Had a requirement to prepare and update plans for waste recycling<sup>4</sup> under the Environmental Protection Act 1990.

3.3 In Place Contracts (1998). The Council inherited from Berkshire County Council and Newbury District Council sixteen waste contracts of varying, and limited, duration. Whereas those contracts covered all aspects of the collection and disposal of waste, only two related to facilities, which were in the Council's ownership. That lack of 'owned' facilities, and the uncertain future as to how the Council was to fulfil its responsibilities for waste collection and disposal, created ongoing problems which will not be fully resolved until the Integrated Waste Strategy is fully implemented under the PFI.

3.4 Waste Management Strategies (1998). There were no agreed strategies in place for future waste management within the new District, other than the Berkshire Waste Local Plan. That Plan was not specific to West Berkshire and covered only the planning aspects, in capacity terms, of waste management. Further, there was little statistical information on waste relating specifically to the new District. The early departure of the 'waste' managers from the formerly-responsible District and County Authorities further compounded the problems of West Berkshire Council in the early years of Unitary status.

3.5 Legislative Position (1998). European and National waste legislation, which placed new responsibilities on Unitary Authorities, was also being further developed in the early years of the Authority's existence. A Community Strategy for Waste, set out in the Fifth European Community Environmental Action Programme, 'Towards Sustainability', led to the now accepted waste hierarchy:

- **PREVENT**
- **RE-USE**
- **RECYCLING & COMPOSTING**
- **RECOVER in other ways**
- **DISPOSE**

3.6 Minimisation of waste is the key objective. Where waste is produced, re-use of items and materials and recovery of value and materials by recycling, composting and recovery of energy, takes precedence to reduce the environmental impact of disposal by landfill.

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<sup>2</sup> Sections 45 & 53 of the Environmental Protection Act 1990

<sup>3</sup> Section 89 of the Environmental Protection Act 1990

<sup>4</sup> Section 49.

- 3.7 Facilities and In-Place Contractual Arrangements. On becoming a Unitary Authority with responsibility for waste, the Council was badly placed in that it owned only the freehold of the Green Waste and Recycling Centre at Paices Hill, Aldermaston and a small municipal depot on Pound Lane, Thatcham. It also 'inherited' a significant number of short-life, fragmented contracts.
- 3.8 Waste Facilities. The facilities currently in use at the Civic Amenity Site, Pinchington Lane, Newbury, and the landfill site at Hermitage, are owned by third parties. The landfill site at Hermitage had a life of site contract allowing access to the remaining capacity at the site. Although at that time, it was the site owner's intention to renew the planning permission, which had an end date of 2004, that extension did not materialise and the site was eventually scheduled for closure in mid-2004<sup>5</sup>. The Pinchington Lane Civic Amenity Site provided for a wide range of recycling including paper, cardboard, plastic, cans, textiles, white goods, metal, engine oil, car batteries and tyres. Subsequently in 2003, a trial scheme for the separation of green waste increased recycling at the Site from 11% in 2002/03 to 25% in 2003/04 which led to increase in the Council's overall rate from 11% to 17%. In 2004, the Site also began a trial scheme under the Waste Electrical Electronic Equipment Directive (WEEE). Thirteen 'Bring' bank recycling centres (increased to 14 in 2004) are scattered throughout the District in the grounds of shopping centres, garden centres, station car parks, schools and the grounds of restaurants and licensed premises to aid both disposal and recycling. All accept glass and textiles with some also having collection arrangements for paper and cans.
- 3.9 Contractual Arrangements. In 1999, the Council 'inherited' from Berkshire County Council and Newbury District Council 16 contracts, many of which were of fairly short duration. These covered the operation of the Civic Amenity Site at Pinchington Lane, kerbside recycling, waste collection from the some 58,000 properties and 2,000 dwellings (flats, isolated properties and accommodation for the elderly), street cleaning and litter collection and the annual recycling/disposal of some 75,000+ tonnes of waste. Not only were the various contracts of limited duration with a number of different contractors, the landfill site at Hermitage had a shorter than predicted life expectancy as planning permission for use of the site had an end date of June 2004 (see Note 5 below). In 2001, the value of these contracts totalled some £5M.
- 3.10 The Legislative Framework against which a Waste Management Strategy was Developed. The development of European Community waste management legislation, and its translation into UK law, local authority guidance and targets, has been a very significant factor in the development of the Council's waste management strategy.
- 3.11 European Legislation. The Waste Framework Directive<sup>6</sup> laid down the general requirements for waste management across the European Community including the definition of waste, and key objectives for the control, management and disposal of waste, and the promotion of waste prevention, re-use, recycling and recovery. Key amongst these is the Landfill Directive<sup>7</sup> and the Landfill (England and Wales) Regulations 2002. The Directive's principal objective is to prevent, or reduce as far as possible, the negative effects of landfilling waste on both the environment and on health by laying down restrictions on the type and quantities of waste that may be landfilled in future. In particular, the Directive placed an outright ban on landfilling of liquid waste, explosive, corrosive, oxidising, highly inflammable or flammable waste, hospital and clinical waste, whole used tyres from July 2003 and shredded tyres from July 2006. Article 5 of the Directive also placed progressive constraints on the quantity of biodegradable municipal waste (BMW) that could be landfilled to avoid environmental damage from the release of greenhouse gases and leachates:

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<sup>5</sup> A planning application, submitted by the site owner, was agreed in 2004 extending the life of the landfill site until December 2004.

<sup>6</sup> Council Directive 75/442/EEC on Waste of 15 July 1975, as amended by Council Directive 91/145/EEC

<sup>7</sup> Council Directive 99/31/EC on Landfill of Waste, European Commission (1999)

- **By 2010 to reduce BMW landfilled to 75% of that produced in 1995**
- **By 2013 to reduce BMW landfilled to 50% of that produced in 1995**
- **By 2020 to reduce BMW landfilled to 35% of that produced in 1995.**

3.12 In 1995/96 80,929 tonnes of municipal waste was produced in West Berkshire, of which 60% (national figure) was to be classified as biodegradable. The targets set by the Directive, in terms of the allowable tonnage to be landfilled, are shown at Figure 1.

**Figure 1 – Maximum Tonnage of Biodegradable Waste to Landfill**

Target Date	Tonnage to Landfill (60% Biodegradable content 1995 total)
2010	36,418 tonnes
2013	24,279 tonnes
2020	16,995 tonnes

3.13 It should be noted that that the Government has subsequently increased the proportion of BMW to be classified as biodegradable from 60% to 68% thus reducing the allowed tonnage to landfill <sup>8</sup>.

3.14 The Directive, which requires landfill to be classified as hazardous, non-hazardous or inert, and landfill sites to accept only waste of one category, places significant constraints on the owners of landfill sites. Co-disposal of waste streams, previously carried out at some landfill sites, will cease and commercial decisions, with the inevitable knock-on effect on cost to Waste Authorities, will have to be made on re-classification of sites. A Landfill Allowance Trading Scheme was also laid down for England and Wales, with a likely start date of April 2006 <sup>9</sup>, whereby each Waste Disposal Authority (WDA) would receive a tradable allowance conveying the right to landfill a specified amount of BMW. The landfill allowances were to decrease progressively to 2020 with WDAs being able to choose to landfill the amounts specified in their allowance, and/or trade, bank or borrow against them

3.15 National Legislation. The Government's National Waste Strategy<sup>10</sup> for England and Wales, issued in response to the EU Landfill Directive, set national targets for recycling and the composting of household waste:

- **To recycle or compost at least 25% of household waste by 2005;**
- **To recycle or compost at least 30% of household waste by 2010;**
- **To recycle or compost at least 33% of household waste by 2015.**

3.16 In reviewing Waste Strategy 2000, the Cabinet Office Strategy Unit <sup>11</sup> recommended even higher targets should be met – 35% of household waste to be recycled or composted by 2010 and a target of at least 45% by 2015. These higher targets have not yet been implemented. National energy recovery targets <sup>12</sup> were also set:

- **To recover value from 40% of municipal waste by 2005;**
- **To recover value from 45% of municipal waste by 2010;**
- **To recover value from 67% of municipal waste by 2015.**

<sup>8</sup> Specific Government targets for the West Berkshire's allowed landfill tonnage are awaited.

<sup>9</sup> Subsequently brought forward in May 2004 to financial year 2005/2006

<sup>10</sup> DETR (2000) 'Waste Strategy 2000 for England and Wales' Cm 4693

<sup>11</sup> Cabinet Office Strategy Unit (December 2002), 'Waste Not Want Not' – a Strategy for Tackling the Waste Problem in England

<sup>12</sup> Waste Strategy 2000 – recovery targets are comprised of the recycling rate for household waste, the composting rate, and the percentage of municipal waste from which value is recovered through combustion with energy recovery, anaerobic digestion and other forms of recycling.



3.17 Best Value Framework. In addition, local authorities were set individual, and specific, statutory targets for recycling and composting of household waste <sup>13</sup> under the powers set out in the Local Government Act 1999. Those targets, introduced under the Best Value framework, were proportionate to an authority's recent past performance, aimed to triple recycling/composting rates by 2005/2006. West Berkshire's targets, shown below, were based on recycling rates of just 9% in 1999/2000, 11% in 2000/01 and 11% in 2001/02:

- **West Berkshire Best Value Standard 20% in 2003/04 and 30% in 2005/06**

3.18 Fiscal Measures – Landfill Tax and Tradable Landfill Permits. The Government introduced the landfill tax to support the diversion of municipal waste away from landfill. The level of tax, which was established at £7/tonne in October 1996, has subsequently increased at a rate of £1/tonne/year. However, from 1 Apr 2005, the landfill tax, currently at £15/tonne (2004/2005), will increase by £3/tonne/year and then annually by at least that amount with a predicted top level of £35/tonne in 2010/2011. The escalating landfill tax is to be reinforced with the introduction of tradable landfill permits as a further incentive to reduce the proportion of waste going into landfill.

3.19 Under arrangements which were finalised in May 2004, a financial penalty is to be imposed on authorities which landfill biodegradable waste in excess of their allocated annual tonnage. Those penalties, which are to be introduced on 1 April 2005, have been set at £200/tonne. Further, the Government has said that if England fails to meet its Landfill Directive targets (para 9.1), it is reserving the right to pass on some or all of the fines from Europe to those waste disposal authorities (WDAs) which have failed.

3.20 DEFRA has recently announced <sup>14</sup> firstly, that the allocations of landfill allowances for individual WDAs will be notified as early as possible in 2004 and secondly, that it seeks, through the introduction of the landfill allowances, to see a diversion away from landfill of 10%, 15%, 20%, 25% and 30% respectively in the years between 2005 and 2010. The 'back-end' loading of the targets was arranged to allow councils to bring on-line new waste management facilities. WDAs will be able to bank, or trade, as many landfill allowances as they wish for use in future years, but there will be a 5% limit in the number of allowances which can be borrowed against future years.

3.21 Regional Planning Guidance. When the South East England Regional Assembly took up responsibility for regional planning and transport in April 2001, the Government required the Assembly to undertake an early review of selected policies in Regional Planning Guidance (RPG 9). Regional Planning Guidance South East – Regional Waste Management Strategy was published in March 2004 covering the period up to 2016, the same timescale as RPG9. The Guidance seeks to reduce growth of all waste (currently increasing nationally at 3%/year) to 1%/year by 2010 and 0.5% per annum by 2020.

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<sup>13</sup> DETR's Guidance on Municipal Waste Management Strategies (March 2001)

<sup>14</sup> 13 May 2004

## 4. West Berkshire Integrated Waste Management Strategy

4.1 It was against the legislative background noted above, and in particular the publication of 'Waste Strategy 2000' by the Government, and the challenging national targets for recycling, composting and the recovery of value from household and municipal waste, that the Council identified its initial Waste Management Strategy in 2001. Following consultation, and Member approval in January 2001, an initial strategy was developed. This was subsequently modified to meet further Government guidance issued on 13 March 2001<sup>15</sup>. Having identified the option seen to be the best practicable way forward, the Council published the chosen strategy for West Berkshire<sup>16</sup> under the strapline:

*"We must all reduce the amount of waste we produce, and recycle as much as we can, for the wellbeing of everyone, today and for the future."*

4.2 The Options. In 2001, the draft Strategy identified by ENTEC, the Council's Waste Management Consultants, put forward 5 Options:

- The Base Case - a continuation of the existing situation;
- Maximising Dry Recycling and Composting;
- Maximum Energy from Waste and Sustained Dry Recycling
- Highest Levels of Sustainability and a,
- Rural/Urban balanced arrangement without rural kerbside recycling

4.3 Consideration of these possible Options was set against the background to waste management in the District noted at Section 1, and both the Government's developing strategy on waste management and the likely implications of future legislation. Other key issues taken into account in the selection of the Preferred Option centred on the growth of future waste arisings in the District and the likely impact of any future strategy on public attitudes to waste management, which could in turn affect participation in recycling and composting schemes, the composition of materials collected for recycling and the level of cross-contamination in those materials.

4.4 The Task. In 2000/01, 78,924 tonnes of household waste was produced in West Berkshire, of which 8,990 tonnes was recycled, a rate of 11.4%. Those arisings related to a population of 146,169 (57,138 households and 59,342 dwellings) and an annual generation of household waste of 26 kg per household per week. The household waste currently produced, some 1.25 tonnes/household, puts the District at the top end of household waste producers in the UK. There was, however, a reduction in the waste generated in the District in 2003/04, as shown in Figure 2. It remains to be seen whether the reduction, which represents a fall in the average waste produced per head of the population (2002/03 560kg/person & 2003/04 537.92 kg/person), is a permanent feature. Whereas it is a very welcome trend if carried forward into 2004/05, it has been suggested that the very dry summer in 2003 might have had a considerable bearing on the green waste produced thus lowering the overall figure for total waste.

**Figure 2 – Summary of Waste 1999-2004**<sup>17</sup>

Totals/%	1999/2000	2000/01	2001/02	2002/03	2003/04
Total Waste (tonnes)	77,285	78,924	80,104	81,210	78,792
Recycled/Composted (tonnes)	7,512	8,997	9,292	10,232	13,315

<sup>15</sup> Department for Environment, Food & Rural Affairs 'Guidance on Municipal Waste Management Strategies'

<sup>16</sup> 'Municipal Waste Strategy for West Berkshire Council 2002 – 2022'

<sup>17</sup> PFI – Waste Contract Information Pack

Recycled/Composted (%)	9.72%	11.4%	11.6%	12.6%	16.9%
Landfill (tonnes)	69,773	69,927	70812	70,978	65,477

- 4.5 Existing Arrangements for Waste Collection. In 2000/2001, domestic refuse was collected from properties in wheeled bins (120, 240 and 360 litre capacity) provided by the Council with an additional 2,000 dwellings (flats, isolated properties and accommodation for the elderly) being provided with plastic sacks. The weekly household waste collection was supplemented in January 1996 by a voluntary fortnightly kerbside collection scheme for recyclable materials. Initially, the service, which covered the whole of the District, collected only newspapers and magazines. Between December 1996 and March 1997, this collection was expanded when residents were issued with a second plastic basket per household for glass, cans [ferrous and non-ferrous] and textiles. At that time, there were 13 Bring Bank Recycling Centres in the District catering for the collection of glass, cans, paper, textiles and books.
- 4.6 Composition of Waste and Participation on Household Recycling. In 2000/01, West Berkshire ranked in the top quartile of UK household waste producers in terms of annual tonnage per household (1.25 tonnes). Analyses of the composition of household waste undertaken in 1997, in February 2002 and in June/July 2003 indicated that disposable nappies, which make up 3.4% of the household stream, paper, card and dense plastics were above the national average. Putrescible waste (kitchen waste) made up 12.9% of the waste stream and green garden waste 10.3%, are also above the national average whilst the percentage of ferrous metals is significantly lower.
- 4.7 The 2003 Survey, taken across the District to determine participation in the fortnightly recycling scheme, used a sample size of 4% (2350 properties). The survey showed that overall 44% of households participated in the recycling scheme, with an average fortnightly kerbside 'set-out' rate of 34%. The sample survey determined by listing Wards by Index of Multiple Deprivation indicated that where samples were taken from areas of low density social housing, participation rates were lower than those samples taken lower density private housing. Similarly, fortnightly set-out rates were higher in low density private households. A contractor has been appointed to carry out waste composition surveys in 2004 and 2005 on a seasonable basis of 4 surveys per year.
- 4.8 The Five Identified Options for an Integrated Waste Management Strategy. The 5 Options shown below, and the selection of Option 2 as the preferred way ahead, governed all subsequent work on both interim contract arrangements and the framing of the PFI.
- (1) Option 1 – A Continuation of the Present System. The Option, which was put forward as a baseline comparator, would have used landfill as the sole method of disposal, and would have required the construction of a transfer station to bulk up waste. However, the Option was environmentally unsustainable as it did not meet any of the emerging Government guidance and targets. Further, significant additional landfill capacity would have been required in the future as waste arisings increased.
  - (2) Option 2 – Maximum Recycling and Composting. The proposal saw an expanded kerbside recycling system with triple bin collection for green and kitchen waste. Green waste would be composted at a centralised site with kitchen waste being dealt with in an in-vessel composter. The balance of recyclable materials was to be processed using a purpose-built Materials Reclamation Facility (MRF). The residue of the waste was to be disposed of through landfill.
  - (3) Option 3 – Energy from Waste and Dry Recycling. The third Option centred on energy from waste being the main means of disposal. A new Transfer Station would have been required, together with access to, or construction of, an Energy from Waste plant and residual landfill.
  - (4) Option 4 – The Highest Level of Sustainability. The Option sought to combine the maximum recycling and composting of Option 2 with the remaining waste being disposed of through a Energy from Waste Plant (Option 3).
  - (5) Option 5 – The Rural/Urban Option. This Option combined maximum recycling and composting (Option 2) and the Energy from Waste alternative (Option 3). However, to ameliorate the higher facility costs which

would have been necessary, it was proposed that kerbside recycling would be restricted to urban areas with residents in rural areas being required to recycle their waste through Bring Sites and the Civic Amenity Centre.

- 4.9 Selection of Recommended Option. In identifying the future waste management strategies open to West Berkshire, ENTEC, whose September 1999 appointment to advise the Council had been extended, were asked to evaluate both the option of entering into a new stand-alone contract for waste disposal, with the existing services of refuse collection and street cleaning etc being the subject of a separate contract, as against the advantages to be gained by having an integrated strategy in which a long term contract could be awarded to a single contractor. Having considered the economies of scale and advantages which could be gained from greater contract cohesion and co-ordinated client monitoring, rationalisation of facilities and resources, and the integration of related services (refuse collection, street cleansing, bring sites etc) as against the existing situation of short-term and fragmented multiple contracts which were inherited on accession to Unitary status, ENTEC recommended a single 20-year<sup>18</sup> contract.
- 4.10 The Preferred Option of Maximising Recycling and Composting. Option 3 (energy from waste and dry recycling) would have achieved only minimal recycling and would not have met Government targets for recycling. Further it would have required a significant capital investment for the construction of both a waste transfer station and an expensive energy from waste plant – a quadrupling of capital costs in comparison to the chosen Option 2. The combination of maximising recycling/composting and energy from waste for residual material (Option 4), the only choice to have the assured potential to meet all Government targets for both recycling and energy recovery, proved to be the most expensive option in terms of both capital and annual running costs. Given that West Berkshire's annual municipal waste totalled just 85,000 tonnes/year, there could well have been a conflict between the need to maximise recycling and the requirement to have enough waste tonnage to make a waste-to-energy facility viable. The slightly cheaper Option 5, which called for maximising recycling and energy from waste, would have provided kerbside recycling only in urban areas – a differentiation which was thought to be unacceptable. It was against this background, that the Public Protection Committee<sup>19</sup> endorsed Option 2 - a strategy of maximising recycling and composting – and recommended that the Council should submit a bid to the Department of the Environment, Transport and the Regions (DEFRA) seeking financial assistance to meet the new waste targets. The Committee also agreed to the need to re-negotiate most of the existing waste contracts, as these were due to end before a long term contract could be put in place. Further, it was decided that ENTEC should be asked to develop future contract documentation and assist with public consultation on the chosen waste management strategy.
- 4.11 Financial Impact of an Integrated Waste Management Strategy. Against a current annual expenditure at that time (2001) of some £5M/year, ENTEC costed the 5 Options<sup>20</sup>. Whereas a continuation of the existing practice at that time of landfilling over 80% of the District's Municipal Waste was shown to be the cheapest Option, such a policy would have failed to meet either National or EU targets and was discounted. With hindsight that decision can be endorsed as the costings undertaken at that time by ENTEC took no account of either the sharp annual increase in landfill tax from £1/tonne to £3/tonne to be introduced in 2005 or the subsequent imposition of financial penalties under the projected Landfill Permit system. It was obvious in 2001, that the Council's annual waste management budget was going to have to increase significantly over the coming decade. Whereas Option 1 – a continuation of the existing system – had been retained as a base-line cost comparator, it was not a viable option in

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<sup>18</sup> Later revised to a 25 year contract period

<sup>19</sup> 09 January 2001

<sup>20</sup> Public Protection Committee – 09 January 2001 'Predicted Annual Costs for Providing Integrated Waste Management Contract Options for a 20 Year period (NPV)

terms of terms of the Council's mandatory targets. Further, the lack of any significant increase in recycling/composting with such a strategy, and the consequent need to increase over the years the amount of Municipal Waste to be landfilled, would have imposed very significant future financial risks on the Council. Both Options 4 and 5 (the Highest Level of Sustainability and the Rural/Urban options) were shown to be significantly more expensive than either Maximising Recycling/Composting or using Dry Recycling and Energy from Waste (Option 3) as the prime disposal method. Given the high construction costs of an energy-from-waste facility, which would have added some 20% to predicted annual costs over the 20-year period then under consideration, the second Option of maximising Recycling and Composting was chosen. All Options were, however, dependent on the total waste generated in the District which was assumed at that time to be 3% - the Government planning assumption.

### **Task Group Note 1.**

*The Task Group fully recognised the financial imperative of meeting future Government targets for recycling and energy recovery and agreed, given the external scrutiny already carried out of the case for opting PFI funding, that Option 2 – maximising recycling and composting – was the preferred way forward. The Task Group noted, however, that whereas the recycling/composting target of 33% in 2015 should be met with a significant margin to spare, the 'recovery of value' target for 2015 (67%) had yet to be addressed. It remains to be seen how contractors bidding for the PFI contract will address this target and which of the available options will be recommended. Whereas incineration is presently the proven method of choice for energy recovery, more modern technological solutions (pyrolysis, anaerobic digestion and gasification) are likely to have been fully developed by the end of the decade. That said, the very high cost of such new facilities, and the limited annual throughput of waste generated in the District, would indicate that the successful PFI contractor might only be able to achieve the energy from waste target by exporting the District's residual waste for treatment. It was accepted that a stand-alone Council owned 'energy from waste' facility was unlikely to be affordable. Since the Council's decision was made to exclude that Option from further consideration, there has been a move to even larger area facilities to recovery energy from waste. Whereas Project Integra's Energy Recovery Facility (ERF) at Chineham, which opened in 2003, has a throughput of some 90,000 tonnes annually, subsequent developments in Hampshire have seen double-banking of ERFs in Portsmouth with the second facility coming on line in 2005. Once the second ERF is on line, some 37MW of electricity (sufficient to power 37,6000 homes) will be generated. Plans agreed by Slough Borough Council in June 2000 for a new incinerator at Colnbrook foresee an annual throughput of 400,000 tonnes of domestic waste. The Central Berkshire Joint Waste Disposal Board are due to award their PFI contract for disposal in December 2004. Given that West Berkshire's Municipal Waste stream totals only 80,000+ tonnes/year, and that efforts will be made both to reduce that, and recycle a higher proportion of the waste, in the coming years, the Task Group accepted that a Council-owned energy from waste facility was unlikely due to the high initial costs of such a facility. Given the above ERFs, it is thought likely that area capacity could become available in due course for the disposal of Council's residual waste.*

## 5. THE PRIVATE FINANCE INITIATIVE

- 5.1 It had been assumed during the finalisation of the integrated waste management strategy that the new contract would be a Public Private Partnership (PPP). However, when the Government announced that there were to be increased opportunities for PFI credits for those waste management strategies which were targeted at recycling and composting initiatives, the Executive reconsidered the way forward. The Council's proposal was entirely in keeping with Government advice<sup>21</sup> which supported investment to ensure a sustainable system of waste management through public education and a balanced package of measures to reduce the growth in the quantity of waste generated whilst developing the infrastructure for recycling and composting through kerbside collection, bring centres and civic amenity sites. That Government announcement also noted <sup>22</sup> that whereas waste PFI projects had in the past tended to focus on funding incineration, the re-issued DEFRA criteria sought innovative proposals for dealing with waste and placed a greater emphasis on recycling with a caveat that new incineration proposals would have to show that "they did not 'crowd-out' recycling".
- 5.2 Given the scale of investment needed to provide the Council's integrated strategy, it was argued that the contract, however procured, would need to be of 25-years duration, 5 years longer than originally envisaged, if it was to be financially attractive to contractors. In endorsing a bid for PFI funding for a contract starting in 2004/05, the Executive <sup>23</sup> took into account that whereas the full cost of an integrated waste management contract negotiated under a Public Private Partnership (PPP) would fall on the Council, the PFI option provided an opportunity for the Council to receive credits through the Revenue Support Grant which would assist in defraying the initial increased costs of the new contract. Further, although both routes would allow the Council to transfer a significant element of risk to the contractor, and use a negotiated procedure in determining the terms of the final contract, the decision to use PFI was taken on value for money grounds over the long term<sup>24</sup>. The underpinning PFI principle would be that the Council paid only for services which were provided to the agreed standard.
- 5.3 Time scales for implementing a new contract were also considered. Whereas the PPP route would be a simpler and less lengthy process, and would not require the same level of specialist legal and financial support needed to deliver a PFI-funded project, there was a significant risk in trying to put a PPP project in place in the 2-years before September 2003 when a number of existing contracts finished. Accordingly, it was decided that any new 25-year contract should have a start date of 2005 <sup>25</sup>. In turn, this decision necessitated intermediate/bridging contract arrangements for refuse and street cleaning, kerbside recycling, the Pound Lane Depot, the Civic Amenity Site at Pinchington Lane, the Green Waste and Recycling Centre at Paices Hill, and the Hermitage Landfill site, if the Council was to maintain an interim waste service.
- 5.4 Partnership with Neighbouring Authorities. At the meeting of the Executive on 25 October 2001, and an earlier meeting of the Waste Management Task Group (15 October 2001) which had endorsed the PFI contract procurement as the best way forward, partnership working with neighbouring authorities had been considered.

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<sup>21</sup> 'Waste not, Want not' Government Strategy Unit November 2003 – a report offered not as a statement of Government policy but as a contribution to the (waste) debate' Part 7

<sup>22</sup> 'Waste not, Want not' – page 103 Section 3 paragraph 8.15

<sup>23</sup> Meeting held on 25 October 2001

<sup>24</sup> HM Treasury 'PFI: Meeting the Investment Challenge' Chapter 2 2.1

<sup>25</sup> That date was subject to further slippages and the new contract is now scheduled to start in early 2006.

- 5.5 Cooperation with Hampshire County Council. Exploratory talks were noted as having been held with Hampshire and Project Integra <sup>26</sup>. Hampshire Waste Services (Onyx), the main contractor for the County's waste services, undertook disposal, composting and recycling. Whilst it was accepted that joining with Project Integra could have provided access to experience and advice, and possibly offered more stable recycling markets as part of a larger grouping, it was thought that gate fees for disposal, which included incineration, were unlikely to be cheaper than those paid by the Council. Further, any linkage to Hampshire would have been for waste disposal only as Hampshire's District Authorities retained their own separate collection and recycling contract arrangements. West Berkshire would thus have had to let separate new contracts for street cleansing and recycling. This conflicted with the Council's agreed Integrated Waste Management Strategy and was argued to deny the identified economies of scale and prove less attractive to potential contractors. It was also thought, at that time, that PFI credits were unlikely to be available for service-only contracts. Further, doubts were raised about the practical difficulties of achieving linkage with Hampshire given that contracts would have to be put out to tender to meet EC regulations for provision of the services <sup>27</sup>. Contacts, which had initially been promising, fizzled out. However a close dialogue has been maintained with Hampshire County Council and officers have recently been invited by that County to join a South-East Counties Waste Grouping.
- 5.6 Cooperation with Neighbouring Berkshire Authorities. Shortly after the creation of the new Unitary Authorities, Slough, Maidenhead and Windsor entered into their own east Berkshire group discussions on waste. However, the Council was involved in initial discussions in 1998 with the authorities<sup>28</sup> making up what has now become the Central Berkshire waste management PFI bid. However, it was argued by Officers during a Scrutiny session that the needs of West Berkshire, which 'inherited' only two waste facilities (Paices Hill and Pound Lane), were different to, and greater than, the adjoining authorities in terms of facilities. Further, West Berkshire's needs did not coincide with those of the 3 possible partners who were seeking long-term disposal arrangements. Bracknell and Wokingham already had their own facilities and collection services in place whilst Reading had an established DSO. Given the urgent need to put together a budget to hire consultants in pursuit of a PFI-assisted waste bid, Bracknell Forrester, Reading Borough and Wokingham District Councils formed an advisory committee – the Joint Waste Disposal Board – in December 1998. It would appear from the evidence given to the Chairman of the Waste Scrutiny Task Group <sup>29</sup>, and correspondence seen from that period, that Bracknell Forrester, Reading and Wokingham wished to move ahead very rapidly before the end of 1998 to establish joint funding arrangements and budget provision for 1999/2000. West Berkshire did not take part in those final discussions and the Scrutiny Task Group is not aware of any further opportunities for West Berkshire to join that Central Berkshire consortium.

### Task Group Note 2.

*a. Whereas costings were undertaken for PFI procurement <sup>30</sup>, there is no mention in the reports of similar work being undertaken on Public Private Partnership Procurement. The availability of PFI credits may have overridden the inclusion of such information in reports.*

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<sup>26</sup> Project Integra – Hampshire's Waste Strategy - was adopted in 1995. The Project is a partnership between Hampshire County Council (the Waste Disposal Authority), the now Unitary Authorities of Southampton and Portsmouth, and 11 District Councils. The Project was attributed Beacon Council Status in 2000-2001 and hailed as an example of good practice in the Government's Waste Strategy Report 'Waste not, Want not' in 2002

<sup>27</sup> EU Procurement Directive 92/50/EEC

<sup>28</sup> Bracknell, Reading and Wokingham.

<sup>29</sup> Meeting with Wokingham District Council – 14 April 2004

<sup>30</sup> Minutes of a Meeting of the Executive on 25 Oct 01 Item 13 paragraph 6.2

*b. The Task Group noted that whilst there were references to discussions with Hampshire County Council in the recommendations put to the Executive, it was felt that it would have been prudent to have also made some reference to discussions with the Central Berkshire Group and the reasoning for not following such collaborative ventures.*

5.7 Decision to Submit an Application for PFI Credits. The Executive decided on 25 October 2001, following the earlier decision 09 January 2001 (paragraph 11 above) to pursue the chosen Integrated Waste Management Strategy of maximising recycling and composting by submitting a bid to DEFRA for PFI credits. In preparing the Outline Business Case, as the first stage in the PFI application, five Options were considered and costs determined. Whereas the new Options retained the 'no change from the existing system' as the baseline Option 1, and Option 2 (maximising recycling with an Ecology Village and MRF) as the chosen Option, the remaining 3 Options (Nos 3,4 & 5) were hybrids of Option 2.

a. Option 1 – Continuation of the Present System. In 2001, waste was growing at an average rate of 2.5% annually. On the assumption that this rate continued, and that recycling remained at just 11.4%, the waste generated would double by 2029/30 to a total of 165,548 tonnes with 146,676 tonnes going to landfill. This figure took no account of the increase in population predicted for the District which could only compound the problem. Given the ever more exacting National targets for reduction of waste, the statutory requirement to increase recycling rates, and the financial penalties for failure to reduce the annual tonnage going to landfill, the status quo was not an option.

b. Option 2 – Maximising Dry Recycling and Composting with Central Recycling/Reclamation and an Education Programme. It was argued in the selection of this Option that the public perception of waste management would have to be altered to increase recycling and composting rates significantly. The proposed Ecology Village was to be key to educating the public by furthering awareness of sustainability issues in terms of both waste minimisation and the need for greater participation in materials re-use and recycling, whilst a centralised Materials Recycling Facility (MRF), operating at an efficiency of 80%<sup>31</sup>, would materially raise recovery and boost recycling rates. The use of a twin wheeled bin household collection system across the District, was seen to increase the efficiency of separation of materials and reduce cross-contamination. Further, it was argued that 2 bins would significantly increase recycling rates, in terms of both the number of households participating and the commitment of individual residents.

c. Option 3 - Maximising Dry Recycling and Composting with Kerbside Recycling and an Education Programme. The Option, a hybrid of Option 2, retained the concept of an Ecology Village to increase public education and awareness of waste management matters including waste reduction. However, the Option would have relied on kerbside recycling, using the existing wheeled bin and 2 recycling boxes, and thus saving the need to build a Materials Recycling Facility (MRF).

d. Option 4 - Maximising Dry Recycling and Composting with Central Recycling/Reclamation Without the Ecology Village Education Programme. The second hybrid of Option 2, whereby traditional methods (local media publicity) of raising the profile of recycling would have been continued and a 2 bin system introduced.

e. Option 5 – Increased Efforts to Improve the Recycling Rate using the Existing Collection System. The Option was very similar to the baseline case proposed in Option 1. However, unlike the first scenario, sustained efforts were to be made to address waste management issues and increase existing recycling rates without the provision of additional facilities.

5.8 The Executive accepted a recommendation (29 August 2002) that Option 2 be pursued as the only Option to deliver recycling rates above 50%. Further, the work undertaken by ENTEC, the Council's Waste Management Consultants, indicated that the preferred Option, when compared to a continuation of the existing policy, showed significant savings over the 25-year period. The then existing waste policy of limited recycling would not have met Government targets and, because of the high dependence on landfill, would have become increasingly susceptible to both the escalating landfill tax (increasing at £3/tonne from 2005) and the impact of the introduction of tradeable landfill

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<sup>31</sup> MRFs at Portsmouth and Milton Keynes are achieving 85-90% efficiency.



permits with penalties of £200/tonne for authorities exceeding their annual landfill tonnage allowance. Given that waste costs were predicted to rise 'dramatically over the coming years, whatever action was taken to deal with waste'<sup>32</sup>, the costings presented to the Executive showed that in comparison with a continuation of the existing system, the 'whole life' costs for the preferred scenario of maximising recycling and composting showed a very significant saving over the 25-year period taking into account projected Revenue Support Grant payments which would be payable to the Council under the PFI bid. Nevertheless, it was noted at that time that significant additional revenue costs would arise over the contract period as compared to continuation of the existing system<sup>33</sup>; the Executive agreed to note the future Budget implications<sup>34</sup>.

5.9 PFI Implementation and Timetable. The draft Outline Business Case (OBC) was submitted to DEFRA in April 2002 with the final Case being forwarded in June 2002. Following clarification by Government Treasury representatives, the Council received confirmation from DEFRA in June 2003 that the PFI had been endorsed and that £23.74M in waste PFI credits (Notional Credit Approval) would be available subject to satisfactory contract procurement by September 2005.

i. Scope of Contract. The contractor will be required:

- To provide all resources and support services to collect, recycle/compost, treat and dispose of all municipal waste to meet the Council's statutory duties as a Waste Collection, Waste Disposal and Principal Litter Authority, and,
- To meet the Council's Waste Recovery and Recycling Targets and Best Value Performance Indicators.

5.10 It will be for the contractor to propose how that output specification is met. The Executive Member with Responsibility for Waste confirmed<sup>35</sup> that there are no pre-conditions on the way in which the output specification is met. It was envisaged that an education programme would be required to meet the demanding targets and that maximising recycling/composting would involve increasing composting services to local residents, the efficient collection, transport and haulage of waste, management of waste close to its source, the local use of recylates, provision of a local depot and an overall service which ensured a clean, well maintained and safe street environment. In essence, the Council was seeking a resource-based sustainable solution which represents the Best Practicable Environmental Option (BEPO). Unlike other contract procurement, the PFI process is output based. There are no stage payments to be made during the construction of the new waste facilities; the Council only starts paying for the facility when it is up and running. The contractor is also responsible for maintenance of the facilities throughout the life of the contract. As all facilities revert to the ownership of the Council at the end of the contract period, the Council should have in place all the necessary facilities to let a further waste management contract.

ii. The PFI Contract Process. The first step in contract procurement, notification of the contract, was published in the Official Journal of the European Union (OJEU) in April 2004; Project Information Packs were sent out contractors expressing an interest and an Industry Day was held on 21 April 2004. Contractors will then respond by completing ISOP (Invitation to Submit Outline Proposals) documentation by 1 September 2004. Those proposals will then be evaluated before Invitations to Negotiate (ITN) are issued in October 2004 to selected firms. The agreed timetable for the award of PFI credits calls for the award of the contract in December 2005 and its commencement in April 2006.

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<sup>32</sup> Recommendation to the Executive Item 14 - 09 May 2002.

<sup>33</sup> It is stressed that a continuation of the existing waste management system would have been impractical given that it would not have met Government targets and would have incurred significant financial penalties in terms of landfill charges.

<sup>34</sup> Recommendation to the Executive Item 14 - 09 May 2002 – Table 1.

<sup>35</sup> Meeting of PFI Integrated Waste Management Contract Industry Day Sheepdrove Organic Farm, Lambourn, 21 April 2004 – in answer to a question by a contractor

## 6. CONSULTATION

- 6.1 Public Consultation. The Task Group noted that there had been only one example of widespread consultation on waste management when in 2002 a public information leaflet 'Help Us to Help You with Your Waste' was delivered to every household in the District. The Leaflet, with returnable FREEPOST questionnaire, had cross-party support. It listed 3 Options which would enable West Berkshire to meet Government targets for increasing recycling and reducing landfill:
- Option 1: A Maximum Recycling & Composting Scheme;
  - Option 2: A combination of Recycling, Composting and Energy from Waste (incineration);
  - Option 3: A combination of Recycling, Composting and Energy from Waste (incineration) – the same as Option 2 – but with kerbside recycling in urban areas and recycling banks in rural areas.
- 6.2 at costs respectively (based on 2000/2001 prices) of £135, £215 and £202 per tonne. The leaflet, which explained that the Council had selected Maximising Recycling and Composting (Option 2) as the chosen strategy, sought information from residents on use of the fortnightly recyclable service and composting. Over 3,000 responses were received (5.5% of the 60,000+ residential and commercial properties sent the questionnaire) with 92% of respondents claiming to recycle materials and 79% claiming to use the fortnightly recycling service<sup>36</sup>. Some 80% of residents thought more could be done to recycle materials and suggested facilities for plastic, cardboard and organic waste. Further awareness campaigns since 2002 have included a 'home composting awareness week', the 'green waste separation trial' at Pinchington Lane, and more recently 'the real nappy campaign'. 'Rethink Rubbish' - a quarterly leaflet delivered to households, which gives details of the fortnightly recycling collection timetable has been used effectively in recent months to publicise waste management topics and make householders aware of the range of waste services offered by the Council.
- 6.3 Discussion within the Council. Whereas, as has been noted above, it was possible for the Scrutiny Task Group to trace the path of most of the decision-making process from April 1998, the audit trail for the approval of the chosen Integrated Waste Management Strategy, the selection of the preferred option and the subsequent decision to follow a PFI-supported contract, was at times difficult to follow (Annex C). It is accepted that these difficulties were due in part to the evolution of decision making mechanisms as the new Unitary Authority established its procedures. With hindsight, the Task Group was of the opinion that it would have been preferable if discussions on the selection of the preferred Waste Management Strategy had been held in public rather than linked to cost estimates and held, accordingly, under Part II arrangements. The emergence in the past 15 months of the Waste Management Task Group, as the specialist cross-party committee making recommendations to the Executive on waste matters, should obviate such future difficulties. Further the much closer working relationship which has evolved in recent months between the Executive Member with responsibility for waste and his Opposition Counterpart has strengthened cross-Party discussion and support on waste issues. The recent publication of a Consultation Strategy on the PFI Project should further address this shortcoming.

### Task Group Note 3.

*Consultation on the Integrated Waste Management Strategy. The Task Group undertook a detailed audit trail firstly, of the decisions which had been taken leading to the adoption of an Integrated Waste Management Strategy in which the chosen option was for maximising recycling and composting; secondly, of the decision to opt for PFI-assisted funding to implement that Strategy and thirdly, on the public consultation undertaken.*

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<sup>36</sup> A Municipal Waste Strategy for West Berkshire Council 2002-2002 page 53

a. Member Involvement in Decision Making The Task Group was satisfied that all decisions leading to the adoption of the Integrated Waste Management Strategy had been correctly taken and duly recorded. Whereas the need for confidentiality is accepted on commercially sensitive matters, where it might affect negotiations or compromise the Council's position, the Task Group was of the opinion that the reasoning behind the discussions leading to the definition of the Integrated Waste Management Strategy, and the selection of the Preferred Option to maximise recycling and composting should have been widely publicised at the time. Given that decisions were recorded under Part II caveat, a valuable opportunity was missed in involving the public in discussion of waste management matters.

b. Scheme of Delegation for the Procurement of the New Integrated Waste Management Contract. The Task Group was pleased to note the wider cross-party Member involvement (Chair of the Environment & Public Protection Select Committee and the Opposition Spokesman for Waste) to be adopted in the PFI delegated decision-making by the Executive portfolio Member with responsibility for Waste <sup>37</sup>.

c. Public Consultation on Waste Management. Whilst accepting that the Task Group was advised that the response rate of 5.5% noted at paragraph 16 was high for return of public survey forms, there was concern that no other sampling of public opinion seemed to have been undertaken. Whilst the survey showed significant support for recycling, it is questionable how much reliance should be placed on these findings given that only 3,300 individuals responded out of 60,000+ households. Further, it would seem likely that those residents who took an interest in recycling and waste matters were those who were most likely to return the survey forms. To reach the recycling rates of 50%+ required under Option 2, without legal sanction,<sup>38</sup> will require the wholehearted cooperation of residents throughout the District. Public commitment and participation cannot be achieved unless information is disseminated and the public's part as the major stakeholder is fully recognised.

d. Public Information on Waste Management. There has been very little information on waste management in the public domain. Whilst accepting the limitations imposed by successive budget pressures on staffing in the Waste Service, and the difficulties in filling staff vacancies, it appeared to the Task Group that only sporadic and limited attempts had been made over the past 5 years to raise the profile of waste management, provide information or involve the public in any meaningful debate. Given the importance of waste management as a vital service for the residents of West Berkshire, it is hoped that the Council will now follow the example of neighbouring authorities <sup>39</sup> where The Joint Waste Disposal Board handling the PFI bid on behalf of Bracknell Forest, Reading Borough and Wokingham Councils publicise dates for the progression of the PFI progress with stages of the contract and details of such things as funding for a waste promotion and awareness campaign. The minutes also include detail on the development of the Municipal Waste Management Strategy, consultation and comments received. It is unfortunate that a recent <sup>40</sup> West Berkshire application for additional Government funding to further public consultation was not successful. That said, it is hoped that plans for the availability of further information on the West Berkshire website will provide better communication with the some elements of the general public.

e. The Way Forward. Few members of the general public are aware of the cost to the Council of its waste management programme. Whilst the need for, and the advantages to be gained by increasing recycling/composting rate, are fairly well understood by the general public as a result of the well publicised 'environmental' message, the significance of waste minimisation and the financial imperative for the Council to meet Government targets is less well appreciated. The Council is still at least 18 months from moving into the initial stages of the new contract. There would be much to be said at this stage for mounting a 'waste awareness' campaign. If this very necessary work is left until the new contract comes in, it is unlikely that we shall see the benefits in terms of further reduction in waste within West Berkshire and an increase in the recycling rate until at least 2007/08. There could be merit in 're-writing' the Waste Hierarchy for the next 18 months, at least as far as the Council's aims were concerned, so that it read:

- Education
- Minimisation

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<sup>37</sup> Recommendation by the Waste Management Task Group 04 March 2004 endorsed by the Executive 11 March 2004

<sup>38</sup> The London Borough of Barnet is piloting a mandatory recycling scheme from April 2004. Residents who persistently and deliberately fail to use their recycling box will receive warnings and formal notices. As a last resort the Council may prosecute the most persistent offenders. Initially covering 4 Wards, the scheme will be extended to the whole of the Borough in October 2004.

<sup>39</sup> Central Berkshire PFI

<sup>40</sup> April 2004

- Recycling/Composting
- Recovery of Energy
- Landfill

*This is not to decry the efforts being made by the Recycling Waste Recycling Officer and the success of the 'green waste' recycling trial at Pinchington Lane. However, little attempt has been made to consult with, or enlist the help of, Town and Parish Councils. Whilst it was pleasing to see the Giant Dustbin 'Re-think Waste' at the Burghfield Village May Fayre on 09 May 2004, which provided an opportunity to engage with the public on waste matters, this was only a single event. The cost of preparing an exhibition and hiring a pitch at a Village Fayre is small given the amount of publicity which can be gained. The Royal Berkshire Show, an important 'shop window', is coming up at the end of the summer. Whilst it is accepted that Officers cannot be expected to man all such exhibitions within the District throughout the summer months, there are a number of Members who might well be willing to assist. Such events could be an ideal opportunity to further the Council's aims and meet the Public. It is time that a meaningful 'community strategy' was launched on waste management. Given the need to involve both residents, organisations and the business community, thought should be given to setting up a Community Waste Forum as a means both of involving stakeholders and publicising the Council's aims. The issue in May 2004 of a Stakeholder Communications Strategy to support the introduction of the Integrated Waste Management PFI Project is seen as a valuable step forward in this respect.*

6.4 The Waste PFI. Waste PFIs sit within Local Authority funding alongside the National Waste Minimisation and Recycling Fund. Whereas the Waste PFI had traditionally been viewed as a funding route for the construction of large scale incinerators, that concept was changed in September 2000 when the criteria focussed attention on recycling-led solutions. The past 2 years, in particular, have seen an increase in the number of projects being taken forward by DEFRA which should lead to sustainable solutions in compliance with the waste hierarchy. PFIs proposing long term recycling and composting solutions in excess of 50%, and diversion from landfill in excess of EU targets, are now relatively common place.

6.5 The Cost to the Council, and Residents, of the Chosen Funding Route In assessing the cost of implementing the Council's chosen Integrated Waste Management Strategy for a 25-year period, ENTEC (the Council's Waste Consultants) modelled performance and cost against a number of variables. Given the demanding targets to recycle more, whilst minimising the waste generated in the District, and the significant financial penalties<sup>41</sup> associated with failure to achieve the statutory goals, it was argued that a continuation of the present system of waste collection and disposal could not be contemplated in terms of either performance or funding. If the Council is to develop an environmentally sustainable, and affordable, waste management system for the next 25 years, capital investment will be required to provide the necessary infrastructure. At present the Council does not own the necessary waste management infrastructure or sites to implement such a programme. Given the chosen Option to maximise recycling and composting, there will be a need to provide, or have access to, new waste sites which can accommodate the reception, handling and sorting of household, together with depot, transfer station, materials recycling and composting facilities. Additionally, there will be a need for at least one new Civic Amenity Site in addition to locally positioned Bring Sites for the reception of a range of recyclable materials. The Council's Integrated Waste Management policy also calls for the establishment of an Ecology Village to further waste awareness, minimisation of the waste produced in West Berkshire, increased recycling/composting and sustainable development. Such a facility could be combined either with the District's main waste facility or co-located with the Civic Amenity Site.

Task Group Note 4. *Given the paucity of waste management resources owned by the Council, and the fragmented contract arrangements inherited on accession to Unitary status, there is little doubt that distinct advantages are to be gained, in terms of both efficiency and cost, by pursuing an integrated waste management contract. It has been adequately demonstrated*

<sup>41</sup> The penalties foreseen in 2002 when this work was being completed, have subsequently been shown to very much more severe by the Government's implementation of Landfill Permits from 01 April 2005.

over the last 5 years that continuation of the existing system of collection, kerbside recycling, a sub-standard Civic Amenity Site at Pinchington Lane and scattered Bring Centres are unable to meet the targets set by both the EU and Government.

a. Costing of the PFI. The cost of undertaking the Council's waste management responsibilities is driven by a number of variables foremost amongst which are the amount of household waste to be collected, the recycling and reclamation rates and the cost of the future requirement for landfill. Basic modelling undertaken as part of the Scrutiny indicated that whereas the growth or reduction in waste generated in the District was important in the longer term, variables which could have a more immediate impact on the cost of the chosen Option were the percentage recycled or composted, and the cost of depositing the balance of the waste in landfill. Annual increases in the cost of the kerbside collections, haulage charges, the operation of Civic Amenity and Bring Sites, although significant in themselves over the 25 year period of any contract, were shown to be a lesser consideration in comparison with the likely cost of landfill

b. The PFI Contract and the Likely Requirement for Landfill. The recycling/composting performance targets recently set<sup>42</sup> for the PFI contractor (39% in 2006/07, 44% in 2010/11, 53% in 2014/15 and 56% by 2019/20) will require very significant reductions in the waste West Berkshire sends to landfill. The contract seeks to reduce the present landfill requirement (73,000 tons in 2003/04), to 25,490 tonnes in 2006/07 and 24,446 tonnes in 2010/11 with a reduction in 2019/20 to just 18,918 tonnes of Biodegradable Municipal Waste going to landfill. These are demanding targets which will require the wholehearted cooperation of all residents in West Berkshire. Whereas current surveys show that there is a 44% take up of the 2 basket kerb-side collection scheme, the all important set out rate is only 34%<sup>43</sup>. To achieve the high figures required will require either a very successful education programme, or some form of compulsion. Whereas Barnet are currently trialling a mandatory scheme, backed by financial penalties, which is to be introduced throughout the Borough in the next few months with the aim of doubling the recycling rate within the next 2 year, Northampton County Council identified a number of improvements which could be made to its recycling centres in 2002/03. That work, which centered on improving household waste recycling centres, and encouraging media and public attention on waste management, has seen an increase in the household waste recycling rate from 22% to 41%<sup>44</sup>.

- The Cost of Landfill. The Task Group noted that as landfill resources were filled up in southern England remaining capacity was likely to be able attract premium rates. Whereas the increase from 2005 in the landfill tax escalator from £1/tonne/year to £3/tonne/year, was shown by the Task Group's calculations to have a very significant effect on costs over the 25 year period, that increase was subsequently dwarfed by the Government announcement, as the Report was being finalised, that the landfill permit system would operate from 2005/06. Under that system, Local Authorities exceeding their target landfill allowance will have to pay an additional charge of £200/tonne. The Task Group would wish to emphasise the severity in financial terms of any shortfall in meeting Government targets. Had the landfill permit system been in place for 2003/04, with a target based on recycling performance, the Council's failure at 16.9% to meet the 20% target recycling rate<sup>45</sup>, could have resulted in excess landfill costs of over £0.5M including transportation, gate fee, landfill tax and the penalty of £200/tonne under the landfill permit scheme. Failure to meet the yet to be announced 2005/06 target could cost the Council dear.

- A recent report by the Institution of Civil Engineers<sup>46</sup> calls for urgent action to prevent the creation of a rubbish mountain. It argued that 2000 new waste management facilities were needed by 2020 to avoid a major crisis and the creation of millions of tonnes of untreated waste. The Report went on to note that 'Britain was miles behind continental Europe in waste management advances' and that up to 10 alternative facilities (composting, recycling and incineration) could be required to replace each landfill site, thereby creating a sustainable solution, new employment opportunities and valuable resources. Whilst stressing that the traditional preferred route of using landfill would very soon cease to be economically viable given the increasing cost, the Report noted that private companies seeking to introduce urgently needed waste management facilities were 'constantly fighting an uphill battle against local government and UK residents over the siting of plants'. It is worth underlining the reference to local opposition to the positioning of waste sites as the need to obtain planning permission for the Council's new waste facilities could be a major risk to successful implementation of the new PFI contract. There could well be a need for public education and a pro-active stance.

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<sup>42</sup> PFI – Invitation to Submit an Outline Proposal

<sup>43</sup> Briefing Note on Kerbside Collection Service Performance and Evaluation Participation Survey (February/March 2004)

<sup>44</sup> The Centre for Public Scrutiny – Good Scrutiny Guide 2004

<sup>45</sup> DETR Guidance on Municipal Waste Management Strategies, March 2001

<sup>46</sup> Report by the Institution of Civil Engineers 'State of the Nation 2004' – 15 June 2004

b. External Scrutiny of the PFI Bid. In PFI costings, the Task group was also mindful that the initial bid for PFI assistance had been carefully examined under the Public Private Partnership Programme (4Ps) set up by the Government both to assist Local Authorities and scrutinise submissions before Treasury grant aid in terms of PFI Credits was agreed. In addressing the question of 'value for money' in its Terms of Reference, the Task Group recognised that the Council had taken extensive professional waste management, legal and financial advice before making the application for a PFI-assisted contract and that extensive professional advice was now in place for evaluating contractors' submissions and negotiating the contract. Given the utilisation of this wide-ranging expertise, the Task Group felt that there was little useful further work it could undertake. However, the Task Group did highlight the significant lack of capital investment in West Berkshire's waste management facilities since 1998. The necessary infrastructure needs to be put in place to provide a sustainable integrated waste management system capable of meeting the demanding Government and EU waste targets laid down for the next decade. Given the lack of 'owned' waste sites and necessary waste management facilities, and the prudential restraints under which Local Authorities are required to operate in terms of borrowing the very significant sums to correct these deficiencies, the Task Group was sceptical about the Council's ability to proceed on its own in terms of finance, expertise or resources. Partnership is thus the only alternative either through a PPP or a PFI. Whereas a PPP might be cheaper, although there is no evidence to show this to be the case given the PFI credits which will offset the cost in the early years of the contract, the Council is also required to consider the risk associated with such a major contract. It is widely acknowledged that the PFI route can transfer much of that risk to the contractor. Whereas there were undoubtedly 'teething' troubles with early PFI projects, experience and the development of 'standardised' contracts has done much to alleviate difficulties. A recent National Audit Office report showed that across the range of PFI projects 78% had been delivered to the contract price and 88% of projects had been completed on time or early. This compares very favourably with non-PFI schemes where late completion and cost overruns were stated to be more common. To date (10 June 2004) eight DEFRA waste management PFI projects are operational (Isle of Wight PFI Credits £13M); Hereford & Worcester (£57M); Kirklees (£33.9M); South Gloucestershire (£33.3M); Surrey (£85.5M); ELWA (£47M); East Sussex, Brighton & Hove (£49M), and Leicestershire (£30.8M). Waste PFI projects for Central Berkshire (£37M); Gloucestershire (£25.105M); West Sussex (£25M); Cornwall (£25M); Nottinghamshire (£31.93M); Lancashire (£75M); and Northumberland (£34M) are shown by DEFRA as being in procurement alongside West Berkshire at PFI Credits of £23.74M. It is of note that the West Berkshire PFI is the only fully integrated contact covering all waste matters from street cleaning and collection through to disposal. A DEFRA limit of £25M was imposed on PFI credits at the time when the Council made its application. That limit has now been raised to £40M, and even higher for exceptional projects, and thought should be given to the possibility, and advisability, of seeking further credits when the contract is being negotiated.

b. Legislative Targets. Whereas the Outline Business Case for the PFI dealt in detail with the need for waste minimisation and quoted recycling targets of over 50%, and mention was made of the need to 'to recover value from 67% of municipal waste by 2015' (paragraph 9.2 refers, there were no proposals on how this should be achieved. This matter should be questioned during the negotiated phase of contract procurement.

6.6 The Risks Associated with PFI-based Procurement. The allocation of Risk in the PFI is governed, in essence, by the principle that risk should be allocated to the party best able to manage it.<sup>47</sup> The contract will ensure that risk to the Council is minimised and that appropriate risks are transferred to the private sector to ensure that the contractor has sufficient ownership, responsibility and control of the service. Whereas the Council and contractor will share the risk associated with 'planning' matters, 'design and construction' risks are borne almost in their entirety by the contractor. Similarly, the contract will call for the private sector provider to take on the operating, financial and performance risks and the risks associated with changes in technology and the obsolescence of assets. Whereas the contractor will bear the risk that the composition of waste collected may change, the Council shares the risk should there be volume changes in the demand for services and will be solely responsible for unforeseeable legislative and regulatory changes, variations in rate of VAT, landfill tax and changes in the basis of tradable landfill allowances.

Task Group Note 5. The transfer to the private sector of much of the financial risk associated with the contract should ensure that the contractor, who will be responsible for the quality of both the facilities and services, performs well. Were the Council to have opted for a Public Private Partnership, a significantly greater share of the risk would have been borne by

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<sup>47</sup> West Berkshire PFI Waste Contract Information Pack Appendix II March 2004

*West Berkshire. Further, the rights of the Council to change the output required are preserved under a PFI.<sup>48</sup> That said, the biggest risk facing the successful implementation of the PFI-assisted contract is the acquisition by either the Council, or the contractor, of suitable waste sites within West Berkshire and the subsequent securing of planning permission. It remains to be seen whether the rewriting of the Government's present Planning Policy Guidance 10, and its replacement by a Planning Policy Statement under the new Planning and Compulsory Purchase Act 2004, will be beneficial. The lack of other than minimal waste management sites in the Council's ownership on accession to Unitary Authority status was, and still is, a significant operating and financial penalty.*

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<sup>48</sup> PFI: Meeting the Investment Challenge - HM Treasury 2003

## 7. THE CIVIC AMENITY SITE, BRING CENTRES & RECYCLING

- 7.1 Civic Amenity Site at Pinchington Lane. The Site, which is not owned by the Council, is operated by BIFFA on behalf of the Council. The present lease terminates in September 2008. The facility is well used and provides a wide range of options for materials recycling including the successful green waste initiative which was introduced in 2003.
- 7.2 Recycling rates at the Site have risen from 12.6% in 2002/03 to 16.9% in 2003/04. Although the facility is well used, there have been numerous complaints in recent months, in the local press in particular, about ease of use of the facilities by residents. Access to the site is poor in that traffic regularly has to queue on Burys Bank Road. At peak times, particularly at weekends, it can take up to 20 minutes to enter the site, deposit materials and leave again. Whilst it is understood that the original facility was planned as a transfer station rather than a civic amenity site, little seems to have been done since September 1998 to overcome the access difficulties or improve the ease of use for residents.
- 7.3 The green waste composting trial has been successful despite the challenging need for residents to climb metal steps carrying bagged garden waste before they are required to remove the bags and tip the waste into containers. The steps, which can be slippery when strewn with green garden rubbish do at times present a trip hazard. Similar complaints have been voiced about the need to climb steep steps to deposit heavy bundles of waste paper and cardboard. Whereas it is claimed that attendants are available to help elderly or disabled residents, the frequent complaints indicate that such assistance is not always on hand. Whilst it may be claimed that the use of such steps is an 'industry standard' on sites which do not have the advantage of being split-level, present arrangements are obviously not popular with West Berkshire residents.
- 7.4 Whilst it is heartening that the commitment of residents in West Berkshire to recycling is such that they are prepared to overcome these difficulties, every effort should be made to ensure that the Pinchington Lane site is made more user-friendly and more welcoming to those residents who take the trouble to use it and help the Council reach its waste targets. A number of suggestions have already been made to Officers to overcome the problems including the provision of more information on recycling targets and achievement. The contribution which the residents of West Berkshire make by using the site needs to be acknowledged and they need to be made aware of the progress we are making. The notice alluding to the reorganisation of the site was there for many months and nothing was done. The latest reason quoted for delay in improving the site – planning permission – needs to be substantiated and overcome <sup>49</sup>.
- 7.5 Bring Centres. There are now 14 Bring Centres in West Berkshire with the latest being opened at the new Waitrose store in Oxford Street, Newbury on 27 May 2004. Whereas the urban centres are fairly well served, distribution of Bring Centres is patchy and residents in some rural areas have to travel a significant distance to dispose of the materials, including green waste, which are not collected in the fortnightly recycling collection (paper, glass and metal). Facilities in the east and north of the District, in particular, are very limited. The Task Group accepted that whilst in the past recycling costs could be high given the volatile market for recyclates (eg waste paper prices have fallen from an £80/tonne high in the last 8 years to a payment by the Council of £15/tonne to take such waste away), that situation could shortly be reversed with the imposition of the landfill permit system. The small throughput in national terms of West Berkshire's recyclates is a matter the successful PFI contractor

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<sup>49</sup> The Chairman of the Scrutiny Group has been told that BIFFA are to submit a planning application to make the site split-level. The present delay is over the preparation of detailed engineering drawings.



will have to address. That said, although the successful firm is likely to have established market contracts already in existence, it is questionable what effect the increased supply of recyclates will have, both locally and nationally, on an already 'fragile' supply/demand led market as all authorities move simultaneously to increase recycling and reduce their landfill commitment.

#### **Task Group Note 6.**

*The Task Group questions why waste management has not been given a higher public profile given that it was agreed in 2001/2002 that the rationale behind the PFI was to increase the awareness of residents of waste issues, and, through that awareness, pursue a programme of waste minimisation and a huge increase in recycling rates to meet EU and National targets for recovery of value. Whereas it is acknowledged that there have been initiatives both to improve the reuse materials( the Community Furniture Project, the Community Re-Paint Scheme and the Real Nappy Campaign) and to increase recycling rates (twin basket kerbside collection, the Green Waste Initiative and the recently introduced trial collection pilot scheme for electrical and electronic equipment <sup>50</sup>), there has been a lack of a sustained focus in involving, and engaging all Members, in waste management issues. Recycling rates have been consistently below those of neighbouring authorities, a situation which must be addressed as a matter of urgency if the PFI contract is to be successful in its early stages. Although the recycling rate has improved to 17% - a figure which puts West Berkshire in the top 20% of English authorities, the Council failed to reach its Best Value Performance Indicator standard of 20% recycling and composting <sup>51</sup> in 2003/2004 and seems unlikely to achieve the Standard figure of 30% set for 2005/2006. To reach the anticipated targets of diversion away from landfill for 2010 and 2013, based on the National Average Biodegradable content of 60%, West Berkshire would have to find alternative treatment for 19,982 and 32,971 tonnes of municipal waste respectively <sup>52</sup>. Those targets will now be even more challenging and more difficult to attain given the Government's recent decision to increase the earlier figure of the proportion of Municipal Waste that is to be classed as biodegradable from 60% to 68%.*

a. *Emphasis on the primary aim - the minimisation of waste. In the quest for an increase in recycling rates, minimisation of waste must not be forgotten. In 2000/2001, West Berkshire ranked in the top quartile of UK authorities in the annual production of household waste – 1.25 tonnes per household. The Council is fortunate in that waste arisings have reduced in the past year rather than growing in line with the predicted 3% rate for national growth. Whilst the composting initiatives at Pinchington Lane and Paices Hill have made a useful contribution towards the Council's overall performance, an expansion of home composting, where this is possible, must now be one of primary aims. Thought should be given to re- publicising home composting and again providing a subsidy. Such a move is the Best Practical Environmental Option (BPEO) as it would reduce the tonnage of green waste delivered for processing, thereby saving pollution and reducing transport and landfill costs. The Task Group accepts, as advised by Officers, that there could have been very real financial dangers in trying to increase recycling in recent years given the financial volatility of the recyclates market, particularly as it has been cheaper to deposit waste in landfill at some £35/tonne as opposed to disposing of recycled materials at costs of in excess of £100/tonne. However, the recent announcement by Government <sup>53</sup> that the Landfill permit system will be introduced on 1 April 2005 - with financial penalties of £200/tonne on waste landfilled in excess of the permitted tonnage - changes that scenario. The landfill targets for West Berkshire for 2005/2006 have yet to be announced. However, there is little doubt that the cost to authorities who exceed their landfill allowance is going to be severe in terms of both the permit system and the threat by the Government to pass on to poorly performing authorities any fines rendered by the European Union. .*

b. *The Public Profile of Waste Management. A programme of education to raise the profile and importance of waste management is urgently required if the delayed PFI-assisted Waste Management Strategy is to achieve its recycling targets, particularly in the early years of the contract. Every opportunity must now be taken to enlist the cooperation of the residents of West Berkshire in minimising waste, and improving reuse, recycling and composting rates. It will take some months for the PFI contract to become fully operable after its presumed start date in April 2006. The next 18 months must not be wasted! Failure to meet the 2005/06 Government target for landfill, and those to be laid down in the future, could have a very significant financial impact on the Council's finances.*

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<sup>50</sup> Waste Electrical and Electronic Equipment Directive (WEEE)

<sup>51</sup> DETR, Guidance on Municipal Waste Management Strategies, March 2001

<sup>52</sup> The Landfill Directive

<sup>53</sup> May 2004

c. The Provision of Recycling Facilities. Whenever possible, thought should be given to requiring 'centralised' recycling facilities in planning applications for multiple dwellings. This could be done under S106 and would ease kerbside collections. Mention was made of such a proposal at Recommendation No 6 (page 7) in the Government Response to the Strategy Unit Report 'Waste Not, want Not'. In that Response, it was recommended that where new housing developments exceeded 50 dwellings, space should be allocated within the development for easily accessible recycling facilities. Mention was made of Part H of the Building Regulations covering this point.

## **Waste Scrutiny Task Group**

### **8. Terms of Reference**

The Task Group will examine the background to West Berkshire Council's current Waste Management Strategy and its impact upon action as presently agreed by the Executive in pursuing this Policy.

#### **Strategy**

- To determine whether all known factors have been taken into account, and the best advice has been taken, in proposing a PFI-supported Integrated Waste Management Strategy.
- Further, to investigate whether the proposal is achievable and whether accountable decisions have been taken to date to ensure that the Strategy will:
  - Represent the Best Value for Money for the residents of West Berkshire and that it will:
  - Enable the Authority to meet Government and European legislative targets?

#### **Issues to Investigate**

##### **Background.**

- What are the present arrangements for Waste Management and what are the existing facilities within West Berkshire?

##### **The PFI Strategy.**

- What factors led to the PFI being selected as the preferred funding option?
- Were decisions taken publicly and after consultation?
- Is there a clear audit trail of those decisions?
- What benefits would such a Strategy bring to the residents of West Berkshire?

##### **Alternatives to the Chosen Strategy.**

- Given the Authority's agreement to the Berkshire Structure Plan 2001-2016, and that Plan's over-arching policies for Waste Management, what alternatives were considered in terms of cooperation with one or more of the Berkshire Unitary Authorities?
- Was cooperation with other neighbouring authorities investigated?
- What specific alternatives were considered; were such alternative arrangements costed, and were the risks of entering into such partnerships considered?
- Would it be feasible for West Berkshire to continue as it is at the moment?

##### **Risk Management.**

- What risks does the Council run in opting for a PFI-supported Waste Management Strategy?
- Will the Strategy be future-proof, bearing in mind the contract will run for 20 years?
- How would that contract provide incentives for the contractor to perform well and what provision will there be in the contract to accommodate changes in legislation and developments in waste management?
- What recourse will the Council have should the chosen contractor default on his obligations?

##### **Failure to Complete the PFI Process.**

- Should the PFI-supported contract fail to be completed for any reason within the allotted timescale, or the tenders received prove to be unacceptable, what contingency plans should be in place in 2005 to ensure that the Council can meet its statutory responsibilities for waste management?

##### **Best Value.**

- Is a PFI-supported Waste Strategy the right route in financial terms? Will it represent best value for money for West Berkshire residents and is it affordable?
- What will be the cost to put the Strategy in place? What are the future manning implications for West Berkshire Council in terms of the overall cost of going down this route?

### The Task Group:

- Will address the above questions and try to determine when and by whom investigations were undertaken, what factors and costs were considered, and whether such decisions can be audited. The Scrutiny Group will not attempt to develop future policy.
- Will hold its meetings in private.
- Whereas discussions will be held under a confidential caveat, to allow free and frank consideration of all information, the final report should be made available as a public document. Where necessary, financial information which could be prejudicial to existing arrangements, or ongoing contract negotiations, will be included in Part II appendices to allow this.
- Will ensure that legal advice is available if private sector organisations are interviewed.
- Given the ongoing development work on the PFI, the envisaged time-scale of the Scrutiny should be short. The Task Group will endeavour to produce its report within three months of its first meeting.
- The co-operation of Members and Officers in meeting this target would be appreciated.

Insert EXCEL annex A continued.

**DOCUMENTS CONSULTED**

West Berkshire Council - A Municipal Waste Management Strategy 2002-2022  
 West Berkshire Council - Outline Business Case for Waste Management PFI  
 West Berkshire Council - Strategic Waste Management within West Berkshire – PFI & the Future (15 December 2003)  
 West Berkshire Council - Integrated Waste Management Contract – Information Pack (March 2004)  
 West Berkshire Council - Delegate Briefing Folder for PFI Inception Meeting  
 West Berkshire Council - PFI Project - Stakeholder Communications  
 West Berkshire Council - The waste Minimisation & Recycling programme 2003/2004 to 2005/06  
 West Berkshire Local Plan

Hampshire County Council - Integra North 'Recovering Resources for All'  
 Bournemouth, Dorset & Poole Waste Local Plan – First Deposit Plan September 2003  
 Dorset County Council - A Municipal Waste Management Strategy for Dorset  
 Bracknell Forest Borough Council, Reading Borough Council & Wokingham District Council – Joint Waste Disposal Board: Progress Report on Waste PFI

Berkshire Structure Plan 2001-2016  
 South East – Regional Waste Management Strategy  
 South East England Regional Assembly - 'No Time to Waste' (March 2003)

HM Treasury – 'PFI: Meeting the Investment Challenge' – July 2003  
 DEFRA - Government Response to Strategy Unit Report 'Waste Not, Want Not' (2003)  
 DEFRA - Waste Strategy for England & Wales (May 2003)  
 DEFRA - Waste Not, Want Not – A Strategy for Tackling the Waste Problem in England (November 2002)  
 DEFRA - Guidance on Municipal Waste Strategies (March 2001)  
 DEFRA - Waste Strategy Guidance Best Value & Waste Management(August 2000)  
 DEFRA - Waste Strategy 2000 for England & Wales

Public Services Private Finance – Unison (March 2001)