



**Policy, Finance and
Development
Committee**

**Tuesday, 31 October
2017**

**Matter for
Information and
Decision**

Title: Closure of the Council's Materials Recycling Facility (MRF) (Part I)

Author(s): Martin Hone (Interim Director of Services)

1. Introduction

- 1.1. As part of the budget options to achieve the £700,000 annual revenue savings that the Council needs to make by 2019/2020 (as set out in the Medium Term Financial Strategy), a review of the viability of the Materials Recycling Facility (MRF) has been carried out.
- 1.2. This report recommends that it be closed by 31 March 2018 given recent decisions by Leicestershire County Council regarding recycling credits that have rendered the facility uneconomic to maintain.
- 1.3. Leicestershire County Council, as a waste disposal authority, has the legal power to 'direct' District and Borough Councils in relation to the collection of waste. The County Council has issued such a direction in relation to all recycling that is collected from the kerbside with effect from April 2018.
- 1.4. Please note that there certain implications to this report that are considered in the exempt part of tonight's agenda at agenda item 19c.

2. Recommendation(s)

- 2.1. That Members note the information in the report; and
- 2.2. Delegate to the (Interim) Director of Services, in consultation with the Chair of Service Delivery Committee, the final decision on the effective date for the closure of the MRF and the management of the decommissioning of the facility after the closure date.

3. Information

- 3.1. At its meeting on 6 July 2017, Council considered a range of options to identify budget savings options for 2018-2020, including waste services and the future of the MRF.
- 3.2. Members unanimously resolved that an options appraisal with the assistance of external specialist support be brought to a future Council meeting for consideration as soon as possible, outlining the future possibilities for services currently undertaken at the depot site.
- 3.3. At the Change Management Committee on 26 July, Members agreed to the appointment of suitably qualified consultants to assist in the review of refuse, recycling and green waste. Through a procurement process under the Eastern Shires Purchasing Organisation (ESPO) framework, SLR Consulting Limited have been appointed. SLR have started the project to bring all available options to a Member workshop session and thereafter to report to the Council meeting on 5 December in accordance with the timetable set at a meeting of this Committee on 25 July.

- 3.4. The Refuse and Recycling report considered by Council on 6 July also discussed Leicestershire County Council's decision to discontinue the payment of recycling credits to District and Borough Councils with effect from 1 April 2018. Instead the County Council, under its legal powers, will direct District and Borough Councils to a specified location where they must deliver any recyclables they collect. This prevents District and Borough Councils from selling their recyclates and making any income from them.
- 3.5. On 8 September 2017 Leicestershire County Council issued its Notices of Objection and Direction pursuant to the relevant sections of the Environmental Protection Act 1990.
- 3.6. The Notice of Objection sets out that the County Council has made alternative arrangements for the recycling of waste from 1 April 2018 and objects to this Council's retention of the waste and its current arrangements for the recycling of the waste, having decided to procure the recycling of waste itself.
- 3.7. In 2017/18, the Council budgeted for income from County Council recycling credits of £186,000 and for income from the sale of recyclables of £280,000, so the total loss to this Council from the County's decision equates to £466,000 per annum with effect from financial year 2018/19.
- 3.8. The Council collects approximately 4,000 tonnes of recycling each year. Waste that is covered by the County's decision is defined within the Notice of Objection, and in summary is all of the major household material types collected at the kerbside and through bring banks. However it does not include textiles which at present residents can include in their recycling bags. Alternative arrangements are being considered for the collection of textiles and will be communicated to residents as soon as possible.
- 3.9. After having served the Notice of Objection, the County Council subsequently issued its Notice of Direction directing where this Council is to deliver the defined recycling waste. This will be to Casepak at Enderby, the successful tenderer for the contract.
- 3.10. Within Leicestershire only Oadby & Wigston Borough Council and North West Leicestershire District Council (NWL) operate their own MRFs. NWL's MRF is a large, modern purpose built operation so as part of the County's procurement process, NWL bid to continue to recycle its own materials. This was subject to a rigorous evaluation of the capability of the site and processes in place.
- 3.11. In comparison this Council's MRF does not have the economies of scale to take the financial risk of being subject to the market nor the infrastructure to retain its operation and it was for these reasons that a bid was not submitted to the County. In addition, an unrealistic financial investment would have been needed to put forward a bid in the first instance with no guarantee of the bid being a success.
- 3.12. The annual direct costs of operating the MRF amount to £295,000 excluding central overheads. Given the decisions made by the County Council it is not considered economic to continue its operation beyond 31 March 2018.

4. Alternatives

- 4.1. It should be noted that since the County Council will stop paying recycling credits and prevent the Council from selling its recycling then the operational reality is that the Council has no choice other than to close the MRF as there will be no income to offset any of the MRF's operating costs. The County Council's direction notice will come into

force on 1 April 2018. From the residents' perspective the service will not change other than that the public will be able to comingle all of their recyclables into one bag rather than have to separate them into two as they do at the moment.

- 4.2. It should also be noted that the current fleet of recycling vehicles are nearly at the end of their life and decisions will need to be made within the next six months as to if and what vehicles should be procured. It is therefore essential that the Council is clear as to what recycling service it wishes to provide in the future.
- 4.3. Council officers visited the Casepak facility at Enderby in early October to view the operation and discuss the planned migration of work in line with the direction from the County Council. During the week commencing 16 October several truck loads of waste were sent to Casepak for test purposes. The outcome was very successful, and it is proposed that the Council sends more of its 'backlog' of unsorted waste to Casepak to help clear space at the Depot ahead of Christmas, where significant waste collection occurs. **Appendices 1** and **2** to this report set out some guidance on Casepak's requirements for the materials delivered to their site as well as 'Do's and Don'ts for residents.

5. Next Steps

- 5.1. The impact of the decision to close the MRF as regards staffing is set out in the confidential part of tonight's agenda. Annual cost reductions against budget are expected to be £295,000.
- 5.2. It will also be necessary to prepare a detailed decommissioning plan to clear the depot site and scrap the equipment. This will free up space at the depot that will be incorporated into a wider asset management strategy to be put to Council at a later date. The scrap value of the plant and equipment is nil.
- 5.3. Although the effective date for the new arrangements from the County Council is 1 April 2018, there may be operational considerations that could require the MRF to close sooner or later than that date (e.g. sooner if staff find alternative employment, or later if there is a backlog of recycling work at the beginning of April). For that reason, the Committee is asked to agree that the exact date of closure is delegated to the Interim Director of Services in consultation with the Chair of Service Delivery Committee.

Background Documents:

Report Entitled Timetable Budget Options 2018-19 and 2019-21 (PFD, 25 July 2017)
Medium-Term Financial Strategy (MTFS) (2017/18 to 2019/20)

E-mail: martin.hone@oadby-wigston.gov.uk

Tel: (0116) 257 2621

Implications Closure of the Council's Materials Recycling Facility (MRF) (Part I)	
Finance	The financial implications are as set out in the report.
Stephen Hinds (Director of Finance & Transformation / Section 151 Officer)	
Legal	The legal implications are as set out in the report.
Dave Gill (Deputy Monitoring Officer)	
Corporate Risk(s) (CR)	<input checked="" type="checkbox"/> Key Supplier/Partnership Failure (CR2)
Martin Hone (Interim Director of Services)	<input checked="" type="checkbox"/> Effective Utilisation of Assets/Buildings (CR5) <input checked="" type="checkbox"/> Organisational/Transformational Change (CR8)
Corporate Priorities (CP)	<input checked="" type="checkbox"/> Effective Service Provision (CP2)
Martin Hone (Interim Director of Services)	
Vision & Values (V)	<input checked="" type="checkbox"/> Not Applicable
Martin Hone (Interim Director of Services)	
Equalities & Equality Assessment(s) (EA)	There are no equalities implications.
Martin Hone (Interim Director of Services)	<input checked="" type="checkbox"/> Not Applicable