

Report to: Economy, Transport and Environment Scrutiny Committee
Date of meeting: 15 June 2016
By: Director of Communities, Economy and Transport
Title: Waste PFI Contract Update
Purpose: To update Scrutiny Committee on the Waste PFI contract

RECOMMENDATIONS: Scrutiny Committee is recommended to:

- (1) Note the update on the Waste PFI Contract; and**
 - (2) Provide feedback on progress and current issues.**
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1. Background

1.1 East Sussex County Council is the waste disposal authority and must arrange for the disposal of waste and recycling collected in the area by the waste collection authorities, as well as providing household waste recycling sites for local residents.

1.2 Following a four year procurement process, in April 2003 a 25-year Integrated Waste Management Services Contract worth £962m was awarded to Onyx South Downs Ltd – now known as Veolia South Downs Ltd – by East Sussex County Council (ESCC) and Brighton & Hove City Council (BHCC).

1.3 The contract has since delivered a number of important pieces of infrastructure which enable ESCC and BHCC to effectively manage all of the waste and recycling produced by over three quarters of a million residents living in the area.

1.4 An update report on the Waste PFI contract is attached as Appendix 1. Included in the report is information on:

- Collection of waste and recycling in East Sussex and Brighton & Hove
- Contract performance
- Savings and Efficiencies
- Other current issues

2. Conclusion and Recommendation

2.1 The contract is now in the operational phase and efforts are now focused on continuing to work with Veolia, partner authorities and Defra to improve performance and to achieve savings and efficiencies.

2.2 Scrutiny Committee is recommended to note and feedback on the update on progress and current issues.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None

1. Background Information

1.1 Overview

1.1.1 Unitary, collection and disposal authority functions

1.1.1.1 The County Council, Brighton & Hove City Council (BHCC) and the district and borough councils all have separate responsibilities regarding the collection and disposal of waste, which are defined largely by the European Waste Framework Directive, the Environmental Protection Act 1990, the Controlled Waste (England and Wales) Regulations 2012 and the Waste (England and Wales) (Amendment) Regulations 2012.

1.1.1.2 District and borough councils have duties as waste collection authorities to collect waste from the kerbside and fly-tips from relevant land, as well as carry out beach and street cleansing. They also have duties to collect separate materials for recycling.

1.1.1.3 East Sussex County Council is the waste disposal authority and must arrange for the disposal of waste and recycling collected in the area by the waste collection authorities, as well as providing household waste recycling sites for local residents.

1.1.1.4 Brighton & Hove City Council is a unitary authority and has responsibility for both collection and disposal functions.

1.1.2 Waste Disposal Contract

1.1.2.1 Following a four year procurement process, in April 2003 a 25-year Integrated Waste Management Services Contract worth £962m was awarded to Onyx South Downs Ltd – now known as Veolia South Downs Ltd – by ESCC and BHCC.

1.1.2.2 The contract has since delivered a number of important pieces of infrastructure which enable ESCC and BHCC to effectively manage all of the waste and recycling produced by over three quarters of a million residents living in the area.

1.1.2.3 The major achievements to date include the state of the art Energy Recovery Facility (ERF) at Newhaven, an In-Vessel Composting Facility (IVCF) at Whitesmith, a Materials Recovery Facility (MRF) at Hollingdean, three new Waste Transfer Stations (WTSs) and four new Household Waste Recycling Centres (HWRSSs). Plans are currently in progress to redevelop two more HWRSSs.

1.1.2.4 The authorities tendered the contract after being awarded £114m in government Private Finance Initiative (PFI) credits.

1.2 Drivers for change

1.2.1 Until the early 2000s, waste services provided by many local authorities relied heavily upon landfill as the end destination for most of the materials they collected.

1.2.2 However, during the 1990s and 2000s a number of measures and pieces of legislation were introduced to reduce waste being sent to landfill and increase recycling and composting.

1.2.3 The European Landfill Directive (1999) set a number of targets to reduce biodegradable waste to landfill culminating in 35% of 1995 levels by 2020. This would act as a driver to reduce landfill and increase recycling.

1.2.4 The UK Waste Strategy (2000) set a target to recycle or compost 33% of household waste and recover 67% by 2015. This would push authorities to increase recycling rates and find recovery options for their waste.

1.2.5 To provide some context, in 2003 East Sussex was recycling just 22%, with 76% of all waste being sent to landfill.

1.2.6 The government introduced landfill tax in 1996, which was initially £7 per tonne and has risen steadily to £84.40 per tonne in 2016 (excluding haulage and landfill site gate fees).

1.2.7 In addition, the Landfill Allowance Trading Scheme was introduced in 2004 via the Waste Emissions Trading Act (2003) and allocated ever decreasing landfill tonnage allowances to waste disposal authorities to force change and increase recovery and recycling of waste in order to ensure the UK's compliance with the European Landfill Directive (1999).

1.2.8 In East Sussex there was only one remaining landfill site at Pebsham, which closed in November 2013. There was strong public opposition to additional landfill or land raise sites in East Sussex and this meant that another solution needed to be developed in order to manage residual waste created by residents across the county.

1.2.9 All of these factors have helped to inform the Council's long term waste management strategy and to shape the Waste PFI contract that ESCC, BHCC and Veolia are partners in.

1.3 ESCC and BHCC Waste PFI project

1.3.1 In order to meet these targets, reduce waste to landfill and increase the amount of waste recycled and sent for recovery, a number of recovery and recycling facilities needed to develop. However the investment that was required to build and operate these facilities was beyond the capability of the authority.

1.3.2 The option pursued was a PFI contract which enabled the private sector to invest in and deliver these facilities and also provided the ability to access government funding to help subsidise the contract over its lifetime. East Sussex was initially working on a waste disposal solution for East Sussex only and had initial discussions with Defra about bidding for PFI credits. At the time a number of authorities were in the process of bidding and the bids were going to considerably exceed the amount that Defra had available. ESCC and BHCC decided to join up to improve the chances of being awarded credits and on the basis that together, better value for money could be achieved.

1.3.3 PFI contracts involve the private sector funding and operating public sector services, which the public sector ensure are being operated to an agreed specification and pay for over a long period of time. Contracts can typically last for 25-30 years but sometimes are much shorter or longer. The contracts mostly involve the development of infrastructure that is required to deliver a public sector service, but would be beyond the financial capabilities of the public sector to develop and fund itself.

1.3.4 PFI credits, now known as Waste Infrastructure Development Grants, provided annually by Defra to ESCC and BHCC are worth £114m over the initial 25 year contract period.

1.3.5 After the contract was awarded in 2003, there were a number of delays relating to the purchase of land and planning permission for the Newhaven Energy Recovery Facility (ERF) which is the largest piece of infrastructure in the project. This resulted in increased project costs for Veolia and as a result, further negotiations between Veolia and the Councils during 2007. During these negotiations an agreement was reached to extend the contract by five years and will now end in March 2033. This holding agreement informs a wider Deed of Variation currently being negotiated and drafted. This increased the original contract value from £962m to the existing value of £1100m.

1.3.6 The contract provides a range of facilities and services in order to effectively manage the Councils' waste and recycling and includes -

- a. Waste prevention, reduction and reuse
- b. Recycling (including green waste composting)
- c. Recovery of energy from waste
- d. Development of new waste management facilities
- e. Management of the 14 Household Waste Recycling Sites in the contract area (12 in East Sussex, two in Brighton & Hove)

1.3.7 A number of new facilities have been built since the contract was awarded and full details of these and all other existing facilities are available to view in **Annex 1**.

- a. New Household Waste Recycling Sites
 - i. Crowborough – replacement for a mobile site in 2004
 - ii. Maresfield, Uckfield – replacement for a mobile site in 2009
 - iii. Pebsham, Hastings – relocation of existing site in 2012
 - iv. Newhaven – relocation of existing site in 2011 and paid for directly by ESCC (not included as part of the contract)
- b. New Waste Transfer Stations
 - i. Maresfield, Uckfield – opened 2009
 - ii. Pebsham, Hastings – opened 2007
 - iii. Hollingdean, Brighton – opened 2008
- c. A Materials Recovery Facility (MRF), Hollingdean – opened 2008. Up to 80,000 tonnes of mixed recycling per year can be sorted and prepared for reprocessing.
- d. Woodlands In Vessel Composting Facility (IVCF), Whitesmith – opened 2009. Up to 60,000 tonnes per year of green waste and food waste from kerbside collections and recycling sites can be turned into a quality soil conditioner.
- e. The Energy Recovery Facility (ERF), Newhaven – opened 2011. This facility burns up to 242,000 tonnes of waste per year which would otherwise be delivered to landfill sites. The electricity produced is sold to the National Grid and supplies about 25,000 homes.

1.3.8 The total annual cost of the contract to the Councils is currently £35.66m (2014/15 figures) and further information on how this cost falls to each authority is provided in **Annex 2**.

2. Collection of waste and recycling in East Sussex and Brighton and Hove

2.1 BHCC

2.1.1 Brighton & Hove operates a weekly refuse collection service and fortnightly dry mixed recycling collection service which delivers material to the Hollingdean Materials Recovery Facility (MRF). Separate collection arrangements exist for the 20,000 households that are either flats or apartments. A garden waste collection trial is due to commence on 16 May 2016 and will initially be available to 23,000 households.

2.2 Lewes District Council

2.2.1 Lewes District Council operates as an 'in-house' Direct Labour Organisation. They collect weekly residual and food waste, with an alternate weekly collection of dry recycling. Lewes is the only authority in East Sussex to provide food waste collections. They are also trialling the chargeable collection of green waste in Seaford.

2.2.2 The residual and food waste is delivered to Newhaven Energy Recovery Facility. The residual waste is incinerated for energy recovery and the food waste is transferred by Veolia to Woodlands IVCF to be processed into a quality soil conditioner.

2.2.3 Lewes retains and makes its own arrangements for the sale of the dry recycling and the composting of the green waste. ESCC pays Lewes recycling credits for the dry recycling that it collects.

2.3 Joint Waste Collection Partnership

2.3.1 The remaining four District and Borough Councils (Eastbourne Borough Council, Hastings Borough Council, Rother District Council and Wealden District Council) formed the East Sussex Joint Waste Partnership in April 2013.

2.3.2 The partnership awarded a contract to Kier to deliver waste and recycling collections for over 200,000 homes in East Sussex and carry out street cleansing and beach cleaning. Eastbourne and Wealden joined the contract immediately on 1 April 2013, with Hastings joining on 1 July 2013 and Rother on 1 April 2014, in line with the expiry dates of their former contracts.

2.3.3 Eastbourne collects residual waste on a weekly basis, with Hastings, Rother and Wealden collecting alternate weekly. Depending on the area this is either delivered to a local waste transfer station for onward transfer to Newhaven ERF, or delivered directly there.

2.3.4 All four areas offer a green waste collection on a fortnightly basis, with Eastbourne and Wealden being free of charge and Hastings and Rother charging a subscription fee. Depending on the area this is either delivered to a local waste transfer station for onward transfer to Woodlands IVCF, or delivered directly there.

2.3.5 Dry recycling is collected on a fortnightly basis across the partnership area, with paper, card, plastics and cans co-mingled together and glass separated.

2.3.6 Kier retains and makes its own arrangements for the processing of mixed dry recycling (cans, paper, card, plastics with separate receptacle for glass).

2.3.7 Collections frequencies for the partnership are summarised in the table below. The partnership does not provide food waste collections as part of their contract services.

Collection Authority	Residual Waste	Recycling Collection	Garden Waste Collection	Annual Garden Waste Cost
Eastbourne Borough Council	Weekly	Fortnightly	Fortnightly	Free
Hastings Borough Council	Fortnightly	Fortnightly	Fortnightly	£50
Rother District Council	Fortnightly	Fortnightly	Fortnightly	£35
Wealden District Council	Fortnightly	Fortnightly	Fortnightly	Free

2.3.8 ESCC pays all five waste collection authorities recycling credits, summarised in **Annex 3**. Recycling credits are paid by ESCC where the waste collection authorities have made their own arrangements.

3. Contract performance

3.1 Infrastructure

3.1.1 The Waste PFI contract has delivered a number of pieces of infrastructure to help ESCC and BHCC deliver better waste services, in partnership with Veolia. Veolia have funded and operate all of the new facilities which the Councils pay for until 2033, when Veolia will pass ownership to the Councils.

3.1.2 In addition to the network of existing, redeveloped and new Household Waste Recycling Sites (HWRSS) and Waste Transfer Stations (WTSs), a number of processing facilities were built to enable ESCC and BHCC to manage waste and recycling self-sufficiently.

3.1.3 Veolia are able to sort recycling at the Hollingdean Materials Recycling Facility (MRF) in order for it to be sold to end markets.

3.1.4 Garden and food waste can be composted and then distributed to farmers, businesses and residents at Woodlands In-Vessel Composting Facility (IVCF).

3.1.5 The largest and most important facility delivered by the contract is the Energy Recovery Facility (ERF) at North Quay Road, Newhaven. This facility greatly reduces ESCC and BHCC reliance on 3rd party landfill sites and other ERFs. It accepts 94% of ESCC residual waste and turns it into electricity, which is then sold to the national grid.

3.2 Local, national and contractual targets

3.2.1 The table below shows the targets we set for ourselves in our ESCC Joint Waste Strategy and how our current performance compares with those targets.

Number	Target	ESCC Joint Waste Strategy targets for 2020	ESCC Performance 2014/15	Performance Summary

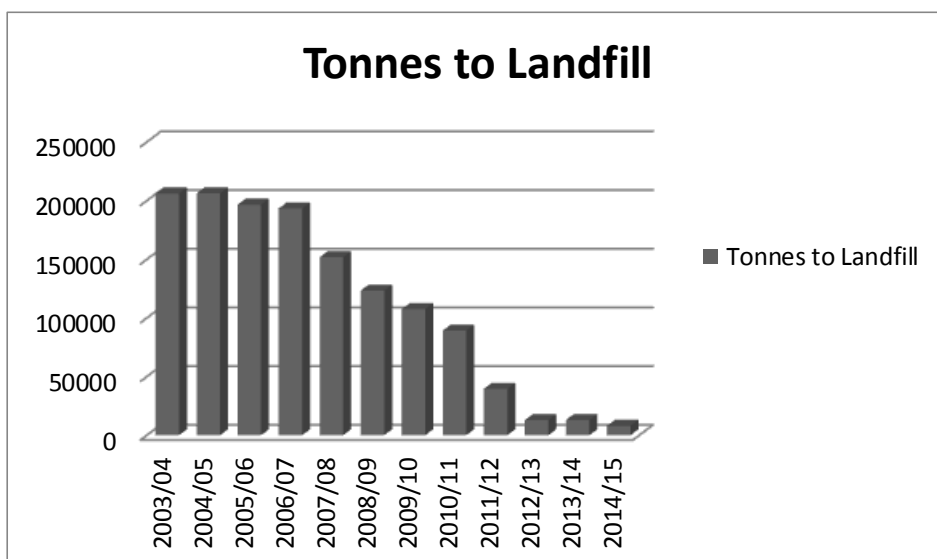
1	Waste per household	995kg	998kg	On target
2	Percentage recycled or composted	50%	42%	Requires considerable service development
3	Percentage reused	15%	13.3%	On target
4	Percentage residual waste to Newhaven ERF	95%	94%	On target
5	Total waste diverted from landfill	95%	97.3%	Exceeding target

3.2.2 All are being met or close to being met, except for total waste recycled or composted, which will require considerable effort in order to increase by 10% in the next four years. The East Sussex recycling rate currently stands at 42%.

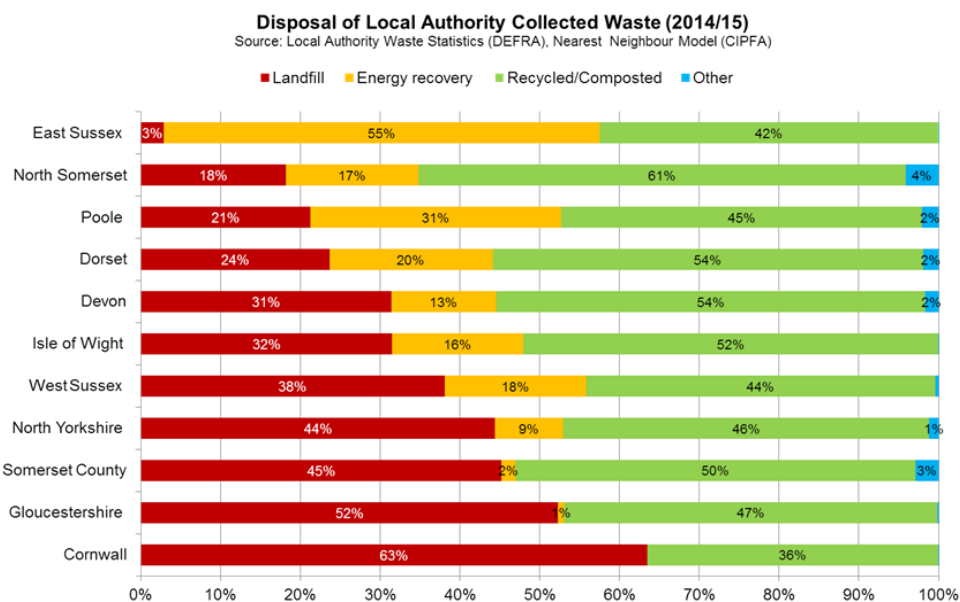
3.2.3 The European Waste Framework Directive requires member states to recycle or reuse 50% of household waste by 2020, which informs our Joint Waste Strategy target.

3.2.4 The Waste (England and Wales) (Amendment) Regulations 2012 also imposes a duty on Waste Collection Authorities (WCAs) to provide a separate collection of recycling which must include paper, metal, plastic and glass. BHCC and all WCAs in East Sussex provide these services to residents.

3.2.5 A major achievement in the reduction of waste to landfill has been delivered by the contract. In 2003/04 over 200,000 tonnes of waste was being sent to landfill each year and in 2014/15 less than 10,000 tonnes of waste was sent to landfill.



3.2.6 The chart below shows how East Sussex compares with its local authority Nearest Neighbours. East Sussex is the highest performer in reducing waste to landfill with only 3% of waste sent to landfill in 2014/15.



3.2.7 This also means that if ESCC had not delivered the ERF facility, an additional £6.2m would be spent on landfilling waste each year.

3.2.8 In addition the waste PFI contract contains a number of targets and the key indicators are summarised in the table below.

Target	Contract Target %	Actual %
Contract Recycling Rate	33%	39.6%
Contract Recovery Rate	67%	70%
Contract Landfill Rate	5%	2.7%

3.2.9 Veolia are currently achieving all contractual targets, manage the contract efficiently and receive positive feedback from residents with relatively few complaints, given how many people use the service. There are 17 years left to continue managing the sites and service and the Councils are keen to build on the achievements to date and agree more challenging targets in the future in order to improve performance.

3.2.10 The Councils and Veolia have recently begun trialling new indicators to monitor a number of performance areas including HWRS recycling and landfill rates, in order to further improve the service and performance.

3.2.11 The HWRS service accounts for about a fifth of the waste that ESCC residents produce and contributes to the overall recycling target in the contract. This element of the service is under the direct control of the Councils and Veolia.

3.2.12 An area where improvements could still be made is at the sites, where 20% of waste received is currently landfilled. Benchmarking has shown that some neighbouring authorities in the South East are landfilling less than 5% of material from their HWRSSs. Work is ongoing with Veolia to reduce waste to landfill.

3.2.13 The Councils are committed to increasing recycling. It is recognised that the current contract recycling, recovery and landfill targets are being achieved and there is a strong desire to do better over the remaining 17 years of the contract.

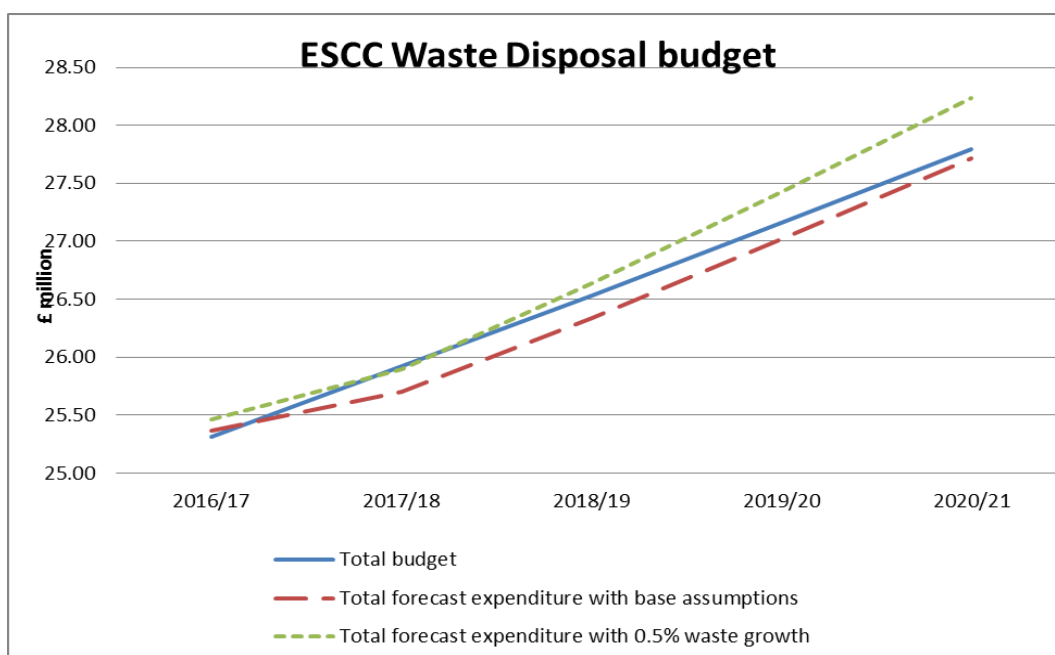
3.3 Affordability of the IW MSC over the Medium Term Financial Plan period 2016/17 to 2020/21

3.3.1 The current forecast total expenditure in relation to waste disposal includes the following assumptions around annual movement in key variables:

- i. 0.52% increase in the number of households based on the current District and Borough plans of around 1,400 households per year
- ii. 0% increase in waste volumes produced by each household
- iii. 2.5% RPIX on which contract price increases are based
- iv. Increase in electricity prices at 1% above RPIX
- v. Annual 0.5% increase in recycling volumes

3.3.2 The Corporate Waste Reserve was reviewed during 2015/16 and is now set at a balance of £12.8m which is calculated to meet the risk of high level adverse movements in the key variables over the next MTFP. Based on current forecasts it is not expected that it will be necessary to draw down funds from the reserve over the next five years. However, the variables outlined above are difficult to predict and small movements can have a significant impact.

3.3.3 The chart below shows forecast expenditure against budget which is assumed to increase with RPIX at 2.5%. Also shown is the impact of waste growth per household of just 0.5%. The annual increase in cost would be around £100,000 every year.



3.3.4 Of the 244,000 tonnes of household waste in East Sussex, recyclable materials totalling 44,000 tonnes are currently retained by the ESCC Waste Collection Authorities. Any change in arrangements in the future could impact on disposal costs.

3.3.5 An internal project team made up of existing contract team staff has been set up to look at all possible options to make efficiencies within the contract, and progress continues to be made. However, as highlighted by Defra in their recent contract review (see section 4.3.2 below), it could be possible to make further savings and at a faster pace if additional support and resource were available.

3.4 Affordability over the long term

3.4.1 Other than potential adverse movements in key variables affecting waste disposal costs, the following pressures could require additional resources:

- i. Defra PFI funding ends in 2028 creating a pressure of £3m per annum for the last five years of the contract.
- ii. The contract extension included an agreement not to charge Veolia rent for a number of Council owned or leased sites during the last five years of the contract. The exact scope is still under negotiation.
- iii. There will be procurement costs associated retendering waste disposal service after 2033.

4. Savings and Efficiencies

4.0.1 Over the last three years the contract has entered its operational phase, where all facilities have been designed, built and successfully delivered.

4.0.2 Since then, attention has turned to ensuring that the service runs as efficiently as possible in order to deliver savings back to the authorities and reduce the cost of the contract.

4.0.3 Savings and efficiencies have already been delivered, proposals are currently being developed and more recently, additional support from Defra has helped to identify new opportunities.

4.1 Savings and efficiencies achieved

4.1.1 The following table shows a summary of savings achieved to date as a result of benefits negotiated through the holding agreement, which will be incorporated into the deed of variation.

	Total achieved to date (2015/16)
Electricity income share	£2,559,000
Income share on Third Party Waste processed at Newhaven ERF	£933,000
Income share on Third Party Waste delivered to Waste Transfer Stations	£176,000
Non-payment for Waste Electrical and Electronic Equipment (WEEE)	£520,000

4.1.2 More recently further savings have been achieved with Veolia, as summarised in the table below.

Opportunity	Start date	2014/15 saving	2015/16 saving
Landfill diversion to other energy recovery facilities during Newhaven ERF annual shutdown	Summer 2014	£22,000	£23,000
Reduction in opening hours at three HWRSSs in East Sussex (7 days to 3 days a week opening)	October 2014	£25,000	£100,000

4.2 Household Waste Recycling Sites (HWRSS) reduced opening hours update

4.2.0.1 Reduced opening hours at Forest Row, Seaford and Wadhurst HWRSSs was implemented on 1 October 2014 in an effort to reduce costs associated with the HWRSS service and deliver £100,000 of savings per year to ESCC.

4.2.1 Waste tonnage

4.2.1.1 All three sites have experienced substantial drops in tonnage following the change, ranging from -15.5% to -34.9%. The overall trend across East Sussex is an increase in tonnage (+5%) over this period.

4.2.1.2 It is possible to see that some of the waste from the sites with reduced opening days has been displaced to neighbouring sites, for example from Seaford to Newhaven, and from Forest Row and Wadhurst to Crowborough.

Tonnage (rolling 12 month period)	Oct 13 to Sep 14	Oct 14 to Sep 15	Change in tonnage	Percentage change
Crowborough	3,439	3,920	481	14.0%
Eastbourne	7,864	8,281	417	5.3%
Forest Row (part closure)	1,713	1,194	-519	-30.3%
Hailsham	3,930	4,378	449	11.4%
Hastings	11,251	12,203	953	8.5%
Heathfield	3,448	3,801	353	10.2%
Lewes	3,265	3,354	88	2.7%
Maresfield	4,501	4,956	455	10.1%
Mountfield	4,039	4,515	476	11.8%
Newhaven	6,919	8,683	1,764	25.5%
Seaford (part closure)	4,962	3,229	-1,733	-34.9%
Wadhurst (part closure)	2,059	1,740	-319	-15.5%
East Sussex total	57,389	60,254	2,865	5%

4.2.2 Visitors

4.2.2.1 No data is currently held on visitor number as traffic counters are not installed on HWRSSs. There are plans in place to install counters at all HWRSSs during 2016/17.

4.2.2.2 Feedback from site users, Veolia and officers supports the view that Forest Row, Seaford and Wadhurst HWRSSs were exceptionally busy over the Easter/spring period in 2015. This is traditionally the busiest time of the year at all HWRSSs but the recent change in opening days contributed to this. At Easter/spring 2016, the sites were busy, but not to the same extent as the previous year. This was attributed to residents visiting other sites and choosing to visit outside of peak hours such as Sunday afternoons.

4.2.3 Recycling rates

4.2.3.1 The table below shows recycling rates at the sites before the reduction in hours and afterwards to gauge the effect on performance. A slight drop in recycling was seen across the network of sites, but the drop at the reduced hours sites is slightly more than the average. This can be explained by the sites experiencing higher increased visitor numbers during reduced opening hours, meaning the staff onsite have slightly less time to try to engage with and encourage all residents to recycle as much as possible.

	HWRSS Recycling rates				
	Forest Row	Seaford	Wadhurst	All other HWRSSs	East Sussex HWRSSs
Oct 2013 - Sept 2014	51.6%	57.4%	52.0%	50.9%	50.6%
Oct 2014 - Sept 2015	50.1%	56.3%	50.5%	49.1%	49.1%

4.2.4 Performance deductions

4.2.4.1 One performance deduction notice has been issued to the three sites since the change was implemented. This relates to the condition of the metal container.

Ref.	Site	Date of incident	Amount	Description
76_2014-15	Seaford HWRSS	12/12/2014	£597.18	Each failure to observe any Legislation relating to any health and safety requirement. Specifically, a fairly big, nasty sharp edge on metal container, which was in use and not covered at the time of an inspection.

4.2.5 Complaints

4.2.5.1 Since October 2014, 16 complaints have been received regarding the reduced opening hours at the three HWRSSs. The majority of these complaints relate to queuing at Seaford HWRSS which at times in spring 2015, extended around Cradle Hill Industrial Estate. This can be more of an issue when the site is closed for 15-20 minutes for servicing the containers, as residents are not allowed on site when this is taking place. Complaints have subsided in 2016 and not a single complaint has been received about this issue. This is attributed to many local residents opting to use Newhaven HWRSS at weekends. Council Officers also met with local businesses on the industrial estate to address their concerns.

4.2.5.2 In response to these complaints, in April 2015, Veolia implemented a number of changes to the layout at Seaford HWRSS to install new textile banks, relocate the chemical store and set

up a paint and chemical deposit area, relocate the oil banks to make space for more containers, add two additional containers to increase green and general waste capacity, and add one additional parking bay to allow one extra car on site at any given time. These changes have greatly improved the running of the site.

4.2.5.3 An issue with queuing into Wadhurst HWRS was also reported by site staff in spring 2015. Staff were concerned that traffic queuing was backing on the main road. Although this did not result in many complaints, the issue was referred to ESCC Traffic & Safety who installed two signs in the surrounding roads to warn drivers of queuing traffic ahead.

4.2.5.4 The following table shows all complaints relating to opening hours since October 2014:

Date	Site	Details
22/06/2015	Seaford HWRS	Seaford HWRS Servicing
03/07/2015	Seaford HWRS	Seaford HWRS queues
01/06/2015	Seaford HWRS	Complaint about queues at Newhaven HWRS caused by opening times at Seaford HWRS
27/05/2015	Seaford HWRS	Complaint about Seaford HWRS no longer being open 7 days a week
20/05/2015	Seaford HWRS	Complaint about people from Seaford using Newhaven HWRS
20/04/2015	Seaford HWRS	Complaint about queues at Seaford and mixing of different waste streams
15/04/2015	Seaford HWRS	Would like to know where to take cardboard when Seaford HWRS is not open
14/04/2015	Seaford HWRS	Had reported incident of fly-tipping (was referred to Lewes DC), but also attributed this to the decision to close Seaford HWRS.
10/04/2015	Seaford HWRS	Traffic queuing outside Seaford HWRS obstructing access to industrial units
10/04/2015	Seaford HWRS	Traffic queuing outside Seaford HWRS obstructing access to industrial units
23/03/2015	Seaford HWRS	Complaint about HWRS closure while containers emptied
18/03/2015	Seaford HWRS	Complaint about queue into Seaford HWRS.
11/03/2015	Seaford HWRS	Complaint about the queue and length of time taken to go through Seaford HWRS
17/07/2015	Wadhurst HWRS	Wadhurst HWRS opening hours
06/07/2015	Wadhurst HWRS	Complaint about Wadhurst HWRS part week opening hours
13/05/2015	Wadhurst HWRS	Complaint about staff at Wadhurst HWRS

4.2.6 Financial saving

4.2.6.1 These changes were negotiated with Veolia and deliver £100,000 of savings per year across the three sites. Over the remainder of the contract, this will deliver a saving of £1.85m.

4.3 Defra involvement in the contract

4.3.1 Background

4.3.1.1 The Department for Environment, Food and Rural Affairs (Defra) has been integral to the PFI contract since its inception.

4.3.1.2 Defra contributions will total £114m over the first 25 years of the contract. Payments are made to ESCC and BHCC annually and help to offset the cost of the contract. Defra payments are due to stop in 2028.

4.3.1.3 The Councils entered into a PFI agreement with Defra at the beginning of the project and more recently entered into a Memorandum of Understanding (MOU) in order to access additional support provided by Defra's Waste Infrastructure Delivery Programme (WIDP).

4.3.2 Contract support during 2016

4.3.2.1 During 2016 Defra have undertaken contract management training with the Councils and have carried out a contract management and efficiency review.

4.3.2.2 The contract review demonstrated that the project is being managed well and highlighted a number of areas where good practice was evident including –

- a. The structure of the team which is similar to the WIDP contract management manual recommended structure
- b. Contract governance
- c. The Councils' understanding of the contract and the potential for savings
- d. Management systems, record keeping and document control

4.3.2.3 The Defra review team also made a number of recommendations, summarised below -

- a. Ensure that the Deed of Variation currently being drafted and negotiated provides value for money for the Councils
- b. The Authorities should build on existing work to identify and pursue opportunities to reshape the contract that delivers savings at the requisite service levels at an affordable cost into the future (Defra advise this requires additional resource)
- c. Further strengthen the current management of the service by producing and using the WIDP contract management manual
- d. Ensure the team is as well-resourced as possible to effect positive change

4.3.2.4 The Councils are currently working with Defra advisors to plan how best to implement the recommendations with their continued support, where appropriate.

5. **Other current issues**

5.1 Deed of Variation

5.1.1 ESCC and BHCC are currently working with advisors and Veolia on the drafting and finalisation of a Deed of Variation, which expands upon and formalises a number of issues agreed and signed off in the holding agreement including the five year extension agreed with Veolia and a number of other relevant issues agreed since then.

5.2 The Joint Waste Collection Partnership

5.2.1 When the joint collection contract commenced, it was anticipated that it would deliver higher recycling rates than is currently being achieved. If another 13,000 tonnes of material was

recycled through the collection contract, as was hoped for initially, ESCC would save £800,000 per year in disposal costs as less waste would be placed in residents' residual bins.

5.2.2 Work has also been completed with the Joint Waste Collection Partnership to support the Waste and Resources Action Programme (WRAP) funded recycling communications campaign to increase kerbside dry recycling. The campaign included social media messages, a Your County article, press releases, posters, leaflets, panels on waste collection vehicles and website updates. So far provisional figures show a slight increase in the household kerbside recycling rate of 0.6%.

5.2.3 A joint bid with the Joint Waste Collection Partnership to the Department for Business, Innovation and Skills resulted in a £40,000 grant from Waste Electrical and Electronic Equipment (WEEE) compliance funds to increase the amount of separately collected domestic WEEE for recycling. The project will involve initiating a kerbside household WEEE collection, and improvements to waste collection vehicles, in order to collect the material. A communications campaign will run alongside this. It is planned to launch the project in September 2016, after an initial trial period, and for the communications campaign to run through to March 2017.

5.2.4 ESCC continues to work closely with the joint collection contract team and the respective districts and boroughs to help to improve recycling rates and reduce disposal costs.

5.3 Joint working opportunities with neighbouring authorities

5.3.1 ESCC are currently engaging with neighbouring disposal authorities to discuss opportunities for working together, sharing information, delivering cost savings and developing services together.

5.3.2 ESCC also network with other local authorities which contract with Veolia to share innovation and experiences. Possible joint working is also considered, but as contracts vary widely and are at different stages, opportunities are limited.

5.4 Street sweepings

5.4.1 A trial is currently underway at Pebsham and Maresfield Waste Transfer Stations to separate and send mechanical road sweepings for recycling. The Councils are working with Veolia towards how this service might be rolled out to other facilities.

6. Conclusion

6.1 East Sussex and Brighton & Hove in partnership with Veolia and Defra have delivered major pieces of infrastructure that enable the authorities to manage waste and recycling locally with minimal reliance on third party or out of county facilities.

6.2 If the Newhaven ERF had not been delivered and the Councils were still landfilling waste, the cost of the contract would be £9.5m more per year (£6.2m to ESCC alone).

6.3 This is a very strong position to be in, where many other authorities are reliant on 3rd party facilities and vulnerable to market pressures.

6.4 The contract is now in the operational phase and efforts are now focused on continuing to work with Veolia, partner authorities and Defra to improve performance and to achieve savings and efficiencies.

7. Next Steps

- a. Finalise and sign off Deed of Variation.
- b. Continue to work with Defra to ensure the contract is managed to the highest standard and achieves additional savings and efficiencies.
- c. Work with Veolia towards further reducing waste to landfill.
- d. Work with Veolia to increase recycling rates at the HWRSSs.
- e. Work with partner authorities to increase recycling rates and reduce waste disposal costs.

Annex 1 – List of IWMSC facilities

Facility Type	Waste Facility	Address	Landowner
WTS	Hollingdean WTS	Hollingdean Lane Brighton BN1 7BB	Brighton & Hove City Council
WTS	Maresfield WTS	Batts Bridge Road Maresfield TN22 2HN	East Sussex County Council
WTS	Pebsham WTS	Bexhill Road St Leonards-on-Sea TN38 8AY	Hastings Borough Council
MRF	Hollingdean MRF	Hollingdean Lane Brighton BN1 7BB	Brighton & Hove City Council
IVCF	Woodlands IVCF	Whitesmith (A22) Chiddingly Lewes BN8 6JB	East Sussex County Council and Brighton & Hove City Council
ERF	Newhaven ERF	North Quay Road Newhaven BN9 0AB	Threadneedle UK Property Trust
HWRS	Brighton HWRS	Wilson Avenue Brighton BN2 5PA	Brighton & Hove City Council
HWRS	Crowborough HWRS	Farningham Road Crowborough TN6 2JR	East Sussex County Council
HWRS	Eastbourne HWRS	St Philip's Avenue, Eastbourne	East Sussex County Council
HWRS	Forest Row HWRS	Station Road Forest Row RH18 5DW	East Sussex County Council
HWRS	Hailsham HWRS	Station Road Hailsham BN27 2BY	Wealden District Council
HWRS	Hastings HWRS	Bexhill Road Hastings TN38 8AY	Hastings Borough Council
HWRS	Heathfield HWRS	Burwash Road Heathfield TN21 8RA	East Sussex County Council
HWRS	Hove HWRS	Leighton Road Hove BN3 7AE	Brighton & Hove City Council
HWRS	Lewes HWRS	Ham Lane Lewes BN7 3PS	Lewes District Council
HWRS	Maresfield HWRS	Batts Bridge Road Maresfield TN22 2HN	East Sussex County Council
HWRS	Mountfield HWRS	London Road Mountfield TN32 5LX	East Sussex County Council
HWRS	Newhaven HWRS	New Road Newhaven BN9 0EH	East Sussex County Council
HWRS	Seaford HWRS	Cradle Hill Industrial Estate Seaford	Lewes District Council
HWRS	Wadhurst HWRS	Faircrouch Lane Wadhurst TN5 6PT	East Sussex County Council

Annex 2 – Annual cost of contract

2014/15	ESCC £m	BHCC £m	Total £m
Disposal and HWRS Management	25.09	11.86	36.95
Deductions	-0.23	-0.12	-0.35
Third party profit share	-0.17	-0.09	-0.25
Electricity income share	-0.15	-0.08	-0.23
Recycling income share	-0.02	-0.44	-0.46
Net Unitary Payment	24.52	11.14	35.66
PFI grant	-3.00	-1.50	-4.49
Net Contract cost	21.52	9.64	31.16

ESCC and BHCC are allocated a proportion of the unitary payment elements mainly based on the number of tonnes of the relevant type of waste each delivers into the Integrated Waste Management Services Contract.

Contract cost/deduction in relation to	Relevant basis for sharing (where relevant by no of tonnes delivered by each Council into the IWMS)
Base disposal payment for household waste	Household waste tonnes
Base disposal payment for non-household waste	Non-household waste tonnes
Payment for household waste processed at the Newhaven Energy Recovery Facility	Household residual tonnes (i.e. excluding those that can be recycled or reused)
Payment for non-household waste processed at the Newhaven Energy Recovery Facility	Non-household residual tonnes (i.e. excluding those recycled or reused)
Payment for non-household waste reused	Non-household tonnes reused
Payment for waste incinerated (i.e. at a third party facility where there is no energy recovered)	Tonnes incinerated
Payment for waste landfilled	Total contract waste delivered less tonnes recycled, tonnes reused, tonnes incinerated and tonnes processed at the Newhaven Energy Recovery Facility
Payment of Household Waste Recycling Site management fee	Base Case cost of management of sites in Council's geographical area (ESCC x 12 and BHCC x 2)
Deduction for reduced hours at 3 ESCC Household Waste Recycling Sites	ESCC only
Deduction for performance breaches	Total contract waste tonnes
Deduction for third party waste process at Newhaven Energy Recovery Facility	Household waste tonnes
Deduction for electricity income share	Total residual tonnes
Deduction for recycling income share	Total collected dry recycling tonnes

Annex 3 – Recycling credit payments 2014/15

Waste Collection Authority	Total payment from ESCC 2014/15
Eastbourne Borough Council	£470,237
Hastings Borough Council	£225,644
Lewes District Council	£340,851
Rother District Council	£557,805
Wealden District Council	£1,243,694