

HOUSING, ECONOMY & INFRASTRUCTURE SCRUTINY COMMITTEE

Minutes of a meeting of the Housing, Economy & Infrastructure Scrutiny Committee held on Thursday, 20th December 2012 at 2.00pm in the Severn Room, Business Development Centre, Stafford Park, Telford.

PRESENT: Councillors C. Turley (Chair), F. Bould, E. Carter, C. Mason, C. Mollett, J. Seymour; Co-optees D. Johnson, S. Reynolds.

Also attending: M. Whitfield, Strategic Waste Team Leader; S. Jones, Scrutiny Officer.

HEISC-1 APOLOGIES FOR ABSENCE

Cllr. K. Tomlinson.

HEISC-2 DECLARATIONS OF INTEREST

None.

HEISC-3 VALUE AND MARKET TRENDS OF RECYCLABLE WASTE STREAMS

The Chairman welcomed members to the meeting and invited the Strategic Waste Team Leader to give a presentation on the value and market trends of recyclable waste streams which was related to the work that the Committee would do next year looking at the detailed evaluation of a Council owned Transfer Station.

The Strategic Waste Team Leader gave a presentation aimed at providing information on the viability and factors affecting the value of waste. This highlighted the following points:

- Clips from waste journals and industry announcements illustrated the volatility and susceptibility of the waste market to global economic conditions over the past 4 years, notably the dramatic fall in demand and prices towards the end of 2008 with the onset of the global recession. This had driven a need for additional storage capacity and increased shipping costs. Prices had recovered although plastics and mixed cans had not reached pre-2008 levels. More recently the dip in demand for plastics from China and the ban on plastic imports to Malaysia had resulted in another dip in plastics prices. It was noted that the last four years had been a period of recession and the bidders for the waste services contract were now looking 20 years ahead.
- A number of tables and graphs illustrated the trends in the average price per tonne of recyclates currently collected in Telford & Wrekin at the kerbside (mixed glass, paper, card, mixed cans, plastics, textiles and footwear); the increases in landfill

tax announced by the government between 2012/13 - 2014/15; examples of gate fees; costs per tonne of landfill; costs per tonne of food waste treatments; the cost of materials separation; the cost per tonne for bulking station handling; the price per mile per tonne of bulk transport; the approximate miles transported to re-processors for each type of waste - all of which affected the potential income from each waste stream.

- In the current market once delivery and handling costs were taken into account, there was a cost to recycling mixed glass and card, paper was very low value, and other waste streams generated varied levels of income. The value of textiles was high, but the volumes collected from the Councils kerbside collection service in Telford & Wrekin were low. Prices for plastics and mixed cans had plummeted to no or negative value in late 2008. There had been a recovery but with another dip in plastics during the second half of 2011. Under the Council's existing waste contract, the contractor makes money on materials whose value covers the cost of handling and transport, and bears the cost of materials which do not cover the cost of handling and transport. There is thus little incentive for the contractor to increase the recycling (and divert from landfill) of materials which cost money (mixed glass and card) or have little value (paper).
- Based on published prices and current volumes, the potential income from the combined waste streams from kerb-side collections in Telford & Wrekin was projected as approximately £60k per month after delivery and handling charges totalling around £79k per month.
- Over 12,000 tonnes per year of plastic film and food currently go into the landfill (black) bins in Telford & Wrekin which could be introduced into the recycling service.
- Big companies such as the bidders for the waste services contract use volume to drive out competitive prices with reprocessors. This would be more difficult for the Council to negotiate because of the smaller volumes of waste produced in Telford & Wrekin, and a drop in the market could make the Council vulnerable. To "play the market" the Council would need storage space for the waste, and someone to watch the market so materials could be sold at the optimum time. Additional storage space at a Transfer Station would increase capital costs.

A number of questions were asked during the presentation and the following detailed information was provided:

- The paper prices were for "news & pams" (newspapers and pamphlets) as collected at the kerbside and not for printed paper such as the Council or a business may dispose of.
- Plastics included trays and bottles, but not plastic film. Plastics had the widest fluctuation in price because it was linked to oil prices. Bidders were being encouraged to recognise this so that the Council is protected against fluctuations and carries no risk. However, the market for plastics is developing and as technology improves the market develops which in turn stimulates further investment. Individual polymers – such as High Density Polyethylene (HDPE) – can be separated and sold to any company pressing plastics, or can be melted down with other plastics, or taken back to the oil refinery. Recycled materials are now starting to be seen in food-grade plastic bottles.

- The Council offers a kerbside collection for textiles which have a high value, but the volumes collected are low (10 tonnes), possibly due to the fact people tend to give old clothes to charity shops. Some Members thought the Council should do more to promote the textile kerbside collection as they had not been aware that it was available, and this would increase tonnage and potential income, but other members said that the service was already detailed in existing information.
- Mixed glass currently has no value. There is a price differential between colours, and some plants have invested heavily in colour sorting although the differential could get lost in other costs and overall values were low. In Telford & Wrekin glass is collected mixed and is not separated at the kerbside. Usage of recycled glass is developing, for example on road surfaces or white lines.
- Telford & Wrekin collects mixed cans, but different metals have different prices and some authorities collect separately. The price of steel and mixed cans was very close, but aluminium has a much higher value and there was potential to generate more income by separating aluminium at source. However there is a cost to separating the steel from the aluminium.
- The average cost per tonne for bulking station handling was around £3 and average price per mile per bulked tonne is around 29 pence which is linked to fuel costs. Transport costs and emissions depend on the distance to the reprocessor and this would be determined by the bidders – they would know that selecting reprocessors closer to home would drive down costs.
- Card has a low value because it is at the bottom of the recycling cycle when fibre is degraded. Card quality is variable - there has been a shift to replacing plastic food packaging with card but food cartons are then mixed with lower quality card. The very bottom of the cycle (e.g. corrugated cardboard) can be cheaper to dispose of than to recycle. However, there are still many new applications for card, for example parcel shelves in cars.
- There is still a lot of recyclable material such as paper put in black bins, and other materials such as food waste and film which are not currently recycled but which could be in future. Food would require an additional collection. Food waste would cost around £35 per tonne to treat in an anaerobic digester (AD) but this would be less than around £90 per tonne to landfill - the differential would need to be enough to pay for a collection service. AD is a good option for food because it is a “wet” process and generates energy, whereas incineration generates little energy because of the amount consumed to drive off moisture before incineration occurs. Film could be collected using the existing service if a reprocessor was able to take it. Mixed film with the currently accepted plastics could increase landfill diversion but the current income for plastics could be significantly reduced by mixing with film. Diverting plastic film and food waste from residual waste would save money or potentially generate income. The opportunity to increase textile tonnage had already been discussed. All recycling would help the Council to save on landfill tax which will increase by £8 per tonne per year to 2014/15.

Following the presentation, a number of other questions and issues were raised by members as follows:

- Members noted there was no mention of the potential use of the Rail Freight Terminal or rail freight costs in the transport costings. Members were told that the

bidders had been encouraged to consider the RFT as part of their solutions but it remained to be seen whether bids involving the terminal would come forward, and scope is limited by how few reprocessor plants are currently rail linked. Some members felt very strongly that use of the RFT and a co-located bulking station on Council owned land in Hortonwood should be considered by the Council as part of the waste services procurement process. The Council should keep hold of the land at the terminal until this issue is resolved. The aim should be to look at multi-modal transport, and linking the RFT to other terminals around the country to take pressure off roads as much as possible. An advantage of the RFT was that waste could be stored and held in sidings at the terminal until it was ready to be moved. Members felt the Council needed to be liaising with Schenkers about this, especially looking at the longer term 20 year view. It was further suggested that the Cabinet member should also be looking towards the Local Enterprise Partnership, especially Shropshire, to use the RFT. It was suggested that scrutiny has a role in bringing this together.

- Members asked the Strategic Waste Team Leader whether the Council had a view on the ownership of a Transfer Station. As an officer he was not able to comment but said it would be unusual for a Council to have its own Transfer Station and there were many considerations but both options would be considered.
- Members wanted to know whether the Council had scrutinised TWS' accounts over the last 4-5 years to find out how much profit they made from Telford & Wrekin's waste. The officer replied that TWS accounts had been looked at, but as there is a sub-contract arrangement with Pink Skips, and because of the way the accounts are reported, it was not possible to extrapolate exact figures. A significant amount of work had been done with expert advice on the payment mechanisms for the future contract to avoid unforeseen consequences. Members felt it was important for the financial information about TWS to be available to scrutiny in order to make recommendations.
- Members wanted to know how the opportunities for income from commercial waste would be factored into an assessment of a Council-owned Transfer Station, and whether the Council was influencing bidders to look at commercial waste opportunities. The officer replied that the bidders had been told that the Council would be happy for a Transfer Station to be used to handle commercial wastes collected by the contractor, and for a CRC type facility to accept commercial wastes to be proposed. Members pointed out that a lot of trade waste currently goes to landfill, and this should be factored into the evaluation of the waste services solutions. For example, members suggested that the Council could have a role in helping small businesses to negotiate collection services - small businesses pay for a regular collection service regardless of whether their bin is full or not, so there could be the potential for shared collection points or smaller bins. The Council could sell this as a service and the waste could be merged with the domestic recycling waste and sold on.

At the end of the discussion, Members said that for the Council to carry out a proper evaluation of a Council transfer and bulking facility, work must already have been done and be on-going to identify the costs and potential income in order to evaluate

the option against the bidder solutions. It was agreed that another meeting would be held early in the New Year, and that the Cabinet Member for Neighbourhood Services and Co-operative Council should be invited with officers to present this information and answer questions.

RESOLVED

That a Committee meeting be held early in 2013 and the Cabinet Member for Neighbourhood Services and Co-operative Council be invited.

HEISC-4 WORK PROGRAMME

The Scrutiny Officer had circulated a short briefing note on the items suggested for the Committee's work programme for members to consider. Notes from the West Midlands Scrutiny Chairs' Network had also been circulated, along with an e-mail giving feedback from Cllr. Carter who had attended the meeting with the Scrutiny Officer.

There was a discussion about the suggested topics for the work programme and the following was agreed:

- That a meeting would be held for members to receive a briefing on the Community Infrastructure Levy. Members noted that this was a matter which had been referred to scrutiny by Cabinet and there was therefore a duty for scrutiny to look at this. It was agreed that this would be discussed at the same meeting as the waste issues discussed earlier in the meeting.

- Cllr. Carter provided feedback from the West Midlands Scrutiny Network which he had attended on 6th December. Cllr. Simon Hackett, Cabinet Member for Housing at Sandwell MBC had presented the Council's Housing Stock Policy. Sandwell were in a different position to Telford & Wrekin in that they had their own Council housing stock, but the Council was implementing some innovative strategies which Cllr. Carter felt it would be interesting to explore in Telford & Wrekin. Cllr. Carter highlighted a number of issues which he felt the Committee should look at including the role of the Cabinet Member and Council in developing relationships with the Registered Social Landlords and Housing & Communities Agency; the release of land for housing development; tackling over-crowding and under-occupancy, linked to the housing benefit changes; meeting the demand for bungalows; working with private landlords; the opportunities for non-traditional build; the opportunities for Council owned stock. A further presentation had been given by the LGA on housing policy and the Autumn Statement, which had highlighted the expanded role and flow of funding for the Local Enterprise Partnerships (LEPs), and Cllr. Carter suggested the Committee explore what the Council was doing to develop the relationship with the LEP, and how the Housing Economy & Regeneration Board was being developed. There was a discussion about how these issues could be tackled and the following was agreed;
 - a) The Scrutiny Officer would draft a list of questions for approval by the Committee about the strategic issues discussed which would be put to Cllr.

Charles Smith as Cabinet Member for Housing, Regeneration & Economic Development at the Scrutiny Management Board meeting on 18th January.

- b) Scrutiny members should be encouraged to attend the welfare benefit training sessions during February and March, and to send in questions in advance which would be responded to during the sessions.
 - c) Following the training sessions, the Scrutiny Chairmen would meet to discuss all the scrutiny suggestions relating to the welfare reforms to decide which Committee would lead each strand of work as there was the potential for duplication in looking at the impact of the housing benefit reforms. The Housing, Economy & Infrastructure Scrutiny Committee would then scope further work on housing issues, potentially involving the HCA and RSLs.
- Scrutiny of the waste procurement process would proceed as discussed in the previous agenda item.

The meeting ended at 4.00pm.

Chairman:.....

Date:.....