

CABINET

30 June 2003

PROJECT INTEGRA ANNUAL BUSINESS PLAN 2003/04

REPORT OF DIRECTOR OF HEALTH AND HOUSING

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RECENT REFERENCES

CAB 171 of 16 May 2001 – Establishment of a Member Management Board for Project Integra. HH52 of 21 November 2001 – Recycling and Household Waste Management Review. HH077 of 13 March 2002 – Increasing the Effectiveness of ‘Kerbside’ Recycling. CAB 405 of 3 July 2002 – Project Integra Annual Business Plan 2002/03.

EXECUTIVE SUMMARY:

The purpose of this report is to obtain Council's endorsement of the Project Integra Annual Business Plan (ABP) for 2003/04 including the proposed method for funding the Executive and projects. The Draft ABP has been considered by Project Integra's Policy Review and Scrutiny Committee and Management Board and is now submitted to the Partner Authorities for their consideration and endorsement. Approval by all Partner Authorities of the ABP is a requirement of the Board's Constitution. The ABP details the proposals and objectives for Project Integra over the next twelve months and identifies a range of longer-term issues and challenges to be addressed.

RECOMMENDATIONS:

1. That Cabinet endorses the Project Integra Annual Business Plan (ABP) for 2003/04 subject to the following reservations:

“Whilst supporting in principle the Biowaste Strategy detailed in Appendix 5 of the 2003/04 ABP, the City Council does not at this stage commit itself to prohibiting disposal of green waste in domestic refuse bins or providing a chargeable garden waste collection service.”

2. That Cabinet endorses the funding arrangements for Project Integra summarised in Section 4 of this report subject to receipt of an Income Share Contract acceptable to the Director of Health and Housing, Director of Finance in consultation with the Leader of the Council.
3. That subject to recommendation 2 above, the City Secretary and Solicitor be given delegated authority to enter into an Income Share Contract as described in this report.

4. That the City Council's subscriptions towards funding of the Project Integra Executive and projects be met from income share with the remainder retained by Integra 'on account' to offset future expenditure and other liabilities that may arise associated with the Council's membership of Project Integra.

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PROJECT INTEGRA ANNUAL BUSINESS PLAN (ABP) 2003/04

DETAIL:

1 Introduction

- 1.1 The ABP sets out the core activities and initiatives agreed by the Project Integra Management Board for 2003/04. It is intended as a bridging document leading to a longer term Business Plan which will include a new vision for Integra necessary to meet the new challenges proposed by EU Directives and waste growth targets. The longer term plan will be presented to Cabinet in due course. In the interim, the 2003/04 ABP now requires endorsement by each of the constituent authorities.
- 1.2 The ABP is attached as an appendix to this report, although its 64 pages of Appendices are not included as their contents are summarised within the main part of the ABP. A copy of the full version of the Draft ABP is available in the Members' Library. Whilst the ABP needs to be unanimously endorsed by partner authorities, the Constitution of the Management Board allows for approval subject to reservation in respect of any matter about which an individual Partner Authority has particular concerns. Where the ABP is approved subject to such reservations, the individual authority is not entitled to vote on the matter in question when it is subsequently considered by the Board, and any resolution of the Board in respect of that matter is not binding on the individual authority.
- 1.3 A major success for Integra in 2002/03 was the award collectively of £5.1 million of DEFRA challenge funding. The largest proportion of this will be used for the creation of an additional 30,000 tonnes p.a. composting facility. A new plant for processing glass was built and opened during the year and this is now processing all of the glass collected in Hampshire and further afield. This facility was separately funded and built by the Midland Glass Processing Company under the terms of a contract agreed and signed by all local authority partners during 2000/01.

2 Key Issues

- 2.1 The Draft ABP identifies several key issues for consideration by the Partners over the next 12 months and possible outcomes. If eventually adopted, these could have a significant effect on the way in which Winchester and other Council's provide their waste management services. These issues are summarised as follows:
- (i) **Strategic Direction and Policy:** the development of a long term vision and business plan and commencement of a Best Value Review.
 - (ii) **Waste Minimisation:** the development of a 3-year waste minimisation strategy addressing the need to reduce waste growth.
 - (iii) **Collection, Processing and Disposal:** to ensure adequate facilities for the processing and use of recyclables including the provision of a 85,000 tonnes Materials Recovery Facility (MRF) at Alton by mid 2004 and 30,000 tonnes of additional composting capacity.

- (iv) **Green / Garden Waste:** the plan outlines a number of measures towards the development of a collective strategy, policies and systems to meet Landfill and Biowaste Directives and the Integra recycling / composting target of 40% by 2005/06.
- (v) **Research:** a range of projects including an analysis of the quality of materials delivered to the MRF from the various collection schemes.

3. Biowaste Strategy (Appendix 5 of the ABP)

- 3.1 Biowaste is the term used for that part of the waste after dry recyclables such as paper and cardboard have been removed and which is capable of aerobic or anaerobic decomposition. The household waste stream includes approximately 30% of such material. The EU Landfill directive will require a stepped reduction in the amount of this material being landfilled to 35% of 1995 arisings by the year 2020.
- 3.2 As part of the 2002/03 ABP Members agreed a framework of actions necessary to develop a longer-term strategy for biowaste. Whilst this framework set down the general direction of the strategy such actions were not at that time binding on the partners. These actions included:
- Encouraging home composting and more sustainable gardening practices.
 - Promoting and improving the Household Waste Recycling Centre (HWRC) network and developing other facilities for receiving green waste.
 - Providing more kerbside collections for green waste on a chargeable basis.
 - Moving towards the prohibition of green waste in refuse bins.
- 3.3 A special member / officer meeting was held on 15 May 2003 which explored the opportunities for the convergence of individual districts' green waste policies to support the Countywide strategy.
- 3.4 During 2003/04 it is intended to formulate and agree a more comprehensive biowaste strategy within the framework above and as detailed in Appendix 5 of the ABP. This strategy once agreed would become binding on all partners. The City Council has always accepted the disposal of light garden waste as part of its normal weekly refuse collection service. Prohibiting the disposal of garden waste in domestic refuse bins and providing separate chargeable garden waste collection services could have considerable implications for many householders and the Council's waste management and cleansing services.
- 3.5 Agreeing to this part of the strategy would limit and restrict the Council in developing and enhancing its waste collection service to include, if it so chooses, a free garden waste collection service. Whilst the ABP does not at present commit the Council to these restrictions they will come to the forefront during the next financial year and this will need to be considered when developing enhancements to the recycling and waste management service.
- 3.6 Whilst supporting in principle the overall aims of the strategy, Cabinet may be of the view that the Council should not sign up to the restrictions detailed in Section 3.4 above (Sections 5.5 and 5.6 of the Bio Waste Strategy) at the present time.

- 4 Financing Integra and Income Share (Appendix 11 of the ABP)
- 4.1 Hitherto, Integra has been funded by subscription from each of the Partners plus 15% of the income derived from the sale of recyclables. This has resulted in councils that were more successful at recycling contributing more and was perceived as unfair. Consequently, the Management Board has agreed a new funding mechanism.
- 4.2 **Funding the Executive:** this includes Executive and Research Officer posts, administration, secretarial assistance and on-costs. From 2003/04 it is proposed that the Executive function be funded by annual subscription from the partner authorities at £74 per 1,000 population. For the City Council the subscription will be £7,480.
- 4.3 **Financing Collective Projects:** for 2003/04 the ABP proposes that collective projects including research be funded from a portion of the accumulated income from the sale of recyclables now available for distribution. From 2004/05 it is proposed that project costs will be met from subscriptions. The cost of collective projects for 2003/04 amounts to £200,000 and this will finance projects relating to Best Value, Waste Minimisation, Biowaste, Community Engagement, Waste Transport Studies, MRF Contamination Analysis and a pilot scheme for the Kerbside Collection of Glass.
- 4.4 **Income Share:** allowing for the funding of projects during 2003/04 and other costs, including the short term purchasing of additional MRF capacity necessary until the Alton MRF is built, leaves just over £200,000 of accumulated income from the sale of recyclables for distribution to the waste collection authorities. To facilitate the proposed financial arrangements, all Partners will be required to sign a formal Income Share Agreement (ISA). This will need to acknowledge that there is always a risk that income share may not materialise due to fluctuations in the market price of recyclable materials or other factors.
- 4.5 The ISA has yet to be drafted for consideration by the Board. However, under such an arrangement any net income from the sale of recyclable material would be shared between the partner authorities pro rata to collected tonnage. The corollary is that any net loss (risk or liability) would also have to be shared. The extent of risk and liability cannot be quantified, particularly in the longer term, as estimates will only be as accurate as the assumptions made about collected tonnages, prices obtainable for processed material, transport costs, etc.
- 4.6 In the event of a Partner not signing the ISA, that Partner would not receive a share of any net income and would need to find alternative funding for its annual subscriptions. It is clear that to progress the objectives of Integra there is a need for guaranteed financial support but there could be expenditure implications in the longer term. It is therefore proposed that Cabinet endorses this aspect of the ABP subject to the ISA, which should include some form of review / break clause, being acceptable to the Directors of Health and Housing and Finance in consultation with the Leader of the Council.
- 4.7 Currently the financial position of Integra is sound and, after allowing for funding of the Executive and collective projects, will result in a modest income to the City Council. The Management Board has agreed that this income can be held 'on account' for individual Partners to offset future subscriptions or other liabilities.

OTHER CONSIDERATIONS:5 CORPORATE STRATEGY (RELEVANCE TO):

- 5.1 Providing waste management services is a core function of the City Council and makes a significant contribution to the Council's strategic aims of protecting and enhancing the environment and promoting healthier and safer communities.

6. RESOURCE IMPLICATIONS:

- 6.1 The financial changes in respect of the City Council for 2003/04 and the next three years is summarised in the table below:

	2003/04	2004/05	2005/06	2006/07
*Estimated Income	£17,298	£22,667	£23,581	£24,533
**Executive Subscriptions	£7,940	£7,977	£8,014	£8,051
**Project Subscriptions	Funded from income share	£9,786	£9,831	£9,923
Net 'Profit' (to be held by Integra "on account")	£9,358	£4,904	£5,699	£6,559

*Based on the estimated collection of dry recyclables as predicted in the current waste volume service plan.

** Subscriptions to rise due to an estimated increase in population of 500 per annum.

- 6.2 After allowing for the funding of projects for 2003/04, and other costs income share due to the City Council up to the end of 2002/03 is £14,607. Although income from the sale of recyclables is estimated to rise in the short to medium term as secure supply contracts are put in place, it remains a possibility that in the longer term Integra may have to incur additional costs to secure outlets for its material. In view of this uncertainty it is suggested that Integra hold all income on account for the City Council from which the annual subscriptions can be drawn with the excess being available to offset future liabilities should they arise.
- 6.3 In the event that the City Council does not sign the ISA it will not receive any income from the sale of recyclables and will need to find additional funding to meet the increased subscriptions for 2003/04 and onwards. The Council's revenue budget for 2003/04 includes only £2,200 to meet its financial obligations as a partner in Project Integra.

BACKGROUND DOCUMENTS:

None.

APPENDICES:

Project Integra Draft Business Plan 2003/04.