

AUTHORITY REPORT: PREPARATIONS FOR FUTURE WASTES MANAGEMENT ARRANGEMENTS

1. Confidential Report

1.1 No.

2. Recommendation:

2.1 To note the report.

3. Purpose

3.1 This report introduces Members to a number of work-streams that require progress given that the end of ELWA's current contract is in 2027 and lead-times for the delivery of successor arrangements are long. The principal workstreams at this early stage are:

- a) The development of a new East London Joint Waste Strategy by ELWA and the four constituent councils;
- b) The development of a new Joint Waste Development Plan for East London by the four constituent councils in their separate capacity as local planning authorities;
- c) The development of officer arrangements for the management of current services and the delivery of the above within ELWA, or through service level agreements with individual constituent councils where appropriate.

4. Background

4.1 The Authority has an Integrated Waste Management Services contract (IWMS) with ELWA Ltd (for which Renewi UK Services Ltd is the 'Operator') for the management of 'local authority collected waste' (LACW) in the ELWA area until December 2027. The household waste recycling target for the Authority area in the IWMS is 33%, which was consistent with national targets at the time the contract was awarded.

4.2 The Authority and the constituent councils (the Councils) prepared a joint waste strategy for the period 2006 to 2019/20, which was last reviewed in 2006 to guide the management and development of all our waste services. Collectively we achieve a high level of diversion from landfill (93% in 2017/18), but recycling is more challenging locally. The 2017/18 household waste recycling rate for the Authority area was 24%, whereas the London Mayor's target in the London Environment Strategy (LES)¹ is 45% by 2025 and 50% by 2030; but with a recognition that the most London is likely to be able to achieve under the current legislative framework for household waste is 42% by 2022. The LES also indicates that London should manage all its waste (not just LACW) by 2026, when only 50% was managed in London in 2015; the London Plan is however the key document here.

4.3 The Councils have, in their separate capacity as local planning authorities, prepared a Joint Waste Development Plan (JWDP) for the period 2012 to 2021 to provide a common set of land-use policies on waste across the four Councils that provides sufficient space for the management of not only LACW but also commercial and industrial wastes arising in the areas. The JWDP was consistent with the national Waste Strategy 2007 and the London Plan 2011. However, given that it is only current to 2021, and in light of the expected growth, regeneration and demographic changes in the areas of the Constituent boroughs, there is now a strategic need to update the JWDP. The Authority can give contribute advice and information to the development of a successor joint waste development plan, but the

¹ See: <https://www.london.gov.uk/what-we-do/environment/london-environment-strategy>

Authority is an interested stakeholder in the process; development and adoption of a joint waste plan is a matter that the Councils must deliver independently as local planning authorities.

- 4.4 Some preliminary work has been done on the above, but given the lead times that are associated with major waste treatment facilities, it is necessary to review and refresh past work on the above matters and to develop in partnership with the Councils a programme of activity that will lead to the provision of appropriate new waste treatment arrangements in a timely fashion, with appropriate detail and rigour to form the foundation of future procurement and planning work; Officers are aiming to bring this programme to Members later this year. Initial officer-level observations are that elsewhere it has taken two to three years (or more) to agree a joint waste strategy in two-tier areas², some three years to complete a 'competitive dialogue' procurement, three or more years to get planning permission (some fifteen years in the case of the Belvedere energy recovery facility in Bexley³), and the construction time of a new residual waste facility is typically three years. Whilst there may be some opportunity to have the procurement and planning application waste streams running in parallel to some extent, time is clearly of the essence.
- 4.5 The IWMS provides that discussions about any possible extension of the contract shall take place from December 2022, and that ELWA must serve notice by December 2026 at the latest. The IWMS can be extended by a period of up to five years, but it would appear reasonable to aim to be prepared for new waste management arrangements from the end of the principal term of the IWMS; the extension period could then provide a buffer if necessary for any unavoidable delays in the delivery of new waste facilities and services.

5. East London Joint Waste Strategy

- 5.1 The current IWMS means that local waste services are constrained in a number of ways until 2027. Members may wish to note the contract reviews in 2011 and 2014. Whilst every opportunity to increase recycling rates under the IWMS will be taken where economically viable to do so and savings will be pursued too, Members will wish to look to the future and develop an agreed set of objectives and priorities for the longer-term future. In doing so, it will be necessary to have full regard to the London Environment Strategy (LES) recently published by the London Mayor as the Authority and the Councils have a duty to be in general conformity with the LES, and it sets out a number of obligations and ambitious targets to improve the management of wastes in London; it will therefore be necessary to maintain a close dialogue with the GLA as the new ELJWS develops.
- 5.2 The key steps to achieve this will require work on a common basis across the Councils that will consider national and regional policy and will include:
- a) agreement on the amounts of LACW that are expected to arise (this will be informed by such matters as forecasts of the quantity and type of housing growth, the future composition of waste, future legislation particularly on 'extended producer responsibility', national and local waste prevention activity, and Council policies in relation to trade waste); it is likely to also require waste composition analyses coupled with forecasts of likely changes to current waste composition arising from both policy and technical developments;
 - b) agreement on the proportions of LACW that the Authority will reuse or recycle at the Reuse and Recycling Centres (RRCs) and the Councils will reuse or recycle through

² Two-tier area are areas where there is a waste disposal authority that serves a number of waste collection authorities (e.g. ELWA), as opposed to unitary authority areas where collection and disposal authority functions are delivered by the same organisation (e.g. LB Tower Hamlets or Thurrock Council).

³ Developed by the waste management company Cory primarily for the Western Riverside Waste Authority

their various collection services, and the extent of separation of different wastes by residents and Council trade waste customers within these services;

- c) agreement on the optimum ways of arranging the treatment of wastes for reuse and recycling, in terms of collection services and RRCs, treatment processes, their economies of scale, social value including equalities, foreseeable national policy changes that might increase the responsibilities of producers of waste to arrange and/or fund the costs of managing and recovering any particular types of waste (e.g. deposit return schemes and other forms of 'extended producer responsibility') and the absolute need to ensure we are producing either recyclates or actual products for which there is a robust demand;
- d) having deduced the amount of residual waste requiring treatment (arising minus reuse and recycling), agreement on the preferred technology(ies) for the recovery of value (e.g. missed recyclables, heat energy, electricity generation) from the residual waste, taking account of relevant national and regional strategies;
- e) consideration of any opportunities for joint working with other authorities beyond the ELWA area;
- f) agreement of the optimum ways to deliver the above Council and Authority services including any strategic preferences on such matters for waste treatment facilities as performance metrics, merchant versus own dedicated facilities (and the locations thereof), reverting versus non-reverting assets, ideal contract lengths, opportunities for local heat energy usage, affordability, and, in terms of specifying the capacity of any new facility(ies) and the intrinsic uncertainties of forecasting waste tonnages, whether it is preferable to err on the side of over-capacity which may be sold to third party waste producers or to err on the side of under-capacity and possibly have to purchase additional capacity on the open market; and
- g) assisting the four Councils with the development of a joint land-use plan for waste as below.

5.3 As part of the development of a new joint waste strategy it may be necessary to include a strategic environmental assessment (SEA). The main purpose of this is to ensure the systematic consideration of a full range of environmental factors and to put in place appropriate indicators by which environmental impacts of the strategy are measured and reported over the period of the strategy. This may incorporate assessments of other impacts such as social value, health and equalities.

5.4 Both the ELJWS and Joint Waste Plan may will require an SEA and public consultations on principles and proposals.

5.5 The above will require substantial officer time at the Authority and from the Councils, and will also require careful programme management; and whilst as much work as possible will be done by Authority and Council officers, developing the ELJWS is also likely to require the commissioning of specialist external advice on a range of environmental, planning, communications, legal and financial matters, particularly as the ELJWS will be a foundation stone of how the Authority and the Councils pursue delivery of future waste facilities and services, be it through any planning applications or the procurement of services likely to of significant value. Well-planned stakeholder engagement will also be essential. Officers are discussing with Local Partnerships the possibility of a workshop for the Authority and Councils to come together and have structured discussions about how best to proceed with the ELJWS and what specific resource implications this is likely to have.

6. Joint Waste Development Plan for East London

6.1 As noted above, the Councils, when developing the current Joint Waste Development Plan (JWDP) in their separate capacities as local planning authorities, have recognised that to the extent that local authority waste services are to be delivered at new waste treatment

facilities, joint waste planning policy for waste is a strategic means of providing for the management of waste, particularly noting the London Mayor's objective of regional self-sufficiency, and the general opposition of surrounding regional planning policy to treating London's waste). A JWDP sets out a common analysis, conclusions and planning policy about where new waste treatment facilities should be situated. The current JWDP for East London runs until 2021.

- 6.2 Future work is needed on the nature of waste planning policy after 2021 in the ELWA area. A refreshed strategic new JWDP for East London will likely be the best way of identifying the extent of need for any new waste treatment facilities and the optimum locations for these. Larger facilities would allow economies of scale to be optimised for LACW, and would also mean fewer planning applications are necessary (thereby minimising a key delivery risk for the Authority).
- 6.3 The Authority will need to engage with the plan making process led by the Councils (as local planning authorities). As the waste disposal authority for the area, as a supplier of essential waste data, as the occupier of six protected waste sites, and potentially as a sponsor of new waste facilities in East London, the Authority is a critical stakeholder in the process of developing a new joint waste plan.
- 6.4 A joint waste development plan forms part of the statutory development plan for the Councils in accordance with which any planning applications for waste facilities in their areas would be determined. The plan will be subject to public consultation, strategic environmental / sustainability appraisals and examination in public prior to adoption. This work would be led by the Councils (local planning authorities) in a manner consistent with the production of their local plans.

7. Authority Officer Arrangements

- 7.1 The current officer structure is the minimum necessary for the Authority's current contract management and other administrative activities; there is currently an establishment of five posts in total. This will not suffice for the work on waste strategy and planning, and even more so for the actual procurement and delivery-oversight of new waste management arrangements.
- 7.2 A senior post focussed on the above is certainly needed now, and the Managing Director will proceed with filling this post on a permanent basis; this post will also improve the Authority's ability to respond to Government consultations on wastes and resources. Any further changes to the Authority's establishment will be brought to future Authority meetings.

8. Later Steps

- 8.1 As the ELJWS is being finalised, it is likely to be necessary to start preparatory work on the actual procurement itself. This will include all necessary contract documents but may, depending on future decisions, also include the acquisition of sites, planning work and/or site preparation works. As with the above, this will require substantial input from the Councils to ensure co-ordination of re-use, collection and disposal activities and interests, notwithstanding that Authority officers are most likely to be leading this work.

9. Relevant officer:

- 9.1 Andrew Lappage, Managing Director / e-mail: andrew.lappage@eastlondonwaste.gov.uk / 020 8724 5614.

10. Appendices attached:

- 10.1 None.

11. Background papers:

- 11.1 None.

12. Legal considerations:

- 12.1 The report mainly provides an update for future arrangements; before such arrangements can be affected, options and proposals would be reported to the Authority in line with its Constitutional arrangements. The comments below provide a steer for the relevant issues and steps that would be required to deliver the East London Joint Waste Strategy and East London Joint Waste Plan.
- a) Preparation of the East London Joint Waste Plan would be led jointly by the constituent Councils as local planning authorities and it would form part of the Local Plans. In preparing their Local Plans, national planning and waste policy requires waste planning authorities, to the extent appropriate to their responsibilities, to:
 - b) ensure that the planned provision of new capacity and its spatial distribution is based on robust analysis of best available data and information, and an appraisal of options;
 - c) work jointly and collaboratively with other planning authorities to collect and share data and information on waste arisings;
 - d) identify sufficient opportunities to meet the identified needs of their area for the management of waste streams;
 - e) undertake early and meaningful engagement with local communities so that plans, as far as possible, reflect a collective vision and set of agreed priorities, recognising that incineration can be controversial;
 - f) drive waste management up the waste hierarchy, meaning consideration of treating waste as a resource and extracting energy from waste, and recognising the need for a mix of types and scale of facilities, and that adequate provision must be made for waste disposal; and
 - g) identify the tonnages and percentages of municipal, and commercial and industrial, waste requiring different types of management.
- 12.2 The plan making process is subject to consultation, iterative sustainability appraisal and strategic environmental assessments which would be led by the local planning authorities (the constituent councils). Joint arrangements for collaboration are being put in place. ELWA is a significant stakeholder in this process and will collaborate as necessary and update its Members at appropriate stages.
- 12.3 ELWA will lead on the production of the East London Joint Waste Strategy, the scope of which is described in section 5 of the main report. This document will be produced jointly with the Constituent Councils. It will be subject to consultation and strategic environmental assessment as necessary. Under the Constitution, it is the responsibility of the Managing Director to ensure that the strategy and business plan are in place (Part C, Section B, para 1.1 (c)). The Authority is responsible for setting the corporate direction and policy related matters for ELWA (Part C, Section A, para 1.2(j)). This is an update report, therefore, any options, proposals for the strategy, consultation outcomes and ultimate approval of the ELJWS will be presented to and approved by the Authority.
- 12.4 The report also notes that the Managing Director, as Head of Paid Service is creating a role to support strategy development. The Head of Paid Service has responsibility for all Human Resources matters and delivery of ELWA's strategy. As such he has delegated authority to create and recruit to the role. Only the appointment of chief/proper officers is reserved to the Authority. However, the report notes that if there are significant proposals to change the organisational structure and establishment roles within ELWA to support future arrangements, these would be reported to Members.

13. Financial considerations:

13.1 The Authority has set up a Strategy reserve to cover the costs arising out of the development and planning for post 2027 waste disposal arrangements. The profile of strategy expenditure will start to be developed during 2018/19, however, there will be some costs incurred during this financial year as outlined earlier in this report, which will be met from the Strategy reserve.

14. Performance management considerations:

14.1 Officers will draw on their own experiences and will seek advice from peers and external advisers as necessary in order to develop and implement changes to local services in a way that meets the needs and aspirations of residents, local businesses and Members.

15. Risk management considerations:

15.1 Risk management will form a fundamental part of the development and delivery of new waste management arrangements, in terms of project management, technical and planning deliverability assessments, wider stakeholder management, and especially in relation to any potential impacts of the above on current services.

16. Equalities considerations:

16.1 The ELJWS will have an equalities impact assessment as part of its development. The same will apply to a new JWDP, and also the sustainability appraisal process which is an iterative part of the plan making process will include equalities considerations. The engagement and management of external advisers will have full regard to equalities considerations. The employment of new ELWA staff will be through Barking & Dagenham's procedures, so will also have full regard to equalities considerations.

17. Follow-up reports:

17.1 As required.

18. Websites and e-mail links for further information:

18.1 <http://eastlondonwaste.gov.uk/>

19. Glossary:

Constituent Councils / the Councils = London Borough Councils of Barking & Dagenham, Havering, Newham & Redbridge

ELJWS = East London Joint Waste Strategy (to guide the development of waste facilities and services)

ELWA / the Authority = East London Waste Authority

IWMS = Integrated Waste Management Services contract

JWDP = Joint Waste Development Plan (for planning applications for waste facilities to be assessed against)

LACW = Local Authority Collected Waste

LES = London Environment Strategy, published by the London Mayor

RRC = Reuse and Recycling Centre

SEA = Strategic Environmental Assessment

The Operator = Renewi UK Services Ltd (formerly Shanks east.London)

20. Reviewed by Management Board

20.1 15 June 2018.

21. Confidentiality:

21.1 No.