

**Strategic Update - Introduction of Food Waste Collection**

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|--|---|
| Relevant Portfolio Holder  | Councillor Peter Whittaker  |
| Portfolio Holder Consulted   | Yes   |
| Relevant Head of Service   | Simon Parry   |
| Report Author:<br>Matthew Austin   | Job Title: Environmental Services Manager<br>Contact<br>matthew.austin@bromsgroveandredditch.gov.uk email:<br>Contact Tel: 01527 548206 |
| Wards Affected   | All   |
| Ward Councillor(s) consulted   | No  |
| Relevant Strategic Purpose(s)  | Environment - supporting recycling to reducing waste production   |
| Key Decision   |   |
| If you have any questions about this report, please contact the report author in advance of the meeting. |   |

**1. RECOMMENDATIONS (Provisional)**

**The Cabinet RECOMMEND that:**

- 1) Subject to the outcome of negotiations, the Council approves the introduction of a joint Food Waste Collection Service, working with Redditch Borough Council and Wyre Forest District Council to deliver the authority's statutory duties under the Environment Act 2021 regarding a Food Waste Collection service;**
  
- 2) The Council allocate £1,000,000 Revenue Funding in the Medium-Term Financial Plan as an operational budget from 2026/27 to fund the Food Waste Collection Service in the Borough, as accounted for within tranche 1 of the budget;**
  
- 3) Delegated authority be granted to the Assistant Director of Environmental and Housing Property Services following consultation with the Section 151 Officer, the Principal Solicitor (Contracts, Commercial and Procurement) and the Portfolio Holders for Finance and Environmental Services respectively to:**
  - a) subject to the agreement of recommendation 1 above, to negotiate and agree terms with Redditch Borough Council and Wyre Forest District Council to enter into a joint tender for a shared food waste collection service;**
  
  - b) tender and award a dedicated weekly food waste collection service through a third party for a period of 8 years commencing no later than 31 March 2026.**

**2. Context**

- 2.1. The Government has set a new statutory duty under the Environment Act 2021 to introduce a dedicated separate weekly collection of food waste from all households by 31st March 2026, alongside expanded requirements on dry recycling.
- 2.2. Working closely with Worcestershire County Council as the Waste Disposal Authority, we are able to accommodate the changes to dry recycling without any changes to our existing green bin service, so this report is focusing primarily on the changes required from the new food waste service.
- 2.3. As we do not currently operate such a service, this will require additional resources to operate, and due to the current size restrictions of our depots, we are unable to add these to our existing arrangements without significant investment in additional land as well as an expansion of our Operators Licence with the Traffic Commissioner and DVSA.
- 2.4. In addition to the challenges regarding space restrictions on providing this service, it will require procurement and delivery of food waste caddies for each property, additional bins for communal properties, and additional dedicated vehicles and staff to collect the waste.
- 2.5. To achieve the Government requirements on time, it is vital that the Council takes decisions by the end of January 2026 to allow the procurement of resources to supply the service to our residents, either as an in-house service, or through an external provider.

**3. Background**

- 3.1. Over the last five years, considerable work has been carried out in partnership with the other Worcestershire Authorities to consider how to meet the new requirements, and model the resources required to operate such a service, as well as what the associated environmental benefits will be as a result of implementing this service.
- 3.2. This has given us a good understanding of what will be required, and the benefits arising from such a service, as well as potential other changes to offset some of the potential costs arising from the new burden.
- 3.3. Due to persistent delays in the communication of funding and precise requirements for local authorities, we are currently only able to give assurance on some of the costs and associated income relating to Capital costs, without any detail or confidence in additional revenue income to offset on-going costs, despite assurances that the cost of this new burden will be supported by Central Government.
- 3.4. For this reason, many Local Authorities operating in-house services have been waiting for more detail on the financial support for implementing the new service, although a number of LA's with externally contracted services (such as Stratford on Avon District Council) have had to implement the new duties as part of contract renewals in advance of the deadline, and as a consequence have not received any funding from central government.
- 3.5. If we are to meet the deadline for implementing this new service though, there is now a need for a decision regarding how we will implement the new service, as procurement timescales and lead in times for the manufacture of food collection vehicles are currently estimated at up to 12 months, with the purchase and delivery of sufficient food caddies also requiring up to 6 months in order to ensure that the service is able to commence for all our residents.

- 3.6. These timescales will likely increase as councils nationwide are now starting to place orders to support their needs in time for the deadline, and funding announcements are expected in November that will support the remaining authorities to commit to spending.
- 3.7. It is important to note that management of waste in Worcestershire is split between ourselves as the Waste Collection Authority (WCA), and the County Council as the Waste Disposal Authority (WDA), who arrange for waste to be processed/treated once collected.
- 3.8. There is currently nowhere within Worcestershire that can support the disposal of food waste, and the nearest facility that can meet our needs is to the west of Stourbridge, but the County Council are not able to secure that as the destination for our food waste until there is clarity regarding our future collection service, and this presents a risk that the available capacity may be committed elsewhere, and require us to transport food waste further for disposal – increasing costs and reducing the efficiency of a collection service.
- 3.9. To support discussions and secure a disposal route, the WDA will need clarity around the parameters of the future service.
- 3.10. Key parameters include:
- assumption of food waste yield based on 1.25kg/hh/week
  - if caddy liners are to be provided;
  - Any changes to current residual services (which will influence yield);
  - planned service start date;
  - property coverage – if all premises will be covered from service start date or if the service will be phased in.
- 3.11. Options for the future management of collected food waste, including the provision of new transfer stations and/or combined transfer stations and collection depots, are being explored by WCC currently to support the longer-term efficiency of managing food waste.
- 3.12. A report to Worcestershire Leaders Board in July examined the implications of direct delivery versus the use of transfer stations. Transfer stations are generally beneficial for the WCA as they reduce mileage and impact on collection rounds. Additionally, transfer manages risk – for example if a facility is offline for any reason, bulked up waste can easily be diverted elsewhere.

**4. Current Options:**

- 4.1. There are currently three core options open to the Council regarding the new Statutory requirement, each with variant elements and different risks:
- 4.2. **Option 1:** Expand our current services to operate a Food Waste Collection ourselves.
- 4.3. **Option 2:** Outsource the Food Waste Collection service through the private sector.
- 4.4. **Option 3:** Consider the legal options to not meet the new statutory duty.

**4.5. Option 1 Outline Information: In House Provision**

- 4.6. Approximately 40% of local authorities fulfil waste collections via an in-house workforce, and this would give opportunity to share local knowledge from our existing workforce, but also require us to take on the responsibilities associated with all aspects of the service.
- 4.7. This would consist of recruiting and training approximately 26 additional staff, and procuring/operating 11 vehicles.
- 4.8. This would also involve maintenance of the additional vehicles, which is a current concern for our existing fleet, and taking responsibility for all operational risks – which as a brand-new service are higher than normal.
- 4.9. In order to operate these additional resources, we would also need to acquire a new site to operate from, as our existing depots do not have capacity, or the relevant certification to operate the size of fleet that this would produce.
- 4.10. Our current O Licenses (that regulate the maximum number of Heavy Goods Vehicles we can legally operate) are already at capacity across the two existing sites, and cannot be extended without increasing the space and maintenance facilities to support such a fleet.

**4.11. Option 2 Outline Information: Outsource a Food Waste Collection Contract**

- 4.12. Option 2 under this requirement would be to commission the food waste collection service by procuring a new contract for waste collections.
- 4.13. The Council will be able to use the contract to allocate much of the uncertainty around participation and necessary logistics to the Contractor in return for a set cost that would allow the Council to budget more effectively, but potentially reduce the ability to make savings during the life of such a contract.
- 4.14. If the Council opted to outsource this service, then it will need to consider the procurement strategy which it adopts, but there are procurement frameworks that will support an open process with minimal risk – subject to sufficient interested parties looking to engage with this process.
- 4.15. The Council should be aware that undertaking a procurement exercise would not guarantee a satisfactory outcome. The waste collection market has contracted due to consolidation and companies exiting the market.
- 4.16. Contractors do not have sufficient capacity to bid for all projects, and so they are selective about which projects they pursue. It can therefore be difficult to generate sufficient competition to drive value for money through such a procurement exercise.
- 4.17. In addition, a dedicated waste collections contract for the District may not be an attractive proposition for private sector waste contractors not already operating in this area, unless they seek to use this as an entry-point to expand operations in the Worcestershire area.
- 4.18. To address this, opportunities to let a joint tender with Redditch Borough Council under our shared service would help to increase the attraction of our contract, although further partnership with other Worcestershire LA's would further increase this and support increased resilience and best value if such an agreement could be reached, and transparency of costs between the individual authorities be built into the pricing.

**4.19. Option 3 Outline Information: Alternatives to full implementation of a Food Waste Collection Service**

4.20. This option may breach our statutory duty under the Environment Act 2021, and is not one presented lightly.

4.21. It is currently unknown what the funding from Central Government will support regarding the new burden of implementing a food waste collection service, and it is expected that there will likely be some initial shortfall against our costs, with further financial pressure over time in the form of future capital investment and uncertainties regarding the period for which central government will support revenue funding of the new service.

4.22. Current estimated costs of implementing the service are presented in section 4 below, but place an exceptional additional pressure on Council Finances.

4.23. If the funding from Central Government does not meet our expected costs, we may require legal advice to consider our options, and any relevant interpretation of the new requirements that may allow us to either defer, partially implement, or simply not meet the new statutory duty.

**4.24. Summary of Options:**

4.25. Whichever mechanism is chosen, the logistical challenges will remain, and due to the number of Local Authorities that are also planning to implement additional services to meet this requirement, there are now significant concerns that further delay in making arrangements will result in us failing to meet this new Statutory Duty.

4.26. Due to the costs and capacity concerns outlined in the main body of this report associated with operating a new in-house food waste collection service, Officer recommendations at this point will be to outsource this element of our services, as per option 2 above, and will be reviewed to support a final report paper in January to present additional detail and appraisal of options to meet this duty.

**5. FINANCIAL IMPLICATIONS**

5.1. Working with external consultants "Circulogic", who have supported modelling for the new requirements, the modelled indicative cost of operating a food waste collection service across Bromsgrove is just under £1 million per year, not including any additional expenditure on infrastructure.

5.2. Government is providing three funding streams to support Councils implement food waste collections:

- Capital transitional funding (to buy vehicles and containers)
- Transitional resource funding (one off start-up costs)
- Ongoing resource (revenue) funding

5.3. The details of this revenue funding were expected to be provided in November 2024, but have still not been shared.

5.4. Waste Collection Authorities (WCA) have been given a one-off capital fund for the purchase of vehicles and containers to commence the service, although future Capital costs to replace vehicles

and bins are expected to be funded by Collection Authorities thereafter, which is an additional financial pressure for the Council.

**5.4.1. BDC - £902,511**

| <b>Waste Collection Authority</b> | <b>Allocated DEFRA capital funding for containers</b> | <b>Actual capital funding needed for containers</b> | <b>Shortfall</b> |
|-----------------------------------|---|---|------------------|
| Bromsgrove DC                     | £288,711  | £317,060  | £28,349          |

- 5.5. An appeal regarding the allocated Capital funding was submitted to Defra in early March 2024.
- 5.6. In our appeal to Defra, for illustrative purposes, we also highlighted the current market rate of land with an estimate of the additional land area required to support the operation of a food waste fleet and meet the criteria to support potential expansion of our Operators Licence.
- 5.7. For BDC this added a further **£309,000** to the total funding shortfall (without any other investment in facilities/infrastructure on that land).
- 5.8. Food waste collection vehicles are generally smaller than those used for the main residual and recycling collections. 7.5 tonne vehicles have been used in our modelling and by Government to calculate funding. The funding does not cover the cost of procuring alternative fuel vehicles and equates to just over £100,000 per 7.5 tonne vehicle. Electric versions of these vehicles are quoted at more than £300,000.

| <b>Waste Collection Authority</b> | <b>Allocated DEFRA capital funding for Vehicles</b> | <b>Actual capital funding needed for vehicles</b> | <b>Shortfall</b> |
|-----------------------------------|---|---|------------------|
| Bromsgrove DC                     | £613,800  | £1,125,300  | £511,500         |

- 5.9. Ongoing revenue funding will be paid from 2026/27 when the New Burden payments commence, but the estimated figures have not yet been provided for consideration.
- 5.10. Transitional resource funding will be provided in late 2024/25 and again in early 2025/26 with a caveat from Defra that this will be 'subject to agreement and our spending review allocation, we plan to fund procurement, project management, communications and container delivery'.
- 5.11. Based on the modelling carried out for Bromsgrove, we will need up to 11 vehicles, with a minimum of 2 staff per vehicle, not including cover for annual leave/sickness.

- 5.12. The Revenue costs associated with operating this service are estimated at nearly £1 million per year for Bromsgrove, although updated modelling is currently being prepared by *Circulogic*<sup>1</sup> to more clearly define this to support inclusion in the MTFP.
- 5.13. It is worth noting that the figures above are solely for Bromsgrove, and there may be financial benefits arising from our shared service arrangements with Redditch Borough Council that would support a reduction on these figures, although this cannot be verified until planning has commenced in earnest to deliver the service operationally – either inhouse, or through an external supplier.
- 5.14. In addition to the funding and resource requirements linked to Food Waste, the Council has now had confirmation that DEFRA will be transferring funding of **£1,004,000** to Bromsgrove District Council linked to dry recyclable material through the Extended Producer Responsibilities (EPR) scheme for the 2025/26 financial year.
- 5.15. This is effectively a tax on packaging manufacturers under the “producer pays” principle and not direct government funding per se.
- 5.16. EPR funding is intended to support costs of our existing waste collection arrangements and support service changes, communication and education on dry recycling to further improve this to divert waste from landfill/incineration; and although there are currently no limits on how this money is spent, this is not guaranteed income and we expect further guidance on this in 2025.
- 5.17. From 2028 this funding will be linked to the quality as well as quantity of recycling we collect, and may be required to support education and engagement with residents regarding their waste in order to secure and maintain this level of funding.
- 5.18. On 29 November the Government set out a new policy statement regarding “Simpler Recycling<sup>2</sup>”, which set out a “maximum default requirement” for councils to collect card and paper separately from April 2026. No reference is made to new burdens funding for this activity which – at a minimum – would require provision of separate containers and either separate containers in vehicles for holding the material (with slower collection times as crews have to empty two containers rather than one) or even separate vehicles and crews to undertake the collections.
- 5.19. The additional costs of moving to a twin stream recycling service would be significant as an addition to our existing service, but such a system would support a transition to a three weekly residual collection cycle alongside the weekly food waste service and alternating fortnightly collections of the two dry recycling streams and our existing fortnightly garden waste service.
- 5.20. This would likely generate the highest quality of recycling as well as influence recycling behaviour and engagement to a greater degree with residents to realise the reductions in residual non-recyclable waste identified from previous waste sampling across the Borough, whilst also reducing our operating costs to offset the costs associated with the additional arrangements for recycling.
- 5.21. It is recognised within this that councils and other waste collectors will “still have the flexibility to make the best choices to suit local need” though, and it is believed that as with previous legislation regarding waste collection, there is scope to maintain our existing comingled approach using a TEEP (Technical, Economic and Environmentally Practicable) assessment.

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<sup>1</sup> Results expected early November 2024

<sup>2</sup> This is the umbrella term for the rationalisation of waste collection arrangements nationally to ensure that all residents can dispose of the same core recyclable items wherever in the country they live.

- 5.22. We are already discussing this with the other Worcestershire Authorities as a joint initiative to support our current service arrangements, as this will require us to set out how we will attain the required quality of recycling, and so will need to be considered alongside the ERP funding to ensure we can demonstrate the necessary outcomes and benefits to justify this.
- 5.23. Whilst this funding may be used to offset potential shortfalls in funding for food waste, the government have emphasised repeatedly the need to demonstrate “efficient” collections ensuring a high quality of collected recycling, and it should not be seen as a windfall that can be relied on without careful consideration of the potential impact of not being able to demonstrate how this funding has been used to support this.

**6. LEGAL IMPLICATIONS**

- 6.1. The Environment Act 2021 sets out the legislative framework for Simpler Recycling which was launched in October 2023. The Council already meets many of the requirements, but it will need to provide new services to provide a separate weekly collection of food waste from homes from 31 March 2026.

**7. OTHER – IMPLICATIONS**

**7.1. Climate Change Implications**

- 7.2. The introduction of food waste will give the potential to divert nearly a third of the residual waste (by weight) we currently collect based on sampling of what Redditch residents are throwing away.

| <b>Residual Waste – Composition Analysis 2022<br/>(Percentage by weight)</b> |                                    | <b>BDC</b>    |
|--|------------------------------------|---------------|
| <b>ORGANIC<br/>CATERING</b>  | UNAVOIDABLE FOOD WASTE             | <b>7.98%</b>  |
|  | POTENTIALLY AVOIDABLE FOOD WASTE   | <b>2.58%</b>  |
|  | AVOIDABLE FOOD WASTE - LOOSE       | <b>3.08%</b>  |
|  | AVOIDABLE FOOD WASTE - PACKAGED    | <b>17.76%</b> |
|  | CONSUMABLE LIQUIDS, FATS AND OILS. | <b>0.88%</b>  |
|  |                                    | <b>32.27%</b> |

- 7.3. For Bromsgrove, it is estimated that the food waste service has the potential to reduce the Carbon impact of managing our residents waste by up to 1,800 tons per year subject to how well our residents engage with the service.
- 7.4. Subject to the success of the new service, the diversion of this waste out of the residual waste stream may also support improved efficiency in our wider waste collection rounds, giving further reductions to our carbon impact.



**8. Equalities and Diversity Implications**

- 8.1. People with disabilities may require assistance in presenting their food waste caddy for collection, which will be provided as part of our existing assisted collection scheme, and will be publicised alongside the introduction of a new collection scheme as part of the information provided directly to every household when the caddies are delivered.
- 8.2. There could potentially be a negative impact on people from particular ethnic groups whose first language is not English and any subsequent misunderstandings about the correct food waste disposal instructions. Imagery will be used to help simplify the message as much as possible, and further assessment will be needed to identify the scale of this, and consider how to address these concerns.
- 8.3. A detailed Equality Impact Assessment will be carried out as part of final selection and implementation of the new service alongside the creation of a final specification and implementation plan.

**9. RISK MANAGEMENT**

- 9.1. There are several risks to meeting the domestic requirement to collect food waste by April 2026, which include:
- Capital and revenue financial uncertainty (New Burdens)
  - Capacity of supply chain to meet unprecedented nationwide demand for specialist vehicles, caddies, and bins
  - Capacity and suitability of existing depot(s) to accommodate increased number of trucks (impacts on O Licence)
  - Capacity and availability of local AD facilities to reduce travel time and impact on collection rounds
  - Availability of supporting infrastructure (waste transfer stations) which will increase the cost of providing service in short-medium term
  - Lack of suppliers for provision of food waste collection contract.
  - On-Going ERP funding not guaranteed, and still uncertainty over how this will be calculated and linked to service provision, efficiency of collections, and quality of recycling material collected in the future, which will be needed to support appropriate use of this funding.
- 9.2. Five of the Worcestershire councils collaborated on a Soft Market Testing exercise in June this year to identify factors relevant to outsourcing food waste with potential suppliers, but did not receive any responses to the questions posed to the private sector.
- 9.3. A further market engagement exercise is being developed alongside this report to address the uncertainty regarding interest from the private sector in providing the service as a dedicated food waste contract only, using a simpler premise to gauge interest specifically to support a decision on whether the private sector will engage with a tender process should we start one.

**BROMSGROVE DISTRICT COUNCIL**

**Cabinet**

7<sup>th</sup> January 2025

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10. **REPORT SIGN OFF**

| <b>Department</b>  | <b>Name and Job Title</b>  | <b>Date</b> |
|--|--|-------------|
| Portfolio Holder   | Cllr Whittaker – Environmental Services Portfolio Holder                     | 5/12/24     |
| Lead Director / Head of Service                            | Guy Revans - Director<br>Simon Parry – Asst. Director Environmental Services | 5/12/24     |
| Financial Services   | Peter Carpenter – Section 151 Officer  | 5/12/24     |
| Legal Services   | Nicola Cummings – Principal Solicitor  | 5/12/24     |
| Policy Team<br>(if equalities implications apply)          | N/A  |             |
| Climate Change Team (if climate change implications apply) | Matt Eccles – Climate Change Manager   |             |