



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission 22 July 2021

Wards affected: All

DEFRA Waste and Resources Strategy Consultations and implications for Household waste collections.

Report of Director Environment & Planning

1. Purpose of report

- 1.1 To provide a high level briefing for members on recent DEFRA consultations and potential implications for HBBC.
- 1.2 To identify the Environment Bill requirement for HBBC to introduce a separate weekly food waste collection by 2024/25 (at the latest) and to change to source segregated dry recycling collections in 2025/26 (estimate) under current proposals.
- 1.3 To identify changes to government funding (extended producer responsibility) and the potential for the garden waste collection to be mandated as a free service.

2. Recommendation

- 2.1 Members note the contents of the report and the potential implications for refuse collections.

3. Background to the report

- 3.1 The Environment Bill will pass through Parliament later this year and includes measures proposed within DEFRA's Waste and Resources strategy. DEFRA ran a second consultation on three policies collectively known as the "Waste collection and packaging reforms". All three reforms together will increase municipal recycling rates from 44% in 2019 to 61% by 2032 and generate 1/56th of the UK's carbon reduction target by 2035 which is significant.

Members were briefed in 2019 on earlier consultation responses and potential impacts.

- 3.2 The government has committed to fund the net additional cost to local authorities of the new statutory duties placed on them. These new burdens are defined as any change in a central government policy or initiative that imposes a net cost on local government that could lead to an increase in council tax. As part of the new duties outlined in the Environment Bill central government will fund net additional capital costs (e.g. vehicles and containers) and transitional costs (comms, vehicle re-routing etc) required to implement the proposals. The level and duration of this funding is unclear at present, but government proposes to use the income from the extended producers responsibility changes to provide the funding for LA's for these changes.
- 3.3 The consultation responses submitted broadly follow those of LARAC (local authority recycling advisory committee) and officers have participated in the development of these proposals.
- 3.4 The details of the consultation responses are given in appendix 1.
- 3.5 Assuming the proposals do not change again the indicative timescales for changes to HBBC are:-

2023/24 – introduce weekly food waste collections (204/25 at the latest)

2023/24 - EPR payments start to be received by HBBC

2025/26 – introduce source segregated dry recycling collections (aligned to HGV contract change)

2023/24 – free garden waste – this date is unclear but appears to be 2023

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Open session.

5. Financial implications [initials of person writing the implications]

- 5.1 The potential impact from the consultation is currently not included within the MTFS. Depending on the outcome, the impact could be significant and a full review of all services may be required to fund some of the options. Potential costs are summarised in the table below and are currently estimated at an additional £2.185m falling on the general fund, with a requirement of £3.207m of capital spend. In year one there would also be a one off revenue cost for transition of up to £0.3m. The Council would have extreme difficulty in maintaining its current level of services and level of staff employed with this level of general fund pressure.

	Revenue Cost £000	Capital Cost £000
Service		
Weekly Separate collection of food waste		
New weekly food waste collection	636	
One off caddy cost		1160
One off capital cost bin purchase		1,480
Other implantation costs (storage replacement bins, communications admin etc.)	100	
Collecting garden waste (Free Of Charge)		
Estimated Loss of income per annum	975	
Increase in demand due to free service	191	
Additional garden bin delivery for current non-subscribers		567
Separating dry recycling materials		
Estimate 26% increase on base dry recycling costs	283	
Total	2,185	3.207

5.2 The Consultation makes reference to additional New Burdens Support to fund the pressure. As it stands this would cover any implementation costs and capital costs.

6. Legal implications (MR)

6.1 Set out in the report

7. Corporate Plan implications

7.1 The changes identified in this report would contribute to the Councils declared climate emergency and would increase the HBBC recycling rate. Costs would increase significantly but would in theory be covered by the government's new burdens commitment. Without knowing this level of funding the implications on the Councils MTFS cannot be fully calculated

8. Consultation

8.1 Officers have contributed to the LARAC response and to earlier consultations. None at this stage other than executive lead being briefed.

9. Risk implications

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with

this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) risks		
Risk description	Mitigating actions	Owner
Financial impact on council	Ensure consultation responses reiterate requirement for government to cover all costs	Caroline Roffey
Major service change	Commence work to identify costs for food waste collections	Darren Moore

10. Knowing your community – equality and rural implications

10.1 Not considered at this stage. A full EIA will be undertaken when changes are confirmed.

11. Climate implications

11.1 At a national level the government estimates these changes will reduce the Countries emissions by 1/56th. This represents a once in a generation step change in waste and its impact on climate change. The changes will contribute to HBBC’s climate aim for the Borough to be carbon neutral by 2030.

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

Background papers:

Contact officer: Caroline Roffey, Head of Street Scene Services x5782
 Executive member: Councillor W Crooks

APPENDIX 1: Summary of HBBC implications and responses

1.0 Extended Producer Responsibility for Packaging (EPR)

- 1.1 This proposal in theory funds local authorities to make the changes required under the consistent collections proposals. Following the principle of the producer pays this proposal transfers responsibility for an estimated £2.7 billion packaging collection and disposal costs from the public purse to producers. Material specific recycling targets will be set for 6 materials (plastics, wood, aluminium, steel, paper/card, and glass) with future targets to be set for other materials.
- 1.2 A shift to a single point of responsibility is proposed meaning producers / brands shoulder the main cost burden (which is currently largely picked up by local authorities through the cost of household waste collections, street cleansing, fly tip removal, disposal etc). The calculation of full net cost includes the costs HBBC incur for collection and transport of packaging waste for recycling, packaging waste collected as part of residual waste collections, consumer info (litter campaigns, bin collection info etc), the management of littered and fly tipped packaging (street cleansing costs), scheme costs and national campaigns. Fees charged to producers/ brands would be modulated to encourage more sustainable packaging design, and a new binary labelling system introduced.
- 1.3 Disposable cup take back – proposed to be mandatory by end of 2023 large businesses, end of 2025 for all businesses.
- 1.4 Payments to local authorities – proposal is scheme will start in 2023/24 and will be based on modelling such as rurality, housing type etc with longer term aim that payments will be based on actual costs but recognising difficulty this by 2024. **The consultation states that local authorities operating an efficient and effective service for packaging waste collection will have their full net costs covered by producer payments. Whilst we don't know what this means in practical terms it could be a significant proportion of the dry recycling waste collection costs (the blue bin collections).** Data and reporting systems are proposed which will require a staff resource.
- 1.5 Producer payments are proposed for the packaging types most likely to be littered and includes **the proposal of full payment of local authority costs in managing packaging litter (not all litter).**
- 1.6 Governance- 2 models are proposed: a single administrator for the whole of the UK or multiple compliance schemes.
- 1.7 Potential implications for HBBC:
- Packaging and litter will reduce thus collection capacity will in theory be sufficient for longer as new houses continue to be built.
 - National campaigns will reduce the incidence of litter.
 - Payments to HBBC from the scheme towards dry recycling collections, and litter collection.
 - Administration of payments received; tonnages collected etc.

1.8 HBBC response – positive, and supportive of options which will add the least administrative burden to us, bring the greatest cost recovery, and bring national communications e.g. national litter and fly tipping campaigns, national recycling campaigns etc.

2.0 Introducing a Deposit Return Scheme for beverage containers (DRS).

2.1 This proposal is a deposit and refund scheme for drinks containers by the end of 2024 to reduce littering of these items, boost recycling, and improve the quality of recycling through separation at source. Producers will include the deposit in their sale price, and retailers refunding the deposit to consumers. A target is proposed of 90% collection by year 3. The consultation asks about the size of containers (up to 3 litres or restrict to smaller on the go size containers), proposed to classify the scheme by material type rather than use and to include PET (a plastic type), steel and aluminium cans, and glass but exclude drinks cartons, sachets, pouches, and disposable cups.

2.2 To operate the scheme a not for profit deposit management organisation (DMO) is proposed and much of the consultation will not impact on HBBC e.g. financial flows between the producers, the retailers and the DMO. The DMO would also set the deposit rate (within government set parameters) and this can vary for different materials, and monitor compliance and enforcement. The expectation is that retailers will have to offer return points and repayment of deposits to customers including on line retailers.

2.3 Inevitably a proportion of DRA items (an estimated 7%) will enter waste and litter collections and the consultation gives 3 options for how these deposits could be managed. Option 2 is preferred as this ensures that the local authorities receive this deposit refund.

2.4 Potential Implications for HBBC

- Containers in scope will now largely be returned to retailers (90%) meaning there will potentially be more space in the blue lidded dry recycling bins.
- Littering of drinks containers will reduce giving more space in litter bins and less litter.
- Potential income from deposits for containers deposited in HBBC litter and household waste bins.
- Potential for HBBC to set up trade waste collections for DRS containers for SME's.

2.5 HBBC response – positive given the reduction in litter which should occur. Support deposit returns for containers in our waste streams to be returned to the local authorities and that these returns should be to districts / boroughs direct and not through county councils. Support all containers up to 3 litres being in scope. Propose a digital system to enable residents to use a mobile phone app to claim deposits whilst still using the kerbside collection (blue lidded bin).

3.0 Consistency in household and business collections

3.1 These proposals will change the collections HBBC make and are detailed below by waste stream.

Weekly separate collection of food waste

3.2 Approximately 30-40% of residual waste (black bin) is food waste which emits methane (carbon) and other harmful gasses when landfilled (some of HBBC's waste is incinerated). The Environment Bill requires that food waste must always be collected separately and at least weekly, and the consultation proposes that this should be from 2023/24 if possible and by 2024/25 at the latest.

3.3 The main implications for HBBC are:

- The revenue costs of introducing a weekly food waste collection service - this would be a minimum of £636,000 per annum (2021 costs) and would require a new fleet of 7 smaller RCV's (assumed electric).
- Capital costs of supplying an indoor, and an outdoor food caddy. This is estimated at £16 to £21 per household (delivered). £880,000 to £1.16 million. Government indicates liners should also be provided for food waste caddies. These costs are not known at present but they will need to be stored and delivered regularly to residents.
- The consultation sets out that the government expects councils that currently collect residual waste fortnightly then this would continue meaning HBBC could not increase to 3 weekly collections. Reducing the capacity of black bin space is seen as key to increasing the use of food waste collections. If frequency cannot be changed then strong consideration should be given to reducing the size of the residual bin from 240l to 180l or 140l.
- Should HBBC opt to change to smaller wheeled bins for residual waste (to increase take up of food waste collections) then this would have a capital cost (currently not costed but estimated at £27 per HH - £1.48 million)
- There would also be initial costs for administration and marketing contact centre, communications etc.

3.4 HBBC response: stressed the importance of all costs being covered, and the difficulties the proposed deadlines may pose as sufficient caddies and electric vehicles may not be available. Identify difficulties with flats and food waste collections, and support caddy liners which are proven to increase participation / yield. Disagree with DEFRA's assertion that residual collections should be fortnightly as a minimum as reducing frequency to 3 weekly will drive participation (the alternative is to reduce bin size which will be costly and does less to reduce vehicle emissions). If 3 weekly not permitted request funding to switch to smaller wheeled bins for residual waste.

Free garden waste collections

3.5 The proposal is to introduce a free minimum collection (fortnightly, 240l throughout the growing season) with LA's able to charge for increased capacity and increased frequency. If a charge is to be made then a fee of £18

to £30 is proposed. Again avoiding organic matter decomposing in landfill and emitting methane is the driver for this change – composting is a better environmental option.

3.6 HBBC implications

- Income lost would be £975,000
- 66% of households subscribe to our service. If the remaining households start to use the service then we will need an additional collection round and bins will need to be supplied to all these households. Estimated cost £191,000 pa and a one off cost of £567,000 for bin purchase and delivery.
- If HBBC banned green waste in the black bin we could avoid landfill. This would need additional officer time to enforce.
- The HBBC current charge of £30 is at the top of the government's potential charges.
- New burdens would presumably mean the income forgone would be reimbursed by central government but there is the opportunity lost for future income increases. Similarly, costs would presumably be covered by central government.
- Making the service free to everyone will result in increased contamination.
- HBBC will still need to maintain the payment system for second bins.

3.7 HBBC response: Negative. This charge is equitable as a free universal service means it is not subsidised by those taxpayers who are unable to use it. The income generated is key to us maintaining the current level of service to our residents. Making this service free universally means contamination is likely to increase and banning green waste in the black bin (residual) is a better alternative. HBBC also currently already has very high take up of a charged for service 66% of all households and 77% of those with a garden therefore we disagree with DEFRA's estimate of how much garden waste is in the residual stream – at HBBC it will be much lower and therefore the impact of a free garden collection will be significantly lower than DEFRA estimates. Request the price range of £18 to £30 is increased given that the average charge is currently £43.

Consistent set of dry recycling materials collected

3.8 The proposed list of materials is the same as HBBC already collects so there are no issues for HBBC from this proposal.

3.9 HBBC response: Positive to all materials proposed.

Source separating dry recycling materials to improve the quality of collected

3.10 The Bill requires that Councils must collect the following materials separately: glass, metals, plastics, and paper / card except where it is not technically and economically practical. There is strong preference for each material to be collected in a separate container and the limited potential to combine some materials. The fully co-mingled service HBBC currently has is the least preferred option.

3.11 HBBC implications

- This is a return to the box and bag system HBBC had several years ago which is more complicated for residents. Box designs have improved and there is now a stacking box trolley system which will be easier for residents to manage.
- Collection methods will be more expensive. Estimate 26% higher (£283,000) and additional fleet capital costs of £2.12 million as we need different and increased vehicle numbers.
- Timing: The government suggests that 43% of councils will be able to transition by 2023/24. HBBC's HGV fleet contract expires September 2025 and this is the timescale we are contractually able to work to.
- Manual handling issues for residents and HBBC operatives
- Benefits realised by waste disposal authority (LCC) through increased income from sale of higher quality materials.
- New burdens presumably means central government will cover our additional costs.
- Change in the types and quantities will be hard to predict: the new plastic tax will mean a decrease in plastic collected and an increase in card; the deposit return scheme could mean the majority of drinks containers are no longer collected at the kerbside. Matching vehicle capacity for each material in an evolving waste system will make fleet optimisation difficult, and thus operations less efficient.
- Litter collection will need to be reviewed but this is an opportunity to improve recycling performance by this service.

3.12 HBBC response: Negative – preference is fully co-mingled. HBBC residents give high satisfaction ratings to the current fully co-mingled system and or contamination levels are low because we proactively manage this by rejection at the kerbside. Reverting to source segregated will have a detrimental impact on tonnages collected and is a retrospective move in terms of the H&S of our employees. Support certain materials being combined if comingled is not permitted (eg plastic and glass or glass and metal), and request glass, plastic and metal to be collected together which is in effect reverting to the dual stream collections HBBC had in 2017.

Requirement for businesses to have a separate recycling collection by 2026

3.13 This will increase demand for the HBBC trade service as the majority of our customers only have residual waste collections. Businesses will need to separate each type of material in the same way as residents. There is the potential for additional income but an additional collection resource will also be required which is not costed at this stage. These collections could be combined with household collections to increase optimisation.

3.14 HBBC response: Positive. Stressed importance of permitting trade waste to be collected alongside household collections to maximise efficiency and minimise carbon emissions. Having a universal system for recycling at home and at work will make it simpler for all users.

Other key issues reflected in HBBC's response

- 3.15 Staffing levels: These new services will require significant additional staffing and back office support.
- 3.16 Fleet. The council needs to transition to electric fleet to achieve its climate change target of being net zero by 2030. Whilst this is a possibility for the HGV fleet in 2025, it is unlikely that there will be electric food waste RCV's by 2023. The HGV operator's licence will also need to be increased which requires the approval of the Traffic Commissioner.
- 3.17 Jubilee. In addition, the changes mean an additional 11 HGV's being added to HBBCs fleet which will be very difficult to accommodate at the Jubilee. Plus the storage of additional containers for food waste and dry recycling, and food waste bin liners. Offsite parking (with electric vehicle charge points), offsite storage and staff parking will need to be considered and will mean additional cost. There is a risk this cannot all be safely accommodated at the Jubilee.
- 3.18 Funding direct to HBBC. Passporting of funding between the county and districts must be avoided to ensure districts are recompensed fully for additional costs and are incentivised to improve recycling rates (reflecting the previous experience with recycling credits which are in our opinion no longer fit for purpose).
- 3.19 Level of funding. Whilst this is unclear, LA family groups are proposed under the EPR consultation. Given we know from the review in 2018 that HBBC waste collection services are low cost and therefore it is reasonable to expect that the level of funding will meet our costs.
- 3.20 Waste franchising / zoning for trade waste collections. The proposal is to zone geographical areas for collection by different contractors to reduce HGV emissions. Support in principle but the proposal needs development.
- 3.21 Disposal: LCC are currently building a new waste transfer station at Bardon (at the boundary of HBBC). LCC have advised there is sufficient capacity at this site to accommodate HBBS food waste and dry recycling therefore tipping arrangements should be manageable.
- 3.22 Leicestershire Joint Municipal Waste strategy; This strategy is currently being developed to reflect the current DEFRA proposals and will identify collection and disposal options. This will guide decisions on HBBC's future collections and will be reported to SLT at the appropriate time. The options appraisal is due October 2021 and the headline strategy / action plan April 2022.