



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Environment Overview & Scrutiny Committee

13th February 2024

Report of Councillor Patsy Ellis &
Councillor Rhys Baker
Cabinet Members for Environment and
Waste

Environment Act 2021 Update

Report Author

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Purpose of Report

To provide a further update on the implementation timescales of the Environment Act 2021, in respect of:

- **Extended Producer Responsibility (EPR)** for packaging,
- **Deposit Return Scheme (DRS)** for drinks containers,
- New requirements on local authorities to implement greater **Consistency in Household Recycling, now 'Simpler Recycling'** (including, separate collections of waste materials, establishing separate weekly food waste collections and providing free fortnightly garden waste collections).

Recommendations

The Environment Overview and Scrutiny Committee is asked to:

1. Note the contents of the report, the revised timescales applied by Government and funding implications.

Decision Information	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Clean and sustainable environment
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 Current and future financial implications are indicated within the report however, the full impact will only be known once DEFRA has released all information on how the New Burdens Funding will operate. It initially appears that the proposed funding is insufficient to meet the financial burden of the proposals and therefore further dialogue is required with Government to ensure funding allocations meet the actual costs of the additional services.

Completed by: Richard Wyles, Deputy Chief Executive and S151 Officer

Legal and Governance

- 1.2 The report is for noting and there are no significant legal or governance implications arising from the report. The Environment Act allows the UK to enshrine these environmental protection objectives into law.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection and Monitoring Officer)

Risk and Mitigation

- 1.3 This report is for information only. The future level of risk is dependent on the financial funding provided by Government. At this point the funding is either indicative or we are still awaiting further information.

Completed by: Tracey Elliott, Governance & Risk Officer

Climate Change

- 1.4 The Environment Act 2021 offers new powers to set new binding targets, including for air quality, water, biodiversity, and waste reduction. The new policies outlined in this report regarding waste and street cleansing would, once implemented, support the improved recyclability of materials and the move towards a circular economy.
- 1.5 The addition of new waste collection vehicles to the Council's vehicle fleet has the potential to increase operational carbon emissions for the Council. This will be reviewed as options for delivering the service become clearer.

Completed by: Serena Brown, Sustainability and Climate Change Officer

2. Introduction to the Report

- 2.1 As previously reported to this Committee, the Government's Resources and Waste Strategy was published in 2018, which identified several new policies that would have a significant impact on local authorities in relation to their waste and street cleansing duties. These included three interrelated key projects:
 - **Extended Producer Responsibility (EPR)** for packaging,
 - **Deposit Return Scheme (DRS)** for drinks containers, and
 - **Simpler Recycling** - New requirements on Local Authorities (LA's) to implement greater consistency in household recycling (including separate collections of waste materials, separate weekly food waste collections and providing free fortnightly garden waste collections)
- 2.2 The primary powers to implement these policies are contained in the Environment Act 2021, which allows the UK to enshrine these environmental protection objectives into law.
- 2.3 Since the Strategy was introduced in 2018 there have been various consultations and changes made as a result of feedback. An overview of the original proposed changes can be found in Appendix 1, alongside an updated timetable of key dates in Appendix 4. Key changes to the original projects include –
 - Removal of the requirement to provide free garden waste collections,
 - Rebranding of the 'Consistency in Household Recycling' to 'Simpler Recycling', and

- The removal of the requirement to separately collect the key materials covered by the Simpler Recycling changes; there is the option to co-mingle food and garden waste in one bin and glass, paper/card, metals, and plastics in another (if required).
- 2.4 This report provides an up-to-date summary of progress for each of the three key projects as outlined in point 2.1.

3. Background to the Report

- 3.1 Following release of the Governments Resource and Waste Strategy (RAWS), The Department of Environment, Food & Rural Affairs (DEFRA), undertook consultation on the policies (outlined in 2.1) during 2019 and 2021.
- 3.2 It is understood that reasonably high levels of responses were received for Extended Producer Responsibility and Deposit Return Scheme, however, there was limited response on Waste Consistency in Collections. As a result, Councils were left waiting for clarity from Government on the new service requirements, including what collections would be provided, where and when.

Summary of Progress for Key Projects to Date (February 2024)

Extended Producer Responsibility (EPR)

- 3.3 On the 28th July 2023 DEFRA wrote to all Chief Executives advising that the Extended Producer Responsibility for packaging payments would be deferred from October 2024 to October 2025 (Appendix 5). The aim of this policy is to ensure producers of packaging pay for the cost of recycling their products.
- 3.4 DEFRA felt that the 12-month deferral would:
- Provide industry with additional time to prepare for the new requirements, which may include reviewing and improving current packaging use.
 - Enable local authorities and industry to be more involved in the design of the Extended Producer Responsibility scheme.
 - Give local authorities and waste management companies more time to review and adjust current services and thereby improve their supply of recyclable packaging materials.

- 3.5 As of January 2024 there are no further updates to report on EPR.

Deposit Return Scheme (DRS)

- 3.6 In terms of the wider Resource & Waste reforms, the delivery of the Deposit Return Scheme for cans and plastic bottles to be taken back to retailers, is to proceed to current timescales and be introduced from October 2025.
- 3.7 As of January 2024 there are no further updates to report on DRS.

Consistency in Household Recycling (Now Simpler Recycling)

- 3.8 On 21st October 2023 Government released its response to the July 2021 Consistency in Household and Business Recycling consultation (summary available in Appendix 3).
- 3.9 The aim of these new reforms, now referred to as 'Simpler Recycling', is to make it easier for households and businesses to recycle by introducing a simpler and more consistent approach to waste collections.

Food Waste Collections (part of the 'Simpler Recycling' changes)

- 3.10 The October 2023 update mandated that separate weekly kerbside food waste collections are required by 31st March 2026. The food waste stream will include:
- All food for human or household pet consumption, regardless of whether it has any nutritional value.
 - Biodegradable material resulting from the processing or preparation of food including inedible food parts such as bones, eggshells, fruit, and vegetable skins, tea bags and coffee grounds.
- 3.11 Weekly food waste collections are required to take place from all households by **31st March 2026** (unless a transitional arrangement is agreed). DEFRA are gathering further evidence on caddy liners via statutory guidance consultation. The financial implications, alongside indicative transitional capital funding from DEFRA, of this change can be found in Section 4 of this report.
- 3.12 Separate weekly food waste collections from non-household municipal premises (such as businesses, schools, and hospitals), must be in-place by **31st March 2025** (except for micro firms who have until **31st March 2027**). SKDC will need to decide if there will be an expansion of the Commercial Waste Collection Service to include food waste collections.
- 3.13 Government's preference is for food waste to be collected for treatment by anaerobic digestion (AD), which presents the best environmental outcome for the treatment of unavoidable food waste, due to the generation of bio-fuel and digestate (a nutrient rich substance that can be used as a fertiliser). This digestate can be spread to land, ensuring nutrients are recycled, creating a more circular economy.
- 3.14 In early 2024 the Government also released indicative figures on what the 'new burden' funding would look like for each authority for transitional capital costs only.

A full breakdown of what SKDC will receive can be found in Section 4 (Table 1) of this report.

Garden Waste Collections (part of the 'Simpler Recycling' changes)

- 3.15 The recent updates have confirmed that LA's can continue to levy a charge for garden waste collections (as per the Controlled Waste (England and Wales) Regulations 2012) and therefore, at this stage, there is no need to consider a change to SKDC's garden waste. No further changes are expected for this waste stream.

4. Financial Implications

New Burdens

- 4.1 Broadly a new burden is defined as any policy or initiative which increases the cost of providing local authority services. This includes duties, powers or any other change which may place an expectation on local authorities including new guidance. If changes are made before it is mandated by Government, then new burden funding is no longer relevant and would not be provided.
- 4.2 The New Burdens doctrine only applies where central government requires authorities to do something new or additional. Action to ensure that they adequately fulfil a role for which they are already funded is not a new burden.

Funding Food Waste Collections

- 4.3 It is understood that funding will be in three separate areas -
- Capital Transition Costs
 - Resource Transition Costs
 - Ongoing Resource Costs
- 4.4 Up to £295m of capital funding will be allocated to the local government sector to support the purchase of bins and lorries. A funding formula has now been developed and DEFRA have written to all Chief Executives providing 'Indicative Capital Transitional Costs for the Introduction of Weekly Food Waste Collections' (Appendix 2).
- 4.5 Capital costs will be paid to local authorities implementing food waste service after 1st April 2023 – there will be no retrospective funding for any investment prior to this date. With a service commencement deadline of 31st March 2026, timely delivery will be dependent upon sufficient funding being received in time to ensure vehicle, receptacle and staff can be put in-place.
- 4.6 Tables 1 and 2 below highlight the additional funding required to deliver a weekly food waste collection service. To date, only funding for indicative capital costs

(Table 1) has been provided with further funding information to follow at an unspecified date.

- 4.7 The capital costs shown in Table 1 reflect the indicative capital transition costs provided by DEFRA (Appendix 2). DEFRA have estimated that SKDC require 9 vehicles for the food waste service, however, initial estimates by the Waste and Recycling Team suggest SKDC needs 12 vehicles. DEFRA have created a process which allows Local Authorities to challenge their estimates and the Waste Team are currently working on collating evidence to challenge the suggested transitional capital costs.
- 4.8 Table 2 highlights the estimated ancillary costs for year 1 of the service. These costs should be funded by DEFRA's 'transitional costs' and 'ongoing resource costs' through new burden funding. However, at this stage, the level of funding is unknown.

Table 1 – Summary of Indicative Capital Funding from DEFRA

Item	2024/25*
	Cost (£)
Food Waste Caddies	
Kitchen Caddies (65,000) @ £2.10	136,500
Kerbside Caddies (65,000) @ £4.83	313,950
Food Waste Liners	
(DEFRA are gathering further evidence on caddy liners via statutory guidance consultation)	TBC
Food Waste Vehicles	
9 Collection Vehicles X £102,300 each	920,700
Total Indicative Capital Funding	1,371,150

**Anticipated date of receipt of transitional capital cost funding*

Table 2 – Summary of Estimated Ancillary Costs (DEFRA funding not yet confirmed)

Item	Year 1 (26/27)
	Cost (£)
Ancillary Costs: Vehicles	
Road Tax	2,184
Tyres	6,816
Maintenance	66,000
Fuel Usage	55,200
Vehicle Insurance increase	22,000
Vehicle hire	2,000

Sub Total	154,200
Ancillary Costs: Staff	
12 HGV Drivers - SK6MS Grade	493,416
24 Operatives/Loaders SK3MS Grade	795,600
Business Support Officer SK6 Grade	34,573
Refuse Supervisor SK9MS Grade	43,962
Additional Mechanic (37 hours)	51,722
Casual Workers (9.4% of gross pay)	121,168
Overtime (3.5% of gross pay)	45,116
Training	3,000
Protective clothing	11,400
Sub Total	1,599,957
Total Ancillary Expenditure	1,754,157

5. Key Considerations

- 5.1 This report is for noting and provides a summary of indicative capital transitional costs for the introduction of weekly food waste collections as provided by DEFRA in January 2024 (Appendix 2).
- 5.2 The vehicle and staffing costs for year one (2026/27) are estimated in Table 2, currently it is unknown whether or not funding from Government will cover all of these costs. Once this information is received from DEFRA a further update will be provided.
- 5.3 It should be noted that the indicative capital transitional funding (Table 1) provided by DEFRA falls short of the actual operational resource requirements, this is the same for all authorities within the LWP and SKDC will be submitting a challenge to the figures. **Initial estimates from the Waste Team indicate a requirement for 12 vehicles, however, DEFRA's initial offer only covers 9 vehicles. We are currently undertaking a piece of work which we will use to challenge the indicative capital funding figures.**
- 5.4 It should also be noted that DEFRA have given no indication of when new burden funding will be awarded for other transitional costs and ongoing resource costs.

6. Other Options Considered

- 6.1 None. The Environmental Act 2021 is a vehicle for a number of DEFRA environmental policies and sets out the legal framework for significant reforms to

local authority waste and recycling services, as well as creating new statutory duties for local authorities. The changes highlighted within this report are mandatory.

7. Reasons for the Recommendations

- 7.1 To provide the Environment Overview and Scrutiny Committee with an update on the Environment Act 2021 and DEFRA consultations and provide an update on how local authorities are affected by the change of policy direction.

8. Consultation

- 8.1 South Kesteven officers as part of the Lincolnshire Waste Partnership have been involved with members of the waste industry bodies, so as to engage closely with DEFRA to support the ongoing development of these new policies.

9. Appendices

Appendix 1 – Summary of Position of EA 2021

Appendix 2 – DEFRA Letter – Indicative Capital Transitional Costs

Appendix 3 – Summary of Consistency in Recycling Response Oct 2023

Appendix 4 – Summary of Timelines

Appendix 5 – DEFRA Letter – 28th July 2023

Appendix 6 – Other Points for Consideration

Appendix 7 – Collection of Materials

