



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Environment Overview and Scrutiny Committee


Tuesday, 4 June 2024

Report of Councillor Rhys Baker,
Cabinet Member for Environment and
Waste

Environment Act 2021 Update

Report Author

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Purpose of Report

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

- Simpler Recycling (previously Consistency in Recycling),
- Extended Producer Responsibility, and
- Deposit Return Scheme (DRS).

Recommendations

That the Committee:

- 1. Notes the contents of the report and the revised timescales applied by Government and future funding implications.**

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Sustainable South Kesteven
Which wards are impacted?	All Wards

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 The currently known financial implications are indicated within the report however, the full impact will only be known once DEFRA has released how the New Burdens Funding will operate. However at the time of compiling the report it is unclear if the funding will be sufficient to fund both the one-off costs and the future revenue and capital implications.

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, Monitoring Officer

Risk and Mitigation

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

Completed by: Tracey Elliott, Governance & Risk Officer

Climate Change

- 1.4 The Environment Act 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.

Completed by: Debbie Roberts, Head of Corporate Projects, Performance and Climate Change

2. Background to the Report

- 2.1 As previously reported to this Committee, the Government's Resources and Waste Strategy was published in 2018. The strategy outlined three interrelated projects –
1. Extended Producer Responsibility (EPR) – this initiative aimed at incentivising producers to reduce the amount of packaging they use through a series of fees which ensure producers pay for the costs of recycling their products.
 2. Deposit Return Scheme (DRS) – this scheme covers a variety of 'in-scope' drinks containers and encourages recycling by levying a small, refundable charge for using a disposable drinks container.
 3. Simpler Recycling – this was previously called 'Consistency in Household Collections' and the project aims to create a consistent set of recyclable materials across England to reduce confusion around what can and cannot be recycled.

Extended Producer Responsibility Update

- 2.2 Since the inception of the strategy, there have been several key consultations and delays. On the 28th July 2023 DEFRA wrote to all Chief Executives advising that the EPR payments would be deferred from October 2024 to October 2025. There are ongoing stakeholder engagement forums with DEFRA, these allow Local Authorities to engage directly with how the payment mechanism will look and Officers will continue to engage and feedback on progress.

Deposit Return Scheme Update

- 2.3 On 25th April 2024 DEFRA also announced that the introduction of the DRS would be delayed from an original start date of October 2025 to a revised go live date of October 2027. The scheme will be rolled out in three phases –
1. Phase 1 – regulations will be finalised, and Deposit Management Organisation (DMO) appointed.

2. Phase 2 – DMO(s) will be formally established to manage the scheme on behalf of the industry.
3. Phase 3 – rollout of the scheme will start in Spring 2026 and ensure the industry is operationally ready by the October 2027 deadline.

2.4 The in-scope materials are –

- Polyethylene terephthalate (PET) bottles, and aluminium and steel cans are included. This covers most of the standard plastic bottles and metal cans used as single-use drinks containers.
- Only containers which are 150ml – 3 litres in size are in-scope. Containers outside of this are covered by extended producer responsibility for packaging (pEPR).
- Glass is not in-scope and will be covered by the extended producer responsibility for packaging (pEPR).

2.5 This change will impact the volume of quality recyclable material collected by the authority and as developments are rolled out, it will be possible to analyse how this will look and what the impact will be for waste collection authorities. Further updates will be provided as updates and information are released by DEFRA.

Simpler Recycling Update

2.6 The most recent update from DEFRA to Chief Executives was issued on 9th May 2024 (Appendix 1), the letter confirmed the details of the Simpler Recycling reforms. Since the announcement of the strategy in 2018, Local Authorities have been aware that this is the change which will have the biggest impact on service delivery. The recent announcement has given clarity on how waste collection services will be required to operate from 31st March 2026. A comprehensive summary of the details from the release can be found in Appendix 2. Key highlights are -

- **Weekly kerbside food waste collections** will be required to all property types by 31st March 2026. Although this change was confirmed in an update in October 2023, alongside the confirmation of New Burden funding (covering capital transitional costs, resource transitional costs and ongoing resource costs), SKDC are still waiting for confirmation of the funding roll out. The capital transitional costs were confirmed in a letter from DEFRA sent to Chief Executives on 9th January 2024 (Appendix 4), however, SKDC have challenged the amount awarded and are still awaiting the result of the challenge.
- **Garden waste** – Council's will not be required to deliver the service for free, however, all properties (including flats) will be able to request the service.
- **Consistent kerbside collections** – a core set of recyclables will be required to be collected at kerbside by 31st March 2026. The core items include glass

bottles and jars, plastic pots, tubs and trays, plastic tubes, and Tetra Pak cartons.

- **Soft plastics and microfilms** to be collected at kerbside by 31st March 2027.

- 2.7 A statutory exemption has been proposed which will allow Councils to comingle all dry recyclable materials if required. This allows Councils to maintain existing arrangements as most provide some form of comingled recycling collection. It should be noted that this exemption has been offered to allow Councils to retain a level of flexibility in their approach to recycling and it is not advocating that Councils return to a fully comingled recycling collection.

Commercial Simpler Recycling

- 2.8 A key area of change is the alignment of commercial and domestic waste collection services; all non-household premises will be required to present food waste, residual waste, and dry recyclables separately by 31st March 2025. There is no requirement to separately collect garden waste from businesses currently.
- 2.9 This will include businesses with 10 or more FTE staff and includes schools and hospitals. Micro firms (less than 10 employees) will be required to conform to the changes by 31st March 2027.
- 2.10 The service currently has 746 customers; of these 175 (23.5%) are food outlets, however, only 27 (3.6%) are estimated to have 10 or more employees. This means that, for 96.4% of the current customer base, there is either no requirement for a separate food waste collection or there will be no requirement to collect food waste until 31st March 2027.
- 2.11 Currently, the Councils Commercial Waste Service collects residual waste and dry mixed recycling waste separately; thus, making it compliant in these two areas. However, separate food waste collections are not offered. There are 2 options available to address this –
1. Make no change to the commercial offering – this may result in losing customers who produce food waste and will need to arrange a separate collection for their food waste. It is inconvenient to establish two waste contracts and therefore it's likely customers will select an operator that can collect all the waste streams.
 2. Enhance the commercial offering to include food waste – there would be significant costs attached to this option. To explore this option comprehensively, an in-depth business analysis of costs and potential income would be required.
- 2.12 Initial high-level cost estimates suggest that the annual operating cost of the service would be £159,331 per annum. Table 1 shows a breakdown of this figure.

Table 1 – Commercial Food Waste Service Annual Operating Costs

Direct Operating Costs	Annual
Driver - full time	£36,398.70
Overtime / Cover	£3,033.23
Back Office Support	£26,000.00
Disposal (forecast £20 per tonne including transport costs from LCC)	£18,200.00
Vehicle Repairs	£15,000.00
Vehicle Tyres	£2,500.00
Vehicle Depreciation	£20,400.00
Total Transport Expenses (Fuel 100 miles @ £150 per day)	£37,800.00
Annual Operating Cost	£159,331.93

- 2.13 Initial capital investment would be required for the specialist food waste collection vehicle; these are currently retailing at £90,000 - £100,000 depending on type required (the type of vehicle required will be linked to the disposal tipping specifications).
- 2.14 A further consideration for food waste is the potential financial savings which can be achieved when removing food waste from the residual waste stream. Based on estimates of the current level of food waste within the commercial residual stream, it is estimated that around £74,000 p/a could be saved on disposal costs. This financial saving is linked to the cost of waste disposal – when mixed with residual waste it costs around £100 per tonne for disposal, if the food waste is separated and sent for anaerobic digestion the cost is around £20 per tonne.
- 2.15 Any savings in disposal costs would be used to offset the annual operating costs as highlighted in Table 1; based on estimated costs this would mean a net annual operating cost of around £85,331.93 p/a. The operating costs would be further offset by service charges; however, more work is required to ascertain what level these charges would sit at.
- 2.16 Alongside the financial commitment, Table 2 highlights additional potential risks for both options covered in 2.11.

Table 2 – Risk Analysis

Risks associated with offering the commercial food waste service	Risks associated with NOT offering the commercial food waste service
Operator's Licence – The Operators Licence for Mowbeck Depot only allows for 38 vehicles, currently there are 37 vehicles registered on the licence. The additional vehicle would fill the allocation and remove the spare capacity. This would leave us at	Loss of customers – Customers who require a food waste collection would potentially move to a provider who caters to all their collection needs. It is unlikely that customers would want to organise separate waste

risk if we needed to acquire an additional vehicle for one of the statutory services.	collection contracts if a single provider is available.
Low uptake – Currently, only xx% of SKDC Commercial Waste customers would require the service. This would not be enough demand to fully utilise the vehicle thus, there is a risk that the demand wouldn't be enough for the service to cover its operating costs.	Reputational damage – Risk of damage to reputation for not offering the service.
Competition – Although currently there is limited competition for this service, the industry is gearing up for the change. At this stage, the level of potential competition is unknown, however, it is expected that many of the larger collection companies will offer this service alongside their current offer and at competitive rates.	

- 2.17 To explore the option of a weekly commercial food waste collection service comprehensively, an in-depth business analysis of costs and potential income would be required. However, the limitations of the Operators Licence for the current depot mean that, currently, it is unlikely to be a feasible option. Additionally, analysis of the current customer base indicates that the majority of customers who do require a food waste collection, won't be required to separate this waste until 31st March 2027.
- 2.18 A summary of the timelines for the various projects highlighted in this section can be found in Appendix 3.

3. Key Considerations

- 3.1 This report is for noting only.

4. Other Options Considered

- 4.1 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.

5. Reasons for the Recommendations

- 5.1 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.

6. Consultation

- 6.1 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.

7. Background Papers

- 7.1 None

8. Appendices

Appendix 1 – DEFRA Letter – Simpler Recycling reforms from Emma Bourne

Appendix 2 – DCN Briefing – Waste Consistency Consultation Outcome FINAL

Appendix 3 – Summary of Timelines

Appendix 4 – DEFRA Letter – Indicative Capital Funding