



Thursday, 18 September 2025

Report of Councillor Rhys Baker
Cabinet Member for Environment and
Waste

Budget Amendment Proposal - Weekly Food Waste Collection Service and Additional Extended Producer Responsibility Payment

Report Author

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Purpose of Report

This report provides an update on the progress of the mandatory weekly kerbside food waste collection service rollout. The report asks Council to approve an additional revenue budget allocation for service provision within the current financial year. The report also asks Council to accept the additional £953,377.03 Extended Producer Responsibility (pEPR) payment for the financial year 2025/26.

Recommendations

That Council:

- 1. Approve the formation of a revenue budget of £542,195 for the 2025/26 financial year to facilitate the rollout of the weekly food waste collection service,**
- 2. Approve the use of £400,125.45 from the allocated revenue transitional funding and an additional £142,069.55 from the Waste Service Reserve to create the revenue budget,**
- 3. Approve an increase to the vehicle replacement capital budget of £171,850 from the Waste Service Reserve to contribute towards funding the food waste collection vehicles and caddies, and**

- 4. Accept the additional pEPR payment of £935,377.03 for the financial year 2025/26 and to allocate this funding to the established Waste Services Reserve.**

Decision Information	
Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Sustainable South Kesteven Effective council
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. There is substantial revenue costs associated with the rollout of the domestic food waste collection service. The estimated revenue costs for year 1 are £542,195 (part year effect in 2025/26). Government has granted SKDC £400,125.45 in transitional revenue costs, however, this is £142,069 below what is required to establish the service. This report recommends that a £542,195 revenue budget is established from the transitional revenue funding and the Waste Service Reserve to facilitate the rollout of food waste collections.
- 1.2. Furthermore, the capital funding issued by Government to purchase vehicles and caddies was £171,850 below the actual cost of buying these items (£1,543,000) and this report recommends the vehicle replacement capital budget is allocated the additional £171,850 from the Waste Service Reserve.
- 1.3. The additional funding payment relating to EPR will be added to the Waste Services Reserve and utilised to fund waste service improvements in accordance with the requirements of the payment.

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

Legal and Governance

- 1.4. The legal implications are detailed within the report. As this is a capital budget amendment of over £500k Full Council are required to agree to this decision.

Completed by: James Welbourn, Democratic Services Manager

Climate Change

- 1.5. Food waste makes up around one third of residual waste bins, it is also a major contributor to carbon emissions via its current disposal route. The new food waste collection service will ensure that food waste is taken out of the residual waste stream (black bins) and disposed of through anaerobic digestion, which is a more environmentally friendly way of disposing of this waste stream.
- 1.6. Introduction of a new way of separating and disposing of food waste will reduce carbon emissions associated with their current disposal route, as well as improving the recycling and reuse opportunities of other materials in the waste stream. Nevertheless, the operation of an additional 12 vehicles has the potential to increase fuel consumption overall for the fleet and therefore carbon emissions associated with the operation of the Council's vehicle fleet.

Completed by: Serena Brown, Sustainability and Climate Change Manager

2. Background to the Report

- 2.1. On the 29th November 2024 the Government announced the new default requirements for business and household waste collections under the Simpler Recycling collection reforms. These reforms form part of the updated Environment Act 2021.
- 2.2. The reforms are designed to simplify the rules and make recycling easier for people in England; they enable consistent, more streamlined collections from all households and businesses. The approach is designed to ensure the same set of materials are collected everywhere in England. The reforms aim to reduce confusion, end the postcode lottery of bin collections and ensure the correct materials are captured for recycling.
- 2.3. The new default requirements include four **separate** collection containers for:
 1. Residual (non-recyclable) waste,
 2. Food waste,
 3. Paper and card,
 4. All other dry recyclable materials (plastic, metal and glass).
- 2.4. It is because of these new requirements that the Council **will be required** to introduce weekly kerbside food waste collections, from the 31st March 2026.
- 2.5. To facilitate the rollout of this service, the Government have promised to fund the service using three sources of funding. These are shown in Table 1.

Table 1: Government funding for weekly food waste collections in SKDC

Funding	What is Covered	Amount Awarded (£)	Allocation (£)
Initial capital funding	<ul style="list-style-type: none">• 9 x food waste collection vehicles• Indoor and outdoor caddies	1,371,150	<ul style="list-style-type: none">• 308,000 for purchase of caddies• 1,235,000 for purchase of 12 vehicles
Revenue transitional funding	<ul style="list-style-type: none">• Container delivery• Project management• Procurement• Communications	400,125.45	400,125.45 allocated to 25/26 revenue costs (highlighted in Table 2)
Ongoing revenue funding	To be confirmed	To be confirmed	To be confirmed

- 2.6. The initial capital funding allocated £450,450 for the purchase of indoor and outdoor caddies; through a competitive joint procurement exercise with the Lincolnshire Waste Partnership (LWP), SKDC were able to secure the caddies for £308,000 (ODD Food Waste Caddies <https://moderngov.southkesteven.gov.uk/documents/s44775/ODD%20Food%20Waste%20Caddies.pdf>).
- 2.7. Furthermore, the initial capital funding allocated £920,700 for vehicle purchase, however, the actual cost of purchasing the vehicles was £1,235,000. This is because the funding only covered the purchase of 9 vehicles, however, SKDC require 12 vehicles to deliver a reliable service.
- 2.8. Based on the cost of caddies and vehicles, the initial capital funding from DEFRA, which totalled £1,371,150 was £171,850 less than the actual cost of buying the vehicles and caddies (£1,543,000). This report recommends that the additional £171,850 in capital costs is sourced from the Waste Service Reserve.
- 2.9. Whilst DEFRA have promised to provide ongoing revenue costs, at the time of writing this report, it is not known if the funding will cover the ongoing revenue costs required to deliver this service.
- 2.10. This report also refers to the pEPR payment which the Council has received from DEFRA to improve the efficiency and effectiveness of the waste collection services. The payment for 2025/26 was initially estimated to be 837,000, however, this estimate has now increased to £1,7772,377.03 (estimate at July 2025). This payment is due to be paid in three instalments with the first payment due in late 2025. Whilst this figure is subject to change, this is the figure provided by DEFRA and therefore the most accurate estimate at this time. This report recommends that Council accept the additional £935,377.03 (this figure is £1,772,377.03 minus the 837,000 already accepted).

3. Key Considerations

Revenue Costs

- 3.1. Table 2 shows the estimated revenue costs for year 1 of the service. All costs shown in Table 2 are prorated for a period of 3-months (January – March 2026) and they are reflective of the costs expected to be incurred when initiating the service.
- 3.2. The total estimated revenue costs are £542,195 for year 1 (2025/26). Although the service doesn't start until April 2026, there are costs associated with introducing the service (vehicle costs, staff recruitment, communications, caddy delivery etc). The transitional revenue funding provided by Government covers £400,125.45 of these costs, meaning a further £142,069.55 of funding is required to establish the service. This report recommends that a revenue budget of £542,195 is established

using the transitional revenue funding with a top up from the Waste Service Reserve.

- 3.3. At this time, no information has been provided on the level of ongoing revenue funding for service provision from 31st March 2026. Despite DEFRA acknowledging that the funding will be released this year, there has been no indication on how much this will be and when it will be received. Based on this, a further update will be provided once the ongoing revenue funding figures have been released.
- 3.4. The costs associated with the 2026/27 service will be included in the budget proposals for the next financial year and any financial shortfall will be highlighted through the budget setting process for 2026/27.

Table 2: Revenue costs for weekly kerbside food waste collections (2025/26)

	2025/26 £
Transport Revenue Costs	
Road Tax	910
Tyres	2840
Maintenance	27,500
Fuel Usage	24,960
Vehicle insurance	20,000
Total Transport Revenue Costs (a)	76,210
Other Revenue Costs	
Training	3,000
Protective Clothing	11,400
Route Optimisation	18,302
Caddy Liners	15,000
Communications Strategy	90,000
Total Other Revenue Costs (b)	137,702
Additional Staff Revenue Costs	
10 x Drivers	103,160
20 x Loaders	167,510
Project Support Officer (Estimate SK9)	20,967
Refuse Supervisor (SK9MS)	21,852
Additional Workshop Hours (25 hours)	14,794
Additional Staff Total Costs (c)	328,283
Total Revenue Costs (a+b+c)	542,195

Proposed Timelines

- 3.5. DEFRA have **mandated** that the weekly food waste collection service must be in-place by 31st March 2026. SKDC will start collecting food waste on Monday 13th

April. This is slightly later than DEFRA's deadline as Lincolnshire authorities are staggering their start dates to enable a more organised rollout. The LWP is writing to DEFRA to inform them of the planned rollout dates for each authority, and we do not anticipate any issues with this delay.

- 3.6. Appendix 1 outlines the key actions and dates for SKDC's weekly food waste collection service rollout.
- 3.7. Establishing the funding is critical to achieving the deadlines set out in Appendix 1 as recruitment of operatives will need to start in November 2025. Furthermore, in January 2026 an intensive communications campaign is scheduled to commence alongside operational actions e.g., container delivery, route planning, training.

4. Other Options Considered

- 4.1. The following options were considered:

1. Do nothing until the ongoing revenue funding is released by DEFRA – this option is not feasible as it would result in missing the mandated rollout deadline by a significant amount of time.
2. Do not introduce the weekly food waste collection service – this option is not feasible as the change has been mandated through the Environment Act 2021.

5. Reasons for the Recommendations

- 5.1. This report asks Council to:

1. Approve the formation of a revenue budget of £542,195 for the 2025/26 financial year to facilitate the rollout of the weekly food waste collection service,
2. Approve the use of £400,125.45 from the allocated revenue transitional funding and an additional £142,069.55 from the Waste Service Reserve to create the revenue budget,
3. Approve an increase to the vehicle replacement capital budget of £171,850 from the Waste Service Reserve to contribute towards funding the food waste collection vehicles and caddies, and
4. Accept the additional pEPR payment of £935,377.03 for the financial year 2025/26 and to allocate this funding to the established Waste Services Reserve.

- 5.2. These recommendations enable the Council to meet the requirements to provide a weekly food waste collection service to the residents of South Kesteven within the mandated timescale. It will ensure the Council does not face penalties from DEFRA or reputational damage for non-delivery of the service.

6. Appendices

6.1 Appendix 1 – Key actions and dates.