

**COUNCIL CABINET
13 MARCH 2024**



Report sponsor:
Cabinet Member for Communities and
Streetpride - Councillor Hardyal Dhindsa
Director of Communities - Charles Edwards
Report author: Head of Neighbourhood Services
- Simon Aitken

**LATE
ITEM**

Food Waste – Weekly Collection Service

Purpose

- 1.1 Following several consultations on the ‘Waste and Resources, a Strategy for England’, changes in waste regulations come into force over the next two years. These changes include a deposit return scheme, consistency of collections (termed as ‘simpler recycling’) and the provision of a free weekly food waste collection service. Following several delays in the national launch, deadlines have now been set in the new regulations that require changes to be delivered at pace.
- 1.2 The aim of the strategy is to encourage recycling at the kerbside by making recycling simpler, with consistency in waste streams across all local authority areas, to use the ‘Producer Pays’ principle within waste legislation to encourage manufacturers to produce more easily recycled packaging and to contribute to the cost of dealing with waste.
- 1.3 To enable the commencement of a weekly food waste collection scheme in Derby by the deadline of 1st April 2026 a series of project actions and target dates has been identified and this report seeks to gain approval to progress the two most significant actions.
- 1.4 To add a scheme to the 2025/26 Vehicle Plant and Equipment capital programme and allow orders to be placed.

Recommendations

- 2.1 To approve a new scheme to be added to the capital programme of £2.057m to cover the purchase of food waste caddies and food waste service vehicles.
- 2.2 To approve the order of food waste caddies at a total capital cost of £0.634m to secure the production slots in line with project deadlines.
- 2.3 To approve the order of food waste service vehicles at a total capital cost of £1.423m.
- 2.4 To approve the order to secure the delivery of the caddies to individual properties when required at a revenue cost of £0.260m

Reasons

- 3.1 National waste changes are being implemented at pace and the council needs to be well prepared to operationalise these changes at a time when all other councils will be seeking to do the same.

Officers have been working with suppliers to negotiate competitive prices and guaranteed production slots, but orders need to be placed to secure these opportunities.

Some funding is provided from central government to initiate these changes but robust modelling in Derby has demonstrated a shortfall capital funding of £0.381m, this report seeks to confirm agreed funding to bridge the shortfall and gain approval to secure production of the required bin caddies and vehicles to successfully deliver the council's new obligations.

Supporting information

- 4.1 To realise the outputs required to deliver the weekly food waste collection it has been necessary to undertake a series of modelling exercises and engagement with suppliers to anticipate operational demands and ensure we are able to meet the mandate given by Government.
- 4.2 DEFRA wrote to the council in January 2024 to announce the indicative capital funding of £1.676m that we will receive for the purchase of plastic caddies, vehicles, and domestic bins. There is an estimated shortfall of £0.381m capital funding based on current markets and the indicative amount. There will also be some transitional and ongoing revenue funding to support the delivery of the service from 2024/25, We are currently awaiting confirmation of the level of transitional and revenue funding, from DEFRA. There is a risk that this revenue funding will be insufficient, and this could impact on the medium-term financial plan.
- 4.3 The changes being implemented are mandated in law under the Environment Act 2021, giving us a directive to implement the required changes. A weekly food waste collection needs to be implemented by 1st April 2026. There is a significant risk that any delays in the purchasing of caddies and vehicles will impact our ability to effectively deliver this project.
- 4.4 Leading manufacturers of both plastic caddies and vehicles have provided updates advising that the demand for supply is increasing and it is imperative that we secure production slots to ensure delivery for the implementation date.
- 4.5 The leading manufacturer of caddies has indicated that they only have capacity to produce 55% of the country's potential requirements creating an urgency to compete with other waste authorities to book a timely production slot as these will be allocated on a first come first served basis.
- 4.6 The current lead time for vehicle supply is 4-6 months and this is anticipated to start to increase as the year progresses. The main supplier has indicated that a production slot should be booked by June 2024, to guarantee delivery.

- 4.7 The relevant supply routes have been established for the supply, delivery of plastic caddies and vehicles; procurement processes have been implemented.

Public/stakeholder engagement

- 5.1 Engagement with DEFRA to challenge funding levels and confirm timescales has already taken place and is ongoing.
- 5.2 Engagement with lead suppliers of caddies and vehicles has taken place. Avoided costs of £0.130m will be realised for orders placed early as the supplier has communicated planned price increases.
- 5.3 Fleet colleagues are aware of the project and are actively engaged in the specification of suitable vehicles.
- 5.4 Comms and Marketing colleagues are aware of this project and will be invited to attend project meetings to ensure robust and positive comms campaigns as we progress towards service delivery.

Other options

- 6.1 Operating the service within the indicative capital funding envelope provided by DEFRA would reduce the number of households receiving the weekly food waste collection meaning we would not be able to provide the service mandated by Government.

Financial and value for money issues

- 7.1 The financial modelling to operate the service to each of our households in the City will require a capital spend/project of £2.057m the indicative capital funding provided by DEFRA is £1.676m leaving a funding gap of up to £0.380m however this may be reduced following our challenge to DEFRA. It is anticipated that this capital expenditure will be during 2025/26.

It is proposed that the shortfall in capital is funded from the Futures pot which will be reviewed in the ongoing MTFP process. If underspends or another form of funding is identified prior to use, then that will be used in the first instance and reported as appropriate.

DEFRA funding (capital transitional costs).		Forecast Spend		Co
Caddies and communal bins	£ 653,083.00	£	634,000.00	-£
Food Waste Service vehicles	£ 1,023,000.00	£	1,423,000.00	£
Total initial capital FUNDING	£ 1,676,083.00	£	2,057,000.00	£

- 7.2 A revenue cost of £0.260m will be needed to fund the delivery of caddies to properties City wide. DEFRA have not yet confirmed the value of their transitional or revenue funding contribution, however it is anticipated that this will cover most of this cost. If this is not the case, then this funding will need to be funding form existing budgets or form a pressure in the MTFP. This is not without risk as there is currently a gap of circa £15.5m in the latest published plan.
- 7.3 Securing production slots in the coming weeks will realise a future cost avoidance of £0.130m as it has been indicated that the prices will increase from January 2025.

Legal implications

- 8.1 The Government has mandated waste collection authorities operate a weekly food waste collection service under the Environment Act 2021.
- 8.2 Failure to secure production slots will result in our failure to deliver the service. The penalties and consequences imposed by DEFRA have not been communicated and are therefore unknown at the present time. Clarification from DEFRA has been sought but we are awaiting a response.
- 8.3 The Council will be required to undertake a procurement process for the supply and delivery of caddies and have issued the VEAT notice and agreed the Terms and Conditions. Contract due to be signed March 2024.
- 8.4 The Council will secure the purchase of vehicles through the Vehicle Consortium Framework.

Climate implications

- 9.1 The climate implications for the provision of a new domestic food waste collection service have been considered for this report by completing a CCIA, which is summarised below.
- 9.2 Influence - A robust communications campaign will be run as a key to public engagement with the scheme. This includes a leaflet which will be delivered with waste caddies, as well as education. In addition, Waste Minimisation Officers will carry out roadshows and public events as well as visiting schools to educate young people, who may also be able to influence others around them to participate at home and beyond.
- 9.3 Internal resources – this scheme will require both staff resource and some funding (in addition to that provided by DEFRA) to establish and run.
- 9.4 Procurement - Plastic food caddies will be needed for each household, as mandated by DEFRA. The Council does not have the option to differ from this specification.

- 9.5 Transport - A new suite of vehicles will be needed for the new food waste rounds. They will be additional to our current fleet, and they will all be diesel as we do not have the infrastructure at Stores Road to support electric collection vehicles, which will have a negative impact on both climate change and air quality.
- 9.6 Waste - This scheme will divert an estimated 4,845 tonnes of domestic waste per year from energy from waste plants, reducing carbon emissions. This waste will be composted using anaerobic digestion; products from this process can also be used to generate electricity.



Socio-Economic implications

10.1 The decision to purchase caddies and vehicles will not directly affect individuals at this stage of the project.

Other significant implications

11.1 Failure to secure production slots for caddies will impact on us engaging the lead delivery company to ensure caddies are delivered to households before 1 April 2026. Meaning that we cannot meet the Government’s mandate to deliver a weekly food waste collection.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal Finance	John Turner	6 th March 2024
	Janice Hadfield (Revenue)	7 th March 2024
	Toni Nash (Capital)	11 th March 2024
Service Director(s) Report sponsor Other(s)	Sam Dennis Charles Edwards	09 th March 2024

Background papers:
List of appendices: