



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE - PLACES

WEDNESDAY, 27 SEPTEMBER 2023

Report of the Executive Director - Place

Collaborative Waste Collection and Disposal

1. Purpose

- 1.1 This report provides an overview of the structure and delivery of waste management services across the County and the potential opportunities for greater collaboration between the districts, boroughs and County Council.

2. Information and Analysis

Overview

- 2.1 Municipal waste management in Derbyshire is delivered through a two-tier system, with responsibility for waste collection held by the eight districts and boroughs, while responsibility for waste disposal is held by the County Council.
- 2.2 The legal framework for local authority waste management is extensive and has evolved over decades as the sustainability of resource and waste management has gained prominence and increasing priority.
- 2.3 The Environment Act 2021 has continued this broad trend, and is introducing significant additional requirements of all local authorities. It also introduces new funding mechanisms and opportunities for local authorities to achieve a step change in performance.
- 2.4 At the same time, the financial resources available to all councils has reduced substantially. Recent acute cost pressures arising from greater

demand for services coupled with high levels of inflation have further compounded the situation, drawing into question the sustainability of the sector as a whole.

- 2.5 It is therefore essential that the Council explores all opportunities to improve performance while mitigating risks to statutory service delivery and the financial sustainability of the County Council, districts and boroughs.
- 2.6 The County Council, districts and boroughs have previously explored the potential to deliver cost efficiencies through closer joint working. While some limited joint working arrangements have been implemented, these have not led to sustained benefits in the longer term.
- 2.7 Work is beginning to identify the scale of all such opportunities and the options available to the County Council, districts and boroughs in the medium term.

Legislative Framework

- 2.8 The County Council has a statutory duty to provide waste disposal services as a Waste Disposal Authority (“WDA”). The eight district and borough councils, as the Waste Collection Authorities (“WCAs”), provide kerbside waste collection services which includes the collection of residual municipal waste the County Council has responsibility for.
- 2.9 Section 48 of the Environmental Protection Act 1990 as amended by the Waste and Emissions Trading Act 2003 requires WCAs to deliver all waste for disposal to places as directed by the WDA. This obligation includes recyclable materials provided the WDA has made arrangements for the material to be recycled.
- 2.10 The County Council has historically elected to apply its power to direct for the purposes of recycling in a very limited way and only with regard to green waste and food waste for which it procured the construction and operation of two In-Vessel Composting (“IVC”) facilities.
- 2.11 Where the WDA has not made such arrangements for recycling the WCAs may make their own arrangements for the material to be recycled. Where WCAs retain for recycling separately collected recyclable waste, the WDA pays them a ‘recycling credit’. The current value of a recycling credit in 2023-24 is £65.61 and is set out in legislation.
- 2.12 Under Regulation 13 of the Waste (England and Wales) Regulations 2011, WCAs are required to make arrangements for the separate

collection of waste paper, metal, plastic and glass. This duty only applies where it is technically, environmentally and economically practicable. This qualification, often referred to as a 'TEEP' test has been applied variously across England and Wales and is commonly used as the justification for co-collecting or 'comingling' dry mixed recycling rather than providing individual collection services for each material stream.

- 2.13 There is no current legal duty on either WDAs or WCAs to separately collect and dispose of garden waste and food waste. Where WCAs do elect to offer a separate garden waste collection service the Controlled Waste (England and Wales) Regulations 2012 permit them to levy a charge on the householder for the costs of collection but not disposal. No such charge is permitted for food waste.
- 2.14 In practice, almost all WCAs in England and Wales collect garden waste separately with a significant proportion charging for the service. There is also variation in the frequency of collection and the period over which collections are offered, with many councils providing a seasonal service. In Derbyshire, Amber Valley and Derbyshire Dales currently apply charges and Erewash are now also pursuing this option.
- 2.15 Separate food waste collections for which no charge may be applied are less common. In Derbyshire only one WCA collects food waste separately (Derbyshire Dales). A further five (Bolsover, Chesterfield, High Peak, North East Derbyshire, and South Derbyshire) comingle food waste with garden waste.
- 2.16 As a consequence of the different decisions taken by WCAs in Derbyshire, there is now a patchwork of different collection arrangements, each with their own contracting arrangements for the processing of recyclable material. These are detailed in Table 1 below.

Table 1: Collection Arrangements

	Glass	Metal	Plastic	Paper / Card	Food	Garden
Amber Valley	Caddy	Comingled				Charged
Bolsover	Comingled			Caddy	Seasonal Comingled - Free	
Chesterfield	Caddy	Comingled			Commingled - Free	
Derbyshire Dales	Caddy	Comingled			Weekly Separate	Charged

Erewash	Comingled		Free*
High Peak	Comingled		Commingled - Free
North East Derbyshire	Comingled (previously separate paper caddy)		Commingled - Free
South Derbyshire	Comingled	Caddy	Commingled – Free

*A proposal to introduce a charge is under consideration

2.17 In order to facilitate the effective planning and coordination of duties within a two tier system, section 32 of the Waste and Emissions Trading Act 2003 requires that waste authorities in two tier systems produce a Joint Municipal Waste Management Strategy (“JMWMS”). In addition to setting out the strategy for managing local authority collected municipal waste and recycling, the JMWMS must set out a statement of the Councils’ policy with regard to waste and achieving the objectives of the JMWMS.

2.18 In Autumn 2014, the Derbyshire Waste Partnership (“DWP”) produced the Derbyshire and Derby City JMWMS which updated the 2006 “Looking after Derbyshire’s Waste” vision. The JMWMS sets out the approach to managing household waste sustainably for the communities of Derbyshire and Derby City and short-term priorities for action based on the waste hierarchy, as per Figure 1 below.

Figure 1: JMWMS Waste Hierarchy



2.19 The JMWMS strategic goals are:

- To reduce the amount of waste produced;

- To reuse, recycle and compost as much material as possible; and
- To find the most sustainable solutions to deal with any waste produced.

2.20 These closely align to the 2007 “Waste Strategy for England” targets, which the coalition Government confirmed in 2010. These are:

- Recycle and compost 50% of household waste by 2020,
- Reduce household waste by 45%, and
- Recover 75% of municipal waste by 2020.

2.21 In 2009, Government introduced legislation to allow the creation of Joint Waste Authorities. The powers established under the Local Government and Public Involvement in Health Act 2007 and subsequent Joint Waste Authorities (Proposals) Regulations 2009, allow the formation of Joint Waste Authorities as legal entities capable of directly employing and entering into contracts.

2.22 The intention was to encourage local authorities to group together to deliver more effective and efficient waste collection and disposal services benefiting from economies of scale.

2.23 The measure was ultimately unsuccessful and was later repealed by the Deregulation Act 2015. Alternative models for collaboration and partnering exist including the establishment of Joint Committees, constitutional delegation of functions between authorities and less formal waste partnerships.

2.24 A high-level summary of the broad duties of WDAs and WCAs is set in Table 2 below.

Table 2: Summary of WDA/WCA Functions

	WDA	WCA
Collection of residual waste	No	Yes
Collection of dry recycling	No	Yes
Collection of garden waste	No	Yes
Collection of food waste	No	Yes
Disposal of residual waste	Yes	No
Disposal / processing of recycling	Yes – unless retained by WCA	Yes – unless directed by WDA

Composting	Yes – unless retained by WCA	Yes – unless directed by WDA
Ability to charge for garden waste	Yes – unless retained by WCA	Yes – unless directed by WDA
Duty to pay recycling credits	Yes – if retained by WCA	No
Operation of HWRCs	Yes	No
Duty to create JMWMS	Yes	Yes

Changes to Legislation

- 2.25 In 2018, Government published the Resource and Waste Strategy for England (“RWS”). The 2018 RWS focuses on greater recycling and composting of waste, increasing recycling rates to 65%, and a target of no more than 10% of municipal waste to landfill by 2035. The RWS set out capital funding to be made available to councils to implement separate food waste collections from 2025. The RWS also included policies aimed at increasing recycled plastic in packaging, and support for a circular economy, including extension of packaging producer responsibility.
- 2.26 In the same year, Government also published its Green Future 25 Year Plan to improve the UK natural environment. The plan set out various measures to achieve:
- clean air;
 - clean and plentiful water;
 - thriving plants and wildlife;
 - a reduced risk of harm from environmental hazards, such as flooding and drought;
 - using resources from nature more sustainably and efficiently; and
 - enhanced beauty, heritage and engagement with the natural environment.
- 2.27 These were followed in 2021 by the publication of the Waste Management Plan (“WMP”) for England and the royal ascent of the Environment Act 2021.
- 2.28 The Environment Act 2021 crystallised much of the policy ambition of the RWS and WMP into primary legislation creating a raft of new obligations for WCAs and WDAs, as well as new mechanisms for generating revenue streams to fund the cost of managing packaging waste.

- 2.29 The Act provides the legal framework for three policies collectively referred to as the 'Collection and Packaging Reforms'. These are:
- The Deposit Return Scheme ("DRS")
 - Consistent municipal recycling collections
 - Extended Producer Responsibility ("EPR")
- 2.30 EPR applies a charge to the producers, wholesalers and retailers of packaging and packaged items to cover the cost of collection, recycling and/or disposal of common packaging materials. Government has estimated that the scheme will generate up to £1.2bn of revenue funding for local authorities. EPR also creates an incentive for manufacturers to minimise the amount of packaging used and obligations with regard to labelling of recyclable items.
- 2.31 At the time of writing the application of fees on producers is due to start in October 2025 with reporting obligations for large companies having already commenced in January 2023.
- 2.32 The consistency reforms will require all WCAs to collect a consistent range of dry materials from households and introduce a new duty to provide a separate garden waste collection and weekly separate food waste collection. The Act will also curtail WCAs' ability to charge for garden waste collections.
- 2.33 The materials to be collected separately are:
- Glass;
 - Metal;
 - Plastic;
 - Paper and card;
 - Food waste; and
 - Garden waste.
- 2.34 Non-household organisations that produce waste of a similar composition to households will also be required to recycle the same consistent range of dry materials, and where feasible separate food waste.
- 2.35 Improving material segregation and consistency of waste management methodologies across England is intended to make it easier for households, businesses and public organisations to recycle and, in turn, drive up recycling rates beyond current levels.

- 2.36 Whilst the Act includes a similar test to 'TEEP' it is expressly forbidden to comingle food or garden waste with any other recyclable waste stream regardless of cost or technical practicability.
- 2.37 At the time of writing, none of Derbyshire's eight WCAs provide collection services that comply with these new requirements.
- 2.38 The express requirement to collect food waste weekly is written into the primary legislation and is likely to make it impractical to maintain existing arrangements for the comingling of food and garden waste.
- 2.39 Implementing a new food waste collection service and potentially changing the arrangements for the collection of dry recycling will be a considerable undertaking, made more challenging by the fact all WCAs and WDAs will be seeking to procure the same or similar equipment and processing capacity contracts within a relatively narrow time window (expected to be two years).
- 2.40 In addition to the collection costs and transition costs, the likely separation of food from garden waste draws into question the ongoing viability of the County Council's two IVC facilities, the contracts for which expire in January 2025. Interim solutions to maintain both facilities in the short term are in development with a decision expected to be brought to cabinet before Christmas. A separate assessment of long-term infrastructure requirements will be required as part of planning for the implementation of separate food waste collections.
- 2.41 Capital to fund the necessary purchase of vehicles and containers amounting to £295m was announced as part of the national budget for 2023/24, however, additional burdens funding for the revenue costs of more collections has not yet been finalised.
- 2.42 Defra has since confirmed that revenue funding for transitional resource costs and ongoing resource costs will be provided, however, estimation of these costs is ongoing at the time of writing. The funding will be subject to a departmental bidding process as part of the next spending review expected in 2025.
- 2.43 The final part of the Collection and Packaging Reforms is the DRS. This scheme particularly targets commonly littered packaging such as plastic bottles and cans by introducing a small deposit which can be redeemed via a scheme administrator.
- 2.44 If successful this reform will remove materials from street cleansing waste streams which typically are not processed for recycling, and lead

to the packaging being recycled by the private sector outside of local authority control.

- 2.45 Apart from the measures set out in the Environment Act 2021. Government is also consulting on the inclusion of Energy from Waste (“EfW”) facilities in the United Kingdom Emissions Trading Scheme (“UKETS”).
- 2.46 UKETS is akin to a tax on carbon emissions which is payable by industrial emitters of carbon dioxide. Participants trade a fixed volume of ‘allowances’ to cover their individual carbon emissions.
- 2.47 EfW facilities have historically been excluded from the scheme, however, the Government is now proposing to scrap that exemption introducing a new liability for all EfWs.
- 2.48 These costs are expected to flow down to local authorities and other waste producers via change in law provisions, new contracts and spot prices adding an estimated £35 per tonne to the cost of using EfWs.
- 2.49 It is anticipated that landfill tax will be adjusted by a similar or greater amount in order to prevent incentivising landfill ahead of energy recovery – the Government’s preferred mode of waste disposal.
- 2.50 It is unclear what behaviour or change Government is intended to drive by this intervention, however, this significant additional cost would likely be in the region of £6.7m for the County Council further underlining the importance of increasing recycling rates.
- 2.51 The programme for delivering packaging reform, originally slated for 2023, has been subject to delays and at the time of writing Government is yet to set firm dates for each component.
- 2.52 Defra has previously stated that consistency would follow after EPR payments commenced. In this way the revenue generated by EPR and disbursed to WCAs and WDAs would offset the additional burdens funding requirement.
- 2.53 In July 2023, Defra announced it was delaying the introduction of EPR by one year meaning the first year in which local authorities costs will be covered will be 2026/27. The current timetable for EPR is set out below:
- January 2024: Notification of materials which will be subject to additional or reduced fees (incentives) in 2026/27

- January 2025: Commencement of reporting on materials used in packaging and separate reporting of materials subject to incentive payments.
- July 2026: Invoices to producers based on 2025 data to cover 2026/27 LA costs.
- By March 2027: LAs receive payment of their 2026/27 costs.

2.54 Announcements from Defra that additional burdens funding for food waste collections will be bid for in the 2025 spending review suggest that the earliest date for introduction of food waste would be part way through the 2025/26 financial year.

Current Partnership Model and Opportunities

2.55 The DWP is comprised of the County Council, the eight districts and boroughs, and Derby City Council and was formed with the following aims:

- To maintain and further develop the constructive and meaningful partnership between waste collection and disposal authorities within Derbyshire.
- To coordinate action to implement the jointly formulated and agreed Joint Municipal Waste Management Strategy for Derbyshire.
- To research examples of best practice and disseminate these within the Partnership.

2.56 The objectives of the Partnership are:

- To provide strategic and operational advice, guidance and management of Municipal Solid Waste (MSW) and Biodegradable Municipal Waste (BMW).
- To reduce waste arisings in the county through education and increasing awareness in the domestic, commercial and industrial sectors.
- To meet and improve upon the Derbyshire Waste Strategy targets set for municipal and / or household waste recycling and composting in the county.
- To continually increase awareness of waste as a resource to all communities and to interact with other stakeholders to promote waste reduction, reuse, recycling and composting and achieve an economically, environmentally and socially sustainable waste programme of gaining value from waste.
- To ensure the residents of Derbyshire are provided with safe, efficient, effective and sustainable waste management services that represent value for money.

- To provide a forum between Derbyshire Councils for the discussion of and response to waste management related issues.
- To provide a structure that will assist member authorities and their partners to formulate, target, prioritise and implement appropriate waste management related strategies and actions.
- To improve the collection, collation, analysis, monitoring and effective use of waste management related data.
- To keep apprised of and establish effective links with other strategies which contribute to or complement the waste management agenda.
- To identify and develop opportunities to secure funding for waste management related projects/actions.
- To provide a mechanism for establishing related strategic and operational partnerships.
- To facilitate the sharing of waste management related resources within Derbyshire.
- To facilitate the engagement of local politicians in waste management issues.
- To ensure the objectives agreed in any County wide and sub-area strategies are deliverable.
- To liaise with, lobby and respond to consultation documents from central and European government, industry and other relevant organisations.
- To ensure that all, relevant, statutory duties are satisfied.

2.57 The DWP is not a decision-making body and does not have delegated powers from any of its constituent members. As such it serves primarily as a forum for sharing information and coordination of operational matters.

2.58 The DWP developed the JMWMS in consultation with a range of stakeholders and interest groups, the strategy was also subject to public consultation – achieving an approval rate of 94% from the public.

2.59 The key strategic aims of the JMWMS are:

- Reduced waste
- Increased reuse and recycling/composting of waste
- Reduced waste to landfill and recovering value from waste that is left over for disposal
- Increased public understanding and engagement in waste and recycling leading to high levels of customer satisfaction
- An accessible, efficient, effective and value for money service
- Improved resource efficiency

- Reduced carbon/climate change impacts
- Protection of natural resources
- The management of non-household waste
- Local self-sufficiency in the management of waste.

2.60 In 2017, the DWP commissioned the Waste and Resource Action Program (“WRAP”) to undertake an options appraisal for the delivery waste and recycling services across Derbyshire. The research and production of the final report was conducted from June 2017 to June 2018 by Eunomia.

2.61 The options modelling exercise was conducted in two phases. Phase 1 evaluated a range of future kerbside collection options focussing on changing the dry recycling collection methodology and rolling out separate food waste collections countywide, maintaining the current residual waste policies in each authority.

2.62 In Phase 2, one option from Phase 1 was modelled alongside a number of sensitivities:

- higher food waste yields,
- fortnightly 180 litre residual bins (where larger bins are currently in use),
- three-weekly residual waste collections,
- charged garden waste collections (where these are not yet in place), and
- alternative shift patterns.

2.63 In addition, the report investigated a number of partnership options, in particular cost sharing between the WCAs and WDA.

2.64 The report identified a number of potential opportunities to delivery efficiencies through closer partnership working. These opportunities include:

- shared infrastructure;
- collection service harmonisation;
- shared staff functions;
- shared governance/management;
- joint procurement; and
- cost sharing.

2.65 At the time the report was prepared, some joint working arrangements were being implemented to varying degrees in DWP, for example the

joint procurement and management of the Bolsover District Council and North East Derbyshire District Council collection contracts.

- 2.66 This initiative reported significant savings between 2010 and 2013 (see Table 3), however, since that time many of the joint working arrangements have been reversed and the delivery of kerbside recycling taken in-house following the collapse of Ward Recycling.

Table 3: Joint Working Savings

Year	Action	Saving
2010	Joint kerbside recycling contract	£500,000
2010	Depot rationalisation and sharing	£110,000
2011	Strategic alliance formed	£1,746,000
2013	Joint fleet management	£80,000
2013	Reviewed BDC's waste collection rounds. Introduced seasonal green bin collections, resources redirected to enhance other services	£50,000
Total		£2,486,000

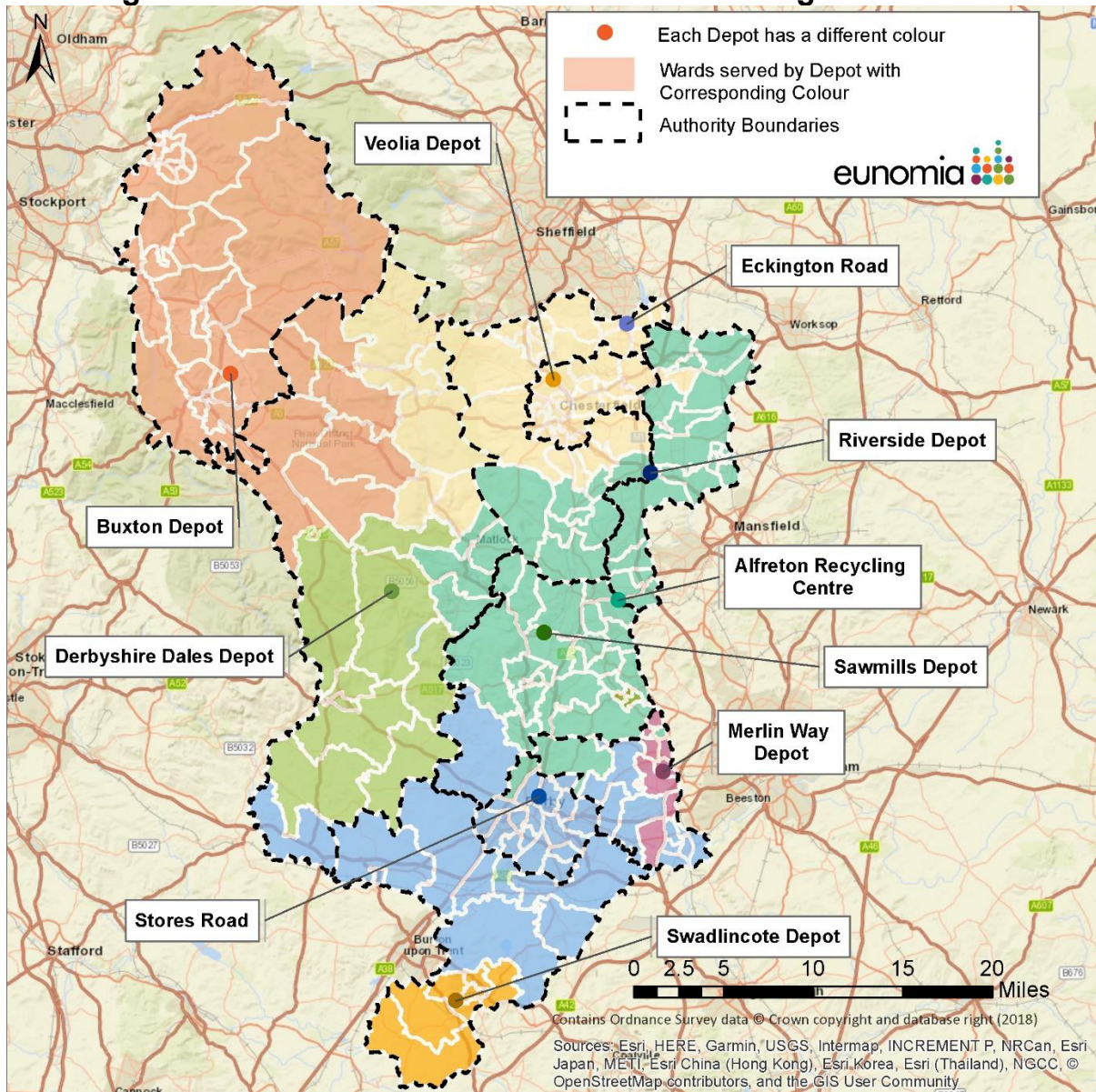
- 2.67 It should be noted that the failure of the joint kerbside recycling contract led to a significant additional cost in excess of £1m to the County Council as WDA. This example should illustrate both the importance of risk management in contracting, but also the role of the County Council in effectively underwriting counterparty risk in contracts held by the WCAs.

- 2.68 As part of the same research exercise Eunomia undertook logistical analysis to explore the potential for efficiency savings associated with cross-border working for a countywide food waste collection service.

- 2.69 Whilst no cost modelling was undertaken as part of this exercise, the analysis demonstrated the potential for sharing infrastructure across the County as a starting point for discussions on joint working.

- 2.70 Potential savings could, for example, be realised from a lower number of collection vehicles compared to authorities only operating within their own authority boundary. In addition, if this concept were applied to the other waste collection services as well, then a reduction in the number of operational depots could result in further savings, although the wider activities carried out at depots such as street cleansing would also have to be considered.

Figure 2: Results of Joint Food Waste Modelling



- 2.71 Closer joint working between the two tiers of local government in Derbyshire also has the potential to driver greater value for money in recycling and organic processing contracts.
- 2.72 As illustrated in Table 4, the County Council currently makes arrangements for around 45,000 tonnes of organic waste treatment through its own IVC assets and contracts for composting.
- 2.73 The WCAs individually contract for dry-mixed recycling in various segregated streams, and for food waste and garden waste (in the case of Amber Valley and Derbyshire Dales).

2.74 This means 12 separate contracts each requiring procurement and ongoing contract management. Small contracts of this kind are also inherently less attractive to the market which typically seeks larger anchor contracts to support investment in developing the necessary infrastructure.

2.75 Consolidating these contracts into a smaller number of higher value contracts could benefit the County and WCAs by:

- Increasing competition for contracts and driving down costs
- Providing greater resilience enable better sharing of risk between the public and private sector
- Reducing procurement costs
- Reducing contract management costs
- Supporting the development of new infrastructure

Table 4: Waste Volumes

	WDA Contracts			WCA Contracts		
	Residual Waste	Garden Waste	Mixed Food & Garden	Garden Waste	Food Waste	Dry Mixed Recycling
Amber Valley	31,550	4,699				12,194
Bolsover	20,164		5,474			7,224
Chesterfield	23,035		8,440			9,049
Derbyshire Dales	13,946	2,894		2,586	1,284	6,142
Erewash	26,343	7,790				9,958
High Peak	19,944		8,003			7,761
North East Derbyshire	23,981		8,070			9,064
South Derbyshire	24,375			10,500	179	7,969
Sub-total	183,338	15,383	29,987	13,086	1,463	69,360
Total	228,707			83,909		

Next Steps

2.76 Previous exploration of joint working opportunities between the districts, boroughs and the County Council have identified clear areas of potential benefit but have not lead to the delivery of sustained improvements to date.

2.77 This work was disrupted by the onset of Covid-19 and the consequent disruption to frontline services, and the need to prioritise operational delivery ahead of long-term strategy.

2.78 Officers of the County Council are beginning to work with WCAs to explore possible opportunities for delivering shared benefits through collaboration and will report back to Cabinet once an agreed scope of enquiry has been determined.

3 Consultation

3.1 The content of this report is for information only and is not subject to any duty to consult.

3.2 Officers of the County Council will continue to engage with colleagues within the districts and boroughs as set out in the body of this report.

4 Alternative Options Considered

4.1 No recommendations are being made at this stage and there has not been a robust evaluation and analysis of options available to policy makers. Options will be presented at a future date.

5 Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6 Background Papers

6.1 Derbyshire Waste Partnership Collection Modelling Summary Report – September 2018.

7 Appendices

7.1 Appendix 1 – Implications.

8 Recommendations

That the Committee:

- a) Notes the content of this report.
- b) Provides any comment it may have at this time on the matters discussed herein.

9 Reason for Recommendations

- 9.1 These recommendations are made to support the Committee in providing oversight and scrutiny of the arrangements for managing the County's waste.

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Implications

1. Financial

- 1.1 Currently, there are no financial implications associated with this report. When options are brought forward, financial implications will be assessed in accordance with each option.

2. Legal

- 2.1 The legislative framework within which the County Council and the district/borough councils respectively operate is set out in the main body of the report.

3. Human Resources

- 3.1 None.

4. Information Technology

- 4.1 None.

5. Equalities Impact

- 5.1 This report provides an update on works that are currently at an exploratory stage. An evaluation and assessment of possible adverse or potential positive equalities impact will form part of the next stage once a scope of works has been established.

6. Corporate objectives and priorities for change

- 6.1 This proposal will help deliver the following Council Plan priorities: Resilient, Healthy and Safe Communities; High Performing, Value for Money, and Resident-Focused Services; A Prosperous and Green Derbyshire.

7. Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None.