

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 20 AUGUST 2024



Title of Report	DISTRICT-WIDE WEEKLY FOOD WASTE COLLECTIONS	
Presented by	Councillor Michael Wyatt Communities and Climate Change Portfolio Holder	
Background Papers	Capital Strategy Group considered the district-wide weekly food waste collections on 30 July 2024	Public Report: Yes
		Key Decision: Yes
Financial Implications	<p>The estimated capital cost of purchasing vehicles and containers is £1.154m. However, the total capital grant allocation is £1.062m leaving a shortfall of £0.092m. The shortfall will be funded from business rates reserve. Details are set out in section 2.0 of the report.</p> <p>In addition to the capital costs, there are ongoing and one-off revenue costs, details of which are set out in Annex A. Details of the Council's allocation are still awaited, therefore, there is a risk that there may be a funding shortfall. To reduce potential financial risks, the Council will establish a contingency fund within its budget planning for the financial year 2025/26. This measure will be taken should there be no confirmation from the Government regarding the Council's financial allocation prior to the budget formulation in February 2025.</p>	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	<p>Cabinet has already awarded a contract that included the purchase of food waste containers, in anticipation of the upcoming food collection changes. That contract was compliantly procured and was approved by Cabinet in August 2022. No further approvals are therefore required in relation to that contract.</p> <p>The value of the procurement of waste vehicles is of a level that requires Cabinet approval. The procurement of any such contracts will be carried out in accordance with the Action Plan in Annex C and Cabinet is being asked to approve the award of those contracts up to the value of £895,542</p>	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	<p>A feasibility study completed through Webapsx and North west Leicestershire District Council (NWLDC) in 2021 confirmed the required staffing arrangements to be able to operate a weekly food waste collection service as follows:</p> <ul style="list-style-type: none"> • Eight non-HGV drivers • Eight loading staff 	

	<ul style="list-style-type: none"> • One supervisor
	Signed off by the Head of Paid Service: Yes
Purpose of Report	To seek Cabinet approval to commence the procurement of vehicles and containers to support a district-wide weekly food waste collection service.
Reason for Decision	The Environment Act 2021 requires all local authorities in England to provide statutory weekly separate food waste collections to all households by 31 March 2026.
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1. APPROVES ADDITIONAL EXPENDITURE OF £92,072 TO FUND THE SHORTFALL RESULTING FROM THE FURTHER FUNDING REQUEST NOT BEING APPROVED BY DEFRA. 2. NOTES THE RECEIPT OF £1,062,066 NEW BURDENS CAPITAL FUNDING FROM DEFRA TO INTRODUCE WEEKLY SEPARATE FOOD WASTE COLLECTIONS. 3. NOTES THE INTENTION TO PURCHASE FOOD WASTE CONTAINERS UNDER AN EXISTING THREE-YEAR CONTRACT AWARDED TO IPL GLOBAL BY CABINET IN AUGUST 2022. 4. AGREES TO THE AWARD OF ONE OR MORE CONTRACTS UP TO THE VALUE OF £895,542 FOR THE PURCHASE OF FOOD WASTE VEHICLES AND DELEGATES AUTHORITY TO THE HEAD OF COMMUNITY SERVICES IN ASSOCIATION WITH THE DIRECTOR OF RESOURCES AND PORTFOLIO HOLDER TO FINALISE AND ENTER INTO THE NECESSARY AGREEMENTS. 5. ENDORSES THE ADDITIONS TO THE CAPITAL PROGRAMME IN RELATION TO THE FOOD WASTE COLLECTION VEHICLES OF £895,542 AND FOOD WASTE CONTAINERS OF £258,596 FUNDED FROM A DEFRA CAPITAL GRANT OF £1,062,066 AND THE REMAINING £92,072 FUNDED FROM THE BUSINESS RATES RESERVE AND RECOMMENDS IT TO COUNCIL FOR APPROVAL AT ITS MEETING ON 10 SEPTEMBER 2024.

1.0 BACKGROUND

- 1.1 Recycle more was a programme adopted in 2019, its main aim was to increase the number of materials residents can recycle at the kerbside, as well as increasing the district's overall recycling rate. It subsequently led to a weekly food waste collection trial for 2,000 households, which in 2020 was expanded to a further 2,000 households. To date, the trial has successfully diverted 849 tonnes of food waste

away from disposal (either landfill or incineration). Instead, it is recycled via an anaerobic digestion facility in Atherstone where it is used to produce green energy and a bio-fertiliser for use on farmland. The food waste recycled to date represents a carbon saving of 637 tonnes CO₂ equivalent.

- 1.2 The requirements to collect food waste has been key to the review of the overall waste service. It has been factored in when developing the modelling options in partnership with Eunomia (an environmental consultant). The review will be reported to Scrutiny and Cabinet later this year.
- 1.3 The Environment Act 2021 requires all local authorities in England to introduce weekly separate food waste collections to all households by 31 March 2026.
- 1.4 Government engaged the Waste and Resources Action Programme (WRAP) to set up a formula to determine how to compensate each local authority to help them pay for new equipment and vehicles. This is to meet new burdens capital expenditure such as new vehicles and containers. In January 2024, the Department for the Environment, Food and Rural Affairs (Defra) allocated capital funding to local authorities to introduce weekly separate food waste collections. The Council was awarded £1,062,066 to purchase dedicated food waste collection vehicles, as well as indoor and outdoor food waste containers for residents to use. Defra confirmed the capital funding awarded in a letter dated 9 January 2024.
- 1.5 Officers have reviewed the capital funding awarded by Defra and identified a funding shortfall. The purchase of food waste collection vehicles will cost £179,442 more than the funding which has been allocated by Defra. Furthermore, the capital funding does not cover the provision of wheeled bins for communal properties, which would be used for food waste, this cost is estimated to be £1,196. Therefore, the total shortfall is £180,638. There is a mechanism to challenge Defra if local authorities believe the capital funding is not adequate.
- 1.6 As such, a request for further capital funding was submitted to Defra on 5 March 2024, which was fully supported by relevant and appropriate evidence. The Head of Community Services has been regularly requesting updates from Defra, these being on 23 April 2024, 20 May 2024, 10 and 21 June 2024.
- 1.7 On 25 July 2024 the Council received notification from Defra that its request for a review of our allocation did not meet the required criteria, therefore no additional capital funding will be provided. The response stated that their model is based on extensive data, inclusive of food waste yields, participation rates, and vehicle round sizes. This information is obtained from local authorities and other industry sources. It is tailored to reflect the rurality and deprivation of a Local Authority and incorporates productive and non-productive collection time.
- 1.8 The capital funding of £345,966 awarded for the purchase of indoor and outdoor food waste containers for standard properties is deemed to be sufficient to meet the costs. The costs of purchasing food waste containers is estimated at £257,400 leaving a surplus of £88,566. A sum of £1,196 of this surplus would be used to purchase wheeled bins for communal properties, leaving £87,370. This would be used to reduce the funding gap from £179,442 to £92,072 for purchasing the vehicles, please refer to Annex B. This leaves a shortfall in capital funding of £92,072.
- 1.9 New burden capital funding for waste containers makes no allowance for their delivery\distribution, as Defra consider this to be a revenue cost, which is estimated to be £105,750. However, in the letter from Defra dated 9 January 2024 regarding the capital funding award, it also confirmed the following:

- (1) Resource transitional funding will be provided from the 2024/25 financial year. This money will be provided to waste collection authorities that either need to implement a weekly food waste collection service partially or fully.
- (2) Ongoing resource/revenue costs will be provided from 1 April 2026 and will be provided to all waste collection authorities, including those that have already fully implemented a food waste collection service.

The resource transitional funding, this being one-off funding would be used for the revenue costs associated with setting-up and implementing a weekly food waste collection service. It is unknown how much funding will be allocated to and what it will cover, however it's anticipated it could possibly fund the following:

- Recruitment of staff, including personal protective equipment (PPE) and medical fees.
- In-cab technology, including iPads and mobile phones.
- Delivery of food waste containers, food waste guide, and food waste liners to each household.
- Publicity and promotion of the service to residents.

The ongoing /revenue costs would be used to operate and maintain a weekly food waste collection service. It is unknown how much funding will be allocated and what it will cover, however it is anticipated it could possibly fund the following:

- Ongoing staffing costs to operate the service.
- Ongoing vehicles costs, including fuel and maintenance.
- Ongoing replacement costs for food waste containers.

Annex A details the estimated revenue costs, both ongoing and one-off, to operate district-wide food waste collections.

2.0 FINANCE, PROCUREMENT AND GOVERNANCE

- 2.1 A project board has been established for this emerging project with key representation from each relevant internal stakeholder and this report has been drafted taking on board the advice.
- 2.2 A shortfall of £179,442 has been identified for the purchasing of food waste collection vehicles. This is based on the Council requiring eight vehicles and one spare vehicle to operate the service, with an estimated average cost of £99,505 per vehicle. This average cost is based on quotes received from two manufacturers in February 2024, both of whom supply dedicated food waste collection vehicles. The funding received from Defra of £716,100 would potentially only cover the cost, equivalent to 7.5 vehicles, but to operate collections, nine vehicles are required.
- 2.3 However, when the capital funding from Defra was awarded for the food waste collection vehicles and containers it was not ring-fenced. Therefore, the identified surplus of £88,566 for the containers can contribute towards the purchasing of the vehicles. A sum of £1,196 of this would be used to purchase wheeled bins for communal properties, leaving £87,370. This would be used to reduce the funding gap from £179,442 to £92,072 for purchasing the vehicles, please refer to Annex B.
- 2.4 The shortfall of £92,072 will have to be funded from the business rates reserve.

- 2.5 It is proposed to procure the food waste collection vehicles from an existing framework most likely to be The Procurement Partnership Limited (TPPL) using Lot 3, then from it run a mini competition for 30 days.
- 2.6 There will be an estimated annual capital replacement cost of £5,720 for 1,000 outdoor and 1,000 indoor food waste containers which are lost/damaged/stolen and for new builds. This is already incorporated into the Council's capital programme.
- 2.7 Depot capacity for storage and parking will accommodate the new food waste vehicles within the overall site of the depot.
- 2.8 There are ongoing and one-off revenue costs of delivering the service, details of which are set out in Annex A. However, Defra have not confirmed the allocation of revenue funding. There is a significant risk that there will be a shortfall in ongoing revenue funding for the 2026/27 financial year. Any shortfall in the ongoing revenue budget will have to be addressed as part of the budget setting process for 2026/27.
- 2.9 As the rollout of food waste collection will commence in 2025/26, there is a further risk that the one-off transitional funding will be insufficient. In the event that the Council does not receive details of the transitional funding allocation for 2025/26, , the Council will establish a contingency fund within its budget planning for the financial year 2025/26. This measure will be taken should there be no confirmation from Defra regarding the Council's financial allocation prior to the budget formulation in February 2025.

3.0 PROJECT RISKS

- 3.1 Defra is yet to confirm what revenue support will be provided to the Council. There is a risk of a significant shortfall which will be mitigated by the creation of a contingency budget in 2025/26 in the event that revenue funding allocations are not confirmed at the time of setting the revenue budget 2025/26. This has been reflected in the Council's Corporate Risk Register.
- 3.2 Extended build and lead times for food waste collection vehicles are anticipated. To provide food waste collections by 31 March 2026, it will potentially create a bottle neck in the supply chain for the vehicles as local authorities in England will need to purchase them. Officers have received from two food waste collection vehicle manufacturers estimated build and lead times of between seven to 12 months.
- 3.3 Ongoing management of the risks and issues associated with this project will be managed via a project board reporting progress to the Capital Strategy Group.
- 3.4 Recruitment of appropriate staff can be challenging; therefore, the project will allow sufficient time for recruitment, and this risk will be managed via the project board.
- 3.5 The recent change of Government may impact the legislative requirements.
- 3.6 Delays to vehicle procurement and build, along with container procurement could create delays in roll out plans as recorded in the action plan, refer to Annex C.

4.0 RISK IMPLICATIONS

- 4.1 Risk Management will be a central consideration of each action.

5.0 ANNEXES

- 6.1 Annex A NWLDC estimated annual revenue costs

- 6.2 Annex B Defra capital funding and NWLDC estimated capital costs
 6.3 Annex C Action Plan

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> - Developing a clean and green district by providing residents the opportunity to recycle food waste. - Ensure where possible all waste is sent for recycling or reprocessing, diverting it away from landfill or incineration. - The Councils' current delivery plan commits to "Being a carbon neutral Council by 2030"
Policy Considerations:	Our fleet management strategy under the Council's Zero Carbon roadmap commits the Council to explore available fleet options at the point of procurement. However Defra has only provided enough funding to support internal combustion engine vehicles not the electric alternative which are three times as expensive.
Safeguarding:	N/A
Equalities/Diversity:	N/A
Customer Impact:	Learnings from the current food waste trial will shape the interaction with our residents.
Economic and Social Impact:	N/A
Environment and Climate Change:	The vehicles will be fuelled by hydrotreated vegetable oil (HVO).
Consultation/Community Engagement:	Change is driven by national legislation. Community engagement will be outlined in the communications strategy.
Risks:	See relevant section above
Officer Contact	Paul Sanders Head of Community Services paul.sanders@nwleicestershire.gov.uk

6.1 Annex A - estimated annual ongoing revenue and one-off costs to operate district-wide weekly food waste collections

Staffing	Unit cost	Estimated annual ongoing revenue costs	Estimated one-off costs	Notes
8 x Drivers (Band C, non-HGV) 37 hours per week	£36,029 to £38,611	£298,560		Based on 1 x Driver and 1 x Loader per vehicle, on the average of each grade and including 2024/25 and 2025/26 estimated pay award.
8 x Loaders (Band B) 37 hours per week	£34,812 to £35,414	£280,904		
1 x Supervisor 37 hours per week	£52,180 to £57,373	£54,777		
Drivers & Loaders - holiday & sickness cover (including national insurance & pension)		£77,791		
Medical fees	N/A	£2,000		
Ongoing vehicle costs				
Washing down the outside of vehicles	N/A	£9,053		
Scheduled maintenance/insurance/tyres etc.	£4,400	£39,600		
Non-scheduled maintenance	£660	£5,940		
Fuel (hydrotreated vegetable oil)	£9,130	£73,040		
Communications and other expenses				
Publicity & Promotion	£2,000	£2,000		1 x food waste guide leaflet (A5, 8 pages max.)
50,000 x 100% compostable liners (roll of 52) for 7 litre indoor caddy	£46,188	£46,188		
Delivery of food waste containers, 1 x roll of compostable food waste liners and leaflet to each household	£1.95		£105,750	
A4 vinyl stickering of 80 x 180 litre wheeled bins, both the bin body and lid	N/A		£150	Required for 40 communal sites - residents need to decant their food waste into wheeled bins.
Route Optimisation	£7,700		£7,700	
Purchase of iPads	£350		£2,800	
Mobile phones & iPads rental costs	£420	£3,360		
Personal Protective Clothing	£265	£4,505		
		£897,717	£116,400	
		estimated annual ongoing revenue costs	estimated one-off costs	
		Total costs: £1,014,117		

6.2 Annex B - Defra capital funding and NWLDC estimated capital costs

Item	Defra capital funding received	NWLDC estimated capital costs	Funding Gap / Surplus
Diesel/HVO powered food waste collection vehicles (including installation of health & safety equipment)	£716,100	£895,542	-£179,442
Food waste containers (indoor and outdoor) for standard properties	£345,966	£257,400	£88,566
Food waste wheeled bins for communal properties	£0	£1,196	-£1,196
Total	£1,062,066	£1,154,138	-£180,638 (excluding using surplus from containers)
Total	£1,062,066	£1,154,138	-£92,072 (including surplus from containers used to off-set cost of vehicles and communal bins)

6.3 Annex C – Action Plan

No.	Action	Date
1.	Request at the Capital Strategy Group meeting on 30 July 2024 to add this project to the Capital Programme.	Q2 2024/25
2.	<p>The project has been added to the forward plan, so that a report can be considered by Cabinet on 20 August 2024, presenting the capital costs, revenue costs, and funding gap identified for the project.</p> <p>The report will request to approve the additional capital expenditure of £92,072 if the request for this is not successful from Defra. Also, approval will be sought for the capital expenditure of £1,062,066 already awarded by Defra for the procurement of food waste collection vehicles and food waste containers.</p> <p>Cabinet approval will also be sought regarding the procurement process for the collection vehicles and permission to purchase the containers from an existing three-year contract awarded to IPL Global in August 2022.</p>	Q2 2024/25
3.	<p>Commence the procurement process for the food waste collection vehicles as below:</p> <ul style="list-style-type: none"> • Compile tender documentation. • Issue invites to tender using an existing framework, most likely to be The Procurement Partnership Limited (TPPL) using Lot 3, then from it run a mini competition for 30 days. • Evaluation of tender submissions. • Standstill period of eight working days before awarding contract. • A contract will be awarded by delegation to the Head of Service, along with the Lead Cabinet member and Section 151 Officer. 	Q2 & Q3 2024/25
4.	Initiate a recruitment programme with support from Human Resources for staffing of the service.	Q3 2024/25
5.	Initiate a communication strategy to support service adoption by key stakeholders and engage their participation through education of why the service is being introduced, how it will operate, and when it will commence.	Q3 & Q4 2024/25
6.	Commence and complete roll out of the service between 1 April 2025 and 31 March 2026. This will be undertaken in phases per quarter to approximately 10,000 households.	Q1 2025/26 Q2 2025/26

		Q3 2025/26 Q4 2025/26
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