

Title of Report	FUTURE OF WASTE SERVICES	
<b>Presented by</b>	Councillor Michael Wyatt Portfolio Holder for Communities and Climate Change  PH Briefed	
<b>Background Papers</b>	<a href="#">Fleet Management Strategy</a>	<b>Public Report:</b> Yes
	<a href="#">Minutes of Scrutiny meeting held 27 March 2025</a>	<b>Key Decision:</b> Yes
<b>Financial Implications</b>	<p>The financial implications are set out in Section 4 of the report. The capital costs will be funded from the Council's Business Rates Reserve in line with the Council's Capital Strategy.</p> <p>The additional revenue cost to implement the chosen option will have to be funded from reductions in revenue budget in other service areas or by raising additional income.</p> <p>Future savings in waste services may be achieved following the full implementation of the new scheme. Details on specific items can be found in Section 6 of this report. Charging for the first garden bin may need to be considered as an option as this would raise considerable levels of income to the Council.</p> <p><b>Signed off by the Section 151 Officer:</b> Yes</p>	
<b>Legal Implications</b>	<p>The notice required by Leicestershire County Council (The Waste Disposal Authority) regarding a change in how the Council collects and disposes of recycling from households in the district will be issued for the change in container collection method.</p> <p>At the end of November 2024, the Government confirmed the requirements for Simpler Recycling. Councils will need to collect the following materials using four different containers:</p> <ol style="list-style-type: none"> <li>1. Residual (non-recyclable) waste</li> <li>2. Food waste (mixed with garden waste if appropriate)</li> <li>3. Paper and cardboard</li> <li>4. All other dry recyclable materials (plastic, metal and glass)</li> </ol> <p>The three recycling container options outlined in this report</p>	

	comply with this requirement.
	<b>Signed off by the Monitoring Officer:</b> Yes
<b>Staffing and Corporate Implications</b>	The implications are outlined in section 7 of this report.
	<b>Signed off by the Head of Paid Service:</b> Yes
<b>Purpose of Report</b>	To make a decision regarding which recycling container system the Council should adopt, replacing the existing system.
<b>Reason for Decision</b>	There are key decisions which require consideration by Cabinet. Firstly, this is a significant proposed change in the Council's waste and recycling collection service affecting every household in the district. Secondly, any change will result in significant capital and revenue expenditure.
<b>Recommendations</b>	<p><b>THAT CABINET:</b></p> <ol style="list-style-type: none"> <li><b>1. AGREES TO IMPLEMENT AND RESOURCE THE NEW TWIN BIN RECYCLING CONTAINER SYSTEM;</b></li> <li><b>2. SUBJECT TO COUNCIL APPROVING REQUIRED CHANGES TO THE CAPITAL PROGRAMME, APPROVES THE AWARD OF A CONTRACT FOR THE PROVISION OF 19 WASTE COLLECTION VEHICLES UP TO THE VALUE OF £4,708,000;</b></li> <li><b>3. RECOMMENDS TO COUNCIL THAT £1,674,000 IS ADDED TO THE CAPITAL PROGRAMME FOR THE PROVISION OF NEW RECYCLING CONTAINERS;</b></li> <li><b>4. APPROVES THE AWARD OF A CONTRACT FOR THE DELIVERY OF NEW RECYCLING CONTAINERS AND THE COLLECTION OF EXISTING CONTAINERS UP TO THE VALUE OF £235,000;</b></li> <li><b>5. APPROVES THE AWARD OF A CONTRACT FOR PROJECT MANAGEMENT SERVICES FOR UP TO THREE YEARS UP TO THE VALUE OF £196,500 IF REQUIRED;</b></li> <li><b>6. APPROVES THE AWARD OF A CONTRACT FOR THE DELIVERY OF LEAFLETS/LETTERS TO HOUSEHOLDS UP TO THE VALUE OF £116,800;</b></li> <li><b>7. DELEGATES AUTHORITY TO THE RELEVANT STRATEGIC DIRECTOR IN CONSULTATION WITH THE SECTION 151 OFFICER AND THE PORTFOLIO HOLDER FOR COMMUNITY SERVICES AND CLIMATE CHANGE TO FINALISE</b></li> </ol>

	<p><b>THE AWARD OF THE CONTRACTS AND ENTER INTO ALL NECESSARY AGREEMENTS, INCLUDING, BUT NOT LIMITED TO ANY VARIATIONS REQUIRED TO THE CONTRACT WITH LEICESTERSHIRE COUNTY COUNCIL; AND</b></p> <p><b>8. THAT CABINET NOTES THAT THERE IS A REQUIREMENT TO REALISE SAVINGS AND/OR GENERATE NEW INCOME STREAMS EFFECTIVE FROM 1 APRIL 2026 IN ORDER TO MEET THE ADDITIONAL ONGOING REVENUE SAVINGS OUTLINED IN SECTION 4 OF THE REPORT.</b></p>
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## **1. BACKGROUND AND MEMBERS' ENGAGEMENT**

- 1.1 In Spring 2023, the Council commenced a review of its household recycling service. Eunomia, an external consultancy with experience of supporting councils to undertake such reviews has been supporting the Council in this work. Following a period of data collection and detailed analysis of the Council's waste operations, in July 2023, an all-Member workshop was held to understand the Council's waste operations priorities, explore the current performance of the waste service and review government policy.
- 1.2 Members identified several positives to the current service including, the second highest recycling rate in Leicestershire, good crews who work hard and are efficient, income the recycling generates, and known end destinations for dry recycling. Areas for improvement set out by Members were wind-blown recycling, boxes and bags not universally liked by residents, additional materials such as flexible plastics/cartons not currently recycled, and accessibility for crews in new build areas pose a particular problem on recycling collection days due to the side loading vehicles.
- 1.3 At the workshop Members also identified seven key priorities for the future consideration to the collection options, these were:
- Improve recycling performance
  - Improve resident satisfaction
  - Reduce impact of the service on street litter
  - Reduce the carbon impact of the service
  - Focus on educating and engaging with residents
  - Increase opportunities for trade waste income
  - Reduce the revenue cost of the service.
- 1.4 Following a detailed options appraisal exercise carried out by Eunomia, a second workshop was held with Members in October 2023 which set out a total of twelve potential container collection options. All options included weekly food waste collections (a mandatory requirement to be introduced by April 2026), a fortnightly black bin service and a fortnightly garden waste collection service. The twelve options tested recycling containers, vehicle implications and collection frequency, whilst focusing on performance, cost and carbon impact.
- 1.5 A follow up survey with all Members asked them to rank the options based on which containers would be suitable for residents, the capital outlay as well as performance, cost and carbon savings implications. This identified three options:

- a stackable box system i.e. a three-tier stackable trolley system
- a quatro bin i.e. a wheeled bin with four compartment for recycling
- two wheeled bins, one bin for cans, tins, plastic and glass, the other bin for cardboard and paper

These options were to be taken forward for more detailed analysis as well as a consultation exercise with the district's households.

Members received a presentation on 4 September 2024, with the final report produced by Eunomia.

The delay between the previous members workshop held in September 2024 and the members workshop held in March 2025, was due to a delay to the Government confirming its position on implementing the Simpler Recycling legislation. Clarity was provided in November 2024 as set out in paragraphs 3.2 and 3.3 below.

A further Members workshop was held on 27 March 2025, where a presentation was received from Eunomia. The presentation explained the journey taken since Spring 2023 when Members started considering a change to the recycling container system.

## 2. RESIDENT AND STAFF CONTAINER SURVEY

- 2.1 A survey ran from Monday 19 February 2024 until Sunday 14 April 2024 asking residents to provide their views on the three recycling container options. **Appendix A** provides a detailed analysis of the methods used to encourage residents to engage with the survey, as well as a detailed summary of what people said.
- 2.2 The survey received a total of 19,507 responses with 19,492 online responses and 15 written submissions.
  - 61% or 11,839 preferred the two-wheelie bin system
  - 23% or 4,547 chose the quatro bin
  - 16% or 3,106 said they would like the stackable trolley system.

Officers have carried out an analysis of all the comments received, there was a significant proportion which referred to having one bin for all recycling, i.e. a co-mingled option, similar to what the rest of the Leicestershire councils operate.

- 2.3 A survey was completed with the operational staff, producing a similar result as 98% favoured the two-wheelie bin system. Again, the feedback comments were analysed, and it concluded that staff overwhelmingly favoured this option due to less manual handling of the containers and other safety considerations.
- 2.4 Union representatives were also engaged throughout and were of the same opinion that a wheeled option was the most preferred option.

## 3. LEGAL AND GOVERNMENT IMPLICATIONS

- 3.1 Section 57 of the Environment Act 2021 requires from 1 April 2026 that councils should prioritise source separation of dry recycling, subject to a test of practicability. Under the Act, ministers may make regulations to create an exemption for the requirement to separate certain materials, it states "if satisfied that doing so will not significantly

reduce the potential for recyclable household waste or recyclable relevant waste in those waste streams to be recycled or composted.”

3.2 The previous Government indicated that it proposed to use the ministerial power to create an exemption to allow “the co-collection of any combination of recyclable plastic, glass, metal, and paper and card together in one bin in all circumstances, without the need for a written assessment”; and to allow “food and garden waste to be co-collected in one bin from households and non-household municipal premises”. The regulations to create the exemption were not made before the dissolution of Parliament and the calling of a general election.

3.3 On 29 November 2024, the new Government provided a policy update regarding Simpler Recycling, confirming its position regarding the co-collection of recyclable waste streams. It confirmed the new default requirement for most households and workplaces would be the allocation of four recycling containers for the collection of the following:

- residual (non-recyclable) waste
- food waste (mixed with garden waste if appropriate)
- paper and card
- all other dry recyclable materials (plastic, metal and glass)

As a result of this announcement, options one, two, and three for the recycling containers outlined in this report would comply with this requirement. As the previous Conservative government had not formally confirmed its position regarding the option to collect recyclables co-mingled (option 4), at the time it was deemed reasonable and prudent to present this as an option to Members. However, the latest announcement confirms it would not satisfy the above requirements as it states there is evidence suggesting fully co-collecting systems (with one mixed dry recycling bin) have the highest levels of contamination (for example, broken glass stuck on paper or wet paper from the liquid from bottles and cans), which will affect the recycling rate.

Furthermore, contaminated materials may be rejected after collection if it is not economically viable to re-process them, reducing the amount of material recycled. Also, paper and card are particularly vulnerable to cross-contamination from food and liquid commonly found on other recycling, which can significantly reduce quality of collected material

There is local flexibility to co-collect paper and card with other dry materials where separate collection is technically or economically impracticable or provides no significant environmental benefit. For example, this may be more appropriate for high-rise flats or houses with very limited outside space. Councils would need to produce a short written assessment explaining their decision.

Therefore, it would be difficult to justify a move away from the current compliant source separated recycling system to a co-mingled recycling system, as it would likely be deemed inappropriate as it would not meet the default requirements. It is for this reason that it is advised that the option 4 for a fully comingled collection service should be dismissed for the purposes of this review.

3.4 Any of the options which move away from the current sorting carried out by the district’s residents could create a risk for the Council in terms of compliance, however this needs to be a balanced with practicality for residents. The twin bin option does mean that the valuable cardboard, along with paper is kept separate from cans, tins, plastics and glass. This option also enables greater flexibility for future change and

also has the benefit of using more standardised vehicles for collection (other options focus on specialised vehicles and or containers).

4. FINANCIAL IMPLICATIONS

4.1 There are two financial aspects to consider when evaluating the cost implications of the proposals: revenue costs and capital costs. Each of these costs is considered separately and has considered the detailed financial options work carried out by Eunomia in **Appendix B** but updated them to reflect actual costs in 2024/25 and aligning to the Councils budget framework. (Eunomia’s figures are calculated using the 2022/23 budget outturn).

4.2 Capital Costs

The capital costs can be broken down into three different elements, namely vehicle costs, container costs and other plant and equipment. The Council made a change in the way it funds its capital programme in 2023/24 moving away from using external borrowing to fund programmes. This eliminates the Council’s exposure to increases in interest rates. Capital schemes will be funded from internal sources such as reserves, mainly the business rates reserves. The alternative to using business rates reserves is to borrow, however, there will be an additional revenue cost associated with this. For example, interest on borrowing of £6m at current rates would equate to interest of approximately £1m if borrowing is taken over seven years.

4.3 Vehicle Costs

The current vehicle stock is aging and needs replacement regardless of whether the Council changes its collection method. The Council would be procuring the replacement of these vehicles as a matter of course in line with the adopted Fleet Management Strategy. The figures in the below table have been taken from the Eunomia report and adjusted to include an additional link vehicle which the service requires to enable the collection of all domestic waste from those properties that the larger vehicles can’t access. The baseline has also been amended to reflect the correct number of recycling vehicles in 2024/25. The vehicle costs are summarised in the table below.

	Baseline (Current Service) £'000	Option1 (Triple stack) £'000	Option 2 (Quatro) £'000	Option 3 (Twin Stream) £'000
Total Vehicle Cost	4,821	4,564	4,504	4,528

A detailed breakdown of the type and number of vehicles is shown in Table A-1 in **Appendix C**

4.4 Containers

The cost of containers is summarised in the table below. The figures in the below table have been taken from the Eunomia report. A further breakdown is shown in Table A-2 of **Appendix C**.

	Option1 (Triple stack) £'000	Option 2 (Quatro) £'000	Option 3 (Twin Stream) £'000
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<b>Total Container Cost</b>	3,527	6,018	1,674
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#### 4.5 Other plant and equipment

The cost of plant and equipment is summarised in the table below. A further breakdown is shown in Table A-3 of **Appendix C**.

	<b>Baseline (Current Service)</b>	<b>Option1 (Triple stack)</b>	<b>Option 2 (Quatro)</b>	<b>Option 3 (Twin Stream)</b>
<b>Total Plant &amp; Equipment Cost</b>	630	630	630	180

\*For option 3 this would be for a JCB to manage on site street cleansing materials and general depot operations. All materials in option 3 are based on taking to Leicestershire County Council defined locations.

- 4.6 The total capital cost ranges from £5.4m to £11.2m. The Council's Capital and Treasury Management Strategy sets out the approach to managing capital investments and borrowing. Overall, the most cost effective option for capital expenditure is baseline due to no new containers being required. Of the three options for changing containers the most cost effective is twin stream (e.g. two wheelie bins).

#### 4.7 Ongoing Capital Cost of Containers

There is an annual capital cost for the purchase and replacement of containers due to damage, wear and tear and provision to new build and cover recycling, domestic and garden bins. The estimated replacement costs are summarised in the table below. A further breakdown is shown in Table A-4 of **Appendix C**. These costs would have to be built into the Council's annual capital programme.

<b>Collection Service</b>	<b>Baseline (Current Service) £'000</b>	<b>Option1 (Triple stack) £'000</b>	<b>Option 2 (Quatro) £'000</b>	<b>Option 3 (Twin Stream) £'000</b>
Recycling	128	196	305	159
Domestic	69	69	69	69
<b>Total Container Cost</b>	<b>197</b>	<b>265</b>	<b>374</b>	<b>228</b>

#### 4.8 Funding the Capital Costs

The Council decided that from 2023/24 onwards, there will be no new borrowing to fund capital investments. This is due to the budget pressures facing the Council in future years and the repayment of debt whether internal or external having a revenue implication. This decision was made to ensure that the Council does not create additional revenue pressures in the future arising from interest and capital repayment costs.

Any decision on capital and revenue spend would require the approval of Council. As this was not included in the budget setting in February 2025 by Council a further report to Council would be required to proceed.

The Council's preferred option is to utilise its business rates reserve to finance new capital schemes. The Council is currently forecasting a funding gap over the medium term. In the event that borrowing is undertaken to fund the capital costs, this would widen the funding gap. The business rates reserve is projected to have a balance of £32 million by 2030, after accounting for current and forecasted capital programme costs. Although this amount appears sufficient to cover the most expensive option of £11.2 million, it does not take into account the Council's additional priorities for emerging capital schemes aimed at supporting economic regeneration across the district.

#### 4.9 Revenue Costs

The annual revenue costs of the options are summarised in the tables below. These costs include:

- Vehicle running costs
- Container replacement costs
- Staff costs
- Income for sales of dry recycling materials
- Garden waste income from additional containers
- Waste Transfer Station operation costs.

The figures below have all been adjusted for the expected loss of income due to the introduction of the Deposit Return Scheme (DRS), further information about this scheme is in paragraph 7 of the report. This equates to a potential loss of income of £175k based on 2024/25 budgets for the four options being considered, as well as the current recycling container system.

	<b>Baseline (Current Service) £'000</b>	<b>Option1 (Triple stack) £'000</b>	<b>Option 2 (Quatro) £'000</b>	<b>Option 3 (Twin Stream) £'000</b>
<b>Total Revenue Costs</b>	2,203	2,221	2,071	2,639

There is a variance between the Eunomia figures in **Appendix B** as they are based on information relating to 2022/2023 and changes to staffing hours rather than posts. Whereas the Council's own figures in the table above are based on current information and full-time equivalent posts. Eunomia has also included replacement container costs as revenue, but the Council's own figures exclude replacement container costs as these are funded from capital.

4.10 For each of the options a breakdown of the Council costings and changes are shown in the tables below:

<b>Option 1 (Triple stack)</b>	<b>£'000</b>
Baseline (Current Service)	2,203,000
Staffing garden waste Loaders - deletion of one post for six months	(16,960)
Depot staff - increase of two employees	79,260



Vehicles - reduced running costs	(14,570)
Other - recycling bags no longer required	(30,000)
<b>Net Cost of Service</b>	<b>2,220,730</b>
<b>Increased revenue cost to baseline</b>	<b>17,730</b>
<b>Option 2 (Quatro)</b>	<b>£'000</b>
Baseline (Current Service)	2,203,000
Staffing Drivers - deletion of one post	(39,670)
Staffing Loaders - deletion of three posts	(101,730)
Staffing garden waste Loaders - deletion of one post for six months	(16,960)
Depot staff - increase of two employees	79,260
Vehicles - reduced running costs	(23,350)
Other - recycling bags no longer required	(30,000)
<b>Net Cost of Service</b>	<b>2,070,550</b>
<b>Reduced revenue cost to baseline</b>	<b>(132,450)</b>

<b>Option 3 (Twin Stream)</b>	<b>£'000</b>
Baseline (Current Service)	2,203,000
Staffing Drivers - deletion of one post	(39,670)
Staffing Loaders - deletion of one post	(33,910)
Staffing garden waste Loaders - deletion of one post for six months	(16,960)
Depot staff - deletion of three posts	(118,890)
Vehicles - increased running costs	22,410
Other - recycling bags no longer required	(30,000)
Other - Equipment/service contracts no longer required	(8,570)
Income - lose recycling income, but retain garden bin income	661,390
<b>Net Cost of Service</b>	<b>2,638,800</b>
<b>Increased revenue cost to baseline</b>	<b>435,800</b>

Based on Council's figures, option one shows a £18k increase, option two a £132k saving and option three a £436k increase. The higher annual revenue cost for Option 3 is due to the loss of all the recycling income due to the way in which the Council would need to work with the County Council as disposal authority. Whilst Option 2 will provide a revenue saving, the capital costs are significantly higher compared to the other two options. The current forecast balance on the business rates reserve as at 31 March 2026 is £14.5m. The capital costs for Option 2, amounting to £11.2 million, would significantly deplete the Council's reserves, leaving only a minimal balance to support future capital projects. This depletion of reserves would result in the loss of revenue from interest on these balances. Consequently, the Council may need to return to borrowing, incurring additional borrowing costs.

Any additional revenue costs associated with the waste review will be a cost pressure on the general fund budget. The Council faces a medium-term funding gap. To address the revenue implications of the budget, the Council must secure the necessary funds.

In order to fund the costs, the Council has the option of either finding savings or additional income which is equivalent to the additional revenue costs required. These proposals will be considered as part of the budget setting process for 2026/27, together with consultation on those proposals.

Whilst there are several areas for potential future savings once the new scheme is fully implemented, including reduced manual handling injuries, depot operational efficiencies, optimised collection routes, and increased trade waste income, these savings will not be realised until the scheme is fully implemented and will not be realised until some years after full implementation. Also, these savings cannot be quantified at this stage. The funding of the additional costs needs to be determined before the first year of operations which is forecast to be the 2026/27 financial year.

There are two options available to the Council which are:

- Identify and realise savings
- Raise additional income

To proceed with the rollout of the preferred waste services option, the Council must commit to identifying savings to cover the additional costs. Although the scheme will be gradually rolled out, the total savings must be identified and prepared for realisation by the 2026/27 financial year. This work must begin immediately and be included in the budget proposals for the 2026/27 financial year.

Alternatively, the Council can fund the costs by raising income. The Council can explore opportunities to generate additional income, such as introducing charges for currently free services like the first garden bin or increasing fees for existing services. Preliminary work indicates that charging for the first garden bin could generate an estimated income of £780,000, significantly contributing to covering the additional costs.

If sufficient savings cannot be found, Cabinet must mitigate this by raising income. Without this commitment, the Council would be committing to additional expenditure without financing options, which is unlawful.

There is the additional cost of a project manager to oversee the project for a period of three years totalling £196,500 and a communication strategy to support the project at a cost of £116,800. These are 'one-off costs' and would be met from the business rates reserve.

There is also a cost for the delivery of the containers. The indicative quotes in the table below have been sought from one of the UK's leading waste container distribution companies which the Council has previously used for the delivery of food waste containers and recycling trolleys. As these are a one-off cost these would be met from the business rates reserve.

<b>Container and leaflet delivery option</b>	<b>Distribution cost to households</b>	<b>Leaflet delivery included with container delivery at the same time</b>
Triple stack – two units (option 1)	£235,000 (£4.70 per household)	Cost includes the delivery of an A5 4-page double sided instructional leaflet and the collection of old red boxes left out by residents.

Quatro – one unit (option 2)	£160,000 (£3.20 per household)	Cost includes the delivery of an A5 4-page double sided instructional leaflet and the collection of old red boxes left out by residents.
Twin Stream – two units (option 3)	£235,000 (£4.70 per household)	Cost includes the delivery of an A5 4-page double sided instructional leaflet and the collection of old red boxes left out by residents.

The distributor would collect and return red boxes left out by residents to the Council's bin compound. As the red boxes are recyclable they would be sent for recycling. An indicative quote has been received from the contractor who currently collects old wheeled bins for recycling, which indicates that the Council could receive £100 per tonne of red boxes. The blue bags and yellow bags are not recyclable; therefore, it is proposed residents would be instructed to dispose of them in their black bins.

- 4.11 Based on the draft rollout dates contained within section 12 of this report, a forecasted breakdown of capital and revenue costs are shown in the below table. A final rollout programme will be developed over the coming months taking into consideration operational service requirements along with vehicle and container delivery dates. Once agreed, any changes in the year the expenditure occurs will be incorporated and reported as part of the annual budget process.

	Current Year Budget	Impact of Proposals	Forecast		
	2025/26		2026/27	2027/28	2028/29 & beyond
	£000	£000	£000	£000	£000
<b>Capital Investment</b>					
Costs *	200	200	4,321	1,039	2,108
Funded by	Business Rates Reserve				
<b>On-going costs (revenue)</b>					
Costs - Staffing	0	0	0	(103)	(106)
Other	0	0	68	536	216
Total on-going costs	0	0	68	433	110
Funding by	Savings or raising of additional income (tbc)				
<b>One-off costs (revenue)</b>					
Costs - Staffing	0	43	66	66	22
Other	0	0	194	158	0
Total one-off costs	0	43	260	224	22
Funding by	Business Rates Reserve				
<b>Total revenue costs</b>					
Staffing & Other	0	43	328	657	132

\*Container replacement costs for 2025/26 £200k, 2026/27 £200k and 2027/28 £202k already approved as part of the capital programme and are also included in the figures above.

## 5. SUMMARY OF COSTS AND FUNDING

- 5.1 The capital costs range from £5.4m to £11.2m, together with the ongoing capital costs of replacement containers of up to £374k. The capital costs will be met from business rates reserves. Whilst option 2 provides a revenue saving compared to the current baseline costs, the capital costs are significantly higher compared to the other options. This option would significantly reduce the Council's business rates reserve balance leaving a minimal sum to support new capital projects. It may mean a return to borrowing to fund capital projects which would mean associated borrowing costs, which the Council currently avoids by using the business rates reserve as outlined in its Capital Strategy.
- 5.2 The additional revenue costs, if option 3 is chosen, will be £436k per annum. In addition, there is the potential loss of income of £175k. The revenue costs will have to be funded by finding equivalent savings. The savings will have to be realised in the 2026/27 financial year. If savings cannot be realised, then the Council must consider implementing proposals that will generate income.
- 5.3 There are further one-off revenue costs which include the project manager, delivery of the containers and communications of £197k, up to £235k and £117k respectively. These costs will be funded from reserves.

## 6. POTENTIAL FUTURE SAVINGS

- 6.1 A number of efficiencies and savings are predicted in the years ahead in addition to those set out in paragraph 4.9 of this report once the new scheme is fully implemented. Some areas of focus include the following potential savings:

Area	Potential future savings
Less manual handling with wheelie bins and less injuries and sickness	Savings from the impact of having less agency/overtime payments
Garden waste collections, subscription for all bins and reduce collections over winter period	A charge is made universally across England and at all other Leicestershire Councils. A reduction in winter collections could be considered when a new container system is rolled out given the current vehicles are configured to collect card and garden waste.
Reducing the frequency of collecting the black bin waste from households from the current fortnightly regularity.	There are several councils across the UK already collecting black bin waste every three weeks (e.g. West Northants, North Somerset and Cheshire East) and more are considering such a move. Of note is Bristol who are considering every four weeks.
Route optimisation – crews sizes, time and motion study	Once the new container system is rolled out across the district a review of routes will potentially create revenue and carbon savings. A review of the time taken by crews will also be undertaken to establish the correct staffing resource.
Trade waste review	With a new fleet and disposal arrangement with LCC a review would create efficiencies and increased income

Future management of the service	Options in the future could be looked at for the service management and potential efficiencies created.
Revenue and capital savings from container (lower replacement rate)	With a comingled or twin bin solution, fewer bins will be damaged creating a saving.

## 7. STAFFING CONSIDERATIONS

- 7.1 Any staffing implications of the preferred option will be subject to the usual Council policies and procedures and will be undertaken in consultation with staff and unions.
- 7.2 During this process consultation periods with staff and the unions will be conducted in accordance with policy.
- 7.3 To facilitate the successful implementation of a new recycling collection service a project manager will be required on a temporary three-year contract at an estimated cost of £196,500. There could also be redundancy costs to pay at the end of the fixed term contract. The costs are unknown at this stage and will depend on age and length of any continuous local government service.

## 8. RISK

- 8.1 A number of changes will be forthcoming in the coming years following legislation. These represent risks to the Council's recycling operations in the following ways:

### 8.2 Plastic film and cartons (tetra paks)

These materials will be 'obligated' under the Simpler Recycling legislation requiring councils to collect them. Whichever collection method is chosen, it will provide challenges in this area as collections will need the flexibility to accommodate these materials. The current FlexCollect trial may be the most appropriate way to collect plastic bags and wrappings. Residents on the trial currently put plastic bags and wrapping into a separate plastic bag, therefore it does not affect the quality of other recycling, and it can be separated and processed at the Council's depot. If the Council changed to a twin bin or co-mingled bin option, this material would not be kept separate and could cause issues when separating it from other recyclable material. All councils in England will be required to collect plastic bags, wrapping, and cartons (tetra paks) by March 2027.

### 8.3 Contamination

This is when non-recyclable materials are presented at the kerbside which can negatively affect the quality and value of the recycling. The Council's current contamination rate is very low due to the current boxes and bags as the waste operatives can easily identify and reject contaminated recycling at the kerbside. With the stackable option the contamination is predicted to remain at 0.9%. With the Twin Stream and Quatro options it is estimated at 9.2%, and with a comingled bin it is estimated it will be 12.9%.

#### 8.4 Deposit Return Scheme (DRS)

This scheme is due to be rolled out by the Government in October 2027. It would mean drinks cans and plastic bottles would be sold with a deposit value, which is likely to be 20p. The public would be able to take these items to shops and supermarkets in exchange for credit notes to discount off their shopping.

It is estimated this would reduce the amount of these materials presented at the kerbside for collection by the council of up to 62%. This could impact the triple stack or quatro methods of collection as it could result in a loss of income of up to £175,000. This is based on the income received for these materials during 2023/24.

#### 8.5 Extended Producer Responsibility Scheme (EPR)

The Government has introduced a scheme which incentivises producers and manufacturers to design packaging that is easy to recycle as the producers will be obligated to pay the full net costs of managing household packaging collected by local authorities. Individual payments will be made to collection authorities (e.g. NWLDC) and disposal authorities (e.g. LCC).

On 28 November 2024, the Council was awarded £1.57 million for 2025/26 from the EPR scheme. Further payments will follow from the government periodically.

Officers have conducted a comparison of the EPR payments awarded to all the collection authorities in Leicestershire as illustrated in the table below.

<b>Council</b>	<b>Approx. number of households</b>	<b>Funding payment</b>	<b>Funding payment per household</b>	<b>Recycling collection method</b>
Blaby District Council	44,500	£913,000	£20.52	Comingled
Charnwood Borough Council	79,000	£1,660,000	£21.01	Comingled
Harborough District Council	44,000	£1,150,000	£26.00	Comingled
Hinckley and Bosworth Borough Council	53,000	£1,063,000	£20.05	Comingled
Melton Borough Council	23,000	£544,000	£23.65	Comingled
North West Leicestershire District Council	49,000	£1,574,000	£31.12	Source separated
Oadby and Wigston Borough Council	24,500	£468,000	£19.10	Comingled
<b>Average</b>		<b>£1,053,143</b>	<b>£23.06</b>	

As illustrated in the table, the Council receives a significantly higher proportion of funding payment per household compared to the other councils. This is largely due to the Council operating the only source separated recycling system in Leicestershire, all other councils collect recycling comingled. This was recognised when the funding was awarded as the Council incurs processing costs when separating recycling into individual material streams before selling it to the recycling market. The other councils

do not incur this cost as recycling is collected comingled which is tipped at one materials recycling facility as directed by LCC.

It is important to note a change from a source separated to a comingled recycling collection system could result in a reduction of EPR funding payment. However, this alone will not affect the payment as the introduction of a deposit return scheme would reduce the volume of recycling collected at the kerbside as residents will take eligible packaging, such as drinks containers back to supermarkets and other retailers in exchange for credit notes to receive a discount off their shopping.

Furthermore, the EPR scheme is to encourage and incentivise producers and manufacturers to use less packaging and use more recyclable materials, reducing the amount of hard to recycle packaging placed on the market. Again, this will subsequently lead to less packaging collected at the kerbside.

#### 8.6 Leicestershire County Council (LCC)

LCC is the waste disposal authority, therefore, it mandates where waste and recycling is disposed after it has been collected by the District Council, which is the waste collection authority.

In 2017, the Council entered into a ten-year contract with LCC so that it could have kerbside separation for its dry recycling, with the ability to sell the materials on the open market. The Council has been successful in selling these materials, whilst ensuring the end destinations are sustainable. As a result, the Council has been able to generate around £1m per annum which has proved positive in reducing the cost of collection.

LCC has robustly commissioned contracts in place for processing recycling on behalf of all the other six collection authorities in Leicestershire and would provide a processing location for all North West Leicestershire's recycling under option 3 to be taken to locally.

#### 8.7 Local Government Reform and Devolution

It is expected that from 2028 there is most likely to be a unitary council structure rolled out to replace the current two-tier structure in Leicestershire. This would mean that the current structure, whereby the statutory responsibilities for waste collection and disposal are split between the District Council and Leicestershire County Council, would no longer be the case under a new unitary council.

#### 8.8 Advantages and Disadvantages

The table below sets out some of the key advantages and disadvantages of the various kerbside recycling collection methods.

Collection Method	Advantages	Disadvantages
Kerbside separation (current containers,	<ul style="list-style-type: none"><li>• Low contamination, which makes materials</li></ul>	<ul style="list-style-type: none"><li>• Residents required to sort materials, can</li></ul>

triple stack, and quatro)	<p>more valuable when selling to the market.</p> <ul style="list-style-type: none"> <li>• Materials are processed at the council's own depot.</li> <li>• Ability to generate income.</li> <li>• System can be flexible to future legislation changes</li> </ul>	<p>cause confusion.</p> <ul style="list-style-type: none"> <li>• Wind-blown materials, creating litter issue.</li> </ul>
Twin bin	<ul style="list-style-type: none"> <li>• Minimal sorting required from residents</li> <li>• Enclosed container, preventing recycling from becoming wind-blown</li> <li>• Easier to move to the kerbside</li> <li>• Easier for the waste operatives to handle when emptying</li> <li>• Lower replacement rate than current containers</li> <li>• Less journeys for waste operatives when collecting from assisted households.</li> </ul>	<ul style="list-style-type: none"> <li>• Higher contamination</li> <li>• Some, if not all of the materials will be disposed of at a third-party site located away from the Council's depot, increasing travelling time.</li> <li>• No control of where the disposal points would be, potentially increasing travelling time.</li> <li>• Could restrict the amount of recycling presented by residents, compared the current containers</li> <li>• Storage of the bins could be an issue for some households</li> <li>• Less ability to adapt the system for future legislation changes</li> </ul>

## 9. COMMUNICATION STRATEGY AND PROJECT MANAGEMENT

- 9.1 Officers will engage with other councils which have rolled out similar schemes. A comprehensive communication strategy will be developed and implemented, ensuring effective engagement with stakeholders. This will include employees, residents, Leicestershire County Council, Members, town and parish councils.

A budget of £116,800 will be required to implement the communication strategy as per the costs provided in the table below.



<b>Leaflet type</b>	<b>Purpose</b>	<b>Delivery method to households</b>	<b>Cost £'000</b>
A5 double sided	Confirmation a new recycling container system will be introduced, the timescales for this and the next steps	Economy postage (3-5 days delivery)	£38,000
A5 double sided	Confirmation of the date residents will receive the new recycling containers and to leave out old red boxes for collection. This will be sent to residents four weeks before receiving the new recycling containers	Economy postage (3-5 days delivery)	£38,000
A5, 4 page double sided	Providing residents with instructions regarding how to use the new recycling containers	It will be delivered at the same time as the new recycling containers by the distribution company	£2,800
A5 double sided	A follow-up leaflet will be delivered to residents four weeks after the new containers will be delivered. It will encourage the use of the new system	Economy postage (3-5 days delivery)	£38,000
<b>Total</b>			<b>£116,800</b>

In addition to the leaflets a wide variety of communication tools will be used to support the project, some of which are listed below. However, they will not require a budget as they will be funded by existing budgets.

Resident communications:

- Press releases
- Website articles
- Social media posts
- GovDelivery e-newsletters
- Posters displayed in community buildings
- Media opportunities, e.g. TV or radio interviews and features

Staffing communications:

- Toolbox talks and presentations for waste services operational staff
- Staff iNet articles and blogs
- Weekly staff email

Member communications:

- Portfolio Holder briefings
- Member Hub articles

As this is a complex project, a dedicated project manager would be recruited for three years to oversee and manage this project with an estimated cost of £196,500 and a project board and governance structure will be put in place to ensure a robust roll out across the whole district.

## **10. PROCUREMENT**

The recommendations at the beginning of this report are seeking authority to award contracts that will need procuring. The proposed procurement route for each item is detailed below.

- Vehicle procurement – a framework will be used to comply with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules. It is proposed to use a framework that has been procured by the Procurement Partnership Limited (TPPL), which Waste Services has used previously for the procurement of other fleet vehicles. This would allow a mini competition to be carried out.
- Container procurement – a framework will be used to comply with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules. It is proposed to use a framework that has been procured by the Eastern Shires Purchasing Organisation (ESPO). This would allow a mini competition to be carried out.
- Delivery of new recycling containers and the collection of existing containers – a framework will be used to comply with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules. It is proposed to use a framework that has been procured by the Yorkshire Purchasing Organisation (YPO). This would allow a mini competition to be carried out.
- Delivery of leaflets/letters to households – a framework will be used to comply with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules. It is proposed to use a framework procured by the Crown Commercial Services. This would allow a mini competition to be carried out.
- Project management services – there are three ways procurement could be carried out which are below.
  1. Contract the services of a consultant
  2. Appoint a project manager via Comensura
  3. Appoint a project manager directly, either internally or externally

If option one is chosen, a framework will be used to comply with the Public Contact Regulations 2015 and the Council's Contract Procedure Rules. This would allow a mini competition to be carried out.

If option two is used, a project manager will be recruitment using the Council's existing staffing and recruitment contract with Comensura.

If option three is chosen, the usual recruitment process will be followed resulting in the issuing of a fixed term contract for a project manager.

## **11. SUMMARY**

Given the financial and qualitative assessment of the three options, it is recommended to transition the service to Option 3, the twin bin recycling scheme to replace the current bags and boxes scheme for the following reasons:

1. The public overwhelmingly supported this option as did the operational staff and unions
2. There will be less maintenance requirements and costs from a simpler bin lorry design
3. It will be easier for residents to recycle with just the two bins
4. There will be less wind-blown litter given the issues with boxes
5. The wheelie bins will be more robust than the other options with less costs of replacement or repair
6. The standard design vehicles are more likely to deliver better value when purchased
7. There is potential for reduced work-related sickness with less manual handling/lifting required.

The capital costs can be met from the business rates reserve, however, option 2 requires a drawdown from the business rates reserve which would significantly reduce the balance leaving a minimal sum for any new capital projects which the Council wished to progress. The consequence of this is that the Council may have to borrow to fund future capital projects, which would result in additional borrowing costs. The Council's capital strategy since 2023/24 has been to use its business rates reserve to fund capital projects thereby avoiding borrowing costs. Additionally, the Council would lose interest on its reserve balances in the event that option 2 is chosen.

The preferred choice, Option 3, will incur additional revenue costs. To cover these expenses, the Council must either achieve further savings beyond those specified in the medium-term financial plan or generate additional income. This needs to be agreed as part of the Council's budget setting for the 2026/27 financial year.

## **11. COMMENTS RECEIVED FROM THE COMMUNITY SCRUTINY COMMITTEE**

Following the Members workshop on 27 March 2025, the options were considered at a Community Scrutiny Committee meeting on 27 March. Members considered the three options and were generally supportive of the twin bin option, as recommended by officers. The Committee's comments concentrated on how the roll out of the new scheme would be managed as well as communications with residents including:

- Consider and review challenges with households that have access or storage challenges and resolve where required.

- Ensure detailed information is provided to residents on how to use the new containers.
- Ensure staff and unions continue to be effectively engaged throughout the service change.
- Clearly communicate with residents regarding the delays associated with government requirements.

## 12. DRAFT PROJECT PROGRAMME

Activity	Estimated timeline
Cabinet decision on 22 April 2025 (plus 10 days to allow for a call in period)	6 May 2025
Staff and union engagement	Carried out throughout the project at key milestones and in line with the Council's human resources policy regarding staff employment.
Recruit and appoint a project manager	6 May 2025
Present capital costs for the vehicles and containers to Full Council in May 2025.	13 May 2025
Procurement of vehicles - agree specification, issue invite to tender, evaluate tenders, issue contract to successful supplier.	6 September 2025
Procurement of the recycling containers - agree specification, issue invite to tender, evaluate tenders, issue contract to successful supplier.	6 October 2025
Phase one – implementing the new service to 12,500 households	November 2026
Phase two – implementing the new service to 12,500 households	March 2027
Phase three – implementing the new service to 12,500 households	July 2027
Phase four – implementing the new service to 12,500 households	November 2027

**APPENDIX A:** Feedback from Residents on the container options consultation

**APPENDIX B:** Eunomia Report August 2024

**APPENDIX C:** Detailed breakdown of costs (containers, vehicles, plant and equipment)

<b>Policies and other considerations</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>• Developing a clean and green district by providing residents the maximum opportunity to conveniently recycle.</li> <li>• Ensure where possible all waste is sent for recycling or reprocessing, diverting it away from landfill or incineration.</li> <li>• The Council's current delivery plan commits to "Being a carbon neutral Council by 2030."</li> </ul>
Policy Considerations:	<p>The Fleet Management Strategy under the Council's Zero Carbon roadmap commits the Council to explore available fleet options which will be governed by the type of recycling container system introduced.</p> <p>Demonstration/confirmation the recycling container system introduced complies with the Government's Simpler Recycling policy.</p>
Safeguarding:	N/A
Equalities/Diversity:	<p>An Equality and Human Rights Impact Assessment has been carried out on each of the container systems to ensure that any issues with moving to different recycling container system are identified and mitigated. Currently those residents who are physically unable to put out waste, garden waste, and recycling containers are able to apply for an assisted service, this would remain in place. The service ensures waste operatives collect and return waste and recycling containers to an agreed location on the resident's property.</p>
Customer Impact:	An easier, more convenient, and practicable way for residents recycle at the kerbside.
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon:	An easier, more convenient, and practicable way for residents recycle at the kerbside which could increase the volume of materials recycled.
Consultation/Community/Tenant Engagement:	A communications strategy will be developed and initiated to support the project.
Risks:	As highlighted in section 8 of the report.
Officer Contact	<p>Paul Sanders  Head of Community Services  <a href="mailto:paul.sanders@nwleicestershire.gov.uk">paul.sanders@nwleicestershire.gov.uk</a></p>