

WASTE STRATEGY IMPLEMENTATION – REVISED TIMELINE AND FINANCIAL APPRAISAL

1. RECOMMENDATIONS

Cabinet recommends to Council that:

- 1.1 Officers proceed to take the necessary decisions to implement the service changes for refuse collection, recycling and food waste collections as set out in Section 5 of this report, in readiness for commencement of the new service in Spring 2025;
- 1.2 The budget requirements as set out in section 7 are approved, noting that these are included in the Council's Medium Term Financial Plan. Council notes in particular the anticipated service roll out costs for 2025/26 at £1.4 million, with a likely offset of £0.8 - £1.2 million through the receipt of EPR funding, and the additional budget requirement for transitional costs, increasing from £1.224 million to £1.825 million;
- 1.3 Officers continue procurement processes to secure the necessary vehicles, wheeled bins, food caddies and other containers, including ancillary services in order to deliver the new service; and
- 1.4 Officers continue to work with Hampshire County Council and other Hampshire partners to identify the best long-term solution to recycling collections and processing to meet the Government requirements and return to Cabinet for a final decision.

2. INTRODUCTION

- 2.1 In the face of some uncertainty about the longer-term position regarding both Government guidance and the timeline for provision of the required recycling infrastructure in Hampshire, Officers have been preparing proposals for the rollout of service change as agreed in the NFDC Waste Strategy.
- 2.2 On 21st October 2023, DEFRA released a response to the "Consistency" consultation from May 2021, which has provided some clarity. A report was presented to cabinet on 6th December 2023, outlining a proposed way forward considering continued recycling infrastructure uncertainty.
- 2.3 Further work was required to consider the financial implications of the proposed new service, including Local Government Finance Settlement, progression of procurement activity, and any further Government announcements regarding funding.
- 2.4 This report now sets out the proposed service change, the achievable timeline for change and the latest financial appraisal.

3. BACKGROUND

- 3.1 The 6th December 2023 Cabinet report outlined much of the background to the current position regarding waste and recycling services. A short summary is set out in the following section.

- 3.2 NFDC has been working on a new approach to waste and recycling services, detailed in a new Joint Municipal Waste Management Strategy (via Project Integra) approved in October 2021 and the NFDC Waste Strategy 2022-27, approved by Council in July 2022. However, delays in the release of further information from Government have impacted our ability to rollout our approved service changes.
- 3.3 On Saturday 21st October 2023, guidance was issued by DEFRA, giving some clarity on timelines and material waste streams. In summary:
- **By 31 March 2026**, all local authorities in England must collect the same recyclable waste streams for recycling or composting from households. Also, confirmation that collection of all dry recyclables (paper and card, plastic, glass and metal) together in one recycling bin (known as co-mingled collections) will be allowable.
 - **By 31 March 2025** (i.e., 12 months earlier) all non-household premises (shops, businesses, etc.) in England must make arrangements to have this same set of recyclable waste streams (except for garden waste) collected for recycling or composting.
 - Delivery of these new duties will be funded through a combination of reasonable 'new burdens' funding to local authorities to provide weekly food waste collection from households, and Extended Producer Responsibility (EPR) for the costs of collecting and managing packaging waste through efficient and effective services.
 - DEFRA also launched two consultations, which NFDC responded to.
- 3.4 Changes in the guidance have led to the revisiting of our previously approved strategy. A summary of the changes can be seen in Section 5 of this report.
- 3.5 In addition, there have been ongoing discussions with Hampshire County Council (HCC) and other Hampshire councils, regarding the development of a new Materials Recovery Facility (MRF). In light of the recent Government announcements, HCC wrote to all Waste Collection Authorities (WCAs) to request that they carry out work to determine the optimal recycling system for Hampshire authorities, so that Waste Disposal Authorities can determine how best to manage the resultant collected materials. This would include a review of alternatives to the previously agreed "twin stream" system.

4. PROGRESS AND DEVELOPMENTS SINCE DECEMBER 2023

- 4.1 In early January '24, NFDC received a letter from Defra outlining the total indicative transitional capital we will receive to fund food waste collections. This relates to vehicles and food waste containers. More information on this is found in Section 7.
- 4.2 Additionally, NFDC has since written to the Secretary of State for Environment, Food and Rural Affairs, to highlight key issues around timelines, funding and the handling of waste from businesses.
- 4.3 The modelling work referenced in 3.5 is now underway. This includes modelling of alternative options to the scheme agreed in the original NFDC Waste Strategy agreed in July 2022, following recent Government announcements about co-mingling. The outcome of this work will define the specification required for the new

MRF. This work will impact upon the timeline for the proposed new MRF, and with an estimated 2-year build programme, a new MRF won't now be ready until at least 2026. This modelling work is due for completion at the end of March 2024.

5. PROPOSED CHANGES TO THE APPROVED WASTE STRATEGY

- 5.1 As outlined in the December Cabinet report, the challenge now is to rollout the large part of our service change in 2025, to comply with Government deadlines, but to retain flexibility to allow for a potential “phase 2” change once the new MRF is ready. As such, the interim service would look like this:

INTERIM SERVICE CHANGE	
Elements that remain as per original waste strategy proposal	Elements that are different to original waste strategy proposal
<ul style="list-style-type: none"> • 180 litre wheeled bin for refuse collection, collected fortnightly. • 25 litre caddy for food waste, collected weekly (with additional 5l caddy provided for internal use) 	<ul style="list-style-type: none"> • 240 litre wheeled bin for our existing DMR mix i.e., paper, card, plastic and metal, collected fortnightly. • 55 litre box for glass collection, collected monthly

- 5.2 The increased capacity of the recycling wheeled bin from 180L to 240L is to account for the inclusion of paper and card in with the dry mixed materials. It will also allow for additional recyclable materials to be added, as and when disposal infrastructure allows. The container sizes shown above will be the “standard” sizes, but smaller containers for households producing smaller quantities of waste/recycling will also be available. The Council’s waste collection policy, approved earlier in 2023, details how larger capacity containers can also be provided, in line with agreed criteria.
- 5.3 Glass would need to be collected separately for the time being, whilst we await the outcome of the modelling work currently being carried out by HCC. As per the modelling options set out in 4.3 of this report, it may be necessary for glass to continue to be collected separately in the longer term, if the outcome of this work favours this option.
- 5.4 Until new MRF infrastructure is delivered, there would be no change to the range of dry recycling materials collected. So plastic pots, tubs and trays, and cartons would remain non-target materials until the new MRF infrastructure is operational. The current Government deadline for the inclusion of these additional materials is 31 March 2026. As outlined in section 4.3 of this document, MRF completion is now expected in 2026, however it is unclear whether the new infrastructure will be completed in time for NFDC to meet this deadline. Discussions will need to be had with HCC and with DEFRA regarding the implications of this.
- 5.5 NFDC’s proposed interim collection system means that we will be able to make an easy transition to either move to a fully comingled collection system that includes glass, or retain the separate glass collection system on a 4-weekly basis, depending on the outcome of the modelling work described in 4.3. This longer-term decision will

7. FINANCIAL IMPLICATIONS

Funding

7.1 NFDC have now received a letter from Defra outlining the total indicative new burdens capital grant we will receive to fund food waste collections. This capital funding is intended for the purchase of food bins (this includes internal kitchen caddies, external kerbside caddies and communal bins) and food waste collection vehicles. The totals are outlined in the table below. The cost values are scaled by the numbers of properties reported in each council area to provide a unique cost allocation for each council. The model accounts for a number of variables including rurality, levels of deprivation, number of kerbside and flatted properties, configuration of flatted properties, food waste yields, vehicle and container unit costs, and average collection round sizes. The capital costs have been calculated for containers and vehicles separately however the totals are not ringfenced.

Kitchen caddies	Kerbside caddies	Communal wheeled bins	Vehicles	Total funding
£173,586	£399,248	£0	£1,227,600	£1,800,434

7.2 There is an appeal process for local authorities that have assessed the proposed capital funding amounts as insufficient to meet modelled costs. NFDC has followed this appeal process and suggested an increase in funding to account for an expected shortfall in vehicle funding and a lack of funding for communal containers for flats, as well as making a case for capital infrastructure costs to be included, as the addition of new vehicles and crew has a knock on to depot requirements and welfare facilities.

7.3 Defra's letter also stated that:

- 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.
- 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.
- Defra are currently calculating transitional and ongoing costs and will be writing to WCA's in due course. At the time of writing this has not been received (however an assumed level of transitional funding support has been allowed for in the proposed 2024/25 budget of £150,000).

7.4 As described earlier, the collection of packaging is intended to be funded in future by Extended Producer Responsibility payments. Initial estimates are that local authorities in England will collectively receive payments in the region of £900 million per annum for managing household packaging waste. Financial modelling is currently under way to refine this estimate in readiness for the implementation of EPR for packaging. Payment amounts are expected to be confirmed by November 2024, and LAs will receive their first payment by the end of December 2025 which would cover the first three financial quarters of 2025-26 (with further payments being quarterly thereafter). Previous estimates of the value of the EPR funding for NFDC have suggested £0.800 - £1.2m pa.

Expenditure

Capital

7.5 Capital investment requirements for the waste service for the next three years are shown below:

	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	Total (£m)
Vehicles	0.885	3.730	0.453	5.068
Containers (initial rollout)	1.025	4.550	0	5.575

The following should be noted in relation to the numbers shown above:

- The exact splits of the total required funding over these financial years may be subject to change as the rollout plans develop.
- As outlined in 7.1, NFDC have been allocated an initial sum of £1.8m to cover the cost of food waste vehicles and containers.
- To allow for long lead times, some of this expenditure will require commitment in preceding years e.g., vehicles for 2026/27 will need to be ordered in 2025/26
- Vehicle numbers may be subject to further refinement as the detailed round and route modelling is carried out during 2024.
- Further to 4.3 and 5.5, further decisions regarding containers and vehicles may have to be made once the longer-term decision is made, for example our current glass fleet would need replacement if the separate glass collection were retained in the longer term.

Revenue

7.6 Direct budgeted expenditure for 2024/25 for the current service totals £7.066 million, with an income of £2.339 million (predominantly from garden waste). The forecast cost of the new service, including continued separate glass collection, increases net expenditure by £2.112 million. This is wholly associated with the introduction of the new separate food collection service. The table below shows the estimated movement in service cost to include the alternate-weekly waste and recycling collection, monthly glass collection and weekly food collection. Fuller detail is shown in appendix 1.

Current Service v New Service	Refuse and recycling	Glass service	Food waste service	Total		
	Variation	Variation	Variation	Current Service	New service	Variation
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure - Direct	14	-	2,293	7,066	9,373	2,307
Income	-174	-21	-	-2,339	-2,534	-195
Net - Direct Costs	-160	-21	2,293	4,727	6,839	2,112
DEFRA Vehicle / Container Grant	-	-	-221	-	-221	-221
Allocations / Other	-	-	-	1,108	1,108	-
Total Service - Net	-160	-21	2,072	5,835	7,726	1,891

- 7.7 **Refuse & Recycling (including Garden waste):** The move to wheeled bins for refuse and recycling leads to a reduction in staff costs and supplies/services, but an increase in transport costs and capital financing for containers and vehicles. These variations cancel each other out but an expected increase in income for garden waste and other service charges mean a forecast of a £160k net cost reduction on the cost of collection of waste and recycling. It should also be noted that a £355k budgeted increase in garden waste income is in place for 24/25 as a result of the move to wheeled bins for garden waste. Detailed round and route modelling in 2024 will identify any further opportunities for efficiencies which may further reduce overall service costs.
- 7.8 **Kerbside Glass Collection:** The collection of glass at the kerbside is shown separately in appendix 1 because this was not a service that NFDC was anticipating providing as part of its waste strategy, but the pressing need for service change and the longer timeframe for infrastructure means that it is a service that must be retained at least in the short term. In the event that the separate collection of glass is not needed in the longer term (see 5.5), there would be a reduction in the overall service cost of £500,000 PA.
- 7.9 **Food Waste:** The collection of food waste will have an estimated annual net cost of £2.072m once Government grants for containers and vehicles have been accounted for. As already outlined, it is not yet clear how much of this running cost will be covered by Government funding, from April 2026 onwards, as it will be based on a formula rather than actual costs incurred. Prior to April 2026, food waste collections will not be funded by the Government.
- 7.10 The overall waste/recycling service has just over £1m of allocations and recharges to cover the cost of depots and support services such as Finance, HR, ICT etc.
- 7.11 The expected annual net cost increase for the new service (based on 2024/25 prices) will be £1.891m. The rollout of the interim service will take place during 2025/26 as shown in 6.1, and therefore a significant proportion of the additional £1.891m service cost will be incurred in that year. The exact rollout timeline will still be influenced by the outcome of procurement and detailed planning, but it should be assumed that 75% of the annual cost will be incurred in 2025/26, equating to c£1.4m. As highlighted in 7.4, EPR funding could make a considerable contribution to this cost increase, but this will not be known until November 2024. These high-level assumptions have been seen through to the Council's Medium Term Financial Plan.

Transition costs

- 7.12 Making the change from the current service to the future service will also incur transitional costs. These costs include:
- Communications
 - Additional staffing to manage the service change, including:
 - "Waste advisors" who will be pivotal to the success of the rollout.
 - Customer service staff
 - Service change planning resource
 - Temporary waste/recycling collections staff to provide contingency to new collection rounds and routes.
 - An initial 6-month supply of kitchen caddy liners

7.13 The total anticipated transition costs have been reviewed since they were originally estimated in the strategy, with the expected profile of this updated funding requirement across the next 3 years shown below. This funding requirement has been allowed for within the Council's Medium Term Financial Plan. As described in 7.3, there will also be Defra funding towards transitional costs related to the new food service rollout, with an estimated £150,000 assumed in the budget for the time being. The total required transition funding has increased since the original waste strategy was approved in 2022, principally as a result of:

- Pay awards and inflationary increases.
- Evolution of the rollout timeline, with service change now taking place over a longer period of time and therefore with a requirement for supporting resource for extended periods
- Greater refinement and accuracy of cost estimates as the rollout plan has developed.

Waste Strategy Transition Forecast	Original Estimate £'000	Latest estimates £'000				
		2023/24	2024/25	2025/26	2026/27	Total
Temp. CS Advisors	92	44	98	98		240
Waste Advisors	154	-	83	166		249
Communications	80	10	50	50	30	140
Property surveys	75	150	-			150
Hire vehicles	16	10		62		72
Supply of caddy liners	152			95		95
Waste Ops planning officer	92		55	57	29	141
Temp. ops staff	75			88		88
Total revenue Transition	736	214	286	616	59	1,175
Bin Delivery - main rollout	400			550		550
Bin Delivery - garden waste	88	100				100
Total capital transition	488	100	0	550	0	650
GRAND TOTAL	1,224	314	286	1,166	59	1,825

7.14 To support this significant period of service change, additional project and programme support resources will be needed, funded by monies held in reserve for delivery of Corporate Plan priorities. This support, estimated at c £150k for 24/25 and 25/26 will be reviewed and agreed by the Waste Programme Board which oversees this and other key waste and operations projects.

8. CRIME & DISORDER, DATA PROTECTION IMPLICATIONS

8.1 There are none.

9. ENVIRONMENTAL IMPLICATIONS

9.1 As detailed in the original waste strategy report, the new service will increase recycling levels, reduce waste, and reduce emissions associated with the management of the New Forest's waste and recycling.

10. EQUALITY & DIVERSITY IMPLICATIONS

10.1 Equality Impact Assessments were conducted as part of the waste strategy approval in 2022. The proposals in this report are not fundamentally different to those in the strategy itself.

11. CONCLUSIONS

11.1 Since approval of the waste strategy in 2022, our timetable for service change has been subject to some flexibility, due to the timeline for required infrastructure and the ongoing uncertainty on the Government's position and funding. It was agreed to bring the date for the commencement of the new wheeled bin garden waste service forward, to commence in April 2024. At the time of writing almost 20k customers have registered and wheeled bins are being delivered to subscribers ready for the service to start in April.

11.2 Now that we have received reliable direction from Defra, and capital funding totals we have been able to establish a workable timeline and financial appraisal. We must act as quickly and effectively as possible, to ensure that NFDC are able to secure the necessary vehicles, wheeled bins, food caddies, other containers, and ancillary services in order to deliver the new service. Acting quickly is especially pertinent considering potential procurement bottle necks that may now start to compound as more Authorities press to make changes after the Government's announcements.

11.3 As described earlier, service changes will require completion by March 2026. Making the service changes in full during 2025 gives the council the best opportunity to improve its performance, provide a better service to householders and to fully enact its waste strategy. Therefore, the proposal is as follows:

- Officers proceed to take the necessary decisions to implement the service changes for refuse collection, recycling and food waste collections as set out in Section 5 of this report, in readiness for a commencement of the new service in Spring 2025 as per the timeline provided in Section 6.
- The financial appraisal set out in Section 7 is approved, and Officers continue procurement processes to secure the necessary goods and services required order to deliver the new service.
- Officers continue to work with Hampshire County Council and other Hampshire partners to identify the best long-term solution to recycling collections and processing to meet the Government requirements and return to Cabinet for a final decision.

12. PORTFOLIO HOLDER COMMENTS

- 12.1 The information received from the Government in October 2023 and January 2024 has allowed us to further develop our plans for transforming our waste service. We have secured capital funding from the Government and refined our rollout plans. We await further Government announcements regarding funding, but can now confidently proceed with the implementation of our waste strategy which will significantly increase recycling rates, reduce waste, and improve our services for residents and staff. Managing waste more sustainably is a key priority and this report clearly states how we will achieve that goal.

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Background Papers:

[Cabinet report, 6th December 2023](#)

Appendix 1 – financial summary

Current Service v New Service	Refuse and Recycling			Glass			Food Waste			Total		
	Current Service	New Service	Variation	Current Service	New Service	Variation	Current Service	New Service	Variation	Current Service	New service	Variation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee Costs - Salaries/Clothing	3,860	3,557	-303	415	415	-	-	1,637	1,637	4,275	5,609	1,334
Transport Related Costs	1,214	1,276	62	124	124	-	-	422	422	1,338	1,822	484
Capital Financing - Vehicles	577	1,017	440	150	150	-	-	200	200	727	1,367	640
Capital Financing - Containers	79	211	132	-	-	-	-	21	21	79	232	153
Supplies and Services	628	311	-317	19	19	-	-	13	13	647	343	-304
Expenditure - Direct	6,358	6,372	14	708	708	-	-	2,293	2,293	7,066	9,373	2,307
Income	-2,130	-2,304	-174	-209	-230	-21	-	-	-	-2,339	-2,534	-195
Net - Direct Costs	4,285	4,125	-160	505	484	-21	-	2,293	2,293	4,727	6,839	2,112
DEFRA Vehicle / Container Grant	-	-	-	-	-	-	-	-221	-221	-	-221	-221
Allocations / Other	-	-	-	-	-	-	-	-	-	1,108	1,108	-
Total Service - Net	4,285	4,125	-160	505	484	-21	-	2,072	2,072	5,835	7,726	1,891