

## CABINET

8<sup>th</sup> March 2022

### DOMESTIC WASTE AND RELATED CONTRACTS – OPTIONS

Report of the Portfolio Holder for Communities, Environment and Climate Change

Strategic Aim	Customer-focussed services	
Key Decision: Yes	Forward Plan Reference: FP171221	
Exempt Information:	No	
Cabinet Member Responsible:	Cllr Lucy Stephenson: Deputy Leader and Portfolio Holder for Communities, Environment and Climate Change	
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Ward Councillors	N/A	

#### DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the preferred option 2bii for waste and recycling collections, as set out below:
  - (i) Dry mixed recycling with paper and cardboard to be collected separately every fortnight
  - (ii) Separate weekly food waste collections
  - (iii) Reduced capacity residual waste bin to be collected fortnightly

## 1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to outline the available options for a new waste collection service and to make recommendations on the best option for waste collection in Rutland. This selection will form an essential component of the service to be specified for procurement and will enable the development of tender documents required for the procurement exercise.

## 2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Councils existing collection contract is due to end in April 2024 and cannot be further extended. The Council is responding to new policy and legislative drivers detailed

in the Resources and Waste Strategy 2018 (RWS) and the Environment Act 2021 in the provision of a new contract. In addition to seeking an efficient, cost effective and reliable collection service, a key change required by the Environment Act is the introduction of a separate weekly food waste collection and an improved recycling service. Whilst further clarity is still to be provided by the government, these changes will be mandatory.

- 2.2 An options appraisal was undertaken in November 2021, which considered a wide range of options and evaluated their comparative costs, anticipated recycling performance and resource implications to identify an optimal collection design suitable to implement in the contract. A summary of the options appraisal can be found at Appendix 1.
- 2.3 All the options retain a fortnightly collection of residual waste and green waste but vary the type and frequency of dry recycling collections and food waste collections as follows in Table 1:

Table 1

Options		Dry recycling collections	Food waste collection
Option 1	a	Co-mingled dry recycling fortnightly via 26T Refuse Collection Vehicle (RCV)	Weekly separate food waste via 7.5T RCV
	b		Weekly food waste collected in a separate pod on the residual vehicle or on dry recycling vehicle
	c		Weekly separate food waste via 26T RCV Weekly Co-mingled dry recycling
Option 2	a	Twin stream dry recycling fortnightly (with paper and card separate to glass cans and plastics) via split back 26T RCV	No food waste
	b		Weekly separate food waste via 7.5T RCV
	c		Weekly separate food waste via 7.5T RCV Weekly Co-mingled dry recycling via 26T RCV
Option 3	a	Multi-stream dry recycling fortnightly via Resource Recovery Vehicle (RRV)	No food waste
	b		Weekly separate food waste via 7.5T RCV
	c	Multi-stream dry recycling weekly via RRV	Weekly separate food waste in pod on same vehicle as recycling

Note: Dry recycling is plastic, cans, glass, paper and card

Green Waste is garden waste

Residual Waste is not recyclable and is placed in the grey bin for disposal

## 2.4 Performance

### 2.4.1 Recycling rates

The options appraisal finds that introducing a food waste collection increases the recycling rate by 9.3%. Modelling results indicate that introducing a weekly dry recycling collection has negligible impact on recycling rates however increases costs of collection substantially. The only option where a weekly collection of dry recycling increase recycling performance is a multi-stream dry recycling collection. The baseline rate of recycling for kerbside collections at Rutland is 50%.

### 2.4.2 Quality of Recyclate

Experience of different types of collections has informed the options appraisal and it concludes that more separation of recyclates at household level leads to higher quality recyclate and lower rates of contamination. Co-mingled recycling has the highest rate of contamination and so there is a gate fee required for further processing. Twin-stream recycling where paper and card is collected separately from glass, cans and plastics has lower levels of contamination and so is higher quality. This means that the paper and card will bring in an income to off-set the costs of collection. The highest quality recyclate is produced by multi-stream collections, however, the recycling rate is reduced unless collected weekly.

2.4.3 The Environment Act 2021 received Royal Assent in November 2021 and stipulates a requirement for separate collections of glass, cans, plastic, paper and card, garden waste and a weekly food waste collection. So, in addition to new income from paper and card collections, there is a legislative driver to move away from co-mingled collections to a collection with higher levels of separation by the household. Whilst further clarity is still to be provided by the government, these changes will be mandatory. The environmental benefit of separate collections will be further assessed once further clarity and guidance is available.

### 2.4.4 Waste Minimisation

Reducing the amount of waste produced in Rutland and diverting as much as possible from disposal through recycling is more environmentally sustainable and offers cost savings to the Council in reduced disposal costs. Analysis of the Rutland residual waste bin in December 2020, found that food waste made up approximately 40% of the bin contents. Offering a food waste collection has the potential to divert this waste from disposal. Reducing the size of the wheeled bin for fortnightly residual collections from 240 litres to 140 litres or by reducing the frequency of collections from fortnightly to three weekly in a 240 litre bin will restrict residual waste disposal, encouraging recycling including food waste and waste prevention. The options appraisal identified that residual waste in option 2b would be reduced by 307t per annum if the size of the bin was reduced to 140 litres and by 611t per annum if three weekly collections were introduced.

## 2.5 Evaluation of Options

2.6 Options 2a and 3a whilst lower cost, do not provide food waste collections. Options 1b and 2b are next best options in terms of cost and offer food waste collections. Option 2b has slightly lower recycling rates than 1b but improved quality of recycling and is lower cost than 1b. The multi- material collections outlined in options 3a, 3b and 3c were considered to be less favourable to the public as they impacted on households to separate all of the different waste streams, had higher vehicle maintenance costs and higher implementation costs. Stage 2 modelling was therefore undertaken on variants of option 2b and 2a (no food waste collections) to assess the impact on cost and performance of smaller residual bins, frequency of collections and funding of the new food waste collections.

2.7 The options appraisal found that the twin stream collection in option 2b achieved an overall recycling rate of 58.6% at the kerbside. Option 2bii retains a fortnightly collection but reduces the size of the bin to 140 litres increasing kerbside recycling rates to 60.5% at the kerbside, whereas options 2bi moves to a three weekly collections in a 240 litre bin and increases kerbside recycling rates to 61.5%. These twin-stream collection options perform moderately better for public acceptability in that the recycling containers are retained for the collection of plastics, metals and glass, with residents required to sort only paper and card separately from these materials. Both options provide an intermediate solution to the separation of materials, behind fully source-segregated multi-stream options, but ahead of the current commingled collection service.

2.8 Retaining a fortnightly collection aligns with Government considerations of a minimum service standard of alternate weekly collections of residual waste as part of the consultation on collections consistency. Retaining a fortnightly collection was considered more acceptable to the public than three weekly residual collection.

## 2.9 Recommended Option

Option 2bi and 2bii are identified as the best options in the options appraisal, however, the recommended option is 2bii which takes into account acceptability to the public and will meet any minimum standard from government for an alternate week collection of residual waste and is set out below:

- Dry mixed recycling with paper and cardboard to be collected separately every fortnight
- Separate weekly food waste collections
- Reduced capacity residual waste bin to be collected fortnightly

This option is the optimal identified when balancing comparative costs with recycling performance and use of resources. It presents the best opportunity for the Council to achieve a high recycling rate, better quality recycling collected and reduction in residual waste from diverting food waste and restricting the size of the residual bin and is more likely to be acceptable to the public.

2.10 The approved option will be taken forward in the specification for the new collection service to be delivered by the new contract. This will ensure the Council meets new obligations in the Environment Act 2021 and will reduce the risk of mid-term variations of the contract. This option reduces the likelihood of contractor's risk-pricing their tenders resulting in elevated bids being received at tender. Prior to going out to tender,

the matter will return to Cabinet and Full Council to seek approval of the final award criteria.

- 2.11 The introduction of food waste collections, more separation of dry recycling and reduction in the size of bin will impact on households as they will have to do more to separate and recycle more of their waste. A communications campaign will help households to adjust to these changes by providing information, advice and guidance both prior to and during the implementation of changes in the new contract. Whilst the residual waste capacity will be reduced, additional capacity will be provided for food waste recycling which currently takes up 40% of residual waste which will off-set the residual waste capacity.
- 2.12 A Project Risk Evaluation Assessment has been completed assessing a score of 88. This classifies the level of risk presented by the contract as high. The financial vetting standards both during the procurement phase and subsequently over the life of the contract will therefore be as specified for high-risk contracts in the Council's related Financial Due Diligence Guidance.

### **3. CONSULTATION**

- 3.1 A "lessons learnt" exercise has been undertaken with the Council's existing contractors.
- 3.2 On-going scrutiny of the options appraisal began at a meeting of Growth, Infrastructure and Resources (GIR) Scrutiny Committee on 16<sup>th</sup> September 2021 and continued on 9<sup>th</sup> November 2021 and 10<sup>th</sup> February 2022 ensuring thorough evaluation and engagement with members on the options available. Members were supportive of the recommended option at the 10<sup>th</sup> February GIR Scrutiny Committee meeting.
- 3.3 Public consultation ran for 4 weeks from 23 November to 19<sup>th</sup> December 2021 and ensured residents had the opportunity to express their views on proposals for changes to waste and recycling collections. A total of 1,145 responses were received on at least one question in the survey, representing 6.6% of all households in Rutland. Overall, the responses strongly support the final option, and a summary of key outcomes is shown below.

Questions	Survey responses
1. Do you support the changes made by the Government?	73% said yes
2. Do you agree with the councils aims of reducing carbon emissions by increasing the range of materials being recycled?	91% agree / strongly agree
3. Do you support the councils change to collect Paper and Card separately?	78% agree / strongly agree
4. What sort of container would you prefer for paper and card?	50% bin, 24% box, 15% bag

5. How likely are you to participate in a weekly food waste service? 67% likely / very likely

6. Which type of residual waste restriction you prefer to see introduced? 44% smaller black bin, 32% reduced collection frequency

3.4 Specifications will be designed to align with current legislative requirements and environmental considerations.

#### **4. ALTERNATIVE OPTIONS**

4.1 There are no further lawful options to extend the current contract.

4.2 The Council could choose not to follow the requirements of the Environment Act 2021 and retain the existing waste and recycling collection design in a new contract; however, this will not meet statutory obligations expected to be introduced by the Act and therefore presents a risk of reputational damage and risk of legal and financial penalties.

#### **5. FINANCIAL IMPLICATIONS**

5.1 As the Options Appraisal states the Baseline is based on 2019/20 data, which has been updated for the latest uplift in contracts, to create a baseline plus which is what the different options have been compared against. The baseline plus cost is £1.975m, which is reflective of the Councils current Medium Term Financial Plan (MTFP).

5.2 The preferred option (as described in para 2.4) is costed at £2.169m, which is 0.194m above the baseline plus price.

5.3 As part of the Budget Setting process for 22/23 the Council reviewed its assumptions for the Environment Act 2021 and included an additional £0.200m in 24/25 for the introduction of the food waste collections. This was done on the basis of needing to meet legislative changes coming forward, regardless of the re-tender process or preferred option.

5.4 Therefore the Councils current Medium Term Financial Plan does include sufficient resources to facilitate the introduction of the preferred option.

5.5 There are still risks that could impact this position:

5.5.1 The modelled impact to tonnages does not materialise, resulting in higher waste disposal/treatment costs.

5.5.2 Inflation continues at a high rate. Currently at 5.4%. The Councils MTFP assumes 2%-3% as per the government target for inflation, which will impact the tender responses.

5.5.3 Changes to gate fees paid for different types of waste.

5.5.4 The costs are based on current market conditions and on there being a competitive market for the procurement process. If this is not the case, then the Council could face higher costs to deliver the contract. The council are about to undertake soft market testing which will give a good indication of how the market will respond to the tender

process. If needed the Council will reflect the level of risk in the MTFP and advise when these are changed

- 5.6 Any of the above could impact the Council's MTFP. Predicting tonnages and gate fees has been difficult in recent years as the waste market has been volatile, Covid has changed people's habits (home working) and inflation is well above the government target of 2%.

## **6. LEGAL AND GOVERNANCE CONSIDERATIONS**

- 6.1 The project was risk assessed within the Council's agreed project management framework and was identified as a high-risk project. This requires a governance structure of a project team, project board, project manager and Director and Member involvement which was put in place as required.

- 6.2 The Cabinet is responsible for the deciding the waste collection policy of the Council and the arrangements to deliver the service to local people. Under the Council's Contract and Grants Procedure Rules, full Council will need to approve the final award criteria if the contract will involve expenditure over £1M.

## **7. DATA PROTECTION IMPLICATIONS**

- 7.1 There are no data protection implications arising out of this report.

## **8. EQUALITY IMPACT ASSESSMENT**

- 8.1 The reduction in size of residual bin has the potential to impact more households with needs for a larger bin than the current waste collections. Any additional demand for larger bins will be assessed using the existing larger bin policy and so there are no implications arising out of this report.

## **9. COMMUNITY SAFETY IMPLICATIONS**

- 9.1 There are no implications arising out of this report.

## **10. HEALTH AND WELLBEING IMPLICATIONS**

- 10.1 There are no implications arising.

## **11. ORGANISATIONAL IMPLICATIONS**

- 11.1 Environmental Implications

- 11.1.1 The detailed specification will have regard to the environmental aspirations of the Council as guided by the Environment Act 2021.

- 11.2 Procurement Implications

- 11.2.1 The detailed procurement strategy remains to be determined.

## **12. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 12.1 The recommended option outlined at 2.8 complies with statutory requirements for more

separate recycling collections and separate weekly food waste collections expected to be implemented by the Environment Act 2021. Whilst there may be further changes during the life of the contract, this option minimises the risk by ensuring compliance with the Act within the new contract at point of award.

- 12.2 The recommended option, is likely to be affordable by the Council providing that costs do not rise during the re-tender of the contract. It offers an opportunity to improve recycling rates, to minimise waste arisings and introduces a potential new income stream from the sale of paper and cardboard collected separately in the new service to off-set the costs of collection.
- 12.3 This option was well supported during the public consultation exercise and by members scrutiny and will provide a robust, reliable and cost-effective service for residents.

### **13. BACKGROUND PAPERS**

- 13.1 There are no additional background papers to the report

### **14. APPENDICES**

- 14.1 Appendix 1: 5102 Rutland Options Appraisal

**A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577**