

**REPORT OF CABINET MEMBER, TRANSPORT AND ENVIRONMENT****WASTE MANAGEMENT IN NOTTINGHAMSHIRE****Purpose of the Report**

1. The purpose of the report which will be accompanied by a presentation at the meeting, is to provide the Committee with an overview of Waste Management in Nottinghamshire, including the Private Finance Initiative (PFI) Contract, the proposals contained within the Resources and Waste Strategy for England 2018 and an overview of the scope of the Recycling Centre (RC) Strategic Review.

**Information****Background and Context**

2. The County Councils 26-year Waste PFI Contract with Veolia, runs until March 2033 and is almost at the end of its seventeenth year. It has a value of approximately £32million per annum (mpa), and the Council receives around £2mpa in PFI credits from central government to support the arrangements.
3. It is operated by a Special Purpose Vehicle (SPV) company "Veolia ES Nottinghamshire Ltd" (VES), part of Veolia (UK) plc.
4. The PFI Contract manages the recycling, reprocessing, treatment and disposal of around 340,000 tonnes per annum (tpa) of waste against a total tonnage of Local Authority Collected Municipal Waste (LACMW) in Nottinghamshire of around 430,000 tpa. The balance of tonnage is treated through other contracts, including around 75,000tpa at the Eastcroft Energy from Waste (EfW) facility, on London Road Nottingham, operated by FCC under a joint contract with the City Council.
5. The PFI Contract covers most elements of the Council's statutory duty as Waste Disposal Authority (WDA) for Nottinghamshire but does not include kerbside waste collections which are universally undertaken by the Borough and District Councils directly acting as statutory Waste Collection Authorities (WCA).
6. Originally the contract included the funding and construction of an Energy Recovery Facility (ERF) at the former Rufford Colliery in Rainworth to process 180,000 tpa of residual waste.

7. The Secretary of State refused planning permission for this facility in 2011 after a long Public Inquiry process, which triggered a Revised Project Plan with consequential variations to the 2006 contract.
8. Energy Recovery for the treatment of residual waste is now provided through 2 subcontracts with Veolia Sheffield, and the Scottish and Southern Electricity (SSE) EF2 Enfield Ferrybridge power plant near Castleford.
9. To continue to provide the WCA with local delivery points in Bassetlaw, Newark and Sherwood, and Mansfield and Ashfield, which would have delivered direct to the Rufford ERF, Veolia built new Waste Transfer Stations (WTS) in Worksop, Newark and Kirkby in Ashfield.

#### PFI Contract Facilities

10. The Contract incorporates the funding, construction/renovation and operation of the following;
  - a) A network of 12 Recycling Centres (RC);
  - b) A Materials Recovery Facility (MRF) at Mansfield to separate all of the mixed dry recyclable waste collected at the kerbside by the seven Waste Collection Authorities;
  - c) 5 Waste Transfer Stations as delivery points for the Waste Collection Authorities;
  - d) The haulage to, and treatment of this Waste Collection Authorities waste at Energy Recovery Facilities (ERF) located outside of the County.
11. Veolia subcontract Recycling Centre operations to individual site licensees but operate the Waste Transfer Stations and the Materials Recovery Facility direct and provide haulage between facilities themselves.
12. Composting services are provided at a forced aeration windrow compost facility at Oxton through a subcontract with a Veolia subsidiary, Veolia Oxton. This site treats garden waste collected at the kerbside and the Recycling Centres.

#### Contract Performance and Cost

13. The key aim of the PFI Contract was always to move the County away from landfill as a form of residual waste disposal. With methane emissions from landfill being a major contributor to greenhouse gas emissions reducing reliance on landfill for the disposal of biodegradable waste has long been a UK priority and is now a global imperative.
14. Residual waste in Nottinghamshire is largely sent for energy recovery now, with less than 5% (20,000tpa) of this waste being landfilled against over 70% (310,000tpa) to landfill prior to the PFI Contract.
15. Nottinghamshire's performance is one of the best in our statistical neighbours' group and is significantly better than our geographic neighbours of Derbyshire (19% landfill in 2021/22) and Leicestershire (25% landfill in 2021/22). The 5% still being landfilled is generally non-recyclable wastes, wastes not suitable for energy recovery or material sent to landfill during facility shutdowns when other options are unavailable.

16. Recycling and composting performance at the 12 Recycling Centres is generally around 80%, which is exceptionally high and helps maintain overall recycling levels in the County despite inconsistent kerbside recycling performance from the Waste Collection Authorities.
17. The Recycling Centres have consistently delivered 98% customer satisfaction in the annual service user satisfaction survey since 2010.
18. Overall recycling and composting rates in Nottinghamshire have plateaued in recent years at around 43% mirroring the situation nationally, largely due to the withdrawal of national targets imposed on the Borough and District councils and the impacts of the financial crisis in 2007/08 and the resulting austerity measures.
19. The materials collected at the kerbside as part of dry recycling collections are consistent across all seven Waste Collection Authorities and all seven also collect garden waste on a charged for basis. Despite this consistency of collections recycling rates vary significantly across the County ranging from almost 50% in Rushcliffe down to just over 25% in Bassetlaw. See table 1 below.

Table 1

|                | <b>ADC</b> | <b>BDC</b> | <b>BBC</b> | <b>GBC</b> | <b>MDC</b> | <b>NSDC</b> | <b>RBC</b> | <b>County</b> |
|----------------|------------|------------|------------|------------|------------|-------------|------------|---------------|
| <b>2018/19</b> | 36%        | 26%        | 38%        | 34%        | 33%        | 33%         | 49%        | 43%           |
| <b>2019/20</b> | 37%        | 25%        | 37%        | 33%        | 34%        | 33%         | 50%        | 43%           |
| <b>2020/21</b> | 36%        | 24%        | 38%        | 32%        | 31%        | 32%         | 48%        | 40%           |
| <b>2021/22</b> | 37%        | 26%        | 36%        | 33%        | 32%        | 34%         | 48%        | 42%           |

20. In 2019 the Nottinghamshire spend on waste treatment and disposal overall was £67.38 per tonne, almost £20 per tonne (over 20%) cheaper than the neighbouring County of Derbyshire at £87.32 per tonne (and the third lowest within our statistical group) due to the significantly better landfill diversion performance.
21. Our spend per tonne on recycling is also lower than most of the other authorities within our group. For example, Derbyshire spend £59.29 per tonne with performance of 48%. In Nottinghamshire we spend £42.35 per tonne to achieve 43% performance, so Derbyshire spend 40% more per tonne for a 5% improvement in performance.

#### Contamination in the dry recycling

22. Contamination within the dry recycling received at the Materials Recovery Facility has increased in recent years due to decreasing funding to undertake public information and education and kerbside enforcement, and less focus on the issue at a national level, and is now on average over 16%, with some loads reaching above 20%.

23. The high contamination levels cause issues as the Materials Recovery Facility is designed to accept inputs of up to 5% and cannot effectively remove high levels of contamination making it difficult to meet the strict quality requirements of the regulators and the end markets.
24. Compositional analysis carried out a few years ago found that up to 20% of the material in the residual bin could already have been placed in the kerbside recycling bin instead. Simply capturing this material could add around 20% to recycling levels in some areas.

#### Resources and Waste Strategy for England

25. The Government published its Resources and Waste Strategy (RWS) for England in December 2018 with a proposal that any statutory requirements were subsequently brought into legislation through the Environment Bill (Act). The strategy sets out a roadmap towards increasing recycling rates to 65% by 2035 by improving consistency of collection services across England and supporting the circular economy by using “polluter pays” principles.
26. Consultations on the proposals within the strategy took place in Spring 2019 and in early 2021 however due to the Covid-19 Pandemic and changes in Government leadership the responses to these consultations have been delayed. DEFRA has indicated that the outcomes are expected to be published very soon. These responses will confirm further detail and expected timelines around the introduction of these key proposals.
27. Government has indicated that funding will be available for changes Local Authorities have to make to meet “new burdens” from the Resources and Waste Strategy. DEFRA has indicated the calculation of funding support would be done on a formula basis, meaning winners and losers at the Waste Collection Authorities level in a County as diverse as Nottinghamshire. How any formula would be applied at a Waste Disposal Authority level is also yet to be clarified.

#### Deposit Return Scheme (DRS)

28. The proposals in the Resources and Waste Strategy include a Deposit Return Scheme (DRS) where an up-front charge would be levied on drinks containers, and when returned to an appropriate outlet would generate a cash return. The intention being to increase the number of these being captured for recycling. Only around 50% of plastic drinks bottles are currently recycled.

#### Extended Producer Responsibility (EPR)

29. Also proposed is an Extended Producer Responsibility (EPR) process where manufacturers would effectively be taxed for using virgin materials and rewarded for using recyclable ones. The intended outcome of this long term would be a move to the use of more recycled materials, and a stronger market for those materials.
30. It is expected that in the short term there would be new tax streams which would be used by government to fund the local changes and any new ‘net burdens’ needed in kerbside collection and processing systems required to achieve higher recycling rates.

### Consistency in Collections

31. The key consultation, which will have the largest impact on the waste management service the Waste Disposal Authority and Waste Collection Authorities provide are the Consistency in Collections proposals.
32. As part of the consistent approach to dry recycling collections the Government has legislated through the Environment Act, the collection of glass bottles and containers, paper and card, plastic bottles, plastic pots, tubs and trays and steel and aluminium cans.
33. The only items on this list not currently collected in Nottinghamshire are plastic pots, tubs and trays and glass. Glass is however currently separately collected at the kerbside by 4 out of the 7 Waste Collection Authorities and a significant tonnage is collected through the bring bank networks of those that do not currently collect it at the kerbside.

### Garden Waste

34. Another key proposal is the provision of free garden waste collections during the 'growing season'. The knock-on financial effects of such a scheme would be significant on Waste Collection Authorities who generate substantial income through their chargeable schemes.
35. If this proposal was to be taken forward it would mean Veolia would need to look for additional capacity for garden waste treatment as the current subcontract facility, Veolia Oxtun, is already accepting approximately 75ktpa and is therefore operating at capacity.

### Separate Weekly Food Waste Collections

36. The consistency in collections proposals include a requirement that all Waste Collection Authorities introduce weekly separate kerbside food waste collections with the aim of increasing capture rates for organic material, allowing the banning of this material from landfill in due course.
37. The existing network of Waste Transfer Stations should make implementing this at a county level relatively simple and Veolia has begun discussions with potential third-party outlets to treat the food waste collected. The major costs and risks sit with the Waste Collection Authorities who would need to procure food containers, new bins and vehicles and establish new collection arrangements.
38. There has so far been no confirmation from Central Government on the timetable for implementation of their Resources and Waste Strategy proposals, however, there have been suggestions that weekly food waste collections will have to be implemented by 2025.

### WRAP (Waste and Resources Action Programme) support to Nottinghamshire Waste Partnership

39. Despite the lack of clarity, work has already commenced to ensure that Nottinghamshire is at the forefront of the new Government requirements.

40. The County Council and 7 Waste Collection Authorities , were approached by Waste and Resources Action Programme (WRAP) with an offer of free consultancy support to look at options for implementing weekly food waste collections and modelling dry recycling service changes to identify costs effective ways of ensuring compliance with Government requirements.
41. WRAP appointed Resource Futures as the consultants for the project and Bassetlaw District Council (BDC) are leading the project on behalf of the partners.
42. The final report from Resource Futures recommending the most efficient and cost-effective way of collecting food and dry recycling will be complete shortly and is expected to be presented at the Joint Waste Management Board (JWMB) meeting on 8 February 2023. It seems likely that a variation on the current dry recycling collection system, with a separate weekly food waste service operating alongside, will be the favoured solution for all 7 Waste Collection A and the County Council. This would still require changes to the PFI contract to be negotiated via the change control mechanisms within the contract.

#### Recycling Centre (RC) Strategic Review

43. As mentioned earlier in this report, there is currently a network of 12 Recycling Centres across the County. Each of these sites range in size, layout, usage, performance and location. Several of the sites are working at capacity and many suffer operational difficulties.
44. Earlier this year, approval was given by Transport and Environment Committee to undertake a strategic review of the recycling centre provision in Nottinghamshire to ensure individual facilities and the wider network are fit for the future.
45. The scope of the review considered:
- The level of Recycling Centre provision in Nottinghamshire and the accessibility of the site locations
  - Opportunities for improvement of the Recycling Centre network
  - Implications of the proposals contained within the Resources and Waste Strategy and Environment Act as noted above
  - Population and household growth and the gaps in coverage due to new communities emerging
  - Management processes on the sites.
46. A draft report by the external consultant appointed, AECOM, containing detailed operational and strategic recommendations has been submitted to officers, and a Cabinet briefing on its contents and recommendations is scheduled for January 2023.

#### **Financial Implications**

47. There are no direct financial implications associated with this report, however any identified improvements progressed will require a financial business case and will undoubtedly require capital investment and/or attract increased revenue costs.

## **Implications for Service Users**

48. None

## **Implications for Sustainability and the Environment**

49. The current contractual arrangements for waste management in the County provide a sustainable and affordable service with high levels of landfill diversion performance, average recycling performance and localised provision of facilities.

50. These factors combine to minimise the environmental impact of the service and provide a robust contractual and commercial basis for delivery of the requirements of the RWS and Environment Act in the future.

## **RECOMMENDATION/S**

1. Members consider and comment on the report and accompanying presentation.
2. Members identify the areas of activity that they would like to explore further and determine how this could be carried out.

**Councillor Neil Clarke MBE**

**Cabinet Member, Transport and Environment.**

**For any enquiries about this report please contact:**

**Constitutional Comments (HD 8/12/2022)**

51. The issues within the report may be considered under the terms of reference for the Place Select Committee.

## **Financial Comments**

## **Background Papers and Published Documents**

## **Electoral Division(s) and Member(s) Affected**

All