

1 April 2021

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

WASTE PRIVATE FINANCE INITIATIVE (PFI) CONTRACT – MID-TERM REVIEW UPDATE REPORT

Purpose of the Report

1. To update Committee on the progress of the Waste PFI Contract mid-term review.

Information

2. Members will recall discussing and agreeing the scope of the Waste PFI Contract mid-term review which was presented to Committee on 26 November 2020.
3. The mid-term review was requested by the County Council from Veolia as the contract is now over halfway through its 26 year term, recycling and composting rates both locally and nationally have plateaued, and the Governments Resources and Waste Strategy, which was published in December 2018, is going to require changes to services which need to be captured within the PFI contract. This may also require changes to the operation of the contract Material Recovery Facility (MRF) in Mansfield.
4. The review identified a number of opportunities for improvement within all services the PFI Contract provides. At the meeting on 26 November, Committee endorsed the general approach proposed for the mid-term review, and in particular the focus on expanding current specification for recyclables and educating residents about recycling and contaminants.
5. The next step was for officers to consult with the Borough and District councils as Waste Collection Authorities (WCA) through the Joint Waste Management Committee (JWMC).

Update on Progress

Resources and Waste Strategy

6. As mentioned previously, Veolia's mid-term review has been informed by the Governments Resources and Waste Strategy (RWS), which set out a roadmap towards increasing recycling rates across England and supports the circular economy.
7. The Environment Bill which will embed these proposals into law started its route into legislation but unfortunately, due to the Covid-19 Pandemic, this work has been a delayed, and it is now expected that legislation will be in place by the Autumn.

8. Furthermore, the second stage of consultations is expected to take place between March and June this year, with three areas of legislation being the focus, including consistency in recycling. The County Council will respond to these consultations where appropriate.
9. It is suggested that any improvements to the PFI Contract are made in line with the proposals that come out of the RWS to ensure changes are consistent with legislation and any available Central Government funding to implement changes can be utilised.

Consultation with Waste Collection Authorities (WCAs)

10. The JWMC consists of Elected Members and Senior Officers of all the WCA in Nottinghamshire, as well as representatives from the County Council, City Council and Veolia.
11. The mid-term review was circulated and presented to the JWMC at the first available opportunity. Due to the cancellation and deferment of meetings resulting from the Covid-19 Pandemic this was not until 20 January 2021.
12. The JWMC was invited to submit comments on the contents of the review and the group requested that they were given until Friday 19 February 2021 to make their submissions. Responses were received from 5 of the 7 WCAs.
13. A summary of the key themes and issues is set out below, although it is also important to acknowledge each WCA also had specific comments relevant to their organisation. This report focuses on the key, common themes.
14. Overall the WCAs welcomed the mid-term review and the opportunity to comment. It was acknowledged by the WCAs that any changes to the Contract or introduction of new materials collected should be aligned with the outcome of the Resources and Waste Strategy and it was reiterated that any changes to current collection methods will need to be fully funded and sustainable and economically viable markets should be available.
15. In the responses received it was clear that there is overwhelming support for expanding the current input specification of the recyclable material collected at the kerbside in Nottinghamshire in line with the Resources and Waste Strategy and in some responses it was suggested that it should be set even wider. It was also noted that the input specification should be reviewed regularly.
16. Contamination in the kerbside collected recyclables was also a key concern for the WCAs with calls for a review of the current 5% contamination threshold in the Contract and questions about whether this figure was still viable given recent experience. Current contamination in the dry recycling is now on average almost 15% for the County, with some loads reaching above 20%. Whole loads of recycling with high levels of localised contamination are rejected from the MRF, and although this rejected material is not sent to landfill for disposal, it still means that some targeted recyclable material could potentially be lost.
17. It was also acknowledged separate kerbside food waste collections are likely to become mandatory, however an introduction of a food waste service would need to be fully funded. See more detail in paragraphs 20 to 23 of this report.
18. There was support for joint communications and engagement with the public and it was recognised that it was important to develop an informed and evidence-based communications plan to aid this.

19. Comments were made about the small trader's proposal at Newark Waste Transfer Station (WTS) and it was suggested that before a scheme was implemented a review of the locations and capacity of existing WTS should be undertaken to identify service gaps. It should be noted however that this proposal has been developed in discussion with Newark and Sherwood District Council who are fully supportive.

Separate Food Waste Collections

20. As mentioned in the report presented to the November Committee, subject to consultation, the Government's Resources and Waste Strategy makes a commitment to legislate that separate weekly kerbside food waste collections are in place from 2023.
21. Exploratory work on how separate food waste collections could be implemented across Nottinghamshire has begun and Bassetlaw District Council are leading on a Countywide project. Food waste collections are now a standard agenda item on Joint Officer Board meetings, and it is anticipated a project group to solely focus on an implementation plan will be established within the next few months to take the project forward as the national delivery timetable and process becomes clearer.
22. From the County Council's perspective, as Waste Disposal Authority, it is expected food waste disposal will be coordinated through the County's existing Waste Transfer Station network and Veolia have begun early discussions with companies who provide Anaerobic Digestion (AD) treatment of food waste. Once further detail from government is announced a decision will be taken on whether local capacity for food waste treatment should be considered and developed through the contract. This will also be subject to a business case model and dialogue with the Department for Environment, Food and Rural Affairs (DEFRA) who are the governmental sponsor of the PFI contract, as well as the department with specific responsibility for waste treatment and disposal.
23. It is not yet known what (if any) funding will be provided from Central Government for the implementation of separate food waste collections although the RWS suggested any additional statutory obligations placed on councils would be fully funded.

Other Options Considered

24. To continue unchanged with the services currently provided through the Veolia Waste PFI Contract.

Reasons for Recommendations

25. Recycling performance has stagnated locally and nationally, and the quality of the dry recycling currently being collected is below the contract specification, impacting on the ability of the MRF to process the material effectively, and therefore the ability of the contractor to meet required market quality standards for material sales.
26. Government has published its Resources and Waste Strategy 2018 which presents a number of opportunities for improving recycling performance and is expected to legislate to deliver these improvements over the coming months and years.
27. There has been increasing public interest and demand to be able to recycle more material at the kerbside, and a growing awareness of the environmental impacts of poor waste management practices globally.

Statutory and Policy Implications

28. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

29. There are no direct financial implications associated with this report, however any improvements progressed will require a financial business case and will undoubtedly require capital investment and/or attract increased revenue costs which will be reported to the relevant Committee in due course.

RECOMMENDATIONS

That Committee:

- 1) Approves officers developing outline proposals which may be required to reflect the requirements of the Resources and Waste Strategy and any subsequent legislation within the PFI Waste Contract, subject to further approvals as necessary.
- 2) Approves officers opening a dialogue with Veolia to explore the measures which may be necessary to expand the current input specification of recycling material collected at the kerbside in Nottinghamshire, in line with requirements set by Central Government and subject to an economically viable and sustainable business case and any further approvals as necessary.
- 3) Approves officers supporting the WCA in exploring the implementation of separate food waste collections across Nottinghamshire in line with requirements set by Central Government and subject to an economically viable and sustainable business case and any further approvals as necessary.

Derek Higton
Service Director, Place and Communities

For any enquiries about this report please contact: Mick Allen, Group Manager, Place Commissioning, Tel: 0115 9774684

Constitutional Comment (HD 24/02/2021)

26. The Committee is authorised to determine the recommendations within the report as they relate to review of services and development of proposals for future consideration. Any future financial or contractual implications arising from the proposals, once developed, will be determined by Finance and Major Contracts Management Committee

Financial Comment (RWK 24/02/2021)

27. There are no specific financial implications arising directly from the report. Any financial implications that arise as a result of changes and/or improvements to the waste collection and disposal processes in Nottinghamshire will be addressed in future reports to committees.

Background Papers and Published Documents

The following papers presented to Communities and Place Review and Development Committee on 26 November 2020.

- Waste Private Finance Initiative (PFI) Contract – Mid-Term Review – Introductory Report
- Appendix – Waste Private Finance Initiative – Mid-Term Review

Electoral Division(s) and Member(s) Affected

- All