
**Report To: Environment and Regeneration
Committee**

Date: 28 October 2021

Report By: Head of Shared Services

Report No: KL/CMT/21/004

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Subject: Waste Strategy Review

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of the Council's Waste Strategy and the relevant changes in regulations and practice that will impact on the Strategy in future years.

2.0 SUMMARY

- 2.1 The Council's Waste Strategy was developed in 2003 as part of the Scottish Executive's Strategic Waste Fund.
- 2.2 The strategy reflects national policies, legislation and changes in the wider area of recycling and resource maximisation.
- 2.3 Over the next few years two significant changes in waste and recycling will emerge which require a review of our existing strategy:

2022 The Deposit Return Scheme
2025 The Biodegradable Municipal Waste ban

- 2.4 The Service has carried out an options appraisal to review the current recycle processing arrangements with a potential in house model.
- 2.5 The Scottish Government have announced £70 million to be awarded to Councils through the Recycling Improvement Fund, with funding phased between 2021/22 and 2025/26. Councils have been asked to provide expressions of interest subject to a further detailed evaluation process.
- 2.6 Options for the funding have been identified and are identified in this report. A significant element of funding would require to be confirmed post the introduction of the Deposit Return Scheme.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that members note the content of this report and the proposed expression of interest bids by officers to the Recycling Improvement Fund over future years.
- 3.2 It is recommended that committee agree the continuation of the current recycle processing arrangements and note the one off and recurring financial impact of the in-house option.

3.3 It be remitted to officers to arrange for the removal of the MRF equipment and obtain the best value for any items sold.

Gail Macfarlane
Head of Shared Services

4.0 BACKGROUND

4.1 The Council's Waste Strategy was developed as a result of the Scottish Executive's Zero Waste Fund award in 2003. The funding enabled the Council to introduce a range of services:

- Fortnightly residual and recycling collections
- Garden Waste Collections
- Introduction of communal brings sites
- Development of a Materials Recycling Facility (MRF) at Ingleston Park Greenock.

4.2 Over time there have been some additions to the services provided:

- Kerbside Food waste
- Kerbside Glass collections (subsequently withdrawn)

Both of these services were funded separately through Zero Waste Scotland. A further significant service change has been the introduction of charges for our Garden Waste Service in 2020.

4.3 The Materials Recycling Facility was operated on behalf of the Council by Greenlight Environmental Ltd from 2004 to 2018 through a series of competitive tenders which were awarded to them. Greenlight went into administration in 2018 and subsequently the councils Dry Mixed Recycling (DMR) has been tendered to MRF operators on a loading and haulage basis.

4.4 Current legislation and planned changes will impact significantly on how waste is treated in future and these are described more fully below.

5.0 LEGISLATIVE FRAMEWORK AND GUIDANCE

5.1 The Scottish Government have passed a number of regulations and developed Codes of Practice relating to the collection and subsequent treatment of waste for recycling. Details of those areas impacting on our waste strategy are noted below

Waste (Scotland) Regulations 2012

The Waste (Scotland) Regulations 2012 sets out a number of provisions aimed at meeting the objectives and targets set out in the Scotland's Zero Waste Plan and to feed into the circular economy. The provisions include a ban on biodegradable municipal waste going to landfill to a maximum 5% to landfill by 2025 through amendment of the Landfill (Scotland) Regulations 2003. A significant impact of the regulations is to reduce waste going to landfill through use of alternative treatments.

The Waste (Scotland) Regulations further required Local authorities to provide a minimum recycling service to householders. This effectively lays out the target materials and includes metal, plastic, glass, paper, card and food waste. The regulations also require Local authorities to ensure that recycle meets quality standards that promotes high quality recycling and promotion of separate collections.

Charter for Household recycling Scotland and Code of Practice

The Charter for Household Recycling is a voluntary document developed with CoSLA and The Scottish Government which arose from the aforementioned regulations with the aim of committing councils to a number of obligations and again echoing the quality of material captured. Inverclyde are signatories to the Charter along with the majority of Scottish Councils

The charter identified service design and the need for consistency and high quality across Scotland's Local Authority waste sector in terms of service delivery, target recycling materials, policies, messaging and access to local waste services taking into account differing geographical needs. The Charter also identified the role of all stakeholders in achieving the aims.

The Charter further stated that :

“We will reduce the capacity provided for waste that cannot be recycled to give the appropriate motivation to our citizens to recycle.”

The Code of Practice Household Recycling in Scotland is currently under review and this review has set minimum quantities for target materials. Draft guidance has been provided through Zero Waste Scotland identifying the proposed changes:

- Core material list reviewed
- Minimum collection capacities updated
 - Paper / card increased from 40 to 55 litres per week
 - Metals / plastics / cartons decreased from 70 to 60 litres per week
 - Non-recyclable waste – now a requirement for 80 litres per week maximum.

Inverclyde currently provide households with sufficient capacity for Paper/card and metals/plastics and cartons. The residual capacity of bins used within Inverclyde for non-recyclable waste is 240L which is uplifted on a two week cycle. This is in excess of the 80 litres/week identified in the Code of Practice. To meet the Code of Practice based on the current bin provision of 240l for the majority of households the collection frequency would require to be reviewed.

The Deposit and Return Scheme for Scotland Regulations 2020

The Deposit and Return Scheme for Scotland Regulations 2020 aims to promote and secure an increase in the recycling of certain materials, by applying a deposit of 20p to most common single-use packaging used for drinks. It is anticipated that the scheme will encourage a change in people’s behaviour through returning the target packaging materials to designated points and reclaiming their deposit. The scheme will target (PET plastic), steel, aluminium or glass drinks containers and is due to come into force in July 2022.

The main provisions of the new Deposit and Return Scheme for Scotland Regulations 2020 are:

- Banning the marketing or sale to consumers of target single-use drinks where a producer is not registered with the Scottish Environment Protection Agency (SEPA).
- Apply a 20p deposit on each single-use container is sold in Scotland. This would mean a pack of six drinks cans would effectively have £1.20 added to the retail price.
- Require producers to collect a target percentage of the scheme packaging (70% in year 1, 80% in year 2 and 90% in year 3).
- Require producers or their agents to reimburse residents for any target packaging returned or collected.
- Require retailers to operate a return point at premises from which sales of scheme products are made. Some provision will be made to exempt some retailers.

High level data provided by Zero Waste Scotland previously has indicated that for Inverclyde council there could be a potential reduction in overall tonnage of DRS material of 1,423 tonnes per annum. This figure is split between residual waste and kerbside recycling.

	Tonnage	Gate fee	Saving (000s)
Residual Waste	988	£108	£107
Recycling	432	£82	£35
Total	1423		£142

The recycling element of DRS generates an income to our contractors. Based on a 7 month mid-point taken from Letsrecycle.com indicates a potential loss of income of around £85k per annum. The reduction in tonnage and potential loss of income together would generate a potential saving of £57k.

The DRS was due to commence in July 2022, however in March 2021 Ben MacPherson, Minister for Rural Affairs and the Natural Environment requested an independent review into Scotland's DRS plans. This review may delay the implementation. The rest of the UK have indicated an implementation of their DRS for mid-2023. Zero Waste Scotland are undertaking further analysis of the assumptions and tonnages around DRS across Scotland.

6.0 RECYCLING IMPROVEMENT FUND

6.1 The Scottish Government recently announced the Recycling Improvement Fund (RIF) which allows Councils to bid into a £70 million allocation of 5 year capital funding from Low Carbon Fund. The fund is split over from 2021/22 for 5 years as follows (£16m, £16m, £18m, £10m, £10m). The fund is administered through Zero Waste Scotland and expressions of interest due by end of May 2021.

6.2 The aim of the fund is

“To accelerate progress towards 2025 waste and recycling targets and Scotland’s net zero carbon commitment, by strengthening and improving local authority recycling infrastructure resulting in increased consistency of collection, improvements to the quality and quantity of material collected, and wider environmental and carbon benefits.”

6.3 The RIF process requires councils to apply an expression of interest with indicative costs which are then evaluated by Zero Waste Scotland prior to any review and award submission. The Waste Strategy Unit are familiar with this process having successfully bid into other funding previously.

6.4 It should be noted that the expression of interest does not tie the Council to any scheme and that it is anticipated that further interest will be sought in future funding years.

6.5 The RIF funding is predominately for Capital funding and will cover areas such as

- Plant, equipment, and machinery and collection containers and equipment including vehicles.
- Buildings or compounds including site alterations (e.g. HWRC or improvements to communal recycling facilities or Recycling Points).
- Modifications to reception, storage, sorting, processing, and onward movement of materials.
- Digitalisation and automation.

Officers have met with Zero Waste Scotland and received favourable responses to potential bids subject to details being provided. Bids will be prepared for 2022/23 and beyond to support the aims of the Councils waste strategy.

7.0 REVIEW OF CURRENT RECYCLATE PROCESSING ARRANGEMENTS

7.1 The Council's recycling collection is carried out by Regen Ltd. The contract with Regen is for a period up to October 2022 with two one year extensions to October 2024. The cost of this service is £493k per annum.

7.2 Further to request the Service has carried out an option appraisal comparing the current contracted service delivery with the potential in house option. This is set out below:

Contracted Option	
<p>Pros</p> <ul style="list-style-type: none"> • Supports the national recycling targets by redirecting contaminated waste to energy from waste sites, removing requirement to send to landfill and reducing landfill tax implications • Removes reliance on sale of recycling material, market price has reduced • Supports compliance with 2025 landfill tax ban • Revenue cost of service delivery is lower than inhouse model • Does not require any capital expenditure • Potential sale of redundant MRF equipment that can not be reused 	<p>Cons</p> <ul style="list-style-type: none"> • No opportunity to recruit additional inhouse workforce
Inhouse Model	
<p>Pros</p> <ul style="list-style-type: none"> • The floorspace remains available for use. • Employment opportunity for 14 operatives and 1 Supervisor. 	<p>Cons</p> <ul style="list-style-type: none"> • £500k to £700k capital expenditure required to refit. • Revenue implications of running in house model. • Circa 1200 tonnes additional waste to landfill with environmental and cost implications • Reduced ability to resell material due to market demand and following commencement of Deposit Return Scheme. • Will not be compliant with landfill tax ban in force 2025.

7.3 There have been two significant changes to the costing provided previously, the gate fee paid for MRF material and the employee costs changes due to the pay awards.

The table below updates the previous figures reported to Committee to reflect the revenue comparison both before and after the introduction of the Deposit Return Scheme. The current provider provides landfill tax savings due to the impact of lost tonnage as a result of DRS

Current Haulage Arrangements		MRF in house	
Contract costs (6000 tonnes)	£493k	Revised costs	£520k
		Landfill savings@ £108/tonne	£130k
		Capital Costs	£50k
Total	£493k	Total	£700k
Post DRS Haulage		Post DRS in house	
Contract costs (5568 tonnes)	£458k	Revised costs	£700k
Contractor claim	£62k	Haulage Saving	-£4.8k
		Income Loss	£4.3k
Total	£520k	Total	£699k

- 7.4 The figures above are based on an operational workforce requirement for 14 operatives with one supervisor.
- 7.5 The condition of the MRF which was installed in 2004/05, makes it non-viable to operate without significant capital investment. Discussion with MRF suppliers have indicated prices in the region of £500k to £700k to refit the MRF with procurement and lead times of 12 months or more. The capital costs associated with this are up to £50k per annum.

8.0 INVERCLYDE'S WASTE STRATEGY REVIEW

- 8.1 The legislation and interventions outlined in this report are a stepping point to reviewing the current waste strategy and our waste management operations to ensure that the Council continues to perform at a high level.
- 8.2 The impact of the DRS is unknown with estimates ranging from 50% to 90% reduction in target material. It would be prudent therefore to align any service changes post introduction of the scheme. Aligning the Councils services to the Code of Practice should be evaluated and any proposals to move to 3 weekly residual collections should be considered in lines with best value and operational efficiencies.
- 8.3 The RIF fund will allow the Council the opportunity to make investment in infrastructure and support services which will meet the key objectives of the fund. Officers have already discussed funding options with Zero Waste Scotland and will prepare bids for 2022/23 and beyond.
- 8.4 A review of our collection services will be undertaken to assess the impacts of DRS and new legislative drivers. This will ensure that our services are fit for purpose and reflect tonnages and volumes generated by households. It should be noted that the dependant on the timing of the Service delivery and Infrastructure review that the any service changes may be phased over future years. Any significant changes to collection operations will be subject to committee approval.

9.0 IMPLICATIONS

9.1 Finance

There financial implications arising from this report are shown below.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Waste Strategy	Materials Recycling Facility	2021/2022	£493k		Assumes continuation of current haulage arrangements.

9.2 Legal

The information contained within the report does not impact on the Councils Legal services.

9.3 Human Resources

The information contained within the report does not impact on the Councils Human Resources

9.4 Equalities

Equalities

Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

9.5 Repopulation

This report does not impact on repopulation.

10.0 CONSULTATIONS

10.1 There is no consultation required at this stage.

11.0 BACKGROUND PAPERS

11.1 <https://www.zerowastescotland.org.uk/waste-scotland-regulations>

<https://depositreturnscheme.zerowastescotland.org.uk/>