

From: Rob Thomas, Cabinet Member for Environment
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To: Environment and Transport Cabinet Committee – 14 January 2025

Subject: Waste management update

Classification: Unrestricted

Past Pathway of report: N/A

Future Pathway of report: N/A

Electoral Division: All

Summary: This paper provides Members with an update on the national waste reforms and considers impacts to KCC performance and budgets, including the latest position regarding the funding due to KCC from Extended Producer Responsibility.

The paper also proposes an overarching focus on residual waste given the current and future cost associated with this material through increasing recycling at kerbside.

This will require working in partnership with district and borough councils in new and innovative ways that share risk and reward. Work is underway to review the whole waste system taking a Kent taxpayer view on opportunities for cost reduction and mechanisms to fund this activity on an invest to save basis.

Recommendation:

The Environment and Transport Cabinet Committee is asked to COMMENT on and NOTE the report.

1. Background

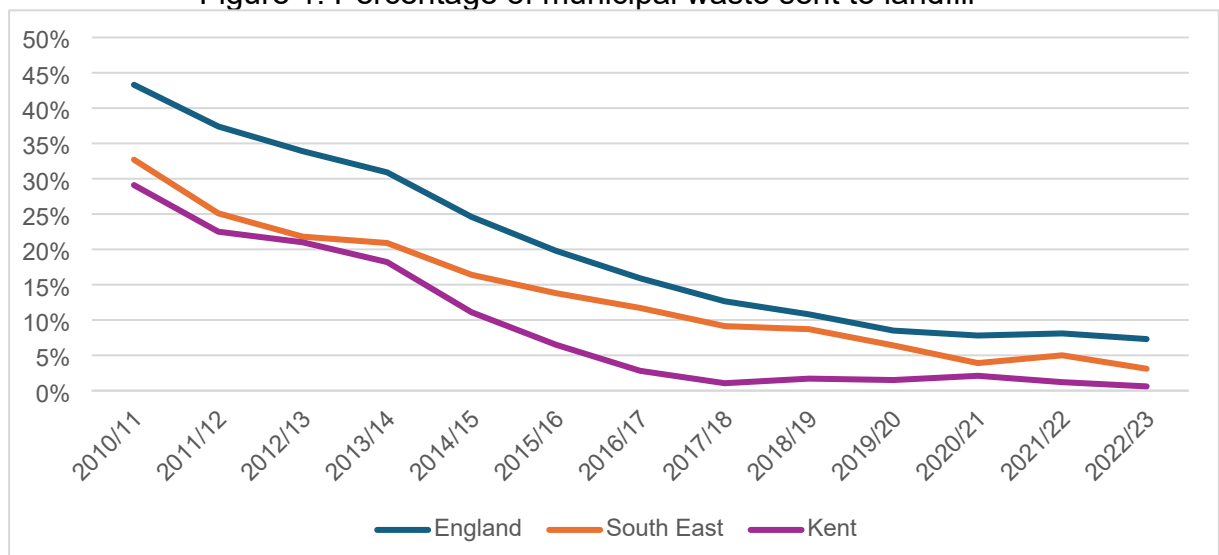
- 1.1 The current roles and responsibilities for managing household waste are changing, however the current arrangements are set out in the 1990 Environmental Protection Act. In two tier local authority areas such as Kent, responsibility is divided between the county council who is the waste disposal authority and district and borough councils who are the waste collection authorities.
- 1.2 Kent County Council as the waste disposal authority is responsible for reprocessing the material collected by district and borough councils and operating a number of sites for householders to dispose of their waste materials. District, borough and city councils are responsible for collecting household waste (and waste of a similar nature to household) and must collect at least two types of recyclable material separately from the rest of the household waste.

- 1.3 Within this legislative framework, KCC operates 19 household waste and recycling centres (HWRCs), which receive around 2 million visits per year.
- 1.4 KCC as the waste disposal authority disposes of c660,000 tonnes of material per year, which is managed through the HWRC and transfer station network which is then processed via infrastructure within Kent and beyond. The budget for the service in 2024/25 is £93m.

Performance

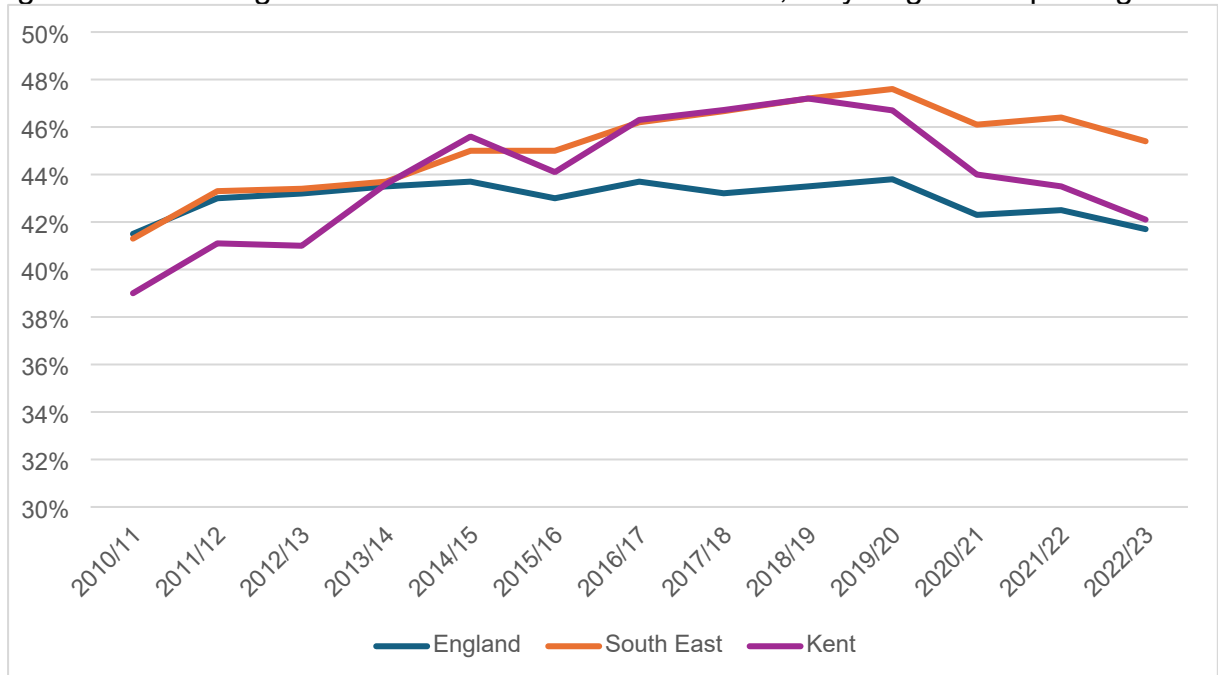
- 1.5 Figures 1 and 2 below shows Kent’s performance against the national and regional average for two performance indicators; waste sent to landfill and waste reused, recycled or composted.
- 1.6 Figure 1 shows that KCC is landfilling less than 1% of the waste collected in Kent, which is outperforming the average across both England and the South East.

Figure 1: Percentage of municipal waste sent to landfill



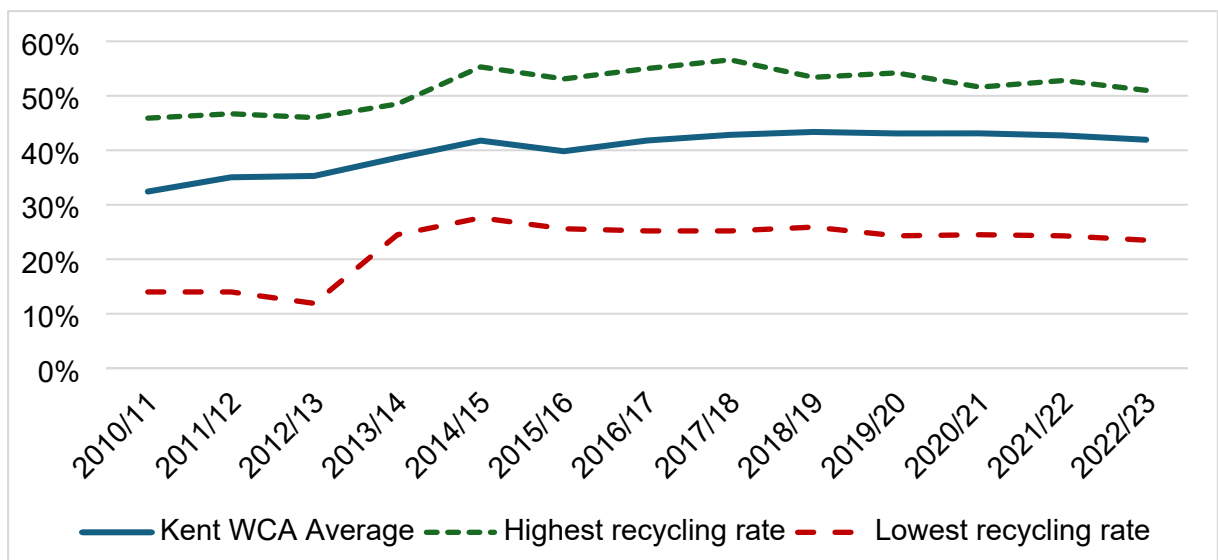
- 1.7 Figure 2 shows the average recycling rate for both waste collected at kerbside by district and borough councils and waste collected at HWRCs by KCC. It shows that Kent’s recycling rate of 42% is marginally higher than the average rate across England but is lagging behind the average across the South East. The best performing counties in the South East are Surrey and West Sussex where the recycling rates are 54% and 53.7% respectively.

Figure 2: Percentage of household waste sent for reuse, recycling or composting



1.8 Figure 3 below shows the difference between the waste collection authority with the highest recycling rate and lowest recycling rate each year since 2010/11. Over that period, the lowest performing authority has increased their recycling rate from 14% to 24%, whilst the best performer has increased from 46% to 51%. The difference has therefore closed, however there remains a 27percentage point difference between the highest performing and lowest performing collection authority in the county.

Figure 3: Kerbside recycling rates across Kent waste collection authorities



Budget

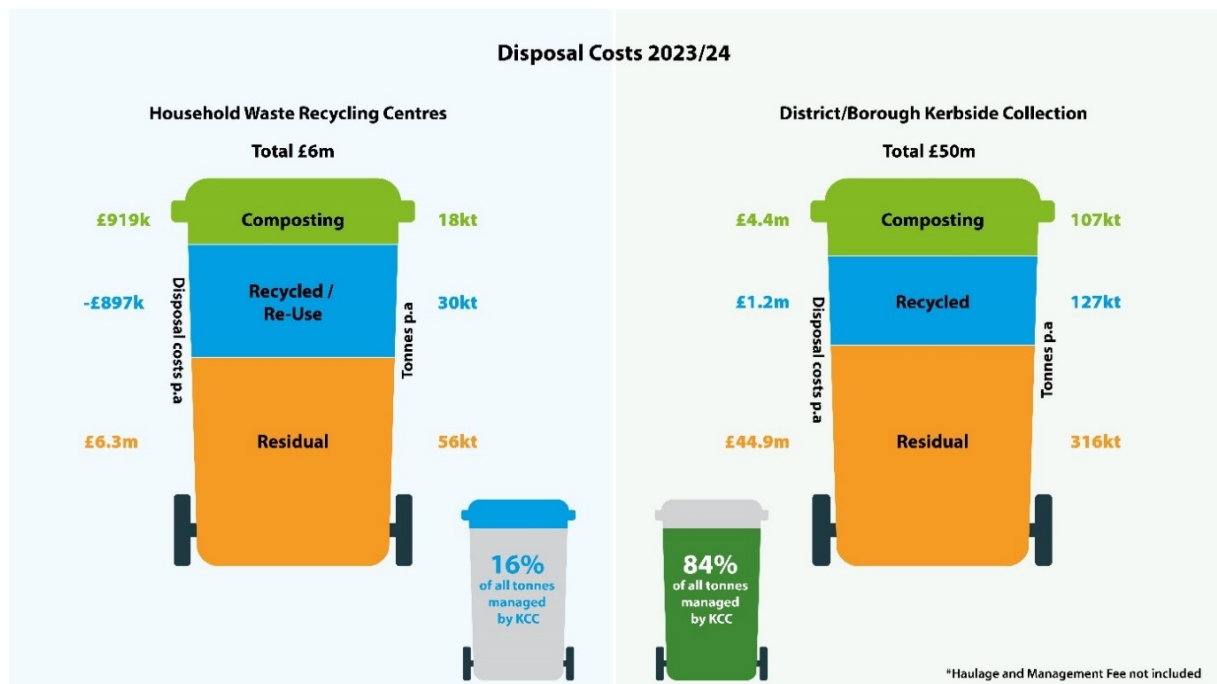
- 1.9 KCC's waste budget is shown in table 1 below. You can see that this year, KCC is projected to spend over £50m treating residual waste, and around £6m composting food and green waste and reprocessing recyclables.

Table 1: 2024/25 budget spend areas

Budget area	2024/25 Budget
Treatment of residual waste	£52.4m
Composting food and green waste	£4.8m
Reprocessing recyclables	£1.1m
Incentives to collection authorities to recycle more material	£3.9m
Operation of transfer stations and haulage of materials	£18.1m
Operation of HWRCs and haulage of materials	£10.9m
Management of closed landfills	£0.52m
Other	£1.4m

- 1.10 Figure 4 takes those reprocessing costs from 2023/24 and divides them into the spend on materials that are taken to KCC's HWRCs and those materials collected at kerbside. The image shows that KCC spent £6m reprocessing materials collected at HWRCs and £50m on materials collected at kerbside. Of this £50m, £44.9m was spent on reprocessing residual waste.

Figure 4: KCC disposal costs versus materials collected in 2023/24



- 1.11 Over the last few years, the increasing amounts of residual waste and stagnating recycling rates within Kent have put pressure on KCC's ability to deliver our statutory waste services within the available budget envelope.

- 1.12 If the recycling rate in Kent moved from 42% to 60%, it would reduce the amount of residual waste needing to be reprocessed, saving KCC an estimated £11m per year.
- 1.13 The material with the greatest potential saving is food waste. With a significant difference in disposal fees, the potential saving from moving all food and garden waste that is in our residual waste stream into composting would save KCC c£8m.

2. Legislative changes

- 2.1 The Resources and Waste Strategy for England 2018, Greenhouse Gas Emissions Trading Scheme Order 2020 and Environment Act 2021 will see the largest changes to the waste and resources agenda for over 30 years. There are four key changes that will have the largest impact on KCC.

Simpler Recycling

- 2.2 This reform mandates that, by 31 March 2026, kerbside collections must include the collection of glass, metal, plastic, paper, card, food waste and garden waste for recycling or composting from households (businesses must comply by March 2025). Collection authorities will still be able to charge for green waste collections.
- 2.3 DEFRA recently issued an update to this reform, whereby collection authorities must provide containers for:
- residual (non-recyclable) waste
 - food waste (which can be mixed with garden waste)
 - paper and card
 - all other dry recyclable materials (plastic, metal and glass).
- 2.4 There are however exemptions that a collection authority can seek for collecting paper and card, which should be collected separately unless it:
- is not ‘technically practicable’
 - is not ‘economically practicable’
 - has ‘no significant environmental benefit’.
- 2.5 Collection authorities must prepare a written assessment to explain why one or more of these options apply.
- 2.6 Dartford Borough Council and Sevenoaks District Council will need to introduce food waste collections as a result of this legislation. It is estimated that this will save KCC in the region of £820,000 per year as a result of food waste moving from residual waste into composting.

- 2.7 To support collection authorities in Kent with the new collection requirements, KCC has carried out the following activities to increase capacity and ensure that we enable the disposal requirements associated with Simpler Recycling:
- Opened a new Waste Transfer Station in Sevenoaks
 - Submitted a planning application for a Waste Transfer Station in Folkestone and Hythe as there is currently no facility within this district
 - We are working with the Ebbsfleet Development Corporation to carry out a feasibility study to increase the operational capacity at Pepperhill Waste transfer station.

Extended Producer Responsibility

- 2.8 The Extended Producer Responsibility framework is based upon the 'producer pays' principal, whereby the producers of packaging waste will pay for the material to be managed once it has been discarded by the consumer. This should incentivise the producers of packaging to use the minimum amount of packaging required to protect the product and ensure that the materials used are recyclable as this will reduce their cost overhead.
- 2.9 Extended Producer Responsibility solely refers to packaging waste and currently includes paper, card, glass, plastics, wood and metal with other materials potentially being considered in the future.
- 2.10 Drinks containers made of any material other than glass and drinks containers made from polyethylene terephthalate (PET), steel, or aluminium between 150ml and 3l in size, are not included in the calculations.
- 2.11 However, all drinks containers will be in scope from 2028 if a Deposit Return Scheme is not in place by that time.
- 2.12 Binned waste and littered packaging waste, business waste and packaging collected within food and garden waste services are also currently not included.
- 2.13 For local authorities, the legislation says that they will receive the 'full net cost recovery' of the collection, haulage, recycling or disposal of these packaging wastes if there is an 'efficient and effective' waste management system in place. This would apply to an estimated 92,000 tonnes of materials managed by KCC. The payment and definition of what an efficient and effective system looks like will be determined by a scheme administrator that DEFRA will appoint.
- 2.14 From October 2024, waste transfer stations are required to sample and evaluate mixed recycling, in line with the amendments to the Environmental Permitting Regulations (2016). This will be part of the process to determine whether the management of these materials is 'efficient and effective' and adds an additional cost to KCC of £133k per year.

- 2.15 The diverse set up of local authority budgets present difficulties for DEFRA in applying calculations to determine 'full net cost recovery'. As a result, to calculate this payment, all local authorities have been placed into predetermined family groups for the first year's payment calculation. Calculations for subsequent years will differ as the system embeds.
- 2.16 The minimum payments for 2025/26 have been shared with all local authorities. Some of the principles that underpin these amounts have been shared and local authorities have been invited to challenge the assumptions if there are any errors.
- 2.17 For KCC, subject to any further refinement, the minimum payment in 2025/26 will be £13.288m. Payments in future years will be subject to additional modelling work from the incoming scheme administrator.
- 2.18 We anticipate that the 'efficient and effective' requirement will become more important with regards to future payments, with Local Authorities expected to utilise the Extended Producer Responsibility monies to ensure that services are meet these requirements to ensure future payments are maintained. The definition of these terms is due to be developed and shared in 2025.

Deposit Return Scheme

- 2.19 There has been a further delay to the Deposit Return Scheme until October 2027. This scheme will introduce a deposit on single use drinks containers (except for glass), which is refunded upon the return of the container.
- 2.20 A Deposit Return Scheme is likely to reduce the amount of these materials that are littered and will likely reduce the volume of waste collected at the kerbside. However, the scheme will also change the composition of the materials within the kerbside collected materials and many of the valuable materials will be removed. This will likely negatively impact contract costs, as the value of the recycling basket will reduce with less valuable items in there, which would result in an increase to gate fees. Whilst the tonnage may be lower, the increase in costs may outweigh the reduction in tonnage.

Emissions Trading Scheme

- 2.21 The budgetary incentive for KCC to continue to increase recycling rates is further compounded by energy from waste plants being added to the Emissions Trading Scheme from January 2028.
- 2.22 This scheme is a cap-and-trade scheme designed to limit the total amount of greenhouse gases that certain industries can emit. Limits are set in line with the UK's net zero targets. This cap reduces year on year and consequently the cost of the permits required to emit will increase.
- 2.23 Any additional cost associated with this will be passed through to KCC.

- 2.24 The cap-and-trade scheme (and therefore charge) is based on the amount of fossilised carbon contained in the residual waste sent to energy from waste facilities.
- 2.25 KCC currently disposes of around 370,000 tonnes of residual waste per year. It is estimated that over 90,000 tonnes of the residual waste stream consists of fossilised carbon, in plastics, textiles, absorbent hygiene products and other similar materials.
- 2.26 Based on today's tonnages and UK Emissions Trading Scheme prices, the additional cost to KCC (on top of EfW disposal fees) will be an estimated £12m-£17m per year.

3. Considerations

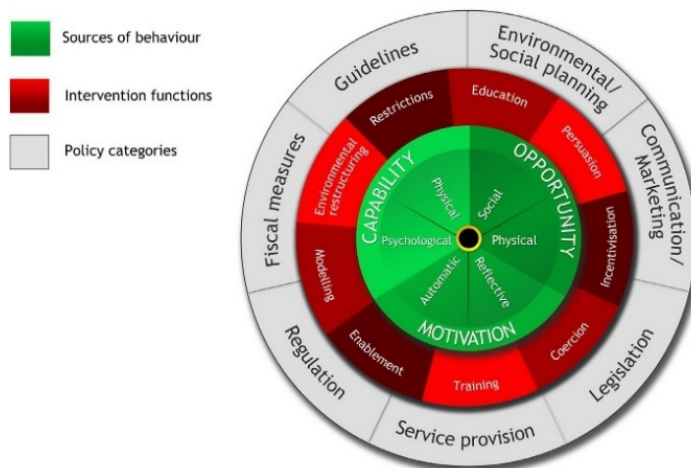
- 3.1 KCC currently spends over £50m on reprocessing residual waste, of which over 90% comes from residual waste collected at kerbside by waste collection authorities.
- 3.2 Increasing the recycling rate for Kent to 60% would reduce this spend by c£11m, with food waste being the largest opportunity for improvement.
- 3.3 Whilst the new Simpler Recycling legislation will increase the range of materials collected for recycling by some collection authorities in Kent, it does not currently incentivise collecting more of these materials.
- 3.4 Energy from waste facilities being added to the Emissions Trading Scheme in January 2028 will mean that the differential between dealing with residual waste and recycling will increase even further.

4. Proposed priority

- 4.1 In light of these considerations, the proposed priority is to focus on reducing residual waste at kerbside by increasing recycling.
- 4.2 KCC is working with district and borough colleagues through the Kent Resource Partnership to review the whole waste management system, focusing on what is most cost effective for the Kent taxpayer. The Waste and Resources Action Programme (WRAP), who are DEFRA funded, has agreed to fund a project that considers:
- The full cost of waste collection and disposal
 - The likely impact of legislative changes on the materials in the waste stream
 - Potential savings from increasing recycling rates
 - Where costs and opportunities sit across waste collection and disposal
 - The carbon reduction opportunity from delivering system improvements.

- 4.3 This work will then enable the partnership to develop a strategy and programme of work aimed at ensuring both collection and disposal systems are efficient and effective from both a financial and carbon perspective, mechanisms for funding improvements are developed that share risk and reward and opportunities for developing new infrastructure that would save money are identified.
- 4.4 This work is due to be completed in March 2025.
- 4.5 Whilst the detail will emerge from this piece of work, the division has been working on behaviour change activity for some time. The Centre for Behaviour Change at University College London has developed a behaviour change model called Com-B. This model proposes three necessary components to any behaviour: capability, opportunity and motivation. It then uses these three components to identify policy categories and intervention functions that can be used to encourage behaviour change, as shown in figure 5 below.

Figure 5: The Com-B Behaviour Change Wheel



- 4.6 Most recently, this model has been used to design and deliver a behaviour change campaign in partnership with Dover and Folkestone & Hythe district councils, which has achieved a 11% increase in food waste capture from the kerbside.
- 4.7 Whilst behaviour change is complex, the key to diverting residual waste into recycling will be to work in partnership with collection authorities in new and innovative ways that share risk and reward across three main areas:
- Communications and engagement
 - Improving waste systems
 - Infrastructure improvement and delivery.
- 4.8 The monies coming into KCC through the extended producer responsibility payments provide funding to pump prime projects on an invest to save basis across these areas, which will reduce spend on residual waste in future years.

5. Next steps

- 5.1 KCC will work through the Kent Resource Partnership to complete work on opportunities to improve the waste system in Kent.
- 5.2 Once complete, the Kent Resource Partnership will use this evidence base to revise the Joint Municipal Waste Management Strategy, which is a statutory document that sets out how Kent authorities will work together to deliver improvement.
- 5.3 Alongside strategy development, the focus will be on developing and creating a timeline for delivering invest to save opportunities that will increase kerbside recycling in advance of energy from waste facilities becoming part of the emissions trading scheme in January 2028.

6. Financial Implications

- 6.1 In 2024/25, the waste budget is £93m, of which £52.4m is projected to be spent on reprocessing residual waste through energy from waste and £5.9m, on recycling and composting.
- 6.2 Extended Producer Responsibility brings a cost recovery income of £13.2m to KCC and Simpler Recycling an estimated £818k cost saving through the additional residual waste diversion.
- 6.3 The key risk is from the Emissions Trading Scheme of between £12m and £17m per year. This begins in January 2028, which means there will be a £3m per year effect which has been included in the MTFP as a pressure.
- 6.4 The receipt of the Extended Producer Responsibility money is an opportunity for KCC to increase performance, which will not only have subsequent budget reductions, but will also help to limit the financial liabilities in 2028 from the Emissions Trading Scheme.
- 6.5 As described within this paper, the opportunities for the service to impact both performance and the budget position positively come from working in partnership with district, borough and city councils and encouraging the public to think about waste differently and reduce, reuse and recycle.

7. Legal, Equalities and Data Protection implications

- 7.1 This paper is an update paper only.

8. Conclusions

- 8.1 The reforms that are currently taking place are monumental, and a massive shift for local authorities in not only the way the waste is managed, but also funded. The reforms have complex interactions with each other and as a result, the impacts are not fully understood.

- 8.2 This paper aims to inform Members with regards to these changes and actions that are taking place to mitigate risk and work with our partners, the Waste Collection Authorities.
- 8.3 Whilst through the introduction of Simpler Recycling and Extended Producer Responsibility, KCC will experience some upturns in potential savings/cost reimbursement, the financial burden of the Emissions Trading Scheme will not only consume these benefits, but also provide an added on-going pressure.
- 8.4 As work progresses and as new elements require new policy decisions, Members will see individual papers and updates over the coming months and years

9. Recommendation

The Environment and Transport Cabinet Committee is asked to COMMENT on and NOTE the report.

10. Contact details

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