



## Report to Policy Committee

**Author/Lead Officer of Report:** Neil Townrow  
(Waste Strategy Officer)

Email: neil.townrow@sheffield.gov.uk

**Report of:** *Ajman Ali, Executive Director Neighbourhood Services*

**Report to:** *Waste and Street Scene Policy Committee*

**Date of Decision:** *15<sup>th</sup> November 2023*

**Subject:** Food Waste Collection Service Transitional Arrangement

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 2256				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>“Confidential Appendix 1 is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”</i>				

### Purpose of Report:

This report details the requirement to introduce separate, weekly food waste recycling collections to Sheffield households, as required by the Environment Act (2021).

This report also sets out three options available to the Council to meet its statutory obligations for food collection services:

Option 1: Introduction of a weekly food waste recycling service by 31 March 2026, and not apply for a Transitional Arrangement.

Option 2: Apply to Central Government for a Transitional Arrangement to defer the introduction of separate food waste collections for five years until 31 March 2031.

Option 3: Apply to Central Government for a Transitional Arrangement to defer the introduction of separate food waste collections until the end of the Veolia

Integrated Waste Management Contract in 2038.

This report recommends that Option 3 is best course of action for the Council based upon the reasons set out in this report.

**Recommendations:**

It is recommended that the Waste and Street Scene Committee:

Approves Option 3, as set out in paras 1.29 to 1.32 of this report, which proposes an application for a Transitional Arrangement to defer the requirement to introduce separate, weekly food waste collections until the end of the Veolia Integrated Waste Management contract in 2038, subject to Government Ministerial approval of the application for a Transitional Arrangement.

**Background Papers:**

- 2) Confidential Appendix 1
- 3) Appendix 2: Carbon saving projects

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Kerry Darlow</i>
		Legal: <i>Richard Marik</i>
		Equalities & Consultation: <i>Louise Nunn</i>
		Climate: <i>Andrew France</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>SLB member who approved submission:</b>	<i>Ajman Ali, Exec. Dir. Neighbourhood Services</i>
3	<b>Committee Chair consulted:</b>	<i>Cllr Joe Otten</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Neil Townrow</i>	<b>Job Title:</b> <i>Waste Strategy Officer</i>
	<b>Date:</b> 06/11/23	

## 1. BACKGROUND

- 1.1 The duty of local authorities to collect and dispose of household waste is set out in Section 45 of the Environmental Protection Act 1990.
- 1.2 The Environment Act was enacted into UK Law in November 2021. This made a number of changes to the Environmental Protection Act 1990 and mandates that all local authorities in England provide a separate, weekly food waste recycling service to all households.
- 1.3 The scope of the food waste to be collected under the Environment Act 2021 includes *'all household food material that has become a waste, whether processed, partially processed or unprocessed, intended to be, or reasonably expected to be consumed by humans and including any substance, including water, intentionally incorporated into the food during its manufacture, preparation or treatment. This includes food scraps, tea bags, and coffee grounds.'*
- 1.4 The date by which local authorities must comply with the regulations and implement a separate, weekly food waste recycling service has been confirmed by Government as 31<sup>st</sup> March 2026.
- 1.5 Currently, all households in Sheffield are provided with separate bin collections for non-recyclable waste (black bin), and for the recycling of paper and card (blue bin) and glass, cans and plastic bottles (brown bin). Households can choose to recycle garden waste using the chargeable green bin service. The introduction of a food waste collection service would mean households receive an additional outside bin for the separation of food waste.
- 1.6 As a new statutory service, New Burdens Funding will be made available by Government to local authorities to contribute to the implementation and running costs of the service. However, New Burdens Funding will not be provided for any costs incurred due to the impact the introduction of separate food waste collections has on existing residual energy from waste collection contracts.
- 1.7 Government recognises that there are exceptional circumstances in which specific local authorities may need longer to introduce separate food waste collection services due to long-term waste disposal contracts, (which cover mechanical biological treatment and energy produced from food waste) that run beyond 31 March 2026.
- 1.8 Subject to Ministerial approval, local authorities that can evidence claims under existing, long-term residual waste collection contracts for the adverse effect that separate food waste collections will have on such contracts can apply for a Transitional Arrangement. A Transitional Arrangement will defer the requirement to introduce a food waste service until a later date, which can be no later than the end date of the existing

Integrated Waste Management Contract with Veolia in 2038 (Transitional Arrangement dates are linked to local authorities existing waste contracts).

- 1.9 Where approved, the specific Transitional Arrangement for a particular authority will be stipulated in the commencement regulations and the date, being the end of this Transitional Arrangement will be the date by which separate, weekly food waste collections need to be in place.
- 1.10 However, as the Government position is that collecting food waste for treatment by anaerobic digestion (AD) remains the preferred outcome, Government will contact local authorities with a Transitional Arrangement on an annual basis to discuss whether food waste collections can be introduced sooner than contract expiry dates.
- 1.11 DEFRA have advised that, subject to Government Ministerial approval (and Government funding), it may be possible to amend the date in the commencement regulations and/or bring the ongoing new burdens funding forward (in order to contribute to the implementation and running costs of the service) if:
- a local authority's residual waste collection contract ends sooner than expected (e.g. by termination) or,
  - a local authority can amend its existing residual waste contract to incorporate separate weekly food waste collections at an earlier date than the contract end date
- 1.12 Applications for a Transitional Arrangement are submitted to DEFRA and the Council has advised that any submission for a Transitional Arrangement will be made by 20 November 2023.

### **Option 1: No Application for a Transitional Arrangement**

- 1.13 Without a Transitional Arrangement in place, the Council will be mandated to provide separate, weekly food waste collections to all households by 31 March 2026.
- 1.14 All current household waste collection services are provided by Veolia on behalf of the Council through an Integrated Waste Management Contract that runs until 2038.
- 1.15 Should the Council commit to providing the separate food waste service by 31 March 2026, it would be delivered through the existing Integrated Waste Management contract with Veolia, and associated capital and revenue costs will be paid to Veolia.
- 1.16 The introduction of a new separate food waste collection service would require new diesel or electric refuse collection vehicles, additional staffing, infrastructure development and the need to secure sufficient food waste treatment capacity. Households would receive a small kitchen caddy and an outside food waste bin.

- 1.17 As a new statutory service, New Burdens Funding would be made available by Government to contribute to the implementation and running costs of the service.
- 1.18 DEFRA have stated that subject to Ministerial and Cabinet Collective Agreement, local authorities will receive New Burdens Funding to cover:
- Capital costs for the procurement of new vehicles and containers.
  - Ongoing funding to cover the ongoing costs incurred by local authorities to run services, subject to future spending reviews.
- 1.19 DEFRA have confirmed that £295m will be allocated across all local authorities to cover one-off capital funding for vehicles and containers, to be distributed via a funding formula with payments expected in 2023/24.
- 1.20 This funding formula will be subject to DEFRA internal governance, cross-government collective agreement and Ministerial agreement and issued through Section 31 grant letters and payments.
- 1.21 No details in relation to ongoing funding have been released.
- 1.22 Commercial discussions have taken place and an estimate of the implementation and ongoing costs associated with a separate food waste service have been provided. See Confidential Appendix 1 for further information.

**Options 2 and 3 to apply for a Transitional Arrangement:**

- 1.23 Due to the adverse impact the removal of food waste may have on the energy recovery facility under the current Integrated Waste Management Contract, the Council has the option to apply for a Transitional Arrangement.
- 1.24 DEFRA have confirmed that the Council meets the eligibility criteria to apply for a Transitional Arrangement having provided evidence of the adverse effect that separate food waste collections will have on the Council's Integrated Waste Management contract. (see Confidential Appendix 1 for further information)
- 1.25 However, the Transitional Arrangement is subject to Ministerial approval. If the Transitional Arrangement is rejected by Ministers, the Council would be mandated to provide a weekly food waste collection service by 31 March 2026 (Option 1).

**Option 2: Application for a Transitional Arrangement: 5 years**

- 1.26 The Council has the option to apply for a Transitional Arrangement to defer the introduction of separate food waste collections for five years

under 31 March 2031 (subject to Ministerial approval).

- 1.27 If the application for a 5-year Transitional Arrangement is approved, the Council's obligation to introduce separate food waste collections would be deferred for five years until 31 March 2031.
- 1.28 Under this option, the expiry date of the Transitional Arrangement would be included within the commencement regulations. The Council would be mandated to introduce separate, weekly food waste collections, at the end of the Transitional Arrangement.

### **Option 3: Application for a Transitional Arrangement 2038**

- 1.29 The Council also has the option to apply for a Transitional Arrangement to defer the introduction of separate food waste collections until the end of the Integrated Waste Management contract with Veolia in 2038 (subject to Ministerial approval).
- 1.30 If the application for a Transitional Arrangement until the end of the Integrated Food Waste Management contract with Veolia is approved, the Council's obligation to introduce separate food waste collections would be deferred until 2038
- 1.31 Under this option, the expiry date of the Transitional Arrangement would be included within the commencement regulations. The Council would be mandated to introduce separate, weekly food waste collections, at the end of the Transitional Arrangement.
- 1.32 **Benefits and disbenefits of applying for a 5 year Transitional Arrangement, a Transitional Arrangement until 2038, and forgoing the opportunity to apply for a Transitional Arrangement**

	<p><b>Option 1: No application for a Transitional Arrangement, introduce separate food waste collections as per Government requirements</b></p>
Benefits	<p>The introduction of separate, weekly food waste collections would provide Sheffield residents with additional recycling opportunities. Residents would be able to recycle food waste from their home, in addition to the services already provided for paper, card, glass, cans, plastic bottles and garden waste.</p> <p>Independent modelling was carried out using the Waste and Resources Assessment Tool for the Environment (WRATE) and demonstrated that separate food waste collections would increase Sheffield's annual recycling performance by 6%, and achieve a carbon saving of 78 tonnes CO<sub>2</sub> equivalent per year.</p> <p>The Council would benefit from all available Government New Burdens funding to assist in the implementation and ongoing costs associated with providing the service. Although no announcement has been made as to the amount of revenue funding available or the funding formula, £295m of capital funding has been announced, and typically, Sheffield would expect to receive 1% of any funding available, amounting to £2.95m. This would be paid as a lump sum in 2023/24.</p> <p>The introduction of food waste recycling would align Sheffield with the services provided by all other local authorities that have also decided to forgo the Transitional Arrangement opportunity.</p> <p>The new collection service would provide over fifty new full-time jobs with Veolia in Sheffield.</p>
Disbenefits	<p>There is lack of clarity from Government as to the amount of New Burdens funding to be made available. There is a high risk that the New Burdens funding provided will not cover all of the revenue or capital costs associated with the service.</p> <p>Although the independent modelling demonstrated that the introduction of a separate, weekly food waste collection service would deliver a carbon saving of 78 tonnes CO<sub>2</sub> equivalent per year, this is a high cost, marginal carbon saving due to the increased traffic movements associated with the introduction of a new, weekly collection service, and the high efficiency of the energy recovery facility. It should also be noted that the modelling assumed an anaerobic digestion facility being located within 20 miles of Sheffield, and any carbon saving would be reduced if the distance travelled was further afield.</p> <p>Based on the estimate of costs provided by Veolia and estimate of New Burdens funding, £3m was included in the Council's Medium Term Financial Analysis for ongoing service costs from 2025/26. Given the uncertainty</p>

	<p>regarding the amount of ongoing New Burdens funding available, there is a high risk that the £3m included in the Medium Term Financial Analysis will not be sufficient to cover the service costs.</p> <p>All other South Yorkshire Authorities have secured a Transitional Arrangement until 2040.</p> <p>The Government has confirmed that New Burdens Funding will not be provided for any costs incurred due to the impact of separate food waste collections on existing residual energy from waste collection contracts. The Government position is that this would not represent good value for money given the carbon benefits achieved by moving to separate food waste collections may be marginal when compared to far greater carbon savings per pound spent on other government projects.</p> <p>See section 1, Closed Appendix 1, for further disbenefits.</p>
	<p><b>Option 2: Apply for a Transitional Arrangement to delay the introduction of separate food waste collections until 31 March 2031</b></p>
Benefits	<p>Option 2 would defer the requirement to introduce separate, weekly food waste collections in Sheffield by five years until 2031.</p> <p>The deferment would provide opportunities to use the £3m per annum earmarked for food waste from 2025/26 (total of £15m) included within the Medium Term Financial Analysis to instead support other Council wide revenue pressures or initiatives, including the delivery of alternative climate change projects that could deliver additional carbon savings than could be achieved from a separate food waste collection service. (See Appendix 2 for more information). Please note, the £3m included in the Medium Term Financial Analysis is currently an unfunded corporate pressure.</p> <p>A Transitional Arrangement until 2031 would mean that the Council does not have to wait until the end of the arrangement to introduce separate food waste collections and nor would it prevent the Council from accessing New Burdens funding in future. DEFRA have advised that, subject to Government Ministerial approval (and Government funding), it may be possible to amend the date in the commencement regulations and/or bring the new burdens funding forward (in order to contribute to the implementation and running costs of the service) if a local authority residual waste collection contract ends sooner than expected (e.g. by termination) or if a local authority can amend the existing waste contract to incorporate separate weekly food waste collections at an</p>



	<p>earlier date than the contract end date. The Government will remain in contact with local authorities with a Transitional Arrangement on an annual basis to assess if this date can be brought forward.</p> <p>A deferment until 2031 would provide sufficient time for the Government to confirm the amount of New Burdens funding available, and provide some flexibility for the Council to consider the financial and environmental impact of separate food waste collections. The Council would be able to decide when to introduce the service (provided it was introduced before 2031), and this decision would be informed by the amount of New Burdens funding available to the Council each year and any budgetary pressures associated with the ongoing provision of the service.</p> <p>See Closed Appendix 1, for further benefits.</p>
Disbenefits	<p>Sheffield residents will not be able to take advantage of the additional food waste recycling opportunities until 2031.</p> <p>The Council would not receive New Burdens funding until the end of the Transitional Arrangement in 2031. Furthermore, although DEFRA have stated that the Council would be eligible to receive New Burdens funding once the separate food waste service has been introduced, it would be subject to ministerial agreement and funding available at the time.</p> <p>The shorter duration of the Transitional Arrangement means the Council would have less flexibility to consider the financial and environmental impact of separate food waste collections in comparison to option 3.</p> <p>Notwithstanding the flexibility afforded by the 2031 implementation date, the Council would be mandated to introduce separate, weekly food waste collections in 2031 regardless of the Council's budgetary position at that time.</p> <p>See Closed Appendix 1, for further disbenefits.</p>
	<p><b>Option 3: Apply for a Transitional Arrangement to delay the introduction of separate food waste collections until 2038</b></p>
Benefits	<p>Option 3 would defer the requirement to introduce separate, weekly food waste collections in Sheffield until the end of the Veolia Integrated Waste Management contract in 2038.</p>

	<p>The deferment would provide opportunities to use the £3m per annum earmarked for food waste from 2025/26 (total of £65m) included within the Medium Term Financial Analysis to instead support other Council wide revenue pressures or initiatives, including the delivery of alternative climate change projects that could deliver additional carbon savings than could be achieved from a separate food waste collection service. (See Appendix 2 for more information). Please note, the £3m included in the Medium Term Financial Analysis is currently an unfunded corporate pressure.</p> <p>As with Option 2, a Transitional Arrangement until 2038 would mean that the Council does not have to wait until the end of the arrangement to introduce separate food waste collections and nor would it prevent the Council from accessing New Burdens funding in future. DEFRA have advised that, subject to Government Ministerial approval (and Government funding), it may be possible to amend the date in the commencement regulations and/or bring the new burdens funding forward (in order to contribute to the implementation and running costs of the service) if a local authority residual waste collection contract ends sooner than expected (e.g. by termination) or if a local authority can amend the existing waste contract to incorporate separate weekly food waste collections at an earlier date than the contract end date. The Government will remain in contact with local authorities with a Transitional Arrangement on an annual basis to assess if this date can be brought forward.</p> <p>A deferment until the end of the Veolia Integrated Waste Management contract (2038) would provide maximum flexibility to consider the financial and environmental impact of separate food waste collections. The Council would be able to decide when to introduce the service (provided it was introduced before 2038), and this decision would be informed by the amount of New Burdens funding available to the Council each year and any budgetary pressures associated with the ongoing provision of the service.</p> <p>Whilst it would not be the intention of the Council to wait until the end of the Transitional Arrangement, the introduction of a new food waste service at the end of the Veolia Integrated Waste Management contract in 2038 would ensure the service is introduced as part of the competitive tendering process associated with a new waste contract, which could deliver the service at a lower cost than could be achieved through the existing Integrated Waste Management contract.</p>
Disbenefits	Sheffield residents will not be able to take advantage of the additional food waste recycling opportunities until the

expiry of the Transitional Arrangement.

The Council would not receive New Burdens funding until the end of the Transitional Arrangement in 2038. Furthermore, although DEFRA have stated that the Council would be eligible to receive New Burdens funding once the service has been introduced, it would be subject to ministerial agreement and funding available at the time. The longer duration of the Transitional Arrangement (in comparison to Option 2) would increase the risk that New Burdens funding may not be available when the Transitional Arrangement expires at the end of the Veolia Integrated Waste Management contract in 2038.

Notwithstanding the flexibility afforded by the 2038 implementation date, the Council would be mandated to introduce separate, weekly food waste collections in 2038 regardless of the Council's budgetary position at that time.

See Closed Appendix 1, for further disbenefits.

## **Recommendation**

- 1.32 This report seeks approval for Option 3 as set out in para 1.29. The proposed option will see the Council submit an application to DEFRA for a Transitional Arrangement until the end of the Veolia Integrated Waste Management contract in 2038 and will be subject to Ministerial approval.
- 1.33 Whilst the proposed option is to seek a Transitional Arrangement until 2038, the Council will engage with Government, who have committed to making contact with local authorities in receipt of a Transitional Arrangement on an annual basis, to determine whether the implementation date of a food waste collection service can be brought forwards.
- 1.34 The proposed option will provide sufficient time for the Council to consider the timing of the introduction of a food waste collection service on an annual basis. This decision process will be informed by the amount of New Burdens funding available from Government and any budgetary pressures associated with the provision of the service.
- 1.35 If the application for a Transitional Arrangement until 2038 is not approved by Government Ministers, the Council would be mandated to provide a weekly food waste collection service by 31 March 2026 (Option 1) and a separate report setting out the commissioning strategy for a food waste collection service would be brought to the Waste and Street Scene Committee.

## **Going forward**

- 1.36 Subject to approval of the proposal in this report, (and subject to Ministerial approval), annual updates will be brought to the Waste and Street Scene Committee following discussions with Government. It is expected that the first update will be in 2026/27.
- 1.37 This approach will enable a regular review to determine whether the implementation date of a food waste collection service can be brought forwards. Each update will set out the known position in respect to the availability of New Burdens funding, and the costs associated with providing a food waste service.

## **2 HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The Council's delivery plan sets out the need to ensure financial stability and sustainability. The flexibility introduced by a Transitional Arrangement until 2038 (Option 3) will deliver financial stability and sustainability, by affording the Council sufficient time to decide when to introduce the service (i.e. during the most favourable financial conditions), rather than being mandated to do so by 31 March 2026,

when financial conditions may not be so favourable.

- 2.2 The Transitional Arrangement will mitigate the uncertainties around the amount of New Burdens funding to be made available. This will allow future decisions to be made on the basis of a more certain understanding of the amount of New Burdens funding available. This will also allow future decisions to be made on the basis of an informed position of any budgetary pressures associated with the ongoing provision of the service.
- 2.3 The future roll out of a new city-wide food waste collection service at the end of the Transitional Arrangement will contribute to two of our strategic goals set out in the Our Sheffield Delivery Plan 2022-23; strong and connected neighbourhoods which people are happy to call home and clean economic growth, whilst protecting financial stability and sustainability.
- 2.4 The proposal to approve Option 3 will provide opportunities to use the £3m set aside in the Medium Term Financial Analysis from 2025/26 for the food waste service. The deferment would provide opportunities to use the £3m per annum earmarked for food waste from 2025/26 included within the Medium Term Financial Analysis to be used instead for the delivery of alternative climate change projects that could deliver additional carbon savings. This will help to support the Council's target of being a net zero carbon city by 2030.

### **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There is no statutory requirement to consult on this proposal.
- 3.2 In 2022/23 the annual online customer satisfaction survey for recycling bin collections included a question which asked residents to indicate how important it was to them to have food waste collected for recycling. 57% of the 5,086 responses stated that having food waste collected for recycling was important.
- 3.3 In June 2022, the Waste and Street Scene Committee approved the delivery of a 12-week food waste recycling collection trial. 8,200 households took part in the trial between September and November. At the end of the trial an online and paper based consultation exercise took place. 556 responses from the 8,200 households were received and 96% stated that they would use the service if introduced as a permanent service.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality Implications**

- 4.1.1 An Equality Impact Assessment has been carried out and this identified

that overall, there are no significant differential, positive or negative, equality impacts from this proposal.

#### 4.2 Financial and Commercial Implications

4.2.1 The financial and commercial implication are set out in Closed Appendix 1.

4.2.2 Please note, the £3m included in the Medium Term Financial Analysis is currently an unfunded corporate pressure.

#### 4.3 Legal Implications

4.3.1 The Environment Act was enacted into UK law in 2021, and amends section 45A of the Environmental Protection Act 1990 to include the separate collection of food waste for recycling, at least once a week.

4.3.2 When section 45A of the Environmental Act 1990 comes into force, the Council will have a duty to collect food waste for recycling at least once a week unless the Council has a successful deferment under the Transitional Arrangement.

4.3.3 This report sets out the Council's options which are to introduce and implement the food collection service by 31 March 2026 (option 1), apply for a Transitional Arrangement until 31 March 2031 (option 2), and apply for a Transitional Arrangement until the end of the Veolia Integrated Waste Management contract in 2038 (option 3). This report recommends that Option 3 be approved for the reasons set out in this report.

4.3.4 Further legal implications are set out in Confidential Appendix 1.

#### 4.4 Climate Implications

4.4.1 An initial Climate Change Impact Assessment has been carried out using the tool. As the proposed option is to apply for a Transitional Arrangement until 2038, there would not be any positive or negative impacts until such a time as the food waste service is introduced. The key findings of the assessment for the introduction of food waste collections at the expiry of the Transitional Arrangement are:

4.4.2 Estimates suggest that the introduction of a separate food waste recycling service would divert 12,000 tonnes of food waste from Sheffield's energy recovery facility to an anaerobic digestion treatment facility.

4.4.3 Independent modelling carried out by Local Partnerships, using the Waste and Resources Assessment Tool for the Environment (WRATE), estimated that a citywide food waste collection service would achieve an annual 78 tonne CO<sub>2</sub> equivalent saving when compared to the current service.

4.4.4 Sheffield's current recycling rate (2022/23) is 33.35%. The modelling estimated the introduction of a separate food waste collection service would increase recycling performance by 6%.

4.5 Other Implications

## 5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Option 1 would forgo the opportunity to apply for a Transitional Arrangement, and the Council would be mandated to proceed with the implementation of a weekly food waste collection service by 31 March 2026.

5.2 This option has been discounted for the following reasons:

- The lack of clarity from Government as to the amount of New Burdens funding to be made available. There is a high risk that the New Burdens funding provided would not cover all of the revenue or capital costs associated with the service, and this may exceed the £3m included in the Council's Medium Term Financial Analysis from 2025/26.
- Confirmation from Government that New Burdens funding will not be provided to cover any costs incurred under existing residual energy from waste collection contracts for the impact the introduction of separate food waste collection.
- Marginal carbon savings (78 tonnes CO<sub>2</sub> equivalent per year) that would be achieved following the introduction of weekly food waste collections, when compared to the current disposal route via energy recovery.
- The opportunity to use the £3m included in the Medium Term Financial Analysis from 2025/26 for the food waste service, to be used for the delivery of alternative climate change projects that could deliver additional carbon savings. (See Appendix 2 for more information).

5.3 Option 2 would see the Council apply for a Transitional Arrangement, which, subject to Ministerial approval, would defer the requirement to provide separate, weekly food waste collections in Sheffield for 5 years until 31 March 31.

5.4 This option has been discounted for the following reasons:

- the shorter duration of the Transitional Arrangement associated

with option 2 (up to 5 years) when compared to option 3 (up to 12 years) means the Council would be mandated to introduce weekly food waste collections in 2031 regardless of the Council's budgetary position at that time.

- Option 2 will provide less flexibility than Option 3 and will deny the Council maximum opportunity to take an informed decision as to when to introduce the food waste collection service.

## **6. REASONS FOR RECOMMENDATIONS**

6.1 The proposed Option 3 will see the Council submit an application to DEFRA for a Transitional Arrangement until the end of the Veolia Integrated Waste Management contract in 2038.

6.2 The proposed option will provide the following benefits to the Council for the duration of the Transitional Arrangement:

- Protect the Council from costs for any negative commercial impacts the diversion of the food waste has on the Energy Recovery Facility for the duration of the integrated waste management contract
- Protect the Council from the ongoing budgetary pressure associated with the high risk that the New Burdens Funding will not cover all of the revenue or capital costs associated with the service.
- Provide maximum flexibility for the Council. Government have confirmed they will be in contact with local authorities in receipt of a Transitional Arrangement on an annual basis to determine whether the implementation date of separate food waste collections can be brought forwards. The Council will be able to review when to introduce a food waste service on an annual basis, and this decision process will be informed by the amount of New Burdens funding available from Government to provide an informed position of any budgetary pressures associated with the provision of the service.
- Recognises only marginal carbon savings associated with the provision of a food waste collection service when compared to disposal via energy recovery, and provides the opportunity to use the £3m included in the Medium Term Financial Analysis from 2025/26 for the food waste service, for the delivery of alternative climate change projects that could deliver additional carbon savings. Please note, the £3m included in the Medium Term Financial Analysis is currently an unfunded corporate pressure.