



Leeds
CITY COUNCIL

scrutiny



**Strategy and
Resources**

Leeds City Council Future Waste Strategy –
Finance, Contracts and Recycling
Summary of Evidence



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1. Aims of the Inquiry

Best Council Ambition: An Efficient, Enterprising and Healthy Organisation – Maintaining a clear focus on delivering high quality services to Leeds residents

Best City Ambition – Zero Carbon: In 2030 Leeds will have made rapid progress towards carbon neutrality, reducing our impact on the planet and doing so in a fair way which improves standards of living in all the city’s communities.

- Given the wider context of the Climate Emergency and increasing demand amongst residents for enhanced recycling services both the Environment, Housing and Communities and Strategy and Resources Scrutiny Boards initiated work on the future waste strategy of the city in 2021/22.
- From this Board’s perspective the key aims were to analyse available resources, understand the service that is currently delivered, establish and understand the aims of Government policy and funding intentions on waste collection, analyse existing waste contracts at the RERF and with HW Martin, understand the impact of recycling markets on viability of waste collection and assess whether enhanced recycling in the city is deliverable either through existing budgets or through enhanced funding commitments from the Government.
- This is a joint inquiry with the Environment, Housing and Communities Board playing the lead role supported by Strategy and Resources on specific aspect of the work primarily linked to finance and contracts. The wider aims and ambitions of the joint inquiry are to understand and inform key decisions linked to the development of future waste strategies in the city mindful of the three pillars set out in the Best City Ambition which through the zero carbon ambition sets out the aim to reduce our impact on the planet.
- In terms of process the aim is to complete work through Strategy and Resources Scrutiny Board who would then report back to Environment, Housing and Communities on their findings that fall within the granted remit.

2. Purpose of this Summary of Evidence

- 2.1 This inquiry featured at two meetings of the Strategy and Resources Scrutiny Board in October and November 2021. The two sessions heard a significant amount of evidence but due to delays in the development of Government policy and potential funding streams available it has not been possible to fully complete the inquiry within the current 2021/22 municipal year.
- 2.2 In order to ensure that the evidence heard and views of scrutiny are captured this summary of evidence will act as guidance to the successor board in the next municipal year as the work continues. To that end the future waste strategy will be a work programme item in 2022/23.
- 2.3 The wider aims of the inquiry are linked to improving waste services for Leeds residents whilst also contributing to the policy agenda established in Leeds through the declaration of a Climate Emergency in 2019 and further built upon in pillar three of the recently approved Best City Ambition. This sets out a Zero Carbon by 2030 target as follows: ‘In 2030 Leeds will have made rapid progress towards carbon neutrality, reducing our impact on the planet and doing so in a fair way which improves standards of living in all the city’s communities.’

3. Evidence and comments and observations from the Board

Service Overview

- 3.1 The Board has held two evidence gathering sessions in 2021 as noted above. The first session (18 October 2021) agreed the terms of reference for the Inquiry and considered some initial baseline data which focussed on household waste across Leeds for the 357,000 households that receive collections, the outcomes in quantities of waste and recycling percentages/rates, and at what financial cost.
- 3.2 All residents in Leeds have access to a green bin where they can choose to dispose of a wide range of items for recycling. The vast majority of households have their own green bin, but some share communal green bins (e.g. in flats/high rise). 76% of households have a fortnightly collection of their green bin, alternated with the black bin. The rest get a 4-weekly collection (with a weekly black bin collection).
- 3.3 In addition, 216,000 households receive a free garden waste collection (brown bin) for nine months of the year. This allocates one bin per household in areas

where brown bins are collected and they are not intended to deal with all garden waste, with composting at home also playing a key part in the Council's approach. Leeds is one of only a few authorities that continue to offer garden waste collections free of charge with most other authorities opting to charge for this service. Charging tends to lead to a drop off in usage in the region of 50-60%. In addition, Leeds operates the largest local authority garden waste service in the UK.

- 3.4 Other waste streams are recycled through collection banks located across the city. Glass is the largest in scale with 700 banks in the Leeds network but there are also opportunities to recycle textiles (50 banks), paper (79 banks), electrical items (40 banks) and batteries (through 400 battery collection points).
- 3.5 This recycling network supports residual waste collection (black bins) which is collected and taken to the Recycling and Energy Recovery Facility (RERF) at Cross Green, operated through a contract by Veolia. Only 0.4% of residual waste goes to landfill in Leeds. A small amount of the waste is separated for recycling before incineration (ferrous and non-ferrous metals). The waste material is then incinerated, and the energy created used to generate electricity that is fed into the national grid and the heat created is used to feed the Leeds Pipes network which provides heating to households and businesses.
- 3.6 The high level, net cost of the service is £33.278m based on 2021/22 budgets. Though given the changes in the city's waste profile in recent years, primarily linked to behavioural change as a result of the pandemic, the cost of collecting and disposing of waste is increasing and the 2022/23 service budget includes provision of £2.912m additional funding to reflect an expected sustained 10% increase in the volume of residual waste collected.

18 October 2021 – First Session

Witnesses: Cllr Mohammed Rafique (Executive Board Member for Environment and Housing, John Woolmer (Chief Officer Environmental Services)

- 3.7 This session established and discussed the service overview as detailed above and agreed the terms of reference for the inquiry and specifically the remit of the Strategy and Resources Board's involvement in it. The key focus of this was the need to focus on finance and contractual matters as opposed to service delivery or historic service delivery which are areas being covered by the Environment, Housing and Communities Board. The inquiry is also forward looking seeking to enhance services and focus on strategy and budgets as opposed to looking in detail at the specifics of bin collections in the city.

- 3.8 Given the ongoing and long-term budget challenge faced by Leeds City Council and local authorities generally it is clear from the evidence heard that Government policy and funding will play a significant part in how the Council develops its local strategy and explores new recycling options for Leeds residents. A key factor in this is the development of the Government's National Waste Strategy and the announcement that funding for Food Waste collections in every Authority will be made available by 2025.
- 3.9 The Spending Review 2021 referenced £295m of additional funding to support the development of food waste collections on a national basis. Whether this is sufficient given the scale of national investment required is unclear at this stage, but Board members recognised that a key element of this was around legal requirements and what flexibility local authorities will have in order to develop service responses to food waste and also other recyclates such as glass and the potential development of deposit return schemes which are being developed on a national basis, at Government level.
- 3.10 Board members recognised that Government has committed to fully fund new services and therefore understood the need to await more detail from Government in relation to funding.
- 3.11 The Board also recognised the scope for additionality of service and to support more recycling but it was equally important to recognise the climate impact of different recycling options and the impact some materials have when incinerated in terms of calorific values and impact on efficiency of the incinerator.
- 3.12 A linked consideration from Board members was around analysing how much climate benefit the Council is getting in terms of money spent set against the climate benefit generated. The Board felt that a clear understanding of the climate benefit was required in order to fully inform the decisions taken on future waste strategy. This would be an important element in terms of both strategy, what the council recycles and what it incinerates or reuses, but also in terms of funding allocations particularly in light of the Best City Ambition net zero target and reducing the impact the city has on the environment.
- 3.13 Board members also thought that more strategic consideration should be given to the impacts of waste strategies on the overall waste network. For example, members were concerned about the impact of potential separate collection and processing of food waste and what that might do in terms of the energy from waste process at the RERF and how efficient it is in dealing with wet waste as opposed to other types of material.

29 November 2021 – Second Session

Witnesses: **Cllr Mohammed Rafique** (Executive Board Member for Environment and Housing), **John Woolmer** (Chief Officer Environmental Services), **James Rogers** (Director Communities, Housing and Environment), **Polly Cook** (Chief Officer Sustainable Energy and Air Quality), **Kevin Mulvaney** (Head of Finance Communities, Housing and Environment), **Philip Turpin** (Senior Business Partner Communities, Housing and Environment), **Ed Walton** (Business Officer Communities, Housing and Environment), **Robin Akers** (Commercial Director HW Martin), **Declan Nortcliffe** (HW Martin), **Scott Francis** (Head of ERF Operations North – Veolia), **Donald Macphail** (Chief Operating Officer Treatment Division Veolia), **Amanda Pitt** (Communities, Housing and Environment)

- 3.14 The November session looked in more detail at contractual matters and received evidence from external witnesses and two key contractors with the Council, Veolia and HW Martin.
- 3.15 Veolia are contracted by the Council to operate a 25 year PFI contract to deal with residual waste in the city, it is a design build and operate contract that has been in operation for 6 years, the RERF facility also generates energy from waste, with electricity fed into the grid and heat used for the Leeds Pipes scheme. A key element of this contract is that the RERF process generates materials that are re-used, although rules in England do not allow any of this be counted towards the Council's recycling performance (as they do for some elements in Wales and other European countries for example). For example, through 'backend recycling' bottom ash is recycled and used in construction, fly ash is also beneficially used to neutralise industrial acids and post incineration metals are recovered and recycled. As a consequence, in the contract year 2019/20 only 0.4% of the material that went to the facility went to landfill, the rest was recycled/reused either through 'backend recycling' or to deliver energy from waste. It is estimated that the Veolia RERF facility saves 40,000 tonnes of carbon per year when compared to landfill which equates to 19,500 cars off the road. It generates enough electricity to power up to 22,000 homes and provides heat to an ever increasing number of properties, currently just shy of 2000 council houses and around 10 large buildings in the city centre.
- 3.16 The HW Martin contract deals with 41,000 tonnes of recyclable waste annually at Parkside Lane in Leeds. The contract commenced in 2013 and operates up to 2023, following a recent extension. The contract consists of a processing cost which is charged per tonne with the Council guaranteed to receive at least market value for the materials. Any material sales above market value (this is based on published sales figures in monthly publications, with the guarantee in the contract being the mid-point value of these published sales figures) are split

on a 50/50 basis between the Council and HW Martin. The financial benefits of the contract to the Council are dependent upon market fluctuations for recycled material. This can sometimes be volatile and depend upon external factors such as demand, capacity, oil/virgin material prices, transport costs and international tariffs. At present the contract is delivering an income to the Council which in November was £300K under the year to date budget for the service. The contract is closely monitored by the service to ensure all aspects of the contracts are understood particularly in terms of market fluctuations and day to day matters related to staffing. The contract is also subject to 6 monthly due diligence audits.

- 3.17 In terms of recyclable materials collected through the HW Martin contract the following list was provided to the Board: cardboard, newspapers/pamphlets, mixed paper, aluminium cans, steel cans, plastic bottles, film, plastic food trays, tetrapaks, scrap metal, textiles, and rigid plastics.
- 3.18 Board members were interested in textile recycling and how much it makes up of black bin waste in the city and also how much carbon was generated from textile waste in black bins. This highlights the Board's interest in the carbon impact of specific materials and members suggested that an added focus in terms of measuring carbon benefit could be part of the Council's and Government's future approach on waste collection. To illustrate the potential carbon savings from textiles if the 3% in black bins were to be recycled 6,000kg kilograms of carbon would be saved and if they were to be reused 21,000kg would be saved. Currently the Government measures recycling in overall tonnage terms when perhaps it might be of more benefit to measure the effectiveness of recycling in terms of the amount of carbon saved from different recyclable material. Members believed that given the Climate Emergency this should be a focus in Leeds as well as also adhering to the Government requirements to report tonnages, but the driver in Leeds should be climate impact.
- 3.19 The Board was keen to hear about mixed recycling that other local authorities use and that potentially enables them to recycle more from the kerbside, Bradford being an example of that approach. This can vary between a full mix which is a lot of different recyclables in one container or a more streamlined approach as in Leeds. The key issue in this is linked to quality of recyclates, the more mixed the collection the higher the degradation of the materials. For example, when glass is incorporated it can lead to contamination from food or drink and broken glass impacting the quality of cardboard and paper and therefore restricting the markets/uses for that material when recycled. Another key factor is also cost of recycling to the local authorities which would increase with more mixed recycling collections. On the key issue of carbon impact, it was unclear as to whether mixed recycling has a bearing on carbon impacts.

- 3.20 On the specifics of glass recycling from the kerbside, given the wide range of 'bring' banks in Leeds the city does well in terms of overall glass recycling rates. A key issue is sorting different colours of glass which might be a factor with mixed kerbside collections, separation of glass is beneficial in terms of quality of glass collected. The Board felt that further analysis of the benefits both in cost and climate terms may be beneficial on glass recycling and the options available. In addition, an important part of ongoing Government policy is the potential for a deposit return scheme linked to glass recycling, any plans to introduce glass collection from the kerbside would depend on whether the deposit return scheme became operational on a national level, the two would clearly not be compatible. It was also noted that glass makes up 7.4% of waste from black bins equating to around 14,000 tonnes per year (based on 2015 analysis). Aggregate from the RERF process, so glass content, is used in the aggregate that goes to be reused in road surfacing works. Further composition analysis is due to take place in February 2022 and would be made available to scrutiny members once complete.
- 3.21 Members were interested in capacity at the RERF facility. The capacity of the RERF is 214,000 tonnes under its permit but it cannot process that amount. 189,950 tonnes can be processed at the RERF. The possible area of interest for members was around options for sharing capacity with neighbouring or other local authorities whereby waste could be moved into or out of Leeds to maximise capacities. The RERF also has a rate per hour at which material can be incinerated and there are examples of other waste coming to the site from third parties though less so in recent years due to increased residual waste resulting from the pandemic.
- 3.22 The RERF contract also has a recycling target which would be sorted and recycled as opposed to incineration. This has recently been negotiated down from a 10% to a 2% target with the Council now receiving compensatory payments from Veolia. This could be subject to negotiation in future years as markets evolve and opportunities for recycling this type of material (usually metal) emerge.
- 3.23 The Board expressed an interest in plastics and the benefits of recycling set against incineration or reuse, carbon efficiency being the consideration, would it be better in some case to incinerate as opposed to recycle depending on the material. Calorific values are a consideration in this as plastics may burn at a higher temperature as opposed to wet waste. Strategy development on waste should be mindful of calorific values of material and work is planned by the Council to look at technical parameters linked to the incinerator that should develop figures and data on waste streams in terms of whether they should be recycled or incinerated or reused again based on carbon impacts. Members were mindful of complete carbon lifecycles and the options available, reusing plastics for example would be better than incineration in terms of the options

available although it was noted that plastics could assist incineration in terms of temperatures within the incinerator but from a RERF perspective maintaining consistent temperatures within the incinerator was the most important factor, therefore both plastics and wet materials such as food are issues that need to be managed by the site.

- 3.24 Food packaging was also discussed, and members were conscious of the problems associated with polystyrene, which can be a feature of yoghurt packaging, and recycling it. Members noted the possibility that polystyrene could be recycled in Leeds and that a business case is being developed for recycling it through the Household Waste Recycling Centres. Some members understood that Wakefield Council currently recycles polystyrene although it was noted that there are different types of polystyrene.
- 3.25 Members noted the provision of a free garden waste collection service in Leeds and the contribution it makes to the recycling rate in the city and that Leeds collects the most garden waste of any authority in the country. Currently the main three materials that are not put in the green bin (for recycling) are glass, textiles, and food. It was noted that any plans to recycle these products may require a further kerbside bin which residents would need to understand and use as part of the kerbside collection process.
- 3.26 In 2020/21 Leeds had a recycling rate of 35.1%, with the increase in waste presented in black bins during the pandemic reducing the overall rate. However, 99.4% of household waste in Leeds was either recycled or used in energy from waste processes, with only 0.6% of all waste reaching landfill. Members were keen to ensure that if more recycling takes place that the contract with Veolia can be adjusted to reflect the direction of travel towards more recycling. Members were reassured that it is a flexible contract and in recent years residual waste has been increased, at the moment there appears to be no strategic risks from a contractual point of view in terms of expanding recycling. Members, mindful of the need for more policy and funding commitments from Government, were keen to see development of more recycling options for residents, where possible and affordable.
- 3.27 The Board felt that enhanced recycling, whilst likely to generate upfront costs, could also generate revenue opportunities in terms of reuse of products and the Council could consider planning now for how revenue generation could be maximised linked to an enhanced recycling offer. Members were reassured that plans for food waste were currently being considered in terms of options available to Leeds for recycling of food waste either through co-mingling with garden waste or via a separate food waste collection service.
- 3.28 The Board noted the need to establish a new waste infrastructure linked to the possibility of new recycling waste streams. For example, food waste would

require anaerobic digestion and potentially more vehicles to operate in the fleet and there would be costs associated. Members note that all new burdens are expected to be fully funded by Government both in revenue and capital terms and how that funding is provided will also be important in determining the next steps in Leeds.

4. Conclusions and Next Steps

- 4.1 The above summary of evidence received and comments and suggestions from the Board is designed to capture the views of Strategy and Resources Scrutiny in 2021/22 and to provide a framework for future work in this area. As this agenda develops and Government policy develops work on this will be developed as part of the work programming process in 2022/23.
- 4.2 Both the Strategy and Resources and Environment, Housing and Communities Scrutiny Boards will retain this as a work programme item in the new municipal year. It is noted that the budget for 2022/23 includes a commitment of £213K to create a project team to support work on the development of the Waste Strategy in Leeds. This will assist in meeting the Government's National Waste Strategy announcement that funding for Food Waste collections in every Authority will be made available by 2025.
- 4.3 The Board is therefore keen to explore the following areas in 2022/23:
 - The Board note the additional £213K (referenced above), and a further £213K to pilot additional recycling collections, allocated in the budget for future waste strategy development and are keen to explore whether more can be done in Leeds independent of Government policy and where appropriate, and affordable, utilising additional council resource. The Board has noted the possibility of using capital receipt flexibilities as a one-off source of funding that could be used for the transformation of waste services and act as funding to deliver long-term invest to save measures within the service.
 - Analysis of the composition of black bins was an area of interest for Board members (as noted at paragraph 3.19). The Board is keen to get feedback and data from the work that is currently being done by the service to provide a composition analysis of what is typically found in black bins. This could lead to the development of a new strategic or contractual approach to ensure waste is dealt with in the best way both environmentally and financially.
 - Similarly, the Board are interested in details on carbon lifecycles of different types of waste to inform future strategy and decisions around what materials are best to recycle, reuse or incinerate and what contracts might be needed to deliver that.



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- More details on co-mingling of waste types and the impact it has on quality of recyclates and cost of contracts. Specifically, there is interest in the amount of glass typically found in black bins and whether mingling of glass with other waste streams is viable and deliverable through existing contracts. Once the updated composition analysis and carbon impact assessment is available later in the year, the Board would be interested in an options appraisal of the most effective way to collect glass in Leeds.