

WASTE STRATEGY UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with an update on the Waste Strategy Project. The report includes:
- Information that relates to recent Officer Engagement with Scottish Government Officials seeking support to enable Landfill ban compliance.
 - Details of the Scottish Government Recycling Infrastructure Fund.
 - Details of the successful joint procurement of an interim residual waste solution for Helensburgh and Lomond with West Dunbartonshire Council.
 - A high level indicative timeline for the Waste Strategy project.
- 1.2 The Scottish Government has in the past acknowledged the unique challenges faced by Argyll and Bute Council in complying with the Landfill ban. Scottish Government Officials have met with Council Officers to discuss how best to assist in the development of a compliant solution in the form of a transition from Landfill to Recovery via Energy from Waste.
- 1.3 Officers and Scottish Government Officials along with other authorities (West Dunbartonshire, Inverclyde, South Ayrshire and East Ayrshire) have taken part in a Positive Procurement Workshop to identify opportunities for collaboration that will support compliance. The output of this workshop is a Gap report that will identify and highlight the needs and issues of the respective authorities to the Scottish Government.
- 1.4 The Recycling Infrastructure Fund is a £70m fund announced by the Scottish Government to support Local Authority investment in recycling infrastructure. The fund is split over a 5 year period and will be administered by Zero Waste Scotland on behalf of the Scottish Government. Officers have registered an interest for the funding on 3 projects; including the development of a joint Waste Transfer Station with West Dunbartonshire Council.

- 1.5 The report also provides details on the successful joint procurement of a residual waste solution for Helensburgh and Lomond with West Dunbartonshire Council. The new contract will run from June 2021 up until the Landfill Ban date of December 2025. The procurement of the new contract has secured a saving to the council of around £98k this financial year and some additional community benefits.
- 1.6 The report also provides members with an up to date high level indicative Waste Strategy project Timeline (Appendix 3). The Timeline gives details on the key workstreams and actions needed to achieve landfill ban compliance.

RECOMMENDATIONS

- 1.7 It is recommended that Members:
- Note and consider the content of the report and the progress made with the Scottish Government.
 - Note and consider the shortlist of projects for the Recycling Infrastructure Fund prepared by Officers.
 - Note and consider the successful joint procurement of a Residual and Bulky Waste Contract and further note the new community benefits that have been secured as part of the successful joint procurement.
 - Note and consider the details of the high level Waste Strategy project timeline.

WASTE STRATEGY UPDATE

2.0 INTRODUCTION

- 2.1 The ban on the disposal of Biodegradable Municipal Waste ban to Landfill is a measure brought in under the Waste Regulations (Scotland) 2012. The ban will effectively end Landfill as the primary means of Waste disposal. The alternative to Landfill is to transition from Waste Disposal to Waste recovery via Energy from Waste.
- 2.2 The ban was planned to come into force covering all of Scotland from January 2021. However, the deadline for compliance with the ban has now been delayed until December 2025. Non-compliance with the Landfill ban is not an option. Ministers expect local authorities and private sector suppliers to be working towards a solution at pace and that non-compliance may be subject to sanctions. Non-compliance with landfill compliance requirements may become a criminal matter.
- 2.3 Officers have been working to develop options for the transition to a Landfill ban compliant system of Waste Recovery. Changing the council waste disposal methodology is extremely challenging for every local authority. However, Argyll and Bute faces a unique set of circumstances that disproportionately increase this cost challenge of landfill ban compliance due to the Waste PPP contract with Renewi which is in place until September 2026 and the island and rural geography including distance from Energy from Waste Recovery plants.
- 2.4 The capital costs of compliance are understood by Officers to be between £2m and £4m. The ongoing revenue cost implications of compliance are variable depending on the solution chosen but range from around £800k to £3.5m per year. This cost model was detailed and presented to members in the December 2020 report to the Environment Development and Infrastructure committee titled "Waste Strategy Update - Landfill Ban".
- 2.5 This report also delivers an update to members on the result of recent Landfill Ban support negotiations with Scottish Government Officials. The critical ask made to the Officials during negotiations highlights the need for the Scottish Government to commit to providing additional financial support

to the council that would enable timeous compliance with the Landfill ban- including potential withdrawal or renegotiation/variance of the PPP contract.

3.0 RECOMMENDATIONS

3.1 It is recommended that Members:

- Note and consider the content of the report and the progress made with the Scottish Government.
- Note and consider the shortlist of projects for the Recycling Infrastructure Fund prepared by Officers.
- Note and consider the successful joint procurement of a Residual and Bulky Waste Contract and further note the new community benefits that have been secured as part of the successful joint procurement.
- Note and consider the details of the high level Waste Strategy project timeline.

4.0 DETAIL

4.1 PAST SCOTTISH GOVERNMENT ENGAGEMENT

4.1.1 Officers met with Scottish Government Officials in September 2020 seeking support to enable the council's transition to Landfill ban compliance.

4.1.2 At the meeting in September 2020 Officers covered the following topics with Officials:

- The disproportionate impact of the Landfill ban on waste disposal in Argyll and Bute as a result of our rural/Island Geography and poor access to the Energy from Waste market.
- Argyll and Bute Council is the only authority with a Waste PPP agreement. Moving to compliance with the ban while the PPP agreement is still in place (2026) will add significant legal costs from contract variation and will prevent the council exploring opportunities to take part in larger strategic waste partnerships with adjacent authorities. Officers presented the Scottish government Officials with the details from the solutions options appraisal, including the financial impact assessments as in the December report to the Environment Development and Infrastructure Committee.

- The need for clarity from the Scottish Government on their intentions regarding the review of the rural food waste derogation. Removal of the derogation would result in a costly variation of the PPP and would have a significant impact on the BMW ban solutions we are considering due to changes in composition and volume of the waste we would process.
- As per the agreement in principle reached in September 2019, the Minister and her team are willing to work with Officers in concert with other Local Authority partners to develop joint solutions that provide significant economies of scale.

4.1.3 Officers framed the discussion with Officials around the critical ask of the Scottish Government committing them to providing additional financial support to the council thereby enabling timeous compliance with the Landfill ban- including potential withdrawal or renegotiation/variance of the PPP contract.

4.1.4 At the September 2020 meeting the Scottish Government Officials acknowledged that the council was faced with a unique set of challenges in the form of rurality and the Waste PPP. Furthermore, they reiterated the commitment to work with the council to support progress to a lasting Landfill ban solution.

4.1.5 The Officials noted that a Landfill Ban Programme Board has been set up that will have an oversight of Local Authority progress towards compliance. In addition, they confirmed that Argyll and Bute Council would have representation on this board but would also continue to engage separately on matters relating to the Waste PPP and its future.

4.1.6 The Officials noted that the Scottish Governments offer to Support Collaborative Procurement Intervention workshops before the pandemic were put on hold. These workshops will assist Local Authorities to outline thoughts, challenges, opportunities and technical capacity at a regional level. The Joint Steering Group between the Scottish Government and Local Government representatives endorsed the plan to re-implement workshops.

4.1.7 Officials were also able to confirm that the Rural Food Waste Derogation and Household Charter Review will not take place until later in 2021 after the Holyrood election.

4.2 RECENT SCOTTISH GOVERNMENT ENGAGEMENT

4.2.1 After successful engagement in September a follow up meeting with Officials was arranged for December. However. The meeting was postponed at the request of Scottish Government Officials until the 22nd January 2021.

4.2.2 At the January meeting Officers brought updates on the progress of Joint

Procurement and Waste partnership developments with adjacent authorities. In addition to this update, Officers also proposed a shared Council/Scottish Government Project Initiation Document (PID). The purpose of this PID was to agree a framework for continuing negotiations on support for Landfill ban compliance and to define roles and responsibilities for all parties.

- 4.2.3 The draft PID also outlined proposals for a timetable of meetings and future engagements.
- 4.2.4 Scottish Government Officials gave feedback on the PID; noting its intent and accepting the need for a clear programme of future engagement and defined roles. However, Officials felt that they could not agree to the PID in its current form and suggested instead that a Terms of Reference be drafted jointly using the PID as a starting point.
- 4.2.5 Officers agreed to the suggestion of a jointly drafted terms of reference and that a draft would be sent to all parties for comment prior to the next engagement meeting.
- 4.2.6 A programme of Council/Scottish Government Meetings about landfill ban compliance was agreed at the meeting. Meetings will take place on a Quarterly basis starting after the Holyrood elections with the outputs from the engagements being reported through the Scottish Government Landfill Ban Programme Board, Highlands and Islands work stream.

4.3 POSITIVE PROCUREMENT WORKSHOP

- 4.3.1 The Scottish Government committed to a joint authority workshop, this was however delayed due to Covid-19 and other circumstances. Officials hosted a Positive Procurement Workshop with Officers from the five authorities (Argyll and Bute, West Dunbartonshire, Inverclyde, South and East Ayrshire Councils).
- 4.3.2 The Workshop gave further details on the current and prospective EfW in Scotland. Officers from all authorities provided information at the workshop detailing unique issues and individual/collective requirements. Copies of the presentation given by the Scottish Government can be found in Appendix 1.
- 4.3.3 The output from the workshop will be a Gap report that will be drafted by both Scottish Government and Zero Waste Scotland Officials. The gap report will then be used as the basis for seeking further support and development of the joint proposals. The Gap report is due to be published in June.

4.4 RECYCLING INFRASTRUCTURE FUND

4.4.1 The Government's Programme for Scotland 2020-2021 included a commitment to launch a £70 million Recycling Improvement Fund, as part of our transition to a fully circular economy. This fund has been established 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. The Fund was launched on the 19th March with Expressions of Interest for the first funding tranche required by the 17th of May.

4.4.2 The Fund is being developed and delivered in partnership between the Scottish Government and Local Government, with oversight from the Scottish Government/Local Government Strategic Steering Group on Circular Economy and Waste (which includes representation from COSLA, SOLACE, Zero Waste Scotland, Director of the Finance group and the Local Authority Waste Managers Officer's network).

4.4.3 The objectives of the fund are to:

- Develop infrastructure projects at a scale which will improve the quality of recycling at both collection and treatment level;
- Work with Local Authorities to identify and explore the projects that have the greatest potential to increase recycling performance through infrastructure changes and adopt innovative new approaches and low carbon technologies.
- Support initiatives that tackle our throwaway culture and encourage a circular economy; providing the enhanced opportunities to reduce, reuse and recycle as vital to our green recovery and tackling Scotland's contribution to climate change.
- Support Local Authorities with aligning collections to the revised Code of Practice under the Household Recycling Charter (once complete), funding service design changes that maximise yield and delivery of high quality materials.
- Support strategic projects that prepare Local Authorities longer-term for the introduction of the Food Waste Action Plan, Circular Economy Action Plan and changes resulting from the implementation of Extended Producer Responsibility and Deposit Return Scheme.
- Promote the collection of problematic materials in addition to identified high carbon impact materials including garden waste, food waste, plastics, and textiles etc.

- Support projects which generate further progress either in terms of replicating best practice or innovation within existing systems;
- Maximise the value of awards by working with local authorities and other stakeholders to ensure projects are coordinated across all available and relevant funding streams.

4.4.4 To be eligible to apply for a grant, applicants must:

- Request capital investment for equipment/assets and clearly demonstrates how it will meet at least one of the fund objectives.
- Outline the broad financial implications of proposals in the medium to longer term.
- Additional desirable criteria include: -
 - Facilitate alignment with other Scottish Government & Local Government Policies
 - Creation of jobs and/or enhancing skills
 - Innovative solutions in addressing household waste, including collaborative partnerships
 - Maximise value of funding awards by working across stakeholders to ensure projects are funded appropriately from all available sources.
- Have incurred expenditure on/ or after 1st April 2021 up to the closing date of the fund.
- It is important to note that Landfill ban compliance measures will not be considered for evaluation for this fund.

4.4.5 A total of £70m of grant funding has been made available over a 5 year period from 2021, there is currently no limit to the amount which can be applied for and grants may be awarded to cover all or a proportion of the proposed costs. The grant will be budgeted annually with the initial allocation noted below, this will be subject to regular review:

- Year 1 - £16m
- Year 2 - £16m
- Year 3 - £18m
- Year 4 - £10m
- Year 5 - £10m

4.4.6 The Waste Strategy board have approved a short list of projects proposed to be put forward for consideration in the first two years of the fund. The shortlist has been ranked by need, deliverability, cost and benefit. The short list can be found in Table 1 below:

Table 1.

RiF Funding Shortlist							
Priority	Deliverability RAG	Partner Council	Project	Outline info	Cost	Benefit	Fund Year
1		West Dun	Shared Waste Transfer Facilities	Joint bid to develop a shared multi-waste Waste Transfer Station in west Dunbartonshire	£5m+	High	Years 1-3
2		N/A	Island Civic Amenity Sites	Improve hardstanding and waste bays and site infrastructure to encourage recycling	£500k	High	Year 1
3		N/A	Blackhill CA site improvements	Improve the condition of the site and develop new facilities for recycle material.	£1m	Moderate	Years 1 and 2

4.4.7 Depending on the outcome of both the Rural Food Waste Derogation Review and the implementation of the Scottish Deposit Return Scheme, the council will prepare further applications for support and improve our recycling rates.

4.4.8 At the end of the Stage 1 review period, Zero Waste Scotland having scored the Expressions of Interest will notify the authorities on the success or failure of their applications.

4.4.9 At Stage 2, projects that have been successful will then be expected to submit full business cases and detailed plans for evaluation. Once evaluated, projects that have been successful will have their funding confirmed.

4.5.10 A future report will be brought to the Environment Development & Infrastructure Committee on the progress of the funding application process.

4.5 JOINT WASTE PROCUREMENT

4.5.1 Argyll and Bute Council have been working to develop a strategic Waste partnership with West Dunbartonshire council that will jointly procure a long term Landfill ban compliant Energy from Waste solution for residual waste. This partnership would also involve Inverclyde Council and potentially South and East Ayrshire Councils.

4.5.2 The procurement of a long term residual waste solution will take around eighteen months to complete. To support the development of the long term

joint procurement, an interim procurement with West Dunbartonshire covering residual/bulky waste from Helensburgh and Lomond and waste from the Islands was proposed.

- 4.5.3 Operating under the authority of a pre-existing Minute of Agreement, Officers prepared a procurement strategy and tender pack. The tender was released to the market for a 6 week period in February 2021. Evaluations of the responses took place in March. A consensus relating to the technical and commercial results of the evaluation were agreed between Officers from both local authorities on the 9th April 2021.
- 4.5.4 The tender for both residual and bulky waste when released in February 2021 attracted significant attention from the market with 12 suppliers noting interest.
- 4.5.5 When the tender phase concluded there were two submissions for both the residual and bulky elements of the procurement which were received. The companies that bid for the contracts were:
- Barr Environmental Ltd;
 - ENVA Ltd.
- 4.5.6 Both Argyll and Bute Council and West Dunbartonshire have current contracts with both tenderers. The incumbent residual and bulky waste disposal provider for both authorities is Barr Environmental Ltd (Barr). The incumbent Co-mingled recycle provider for both authorities is ENVA Ltd.
- 4.5.7 The technical evaluation of both bids highlighted a key difference in disposal methodology from each provider. Barr environmental proposed a conventional mechanical treatment and landfill system. The ENVA bid used a different methodology to deal with the material based on the export of the waste material as Refuse Derived Fuel to be used in Energy from Waste plants in the UK and Europe.
- 4.5.8 Both bids passed the technical evaluation stage for both residual and bulky waste. In both residual and bulky, the ENVA submission scored higher than Barr; in part this is because of the difference in disposal methodology but also the overall quality of the submission.
- 4.5.9 The contract will run from June 2021 till December 2025, providing a service until the Landfill Ban is implemented. The cost of the contracts are fixed for the 4 year duration and have a proportional increase in line with inflation and Landfill tax at a rate of 0.75%
- 4.5.10 The Barr bid was successful at the commercial evaluation stage. Their bid offered overall best value to both authorities.
- 4.5.11 The new contract with Barr generates a saving to the council of around £98k this year and around £397k over the term of the contract (adjusting for inflation and Landfill tax).

4.5.12 A key part of this procurement process was the community benefit evaluation. Any company wishing to be considered had to complete a community benefit questionnaire that was scored out of a 100 with any score above 70 being a passing mark. Barr scored a total of 80 exceeding the passing mark. As the Barr bid has been successful these community benefit commitments (as detailed in Appendix 2) will be written into the contract as a key contract deliverable.

4.6 WASTE STRATEGY PROJECT TIMELINE

4.6.1 The project Work stream of each objective and decision point are summarised in the indicative Timeline presented in Appendix 3.

4.6.2 The indicative Timeline provides members with a high level summary of the projects Work streams and the key aspects that require resolution for the council to achieve a ban compliant Waste Disposal service.

4.6.3 The Timeline highlights the complex nature of the project and its various interconnected work streams and crosscutting dependencies that officers are working to resolve. This is an indicative timeline elements within the timeline may change. At this stage the Ban start date, the DRS introduction date and the end of the PPP contract remain fixed dates.

5.0 CONCLUSION

5.1 In conclusion, compliance with the Landfill ban represents a significant and enduring cost challenge to the council. Engagement with the Scottish Government has created an agreement in principle between both parties to work together to support the transition to a compliant solution.

5.2 The council's expression of interest in the Scottish Government Recycling Infrastructure Fund is the first stage in the application process to receive capital funding to develop critical infrastructure that will support the transition away from Landfill to Energy from Waste and improve the quality of our recycling.

5.3 The joint interim procurement has been a worthwhile exercise, securing certainty in cost and achieving a saving for the council through fair and open competition. Importantly the procurement exercise demonstrates to the Scottish Government and the market place that both the council and its partners are committed to developing a joint residual waste solution. Barr was recommended by Officers to be awarded both the residual and bulky contract. The contract will begin on the 1st of June 2021.

6.0 IMPLICATIONS

- 6.1 Policy – This work stream is predicated in the Waste Strategy which details the council's policy relating to Waste.
- 6.2 Financial – Compliance with the 2025 the Landfill ban represents a significant financial risk to the Council that will require practical and financial support from the Scottish Government to provide a long term financially sustainable solution.
- 6.3 Legal - The council is required to comply with the national ban on Biodegradable Municipal Waste.
- 6.4 HR – None
- 6.5 Fairer Scotland Duty:
- 6.5.1 Equalities - protected characteristics - None
- 6.5.2 Socio-economic Duty – None
- 6.5.3 Islands – None
- 6.6 Risk- None
- 6.7 Customer Service - None

Executive Director with responsibility for Roads and Infrastructure - Kirsty Flanagan
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APPENDICES

Appendix 1

Positive Procurement Workshop slides (Separate Presentation Document)

Appendix 2

Community Benefits Barr (Separate Spreadsheet)

Appendix 3

Waste Strategy Project Timeline