

Appendix A: Food Waste Collection Business Case Summary

Meeting: Cabinet

Meeting date: 30 July 2026

Report by: Cabinet member for Culture and Environment

1. This appendix provides the detail of the analysis that has been undertaken to determine the best approach for implementing the new household food waste service, effectively providing the business case for proceeding with the recommendation provided in the main report.
2. Due to the complex nature of the service delivery and the operational, logistical and legislative considerations, this appendix discusses the outcome of the business case analysis through the combination of key figures and a qualitative assessment of the relative benefits of the recommendation against the other options considered.
3. The financial model for all options are included within Appendix B. The business case justification for the recommended solution of County wide implementation with commencement in September, is rationalised in two stages:
 - a. Stage A: A comparison of the phased approach against the County wide approach where the commencement dates are assumed to be identical (June 2027).
 - b. Stage B: A review of County wide implementation across alternative commencement dates.

Stage A:

4. To compare the phased approach with the county wide approach, the assumptions and resources as outlined within paragraphs 9 to 18 of the cabinet paper, were applied:
 - a. The contractor had provided as part of the procurement process in 2022 a countywide implementation approach which outlined accurate itemised costings for that method. HC requested that the contractor consider a realistic, phased approach along with an updated cost model and any risks associated. The contractor provided their proposal based on the larger vehicles being used across the urban areas initially, with further vehicles included within later tranches to provide collections across rural locations.
 - b. The costs for delivery of containers were estimated as the contractor was unable to gain quotations for the variation to four separate mobilisations within the timescales. An additional £1 per delivery was applied to costs within the phased collection model to account for this.
5. For the phased approach in comparison to the county wide approach, the following benefits and drawbacks have been considered:
 - a. Operational - potentially lower risk of overwhelming FCC resource, through gradual increase in collections over the tranches.

- b. Gradual recruitment results in reduced risk of unfilled roles at the collection contractor, especially drivers, however, this may be offset by the greater complexity of trying to recruit and train staff across a longer timescale.
- c. Communications – HC would need to provide bespoke communications to individual properties on multiple occasions. There is a challenge in targeted communications and the logistical restrictions this imposes. i.e. phased approach offers no flexibility benefit and reduces benefit of widespread campaign types or county wide media coverage as all communications need careful consideration and targeting to reduce confusion, follow up enquiries and disengagement. This could result in greater, as of yet unquantified costs to HC service delivery.
- d. Different areas need to participate at different times leading to potential risk of confusion, reduced participation rates and increased HC resource to field questions and resolve public uncertainty. Additional resource requirements have been estimated within the provided business case in consultation with customer services.
- e. Participation rates – a partial roll out could result in public disengagement through uncertainty of requirement to use the service and confusion, leading to reduced participation and therefore longer-term impact on collecting less food waste resulting in increased waste management costs overall.
- f. The phased approach will result in legislative compliance later than the County wide approach unless the County wide implementation approach was introduced at the same time as the fourth and final tranche of the phased approach.
- g. Commercial waste – due to the elongated roll-out and the assumption that further commercial food waste growth will not be achieved until full household food waste collections are achieved, phased roll-out will result in lower revenue and potentially lower uptake of this service through migration to other providers.
- h. Due to the variability of local road infrastructure (particularly narrow lanes and urban streets), the benefit of phased roll-out could be reduced by requiring a greater number of narrow vehicles to support early rounds to manage this problem and there is greater risk of confusion amongst close neighbours and collections being missed if this is not applied.
- i. With a phased approach, disposal savings are realised later due to elongated roll-out period.

6. With feedback from FCC, the additional following implementation factors have been highlighted which will result in a greater risk for a phased approach:

- a. Vehicle maintenance and warranties – HC are liable for longer off-road ‘mothball’ costs and noted that the warranty period (12 months) would expire without significant use of the vehicles.
- b. Caddy supply and quality of product – elongated time frame means that the project is more at risk to fluctuations in costs, the increasingly volatile plastic supply chain market and that demand within the sector could result in limited supply.
- c. Caddy deliveries – phased delivery potentially results in higher costs – Current costs are estimates rather than quotation, and the contractor noted specific risk in sourcing an appropriate contractor to meet the more elongated phased mobilisation model. The business case included provision of an additional £1 per household for delivery in an effort to address the risk.

- d. Mobilisation period is significantly elongated, increasing the resource burden on both HC and FCC, as well as potentially resulting in lower efficiency staff usage. This has been reflected within the costs within the business model as illustrated in appendix B.
 - e. The phased approach will result in a delay to achieving business-as-usual service and the efficiencies that are associated with it, resulting in further difficult to estimate costs.
7. From the financial models for each option, the following key information highlights the benefit of the countywide implementation approach over the phased approach:
- a. As per the comparison of all costs provided in Appendix B, the County wide implementation provides a cost reduction of £370k (aggregated revenue and capital costs) across the first three financial years of service (2026/27, 2027/28 and 2028/29).
 - b. The modelling for the phased approach shows significantly higher mobilisation costs of £421k largely through higher contractor mobilisation costs, higher HC mobilisation costs and additional container delivery costs, alongside reduced disposal savings. The mobilisation costs include consideration for additional communications, additional resource to manage the elongated roll-out and increased FCC costs for the greater duration of interim services before achieving full-service capability.
8. From Stage A, it is concluded that a phased approach does not offer adequate value to HC. A phased approach also delays our legislative compliance since full rollout is not achieved until the last tranche of collections commences, and does not compare favourably across the other key factors considered above.

Stage B:

9. Stage A identified that the most optimal and cost-effective implementation is through the County wide approach. For stage B – comparison of the County wide commencement date, it is clear that a later implementation will result in some lower costs as we would be delaying the delivery of a net expenditure service. However, there are many non-financial factors that need to be considered in determining appropriate timescales for implementation of food waste collections:
- a. Legislative - HC are already implementing household food waste collection later than the legislative obligation timeframe of 31 March 2026. Every month that this is further delayed increases risk of challenge which could have both financial impacts and reputational implications.
 - b. Environmental – Food waste collections are a key part of the UK governments environmental strategy and local authorities have a statutory duty under Section 57 (8) of the Environment Act 2021, and a responsibility under the updated Simpler Recycling guidance to provide a weekly food waste collection from 31 March 2026. Separation of household food waste from the residual waste stream and treating it via anaerobic digestion results in both material recycling and high efficiency energy recovery. It also provides a biofertilizer which retains the essential nutrients to be used to grow further crops.
 - c. Operational – the time of year changes pressure on existing services due to school holidays, cyclical seasonal increases in waste etc.
 - d. Political – Local elections are due to take place in May 2027.

- e. Public behaviour - Certain behaviours such as recycling and specific nuances related to food waste participation in both the initial and longer term are known to be easier to embed at specific times of the year.
 - f. Supply Chain / Market – Implementation at the same time as other local and national councils can result in supply chain restrictions and either delays or cost increases for key products / infrastructure and challenges in recruitment.
 - g. Commercial Food waste – The current commercial food waste service is expected to be operating at maximum efficiency by September this year, and further commercial food waste growth will not be achieved until household food waste collections are achieved. The implication of delaying household food waste collections is not only that we will not be able to fulfil our statutory duty to collect segregated commercial food waste if requested by a business to do so, but we will lose this revenue and because all businesses have a statutory duty to dispose of food waste separately from April 2027, there could be potentially lower uptake of our service in the future through increased likelihood of migration to alternative service providers.
 - h. Disposal costs – Food waste being included in the residual waste stream currently results in greater disposal costs than diverting food waste to anaerobic digestion.
10. In addition to these direct factors, there is an opportunity for enhanced round optimisation to be implemented ahead of the food waste collection service if an appropriate time duration can be made available in advance of food waste collections commencing. The contractor has highlighted that HCs waste collection rounds would benefit from a re-design to enable a more efficient service (for all household waste collections services). Specific benefits that would be realised through this round optimisation are greater service efficiency, a more robust service with reduced likelihood of missed collections and guarantees that householders will have all waste streams collected on the same day (excluding garden waste subscriptions). This will also take into account, further development of the commercial food waste service and planned housing growth.
11. Taking these considerations into account and attempting to find the best balance of all factors, the recommended commencement period for household food waste collection is September / October 2027. The primary justifications for this time frame are:
- a. Round development - This would enable the detailed round development as described above to be completed to an appropriate standard with time for software testing, implementation, snagging and optimisation. An earlier date would mean that this critical precursor could not be completed.
 - b. Public behaviour - Certain behaviours such as recycling and specific nuances related to food waste participation in both the initial and longer term are known to be easier to embed at specific times of the year. This timescale:
 - i. Reduces the perceived risk of smells/pests as a barrier to initial participation due to the introduction just prior to the colder seasons. This will allow households to familiarise and develop food waste recycling habits and behaviours without the perception of issue and therefore it is more likely that this will be embedded as a part of normal routines over time.
 - ii. Avoiding July/August summer holiday period and the run up to the festive season, would help to mitigate known risks around implementing behavioural change during holiday seasons where residents are known to spend large periods of time outside of their normal routine.

- iii. There are also known season increases in food waste on the months before the festive period and therefore introduction in advance of this means that this increase in food waste tonnages will be captured.
- c. Environmental – sustained participation in food waste collections is key to realising long term environmental benefits. This timescale increases the likelihood of participation both in the initial and longer-term due to habit formation as described above.
- d. Operationally, September provides the most appropriate balance as:
 - i. This avoids the July/August summer holiday period and the run up to the festive season, thereby reducing challenges around resourcing for both the contractor and HC.
 - ii. This period ensures that collection staff can commence and familiarise with routes during days with longer daylight hours which is important for:
 - 1. Round familiarisation - this is a key factor in introducing successful collections and reduction of missed collections especially with the mixed infrastructure within the county of Herefordshire of both urban and more narrow challenging roads.
 - 2. Familiarising with where householders put their caddy for collection - a unique challenge of food waste collections is the smaller size of the caddies and potential for missed collection.
- e. Supply chain risks are minimised by offsetting the typical commencement period by approximately half a year.
- f. This period provides an optimal balance considering the funding challenges against the need to implement the household food waste at the earliest point and considering the round development which is a key dependency.
- g. Political - This avoids the May elections and provides a settlement period.
- h. Commercial Food waste service expansion – Greater expansion is dependent on the implementation of household food waste collections. This timescale allows both household and commercial food waste services to be planned adequately. HC can offer an advanced opt in system so that businesses can plan to have this additional council service in place alongside their existing commercial service which lowers the risk of migration to other providers.
- i. Disposal cost reduction - Food waste being included in the residual waste stream currently results in greater disposal costs than diverting food waste to anaerobic digestion. As defined above, September provides the most appropriate balance to maximise collection of food waste tonnages through increasing the likelihood of initial and longer-term participation by householders, supporting our contractor to carry out round development as an important precursor before any further services are added, allows time for operational teams to recruit and provide a robust and sustainable service to households. It also allows a good timescale for HC to build detailed comms campaigns and supporting IT infrastructure.

12. In summary, a commencement date of September/October 2027 provides the optimal balance between operational readiness, financial sustainability, resident participation and long-term service success. Details of the costs associated with this implementation date are provided in Appendix B.