

19 July 2017

Post EU Exit – Waste and Recycling Policy

Purpose

For discussion and direction.

Summary

Great Britain's exit from the EU provides a unique opportunity for the LGA to work with councils, government and the wider sector to set the agenda for waste and recycling policy in the future. Members are asked to consider the challenges facing councils around providing effective waste and recycling services. The Board session will be providing Members with the opportunity to question industry experts about the challenges and opportunities for the waste and recycling sector.

Recommendation

That the Environment, Economy, Housing and Transport Board provide a steer on our EU Exit lobbying position should be for waste and recycling.

Action

Officers to take action as directed by the Board.

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Post EU Exit – Waste and Recycling Policy

Background

1. The UK's exit from the EU will have a significant impact at local authority level, creating challenges that will need to be addressed, but also opportunities to do things differently. The LGA has identified priorities which it will be focussing on in order to develop a new partnership with the European Union¹. These include:
 - 1.1. **Double devolution:** Working closely with the local government associations of Scotland, Wales and Northern Ireland to develop the detail of 'double devolution' to ensure that powers repatriated from the EU do not stop at Whitehall, Stormont, Cardiff Bay and Holyrood.
 - 1.2. **Local regeneration funding:** Ensuring central and local government work together to develop a locally driven UK replacement for EU 'regional aid'.
 - 1.3. **Trade:** Councils have a long track record of building successful European and international relationships that have secured trade and investment, boosted jobs and infrastructure and helped attract visitors up and down the country. Local government therefore has an important role to play in this area.
2. On the 30 March 2017 the Government published the Great Repeal Bill white paper. This outlined how EU legislation will be transposed into UK law over the next two years. The Repeal Bill will repeal the 1972 European Communities Act, which took Britain into the EU and meant that European law took precedence over laws passed in the British parliament. It will also end the jurisdiction of the European Court of Justice. All existing EU legislation will be copied across into domestic UK law to ensure a smooth transition on the day after Brexit. The bill will have to pass through both Houses of Parliament. The plan is for it to be passed ahead of the UK's exit from the EU but to become law only when it actually leaves, i.e. March 2019.
3. United Kingdom environmental law concerns the protection of the environment in the UK. Environmental law is increasingly a European and an international issue, due to the cross border issues of air pollution, water pollution, and climate change. The UK's membership of the EU has been a crucial factor in the shaping of its environmental policy since it joined the then EEC in 1973. The general view from councils is that EU membership has been positive for the UK environment and has set a challenging pace for change.
4. The LGA will be prioritising waste and recycling in its discussions as this is a service which should be led by local determination. Current indications suggest that DEFRA will be focussing more on issues around agriculture and fishing and so will seek to maintain the status quo around waste and recycling. This provides a unique opportunity for us as a sector to consider whether we want to change any of the current regulation around waste and recycling. We could potentially present some new ideas to government which could help to influence the policy area prior to EU laws being transposed.

¹ [LGA briefing – The UK's exit from and new partnership with the EU: Feb 2017](#)

Current Position

5. Since 2000, local government has made significant progress in recycling municipal waste. Between 2004-2014 as a nation we have improved our municipal waste recycling and composting by 15 per cent taking us up to eighth place out of 34 European countries.² The pursuit of existing EU waste targets since 2000 has required a doubling of spend by English authorities to £3.28 billion. This makes collection and disposal of waste and recycling the third highest cost service for English local authorities.
6. The current household recycling rate in England is 43.5 per cent and has been broadly flat for three years. 73 per cent of UK packaging waste is either recycled or recovered and 26 per cent of waste ends up in landfill. The European Commission's current proposals suggest a number of challenging waste and recycling targets for the future:
 - 6.1. A common EU target for recycling 65 per cent of municipal waste by 2030.
 - 6.2. A common EU target for recycling 75 per cent of packaging waste by 2030.
 - 6.3. A binding landfill target to reduce landfill to maximum of 10 per cent of all waste by 2030.
7. Achieving the targets on municipal waste and landfill will represent an enormous challenge for councils. Our estimates show that current spending on waste by English authorities would need to increase significantly to include additional collection services (in particular organic waste) just to meet the existing 50 per cent target. Increased levels of ambition in recycling performance will become progressively more expensive to achieve above the existing target level. Failure to reach the targets could lead to EU infraction fines.

Lobbying Position

8. The LGA has supported councils as they have worked towards achieving these targets. Our lobbying work has focussed on highlighting the need for additional funding in order to meet the ambitious targets set by the EU. We have suggested resourcing these services via redistribution of landfill taxes and also stressed the need for greater producer responsibility to be part of the Government's approach.
9. It is generally accepted by local government that the steer from Europe on waste and recycling targets has been helpful as it has driven up performance across most of Europe. However, it is clear that as a nation we may fail to meet the 2020 target. Whether this would mean councils facing infraction charges will depend on the terms of the EU exit deal and any related transition period. As we are now set to exit the EU Members should consider reviewing our approach to waste and recycling policy so that the LGA can lead on shaping the future direction.

² [EEA Waste Recycling report – December 2016](#)

Issues

10. There are some key principles which will underpin our future approach to waste and recycling:
 - 10.1. The principle of subsidiarity should apply. Councils want greater local flexibility in how waste is managed according to local choices and priorities.
 - 10.2. Councils seek reforms that will achieve changes in production and consumption patterns so as to consider waste as a potential resource and to promote the market in secondary materials.
 - 10.3. Councils will want to ensure that the 'polluter pays' principle remains in place post EU Exit.

11. In order for Members to be able to effectively shape future lobbying policy we have identified four key questions which will help to determine direction of travel:
 - 11.1. Has recycling reached a natural plateau, given our level of investment as a country or is there a scenario where recycling rates increase if so, what?
 - 11.2. Are there models of service delivery that might represent a future more efficient approach to waste and recycling?
 - 11.3. What are the medium to long term risks for waste and recycling services?
 - 11.4. What is the post EU Exit aspiration for this service area and what should be the balance between a national policy and local flexibility.

12. To help inform Members, LGA officers held a sounding board session on Wednesday 21 June with senior local government waste and recycling experts. **Appendix A** is the briefing provided to the group which gave a helpful basis for discussion. It became clear that there were some key messages coming back from local authorities were:
 - 12.1. Has recycling reached a natural plateau?**
 - 12.1.1. Councillors are facing many budget pressures and it is right that they should have flexibility on where to prioritise spending.
 - 12.1.2. Budget pressures are impacting on waste services and the imperative to invest to continue to reach higher recycling targets.
 - 12.1.3. It is possible that household recycling will remain on a plateau or even fall below current levels.
 - 12.1.4. Realistically many urban areas will not reach a 50 per cent recycling target.
 - 12.1.5. **Wide agreement that waste minimisation should be the main measure of performance not household recycling.** Residual waste is the most expensive part of the service councils provide and there are clear environmental benefits to reducing waste.
 - 12.1.6. The economics of household recycling are getting more difficult as collection costs rise and markets for recycled materials are unstable (e.g. plastics). Investing in more household recycling does not provide the best return on investment.
 - 12.1.7. The household recycling target will become harder to reach due to changes outside council control, e.g. the weight of packaging is reducing and urban populations are growing.

12.2. Are there examples of models of service delivery which might represent a future more efficient approach?

- 12.2.1. Councils have for some time been looking at combining/merging waste and recycling services with other councils. The level at which they want to do this varies.
- 12.2.2. Merseyside is asking for the ability to combine collection and disposal as part of a regional deal, and to create a single waste authority.
- 12.2.3. The GLA is looking at standardisation across London, but it will not be easy because of the density of flats.
- 12.2.4. South West London councils have an inter-borough agreement which is expected to make savings. This includes ERF, street cleaning and parks.
- 12.2.5. Councils may need incentives to combine services for example combined bodies having the power to charge.

12.3. Medium to long term risks for waste and recycling services?

- 12.3.1. We need a waste strategy for England that is part of a wider resource strategy. Councils need to understand the bigger picture of what government is trying to achieve in terms of resource management then they can shape their waste strategies accordingly.
- 12.3.2. It is difficult to plan future investment, and it is not clear whether the UK can continue to rely on a system that exports a lot of waste material to Europe. Councils are also picking up concerns from the waste industry about the lack of certainty about future income.
- 12.3.3. The future of tariffs and trade barriers has significant implications for the cost of waste disposal. In the short term this could add significant cost to export of RDF. However, the UK may wish to consider whether exporting RDF is the best option. It is a valuable source of fuel and there could be strong economic/resilience arguments to develop more capacity in the UK.
- 12.3.4. Waste policy is a matter for devolved administrations and the future could see more divergence across the UK with Wales, Scotland and North Ireland pursuing their own waste targets and strategies. England also needs a coherent waste strategy.
- 12.3.5. It will be important to see waste and recycling as part of a UK growth and resources strategy.

12.4. What is the post EU Exit aspiration for this service area and what should be the balance between a national policy and local flexibility?

12.4.1. Councils would find a target on waste minimisation helpful, particularly if framed as part of a wider strategy on resource management. In return they would want freedom to charge and discretion to use waste enforcement powers.

12.4.2. Kilos of residual waste per household (or head) per week would be a more meaningful target for councils. This would encourage minimisation of packaging, and it would be sustainable for the wider waste industry.

12.4.3. The definition of the proposed new EU target is better than the current one because it includes reuse as well as recycling. The 75 per cent residual waste part of the target could be a helpful focus, if the UK mirrors higher EU targets for recycling once it leaves the EU, but the higher recycling target would require councils to capture a lot more material than they currently do.

12.4.4. There is still a role for national regulation of waste and targets. Councils need freedom to set local collection systems and make local decisions about spending and priorities.

The Board Session

13. In order for Members to have a complete picture about the future of waste and recycling we have invited four external speakers to present to the Board.

14. Jacob Hayler, ESA –Environmental Services Association

14.1. ESA represents companies spanning the full range of waste management and related environmental service providers. This includes collection, treatment, disposal, re-use, recycling and recovery of waste. Members include BIFFA, Veolia and Viridor.

15. Ray Georgeson, Resource Association

15.1. The Resource Association is a professional advocacy body for the reprocessing and recycling industries. Members include Bryson Recycling and DS Smith Recycling.

16. Alice Ellison, British Retail Consortium

16.1. The BRC is the trade association for all UK retailers including the likes of ASDA, Sainsbury's, Boots and Marks & Spencer's.

17. Andrew Pau, Strategic Manager - Waste and Transport, Oxfordshire County Council

18. The aim of the session is that Members will use the speakers to help them answer the four key questions. This will then ultimately lead to Members being in a position where

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they can direct future waste and recycling lobbying policy and in particular provide clear direction for the LGA's EU Exit work which will hopefully enable us to set the agenda in the months to come.

Appendices

19. The briefing provided to the Waste and Recycling Sounding Board is attached at **Appendix A.**

Implications for Wales ³

20. Once Members have provided a steer around the LGA's lobbying position officers will contact the Welsh LGA and discuss the potential for joint lobbying on this issue.

Next steps

21. Members are asked to provide a steer on our EU Exit lobbying position should be for waste and recycling.

³ *The WLGA pays a membership fee to the LGA on behalf of all Welsh councils and we lobby for them on "non-devolved" issues - e.g. DWP work. The WLGA provides "top-slice" for workforce support, but none for "improvement".*