

Wealth from Waste – the LGA local waste review

Purpose of Report

This report provides a summary of the content of the recently launched Wealth from Waste report which presented the findings of LGA local waste review.

Summary

The LGA's Wealth from Waste report was launched on 4 June at an event at Local Government House. It received positive media coverage for its articulation of the challenges and opportunities for councils on waste. The report includes a number of recommendations. These include enabling councils to maximise the income from recyclable material as well as a request to cap and redistribute the landfill tax to finance forward thinking waste and recycling infrastructure. It also proposes follow-up action which should shape the Board's work programme for next year.

Recommendations

That the Board:

1. **Note** and **comment** on the launch of the Wealth from Waste report, positive media coverage and associated recommendations; and
2. **Note** that work to take the review and its recommendations forward will be agreed as part of discussion of priorities and work programme for next year at agenda item 4.

Action

As directed by members.

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Background

1. The Local Waste Review was commissioned by the LGA Environment and Housing Board in November 2012 to enable local government to proactively lead the future direction of waste policy. It was led by a LGA elected member panel comprised of Cllr Clyde Loakes as Chair, Cllr Clare Whelan, Cllr Keith House and Cllr Peter Jones. We also convened a challenge group of 19 key stakeholder organisations to help develop and test recommendations, and received 55 responses to our Call for Evidence.
2. The outcome of the Review was our Wealth from Waste report, launched on 4 June at an event at Local Government House chaired by Cllr Loakes. Lord de Mauley, the Minister with responsibility for Waste, delivered an address, in addition to contributions from Matthew Farrow, Environmental Services Association, Paul Vanston, Kent Waste Partnership and Emma Hallet, REalliance. The event was attended by over 80 delegates from local and central government as well as other waste related organisations.
3. The full report can be downloaded from: <http://www.local.gov.uk/waste-management>
4. The review received good coverage in the media: Cllr Mehboob Khan was interviewed on BBC Breakfast; Cllr Loakes did a broadcast interview for BBC 5 live which was used across all the regional BBC radio bulletins; and there were positive pieces in the Daily Express and the Times. We also issued a press release in advance of Recycling Week (commencing 17 June) to highlight the role and success councils have had on recycling and reinforce the case for freezing the landfill tax and returning its receipts to local government, as recommended in our report. On the back of this, Cllr Loakes was interviewed by Sky news radio, which was used across commercial radio over the following weekend.

Summary of the review

5. The report makes a strong case that there is wealth in waste. The waste and recycling sector is currently worth £11 billion and could be a key growth sector for the UK economy with the right support and investment.
6. At the heart of our report is the recognition that councils' track record on waste management is very strong: they have dramatically reduced the amount of waste going to landfill and increased the amount being recycled over the past 15 years. Their excellent performance is borne out by high resident satisfaction levels, with the most recent polling data finding that satisfaction rates with waste collection services are at 86 per cent, irrespective of the frequency of collection. Thus we conclude that councils should be trusted to design their waste management services, including kerbside collection arrangements, as a local deal with their residents. Central government should instead be focusing on getting more value from the nine-tenths of the country's waste that is generated by businesses, not householders.
7. We hone in on material recovery as the activity that has the greatest potential to generate growth in the sector, on the basis that, once collected, recycling, unlike other methods of waste disposal, offers a net income because the product has a market value.

We suggest that the time is ripe for the country to look beyond meeting our EU waste targets by 2020, and be more ambitious in trying to unlock the full economic potential of the waste and recycling sector. If recycling rates were increased to 70%, this could generate 51,400 jobs nationwide and an additional £3 billion in value for the UK economy.

8. For local government, this could mean a projected additional income of £820 million between now and 2020 if councils are able to increase their share of the income for dry recycling from 28 per cent (as it sits now) to 40 per cent. If, in addition, the quality of recycling was reflected in price and contamination was reduced by half, this would yield an additional £1 billion by 2020.
9. The report makes a dozen recommendations to enable this vision to be realised, which can be summarised as follows:
 - 9.1 **Cap the landfill tax rate and re-invest receipts** to return to the principle of revenue neutrality with which the landfill tax was originally introduced. We call for the rate of the tax to be capped at 2014/15 levels and receipts to be re-distributed to local authorities. At the same time, we suggest that receipts from commercial waste companies should be used to capitalise the Green Investment Bank or local Waste and Recycling Boards;
 - 9.2 **Improve the quality of our recyclable waste** in order to increase its value through changes to the rules and auditing of sorting facilities through the Material Recovery Facility (MRF) Code of Practice;
 - 9.3 **Address the exporting of waste and recycling** to provide a level playing field for the domestic recycling and reprocessing industry. We call for the reform of the compliance regime for packaging companies, which currently provides an incentive to export poor quality material overseas;
 - 9.4 **Improve capacity to deal with high value recyclable material** for example waste electrical and electronic equipment (WEEE). We are calling for councils, if they choose, to be able to access a greater proportion of the value of these materials by marketing them themselves, as part of reforms to the producer compliance arrangements;
 - 9.5 **Encourage more reuse and reconditioning** in order to avoid landfilling and incinerating many thousands of tonnes of WEEE, textiles and furniture. To foster the market for reused material, we recommend the introduction of a reuse product standard, the exploration of tax breaks, and domestic landfill bans on products such as furniture, paint and textiles. We propose to establish a Reuse Commission with the key stakeholders to drive growth in the reuse market.
 - 9.6 **Rebalance responsibility for packaging waste** to incentivise producers to explore better design and reduce the cost burden on taxpayers. We recommend reforms to the Packaging Recovery Note regime and have offered to broker a negotiation that would result in a more binding agreement with business to reduce packaging and other waste, building on the principles of the voluntary Courtauld commitment and extending it to other waste producing areas.

9.7 **Rewarding residents as a means to nudge households to recycle more**, based on offering them a direct share of the proceeds of increased value. We point to a number of council reward schemes that are testing different techniques to encourage higher rates of recycling.

10. The full set of recommendations is set out at **Annex A**.

Next steps

11. The launch of the review will be followed up with a series of proactive press releases and media activity to ensure continued coverage of the recommendations and findings of the review over the next 6 months.

12. Proposals for further work to take the review and its recommendations forward are set out for discussion of priorities and work programme for next year.

Financial implications

13. The proposals within this paper can be delivered within the existing programme budget.