

18 March 2015

## **Waste and Recycling Opportunities**

### **Purpose of Report**

This report provides a summary of the opportunities to influence the agenda on the future of waste and recycling services.

### **Summary**

There are two key opportunities to influence the agenda on the future of waste and recycling. The first concerns the meeting the existing EU recycling target, which the UK is not currently on course to achieve. The second opportunity is to influence the next set of EU legislation which is currently being revised following the recent withdrawal of European Commission proposals.

This report puts forward a twin track approach with specific proposals that will help to meet the existing EU recycling target and influence next set of EU legislative proposals due to be published at the end of the year.

### **Recommendations**

That the Board:

**Comment** on the proposed approach to influencing the agenda on the future of waste and recycling services (see paragraphs 5 to 12 for proposals and paragraphs 13 to 14 for proposed next steps).

### **Action**

To take forward the proposed project subject to Members' views.

**Contact officer:** Dan McCartney  
**Position:** Adviser  
**Phone no:** 020 7664 3238  
**E-mail:** [dan.mccartney@local.gov.uk](mailto:dan.mccartney@local.gov.uk)

## **Waste and Recycling opportunities**

### **Background**

1. There is an opportunity to influence the agenda on the future of waste and recycling in relation to two developments. The first relates the existing EU targets the UK is subject to – to reduce landfill by 65 per cent landfill and to increase recycling to 50 per cent by 2020. The UK is expected to exceed its landfill targets due to the extensive efforts of local authorities, but despite significant improvements we are not yet on track to meet the recycling target, which could lead to EU infringement fines. This is despite the efforts of councils to increase recycling rates by 400 per cent since the turn of the century.<sup>1</sup>
2. The second development is the recent withdrawal of the European Commission circular economy legislative proposals. The original proposals contained a range of top down waste requirements and targets that would have had significant implications for local authorities, including a new recycling target of 70 per cent and other requirements on collection of bio (organic) waste and landfilling. The Commission are now revising their proposals following criticism that they were too focussed on waste with insufficient policy on waste reduction through changes to the way products are designed and manufactured.

### **Opportunity**

3. These developments bring two key opportunities to influence the current and future agenda on waste and recycling and draw upon LGA agreed positions from the previous *Wealth from Waste*<sup>2</sup> and *Routes to Reuse*<sup>3</sup> reports. These seek a change in the terms of the debate on waste and resources with greater focus on the potential of the waste, reuse and recycling sector to generate jobs and growth and ensure that the burden on tax payers is reduced.
4. This report puts forward a twin track approach with specific proposals that will help to meet the existing EU recycling target and influence next set of EU legislative proposals due to be published at the end of the year.

### **Part 1 - Meeting existing recycling targets**

5. The current household recycling rate in England is 43.5 per cent and has been broadly flat for three years. The national recycling rate hides significant variation in performance by different areas between the highest rate of 65.7 per cent achieved by South Oxfordshire District Council and lowest rate of 17.6 per cent in the London Borough of Newham.
6. There is strong correlation between high levels of urban density and low recycling rates. For example the overall recycling rate in London is 34 per cent and it is 35 per

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<sup>1</sup> The percentage of household waste recycling in 2003/04 was 17.8 per cent and in 2013/14 it was 43.5 per cent

<sup>2</sup> Wealth from Waste report: [http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=a9ae477e-e0cf-4665-862e-ed01caa810f6&groupId=10180](http://www.local.gov.uk/c/document_library/get_file?uuid=a9ae477e-e0cf-4665-862e-ed01caa810f6&groupId=10180)

<sup>3</sup> Routes to Reuse report:

<http://www.local.gov.uk/documents/10180/5854661/LGA+Routes+to+Reuse+FINAL+FINAL.PDF/5edd19ba-7c13-47c5-b019-97a352846863>

cent on average for the eight English Core Cities<sup>4</sup>, both approximately ten percentage points below the national average.

7. Low recycling rates in urban areas can predominantly be explained by two factors. Firstly, the limited space city dwellers have for recycling receptacles and secondly the relatively transient populations in many inner cities, which makes residents harder to target with recycling messages.
8. Flat recycling rates are also related to a lack of value in secondary materials as reprocessors seek to compete with raw materials that have become more competitive as a result of the slump in oil prices. This means that less value is available from capture of dry recycling material<sup>5</sup> which reduces the subsidy they provide for collecting low value material like organic material (food and garden waste).
9. Overall local authorities' spend on waste collection and disposal has increased over the last decade from £2 billion to £3.28 billion in 2013/14.<sup>6</sup> To meet recycling targets the spend would need to continue to increase with the addition of further recycling collections, which are unlikely to be affordable due to the ongoing reductions in council budgets. As a result alternative funding options will need to be considered along with increased incentives and targeted support.
10. The following options are proposed which could be implemented to help meet 2020 recycling levels:
  - 10.1 **Redistribute landfill tax back to councils** for investment in recycling infrastructure such as receptacles, collection vehicles and sorting and organic treatment facilities. Councils paid approximately £570 million in landfill tax in 2013/14. In 2015/16 receipts will be over £600 million despite councils reducing landfill by 64 per cent since the turn of the century.
  - 10.2 **Revise the requirements on packaging producers** to achieve a better balance of costs for collection between producers and tax payers. It costs councils approximately £550 million each year<sup>7</sup> to collect and sort packaging while the annual funding from packaging producers is only £111 million of which only £37 million was spent on collection.<sup>8</sup> An alternative model is required that is more transparent and ensures a more equitable share of costs between tax payer and producers to bring forward more funding for additional recycling collections.
  - 10.3 **Develop incentives to make collection of organic waste more financially viable.** Increasing collection of the 7 million tonnes of food waste householders throw away each year<sup>9</sup> will make an important contribution to meeting recycling targets. However, incentives will be required to make collection of this low value material cost effective. Options include increasing the incentives for energy

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<sup>4</sup> Birmingham, Bristol, Leeds, Liverpool Manchester, Newcastle, Nottingham, Sheffield

<sup>5</sup> Glass, metal, plastic, paper and card

<sup>6</sup> Source DCLG Revenue Outturn data from 2003/4 which represents a 28 per cent real terms increase in spend by 2013/14

<sup>7</sup> LGA estimate from Wealth in Waste report

<sup>8</sup> Environment Agency National Packaging Waste Database figure for the packaging compliance system in 2013

<sup>9</sup> WRAP estimate from 2012

generation that uses organic material<sup>10</sup> and broadening the current producer contribution regime to include a food waste element.

- 10.4 **Revise the waste measurement criteria** to better reflect the waste material that is currently recycled including the by-product of waste incineration and street sweepings. For example, incinerator ash is recycled to produce aggregate for the building industry, which could contribute up to an additional 7 percentage points by 2020 if it was included in the recycling figures.<sup>11</sup>
- 10.5 **High profile national communications campaign** on recycling of the core materials that are now collected by the overwhelming majority of councils.<sup>12</sup> Government, WRAP and local authority communications channels could be used to complement each other to maximise recycling around a national message. Local authorities may, where possible, wish to support national messages by establishing locally tailored campaigns encouraging residents to recycle.
- 10.6 **Better targeted support** to councils to develop cost effective means to improve their recycling rates from government and support organisations.<sup>13</sup> This includes timely advice to councils with low recycling rates on short term deliverable options for improvements to service delivery, infrastructure, communications to residents and solutions specific to inner city authorities.

## **Part 2 - Revised EU circular economy proposals**

11. The original EU circular economy proposals were predominantly focussed on top down waste requirements and targets that would have led to significant additional implementation costs for local authorities. The withdrawal and revision of these proposals brings the opportunity to put forward an alternative vision that includes a better balance of responsibilities between tax payers and waste producers. It should also include a full range of options to increase resource efficiency, reduce the burden on tax payers and release the associated benefits including increased value and jobs in the green economy.
12. There are a number of options that the European Commission could consider within its revised circular economy package of proposals, many of which would build on the suggested changes in part 1 above.
- 12.1 **Recognise the cost impact of top down targets on tax payers.** The LGA estimates that English local authorities spend on waste and recycling services will have approximately doubled since 2000 in pursuit of existing targets. Given the ongoing reductions in state budgets across the EU any further spending to meet additional top down targets will not be affordable if funded by tax payers. Any inclusion of targets should allow realistic lead times and first ensure existing targets are met.

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<sup>10</sup> For example Renewable Obligation Certificates could be increased for Anaerobic Digestion

<sup>11</sup> Based on an Environmental Services Association estimate of 3 million tonnes of incinerator bottom ash by 2020 and an assumption that overall waste levels remain at approximately the same level as 2013/14

<sup>12</sup> Core materials (with percentage of councils collecting: metal cans (100%), paper (100%), plastic bottles (98%) card (96%), glass (85%)

<sup>13</sup> Defra, WRAP, the Chartered Institute of Waste Management and Resources and Waste UK, including input from the LGA

- 12.2 **Greater focus on waste producer contribution** to better balance costs with tax payers. The ‘polluter pays’ principle invests responsibility for dealing with the cost of disposal of a product with the producer rather than the tax payer in order to provide a direct incentive to reduce the cost of the product’s disposal. The new EU proposals could better enshrine this principle by establishing a formal expectation that producers contribute no less than half of the full costs of collection and subsequent reuse, recycling or disposal of their products. This would formally bind producers into the principles of the circular economy and resource efficiency and relieve the burden on tax payers.
- 12.3 **EU wide requirements on product design** that reduce waste through increasing reusability and recyclability. Currently too many products are not designed with further use in mind and are therefore uneconomic to repair or reuse. Equally there are many materials and product types commonly used in the EU that cannot easily or cheaply be recycled. The EU should use the circular economy proposals to set out expectations that design-in resource efficiency and waste prevention to products which could be implemented through a broadened Ecodesign Directive.
- 12.4 **EU level policy to help drive demand for recycled material** through a requirement to use recycled material in product manufacture. A phased requirement for European manufacturers to use a proportion of recycled material would help to support the price of secondary materials and ensure less recycling is exported along with the associated jobs. Such a requirement would drive demand for recycled material and make its collection more financially viable.

### **Proposed next steps**

13. A twin track approach is proposed as outlined above that engages with key stakeholders to provide timely policy input to key UK government ministers and officials and EU politicians and European Commission officials.
14. In taking a twin track approach we propose to:
- Engage with partners and waste stakeholders
  - Seek input to UK government through official and ministers
  - Develop a EU lobbying strategy which includes:
    - Policy input to the European Commission
    - Meetings with MEPs, Committee of the Regions members, UK Government representatives in Brussels
    - Meetings with MPs and peers in UK EU Scrutiny committees
    - Develop coalition of support from other countries’ LGAs and the CEMR (the European LGA)
    - Media strategy to influence climate of opinion and counter likely opposition campaign from producers’ organisations in Brussels.

### **Financial Implications**

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