

Portfolio Holders

Title of Report:	Single Council Implementation – Harmonisation of approach to the payment of third party recycling credits	
Report No:	EXC/SA/19/012	
Report to / date of decision:	Portfolio Holders' Decision	12 February 2019
Shadow Executive (Cabinet) Members /Portfolio Holders:	David Bowman FHDC - Portfolio Holder for Operations Tel: 07711 593737 Email: david.bowman@forest-heath.gov.uk	Peter Stevens SEBC - Portfolio Holder for Operations Tel: 01787 280284 Email: peter.stevens@stedsbc.gov.uk
Lead officer:	Mark Walsh Assistant Director (Operations) Tel: 01284 757300 Email: mark.walsh@westsuffolk.gov.uk	
Purpose of report:	To review the current differences in the approach to the payment of third party recycling credits in Forest Heath and St Edmundsbury and to consider a new proposal for West Suffolk.	
Recommendations:	<p>It is <u>RECOMMENDED</u> that the following be approved by the FHDC and SEBC Portfolio Holders for Operations, in accordance with the proposals set out in Report No: EXC/SA/19/012:</p> <ul style="list-style-type: none"> (1) current payments for third party recycling credits to continue at £30 per tonne from April 2019; (2) payment of textile income to continue at £200 per tonne (subject to market value); (3) the third party recycling credit scheme is promoted to encourage additional community recycling; <p style="text-align: right;"><i>Continued over...</i></p>	

	<p>(4) payments for new third party collectors to be £30 per tonne (minus collection costs) from April 2020; and</p> <p>(5) third party collectors in the predecessor area of Forest Heath are put on notice of the changes to recycling payments, but will continue to receive their current recycling credit rate during 2019/20.</p>		
Key Decision:	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
<p><i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed.</i></p>			
Consultation:	•		
Alternative option(s):	•		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Detailed in the report	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Harmonisation of approach to recycling credit payments to third parties	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Third party recyclers in Forest Heath area unhappy with changes.	Medium	One year notice of change to allow for budgetary planning.	Low
Cost of contractor charges may increase, material value may decrease.	Medium	Contracts in place to protect the authority from increased costs. Payments to third party collectors fixed.	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		None	

1 Background to third party recycling credits

- 1.1 In order to help financially support the introduction of recycling collections, Suffolk County Council (SCC) as the Waste Disposal Authority (WDA) pay a recycling performance payment for every tonne of recyclable waste collected by the Waste Collection Authorities (WCA's).
- 1.2 Within Suffolk, SCC and the district/borough councils working as the Suffolk Waste Partnership (SWP), have a formal Inter Authority Agreement (IAA) in place whereby SCC have agreed to pay a recycling performance payment to the district/borough councils for every tonne of household waste collected for recycling. As part of this, WCA's are able to make discretionary payments of recycling credits to third party collectors of household recycling e.g. community groups and organisations. However differing payment schemes currently exist in Forest Heath and St Edmundsbury which need to be aligned prior to the implementation of single council in April.

2 Current recycling credit payment arrangements

- 2.1 There is a long-standing support for recycling among a number of groups within West Suffolk and payment of recycling credits have been part of this arrangement. In order to claim recycling credits, community groups must register with the waste management team, provide bank and contact details and agree to maintain the cleanliness of site they are claiming for. They must also ensure that there is unhindered public access to the site and help facilitate the collection of waste from household sources only.
- 2.2 In the main, third party collectors recycle glass, textiles and newspaper. The charges made by contractors to provide and empty recycling sites e.g. bottle banks are paid by FHDC and SEBC and whilst variable, they currently range from £10 - £16 per tonne.

3 Current payments made to third parties

St Edmundsbury Borough Council summary

- 3.1 In St Edmundsbury recycling credits are paid to 27 third party collectors from a fixed annual budget of £25,000. Payments are made every six months, with an enhanced payment of up to £200 per tonne for textiles. The enhanced rate for textiles is based on the higher market value of this material stream and the income received from its resale (currently ranging from £180-£200). The recycling credit value for other materials collected is then calculated from the remaining budget. This current scheme doesn't incentivise community groups to increase usage of their sites as the payment budget is fixed.
- 3.2 The table below shows the tonnes of materials collected by third parties claiming recycling credits over the last 5 years, including the average annual payment per tonne of material collected.

Year	Textiles collected (tonnes)	Other recyclables collected (tonnes)	Average payment per tonne (excluding textiles)
2013-2014	16.86	516.17	£41.90
2014-2015	26.94	653.89	£29.99
2015-2016	25.29	598.27	£33.33
2016-2017	27.75	689.54	£28.21
2017-2018	25.79	744.22	£26.67

Forest Heath District Council summary

- 3.3 In Forest Heath recycling credits are paid to two third party collectors. The maximum recycling credit value is passed on for all household waste collected for recycling at central recycling points. Enhanced payments for the value of textiles are only made to one claimant as they use our contractor.
- 3.4 The table below shows the tonnes of materials collected by third parties claiming recycling credits over the last 5 years, including the annual payment for material collected.

Year	Total tonnes	Payment (£)	Textiles collected (tonnes)	Enhanced textiles payment	Other recyclables collected (tones)	Average payment per tonne (including textiles)
2013-2014	310.43	£13,762.12	4.06	N/A	306.40	£54.76
2014-2015	256.16	£14,884.83	21.79	N/A	234.37	£54.76
2015-2016	142.88	£8,236.78	19.90	£1,292.70	122.98	£54.76
2016-2017	189.80	£10,393.39	9.13	£386.40	180.67	£54.76
2017-2018	281.07	£18,770.47	36.73	£4,654	244.33	£54.76

4 Budgetary Implications

4.1 Current claimants

- 4.1.1 Based on the arrangements agreed as part of the IAA from April 2019, West Suffolk will continue to receive an RPP from SCC for household waste collected at recycling sites, albeit at a lower rate of £30 per tonne. However, to avoid third party recyclers losing income, SCC have also agreed to provide a lump sum of up to £45,000 to pass on to third party recyclers. This lump sum

payment will be subject to periodic review by SCC to ensure that it reflects the payments to third parties. In addition to this, West Suffolk will be able to claim £30 for each tonne of recycling collected by these third parties.

- 4.1.2 This arrangement will provide West Suffolk with an estimated income of £76,530 in 2019/20, based on the tonnages collected in 2017/18. This is subject to the maximum lump sum being received.
- 4.1.3 Payments made in 2017/18 to third party recyclers (including textile payments) in St Edmundsbury and Forest Heath totalled £43,770. Additional to this are the contractor payments in the region of £10,000 per year.
- 4.1.4 Based on the estimated figures above, the difference between the potential amount to be claimed and the amount to be paid out is £22,760.

4.2 New Claimants

- 4.2.1 There is the option to extend the third party recycling credit scheme so that it is available to additional community groups and parish councils throughout West Suffolk.
- 4.2.2 However, from 2019 onwards, West Suffolk will only receive a £30 per tonne recycling performance payment from SCC for household waste collected by organisations not currently claiming recycling credits. Therefore payments to new claimants will be lower than those made to current claimants and will also need to incorporate associated contractor collection charges.
- 4.2.3 Moving forward, it is important to recognise the financial impact on current budgets if new third party recycling credit claims reflect recyclable material that is inadvertently "diverted" from current recycling sites or the blue bin scheme, for which West Suffolk receives and retains the RPP to support the overall recycling budget.

4.3 Future payments

- 4.3.1 In order to harmonise the payments scheme for all current third party collectors, it is recommended that future recycling credits are paid out at £30 per tonne (net), equal to the amount that received from SCC. Based on 2017/18 figures, this would provide current third party collectors an income of £29,656 (excluding textiles). A maximum funding ceiling for this payment should reflect the lump sum provided by SCC.
- 4.3.2 In addition approximately £12,504 will be paid for textiles (based on £200 per tonne - the current market price) bringing the total amount paid to community groups for recycling to £40,205.
- 4.3.3 For the current claimants in St Edmundsbury, this will provide a marginal increase in the amount of recycling credit currently received; this equates to an overall increase in payments of £2,415.75 based on 2017/18 tonnages. The changes to the scheme would also bring certainty and incentivisation to increase the performance of their sites.

- 4.3.4 In Forest Heath, the two groups will be worse off in the region of £6,049 per annum as the recycling credit paid per tonne will decrease from £54.76 to £30 per tonne.

5 Recommendations

- 5.1 Moving forward it is important that there is consistency in the payment of recycling credits to all third party collectors in West Suffolk. However in the short term, this will require a phased approach to reflect the current difference in payments, the new approach to RPP payments by SCC and potential extension of the current scheme to additional groups.
- 5.2 From April 2019/20 it is recommended that the groups currently receiving recycling credits are paid a fixed rate of £30 per tonne for materials collected other than textiles. Having a rate per tonne will incentivise groups to increase the amount of recycling collected at their sites and will give them the opportunity to budget their income.
- 5.3 As part of this:
- textiles should continue to be paid at the prevailing market value, which is currently £200 per tonne; and
 - the two third party collectors in the predecessor Forest Heath area should be put on notice that the scheme will be changing from 2020/21 in order to enable their budgetary planning. On this basis, they will continue to receive their current rate of recycling credit payment in 2019/20.
- 5.4 In order to extend the third party recycling credit scheme across the whole of West Suffolk in 2019/20, careful consideration on the level of payments needs to be made. During 2019/20, the recycling credits scheme should be promoted across West Suffolk for groups to commence claims in 2020/2021. This will allow officers to gauge interest and monitor tonnages in the scheme and give more accurate estimates for budgetary and tonnage impacts. However it should be noted that the maximum payment they will be eligible to receive will be £30, net any contractor collection charges.
- 5.5 It is proposed to review the scheme during 2019/20 to assess progress.

NOTE:

In December 2018, DEFRA published a waste and resources strategy for England, setting out the goal of maximising the value of the resources we use, minimising the waste we create, cutting emissions and helping create a cleaner, greener, healthier planet.

The strategy recognises that the recycling credits system is there to ensure cost-sharing between Waste Collection Authorities (WCAs), which collect waste, and Waste Disposal Authorities (WDAs), which dispose of it. The strategy states that depending on how packaging producer responsibility is reformed, recycling credits and two-tier cost sharing more generally will need to be reviewed.