



Report to Cabinet

Subject **Recycling Credits Scheme**

Date **24th September 2004**

Author **David Parton - Head of Direct Services**

1. Purpose of the Report

- i) To advise Members on the Government's Consultation paper on changes to the recycling credits scheme.
- ii) To inform members of a financial contribution offered by Nottinghamshire County Council for 2004/05 towards the costs being incurred by the Authority implementing the twin bin scheme.

2. Background

The Department for Environment, Food and Rural Affairs (DEFRA) have issued a consultation paper on proposals to changing the basis for payments of recycling credits with an emphasis on working towards partnerships and joint working between waste disposal authorities (WDA), waste collection authorities (WCA) and the private sector (third parties).

The recycling credit scheme was introduced under the Environmental Protection Act 1990 (EPA) and was the first policy lever of its kind, intended to provide an incentive for recycling by WCAs in two-tier areas and by third parties. Payments were designed to reflect the net saving a WDA makes by not having to dispose of the tonnages that have been diverted for recycling.

Payments are currently made by the WDA (Nottinghamshire County Council) to ourselves as a contribution towards the costs of transporting separated materials for recycling and for paying any additional costs such as 'gate fees' to third parties for accepting these materials. The scheme was not designed to cover the additional collection costs associated with recycling.

The Waste and Emission Trading Act 2003 (WETA) gives power to WDAs to direct WCAs to separate waste and deliver this waste to any location provided by the WDA, such as a Materials Recycling Facility (MRF) or transfer station. The WCA has a duty to comply with these directions. The WDA shall pay to a WCA such amounts as are needed to ensure that the WCA is not financially worse off as a result of having to comply with any separation requirements.

Nottinghamshire County Council proposes to use as a principle, a 15 minute or 5 mile travelling allowance (from the border of the borough) 'tipping away' clause to calculate future payments. However, Section 52A (2) of WETA allows a WDA to pay to a WCA a contribution of such amounts as the disposal authority may determine towards expenditure by the collection authority that is attributable to its delivering the waste to any separation requirements.

Twin bin recyclate waste is delivered to a third party at Colwick with the 'gate fee' being paid by the County Council and therefore, we have received no recycling credits for these materials. However, following a meeting with Senior Officers of Nottinghamshire County Council, where we have requested this funding stream be considered as a way of limiting additional costs incurred by the Authority implementing the twin bin scheme, the County Council have now offered £25,000 (final figure subject to their budgets) for 2004/05 as a contribution.

4. Proposals

It is very pleasing that the County Council are prepared to contribute towards the cost of implementing twin bin by offering £25,000 this year and I propose to accept this figure. This will help offset additional travelling costs from the northern area of the Borough to Colwick and the delays being encountered at the Colwick site, where time is lost waiting in a queue for the weighbridge and discharging the load.

The future proposals for payment of recycling credit are based on introducing flexibility into the recycling credit scheme and promoting joint working. DEFRA has identified three options and the response to this consultation is required by 22nd October 2004.

Although it is the responsibility of the Portfolio Member for Direct Services to respond on this consultation, it was felt that Cabinet Members should consider these options and advise on the consultation response. I have enclosed at Appendix 1 the section of the consultation specifically related to the payment of recycling credits.

5. Financial Implications

The waste management budgets for 2004/05 estimates £212,000 income from the recycling credit scheme and if this funding stream is changed then potentially some of this amount could be at risk. DEFRA has given two options for changes to the calculation of recycling credits (see Appendix 1, paragraph 4.14) preferring to base future payments on option 2. Setting a maximum at **the actual cost of collecting recyclables and arranging for their reprocessing** should not adversely affect our

income stream, particularly as expenditure incurred continues to rise as third party collections from bring sites and 'gate fees' for reprocessing are costs outside the control of the Authority.

If option 1 is selected, then the average cost of disposal within the County of Nottinghamshire is £35.95 per tonne. The County averaged this figure last year and we are now all paid the same allowance and therefore, I would not expect the amount to be reduced. As the landfill tax element of disposal is increased it is my opinion that we should accept the capping level proposed on future recycling credit proposals.

6. Recommendation

That the contribution from Nottinghamshire County Council be accepted.

7. Views

Members' views are requested regarding the proposed options for future recycling credit payments.