

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – COMMUNITY 17 JANUARY 2012

REPORT ON CURRENT INCENTIVES FOR WASTE & RECYCLING

1. PURPOSE OF REPORT

- 1.1 To brief Members on the available details of the £250M fund for supporting weekly rubbish collections and to provide details and comment on The Royal Borough of Windsor and Maidenhead's involvement with the Recycling Scheme Incentive and its possible relevance to Exeter City Council

2. BACKGROUND TO THE WEEKLY COLLECTION SUPPORT SCHEME

- 2.1 On 30 September 2011 a £250m fund for financial support for councils to either retain or return to weekly waste collection was launched by the Secretary of State for Communities and Local Government (DCLG), Eric Pickles. The fund will be known as the Weekly Collections Support Scheme.

3. £250M FUND DETAILS AVAILABLE TO DATE

- 3.1 The latest press release (9 December) indicates that full details of the scheme that were due to be published before Christmas will be postponed because of discussions between the DCLG and Defra (Department of Environment and Rural Affairs) over the type of collections which will be covered (e.g. food waste and/or black bag waste only). Councils are mainly interested in the details of whether the fund is restricted to weekly residual collections or will include other 'smelly' waste such as food waste, or whether it may also be used to boost the frequency of recycling collections. Indications by David Prout, Director General of Localism at DCLG are that collections of 'black bag' waste would receive support. This follows on from the Secretary of State's statement which strongly implied it is for weekly residual waste collections but his use of the phrase 'smelly waste' and insistence that the fund will help increase recycling levels, have raised hopes that it may apply to food collections as well. The Recycling and Waste Minister, Lord Taylor is on record saying that 'I imagine that food waste probably would be included' but his Department (DEFRA) is not in charge of the fund and his comments now seem to be out of step.
- 3.2 The fund is expected to be available until March 2015 but there are no details of how the money is to be shared out and what will happen after the period that the fund covers comes to an end; there is no mention of further funding beyond 2015. The fund covers both capital and revenue costs and it will be awarded on a competitive bid process.
- 3.3 Funds will only be available where three criteria are met: reinstating or retaining a weekly black bag collection, improvement in environmental performance and improving value for money. Councils that participate will be committed to retaining weekly collections for a 5 year period.

4. INDUSTRY COMMENTS ON RESIDUAL v. FOOD WASTE COLLECTIONS

- 4.1 A snapshot survey by the LGA as part of a submission to the DCLG in Autumn 2011 found that just one in five (22%) of respondents would seek cash support for weekly residual waste collection, but all already had a such a collection in place. The survey found much greater support for weekly food waste collections with over half (51%) of

respondents saying they would bid for cash support. The remaining respondents were split between a range of different answers but these did not support the scheme either.

- 4.2 Around 56% of all councils in England currently operate fortnightly residual waste collections, and the fund is causing controversy in the waste sector because those councils that have increased their recycling rate by moving to fortnightly collections see it as a retrograde step.
- 4.3 It appears that many councils would favour support for weekly food waste collections as this would enable them to increase the recycling rate while offering weekly collections of 'smelly waste'. The issue of food waste collections in Exeter has been resolved with the commissioning by Devon County Council of the Energy from Waste plant on Marsh Barton due to be opened in 2014, which will take all Exeter's residual waste, diverting it from landfill and producing energy from the waste.

5. OPPORTUNITIES FOR EXETER CITY COUNCIL

- 5.1 There are 4370 households in Exeter that remain on weekly collections, because of their particular refuse storage constraints; all other households now receive an alternate weekly collection service. When full details of the scheme are available, consideration will be given as to whether there is any merit in bidding for funding to support the remaining weekly collections.

6. RECYCLING INCENTIVE SCHEMES

- 6.1 In 2009 the Royal Borough of Windsor and Maidenhead (RBWM) (a unitary authority with both a waste collection and disposal duty) pioneered a recycling incentivisation scheme to test whether incentives are an effective means of encouraging and motivating households to increase the amount of waste recycled, and decrease the amount of residual waste. They did this by rewarding households for positive and sustainable behaviour in relation to recycling waste, and by partnering with an incentives and rewards company RecycleBank; householders are rewarded for their recycling (by weight) with points redeemable at local partners ranging from fashion shops to restaurants.
- 6.2 The scheme is paid for by a reduction in landfill charges from the increased amount of waste recycled and removed from the landfill waste stream. There are various reasons why the scheme in this format will not best suit Exeter City Council as a non-unitary council, but a variation on it may be worthy of consideration; these are explored below.
- 6.3 **Revenue income/costs** - as a unitary authority RBWM are responsible for the cost of collection and disposal of waste. Savings in landfill costs directly benefit RBWM and it is this saving that covers the annual subscription cost to RecycleBank, making the scheme cost neutral for them over the first two years. Subscription to the scheme is in the range of £3.00 - £4.00 per household p.a.
- 6.4 **Capital costs** - these included retro-fitting 10 refuse collection vehicles (RCV's) with scanning equipment at a capital cost of £340,000. The other capital cost, supplying each household with wheeled bins with chips (Radio Frequency Identification Devices or RFID) at a cost of £900,000, was incurred as part of an operational change when a new co-mingled recycling service replaced an older kerb-side sorting service. Exeter would either need to replace existing bins with new chipped ones (estimated cost £700,000 to 800,000) or retro-fit existing bins with chips, but the latter

approach has many operational hurdles as older bins become deformed, and the chips cannot be housed securely.

- 6.5 To implement a similar scheme in Exeter across the whole of the city, the existing 12 RCV's would need scanning equipment fitted at a cost of £408,000, and RFID's fitted to all bins at a cost of £700,000 - £800,000. Those households without green wheelie bins could not participate in any scheme. An indicative cost of borrowing this amount, assuming a 10 year life of the equipment, would come to £150,500 per annum (based upon a maturity repayment model and interest of 3%). Therefore, without including the annual subscription cost to RecycleBank (which one may seek funding for from the Disposal Authority or the customer), there would need to be an uplift in the value of the additional recycling collected at the doorstep, commensurate with £150,500 per annum, in order for the scheme to be cost neutral.
- 6.6 In 2010/11 the average net income per mixed tonne of paper, card, cans and plastic was £173.37 (after haulage costs where appropriate and including the recycling credit). This is based on the following average net prices from merchants, however the prices may fluctuate considerably throughout the year:
- Paper £132.23 per tonne
 - Card £100.00 per tonne
 - Cans £95.00 per tonne
 - Plastic £134.00 per tonne

On this basis, the £150,500 annual cost would require an additional 865 tonnes pa of sellable materials to be collected. Given that around 30% of the recycled materials we collect go for secondary sorting to another operator, earning no net income, we would need to collect approximately 1236 additional tonnes to generate the income required. As 4943 tonnes were collected in 2010/11, this represents a 25% increase in kerbside-collected recycling that would be needed.

- 6.7 The last waste audit in Exeter showed that over 80% of paper was being recovered and recycled from the waste stream (which is high) and that the potential to increase the dry recycling rate relies more on increasing the amount of plastic and cans diverted from landfill. Most value lies with the paper fraction, whereas the plastic and cans are of far less relative value; to generate enough revenue for a rewards scheme, from the increase income derived from a higher yield of recyclates would therefore be extremely challenging.
- 6.8 As a Unitary Authority, RBWM's recycling rate includes material from their recycling centres as well as from kerbside collections. RBWM achieved 35.13% before the introduction of the incentive scheme, and their current rate (after full roll out from Jan 2011) is 44%, which is a remarkable improvement. By comparison, Exeter's overall recycling rate, including the Devon County Council (DCC) recycling centres, is currently 47%. As RBWM started at a lower base rate than Exeter the gains from the scheme appear less impressive in this context. However, there is a measured increase in the recycling collected from the householders participating in the incentive scheme and the householders benefit by rewards to the value of £135 per household per annum, which is a powerful incentive.
- 6.9 The concept of providing incentives to drive changed behaviour is a valid one. RecycleBank are developing a 'waste minimisation' incentive scheme that is being trialled in the USA and is due to be introduced to the UK soon. In such a scheme, the householder is rewarded for reducing their waste to landfill, thus promoting the top of the waste hierarchy, 'prevention and reuse'. This is in line with the European revised

Waste Framework which makes the waste hierarchy an integral part of waste legislation.

- 6.10 Savings from this scheme would be also be accrued by DCC but as the incentives paid to householders would be based directly on reducing waste to landfill, rather than rewarding recycling, there is a clear benefit in working in partnership with DCC. If the predicted reduction in waste to landfill could be shown to cover the capital and revenue costs of the scheme in the medium and longer term, the benefits to the environment would be measureable by reducing overall waste. In addition, the ability to change peoples' behaviour and engender greater waste minimisation and recycling is a valuable goal.

7. SUMMARY

- 7.1 At present there are insufficient details on the £250M Weekly Collections Support Scheme Fund to enable a full appraisal. Once the details of the scheme have been finalised and the information published there may be an opportunity for ECC to apply for funding to support our existing weekly collections.
- 7.2 The RBWM incentive scheme is a successful variant of models that have operated in Northern Europe and elsewhere in the world, for some time; they all attach a value incentive to minimising the amount of waste a household generates. It is very likely that such schemes will become commonplace in the UK in the longer term, as the cost to dispose of waste increases. Although the RBWM scheme benefits the Waste Disposal Authority more than the Collection Authority, the scheme has demonstrated the viability of incentivising waste minimisation, and there may be potential to work with DCC in examining a suitable model for Exeter.

8. RECOMMENDED

That Scrutiny Committee – Community:

- 1) Notes the current situation in relation to the weekly collection support scheme; and
- 2) Supports the further examination and modelling of an incentive scheme in partnership with Devon County Council, with a view to reporting back to this committee should such a scheme appear viable in the future.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

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5.1.12

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report: