

**AGENDA MANAGEMENT SHEET**

**Name of Committee**

**Cabinet**

**Date of Committee**

**15th June 2006**

**Report Title**

**Recycling Credits**

**Summary**

The report details rates for recycling credits for 2006/07 and recommends arrangements for paying certain third parties recycling credits.

**For further information please contact**

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**Would the recommended decision be contrary to the Budget and Policy Framework?**

Yes/No

**Background Papers**

Statutory Instrument 2006, No 743, The Environment Protection (Waste Recycling Payments ) Regulations 2006.  
Guidance on the Recycling Credit Scheme DEFRA April 06.  
Statutory Instrument 2004 No. 3212, The Landfill Allowances and Trading Scheme (England) Regulations 2004

**CONSULTATION ALREADY UNDERTAKEN:-**

*Details to be specified*

Other Committees

.....

Local Member(s)

(With brief comments, if appropriate)

.....

Other Elected Members

Councillor K Browne )  
Councillor Mrs E Goode ) for information.  
Councillor Mrs J Lea )

Cabinet Member

(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Councillor M Heatley – recommends the report to Cabinet

Chief Executive

.....

- Legal  I Marriott – comments included.
- Finance  V Rennie – comments noted.
- Other Chief Officers  .....
- District Councils  Warwick District Council –happy with level of recycling credit proposed.
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION**                      **YES/NO**      (*If 'No' complete Suggested Next Steps*)

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

**Cabinet - 15th June 2006**

**Recycling Credits**

**Report of the Strategic Director for  
Environment and Economy**

**Recommendation**

That the arrangements for Third Parties be those detailed in paragraph 3.8.

**1. Introduction**

- 1.1 On 8th December 2005 Cabinet approved a response to a DEFRA consultation document on proposals to change the way recycling credits are calculated.
- 1.2 DEFRA has now published Regulations which apply from 6th April 2006 and which detail the new method of calculation.
- 1.3 The report also reviews the policy for paying third parties for recycling and re-use.

**2. Recycling Credits – Rates from 6th April 2006**

- 2.1 **Appendix A** details the basis for calculating recycling credits. The rates are detailed in Table 1 below:-

**Table 1**

<b>District</b>	<b>Recycling Credits for 2005/06 £/tonne</b>	<b>Recycling Credits for 2006/07 £/tonne</b>
North Warwickshire	36.95	34.23
Nuneaton and Bedworth	37.50	37.50
Rugby	31.73	29.31
Stratford on Avon	29.11	31.00
Warwick	37.50	37.50

- 2.2 As can be seen from the table, for two Districts, the calculated credit is less than that for 2005/06. The legislation does not give the County Council any discretion to increase the amount of the credit. However, the late publication of

the Regulations on 31st March 2006 means that these two authorities have had no opportunity to make any adjustments in response to the reduced rate. The basis for calculating recycling credits changes again next April and will be based on a county-wide average disposal cost rather than the disposal cost for the district or borough concerned. Therefore, it is proposed that for this current transitional year only, an amount equal to the likely reduction in credits payable to these two authorities be earmarked to support recycling projects in their respective areas which are of particular value and might otherwise be jeopardised.

- 2.3 Under section 49 of the Clean Neighbourhoods Act 2005 any District Council undertaking re-use will be also be entitled to recycling credits for that activity at the rates detailed in the table.
- 2.4 The cost of Recycling Credits to the County Council will be about £1 million in 2006/07. In addition, a bonus of £100,000 will be paid to the District Councils (£20,000 per District) if an additional 1,000 tonnes is recycled (excluding green waste) in 2006/07 compared with 2005/06. The funding is from the PSA1 Performance Reward Grant. Reduced payments will be made if a District does not achieve its individual share of the 1,000 tonnes.

### **3. Recycling Payments to Third Parties**

#### **Introduction**

- 3.1 When the new regulations were issued DEFRA also published guidance with respect to the payment of recycling credits to “third parties”. Third parties are any person or organisation, other than district /borough, who helps divert household waste towards recycling. Such bodies are usually found in the voluntary and community sector. Some of the issues were discussed in the consultation paper and in the report to Cabinet of 8th December 2005. In view of the new guidance it is considered appropriate to review the circumstances under which the Council pays credits to Third Parties and the rate for the credit.

#### **Current Payments**

- 3.2 The Council has the power to pay third parties recycling credits but unlike Districts Councils it is not a statutory duty. At the present time recycling payments are made to a small number of local organisations and one national organisation. The organisations are the Trefoil Guild, Nuneaton, Clinton Combined School, Kenilworth, Rokeby School, Rugby and the Woodland Trust. The total paid is small, and rarely exceeds £5,000 per annum, and is based on the credit paid to the District Councils less the landfill tax element. Payments to the Woodland Trust arise from the national Christmas card recycling scheme.

#### **Other Schemes**

- 3.3 The Council also supports number of charitable organisations in their recycling/re-use efforts including Shakespeare Hospice at Burton Farm, Action 21 at Princes Drive, “Goods Again” at Onley and the “Second Chance” furniture recycling scheme at Nuneaton. When these schemes were set up the

Council's financial or other input was agreed as part of their development and these arrangements are not being reviewed as part of this report. However, if a District Council takes items for re-use to the latter two, then it will be entitled to a re-use credit which the District Council could pass on to the scheme.

### **Charity Shops**

- 3.4 At the moment recycling credits are not paid to charity shops. Credits are not available in respect of second hand goods sold by such shops but could be made available in respect of waste generated by the shop which is sent for recycling. This issue was previously fully considered in a report to Cabinet of 14th October 2004. Cabinet approved the payment of credits to charity shops subject to the Budget pressure being agreed for the following financial year, but this was not agreed. Paying credits to charity shops could cost up to £50,000 per annum. It is not considered that it would lead to additional recycling or re-use, but merely subsidise the existing operations, and it is difficult to see why charity shops should be treated more favourably than other shops.

### **DEFRA Guidance**

- 3.5 The Government expects waste disposal authorities to be "predisposed" towards paying credits to third parties but at the same time reminds them of their duties to maximise the potential of their budgets and obtain value for money. The new guidance states that the Secretary of State would consider it reasonable for a waste authority not to pay credits to third parties if arrangements already existed for recycling the waste in the area in which the third party would operate and the operation would conflict with the waste management strategy. However, the guidance also states that it would be considered unreasonable for an authority to avoid paying credits to third parties where their activity made a measurable contribution to increasing reuse, recycling or diversion from landfill and supported delivery of the waste management strategy. The guidance also states that authorities will need to determine if there are other circumstances where it would be reasonable not to pay credits to third parties, taking into account other measurable social and economic benefits in accordance with their best value obligations.

### **Options**

- 3.6 It is considered that all District areas are now well served by District/County recycling schemes and there is no need for support by the type of third parties detailed in paragraph 3.2, who recycle the same materials as the District Councils. However, it could also be argued that the small number of third party schemes do contribute to our recycling performance and that we should encourage their work. As regards the value of credits paid to third parties, we currently exclude the landfill tax element but the legislation now requires the credit for third parties to be at the same rate as that paid to District Councils.

### **Recording Landfill Diversion**

- 3.7 A recent problem has arisen with respect to recording landfill diversion. All recycling and other waste tonnages are required to be logged quarterly with the

Environment Agency under the requirements of regulations to the Waste and Emissions Trading Act 2003. Failure to comply can result in a fine and late inputs are not permitted. The DEFRA software system used to record this information will also be used to record Best Value performance Indicators. Therefore, any claims for recycling credits must be submitted within the required timescale otherwise the Council will be spending money on recycling without getting the performance benefit.

### **Proposals**

3.8 The following is proposed:-

- (i) Recycling credits are not paid to the organisations listed in paragraph 3.3 or in respect of waste arising from charity shops.
- (ii) The Strategic Director for Environment and Economy is authorised to agree to pay recycling credits to other third parties whose applications:
  - a) support delivery of the Joint Municipal Waste Strategy;
  - b) avoid duplication of effort;
  - c) offer verifiable and significant local social, economic or environmental benefits;

if he is satisfied that in all the circumstances payment would be in accordance with best value principles.

3.9 With respect to 3.8(ii), the Strategic Director will formulate criteria and prepare guidance for applicants on the processes and criteria for third parties considering applying for recycling credits.

JOHN DEEGAN  
Strategic Director for Environment and Economy  
Shire Hall  
Warwick

31st May 2006

**Cabinet - 15th June 2006**

**Recycling Credits**

SI 2006 No.743 states that the recycling credit shall be calculated at a cost per tonne equal to the authority's average cost per tonne for the disposal of similar waste at the relevant date, using the authority's most expensive disposal method for waste collected in the relevant recycling area. The relevant date is 31st March 2006 and the relevant recycling area is the area of the District Council. As at 31st March 2006 the situation in each District was:

<b>District</b>	<b>Disposal sites used and rates</b>	<b>Most expensive disposal method</b>	<b>Average Rate £/tonne</b>
North Warwickshire	Judkins Landfill £36.95 Wilnecote Landfill £31.50	Landfill	34.23
Nuneaton and Bedworth	Judkins Landfill £36.95 Coventry EfW plant £37.50	Incineration	37.50
Rugby	Ling Hall Landfill £26.89 Bubbenhall Landfill £31.73	Landfill	29.31
Stratford on Avon	Ufton Landfill £31.00	Landfill	31.00
Warwick	Coventry EfW plant £37.50 Bubbenhall Landfill £31.73	Incineration	37.50