

**RECYCLING CREDITS**  
(Report by Development and Community Manager)

**1. INTRODUCTION**

- 1.1 To inform Cabinet of an impending change to the recycling credits scheme proposed by Cambridgeshire County Council, the waste disposal authority (WDA).
- 1.2 To seek Cabinet's authority to enter into a new agreement and note the financial implications.

**2. BACKGROUND**

- 2.1 Recycling credits are paid by the WDA to a District Council, as the waste collection authority (WCA), to provide an incentive to increase levels of recycling and hence divert waste from landfill.
- 2.2 Historically, the level of recycling credit paid in respect of dry recyclables (diverted from landfill) equates to the WDA's cost of land-filling waste. In Huntingdonshire the cost of land-filling at Buckden, where this Council's waste is tipped, is higher than at other landfill sites in the County. As a consequence the level of credit paid to the Council is higher than that paid to other districts in the county. This is illustrated in the table that follows –

	<b>2004/05</b>	<b>2005/06</b>
	<b>£ per tonne</b>	<b>£ per tonne</b>
Cambridge City	29.09	30.09
East Cambridgeshire	29.09	30.09
Fenland	31.56	32.56
<b>Huntingdonshire</b>	<b>33.41</b>	<b>34.41</b>
South Cambridgeshire	29.09	30.09

- 2.3 The annual increase shown in the above table arises from the increase in the annual landfill tax escalator and annual inflation on the cost of landfill charges.
- 2.4 The legislative position at the present time is that waste disposal authorities are obliged to pay to waste collection authorities recycling credits that equal the saving the waste disposal authority makes through not having to dispose of recycled material. Government has indicated that it proposes to review the requirement and the likelihood is that a national scheme will be imposed if there are no local agreements in place. Initial indications are that this may result in less generous payments.

- 2.5 With the implementation of the WDA's PFI contract in 2010 the cost of residual waste disposal will be harmonised across the county i.e. there will be a single operator of residual waste disposal facilities contracted to the WDA for 25 years. For this reason the WDA wishes to move to a harmonised payment and they are offering a local agreement to pre-empt a potentially less attractive national scheme, likely to be introduced during 2006/07.
- 2.6 Prior to the current proposal the WDA have advanced a number of alternative local proposals for replacing recycling credits none of which have been acceptable to the WCAs in the county.
- 2.7 Green waste, and kitchen waste when it is added to the collection, currently is treated differently from dry recyclables. The WDA pays the gate fee levied by Marshalls for the receipt of the waste. Currently there is no indication that this will change.

### 3. CURRENT PROPOSAL

- 3.1 To achieve the required harmonisation the WDA had most recently proposed to freeze the level of recycling credit paid to Huntingdonshire at 2005/06 levels until the rates paid to other Cambridgeshire WCAs catch up through inflationary increases. It was forecast that parity in rates across all the WCAs would be achieved by 2011/12.
- 3.2 Following negotiation a revised arrangement now is proposed for 2006/07 with all WCAs receiving a 3% increase –

	<b>2005/06</b>	<b>2006/07</b>
	<b>£ per tonne</b>	<b>£ per tonne</b>
Cambridge City	30.09	31.00
East Cambridgeshire	30.09	31.00
Fenland	32.56	33.54
<b>Huntingdonshire</b>	<b>34.41</b>	<b>35.44</b>
South Cambridgeshire	30.09	31.00

- 3.2 A further review of the recycling credit rate will be required when DEFRA's national proposals are known and when the implications for waste management of the current PFI procurement process is clearer.
- 3.3 In recognition of the joint promotional work undertaken on behalf of the CCA Waste Forum £1 per tonne was top sliced from all recycling credit payments in 2005/06 to provide an awareness fund. The proposal is to increase this to £2 per tonne from 2006/07 onwards when the landfill tax escalator increases from £1 to £3.

### 4. FINANCIAL IMPLICATIONS

- 4.1 Applying the proposed recycling credit scheme (£34.41 in 2005/06 and £35.44 in 2006/07 and subsequent years) to the forecast level of recycling performance gives the following estimate of income –

	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>
<b>Dry recyclables (tonnes)</b>	14,873	15,244	15,625	16,016	16,417
<b>Recycling credit</b>	£512k	£540k	£554k	£568k	£582k

- 4.2 The estimate of income included in the MTP currently assumes 2.5% annual growth in recycling income based on the initially forecast 2005/06 tonnage. As a consequence of the latest proposals by the WDA and an upgraded forecast of recycling performance in 2005/06 the Council's income will be greater than is currently estimated. This is illustrated in the table below where the figures are shown net of recycling credits paid to local councils and community groups which host mini-recycling sites -

	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>
<b>Recycling Income</b>	£472k	£500k	£512k	£525k	£540k
<b>MTP provision</b>	£445k	£456k	£468k	£479k	£491k
<b>Increased Income</b>	<b>£27k</b>	<b>£44k</b>	<b>£44k</b>	<b>£46K</b>	<b>£49k</b>

- 4.3 If the Council accepts the revised recycling credits scheme, which is being proposed by the County Council to the CCA Waste Forum meeting on 30 September 2005, the above table illustrates that income is forecast to be well above the levels included in the MTP.

## **5. CONCLUSION**

- 5.1 The legislation establishing the recycling credits scheme is being reviewed and is likely to change in a way that will make it less favourable to waste collection authorities. The County Council is seeking a local agreement and its most recent proposal appears generally to be supported by the Cambridgeshire districts, insofar as it remains a tonnage based scheme.
- 5.2 Harmonisation in the recycling credit between Cambridgeshire districts is inevitable because of the PFI contract and the potential for a new nationally imposed scheme. The Council has benefited from a higher rate only because the charge per tonne to the County Council made by the operator of the Buckden landfill site is greater than charges elsewhere in the county.
- 5.3 Accepting the current proposal, however, result in the Council receiving a recycling credit slightly below the County Council's actual cost of disposal which includes Landfill Tax. However, advice from the Local Government Association is that waste collection authorities should not expect to receive increases in recycling credits in line with the £3 landfill tax escalator introduced in 2006/07.
- 5.4 The Council benefits from promotional and public awareness raising activities undertaken by the waste partnership. Although the proposed contribution to the joint fund is tonnage based and the Council contributes at a higher level than other districts this would also be the case if funding of this joint work was on per capita or household basis. The joint awareness raising work will substantially replace any specific activity by the Council and will be essential to maintaining participation rates.

- 5.5 The CCA Waste Forum will be asked to endorse the proposals for 2006/07 at its next meeting. It appears that it will be supported by other Waste Forum members.

## **6. RECOMMENDATION**

It is recommended that Cabinet:

- (a) authorises the Head of Environment & Transport, after consultation with the Executive Councillor for Environment & Transport, to agree a draft revised recycling credit scheme substantially as outlined in this report;
- (b) authorises the Executive Councillor for Environment & Transport to confirm the Council's agreement when the scheme is considered by the CCC Waste forum; and
- (c) notes the increase in income forecast in section 4 of this report.

## **BACKGROUND INFORMATION**

Notes of Joint Waste Officers Group

**Contact Officer: Sonia Hansen**  
Development and Community Manager  
**☎ 01480 463618**